

EMPOWERING RURAL INDIA WITH MOBILITY

ANNUAL REPORT 2020 - 2021





MUTHOOT PAPPACHAN

— Founder —

1927 - 2004

Muthoot Pappachan was a simple and devout man, who espoused a nine-point formula that stood by him in realising his goals. These points are: Love, Peace, Happiness, Kindness, Helpfulness, Patience, Pleasantness, Faithfulness and Self-control.

At Muthoot Pappachan Group, these values are quintessential to our being and act as a source of constant guidance.



Blue is Belief

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



#PurposeMuthootBlue

**To transform the life of the common man
by improving their financial well-being**

VISION

To be the most trusted financial service provider, at the doorstep 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 their hard earnings.

VALUES

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

CULTURE CODES



HONESTY



EMPOWERMENT



**FRESH THINKING &
CONTINUOUS RENEWAL**



HUMILITY



AGILITY



INCLUSION



EMPATHY



OWNERSHIP



WORK-LIFE BALANCE

OUR CORE VALUES



INTEGRITY

COLLABORATION

EXCELLENCE

KEEPING THE BANNER FLY HIGH

ASSOCHAM NATIONAL AWARDS EXCELLENCE IN DIGITAL SERVICES



Muthoot Capital Services Ltd was shortlisted and honoured by ASSOCHAM under the digital services category at a national level award event for Banking and Financial Lending Companies. The award recognises companies with the best digital practices and capabilities in terms of loan sourcing, loan management and digital processes.



MADHU ALEXIOUSE
COO

FEATURED AMONG THE TOP 10 COOs OF INDIA

Mr. Madhu Alexiouse, COO, Muthoot Capital Services Ltd., got featured among the 'Top 10 COOs of the Country' on the Dec '20 issue of CEO Insights magazine.

TOP 10 Chief Operating Officers - 2020			
Company Logo	Company Name	Company Management	Company Description
	Muthoot Capital Services Ltd.	Madhu Alexiouse, COO	An experienced COO with 20+ years of experience in Retail Finance and BFSI domain, he is responsible for overseeing the entire financial functions across the Muthoot Capital Services Ltd.



VINODKUMAR M PANICKER
FE CFO AWARD 2020

"It is indeed a great pride for **Muthoot Capital Services** to have **Mr. Vinodkumar M Panicker**, the winner of prestigious **Financial Express CFO Awards 2020**, as the Chief Finance Officer of the Company."

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About Muthoot Pappachan Group

With a reputation that has been shaped over decades with high quality practices, total customer satisfaction and steady growth in the field of business, Muthoot Pappachan Group (MPG) is a legacy built on God-given values of trust, truth, transparency, and tradition and has become one of the top business houses in India. It is often said that a legacy can't be measured with numbers alone, but it is the values of a Group that define 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 by how many lives it touches and how significantly it contributes in making the surrounding communities and environment better. This is not just how we do business, but it is the philosophy that is reflected in everything we do. This philosophy has 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 major drivers of steady and sustainable growth for over 134 years. The core principles have remained unchanged since 1887, when Late Muthoot Ninan Mathai (Patron Founder of the group), started as a humble retail and whole-sale trader of grains at Kozhencherry. The Chit Funds business followed as a philanthropic motive and over the decades, the business has grown steadily. In 1950s, Muthoot Ninan Mathai entered the gold loan business, and went on to become the largest player in Chits & Gold Loans.

The sons of Muthoot Ninan Mathai were involved in the business since their childhood; the Late Mathew M Thomas popularly known as Muthoot Pappachan contributed immensely in growth along with his father and brothers. Ever since Muthoot Pappachan branched out in 1979, the Muthoot Pappachan Group (MPG) has been scaling new milestones regularly. The three sons of Late Muthoot Pappachan are Thomas John Muthoot (Chairman of the Group), Thomas George Muthoot & Thomas Muthoot, who presently manage the Group and grow it in new directions. As is tradition, their next generation has also come into the Group under various roles and are learning the ropes under the guidance of the current generation of Directors.

Today, MPG is a diversified Group with its presence in several sectors including Financial Services, Hospitality, Automotive, Realty, IT Services, Healthcare, Precious Metals, Global Services and Alternate Energy. The Group employs over 30,000 Muthootians, serving over a million customers through its 3600+ 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 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; the Group is particular about maintaining high standards of creativity, teamwork, and dedication to commitment, which in turn leads to employee satisfaction and happiness.

No business exists or operates in isolation and it must continuously interact with society and community. Every organization has a responsibility towards society; the bigger the business, the greater is its 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 and 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, i) **H**ealth, ii) **E**ducation, iii) **E**nvironment, and iv) **L**ivelihood. Muthoot Pappachan Group respects each individual connected to their initiatives and strives to continuously learn from its experience with each individual.

About Muthoot Capital Services Limited

Established in 1994, Muthoot Capital Services Limited (MCSL) is one of the leading Finance Companies in India. MCSL promoted by the Muthoot Pappachan Group is a Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI) with its equity shares listed in BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), whereas its debt instruments are listed in the BSE Limited (BSE).

MCSL's 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, and simple options to millions of people, helping them save their hard earnings. We offer fund based financial services to retail, corporate and institutional customers through the wide network of branches of Muthoot FinCorp Limited, two wheeler dealerships, and at Company's Head Office at Ernakulam.

All our business activities are conducted with one simple objective: ***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 doorsteps of the customer.*** We follow the core principles of the Muthoot Pappachan Group that validates the ***#PurposeMuthootBlue to transform the life of common man by improving their financial well-being.*** For us, the trust of all the stakeholders is supreme and we don't compromise on this core principle ever.

Our Board of Directors



Mr. Thomas George Muthoot
Managing Director



Mr. Thomas John Muthoot
Chairman



Mr. Thomas Muthoot
Director



Mrs. Radha Unni
Independent Woman
Director



Mr. A.P. Kurian
Independent Director



Mr. Thomas Mathew
Independent Director



Mr. K.M. Abraham
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 R	Executive Vice President
Mr. Bimal Singh Rawat	General Manager (North) (expired on April 28, 2021)
Mr. Gopalakrishnan J Prakash	Head of Human Capital Management & Development (resigned w.e.f August 29, 2020)
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, Building No. C.C 56/172,
KC Abraham Master Road,
Panampilly Nagar, Kochi - 682 036

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

Trustees

- 1) Mr. A. Gopalakrishnan
M/s. K. Venkatachalam Aiyer & Co. Chartered Accountants,
Building No. 41/3647 B,
Providence Road, North End, Kochi - 682 018
(For unlisted debentures)
- 2) IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R, Kamani Marg, Ballard Estate, Mumbai - 400 001
(For listed debentures & public deposits)

Our Financiers

- | | |
|------------------------------------|---|
| ■ Axis Bank Limited | ■ Bank of Baroda |
| ■ Canara Bank | ■ Central Bank of India |
| ■ City Union Bank Limited | ■ CSB Bank Limited |
| ■ DCB Bank | ■ Dhanlaxmi Bank Limited |
| ■ HDFC Bank Limited | ■ ICICI Bank Limited |
| ■ Indian Bank | ■ IDBI Bank Limited |
| ■ IndusInd Bank Limited | ■ Indian Overseas Bank |
| ■ Punjab National Bank | ■ State Bank of India |
| ■ Tamilnad Mercantile Bank Limited | ■ Tata Capital Financial Services Limited |
| ■ The Federal Bank Limited | ■ The Karur Vysya Bank Limited |
| ■ Union Bank of India | ■ Yes Bank Limited |

Message from the Managing Director



Esteemed Shareholders,

Numerous thoughts have been stirring in my mind, as, to be honest, these are not easy times to write to you. The past one year or so has been turbulent for everyone. I wish that this message finds you and your family in good health. I wish all of you continued good health and recovery from the current tumultuous times.

The world has been undergoing a rapid change over the past few years, adding another dimension to this uncertainty and volatility. The world's focus has suddenly shifted to a future that is unpredictable, unknown, and consuming in its entirety. Over the past year, with the onset of the COVID-19 pandemic, the normal life has been seriously disrupted. Never before has the global economy simultaneously seen demand and supply evaporate overnight. Millions have been rendered jobless for no fault of their own. What makes the matters worse is that this is a combination of severely damaging health crisis and economic slowdown. The medical bills of the people have gone up while the restrictions imposed have slowed down the movement of goods and increased the cost of living.

We can't overstate enough how much the result has devastated human lives directly and how its effects have been unkind to many who've had to face severe challenges posed by the lockdown. The lockdown has reinforced the value of the essentials of life—food, clothing, shelter and now, personal transport and the internet. Muthoot Capital Services is in the right business here and we have done business of providing two-wheeler and used car loans in the right way to enable a common man to fulfill his dream of owning a personal transport at a reasonable cost. Together, people in the whole world have made efforts to overcome the pandemic and now gradually we are working towards restoring normalcy in 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 that has caused us 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 MCSL, we believe that much can be achieved with strong intent, well designed platforms, good execution, and a consultative approach to identify solutions.

As 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 getting 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, often, they are the harbinger of new growth areas. In retrospect, this leads to an emergence of a more sophisticated approach to deal with the challenges. The strength of MCSL 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 or our business philosophy. But we 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 on 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, we overcame both natural and man-made issues with grit and patience to make the right decisions. This year, we survived a challenging year, continued our business with utmost caution, strived to achieve what is expected from us by all of you in a turbulent year and above all come out unscathed. Whenever and wherever required, we have been nimble and aggressive with our firepower and sharp acumen to make courageous and mature 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 Muthoot Capital for FY 2020-21.

In FY 21, MCSL made disbursements of ₹ 750 34 lakhs and reported an overall loan portfolio of ₹ 2088 48 Lakhs. We earned ₹ 52 19 lakhs worth of Net Profit, which is equivalent to a decline of 13% from FY 20. With the help of the various schemes floated by the Central Government and Reserve Bank of India as well as with the trust that we as a Company and the Muthoot Pappachan Group have built with the Lenders, we collected total funds of ₹ 1165 36 lakhs, in the form of NCDs, Term Loans, through Securitizations etc. The confidence and trust shown by our investors and lenders encourages us to work harder.

On the asset quality, MCSL ended FY 21 with a Gross NPA of ₹ 251 77 lakhs, maintaining a provision coverage of 54.0% on the entire on book AUM. In addition to the normal ECL provisioning, the Company has made additional provisions of ₹ 14 82 lakhs for COVID-19 related slippages.

MCSL is actively increasing its footprints in the non-southern states. The business, which was showing a promising growth in volumes from the North and Eastern states till FY 20 has reduced the volumes in the year FY 21 and we will now refocus on the same in FY 22. For the long-term growth of the Company, geographical diversification will be the right move. Used Car financing will continue to be our focus in the current year with. With a large customer base and robust distribution network, MCSL used-car segment is also expanding into several locations.

Another important area I want to touch upon is Digitization. It is the need of the hour and also the way forward. When customers were not able to travel to our branches, our mobile based application and NACH made their transactions and our collections easier. Collection through mobile applications and other modes have increased rapidly. Rising collections through this route will also bring down costs and delinquencies over a period of time. Our representatives, can source business and send the details of the customers with a mobile phone, while customers can seek a loan through the Mpower App. We are working on digitally sourcing customers through a platform that we would be setting up shortly. We are in interesting times, and all this will augur well for us.

In the year that went by, we did not seek moratorium from any Lender and continued paying even during the months when collection was low. Our Lenders rewarded us for the same with interest rates, which has helped us and will continue to do so. MCSL 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; furthermore, it could significantly lower the overall cost of funds. As we enter this new fiscal year, the economy, having learnt it's lessons from the first wave of the pandemic, has taken the 2nd wave in its stride and has bounced back to normal in quick speed with the exception of a few weeks of destabilization. The next few months will be very crucial for us; maintaining the recovery trend will be the key. We are in touch with our loyal customers and finding ways to continue adding value to them by improving current product lines and launching new offerings according to market demand. The plans drawn for the year 2021-22 is assuming that the pandemic will subside, and growth will return.

The current priority is to protect and consolidate the position of the Company during the first half of FY22. 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. Control over costs would also be a major activity in the current year. As social distancing norms continue and people avoid public transport, we are expecting promising growth in its two-wheeler and used car operations. We also intends to do a pilot of the Consumer Durables. 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 you that our quality of services and delivery will be as good as ever. We are aware that FY21 was marred with numerous issues, but the Company has delivered a satisfactory performance despite serious headwinds. I want to further reassure you 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,

Thomas George Muthoot
Managing Director

Message from the Chief Operating Officer



Dear Shareholders,

I would like to open my address by wishing all of you good health and happiness. The year bygone has truly been an extraordinary one with an unprecedented health crisis leading to lockdowns, loss of lives and income, testing not only the physical grit of people, but mental grit as well. The pandemic has been global in its scale, but personal in its impact. All of us has been affected in deeply individual ways.

Thanks to the extraordinary efforts of our healthcare professionals who have fought all odds to save thousands of lives. We are extremely proud of the resilience that was displayed by them along with other Covid warriors.

Our Performance

Despite challenges that has come our way, our proactive approach towards strengthening the organizational core together with our technological capabilities and timely execution has helped us to face the challenges caused by the pandemic.

As we grapple with pandemic-induced uncertainties it is imperative than we do not lose the human touch while we deal with our customers and employees.

On the employee wellbeing front, we provided Covid insurance to our employees, connected with Covid affected employees regularly to keep their morale up, took measures to sanitise offices & HUBs on weekly basis, and introduced the M-Insure-doctor on-call facility for all employees. The Company has also worked out a reimbursement plan of both Vaccination doses for all employees. Given the challenges posed, our Company also recalibrated the skill sets of our employees to meet the requirement of the new norm through special initiatives in Learning & Development.

The Company ensured that we continued to connect with our customers especially during their tough times. Our digital capabilities ensured that the customers could reach out to us and seamlessly benefit from our loan services, digitally, even during the lockdown when the branches were closed or on restricted functioning.

Our Business continuity processes were tested to the core and we are happy to share that we were servicing Pan India operations without interruptions even during the recent lockdown.

While the Covid pandemic had its own impact, the Company had initiated special schemes targeting niche customer segments through the year. Over a period of time, we believe that this initiative will help us in building a robust portfolio, serving as a catalyst for our cross-sell programs.

We have posted disbursements of ₹ 750 34 lakhs in FY 21, leading to a revenue of ₹ 505 04 lakhs, generating a net income of ₹ 318 00 lakhs and a profit after tax of ₹ 52 19 lakhs. We have also considered impairment of ₹ 94 79 lakhs during the year taking our provisions to ₹ 179 35 lakhs, building buffers for the any asset quality related issues in the future. You'll find a detailed financial performance attached in this report.

At this juncture, let me also highlight commendable efforts, and instances of resilience and character, displayed by Muthootians and their families in steering the Company through these difficult times.

Awards and Accolades

As a testimony to the Company's digital servicing capabilities, MCSL was awarded by ASSOCHAM in Digital Services Category at a National Level event. The Award identifies companies with best digital practices and capabilities in terms of loan sourcing, loan management and digital processes.

Outlook

In the post-Pandemic world, we have assuredly transformed ourselves by leveraging on the strengths of our brand, enhancing the reach and service for our customers, and continuously re-engineering our processes to align with the new normal.

With a strong presence across 240+ districts in 20 states, we have been able to serve the financial needs of our customers even in the remotest parts of the country. Going forward, we will continue to expand our horizons and will be augmenting our focus towards growth locations, while consolidating our counter share in existing locations.

Building the business through Muthoot FinCorp channel has always been our priority, and to further strengthen our resolve, we have launched exciting engagement programs including a well-defined customer connect program for Muthoot FinCorp customers.

It is also noteworthy that we will be migrating to a robust loan management system and upgrading our IT infrastructure this year as part of the technological transformation that Muthoot Pappachan Group has undertaken.

Even as we grapple with the second wave of Covid, we are optimistic that an aggressive vaccination drive and reviving economy should help the industry navigate successfully through this financial year. The building blocks are in place and we will endeavor to leverage on it to further enhance our operational performance and build a resilient portfolio.

The past year has shown us that even in a time of adversity, we stand united and more committed than ever to our vision to be the *most trusted financial service provider, at the doorstep of common man*.

Let me reiterate my sincere gratitude to all my colleagues for their relentless efforts, and thank all our stakeholders for their continued partnership with MCSL in our long-term growth story.

With regards,

Madhu Alexiouse,
Chief Operating Officer

List of Branches

Sl. No.	Location	Address
KERALA		
1	Adimaly	2 nd Floor, Sivaram Building, NH 49, Adimaly P.O., Adimaly, Idukki (Dist) - 685 561
2	Alappuzha	2 nd 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	1 st 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	2 nd Floor, Kainatty Arcade, Kainatty Junction, North Kalpetta Post, Wayanad - 673 121
7	Palakkad	RRK Towers, 1 st Floor, Shornur Road, Pallipuram Post, Melamuri, Palakkad - 678 006
8	Thrissur	1 st Floor, PVK Complex, Opp. Amala Hospital, Amala Nagar, Thrissur - 680 555
9	Tirur	1 st Floor, Mundakkathu Building, Payyanangadi, Tirur
10	Trivandrum	2 nd 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	First Floor, Old Door No 10, New No 27, Choolaimedu High Road, Choolaimedu, Chennai, Tamil Nadu - 600 094
13	Coimbatore	Ground Floor, Coimbatore #62, Dr. N.R.N. Layout, Pappanaikenpalayam
14	Kumbakonam	No. 41, Ravi's Plaza, Gandhiadigal Salai, Near Raya Mahal, Kumbakonam - 612 001
15	Salem	1 st 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	3 rd Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy - 620 001

PUDUCHERRY		
20	Karaikkal	1 st 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	1 st Floor, Above Vijayalakshmi TVS Show Room, Gokul Road, Hubli - 580 030
23	Mysore	1 st 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, 2 nd Floor, Savalanga Road, Shimoga - 577 201
TELANGANA		
25	Hyderabad	Door No. 2-2-1130/24/D/1, 1 st Floor, above Indian Bank, Shivam Road, Prasanthnagar, Hyderabad - 500 044
ANDHRA PRADESH		
26	Guntur	Door No. # 12-17-14, Somavari Street, Kothapet, Guntur - 522 002
27	Kadapa	D. No. 42/332-2, Vandana Complex, Ground Floor (Back Side), Bhagya Nagar Colony, Opp. Shivalayam Temple, Kadapa - 516 001
28	Thirupathi	Door No. 19-4-121/13/D1, First Floor, STV Nagar, Thirupathi - 517 501
29	Vijayawada	Door No. 31-11-1, Shriyans Plaza Hindu College Road, Maruthinagar, Vijayawada - 520 004
30	Vizag	1 st Floor, No. 47-15-4/1, Gurbanga Complex, Diamond Park Road, Dwaraka Nagar, Vizag - 530 016
GUJARAT		
31	Ahmedabad	402, Ashoka Complex, Near Axis Bank Ltd. Sardar Patel Stadium Road, Navrangpura, Ahmedabad - 380 009

OUR SOCIAL RESPONSIBILITY



At Muthoot Capital Services Limited, we believe that we have a purpose to pursue, a mission to accomplish beyond work, through every little thing that we do every day. Being an agent of transformation, we nurture a culture of empathy towards the common man rooted in our value system that has evolved over a period of time.

In our effort to integrate humanity with business, we have evolved a four - dimensional mission through “**HEEL**”, which expands to **H**ealth, **E**ducation, **E**nvironment, and **L**ivelihood. A glimpse of our activities during the FY 20 - 21 are illustrated in next few pages.

We shall continue with our efforts to touch more lives in future through Health, Education, Environment, and opportunities for a better Livelihood...



A STORY OF COMPASSION

WALK ALONG WITH AASHIANA

A very cheerful and active 40-year-old man, an auto driver from Thodupuzha, sustained a spinal injury when the ceiling of his house collapsed over him in the heavy rains and strong winds of 21st March 2020. After undergoing surgery, he lost sensation and strength of both his lower limbs and also developed faecal and urinary incontinence, leaving him completely bedridden. Moreover, multiple fractures added to his miseries and enhanced his disability. He was dependent on others for all his needs.

AASHIANA REHAB CENTRE at Vettickal, Ernakulam, a venture of MUTHOOT PAPPACHAN GROUP, took up the case and admitted him for rehabilitation therapy. A Physiatrist assessed his condition and prescribed a rehab plan. As per the plan, we took him through systematic physiotherapy, occupational therapy, recreational therapy, pressure sore management, bowel and bladder rehabilitation. His upper limb and upper body were strengthened with graded exercises. He was made to stand with the help of special equipment and trained to sit without any support. Slowly he was transferred to a wheelchair. He was then trained to use a standing wheelchair. His urinary catheter was removed, and he was taught to empty urine at frequent intervals. He started performing his daily life activities independently.

A person who was depressed at the time of admission became the most active participant in the recreational therapy sessions. MUTHOOT CAPITAL SERVICES LTD helped him build a new house, and the team of AASHIANA gave suggestions to the builder for making it wheelchair-friendly.

A patient who came to AASHIANA by ambulance, carried by others, returned to his new home at Thodupuzha, driving his auto-rickshaw with a smile on his face and joy in his heart.





Distribution of medical and covid preventive items to Chellanam PHC



GH Ernakulam - reusable gowns to Operation theatre



Provisions, sanitary and cleaning items to Govt. Women Home Thevara



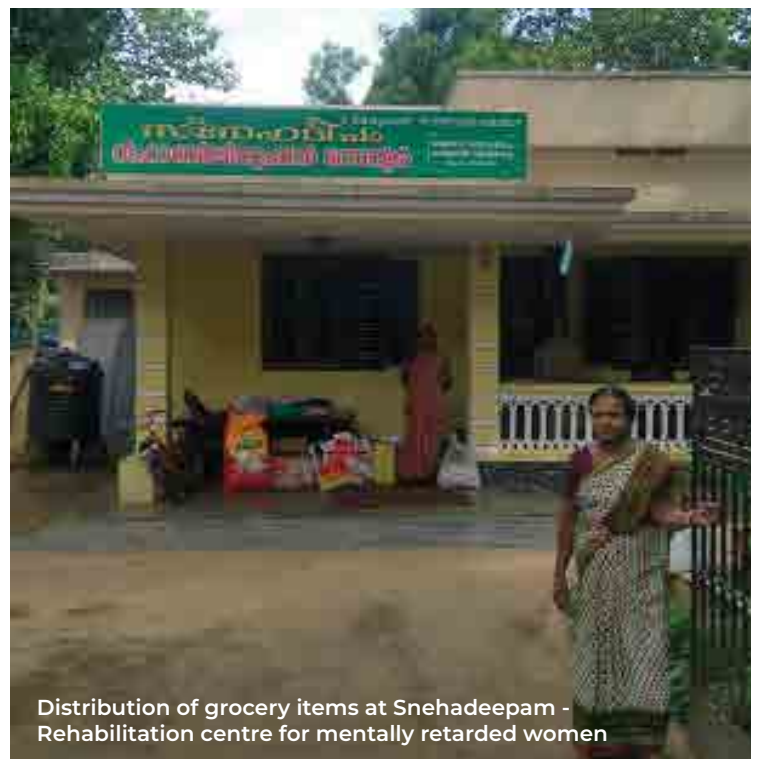
SUPPORT TO INSTITUTIONS FOR COVID-19 CONTROL AND PREVENTION



Karunalayam - A home for aged



Handing over of PPE kits to Kalamassery Govt. Med. College



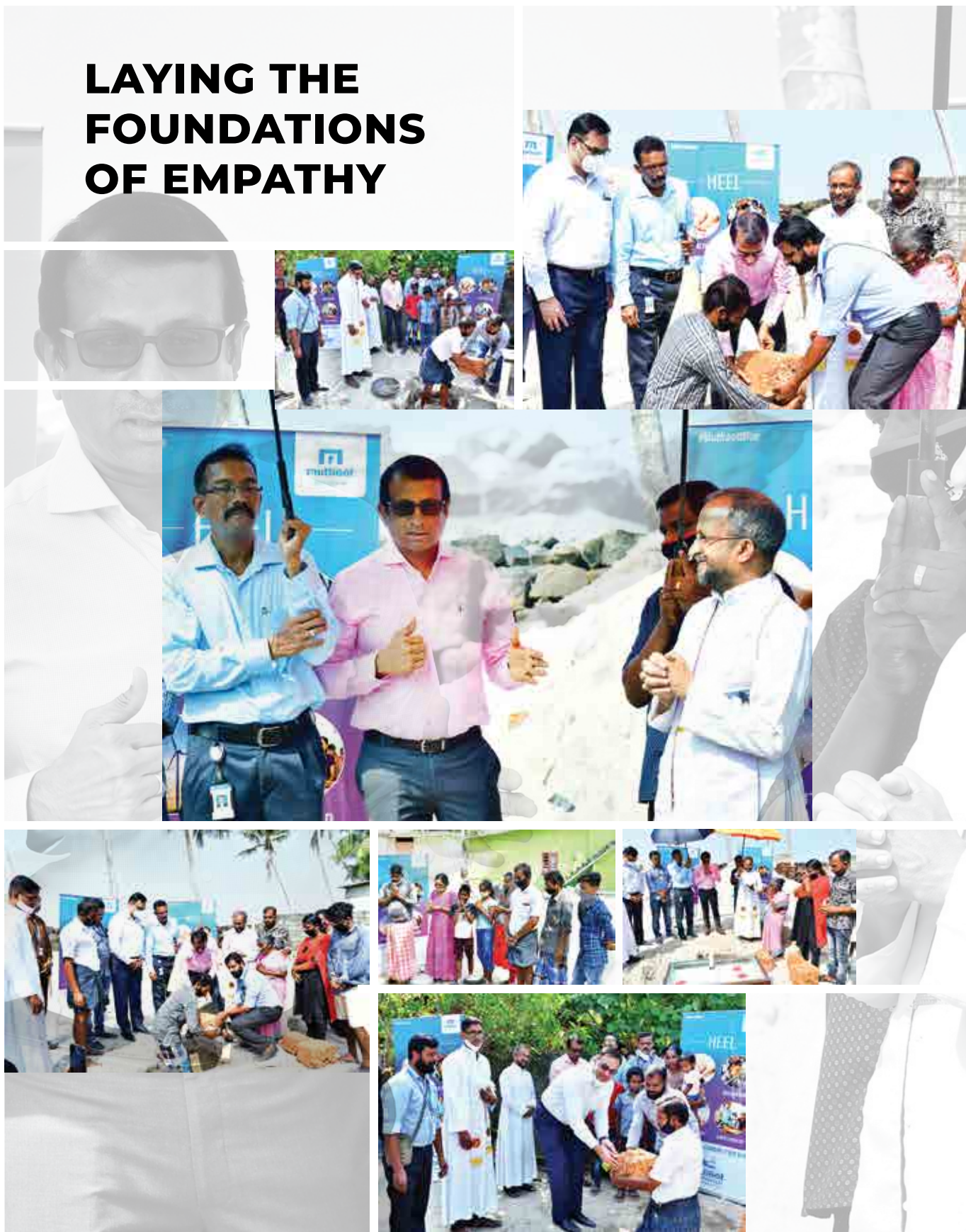
Distribution of grocery items at Snehadeepam - Rehabilitation centre for mentally retarded women



A HELPING HAND TO THE POOR DURING THE TRYING TIMES



LAYING THE FOUNDATIONS OF EMPATHY



REBUILDING SHATTERED HOPES



SUPPORTING LIVELIHOODS DURING THE COVID-19 CRISIS



WOMEN EMPOWERMENT PROGRAMMES



VENDA - INITIATIVE TO STOP SUBSTANCE ABUSE AMONG CHILDREN



Report of the Board of Directors

Dear Members of,
Muthoot Capital Services Limited

Your Directors have pleasure in presenting the **27th Annual Report** on your Company's business and operations, together with audited financial statements of the Company for the financial year ended March 31, 2021.

1. PERFORMANCE HIGHLIGHTS

A snapshot on key performance highlights of your Company, during a period that was tough for doing business due to the COVID-19 Pandemic, is as given below:

a) Financial Results

The summarized financial results of your Company for the FY 2020 - 2021 are given below:

(₹ in lakhs, except earnings per share)

Particulars	2020 - 2021	2019 - 2020
Total Income	505 04.45	586 80.37
Total Expenses	435 54.05	493 33.91
Profit Before Tax (PBT)	69 50.40	93 46.46
Tax Expense	18 04.02	32 98.78
Profit After Tax (PAT)	52 19.01	60 17.60
Basic Earnings Per Share (EPS)	31.29	36.77

b) Business Growth

Your Company was able to conclude the year ended March 31, 2021 with limited reduction in its loan portfolio in spite of the disruptions caused by the pandemic that led to adverse macro-economic conditions for all business including ours. The total Asset Under Management (AUM) (including sold portfolio) of your Company decreased by 21%. The AUM (including sold portfolio) of the Company as on March 31, 2021 came down to ₹ 2088 48.08 lakhs as against ₹ 2650 44.97 lakhs that was there as on March 31, 2020.

c) Profitability

The total income of the Company decreased to ₹ 505 04.45 lakhs during the FY 2020 - 2021 as against ₹ 586 80.37 lakhs during the FY 2019 - 2020. The total expenditure for the FY 2020 - 2021 was at ₹ 435 54.05 lakhs. The Company achieved a net profit after tax of ₹ 52 19.01 lakhs during the FY 2020 - 2021 while the same was ₹ 60 17.60 lakhs for the FY 2019 - 2020. The Net Interest Margin (NIM) is reported at 63.0 % for the current financial year as against 61.2% in FY 2019 - 2020.

d) Asset Quality

As on March 31, 2021, the gross NPA and net NPA in the books of your Company stood at ₹ 251 77.47 lakhs and ₹ 115 74.32 lakhs respectively. The Provision Coverage on the entire on loan book stood at 8.7% against 4.8% as on March 31, 2020. Your Company witnessed increase in delinquencies from the third quarter of the year post the moratorium period, granted to the borrowers as per the RBI regulations, as an after-effect of the 1st wave of the COVID-19 Pandemic. Your Company has assessed and provided for the anticipated future delinquencies on account of COVID-19 Pandemic to the extent ₹ 14 82.00 lakhs at the end of the current financial year.

e) Net worth & Capital Adequacy Ratio

Based on the current year profitability of ₹ 52 19.01 lakhs, the net worth of your Company stood at ₹ 559 56.21 lakhs as against ₹ 507 37.21 lakhs in the previous year. The Company's total Capital Adequacy Ratio (CRAR) as on March 31, 2021 stood at 31.78% of the aggregate risk weighted assets on the Balance Sheet and risk adjusted value of the off - Balance Sheet items, which is significantly above the statutory minimum of 15%. Of the CRAR, 31.07% was from Tier - 1 Capital and the balance 0.71% was Tier - 2 Capital. The CRAR as on March 31, 2020, stood at 24.93%.

f) Earnings Per Share

Earnings Per Share of your Company during the year under review is reported at ₹ 31.29 against ₹ 36.77 as on March 31, 2020. Return on Equity was at 9.8% for the current financial year.

