



MCSL/SEC/17-18/58

07th June, 2017

BSE Limited

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

National Stock Exchange of India Limited

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

Dear Sir,

Sub: Annual Report of Muthoot Capital Services Limited for the year 2016 - 2017

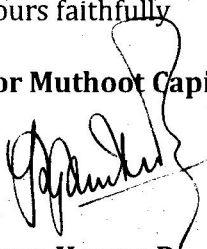
Please find enclosed the Annual Report of the Company for the year 2016 - 2017.

We request you to kindly take the same on your records.

Thanking you

Yours faithfully

For Muthoot Capital Services Limited



Syam Kumar R.

Company Secretary & Head - Governance

Encl: as above

ADVANCEMENT THROUGH
INNOVATION
TRANSFORMATION THROUGH
DIGITALISATION
PROGRESS THROUGH
GROWTH





MUTHOOT PAPPACHAN

1927 - 2004

FOUNDER CHAIRMAN

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

CORPORATE INFORMATION

Board of Directors

Mr. Thomas John Muthoot	Chairman
Mr. Thomas George Muthoot	Managing Director
Mr. Thomas Muthoot	Director
Mr. A. P. Kurian	Independent Director
Mr. R. K. Nair	Independent Director
Ms. Radha Unni	Independent Woman Director

Chief Executive Officer

Mr. R. Manomohanan (Resigned on 28.02.2017)

Chief Operating Officer

Mr. Madhu Alexiouse (Appointed on 01.02.2017)

Chief Finance Officer

Mr. Vinodkumar M. Panicker

Company Secretary & Head Governance

Mr. Syam Kumar R.

Audit Committee

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

Nomination & Remuneration Committee

Mr. A. P. Kurian	Chairman
Mr. R. K. Nair	
Ms. Radha Unni	

Stakeholders Relationship Committee

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

Corporate Social Responsibility Committee

Mr. Thomas Muthoot	Chairman
Mr. R.K Nair	
Ms. Radha Unni	

Risk Management Committee

Mr. Thomas George Muthoot	Chairman
Mr. Thomas Muthoot	
Mr. R.K. Nair	
Mr. R. Manomohanan ¹	
Mr. Madhu Alexiouse ²	
Mr. Vinodkumar M. Panicker	

Asset Liability Management Committee

Mr. R. Manomohanan ¹	Chairman
Mr. Madhu Alexiouse ²	Chairman
Mr. R. Balakrishnan	
Mr. Vinodkumar M. Panicker	
Mr. Syam Kumar R.	
Mr. Vijayan T.	
Ms. Febin Meera Zachariah ³	
Ms. Priya A. Menon ²	

Resource Mobilization Committee

Mr. Thomas George Muthoot Chairman
Mr. Thomas Muthoot

Share Transfer Committee

Mr. Thomas George Muthoot Chairman
Mr. Thomas Muthoot
Mr. R. Manomohanan¹
Mr. Madhu Alexiouse²

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

Andhra Bank	Kotak Mahindra Bank Ltd.
Axis Bank Ltd.	Lakshmi Vilas Bank Ltd.
Canara Bank	Punjab National Bank
City Union Bank Ltd.	State Bank of India (State Bank of Travancore & State Bank of Hyderabad)
Corporation Bank Ltd.	Syndicate Bank
Dhanlaxmi Bank Ltd.	Tamilnad Mercantile Bank Ltd.
HDFC Bank Ltd.	The Federal Bank Ltd.
ICICI Bank Ltd.	The South Indian Bank Ltd.
IDBI Bank Ltd.	Vijaya Bank
IndusInd Bank Ltd.	Yes Bank Ltd.
Karnataka Bank Ltd.	

Registrar and Share Transfer Agents

M/s. Integrated Registry Management Services Private Ltd.
(Formerly known as Integrated Enterprises (India) Limited)
2nd Floor, "Kences Towers",
No.1, Ramakrishna Street,
Off. North Usman Road, T. Nagar,
Chennai - 600 017

Debenture Trustee

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

Public Deposits Trustee

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

¹Upto 28.02.2017 ²From 18.04.2017 ³Upto 18.04.2017

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OUR WINNING STRATEGIES

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.”

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.”

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.”

KEY ACHIEVEMENTS

1000 crores disbursement. Turning a Dream into Reality



The Company has achieved for the first time in its history ₹ 1000 crores disbursement of two wheeler loans in one financial year. Team MCSL celebrating the Proud Moment

Successful Partnerships are Rewarding



MCSL becoming the “Fastest Growing Two Wheeler Finance Company Pan-India” and “No. 1 Financier in Kerala for Honda Motorcycle and Scooter India Private Limited (HMSI)”.



MESSAGE FROM THE MANAGING DIRECTOR

Dear Members,

It gives me pleasure to present the financial results of the Company for the FY 2016 - 2017. Our disbursement for the year was ₹ 12 97.82 crores up by 39.90% and our AUM increased by 38.59% to ₹ 14 39.70 crores as compared to the figures of the previous fiscal. In doing so, we also achieved significant milestones like South and West crossing ₹1000 crores disbursement and Kerala as a State crossing ₹ 500 crores disbursement; besides we were awarded “Fastest Growing 2 Wheeler Financiers” and “No. 1 Finance Company in Kerala” by Honda Motorcycle and Scooter India Private Limited. On collections front, in spite of movement from 5M norm to 4M norm for recognition of NPA, besides the severe impact of demonetisation, we could keep in check our overall NPAs at ₹ 74.15 crores, which is a remarkable achievement.

While we report exciting figures on our performance during the FY 2016 - 2017, even more encouraging fact is that there is vast opportunity ahead of us. Two wheeler industry is poised for a strong growth, whereby the market is expected to grow from 1.80 crore units to more than 2.25 crore units by 2020 and the organized financing opportunity (by Banks and NBFCs) is likely to grow to more than ₹ 35000 crores by 2020.

The above performance has ensured that we are on the path of growth which will be improved further during the years to come. We have embarked upon making ourselves future-proof to weather imminent disruptions driven by technology and digitization. Besides, analytics-driven credit and collection decision engines, digital customer acquisition strategy, low cost distribution capability, process and cost excellence are some of the key market winning capabilities for NextGen NBFCs. We have already embarked on this digital transformation and we believe this is the way forward.

As stated above, the Company has embarked on aggressive growth plan and enabling the same requires capital in any form. Hence, the Company has decided to hold back its reserves. The Board of Directors has recommended issuing bonus shares to its members at a ratio of 1:10. The proposal is being placed before the Shareholders for their approval.

After a tenure of almost 9 years with the Company, Mr. R. Manomohanan, Chief Executive Officer, had resigned from the services effective 28th February, 2017. I would like to place on record our sincere thanks to Mr. R. Manomohanan for his invaluable contributions for the growth of MCSL and wish him the very best in all his future endeavours. Mr. Madhu Alexiouse has joined the Company as Chief Operating Officer on 1st February, 2017. Mr. Madhu is a retail finance and insurance professional having a track record of creating sustainable retail businesses across the country, especially in rural India. He has expertise in establishing profitable businesses through market share leadership, building up efficient and cost-effective distribution network, managing strategic alliances and maximizing revenue and earnings. As a leader, he has built highly passionate teams across the Country.

I thank the entire team at MCSL for their support and contributions and expect to continue receiving the same in the coming years as well.

I also place 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 believe the same will continue in future too. Let us all move forward with the common aim of promoting our Company as a leader in financial services sector with the highest level of professional Management.

While we celebrate 130 years of trust, we are still young at 130...

Sd/-

Thomas George Muthoot
Managing Director



FROM THE CHIEF OPERATING OFFICER'S DESK



Dear Shareholders,

Being my first communication to you after taking charge as Chief Operating Officer of the Company, I take this opportunity to convey my greetings and well wishes to all of you.

Your Company continued its performance excellence in the FY 2016 - 2017 also. This was the result of substantial growth in loan disbursements.

The net profit during the quarter, increased from ₹ 6.86 crores to ₹ 11.12 crores, recording a growth of 62.10 % from the same period last year. The total income increased to ₹ 79.80 crores during the quarter ended 31st March 2017, from ₹ 63.40 crores during the same period last year, registering a growth of 25.87%. The total loan disbursements by the Company for the quarter ended 31st March, 2017 was ₹ 423.10 crores as compared to a disbursement of ₹ 314.65 crores for the same quarter last year. The disbursement of ₹ 423.10 crores comprises of two wheeler loans totaling to ₹ 358.10 crores, and corporate and other business loans totaling to ₹ 65.00 crores. The Company has recorded an overall AUM of ₹ 14 39.70 crores on the back of aggressive two wheeler loan financing and corporate lending portfolio.

Commensurate with the quarterly figures, the yearly results also showed an impressive growth, with total income increasing to ₹ 284.20 crores compared to ₹ 228.49 crores during the FY 2015 - 2016, recording a growth of 24.38%. The interest expenses during the period went up from ₹ 87.00 crores to ₹ 103.95 crores, an increase of 19.48%. The total expenses increased from ₹ 193.04 crores to ₹ 238.01 crores, recording an increase of 23.30 %. On a full year basis (2016-17) MCSL achieved a PAT of ₹ 30.09 crores as compared to ₹ 22.85 crores achieved for the FY 2015 - 2016, registering a growth of 31.68%. For the FY 2016 - 2017, the loan disbursement was ₹ 12 97.82 crores when compared to ₹ 927.96 crores for the previous year.

The overall AUM as on 31st March 2017 was at ₹ 14 39.70 crore as against ₹ 10 38.79 crores of AUM recorded as on 31st March, 2016, an overall growth of 38.59%. The financials of MCSL reported an AUM of ₹ 12 03.67, which is net of the securitized portfolio which is derecognised from the books. During the year the Company did four Securitisation PTC transactions of a total value of ₹ 378.14 crores. Your Company has already disbursed more than 8 lakhs loans till date in the two-wheeler financing segment. The total number of live accounts as on 31st March, 2017 stood at approximately 4.20 lakhs.

The determination of NPA based on 4M norm for the year, compared to the 5M norm in the previous year, had impacted the profits of the Company. Further the demonetization has impacted the collection process. With aggressive efforts of our collection team during December 2016 & January 2017, the Company could reverse the impact. However, in spite of all these, the Company was still able to improve the profits for the year by 31.68%.

The implementation of progressively stricter norms for asset classification are likely to impact the profitability of your Company for next financial year also where the 4M norm will be reduced to 3M norm. However, we have countered this by improving recovery resulting from upgraded collection strategies and intensified collection efforts.

Your Company will continue with the expansion plans and enter more markets in the coming months. Emphasis on digitization and automation at all levels will ensure faster growth at lower cost in quicker time. This is expected to have a positive impact on the balance sheet over the coming years. The launch of the hassle-free e-payment and push towards the NACH facility for its auto loan customers has been seen favorably by all customers. It is meant to ease transaction process in keeping with the changing times. This enables the Company's large number of two-wheeler loan customers to repay the monthly instalment through the e-payment facility (using debit card or net banking) that would make transactions faster and easier. With pushing of the e- payments, the Company has been able to collect more on due dates and has reduced the follow up efforts and has been able to curtail delinquency.

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....

