

#MuthootBlue



30<sup>th</sup> ANNUAL REPORT 2023-24

**Transcending  
Boundaries**

#MuthootBlue



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PAPPACHAN  
**muthoot**  
CAPITAL



The Real progress of a country  
is in the transformation of the  
life of its common man



Founder

**Pappachan Muthoot**

(1927 - 2004)

Shri Pappachan Muthoot was a simple and devout man, who espoused a nine point formula that stood by him in realizing his goals. Love. Peace. Happiness. Kindness. Helpfulness. Patience. Pleasantness. Faithfulness and Self-control. At Muthoot Pappachan Group, these values are quintessential to our being and act as a source of constant guidance.



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



**OUR  
CORE  
VALUES**



**INTEGRITY**



**COLLABORATION**



**EXCELLENCE**

**CULTURE CODES**



**HONESTY**



**EMPOWERMENT**



**FRESH THINKING &  
CONTINUOUS RENEWAL**



**HUMILITY**



**AGILITY**



**INCLUSION**



**EMPATHY**



**OWNERSHIP**



**WORK-LIFE BALANCE**

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## Transcending Boundaries

Determination knows no boundaries. At Muthoot Capital Services, we firmly believe that our growth path is guided by the purpose of surpassing the ordinary and delivering the utmost satisfaction to our valued stakeholders. In the fiscal year 2024, we successfully met and exceeded the expectations of our esteemed customers, dedicated employees, and trusted associates.

Our Profit After Tax (PAT) stood at ₹ 12,249 lakhs this year, showcasing a remarkable increase of 57% compared to the previous year's PAT of ₹ 7,793. This outstanding achievement brings a genuine reason for all our stakeholders to rejoice. Additionally, our total networth has witnessed a substantial growth from ₹ 48,925 in the previous year to ₹ 61,175 this year, reflecting a rise of 25%.

We are proud to state that our transcendence goes beyond mere numerical figures. We have expanded our geographical presence and enhanced our products and services, leveraging the power of technology to further improve accessibility. We wholeheartedly dedicate our exceptional performance to every member of our esteemed team who consistently puts their best foot forward, enabling us to establish ourselves as the preferred capital services provider in the nation.



Turnover as on 31st March 2024

₹ **401** Crores

PAT after Tax as on 31st March 2024

₹ **122** Crores

NNPA as on 31st March 2024

**3.40%**

CRISIL Rating

**A+/Stable**





# Transcending Boundaries with the Thrust of our Core Strengths

One needs momentum to move forward. The driving force behind Muthoot Capital comes from the rich heritage of the Muthoot Pappachan Group. This motivates us to strive to earn the trust of our customers and remain the preferred financial solutions provider in the NBFC segment.

We believe that we have a deeper understanding of market needs, which allows us to deliver what is truly wanted. Risk management is very important to our industry. One of the reasons we are able to withstand the volatility of the auto loan market is that we have a solid framework that significantly reduces risk. This framework helps us protect the interests of our stakeholders and remain a trusted company.





Loans Disbursed in  
Muthoot Capital in FY 2023

₹ **1,318**  
Crores

Loans Disbursed in  
Muthoot Capital in FY 2024

₹ **1,438**  
Crores



# Transcending Boundaries by Capitalising on a Growing Economy

Despite the multitude of factors in play worldwide, the economy is steadily progressing. Moreover, India has successfully maintained its position among the frontrunners in terms of economic growth.

The growing demand for vehicles in the country presents a favorable outlook for financial service providers like us. It enables us to fulfill our role as an enabler in assisting individuals in achieving their goals.



Dealers empanelled in FY 2024

**602** Dealers

DSAs onboarded in FY 2024

**46** DSAs

Partners as on FY 2024

**7** Partners

Employees added to our team  
in FY 2024

**755** Employees





## Transcending Boundaries by Widening our Reach

Our goal is to reach our customers, not the other way around. We are always striving to become more and more accessible to the society so that we can contribute to a large section of it.

By expanding our branches, building a strong network of dealers, and using cutting-edge technology, our team is empowered to disburse loans with minimal processing time.

Transparency



Trust



Truth



## About Muthoot Pappachan Group

The Muthoot Pappachan Group is recognised for its high-quality practices, unwavering commitment to customer satisfaction, and round-the-clock endeavors to achieve business growth. Its success can be attributed to the ethical values of trust, truth, transparency, and tradition that have been instilled in it since its incubation. Being one of the exemplary business houses in India, it not only produces tangible numbers but also applies a morally sound approach while tending to all stakeholders' needs. The primary aim of the organisation is to make practical strides towards improving the local communities and environment. This sustainable outlook has become commonplace for them; they consider it their duty rather than simply 'how we do business'.

Since its inception in 1887, Late Muthoot Ninan Mathai's focused business principles, transparent and fair practices, and customer

commitment have sustained the group's steady growth for over 136 years. It all began humbly as a retail and wholesale grain trader at Kozhencherry. Chit Funds were also offered with philanthropic intent, and as the decades went on, the business continued to expand. In the 1950s, Muthoot Ninan Mathai transitioned into the gold loan sector and soon became the biggest player in both Chit Funds and Gold Loans.

From an early age, the sons of Muthoot Ninan Mathai have been involved in business. Notably, the Late Mathew M. Thomas (Muthoot Pappachan) has greatly contributed to the company's success. Since the time he branched out in 1979, the Muthoot Pappachan Group (MPG) has achieved numerous accomplishments. Presently, his three sons- Thomas John Muthoot (Chairman), Thomas George Muthoot (Managing Director), and Thomas Muthoot (Non-Executive Director)-

## Growth



## Customer Satisfaction

lead the organisation. The young successors of the visionary share responsibility alongside their three promoters, supported by their guidance.

MPG is a diversified company with operations in several sectors, such as Financial Services, Hospitality, Automotive, Realty, IT Services, Healthcare, Precious Metals, Global Services, and Alternate Energy. It has more than 30,000 employees serving over a million customers through its 4000-plus branches nationwide. Its innovative products and use of the latest technology have earned it the patronage of valued customers while upholding core principles and values.

The Muthoot Pappachan Group strives for complete transparency, integrity, and fair dealings in its ventures. We understand that customer satisfaction is not possible without a motivated and devoted workforce; thus, we are devoted to creating an environment of

creativity, cooperation, and commitment that instills job satisfaction and joy in our staff.

The Muthoot Pappachan Group understands that no business can thrive without engaging with its surrounding environment and communities. On a broader scale, they also accept the fact that bigger businesses have a greater responsibility to promote sustainable development, protect the environment, and ensure the well-being of those they serve.

The Muthoot Pappachan Group (MPG) has established the Muthoot Pappachan Foundation (MPF), a public charitable trust and its corporate social responsibility wing, and through its broad range of initiatives, it has positively impacted thousands of lives. MPG's CSR campaigns are centred around the word 'HEEL', which stands for Health, Education, Environment and Livelihood. MPG highly values each individual associated with them and draws from their experiences.

# About Muthoot Capital Services Ltd

FY 24 was a watershed year for MCSL where we undertook several initiatives to establish ourselves as diversified Financial Institution.

**Customer Centricity:** We continued to build on our theme of “More customers and more for Customers”. With growing income levels, we understand that our existing customers would graduate to higher value products like Used Car, Used Commercial Vehicles and will have other personal financial needs. To support them, we launched Used Car loans, Used Commercial Vehicle loans and Loyalty Loans to augment our product line. While doing so, we have continued to focus on our core customer segment, the “Common man”.

**Channel Diversification:** Traditionally our channels of business sourcing have been Dealer and branch channel. We added co-lending, Business Correspondent and Digital as new channels of sourcing. This has added breadth to our sourcing and given us access to newer markets/platforms, where we can

leverage on the strength of our partners. This has also allowed us access to markets and product segments hitherto unexplored.

**Technology as a Force multiplier:** We invested generously in Technology and Data Analytics last year. We moved our core product of TW loans to a new Loan Origination System. New LOS has enabled instant decision-making and enhanced customer experience greatly. We invested in data analytics to build score cards for Collections. “Pre delinquency Management scorecards and “Roll forward and Roll back score cards” were implemented to predict delinquency and take pre-emptive actions.

**Sustainable Growth:** In all these, we have tried to grow responsibly with a strong commitment to sustainability. We rolled out our Policy on Electric Vehicle Financing last year and have since then made steady progress. We got into an exclusive tie-up with Greaves EV fin to finance Electric Two Wheelers. We are partnering with Bike Bazaar to offer finance options on e-rickshaw, thus enabling the common man to own a three-wheeler and maintain a livelihood while been benign to the environment.

**Shareholder Value:** We have recorded highest ever profit figures with ROA and ROE as high as 6% & 22% respectively. Our constant endeavour has been to enhance Shareholder value.

**Employee well-being:** Our employees are our core strength, and we have invested in their well-being generously. We adopted People Strong as our HRMS platform bringing all employee related services on their fingertips. We brought in transparency in performance management system, revamped the incentive and variable pay schemes and digitized processes making delivery of services more efficient.

The foundation that we have laid will help catapult both our Topline and Bottom line to greater heights in the coming year.





# 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



**Mrs. Divya Abhishek**  
Independent Woman  
Director

# Corporate Information

## Registered Office

Muthoot Capital Services Limited,  
3rd Floor, Muthoot Towers, M. G. Road, Kochi - 682 035  
Tel : +91 484 6619600  
Email : mail@muthootcap.com  
Website: www.muthootcap.com

## CIN

L67120KL1994PLC007726

## ISIN

INE296G01013

## BSE Code

511766

## NSE Code

MUTHOOTCAP

## Chief Executive Officer

Mr. Mathews Markose (Appointed w.e.f 19.05.2023)

## Chief Finance Officer

Mr. Ramandeep Singh

## Company Secretary & Chief Compliance Officer

Mr. Srikanth G Menon (Appointed w.e.f 28.03.2024)

## Management Team

Mrs. Umadevi Pazhoor Unnikrishnan	Chief Risk Officer
Ms. Tina Suzzane George	Deputy Vice President - Business Intelligence & Strategy
Mr. Vijayan T	Vice President - IT and Operations
Mr. Praveen A. H.	Head- Credit
Mr. Sooraj Mohan M	Vice President - Collections
Mr. Arun Singer	National Head - Dealer Vertical
Mrs. Ciby Babu	Head of People and Culture

**Management Team**

Mr. Augustine K A	Internal Audit - In - Charge
Mr. Anoop K G	Head - Business Intelligence Unit
Mr. Vijayakumar V	Chief Internal Auditor
Mr. Ram Pratap Singh	Head - Information and Technology
Mrs. Nitha Sasi	Chief Information Security Officer (CISO)
Mr. Sonu Gujral	National Head - Light Commercial Vehicles
Mr. Sarath Sasikumar	Zonal Head - UCL Sales
Ms. Sredevi S D	National Head - Retail Liabilities & Alternate Channels

**Statutory Auditors**

M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, 91/92, VII Floor, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004, Tamil Nadu, India

**Secretarial Auditors**

M/s. SEP & Associates,  
Company Secretaries, Building No. C.C 56/172, K C 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

**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)  
Telephone: (22) 40807062 | E-mail : itsl@idbitrustee.com
- 3) Vardhman Trusteeship Private Limited  
The Capital, A Wing, 412A, Bandra Kurla Complex, Bandra (East),  
Mumbai 400 051  
Telephone: 9930430993  
E-Mail: compliance@vardhmantrustee.com

**Our Financiers**

- AU Small Finance Bank
- Canara Bank
- Central Bank of India
- City Union Bank Ltd
- DCB Bank Ltd
- Dhanalaxmi Bank Ltd
- ESAF Small Finance Bank
- Federal Bank Ltd
- HDFC Bank Ltd
- IDBI Bank Ltd
- IDFC First Bank Ltd
- Indian Bank
- Indian Overseas Bank
- IndusInd Bank Ltd
- OXYZO Financial Services Ltd
- Poonawalla Fincorp Ltd
- Punjab National Bank
- State Bank of India
- Tamilnadu Mercantile Bank
- Union Bank of India

# List of Branches

Sr. No.	Location	Address
		<b>KERALA</b>
1	Kochi	3rd Floor, Muthoot Towers, M.G Road, Kochi - 682 035
2	Adimaly	2nd Floor, Sivaram Building, NH 49, Adimaly P.O., Adimaly, Idukki (Dist) - 685 561
3	Alappuzha	2nd Floor, Niza Center, East of General Hospital Junction, Alappuzha
4	Calicut	Door No. 27 / 383 / A-3, 2nd Floor, Soubhagya Shopping Complex, Near Aryadathupadam, Mavoor Road, Calicut
5	Kollam	11st Floor, S. M. Towers, Madan Nada, Kollam, Kerala - 691 016
6	Kottayam	4th Floor, Payyil Kohinoor Arcade, Samkranthi Junction, M C Road, Kottayam-686017
7	Kalpetta	2nd Floor, Kainatty Arcade, Kainatty Junction, North Kalpetta Post, Wayanad - 673 121
8	Palakkad	RRK Towers, 1st Floor, Shornur Road, Pallipuram Post, Melamuri, Palakkad - 678 006
9	Thrissur	1st Floor, Pvk Complex, Opp. Amala Hospital, Amala Nagar, Thrissur
10	Tirur	1st Floor, Mundakkathu Building, Payyanangadi, Tirur
11	Trivandrum	2nd Floor, Mansions Chelsma Heights, Chengalloor Junction, Poojappura, Trivandrum - 695 012
12	Kesavadasapuram	Shop No. 1,2&3, Kedaram Shopping Complex, Kesavadasapuram, Thiruvananthapuram, Kerala-695004
		<b>TAMIL NADU</b>
13	Chennai	New No. 609-C, "Spencer Plaza" 6th Floor, Situated at Door No.769, Anna Salai, Chennai-600 002, Tamil Nadu
14	Coimbatore	Ground Floor, #62, Dr. N.R.N. Layout, Pappanaikenpalayam, Coimbatore
15	Kumbakonam	No. 41, Ravi's Plaza, Gandhiadigal Salai, Near Raya Mahal, Kumbakonam - 612 001
16	Salem	1st Floor, N.V. Arcade, 5/259A, Junction Main Road, Salem
17	Tanjore	Ground Floor, No 5/163/4, Sorna Complex, Natarajapuram West, M C Road, Tanjore - 613 004
18	Theni	Tharun Tower, 2nd Floor, Sriram Theatre Lane, Cumbum Road, Theni
19	Thirunelveli	No. 42, Vadivagam, TVM High Road, Near Palai Bus Stand, Palayamkottai, Thirunelveli
20	Trichy	3rd Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy
		<b>PUDUCHERRY</b>
21	Karaikkal	1st Floor, Door No.2, Kannadiar Street, Karaikkal

Sr. No.	Location	Address
		<b>KARNATAKA</b>
22	Bangalore	No. 29, "Shree Krishna" Opp. Raheja Park Apartment, Magadi Main Road, Vijayanagar, Bangalore - 560 040
23	Hubli	1st Floor, Above Vijayalakshmi TVS Show Room, Gokul Main Road, Hubli
24	Mysore	1st Floor, Door No. 170/1, M 52, B N Street, Opp: Mandi Market, Mandi Mohalla, Mysore - 570 021
25	Shimoga	No. 44/44/44, Satish Arcade, 2nd Floor, Savalanga Road, Shimoga
		<b>TELANGANA</b>
26	Hyderabad	Door No. 2-2-1130/24/D/1, 1st Floor, above Indian Bank, Shivam Road, Prasanthnagar, Hyderabad - 500 044
		<b>ANDHRA PRADESH</b>
27	Guntur	Door No. # 12-17-14, Somavari Street, Kothapet, Guntur
28	Kadapa	D. No. 42/332-2, Vandana Complex, Ground Floor (Back Side), Bhagya Nagar Colony, Opp. Shivalayam Temple, Kadapa
29	Thirupathi	Door No. 19-4-121/13/D1, First Floor, STV Nagar, Thirupathi - 517 501
30	Vijayawada	Door No. 31-11-1, Shriyans Plaza Hindu College Road, Maruthinagar, Vijayawada - 520 004
31	Vizag	11st Floor, No. 47-15-4/1, Gurbanga Complex, Diamond Park Road, Dwaraka Nagar, Vizag
		<b>GUJARAT</b>
32	Ahmedabad	402, Ashoka Complex, Near Axis Bank Ltd. Sardar Patel Stadium Road, Navrangpura, Ahmedabad - 380 009

# Message From Managing Director

**Dear Shareholders,**

I am delighted to present the annual report for Muthoot Capital for the fiscal year ending March 24. This year has been exceptionally rewarding, and I am proud to share the excellent results we have achieved together.

## **Outstanding Financial Performance**

The financial year 23-24 has been remarkable for MCSL where in, we recorded an all-time high PAT of 122,49 lakhs, marking an impressive 57% increase over the previous year. Our NPAs came down by 10%, our ROA was a healthy 6% and CRAR of 31%.

These outstanding results reflect our strong business fundamentals, prudent risk management, and the dedicated efforts of our entire team.



### Strategic Growth and Diversification

We have made significant strides in our strategic growth and diversification efforts:

1. **Expanding Loan Portfolio:** We diversified our loan portfolio by introducing new product lines, including Used Car, Used Commercial Vehicles and Loyalty loans, which have been well-received by our clients.
2. **Geographic Expansion:** We extended our reach by entering new regional markets, thereby broadening our customer base and enhancing our market presence.
3. **Digital Transformation:** Leveraging technology, we launched several initiatives, such as pre-delinquency scorecards for collections, New Loan Origination System, New collection App, and a customer facing App for improving customer experience and operational efficiency.

### Operational Excellence

Our commitment to operational excellence has yielded substantial benefits. We have optimized our processes, resulting in reduced turnaround times and enhanced customer satisfaction. Additionally, our investments in advanced analytics and automation have significantly improved our risk assessment and management capabilities.

### Commitment to Financial Inclusion

As a non-banking finance company, our mission extends beyond financial success. We are dedicated to promoting financial inclusion by providing credit to underserved segments of the population. This year, we have expanded our outreach programs, enabling more individuals and small businesses to access the financial services they need to thrive.

### Strong Governance and Risk Management

Maintaining strong governance and rigorous risk management practices remains a top priority. Our comprehensive risk management framework has ensured the stability and resilience of our operations, safeguarding the interests of our shareholders and stakeholders.

### Future Outlook

Looking ahead, we are well-positioned to build on our successes. Our strategic priorities for the coming year include:

1. **Innovation:** Continuing to innovate our product offerings and leveraging technology to meet the evolving needs of our customers.
2. **Sustainability:** Enhancing our commitment to sustainable practices, including responsible lending and environmental initiatives.
3. **Customer-Centric Approach:** Strengthening our customer relationships by providing personalized and efficient financial solutions.

### Gratitude and Appreciation

I extend my heartfelt gratitude to our shareholders for their unwavering support and trust. I also want to thank our employees for their dedication and hard work, which have been instrumental in achieving these outstanding results. Together, we will continue to drive Muthoot Capital forward, delivering sustainable growth and long-term value for all stakeholders.

Thank you for your continued confidence and patronage.

Sincerely,

**Mr. Thomas George Muthoot**  
Managing Director

# Message from Chief Executive Officer

## Dear Shareholders,

I am pleased to present our Annual Report for the fiscal year 23-24, which marks another significant chapter in our company's journey towards sustainable growth and innovation. Our performance this year has been shaped by strategic decisions and a steadfast commitment to our long-term strategic objectives, which I am excited to share with you.

## Strategic Objectives:

1. **AUM growth with a healthy ROA:** Our aim is to grow at a CAGR of 35% year on year with a healthy ROA. We have continued to invest

heavily in technology and data science to drive efficiency and productivity in the team. Our new product lines, introduced this year, have not only expanded our market reach but also reinforced our position as a serious player in the Automobile finance sector. We are committed to pushing the boundaries and delivering cutting-edge solutions that meet our customers' evolving needs.

2. **Growth in Market Share:** Expanding our presence in key markets and entering newer markets has been a focal point of our strategy. This year, we successfully expanded our presence in UP, Rajasthan, MP, Punjab and Haryana and entered new markets like Bihar and Jharkhand, which are showing promising growth potential. Our local teams are well-positioned to capitalize on these opportunities, ensuring that we remain competitive on a National level. Our monthly disbursements, which were skewed towards South, is now evenly spread across the country based on market potential. We aim to double our market share this year.





3. **Become a Multiproduct Company:** Our core business has been Two-Wheeler loans and over 90% of the AUM is contributed by Two-Wheelers. We launched Used Cars and Used Commercial Vehicle loans business to cater to the growing needs of our focus segment. We also launched Top-Up loans for our existing customer base. We aim to have 15% of the portfolio being contributed by the new products.
4. **Alternate Channel:** We created an alternate channel to exclusively take care of Business from our Group Companies. Dealer Channel has been the largest contributor and since it requires specific focus, a separate channel was carved out to enhance business from branches to Muthoot Fincorp. This channel contributes to close to 19% of our business presently and is poised to grow and contribute to 40% of our overall business. These efforts have fortified our bottom line and positioned us well for future growth.
5. **Digital Channels:** This remains a key focus area for us. We have signed up strategic partnerships with digital marketplaces like Bike Dekho & Bajaj Finserve to generate leads for Two-Wheeler and Used Car loans. We also get leads through our website and other social media platforms. We have created a program to digitally engage with these customers and convert these leads through an assisted model. This year, we implemented advanced analytics tools to gain deeper insights into customer preferences and behaviours. These insights are driving our product development and service improvements, ensuring that we deliver exceptional value to our customers.
6. **Strengthen Asset Quality:** We were successful in reducing our GNPA levels by half in the last fiscal not just in percentage terms but also the absolute value of NPA was reduced significantly. We continue to focus on Asset quality by initiatives like brining our collections in-house, developing analytics tools to predict bounce rates and reducing loss on sale on repossessed assets.
7. **Leverage existing Base:** We have an ever-growing base of customers within MCSL and in the group which we are leveraging by use

of data analytics by offering pre-approved loans. Taking advantage of the significant cost arbitrage in cross selling to an existing customer vis a vis acquiring a new customer, we are building programs to service existing customers with more and more products within the group.

8. **Become an employer of choice:** We are building a highly engaged work force committed to delivering high quality service to our customers. We have created an environment that fosters creativity and a culture of entrepreneurship. We are building a talent pool within the organisation who will be given specific training to take up higher responsibilities within the organisation.
9. **Organisation Culture of Constant renewal:** We are committed to creating an organisational culture of constant renewal where innovation and continuous improvement is at the core of everything we do. Every new opportunity is assessed by the Senior Management for the value that it brings, and a collective and collaborative decision is taken. Transparent communication, well defined goals and interdepartmental synergies are the hallmark of our execution strategy.

### Looking Ahead

As we look to the future, we remain committed to these strategic objectives. We believe that by focusing on innovation, market expansion, sustainability, operational excellence, and customer centricity, we will continue to deliver robust financial performance and create long-term value for our shareholders.

I would like to extend my heartfelt thanks to our dedicated employees, partners, and of course, our shareholders, for your unwavering support and trust. Together, we are building a stronger, more resilient company that is poised for continued success.

Thank you for your ongoing confidence and investment in our company.

Sincerely,

**Mathews Markose**  
Chief Executive Officer

# 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**Health, **E**ducation, **E**nvironment, and **L**ivelihood. A glimpse of our activities during the FY 23-24 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...

## Chellanam Project



## School Support



## Livelihood Support



Aashiana



Housing Support



## Report of the Board of Directors

Dear Members,

Your directors have pleasure in presenting the **30th Annual Report** on your Company's business and operations together with audited financial statements of the Company for the financial year ended March 31, 2024.

### 1. PERFORMANCE HIGHLIGHTS

A snapshot on key performance highlights of your Company showcasing the rebound in terms of all parameters, whether Business, Operational or Financial front establishing the fact that the Company is on its road to recovery is given below.

#### a) Financial Results

The summarized financial results of your Company for the FY 2023-2024 are given below:

(₹ in lakhs, except earnings per share)

Particulars	2023-2024	2022-2023
Total Income	40,140.77	44,310.31
Total Expenses	33,291.54	33,430.36
Profit Before Exceptional items and Tax	6,849.23	10,879.95
Exceptional items	(9,584.65)	-
Profit Before Tax (PBT)	16,433.89	10,879.95
Tax Expense	4,168.09	3,011.84
Profit After Tax (PAT) (including OCI)	12,249.46	7,792.58
Basic Earnings Per Share (EPS)	74.58	47.84

#### b. Business Growth

The Company was able to conclude the year ended March 31, 2024, by re-visiting all the business parameters which helped the company in creating an additional disbursement of ₹ 1,43,842 lakhs during the year with robust asset quality. Though the growth can be seen as neutral the additional business during the year has redefined the policy, SOPs and the way forward. The business growth for the reporting year was 9%.

#### c. Profitability

During the Financial Year 2023-24, your Company achieved a net profit of ₹ 12,249 lakhs for the year ended March 31, 2024, as compared to ₹ 7,792 lakhs for the year ended March 31, 2023, an increase of 57%. Profit before tax was at ₹ 16,434 lakhs for the year ended March 31, 2024, as compared to ₹ 10,880 lakhs for the year ended March 31, 2023. Total Income has declined from ₹ 44,310 lakhs for the year ended March 31, 2023 to ₹ 40,141 lakhs for the year ended March 31, 2024. The Net Interest Margin (NIM) is reported at 58% for the current financial year as against 67% in Financial Year 2023- 2024.

#### d. Asset Quality

As on March 31, 2024, the gross NPA and net NPA in the books of your Company stood at ₹ 20,504 lakhs and ₹ 6,368 lakhs respectively. The Provision Coverage on the entire on-book loan stood at 8.1% against 19.5% as on March 31, 2023. The Asset quality was the parameter which was given the top-most significance throughout the past few Financial Years. A considerable reduction can be seen in the year-on-year numbers. The Company's Non-performing asset as of March 31st 2024 stood at ₹ 20,504 lakhs while the same were ₹ 46,349 lakhs as of March 31st 2023. The Overall collection

efficiencies have significantly improved in all the buckets. In spite of overall improvement, the Company is carrying management overlay of ₹ 6,150 lakhs where in NNPA is 3.40%.

**e. Net Worth and Capital Adequacy Ratio**

The net worth of your Company stood at ₹ 61,175 lakhs as against ₹ 48,925 lakhs in the previous year. It increased on account of profit earned during the year amounting to ₹ 12,249 lakhs. The Company's total Capital Adequacy Ratio (CRAR) as on March 31, 2024 stood at 31.24% of the aggregate risk weighted assets on the Balance Sheet and risk adjusted value of the - Balance Sheet items, which is significantly above the statutory minimum of 15 %. Out of the above, Tier I CRAR stood at 30.59 % and Tier II CRAR stood at 0.65 %. The CRAR as on March 31, 2023 was at 27.92%.

**f. Earnings Per Share**

Earnings Per Share of your Company during the year under review is reported at ₹ 74.58 against earning of ₹ 47.84 as on March 31, 2023. Return on Equity was at 22.3% for the current financial year.

**2. DIVIDEND**

To ensure availability of capital for the future growth of the Company, your Board of Directors, are of the view that ploughing back of profit after tax into the business is a necessity of time. Hence the Board does not recommend any dividend for the Financial Year 2023-24.

The Dividend distribution policy containing the requirements mentioned in Regulation 43 A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("SEBI Listing Regulations") is available on the website of the Company at <https://www.muthootcap.com/wp-content/uploads/2021/12/Policy-on-Distribution-of-Dividends.pdf>. The list of unclaimed dividends is available on the Company's website at <https://www.muthootcap.com/investors/#tab9>. Shareholders are requested to check the said list and if any dividend due to them is remaining unpaid in the said list, Shareholders can approach the Company or Registrar and Transfer Agent of the Company for the release of unclaimed dividends.

**Investor Education and Protection Fund**

During the financial year 2023-24, the Company has transferred an amount of 769,048.50/- to Investor Education and Protection Fund (IEPF) Authority, being unclaimed and unpaid dividend for the financial year 2015-16. Since the amount has been transferred to IEPF Authority, no claim for unclaimed and unpaid dividends for the financial year 2015-16 shall lie against the Company. Further, in compliance with the provisions of Companies Act, 2013 ("Act") and Rules made thereunder, the Company had transferred the shares pertaining to the shareholders whose dividend were remaining unclaimed and overdue for a period of seven consecutive years to the IEPF Authority. As per the provisions of IEPF Authority (Accounting, inspection, Transfer and Refund) Rules, 2016 (as amended), the shareholder may lodge the claim to the IEPF Authority for such dividends and shares by submitting an online application in Form IEPF- 5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in).

**3. RESERVES**

The Company has transferred an amount of ₹ 2,450 lakhs to the Statutory Reserve maintained under Section 45-IC of the Reserve Bank of India Act, 1934. The Company has not transferred any amount to the General Reserve for the financial year ended March 31, 2024. Post transfer of profits to reserves, your Board has decided to retain ₹ 9,799 Lakhs as surplus in the profit & loss account.

**4. RESOURCE MOBILISATION****a. Share Capital**

The authorized share capital of the Company is ₹ 2500 lakhs, and the paid-up share capital of the Company is ₹ 1645 lakhs. The Company had not issued any equity shares either with or without differential rights during the Financial Year 2023- 2024 and hence, the disclosure requirements under

Section 43 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

During the period under review, no stock options have been issued by the Company and hence disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Section 62(1)(b) of the Act, read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 shall not apply.

#### b. Debentures

During the year under review, your Company issued ₹ 199 crores listed, senior, secured, redeemable, Non-Convertible Debentures (NCDs). Your Company has redeemed secured redeemable NCDs aggregating to an amount of ₹ 50 crores. The NCDs are listed on the debt market segment of the BSE Limited. 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, 2024, the residual portion of Secured Redeemable non-convertible principal protected market linked and NCDs under private placement including those issued during earlier years along with interest accrued is ₹ 43,509 lakhs. The debentures issued are secured by way of paripassu and exclusive charge on the current assets of the Company. The NCDs of your Company are rated as "A +/- Stable" by CRISIL.

Trustees for Debenture Holders for ensuring and protecting the interests of debenture holders:

1. 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
2. Vardhman Trusteeship Private Limited, The Capital, A Wing, 412A, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 are the Debenture Trustees.

#### 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 "A+/Stable" by CRISIL.

The outstanding number of fixed deposits as on March 31, 2024, received by the Company including interest accrued at that date is ₹ 3,381 lakhs.

As on March 31, 2024, there are 46 accounts of fixed deposits amounting to ₹ 98.16 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 Act, 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, in the current year has not raised money through issue of subordinated debts. As of March 31, 2024, the total amount of outstanding subordinated debts, including accrued interest was ₹ 1,138 lakhs as against ₹ 1,354 lakhs in the previous year.

The subordinated debts and public deposits contribute to 2.7% of our total funding.

#### **e. Bank Finance**

The Company raises funds for its working capital requirements mainly from banks. Commercial Banks continued their support to your Company during Financial Year. As on March 31, 2024 the total outstanding amount of credit facilities from Banks were ₹ 86094.01 lakhs as against ₹ 109637.29 lakhs as on March 31, 2023, excluding accrued interest.

Apart from the above, the Company has been sourcing funds through Securitization. During the year under review, the Company has sourced ₹ 14449.08 lakhs (net of MRR) (previous year ₹ 62659.16 lakhs). The same has been invested into by various kinds of entities and the value remaining outstanding as on March 31, 2024, was ₹ 24429.46 lakhs (previous year ₹ 48036.33 lakhs).

#### **f. Commercial Paper**

During the year under review, your Company has raised funds for its working capital requirements by issue of Commercial Papers. The Commercial Papers of your Company are rated as A1+ by CRISIL.

The outstanding amount of Commercial Paper as on March 31, 2024, is ₹ 7,860.17 Lakhs.

### **5. DIRECTORS**

As on March 31, 2024, the Board of your Company consisted of the following seven Directors:

Category	Name of Directors
Executive Director	Mr. Thomas George Muthoot, Managing Director (DIN: 00011552)
Non - Executive - Non - Independent Directors	Mr. Thomas John Muthoot, Chairman (DIN: 00011618) Mr. Thomas Muthoot, Director (DIN: 00082099)
Non - Executive Independent Directors	Mr. Kurian Peter Arattukulam (DIN: 00008022) Ms. Shirley Thomas (DIN: 08586100) Mr. Thomas Mathew (DIN: 01277149) Ms. Divya Abhishek (DIN: 08709050)

The composition of the Board is in line with the requirements of the Act and the Listing Regulations. 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.



**Key Managerial Personnel:**

Mr. Thomas George Muthoot, Managing Director, Mr. Ramandeep Singh, Chief Finance Officer, Mr. Mathews Markose, Chief Executive Officer and Mr. Srikanth G Menon, Company Secretary and Compliance Officer are the Key Managerial Personnels of the Company, as recorded by the Board as on March 31, 2024.

**a) Changes in Directors and Key Managerial Personnel (KMP) during the Financial Year 2023-2024****Appointments**

All appointments of Directors and KMPs are made in accordance with the relevant provisions of the Act, the Listing Regulations, the RBI Directions and other laws, rules, guidelines as may be applicable to the Company. The Nomination & Remuneration Committee ("NRC") exercises due diligence inter-alia to ascertain the 'fit and proper' person status of the person who is proposed to be appointed on the Board of Directors of the Company, and if deemed fit, recommends their candidature to the Board of Directors for consideration.

In line with succession planning for the Company and considering the knowledge, relevant expertise and experience of Mr. Mathews Markose and on recommendation of the NRC, the Board of Directors of the Company at its meeting held on May 13, 2023, approved the appointment of Mr. Mathews Markose as the Chief Executive Officer with effect from May 19, 2023.

The Board of Directors of the Company, on the recommendation of the NRC, appointed Mrs. Divya Abhishek (DIN: 08709050) as an Additional Non - Executive Independent Director on the Board on August 08, 2023, for a period of 5 years and her appointment as the Non - Executive Independent Director was approved by the shareholders at 29th AGM of the Company through special resolution.

During the year under review, Mr. Srikanth G Menon, was appointed as Company Secretary & Chief Compliance Officer with effect from March 28, 2024.

Mr. Thomas Mathew (DIN: 01277149) was re-appointed as Non-Executive Independent Director for a period of 5 years with effect from 01st April 2024 vide Special Resolution passed by Shareholders via Postal Ballot on 15th June, 2024.

**Cessation**

During the year under review, Ms. Deepa G resigned as Company Secretary and Compliance officer of the Company with effect from close of business hours of March 27, 2024.

**Resignation of Independent Director(s)**

During the year under review, none of the Independent Director(s) on the Board of Directors of the Company had resigned before the expiry of their respective tenure(s).

**Director Retiring by Rotation**

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Thomas Muthoot, Director (DIN: 00082099), shall retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing Annual General Meeting ("AGM") of the Company. The detailed profile of Mr. Thomas Muthoot has been included in the notice convening the ensuing 30th AGM.

**b) Declaration by Independent Directors and Statement on compliance with the code of conduct.**

Pursuant to the provisions of Section 149 of the Act and Regulation 25(8) of the Listing Regulations, the independent directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company. Further, the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and

applicable rules thereunder) of all Independent Directors on the Board. The Independent Directors have confirmed that they have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

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

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

#### **Non-Disqualification of Directors**

A certificate bearing Unique Document Identification Number (UDIN): F003050F000900201 from Puzhankara Sivakumar, Managing Partner, M/s. SEP & Associates, Company Secretaries (C.P No. 2210), confirming that none of the Directors on the Board of the Company as on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such statutory authority, forms part of the Corporate Governance Report which is annexed to and forms an integral part of this Directors' Report.

#### **c) Policy on Board Diversity**

The Policy on Board Diversity approved and adopted by the Company contains the followings:

- i. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities.
- ii. The Company shall also take into account factors based on its own business model and specific needs from time to time.
- iii. The NRC shall lead the process of identifying and nominating candidates for appointment as Directors in the Board.
- iv. The benefits of 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 management of the Company has immensely benefitted from the guidance, support and mature advice from members of the Board of Directors who are also members of various committees. The Board consists of directors possessing diverse skill, rich experience to enhance quality of its performance. The Company has adopted a Policy on Board Diversity formulated by the NRC. The Policy on Nomination and Remuneration is framed in terms of section 178(3) of the Companies Act, 2013 which contains the criteria for determining qualifications, positive attributes, independence of a director and other related matters. It also includes the details relating to the remuneration of Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel in line with the requirement of the Section 178 of the Act, Regulation 19 read with Part D of Schedule II of the Listing Regulations and directions issued by the RBI and as per the Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs issued by RBI. This Policy is available on the Company's website at the weblink: <https://www.muthootcap.com/wp-content/uploads/2023/05/Policy-on-Nomination-and-Remuneration.pdf>. The Company has formulated policy on Succession Planning for Directors and Key Managerial Personnel for continuity and smooth functioning of the Company.

**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 Act and Listing Regulations is given in the Report on Corporate Governance, which forms part of this Report.

**f) Meetings of the Board**

During the Financial Year 2023-2024, your Board of Directors met seven times. Further 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. Hence consolidation and the provisions relating to the same under the Act and Rules made thereunder are not applicable to the Company.

There are no companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year.

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

During the year under review, there is no change in 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 ₹ 125,635 lakhs and as on March 31, 2024, the total outstanding amount was ₹ 183,650 lakhs. The Company had disbursed business / corporate loans to the extent of ₹ 182 lakhs and as on March 31, 2024, the outstanding amount is ₹ 18167 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 sourcing its 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 except passing of a Special Resolution by the members for the alteration of Object clause of the Memorandum of Association of the Company to include the below-mentioned sub-clause under the Main Objects clause:

“To carry on the business of selling, distribution, marketing as a Corporate Insurance agent and brokers, of all kinds of insurance products of various companies in various fields of insurance such as life, pension & employee benefit, health, fire, marine, cargo, marine hull, aviation, oil & energy engineering, accident, liability, motor vehicles, transit & other products of non-life insurance business and provide advisory and consultancy services relating to insurance business.”

## 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 risk management functions of the Company and a separate Risk Management Committee of the Board supervises the risk management functions. Apart from this, 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 Risk Management Committee of the Company has not identified any elements of risk which in their opinion may threaten the existence of your Company. Details of the risks and concerns relevant to the Company are discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report.

The Company had appointed Mrs. Umadevi Pazhoor Unnikrishnan as the Chief Risk Officer ("CRO") and a policy on Independence of the CRO is in place. In order to ensure that the Company maintains high standards of risk management practices, the CRO functions independently with no relationship with business verticals of the Company and reports to the Risk Management Committee. The CRO is inter-alia entrusted with the responsibility of identifying, measuring and mitigating risks which may affect the Company and putting in place and monitoring the risk management policies and practices of the Company.

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.

The Company conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar II of Basel guidelines. The adequacy of Company's capital funds to meet the future business growth is also assessed in the ICAAP Document. Capital requirement for current business levels and framework for assessing capital requirement for future business levels has been made. Capital requirement and Capital optimisation are monitored periodically by the Committee of Senior Management (ALCO). The Senior Management deliberates on various options available for capital augmentation in tune with business growth. Based on these reports submitted by Senior Management, the Board of Directors evaluates the available capital sources, forecasts the capital requirements and capital adequacy of MCSL and ensures that the capital available for the Company at all times is in line with the Risk Appetite of the Company.

Details of the Risk Management Framework and Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Directors' Report.

## 11. ADEQUACY OF INTERNAL AUDIT AND FINANCIAL CONTROLS

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

Apart from Statutory Audit and Concurrent Audit, your Company, in compliance with Section 138 of the Companies Act, 2013. The Board of Directors at its meeting held on 26th March 2024, appointed Mr. Vijayakumar V, as the Chief Internal Auditor, with effect from 22nd February 2024, for a period of three years. 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 Financial Year 2023-2024.

## 12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility activities at Company 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., Health, Education, Environment and Livelihood. Aligning with its vision, your Company has been continuing to increase value in the community in which it operates, through its services and CSR initiatives, so as to stimulate well-being for the community, in fulfillment of its role as a responsible corporate citizen. The Board has constituted a Corporate Social Responsibility Committee (CSR Committee) to oversee and monitor the CSR activities of the Company. The CSR Committee of the Company has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The Company's CSR Policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The CSR Policy is available on the website of the Company at <https://www.muthootcap.com/wp-content/uploads/2024/02/CSRPolicy.pdf>.

During the year, the Company spent an amount of ₹ 144.62 lakhs identified as CSR activities including for ongoing projects from financial years 2020-21 and 2021-22. 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**

The Company has re-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 at the 28th AGM held on 27th September 2022 to hold office from conclusion of the 28th AGM till conclusion of the 30th AGM of the Company to conduct audit of accounts of the Company. M/s PKF Sridhar & Santhanam LLP is a registered Limited Liability Partnership with LLPIN AAB-6552 (Registration No. with ICAI is 003990S/S200018). The Statutory Auditor holds a valid peer review certificate as prescribed under the Listing Regulations. The same is in compliance with the RBI Guidelines on appointment of statutory auditor(s) by NBFC.

The Auditors had also prepared a separate report, pursuant to Non - Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 in addition to the report made under Section 143 of the Companies Act, 2013 which was duly examined by the Board and submitted to RBI.

The present Statutory Auditors of the Company are retiring at the conclusion of the ensuing 30th AGM after completion of their term for three years.

Based on the recommendation of the Audit Committee in its meeting held on 06.08.2024, the Board of Directors of the Company in its meeting held on 07.08.2024, have recommended the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants (Registration No. 004207S), 23, CP Ramaswamy Iyer Rd, Sriram Colony, Abiramapuram, Chennai, Tamil Nadu 600018, for a period of 3 years as Statutory Auditors of the Company from the conclusion of 30th AGM till the conclusion of 33rd AGM, for the approval of shareholders of the Company.

As per the requirement of the Act, M/s. Sundaram & Srinivasan, Chartered Accountants has confirmed that their appointment if made would be within the limits specified under Section 141(3) (g) of the Act and they are not disqualified to be appointed as statutory auditor/s in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

Accordingly, approval of the members is requested for appointment of M/s. Sundaram & Srinivasan, Chartered Accountants for a period of three (3) years as Statutory Auditors of the Company from the conclusion of 30th AGM till the conclusion of 33rd AGM and on such terms and conditions, including remuneration, as may be approved by the Board or Audit Committee of the Board of the Company. The Board or Audit Committee of the Board will negotiate and finalise the remuneration of the Statutory Auditors depending on their roles and responsibilities / scope of work. The remuneration paid to the Statutory Auditors will be disclosed in the Corporate Governance Report as well as the Annual Financial Statements of the Company on an annual basis.

M/s. Sundaram & Srinivasan, Chartered Accountants have 80 years Bank Audit experience as Central Statutory Auditors/Branch Auditors of various Nationalized and Private Banks and 20 years of Experience as Statutory Auditors of NBFCs and Housing Finance Companies.