2. DIVIDEND

To ensure availability of capital for future growth of the Company and to deal with the uncertain socio-economic environment due to the pandemic, your Board of Directors are 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 2020 - 2021.

3. RESERVES

Your Board of Directors have transferred an amount of ₹ 10 50.00 lakhs to the Statutory Reserve maintained under Section 45-IC of the Reserve Bank of India Act, 1934. The Company has not transferred any amount to the General Reserve for the financial year ended March 31, 2021. Post transfer of profits to reserves, your Board has decided to retain ₹ 41 69.01 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 2020 - 2021 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

During the year under review, your Company issued Secured Redeemable Non-Convertible Debentures and raised an amount aggregating to ₹ 275 00.00 lakhs on a private placement basis, in various tranches. The NCDs are listed on the debt market segment of the BSE Limited. Details of all the above-mentioned issues were submitted to the Board on a periodic basis. As specified in the respective offer documents, the funds raised from NCDs are being utilized for various financing activities, onward lending, to repay existing indebtedness, working capital and general corporate purposes of the Company. Details of the end-use of funds were furnished to the Audit Committee on a quarterly basis. The Company is in compliance with the applicable guidelines issued by the Reserve Bank of India, as amended from time to time. The Company has been regular in making payments of interest on all the NCDs issued by the Company on a private placement basis as and when due.

As on March 31, 2021, the residual portion of Secured Redeemable Non-Convertible Debentures under private placement including those issued during earlier years along with interest accrued is ₹ 285 29.10 lakhs. The debentures issued are secured by way of floating charge on the current assets of the Company. The non-convertible debentures of your Company 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, and IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001 are 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 - 2014. The fixed deposits of the Company are rated as “FA+/Stable” by CRISIL.

The outstanding amount of fixed deposits as on March 31, 2021, received by the Company including interest accrued at that date is ₹ 55 64.28 lakhs. As on March 31, 2021, there are 84 accounts of fixed deposits amounting to ₹ 1 89.35 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 do not respond 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, another regular communication is sent to the deposit holder and other modes to contact the deposit holders are also initiated till the deposits are repaid.

Trustees for Deposit Holders: Based on 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, 2021, the total amount of outstanding subordinated debts, including accrued interest was ₹ 66 28.79 lakhs as against ₹ 66 02.21 lakhs in the previous year. The subordinated debts and public deposits consist of 6.26 % of our total funding.

e) Bank Finance

The Company raises funds for its working capital resources purpose mainly from banks. As on March 31, 2021, the total outstanding amount of credit facilities from Banks were ₹ 1306 91.50 lakhs as against ₹ 1455 56.41 lakhs as on March 31, 2020 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 ₹ 130 85.99. lakhs (net of MRR) (previous year ₹ 909 60.31 lakhs). The same has been invested into by a Bank and a NBFC and the value remaining outstanding as on March 31, 2021 was ₹ 214 39.99. lakhs (previous year ₹ 733 58.61 lakhs).

5. DIRECTORS

As on March 31, 2021, the Board of your Company consisted of the following seven Directors:

Category	Name of Directors
Executive Director	• Mr. Thomas George Muthoot, Managing Director
Non - Executive - Non - Independent Directors	• Mr. Thomas John Muthoot, Chairman • Mr. Thomas Muthoot, Director
Non - Executive Independent Directors	• Mr. A.P. Kurian • Mrs. Radha Unni • Mr. K M Abraham • 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 that is forming part of this Report.

Mr. Thomas John Muthoot, Director (DIN: 00011618) retires at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. The Board of Directors recommends the re-appointment of Mr. Thomas John Muthoot as Director of the Company. The detailed profile of Mr. Thomas John Muthoot recommended for re-appointment is enclosed with the Notice for the 27th AGM of the Company.

The term of Mr. Thomas George Muthoot (DIN: 00011552) as Managing Director of the Company expires on July 11, 2021. Your Directors recommend his re-appointment as Managing Director for the further term of 5 years with effect from July 12, 2021, subject to the terms and conditions mentioned in the notice to the forthcoming Annual General Meeting of the Company.

a) Changes in Directors and Key Managerial Personnel (KMP) during the FY 2020 - 2021

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

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, 2021.

b) Declaration by Independent Directors

On April 01, 2021, 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 June 19, 2021.

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

c) Policy on Board Diversity

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

- (i) Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background, and other qualities.
- (ii) The Company shall also take into account factors based on its own business model and specific needs from time to time.
- (iii) The Nomination & Remuneration Committee shall lead the process for Board appointment and for identifying and nominating, for approval of the Board, candidates for appointment to the Board.
- (iv) The benefits of experience/knowledge in the areas relevant to the Company and diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of Directors to the Board.
- (v) Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender.

d) Policy on Nomination & Remuneration

The Company's policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 (3) of the Companies Act, 2013 is provided in the website of the Company and can be accessed on:

https://www.muthootcap.com/wp-content/uploads/2020/07/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 2020 - 2021, your Board of Directors met five times. More details about the meetings of the Board are 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 ₹ 694 82.29 lakhs and as on March 31, 2021, the total outstanding amount was ₹ 1922 89.26 lakhs. The Company had disbursed business / corporate loans to the extent of ₹ 32 70.00 lakhs and as on March 31, 2021, the outstanding amount is ₹ 111 57.28 lakhs.

The Company had entered into pool buyout arrangement of loan receivables amounting to ₹ 22 80.83 lakhs (after deducting 5% / 10% for MRR requirement) during the year under review. The aggregate amount outstanding under loan buyout as on March 31, 2021 was ₹ 28 38.18 lakhs.

The sourcing of two-wheeler and used car business of the Company takes place mainly at the dealer points where Company representatives are present and through branches of its group's flagship company, Muthoot Fincorp Limited. The Company is also having sourcing of customers through its mobile app.

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

The ongoing threat of COVID-19 Pandemic and its effect on the overall economy has impacted consumer sentiments and collections thereby affecting the Company's performance. Even after the 2nd wave of the pandemic which impacted the economy severely, there is a discussion of a 3rd wave that would be there. The Government is forced to respond at unprecedented levels to protect public health, local economies, and livelihoods. All these have substantially increased the estimation of uncertainty in the preparation of the Financial Statements. Your Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as of March 31, 2021 about future events that the management believe are reasonable under these circumstances. There is a considerable degree of judgement involved in preparing forecasts. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these Financial Statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets. Across the geographies in which the Company operates, the COVID-19 outbreak has led to a worsening of economic conditions and increased uncertainty, which has been reflected in higher Expected Credit Loss ('ECL') provisions. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy such as retail, automobile, and consumer durables. The impact of the pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not have been fully captured in ECL estimates.

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 achieve higher growth. To this effect, the Company have a well-defined Risk Management Policy in place to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities 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. 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 and necessary actions are taken on a regular basis.

Detailed discussion on Risk Management forms part of Management Discussion & Analysis under the section 'Risks and Concerns', which forms a 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 M/s. PKF Sridhar & Santhanam LLP as the Internal Auditors of the Company for the FY 2020 - 2021. The scope and authority of the Internal Audit function is defined in the Audit Policy of the Company, duly approved, 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. Improvements suggested are tracked with identified timelines for its completion. Accordingly, your Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020 - 2021.

12. 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://www.muthootcap.com/wp-content/uploads/2020/07/CSR_Policy-MCSL.pdf

During the year, the Company spent an amount of ₹ 2 06.80 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.

13. AUDIT & AUDITORS

a) Statutory Auditors

M/s. Varma & Varma, Chartered Accountants (FRN: 004532S), Sreeraghavam, Kerala Varma Tower, Bldg. No. 53/2600 B, C, D & E, Off. Kunjanbava Road, Vyttila, P.O., Kochi - 682 019 were appointed as the Statutory Auditors of the Company during the 23rd AGM held on June 06, 2017, for a period of five years. However, based on the RBI Guidelines Ref. No. DoS. CO. ARG / SEC. 01 / 08. 91. 001 / 2021-22 dated April 27, 2021, the tenure of the Statutory Auditors has now been reduced to a maximum of three years. Since the current auditors have completed four years, they would need to be replaced with new auditors. The recommendation for the appointment of a new Statutory Auditors will be placed before the Shareholders separately.

The Board has duly examined the Statutory Auditor's 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 2020 - 2021.

b) Secretarial Auditors

The Board, at its meeting held on May 28, 2020, re-appointed M/s. SEP & Associates, Company Secretaries, Building No. C.C 56/172, KC Abraham Master Road, Panampilly Nagar, Kochi - 682 036 to conduct the Secretarial Audit for the year ended March 31, 2021 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 2020 - 2021 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.

14. 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.

15. 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 and foreign exchange earnings and outgo 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.

16. WHISTLE BLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

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

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

17. 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.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Directors confirm that all contracts / arrangements / transactions entered into by the Company during the FY 2020 - 2021 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 2020 - 2021 as envisaged in Regulation 23 (2) of the SEBI (LODR) Regulations, 2015. Further, the Audit Committee had given prior omnibus approval under Regulation 23 (3) of the SEBI (LODR) Regulations, 2015 for related party transactions that are foreseen and of repetitive in 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 June 06, 2017, June 14, 2018, and September 28, 2020 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, 2021 were on an arm's length basis and were in the ordinary course of business except the transaction Muthoot Bankers on windmill 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://www.muthootcap.com/wp-content/uploads/2020/07/rpt-policy-mcsl.pdf>

19. 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](#).

20. LISTING

Equity shares of your Company was listed on BSE Limited since April 24, 1995 and on National Stock Exchange of India Limited since August 24, 2015 and debt instruments are also listed on the BSE Limited during the current year. Your Company has paid the required listing fees to both the Stock Exchanges for the FY 2020 - 2021.

21. 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.

22. 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.

23. 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.

24. 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://www.muthootcap.com/wp-content/uploads/2020/07/Fair_Practice_Code-MCSL.pdf

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

25. 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.

26. EXTRACT OF ANNUAL RETURN

The extract of the annual return in form MGT-9 is enclosed to this Report as **Annexure 6**. The Annual Return of the Company is available on the website and can be accessed at www.muthootcap.com/investors under Corporate Disclosures tab.

27. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

28. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Kochi
June 19, 2021

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

ANNEXURE 1

DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

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

Kochi
June 19, 2021

Sd/-
Thomas George Muthoot
Managing 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 an 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 2020 - 2021, the emphasis of CSR activities of the Company was mainly on providing housing support to the financially backward community and to those who lost their houses in sea rage. Equal thrust was given for arranging COVID relief support by providing food, medicines, and sanitation kits to the badly affected areas in the State of Kerala. The Company continued with their medical support to the needy patients in various ways along with supporting the projects which work against the drug abuse among children and teenagers. 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"

2. The Composition of the CSR Committee

Name	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Mr. Thomas Muthoot	Director	4	4
Mrs. Radha Unni	Independent Director	4	4
Mr. K.M. Abraham	Independent Director	4	4
Mr. Thomas Mathew	Independent Director	4	4

3. Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

- a) **CSR Committee:** <https://www.muthootcap.com/wp-content/uploads/2020/07/Composition-of-Board-of-Directors.pdf>
- b) **CSR Policy:** https://www.muthootcap.com/wp-content/uploads/2020/07/CSR_Policy-MCSL.pdf
- c) **CSR Projects:** <https://www.muthootcap.com/wp-content/uploads/2021/08/CSR-Projects-of-MCSL.pdf>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable:

Not applicable to the Company for the time being.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

(₹ in lakhs)

Financial year	Amount available for set-off from preceding financial years	Amount required to be setoff for the financial year, if any
Nil	Nil	Nil

(₹ in lakhs)

6. Average net profit of the Company for the last three financial years 101 05.67

7. (a) Two percent of average net profit of the Company as per section 135(5)	2 02.11
(b) Surplus arising out of the CSR projects or programmes of the previous financial year	67.75
(c) Amount required to be set off for the financial year, if any	0.00
(d) Total CSR obligation for the financial year (7d=7a+7b-7c)	2 69.86
Add: Round up	0.14
Total amount available for the CSR activities for the FY 2020- 2021	2 70.00

8. (a) CSR amount spent or unspent for the financial year

Total amount spent for the financial year (₹ in Lakhs)	Amount Unspent (₹ in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
2 06.80	63.20	April 28, 2021	N.A.	Nil	N.A.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(₹ in lakhs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount trans-ferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Reg No.
1	Chellanam Housing Project	Support for socially and economically backward groups	Yes	Kerala	Ernakulam	12 months	56.25	25.60	30.65	No	Muthoot Pappachan Foundation	CSR 00003932
2	MPG Sports Hub	Promotion of Sports	Yes	Kerala	Palakkad	36 months	32.55	-	32.55	No	Muthoot Pappachan Foundation	CSR 00003932
Total							88.80	25.60	63.20			

(c) Details of CSR amount spent against other than ongoing projects for the financial year

(₹ in lakhs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No).	Location of the project		Amount spent in the current financial Year	Mode of Implementation - Direct (Yes/No)	Mode of Implementation-Through Implementing Agency	
				State	District			Name	CSR Reg No.
1	Expenses for Rehab Centre (Aashiana)		Yes	Kerala	Ernakulam	19.10	No	Muthoot Pappachan Foundation	CSR 00003932
2	Chemo treatment with General Hospital	Promoting health care including preventive health care	Yes	Kerala	Ernakulam	37.22	No	Muthoot Pappachan Foundation	CSR 00003932
3	Medical Support		Yes	Kerala & Tamil Nadu	Various Districts	26.94	No	Muthoot Pappachan Foundation	CSR 00003932
4	Educational Support	Promotion of Education	Yes	Kerala, Karnataka, and Telangana	Various Districts	5.11	No	Muthoot Pappachan Foundation	CSR 00003932
5	Other Projects ¹	Various Heads	Yes	Various States	Various Districts	92.83	No	Muthoot Pappachan Foundation	CSR 00003932
Total						1 81.20			

¹ Other projects include the following:

- i. Monthly training support to Guardians of Dreams - A Non-Profit Organization on their various projects;
- ii. Renovation of houses for underprivileged families;
- iii. 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;
- iv. Supported programme for empowering women and enhancing livelihood physically handicapped people., distribution of wheelchairs and prosthetic limbs, distribution of food kits and medicines as part of COVID -19 relief support.

(d) Amount spent in Administrative Overhead : 0.00

(e) Amount spent on Impact Assessment, if applicable : 0.00

(f) Total Amount Spent for the FY (8b+8c+8d+8e) : ₹ 2 06.80 lakhs

(g) Excess amount for set off, if any : Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

(a) Date of creation or acquisition of the capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

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

Amount remaining unspent pertains to 'ongoing CSR projects' that Company is undertaking as part of its CSR activities. These projects will be completed, and amounts will be expended within 3 years. The unspent amount pertaining to these projects have been transferred to an unspent CSR Account.

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

Ref: SEP/CAC/20-21/02

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2021

*[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, SEP & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Muthoot Capital Services Limited (CIN: L67120KL1994PLC007726) (hereinafter called the "Company"). Secretarial Audit was conducted for the financial year ended on 31st March 2021 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, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have conducted online verification and physical examination to a certain extent of the books, papers, minute books, forms and returns filed and other records facilitated by the Company, due to COVID-19 and subsequent lockdown situation for issuing the report for the financial year ended on 31st March 2021, 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 (Share Based Employee Benefits) Regulations, 2014;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) 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;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (h) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (i) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993.
- (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;
 - 5. Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010;
 - 6. Companies Prudential Norms (Reserve Bank) Directions, 2015;
 - 7. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
 - 8. Master Direction - Know Your Customer (KYC) Direction, 2016;
 - 9. The Prevention of Money Laundering Act, 2002 and the Rules made there under.

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

- (i) Secretarial Standard relating to Board (SS 1) and General Meetings (SS 2) issued by the Institute of Company Secretaries of India.
- (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. There were no changes in the composition of the Board of Directors during the period under review and present composition of the Board of Directors is 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. Public / Right / Preferential issue of shares.
- ii. Redemption / Buy-back of securities
- iii. Merger / amalgamation / reconstruction;
- iv. Foreign technical collaborations.

During the period, the following issues have taken place:

Sl. No.	Method of Issue	Mode of approval	Date of approval	Number of Securities issued/ Amount
1	Private Placement	Board Approval at the Board Meeting dated 28.05.2020	28.05.2020	Approval of the Board of Directors were obtained on 28.05.2020 for issuing of Secured Unsecured Redeemable Non-Convertible Debentures on a private placement basis in one or more tranches for an amount not exceeding INR 500 crores (Rupees Five Hundred Crores Only) within the overall borrowing limits.

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)

UDIN: F003050C000445393

Sd/-

CS Puzhankara Sivakumar
Managing Partner
FCS: F3050, COP No. 2210

Date : 10.06.2021

Place : Kochi

ANNEXURE A 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 2021 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)

UDIN: F003050C000445393

Sd/-

CS Puzhankara Sivakumar
Managing Partner
FCS: F3050, COP No. 2210

Date : 10.06.2021
Place : Kochi

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 2020 - 2021: 203:1
- (ii) The percentage of increase in remuneration of Managing Director, Chief Executive Officer, Chief Finance Officer and Company Secretary during the FY 2020 - 2021:

Sl. No.	Name of Director/ KMP	Designation	Remuneration during the FY 2020 - 2021 (₹ in Lakhs)	% increase in Remuneration during the FY 2020 - 2021
1.	Mr. Thomas George Muthoot	Managing Director	341.11	-23%
2.	Mr. Vinodkumar M. Panicker	Chief Finance Officer	78.29	-30%
3.	Mr. Abhijith Jayan	Company Secretary & Compliance Officer	6.50	-6%

- (iii) The percentage increase in the median remuneration of the employees in the FY 2020 - 2021: There has been an increase of 2.17 % in the median remuneration of the employees of the Company in FY 2020 - 2021 as compared to FY 2019 - 2020.
- (iv) The number of permanent employees on the rolls of the Company as on March 31, 2021: There were 1649 permanent employees on the rolls of the Company as on March 31, 2021.
- (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 2020 - 2021 was 4.86% and the average remuneration of KMPs has reported as decrease of about 0.00023%.

Justification for Increase: The increase in the remuneration of employees other than KMPs is due to the fact that the attrition rate in the lower level employees were higher and the resigned employees were not replaced.

- (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.

Note: The salary considered for the above calculations are the gross salary excluding the performance based incentives.

For and on behalf of the Board of Directors

Kochi
June 19, 2021

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

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, 2021

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)	59	55	50	56	50
Qualification	B. Com	B. Com, ACA	MBA	MSc. Maths, PGDM	Diploma in Mechanical Engineering, MBA
Experience (in years)	37	32	25	29	30
Date of commencement of employment	12.07.2016	16.12.2013	01.02.2017	01.08.2008	07.07.2018
Gross Remuneration (in lakhs)	341.11	78.29	66.50	58.99	52.51
% of Shareholding in the Company	19.05%	0.0124%	--	--	--
Last employment	--	Outlook Publishing (I) Pvt. Ltd.	IIFL	TVS Finance and Services Ltd.	Saudi Finance
Relationship with any Director	Brother of Mr. Thomas John Muthoot and Mr. Thomas Muthoot	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors
Name of Employee	Mr. Rahul Raut	Mr. Imtiaz Parackat	Mr. Vijayan T	Mr. Sanjay Bhagwankar	Mr. Manish Dhar
Designation	AVP - Sales	AVP - Sales	VP - IT & Operations	AVP - Collections	AVP - Sales
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	39	48	47	51	51
Qualification	Diploma in Mechanical Engineering	PG Diploma in Sales and Marketing	B. Com, DCA	MBA	PGDBA
Experience (in years)	20	23	21	28	25
Date of commencement of employment	12.09.2019	07.03.2019	01.09.2008	04.11.2019	01.12.2015
Gross Remuneration (in lakhs)	24.30	24.28	23.93	22.95	21.33
% of Shareholding in the Company	--	--	0.000061%	--	--
Last employment	TVS Credit	Capital First	TVS Finance and Services Ltd	SREI Equipment Finance Ltd	Ample Technologies
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

ANNEXURE 6

**FORM MGT - 9
EXTRACT OF ANNUAL RETURN**

FOR THE FINANCIAL YEAR ENDED March 31, 2021

[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, 3 rd Floor, Muthoot Towers, M.G Road, Kochi, Kerala - 682 035, Tel: +91 484 6619600/6613450, Fax: +91 484 2381261 Email: mail@muthootcap.com , Web: www.muthootcap.com
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Integrated Registry Management Services Private Limited, 2 nd 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
		65923	
1.	Income from financing activities	(Activities of commercial loan companies)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Not Applicable

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., 01.04.2020				No. of Shares held at the end of the year i.e., 31.03.2021				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual	10298900	0	10298900	62.62	10298900	0	10298900	62.62	--
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)	10298900	0	10298900	62.62	10298900	0	10298900	62.62	--
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)	10298900	0	10298900	62.62	10298900	0	10298900	62.62	--
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	1782061	0	1782061	10.83	1145424	0	1145424	6.96	(3.87)
b) FI/Banks	5181	330	5511	0.03	310	330	640	0.00	(0.03)
c) Central Govt (IEPF)	67251	0	67251	0.41	76761	0	76761	0.47	0.06
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	26741	0	26741	0.16	0.16
g) FIIs	871082	0	871082	5.30	1574910	0	1574910	9.58	4.28
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	--
i) Qualified Foreign Investor	0	0	0	0	0	0	0	0	--
j) Any Other (specify)	0	0	0	0	0	0	0	0	--
Sub-total (B) (1)	2725575	330	2725575	16.57	2824146	330	2824476	17.17	0.60
2) Non-Institutions									
a) Bodies Corp. (Indian/Overseas)	178004	7040	185044	1.13	223596	6600	230196	1.40	0.27
b) Individuals:									
i) Holding nominal share capital upto ₹ 1 lakh	1395338	230371	1625709	9.88	1828344	215041	2043385	12.42	2.54
ii) Holding nominal share capital in excess of ₹ 1 lakh	968401	80630	1049031	6.38	756480	80630	837110	5.09	(1.29)
c) Any Other :									
i) Clearing Member	29168	0	29168	0.18	20183	0	20183	0.12	(0.06)
ii) AIF	519855	0	519855	3.16	142785	0	142785	0.87	(2.29)
iii) LLP	13921	0	13921	0.08	50435	0	50435	0.31	0.23
iv) Trust	0	0	0	0	63	0	63	0.00	0.00
Sub-total (B) (2)	3104687	318041	3422728	20.81	4195149	302271	3324157	20.21	(0.60)
Total Public Shareholding (B) = (B) (1) + (B) (2)	5830262	318371	6148633	37.38	6942534	302601	6148633	37.38	0.00
TOTAL (A)+(B)	16129162	318371	16447533	100	17241434	302601	16447533	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	--
Grand Total (A + B + C)	16129162	318371	16447533	100.00	16144932	302601	16447533	100.00	0.00

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2020			Shareholding at the end of the year i.e. 31.03.2021			% 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	3152972	19.17	0	3152972	19.17	0	0.00
2.	Mr. Thomas George Muthoot	3133480	19.05	0	3133480	19.05	0	0.00
3.	Mr. Thomas Muthoot	3076624	18.71	0	3076624	18.71	0	0.00
4.	Ms. Preethi John	243910	1.48	0	243910	1.48	0	0.00
5.	Ms. Nina George	299577	1.82	0	299577	1.82	0	0.00
6.	Ms. Remmy Thomas	392337	2.39	0	392337	2.39	0	0.00
Total		10298900	62.62	0	10298900	62.62	0	0.00

iii) Change in Promoter's Shareholding

Sl. No.	Date wise Increase / Decrease in Promoters Shareholding during the year	Shareholding at the beginning of the year (01.04.2020)		Cumulative Shareholding during the year (31.03.2021)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Mr. Thomas John Muthoot PAN: ABNPT4694B Opening Balance as on 01.04.2020 Closing Balance as on 31.03.2020	3152972	19.170	3152972	19.170
2.	Mr. Thomas George Muthoot PAN: ABNPT4693G Opening Balance as on 01.04.2020 Closing Balance as on 31.03.2021	3133480	19.051	3133480	19.051
3.	Mr. Thomas Muthoot PAN: AEAPM0424L Opening Balance as on 01.04.2020 Closing Balance as on 31.03.2021	3076624	18.706	3076624	18.706
4.	Mrs. Remmy Thomas PAN: ABLPT3225E Opening Balance as on 01.04.2020 Closing Balance as on 31.03.2021	392337	2.385	392337	2.385
5.	Mrs. Nina George PAN: ADCPG0092R Opening Balance as on 01.04.2020 Closing Balance as on 31.03.2021	299577	1.821	299577	1.821
6.	Mrs. Preethi John PAN: ACRPJ5145J Opening Balance as on 01.04.2020 Closing Balance as on 31.03.2021	243910	1.483	243910	1.483

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 01.04.2020)		Increase/Decrease		Cumulative Shareholding during the year (as on 31.03.2021)	
		No. of Shares	% of total shares	No. of Shares	% of total shares	No. of Shares	% of total shares
1.	DSP Small Cap Fund						
	PAN:AAAJD0430B						
	Opening Balance as on 01.04.2020	1018024	6.190				
	Closing Balance as on 31.03.2021					1018024	6.190
2.	Elevation Capital VI FII Holdings Limited						
	PAN: AAZCS6367E						
	Opening Balance as on 01.04.2020	750879	4.565				
	03.04.2020			7250	0.044	758129	4.609
	10.04.2020			21200	0.129	779329	4.738
	17.04.2020			16600	0.101	795929	4.839
	24.04.2020			17619	0.107	813548	4.946
	01.05.2020			9128	0.055	822676	5.002
	08.05.2020			14000	0.085	836676	5.087
	15.05.2020			27437	0.167	864113	5.254
	22.05.2020			25200	0.153	889313	5.407
	29.05.2020			74956	0.456	964269	5.863
	05.06.2020			50921	0.31	1015190	6.172
	12.06.2020			83918	0.51	1099108	6.683
	24.07.2020			6088	0.037	1105196	6.72
	25.09.2020			6530	0.04	1111726	6.759
	30.09.2020			11093	0.067	1122819	6.827
	02.10.2020			1500	0.009	1124319	6.836
	09.10.2020			2000	0.012	1126319	6.848
	16.10.2020			9000	0.055	1135319	6.903
	23.10.2020			2080	0.013	1137399	6.915
	30.10.2020			6600	0.04	1143999	6.955
	06.11.2020			18600	0.113	1162599	7.069
	05.02.2021			2500	0.015	1165099	7.084
	26.02.2021			400000	2.432	1565099	9.516
	Closing Balance as on 31.03.2021					1565099	9.516

3. Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Resurgent India Fund - Series 6**PAN: AAATB0102C**

Opening Balance as on 01.04.2020	446210	2.713			
01.05.2020		-11530	-0.07	434680	2.643
15.05.2020		-3562	-0.022	431118	2.621
22.05.2020		-62369	-0.379	368749	2.242
29.05.2020		-13755	-0.084	354994	2.158
05.06.2020		-45440	-0.276	309554	1.882
12.06.2020		-61132	-0.372	248422	1.51
19.06.2020		-327	-0.002	248095	1.508
26.06.2020		-701	-0.004	247394	1.504
10.07.2020		-1202	-0.007	246192	1.497
07.08.2020		-561	-0.003	245631	1.493
21.08.2020		-4790	-0.029	240841	1.464
04.09.2020		-10949	-0.067	229892	1.398
11.09.2020		-6384	-0.039	223508	1.359
18.09.2020		-17050	-0.104	206458	1.255
21.09.2020		-7233	-0.044	199225	1.211
25.09.2020		-1199	-0.007	198026	1.204
30.09.2020		-4393	-0.027	193633	1.177
09.10.2020		-186	-0.001	193447	1.176
23.10.2020		-4188	-0.025	189259	1.151
30.10.2020		-9380	-0.057	179879	1.094
06.11.2020		-12471	-0.076	167408	1.018
13.11.2020		-28814	-0.175	138594	0.843
31.12.2020		-14247	-0.087	124347	0.756
01.01.2021		-10646	-0.065	113701	0.691
26.03.2021		-3993	-0.024	109708	0.667
Closing Balance as on 31.03.2021		-877	-0.005	108831	0.662

4. Sundaram Alternative Opportunities Fund-Nano Cap Series I**PAN: AAQAS9168Q**

Opening Balance as on 01.04.2020	360547	2.192			
28.08.2020		26257	0.16	386804	2.352
04.09.2020		25178	0.153	411982	2.505
26.02.2021		-401366	-2.44	10616	0.065
19.03.2021		-10616	-0.065	0	0.000
Closing Balance as on 31.03.2021				0	0.000

5.	Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series VI					
	PAN: AAATS2554B					
	Opening Balance as on 01.04.2020	225349	1.370			
	09.10.2020			-354	-0.002	224995 1.368
	27.11.2020			-868	-0.005	224127 1.363
	04.12.2020			-5604	-0.034	218523 1.329
	11.12.2020			-7693	-0.047	210830 1.282
	18.12.2020			-5982	-0.036	204848 1.245
	25.12.2020			-612	-0.004	204236 1.242
	31.12.2020			-2096	-0.013	202140 1.229
	01.01.2021			-709	-0.004	201431 1.225
	08.01.2021			-2738	-0.017	198693 1.208
	15.01.2021			-2132	-0.013	196561 1.195
	22.01.2021			-1857	-0.011	194704 1.184
	29.01.2021			-7415	-0.045	187289 1.139
	05.02.2021			-2627	-0.016	184662 1.123
	12.02.2021			-165	-0.001	184497 1.122
	19.02.2021			-8038	-0.049	176459 1.073
	26.02.2021			-86516	-0.526	89943 0.547
	05.03.2021			-37598	-0.229	52345 0.318
	12.03.2021			-18427	-0.112	33918 0.206
	19.03.2021			-15349	-0.093	18569 0.113
	Closing Balance as on 31.03.2021					18569 0.113
6.	Rohinton Soli Screwvala					
	PAN: AAGPS7083K					
	Opening Balance as on 01.04.2020	191662	1.165			
	Closing Balance as on 31.03.2021					191662 1.165
7.	Dolly Khanna					
	PAN: ADOPD7812J					
	Opening Balance as on 01.04.2020	150231	0.913			
	10.04.2020			-5000	-0.03	145231 0.883
	17.04.2020			-6000	-0.036	139231 0.847
	24.04.2020			-5000	-0.03	134231 0.816
	01.05.2020			-2000	-0.012	132231 0.804
	08.05.2020			-6000	-0.036	126231 0.767
	15.05.2020			-6735	-0.041	119496 0.727
	22.05.2020			-5250	-0.032	114246 0.695
	12.06.2020			2000	0.012	116246 0.707
	19.06.2020			-4000	-0.024	112246 0.682
	26.06.2020			-3854	-0.023	108392 0.659

30.06.2020	-4000	-0.024	104392	0.635
03.07.2020	-2492	-0.015	101900	0.62
10.07.2020	-2000	-0.012	99900	0.607
17.07.2020	-2409	-0.015	97491	0.593
31.07.2020	-1617	-0.01	95874	0.583
07.08.2020	-2778	-0.017	93096	0.566
21.08.2020	-1000	-0.006	92096	0.560
28.08.2020	-5369	-0.033	86727	0.527
04.09.2020	-7000	-0.043	79727	0.485
11.09.2020	-6000	-0.036	73727	0.448
18.09.2020	-8000	-0.049	65727	0.400
21.09.2020	-1000	-0.006	64727	0.394
25.09.2020	-8363	-0.051	56364	0.343
30.09.2020	-2000	-0.012	54364	0.331
02.10.2020	-3000	-0.018	51364	0.312
09.10.2020	-3000	-0.018	48364	0.294
16.10.2020	-1000	-0.006	47364	0.288
23.10.2020	-1000	-0.006	46364	0.282
30.10.2020	-1000	-0.006	45364	0.276
06.11.2020	-1000	-0.006	44364	0.270
27.11.2020	8000	0.049	52364	0.318
04.12.2020	223	0.001	52587	0.320
11.12.2020	-10500	-0.064	42087	0.256
18.12.2020	-10000	-0.061	32087	0.195
25.12.2020	-5919	-0.036	26168	0.159
31.12.2020	-1000	-0.006	25168	0.153
08.01.2021	-2000	-0.012	23168	0.141
15.01.2021	-1000	-0.006	22168	0.135
22.01.2021	-4000	-0.024	18168	0.11
29.01.2021	-2360	-0.014	15808	0.096
12.02.2021	-1000	-0.006	14808	0.09
05.03.2021	14000	0.085	28808	0.175
12.03.2021	-2000	-0.012	26808	0.163
19.03.2021	-9000	-0.055	17808	0.108
Closing Balance as on 31.03.2021	-2000	-0.012	15808	0.096

8. Sundaram Alternative Opportunities Fund - Nano Cap Series II

PAN: AARAS9870Q

Opening Balance as on
01.04.2020 119994 0.730

26.06.2020	-4048	-0.025	115946	0.705
25.09.2020	-19081	-0.116	96865	0.589

**Closing Balance as on
31.03.2021 96865 0.589**

9.	Alex K Thomas			
	PAN :ACCPT9651N			
	Opening Balance as on 01.04.2020	68011	0.414	
	Closing Balance as on 31.03.2021		68011	0.414
10.	Suresh Kumar Agarwal			
	Opening Balance as on 01.04.2020	64118	0.390	
	Closing Balance as on 31.03.2021		64118	0.390

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 2020 - 2021 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. 01.04.2020		Shareholding at the end of the year i.e. 31.03.2021	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Thomas John Muthoot, Chairman	3152972	19.17	3152972	19.17
2.	Mr. Thomas George Muthoot, Managing Director	3131430	19.05	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 2020 - 2021.

