ANNUAL REPORT 2021 - 2022

#MuthootBlue

GIVING DREAMS A SMOOTH RIDE

Pappachan Muthoot Capital

Muthoot Pappachan

(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, happiness, peace, patience, kindness, goodness, faithfulness, humility & 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

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.

#PurposeMuthootBlue

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

CORE VALUES

INTEGRITY

COLLABORATION

EXCELLENCE

CULTURE CODES

HONESTY

INCLUSION

EMPOWERMENT

EMPATHY

FRESH THINKING & CONTINUOUS RENEWAL

OWNERSHIP

HUMILITY

WORK-LIFE BALANCE

AGILITY

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About
Muthoot Pappachan Group

The 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, 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 with the values of the group which defines the 'correct way of doing business' and the way it services maximum possible interest of all the stakeholders and not just shareholders. The true impact of a business can also be measured through how many lives it touches and how significantly it contributes in making the surrounding communities and environment better. This is not just how we do business, but this 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 the 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 in a humble way as a retail and whole-sale trader of grains at Kozhencherry. The Chit Funds business followed as a philanthropic motive and over the decades, the business grew steadily. In 1950s, Muthoot Ninan Mathai entered the gold loan business and he went on to become the largest player in Chits & Gold Loans.

The sons of Muthoot Ninan Mathai were involved in the business since childhood and Late Mathew M Thomas popularly known as Muthoot Pappachan contributed immensely in growth along with his father and brothers. Eversince the time 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 company), Thomas George Muthoot (Managing Director of the company) & Thomas Muthoot (Non-Executive Director of the company) and they presently manage the Group. The next generation has come into the Group performing various roles and they work under the guidance of these 3 Directors.

Today, MPG is a diversified group with presence into several sectors including Financial Services, Hospitality, Automotive, Realty, IT Services, Healthcare, Precious Metals, Global Services and Alternate Energy. The group has over 30,000 employees, serving over a million customers through its over 4000 branches across the country. MPG's innovation in terms of new products and adoption the latest technology has helped in winning the loyalty of our esteemed customers, while all the way remaining steadfast in adherence to the 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 a dissatisfied and demoralized workforce and the Group is particular about maintaining high standards of creativity, teamwork and dedication to commitment, which leads to employee satisfaction and happiness.

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

With unwavering commitment to the society, the group had 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, a) **H**ealth, b) **E**ducation, c) **E**nvironment, and d) **L**ivelihood. Muthoot Pappachan Group respects each individual connected to it and continuously learns from its experience with each individual.

About
Muthoot Capital Services Limited

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

We offer fund based financial services to retail, corporate and institutional customers through the wide network of branches of Muthoot Fincorp Ltd, dealership points and various other means. Our portfolio includes retail finance products such as Two-Wheeler Loans, Used Car Loans along with business loans to corporates and Investment Products in the form of Fixed Deposits and subordinated debts. In all our business verticals, we continuously strive to provide timely credit to millions of people and simple options to save their hard earnings.

All of our business activities are conducted with one simple objective: *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 **Directors**

Mr. Thomas John Muthoot
Chairman

Mr. Thomas George Muthoot
Managing Director

Mr. Thomas Muthoot
Director

Mr. A P Kurian
Independent Director

Mrs. Shirley Thomas
Independent Woman Director

Mr. Thomas Mathew
Independent Director

Corporate **Information**

Registered Office	Muthoot Capital Services Limited 3rd Floor, Muthoot Towers, M.G Road, Kochi - 682 035 Tel : +91 484 6619600/ 6613450 Fax : +91 484 2381261 Email : mail@muthootcap.com Website : www.muthootcap.com	
CIN	L67120KL1994PLC007726	
ISIN	INE296G01013	
BSE Code	511766	
NSE Code	MUTHOOTCAP	
Chief Operating Officer	Mr. Madhu Alexiouse	
Chief Finance Officer	Mr. Vinodkumar M Panicker	
Company Secretary & Compliance Officer	Mr. Abhijith Jayan	
Management Team	Mr. Balakrishnan R	Executive Vice President
	Mr. Arun Singer	General Manager (North & East) (Appointed on 09/11/2021)
	Mr.Sheeraj Khan	Head of Human Capital Management & Development (Appointed on 07/04/2021)
	Mr. Sandeep Vellarikkat	Head - Products, Credit & Risk
	Mr. Vijayan T	Vice President - IT & Operations
Statutory Auditors	M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, 91/92, VII Floor, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004, Tamil Nadu, India (appointed w.e.f. December 29, 2021)	
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. BDO India LLP, Chartered Accountants, XL/215 A, Krishna Kripa Layam Road Ernakulam, Kochi - 682 011 (appointed w.e.f. November 25, 2021)
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

- City Union Bank Ltd
- IDBI Bank Ltd
- Punjab National Bank
- State Bank of India
- Central Bank of India
- DCB Bank Ltd
- Dhanalaxmi Bank Ltd
- Federal Bank Ltd.
- HDFC Bank Ltd
- Indian Bank
- Indusind Bank
- Indian Overseas Bank
- Tamilnad Mercantile Bank
- Union Bank of India
- Axis Bank Ltd
- Bank of Baroda
- Canara Bank
- CSB Bank Ltd
- Yes Bank Ltd
- Tata Capital (NBFC)

Managing Director's **Statement**

Esteemed Shareholders,

Let me begin by wishing all of you good health and happiness. I sincerely hope that all is well with you and your family, in terms of health and well-being.

While the last decade or so had seen the world undergoing a rapid change, the COVID-19 has added another dimension to increase the pervading uncertainty and volatility. The last two years were probably the most challenging as the eruption of the pandemic had brought in a set of unprecedented disruptions. It truly is a tough time to write to you, more so after the end of a financial year where we have reported substantial losses, something that we had last faced way back in FY 1996. While some improvement did come up towards the end of the year, the impact caused by the disruptions were significant and would take some time to regain normalcy.

The world had come to a standstill during the pandemic, people feared to meet others and found safety within the confines of their homes. Millions rendered jobless for no fault of their own. What made matters worse was the combination of severely damaging health crisis and economic slowdown. People borrowed, if they didn’t have their own resources for healthcare and, in many instances, lost the battle. I would like to extend my sincere condolences to all those who have lost their dear and near ones due to this calamity.

I also wish to express my heartfelt condolences to the families of two of our colleagues, Mr. Bimal Singh Rawat and Mr. Krishna Prasad Kambhampati, who lost their lives due to COVID. While many of our other colleagues were also affected by COVID, they returned after a brief break and now continue to be in good health. This being said, I am extremely optimistic to say that the worst is behind us now.

MCSL Overview

Muthoot Capital Services is in the right business, and we have been providing two-wheeler and used car loans to enable the common man to fulfill his dream of owning a personal vehicle at a reasonable cost.

We have started getting back on track and have enhanced our activities after an initial turbulence during the 1st quarter of the last year. Though we were short of reaching pre-covid levels in terms of disbursements, there has been a marked improvement of performance in the disbursements front. Given that the 2W industry itself continuous to underperform, you would witness it in the business numbers for the year.

MCSL has been more cautious in its approach, and we have scaled down our activities in the last couple of years, in comparison to the previous years. The reason being, a major segment of our customers is from the bottom of the pyramid and unfortunately this section was one of the worst hit by the pandemic and we as a Company, dealing with public money, had to take stock of the situation and be cautious.

The year gone by has afforded us the time to think through newer and innovative ways of doing things, a lot of which the Company had adopted and going forward it would lead to improved ways of doing business. The adoption of digital technology for meeting, sourcing, collecting, and doing a whole lot of our other transactions has opened up a novel way of doing business.

The COVID-19 pandemic has bolstered our value framework or our business philosophy. We see this as an opportunity for us to review and renew our methods and be more creative to cope with the situation, while maintaining a relentless focus in efficiency and excellence. We are neither adventurous nor extravagant but at the same time, we have not allowed interesting business opportunities to pass by.

In the last couple of years, your Company overcame both natural and man-made issues with grit and patience to make the right decisions. Being the second consecutive year of turbulence, we have survived, continued our business with utmost caution, strived to achieve what is expected from us by all of you and above all, come out with impact which will have its cure over the next few quarters.

Whenever and wherever required, we have been nimble and aggressive as we have the 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 your Company for FY 2021-22.

- In FY22, the Company made disbursements of ₹ 1147 12 lakhs and reported an overall loan portfolio of ₹ 2056 25 Lakhs. Your Company incurred a loss of ₹ 171 82 lakhs, which is, as I mentioned above, the first time that we are reporting a loss, since FY 1996. The loss figure could have been much lower but for RBIs intervention on the PCA and the clarification of accounts from NPA to standard basis, the impact was minimal. While the Reserve Bank, did permit time for implementation of the second circular up to 30th September, your Company decided to take the necessary impact upfront rather than waiting till the permitted deadline.

  We continue to get the trust of our Investors and Lenders and during the quarter, though Securitization and loans, we have been able to raise ₹ 315 15 lakhs, while during a major part of the year we, being very high in terms of liquidity, stayed away from approaching anyone for fund raise.

- On the asset quality, your company ended FY22 with a Gross NPA of ₹ 531 37 lakhs (including accounts that were less than 90 days overdue but considered as NPA of ₹ 148 16 lakhs), we maintain a provision coverage of 82% on the entire on the NPA accounts and 23% on the overall AUM.

- MCSL has actively started to relook at 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 FY20 reduced in the last 2 years and your Company is now refocusing on the same, through various means. For the long-term growth of the Company, geographical diversification will be the right move. Used Car financing would continue to be our primary focus in the current year, with a large customer base and robust distribution network, MCSL used-car segment is expanding into several locations.

- Another important area I want to touch upon is Digitization. It is the need of the hour and is also the way forward. As the customers were not able to travel to our branches, our mobile based application and NACH has made collections easier. Collection through mobile applications and other modes have increased rapidly, with 12% of our collections last year coming through digital means. Rising collections through this route would also bring down costs and delinquencies over time. Our representatives can source business and send the details of the customers with a mobile phone and customers can apply for a loan through the MPower Application and via other digital means. We are also looking into the opportunity for digital sourcing of customers through a platform that we plan on setting up shortly.

In view of the credibility that the Company and the Muthoot Pappachan Group (MPG) possess, Lenders and Securitization transaction Investors continued to reward us with lower interest rates, which has helped us a lot during the turbulent times. The Company has a comfortable liquidity position, and we are confident that it will continue to improve. Plans are being made to scale up fixed deposits via massive campaigns, as there is a huge opportunity for borrowing funds through this route and could significantly lower the overall cost of funds.

Learning from the experiences of the past, the Company has been proactively taking corrective measures in its day-to-day process to improve performance. The next few months would be very crucial for the employees and for the organization as a whole; maintaining the recovery trend and keeping momentum will be key. We are in constant touch with our loyal customers and are finding improved ways to for value addition by revamping our current product lines and by launching new offerings as per market demand. The plans drawn for the year 2022-23 is assuming that the pandemic, even if it resurfaces, will not impact lives and livelihoods of the people and economic activities will continue to increase on a day-to-day basis.

The current priority is to protect and consolidate the position of the Company during the first half of FY23. The maintenance of delinquencies, product portfolios and quality, and a close watch on credit processes will be of highest priority and paramount importance in the first two quarters or until the situations improve. “Control over costs” would also be a major focus in the current year. As social distancing norms continue, with every bout of the pandemic showing reoccurrence, we believe that people would try to avoid public transport and therefore look at 2-wheelers as a mode for commuting. It is reassuring to note that the 2W industry is expected to show growth in the current financial year. All these will ensure that the Company will grow in a secured and 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 and trust, while also assuring them that our quality of services and delivery will be as superior as ever. We are aware that FY22 was marred with numerous issues, and the performance delivered by us left a lot more to be desired. But I want to reassure you further on our commitment to adaptability, in these challenging times. I also hope and pray to the Almighty that the adversities of humanity vanish soon.

With regards,

Thomas George Muthoot
Managing Director

COO's **Statement**

Dear Shareholders,

Let me start by wishing all of you a Happy and Healthy Year ahead. Another year has passed by and we have adapted ourselves to the “new normal” of the post-pandemic world.

Against the backdrop of stressed business & environmental factors due to covid resurgence and lockdowns, FY’22 was indeed a challenging year. Despite this, on the grounds of our strong foundation, we were able to sustain the business and extend our services to a large & diversified customer base.

We revisited our strategies, altered our priorities and calibrated our performance metrics for growth. Today, we are better prepared from the past learnings to meet the challenges, while we build momentum in our business.

The industry witnessed a tumultuous year with Covid Wave 2 impacting sales in the first quarter. In the subsequent quarters, it traversed various challenges including chip shortage impacting manufacturing of two wheelers, logistics management in the wake of restrictions due to lockdowns etc. The industry de-grew 10% Y-o-Y and witnessed a slump for the third consecutive year. Towards the fourth quarter of the year, the industry witnessed some revival of demand although supply side constraints persisted.

Our Performance:

MCSL had recalibrated its strategy to identify and exploit the limited opportunities available through conscious efforts taken towards reinforcing our relationship with Dealer Principals and Muthoot Fincorp Branches. Staying true to our vision, we also rolled out a series of special schemes, crafted for specific niche segment of customers of the market.

Our attention also revolved around improving the quality of our customer portfolio and normalizing the risky assets. With ease of restrictions and improvement in customer cash flows towards the last couple of quarters, there was a marked improvement in collections as well. We were successful in containing the NPA levels to the extent possible in the second half of FY’22 and are definitely on the right track.

MCSL posted disbursements of ₹1147 12 lakhs (growth of 53% from the previous year). The revenue stood at ₹ 397 96 lakhs, generating a net income of ₹ 248 03 lakhs. We have always believed that the business of finance requires utmost prudence and caution. Adherence to the directions given by the regulators together with cautious provisioning meant that there would be a dip in the profits, registering a loss of ₹ 171 82 lakhs. This is inclusive of impairment of ₹ 324 36 lakhs during the year, thereby building buffers for any asset quality related issues in future.

Outlook:

As we step into FY 23, a more positive macro-economic outlook welcomes us and in all probability the period of uncertainty is mostly behind us. While there are headwinds in the form of rising inflation, higher interest rates, Ukraine crisis etc., our economy seems to be better poised to traverse these shocks. GDP is set to grow at 7.3% and we are likely to be the fastest growing economy in the world.

With the work force returning to office and schools/colleges becoming fully operational, the two-wheeler industry is also poised to grow this year, shredding the de-growth of last few years. The OEMs (manufacturers) are also gearing up for a great festive season in the upcoming months and expect both demand and supply side constraints to ease considerably.

Given the revival of demand and opening up of market besides our strong presence across 240+ districts in 20 states, we have chalked out the blueprint to further serve the financial needs of our customers through geographic expansion and consolidation. The branch network of our flagship company - Muthoot Fincorp, has always been a key contributor to our business model. We have renewed our focus on this channel by means of various initiatives and campaigns and we are also preparing a landscape to ensure that we increase the business of Muthoot Pappachan Group on an ongoing basis.

Technology has become the biggest disruptor over the last few years, driving the delivery of financial services through digital means. It is imperative to note that we are equally focused on enhancing our technological capabilities. A milestone that we achieved this year was migrating to a robust and advanced loan management system. There are projects in pipeline that are aimed at enhancing the processes & systems and further empower our customers and employees.

Conclusion:

I would like to place my sincere gratitude to all Muthootians for their relentless efforts and for giving their best in the most trying years. Also, I thank all our stakeholders for the confidence they have bestowed upon us and for continuing to stand firm with MCSL in our long-term growth story. Backed by this strong support, a favorable macro-economic environment and a better market potential, I believe we will be able to sail through the prevailing storms, create new benchmarks in the industry, and drive your company to greater heights.

With regards,

Madhu Alexiouse,
Chief Operating Officer

Our **Branches**

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

PUDUCHERRY		
20	**Karaikkal**	1st Floor, Door No. 2, Kannadiar Street, Karaikkal - 609 602
KARNATAKA		
21	**Bangalore**	No. 29, "Shree Krishna" Opp. Raheja Park Apartment, Magadi Main Road, Vijayanagar, Bangalore - 560 040
22	**Hubli**	1st Floor, Above Vijayalakshmi TVS Show Room, Gokul Road, Hubli - 580 030
23	**Mysore**	1st Floor, No. 170/1, M 52, B N Street, Opp: Mandi Market, Mandi Mohalla, Mysore - 570 021
24	**Shimoga**	No. 44/44/44, Satish Arcade, 2nd Floor, Savalanga Road, Shimoga - 577 201
TELANGANA		
25	**Hyderabad**	Door No. 2-2-1130/24/D/1, 1st 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**	1st 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

Corporate 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 21 - 22 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…

EXTENDING A HEELING TOUCH.

Under the theme HEEL, MCSL is supporting several of the Muthoot Pappachan Group's CSR efforts. The theme represents four areas of activity: health, education, the environment and livelihood. The following are some of the activities undertaken by MCSL in collaboration with the Muthoot Pappachan Foundation.

AASHIANA REHABILITATION CENTRE

OVERFLOWING WITH COMPASSION.

CELEBRATING MILESTONES OF LOVE AT AASHIANA.
Birthday celebrations at the rehabilitation centre.

ENGAGING PATIENTS WITH QUALITY OF CARE.
Competitions at Aashiana.

The Ensemble: Love, support, care, compassion and hope.



PHYSIOTHERAPY: CARE FOR THE BODY, MIND AND SOUL.


A FUN-FILLED CHRISTMAS AT AASHIANA.

THE FOUNDATIONS OF LOVE.

HOMES OF COMPASSION.
Homes for Chellanam sea rage victims.

RENOVATING HOPES, REINFORCING FOUNDATIONS.

THE WAVE OF UNBOUNDED COMPASSION.
Help to the victims of Chellanam sea rage.

CARING FOR CANCER PATIENTS WITH TIMELY CHEMO-SUPPORT.

EDUCATION SUPPORT TO CHILDREN; LAYING THE FOUNDATIONS OF LIFE.

SUPPORTING LIVELIHOODS, BUILDING RESILIENCE.

UNBRIDLED LOVE.

Help extended during COVID-19 lockdowns.

Report of the Board of Directors

Dear Members,

Your Directors have pleasure in presenting the **28th Annual Report** on your Company's business and operations together with audited financial statements of the Company for the financial year ended March 31, 2022.

1. PERFORMANCE HIGHLIGHTS

A snapshot on key performance highlights of your Company during a period that was tough as the Company had to traverse a hard road towards economic recovery following the slump in business due to the COVID-19 Pandemic induced economic slowdown, is as given below:

a) Financial Results

The summarized financial results of your Company for the FY 2021-2022 are given below:

(₹ in lakhs, except earnings per share)

Particulars	2021-2022	2020-2021
Total Income	397 96	505 04
Total Expenses	627 01	435 54
Profit/(Loss) Before Tax (PBT)	(229 05)	69 50
Tax Expense	(57 12)	18 04
Profit/(Loss) After Tax (PAT) (Including OCI)	(171 82)	52 19
Basic Earnings Per Share (EPS)	(104.54)	31.29

b) Business Growth

Your Company was able to conclude the year ended March 31, 2022 with limited reduction in its loan portfolio despite 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 1.5%. The AUM (including sold portfolio) of the Company as on March 31, 2022 was ₹ 2056 25 lakhs as against ₹ 2088 48 lakhs that was there as on March 31, 2021.

c) Profitability

The total income of the Company decreased to ₹ 397 96 lakhs during the FY 2021-2022 as against ₹ 505 04 lakhs during the FY 2020-2021. The total expenditure for the FY 2021-2022 was at ₹ 627 01 lakhs. The Company ended up with a loss of ₹ 171 82 lakhs during the FY 2021-2022 while the net profit after tax for the FY 2020-2021 was ₹ 52 19 lakhs. The Net Interest Margin (NIM) is reported at 62.3% for the current financial year as against 63.0% in FY 2020 - 2021.

d) Asset Quality

As on March 31, 2022, the gross NPA and net NPA in the books of your Company stood at ₹ 531 37 lakhs and ₹ 92 49 lakhs respectively. The Provision Coverage on the entire on-book loan stood at 23.0% against 8.7% as on March 31, 2021. Your Company witnessed an increase in delinquencies from the third quarter of the last year post the moratorium period, granted to the borrowers as per the RBI regulations, as an after-effect of the 2nd wave of the COVID-19 Pandemic. Apart from the normal increase in the delinquencies, the 2 notifications issued by Reserve Bank of India, one regarding the application of Prompt Corrective Action, if certain conditions apply including NNPA of > 6% and the other notification on the movement from sub-standard to standard only on all dues getting collected, meant a larger provision requirement. In view of the provisions for the anticipated future delinquencies, an overall provisioning to the extent of ₹ 470 33 lakhs at the end of the current financial year was created.

e) Net worth & Capital Adequacy Ratio

The net worth of your Company stood at ₹ 387 75 lakhs as against ₹ 559 57 lakhs in the previous year, lower largely on account of additional provisions made on delinquent accounts, as mentioned above. The Company's total Capital Adequacy Ratio (CRAR) as on March 31, 2022 stood at 19.73% 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%. Out of the above, Tier I CRAR stood at 19.29% and Tier II CRAR stood at 0.44%. The CRAR as on March 31, 2021 was at 31.78%.

f) Earnings Per Share

Earnings Per Share of your Company during the year under review is reported at ₹ (104.54) against ₹ 31.29 as on March 31, 2021. Return on Equity was at (36.3%) for the current financial year.

2. DIVIDEND

Your Board of Directors, in view of the negative profit figures, has decided not to recommend any dividend for the FY 2021-2022.

3. RESERVES

Your Board of Directors has not transferred any amount to the Statutory Reserve to be maintained under Section 45-IC of the Reserve Bank of India Act, 1934 on account of the loss incurred during the financial year ended March 31, 2022. The Company has not transferred any amount to the General Reserve for the financial year ended March 31, 2022.

4. RESOURCE MOBILISATION

a) Share Capital

The authorized share capital of the Company is ₹ 25 00 lakhs, and the paid-up share capital of the Company is ₹ 16 45 lakhs. The Company had not issued any equity shares either with or without differential rights during the FY 2021- 2022 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 redeemed Secured Redeemable Non-Convertible Debentures aggregating to an amount of ₹ 125 00 lakhs. 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, 2022, the residual portion of Secured Redeemable Non-Convertible Debentures under private placement including those issued during earlier years along with interest accrued is ₹ 154 30 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, 2022, received by the Company including interest accrued at that date is ₹ 61 50 lakhs.

As on March 31, 2022, there are 82 accounts of fixed deposits amounting to ₹ 162 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, 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, 2022, the total amount of outstanding subordinated debts, including accrued interest was ₹ 34 65 lakhs as against ₹ 66 29 lakhs in the previous year.

The subordinated debts and public deposits contribute to 5.9% of our total funding.

e) Bank Finance

The Company raises funds for its working capital resources purpose mainly from banks. As on March 31, 2022, the total outstanding amount of credit facilities from Banks were ₹1105 76 lakhs as against ₹ 1306 92 lakhs as on March 31, 2021 excluding accrued interest.

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 ₹ 315 15 lakhs (net of MRR) (previous year ₹ 130 86 lakhs). The same has been invested into by various kinds of entities and the value remaining outstanding as on March 31, 2022, was ₹ 265 56 lakhs (previous year ₹ 214 40 lakhs).

5. DIRECTORS

As on March 31, 2022, the Board of your Company consisted of the following six 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. Shirley Thomas 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 has benefited immensely by their presence on the Board. The key Board qualifications, expertise, attributes are given in detail in the Report on Corporate Governance which forms part of this Report.

Mr. Thomas Muthoot, Director (DIN: 00082099) retires at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. The Board of Directors recommends the re-appointment of Mr. Thomas Muthoot as Director of the Company. The detailed profile of Mr. Thomas Muthoot, recommended for re-appointment, is enclosed with the Notice for the 28th AGM of the Company.

a) Changes in Directors and Key Managerial Personnel (KMP) during the FY 2021-2022

During the year under review, Mrs. Shirley Thomas was appointed as a Non-Executive Independent Woman Director on November 25,2021. Mr. K. M. Abraham and Mrs. Radha Unni resigned from the position of Non-Executive Independent Directors w.e.f. October 11, 2021 and November 20, 2021, respectively.

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, 2022.

b) Declaration by Independent Directors

On April 01, 2022, the Company has received declaration from each of the Independent Directors of the Company under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence as laid down in Section 149 (6) of the Companies Act, 2013 and subsequently the same was placed at the Board Meeting held on May 17, 2022.

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 consider 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://muthootcap.com/wp-content/uploads/2021/09/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 2021-2022, your Board of Directors met six times. More details about the meetings of the Board are given in the Report on Corporate Governance, which forms a 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 ₹ 1080 06 lakhs and as on March 31, 2022, the total outstanding amount was ₹ 1939 33 lakhs. The Company had disbursed business / corporate loans to the extent of ₹ 67 06 lakhs and as on March 31, 2022, the outstanding amount is ₹116 92 lakhs.

The Company had entered into pool buyout arrangement of loan receivables amounting to ₹ 19 16 lakhs (after deducting 5% / 10% for MRR requirement) during the year under review. The aggregate amount outstanding under loan buyout as on March 31, 2022 was ₹ 24 44 lakhs.

The sourcing of two-wheeler and used car business of the Company takes place mainly at the dealer points for two wheelers where Company representatives are present and through branches of its group 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

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

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

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

10. RISK MANAGEMENT

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

The Company believes that risk resilience is key to achieving higher growth. To this effect, the Company has a well-defined Risk Management Policy in place to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities and thereby 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 action 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 appointed M/s. BDO India LLP, Chartered Accountants as the Internal Auditors of the Company for the period under review . 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 2021-2022.

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://muthootcap.com/wp-content/uploads/2021/10/CSR_Policy-MCSL.pdf*.

During the year, the Company spent an amount of ₹ 208 lakhs identified as CSR activities including for ongoing projects from financial year 2020-21. 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. As M/s. Varma & Varma, Chartered Accountants had completed their tenure as per the said RBI Guidelines, the company has appointed M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, 91/92, VII Floor, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004, Tamil Nadu, India as the Statutory Auditors of the Company to hold office from conclusion of the Extra-Ordinary General Meeting held on December 29, 2021 till conclusion of the 28th Annual General Meeting of the Company to conduct audit of accounts of the Company for the financial year ending March 31, 2022.

In this background, your Directors recommend the appointment of M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, 91/92, VII Floor, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004, Tamil Nadu, India as the Statutory Auditors of the Company subject to the approval of Members for a period of two years from the conclusion of 28th Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company.

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to the Accounts section of the Annual Report. Further, your Directors confirm that there are no qualification, reservation or adverse remark or disclaimer in the Independent Auditor's Report provided by Statutory Auditors for the FY 2021-2022.

b) Secretarial Auditors

The Board, at its meeting held on June 19, 2021, re-appointed M/s. SEP & Associates, Company Secretaries, Building No. CC 56/172, K C Abraham Master Road, Panampilly Nagar, Kochi - 682036 to conduct the Secretarial Audit for the year ended March 31, 2022 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 2021- 2022 is enclosed to this report as ***Annexure 3***. The Directors of your Company confirms that there is no qualification, reservation or adverse remark or disclaimer in Secretarial Audit Report for the period under review.

14. COMPLIANCE WITH THE 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 Meetings 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 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 2021-2022 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 2021-2022 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 Bankers and Muthoot Fincorp Limited 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, 2022 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 transactions.

Also, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosures as per Form AOC-2 under Section 134 (3) (h) of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 is not required. However, the disclosure of transactions with related party for the year, as per IND-AS 24 Related Party Disclosures is given in Notes to the Accounts section of the Annual Report.

The Company has in place a Board approved Related Party Transaction Policy which is available on the website of the Company at *https://muthootcap.com/wp-content/uploads/2022/067/Related-party-transaction-policy.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. Your Company has paid the required listing fees to both the Stock Exchanges for the FY 2021 - 2022.

21. BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report as required under Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015 is enclosed as a part of this 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 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://muthootcap.com/wp-content/uploads/2021/09/Fair-Practice-Code.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. ANNUAL RETURN

The Annual Return of the Company is available on the website and can be accessed at *www.muthootcap.com/investors* under the Corporate Disclosures Tab.

27. DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy approved by the Board of Directors of the Company is available on the website and can be accessed at https://www.muthootcap.com/wp-content/uploads/2021/12/Policy-on-Distribution-of-Dividends.pdf

28. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts, the applicable accounting standards 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.

29. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

Kochi
May 17, 2022

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, Mr. Thomas Mathew, and Mrs. Shirley Thomas a certificate stating their Independence as required under Section 149 (6) of the Companies Act, 2013.

Sd/-
Thomas George Muthoot
Managing Director
DIN : 00011552

Kochi
May 17, 2022

ANNEXURE 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief Outline of the Company's CSR Policy

The CSR Policy of the Company reflects the Company's philosophy on its social commitment and mission which is designed to portray its obligation to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates. The Policy applies to all CSR initiatives and activities taken up at the various work centers and locations of the Company, for the benefit of various segments of the society, with the emphasis on the under privileged.