As required under the Listing Regulations, M/s. Sundaram & Srinivasan, Chartered Accountants has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

**Recommendations of the Audit Committee**

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

**Audit qualifications, reservation or adverse remarks or disclaimer**

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 Financial Year 2023-2024. There is no incident of fraud requiring reporting by the Auditors under Section 143(12) of the Act.

**b. Secretarial Auditors**

The Board, at its meeting held on August 08, 2023, 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, 2024 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 2023-24 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. No offence of fraud was reported by the Secretarial Auditor of the Company.

**c. Internal Auditor**

The Company has an independent internal audit department headed by Chief Internal Auditor Mr. Vijayakumar V appointed w.e.f 22.02.2024. The internal audit department broadly assess and contribute the overall improvement of the organisation's governance, risk management and control processes using a systematic and disciplined approach. The internal audit team follows Risk Based Internal Audit which helps the organisation to identify the risks and address them accordingly based on the risk priority and direction provided by the Board of Directors.

**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, technology absorption and foreign exchange earnings & out go does not apply to the 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**

The 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 Listing Regulations.

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**

Pursuant to Section 186(11) (a) of the Act read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given, or security provided in the ordinary course of business by a NBFC registered with RBI are exempt from the applicability of provisions of Section 186 of the Act.

The details of the investments of the Company are given in the notes to the financial statements.

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

Your directors confirm that all contracts/arrangements/transactions entered into by the Company during the Financial Year 2023-24 with related parties were in compliance with the provisions of the Act and Listing Regulations. The Company had obtained prior approval of the Audit Committee for all the related party transactions during the Financial Year 2023-24 as envisaged in Regulation 23 (2) of the Listing Regulations. Further, the Audit Committee had given prior omnibus approval under Regulation 23 (3) of the Listing Regulations 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, September 28, 2020 and June 15, 2024 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, 2024 were on an arm's length basis and were in the ordinary course of business except the transaction Muthoot Bankers on windmill business and the transaction with Muthoot Fincorp Limited on Cash Remittance, Space Sharing and Rent Deposit and payment towards airline and train ticketing, 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. 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 attached herewith as **Annexure 4**.

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. 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.

The policy on dealing with related party transactions as approved by the Board is uploaded on the Company's website at the web link: <https://www.muthootcap.com/wp-content/uploads/2022/06/Related-party-transaction-policy.pdf>.

## 19. DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Disclosures required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, inter-alia, the ratio of remuneration of each Director to median remuneration of employees, percentage increase in the median remuneration etc., are annexed to this Report as **Annexure 5**.

Statement containing the particulars of top ten employees and the details as prescribed under Section 197(12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed to this Report as **Annexure 6**.

In terms of Section 136 of the Act, the said statement will be open for inspection upon request by the shareholders. Any shareholder interested in obtaining such particulars may write to Company Secretary at the Registered Office of the Company.

As the Company does not have any Holding Company or Subsidiary Company no disclosure as required under Section 197(14) of the Act has been made.

## 20. LISTING

The equity shares of your Company were 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 Financial Year 2023-24.

## 21. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, requires the top one thousand listed entities based on market capitalization as on 31st March of every financial year, to have, a “Business Responsibility and Sustainability Report” as part of their Annual Report, containing the environmental, social and governance disclosures, in the format as may be specified by the Board from time to time. Your Company is not one amongst the top one thousand listed companies based on the market capitalisation as on 31st March 2024, this Report has not been prepared and attached in Annual 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 Listing Regulations 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. The same covers the state of the Company’s affairs and provides insightful information on the performance of the Organization in view of the various macro-economic barriers under which it operates.

## 24. FAIR PRACTICE CODE (FPC)

The Company has in place, a Fair Practice Code approved by the Board on April 02, 2012, in compliance with the guidelines issued by the RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at: <https://www.muthootcap.com/wp-content/uploads/2024/06/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

In accordance with the provisions of Section 92(3) and Section 134(3) (a) of Companies Act, 2013 read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, the Annual Return in Form No. MGT-7 of the Company is hosted on website of the Company at [https://www.muthootcap.com/investors/?data\\_tab=tab-24/#tab4](https://www.muthootcap.com/investors/?data_tab=tab-24/#tab4).

## 27. DIRECTORS’ RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) We had selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c) We had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) We had prepared the annual accounts on a going concern basis;
- e) We had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) We had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 28. CREDIT RATING

The Credit Rating enjoyed by the Company as on March 31, 2024, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2024	Date on which the credit rating was obtained	Migration during the March 31, 2024
CRISIL	₹ 2500 crore Bank loan facilities	CRISIL A+ / Stable	March 02, 2023	CRISIL A+ / Stable (Reaffirmed)
CRISIL	Fixed deposits	CRISIL A+ / Stable	March 02, 2023	CRISIL A+ / Stable (Reaffirmed)
CRISIL	₹ 200 crore non-convertible debentures	CRISIL A+ / Stable	March 01, 2023	CRISIL A+ / Stable (Reaffirmed)
CRISIL	₹ 75 crore non-convertible debentures (reduced from ₹ 150 Crores)	CRISIL A+ / Stable	March 02, 2023	CRISIL A+ / Stable (Reaffirmed)
CRISIL	₹ 100 crore Long Term Principal Market Linked Debentures	CRISIL PPMLD A+ / Stable	March 02, 2023	CRISIL PPMLD A+ / Stable (Reaffirmed)
CRISIL	₹ 100 crore Long Term Principal Market Linked Debentures	CRISIL PPMLD A+ / Stable	March 02, 2023	CRISIL PPMLD A+ / Stable (Reaffirmed)
CRISIL	₹ 250 Crore Commercial Paper	CRISIL A1+	March 02, 2023	CRISIL A1+ (Reaffirmed)
CRISIL	Non-Convertible Debentures of ₹ 110 Crores	CRISIL A+ / Stable	March 12, 2024	

## 29. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company is committed to create an environment in which all individuals are treated with respect and dignity and promote a gender sensitive and safe work environment. Accordingly, the Board of Directors adopted a policy for prevention of Sexual Harassment of Women at Workplace. An Internal Complaints Committee has been constituted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH'). During the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Details of cases reported to Internal Complaints Committee during the financial year 2023-24 are as under:

Number of complaints pending at the beginning of the financial year 2023-24	NIL
Number of complaints filed during the financial year 2023-24	NIL
Number of complaints disposed of during the financial year 2023-24	NIL
Number of complaints pending as on end of the financial year 2023-24	NIL

### 30. Compliance

The Company is registered with the Reserve Bank of India ("the RBI") as a NBFC-D. As per the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023, the Non-Banking Finance Companies are categorised into four layers, NBFC - Base Layer (NBFC - BL), NBFC - Middle Layer (NBFC - ML), NBFC - Upper Layer (NBFC - UL) and NBFC - Top Layer (NBFC - TL) based on Size, activity and risk perceived. According to the said regulation, the Company has been categorised as NBFC - ML. The Company has listed its equity shares in the BSE Limited and the National Stock Exchange of India Limited and has also listed various Non-Convertible Debt Instruments in BSE Limited.

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

### 31. OTHER DISCLOSURES

- The Company, in the capacity of Financial Creditor, has not filed any applications with National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 during the Financial Year 2023-24 for recovery of outstanding loans against any customer.
- The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof - Not Applicable.
- The provision of Section 148 of the Act relating to maintenance of cost records and cost audit are not applicable to the Company.
- The Company has not defaulted in repayment of loans from banks and financial institutions. There were no delays or defaults in payment of interest/principal of any of its debt securities and deposits accepted.
- The equity shares of the Company were not suspended from trading during the year.
- Disclosures pursuant to RBI Master Directions, unless provided in the Directors' Report and Corporate Governance Report, form part of the notes to the standalone financial statements.
- Disclosure regarding details relating to deposits covered under Chapter V of the Act is not applicable since our Company is a NBFC regulated by RBI. The Company accepts deposits as per the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.
- The Company continues to comply with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and all the applicable laws, regulations, guidelines, etc. prescribed by RBI from time to time. The Board of Directors have framed various policies as applicable to the Company and periodically reviews the policies and approves amendments as and when necessary.

## **ACKNOWLEDGEMENTS**

Your directors wish 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 the Company.

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 along with 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**

**Place: Kochi**

**Date: August 07, 2024**

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

Sd/-  
**Thomas George Muthoot**  
 Managing Director  
 DIN: 00011552

Place: Kochi  
 Date: August 07, 2024

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 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 2023 - 2024, the emphasis of CSR activities of the Company was mainly on providing housing support to the financially backward community. The Company continued with their medical support to the needy patients in various ways along with support for chemotherapy to the patients undergoing different kinds of cancer treatments under the guidance of the General Hospital in the district, provided education support to the needy students, soilless medians for the protection of the environment and also the support has been extended to animal care center.

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 attended/held during the tenure
Mr. Thomas Muthoot	Chairman	4/4
Mr. Thomas Mathew	Member	4/4
Mrs. Shirley Thomas	Member	4/4
Mrs. Divya Abhishek	Member	2/2

**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/2023/09/COMPOSITION-OF-BOARD-OF-DIRECTORS.pdf>
- b. CSR Policy : <https://www.muthootcap.com/wp-content/uploads/2023/05/CSR-Policy.pdf>  
(will be subsequently updated on approval of revision proposed to CSR Policy)
- c. CSR Projects : <https://www.muthootcap.com/corp-sus/> (will be subsequently updated on noting of status of CSR spending for quarter and year ended 31.03.2024)

**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**

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

(₹ in lakhs)

**6. Average net profit/loss of the Company for the last three financial years** (5075.87)

7. (a) Two percent of average net profit of the Company as per section 135(5) -
- (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) -
- Add: Round up -
- Total amount available for the CSR activities for the FY 2023- 2024 144.62

**8. (a) CSR amount spent or unspent for the financial year** 144.62

(Though no amount was required to be spent by the Company towards CSR for the FY 2023-2024, it was decided to allocate ₹ 144.62 Lakhs for undertaking the CSR activities)

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
144.62	-	-	-	-	-

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

(₹ in lakhs)

Sr. 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 unspent 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	12.06	0.15	0.00	No	Muthoot Pappachan Foundation	CSR00003932
2	Muthoot Pappachan Football Academy	Promotion of Sports	Yes	Kerala	Malappuram	36 months	37.84	35.15	0.00	No	Muthoot Pappachan Foundation	CSR00003932
<b>Total</b>							<b>49.90</b>	<b>35.30</b>	<b>0.00</b>			

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

(₹ in lakhs)

Sr. 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	27.48	No	Muthoot Pappachan Foundation	CSR00003932
2	Chemo treatment with General Hospital		Yes	Kerala	Various Districts	13.98	No	Muthoot Pappachan Foundation	CSR00003932
3	Medical Support		Yes	Kerala & Tamil Nadu	Various Districts	10.50	No	Muthoot Pappachan Foundation	CSR00003932
4	Educational Support	Promoting Education	Yes	Kerala, Karnataka, and Telangana	Various Districts	4.56	No	Muthoot Pappachan Foundation	CSR00003932
5	House Renovation Projects	Disaster Management- Rehabilitation Reconstruction	Yes	Kerala	Various Districts	70.46	No	Muthoot Pappachan Foundation	CSR00003932
6	Animal Welfare Project	Protection of Flora & Fauna, Animal Welfare	Yes	Goa	Various Districts	1.00	No	Muthoot Pappachan Foundation	CSR00003932
7	Other Projects <sup>1</sup>	Various Heads	Yes	Various States	Various Districts	16.64	No	Muthoot Pappachan Foundation	CSR00003932
<b>Total</b>						<b>144.62</b>			

Other Projects include budget towards sports academy, admin expenses subject to CSR regulations and any other project with the approval of CSR committee.

(d) Amount spent on Impact Assessment, if applicable	0.00
(e) Total Amount Spent for the FY (8b+8c+8d)	179.92
(f) Excess amount for set off, if any	144.62

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

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

(₹ in lakhs)

Projects	Unspent amount from Previous years	Amount Spent in current financial year	Balance unspent amount as on 31.03.2024
Chellanam housing	0.15	0.15	0.00
Sports academy	35.15	35.15	0.00
<b>Total</b>	<b>35.30</b>	<b>35.30</b>	<b>0.00</b>

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):

The Committee may also note that the Company is not liable to spend any amount on Corporate Social Responsibility (CSR) for the FY 2023-24.

#### 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 of CSR Committee  
DIN: 00082099



**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2024**

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

To,  
The Members,  
**Muthoot Capital Services Limited**  
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 with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Company's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2024**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have conducted verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2024, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable during the audit period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018;
  - d. Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;
  - e. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable during the audit period)
  - f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- g. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable during the audit period)
- h. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021;
- i. 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;
- j. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable during the audit period)
- k. The Securities and Exchange Board of India (Buyback of Securities) Regulation 2018; (Not applicable during the audit period)
- vi. As informed to us, the following Regulations and Guidelines prescribed under the Reserve Bank of India Act, 1934 applicable specifically to the Company and as examined by us are stated hereunder:
  - a. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023;
  - b. Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
  - c. Monitoring of frauds in NBFCs (Reserve Bank) Directions, 2016;
  - d. Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016;
  - e. Reserve Bank Commercial Paper Directions;
  - f. Master Direction - Information Technology Framework for the NBFC sector;
  - g. Reserve Bank - Integrated Ombudsman Scheme, 2021;
  - h. Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs);
- vii. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder;
- viii. Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Rules made thereunder;
- ix. Employees' State Insurance Act, 1948

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) Institute of Company Secretaries of India. issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements entered 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, subject to the following observations:

During the period, there were no instances of delayed filings nor were any fines imposed. However, the Company paid ₹ 29,500/- (including GST@18%) towards fines imposed for the late submission and non-submission of disclosures pertaining to previous financial years. These fines were paid along with the filing of the requisite disclosures with both stock exchanges on September 23, 2023, in accordance with the SEBI Circular dated July 13, 2023. The details of fines are as follows:

Sr. No.	Particulars	Name of Authority	Amount of Fine (in ₹)
1	Fine levied as per SOP under Regulation 23 (9) of SEBI (LODR) Regulations, 2015, for late submission of disclosures relating to related party transactions w.r.t. half year ended 31.03.2021	BSE Limited	₹ 15,000/-
2	Fine levied as per SOP under Regulation 44 (3) of SEBI (LODR) Regulations, 2015, for non-submission of disclosures relating to voting results w.r.t. Postal Ballot conducted in December 2018	BSE Limited	₹ 10,000/-

We have noticed that that these fines were adequately addressed by the Board in the meeting held on 27.10.2023.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper Directors, Non-Executive Directors and Independent Directors. During the year, Mrs. Divya Abhishek was appointed as an Additional Independent Non-Executive Director for a term of five consecutive years on 08th August 2023 and the appointment was subsequently approved by shareholders at the Company's 29th Annual General Meeting on September 20, 2023. The present composition of the Board of Directors is in compliance with the provisions of the Act.

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

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

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

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

Sr. No.	Method of Issue	Date of Allotment	Particulars
1	Private Placement	19.06.2023	4,900 Fully paid, Rated, Listed, Senior, Secured, Redeemable, Taxable NCDs of the face value of ₹ 1,00,000/- (Rupees One Lakh) each amounting to ₹ 49,00,00,000/- (Rupees Forty-Nine Crore only)
2	Private Placement	28.12.2023	10,000 fully paid, rated, listed, Senior, Secured, Redeemable NCDs of face value of ₹ 1,00,000/- (Rupees One Lakh) each amounting to ₹ 1,00,00,00,000/- (Rupees One Hundred Crore only)
3	Private Placement	19.03.2024	5,000 Fully paid, Rated, Listed, Senior, Secured, Redeemable, Taxable, Non-Convertible Debentures of the face value of ₹ 1,00,000/- (Rupees One Lakh) each amounting to ₹ 50,00,00,000/- (Rupees Fifty Crore only)

**We further report that** the Company has redeemed rated, listed, senior, secured, redeemable, taxable Non-Convertible Debentures amounting to ₹ 50,00,00,000/- (Rupees Fifty Crore only) bearing ISIN INE296G07010 on 20.04.2023.

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

- i. Issuance of securities including Public/Right/Preferential Issue of securities other than those mentioned above;
- ii. Major decisions taken by the members in pursuance to Section 180 of the Companies Act,2013
- iii. Redemption of securities other than those mentioned above;
- iv. Buy-back of securities
- v. Merger/amalgamation/reconstruction
- vi. Foreign technical collaborations

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

**For SEP & Associates**

Company Secretaries

(Peer Review Certificate no. 3693/2023)

**UDIN: F006086F000400722**

**Sd/-**

**CS Syam Kumar R**

Lead Partner

FCS: F6086 COP No.25735

Place: Kochi

Date: 20.05.2024

**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, and 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 a Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Company, along with explanations where so required.
3. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.
4. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31 March 2024 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

(Peer Review Certificate no. 3693/2023)

**UDIN: F006086F000400722**

**Sd/-**

**CS Syam Kumar R**

Lead Partner

FCS: F6086 COP No.25735

Place: Kochi

Date: 20.05.2024

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

## 1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Muthoot Fincorp Limited	Availing services	5 years	Commission for procurement of new business and collection of repayment Transaction limit per annum- ₹ 2000 Lakhs  Space Sharing Transaction limit per annum - ₹ 100 Lakhs  Rent Deposit Transaction limit per annum - ₹ 100 Lakhs	The transaction is expected to help to smoothen the business operations by reaping the benefits of economies of scale. Further, the transaction is considered to be commercially beneficial on account of cost-effectiveness.	17/04/2018	Nil	14/06/2018
Muthoot Fincorp Limited (Muthoot Travel Online)	Availing services	5 years	Payment of professional charges towards airline and train ticketing (Domestic and International) Transaction limit per annum- ₹ 25 Lakhs	The transaction is expected to help to smoothen the business operations by reaping the benefits of economies of scale. Further, the transaction is considered to be commercially beneficial on account of cost-effectiveness.	28/09/2020	Nil	28/05/2020

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Muthoot Bankers	Availing services	5 years	Maintenance of windmill and related operations of Company owned windmill at Muppanthal, KK district, Tamilnadu  Transaction limit per annum- ₹ 100 Lakhs	The transaction is expected to help to smoothen the business operations by reaping the benefits of economies of scale. Further, the transaction is considered to be commercially beneficial on account of cost-effectiveness.	17/04/2018	Nil	14/06/2018

2. Details of material contracts or arrangement or transactions at arm's length basis: Nil

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

Sd/-

**Thomas John Muthoot**

Chairman

DIN: 00011618

Place: Kochi

Date: August 07, 2024

**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 the remuneration of each director to the median remuneration of the employees of the company for the FY 2023-24: **182.5:1**
- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the FY 2023-24:

(₹ in lakhs)

Name of the Director / KMP	Designation	Remuneration during the FY 2023-24	% Increase
Mr. Thomas George Muthoot	Managing Director	405	19%
Mr. Mathews Markose*	Chief Executive Officer	55.3	-
Mr. Ramandeep Singh	Chief Finance Officer	64.8	Nil
Ms. Deepa G	Company Secretary & Compliance Officer	9.48	Nil
Mr. Srikanth G Menon*	Company Secretary & Chief Compliance Officer	0.15	-

\*Appointed on May 2023

\*Appointed on March 2024

- (iii) the percentage increase in the median remuneration of employees in the FY 2023-24: There has been an increase of 8.79% in the median remuneration of the employees in the Financial Year 2023-24 as compared to Financial Year 2022-23.
- (iv) the number of permanent employees on the rolls of company: There were 1995 permanent employees on the rolls of the Company as on 31st March 2024.
- (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 percentile 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 decrease in the remuneration of employees other than KMP during the FY 2023-24 was 4.35% and the average increase in remuneration of KMP was 10.91%.

Justification for increase: The increase/decrease in the remuneration is in line with industrial standards 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.

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

Sd/-

**Thomas John Muthoot**  
Chairman  
DIN: 00011618

Kochi  
August 07, 2024



ANNEXURE 6

**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, 2024**

Name of Employee	*Mr. Thomas George Muthoot	Mr. Ramandeep Singh	Mr. Mathews Markose	Mr. Arun Singer	Mr. Madhu Alexiouse
<b>Designation</b>	Managing Director	Chief Finance Officer	Chief Executive Officer	Vice President	Chief Operating Officer
<b>Nature of employment</b>	On rolls	On rolls	On rolls	On rolls	On rolls
<b>Age (in years)</b>	62	34	50	49	53
<b>Qualification</b>	B. Com	B. Com, CA	Bsc. Chemistry, PGCBM	MBA	MBA
<b>Experience (in years)</b>	40	12	26	26	28
<b>Date of commencement of employment</b>	18.02.1994	09-11-2022	15-05-2023	09-11-2021	01-02-2017
<b>Gross Remuneration (in lakhs)</b>	405	64.8	55.3	61.69	40.51
<b>% of Shareholding in the Company</b>	19.05%	--	--	--	--
<b>Last employment</b>	--	Aviom India Housing Finance Private Limited	ESAF Small Finance Bank	Wheels Emi Private Limited	IIFL
<b>Relationship with any Director</b>	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. Vijayan T	Sooraj Mohan M	Tina Suzanne George	Nagesh H R	Umadevi Pazhoor Unnikrishnan
<b>Designation</b>	Vice President - Operations	Vice President - Collections	Deputy Vice President	Senior Associate Vice President	Chief Risk Officer
<b>Nature of employment</b>	On rolls	On rolls	On rolls	On rolls	On rolls
<b>Age (in years)</b>	50	39	35	43	46
<b>Qualification</b>	B. Com, DCA	B.A., MBA	CA	B.Com	CA
<b>Experience (in years)</b>	24	19	12	21	25
<b>Date of commencement of employment</b>	01-09-2008	04-01-2023	03-10-2017	16-12-2010	19-09-2022
<b>Gross Remuneration (in lakhs)</b>	30.18	28.24	29.07	27.72	27.63
<b>% of Shareholding in the Company</b>	--	--	0.30%	--	--
<b>Last employment</b>	TVS Finance and Services Ltd	Catholic Syrian Bank Limited	BSR &Co.LLP,	Family Credit Ltd	Yes Bank Ltd
<b>Relationship with any Director</b>	Not related to any Directors	Not related to any Directors	D/o Managing Director, MCSL	Not related to any Directors	Not related to any Directors

For and on behalf of the Board of Directors

Sd/-  
**Thomas John Muthoot**  
Chairman  
DIN: 00011618

Place: Kochi  
Date: August 07, 2024

# Management Discussion and Analysis Report

## OVERVIEW

The Management of Muthoot Capital Services Limited is pleased to present this year's Management Discussion and Analysis Report, which elucidates the actions taken by the Company to move closer to its vision. It illustrates the strategic objectives and efforts invested in a bid to achieve long-term objectives. The management commits itself, to creating value and this section analyzes the processes and procedures implemented to get optimum results.

The MD&A Report provides a comprehensive look into the organization's performance in light of the macroeconomic landscape. Through interpreted financial ratios and economic indicators, investors would gain insight into the views of management. These may be associated with some risks and uncertainties such as those involved in the Company's development, alterations in regulatory law, economic climate and other incidental business elements.

This section also outlines future goals and the strategies for upcoming projects.

## GLOBAL ECONOMY: STEADY BUT SLOW – RESILIENCE AMID DIVERGENCE

As indicated in the 'World-Economic-Outlook-April-2024' by International Monetary Fund, the Global Economy is steady but slow and differs by region. It suggests that the world economy would continue growing at 3.2 percent during 2024 and 2025, at the same pace as in 2023.

A slight acceleration for advanced economies where growth is expected to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025 will be offset by a modest slowdown in emerging market and developing economies from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025. The forecast for global growth five years from now is at 3.1 percent i.e. lowest in decades. Global inflation is anticipated to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. It is anticipated that core inflation is generally projected to decline more gradually.

The World Bank's Global Economic Prospects report highlights that, despite an improvement in near-term prospects, the global outlook remains subdued by historical standards. In 2024-25, growth is set to underperform its 2010s average in nearly 60 percent of economies, comprising over 80 percent of the global population. Downside risks predominate, including geopolitical tensions, trade fragmentation, higher-for-longer interest rates, and climate-related disasters. Global cooperation is needed to safeguard trade, support green and digital transitions, deliver debt relief, and improve food security.

Global growth is projected to hold steady at 2.6% in 2024 before edging up to an average of 2.7% in 2025-26. That is well below the 3.1% average in the decade before COVID-19. The forecast implies that over the course of 2024-26 countries that collectively account for more than 80% of the world's population and global GDP would still be growing more slowly than they did in the decade before COVID-19.

Overall, developing economies are projected to grow 4% on average over 2024-25, slightly slower than in 2023. Growth in low-income economies is expected to accelerate to 5% in 2024 from 3.8% in 2023. However, the forecasts for 2024 growth reflect downgrades in three out of every four low-income economies since January. In advanced economies, growth is set to remain steady at 1.5% in 2024 before rising to 1.7% in 2025.

KPMG's Global Economic Outlook for 2023 reveals a significant uplift in global growth is unlikely in 2024 with no short-term end in sight to geopolitical uncertainty and tight monetary policies. With global trade plateauing in recent years, driven in part by the pandemic, geopolitical tensions and rising protectionist measures, the KPMG report warns of potentially large output losses from geoeconomic fragmentation over the longer term. The report forecasts global GDP growth of 2.2% in 2024 – down from 2.6% in 2023, with a return to 2.6% growth anticipated in 2025.

### **INDIAN ECONOMY: RAPID GROWTH**

The April 2024 India economic outlook from Deloitte Insights highlights the country's remarkable growth rate of 8.4% in the third quarter of the fiscal year 2024. With substantial revisions to the data from the past three quarters of the fiscal year, India's GDP growth already touched 8.2% year over year (YoY) in these quarters.

The country's GDP growth is estimated to reach around 6.6 percent in FY2024-25 and 6.75 percent in the year after, as markets learn to factor in geopolitical uncertainties in their investment and consumption decisions. Strong growth numbers over the past two years have helped the economy to catch up with the pre-COVID trends. Investment, backed by strong government spending on infrastructure, has helped India maintain a steady recovery momentum.

The report states that, with the expectation that the number of middle-to-high-income segments will be one in two households by 2030/31, up from one in four currently, we believe this trend will likely become further amplified, driving overall private consumer expenditure growth.

Deloitte further stated that even though the growth in consumer spending post-pandemic has been fluctuating, there is a visible shift in consumption patterns, with demand for luxury and high-end products and services growing faster than demand for basic goods. To sustainably boost household spending amidst wealth concentration, declining savings, and rising debt levels, several corrective measures can be implemented.

### **RESERVE BANK OF INDIA: KEY INSIGHTS**

The Reserve Bank of India has indicated in its annual report for 2023-24 that despite the global economy turned out to be resilient in 2023 in spite of tightening financial conditions engendered by restrictive monetary policy stances, geopolitical tensions and geoeconomic fragmentation, Global GDP rose by 3.2 per cent in 2023. Global inflation eased to 6.8 per cent in 2023 from 8.7 per cent a year ago on the back of monetary tightening and restoration of supply chains. Global financial markets exhibited bouts of volatility in response to fluctuating perceptions on the monetary policy trajectory among market participants in spite of high for longer stances articulated by central banks.

Amidst global uncertainty, the Indian economy exhibited robust resilience in 2022-23 amidst a global turmoil following the war in Ukraine, and recorded a growth of 7.0 per cent, the highest among major economies in the world. Barring the Omicron wave scare early in the year 2022, COVID-19 was largely on the ebb for most part of the year helping in restoration of consumer and business confidence. Contact-intensive activity gradually resuscitated during the year and the release of pent-up demand bolstered domestic activity. Sound macroeconomic fundamentals, a resilient financial system reflected in healthy balance sheets of banks and non-banking financial companies (NBFCs), and a deleveraged corporate sector imparted resilience to counter the adverse global spillovers.

Non-banking financial companies (NBFCs) maintained robust credit growth during 2022-23, supported by the broad-based revival in economic activity and targeted policy initiatives. The sector strengthened its financial soundness during the year through robust capital buffers, improved asset quality and consolidation of balance sheet. A scale based regulatory framework was implemented for NBFCs during 2022-23.

The second advance estimates (SAE) of national income that were released by the National Statistical Office (NSO) on February 28, 2023 indicated that aggregate demand, measured by real GDP, registered a growth of 7.0 per cent in 2022-23 vis-à-vis 9.1 per cent growth a year ago. With this, real GDP in level terms surpassed the pre-pandemic level of 2019-20 by 9.9 per cent. For the previous three years, GDP growth numbers were revised up by 20 bps (2019-20), 80 bps (2020-21) and 40 bps (2021-22) indicating that the growth momentum was stronger than what early estimates suggested. While both consumption and investment demand gained traction, adverse external demand conditions and the resultant larger deficit in net exports dragged down growth in 2022-23.

The rate of gross domestic investment in the Indian economy, measured by the ratio of gross capital formation (GCF) to GDP at current prices, surged to 31.4 per cent in 2021-22 from the COVID induced slump

to 27.9 per cent in the preceding year. Although data on GCF are not yet available for 2022-23, movements in its constituents suggest an uptick primarily led by government spending on infrastructure. The strong pick up in credit growth in 2022-23 and upbeat investment sentiment reflected in the forward-looking surveys conducted by the Reserve Bank, in particular the industrial outlook survey (IOS), suggest that the investment cycle recovery is likely to continue.

Aggregate supply, measured by gross value added (GVA) at basic prices, expanded by 6.6 per cent in 2022-23, as compared with a growth of 8.8 per cent a year ago. With gradual revival in economic activity, the three-quarter moving average of seasonally adjusted annualised growth rate (MA-SAAR) exhibited an upturn in Q2:2022-23 but moderated in Q3:2022-23. GVA growth was driven by a resilient agriculture sector and broad-based recovery in the services sector. On the other hand, the industrial sector decelerated sharply amidst intensification of input cost pressures, supply chain disruptions and fledgling global demand conditions.

### NON-BANKING FINANCE COMPANIES (NBFC) SECTOR: CONTRIBUTING TO A REBOUND

NBFCs have a distinct advantage in their enhanced knowledge of regional dynamics, efficient collection systems, and bespoke services while pushing for further financial inclusion in India. Their lower transaction costs, rapid decision-making, focus on customer service, and immediate access to services are the distinguishing features of NBFCs compared to banks. The wide reach and local presence of this sector has provided them with the capability to be flexible, creative, and a step ahead in offering formal monetary services to those who are under-banked or those not serviced elsewhere.

According to ICRA, the Retail AUM of NBFCs (NBFC-Retail; excluding HFCs) continued the growth momentum in Q2 FY2024, expanding 29% YoY. ICRA expects the NBFC-Retail segment to grow by 21-23% in FY2024, moderately lower than the growth witnessed in H1 FY2024, given the base effect of the expansion seen in H2 of FY2023. The growth is expected to moderate further in FY2025 on the back of a tighter market liquidity expectation and large base created from the strong growths witnessed in FY2023-FY2024. Secured NBFC-Retail AUM, consisting of vehicle finance, gold loans and secured business loans, etc, is forecasted to grow by 14-16%. The overall sector would grow about 13-15% in the current fiscal vis-à-vis the 16% growth witnessed in FY2023.

NBFCs (excluding HFCs) have wound down provisions over the last two years. Incremental provision required for loan growth and loan losses would keep credit costs range-bound vis-à-vis the previous fiscal, even as the asset quality is set to stabilise.

### AUTO LOAN INDUSTRY OVERVIEW

#### Two-wheelers

In fiscal 2023, two-wheeler sales witnessed significant growth of 19% in fiscal 2023 on a very low base due to improving demand sentiments and normalization of economic activities and mobility. Under two-wheeler segments, scooters grew at a faster pace than motorcycles as urban sentiments are recovering faster due to increased mobility driven by reopening of offices and educational institutes. However, overall sales volume is still below the pre-pandemic levels due to significant price hikes witnessed by two-wheeler segment in last three fiscals thereby affecting consumer sentiments.

Two-wheeler volumes are projected to improve by ~9-10% in fiscal 2024 after robust growth of 19% in fiscal 2023. This improvement in sales is expected to be driven by both motorcycle and scooters which are expected to record a ~9-10% growth each. Motorcycle sales will be driven by improving income sentiments, pick up in rural incomes with real rural wages turning positive.

Two-wheeler loan disbursements increased by 19% CAGR between fiscals 2015 and 2020, led by an increase in average vehicle prices, considerable shift of consumer preference towards premium segments (mostly in urban areas), increasing loan-to-value (LTV), and higher finance penetration. Two-wheeler disbursement decreased by 2% in fiscal 2022 owing to 9% fall in two-wheeler sales during the fiscal due to increasing realization. Two-wheeler sales increased 19% on year in fiscal 2023 on account of recovery in scooter sales as urban income sentiments improved and rise in EV penetration. CRISIL MI&A expects two-wheeler disbursements to grow at 13-15% CAGR from fiscal 2023 to 2026, driven by recovery in scooter sales with

improvement in urban sentiments along with increase in two-wheeler EV penetration and improving rural infrastructure.

### **Three-wheelers**

The three-wheeler (3W) market in India was severely hit during the pandemic as three-wheeler domestic sales witnessed 66% of de-growth in Fiscal 2021 owing to reduced requirement of commutation with closure of offices, schools, and other public places, and increased preference of personal mobility. However, as the pandemic withered away and lockdowns ceased, three-wheeler domestic sales increased at 19% on-year in fiscal 2022 on lower base. In Fiscal 2023, the sales increased by a massive 87% on-year due to improving demand sentiments and normalization of economic activities and public mobility.

Three-wheeler segment witnessed a fall in disbursements during fiscal 2020 and fiscal 2021 on account of lockdown and lower demand. Though pandemic-related restrictions hampered production (and hence supply) in the first quarter of fiscal 2022, the disbursements started picking up slowly from the second quarter onwards. Additionally, with the improvement of economic activity and lifting of travel restrictions, sales volumes rebounded in the second quarter of fiscal 2022 boosting the disbursements for the full year. In Fiscal 2023, three-wheeler disbursements have witnessed robust growth of 94% led by higher demand, growth in sales and higher finance penetration.

### **Used Car Market**

The used car market primarily serves new buyers looking for cost-effective entry-level vehicles. Over the past few years, the used car market in India has witnessed an unprecedented surge with the luxury segment emerging the major contributor of growth. This has led to the rise of the thriving luxury used car market, which we believe can continue to grow in coming years. The increase in demand for used cars will be primarily driven by the sale of new cars, which perpetuates more used vehicles to be available, to cater to the needs of the customer. This market size includes loans provided by banks and NBFCs for used cars, which has grown at a CAGR of ~11% between fiscals 2019 and 2023.

## **COMPANY PERFORMANCE: TRANSCENDING BOUNDARIES**

The company has been making rapid strides towards realizing its strategic objectives of AUM growth, improved Asset quality and increasing market share. During the fiscal, disbursements have grown from ₹ 1,14,540 lakhs in FY 23 to ₹ 1,31,828 lakhs in FY 24 while GNPA reduced from ₹ 46,349 lakhs to ₹ 20,504 lakhs. The net profit for the year jumped from ₹ 7,792.58 lakhs in FY 23 to ₹ 12,249.46 lakhs in FY 24. This reflects the fact that the Company has regained momentum.

### **Focused approach**

One of the key strengths of the Company is its focus on core business. The Company anticipates success by deploying effective growth strategies to promote its current and future product offerings. Consumer durables, 2-wheeler financing, top up loans and corporate loans have been specified for this purpose.

The policies of the Company are adjusted to reach the desired goals in view of any probable eventualities. To achieve the desired objectives, the team will strive hard to identify where demand exists and compensate for any deficient supply.

This strategy has allowed the company to raise disbursement numbers within Two-Wheeler Loan segment despite subdued two-wheeler sales by concentrating on expanding penetration among sub-dealers and multi-brand outlets. Geographically too, the portfolio is well spread out. Moving ahead, the Company will strive for a well-diversified mix of retail, consumer, and commercial business while also focusing on long term profitability through a combination of cross selling products to existing customers and building a sustainable commercial vertical. Finally its key target population remains mid income self-employed people from semi-urban and rural regions.

### **Strengthened technology**

The Company has scaled up its digital initiatives across the value chain and leveraging its existing physical presence to reduce overall costs and improve profitability.

The use of digital technology has revolutionized the way customers find, navigate, purchase and interact with products and brands. Because of this, most operations are completed using apps or NACH. This transformation has led to a marked increase in our digital sources and collections, which has been a major benefit for us as well as our customers. Our mobile-based loan approval process also offers a swift response time, meaning information is more readily available from any location at any time. Not only does this improve the customer experience but it also aids in improving the Company's reputation by enabling efficient operations in remote areas. To ensure regulatory compliance across all channels, we apply risk and compliance procedures. Last but not least, analytics are integral to optimizing the user experience and further boosting our brand image.

The Company has also utilized technology to boost engagement with channel partners and customers alike. AI, machine learning, and analytics are being applied to various products in order to boost customer lifetime value on the underwriting and collections end.

**Improved Collections**

The Company introduced pioneering solutions with the help of technology and analytics to enhance the effectiveness and efficiency of debt collection. Strategies-based methods were employed, while data-driven actions were implemented to control the number of overdue accounts. Artificial intelligence was also utilized for reducing credit losses. Additionally, customers and debt collectors were divided into segments in accordance with local areas, in order to optimize the distribution of debt collection services.

The collection teams have been investing significantly in urging customers to make electronic payments via payment gateways, which has also contributed to improvement in recoveries.

**Steadfast Financial Discipline**

The Company has kept strong ties with its financial partners in order to guarantee availability of adequate credit for company functions. Investors/lenders have been receptive even during difficult times, displaying their trust in us. Furthermore, efforts are being made to reduce operational costs and properly monitor credit transactions to minimize chances of fraud/default and related losses.

**Quality based credit underwriting**

The Company has been diligent in maintaining the quality of its portfolio through expanded prudent choice of customers. This prevents delinquencies which is evident in our reduced NPAs during FY 24.

**Vigilant fraud detection and prevention**

The Company has implemented several risk mitigation strategies to combat potential fraud. An alert system is in place at the customer, dealer, and employee level, as well as a fraud detection algorithm for enterprise operation. In addition, fraud identification techniques have been put into effect to prevent fraudulent activities from taking place.

