



steady  
perseverance —  
— steady  
growth

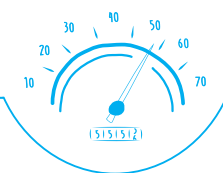


## **MUTHOOT PAPPACHAN**

**1927 - 2004**

**FOUNDER CHAIRMAN**

His vision, enterprise, simplicity and humaneness  
will forever guide us.



## MESSAGE FROM THE MANAGING DIRECTOR

Dear Members,

During the FY 2015 - 2016, your Company continued to perform well. The excitement was largely on account of looking at business opportunities beyond the existing two-wheeler financing in the already established markets. The Company, after successful operations in South India and Western India, has expanded into the North and East Indian markets besides corporate and business loans.

On the economic front, while a modest recovery continued in advanced economies, the growth in emerging markets and developing economies slowed down for the fifth consecutive year. The decline in oil prices has affected the oil producing nations. In developed countries, a gradual recovery trend continues and in the case of emerging markets and developing nations the picture continues to be challenging. Indian economy is currently in a bright spot in the world economy and is the 7<sup>th</sup> largest economy in the world. Prospects seem to be bright and we are poised to achieve a growth rate of 7.7% to 8% in the FY 2016 - 2017.

As you are aware, your Company is basically into two wheeler financing and hence the performance of the two wheeler industry always has a bearing on your Company's operation. After seeing significant growth over a decade, two wheeler industry has shown negative growth this year. This was due to decline in rural demand as a result of poor rains.

One of the key drivers for the Company all these years has been introduction of innovative products. The 'Ladies Only' scheme is a sterling example, under which we disbursed loans to about 55,000 ladies from all walks of life totaling to about ₹ 250 crores in the last 18 months. The focus on other business loans helped a lot in boosting the loan book, besides adding to income and profitability. Even in the HR segment, we adopted new methods that finally made a difference to the bottom-line, apart from improving the efficiency. Moreover, it has been a remarkable landmark for the Company to cross the ₹ 1000 crore mark in loan book. Your Company has already disbursed more than 6 lakhs loans till date in the two-wheeler financing segment. The total number of live accounts as on 31<sup>st</sup> March, 2016 stood at approx. 3.79 lakhs and the total outstanding loan amount was ₹ 1039 crores, including corporate and business loans. The Company intends to improve the profitability over the coming years by tapping cheaper sources of funding like non-convertible debentures, commercial papers etc., apart from bank loans and public deposits.

NBFCs are being subjected to strict regulatory norms. It is reported that the overall gross NPA ratio of NBFCs across all asset classes is likely to rise to 7.8% by March, 2017, from 6% at end of September, 2015 and an estimated 6.7% as on 31<sup>st</sup> March, 2016. Of the 7.8% gross NPLs, 1.5% to 1.7% of the increase will be due to the shift to the 120 day NPA recognition norm in financial year 2016 - 2017 from 150 days in financial year 2015 - 2016. The stringent norms for classification of assets over a period upto the end of 2018 will put pressure on the profitability of your Company in the coming years.

The Company has been disbursing dividends to shareholders at an incremental rate of 5% from the year 2008. In line with this trend of rewarding the shareholders, the Board of Directors has paid an Interim Dividend of 55% (₹ 5.50 per equity share) for the financial year 2015 - 2016. The Board of Directors have also recommended that this may be treated as the final dividend for the FY 2015 - 2016.

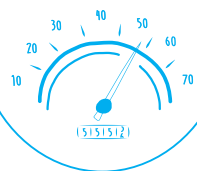
The Company is blessed with a committed and illustrious workforce. I thank the entire team at MCSL for their support and contributions and expect to continue to receive the same in the years to come.

I also put on record my gratitude to all the shareholders for the trust reposed in and the co-operation extended to the Management of the Company and believes the same will continue for our future endeavors also. Let us all move forward with the common aim of promoting our Company as a leader in financial service sector with the highest level of professional Management.

Regards,

Sd/-

**Thomas George Muthoot**  
Managing Director



## FROM THE CHIEF EXECUTIVE OFFICER'S DESK

Dear Members,

We have great pleasure to present before you the performance of your Company for the financial year 2015-16. Your Company continued to excel as the result of substantial growth in loan disbursements. The Company's foray into corporate and business loans also helped boost the disbursements. The geographical expansion undertaken by the Company will help in improving the disbursements in the coming years also. In this year, the equity shares of the Company got listed on the National Stock Exchange of India Limited also.

The net profit during the quarter ended 31<sup>st</sup> March, 2016 increased to ₹ 6.87 crores from ₹ 6.16 crores for the corresponding period last year, recording a growth of 11.53%. The total income increased to ₹ 63.41 crores, from ₹ 51.98 crores during the same period last year, registering a growth of 21.99%. Interest expenditure increased from ₹ 19.62 crores to ₹ 22.34 crores, recording an increase of 13.86%. The total expenses during the corresponding period recorded an increase of 24.14%, up from ₹ 42.25 crores to ₹ 52.45 crores. The profit before tax increased by 12.54% from ₹ 9.73 crores during the corresponding period last year to ₹ 10.95 crores during the quarter ended 31<sup>st</sup> March 2016.

Commensurate with the quarterly figures, the yearly results also showed an impressive growth, with total income increasing to ₹ 228.49 crores compared to ₹ 191.29 crores during 2014-2015, recording a growth of 19.45%. The interest expenses during the period went up from ₹ 76.77 crores to ₹ 87 crores, which is an increase of 13.33%. The total expenses rose from ₹ 157.12 crores to ₹ 193.04 crores, recording an increase of 22.86%. As a result, the profit before tax for the year ended 31<sup>st</sup> March 2016 was ₹ 35.45 crores, which was 3.75% higher than ₹ 34.17 crores for the previous year. The net profit for the year at ₹ 22.85 crores was higher by 2.51% compared to ₹ 22.29 crores for the previous year.

The total loan disbursements by the Company for the quarter ended 31<sup>st</sup> March 2016 was ₹ 314.65 crores. This comprised of two wheeler loans totaling ₹ 234.76 crore, and Corporate and other business loans totaling ₹ 79.89 crores. Considering the whole year, the loan disbursement was ₹ 927.96 crores compared to ₹ 648.84 crores for the previous year. This comprised of 1,67,204 two wheeler loans totaling ₹ 780.02 crores in 2015-2016, compared to 1,38,832 two wheeler loans amounting to ₹ 592.45 crores in the previous year. Corporate and other business loans disbursements increased from ₹ 56.39 crores last year to ₹ 147.94 crores this year.

The determination of NPA based on a stricter 5-month norm for the year, compared to the 6 month norm in the previous year, led to an increased drag on the profits of the Company. Profitability was impacted through reversal of unrealized interest and provisions on NPA, loss on sale of repossessed assets and writing off of assets, totaling to ₹ 19.63 crores as against ₹ 15.55 crores in the previous year. Also, the Company has made an additional provision of ₹ 0.53 crores towards anticipated NPAs in future. However, in spite of all these, the Company was still able to improve the profits for the year.

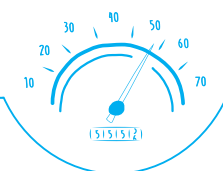
The implementation of progressively stricter norms for asset classification are likely to impact the profitability of your Company for two more years. However, we have countered this by improved recovery resulting from upgraded collection strategies and intensified collection efforts. The geographic expansion to the North India and the increased focus on corporate loans will boost the disbursements substantially. We are confident that your Company will continue to turn out excellent performance in the years to come.

Anticipating your continued support and understanding in the years to come....

Regards,

Sd/-

**R. Manomohan**  
**Chief Executive Officer**



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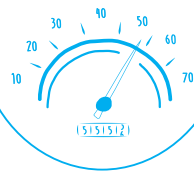
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## VISION

“To be the Most Trusted Financial Service Provider, at the Door step of the Common Man, Satisfying him Immediately, with Easy and Simple Products.”

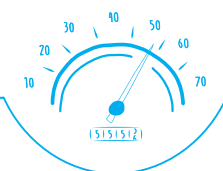
## MISSION

“To Provide timely Small Credit to millions of ordinary people, and also provide them with Simple Options to Save, which will change their way of life.”

## CORE VALUES

“We will do everything to gain and maintain the trust of all the stakeholders and will not do anything to Lose their trust.”





## CORPORATE INFORMATION

### Board of Directors

Mr. Thomas John Muthoot  
Mr. Thomas George Muthoot  
Mr. Thomas Muthoot  
Mr. A. P. Kurian  
Mr. R. K. Nair  
Mrs. Radha Unni

Chairman  
Managing Director  
Director  
Independent Director  
Independent Director  
Independent Woman Director

### Chief Executive Officer

Mr. R. Manomohanan

### Chief Finance Officer

Mr. Vinodkumar M. Panicker

### Company Secretary & Head Governance

Mr. Syam Kumar R.

### Audit Committee

Mr. A. P. Kurian  
Mr. Thomas Muthoot  
Mr. R. K. Nair  
Mrs. Radha Unni

Chairman

### Nomination & Remuneration Committee

Mr. A. P. Kurian  
Mr. R. K. Nair  
Mrs. Radha Unni

Chairman

### Stakeholders Relationship Committee

Mr. Thomas Muthoot  
Mr. Thomas John Muthoot  
Mr. Thomas George Muthoot

Chairman

### Corporate Social Responsibility Committee

Mr. Thomas Muthoot  
Mr. R.K Nair  
Mrs. Radha Unni

Chairman

### Share Transfer Committee

Mr. Thomas George Muthoot  
Mr. Thomas Muthoot  
Mr. R. Manomohanan

Chairman

### Bank Finance Committee

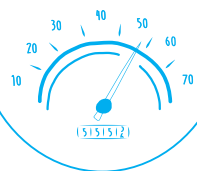
Mr. Thomas George Muthoot  
Mr. Thomas Muthoot

Chairman

### Risk Management Committee

Mr. Thomas George Muthoot  
Mr. Thomas Muthoot  
Mr. R.K. Nair  
Mr. R. Manomohanan  
Mr. Vinodkumar M. Panicker

Chairman



### Asset Liability Management Committee

Mr. R. Manomohanan  
Chairman  
Mr. Balakrishnan R.  
Mr. Vinodkumar M. Panicker  
Mr. Syam Kumar R.  
Mr. Vijayan T.  
Mrs. Febin Meera Zachariah

### Statutory Auditors

M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, Kochi

### Secretarial Auditors

M/s. SVJS & Associates, Company Secretaries, Kochi

### Internal Auditors

M/s. Varma & Varma, Chartered Accountants, Kochi

### Our Bankers

State Bank of Travancore  
State Bank of India  
South Indian Bank Ltd.  
Dhanlaxmi Bank Ltd.  
Andhra Bank  
State Bank of Hyderabad  
Corporation Bank Ltd.  
Tamilnad Mercantile Bank Ltd.  
Punjab National Bank  
Syndicate Bank

ICICI Bank Ltd.  
Lakshmi Vilas Bank Ltd.  
Yes Bank Ltd.  
HDFC Bank Ltd.  
IDBI Bank Ltd.  
Federal Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Axis Bank Ltd.  
City Union Bank Ltd.  
IndusInd Bank Ltd.

### Registrar and Share Transfer Agents

M/s. Integrated Enterprises (India) Ltd.  
2<sup>nd</sup> Floor, Kences Towers,  
1<sup>st</sup> Floor, No. 1, Ramakrishna Street,  
Off. North Usman Road, T. Nagar,  
Chennai - 600 017

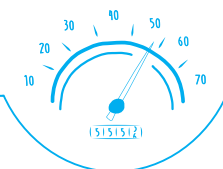
### Debenture Trustee

Mr. A. Gopalakrishnan  
M/s. K. Venkatachalam Aiyer & Co.  
Chartered Accountants,  
Building No. 41/3647 B,  
Providence Road, North End,  
Kochi - 682 018

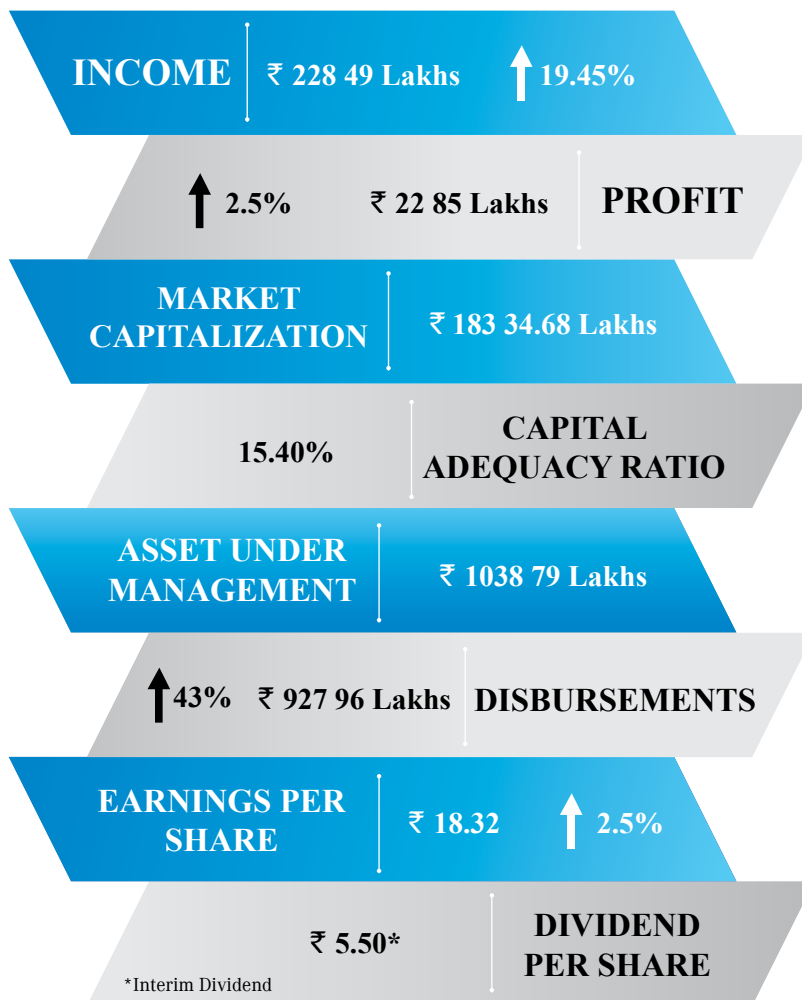
### Public Deposits Trustee

M/s. IDBI Trusteeship Services Ltd.  
Asian Building, Ground Floor,  
17, R, Kamani Marg, Ballard Estate,  
Mumbai - 400 001



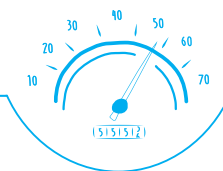


## KEY HIGHLIGHTS



## KEY ACHIEVEMENTS DURING THE FY 2015 - 2016

- ♦ Preferred Financer tie-up with Suzuki Motorcycle India Private Limited.
- ♦ The Company's equity shares listed in National Stock Exchange (24<sup>th</sup> August, 2015).
  - ♦ Started Business in North and East Indian States.
- ♦ 10,000 plus disbursement in the month of September, 2015 in Kerala.
- ♦ The Company declared Interim Dividend for the first time in its history.
  - ♦ Asset Under Management crossed ₹ 1000 crores.



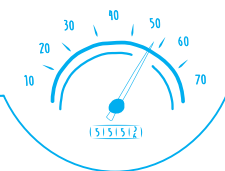
## MUTHOOT CAPITAL SERVICES LIMITED

### Registered Office

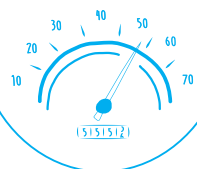
3<sup>rd</sup> Floor, Muthoot Towers, M.G. Road, Kochi - 682 035

Tel: +91 - 484 - 6619600/6613450

SL. NO.	BRANCH NAME	BRANCH ADDRESS
<b>KERALA</b>		
1.	Alappuzha	1 <sup>st</sup> Floor, Sharada Shopping Complex, Mullackal Road, Mullackal Post, Alappuzha - 688 001
2.	Tirur	1 <sup>st</sup> Floor, Mundakkathu Building, Payyanangadi, Tirur, Malappuram
3.	Calicut	Door No. 27/383/A-3, 2 <sup>nd</sup> Floor, Soubhagya Shopping Complex, Near Aryadathupadam, Mavoor Road, Calicut - 4
4.	Kottayam	Door No. 480, Vallabhasseri Building, Near Shalom Church, Chingavanam P.O, Kottayam - 686 531
5.	Thrissur	1 <sup>st</sup> Floor, PVK Complex, Opp. Amala Hospital, Amala Nagar, Thrissur - 680 555
6.	Palakkad	Azhar Building, G.B Road, Palakkad
7.	Meenangadi	Ayisha Complex, Panamaram Road, Meenangadi, Wayanad
8.	Trivandrum	2 <sup>nd</sup> Floor, Mansions Chelsma Heights, Chengalloor Junction, Poojappura, Trivandrum - 695 012
<b>TAMIL NADU</b>		
9.	Trichy	3 <sup>rd</sup> Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy - 620 001
10.	Salem	1 <sup>st</sup> Floor, N.V Arcade, 5/259A, Junction Main Road, Salem - 636 004
11.	Chennai	1 <sup>st</sup> Floor, Majestic Tower, Door No. 236, Choolaimedu High Road, Choolaimedu, Chennai - 94
12.	Coimbatore	Ground Floor, No. 62, Dr. N.R.N. Layout, Pappanaickenpalayam, Coimbatore
13.	Theni	Tharun Tower, 2 <sup>nd</sup> Floor, Sriram Theatre Lane, Cumbum Road, Theni - 625 531
14.	Tanjore	1 <sup>st</sup> Floor, No. 5/163/4, Sorna Complex, Natarajapuram West, M.C Road, Tanjore - 613 004
15.	Thirunelveli	No. 42, Vadivagam, TVM High Road, Near Palai Bus Stand, Palayamkottai, Thirunelveli - 627 002
16.	Kumbakonam	1 <sup>st</sup> Floor, 53/1006, Mothilal Street, Kumbakonam, Tanjavor - 612 001
<b>PUDUCHERRY</b>		
17.	Karaikkal	1 <sup>st</sup> Floor, Door No.2, Kannadiar Street, Karaikkal - 609 602
<b>KARNATAKA</b>		
18.	Bangalore	136, M.K Arcade, Nawab Hyder Ali Road, Kalasipalayam, Bangalore - 560 002



19.	Mysore	1 <sup>st</sup> Floor, Door No. 170/1, M 52, B.N Street, Opp: Mandi Market, Mandi Mohalla, Mysore - 570 021
20.	Shimoga	No. 44/44/44, Satish Arcade, 2 <sup>nd</sup> Floor, Savalanga Road, Shimoga - 577 201
21.	Hubli	1 <sup>st</sup> Floor, Above Vijayalakshmi TVS Show Room, Gokul Main Road, Hubli - 580 030
<b>ANDHRA PRADESH</b>		
22.	Guntur	Door No. 12-17-14, Somavari Street, Kothapet, Guntur - 522 002
23.	Kadapa	Door No. 42/332-2, Vandana Complex, Ground Floor (back side), Bhagya Nagar Colony, Opp. Shivalayam Temple, Kadapa - 516 001
24.	Vizag	1 <sup>st</sup> Floor, No. 47-15-4/1, Gurbanga Complex, Diamond Park Road, Dwaraka Nagar, Vizag - 530 016
25.	Vijayawada	No. 72/3/1, 1 <sup>st</sup> Floor, Opp. Canara Bank, Pattamatta, Vijayawada - 520 010
26.	Thirupathi	No. 392C, 1 <sup>st</sup> Floor, Opp. Fullerton Pvt. Ltd., R.C Road, Thirupathi - 517 501
<b>TELANGANA</b>		
27.	Amberpet, Hyderabad	Behind Muthoot Fincorp Ltd, Door No. 2-3-692/13, Near Police Line, Amberpet, Hyderabad - 500 013
28.	Shivam Road, Hyderabad	1 <sup>st</sup> Floor, Door No. 2-2-647/A/3/1-5/1, New Nallakunta, Shivam Road, Hyderabad - 500 013
<b>GUJARAT</b>		
29.	Ahmedabad	402, Ashoka Complex, Near Axis Bank Ltd., Sardar Patel Stadium Road, Navrangpura, Ahmedabad - 380 009
30.	Bharuch	1 <sup>st</sup> Floor, F 28-29, Millenium Market, Panchbatti, Bharuch - 392 001



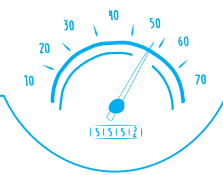
## GROWTH OVER LAST FIVE YEARS AT A GLANCE

(₹ in Lakhs)

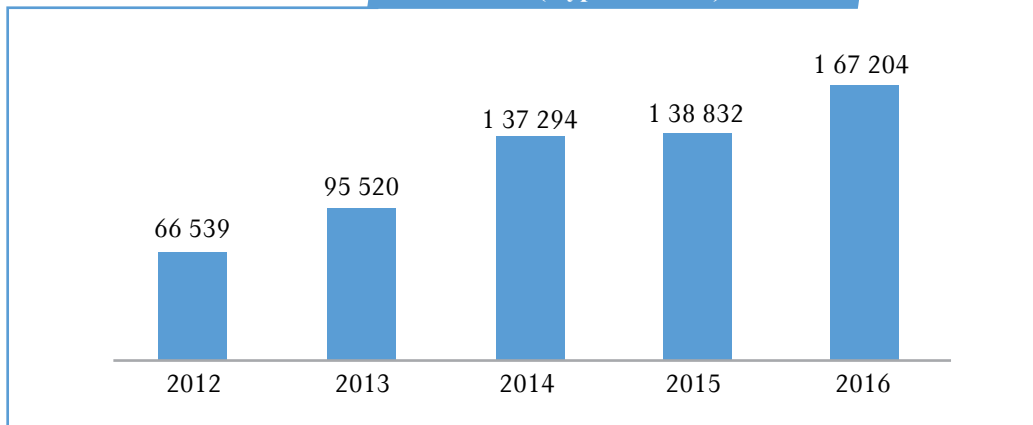
Financial year ended 31 <sup>st</sup> March	2012	2013	2014	2015	2016
<b>Operating Results</b>					
Disbursements	294 27	435 71	588 57	648 84	<b>927 96</b>
Total Revenue	67 35	107 22	158 76	191 29	<b>228 49</b>
Profit Before Tax	23 01	32 27	33 58	34 17	<b>35 45</b>
Profit After Tax	15 51	21 76	22 21	22 29	<b>22 85</b>
<b>Assets</b>					
Fixed Assets (including assets leased out)	1 18	1 98	2 84	2 04	<b>1 83</b>
Investments	19	21	7 07	13 54	<b>13 75</b>
Deferred tax asset	71	99	1 32	2 70	<b>4 68</b>
Net stock on hypothecation	294 88	461 33	688 61	799 01	<b>932 31</b>
Other Loans (including interest accrued)	6 76	2 36	2 00	46 11	<b>106 48</b>
Other assets	11 86	9 20	13 04	12 61	<b>13 06</b>
<b>Total Assets</b>	<b>315 58</b>	<b>476 07</b>	<b>714 88</b>	<b>876 01</b>	<b>1072 11</b>
<b>Liabilities</b>					
Equity	12 47	12 47	12 47	12 47	<b>12 47</b>
Reserves and Surplus	74 51	90 43	106 07	120 82	<b>135 42</b>
Borrowings (including interest accrued)	216 63	356 24	576 44	712 82	<b>893 75</b>
Other liabilities	11 97	16 93	19 90	29 90	<b>30 46</b>
<b>Total Liabilities</b>	<b>315 58</b>	<b>476 07</b>	<b>714 88</b>	<b>876 01</b>	<b>1072 11</b>
<b>Key Indicators</b>					
Earnings Per Share (in ₹)	13.1	17.5	17.8	17.9	<b>18.3</b>
Dividend Per Share (in ₹)	3.5	4.0	4.5	5	<b>5.5<sup>1</sup></b>
Book value Per Share (in ₹)	70	83	95	1 07	<b>119</b>
CRAR (%)	30.23	21.74	17.32	15.97	<b>15.40</b>
GNPA (%)	0.26	1.00	2.23	3.94	<b>5.21<sup>2</sup></b>
NNPA (%)	0.20	0.87	1.96	3.32	<b>4.34<sup>2</sup></b>

<sup>1</sup> Interim Dividend

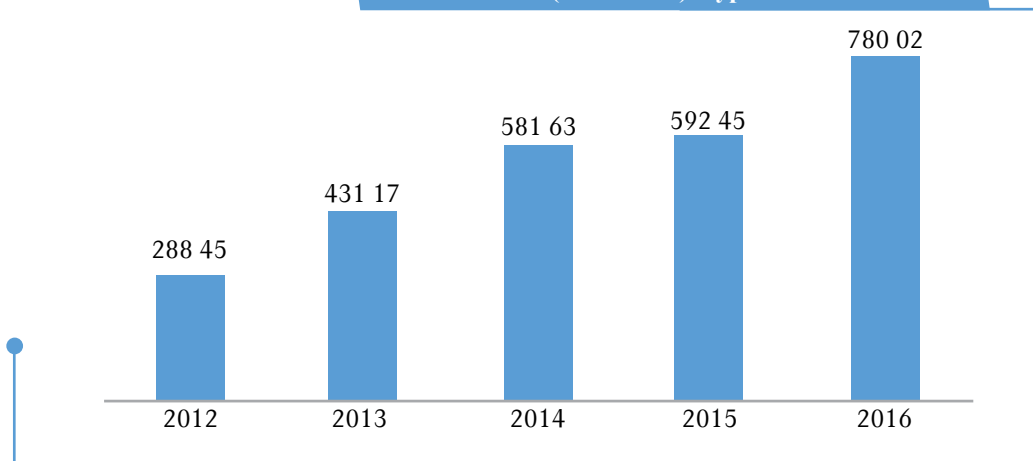
<sup>2</sup> 5 Months norm is followed for GNPA and NNPA for the FY 2015 - 2016



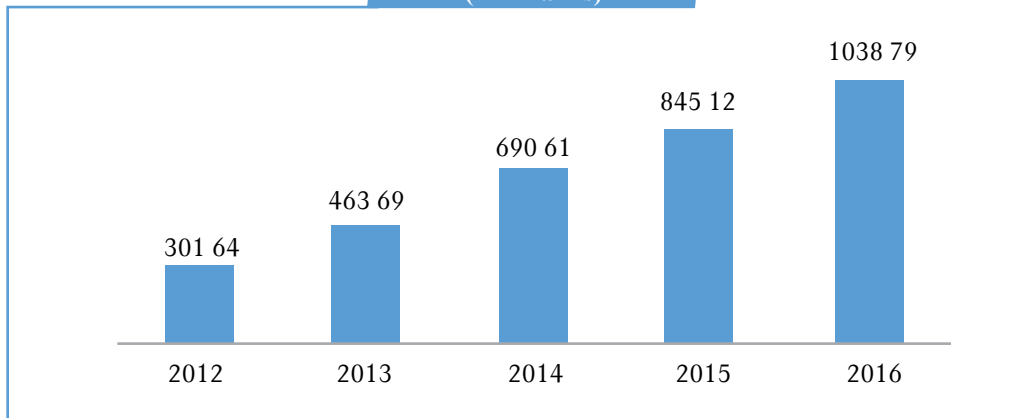
#### No. of Loans (Hypothecation) Disbursed

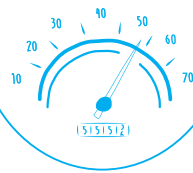


#### Disbursement (₹ in Lakhs) Hypothecation Loans

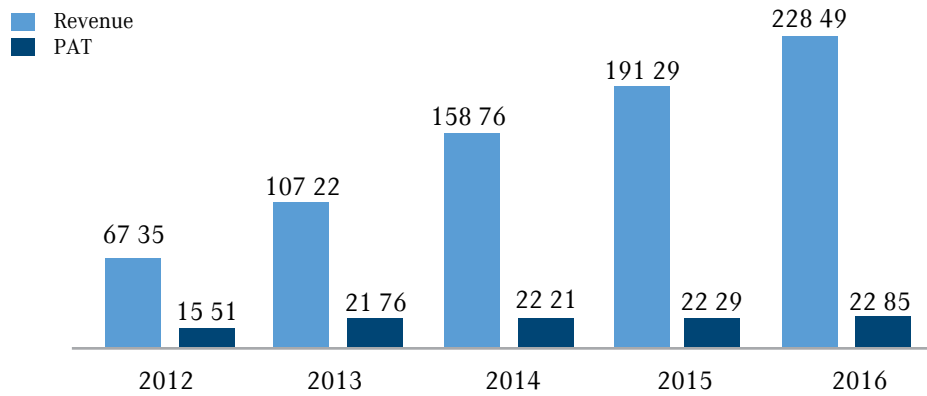


#### Asset Under Management (₹ in Lakhs)

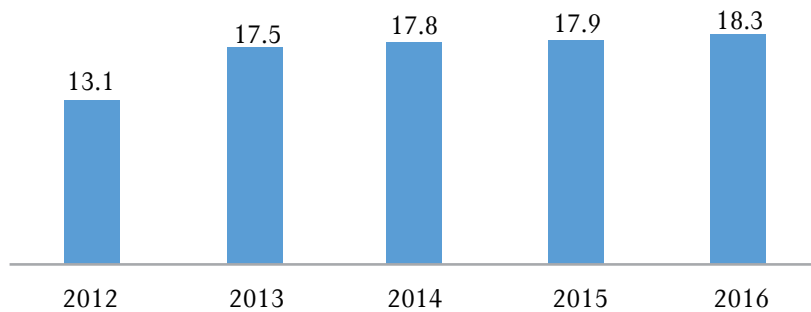




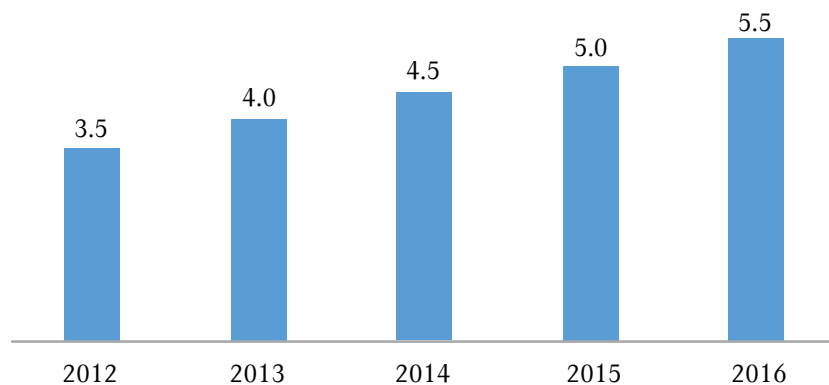
### Revenue & PAT (₹ in Lakhs)

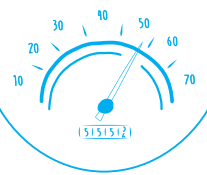


### Earnings Per Share (In ₹)

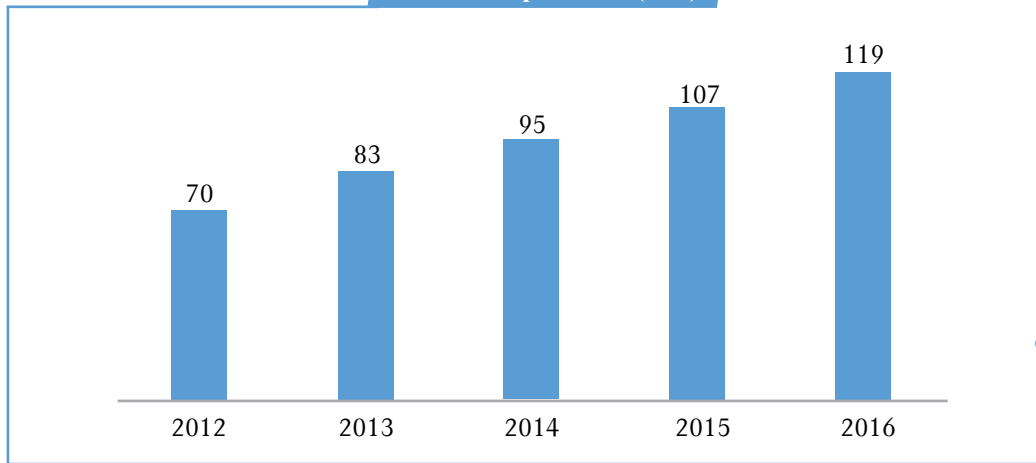


### Dividend per share (In ₹)

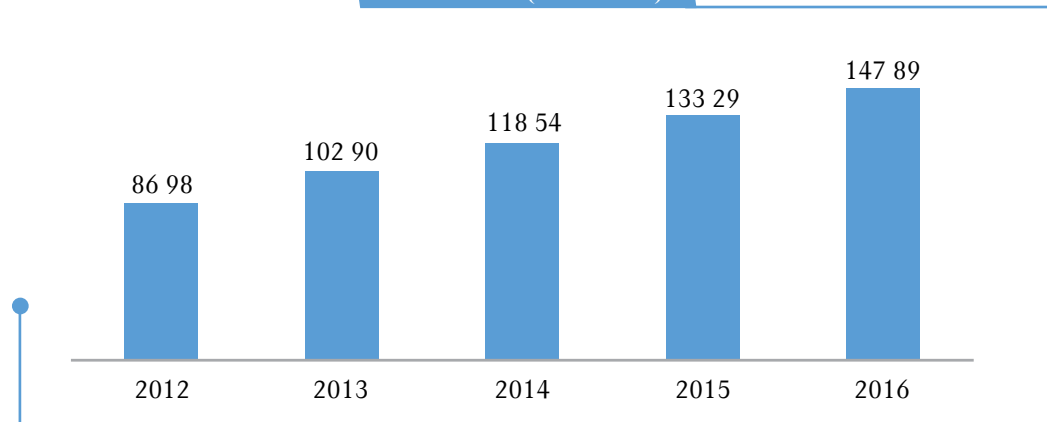




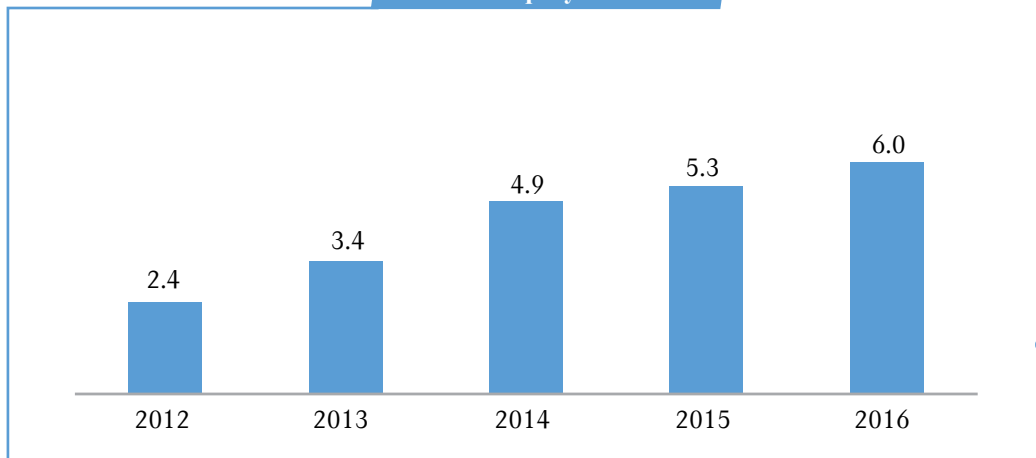
#### Book Value per share (In ₹)



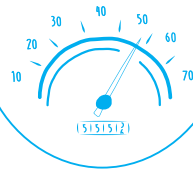
#### Net worth (₹ in Lakhs)



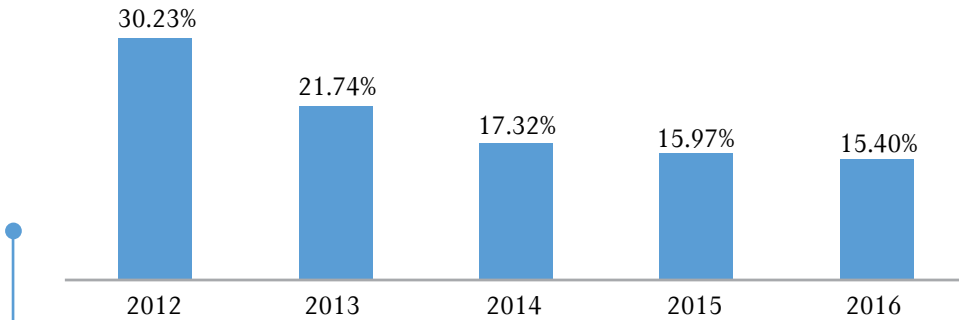
#### Debt Equity Ratio





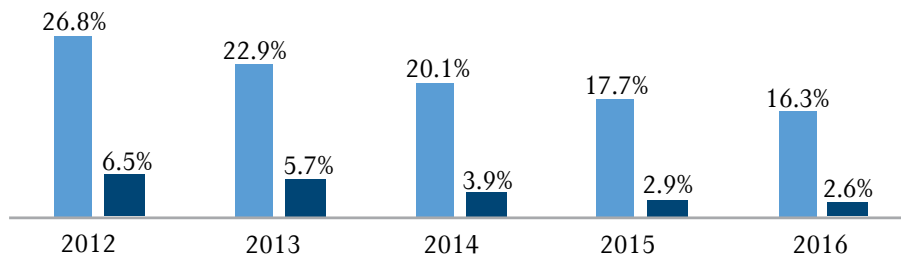


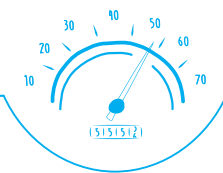
### Capital Adequacy Ratio



### Return on Asset & Equity

■ Return on Average Equity  
■ Return on Average Loan Assets





## KEY INITIATIVES DURING THE YEAR 2015 - 2016



Patients who had undergone free cleft lip surgery during the Smile Please Mission held at Vizag.