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. 01.04.2020				
i) Principal Amount	2233 83	70 68	42 56	2347 07
ii) Interest due but not paid	2	-	16	18
iii) Interest accrued but not due	7 05	7 23	2 79	17 07
Total (i + ii + iii)	2240 90	77 91	45 51	2364 32
Change in Indebtedness during the financial year				
i) Addition	**1109 09	8 73	47 54	1165 36
ii) Reduction	1527 21	10 18	37 41	1574 80
Net Change	(418 12)	(1 45)	10 13	(409 44)
Indebtedness at the end of the FY i.e. 31.03.2021				
i) Principal Amount	1808 14	68 16	53 28	1929 58
ii) Interest due but not paid*	2	2	5	9
iii) Interest accrued but not due	14 62	8 28	2 31	25 21
Total (i + ii + iii)	1822 78	76 46	55 64	1954 88

* Interest due but not paid represents the interest due on unclaimed matured Debenture, subordinated Debt and Public Deposit.

** Addition includes loans from banks amounting to ₹ 150 44 lakhs sanctioned and not utilized as on March 31, 2020 but utilized in the current year. And also includes new fund sanctioned and utilized amounting to ₹ 565 86 lakhs and conversion from one facility to another amounting to ₹ 378 17 lakhs and the interest accrued thereon.

Above figures are without considering the IND-AS adjustments, which is to the extent of ₹ 7 89 lakhs as on March 31, 2021.

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	316.55	316.55
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	4.69	4.69
	(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	19.87	19.87
Total (A)	341.11	341.11
Ceiling as per the Companies Act, 2013		₹ 364.34 lakhs (calculated as per Section 198 of the Companies Act, 2013)

B) Remuneration to other Directors:

(₹ in lakhs)

(1) Independent Directors	Fee for attending Board/ Committee meetings	Commissions	Total Amount
A.P Kurian	1.50	--	1.50
Radha Unni	1.50	--	1.50
K.M Abraham	1.50	--	1.50
Thomas Mathew	1.50	--	1.50
Total (1)	6.00	--	6.00
(2) Non - Executive Directors	Fee for attending Board/ Committee meetings	Commissions	Total Amount
Thomas John Muthoot	--	--	--
Thomas Muthoot	--	--	--
Total (2)	--	--	--
Total (B) = (1) + (2)	6.00	--	6.00

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	KMP		Total Amount
		CFO	CS	
1.	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	66.92	6.30	73.22
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	5.17	--	5.17
	(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	6.20	0.20	6.40
	Total (C)	78.29	6.50	84.79

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					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

For and on behalf of the Board of Directors

Kochi
June 19, 2021

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

Business Responsibility Report

About this Report

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 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 31st March 2021, this Report has been prepared, as prescribed and is in accordance with Regulation 34 of the SEBI (LODR) Regulations, 2015. It is noteworthy that SEBI vide its Board met on March 25th of 2021 decided to replace the existing Business Responsibility Report (BRR) to Business Responsibility and Sustainability Report (BRSR) from the FY 2021-2022 on a voluntary basis and on a mandatory basis from FY 2022-2023.

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 seated 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) and its debt instruments listed on the BSE Limited. 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

Sl. No.	Particulars	Company Information
1	Corporate Identity Number (CIN)	L67120KL1994PLC007726
2	Name of the Company	Muthoot Capital Services Limited
3	Registered address	3 rd 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, 2020 - March 31, 2021
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	Financing for two-wheelers Used Car Loans Corporate Loans

9	Total number of locations where business activity is undertaken by the Company	The Company carries out its business activities in twenty states and one union territory in India
	(a) Number of International Locations (Provide details of major 5)	The Company carries out business activities within India only.
	(b) Number of National Locations	The Company has 31 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, 2021)

Sl. No.	Particulars	Company Information
1	Paid up capital	₹ 16.4 crores
2	Total Turnover	₹ 505.04 crores
3	Total profit after taxes (INR)	₹ 52.19 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

- Does the Company have any Subsidiary Company / Companies?

As on March 31, 2021, the Company has no subsidiaries.

- 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.

- 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

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

(b) Details of the BR head

Sl. 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)

Sl. 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 been 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?	<p>Following policies are displayed on the Company's website:</p> <ol style="list-style-type: none"> 1. Fair Practice Code https://www.muthootcap.com/wp-content/uploads/2020/07/Fair_Practice_Code-MCSL.pdf 2. Corporate Social Responsibility Policy https://www.muthootcap.com/wp-content/uploads/2020/07/CSR_Policy-MCSL.pdf 3. Code of Conduct to Regulate, Monitor And Report Trading By Designated Persons https://www.muthootcap.com/wp-content/uploads/2020/07/Code_of_Conduct_to_RegulateMonitor_and_Report_Trading_by_Designated_Persons.pdf <p>Other policies of the Company are approved by the Board but as it is not mandated to be put in the public domain, Thus the same is not uploaded in the Company website.</p>								
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 relevant 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.

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?

Yes, the Company publishes its Business Responsibility Report on an annual basis. The Business Responsibility Reports forming part of the Annual Report for the respective years are available on the website of the Company viz., <https://www.muthootcap.com/investors/#tab1>

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 throughout 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)? 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 31.03.2021 is 1833.

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 31.03.2021 is 4.

3. Please indicate the Number of permanent women employees.

Number of permanent women employees as on 31.03.2021 is 368.

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?

No.

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable.

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	One	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	Safety Drill	Skill Upgradation
1	Permanent Employees	Nil	13785 hours for all
2	Permanent Women Employees	Nil	
3	Casual / Temporary / Contractual Employees	Nil	
4	Employees with Disabilities	Nil	

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

Not Applicable.

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 policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The policy covers only the Company.

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

The Company has not received any stakeholder complaints in past financial year.

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? If yes, please give hyperlink for web page 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 2020-2021 is ₹ 2 70.00 lakhs out of which ₹ 63.20 lakhs has been transferred to ongoing CSR projects.

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. Thus, the management of Muthoot Capital Services Limited has immense pleasure in bringing before you 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 via this report. However actual results could differ materially from those expressed or implied.

2. GLOBAL ECONOMIC OVERVIEW

The beginning of FY 22 continued the same way that FY 21 began, now due to the 2nd wave of the pandemic. While this outbreak last year had its toll on the human life, it has also disrupted the social, economic, and financial structures of the entire world. While initially the bond, stock, currency and commodity markets had been in a tailspin, things improved rapidly as the days progressed. Many businesses had been forced to a grinding halt, supply chains had been severely disrupted and job losses continued to mount. But this did not deter the businesses from finding innovative ways of doing business and growing profitably. To provide much needed help, low interest rates and forward guidance were introduced by central banks all over the world. While lockdowns at the beginning of the year FY 21 was severe, things did improve as the months went by and economic activities improved significantly in the 3rd and 4th quarter. While India struggled with a negative GDP growth for FY 21 the year FY 22 promises to be significantly better with agencies predicting anything between 9% - 12% GDP growth in FY 22 .

The second wave of COVID-19 started in February 2021 in Maharashtra, Kerala, Punjab, Madhya Pradesh and Chhattisgarh. It then spread to other states, including the National Capital Region (NCR), leading to the reimposition of various restrictions on the free movement of people by some state governments.

Growth remains submissive in almost all economies, with reduced GDP. All the countries faced a dented external demand and tightened global economic conditions and health emergency. While the economies across the world put up a spirited fight against pandemic, the arrival of vaccines across the globe with many offering the same, there has been a breath of confidence seen across the globe with countries stating that the 2 doses of vaccines will be treated as eligible for movement without restrictions, which has seen all countries scrambling to vaccinate their population in the quickest possible time.

INDIA GOVERNMENT'S MEASURES TO COMBAT PANDEMIC

The Central Government and State Governments announced a series of fiscal stimulus measures to support and stimulate economic recovery. The Government announced ₹ 1.70 lakhs crores relief package under Pradhan Mantri Garib Kalyan Yojana for the poor. The Government also increased its emphasis on the rural economy by raising the minimum support price and increasing the budgetary allocation to the Mahatma Gandhi National Rural Employment Guarantee Scheme, or MGNREGA, to ₹ 1 lakh crore. It also announced ₹ 30,000 crores additional

emergency working capital for farmers to be refinanced by NABARD. Time limits for filing compliance and return documents under various laws, including The Income Tax Act, CGST Act, and The Companies Act, were extended.

An Emergency Credit Line Guarantee Scheme of ₹ 3 lakh crores for eligible MSMEs was announced and further extended till June 2021. The task force on the national infrastructure pipeline increased India's infrastructure expenditure target for the next five years from ₹ 102 trillion to ₹ 111 trillion. This is expected to result in additional infrastructure spending in the FY 2022. The Government also sanctioned a PLI policy, or performance related incentive scheme, to stimulate economic growth at the cost of ₹ 1.97 lakh crores, with pharma, pharmacy, electronics, and telecom among the major industries involved. In agriculture, the Government announced ₹ 2 lakh crore of concessional credit to be extended via the Kisan Credit Cards scheme.

RESERVE BANK OF INDIA'S MEASURES TO INFUSE LIQUIDITY IN THE SYSTEM DURING PANDEMIC

As pandemic clutched the economy, RBI stepped into action and undertook various operations for infusing liquidity into the system. To ensure fund flow up to the tune of 4.7% of Indian GDP, it took standard and innovative steps. Its measures ensured Indian corporate bond issuances were higher by 11% at ₹ 6.8 lakh crores. RBI announced relief measures for MSMEs including new restructuring guidelines to retain loans from banks and NBFCs' to such qualifying MSMEs classified as standard within the regulatory framework. They ensured that incremental loans disbursed in low credit flow districts would receive a higher PSL weighting. Bank lending targets for small farmers were revised upwards. RTGS settlements were allowed on a round-the-clock basis for all days. The Government and RBI established an SBI Capital Market administered Special Purpose Vehicle (SPV) to acquire eligible NBFCs' short-term papers for repayment of their short-term liabilities. RBI released draft measures on securitization proposing allowance of single asset securitizations. The Reserve Bank of India (RBI) released a draft discussion paper on the revised legislative structure for NBFCs. However, the proposed quantitative norms, such as capital adequacy ratio, regular asset provisioning, and NPA classification, are not expected to have a significant effect on MCSL because we are already well above the minimum compliance steps.

INDIAN ECONOMY AT A GLANCE DURING PANDEMIC

COVID-19 has disrupted the economy in general and the financial security of families in particular. In India, where a quarter of the economy or may be more is informal where the data is either not disclosed by design or is not captured by default during statistical data collection and extrapolation exercises. One does not have to be an economist to know how hard these smaller players in informal sector has been hit. It is safe to say that these sectors were twice as badly affected as the formal sector but let us side by side also believe that they will come back at the same speed as the rest of the economy.

This has created the unavoidable necessity for the Government to provide food and medical security to the poorest which in turn would keep the public finances stressed for the next few financial years to come. With the necessity to build additional health infrastructure, it will further impair the Government's capacity to stimulate growth through general infrastructure development in the next few years to come.

Azim Premji University in a study has claimed that 22 crore Indians post-Corona have slipped below the poverty line. Even if 50% of it is true, it does not paint a rosy picture. Centre of Monitoring Indian Economy (CMIE) calculates that post-Corona 97% of Indians are poorer than before.

We are seeing a conundrum where the world, India included is awash with manufactured liquidity, created by Central banks who while professing their autonomy act obediently at the behest of Central Government - and yet there is joblessness, unemployment and surge of inequality. Indian Stock market in the meantime has doubled since March 2020! It is the new IPL for the classes. Last 3 years we added an average of 43 lakh new Demat accounts, this FY 21 we are going to add 143 lakh...!! The Government is in an unenviable position to clean up long moribund sectors- Real Estate, power, MSME and PSU Banks.

However, it's not negativity all around. As per a report in Business Standard, the economy is on track to grow 10% in the year that began in April 1, according to the median of 12 estimates compiled by Bloomberg News. It was pent-up demand for everything from mobile phones to cars that spurred consumption in Asia's third-largest economy when it reopened last year after one of the strictest lockdowns that lasted more than two months. Data shows gross domestic product grew 1% in the three months ended March, making it the second straight quarter of expansion since India exited a rare recession.

Source: Outlook, Business Standard

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

The financial services sector of India comprises of commercial banks / co-operative banks, non-banking financial companies, insurance companies, pension / mutual funds, and other various entities. India is expected to be fourth largest private wealth market globally by 2028 as per IMF. NBFC sector plays an important role in financial inclusion by meeting credit needs of retail and MSME sectors. NBFC sector provides efficient credit distribution reach to untapped and under-penetrated regions and customer class. NBFCs bring the much needed diversity to the financial sector by providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bills discounting for small and medium companies and fee based services such as investment banking and underwriting. NBFCs have carved niche business areas for them within the financial sector space and are also popular for providing customized products. The credit delivery of NBFC sector constituted 11.6% of GDP. Credit growth (YoY) of the NBFC sector was close to 3% in June 2020. Further, the credit growth contracted in September 2020 with a YoY growth of -6.6 per cent. Bank credit to the NBFC sector was ₹ 7.05 lakh crore in June 2020, ₹ 8.0 lakh crores in September 2020 and ₹ 7.9 lakh crores in December 2020 and ₹ 8.9 lakh crores in February 2021. However, mutual funds lending to NBFCs continued to contract in 2020-21 as well.

Key opportunities for NBFCs to boost revenues

- Increase the penetration in the MSME segment with new and dynamic operating models.
- Synergistic alliances with FinTech to tap niche markets.
- Get access to new customers and cheaper funding sources by developing a viable co-lending business model.
- Target individual buyers, merchants and suppliers to tap into the fast-growing e-commerce segment.
- Diversify assets by targeting new profitable segments and developing the capabilities required to serve the segments.
- Develop digital capabilities to boost sales productivity.
- Digital competencies and tools to improve sales productivity - Use of advanced analytics and machine learning to build propensity models for lead generation.
- Making real-time offers available to sales representatives by using customer data from multiple internal and external sources.
- Offer consumer convenience and consumer loans across the country.

India Ratings (Ind-Ra) has maintained stable outlook on retail non-banking finance company (NBFC) and housing finance company sectors for 2021-22. Improved system liquidity and strong capital buffers will boost loan disbursements. The rating agency expects non-bank lenders to grow by 9.5% year-on-year in 2021-22, whereas growth for housing finance companies would be around 10% year-on-year, higher than the expectations of 4-5% and 6.5%, respectively, for the fiscal year 2021. However, the second wave of COVID-19 has pulled back the recovery gains with consequent impact on asset quality.

Moreover, the NBFCs with asset size of ₹ 100 crore are now eligible for debt recovery under SARFAESI Act and can pursue loan recovery under SARFAESI Act for loans starting at ₹ 20 lakhs which was earlier ₹ 50 lakhs.

AUTO INDUSTRY OVERVIEW

As far as the Indian auto industry is concerned, March 2021 portrayed a grim picture. All the segments in the automotive sector was in the negative. Most of the automakers were not in a position to supply enough of their popular brands leading to massive waiting periods. The industry that once was the sunshine sector in India is now facing serious disruption on an unprecedented scale. Passenger vehicle sales recovered fast in fiscal 2020-21 with a mere 2.24% drop. But three-wheeler sales dropped a massive 66% in the fiscal to 2.16 lakh units. Lackluster demand, and now the COVID-19 virus is forcing Indian car manufacturers to bid anything to revive sales and fortunes that are waning. Only passenger vehicles and tractors saw healthy growth over the past few months though this could be associated with multiple factors like the low base of last year, transition from BS-IV to BS-VI and EV's along with India going under total lockdown.

The overall economic slowdown, the liquidity crunch, the non-banking finance company (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 and wait for EV's were the main reasons for this year's prolonged slowdown. The challenges for the industry are likely to increase as the coronavirus epidemic 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, the contrary claim would be increase in need for personal transport there by leading to a pent-up demand for personal automobiles.

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.

In FY21, the total passenger vehicles production reached 22,652,108. Overall, production of passenger vehicles, three wheelers, two wheelers and quadricycle reached 1,875,698 units in April 2021. Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8% and 12.9% market share, respectively, accounting for a combined sale of over 20.1 million vehicles in FY20. Two-wheeler sales stood at 995,097 units, while passenger vehicle sales stood at 261,633 units in April 2021. Overall, automobile export reached 4.77 million vehicles in FY20, growing at a CAGR of 6.94% during FY16-FY20. Two wheelers made up 73.9% of the vehicles exported, followed by passenger vehicles at 14.2%, three wheelers at 10.5% and commercial vehicles at 1.3%.

EV sales, excluding E-rickshaws, in India witnessed a growth of 20% and reached 1.56 lakh units in FY20 driven by two wheelers. According to NITI Aayog and Rocky Mountain Institute (RMI) India's EV finance industry is likely to reach ₹ 3.7 lakh crore (US\$ 50 billion) in 2030. A report by India Energy Storage Alliance estimated that EV market in India is likely to increase at a CAGR of 36% until 2026. In addition, projection for EV battery market is forecast to expand at a CAGR of 30% during the same period.

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 FY22, 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: India Brand Equity Foundation

Commercial Vehicles:

The global commercial vehicles market size was estimated at USD 1.26 trillion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 5.2% from 2021 to 2028. Although the market has been witnessing stagnant growth over the last few years, adding onto it, The COVID-19 pandemic affecting the automotive industry, the market witnessed a decline in growth as a result of low automotive sales or new requirements. It is anticipated to recover with improved sales performance, particularly in emerging economies. Implementation of vehicle scrappage programs; aggressive investments in infrastructure development including the adoption of EV's and rural development; drafting of stringent regulatory norms for vehicle length, and loading limits, among other parameters, are anticipated to fuel the growth. Having realized the potential of connectivity and telematics to revolutionize transportation and logistics operations, several Original Equipment Manufacturers (OEMs) have introduced commercial vehicles featuring connectivity features, such as accident warnings, traffic data, weather reports, and updates on road works. Connected vehicles provide multiple benefits, such as enhanced safety by preventing unauthorized access to vehicles, thereby avoiding wear and tear, and vehicle abuse. The growing preference for connected commercial vehicles is anticipated to drive market growth over the forecast period.

In India, for FY 21, the cumulative domestic CV sales of the four key OEMs (Tata Motors, Ashok Leyland, Mahindra & Mahindra and VE Commercial Vehicles) was 526,526 units, down -27% YoY (FY 20: 669,312). In FY 19, the overall Indian CV industry had sold a total of 10,07,319 units, posting YoY growth of 17.55 percent. CV sales are cyclic in nature and with two straight years of sales slowdown and decline, the outlook remains cautiously optimistic. Demand for CVs is a combination of headwinds and tailwinds. While the tailwinds are enabling improved demand in the tipper and haulage segment especially in the M&HCV segment, there is pressure from the increase in tyre and fuel prices. A positive sentiment is that with the Reserve Bank of India (RBI) and the Central government expecting economic activity to pick up and India's GDP expected to grow in double digits, there could be light at the end of the CV tunnel. 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. However, the new growth point for the industry is electric scooters and motorcycles. Many of the leading OEM manufacturers have already started the production of electric vehicles. The Indian government has set a goal to electrify a major part of India's two-wheelers and has provided considerable financial incentives. While a slow recovery was already in our expectations, the April/May data have been worse than expected due to the huge increase of COVID-19 cases, forcing several dealers to shutdown activities and many plants to reduce production. The underlying demand sentiment in the industry also remained weak with wholesale sales degrowth of 14% to 1.5 crore units (vs FY 20 1.74 crore units) & Estimated Retail sales degrowth of 32% to 1.11 crore units (vs FY 20 1.6 crore units) in Two -Wheeler Segment during FY 21. The sale of three-wheelers saw a substantial drop of 66.06% after the pandemic put a halt to most public movement in the first half. In the 2020-21 fiscal 2,16,197 units were sold to dealers, as against 6,37,065 units in 2019-20.

Passenger Vehicles:

The domestic passenger vehicle market declined in FY 2020 after it grew from FY 2014 to FY 2019. The sales of passenger vehicles in India have reduced by over 2% in FY 2020-21, according to data released by the auto industry body, Society of Indian Automobile Manufacturers (SIAM). Covid-19 added to the industries existing woes last year to further slow it down. The industry registered sales of 27,11,457 units as compared to 27,73,519 units in

2019-20. 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 keeping in mind the introduction of EV's, its supporting infrastructure and a cautious purchase behavior of the customer towards a new technology.

Auto Industry Post COVID-19

It is expected that the automotive production and sales could reach to multi-year lows in early quarters of FY 22 as pressures arising from the COVID-19 crisis persists with high chance of an outbreak of 3rd wave of infection engulfing 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.

India is expected to be the world's third-largest automotive market in terms of volume by 2026 and is currently valued at \$ 118 billion. Despite the ongoing pandemic, the Indian auto industry has shown immense resilience and is facing the challenges posed by the pandemic head-on. The government is also taking adequate initiatives to boost the auto industry by offering product-linked incentives, scrappage policy, etc. Like every other industry, the automotive sector is also rapidly integrating technologies in the coming future. The automobile sector has seen a drastic change over the past few years with electrified, autonomous, shared, and connected cars.

EV market has shown dynamic growth over the years and will achieve a tipping point in the coming five years. The Delhi government has also started Switch Delhi Campaign and taken multiple initiatives to create awareness about the benefits of electric vehicles. The transition to emissions-free individual mobility could only be possible because of the electrification of the vehicle. Electric vehicles will account for about 10 percent of new vehicle sales by 2025. The EV market is expected to grow at CAGR of 44% between 2020-2027 and is expected to hit 6.34 million-unit annual sales by 2027. The EV industry will create five crore direct and indirect jobs by 2030. EV sales, excluding E-rickshaws in India, witnessed a growth of 20% and reached 1.56 lakh units in FY 20 driven by two-wheelers. Amongst all regions in India, Uttar Pradesh continues to have maximum monthly registered EV sales with 22% of overall sales in India in April 2021 as per JMK Research.

More importantly the move towards social distancing and thereby the customers' need for a personal vehicle, would make 2-wheeler, and Used Car, both being economically affordable and therefore sought after by the consumers. All these developments could be a big positive for auto sector and MCSL.

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.

Accepting the fact that 2020 was challenged by the pandemic, it also opened doors for opportunities and innovation for the consumer durables industry. The first few months of lockdown were really sleepy with negligible demand, but the latter half of the year proved to be beneficial for those who adapted to the evolving market realities. With the gradual unlocking, new demand trends and subsequent product innovations began to emerge. Consumer centricity took center stage as the industry came up with new technologies for purification and sanitization and hygiene that are sought after in the new normal.

The consumer durables industry is on the path of growth from a long-term perspective. According to an industry report, the home appliances and consumer electronics industry, (excluding mobile handsets), is expected to reach ₹ 1.5 lakh crore by 2025, from the present ₹ 1 lakh crore. Rural electrification, more stable disposable incomes, work from home policies, and the government's plans to offer production-linked incentives to establish manufacturing plants in India are expected to be the likely drivers for the growth of the industry. With such a massive growth opportunity, the industry is required to keep a close watch on evolving consumer needs, to drive product innovation and truly thrive in the post-pandemic world.

The pandemic has led individuals to focus on health and safety first. Consumers are expected to be drawn to products that incorporate health related functionalities. Products with features such as anti-bacterial filters, UV solutions that eliminate viruses, disinfectant properties etc. have been gaining traction and are expected to continue well post COVID-19. In the 'new normal world', consumers are likely to invest in automated and technologically superior products to ease their lives. Convenience led product categories such as washing machines, microwaves, vacuum cleaners and dishwashers will see a spike as people aim to become more self-reliant. The comfort products like air conditioners, air coolers and air purifiers will grow within the same households, since people would need cooling in multiple rooms, as they continue to work from home.

COMPANY OUTLOOK

In FY 21, the Company experienced numerous vulnerabilities with reduction in 2W volumes, a slumping economy and the outbreak of COVID-19 impacting the operations, disbursements and profitability. 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 business from the non-southern states. The share of disbursements from the non-south states stood at 33%. Over the years the Company has been looking at growing its non-south business and over the last few years that has fructified. Over the last 2-3 years there has been one reason or other which is hampered growth; it was rain and floods in FY 19, and floods followed by the beginning of the pandemic in FY 20. FY 21 was a year which had the imprint of pandemic all over the year. Months where pandemic did not show its ugly face, we were constrained by our own cautious nature to go slow, further strengthen the credit appraisal process and wait for situation to improve fully before higher disbursements could happen.

The Company looks forward to penetrating into 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, Muthoot Fincorp Limited branches to source customers for its loan products across India besides sourcing Public deposits for itself in the state of Kerala.

The collections efforts were improving well in Q3 and Q4 of FY 21 but were dented in the early part of the current year due to lockdown measures imposed by the governments of various states. The demand for high payouts on the back of reduced sales at dealer points and higher collection costs to ensure delinquencies 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 in FY 22. The Company also plans to enter into other asset financing options, including consumer durables segment and E-Rickshaw in FY 22.

We have continued to stay 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 sourcing cost in the medium term.

During the current lockdown due to 2nd wave of Pandemic, like the last year, the Company has effectively used the team to call the customers, understand their wellbeing, educate them on the restructuring option available 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 for which the Company is entitled 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. Based on our strengths, we are confident that our relative competitiveness will only improve further 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 in 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. In view of the same, we have seen a significant rise in our digital sourcing and collections since pandemic set in and we are confident of encashing on this even post the pandemic. Would enhance the experience of our customers besides make things faster and operations smoother and cheaper for execution.

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.

Here, we wish to state that your Company has been awarded with ASSOCHAM National Awards for the Excellence in Digital Services, which is a testimony to the fact that our digital efforts are being recognised.

Focus on Financial discipline

We are treating the present scenario as a learning phase to develop new methods of engagement. The Company has been 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. This has led to the Company being able to source additional funds of ₹ 130 86 lakhs in the year that went by, besides the Lenders reducing the interest rates on the sanctions given by them.

Plans to reduce the operational costs is in place but would need to 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, which were put on hold last year, has now been reinstated, keeping in view the 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.