**FINANCIAL PERFORMANCE OF THE COMPANY**

**Financials for the last 5 years at a glance**

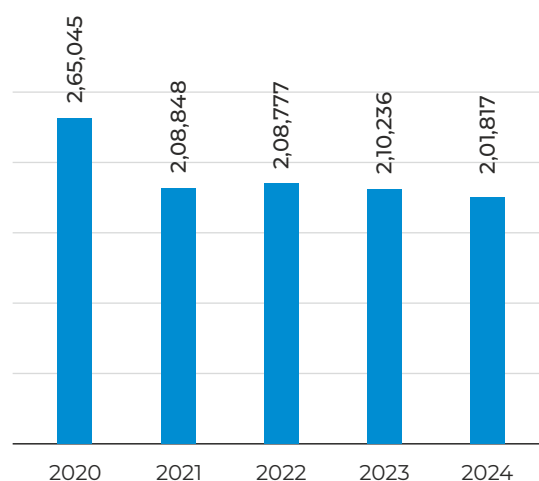
( ₹ in Lakhs)

Financial year ended 31st March	2020	2021	2022	2023	2024
<b>Operating Results</b>					
Disbursements	1,78,810	75,034	1,14,540	1,31,828	<b>1,43,842</b>
Total Revenue	58,680	50,504	41,130	44,310	<b>40,141</b>
Profit Before Tax (PBT)	9,346	6,950	-21,571	10,880	<b>16,434</b>
Profit After Tax (PAT)	6,018	5,219	-16,183	7,793	<b>12,249</b>

(₹ in Lakhs)

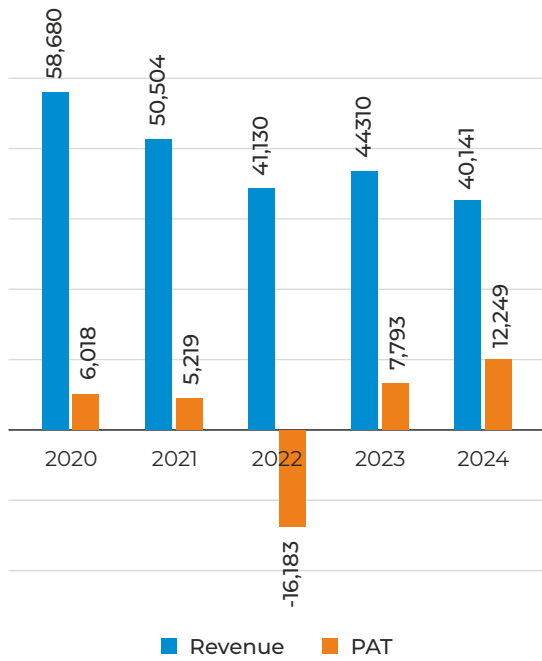
Financial year ended 31st March	2020	2021	2022	2023	2024
<b>Assets</b>					
Fixed Assets (including assets leased out)	351	281	196	213	<b>602</b>
Investments	1,643	1,635	2,740	4,554	<b>10,734</b>
Deferred tax asset	2,711	2,144	9,978	9,240	<b>5,538</b>
Net stock on hypothecation	2,21,140	1,74,911	1,50,561	1,51,656	<b>1,67,477</b>
Other loans (including interest accrued)	21,629	12,250	9,140	16,414	<b>18,027</b>
Other assets	43,849	64,761	37,237	61,451	<b>29,038</b>
<b>Total Assets</b>	<b>2,91,323</b>	<b>2,55,982</b>	<b>2,09,852</b>	<b>2,43,528</b>	<b>2,31,417</b>
<b>Liabilities</b>					
Equity	1,645	1,645	1,645	1,645	<b>1,645</b>
Reserves and Surplus	49,092	54,311	39,488	47,281	<b>59,530</b>
Borrowings (including interest accrued)	2,35,474	1,94,699	1,62,468	1,89,127	<b>1,66,009</b>
Other liabilities	5,112	5,327	6,251	5,481	<b>4,233</b>
<b>Total Liabilities</b>	<b>2,91,323</b>	<b>2,55,982</b>	<b>2,09,852</b>	<b>2,43,534</b>	<b>2,31,417</b>
<b>Key Indicators</b>					
Earnings Per Share (in ₹)	36.80	31.30	-98.46	47.84	<b>74.58</b>
Book Value Per Share (in ₹.)	308.40	340.20	250.10	297.46	<b>371.94</b>
CRAR (%)	26.0	30.3	19.9	27.9	<b>31.24</b>
GNPA (%)	8.7	11.7	0.3	20.6	<b>10.17</b>
NNPA (%)	4.6	5.2	0.1	2.6	<b>3.4</b>

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

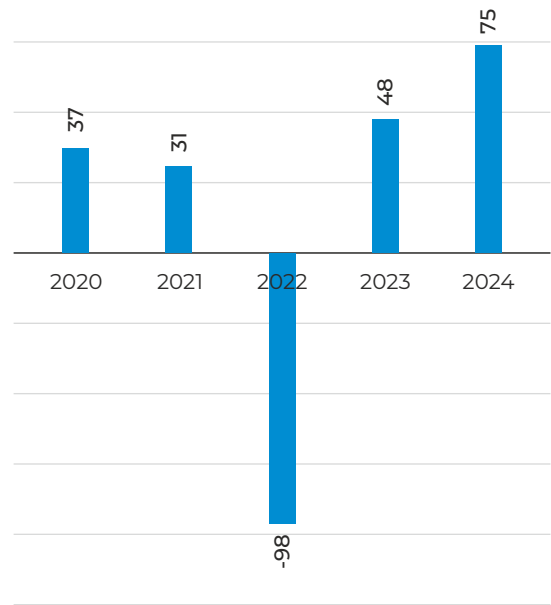




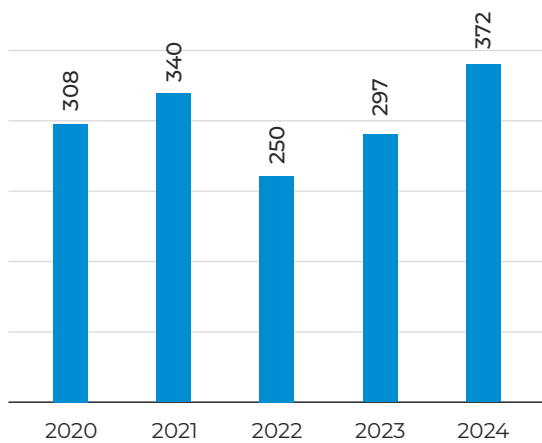
Revenue & PAT (₹ in lakhs)



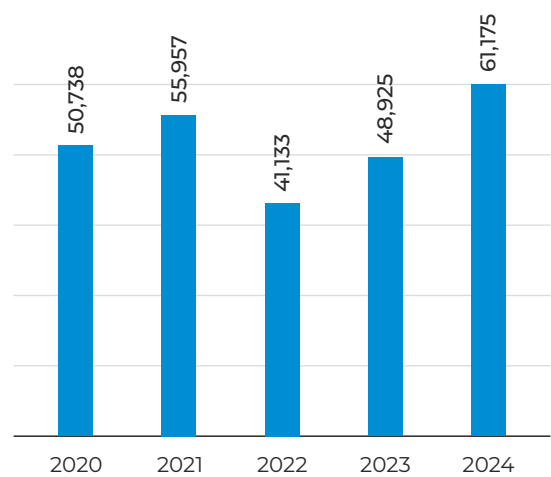
Earnings per Share (In ₹)



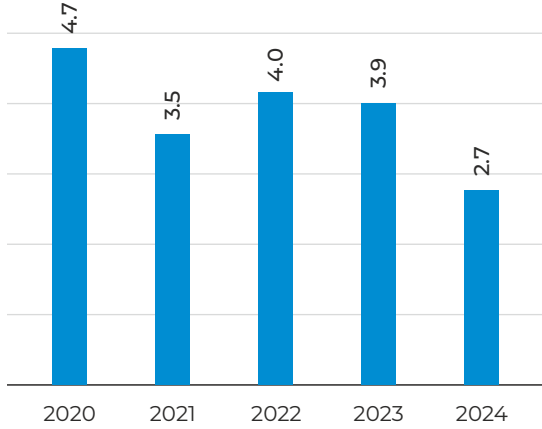
Book Value per share (In ₹)



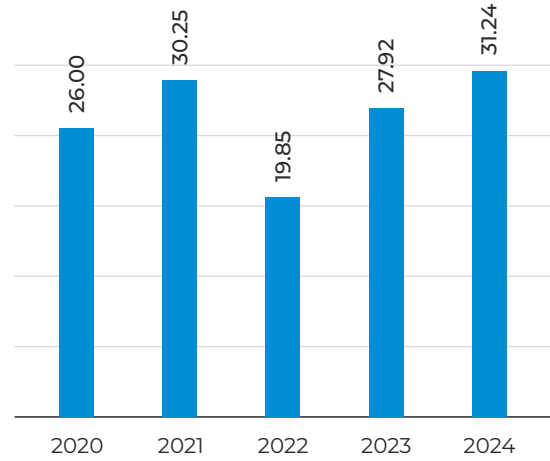
Net worth (₹ in lakhs)



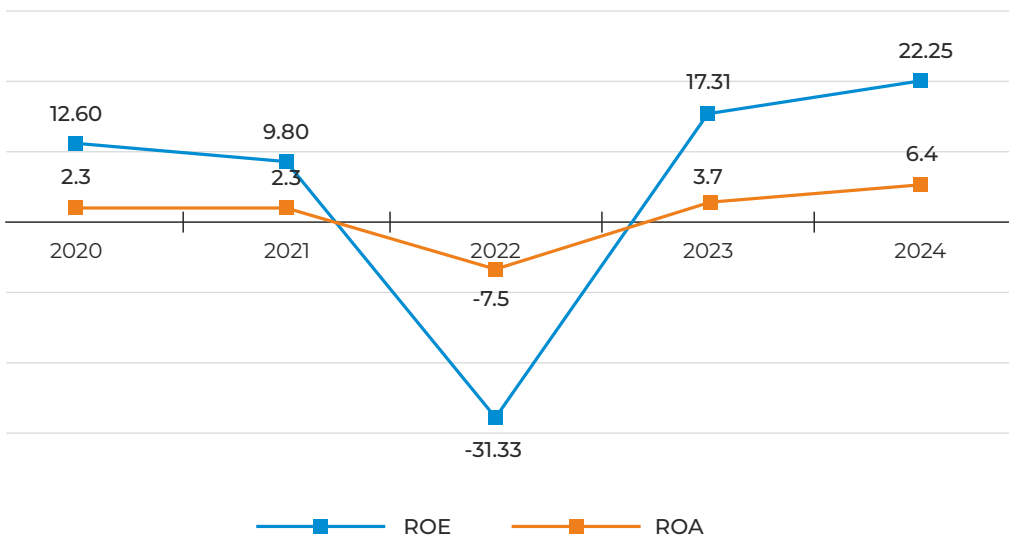
Debt to Equity Ratio



Capital Adequacy Ratio



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



## 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, 2024, was 9% of the total book. Overall AUM as on March 31, 2024 was ₹ 2,01,817 lakhs (including assigned loan of ₹ 302 lakhs), as against ₹ 2,10,236 lakhs (including assigned loan of ₹ 438 lakhs) at the end of the previous year. The disbursements for the year ended March 31, 2024, were ₹ 1,43,842 lakhs as against ₹ 13,18,828 lakhs for the year ended March 31, 2023.

The Company's income comprises both income from vehicle financing and corporate loans. The Company has earned an income of ₹ 39,840 lakhs in the current year, compared to ₹ 44,268 lakhs in the previous year. During the year, the company is keeping same expenses compared to last year. It comprises of various components, of which finance costs constitute the major portion, totaling at ₹ 16,756 lakhs, followed by other expenses of ₹ 8,452 lakhs (including ₹ 752 lakhs as impairment on financial instruments), employee costs of ₹ 7,997 lakhs, and depreciation and amortisation of ₹ 86 lakhs.

Financial Snapshot	Year Ended (₹ in Lakhs)		% Growth	Reasons for Variance
	March 31, 2024	March 31, 2023		
Disbursement (all Loans) [1]	1,43,842.00	1,31,828.00	9.1%	Disbursement during the year was higher than the previous year. The volumes increased in the current year.
AUM at the end of the period (own book) [2]	2,01,514.58	2,09,797.98	-3.95%	The overall AUM of the company has been increased by ~9%, as the company has done one ARC deal of ₹ 235 crores to bring down the NPA that came up owing to black swan event like Kerala floods, COVID that has played an instrumental role in showing the negative growth figure.
Average AUM (own-book excluding interest accrued) [3]	1,92,968.67	2,09,764.70	-8.01%	
Total Debt [4]	1,66,142.09	1,89,305.85	-12.24%	The company remained well funded throughout the year, we have been able to mobilise funds through Banks (PSUs and private), in the form of NCDs, PTCs and CPs
Net worth [5]	61,174.90	48,925.44	25.04%	The profits of the company has increased substantially in the previous year, with an ARC transaction. The company has been able to reverse the provisions and that has been classified in extra-ordinary profits. This has also led to increase in the net worth
Total Interest and Fee Income [6]	40,140.77	44,310.31	-9.41%	The blended yield of the company has taken a dip in the last year owing the contribution from partnerships has increased. This in turn has also contributed in improving the portfolio quality.
Finance Expenses [7]	16,756.41	14,814.64	13.11%	Due to the increase in sourcing combined with the increase in MCLR from banks, the average cost has gone up. The increased business numbers is the testimonial to the increasing fund requirements.

Financial Snapshot	Year Ended (₹ in Lakhs)		% Growth	Reasons for Variance
	March 31, 2024	March 31, 2023		
<b>Net Interest Income (NII) [8] = [6] - [7]</b>	<b>23,384.36</b>	<b>29,495.67</b>	<b>-20.72%</b>	The blended yield of the company has taken a dip in the last year owing the contribution from partnerships has increased. This in turn has also contributed in improving the portfolio quality. The overall cost has increased by ~ 60Bps which has also contributed in the decreased yield.
Operating Expenses [9]	15,782.97	17,526.99	-9.95%	The company has been able to keep a check on the opex which helped in compensating the dip in income due to lowering down of blended yield
Loan Loss & Provisions [10]	752.16	1,088.72	-30.91%	The company has repeated the exceptional performance of last year and has been able to take maximum out of NPA portfolio plus the in-house team has made great efforts in preventing the roll forward, thus reporting the higher collection efficiency numbers
<b>Profit Before Exceptional Items And Tax [11] = [8] - [9] - [10]</b>	<b>6,849.23</b>	<b>10,879.95</b>	<b>-37.05%</b>	The blended yield of the company has taken a dip in the last year owing to the contribution from partnerships has increased. This in turn has also contributed in improving the portfolio quality. The overall cost has increased by ~ 60Bps which has also contributed in the decreased NII.
Exceptional Items [12]	9,584.65	-	-	On account of reversal of provision on the ARC transaction of ~ ₹ 235 crores after taking a haircut of 50% on the valuation
<b>Profit/(Loss) Before Tax [13] = [11] + [12]</b>	<b>16,433.89</b>	<b>10,879.95</b>	<b>51.05%</b>	The blended yield of the company has taken a dip in the last year owing to the contribution from partnerships has increased. This in turn has also contributed in improving the portfolio quality. The overall cost has increased by ~ 60Bps which has also contributed in the decreased NII.
<b>Profit/(Loss) After Tax [15] = [13] - [14]</b>	<b>12,249.46</b>	<b>7,792.58</b>	<b>57.19%</b>	
<b>Ratios</b>				
Total OPEX to NII [16] = [9] / [8]	67.49%	59.42%		As the blended yield has gone down, which has impacted the NII of the company, on stand alone basis the company has been able to keep a check on the opex
Loan loss to average AUM [17] = [10] / [3]	0.39%	0.52%		The company has repeated the exceptional performance of last year and has been able to take maximum out of NPA portfolio plus the in-house team has made great efforts in preventing the roll forward, thus reporting the higher collection efficiency numbers

Financial Snapshot	Year Ended (₹ in Lakhs)		% Growth	Reasons for Variance
	March 31, 2024	March 31, 2023		
<b>Ratios</b>				
Return on average AUM [18] = [15] / [3]	6.35%	3.71%		The profitability has been increased substantially owing to minimising the credit cost on the new portfolio as well as considering the reversal of provision from the ARC deal
Interest Coverage Ratio [19] = [11] + [7] / [7]	1.98	1.73		The company, in this year as well has gone from strength ot strength, and has been able to showcase a better interest coverage ratio which has instrumental in giving a comfort to the stakeholders.
Current Ratio	1.07	0.97		
Debt-Equity Ratio [20] = [4] / [5]	2.72	3.87		With the improved profitability, the leverage of the company has gone down substantially.
Operating Profit Margin/ Net Interest Margin on loan book [21] = [8] / [3]	12.12%	14.06%		The impact of the reduction of overall the blended yield has resulted in the fall of this ratio
Net Profit Margin [22] = [15] / [6]	30.52%	17.59%		The blended yield of the company has taken a dip in the last year owing to the contribution from partnerships has increased. this in turn has also contributed in improving the portfolio quality. The overall cost has increased by ~ 60Bps which has also contributed in the decreased NII.
Return on (Average) Net Worth	22.25%	17.31%		
Earnings Per Share (in ₹)	74.58	47.84		

### Capital Adequacy Ratio (CRAR)

As on March 31, 2024, the CRAR is 31.24% of the aggregate risk weighted assets on the Balance Sheet, which is comfortably above the regulatory minimum of 15%. Of the CRAR, 30.59% is from Tier - 1 capital only.

## a) Borrowing Profile (excluding interest accrued)

Particulars	March 31, 2024		March 31, 2023	
	Amount in Lakhs	% of Total	Amount in Lakhs	% of Total
Loan from Bank	78 822.26	48.1%	1 05 493.01	55.8%
Loan from Financial Institution	7 271.76	4.4%	4 150.26	2.2%
Subordinated Debts	647.67	0.4%	847.22	0.4%
Non-Convertible Debentures/Market Linked Debentures	40 900.40	25.0%	26 001.32	13.8%
Public Deposit	3 188.03	1.9%	3 713.07	2.0%
Securitization	24 429.46	14.9%	48 036.33	25.4%
Commercial Paper	7 860.17	4.8%	.00	0.0%
Others	678.50	0.4%	678.50	0.4%
<b>Total</b>	<b>1 63 798.24</b>	<b>100.0%</b>	<b>1 88 919.70</b>	<b>100.0%</b>

The Company's total external borrowings (excluding interest accrued) decreased to ₹ 1,63,798 lakhs as of March 31, 2024 from ₹ 1,88,920 lakhs as of March 31, 2023, a decrease of 13.3%.

The overall borrowing costs have increased to 9.8% during the year. The Company explored different avenues to raise funds in meeting its disbursement requirement during the year. During the year the Company has sourced ₹ 31449 Lakhs from Banks/OFI by way of Working Capital loans and securitization. Also, the Company has issued Non - Convertible Debentures worth ₹ 19900 Lakhs and Commercial paper amounting to ₹ 24100 lakhs during the year. 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.

## b) Assets under Management

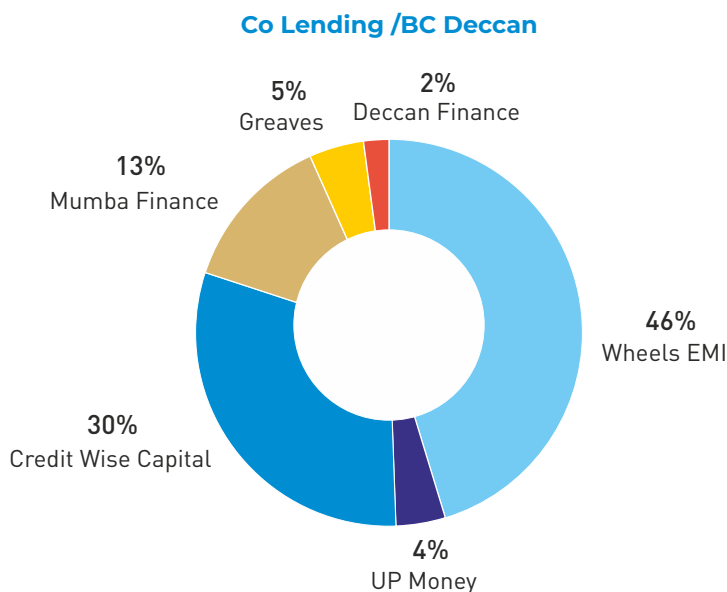
The own-book AUM as on March 31, 2024 stood at ₹ 2,01,515 lakhs (i.e., ₹ 2,01,817 lakhs less assigned portfolio of ₹ 302 lakhs) against own-book AUM of ₹ 2,09,797 lakhs (i.e., ₹ 2,10,236 lakhs less assigned portfolio of ₹ 438 lakhs) as on March 31, 2023.

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)

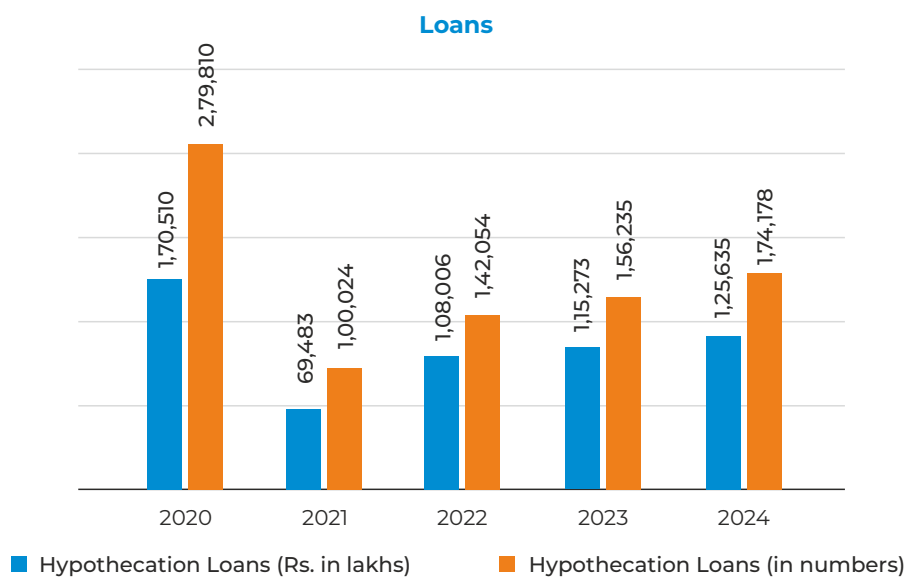
Zone	Active clients	Regular	NPA	% of NPA	Zone wise %
EAST	42,150	12,639.50	3287.38	20.64%	8.85%
NORTH	44,718	14,701.78	3983.41	21.32%	10.39%
SOUTH	1,74,748	65,012.66	9460.95	12.70%	41.40%
WEST	23,492	6,683.53	2417.59	26.56%	5.06%
CO LENDING/BC DECCAN	1,27,233	61,691.23	-	0.00%	34.30%
<b>TOTAL</b>	<b>4,12,341</b>	<b>1,60,728.70</b>	<b>19,149.33</b>	<b>10.65%</b>	<b>100.00%</b>

The Company's extensive reach of distribution, through its own team, Co-lending, it's marketing agents, its franchisees.



MCSL is using 3500+ branches of flagship company of the Group, Muthoot FinCorp Limited, has enabled it to service its 4 lakh+ live customer base with ease along with xxc dealer points in all states. 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 shown a positive trend 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:



**c) Cost & Profitability Analysis**

The Cost and Profitability analysis shows that the Company has earned profit with improvement in collection and increase in disbursement. 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. The Opex has reduced due to decrease in collection cost but employee benefit expenses has increased because of increase in manpower as well as incentivizing the employees for improved collection. The Company has not provided any extra provision during the year for ECL as there is improvement in collection resulted in maintain an NNPA of 3.40%.

**d) Spread Analysis**

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

Particulars	March, 2024		March, 2023	
Daily Average Loan Book Size (₹ in Lakhs, excluding interest accrued)	<b>1 92 969</b>		<b>2 09 765</b>	
Income from Operations	401 41	20.8%	443 10	21.1%
Direct expense (including interest, brokerage, dealer/MFL incentive, field investigation charges)	190 34	9.9%	168 09	8.0%
<b>Gross Spread</b>	<b>211 07</b>	<b>10.9%</b>	<b>275 01</b>	<b>13.1%</b>
Personnel Expenses	79 97	4.1%	74 44	3.5%
OPEX (including depreciation etc.)	55 08	2.9%	80 89	3.9%
<b>Total Expenses</b>	<b>135 05</b>	<b>7.0%</b>	<b>155 33</b>	<b>7.4%</b>
<b>Pre-Provision Profits</b>	<b>76 01</b>	<b>3.9%</b>	<b>119 69</b>	<b>5.7%</b>
Loan Loss and provisions	7 52	0.4%	10 89	0.5%
Net Spread (before tax)	<b>68 49</b>	<b>3.5%</b>	<b>108 80</b>	<b>5.2%</b>

**e) Opportunities & Threats**

The overall economic recovery presents a notable chance to capitalize on the growth experienced by the Company in FY 23. We believe that demand for two-wheelers is poised to increase shortly, thus making way for financing companies. With diversified new products, the Company aims to build on its existing customer base while taking advantage of its MUTHOOT PAPPACHAN or MUTHOOT BLUE brand and dealer relationships. RBI's outlook of keeping an accommodative stance with regards to economic stimulation is likely to have a positive result on NBFCs' growth prospects. There is immense potential for market expansion as NBFCs are often seen as single-stop financiers provided they have sufficient funds.

Nevertheless, there are a few risks including weaker financial status, tighter regulation due to incidents of mismanagement, and liquidity crisis at certain times which can hinder their progress. Moreover, banks and other NBFCs offer stiff competition to this industry with diminishing entry barriers offering customers more options. Nevertheless, the Company manages to differentiate itself through customer services, digitization, and product features and strives to maintain this throughout.

**RISKS & CONCERNS****a) Credit Risk:**

Credit risk is basically the risk of loss due to the 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 do not permit him to make the repayment even if he wanted to.

**Measures:**

Before sanctioning loans, the Company performs a thorough background check of the potential customers, to avoid any chances of fraud and default. The checks include field investigation, credit checks and tele-verification. Implementation of multistep Customer verification, Hygiene Dashboard, Early Warning System, PD-LGD Models, Portfolio management etc. can be measures to mitigate credit risk.

**b) 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. In line with the Company's objective to automate the processes thereby minimizing errors and strengthening the due-diligence mechanisms, the Company shall undertake digitalization initiatives at par with best of industry standards. The Company shall have Process Compliance Team (comprising of RFCU/ Credit Team/Concurrent Audit) which carries out checks on locations and identifies gaps and rolls out initiatives to correct loopholes. Document Movement, Storage and Retrieval, Non-Compliance Reporting Policy, Internal audits, Technology Infrastructure etc. are other measures to control operational risk.

**c) Compliance Risk:**

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

**Measures:**

Compliance Risk mitigation is the process of developing and implementing controls such as standards, policies, procedures and guidelines to prevent or minimize compliance risks. The Company's operations would be affected by any changes in the regulatory environment. The process of mitigation includes Circulation of compliance checklist, Audit committee and board reviews on status of compliance, proactively monitoring and identifying new and changes in relevant laws, regulations, circulars, notifications, etc. reviewing of compliance policies, resolution of conflicts between policies and statutory enactments and/or regulations from time to time.

**d) Reputation Risk:**

Reputation Risk is the risk to earnings and capital arising from adverse perception of the image of the company, on the part of customers, counterparties, shareholders, investors and regulators.

**Measures:**

Strict adherence to the Fair Practice Code, a well-defined Grievance Redressal Mechanism, good customer connects, and Delinquency Management can help to mitigate the reputational risk.

**e) Strategic Risk:**

Strategic Risk is the risk to earnings and capital arising from lack of responsiveness to changes in the business environment and/or adverse business decisions, besides adoption of wrong strategies and choices.

**Measures:**

Major Factors which cover in monitoring strategic risk are the changes in its competitive environment, Regulatory environment, Technology changes, Product profiling, Business planning and Strategic Planning. The factors mentioned above include how well the company is adapting to new technology, pace of product diversification, pace of adapting to regulatory changes, resilience to competitor's changes, smooth budget allocation, governance, and involvement of the board.

**f) 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.

**Measures:**

A well-defined contingency funding plan, maintaining a portfolio of high-quality liquid assets, employing rigorous cash flow forecasting, and ensuring diversified funding sources can mitigate liquidity risk

**g) Capital and Leverage Risk:**

A high degree of leverage can severely impact the liquidity profile of the Company and lead to default in meeting its liabilities. Compliance of covenants of lenders and any operational delays in repayment of loans may have an impact in the liquidity of the company.

**Measures:**

Strict adherence to sanction terms, prompt repayment of loans and monitoring of leverage ratio regularly can mitigate the chances of capital and leverage risk.

**h) Information Technology Risk:**

IT risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fires, cyclones or floods.

**Measures:**

A comprehensive risk assessment of IT systems to be done on a yearly basis. The assessment would make an analysis of the threats and vulnerabilities to the information technology assets and their existing security controls and processes. The outcome of the exercise should be to find out the risks present and to determine the appropriate level of controls necessary for appropriate mitigation of risks. To counter the risks related to information technology, the Company is contemplating a major revamp of its Technology platform. Various IT policies are to be adhered to.

**i) Securitization and Off-Balance sheet Risk**

Securitization represents an alternative and diversified source of finance based on the transfer of credit risk (and possibly also interest rate and currency risk) from issuers to investors. Off-balance sheet Risk is a risk related to the excessive growth rate in contingencies.

**Measures:**

Thorough monitoring of Securitization and off-balance sheet portfolio can mitigate the Securitization and Off-Balance sheet Risk to an extent possible.

**j) Other Risks**

Climate change risk, Political risk, Environment, Social and Governance Risk, Vendor Management Risk etc. are few other risks which affect a financial institution.

**Measures:**

Various risk assessments and stress testing can forecast the effect that may occur during such adverse conditions, hence proper planning and implementation can mitigate such risks to an extent.

**CORPORATE GOVERNANCE**

Good corporate governance is essential for Muthoot Capital, to increase enterprise value in a sustainable way. The Company has a long history of fair, open and ethical practices, founded on the core Group values of Trust, Value, Precision and Commitment to Customers. To ensure good governance, the Board and its Committees have implemented effective policies and procedures that are regularly reviewed. Boasting experts in the banking industry and well-informed Board members, the Company efficiently carries out its fiduciary responsibilities to all stakeholders. The Internal Corporate Governance guidelines comply with RBI Directions for NBFCs so as to bring about best practices and transparency in business operations.

**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.

The 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**

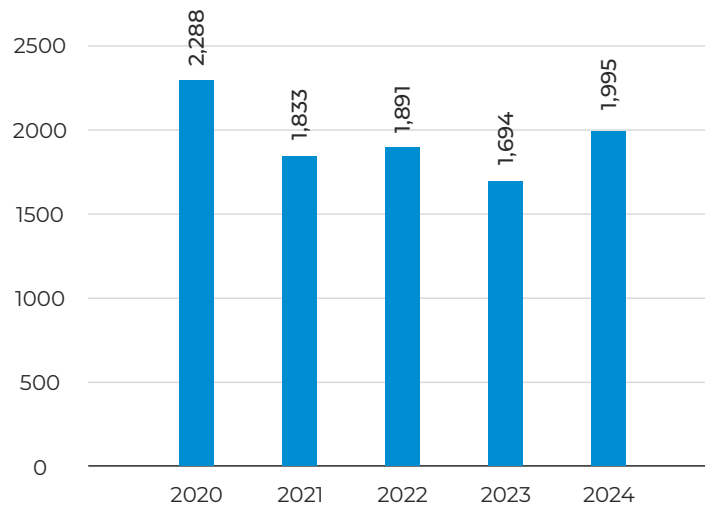
The PEOPLE & CULTURE division of the Company is one of its most important assets as it is crucial in developing, reinforcing and changing the culture of an organization. For better business success and enhanced workforce management, HR plays a vital role. With proven professionals spearheading the growth of the HR department in our 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 organization. There is an increase in the workforce from 1694 in 2023 to 1995 in 2024. We have successfully maintained a low-cost strategy for manpower and enabled professional partnerships on a variable cost basis.

The Company had organized skill upgradation training programs aimed at up-skilling 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 also automated various functions of People & Culture such as Recruitment & On-boarding, Leave & Attendance, HRIS – Employee portal, Transfer, Promotion and Confirmations in the 1st Phase and in the process of automating other modules too.

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.

### Number of Employees



### 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

Place: Kochi  
Date: August 07, 2024

## Report on Corporate Governance

This report on Corporate Governance is prepared pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company has complied with the applicable requirements of the Listing Regulations and amendments thereto along with the directives issued by Reserve Bank of India and other applicable regulations.

### 1. Company's Corporate Governance philosophy

Corporate Governance philosophy of Muthoot Capital Services Limited ("the Company") is founded upon a rich legacy of fair, ethical and transparent governance practices by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. The Company strongly believes it can emerge as a strong leader only by following good and sound corporate governance principles. Good corporate governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to make sound decisions, thus maximising long-term stakeholder value without compromising on integrity, societal obligations, environment and regulatory compliances. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the Muthoot culture and ethos.

The Company's philosophy on Corporate Governance is aimed at:

- (a) enhancing long term shareholder value through assisting the top management in taking sound business decisions; and prudent financial management.
- (b) achieving transparency and professionalism in all decisions and activities of the Company.
- (c) achieving excellence in Corporate Governance by conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible and reviewing periodically the existing systems and controls for further improvements.

The Board of Directors of your Company are pleased to present this Report on Corporate Governance for the year ended March 31, 2024. 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 has an optimum combination of Executive, Non-Executive and Independent Directors in line with the provisions of the Companies Act, 2013 ("Act"), Listing Regulations, RBI Guidelines and other statutory provisions.

As on March 31, 2024, the Board of the Company comprised of seven members which includes a Non-Executive Chairman, a Managing Director who is an Executive Director, a Non-Executive Non-Independent Director and four Non-Executive Independent Directors including two Independent Women Director. The detailed profile of each of the Directors is available on the Company's website at [www.muthootcap.com](http://www.muthootcap.com) in 'About' section.

All the Directors fulfil the conditions as prescribed in the Company's Policy on the Fit and Proper Criteria framed in accordance with the Master Directions issued by RBI in this regard. 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.

The Board of Directors of the Company consists of professionals from varied disciplines. The day-to-day

management of the affairs of the Company is entrusted with the senior management personnel, headed by the Managing Director, who function under the overall supervision, direction and control of the Board of Directors ("the Board") 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 the operational matters of the Company. The Board thus exercises control over the overall functioning of the Company with a view to enhance the stakeholders value.

In the opinion of the Board, the Independent Directors fulfil the conditions of independence as specified in the Listing regulations and the Companies Act, 2013 and are independent of the Management.

The Independent Directors on the Board of the Company have submitted their respective declarations confirming that they meet the criteria of independence and disclosures confirming that there is no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large.

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 (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, during the financial year 2023-24, none of the Directors acted as a member in more than 10 committees or as a chairperson in more than 5 committees (committees being Audit Committee and Stakeholders Relationship Committee as per Regulation 26(1) of the Listing Regulations) across all listed entities where they serve as a director. The certificate from the Managing Director confirming the compliance with the provisions of Section 165 of the Companies Act, 2013 and Regulation 17A & 26 (1) of Listing Regulations with regard to the directorships and committee memberships is enclosed herewith as **Annexure 1**.

#### **a. Composition of the Board**

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Act. As of March 31, 2024, the Board of Directors of the Company consist of 7 members as follows:

<b>Category</b>	<b>No. of Directors</b>	<b>Percentage to total no. of Directors</b>
Executive Director	1	14.29
Non-Executive Non-Independent Directors	2	28.57
Non-Executive Independent Directors	4	57.14
<b>Total</b>	<b>7</b>	<b>100.0</b>

The category of the Directors of the Company as of March 31, 2024, is given below:

Category	Name of Director	DIN	Shareholding as on March 31, 2024	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, Director	00082099	3076624	
Non - Executive Independent Directors	Mr. A. P. Kurian	00008022	Nil	Not related to any Director / Manager
	Mr. Thomas Mathew	01277149	Nil	
	Mrs. Shirley Thomas	08586100	Nil	
	Mrs. Divya Abhishek	08709050	Nil	

**b. Key Board Qualifications, Expertise and Attributes**

The Board of the Company comprises of qualified members who possess the required skills, expertise and competence that ensures the effective functioning of the Company. 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 competencies identified by the Board of Directors as required in the context of the Business and sector of the Company to enable it to function effectively:

Board Qualification Indicators	
<b>Banking &amp; Finance</b>	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.
<b>Board Diversity</b>	Representation of gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of the Company's customers, employees, governments, regulators and other stakeholders.
<b>Business Operations</b>	Vast experience in driving business successfully across the country with an understanding of diverse business environments, economic conditions, cultures and regulatory framework and a broad perspective on market opportunities.
<b>Leadership</b>	Expertise in developing talent, planning succession, furthering representation and diversity and other strategic human resource advisories.
<b>Technology</b>	Expertise or experience in the information technology business, technology consulting and operations, areas of integration and innovation technologies, digital, cloud and cyber security, technology domain and knowledge of technology trends.

Board Qualification Indicators	
<b>Board Governance</b>	Experience in developing governance practices, serving the best interest of all stakeholders, developing insights about management and accountability and driving corporate ethics and values, building long-term effective stakeholder engagements and the ability to understand, assess and manage risk.
<b>Sales and Marketing</b>	Experience in developing strategies to grow sales and market shares in semi-urban and rural markets, understanding long term trends, building brand awareness and equity and leading management teams to make strategic choices.

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

Name of Director	Key Board Qualifications						
	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	✓	✓	✓	✓	✓	✓	
Divya Abhishek Independent Director	✓	✓	✓	✓	✓	✓	

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

Pursuant to Sections 149, 150 and 152 of the Act, and Regulation 16 (1) (b), 17 and 17 (1) (a) of the Listing Regulations, there are four Independent Directors on the Board of the Company, as at March 31, 2024. The Board confirms that the Independent Directors fulfil the conditions specified in Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent of the Management as of 31st March 2024.

The terms and conditions setting out the criteria of appointment, independence, committee memberships, tenure of appointment, roles, and duties, sitting fees and other related terms of appointment is available on the website of the Company at: <https://www.muthootcap.com/wp-content/uploads/2023/05/Terms-and-Conditions-of-Independent-Directors.pdf>.

In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

It may also be noted that no Independent Director had resigned during the Financial Year 2023-24.

Mr. Thomas Mathew, Independent Director was reappointed as Independent Director w.e.f 01.04.2024 for a term of five years.



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

The Independent Directors of the Company met once without the presence of the Non-Independent Directors and the Management representatives as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. All Independent Directors have attended the said meeting. The Independent Directors expressed their satisfaction with the level of the governance of the Board and the consistency in scores pertaining to various aspects of the Board meetings as captured in the Board Effectiveness Review exercise. At the said meeting, the Independent Directors:

- (a) reviewed the performance of Non-Independent Directors and the Board of Directors as a whole.
- (b) reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- (c) assessed the quality, quantity and timeliness of flow of information between the Management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

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

Mr. Thomas John Muthoot, Chairman, Mr. Thomas George Muthoot, Managing Director and Mr. Thomas Muthoot, Non- Executive Non independent Director are brothers. None of the other Directors are related to each other within the meaning of the term "Relative" as per Section 2(77) of the Act.

The details of such programmes are available on the website of the Company at:

<https://www.muthootcap.com/wp-content/uploads/2023/06/Familiarisation-Refresher-Development-Programme.pdf>

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

The Company has in place a policy on Nomination and Remuneration which, is in compliance with the provisions of Section 178(3) of the Act and the guidelines of the Reserve Bank of India. The Nomination and Remuneration Committee (NRC) carried out an Annual Evaluation of the performance of the Board as whole and its committees along with the performance of individual Directors which includes Chairman, Managing Director and Non-Executive Directors. An indicative list of factors on which evaluation of the individual Directors, the Board and the Committees was carried out included, Board structure and composition, degree of fulfilment of key responsibilities, effectiveness of Board processes, information flow, functioning of the Board/ Committees, Board culture and dynamics, quality of the relationship between the Board and Management, contribution to decisions of the Board and guidance/support to Management outside Board/Committee meetings. The overall recommendations based on the evaluation of the Committee were discussed by the Board and individual feedback from Directors were taken on record. The discussion quality was robust, well-intended and led to clear direction and decision. Based on the outcome of the evaluation, assessment and feedback of the Directors, the Board and the Management have agreed on various action points that would be implemented. It was noted that the Board Committees function professionally and smoothly and besides the Board Committees' terms of reference as mandated by law, important issues are brought up and discussed in the respective Board Committees. The Independent Directors discussed matters pertaining to the Company's affairs and presented their collective views to the Board of Directors.

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

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

- (ii) Ability to appreciate the working of the Company and the challenges it faces.
- (iii) Attendance of meeting.
- (iv) Extent of participation and involvement in the meetings.
- (v) Ability to convey his views and flexibility to work with others.

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

All relevant information within the Company is accessible to the Board in full. The notice of the meetings are given at least seven days before the date on which the Board and Committees meet, unless the meeting is called at a shorter notice and appropriate information is provided to the Board by way of dissemination of the detailed agenda accompanied by adequate explanatory notes and the Secretarial Standard on Meetings of Board of Directors (SS-1) issued by the Institute of Company Secretaries of India. 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.

The Board tables before it any important legal matters of great importance including the information listed in Section 179 of the Act, and Regulation 17 read into Part A of Schedule II to the Listing Regulations, so as to be able to discharge its responsibility for Strategic Supervision of companies. The information shared with the Board specifically includes the following:

- ✓ Annual operating plans, budgets including capital, 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.

Compliance with all relevant legislation, rules or regulations and the statements made by the Management is periodically reviewed by the Board.

#### g. Board Meetings

The Board of Directors of the Company duly met 7 times during the financial year on 19.05.2023, 08.08.2023, 28.08.2023, 20.09.2023, 27.10.2023, 23.01.2024, and 26.03.2024. The maximum gap between any two Board Meetings held during the year was not more than 120 days. All meetings had the necessary quorum.

Requisite information, according to the requirements of Regulation 34 read with Schedule V of the Listing Regulations, is provided below:

Name of Director	No. of Board Meeting eligible to attend	No. of Board Meetings attended/held during the tenure	Whether attended last AGM held on September 20, 2023 (Through VC)	No. of other directorships and committee memberships and chairmanships as on March 31, 2024		
				Directorships <sup>1</sup>	Committees <sup>2</sup>	
					Chairman	Member
Mr. Thomas John Muthoot	7	7	Yes	6	1	5
Mr. Thomas George Muthoot	7	7	Yes	5	1	3
Mr. Thomas Muthoot	7	4	Yes	5	1	3
Mr. A. P. Kurian	7	5	Yes	1	1	2
Mr. Thomas Mathew	7	7	Yes	0	1	2
Mrs. Shirley Thomas	7	7	Yes	3	1	4
Mrs. Divya Abhishek*	5	5	Yes	2	1	3

<sup>1</sup> Directorships in Indian Public Companies (listed and unlisted) excluding MCSL and Section 8 Companies are considered.

<sup>2</sup> Committees membership considered for this purpose are those prescribed under Regulation 26 of the Listing Regulations. (Including MCSL)

\* Mrs. Divya Abhishek was appointed as an Additional Independent Director on the Board of the Company on August 08, 2023, and regularized her appointment in the AGM held on 20/09/2023.

#### 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 2023-24. The Independent Directors are only eligible for sitting fees.

The details of the remuneration and sitting fee paid to Directors during FY 2023-24 are given below:

(₹ in lakhs)

Name of Director	Gross Salary	Perquisites	PF Contribution	Sitting Fees	Total
<b>Executive Directors</b>					
Mr. Thomas George Muthoot	405.00	0.80	20.88	-	426.68
<b>Non-Executive Non-Independent Directors</b>					
Mr. Thomas John Muthoot	-	-	-	-	-
Mr. Thomas Muthoot	-	-	-	-	-
<b>Non-Executive Independent Directors</b>					
Mrs. Shirley Thomas	-	-	-	5.67	5.67
Mr. A. P. Kurian	-	-	-	4.25	4.25
Mrs. Divya Abhishek	-	-	-	3.70	3.70
Mr. Thomas Mathew	-	-	-	5.67	5.67
<b>Total</b>	<b>405.00</b>	<b>0.80</b>	<b>20.88</b>	<b>19.29</b>	<b>445.97</b>

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

In compliance with the Regulation 17 (5) of the Listing Regulations, the Company has put in place a Code of Conduct for Directors and Senior Management. This code aims to provide guidelines for Directors and Senior Management Personnel to help them identify and resolve ethical issues, providing mechanisms for reporting unethical conduct and fostering a culture of honesty and accountability. Each Director and Senior Management Personnel must comply with the letter and spirit of this Code. This Code stipulates that the independent directors of the Company must also comply with the provisions laid down in Schedule IV to the Act.

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

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

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

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations), as amended from time to time, the Board of Directors of the Company had adopted the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons & Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (the Code). The Code is applicable to all Directors, Promoters, such identified Designated Persons and their Immediate Relatives and other Persons who are expected to have Unpublished Price Sensitive Information relating to the Company. The Company Secretary of the Company is the Compliance Officer under the Code.

The Code of Conduct for Prevention of Insider Trading is available on the website of the Company at: [Code\\_of\\_Conduct\\_to\\_RegulateMonitor\\_and\\_Report\\_Trading\\_by\\_Designated\\_Persons.pdf](#) (muthootcap.com).

### 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 Act, Listing Regulations, and RBI Directions. The composition of the Board Committees is available on the Company’s website <https://www.muthootcap.com/wp-content/uploads/2024/06/COMPOSITION-OF-BOARD-OF-DIRECTORS1.pdf> and is also stated herein.

**A. Audit Committee**

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

**(i) Composition and Attendance**

The Audit Committee of the Board composed of five Non-Executive Directors, out of which four are independent directors as on March 31, 2024. All members are financially literate and have relevant finance and/or audit exposure. Mr. Thomas Mathew, the Chairman of the Committee has accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary to the Committee.

The Audit Committee has met five (5) times during the Financial Year on May 18, 2023, August 07, 2023, October 25, 2023, January 22, 2024, and March 26, 2024. All the recommendations made by the Audit Committee were accepted by the Board unanimously. The quorum as required under Regulation 18(2) of the Listing Regulations was maintained at all the meetings.

Mr. Thomas Mathew, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 20th September 2023.

The composition and attendance of the Members at the Audit Committee meetings held during the FY 2023-24 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. Thomas Mathew	Chairman	5/5
Mr. A. P. Kurian	Member	2/5
Mr. Thomas Muthoot	Member	5/5
Mrs. Divya Abhishek*	Member	3/3
Mrs. Shirley Thomas	Member	5/5

\* Mrs. Divya Abhishek was appointed as a member from August 08, 2023

**(ii) Powers of the Audit Committee:**

The Audit Committee shall have powers, which include the following:

- (a) To investigate any activity within its terms of reference;
- (b) to seek information from any employee;
- (c) to obtain outside legal or other professional advice;
- (d) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (e) to have full access to information contained in the books of accounts and the Company’s facilities and personnel.