Each CSR activity/project of the Company are undertaken/executed either directly by the Company or channelized through implementing agencies. During the FY 2021 - 2022, the emphasis of CSR activities of the Company was mainly on providing housing support to the financially backward community. Equal thrust was given for arranging COVID relief support by providing food, medicines, and sanitization kits to the badly affected areas in the state. The Company continued with their medical support to the needy patients in various ways along with support for chemo therapy to the patients undergoing different kinds of cancer treatments under the guidance of the General Hospital in the district. The company also was also part of women empowerment projects changing the life of women through Art therapy during the period in addition to providing education support to the needy students. 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 of the Member	Position	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
Mr. Thomas Muthoot	Chairman	4	4
Mrs. Radha Unni[1]	Member	3	3
Mr. Thomas Mathew	Member	4	4
Mr. K.M. Abraham[2]	Member	2	1
Mrs. Shirley Thomas[3]	Member	1	1

1 Resigned from the Board w.e.f November 20, 2021.
2 Resigned from the Board w.e.f October 11, 2021.
3 Appointed w.e.f November 25, 2021.

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/2021/10/CSR_Policy-MCSL.pdf*

   c. **CSR Projects:** *https://www.muthootcap.com/investors/#tab4*

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**	**96 74**
7.	**(a) Two percent of average net profit of the Company as per section 135(5)**	**1 94**
	(b) Surplus arising out of the CSR projects or programmes of the previous financial year	-
	(c) Amount required to be set off for the financial year, if any	-
	(d) Total CSR obligation for the financial year (7d=7a+7b-7c)	**1 94**
	Add: Round up	-
	Total amount available for the CSR activities for the FY 2021- 2022	**1 94**

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
208	49	30.04.2022	-	-	-

(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 transferred 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	5 Months	31	19	12	No	Muthoot Pappachan Foundation	CSR00003932
2	Muthoot Pappachan Football Academy	Promotion of Sports	Yes	Kerala	Malappuram	36 Months	37	-	37	No	Muthoot Pappachan Foundation	CSR00003932
		Total					68	19	49			

(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)	Promoting health care including preventive health care	Yes	Kerala	Ernakulam	25	No	Muthoot Pappachan Foundation	CSR00003932
2	Chemo treatment with General Hospital		Yes	Kerala	Ernakulam	36	No	Muthoot Pappachan Foundation	CSR00003932
3	Medical Support		Yes	Kerala & Tamil Nadu	Various Districts	24	No	Muthoot Pappachan Foundation	CSR00003932
4	Educational Support	Promotion of Educa-tion	Yes	Kerala, Karnataka, and Telangana	Various Districts	15	No	Muthoot Pappachan Foundation	CSR00003932
5	Other Projects [1]	Various Heads	Yes	Various States	Various Districts	82	No	Muthoot Pappachan Foundation	CSR00003932
		Total				**182**			

[1] Other projects include the following:

i. Supporting Guardians of Dreams - a Non-Profit Organization through their monthly training supports;

ii. Renovation of houses for underprivileged families;

iii. Supported programme for empowering women and enhancing livelihood physically handicapped people, distribution of sleeping mats blankets,food kits and drinking water for camps affected due to sea rage, distribution of food kits and supporting vaccination programs as part of COVID -19 relief support.

iv. Salary and travel expenses incurred for the CSR staff during the period

(d) Amount spent in Administrative Overhead : ₹ 7 lakhs

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

(f) Total Amount Spent for the FY (8b+8c+8d+8e) : ₹ 208 lakhs

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

9. **(a) Details of Unspent CSR amount for the preceding three financial years** : ₹ 44 lakhs

   (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) : ₹ 19 lakhs

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): NA

    (b) Amount of CSR spent for creation or acquisition of capital asset: NA

    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

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

ANNEXURE 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2022

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Muthoot Capital Services Limited (CIN: L67120KL1994PLC007726)** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2022 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 except in the case of Shorter Notice.

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.

We further report that *the Company has delayed in submitting the list of related party transactions with the Stock Exchanges as required under Regulation 23 (9) of SEBI (LODR) Regulations, 2015 and necessary penalties have been levied by the respective Stock Exchanges.*

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: F010085D000334961

Sd/-
CS Madhusudhanan EP
Partner
M. No.: F10085
COP No. 21874

17.05.2022
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 2022 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: F010085D000334961

Sd/-
CS Madhusudhanan EP
Partner
M. No.: F10085
COP No. 21874

17.05.2022
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 2021 - 2022: 195:1**

(ii) **The percentage of increase in remuneration of Managing Director, Chief Executive Officer, Chief Finance Officer and Company Secretary during the FY 2021 - 2022:**

Sl. No.	Name of Director/ KMP	Designation	Remuneration during the FY 2021 - 2022 (₹ in Lakhs)	% increase in Remuneration during the FY 2021 - 2022
1.	Mr. Thomas George Muthoot	Managing Director	372	9%
2.	Mr. Vinodkumar M. Panicker	Chief Finance Officer	82	5%
3.	Mr. Abhijith Jayan	Company Secretary & Compliance Officer	7.2	11%

(iii) **The percentage increase in the median remuneration of the employees in the Financial Year 2021 - 2022:** There has been an increase of 3.89 % in the median remuneration of the employees of the Company in Financial Year 2021 - 2022 as compared to Financial Year 2020 - 2021.

(iv) **The number of permanent employees on the rolls of the Company as on March 31, 2022:** There were 1440 permanent employees on the rolls of the Company as on March 31, 2022.

(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 2021 - 2022 was 1.28 % and the average remuneration of KMPs has reported as increase of about 0.11%.

Justification for Increase: The increase in the remuneration is line with the industrial standard and practices.

(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

Sd/-

Thomas John Muthoot
Chairman
DIN: 00011618

Kochi
May 17, 2022

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, 2022

Name of Employee	Mr. Thomas George Muthoot	Mr. Vinodkumar M. Panicker	Mr. R. Balakrishnan	Mr. Madhu Alexiouse	Mr. Arun Singer
Designation	Managing Director	Chief Finance Officer	Executive Vice President	Chief Operating Officer	GM - North
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	60	56	57	51	47
Qualification	B. Com	B. Com, ACA	MSc. Maths, PGDM	MBA	MBA
Experience (in years)	38	33	33	26	24
Date of commencement of employment	12.07.2021	16.12.2013	01.08.2008	01.02.2017	09.11.2021
Gross Remuneration (in lakhs)	348.00	71.00	67.72	66.00	46.52
% of Shareholding in the Company	19.05%	0.0124%	--	--	--
Last employment	--	Outlook Publishing (I) Pvt. Ltd.	TVS Finance and Services Ltd.	IIFL	WheelsEmi Private Limited
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. Arin Ghosh**	**Mr. Imitiaz Parackat**	**Mr. Vijayan T**	**Mr. Ullas K B**	**Mr. Rahul Raut**
Designation	Deputy Vice President - Collections	AVP - Sales	VP - IT & Operations	Senior Associate Vice President	AVP - Sales
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	50	49	48	40	40
Qualification	BA (History), Diploma in Systems Management	PG Diploma in Sales and Marketing	B. Com, DCA	B. Com	Diploma in Mechanical Engineering
Experience (in years)	21	24	22	15	21
Date of commencement of employment	09.07.2021	07.03.2019	01.09.2008	10.01.2015	12.09.2019
Gross Remuneration (in lakhs)	34.63	25.57	25.80	26.46	26.20
% of Shareholding in the Company	--	--	0.000061%	--	--
Last employment	Srei Equipment Finance Limited	Capital First Limited	TVS Finance and Services Ltd	Bajaj Auto Ltd	TVS Credit Services Limited
Relationship with any Director	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors

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

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. Although Muthoot Capital Services Limited is not one amongst the top one thousand listed companies based on the market capitalisation as on 31st March 2022, 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 and Corporate Loans. Our investment product includes Fixed Deposits and Subordinated debts.

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	3rd Floor, Muthoot Towers, M.G. Road,Kochi - 682 035
4	Website	www.muthootcap.com
5	E-mail id	mail@muthootcap.com
6	Financial Year reported	April 1, 2021 - March 31, 2022
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, 2022)

Sl. No.	Particulars	Company Information
1	Paid up capital	Rs. 16 45 lakhs
2	Total Turnover	Rs. 397 96 lakhs
3	Total profit after taxes (INR) (Including OCI)	Rs. (171 82) lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Refer Annual Report on CSR Activities enclosed to the Board's Report as ***Annexure 2***
5	List of activities in which expenditure in 4 above has been incurred:	Refer Annual Report on CSR Activities enclosed to the Board's Report as ***Annexure 2***

Section C: Other Details

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

   As on March 31, 2022, the Company has no subsidiaries.

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

   Not Applicable

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

   No.

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

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 P1	Product Responsibility P2	Wellbeing of Employees P3	Stakeholder Engagement P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Customer Relations 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?	**Following policies are displayed on the Company's website:** 1. Fair Practice Code https://www.muthootcap.com/wp-content/uploads/2021/09/Fair-Practice-Code.pdf 2. Corporate Social Responsibility Policy https://www.muthootcap.com/wp-content/uploads/2021/10/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 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.								
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)

Sl. 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 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 31.03.2022 is 1891

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Total number of employees hired on temporary/contractual/casual basis is 522.

3. Please indicate the Number of permanent women employees.

Number of permanent women employees as on 31.03.2022 is 292.

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	840 hours
2	Permanent Women Employees	Nil	232 hours
3	Casual/Temporary/Contractual Employees	Nil	Nil
4	Employees with Disabilities	Nil	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 Rs 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 (including for ongoing projects from financial year 2020-21) during the FY 2021-2022 is Rs.208 lakhs.

   Please refer to Annual Report on CSR Activities attached in this Annual Report

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   CSR activities are constantly reviewed prior to implementation and fresh support is given only where adoptions are at a better level. Please refer to Annual Report on CSR Activities attached in this Annual Report.

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

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

   Nil

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

   Yes

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   No

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**

   Yes. Done periodically at select geographies

Management
Discussion and Analysis Report

OVERVIEW

The Management Discussion and Analysis Report (MDA) is an integral part of the Company's Annual Report which provides insightful information on the performance of an organization in view of the various macro-economic barriers under which it operates. This section helps decode the numerous financial ratios and other economic indicators for an investor. It also helps them to understand the beliefs and thinking of the management.

It elaborates the steps the company has taken to get closer to its vision. It shows the strategic intent of the management and the efforts undertaken to achieve its long-term goals. The management works continuously toward value creation and this section is intended to explain the methods and measures it undertakes to maximize value.

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.

GLOBAL ECONOMIC OVERVIEW

According to the data put out by World Bank through its flagship report titled "Global economic prospects, June 2022", it noted that stagflation risk is rising amid sharp slowdown in growth. The world economy continues to reel under a series of destabilizing shocks. After more than two years of pandemic, the Russian Federation's invasion of Ukraine and its repercussions on commodity markets, supply chains, inflation and financial conditions resulted in steepening the slowdown in global growth. Particularly, the war in Ukraine contributed to sky-rocketing prices and volatility in energy markets so much so that the improvements in activities of energy exporters are more than offset by the headwinds caused to activity in most other economies. The invasion of Ukraine has also led to a significant increase in agricultural commodity prices, which is exacerbating food insecurity and extreme poverty in many emerging market and developing economies. Numerous risks could further derail the global economy, which is treading a path of precarious recovery, from achieving its goals. Among them is the possibility of stubbornly high global inflation accompanied by tepid signs of growth, the reminiscent of the stagflation of the 1970s. This could eventually result in a sharp tightening of monetary policy in advanced economies to rein in inflation, lead to surging borrowing costs and culminating in financial stress in some emerging market and developing economies. A forceful and wide-ranging policy response is required in these economies and the global community to boost growth, bolster macroeconomic frameworks, reduce financial vulnerabilities and provide support to vulnerable population groups.

According to the International Monetary Fund (IMF), global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Beyond 2023, global growth is forecasted to decline to about 3.3 percent over the medium term. War-induced commodity price increase and broadening price pressures have led to inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies for 2022.

According to KPMG's report "Global Economic Outlook: March 2022", the outlook for the next two years will depend on how the conflict between Russia and Ukraine evolves. With so much uncertainty at present, the report suggests the following three scenarios to examine the prospects for the world economy:

- The main scenario assumes that world oil prices will be US$30 higher than their path prior to the escalation of the crisis, while gas prices will be 50% higher across Europe. It also incorporates a 5% rise in global food prices.
- A more severe scenario looks at the potential impact with world oil prices US$40 higher together with a 100% rise in gas prices for Europe and 50% rise in gas prices for the rest of the world. This downside scenario also assumes a 10% rise in global food prices. Both scenarios incorporate a 23% rise in average metal prices and a 4% increase in the cost of agricultural inputs. They also include higher investment risk premia and additional government spending in Europe.
- The report's upside scenario looks at the possible outcome when the conflict gets resolved sooner than anticipated with prices returning to early February levels and production and trade flows restored.

INDIA GOVERNMENT'S MEASURES

The Central Government and State Governments announced a series of fiscal stimulus measures to support and stimulate economic recovery. The Central Government has been on the forefront in its fight against COVID-19 and has been supporting the efforts of States and UTs under the 'Whole of Government" approach. In this endeavour, on June 1, 2021, it was announced by the Union Government of India that it had extended the 'Pradhan Mantri Garib Kalyan Package (PMGKP) Insurance Scheme for Health Workers Fighting COVID-19 for one year with effect from 24.04.2021. The Central Government had revived this insurance policy for a period of one year to continue to provide the safety net to the dependents of health workers, who are deputed to take care of COVID-19 patients.

Emergency Credit Line Guarantee Scheme (ECLGS) since its launch, has extended relief to over 1.15 crore Micro, Small and Medium Enterprises (MSMEs) and businesses. It has provided support to eligible borrowers in meeting their operational liabilities and restarting their businesses in the wake of disruptions caused by the COVID-19 pandemic. In order to support Covid-hit MSMEs further, the government last announced that the scope of Emergency Credit Line Guarantee Scheme (ECLGS) stands enhanced and validity extended till 31.03.2023.

In export promotion front, Government of India budgeted Rs 56,027 crores in order to disburse all pending export incentives due to exporters. Benefits would be disbursed to more than 45,000 exporters, out of which about 98% are small exporters in the MSME category. This would help sectors to maintain cash flows and meet export demand in international market. This support is also expected to have a multiplier effect and spur employment generation.

The Government announced Production Linked Scheme (PLI) across 14 key sectors over the next five years would help in further enhancing the manufacturing capacities of Indian Industries. The 'Gati Shakti: National Master Plan' launched by the Central Government will further promote infrastructural development. This is expected to provide impetus to the manufacturing sector, increase employment generation and reduce dependence on imports while generating higher exports.

These government schemes were primarily aimed at ensuring that the economy gets back on track and does not lose focus from the goals that it seeks to achieve. At the same time, it also intends to ensure the social security and secure the welfare of all sections of the society.

RESERVE BANK OF INDIA'S OUTLOOK ON THE INDIAN ECONOMY AND ITS MEASURES

Against the backdrop of a sharp contraction of 6.6 per cent in real gross domestic product (GDP) in 2020-21 and the uneven and fragile recovery in 2021-22 interrupted by a second wave of the pandemic in the first quarter and a third wave commencing in late December 2021, the conduct of monetary policy was challenging for RBI according to its Annual Report on its working for the year 2021-22. Recurrent inflationary pressures from food price spike coupled with domestic and global supply chain disruptions resulting in imported inflation despite a large slack in demand complicated the setting of monetary policy in consonance with the accommodative stance. The monetary policy committee (MPC) decided to look through these supply shocks and kept the policy repo rate unchanged during 2021-22. The MPC also decided to maintain its state-contingent accommodative stance through the year.

The Reserve Bank maintained abundant liquidity in the banking system in consonance with this stance. A secondary market G-sec acquisition programme (G-SAP) was implemented to ensure orderly evolution of the yield curve and facilitate monetary transmission across financial instruments. Liquidity measures targeted at sectors ravaged by the second wave of the pandemic such as contact-intensive services, the health sector, small business units, micro and small industries and other unorganised sector entities were also put in place. As financial conditions eased, a calibrated restoration of the revised liquidity management framework instituted in February 2020 was set in motion through rebalancing liquidity in a non-disruptive manner away from the fixed rate reverse repo operations to market based auctions of variable rate reverse repos (VRRRs).

The external benchmark-linked framework incentivized banks to transmit these monetary policy signals, contributing to a decline in banks' marginal cost of funds-based lending rates (MCLRs), strengthening monetary transmission.

Looking ahead, the conduct of monetary policy will continue to be guided by the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth. Evolving uncertainties on the horizon, particularly on account of the future course of the COVID-19 virus, the pace of monetary policy normalization in major advanced economies, global commodity price dynamics and the fallout of geopolitical tensions will continue to shape the trajectory of policy going forward. Efforts are made by Reserve Bank in the direction of continuing to manage and rebalance liquidity in a manner that is conducive for entrenching the recovery and fostering macroeconomic and financial stability, while maintaining adequate liquidity to meet the needs of the productive sectors of the economy.

INDIAN ECONOMY AT A GLANCE

India is primarily a domestic demand-driven economy, with consumption and investments contributing 70% to the country's economic activity. With the economic scenario improving on recovering from the COVID-19 pandemic shock, several investments and developments have been made across various sectors of the economy. According to World Bank, India must continue to prioritize lowering inequality while also launching growth-oriented policies to boost the economy.

According to the provisional estimates of GDP released on May 31, 2022, the Indian economy has fully recovered to the pre-pandemic real GDP level of 2019-20. Real GDP growth in FY 2021-22 stands at 8.7%, which is 1.5% higher than the real GDP in FY 2019-20. These figures are associated with stronger growth momentum, indicating increased economic demand. The investment rate in the fourth quarter increased to its highest level in the previous nine quarters. Moreover, capacity utilisation in the manufacturing sector rose in the fourth quarter, as against the third quarter, implying a build-up in demand, which is consistent with the growth objectives of the Indian economy.

Future capital spending of the government in the Indian economy is expected to be supported by factors such as tax buoyancy, streamlined tax system, thorough assessment and rationalisation of the tariff structure and digitisation of tax filing. In the medium term, an increase in capital spending on infrastructure and asset-building projects is set to increase growth multipliers. India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers globally over the next 10-15 years, backed by its robust democracy and strong partnerships.

With more than 100 unicorns valued at US$ 332.7 billion, India has the third-largest unicorn base in the world. According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between this period. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 1.2% of GDP in 2021-22.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines lost steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US$ 1 trillion by 2030.

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

NBFCs have a competitive edge in their superior understanding of regional dynamics, well-developed collection systems and personalized services in the drive to expand financial inclusion in India. Lower transaction costs, quick decision making, customer orientation and prompt provision of services have typically differentiated NBFCs from banks. The reach and last mile advantages of NBFCs have empowered them with agility, innovation and a cutting edge in providing formal financial services to underbanked and unserved sections of the society.

As per the reports of the domestic rating agency ICRA said the asset quality metrics of NBFC-MFIs weakened quite sharply in H1 FY 2022 due to the localised lockdowns imposed by various states/ Union Territories (UTs) on account of the second wave which impacted the borrowers' cash flows and ultimately on the collection efficiency (CE) of the MFIs. In view of the muted performance in H1 FY2022 on account of entities' focus on collections instead of disbursements, ICRA has revised the FY2022 growth outlook for the AUM of NBFC-MFIs to 12-14 per cent. The delinquencies had risen significantly in May-June 2021, however, with incremental restructuring and some recovery in collection efficiency, the reported delinquencies declined by September 30, 2021, though the same remain elevated as compared to March 2021 level, the report said. In addition, NBFC-MFIs had around 10.7 per cent of its AUM as restructured as on September 30, 2021, performance of which remains monitorable. A rebound was seen in the second-half, on the back of the pent-up demand and the relaxation of the COVID-19 lockdown norms, which supported growth and earnings performance.

The agency said it expects the long-term outlook for non-banking financial companies-microfinance institutions (NBFC-MFIs) to remain robust, driven by the fact that the growth in disbursements is expected to have continued in Q3 FY2022, after the revival from Q2 FY2022. The credit costs are expected to remain elevated because of persisting uncertainty and expected slippages from the restructured book. This will keep the profitability subdued for NBFC-MFIs and SFBs (small finance banks) in FY2022, though the same is likely to witness a significant improvement from FY2023.

Growth outlook for assets under management (AUM) of NBFC-MFIs is expected to improve to 18-22 per cent in the financial year 2022-23. The same is likely to be continued going forward, supported by healthy demand in the industry, increasing level of economic activity and increasing vaccination in the country.

There would, however, be downside risk to estimates in case of significant disruptions caused by future waves.

AUTO INDUSTRY OVERVIEW

FY 2021-22 was undoubtedly full of unforeseen challenges and new learnings for the industry. Indian auto industry has worked hard against these challenges to keep the value chain running, to indigenize parts, control cost, invest in new technologies and enhance exports. The Government also came out with targeted support like PLI (Production Linked Incentive) schemes, FAME (Faster Adoption and Manufacturing of Hybrid and Electric vehicle) scheme extension etc. While some segments like Commercial Vehicles and SUVs are seeing improvement in demand, the mass segments like two-wheelers and smaller cars are facing serious affordability issues.

Despite the resurgence of demand for vehicles, supply-side issues of availability of semiconductors, increasing input costs, rising logistics costs and availability of containers, amongst others, continue to hamper recovery in the automotive sector. The auto component industry, in this backdrop, displayed remarkable resilience.

All segments are facing supply side challenges and the industry is yet to see complete recovery following the disruptions it has been facing since early 2020. Passenger Vehicles, Commercial Vehicles and Three-wheelers have witnessed a growth compared to a low base of the industry in 2020-21, but the Two-Wheeler segments further declined by (-) 11% from the previous year.

All major segments of the industry have increased their exports. In fact, two-wheelers achieved their highest ever exports. This is a testimony to the fact that Indian products are becoming more acceptable worldwide for their quality, cost, and performance. To keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months.

It is also noteworthy that in the first half of the current financial year, the sector garnered FDI worth SD 4.9 billion which was more than 10 times the tally in the first half of fiscal 2021 (USD 0.4 bn). This has made automobiles the second largest FDI attracting sector in the country during this period, accounting for a record 15.8 percent of overall FDI in the country. It is behind only computer software and hardware sector.

Another major development in this industry last fiscal is that the demand for Electronic Vehicles has sky-rocketed and the demand is expected to sustain in the years to come as well. In Q3 of FY2021-22, electric vehicle (EV) sales reached a new high of 5,592 units. Overall, in 2021, 329,190 EVs were sold in India, indicating a 168% YoY growth over last year's sales of 122,607 units. In the year 2021, spending on electrical architecture development, such as battery development, electrification, e-motors and power electronics, came up to Rs. 48,215 crores (US$ 6.39 billion). Investment flow into EV start-ups in 2021 touched an all-time high, increasing nearly 255% to reach Rs. 3,307 crore (US$ 444 million). EV startups that attracted maximum funding in 2021 were Ola Electric (US$ 253 million), Blusmart (US$ 25 million), Simple Energy (US$ 21 million), Revolt (US$ 20 million) and Detel (US$ 20 million). According to NITI Aayog and Rocky Mountain Institute (RMI), India's EV finance industry is likely to reach Rs. 3.7 lakh crore (US$ 50 billion) by 2030. A report by India Energy Storage Alliance estimated that the EV market in India is likely to increase at a CAGR of 36% until 2026. In addition, projection for the EV battery market is expected to expand at a CAGR of 30% during the same period. A cumulative investment of Rs. 12.5 trillion (US$ 180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's EV ambitions.

As for the road ahead, the picture is not that bleak. The Indian auto industry is expected to record strong growth in 2022-23, post recovering from effects of COVID-19 pandemic. Electric vehicles, especially two-wheelers, are likely to witness positive sales in 2022-23. Rising middle class income and a huge youth population is expected to result in generation of strong demand in the years to come. Moreover, there is growing interest on the part of the companies in exploring the rural markets which is further expected to aid the growth of the sector.

Commercial Vehicles:

The Indian commercial vehicle industry is sticking with its optimistic growth projections for the current fiscal given favourable growth drivers despite fuel inflation, chip shortages and geopolitical issues. CV industry's growth in 2021-22 was supported by increased activity in road construction, mining and improved infrastructure spending by the Central and State Governments apart from the boom in the e-commerce sector.

All leading players such as Tata Motors, Ashok Leyland, VE Commercial Vehicles (VECV) and Daimler India Commercial Vehicles (DICV) reported a significant growth in their truck sales for FY22. The CV industry is on a recovery path with the industry selling 6,64,009 units in FY2022, which is 26% higher than the 5,26,073 units sold in FY2021. In the truck segment, this was supported by replacement demand, recovery in economic activity and government spending on infrastructure. In the bus segment, growth was supported by the re-opening of schools and offices and the gradual return to normalcy after the pandemic.

The medium and heavy commercial vehicle sales witnessed strong double-digit growth, driven by pick-up in fleet utilisation levels led by increased economic and infrastructural activities. Tata, Ashok Leyland & VECV reported growth in the range of 42 to 51 per cent in their MCV (Manufacturing Commercial Vehicles) and HCV (Heavy Commercial Vehicles) sales. Intermediate commercial vehicle volumes also grew in double digits with a shift to more CNG-powered vehicles, driven by the e-commerce sector. The small commercial vehicle segment reported a single-digit growth as chip shortages caused some production issues.

As far as FY 2022 is concerned, industry performance was fairly positive. The commercial vehicle industry performed far better than the passenger vehicles industry. This barometer shows that the economy was making its way through while there were operational challenges across sectors but it couldn't be considered back to normal. Normalcy is yet to come from a business point of view, and this is expected sometime in the latter half of FY23. The industry is still tackling constraints, and this requires a finite solution.

The last two quarters of FY 2022 brought a real change in the business environment. That brought back the confidence was back in the market. Business-related to haulage, trailers and tippers saw a slowdown but ICVs (Intermediate commercial vehicle) were much in business given that this segment is directly linked to consumers. But now, these segments are on an upward trend with infrastructural and logistical activities gaining prominence.

But the industry will need to tread with caution due to certain prevailing challenges. The shortage of semiconductors is likely to be a challenge for a few more months. Soaring fuel prices along with a spike in commodity prices may also play a spoilsport. The industry has been coping by adopting alternative measures and a solution is anticipated to resolve this in the coming quarters. However, increased thrust on infrastructure and rural development by the Central Government is likely to drive demand in the Commercial Vehicle industry in the future.

Two & Three-Wheeler Segment:

The two-wheeler segment reported its lowest wholesales in the last 10 years as per auto industry body SIAM (Society of Indian Automobile Manufacturers). Two-wheeler dispatches declined by 11 per cent last financial year compared to the low base of 2020-21. Total two-wheeler dispatches stood at 1,34,66,412 units last fiscal as against 1,51,20,783 units in 2020-21. Steep increase in commodity prices, precious metals and freight rates were putting additional pressure on supply chain and profitability of the industry. The month of December 2021 was particularly difficult for the two-wheeler segment as can be seen from the fact that most of the leading two-wheeler manufacturers posted sales de-growth. The ongoing impact of 2nd wave of COVID-19 coupled with onset of Omicron virus was quoted as reasons for the lackluster sales.

Three-wheeler sales jumped to 2,60,995 units last fiscal from 2,19,446 units in FY 2021. But when it comes to the dispatch figures, it turns out that barring 2020-21, three-wheeler dispatches last fiscal was the lowest in 19 years as per SIAM data.

Overall export last fiscal was also very impressive with two-wheelers achieving their highest ever exports. Robust dispatches to various developing nations, including African countries, boosted the overseas shipments of two-wheelers to 44,43,018 units last fiscal.

Passenger Vehicles:

As per auto industry body SIAM (Society of Indian Automobile Manufacturers) data, the total Passenger Vehicles wholesales for fiscal 2021-2022 rose by 13 per cent to 30,69,499 units from 27,11,457 vehicles in the COVID-hit 2020-21.

When it came around the end of Q3, Indian passenger vehicle (4-wheeler) segment was struggling on the supply side due to the shortage of semiconductors across the globe. This had affected the sales of vehicles during peak festival season. Nonetheless, the industry retained a cautiously optimistic view, as there were signs of demand rebound and its sustenance in future. In the month of March 2022, India's auto industry saw passenger vehicle wholesales declining 3.9 per cent year-on-year (YoY) to 279,501 units. Total passenger vehicle dispatched in March 2021 were 290,939 units. This was also primarily on account of the unforeseen challenges accentuated by severe disruptions in supply of semiconductors. These disruptions are likely to persist on account of issues in supply of neon gas and palladium due to the Russia-Ukraine conflict.

Overall, recovery path is expected to be V-shaped in nature. This is largely driven by a shift in demand for personal mobility over shared mobility and some high-income generating industries, either were less affected or recovered rapidly during prolonged COVID-19 induced pandemic.

Consumer Durables Industry:

The Indian consumer durables market which can be broadly segregated into urban and rural markets and is attracting marketers from across the world. The sector comprises of a huge middle class, relatively large affluent class and a small economically disadvantaged class. Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favorable population composition and increasing disposable income.

Growing demand is anticipated in this sector and this is substantiated by facts which suggests that the headset market revenue in India is projected to reach US$ 77 million by 2027 at a CAGR of 4.7%, driven by rising adoption of wireless headsets among consumers. The dishwasher market in India is expected to surpass US$ 90 million by 2025-26, driven by rising demand from metro cities such as Mumbai, Hyderabad, Delhi and Bangalore.