FINANCIAL PERFORMANCE OF THE COMPANY

A. Financials for the last 5 years at a glance

(₹ In Lakhs except Key Indicators)

Financial year ended 31 st March	2017	2018	2019 ¹	2020 ¹	2021 ¹
Operating Results					
Disbursements	1297 82	1969 69	2135 05	1788 10	750 34
Total Revenue	284 20	398 09	518 60	586 81	505 04
Profit Before Tax (PBT)	46 19	82 46	132 89	93 47	69 50
Profit After Tax (PAT)	30 09	53 68	86 26	60 18	52 19
Assets					
Fixed Assets (including assets leased out)	2 59	2 49	1 94	3 51	2 81
Investments	14 75	17 86	19 60	16 43	16 35
Deferred tax asset	6 57	11 32	32 45	27 11	21 44
Net stock on hypothecation	1020 40	1647 50	2110 33	2211 40	1749 11
Other loans (including interest accrued)	183 27	268 50	365 96	216 29	122 50
Other assets	50 61	30 12	109 70	438 50	647 62
Total Assets	1278 19	1977 79	2639 98	2913 24	2559 83
Liabilities					
Equity	12 47	16 45	16 45	16 45	16 45
Reserves and Surplus	165 51	377 48	430 75	490 93	543 12
Borrowings (including interest accrued)	1000 82	1458 82	2125 90	2354 73	1946 99
Other liabilities	99 39	125 04	66 88	51 13	53 27
Total Liabilities	1278 19	1977 79	2639 98	2913 24	2559 83
Key Indicators					
Earnings Per Share (in ₹)	21.9 ²	36.4	52.4	36.8	31.3
Book Value Per Share (in ₹)	1 43.0	2 39.5	2 71.9	3 08.4	3 40.2
CRAR (%)	16.9	22.0	20.9	24.9	31.8
GNPA (%)	6.2 ⁴	4.6 ³	4.5 ³	6.9 ³	12.1 ³
NNPA (%)	4.9 ⁴	3.0 ³	2.7 ³	4.0 ³	6.2 ³

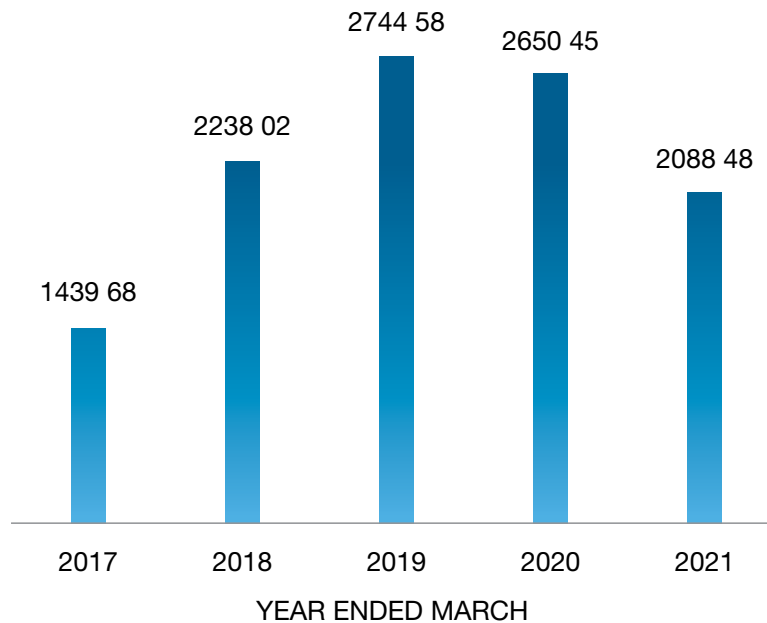
¹ The financial results are reported in IndAS from FY 2020 onwards. Hence the comparative figures for FY 2019 have also been reinstated in IndAS

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

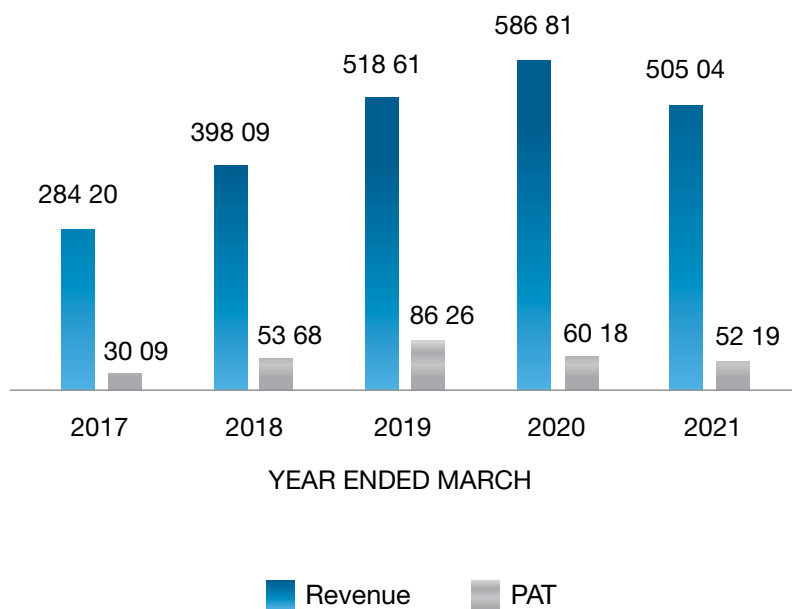
³ 3-month norm is followed for GNPA and NNPA effective from the year 2018.

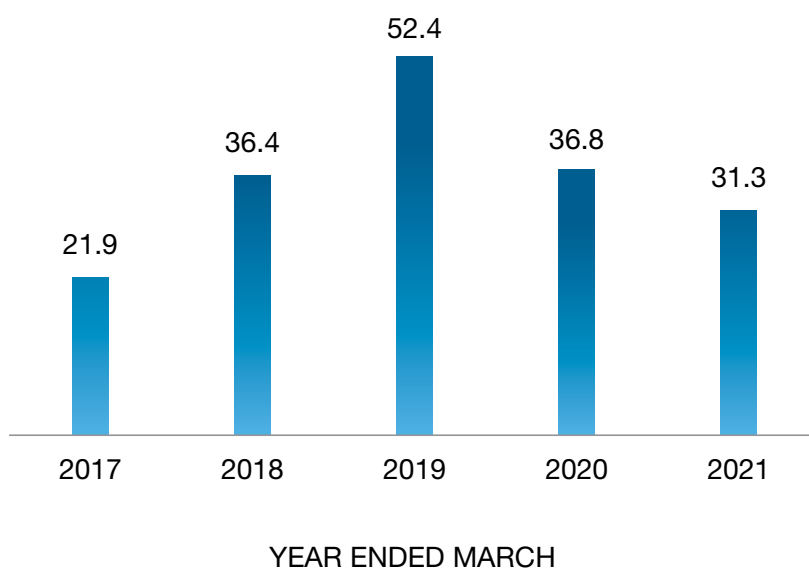
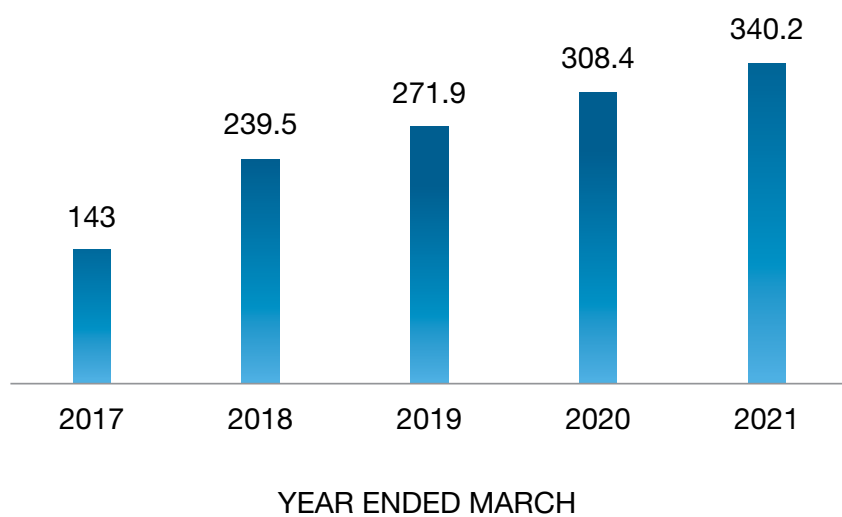
⁴ 4-month norm is followed for GNPA and NNPA for the year 2017.

Assets Under Management (₹ in lakhs) (Own Book + Direct Assignment Portfolio)

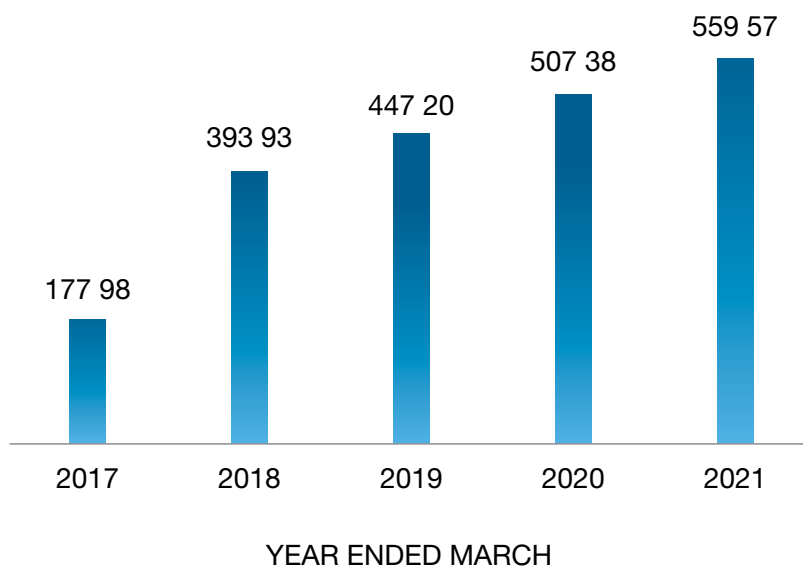


Revenue & PAT (₹ in lakhs)

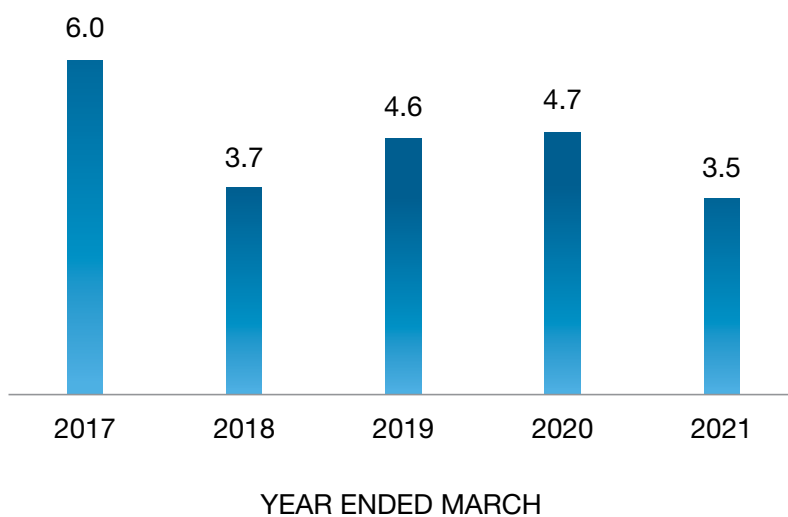


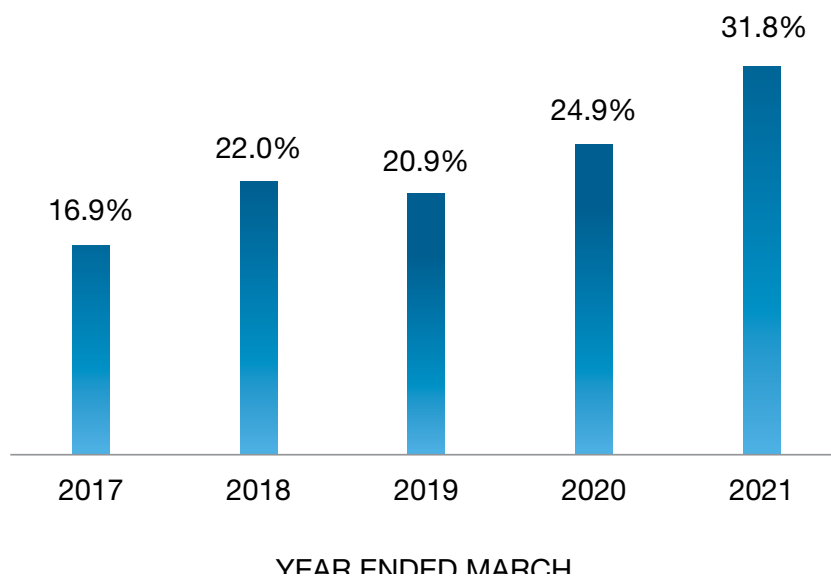
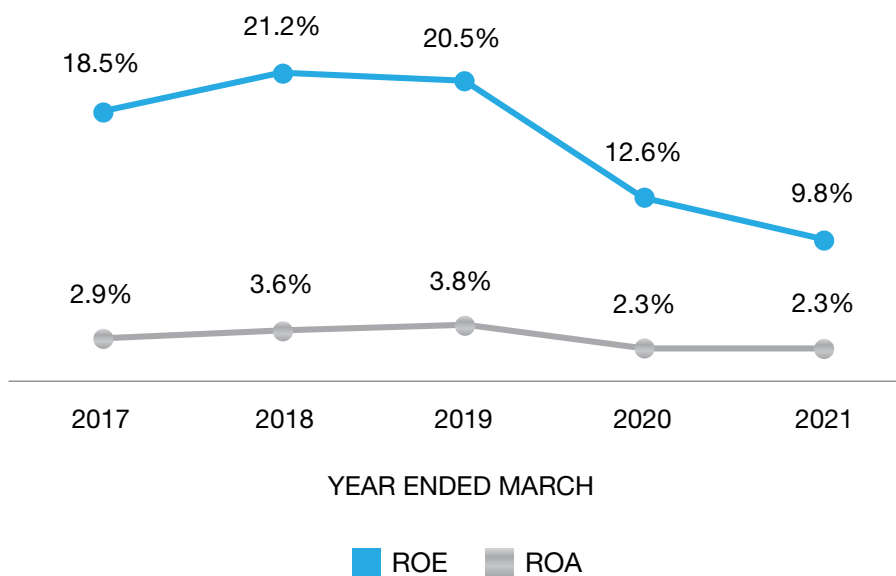
Earnings per Share (In ₹)**Book Value per share (₹)**

Net worth (₹ in lakhs)



Debt to Equity Ratio



Capital Adequacy Ratio**Return on Asset (ROA) & Return on Equity (ROE)**

B. Financial Performance

The Company's Asset under Management (AUM) primarily comprises of vehicle loans, of which two wheelers constitute the major portion. The Company also has a wholesale loan book, which as on March 31, 2021 was 7% of the total book. Overall AUM as on March 31, 2021 was ₹ 2088 48 lakhs (including assigned loan of ₹ 16 63 lakhs), as against, ₹ 2650 45 lakhs (including assigned loan of ₹ 52 34 lakhs) at the end of the previous year. The disbursements for the year ended March 31, 2021 was ₹ 750 34 lakhs as against ₹ 1788 10 lakhs for the year ended March 31, 2020.

The Company's income comprises of both income from vehicle financing and corporate loans. The Company has earned an income of ₹ 505 04 lakhs in the current year, compared to ₹ 586 81 lakhs in the previous year. During the year, our expenses decreased by 12%. It comprises of various components of which finance costs constitute the major portion, totaling at ₹ 187 05 lakhs, followed by other expenses ₹ 177 91 lakhs, (includes ₹ 94 79 lakhs impairment on financial instruments) employee costs of ₹ 69 28 lakhs and depreciation and amortization of ₹ 1 30 lakhs.

Financial Snapshot	Year Ended (In ₹ Lakhs)		% Growth	Reasons for Variance
	March 31, 2021	March 31, 2020		
Disbursement (all Loans)	750 34	1788 10	-58.0%	Disbursement in the initial 4-5 months of the year was kept on hold due to lockdown at various locations and when restarted, the disbursement was done after several additional checks and verifications.
AUM at the end of the period (own book) [2]	2071 85	2598 10	-20.3%	With disbursements lower than normal level and collection improving on a monthly basis meant that AUM reduced significantly.
Average AUM (own book excluding interest accrued) [3]	2307 19	2613 78	-11.7%	Based on the degrowth in disbursements
Total Debt [4]	1946 99	2354 73	-17.3%	The reduction in AUM led to reduction in the Total Debt.
Net worth [5]	559 57	507 38	10.3%	
Total Interest and Fee Income [6]	505 04	586 81	-13.9%	Drop in AUM resulted in drop in income.
Finance Expenses [7]	187 05	227 74	-17.9%	The finance expenses have been lower on account of lower utilization due to drop in AUM and also due to the reduction in the interest rates by most of the lenders.
Net Interest Income (NII) [8] = [6]-[7]	317 99	359 07	-11.4%	

Operating Expenses [9]	153 70	194 91	-21.1%	<p>The overall operating expenses have been lower than the previous year on account of:</p> <ol style="list-style-type: none"> 1. Employee Costs were lower as the attrition rate was higher and the resigned employees were not replaced. Also lower business and collections meant lower incentives being paid to employees. 2. Lower level of operations resulted in lower operating costs viz. lower travel and communication costs, sourcing costs, etc. An increase was seen only in collection costs post lifting of moratorium as collection on the ground was difficult.
Loan Loss & Provisions [10]	94 79	70 69	34.1%	<p>Due to Pandemic, the Company had an increase in delinquency levels of its portfolio. With ECL method of provisioning, the movement to higher than "0" DPD meant higher provisioning. The Company had also written off loan accounts amounting to ₹ 27 58.83 lakhs besides creating an additional provision of ₹ 14 82 lakhs towards likely delinquency in future.</p>
Profit Before Tax [11]	69 50	93 47	-25.6%	
Profit After Tax [12]	52 19	60 18	-13.2%	
Ratios				
Total OPEX to NII [13] = [9] / [8]	48.3%	54.3%		<p>This looks lower on account of lower finance costs and lower operating costs due to lower level of operations in 1st and 2nd quarters of the financial year.</p>
Loan loss to average AUM [14] = [10] / [3]	4.11	2.70		<p>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.</p>
Return on average AUM [15] = [12] / [3]	2.26	2.30		<p>This ratio has declined during the year on account of lower profitability.</p>
Interest Coverage Ratio [16] = [11] + [7] / [7]	1.37	1.41		
Current Ratio	1.08	0.90		
Debt-Equity Ratio [17] = [4] / [5]	3.48	4.64		
Operating Profit Margin/ Net Interest Margin on loan book [18] = [8] / [3]	13.8%	13.7%		
Net Profit Margin [19] = [12] / [6]	10.3%	10.3%		
Return on (Average) Net Worth	9.8%	12.6%		
Earnings Per Share (in ₹)	31.29	36.77		

a) Capital Adequacy Ratio (CRAR)

As on March 31, 2021, the CRAR was 31.78% of the aggregate risk weighted assets on the Balance Sheet, which is comfortably above the regulatory minimum of 15%. Of the CRAR, 31.07% was from Tier - 1 Capital and the balance 0.71% was Tier - 2 Capital.

b) Borrowing Profile (excluding interest accrued)

Particulars	March 31, 2021		March 31, 2020	
	Amt in ₹ Lakhs	% of Total	Amt in ₹ Lakhs	% of Total
Bank Loan	1318 72	68.3%	1503 18	64.0%
Subordinated Debts/NCD	333 01	17.3%	58 77	2.5%
Public Deposit/ICD	53 28	2.8%	44 33	1.9%
Securitization	214 40	11.1%	733 59	31.2%
Others	10 17	0.5%	10 17	0.4%
Total	1929 58	100%	2350 04	100.0%

The Company's total external borrowings reduced to ₹ 1929 58 lakhs as of March 31, 2021 from ₹ 2350 04 lakhs as of March 31, 2020, a decrease by 17.89%.

The overall borrowing costs have decreased to 9.5% during the year due to the Government and RBI interventions with several schemes to reduce cost of funds and provide liquidity. The Company looks forward for exploring different avenues to raise funds in meeting its disbursement requirement. The Company has done securitization transactions of ₹ 130 86 lakhs (net of MRR) in FY 21 apart from ₹ 160 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 and have collected total amount of ₹ 2667 13 lakhs. 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, the Company is looking at tapping retail sources such as public deposits to raise funds. The Company is also looking new securitization / direct assignment transactions besides the traditional ways of raising funds through banks and/or financial institutions.

c) Assets under Management

The own-book AUM as on March 31, 2021 stood at ₹ 2071 85 lakhs (i.e., ₹ 2088 48 lakhs less assigned portfolio of ₹ 16 63 lakhs) against own-book AUM of ₹ 2598 11 lakhs (i.e., ₹ 2650 45 lakhs less assigned portfolio of ₹ 52 34 lakhs) as on March 31, 2020. The Company's AUM has shown remarkable growth over the years but saw a dip in FY 20 and FY 21 due to the prevailing conditions which restricted growth. The Company would strive to maintain its growth momentum in the years to follow.

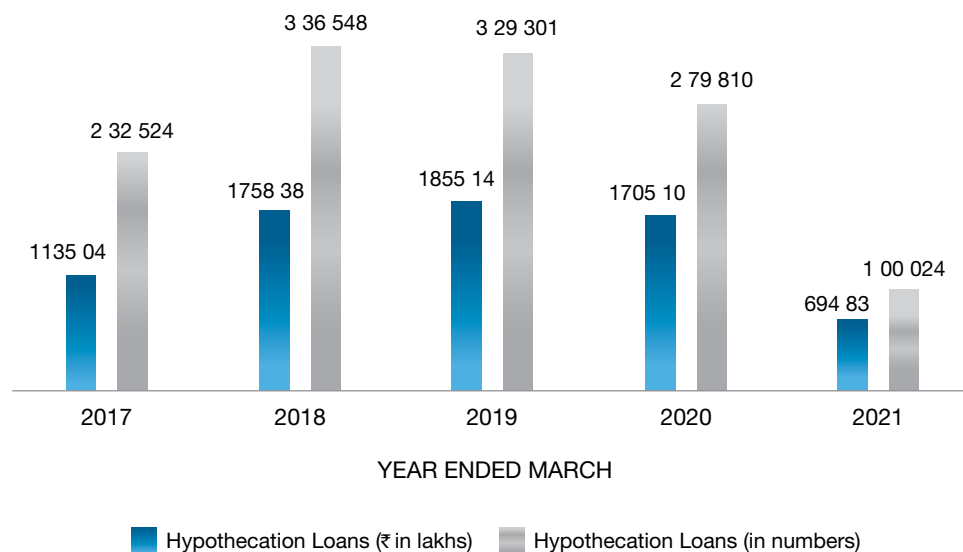
Today, the Company has presence for auto loan financing in 20 States. The geographical distribution of hypothecation loans (including securitized portfolio) is as given below:

(₹ in lakhs)

Zone	No. of Active Clients	Regular	NPA	% of NPA	Zone wise %
East	70,327	230 94	23 08	9.09	13.14
North	72,803	169 67	52 94	23.78	11.51
South	3,93,393	1199 59	116 37	8.84	68.06
West	44,895	101 04	39 94	28.33	7.29
Total	5,81,418	1701 24	232 33	12.02	100.00

The Company's extensive reach of distribution, through its own team, its marketing agents, its franchisees and above all the 3500+ branches of flagship company of the Group, Muthoot Fincorp Limited, has enabled it to service about 6 lakh live customer base with ease. The total loan portfolio grew to ₹ 2088 48 lakhs, a drop of 21% against the previous year. The Company has further diversified its portfolio of vehicle financing and also moved to the used-car space, aside from exploring other channels of distribution, and maintaining a nominal proportion of corporate loan book.

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



d) Cost & Profitability Analysis

During the current year, the operating expenses and finance expenses were lower as a result of lower AUM and lower operations which led to higher loan loss and provision expenses. The profitability was adversely affected due to the lower income generated in the fiscal year. The Pandemic had a negative impact on the overall economy which was reflected in the operations and profitability of the Company also.

e) Spread Analysis

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

(₹ in lakhs)

Particulars	March, 2021		March, 2020	
Daily Average Loan Book Size (₹ in Lakhs, excluding interest accrued)	2307 19		2613 78	
Income from Operations	505 04	21.9%	586 81	22.5%
Direct expense (including interest, brokerage, dealer/MFL incentive, field investigation charges)	199 52	8.6%	255 70	9.8%
Gross Spread	305 52	13.2%	331 11	12.7%
Personnel Expenses	69 28	3.0%	88 44	3.4%
OPEX (including depreciation etc.)	71 95	3.1%	78 51	3.0%
Total Expenses	141 23	6.1%	166 95	6.4%
Pre-Provision Profits	164 29	7.1%	164 16	6.3%
Loan Loss and provisions	94 79	4.1%	70 69	2.7%
Net Spread (before tax)	69 50	3.0%	93 47	3.6%

f) Opportunities & Threats

The current downturn allows the automotive industry to build resilience throughout the entire 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 then also invested in speeding up the R&D process and in improving their own infrastructure, as in the case of manufacturing plants, to comply with BS-VI emission standard. The additional costs will discourage the new purchase because the buyers are price conscious. The opportunity lies in the fact that buyers, having only limited resources, would have to opt for 2-Wheeler financing as a necessity for their purchase.

The outbreak of the pandemic in last year halted the entire nation. After lockdown, virus scare lead customers to prefer 2W to avoid using public transport. This lead to the participation of more formal customers, as further enquiries at dealer locations were evident. This will improve 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%. This is expected to rise to about 45%. A larger number of customers opting for financing as also a higher value of the vehicle would all lead to higher disbursement and thereby higher revenues and higher profitability.

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 2nd wave of COVID-19 would impact the income levels of the consumers for some more months.

The Company is facing 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 PAPPACHAN" 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.

RISKS & CONCERNS

a) 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 has also due to the customer facing some 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 10 years or so to determine the eligibility for loan sanctions for mitigating these risks.

b) 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.

c) 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 any necessary actions when needed.

d) Product Risk

Competitors catching up with the product development.

Measures:

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

e) 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 has progressed in its technological requirements by adopting the best for both hardware and software needs. The implementation of business software has completed and is in the process of migration of old data into the new software. The Company is now looking beyond the immediate future to ensure that the threats from the web is countered with no chances of fraud or manipulation.

f) 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.

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 penetrate the non-south locations in a robust manner. With the Group's Flagship Company, Muthoot Fincorp expanding its infrastructure, it shall lead to lower entry costs for the company. The large network of branches of Muthoot Fincorp 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 centers 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 longer 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 products from the fiscal year 2022-23 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, RBI initiatives and also the reputation of the Company as well as it's Group. The skilled workforce and proper sourcing and collection infrastructure will only improve our chances of growth and make our goals achievable.

The impressive CRAR of 31.78% and debt equity ratio of 3.5 times are unique points which make the Company a dependable investment project.

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 if there are no 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 were addressed in the right time and 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.

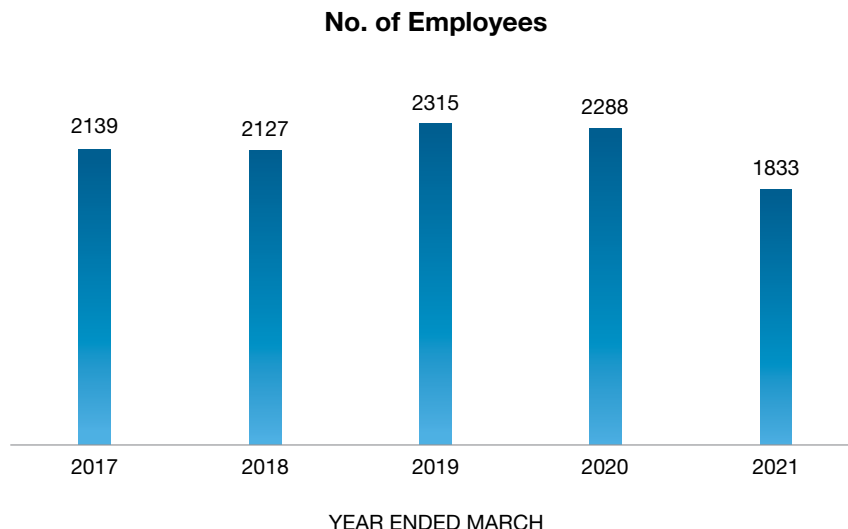
MATERIAL DEVELOPMENTS IN HUMAN RESOURCE

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 realizing 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. The workforce of the Company has reduced from 2288 in 2020 to 1833 in 2021. In FY 2021, the Company has seen some churn and therefore reduced the manpower numbers. Most of the same has not been replaced due to the low level of operations. But in the fiscal year FY 2022, we are hopeful that as the business improves, all such vacancies would get filled.

The Company prioritizes the well-being of its workforce and hence keeps a safe, sanitized, and motivated working environment during the pandemic outbreak. The Company used the lockdown period during the 1st and 2nd wave of Pandemic in providing additional training to its employees. Nearly 90% of our team were 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 in all the offices.

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



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 organization, where everyone is pushed towards excellence and lauded for their efforts.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Kochi
June 19, 2021

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

Report on Corporate Governance

This Report reflects the philosophy of Muthoot Capital Services Limited (“MCSL” / “the Company”) and its commitment to ethical business principles across its business 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 (as amended from time to time).

1. COMPANY’S GOVERNANCE PHILOSOPHY

At MCSL, the Corporate Governance is aimed at value creation, keeping interest of all stakeholders protected in the most inclusive way. 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 ethos on Corporate Governance is aimed at enhancing long term shareholder values, achieving transparency and professionalism in all our decisions and activities thereby achieving excellence in 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 complying with various applicable guidelines, and excelling in, 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 with a new #RestartIndia mission in the post lockdown phase.

Why Corporate Governance?

Corporate governance fosters a culture of integrity and leads to a positive performing and sustainable business. Good governance signals to the market that an organisation is well managed and that the interests of management are aligned with other stakeholders. 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 persisting situation 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.

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 Company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel to ensure standards of business conduct and compliance with various legal requirements which governs the operations of the Company. The purpose of the code is to promote ethical conduct and to deter wrongdoing so as to protect the best interest of the Company and its stakeholders. The Company has aligned its corporate governance practice in a manner so as to achieve the principles as envisaged in SEBI (LODR) Regulations, 2015.

The Board of Directors of your Company are pleased to present the Report on Corporate Governance for the year ended March 31, 2021. This report covers in detail the Company's Board structure and various Committees that constitute the governance structure of the organisation.