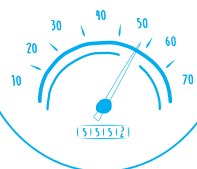
This girl surely smiles brighter! (From our Smile Please Mission held at Vizag).



Padmashri Olympian Ms. Anju Bobby George lighting the lamp in the presence of dignitaries including Smt. Soumini Jain (Hon'ble Mayor of Kochi), Mr. Hibi Eden MLA, Mr. Thomas Muthoot, Executive Director - MPG, Mr. Thomas George Muthoot, Director - MPG, Dr. Prasanth Kumar Nellickal, Senior Manager - Muthoot Pappachan Foundation (extreme left), Ms. Natasha Ramarathnam, Regional Director - South and Mr. R Manomohanan, CEO - MCSL.

## PROMOTIONAL ACTIVITIES DURING THE YEAR 2015 - 2016





## BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting their 22<sup>nd</sup> Board Report on the Company's business and operations, together with audited financial statements and accounts for the financial year ended 31<sup>st</sup> March, 2016.

### 1. FINANCIAL HIGHLIGHTS

(₹ in lakhs, except earnings per share)

Particulars	2015 - 2016	2014 - 2015
Total Income	228 49.43	191 28.64
Total Expenditure	174 57.85	142 62.78
Profit before Depreciation and other Provisions	53 91.58	48 65.86
Depreciation	1 03.23	138.97
Provisions and Write offs	17 43.37	13 10.33
Profit Before Tax	35 44.98	34 16.56
Provision for Taxation		
Current Tax	14 34.00	13 23.00
Deferred Tax	(1 97.92)	(1 36.02)
Income Tax adjustment of earlier years	23.56	0.43
Profit After Tax	22 85.34	22 29.15
Basic Earnings Per Share	18.32	17.87

Note: Previous year figures have been reworked, re-grouped, re-arranged and re-classified to conform to the current year presentation.

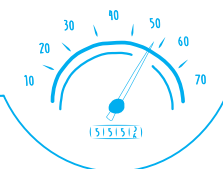
During the year ended 31<sup>st</sup> March 2016, the Company was able to achieve an impressive growth. The total income rose to ₹ 228 49.43 lakhs during the FY 2015 - 2016 as against ₹ 191 28.64 lakhs during the FY 2014 - 2015. The total expenditure were ₹ 174 57.85 lakhs against ₹ 142 62.78 lakhs during the FY 2014 - 2015. The Net Profits of the Company stood at ₹ 22 85.34 lakhs compared to ₹ 22 29.15 lakhs in the FY 2014 - 2015. An amount of ₹ 15 15.65 lakhs has been proposed to be transferred to Reserves and Surplus during the year under review.

### 2. DIVIDEND

During the FY 2015 - 2016, the Company paid an interim dividend of ₹ 5.50/- per equity share (i.e. 55% of the face value) amounting to a total interim dividend of ₹ 685.99 lakhs. This has resulted in an additional cash outflow on account of Dividend Distribution Tax of ₹ 139.66 lakhs. Your Directors recommended to ratify this interim dividend as the final dividend for the FY 2015 - 2016.

### 3. RESERVES

Out of the profits generated by the Company, your Board proposes to make the following allocations to the various Reserves:



(₹ in Lakhs)

Particulars	Amount
Transfer to Statutory Reserves	4 60.00
Transfer to General Reserves	2 30.00
Dividend (Interim dividend)	6 85.99
Tax on Interim dividend declared	1 39.66
<b>Total</b>	<b>15 15.65</b>

#### 4. RESOURCE MOBILISATION

##### a) Share Capital

The paid up share capital of the Company is ₹ 12 47.26 lakhs. The Company had not issued any equity shares either with or without differential rights during the FY 2015 - 2016 and hence, the disclosure requirements under Section 43 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014, is not applicable.

##### b) Debentures

The Company had not issued any debentures during the FY 2015 - 2016. The residual portion of secured redeemable non-convertible debentures under private placement during earlier years along with interest accrued is ₹ 494.67 lakhs as on 31<sup>st</sup> March, 2016. The debentures issued are secured by way of floating charge on the current assets of the Company.

##### Trustees for Debenture Holders

The Company has appointed Mr. A Gopalakrishnan, Chartered Accountant, M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, Bldg. 41/3647B, Providence Road, Kochi, Kerala - 682 018, to act as trustees for ensuring that the interests of debenture holders are protected.

##### c) Public Deposits

Your Company is a Non - Banking Financial Company (NBFC), registered with Reserve Bank of India (RBI) having Category A (Deposit Taking) License. The Company started accepting public deposits during FY 2013 - 2014. The outstanding amount of public deposits as on 31<sup>st</sup> March, 2016, received by the Company including interest accrued at that date is ₹114 68.18 lakhs. As on 31<sup>st</sup> March, 2016, there are 320 numbers of accounts of public deposits amounting to ₹447.87 lakhs (including interest accrued) which have become due for payment but have not been claimed by the depositors. The public deposits of the Company are rated as "FA Stable" by CRISIL.

Chapter V of the Companies Act, 2013, relating to acceptance of deposits by Companies, is not applicable to the Company since it is an NBFC registered with RBI.

##### Communication to Deposit Holders

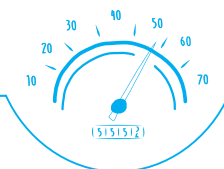
The Company has the practice of sending communication by registered post, two months in advance to the deposit holders whose accounts are about to mature. If the deposit holders are not responding to the communication, Company will contact the depositor in person instructing them to surrender the fixed deposit certificate and claim the amount. In case, where the depositors are not traceable due to change in address/phone numbers, another regular communication is sent to the deposit holder and other modes to contact the deposit holders are also initiated till the deposits are repaid.

##### Trustees for Deposit Holders

Subject to the provisions of RBI Guidelines for trustees of deposit holders of the NBFC, your Company appointed M/s. IDBI Trusteeship Services Limited, as trustees for protecting the interests of deposit holders.

As per the Master Circular - Miscellaneous Instruction to all NBFCs dated 01<sup>st</sup> July, 2014, NBFCs accepting/holding public deposits were directed to create a floating charge on the Statutory Liquid Assets invested in terms of Section 45 - 1B of the RBI Act, 1934, in favour of the depositors.

Your Company has created a floating charge on the Statutory Liquid Assets in favour of M/s. IDBI Trusteeship Services Limited, as trustee on behalf of the depositors as required under Section 45 -1B of the RBI Act, 1934.



#### d) Subordinated Debts

The Company had in the current year raised money through issue of subordinated debts. As of 31<sup>st</sup> March, 2016, the total amount of outstanding subordinated debts, including accrued interest was ₹ 17 75.22 lakhs as against ₹ 4 46.70 lakhs in the previous year.

The subordinated debts and public deposits consists of 14.3% of our total funding.

#### e) Bank Finance

The Company raised funds for its working capital resources mainly from banks. The total amount of working capital loans and cash credit outstanding being ₹ 7 36 64.75 lakhs as on 31<sup>st</sup> March, 2016 against ₹5 80 61.96 lakhs as on 31<sup>st</sup> March, 2015.

### 5. DIRECTORS

The Board of your Company consists of six Directors as on the date of this report, as follows:

Category	Name of Directors
Executive Director	Mr. Thomas George Muthoot, Managing Director
Non - Executive	Mr. Thomas John Muthoot, Chairman
Non - Independent Directors	Mr. Thomas Muthoot
Non - Executive	Mr. A.P. Kurian
Independent Directors	Mr. R.K. Nair
	Ms. Radha Unni

The composition of the Board is as per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015. All the Directors are having vast knowledge and experience in their relevant fields and the Company had benefitted immensely by their presence in the Board.

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

The term of Mr. Thomas George Muthoot (DIN: 00011552) as Managing Director of the Company expires on 11<sup>th</sup> July, 2016. Your Directors recomend his re-appointment as Managing Director for the further term of 5 years from 12<sup>th</sup> July, 2016, subject to the terms and conditions mentioned in the notice to the forthcoming Annual General Meeting of the Company

#### a) Changes in Directors and Key Managerial Personnel (KMP) during the year 2015 - 2016

During the year under review, there are no changes in the composition of the Board of Directors nor the KMPs of your Company.

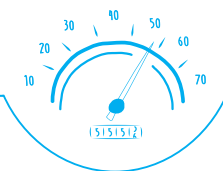
The following persons are the KMPs of the Company as recorded by the Board:

Mr. Thomas George Muthoot	:	Managing Director
Mr. R. Manomohan	:	Chief Executive Officer
Mr. Vinodkumar M. Panicker	:	Chief Finance Officer
Mr. Syam Kumar R.	:	Company Secretary & Head Governance

#### b) Woman Director

In term of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 (1) (a) of the SEBI (LODR) Regulations, 2015, the Company shall have at least one Woman Director on the Board. Your Company has Ms. Radha Unni, as Woman Director on the Board of the Company.





#### c) Declaration by Independent Director(s) and re-appointment, if any

The Company has three Independent Directors on the Board. On 01<sup>st</sup> April, 2015, the Company has received declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that, they meet the criteria of independence as laid down in Section 149 (6) of the Companies Act, 2013, and subsequently the same was placed at the Board Meeting held on 25<sup>th</sup> May, 2015.

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

During the FY 2015 - 2016, the Company has conducted a refresher/devolvement programme for its Independent Directors. The presentation made in this regard is posted on the website of the Company and the web link is:

[http://www.muthootcap.com/pdf/DetailsofFamiliarisation\\_Refresher\\_programme.pdf](http://www.muthootcap.com/pdf/DetailsofFamiliarisation_Refresher_programme.pdf)

#### d) Policy on Board Diversity

The Policy on Board Diversity adopted by the Company includes the following:

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

#### e) Formal Annual Evaluation of Board and its Committees

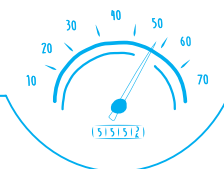
Pursuant to Section 178 (3) of the Companies Act, 2013, the Nomination & Remuneration Committee of the Company has formulated the criteria for determining qualifications, positive attributes and independence of Director and recommended to the Board a policy on remuneration of the Directors, Key Managerial Personnel and other employees. The Policy also includes the norms for evaluation of the Board, Chairman, Managing Director, various Committees of the Board and individual Directors. Based on the recommendation of the Committee, the said Policy on Nomination & Remuneration was approved and adopted by the Board.

The Board has carried out an annual evaluation of its own performance, its Committees and Independent Directors, excluding the Director being evaluated. A structured questionnaire was prepared after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, Board processes and procedures, Board effectiveness etc.

The Board and Nomination & Remuneration Committee reviewed the performance of the individual Directors inter alia, on the basis of understanding and knowledge of the market in which the Company is operating, ability to appreciate the working of the Company and the challenges it faces, attendance of meetings, extend of participation and involvement in the meetings, ability to convey his views and flexibility to work with others. The performance of the committees was evaluated by the Board based on composition of the Committees, effectiveness of the Committee meetings with respect to the terms of reference and conduct of meetings and procedures followed.

Separate meeting of Independent Directors was conducted during the FY 2015 - 2016, to review the performance of the Board as a whole, performance of Non-Independent Directors, performance of the Chairman and assess the quality, quantity and timeliness of flow of information from the Management to the Board.

All Directors participated in the evaluation survey and reviews was carried out. The result of evaluation was discussed in the Independent Directors meeting, respective Committee meetings and in the Board Meeting held on 19<sup>th</sup> April, 2016. The Board noted the comments/suggestions of Independent Directors and Chairmen of respective Committees and also discussed various initiatives to further strengthen Board effectiveness.



#### f) Managerial Remuneration

The Company's policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 (3) of the Companies Act, 2013, enclosed herewith as **Annexure 2**.

#### g) Meetings of the Board

During the FY 2015 - 2016, your Board of Directors met five times on the following dates:-

25.05.2015	10.08.2015	11.11.2015	15.01.2016	11.03.2016
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#### h) Audit Committee

As on 31<sup>st</sup> March, 2016, the Audit Committee consists of four Non-Executive Directors, of which three are Non-Executive Independent Directors. All the Members of the Committee possess accounting or related financial management expertise. Composition of the Audit Committee is as follows:

Name of the Member	Designation in the Committee	Nature of Directorship
Mr. A.P Kurian	Chairman	Independent Director
Mr. Thomas Muthoot	Member	Non-Executive, Non-Independent Director
Mr. R.K. Nair	Member	Independent Director
Ms. Radha Unni	Member	Independent Director

The constitution and terms of reference of the Committee are in accordance with the SEBI (LODR) Regulations, 2015, Companies Act, 2013 and RBI Regulations, which are elaborated in the Corporate Governance Report forming part of this report.

#### i) Other Committees of the Board

The details of the other Committees of the Board, their composition, terms of reference and the activities during the year are elaborated in the Corporate Governance Report forming part of this Report.

### 6. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

The Company has no subsidiary/joint venture/associate company and hence consolidation and applicable provision under the Companies Act, 2013 and Rules made thereunder are not applicable to the Company.

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

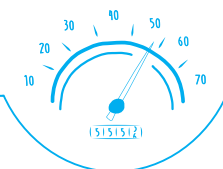
During the year under review, there was no change in the nature of business of the Company. The Company is mainly into the business of providing two wheeler loans. The Company had disbursed business/corporate loans to the extent of ₹ 1 01 43.12 lakhs and as on 31<sup>st</sup> March 2016, the outstanding amount is ₹ 72 13.85 lakhs.

The Company had, in the previous year, entered into pool buyout arrangement of loan receivables amounting to ₹ 46 50.86 lakhs (after deducting 5% or 10% for MRR requirement). The aggregate amount outstanding under loan buyout as on 31<sup>st</sup> March, 2016 was ₹ 32 81.68 lakhs.

The sourcing of the business for the Company viz. two wheeler financing takes place at the dealer points for two wheelers. The Company has already activated 1800 dealers. It plans to activate 400 - 500 dealerships/sub dealerships additionally in the FY 2016 - 2017.

The Company proposes to look at other means of funding like NCDs/CPs, apart from the existing means of financing by way of bank loans, public deposits, subordinated debts etc.





## 8. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes or events have occurred since the date of the Balance Sheet that could have any effect on the financial position of the Company.

## 9. CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR) as on 31<sup>st</sup> March, 2016 stood at 15.40% of the aggregate risk weighted assets on the Balance Sheet and risk adjusted value of the off - Balance Sheet items, which is above the regulatory minimum of 15%. The CAR as on 31<sup>st</sup> March, 2015, stood at 15.97%.

## 10. CREDIT RATING

The Credit Rating enjoyed by the Company as on 31<sup>st</sup> March, 2016, is as given below:

Credit Rating Agency	Instrument	Rating as on 31 <sup>st</sup> March, 2016	Migration during the FY 2015 - 2016
CRISIL	Bank Facilities	CRISIL A/ Stable	-
CRISIL	Public Deposits	FA/Stable	-
CRISIL	Short Term Debt	CRISIL A1	-
CRISIL	Non-Convertible Debentures	CRISIL A/ Stable	-

## 11. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

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.

## 12. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to the financial statements, which is evaluated by the Audit Committee as per Schedule II Part C of the SEBI (LODR) Regulations, 2015. During the year under review, there were no reportable material weaknesses in the systems or operation.

## 13. CORPORATE SOCIAL RESPONSIBILITY

Your Company has always responded in a reasonable manner to the growing needs of the society benefiting the deserving population. A number of enriching and enlivening activities that contribute to the community in the areas of health, education, environment and livelihood have been taken up. The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure 3** to this report in the format prescribed in the Companies (Accounts) Rules, 2014.

The policy is also available on the website of the Company. The composition and other details of the CSR Committee is detailed in the Corporate Governance Report.

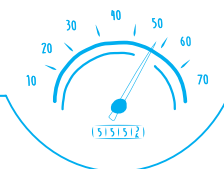
## 14. STATUTORY AUDITORS

M/s K. Venkatachalam Aiyer & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company during the 20<sup>th</sup> AGM held on 03<sup>rd</sup> September, 2014, for a period of three years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment need to be ratified at each AGM during their tenure and your Directors recommend ratification of the appointment of Statutory Auditors for the FY 2016 - 2017 in the ensuing AGM.

## 15. AUDITORS' REPORT

### a) Independent Auditor's Report

There are no qualification, reservation or adverse remark or disclaimer in the Independent Auditor's Report



provided by M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, for the FY 2015 - 2016. The notes to accounts forming part of financial statements are self-explanatory and need no further clarification.

#### **b) Secretarial Audit Report**

There are no qualification, reservation or adverse remark or disclaimer in Secretarial Audit Report provided by M/s. SVJS & Associates, Company Secretaries, 39/3519 B, First Floor, Padmam Apartments, Manikkath Road, Ravipuram, Kochi - 16 for the FY 2015 - 2016. The said report is annexed to this report as **Annexure 4**.

### **16. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Considering its nature of activities, the following disclosures are made as per the provisions of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014:

- (i) The Company has no activities relating to conservation of energy and technology absorption.
- (ii) There are no foreign exchange earnings or outgo during the period under review.

### **17. WHISTLE BLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company promotes ethical behavior in all its business activities and has a mechanism for reporting unethical behavior, actual or suspected frauds or violation of the Company's Code of Conduct or ethics policy. Pursuant to Section 177 (9) & 177 (10) of the Companies Act, 2013 and as per Regulation 4 (2) (d) (iv) & 34 (3) read with Para 10 of Part C of Schedule V of the SEBI (LODR) Regulations, 2015, the Company has a Whistle Blower Policy or Vigil Mechanism in place. The mechanism provide for adequate safeguards against victimization of Director(s)/Employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any Integrity issue. The said policy is available on the website of the Company which can be accessed by following the below link.

[http://www.muthootcap.com/pdf/MCSL\\_Whistle\\_Blowing\\_GuidelinesV1.pdf](http://www.muthootcap.com/pdf/MCSL_Whistle_Blowing_GuidelinesV1.pdf)

### **18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company has not given any loans or provided any guarantee or made any investments pursuant to Section 186 of the Companies Act, 2013, during the period under review.

### **19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All the Related Party Transactions have been approved by the Audit Committee and also by the Board. The transactions with Muthoot Fincorp Limited and Muthoot Bankers were approved by the shareholders at the AGM held on 03<sup>rd</sup> September, 2014 & 21<sup>st</sup> August, 2015 and the approval is valid for a period of five years.

Transactions with related parties during the financial year under review are at arm's length and in the ordinary course of business and confirming to the requirements of Companies Act, 2013. Omnibus approvals from Audit Committee were taken for the transactions that are foreseen and of repetitive in nature. Form AOC-2 as required under Section 134 (3) (h) of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, is enclosed as **Annexure 5**.

The Company has in place a Related Party Transaction Policy which was approved by the Board and has been placed on the website of the Company.

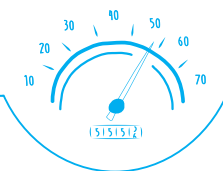
The web link to the said policy is [http://www.muthootcap.com/pdf/RPT\\_Policy.pdf](http://www.muthootcap.com/pdf/RPT_Policy.pdf)

### **20. PARTICULARS OF EMPLOYEES**

The disclosures required under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 (1) and 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this report as **Annexure 6**.

### **21. LISTING**

Equity shares of your Company was listed on BSE Limited since 24<sup>th</sup> April, 1995. During the FY 2015 - 2016 the equity shares was listed in National Stock Exchange of India Limited also. Your Company has paid the required listing fees to both the Stock Exchanges.



During the FY 2015 - 2016, your Company has entered into new Listing Agreement with BSE Limited and National Stock Exchange of India Limited, in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **22. CORPORATE GOVERNANCE REPORT**

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 of the SEBI (LODR) Regulations, 2015 on Corporate Governance. The detailed report on Corporate Governance alongwith certificate on Corporate Governance from the Statutory Auditors is forming part of this Report.

## **23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review is included in a separate section forming part of this Report.

## **24. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The details in respect of internal control systems and their adequacy are included in the Management Discussion and Analysis Report, which forms part of this report.

## **25. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance towards sexual harassment at the workplace. The Company has been employing 436 women employees in various cadres as on 31<sup>st</sup> March, 2016. The Company has in place 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 work place. During the FY 2015 - 2016, the Company has received one complaint of sexual harassment, and the same has been duly inquired and concluded by taking appropriate action. There were no complaints pending for redressal as on 31<sup>st</sup> March, 2016.

## **26. FAIR PRACTICE CODE (FPC)**

The Company has a FPC approved by the Board on 2<sup>nd</sup> April, 2012, as per the guidelines issued by the RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is posted on the website of the Company. The FPC is also reviewed at frequent intervals to ensure its adequacy and appropriateness.

## **27. CUSTOMER GRIEVANCE**

The Company has a dedicated Customer Grievance Cell for receiving and handling customer complaints 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.

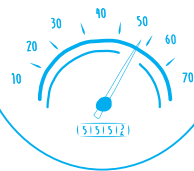
## **28. EXTRACT OF ANNUAL RETURN**

The extract of the annual return in form MGT - 9 is annexed to this report as **Annexure 7**.

## **29. 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:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) 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;
- (iv) we had prepared the annual accounts on a going concern basis;



- (v) 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
- (vi) we had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **30. ACKNOWLEDGEMENT**

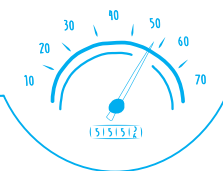
The Directors sincerely acknowledge the contribution and support from customers, shareholders, depositors, debenture holders, Central and State governments, Bankers, SEBI, BSE Limited, National Stock Exchange of India Limited, Share Transfer Agents, Rating Agencies, Reserve Bank of India, Registrar of Companies, Kerala and Lakshadweep and other Statutory and Regulatory Authorities for the kind co-operation and assistance provided to us. The Directors also place on record their gratitude to the employees and well-wishers for their continued commitment, dedication and co-operation.

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

**Sd/-**

**Thomas John Muthoot**  
**Chairman**

**Kochi**  
**19<sup>th</sup> April, 2016**



## 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. R.K. Nair & Ms. Radha Unni, a certificate stating their Independence as required under Section 149 (6) of the Companies Act, 2013.

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

**Kochi**  
**19<sup>th</sup> April, 2016**

**Sd/-**  
**Thomas George Muthoot**  
**Managing Director**



## ANNEXURE 2

### NOMINATION AND REMUNERATION POLICY

#### INTRODUCTION

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Board of Directors of the M/s Muthoot Capital Services Limited (the Company) at its meeting held on 4<sup>th</sup> August, 2014, re-constituted the Nomination & Remuneration Committee of the Board of Directors to comprise of the following Members:

- |                    |  |
|--------------------|--|
| 1. Mr. A.P. Kurian | - Director (Chairman of the Committee) |
| 2. Mr. R.K. Nair   | - Director                             |
| 3. Ms. Radha Unni  | - Director.                            |

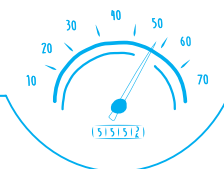
The Board has inter-alia delegated the responsibility to the Committee to:

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

The Committee shall be guided by the broad principles as laid down below in respect of nominating persons to hold office of Director, Senior Management including Key Managerial Personnel, recommending the remuneration payable and evaluation of their performance.

#### CRITERIA FOR SELECTION OF MEMBERS ON THE BOARD OF DIRECTORS AND CANDIDATES FOR SENIOR MANAGEMENT

The Committee has adopted the following criteria for selection of Members on the Board of Directors of the Company and also candidates eligible to be appointed in the Senior Management of the Company.



### **i) Criteria for Selection of Directors**

Before making any recommendation to the Board for appointment of any Director, the Committee shall ensure that:

- a) the candidate possesses managerial/business/administrative qualifications and experience spread over two or more decades in diverse areas particularly finance, banking and general management;
- b) the candidate shall be free from any disqualifications as provided under Sections 164 and 167 of the Companies Act, 2013;
- c) in case of appointment of an Independent Director, the candidate meets the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges;
- d) the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, infrastructure, or such other areas or disciplines which are relevant for the Company's business; and
- e) the candidate also complies with the "Fit & Proper" criteria as laid down by the policy of the Company.

### **ii) Criteria for Selection of Senior Management Personnel**

The term Senior Management shall have the same meaning as provided under the explanation to Section 178 of the Companies Act, 2013.

The Committee shall, before making any recommendation to the Board for appointment, should ensure that the candidate has the attributes set forth below:

- a) The candidate should have a minimum experience of 10 years in any of the areas viz. banking, infrastructure, financial management, legal, sales, marketing, administration, research, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the Committee are relevant for the Company's business; and
- b) The candidate should possess qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee are in the interest of the Company.

If the Committee, in its opinion finds that the candidate meets the above criteria for appointment (as Director on the Board or in Senior Management position), it shall make its recommendation to the Board. Any amendment to the above criteria for Directors and Senior Management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

## **EVALUATION OF PERFORMANCE OF DIRECTORS**

### **i) Evaluation of the performance of Managing Director/Whole Time Director**

The performance of the Managing Director/Whole Time Director is to be 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.

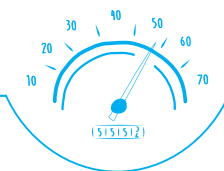
### **ii) Evaluation of the performance of Non-Executive Directors and Independent Directors (NEDs and IDs)**

The Committee while evaluating the performance of the NEDs and IDs, 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;







## ANNEXURE 3

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

**I. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

#### CSR Policy

CSR Policy of the Company is designed to portray its commitment 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. Each CSR activity of the Company is channelized through the Muthoot Pappachan Foundation. Aligning with its vision, the Company, will continue increasing value creation in the community in which it operates, through its services and CSR initiatives planned and implemented by Muthoot Pappachan Foundation, so as to stimulate well-being for the community, in fulfilment of its role as a responsible corporate citizen.

The CSR efforts of the Company will be facilitated through Muthoot Pappachan Foundation in a continuous and effective method. The CSR programs are bound by the theme **HEEL** and are identified as follows:

- **Health:** Life Blood Directory, Outreach camps, Smile Please, PMR Centre
- **Education:** Community Education Scheme, Scholarships, Financial Literacy
- **Environment:** Green Strategy
- **Livelihood:** Grant making

Web link: <http://www.muthootcap.com/pdf/csr-policy-final-website.pdf>

#### 2. The Composition of the CSR Committee

CSR Committee of the Board consists of the following three Directors as Members:

Name of the Director	Designation
Mr. Thomas Muthoot	Chairman
Mr. R.K Nair	Member
Ms. Radha Unni	Member

#### 3. Average net profit of the Company for the last three financial year: ₹ 33 34 99 351

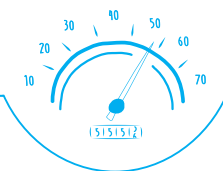
#### 4. CSR Expenditure (2% of the above): ₹ 66 69 987

The overview of CSR budget details during the FY 2015 - 2016 were as follows:

Particulars	Amount (In ₹)
Approved plan outlay	70 00 000
Brought forward from the previous year (2014 - 2015)	1 931
Spent by Muthoot Pappachan Foundation for activities/projects	70 00 841
Fund carry forward to the next year (2016 - 2017)	1 090

#### 5. Details of CSR spend for the financial year:

- a) Amount paid to Muthoot Pappachan Foundation: ₹ 70 00 000
- b) Total amount spent for the financial year: ₹ 70 00 841 (including an amount of ₹ 841 brought forward from the previous year)
- c) Amount unspent, if any: Nil
- d) Manner in which the amount spent during the FY 2015 - 2016 is detailed below:



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: a) Direct or b) through implementing agency. <sup>1</sup>
1	Education support & Scholarships - Attakkalari	Education- Schedule VII (ii)	Kerala	13 50 000	1) 12 50 000 2) 1 32 176	13 82 176	through implementing agency
2	Smile Please Mission – Free Cleft Surgeries	Health- Schedule VII (i)	Andhra Pradesh	10 00 000	1) 13 00 000 2) 89 112	13 89 112	through implementing agency
3	Assistance for Sports & Games- Magic Bus	Sports- Schedule VII (vii)	Kerala	39 00 000	1) 35 00 035 2) 7 29 518	42 29 553	through implementing agency
4	Happy Village project at Perumbalam (Rotary) <sup>2</sup>	Rural Development Projects Schedule VII(x)	Kerala	3 00 000	-	-	-
5	CSR Admin & related expenses incurred by MPF			4 50 000 <sup>3</sup>			
<b>Total</b>				<b>70 00 000</b>	<b>70 00 841</b>	<b>70 00 841</b>	

**Note:**

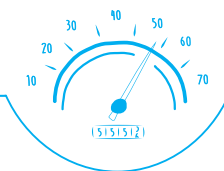
- Details of implementing agency: Muthoot Pappachan Foundation, Muthoot Centre, Punnen Road, Trivandrum - 695 034  
Partnership NGOs: • Education: Magic Bus India Foundation (Charitable Trust)  
• Health: Mission Smile India (Charitable Trust)  
• Livelihood: Attakkalari Center for Movement Arts (Charitable Society)
- Rotary International had indicated that they will not be in a position to undertake the HappyVillage Project which was proposed to the Company and was budgeted during the FY 2015 -2016. Hence we had utilised the funds for the Smile Please Project.
- In the CSR expenditure statement (5d), CSR administration and related expenses is apportioned to the concerned project on a proportionate basis.

**6. Responsibility Statement of the CSR Committee:**

The Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Sd/-  
**Thomas George Muthoot**  
Managing Director

Sd/-  
**Thomas Muthoot**  
Chairman, CSR Committee



## ANNEXURE 4

### FORM MR-3

#### Secretarial Audit Report

For the financial year ended 31<sup>st</sup> March, 2016

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

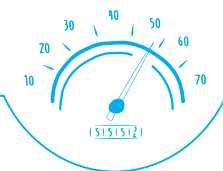
To,  
The Members,  
Muthoot Capital Services Limited,  
3<sup>rd</sup> Floor, Muthoot Towers,  
M.G Road, Kochi - 682 035

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Muthoot Capital Services Limited [CIN: L67120KL1994PLC007726]** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016, 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 Bye-laws framed thereunder;
- (iv) 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (to the extent applicable);
  - c. 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;



(v) As informed to us, the following Regulations and Guidelines prescribed under the Reserve Bank of India Act, 1934, applicable to Non-Banking Financial Companies (Deposit Taking) are specifically applicable to the Company:

- a. Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998;
- b. Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
- c. Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008;
- d. Guidelines for investment in unencumbered approved securities;
- e. Reserve Bank of India (Non-Banking Financial Companies) Returns Specifications, 1997;
- f. Guidelines for Asset Liability Management (ALM) system in Non-Banking Financial Companies;
- g. Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies;
- h. Know Your Customer (KYC) Guidelines - Anti Money Laundering Standards;
- i. Fair Practice Code;
- j. Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015;
- k. Regulation of excessive interest charged by NBFCs;
- l. Miscellaneous Instructions to all Non-Banking Financial Companies;
- m. Revised Regulatory Framework for NBFC.