Sd/-

Madhu Alexiouse
Chief Operating Officer

MUTHOOT CAPITAL SERVICES LIMITED

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

Tel: +91 - 484 - 6619600/6613450

Email: mail@muthootcap.com, Web: www.muthootcap.com

BRANCHES

Sl. No.	Branch Location	Branch Address
Kerala		
1.	Alappuzha	1 st Floor, Sharada Shopping Complex, Mullackal Road, Mullackal Post, Alappuzha
2.	Calicut	Door No. 27/383/A-3, 2 nd Floor, Soubhagya Shopping Complex, Nr. Aryadathupadam, Mavoor Road, Calicut
3.	Kollam	1 st Floor, S.M. Towers, Madan Nada, Kollam, Kerala - 691 016
4.	Kottayam	Door No. 480, Vallabhasseri Building, Near Shalom Church, Chingavanam P.O., Kottayam - 686 531
5.	Meenangadi	Ayisha Complex, Panamaram Road, Meenangadi, Wayanad
6.	Palakkad	RRK Towers, 1 st Floor, Shornur Road, Pallipuram Post, Melamuri, Palakkad - 678 006
7.	Thrissur	1 st Floor, PVK Complex, Opp. Amala Hospital, Amala Nagar, Thrissur - 680 555
8.	Tirur	1 st Floor, Mundakkathu Building, Payyanangadi, Tirur
9.	Trivandrum	2 nd Floor, Mansions Chelsma Heights, Chengalloor Junction, Poojappura, Trivandrum - 695 012
Tamil Nadu		
10.	Chennai	1 st Floor, Majestic Tower, Door No. 236, Choolaimedu High Road, Choolaimedu, Chennai - 94
11.	Coimbatore	Ground Floor, 62, Dr. N.R.N. Layout, Pappanaikenpalayam, Coimbatore
12.	Kumbakonam	1 st Floor, Door No. 53/1006, Mothilal Street, Kumbakonam, Tanjavor - 612 001
13.	Salem	1 st Floor, N.V. Arcade, 5/259A, Junction Main Road, Salem - 636 004
14.	Tanjore	1 st Floor, No. 5/163/4, Sorna Complex, Natarajapuram West, M C Road, Tanjore - 613 004
15.	Theni	Tharun Tower, 2 nd Floor, Sriram Theatre Lane, Cumbum Road, Theni - 625 531
16.	Thirunelveli	No. 42, Vadivagam, TVM High Road, Near Palai Bus Stand, Palayamkottai, Thirunelveli - 627 002
17.	Trichy	3 rd Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy - 620 001
Puducherry		
18.	Karaikkal	1 st Floor, Door No.2, Kannadiar Street, Karaikkal - 609 602
Karnataka		
19.	Bangalore	No. 29, "Shree Krishna", Opp. Raheja Park Apartment, Magadi Main Road, Vijayanagar, Bangalore - 560 040
20.	Hubli	1 st Floor, Above Vijayalakshmi TVS Show Room, Gokul Road, Hubli - 580 030

21.	Mysore	1 st Floor, No. 170/1, M 52, B N Street, Opp: Mandi Market, Mandi Mohalla, Mysore - 570 021
22.	Shimoga	No. 44/44/44, Satish Arcade, 2 nd Floor, Savalanga Road, Shimoga - 577 201
Telangana		
23.	Amberpet	Behind Muthoot Fincorp Limited, Door No. 2-3-692/13, Near Police Line, Amberpet, Hyderabad - 500 013
24.	Hyderabad	Door No. 2-2-1130/24/D/1, 1 st Floor, above Indian Bank, Shivam Road, Prasanthnagar, Hyderabad - 500 044
Andhra Pradesh		
25.	Guntur	Door No. 12-17-14, Somavari Street, Kothapet, Guntur - 522 002
26.	Kadapa	D. No. 42/332-2, Vandana Complex, Ground Floor (Back Side), Bhagya Nagar Colony, Opp. Shivalayam Temple, Kadapa - 516 001
27.	Thirupathi	No. 392C, First Floor, Opp. Fullerton Pvt Ltd, R.C. Road, Thirupathi - 517 501
28.	Vijayawada	Door No. 31-11-1, Shriyans Plaza Hindu College Road, Maruthinagar, Vijayawada - 520 004
29.	Vizag	1 st Floor, No. 47-15-4/1, Gurbanga Complex, Diamond Park Road, Dwaraka Nagar, Vizag - 530 016
Gujarat		
30.	Ahmedabad	402, Ashoka Complex, Near Axis Bank Ltd., Sardar Patel Stadium Road, Navrangpura, Ahmedabad - 380 009
31.	Bharuch	First Floor, F 28-29, Millennium Market, Panchbatti, Bharuch - 392 001

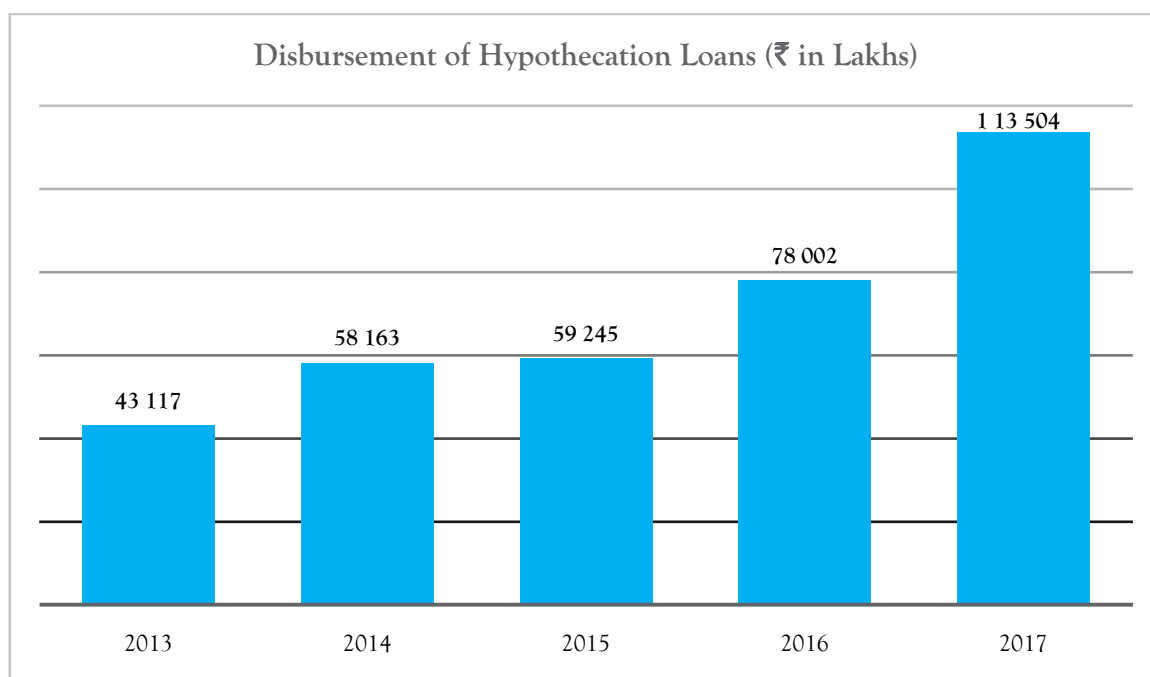
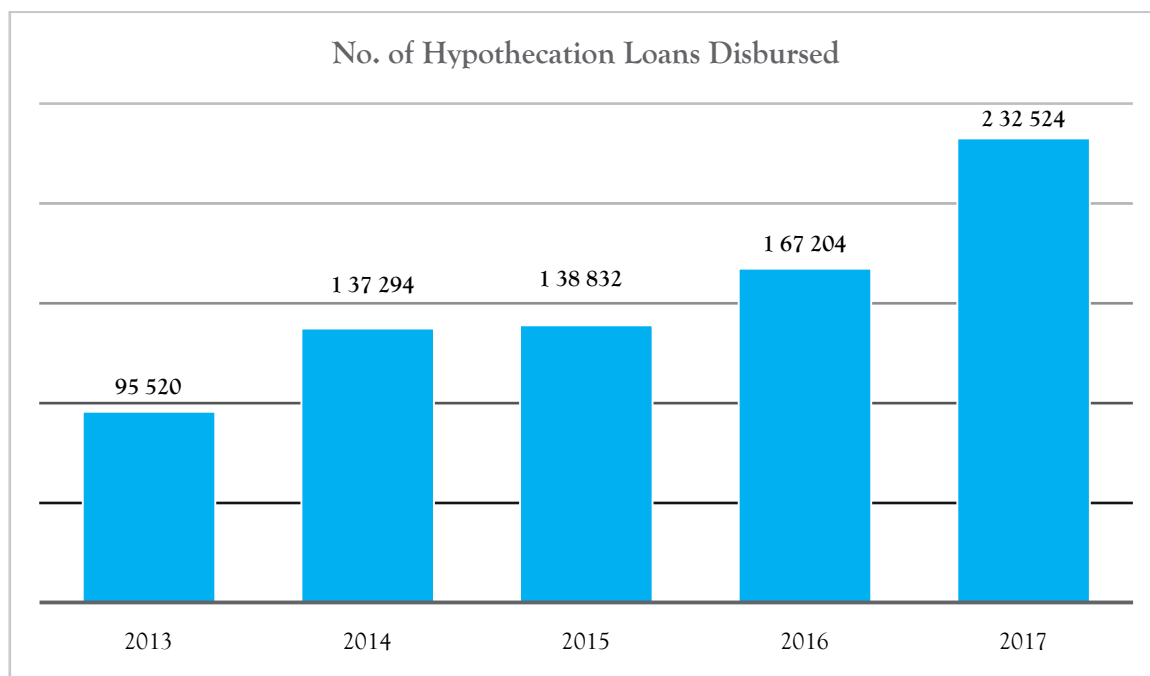
GROWTH OVER LAST 5 YEARS AT A GLANCE

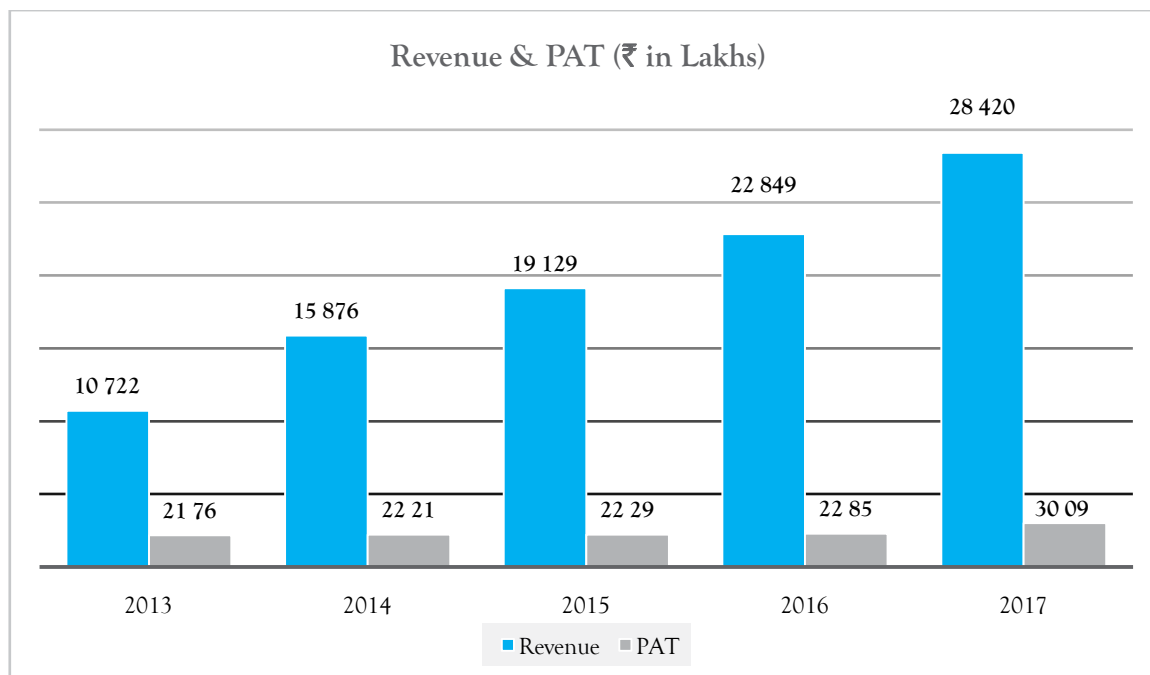
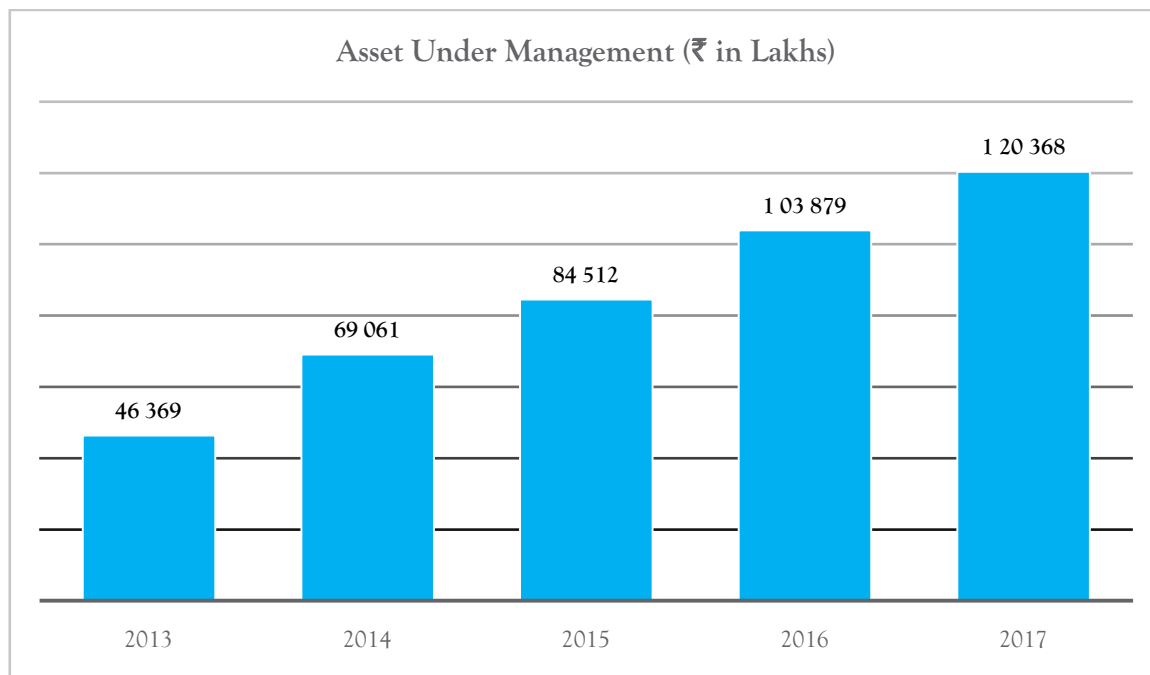
(₹ in Lakhs except Key Indicators)

