



MCSL/SEC/22-23/198

February 9, 2023

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street,

Mumbai - 400 001

**Scrip Code - 511766**

Dear Sir/Madam,

**Sub: Disclosure pursuant to Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With reference to Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to state that:

The following debenture issued by the Company is secured as on 31.12.2022 as per the details given below:

ISIN	Maturity Date	Secured by way of	Amount (₹ in Crore)	Date of Creation of Security
INE296G07010	21.04.2023	First ranking pari passu and continuing charge along with all other lenders by way of hypothecation in favour of the Debenture Trustee over all Receivables of the Company such that the aggregate value of the Receivables, that at any time can be appropriated to the charge created herein are, at all times, equal to at least 1.33 (one decimal three three) times the value of the Outstanding Amounts.	50	25.06.2020



We have also enclosed herewith the certificate issued by the Statutory Auditor PKF Sridhar & Santhanam LLP, Chartered Accountants regarding maintenance of 100% security cover in respect of the above mentioned listed Non- Convertible Debentures issued by the Company.

Please note that the security cover certificate attached is in the revised format as prescribed by the SEBI Circular SEBI/HO/MIRSD/MIRSD\_CRADT/CIR/P/2022/6 dated May 19, 2022 along with the certification on status of compliance of all the covenants.

Kindly take the same on your information and records.

Thanking You,

Yours Faithfully,

**For Muthoot Capital Services Limited**

**Ramandeep Singh Gill**  
**Chief Finance Officer**

To

The Board of Directors,

Muthoot Capital Services Limited,

Kochi.

**Independent Auditor's Certificate on maintenance of Asset Cover as at December 31,2022 as per the terms of debenture trust deeds for secured listed non-convertible debt securities.**

1. This certificate is issued in accordance with the terms of our engagement letter dated 01<sup>st</sup> December 2022
2. This Certificate is prepared to certify whether the company has maintained adequate asset cover for secured listed non-convertible debt securities as at 31<sup>st</sup> December 2022 as per the terms of respective debenture trust deeds. The Report has been prepared in compliance with the requirements of para 80 read with para 32A of Guidance Note on Reports or Certificates for Special Purposes and Standards of Auditing issued by the Institute of Chartered Accountants of India.
3. The accompanying statement attached as Annexure 'I' contains details of Asset cover for secured listed non-convertible debt securities issued by the company as at 31<sup>st</sup> December 2022. The Certificate is issued to the Board of Directors of the Company; as per the requirement of Regulation 56(1)(d) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended for the purpose of submission to IDBI Trusteeship Services Limited (the Debenture Trustee) in respect of secured listed non-convertible debt securities issued by Muthoot Capital Services Limited vide various disclosure documents as stated below.

	Private Placement/Public Issue	ISIN no	Sanctioned Amount (Rs. In Lakhs)	Secured/ Unsecured
1	Private Placement	INE296G07010	5,000	Secured by Pari-Passu on receivables



### **Management responsibility**

4. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Management of the Company is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI circular, SEBI Regulations, Companies Act, 2013 and other applicable laws and regulations, as applicable.
6. The Management is also responsible to ensure that Assets Cover Ratio as on December 31, 2022 is in compliance with SEBI circular no. SEBI/HO/MIRSD/MIRSD\_CRADT/CIR/P/2022/67 dated May 19, 2022 with the minimum asset cover requirement of hundred percent as per the SEBI Regulations as given in Annexure I attached to this certificate

### **Auditor's Responsibility**

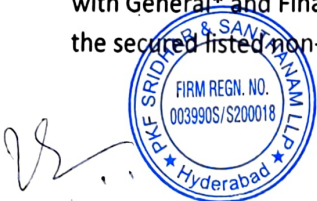
7. Our responsibility, for the purpose of this certificate is to verify the particulars contained in the Statement, on the basis of the reviewed financial statements and other relevant records and documents maintained by the Company and to certify asset cover ratio is minimum hundred percent as per the minimum requirement stated in SEBI Regulations.
8. We have reviewed the Financial Results for the quarter and nine months ended 31 December 2022, prepared by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and issued an unmodified conclusion dated February 9, 2023. Our review of these financial results for the quarter and nine months ended December 31, 2022 was conducted in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI") respectively.
9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. 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.
11. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.



12. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 7 above. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we have performed the following procedures in relation to the Statement:
- (a) Obtained and read the Debenture Term sheet and the Information Memorandum in respect of the secured Debenture and noted the asset cover percentage required to be maintained by the Company in respect of such Debenture, as Indicated in Annexure I of the Statement.
  - (b) Traced and agreed the principal amount of the Debentures outstanding as on December 31, 2022 to the reviewed financial statement of the Company and unaudited books of account maintained by the Company as at December 31, 2022
  - (c) Obtained and read the particulars of asset cover required to be provided in respect of Debentures as indicated in the Debenture Term sheet and the Information Memorandum.
  - (d) Traced the value of assets indicated in Annexure I of the Statement to the reviewed financial statements of the Company and unaudited books of account maintained by the Company as on December 31, 2022.
  - (e) Obtained the list of security created in the register of charges maintained by the Company. Traced the value of charge created in favor of debenture trustee.
  - (f) Obtained the list and value of assets placed under lien or encumbrance for the purpose of obtaining any other loan and determined that such assets are not included in the calculation of asset cover in respect of the Debentures.
  - (g) Examined and verified the arithmetical accuracy of the computation of asset cover indicated in Annexure I of the Statement.
  - (h) Traced general and financial covenants from debenture term sheet and verified whether those are complied with.
13. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

### **Conclusion**

14. (A) Based on the procedures performed by us, as referred to in paragraph 12 above and according to the information and explanations received and Management representations obtained, nothing has come to our attention that causes us to believe that the Company has not maintained hundred percent asset cover or asset cover as per the terms of the Debenture Term Sheet and Information Memorandum.
- (B) Nothing has come to our attention that causes us to believe that the Company has not complied with General\* and Financial Covenants as stated in the respective debenture term sheet in respect of the secured listed non-convertible debt securities as at December 31, 2022.



\*Affirmative and other covenants are verified according to our audit procedures substantiated by reaffirmations from the management.

### Restriction on Use

15. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 3 above and to be submitted with the accompanying Statement to the Debenture Trustee and is not to be used or referred to for any other person. 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 report is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this report.

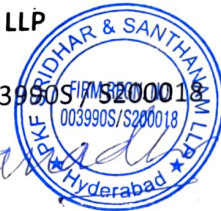
Place: Hyderabad  
Date: 9<sup>th</sup> February 2023

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration Number: 003990S/MS200018

*K. V. S. Kuchi*



Viswanadh VNSS Kuchi

Partner

Membership No. 210789

UDIN No: 23210789BQY TAP9706

	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars		Exclusive Charge	Exclusive Charge	Part- Passu Charge	Part- Passu Charge	Part- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Market Value for Assets charged on exclusive basis	Carrying /Book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSA market value is not applicable)	Market Value for Part passu charge Assets	Carrying value/book value for part passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSA market value is not applicable)	Total Value=(K+L+M+N)	
<b>ASSETS</b>		Book value	Yes/No	Yes/No	Book value	Book value									
Property, Plant and Equipment								157		157					
Capital Work-in- Progress															
Right of Use Assets															
Goodwill															
Intangible Assets										10					
Intangible Assets under Development															
Investments															
Loans*	Book debt					3,567		1,160		4,727				3,567	3,567
Inventories	Trade Receivables					1,75,561				1,75,561				1,75,561	1,75,561
Trade Receivables															
Cash and Cash Equivalents								0		26,708				26,708	26,708
Bank Balances other than Cash and Cash Equivalents															
Others								109		7,330				7,221	7,221
<b>Total</b>								13,880		14,449				569	569
<b>LIABILITIES</b>								15,316		2,28,942				2,13,626	2,13,626
**Debt securities to which this certificate pertains				Yes		5,096		9,847		14,943					
Other debt sharing part-passu charge with above debt				No		98,556				98,556					
Other Debt															
Subordinated debt										1,472				1,472	
Borrowings															
Bank	Car loan							24		24				24	
Debt Securities															
Public deposits								4,202		4,202				4,202	
Others	Payable for PTC to SPV, Loan from director.			No				3,440		53,992					

*Ramesh*



Trade payables										
Lease liabilities										
Provisions										
Others										
Total				859		3,086			3,086	
Cover on book value				1,55,053		1,602			400	
Cover on market value				138		24,074			2,462	
									1,79,127	
										138

\* Loan receivable indicated above consists of Gross loans Rs. 212,715.21 Lakhs net of over 90 days DPD receivable (Rs. 37,153.93 Lakhs). The financial statements of the Company reflect loan Receivable of Rs. 169,748.89 (consisting of Gross loans Rs. 212,715.21 Lakhs reduced by impairment provision Rs. 42,966.32)

\*\* Company has issued MLDs (Market Linked Debentures) worth of Rs. 100 crores in Oct 2022 which are unsecured in nature and guaranteed by promoters. As per MLDs term sheet, Par passu charge on company's receivables will be created on execution of Deed of Hypothecation and promoter guarantee. The withdrawal post creation of pari passu charge. Thus, above security cover ratio computation does not include MLDs Rs. 100 crores.

For Muthoot Capital Services Limited

*Ramandeep Singh Gill*

Ramandeep Singh Gill  
Chief Finance Officer  
Date: 9<sup>th</sup> February 2023



For PKF Sridhar and Santhanam LLP

*Viswanadh Kuchi*

Viswanadh Kuchi  
Partner