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

- (i) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and the National Stock Exchange Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

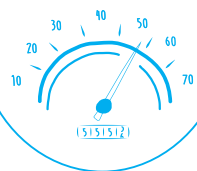
Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board were unanimous and the same was captured and recorded as part of the minutes.

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

We further report that during the audit period, the Company has passed a special resolution under Section 180 of the Act, at its Annual General Meeting held on 21<sup>st</sup> August, 2015, for borrowings to a sum not exceeding ₹2000 crores (Rupees Two Thousand Crores only), at any time, and there were no instances of:

- (i) Public/Right/Preferential issue of shares /debentures/sweat equity;
- (ii) Redemption/buy-back of securities;
- (iii) Merger/amalgamation/reconstruction, etc;
- (iv) Foreign technical collaborations.



This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**For SVJS & Associates, Company Secretaries**

**Sd/-**

**CS. Sivakumar P.**

Managing Partner  
CP No. 2210, FCS:3050

**Kochi**  
**19<sup>th</sup> April, 2016**

### **Annexure A**

To,  
The Members,  
Muthoot Capital Services Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. 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 records. We believe that the process and practices we followed provide a reasonable basis for our Report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Auditor's Report, we have also taken into consideration its compliance related actions taken by the Company after 21<sup>st</sup> March, 2016, 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.

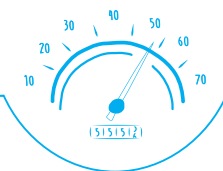
**For SVJS & Associates, Company Secretaries**

**Sd/-**

**CS. Sivakumar P.**

Managing Partner  
CP No. 2210, FCS:3050

**Kochi**  
**19<sup>th</sup> April, 2016**



## ANNEXURE 5

### FORM AOC - 2

(Pursuant to Section 134 (3) (h) of the Companies Act, 2013 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 Section 188 (1) 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:

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

- 2) Details of material contracts or arrangement or transactions at arm's length basis:

The transactions entered into by the Company during the year with related parties on an arm's length basis, were not material in nature.

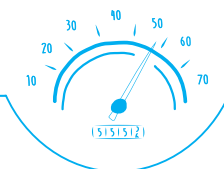
**For and on behalf of the Board of Directors**

**Sd/-**

**Thomas John Muthoot  
Chairman**

**Kochi**

**19<sup>th</sup> April, 2016**



## ANNEXURE 6

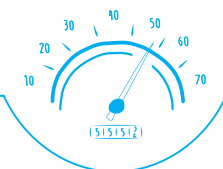
### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) The ratio of remuneration of Managing Director to the median remuneration of the employees of the Company for the FY 2015 - 2016; and
- (ii) The percentage of increase in remuneration of Managing Director, Chief Executive Officer, Chief Finance Officer and Company Secretary during the FY 2015 - 2016, and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP	Designation	Remuneration during the FY 2015 - 2016 (₹ in Lakhs)	% increase in Remuneration during FY 2015 - 2016	Ratio of remuneration of Managing Director to the median remuneration of the employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Thomas George Muthoot	Managing Director	1 52.77	0.76%	155:1	
2.	R. Manomohanan	Chief Executive Officer	88.15	-14.57%	NA	The Company's revenue has increased by 19.45% on year to year basis and profit after tax has increased by 2.51% on year to year basis.
3.	Vinodkumar M. Panicker	Chief Finance Officer	65.44	17.78%	NA	
4.	Syam Kumar R.	Company Secretary & Head Governance	17.98	15.70%	NA	

- (iii) **The Percentage increase in the median remuneration of the employees in the Financial Year:** There has been an increase of 6.49% in the median remuneration of the employees in FY 2015 - 2016 as compared to FY 2014 - 2015.
- (iv) **Number of permanent employees on the rolls of the Company:** There were 2156 employees on the rolls of the Company as on 31<sup>st</sup> March, 2016.
- (v) **The explanation on the relationship between average increase in remuneration and Company's performance:** The Company's revenue has increased by 19.45% on year to year basis and profit after tax has increased by 2.51% on year to year basis. The average increased in the remuneration of employees excluding Key Managerial Personnel during FY 2015 - 2016 was 17%.





(vi) **Comparison of remuneration of KMPs against the performance of the Company:**

Name of KMPs	Designation	Remuneration during the FY 2015 - 2016 (₹ in Lakhs)	Remuneration as % of Gross Income	Remuneration as % of Profit After Tax
Thomas George Muthoot	Managing Director	1 52.77	0.67	6.68
R. Manomohanan	Chief Executive Officer	88.15	0.39	3.86
Vinodkumar M. Panicker	Chief Finance Officer	65.44	0.29	2.86
Syam Kumar R.	Company Secretary & Head Governance	17.98	0.08	0.79
<b>Total</b>		<b>3 24.34</b>	<b>1.43</b>	<b>14.19</b>
Gross Income during FY 2015 - 2016 (₹ in Lakhs)			228 49.43	
Profit After Tax during FY 2015 - 2016 (₹ in Lakhs)				22 85.34

(vii) a) Variations in the Market Capitalization of the Company, Price Earnings Ratio as on 31<sup>st</sup> March, 2016, and 31<sup>st</sup> March, 2015, are as follows:

Sl. No		31.03.2016	31.03.2015	% of Variation
1	No. of equity Shares	12472575	12472575	Nil
2	Market price ( in ₹)	147.00	202.20	-27.29
3	Market Capitalization(1x2)	₹183 34.68 lakhs	₹252 19.54 lakhs	-27.29
4	Earnings per Share	18.32	17.87	2.51
5	Price Earnings Ratio (2/4)	8.02	11.31	-29.08

b) % increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Particulars	31 <sup>st</sup> March, 2016	July, 2011*	% of Variation
Market Price	147.00	80	83.75

\* Right Issue (1:1) in 2011

(viii) Average percentile 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:

There is 17.28 % increase in the salaries of employees other than managerial personnel and there is no such increase in the salaries of managerial personnel during the year.

**Justification for increase:** The increase is in line with the industry standards and the Company's performance.

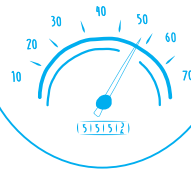
(ix) **The key parameters for any variable component of remuneration availed by the Directors:**

The Company pays remuneration to the MD only and there is no variable component in the remuneration availed by the MD.

(x) **The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:**

During the year ended March 2016, no employee received remuneration in excess of highest paid Director

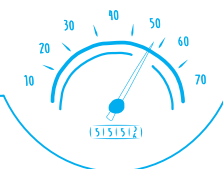
(xi) It is hereby affirmed that the remuneration paid to KMPs and other employees are as per the Nomination & Remuneration Policy of the Company.



**STATEMENT SHOWING LIST OF EMPLOYEES TO BE ANNEXED TO THE BOARD'S REPORT  
AS PER SECTION 197 OF THE COMPANIES ACT, 2013 AND RULE 5 (2) (i) OF COMPANIES  
(APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Name of Employee	Mr. Thomas George Muthoot	Mr. R. Manomohanan	Mr. Vinodkumar M. Panicker
<b>Designation</b>	Managing Director	Chief Executive Officer	Chief Finance Officer
<b>Nature of employment</b>	On rolls	On rolls	On rolls
<b>Age (in years)</b>	53	62	50
<b>Qualification</b>	B. Com	MSc Physics, Certified Associate of Indian Institute of Bankers	B.Com, ACA
<b>Experience (in years)</b>	31	39	27
<b>Date of commencement of employment</b>	12.07.2011	01.03.2008	16.12.2013
<b>Gross Remuneration (in lakhs)</b>	152.77	88.15	65.44
<b>% of Shareholding in the Company</b>	22.82	0.003	Nil
<b>Last employment</b>	NA	EXIM Bank (Tanzania) Limited	Outlook Publishing (I) Pvt.Ltd
<b>Relationship with any Director</b>	Brother of Mr. Thomas John Muthoot and Mr. Thomas Muthoot, Directors of the Company.	Not related to any Director.	Not related to any Director.

**Note:** None of the employees fall within the category specified under Rule 5 (2) ii & iii of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



## ANNEXURE 7

### FORM MGT - 9

#### Extract of Annual Return

#### For the Financial Year ended 31<sup>st</sup> March, 2016

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

(i)	Corporate Identity Number (CIN)	L67120KL1994PLC007726
(ii)	Registration Date	18 <sup>th</sup> February, 1994
(iii)	Name of the Company	M/s. Muthoot Capital Services Limited
(iv)	Category of the Company	Company Limited by Shares
(v)	Address of the Registered Office and contact details:	M/s. Muthoot Capital Services Limited 3 <sup>rd</sup> Floor, Muthoot Towers, M.G Road Kochi, Kerala - 682 035 T: +91 484 6619600/6613450, F: +91 484 2381261
(vi)	Whether Listed Company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	M/s. Integrated Enterprises (India) Limited 2 <sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, Off: North Usman Road, T.Nagar Chennai - 600 017 Ph: 044 - 28140801- 803; Fax: 044 - 28142479 Email: csdstd@integratedindia.in Contact Person: Mr. K. Balasubramanian, Deputy General Manager

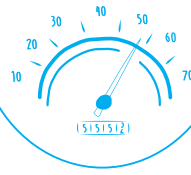
#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/ Services	NIC Code of the Product /Service	% to total turnover of the Company
1.	Income from loans for purchase of two wheelers	65921 (Activities of hire -purchase financing)	94.45

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

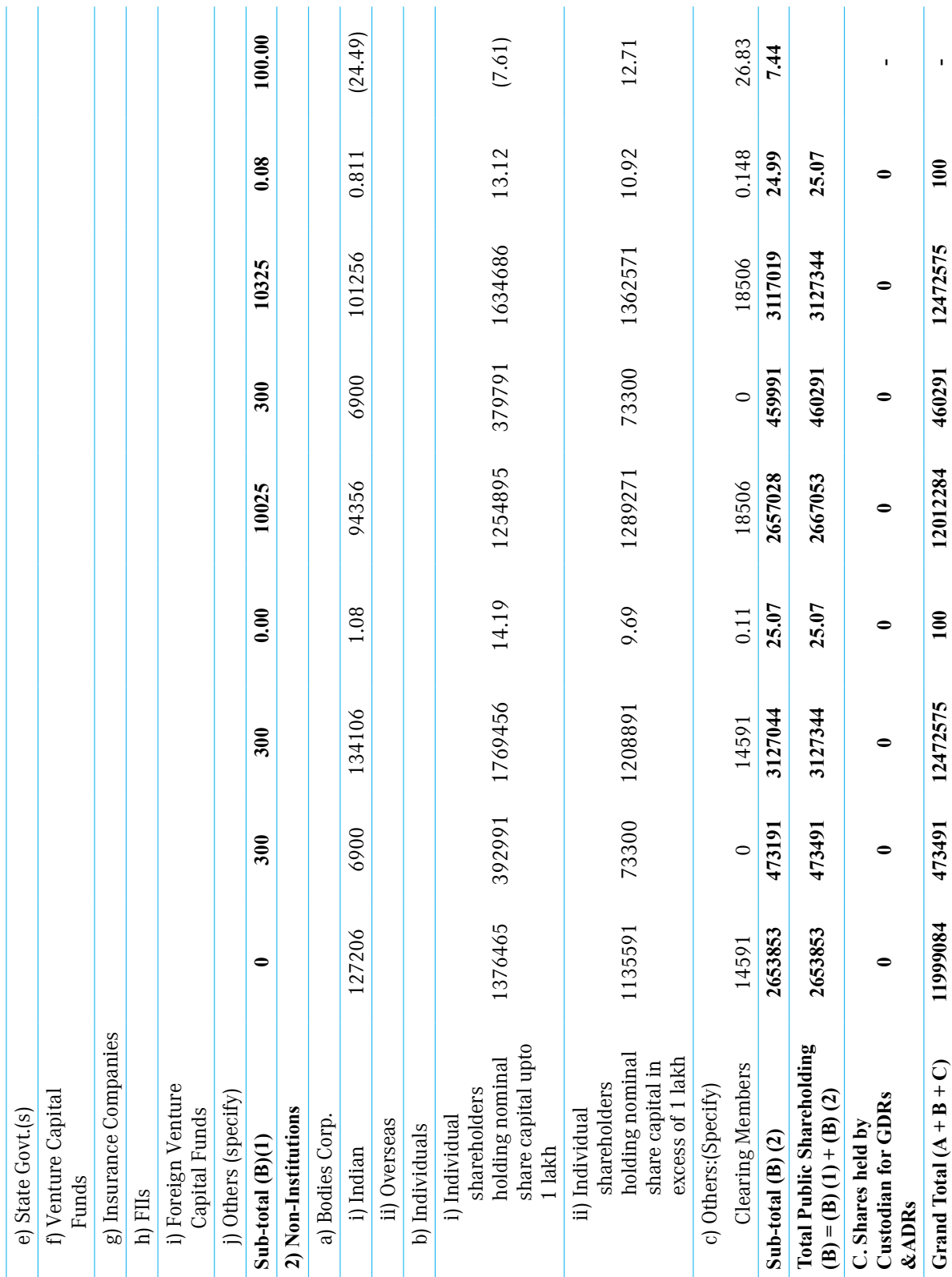
Not Applicable

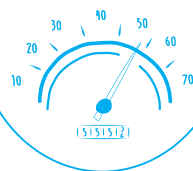


#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category - wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2015			No. of Shares held at the end of the year i.e. 31.03.2016			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. Promoters</b>								
1) Indian								
a) Individual	9345231	0	9345231	74.93	9345231	0	9345231	74.93
b) Central Govt.								-
c) State Govt.(s)								
d) Bodies Corporate.								
e) Banks/FI								
f) Any Others								
<b>Sub-total (A) (1)</b>	<b>9345231</b>	<b>0</b>	<b>9345231</b>	<b>74.93</b>	<b>9345231</b>	<b>0</b>	<b>9345231</b>	<b>74.93</b>
-								-
2) Foreign								
a) NRIs - Individuals								
b) Other - Individuals								
c) Bodies Corporate.								
d) Banks/FI								
e) Any Other								
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total Promoter Shareholding (A) = (A) (1) + (A) (2)</b>	<b>9345231</b>	<b>0</b>	<b>9345231</b>	<b>74.93</b>	<b>9345231</b>	<b>0</b>	<b>9345231</b>	<b>74.93</b>
-								-
<b>B. Public Shareholding</b>								
1) Institutions								
a) Mutual Funds								
b) Foreign portfolio Investors	0	0	0	0	10025	0	10025	0.08
100.00								
c) Banks/FI	0	300	300	0.00	0	300	300	0.00
-								-
d) Central Govt.								



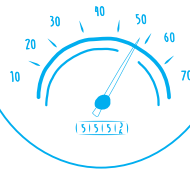


## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2015			Shareholding at the end of the year i.e. 31.03.2016		
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% change in shareholding during the year
1.	Mr. Thomas John Muthoot	2850995	22.86	0	2850995	22.86	0
2.	Mr. Thomas George Muthoot	2846555	22.82	0	2846555	22.82	0
3.	Mr. Thomas Muthoot	2796931	22.42	0	2796931	22.42	0
4.	Ms. Preethi John	221737	1.78	0	221737	1.78	0
5.	Ms. Nina George	272343	2.19	0	272343	2.19	0
6.	Ms. Remmy Thomas	356670	2.86	0	356670	2.86	0
<b>Total</b>		<b>9345231</b>	<b>74.93</b>	<b>0</b>	<b>9345231</b>	<b>74.93</b>	<b>0</b>

## iii) Change in Promoters' Shareholding

Sl. No.	Date wise Increase/Decrease during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	Shareholding			Cumulative Shareholding during the FY 2015 - 2016	
		No. of Shares	% of total shares of the Company	No. of Shares	No. of shares	% of total Shares of the Company
1.	At the beginning of the year i.e. 01.04.2015	9345231	74.93			
2.	There are no changes in the Promoters' shareholding during the FY 2015 - 2016					
<b>At the end of the year i.e.31.03.2016</b>		<b>9345231</b>	<b>74.93</b>			

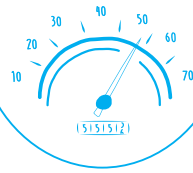


**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year i.e. 01.04.2015		Cumulative Shareholding at the end of the year, i.e. 31.03.2016	
		No. of Shares	% of total shares of the Company	No. of shares	% of total Shares of the Company
1.	Seema Dilip Vora	102500	0.821	102500	0.821
2.	Deepak Valji Gala	70000	0.561	70000	0.561
3.	Avinash P Wadhwa	68754	0.551	68754	0.551
4.	Ritu Elizabeth George	67121	0.538	67121	0.538
5.	Alex K Thomas	61829	0.495	61829	0.495
6.	K C Thomas	61829	0.495	61829	0.495
7.	Tabita Sarah Alex	61828	0.495	61828	0.495
8.	Tina Suzanne George	51378	0.411	51378	0.411
9.	Kalpraj Damji Dharamshi	50000	0.401	50000	0.401
10.	Hina Kalpraj Dharamshi	13800	0.110	50000	0.401

**Note:**

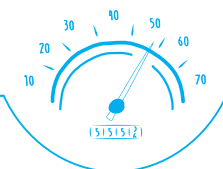
The Shares of the Company are traded on daily basis, hence the date wise increase/decrease in the top ten shareholders is not feasible to provide



**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of Directors and KMPs	Positions	Shareholding at the beginning of the year i.e. 01.04.2015		Cumulative Shareholding at the end of the year, i.e. 31.03.2016	
			No. of Shares	% of total shares of the Company	No. of shares	% of total Shares of the Company
1.	Mr. Thomas John Muthoot	Chairman	2850995	22.86	2850995	22.86
2.	Mr. Thomas George Muthoot	Managing Director	2846555	22.82	2846555	22.82
3.	Mr. Thomas MuthootDirector	Non-Executive, Non-Independent	2796931	22.42	2796931	22.42
4.	Mr. A.P Kurian	Independent Director	Nil	Nil	Nil	Nil
5.	Mr. R.K Nair	Independent Director	Nil	Nil	Nil	Nil
6.	Ms. Radha Unni	Independent Director	Nil	Nil	Nil	Nil
7.	Mr. R. Manomohan	Chief Executive Officer	400	0.003	400	0.003
8.	Mr. Vinodkumar M. Panicker	Chief Finance Officer	Nil	Nil	Nil	Nil
9.	Mr. Syam Kumar R.	Company Secretary & Head Governance	Nil	Nil	Nil	Nil





## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹ in Lakhs)

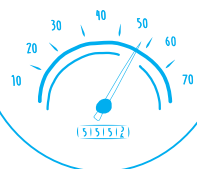
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year i.e. 01.04.2015</b>				
i) Principal Amount	585 73.95	7 82.46	110 04.46	703 60.87
ii) Interest due but not paid*	4.47	0.00	0.36	4.83
iii) Interest accrued but not due	4 95.70	67.36	3 52.71	9 15.77
<b>Total (i +ii+iii)</b>	<b>590 74.12</b>	<b>8 49.82</b>	<b>113 57.53</b>	<b>712 81.47</b>
<b>Change in Indebtedness during the financial year</b>				
i) Addition	158 17.67	24 30.70	1 57.94	184 06.31
ii) Reduction	2 65.43	0.00	47.29	3 12.72
<b>Net Change</b>	<b>155 52.24</b>	<b>24 30.70</b>	<b>1 10.65</b>	<b>180 93.59</b>
<b>Indebtedness at the end of the financial year i.e. 31.03.2016</b>				
i) Principal Amount	741 14.66	31 37.78	109 57.17	882 09.61
ii) Interest due but not paid*	4.65	0.32	6.67	11.64
iii) Interest accrued but not due	5 07.05	1 42.42	5 04.34	11 53.81
<b>Total (i+ii+iii)</b>	<b>746 26.36</b>	<b>32 80.52</b>	<b>114 68.18</b>	<b>893 75.06</b>

\* Interest due, but not paid represents the interest due on Unclaimed Matured Debentures and Public Deposits

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in Lakhs)

Sl.No.	Particulars of Remuneration	Name of MD/WTG/ Manager	Total Amount
<b>Thomas George Muthoot</b>			
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	1 50.00	1 50.00
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	2.77	2.77
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
	Commission	Nil	Nil
4.	- as % of profit - Others, specify		
5.	Others, please specify	Nil	Nil
	<b>Total (A)</b>	<b>1 52.77</b>	<b>1 52.77</b>
	<b>Ceiling as per the Act (approved by the Shareholders at the AGM held on 08.08.2013)</b>	<b>1 56.00</b>	



B) Remuneration to other Directors:

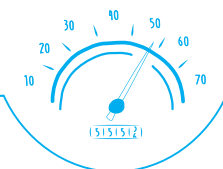
(₹ in Lakhs)

(1)	Independent Directors	Fee for attending Board/Committee meetings	Commissions	Others, please specify	Total Amount
	A.P Kurian	0.75	Nil	Nil	0.75
	R.K Nair	0.60	Nil	Nil	0.60
	Radha Unni	0.90	Nil	Nil	0.90
	<b>Total (1)</b>	<b>2.25</b>	<b>Nil</b>	<b>Nil</b>	<b>2.25</b>
(2)	Non - Executive Directors	Fee for attending Board/Committee meetings	Commissions	Others, please specify	Total Amount
	Thomas John Muthoot	Nil	Nil	Nil	Nil
	Thomas Muthoot	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total (B) = (1) + (2)</b>	<b>2.25</b>	<b>Nil</b>	<b>Nil</b>	<b>2.25</b>

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

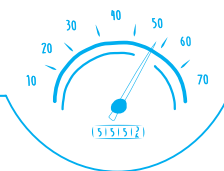
(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Chief Executive Officer	Chief Finance Officer	Company Secretary	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	83.42	61.93	17.98	1 63.33
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	4.73	3.51	Nil	8.24
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil
4.	- as % of profit - Others, specify				
5.	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (C)</b>	<b>88.15</b>	<b>65.44</b>	<b>17.98</b>	<b>1 71.57</b>



## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)	
A. COMPANY						
Penalty			Nil			
Punishment						
Compounding						
B. DIRECTORS						
Penalty						
Punishment						
Compounding						
C. OTHER OFFICERS IN DEFAULT						
Penalty						
Punishment						
Compounding						



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. OVERVIEW

The Management Discussion and Analysis Report (MDA) is an integrated part of Company's annual financial statements. The purpose of the MDA is to provide a narrative explanation, through the eyes of management, of how the Company has performed in the past, its financial condition, and its future prospects. This report contains a description of the year gone by and some of the key factors that influenced the business of the Company during the year, as well as a fair and unbiased overview of the Company's past, present, and future. There are forward looking statements mentioned in this report which may involve risks and uncertainties, including but not limited to the risk inherent to the Company's growth strategy, change in regulatory norms, economic conditions and other incidental factors. Actual results could differ materially from those expressed or implied.

### 2. GLOBAL ECONOMY

In the year that went by, global economic activity remained subdued. Growth in emerging market and developing economies declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

Oil prices have been declining since September, 2015, reflecting expectations of sustained increases in production by Organization of the Petroleum Exporting Countries (OPEC) members amid continued global oil production in excess of oil consumption. Futures markets are currently suggesting only modest increases in prices in 2016 and 2017. Prices of other commodities, especially metals, have fallen sharply.

Lower oil prices have strained the fiscal positions of fuel exporters and weigh on their growth prospects, while supporting household demand and lowering business energy costs in importers, especially in advanced economies, where price declines are fully passed on to end users. As the oil producing countries are effected, a large Indian workforce which work in these counties would have also got effected leading to a negative impact on our country's consumption.

Overall, financial conditions within advanced economies remain very accommodative. Prospects of a gradual increase in policy interest rates in the United States as well as bouts of financial volatility amid concerns about emerging market growth prospects have contributed to tighter external financial conditions, declining capital flows, and further currency depreciations in many emerging market economies.

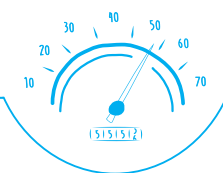
Headline inflation has broadly moved sideways in most countries, but with renewed declines in commodity prices and weakness in global manufacturing weighing on traded goods' prices it is likely to soften again. Core inflation rates remain well below inflation objectives in advanced economies.

In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices and strains in some large emerging market economies will continue to weigh on growth prospects in 2016 - 2017. Global growth, currently estimated at 3.1% in 2015, is projected at 3.4% in 2016 and 3.6% in 2017.

### 3. INDIAN ECONOMY

Indian economy is the seventh largest in the world by nominal GDP and the third largest by Purchasing Power Parity (PPP). India's economy became the world's fastest growing major economy from the last quarter of 2014 onwards. India also topped the World Bank's growth outlook during the FY 2015 - 2016 for the first time as the economy has grown 7.6% during the financial year and is expected to grow 7.7% - 8.0% in the FY 2016 - 2017 due to improvement in the performance of both services as well as manufacturing sectors.

In the middle of 2015, the global stock market rout, India also witnessed a sharp fall in stock markets and the rupee weakened. It was repeated again in January, 2016. According to its latest Global Economic Prospect report which is released bi-annually, the World Bank reduced India's growth rate by a slight 0.2% in 2015 and 0.1% in both 2016 and 2017. However, India remains in the bright spot of the global economy.



#### 4. OUTLOOK OF NBFCs

The positive trend of growth in economy should bring about lead to credit growth as well. According to Investment Information and Credit Rating Agency of India Limited (ICRA), the retail credit of Non-Banking Financial Companies (NBFCs) is expected to grow 16 to 18% in the current fiscal on the back of rising demand in the new commercial vehicle segment and also given the general pick up in business environment. It is expected that the lifetime losses of retail focused NBFCs to remain at manageable levels. Furthermore, the Budget for the financial year 2016 had announced that NBFCs with an asset size in excess of ₹ 500 crores would be permitted access to the provisions of the SARFAESI Act, which once implemented would improve NBFCs' ability to make recoveries from immovable asset financing, such financing constitutes around 18% of NBFC retail credit, largely in the mortgage segment. Reported gross Non Performing Assets (NPAs) however, would increase with migration to tighter NPA recognition norm gross NPA per cent of retail focused NBFCs.

Over the years NBFC sector has become a crucial part of the financial services sector. The growth rate of the industry is itself sufficient to indicate the impact of the industry in the financial sector. The sector has been dynamically evolving over period of time and has been witnessing constant regulatory changes. RBI has recognised the impact that the NBFCs have on the society at large and have been constantly implementing new policies for tighter controls and providing new avenues for growth.

#### 5. OUTLOOK OF MUTHOOT CAPITAL SERVICES LIMITED

As your Company is into Two Wheeler and other business loans, any growth in the overall economy would augur well for the Company. As the major focus is on Two Wheeler financing, the outlook of the Company is linked to the demand for two wheelers, purchased on credit.

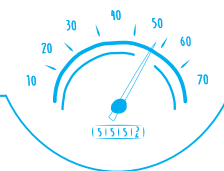
While the year 2015 came as a relief for the Indian passenger car market, it gave a halt to the two wheeler industry which grew tremendously over the last decade or so. The two wheeler industry that had been witnessing a massive growth over the last few years has started showing slowdown over the last 15-18 months or so. While there have been months where the sales have been good, on an overall basis the industry has seen a negative growth of about 3%.

The rural demand for automobiles has been adversely impacted by unseasonal rains, poor crop realization and slowdown in rural wages have pulled back the rural economy, impacting retail off takes in rural markets. To compensate the decrease in sale of motorcycles, the Company launched schemes for financing scooters for women. Convenience of automatic transmission, unisex appeal and increasing demand for mobility from women were some of the major factors considered for increasing focus on scooters and launching the women's scheme. This strategic initiative lead to more than 55,000 disbursements through this scheme during October, 2014 to March, 2016 which significantly contributed to the top line growth on a year over year comparison.

With a view to grow the business, the Company bought loans, relating to two wheeler and Micro Finance from other NBFCs. The Company also increased its focus of business loans towards the end of the year, leading to increased disbursement in that segment as well. This segment is the fastest growing for several NBFCs and the Company hopes to be a leading player in this field and also in the years to come.

The Company has already established itself as one of the top financiers for two wheelers purchase in the southern states and also in parts of Goa, Maharashtra and Gujarat. The Company has also launched its activities in the North Indian States and also forayed into East India through its launch in Kolkata. The responsiveness of the Company in formulating schemes based on consumer feedback has helped the Company to grow its live customer base to about 3,80,000 at the end of the year. With growing emphasis on states outside Kerala, the Company has progressively reduced its dependence on Kerala for growth and revenue. The loans outstanding in Kerala came down from 53% in March, 2015 to 51% in March, 2016.

With a prediction of above normal monsoon, the Company expects higher income in the pockets of its potential semi urban and rural customers, which will push up the demand for the two wheelers and thereby the demand for financing in this segment. Also with the Company's planned penetration in the various Southern and Western States and in the North and East Indian markets that it launched recently, the Company hopes to significantly grow its loan book in the FY 2016 - 2017 and thereafter.



## 6. OPPORTUNITIES AND THREATS

As detailed in the Budget 2016, NBFCs shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts (NPAs). It is proposed to provide additional options to Banking Companies and Financial Institutions, including NBFCs, for reversal of input tax credits with respect to non taxable services provided by them by way of extending deposits, loans and advances w.e.f 1<sup>st</sup> April, 2016.

The percentage of financed sales of two wheelers have increased from below 30% five years back to nearly 40% now. Your Company's presence and ability to continue to penetrate into smaller towns and other rural areas, helps to reach the customers located in these areas which the manufacturers and dealers are also beginning to target. This gives the Company an opportunity for expansion of its business.

In the current fiscal, the profitability of NBFCs was under pressure, because of migration to minimum NPA recognition of 150 days overdue from 180 days. In the years to come, the profitability of NBFCs was under pressure. The movement would need to be to 120 days overdue and 90 days overdue over the next 2 years. But while the overall scenario has witnessed increased NPAs, your Company through sustained and aggressive follow up has been able to keep the NPA figure flat (on a 150 day norm basis) in absolute terms and have brought it down in percentage terms. Your Company hopes to use its aggression to keep the NPA under check in the years to come coupled with robust increase in its loan book and hopes for improved economic scenario which will ensure that the NPAs remains low.

Over the medium term, however, along with an increase in demand, a supportive operating environment and a stable or soft interest rate regime are factors which could support NBFCs ability to improve profitability and shareholder returns.

The Company faces stiff competition from Banks and other NBFCs operating in similar areas of business and challenges from regulatory changes in the NBFC and ancillary sectors. However, with its excellent service, customer focus and unique differentiators in the product, the Company has been able to continue to expand its business.

## 7. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company's business activity primarily falls within a single segment, which is financing activities. Hence, there are no additional disclosures required under "Accounting Standard - 17 'Segment Reporting'".

The Company operates primarily in India; hence there is no other significant geographical segment that requires disclosure.

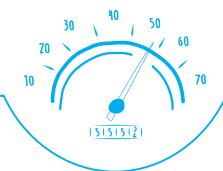
## 8. RISKS AND CONCERNS

The customers' profile is an important aspect for the business of the Company. The Credit Bureaus have helped to a certain extent in identifying the risk associated with a customer and improving the asset quality of the Company thereby reducing credit risk. But on account of the profile of the customers that the Company deals with, the 'hits' in the Credit Bureaus utilised by the Company is only about 30%.

Dealers plays a big role in directing customers to financiers. Our Company makes reasonable incentive payments to the dealers and our prompt services have rendered us a financier of choice for the dealers. Our Company has been financing vehicles only of selected manufacturers available in the market. In the previous year, our Company has expanded its business to Northern States also and this year, the Company is planning to substantially grow its presence and disbursements in the Northern States, primarily in Delhi, Punjab, Haryana, Rajasthan, Uttar Pradesh, Uttarakhand and Madhya Pradesh and the East Indian States of West Bengal, Orissa and Bihar. The Company hopes that this will be an add-on benefit to the Company as a whole.

Seeing an opportunity in the Business Loans space, the Company has got into the same in a small way. The Company has been working with reputed partners to source business loan proposals of various entities. The Company is helped by the initial due diligence that is done by these Partners based on their long term relation with these entities, both as a consultant and as investors/lenders. This also helps your Company to grow its loan book and its profitability through secured and safe lending means.

Any increase in interest rates may result in increasing cost of borrowings which can adversely affect our profitability.



While we carry sufficient liquid funds to meet any contingencies arising on account of shortage of funds non-receipt of fresh sanctions could seriously hinder your Company's long term growth plans. The Company is also looking at various alternate sources of funds to both diversify its borrowing profile and also lower its costs.

A Company's growth is directly linked to its strong and committed workforce. With the training and development activities, higher recruitment, better incentive schemes etc., the Company has been trying to control employee attrition. With more competitors coming in, willing to grow at any cost, the Company continues to lose some of its loyal work force, which no doubt impacts the business in the short term, but the Company has worked towards ensuring that these temporary setbacks do not affect the overall growth plans of the Company.

Further, change in regulatory requirements for NBFCs from time to time, can have a bearing on the running of the Company. The overall economic slowdown and its impact on service sector is also a cause of concern.

### **Risk Management Policy**

The Company have put in place a Risk Management Policy to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In the opinion of the Board there exist no risk, which may threaten the existence of the Company.