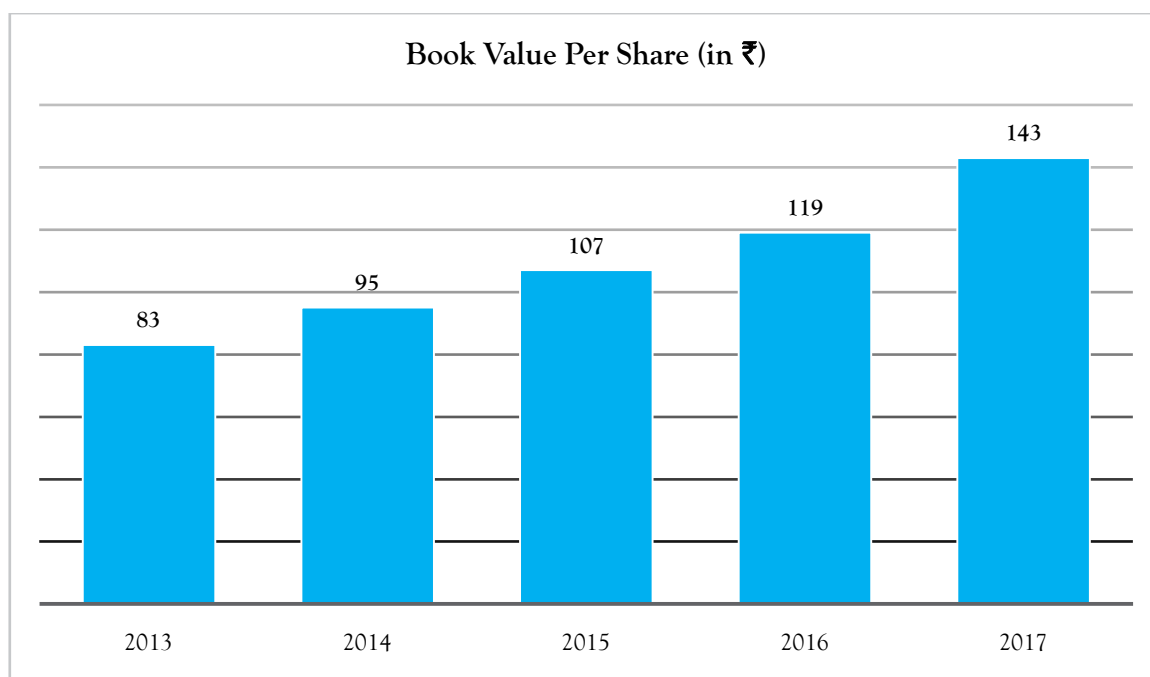
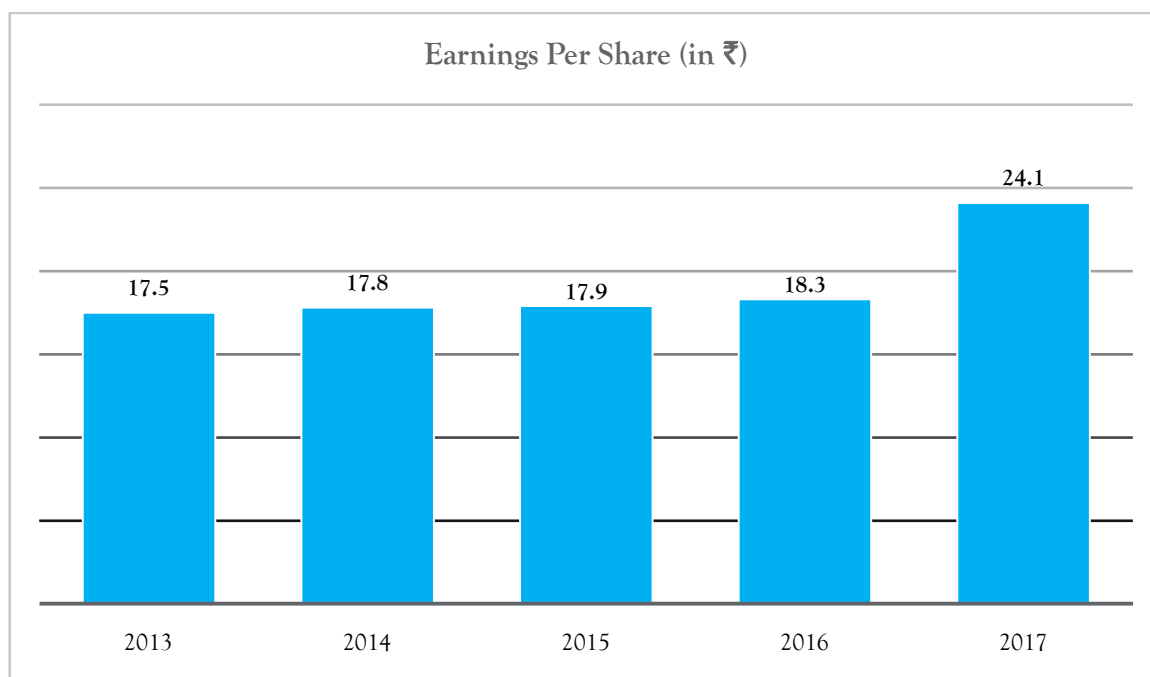
Financial year ended 31 st March	2013	2014	2015	2016	2017
Operating Results					
Disbursements	435 71	588 57	648 84	927 96	1297 82
Total Revenue	107 22	158 76	191 29	228 49	284 20
Profit Before Tax (PBT)	32 27	33 58	34 17	35 45	46 19
Profit After Tax (PAT)	21 76	22 21	22 29	22 85	30 09
Assets					
Fixed Assets (including assets leased out)	1 98	2 84	2 04	1 83	2 59
Investments	21	7 07	13 54	13 75	14 75
Deferred tax asset	99	1 32	2 70	4 68	6 57
Net stock on hypothecation	461 33	688 61	799 01	932 31	1020 40
Other loans (including interest accrued)	2 36	2 00	46 11	106 48	183 28
Other assets	9 20	13 04	12 61	13 06	50 61
Total Assets	476 07	714 88	876 01	1072 11	1278 19
Liabilities					
Equity	12 47	12 47	12 47	12 47	12 47
Reserves and Surplus	90 43	106 07	120 82	135 42	165 51
Borrowings (including interest accrued)	356 24	576 44	712 82	893 75	1000 82
Other liabilities	16 93	19 90	29 90	30 46	99 39
Total Liabilities	476 07	714 88	876 01	1072 11	1278 19
Key Indicators					
Earnings Per Share (in ₹)	17.5	17.8	17.9	18.3	24.1
Dividend Per Share (in ₹)	4.0	4.5	5.0	5.5	
Book Value Per Share (in ₹)	83	95	1 07	1 19	143
CRAR (%)	21.74	17.32	15.97	15.40	16.98
GNPA (%)	1.00	2.23	3.94	5.21 ¹	6.16 ²
NNPA (%)	0.87	1.96	3.32	4.34 ¹	4.78 ²

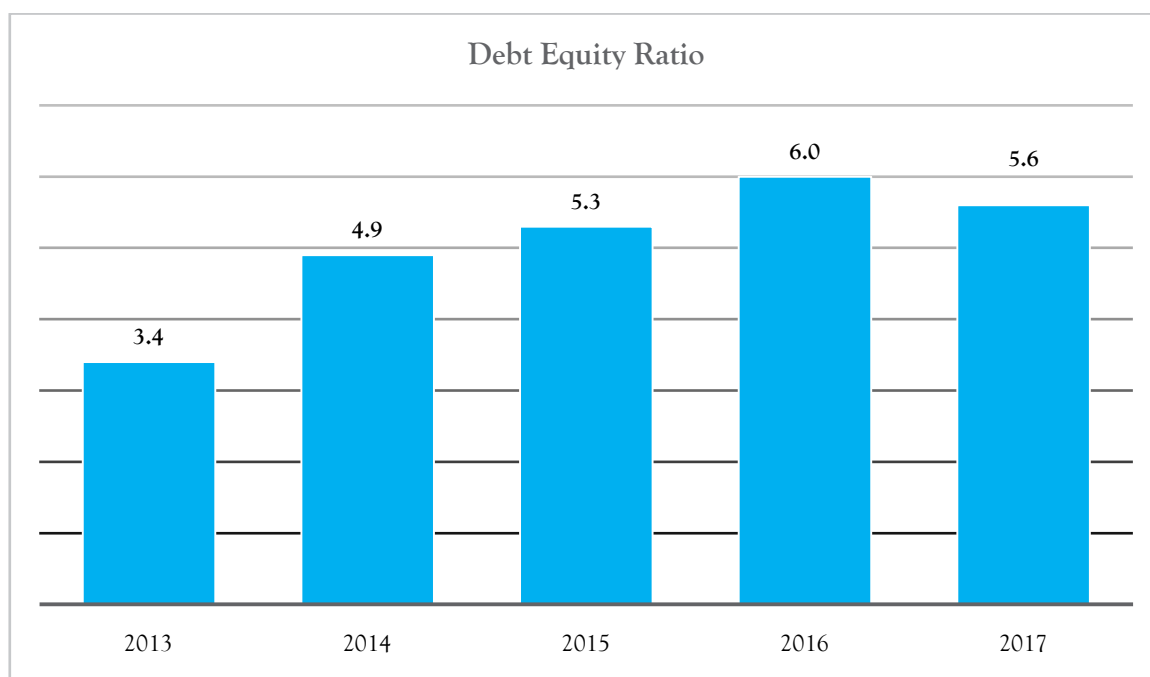
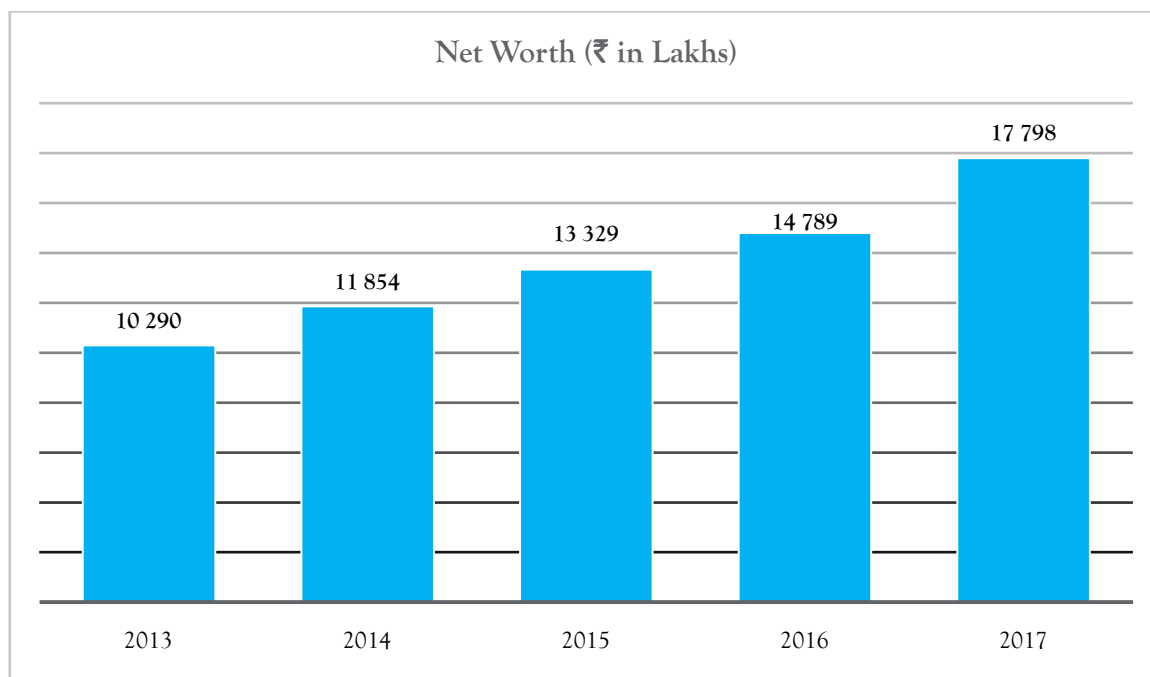
¹5 month norm is followed for GNPA and NNPA for the year 2015 - 2016.