This sector undoubtedly presents several opportunities as can be seen from the fact that Tech players are increasingly focusing on tapping the Indian consumer electronics market by developing electronic components manufacturing base in India and encouraging exports. Consumer electronic brands are focusing on expansion in the Indian smart wearables market.

The policy support given to this sector is also worth mentioning. 100% FDI is allowed in the electronics hardware-manufacturing sector. Furthermore, in July 2021, the Government of India approved 14 companies under the production linked incentive (PLI) scheme for IT hardware. Over the next four years, these companies are expected to fuel total production of US Dollars 21.64 billion.

This sector is also characterized by increasing investments. As of November 17, 2021, the S&P BSE Consumer Durables Index rose by 4.76% on a monthly basis and 48.97% on a yearly basis. Commentaries on expected demand trends of consumer durables companies were quite positive and exude confidence for the future.

COMPANY OUTLOOK

Undisputedly, the financial year 2021-22 was full of unforeseen challenges and new learnings for the Company. The credit growth remained largely subdued on account of sluggish growth in almost all sectors. Furthermore, the possibility of emergence of new COVID-19 variants which has the potential to prolong the pandemic and induce renewed economic disruptions would pose as an obstacle in the path of complete recovery. In view of the cautious approach that the Company has always taken, the Company increased its controls and tightened its credit norms which also led to lower disbursements.

To facilitate proper analysis of the performance of the Company with respect to the sales figures, it is important to appreciate the loan portfolio of the Company, where one can find that vehicle loans, especially two- wheeler loans constitute a significant part of the loans advanced by the Company. Industrial experts are of the opinion that the automobile industry in FY 2022, despite showing some signs of recovery from a low base, reported very low sales figures in all major segments of the auto industry with some even below the 2018-19 level. The mass segment like the two- wheeler had to take a beating with the industry reporting its lowest wholesales in the past 10 years. The supply-side issues like in the matter of availability of semiconductors, steep rise in the price of commodities only aggravated the woes of the two-wheeler sector which was plagued by the disastrous effect of the Covid-19 pandemic.

Coming to the matter of Used 4-wheeler financing, it is pertinent to note that though there is trebling demand, the industry had to cope with a global chip shortage with its production getting severely impacted. This coupled with rising fuel prices dented the demand during the peak season. Though there are signs of surging demand, a complete recovery is still awaited.

On closer analysis, it would be found the overall performance of the NBFC sector during the financial year 2021-22, is not that impressive though there are signs of recovery and bright prospects in the times to come. The collection efficiency was also not that formidable on account of the disruptions caused by the lockdowns imposed in certain states/UTs subsequent to the flare-up of COVID-19 cases. All these factors contributed to the decreased turnover and the consequent losses.

But that does not mean that the future is all bleak. Your Company has geared itself to embrace the future with all its uncertainties with a positive outlook. The Company expects to revamp its performance in the upcoming fiscal and stage an outstanding comeback riding on the back of improved economic growth. By cautiously treading a path with dedicated focus on the existing product portfolio and reworking the strategies wherever required, the Company expects to surpass all challenges and clock excellent results for the Financial Year 2022-23.

KEY STRENGTHS

Focus on Product Portfolio

The Company expects to deploy effective growth strategies directed towards aggressively promoting its existing and additional product offerings. The product portfolio has been clearly identified for this purpose - consumer durables, 2-wheeler financing, top up loans and corporate loans. The policies of the Company have been perfectly aligned to meet the targets set keeping in mind the uncertainties likely to prop up in the times to come. Efforts would be rigorously made in direction of pushing the products by properly identifying the areas where demand persists and fill the gaps on the supply side.

Role of Digitization

COVID had brought an all-round change in the habits and perceptions of customers. The way customers discover, explore, purchase and connect with goods and brands has undergone a phenomenal change with customers abiding to social distancing norms. Most of the operations are being carried vide our digital applications and NACH. A significant rise has been witnessed in our digital sourcing and collections since pandemic set in and we are confident of encashing this even in the post pandemic scenario. This is also expected to 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 and at any time. This assumes significance from the Company's point of view also as it helps in sourcing of business even from remote locations and delivering services at the customer's doorstep. Risk and compliance procedures are being followed to make sure that the digital channels fulfill the regulatory requirements. We are dedicated to leveraging the power of advanced analytics to improve the overall experience and improve the brand image.

Focus on Financial discipline

The Company maintained its associations with its financial partners to ensure the availability of sufficient credit for the smooth conduct of business. The trust of investors/lenders is visible from confidence reposed in us even during such trying times.

There are plans in the pipeline to reduce the operational costs as well. By properly supervising the credit transactions of the

Company, by establishing a proper system of background checks in the organization, efforts are made in the direction of reducing the chances of fraud/default and the subsequent losses.

Robust Framework Process

One of the core areas where the Company had significant focus was on its internal controls and risk management systems. All transactions are monitored by a three-tier audit process which is in place in the organization. This consists of concurrent audit, internal audit and statutory audit. COVID-19 pandemic and its adverse effects on the economy as a whole further emphasized the need for additional controls by the way of reworking the credit policies of the Company so as to align the Company towards achieving its targets as well as to minimize the chances of default by introducing a system of robust checks. This is expected to yield positive results by maximizing the lower bucket collections through the internal teams, linking the cost structures to volume of business thereby attaining cost-effectiveness, laying more thrust on improving the organizational efficiency and also by the means of online communication so as to enable the Company to engage with the shareholders and other stakeholders more effectively.

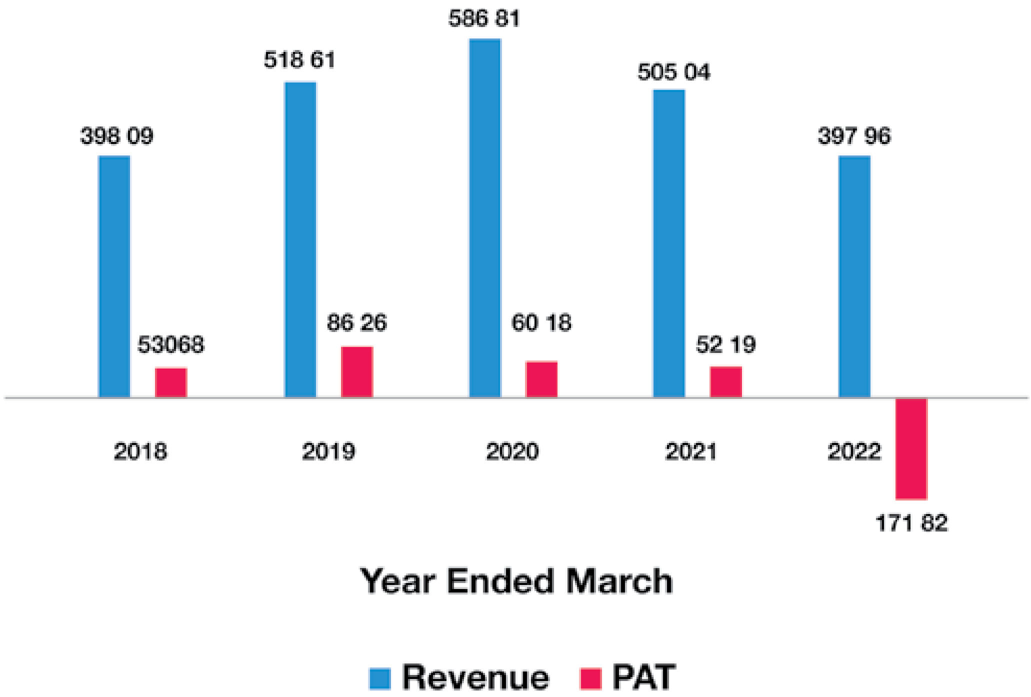
FINANCIAL PERFORMANCE OF THE COMPANY

A. Financials for the last 5 years at a glance

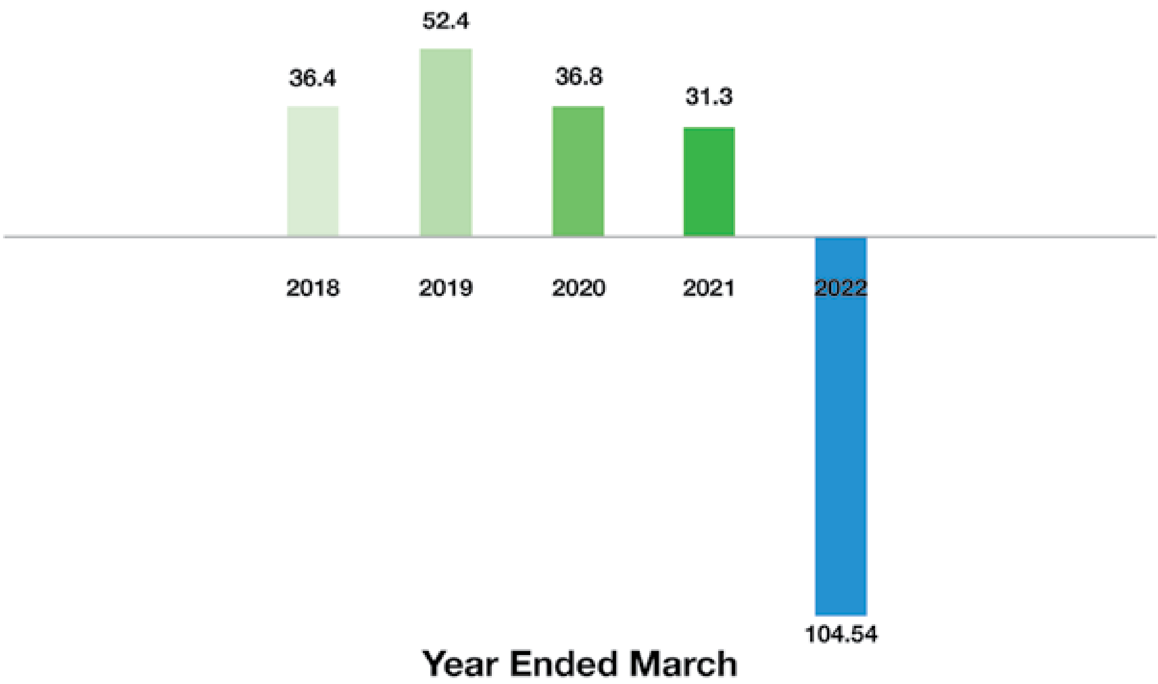
Financial year ended 31st March	2018	2019	2020	2021	2022
Operating Results					
Disbursements	1969 69	2135 05	1788 10	750 34	1147 12
Total Revenue	398 09	518 60	586 81	505 04	397 96
Profit Before Tax (PBT)	82 46	132 89	93 47	69 50	(229 05)
Profit After Tax (PAT)	53 68	86 26	60 18	52 19	(171 82)
Assets					
Fixed Assets (including assets leased out)	2 49	1 94	3 51	2 81	1 96
Investments	17 86	19 60	16 43	16 35	27 40
Deferred tax asset	11 32	32 45	27 11	21 44	107 71
Net stock on hypothecation	1647 50	2110 33	2211 40	1749 11	1474 09
Other loans (including interest accrued)	268 50	365 96	216 29	122 50	91 40
Other assets	30 12	109 70	438 50	647 39	372 37
Total Assets	**1977 79**	**2639 98**	**2913 24**	**2559 60**	**2074 93**
Liabilities					
Equity	16 45	16 45	16 45	16 45	16 45
Reserves and Surplus	377 48	430 75	490 93	543 12	371 30
Borrowings (including interest accrued)	1458 82	2125 90	2354 73	1947 00	1626 94
Other liabilities	125 04	66 88	51 13	53 03	60 24
Total Liabilities	**1977 79**	**2639 98**	**2913 24**	**2559 60**	**2074 93**
Key Indicators					
Earnings Per Share (in ₹)	36.4	52.4	36.8	30.29	(104.54)
Book Value Per Share (in ₹)	2 39.5	271.9	308.4	3 40.2	235.7
CRAR (%)	22.0	20.9	24.9	31.8	19.7
GNPA (%)	4.6	4.5	6.9	12.1	25.9
NNPA (%)	3.0	2.7	4.0	6.2	5.8

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

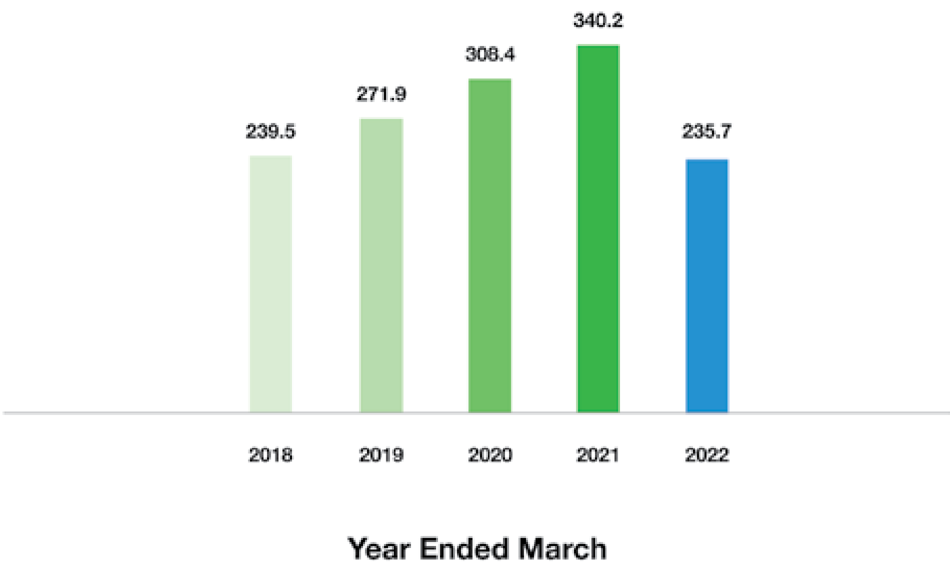
Revenue & PAT (₹ in lakhs)



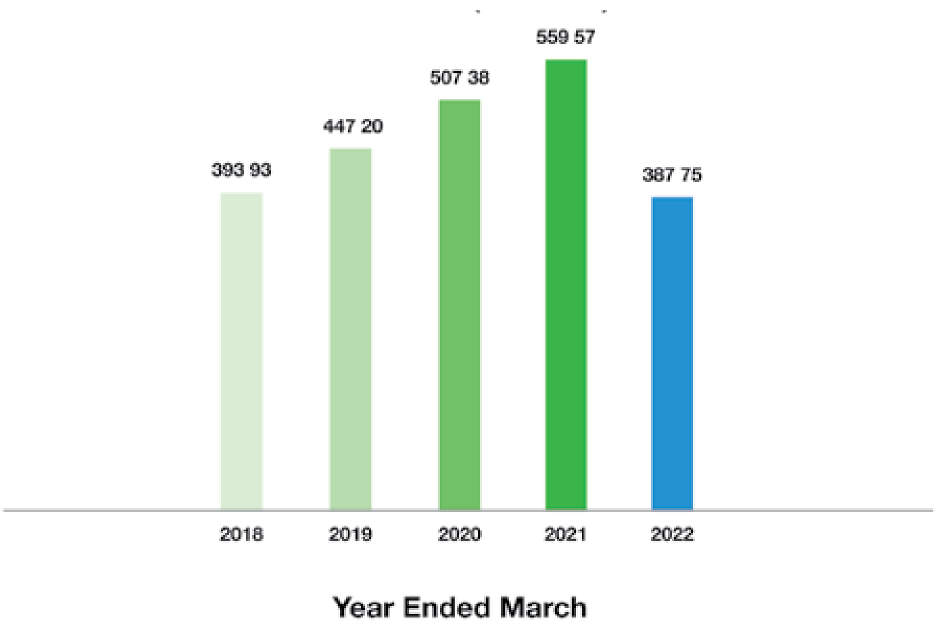
Earnings per Share (In ₹)



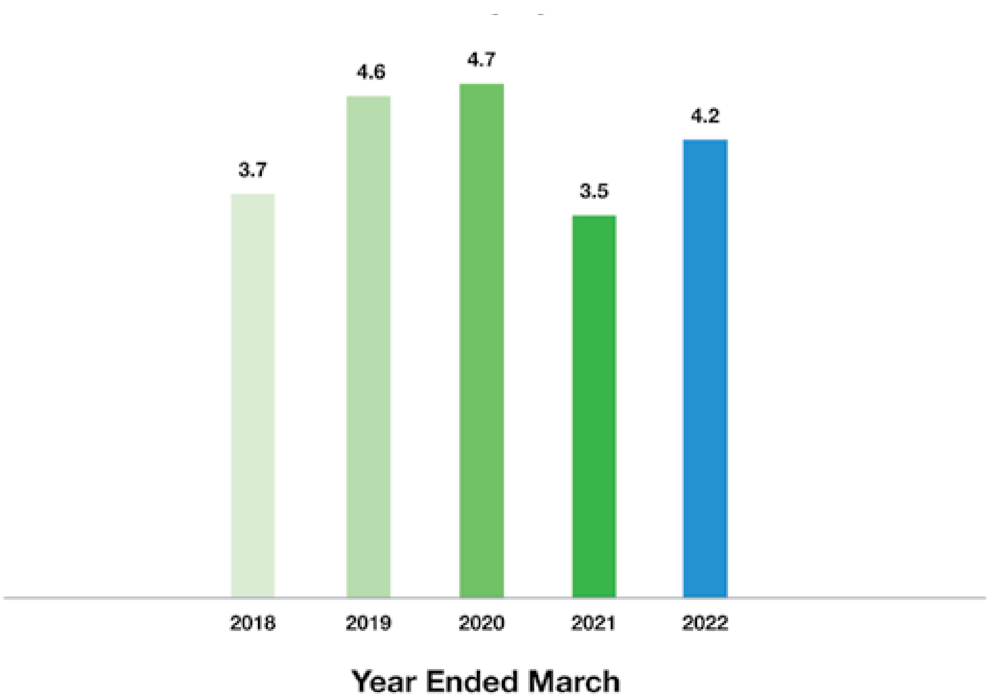
Book Value per share (In ₹)



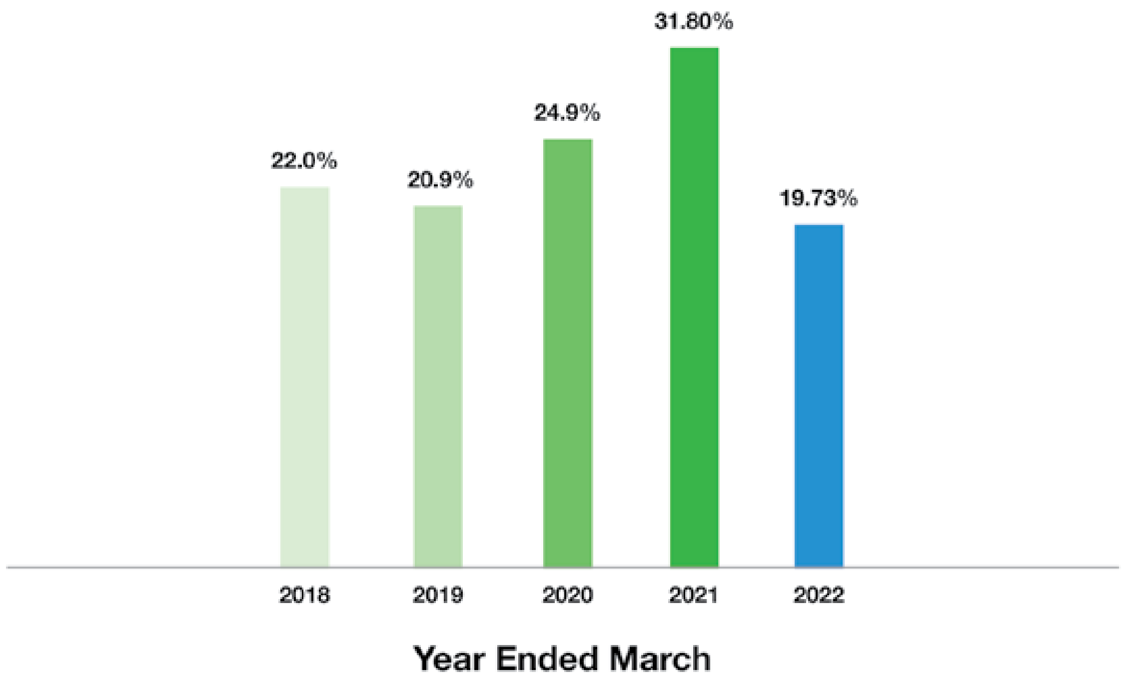
Net worth (₹ in lakhs)



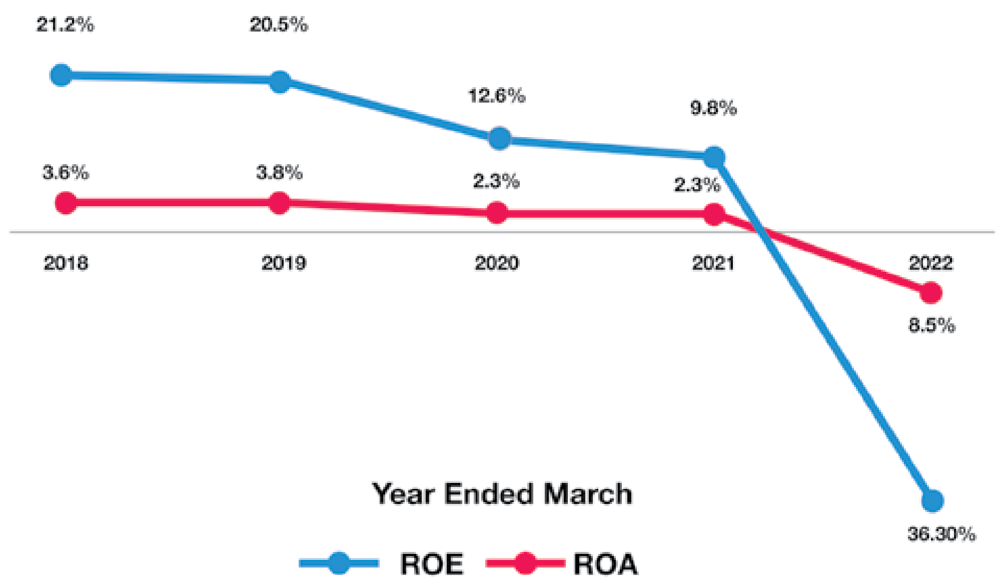
Debt to Equity Ratio



Capital Adequacy Ratio



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



B. Financial Performance

The Company's Assets under Management (AUM) primarily comprise vehicle loans, of which two wheelers constitute the major portion. The Company also has a wholesale loan book, which as on March 31, 2022 was 6% of the total book. Overall AUM as on March 31, 2022 was ₹ 2056 25 lakhs (including assigned loan of ₹ 6 68 lakhs), as against, ₹ 2088 48 lakhs (including assigned loan of ₹ 16 63 lakhs) at the end of the previous year. The disbursements for the year ended March 31, 2022 was ₹ 1147 12 lakhs as against ₹ 750 34 lakhs for the year ended March 31, 2021.

The Company's income comprises both income from vehicle financing and corporate loans. The Company has earned an income of ₹ 397 96 lakhs in the current year, compared to ₹ 505 04 lakhs in the previous year. During the year, our expenses increased by 44%. It comprises of various components of which finance costs constitute the major portion, totaling at ₹ 149 92 lakhs, followed by other expenses ₹ 406 47 lakhs, (includes ₹ 324 36 lakhs impairment on financial instruments) employee costs of ₹ 69 66 lakhs and depreciation and amortization of ₹ 96 lakhs.

Financial Snapshot	**Year Ended (₹ in Lakhs)**		**% Growth**	**Reasons for Variance**
	March 31, 2022	**March 31, 2021**		
Disbursement (all Loans)	1147 12	750 34	53%	Disbursement during the year was higher than the previous year as the previous year was marred with almost 4 months when there was negligible disbursement and even when it started it was on a low scale. The volumes increased in the current year but not to the extent of pre-covid levels.
AUM at the end of the period (own book) [2]	2049 57	2071 85	(1%)	In view of the very low disbursements, there was a minor degrowth.
Average AUM (own-book excluding interest ac-crued) [3]	2033 48	2307 19	(12%)	The lower disbursements meant that there was a degrowth in the average AUM.
Total Debt [4]	1626 94	1947 00	(16%)	The debt reduced in comparison to the previous year due to repayment of certain debts including redemption of NCDs.
Net worth [5]	387 75	559 57	(31%)	The net-worth is lower than the previous year in view of the high provision that the Company had to provide on NPAs which led to report of a loss for the current year.
Total Interest and Fee Income [6]	397 96	505 04	(21%)	With the AUM dropping and NPAs increasing due to which there were reversal of interest income, the Interest and Fee Income was lower than the previous year.
Finance Ex-penses [7]	149 92	187 05	(20%)	During the year, the Company was able to get interest rate reduction and also at the same time draw amount from available sanctions judiciously, which helped in reducing the finance expenses.
Net Interest Income (NII) [8] = [6]-[7]	**248 04**	**317 99**	**(22%)**	

Financial Snapshot	Year Ended (₹ in Lakhs)		% Growth	Reasons for Variance
	March 31, 2022	March 31, 2021		
Operating Expenses [9]	152 73	153 70	(1%)	The Operating Expenses were broadly in line with the previous year expenses, though there was some increase in the software expenses in view of the Company moving to FinnOne and setting up its infra on the UST platform. The sourcing costs went up on account of increased volumes and some of the other expenses saw some amount of reduction.
Loan Loss & Provisions [10]	324 36	94 79	242%	In view of the increased GNPA and the requirement to keep the NNPA below the mandated 6%, the provisions made were high. Further additional provisions were made on account of the RBI Circular stating that the movement from Sub-Standard to Standard was possible only when the entire dues was collected.
Profit Before Tax [11]	(229 05)	69 50	(430%)	
Profit After Tax [12]	(171 82)	52 19	(429%)	
Ratios				
Total OPEX to NII [13] = [9] / [8]	61.6%	48.3%		In view of the lower disbursements and higher GNPA, which led to reversal of income, the income was lower. Also in spite of the lower disbursements, the Company had to retain higher liquidity on its book and draw sanctioned funds, in excess of its needs to meet the sanction terms, which led to higher finance costs and thereby a lower NII. As the OPEX was in line with the previous year, in spite of lower income, the OPEX:NII ratio was higher.
Loan loss to average AUM [14] = [10] / [3]	15.95	4.11		This ratio has seen an increase in view of the higher provisioning done in view of the increased NPA and also due to the additional provisions needed in view of the 2 RBI circulars on PCA and movement from Sub-Standard to Standard.
Return on average AUM [15] = [12] / [3]	(8.45)	2.26		This ratio has declined during the year in view of the loss incurred in the Financial Year.
Interest Cov-erage Ratio [16] = [11] + [7] / [7]	**(0.53)**	**1.37**		
Current Ratio	**0.77**	**1.08**		
Debt-Equity Ratio [17] = [4] / [5]	**4.20**	**3.48**		

Financial Snapshot	Year Ended (₹ in Lakhs)		% Growth	Reasons for Variance
	March 31, 2022	March 31, 2021		
Operating Profit Margin/ Net Interest Margin on loan book [18] = [8] / [3]	**12.2%**	**13.8%**		
Net Profit Margin [19] = [12] / [6]	**(43.2%)**	**10.3%**		
Return on (Average) Net Worth	**(36.3)**	**9.8%**		
Earnings Per Share (in ₹)	**(104.54)**	**31.29**		

a) Capital Adequacy Ratio (CRAR)

As on March 31, 2022, the CRAR was 19.73% of the aggregate risk weighted assets on the Balance Sheet, which is comfortably above the regulatory minimum of 15%. Of the CRAR, 19.29% was from Tier - 1 capital.

b) Borrowing Profile (excluding interest accrued)

Particulars	March 31, 2022		March 31, 2021	
	Amount in Lakhs	% of Total	Amount in Lakhs	% of Total
Loan from Bank/FI	1108 59	68.6%	1318 72	68.3%
Subordinated Debts/NCD	179 70	11.1%	333 01	17.3%
Public Deposit/ICD	58 97	3.6%	53 28	2.8%
Securitization	265 56	16.4%	214 40	11.1%
Others	5 08	0.3%	10 17	0.5%
Total	**1617 90**	**100%**	**1929 58**	**100%**

The Company's total external borrowings (excluding interest accrued) reduced to ₹1617 90 lakhs as of March 31, 2022 from ₹ 1929 58 lakhs as of March 31, 2021, a decrease by 16.15 %.

The overall borrowing costs have decreased to 8.8% during the year. The Company looks forward to explore different avenues to raise funds in meeting its disbursement requirement.The company has done securitization transactions of ₹ 315 15 lakhs (net of MRR) in FY 22 apart from ₹ 15 00 lakhs which was sourced through Banks as Working Capital limits. Over the last 5-6 years there has been substantial increase in funds raised through Direct Assignment and Securitization. The Company has collected total amount of ₹ 2982 28 lakhs through securitization and assignment transactions. This will help the company substantially in getting funds into business and growing the loan book amidst the economic conditions prevailing in the country, which has restricted flow of funds into several sectors.

c) Assets under Management

The own-book AUM as on March 31, 2022 stood at ₹ 2049 57 lakhs (i.e., ₹ 2056 25 lakhs less assigned portfolio of ₹ 6 68 lakhs) against own-book AUM of ₹ 2071 85 lakhs (i.e., ₹ 2088 48 lakhs less assigned portfolio of ₹ 16 63 lakhs) as on March 31, 2021. The Company's AUM has shown remarkable growth over the years but saw a dip in FY22 and FY21 due to the prevailing conditions which restricted the growth. The Company would strive to maintain its growth momentum in the years to follow.