**(iii) Terms of reference**

The terms of reference of Audit Committee of the Board in compliance with Section 177 (4) of the Act, and Regulation 18 (3) read with Part C of Schedule II of the Listing Regulations, 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 or preferential issue or qualified institutions placement 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;
- 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; and
- v) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

**(iv) Mandatory review by Audit Committee**

- (i) Management discussion and analysis of financial condition and results of operations;
- (ii) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (iii) Internal audit reports relating to internal control weaknesses; and
- (iv) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (v) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7)

**B. Nomination & Remuneration Committee**

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

**(i) Composition and attendance**

As on March 31, 2024, the NRC of the Company comprise of five Non - Executive Directors, out of which four are independent directors. The Committee met five times during the FY 2023-24 on May 13, 2023; May 18, 2023; August 07, 2023; January 22, 2024, and March 26, 2024.

The composition and attendance of the Members at the NRC meetings held during the FY 2023-24 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. A. P Kurian	Chairman	4/5
Mr. Thomas Mathew	Member	5/5
Mrs. Shirley Thomas	Member	5/5
Mr. Thomas John Muthoot*	Member	3/5
Mrs. Divya Abhishek**	Member	2/2

\* Mr. Thomas John Muthoot was appointed as a member from May 19, 2023.

\*\*Mrs. Divya Abhishek was appointed as a member from August 08, 2023.

**(ii) Terms of reference**

The terms of reference of the Nomination & Remuneration Committee in line with Section 178 of the Act and Regulation 19 read with Para A of Part D of Schedule II of the Listing Regulations, 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;

For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.
- 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.

**(iii) Performance evaluation criteria for Independent Directors**

The Committee while evaluating the performance of the Independent Directors, shall take into consideration various factors as mentioned below:

- (a) Understanding and knowledge of the market in which the Company is operating;
- (b) Ability to appreciate the working of the Company and the challenges it faces;
- (c) Attendance of meeting;
- (d) Extend of participation and involvement in the meetings;
- (e) Ability to convey his views and flexibility to work with others;

Marks may be assigned for each of the above criteria and based on the score achieved, the Board may evaluate the performance of each Independent Director.

The Company has adopted the Policy on Board Diversity as required under Regulation 19 read with Part D of Schedule II of the Listing Regulations. The Nomination and Remuneration Committee works with the Board on succession planning for its Directors, KMPs and Senior Management Personnel.



**C. Stakeholders Relationship Committee**

In compliance with the provisions of Section 178 (5) of the Act, and Regulation 20 of the Listing Regulations, 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, 2024, the Stakeholders Relationship Committee of the Company consists of four Directors. The Committee has met four times during the FY 2023-24 on May 19, 2023; August 07, 2023; October 25, 2023; and January 22, 2024.

The composition and attendance of the Members at the SRC meetings held during the FY 2023-24 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. Thomas Mathew	Member	4/4

**(ii) Terms of reference**

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

- a) Resolving the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- b) Review of measures taken for effective exercise of voting rights by shareholders;
- c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

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

The Company Secretary of the Company acts as the Compliance Officer in terms of Listing Regulations. The Compliance Officer reviews the investor complaints on a regular basis to find out whether any complaints remain unresolved within the time specified in the Investor Grievance Redressal Policy of the Company.

Pursuant to Regulation 13 (3) of Listing Regulations, the status of investor complaints received and redressed during FY 2023-24 are as follows:

Sr. No.	Particulars	No. of Complaints
1.	Number of Investor complaints pending at the beginning of the year (i.e., 01.04.2023)	Nil
2.	Number of Investor complaints received during the year (01.04.2023 - 31.03.2024)	1
3.	Number of Investor complaints redressed during year (01.04.2023 - 31.03.2024)	1
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e., 31.03.2024)	Nil

#### D. Corporate Social Responsibility Committee

In compliance with the requirements of Section 135 read with Schedule VII of the Act, 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, 2024, the CSR Committee of the Company consists of four Non - Executive Directors, out of which three are Independent Directors. The Company Secretary of the Company acts as the Secretary to the Committee.

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

The CSR Policy of the Company, as approved and adopted by the Board, is available on the website of the Company at <https://www.muthootcap.com/wp-content/uploads/2023/05/CSR-Policy.pdf>.

The CSR Committee met four times during the Financial Year 2023-24 on May 18, 2023; August 07, 2023; October 25, 2023, and January 22, 2024

The composition and attendance of the Members at the CSR Committee meetings held during the FY 2023-24 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. Thomas Muthoot	Chairman	4/4
Mr. Thomas Mathew	Member	4/4
Mrs. Shirley Thomas	Member	4/4
Mrs. Divya Abhishek*	Member	2/2

\*Mrs. Divya Abhishek was appointed as a member from August 08, 2023.

**(ii) Terms of reference**

The terms of reference of the CSR Committee are in accordance with Section 135 (3) of the Act, 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.

The CSR Annual Report containing details of the CSR activities undertaken by the Company during the year along with the amount spent on CSR activities forms part of the Directors' Report.

**E. Risk Management Committee**

The Board of Directors had established a Risk Management Committee (RMC) for monitoring and assessing the Company's risk management policies and related practices, in accordance with the requirements of Rule 21 of Listing Regulations. The Company Secretary of the Company acts as the Secretary to the Committee.

**(i) Composition and attendance**

As on March 31, 2024, the Risk Management Committee of the Company consists of five Directors, out of which three are Independent Directors. The Committee has met three times during the FY 2023-24 on May 19, 2023; August 08, 2023 and January 22, 2024.

The composition and attendance of the Members at the RMC meetings held during the FY 2023-24 are as follows:

Name of the Member	Position	Number of Meetings attended/held during the tenure
Mr. Thomas George Muthoot	Chairman	3/3
Mr. Thomas Muthoot	Member	3/3
Mr. Thomas Mathew	Member	3/3
Mrs. Divya Abhishek*	Member	1/1
Mrs. Shirley Thomas	Member	3/3

\*Mrs. Divya Abhishek was appointed as a member from August 08, 2023.

**(ii) Terms of Reference:**

The terms of reference of Risk Management Committee in accordance with Regulation 21 of the Listing Regulations 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 Officer (CEO) 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 Officer 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. Senior Management

The particulars of senior management including the changes therein since the close of previous financial year is detailed below:

The details of the senior level management as on 31.03.2024 are as follows:

Sr. No.	Name	Designation
1.	Mr. Mathews Markose	Chief Executive Officer
2.	Mr. Ramandeep Singh	Chief Finance Officer
3.	Mr. Srikanth G Menon	Chief Compliance Officer, Company Secretary & Compliance Officer
4.	Mrs. Umadevi Pazhoor Unnikrishnan	Chief Risk Officer
5.	Mr. Vijayan T	Vice President - IT and Operations
6.	Mr. Praveen A.H	Head- Credit
7.	Mr. Sooraj Mohan M	Vice President - Collections
8.	Mr. Arun Singer	General Manager – North and East
9.	Mrs. Ciby Babu	Head of People and Culture
10.	Mr. Augustine K A	Internal Audit – In - Charge
11.	Mr. Anoop K G	Head - Business Intelligence Unit
12.	Mr. Vijayakumar V	Chief Internal Auditor
13.	Mr. Ram Pratap Singh	Head – Information and Technology
14.	Mrs. Nitha Sasi	Chief Information Security Officer (CISO)

Sr. No.	Name	Designation
15.	Mr. Sonu Gujral	National Head – Light Commercial Vehicles
16.	Mr. Sarath Sasikumar	Zonal Head – UCL Sales
17.	Ms. Sredevi S D	National Head – Alternate Channel

The details of changes in key managerial personnels are as follows:

Sr. No.	Name	Designation	Appointment/Resignation	Date of Appointment/Resignation	Reason for Resignation
<b>During the FY 23-24</b>					
1	Ms. Deepa Gopalakrishnan	Company Secretary & Compliance Officer	Resignation	w.e.f. the closing hours of March 27, 2024	Personal Reason
2	Mr. Mathews Markose	Chief Executive Officer	Appointment	Appointment is effective from May 19, 2023	
3	Mr. Srikanth G Menon	Company Secretary & Compliance Officer	Appointment	Appointment is effective from March 28, 2024	

The details of changes in Senior management personnels are as follows:

Sr. No.	Name	Designation	Appointment/Resignation	Date of Appointment/Resignation	Reason for Resignation
<b>During the FY 23-24</b>					
1	Mr. Madhu Alexiouse	Chief Operating Officer	Resignation	w.e.f. the closing hours of May 18th, 2023	Personal Reason
2	Mr. Mathews Markose	Chief Executive Officer	Appointment	Appointment is effective from 19th of May 2023	
3	Mr. Srikanth G Menon	Chief Compliance Officer	Appointment	Appointment is effective from 23rd January 2024	
4	Mr. Praveen A H	Head-Credit	Appointment	Appointment is effective from 09th November 2023	
5	Mrs. Ciby Babu	Head of People and Culture	Appointment	01st December 2023	
6	Mr. Augustine K A	Internal Audit – In - Charge	Appointment	Appointment is effective from 23rd January 2024	

Sr. No.	Name	Designation	Appointment/ Resignation	Date of Appointment/ Resignation	Reason for Resignation
<b>During the FY 23-24</b>					
7	Mr. Anoop K G	Head - Business Intelligence Unit	Appointment	Appointment is effective from 06th December 2023	
8	Mr. R. Balakrishnan	Executive Vice President	Retirement	w.e.f. the closing hours of April 30, 2023	Retirement
9	Mr. Rajeev R	Zonal Head- Personal and Two-Wheeler Loans	Appointment	Appointment is effective from April 03, 2023	
10	Mr. Sarath Sasikumar	Zonal Head- Four-Wheeler Loans	Appointment	Appointment is effective from June 15, 2023	
11	Ms Deepa G	Company Secretary and Compliance Officer	Resignation	closing hours of 27.03.2024	Personal Reasons
12	Mr. Srikanth G Menon	Company Secretary and Chief Compliance Officer	Appointment	Appointment is effective from 28.03.2024	
13	Mr. Vijayakumar V	Chief Internal Auditor	Appointment	Appointment is effective from 22.02.2024	
14	Mr. Ram Pratap Singh	Head - Information and Technology	Appointment	Appointment is effective from 01st March 2024,	
15	Mrs. Nitha Sasi	Chief Information Security Officer (CISO)	Appointment	Appointment is effective from 26.03.2024	
16	Mr. Sonu Gujral	National Head - Light Commercial Vehicles	Appointment	Appointment is effective from 01st March 2024	

Sr. No.	Name	Designation	Appointment/Resignation	Date of Appointment/Resignation	Reason for Resignation
<b>During the FY 23-24</b>					
17	Mrs. Sredevi S D	National Head - Retail Liability and Digital Sales	Appointment	Appointment is effective from 05th February 2024	
18	Mr. Rajeev R	Zonal Head- Personal and Two-Wheeler Loans	Resignation	w.e.f. the closing hours of January 08, 2024	
<b>During the FY 24-25</b>					
1	Mr. Praveen A. H	Head-Credit	Resignation	w.e.f. the closing working hours of May 23rd, 2024	Personal Reason

**5. Remuneration Of Directors**

**Managing Director**

The Company has during the year paid remuneration to Managing Director by way of salary, and perquisites within the limits approved by the Shareholders. The Board of Directors on the recommendation of the NRC approved the remuneration payable to Managing Director based on his performance and the overall performance of the Company, subject to the overall ceiling as stipulated in Section 197 of the Act.

Details of the remuneration to the Managing Director during the financial year 2023-24 are as under:

(₹ in lakhs)

Name of Director	Gross Salary	Perquisites	PF Contribution	Sitting Fees	Total
<b>Mr. Thomas George Muthoot</b>	405.00	0.80	20.88	0.00	426.68

The evaluation of performance of the Managing Director is undertaken taking into consideration several aspects such as his ability to lead his team, his vision and commitment, his drive and managerial ability, in addition to the performance of the Company and his specific contribution to the growth and efficient functioning of the Company.

The broad terms of agreement of appointment of Mr. Thomas George Muthoot, Managing Director, are as under:

Salary: ₹ 4,20,00,000/- per annum (Rupees Four Crore Twenty Lakhs only) w.e.f. July 12, 2022, till July 11, 2025 (including perquisites and 15% variable incentive).

Period of agreement: Five years from July 12, 2021, to July 11, 2026.

Notice Period: The appointment may be terminated by either party by giving three months' notice of such termination or salary in lieu thereof or by mutual consent

Perquisites: Total perquisites shall be limited to ₹ 15,00,000/- per annum (Rupees Fifteen Lakhs only).

Perquisites includes benefits and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, reimbursement of expenditure or allowance in respect of maintenance, utilities

such as gas, electricity, water, furnishings and house repairs, medical reimbursement for himself and his family, medical insurance for himself and his family, and leave on full pay, leave travel concession for himself and his family, personal accident insurance, club fees, etc. and such other allowances, perquisites and benefits in accordance with the rules of the Company or as may be allowed by the Board from time to time.

Car, Telephone, Cell Phone, PC shall be provided and their maintenance and running expenses shall be met by the Company. The use of above at residence, for official purpose, shall not be treated as perquisites.

He shall also be entitled to reimbursement of all entertainment and other expenses properly incurred for the business of the Company.

For the purpose of above monetary limits, the following perquisites shall not be included:

- (a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable in terms of the provisions of the Payment of Gratuity Act, 1972 and the Gratuity Scheme adopted by the Company.
- (c) Encashment of leave at the end of the tenure as per the leave encashment policy adopted by the Company.

No sitting fees shall be paid to the Managing Director for attending meeting of the Board of Directors or any Committee thereof.

Severance Fees: Nil

During the year under review, no stock options were issued to the Managing Director.

#### Non-Executive Directors

The Company does not pay any salary, benefits, bonuses, stock options, etc., to the Non-Executive Directors. Remuneration is only paid to non-executive independent Directors by the way of sitting fees in accordance with provisions of the Act, and other applicable rules. The details of the Sitting Fees paid to the Non-Executive Directors during the financial year 2023-24 given below.

Name of Director	Gross Salary	Perquisites	PF Contribution	Sitting Fees	Total
<b>Non-Executive Directors</b>					
Mr. Thomas John Muthoot	-	-	-	-	-
Mr. Thomas Muthoot	-	-	-	-	-
<b>Non-Executive Independent Directors</b>					
Mrs. Shirley Thomas	-	-	-	5,66,800.00	5,66,800.00
Mr. A. P. Kurian	-	-	-	4,25,100.00	4,25,100.00
Mr. Thomas Mathew	-	-	-	5,66,800.00	5,66,800.00
Mrs. Divya Abhishek	-	-	-	3,70,600.00	3,70,600.00
<b>Total</b>	-	-	-	<b>19,29,300.00</b>	<b>19,29,300.00</b>

Mr. Thomas Muthoot had maintained a deposit amounting to ₹ 535.00 lakhs with the Company which was repaid during the financial year. He was also paid an amount of ₹ 11.87 lakhs by the way of interest on public deposit.



## 6. 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 Act, and Regulation 4 (2) (d) (iv) & relevant provisions of the Listing Regulations with a view to enable stakeholders, including directors, individual employees and their representative bodies to freely report their genuine concerns about illegal or unethical practices or actual /suspected case of fraud or suspected leak of Unpublished Price Sensitive Information to the Audit Committee of the Company. It outlines the method and process for various stakeholders to voice genuine concerns about unethical conduct that may be in breach with the employees' Code of Conduct.

The mechanism seeks to provide adequate safeguards to prevent the victimization of Directors or employees who use the mechanism and shall also provide for direct access to the Chairman of the Audit Committee. No personnel have been denied access to the Audit Committee in this regard.

The said Policy is available on the website of the Company at

<https://www.muthootcap.com/wp-content/uploads/2023/08/Whistle-Blower-Policy.pdf>

## 7. General Meetings

### 1. 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, 2023	September 20, 2023	1.00 p.m.	Video Conference
March 31, 2022	September 27, 2022	1.00 p.m.	Video Conference
March 31, 2021	September 25, 2021	10.30 a.m.	Video Conference

### 2. Special Resolutions passed at the last three AGM.

Sr. No.	Date of AGM	Special Resolution
1	September 20, 2023	1. Appointment of Mrs. Divya Abhishek (DIN: 08709050) as Independent Woman Director 2. Adoption of fresh set of Articles of Association
2	September 27, 2022	1. Approval of remuneration to Managing Director in the event of loss 2. Approval of remuneration to the Managing Director for a period of three years
3	September 25, 2021	No Special resolutions were proposed

### 3. Extra Ordinary General Meeting

No Extraordinary General Meeting of the Shareholders was held during the financial year 2023-24.

### 4. Postal Ballot

No ordinary nor special resolutions were proposed to be conducted through postal ballot during the FY 2023-24.

Subsequent to the financial year under review, the Company had sought the approval of the Shareholders by way of Postal Ballot through remote e-Voting process, vide Notice dated May 15, 2024, on the following Resolution(s):

- i. Approval of Alteration of Object Clause of Memorandum of Association of the Company: as Special Resolution
- ii. Approval of Related Party Transactions: as Ordinary resolution

- iii. Re-appointment of Mr. Thomas Mathew (DIN: 01277149) as a Non-Executive Independent Director: as Special Resolution

The details of voting pattern are available at

<https://www.muthootcap.com/wp-content/uploads/2024/06/Postal-Ballot-Voting-Results.pdf>. A Gist of the voting results is given hereunder:

Description of the Resolution	Votes in favour of the Resolution(s)		Votes against the Resolution(s)		Invalid
	No. of votes cast	% of total valid votes cast	No. of votes cast	% of total valid votes cast	
Approval of Alteration of Object Clause of Memorandum of Association of the Company	10097309	99.9985	148	0.0015	NIL
Approval of Related Party Transactions	190758	99.9246	144	0.0754	NIL
Re-appointment of Mr. Thomas Mathew (DIN: 01277149) as a Non-Executive Independent Director	10097607	99.9980	200	0.0020	NIL

The resolutions were deemed to be passed on 15th June 2024 (being the last date of Remote e-Voting and postal ballot), and the results of which were announced on 17th June 2024.

**Person who conducted the aforesaid postal ballot exercise:**

The Company has appointed Mr. Puzhankara Sivakumar., FCS, Managing Partner, M/s. SEP & Associates, Company Secretaries (C.P No. 2210) as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

The Board at its meeting held on 24.06.2024 approved the Postal Ballot proposing the following resolutions:

1. To consider and approve amendments in 'MCSL Employee Stock Option Scheme 2018' – ESOP I 2018, ESOP II 2018, ESOP III 2018 and ESOP IV 2018
2. To consider and approve provision of money by the Company to acquire its own shares by the trust under the 'MCSL Employee Stock Option Scheme 2018'
3. Approval of Related Party Transaction involving revised salary to Ms. Tina Suzanne George, Deputy Vice President

**Procedure for Postal Ballot:**

Pursuant to Section 108 and 110 and all other applicable provisions of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 as amended, the Company had on 15th May 2024 completed the dispatch of Postal Ballot Notice to all the Members whose names appeared on the Register of Members/List of Beneficial Owners maintained by the Depositories as on 10th May 2024.

The Company has engaged Central Depository Services (India) Limited (CDSL) to enable the Members to cast their votes electronically.

The Company had sent the postal ballot notice in electronic form only to those shareholders whose names appeared on the register of members and whose email addresses were available with

Company/ depositories/RTA as on cutoff date.

Voting rights were conferred upon those whose names appeared on the Register of Members/List of Beneficial Owners as on 10th May 2024 (cut-off date). Members who desired to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-Voting.

The voting through Postal Ballot and electronic mode commenced at 9.00 a.m. on 17th May 2024 and ended at 5.00 p.m. on 15th June 2024 (both days inclusive).

The Scrutinizer, after the completion of scrutiny, submitted his report and the consolidated results of the Postal Ballot were announced on 17th June 2024. The results were displayed on the website of the Company, besides being communicated to the stock Exchanges. The resolutions are deemed to have been passed on 15th June 2024.

**5. Means Of Communication**

Quarterly results	The results are displayed on <a href="https://www.muthootcap.com/investors/#tab2">https://www.muthootcap.com/investors/#tab2</a>
Newspaper in which results are normally published	Quarterly unaudited and annual audited financial results of the Company were published in “Business Line” (English Language National Daily) and “Mangalam” (Vernacular Language).
Website, where results are displayed	The results are displayed on <a href="http://www.muthootcap.com">www.muthootcap.com</a>
Whether it also displays official news releases	Yes
Website for investor complaints	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 <a href="mailto:investorgrievance@muthootcap.com">investorgrievance@muthootcap.com</a> and its corporate email id <a href="mailto:mail@muthootcap.com">mail@muthootcap.com</a> for handling investor grievances through which investors can lodge their complaints.
Presentations to institutional investors or analysts	Presentations made during the year to institutional investors are displayed on <a href="https://www.muthootcap.com/investors/#tab3">https://www.muthootcap.com/investors/#tab3</a>
Annual Reports and Annual General Meetings	The Annual Report for financial year 2023-24 including the Audited Financial Statements for the year ended 31st March 2024, is being sent by e-mail to those Members whose e-mail addresses are registered with the Company/Depository Participant(s), unless any Member has requested for a physical copy of the same by writing to <a href="mailto:mail@muthootcap.com">mail@muthootcap.com</a> mentioning their Folio No./DP ID and Client ID. The Annual Report and the Notice of the AGM is also available on the Company’s website at <a href="http://www.muthootcap.com">www.muthootcap.com</a> .

## 6. General Shareholder Information

- a) **30th Annual General Meeting:** Wednesday, 25th of September 2024 at 02:30 pm through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”)
- b) **Financial Year:** April 01, 2023, to March 31, 2024
- c) **Dividend Details:** Nil
- d) **Listing Details:**

Name and address of the Stock Exchange	Scrip Code	Status of Listing Fee for the FY 2023-24
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) **Equity Shares: ISIN: INE296G01013**
- f) **The Aggregate Non-promoter/Public Shareholding of the Company as at 31st March 2024 is as shown below:**

Number of Shares: 61,48,641

Percentage to total holding: 37.38 %

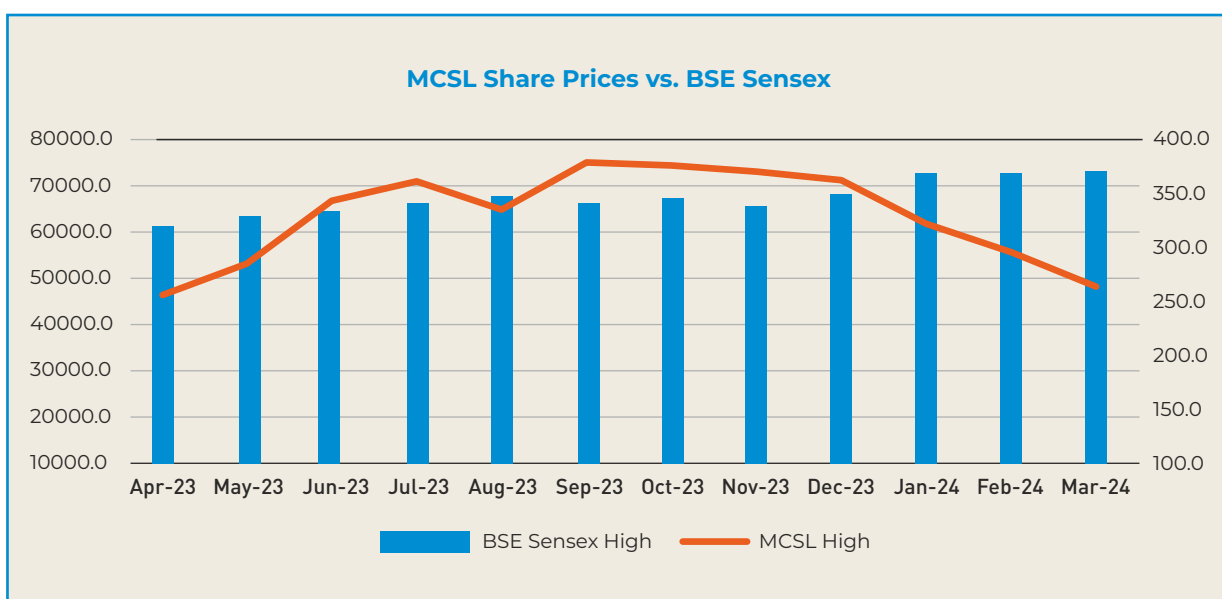
The ISIN details of debt instruments as on 31.03.2024 are as follows:

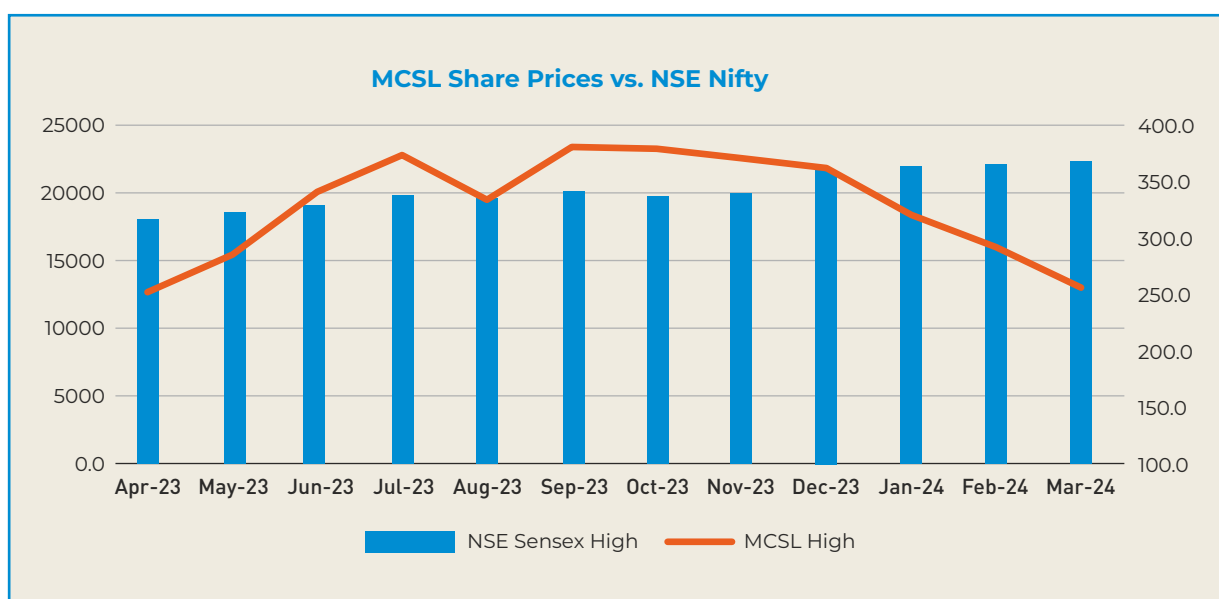
Sr. No.	ISIN	Security Description	Allotment Date	Maturity Date	Listing Quantity	Coupon rate and frequency
1.	INE296G07119 Scrip code: 974292  (The ISIN originally allotted was INE296G08018 which was subsequently restructured to INE296G07119)	Secured PPMLD	06.10.2022	06.10.2024	1,000	On Maturity
2.	INE296G07093 Scrip code: 974550	Secured PPMLD	07. 01. 2023	06. 01. 2026	3,500	On Maturity
3.	INE296G07085 Scrip code: 974551	Secured PPMLD	07. 01. 2023	06. 04. 2024	2,000	On Maturity
4.	INE296G07077 Scrip code: 974552	Secured PPMLD	07. 01. 2023	06. 01. 2025	2,000	On Maturity
5.	INE296G07101 Scrip code: 974648	Secured NCD	08. 03. 2023	31. 05. 2024	3,500	10.40% Monthly
6.	INE296G07127 Scrip code: 974915	Secured NCD	19. 06. 2023	31. 01. 2025 & 31. 05. 2025	4,900	10.30% Monthly

Sr. No.	ISIN	Security Description	Allotment Date	Maturity Date	Listing Quantity	Coupon rate and frequency
7.	INE296G07135 Scrip code: 975282	Secured NCD	28.12.2023	28.12.2026	10,000	10% Monthly
8.	INE296G07143 Scrip code: 975513	Secured NCD	19.03.2024	19.03.2027	5,000	10% Monthly

**g) Stock Market Data from April 01, 2023, to March 31, 2024:**

Month	BSE			NSE		
	High	Low (Nos.)	Volume	High	Low (Nos.)	Volume
April 2023	309.5	259.55	37896	309.00	258.95	5.97
May 2023	346.6	287.95	185365	347.10	290.10	19.52
June 2023	407.35	345.55	247048	408.00	344.35	21.36
July 2023	424	362.35	109812	422.75	375.00	11.32
August 2023	425.5	335.1	374524	425.70	338.35	36.17
September 2023	447.55	381.35	132680	447.45	381.50	22.41
October 2023	458	378.05	102999	460.00	381.30	15.34
November 2023	410	371.55	66808	413.95	373.00	7.80
December 2023	424.95	364.8	87135	413.70	364.05	13.01
January 2024	410	323.7	169516	410.45	323.95	21.13
February 2024	333.2	296.75	78411	334.45	297.00	9.07
March 2024	325	265	171597	322.00	262.00	10.16





There were no instances where the securities of the Company listed on Stock Exchanges were suspended from Trading.

The name of the registrar and share transfer agent engaged by the Company is Integrated Registry Management Services Private Limited whose address is given below.

**Integrated Registry Management Services Private Limited**

**Registrar and Share Transfer Agents**

2nd Floor, "Kences Towers", No.1, Ramakrishna Street,  
North Usman Road, T. Nagar, Chennai - 600 017  
Tel.: 044 - 28140801 - 803 | Fax: 044 - 28142479  
Email: csdstd@integratedindia.in

**h) Registration Details:**

The Company is registered in the state of Kerala. The Company being a Non-Banking Financial Company, is also registered with Reserve Bank of India (Certificate of Registration Number: 007726). In 1998, the Company obtained Deposit Taking NBFC license from RBI. The Corporate Identification Number (CIN) of the Company is L67120KL1994PLC007726.

**i) Share Transfer System:**

With regard to Regulation 40 (1) of Listing Regulations, as amended, securities can be transferred only in dematerialized form. However, with effect from April 01, 2019, the shareholders are not allowed to transfer any shares in the physical form and hence, the dematerialisation of the shares is mandatory for transfer of shares. But it does not mean that the investor cannot hold the shares in physical form. Even after April 01, 2019, the investor has the option of holding shares in physical form. The shares held in dematerialized form can be transferred through the depositories without the Company's involvement. All such transfers are processed by the Registrar and Share Transfer Agents of the Company and thereafter submitted to the Company.

Pursuant to Regulation 40 (9) of the Listing Regulations, the Company obtain certificates from a Company Secretary in Practice on a 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.

Pursuant to SEBI Circular dated January 25, 2022, the listed companies shall issue the securities in dematerialized form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerializing those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

**j) Distribution of Shareholding as on March 31, 2024**

Sr. No.	Category	No of Holders	% of Holders	No of Shares	% of Shares
1	UPTO 500	18855	93.62	1274244	7.7473
2	501 - 1000	539	2.68	398901	2.4253
3	1001 - 2000	381	1.89	518761	3.1540
4	2001 - 3000	122	0.61	300257	1.8255
5	3001 - 4000	61	0.30	217116	1.3201
6	4001 - 5000	29	0.14	130743	0.7949
7	5001 - 10000	68	0.34	507163	3.0835
8	10001 AND ABOVE	86	0.43	13100348	79.6493
	<b>Total</b>	<b>20143</b>	<b>100</b>	<b>16447533</b>	<b>100</b>

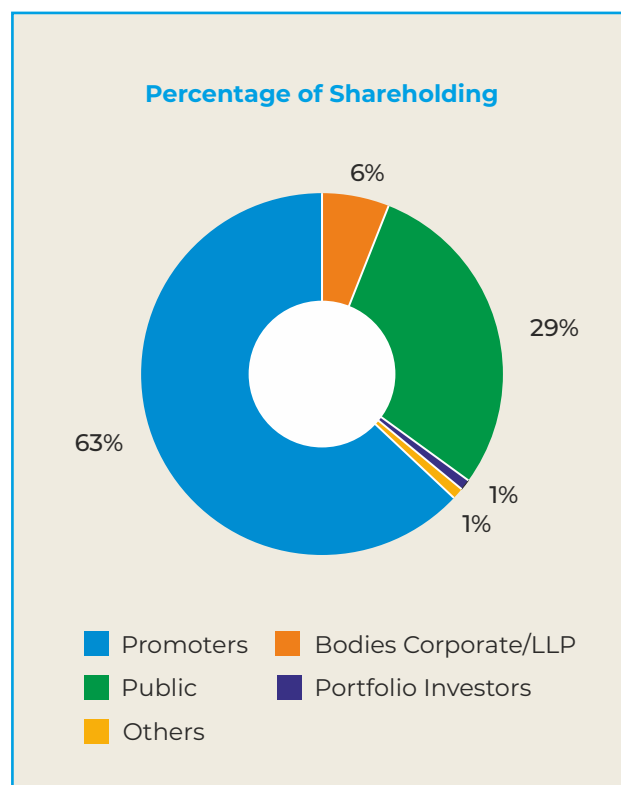
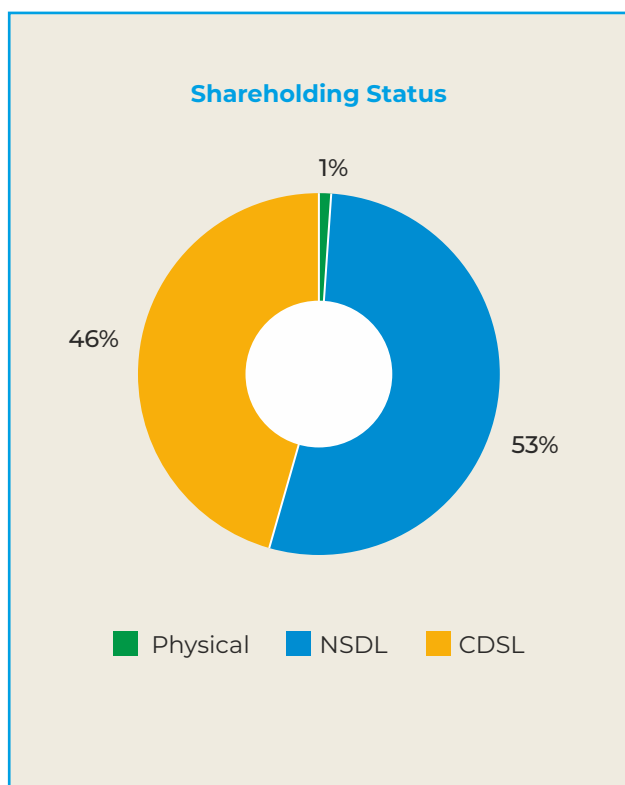
**k) Dematerialisation of Shares and Liquidity:**

In order to create electronic connection of our shares for scrip-less trading, the Company has agreements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company may be held by the shareholders with any depository participant registered with these depositories. The ISIN for the shares of the Company is INE296G01013.

As on March 31, 2024, 98.61% 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.

I) Categories of Shareholding as on 31st March 2024.

Sr.No.	Category	Total			
		No of Holders	% of Holders	Shares	% of Shares
1	Alternative Investments	2	0.01	112147	0.68
2	Bank	1	0.01	330	0.00
3	Bodies Corporate	118	0.60	1018053	6.20
4	Clearing Member	1	0.01	511	0.00
5	Foreign Portfolio	5	0.02	224485	1.36
6	HUF	258	1.31	147265	0.90
7	IEPF	1	0.01	117960	0.72
8	Limited Liability	5	0.03	8551	0.05
9	N R I	326	1.65	165694	1.01
10	Promoters	6	0.03	10298892	62.62
11	Resident Indian	19007	96.32	4236242	25.75
12	Directors and their relatives (excluding independent directors and nominee directors)	3	0.02	117403	0.71
	Total	19733	100	16447533	100







**m) 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 31st March 2024.

**n) Disclosure of commodity price risks and commodity hedging activities or Foreign Exchange Risk:**

The Company adheres to a prudent Risk Management Policy that has been approved by the Board in order to reduce threats or losses to identify and take full advantage of opportunities, and to ensure stable and sustainable business growth. It additionally promotes a proactive approach to identifying, assessing, and managing business-related risks. In “Management Discussion and Analysis”, which is a part of this Annual Report, an extensive description of the risks and concerns is provided.

**o) Plant Locations:**

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

**p) Address for correspondence:**

For any assistance with share transfers and transmissions, address changes, non-receipt of dividends or balance sheets, issuance of duplicate share certificates, or any other share-related questions, investors shall contact:

**i. Integrated Registry Management Services Private Limited**

**Registrar and Share Transfer Agents**

2nd Floor, “Kences Towers”, No.1, Ramakrishna Street,  
 North Usman Road, T. Nagar, Chennai - 600 017  
 Tel.: 044 - 28140801 - 803 | Fax: 044 - 28142479  
 Email: csdstd@integratedindia.in

**ii. Compliance Officer**

**Muthoot Capital Services Limited**

3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035  
 Tel.: 0484 - 6619672  
 Email: investorgrievance@muthootcap.com / mail@muthootcap.com

For queries on financial statements, contact:

**iii. Chief Finance Officer**

**Muthoot Capital Services Limited**

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

Tel.: 0484 - 6619603

Email: ramandeep.gill@muthootcap.com

## 7. Credit Rating

The Credit Rating enjoyed by the Company as on March 31, 2024, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2024	Migration during the FY 2023-24
CRISIL	₹ 2500 crore Bank loan facilities	CRISIL A+ / Stable	CRISIL A+/ Stable (Reaffirmed)
CRISIL	Fixed deposits	CRISIL A+ / Stable	CRISIL A+/ Stable (Reaffirmed)
CRISIL	₹ 200 crore non-convertible debentures	CRISIL A+/Stable	CRISIL A+/ Stable (Reaffirmed)
CRISIL	₹ 75 crore non-convertible debentures (reduced from ₹ 150 Crores)	CRISIL A+/Stable	CRISIL A+/ Stable (Reaffirmed)
CRISIL	₹ 100 crore Long Term Principal Market Linked Debentures	CRISIL PPMLD A+/Stable	CRISIL PPMLD A+ / Stable (Reaffirmed)
CRISIL	₹ 100 crore Long Term Principal Market Linked Debentures	CRISIL PPMLD A+/Stable	CRISIL PPMLD A+ / Stable (Reaffirmed)
CRISIL	₹ 250 Crore Commercial Paper	CRISIL A1+	CRISIL A1+ (Reaffirmed)
CRISIL	Non-Convertible Debentures of ₹ 110 Crores	CRISIL A+/Stable	Nil

## 8. Disclosures

### (a) Related Party Transactions:

During the year under review, besides the transactions reported in Notes forming part of the financial statements for the year ended 31st March 2024 in the Annual Report, there were no other material related party transactions of the Company with its Promoters, Directors or the Management or their relatives. These transactions do not have any potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee of the Board periodically and placed for Board's information, if required. Further, there are no material individual transactions that are not in the normal course of business or not on an arm's length basis. Certain transactions, which were repetitive in nature, were approved through omnibus route.

### (b) Disclosure on website:

The Policy on Related Party Transactions is enclosed herewith as **Annexure 3** and is also posted on the website of the Company and can be accessed at:

<https://www.muthootcap.com/wp-content/uploads/2022/06/Related-party-transaction-policy.pdf>.

**(c) Disclosure of Accounting Treatment:**

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 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 read with Section 133 of the Act.

**(d) CEO/CFO Certification:**

The certificate required under Regulation 17 (8) of the Listing Regulations duly signed by Mr. Mathews Markose, Chief Executive Officer and Mr. Ramandeep Singh, Chief Finance Officer for the financial year ended 31st March 2024 was reviewed by the Board. The said certificate is enclosed herewith as **Annexure 4**.

**(e) Details of Non-Compliance:**

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:

Sr. No.	Action Taken by	Details of violation	Details of Action Taken	Remarks
<b>FY 2021-22</b>				
1	National Stock Exchange of India Limited & BSE Limited	Delay in submission of disclosures on related party transactions as per Regulation 29 (3) of SEBI (LODR) Regulations, 2015.	Fine of ₹ 1,60,000/- was imposed by each 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 ₹ 31,000/- was imposed.	The Company has paid the fine and filed the necessary disclosures on August 16, 2021.
<b>FY 2022-23</b>				
1	BSE Limited	Delay in disclose the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities for the quarter ended 31.12.2021.	Fine of ₹ 2,67,860/- was imposed.	The entity has disclosed and paid the fees levied by exchange.

Sr. No.	Action Taken by	Details of violation	Details of Action Taken	Remarks
<b>FY 2022-23</b>				
2	BSE Limited	Delay in disclose the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities for the quarter ended 31.03.2022.	Fine of ₹ 1,43,960/- was imposed.	The entity has disclosed and paid the fees levied by exchange on 03.10.2022.
3	BSE Limited	There is one day delay in giving record date intimation before 7 days (excluding the date of intimation and the record date) to the recognised Stock Exchange. The record date was on August 16, 2021 and the intimation was given on August 05, 2021.  The listed entity has intimated the exchange with one day delay.	Fine of ₹ 11,800/- was imposed.	The fine was imposed during the financial year under review since the delay happened during the previous year.
4	BSE Limited	There is one day delay in giving record date intimation before 7 days (excluding the date of intimation and the record date) to the recognised Stock Exchange. The record date was on September 06, 2021 and the intimation was given on August 28, 2021. The listed entity has intimated the exchange with one day delay.	Fine of ₹ 11,800/- was imposed.	The fine was imposed during the financial year under review since the delay happened during the previous year.

Sr. No.	Action Taken by	Details of violation	Details of Action Taken	Remarks
<b>FY 2022-23</b>				
5	BSE Limited	There is one day delay in giving record date intimation before 7 days (excluding the date of intimation and the record date) to the recognised Stock Exchange. The record date was on November 02, 2021 and the intimation was given on October 23, 2021. The listed entity has intimated the exchange with one day delay.	Fine of ₹ 11,800/- was imposed.	The fine was imposed during the financial year under review since the delay happened during the previous year.
6	BSE Limited	There is one day delay in giving record date intimation before 7 days (excluding the date of intimation and the record date) to the recognised Stock Exchange. The record date was on February 01, 2022 and the intimation was given on January 20, 2022.  The listed entity has intimated the exchange with one day delay.	Fine of ₹ 23,600/- was imposed.	The fine was imposed during the financial year under review since the delay happened during the previous year
7	BSE Limited	There is three-day delay in giving record date intimation before 7 days (excluding the date of intimation and the record date) to the recognised Stock Exchange. The record date was on May 03, 2022 and the intimation was given on April 26, 2022. The listed entity has intimated the exchange with 3-day delay.	Fine of ₹ 23,600/- was imposed.	The fine was imposed during the financial year under review since the delay happened during the same financial year.