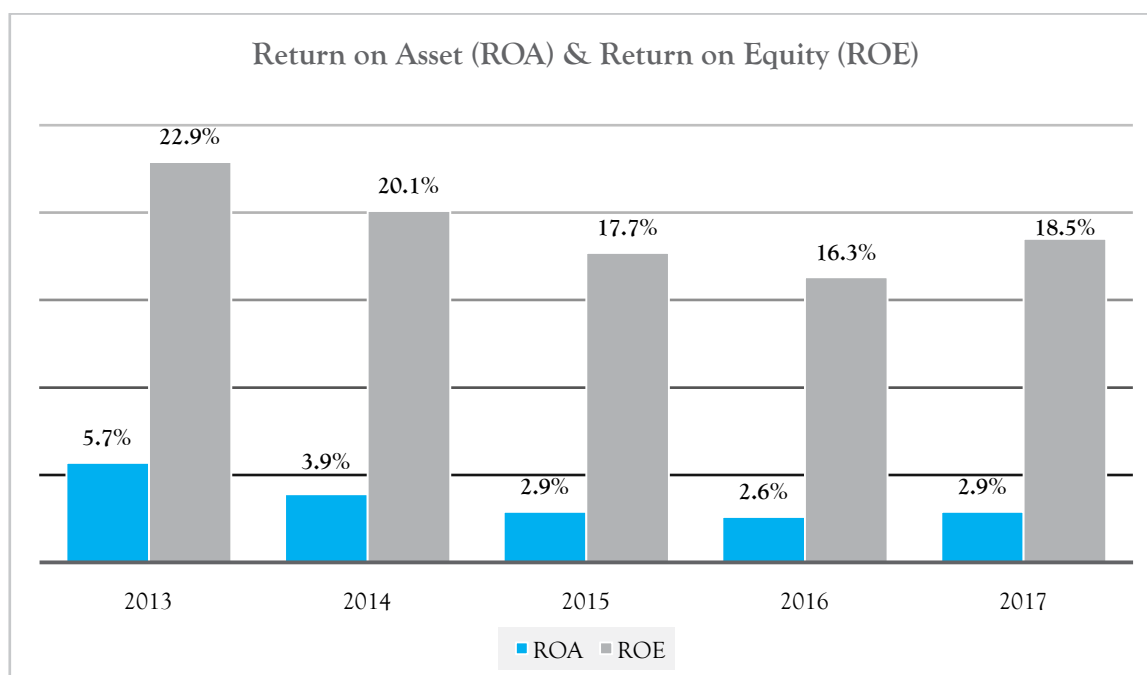
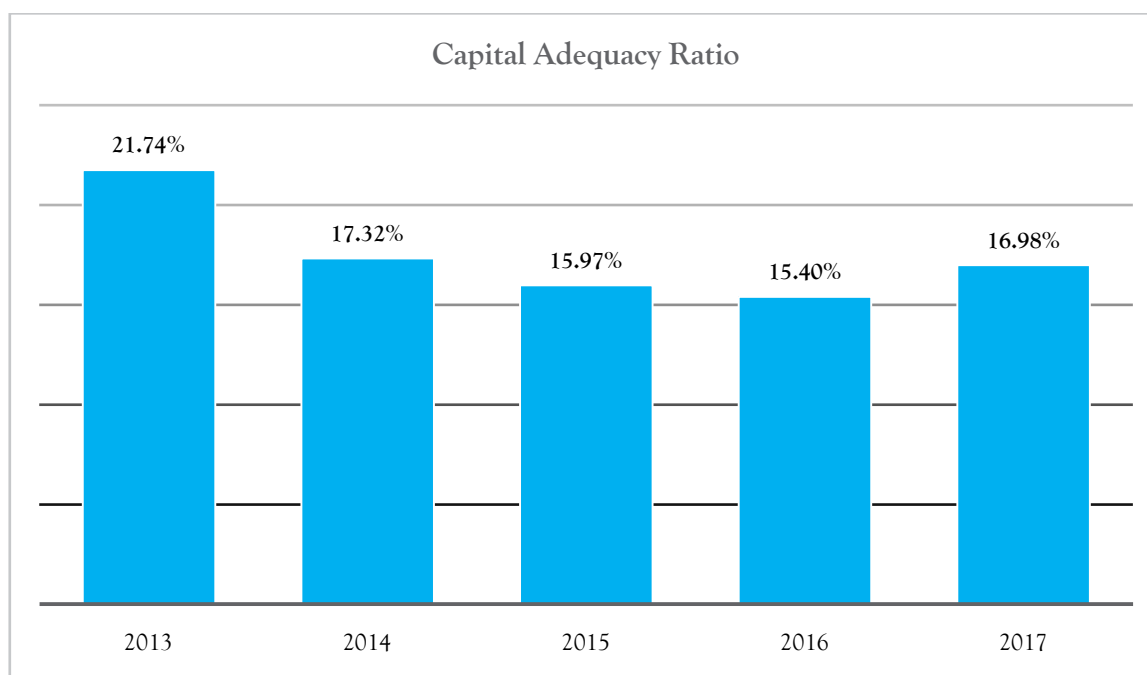
²4 month norm is followed for GNPA and NNPA for the year 2016 - 2017.











To
The Members of
Muthoot Capital Services Limited

Your Directors are pleased to present their **23rd Board's Report** on the Company's business and operations, together with audited financial statements of your Company for the financial year ended 31st March, 2017.

1. FINANCIAL SUMMARY

The summarised financial results of your Company for the FY 2016 - 2017 are given below:

(₹ in lakhs, except earnings per share)

Particulars	2016 - 2017	2015 - 2016
Total Income	284 19.99	228 49.43
Total Expenses	238 01.32	193 04.45
Profit Before Tax	46 18.67	35 44.98
Tax Expense	16 09.50	12 59.64
Profit After Tax	30 09.17	22 85.34
Basic earnings per share	24.13	18.32

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

Highlights of Performance Growth:

During the year ended 31st March, 2017, the Company was able to achieve an impressive growth when compared to the previous year. The total income of the Company clocked at ₹ 284 19.99 lakhs during the FY 2016 - 2017 as against ₹ 228 49.43 lakhs during the FY 2015 - 2016. The total expenditure for the FY 2016 - 2017 witnessed an increase of 23.29% which reached ₹ 238 01.32 lakhs. The Company achieved an all-time high profit of ₹ 30 09.17 lakhs while the same for the previous year was ₹ 22 85.34 lakhs. The Asset Under Management (AUM) of the Company as on 31st March, 2017 was stood at ₹ 14 39 70.00 lakhs. The Net Interest Margin (NIM) improved to 63.43% as against 61.93% in the FY 2015 - 2016.

2. DIVIDEND

Based on the aggressive growth plans for the coming years, Directors of your Company decided to plough back the profit after tax for business activities and hence have not recommended any dividend for the FY 2016 - 2017.

3. RESERVES

Out of the profits generated by the Company, your Board has transferred an amount of ₹ 6 10.00 lakhs to the Statutory Reserves maintained under Section 45-IC of the Reserve Bank of India Act, 1934. The Company has not transferred any amount to the General Reserve for the FY ended 31st March, 2017. Post transfer of profits to reserves, your Board decided to retain ₹ 76 24.65 lakhs as surplus in the Profit and Loss Account.

4. BONUS ISSUE

Your Directors have recommended to issue bonus shares in the ratio of 1:10 (i.e., one share for every ten shares held) having face value of ₹ 10.00 by way of capitalisation of reserves to the Members of the Company as a reward for your loyalty towards the Company and Management. This will be subject to the approval of Members in the ensuing Annual General Meeting and Stock Exchanges where the shares of the Company are listed. The said issue of bonus shares, if approved, would result in capitalisation of reserves amounting to ₹ 1 24.73 lakhs.

5. RESOURCE MOBILISATION

a) Share Capital

The authorised share capital of the Company is ₹ 15 00.00 lakhs and the paid up share capital of the Company is ₹ 12 47.25 lakhs. The Company had not issued any equity shares either with or without differential rights during the FY 2016 - 2017 and hence, the disclosure requirements under Section 43 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

Your Directors have decided to increase the authorised share capital of the Company from the existing ₹ 15 00.00 lakhs to ₹ 25 00.00 lakhs, subject to the approval of Members in the ensuing Annual General Meeting.

b) Debentures

The Company had not issued any debentures during the FY 2016 - 2017. The residual portion of secured redeemable non-convertible debentures under private placement during earlier years along with interest accrued is ₹ 232.79 lakhs as on 31st March, 2017. The debentures issued are secured by way of floating charge on the current assets of the Company.

Trustees for Debenture Holders

Mr. A Gopalakrishnan, Chartered Accountant, Partner, M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, Building No. 41/3647 B, First Floor, Blue Bird Towers, Providence Road, Kochi - 682 018, is the Debenture Trustee for ensuring and protecting the interests of debenture holders.

c) Public Deposits

Your Company is a Non - Banking Financial Company (NBFC), registered with Reserve Bank of India (RBI) having a Category A (Deposit Taking) License. The Company started accepting public deposits during FY 2013 - 2014. The public deposits of the Company are rated as "FA-/Stable" by CRISIL.

The outstanding amount of public deposits as on 31st March, 2017, received by the Company including interest accrued at that date is ₹ 115 17.98 lakhs. As on 31st March, 2017, there are 124 accounts of public deposits amounting to ₹ 1 61.54 lakhs which have become due for payment, but have not been claimed by the depositors.

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 depositors 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 has appointed IDBI Trusteeship Services Limited, as trustees for protecting the interests of deposit holders.

As per the Master Circular - Miscellaneous Instruction to all NBFCs dated 01st 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 IDBI Trusteeship Services Limited, as trustee on behalf of the depositors as required under the extant provisions.

d) Subordinated Debts

The Company had in the current year raised money through issue of subordinated debts. As of 31st March, 2017, the total amount of outstanding subordinated debts, including interest accrued was ₹ 52 37.71 lakhs as against ₹ 17 75.22 lakhs in the previous year.

e) Bank Finance

The Company raised funds for its working capital resources mainly from banks. As on 31st March, 2017, the total outstanding amount of credit facilities from Banks were ₹ 814 81.62 lakhs as against ₹ 738 24.75 lakhs as on 31st March, 2016.

6. DIRECTORS

As on 31st March, 2017, the Board of your Company consists of six Directors as follows:

Category	Name of Directors
Executive Director	Mr. Thomas George Muthoot, Managing Director
Non - Executive - Non Independent Directors	Mr. Thomas John Muthoot, Chairman
	Mr. Thomas Muthoot, Director
Non - Executive Independent Directors	Mr. A.P. Kurian
	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 John Muthoot, Director (DIN: 00011618) 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 John Muthoot as Director of the Company. The detailed profile of Mr. Thomas John Muthoot, recommended for re-appointment is enclosed with the Notice for the 23rd AGM of the Company.

a) Changes in Directors and Key Managerial Personnel (KMP) during the FY 2016 - 2017

During the year under review, there were no changes in the composition of the Board of Directors of your Company.

Mr. R. Manomohanan, Chief Executive Officer, one of the KMPs of the Company has resigned with effect from 28th February, 2017, due to personal reasons.

The following persons are the KMPs of the Company, as recorded by the Board as on 31st March, 2017:

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

b) Woman Director

In terms 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 01st April, 2017, 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 18th April, 2017.

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 2016 - 2017, the Company has conducted a development programme for its Independent Directors on the topic "An Awareness on Board Evaluation".

The presentation made in this regard is posted on the website of the Company and the web link is:

<http://muthootcap.com/wp-content/uploads/Details-of-Familiarisation-Refresher-Programme-1.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, its Committees 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. Structured evaluation forms were prepared on the basis of the criteria laid down by the Policy on Nomination & Remuneration.

The Nomination & Remuneration Committee reviewed the performance of the individual Directors on the basis of the duly filled evaluation forms submitted by the Directors. Each evaluation form prescribes various norms for evaluation such as 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, composition of the Board and its Committees, attendance of meetings of the Board and its Committees, extend of participation and involvement in the meetings, ability to convey his/her views and flexibility to work with others, etc.

Separate meeting of Independent Directors was conducted during the FY 2016 - 2017, to review:

- a) The performance of the Non-Independent Directors and the Board as a whole;
- b) The performance of the Chairman of the Company; and
- c) The quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Directors participated in the evaluation survey and reviews was carried out. The outcomes of each evaluation forms were collated by the Nomination & Remuneration Committee and placed before the Board on 18th April, 2017. The Board reviewed the same and arrived at a conclusion that the performance of the Board, its Committees and individual Directors were exemplary.

The Board also noted the comments/suggestions of Independent Directors and Chairmen of respective Committees and discussed various initiatives to further strengthen Board effectiveness.

f) Policy on Nomination and 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, annexed herewith as **Annexure 2**.

g) Meetings of the Board

During the FY 2016 - 2017, your Board of Directors met five times on the following dates: -

19.04.2016	06.06.2016	14.07.2016	24.10.2016	18.01.2017
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h) Audit Committee

As on 31st March, 2017, 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.

7. 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.

8. 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 ₹ 162 78.00 lakhs and as on 31st March, 2017, the outstanding amount is ₹ 181 79.21 lakhs.

The Company had entered into pool buyout arrangement of loan receivables amounting to ₹ 4 47.53 lakhs (after deducting 5% or 10% for MRR requirement). The aggregate amount outstanding under loan buyout as on 31st March, 2017 was ₹ 6 72.09 lakhs.

The sourcing of two wheeler business for the Company takes place mainly 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, apart from the existing means of financing by way of bank loans, public deposits, subordinated debts etc.