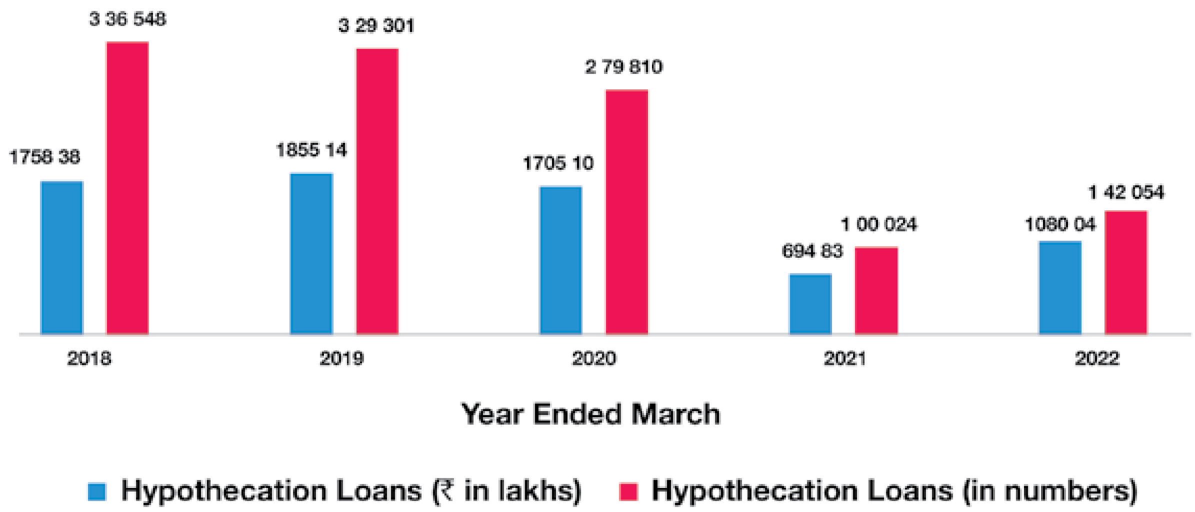
Today, the Company has presence for auto loan financing in 20 States. The geographical distribution of hypothecation loans (including securitized portfolio) is as given below:

(₹ in Lakhs)

Zone	Active clients	Regular	NPA (90+)	% of NPA (90+)	Zone wise %
East	71 920	179 27	80 34	30.9%	15.6%
North	65 859	137 48	87 14	38.8%	17.0%
South	3 33 572	990 04	291 25	22.7%	56.8%
West	39 935	92 83	54 46	37.0%	10.6%
Total	**5 11 286**	**1399 62**	**513 19**	**26.8%**	**100.0%**

The Company's extensive reach of distribution, through its own team, it's marketing agents, its franchisees and above all the 3500+ branches of flagship company of the Group, Muthoot Fincorp limited, has enabled it to service its 5 Lakh+ live customer base with ease. The total loan portfolio amounts to ₹ 2056 25 lakhs, a drop of 2% 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

The Cost and Profitability analysis shows that the Company had, due to lower disbursements, higher GNPA had lower Income. The finance expenses were higher than what was required in view of the Company having to draw additional funds than what was required to meet sanction norms and also maintain liquidity and thereby incurred higher finance costs. While the OPEX was broadly in line with the previous year though for a much lower Income. As mentioned earlier due to higher GNPA and meeting the requirements of the 2 recent RBI Circulars, higher provisioning was done; which all led to loss being incurred.

The reason for all these have been the substantial slowdown in the economy over the last couple of years due to COVID-19 and impact of the same.

e) Spread Analysis

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

(₹ in lakhs)

Particulars	March, 2022		March, 2021	
Daily Average Loan Book Size (₹ in Lakhs, excluding interest accrued)	2033 48		2307 19	
Income from Operations	397 96	19.6%	505 04	21.9%
Direct expense (including interest, brokerage, dealer/MFL incentive, field investigation charges)	173 09	8.5%	199 52	8.6%
Gross Spread	224 87	11.1%	305 52	13.2%
Personnel Expenses	69 66	3.4%	69 28	3.0%
OPEX (including depreciation etc.)	59 92	2.9%	71 95	3.1%
Total Expenses	**129 58**	**6.4%**	**141 23**	**6.1%**
Pre-Provision Profits	95 31	4.7%	164 29	7.1%
Loan Loss and provisions	324 36	16.0%	94 79	4.1%
Net Spread (before tax)	(229 05)	(11.3%)	69 50	3.0%

f) Opportunities & Threats

Covid 19 has made a huge impact on the ecosystem of the world, whether it may be social or economic. It has made us realize that as a species we need to look at technology and innovation, if we want to survive and dominate the future, the realization of an unknown threat has made all of us think differently.

In the coming fiscal, we expect the auto industry to see an accelerated transition to the electronic vehicle sector which is expected to increase year on year, as India moves towards achieving its target of net-zero carbon emission and greener fuels. Currently, an EV is not the first choice for any consumer primarily because of the higher costs associated with it and the lack of infrastructural arrangements. But this is expected to see a change in the times to come. The Company will take a call on the same as the situation gains clarity.

The Company benefits significantly from the MUTHOOT PAPPACHAN or MUTHOOT BLUE brand that it possesses and from its relationship with the dealers. Furthermore, RBI's view on maintaining an accommodative stance for stimulating economic growth is also expected to positively impact the growth outlook of NBFCs. There exists great scope for market growth as NBFCs are usually the customer's last mile financier provided that they have sufficient funds available with them.

Other than the possibility of future waves disrupting economic progress, some of the other concerns regarding the NBFC sector includes their already feeble financial status and chance of greater regulatory supervision and scrutiny on account of some instances of corporate mismanagement and consequent liquidity crisis. The Company faces stiff competition particularly from the banks and other NBFCs. The upward trend in the competition can be attributed mainly to the fact that the barriers faced by a new entrant into this category have become largely insignificant which ultimately provides a potential customer with several financial institutions to choose from. Inspite of this, the Company has carved out a position for itself in terms of services, turnaround, digitization and product features and strives hard to maintain the same.

RISKS & CONCERNS

a) Credit Risk:

Credit risk is basically the 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 or because the customer might be 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 would be hindered by any further slowdown of the economy, as it would lead to a slump in the auto sector as well as NBFC lending.

Measures:

The Company has devised continuity plans and strategies to mitigate the risks that might arise due to economic slowdown.

c) Regulatory Risk:

Risk potential on account of changes in laws, regulations or interpretations that causes business losses.

Measures:

The Company's operations would be affected by any changes in the regulatory environment. The legal and compliance team, in collaboration with external legal advisors keep themselves abreast and updated on the applicable laws and regulations and take any necessary actions as and when required .

d) Product Risk

The risk posed when the Competitors catch up with the product development.

Measures:

The Company has been expanding its operations across various parts in the country. We have also begun operations in the used car and two-wheeler financing. Also, the Company owns a wholesale loan book, wherein 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 cyber security threats.

Measures:

To counter the risks related to information technology, the Company is contemplating a major revamp of its Technology platform. The Company is in the process of finalizing with a pioneer for both its hardware and software requirements. The Company adopts a pro-active approach wherein things beyond the immediate future is looked into to ensure that the threats from the web is countered with no chances of fraud or manipulation.

f) Operational Risk:

Operational risks are those which arise as 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 programmes. To ensure better control over the transactions, processes and regulatory compliance the Company has standard operating procedures in place.

INVESTMENT PROPOSITION

The organization is heading towards long-term sustainability prioritizing customer satisfaction and value addition for the stakeholders. Given the unhindered availability of inputs, the two-wheeler segment appears to be poised significant growth, despite an abysmally low performance this year.

The southern states still appears to possess enough space for market penetration. The Company is planning strategies to expand its presence across the country in a robust manner. The Group's Flagship Company, Muthoot Fincorp with its expanding infrastructure, is expected to lead to lower entry costs for the company in new locations. 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 looks 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 kept minimal.

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 under all circumstances . Raising funds at reasonable rates will not be a challenge, thanks to the government stimulus packages and RBI initiatives. The skilled workforce and proper sourcing and collection infrastructure will only improve our chances of growth and make our goals achievable.

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 monitoring 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. BDO India 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 that there are no transactions which fall out of the regulatory stipulations and which 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.

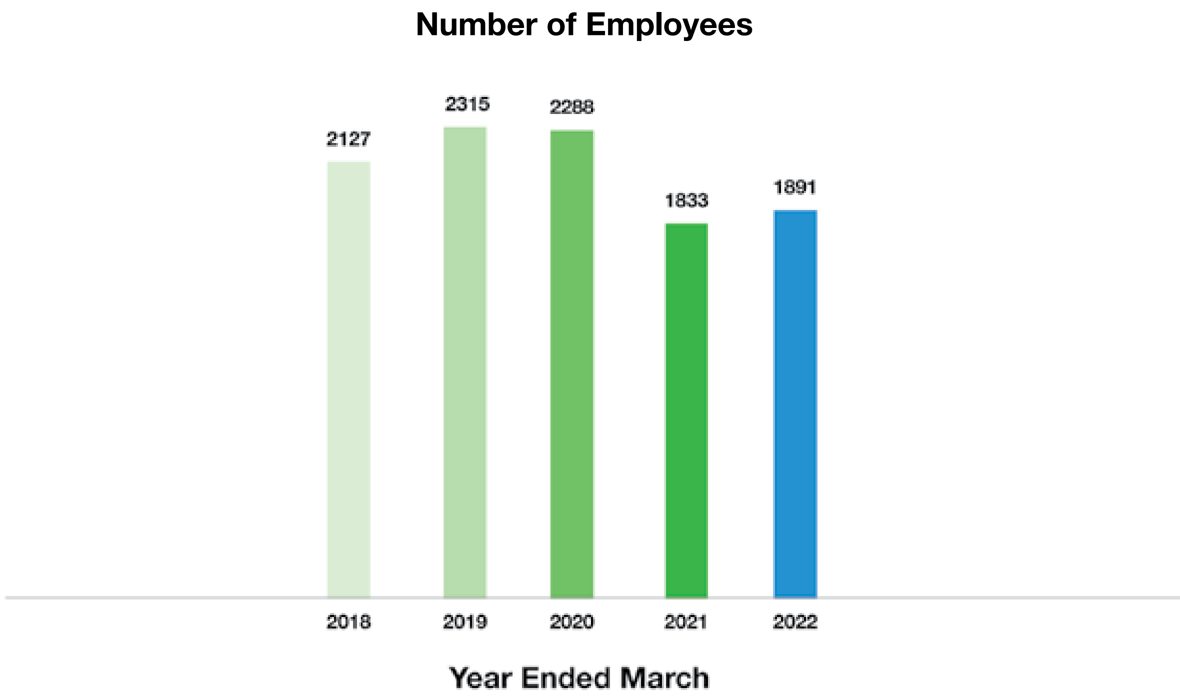
MATERIAL DEVELOPMENTS IN HUMAN RESOURCE

The Human Resource division of the Company is one of its most important asset as it is crucial in developing, reinforcing and changing the culture of an organization. For better business success and enhanced workforce management, the HR plays a vital role. With proven professionals spearheading the growth of the HR department in your Company, the employees are aligned with the Company's goals and objectives.

The Company understands that the efficiency of its employees will directly lead to the profitability of the organisation. We have increased our workforce from 1833 in 2021 to 1891 in 2022. We have successfully maintained a low-cost strategy for manpower and enabled professional partnerships on a variable cost basis.

The Company prioritizes the well-being of its workforce and hence keeps a safe, sanitized and motivated working environment during the pandemic outbreak. The Company had organized Skill Upgradation Training programs aimed at upskilling the employees to help utilize their potential in the best possible manner. 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 form a shining career and continue retaining talent. We strive to create growth opportunities for the employees and recognize their achievements.



EMPLOYEE ENGAGEMENT

The Company continues to maintain its commitment towards ensuring 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 the direction of making the Company a desirable working organization where everyone is pushed towards excellence and appreciated 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

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

Kochi
May 17, 2022

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 operations, which follows the best corporate practices and the procedures adopted 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 as from time to time).

1. COMPANY'S GOVERNANCE PHILOSOPHY

At MCSL, Corporate Governance is a combination of rules, processes or laws by which businesses are operated, regulated or controlled. MCSL's governance philosophy reflects the internal and external factors that affect the interests of the Company's stakeholders, which includes shareholders, customers, suppliers, government regulators and the management. It ensures accountability, transparency and fairness in the conduct of business. The Company's ethos on Corporate Governance is aimed to create the best framework on corporate governance that best aligns business conduct with its objectives.

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 *#RestartIndia* mission during the last two years.

The Company believes in the following principles of Corporate Governance which is outlined for the benefit of everyone concerned:

a) All shareholders should be treated equally and fairly.

b) Legal, contractual and social obligations to non-shareholder stakeholders should be upheld.

c) The Board of Directors must maintain a commitment to ensure accountability, fairness, diversity and transparency within corporate governance. The Board members must also possess the adequate skills necessary to review management practices.

d) The Company should define a code of conduct for Board members and Executives.

e) All corporate governance policies and procedures should be transparent and disclosed to relevant stakeholders.

Accordingly, the Company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel to ensure good standards of business conduct and compliance with various legal requirements which governs the operations of the Company. The purpose of this Code is to promote ethical conduct and to deter wrongdoing while protecting the best interest of the Company and its stakeholders. The Company has aligned its corporate governance practices 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 this Report on Corporate Governance for the year ended March 31, 2022. The Details of the Company's Board structure and various Committees that constitute the governance structure of the organisation are covered in detail in this Report.

2. BOARD OF DIRECTORS

The Company's Board have an optimum combination of Executive, Non-Executive and Independent Directors in line with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015, RBI Guidelines and other statutory provisions.

As on March 31, 2022, the Board of the Company comprised of six members which includes a Non-Executive Chairman, a Managing Director, a Non-Executive Director and three 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 according to the

Company's Policy on the Fit and Proper Criteria as per 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 possessing 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.

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 its Sub-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.

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

a. Composition of the Board

The composition of the Board of Directors of the Company as on March 31, 2022 are as follows:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	1	16.7
Non-Executive Independent Directors	3	50.0
Other Non-Executive Directors	2	33.3
Total	**6**	**100.0**

The category of the Directors of the Company during the FY 2021-22 is given below:

Category	Name of Director	DIN	Shareholding as on March 31, 2022	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	3152964	
	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[1]	03242769	Nil	
	Mr. K.M. Abraham[2]	05178826	Nil	
	Mr. Thomas Mathew	01277149	Nil	
	Mrs. Shirley Thomas[3]	08586100	Nil	

[1] Resigned from the Board w.e.f November 20, 2021.
[2] Resigned from the Board w.e.f October 11, 2021.
[3] Appointed w.e.f November 25, 2021.

b. Key Board Qualifications, Expertise and Attributes

The Board of the Company comprises of 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 is a must. The Director should have experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
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 framework and 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 on how to anticipate technological trends, generate disruptive innovation and to 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, building brand awareness and equity and enhancing 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	√	√	√	√		√	√
Thomas Mathew, Independent Director	√	√	√	√	√	√	
Shirley Thomas, 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, as on March 31, 2022, the Company has three 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://muthootcap.com/wp-content/uploads/2020/07/TC-Ind-Directors.pdf.* It sets out the criteria of appointment, independence, committee memberships, tenure of appointment, roles and duties, sitting fees and other related terms of appointment.

d. Meeting of Independent Directors and Familiarisation Programme

In compliance with the Code for Independent Directors as stipulated under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, the Independent Directors of the Company met once without the presence of the Non - Independent Directors and members of the management. All Independent Directors have attended the said meeting.

The meeting has inter-alia, reviewed and assessed:

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

b) performance of the Chairman and Managing Director; and

c) the quality, quantity and timelines of flow of information from the management to the Board of Directors and its Committees which is necessary for the Board to perform their duties effectively and reasonably.

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 programmes are available on the website of the Company at: *https://muthootcap.com/wp-content/uploads/2020/07/Familiarisation-Refresher-Development-Programme.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 in accordance with existing regulations. The Board, as a whole, carries out an assessment of its own performance, its Committees and Independent Directors excluding the Director being evaluated. All the Directors are subject to peer-evaluation.

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

Performance of individual Directors was evaluated on parameters such as meeting attendance, participation and contribution, engagement and relationship with other members on the Board, knowledge and experience, responsibility towards stakeholders, leadership and management qualities and independent judgement.

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

(i) Understanding and knowledge of the market in which the Company is operating.

(ii) Ability to appreciate the working of the Company and the challenges it faces.

(iii) Attendance in meetings.

(iv) Extent of participation and involvement in the meetings.

(v) Ability to convey his views and flexibility to work with others.

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

All Directors participated in the evaluation process and reviews were carried out. The outcomes of each evaluation were collated by the Nomination & Remuneration Committee at the meeting held on May 17, 2022 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, Nomination & Remuneration Committee and the Chairman of the respective Committees.

The Board arrived at a conclusion that the performance of the Board, its Committees and individual Directors was 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 on 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 apprises the Board at every Meeting on the overall performance of the Company as well as the current market conditions including the Company's business and the Regulatory scenario.

The Board reviews periodical compliances of all applicable laws, rules and regulations and the statements submitted by the Management. The members of the Board have full freedom to express their opinion in the Board and decisions are taken after detailed deliberations.

g. Board Meetings

The Board of Directors of the Company met six times during the year under review on June 19, 2021; August 10, 2021; September 25, 2021; October 30, 2021; November 25, 2021 and February 02, 2022. Your Company is in compliance with the applicable regulations relating to meetings of Board of Directors. 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 25, 2021	No. of other directorships and committee memberships and chairmanships[1] as on March 31, 2022		
			Directorships	Committees	
				Chairman	Member
Mr. Thomas John Muthoot	6/6	Yes	6	1	2
Mr. Thomas George Muthoot	6/6	Yes	5	1	1
Mr. Thomas Muthoot	5/6	Yes	5	0	2
Mr. A.P. Kurian	5/6	Yes	1	1	0
Mrs. Radha Unni[2]	4/4	Yes	8	1	3
Mr. K.M. Abraham[3]	2/3	No	1	0	1
Mr. Thomas Mathew	5/6	Yes	0	0	0
Mrs. Shirley Thomas[4]	1/1	N.A.	0	0	0

[1] Directorship and Committee membership considered for the purpose are those prescribed under Regulation 26 of the SEBI (LODR) Regulations, 2015 i.e., Audit Committee and Stakeholders Relationship Committee in other Public Limited Companies. Committee chairmanship and memberships are given separately.
[2] Resigned from the Board w.e.f November 20, 2021.
[3] Resigned from the Board w.e.f October 11, 2021.
[4] Appointed w.e.f November 25, 2021.

None of the members of the Board of the Company are holding directorship in other listed entities as on March 31,2022.

h. Remuneration of Directors

The Company confirms that the remuneration paid to the Directors is as per terms laid out in the Policy on Nomination & Remuneration of the Company. The Independent Directors of the Company has no pecuniary relationship with the Company, its promoters or Directors during the two immediately preceding financial years. Further, the Company has not paid any remuneration to the Non - Executive, Non - Independent Directors during the FY 2021-22.

The details of the remuneration paid to the Directors during FY 2021-22 are given below:

(₹ In lakhs)

Name of Director	Gross Salary	Perquisites	PF Contribu-tion	Sitting Fees	Total
Executive Directors					
Mr. Thomas George Muthoot	348.00	2.71	20.88	-	**371.59**
Non-Executive Directors					
Mr. Thomas John Muthoot	-	-	-	-	**0.00**
Mr. Thomas Muthoot	-	-	-	-	**0.00**
Mr. A.P. Kurian	-	-	-	2.75	**2.75**
Mrs. Radha Unni	-	-	-	2.00	**2.00**
Mr. K.M. Abraham	-	-	-	1.00	**1.00**
Mr. Thomas Mathew	-	-	-	2.75	**2.75**
Mrs. Shirley Thomas	-	-	-	0.75	**0.75**
Total	**348.00**	**2.71**	**20.88**	**9.25**	**380.84**

i. Code of Conduct for Directors and Senior Management Personnel

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

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

The Code of Conduct for Directors and Senior Management Personnel is available on the website of the Company at: https://muthootcap.com/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://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 https://www.muthootcap.com/wp-content/uploads/2020/07/COMPOSITION-OF-BOARD-OF-DIRECTORS-1.pdf and is also stated herein.

A. Audit Committee

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

(i) Composition and Attendance

As on March 31, 2022, the Audit Committee of the Board consisted of four Non - Executive Directors out of which three are 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 seven times during the FY 2021-22 on April 05, 2021; June 18, 2021; August 09, 2021; October 29, 2021; November 25, 2021; February 01, 2022 and March 25 2022. 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 2021-22 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. Thomas Mathew	Chairman	7/7
Mr. A.P. Kurian	Member	6/7
Mr. Thomas Muthoot	Member	6/7
Mrs. Radha Unni[1]	Member	4/4
Mr. K.M. Abraham[2]	Member	2/3
Mrs. Shirley Thomas[3]	Member	2/2

[1] Resigned from the Board w.e.f November 20, 2021.
[2] Resigned from the Board w.e.f October 11, 2021.
[3] Appointed w.e.f November 25, 2021.

(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 is mentioned in the terms of reference of the Audit Committee; and

u) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

B. Nomination & Remuneration Committee

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

(i) Composition and attendance

As on March 31, 2022, the NRC of the Company comprise of three Non - Executive Independent Directors. The Committee met twice during the FY 2021-22 on June 19, 2021 and November 25, 2021.

The composition and attendance of the Members at the NRC meetings held during the FY 2021-22 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. A.P Kurian	Chairman	2/2
Mrs. Radha Unni[1]	Member	1/1
Mr. Thomas Mathew	Member	2/2
Mrs. Shirley Thomas[2]	Member	Nil

[1] Resigned from the Board w.e.f November 20, 2021.
[2] Appointed w.e.f November 25, 2021.

(ii) Terms of reference

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

a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

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

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

d) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors for their appointment and removal;

e) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and

f) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

C. Stakeholders Relationship Committee

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

(i) Composition and attendance

As on March 31, 2022, the Stakeholders Relationship Committee of the Company consists of four Directors. The Committee has met four times during the FY 2021-22 on June 19, 2021; August 10, 2021; October 30, 2021 and February 02, 2022.

The composition and attendance of the Members at the SRC meetings held during the FY 2021-22 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[1]	Member	1/2
Mr. Thomas Mathew[2]	Member	2/2

[1] Resigned from the Board w.e.f October 11, 2021.
[2] Inducted to the Committee w.e.f October 30 2021.

(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 through 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 regular basis to find out whether complaints have 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 2021-22 are as follows:

Sl. No.	Particulars	No. of Complaints
1.	Number of Investor complaints pending at the beginning of the year (i.e., 01.04.2021)	Nil
2.	Number of Investor complaints received during the year (01.04.2021 - 31.03.2022)	Nil
3.	Number of Investor complaints redressed during year (01.04.2021- 31.03.2022)	Nil
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e., 31.03.2022)	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, 2022, the CSR Committee of the Company, consists of three Non - Executive Directors, out of which two are Independent Directors. The Company Secretary of the Company acts as the Secretary to the Committee.

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

The CSR Policy of the Company, as approved and adopted by the Board, is available on the website of the Company at https://muthootcap.com/wp-content/uploads/2021/10/CSR_Policy-MCSL.pdf.

The CSR Committee met four times during the FY 2021-22 on June 18, 2021; August 09, 2021; October 30, 2021 and February 01, 2022.

The composition and attendance of the Members at the CSR Committee meetings held during the FY 2021-22 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[1]	Member	3/3
Mr. Thomas Mathew	Member	4/4
Mr. K.M. Abraham[2]	Member	1/2
Mrs. Shirley Thomas[3]	Member	1/1

[1] Resigned from the Board w.e.f November 20, 2021.
[2] Resigned from the Board w.e.f October 11, 2021.
[3] Appointed w.e.f November 25, 2021.

(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:

a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

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

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

E. Risk Management Committee

In compliance with the requirements of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements), the Board of Directors of the Company had constituted a Risk Management Committee (RMC) for monitoring and reviewing the risk management policies and associated practices of the Company. The Company Secretary of the Company acts as the Secretary to the Committee.

(i) Composition and attendance

As on March 31, 2022, the Risk Management Committee of the Company consists of three Directors which one is an Independent Director. The Committee has met once during the FY 2021-22 on October 29,2021.

The composition and attendance of the Members at the RMC meetings held during the FY 2021-22 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. Thomas George Muthoot	Chairman	1/1
Mr. Thomas Muthoot	Member	1/1
Mr. Thomas Mathew	Member	1/1

(ii) Terms of reference

The terms of reference of Risk Management Committee in accordance with Regulation 21 of the SEBI (LODR) Regulations, 2015 include the following:

a) Oversee the development, implementation and maintenance of the Company's overall risk management framework and its appetite, strategy, principles and policies, to ensure they are in line with emerging regulatory, corporate governance and industry best practice;

b) Oversee the Company's risk exposures, risk/return and proposed improvements to the Group`s risk management framework and its risk appetite, strategy, principles, policies and standards;

c) Provide formal sign - off for the board risk report and other risk related sections within the annual reports & accounts;

d) Facilitate effective contribution and involvement of non - executives and aid their understanding of risk issues and the Company's risk management framework;

e) Provide input to the Remuneration Committee on the alignment of remuneration to risk performance;

f) Monitoring the cyber security of the Company and take appropriate actions/approach to combat cyber threats given the level of complexity of business and acceptable levels of risk;

g) Review new risk principles and policy and material amendments to risk principles and policy recommended by the Chief Executive and Chief Risk Officer ('CRO'), for approval by the Board;

h) Oversee adherence to Company's risk principles, policies and standards and any action taken resulting from material policy breaches, based upon reports from the Chief Executive and the CRO;

i)
   i) Review the appointment, resignation or dismissal of the CRO and make appropriate recommendation to the Board;

   ii) Review and discuss with the CRO the scope of work of the Company 's Risk Division, its plans, the issues identified as a result of its work, how management is addressing these issues and the effectiveness of systems of risk management;

   iii) Review the adequacy of the Company's Risk Division's resources and its authority and standing within the company

   iv) Review co-ordination between the Company's Risk Division and the external auditors;

   v) Periodically review and update its own terms of reference to reflect best practice, requesting Board approval for all proposed changes and at appropriate intervals, evaluate its own performance against the terms of reference; and

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

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 enable its 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 violation of 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://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, 2021	September 25, 2021	10.30 a.m.	Video Conference
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

b) Special Resolutions passed at the last three AGM

Sl. No.	Date of AGM	Special Resolution
1	**September 25, 2021**	No Special resolutions
2	**September 28, 2020**	No Special resolutions
3	**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.

c) Postal Ballot

The Company had not passed any resolutions through Postal Ballot during the year ended March 31, 2022.

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

6. MEANS OF COMMUNICATION

a) Quarterly unaudited and annual audited financial results of the Company were published in “Business Line” (English Language National Daily) and “Mangalam” (Vernacular Language).

b) The results were made available on the website of BSE Limited and National Stock Exchange of India Limited and also on the Company’s website at *www.muthootcap.com*

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

d) The Company interacts with various analysts and investors through various means, post the Board approving the financials, to address any queries that they could have in relation to the quarterly/yearly 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 is 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 under 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:

Sl. No.	Action Taken by	Details of violation	Details of Action Taken	Remarks
FY 2020-21				
1	National Stock Exchange of India Limited	Delay in submission of voting results of Postal Ballot as per Regulation 44 (3) of SEBI (LODR) Regulations, 2015.	Fine of Rs. 10,000/- was imposed.	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.
FY 2021-22				
1	National Stock Exchange of India Limited & BSE Limited	Delay in submission of disclosures on related party transactions as per Regulation 23 (9) of SEBI (LODR) Regulations, 2015.	Fine of Rs. 1,60,000/- was imposed by each of the Stock Exchanges.	The Company has paid the fine and filed the necessary disclosures on August 23, 2021.
2	BSE Limited	Delay in submission of certificate signed by the Debenture Trustee as per Regulation 52 (5) of SEBI (LODR) Regulations, 2015.	Fine of Rs. 31,000/- was imposed.	The Company has paid the fine and filed the necessary disclosures on August 16, 2021.

d) Disclosure under Regulation 32 (7A) : The Company has utilised 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 2021-22.

g) The details of total fees paid to Statutory Auditors during the FY 2021 - 2022 for all services rendered by them is given below:

Particulars	Amount (₹ in lakhs)
Audit fees (including for Limited Review)	18.00
Taxation matters	Nil
Other services	1.00
Reimbursement of expenses	2.00
Total	**21.00**

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

The Company has been employing 388 women employees in various cadres as on March 31, 2022. 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 2021-22, 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 undertaken. Hence, there are no complaints pending for redressal as on March 31, 2022.

