



MCSL/SEC/20-21/21

May 28, 2020

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
Scrip Code - 511766

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Trading Symbol - MUTHOOTCAP

Dear Sir/Madam,

Sub: Audited Financial Results and Auditors Report with Unmodified Opinion for the quarter and year ended March 31, 2020

Ref: Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Audited Financial Results for the quarter and year ended March 31, 2020 approved by the Board of Directors at its meeting held today i.e., May 28, 2020 along with Auditors Report.

We hereby declare that the Statutory Auditors of the Company, M/s. Varma & Varma, Chartered Accountants (Firm Reg. No. 004532S) have expressed an Unmodified Opinion on the Audit Report for the year ended March 31, 2020.

It may please be noted that the meeting was commenced at 11.30 a.m. and concluded at 04.15 p.m.

Kindly take the same on your records.

Thanking You,

Yours Faithfully,

For Muthoot Capital Services Limited


Abhijith Jayan

Company Secretary & Compliance Officer



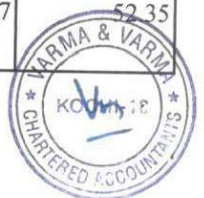
Encl: As above

Statement of Standalone Audited Financial Results for the quarter and year ended March 31, 2020

(₹ In lakhs except earnings per share)

Particulars	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
I Revenue from operations					
(i) Interest Income	146 72	150 55	136 70	579 48	506 12
(ii) Dividend Income	3	-	-	4	-
(iii) Net gain on fair value changes	15	14	53	48	87
(iv) Net gain on derecognition of financial instruments under amortised cost category	-	-	-	6 49	11 48
Total Revenue From Operations	146 90	150 69	137 23	586 49	518 47
II Other income	4	18	3	32	13
III Total income (I+II)	146 94	150 87	137 26	586 81	518 60
IV Expenses					
(i) Finance costs	56 23	57 95	48 86	227 74	179 17
(ii) Impairment on financial instruments	22 48	15 59	8 80	70 69	46 33
(iii) Employee benefits expenses	21 42	23 20	21 02	88 44	77 82
(iv) Depreciation, amortization and impairment	47	42	28	1 63	1 04
(v) Other expenses	27 82	28 18	23 54	104 84	81 35
Total Expense (IV)	128 42	125 34	102 50	493 34	385 71
V Profit Before Tax (III-IV)	18 52	25 53	34 76	93 47	132 89
VI Tax expense					
(i) Current tax	7 04	5 73	9 24	27 53	50 28
(ii) Deferred tax	-2 42	85	2 91	5 46	-3 49
(iii) Taxes relating to prior years	-	-	-2	-	-
Total Tax Expenses	4 62	6 58	12 13	32 99	46 79
VII Profit for the period (V-VI)	13 90	18 95	22 63	60 48	86 10
VIII Other Comprehensive Income					
(A) Items that will not be reclassified to profit or loss					
- Remeasurement of defined benefit plans	- 39	-	-	- 39	-
- Fair value changes on equity instruments through other comprehensive Income	- 15	-	7	- 2	24
- Costs of Hedging	-	4	-	- 6	-
- Income tax relating to items that will not be reclassified to profit or loss	15	-	- 2	12	- 8
Subtotal (A)	- 39	4	5	- 35	16
(B) Items that will be reclassified to profit or loss					
-Cash flow hedging reserve	7	-	-	7	-
-Income tax relating to items that will be reclassified to profit or loss	- 2	-	-	- 2	-
Subtotal (B)	5	-	-	5	-
Other Comprehensive Income (A + B) (VIII)	- 34	4	5	- 30	16
IX Total Comprehensive Income for the period (VII+VIII)	13 56	18 99	22 68	60 18	86 26
X Earnings per equity share(Face value of Rs. 10/- each)					
Basic (Rs.)(Quarterly figures are not annualized)	8.45	11.52	13.76	36.77	52.35
Diluted (Rs.)(Quarterly figures are not annualized)	8.45	11.52	13.76	36.77	52.35

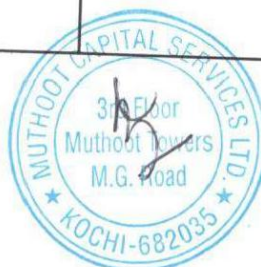
See accompanying notes to the Financial Results.



Standalone Audited Statement of Assets and Liabilities as at March 31,2020.