2. BOARD OF DIRECTORS

The Company's Board have an optimum combination of Executive, Non-Executive 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 including 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 their appointment as a Director on the Board as per the Company's Policy on the Fit and Proper Criteria in compliance 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 with 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 stakeholder's 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 seven 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, 2021 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 of the Directors of the Company during the FY 2020- 2021 is given below:

Category	Name of Director	DIN	Shareholding as on March 31, 2021	Nature of Relationship
Promoter & Executive Director	Mr. Thomas George Muthoot, Managing Director	00011552	3133480	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot are brothers
Promoter, Non-Executive & Non - Independent Directors	Mr. Thomas John Muthoot, Chairman	00011618	3152972	
	Mr. Thomas Muthoot	00082099	3076624	
Non - Executive Independent Directors	Mr. A.P Kurian	00008022	Nil	Not related to any Director or Manager
	Mrs. Radha Unni	03242769	Nil	
	Mr. K.M. Abraham	05178826	Nil	
	Mr. Thomas Mathew	01277149	Nil	

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 understanding of diverse business environments, 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:

Key Board Qualifications

Name of Director	Area of expertise, skills and attributes						
	Banking & Finance	Board Diversity	Business Operations	Leadership	Technology	Board Governance	Sales and Marketing
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 satisfy 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://www.muthootcap.com/wp-content/uploads/2020/07/t-c-directors-1.pdf> It sets out the criteria of appointment, independence, committee memberships, tenure of appointment, roles and duties, sitting fees and other related terms of appointment.

d. Meeting of Independent Directors and Familiarisation Programme

In compliance with the Code for Independent Directors as stipulated under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, the Independent Directors of the Company met on January 16, 2021, without the presence of the Non - Independent Directors and members of the management.

Attendance details of the Independent Directors meeting held during the FY 2020 - 2021 is given below:

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

The meeting has inter-alia, reviewed and assessed:

- the performance of Non-Independent Directors and the Board as a whole;
- performance of the Chairman and Managing Director; and
- the quality, quantity, timeliness 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 are available on the website of the Company at: <https://www.muthootcap.com/wp-content/uploads/2020/07/OD5-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:

- Understanding and knowledge of the market in which the Company is operating.
- Ability to appreciate the working of the Company and the challenges it faces.
- Attendance of meeting.
- Extend of participation and involvement in the meetings.
- 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 the meeting held on June 19, 2021 and placed before the Board at its meeting held on the same date.

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 & Committee and the Chairman of the respective Committees.

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

f. Information provided to the Board of Directors

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

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

- ✓ Annual operating plans, budgets, and updates therein;
- ✓ Quarterly and annual financial results of the Company;
- ✓ Minutes of the meetings of the Board and its Committees and resolutions passed by circulation;
- ✓ Information on recruitment / remuneration of senior management 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, if any;
- ✓ Any issue which involves possible public, or product liability claims of substantial nature, if any;
- ✓ Details of any acquisition, joint venture, or collaboration agreement, if any;
- ✓ Transactions involving substantial payment towards goodwill, brand equity or intellectual property, if any;
- ✓ 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 appraises 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 May 28, 2020, July 28, 2020, September 28, 2020, November 05, 2020 and January 30, 2021. SEBI vide its circular having reference no. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 clarified that "the Board of Directors and Audit Committee of the listed entity are exempted from observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between the period December 1, 2019 and June 30, 2020. However, the Board of Directors / Audit Committee shall ensure that they meet at least four times a year, as stipulated under regulations 17 (2) and 18 (2) (a) of the LODR" and accordingly your Company is in compliance with the applicable regulations. The requisite quorum was present for all the meetings.

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 September 28, 2020	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	5/5	Yes	1	1	0
Mrs. Radha Unni	5/5	Yes	7	1	3
Mr. K.M. Abraham	5/5	Yes	1	0	1
Mr. Thomas Mathew	5/5	Yes	0	0	0

¹Directorship 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.

The names of the other listed entities in which the member of the Board of the Company is a Director as on March 31, 2021 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	Director
Mr. K.M. Abraham	Kirloskar Oil Engines Limited	Director
Mr. Thomas Mathew	Nil	NA

h. Remuneration of Directors

The Company confirms that the remuneration paid to the Directors is as per terms laid out in the Policy on Nomination & Remuneration of the Company. The Independent Directors of the Company has no pecuniary relationship with the Company, its promoters or Directors during the two immediately preceding financial years and they are not eligible for any stock options also. Further, the Company has not paid any remuneration to the Non - Executive, Non - Independent Directors during the FY 2020 - 2021.

The details of the remuneration paid to the Directors during FY 2020 - 2021 are given below:

(₹ in lakhs)

Name of Director	Gross Salary	Perquisites	PF Contribution	Sitting Fees	Total
Executive Directors					
Mr. Thomas George Muthoot	3 16.55	4.69	19.87	-	3 41.11
Non-Executive Directors					
Mr. Thomas John Muthoot	-	-	-	-	-
Mr. Thomas Muthoot	-	-	-	-	-
Mr. A. P. Kurian	-	-	-	1.50	1.50
Mrs. Radha Unni	-	-	-	1.50	1.50
Mr. K.M. Abraham	-	-	-	1.50	1.50
Mr. Thomas Mathew	-	-	-	1.50	1.50
Total	3 16.55	4.69	19.87	6.00	3 47.11

i. Code of Conduct for Directors and Senior Management Personnel

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

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

The Code of Conduct for Directors and Senior Management Personnel is available on the website of the Company at: <https://www.muthootcap.com/policy/code-of-conduct-of-board-of-directors-and-senior-management-personnel/>

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 up to date. This Code is formulated to regulate, monitor and report the trading in the Company's shares by the Designated Persons of the Company.

The Code of Conduct for Prevention of Insider Trading is available on the website of the Company at: https://www.muthootcap.com/wp-content/uploads/2020/07/Code_of_Conduct_to_RegulateMonitor_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 is available on the Company's website at <https://www.muthootcap.com/wp-content/uploads/2020/07/Composition-of-Board-of-Directors.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. The Board - Audit Committee charter is available on the Company's website at <https://www.muthootcap.com/board-audit-committee-charter/>

(i) Composition and Attendance

As on March 31, 2021, the Audit Committee of the Board consisted of five Non - Executive Directors out of which four 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 2020 - 2021 on May 28, 2020, July 28, 2020, September 28, 2020, November 05, 2020 and January 30, 2021. 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 2020 - 2021 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	5/5
Mr. Thomas Muthoot	Member	5/5
Mrs. Radha Unni	Member	5/5
Mr. K.M Abraham ¹	Member	4/4

¹Included in Audit Committee with effect from May 28, 2020.

(ii) Terms of reference

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

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
 - (i) Matters required to be included in Directors Responsibility Statement to be included in Board's Report in terms of Section 134 (3) (c) of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgement by 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 mentioned in the terms of reference of the Audit Committee; and
- u) reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

B. Nomination & Remuneration Committee

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

(i) Composition and attendance

As on March 31, 2021, the NRC of the Company comprise of three Non - Executive Independent Directors. The Committee met once during the FY 2020 - 2021 on May 28, 2020.

The composition and attendance of the Members at the NRC meetings held during the FY 2020 - 2021 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. A.P Kurian	Chairman	1/1
Mrs. Radha Unni	Member	1/1
Mr. Thomas Mathew	Member	1/1

(ii) Terms of reference

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the Directors, Key Managerial Personnel, and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors for their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

C. Stakeholders Relationship Committee

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

(i) Composition and attendance

As on March 31, 2021, the Stakeholders Relationship Committee of the Company consists of four Directors. The Committee has met four times during the FY 2020 - 2021 on May 28, 2020, July 28, 2020, November 05, 2020 and January 30, 2021.

The composition and attendance of the Members at the SRC meetings held during the FY 2020 - 2021 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.

The Company Secretary of the Company act 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 2020- 2021 are as follows:

Sl. No.	Particulars	No. of Complaints
1.	Number of Investor complaints pending at the beginning of the year (i.e., 01.04.2020)	Nil
2.	Number of Investor complaints received during the year (01.04.2020 - 31.03.2021)	Nil
3.	Number of Investor complaints redressed during year (01.04.2020 - 31.03.2021)	Nil
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e., 31.03.2021)	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, 2021, 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://www.muthootcap.com/wp-content/uploads/2020/07/CSR_Policy-MCSL.pdf

The CSR Committee met four times during the FY 2020 - 2021 on May 28, 2020, July 28, 2020, November 05, 2020 and January 30, 2021.

The composition and attendance of the Members at the CSR Committee meetings held during the FY 2020- 2021 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 are in accordance with Section 135 (3) of the Companies Act, 2013 and are given below:

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

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

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

The mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. Your Directors confirm that during the year under review, no personnel has been denied access to the Audit Committee under the above mechanism.

The said Policy is available on the website of the Company at <https://www.muthootcap.com/wp-content/uploads/2020/07/Whistle-Blower.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, 2020	September 28, 2020	10.30 a.m.	Video Conference
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

b) Special Resolutions passed at the last three AGM

Sl. No.	Date of AGM	Special Resolution
1	September 28, 2020	Nil
2	June 17, 2019	(i) Approval for the issue of Non-Convertible Debentures up to an amount of ₹ 200 crores on private placement basis, on such terms and conditions and at such price(s) as may be determined by the Board.
		(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.
3	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 up to 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.

c) Postal Ballot

The Company has not passed any resolutions through Postal Ballot / E-Voting during the year ended March 31, 2021.

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

6. MEANS OF COMMUNICATION

- Quarterly unaudited and annual audited financial results of the Company were published in "Business Standard" (English Language National Daily) and "Mangalam" (Vernacular Language).
- 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
- The Company issues press releases after quarterly and annual financial results were announced.
- 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 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://www.muthootcap.com/wp-content/uploads/2020/07/rpt-policy-mcsl.pdf>
- b) The Company has no material subsidiaries as per the conditions laid down in the Listing Regulations; hence no Policy on Material Subsidiary has been framed.
- c) 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 except the following:

Your Company is in receipt of a Notice from NSE for Non-Compliance of Listing Regulation 44 (3) which states that the listed entity shall submit to the stock exchange, within 48 hours of conclusion of its General Meeting / Postal Ballot results, details regarding the voting results in the format specified by the Board. The Company sought for a representation before NSE, but the stock exchange instructed the Company to appear for representation after making a penalty of ₹ 10,000/- as mentioned in the Notice. The Company has paid the amount as instructed by NSE and appeared for the personal hearing in December 2020, the decision on the same is yet to come.
- d) 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.
- e) 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**.
- f) The Board had accepted all the recommendations made by all its Committees, which are mandatorily required to be constituted, during the FY 2020 - 2021.
- g) The details of total fees paid to M/s. Varma & Varma, Chartered Accountants, Statutory Auditors during the FY 2020 - 2021 for all services rendered by them is given below:

Particulars	Amount (₹ in lakhs)
Audit fees (including for Limited Review)	15.00
Taxation matters	2.18
Other services	2.00
Reimbursement of expenses	1.00
Total	20.18

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

The Company has been employing 368 women employees in various cadres as on March 31, 2021. 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 workplace. The functioning of the Committees was carried out as per letter and spirit contained in the provisions of the Act.

During the FY 2020 - 2021, the Company is in receipt of one complaint on sexual harassment which was reported at Internal Complaint Committee and suitable action in accordance with Company's Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace has been taken. Hence, there are no complaints pending for redressal as on March 31, 2021.

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 2020 - 2021, the Company have transferred dividend an amount of ₹ 546,364 /- to Investor Education and Protection Fund (IEPF) Authority, being unclaimed and unpaid dividend for the financial year 2012 - 2013. Since the amount has been transferred to IEPF Authority, no claim for unclaimed and unpaid dividends for the financial year 2012- 2013 shall lie against the Company.

Further, in compliance with the provisions of Companies Act, 2013 and Rules made thereunder, the Company had transferred the shares pertaining to the shareholders whose dividends were remained unclaimed and unpaid for a period of seven consecutive years to the IEPF Authority. As per the provisions of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), the shareholder may lodge the claim to the IEPF Authority for such dividends and shares by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in.

12. CREDIT RATING

The Credit Rating enjoyed by the Company as on March 31, 2021, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2021	Migration during the FY 2020 - 2021
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

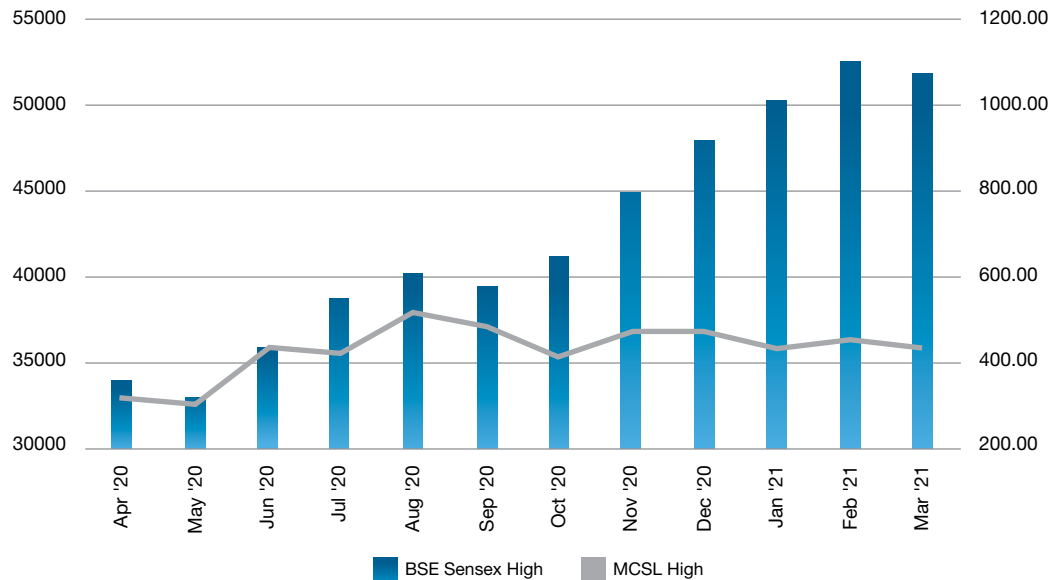
- a) **27th Annual General Meeting:** Saturday, September 25, 2021 at 10:30 A.M. through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") without the physical presence of Members at a common venue.
- b) **Financial Year:** April 01, 2020 to March 31, 2021
- c) **Dividend Details:** Nil
- d) **Listing Details:**

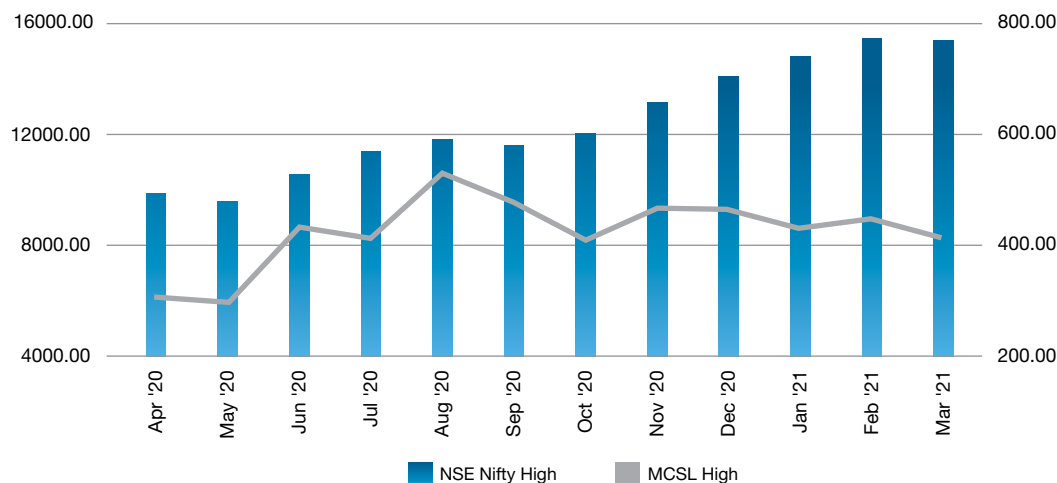
Name and address of the Stock Exchange	Scrip Code	Status of Listing Fee for the FY 2021 - 2022
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	511766	Paid
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	MUTHOOTCAP	Paid

e) Stock Market Data from April 01, 2020 to March 31, 2021:

Month	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
April 2020	311.00	222.05	18656	307.85	221.70	80614
May 2020	300.00	255.30	5924	299.00	260.00	68060
June 2020	429.00	270.25	68908	435.00	270.40	97970
July 2020	419.00	336.30	92507	412.00	342.50	51073
August 2020	511.75	346.00	130904	528.00	348.20	590874
September 2020	480.00	359.90	37289	480.00	359.00	57972
October 2020	409.95	359.00	18283	408.70	360.05	49626
November 2020	468.15	355.00	47338	470.00	362.30	190253
December 2020	465.95	378.50	35522	466.70	380.00	55968
January 2021	432.30	374.00	34619	432.00	374.00	88483
February 2021	450.00	376.00	280829	450.00	383.00	598655
March 2021	432.00	359.55	45486	416.00	358.75	78840

MCSL Share Prices vs. BSE Sensex



MCSL Share Prices vs. NSE Nifty**f) Registration Details:**

The Company is registered within the state of Kerala. The Company being a Non-Banking Financial Company, is also registered with Reserve Bank of India (Certificate of Registration Number: 16.00024). 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. All such transfers are processed by the Registrar and Share Transfer Agents of the Company and thereafter submitted to the Company.

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

h) Distribution of Shareholding as on March 31, 2021

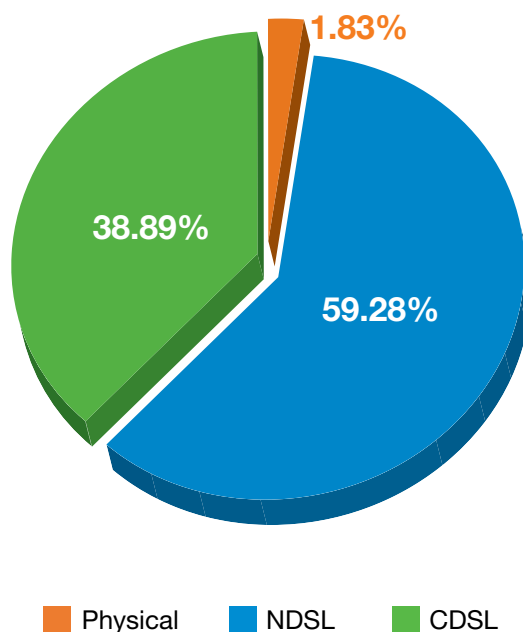
Sl. No.	Category	No. of Holders	% Holders	No. of Shares	% Shares
1	Up to 500	15816	95.45	1115460	6.78
2	501 - 1000	404	2.44	299236	1.82
3	1001 - 2000	166	1.00	238671	1.45
4	2001 - 3000	71	0.43	176415	1.07
5	3001 - 4000	25	0.15	88296	0.54
6	4001 - 5000	12	0.07	54285	0.33
7	5001 - 10000	29	0.18	204275	1.24
8	10001 and above	47	0.28	14270895	86.77
Total		16570	100.00	16447533	100.00

i) Dematerialisation of Shares and Liquidity:

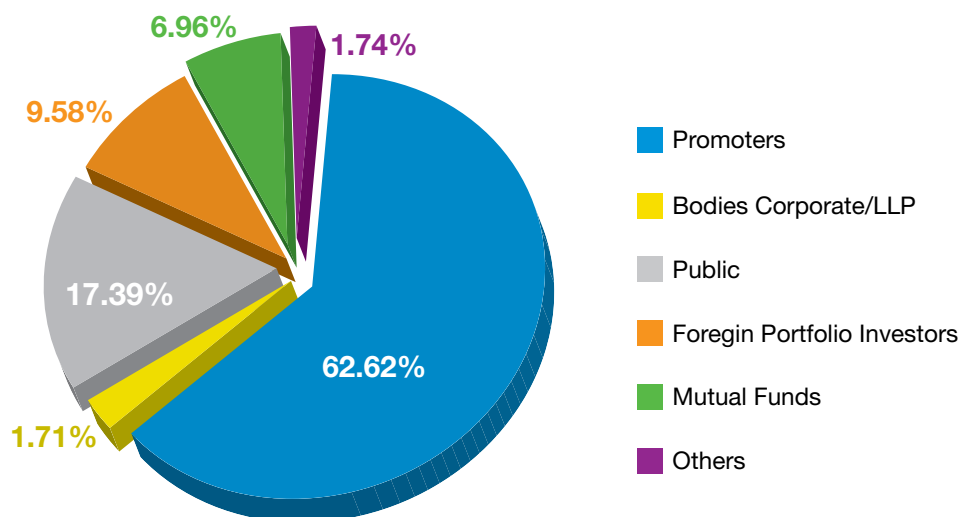
The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scrip-less trading. The shareholders can hold the Company's shares with any of the depository participants,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

As on March 31, 2021, 98.17% of shares of the Company were held in dematerialized form. The Company's equity shares are frequently traded at the BSE Limited and the National Stock Exchange of India Limited.

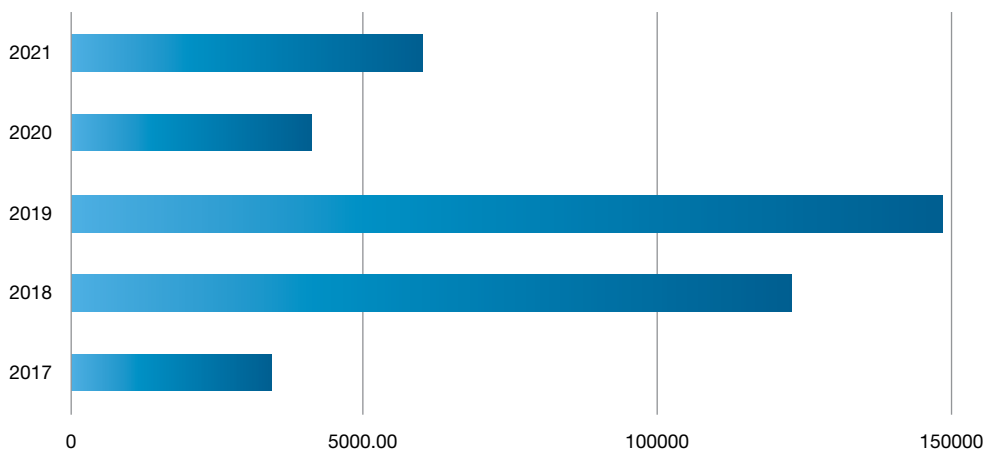
SHAREHOLDING STATUS



PERCENTAGE OF SHAREHOLDING



Market Capitalization

**j) Shares in Suspense Account**

No equity shares of the Company are held in demat suspense account / unclaimed suspense account as on March 31, 2021.

k) 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.

l) Disclosure of commodity price risks and commodity hedging activities:

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

m) Plant Locations:

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

n) Address for correspondence:

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

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

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 - 6619614
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, 2021.

Kochi
June 19, 2021

Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

ANNEXURE 2

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

To,

The members of Muthoot Capital Services Limited

I confirm that the Company has received from the members of the Board and Senior Management team of the Company, declarations of compliance with the Code of Conduct as applicable to them during the financial year ended March 31, 2021.

Kochi
June 19, 2021

Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

ANNEXURE 3

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

We hereby certify that for the quarter and financial year ending March 31, 2021, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

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

Kochi
June 19, 2021

Sd/-
Thomas George Muthoot
Managing Director (CEO)
DIN: 00011552

Sd/-
Vinodkumar M. Panicker
Chief Finance Officer

ANNEXURE 4

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(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, 2021 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)**

UDIN: F003050C000486764

**Sd/-
CS Puzhankara Sivakumar
Managing Partner
FCS: 3050 COP: 2210**

**Date : 19.06.2021
Place : Kochi**

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, 2021, 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 the compliance with the conditions of Corporate Governance during the year ended March 31, 2021. 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 Reviews 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 and representations provided by the management, 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 31,2021.
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.

Restriction on Use

9. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for any events or circumstances occurring after the date of this Certificate.

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

**Place : Kochi
Date : 19.06.2021
UDIN : 21214435AAAAHS5827**

**Sd/-
Gopi K
Partner
M.No. 214435**

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 2021, 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, 2021, 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 49 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
<p>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 spread of the COVID-19 pandemic during the year necessitates that the company shall specifically consider the possible impact of the uncertainties associated with the same in applying such judgement and estimates.</p> <p>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.</p>	<p>We have evaluated the management's process and tested key controls around the determination of expected credit loss allowances, including controls relating to:</p> <ul style="list-style-type: none"> -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. <p>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.</p> <p>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 of ECL and impairment loss allowances and management's assessment of financial impact associated with COVID 19 pandemic.</p>
<p>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, which may have an impact on the EIR are to be considered.</p>	<p>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. We tested the accuracy of key data inputs and calculations used in this regard.</p>

Key audit matters	How addressed in audit
<p>Completeness in identification, accounting, and disclosure of related party transactions in accordance with the applicable laws and financial reporting framework.</p>	<p>We have assessed the systems and processes laid down by the company to appropriately identify, account and disclose all material related party transactions in accordance with applicable laws and financial reporting framework. We have designed and performed audit procedures in accordance with the guidelines laid down by ICAI in the Standard on Auditing (SA 550) to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose material related party transactions which includes obtaining necessary approvals at appropriate stages of such transactions as mandated by applicable laws and regulations. We have also reviewed the Secretarial Audit report during the course of evaluating the internal control systems in ensuring compliance with applicable laws, rules, regulations and guidelines.</p>
<p>Compliance and disclosure requirements under the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework.</p>	<p>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.</p>
<p>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</p>	<p>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.</p>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Corporate Overview, Board's Report, Management Discussion and Analysis Report and Report on Corporate Governance in the Annual Report of the Company for the financial year 2020-21 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 judgement 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, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2021 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. 41 to the financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring any amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For VARMA & VARMA
CHARTERED ACCOUNTANTS
FRN: 004532S

Place : Kochi
Date : 19th June, 2021
UDIN : 21214435AAAAHQ8810

Sd/-
GOPI K
Partner
Membership No: 214435

‘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, 2021:

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified by the management during the year in accordance with a regular programme of verification the frequency of which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations furnished to us and based on the records of the company examined by us, 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, unsecured loans to two companies and secured loans to 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 guarantee 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 69.1 of the financial statements, public deposits amounting to ₹ 2 34 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. As stated in Note 49, it is the view of the company, that due to the extraordinary circumstances caused by the pandemic including the full lock-down, there has been no delay in making the deductions/remittance of applicable statutory dues on salary payments for the month of April 2020. 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.69.1 of the financial statements, matured debentures amounting to ₹ 4 lakhs (including interest) outstanding as on 31st March 2021 could not be repaid for the reasons explained therein.
- As stated in Note No.69.1 of the financial statements, matured subordinated debts amounting to ₹ 9 lakhs (including interest) outstanding as on 31st March, 2021 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) 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 42 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: 004532S

Place : Kochi
Date : 19th June, 2021
UDIN : 21214435AAAAHQ8810

Sd/-
GOPI K
Partner
Membership No: 214435

‘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, 2021.