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 2021-22, the Company have transferred dividend an amount of ₹ 6,37,893/- to Investor Education and Protection Fund (IEPF) Authority, being unclaimed and unpaid dividend for the financial year 2013-14. Since the amount has been transferred to IEPF Authority, no claim for unclaimed and unpaid dividends for the financial year 2013-14 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, 2022, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2022	Migration during the FY 2021-22
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) **28th Annual General Meeting:** Tuesday, September 27, 2022 at 01.00 P.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, 2021 to March 31, 2022

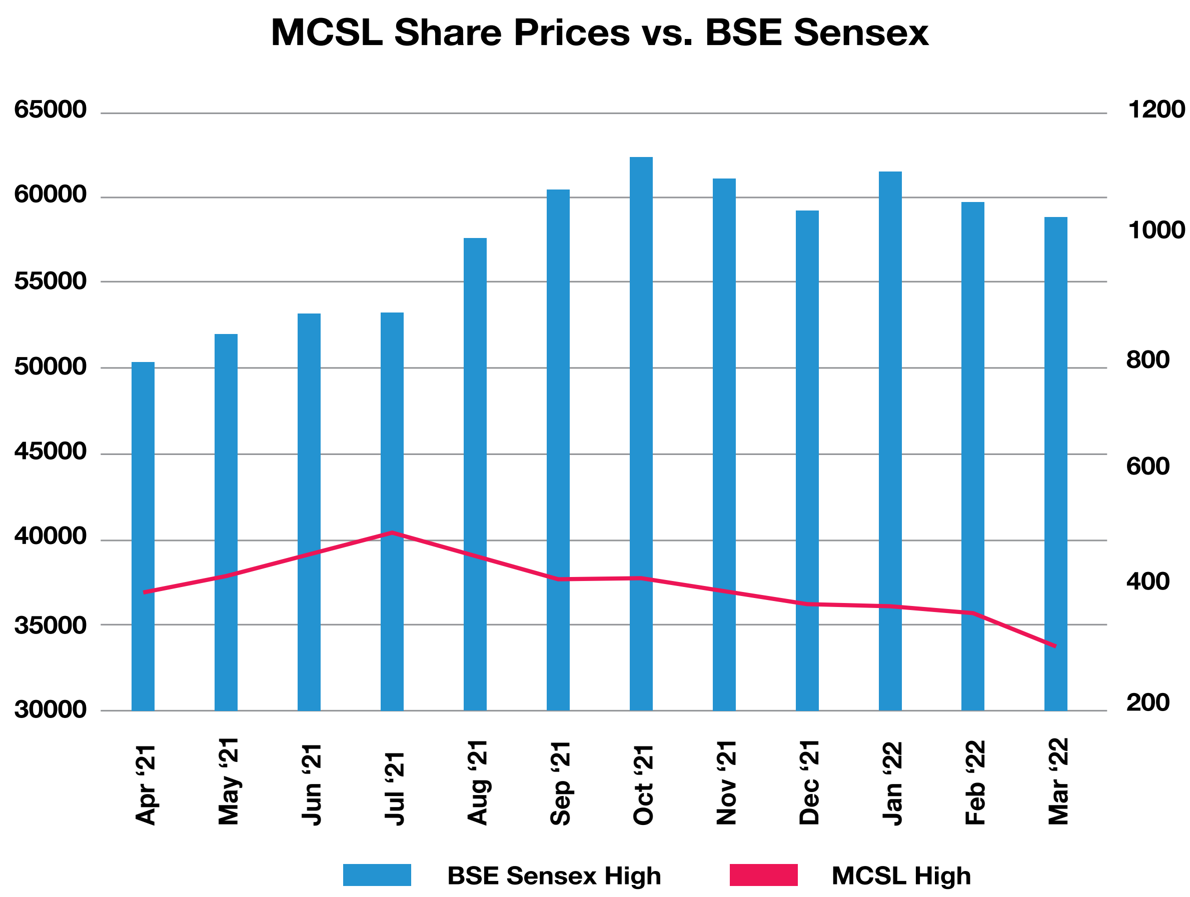
c) **Dividend Details:** Nil

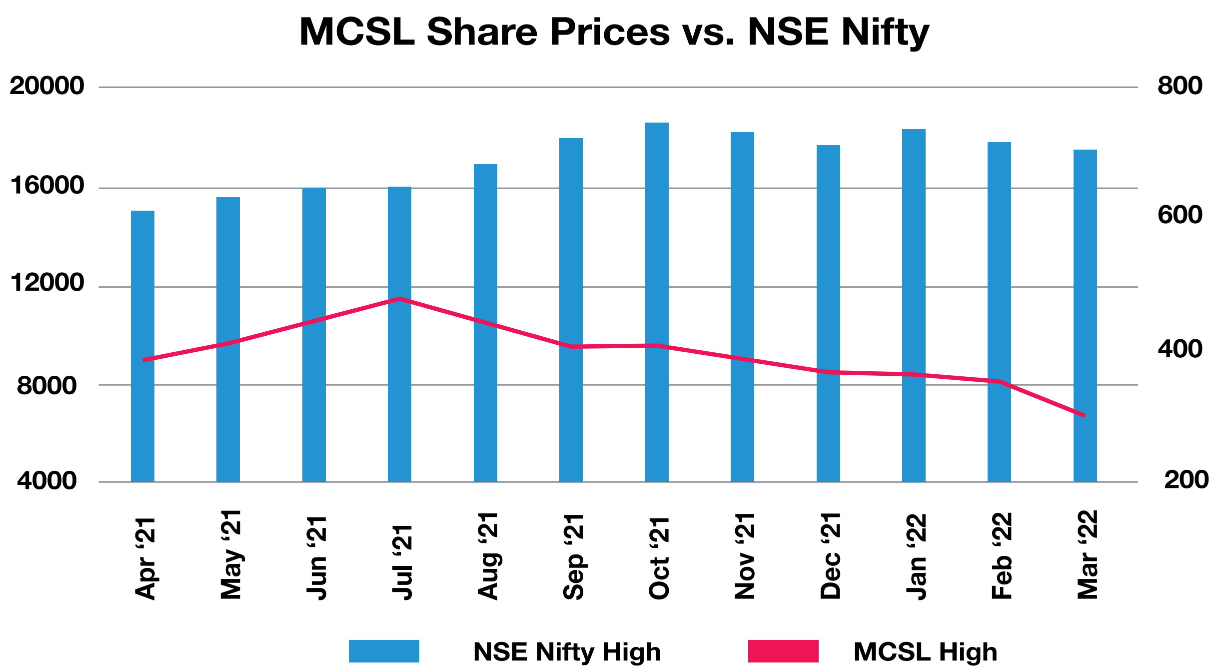
d) Listing Details:

Name and address of the Stock Exchange	Scrip Code	Status of Listing Fee for the FY 2022-23
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, 2021 to March 31, 2022:

Month	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
April 2021	400.00	360.00	31288	398.00	359.65	423595
May 2021	426.00	351.30	65215	425.00	361.70	1122528
June 2021	465.00	390.05	115602	465.00	390.85	2028839
July 2021	495.50	389.85	161826	496.00	390.20	2967058
August 2021	457.65	375.00	62408	457.95	377.00	1097504
September 2021	419.90	327.00	42922	411.90	385.05	497889
October 2021	421.00	382.70	32648	421.45	383.00	546652
November 2021	403.15	352.30	23962	403.00	350.00	262627
December 2021	375.00	341.30	25034	372.25	342.00	215755
January 2022	374.95	337.40	15093	374.05	336.10	262374
February 2022	365.95	259.30	31713	365.50	253.95	288837
March 2022	300.00	251.90	43169	298.05	255.00	385137


MCSL Share Prices vs. BSE Sensex
65000
60000
55000
50000
45000
40000
35000
30000
1200
1000
800
600
400
200
Apr '21
May '21
Jun '21
Jul '21
Aug '21
Sep '21
Oct '21
Nov '21
Dec '21
Jan '22
Feb '22
Mar '22
BSE Sensex High
MCSL High


MCSL Share Prices vs. NSE Nifty
20000
16000
12000
8000
4000
800
600
400
200
Apr '21
May '21
Jun '21
Jul '21
Aug '21
Sep '21
Oct '21
Nov '21
Dec '21
Jan '22
Feb '22
Mar '22
NSE Nifty High
MCSL High

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. With effect from April 01, 2019, the shareholders are not allowed to transfer any shares in the physical form and 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.

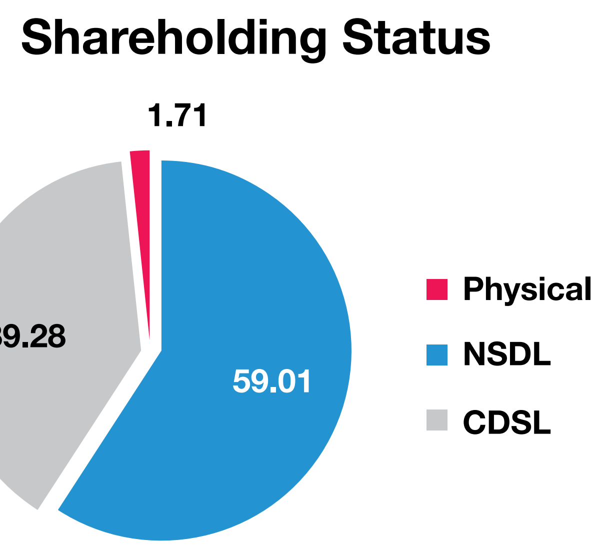
h) Distribution of Shareholding as on March 31, 2022

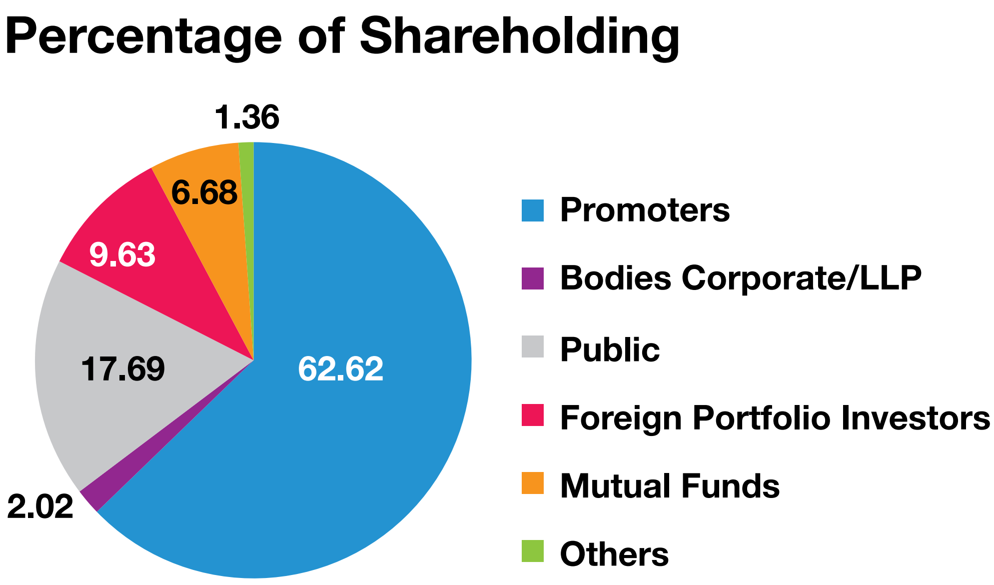
Sl. No	Category	No of Holders	% of Holders	No of Shares	% of Shares
1	UPTO 500	18615	96.39	1268843	7.7145
2	501 - 1000	367	1.9	266774	1.622
3	1001 - 2000	164	0.85	227691	1.3843
4	2001 - 3000	57	0.3	141696	0.8615
5	3001 - 4000	24	0.12	83965	0.5105
6	4001 - 5000	12	0.06	55941	0.3401
7	5001 - 10000	33	0.17	223702	1.3601
8	10001 AND ABOVE	41	0.21	14178921	86.207
	Total	**19313**	**100**	**16447533**	**100**

i) Dematerialisation of Shares and Liquidity:

The Company has made 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, 2022, 98.29% 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.





j) Shares in Suspense Account

No equity shares of the Company are held in demat suspense account/ unclaimed suspense account as on March 31, 2022.

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: *csdstd@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) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2022.

Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

Kochi
May 17, 2022

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, 2022.

Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

Kochi
May 17, 2022

ANNEXURE 3

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

We hereby certify that for the quarter and financial year ending March 31, 2022, 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 **May 17, 2022**	**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 **M/s 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, 2022 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.	Thomas Mathew	01277149	01/04/2019
6.	Shirley Thomas	08586100	25/11/2021

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: F003050D000380922

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

17.05.2022
Kochi

ANNEXURE 5

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Muthoot Capital Services Limited

1. We have examined the compliance of conditions of Corporate Governance by Muthoot Capital Services Limited ("the Company") for the year ended on March 31, 2022, 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, 2022. 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 31,2022.

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 PKF Sridhar & Santhanam LLP
Chartered Accountants
UDIN: 22210789AJDRDK9632

FRN No:003990S/S200018

Sd/- Viswanadh VNSS Kuchi
Partner
M.No. 210789

Place : Kochi
Date : 17.05.2022

Independent
Auditors' Report

To the Members of Muthoot Capital Services Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Muthoot Capital Services Limited ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and 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 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 31 March 2022, the loss and other 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of 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

1. We draw attention to Note 51 to the financial statements which describes the impact of macro-economic factors and compliance requirements on the operations and financial position of the company, including the Company's estimate of impairment losses and the continuing uncertainties which may require changes in such estimates in the future.

Our opinion is not modified in this respect.

2. As described in Note 78 to the Financial Statements, the Managerial Remuneration provided is in excess of limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013. As per the provisions of the Act, the excess remuneration is subject to approval of the Shareholders which the company proposes to obtain at the forthcoming General Meeting.

Our opinion is not modified in this respect.

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key audit matters	How our audit addressed the key audit matter
1.	**Impairment of financial assets** 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 and year gone by necessitates that the company shall specifically consider the possible impact of the uncertainties associated with the same in applying such judgement and estimates.	Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate. These procedures included, but not limited, to the following: • We examined Board Policy approving the methodology for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures commensurate with the size, complexity and risk profile specific to the Company; • We obtained an understanding of the model adopted by the Company for calculation of expected credit losses including the appropriateness of the data on which the calculation is based; • We evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages; • We tested, on samples basis, the input and historical data used for determining the PD and LGD rates, model validation and agreed the data with the underlying books of accounts and records; • We tested the arithmetical calculation of the workings of the expected credit losses; • We evaluated that the Company's impairment allowance is derived in accordance with Ind AS 109 which also include considering the impact of RBI's regulations/ circulars; • We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 on ECL especially in relation to judgements used in estimation of ECL provision.

Information Other than financial statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Director's report, Management Discussion and Analysis Report and Business Responsibility Report but does not include the financial statements and our auditors' 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 during 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 the Management and Those Charged with Governance for the financial statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and total 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 (Ind AS) prescribed 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial 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 with reference to the financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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.

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 auditors' 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 (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 with reference to the financial statements 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 Auditors' 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 as at 31 March 2022 on its financial position in its financial statements – Refer Note 43 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022; and

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. No dividend declared or paid during the year by the Company and accordingly reporting on compliance with section 123 of the Companies Act, 2013 is not applicable.

3. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the company has provided Managerial Remuneration an amount of ₹ 3 69 lakhs to the Managing director which is in excess of the limits prescribed in Section 197 read with Schedule V of the Companies Act. We have been informed that the company is obtaining approval from the Shareholders in the forthcoming General meeting.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

Viswanadh VNSS Kuchi
Partner
Membership No.210789

Kochi
17th May 2022

UDIN: 22210789AJDRDK9632

Annexure A

Referred to in paragraph 1 on ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Muthoot Capital Services Limited (“the Company”) on the financial statements as of and for the year ended 31 March 2022.

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets .

(b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, Company has already conducted 100% physical verification of assets in the year FY 2019-20. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property and hence the reporting requirements as per clause 3 (1) (c) of the Order are not applicable.

(d) The Company has not revalued its Property, Plant and Equipment during the year and hence this clause is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly statements filed by the company are in agreement with books of accounts.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, except in respect of investments into companies as part of its investment portfolio. Accordingly,

(a) Company’s principal business is to give loans and hence this sub-clause is not applicable.

(b) Based on our audit procedures & according to the information and explanation given to us, the investments made are not prejudicial to the Company’s interests.

(c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated. Note 6.1. (ix) to the Financial Statements explains the Company’s accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at March 31, 2022, aggregating ₹ 531 37 lakhs were categorised as credit impaired (“Stage 3”) and ₹ 145 57 lakhs were categorised as those where the credit risk has increased significantly since initial recognition (“Stage 2”). Disclosures in respect of such loans have been provided in Note 11.1 and Note 11.2 to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating ₹ 1361 03 lakhs, where credit risk has not significantly increased since initial recognition (categorised as “Stage 1”), delay in the repayment of interest and/or principal in respect of loans aggregating to ₹ 131 87 lakhs were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company’s business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified

(d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is ₹ 383 20 lakhs. Reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.

(e) The Company’s principal business is to give loans, and hence reporting under clause 3(iii)(e) of the Order is not applicable.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances during the year in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act with respect of making investments. The company has not granted loans, provided guarantees, and securities, as applicable.

(v) 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 71.1 of the financial statements, public deposits amounting to ₹ 2 00 lakhs (including interest) could not be repaid for the reasons explained therein.

(vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, custom duty, Goods and Services Tax (GST), cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, custom duty, Goods and Services Tax (GST), cess and any other statutory dues were in arrears, as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at 31 March 2022, which have not been deposited with the appropriate authorities on account of any dispute

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that the company has not used any short term funds raised for long term purposes during the year.

(e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its joint venture or associate companies. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its joint venture or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

(c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the Indian accounting standard.

(xiv) (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) Based on our audit procedures and according to the information and explanations given to us, the Company is engaged in the business of Non-Banking Financial Institution and has obtained a valid certificate of registration as required under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has is conducting Non-Banking Financial or Housing Finance activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on our audit procedures and according to the information and explanations given to us, there are no Core Investment Companies (CICs) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period.

(xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been resignation by statutory auditor pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by Reserve Bank of India on April 27, 2021 (the "RBI Guidelines") as they have completed the maximum eligible tenure of 3 years. We have obtained no objection certificate from the outgoing auditors to which they have replied to us with no objections in we taking up the statutory audit.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) Based on our audit procedures and according to the information and explanations given to us, in respect of other than ongoing projects, the Company having spent the required amount, there is no amount pending to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company is required to transfer unspent amount under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project to special account in compliance with provision of sub-section (6) of section 135 and has been duly transferred by the company.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

Viswanadh VNSS Kuchi
Partner
Membership No.210789

Kochi
17th May 2022

UDIN: 22210789AJDRDK9632

Annexure B

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. 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 with reference to the financial statements were 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 with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls, 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 with reference to the financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to the financial statements 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 the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to the financial statements, 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 with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

We have audited the internal financial controls with reference to the financial statements of Muthoot Capital Services Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal control with reference to the financial statements 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 (the "Guidance Note").

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

Viswanadh VNSS Kuchi
Partner
Membership No.210789

Kochi
17th May 2022

UDIN: 22210789AJDRDK9632

Balance Sheet as at 31st March, 2022

(₹ in lakhs)

Particulars	Note	As at	
		31-Mar-22	31-Mar-21
I. ASSETS			
1. Financial Assets			
a. Cash and Cash Equivalents	**8**	**293 18**	540 68
b. Bank Balance Other than Cash and Cash Equivalents	**9**	**42 02**	69 22
c. Derivative Financial Instruments	**10**	**11**	-
d. Loans	**11**	**1565 49**	1871 61
e. Investments	**12**	**27 40**	16 35
f. Other Financial Assets	**13**	**11 44**	14 03
2. Non – Financial Assets			
a. Current Tax Assets (Net)	**14**	**23 44**	21 45
b. Deferred Tax Assets (Net)		**107 71**	21 44
c. Property Plant and Equipment	**15**	**1 82**	2 50
d. Other Intangible Assets	**16**	**14**	31
e. Other Non-Financial Assets	**17**	**2 18**	2 01
TOTAL ASSETS		**2074 93**	**2559 60**
II. LIABILITIES AND EQUITY			
A. LIABILITIES			
1. Financial Liabilities			
a. Derivative Financial Instruments	**10**	**-**	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		**28 49**	20 80
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**	**154 26**	285 25
d. Borrowings (Other than Debt Securities)	**20**	**1376 49**	1539 77
e. Deposits	**21**	**59 50**	53 31
f. Subordinated Liabilities	**22**	**34 42**	66 20
g. Other Financial Liabilities	**23**	**27 29**	28 19

(₹ in lakhs)

Particulars	Note	As at	
		31-Mar-22	31-Mar-21
2. Non-Financial Liabilities			
a. Provisions	**24**	**3 60**	3 43
b. Other Non-Financial Liabilities	**25**	**3 13**	1 67
B. EQUITY			
a. Equity Share Capital	**26**	**16 45**	16 45
b. Other Equity	**27**	**371 30**	543 12
TOTAL LIABILITIES AND EQUITY		**2074 93**	**2559 60**

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-80)
As per our separate report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN No:003990S/S200018

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

Sd/-
VISWANADH VNSS KUCHI
Partner
Membership No: 210789
UDIN: 22210789AJDRDK9632

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

Kochi
17th May , 2022

Statement of Profit and Loss
for the year ended 31st March, 2022

(₹ in lakhs)

Particulars	Note	For the Year Ended	
		31-Mar-22	31-Mar-21
I. Revenue from Operations			
a. Interest Income	28	**372 81**	484 73
b. Dividend Income		**3**	-
c. Fees and Charges Income	29	**23 53**	18 90
d. Net Gain on Fair Value Changes	30	**42**	26
e. Other Operating Income	31	**70**	25
Total Revenue from Operations		**397 49**	**504 14**
II. Other Income	32	**47**	**90**
III. Total Income (I+II)		**397 96**	**505 04**
IV. Expenses			
a. Finance Costs	33	**149 92**	187 05
b. Impairment on Financial Instruments	34	**324 36**	94 79
c. Employee Benefits Expenses	35	**69 66**	69 28
d. Depreciation, Amortization and Impairment	36	**96**	1 30
e. Other Expenses	37	**82 11**	83 12
Total Expenses		**627 01**	**435 54**
V. Profit /(Loss) before Tax (III-IV)		**(229 05)**	69 50
VI. Tax Expenses:			
a. Current Tax		**28 67**	16 20
b. Deferred tax		**(86 31)**	5 42
c. Taxes relating to prior years		**52**	(3 58)
VII. Profit /(Loss) for the Year (V-VI)		**(171 93)**	**51 46**
VIII. Other Comprehensive Income (OCI)			
[A] Items that will not be reclassified to Profit or Loss			
(i) Remeasurement of Defined Benefit Plans		**(7)**	(20)
(ii) Fair value changes on Equity Instruments through Other Comprehensive Income		**35**	1 05
(iii) Cost of Hedging		**(17)**	16
(iv) Income Tax Relating to Items that will not be reclassified to Profit or Loss		**(3)**	(25)
Subtotal (A)		**8**	**76**
[B] Items that will be reclassified to Profit or Loss			
(i) Cash Flow Hedging Reserve		**4**	(4)
(ii) Income Tax Relating to Items that will be reclassified to Profit or Loss		**(1)**	1
Subtotal [B]		**3**	**(3)**
Total Other Comprehensive Income (A+B)		**11**	**73**

(₹ in lakhs)

Particulars		Note	For the Year Ended	
			31-Mar-22	31-Mar-21
IX.	**Total Comprehensive Income for the year (VII+VIII)**		**(171 82)**	**52 19**
	Earnings Per Equity Share (Face value of ₹10/- each)			
	Basic (₹)		**(104.54)**	31.29
	Diluted (₹)		**(104.54)**	31.29

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-80)
As per our separate report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN No:003990S/S200018

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

Sd/-
VISWANADH VNSS KUCHI
Partner
Membership No: 210789
UDIN: 22210789AJDRDK9632

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

Kochi
17th May , 2022

Statement of Changes in Equity
for the year ended 31st March, 2022

A. Equity Share Capital

Particulars	Number of Shares	(₹ in lakhs)
As at 1st April, 2020	**1 64 47 533**	**16 45**
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 1st April, 2020	**1 64 47 533**	**16 45**
Increase / (decrease) during the year	-	-
As at 31st March, 2021	**1 64 47 533**	**16 45**
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 1st April, 2021	**1 64 47 533**	**16 45**
Increase / (decrease) during the year	-	-
As at 31st March, 2022	**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, 2020	**73 76**	**201 35**	**11 85**	**204 11**	**14**	**(4)**	**5**	**(29)**	**490 93**
Changes in accounting policy or prior period items	-	-	-	-	-	-	-	-	-
Restated balance as at 1st April, 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**

(₹ 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					
Changes in accounting policy or prior period items	-	-	-	-	-	-	-	-	-
Restated balance as at 1st April, 2021	**84 26**	**201 35**	**11 85**	**245 07**	**93**	**8**	**2**	**(44)**	**543 12**
Profit/(Loss) for the Year	-	-	-	(171 93)	-	-	-	-	(171 93)
Other Comprehensive Income for the Year	-	-	-	-	35	(17)	4	(7)	15
Income Tax on OCI	-	-	-	-	(9)	4	(1)	2	(4)
Transferred to/(from)	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	**-**	**-**	**-**	**(171 93)**	**26**	**(13)**	**3**	**(5)**	**(171 82)**
Balance as at 31st March, 2022	**84 26**	**201 35**	**11 85**	**73 14**	**1 19**	**(5)**	**5**	**(49)**	**371 30**

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-80)
As per our separate report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN No:003990S/S200018

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

Sd/-
VISWANADH VNSS KUCHI
Partner
Membership No: 210789
UDIN: 22210789AJDRDK9632

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

Kochi
17th May , 2022

Statement of Cash Flows
for the year ended 31st March, 2022

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Tax	**(229 05)**	69 50
Adjustments to Reconcile Profit before Tax to Net Cash Flows:		
Depreciation, Amortisation & Impairment	**96**	1 30
Profit From Capital Market Operations		(11)
Asset Written off	**-**	2
Dividend Income	**(3)**	-
Income from Investments	**(96)**	(80)
Net Gain on Fair Value Changes	**(42)**	(26)
Impairment on Financial Instruments	**324 36**	94 79
Finance Cost	**149 92**	187 05
Operating Profit before Working Capital Changes	**244 78**	351 49
Adjustments for Net (Increase)/Decrease in Operating Assets:		
Bank Balances other than Cash and Cash Equivalents	**27 19**	43 54
Loans	**(14 81)**	461 63
Other Financial Assets	**(84)**	1 97
Derivative Financial Instruments	**(1 65)**	4 71
Other Non-Financial Assets	**(18)**	(80)
Adjustments for Net Increase/ (Decrease) in Operating Liabilities		
Other Financial Liabilities	**(90)**	73
Trade Payables	**7 67**	6 74
Other Non - Financial Liabilities	**1 45**	(95)
Provisions	**10**	(7 12)
Net changes in working capital	**18 03**	**510 45**
Cash generated from Operations before Income Tax	**262 81**	**861 94**
Finance cost paid	**(158 35)**	(177 22)
Direct Taxes paid	**(31 17)**	(15 07)
Net cash from / (used) in Operating Activities	**73 29**	**669 65**
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	**(12)**	(44)
Sale of Fixed Assets	**1**	1
Increase in Intangible Asset	**-**	(55)
(Increase) / Decrease in Investment	**(10 26)**	1 50
Interest on Investments	**95**	80

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Dividend Income	3	-
Net cash from / (used) in Investing Activities	**(9 39)**	**1 32**
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase / (Decrease) in Borrowings other than Debt Securities	(164 05)	(700 68)
Net Increase / (Decrease) in Deposits	6 04	10 10
Net Increase / (Decrease) in Debt Securities	(125 00)	275 00
Net Increase / (Decrease) in Subordinated liabilities	(28 39)	(83)
Net Cash Generated from Financing Activities	(311 40)	(416 41)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(247 50)	254 56
Opening Balance of Cash and Cash Equivalents (Refer Note 8)	540 68	286 12
Closing Balance of Cash and Cash Equivalents (Refer Note 8)	293 18	540 68

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-80)
As per our separate report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN No:003990S/S200018

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

Sd/-
VISWANADH VNSS KUCHI
Partner
Membership No: 210789
UDIN: 22210789AJDRDK9632

Sd/-
THOMAS JOHN MUTHOOT
Chairman
DIN: 00011618

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Managing Director
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Sd/-
THOMAS MUTHOOT
Director
DIN: 00082099

Sd/-
VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary &
Compliance Officer

Kochi
17th May , 2022

Notes to Financial Statements
for the year ended **31st March, 2022**

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, 2022 were approved for issue in accordance with the resolution of the Board of Directors on 17th May, 2022.

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 7 - 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. ACCOUNTING STANDARDS NOTIFIED BUT EFFECTIVE AT A LATER DATE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

Ind AS 16 – Proceeds before intended use

The amendments requires excess of net sale proceeds over the cost of testing of items produced by property, plant and equipment for its intended use, if any, would not be recognised in the statement of profit or loss, but deducted from the directly attributable costs considered as part of cost of an item of PPE.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.