(₹ in Lakhs)

Particulars	As at Year ended 31.03.2020	As at Previous Year ended 31.03.2019
	(Audited)	(Audited)
Assets		
Financial Assets		
Cash and cash equivalents	286 12	31 47
Bank Balance other than Cash and cash equivalents	112 75	53 34
Derivative financial instruments	3 19	
Receivables:		
(I) Trade Receivables		
(II) Other Receivables		
Loans		
Investments	2427 69	2476 29
Other Financial assets	16 43	19 60
Non Financial Assets	16 82	17 30
Inventories		
Current tax assets (Net)	18 99	6 88
Deferred tax Assets (Net)	27 11	32 45
Investment Property		
Biological assets other than bearer plants		
Property, Plant and Equipment	3 19	1 49
Capital work-in-progress		
Intangible assets under development		
Goodwill		22
Other Intangible assets	32	23
Other non-financial assets	63	71
Total Assets	2913 24	2639 98
Liabilities and Equity		
Liabilities		
Financial Liabilities		
Derivative financial instruments		
Payables:		
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises		
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16 07	21 83
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises		
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
Debt Securities		
Borrowings (Other than Debt Securities)	2241 43	1994 41
Deposits	47 28	67 70
Subordinated Liabilities	66 02	63 79
Other financial liabilities	19 74	36 62



Non-Financial Liabilities		
Current tax liabilities (Net)		
Provisions	12 69	4 58
Deferred tax liabilities (Net)		
Other non-financial liabilities	2 63	3 85
Total Liabilities	2405 86	2192 79
Equity		
Equity share capital	16 45	16 45
Other equity	490 93	430 75
Total equity	507 38	447 20
Total Liabilities and Equity	2913 24	2639 98

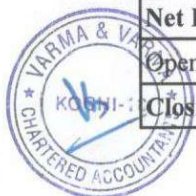
See accompanying notes.



Standalone Audited Statement of Cash Flow for the year ended March 31,2020

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A. Cash Flow from Operating Activities		
Profit Before Tax	93 47	132 89
<i>Adjustments to Reconcile Profit Before Tax to Net Cash Flows:</i>		
Depreciation, Amortisation & Impairment	1 63	1 04
Profit/Loss on Sale of Fixed Assets	- 1	- 1
Dividend Income	- 4	
Interest on Investments	- 87	-1 14
Net gain on fair value changes	- 48	- 87
Impairment on financial instruments	70 68	46 34
Finance Cost	227 74	179 17
Operating Profit before Working Capital Changes	392 12	357 42
<i>Adjustments for Net (Increase) / Decrease in Operating Assets:-</i>		
Bank Balances other than cash and cash equivalents	-59 41	-38 89
Loans	-21 76	-614 48
Other Financial Assets	25	6 58
Derivative Financial Instruments	-3 19	
Other Non Financial Assets	8	- 45
<i>Adjustments for Net Increase/ (Decrease) in operating liabilities:-</i>		
Other Financial Liabilities	-16 88	24 95
Trade Payables	-5 77	6 25
Other non financial liabilities	-1 23	62
Provisions	7 63	- 62
Net changes in working capital	-100 28	-616 04
Cash generated from Operations before Income Tax	291 84	-258 62
Finance cost paid	231 16	183 59
Direct Taxes paid	39 66	58 60
Net cash from /(used) in Operating Activities	21 02	-500 81
B.Cash Flow From Investing Activities		
Purchase of Fixed Assets	-3 20	- 51
Sale of Fixed Assets	3	2
Increase /(Decrease) in Investment	3 63	- 27
Interest on Investments	87	1 13
Dividend Income	4	
Net cash from / (used) in Investing Activities	1 37	37
C.Cash Flow From Financing Activities		
Net Increase / (Decrease) in Borrowings other than debt securities	250 44	697 59
Net Increase/ (Decrease) in Deposits	-20 42	-21 81
Net Increase / (Decrease) in Subordinated liabilities	2 24	-146 69
Net cash generated from Financing Activities	232 26	529 09
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	254 65	28 65
Opening Balance of Cash and Cash Equivalents	31 47	2 82
Closing Balance of Cash and Cash Equivalents	286 12	31 47



Notes:

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on May 28, 2020.
2. The company has adopted Indian Accounting Standards ('Ind AS') as notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules 2015 from April 1, 2019. The effective date of transition to Ind AS is April 1, 2018 and the same has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules of Companies (Accounts) Rules 2014, guidelines issued by the Reserve Bank of India ('RBI') and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). The impact of above transition has been recorded in the opening reserves as at April 1, 2018 and the corresponding figures pertaining to comparative previous period as presented in these financial results have been restated / reclassified in order to conform to current period presentation.

In accordance with the regulatory guidance on implementation of Ind AS issued by RBI on March 13, 2020, the company has in parallel maintained the asset classification and computed provisions as per extant prudential norms of Income Recognition, Asset Classification and Provisioning (IRACP) of RBI for comparative purposes. The impairment losses determined under Ind AS are more than the provisions computed as per RBI norms as above. These financial results may require further adjustments, if any, necessitated by further guidelines/ clarifications/ directions issued in the future by RBI, Ministry of Corporate Affairs or other regulators, which will be implemented as and when the same are issued/ made applicable.