### **9. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

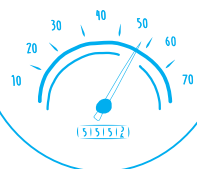
Effective internal controls are necessary for building up an efficient organization. Our Company has adequate internal control systems in place to ensure accuracy, transparency and accountability in its operations. A dedicated concurrent audit team functioning within the Company supported by an out sourced concurrent audit team confirms that the activities are in compliance with its policies and occurrences of deviations are reported to the Management. The concurrent audit report is reviewed by the Internal Auditors, M/s. Varma & Varma, a reputed firm of practicing Chartered Accountants. Internal Auditors review systems and operations of the Company and ensure that the Company is functioning within the limits of all applicable statutes. Any internal control weaknesses, non-compliance with statutes and suggestions on improvements in existing practices form part of internal audit report. A quarterly report of the various compliances is also placed before the Audit Committee. The Audit Committee reviews the internal audit report and the compliance report and ensures that observations pointed out in these reports are addressed in a timely and structured manner by the Management. The internal audit report is reviewed by the Statutory Auditors while performing audit functions to confirm that there are no transactions conflicting with the interests of the Company and regulatory stipulations.

### **10. FINANCIAL PERFORMANCE**

Loans for purchase of two wheelers against their hypothecation in favour of the Company constitute major portion of the loan assets of the Company.

The Company had disbursed ₹780.02 lakhs as vehicle loans during the financial year ended 31<sup>st</sup> March, 2016 as against ₹592.45 lakhs during the financial year ended 31<sup>st</sup> March, 2015. The total income was ₹228.49 lakhs for the year ended 31<sup>st</sup> March, 2016 as against ₹191.29 lakhs for the previous year. There has been growth in income by 19.45%.

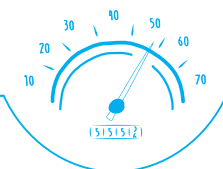
The total expenses for the year ended 31<sup>st</sup> March, 2016 consists of finance cost amounting to ₹87.00 lakhs followed by employee benefit expenses amounting to ₹46.70 lakhs, other expenses being ₹40.89 lakhs and depreciation and amortization expenses amounting to ₹1.03 lakhs.



(₹ in Lakhs)

Financial Snapshot	Year To Date (YTD)		% Growth	Reason for variance
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015		
Disbursement	927 96	648 84	43.0	
Loan Assets at the end of the period (Asset Under Management)	1038 79	845 12	22.92	
Average Loan Assets (including interest accrued)	882 27	705 41	25.07	
Total Interest and Fee Income	228 49	191 29	19.45	
Finance Expenses	87 00	76 77	13.33	The finance expenses include interest cost, bank loan processing cost and brokerage on public deposits.
<b>Net Interest Income (NII)</b>	<b>141 49</b>	<b>114 52</b>	<b>23.55</b>	
Operating Expenses (Opex)	88 61	67 25	31.76	Employee costs increased by 16.85%. Also the shifting to collection agencies as a means to collect increased the cost. As most of the expenses are directly linked to growth in business, as there has been growth in business and overall collection, the costs linked to these (collection costs, business sourcing costs, Field Investigation costs, Credit appraisal agencies etc. see a growth.
Loan Loss & Provisions	17 43	13 10	33.05	This increase on account of the Company moving from a 6 month norm to a 5 month norm for recognising NPA as mandated by RBI.
Profit Before Tax	35 45	34 17	3.75	
Profit After Tax	22 85	22 29	2.51	
<b>Ratios</b>				
Total Opex to NII	62.63%	58.72%		
Loan loss to average Loan Assets	1.98%	1.85%		
Return on average Loan Assets	2.59%	3.16%		
Earnings Per Share	18.32	17.87		





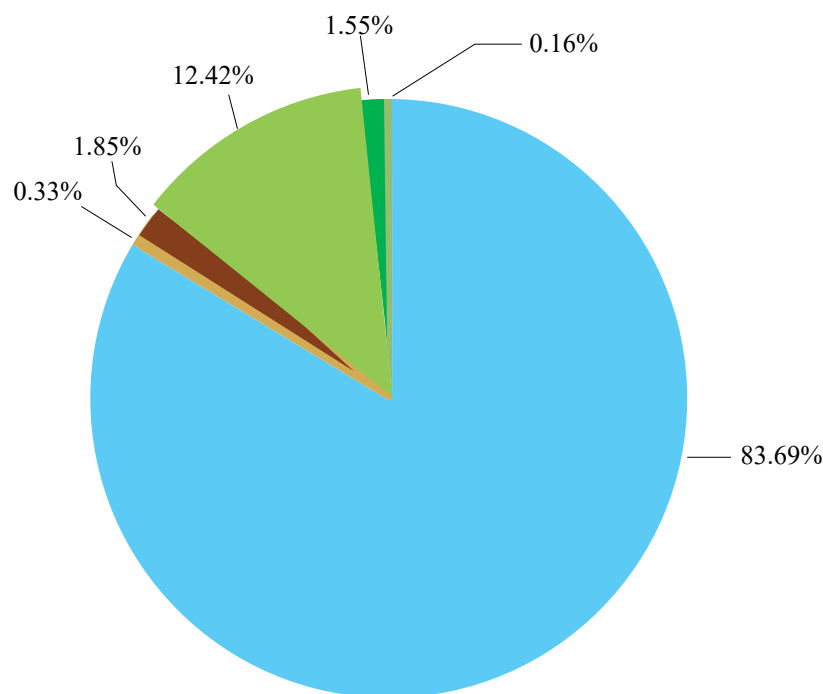
### a) Capital Adequacy Ratio (CAR)

As on 31<sup>st</sup> March, 2016, the Company maintained a CAR of 15.40% (of the aggregate risk weighted assets on the Balance Sheet and risk adjusted value of the off Balance Sheet items, which is above the regulatory minimum of 15%. The CAR as on 31<sup>st</sup> March, 2015 stood at 15.97%. Out of the 15.40% only 1.67% came from Tier II Capital. This gives the Company the option of growth through increasing Tier II Capital, without any dilution of shareholding. The Company is looking at various sources for increasing its Tier II Capital.

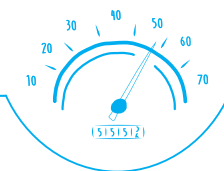
### Borrowing profile

Particulars	31 <sup>st</sup> March, 2016		31 <sup>st</sup> March, 2015	
	Amount (₹in lakhs)	% of Total	Amount (₹in lakhs)	% of Total
Bank Loans	738 25	83.69	580 62	82.52
Debentures	2 90	0.33	5 12	0.73
Subordinated Debts	16 33	1.85	3 79	0.54
Public Deposits	109 57	12.42	110 04	15.64
Loan From Directors	13 64	1.55	2 73	0.39
Inter Corporate Deposits (ICD)	1 41	0.16	1 30	0.18
<b>Total</b>	<b>882 10</b>	<b>100.0</b>	<b>703 60</b>	<b>100.0</b>

### MARCH, 2016



■ Bank Loan 
 ■ Debentures 
 ■ Subordinated Debts 
 ■ Fixed Deposit 
 ■ Loan From Directors 
 ■ ICD

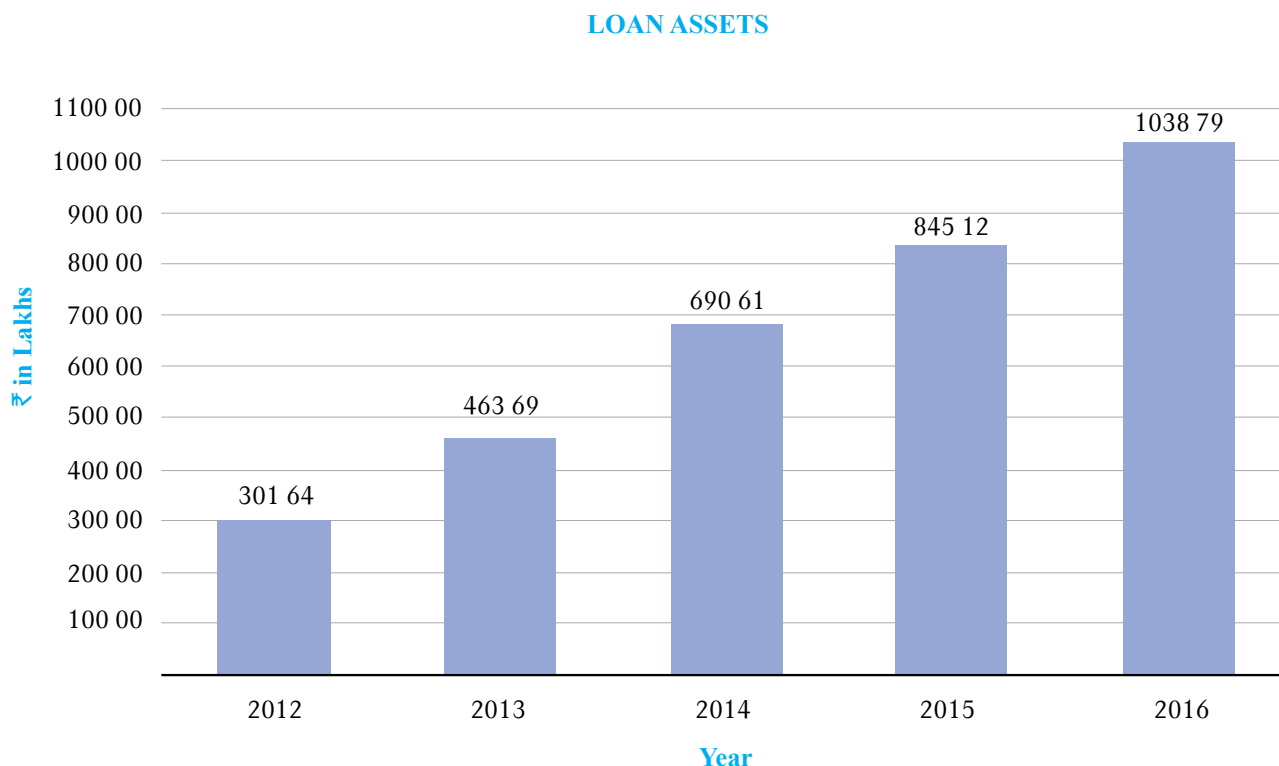


The Company's total external borrowings increased from ₹703 60 lakhs as of 31<sup>st</sup> March, 2015 to ₹882 10 lakhs as of 31<sup>st</sup> March, 2016.

The Company has been focusing on reducing overall costs of borrowing. The cost of borrowing, which was brought down from the last quarter of financial year 2015, continued its downward trend in the whole of the current year as well. From an overall cost of borrowing of 11.75% in the last quarter of financial year 2015, the Company was able to bring down the cost to 10.89% in the last quarter of the current year. Emphasis now is on getting funds through Commercial Papers, NCDs, Securitization, and Subordinated Debts, which would all work towards widening the borrowing profile, reducing costs and also increasing Capital Adequacy Ratio. Also different sources of funds would be needed to ensure its continuous flow to meet the requirements of huge growth in loan book over the next few years.

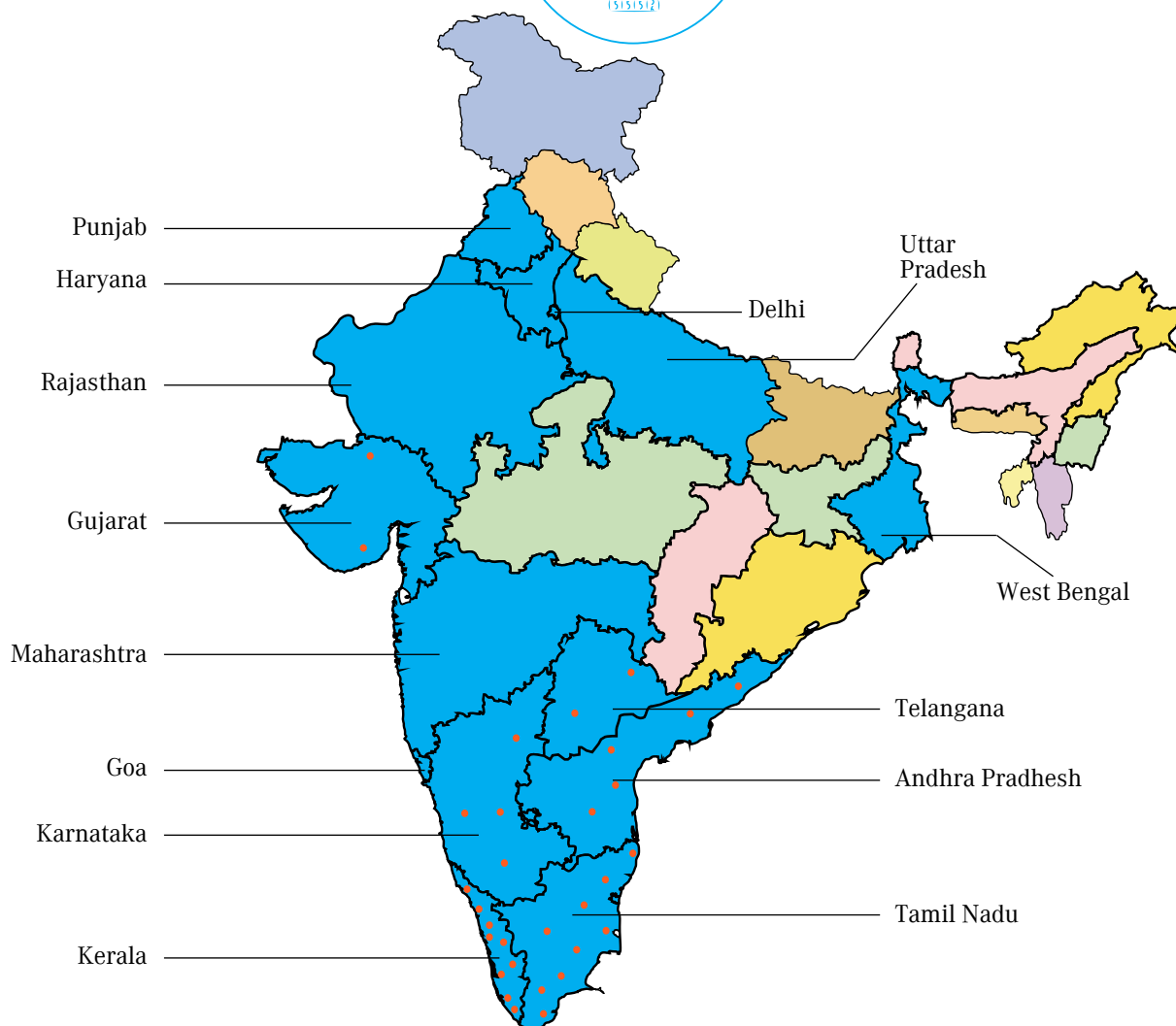
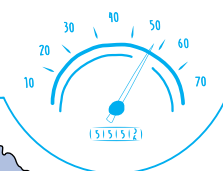
#### b) Loan Assets

The total loan assets as on 31<sup>st</sup> March, 2016 stood at ₹1038 79 lakhs against ₹845 12 lakhs as on 31<sup>st</sup> March, 2015. The growth of loan book over the last five years has been spectacular and is as mentioned below:

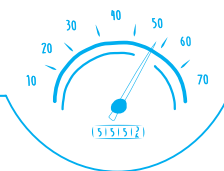


The Company plans to continue its growth in the same way in the years to come.

The Company after starting off business in Kerala in two wheeler financing and later into three wheeler financing, spread to other states with two wheeler financing. In 2014 it stopped three wheeler financing due to increased delinquencies. Today it has presence in 14 States, 6 of which has started over the last two quarters of the FY 2015 - 2016.



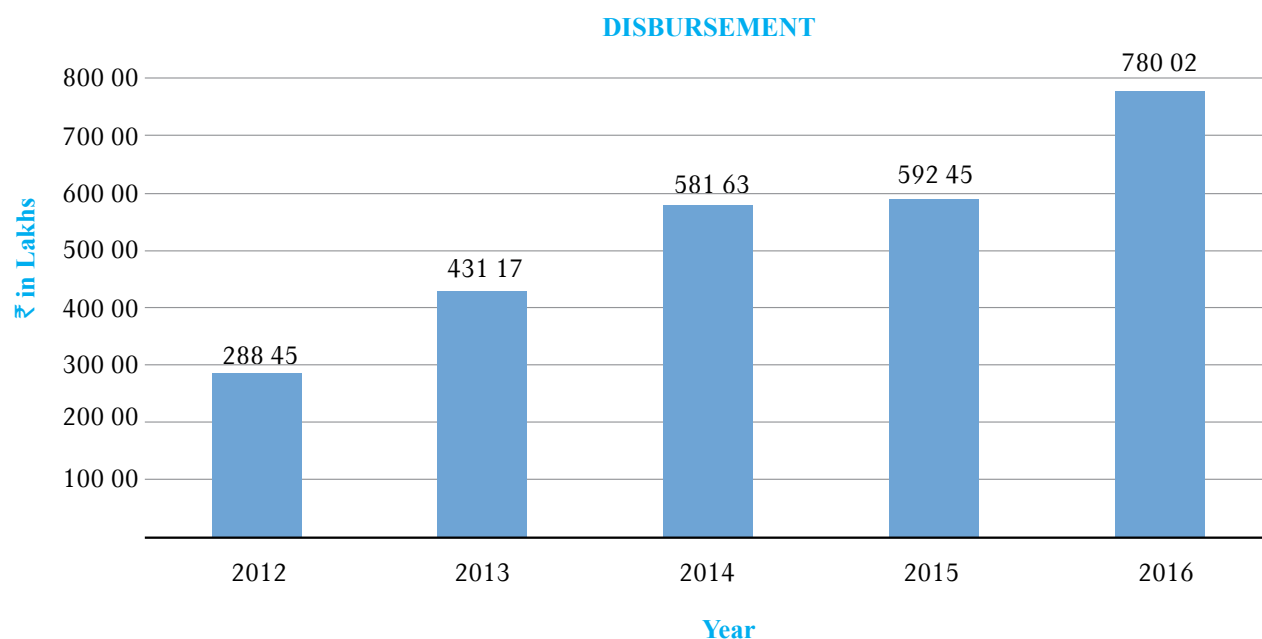
Name of the States	Number of branches	Active clients	Portfolio (₹ in lakhs)		
			Regular	NPA	% of NPA
<b>South India</b>		<b>3 46 588</b>	<b>813 96</b>	<b>50 62</b>	<b>5.85</b>
Andhra Pradesh	5	28 193	62 49	3 40	5.16
Karnataka	4	77 991	159 99	10 62	6.23
Kerala (including Regd. Office)	9	1 69 586	452 86	18 59	3.94
Tamil Nadu & Puducherry	9	54 282	107 82	16 22	13.07
Telangana	2	16 536	30 80	1 79	5.48
<b>Western India</b>		<b>22 090</b>	<b>48 83</b>	<b>3 41</b>	<b>6.53</b>
Goa		955	1 84	0 01	0.44
Gujarat	2	10 208	22 58	1 94	7.92
Maharashtra		10 927	24 41	1 46	5.64
<b>North and East India</b>		<b>669</b>	<b>2 57</b>		
Delhi/Haryana/Punjab/Rajasthan/ Uttar Pradesh/West Bengal		669	2 57	-	
<b>Total</b>	<b>31</b>	<b>3 69 347</b>	<b>865 36</b>	<b>54 03</b>	<b>5.88</b>



The Company was able to achieve a good growth in its loan portfolio by 22.92% at the end of the year compared to the previous year. The Company realizes its limitations on account of a single product business and is constantly working at engaging customers with variants in the two wheeler finance space. In view of the same, the Company has got into financing of business loans, started car financing and are currently looking at getting into used car financing. The Company is also looking at other avenues from where it can grow rapidly.

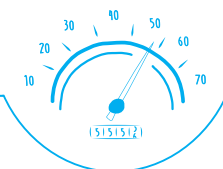
The Company is also looking at increasing its loan book and consequently improving profitability by relatively risk free loans for business purposes including loans backed by Demand Promissory Notes, other securities and also by buying out loan portfolio. Also with emphasis on activating more dealer points, the Company expects increase in its loan assets in the current year.

As of March, 2016, the Company has disbursed close to 6,50,000 loans, the majority of which has been in the last 4 years. The disbursements over the last 5 years is given in the graph below:



### c) Cost & Profitability Analysis

While all costs have gone down as a percentage of revenue on a quarter on quarter basis, it is only on account of the credit cost that the profit margins have been under pressure resulting in reduction in profitability as a percentage of revenue.



#### d) Other business highlights

##### Spread Analysis:

With the growing loan portfolio and reduced costs of borrowing, the Company has been able to sustain its Gross and Net Spreads in spite of higher credit costs.

Particulars	March - 2016		March - 2015	
Daily Average Loan Book Size (in Lakhs)	882 27		705 41	
	Amount (₹ in lakhs)	%	Amount (₹ in lakhs)	%
Income from Operations	228 49	25.90	191 29	27.12
Direct expense (including interest, brokerage, dealer incentive, field investigation charges )	105 01	11.90	91 31	12.94
<b>Gross Spread</b>	<b>123 48</b>	<b>14.00</b>	<b>99 98</b>	<b>14.17</b>
Personnel Expenses	46 70	5.29	39 29	5.57
Opex (including depreciation etc...)	23 90	2.71	13 42	1.90
Total Expenses	70 60	8.00	52 71	7.47
<b>Pre Provision Profits</b>	<b>52 88</b>	<b>5.99</b>	<b>47 27</b>	<b>6.70</b>
Loan Loss and provisions	17 43	1.97	13 10	1.86
<b>Net Spread</b>	<b>35 45</b>	<b>4.02</b>	<b>34 17</b>	<b>4.84</b>

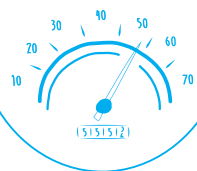
While there could be small variances, the Company hopes to maintain its spreads in future also.

#### 11. MATERIAL DEVELOPEMENTS IN HUMAN RESOURCES

The Company being in the growth trajectory, requires more manpower to carry on its operations. Our Company has always been able to attract and retain good talent. From a total of 505 as on March, 2011, the Company has a total strength of 2156 as on 31<sup>st</sup> March, 2016.

The growth in the employee numbers for the last 6 years is shown in the graph below:





The majority of the recruitments during the year under review has been for executives at collection and sales levels. The Company has reasonable salary structure and attractive incentives to retain talent and help the employees to build a career in the Company.

To maintain competency and to improve the analytical abilities of employees for gearing them to face challenges, proper training and development is imparted by the Company before the employee takes up any responsibility. At the middle management levels, the employees are imparted on the job training and also outdoor training by professionals on various subjects of importance to the core function. Our Company has always valued its employees whose dedication and contribution have helped us to reach the levels of excellence and rewarded them appropriately during the appraisal.

## **12. CAUTIONARY STATEMENT**

The statements made in this report describe the Company's objectives and projections that may be forward looking statement within the meaning of applicable laws and regulations. The actual result might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors which are beyond the control of the Company. 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**

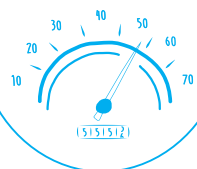
**Sd/-**

**Thomas John Muthoot  
Chairman**

**Kochi**

**19<sup>th</sup> April, 2016**





Category	Name of Directors	DIN	Shareholding in the Company as on 31.03.2016	Nature of relationship
Promoter & Executive Director	Mr. Thomas George Muthoot - Managing Director	00011552	2846555	Brother of Mr. Thomas John Muthoot & Mr. Thomas Muthoot
Promoter, Non - Executive & Non - Independent Directors	Mr. Thomas John Muthoot - Chairman	00011618	2850995	Brother of Mr. Thomas George Muthoot & Mr. Thomas Muthoot
	Mr. Thomas Muthoot	00082099	2796931	Brother of Mr. Thomas John Muthoot & Mr. Thomas George Muthoot
Non - Executive Independent Directors	Mr. A.P. Kurian	00008022	Nil	Not related to any Director
	Mr. R.K. Nair	00631889	Nil	Not related to any Director
	Ms. Radha Unni	03242769	Nil	Not related to any Director

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

Pursuant to Sections 149, 150 and 152 of the Companies Act, 2013, the Company has three Independent Directors on the Board, appointed at the 20<sup>th</sup> Annual General Meeting held on 03<sup>rd</sup> September, 2014. The tenure of such appointment is for a period five years.

The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company and the web link is:

<http://www.muthootcap.com/pdf/t-c-directors.pdf>

#### c. Meeting of Independent Directors

As per Regulation 25 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Independent Directors of the Company shall meet at least once in year without the presence of Non-Independent Directors and members of the management. Such meetings are conducted informally to discuss matters pertaining to the Company and review of the performance of the Non-Independent Directors.

The Independent Directors of the Company met on 29<sup>th</sup> March, 2016. The meeting has inter-alia reviewed the performance of Non-Independent Directors and the Board as a whole, performance of the Chairman and assessed the quality, quantity, timeliness of flow of information from the management to the Board of Directors.

#### d. Familiarisation programme for Independent Directors

As per Regulation 25 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall familiarise the Independent Directors through various programmes about the Company. The Company provides necessary documents, brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

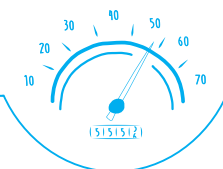
During the FY 2015 - 2016, the Company imparted refreshment/development programme to its Independent Directors. The details of such programmes is posted on the website of the Company and can be accessed at:

[http://www.muthootcap.com/pdf/DetailsofFamiliarisation\\_Refresher\\_programme.pdf](http://www.muthootcap.com/pdf/DetailsofFamiliarisation_Refresher_programme.pdf)

#### e. Code of Conduct for Directors and Senior Management

Pursuant to Regulation 17 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Code of Conduct for Directors and Senior Management. The code is intended to focus





the Board and Senior Management on areas of ethical risk, provide guidance to Directors and Senior Management to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct and helps to foster a culture of honesty and accountability.

Based on the confirmation certificate received from the Directors and Senior Management under Regulation 26 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration by the Managing Director confirming the adherence to the Code of Conduct is enclosed herewith as **Annexure 1**.

The code of conduct for Directors and Senior Management personnel is posted on the website of the Company and can be accessed at:

[http://www.muthootcap.com/code\\_of\\_conduct.htm](http://www.muthootcap.com/code_of_conduct.htm)

#### **f. Code of Conduct for Prevention of Insider Trading**

The Company has in place a Code of Conduct for Prevention of Insider Trading for its Designated Persons, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, which was amended in May, 2015 to keep it in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down Guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations.

The code of conduct for Prevention of Insider Trading is posted on the website of the Company and can be accessed at:

<http://www.muthootcap.com/pdf/codeofconduct-insidertraining-muthootcap.pdf>

#### **g. Board Meetings**

Five Board Meetings were held during the FY 2015 - 2016 and the time gap between any two meetings was well within the maximum gap of 120 days. All the Board Meetings of the Company were held at the Registered Office of the Company at Kochi.

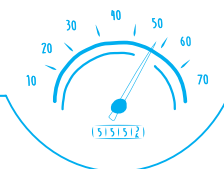
Date of Meetings				
25.05.2015	10.08.2015	11.11.2015	15.01.2016	11.03.2016

#### **h. Attendance and other relevant details of each Director**

Attendance at the Board Meetings held during the FY 2015 - 2016 & last AGM and also the number of Directorships and Committee positions held by them in other Public Limited Companies are given below:

Name of Directors	No. of Board Meetings during FY 2015 - 2016		Whether attended last AGM	Sitting fees paid during FY 2015 - 2016	No. of Directorships in other Public Limited Companies		No. of Committee positions in other Public Companies	
	Held	Attended			Chairman	Member	Chairman	Member
Mr. Thomas John Muthoot	5	5	Yes	Nil	1	5	1	5
Mr. Thomas George Muthoot	5	5	Yes	Nil	0	4	3	2
Mr. Thomas Muthoot	5	3	Yes	Nil	0	4	0	3
Mr. A.P. Kurian	5	4	Yes	75 000*	0	3	0	4
Mr. R.K. Nair	5	3	No	60 000*	0	2	3	1
Ms. Radha Unni	5	5	Yes	90 000*	0	4	1	2

\*The Sitting fees includes fees paid for separate meeting of independent directors held during the year.  
The Independent Directors were paid sitting fee of ₹15000/- per board meeting.



### i. Certificate from the Managing Director

Based on the confirmation certificate received from all the Board members in accordance with the provisions of Section 165 of the Companies Act, 2013, and Regulation 25 (1) & 26 (1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration by the Managing Director confirming the compliance of above provisions is enclosed herewith as **Annexure 2**.

## 3. AUDIT COMMITTEE

### a. Composition and Attendance

As on 31<sup>st</sup> March, 2016, the Audit Committee of the Company, under Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consists of four Non-Executive Directors of which three are Non-Executive Independent Directors. All the Members of the Committee possess accounting or related financial management expertise. The Audit Committee has met four times during the FY 2015- 2016 at the following dates:

Dates of Meetings			
25.05.2015	10.08.2015	11.11.2015	15.01.2016

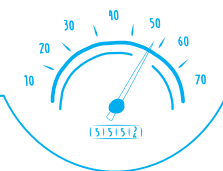
The Composition of the Audit Committee and attendance of the Members at the Committee meetings are as follows:

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. A.P Kurian	Chairman	4	4
Mr. Thomas Muthoot	Member	4	3
Mr. R.K. Nair	Member	4	3
Ms. Radha Unni	Member	4	4

### b. Terms of reference

The terms of reference of Audit Committee in accordance with Section 177(4) of the Companies Act, 2013 and Regulation 18 (3) read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are as under:

- (i) 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;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
  - a) 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;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgement by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Modified opinion(s) in the draft audit report.



- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (xiii) 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;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) 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;
- (xvi) 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;
- (xvii) 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;
- (xviii) To review the functioning of the Whistle Blower mechanism;
- (xix) Approval of appointment of Chief Finance Officer after assessing the qualifications, experience and background, etc. of the candidate; and
- (xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

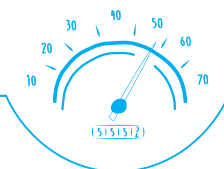
The Company Secretary of the Company acts as Secretary to the Committee.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### a. Composition and attendance

As on 31<sup>st</sup> March, 2016, the Nomination & Remuneration Committee of the Company, under Section 178 (1) of the Companies Act, 2013, and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consists of three Non-Executive Independent Directors. The Committee met twice during the FY 2015 - 2016 at the following dates:

Date of Meetings	
25.05.2015	29.03.2016



The Composition of the Nomination & Remuneration Committee and attendance of the Members at the Committee meetings are as follows:

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. A.P. Kurian	Chairman	2	2
Mr. R.K. Nair	Member	2	1
Ms. Radha Unni	Member	2	2

### Terms of reference

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors for their appointment and removal; and
- 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.

### b. Criteria for evaluation of the performance of Non-Executive Directors and Independent Directors (NEDs and IDs)

The Company has also in place a Nomination & Remuneration Policy as per Section 178 (3) of the Companies Act, 2013, which covers the criteria for evaluation of the performance of NEDs and IDs.

The Board while evaluating the performance of the NEDs and IDs shall take into consideration the following criteria:

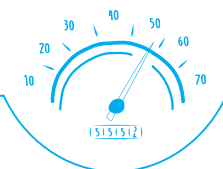
- Understanding and knowledge of the market in which the Company is operating.
- Ability to appreciate the working of the Company and the challenges it faces.
- Attendance of meeting.
- Extend of participation and involvement in the meetings.
- Ability to convey his views and flexibility to work with others.

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

## 5. REMUNERATION OF DIRECTORS

No pecuniary relationship exist between Independent Directors and the Company, other than the payment of sitting fee of ₹15000/- per Board meeting during the year. The Independent Directors of the Company also had no pecuniary relationship with the Company, its promoters or Directors during the two immediately preceding financial years.

The remuneration paid to the Managing Director during the FY 2015 - 2016 is as follows:



	(₹ in lakhs)
Gross Salary	150.00
Perquisites	2.77
Employer contribution to provident fund	9.00

The Company has not paid any remuneration to the Non - Executive, Non - Independent Directors during the FY 2015 - 2016.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a. Composition and attendance

As on 31<sup>st</sup> March, 2016, the Stakeholders Relationship Committee of the Company, under Section 178 (5) of the Companies Act, 2013, and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consists of three Directors. The Committee has met four times during the FY 2015-2016 at the following dates:

Date of Meetings			
25.05.2015	10.08.2015	11.11.2015	15.01.2016

The composition of the Stakeholders Relationship Committee and attendance of the Members at the Committee meetings are as follows:

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. Thomas Muthoot	Chairman	4	3
Mr. Thomas John Muthoot	Member	4	4
Mr. Thomas George Muthoot	Member	4	4

### b. Terms of reference

The terms of reference of Stakeholders Relationship Committee in accordance with Section 178 (6) of the Companies Act, 2013, and Regulation 20 read with Para B of Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are as under:

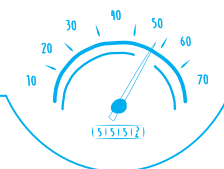
- To look into redressing shareholders/investors complaints like transfer of shares, non-receipt of Balance Sheets, and non-receipt of declared dividends etc.;
- To take on record transfer/transmission of shares and deletion of name; and
- Complaint letters received from Stock Exchanges/SEBI/Department of Company Affairs etc. and the responses thereto are to be reviewed by the Committee.

The Company has a designated email id [investorgrievance@muthootcap.com](mailto:investorgrievance@muthootcap.com) and [mail@muthootcap.com](mailto:mail@muthootcap.com) for handling investor grievances on which investors can lodge their complaints.

The Company has in place an Investor Grievance Redressal Policy for the redressal of investor complaints on a timely manner.

Mr. Syam Kumar R., Company Secretary & Head Governance is the Compliance Officer of the Company. He reviews the investor complaints on a monthly basis to find out whether complaint has been resolved within the time specified in the Investor Grievance Redressal Policy of the Company.