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

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.

10. CAPITAL ADEQUACY RATIO

Right from the inception, your Company has been strong on capital adequacy. The Company's total Capital Adequacy Ratio (CAR) as on 31st March, 2017 stood at 16.98% of the aggregate risk weighted assets on the Balance Sheet and risk adjusted value of the off - Balance Sheet items, which is above the statutory minimum of 15%. Out of the above, Tier I CAR stood at 13.61% and Tier II CAR stood at 3.37%. The CAR as on 31st March, 2016, stood at 15.40%.

11. CREDIT RATING

The Credit Rating enjoyed by the Company as on 31st March, 2017, is as given below:

Credit Rating Agency	Instrument	Rating as on 31 st March, 2017	Migration during the FY 2016 - 2017
CRISIL	Bank Facilities	CRISIL A-/ Stable	Downgraded from CRISIL A/Stable
CRISIL	Public Deposits	FA-/Stable	Downgraded from FA/Stable
CRISIL	Short Term Debt	CRISIL A1	No change
CRISIL	Non-Convertible Debentures	CRISIL A-/ Stable	Downgraded from CRISIL A/Stable

12. 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.

13. ADEQUACY OF INTERNAL AUDIT AND FINANCIAL CONTROLS

The Company has in place adequate Internal Audit and 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.

Apart from Statutory Audit and Concurrent Audit, your Company, in compliance with Section 138 of the Companies Act, 2013, had engaged M/s. Varma & Varma, Chartered Accountants, Kochi - 682 019 as the Internal Auditors of the Company for the FY 2016 - 2017. Their scope of work includes review of operational efficiency, effectiveness of systems & processes, compliances and assessing the strengths and weaknesses of internal controls in all areas. Findings and observations of the Internal Auditors are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an on-going basis to improve efficiency in operations. Thus the Internal Audit function essentially validates the compliance of your Company's processes and operations with regulatory guidelines, accounting procedures and Company's own internal rules and instructions.

The Company's internal control systems are well established and commensurate with the nature of its business and the size and complexity of its operations. The stabilized and effective internal control system calibrates the risk appetite of your Company and ensure that all its assets are safeguarded and protected to prevent any revenue leakage and losses to the Company. Such controls enable reliable financial reporting also.

The Audit Committee oversees and reviews the functioning of the entire audit team and the effectiveness of internal control system at all levels and monitors the implementation of audit recommendations. The present system of reporting ensures independence of the internal audit function and symbolizes best corporate governance practices. Your Directors confirm that during the year under review, there were no reportable material weaknesses in the present systems or operations of internal controls.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Aligning with its vision, your Company has been continuing to increase value creation in the community in which it operates, through its services and CSR initiatives, so as to stimulate well-being for the community, in fulfillment of its role as a responsible corporate citizen. The Company had undertaken a number of enriching and enlivening activities in the areas of health, education, environment and livelihood. The Company's CSR Policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The details of the CSR Policy and CSR Committee of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure 3** to this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Policy is also available on the website of the Company by accessing the following link:

<http://muthootcap.com/wp-content/uploads/CSR-Policy-2016.pdf>

The composition and other details of the CSR Committee is detailed in the Corporate Governance Report.

15. AUDIT & AUDITORS

a) Statutory Auditors

M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, (FRN: 004610S) Building No. 41/3647 B, First Floor, Blue Bird Towers, Providence Road, Kochi - 682 018 were appointed as the Statutory Auditors of the Company during the 20th AGM held on 03rd September, 2014, for a period of three years. As per the provisions of Section 139 of the Companies Act, 2013, an audit firm shall not be appointed as the Statutory Auditors for more than two terms of five consecutive years and after completing such term, the audit firm shall not be eligible for re-appointment as auditor in the same Company for five years from the completion of such term.

In this background, your Directors have recommended the appointment of M/s. Varma & Varma, Chartered Accountants (FRN: 004532S), Sreeraghavam, Kerala Varma Tower, Bldg. No. 53/2600 B, C, D & E, Off. Kunjanbava Road, Vyttila P.O., Kochi - 682 019, Kerala, India as the Statutory Auditors of the Company subject to the approval of Members for a period of five years from the conclusion of 23rd AGM. The Company had obtained a certificate from them that the appointment, if made, shall be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Further, your Directors confirm that there are no qualification, reservation or adverse remark or disclaimer in the Independent Auditor's Report provided by Statutory Auditors for the FY 2016 - 2017. The notes to accounts forming part of financial statements are self-explanatory and need no further clarification.

b) Secretarial Auditors

The Board had, at its meeting held on 19th April, 2016, appointed M/s. SVJS & Associates, Company Secretaries, 39/3519 B, First Floor, Padmam Apartments, Manikkath Road, Ravipuram, Kochi - 680 016 to conduct the Secretarial Audit for the year ended 31st March, 2017 in compliance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report in form MR-3, submitted by the Secretarial Auditors for the FY 2016 - 2017 is annexed to this Report as **Annexure 4**. The Directors of your Company confirms that there are no qualification, reservation or adverse remark or disclaimer in Secretarial Audit Report for the period under review.

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

Considering the nature of activities, the provisions of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technology absorption does not apply to your Company. The Company is, however, constantly pursuing its goal of technological upgradation in a cost-effective manner for delivering quality customer service.

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

Your Company has in place, a comprehensive Whistle Blower Policy in compliance with Section 177 (9) & 177 (10) of the Companies Act, 2013 and as per Regulation 4 (2) (d) (iv) & 34 (3) read with Para 10 of Part C of Schedule V of the SEBI (LODR) Regulations, 2015 which are reviewed and updated from time to time. Directors, employees, customers and other stakeholders of the Company can lodge complaints/disclosures regarding unethical behavior, actual or suspected frauds or violation of the Company's Code of Conduct through the mechanism provided under Whistle Blower Policy. The mechanism also 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 giving any information on any integrity issue as envisaged in the Whistle Blower Policy.

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

<http://muthootcap.com/wp-content/uploads/Whistle-Blower-Policy.pdf>

18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or provided any guarantee except the investments made in the PMS account with Hedge Equities Limited pursuant to Section 186 of the Companies Act, 2013, during the period under review.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Directors confirm that all contracts/arrangements/transactions entered into by the Company during the FY 2016 - 2017 in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Company had obtained prior approval of the Audit Committee for all the related party transactions during the FY 2016 - 2017 as envisaged in Regulation 23 (2) of the SEBI (LODR) Regulations, 2015. Further, the Audit Committee had given prior omnibus approval under Regulation 23 (3) of the SEBI (LODR) Regulations, 2015 for related party transactions that are foreseen and of repetitive in nature during the period under review and the required disclosures are made to the Committee on quarterly basis against the approval of the Committee.

In addition to the above, the Company had obtained the approval of the Members for related party transactions with Muthoot Fincorp Limited and Muthoot Bankers at the AGMs held on 03rd September, 2014 and 21st August, 2015 for a period of five years even though the said transactions were not material in nature.

The disclosures as per Form AOC-2 under Section 134 (3) (h) of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 is annexed to this Report as **Annexure 5**. All the related party transactions entered into by the Company were in the ordinary course of business, on an arm's length basis and there were no material contracts or arrangement or transactions at arm's length basis during the period.

The Company has in place a Board approved Related Party Transaction Policy which can be accessed at

http://muthootcap.com/wp-content/uploads/RPT_Policy.pdf

The Company proposes to do business of sourcing of two-wheeler loans and its collection through Muthoot Microfin Limited (MML), a related party. All terms of the said transaction are subject to the conditions that the prescribed price/charges payable under the contracts shall be competitive, based on the prevailing market price, not prejudicial to the interest of either parties.

Your Directors have decided to enter into the above transaction with MML for a period of five years subject to the approval of Members at the ensuing AGM.

20. HUMAN RESOURCES

Your Company is well aware of the importance of its human capital and thus provides positive work environment which is conducive, flexible and enriched. The Company continuously strive to build a best-in class organizational culture to attract, build and retain talent at all levels. The Company have taken an integrated talent management approach that spans the complete employee lifecycle.

Your Company offers various benefits to employees including various statutory and non-statutory staff welfare measures. All eligible employees are covered under statutory provisions namely Employees Provident Fund, Employee State Insurance, Maternity Benefits, Gratuity etc.

The disclosures required under the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5 (1) and 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended upto date, is annexed to this Report as **Annexure 6**.

21. LISTING

Equity shares of your Company was listed on BSE Limited since 24th April, 1995 and on National Stock Exchange of India Limited since 24th August, 2015. Your Company has paid the required listing fees to both the Stock Exchanges for the FY 2017 - 2018.

22. CORPORATE GOVERNANCE REPORT

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 read with Part E of Schedule II and Schedule V of the SEBI (LODR) Regulations, 2015 on Corporate Governance. The detailed report on Corporate Governance along with certificate on Corporate Governance from the Statutory Auditors 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 as a separate section forming part of this Report.

24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment of women at the workplace. The Company has been employing 363 women employees in various cadres as on 31st March, 2017. The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. The functioning of the Committees were carried out as per letter and spirit contained in the provisions of the Act. During the FY 2016 - 2017, the Company has not received any complaint of sexual harassment and hence there were no complaints pending for redressal as on 31st March, 2017. The Company had conducted 11 workshops/awareness programs regarding women empowerment during the period under review.

25. FAIR PRACTICE CODE (FPC)

The Company has in place, a Fair Practice Code approved by the Board on 02nd April, 2012, in compliance with the guidelines issued by the RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is posted on the website of the Company and can be accessed at the following link:

<http://muthootcap.com/fair-practice-code/>

The FPC is also reviewed by the Board at frequent intervals to ensure its level of adequacy and appropriateness.

26. CUSTOMER GRIEVANCE

The Company has a dedicated Customer Grievance Cell for receiving and handling customer complaints/grievances and ensuring that the customers are treated fairly and without bias at all times. All issues raised by the customers are dealt with courtesy and redressed expeditiously.

27. EXTRACT OF ANNUAL RETURN

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

28. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (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.

29. ACKNOWLEDGEMENTS

Your Directors sincerely acknowledge the contribution and support from shareholders, customers, depositors, debenture holders, Central and State governments, Bankers, SEBI, BSE Limited, National Stock Exchange of India Limited, Registrar & Share Transfer Agents, Credit 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.

Your Directors also place on record their special appreciation to each Muthootians and every well-wisher for their continued commitment, dedication and co-operation.

Kochi
18th April, 2017

For and on behalf of the Board of Directors
Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

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.

Kochi
18th April, 2017

For and on behalf of the Board of Directors
Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

POLICY ON NOMINATION AND REMUNERATION

INTRODUCTION

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

- | | | |
|-------------------|---|--------------------------------------|
| 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:

- a. Formulate 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;
- b. Formulate the 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;

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.

For the evaluation of Non-Independent Directors by the Independent Directors as per the requirements of Corporate Governance norms, the Independent Directors may adopt any method of evaluation.

(iii) Criteria for Evaluation of the Board and its Committees

The Committee has laid down the following criteria for performance evaluation of the Board:

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

- b) Review the performance of the Chairperson of the Company taking into account the views of Executive Directors and NEDs; and
- c) Assess the quality, quantity and timeliness of flow of information between the Company, Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The performance of the Committees shall be evaluated based on the following:

- a) Composition of the Committees;
- b) Effectiveness of the Committee meetings with respect to the terms of reference; and
- c) Conduct of meetings and procedures followed.

REMUNERATION POLICY

The Committee has formulated a policy on remuneration for Directors, KMP and other employees.

The features of the same are as given below:

(i) Remuneration of Managing Director, Whole Time Director and Manager

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), shall take into consideration the performance of the Company, the experience of the person, his background, job-profile and suitability, his past remuneration, the comparative remuneration profile in the industry, size of the Company, responsibilities shouldered by the Managing Director/Whole Time Director/Manager etc., provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

(ii) Remuneration of Non-Executive Director (NED)

- a) The remuneration to the NEDs may be restricted to the sitting fees for attending meetings of the Board of Directors.
- b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees for attending meetings of the Board of Directors provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to NED.
- c) Independent Directors shall not be eligible for stock options of the Company, if any.

Any incidental expense incurred by the Directors with relation to the participation in the meetings of the Board and other Sub-Committees shall be reimbursed.

(iii) Remuneration of Senior Management Personnel and KMP

The remuneration of the Senior Management Personnel and KMPs shall be in accordance with the Policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the performance of the business/function under his control and also the contribution of the business/function under his control towards the overall performance of the Company.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief Outline of the Company's CSR Policy

The CSR Policy of the Company reflects the Company's philosophy and mission which 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. The Policy applies to all CSR initiatives and activities taken up at the various work centers and locations of the Company, for the benefit of various segments of the society, with the emphasis on the under privileged.