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 2021 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, 2021, 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: 004532S

Place : Kochi
Date : 19th June, 2021
UDIN : 21214435AAAAHQ8810

Sd/-
GOPI K
Partner
Membership No: 214435

Balance Sheet as at 31st March, 2021

(₹ in lakhs)

Particulars	Note	As at	
		31-Mar-21	31-Mar-20
I. ASSETS			
1. Financial Assets			
a. Cash and Cash Equivalents	7	540 68	286 12
b. Bank Balance Other than Cash and Cash Equivalents	8	69 22	112 75
c. Derivative Financial Instruments	9	-	3 19
d. Receivables			
i) Trade Receivables		-	-
ii) Other Receivables		-	-
e. Loans	10	1871 61	2427 69
f. Investments	11	16 35	16 43
g. Other Financial Assets	12	14 26	16 25
2. Non-Financial Assets			
a. Current Tax Assets (Net)	13	21 45	18 99
b. Deferred Tax Assets (Net)		21 44	27 11
c. Property Plant and Equipment	14	2 50	3 19
d. Capital Work-In-Progress		-	-
e. Intangible Assets Under Development	15	-	-
f. Other Intangible Assets	16	31	32
g. Other Non-Financial Assets	17	2 01	1 20
TOTAL ASSETS		2559 83	2913 24
II. LIABILITIES AND EQUITY			
A. LIABILITIES			
1. Financial Liabilities			
a. Derivative Financial Instruments	9	1 41	-
b. Payables			
I. Trade Payables	18		
i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		22 55	16 07
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	19	285 25	-
d. Borrowings (Other than Debt Securities)	20	1539 77	2241 43

(₹ in lakhs)

Particulars	Note	As at	
		31-Mar-21	31-Mar-20
e. Deposits	21	53 31	43 69
f. Subordinated Liabilities	22	66 20	65 98
g. Other Financial Liabilities	23	24 04	23 37
2. Non-Financial Liabilities			
a. Provisions	24	6 06	12 69
b. Other Non-Financial Liabilities	25	1 67	2 63
B. EQUITY			
a. Equity Share Capital	26	16 45	16 45
b. Other Equity	27	543 12	490 93
TOTAL LIABILITIES AND EQUITY		2559 83	2913 24

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/-
GOPI K
Partner
Membership No: 214435

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 : 19th June, 2021

Statement of Profit and Loss

for the year ended 31st March, 2021

(₹ in lakhs)

Particulars	Note	For the Year Ended	
		31-Mar-21	31-Mar-20
I. Revenue from Operations			
a. Interest Income	28	503 88	579 48
b. Dividend Income		-	4
c. Net Gain on Fair Value Changes	29	26	48
d. Net Gain on Derecognition of Financial Instruments under Amortized Cost Category		-	6 49
Total Revenue from Operations		504 14	586 49
II. Other Income	30	90	32
III. Total Income (I + II)		505 04	586 81
IV. Expenses			
a. Finance Costs	31	187 05	227 74
b. Impairment on Financial Instruments	32	94 79	70 69
c. Employee Benefits Expenses	33	69 28	88 44
d. Depreciation, Amortization and Impairment	34	1 30	1 63
e. Other Expenses	35	83 12	104 84
Total Expenses		435 54	493 34
V. Profit before Tax (III-IV)		69 50	93 47
VI. Tax Expenses:			
a. Current Tax		16 20	27 53
b. Deferred Tax		5 42	5 46
c. Taxes relating to prior years		(3 58)	-
VII. Profit for the Year (V-VI)		51 46	60 48
VIII. Other Comprehensive Income (OCI)			
[A] Items that will not be reclassified to Profit or Loss			
(i) Remeasurement of Defined Benefit Plans		(20)	(39)
(ii) Fair value changes on Equity Instruments through Other Comprehensive Income		1 05	(2)
(iii) Cost of Hedging		16	(6)
(iv) Income Tax Relating to Items that will not be reclassified to Profit or Loss		(25)	12
Subtotal [A]		76	(35)
[B] Items that will be reclassified to Profit or Loss			
(i) Cash Flow Hedging Reserve		(4)	7
(ii) Income Tax Relating to Items that will be reclassified to Profit or Loss		1	(2)
Subtotal [B]		(3)	5

(₹ in lakhs)

Particulars	Note	For the Year Ended	
		31-Mar-21	31-Mar-20
Total Other Comprehensive Income (A+B)		73	(30)
IX. Total Comprehensive Income for the year (VII+VIII)		52 19	60 18
Earnings Per Equity Share (Face value of ₹ 10/- each)			
Basic (₹)		31.29	36.77
Diluted (₹)		31.29	36.77

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
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Partner
Membership No: 214435

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VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary & Compliance Officer

Place : Kochi
Date : 19th June, 2021

Statement of Changes in Equity

for the year ended 31st March, 2021

A. Equity Share Capital

Particulars	Number of Shares	(₹ in lakhs)
As at 1st April, 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
Changes in Equity Share Capital during the year	-	-
As at 31st March, 2021	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 Hedging reserve	Other Comprehensive Income Retirement Benefits	Total
	Statutory Reserve	Securities Premium	General Reserve	Retained Earnings					
Balance as at 1st April, 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
Balance as at 31st March, 2020	73 76	201 35	11 85	204 11	14	(4)	5	(29)	490 93
Profit for the Year	-	-	-	51 46	-	-	-	-	51 46
Other Comprehensive Income for the Year	-	-	-	-	1 05	16	(4)	(20)	97
Income Tax on OCI	-	-	-	-	(26)	(4)	1	5	(24)
Transferred to/(from)	10 50	-	-	(10 50)	-	-	-	-	-
Total Comprehensive Income for the Year	10 50	-	-	40 96	79	12	(3)	(15)	52 19
Balance as at 31st March, 2021	84 26	201 35	11 85	245 07	93	8	2	(44)	543 12

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
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VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary & Compliance Officer

Place : Kochi
Date : 19th June, 2021

Statement of Cash Flows

for the year ended 31st March, 2021

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	69 50	93 47
Adjustments to Reconcile Profit before Tax to Net Cash Flows:		
Depreciation, Amortisation & Impairment	1 30	1 63
Net (Gain) / Loss on Derecognition of Property / Plant and Equipment	-	(1)
Profit From Capital Market Operations	(11)	(53)
Asset Written off	2	-
Dividend Income	-	(4)
Income from Investments	(80)	(87)
Net Gain on Fair Value Changes	(26)	(48)
Impairment on Financial Instruments	94 79	70 68
Finance Cost	187 05	227 74
Operating Profit before Working Capital Changes	351 49	391 59
Adjustments for Net (Increase)/Decrease in Operating Assets:		
Bank Balances other than Cash and Cash Equivalents	43 54	(59 41)
Loans	461 63	(21 76)
Other Financial Assets	1 97	29
Derivative Financial Instruments	4 71	(3 19)
Other Non-Financial Assets	(80)	4
Adjustments for Net Increase/ (Decrease) in Operating Liabilities		
Other Financial Liabilities	67	(13 27)
Trade Payables	6 49	(5 77)
Other Non - Financial Liabilities	(95)	(1 23)
Provisions	(6 81)	7 63
Net changes in working capital	501 45	(96 67)
Cash generated from Operations before Income Tax	861 94	294 92
Finance cost paid	(177 22)	(231 16)
Direct Taxes paid	(15 07)	(39 66)
Net cash from / (used) in Operating Activities	669 65	24 10
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(44)	(3 20)
Sale of Fixed Assets	1	3
Increase in Intangible Asset	(55)	-

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
(Increase) / Decrease in Investment	1 50	4 16
Interest on Investments	80	87
Dividend Income	-	4
Net cash from / (used) in Investing Activities	1 32	1 90
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase / (Decrease) in Borrowings other than Debt Securities	(700 68)	250 44
Net Increase / (Decrease) in Deposits	10 10	(24 01)
Net Increase / (Decrease) in Debt Securities	275 00	-
Net Increase / (Decrease) in Subordinated liabilities	(83)	2 22
Net Cash Generated from Financing Activities	(416 41)	228 65
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	254 56	254 65
Opening Balance of Cash and Cash Equivalents (Refer Note No. 7)	286 12	31 47
Closing Balance of Cash and Cash Equivalents (Refer Note No. 7)	540 68	286 12

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/-
GOPI K
Partner
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VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary & Compliance Officer

Place : Kochi
Date : 19th June, 2021

Notes to Financial Statements

for the year ended 31st March, 2021

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 and used four 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, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 19th June 2021.

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). These financial statements may require further adjustments, if any, necessitated by the guidelines/ clarifications/ directions issued in the future by Reserve Bank of India, Ministry of Corporate Affairs, or other regulators, which will be implemented as and when the same are issued and made applicable

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 cash flows 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 Lifetime ECL for Stage 2 and Stage 3 loan assets.

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

- **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 management.

Forward Looking Information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the 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 and 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 Other Comprehensive Income (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 are 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 Other Comprehensive Income (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 realised 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.

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/up to 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 Earnings 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 Other Comprehensive Income (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 forecasted 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

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. If only the lessor has the right to terminate lease, the period covered by the option to terminate the lease is included in the non-cancellable period of lease. If only the lessee has the right to terminate a lease, that right is a termination option to be considered when determining lease term. 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 redirecting 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 economic 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 uncertainties 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, 2021. The company has assessed the recoverability of the assets including receivables, investments, property plant and 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 dependent upon future development and future actions to contain or treat the disease and mitigate its impact on the economy. Refer Note No. 49 relating to the detailed note on Covid 19 pandemic.

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 current /deferred taxes etc. In respect of current tax and deferred taxes, judgments / estimates are used for the purpose of ascertaining the respective current/deferred tax asset/liability in accordance with the income tax laws and ICDS framework. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Notes Forming Part of the Financial Statements

for the year ended 31st March, 2021

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

7. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Cash on Hand	-	-
Balances with Banks (of the nature of Cash and Cash Equivalents)	246 11	151 11
Bank Deposit with original maturity less than three months	294 57	135 01
Total	540 68	286 12

- 7.1 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.

8. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Balances with Banks		
- Unclaimed Dividend Accounts	21	27
- Margin Money	1 10	1 03
Bank deposit		
- Money or Security against the Borrowings, Guarantees, other Commitments. (Refer Note 8.1)	58 16	109 60
- Other Bank deposit	9 75	1 85
Total	69 22	112 75

- 8.1 Represents deposits offered as collateral security against securitization transactions

9. 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-21				As at 31-Mar-20			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
(i) Currency Derivatives:								
- Forwards	-	-	51 28	1 41	92 12	3 19	-	-
- Currency Futures	-	-	-	-	-	-	-	-
- Currency Swaps	-	-	-	-	-	-	-	-
- Options Purchased	-	-	-	-	-	-	-	-
- Options Sold (written)	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
Sub Total (i)	-	-	51 28	1 41	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)	-	-	51 28	1 41	92 12	3 19	-	-

(₹ in lakhs)

Particulars	As at 31-Mar-21		As at 31-Mar-20	
	Notional amounts	Fair value Liabilities	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	51 28	1 41	92 12	3 19
(iii) Net investment hedging	-	-	-	-
(iv) Undesignated Derivatives	-	-	-	-
Total (i)+ (ii)+(iii)+(iv)	51 28	1 41	92 12	3 19

9.1 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.

9.2 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.

9.3 Derivatives not designated as hedging instruments

There are no derivatives not designated as hedging instruments.

10. LOANS

(₹ in lakhs)

Particulars	As at									
	31-Mar-21					31-Mar-20				
	At Fair Value			Amortised Cost	Sub-Total	Total	At Fair Value			Total
	Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value Through Profit or Loss				Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value Through Profit or Loss	
(A) i) Vehicle Loans	1910 87	-	-	1910 87	-	1910 87	-	-	-	2334 38
ii) Term Loans	102 89	-	-	102 89	-	102 89	-	-	-	173 24
iii) Others Loans	37 53	-	-	37 53	-	37 53	-	-	-	48 35
Total (A) - Gross	2051 29	-	-	2051 29	-	2051 29	-	-	-	2555 97
Less: Impairment Loss Allowance	179 68	-	-	179 68	-	179 68	-	-	-	128 28
Total (A) - Net	1871 61	-	-	1871 61	-	1871 61	-	-	-	2427 69
(B) i) Secured by Tangible Assets / Others (Refer Note 10.(i))	2044 04	-	-	2044 04	-	2044 04	-	-	-	2543 69
ii) Unsecured	7 25	-	-	7 25	-	7 25	-	-	-	12 28
Total (B) - Gross	2051 29	-	-	2051 29	-	2051 29	-	-	-	2555 97
Less: Impairment Loss Allowance (Refer Note No.10.(ii))	179 68	-	-	179 68	-	179 68	-	-	-	128 28
Total (B) - Net	1871 61	-	-	1871 61	-	1871 61	-	-	-	2427 69
(C) Loans in India	-	-	-	-	-	-	-	-	-	-
i) Public Sector	-	-	-	-	-	-	-	-	-	-
ii) Others	2051 29	-	-	2051 29	-	2051 29	-	-	-	2555 97
Total (C) - Gross	2051 29	-	-	2051 29	-	2051 29	-	-	-	2555 97
Less: Impairment Loss Allowance	179 68	-	-	179 68	-	179 68	-	-	-	128 28
Total (C) - Net	1871 61	-	-	1871 61	-	1871 61	-	-	-	2427 69

10 (i) Includes loans secured against receivables of borrowers. Refer Note 45.2.10 Quantitative information of Collateral

10 (ii) Includes provision of ₹ 14 82 lakhs (₹ 1800 lakhs) towards probable increase in ECL due to COVID -19 impact as stated in Note 49.1

10.1 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-21					31-Mar-20				
	Collective			POCI*	Total	Collective			POCI*	Total
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Neither Past due nor impaired (0 days Past due)	1398 92	-	-	-	1398 92	2075 99	-	-	-	2075 99
Past due but not impaired										
Upto 30 days past due	188 72	-	-	-	188 72	145 39	-	-	-	145 39
31 to 90 days past due	-	211 88	-	-	211 88	-	159 44	-	-	159 44
Impaired (more than 90 days)	-	-	251 77	-	251 77	-	-	175 15	-	175 15
Total	1587 64	211 88	251 77	-	2051 29	2221 38	159 44	175 15	-	2555 97

* Purchased or Originated Credit Impaired

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

(₹ in lakhs)

Particulars	For the year ended									
	31-Mar-21					31-Mar-20				
	Stage 1	Stage 2	Stage 3	POCI*	Total	Stage 1	Stage 2	Stage 3	POCI*	Total
Gross Carrying amount Opening Balance	2221 38	159 44	175 15	-	2555 97	2291 80	153 90	114 01	-	2559 71
Assets derecognised on payment/recovery through disposal of repossessed asset	(1093 75)	(58 14)	(52 13)	-	(1204 02)	(1341 12)	(92 68)	(30 64)	-	(1464 44)
Transfers to Stage 1	15 87	(15 84)	(3)	-	-	3 86	(3 78)	(8)	-	-
Transfers to Stage 2	(174 17)	174 23	(6)	-	-	(107 09)	107 40	(31)	-	-
Transfers to Stage 3	(75 29)	(52 81)	128 10	-	-	(48 99)	(34 92)	83 91	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-	-	-
New Assets Originated or Purchased	693 60	5 00	74	-	699 34	1422 92	29 52	8 26	-	1460 70
Gross Carrying amount Closing Balance	1587 64	211 88	251 77	-	2051 29	2221 38	159 44	175 15	-	2555 97

* Purchased or Originated Credit Impaired

10.3 Reconciliation of ECL balance is given below:

(₹ in lakhs)

Particulars	For the year ended									
	31-Mar-21					31-Mar-20				
	General Approach					General Approach				
	Stage 1	Stage 2	Stage 3	POCI*	Total	Stage 1	Stage 2	Stage 3	POCI*	Total
ECL Allowance - Opening Balance	33 59	17 75	76 94	-	128 28	20 38	16 12	46 92	-	83 42
New Assets Originated or Purchased	8 64	48	34	-	9 46	9 36	3 28	3 61	-	16 25
Assets derecognised on payment/recovery through disposal of repossessed asset	(7 77)	(6 47)	(24 62)	-	(38 86)	(11 70)	(9 13)	(11 51)	-	(32 34)
Transfers to Stage 1	1 80	(1 79)	(1)	-	-	42	(39)	(3)	-	-
Transfers to Stage 2	(1 14)	1 17	(3)	-	-	(97)	1 10	(13)	-	-
Transfers to Stage 3	(50)	(5 30)	5 80	-	-	(41)	(3 48)	3 89	-	-
Impact on year end ECL of exposures transferred between stages during the year	(1 59)	17 19	52 43	-	68 03	(39)	10 00	29 88	-	39 49
Impact of changes in credit risk of assets	(12 15)	(26)	25 18	-	12 77	16 90	25	4 31	-	21 46
ECL allowance - Closing Balance (Refer Note 10.3.1)	20 88	22 77	136 03	-	179 68	33 59	17 75	76 94	-	128 28

* Purchased or Originated Credit Impaired

10.3.1 Includes additional provision created for probable increase in ECL due to COVID-19 ₹ 14 82 lakhs (₹ 18 00 lakhs) as stated in Note 49.1

11. INVESTMENTS

(₹ in lakhs)

Particulars	As at									
	31-Mar-21					31-Mar-20				
	Amortised Cost	At Fair Value			Total	Amortised Cost	At Fair Value			Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value Through Profit or Loss			Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value Through Profit or Loss	
i) Government Securities	8 53	-	-	-	-	10 14	-	-	-	10 14
ii) Debt Securities	-	-	5 03	-	-	-	-	4 75	-	4 75
iii) Equity Instruments	-	2 14	-	-	-	-	1 08	-	-	1 08
iv) Other (Alternate Investment Fund)	-	-	65	-	-	-	-	46	-	46
Total Gross (A)	8 53	2 14	5 68	-	16 35	10 14	1 08	5 21	-	16 43
i) Investments Outside India	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	8 53	2 14	5 68	-	16 35	10 14	1 08	5 21	-	16 43
Total Gross (B)	8 53	2 14	5 68	-	16 35	10 14	1 08	5 21	-	16 43
Less: Allowance for Impairment Loss (C)	-	-	-	-	-	-	-	-	-	-
Total - Net D=(A)-(C)	8 53	2 14	5 68	-	16 35	10 14	1 08	5 21	-	16 43

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

12. OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Security Deposit (Refer Note 12.1)	1 13	1 16
Other Financial Asset (Refer Note 12.2)	10 86	11 35
Excess Interest Spread/Service asset receivable on assignment transaction (Net of ECL provision) (Refer Note 12.3 & 12.4)	2 27	3 74
Total	14 26	16 25

12.1 Includes security deposits with related parties ₹ 63 lakhs (31st March, 2020 ₹ 67 lakhs).

12.2 Includes receivables from related parties ₹ 12 lakhs (31st March, 2020 ₹ 1 30 lakhs).

12.3 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-21	31-Mar-20
Gross Carrying amount - Opening Balance	5 60	11 16
Addition during the year	35	8 39
Deletion during the year	1 45	13 95
Gross Carrying amount - Closing Balance	4 50	5 60

12.4 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-21	31-Mar-20
ECL Allowance - Opening Balance	1 86	1 63
Addition during the year	37	23
Deletion during the year	-	-
ECL Allowance - Closing Balance	2 23	1 86

13. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Income Tax receivable (Net of provisions)	21 45	18 99
Total	21 45	18 99

14. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Furniture & Fixtures	Computer	Vehicles Car	Windmil	Office Equipment	Total
Gross Block As at 1st April, 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
Additions	25	12	-	-	7	44
Disposals	2	3	-	-	3	8
As at 31st March, 2021	1 41	92	2 72	4	44	5 53
Accumulated Depreciation and Impairment						
As at 1st April, 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
Charge for the Year	23	21	57	-	9	1 10
Disposals	-	3	-	-	2	5
As at 31st March, 2021	74	59	1 46	-	24	3 03
Net Carrying Amount as at 31st March, 2020	67	42	1 83	4	23	3 19
Net Carrying Amount as at 31st March, 2021	67	33	1 26	4	20	2 50

15. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lakhs)

Particulars	Computer Software
Gross Block As at 1st April, 2019	22
Additions	11
Disposals	-
Transferred to Other Intangible Assets	(33)
As at 31st March, 2020	-
Accumulated Amortisation and Impairment:	
As at 1st April, 2020	-
Charge for the year	-
Disposals	-
As at 31st March, 2021	-
Net carrying amount as at 31st March, 2020	-
Net carrying amount as at 31st March, 2021	-

16. OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer Software	Total
Gross Block As at 1st April, 2019	67	67
Additions	-	-
Disposals	-	-
Transferred from Intangible Assets under development	33	33
As at 31st March, 2020	100	100
Additions	19	19
Disposals	-	-
As at 31st March, 2021	119	119
Accumulated Amortisation and Impairment		
As at 1st April, 2019	44	44
Charge for the year	24	24
Disposals	-	-
As at 31st March, 2020	68	68
Charge for the year	20	20
Disposals	-	-
As at 31st March, 2021	88	88
Net carrying amount as at 31st March, 2020	32	32
Net carrying amount as at 31st March, 2021	31	31

17. OTHER NON-FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Balance with Government Authorities	56	20
Prepaid Expenses (Refer Note 17.1)	1 18	57
Stock of Stationery and Promotional item	27	43
Total	2 01	1 20

17.1 Includes prepaid expenses with related parties ₹ 15 lakhs (31st March, 2020 ₹ 17 lakhs).

18. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 18.1)	-	-
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises (Refer Note 18.2)	22 55	16 07
Total	22 55	16 07

18.1 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.

18.2 Trade payable includes amounts payable to related parties amounting to ₹ 1 85 lakhs. (31st March, 2020 ₹ 2 60 lakhs)**19. DEBT SECURITIES**

(₹ in lakhs)

Particulars	As at							
	31-Mar-21				31-Mar-20			
	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 Redeemable Non Convertible Debentures	285 25	-	-	285 25	-	-	-	-
Total	285 25	-	-	285 25	-	-	-	-
Debt Securities in India	285 25	-	-	285 25	-	-	-	-
Debt Securities outside India	-	-	-	-	-	-	-	-
Total	285 25	-	-	285 25	-	-	-	-

19.1 Privately placed redeemable debentures of ₹10,00,000 each

i) Terms of Repayment as at 31st March, 2021

(₹ in lakhs)

Redeemable at par from the date of Balance sheet	Rate of interest		Total
	9.3%	10.07%	
24-36 months	-	49 83	49 83
12-24 months	99 98	-	99 98
Upto 12 months	134 47	97	135 44
Total	234 45	50 80	285 25

Naure of Security

The Non Convertible Debentures are secured by charge on receivables of the Company.

- 19.2** The principal portion of outstanding Secured Redeemable Non Convertible Listed Debenture privately placed stood at ₹ 275 00 lakhs.

(₹ in lakhs)

Bank	Date of Allotment	Amount as at 31 st March, 2021	Redemption period from the date of allotment	Interest Rate
State Bank of India*	25 th June, 2020	50 00	2 Years and 300 days	10.07%
Canara Bank**	19 th November, 2020	50 00	1 year and 181 days	9.3%
Punjab National Bank**	19 th November, 2020	50 00	1 Year and 181 days	9.3%
Bank of India**	24 th September, 2020	50 00	1 Year and 179 days	9.3%
Union Bank of India**	22 nd September, 2020	50 00	1 Year and 181 days	9.3%
Indian Overseas Bank**	20 th August, 2020	25 00	1 Year and 184 days	9.3%
Total		275 00		

* Interest is payable on quarterly basis as per the terms of sanction.

** Interest is payable on annual basis as per the terms of sanction.

- 19.3** Outstanding as at 31st March, 2020 - ₹ Nil

20. BORROWINGS (Other than Debt Securities)

(₹ in lakhs)

Particulars	As at							
	31-Mar-21				31-Mar-20			
	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	305 30	-	-	305 30	224 80	-	-	224 80
From Financial Institutions/ Corporates	10 34	-	-	10 34	45 65	-	-	45 65
Secured-Loans from Others								
From Securitisation	213 97	-	-	213 97	728 66	-	-	728 66
Secured-Demand Loans								
From Banks	999 99	-	-	999 99	1232 15	-	-	1232 15
Unsecured Loans from Others								
From Directors	10 17	-	-	10 17	10 17	-	-	10 17
Total	1539 77	-	-	1539 77	2241 43	-	-	2241 43
Borrowings in India	1539 77	-	-	1539 77	2241 43	-	-	2241 43
Borrowings Outside India	-	-	-	-	-	-	-	-
Total	1539 77	-	-	1539 77	2241 43	-	-	2241 43

20.1 Secured Term Loan from Banks**i) Terms of Repayment as at 31st March, 2021**

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
36-48 Months	9.65%	Quarterly Frequency	10 79
24-36 Months	9.5% to 9.65%	Monthly Frequency	12 77
		Quarterly Frequency	43 14
12-24 Months	8.80% to 9.65%	Monthly Frequency	35 94
		Quarterly Frequency	53 34
Upto 12 Months	8.80% to 9.87%	Monthly Frequency	39 70
		Quarterly Frequency	109 62
Total			305 30

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.

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

ii) 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.

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

20.2 Secured Term Loans from Financial Institutions/Corporates**i) Terms of Repayment as at 31st March, 2021**

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	9.85%	Quarterly Frequency	2 07
Upto 12 months	9.85%	Quarterly Frequency	8 27
Total			10 34

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. These loans are also backed by the personal guarantee of the promoter Directors of the Company, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

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

ii) 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.

20.2.(ii).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.

20.3 Secured Term Loan from Securitisation transaction**i) Terms of Repayment as at 31st March, 2021**

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	9.95% to 9.95%	Monthly Frequency	3 00
Up to 12 Months	8.60 % to 10.75%	Monthly Frequency	210 97
Total			213 97

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 8), Company's MRR (Minimum Retention Requirement) of ₹ 101 21 lakhs and interest spread accruing to the company under securitisation arrangement.

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

ii) 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 8), company's MRR (Minimum Retention Requirement) of ₹ 181 51 lakhs and interest spread accruing to the Company under securitisation arrangement.

20.4 Secured Demand Loan from Banks**i) Terms of Repayment as at 31st March, 2021**

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 Months	7.75% to 9.90%	On Maturity	999 99
Total			999 99

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.

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

ii) 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%	On Maturity	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.

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

20.5 Unsecured Loan from Others-from Directorsi) Terms of Repayment as at 31st March, 2021

(₹ in lakhs)

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

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

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

(₹ in lakhs)

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

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

21. DEPOSITS

(₹ in lakhs)

Particulars	As at							
	31-Mar-21				31-Mar-20			
	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 21.(i))	53 31	-	-	53 31	41 93	-	-	41 93
ii. From Others	-	-	-	-	1 76	-	-	1 76
Total	53 31	-	-	53 31	43 69	-	-	43 69

21.(i) Public Deposit includes ₹ 2 15 lakhs (31st March, 2020 ₹ 1 07 lakhs) issued to related parties.

21.(ii) Refer Note 50 regarding security particulars on public deposit.

21.1 Deposits from Public - Unsecured**i) Terms of Repayment as at 31st March, 2021**

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest		Total
	< = 9%	> 9% < 12.5%	
48-60 Months	2 17	-	2 17
36-48 Months (Refer Note 21.1.(i).2)	1 92	-	1 92
24-36 Months	4 08	-	4 08
12-24 Months	6 60	-	6 60
Upto 12 Months (Refer Note 21.1.(i).1)	38 54	-	38 54
Total	53 31	-	53 31

21.1.(i).1 Public Deposit includes ₹ 1 15 lakhs issued to related parties.

21.1.(i).2 Public Deposit includes ₹ 1 00 lakhs issued to related parties.

21.1.(i).3 Interest is payable on monthly/ annual/ maturity basis as per the term under respective scheme.

ii) 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 21.1.(ii).1)	6 06	-	6 06
Upto 12 Months	26 66	7 21	33 87
Total	34 72	7 21	41 93

21.1.(ii).1 Public Deposit includes ₹ 1 07 lakhs issued to related parties.

21.2 Deposits from Others - Unsecured

i) Terms of Repayment as at 31st March, 2021

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest	Total
	< = 9%	
Upto 12 Months	-	-
Total	-	-

ii) 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

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

22. SUBORDINATED LIABILITIES

(₹ in lakhs)

Particulars	As at							
	31-Mar-21				31-Mar-20			
	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 20	-	-	36 20	35 98	-	-	35 98
Subordinated Debts – Term Loans	30 00	-	-	30 00	30 00	-	-	30 00
Total	66 20	-	-	66 20	65 98	-	-	65 98
Subordinated Debts in India	66 20	-	-	66 20	65 98	-	-	65 98
Subordinated Debts Outside India	-	-	-	-	-	-	-	-
Total	66 20	-	-	66 20	65 98	-	-	65 98

22.1 Subordinated Liability - Subordinated Debts Retail Privately Placed Subordinated Debts of ₹ 1 000/- each

i) Terms of Repayment as at 31st March, 2021

(₹ in lakhs)

Redeemable at par (From the Date of the Balance Sheet)	Rate of interest			Total
	< = 9%	> 9% < = 12%	> 12% < 15%	
Over 60 Months	24	42	-	66
48-60 Months	20	3	-	23
36-48 Months	11	6 87	-	6 98
24-36 Months	34	2 28	-	2 62
12-24 Months (Refer Note 22.1.(i).1)	-	7 27	-	7 27
Upto 12 Months	-	18 44	-	18 44
Total	89	35 31	-	36 20

22.1.(i).1 Includes ₹ 3 01 lakhs issued to related parties.

22.1.(i).2 Interest is payable on monthly/annual/maturity basis as per the terms under respective schemes.

ii) 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 22.1.(ii).1)	-	17 25	-	17 25
Upto 12 Months	-	20	2 31	2 51
Total	45	33 22	2 31	35 98

22.1.(ii).1 Includes ₹ 3 01 lakhs issued to related parties.

22.1.(ii).2 Interest is payable on monthly/annual/maturity basis as per the terms under respective schemes.

22.2 Subordinated Liabilities- Subordinated Debts - Term Loan Privately Placed Subordinated Debts

i) Terms of Repayment as at 31st March, 2021

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest		Total
	> 9% < =12%	> 12% < 15%	
12-24 Months	15 00	-	15 00
Upto 12 Months	-	15 00	15 00
Total	15 00	15 00	30 00

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

ii) 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

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

23. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Unpaid Dividend	21	27
Unpaid (Unclaimed) Matured Deposits	2 34	3 59
Unpaid (Unclaimed) Matured Subordinated Debt	9	-
Unpaid (Unclaimed) Matured Debentures	4	4
Direct Assignment Portfolio Collection Payable	3 03	7 46
Collection Agency Security Deposit	3 15	2 84
Installment Received In Advance from Hypothecation Loan Customers	13 05	8 58
Payable as per Ex gratia Scheme	98	-
Others	1 15	59
Total	24 04	23 37

24. PROVISIONS

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
For Employee Benefits		
For Bonus	1 66	1 56
For Gratuity (Refer Note 38)	68	67
For Accumulated Compensated Absences (Refer Note 38)	1 16	1 03
For Others		
For Disputed dues	36	8 66
For Service Obligation (Direct Assignment)	5	53
For unspent expenditure on Corporate Social Responsibility (Refer Note 24.1)	63	-
For Others	1 52	24
Total	6 06	12 69

24.1 The movement in Provisions for Unspent expenditure on Corporate Social Responsibility

(₹ in lakhs)

Particulars	Provision for Unspent expenditure on Corporate Social Responsibility
As at April 01, 2019	-
Additions	-
Reversed	-
Utilised	-
As at March 31, 2020	-
Additions	63
Reversed	-
Utilised	-
As at March 31, 2021	63

25. OTHER NON-FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Statutory Dues Payable	1 64	2 49
Others	3	14
Total	1 67	2 63

26. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Authorised Share Capital 2,50,00,000 (2,50,00,000) Equity shares of ₹ 10/- each	25 00	25 00
Issued Share Capital 1,64,47,533 (1,64,47,533) Equity Shares of ₹ 10/- each	16 45	16 45
Subscribed Share Capital 1,64,47,533 (1,64,47,533) Equity shares of ₹ 10/- each	16 45	16 45
Paid Up (Fully Paid Up) 1,64,47,533 (1,64,47,533) Equity Shares of ₹ 10/- each	16 45	16 45
Total Equity	16 45	16 45

26.1 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, 2019	1,64,47,533	16 45
Issued During the Year	-	-
As at 31st March, 2020	1,64,47,533	16 45
Issued During the Year	-	-
As at 31st March, 2021	1,64,47,533	16 45

26.2 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.

26.3 Details of Shareholders holding more than 5% equity shares in the Company

Details of Shareholding	As at			
	31-Mar-21		31-Mar-20	
	No. of Shares		No. of Shares	
Name of Shareholder	in'000	% Holding in the Class	in'000	% Holding in the Class
Equity Shares				
Thomas John Muthoot	31 53	19.17	31 53	19.17
Thomas George Muthoot	31 33	19.05	31 33	19.05
Thomas Muthoot	30 77	18.71	30 77	18.71
DSP Small Cap Fund	10 18	6.19	10 18	6.19
Elevation Capital VI FII Holdings Limited	15 65	9.52	7 51	4.57

26.3.1 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.

26.3.2 Refer Note 43-Capital for the company's objectives, policies and processes for managing capital.

26.3.3 For the period of five years immediately preceding the date at which Balance Sheet is prepared.

- Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil.
- 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
- Aggregate Number and class of shares bought back - Nil.