Pursuant to Regulation 13 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the status of investor complaints received and redressed during FY 2015 - 2016 are as follows:



Sl. No.	Particulars	No. of Complaints
1.	Number of Investor complaints pending at the beginning of the year (i.e. as on 01.04.2015)	Nil
2.	Number of Investor complaints received during the year (01.04.2015 - 31.03.2016)	01
3.	Number of Investor complaints redressed during year (01.04.2015 - 31.03.2016)	01
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e. as on 31.03.2016)	Nil

## 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### a. Composition and attendance

As on 31<sup>st</sup> March, 2016, the Corporate Social Responsibility (CSR) Committee of the Company, under Section 135 of the Companies Act, 2013, consists of three Non - Executive Directors, out of which two are Independent Directors. The Committee has formulated a CSR policy indicating the CSR activities to be undertaken by the Company in accordance with Schedule VII to the Companies Act, 2013.

The CSR policy of the Company, as approved and adopted by the Board, has been posted on the website of the Company. The said policy is available under the following web link:

<http://www.muthootcap.com/pdf/csr-policy-final-website.pdf>

The Committee met twice during the FY 2015 - 2016 at the following dates:

Date of Meetings	
10.08.2015	15.01.2016

The composition of the CSR Committee and attendance of the Members at the Committee meetings are as follows:

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. Thomas Muthoot	Chairman	2	1
Mr. R.K Nair	Member	2	2
Ms. Radha Unni	Member	2	2

### b. Terms of reference

The terms of reference of the CSR Committee in accordance with Section 135 (3) of the Companies Act, 2013, are as under:

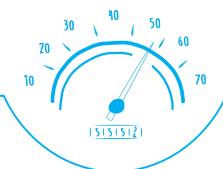
- Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (i) above; and
- Monitor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

## 8. BANK FINANCE COMMITTEE

### a. Composition and attendance

The Company has a Bank Finance Committee to exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith.

The Committee met eleven times during the FY 2015 - 2016 at the following dates:



Date of Meetings					
23.06.2015	10.07.2015	15.09.2015	15.10.2015	12.11.2015	18.11.2015
07.12.2015	29.12.2015	28.01.2016	26.03.2016	30.03.2016	

The composition of the Committee and attendance of the Members at the Committee meetings are as follows;

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. Thomas George Muthoot	Chairman	11	11
Mr. Thomas Muthoot	Member	11	11

#### b. Terms of reference

The terms of reference of the Committee shall be as follows:

- Review of Company's financial policies, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable;
- Review of banking arrangements and cash management;
- Giving guarantees/issuing letters of comfort/providing securities.
- Borrow monies by way of short term/long term loans, cash credit arrangements and/or by way of other instruments within the limits approved by the Board;
- Provide corporate guarantee/performance guarantee within the limits approved by the Board;
- Opening and closing of accounts with banks.
- Carry out any other functions as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;
- Other transactions or financial issues that the Board may desire to have them reviewed by the Finance Committee; and
- Regularly review and make recommendations about changes to the Charter of the Committee.

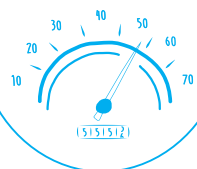
## 9. SHARE TRANSFER COMMITTEE

#### a. Composition and attendance

The Company has constituted a Share Transfer Committee for considering and approval of transfer/transmission of shares, issue of duplicate/replacement of share certificates. The share transfers are registered and returned within 15 days from the date of receipt, if the documents are valid and complete in all respects. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and discloses the same to the Stock Exchanges in which the shares of the Company are listed.

The Committee meets thrice in a month. The Composition of the Committee during the FY 2015 - 2016 are as follows:

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. Thomas George Muthoot	Chairman	37	37
Mr. Thomas Muthoot	Member	37	37
Mr. R. Manomohanan	Member	37	37



## 10. RISK MANAGEMENT COMMITTEE

### a. Composition and attendance

The Risk Management Committee of the Company was constituted by the Board in accordance with NBFCs - Corporate Governance (Reserve Bank) Directions.

The Committee met three times during the FY 2015 - 2016 at the following dates:

Date of Meetings		
10.08.2015	11.11.2015	15.01.2016

The composition of the Committee and attendance of the Members at the Committee meetings are as follows:

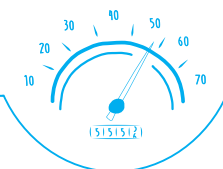
Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. Thomas George Muthoot	Chairman	3	3
Mr. Thomas Muthoot	Member	3	2
Mr. R.K. Nair	Member	3	3
Mr. R. Manomohan	Member	3	3
Mr. Vinodkumar M. Panicker	Member	3	3

### b. Terms of reference

The terms of reference of the Committee shall be as follows:

- (i) 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;
- (ii) 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;
- (iii) Provide formal sign-off for the board risk report and other risk related sections within the annual reports & accounts;
- (iv) Facilitate effective contribution and involvement of non-executives and aid their understanding of risk issues and the Company's risk management framework;
- (v) Provide input to the Remuneration Committee on the alignment of remuneration to risk performance;
- (vi) Review new risk principles and policy and material amendments to risk principles and policy recommended by the Chief Executive and Chief Risk Officer ('CRO'), for approval by the Board;
- (vii) Oversee adherence to Company's risk principles, policies and standards and any action taken resulting from material policy breaches, based upon reports from the Chief Executive and the CRO;
- (viii)
  - a) Review the appointment, resignation or dismissal of the CRO and make appropriate recommendation to the Board;
  - b) 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;
  - c) Review the adequacy of the Company's Risk Division's resources, and its authority and standing within the company; and
  - d) Review co-ordination between the Company's Risk Division and the external auditors;





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

## 11. ASSET LIABILITY MANAGEMENT COMMITTEE

### a. Composition and attendance

The Asset Liability Management Committee (ALCO) of the Company was constituted by the Board in accordance with NBFC guidelines issued by the Reserve Bank of India to review the asset liability mismatches and to report to the Board with respect thereto.

The Committee met four times during the FY 2015 - 2016 at the following dates:

Date of Meetings			
27.04.2015	01.08.2015	16.11.2015	15.02.2016

The composition of the Committee and attendance of the Members at the Committee meetings are as follows:

Name of the Member	Position	No. of Meetings	
		Held	Attended
Mr. R. Manomohanan	Chairman	4	4
Mr. Balakrishnan R.	Member	4	4
Mr. Vinodkumar M. Panicker	Member	4	4
Mr. Syam Kumar R.	Member	4	4
Mr. Vijayan T.	Member	4	4
Ms. Febin Meera Zachariah	Member	4	2

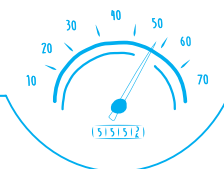
### b. Terms of reference

The terms of reference of the Committee shall be as follows:

- (i) Monitor and review the asset liability matches and mismatches (budgeted vs. actual) and make such reports and recommendations to the Board with respect thereto as the Committee may deem advisable;
- (ii) Review the periodical returns submitted to RBI every year;
- (iii) Review the credit facilities sanctioned considering the overall risks faced by the Company, and to suggest the actions to be taken;
- (iv) Monitor and review the cost of funds and the net interest margin;
- (v) Carry out any other functions as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable;
- (vi) Other transactions or issues that the Board may desire to have them reviewed by the ALCO; and
- (vii) Regularly review and make recommendations about changes to the Charter of the Committee.

## 12. WHISTLE BLOWER POLICY / VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company promotes ethical behavior in all its business activities and has a mechanism for reporting unethical behavior, actual or suspected frauds or violation of the Company's Code of Conduct or ethics policy. Pursuant to Section 177 (9) & 177 (10) of the Companies Act, 2013, and Regulation 4 (2) (d) (iv) & 34 (3) read with Para 10 of Part



C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Whistle Blower Policy and Vigil Mechanism in place. The mechanism provides for adequate safeguards against victimization of Director(s)/employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any Integrity issue.

The said policy is available on the website of the Company which can be accessed under the following web link:

[http://www.muthootcap.com/pdf/MCSL\\_Whistle\\_Blowing\\_GuidelinesV1.pdf](http://www.muthootcap.com/pdf/MCSL_Whistle_Blowing_GuidelinesV1.pdf)

### 13. GENERAL MEETINGS

#### a) Details of General Meetings

The details of General Meetings held during the last three years are as follows:

Financial Year ended	Date	Time	Venue
31.03.2015	21.08.2015	10:00 a.m.	The International Hotel, Kochi
31.03.2014	03.09.2014	10:00 a.m.	The International Hotel, Kochi
31.03.2013	08.08.2013	10:00 a.m.	The International Hotel, Kochi

#### b) Special Resolutions passed at the last three AGM

Sl. No.	Date of AGM	Special Resolution
1.	21.08.2015	(i) Approval of increase in borrowing powers of the Company pursuant to Section 180 (1) (c) of the Companies Act, 2013.
		(i) Appointment of three Independent Directors, pursuant to Section 149, 150 and 152 of the Companies Act, 2013.
2.	03.09.2014	(ii) Regularisation of the borrowing powers of the Board, pursuant to Section 180 (1) (c) of the Companies Act, 2013.
		(iii) Approval of Related Party Transactions under Section 188 of the Companies Act, 2013.
3.	08.08.2013	Nil

### 14. CEO/CFO CERTIFICATION

Pursuant to Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. R. Manomohanan, Chief Executive Officer and Mr. Vinodkumar M. Panicker, Chief Finance Officer had provided CEO/CFO Certificate for the quarter and year ended 31<sup>st</sup> March, 2016.

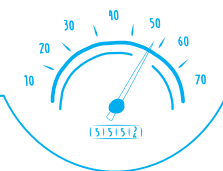
The said Certificate is enclosed herewith as **Annexure 3**.

### 15. QUARTERLY COMPLIANCE REPORT

A comprehensive report on the status of compliance with all the applicable corporate laws by the Company is placed before the Board on a quarterly basis for their information and review.

### 16. DISCLOSURES

- There were no materially significant Related Party Transactions having potential conflict with the interests of the Company at large.
- The Company has complied with the all the applicable provisions of Companies Act, 2013, and Companies Act, 1956, to the extent applicable, RBI Act, 1934, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and/or other applicable acts/provisions.
- The Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006 (as amended) in preparation of the financial statements.



## 17. MEANS OF COMMUNICATION

- a) Quarterly unaudited and annual audited financial results of the Company were published in “Business Standard” (English Language National Daily) and “Mangalam” (Vernacular Language)
- b) The results were displayed on the website of BSE & NSE and also on the Company’s website at [www.muthootcap.com](http://www.muthootcap.com)
- c) The Company conducts press releases after quarterly and annual financial results are announced.

## 18. REDRESSAL OF INVESTOR GRIEVANCES THROUGH SEBI COMPLAINTS REDRESSAL SYSTEM (SCORES)

SCORES is a web based, centralized grievance redressal system of SEBI (<http://scores.gov.in>). SCORES enables investors to lodge and follow up their complaints and track the status of redressal of such complaints online. This enables the market intermediaries and listed Companies to check the complaints online from investors, redress such complaints and report redressal online.

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.

## 19. UNCLAIMED DIVIDENDS

The Company had during the FY 2015 - 2016, transferred an amount of ₹ 2,44,136/- to Investor Education and Protection Fund (IEPF), being unclaimed dividend for the year 2007 - 2008. Under the law, no claim for uncashed dividends can lie against either the Company or the IEPF after a period of seven years from the date of transfer to unclaimed dividend account. Therefore, shareholders who have not yet cashed their dividend warrants relating to the financial year 2008 - 2009 and subsequent years are requested to contact the Company/Registrar and Share Transfer Agents.

## 20. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Compliance certificate on corporate governance provided by the Statutory Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed herewith as **Annexure 4**.

## 21. STOCK OPTION

The Company is not having stock option scheme therefore the same is not applicable.

## 22. DATE OF BOOK CLOSURE

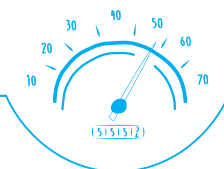
The Register of Members and Transfer Books of the Company will be closed from 31<sup>st</sup> May, 2016 to 06<sup>th</sup> June, 2016, both days inclusive.

## 23. COMPLIANCE WITH THE ICSI SECRETARIAL STANDARDS

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), which were recommendatory in nature, has been substantially complied by the Company.

## 24. GREEN INITIATIVES BY MCA

In compliance with the provisions of Section 20 of the Companies Act, 2013 and as a continuing endeavour towards the ‘Go Green’ initiative, the Company proposes to send all correspondences/communications through email to those shareholders, who have registered their email id with their depository participant’s/Company’s registrar and share transfer agent. In case the shareholders desire to receive printed copy of such communications, they may send requisition to the Company. The Company will forthwith send a printed copy of the communication to the respective shareholder.



## 25. GENERAL SHAREHOLDER INFORMATION

### a) 22<sup>nd</sup> Annual General Meeting:

Date	Time	Venue
Monday, 06 <sup>th</sup> June, 2016	10:00 a.m.	The International Hotel, Kochi

### b) Financial Year: 1<sup>st</sup> April to 31<sup>st</sup> March.

### c) Dividend Details: Ratification of the Interim Dividend declared on 11<sup>th</sup> March, 2016 as the final dividend.

### d) Listing Details:

(i) The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited (NSE) The details of stock code are given below:

BSE	NSE
Scrip ID: MUTHFN	Symbol: MUTHOOTCAP
Scrip Code: 511766	ISIN: INE296G01013

(ii) The Company has paid the annual listing fees (as applicable) to both the Stock Exchanges upto the FY 2016 - 2017.

### e) Registration Details:

The Company is registered within the state of Kerala, The Company being a Non Banking Financial Company, is also registered with Reserve Bank of India (Certificate of Registration Number: 16.0024). In 1998, the Company obtained category A - deposit accepting NBFC license from RBI.

Corporate Identity Number (CIN) allotted to the Company by Ministry of Corporate Affairs is L67120KL1994PLC007726.

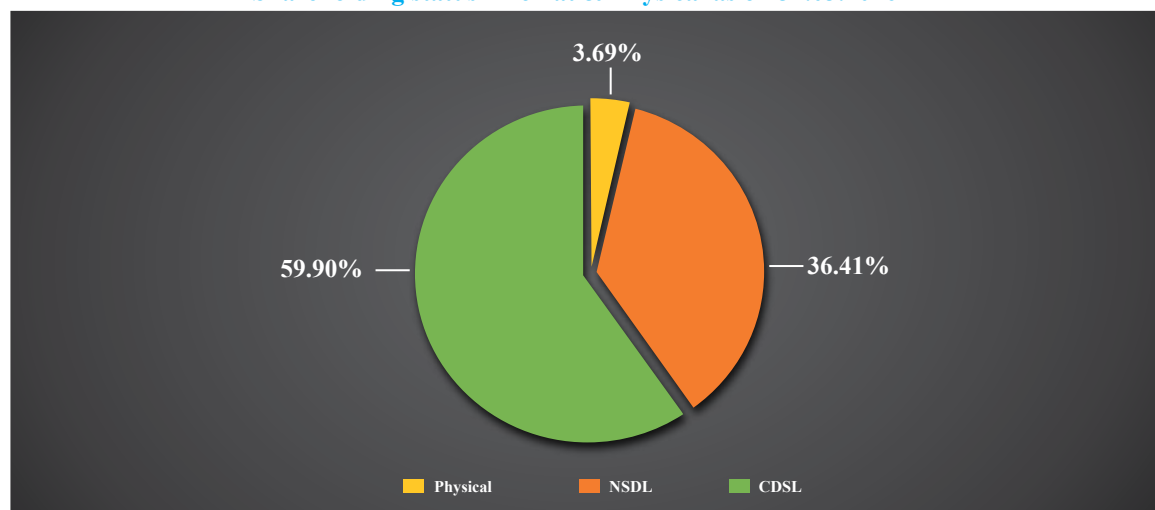
### f) Reconciliation of Share Capital Audit:

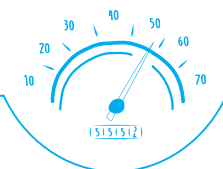
The Company has received certificate from a Company Secretary in Practice on a quarterly basis for timely dematerialization of the Company's shares and for reconciliation of the total equity capital with both the depositories and in physical mode with the total paid up capital as per books.

### g) Dematerialisation of Shares:

The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of the shares for scripless trading. 96.31% of shares of the Company were held in dematerialized form as on 31<sup>st</sup> March, 2016.

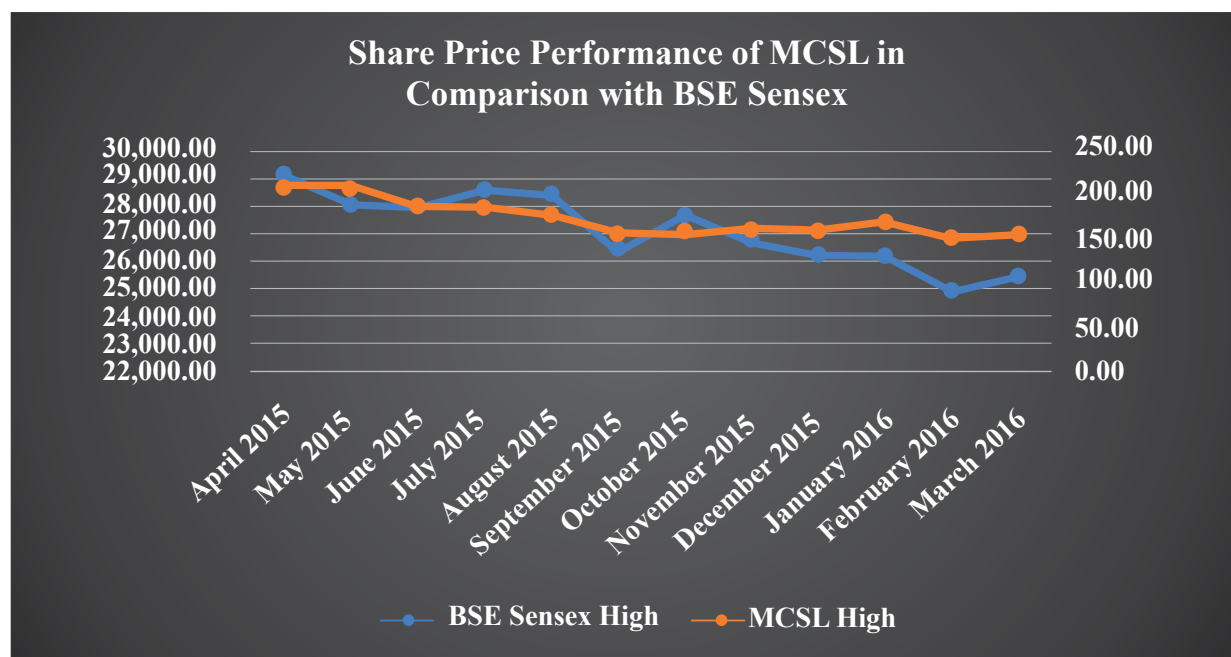
Shareholding status - Demat & Physical as on 31.03.2016

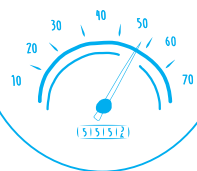




#### h) (i) Comparison of MCSL share price in BSE with BSE Sensex

Month	Year	MCSL share price in BSE		BSE Sensex
		High	Low	High
April	2015	208.00	196.00	29094.61
May	2015	208.00	175.00	28071.16
June	2015	186.50	144.00	27968.75
July	2015	184.00	160.00	28578.33
August	2015	178.00	129.00	28417.59
September	2015	154.50	122.00	26471.82
October	2015	159.60	136.10	27618.14
November	2015	160.00	142.00	26824.30
December	2015	159.00	140.10	26256.42
January	2016	168.90	134.00	26197.27
February	2016	152.00	130.00	25002.32
March	2016	155.00	135.00	25479.62

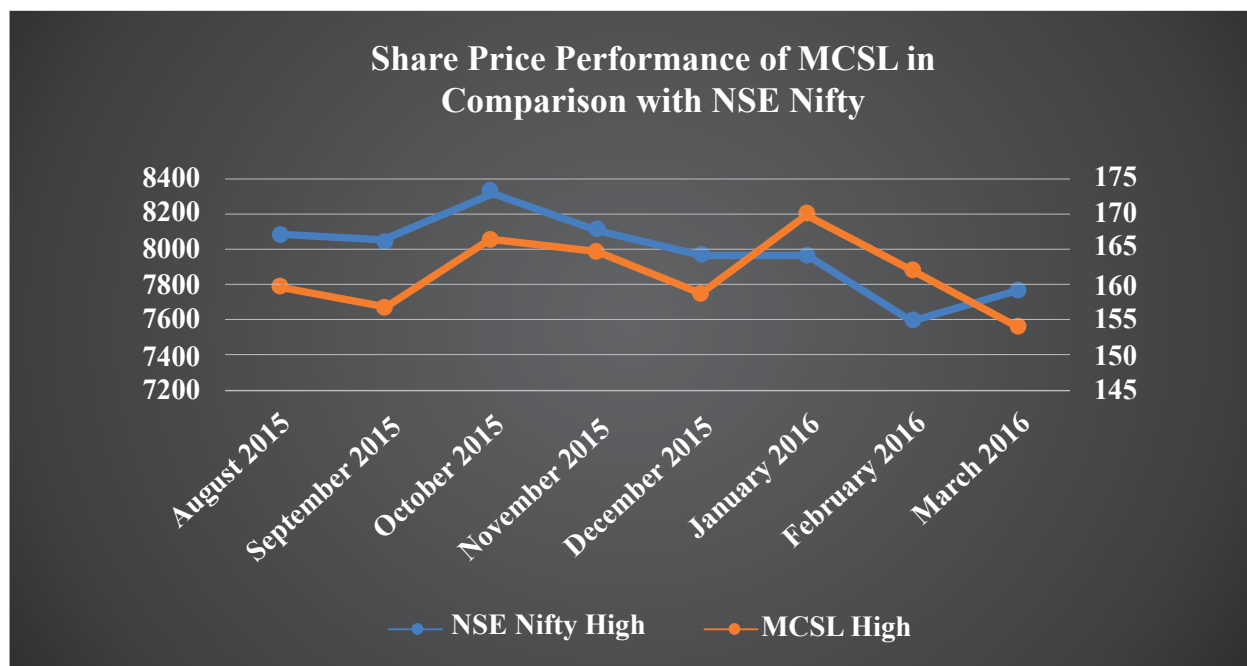


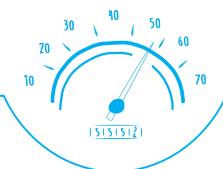


**(ii) Comparison of MCSL share price in NSE with NSE Nifty\***

Month	Year	MCSL share price in NSE		NSE Nifty
		High	Low	High
August	2015	160.00	121.70	8091.80
September	2015	156.95	118.30	8055.00
October	2015	166.50	130.35	8336.30
November	2015	164.95	136.10	8116.10
December	2015	159.00	135.20	7979.30
January	2016	170.00	132.05	7972.55
February	2016	162.00	123.60	7600.45
March	2016	154.25	126.00	7777.60

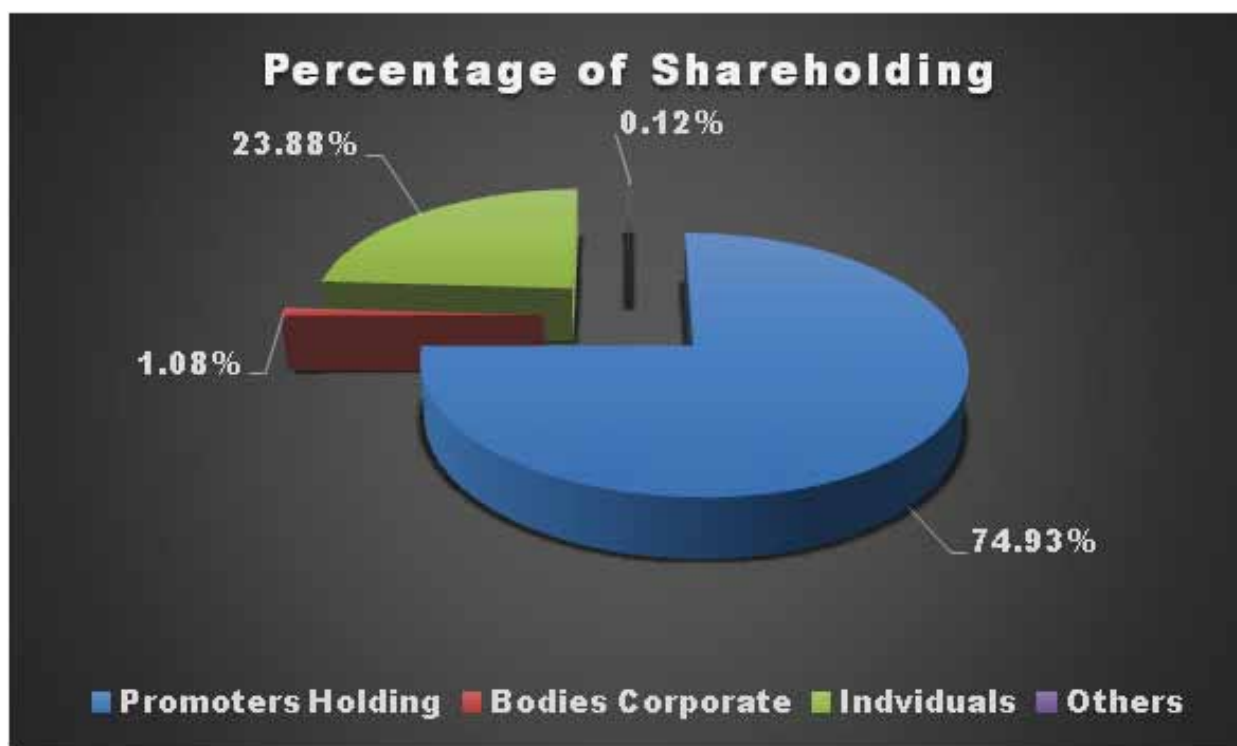
\* The shares of the Company were listed on National Stock Exchange of India Limited on 24<sup>th</sup> August, 2015.

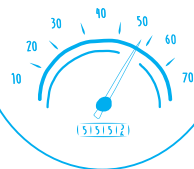




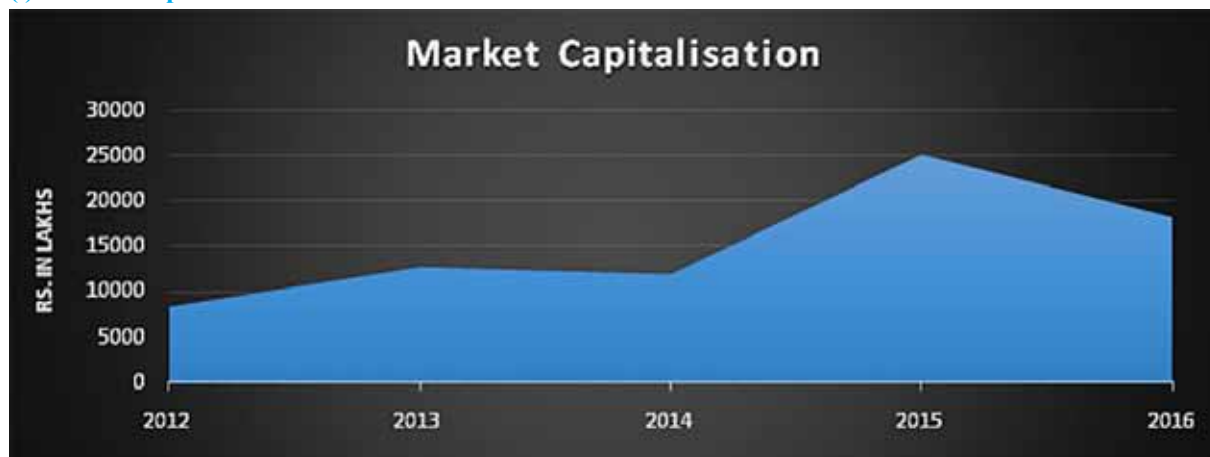
#### h) Distribution of Shareholding as on 31.03.2016

Sl. No.	Category	Holders	% Holders	Shares	% Shares
1	Upto 100	4805	68.37	358325	2.87
2	101 - 500	1617	23.01	417558	3.35
3	501 - 600	69	0.98	40337	0.32
4	601 - 700	42	0.60	28178	0.23
5	701 - 800	38	0.54	29485	0.24
6	801 - 900	33	0.47	28877	0.23
7	901 - 1000	90	1.28	88207	0.71
8	100 - 2000	147	2.09	221344	1.77
9	2001 - 5000	97	1.38	327490	2.63
10	5001 - 10000	44	0.63	318091	2.55
11	10001 - 20000	20	0.28	316979	2.54
12	20001 - 30000	5	0.07	141547	1.13
13	30001 - 40000	2	0.03	79434	0.64
14	40001 - 50000	4	0.06	186253	1.49
15	50001 -100000	8	0.11	528793	4.24
16	Above 100000	7	0.10	9361677	75.06
<b>Total</b>		<b>7028</b>	<b>100.00</b>	<b>12472575</b>	<b>100.00</b>





### (i) Market Capitalisation



#### For your queries/grievances/complaints, please contact:

The investors may write to the Company at [investorgrievance@muthootcap.com](mailto:investorgrievance@muthootcap.com) or [mail@muthootcap.com](mailto:mail@muthootcap.com) for any queries/grievances/communications.

For any assistance regarding dematerialization of shares, share transfer, transmission, change of address, non-receipt of dividend or any other query relating to shares, the investors may contact:

#### a) Integrated Enterprises (India) Limited,

Registrar and Share Transfer Agents  
2nd Floor, Kences Towers, 1st Floor, No. 1 Ramakrishna Street,  
Off. North Usman Road, T. Nagar, Chennai - 600 017  
Ph: 044 - 28140801 - 803  
Fax: 044 - 28142479.  
Email: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

#### b) Mr. Syam Kumar R,

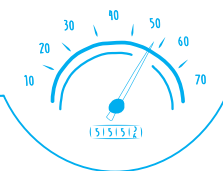
Company Secretary & Compliance Officer,  
Muthoot Capital Services Limited,  
3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035,  
Ph: 0484 - 6619600/6613450  
Fax: 0484 - 2381261  
Email: [syam.kumar@muthootcap.com](mailto:syam.kumar@muthootcap.com)

For queries on financial statements, contact:

#### c) Mr. Vinodkumar M. Panicker,

Chief Finance Officer,  
Muthoot Capital Services Limited,  
3rd Floor, Muthoot Towers,  
M.G. Road, Kochi - 682 035  
Ph: 0484 - 6619600/6613450  
Fax: 0484 - 2381261  
Email: [vinod.panicker@muthootcap.com](mailto:vinod.panicker@muthootcap.com)





## ANNEXURE 1

### **Declaration 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 31<sup>st</sup> March, 2016.

**Kochi**

**Date: 19<sup>th</sup> April, 2016**

**Sd/-**

**R. Manomohanan**

**Chief Executive Officer**

## ANNEXURE 2

### **Declaration**

**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 25 (1) & 26 (1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31<sup>st</sup> March, 2016.

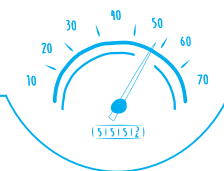
**Kochi**

**19<sup>th</sup> April, 2016**

**Sd/-**

**Managing Director**

**Thomas George Muthoot**



### ANNEXURE 3

#### CERTIFICATION BY CHIEF EXECUTIVE OFFICER/CHIEF FINANCE OFFICER

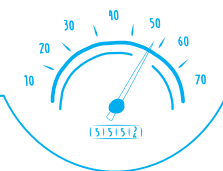
We hereby certify that for the quarter and financial year ending 31<sup>st</sup> March, 2016, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

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

**Kochi**  
**18<sup>th</sup> April, 2016**

**Sd/-**  
**R. Manomohan**  
**Chief Executive Officer**

**Sd/-**  
**Vinodkumar M. Panicker**  
**Chief Finance Officer**



## ANNEXURE 4

### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**To**

**THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **MUTHOOT CAPITAL SERVICES LIMITED** ('the Company') for the year ended 31<sup>st</sup> March 2016 as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with the stock exchange.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

**For K.VENKATACHALAM AIYER & Co.**

Chartered Accountants

Firm Regn No: 004610 S

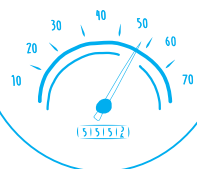
**CAA. GOPALAKRISHNAN**

Partner

Membership No.18159

Place : Kochi

Date : 19<sup>th</sup> April, 2016



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED

#### Report on the Financial Statements:

We have audited the accompanying financial statements of **MUTHOOT CAPITAL SERVICES LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

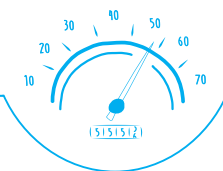
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion:

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 Act in the manner so required and give a true and



fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 7 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.

**For K.VENKATACHALAM AIYER & Co.**

Chartered Accountants

Firm Regn No: 004610 S

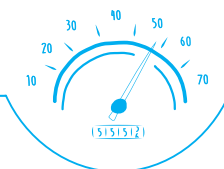
**CAA. GOPALAKRISHNAN**

Partner

Membership No.18159

Place : Kochi

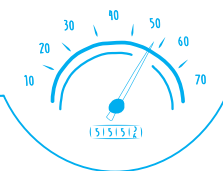
Date : 19<sup>th</sup> April, 2016



### ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items and no material discrepancies between the books records and the physical fixed assets have been noticed.  
(c) The company does not have any immovable property and hence clause 3 (1) (c) of the order is not applicable.
2. (a) Except for the repossessed assets from borrowers and gold in hand not sold in auction, the company does not have any stock of inventory. These Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
3. The Company has granted secured loans, to two companies covered in the Register maintained under section 189 of the Act. The balance outstanding for these loans at the end of the year was Rs.1 49 86 thousand.  
(a) The terms and conditions of such loans granted are not prejudicial to the interest of the company.  
(b) The borrower company is regular in repaying principal amount and interest as per the repayment schedule agreed upon.  
(c) There is no overdue on the loans.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, as applicable, in respect of loans, investments, guarantees, and security.
5. The company has accepted deposits, and it has complied the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, as applicable or any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act for the services rendered by the company.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.  
(b) According to the information and explanation given to us, there are no material dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as on March 31, 2016 on account of dispute except the following.



Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates- Financial Year	Amount involved (₹ in 000)
Income Tax Act, 1961	Income Tax and Interest	Commissioner of Income Tax	2011-12	1 87/-
<b>Total</b>				<b>1 87/-</b>

8. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has not defaulted in repayment of any dues to financial institution or banks or debenture holders.  
There are unpaid amounts of debentures amounting to ₹.7 08 thousand outstanding as on March 31.,2016, the management has confirmed that they could not pay the same since proper claims were not received from the debenture holders.
9. Based on our audit procedures and according to the information and explanations given to us and on the basis of the books of accounts and other records examined by us, the Company has utilized the debt instruments and term loans for the purpose for which they were actually obtained.
10. We have been informed that during the audit period there have been certain instances of fraud on the Company by employees, where hypothecation loan related misappropriations or cash embezzlements have occurred for amounts aggregating ₹ 4 28 thousand which the Company fully recovered
11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
16. The Company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45-IA of the Reserve Bank of India Act, 1934.

**For K. VENKATACHALAM AIYER & Co**

Chartered Accountants

FRN: 004610S

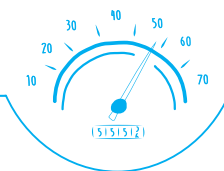
**CA A. GOPALAKRISHNAN**

Partner

Membership No. 18159

Place: Kochi

Date: 19<sup>th</sup> April, 2016



## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"):**

We have audited the internal financial controls over financial reporting of Muthoot Capital Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

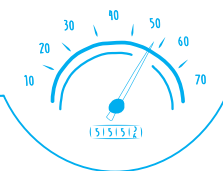
We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting:**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and 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 Over Financial Reporting:**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For K. Venkatachalam Aiyer & Co**

Chartered Accountants

Firm Regn No. 004610S

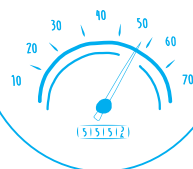
**CAA. GOPALAKRISHNAN**

Partner

Membership No. 18159

Place: Kochi

Date: 19<sup>th</sup> April, 2016



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

	Note	As At	
		31 - Mar - 16	31 - Mar - 15
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2.1	12 47 26	12 47 26
Reserves and Surplus	2.2	135 42 07	120 82 38
		<b>147 89 33</b>	133 29 64
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	2.3	28 81 91	12 70 27
Other Long - Term Liabilities	2.4	83 40	80 39
		<b>29 65 31</b>	13 50 66
<b>Current Liabilities</b>			
Short-Term Borrowings	2.5	732 97 98	584 65 01
Other Current Liabilities	2.6	149 04 56	129 32 16
Short-Term Provisions	2.7	12 53 55	15 23 17
		<b>894 56 09</b>	729 20 34
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1072 10 73</b>	876 00 64
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	2.8	1 82 59	2 04 39
Non-Current Investments	2.9	13 75 13	13 25 13
Deferred Tax Assets (Net)	2.10	4 68 15	2 70 23
Long - Term Receivables from Financing Activities	2.11	1 53 11	79 73
Long - Term Loans and Advances	2.12	23 49	16 75
Other Non - Current Assets	2.13	32 07	67 57
		<b>22 34 54</b>	19 63 80
<b>Current Assets</b>			
Current Investments	2.14	-	28 52
Cash and Cash Equivalents	2.15	8 00 82	6 57 71
Receivables from Financing Activities	2.16	1037 25 81	844 31 85
Short - Term Loans and Advances	2.17	3 86 95	2 13 82
Other Current Assets	2.18	62 61	3 04 94
		<b>1049 76 19</b>	856 36 84
<b>TOTAL ASSETS</b>		<b>1072 10 73</b>	876 00 64
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 12		

Note : The notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached

**For K.VENKATACHALAM AIYER & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Regn No: 004610 S

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

**CA .A. GOPALAKRISHNAN**  
 PARTNER  
 Membership Number: 18159

**THOMAS JOHN MUTHOOT**  
 CHAIRMAN

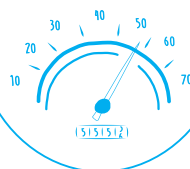
**THOMAS GEORGE MUTHOOT**  
 MANAGING DIRECTOR

**THOMAS MUTHOOT**  
 DIRECTOR

Place: Kochi  
 Date : 19<sup>th</sup> April, 2016

**VINODKUMAR M. PANICKER**  
 CHIEF FINANCE OFFICER

**SYAM KUMAR R.**  
 COMPANY SECRETARY & HEAD- GOVERNANCE



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

	Note	Year ended	
		31- Mar - 16	31- Mar - 15
<b>Revenue</b>			
Revenue From Operations	2.19	227 81 95	190 48 44
Other Income	2.20	67 48	80 20
<b>Total Revenue (I)</b>		<b>228 49 43</b>	<b>191 28 64</b>
<b>Expenses</b>			
Employee Benefits	2.21	46 69 72	39 29 46
Finance Costs	2.22	86 99 61	76 77 08
Depreciation	2.8	1 03 23	1 38 97
Administrative and Other Expenses	2.23	40 88 52	26 56 24
Provisions and Write Off	2.24	17 43 37	13 10 33
<b>Total Expenses (II)</b>		<b>193 04 45</b>	<b>157 12 08</b>
<b>Profit Before Tax (I - II)</b>		<b>35 44 98</b>	<b>34 16 56</b>
<b>Tax Expenses</b>			
Current Tax		14 34 00	13 23 00
Deferred Tax		(1 97 92)	(1 36 02)
Income Tax Adjustment of Earlier Years		23 56	43
<b>Total Tax Expenses</b>		<b>12 59 64</b>	<b>11 87 41</b>
<b>Profit After Tax</b>		<b>22 85 34</b>	<b>22 29 15</b>
Earnings per equity share of ₹ 10 each: Basic and Diluted (in ₹)	6	18.32	17.87
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1to12		

Note : The notes referred to above form an integral part of the Statement of Profit and Loss.

As per our report of even date attached  
**For K.VENKATACHALAM AIYER & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Regn No: 004610 S

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

**CA .A. GOPALAKRISHNAN**  
 PARTNER  
 Membership Number: 18159

**THOMAS JOHN MUTHOOT**  
 CHAIRMAN

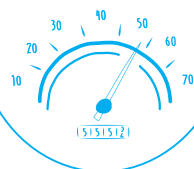
**THOMAS GEORGE MUTHOOT**  
 MANAGING DIRECTOR

**THOMAS MUTHOOT**  
 DIRECTOR

Place: Kochi  
 Date : 19<sup>th</sup> April, 2016

**VINODKUMAR M. PANICKER**  
 CHIEF FINANCE OFFICER

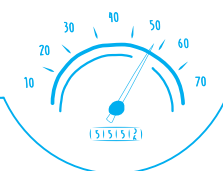
**SYAM KUMAR R.**  
 COMPANY SECRETARY & HEAD- GOVERNANCE



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

	Year ended	
	31-Mar-16	31-Mar-15
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	35 44 98	34 16 56
Adjustments for:-		
Depreciation	1 03 23	1 38 97
Provision against Non - Performing Assets	3 97 66	3 24 75
Provisions against Standard Assets	93 00	34 11
Provision others	1 00	-
Excess Provision written back	-	( 40 40)
Loss / (Profit) from Capital Market Operations	(32 56)	( 7 94)
Interest on Investment	(1 06 36)	(83 48)
Loss / (Profit) on sale of Assets	35	(16)
Dividend Income	( 7)	( 65)
	4 56 25	3 65 20
<b>Operating Profit before Working Capital Changes:</b>	40 01 23	37 81 76
Net (Increase) / Decrease in Operating Assets:-		
Short-Term Loans and Advances	(45 41)	( 8 14)
Long-Term Loans and Advances	( 6 74)	( 6 78)
Receivables from Financing Activities	( 193 68 34)	( 151 38 23)
Bank Deposits	( 1 74 04)	( 3 40 00)
(having maturity date of more than 3 months)		
Other Non Current Assets	35 50	( 67 57)
Other Current Assets	3 21 31	( 1 90)
	( 192 37 72)	( 155 62 62)
Net Increase/ (Decrease) in operating liabilities:-		
Other Current Liabilities	2 98 27	2 70 37
Short-Term Provisions	( 45 77)	( 59 78)
	2 52 50	2 10 59
<b>Net changes in Working Capital</b>	( 189 85 22)	( 153 52 03)
<b>Cash generated from Operations</b>	( 149 83 99)	( 115 70 27)
Direct Taxes paid	( 16 27 06)	( 12 85 87)
<b>Net cash (used in) Operating Activities</b>	( 166 11 05)	( 128 56 14)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including capital advance	( 82 26)	( 65 90)
Sale of Fixed Assets	48	85
Investments in Shares and Mutual Funds	28 52	( 6 43)
Non -Current Investments	(51 12)	( 6 55 69)
Interest on Investment	1 06 36	83 48
(Loss) / Profit from Capital Market Operations	32 56	7 94
Dividend Income	7	65
<b>Net cash (used in) Investing Activities</b>	34 61	(6 35 10)



(₹ in '000)

	Year ended	
	31-Mar-16	31-Mar-15
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net increase / (decrease) in Secured Debentures	( 2 65 25)	( 8 05 51)
Net increase / (decrease) in Subordinated Debts	13 28 52	1 44 93
Net increase / (decrease) in Public Deposits	1 10 64	53 70 99
Net increase / (decrease) in Inter Corporate Deposit	10 86	1 30 07
Net increase / (decrease) in Secured and Unsecured Borrowings	169 08 80	87 97 01
Dividend paid (including Corporate Dividend Tax)	(15 48 06)	(6 52 46)
<b>Net cash generated from Financing Activities</b>	<b>165 45 51</b>	<b>129 85 03</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(30 93)</b>	<b>(5 06 21)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>2 65 71</b>	<b>7 71 92</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>2 34 78</b>	<b>2 65 71</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	2	24
- Balances with Banks	1 70 32	2 29 21
- Balances in Unclaimed Dividend Accounts	64 44	36 26
<b>* Total Cash and Cash Equivalents</b>	<b>2 34 78</b>	<b>2 65 71</b>

\*Cash and Cash Equivalents do not include Bank deposits having maturity of more than 3 months amounting to ₹.5 66 04 thousand (March 31, 2015 ₹. 3 92 00 thousand).

Note: Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year's classification.

As per our report of even date attached  
**For K.VENKATACHALAM AIYER & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Regn No: 004610 S

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

**CA .A. GOPALAKRISHNAN**  
 PARTNER  
 Membership Number: 18159

**THOMAS JOHN MUTHOOT**  
 CHAIRMAN

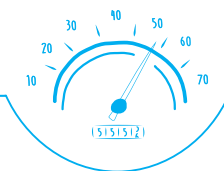
**THOMAS GEORGE MUTHOOT**  
 MANAGING DIRECTOR

**THOMAS MUTHOOT**  
 DIRECTOR

Place: Kochi  
 Date : 19<sup>th</sup> April, 2016

**VINODKUMAR M. PANICKER**  
 CHIEF FINANCE OFFICER

**SYAM KUMAR R.**  
 COMPANY SECRETARY & HEAD- GOVERNANCE



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### CORPORATE INFORMATION

Muthoot Capital Services Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Muthoot Capital Services Limited was incorporated on February 18, 1994 as a public limited company. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange. The Company is registered as an A-category Deposit taking Non-Banking Financial Company (NBFC) with Reserve Bank of India. During the year the Company was mainly engaged in the business of financing for purchase of automobiles, mainly two wheelers against hypothecation of the respective vehicles and granting of personal/business loans against Security of receivables (Term loans)/ demand promissory notes. The Company also engaged itself in the business of buying loan portfolios from other NBFCs financing the two wheelers /small business/micro finance segment. The Company has a reasonably good presence in the non-banking financial sector in rural and semi-urban areas.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis for preparation of financial statements

i. The financial statements for the year ended 31<sup>st</sup> March, 2016, have been prepared and presented under historical cost convention and on the accrual basis of accounting in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and in compliance with the provisions of the Companies Act, 2013, mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the directions issued by Reserve Bank of India for Non-Banking Financial Companies from time to time, wherever applicable.

ii. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of financial services provided and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 36 months for the purpose of classification of its assets and liabilities into current and non-current as per the requirements of Schedule III of the Companies Act, 2013.

iii. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 1.2 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

#### 1.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured:

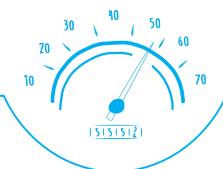
##### • Income from Financial Services

i. Finance charges in respect of hypothecation loan transactions are accounted by applying the Internal Rate of Return method. Overdue charges on belated hypothecation loan instalments are accounted as and when received by the Company.

ii. Interest on loans and advances, including Loan Buyout and Other business loans, is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for delayed payments are accounted as and when received.

iii. Income in respect of Non-performing assets is recognized as and when received as per the guidelines given in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

iv. Interest Income on SLR Investment/ Deposits is recognized on accrual basis.



#### • Windmill Income

Income from power generation is recognized on supply of power to the grid as per the terms of the arrangement with Muthoot Bankers.

#### • Income from Investments

Dividend on investments is recognized as income, when right to receive payment is established by the date of Balance Sheet. The profit/loss on Capital Market Operations is recognized at the time of actual sale/redemption of investments.

#### 1.4 Receivables from Financing Activities

The Company has followed the Directions issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, Provisioning / Writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments and also the Non-Banking Financial Companies acceptance of Public Deposits (Reserve Bank) Directions 2007.

#### Hypothecation Loans

- i. Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received against the due amount, up to Balance Sheet date. Advance instalments received against Hypothecation loans is shown as Current Liabilities
- ii. Repossessed automobile assets are valued at lower of book value and estimated realizable value.
- iii. Interest on hypothecation loans are recognized on accrual basis up to the current reporting date.

#### 1.5 Tangible Fixed Assets

Fixed Assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value, only if it increases the future benefit of the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

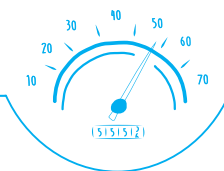
Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

#### 1.6 Depreciation on Tangible Fixed Assets

Depreciation on assets held for own use of the Company is provided on written down value method as per the useful years of life of the assets and in the manner prescribed under Schedule II of the Companies Act, 2013.

The company has adopted the following as the useful years of life to provide depreciation on its fixed assets.

Sl No	Description of the Assets	Useful Years of Life
1	Motor vehicles	
	(i) Car	8
	(ii) Cycles, Scooters	10
2	Furniture and fittings	10
3	Office Equipments	5
4	Computer and Accessories	
	(i) Computers	3
	(ii) Networks and Servers	6
5	Windmill generator	22



### Impairment of tangible and intangible assets

- i) The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset as per the Useful Life as prescribed in Schedule II of the Companies Act 2013.
- iii) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### 1.7 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

### 1.8 Investments

#### a) Investment in Government Securities

- i. Non-Current Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.
- ii. Current Investments are valued at lower of cost and market value/net asset value.

#### b) Investments - Others

- i. Investments, which are readily realizable and intended to be held for not more than three years from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Non-Current Investments.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-Current Investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### 1.9 Foreign Currency Transactions

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date(s) of the transaction.

### 1.10 Income Tax

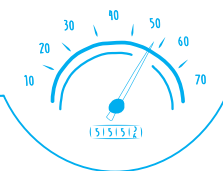
Tax expense comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and the reversal of timing differences of the earlier years.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.





Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

### **1.11 Retirement and Other Employee Benefits**

#### **a) Defined Contribution Plan**

##### **(i) Provident Fund**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due in accordance with the fund rules. The Company has no obligation, other than the contribution payable to the provident fund.

##### **(ii) Employees State Insurance**

The Company also contributes to Employees State Insurance Corporation on behalf of its employees.

#### **b) Defined Benefit Plan-Gratuity**

Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme. The yearly contribution/premium paid/payable is determined on actuarial valuation done by LIC. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the Statement of Profit and Loss.

### **1.12 Segment Reporting**

The Company's business activity primarily falls within a single business segment which constitutes Financing Activities (Advancing of hypothecation loans, term loans, buying loan portfolio of other NBFCs/ Micro Finance Companies and loan against demand promissory notes etc.). Hence, no additional disclosure is required under Accounting Standard 17 'Segment Reporting'.

The Company operates primarily in India; hence there is no other significant geographical segment that requires the disclosure.

### **1.13 Related Party Disclosures**

Disclosures are made as per the requirements of the Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by the Institute of Chartered Accountants of India.

### **1.14 Earnings per Share**

The Company reports basic earnings per share in accordance with Accounting Standard-20 "Earnings per Share", issued by the ICAI. Basic earnings per share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

### **1.15 Cash and Cash Equivalents**

Cash and Cash Equivalents in the cash flow statement comprise cash at hand and at bank, remittances in transits and short term investments with an original maturity period of three months or less.

### **1.16 Material Events**

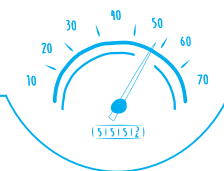
Material Events occurring after the Balance Sheet date are taken into cognizance.

### **1.17 Expenses on Deposits, Debentures, Subordinated Debts.**

The interest on Public Deposits, Debentures and Subordinated Debts is recognised on accrual basis at the rate applicable to each scheme. The brokerage incurred on Public Deposits and Subordinated Debts are treated as expenditure in the year in which it is incurred.

### **1.18 Provisions other than that for Non-Performing Assets**

A provision is recognized when the company has a present legal and constructive obligation as a result of past event, for which it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made for the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.



### 1.19 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence, if it exists, in the financial statements.

### 1.20 Classification and provisioning of Assets as per RBI Guidelines

As per the guidelines given in the Prudential Norms for Non-Banking Financial Companies prescribed by the Reserve Bank of India, the Company makes adequate provisions against Non-Performing Assets in the following manner;

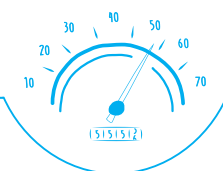
a. Standard Assets:

Provision against Standard Assets is made at the rate of 0.30% as required by Paragraph 9A of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 read with the Revised Regulatory Framework issued by Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFCs) on 10<sup>th</sup> November 2014 and the related notification dated 27<sup>th</sup> March 2015 (collectively referred to as 'the framework').

b. Sub-standard, Doubtful and Loss Assets:

Provision as required by Paragraph 9 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.

c. An additional provision/write off of hypothecation loans as considered appropriate by the management, towards non-performing assets.



## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

Amounts in the financial statements are presented in thousands, except for per share data and as otherwise stated.

### BALANCE SHEET

#### 2.1 SHARE CAPITAL

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
Authorized 1,50,00,000 equity shares of ₹ 10 par value.	15 00 00	15 00 00
Issued, Subscribed and fully Paid up 1,24,72,575 equity shares of ₹ 10 par value.	12 47 26	12 47 26
<b>Total</b>	<b>12 47 26</b>	<b>12 47 26</b>

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2015 is set out below:

Particulars	As at 31-Mar-16		As at 31-Mar-15	
	No. of shares	Amount	No. of shares	Amount
	in '000	₹ in '000	in '000	₹ in '000
No of shares outstanding at the beginning of the year	1 24 73	12 47 26	1 24 73	12 47 26
Add: Additional shares issued during the year	-	-	-	-
No of shares outstanding at the end of the year	<b>1 24 73</b>	<b>12 47 26</b>	<b>1 24 73</b>	<b>12 47 26</b>

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees.

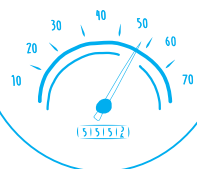
The Board of Directors in their meeting held on 11<sup>th</sup> March, 2016 declared an interim dividend of ₹ 5.5 per equity share. The total dividend appropriation for the year ended 31<sup>st</sup> March, 2016 amounted to ₹ 8 25 65 thousand including corporate dividend tax of ₹ 1 39 66 thousand.

During the year ended 31<sup>st</sup> March, 2015, the amount of per share dividend recognized as distribution to equity shareholders was ₹ 5/-. The total dividend appropriation for the year ended 31<sup>st</sup> March, 2015 amounted to ₹ 7 50 59 thousand including corporate dividend tax of ₹ 1 26 96 thousand.

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.

#### Shareholders holding more than 5% shares in the Company

Particulars	As at 31-Mar-16		As at 31-Mar-15	
	No of shares		No of shares	
	in '000	%	in '000	%
<b>Equity Shares</b>				
Thomas John Muthoot	28 51	22.86	28 51	22.86
Thomas George Muthoot	28 47	22.82	28 47	22.82
Thomas Muthoot	27 97	22.42	27 97	22.42

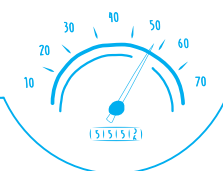


As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## 2.2 RESERVES AND SURPLUS

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>Securities Premium Account:</b>		
At the beginning of the year	41 80 80	41 80 80
Additions on shares issued during the year	-	-
At the end of the year	41 80 80	41 80 80
<b>Statutory Reserve:</b>		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	23 65 79	18 65 79
Transfer from surplus in Statement of Profit and Loss	4 60 00	5 00 00
At the end of the year	28 25 79	23 65 79
<b>General Reserve:</b>		
At the beginning of the year	10 80 00	8 30 00
Transfer from surplus in Statement of Profit and Loss	2 30 00	2 50 00
At the end of the year	13 10 00	10 80 00
<b>Surplus in the Statement of Profit and Loss</b>		
At the beginning of the year	44 55 79	37 30 79
Adjustment on Account of Change in the useful life of fixed assets as per Schedule II of the Companies Act, 2013		
Less: Written Down Value of Fixed Asset Carried to reserve	-	(5 40)
Add: Deferred Tax impact on the asset	-	1 84
	-	(3 56)
Add: Profit for the year	22 85 34	22 29 15
Less: Appropriations		
Transfer to Statutory Reserves	(4 60 00)	(5 00 00)
Transfer to General Reserves	(2 30 00)	(2 50 00)
Dividend		
Interim	(6 85 99)	-
Final (proposed)	-	(6 23 63)
Dividend Tax	(1 39 66)	(1 26 96)
At the end of the year	52 25 48	44 55 79
<b>Total</b>	<b>1 35 42 07</b>	<b>1 20 82 38</b>



## 2.3 LONG - TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>Secured:</b>		
Term Loan from South Indian Bank Ltd.	1 60 00	-
Non-Convertible Debentures	-	8
<b>Unsecured:</b>		
Subordinated Debt	13 74 55	3 79 41
Public Deposits	13 47 36	8 90 78
<b>Total</b>	<b>28 81 91</b>	<b>12 70 27</b>

### Term Loan:

The term loan from South Indian Bank Ltd. is secured by First Pari- Passu charge over the long-term loan receivables, along with other lenders and secured debenture holders with minimum coverage of 125%. The effective interest rate is 11.5%. The loan is repayable in 47 monthly installments of ₹ 52 00 thousand each and 48 th instalment of ₹ 56 00 thousand commencing after immediate draw down of principal. The term loan has been personally guaranteed by the Promoter Directors of the Company, namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

### Maturity Pattern of Long Term Loan:

(₹ in '000)

	For the Financial Year 2015-2016			For the Financial Year 2014- 2015		
	Current	Non-Current	Total	Current	Non-Current	Total
South Indian Bank Ltd	18 72 00	1 60 00	20 32 00	-	-	-
<b>Total</b>	<b>18 72 00</b>	<b>1 60 00</b>	<b>20 32 00</b>	<b>-</b>	<b>-</b>	<b>-</b>

This liability towards term loan appears in the financials in the manner given below:

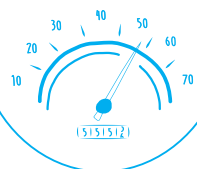
(₹ in '000)

Name of the element in Financial Statments	Reference Note No	Particulars	As at	
			31-Mar-16	31-Mar-15
Long- Term Borrowings	2.3	Term Loan from South Indian Bank Ltd	1 60 00	-
Other Current Liabilities	2.6	Current Maturities of Term Loan from South Indian Bank Ltd	18 72 00	-
<b>Total</b>			<b>20 32 00</b>	

### Debentures:

The Company has issued Redeemable Non-Convertible Debentures on Private Placement basis in various series. The debentures issued under each series have a repayment period depending on the scheme it falls under. The debentures are repaid within a period of 1 to 6 years, depending on the schemes. The schemes range from Monthly, Annual and Maturity Interest Payment. The rate of interest of the Unmatured debentures range from 10.9% to 14.19% per annum and the rate of interest of matured debentures ranges from 9.5% to 13.65% per annum.

The issued debentures are secured by a Pari-passu First charge on all movable assets, book debts and receivables created by undertaking the business of Loan against Gold Jewellery, Hypothecation Loan and all other types of Loans, both present and future, created by the company.



### Maturity Pattern of Debentures:

(₹ in '000)

Interest Rate % per annum	For the Financial Year 2015-2016				For the Financial Year 2014-2015			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 - 12	1 43	40 00	-	41 43	11 84	1 11 04	8	1 22 96
>12 - 15	5 65	2 42 83	-	2 48 48	3 35	3 85 69	-	3 89 04
<b>Total</b>	<b>7 08</b>	<b>2 82 83</b>	<b>-</b>	<b>2 89 91</b>	<b>15 19</b>	<b>4 96 73</b>	<b>8</b>	<b>5 12 00</b>

This liability towards debentures appears in the financials in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at	
			31-Mar-16	31-Mar-15
Long-Term Borrowings	2.3	Non-Convertible Debentures (Secured)	-	8
Other Current Liabilities	2.6	Current Maturities of Debentures	2 82 83	4 96 73
Other Current Liabilities	2.6	Unclaimed matured Debentures	7 08	15 19
<b>Total</b>			<b>2 89 91</b>	<b>5 12 00</b>

### Subordinated Debts (Sub Debts):

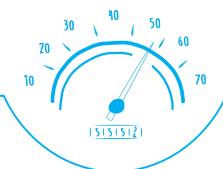
The Company has accepted subordinated debts under three schemes namely Monthly, Annual and Maturity schemes with interest rates ranging from 10.00% to 13.40%. The subordinated debts issued under each scheme will be repaid only on maturity.

### Maturity pattern of Subordinated Debts:

(₹ in '000)

Interest Rate % per annum	For the Financial Year 2015-2016				For the Financial Year 2014-2015			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>10 - 12	-	-	12 53 46	12 53 46	-	-	-	-
>12 - 15	-	2 58 32	1 21 09	3 79 41	-	-	3 79 41	3 79 41
<b>Total</b>	<b>-</b>	<b>2 58 32</b>	<b>13 74 55</b>	<b>16 32 87</b>	<b>-</b>	<b>-</b>	<b>3 79 41</b>	<b>3 79 41</b>

The Unsecured Subordinated debts of the Company qualify as Tier II Capital under the Non Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.



This liability towards subordinated debts appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at	
			31-Mar-16	31-Mar-15
Long Term Borrowings	2.3	Subordinated Debts	13 74 55	3 79 41
Other Current Liabilities	2.6	Current Maturities of Subordinated Debts	2 58 32	-
<b>Total</b>			<b>16 32 87</b>	<b>3 79 41</b>

#### Public Deposits:

The Company has accepted Public Deposits under three schemes namely Monthly, Annual and Maturity schemes. The deposits issued under each scheme will be repaid only on maturity, unless claimed by the Depositor earlier and if permissible to be repaid as per the regulations issued in this regard by the Reserve Bank of India. The rate of interest on these deposits ranges from 8.25% to 12.5% per annum.

#### Maturity pattern of Public Deposits:

(₹ in '000)

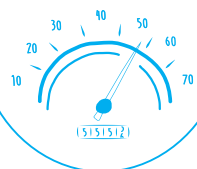
Interest Rate % per annum	For the Financial Year 2015-2016				For the Financial Year 2014-2015			
	Matured Unclaimed*	Current	Non-Current	Total	Matured Unclaimed*	Current	Non-Current	Total
<=9	13 84	16 71 94	99 67	17 85 45	-	62 29	-	62 29
>9 -12.5	4 27 36	74 96 67	12 47 69	91 71 72	3 46 20	97 05 19	8 90 78	109 42 17
<b>Total</b>	<b>4 41 20</b>	<b>91 68 61</b>	<b>13 47 36</b>	<b>109 57 17</b>	<b>3 46 20</b>	<b>97 67 48</b>	<b>8 90 78</b>	<b>110 04 46</b>

\* The Matured Unclaimed Public Deposits include the Public Deposit pending Renewal amounting to ₹ 1 21 89 thousand as shown in Note No. 2.6 Other Current Liabilities (March 31, 2015: ₹ 1 59 79 thousand).

This liability towards Public Deposits appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at	
			31-Mar-16	31-Mar-15
Long- Term Borrowings	2.3	Public Deposit	13 47 36	8 90 78
Other Current Liabilities	2.6	Current Maturities of Public Deposits	91 68 61	97 67 48
Other Current Liabilities	2.6	Deposit Pending Renewal	1 21 89	1 59 79
Other Current Liabilities	2.6	Unclaimed matured Public Deposit	3 19 31	1 86 41
<b>Total</b>			<b>109 57 17</b>	<b>110 04 46</b>



## 2.4 OTHER LONG TERM LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>Non-Current portion of interest accrued, but not due on:</b>		
Debentures	-	2
Subordinated Debts	57 55	66 46
Public Deposits	24 89	12 95
<b>Others</b>		
Security Deposits (Unsecured)	96	96
<b>Total</b>	<b>83 40</b>	<b>80 39</b>

Current portion of interest accrued, but not due on the above borrowings amounting to ₹ 7 64 36 thousand is shown in Ref Note No. 2.6 under Other Current Liabilities (March 31, 2015: ₹ 5 84 02 thousand)

## 2.5 SHORT - TERM BORROWINGS

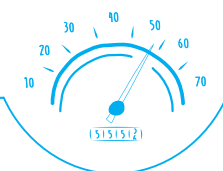
(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>Secured</b>		
Loans repayable on demand (from Banks)		
Working Capital Demand Loans and Cash Credit	669 50 41	517 32 72
Term Loan	48 42 34	63 29 24
<b>Unsecured</b>		
Loans and Advances from Related Parties	13 64 38	2 73 05
Inter Corporate Deposits	1 40 85	1 30 00
<b>Total</b>	<b>732 97 98</b>	<b>584 65 01</b>

### Loans repayable on demand from banks:

<b>Working Capital Demand Loan:</b>		
Andhra Bank Ltd	25 00 00	-
Federal Bank Ltd	12 00 00	12 00 00
HDFC Bank Ltd	20 00 00	20 00 00
ICICI Bank Ltd	24 49 00	25 00 00
IndusInd Bank Ltd	9 50 00	9 50 00
Kotak Mahindra Bank Ltd	15 00 00	15 00 00
Punjab National Bank Ltd	80 00 00	-
State Bank of Travancore Ltd	110 00 00	108 00 00
State Bank of Hyderabad Ltd	34 90 21	34 95 10
State Bank of India Ltd	90 00 00	90 00 00
Yes Bank Ltd	10 00 00	10 00 00
<b>Sub total</b>	<b>430 89 21</b>	<b>324 45 10</b>





<b>Cash Credit:</b>		
Axis Bank Ltd	5 49 17	4 23 76
Andhra Bank Ltd	8 16 52	44 81 44
Corporation Bank Ltd	29 82 12	29 58 58
City Union Bank Ltd	9 96 51	9 93 46
Dhanlaxmi Bank Ltd	9 13 46	9 99 12
Federal Bank Ltd	2 89 23	2 82 68
Lakshmi Vilas Bank Ltd	24 87 12	24 59 46
Punjab National Bank Ltd	19 23 95	-
State Bank of India Ltd	8 21 01	32 57
South Indian Bank Ltd	62 85 16	66 56 55
Syndicate Bank Ltd	22 97 23	-
Tamilnad Mercantile Bank Ltd	34 99 72	-
<b>Sub total</b>	<b>238 61 20</b>	<b>192 87 62</b>
<b>Total</b>	<b>669 50 41</b>	<b>517 32 72</b>
<b>Term Loan:</b>		
Dhanlaxmi Bank Ltd*	20 98 40	28 29 24
HDFC Bank Ltd	6 00 00	-
IDBI Bank Ltd	13 93 94	20 00 00
Yes Bank Ltd	7 50 00	15 00 00
<b>Sub total</b>	<b>48 42 34</b>	<b>63 29 24</b>
<b>Grand Total</b>	<b>717 92 75</b>	<b>580 61 96</b>

\*Note: The above mentioned Term Loans do not include the loan against the selling of Receivables from Financing Activities in favor of Dhanlaxmi Bank Limited. The balance outstanding of this loan as on March 31, 2016: Nil (March 31, 2015: ₹ 71 05 thousand).

### Guaranteed Loans

The Working Capital Demand Loans and Cash Credit obtained from Banks have been personally guaranteed by the Promoter Directors of the Company, namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

### Security of the Loans from Banks

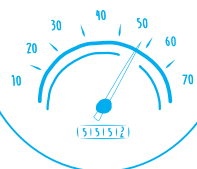
The Working Capital Demand Loans and Cash Credit facility have been obtained from the banks by creating First Charge on the entire current assets including gold loan, hypothecation loans and all other loans receivables ranking pari-passu with other banks and Debenture Holders.

### Rate of interest

Short-Term Borrowings from banks carries interest at the rate of 10.55% to 11.80% per annum as on the Balance Sheet date.

### Term Loan from Banks:

The term loan from banks are secured by hypothecation of specific assets covered by Hypothecation Loan Receivables/ on entire current assets including gold loans, hypothecation loans and all other loans and other current assets of the Company. Rate of interest varies from 11.3% to 11.75%. The loan is repayable in equal monthly/ quarterly instalments spread over 12 months to 36 months.



### Loan from Directors

The Company has entered into transactions involving receipts and payments of different amounts with the Promoter Directors of the Company. The Company pays interest at 12% per annum. The balance outstanding as on March 31, 2016 was ₹ 13 64 38 thousand (March 31, 2015: ₹ 2 73 05 thousand).