Sr. No.	Action Taken by	Details of violation	Details of Action Taken	Remarks
<b>FY 2022-23</b>				
8	BSE Limited	There is three-day delay in giving record date intimation before 7 days (excluding the date of intimation and the record date) to the recognised Stock Exchange. The record date was on July 05, 2022 and the intimation was given on June 25, 2022.  The listed entity has intimated the exchange with 3-day delay.	Fine of ₹ 11,800/- was imposed.	The fine was imposed during the financial year under review since the delay happened during the same financial year.
9	BSE Limited	Delay in giving intimation to the Stock Exchange 5 working days as per Reg 57(4) prior to beginning of first quarter of the FY 2022-23.	Fine of ₹ 2,360/- was imposed.	The fine was imposed by BSE on the Listed Entity during the financial year under review for delay happened for previous financial year
10	BSE Limited	Delay in giving intimation to the Stock Exchange 7 working days as per Reg 57(5) prior to beginning of first quarter of the FY 2022-23. The due date was April 11 2022 however the same was intimated on October 03rd 2022.	Fine of ₹ 1,180/- was imposed.	The fine was imposed by BSE on the Listed Entity during the financial year under review for delay happened for previous financial year
<b>FY 2023-24</b>				
1	BSE Limited	Delay in submission of related party transaction for the half year ended 31.03.2021 within due date.	Fine of ₹ 15,000/-	The fine was imposed by BSE on the Listed Entity during the financial year under review for delay happened for previous financial year

Sr. No.	Action Taken by	Details of violation	Details of Action Taken	Remarks
<b>FY 2023-24</b>				
2	BSE Limited	Delay in submission of disclosures relating to voting results w.r.t postal ballot conducted in December, 2018.	Fine of ₹ 10,000/-	The fine was imposed by BSE on the Listed Entity during the financial year under review for delay happened for previous financial year

**(f) Details of mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and other applicable provisions of the Listing Regulations. The status of compliance with the discretionary requirements, as stated under Part E of Schedule II to the Listing Regulations, is as under:

- 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.
- Unmodified opinion(s) in Audit Report: The Auditors have expressed an unmodified opinion in their report on the standalone financial statements of the Company.
- Reporting of Internal Auditor: The Internal Auditor directly reports to the Audit Committee.
- Shareholders' Rights: The quarterly / half yearly / yearly financial results are published in the newspapers of wide circulation. Financial Results are also available on the website of the Company (<https://www.muthootcap.com/investors/#tab2>), BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)).

**(g)** 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.

**(h) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

The Company has not raised any funds through preferential allotment or qualified institutions placement.

**(i) Certificate from Company Secretary in Practice:**

A 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 the Board/Ministry of Corporate Affairs or any such statutory authority is attached as **Annexure 5**.

**(j) Compliance certificate on Corporate Governance**

A certificate on Corporate Governance provided by the Independent Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated in Listing Regulations, is enclosed herewith as **Annexure 6**.

**(k) Share capital audit**

The Share Capital Audit as required under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, read with SEBI Circular No. CIR/MRD/DP/30/2010 Dated 6 September 2010, a Qualified Practicing Company Secretary carries out Capital Audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository

Services (India) Limited (CDSL) and the total issued and listed equity capital. This audit is carried out every quarter and the reconciliation of share capital audit report thereon is submitted to the Stock Exchanges and to the Board of Directors.

**(l) Disclosure of non-acceptance of any recommendation of any committee by the Board in the financial year 2023-24 and its reason:**

There was no such instance during the financial year 2023-24 when the Board had not accepted any recommendation of any Committee of the Board.

**(m) Fees paid to Statutory Auditor:**

The details of total fees paid to Statutory Auditors during the FY 2023 - 24 for all services rendered by them is given below:

Particulars	Amount (₹ in lakhs)
Audit Fee (Including Limited Review)	17,44,000
Taxation Matters	-
Other Service	2,18,000
Reimbursement of Expense	18,49,917
<b>(Total Fee)</b>	<b>38,11,917</b>

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

The Company has been employing 358 women employees in various cadres as on March 31, 2024. 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 Committee is carried out as per letter and spirit contained in the provisions of the Act.

During the FY 2023-24, the Company did not revive any complaint on sexual harassment. Hence, there are no complaints pending for redressal as on March 31, 2024.

**(o) 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>). It provides 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.

**(p) Dividend Distribution Policy**

The Securities and Exchange Board of India (SEBI) on July 8, 2016, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A of Listing Regulations, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website. Accordingly, this Dividend Distribution Policy forms part of the Corporate Governance Report as **Annexure 7** and is also available on the website of the Company at <https://www.muthootcap.com/wp-content/uploads/2021/12/Policy-on-Distribution-of-Dividends.pdf>



**(q) Unclaimed dividends**

During the financial year 2023-24, the Company has transferred an amount of ₹ 7,69,048.50/- to Investor Education and Protection Fund (IEPF) Authority, being unclaimed and unpaid dividend for the financial year 2015-16. Since the amount has been transferred to IEPF Authority, no claim for unclaimed and unpaid dividends for the financial year 2015-16 shall lie against the Company.

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

**(r) Disclosure of commodity price risks and commodity hedging activities:**

The Company adheres to a prudent Risk Management Policy that has been approved by the Board in order to reduce threats or losses, identify and take full advantage of opportunities, and ensure stable and sustainable business growth. It additionally promotes a proactive approach to identifying, assessing, and managing business-related risks. In “Management Discussion and Analysis”, which is a part of this Annual Report, an extensive description of the risks and concerns is provided.

**(s) Risk Management:**

The Board oversees the 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’s Risk Management Policy deals with identification, mitigation and management of risks across the organisation. The Company’s well-defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure operational effectiveness, reliability of financial data and compliance with applicable laws, regulations and Company’s policies. This has been dealt with the Management Discussion and Analysis annexed to the Annual Report.

**(t) Disclosure with respect to Demat suspense account/ unclaimed suspense account.**

The Company has 110 shares lying in the Suspense Escrow Demat Account or unclaimed suspense account.

Particulars	No. of Share holders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	1	110
number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	0	0
number of shareholders to whom shares were transferred from suspense account during the year;	0	0
aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	1	110
that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	–	–

Further, there were no shares allotted by the way of Employee Stock Option during the Financial Year.

- (u) **Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.**

The Company does not have any material subsidiaries as on March 31, 2024.

- (v) **Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount':**

As on 31st March 2024, there were no transactions involving grant of Loans and advances, to Companies in which directors are interested.

- (w) **Disclosure of certain types of agreements binding listed entities (1) Information disclosed under clause 5A of paragraph A of Part A of Schedule III of these regulations.**

There are no agreements whose purpose and effect are to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, which requires disclosure under this clause.

#### **9. Non-compliance of any requirement of corporate governance report**

There has been no instance of non-compliance of any requirement of the Corporate Governance Report as prescribed under the Listing Regulations.

#### **10. COMPLIANCE OF DISCRETIONARY REQUIREMENTS**

The Company has fulfilled the discretionary requirements relating to the financial statements and the auditors have expressed an unmodified opinion in their report.

#### **11. DISCLOSURE OF COMPLIANCE WITH THE LISTING REGULATIONS**

The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and Schedule V - Part C to F of the Listing Regulations.

## Annexure 1

**CONFIRMATION CERTIFICATE FROM MANAGING DIRECTOR**

To,

**The Members of Muthoot Capital Services Limited**

I confirm that the Company has received from all the Directors, a declaration of compliance in accordance with the provisions of Section 165 of the Companies Act, 2013, and Regulation 17A & 26 (1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2024.

Place : Kochi  
Date : 07.08.2024

Sd/-  
Thomas George Muthoot  
Managing Director  
DIN: 00011552

## Annexure 2

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

To,

**The Members of Muthoot Capital Services Limited**

I confirm that the Company has received from the members of the Board and Senior Management team of the Company declarations of compliance with the Code of Conduct as applicable to them during the financial year ended March 31, 2024.

Place : Kochi  
Date : 07.08.2024

Sd/-  
Thomas George Muthoot  
Managing Director  
DIN: 00011552

**RELATED PARTY TRANSACTION POLICY****1. BACKGROUND**

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 provide for various regulations which govern the related party transactions of a Company which has listed its securities in the Stock Exchanges. Regulation 23 (1) of the SEBI (LODR) Regulations, 2015 requires a Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

In light of the above requirements, Muthoot Capital Services Limited has framed this Policy on Related Party Transactions ("Policy").

**2. OBJECTIVE**

This Policy is framed to ensure the proper conduct, documentation, approval and reporting of transactions between the Company and its related parties. Provisions of this Policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related parties. Further, this Policy shall be reviewed by the Board at least once in every three years and updated accordingly.

This Policy is effective from October 01, 2014.

**3. DEFINITIONS**

- (a) "Audit Committee" means Committee of Board of Directors of Muthoot Capital Services Limited constituted under Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.
- (b) "Arm's Length Price" means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.
- (c) "Board" means Board of Directors of Muthoot Capital Services Limited.
- (d) "Company" shall mean Muthoot Capital Services Limited, a Company incorporated under the provisions of Companies Act, 1956 and having its Registered Office at 3rd Floor, Muthoot Towers, M.G. Road, Kochi.
- (e) "Key Managerial Personnel" means Key Managerial Personnel as defined under Section 2 (51) of the Companies Act, 2013 and includes:
  - i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
  - ii) Company Secretary;
  - iii) Chief Financial Officer and
  - iv) such other officer as may be prescribed.
- (f) "Material Modifications" means any modification or amendment to the related party agreement / transaction which is likely to result in a 20% upward or downward revision in the original contractual value of the related party agreement / transaction approved by the Audit Committee.
- (g) "Material Related Party Transaction" shall have the same meaning as defined in Regulation 23 of the SEBI (LODR) Regulations, 2015.

- (h) "Relative" in relation to a related party shall have the same meaning assigned to in Section 2 (77) of the Companies Act, 2013.
- (i) "Related party" with reference to the Company shall have the same meaning as defined under Section 2 (76) of the Companies Act, 2013 read with Regulation 2 (1) (zb) of the SEBI (LODR) Regulations, 2015.
- (j) "Related Party Transactions" shall have the same meaning as defined under Regulation 2 (1) (zb) of the SEBI (LODR) Regulations, 2015 or as envisaged in Section 188 (1) of the Companies Act, 2013. Provided that the following shall not be treated as related party transaction:
  - i) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - ii) the following corporate actions by the listed entity which are uniformly applicable / offered to all shareholders in proportion to their shareholding:
    - a) payment of dividend;
    - b) subdivision or consolidation of securities;
    - c) issuance of securities by way of a rights issue or a bonus issue; and
    - d) buy-back of securities
  - iii) acceptance of fixed deposits by banks / Non-Banking Finance Companies at the terms uniformly applicable / offered to all shareholders / public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI:
  - iv) any other transactions that may be specifically exempted by the SEBI or any other applicable regulator from time to time.
- (k) "Transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.
- (l) Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (LODR) Regulations, 2015, Securities Contract Regulation Act, 1956 or any other applicable law or regulation. Reference and reliance may be placed on any clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and any other Authorities from time to time on the interpretation of any of the terms defined hereinabove.

#### **4. APPROVALS REQUIRED FOR RELATED PARTY TRANSACTIONS**

##### **A. Approval of the Audit Committee**

- i) All related party transactions and subsequent material modifications shall require prior approval of Audit Committee of the Company.
- ii) Only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.
- iii) A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
- iv) With effect from April 01, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken

together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the Company.

- v) Prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and Regulation 15 (2) of the SEBI (LODR) Regulations, 2015 are applicable to such listed subsidiary. For such transactions, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

#### **B. Omnibus Approval from the Audit Committee**

Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

- a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on related party transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- c) the omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that shall be entered into;
  - (ii) the indicative base price / current contracted price and the formula for variation in the price, if any; and
  - (iii) such other conditions as the Audit Committee may deem fit. Where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
- d) the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given;
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of such period.

#### **C. Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Companies Act, 2013, all transactions specified therein which are not in the ordinary course of business or not at arm's length basis, shall be placed before the Board for its approval.

#### **D. Approval of the Shareholders of the Company**

- i. All material related party transactions and subsequent material modifications thereof shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- ii. All transactions specified under Section 188 of the Companies Act, 2013 which:
  - a) are not in the ordinary course of business or not at arm's length basis; and
  - b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014; shall be placed before the Shareholders for their approval.

### **5. PROCEDURE FOR AUDIT COMMITTEE'S APPROVAL**

The Audit Committee shall be provided with the details of each existing or proposed related party transaction that it has not previously approved or rejected, including the following details:

- (a) the terms of the transaction;
- (b) the business purpose of the transaction;
- (c) the details of the related parties; and
- (d) the benefits to the Company and the related parties.

Any member of the Audit Committee who is interested in the related party transaction shall not vote to approve the resolutions. In connection with the review of a related party transaction, the Committee shall consider, among other factors it deems appropriate, whether the related party transaction is on terms not less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction.

## 6. REVIEW PROCEDURE

The statement of related party transactions shall be submitted to the Audit Committee and the Board, on a quarterly basis, for review. Such statement shall include the following:

- (a) The details of all related party transactions entered into by the Company during the specific quarter;
- (b) The status of related party transactions undertaken as per the approval of the Shareholders of the Company;
- (c) The status of related party transactions undertaken as per the Omnibus Approval of the Audit Committee.

## 7. DISCLOSURE

- a) The compliance with this policy shall be disclosed to stock exchanges on a quarterly basis through the Compliance Report on Corporate Governance.
- b) The Company shall disclose this policy on dealing with Related Party Transactions on its website.
- c) The Company shall, along with the Board's Report placed before the shareholders in the Annual General Meeting, include a statement in Form AOC-2 containing the particulars of contracts or arrangements with related parties as referred to in Section 188 (1) of the Companies Act, 2013.
- d) The Company shall submit to the stock exchanges disclosures of related party transactions on a half yearly basis in the format as specified by SEBI from time to time and publish the same on the website of the Company.

## 8. TRANSFER PRICING NORMS / MECHANISM FOR INTRA – GROUP TRANSACTIONS

Transfer pricing refers to the pricing strategy in play when there is transfer of goods/services between associated enterprises. Transfer pricing law aims to ensure that transactions between associated enterprises does not happen at an unreasonably favourable or controlled price.

In case of any intra-group transactions taking place with any group companies, the Company will follow the "Transfer Pricing Laws" enumerated under the Income Tax Act and rules made thereunder. Any income/expense in relation to a transaction with any related parties should be computed using the arm's-length pricing principle.

## 9. REGISTERS

The Company shall maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately, the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.

The Company shall maintain such register in the Head Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

This register shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

#### **10. MATERIALITY THRESHOLD LIMITS**

The threshold limits for identifying the material related party transactions shall be as follows:

- a) ₹ 10,00,00,00,000/- (Rupees One Thousand Crores) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, for all other related party transaction to be entered into, individually or taken together with the previous transactions during the financial year.
- b) 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements for related party transaction involving payments made / to be made to any Related Party with respect to brand usage or royalty.

#### **11. CONFLICT IN POLICY**

In the event of a conflict between this Policy and the extant regulations or laws (as may be amended, replaced, restated, from time to time), the relevant provisions contained in the regulations and laws on the date of the transaction shall prevail over this Policy.

#### **12. POLICY REVIEW**

The Related Party Transactions Policy of the Company shall be reviewed by the Audit Committee at least once in every three years and may propose amendments, if any to the Board of Directors of the Company for its approval.



## Annexure 4

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER /CHIEF FINANCE OFFICER**

We hereby certify that for the quarter and financial year ending March 31, 2024, 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 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.

Place: Kochi  
Date: 22.05.2024

Sd/-  
Mathews Markose  
Chief Executive Officer

Sd/-  
Ramandeep Singh  
Chief Finance Officer

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(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

Kerala 682035

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Muthoot Capital Services Limited having CIN: L67120KL1994PLC007726 having registered office At 3rd Floor, Muthoot Towers, M.G. Road Kochi, Kerala 682035 (hereinafter referred to as the “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 Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number 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 ended on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr.No.	Name of the Director	DIN	Initial date of appointment in the company
1.	Kurian Peter Arattukulam	00008022	06/04/1994
2.	Thomas George Muthoot	00011552	18/02/1994
3.	Thomas John Muthoot	00011618	18/02/1994
4.	Thomas Muthoot	00082099	18/02/1994
5.	Thomas Mathew	01277149	01/04/2019
6.	Shirley Thomas	08586100	25/11/2021
7.	Divya Abhishek	08709050	08/08/2023

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

(Peer Review Certificate No. 3693/2023)

**UDIN: F003050F000900201**

Sd/-

**CS Puzhankara Sivakumar**

**Managing Partner**

**COP: 2210, Membership No. F3050**

**Place: Kochi**

**Date: 05.08.2024**

**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, 2024, 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, 2024. 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, 2024.
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

Firm Registration No. 003990S/S200018

**Sd/-**

**Viswanadh VNSS Kuchi**

Partner

M No. 210789

**Place: Hyderabad**

**Date: 23rd May 2024**

**UDIN: 24210789BKGFFI3993**

## POLICY ON DISTRIBUTION OF DIVIDENDS

### I. About the Company

Muthoot Capital Services Limited (hereinafter the “Company” or “MCSL”) promoted by the Muthoot Pappachan Group (MPG), is a Deposit Taking Non-Banking Financial Company (“NBFC-D”) registered with Reserve Bank of India (RBI) having its equity shares listed on the BSE Limited and National Stock Exchange of India Limited and its debt instruments listed on the BSE Limited.

### II. Preface

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business and used for acquisitions, expansion, or diversification, or it can be distributed to the shareholders which is at the sole discretion of the management. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs and determine a sustainable way forward.

### III. Objective

The Dividend Distribution Policy (“the policy”) establishes the principles to ascertain the amount that can be distributed to equity shareholders as dividend by the Company as well as to enable the Company to strike a balance between pay-out and retained earnings, in order to address future needs of the Company. This Policy aims to create a framework for deciding distribution of profits generated by the Company as dividend(income) to its equity shareholders and at the same time to assure a long-term capital appreciation and wealth creation for its shareholders. The Board of Directors (hereinafter the “Board”) and the Audit Committee of the Board shall refer to the policy while declaring / recommending dividends. Through this Policy, the Company would endeavor fairness, consistency and sustainability while distributing profits to the shareholders.

This Policy emphasizes the process for recommendation / declaration of dividend and its pay-out by the Company which is in accordance with the provisions of the Companies Act, 2013 (the Companies Act) and other rules, regulations etc. as applicable to the Company and is in line with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for distribution of dividends.

### IV. Timing of Dividend Declaration

The Board of Directors may declare one or more interim dividends any time during the financial year. The Board may recommend final dividend after approval of the audited financial statements by the Board which shall be paid after approval of shareholders in the Annual General Meeting. The Board will consider Financial and Non-Financial parameters stated in the policy for declaring both interim as well as final dividend.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

### V. Financial Parameters to be Considered While Declaring Dividend

1. Financial parameter will include but is not limited to profit for the period, availability and need of liquidity in the Company, Capital to Risk Assets Ratio, Leverage ratio, Return on Assets, requirement of maintaining reserves including statutory reserves prescribed by various regulators such as Debenture Redemption Reserve, fund requirement for future expansion, etc.

2. Dividends shall generally be declared out of the Profit After Tax of the Company relating to the current financial year or out of the profits of the Company for any previous financial year or years, subject to any other regulatory provisions that may be introduced from time to time.

#### **VI. Non - Financial Parameters to be Considered While Declaring Dividend**

Non - Financial Parameters to be considered by the Board, for determining the declaration of dividend, will include but would not be limited to the following:

##### **a) Internal Factors**

- Expected business growth
- Accumulated reserves
- Quality of assets and NPA
- Cash flow position of the Company
- Profitability of the Company
- Asset-Liability Management Position
- Ability to raise or availability of Debt capital
- Future fund requirements in business
- The ratio of debt to equity (at net debt and gross debt level)
- Deployment of funds in short term marketable investments
- Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities

##### **b) External Factors**

- Macro-economic environment
- Business cycles
- Cost of external financing
- Industry outlook for the future years
- Overall retail credit growth in the economy
- Liquidity position in the economy
- Performance and Outlook of the sector that the Company currently caters to (2Wheeler and Used 4W).
- Monetary policy of Reserve Bank of India
- Changes in government policies
- Regulatory changes
- Inflation rate
- Changes in the Government policies, industry specific rulings & regulatory provisions.
- Change in tax structure applicable on dividend both for the Company as well as Shareholders

#### **VII. Circumstances Under Which the Shareholders of the Company May Not Expect Dividends**

Shareholders of the Company may not expect declaration of dividend in below mentioned circumstances.

- i) Expectation of growth opportunity in the existing business and capital is required to be conserved for meeting the opportunity.
- ii) In the event of an opportunity for acquisition and/or strategic investment in existing lines of business or new business where Company may be required to allocate capital.

- iii) In the event of requirement of working capital in business.
- iv) In the event of inadequacy of cashflow available for distribution of dividend.
- v) In the event of absence or inadequacy of profits.
- vi) In the event of unstable economy where the Company would be expected to preserve cash for meet any future contingencies.

#### **VIII. Policy Guidelines on Utilization of the Retained Earnings of the Company**

The retained earnings of the Company may be used, inter alia, for one or more of the following purposes:

- Business Growth
- Capital expenditure
- Working capital requirements
- Acquisition of businesses/entities
- Declaration of dividend
- Buyback of shares
- Issue of Bonus Shares
- Investment in new lines of business
- Repayment of debt
- Meeting contingency plans
- Correcting the capital structure; and
- Any other purpose as may be permitted by the Companies Act, 2013

#### **IX. Parameters and treatment of Various Classes of Shares at Time of Payment of Dividend**

The Company has issued only one class of equity shares and has not issued any Preference shares till date; hence there will be no differential treatment in dividend.

#### **X. Transfer of Unpaid / Unclaimed Dividend and Equity Shares to Investor Education and Protection Fund (IEPF)**

As per Section 124 (5) of the Companies Act, the dividend which remains unpaid / unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred by the Company to IEPF.

#### **XI. Review**

This Policy shall be reviewed by the Board periodically for additions, deletions, changes or alterations in the parameters, process of recommendation/declaration/ pay-out of dividend considered in the Policy. Further, the Board shall have right to modify or amend any or all of the clauses of this Policy in line with changes in regulations as applicable to the Company. In case of any change in applicable laws which make any of the clauses or provisions of this Policy inconsistent with changes then such changes will prevail over this Policy and Policy shall deemed to be amended accordingly from the date of effect of change in applicable laws.

## Independent Auditors' Report

To the Members of Muthoot Capital Services Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Muthoot Capital Services Limited ("the Company"), which comprise the balance sheet as at 31 March 2024, 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 material accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, its profit 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 the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Emphasis of matter

We draw attention to Note 52 to the Financial statements on write back of additional management overlay of ₹ 13,871.62 Lakhs and retention of balance additional management overlay of ₹ 6,150 Lakhs.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

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



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

S No.	Key audit matters	How our audit addressed the key audit matter
1	<p><b>Impairment of financial assets</b></p> <p>Ind-AS 109 (Financial Instruments) requires the Company to recognize Expected credit loss (ECL), on financial assets, which involves application of significant judgement and estimates including use of key assumptions such as probability of default, loss given default and exposure at default.</p>	<p>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.</p> <p>These procedures included, but not limited, to the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• We tested the arithmetical calculation of the workings of the expected credit losses;</li> <li>• 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;</li> <li>• 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.</li> </ul>

### **Information Other than the 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 Directors' report, Management Discussion and Analysis Report and Business Responsibility Report but does not include the financial statements and our auditors' report thereon. The Directors' report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. When we read the Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of the Management and Board of Directors for 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 state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **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)(l) 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 the Management.
- Conclude on the appropriateness of Management and Board of Directors 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 Section 143 (11) 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 except for the matter stated in the paragraph (h (vi)) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - (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 (Ind AS) specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 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) The observation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) and paragraph (h (vi)) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- (h) 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 2024 on its financial position in its financial statements - Refer Note 44 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been 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 2024; and
  - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 78.5, 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 person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries  
  
(b) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 78.5, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend 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 misstatement.
- v. The Company has not paid/declared any dividend during the financial year. Accordingly, reporting on compliance with the provisions of Section 123 of the Act is not applicable.
- vi. According to the information and explanations given to us by the Company and based on our examination which included test checks, the Company has used the accounting software for maintaining its books of account which has a feature of audit trail (edit log) facility and the same has operated throughout the year for all the relevant transactions recorded in such software, except
  - 1. Feature of audit trail (edit log) facility at database level has not been enabled.

For accounting software for which audit trail feature is enabled, the audit trail facility has been operating throughout the period for all relevant transactions recorded in the software and we did not come across any instance of audit trail feature being tampered with during the course of our audit.

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

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Viswanadh VNSS Kuchi

Partner

Membership No. 210789

UDIN: 24210789BKGFFF7171

Place of Signature: Hyderabad

Date: 23rd May 2024

## 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 2024.**

- (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, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties disclosed in the financial statements are held in the name of the Company as at Balance Sheet date.
- (d) The Company has not revalued its Property, Plant and Equipment and intangible assets during the year and hence this clause is not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the order are 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. Quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) The Company has made investments in and granted loans or advances in the nature of Loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties in respect of which,
- (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 (vii) 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, 2024, aggregating ₹ 20,503.67 Lakhs were categorised as credit impaired including interest accrued and due ("Stage 3") and ₹ 6,572.72 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 10.1 and Note 10.2 to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating

₹ 1,74,669.41 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 ₹ 11,556.51 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 ₹ 17,866.35 Lakhs including interest accrued and due. 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) Based on our audit procedures and according to the information and explanation given to us, the Company has neither given any loan, guarantees and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.
- (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.
- (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 been regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Incometax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess and any other material 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 statutory dues were in arrears, as at 31 March 2024 for a period of more than six months from the date they became payable except as given below.

Nature of the Statute	Nature of the Dues	Amount demanded (₹ In Lakhs)	Amount Paid (₹ In Lakhs)	Period to which it relates	Due date	Date of payment	Remarks, if any
Assam Professions, Trades, Callings and Employment Taxation Act, 1947	Professional Tax	0.05	Nil	April 2023 to October 2023	Last day of succeeding month	Not Paid	Due to issues w.r.t registration under Assam Professional tax
Madhya Pradesh Professional Tax Act, 1995	Professional Tax	0.04	Nil	April 2023 to October 2023	Last day of succeeding month	Not Paid	Due to issues w.r.t registration under Madhya Pradesh department
Odisha State Tax on Professions, Trades, Callings and Employments Act, 2000	Professional Tax	0.14	Nil	April 2023 to October 2023	Last day of succeeding month	Not Paid	Due to issues w.r.t registration under Odisha department
The Punjab State Development Tax Act, 2018.	Professional Tax	0.06	Nil	April 2023 to October 2023	Within 10 days of succeeding month	Not Paid	Due to issues w.r.t registration under Punjab department
The West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979	Professional Tax	0.26	Nil	April 2023 to October 2023	Within 21 days of succeeding month	Not Paid	Due to issues w.r.t registration under West Bengal department
The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Professional Tax	0.33	Nil	April 2023 to October 2023	Last day of the month	Not Paid	Issues w.r.t registration under Maharashtra. However, the PT is being paid to Kerala department



- (b) There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
- (viii) As per the information and explanations given by the management and on the basis of our examination of the records of the Company, 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 and on the basis of our examination of the records of the Company, the Company has not been declared willful defaulter by any bank or financial institution or government or government authority.
- (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 records of the Company examined by us, no funds raised on short term basis have been utilized for long term purposes.
- (e) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company taking loan from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies does not arise. 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 does not have any subsidiary, associate or joint venture and hence the question of the Company raising any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (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 45 instances of fraud amounting to ₹ 44.06 Lakhs on the Company has been noticed or reported during the year out of which ₹ 15.11 Lakhs has been recovered by the company till the date of issue of this report.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of Section 143 of the Act has been filed by secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government of India for the period covered by our audit.
- (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) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (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 required to be registered 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 conducted Non-Banking Financial 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)© 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, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- (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 no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the 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 Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in the Directors' report is expected to be made available to us after the date of this auditors' report.

(xx) Based on our audit procedures and according to the information and explanations given to us, the company is not required to spend the amount for corporate social responsibilities and Accordingly, paragraph 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Viswanadh VNSS Kuchi

Partner

Membership No. 210789

UDIN: 24210789BKGFFF7171

Place of Signature: Hyderabad

Date: 23rd May 2024

## 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**

We have audited the internal financial controls with reference to financial statements of Muthoot Capital Services Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's and Board of Directors' 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 Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 financial statements.

### **Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3)

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, 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.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

Viswanadh VNSS Kuchi

Partner

Membership No. 210789

UDIN: 24210789BKGFFF7171

Place of Signature: Hyderabad

Date: 23rd May 2024

**Balance Sheet** as at 31<sup>st</sup> March 2024

(₹ in lakhs)

Particulars	Note	As at 31-Mar-2024	As at 31-Mar-2023
<b>I. ASSETS</b>			
<b>1. Financial Assets</b>			
a. Cash and Cash Equivalents	8	<b>18,098.81</b>	50,186.88
b. Bank Balance Other than Cash and Cash Equivalents	9	<b>6,661.32</b>	7,246.83
c. Loans	10	<b>1,85,504.28</b>	1,68,070.26
d. Investments	11	<b>10,734.43</b>	4,553.80
e. Other Financial Assets	12	<b>804.63</b>	860.23
<b>2. Non - Financial Assets</b>			
a. Current Tax Assets (Net)	13	<b>2,793.67</b>	2,823.48
b. Deferred Tax Assets (Net)		<b>5,538.23</b>	9,240.42
c. Property Plant and Equipment	14	<b>214.85</b>	204.42
d. Other Intangible Assets	15	<b>386.70</b>	8.14
e. Other Non-Financial Assets	16	<b>679.91</b>	333.55
<b>TOTAL ASSETS</b>		<b>2,31,416.83</b>	<b>2,43,528.01</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>A. LIABILITIES</b>			
<b>1. Financial Liabilities</b>			
a. Payables			
<b>I. Trade Payables</b>			
i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	17	<b>1,490.48</b>	2,977.79
b. Debt Securities	18	<b>42,869.07</b>	26,061.65
c. Borrowings (Other than Debt Securities)	19	<b>1,18,753.22</b>	1,57,965.55
d. Deposits	20	<b>3,270.40</b>	3,775.35
e. Subordinated Liabilities	21	<b>1,115.88</b>	1,325.25
f. Other Financial Liabilities	22	<b>2,165.05</b>	1,826.66
<b>2. Non-Financial Liabilities</b>			
a. Provisions	23	<b>313.53</b>	372.72
b. Other Non-Financial Liabilities	24	<b>264.31</b>	297.60

**Balance Sheet** as at 31<sup>st</sup> March 2024

(₹ in lakhs)

Particulars	Note	As at 31-Mar-2024	As at 31-Mar-2023
<b>B. EQUITY</b>			
a. Equity Share Capital	25	<b>1,644.75</b>	1,644.75
b. Other Equity	26	<b>59,530.14</b>	47,280.69
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,31,416.83</b>	<b>2,43,528.01</b>

**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: 24210789BKGFFF7171  
Place: Hyderabad

Sd/-  
**Thomas John Muthoot**  
Chairman  
DIN: 00011618

Sd/-  
**Thomas George Muthoot**  
Managing Director  
DIN: 00011552

Sd/-  
**Thomas Muthoot**  
Director  
DIN: 00082099

Sd/-  
**Mathews Markose**  
Chief Executive Officer

Sd/-  
**Ramandeep Singh**  
Chief Finance Officer

Sd/-  
**Srikanth Menon**  
Company Secretary &  
Compliance Officer  
Mem No: F11743

Place: Kochi  
Date: 23<sup>rd</sup> May 2024

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2024

(₹ in lakhs)

Particulars	Note	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>I. Revenue from Operations</b>			
a. Interest Income	27	36,881.53	40,590.86
b. Dividend Income		3.13	2.56
c. Fees and Charges Income	28	2,725.42	3,309.15
d. Net Gain on Fair Value Changes	29	70.80	55.92
e. Other Operating Income	30	159.14	300.95
<b>Total Revenue from Operations</b>		<b>39,840.02</b>	<b>44,259.44</b>
<b>II. Other Income</b>	31	<b>300.76</b>	<b>41.85</b>
<b>III. Total Income (I+II)</b>		<b>40,140.78</b>	<b>44,301.29</b>
<b>IV. Expenses</b>			
a. Finance Costs	32	16,756.41	14,814.64
b. Impairment on Financial Instruments	33	752.16	1,088.72
c. Employee Benefits Expenses	34	7,997.10	7,444.08
d. Depreciation, Amortization and Impairment	35	86.42	64.92
e. Other Expenses	36	7,699.46	10,008.98
<b>Total Expenses</b>		<b>33,291.55</b>	<b>33,421.34</b>
<b>V. Profit/( Loss) Before Exceptional Items And Tax (III-IV)</b>		<b>6,849.23</b>	<b>10,879.95</b>
<b>VI. Exceptional Items: (Refer note 76)</b>			
a. Loss from ARC		4,286.97	-
b. Reversal Overlay		(13,871.62)	-
<b>VII. Profit/(Loss) Before Tax (V-VI)</b>		<b>16,433.88</b>	<b>10,879.95</b>
<b>VIII. Tax Expenses:</b>	37		
a. Current Tax		595.62	2,120.68
b. Deferred tax		3,707.69	762.66
c. Taxes relating to prior years		(135.22)	128.50
<b>Total Tax expenses</b>		<b>4,168.09</b>	<b>3,012.00</b>
<b>IX. Profit/(Loss) for the Year (VII-VIII)</b>		<b>12,265.79</b>	<b>7,867.95</b>
<b>X. Other Comprehensive Income (OCI)</b>			
<b>(A) Items that will not be reclassified to Profit or Loss</b>			
(i) Remeasurement of Defined Benefit Plans		(96.49)	(51.48)
(ii) Fair value changes on Equity Instruments through Other Comprehensive Income		74.66	(52.05)
(iii) Cost of Hedging		-	2.58
(iv) Income Tax Relating to Items that will not be reclassified to Profit or Loss		5.50	25.41
<b>Subtotal (A)</b>		<b>(16.33)</b>	<b>(75.54)</b>
<b>(B) Items that will be reclassified to Profit or Loss</b>			
(i) Cash Flow Hedging Reserve		-	-
(ii) Income Tax Relating to Items that will be reclassified to Profit or Loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Total Other Comprehensive Income (A+B)</b>		<b>(16.33)</b>	<b>(75.54)</b>



# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2024

(₹ in lakhs)

Particulars	Note	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>XI. Total Comprehensive Income for the year (IX+X)</b>		<b>12,249.46</b>	<b>7,792.41</b>
Earnings Per Equity Share (Face value of ₹ 10/- each)	38		
Basic Earnings Per Equity Share (In Rupees)		<b>74.58</b>	47.84
Diluted Earnings Per Equity Share (In Rupees)		<b>74.58</b>	47.84

**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: 24210789BKGFFF7171  
Place: Hyderabad

Sd/-  
**Thomas John Muthoot**  
Chairman  
DIN: 00011618

Sd/-  
**Thomas George Muthoot**  
Managing Director  
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Sd/-  
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**Mathews Markose**  
Chief Executive Officer

Sd/-  
**Ramandeep Singh**  
Chief Finance Officer

Sd/-  
**Srikanth Menon**  
Company Secretary &  
Compliance Officer  
Mem No: F11743

Place: Kochi  
Date: 23<sup>rd</sup> May 2024

# Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2024

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) Before Tax</b>	<b>16,433.88</b>	10,879.95
<b>Adjustments to Reconcile Profit before Tax to Net Cash Flows:</b>		
Depreciation, Amortisation & Impairment	<b>86.42</b>	64.92
Income recognised on credit impaired assets on change in accounting policy	-	3,151.92
Profit/Loss on sale of fixed assets	<b>(2.08)</b>	1.22
Dividend Income	<b>(3.13)</b>	(2.56)
Income from Investments	<b>(217.18)</b>	(206.48)
Net gain on fair value changes	<b>(50.77)</b>	(55.92)
Reversal Overlay	<b>(13,871.62)</b>	-
Impairment on Financial Instruments	<b>(10,737.04)</b>	1,249.39
Finance Cost	<b>16,756.41</b>	14,814.64
<b>Operating Profit before Working Capital Changes</b>	<b>8,394.89</b>	<b>29,897.08</b>
<b>Adjustments for Net (Increase)/Decrease in Operating Assets:</b>		
Bank Balances other than Cash and Cash Equivalents	<b>585.52</b>	(3,044.90)
Loans	<b>7,174.64</b>	(12,687.54)
Other Financial Assets	<b>55.60</b>	(43.41)
Derivative Financial Instruments	-	13.83
Other Non-Financial Assets	<b>1,882.32</b>	61.79
<b>Adjustments for Net Increase/(Decrease) in Operating Liabilities</b>		
Other Financial Liabilities	<b>338.39</b>	(902.30)
Trade Payables	<b>(1,487.33)</b>	200.03
Other Non - Financial Liabilities	<b>(33.30)</b>	(136.33)
Provisions	<b>(155.69)</b>	12.56
<b>Net changes in working capital</b>	<b>8,360.15</b>	<b>(16,526.28)</b>
<b>Cash generated from Operations before Income Tax</b>	<b>16,755.04</b>	13,370.80
Finance cost paid	<b>(14,804.77)</b>	(15,139.93)
Direct Taxes paid	<b>(2,659.27)</b>	(2,872.08)
<b>Net cash from / (used) in Operating Activities</b>	<b>(709.00)</b>	<b>(4,641.21)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(89.78)</b>	(58.78)
Increase in Intangible Asset	<b>(388.22)</b>	-
Sale of Fixed Assets	<b>4.67</b>	0.09
(Increase) / Decrease in Investment	<b>(6,055.20)</b>	(1,800.55)

# Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2024

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Interest on Investments	217.18	196.82
Dividend Income	3.13	2.56
<b>Net cash from / (used) in Investing Activities</b>	<b>(6,308.22)</b>	<b>(1,659.86)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase / (Decrease) in Borrowings other than Debt Securities	(39,295.95)	20,434.80
Net Increase / (Decrease) in Deposits	(487.60)	(2,135.25)
Net Increase / (Decrease) in Debt Securities	14,900.00	11,000.00
Net Increase / (Decrease) in Subordinated liabilities	(187.30)	(2,129.60)
<b>Net Cash Generated from Financing Activities</b>	<b>(25,070.85)</b>	<b>27,169.95</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(32,088.07)</b>	20,868.88
Opening Balance of Cash and Cash Equivalents (Refer Note 8)	50,186.88	29,318.00
<b>Closing Balance of Cash and Cash Equivalents (Refer Note 8)</b>	<b>18,098.81</b>	50,186.88

**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: 24210789BKGFFF7171  
Place: Hyderabad

Sd/-  
**Thomas John Muthoot**  
Chairman  
DIN: 00011618

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Managing Director  
DIN: 00011552

Sd/-  
**Thomas Muthoot**  
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DIN: 00082099

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**Mathews Markose**  
Chief Executive Officer

Sd/-  
**Ramandeep Singh**  
Chief Finance Officer

Sd/-  
**Srikanth Menon**  
Company Secretary &  
Compliance Officer  
Mem No: F11743

Place: Kochi  
Date: 23<sup>rd</sup> May 2024

# Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2024

## A. Equity Share Capital

Particulars	Number of Shares	(₹ in lakhs)
<b>As at 1st April, 2022</b>	<b>1,64,47,533</b>	<b>1,644.75</b>
Changes in Equity Share Capital due to prior period errors	-	-
<b>Restated balance as at 1st April, 2022</b>	<b>1,64,47,533</b>	<b>1,644.75</b>
Increase / (decrease) during the year	-	-
<b>As at 31st March, 2023</b>	<b>1,64,47,533</b>	<b>1,644.75</b>
Changes in Equity Share Capital due to prior period errors	-	-
<b>Restated balance as at 1st April, 2023</b>	<b>1,64,47,533</b>	<b>1,644.75</b>
Increase / (decrease) during the year	-	-
<b>As at 31st March, 2024</b>	<b>1,64,47,533</b>	<b>1644.75</b>

## B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Statutory Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments	Cost of Hedging	Remeasurement of Defined Benefit Plans	
<b>Balance as at 1st April, 2022</b>	<b>8,426.00</b>	<b>20,135.00</b>	<b>1,185.00</b>	<b>8,624.28</b>	<b>119.00</b>	-	-	<b>38,489.28</b>
Changes in accounting policy or prior period items	-	-	-	999.00	-	-	-	999.00
<b>Restated balance as at 1st April, 2022</b>	<b>8,426.00</b>	<b>20,135.00</b>	<b>1,185.00</b>	<b>9,623.28</b>	<b>119.00</b>	-	-	<b>39,488.28</b>
Profit/(Loss) for the Year	-	-	-	7,867.95	-	-	-	7,867.95
Other Comprehensive Income for the Year	-	-	-	-	(52.05)	2.58	(51.48)	(100.95)
Income Tax on OCI	-	-	-	-	13.10	(0.65)	12.96	25.41
Cost of Hedging transferred to Retained Earnings	-	-	-	1.93	-	(1.93)	-	-
Retirement Benefits transferred to Retained Earnings	-	-	-	(38.52)	-	-	38.52	-
Transferred to/(from)	1,560.00	-	-	(1,560.00)	-	-	-	-
<b>Total Comprehensive Income for the Year</b>	<b>1,560.00</b>	<b>-</b>	<b>-</b>	<b>6,271.36</b>	<b>(38.95)</b>	<b>-</b>	<b>-</b>	<b>7,792.41</b>
<b>Balance as at 31st March, 2023</b>	<b>9,986.00</b>	<b>20,135.00</b>	<b>1,185.00</b>	<b>15,894.64</b>	<b>80.05</b>	<b>-</b>	<b>-</b>	<b>47,280.69</b>

(₹ in lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Statutory Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments	Cost of Hedging	Remeasurement of Defined Benefit Plans	
Changes in accounting policy or prior period items	-	-	-	-	-	-	-	-
<b>Restated balance as at 1st April, 2023</b>	<b>9,986.00</b>	<b>2 0,135.00</b>	<b>1,185.00</b>	<b>15,894.64</b>	<b>80.05</b>	-	-	<b>47,280.69</b>
Profit/(Loss) for the Year	-	-	-	12,265.79	-	-	-	12,265.79
Other Comprehensive Income for the Year	-	-	-	-	74.66	-	(96.49)	(21.83)
Income Tax on OCI	-	-	-	-	(18.79)	-	24.28	5.49
Cost of Hedging transferred to Retained Earnings	-	-	-	-	-	-	-	-
Retirement Benefits transferred to Retained Earnings	-	-	-	(72.21)	-	-	72.21	-
Transferred to/(from)	2,450.00	-	-	(2,450.00)	-	-	-	-
<b>Total Comprehensive Income for the Year</b>	<b>2,450.00</b>	<b>-</b>	<b>-</b>	<b>9,743.58</b>	<b>55.87</b>	<b>-</b>	<b>-</b>	<b>12,249.45</b>
<b>Balance as at 31st March, 2024</b>	<b>12,436.00</b>	<b>20,135.00</b>	<b>1,185.00</b>	<b>25,638.22</b>	<b>135.92</b>	<b>-</b>	<b>-</b>	<b>59,530.14</b>

**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/-  
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Partner  
Membership No: 210789  
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Chief Finance Officer

Sd/-  
**Srikanth Menon**  
Company Secretary &  
Compliance Officer  
Mem No: F11743

Place: Kochi  
Date: 23<sup>rd</sup> May 2024

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2024

## 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, 2024 were approved for issue in accordance with the resolution of the Board of Directors on 23rd May, 2024.