27. OTHER EQUITY

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Statutory Reserve (Pursuant to Section 45-IC of the RBI Act, 1934)		
Opening Balance	73 76	61 66
Add: Transfer from Retained Earnings	10 50	12 10
Closing Balance	84 26	73 76
Securities Premium	201 35	201 35
General Reserve		
Opening Balance	11 85	11 85
Add: Additions	-	-
Less: Deletions	-	-
Closing balance	11 85	11 85
Other Comprehensive Income		
Opening	(14)	16
Add: Additions/ (Deletions)	73	(30)
Closing balance	59	(14)
Retained Earnings		
Opening Balance	204 11	155 73
Add: Profit for the current year	51 46	60 48
Add/Less: Appropriations		
Transfer to Statutory Reserve As Per		
Section 45-IC of The RBI Act, 1934	(10 50)	(12 10)
Total Appropriations	(10 50)	(12 10)
Retained Earnings	245 07	204 11
Total	543 12	490 93

27.1 Nature and purpose of Reserves

- i) **Statutory reserve:** Every year the Company transfers a 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. The company is entitled to declare dividends only to the extent permitted under RBI guidelines.

28. INTEREST INCOME

(₹ in lakhs)

Particulars	For the Year Ended							
	31-Mar-21				31-Mar-20			
	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	-	492 80	-	492 80	-	566 85	-	566 85
Interest income from Investments	-	98	-	98	-	3 40	-	3 40
Interest on Deposits with Banks	-	8 94	-	8 94	-	5 33	-	5 33
Other interest Income	-	1 16	-	1 16	-	3 90	-	3 90
Total	-	503 88	-	503 88	-	579 48	-	579 48

29. NET GAIN ON FAIR VALUE CHANGES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
(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	26	48
Total Net Gain on Fair Value Changes	26	48
Fair Value changes:		
- Realised	-	-
- Unrealised	26	48
Total	26	48

30. OTHER INCOME

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Income from Windmill Operations	7	7
Net gain/(loss) on derecognition of Property, Plant and Equipment	-	2
Miscellaneous Income	83	23
Total	90	32

31. FINANCE COSTS

(₹ in lakhs)

Particulars	For the Year Ended					
	31-Mar-21			31-Mar-20		
	On Financial Liabilities measured at Fair Value through OCI	On Financial Liabilities measured at Amortised Cost	Total	On Financial Assets Measured at Fair Value through OCI	On Financial Assets Measured at Amortised Cost	Total
Interest on Deposits	-	4 34	4 34	-	5 02	5 02
Interest on Borrowings (other than Debt Securities)						
- Loans from Banks	-	103 03	103 03	-	145 59	145 59
- Loans from Institutions and Others	-	3 22	3 22	-	8 56	8 56
Interest on Debt securities						
- Debentures	-	13 74	13 74	-	-	-
- From Securitisation transaction	-	52 25	52 25	-	58 90	58 90
Interest on Subordinated Liabilities	-	7 52	7 52	-	7 44	7 44
Other Interest Expense	-	2 95	2 95	-	2 23	2 23
Total	-	187 05	187 05	-	227 74	227 74

32. IMPAIRMENT OF FINANCIAL INSTRUMENTS

(₹ in lakhs)

Particulars	For the Year Ended					
	31-Mar-21			31-Mar-20		
	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 (Refer Note 32.1)	-	94 82	94 82	-	70 60	70 60
Others	-	(3)	(3)	-	9	9
Total	-	94 79	94 79	-	70 69	70 69

32.1 Includes loss on repossessed assets ₹ 15 45 lakhs (₹ 25 50 lakhs) and write off ₹ 27 59 lakhs (₹ Nil)

33. EMPLOYEE BENEFITS EXPENSES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Salaries and Wages	52 40	59 88
Contribution to Provident and other Funds	3 64	4 65
Staff Welfare Expenses	81	63
Outsourced Manpower	8 62	12 62
Incentive to Employees	1 87	8 46
Leave Encashment	21	41
Bonus	1 06	1 13
Gratuity Expenses	67	66
Total	69 28	88 44

34. DEPRECIATION, AMORTISATION, AND IMPAIRMENT

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Depreciation of Tangible Assets	1 10	1 39
Amortisation of Intangible Assets	20	24
Total	1 30	1 63

35. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Rent, Taxes and Energy Costs	6 10	4 36
Repairs and Maintenance	53	48
Communication Expenses	1 81	3 02
Printing and Stationery	22	67
Advertisement and Publicity	63	2 69
Director's Fees, Allowances and Expenses	7	5
Auditor's Fees and Expenses (Refer Note 35.1)	20	24
Legal and Professional Charges	1 60	1 65
Insurance	10	10

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Other Expenses		
Hypothecation Loan Collection Charges	61 25	75 75
Provision for KLI	2 31	8 66
Travelling Expenses	55	1 76
Expenditure against Corporate Social Responsibility Activities (Refer Note 35.2)	2 70	1 41
Miscellaneous Expense	5 05	4 00
Total	83 12	104 84

35.1 Auditor's Fees and Expenses

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Audit Fees (Including for Limited Review)	15	18
Taxation Matters	2	2
Reimbursement of Expense	1	1
Other Services	2	3
Total	20	24

35.1.1 Includes GST**35.2 Expenditure Against Corporate Social Responsibility Activities**

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
a) Gross Amount required to be spent by the Company during the year (includes CSR Unspent amount of previous year)	2 70	2 09
b) Amount approved by the Board to be spent during the year	2 70	2 09
c) Amount spent during the year on:		
(i) Construction / Acquisition of any Asset		
- in Cash	-	-
- yet to be paid in Cash	-	-
(ii) On purposes other than (i) above		
- in Cash	2 07	1 41
- yet to be paid in Cash	63	-

35.2.1 Details of related party transactions in relation to CSR expenditure is given in Note 42.

35.2.2 Details of CSR Unspent Amount

(₹ in lakhs)

Sl. No.	Particulars	2020-21
1	Opening Balance	-
2	Amount deposited in Specified Fund of Schedule VII	-
3	Amount required to be spent during the year (includes CSR Unspent amount of previous year ₹ 68 lakhs)	2 70
4	Amount spent during the year	2 07
5	Closing Balance (CSR Unspent Amount)	63

35.2.3 Amounts Earmarked for Ongoing Projects

(₹ in lakhs)

Particulars	2020-21		
	With Company	In Separate CSR Unspent A/c	Total
Opening Balance	-	-	-
Amount required to be spent during the year	89	-	89
Transfer to Separate CSR unspent A/c	-	-	-
Amount spent during the year	26	-	26
Closing Balance*	63	-	63

*The amount has been transferred to Separate CSR Unspent account on 28th April, 2021.

36. INCOME TAX

The components of income tax expense for the year ended 31st March, 2021 and 31st March, 2020 are:

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Current Tax	16 20	27 53
Adjustment in respect of Current Income Tax of Prior Years	(3 58)	-
Deferred Tax Relating to Origination and Reversal of Temporary Differences	5 42	5 46
Income Tax Expense Reported in the Statement of Profit and Loss	18 04	32 99
Income Tax Expense Recognized in Other Comprehensive Income	(24)	10

36.1 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 Indian 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, 2021 and 31st March, 2020 is, as follows:

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Accounting Profit Before Tax	69 50	93 47
At India's Statutory Income Tax Rate of 25.168% (2020: 25.168%)	17 49	23 52
Non-Deductible Expenses		
Corporate Social Responsibility Expenditure not allowable for tax purpose	68	36
Others	-	2
Tax Impact due to revaluation of deferred tax due to change in income tax rate	-	9 09
Others	(13)	-
Income Tax Expense Reported in the Statement of Profit and Loss	18 04	32 99

36.1.1 The effective income tax rate for Financial year 2020-2021 is 25.168% (25.168%)

36.2 Deferred Tax

The following table shows Deferred Tax recorded in the Balance Sheet and changes recorded in the Income tax expense:

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
On timing differences in respect of -		
a) Depreciation on Property, Plant and Equipment/ Intangible assets	56	50
b) Unamortised processing fees/ transaction costs of Financial Assets	3 62	10 97
c) Unamortised processing fees/ transaction costs of Financial Liability	(1 99)	(2 41)
d) Expected Credit Loss provisions	39 42	26 77
e) Net Income from Securitisation Transactions	(21 44)	(11 14)
f) Net Income from Assignment Transactions	(62)	(65)
g) Others	1 89	3 07
Total	21 44	27 11

36.3 Reconciliation of Deferred Tax Assets/(Liabilities)

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Opening Balance as on 1 st April	27 11	32 45
Tax Income/(Expense) during the Period Recognised in Profit or Loss	(5 42)	(5 46)
Tax Income/(Expense) during the Period Recognised in OCI	(25)	12
Closing Balance	21 44	27 11

37. EARNINGS PER SHARE (EPS)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Net Profit After Tax as Per Statement of Profit and Loss (₹ in Lakhs) (A)	51 46	60 48
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)	31.29	36.77
Diluted Earnings per Equity Share (in Rupees) (Face Value of ₹ 10/- per Share) (A)/C)	31.29	36.77

38. RETIREMENT BENEFIT PLAN

38.1 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-21	31-Mar-20
Present Value of Obligations	4 87	4 30
Fair Value of Plan Assets	(4 19)	(3 63)
Defined Benefit Obligation/(Asset)	68	67

B. Net Benefit Expense recognised in Statement of Profit and Loss

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Current Service Cost	62	64
Past Service Cost	-	-
Net Interest Cost	5	2
Net Benefit Expense	67	66

C. Details of changes in Present Value of Defined Benefit Obligations as follows:

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Opening Defined Benefit Obligations	4 30	3 41
Service cost	62	64
Interest Cost	30	26
Benefit Paid	(49)	(34)
Actuarial (Gain)/Loss on total liabilities:		
- Due to Change in Financial Assumptions	(1)	13
- Due to Change in Demographic Assumptions	-	(7)
- Due to Experience Variance	15	27
Closing Defined Benefit Obligation	4 87	4 30

D. Details of changes In Fair Value of Plan Assets are as follows:

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
Opening Fair Value of Plan Assets	3 63	3 07
Actual Return on Plan Assets	19	18
Employer Contribution	86	72
Benefit Paid	(49)	(34)
Closing Fair Value of Plan Assets	4 19	3 63

E. Gain/(Loss) in Other Comprehensive Income (OCI)

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Opening Amount Recognized in OCI Outside P&L Account	-	-
Actuarial Gain/(Loss) on Liabilities	(15)	(33)
Actuarial Gain/(Loss) on Assets	(5)	(6)
Closing Amount Recognized in OCI Outside P&L Account	(20)	(39)

F. The principal assumptions used in determining gratuity obligations for the company's defined benefit plan are shown below:

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Discount Rate	6.93%	6.90% p.a
Rate of increase In Compensation Levels	0.00% - 5.00% p.a	5.00% p.a
Rate of Return on Plan Assets	6.90% p.a	7.70% p.a
Average future service (in Years)	25.40 Years	26.63 Years

G. Investments quoted In active markets:

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
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-21	Impact (Absolute)	Impact %
Base Liability	4 87	-	-
Increase Discount Rate by 0.50%	4 76	(11)	(2.19%)
Decrease Discount Rate by 0.50%	4 98	11	2.30%
Increase Salary Inflation by 1.00%	5 10	23	4.75%
Decrease Salary Inflation by 1.00%	4 66	(21)	(4.39%)
Increase Withdrawal Rate by 1.00%	4 88	1	0.29%
Decrease Withdrawal Rate by 1.00%	4 85	(2)	(0.34%)

* Based on actuarial valuation report

38.2 Defined Benefit Plan - Accumulated Compensated Absences

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-21	31-Mar-20
Maturity Profile		
Present Value of Obligation	1 16	1 03
Expense Recognised In the Statement of Profit and Loss	22	41
Discount Rate (p.a.)	6.93%	6.90%
Salary Escalation Rate (p.a.)	0.00% - 5.00% p.a	5.00%

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	As at 31-Mar-21			As at 31-Mar-20		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial Assets						
Cash and Cash Equivalents	540 68	-	540 68	286 12	-	286 12
Bank Balance other than Cash and Cash Equivalents	50 48	18 74	69 22	64 91	47 84	112 75
Derivative Financial Instruments	-	-	-	3 19	-	3 19
Receivables						
(i) Trade Receivables	-	-	-	-	-	-
(ii) Other Receivables	-	-	-	-	-	-
Loans						
Adjustments on account of EIR/ECL	1178 34	893 84	2072 18	1570 78	1028 78	2599 56
Investments	16	16 19	16 35	5 05	11 38	16 43
Other Financial Assets	13 62	64	14 26	15 25	1 00	16 25
Non-Financial Assets						
Current Tax Asset (Net)	3 97	17 48	21 45	12 11	6 88	18 99
Deferred Tax Assets (Net)	-	21 44	21 44	-	27 11	27 11
Property, Plant and Equipment	-	2 50	2 50	-	3 19	3 19
Other Intangible Assets	-	31	31	-	32	32
Other Non-Financial Assets	1 51	50	2 01	1 04	16	1 20
Total Assets	1788 76	971 64	2559 83	1958 45	1126 66	2913 24
Liabilities						
Financial Liabilities						
Derivative Financial Instruments Payables	1 41	-	1 41	-	-	-
(i) Trade Payables	-	-	-	-	-	-
(ii) Total Outstanding dues of Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	22 55	-	22 55	16 07	-	16 07

(₹ in lakhs)

Particulars	As at 31-Mar-21			As at 31-Mar-20		
	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	135 62	150 00	285 62	-	-	-
Borrowings (other than Debt Securities)	1384 09	163 19	1547 28	2015 24	235 78	2251 02
Deposits	38 54	14 77	53 31	35 63	8 06	43 69
Subordinated Liabilities	33 44	32 76	66 20	2 52	63 46	65 98
Adjustment on account of EIR	-	-	(7 88)	-	-	(9 59)
Other Financial Liabilities	23 38	66	24 04	21 81	1 56	23 37
Non-Financial Liabilities						
Provisions	5 22	84	6 06	11 96	73	12 69
Other Non-Financial Liabilities	1 67	-	1 67	2 63	-	2 63
Total Liabilities	1645 92	362 22	2000 26	2105 86	309 59	2405 86
Net	142 84	609 42	559 57	(147 41)	817 07	507 38

40. 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.

41. CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS**A. Contingent Liabilities**

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
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	-	-
- Service Tax issues where Company is in appeal (Amount fully paid)	13	16
Total	13	16

B. Commitments not provided for

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
a) Estimated amount of contracts remaining to be executed on capital account, net of advances	29	95
Total	29	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 89 lakhs (₹ 3 95 lakhs) are recognised as rental expense in the Statement of Profit and Loss.

42. RELATED PARTY DISCLOSURES

Related party disclosures as per Ind AS - 24 'Related Party Disclosures' for the year ended 31st March 2021, are given below:

42.1 Particulars of companies / Firms / Limited Liability Partnerships / Trusts where control / significant influence exists: (with whom the Company had transactions)

Sl. 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 Motors Private Limited
6.	MPG Security Group Private Limited
7.	Muthoot Pappachan Chits India Private Limited
8.	Muthoot Exim Private Limited
9.	Muthoot Automotive (India) Private Limited
Firms / LLPs / Trusts	
1.	Muthoot Bankers
2.	Muthoot Estate Investments
3.	Muthoot Motors (Cochin)
4.	Muthoot Pappachan Foundation

42.2 Related Parties Including Key Managerial Personnel : (with whom the Company had transactions)

Sl No	Name of the Related Parties	Designation
1.	Thomas John Muthoot	Chairman
2.	Thomas George Muthoot	Managing Director
3.	Thomas Muthoot	Director
4.	Madhu Alexiouse	Chief Operating Officer
5.	Vinodkumar M. Panicker	Chief Finance Officer
6.	Abhijith Jayan	Company Secretary & Compliance Officer

42.3 Relatives of Related Parties: (with whom the Company had transactions)

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

42.4 Details relating to transactions with parties referred to in Note No. 42.1:

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2020-21	2019-20
Income:			
Income from Wind Mill Operations	Muthoot Bankers	7	7
Interest Income	Muthoot Fincorp Limited	6	33
Interest Income on Term Loan	Muthoot Housing Finance Company Ltd.	65	-
Processing Fees	Muthoot Housing Finance Company Ltd.	8	-
Interest Income on Term Loan	Muthoot Pappachan Technologies Ltd.	78	-
Processing Fees	Muthoot Pappachan Technologies Ltd.	12	-
Interest Income on DPN Loan	Muthoot Pappachan Chits India Pvt Ltd.	6	16
Processing Fees	Muthoot Pappachan Chits India Pvt Ltd.	-	1
Interest Income on DPN Loan	MPG Security Group Pvt. Ltd.	103	1
Processing Fees	MPG Security Group Pvt. Ltd.	-	7
Income from Intercompany Deposit	Muthoot Fincorp Limited	-	1 92
Collection Charges	Muthoot Fincorp Limited	-	13
Sourcing Incentive	Muthoot Fincorp Limited	47	-
Expenses:			
Business Sourcing Incentive	(i) Muthoot Motors (Cochin)	81	1 04
	(ii) Muthoot Motors Pvt. Ltd.	1	3
	(iii) Muthoot Fincorp Limited	1 86	3 82
Collection Charges	Muthoot Fincorp Limited	3 77	4 94
Brokerage for canvassing for Public Deposit	Muthoot Fincorp Limited	39	14
Wind Mill Expense	Muthoot Bankers	2	3
CSR Expenses	Muthoot Pappachan Foundation	2 07	1 41
Travelling Expenses	Muthoot Fincorp Limited	-	1
Advertisement Expenses	Muthoot Motors (Cochin)	-	4
Rent on Space Sharing	Muthoot Fincorp Limited	28	31
Rent	Muthoot Estate Investments	88	88
Reimbursement of Expenses-Repairs and Maintenance	Muthoot Motors (Cochin)	-	6
Software Usage Charges	Muthoot Pappachan Technologies Ltd.	1 31	1 82
Annual Maintenance Charges	Muthoot Pappachan Technologies Ltd.	32	22

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2020-21	2019-20
Assets:			
Income from Windmill Receivable	Muthoot Bankers	3	11
Debt Due from Related Party	Muthoot Fincorp Limited	7	-
Rent Deposit	(i) Muthoot Estate Investments	30	30
	(ii) Muthoot Fincorp Limited	8	12
Unsecured Loan - DPN (including interest accrued)	(i) MPG Secuity Group Pvt. Ltd.	583	701
	(ii) Muthoot Pappachan Chits India Pvt. Ltd	-	250
Secured Loan – Term Loan	(i) Muthoot Housing Finance Company Ltd	10 03	-
	(ii) Muthoot Pappachan Technologies Ltd	10 46	-
Trade Advance -Receivable	(i) Muthoot Motors (Cochin)	-	1 03
	(ii) Muthoot Motors (Cochin) Pathanamthitta	-	3
Prepaid -Software Usage	Muthoot Pappachan Technologies Ltd	7	9
Prepaid -Annual Maintenance Charge	Muthoot Pappachan Technologies Ltd	8	8
Other Receivable	Muthoot Fincorp Limited	2	13
Liabilities:			
Business Sourcing Incentive Payable	Muthoot Motors (Cochin)	9	12
Trade Advance -Payable	(i) Muthoot Motors (Cochin)	20	-
	(ii) Muthoot Motors (Cochin) Pathanamthitta	6	-
Brokerage Payable on Public Deposit	Muthoot Fincorp Limited	2	1
Collection Charges and Business Sourcing Incentive payable	Muthoot Fincorp Limited	29	1 20
Software Usage & AMC Charges	Muthoot Pappachan Technologies Ltd	26	26
Debt Due to Related Party	Muthoot Fincorp Limited	-	7
Rent Payable	(i) Muthoot Estate Investments	7	7
	(ii) Muthoot Fincorp Limited	2	3

42.5 Details Relating to Transactions with Parties referred to in Note No. 42.2 & 42.3:

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2020-21	2019-20
Expenses:			
Salaries, Perquisites and Incentives	(i) Thomas George Muthoot	3 17	4 05
	(ii) Madhu Alexiouse	59	84
	(iii) Vinodkumar M Panicker	67	99
	(iv) Abhijith Jayan	6	7
	(v) Tina Suzanne George	12	7
PF Contribution	(i) Thomas George Muthoot	20	21
	(ii) Madhu Alexiouse	4	6
	(iii) Vinodkumar M Panicker	6	6
	(iv) Abhijith Jayan	-	-
	(v) Tina Suzanne George	-	-
Reimbursement of Expenses	(i) Thomas George Muthoot	5	15
	(ii) Madhu Alexiouse	3	6
	(iii) Vinodkumar M Panicker	5	6
Interest on Loan from Director	Thomas George Muthoot	91	91
Interest on Subordinated Debt	Thomas George Muthoot	33	33
Interest on Public Deposit	(i) Remmy Thomas	9	8
	(ii) Suzannah Muthoot	2	-
Rent Paid	Thomas George Muthoot	2 17	2 17
Assets:			
Rent Deposit	Thomas George Muthoot	25	25
Liabilities:			
Loan from Directors	Thomas George Muthoot	10 17	10 17
Provision for Incentive (Refer Note 42.5.1)	(i) Thomas George Muthoot	57	57
	(ii) Madhu Alexiouse	12	12
	(iii) Vinodkumar M Panicker	15	15
Subordinated debts (including interest accrued)	Thomas George Muthoot	3 01	3 01
Public Deposit (including interest accrued)	(i) Remmy Thomas	1 15	1 07
	(ii) Suzannah Muthoot	1 00	-

42.5.1 Payment is subject to achievement of performance parameters to be evaluated as at the end of the financial year.

42.6 Transaction with Related Parties referred to in Note no. 42.1, 42.2 & 42.3

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2020-21	2019-20
Unsecured Loan -DPN			
Given during the period:	(i) Muthoot Pappachan Chits India Pvt Ltd	-	2 50
	(ii) MPG Security Group Pvt Ltd	-	7 00
Repaid during the period:	(i) Muthoot Motors (Cochin)	-	2 50
	(ii) Muthoot Pappachan Chits India Pvt Ltd	2 50	-
	(iii) MPG Security Group Pvt Ltd	1 17	-
Asset Purchased			
Car purchased during the year	Muthoot Motors (Cochin)	-	2 54
Deposit Refunded			
Rent deposit refunded during the year	Muthoot Fincorp Ltd	4	1
Hypothecation Loan			
Repaid during the period	MPG Hotels and Infrastructure Ventures Private Ltd	-	2
Term Loan			
Given during the period	(i) Muthoot Housing Finance Company Ltd	20 00	-
	(ii) Muthoot Pappachan Technologies Ltd	12 00	-
Repaid during the period	(i) Muthoot Housing Finance Company Ltd	10 00	-
	(ii) Muthoot Pappachan Technologies Ltd	1 67	-
Loan from Directors			
Accepted during the period	Thomas George Muthoot	-	-
Repaid during the period	Thomas George Muthoot	-	7
Public Deposit			
Accepted during the period	Suzannah Muthoot	1 00	-
Inter-corporate Deposit			
Given during the period	Muthoot Fincorp Ltd	-	75 00
Repaid during the period	Muthoot Fincorp Ltd	-	75 00

42.7 Provisions for doubtful debts due from related parties at the Balance Sheet date - Nil (Nil)**42.8** Amounts written off or written back of debts due from or to related parties - Nil (Nil)

43. 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-21	31-Mar-20
Regulatory Capital		
Tier 1 Capital	518 66	442 48
Tier 2 Capital	11 86	5 18
Total Capital Funds	530 52	447 66
Risk Weighted Assets	1669 46	1795 82
Tier 1 Capital Ratio	31.07%	24.64%
Total Capital Ratio	31.78%	24.93%

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 subject to statutory limit includes subordinated debt and general provisions.

The Company is meeting the capital adequacy requirements of Reserve Bank of India (RBI).

44. 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.

44.1 Fair Value Hierarchy of assets and liabilities

44.1.1 The carrying amount and fair value measurement hierarchy for assets and liabilities as at 31st March, 2021 is as follows:

i) At Fair Value through profit or loss / OCI

(₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments	2 14	5 68	-
Derivative Financial Instruments (Liability)	-	1 41	-

44.1.2 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	-

44.2 Fair Value Technique**44.2.1 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.

44.2.2 Derivative Financial Instruments 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.**44.2.3 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.

44.3 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-21	31-Mar-20	31-Mar-21	31-Mar-20
Financial Assets					
Cash and Cash Equivalents	1	540 68	286 12	540 68	286 12
Bank Balance other than Cash and Cash Equivalents	1	69 22	112 75	69 22	112 75
Loans	3	1871 61	2427 69	1871 61	2427 69
Investments	2	8 53	10 14	8 63	10 55
Other financial assets	3	14 26	16 25	14 26	16 25
Total Financial assets		2504 30	2852 95	2504 40	2853 36
Financial Liabilities					
Trade Payables	3	22 55	16 07	22 55	16 07
Debt Securities	2	285 25	-	285 25	-
Borrowings (other than debt securities)	2	1539 77	2241 43	1539 77	2241 43
Deposits	2	53 31	43 69	53 31	43 69
Subordinated liabilities	2	66 20	65 98	66 20	65 98
Other financial liabilities	3	24 04	23 37	24 04	23 37
Total Financial Liabilities		1991 12	2390 54	1991 12	2390 54

44.4 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.

44.4.1 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.

44.4.2 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.

44.4.3 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.

44.4.4 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.

45. 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.

45.1 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.

45.2 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 discuss the results of all assessments with management and reports its findings and recommendations to Audit Committee.

45.2.1 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 play 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 monetary 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 disbursement monitoring mechanism to take corrective and timely action whenever required to minimise the probability of default/loss.

45.2.2 Methodology for assessment of Expected Credit loss on loan asset- Refer note 5.1.(viii) of significant accounting policies.

45.2.3 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 10.1 of Financial Statements.

45.2.4 Reconciliation of expected credit loss balance - Refer Note No. 10.3 of Financial Statement.

45.2.5 Impact of COVID-19- Refer Note No. 49 of Financial Statement.

45.2.6 RBI COVID-19 regulatory disclosures- Refer Note 49.2 of Financial Statements.

45.2.6.(i) RBI disclosures requirement for restructured assets (Refer No. 73)

45.2.7 Concentration of Credit Risk- Retail and Residential Loans

The Company's portfolio can be broadly classified as following:

45.2.7.1 Vehicle Loan (predominantly backed up by 2-wheeler and used 4-wheeler assets)**45.2.7.2** Vehicle Loan (Securitised)**45.2.7.3** Secured Loans**45.2.7.4** Unsecured Loans**45.2.8 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.

45.2.9 Narrative Description of Collateral

Collateral primarily includes 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.

45.2.10 Quantitative Information of collateral

Gross Value of total secured loans to value of collateral (Before adjustment on account of ECL and EIR)

(₹ in lakhs)

Loan to Security Value	Gross Value of Secured Vehicle loans		Gross Value of Secured business loans (Secured by Receivables)	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
0-50%	241 67	316 28	-	-
51-70%	344 42	511 98	-	-
71-100%	896 87	1314 41	116 89	198 89
Above 100%	427 91	191 71	16 28	10 42
Total	1910 87	2334 38	133 17	209 31

The above is based on the asset cost of vehicle 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.

45.2.11 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 maintain adequate liquid assets and has access to funding the hedge against unexpected requirement.

45.2.11.1 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, 2021:

(₹ 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 45.2.11.1.(i))	Total
Financial Assets								
Cash and Cash Equivalents	540 68	-	-	-	-	-	-	540 68
Bank Balance other than Cash and Cash Equivalents	6 48	27 46	16 54	18 74	-	-	-	69 22
Loans	412 87	295 36	470 11	888 35	5 48	1	(200 57)	1871 61
Financial Investments at FVOCI	-	-	-	2 14	-	-	-	2 14
Financial Investments at Amortised Cost	15	1	-	4 09	50	3 78	-	8 53
Financial Investments at FVTPL	-	-	-	5 68	-	-	-	5 68
Other Financial Assets	11 51	1 56	55	47	13	4	-	14 26
Total Financial Assets	971 69	324 39	487 20	919 47	6 11	3 83	(200 57)	2512 12
Financial Liabilities								
Derivative Financial Instruments	-	-	1 41	-	-	-	-	1 41
Debt Securities	96	6 27	128 39	150 00	-	-	(37)	285 25
Deposits	10 68	14 71	13 15	10 68	4 09	-	-	53 31
Borrowings (Other than Debt Securities)	297 68	185 74	900 67	152 25	10 94	-	(7 51)	1539 77
Subordinated Liabilities	10	63	32 71	24 89	7 21	66	-	66 20
Trade Payables	20 93	1 60	2	-	-	-	-	22 55
Other Financial Liabilities	22 55	23	60	66	-	-	-	24 04
Total Financial Liabilities	352 90	209 18	1076 95	338 48	22 24	66	(7 88)	1992 53
Net Financial Assets/(Liabilities)	618 79	115 21	(589 75)	580 99	(16 13)	3 17	(192 69)	519 59

45.2.11.1.(i) Represents adjustments on account of ECL / EIR

45.2.11.1.(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.

45.2.11.2 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 45.2.11.2.(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 27	96	1 02	82	6	12	-	16 25
Total Financial Assets	858 58	420 79	665 93	1080 79	7 09	1 12	(171 87)	2862 43
Financial Liabilities								
Deposits	16 66	8 00	10 97	7 91	15	-	-	43 69
Borrowings (Other than Debt Securities)	875 86	338 72	800 66	235 72	6	-	(9 59)	2241 43
Subordinated Liabilities	45	1 45	62	54 30	8 74	42	-	65 98
Trade Payables	16 07	-	-	-	-	-	-	16 07
Other Financial Liabilities	20 96	26	59	1 56	-	-	-	23 37
Total Financial Liabilities	930 00	348 43	812 84	299 49	8 95	42	(9 59)	2390 54
Net Financial Assets/(Liabilities)	(71 42)	72 36	(146 91)	781 30	(1 86)	70	(162 28)	471 89

45.2.11.2. (i) Represents adjustments on account of ECL/EIR

- 45.2.11.2.(ii)** While the above table shows shortfall 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 shortfall gets covered within the same bucket. This renewal / roll over is not considered in the above table.

45.2.12 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 supervises 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 tenures.

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-21	31-Mar-20
On Short term Borrowings		
Increase of 100 bps in interest rates	11 60	14 80
Decrease of 100 bps in interest rates	(11 60)	(14 80)

46. 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.

47. TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

47.1 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 Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also require 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 derecognition 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 20.

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-21	31-Mar-20
Securitisations		
Carrying amount of Transferred Assets measured at amortised cost (including MRR) (Before ECL adjustments)	351 36	881 53
Carrying amount of Associated Liabilities (Borrowings (other than Debt Securities) - measured at amortised cost)	213 97	728 66
Fair Value of Assets	351 36	881 53
Fair Value of Associated Liabilities	213 97	728 66
Net Position at Fair Value	137 39	152 87

47.2 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.

Type of structured entity	Nature and Purpose	Interest held by the company
Securitisation of Vehicle for loans	<ul style="list-style-type: none"> - To generate - Funding for the Company's lending activities - Spread through sale of assets to investors - Fees for servicing loan 	<ul style="list-style-type: none"> - Servicing fee - Credit enhancement provided by the company - Excess interest spread

47.2.1 Exposure to Unconsolidated Structured Entity

(₹ in lakhs)

Particulars	31-Mar-21	31-Mar-20
Credit enhancements offered in the form of collateral deposits	58 01	104 32
Carrying amount of assets transferred to securitisation SPV (including MRR) (Before ECL adjustments)	351 36	881 53
Carrying amount of associated liabilities	213 97	728 66
Note on companies exposure to unconsolidated structured entity	Refer Note 47.1	Refer Note 47.1

47.2.1.(i) For disclosure purposes, the above includes- a) credit enhancements ₹ 7 53 lakhs (31st March, 2020 ₹ 7 53 lakhs); b) carrying amount of assets transferred ₹ 47 61 lakhs (31st March, 2020 ₹ 96 64 lakhs), and c) carrying amount of associated liabilities ₹ 30 18 lakhs (31st March, 2020 ₹ 88 92 lakhs), relating to transactions under partial credit guarantee scheme even though not routed through an SPV.

48. MOVEMENT IN PROVISIONS

(₹ in lakhs)

Particulars	As at 31 st March 2020	Additional Provision made during the year	Utilisation/Reversal during the year	As at 31 st March, 2021
For Employee Benefits (Refer Note 38)	3 26	1 94	1 70	3 50
For Unspent expenditure on Corporate Social Responsibility (Refer Note 24)	-	63	-	63
For Others (Refer Note 24)	9 43	1 66	9 16	1 93
Total	12 69	4 23	10 86	6 06

49. NOTE ON COVID-19 GLOBAL PANDEMIC

49.1 The impact of the COVID-19 pandemic across the world and in India (including the nationwide lockdown restrictions during the period from 25th March, 2020 to 31st May, 2020 and other limiting factors) impacted the operations of the company during the year.

In accordance with the regulatory concessions granted by RBI, the company had offered an optional moratorium on repayments falling due between March and August 2020. Vide interim order issued in a public interest litigation, the Honorable Supreme Court had directed that those accounts which were not declared Non-Performing Asset (NPA) till 31st August, 2020, shall not be declared as NPA till further orders, which was however vacated by the Hon'ble Court on 23rd March, 2021. In accordance with the RBI circular dated 7th April, 2021, issued thereon, the Company has continued with the asset classification of borrower accounts as per the ECL model with effect from 1st September, 2020, for determining the impairment losses for the year under Ind AS 109 and carried a further additional provision of ₹ 14 82 lakhs as at 31st March, 2021 as a matter of abundant caution towards any probable increase in impairment loss arising from the uncertainties associated with the pandemic.

Necessary adjustments/provision have also been made in respect of refund of interest on interest to eligible borrowers as per the Government of India Scheme and RBI circulars.

Given the continuing uncertainties associated with the pandemic, including the current 'second wave' which has resulted in imposition of renewed restrictions in various parts of the country, the company will continue to monitor the position closely and make appropriate adjustments, including for any significant changes in loan loss estimates, based on future conditions. Based on the current assessment of the situation, the company considers that the impairment loss/provision as mentioned above, is adequate to cover any future uncertainties and is also more than the provisions required as per extant RBI norms.

Consequent to the nation-wide lock-down as above, which resulted in cessation of all operations for a certain period, the company paid only an interim advance to its employees in lieu of salary for the month of April 2020. This was subsequently adjusted against settlement of salary for the said month (together with applicable statutory deductions/ contributions) in January 2021, after the operations stabilized and the salary amount was finalized.

49.2 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, 2021

(₹ in lakhs)

SI No.	Particulars	31-Mar-21
i)	Respective amounts in SMA overdue categories (as on 29 th February, 2020), where the moratorium/ deferment was extended (Refer Note 49.2.1)	200 75
ii)	Respective accounts where asset classification benefit is extended (Refer Note 49.2.2)	Nil
iii)	General provision made	Nil
iv)	General provision adjusted during the period against slippages and residual provisions	Not Applicable

49.2.1 Loan assets outstanding as on 31st March, 2021 on loans in SMA/ overdue categories where the moratorium was extended by the company.

49.2.2 There are Nil accounts as on 31st March, 2021 where the asset classification benefit is extended for cases which were entitled to a moratorium until 31st August, 2020, as the asset classification is based on the actual performance of the account post moratorium period.

49.2.3 The Company had made adequate provision for impairment loss under ECL model for the year ended 31st March, 2021.

49.3 The Company had credited an ex-gratia amount of ₹ 11 79 lakhs for the payment of difference between the compound interest and simple interest to the accounts of borrowers in specified loan accounts between 1st March, 2020 and 31st August, 2020 as per the eligibility criteria and other features as mentioned in the notification dated 23rd October, 2020 issued by Government of India, Ministry of Finance, Department of Financial Services. The Company had filed a claim with the State Bank of India for reimbursement of the said ex-gratia amount as specified in the notification and same was received on 31st March, 2021.

49.4 In accordance with the instructions of RBI circular dated 7th April, 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19th April, 2021 relating to refund/adjustment of interest on interest charged during the moratorium period (1st March, 2020 to 31st August, 2020) to the eligible borrowers under the above mentioned circular and advisory, the Company has estimated the benefit to be extended to the eligible borrowers at ₹ 6 lakhs and created a liability / credited the Borrower's account towards the estimated interest relief and reduced the same from the interest income.

50. In accordance with the Master direction - Non-Banking Financial Companies Acceptance of Public deposits (Reserve Bank) directions, 2016 dated 25th August, 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 ₹ 8 37 lakhs on 31st March 2021 (31st March 2020: ₹ 9 98 lakhs) in favour of trustees representing the public deposit holders of the Company.

51. 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 Facilities 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

52. CAPITAL

(₹ in lakhs)

Sl. No.	Particulars	As at	
		31-Mar-21	31-Mar-20
i.	CRAR (%)	31.78%	24.93%
ii.	CRAR - Tier 1 Capital (%)	31.07%	24.64%
iii.	CRAR - Tier 2 Capital (%)	0.71%	0.29%
iv.	Amount of Subordinated Debt raised as Tier-2 Capital (Refer Note 52.1)	57 99	58 75
v.	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

- 52.1 Discounted Value of (principal) ₹ 8 78 lakhs (₹ 19 81 lakhs) considered for Tier 2 capital against the Book Value of (principal) ₹ 57 99 lakhs (₹ 58 75 lakhs).

53. INVESTMENTS

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
1. Value of Investments		
i. Gross Value of Investments		
(a) In India	16 35	16 43
(b) Outside India,	-	-
ii. Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
iii. Net Value of Investments		
(a) In India	16 35	16 43
(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	-	-

54. DERIVATIVES**54.1 Forward rate Agreement/Interest Rate Swap**

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
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	-	-

54.2 Exchange Traded interest Rate (IR) derivatives : Nil**54.3 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 where the critical terms of the hedging instrument match with the terms of the hedged item and so a qualitative and quantitative assessment of effectiveness is performed.

ii) Quantitative Disclosures

(₹ in lakhs)

Particulars	As at 31-Mar-21		As at 31-Mar-20	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i. Derivatives (Notional Principal Amount)				
For Hedging	51 28	-	92 12	-
ii. Marked to Market Positions [1]				
a) Asset (+)	-	-	3 19	-
b) Liability (-)	1 41	-	-	-
iii. Credit Exposure [2]	-	-	-	-
iv. Unhedged Exposures	-	-	-	-

55. DISCLOSURES RELATING TO SECURITISATION

55.1 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-21
1	No of SPVs sponsored by the NBFC for Securitisation transactions	8
2	Total Amount of Securitised Assets as per books of the SPVs sponsored	330 25
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 -	-
	Others -	-
	(b) On-Balance Sheet Exposures	
	First Loss -	-
	Others - MRR	91 21
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)	50 48
	Loss -	-
	ii. Exposure To Third Party Securitisations	
	First Loss -	-
	Others -	-

55.1.1 Only the SPVs relating to outstanding securitization transactions are reported here.

55.1.2 The particulars in Note 55.1 does not include transactions with banks under partial credit guarantee scheme which are not routed through an SPV. The company has offered credit enhancements of ₹ 7 53 lakhs for such transactions. The MRR outstanding in respect of such transaction is ₹ 10 00 lakhs

55.2 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-21	31-Mar-20
1	No. of transactions assigned by the Company	9	9
2	Total amount outstanding	19 11	59 66
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	2 48	7 31
4	Amount of exposures to Assigned 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	-	-

55.3 Details of financial assets sold to securitisation/ reconstruction company for asset reconstruction:

The Company has not sold any financial assets to securitisation/ reconstruction company for asset reconstruction during the year ended 31st March, 2021 and 31st March, 2020.

55.4 Details of Assignment Transactions undertaken by NBFC

(₹ in lakhs)

Particulars	As at	
	31-Mar-21	31-Mar-20
i. No. of Accounts (in No.s)	Nil	27 075
ii. Aggregate Value of accounts sold, gross exposure	Nil	84 95
iii. Amount of Exposures retained by the company towards MRR	Nil	10 19
iv. Aggregate consideration (ii-iii)	Nil	74 76
v. Additional consideration realized in respect of accounts transferred in earlier Years	Nil	Nil
vi. Aggregate Gain/(Loss) over Net Book Value	Nil	6 49

55.4.1. The above disclosures are in respect of assignment transactions undertaken during the respective financial years.

55.5 Details of non-performing financial assets purchased / sold by the Company :

The Company has not purchased/sold non-performing assets for the year ended 31st March, 2021 and 31st March, 2020.

56. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2021

(₹ 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 56.1)	Total
Deposits	66	40	76	2 98	5 88	14 71	13 15	10 68	4 09			53 31
Advances	177 09	1 22	8 86	109 78	115 92	295 36	470 11	888 35	5 48	1	(200 57)	1871 61
Investments			12	2	1	1	-	11 91	50	3 78		16 35
Borrowings	151 06	23 10	18 52	42 05	54 67	177 47	867 66	152 25	10 94		(6 95)	1490 77
Foreign Currency Assets												
Foreign Currency Liabilities			1	8 27		8 27	33 01				(56)	49 00

56.1 Represent adjustment on account of EIR/ECL.

57. EXPOSURE TO REAL ESTATE SECTOR

(₹ in lakhs)

Sl No.	Category	31-Mar-21	31-Mar-20
	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	Nil
(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	Nil	Nil

58. EXPOSURE TO CAPITAL MARKET

(₹ in lakhs)

Sl. No.	Particulars	As at	
		31-Mar-21	31-Mar-20
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;	2 14	1 08
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	2 14	1 08

59. 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)

60. UNSECURED ADVANCES

The unsecured loans against Demand Promissory Note (DPN) executed by the borrowers and outstanding as at 31st March 2021 is ₹ 7 25 lakhs (₹ 12 28 lakhs).

61. ADDITIONAL DISCLOSURES**61.1 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-21	31-Mar-20
Impairment on Financial Instrument	94 79	70 69
Other Expenses - provision for disputed dues	36	8 66
Provision made towards income tax	18 04	32 99

61.1.1 Provision made towards income tax comprises of current tax, deferred tax and tax adjustment for earlier years.

61.2 Drawdown from Reserves

The drawdown from reserves was ₹ Nil.

62. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

62.1 Concentration of Deposits (for Deposit Taking NBFCs)

(₹ in lakhs)

Particulars	2020-2021	2019-2020
Total Deposits of Twenty Largest Depositors	7 77	8 09
Percentage of Deposits of Twenty Largest Depositors to Total Deposits of the NBFC	13.97%	17.12%

62.2 Concentration of Advances

(₹ in lakhs)

Particulars	2020-2021	2019-2020
Total Advances to Twenty Largest Borrowers	128 27	164 89
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the NBFC	6.25%	6.45%

62.3 Concentration of Exposures

(₹ in lakhs)

Particulars	2020-2021	2019-2020
Total Exposure to Twenty Largest Borrowers/Customers	128 27	164 89
Percentage of Exposures to Twenty Largest Borrowers/customers to total Exposure of the NBFC on Borrowers/Customers	6.25%	6.45%

62.4 Concentration of NPAs

(₹ in lakhs)

Particulars	2020-2021	2019-2020
Total exposure to top four NPA accounts (Refer Note No. 62.4.1)	23 64	10 56

62.4.1 Excluding fraudulent accounts stated in Note No. 67, as the same has been written off as on 31st March 2021.

62.5 Sector-wise NPAs

(₹ in lakhs)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector			
		2020-2021		2019-2020	
		NPA Value	%	NPA Value	%
1	Agriculture & Allied Activities	-	0%	-	0%
2	MSME	-	0%	-	0%
3	Corporate Borrowers	23 64	21.74%	10 42	6.01%
4	Services	1 34	100%	-	0%
5	Unsecured Personal Loan	11	100%	11	100%
6	Auto Loans	226 67	11.86%	164 58	7.05%
7	Micro Finance Buyout	-	0%	-	0%
8	Others	1	5.97%	4	9.22%

62.5.1 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)

63. MOVEMENT OF NPAs

(₹ in lakhs)

Particulars	2020-2021	2019-2020
I. Net NPAs to Net Advances (%)	6.18%	4.05%
II. Movement of NPAs (gross)		
(a) Opening Balance	175 15	114 01
(b) Additions during the Year	128 84	92 17
(c) Reductions during the Year	(52 22)	(31 03)
(d) Closing Balance	251 77	175 15
III. Movement of Net NPAs		
(a) Opening Balance	98 21	67 09
(b) Additions during the Year	45 09	50 48
(c) Reductions during the Year	(27 56)	(19 36)
(d) Closing Balance	115 74	98 21
IV. Movement of Provisions for NPAs (Excluding provisions on Standard Assets)		
(a) Opening Balance	76 94	46 92
(b) Provisions made during the Year	83 75	41 69
(c) Write-Off/write-back of excess provisions	(24 66)	(11 67)
(d) Closing Balance	136 03	76 94

63.1 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)

64. Disclosure pursuant to RBI Notification - RBI / 2019 - 20 / 170 DOR (NBFC). CC. PD. No. 109 / 22.10.106 / 2019-20 dated 13th 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	1587 64	20 88	1566 76	5 55	15 33
	Stage 2	211 88	22 77	189 11	72	22 05
Subtotal for Performing Assets		1799 52	43 65	1755 87	6 27	37 38
Non-Performing Assets (NPA)						
Sub Standard	Stage 3	132 07	60 93	71 14	12 02	48 91
Doubtful - up to 1 year	Stage 3	69 48	37 04	32 44	22 63	14 41
1 to 3 years	Stage 3	49 05	36 89	12 16	35 44	1 45
More than 3 years	Stage 3	6	6	-	6	-
Subtotal for Doubtful		118 59	73 99	44 60	58 13	15 86
Loss	Stage 3	1 11	1 11	-	1 11	-
Subtotal for NPA		251 77	136 03	115 74	71 26	64 77
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		-	-	-	-	-
Sub-total		-	-	-	-	-
Total	Stage 1	1587 64	20 88	1566 76	5 55	15 33
	Stage 2	211 88	22 77	189 11	72	22 05
	Stage 3	251 77	136 03	115 74	71 26	64 77
	Total	2051 29	179 68	1871 61	77 53	102 15

64.1 Provision required under IRACP norms 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.

64.2 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)

64.3 Includes additional provision of ₹ 14 82 lakhs as stated in Note 49.(i)

65. DISCLOSURES AS REQUIRED FOR LIQUIDITY RISK**65.1 Funding Concentration based on Significant Counterparty
(Both Deposits and Borrowings)**

(₹ in lakhs)

Particulars	As at 31-Mar-21
Number of Significant Counter Parties (Refer Note 65.1.1)(In No.s)	20
Amount (In Lakhs)	1751 12
Percentage of Funding Concentration to Total Deposits	3147.23%
Percentage of Funding Concentration to Total Liabilities	87.54%

65.1.1 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.

65.1.2 Including borrowing from securitisation and non-convertible debentures.

65.2 Top 20 Deposits

(₹ in lakhs)

Particulars	As at 31-Mar-21
Total Amount of Top 20 Deposits (₹ in lakhs)	6 25
Percentage of Amount of top 20 Deposits to Total Deposits	11.24%

65.3 Top 10 Borrowing

(₹ in lakhs)

Particulars	As at 31-Mar-21
Total Amount of Top 10 borrowings (₹ in lakhs) (Refer Note No. 65.3.1)	916 24
Percentage of amount of top 10 Borrowings to Total Borrowings	50.20%

65.3.1 Including borrowing on securitisation

65.4 Funding Concentration based on significant instrument/product (Refer Note No. 65.4.1)

(₹ in lakhs)

Particulars	As at 31-Mar-21	Percentage of total liabilities
Loan from Bank/ Other Financial Institution (Refer Note No. 65.4.2)	1529 60	76.47%
Subordinated Debts (Refer Note No. 65.4.3)	66 29	3.31%
Deposits (Refer Note No. 65.4.4)	55 65	2.78%
Non-Convertible Debentures (Refer Note No. 65.4.5)	285 29	14.26%

65.4.1 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.

65.4.2 Includes securitisation borrowings.

65.4.3 Includes unclaimed matured subordinated liabilities.

65.4.4 Includes unclaimed matured deposits.

65.4.5 Includes unclaimed matured debenture.

65.5 Stock Ratio

(₹ in lakhs)

Particulars	As at 31-Mar-21
(i) Commercial paper as a percentage of total public funds (Refer Note No. 65.5.1)	-
(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	85%
(v) Other short term liabilities as a percentage of total liabilities	82%
(vi) Other short term liabilities as a percentage of total assets	64%
(vii) Non convertible debentures (original maturity less than 1 year) as a percentage of total public funds	-
(viii) Non convertible debentures (original maturity less than 1 year) as a percentage of total liabilities	-
(ix) Non convertible debentures (original maturity less than 1 year) as a percentage of total assets	-

65.5.1 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.)

65.6 Institutional Setup for liquidity risk management (Refer Note no. 45.2.11)

66. CUSTOMER COMPLAINTS

Particulars	2020-2021	2019-2020
(a) Number of complaints pending at the beginning of the year	2	10
(b) Number of complaints received during the year	2 168	1 793
(c) Number of complaints redressed during the year	2 169	1 801
(d) Number of complaints pending at the end of the year	1	2

67. INFORMATION ON INSTANCES OF FRAUD

Instances of fraud for the year ended 31st March, 2021:

(₹ in lakhs)

Nature of Fraud	No. of Cases	Amount of Fraud	Recovery	Amount Provided/ Written-Off
Nil	Nil	Nil	Nil	Nil

During the year the company has intimated RBI about a fraud at one of the borrower entities and written off the balance receivable amounting to ₹ 457 lakhs. However, since there is no evidence to indicate any relation with the funds lent to them by the company, the same has not been reported to RBI in the prescribed fraud monitoring report or included in the above disclosure.

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 fund through misrepresentation	1	1 61	55	1 06

68. PENALTIES:

No penalties have been levied by any regulator on the Company.

69. 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:

69.1 Loans and Advances availed by the NBFC, inclusive of interest accrued thereon but not paid

(₹ in lakhs)

Sl.No	Particulars	As at 31-Mar-21		As at 31-Mar-20	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a)	Debenture : Secured (Refer Note 69.1.1) (Other than falling within the meaning of Public Deposits)	285 29	4	4	4
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	529 61	-	999 11	-
(d)	Inter-Corporate Loans and Borrowing	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Public Deposits (Refer Note 69.1.2)	55 65	2 34	45 52	3 59
(g)	Other Loans				
	▪ Subordinated Debt (Refer Note 69.1.3)	66 29	9	65 98	-
	▪ Cash Credit	53 88	-	446 72	-
	▪ Working Capital Demand Loan	946 11	-	785 43	-
	▪ Deposits from Corporates	-	-	1 76	-
	▪ Loans and Advances from Directors (Unsecured)	10 17	-	10 17	-
	▪ Senior Secured Notes	-	-	-	-
	▪ Borrowings	-	-	-	-
	Total	1947 00	2 47	2354 73	3 63

69.1.1 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.

69.1.2 Overdue of ₹ 2 34 lakhs (including interest) in respect of public deposit includes deposits for a sum of ₹ 44 lakhs pending renewal and deposits for a sum of ₹ 1 90 lakhs for which payment could not be made as claims were not received from deposit holders.

69.1.3 Overdue of ₹ 9 lakhs in respect of subordinated liabilities represents liabilities for which repayment could not be made as claims were not received from holders.

69.2 Break-up of (1)(f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid):

(₹ in lakhs)

Sl.No	Particulars	As at 31-Mar-21		As at 31-Mar-20	
		Amount Outstanding	Amount Overdue	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	55 65	2 34	45 52	3 59

Assets Side:

69.3 Break-up of Loans and Advances including bills receivables (other than those included in 69.4 below)

(₹ in lakhs)

Sl.No	Particulars	As at 31-Mar-21	As at 31-Mar-20
		Amount Outstanding	Amount Outstanding
(a)	Secured	133 17	209 31
(b)	Unsecured (DPN)	7 25	12 28

69.4 Break up of Leased Assets and Stock on Hire and other assets counting towards Asset financing activities

(₹ in lakhs)

Sl.No	Particulars	As at 31-Mar-21	As at 31-Mar-20
		Amount Outstanding (Gross Value)	Amount Outstanding (Gross Value)
(i)	Lease Assets Including Lease Rentals Under Sundry Debtors :		
	a) Financial Lease	Nil	Nil
	b) Operating Lease	Nil	Nil
(ii)	Stock on Hire Including Hire Charges under Sundry Debtors:		
	a) Assets on Hire	Nil	Nil
	b) Repossessed Assets	Nil	Nil
(iii)	Others Loans counting towards Asset Financing Activities (Refer Note No.69.4.1)		
	a) Loans where Assets have been Repossessed	72	3 31
	b) Loans Other than (a) Above	1910 15	2331 07

69.4.1 Represents Vehicle loans

69.5 Break-Up of Investments:

(₹ in lakhs)

Sl.No	Particulars	As at 31-Mar-21	As at 31-Mar-20
		Amount Outstanding	Amount Outstanding
1	Current Investments:		
	Quoted:		
	i. Shares: (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	ii. Debenture and Bonds	Nil	Nil
	iii. Units of Mutual Funds	Nil	Nil
	iv. Government Securities	16	5 05
	v. Others	Nil	Nil
	Gold Exchange traded fund of UTI		
2	Unquoted :		
	i. Shares: (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	ii. Debentures and Bonds	Nil	Nil
	iii. Units of Mutual Funds	Nil	Nil
	iv. Government Securities	Nil	Nil
	v. Others (Please specify)	Nil	Nil
3	Long Term Investments :		
	Quoted:		
	i. Shares: (a) Equity	2 14	1 08
	(b) Preference	Nil	Nil
	ii. Debentures and Bonds	Nil	Nil
	iii. Units of Mutual Funds	Nil	Nil
	iv. Government Securities	8 37	5 09
	v. Others (Please specify)	Nil	Nil
4	Unquoted :		
	i. Shares: (a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	ii. Debentures and Bonds	Nil	Nil
	iii. Units of Mutual Funds	Nil	Nil
	iv. Government Securities	Nil	Nil
	v. Others	5 68	5 21
	Total	16 35	16 43

69.6 Borrower group-wise classification of all Leased assets, Stock-on Hire and Loans and Advances financed as in Note No: 69.3 and 69.4 above:

(₹ in lakhs)

Sl. No	Particulars	As at 31-Mar-21			As at 31-Mar-20		
		Amount Net of ECL Provision			Amount Net of ECL Provision		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
	(b) Companies In the Same Group	Nil	Nil	Nil	Nil	Nil	Nil
	(c) Other Related Parties	20 36	5 78	26 14	Nil	9 43	9 43
2	Other than Related Parties	1844 32	1 15	1845 47	2415 53	2 73	2418 26
	Total	1864 68	6 93	1871 61	2415 53	12 16	2427 69

69.7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in lakhs)

Sl. No	Category	As at 31-Mar-21		As at 31-Mar-20	
		Market Value/ Break Up or Fair Value or NAV	Book Value (Net of Provisions)	Market Value/ Break Up or Fair Value or NAV	Book Value (Net of Provisions)
1	Related Parties				
	(a) Subsidiaries	Nil	Nil	Nil	Nil
	(b) Companies In the Same Group	Nil	Nil	Nil	Nil
	(c) Other Related Parties	Nil	Nil	Nil	Nil
2	Other Than Related Parties	16 35	16 35	16 43	16 43
	Total	16 35	16 35	16 43	16 43

69.8 Other information

(₹ in lakhs)

Sl. No		As at 31-Mar-21	As at 31-Mar-20
i.	Gross Non-Performing Assets (Refer Note 69.8.1)		
	a) Related Parties	Nil	Nil
	b) Other Than Related Parties	251 77	175 15
ii	Net Non - Performing Assets		
	a) Related Parties	Nil	Nil
	b) Other Than Related Parties	115 74	98 21
iii	Assets Acquired in Satisfaction of Debt	Nil	Nil

69.8.1 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)

70. Disclosure as per the format prescribed as per the notification no. RBI / 2020-21 / 16 DOR.No.BP. BC / 3 / 21.04.048 / 2020-21 for the year ended 31st March, 2021

(₹ in lakhs)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loan	Nil	Nil	Nil	Nil	Nil
Corporate persons*	Nil	Nil	Nil	Nil	Nil
Of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

* As defined in Section 3 (7) of the Insolvency and Bankruptcy Code, 2016

71. Disclosure as per the circular no. RBI / 2019-20 / 88 DOR.NBFC (PD) CC No.102 / 03.10.001 / 2019-20 dated November 04, 2019 issued by Reserve Bank of India on "Liquidity Coverage Ratio (LCR)"

71.1 Quantitative Disclosure

(₹ in lakhs)

Liquidity Coverage Ratio (LCR)		As at 31-Mar-21		As at 31-Dec-20*	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	550 45	550 45	411 29	411 29
Cash Outflows					
2	Deposits (for deposit taking companies)	4 21	4 84	5 43	6 25
3	Unsecured wholesale funding	79	91	21	24
4	Secured wholesale funding	246 56	283 55	248 75	286 07
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	44 93	51 67	41 20	47 38
7	Other contingent funding obligations				
8	TOTAL CASH OUTFLOWS	296 49	340 97	295 59	339 94
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	207 17	155 37	370 42	277 82
11	Other cash inflows	32 02	24 01	26 01	19 51
12	TOTAL CASH INFLOWS	239 19	179 38	396 43	297 33
13	TOTAL HQLA		550 45		411 29
14	TOTAL NET CASH OUTFLOWS		161 59		84 98
15	LIQUIDITY COVERAGE RATIO (%)		341%		484%

- 71.1.(i) Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for Cash inflows and Cash outflows)
- 71.1.(ii) Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factor (on Cash Inflow / Cash Outflow)
- 71.1.(iii) The average LCR for March 2021 is computed as simple average of monthly observations over the previous quarter (i.e. January 2021, February 2021 and March 2021)
- 71.1.(iv) *LCR was implemented w.e.f December 2020 and consequently, disclosure as at 31st December, 2020 is based on relevant unaudited data as on 31st December, 2020
- 71.1.(v) The figures of the respective months are used for the quantitative disclosure are based on the estimates assumptions of the management, which has been relied upon by the auditors.

71.2 Qualitative Disclosure

“The Reserve Bank of India has prescribed Guidelines on Maintenance of Liquidity Coverage Ratio (LCR). All Non-Deposit taking NBFCs with asset size of ₹ 10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, is required to maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days. The LCR requirement was applicable from 1st December 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching a level upto 60%, 70%, 85% and 100% by 1st December 2021, 1st December 2022, 1st December 2023, 1st December 2024 respectively. Liquidity Coverage Ratio (LCR) ratio comprises of High Quality Liquid Assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. The average LCR is computed as simple averages of monthly observations over the previous quarter (ie. average of three months ie. January 2021, February 2021 and March 2021 for the quarter ended 31st March 2021 and average of three months ie. October 2020, November 2020 and December 2020 for the quarter ended 31st December 2020). The company, during the quarter ended 31st March 2021, had maintained average HQLA (after haircut) of ₹ 550 45 lakhs against ₹ 411 29 lakhs for the quarter ended 31st December 2020. HQLA primarily includes cash on hand, bank balances in current account and demand deposits with Scheduled commercial Banks, and Government securities (such unencumbered approved securities held as per the provisions of section 45-IB of RBI Act, is reckoned as HQLA only to the extent of 80% of the required holding). The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold. The average LCR for the quarter ended 31st March 2021 was 341% which is above the regulatory requirement of 50%. For the quarter ended 31st December 2020 average LCR was stood at 484%.”

72. Disclosure as per the format prescribed as per the notification no. RBI / 2020-21 / 17 DOR. No.BPBC / 4 / 21.04.048 / 2020-21 on “Micro, Small and Medium Enterprises (MSME) Sector - Restructuring of Advances” having exposure less than or equal to ₹ 25 crores for the year ended 31st March, 2021

(₹ in lakhs)

No. of Accounts Restructured	Amount
Nil	Nil

73. DISCLOSURE OF RESTRUCTURED ACCOUNTS

(₹ in lakhs)

Type of Restructuring			Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total				
Sl. No.	Asset Classification		Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Downgradation s of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

74. EVENTS AFTER THE REPORTING DATE/ OTHER DEVELOPMENTS

- 74.1** Material events occurring 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.
- 74.2** The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The impact of changes if any arising on enactment of the Code will be assessed by the company after the effective date of the same and the rules thereunder are notified.
- 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/-
GOPI K
 Partner
 Membership No: 214435

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 : 19th June, 2021

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