### Inter Corporate Deposits

The Company has taken an Inter Corporate Deposit from Adtech Systems Ltd. This is repayable after a period of 3 months with an effective rate of interest of 9% per annum. The balance outstanding as on March 31, 2016: ₹ 1 40 85 thousand (March 31, 2015: ₹ 1 30 00 thousand).

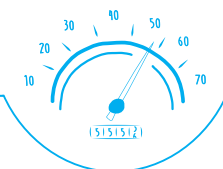
## 2.6 OTHER CURRENT LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
Current maturities of long term debt:		
Debentures (Secured)	2 82 83	4 96 73
Public Deposits	91 68 61	97 67 48
Sub Debt	2 58 32	-
Term Loan from South Indian bank	18 72 00	-
Unclaimed Matured		
Debentures	7 08	15 19
Public Deposits	3 19 31	1 86 41
Interest accrued and due on borrowings		
Unclaimed Matured Debentures	4 65	4 47
Unclaimed Matured Public Deposits	6 67	36
Interest accrued, but not due on		
Bank Borrowings	3 06 94	2 52 25
Debentures	2 00 11	2 43 43
Sub Debt	84 80	83
Public Deposits	4 79 45	3 39 76
Inter Corporate Deposit	7	7
Instalment received in advance from Hypothecation Customers*	8 10 23	6 80 72
Unclaimed dividends**	64 44	36 26
Collection Agency Deposit	40 15	3 00
Public Deposits Pending Renewal	1 21 89	1 59 79
Other Payables		
Initial Payment	24 34	12 26
Foreclosure	4 18	1 38
Withholding Tax	58 83	45 24
Business Sourcing Incentive Payable	1 58 54	1 58 02
Other Expenses Payable***	5 25 25	3 89 85
Statutory Dues Payable	69 73	72 51
Others	36 14	66 15
<b>Total</b>	<b>149 04 56</b>	<b>129 32 16</b>

\*During the current year, instalments of hypothecation loans recieved in advance has been seperately shown under "Other Current Liabilities" which till the previous year was shown reduced from "Hypothecation Loans". The amount of ₹ 4 56 37 thousand which was thus shown as reduced from "Hypothecation Loans" in the previous year, has now been shown as under the head of "Other Current Liabilities". (Refer note 2.16- "Recievables from Financing Activites")

\*\*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.



\*\*\* Other Expenses payable includes amounts payable to related parties amounting to ₹ 1 23 66 thousand (March 31, 2015: ₹ 1 53 09 thousand)

## 2.7 SHORT - TERM PROVISIONS

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
Provision for Employee Benefits		-
Contingent Provision for Bonus	43 44	
Contingent Provision for Gratuity*	156	
Proposed dividend	-	6 23 63
Provision for dividend tax	-	1 26 96
Provision for taxation (Net)	-	54 69
Contingency provisions against standard assets	2 96 00	2 03 00
-made @0.30% of the outstanding Standard Assets		
(made @0.25% of the outstanding Standard Assets as on March 31 2015)		
Provision for Non-Performing Assets**	9 12 55	5 14 89
<b>Total</b>	<b>12 53 55</b>	<b>15 23 17</b>

\*The Net Gratuity Plan Asset of ₹ 30 51 thousand as on March 31 2016, is shown in the financial statements in the manner shown below:

(₹ in '000)

Particulars	Note No	Amount
Gross Gratuity Plan Asset	2.13	32 07
Less: Contingent provision for Gratuity	2.7	1 56
Net Gratuity Plan Asset		30 51

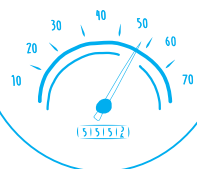
Refer Note No. 2.13 - "Other Non-Current Asset" and Note No 3 - "Defined Benefit Plans- Gratuity Valuation".

\*\*Includes an additional adhoc provision of ₹ 52 70 thousand (March 31, 2015 ₹ 75 00 thousand) made against Non-Performing Assets.

Reserve Bank of India (RBI) has issued the Revised Regulatory Framework for Non Banking Financial Companies (NBFCs) on 10<sup>th</sup> November 2014 and the related notification dated 27<sup>th</sup> March 2015 (collectively referred to as 'the framework') to address various matters including harmonization of asset classification and provisioning norms wherein the provisioning norms for NBFCs are being brought in line with that of banks in a phased manner over a period of 3 years as per which an asset shall become a non-performing asset (NPA):

- if they become overdue for 5 months for the financial year ending 31.03.2016
- if they become overdue for 4 months for the financial year ending 31.03.2017
- if they become overdue for 3 months for the financial year ending 31.03.2018 and thereafter.

Currently, the Company classifies NPAs at 5 months default. With an aim to align itself with the provisioning rates prescribed in the framework, the Company has made an adhoc provision on perceived credit risk. The total adhoc provision created and outstanding as on 31<sup>st</sup> March 2016 is ₹ 52 70 thousand.



## 2.8 TANGIBLE ASSETS

(₹ in '000)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	At 31 March, 2015	Additions	Sales	At 31 March, 2016	At 31 March, 2015	For the Year	Adj. for the Year	At 31 March, 2016	At 31 March, 2015	At 31 March, 2016
Furniture and Fittings	1 94 89	20 54	-	2 15 43	1 01 97	26 33	-	1 28 30	92 92	87 13
Vehicles	35 85	-	-	35 85	29 98	1 93	-	31 91	5 87	3 94
Office Equipments	1 20 96	6 81	1 51	1 26 26	70 88	26 97	1 18	96 67	50 08	29 59
Computers and Accessories	2 35 54	54 91	1 93	2 88 52	1 87 14	46 53	1 43	2 32 24	48 40	56 28
Windmill Generator	89 78	-	-	89 78	82 66	1 47	-	84 13	7 12	5 65
<b>Total</b>	<b>6 77 02</b>	<b>82 26</b>	<b>3 44</b>	<b>7 55 84</b>	<b>4 72 63</b>	<b>1 03 23</b>	<b>2 61</b>	<b>5 73 25</b>	<b>2 04 39</b>	<b>1 82 59</b>

Pursuant to the enactment of Companies Act, 2013, the Company has applied the estimated useful life as specified in Schedule II of the said Act to provide for depreciation. Accordingly, the unamortised carrying value is depreciated over the revised/remaining useful lives.

## 2.9 NON - CURRENT INVESTMENTS

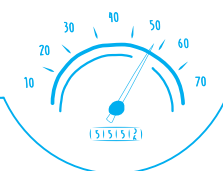
(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>Quoted Investment (Valued at cost)</b>		
Investments in Mutual Funds	19	19
Investment in Government Securities	13 74 94	13 24 94
<b>Total</b>	<b>13 75 13</b>	<b>13 25 13</b>

(₹ in '000)

Particulars	Cost	Market Value
Aggregate amount of quoted investments:		
Mutual Funds	19	51
Government Securities*		
7.28% GOI 2019	8 35 44	8 85 51
8.12% GOI 2020	4 89 50	5 11 50
8.24% Kerala SDL 2025	50 00	51 79
<b>Total</b>	<b>13 75 13</b>	<b>14 49 31</b>

\*In accordance with the Reserve Bank of India directives, the Company has created floating charge on the statutory liquid assets comprising of investment in Government Securities of face value of ₹ 14 38 00 thousand (Cost- ₹ 13 74 94 thousand) and bank deposits of ₹ 5 66 04 thousand (Refer Note No. 2.15 'Cash and Cash Equivalents') in favour of trustees representing the deposit holders of the Company.



## 2.10 DEFERRED TAX ASSET (NET)

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>Deferred Tax Asset</b>		
Provision for NPA and Others	4 37 51	2 47 29
Preliminary Expenses charged off to the Statement of Profit and Loss, but allowed as expense under tax laws in 5 years	-	1 99
Impact of Difference between tax depreciation and depreciation charged for Financial Reporting	30 64	20 95
<b>Net Deferred Tax Asset</b>	<b>4 68 15</b>	<b>2 70 23</b>

Deferred tax asset and deferred tax liabilities have been offset wherever the Company has legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relating to the same taxation authority.

## 2.11 LONG-TERM RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>Secured considered good, unless otherwise stated:</b>		
Hypothecation Loan	1 47 61	37 32
Demand Promissory Notes (Un-secured)	-	1 91
Loan against Public Deposit*	5 50	40 50
<b>Total</b>	<b>1 53 11</b>	<b>79 73</b>

The summary of the receivables from Hypothecation Loan appear in the financial statements in the manner shown below:

(₹ in '000)

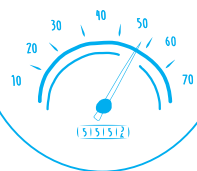
Name of the element in Financial Statements	Reference Note No	Particulars	As at	
			31-Mar-16	31-Mar-15
Long-Term Receivables from Financing Activities	2.11	Hypothecation Loan	1 47 61	37 32
Receivables from Financing Activities	2.16	Principal outstanding in current maturity of Hypothecation Loan	917 91 69	787 18 89
<b>Total</b>			<b>919 39 30</b>	<b>787 56 21</b>

\* For the year ended 31<sup>st</sup> March 2015, the entire amount of ₹ 97 35 thousand was shown under Current Maturity of loan against Public Deposit. The same has now been regrouped on the basis of operating cycle of the company which is 3 years.

The summary of the loan against Public Deposits appear in the financial statements in the manner shown below:

(₹ in '000)

Name of the element in Financial Statements	Reference Note No	Particulars	As at	
			31-Mar-16	31-Mar-15
Long-Term Receivables from Financing Activities	2.11	Loan against Public Deposit	5 50	40 50
Receivables from Financing Activities	2.16	Current maturity of Loan against Public Deposits	83 94	56 85
<b>Total</b>			<b>89 44</b>	<b>97 35</b>



## 2.12 LONG -TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
Unsecured, considered good		
Security deposits	23 49	16 75
<b>Total</b>	<b>23 49</b>	<b>16 75</b>

## 2.13 OTHER NON-CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
Gratuity Plan Asset*	32 07	67 57
<b>Total</b>	<b>32 07</b>	<b>67 57</b>

\*The Net Gratuity Plan Asset of ₹ 30 51 thousand as on March 31 2016, is shown in the financial statements in the manner shown below:

Particulars	Note No	Amount
Gross Gratuity Plan Asset	2.13	32 07
Less: Contingent provision for Gratuity	2.7	1 56
Net Gratuity Plan Asset		30 51

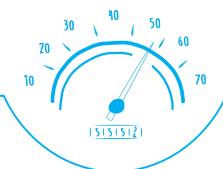
Refer Note No. 2.7 - "Short Term Provisions" and Note No 3 - "Defined Benefit Plans- Gratuity Valuation".

## 2.14 CURRENT INVESTMENTS

(₹ in '000)

Particulars	Face value (in Rs)	As at 31-Mar-2016		As at 31-Mar-2015	
		Holding (No.)	Cost	Holding (No.)	Cost
<b>Investment in Equity Instruments</b>					
Bosch Ltd	10	-	-	24	1 48
Eicher Motor Ltd	10	-	-	72	1 60
United Spirits	10	-	-	90	2 21
HDFC Bank Ltd.	2	-	-	535	1 09
HDFC Ltd.	2	-	-	357	1 45
Hero Motocorp Ltd	2	-	-	95	77
Larsen & Toubro Ltd	2	-	-	195	49
Bharat Forge Ltd	2	-	-	263	3 36
State Bank Of India Ltd	1	-	-	1 450	2 52
Tech Mahindra Ltd	5	-	-	764	3 03
Asian Paints	1	-	-	429	2 13
Tata Consultancy Services	1	-	-	144	3 04
Sun Pharmaceuticals	1	-	-	721	5 35
<b>Total</b>			-		<b>28 52</b>

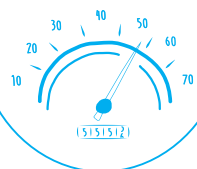
Note: The entire current investments were sold during the year and the Company earned a profit of ₹ 32 56 thousand



## 2.15 CASH AND CASH EQUIVALENTS

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
Balances with Banks	1 70 32	2 29 21
Cash on Hand	2	24
Other balances with banks		
in Deposit accounts	5 66 04	3 92 00
in Unclaimed Dividend Accounts	64 44	36 26
<b>Total</b>	<b>8 00 82</b>	<b>6 57 71</b>
<b>Balances with Banks</b>		
Axis Bank Ltd	4 52	2 60
Dhanlaxmi Bank Ltd	-	11 00
HDFC Bank Ltd	30 83	1 00 13
Indusind Bank Ltd	36	1 07
Ing Vysya Bank Ltd	-	5
ICICI Bank Ltd	41	3 65
IDBI Bank Ltd	3 68	2 79
Indian Overseas Bank Ltd	-	4 18
Kotak Mahindra Bank Ltd	80	3 65
Lakshmi Vilas Bank Ltd	12	1 62
State Bank of India Ltd	8 08	17 35
State Bank of Travancore Ltd	1 04 10	46 90
State Bank of Hyderabad Ltd	-	4 52
South Indian Bank Ltd	-	88
Yes Bank Ltd	17 42	28 82
<b>Total</b>	<b>1 70 32</b>	<b>2 29 21</b>
<b>In Deposit Accounts</b>		
Deposit having maturity date of more than 3 months		
Axis Bank Ltd.	93 97	52 00
Dhanlaxmi Bank Ltd.	-	1 00 00
Lakshmi Vilas Bank Ltd.	2 90 00	2 40 00
State Bank of Hyderabad Ltd.	99 00	-
Yes Bank Ltd.	83 07	-
<b>Total</b>	<b>5 66 04</b>	<b>3 92 00</b>
<b>In Unclaimed Dividend Accounts</b>		
Axis Bank Ltd.	7 61	-
HDFC Bank Ltd.	56 83	36 26
<b>Total</b>	<b>64 44</b>	<b>36 26</b>



## 2.16 RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>(Secured, considered good unless otherwise stated)</b>		
<b>Principal outstanding in current maturity of:</b>		
Hypothecation Loan (Note 1)	917 91 69	787 89 94
Less: Loan Sellout of Receivables from Financing Activities taken in favor of Dhanlaxmi Bank Limited *	-	(71 05)
	917 91 69	787 18 89
Loan Buyout **	32 81 68	35 26 26
Term Loan***	65 34 17	-
Other Loans		
Gold Loan (Secured but fully provided)	14 22	14 22
Demand Promisory Notes (Unsecured)	5 38 58	7 19 97
Demand Promisory Notes (Secured)	1 54 08	2 37 45
Loan against Public Deposits	83 94	56 85
Loan against Debenture	7 31	10 41
<b>Interest Accrued on:</b>		
Hypothecation Loan	12 92 11	11 45 06
Loan against Public Deposits	3 41	1 77
Loan against Debenture	51	97
Loan Buyout	6 81	-
Term Loan	17 30	-
<b>Total</b>	<b>1037 25 81</b>	<b>844 31 85</b>

Note 1: During this year, advance payment received against future instalments of Hypothecation loans has been separately shown under Other Current Liabilities (Refer Note No.2.6 -Other Current Liabilities) Accordingly previous year figures have been regrouped and the effect of the change given below.

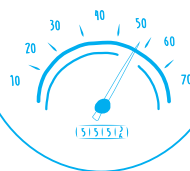
(₹ in '000)

Particulars	As at 31 <sup>st</sup> March 2015
Current Maturities of Hypothecation Loan	783 33 57
Add: Future Instalments of Hypothecation Loans received	4 56 37
<b>Total</b>	<b>787 89 94</b>

**\*Loan taken from Dhanlaxmi Bank Ltd against sellout of Receivables from Financing Activities in favour of the Bank.**

The company had availed finance against the sellout of receivables in favour of Dhanlaxmi Bank Limited. As per the arrangement for the above mentioned loan transaction, the company received an amount of ₹ 37 25 84 thousand from the bank repayable in 34 monthly instalments. The balance outstanding as on March 31, 2016 is Nil (March 31, 2015 ₹ 71 05 thousand). The rate of interest paid for the loan was 13% per annum on the diminishing balance.





### \*\* Loan Buyout

The company has entered into arrangements with other NBFCs for the buyout of receivables against Micro Finance Portfolios and Two Wheeler Portfolios. The rate of interest receivable on the loan buyouts ranges between 15% to 16% per annum on the diminishing balance. The tenure of the loan ranges between 15 months and 30 months.

SI No	Name of NBFC	Type of Portfolio	Rate of Interest	Total value of the assets covered by the transaction	No of Contracts	Total amount of Loan disbursed	Minimum Retention Requirement (MRR)	Balance as on 31 <sup>st</sup> March 2016
1	Chaitanya India Fin Credit Pvt. Ltd.	Two Wheeler Portfolio	16.00%	6 10 98	2 408	5 63 64	47 34	1 72 09
2	Finvent Finance and Investments Ltd.	Two Wheeler Portfolio	16.00%	8 41 96	2 591	7 73 15	68 81	3 72 43
3	M Power Micro Finance Pvt Ltd	Micro Finance Portfolio	15.50%	5 94 49	4 287	5 64 77	29 72	4 00 65
4	Muthoot Fincorp Ltd (Note 2)	Micro Finance Portfolio	16.00%	57 89 45	43 572	54 99 97	2 89 48	13 91 99
5	Samasta Microfinance Ltd.	Micro Finance Portfolio	15.00%	4 47 17	2 218	4 24 81	22 36	4 24 81
6	Sambandh Finserve Pvt Ltd.	Micro Finance Portfolio	15.00%	5 64 64	4 044	5 36 41	28 23	5 19 71
<b>Total</b>								<b>32 81 68</b>

(₹ in '000)

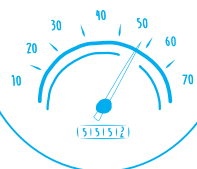
### \*\*\* Term Loans

The company has advanced Term Loans to other Companies/NBFCs secured by way of charge on the loan portfolio created out of the lending by the Company. The rate of interest receivable on the term loan ranges between 15.25% to 16% per annum on the diminishing balance. The tenure of the loan ranges between 12 months and 36 months.

SI No	Name of NBFC/Company	Purpose of Loans	Rate of Interest	Total amount of Loan disbursed	Balance as on 31 <sup>st</sup> March 2016
1	Varam Capital Pvt Ltd.	Micro Finance Loan	16.00%	10 00 00	8 96 67
2	S.M.I.L.E Microfinance Ltd	Micro Finance Loan	16.00%	10 00 00	10 00 00
3	NeoGrowth Credit Pvt Ltd.	Small Business Loan	15.50%	15 00 00	15 00 00
4	MPG Security Group Pvt Ltd. ****	Working Capital Loan	15.50%	1 50 00	1 37 50
5	Sambandh Finserve Pvt Ltd.	Micro Finance Loan	16.00%	5 00 00	5 00 00
6	Pudhuaru Financial Services Pvt Ltd.	Small Business Loan	15.25%	15 00 00	15 00 00
7	Jagaran Microfin Pvt Ltd.	Micro Finance Loan	16.00%	10 00 00	10 00 00
<b>Total</b>					<b>65 34 17</b>

(₹ in '000)

\*\*\*\* Related concerns



## Note 2: Loan Buyout Transaction with Muthoot Fincorp Limited

This amount represents the balance collectable against the Loan Buyout transaction between the Company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction an advance was given against the portfolio of loans bought from Muthoot Fincorp at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as agents for collecting the due amount and paying the same to the company.

### Maturity Pattern of Hypothecation Loan:

(₹ in '000)

Particulars	For the Financial Year 2015- 2016			For the Financial Year 2014-2015		
	Current *	Non -Current	Total	Current *	Non -Current	Total
Hypothecation Loan	917 91 69	1 47 61	919 39 30	787 18 89	37 32	787 56 21
<b>Total</b>	<b>917 91 69</b>	<b>1 47 61</b>	<b>919 39 30</b>	<b>787 18 89</b>	<b>37 32</b>	<b>787 56 21</b>

\*Includes amount already due

### 2.17 SHORT-TERM LOANS AND ADVANCES

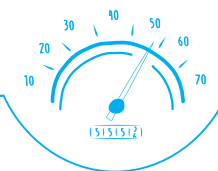
(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>(Unsecured, considered good unless otherwise stated)</b>		
Advances to Dealers	1 43 24	95 20
Other Advances	87 14	89 77
Advance Tax and Tax Deducted at Source (net off provision)	1 14 80	
Tax Refund Receivable	23 35	23 35
Service Tax Refund	18 42	5 50
<b>Total</b>	<b>3 86 95</b>	<b>2 13 82</b>

### 2.18 OTHER CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
<b>(Unsecured, considered good unless otherwise stated)</b>		
Trade Receivables		31
Other Receivables	24	3 20
Debts Due by Related Party	2 66	2 12 42
Interest Accrued on SLR Deposits / Investments	59 71	35 43
Reposessed Asset (Net of Provision)		53 58
<b>Total</b>	<b>62 61</b>	<b>3 04 94</b>



## STATEMENT OF PROFIT AND LOSS

### 2.19 REVENUE FROM OPERATIONS

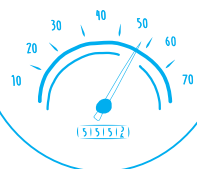
(₹ in '000)

Particulars	Year ended	
	31-Mar-16	31-Mar-15
<b>Income from Financial Operations</b>		
Hypothecation Loans	215 81 05	187 78 24
Loan Buyout	6 12 95	32 75
Term Loan	1 45 77	-
Others		
Gold Loan		55
Demand Promisary Notes	2 75 50	66 13
Loan against Public Deposits	13 05	8 07
Loan against Debenture	96	3 22
Interest Income		
On Investments	1 06 36	83 48
On Deposits	45 28	8 17
On delayed receipt of collection amount	1 03	67 83
<b>Total</b>	<b>227 81 95</b>	<b>190 48 44</b>

### 2.20 OTHER INCOME

(₹ in '000)

Particulars	Year ended	
	31-Mar-16	31-Mar-15
Dividend Income		
From Current Investments	7	65
Net gain on sale of investments		
From Current Investments	32 56	7 94
Other Non- operating Income		
Income from Wind Mill Operations	3 91	7 13
Excess Provision written back	-	40 40
Profit on Sale of Fixed Assets	-	16
Miscellaneous Income	29 23	22 30
Interest Income	1 71	1 62
<b>Total</b>	<b>67 48</b>	<b>80 20</b>



## 2.21 EMPLOYEE BENEFITS

(₹ in '000)

Particulars	Year ended	
	31-Mar-16	31-Mar-15
Salaries and Wages	33 39 16	28 86 46
Incentive to Employees	7 15 15	6 27 30
Contribution to Provident and Other funds	3 78 11	3 56 05
Staff Welfare Expense	51 44	23 37
Outsourced Manpower	26 31	-
Other Expenses	1 59 55	36 28
<b>Total</b>	<b>46 69 72</b>	<b>39 29 46</b>

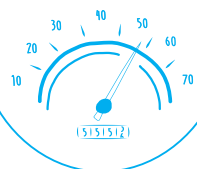
## 2.22 FINANCE COSTS

(₹ in '000)

Particulars	Year ended	
	31-Mar-16	31-Mar-15
Interest expenses		
Bank Loans	69 84 97	61 34 44
Debentures*	53 86	1 14 61
Subordinated Debts*	1 15 09	53 48
Public Deposits*	11 99 74	9 55 26
Loan From Directors	58 51	57 28
Other Borrowing cost	2 87 44	3 62 01
<b>Total</b>	<b>86 99 61</b>	<b>76 77 08</b>

\* During the year the Company changed the method of recognising the interest expenses on Debentures, Subordinated Debts and Public Deposits which was under the maturity scheme from a flat rate to a compounded rate of interest. The above figures are worked out net of the reversal of excess interest accounted in the prior years amounting to ₹ 45 62 thousand.





## 2.24 PROVISIONS AND WRITE OFF

(₹ in '000)

Particulars	Year Ended	
	31-Mar-16	31-Mar-15
Loss on sale of repossessed assets	9 47 47	9 51 47
Hypothecation Loan Written off*	3 04 24	-
Provision for:		
Non Performing Assets(Net)	3 97 66	3 24 75
Standard Assets	93 00	34 11
Others	1 00	-
<b>Total</b>	<b>17 43 37</b>	<b>13 10 33</b>

\* An amount of ₹ 3 04 24 thousand has been written off against non performing hypothecation loans pertaining to the doubtful assets category.

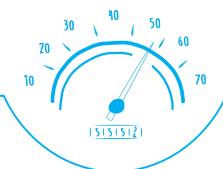
## 3. DEFINED BENEFIT PLANS- GRATUITY VALUATION

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.

### A. Reconciliation of benefit obligation and plan asset for the year

(₹ in '000)

Particulars	Year Ended	
	31-Mar-16	31-Mar-15
<b>(i) Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	1 21 39	1 31 17
Current Service Cost	59 95	57 73
Past Service Cost	21 99	-
Interest Cost	9 71	10 49
Benefits paid from fund	(3 09)	(2 98)
Actuarial Losses/ (Gain)	(18 98)	(75 02)
Closing Defined Benefit Obligation	1 90 97	1 21 39
<b>(ii) Change in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	1 88 96	94 25
Expected Return on Plan Assets	15 70	12 36
Contributions by employer	19 91	85 33
Benefits Paid	(3 09)	(2 98)
Closing Fair Value of Plan Assets	2 21 48	1 88 96



## B. Amount recognized in Balance Sheet

(₹ in '000)

Particulars	Year ended	
	31-Mar-16	31-Mar-15
Present Value of Funded Obligations	(1 90 97)	(1 21 39)
Fair Value of Plan Assets	2 21 48	1 88 96
Net Asset/(Liability)*	30 51	67 57

\*The Net Gratuity Plan Asset of ₹ 30 51 thousand as on March 31 2016, is shown in the financial statements in the manner shown below:

(₹ in '000)

Particulars	Note No	Amount
Gross Gratuity Plan Asset	2.13	32 07
Less: Contingent provision for Gratuity	2.7	1 56
Net Gratuity Plan Asset		30 51

Refer Note No. 2.7 - "Short Term Provisions" and Note No 2.13 - " Other Non - Current Assets".

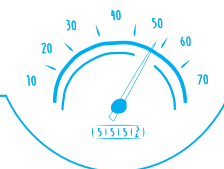
## C. Expense recognized in the Statement of Profit and Loss.

(₹ in '000)

Particulars	Year ended	
	31-Mar-16	31-Mar-15
Current Service Cost	59 95	57 73
Past Service Cost	21 99	
Interest on defined benefit obligation	9 71	10 49
Expected return on plan asset	(15 70)	(12 36)
Net Actuarial losses/(gains) recognized in the year	(18 98)	(75 02)
Total, included in " Employee Benefits" as shown in Note 2.21	56 97	(19 16)

## D. The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	Year ended	
	31-Mar-16	31-Mar-15
Discount Rate (p.a.)	8%	8%
Salary Escalation Rate (p.a.)	5%	5%



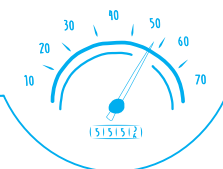
## 4. RELATED PARTY DISCLOSURES

Related Party Disclosures as per AS 18 - "Related Party Disclosures" for the Year ended March 31, 2016 are given below:

**A. Particulars of Companies/Firms/Limited Liability Partnerships/Trusts where control/significant influence exists:-**

SL. No.	Name of the Companies/Firms/LLP/Trusts
<b>COMPANIES</b>	
1.	Muthoot Fincorp Limited
2.	Muthoot Housing Finance Company Limited
3.	Muthoot APT Ceramics Limited
4.	Muthoot Pappachan Technologies Limited
5.	Muthoot Equities Limited
6.	Finance Companies' Association (India)
7.	Muthoot Hotels Private Limited
8.	Fox Bush Agri Development and Hospitalities Private Limited
9.	Jungle Cat Agri Development and Hospitalities Private Limited
10.	Mandarin Agri Ventures and Hospitalities Private Limited
11.	MPG Hotels and Infrastructure Ventures Private Limited
12.	Muthoot Automobile Solutions Private Limited
13.	Muthoot Automotive (India) Private Limited
14.	Muthoot Pappachan Medicare Private Limited
15.	Muthoot Properties (India) Private Limited
16.	Muthoot Risk Insurance and Broking Services Private Limited
17.	Palakkad Infrastructure Private Limited
18.	The Thinking Machine Media Private Limited
19.	Buttercup Agri Projects and Hospitalities Private Limited
20.	EMMEL Realtors and Developers Private Limited
21.	L. M. Realtors Private Limited
22.	Mariposa Agri Ventures and Hospitalities Private Limited
23.	Muthoot Buildtech (India) Private Limited
24.	Muthoot Holdings Private Limited
25.	Muthoot Land and Estates Private Limited
26.	Muthoot Motors Private Limited
27.	Muthoot Exim Private Limited
28.	Muthoot Infrastructure Private Limited
29.	Muthoot Agri Projects and Hospitalities Private Limited
30.	The Right Ambient Resorts Private Limited
31.	Muthoot Kuries Private Limited
32.	Muthoot Agri Development and Hospitalities Private Limited
33.	Muthoot Dairies and Agri Ventures Private Limited
34.	Flame Agri Projects and Hospitalities Private Limited
35.	Goblin Agri Projects and Hospitalities Private Limited
36.	Alaska Agri Projects and Hospitalities Private Limited
37.	Bamboo Agri Projects and Hospitalities Private Limited





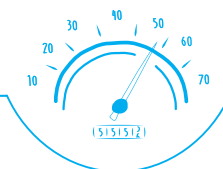
SL. No.	Name of the Companies/Firms/LLP/Trusts
38.	Cinnamon Agri Development and Hospitalities Private Limited
39.	Calypso Agri Development and Hospitalities Private Limited
40.	EL Toro Agri Projects and Hospitalities Private Limited
41.	Muthoot Pappachan Chits (India) Private Limited
42.	MPG Security Group Private Limited
43.	Pine Pink Agri Ventures and Hospitalities Private Limited
FIRMS/LLPS/TRUSTS	
44.	Muthoot Bankers
45.	Muthoot Cine Enterprise
46.	Muthoot Estate Investments
47.	Muthoot Finance Company
48.	Muthoot Insurance Services
49.	Muthoot Motors (Cochin)
50.	MPG Apex Management LLP
51.	MPG Automobiles LLP
52.	MPG Land Developers LLP
53.	Muthoot Pappachan Foundation

#### B. Promoters and Key Managerial Personnel (KMP)

SI No.	Name of the Promoters and KMP	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director
4	R. Manomohan	Chief Executive Officer
5	VinodKumar M Panicker	Chief Finance Officer
6	Syam Kumar R	Company Secretary & Head- Governance

#### C. Relatives of Promoters and Key Managerial Personnel (KMP)

SI No.	Promoters and KMP	Name of Relatives	Nature of Relationship
1	Thomas John Muthoot	Mrs. Janamma Thomas Mrs. Preethi John Ms. Susan John Muthoot Mr. Thomas M John	Mother Spouse Daughter Son
2	Thomas George Muthoot	Mrs. Nina George Ms. Tina Suzanne George Ms. Ritu Elizabeth George Ms. Swetha Ann George	Spouse Daughter Daughter Daughter
3	Thomas Muthoot	Mrs. Remy Thomas Ms. Suzannah Muthoot Ms. Hannah Muthoot	Spouse Daughter Daughter

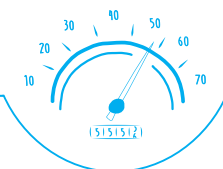


SI No	Promoters and KMP	Name of Relatives	Nature of Relationship
4	R Manomohanan	Mrs. S Krishnakumari Mr. Binu Mohan M Mr. Ginu Mohan M	Spouse Son Son
5	VinodKumar M Panicker	Mrs. Rashmi V Panicker Ms. Priyanka V Panicker Ms. Ananya V Panicker	Spouse Daughter Daughter
6	Syam Kumar R	Mrs. Maya R Unnithan Ms. Nandini Syamkumar Mr. Nandan Syamkumar	Spouse Daughter Son

**(i) Details relating to transactions with parties referred to in Item (A):**

(₹ in '000)

Particulars	Name of the Related Party	2015-2016	2014-2015
<b>Income:</b>			
Income from Wind Mill Operations	Muthoot Bankers	3 91	7 13
Interest Income	Muthoot Fincorp Ltd	1 03	67 83
Interest on Loan Buyout (Microfinance Portfolio)	Muthoot Fincorp Ltd	4 93 03	
Interest on Term Loan	MPG Security Group Pvt Ltd	2 71	
Income from Hypothecation Loan	Muthoot Pappachan Medicare Pvt Ltd	37	
<b>Expenses:</b>			
Brokerage paid for canvassing Public Deposits and Sub Debt	Muthoot Exim Pvt Ltd	1 03 11	1 54 38
Business Sourcing Incentive	(i) Muthoot Automotive (I) Pvt. Ltd		7
	(ii) Muthoot Motors (Cochin)	47 09	55 50
	(iii) Muthoot Motors Pvt Ltd	1 44	83
	(iv) Muthoot Fincorp Ltd *	3 63 09	2 34 31
Collection Charges	Muthoot Fincorp Ltd *	4 15 81	3 41 12
Wind Mill Expense	Muthoot Bankers *	3 04	3 42
CSR Expenses	Muthoot Pappachan Foundation	70 00	60 00
Travelling Expenses	Muthoot Fincorp Ltd	84 1	6 58
Advertisement Expenses	Muthoot Motors	92	1 23
Printing and Stationery	Muthoot Motors	15	
Rent on Space Sharing	Muthoot Fincorp Ltd *	26 45	23 25
Rent	Muthoot Estate Investments	71 22	67 58
Reimbursement of Expenses	Muthoot Motors	47	
Reimbursement of Expenses-Mediclaim Insurance	Muthoot Fincorp Ltd	33 16	



(₹ in '000)

Particulars	Name of the Related Party	2015-2016	2014-2015
<b>Assets:</b>			
Trade Receivables	Muthoot Bankers		31
Debts due by Related Party	Muthoot Fincorp Ltd	2 66	2 12 42
Rent Deposit	(i) Muthoot Estate Investments	30 17	30 17
	(ii) Muthoot Fincorp Ltd	10 17	10 17
Term loan including interest accrued	MPG Security Group Pvt.Ltd.	137 61	-
Buyout loan-Microfinance Portfolio	Muthoot Fincorp Ltd**	13 91 99	29 99 97
Hypothecation loan receivable including interest accrued	Muthoot Pappachan Medicare Pvt. Ltd	12 25	
<b>Liabilities:</b>			
Business Sourcing Incentive Payable			-
	(ii) Muthoot Motors (Cochin)	5 97	8 77
	(iii) Muthoot Motors Pvt Ltd	18	30
Trade Advance -Payable	(i) Muthoot Motors (Cochin)	20 04	
Collection Charges and Business Sourcing Incentive Payable	(i) Muthoot Fincorp Ltd	119 91	1 03 82
Windmill Expense Payable (Trade Payable)	Muthoot Bankers	82	
Brokerage Payable for canvassing Public Deposits and Sub Debt	Muthoot Exim Private Ltd	2 93	34 48

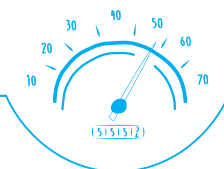
\* Transactions approved by the shareholders in the Annual General Meeting held on September 03, 2014 and August 21, 2015.