## 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 and presented on going concern basis and at 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 material to the Company are discussed in Note 7 - Material 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. NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE COMPANY

5(i). There were certain amendments in accounting standards which were applicable from this financial year, namely:

- i. Ind AS 1 - Presentation of Financial Statements & Ind AS 34 - Interim Financial Reporting - Material accounting policy information (including focus on how an entity applied the requirements of Ind AS) shall be disclosed instead of significant accounting policies as part of financial statements.
- ii. Ind AS 107 - Financial Instruments: Disclosures - Information about the measurement basis for financial instruments shall be disclosed as part of material accounting policy information.
- iii. Ind AS 8 - Accounting policies, changes in accounting estimate and errors - Clarification on what constitutes an accounting estimate provided.
- iv. Ind AS 12 - Income Taxes - In case of a transaction which give rise to equal taxable and deductible temporary differences, the initial recognition exemption from deferred tax is no longer applicable and deferred tax liability & deferred tax asset shall be recognized on gross basis for such cases.

None of these amendments had any significant effect on the company's financial statements, except for disclosure of Material Accounting Policies instead of Significant Accounting Policies in the Financial Statements.

**5(ii) New Accounting Standards/Amendments notified but not yet effective:**

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendment to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

## 6. MATERIAL 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) Financial Liabilities**

#### **a. Initial recognition and measurement**

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

#### **b. Subsequent Measurement**

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



**(v) Derecognition of financial assets and liabilities****a. Financial Asset**

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

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

- i) It has transferred its contractual rights to receive cash flows from the financial asset or
- ii) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

**b. Financial Liability**

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

**(vi) 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.

#### **(vii) 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 Lifetime ECL for Stage 2 and Stage 3 loan assets.

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

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

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

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

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

#### **Forward Looking Information**

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

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

#### **(viii) 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 on overdue interest levied on customers for delay in repayment of contractual cash flows are both recognized on receipt basis.
- iii) Interest income on credit-impaired financial assets: The Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. Refer Note 40 on Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year.

### **6.2.2 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 basis on receipts 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.

### 6.2.3 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 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 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.

**6.5 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.

### 6.5.1 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) Cycle, Scooters	10	10
Furniture and Fittings	10	10
Office Equipment	5	5
Computer & Accessories		
i) Computer	3	3
ii) Network & Servers	6	6
Windmill Generator	22	22
Building	60	60

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.

### 6.6 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 own 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.

#### **6.7 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. MATERIAL 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 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.

## 7.3 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 behavioural life of loans given/taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments.

## 7.4 Other Estimates

These include 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 31<sup>st</sup> March, 2024

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-2024	As at 31-Mar-2023
Cash In Hand	0.15	0.09
Balances with Banks (of the nature of Cash and Cash Equivalents)	13,770.34	21,054.51
Bank Deposit with original maturity less than three months	4,328.32	29,132.28
<b>Total</b>	<b>18,098.81</b>	<b>50,186.88</b>

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-2024	As at 31-Mar-2023
<b>Balance with Banks</b>		
- Unclaimed Dividend Accounts	-	7.74
- Margin Money	108.44	103.05
- Balance in escrow account with co-lender	995.97	-
<b>Bank deposit</b>		
- Money or Security against the Borrowings, Guarantees, other Commitments. (Refer Note 9.1)	5,551.15	6,586.27
- Other Bank deposit	5.76	549.77
<b>Total</b>	<b>6,661.32</b>	<b>7,246.83</b>

9.1 Deposits offered as collateral security against securitization transactions

## 10. LOANS

(₹ in lakhs)

Particulars	As at 31-Mar-2024				As at 31-Mar-2023				
	Amortised Cost	At Fair Value			Amortised Cost	At Fair Value			
		Through OCI	Through Profit or Loss	Designated at Fair Value Through Profit or Loss		Through OCI	Through Profit or Loss	Designated at Fair Value Through Profit or Loss	
(A) i) Vehicle Loans	1,83,616.33	-	-	-	1,92,425.38	-	-	-	1,92,425.38
ii) Term Loans	6,823.03	-	-	-	10,439.88	-	-	-	10,439.88
iii) Others Loans	11,306.44	-	-	-	6,055.17	-	-	-	6,055.17
<b>Total (A) – Gross (Refer Note 10. (iii))</b>	<b>2,01,745.80</b>	-	-	-	<b>2,08,920.43</b>	-	-	-	<b>2,08,920.43</b>
Less: Impairment Loss Allowance (Refer Note 10. (ii))	16,241.52	-	-	-	40,850.17	-	-	-	40,850.17
<b>Total (A) – Net</b>	<b>1,85,504.28</b>	-	-	-	<b>1,68,070.26</b>	-	-	-	<b>1,68,070.26</b>
(B) i) Secured by Tangible Assets/ Others (Refer Note 10.(i))	2,01,718.00	-	-	-	2,08,733.88	-	-	-	2,08,733.88
ii) Unsecured	27.80	-	-	-	186.55	-	-	-	186.55
<b>Total (B) - Gross (Refer Note 10. (iii))</b>	<b>2,01,745.80</b>	-	-	-	<b>2,08,920.43</b>	-	-	-	<b>2,08,920.43</b>
Less: Impairment Loss Allowance (Refer Note 10. (ii))	16,241.52	-	-	-	40,850.17	-	-	-	40,850.17
<b>Total (B) – Net</b>	<b>1,85,504.28</b>	-	-	-	<b>1,68,070.26</b>	-	-	-	<b>1,68,070.26</b>
(c) Loans in India	-	-	-	-	-	-	-	-	-
i) Public Sector	-	-	-	-	-	-	-	-	-
ii) Others	2,01,745.80	-	-	-	2,08,920.43	-	-	-	2,08,920.43
<b>Total (C) - Gross (Refer Note 10. (iii))</b>	<b>2,01,745.80</b>	-	-	-	<b>2,08,920.43</b>	-	-	-	<b>2,08,920.43</b>
Less: Impairment Loss Allowance (Refer Note 10 (ii))	16,241.52	-	-	-	40,850.17	-	-	-	40,850.17
<b>Total (C) - Net</b>	<b>1,85,504.28</b>	-	-	-	<b>1,68,070.26</b>	-	-	-	<b>1,68,070.26</b>

10(i) Includes loans secured against receivables of borrowers. Refer Note 48.2.9 Quantitative information of Collateral.

10(ii) Includes an additional management overlay provision of ₹ 6,150 lakhs over and above the provision required and made as on 31st March 2024 (31st March 2023 - ₹ 21,082.62 Lakhs).

10(iii) Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year

### 10.1 Credit quality of Financial Loans

The company has a comprehensive framework for reviewing 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 loans measured at amortised cost based on days past due information. The amount represents gross carrying amount.

(₹ in lakhs)

Particulars	As at 31-Mar-2024					As at 31-Mar-2023				
	Collective			POCI*	Total	Collective			POCI*	Total
	Stage 1	Stage 2	Stage 3**			Stage 1	Stage 2	Stage 3**		
<b>Neither Past due nor impaired (0 days Past due)</b>	<b>1,63,112.90</b>	-	-	-	<b>1,63,112.90</b>	1,36,344.59	-	-	-	1,36,344.59
<b>Past due not impaired</b>										
Upto 30 days past due	11,556.51	-	-	-	11,556.51	16,555.21	-	-	-	16,555.21
31 to 90 days past due	-	6,572.72	-	-	6,572.72	-	9,671.58	-	-	9,671.58
<b>Impaired more than 90 Days</b>	-	-	20,503.67	-	20,503.67	-	-	46,349.05	-	46,349.05
<b>Total</b>	<b>1,74,669.41</b>	<b>6,572.72</b>	<b>20,503.67</b>	-	<b>2,01,745.80</b>	<b>1,52,899.80</b>	<b>9,671.58</b>	<b>46,349.05</b>	-	<b>2,08,920.43</b>

\* Purchased or Originated Credit Impaired.

\*\* Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year. The amount consists of Gross NPA amounting to ₹ 18,846.90 (31st March 2023 - ₹ 43,119.63 Lakhs) and interest accrued and due of ₹ 1,656.77 Lakhs (31st March 2023 - ₹ 3,229.42 Lakhs).

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

(₹ in lakhs)

Particulars	As at 31-Mar-2024					As at 31-Mar-2023				
	Collective			POCI*	Total	Collective			POCI*	Total
	Stage 1	Stage 2	Stage 3**			Stage 1	Stage 2	Stage 3**		
<b>Gross Carrying amount Opening Balance</b>	<b>1,52,899.80</b>	<b>9,671.58</b>	<b>46,349.05</b>	-	<b>2,08,920.43</b>	1,36,103.88	14,556.25	56,289.25	-	2,06,949.38
New Assets Originated or Purchased	1,24,623.03	1,642.97	656.14	-	1,26,922.14	1,07,066.01	3,400.81	2,688.72	-	1,13,155.54
Assets derecognised on payment/recovery through disposal of repossessed asset	(94,272.58)	(5,296.12)	(11,019.05)	-	(1,10,587.75)	(77,845.10)	(8,903.31)	(20,682.37)	-	(1,07,430.78)
Transfers to Stage 1	557.81	(423.23)	(134.58)	-	-	537.40	(369.92)	(167.48)	-	-
Transfers to Stage 2	(4,157.12)	4,225.09	(67.97)	-	-	(5,319.36)	5,378.80	(59.44)	-	-
Transfers to Stage 3	(4,981.53)	(3,247.57)	8,229.10	-	-	(7,643.03)	(4,391.05)	12,034.08	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-	-	-
Assets written off	-	-	-	-	-	-	-	(3,753.71)	-	(3,753.71)
Transfer of loans to asset reconstruction company	-	-	(23,509.02)	-	(23,509.02)	-	-	-	-	-
<b>Gross Carrying amount Closing Balance</b>	<b>1,74,669.41</b>	<b>6,572.72</b>	<b>20,503.67</b>	-	<b>2,01,745.80</b>	<b>1,52,899.80</b>	<b>9,671.58</b>	<b>46,349.05</b>	-	<b>2,08,920.43</b>

\* Purchased or Originated Credit Impaired.

\*\* Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year. The amount consists of Gross NPA amounting to ₹ 18,846.90 (31st March 2023 - ₹ 43,119.63 Lakhs) and interest accrued and due of ₹ 1,656.77 Lakhs (31st March 2023 - ₹ 3,229.42 Lakhs).

## 10.3 Reconciliation of ECL balance is given below

(₹ in lakhs)

Particulars	As at 31-Mar-2024					As at 31-Mar-2023				
	Stage 1	Stage 2	Stage 3**	POCI*	Total	Stage 1	Stage 2	Stage 3**	POCI*	Total
<b>ECL Allowance - Opening Balance</b>	<b>1,304.63</b>	<b>833.51</b>	<b>38,712.03</b>	-	<b>40,850.17</b>	1,680.12	1,465.10	43,888.00	-	47,033.22
New Assets Originated or Purchased	964.97	97.57	462.43	-	1,524.97	769.14	252.66	1,613.25	-	2,635.05
Assets derecognised on payment/recovery through disposal of repossessed asset	(774.59)	(431.34)	(8,096.07)	-	(9,302.00)	(875.76)	(889.87)	(16,178.78)	-	(17,944.41)
Transfers to Stage 1	153.94	(35.01)	(118.93)	-	-	176.46	(37.01)	(139.45)	-	-
Transfers to Stage 2	(39.57)	99.86	(60.29)	-	-	(66.86)	116.04	(49.18)	-	-
Transfers to Stage 3	(50.31)	(288.06)	338.37	-	-	(94.77)	(432.36)	527.13	-	-
Impact on year end ECL of exposures transferred between stages during the year	(141.65)	298.69	5,540.76	-	5,697.80	(176.84)	368.09	10,273.69	-	10,464.94
Impact of changes in credit risk of assets	101.45	11.04	(13,152.43)	-	(13,039.94)	(106.86)	(9.14)	2,293.48	-	2,177.48
Assets written off	-	-	-	-	-	-	-	(3,516.11)	-	(3,516.11)
Transfer of loans to asset reconstruction company	-	-	(9,489.48)	-	(9,489.48)	-	-	-	-	-
<b>ECL allowance - Closing Balance (Refer Note 10.3 (ii))</b>	<b>1,518.87</b>	<b>586.26</b>	<b>14,136.39</b>	-	<b>16,241.52</b>	1,304.63	833.51	38,712.03	-	40,850.17

\* Purchased or Originated Credit Impaired.

\*\* Includes an additional management overlay provision of ₹ 6,150 lakhs over and above the provision required and made as on 31st March 2024 (31st March 2023 - ₹ 21,082.62 Lakhs).

## 10.4 Details of impairment of financial instruments disclosed in the Statement of Profit and Loss

(₹ in lakhs)

Particulars	31-Mar-2024	31-Mar-2023
(i) Net impairment loss allowance charge/(release) for the year	(1,247.55)	(6,398.17)
(ii) Reversal of Additional Management overlay (As disclosed in exceptional items)	(13,871.62)	-
(iii) Amounts written off during the year	469.99	4,210.38
(iv) Loss on sale of assets	1,584.63	3,193.61
<b>Impairment on loans</b>	<b>(13,064.55)</b>	1,005.82
Add: Impairment on other assets	(54.91)	82.90
<b>Impairment on financial instruments</b>	<b>(13,119.46)</b>	1,088.72

The same does not include loss on ARC as this is considered as Net loss on derecognition of financial assets under amortised cost category and not impairment of financial instruments.

(₹ in lakhs)

**11. INVESTMENTS**

Particulars	As at 31-Mar-2024						As at 31-Mar-2023							
	At Fair Value						At Fair Value							
	Amortised Cost	Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Sub Total	Others	Total	Amortised Cost	Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Sub Total	Others	Total
i) Government Securities	1,148.88	-	-	-	-	-	1,148.88	1,148.84	-	-	-	-	-	1,148.84
ii) Debt Securities	-	-	-	-	-	-	-	-	82.21	-	-	82.21	-	82.21
iii) Equity Instruments	-	271.50	-	-	271.50	-	271.50	-	196.84	-	-	196.84	-	196.84
iv) Investments on own Securitised Pass-through certificate	2,882.67	-	-	-	-	-	2,882.67	3,007.40	-	-	-	-	-	3,007.40
v) Investments on Security Receipts	-	-	6,306.79	-	6,306.79	-	6,306.79	-	-	-	-	-	-	-
vi) Other (Alternate Investment Fund)	-	-	124.59	-	124.59	-	124.59	-	-	118.51	-	118.51	-	118.51
<b>Total Gross (A)</b>	<b>4,031.55</b>	<b>271.50</b>	<b>6,431.38</b>	<b>-</b>	<b>6,702.88</b>	<b>-</b>	<b>10,734.43</b>	<b>4,156.24</b>	<b>196.84</b>	<b>200.72</b>	<b>-</b>	<b>397.56</b>	<b>-</b>	<b>4,553.80</b>
i) Investments Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	4,031.55	271.50	6,431.38	-	6,702.88	-	10,734.43	4,156.24	196.84	200.72	-	397.56	-	4,553.80
<b>Total Gross (B)</b>	<b>4,031.55</b>	<b>271.50</b>	<b>6,431.38</b>	<b>-</b>	<b>6,702.88</b>	<b>-</b>	<b>10,734.43</b>	<b>4,156.24</b>	<b>196.84</b>	<b>200.72</b>	<b>-</b>	<b>397.56</b>	<b>-</b>	<b>4,553.80</b>
Less: Allowance for impairment Loss (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total - Net D=(A)-(C)</b>	<b>4,031.55</b>	<b>271.50</b>	<b>6,431.38</b>	<b>-</b>	<b>6,702.88</b>	<b>-</b>	<b>10,734.43</b>	<b>4,156.24</b>	<b>196.84</b>	<b>200.72</b>	<b>-</b>	<b>397.56</b>	<b>-</b>	<b>4,553.80</b>

**11.1** The Company received dividends of ₹ 3.13 lakhs (March 2023 ₹ 2.56 Lakhs) from its FVOCI securities, recorded as dividend income.

**12. OTHER FINANCIAL ASSETS**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Security Deposit (unsecured, considered good) (Refer Note 12.1)	141.79	123.36
<b>Other Financial Asset :</b>		
- unsecured, considered good (Refer Note 12.2 & 12.3)	662.84	736.87
- unsecured, considered doubtful	239.63	244.23
- provision provided for doubtful asset	(239.63)	(244.23)
Excess Interest Spread/Service asset receivable on assignment transaction (Net of ECL provision) (Refer Note 12.4 & 12.5)	-	-
<b>Total</b>	<b>804.63</b>	<b>860.23</b>

12.1 Includes security deposits with related parties ₹ 63.04 lakhs (31st March, 2023 ₹ 63.04 lakhs)

12.2 Includes receivables from related parties ₹ 18.31 lakhs (31st March, 2023 ₹ 16.44 lakhs)

12.3 Includes balance in bank account with Muthoot Pappachan Foundation ₹ 4.35 Lakhs (31st March 2023 ₹ 1.56 lakhs)

12.4 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-2024	As at 31-Mar-2023
Gross Carrying amount - Opening Balance	427.84	430.00
Addition during the year	-	-
Deletion during the year	(50.32)	(2.16)
<b>Gross Carrying amount - Closing Balance</b>	<b>377.52</b>	<b>427.84</b>

12.5 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-2024	As at 31-Mar-2023
ECL Allowance - Opening Balance	427.84	345.00
Addition during the year	-	82.84
Reversal during the year	(50.32)	-
<b>ECL Allowance - Closing Balance</b>	<b>377.52</b>	<b>427.84</b>

**13. CURRENT TAX ASSETS (NET)**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Income Tax receivable (Net of provisions)	2,793.67	2,823.48
<b>Total</b>	<b>2,793.67</b>	<b>2,823.48</b>

## 14. PROPERTY, PLANT &amp; EQUIPMENT

(₹ in lakhs)

Particulars	Furniture & Fixtures	Computer	Vehicles Car	Windmill	Office Equipment	Building	Total
<b>Gross block As at 1st April, 2022</b>	<b>141.00</b>	<b>100.00</b>	<b>272.00</b>	<b>4.00</b>	<b>44.00</b>	-	<b>561.00</b>
Additions	0.79	8.81	-	-	49.30	25.01	83.91
Disposal	0.92	35.69	-	-	6.91	-	43.52
<b>As at 31st March, 2023</b>	<b>140.87</b>	<b>73.12</b>	<b>272.00</b>	<b>4.00</b>	<b>86.39</b>	<b>25.01</b>	<b>601.39</b>
Additions	23.79	55.52	0.38	-	10.09	-	89.78
Disposal	0.34	-	8.92	-	21.64	-	30.90
<b>As at 31st March, 2024</b>	<b>164.32</b>	<b>128.64</b>	<b>263.46</b>	<b>4.00</b>	<b>74.84</b>	<b>25.01</b>	<b>660.27</b>
<b>Accumulated Depreciation and Impairment</b>							-
<b>As at 1st April, 2022</b>	<b>91.00</b>	<b>74.00</b>	<b>185.00</b>	-	<b>29.00</b>	-	<b>379.00</b>
Charge for the Year	12.62	9.65	26.95	-	9.79	0.42	59.43
Disposals	0.87	34.24	-	-	6.35	-	41.46
<b>As at 31st March, 2023</b>	<b>102.75</b>	<b>49.41</b>	<b>211.95</b>	-	<b>32.44</b>	<b>0.42</b>	<b>396.97</b>
Charge for the Year	9.87	22.24	18.73	-	24.01	1.91	76.76
Disposals	0.32	-	8.48	-	19.51	-	28.31
<b>As at 31st March, 2024</b>	<b>112.30</b>	<b>71.65</b>	<b>222.20</b>	-	<b>36.94</b>	<b>2.33</b>	<b>445.42</b>
<b>Net Carrying Amount as at 31st March, 2023</b>	<b>38.12</b>	<b>23.71</b>	<b>60.05</b>	<b>4.00</b>	<b>53.95</b>	<b>24.59</b>	<b>204.42</b>
<b>Net Carrying Amount as at 31st March, 2024</b>	<b>52.02</b>	<b>56.99</b>	<b>41.26</b>	<b>4.00</b>	<b>37.90</b>	<b>22.68</b>	<b>214.85</b>

## 15. OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer Software	Total
<b>Gross Block As at 1st April, 2022</b>	<b>119.00</b>	<b>119.00</b>
Additions	-	-
Disposals	-	-
<b>As at 31st March, 2023</b>	<b>119.00</b>	<b>119.00</b>
Additions	388.22	388.22
Disposals	-	-
<b>As at 31st March, 2024</b>	<b>507.22</b>	<b>507.22</b>
<b>Accumulated Amortisation and Impairment as at 1st April 2022</b>	<b>105.00</b>	<b>105.00</b>
Charge for the year	5.49	5.49
Disposals	-	-
<b>As at 31st March, 2023</b>	<b>110.49</b>	<b>110.49</b>
Charge for the year	9.66	9.66
Disposals	-	-
<b>As at 31st March, 2024</b>	<b>120.15</b>	<b>120.15</b>
<b>Net carrying amount as at 31st March, 2023</b>	<b>8.14</b>	<b>8.14</b>
<b>Net carrying amount as at 31st March, 2024</b>	<b>386.70</b>	<b>386.70</b>



**16. OTHER NON-FINANCIAL ASSETS**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Balance with Government Authorities	391.12	176.78
Prepaid Expenses	251.54	141.47
Stock of Stationery and Promotional item	37.25	15.30
<b>Total</b>	<b>679.91</b>	<b>333.55</b>

**17. TRADE PAYABLES**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 17.1)	-	-
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises (Refer Note 17.2)	1,490.48	2,977.79
<b>Total</b>	<b>1,490.48</b>	<b>2,977.79</b>

**Trade payable ageing schedule as at 31<sup>st</sup> March, 2024**

(₹ 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) Undisputed - MSME	-	-	-	-	-	-
(ii) Undisputed - Others	376.49	1,063.61	21.61	14.13	14.64	1,490.48
(iii) Disputed Dues -MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

**Trade payable ageing schedule as at 31<sup>st</sup> March, 2023**

(₹ 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) Undisputed - MSME	-	-	-	-	-	-
(ii) Undisputed - Others	31.23	2,673.35	239.24	8.64	25.33	2,977.79
(iii) Disputed Dues -MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

**17.1 Amount Payable to Micro, Small and Medium Enterprises**

Company has not identified any 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.

**17.2 Trade payable includes amounts payable to related parties amounting to ₹ 96.61 lakhs. (31st March 2023 ₹ 87.09 lakhs)**

## 18. DEBT SECURITIES

(₹ in lakhs)

Particulars	As at 31-Mar-2024				As at 31-Mar-2023			
	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	42,869.07	-	-	42,869.07	26,061.65	-	-	26,061.65
<b>Total</b>	<b>42,869.07</b>	<b>-</b>	<b>-</b>	<b>42,869.07</b>	<b>26,061.65</b>	<b>-</b>	<b>-</b>	<b>26,061.65</b>
Debt Securities in India	42,869.07	-	-	42,869.07	26,061.65	-	-	26,061.65
Debt Securities outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>42,869.07</b>	<b>-</b>	<b>-</b>	<b>42,869.07</b>	<b>26,061.65</b>	<b>-</b>	<b>-</b>	<b>26,061.65</b>

## 18.1 Privately placed redeemable debentures-Terms of Repayment

(₹ in lakhs)

Redeemable at par from the date of Balance sheet	Non Convertible Debenture		Principal Protected Market Linked Debentures	
	As at 31st March, 2024	As at 31st March, 2023	As at 31st March, 2024	As at 31st March, 2023
24-36 months	15,000.00	-	-	3,500.00
12-24 months	2,450.00	3,500.00	3,500.00	12,000.00
Upto 12 months	5,950.00	5,000.00	14,000.00	2,000.00
Interest Accrued	24.64	97.39	2,584.03	680.04
Impact of EIR	(361.56)	(56.57)	(278.04)	(659.21)
<b>Total</b>	<b>23,063.08</b>	<b>8,540.82</b>	<b>19,805.99</b>	<b>17,520.83</b>

18.1 (i) Interest range for Non Convertible Debenture: Interest Rate range from 10.00% to 10.40% as at 31st March 2024 (As at 31st March 2023, 10.07% to 10.40%)

18.1 (ii) Interest range for Principal Protected Market Linked debenture-Interest Rate range from 10.20% to 10.35% as at 31st March 2024 (As at 31st March 2023, 10.20% to 10.35%)

18.1 (iii) The Non-Convertible Debentures are secured by charge on receivables of the Company.

**18.2.1 The principal portion of outstanding Secured Redeemable Non-Convertible Listed Debenture privately placed stood at ₹ 40,900 lakhs as on 31<sup>st</sup> March 2024.**

(₹ in lakhs)

Particulars	Listed/ Unlisted	Date of Allotment	Amount as at 31st March, 2024	Redemption period from the date of allotment	Interest Rate
Principal Protected Market Linked Debenture - 1**	Listed	06th Oct 2022	10,000.00	2 Years	10.20%
Principal Protected Market Linked Debenture - 2, Tranche 1**	Listed	07th Jan 2023	2,000.00	1 Year 90 days	10.35%
Principal Protected Market Linked Debenture - 2, Tranche 2**	Listed	07th Jan 2023	2,000.00	2 Years	10.35%
Principal Protected Market Linked Debenture - 2, Tranche 3**	Listed	07th Jan 2023	3,500.00	3 Years	10.35%
Non-convertible Debenture -1*	Listed	08th Mar 2023	3,500.00	1 Year 85 days	10.40%
Non-convertible Debenture -2*	Listed	19th Jun 2023	4,900.00	1 Year 347days	10.30%
Non-convertible Debenture -3*	Listed	28th Dec 2023	10,000.00	3 Years	10.00%
Non-convertible Debenture -4*	Listed	19th Mar 2024	5,000.00	3 Years	10.00%

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

\*\*Interest is payable on bullet repayment basis as per the terms of sanction.

**18.2.2 The principal portion of outstanding Secured Redeemable Non-Convertible Listed Debenture privately placed stood at ₹ 26,000 lakhs as on 31<sup>st</sup> March 2023.**

(₹ in lakhs)

Particulars	Listed/ Unlisted	Date of Allotment	Amount as at 31st March, 2023	Redemption period from the date of allotment	Interest Rate
Principal Protected Market Linked Debenture - 1**	Listed	06th Oct 2022	10,000.00	2 Years	10.20%
Principal Protected Market Linked Debenture - 2, Tranche 1**	Listed	07th Jan 2023	2,000.00	1 Year 90 days	10.35%
Principal Protected Market Linked Debenture - 2, Tranche 2**	Listed	07th Jan 2023	2,000.00	2 Years	10.35%
Principal Protected Market Linked Debenture - 2, Tranche 3**	Listed	07th Jan 2023	3,500.00	3 Years	10.35%
Non-convertible Debenture -1*	Listed	08th Mar 2023	3,500.00	1 Year 85 days	10.40%
Non-convertible Debenture -2***	Listed	25h Jun 2020	5,000.00	2 Years 300 days	10.07%

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

\*\*Interest is payable on bullet repayment basis as per the terms of sanction.

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

**18.3** All the secured non-convertible debentures of the Company including those issued during the year ended 31<sup>st</sup> March 2024 are fully secured by pari-passu charge on present and/or future receivables under Loan contracts/Hire Purchase/Lease, owned Assets and book debts. Further, the Company in respect of secured listed nonconvertible debt securities maintains 100% security cover or higher security cover as per the terms of Term Sheet/Offer document/Information Memorandum and/or Debenture Trust Deed, sufficient to discharge the principal amount and the interest thereon. The asset cover available as on 31st March 2024 in respect of listed secured debt securities is 1.41 (March 2023 1.28).

## 19. BORROWINGS (Other than Debt Securities)

(₹ in lakhs)

Particulars	As at 31-Mar-2024				As at 31-Mar-2023			
	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
<b>Secured-Term Loans</b>								
From Banks	15,596.99	-	-	15,596.99	17,957.66	-	-	17,957.66
From Financial Institutions/ Corporates	7,206.64	-	-	7,206.64	4,120.90	-	-	4,120.90
<b>Secured-Loans from Others</b>								
From Securitisation	24,355.24	-	-	24,355.24	47,817.99	-	-	47,817.99
<b>Secured-Demand Loans</b>								
From Banks	63,055.68	-	-	63,055.68	87,390.50	-	-	87,390.50
<b>Unsecured Loans from Others</b>								
Commercial paper	7,860.17	-	-	7,860.17	-	-	-	-
From Directors	678.50	-	-	678.50	678.50	-	-	678.50
<b>Total</b>	<b>1,18,753.22</b>	<b>-</b>	<b>-</b>	<b>1,18,753.22</b>	<b>1,57,965.55</b>	<b>-</b>	<b>-</b>	<b>1,57,965.55</b>
Borrowings in India	1,18,753.22	-	-	1,18,753.22	1,57,965.55	-	-	1,57,965.55
Borrowings Outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,18,753.22</b>	<b>-</b>	<b>-</b>	<b>1,18,753.22</b>	<b>1,57,965.55</b>	<b>-</b>	<b>-</b>	<b>1,57,965.55</b>

## 19.1 Secured Term Loan from Banks

## 19.1 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
24-36 Months	9.8% to 10.00%	Monthly Frequency	1,474.95
12-24 Months	10.5%	Quarterly Frequency	500.00
12-24 Months	9.8% to 11.50%	Monthly Frequency	4,897.99
Upto 12 Months	9.8% to 11.50%	Monthly Frequency	5,961.71
Upto 12 Months	10.5% to 10.75%	Quarterly Frequency	2,893.75
Interest Accrued			29.46
Impact of EIR			(160.87)
<b>Total</b>			<b>15,596.99</b>

19.1 (ii) 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.

19.1 (iii) Interest is payable on monthly basis as per the terms of sanction

## 19.1 (iv) Secured Term Loan from Banks- Terms of Repayment as at 31st March, 2023

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
24-36 Months	10.60%	Monthly Frequency	1,500.00
24-36 Months	9.95%	Quarterly Frequency	500.00
12-24 Months	10.60%	Monthly Frequency	2,000.00
12-24 Months	9.4% to 9.95%	Quarterly Frequency	2,893.75
Upto 12 Months	9.45% to 10.6%	Monthly Frequency	4,958.24
Upto 12 Months	9.4% to 9.95%	Quarterly Frequency	6,180.96
Interest Accrued			56.79
Impact of EIR			(132.08)
<b>Total</b>			<b>17,957.66</b>

19.1 (v) 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.

19.1. (vi) Interest is payable on monthly basis as per the terms of sanction

## 19.2 Secured Term Loans from Financial Institutions/Corporates

## 19.2 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	9.80% to 9.90%	Monthly Frequency	4,108.91
12-24 Months	9.80% to 9.90%	Monthly Frequency	3,162.85
Interest Accrued			23.67
Impact of EIR			(88.79)
<b>Total</b>			<b>7,206.64</b>

19.2 (ii) 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.

19.2 (iii) Interest is payable on monthly basis as per the terms of sanctions

## 19.2 (iv) Terms of Repayment as at 31st March, 2023

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	10.40%	Monthly Frequency	4,150.26
Interest Accrued			28.73
Impact of EIR			(58.09)
<b>Total</b>			<b>4,120.90</b>

19.2 (v) 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.

19.2 (vi) Interest is payable on monthly basis as per the terms of sanctions.

### 19.3 Secured Term Loan from Securitisation transaction.

19.3 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	8.20% -10.00%	Monthly Frequency	4,864.70
Upto 12 months	8.20% -10.00%	Monthly Frequency	19,564.76
Interest Accrued			81.67
Impact of EIR			(155.89)
<b>Total</b>			<b>24,355.24</b>

19.3 (ii) Secured by assignment of underlying receivables relating to the securitisation transaction and credit enhancement offered by the Company by way of overcollateralization amounting to ₹ 5,601.33 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.

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

19.3 (iv) Terms of Repayment as at 31st March, 2023

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
More than 24 Months	8.20% - 10.00%	Monthly Frequency	25.51
12-24 Months	8.20% - 10.00%	Monthly Frequency	10,413.40
Upto 12 months	8.20% - 10.00%	Monthly Frequency	37,597.41
Interest Accrued			133.99
Impact of EIR			(352.32)
<b>Total</b>			<b>47,817.99</b>

19.3 (v) Secured by assignment of underlying receivables relating to the securitisation transaction and credit enhancement offered by the Company by way of overcollateralization amounting to ₹ 7,049.81 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.

19.3 (vi) Interest is payable on monthly basis as per the terms of agreement

### 19.4 Secured Demand Loan from Banks

19.4 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	9.10% to 11.05%	On Maturity	63,093.85
Interest accrued			115.21
Impact of EIR			(153.38)
<b>Total</b>			<b>63,055.68</b>

19.4 (ii) 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

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

19.4 (iv) Terms of Repayment as at 31st March, 2023

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	8.85% to 11.45%	On Maturity	87,460.06
Interest accrued			167.04
Impact of EIR			(236.60)
<b>Total</b>			<b>87,390.50</b>

19.4 (v) 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

19.4 (vi) Interest is payable on monthly basis as per the terms of sanction.

#### 19.5 Unsecured Loan from Others - Commercial Paper

19.5 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	8.5% to 9.10%	On Maturity	8,000.00
Discount			(139.83)
<b>Total</b>			<b>7,860.17</b>

19.5. (ii) Interest is payable on redemption as applicable as per the terms of agreement

#### 19.6 Unsecured Loan from Others- from Directors

19.6 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	10.85%	On Maturity	678.50
<b>Total</b>			<b>678.50</b>

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

19.6 (iii) Terms of Repayment as at 31st March, 2023

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 months	11.00%	On Maturity	678.50
<b>Total</b>			<b>678.50</b>

19.6 (iv) Interest is payable on monthly basis as applicable as per the terms of agreement

## 20. DEPOSITS

(₹ in lakhs)

Particulars	As at 31-Mar-2024				As at 31-Mar-2023			
	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
<b>Deposits</b>								
Public Deposits (Refer Note 20.(I) & (ii))	3,270.40	-	-	3,270.40	3,775.35	-	-	3,775.35
From Others	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,270.40</b>	<b>-</b>	<b>-</b>	<b>3,270.40</b>	<b>3,775.35</b>	<b>-</b>	<b>-</b>	<b>3,775.35</b>

20.(i) Public Deposit includes ₹ 101.58 lakhs (31st March, 2023 ₹ 100.25 lakhs) taken from related parties

20.(ii) Refer Note 53 regarding security particulars on public deposit.

## 20.1 Deposits from Public – Unsecured

20.1 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	As at 31st March 2024		As at 31st March 2023	
	Rate of Interest	Total	Rate of Interest	Total
	< = 9%		< = 9%	
48-60 Months	162.03	162.03	315.78	315.78
36-48 Months	256.63	256.63	599.42	599.42
24-36 Months	732.62	732.62	487.93	487.93
12-24 Months (Refer Not 20.1.(i))	792.29	792.29	456.04	456.04
Upto 12 Months	1,137.68	1,137.68	1,709.68	1,709.68
Interest Accrued	189.15	189.15	206.50	206.50
<b>Total</b>	<b>3,270.40</b>	<b>3,270.40</b>	<b>3,775.35</b>	<b>3,775.35</b>

20.1 (i) Includes ₹ 101.58 lakhs (31st March, 2023 ₹ 100.25 lakhs) received from related parties

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

## 21. SUBORDINATED LIABILITIES

(₹ in lakhs)

Particulars	As at 31-Mar-2024				As at 31-Mar-2023			
	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	1,115.88	-	-	1,115.88	1,325.25	-	-	1,325.25
<b>Total</b>	<b>1,115.88</b>	<b>-</b>	<b>-</b>	<b>1,115.88</b>	<b>1,325.25</b>	<b>-</b>	<b>-</b>	<b>1,325.25</b>
Subordinated Debts in India	1,115.88	-	-	1,115.88	1,325.25	-	-	1,325.25
Subordinated Debts Outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,115.88</b>	<b>-</b>	<b>-</b>	<b>1,115.88</b>	<b>1,325.25</b>	<b>-</b>	<b>-</b>	<b>1,325.25</b>



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

21.1 (i) Terms of Repayment as at 31st March, 2024

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	As at 31st March 2024			As at 31st March 2023		
	Rate of Interest		Total	Rate of Interest		Total
	< = 9%	> 9% < = 12%		< = 9%	> 9% < = 12%	
Over 60 Months	52.75	-	52.75	52.75	-	52.75
48-60 Months	-	-	-	25.30	0.25	25.55
36-48 Months	25.30	0.25	25.55	6.75	34.59	41.34
24-36 Months	6.75	34.59	41.34	20.35	2.25	22.60
12-24 Months	20.35	2.25	22.60	11.00	482.93	493.93
Upto 12 Months	11.00	482.93	493.93	33.50	153.80	187.30
Interest Accrued	16.98	462.73	479.71	10.31	491.47	501.78
<b>Total</b>	<b>133.13</b>	<b>982.75</b>	<b>1,115.88</b>	159.96	1,165.29	1,325.25

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

## 22. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Unpaid Dividend	-	7.74
Unpaid (Unclaimed) Matured Deposits	110.38	146.83
Unpaid (Unclaimed) Matured Subordinated Debts	22.08	28.53
Unpaid (Unclaimed) Matured Debentures	1.06	2.70
Direct Assignment Portfolio Collection Payable	7.68	22.47
Collection Payable Collection Agency Security Deposit	353.26	363.23
Collection Payable to Asset Reconstruction Company	540.82	-
Installment Received In Advance from Hypothecation Loan Customers	568.99	679.24
CSR Expense Payable (Refer Note 22.1)	2.03	35.30
Employee Benefits Payable	450.71	294.07
Others	108.04	246.55
<b>Total</b>	<b>2,165.05</b>	1,826.66

## 22.1 The movement in Unspent expenditure on Corporate Social Responsibility

(₹ in lakhs)

Particulars	Unspent expenditure on Corporate Social Responsibility
	Total
<b>As at April 01, 2022</b>	<b>49.00</b>
Additions	-
Reversed	-
Utilised	13.70
<b>As at March 31, 2023</b>	<b>35.30</b>
Additions	-
Reversed	-
Utilised	35.30
<b>As at March 31, 2024</b>	<b>-</b>

22.1 (i) Company does not have applicabilty for CSR during the FY 23-24. As a result, payable on account of CSR of ₹ 2.03 Lakhs (voluntary) is not shown as unspent expenditure.

## 23. PROVISIONS

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>For Employee Benefits</b>		
For Gratuity (Refer Note 41)	151.44	63.84
For Accumulated Compensated Absences (Refer Note 41)	122.00	101.39
For Disputed dues	-	36.00
<b>For Others</b>	<b>40.09</b>	<b>171.49</b>
<b>Total</b>	<b>313.53</b>	<b>372.72</b>

## 24. OTHER NON-FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Statutory Dues Payable	263.37	294.29
Others	0.94	3.31
<b>Total</b>	<b>264.31</b>	<b>297.60</b>

## 25. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>Authorised Share Capital</b> 2,50,00,000 (2,50,00,000) Equity shares of ₹ 10/- each	<b>2,500.00</b>	2,500.00
<b>Issued Share Capital</b> 1,64,47,533 (1,64,47,533) Equity shares of ₹ 10/- each	<b>1,644.75</b>	1,644.75
<b>Subscribed Share Capital</b> 1,64,47,533 (1,64,47,533) Equity shares of ₹ 10/- each	<b>1,644.75</b>	1,644.75
<b>Paid Up (Fully Paid Up)</b> 1,64,47,533 (1,64,47,533) Equity shares of ₹ 10/- each	<b>1,644.75</b>	1,644.75
<b>Total Equity</b>	<b>1,644.75</b>	1,644.75

## 25.1 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
<b>As at 1st April, 2022</b>	<b>1,64,47,533</b>	<b>1,644.75</b>
Issued During the Year	-	-
<b>As at 31st March, 2023</b>	<b>1,64,47,533</b>	<b>1,644.75</b>
Issued During the Year	-	-
<b>As at 31st March, 2024</b>	<b>1,64,47,533</b>	<b>1,644.75</b>

## 25.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 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

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

Name of the Shareholder	As at 31-Mar-2024		As at 31-Mar-2023	
	No. of Shares held in 1,000s	% Holding in the Class	No. of Shares held in 1,000s	% Holding in the Class
<b>Equity Shares</b>				
Thomas John Muthoot	<b>3,152.96</b>	<b>19.17</b>	3,152.96	19.17
Thomas George Muthoot	<b>3,133.48</b>	<b>19.05</b>	3,133.48	19.05
Thomas Muthoot	<b>3,076.62</b>	<b>18.71</b>	3,076.62	18.71

- 25.3** (i) 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.
- 25.3** (ii) Refer Note 46 - Capital for the company's objectives, policies and processes for managing capital
- 25.3** (iii) For the period of five years immediately preceding the date at which Balance Sheet is prepared
- Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil.
  - Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
  - Aggregate Number and class of shares bought back - Nil

**25.4 Disclosure of shareholding of promoters and percentage of change during the year**

Name of the Shareholder	As at 31-Mar-2024			As at 31-Mar-2023		
	No. of Shares held in 1,000s	% Holding in the Class	% Change during the year	No. of Shares held in 1,000s	% Holding in the Class	% Change during the year
Thomas John Muthoot	<b>3,152.96</b>	<b>19.17</b>	-	3,152.96	19.17	-
Thomas George Muthoot	<b>3,133.48</b>	<b>19.05</b>	-	3,133.48	19.05	-
Thomas Muthoot	<b>3,076.62</b>	<b>18.71</b>	-	3,076.62	18.71	-
Remmy Thomas	<b>392.34</b>	<b>2.39</b>	-	392.34	2.39	-
Nina George	<b>299.58</b>	<b>1.82</b>	-	299.58	1.82	-
Preethi John	<b>243.91</b>	<b>1.48</b>	-	243.91	1.48	-

## 26. OTHER EQUITY

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>Statutory Reserve (Pursuant to Section 45-IC of the RBI Act, 1934)</b>		
Opening Balance	9,986.00	8,426.00
Add: Transfer from Retained Earnings	2,450.00	1,560.00
<b>Closing Balance</b>	<b>12,436.00</b>	<b>9,986.00</b>
<b>Securities Premium</b>		
<b>Closing Balance</b>	<b>20,135.00</b>	<b>20,135.00</b>
<b>General Reserve</b>		
Opening Balance	1,185.00	1,185.00
Additions	-	-
Deletions	-	-
<b>Closing Balance</b>	<b>1,185.00</b>	<b>1,185.00</b>
<b>Other Comprehensive Income</b>		
Opening Balance	80.05	119.00
OCI for the Current Year	(16.34)	(75.54)
Transfer to Retained Earnings	72.21	36.59
<b>Closing Balance</b>	<b>135.92</b>	<b>80.05</b>
<b>Retained Earnings</b>		
Opening Balance	15,894.64	8,624.28
Add: Change in accounting policy (Refer Note 27.1)	-	999.00
Restated Balance as at	15,894.64	9,623.28
Profit/(Loss) for the Current Year	12,265.79	7,867.95
Transfer from OCI	(72.21)	(36.59)
<b>Total of Retained Earnings Before Appropriation</b>	<b>28,088.22</b>	<b>17,454.64</b>
Less: Transfer to Statutory Reserve As Per, Section 45-IC of The RBI Act, 1934	(2,450.00)	(1,560.00)
<b>Retained Earnings</b>	<b>25,638.22</b>	<b>15,894.64</b>
<b>Total of the Other Equity</b>	<b>59,530.14</b>	<b>47,280.69</b>

## 26.1 Nature and purpose of Reserves

- i) **Statutory reserve:** Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the Statement of Profit and Loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

**The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934**

- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum of not less than twenty per cent of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared.
- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for

the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal, provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1) the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order, provided that no such order shall be made unless the amount in the reserve fund under sub-section (i) Together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

- ii) **Securities Premium:** The amount received in excess of face value of the equity shares on share issue is recognized in Securities Premium Reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- iii) **General Reserve:** Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- iv) **Retained Earnings:** Retained earnings or accumulated surplus represent total of all the profits retained since company's inception. Retained earnings are credited with current year profits, reduced by losses if any, dividend pay-outs, transfers to General Reserve or any such other appropriation to specific reserves. The company is entitled to declare dividends only to the extent permitted under RBI guidelines

## 27. INTEREST INCOME

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024				For the Year Ended 31-Mar-2023			
	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 (Refer Note 27.1)	-	35,120.87	-	35,120.87	-	39,641.48	-	39,641.48
Interest Income from Investments	-	197.16	-	197.16	-	206.48	-	206.48
Interest on Deposits with Banks (Refer Note 27.2)	-	1,563.41	-	1,563.41	-	741.30	-	741.30
Other Interest Income	-	0.09	-	0.09	-	1.60	-	1.60
<b>Total</b>	-	<b>36,881.53</b>	-	<b>36,881.53</b>	-	40,590.86	-	40,590.86

27.1 Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year.