The Company does not expect the amendments to have any significant impact in its financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 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.

(ii) 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.

(iii) 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.

(iv) 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).

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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 (All accounts marked as credit-impaired in line with the revised RBI circular noted below)

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated November 12, 2021 borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset / Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset / Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date. The Company has carried out the requirement in line with Reserve Bank of India Clarification and accordingly the change in accounting policy is effective financial year 2021-22. Upgradation of accounts classified as Stage 3/Non-performing assets (NPA) - The Company upgrades loan accounts classified as Stage 3/NPA to "standard" asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the company in this regard.

Credit-impaired financial assets:

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

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

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

The Expected Credit Loss (ECL)

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

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

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

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

LGD: Loss Given Default (“LGD”) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. In respect of Financial Assets where historical information is not available, minimum provision as mandated under RBI guidelines would be made along with additional provision as considered necessary by the 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.

(x) 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.

6.2 Revenue from Operations

6.2.1 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.

6.2.2 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

6.2.3 Recognition of revenue from sale of goods or services and Fees and Charges Income

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.

6.2.4 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.

6.3 Expenses

6.3.1 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.

6.3.2 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.

6.3.3 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.

6.3.4 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.

6.4 Foreign Currency Transactions

6.4.1 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.

6.4.2 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.

6.5 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.

6.6 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.

6.6.1 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.

6.7 Intangible Assets

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

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is presented as a separate line item in the Statement of Profit and Loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis in the Statement of Profit and Loss from/upto the date of acquisition/sale.

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

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

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

6.8 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.

6.9 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.

6.10 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.

6.11 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.

6.11.1 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.

6.11.2 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.

6.12 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.

6.13 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.

7. 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:

7.1 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.

7.2 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.

7.3 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.

7.4 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.

7.5 Estimation of uncertanities relating to Macro Economic Environment

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, 2022. 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 it's impact on the economy. Refer Note 51 relating to the detailed note on update on Maco Economic Environment.

7.6 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.

7.7 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.

7.8 Other Estimates

These include 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, 2022

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

8. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Cash on Hand	-	-
Balances with Banks (of the nature of Cash and Cash Equivalents)	**236 36**	246 11
Bank Deposit with original maturity less than three months	**56 82**	294 57
Total	**293 18**	540 68

8.1 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.

9. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Balances with Banks		
- Unclaimed Dividend Accounts	**15**	21
- Margin Money	**1 17**	1 10
Bank deposit		
- Money or Security against the Borrowings, Guarantees, other Commitments. (Refer Note 9.1)	**32 97**	58 16
- Other Bank deposit	**7 73**	9 75
Total	**42 02**	69 22

9.1 Includes deposits offered as collateral security against securitization transactions

10. 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-22				As at 31-Mar-21			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
(i) Currency Derivatives:								
- Forwards	17 48	11	-	-	-	-	51 28	1 41
- Currency Futures	-	-	-	-	-	-	-	-
- Currency Swaps	-	-	-	-	-	-	-	-
- Options Purchased	-	-	-	-	-	-	-	-
- Options Sold (written)	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
Sub Total (i)	**17 48**	**11**	**-**	**-**	-	-	51 28	1 41
(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)	**17 48**	**11**	**-**	**-**	-	-	51 28	1 41

(₹ in lakhs)

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Notional amounts	**Fair value Asset**	**Notional amounts**	**Fair value Liabilities**
Included in above are derivatives held for hedging and risk management purposes as follows:				
(i) Fair value hedging	**-**	**-**	-	-
(ii) Cash flow hedging:				
- Currency derivatives	**17 48**	**11**	51 28	1 41
(iii) Net investment hedging	**-**	**-**	-	-
(iv) Undesignated Derivatives	**-**	**-**	-	-
Total (i)+ (ii)+(iii)+(iv)	**17 48**	**11**	51 28	1 41

10.1 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.

10.2 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.

10.3 Derivatives not designated as hedging instruments

There are no derivatives not designated as hedging instruments.

11. LOANS

(₹ in lakhs)

Particulars	As at											
	31-Mar-22						31-Mar-21					
	Amortised Cost	At Fair Value			Sub Total	Total	Amortised Cost	At Fair Value			Sub Total	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	1921 46	-	-	-	-	1921 46	1910 87	-	-	-	-	1910 87
ii) Term Loans	86 29	-	-	-	-	86 29	102 89	-	-	-	-	102 89
iii) Others Loans	30 22	-	-	-	-	30 22	37 53	-	-	-	-	37 53
Total (A) - Gross	**2037 97**	-	-	-	-	**2037 97**	2051 29	-	-	-	-	2051 29
Less: Impairment Loss Allowance (Refer Note 11. (ii) & (iii))	472 48	-	-	-	-	472 48	179 68	-	-	-	-	179 68
Total (A) – Net	**1565 49**	-	-	-	-	**1565 49**	1871 61	-	-	-	-	1871 61
(B) (i) Secured by Tangible Assets / Others (Refer Note 11.(i)	2034 31	-	-	-	-	2034 31	2044 04	-	-	-	-	2044 04
(ii) Unsecured	3 66	-	-	-	-	3 66	7 25	-	-	-	-	7 25
Total (B) - Gross	**2037 97**	-	-	-	-	**2037 97**	2051 29	-	-	-	-	2051 29
Less: Impairment Loss Allowance	472 48	-	-	-	-	472 48	179 68	-	-	-	-	179 68
Total (B) – Net	**1565 49**	-	-		-	**1565 49**	1871 61	-	-	-	-	1871 61
(C) Loans in India												
i) Public Sector	-	-	-	-	-	-	-	-	-	-	-	-
ii) Others	2037 97	-	-	-	-	2037 97	2051 29	-	-	-	-	2051 29
Total (C) - Gross	**2037 97**	-	-	-	-	**2037 97**	2051 29	-	-	-	-	2051 29
Less: Impairment Loss Allowance	472 48	-	-	-	-	472 48	179 68	-	-	-	-	179 68
Total (C) - Net	**1565 49**	-	-	-	-	**1565 49**	1871 61	-	-	-	-	1871 61

11 (i) Includes loans secured against receivables of borrowers. Refer Note 47.2.10 Quantitative information of Collateral

11 (ii) Includes an additional one-time lump sum provision of ₹ 226 10 lakhs over and above the provision required.

11 (iii) Includes general provision of ₹ 2 15 lakhs.

11.1 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-22					31-Mar-21				
	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)	**1229 15**	**-**	**-**	**-**	**1229 15**	1398 92	-	-	-	1398 92
Past due not impaired										
Upto 30 days past due	**131 88**	**-**	**-**	**-**	**131 88**	188 72	-	-	-	188 72
31 to 90 days past due	**-**	**145 57**	**-**	**-**	**145 57**	-	211 88	-	-	211 88
Impaired	**-**	**-**	**531 37**	**-**	**531 37**	-	-	251 77	-	251 77
Total	**1361 03**	**145 57**	**531 37**	**-**	**2037 97**	1587 64	211 88	251 77	-	2051 29

* Purchased or Originated Credit Impaired
** In line with the revised RBI cicular dated 12th November, 2021

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

(₹ in lakhs)

Particulars	For the year ended									
	31-Mar-22					31-Mar-21				
	Stage 1	Stage 2	Stage 3	POCI*	Total	Stage 1	Stage 2	Stage 3	POCI*	Total
Gross Carrying amount Opening Balance	**1587 64**	**211 88**	**251 77**	**-**	**2051 29**	2221 38	159 44	175 15	-	2555 97
New Assets Originated or Purchased	**962 96**	**42 74**	**15 24**	**-**	**1020 94**	693 60	5 00	74	-	699 34
Assets derecognised on payment/recovery through disposal of repossessed asset	**(911 62)**	**(72 57)**	**(50 07)**	**-**	**(1034 26)**	(1093 75)	(58 14)	(52 13)	-	(1204 02)
Transfers to Stage 1	**12 22**	**(12 12)**	**(10)**	**-**	**-**	15 87	(15 84)	(3)	-	-
Transfers to Stage 2	**(87 61)**	**87 64**	**(3)**	**-**		(174 17)	174 23	(6)	-	-
Transfers to Stage 3	**(202 56)**	**(112 00)**	**314 56**	**-**		(75 29)	(52 81)	128 10	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-	-	-
Gross Carrying amount Closing Balance	**1361 03**	**145 57**	**531 37**	**-**	**2037 97**	1587 64	211 88	251 77	-	2051 29

*Purchased or Originated Credit Impaired

11.3 Reconciliation of ECL balance is given below:

(₹ in lakhs)

Particulars	For the year ended									
	31-Mar-22					31-Mar-21				
	Stage 1	Stage 2	Stage 3	POCI*	Total	Stage 1	Stage 2	Stage 3	POCI*	Total
ECL Allowance - Opening Balance	**20 88**	**22 77**	**136 03**	**-**	**179 68**	33 59	17 75	76 94	-	128 28
New Assets Originated or Purchased	**11 69**	**4 08**	**5 67**	**-**	**21 44**	8 64	48	34	-	9 46
Assets derecognised on payment/recovery through disposal of repossessed asset	**(11 82)**	**(7 76)**	**(21 68)**	**-**	**(41 26)**	(7 77)	(6 47)	(24 62)	-	(38 86)
Transfers to Stage 1	**1 32**	**(1 28)**	**(4)**	**-**	**-**	1 80	(1 79)	(1)	-	-
Transfers to Stage 2	**(1 16)**	**1 18**	**(2)**	**-**	**-**	(1 14)	1 17	(3)	-	-
Transfers to Stage 3	**(2 66)**	**(11 80)**	**14 46**	**-**	**-**	(50)	(5 30)	5 80	-	-
Impact on year end ECL of exposures transferred between stages during the year	**(1 17)**	**7 55**	**102 57**	**-**	**108 95**	(1 59)	17 19	52 43	-	68 03
Impact of changes in credit risk of assets	**(28)**	**(9)**	**201 89**	**-**	**201 52**	(12 15)	(26)	25 18	-	12 77
ECL allowance - Closing Balance (Refer Note 11.3.1)	**16 80**	**14 65**	**438 88**	**-**	**470 33**	20 88	22 77	136 03	-	179 68

*Purchased or Originated Credit Impaired

11.3.1 Includes an additional one-time lump sum provision of ₹ 226 10 lakhs over and above the provision required

12. INVESTMENTS

(₹ in lakhs)

Particular	As at													
	31-Mar-22							31-Mar-21						
	Amortised Cost	At Fair Value			Sub Total	Others	Total	Amor-tised Cost	At Fair Value			Sub Total	Others	Total
		Through Other Compre-hensive Income	Through Profit or Loss	Designated at Fair Value Through Profit or Loss					Through Other Compre-hensive Income	Through Profit or Loss	Desig-nated at Fair Value Through Profit or Loss			
i) Government Securities	**11 53**	-	-	-	-	-	**11 53**	8 53	-	-	-	-	-	8 53
ii) Debt Securities	-	-	**2 58**	-	**2 58**	-	**2 58**	-	-	5 03	-	5 03	-	5 03
iii) Equity Instruments	-	**2 49**	-	-	**2 49**	-	**2 49**	-	2 14	-	-	2 14	-	2 14
iv) Investments on own Securitised Pass-through certificate	**10 01**	-	-	-	-	-	**10 01**	-	-	-	-	-	-	-
v) Other (Alternate Investment Fund)	-	-	**79**	-	**79**	-	**79**	-	-	65	-	65	-	65
Total Gross (A)	**21 54**	**2 49**	**3 37**	-	**5 86**	-	**27 40**	8 53	2 14	5 68	-	7 82	-	16 35
i) Investments Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	**21 54**	**2 49**	**3 37**	-	**5 86**	-	**27 40**	8 53	2 14	5 68	-	7 82	-	16 35
Total Gross (B)	**21 54**	**2 49**	**3 37**	-	**5 86**		**27 40**	8 53	2 14	5 68	-	7 82	-	16 35
Less: Allowance for Impairment Loss (C)	-	-	-	-	-		-	-	-	-	-	-	-	-
Total - Net D=(A)-(C)	**21 54**	**2 49**	**3 37**		**5 86**		**27 40**	8 53	2 14	5 68	-	7 82	-	16 35

12.1 The Company received dividends of ₹ 3 lakhs (₹Nil) from its FVOCI securities, recorded as dividend income.

13. OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Security Deposit (unsecured, considered good) (Refer Note 13.1)	1 10	1 13
Other Financial Asset :		
- unsecured, considered good (Refer Note 13.2)	9 49	10 63
- unsecured, considered doubtful	2 44	22
- provision provided for doubtful asset	(2 44)	(22)
Excess Interest Spread/Service asset receivable on assignment transaction (Net of ECL provision) (Refer Note 13.3 & 13.4)	85	2 27
Total	**11 44**	**14 03**

13.1 Includes security deposits with related parties ₹ 63 lakhs (31st March, 2021 ₹ 63 lakhs).

13.2 Includes receivables from related parties ₹ 10 lakhs (31st March, 2021 ₹12 lakhs).

13.3 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-22	31-Mar-21
Gross Carrying amount - Opening Balance	4 50	5 60
Addition during the year	2	35
Deletion during the year	22	1 45
Gross Carrying amount - Closing Balance	**4 30**	**4 50**

13.4 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-22	31-Mar-21
ECL Allowance - Opening Balance	2 23	1 86
Addition during the year	1 22	37
Reversal during the year	-	-
ECL Allowance - Closing Balance	**3 45**	**2 23**

14. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Income Tax receivable (Net of provisions)	23 44	21 45
Total	**23 44**	**21 45**

15. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Furniture & Fixtures	Computer	Vehicles Car	Windmill	Office Equipment	Total
Gross Block As at 1st April, 2020	**1 18**	**83**	**2 72**	**4**	**40**	**5 17**
Additions	25	12	-	-	7	44
Disposal	2	3	-	-	3	8
As at 31st March, 2021	**1 41**	**92**	**2 72**	**4**	**44**	**5 53**
Additions	-	8	-	-	4	12
Disposal	-	-	-	-	4	4
As at 31st March, 2022	**1 41**	**1 00**	**2 72**	**4**	**44**	**5 61**
Accumulated Depreciation and Impairment						
As at 1st April, 2020	**51**	**41**	**89**	-	**17**	**1 98**
Charge for the Year	23	21	57	-	9	110
Disposals	-	3	-	-	2	5
As at 31st March, 2021	**74**	**59**	**1 46**	-	**24**	**3 03**
Charge for the Year	17	15	39	-	8	79
Disposals	-	-	-	-	3	3
As at 31st March, 2022	**91**	**74**	**1 85**	**-**	**29**	**3 79**
Net Carrying Amount as at 31st March, 2021	**67**	**33**	**1 26**	**4**	**20**	**2 50**
Net Carrying Amount as at 31st March, 2022	**50**	**26**	**87**	**4**	**15**	**1 82**

16. OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer Software	Total
Gross Block As at 1st April, 2020	**1 00**	**1 00**
Additions	19	19
Disposals	-	-
As at 31st March, 2021	**1 19**	**1 19**
Additions	-	-
Disposals	-	-
As at 31st March, 2022	**1 19**	**1 19**
Accumulated Amortisation and Impairment		
As at 1st April, 2020	**68**	**68**
Charge for the year	20	20
Disposals	-	-
As at 31st March, 2021	**88**	**88**
Charge for the year	17	17
Disposals	-	-
As at 31st March, 2022	**1 05**	**1 05**
Net carrying amount as at 31st March, 2021	**31**	**31**
Net carrying amount as at 31st March, 2022	**14**	**14**

17. OTHER NON-FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Balance with Government Authorities	**56**	56
Prepaid Expenses (Refer Note 17.1)	**1 24**	1 18
Stock of Stationery and Promotional item	**38**	27
Total	**2 18**	**2 01**

17.1 Includes prepaid expenses with related parties ₹8 lakhs (31st March, 2021 ₹15 lakhs).

18. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 18.1)	**-**	-
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises (Refer Note 18.2)	**28 49**	20 80
Total	**28 49**	**20 80**

Trade payable ageing schedule as at 31st March, 2022

(₹ in lakhs)

	Particulars	Outstanding for following periods from due date of payments					
		Unbilled	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i)	MSME	-	-	-	-	-	**-**
(ii)	Others	19 61	8 39	21	17	11	**28 49**
(iii)	Disputed Dues -MSME	-	-	-	-	-	**-**
(iv)	Disputed dues – Others	-	-	-	-	-	**-**

Trade payable ageing schedule as at 31st March, 2021

(₹ in lakhs)

	Particulars	Outstanding for following periods from due date of payments					
		Unbilled	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i)	MSME	-	-	-	-	-	-
(ii)	Others	14 33	6 08	26	7	6	20 80
(iii)	Disputed Dues -MSME	-	-	-	-	-	-
(iv)	Disputed dues – Others	-	-	-	-	-	-

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 98 lakhs. (31st March, 2021 ₹1 02 lakhs)

19. DEBT SECURITIES

(₹ in lakhs)

Particulars	As at							
	31-Mar-22				31-Mar-21			
	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	**154 26**	-	-	**154 26**	285 25	-	-	285 25
Total	**154 26**	-	-	**154 26**	285 25	-	-	285 25
Debt Securities in India	**154 26**	-	-	**154 26**	285 25	-	-	285 25
Debt Securities outside India	-	-	-	-	-	-	-	-
Total	**154 26**	-	-	**154 26**	285 25	-	-	285 25

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

i) Terms of Repayment as at 31st March, 2022

(₹ in lakhs)

Redeemable at par from the date of Balance sheet	Rate of interest		Total
	9.30%	10.07%	
12-24 months	-	49 98	**49 98**
Upto 12 months	103 39	89	**104 28**
Total	**103 39**	**50 87**	**154 26**

Nature 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 ₹150 00 lakhs.

(₹ in lakhs)

Bank	Date of Allotment	Amount as at 31st March, 2022	Redemption period from the date of allotment	Interest Rate
State Bank of India*	25th June, 2020	**50 00**	2 Years and 300 days	**10.07%**
Canara Bank**	19th November, 2020	**50 00**	1 Years and 181 days	**9.30%**
Punjab National Bank**	19th November, 2020	**50 00**	1 Years and 181 days	**9.30%**
Total		**150 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 Privately placed redeemable debentures of ₹10,00,000 each

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

(₹ in lakhs)

Redeemable at par from the date of Balance sheet	Rate of interest		Total
	9.30%	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

Nature of Security

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

19.4 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 31st March, 2021	Redemption period from the date of allotment	Interest Rate
State Bank of India*	25th June, 2020	50 00	2 Years and 300 days	10.07%
Canara Bank**	19th November, 2020	50 00	1 Year and 181 days	9.30%
Punjab National Bank**	19th November, 2020	50 00	1 Year and 181 days	9.30%
Bank of India**	24th September,2020	50 00	1 Year and 179 days	9.30%
Union Bank of India**	22nd September, 2020	50 00	1 Year and 181 days	9.30%
Indian Overseas Bank**	20th August, 2020	25 00	1 Year and 184 days	9.30%
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.

20. BORROWINGS (Other than Debt Securities)

(₹ in lakhs)

Particulars	As at							
	31-Mar-22				31-Mar-21			
	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	**206 07**	-	-	**206 07**	305 30	-	-	305 30
From Financial Institutions/ Corporates	**2 08**	-	-	**2 08**	10 34	-	-	10 34
Secured-Loans from Others								
From Securitisation	**263 21**	-	-	**263 21**	213 97	-	-	213 97
Secured-Demand Loans								
From Banks	**900 05**	-	-	**900 05**	999 99	-	-	999 99
Unsecured Loans from Others								
From Directors	**5 08**	-	-	**5 08**	10 17	-	-	10 17
Total	**1376 49**	-	-	**1376 49**	1539 77	-	-	1539 77
Borrowings in India	**1376 49**	-	-	**1376 49**	1539 77	-	-	1539 77
Borrowings Outside India	-	-	-	-	-	-	-	-
Total	**1376 49**			**1376 49**	1539 77			1539 77

20.1 Secured Term Loan from Banks

(i) Terms of Repayment as at 31st March, 2022

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
24-36 Months	9.35%	Quarterly Frequency	**10 79**
12-24 Months	8.45% to 9.5%	Monthly Frequency	**25 33**
	9.35%	Quarterly Frequency	**43 14**
Upto 12 Months	8.45% to 9.5%	Monthly Frequency	**58 09**
	7.93% to 9.35%	Quarterly Frequency	**68 72**
Total			**206 07**

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, 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.(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, 2022

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	9.50%	Quarterly Frequency	**2 08**
Total			**2 08**

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, 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 guarantees of 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 as per the terms of sanctions.

20.3 Secured Term Loan from Securitisation transaction.

i) Terms of Repayment as at 31st March, 2022

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
More than 24 Months	6.80% to 10.00%	Monthly Frequency	**71**
12-24 Months		Monthly Frequency	**54 29**
Upto 12 months		Monthly Frequency	**208 21**
Total			**263 21**

Nature of Security

Secured by assignment of underlying receivables relating to the securitisation transaction and credit enhancement offered by the Company by way of overcollateralization amounting to ₹ 41 04 lakhs. Further, Company has maintained MRR by way of collateral fixed deposit (Refer Note 9) 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, 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
Upto 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 9), Company's MRR (Minimum Retention Requirement) of ₹ 101 21lakhs and interest spread accruing to the company under securitisation arrangement.

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

20.4 Secured Demand Loan from Banks

i) Terms of Repayment as at 31st March, 2022

(₹ 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	**900 05**
Total			**900 05**

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

20.5 Unsecured Loan from Others- from Directors

i) Terms of Repayment as at 31st March, 2022

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	11%	On Maturity	**5 08**
Total			**5 08**

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, 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
	-	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-22				31-Mar-21			
	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))	**59 50**	-	-	**59 50**	53 31	-	-	53 31
ii. From Others	-	-	-	-	-	-	-	-
Total	**59 50**	-	-	**59 50**	53 31	-	-	53 31

21.(i) Public Deposit includes ₹ 6 45 lakhs (31st March, 2021 ₹ 2 15 lakhs) taken from related parties.

21.(ii) Refer Note 52 regarding security particulars on public deposit.

21.1 Deposits from Public – Unsecured

i) Terms of Repayment as at 31st March, 2022

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest	Total
	< = 9%	
48-60 Months	**6 04**	**6 04**
36-48 Months (Refer Note 21.1.(i).2)	**4 11**	**4 11**
24-36 Months	**3 33**	**3 33**
12- 24 Months	**7 53**	**7 53**
Upto 12 Months (Refer Note 21.1.(i).1)	**38 49**	**38 49**
Total	**59 50**	**59 50**

21.1.(i).1 Public Deposit includes ₹ 5 44 lakhs taken from related parties.

21.1.(i).2 Public Deposits includes ₹ 1 00 lakhs taken from related parties

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

ii) 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%	
48-60 Months	2 17	2 17
36-48 Months (Refer Note 21.1.(ii).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.(ii).1)	38 54	38 54
Total	53 31	53 31

21.1.(ii).1 Public Deposit includes ₹1 15 lakhs taken from related parties.

21.1.(ii).2 Public Deposits includes ₹1 00 lakhs taken from related parties

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

22. SUBORDINATED LIABILITIES

(₹ in lakhs)

Particulars	As at							
	31-Mar-22				31-Mar-21			
	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	**19 42**	-	-	**19 42**	36 20	-	-	36 20
Subordinated Debts – Term Loans	**15 00**	-	-	**15 00**	30 00	-	-	30 00
Total	**34 42**	-	-	**34 42**	66 20	-	-	66 20
Subordinated Debts in India	**34 42**	-	-	**34 42**	66 20	-	-	66 20
Subordinated Debts Outside India	**-**	-	-	**-**	-	-	-	-
Total	**34 42**	**-**	**-**	**34 42**	66 20	-	-	66 20

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

i) Terms of Repayment as at 31st March, 2022

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest		Total
	< = 9%	> 9% < = 12%	
Over 60 Months	**45**	**-**	**45**
48-60 Months	**20**	**46**	**66**
36-48 Months	**21**	**3**	**24**
24-36 Months	**11**	**7 58**	**7 69**
12-24 Months	**34**	**2 50**	**2 84**
Upto 12 Months	**-**	**7 54**	**754**
Total	**1 31**	**18 11**	**19 42**

22.1.(i).1 Interest is payable on monthly/annual/maturity basis as per the terms under respective schemes.

ii) 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%	
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.(ii).1)	-	7 27	7 27
Upto 12 Months	-	18 44	18 44
Total	89	35 31	36 20

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, 2022

(₹ in lakhs)

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

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

ii) 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.(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-22	As at 31-Mar-21
Unpaid Dividend	**15**	21
Unpaid (Unclaimed) Matured Deposits	**2 00**	2 34
Unpaid (Unclaimed) Matured Subordinated Debts	**23**	9
Unpaid (Unclaimed) Matured Debentures	**4**	4
Direct Assignment Portfolio Collection Payable	**65**	3 03
Collection Agency Security Deposit	**3 39**	3 14
Installment Received In Advance from Hypothecation Loan Customers	**13 22**	14 03
CSR Expense Payable (Refer Note 23.1)	**49**	63
Employee Benefits Payable	**4 10**	3 41
Others	**3 02**	1 27
Total	**27 29**	28 19

23.1 The movement in Unspent expenditure on Corporate Social Responsibility

(₹ in lakhs)

Particulars	Unspent expenditure on Corporate Social Responsibility
As at April 01, 2020	**-**
Additions	**63**
Reversed	**-**
Utilised	**-**
As at March 31, 2021	**63**
Additions	**5**
Reversed	**-**
Utilised	**19**
As at March 31, 2022	**49**

24.PROVISIONS

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
For Employee Benefits		
For Gratuity (Refer Note 40)	**46**	68
For Accumulated Compensated Absences (Refer Note 40)	**1 30**	116
For Others		
For Disputed dues	**36**	36
For Others	**1 48**	1 23
Total	**3 60**	3 43

25. OTHER NON-FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Statutory Dues Payable	**3 11**	1 64
Others	**2**	3
Total	**3 13**	**1 67**

26. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
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, 2020	**1,64,47,533**	**16 45**
Issued During the Year	-	-
As at 31st March, 2021	**1,64,47,533**	**16 45**
Issued During the Year	-	-
As at 31st March, 2022	**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-22		31-Mar-21	
	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 07**	**6.12**	10 18	6.19
Elevation Capital VI FII Holdings Limited	**15 65**	**9.52**	15 65	9.52

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 45-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.

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

ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares: 12 47 258 equity shares of ₹10 each (on 14th June, 2017) and

iii) Aggregate Number and class of shares bought back - Nil.

26.4 Disclosure of shareholding of promoters and percentage of change during the year

Promoters Name	31-Mar-2022			31- Mar-2021		
	No of shares held		% change during the year	No of shares held		% change during the year
	in' 000	% of holding		in' 000	% of holding	
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	-
Remmy Thomas	**3 92**	**2.39**	-	3 92	2.39	-
Nina George	**2 30**	**1.82**	-	2 30	1.82	-
Preethi John	**2 44**	**1.48**	-	2 44	1.48	-

27. OTHER EQUITY

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
Statutory Reserve (Pursuant to Section 45-IC of the RBI Act, 1934)		
Opening Balance	**84 26**	73 76
Add: Transfer from Retained Earnings	-	10 50
Closing Balance	**84 26**	84 26
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	**59**	(14)
Add: Additions/(Deletions)	**11**	73
Closing balance	**70**	59
Retained Earnings		
Opening Balance	**245 07**	204 11
Add: Profit/(Loss) for the current year	**(171 93)**	51 46
Transfer to Statutory Reserve As Per, Section 45-IC of The RBI Act, 1934	-	(10 50)
Retained Earnings	**73 14**	245 07
Total	**371 30**	543 12

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 inSection 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 (i) Together with the amount in the share premium account is not less than the paid-up capital ofthe NBFC.

ii) **Securities Premium:** The amount received in excess of face value of the equity shares on share issue isrecognized in Securities Premium Reserve. The reserve can be utilised only for limited purposes such asissuance 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-22				31-Mar-21			
	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	-	**360 10**	-	**360 10**	-	473 65	-	473 65
Interest income from Investments	-	**104**	-	**104**	-	98	-	98
Interest on Deposits with Banks	-	**11 61**	-	**11 61**	-	8 94	-	8 94
Other interest Income	-	**6**	-	**6**	-	1 16	-	1 16
Total	-	**372 81**	-	**372 81**		484 73	-	484 73

29. FEES AND OTHER CHARGES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Collection and Recovery Charges	**22 10**	17 21
Foreclosure Charges	**1 43**	1 69
Total	**23 53**	18 90

30. NET GAIN ON FAIR VALUE CHANGES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
(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	**-**	-
Total Net Gain on Fair Value Changes	**42**	26
Fair Value changes:	**42**	26
- Realised		
- Unrealised	**-**	-
	42	26
Total	**42**	**26**

31. OTHER OPERATING INCOME

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Collection against Bad dets written off	**70**	25
Total	**70**	**25**

32. OTHER INCOME

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Income from Windmill Operations	**8**	7
Net gain/(loss) on derecognition of Property, Plant and Equipment	**-**	-
Miscellaneous Income	**39**	83
Total	**47**	90

33. FINANCE COSTS

(₹ in lakhs)

Particulars	For the Year Ended					
	31-Mar-22			31-Mar-21		
	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 87	4 87	-	4 34	4 34
Interest on Borrowings (other than Debt Securities)						
- Loans from Banks	-	97 50	97 50	-	103 03	103 03
- Loans from Institutions and Others	-	1 45	1 45	-	3 22	3 22
Interest on Debt securities						
- Debentures	-	25 76	25 76	-	13 74	13 74
- From Securitisation transaction	-	12 24	12 24	-	52 25	52 25
- Interest on Subordinated Liabilities	-	6 59	6 59	-	7 52	7 52
- Other Interest Expense	-	1 51	1 51	-	2 95	2 95
Total		149 92	149 92		187 05	187 05

34. IMPAIRMENT OF FINANCIAL INSTRUMENTS

(₹ in lakhs)

Particulars	For the Year Ended					
	31-Mar-22			31-Mar-21		
	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 34.1&.2)	-	322 14	322 14	-	94 82	94 82
Others	-	2 22	2 22	-	(3)	(3)
Total	-	324 36	324 36	-	94 79	94 79

34.1 Includes loss on repossessed assets ₹ 9 34 lakhs (₹ 15 45 lakhs) and write off ₹ 18 77 lakhs (₹ 27 59 lakhs)
34.2 Includes an additional one-time lump sum provision of ₹ 226 10 lakhs over and above the provision required.