The Company channelizes its CSR activities through Muthoot Pappachan Foundation (MPF), the CSR arm of Muthoot Pappachan Group (MPG). 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://muthootcap.com/wp-content/uploads/CSR-Policy-2016.pdf>

2. The Composition of the CSR Committee

Name of the Members	Designation	Position in the Committee
Mr. Thomas Muthoot	Director	Chairman
Mr. R.K Nair	Independent Director	Member
Ms. Radha Unni	Independent Director	Member

(₹ in Lakhs)

3. Average net profit of the Company for the last three financial years	34 39.94
---	----------

4. Prescribed CSR Expenditure (2% of the above)	68.79
---	-------

Approved Budget for the FY 2016 - 2017	70.59
--	-------

Amount bought forward from the previous year	0.01
--	------

Total amount available for the CSR activities for the FY 2016 - 2017	70.60
--	-------

5. Details of CSR spend for the financial year

a) Total amount spent for the financial year	34.13
--	-------

b) Amount unspent, including cash in hand with the Implementing Agency	36.47
--	-------

Implementing Agency: Muthoot Pappachan Foundation (MPF), Muthoot Centre, Punnen Road, Trivandrum - 34.

Partnership NGOs:

- Attakkalari Centre for Movement Arts
- Guardians of Dreams Foundation
- Aide et Action, South Asia

Manner in which the amount spent:

(₹ in Lakhs)

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 Subheads: (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
1.	Attakkalari - Scholarship for Students	Promotion of Education	Kerala	11.00	11.00	11.00	through implementing agency
2.	iLEAD-Automobile trade & Vocational Training Centre	Employment enhancing vocational skills	Kerala	8.50	8.43	8.43	through implementing agency
3.	Magic Bus - Training to 2500 children	Promotion of Education	Kerala	29.25	-	-	through implementing agency
4.	Renovation work at Sacred Heart Boys Home	Setting up hostels for orphans	Kerala	9.00	9.07	9.07	through implementing agency
5.	Purchase of equipments for Physical Medicine & Rehab Centre	Health care	Kerala	9.00	1.79	1.79	through implementing agency
6.	CSR Admin Expenses			3.84	3.84	3.84	
7.	Amount bought forward from the previous year			0.01	-	-	
Total				70.60	34.13	34.13	

6. Reasons for not spending the prescribed 2% amount: The Board of Directors of the Company has decided that the amount due for the projects undertaken by MPF on behalf of the Company shall be paid only if the project is achieving what is intended from the project, otherwise the amount shall be retained by the Company and be carried forward to the CSR budget for the FY 2017 - 2018 in addition to the mandatory limit of 2%. The Company is persistently exploring new ways and opportunities to implement its CSR programs in an efficient manner which will ensure India's sustainable development by embedding wider economic, social and ecological objectives.

Declaration

The implementation and monitoring of CSR Policy is in compliance with CSR Objectives and policy of the Company.

Sd/-
Thomas George Muthoot
 Managing Director
 DIN: 00011552

Sd/-
Mr. Thomas Muthoot,
 Chairman, CSR Committee
 DIN: 00082099

Form MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2017

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

To,
The Members,
Muthoot Capital Services Limited,
3rd Floor, Muthoot Towers,
M.G Road, Kochi,
Kerala - 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 **Muthoot Capital Services Limited [CIN: L67120KL1994PLC007726]** (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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 31st March, 2017, 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 31st March, 2017 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;
 - 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;
 - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (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 and Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016;
 - 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 and Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016;
- d. Guidelines for investment in unencumbered approved securities;
- e. Reserve Bank of India (Non-Banking Financial Companies) Returns Specifications, 1997 and Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
- f. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
- g. Guidelines for Asset Liability Management (ALM) system in Non-Banking Financial Companies;
- h. Frauds - Future Approach towards monitoring of Frauds in Non-Banking Financial Companies and Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
- i. Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards and Know Your Customer (KYC) Directions, 2016;
- j. Fair Practices Code;
- k. Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015;
- l. Regulation of excessive interest charged by NBFCs;
- m. Miscellaneous Instructions to all Non-Banking Financial Companies;
- n. Revised Regulatory Framework for NBFCs.

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 BSE Limited and the National Stock Exchange of India Limited.

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

We 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 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
18.04.2017

Annexure A

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

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. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
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 Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March, 2017 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
18.04.2017

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 PROVISIO 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 arrangements 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.

Kochi
18th April, 2017

For and on behalf of the Board of Directors
Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

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 2016- 2017:- 164:1
- (ii) The percentage of increase in remuneration of Managing Director, Chief Executive Officer, Chief Finance Officer and Company Secretary during the FY 2016- 2017:-

Sl. No.	Name of Director/ KMP	Designation	Remuneration during the FY 2016 - 2017 (₹ in Lakhs)	% increase in Remuneration during FY 2016 - 2017
1.	Thomas George Muthoot	Managing Director	174.41	14.16%
2.	R. Manomohan ¹	Chief Executive Officer	94.87	7.62%
3.	Vinodkumar M. Panicker	Chief Finance Officer	60.73	-7.20%
4.	Syam Kumar R.	Company Secretary & Head - Governance	21.21	17.96%

¹Upto 28.02.2017.

- (iii) The percentage increase in the median remuneration of the employees in the FY 2016 - 2017:- There has been an increase of 9.75% in the median remuneration of the employees of the Company in FY 2016 - 2017 as compared to FY 2015 - 2016.
- (iv) The number of permanent employees on the rolls of the Company as on 31st March, 2017:- There were 2139 employees on the rolls of the Company.
- (v) 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 18.22% increase in the salaries of employees other than managerial personnel and 10% average increase in the salaries of managerial personnel during the year.

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

- (vi) 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.
- (vii) 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 (12) OF THE COMPANIES ACT, 2013 AND RULE 5 (2) OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED

Name of the Employee		Mr. Thomas George Muthoot	Mr. R. Manomohanan ¹	Mr. Vinodkumar M. Panicker	Mr. Madhu Alexiouse ²	Mr. R. Balakrishnan
Designation		Managing Director	Chief Executive Officer	Chief Finance Officer	Chief Operating Officer	GM - South
Nature of employment		On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)		54	63	51	45	52
Qualification		B. Com	MSc. Physics, CAIIB	B.Com, ACA	MBA	MSc. Maths, PGDM
Experience (in years)		33	40	28	21	25
Date of Appointment		12.07.2016	01.03.2008	16.12.2013	01.02.2017	01.08.2008
Gross Remuneration (' in lakhs)		174.41	94.87	60.73	7.91	42.63
% of Shareholding		22.823	0.003	Nil	Nil	Nil
Last employment		NA	EXIM Bank (Tanzania) Ltd.	Outlook Publishing (I) Pvt. Ltd.	IIFL	TVS Finance and Services Ltd.
Relationship with any Directors		Brother of Mr. Thomas John Muthoot and Mr. Thomas Muthoot.	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors
Name of the Employee		Mr. Bimal Singh Rawat	Mr. Bijesh K.	Mr. Syam Kumar R.	Mr. Arun Kumar C.M.	Mr. Vijayan T.
Designation		GM - North	Sr. AVP - Collections	CS & Head Governance	Sr. AVP - Sales	Sr. AVP - Operations
Nature of employment		On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)		46	41	47	42	43
Qualification		Dipl. in Mech. Eng., MBA	BSc. Maths, MBA	BSc. Chemistry, LLB, FCS	B.Com, LLB, LLM	B.Com, DCA
Experience (in years)		24	18	20	17	17
Date of Appointment		07.07.2015	07.07.2014	02.06.2014	01.10.2008	01.09.2008
Gross Remuneration (' in lakhs)		42.39	24.90	21.21	19.50	18.90
% of Shareholding		Nil	0.02	Nil	Nil	0.00008
Last employment		Saudi Finance	Origon Consultants Pvt. Ltd.	ELGI Equipments Ltd.	IndusInd Bank	TVS Finance and Services Ltd.
Relationship with any Director		Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors

¹Upto 28.02.2017

²From 01.02.2017

FORM MGT - 9
EXTRACT OF ANNUAL RETURN

For the FY ended 31st March, 2017

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

1. REGISTRATION AND OTHER DETAILS

CIN	L67120KL1994PLC007726
Registration Date	18 th February, 1994
Name of the Company	Muthoot Capital Services Limited
Category of the Company	Company Limited by Shares
Address of the Registered Office and contact details:	Muthoot Capital Services Limited 3 rd Floor, Muthoot Towers, M.G Road, Kochi, Kerala - 682 035 Tel: +91 484 6619600/6613450, Fax: +91 484 2381261, Email: mail@muthootcap.com, Web: www.muthootcap.com
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Integrated Registry Management Services Private Limited (Formerly known as Integrated Enterprises (India) Limited) 2 nd Floor, Kences Towers, No.1, Ramakrishna Street, Off: North Usman Road, T. Nagar, Chennai - 600 017 Tel: 044 - 28140801 - 803; Fax: 044 - 28142479 Email: csdstd@integratedindia.in Contact Person: Mr. K. Balasubramanian, Deputy General Manager

2. 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)	92.12

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Not Applicable

4. SHARE HOLDING 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. 01.04.2016				No. of Shares held at the end of the year i.e. 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual	9345231	0	9345231	74.93	9345231	0	9345231	74.93	-
b) Central Govt.	0	0	0	0	0	0	0	0	-
c) State Govt.(s)	0	0	0	0	0	0	0	0	-
d) Bodies Corp.	0	0	0	0	0	0	0	0	-
e) Banks/FI	0	0	0	0	0	0	0	0	-
f) Any Others	0	0	0	0	0	0	0	0	-
Sub-total (A) (1)	9345231	0	9345231	74.93	9345231	0	9345231	74.93	-
2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	-
b) Other - Individuals	0	0	0	0	0	0	0	0	-
c) Bodies Corp.	0	0	0	0	0	0	0	0	-
d) Banks/FI	0	0	0	0	0	0	0	0	-
e) Any Other	0	0	0	0	0	0	0	0	-
Sub-total (A) (2)	0	0	0	0	0	0	0	0	-
Total Promoter Shareholding (A) = (A) (1) + (A) (2)									
	9345231	0	9345231	74.93	9345231	0	9345231	74.93	-
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	-
b) Foreign portfolio Investors	10025	0	10025	0.08	0	0	0	0	(100)

[illegible]

ii) Shareholding of Promoters

Sl. No.	Name of Promoters	Shareholding at the beginning of the year i.e. 01.04.2016			Shareholding at the end of the year i.e. 31.03.2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares of the Company	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Thomas John Muthoot	2850995	22.858	0	2850995	22.858	0	-
2.	Mr. Thomas George Muthoot	2846555	22.823	0	2846555	22.823	0	-
3.	Mr. Thomas Muthoot	2796931	22.425	0	2796931	22.425	0	-
4.	Ms. Preethi John	221737	1.778	0	221737	1.778	0	-
5.	Ms. Nina George	272343	2.184	0	272343	2.184	0	-
6.	Ms. Remmy Thomas	356670	2.860	0	356670	2.860	0	-
	Total	9353431	74.928	0	9345231	74.928	0	-

iii) Change in Promoters' Shareholding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Date	Increase/ Decrease during the year	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	Thomas George Muthoot	2846555	22.823	April 01, 2016				
				August 05, 2016	(8500)	Market	2838055	22.754
				August 19, 2016	499	Purchase through Stock Exchanges	2838554	22.758
				August 26, 2016	472		2839026	22.762
				September 02, 2016	775		2839801	22.768
				September 09, 2016	1054		2840855	22.777
				September 16, 2016	3323		2844178	22.803
				September 23, 2016	1751		2845929	22.817
				September 30, 2016	626		2846555	22.823
				March 31, 2017	-		2846555	22.823

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

Sl. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Seema Dilip Vora At the beginning of the year Bought during the year Sold during the year At the end of the year	102500 5740 32298 75942	0.822 0.046 0.258 0.610	102500 108240 75942 75942	0.822 0.868 0.610 0.610
2.	Ritu Elizabeth George At the beginning of the year Bought during the year Sold during the year At the end of the year	67121 6146 22846 50421	0.538 0.049 0.183 0.404	67121 73267 50421 50421	0.538 0.587 0.404 0.404
3.	Deepak Valji Gala At the beginning of the year Bought during the year Sold during the year At the end of the year	70000 - 35000 35000	0.561 - 0.281 0.281	70000 70000 35000 35000	0.561 0.561 0.281 0.281
4.	Alex K Thomas At the beginning of the year Bought during the year Sold during the year At the end of the year	61829 - - 61829	0.496 - - 0.496	61829 61829 61829 61829	0.496 0.496 0.496 0.496
5.	K C Thomas At the beginning of the year Bought during the year Sold during the year At the end of the year	61829 - - 61829	0.496 - - 0.496	61829 61829 61829 61829	0.496 0.496 0.496 0.496
6.	Tabita Sarah Alex At the beginning of the year Bought during the year Sold during the year At the end of the year	61828 - - 61828	0.496 - - 0.496	61828 61828 61828 61828	0.496 0.496 0.496 0.496
7.	Tina Suzanne George At the beginning of the year Bought during the year Sold during the year At the end of the year	51378 - - 51378	0.412 - - 0.412	51378 51378 51378 51378	0.412 0.412 0.412 0.412