27.2 Includes ₹ 363.01 lakhs (31st March 2023 ₹ 251.55 lakhs) towards interest on margin money deposits placed to avail term loans from banks & placed as Cash Collateral in connection with securitisations transactions.

## 28. FEES AND OTHER CHARGES

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Collection and Recovery Charges	2,550.77	3,129.32
Foreclosure Charges	174.65	179.83
<b>Total</b>	<b>2,725.42</b>	<b>3,309.15</b>

### 28.1 Revenue from contract with customers

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Collection and Recovery Charges	2,550.77	3,129.32
Foreclosure Charges	174.65	179.83
<b>Total</b>	<b>2,725.42</b>	<b>3,309.15</b>

### 28.2 Geographical markets

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
In India	2,725.42	3,309.15
Outside India	-	-
<b>Total</b>	<b>2,725.42</b>	<b>3,309.15</b>

### 28.3 Timing of revenue recognition

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Service transferred at a point in time	2,725.42	3,309.15
Service transferred over time	-	-
<b>Total</b>	<b>2,725.42</b>	<b>3,309.15</b>

### 28.4 Receivables

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Collection and Recovery Charges	-	-
Foreclosure Charges	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**29. NET GAIN ON FAIR VALUE CHANGES**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
(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	70.80	55.92
<b>Total Net Gain on Fair Value Changes</b>	<b>70.80</b>	<b>55.92</b>
Fair Value changes:		
- Realised	-	-
- Unrealised	70.80	55.92
<b>Total</b>	<b>70.80</b>	<b>55.92</b>

**30. OTHER OPERATING INCOME**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Collection against Bad debts written off	159.14	300.95
<b>Total</b>	<b>159.14</b>	<b>300.95</b>

**31. OTHER INCOME**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Income from Windmill Operations	8.58	8.31
Income from collection commission	56.71	-
Reversal of Provision for RTO demand	168.75	-
Miscellaneous Income	66.72	33.54
<b>Total</b>	<b>300.76</b>	<b>41.85</b>



**32. FINANCE COSTS**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024			For the Year Ended 31-Mar-2023		
	On Financial Liabilities Measured at Fair Value Through OCI	On Financial Liabilities Measured at Amortised Cost	Total	On Financial Liabilities Measured at Fair Value Through OCI	On Financial Liabilities Measured at Amortised Cost	Total
Interest on Deposits	-	242.25	242.25	-	393.82	393.82
<b>Interest on Borrowings (other than Debt Securities):</b>						
- Loans from Banks	-	9,233.91	9,233.91	-	8,758.68	8,758.68
- Loans from Institutions and Others	-	349.89	349.89	-	135.78	135.78
- From Securitisation transaction	-	2,923.02	2,923.02	-	3,480.04	3,480.04
<b>Interest on Debt securities:</b>						
- Debentures	-	3,451.84	3,451.84	-	1,487.42	1,487.42
<b>Interest on Subordinated Liabilities</b>	-	112.90	112.90	-	262.07	262.07
<b>Other Interest Expense</b>	-	442.60	442.60	-	296.83	296.83
<b>Total</b>	-	16,756.41	16,756.41	-	14,814.64	14,814.64

**33. IMPAIRMENT OF FINANCIAL INSTRUMENTS**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024			For the Year Ended 31-Mar-2023		
	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 33.1)	-	752.16	752.16	-	1,088.72	1,088.72
Others	-	-	-	-	-	-
<b>Total</b>	-	752.16	752.16	-	1,088.72	1,088.72

**33.1** Includes loss on repossessed assets ₹ 1,584.62 lakhs (31st March 2023 ₹ 3,193.61 lakhs) and loan waivers of ₹ 469.99 lakhs (Write offs and loan waivers - 31st March 2023 ₹ 4,210.38 lakhs).

**34. EMPLOYEE BENEFITS EXPENSES**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Salaries and Wages	6,026.07	5,273.93
Contribution to Provident and other Funds	396.54	364.46
Staff Welfare Expenses	76.02	61.92
Outsourced Manpower	356.42	1,150.89
Incentive to Employees	965.30	455.80
Leave Encashment	47.79	3.17
Bonus	61.00	69.58
Gratuity Expenses	67.96	64.33
<b>Total</b>	<b>7,997.10</b>	<b>7,444.08</b>

**35. DEPRECIATION, AMORTISATION, AND IMPAIRMENT**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Depreciation of Tangible Assets	76.76	59.43
Amortisation of Intangible Assets	9.66	5.49
<b>Total</b>	<b>86.42</b>	<b>64.92</b>

**36. OTHER EXPENSES**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Rent, Taxes and Energy Costs	463.03	507.21
Repairs and Maintenance	33.91	38.05
Communication Expenses	132.66	213.71
Printing and stationery	28.81	57.09
Advertisement and Publicity	91.02	57.69
Director's Fees, Allowances and Expenses	19.29	12.81
Auditor's Fees and Expenses (Refer Note 36.1)	35.39	25.13
Legal and Professional Charges	427.28	278.70
Insurance	10.26	8.68
Hypothecation Loan Collection Charges	4,994.81	7,844.17
Travelling Expenses	131.21	107.24
Expenditure against Corporate Social Responsibility Activities (Refer Note 36.2)	144.61	110.77
Software Usage Fee	943.94	601.12
Miscellaneous Expenses	156.74	58.59
Business Sourcing Incentive	27.72	46.12
Credit Check	9.56	1.74
Back Office Processing	49.22	40.16
<b>Total</b>	<b>7,699.46</b>	<b>10,008.98</b>

**36.1 Auditor's Fees and Expenses**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
As auditor		
- Audit fee (including limited review)*	17.44	17.44
In other capacity		
- Taxation Matters	-	-
- Reimbursement of Expense	15.77	5.51
- Certification services*	2.18	2.18
<b>Total Payment</b>	<b>35.39</b>	<b>25.13</b>

\* Including GST credit charged off

**36.2 Expenditure Against Corporate Social Responsibility Activities**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
a) Gross Amount required to be spent by the Company during the year (includes CSR Unspent amount of previous year)	35.30	49.00
b) Amount approved by the Board to be spent during the year	180.00	100.19
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	179.91	124.47
- yet to be paid in Cash	-	-
- Shortfall/(Excess)	(144.61)	(75.47)

**36.2.1** Details of related party transactions in relation to CSR expenditure is given in Note 45.

**36.2.2 Details of CSR Unspent Amount**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Opening Balance	35.30	49.00
Amount deposited in Specified Fund of Schedule VII	-	-
Amount required to be spent during the year (includes CSR Unspent amount of previous year)	35.30	49.00
Amount spent during the year	35.30	13.70
Closing Balance (CSR Unspent Amount)	-	35.30

**36.2.3 Amounts Earmarked for Ongoing Projects**

(₹ in lakhs)

Particulars	For the Year Ended 31-March-2024		
	With Company	In Separate CSR Unspent A/c	Total
Opening balance	-	35.30	35.30
Amount required to be spent during the year	-	-	-
Transfer to separate CSR Unspent account	-	-	-
Amount spent during the year	144.61	35.30	179.91
<b>Closing balance</b>	(144.61)	-	(144.61)

**37. INCOME TAX**

The components of income tax expense for the year ended 31st March, 2024 and 31st March, 2023 are:

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Current Tax	595.62	2,120.68
Deferred Tax Relating to Origination and Reversal of Temporary Differences	3,707.69	762.66
Adjustment in respect of Current Income Tax of Prior Years	(135.22)	128.50
<b>Income Tax Expense / (Income) Reported in the Statement of Profit and Loss</b>	<b>4,168.09</b>	<b>3,012.00</b>
Income Tax Expense / (Income) Recognized in Other Comprehensive Income	(5.50)	(25.41)

**37.1 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, 2024 and 31st March, 2023 is, as follows

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Accounting Profit /(Loss) Before Tax	16,433.88	10,879.95
At India's Statutory Income Tax Rate of 25.168% (31st March 2023: 25.168%)	4,136.08	2,738.27
Non-Deductible Expenses		
Corporate Social Responsibility Expenditure not allowable for tax purpose	36.40	27.88
Others	(4.39)	245.85
<b>Income Tax Expense Reported in the Statement of Profit and Loss</b>	<b>4,168.09</b>	<b>3,012.00</b>

**37.1.1** The effective income tax rate for financial year 2023-2024 is 25.168% (31st March 2023 25.168%)

**37.2 Deferred Tax**

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

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>On timing differences in respect of:</b>		
a) Depreciation on Property, Plant and Equipment/ Intangible assets	36.24	57.58
b) Unamortised processing fees/ transaction costs of Financial Assets	(58.19)	220.86
c) Unamortised processing fees/ transaction costs of Financial Liability	(301.64)	(376.24)
d) Expected Credit Loss provisions	4,058.01	9,650.74
e) Net Income from Securitisation Transactions	(471.38)	(530.79)
f) Carry forward tax losses	2,134.92	-
g) Others	140.27	218.27
<b>Total</b>	<b>5,538.23</b>	<b>9,240.42</b>

**37.3 Reconciliation of Deferred Tax Assets/(Liabilities)**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>Opening Balance</b>	<b>9,240.42</b>	9,977.67
Tax Income/(Expense) during the Period Recognised in Profit or Loss	(3,707.69)	(762.66)
Tax Income/(Expense) during the Period Recognised in OCI	5.50	25.41
<b>Closing Balance</b>	<b>5,538.23</b>	<b>9,240.42</b>

**38. EARNINGS PER SHARE (EPS)**

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Net Profit After Tax as Per Statement of Profit and Loss (₹ in Lakhs) (A)	12,265.79	7,867.95
Weighted Average Number of Equity Shares for Calculating Basic EPS (₹ in Lakhs) (B)	164.48	164.48
Weighted Average Number of Equity Shares for Calculating Diluted EPS (₹ in Lakhs) (C)	164.48	164.48
Basic Earnings per Equity share (in Rupees) (Face Value of ₹ 10/- per Share) (A)/(B)	74.58	47.84
Diluted Earnings per Equity Share (in Rupees) (Face Value of ₹ 10/- per Share) (A)/C	74.58	47.84

### 39. CHANGE IN ESTIMATE w.r.t 'EXPECTED CREDIT LOSS MODEL (ECL)' DURING PREVIOUS YEAR:

Company has reviewed its Expected credit loss model and the same was adopted from 1st April 2022. Key changes are as follows:

#### Probability of default ('PD')

For Good accounts - the PD has been arrived at based on % of likely defaults in next 12 months.

For accounts with significant increase in credit risk – the PD is the % of loan becoming credit impaired i.e. 90 days past due.

For credit impaired accounts – the PD considered is 100%.

#### Exposure at default ('EAD')

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Company has modelled EAD based on actual exposure on the day of default. The EAD comprises of principal component, accrued interest for the outstanding exposure.

#### Loss given default ('LGD')

Loss given default LGD is an estimate of the loss from a transaction given that a default occurs. Various approaches are available to compute the LGD. The Company has considered the workout LGD approach by considering historical losses and recoveries. The following steps are performed to calculate the LGD:

- 1) Analysis of historical accounts
- 2) The computation consists of following components, which are:
  - a) Outstanding balance on the day of default
  - b) Recovery amount (discounted yearly) by initial contractual rate.

The formula for the computation is as below:

Recovery rate % = (Discounted recovery amount / Total exposure on the day of default)

LGD % = 1 – recovery rate

The change in parameters as above has caused increase in ECL provision by Rs. 1,931 Lakhs during the previous year.

### 40. CHANGE IN ACCOUNTING POLICY w.r.t 'ACCOUNTING OF INTEREST INCOME ON CREDIT IMPAIRED ASSETS' DURING PREVIOUS YEAR

In accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, company has changed its accounting policy with respect to accounting of income on credit impaired assets based on the requirement of Ind AS 109 Financial Instruments which reads as “financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.”

The change as above during this financial year is effected in the books of accounts of the company considering refinements in accounting estimate with regards to computation of Loss given default ('LGD') rates as part of ECL model i.e. consideration of discounted collections vis-à-vis undiscounted collections in the erstwhile computation. The computation of ECL parameters are briefly explained in Note 39.

The adjustment required in view of the accounting policy change in the books for the same is given below:

## Amounts in the Balance Sheet increased/(decreased) by:

(₹ in lakhs)

Particulars	31.03.2023
Loans	3,229.00
Deferred tax	794.00
Other Equity	2,416.00

**41. RETIREMENT BENEFIT PLAN****41.1 Defined Benefit Plan- Gratuity**

"The Company has a Defined Benefit Gratuity Plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The Company has entered into an arrangement with the LIC of India to cover the liability payable to the employees towards the gratuity under a Gratuity Trust Scheme based on Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme and the company has to make contributions under such scheme."

The following tables summarises the components of net benefit expense recognized in the Statement of Profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan."

**A. Net Liability / (Assets) recognised in the Balance Sheet**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Present Value of Obligations	601.22	586.18
Fair Value of Plan Assets	(449.78)	(522.34)
<b>Defined Benefit Obligation / (Asset)</b>	<b>151.44</b>	<b>63.84</b>

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

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Current Service Cost	63.26	61.40
Past Service Cost	-	-
Net Interest Cost	4.70	3.26
<b>Net Benefit Expense</b>	<b>67.96</b>	<b>64.66</b>

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

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>Opening Defined Benefit Obligations</b>	<b>586.18</b>	543.00
Service Cost	63.26	61.40
Interest Cost	43.14	38.14
Benefit Paid	(178.21)	(103.28)
<b>Actuarial (Gain)/Loss on total liabilities:</b>	-	-
- Due to Change in Financial Assumptions	(4.54)	13.77
- Due to Change in Demographic Assumptions	-	-
- Due to Experience Variance	91.39	33.15
<b>Closing Defined Benefit Obligation</b>	<b>601.22</b>	586.18

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

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>Opening Fair Value of Plan Assets</b>	<b>522.34</b>	497.00
Actual Return on Plan Assets	28.80	30.15
Employer Contribution	76.85	98.47
Benefit Paid	(178.21)	(103.28)
<b>Closing Fair Value of Plan Assets</b>	<b>449.78</b>	522.34

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

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Actuarial Gain/(Loss) on Liabilities	(86.85)	(46.92)
Actuarial Gain/(Loss) on Assets	(9.64)	(4.56)
<b>Total</b>	<b>(96.49)</b>	(51.48)

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

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Discount Rate	7.19% Per Annum	7.36% Per Annum
Rate of increase In Compensation Levels	2.50% - 5.00%	0.00% - 5.00%
Rate of Return on Plan Assets	7.36% per annum	7.02% Per Annum
Average future service (in Years)	24.66 Years	24.32 Years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult



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

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Fund Managed by Insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**H. Quantitative Sensitivity Analysis for significant assumptions are as shown below:\***

(₹ in lakhs)

Items	31-Mar-2024	Impact (Absolute)	Impact %
Base Liability	601.22		
Increase Discount Rate by 0.50%	587.58	(13.65)	-2.27%
Decrease Discount Rate by 0.50%	615.58	14.36	2.39%
Increase Salary Inflation by 1.00%	630.99	29.76	4.95%
Decrease Salary Inflation by 1.00%	573.89	(27.33)	-4.55%
Increase Withdrawal Rate by 1.00%	604.86	3.64	0.60%
Decrease Withdrawal Rate by 1.00%	597.19	(4.04)	-0.67%

\*Based on actuarial valuation report

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

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>Maturity Profile</b>		
Present Value of Obligation	122.00	101.39
Expense Recognised In the Statement of Profit and Loss	44.17	6.09
Discount Rate (p.a.)	7.19%	7.36%
Salary Escalation Rate (p.a.)	2.50% - 5.00% p.a	0.00% - 5.00% p.a
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult

## 42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	As at 31-Mar-2024			As at 31-Mar-2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Assets</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	18,098.81	-	18,098.81	50,186.88	-	50,186.88
Bank Balance other than Cash and Cash Equivalents	5,877.51	783.81	6,661.32	2,627.02	4,619.81	7,246.83
Loans	1,07,412.61	94,101.97	2,01,514.58	97,544.77	1,12,253.21	2,09,797.98
Adjustments on account of ECL/EIR	-	-	(16,010.30)	-	-	(41,727.72)
Investments	7,344.27	3,390.16	10,734.43	1,359.56	3,194.24	4,553.80
Other Financial Assets	785.12	19.51	804.63	801.06	59.17	860.23
<b>Non – Financial Assets</b>						
Current Tax Assets (Net)	2,607.63	186.04	2,793.67	-	2,823.48	2,823.48
Deferred Tax Assets (Net)	-	5,538.23	5,538.23	-	9,240.42	9,240.42
Property Plant and Equipment	-	214.85	214.85	-	204.42	204.42
Other Intangible Assets	-	386.70	386.70	-	8.14	8.14
Other Non-Financial Assets	638.78	41.13	679.91	333.55	-	333.55
<b>Total Assets</b>	<b>1,42,764.73</b>	<b>1,04,662.40</b>	<b>2,31,416.83</b>	<b>1,52,852.84</b>	<b>1,32,402.89</b>	<b>2,43,528.01</b>
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
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	1,487.87	2.61	1,490.48	2,977.79	-	2,977.79
Debt Securities	22,558.67	20,950.00	43,508.67	7,097.39	19,680.04	26,777.43
Adjustments on account of EIR			(639.60)			(715.78)
Borrowings (Other than Debt Securities)	1,04,411.66	14,900.49	1,19,312.15	1,41,411.98	17,332.66	1,58,744.64
Adjustments on account of EIR			(558.93)			(779.09)
Deposits	1,212.91	2,057.49	3,270.40	1,830.76	1,944.59	3,775.35
Subordinated Liabilities	935.28	180.60	1,115.88	308.56	1,016.69	1,325.25
Other Financial Liabilities	2,152.88	12.17	2,165.05	1,773.41	53.25	1,826.66
<b>Non-Financial Liabilities</b>						
Provisions	313.53	-	313.53	372.72	-	372.72
Other Non-Financial Liabilities	264.31	-	264.31	297.60	-	297.60
<b>Total Liabilities</b>	<b>1,33,337.11</b>	<b>38,103.36</b>	<b>1,70,241.94</b>	<b>1,56,070.21</b>	<b>40,027.23</b>	<b>1,94,602.57</b>
<b>Net</b>	<b>9,427.62</b>	<b>66,559.04</b>	<b>61,174.89</b>	<b>(3,217.37)</b>	<b>92,375.66</b>	<b>48,925.44</b>

**43. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

(₹ in lakhs)

Particulars	As at 1st April 2023	Net Cash Proceeds / (repayments)	Others	As at 31st March 2024
Debt Securities	26,061.65	14,900.00	1,907.42	<b>42,869.07</b>
Borrowings (other than debt securities)	1,57,965.55	(39,295.95)	83.62	<b>1,18,753.22</b>
Deposits	3,775.35	(487.60)	(17.35)	<b>3,270.40</b>
Subordinated liabilities	1,325.25	(187.30)	(22.07)	<b>1,115.88</b>
<b>Total Liabilities from Financing Activities</b>	<b>1,89,127.80</b>	<b>(25,070.85)</b>	<b>1,951.62</b>	<b>1,66,008.57</b>

(₹ in lakhs)

Particulars	As at 1st April 2022	Net Cash Proceeds / (repayments)	Others	As at 31st March 2023
Debt Securities	15,429.85	11,000.00	(368.20)	26,061.65
Borrowings (other than debt securities)	1,37,649.50	20,434.80	(118.75)	1,57,965.55
Deposits	6,150.76	(2,135.25)	(240.16)	3,775.35
Subordinated liabilities	3,465.14	(2,129.60)	(10.29)	1,325.25
<b>Total liabilities from Financing activities</b>	<b>1,62,695.25</b>	<b>27,169.95</b>	<b>(737.40)</b>	<b>1,89,127.80</b>

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

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
a) Matters where the future cash outflows are determinable only on the receipt of pending judgements /conclusions		
- Service Tax issues where Company is in appeal (Amount is fully paid)	<b>13.56</b>	13.56
<b>Total</b>	<b>13.56</b>	<b>13.56</b>

**B. Commitments not provided for**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
a) Estimated amount of contracts remaining to be executed on capital account, net of advances	<b>141.00</b>	-
<b>Total</b>	<b>141.00</b>	-

**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 ₹ 421.23 lakhs (31st March 2023 - ₹ 437.54 lakhs) are recognized as rental expense in the Statement of Profit and Loss.

**45. RELATED PARTY DISCLOSURES**

Related party disclosures as per Ind AS - 24 'Related Party Disclosures' for the year ended 31st March 2024, are given below:

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

Name of the Companies / Firms / LLP / Trusts	
Sr. No.	Companies
1	Muthoot Fincorp Limited
2	Muthoot Pappachan Technologies Limited
3	Muthoot Motors Private Limited
4	MPG Security Group Private Limited
Firms / LLPs / Trusts	
1	Muthoot Bankers
2	Muthoot Estate Investments
3	Muthoot Motors (Cochin)
4	Muthoot Motors (Pathanamthitta)
5	Muthoot Pappachan Foundation

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

Sr. No.	Name of the Related Parties	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director
4	Mathews Markose	Chief Executive Officer
5	Ramandeep Singh	Chief Finance Officer
6	Deepa G	Company Secretary & Compliance Officer (Till Closing hours of 27th March 2024)
7	Srikanth G Menon	Company Secretary and Chief Compliance Officer (Appointed as Company Secretary and Compliance Officer on 28th March 2024)

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

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

## 45.4 Details relating to transactions with parties referred to in Note 45.1:

(₹ in lakhs)

Particulars	Name of Related Party	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>Income:</b>			
Income from Wind Mill Operations	Muthoot Bankers	8.58	8.31
Interest Income on Term Loan	Muthoot Pappachan Technologies Ltd.	8.18	58.40
Interest Income on DPN Loan	MPG Security Group Pvt. Ltd.	0.62	25.66
MFL gold loan sourcing incentive	Muthoot Fincorp Limited	0.39	1.01
Delayed Interest	Muthoot Motors (Cochin)	-	0.28
<b>Expenses:</b>			
Business Sourcing Incentive	i) Muthoot Motors (Cochin)	82.91	110.92
	ii) Muthoot Motors Pvt Ltd	0.21	-
	iii) Muthoot Fincorp Limited	250.05	310.88
Interest Expense- Inter corporate deposit	Muthoot Fincorp Limited	-	44.49
Collection Charges	Muthoot Fincorp Limited	258.95	352.07
Brokerage for canvassing for Public deposits	Muthoot Fincorp Limited	10.78	10.19
Bank Guarantee Charges	Muthoot Fincorp Limited	0.55	-
Wind Mill Expense	Muthoot Bankers	4.86	1.65
CSR Expenses	Muthoot Pappachan Foundation	144.61	106.12
Travelling Expense	Muthoot Fincorp Limited	1.97	0.49
Advertisement Expenses	Muthoot Motors (Cochin)	-	0.28
Rent on Space Sharing	Muthoot Fincorp Limited	23.60	22.98
Rent	Muthoot Estate Investments	102.03	97.17
Reimbursement of Expenses - Repairs and Maintenance	Muthoot Motors (Cochin)	2.79	2.07
Software Usage Charges	Muthoot Pappachan Technologies Ltd	62.55	61.09
Annual Maintenance Charges	Muthoot Pappachan Technologies Ltd	1.83	8.24
<b>Assets:</b>			
Income from Windmill Receivable	Muthoot Bankers	18.31	16.41
Rent Deposit	(i) Muthoot Estate Investments	30.17	30.17
	(ii) Muthoot Fincorp Limited	7.87	7.87
Unsecured Loan - DPN	MPG Security Group Pvt. Ltd.	-	33.35
Secured Loan - Term Loan	Muthoot Pappachan Technologies Ltd	-	236.11
Other Receivable	(i) Muthoot Fincorp Limited	0.12	0.03
	(ii) Muthoot Pappachan Foundation	4.35	1.56
<b>Liabilities:</b>			
Business Sourcing Incentive Payable	(i) Muthoot Motors (Cochin, Pathanamthitta)	10.71	5.42
	(ii) Muthoot Motors Pvt Ltd TVM	0.04	-
	(iii) Muthoot Fincorp Limited	28.22	23.77
Trade Advance -Payable	(i) Muthoot Motors (Cochin)	5.77	8.84
	(ii) Muthoot Motors (Pathanamthitta)	3.71	1.96
Brokerage Payable on Public deposits	Muthoot Fincorp Limited	0.83	0.30
Travelling Expense Payable	Muthoot Fincorp Limited	13.80	3.06

(₹ in lakhs)

Particulars	Name of Related Party	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
Collection charges payable	(i) Muthoot Fincorp Limited	22.51	35.58
	(ii) On behalf of Muthoot Fincorp Limited	-	5.11
Software Usage & AMC Charges	Muthoot Pappachan Technologies Ltd	1.83	-
Bank Guarantee Charges	Muthoot Fincorp Limited	0.55	-
Rent Payable	(i) Muthoot Estate Investments	8.42	8.02
	(ii) Muthoot Fincorp Limited	0.22	0.16

**45.5 Details Relating to Transactions with Parties referred to in Note 45.2 & 45.3:**

(₹ in lakhs)

Particulars	Name of Related Party	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>Expenses</b>			
Salaries, Perquisites and Incentives	(i) Thomas George Muthoot	405.00	328.50
	(ii) Madhu Alexiouse	51.75	64.80
	(iii) Mathew Markose	60.13	-
	(iv) Tina Suzanne George	29.07	14.49
	(v) Ramandeep Singh	72.67	31.89
	(vi) Deepa G.	9.51	0.21
	(vii) Srikanth G Menon	0.17	-
	(viii) Vinodkumar M Panicker	-	70.37
	(ix) Abhijith Jayan	-	3.52
PF Contribution	(i) Thomas George Muthoot	20.88	20.88
	(ii) Madhu Alexiouse	1.30	4.25
	(iii) Mathew Markose	0.20	-
	(iv) Tina Suzanne George	0.22	0.22
	(v) Ramandeep Singh Gill	0.22	0.09
	(vi) Deepa G.	0.21	0.01
	(vii) Srikanth G Menon	-	-
	(viii) Vinodkumar M Panicker	-	4.36
	(ix) Abhijith Jayan	-	0.11
Reimbursement of Expenses	(i) Thomas George Muthoot	0.80	2.44
	(ii) Madhu Alexiouse	1.12	3.36
	(iii) Vinodkumar M Panicker	-	6.54
Interest on Loan from Director	Thomas George Muthoot	73.01	58.98
Interest on Public Deposit	(i) Suzannah Muthoot	7.75	7.75
	(ii) Thomas George Muthoot	0.05	-
	(iii) Thomas Muthoot	-	11.87
Rent Paid	Thomas George Muthoot	222.32	250.00
<b>Assets:</b>			
Rent Deposit	Thomas George Muthoot	25.00	25.00

(₹ in lakhs)

Particulars	Name of Related Party	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>Liabilities:</b>			
Loan from Directors	Thomas George Muthoot	<b>678.50</b>	678.50
Provision for Incentive (Refer Note 45.5.1)	(i) Thomas George Muthoot (ii) Mathew Markose (iii) Ramandeep Singh	<b>57.00</b> <b>4.83</b> <b>7.87</b>	57.00 - 3.33
Salary Payable	Deepa G	<b>0.70</b>	-
Public Deposit (including interest accrued)	(i) Thomas George Muthoot (ii) Suzannah Muthoot	<b>1.30</b> <b>100.28</b>	- 100.25

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

**45.6 Transaction with Related Parties referred to in Note 45.1, 45.2 & 45.3**

(₹ in lakhs)

Particulars	Name of Related Party	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>Incentive Paid</b>			
Incentive Paid during the year	Thomas George Muthoot	<b>57.00</b>	-
<b>Unsecured Loan - DPN</b>			
Repaid during the period:	MPG Security Group Pvt Ltd	<b>33.33</b>	233.33
<b>Term Loan</b>			
Repaid during the period:	Muthoot Pappachan Technologies Ltd	<b>233.33</b>	400.00
<b>Inter corporate deposit</b>			
Accepted during the period	Muthoot Fincorp Ltd	-	7,000.00
Repaid during the period	Muthoot Fincorp Ltd	-	7,000.00
<b>Trade Advance Given</b>			
	Muthoot Motors (Pathanamthitta)	<b>1,136.40</b>	1,260.25
	Muthoot Motors (Cochin)	<b>1,082.05</b>	1,471.34
<b>Trade Advance Utilised</b>			
	Muthoot Motors (Pathanamthitta)	<b>1,138.15</b>	1,249.81
	Muthoot Motors (Cochin)	<b>1,078.99</b>	1,467.09
<b>Public Deposit</b>			
Accepted during the period	Thomas George Muthoot	<b>1.25</b>	-
Repaid during the period	Thomas George Muthoot Thomas Muthoot	<b>1.25</b> -	- 535.00
<b>Collection at MFL Branch</b>			
Collection during the period	Muthoot Fincorp Ltd	<b>47,482.28</b>	65,736.23
<b>Collection charges</b>			
Collection charges paid on behalf of MFL	Muthoot Fincorp Ltd	<b>5.11</b>	-

**45.7** Provisions for doubtful debts due from related parties at the Balance Sheet date - Nil (31st March 2023 - Nil)

**45.8** Amounts written off or written back of debts due from or to related parties - Nil (31st March 2023 - Nil)

**45.9 Maximum amount with Related Parties referred to in Note 45.1, 45.2 & 45.3**

(₹ in lakhs)

Particulars	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Others	For the year ended 31-03-2024
Borrowings	-	-	-	678.50	-	<b>678.50</b>
Deposits	-	-	-	1.30	100.28	<b>101.58</b>
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Purchase of fixed / other assets	-	-	-	-	-	-
Sale of fixed / other assets	-	-	-	-	-	-
Others	-	-	-	-	-	-

**45.10 Maximum amount with Related Parties referred to in Note 45.1, 45.2 & 45.3**

(₹ in lakhs)

Particulars	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Others	For the year ended 31-03-2023
Borrowings	-	-	-	678.50	7,000.00	7,678.50
Deposits	-	-	-	-	100.65	100.65
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	900.00	900.00
Investments	-	-	-	-	-	-
Purchase of fixed / other assets	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-
Others	-	-	-	-	-	-

**45.11 Outstanding amount with Related Parties referred to in Note 45.1, 45.2 & 45.3**

(₹ in lakhs)

Particulars	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Others	For the year ended 31-03-2024
Borrowings	-	-	-	678.50	-	<b>678.50</b>
Deposits	-	-	-	1.30	100.28	<b>101.58</b>
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Purchase of fixed / other assets	-	-	-	-	-	-
Sale of fixed / other assets	-	-	-	-	-	-
Others	-	-	-	-	-	-



## 45.12 Outstanding amount with Related Parties referred to in Note 45.1, 45.2 &amp; 45.3

(₹ in lakhs)

Particulars	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Others	For the year ended 31-03-2023
Borrowings	-	-	-	678.50	-	678.50
Deposits	-	-	-	-	100.25	100.25
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	41.22	41.22
Investments	-	-	-	-	-	-
Purchase of fixed / other assets	-	-	-	-	-	-
Sale of fixed / other assets	-	-	-	-	-	-
Others	-	-	-	-	-	-

## 46. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company. As an NBFC, the RBI requires the company to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier 1 and Tier 2 capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier 2 capital cannot exceed 100% of our Tier 1 capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

## Capital Management

The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Regulatory Capital		
Tier 1 Capital	53,645.66	36,075.63
Tier 2 Capital	1,134.85	-
<b>Total Capital Funds</b>	<b>54,780.51</b>	<b>36,075.63</b>
<b>Risk Weighted Asset</b>	<b>1,75,000.11</b>	<b>1,29,204.99</b>
<b>Tier 1 Capital Ratio</b>	<b>30.65%</b>	<b>27.92%</b>
<b>Tier 2 Capital Ratio</b>	<b>0.65%</b>	<b>0.00%</b>
<b>Total Capital Ratio</b>	<b>31.30%</b>	<b>27.92%</b>

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)

## 47. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

### 47.1 Fair Value Hierarchy of assets and liabilities

#### 47.1.1 The carrying amount and fair value measurement hierarchy for assets and liabilities as at 31st March, 2024 is as follows:

i) At Fair Value through Profit and loss account (₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments in security receipts	-	-	6,306.79
Investments in unquoted debt funds		124.59	-

ii) At Fair Value through Other Comprehensive Income (₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments in quoted equity instruments and mutual fund units	271.50	-	-

#### 47.1.2 The carrying amount and fair value measurement hierarchy for assets and liabilities as at 31st March, 2023 is as follows

i) At Fair Value through Statement of Profit or Loss (₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments in unquoted debt fund	-	200.72	-

ii) At Fair Value through Other Comprehensive Income (₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments in quoted equity instruments and mutual fund units	196.84	-	-

### 47.2 Fair Value Technique

#### 47.2.1 Investments at Fair Value Through Profit or Loss

- i. Investment in security receipts has been classified as Level 3. Since the investment value approximates the net asset value as at March 31, 2024 as confirmed by the Asset Reconstruction Company (ARC), disclosure of sensitivity of fair value measurement in unobservable inputs is not considered relevant.
- ii. Fair value of debt funds/ alternate investment funds are derived based on the latest available valuation report/ NAV/ statement communicated by the fund house and is classified as Level 2.

#### 47.2.2 Investments at Fair Value Through Other Comprehensive Income

For Investment at fair value through Other Comprehensive Income, valuation are done using

quoted price from active markets at the measurement date. The equity instruments which are actively traded in public stock exchanges with readily available active prices on a regular basis are classified as Level 1.

#### 47.3 Fair value of Financial Instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are initially measured at fair value and subsequently carried at amortised cost in the financial statements

(₹ in lakhs)

Particulars	Carrying Value as at			Fair Value as at	
	Level	31-Mar-2024	31-Mar-2023	31-Mar-2024	31-Mar-2023
<b>Financial Assets</b>					
Cash and Cash Equivalents	1	<b>18,098.81</b>	50,186.88	<b>18,098.81</b>	50,186.88
Bank Balance other than Cash and Cash Equivalents	1	<b>6,661.32</b>	7,246.83	<b>6,661.32</b>	7,246.83
Loans	3	<b>1,85,504.28</b>	1,68,070.26	<b>1,85,504.28</b>	1,68,070.26
Investments in Govt. Securities	2	<b>1,148.88</b>	1,148.84	<b>1,126.74</b>	1,117.65
Investments in PTC	3	<b>2,882.67</b>	3,007.40	<b>2,882.67</b>	3,007.40
Other financial assets	3	<b>804.63</b>	860.23	<b>804.63</b>	860.23
<b>Total Financial assets</b>		<b>2,15,100.59</b>	2,30,520.44	<b>2,15,078.45</b>	2,30,489.25
<b>Financial Liabilities</b>					
Trade Payables	3	<b>1,490.48</b>	2,977.79	<b>1,490.48</b>	2,977.79
Debt Securities	2	<b>42,869.07</b>	26,061.65	<b>42,869.07</b>	26,061.65
Borrowings (other than debt securities)	2	<b>1,18,753.22</b>	1,57,965.55	<b>1,18,753.22</b>	1,57,965.55
Deposits	2	<b>3,270.40</b>	3,775.35	<b>3,270.40</b>	3,775.35
Subordinated liabilities	2	<b>1,115.88</b>	1,325.25	<b>1,115.88</b>	1,325.25
Other financial liabilities	3	<b>2,165.05</b>	1,826.66	<b>2,165.05</b>	1,826.66
<b>Total Financial Liabilities</b>		<b>1,69,664.10</b>	1,93,932.25	<b>1,69,664.10</b>	1,93,932.25

#### 47.4 Valuation techniques

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purpose only.

##### 47.4.1 Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 1/Level 3 on the basis that no adjustments have been made to the balances in the Balance Sheet.

##### 47.4.2 Loans and advances to customers

The fair value of loans and advances are calculated using a portfolio based approach, grouping loans as far as possible into homogeneous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that

incorporate interest rates estimates considering all significant characteristics of the loan. The fair value is then reduced by impairment allowance which is already calculated in computing probability of default and loss given default to arrive at fair value net of risk.

#### **47.4.3 Financial assets at amortised cost**

The fair values of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties credit risk.

#### **47.4.4 Financial liability at amortised cost**

The fair values of financial liability held-to-maturity are estimated using effective interest rate model based on contractual cash flows using actual yields.

### **48. RISK MANAGEMENT**

Risk is inherent to any Company, more so to a NBFC, and MCSL is no exception. At MCSL we have a proper framework on Risk Management, in order to ensure that effective management of risks is an integral part of every employee's job. The process is designed in such a way that the work of one is effectively monitored by another and therefore ensures that any risk that the process can have is clearly verified and nullified by the team member handling the next process.

The main objective is to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities and thereby ensuring sustainable business growth with stability. The Risk Management systems also promote a proactive approach in reporting, evaluating and resolving risks associated with the business.

The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks such as compliance risk, reputational risk and strategy risk.

#### **48.1 Risk management Framework**

The Board of Directors and the Audit Committee are responsible for the overall risk management and for approving the risk management policies, strategies and principles so that the management controls the risks through properly defined processes.

The Board plays a pivotal role in the effective management of the risk mitigation process within the Company. The Board is responsible for framing, implementing and monitoring the risk management plan and to ensure that appropriate systems for risk management are in place. The Audit Committee evaluates the internal financial controls and efficacy of the risk management systems, reviews all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines and ensures periodic review of operations and contingency plans and reports to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems. The Board also reviews the reports generated by the, Internal Auditors and concurrent auditors on a periodic basis.

The Board has constituted the Risk Management Committee, which is responsible for monitoring the overall risk process within the Company. The Risk Management Committee has the responsibility to oversee the development, implementation and maintenance of the Company's overall risk management framework and its appetite, strategy, principles and policies, to ensure they are in line with emerging regulatory, corporate governance and industry best practice. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Risk Department of the Company is responsible for monitoring and maintaining risk related procedures to ensure an independent control process is maintained. Schemes that are rolled out in the market and the products that are offered to the customers are tested against the parameters determined as mandatory for the purpose by the Risk Department. The Heads of Department shall be responsible for the implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Risk Management Committee.

The Committee reviews the new risk principles and policy and material amendments to risk principles and policy and oversees adherence to Company's risk principles, policies and standards and any action taken resulting from material policy breaches.

It also periodically reviews and updates its own terms of reference to reflect best practices, at appropriate intervals, evaluate its own performance against the terms of reference."

#### 48.2 Identification of Risk and Analysis

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

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

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

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

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

##### 48.2.1 Credit Risk

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

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

**48.2.2 Methodology for assessment of Expected Credit loss on loan asset** - Refer Note 6.1.(vii) of Material accounting policies

**48.2.3** Credit quality of financial asset based on Stage 1 (No significant increase in the credit risk), Stage 2 (Significant increase in the credit risk but no impairment), and Stage 3 (Credit impaired asset) - Refer Note 10.1 of Financial Statements.

**48.2.4 Reconciliation of expected credit loss balance** - Refer Note 10.3 of Financial Statement

**48.2.5 RBI disclosures requirement for restructured assets** - Refer Note 74 of Financial Statement

**48.2.6 Concentration of Credit Risk** - Retail and Residential Loans

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

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

**48.2.6.2** Vehicle Loan (Securitized)

**48.2.6.3** Secured Loans

**48.2.6.4** Unsecured Loans

**48.2.7 Maximum Exposure to Credit Risk**

The maximum exposure to credit risk of loans is their carrying amount without considering effect of mitigation through collateral recovery and credit enhancements

**48.2.8 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.

**48.2.9 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)	
	As at 31-Mar-2024	As at 31-Mar-2023	As at 31-Mar-2024	As at 31-Mar-2023
0-50%	18,045.90	20,527.24	-	-
51-70%	47,421.07	30,359.65	-	-
71-100%	88,320.43	98,005.84	18,098.30	16,450.85
Above 100%	29,828.93	43,532.39	-	-
<b>Total</b>	<b>1,83,616.33</b>	<b>1,92,425.12</b>	<b>18,098.30</b>	<b>16,450.85</b>

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.