35. EMPLOYEE BENEFITS EXPENSES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Salaries and Wages	**51 41**	52 40
Contribution to Provident and other Funds	**3 67**	3 64
Staff Welfare Expenses	**87**	81
Outsourced Manpower	**9 03**	8 62
Incentive to Employees	**3 70**	1 87
Leave Encashment	**31**	21
Bonus	**-**	1 06
Gratuity Expenses	**67**	67
Total	**69 66**	69 28

36. DEPRECIATION, AMORTISATION, AND IMPAIRMENT

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Depreciation of Tangible Assets	**79**	1 10
Amortisation of Intangible Assets	**17**	20
Total	**96**	1 30

37. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Rent, Taxes and Energy Costs	**4 77**	6 10
Repairs and Maintenance	**53**	53
Communication Expenses	**1 64**	1 81
Printing and Stationery	**32**	22
Advertisement and Publicity	**97**	63
Director’s Fees, Allowances and Expenses	**10**	7
Auditor’s Fees and Expenses (Refer Note 37.1)	**21**	20
Legal and Professional Charges	**2 45**	1 76
Insurance	**9**	10
Hypothecation Loan Collection Charges	**58 90**	61 25
Provision for KLI	**-**	2 31
Travelling Expenses	**76**	55
Expenditure against Corporate Social Responsibility Activities (Refer Note 37.2)	**1 94**	2 70
Miscellaneous Expense	**9 43**	4 89
Total	**82 11**	**83 12**

37.1 Auditor's Fees and Expenses

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Audit Fees	**18**	15
Taxation Matters	**-**	2
Reimbursement of Expense	**2**	1
Other Services	**1**	2
Total	**21**	20

37.2 Expenditure Against Corporate Social Responsibility Activities

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
a) Gross Amount required to be spent by the Company during the year (includes CSR Unspent amount of previous year)	**2 57**	2 70
b) Amount approved by the Board to be spent during the year	**1 94**	2 70
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 08**	2 07
- yet to be paid in Cash	**49**	63

37.2.1 Details of related party transactions in relation to CSR expenditure is given in Note 44.

37.2.2 Details of CSR Unspent Amount

(₹ in lakhs)

Sl. No.	Particulars	2021-22	2020-21
1	Opening Balance	**63**	-
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)	**2 57**	2 70
4	Amount spent during the year	**2 08**	2 07
5	Closing Balance (CSR Unspent Amount)	**49**	63

37.2.3 Amounts Earmarked for Ongoing Projects

(₹ in lakhs)

Particulars	2021-22		
	With Company	In Separate CSR Unspent A/c	Total
Opening balance	-	63	**63**
Amount required to be spent during the year	1 94	-	**1 94**
Transfer to separate CSR Unspent account	-	-	**-**
Amount spent during the year	1 89	19	**2 08**
Closing balance	5*	44	**49**

*The amount has been transferred to Separate CSR Unspent account on 30th April, 2022

38. INCOME TAX

The components of income tax expense for the year ended 31st March, 2022 and 31st March, 2021 are:

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Current Tax	**28 67**	16 20
Adjustment in respect of Current Income Tax of Prior Years	**52**	(3 58)
Deferred Tax Relating to Origination and Reversal of Temporary Differences	**(86 31)**	5 42
Income Tax Expense Reported in the Statement of Profit and Loss	**(57 12)**	18 04
Income Tax Expense Recognized in Other Comprehensive Income	**(4)**	(24)

38.1 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, 2022 and 31st March, 2021 is, as follows

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Accounting Profit /(Loss) Before Tax	**(229 05)**	69 50
At India's Statutory Income Tax Rate of 25.168% (2021: 25.168%)	**(57 65)**	17 49
Non-Deductible Expenses		
Corporate Social Responsibility Expenditure not allowable for tax purpose	**49**	68
Tax Impact due to revaluation of deferred tax due to change in income tax rate	**-**	-
Others	**4**	(13)
Income Tax Expense Reported in the Statement of Profit and Loss	**(57 12)**	18 04

38.1.1 The effective income tax rate for financial year 2021-2022 is 25.168% (25.168%)

38.2 Deferred Tax

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

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
On timing differences in respect of -		
a) Depreciation on Property, Plant and Equipment/ Intangible assets	**58**	56
b) Unamortised processing fees/ transaction costs of Financial Assets	**3 23**	3 62
c) Unamortised processing fees/ transaction costs of Financial Liability	**(1 46)**	(1 99)
d) Expected Credit Loss provisions	**111 37**	39 42
e) Net Income from Securitisation Transactions	**(7 15)**	(21 44)
f) Net Income from Assignment Transactions	**(66)**	(62)
g) Others	**1 80**	1 89
Total	**107 71**	21 44

38.3 Reconciliation of Deferred Tax Assets/(Liabilities)

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Opening Balance as on 1st April	**21 44**	27 11
Tax Income/(Expense) during the Period Recognised in Profit or Loss	**86 31**	(5 42)
Tax Income/(Expense) during the Period Recognised in OCI	**(4)**	(25)
Closing Balance	**107 71**	21 44

39. EARNINGS PER SHARE (EPS)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Net Profit After Tax as Per Statement of Profit and Loss (₹in Lakhs) (A)	**(171 93)**	51 46
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)	**(104.54)**	31.29
Diluted Earnings per Equity Share (in Rupees) (Face Value of ₹10/- per Share) (A)/C)	**(104.54)**	31.29

40. RETIREMENT BENEFIT PLAN

40.1 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	For the Year Ended	
	31-Mar-22	31-Mar-21
Present Value of Obligations	**5 43**	4 87
Fair Value of Plan Assets	**(4 97)**	(4 19)
Defined Benefit Obligation/ (Asset)	**46**	68

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

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Current Service Cost	**62**	62
Past Service Cost	**-**	-
Net Interest Cost	**5**	5
Net Benefit Expense	**67**	67

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

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Opening Defined Benefit Obligations	**4 87**	4 30
Service Cost	**62**	62
Interest Cost	**33**	30
Benefit Paid	**(41)**	(49)
Actuarial (Gain)/Loss on total liabilities:		
- Due to Change in Financial Assumptions	**(2)**	(1)
- Due to Change in Demographic Assumptions	**-**	-
- Due to Experience Variance	**4**	15
Closing Defined Benefit Obligation	**5 43**	4 87

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

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Opening Fair Value of Plan Assets	**4 19**	3 63
Actual Return on Plan Assets	**24**	19
Employer Contribution	**95**	86
Benefit Paid	**(41)**	(49)
Closing Fair Value of Plan Assets	**4 97**	4 19

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

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Actuarial Gain/(Loss) on Liabilities	**(2)**	(15)
Actuarial Gain/(Loss) on Assets	**(5)**	(5)
Total	**(7)**	(20)

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-22	31-Mar-21
Discount Rate	**7.02%**	6.93%
Rate of increase In Compensation Levels	**0.00% - 5.00%**	0.00% - 5.00%
Rate of Return on Plan Assets	**6.93% p.a**	6.90% p.a
Average future service (in Years)	**25.20 Years**	25.40 Years

G. **Investments quoted In active markets:**

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
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-22	Impact (Absolute)	Impact %
Base Liability	**5 43**	-	-
Increase Discount Rate by 0.50%	**5 32**	(11)	(2.15%)
Decrease Discount Rate by 0.50%	**5 56**	13	2.27%
Increase Salary Inflation by 1.00%	**5 68**	25	4.61%
Decrease Salary Inflation by 1.00%	**5 20**	(23)	(4.23%)
Increase Withdrawal Rate by 1.00%	**5 46**	3	0.40%
Decrease Withdrawal Rate by 1.00%	**5 41**	(2)	(0.46%)

*Based on actuarial valuation report

40.2 Defined Benefit Plan - Accumulated Compensated Absences

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-22	31-Mar-21
Maturity Profile		
Present Value of Obligation	**1 16**	1 16
Expense Recognised In the Statement of Profit and Loss	**17**	22
Discount Rate (p.a.)	**7.02%**	6.93%
Salary Escalation Rate (p.a.)	**0.00% - 5.00% p.a**	0.00% - 5.00% p.a

41. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	As at 31-Mar-22			As at 31-Mar-21		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial Assets						
Cash and Cash Equivalents	**293 18**	**-**	**293 18**	540 68	-	540 68
Bank Balance other than Cash and Cash Equivalents	**23 45**	**18 57**	**42 02**	50 48	18 74	69 22
Derivative Financial Instruments	**11**	**-**	**11**	-	-	-
Loans	**863 14**	**1186 43**	**2049 57**	1178 34	893 84	2072 18
Adjustments on account of EIR/ECL	**-**	**-**	**(484 08)**	-	-	(200 57)
Investments	**6 00**	**21 40**	**27 40**	16	16 19	16 35
Other Financial Assets	**11 00**	**44**	**11 44**	13 40	63	14 03
Non – Financial Assets						
Current Tax Assets (Net)	**2 72**	**20 72**	**23 44**	3 97	17 48	21 45
Deferred Tax Assets (Net)	**-**	**107 71**	**107 71**	-	21 44	21 44
Property Plant and Equipment	**-**	**1 82**	**1 82**	-	2 50	2 50
Other Intangible Assets	**-**	**14**	**14**	-	31	31
Other Non-Financial Assets	**1 68**	**50**	**2 18**	1 51	50	2 01
Total Assets	**1201 28**	**1357 73**	**2074 93**	1788 54	971 63	2559 60

(₹ in lakhs)

Particulars	As at 31-Mar-22			As at 31-Mar-21		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Liabilities						
Financial Liabilities						
Derivative Financial Instruments	-	-	-	1 41	-	1 41
(i) Trade Payables						
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	**28 49**	-	**28 49**	20 80	-	20 80
(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	**104 35**	**50 00**	**154 35**	135 62	150 00	285 62
Borrowings (Other than Debt Securities)	**1246 97**	**135 22**	**1382 19**	1384 09	163 19	1547 28
Adjustments on account of EIR	-	-	**(5 79)**	-	-	(7 88)
Deposits	**38 49**	**21 01**	**59 50**	38 54	14 77	53 31
Subordinated Liabilities	**22 54**	**11 88**	**34 42**	33 44	32 76	66 20
Other Financial Liabilities	**26 70**	**59**	**27 29**	27 53	66	28 19
Non-Financial Liabilities						
Provisions	**2 65**	**95**	**3 60**	2 60	83	3 43
Other Non-Financial Liabilities	**3 13**	-	**3 13**	1 67	-	1 67
Total Liabilities	**1473 32**	**219 65**	**1687 18**	1645 70	362 21	2000 03
Net	**(272 04)**	**1138 08**	**387 75**	142 84	609 42	559 57

42. CHANGE IN LIABILITES 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

43. CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

A. Contingent Liabilities

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
a) Matters where the future cash outflows are determinable only on the receipt of pending judgements /conclusions	-	-
- Income Tax issues where the Company is in appeal	-	-
- Service Tax issues where Company is in appeal (Amount is fully paid)	14	13
Total	**14**	13

B. Commitments not provided for

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
a) Estimated amount of contracts remaining to be executed on capital account, net of advances	13	29
Total	**13**	29

C. Lease Arrangement

All operating lease arrangements entered into by the company are cancellable in nature.
Consequently, company has not recognized 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 ₹ 4 10 lakhs (₹ 3 89 lakhs) are recognized as rental expense in the Statement of Profit and Loss.

44. RELATED PARTY DISCLOSURES

Related party disclosures as per Ind AS - 24 'Related Party Disclosures' for the year ended 31st March 2022, are given below:

44.1 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

44.2 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

44.3 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

44.4 Details relating to transactions with parties referred to in Note 44.1:

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2021-22	2020-21
Income:			
Income from Wind Mill Operations	Muthoot Bankers	8	7
Interest Income	Muthoot Fincorp Limited	-	6
Interest Income on Term Loan	Muthoot Housing Finance Company Ltd.	30	65
Processing Fees	Muthoot Housing Finance Company Ltd.	-	8
Interest Income on Term Loan	Muthoot Pappachan Technologies Ltd.	1 14	78
Processing Fees	Muthoot Pappachan Technologies Ltd.	-	12
Interest Income on DPN Loan	Muthoot Pappachan Chits India Pvt Ltd.	-	6
Interest Income on DPN Loan	MPG Security Group Pvt. Ltd.	81	1 03
Sourcing Incentive	Muthoot Fincorp Limited	17	47
Expenses:			
Business Sourcing Incentive	i) Muthoot Motors (Cochin)	1 65	81
	ii) Muthoot Motors Pvt Ltd	2	1
	iii) Muthoot Fincorp Limited	3 07	1 86
Collection Charges	Muthoot Fincorp Limited	3 32	3 77
Brokerage for canvassing for Public Deposit	Muthoot Fincorp Limited	36	39
Wind Mill Expense	Muthoot Bankers	1	2
CSR Expenses	Muthoot Pappachan Foundation	1 83	2 07
Advertisement Expenses	Muthoot Motors (Cochin)	1	-
Rent on Space Sharing	Muthoot Fincorp Limited	23	28
Rent	Muthoot Estate Investments	93	88
Reimbursement of Expenses- Repairs and Maintenance	Muthoot Motors (Cochin)	3	-
Software Usage Charges	Muthoot Pappachan Technologies Ltd	1 19	1 31
Annual Maintenance Charges	Muthoot Pappachan Technologies Ltd	26	32

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2021-22	2020-21
Assets:			
Income from Windmill Receivable	Muthoot Bankers	**10**	3
Debt Due from Related Party	Muthoot Fincorp Limited	**-**	7
Rent Deposit	(i) Muthoot Estate Investments	**30**	30
	(ii) Muthoot Fincorp Limited	**8**	8
Unsecured Loan - DPN (including interest accrued)	(i) MPG Security Group Pvt. Ltd.	**2 67**	5 83
Secured Loan – Term Loan	(i) Muthoot Housing Finance Company Ltd	**-**	10 03
	(ii) Muthoot Pappachan Technologies Ltd	**6 41**	10 46
Prepaid -Software Usage	Muthoot Pappachan Technologies Ltd	**-**	7
Prepaid -Annual Maintenance Charge	Muthoot Pappachan Technologies Ltd	**8**	8
Other Receivable	Muthoot Fincorp Limited	**-**	2
Liabilities:			
Business Sourcing Incentive Payable	Muthoot Motors (Cochin)	**52**	9
Trade Advance -Payable	(i) Muthoot Motors (Cochin)	**13**	20
	(ii) Muthoot Motors (Cochin) Pathanamthitta	**12**	6
Brokerage Payable on Public Deposit	Muthoot Fincorp Limited	**1**	2
Travelling Expense Payable	Muthoot Fincorp Limited	**2**	-
Collection Charges and Business Sourcing Incentive payable	Muthoot Fincorp Limited	**92**	29
Software Usage & AMC Charges	Muthoot Pappachan Technologies Ltd	**8**	26
Rent Payable	(i) Muthoot Estate Investments	**15**	7
	(ii) Muthoot Fincorp Limited	**3**	2

44.5 Details Relating to Transactions with Parties referred to in Note 44.2 & 44.3:

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2021-22	2020-21
Expenses:			
Salaries, Perquisites and Incentives	(i) Thomas George Muthoot	**3 48**	3 17
	(ii) Madhu Alexiouse	**66**	59
	(iii) Vinodkumar M Panicker	**71**	67
	(iv) Abhijith Jayan	**7**	6
	(v) Tina Suzanne George	**14**	12
PF Contribution	(i) Thomas George Muthoot	**21**	20
	(ii) Madhu Alexiouse	**4**	4
	(iii) Vinodkumar M Panicker	**6**	6
Reimbursement of Expenses	(i) Thomas George Muthoot	**3**	5
	(ii) Madhu Alexiouse	**3**	3
	(iii) Vinodkumar M Panicker	**5**	5
Interest on Loan from Director	Thomas George Muthoot	**83**	91
Interest on Subordinated Debt	Thomas George Muthoot	**23**	33
Interest on Public Deposit	(i) Remmy Thomas	**9**	9
	(ii) Suzannah Muthoot	**8**	2
	(iii) Thomas Muthoot	**30**	-
Rent Paid	Thomas George Muthoot	**2 31**	2 17
Assets:			
Rent Deposit	Thomas George Muthoot	**25**	25
Liabilities:			
Loan from Directors	Thomas George Muthoot	**5 08**	10 17
Provision for Incentive (Refer Note 44.5.1)	(i) Thomas George Muthoot	**-**	57
	(ii) Madhu Alexiouse	**-**	12
	(iii) Vinodkumar M Panicker	**-**	15
Remuneration Payable-Directors	Thomas George Muthoot	**2 47**	-
Subordinated debts (including interest accrued)	Thomas George Muthoot	**-**	3 01
Public Deposit (including interest accrued)	(i) Remmy Thomas	**-**	1 15
	(ii) Thomas Muthoot	**5 44**	-
	(iii) Suzannah Muthoot	**1 00**	1 00

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

44.6 Transaction with Related Parties referred to in Note 44.1, 44.2 & 44.3

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2021-22	2020-21
Unsecured Loan -DPN			
Repaid during the period:	(i) Muthoot Pappachan Chits India Pvt Ltd	-	2 50
	(ii) MPG Security Group Pvt Ltd	3 17	1 17
Deposit Refunded			
Rent deposit refunded during the year	Muthoot Fincorp Ltd	-	4
Term Loan	(i) Muthoot Housing Finance Company Ltd	-	20 00
Given during the period	(ii) Muthoot Pappachan Technologies Ltd	-	12 00
Repaid during the period	(i) Muthoot Housing Finance Company Ltd	10 00	10 00
	(ii) Muthoot Pappachan Technologies Ltd	4 00	1 67
Loan from Directors			
Repaid during the period	Thomas George Muthoot	5 09	-
Subordinated debt			
Repaid during the period	Thomas George Muthoot	3 00	-
Public Deposit			
Repaid during the period	Remmy Thomas	124	-
Accepted during the period	Suzannah Muthoot	-	1 00
	Thomas Muthoot	5 35	-

44.7 Provisions for doubtful debts due from related parties at the Balance Sheet date - Nil (Nil)

44.8 Amounts written off or written back of debts due from or to related parties - Nil (Nil)

45. 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-22	31-Mar-21
Regulatory Capital		
Tier 1 Capital	**262 77**	518 66
Tier 2 Capital	**6 00**	11 86
Total Capital Funds	**268 77**	530 52
Risk Weighted Asset	**1362 28**	1669 46
Tier 1 Capital Ratio	**19.29%**	31.07%
Total Capital Ratio	**19.73%**	31.78%

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)

46. 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.

46.1 Fair Value Hierarchy of assets and liabilities

46.1.1 The carrying amount and fair value measurement hierarchy for assets and liabilities as at 31st March, 2022 is as follows:

i) At Fair Value through profit or loss / OCI

(₹in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments	**2 49**	**3 37**	**-**
Derivative Financial Instruments (Asset)	**-**	**11**	**-**

46.1.2 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	-

46.2 Fair Value Technique

46.2.1 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

46.2.2 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.

46.2.3 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.

46.3 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-22	31-Mar-21	31-Mar-22	31-Mar-21
Financial Assets					
Cash and Cash Equivalents	1	**293 18**	540 68	**293 18**	540 68
Bank Balance other than Cash and Cash Equivalents	1	**42 02**	69 22	**42 02**	69 22
Loans	3	**1565 49**	1871 61	**1565 49**	1871 61
Investments in Govt. Securities	2	**11 53**	8 53	**11 44**	8 63
Investments in PTC	3	**10 01**	-	**10 01**	-
Other financial assets	3	**11 44**	14 03	**11 44**	14 03
Total Financial assets		**1933 67**	2504 07	**1933 58**	2504 17
Financial Liabilities					
Trade Payables	3	**28 49**	20 80	**28 49**	20 80
Debt Securities	2	**154 26**	285 25	**154 26**	285 25
Borrowings (other than debt securities	2	**1376 49**	1539 77	**1376 49**	1539 77
Deposits	2	**59 50**	53 31	**59 50**	53 31
Subordinated liabilities	2	**34 42**	66 20	**34 42**	66 20
Other financial liabilities	3	**27 29**	28 19	**27 29**	28 19
Total Financial Liabilities		**1680 45**	1993 52	**1680 45**	1993 52

46.4 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

46.4.1 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.

46.4.2 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.

46.4.3 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.

46.4.4 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.

47. 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.

47.1 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.

47.2 Identification of Risk and Analysis

Risk identification and mitigation is obligatory on all verticals and functional heads who, with the inputs from their team members, are required to report the material risks to the concerned levels of the Company along with their considered views and recommendations for risk mitigation.

The Company has identified the following potential risks that could have an adverse impact on the Company:

1. Credit Risk
2. Operational Risk
3. Compliance Risk
4. Reputational Risk
5. Strategic Risk
6. Liquidity Risk

While each of the risk has significance, all except the Credit Risk can be managed and controlled through internal processes. It is the Credit Risk management which needs both internal and external factors in equal measure to be effective and controlled.

The scope of the Internal Audit shall cover risk management (including fraud risk) and control monitoring review and advisory services, reviews of operational and financial processes and controls, documentation of various important processes and events, information technology reviews, governance and assurance reviews, operational compliance audits, verification on adherence to regulatory requirements and other ad hoc advisory or consulting services. Internal Auditors discusses the results of all assessments with management and reports its findings and recommendations to Audit Committee

47.2.1 Credit Risk

This is the major risk anticipated in connection with the nature of operations of the company. While a lot would need to be done internally to monitor it and control it, the external factors also plays its role in the final impact of the credit risk. Credit risk is the risk of default or non-repayment of loan by a borrower, which involves monitory loss to the company, both in terms of principal and interest. In the portfolio of an NBFC, the losses stem from outright default due to the inability or unwillingness of a customer or counterparty to meet commitments in relation to repayment, trading, settlement and other financial transactions. Alternatively, losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality due to any event affecting the borrower/ a group of borrowers. The effective management and reporting of credit risk is a critical component of comprehensive risk management and is essential for the long-term success of any banking and financial services organization. It ensures that risks are identified in advance and corrective action taken. Credit risk management encompasses identification, measurement, monitoring, control and reporting of the credit risk exposures.

The major risk that the Company faces is the default and / or delay in payment of EMIs (principal and interest) by the customers within the due time. To mitigate the said risk, the Company measures the credit history, capacity to repay, loan amount and loan conditions and associated collateral, if any, of the customer before sanctioning/ disbursing loan and has an efficient post disbursal monitoring mechanism to take corrective and timely action whenever required to minimise the probability of default/loss.

47.2.2 Methodology for assessment of Expected Credit loss on loan asset - Refer Note 6.1.(ix) of significant accounting policies

47.2.3 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 11.1 of Financial Statements.

47.2.4 Reconciliation of expected credit loss balance - Refer Note 11.3 of Financial Statement

47.2.5 Update on Macro Economic Environment - Refer Note 51 of Financial Statement

47.2.6 RBI disclosures reqirement for restructured assets (Refer Note 72)

47.2.7 Concentration of Credit Risk- Retail and Residential Loans

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

47.2.7.1 Vehicle Loan (predominantly backed up by 2-wheeler and used 4-wheeler assets)

47.2.7.2 Vehicle Loan (Securitised)

47.2.7.3 Secured Loans

47.2.7.4 Unsecured Loans

47.2.8 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.

47.2.9 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.

47.2.10 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-22	31-Mar-21	31-Mar-22	31-Mar-21
0-50%	215 70	241 67	-	-
51-70%	325 47	344 42	-	-
71-100%	1022 83	896 87	89 82	116 89
Above 100%	357 46	427 91	23 03	16 28
Total	**1921 46**	1910 87	**112 85**	133 17

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.

47.2.11 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.

47.2.11.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The below table shows as 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 original contractual terms.

Maturity Pattern of Financial Assets and Liabilities as on 31st March, 2022

(₹ 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 47.2.11.1.(i))	Total
Financial Assets								
Cash and Cash Equivalents	293 13	5	-	-	-	-	-	**293 18**
Derivative Financial Instruments	-	11	-	-	-	-	-	**11**
Bank Balance other than Cash and Cash Equivalents	5 85	8 94	8 66	18 57	-	-	-	**42 02**
Loans	285 07	214 61	363 46	639 52	343 73	203 18	(484 08)	**1565 49**
Financial Investments at FVOCI	-	-	-	2 49	-	-	-	**2 49**
Financial Investments at Amortised Cost	-	15	5 85	8 25	1 00	6 29	-	**21 54**
Financial Investments at FVTPL	-	-	-	3 37	-	-	-	**3 37**
Other Financial Assets	9 91	3	1 06	31	12	1	-	**11 44**
Total Financial Assets	**593 96**	**223 89**	**379 03**	**672 51**	**344 85**	**209 48**	**(484 08)**	**1939 64**
Financial Liabilities								
Debt Securities	100 96	3 39	-	50 00	-	-	(9)	**154 26**
Deposits	9 97	19 23	9 29	10 86	10 15	-	-	**59 50**
Borrowings (Other than Debt Securities)	262 23	354 50	630 24	135 22	-	-	(5 70)	**1376 49**
Subordinated Liabilities	68	15 78	6 08	10 53	76	59	-	**34 42**
Trade Payables	27 23	1 04	22	-	-	-	-	**28 49**
Other Financial Liabilities	22 99	2 58	1 13	59	-	-	-	**27 29**
Total Financial Liabilities	**424 06**	**396 52**	**646 96**	**207 20**	**10 91**	**59**	**(5 79)**	**1680 45**
Net Financial Assets/(Liabilities)	**169 90**	**(172 63)**	**(267 93)**	**465 31**	**333 94**	**208 89**	**(478 29)**	**259 19**

47.2.11.1 (i) Represents adjustments on account of ECL /EIR

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

47.2.11.2 Maturity Pattern of Financial Assets and 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 47.2.11.2(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 29	1 56	55	47	12	4	-	14 03
Total Financial Assets	971 47	324 39	487 20	919 47	6 10	3 83	(200 57)	2511 89
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	19 26	1 54	-	-	-	-	-	20 80
Other Financial Liabilities	24 85	24	2 44	66	-	-	-	28 19
Total Financial Liabilities	353 53	209 13	1078 77	338 48	22 24	66	(7 88)	1994 93
Net Financial Assets/(Liabilities)	617 94	115 26	(591 57)	580 99	(16 14)	3 17	(192 69)	516 96

47. 2.11.2 (i) Represents adjustments on account of ECL / EIR

47.2.11.2.(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.

47.2.12 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrumentwill 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 internationaleconomic and political conditions, inflation and other factors. In order to manage interestrate 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 raterisks. 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-22	31-Mar-21
On Short term Borrowings		
Increase of 100 bps in interest rates	**8 99**	10 00
Decrease of 100 bps in interest rates	**(8 99)**	(10 00)

48. 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.

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

49.1 The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets by entering into securitisation transactions through Special Purpose Vehicle Trusts ("SPV Trust").

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also 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 transaction" 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-22	31-Mar-21
Securitisations		
Carrying amount of Transferred Assets measured at amortised cost (including MRR) (Before ECL adjustments)	**305 21**	351 36
Carrying amount of Associated Liabilities (Borrowings (other than Debt Securities) - measured at amortised cost)	**263 21**	213 97
Fair Value of Assets	**305 21**	351 36
Fair Value of Associated Liabilities	**263 21**	213 97
Net Position at Fair Value	**42 00**	137 39

49.2 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	To generate - Funding for the Company's lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Servicing fee - Credit enhancement provided by the company - Excess interest spread

49.2.1 Exposure to Unconsolidated Structured Entity

(₹ in lakhs)

Particulars	31-Mar-22	31-Mar-21
Credit enhancements offered in the form of collateral deposits	**32 77**	58 01
Carrying amount of assets transferred to securitisation SPV (including MRR) (Before ECL adjustments)	**305 21**	351 36
Carrying amount of associated liabilities	**263 21**	213 97
Note on companies exposure to unconsolidated structured entity	**Refer Note 49.1**	Refer Note 49.1

50. MOVEMENT IN PROVISIONS

(₹ in lakhs)

Particulars	As at 31st March 2021	Additional Provision made during the year	Utilisation/ Reversal during the year	As at 31st March, 2022
For Employee Benefits (Refer Note 40)	1 84	-	8	**1 76**
For Unspent expenditure on Corporate Social Responsibility (Refer Note 23)	63	5	19	**49**
For Others (Refer Note 24)	1 59	25	-	**1 84**
Total	**4 06**	**30**	**27**	**4 09**

51. UPDATE ON MACRO ECONOMIC ENVIRONMENT

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 thereafter in 2021-22 in the first quarter) seriously 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 and again vide RBI Circular of 5th May, 2021 on restructuring, granted restructuring facility to a group of customers.