\*\* This amount represents the balance collectable (₹13 91 99 thousand) against the Loan Buyout transaction concluded during the years 2014-15 and 2015-16 between the Company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction the portfolio of loans was bought from Muthoot Fincorp Limited at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as Agents for collecting the due amount and paying the same to the Company.

**(ii) Details relating to transactions with parties referred to in Item (B):**

(₹ in '000)

Particulars	Related Party	2015-2016	2014-2015
<b>Expenses:</b>			
Salaries, Allowances and Incentives	(i) Thomas George Muthoot	1 50 00	1 50 00
	(ii) R.Manomohanan	83 42	97 28
	(iii) VinodKumar M Panicker	61 93	51 69
	(iv) Syam Kumar R	17 98	12 69
PF Contribution	(i) Thomas George Muthoot	9 00	9 00
	(ii) R.Manomohanan	7 38	7 20
	(iii) VinodKumar M Panicker	4 13	3 60
	(iv) Syam Kumar R	22	15
Reimbursement of Expenses	(i) Thomas George Muthoot	2 77	1 62



(₹ in '000)

Particulars	Related Party	2015-2016	2014-2015
	(ii) R.Manomohanan	4 73	3 71
	(iii) Vinod Kumar M Panicker	3 51	3 87
Interest on Loan From Director	(i) Thomas George Muthoot	58 25	57 28
	(ii) Thomas John Muthoot	21	
	(iii) Thomas Muthoot	5	
Interest on Subordinated Debt	Thomas George Muthoot	17 93	
Dividend and Interim Dividend Paid	(i) Thomas John Muthoot	2 99 35	1 28 29
	(ii) Thomas George Muthoot	2 98 89	1 28 09
	(iii) Thomas Muthoot	2 93 68	1 25 86
	(iv) R. Manomohanan	4	2
Rent Paid	Thomas George Muthoot	1 85 69	1 72 73
Security Charges	Thomas George Muthoot		15
<b>Assets:</b>			
Rent Deposit	Thomas George Muthoot	25 00	25 00
<b>Liabilities:</b>			
Loan from Directors (including interest accrued)	(i) Thomas George Muthoot	10 53 15	2 73 05
	(ii) Thomas John Muthoot	1 56 18	
	(iii) Thomas Muthoot	1 55 05	
Subdebt (including interest accrued)	Thomas George Muthoot	3 01 28	
Rent Payable	Thomas George Muthoot		14 79
<b>Loan from Directors</b>			
Maximum amount due in transaction with directors		13 64 38	8 72 92

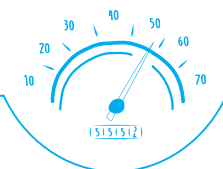
**(iii) Details relating to transactions with relatives of Key Managerial Personnel**

(₹ in '000)

Particulars	Relationship	2015-2016	2014-2015
Dividend and Interim Dividend Paid	Relatives of Key Managerial Personnel	89 33	38 20

## 5. LEASES

The lease rentals charged during the period and the maximum obligation on operating leases payable as per the rentals stated in the respective agreements are as follows:



(₹ in '000)

SI No	Particulars	Transaction for the Year 2015-16	Transaction for the Year 2014-15
1	Lease rentals recognized during the period	3 30 51	2 79 80
2	Lease obligations payable		
	Not later than one year	2 41 88	3 06 24
	Later than one year and less than five years	2 96 34	3 87 45
	Later than five years	66 33	86 67
<b>Total</b>		<b>9 35 06</b>	<b>10 60 16</b>

The operating lease arrangements are renewable on a periodic basis and relates to rented premises. The lease agreements have price escalation clauses.

## 6. EARNINGS PER SHARE

Particulars	As at	
	31-Mar-16	31-Mar-15
Net profit or loss for the year attributable to equity shareholders (₹ in '000)	22 85 34	22 29 15
Weighted average number of equity shares (in '000)	1 24 73	1 24 73
Basic and Diluted Earnings per share (in ₹) (Face Value of ₹10 Per Share)	18.32	17.87

## 7. CONTINGENT LIABILITIES NOT PROVIDED FOR

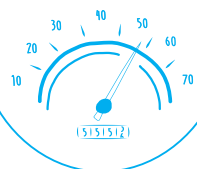
(₹ in '000)

Particulars	As at	
	31-Mar-16	31-Mar-15
Income Tax issues where the Company is in appeal	1 87	23 58

During the year the Company paid ₹ 23 58 thousand towards Income Tax in respective of the assesstment years 2002-03 and 2003-04 and fully charged the same to the Statement of Profit and Loss.

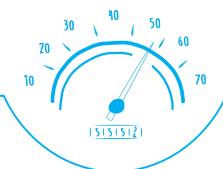
## 8. GENERAL

- Some of the Receivables and Payables, Loans and Advances, Hypothecation loans, Deposits, Secured Debentures and Unsecured Loans are subject to confirmation/reconciliation due to non receipt of the statement of accounts and confirmation letters. Necessary adjustments, if any, in the accounts will be made on completion of the reconciliation/receipt of confirmation letters/statement of accounts.
- Amount Payable To Micro, Small And Medium Enterprises  
There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of Principal amount together with interest and accordingly no additional disclosures have been made.  
The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- Particulars showing maturity pattern of secured privately placed Redeemable Non-Convertible Debentures  
Secured by a charge on all movable assets, book debts, receivables and advances including loan against gold created by the Company.



(₹ in '000)

Series No	Financial Year of Maturity	Number of Debentures (in No.'s)	Amount
B	2014-15	10	10
	<b>Total</b>	<b>10</b>	<b>10</b>
G	2015-16	50	50
	<b>Total</b>	<b>50</b>	<b>50</b>
H	2010-11	2	2
	2015-16	18	18
	2016-17	30 68	30 68
	<b>Total</b>	<b>30 88</b>	<b>30 88</b>
I	2015-16	3 00	3 00
	2016-17	11 65	11 65
	<b>Total</b>	<b>14 65</b>	<b>14 65</b>
J	2011-12	11	11
	2016-17	25 28	25 28
	<b>Total</b>	<b>25 39</b>	<b>25 39</b>
K	2011-12	2	2
	2016-17	4 62	4 62
	<b>Total</b>	<b>4 64</b>	<b>4 64</b>
M	2012-13	60	60
	2016-17	58 59	58 59
	2017-18	25 00	25 00
	<b>Total</b>	<b>84 19</b>	<b>84 19</b>
N	2012-13	38	38
	2015-16	64	64
	2017-18	86 17	86 17
	<b>Total</b>	<b>87 19</b>	<b>87 19</b>
P	2017-18	4 00	4 00
	<b>Total</b>	<b>4 00</b>	<b>4 00</b>
R	2014-15	25	25
	2015-16	1 28	1 28
	2016-17	36 76	36 76
	2018-19	8	8
	<b>Total</b>	<b>38 37</b>	<b>38 37</b>
<b>GRAND TOTAL</b>		<b>2 89 91</b>	<b>2 89 91</b>



### Summary of Year Wise Maturity Pattern of the Debentures

(₹ in '000)

Financial Year of Maturity	Amount
2010-11	2
2011-12	13
2012-13	98
2014-15	35
2015-16	5 60
2016-17	1 67 58
2017-18	1 15 17
2018-19	8
<b>Total</b>	<b>2 89 91</b>

- (iv) Cost Insurance Freight (CIF) value of imports - NIL
- (v) Expenditure in foreign currency - ₹ 3 47 thousand
- (vi) Earnings in Foreign Currency - NIL

## 9. REPORTING ON FRAUD

During the year there have been certain instances of fraud on the Company by employees, where in hypothecation loans related misappropriations or cash embazzlements have occurred for amounts aggregating to ₹ 4 28 thousand. The Company fully recovered the said amount of ₹ 4 28 thousand.

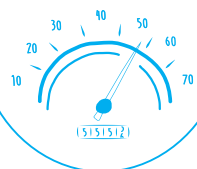
## 10. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007.

### Liabilities side:

#### 1. Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:

(₹ in '000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
a)	Debentures : Secured	4 94 67	11 73
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of Public Deposits)		
b)	Deferred Credits	Nil	Nil
c)	Term Loans		
	Dhanlaxmi Bank Limited	21 08 00	Nil
	HDFC Bank Ltd	6 06 66	Nil
	IDBI Bank Ltd	13 93 94	Nil
	Yes Bank Ltd	7 50 00	Nil
	South Indian Bank Ltd	20 32 00	Nil
d)	Inter- corporate loans and borrowings	1 40 92	Nil
e)	Commercial Paper	Nil	Nil



(₹ in '000)

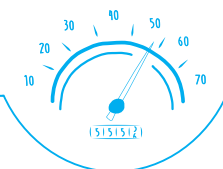
SI No	Particulars	Amount Outstanding	Amount Overdue
f)	Public Deposits	1 14 68 18	4 47 87
g)	Other loans		
	Sub Debt	17 75 22	Nil
	Working Capital Demand Loan		
	Andhra Bank Ltd	25 01 51	Nil
	Federal Bank Ltd	12 09 82	Nil
	HDFC Bank Ltd	20 16 27	Nil
	ICICI Bank Ltd	24 49 00	Nil
	IndusInd Bank Ltd	9 50 00	Nil
	Kotak Mahindra Bank Ltd	15 00 48	Nil
	Punjab National Bank Ltd	80 72 02	Nil
	State Bank of Hyderabad Ltd	34 90 21	Nil
	State Bank of India Ltd	90 69 80	Nil
	State Bank of Travancore Ltd	1 11 03 70	Nil
	Yes Bank Ltd	10 17 08	Nil
	Cash Credit		
	Andhra Bank Ltd	8 16 52	Nil
	Axis Bank Ltd	5 49 17	Nil
	City Union Bank Ltd	9 96 51	Nil
	Corporation Bank Ltd	29 82 12	Nil
	Dhanlaxmi Bank Ltd	9 13 46	Nil
	Federal Bank Ltd	2 89 23	Nil
	Lakshmi Vilas Bank Ltd	24 87 12	Nil
	Punjab National Bank Ltd	19 23 95	Nil
	South Indian Bank Ltd	62 85 16	Nil
	State Bank of India Ltd	8 21 01	Nil
	Syndicate Bank Ltd	22 97 23	Nil
	Tamilnadu Mercantile Bank Ltd	34 99 72	Nil
	Loans and Advances From Directors (Unsecured)	13 64 38	Nil
	<b>Total</b>	<b>8 93 75 06</b>	<b>4 59 60</b>

Note 1 - Overdue of ₹11 73 thousand in respect of Secured Debentures represents debentures for which payments could not be made as proper claims were not received from debenture holders.

Note 2 - Overdue of ₹4 47 87 thousand in respect of Public Deposits includes deposits of ₹1 21 89 thousand pending renewal and deposits of ₹3 25 98 thousand for which payments could not be made as proper claims were not received from deposit holders.

Note 3 - Balance outstanding against amounts borrowed from banks is inclusive of Interest accrued but not due.





**2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):** (₹ in '000)

SI No	Particulars	Amount Outstanding	Amount Overdue
a)	In the form of Unsecured Debentures	Nil	Nil
b)	In the form of partly Secured Debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other Public Deposits	1 14 68 18	4 47 87

**Assets Side:**

**3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:** (₹ in '000)

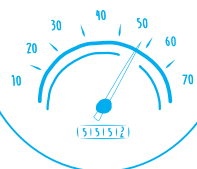
SI No	Particulars	Amount Outstanding
(a)	Secured	1 01 08 93
(b)	Unsecured	5 38 58

**4. Break up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities:** (₹ in '000)

SI No	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	2 23
	(b) Loans other than (a) above	9 32 31 41

**5. Break-up of Investments:** (₹ in '000)

SI No	Particulars	Amount Outstanding	Market value
1	Current Investments: -		
	Quoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of Mutual Funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
2	Unquoted: -		
	(i) Shares:		



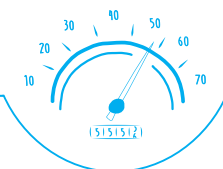
(₹ in '000)

Sl No	Particulars	Amount Outstanding	Market value
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	ii) Debentures and Bonds	Nil	Nil
	(iii) Units of Mutual Funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
1	Long Term investments: -		
	Quoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of Mutual Funds	Nil	Nil
	(iv) Government Securities	13 74 94	14 48 80
	(v) Others		
	Gold Exchange traded fund of UTI	19	51
2	Unquoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of Mutual Funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	<b>Total</b>	<b>13 75 13</b>	<b>14 49 31</b>

**6. Borrower group-wise classification of all Leased Assets, Stock – on – Hire And Loans And Advances:** (₹ in '000)

Sl No	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group*	15 41 85	Nil	15 41 85
	(c) Other related parties	Nil	Nil	Nil
2	Other than related parties	1008 86 27	5 38 25	1014 24 52
	<b>Total</b>	<b>1024 28 12</b>	<b>5 38 25</b>	<b>1029 66 37</b>

\* This includes the balance collectable (₹. 13 91 99 thousand) against the Loan Buyout transaction concluded during the years 2014-15 and 2015-16 between the Company and Muthoot Fincorp Limited (Micro-Finance Division). In this transaction the portfolio of loans were bought from Muthoot Fincorp Limited at an IRR of 16% per annum and Muthoot Fincorp Limited was appointed as Agents for collecting the due amount and paying the same to the Company.



**7. Investors group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

(₹ in '000)

SI No	Category	Market Value/ Break-up or Fair Value or NAV	Book Value (Net of provisions)
1	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2	Other than related parties	14 49 31	13 75 13
	<b>Total</b>	<b>14 49 31</b>	<b>13 75 13</b>

**8. Other Information:**

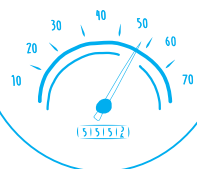
(₹ in '000)

SI No	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	54 17 16
(ii)	Net Non -Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	45 04 61
(iii)	Assets acquired in satisfaction of debt (After provision of ₹2 23 thousand for diminution in the value of Repossessed Asset)	Nil

**9. Asset Classification**

(₹ in '000)

SI No	Category	Amount
1	Standard	984 61 76
2	Substandard	44 56 34
3	Doubtful	9 46 60
4	Loss Assets	14 22
	<b>Total</b>	<b>1038 78 92</b>



## 11. DISCLOSURES REQUIRED IN ACCORDANCE WITH REVISED REGULATORY FRAMEWORK ISSUED BY RBI FOR NON-BANKING FINANCIAL COMPANIES (NBFCs) ON NOVEMBER 10, 2014 AND THE RELATED NOTIFICATION DATED MARCH 27, 2015 (COLLECTIVELY REFERRED TO AS 'THE FRAMEWORK')

### A. Capital

Particulars	March 31, 2016	March 31, 2015
i) Capital to Risk Weighted Asset Ratio (%)	15.40%	15.97%
ii) Capital to Risk Weighted Asset Ratio - Tier I Capital (%)	13.73%	15.40%
iii) Capital to Risk Weighted Asset Ratio - Tier II Capital (%)	1.67%	0.57%
iv) Amount of subordinated debt raised as Tier- II Capital (Discounted value) (₹ in 000s)	14 52 56	276 08
v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil-

### Discounted value of Subordinated Debts

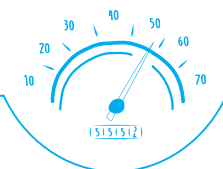
(₹ in '000)

Remaining maturity of Instruments	Rate of Discount	March 31, 2016		March 31, 2015	
		Amount	Discounted Value	Amount	Discounted Value
Upto 1 year	100%	Nil	Nil	Nil	Nil
More than 1 year but upto 2 years	80%	Nil	Nil	Nil	Nil
More than 2 years but upto 3 years	60%	2 58 32	1 03 33	Nil	Nil
More than 3 years but upto 4 years	40%	Nil	Nil	2 58 32	154 99
More than 4 years but upto 5 years	20%	1 26 59	1 01 27	Nil	Nil
More than 5 years	0%	12 47 96	12 47 96	1 21 09	1 21 09
<b>Total</b>		<b>16 32 87</b>	<b>14 52 56</b>	<b>3 79 41</b>	<b>2 76 08</b>

### B. Investments

(₹ in '000)

Sl No.	Particulars	March 31, 2016	March 31, 2015
(1)	<b>Value of Investments</b>		
	(i) Gross Value of Investments		
	(a) In India	13 75 13	13 53 65
	(b) Outside India	Nil	Nil
	(ii) Provisions for Depreciation		
	(a) In India	Nil	Nil
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investments		
	(a) In India	13 75 13	13 53 65
	(b) Outside India	Nil	Nil



(₹ in '000)

Sl No	Particulars	March 31, 2016	March 31, 2015
(2)	<b>Movement of provisions held towards depreciation on investments</b>		
	(i) Opening balance	Nil	Nil
	(ii) Add : Provisions made during the year	Nil	Nil
	(iii) Less : Write-off / write- back of excess provisions during the year	Nil	Nil
	(iv) Closing balance	Nil	Nil

### C. Derivatives

#### (i) Forward Rate Agreement or Interest Rate Swap

(₹ in '000)

Sl No.	Particulars	2015-2016	2014-2015
(1)	The notional principal of swap agreements	Nil	Nil
(2)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	Nil	Nil
(3)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(4)	Concentration of credit risk arising from the swaps	Nil	Nil
(5)	The Fair value of the swap book	Nil	Nil

#### (ii) Exchange Traded Interest Rate (IR) Derivatives

(₹ in '000)

Sl No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR Derivatives undertaken during the year (Instrument-wise)	Nil
(ii)	Notional principal amount of exchange traded IR Derivatives outstanding as on 31 <sup>st</sup> March, 2016 (Instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded IR Derivatives outstanding and not "highly effective" (Instrument-wise)	Nil
(iv)	Mark-to market value of exchange traded IR Derivatives outstanding and not "highly effective" (Instrument-wise)	Nil

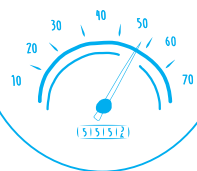
#### (iii) Disclosures on Risk Exposure in Derivatives

(a) Qualitative Disclosures - Nil

(b) Quantitative Disclosures

(₹ in '000)

Sl. No	Particulars	Currency Derivatives	Interest Derivatives
(i)	Derivatives (Notional Principal Amount) For Hedging	Nil	Nil
(ii)	Marked to Market Positions [1]		
	(a) Asset (+)	Nil	Nil
	(b) Liability (-)	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil



#### D. Disclosures relating to Securitization

##### (i) SPVs and Minimum Retention Requirements

(₹ in '000)

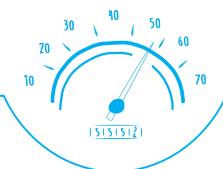
SI No.	Particulars	No./ Amount
1	No of SPVs sponsored by the NBFC for securitisation transactions*	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored	Nil
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet	
	(a) Off-Balance Sheet exposures	
	First loss	Nil
	Others	Nil
	(b) On-Balance Sheet exposures	
	First loss	Nil
	Others	Nil
4	Amount of exposures to securitisation transactions other than Minimum Retention Requirement (MRR)	
(a)	Off-Balance Sheet exposures	
	(i) Exposure to own securitizations	
	First loss	Nil
	Others	Nil
	(ii) Exposure to third party securitizations	
	First loss	Nil
	Others	Nil
(b)	On-Balance Sheet exposures	
	(i) Exposure to own securitizations	
	First loss	Nil
	Others	Nil
	(ii) Exposure to third party securitizations	
	First loss	Nil
	Others	Nil

\*Only the SPVs relating to outstanding securitization transactions may be reported here

##### (ii) Details of Financial Assets sold to Securitisation or Reconstruction Company for Asset Reconstruction

(₹ in '000)

SI No	Particulars	2015-2016	2014-2015
(i)	Number of Accounts	Nil	Nil
(ii)	Aggregate Value(Net of Provisions) of accounts sold to SC/ RC	Nil	Nil
(iii)	Aggregate Consideration	Nil	Nil
(iv)	Additional Consideration Realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain/ loss over Net Book Value	Nil	Nil



**(iii). Details of Assignment Transactions undertaken by NBFCs**

(₹ in '000)

Sl No	Particulars	2015-2016	2014-2015
(i)	Number of Accounts	5126	5126
(ii)	Aggregate Value (Net of Provisions) of accounts sold	41 39 82	41 39 82
(iii)	Amount of Exposures retained by the company towards MRR*	4 13 98	4 13 98
(iv)	Amount of Exposures for assignment other than the MRR*	37 25 84	37 25 84
(v)	Additional Consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(vi)	Aggregate gain/ loss over net book value	Nil	Nil
(vii)	Balance outstanding as at the end of the year	Nil	71 05

\* MRR- Minimum Retention Requirement

Note 1: The above mentioned assignment transaction was closed on 30<sup>th</sup> June 2015

**(iv) Details of Non Performing Financial Assets purchased or sold**

**a. Details of Non Performing Financial Assets purchased**

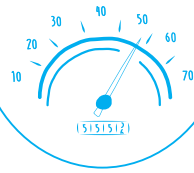
(₹ in '000)

Sl No	Particulars	2015-2016	2014-2015
1	(a) Number of Accounts Purchased during the year	Nil	Nil
	(b) Aggregate Outstanding	Nil	Nil
2	(a) Of these, Number of Accounts restructured during the year	Nil	Nil
	(b) Aggregate Outstanding	Nil	Nil

**b. Details of Non Performing Financial Assets sold**

(₹ in '000)

Sl No	Particulars	2015-2016	2014-2015
1	Number of Accounts sold	Nil	Nil
2	Aggregate Outstanding	Nil	Nil
3	Aggregate Consideration received	Nil	Nil

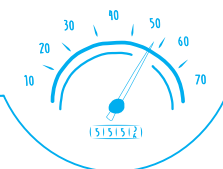


#### E. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities

(₹ in '000)

Particulars	Upto 30/31 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	Total
<b>Assets</b>									
Hypothecation Receivables	137 57 64	55 98 36	54 44 10	153 07 37	243 41 86	286 34 47	1 42 69	4 92	932 31 41
Advances	6 79 18	8 12 48	6 21 88	16 37 75	23 11 24	45 79 48	5 50	Nil	106 47 51
<b>Total</b>	<b>144 36 82</b>	<b>64 10 84</b>	<b>60 65 98</b>	<b>169 45 12</b>	<b>266 53 10</b>	<b>332 13 95</b>	<b>1 48 19</b>	<b>4 92</b>	<b>1038 78 92</b>
Investments	Nil	Nil	Nil	Nil	Nil	Nil	13 25 13	50 00	13 75 13
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>13 25 13</b>	<b>50 00</b>	<b>13 75 13</b>
<b>Borrowings</b>									
Public Deposits	10 75 26	8 40 90	5 82 93	7 80 31	26 85 47	41 31 06	13 72 25	Nil	114 68 18
Debentures	42 00	21 31	21 35	54 23	1 63 09	1 92 69	Nil	Nil	4 94 67
Sub Debts	3 11	Nil	Nil	Nil	10 45	3 29 56	1 50 83	12 81 27	17 75 22
Loan from Directors	Nil	Nil	Nil	Nil	13 64 38	Nil	Nil	Nil	13 64 38
Inter Corporate Deposit	Nil	Nil	1 40 92	Nil	Nil	Nil	Nil	Nil	1 40 92
Bank Loan	110 97 58	204 34 95	40 81 19	66 12 20	292 31 10	25 14 67	1 60 00	Nil	741 31 69
<b>Total</b>	<b>122 17 95</b>	<b>212 97 16</b>	<b>48 26 39</b>	<b>74 46 74</b>	<b>334 54 49</b>	<b>71 67 98</b>	<b>16 83 08</b>	<b>12 81 27</b>	<b>893 75 06</b>





## F. Exposures

### (i) Exposure to Real Estate Sector

(₹ in '000)

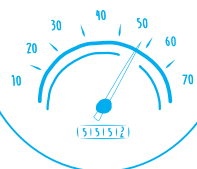
SI No.	Category	2015-2016	2014-2015
(a) Direct Exposure			
(i) Residential Mortgages*			
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	Nil	Nil
(ii) Commercial Real Estate-			
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits.	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-			
(a) Residential		Nil	Nil
(b) Commercial Real Estate		Nil	Nil
<b>Total Exposure to Real Estate Sector</b>		<b>Nil</b>	<b>Nil</b>

\*The balance of unsecured loans lent to Real Estate Sector as on March 31, 2016 is Nil (March 31, 2015 - ₹ 4 06 40 thousand)

### (ii) Exposure to Capital Market

(₹ in '000)

SI No	Particulars	2015-2016	2014-2015
(i)	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;	Nil	28 52
(ii)	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;	Nil	Nil
(iii)	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;	Nil	Nil
(iv)	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 or convertible bonds or convertible debentures or units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
(vi)	Loans sanctioned to corporates against the security of shares or bonds or debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	Bridge Loans to companies against expected equity flows or issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total Exposure to Capital Market</b>		<b>Nil</b>	<b>28 52</b>



(iii) Details of financing of parent company products - NIL

(iv) Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company - NIL

**(v) Unsecured Advances**

The Unsecured Loans against Demand Promissory Notes (DPN) executed by the borrowers and outstanding as at 31.03.2016 is ₹5 38 58 thousand (as at 31.03.2015 ₹ 7 21 88 thousand).

G. Registration obtained from other financial sector regulators - NIL

H. Disclosure of Penalties imposed by Reserve Bank of India and other regulators - NIL

**I. Ratings Assigned by Credit Rating Agencies and migration of ratings during the year**

Sl No.	Name of the Rating Agency	Rated Instrument	Rating
1	CRISIL	Short Term Debts	CRISIL A1
2	CRISIL	Public Deposits	FA /Stable
3	CRISIL	Bank Loan Facility	CRISIL A/ Stable
4	CRISIL	Non- Convertible Debentures	CRISIL A/ Stable

**J. Provisions and Contingencies**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss

(₹ in '000)

Provisions and Contingencies	2015-2016	2014-2015
Provisions for:		
Non-Performing Assets	3 97 66	3 24 75
Standard Assets	93 00	34 11
Others	100	-
Provision made towards Income tax	14 34 00	13 23 00
<b>Total</b>	<b>19 25 66</b>	<b>16 81 86</b>

**K. Drawn Down from Reserves- Nil**

**L. Concentration of Deposits, Advances, Exposures and NPAs**

**i. Concentration of Deposits (for deposit taking NBFCs)**

(₹ in '000)

Total Deposits of twenty largest depositors	5 21 18
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	4.76%

**ii. Concentration of Advances**

(₹ in '000)

Total Advances to twenty largest borrowers	104 69 85
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	10.21%

**iii. Concentration of Exposures**

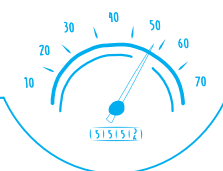
(₹ in '000)

Total Exposure to twenty largest borrowers/customers	104 69 85
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	10.21%

**iv. Concentration of NPAs**

(₹ in '000)

Total Exposure to top four NPA accounts	5 97
---	------



#### (v) Sector-wise NPAs

Sl No	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities (Against Gold Security)	100%
2	MSME	0%
3	Corporate borrowers	0%
4	Services	0%
5	Unsecured personal loans	0.51%
6	Auto loans	5.88%
7	Other personal loans	0.56%

#### (vi) Movement of NPAs

(₹ in '000)

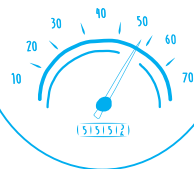
Sl No	Particulars	2015-2016	2014-2015
<b>(i)</b>	<b>Net NPAs to Net Advances (%)</b>	<b>4.34%</b>	3.32%
<b>(ii)</b>	<b>Movement of NPAs (Gross)</b>		
(a)	Opening balance	32 68 64	15 40 33
(b)	Additions during the year*	57 28 77	34 15 40
(c)	Reductions during the year	35 80 25	16 87 09
(d)	Closing balance	54 17 16	32 68 64
<b>(iii)</b>	<b>Movement of Net NPA's</b>		
(a)	Opening balance	27 53 75	13 50 19
(b)	Additions during the year	53 31 11	30 90 57
(c)	Reductions during the year	35 80 25	16 87 01
(d)	Closing balance	45 04 61	27 53 75
<b>(iv)</b>	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
(a)	Opening balance	5 14 89	1 90 14
(b)	Provisions made during the year (net)**	3 97 66	3 24 83
(c)	Write-off / write- back of excess provisions	Nil	8
(d)	Closing balance	9 12 55	5 14 89

\* Reserve Bank of India (RBI) has issued the Revised regulatory Framework for Non-Banking Financial Companies (NBFCs) on 10<sup>th</sup> November 2014 and the related notification dated 27<sup>th</sup> March 2015 (Collectively referred to as 'the framework') to address various matters including harmonization of asset classification and provisioning norms wherein the provisioning norms for NBFCs are being brought in line with that of Banks in a phased manner over a period of 3 years as per which an asset shall become a Non-Performing Asset (NPA):

(i) if they become overdue for 5 months for the financial year ending 31.03.2016

(ii) if they become overdue for 4 months for the financial year ending 31.03.2017

(iii) if they become overdue for 3 months for the financial year ending 31.03.2018 and thereafter. Currently the Company classifies NPAs at 5 months defaults. Due to this, additions to Non-Performing Asset as on March, 31, 2015 increased by ₹ 21 37 64 thousand. Further with an aim to align itself with the provisioning rates prescribed in the framework, the Company has made an adhoc provision on perceived credit risk.



The total adhoc provision created and outstanding as on 31<sup>st</sup> March, 2016 is ₹ 52 70 thousand.

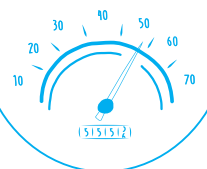
\*\* In addition an amount of ₹ 3 04 24 thousand has been written off against the non performing hypothecation loans pertaining to the doubtful assets category.

**M. Overseas Assets (for those with joint ventures and subsidiaries abroad)** - Nil

**N. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)** - Nil

**O. Customer Complaints pertaining to the Financial Year**

SI No.	Particulars	Number
(a)	No. of complaints pending at the beginning of the year	3
(b)	No. of complaints received during the year	44
(c)	No. of complaints redressed during the year	47
(d)	No. of complaints pending at the end of the year	Nil



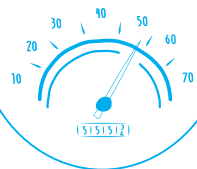
## P. Restructuring of Advances

(₹ in '000)

Sl. No	Particulars	Type of restructuring	Under CDR mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Asset classification	Standard	Sub standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub standard	Doubtful	Loss	Total	Standard	Sub standard	Doubtful	Loss	Total
		Details																				
1	Restructured accounts as on April 1 of the FY(Opening figures)	No. of borrowers											3				3	3				3
		Amount outstanding											30 69				30 69	30 69				30 69
		Provision thereon																				
2	Fresh restructuring during the year	No. of borrowers											8				8	8				8
		Amount outstanding											2 08 45				2 08 45	2 08 45				2 08 45
		Provision thereon																				
3	Upgradation to restructured standard category during the FY*	No. of borrowers											9				9	9				9
		Amount outstanding											2 39 14				2 39 14	2 39 14				2 39 14
		Provision thereon																				
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
5	Downgradations of Restructured Accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
6	Write offs Restructured Accounts during the FY	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				
7	Restructured accounts as on March 31 of the FY (Closing Figures)**	No. of borrowers																				
		Amount outstanding																				
		Provision thereon																				

\* Are cases where Company has granted extension of time ranging from 1 - 3 months for repayment

\*\* Excluding the figures of Standard Restructured Advances which does not attract higher provisioning or risk weight (if applicable).



## **12. PREVIOUS YEAR FIGURES HAVE BEEN REWORKED, RE-GROUPED, RE-ARRANGED AND RE-CLASSIFIED TO CONFORM TO THE CURRENT YEAR PRESENTATION.**

**For K.VENKATACHALAM AIYER & CO.**  
CHARTERED ACCOUNTANTS  
Firm Regn No: 004610 S

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

**CA .A. GOPALAKRISHNAN**  
PARTNER  
Membership Number: 18159

**THOMAS JOHN MUTHOOT**  
CHAIRMAN

**THOMAS GEORGE MUTHOOT**  
MANAGING DIRECTOR

**THOMAS MUTHOOT**  
DIRECTOR

Place: Kochi  
Date : 19<sup>th</sup> April, 2016

**VINODKUMAR M. PANICKER**  
CHIEF FINANCE OFFICER

**SYAM KUMAR R.**  
COMPANY SECRETARY & HEAD- GOVERNANCE

## BOARD OF DIRECTORS



L-R: Mr. Thomas Muthoot - Director, Mr. Thomas George Muthoot - Managing Director, Mr. Thomas John Muthoot - Chairman, Mr. A.P.Kurian - Director, Mr. R.K. Nair - Director, Mrs. Radha Unni - Director








# MUTHOOT PAPPACHAN GROUP

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## MUTHOOT CAPITAL SERVICES LIMITED

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