**48.2.10 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 position based on future cash flows. The company also maintain adequate liquid assets and has access to funding the hedge against unexpected requirement.

**48.2.10.1 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 31<sup>st</sup> March, 2024

(₹ in lakhs)

Particulars	Less Than 3 Months	3 months - 6 months	6 months - 1 year	1 year - 3 years	3 years - 5 years	Over 5 Years	Not Sensitive to ALM (Refer Note 48.2.10.1.(i))	Total
<b>Financial Assets</b>								
Cash and Cash Equivalents	18,086.74	-	12.07	-	-	-	-	18,098.81
Bank Balance other than Cash and Cash Equivalents	2,695.08	1,102.62	2,079.81	783.81	-	-	-	6,661.32
Loans	33,744.55	27,495.43	46,172.63	71,197.33	14,006.70	8,897.94	(16,010.30)	1,85,504.28
Financial Investments at FVOCI	271.06	-	-	-	-	-	-	271.06
Financial Investments at Amortised Cost	655.65	953.29	539.23	1,254.11	-	629.26	-	4,031.54
Financial Investments at FVTPL	1,426.04	1,288.00	2,211.00	1,506.79	-	-	-	6,431.83
Other Financial Assets	563.71	95.42	125.99	19.06	0.07	0.38	-	804.63
<b>Total Financial Assets</b>	<b>57,442.83</b>	<b>30,934.76</b>	<b>51,140.73</b>	<b>74,761.10</b>	<b>14,006.77</b>	<b>9,527.58</b>	<b>(16,010.30)</b>	<b>2,21,803.47</b>
<b>Financial Liabilities</b>								
Debt Securities	5,524.64	2,584.03	14,450.00	20,950.00	-	-	(639.60)	42,869.07
Deposits	275.50	248.69	688.72	1,622.36	435.13	-	-	3,270.40
Borrowings (Other than Debt Securities)	62,741.53	23,505.85	18,164.28	14,900.49	-	-	(558.93)	1,18,753.22
Subordinated Liabilities	71.06	588.34	275.88	86.54	27.89	66.17	-	1,115.88
Trade Payables	1,454.06	7.83	25.98	-	2.61	-	-	1,490.48
Other Financial Liabilities	1,800.22	353.26	(0.60)	12.17	-	-	-	2,165.05
<b>Total Financial Liabilities</b>	<b>71,867.01</b>	<b>27,288.00</b>	<b>33,604.26</b>	<b>37,571.56</b>	<b>465.63</b>	<b>66.17</b>	<b>(1,198.53)</b>	<b>1,69,664.10</b>
<b>Net Financial Assets/(Liabilities)</b>	<b>(14,424.18)</b>	<b>3,646.76</b>	<b>17,536.47</b>	<b>37,189.54</b>	<b>13,541.14</b>	<b>9,461.41</b>	<b>(14,811.77)</b>	<b>52,139.37</b>

**48.2.10.1** (i) Represents adjustments on account of ECL /EIR

**48.2.10.1** (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.

## 48.2.10.2 Maturity Pattern of Financial Assets and Liabilities as on 31st March,2023

(₹ in lakhs)

Particulars	Less Than 3 Months	3 months - 6 months	6 months - 1 year	1 year - 3 years	3 years - 5 years	Over 5 Years	Not Sensitive to ALM (Refer Note 48.2.10.2.(i))	Total
<b>Financial Assets</b>								
Cash and Cash Equivalents	48,675.54	1,511.34	-	-	-	-	-	50,186.88
Bank Balance other than Cash and Cash Equivalents	-	5.43	2,621.59	4,619.81	-	-	-	7,246.83
Loans (Refer Note 48.2.10.2(iii))	32,721.24	23,567.82	41,255.71	67,757.78	20,835.05	23,660.38	(41,727.72)	1,68,070.26
Financial Investments at FVOCI	-	-	196.40	-	-	-	-	196.40
Financial Investments at Amortised Cost	11.91	490.81	459.27	2,514.99	50.00	629.25	-	4,156.23
Financial Investments at FVTPL	-	-	201.17	-	-	-	-	201.17
Other Financial Assets	741.38	33.57	26.11	43.95	13.12	2.10	-	860.23
<b>Total Financial Assets</b>	<b>82,150.07</b>	<b>25,608.97</b>	<b>44,760.25</b>	<b>74,936.53</b>	<b>20,898.17</b>	<b>24,291.73</b>	<b>(41,727.72)</b>	<b>2,30,918.00</b>
<b>Financial Liabilities</b>								
Debt Securities	5,097.39	-	2,000.00	19,680.04	-	-	(715.78)	26,061.65
Deposits	536.10	875.90	418.76	999.90	944.69	-	-	3,775.35
Borrowings (Other than Debt Securities)	73,618.45	39,280.38	28,513.15	17,332.66	-	-	(779.09)	1,57,965.55
Subordinated Liabilities	175.51	87.22	45.83	872.10	83.67	60.92	-	1,325.25
Trade Payables	3,069.05	3.84	(95.10)	-	-	-	-	2,977.79
Other Financial Liabilities	1,376.10	35.29	362.02	53.25	-	-	-	1,826.66
<b>Total Financial Liabilities</b>	<b>83,872.60</b>	<b>40,282.63</b>	<b>31,244.66</b>	<b>38,937.95</b>	<b>1,028.36</b>	<b>60.92</b>	<b>(1,494.87)</b>	<b>1,93,932.25</b>
<b>Net Financial Assets/(Liabilities)</b>	<b>(1,722.53)</b>	<b>(14,673.66)</b>	<b>13,515.59</b>	<b>35,998.58</b>	<b>19,869.81</b>	<b>24,230.81</b>	<b>(40,232.81)</b>	<b>36,985.75</b>

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

48.2.10.2 (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.

48.2.10.2. (iii) Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year

#### 48.2.11 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. The Company is primarily exposed to Interest rate risk as under:

##### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods different from the funding sources. Further, majority of company's borrowings are in the



form of WCDL/ Cash Credit, on which company is exposed to Interest rate risk either during the tenure of the loan or at the time of renewal which is ordinarily within a period of 12 months. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between shortterm and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervises an interest rate sensitivity report periodically for assessment of interest rate risks. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenures.

The table below discloses the sensitivity impact analysis of changes in floating interest rates to the Company's pre tax profit

(₹ in lakhs)

Impact on profit before taxes	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
<b>On Short term Borrowings</b>		
Increase of 100 bps in interest rates	<b>710.00</b>	874.00
Decrease of 100 bps in interest rates	<b>(710.00)</b>	(874.00)

#### 49. 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.

#### 50. TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

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

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also require the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. The consideration received under this securitisation arrangements are accounted as Financial Liability and the balance outstanding as at the end of the reporting date is disclosed as "Secured term loan from securitisation transaction" under Note 19.

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-2024	As at 31-Mar-2023
<b>Securitisations</b>		
Carrying amount of Transferred Assets measured at amortised cost (including MRR) (Before ECL adjustments)	28,825.77	52,680.38
Carrying amount of Associated Liabilities (Borrowings (other than Debt Securities) - measured at amortised cost)	24,355.24	47,817.99
Fair Value of Assets	28,825.77	52,680.38
Fair Value of Associated Liabilities	24,355.24	47,817.99
<b>Net Position at Fair Value</b>	<b>4,470.53</b>	<b>4,862.39</b>

## 50.2 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
Securitization 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

### 50.2.1 Exposure to Unconsolidated Structured Entity

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Credit enhancements offered in the form of collateral deposits	5,165.65	6,393.47
Carrying amount of assets transferred to securitisation SPV (including MRR) (Before ECL adjustments)	28,825.77	52,680.38
Carrying amount of associated liabilities	24,355.24	47,817.99
Note on companies exposure to unconsolidated structured entity	Refer Note 50.1	Refer Note 50.1

**51. MOVEMENT IN PROVISIONS**

(₹ in lakhs)

Particulars	As at 31-Mar-2023	Additional Provision made during the year	Utilisation / Reversal made during the year	As at 31-Mar-2024
For Employee Benefits (Refer Note 41)	165.23	212.24	104.03	273.44
For Unspent expenditure on Corporate Social Responsibility (Refer Note 22)	35.30	-	35.30	-
For Others (Refer Note 23)	207.49	-	167.40	40.09
<b>Total</b>	<b>408.02</b>	<b>212.24</b>	<b>306.73</b>	<b>313.53</b>

**52. UPDATE ON COMPLIANCE MATTERS**

The Company had in the earlier year, Considering the macroeconomic environment arising from the Covid-19 pandemic and its implication such as poorer collections, the restructuring permitted during the Covid-19 period etc. as well as the RBI's framework on staging of Loans and PCA (Prompt Corrective Action), created an additional management overlay amounting to ₹ 22,610 Lakhs.

During Q2 FY 24, Board of Directors has approved a comprehensive policy for creation, retention and withdrawal of management overlay for provision for NPA. The policy stipulates minimum provision coverage ratio on credit impaired assets at 75% and NNPA being below 6%.

In accordance with the policy, company has written back a sum of ₹ 13,871.62 Lakhs retaining ₹ 6,150 lakhs as of 30th September 2023. The said management overlay has remained unchanged as on 31st March 2024. The reversal of said provision has been shown as exceptional item in the financial statements.

**53. FLOATING CHARGE**

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 ₹ 1,127.06 lakhs on 31st March 2024 (31st March 2023: ₹ 1,127.06 lakhs) in favour of trustees representing the public deposit holders of the Company.

**54. 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	CRISIL A+/Stable	Nil
Non-Convertible Debentures	CRISIL	CRISIL A+/Stable	Nil
Market Linked Debentures	CRISIL	CRISIL PPMLD A+ /Stable	Nil

**55. CAPITAL**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
CRAR (%)	<b>31.30%</b>	27.92%
CRAR - Tier 1 Capital (%)	<b>30.65%</b>	27.92%
CRAR - Tier 2 Capital (%)	<b>0.65%</b>	0.00%
Amount of Subordinated Debt raised as Tier-2 Capital (Refer Note 55.1)	<b>658.25</b>	847.22
Amount raised by issue of Perpetual Debt Instruments	-	-

**55.1** Discounted Value of (principal) ₹ 89.14 lakhs (₹ 205.82 lakhs) considered for Tier 2 capital against the Book Value of (principal) ₹ 658.25 lakhs (₹ 847.22 lakhs).

**56. INVESTMENTS**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>1. Value of Investments</b>		
i. Gross Value of Investments		
(a) In India	<b>10,734.43</b>	4,553.80
(b) Outside India	-	-
ii. Provisions for Impairment		
(a) In India	-	-
(b) Outside India	-	-
iii. Net Value of Investments		
(a) In India	<b>10,734.43</b>	4,553.80
(b) Outside India,	-	-
<b>2. Movement of Provisions held towards impairment on Investments</b>		
i. Opening Balance	-	-
ii. Add : Provisions made during the Year	-	-
iii. Less : Write-Off/Write-Back of Excess Provisions	-	-
iv. Closing Balance	-	-

**57. DISCLOSURES RELATING TO SECURITISATION/DIRECT ASSIGNMENT**

**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)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
No of SPVs sponsored by the NBFC for Securitisation transactions (Refer Note 57.1.1)	9	9
Total Amount of Securitised Assets as per books of the SPVs sponsored	24,429.46	48,036.33
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)	8,048.32	9,395.23
Others -	-	-
Amount of exposures to Securitisation Transactions other than MRR		
(a) Off-Balance Sheet Exposures		
i. Exposure To Own Securitisations First Loss -	-	-
Others -	-	-
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)	5,601.33	7,049.81
Others -	-	-
ii. Exposure To Third Party Securitisations First Loss -	-	-
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 (₹ 5,165.64 lakhs), Equity tranche (₹ 2,882.67 lakhs)

**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)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
No. of transactions assigned by the Company total amount outstanding	7.00	9.00
Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet	338.38	490.50
(a) Off-Balance Sheet Exposures:		
First Loss	-	-
Others	-	-
(b) On-Balance Sheet Exposures First Loss		
Others	35.95	50.89
Amount of exposures to Assigned Transactions other than MRR		
(c) Off-Balance Sheet Exposures		
i. Exposure to Own Securitisations First Loss	-	-
Others	-	-
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:**

Details of stressed loans transferred during the year ended 31st March 2024

(₹ in lakhs)

Particulars	To ARCs
	NPA
No of accounts	84,319
Aggregate principal outstanding of loans transferred	23,509.02
Weighted average residual tenor of the loans transferred (in months)	3.47
Net book value of loans transferred (at the time of transfer)	14,019.53
Aggregate consideration	11,755.00
Additional consideration realized in respect of accounts transferred in earlier years	-
Quantum of excess provision reversed	-
Credit rating of SRs held by company	Credit rating given by India Ratings and Research (Fitch group) - 'Ind RR 2'

**57.4 Details of Assignment Transactions undertaken by NBFC**

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-2024	For the Year Ended 31-Mar-2023
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 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, 2024

Entity	DCB and MCSL (Pegasus 11 2023)	DCB and MCSL (Atréides 2W 2024)
Count of Loan accounts acquired (in No's)	14,213	11,163
Amount of loan account acquired.	8,304.35	6,144.73
Retention of Beneficial economic interest (OC) (%)	6.00%	7.00%
Weighted average maturity (residual maturity)	1.87 Years	1.72 Years
Weighted average holding period	1.05 Years	1.04 Years
Coverage of tangible security coverage	100%	100%
Rating wise distribution of acquired loans	Series A1 CRISIL AA (SO)	Series A1 CRISIL AA (SO)
	Series A2 CRISIL A+ (SO)	Series A2 CRISIL A+ (SO)

### 58. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2024

(₹ in lakhs)

Particulars	Over 1 Day to 7 Days	Over 8 Days 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	12.52	24.61	64.94	70.84	102.59	248.69	688.72	1,622.36	435.13	-	-	3,270.40
Advances	8,467.76	3,768.89	1,859.55	9,956.73	9,691.62	27,495.43	46,172.63	71,197.33	14,006.70	8,897.94	(16,010.30)	1,85,504.28
Investments	271.50	104.98	486.40	749.19	740.68	2,241.29	2,750.23	2,760.90	-	629.26	-	10,734.43
Borrowings	1,128.09	690.85	11,215.98	25,631.40	24,075.28	23,505.85	18,164.28	14,900.49	-	-	(558.93)	1,18,753.22
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

58.1 Represents adjustments on account of EIR / ECL

### 58.2 ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2023

(₹ in lakhs)

Particulars	Over 1 Day to 7 Days	Over 8 Days 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	50.35	27.71	78.79	109.67	269.58	875.90	418.76	999.90	944.69	-	-	3,775.35
Advances (Refer Note 58.3)	12,327.14	2,884.37	1,049.17	8,379.47	8,081.09	23,567.82	41,255.71	67,757.78	20,835.05	23,660.38	(41,727.72)	1,68,070.26
Investments	-	-	9.39	1.40	1.12	490.81	856.84	2,514.99	50.00	629.25	-	4,553.80
Borrowings	7,603.10	571.72	20,739.27	28,705.25	15,999.11	39,280.38	28,513.15	17,332.66	-	-	(779.09)	1,57,965.55
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

58.3 Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during the previous year.



## 59. EXPOSURE TO REAL ESTATE SECTOR

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>Direct Exposure</b>		
i) Residential Mortgages Lending Fully Secured by Mortgages on Residential Property, that is or will be occupied by the borrower or that is rented	-	-
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.	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other Securitized Exposures		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
ii) Indirect Exposure Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
<b>Total Exposure to Real Estate Sector</b>	-	-

## 60. EXPOSURE TO CAPITAL MARKET

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
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;	271.50	196.84
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) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
9) Financing to stockbrokers for margin trading	-	-
10) All exposures to Alternative Investment Funds:	-	-
i) Category I	-	-
ii) Category II	124.59	118.51
iii) Category III	-	-
<b>Total Exposure to Capital Market</b>	<b>396.09</b>	<b>315.35</b>

**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) / group Borrower Limit (GBL).

**62. UNSECURED ADVANCES**

Gross loans includes unsecured advances of ₹ 27.80 lakhs as on 31st March 2024. (31st March 2023 ₹ 35.03 lakhs).

**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-2024	For the Year Ended 31-Mar-2023
Provision for depreciation on Investment	-	-
Provision towards NPA - Impairment on Financial Instruments	(15,093.15)	(5,052.70)
Provision towards Standard Assets - Impairment on Financial Instruments	(33.02)	(1,007.08)
Provision for Fraud	7.00	-
General Provision - Impairment on Financial Instruments	-	(215.40)
Provision made towards Income tax - Tax Expenses (Refer Note 63.1.1)	4,168.09	3,012.00
Provision for Gratuity - Employee Benefit Expenses	67.96	64.33
Provision for Compensated absences - Employee Benefit Expenses	44.17	3.17
Provision towards dealer advance - Impairment on Financial Instruments	(4.60)	-
Provision for RTO demand - (ODISHA State) - Other Expenses	(168.75)	24.27
<b>Total</b>	<b>(11,012.30)</b>	<b>(3,171.41)</b>

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	As at 31-Mar-2024	As at 31-Mar-2023
Total Deposits of Twenty Largest Depositors	841.21	554.02
Percentage of Deposits of Twenty Largest Depositors to Total Deposits of the NBFC	24.88%	15.52%

**64.2 Concentration of Advances**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Total Advances to Twenty Largest Borrowers	18,102.20	16,477.98
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the NBFC	8.97%	7.89%

**64.3.1 Concentration of Exposures**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Total Exposure to Twenty Largest Borrowers / Customers	18,102.20	16,477.98
Percentage of Advances to Twenty Largest Borrowers / Customers to total Exposure of the NBFC on Borrowers/Customers	8.97%	7.89%

**64.3.2 Concentration of Intra Group Exposures**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Total amount of intra-group exposures	-	269.46
Total amount of top 20 intra-group exposures	-	269.46
Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	0.13%

**64.4 Concentration of NPAs**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
Total exposure to top four NPA accounts	14.09	18.46

## 64.5 Sector-wise NPAs

(₹ in lakhs)

Sector	Percentage of NPAs to Total Advances in that					
	31-Mar-2024			31-Mar-2023		
	Total Exposure	NPA Value	%	Total Exposure	NPA Value	%
Agriculture & Allied Activities	-	-	0.00%	-	-	0.00%
MSME	-	-	0.00%	-	-	0.00%
Corporate Borrowers	6,823.03	-	0.00%	10,439.88	-	0.00%
Services	-	-	0.00%	-	-	0.00%
Unsecured Personal Loan	16.25	-	0.00%	-	-	0.00%
Auto Loans	1,83,616.33	20,503.67	11.17%	1,92,425.38	46,349.05	24.09%
Micro Finance Buyout	-	-	0.00%	-	-	0.00%
Others	11,290.19	-	0.00%	6,055.17	-	0.00%

**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.(vii)

## 65. MOVEMENT OF NPAs

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>I. Net NPAs to Net Advances (%)</b>	<b>3.40%</b>	4.46%
<b>II. Movement of NPAs (gross)</b>		
(a) Opening Balance	46,349.05	56,289.25
(b) Additions during the Year	8,885.24	14,722.80
(c) Reductions during the Year	(34,730.62)	(24,663.00)
(d) Closing Balance	20,503.67	46,349.05
<b>III. Movement of Net NPAs</b>		
(a) Opening Balance	7,637.02	12,401.25
(b) Additions during the Year	2,543.68	15.25
(c) Reductions during the Year	(3,813.42)	(4,779.48)
(d) Closing Balance	6,367.28	7,637.02
<b>IV. Movement of Provisions for NPAs (Excluding provisions on Standard Assets)</b>		
(a) Opening Balance	38,712.03	43,888.00
(b) Provisions made during the Year (Refer Note 11(ii))	6,341.56	14,707.55
(c) Write-Off/write-back of excess provisions	(30,917.20)	(19,883.52)
(d) Closing Balance	14,136.39	38,712.03

**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.(vii)

**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, 2024**

(₹ 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)
<b>Performing Assets</b>						
Standard:	<b>Stage 1</b>	1,74,669.41	1,518.87	1,73,150.54	698.79	820.08
	<b>Stage 2</b>	6,572.72	586.26	5,986.46	26.30	559.96
<b>Subtotal for Performing Assets</b>		<b>1,81,242.13</b>	<b>2,105.13</b>	<b>1,79,137.00</b>	<b>725.09</b>	<b>1,380.04</b>
<b>Non-Performing Assets (NPA)</b>						
<b>Sub Standard</b>	<b>Stage 3</b>	<b>11,516.87</b>	<b>8,052.62</b>	<b>3,464.25</b>	<b>1,109.55</b>	<b>6,943.07</b>
Doubtful - up to 1 year	<b>Stage 3</b>	4,689.50	3,129.84	1,559.66	2,223.34	906.50
1 to 3 years	<b>Stage 3</b>	3,676.04	2,527.08	1,148.96	3,248.71	(721.63)
More than 3 years	<b>Stage 3</b>	621.26	426.85	194.41	554.15	(127.30)
<b>Subtotal for Doubtful</b>		<b>8,986.80</b>	<b>6,083.77</b>	<b>2,903.03</b>	<b>6,026.20</b>	<b>57.57</b>
<b>Loss</b>	<b>Stage 3</b>	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>20,503.67</b>	<b>14,136.39</b>	<b>6,367.28</b>	<b>7,135.75</b>	<b>7,000.64</b>
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		-	-	-	-	-
<b>Sub-total</b>		20,503.67	14,136.39	6,367.28	7,135.75	7,000.64
<b>Total</b>	<b>Stage 1</b>	<b>1,74,669.41</b>	<b>1,518.87</b>	<b>1,73,150.54</b>	<b>698.79</b>	<b>820.08</b>
	<b>Stage 2</b>	<b>6,572.72</b>	<b>586.26</b>	<b>5,986.46</b>	<b>26.30</b>	<b>559.96</b>
	<b>Stage 3</b>	<b>20,503.67</b>	<b>14,136.39</b>	<b>6,367.28</b>	<b>7,135.75</b>	<b>7,000.64</b>
	<b>Total</b>	<b>2,01,745.80</b>	<b>16,241.52</b>	<b>1,85,504.28</b>	<b>7,860.84</b>	<b>8,380.68</b>

**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 at 31st March, 2023

(₹ 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)
<b>Performing Assets</b>						
Standard:	<b>Stage 1</b>	1,52,899.80	1,304.63	1,51,595.17	611.96	692.67
	<b>Stage 2</b>	9,671.58	833.51	8,838.07	38.63	794.88
<b>Subtotal for Performing Assets</b>		<b>1,62,571.38</b>	<b>2,138.14</b>	<b>1,60,433.24</b>	<b>650.59</b>	<b>1,487.55</b>
<b>Non-Performing Assets (NPA)</b>						
<b>Sub Standard</b>	<b>Stage 3</b>	<b>21,277.26</b>	<b>18,320.88</b>	<b>2,956.38</b>	<b>2,040.73</b>	<b>16,280.15</b>
Doubtful - up to 1 year	<b>Stage 3</b>	11,309.07	9,212.29	2,096.78	5,357.85	3,854.44
1 to 3 years	<b>Stage 3</b>	11,990.09	9,733.05	2,257.04	8,899.33	833.72
More than 3 years	<b>Stage 3</b>	1,772.63	1,445.81	326.82	1,586.07	(140.26)
<b>Subtotal for Doubtful</b>		<b>25,071.79</b>	<b>20,391.15</b>	<b>4,680.64</b>	<b>15,843.25</b>	<b>4,547.90</b>
<b>Loss</b>	<b>Stage 3</b>	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>46,349.05</b>	<b>38,712.03</b>	<b>7,637.02</b>	<b>17,883.98</b>	<b>20,828.05</b>
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		-	-	-	-	-
<b>Sub-total</b>		<b>46,349.05</b>	<b>38,712.03</b>	<b>7,637.02</b>	<b>17,883.98</b>	<b>20,828.05</b>
<b>Total</b>	<b>Stage 1</b>	<b>1,52,899.80</b>	<b>1,304.63</b>	<b>1,51,595.17</b>	<b>611.96</b>	<b>692.67</b>
	<b>Stage 2</b>	<b>9,671.58</b>	<b>833.51</b>	<b>8,838.07</b>	<b>38.63</b>	<b>794.88</b>
	<b>Stage 3</b>	<b>46,349.05</b>	<b>38,712.03</b>	<b>7,637.02</b>	<b>17,883.98</b>	<b>20,828.05</b>
	<b>Total</b>	<b>2,08,920.43</b>	<b>40,850.17</b>	<b>1,68,070.26</b>	<b>18,534.57</b>	<b>22,315.60</b>

**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).

**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-2024
Number of Significant Counter Parties (Refer Note 67.1.1) (In Numbers)	20.00
Amount (In Lakhs)	1,22,557.89
Percentage of Funding Concentration to Total Deposits	3625.14%
Percentage of Funding Concentration to Total Liabilities	71.99%

**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-convertible debentures.

**67.2 Top 20 Deposits**

(₹ in lakhs)

Particulars	As at 31-Mar-2024
Total Amount of Top 20 Deposits (in lakhs)	540.72
Percentage of Amount of top 20 Deposits to Total Deposits	15.99%

**67.3 Top 10 Borrowing**

(₹ in lakhs)

Particulars	As at 31-Mar-2024
Total Amount of Top 10 borrowings (in lakhs) (Refer Note 67.3.1)	62,890.62
Percentage of amount of top 10 Borrowings to Total Borrowings	37.86%

**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-2024	Percentage of total liabilities
Loan from Bank/ Other Financial Institution (Refer Note 67.4.2)	1,10,214.55	64.74%
Commercial Paper	7,860.17	4.62%
Subordinated Debts (Refer 67.4.3)	1,137.96	0.67%
Deposits (Refer Note No. 67.4.4)	3,380.78	1.99%
Non-Convertible Debentures (Refer Note 67.4.5)	23,064.14	13.55%
Principal Protected Market Linked Debentures	19,805.99	11.63%
Loans from Directors and relatives	678.50	0.40%

**67.4.1** Significant instrument / product as defined in RBI circular (Balance is same as 67.1.1).

**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-2024
Commercial paper as a percentage of total public funds (Refer Note 67.5.1)	4.75%
Commercial paper as a percentage of total liabilities	4.62%
Commercial paper as a percentage of total assets	3.40%
Other short term liabilities as a percentage of total public funds	78.58%
Other short term liabilities as a percentage of total liabilities	76.38%
Other short term liabilities as a percentage of total assets	56.19%
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 Important Non - Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.)

**67.6** Institutional Setup for liquidity risk management (Refer Note 48.2.10)

**67.7** Definition of terms as per 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.

- a) Significant counterparty:** counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.
- b) Significant instrument/product:** A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.
- c) Total liabilities:** Total liabilities include all external liabilities (other than equity).
- d) Public funds:** "Public funds" includes funds raised either directly or indirectly through public deposits, intercorporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, Debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/ products.
- e) Other short-term liabilities:** Other short-term liabilities represent all liabilities maturing within a year.

**68. CUSTOMER COMPLAINTS****68.1 Summary information on complaints received from customers and from the Offices of Ombudsman**

Sr. No.	Particulars	As at 31-Mar-2024	As at 31-Mar-2023
	<b>Complaints received by the NBFC from its customers</b>		
1	Number of complaints pending at beginning of the year	3	2
2	Number of complaints received during the year	1,815	3,309
3	Number of complaints disposed during the year	1,818	3,308
3.1	Of which, number of complaints rejected by the NBFC	30	40
4	Number of complaints pending at the end of the year	-	3
	<b>Maintainable complaints received by the NBFC from Office of Ombudsman and Number of complaints pending at the end of the year</b>		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	74	32
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	71	26
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	30	6
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	3	6
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

## 68.2 Top five grounds of complaints received from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year ending beyond 30 days	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>As at 31-Mar-2024</b>					
Bureau Dispute related	-	857	22%	-	-
NACH related	-	325	-56%	-	-
Dispute on Loan Closing – Waivers	-	142	-51%	-	-
Delay in remittance of cash collected from customer	-	114	-44%	-	-
Collection recovery process related	-	90	-77%	-	-
Others	-	287	-71%	-	-
<b>Total</b>	-	<b>1,815</b>	<b>-45%</b>		
<b>As at 31-Mar-2023</b>					
NACH related	-	737	-32%	-	-
Bureau Dispute related	-	700	63%	-	-
Collection recovery process related	-	393	-19%	1	-
Dispute on Moratorium	-	371	136%	-	-
Digital Payment related	-	300	-74%	-	-
Others	-	808	-21%	2	-
<b>Total</b>	-	<b>3,309</b>	<b>-24%</b>	<b>3</b>	-

## 69. INFORMATION ON INSTANCES OF FRAUD

## Instances of fraud for the year ended 31st March, 2024:

Nature of Fraud	Less than ₹ 1 lakh		More than ₹ 1 lakh		Recovery	Amount Provided/ Written-Off
	No. of Cases	₹ in lakhs	No. of Cases	₹ in lakhs		
Cheating and Forgery	8	5.11	2	4.22	1.69	2.53
Misappropriation & Criminal breach of trust	2	0.98	2	33.75	13.42	20.34

## Instances of fraud for the year ended 31st March, 2023:

Nature of Fraud	Less than ₹ 1 lakh		More than ₹ 1 lakh		Recovery	Amount Provided/ Written-Off
	No. of Cases	₹ in lakhs	No. of Cases	₹ in lakhs		
Cash Misappropriation & ID theft	8	4.69	-	-	1.19	-

**70. PENALTIES IMPOSED BY RBI AND OTHER REGULATORS:**

Imposed by BSE during the year ended 31st March 2024 is ₹ Nil and during the year ended 31st March 2023 is ₹ 8.30 lakhs

**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 (Reserve Bank) 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)

Particulars	Percentage of NPAs to Total Advances in that Sector			
	As at 31-Mar-2024		As at 31-Mar-2023	
	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)	42,870.13	1.06	26,064.35	2.70
b) Deferred Credits Term Loans	-	-	-	-
c) Term Loan	47,158.87	-	69,896.55	-
d) Inter - Corporate Loans and Borrowing	-	-	-	-
e) Commercial Paper	7,860.17	-	-	-
f) Public Deposits (Refer Note 71.1.2)	3,380.78	110.38	3,922.18	146.83
g) Other Loans				
· Subordinated Debt (Refer Note 71.1.3)	1,137.96	22.08	1,353.78	28.53
· Cash Credit	-	-	8,865.16	-
· Working Capital Demand Loan	63,055.68	-	78,525.34	-
· Deposits from Corporates	-	-	-	-
· Loans and Advances from Directors (Unsecured)	678.50	-	678.50	-
· Senior Secured Notes	-	-	-	-
· Borrowings	-	-	-	-
<b>Total</b>	<b>1,66,142.09</b>	<b>133.52</b>	<b>1,89,305.86</b>	<b>178.06</b>

**71.1.1** Overdue for a sum of ₹ 1.06 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 ₹ 110.38 lakhs (including interest) in respect of public deposit includes deposits for a sum of ₹ 12.23 lakhs pending renewal and deposits for a sum of ₹ 98.15 lakhs for which payment could not be made as claims were not received from deposit holders.

**71.1.3** Overdue of ₹ 22.08 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)

Particulars	As at 31-Mar-2024		As at 31-Mar-2023	
	Outstanding amount	Amount Overdue	Outstanding amount	Amount Overdue
In the form of Unsecured Debentures	-	-	-	-
In the form of Partly Secured Debentures i.e. debentures where there is a shortfall in the Value of Security	-	-	-	-
Other Public Deposits	<b>3,380.78</b>	<b>110.38</b>	3,922.18	146.83

**Assets Side:**

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

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
a) Secured	<b>18,117.92</b>	16,460.01
b) Unsecured Demand promissory note	<b>11.55</b>	35.03

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

(₹ in lakhs)

Particulars	Outstanding Amount (Gross Value)	
	As at 31-Mar-2024	As at 31-Mar-2023
i) Lease Assets Including Lease Rentals Under Sundry Debtors:		
a) Financial Lease	-	-
b) Operating Lease	-	-
ii) Stock on Hire Including Hire Charges under Sundry Debtors:		
a) Assets on Hire	-	-
b) Repossessed Assets	-	-
iii) Others Loans counting towards Asset Financing Activities		
a) Loans where Assets have been Repossessed	<b>272.55</b>	773.76
b) Loans Other than (a) Above (Refer Note 71.4.1)	<b>1,83,343.78</b>	1,91,651.62

**71.4.1** Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year

## 71.5 Break-Up of Investments:

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>Current Investments</b>		
<b>Quoted:</b>		
i. Shares: (a) Equity	-	-
(b) Preference	-	-
ii. Debenture and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	21.82	21.77
v. Others	-	-
<b>Long Term Investments</b>		
<b>Quoted:</b>		
i. Shares: (a) Equity	271.50	196.84
(b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	1,127.06	1,127.06
v. Others (Please specify)	-	-
<b>Unquoted:</b>		
i. Shares: (a) Equity	-	-
(b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Investment in PTC Transaction	2,882.67	3,007.40
vi. Others	6,431.38	200.73
<b>Total</b>	<b>10,734.43</b>	<b>4,553.80</b>

## 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)

Particulars	Amount Net of ECL Provision As at 31-Mar-2024			Amount Net of ECL Provision As at 31-Mar-2023		
	Secured	Unsecured	Total	Secured	Unsecured	Total
<b>Related Parties</b>						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same Group	-	-	-	-	-	-
(c) Other Related Parties	-	-	-	232.84	31.64	264.48
<b>Other than Related Parties (Refer Note 71.6.1)</b>	<b>1,85,476.72</b>	<b>27.56</b>	<b>1,85,504.28</b>	1,67,802.58	3.20	1,67,805.78
<b>Total</b>	<b>1,85,476.72</b>	<b>27.56</b>	<b>1,85,504.28</b>	1,68,035.42	34.84	1,68,070.26

**71.6.1** Refer Note 40 for Change in accounting policy w.r.t 'Accounting of Interest income on credit impaired assets' during previous year

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

(₹ in lakhs)

Particulars	As at 31-Mar-2024		As at 31-Mar-2023	
	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)
<b>1. Related Parties</b>				
a) Subsidiaries	-	-	-	-
b) Companies In the Same Group	-	-	-	-
c) Other Related Parties	-	-	-	-
<b>2. Other than Related Parties</b>	<b>10,712.29</b>	<b>10,734.43</b>	4,522.61	4,553.80
<b>Total</b>	<b>10,712.29</b>	<b>10,734.43</b>	4,522.61	4,553.80

**71.8 Other information**

(₹ in lakhs)

Particulars	As at 31-Mar-2024	As at 31-Mar-2023
<b>Gross Non-Performing Assets (Refer Note 71.8.1)</b>		
a) Related Parties	-	-
b) Other Than Related Parties	<b>20,503.67</b>	46,349.05
<b>Net Non - Performing Assets</b>		
a) Related Parties	-	-
b) Other Than Related Parties	<b>6,367.28</b>	7,637.02
<b>Assets Acquired in Satisfaction of Debt</b>	-	-

**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. (vii).

**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, 2024**

(₹ in lakhs)

Type of borrower	(A) Number of requests received for invoking resolution process under Part A	(B) Number of accounts where resolution plan has been implemented under this window	(C) exposure to accounts mentioned at (B) before implementation of the plan	(D) of (C), aggregate amount of debt that was converted into other securities	(E) Additional funding sanctioned, if any, including between invocation of the plan and implementation
<b>Personal Loan</b>	<b>36,793.00</b>	<b>36,793.00</b>	<b>12,779.10</b>	-	<b>0.45</b>
<b>Corporate persons of which*:</b>					
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>36,793.00</b>	<b>36,793.00</b>	<b>12,779.10</b>	-	<b>0.45</b>

\*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 lakhs)

Liquidity Coverage Ratio (LCR)	As at 31-Mar-2024		As at 31-Dec-2023		As at 30-Sep-2023		As at 30-Jun-2023		As at 31-Mar-2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>										
Total High Quality Liquid Assets (HQLA)	21,546.85	21,186.43	19,518.68	19,174.57	24,734.81	24,392.26	36,770.39	36,446.57	26,504.69	26,504.69
<b>Cash Outflows</b>										
Deposits (for deposit taking Companies)	16.06	18.47	25.94	29.83	159.13	183.00	141.38	162.59	126.53	146.00
Unsecured Wholesale Funding	-	-	-	-	-	-	-	-	4,949.47	5,692.00
Secured Wholesale Funding	14,293.41	16,437.42	15,563.04	17,897.50	10,622.83	12,216.25	7,048.35	8,105.60	10,911.76	12,549.00
Additional requirements, of which										
(i) Borrowing outflows	9,366.84	10,771.87	13,726.30	15,785.25	10,715.27	12,322.56	14,789.10	17,007.47	-	-
(ii) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-
(iii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iv) Credit and liquidity facilities	-	-	-	-	-	-	-	-	-	-
Other contractual funding obligations	2,819.78	3,242.75	2,661.96	3,061.25	4,056.52	4,665.00	2,532.97	2,912.92	2,490.42	2,864.00
Other contingent funding obligations	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>	<b>26,496.09</b>	<b>30,470.50</b>	<b>31,977.24</b>	<b>36,773.83</b>	<b>25,553.75</b>	<b>29,386.81</b>	<b>24,511.80</b>	<b>28,188.57</b>	<b>18,478.18</b>	<b>21,251.00</b>



(₹ in lakhs)

Liquidity Coverage Ratio (LCR)	As at 31-Mar-2024		As at 31-Dec-2023		As at 30-Sep-2023		As at 30-Jun-2023		As at 31-Mar-2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>Cash Inflows</b>										
Secured lending	15,835.16	11,876.37	15,463.04	11,597.28	14,719.57	11,039.68	14,567.03	10,925.27	14,482.12	10,862.00
Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
Other cash inflows	10,038.95	7,529.21	19,126.62	14,344.97	10,133.15	7,599.86	10,729.86	8,047.40	1,770.16	1,328.00
<b>Total Cash Inflows</b>	<b>25,874.11</b>	<b>19,405.58</b>	<b>34,589.66</b>	<b>25,942.25</b>	<b>24,852.72</b>	<b>18,639.54</b>	<b>25,296.89</b>	<b>18,972.67</b>	<b>16,252.29</b>	<b>12,190.00</b>
TOTAL HQLA		21,186.43		19,174.57		24,392.26		36,446.57		26,504.69
<b>TOTAL NET CASH OUTFLOWS</b>		<b>11,064.92</b>		<b>10,831.58</b>		<b>10,747.27</b>		<b>9,215.90</b>		<b>9,061.00</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>191%</b>		<b>177%</b>		<b>227%</b>		<b>395%</b>		<b>293%</b>

- 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 daily 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 daily observations over the previous quarter except for the quarter ended 31st March 2022 wherein monthly observations are used.

The company, during the quarter ended March 31, 2024, had maintained average HQLA of ₹ 21,186.43 lakhs against ₹ 26,504.69 lakhs for the quarter ended March 31, 2023. 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, 2024 was 191% which is above the regulatory requirement of 85%. For the quarter ended March 31, 2023 average LCR was stood at 293%.

**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, 2024**

(₹ in lakhs)

Number of Accounts Restructured	For the Year Ended 31-Mar-2024
Nil	Nil

**75. ANALYTICAL RATIOS**

(₹ in lakhs)

Ratio	Numerator	Denominator	Current Period %	Previous Period %	Variance %	Reason for Variance (>25% only)
Capital to Risk -Weighted Assets Ratio (CRAR)	54,780.51	1,75,000.11	31.30%	27.92%	12.12%	The cash collateral has drastically increased which improved Tier II. Improvement in cash collateral is because of decrease in Collateral deposit compared to last year which is because of reduction in PTC balance .As there is a robust growth in business during the year ,it helped the company in increasing the RWA in turn increasing the general provision which will qualify as Tier II.
Tier I CRAR	53,645.66	1,75,000.11	30.65%	27.92%	9.79%	
Tier II CRAR	1,134.85	1,75,000.11	0.65%	-	100%	
Liquidity Coverage Ratio	21,186.43	11,064.92	191.47%	292.51%	-34.54%	Reduction in Bank Balance due to nonavailment of Cash Credit facilities and certain bank sanctions.

**76. EXCEPTIONAL ITEMS**

The following items have been shown as exceptional items in financial statements for the year ended 31st March 2024.

(₹ in lakhs)

Nature of item	(Income) / Expense
Impairment of financial instruments	(13,871.62)
Net loss on derecognition of financial instruments under amortized cost category	4,286.97
<b>Total</b>	<b>(9,584.65)</b>

**77. Audit trail**

The Company uses accounting software for maintaining its books of account which have a feature of audit trail (edit log) facility at the application level for each change made in the books of account along with such changes made. This feature of audit trail (edit log) facility was operated throughout the year for all the transactions recorded in such software.

However, Company has not enabled audit trail for direct database layer changes as access to the database of all accounting software is available only to database administrators for the limited purpose of its maintenance for which access and monitoring controls are enabled. Also, no changes have been made to any transaction recorded in the books of account, directly at the database level during the year. The audit trail (edit log) feature has not been tampered with during the year.

## 78. OTHER STATUTORY INFORMATION

- 78.1** 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.
- 78.2** The company has searched transactions with Struck-off companies by comparing company's counter parties with publicly available database of struck of companies through a manual name search. Based on such a manual search, no party identified to be reported in the financial statements.
- 78.3** There is no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.
- 78.4** 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.
- 78.5** 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."
- 78.6** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- 78.7** 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.
- 78.8** The Company has in respect of the investments made, complied with no of layers as defined under section 2(87) of the Companies Act, 2013.
- 78.9** The Company has nothing to report on compliance with approved Scheme(s) of Arrangements.
- 78.10** There are no differences between the quarterly returns of assets given as security submitted to the banks and the books of account.

## 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 the Company towards Provident Fund and Gratuity. The impact of changes if any arising on enactment of the Code will be assessed by the company after the effective date of the same and the rules thereunder are notified

**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.

**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: 24210789BKGFFF7171  
Place: Hyderabad

Sd/-  
**Thomas John Muthoot**  
Chairman  
DIN: 00011618

Sd/-  
**Thomas George Muthoot**  
Managing Director  
DIN: 00011552

Sd/-  
**Thomas Muthoot**  
Director  
DIN: 00082099

Sd/-  
**Mathews Markose**  
Chief Executive Officer

Sd/-  
**Ramandeep Singh**  
Chief Finance Officer

Sd/-  
**Srikanth Menon**  
Company Secretary &  
Compliance Officer  
Mem No: F11743

**Place: Kochi**  
**Date: 23<sup>rd</sup> May 2024**

#MuthootBlue

- 
- TWO WHEELER LOANS
  - USED CAR LOANS
  - USED COMMERCIAL VEHICLE LOANS
  - FIXED DEPOSITS
  - LOYALTY LOANS

Designed by: doit advertising +91 8369462351

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