While this was done, it could only partially address the situation on the ground as the 1st wave and the 2nd wave had impacted the lives and livelihood of several people and a lot of it from the customer segment that we cater to. The fact that this also led to a lower volume in the Two Wheeler segment, also affected the Company.

In view of the above, there has been a major impact on the disbursements and also on the collections of the Company in 2020-21 and 2021-22. This led to lower AUM versus the previous year and also steep increase in the delinquency in the year.

Update on compliance matters

During the year Reserve bank of India has issued circulars on staging of loans and PCA (Prompt Corrective Action) framework for NBFCs, Company has implemented the requirements of these circulars from this financial year. Based on the same an additional one-time lump sum provision of ₹ 226 10 lakhs over and above the provision required has been made towards impairment of financial instruments for the year ended 31st March 2022.

52. 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 ₹11 38 lakhs on 31st March 2022 (31st March 2021: ₹8 37 lakhs) in favour of trustees representing the public deposit holders of the Company.

53. 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

54. CAPITAL

(₹ in lakhs)

Sl. No.	Particulars	As at	
		31-Mar-22	31-Mar-21
i.	CRAR (%)	**19.73%**	31.78%
ii.	CRAR - Tier 1 Capital (%)	**19.29%**	31.07%
	CRAR - Tier 2 Capital (%)	**0.44%**	0.71%
iii	Amount of Subordinated Debt raised as Tier-2 Capital (Refer Note 54.1)	**29 68**	57 99
iv.	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

54.1 Discounted Value of (principal) ₹3 37 lakhs (₹ 8 78 lakhs) considered for Tier 2 capital against the Book Value of (principal) ₹ 29 68 lakhs (₹ 57 99 lakhs).

55. INVESTMENTS

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
1. Value of Investments		
i. Gross Value of Investments		
(a) In India	**27 40**	16 35
(b) Outside India,	**-**	-
ii. Provisions for Depreciation		
(a) In India	**-**	-
(b) Outside India,	**-**	-
iii. Net Value of Investments		
(a) In India	**27 40**	16 35
(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	**-**	-

56. DERIVATIVES

56.1 Forward rate Agreement/Interest Rate Swap

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
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	-	-

56.2 Exchange Traded interest Rate (IR) derivatives : Nil

56.3 Disclosures on Risk Exposure of Derivatives

i) Qualitative Disclosures

The company's hedging practice only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exist between the hedged item and hedging instruments. The company enters into hedge relationships were the critical terms of the hedging instrument match with the terms of the hedged item and so a qualitative and quantitative assessment of effectiveness is performed.

ii) Quantitative Disclosures

(₹ in lakhs)

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i. Derivatives (Notional Principal Amount)				
For Hedging	**17 48**	**-**	51 28	-
ii. Marked to Market Positions [1]				
a) Asset (+)	**11**	**-**	-	-
b) Liability (-)	**-**	**-**	1 41	-
iii. Credit Exposure [2]	**-**	**-**	-	-
iv. Unhedged Exposures	**-**	**-**	-	-

57. DISCLOSURES RELATING TO SECURITISATION

57.1 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 22	31-Mar-21
1	No of SPVs sponsored by the NBFC for Securitisation transactions	**4**	8
2	Total Amount of Securitised Assets as per books of the SPVs sponsored	**265 56**	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 - (Refer Note 57.1.2)	**56 58**	-
	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 - (Refer Note 57.1.3)	**27 22**	50 48
	Others -	**-**	-
	ii. Exposure To Third Party Securitisations		
	First Loss -	**-**	-
	iii. Others -	**-**	-

57.1.1 Only the SPVs relating to outstanding securitization transactions are reported here

57.1.2 Current year amount includes first loss provided in the form of fixed deposits (₹ 32 77 lakhs) and over collateralisation given for the PTC transaction "Achilles" (₹13 81 lakhs), as per the revised RBI circular dated 24th September, 2021.

57.1.3 Current year amount includes amount provided as over collateralisation other than MRR, as per the revised RBI circular dated 24th September, 2021.

57.2 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-22	31-Mar-21
1	No. of transactions assigned by the Company	9	9
2	Total amount outstanding	7 58	19 11
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	90	2 48
4	Amount of exposures to Assigned Transactions other than MRR		
	(c) 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	-	-

57.3 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 2022 and 31st March 2021.

57.4 Details of Assignment Transactions undertaken by NBFC

(₹ in lakhs)

Particulars	As at	
	31-Mar-22	31-Mar-21
i) No. of Accounts (in No.s)	**Nil**	Nil
ii) Aggregate Value of accounts sold, gross exposure	**Nil**	Nil
iii) Amount of Exposures retained by the company towards MRR	**Nil**	Nil
iv) Aggregate consideration (ii-iii)	**Nil**	Nil
v) Additional consideration realized in respect of accounts transferred in earlier Years	**Nil**	Nil
vi) Aggregate Gain/(Loss) over Net Book Value	**Nil**	Nil

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

57.5 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 2022 and 31st March 2021.

57.6 Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24th September 2021

a) Details of transfer through securitization in respect of loans not in default during the year ended 31st March, 2022.

(₹ in lakhs in except number of accounts)

Entity	HDFC - Mutual Fund and MCSL (Jude 08 2021)	HDFC - Mutual Fund and MCSL (Lauren 03 2022)	HDFC Bank Limited (Aarush 03 2022)
Count of Loan accounts acquired (in No.s)	32 588	45 846	6 611
Amount of loan account acquired.	110 19	177 31	27 66
Retention of Beneficial economic interest (OC) (%)	9.89%	8.43%	0.00%
Weighted average maturity (residual maturity)	0.91 Years	1.48 Years	1.50 Years
Weighted average holding period	10.6 Months	9.9 Months	10.7 Months
Coverage of tangible security coverage	100%	100%	100%
Rating wise distribution of acquired loans	Series A1(a) PTCs – AAA Series A1(b) PTCs - AA+ Series A2 PTCs - A+	Series A1 PTCs - AA (SO) Series A2 PTCs - A+ (SO)	Series A PTCs - AA- (SO)

b) Details of acquisition through assignment in respect of loans not in default during the year ended 31st March 2022.

(₹ in lakhs in except number of accounts)

Entity	Up Money Limited	Mahaveer Finance India Limited
Count of Loan accounts acquired (in no.s)	2 503	5 42
Amount of loan account acquired	6 98	12 18
Retention of Beneficial economic interest (MRR) (%)	10.00%	10.00%
Weighted average maturity (residual maturity)	16.66 Months	24 Months
Weighted average holding period	12.59 Months	10.40 Months
Coverage of tangible security coverage	100%	100%
Rating wise distribution of acquired loans	Unrated	Unrated

58. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2022

(₹ 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 58.1)	Total
Deposits	50	38	78	2 38	5 93	19 23	9 29	10 86	10 15	-	-	59 50
Advances	103 08	7 43	22 70	76 89	74 97	214 61	363 46	639 52	343 73	203 18	(484 08)	1565 49
Investments	-	-	-	-	-	15	5 85	14 11	1 00	6 29	-	27 40
Borrowings	52 20	2 00	24 85	77 78	97 11	345 66	630 24	135 22	-	-	(5 53)	1359 53
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	8 29	-	8 84	-	-	-	-	(17)	16 96

58.1 Represents adjustments on account of EIR / ECL

59. EXPOSURE TO REAL ESTATE SECTOR

(₹ in lakhs)

Sl No.	Category	31-Mar-22	31-Mar-21
	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**

60. EXPOSURE TO CAPITAL MARKET

(₹ in lakhs)

Sl No.	Category	31-Mar-22	31-Mar-21
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 49**	2 14
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 stock brokers and guarantees issued on behalf of stock brokers 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 49**	2 14

61. 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) / groupBorrower Limit (GBL)

62. UNSECURED ADVANCES

The unsecured loans against Demand Promissory Note (DPN) executed by the borrowers and outstanding asat 31st March 2022 is ₹ 3 66 lakhs (₹ 7 25lakhs).

63. ADDITIONAL DISCLOSURES

63.1 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-22	31-Mar-21
Provision for depreciation on Investment	-	-
Provision towards NPA - Impairment on Financial Instruments	**301 99**	40 69
Provision towards Standard Assets - Impairment on Financial Instruments	**(12 24)**	11 79
General Provision - Impairment on Financial Instruments	**2 15**	-
Provision made towards Income tax - Tax Expenses	**(57 12)**	18 04
Provision for Gratuity - Employee Benefit Expenses	**67**	67
Provision for Compensated absences - Employee Benefit Expenses	**31**	22
Provision towards dealer advance - Impairment on Financial Instruments	**2 22**	(3)
Provision for RTO demand - (ODISHA State) - Other Expenses	**24**	1 19
Total	**238 22**	72 57

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

63.2 Drawdown from Reserves

The drawdown from reserves was ₹Nil.

64. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

64.1 Concentration of Deposits (for Deposit Taking NBFCs)

(₹ in lakhs)

Particulars	2021-2022	2020-2021
Total Deposits of Twenty Largest Depositors	**14 99**	7 77
Percentage of Deposits of Twenty Largest Depositors to Total Deposits of the NBFC	**24.38%**	13.97%

64.2 Concentration of Advances

(₹ in lakhs)

Particulars	2021-2022	2020-2021
Total Advances to Twenty Largest Borrowers	**116 19**	128 27
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the NBFC	**5.70%**	6.25%

64.3 Concentration of Exposures

(₹ in lakhs)

Particulars	2021-2022	2020-2021
Total Exposure to Twenty Largest Borrowers/Customers	**116 19**	128 27
Percentage of Advances to Twenty Largest Borrowers/customers to total Exposure of the NBFC on Borrowers/Customers	**5.70%**	6.25%

64.4 Concentration of NPAs

(₹ in lakhs)

Particulars	2021-2022	2020-2021
Total exposure to top four NPA accounts	23 03	23 64

64.5 Sector-wise NPAs

(₹ in lakhs)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector			
		2021-2022		2020-2021	
		NPA Value	%	NPA Value	%
1	Agriculture & Allied Activities	**-**	**0%**	-	0%
2	MSME	**-**	**0%**	-	0%
3	Corporate Borrowers	**23 03**	**26.69%**	23 64	21.74%
4	Services	**88**	**100%**	1 34	100%
5	Unsecured Personal Loan	**10**	**100%**	11	100%
6	Auto Loans	**507 36**	**26.40%**	226 67	11.86%
7	Micro Finance Buyout	**-**	**0%**	-	0%
8	Others	**-**	**0%**	1	5.97%

64.5.1 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 6.1.(ix)

65. MOVEMENT OF NPAs

(₹ in lakhs)

	Particulars	2021-2022	2020-2021
I.	**Net NPAs to Net Advances (%)**	**5.91%**	6.18%
II.	**Movement of NPAs (gross)**		
	(a) Opening Balance	**251 77**	175 15
	(b) Additions during the Year	**329 80**	128 84
	(c) Reductions during the Year	**(50 20)**	(52 22)
	(d) Closing Balance	**531 37**	251 77
III.	**Movement of Net NPAs**		
	(a) Opening Balance	**115 74**	98 21
	(b) Additions during the Year	**(2 02)**	45 09
	(c) Reductions during the Year	**(21 23)**	(27 56)
	(d) Closing Balance	**92 49**	115 74
IV.	**Movement of Provisions for NPAs (Excluding provisions on Standard Assets)**		
	(a) Opening Balance	**136 03**	76 94
	(b) Provisions made during the Year (Refer Note 11(ii))	**331 82**	83 75
	(c) Write-Off/write-back of excess provisions	**(28 97)**	(24 66)
	(d) Closing Balance	**438 88**	136 03

65.1 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. 6.1.(ix)

66. 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'

66.1 As at 31st March, 2022

(₹ 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**	1361 03	16 80	1344 23	5 44	11 36
	Stage 2	145 57	14 65	130 92	75	13 90
Subtotal for Performing Assets		**1506 60**	**31 45**	**1475 15**	**6 19**	**25 26**
Non-Performing Assets (NPA)						
Sub Standard	**Stage 3**	**320 93**	**263 05**	**57 88**	**32 85**	**230 20**
Doubtful - up to 1 year	**Stage 3**	118 23	97 78	20 45	49 93	47 85
1 to 3 years	**Stage 3**	91 10	76 94	14 16	68 94	8 00
More than 3 years	**Stage 3**	-	-	-	-	-
Subtotal for Doubtful		**209 33**	**174 72**	**34 61**	**118 87**	**55 85**
Loss	**Stage 3**	**1 11**	**1 11**	**-**	**1 11**	**-**
Subtotal for NPA		**531 37**	**438 88**	**92 49**	**152 83**	**286 05**
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**	**1361 03**	**16 80**	**1344 23**	**5 44**	**11 36**
	Stage 2	**145 57**	**14 65**	**130 92**	**75**	**13 90**
	Stage 3	**531 37**	**438 88**	**92 49**	**152 83**	**286 05**
	Total	**2037 97**	**470 33**	**1567 64**	**159 02**	**311 31**

66.1.1 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.

66.1.2 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)

66.2 As on 31st March, 2021

(₹ 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
(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	Stage 3	118 59	73 99	44 60	58 13	15 86
Loss		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

66.2.1 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.

66.2.2 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)

66.2.3 Includes additional provision of ₹14 82 lakhs.

67. DISCLOSURES AS REQUIRED FOR LIQUIDITY RISK

67.1 Funding Concentration based on Significant Counterparty (Both Deposits and Borrowings)

(₹ in lakhs)

Particulars	As at 31-Mar-22
Number of Significant Counter Parties (Refer Note 67.1.1) (In No.s)	**16**
Amount (In Lakhs)	**1482 35**
Percentage of Funding Concentration to Total Deposits	**2409.93%**
Percentage of Funding Concentration to Total Liabilities	**87.86%**

67.1.1 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.

67.1.2 Including borrowing from securitisation and non-convertable debentures.

67.2 Top 20 Deposits

(₹ in lakhs)

Particulars	As at 31-Mar-22
Total Amount of Top 20 Deposits (₹in lakhs)	**11 61**
Percentage of Amount of top 20 Deposits to Total Deposits	**18.88%**

67.3 Top 10 Borrowing

(₹ in lakhs)

Particulars	As at 31-Mar-22
Total Amount of Top 10 borrowings (₹in lakhs) (Refer Note 67.3.1)	**988 41**
Percentage of amount of top 10 Borrowings to Total Borrowings	**64.57%**

67.3.1 Including borrowing on securitization

67.4 Funding Concentration based on significant instrument/product (Refer Note 67.4.1)

(₹ in lakhs)

Particulars	As at 31-Mar-22	Percentage of total libilities
Loan from Bank/ Other Financial Institution (Refer Note 67.4.2)	**1371 41**	81.28%
Subordinated Debts (Refer 67.4.3)	**34 65**	2.05%
Deposits (Refer Note No. 67.4.4)	**61 50**	3.65%
Non-Convertible Debentures (Refer Note 67.4.5)	**154 30**	9.15%

67.4.1 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.

67.4.2 Includes securitisation borrowings.

67.4.3 Includes unclaimed matured subordinated liabilities.

67.4.4 Includes unclaimed matured deposits.

67.4.5 Includes unclaimed matured debenture.

67.5 Stock Ratio

(₹ in lakhs)

Particulars	As at 31-Mar-22
Commercial paper as a percentage of total public funds (Refer Note 67.5.1)	-
Commercial paper as a percentage of total liabilities	-
Commercial paper as a percentage of total assets	-
Other short term liabilities as a percentage of total public funds	90%
Other short term liabilities as a percentage of total liabilities	87%
Other short term liabilities as a percentage of total assets	71%
Non convertible debentures (original maturity less than 1 year) as a percentage of total public funds	-
Non convertible debentures (original maturity less than 1 year) as a percentage of total liabilities	-
Non convertible debentures (original maturity less than 1 year) as a percentage of total assets	-

67.5.1 Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically ImportantNon - Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.)

67.6 Institutional Setup for liquidity risk management (Refer Note 47.2.11)

68. CUSTOMER COMPLAINTS

Particulars	2021-2022	2020-2021
a) Number of complaints pending at the beginning of the year	**1**	2
b) Number of complaints received during the year	**4 329**	2 168
c) Number of complaints redressed during the year	**4 328**	2 169
d) Number of complaints pending at the end of the year	**2**	1

69. INFORMATION ON INSTANCES OF FRAUD

Instances of fraud for the year ended 31st March, 2022:

(₹ in lakhs)

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

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

70. PENALTIES:

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

71. As required In Terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (ReserveBank) Directions, 2016 by Reserve Bank of India.

Liabilities Side:

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

(₹ in lakhs)

Sl No	Particulars	As at 31st Mar -2022		As at 31st Mar -2021	
		Outstanding amount	Amount Overdue	Outstanding amount	Amount Overdue
a)	Debenture: Secured (Refer Note 71.1.1) (Other than falling within the meaning of Public Deposits)	**154 30**	**4**	285 29	4
b)	Deferred Credits	-	-	-	-
c)	Term Loans	**471 36**	-	529 61	-
d)	Inter- Corporate Loans and Borrowing	-	-	-	-
e)	Commercial Paper	-	-	-	-
f)	Public Deposits (Refer Note 71.1.2)	**61 50**	**2 00**	55 65	2 34
(g)	Other Loans	-	-	-	-
	• Subordinated Debt (Refer Note 71.1.3)	**34 65**	**23**	66 29	9
	• Cash Credit	**93 83**	-	53 88	-
	• Working Capital Demand Loan	**806 22**	-	946 11	-
	• Deposits from Corporates	-	-	-	-
	• Loans and Advances from Directors (Unsecured)	**5 08**		10 17	-
	• Senior Secured Notes	-	-	-	-
	• Borrowings	-	-	-	-
	Total	**1626 94**	**2 27**	**1947 00**	**2 47**

71.1.1 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.

71.1.2 Overdue of ₹ 2 00 lakhs (including interest) in respect of public deposit includes deposits for a sum of ₹ 38 lakhs pending renewal and deposits for a sum of ₹ 1 62 lakhs for which payment could not be made as claims were not received from deposit holders.

71.1.3 Overdue of ₹ 23 lakhs in respect of subordinated liabilities represents liabilities for which repayment could not be made as claims were not received from holders.

71.2 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-22		As at 31-Mar-21	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
a)	In the form of Unsecured Debentures	-	-	-	-
b)	In the form of Partly Secured Debentures i.e debentures where there is a shortfall in the Value of Security	-	-	-	-
c)	Other Public Deposits	**61 50**	**2 00**	55 65	2 34

Assets Side:

71.3 Break-up of Loans and Advances including bills receivables (other than those included in 71.4 below)

(₹ in lakhs)

Sl. No	Particulars	As at 31-Mar-22	As at 31-Mar-21
		Amount Outstanding	Amount Outstanding
a)	Secured	**112 85**	133 17
b)	Unsecured (DPN)	**3 66**	7 25

71.4 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-22	As at 31-Mar-21
		Amount Outstanding (Gross Value)	Amount Outstanding (Gross Value)
(i)	Lease Assets Including Lease Rentals Under Sundry Debtors :		
	a) Financial Lease		
	b) Operating Lease	**Nil**	Nil
(ii)	Stock on Hire Including Hire Charges under Sundry Debtors:	**Nil**	Nil
	a) Assets on Hire		
	b) Repossessed Assets	**Nil**	Nil
(iii)	Others Loans counting towards Asset Financing Activities (Refer Note 71.4.1)	**Nil**	Nil
	a) Loans where Assets have been Repossessed	**7 53**	72
	b) Loans Other than (a) Above	**1913 93**	1910 15

71.4.1 Represents Vehicle loans

71.5 Break-Up of Investments:

(₹ in lakhs)

Sl. No	Particulars	As at 31-Mar-22 Amount Outstanding	As at 31-Mar-21 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	**15**	16
	v. Others	**Nil**	Nil
2	**Gold Exchange traded fund of UTI**		
	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 49**	2 14
	(b) Preference	**Nil**	Nil
	ii. Debentures and Bonds	**Nil**	Nil
	iii. Units of Mutual Funds	**Nil**	Nil
	iv. Government Securities	**11 38**	8 37
	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	**13 38**	5 68
	Total	**27 40**	**16 35**

71.6 Borrower group - wise classification of all Leased assets, Stock - on Hire and Loans and Advances financed as in Note 71.3 and 71.4 above:

(₹in lakhs)

Sl No.	Particulars	As at 31-Mar-22			As at 31-Mar-21		
		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	**6 28**	**2 60**	**8 88**	20 36	5 78	26 14
2	Other than Related Parties	**1556 56**	**5**	**1556 61**	1844 32	1 15	1845 47
	Total	**1562 84**	**2 65**	**1565 49**	1864 68	6 93	1871 61

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

(₹ in lakhs)

Sl. No	Particulars	As at 31-Mar-22		As at 31-Mar-21	
		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	**27 40**	**27 40**	16 35	16 35
	Total	**27 40**	**27 40**	16 35	16 35

71.8 Other information

(₹ in lakhs)

Sl. No	Particulars	As at 31-Mar-22	As at 31-Mar-21
i.	**Gross Non-Performing Assets (Refer Note 71.8.1)**		
	a) Related Parties	**Nil**	Nil
	b) Other Than Related Parties	**531 37**	251 77
ii.	**Net Non - Performing Assets**		
	a) Related Parties	**Nil**	Nil
	b) Other Than Related Parties	**92 49**	115 74
iii.	**Assets Acquired in Satisfaction of Debt**	**Nil**	Nil

71.8.1 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 6.1. (ix)

72. Disclosure as per the format prescribed as per the notification no. RBI/2021-22/31 DOR.STR. REC.11/21.04.048/2021-22 dated 5th May 2021 for the year ended 31st March, 2022

(₹ 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 between 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	**36 793**	**127 79**	**Nil**	**Nil**	**20 99**
Total	**36 793**	**127 79**	**Nil**	**Nil**	**20 99**

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

73. 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)”

73.1 Quantitative Disclosure

(₹in lakh

	Liquidity Coverage Ratio (LCR)	As at March 31st 2022		As at December 31st 2021		As at September 30th 2021		As at June 30th 2021		As at March 31st,2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets										
1	Total High Quality Liquid Assets (HQLA)	369 77	369 77	424 79	424 79	572 55	572 55	435 88	435 88	550 45	550 45
	Cash Outflows										
2	Deposits (for deposit taking Companies)	4 32	4 97	4 85	5 58	6 58	7 56	7 35	8 45	4 21	4 84
3	Unsecured Wholesale Funding	3 00	3 45	14 08	16 19	1 43	1 64	12	13	79	91
4	Secured Wholesale Funding	292 43	336 29	338 62	389 41	254 21	292 35	142 61	164 01	246 56	283 55
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	45 06	51 82	38 14	43 86	36 86	42 39	34 95	40 19	44 93	51 67
7	Other contingent funding obligations	-	-	-	-	-	-	-	-	-	-
8	**Total Cash Outflows**	**344 81**	**396 53**	**395 69**	**455 04**	**299 08**	**343 94**	**185 03**	**212 78**	**296 49**	**340 97**

(₹in lakhs)

	Liquidity Coverage Ratio (LCR)	As at March 31st 2022		As at December 31st 2021		As at September 30th 2021		As at June 30th 2021		As at March 31st,2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	Cash Inflows										
9	Secured lending	-	-	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	167 50	125 63	194 84	146 14	226 14	169 60	204 87	153 65	207 17	155 37
11	Other cash inflows	10 92	8 19	10 15	7 61	11 21	8 41	13 82	10 37	32 02	24 01
12	**Total Cash Inflows**	**178 42**	**133 82**	**204 99**	**153 75**	**237 35**	**178 01**	**218 69**	**164 02**	**239 19**	**179 38**
13	TOTAL HQLA		369 77		424 79		572 55		435 88		550 45
14	**TOTAL NET CASH OUTFLOWS**		**262 71**		**301 29**		**165 93**		**48 76**		**161 59**
15	**LIQUIDITY COVERAGE RATIO (%)**		**141%**		**141%**		**345%**		**894%**		**341%**

73.1.(i) Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for Cash inflows and Cash outflows)

73.1.(ii) Weighted values are calculated after the application of respective haircuts and stress factor (on Cash Inflow / Cash Outflow)

73.1.(iii) The average LCR for all the quarters are computed as simple average of monthly observations over the previous quarters

73.1.(iv) The figures of the respective months are used for the quantitative disclosure are based on the estimates assumptions and contractual terms of the management, which has been relied upon by the auditors.

73.2 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 December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching a level upto 60%, 70%, 85% and 100% by December 1, 2021, December 1, 2022, December 1, 2023, December 1, 2024 respectively.

Liquidity Coverage Ratio (LCR) comprises of High Quality Liquid Assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. The average LCR is computed at as simple averages of monthly observations over the previous quarter (ie. average of three months ie. January 2022, February 2022 and March 2022 for the quarter ended March 31, 2022 and average of three months ie. October 2021, November 2021 and December 2021 for the quarter ended December 31, 2021 and average of three months ie. July 2021, August 2021 and September 2021 for the quarter ended September 30, 2021 and average of three months ie. April 2021, May 2021 and June 2021 for the quarter ended June 30, 2021).

The company, during the quarter ended March 31, 2022, had maintained average HQLA of ₹ 369 77 lakhs against ₹ 550 45 lakhs for the quarter ended March 31, 2021. 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). The company has implemented the LCR framework and has maintained LCR well above the regulatory threshold. The average LCR for the quarter ended March 31, 2022 was 141% which is above the regulatory requirement of 60%. For the quarter ended March 31, 2021 average LCR was stood at 341%.

74. Disclosure as per the format prescribed as per the notification no. RBI / 2020-21 / 17 DOR. No.BP.BC / 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, 2022

(₹in lakhs)

No. of Accounts Restructured	Amount
Nil	**Nil**

75. DISCLOSURE OF RESTRUCTURED ACCOUNTS

(₹ in lakhs)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2	-	-	2
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	8 70	-	-	8 70	-	8 70	-	-	8 70
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	87	-	-	87	-	87	-	-	87
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	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2	-	-	2
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	7 62	-	-	7 62	-	7 62	-	-	7 62
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	7 62	-	-	7 62	-	7 62	-	-	7 62
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	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2	-	-	2
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	7 62	-	-	7 62	-	7 62	-	-	7 62
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	7 62	-	-	7 62	-	7 62	-	-	7 62

76. Analytical Ratios

(₹in lakhs)

Ratio	Numerator	Denominator	Current Period %	Previous Period %	% Variance	Reason for Variance (>25% only)
Capital to Risk -Weighted Assets Ratio (CRAR)	268 77	1362 28	19.73%	31.78%	(37.92) %	In view of the loss of ₹171 82 lakhs incurred during the year.
Tier I CRAR	262 77	1362 28	19.29%	31.07%	(37.91) %	
Tier II CRAR	6 00	1362 28	0.44%	0.71%	(38.03) %	
Liquidity Coverage Ratio	369 77	262 71	141%	341%	(58.65) %	Reduction in Bank Balance due to repayment of Non-Convertible Debentures and non-availment of certain bank sanctions.

77. OTHER STATUTORY INFORMATION

77.1 No Benami Property are held by the Company and or no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

77.2 The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

77.3 There is no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

77.4 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

77.5 Other than the transactions that are carried out as part of Company' normal lending business: A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries; B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

77.6 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

77.7 There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.

78. The Company had paid managerial remuneration in excess of the maximum permissible limit as per Sec197 read with Schedule V of the Compnies Act, 2013. The amount paid in excess has been recovered from the Managing Director. The Company has then provided for the recovered amount as it is in the process of approaching shareholders in General Meeting for the payment of this recovered amount.

79. EVENTS AFTER THE REPORTING DATE/ OTHER DEVELOPMENTS

79.1 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.

79.2 The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by theCompany towards Provident Fund and Gratuity. The impact of changes if any arising on enactment of theCode will be assessed by the company after the effective date of the same and the rules thereunder are notified.

80. 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 PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN No:003990S/S200018

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

Sd/-
VISWANADH VNSS KUCHI
Partner
Membership No: 210789
UDIN: 22210789AJDRDK9632

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

Kochi
17th May , 2022


TITLE SPONSOR
#MuthootBlue
TWO WHEELER LOANS
USED CAR LOANS
SECURED BUSINESS LOANS
FIXED DEPOSITS
SUBORDINATE DEBTS
LOYALTY LOANS
PAPPACHAN muthoot CAPITAL
EXIDE
muthoot
EXIDE
muthoot
EXIDE
muthoot