8.	Kalpraj Damji Dharamshi At the beginning of the year Bought during the year Sold during the year At the end of the year	50000 - - 50000	0.401 - - 0.401	50000 50000 50000 50000	0.401 0.401 0.401 0.401
9.	Hina Kalpraj Dharamshi At the beginning of the year Bought during the year Sold during the year At the end of the year	50000 - - 50000	0.401 - - 0.401	50000 50000 50000 50000	0.401 0.401 0.401 0.401
10.	Harsha Hemang Dharamshi At the beginning of the year Bought during the year Sold during the year At the end of the year	50000 - - 50000	0.401 - - 0.401	50000 50000 50000 50000	0.401 0.401 0.401 0.401
11.	Hemang Raichand Dharamshi At the beginning of the year Bought during the year Sold during the year At the end of the year	50000 - - 50000	0.401 - - 0.401	50000 50000 50000 50000	0.401 0.401 0.401 0.401
12.	Rupali Ravindra Dharamshi At the beginning of the year Bought during the year Sold during the year At the end of the year	50000 - - 50000	0.401 - - 0.401	50000 50000 50000 50000	0.401 0.401 0.401 0.401
13.	Avinash P Wadhwa At the beginning of the year Bought during the year Sold during the year At the end of the year	68754 - 33754 35000	0.551 - 0.270 0.281	68754 68754 35000 35000	0.551 0.551 0.281 0.281
14.	Manish Rasiklal Desai At the beginning of the year Bought during the year Sold during the year At the end of the year	44578 3815 2500 45893	0.357 0.031 0.020 0.368	44578 48393 45893 45893	0.357 0.388 0.368 0.368
15.	Nancy Babu At the beginning of the year Bought during the year Sold during the year At the end of the year	44641 - 26000 18641	0.358 - 0.209 0.149	44641 44641 18641 18641	0.358 0.358 0.149 0.149

16.	Dolly Khanna At the beginning of the year Bought during the year Sold during the year At the end of the year	0 50692 1000 49692	0.00 0.406 0.008 0.398	0 50692 49692 49692	0.00 0.406 0.398 0.398
17.	Ashik M John At the beginning of the year Bought during the year Sold during the year At the end of the year	45200 - - 45200	0.362 - - 0.362	45200 45200 45200 45200	0.362 0.362 0.362 0.362

Note: The details of shareholding are maintained by respective Depositories and it is not feasible to provide daily change in the shareholding of top ten shareholders. Therefore, consolidated changes during the year 2015-16 have been provided.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMPs	Shareholding at the beginning of the year i.e. 01.04.2016		Shareholding At the end of the year i.e. 31.03.2017	
		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 Muthoot, Non-Executive, Non-Independent Director	2796931	22.42	2796931	22.42
4.	Mr. R. Manomohan, Chief Executive Officer ¹	400	0.003	400	0.003

Note: No other Director or KMP held any shares of the Company during the FY 2016 - 2017.

¹Upto 28.02.2017.

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.*

(₹ in lakhs)

	Secured Loansexcluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the FY i.e. 01.04.2016				
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
Total (i +ii+iii)	746 26.36	32 80.52	114 68.18	893 75.06
Change in Indebtedness during the financial year				
i) Addition	76 58.32	34 74.25	1 27.67	112 60.24
ii) Reduction	4 75.43	0.32	77.87	5 53.62
Net Change	71 82.89	34 73.93	49.80	107 06.62
Indebtedness at the end of the FY i.e. 31.03.2017				
i) Principal Amount	816 04.36	64 84.97	108 79.30	989 68.63
ii) Interest due but not paid	6.09	0.00	16.75	22.84
iii) Interest accrued but not due	1 98.79	2 69.49	6 21.93	10 90.21
Total (i+ii+iii)	818 09.24	67 54.46	115 17.98	1 000 81.68

* 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/WTM/ Manager Thomas George Muthoot	Total Amount
1.	Gross Salary		
(a)	Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	174.00	174.00
(b)	Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	0.41	0.41
(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
4.	Commission	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	174.41	174.41
	Ceiling as per the Act	₹ 184.75 lakhs (calculated as per Section 198 of the Companies Act, 2013)	

B) Remuneration to other Directors:

(₹ in lakhs)

(1) Independent Directors	Fee for attending Board/ Committee meetings	Commissions	Total Amount
A.P Kurian	0.60	Nil	0.60
R.K Nair	0.60	Nil	0.60
Radha Unni	0.75	Nil	0.75
Total (1)	1.95	Nil	1.95
(2) Non - Executive Directors	Fee for attending Board/ Committee meetings	Commissions	Total Amount
Thomas John Muthoot	Nil	Nil	Nil
Thomas Muthoot	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil
Total (B) = (1) + (2)	1.95	Nil	1.95

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	KMP			Total Amount
		CEO ¹	CFO	CS	
1. Gross Salary					
(a)	Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	91.69	57.22	21.21	170.12
(b)	Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	3.18	3.51	Nil	6.69
(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
4. Commission		Nil	Nil	Nil	Nil
5. Others, please specify		Nil	Nil	Nil	Nil
	Total (C)	94.87	60.73	21.21	176.81

¹Upto 28.02.2017.

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					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL



1. OVERVIEW

The Management Discussion and Analysis Report (MDA) is an integral part of Company's Annual Report to the Shareholders in which management provides an overview of the previous year's operations and how the Company performed financially. 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. MDA represents the thoughts and opinions of management and provides a forecast of future operations. It also contains the discussions on forthcoming year by outlining future goals and approaches to new projects which may involve risks and uncertainties, including but not limited to the risk inherent to the Company's growth strategy, change in regulatory norms, economic conditions and other incidental and business factors. Actual results could differ materially from those expressed or implied.

2. GLOBAL ECONOMY

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But binding structural impediments continue to hold back a stronger recovery, and the balance of risks remains tilted to the downside, especially over the medium term. With persistent structural problems, such as low productivity growth and high income inequality, pressures for inward-looking policies are increasing in advanced economies. These threaten global economic integration and the cooperative global economic order that has served the world economy, especially emerging market and developing economies, well. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery, and a renewed multilateral effort is also needed to tackle common challenges in an integrated global economy.

Emerging market and developing economies have become increasingly important in the global economy in recent years. They now account for more than 75 percent of global growth in output and consumption, almost double the share of just two decades ago. The external environment has been important for this transformation. Terms of trade, external demand and in particular, external financial conditions are increasingly influential determinants of medium-term growth in these economies as they become more integrated into the global economy. The still-considerable income gaps in these economies vis-à-vis those in advanced economies suggest further room for catch-up, favoring their prospects of maintaining relatively strong potential growth over the medium term. Yet, the findings show that steady, sustained catch-up growth is not automatic and exhibits episodes of accelerations and reversals over time. Moreover, with the global economy in the midst of potentially persistent structural shifts, emerging market and developing economies may face a less supportive external environment going forward than they experienced for long stretches of the post-2000 period. Nevertheless, these economies can still get the most out of a weaker growth impulse from external conditions by strengthening their institutional frameworks, protecting trade integration, permitting exchange rate flexibility, and containing vulnerabilities arising from high current account deficits and external borrowing, as well as large public debt.

The picture for Emerging Market and Developing economies (EMDEs) remains much more diverse. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus. But activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey, which faced a sharp contraction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices.

Commodity prices and inflation: Oil prices have increased reflecting an agreement among major producers to trim supply. With strong infrastructure and real estate investment in China as well as expectations of fiscal easing in the United States, prices for base metals have also strengthened. Headline inflation rates have recovered in advanced economies in recent months with the bottoming out of commodity prices, but core inflation rates have remained broadly unchanged and generally below inflation targets. Inflation ticked up in China as capacity cuts and higher commodity prices have pushed producer price inflation to positive territory after more than four years of deflation. In other EMDEs, inflation developments have been heterogeneous, reflecting differing exchange rate movements.



Financial market developments: Long-term nominal and real interest rates have risen substantially since August, 2016 particularly in the United Kingdom and in the United States since the November election. U.S. fiscal policy is projected to become more expansionary, with stronger future demand implying more inflationary pressure and a less gradual normalization of U.S. monetary policy. The increase in euro area long-term yields since August was more moderate in Germany and Italy, reflecting elevated political and banking sector uncertainties. The U.S. Federal Reserve raised short-term interest rates in December '16, as expected, but in most other advanced economies the monetary policy stance has remained broadly unchanged. In emerging market economies, financial conditions were heterogeneous but generally tightened, with higher long-term interest rates on local-currency bonds, especially in emerging Europe and Latin America.

Exchange rates and capital flows: The U.S. dollar has appreciated in real effective terms by over 6% since August, 2016. The currencies of advanced commodity exporters have also strengthened, reflecting the firming of commodity prices, whereas the euro and especially the Japanese yen have weakened. Several emerging market currencies depreciated substantially in recent months-most notably the Turkish lira and the Mexican peso-while the currencies of several commodity exporters-most notably Russia-appreciated.

The year 2016 was a turning point in global demographic trends. It was the first time since 1950 that the combined Working Age (WA) population (15-59) of the advanced countries declined. Over the next three decades, the United Nations (UN) projects that China and Russia will each see their WA populations fall by over 20%. India, however, seems to be in a demographic sweet spot with its working-age population projected to grow by a third over the same period.

3. INDIAN ECONOMY

Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. India is ranked 130th out of 190 countries in the World Bank's 2017 ease of doing business index. The real GDP growth in the first half of the year was 7.2%, on the weaker side of the 7.0-7.75% projection in the Economic Survey 2015- 2016 and somewhat lower than the 7.6% recorded in the second half of 2015- 2016. According to United Nations World Economic Situation and Prospects (WESP) 2017 Report, India's economy is projected to grow by 7.7% in the fiscal year 2017 and 7.6% in 2018, benefiting from strong private consumption. Low capacity utilisation and stressed balance sheets of banks and businesses are the two main reasons for the prevention of short term investment revival in the country.

The outlook for the year as a whole is for Consumer Price Index (CPI) inflation to be below the RBI's target of 5%, a trend likely to be assisted by demonetisation. However, CPI had increased to 130.80 Index Points in March, 2017 from 130.60 Index Points in February, 2017. Similarly, the external position appears robust having successfully weathered the sizeable redemption of Foreign Currency Non-Resident (FCNR) deposits in late 2016 and the volatility associated with the US election and demonetisation.

India recorded a current account deficit of USD 7.9 billion or 1.4% of the GDP in the last three months of 2016, higher than a USD 7.1 billion gap a year earlier. Foreign exchange reserves are at comfortable levels, risen from around USD 350 billion at the end of January, 2016 to USD 360 billion at end of December, 2016 averaging USD 202.80 billion from 1998 until 2017. In part, surging net FDI inflows, which grew by USD 874 million in February, 2017 helped the balance-of-payments.

Demonetisation and its Impact on GDP:

This year's outlook must be evaluated in the wake of the November 8, 2016 action to demonetize the high denomination currency notes. Demonetisation has been a radical, unprecedented step with short term costs and long term benefits. The liquidity squeeze was less severe than suggested by the headlines and has been easing since end of December, 2016. A number of follow-up actions would minimize the costs and maximise the benefits of demonetisation. These include: fast, demand-driven, remonetisation; further tax reforms, including bringing land and real estate into the GST, reducing tax rates and stamp duties; and acting to allay anxieties about over-zealous tax administration. These actions would allow growth to return to trend in 2017-18, following a temporary decline in 2016-17.

Passenger car sales and excise taxes bear little imprint of demonetisation. Real Estate in the major cities and sales of two wheelers show a marked decline; credit was already looking weak before demonetisation, and that pre-existing trend

was reinforced. Indirect tax performance stripped of the effects of additional policy changes in 2016-17 look less robust than the headline number. Their growth has also been slowing but not markedly so after November 8. This leads to a conclusion that real GDP and economic activity has been affected adversely, but temporarily by demonetisation.

Putting these factors together, the GDP growth will be in the 6¾ to 7½ percent range in FY 2018. Even under this forecast, India would remain the fastest growing major economy in the world.

On the assumption that the equilibrium cash-GDP ratio will be lower than before November 8, the banking system will benefit from a higher level of deposits. Thus, market interest rates-deposits, lending, and yields on Govt Securities should be lower in 2017-18 than 2016-17. This will provide boost to the economy.

Other major developments:

Against the backdrop of robust macro-economic stability, the year also marked by major domestic policy development by way of the passage of the Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax (GST). The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India's cooperative federalism. Further tax reforms, including bringing land and real estate into the GST, reducing tax rates and stamp duties; and acting to allay anxieties about over-zealous tax administration. These actions would allow growth to return to trend in 2017-18, following a temporary decline in 2016-17.

In addition, the Government overhauled the bankruptcy laws by introducing the "Insolvency and Bankruptcy Code, 2016" so that the "exit" problem that pervades the Indian economy with deleterious consequences can be addressed effectively and expeditiously; the Code creates time-bound processes for insolvency resolution of companies and individuals.