3. Reconciliation of Net Profit reported under Previous GAAP and Ind AS for the previous quarter and year ended March 31, 2019 (as per requirements of Para 32 of Ind AS 101) is as under:

Particulars	Quarter ended March 31, 2019 (Rs in Lakhs)	Year ended March 31, 2019 (Rs in Lakhs)
Net profit after tax reported under previous GAAP	18 35	82 42
Adjustments increasing/(decreasing) net profit after tax as reported in the previous GAAP:		
Impact on application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109	2 04	2 49
Amortization of net income under Effective Interest Rate method for financial assets	-75	-2 89



Amortization of expenses under Effective Interest Rate method for financial liabilities	2 72	4 40
Net gain/(loss) on change in Fair Value of Investments	34	37
Impact on recognition of securitized loan portfolio	5 32	7 85
Reversal of net service income on assignment transactions	-3 09	-6 57
Tax adjustments on above items	-2 30	-1 97
Net Profit after tax reported under Ind AS	22 63	86 10
Other Comprehensive Income / Loss (Net of Tax)	5	16
Total Comprehensive Income (after tax) as reported under Ind AS	22 68	86 26

4. As required under paragraph 32 of Ind AS 101, equity Reconciliation between figures reported under previous GAAP and Ind AS as under:

Particulars	As at 31st March, 2019(Rs. in Lakhs)
Equity as reported under previous GAAP	476 36
Impact on application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109	-24 75
Amortization of net income under Effective Interest Rate method for financial assets	-48 51
Amortization of expenses under Effective Interest Rate method for financial liabilities	6 16
Net gain/(loss) on change in Fair Value of Investments	36
Impact on recognition of securitized portfolio	17 16
Recognition/(Reversal) of net service income on assignment transactions	4 52
Tax adjustments on above items	15 74
Other Comprehensive Income	16
Equity as per Ind AS	447 20



5. During the quarter ended March 31, 2020, the company has created an estimated provision towards the following:
- a. The lock-down restrictions imposed by Governments on account of the outbreak of the COVID-19 pandemic have affected the operations of the company, more particularly for periods commencing from the last week of the financial year ended 31st March 2020. However, with such restrictions being increasingly relaxed from the last week of April 2020 in many areas, the operations of the company have since been improving. To mitigate the burden of debt servicing brought about by the disruptions, the company has offered an optional moratorium on payment of loan installments falling due between March 1, 2020 and May 31, 2020, in accordance with the regulatory package announced by RBI in March/ April 2020; and further extensions, if any, based on RBI announcements in May 2020 will be decided by the company in the future. Although the company is expecting future operations to continue improving, having regard to the situation at this stage, the company has created an estimate provision towards any probable increase in expected credit loss (ECL) on loan receivables amounting to Rs 1800 lakhs. Given the continuing uncertainties associated with the pandemic, the company will continue to monitor the position and appropriately adjust any significant changes in such estimates based on future conditions.
 - b. Pursuant to their inspection for the year ended 31st March 2019, Reserve Bank of India (RBI) had directed the company to refund the amounts additionally collected from borrowers as processing fee, under a scheme which provides for arranging life coverage for such borrowers through an umbrella insurance policy held in the Company's name, to the extent the said amounts were in excess of the actual premiums paid by the Company. The Company has filed a representation before the Central office of RBI, providing justification for collection of these charges and seeking withdrawal of the directive. While the Company is expecting a favorable outcome in the matter, as a matter of abundant caution, the Company has created an estimated provision of Rs 866 lakhs towards the same, to the extent recognized as income in the accounts.
6. In accordance with the provisions of Section 115BAA of the Income Tax Act 1961, the Company has opted to pay tax at the reduced rate prescribed therein with effect from the current financial year. Consequently, tax expenses for the year comprising current and deferred tax as per Indian Accounting Standards (IND AS -12) (Income Taxes) have been recognized using the reduced tax rates applicable.
7. The company is engaged primarily in the business of financing and accordingly there are no separate reportable operating segments as per IND AS 108 - Operating Segments.
8. The figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year ended on such date and the published year to date figures up to nine months of the relevant financial year, which have been subjected to limited review by statutory auditors.



9. Figures for the previous periods have been regrouped /reclassified, wherever found necessary, to conform to current period presentation.

For and on behalf of the Board of Directors

Kochi.
May 28, 2020


Thomas George Muthoot
Managing Director
DIN - 00011552


Thomas Muthoot
Directors
DIN - 00082099



Independent Auditor's Report on the audit of Quarterly and Year to date Standalone Financial Results of Muthoot Capital Services Limited pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To The Board of Directors of

Muthoot Capital Services Limited

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of Muthoot Capital Services Limited (the "Company") for the quarter and year ended March 31, 2020 ("Statement") attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us the Statement:

- i. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive loss and other financial information for the quarter and year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter Paragraph

We draw attention to Note No 5(a) to the Statement which describes the impact of the COVID-19 pandemic on the operations and financial position of the company, including the Company's estimates of the probable increase in impairment losses and the continuing uncertainties which may require changes in such estimates in the future.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors is responsible for the preparation of the Statement that gives a true and fair view of the net profit and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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.

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

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



Varma & Varma

Chartered Accountants

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 Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the 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 auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the financial results 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.

Other Matters

As stated in Note 8 of the Statement, the figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year ended on such dates and the published year to date figures up to nine months of the relevant financial year, which were subject to limited review by us.

Place: Kochi-19

Date: 28.05.2020

UDIN : 20203094AAAAAM2361

For VARMA & VARMA
(FRN:004532S)


(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094