4. OUTLOOK OF THE INDUSTRY

Non-Banking Finance Companies (NBFCs) form an integral part of the Indian financial system. They play an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs). NBFCs' ground-level understanding of their customers' profile and their credit needs gives them an edge, as does their ability to innovate and customise products as per their clients' needs. Moreover, with the banking system clearly constrained in terms of expanding their lending activities, the role of NBFCs becomes even more important now, especially when the government has a strong focus on promoting entrepreneurship.

NBFCs expected portfolio growth for the FY 2016-17 was 17-19% in the backdrop of weak retail credit off-take post demonetization. According to Investment Information and Credit Rating Agency of India Limited (ICRA), the growth was originally expected to be 19-22%. The key target segment of NBFCs the self-employed-is likely to have been impacted more, as a sizable share of their business is based on cash transactions, which were affected by shortage in currency following demonetization. NBFC's business has also been affected by the moderation in disbursements with limited cash availability, especially microfinance and gold-backed lending. The extent of recovery in the borrower businesses and income levels and their ability to contribute margins for asset purchase and business funding, would be the key drivers of growth in the near to medium term. The NBFCs are also expected to focus more on collections than on incremental business. Competitive pressure for retail-focused NBFCs is likely to intensify as banks are increasingly focusing on retail segment to offset weak corporate credit growth. Further, increase in bank deposit base post demonetization and steep reduction in lending rates is expected to result in migration of some large-ticket and relatively better quality NBFC borrowers to banks.

The overall delinquencies, especially in the softer buckets, are expected to increase in the near term as demonetization impacted collections across asset classes. The extent of impact in each asset class, however, has varied. With not being allowed to accept repayments in old currency, shortage of valid currency among borrowers, and disruption in borrowers' regular business, especially the cash-intensive ones, resulted in a dip in collection efficiency across lenders.

5. OUTLOOK OF THE COMPANY

The two-wheeler market is forecast to grow by 13% Compounded Annual Growth Rate (CAGR) for FY 16-20. Demand will be primarily driven by lower ownership cost and shorter replacement cycle. Growth in finance segment is estimated at 20% CAGR. This will mean that the two-wheeler market to grow up by 7 million units in next 2-3 years and finance penetration will be up at ₹ 38000 crores by 2020. This will provide massive head room for the Company for growth. With an impressive performance during the FY 17, the Company is systematically moving towards encashing this opportunity.

New geographies, new products and digitization will be the way forward for the next few years for the Company. The footprint that the group companies have across the Country will be utilised to increase loan disbursements in the coming years. The Company has already established itself as one of the top financiers for two wheelers in the southern states and consolidating its position in parts of Goa, Maharashtra and Gujarat. We had started our activities in North Indian States and also forayed into East India through its launch in Kolkata during the FY 2016. Network expansion on penetration in present states in South and West and in the new and existing areas in North and East will help for better and improved performance in the FY 18.

Analytics driven credit and collection decision engines, digital customer acquisition strategy, low cost distribution capability, process and cost excellence, are some of the key market winning capabilities for NextGen NBFCs. The Company have already embarked into this digital transformation and believe this is the way forward. This will help the Company achieve good TAT (turnaround time) in the industry, avoid data loss, increase in productivity and high level of hygiene. The Company has been sourcing business through two wheeler dealers. The Company is looking for alternate Peer to peer lending platforms that enables complete operations from boarding to clearance of customer.

6. OPPORTUNITIES AND THREATS

The organised sector funding is expected to increase 6000 to 7000 crores per annum. This presents huge opportunity for the Company. 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.

Profitability of NBFCs is expected to remain under pressure for a while as having migrated to a minimum NPA recognition of 4 months overdue from 5 months overdue in the FY 2016 - 2017, the movement would need to be to 3 months overdue in next financial year. 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 at Rs. 74.15 crores (on a 4 month 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 declining 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, foot print, digitalisation initiatives 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 mainly of selected manufacturers available in the market. The 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, Uttarakand and Madhya Pradesh and the East Indian States of West Bengal, Orrisa 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 be 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.

9. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Our Company has adequate internal control systems in place to ensure accuracy, transparency and accountability in its operations. This system is concerned with:

- a) Ensuring compliance with accounting policies and procedures,
- b) Protecting the organization's assets, and
- c) Preparing reliable and timely financial reports.

A dedicated concurrent audit team functioning within the Company supported by an outsourced concurrent audit team confirms that the activities of the Company are in compliance with its policies and occurrences of deviations, if any, 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 in accordance with all the applicable statutes. Any internal control weaknesses, non-compliance with statutes and suggestions on improvements in existing practices are reported by the Internal Auditors.

The Audit Committee reviews the Internal Audit Report and the quarterly Compliance Report placed before the Committee 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 also reviewed by 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 AUM of the Company.

The Company had disbursed ₹ 1135 04 lakhs as vehicle loans during the financial year ended 31st March, 2017 as against ₹ 780 02 lakhs during the financial year ended 31st March, 2016. The total income was ₹ 284 20 lakhs for the year ended 31st March, 2017 as against ₹ 228 49 lakhs for the previous year. There has been growth in income from auto loan by 24.38%.

The total expenses for the year ended 31st March, 2017 consists of finance cost amounting to ₹ 103 95 lakhs followed by employee benefit expenses amounting to ₹ 53 15 lakhs, other expenses being ₹ 57 81 lakhs and depreciation and amortization expenses amounting to ₹ 99 lakhs.

Financial Snapshot	Year To Date (YTD) (₹ in lakhs)		% Growth	Reason for variance
	31 st March, 2017	31 st March, 2016		
Disbursement	1297 82	927 96	39.86	
AUM at the end of the period	1203 67	1038 79	15.87	
Average AUM (Including interest accrued)	1046 00	882 27	18.56	
Total Interest and Fee Income	284 20	228 49	24.38	
Finance Expenses	103 95	87 00	19.48	The finance expenses include interest cost, bank loan processing cost and brokerage on public deposits.
Net Interest Income (NII)	180 25	141 49	27.39	
Operating Expenses (Opex)	111 94	88 61	26.33	Employee costs increased by 14.19%. Also the shifting to collection agencies as a means to collect and also higher collection in absolute terms 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 see a growth.
Loan Loss & Provisions	22 12	17 43	26.91	This increase on account of the Company moving from a 5 month norm to a 4 month norm for recognising NPA as mandated by RBI and also on account of démonétisation impact.
Profit Before Tax	46 19	35 45	30.30	
Profit After Tax	30 09	22 85	31.68	

Ratios		
Total Opex to NII	62.1%	62.6%
Loan loss to average AUM	2.1%	1.98%
Return on average AUM	2.9%	2.59%
Earnings Per Share (in ₹)	24.13	18.32

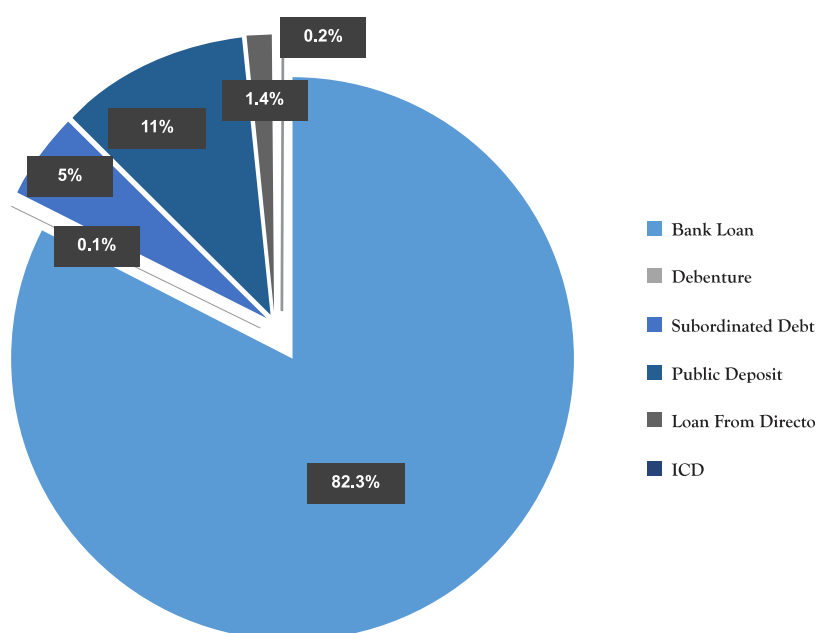
a) Capital Adequacy Ratio (CAR)

As on 31st March, 2017, the Company maintained a CAR of 16.98% 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%, where the CAR as on 31st March, 2016 was stood at 15.40%. Out of the 16.98% only 3.37 % 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.

b) Borrowing Profile

Particulars	31 st March, 2017		31 st March, 2016	
	Amount (₹ in lakhs)	% of Total	Amount (₹ in lakhs)	% of Total
Bank Loans	814 82	82.3	738 25	83.7
Debentures	1 23	0.1	2 90	0.3
Subordinated Debts	49 68	5.0	16 33	1.9
Public Deposits	108 79	11.0	109 57	12.4
Loan From Directors	13 64	1.4	13 64	1.5
Inter Corporate Deposits (ICD)	1 53	0.2	1 41	0.2
Total	989 69	100.0	882 10	100.0

BORROWING PROFILE

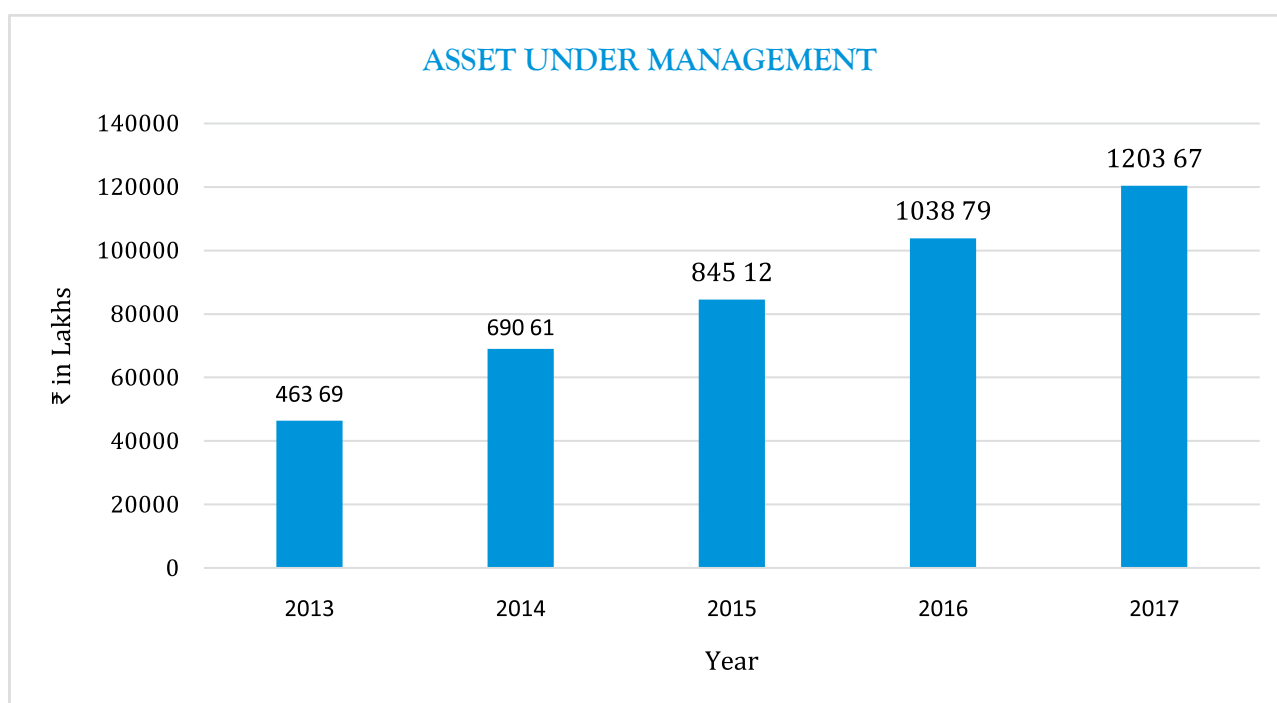


The Company's total external borrowings increased from ₹ 882 10 lakhs as of 31st March, 2016 to ₹ 989 69 lakhs as of 31st March, 2017.

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 2016, continued its downward trend in the whole of the current year as well. From an overall cost of borrowing of 10.89% in the last quarter of financial year 2016 the Company was able to bring down the cost to 10.50% 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.

c) Asset Under Management (AUM)

The total AUM as on 31st March, 2017 stood at ₹ 1203 67 lakhs (total loan assets including managed portfolio is ₹ 1439 70 lakhs) against ₹ 1038 79 lakhs as on 31st March, 2016. 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 without losing its momentum, in the forthcoming years also.

As part of the expansion plans, the Company is looking more opportunities to spread its operation to the other states with the aim of becoming the top two wheeler financier in the country. Today, the Company has its presence in 15 States.

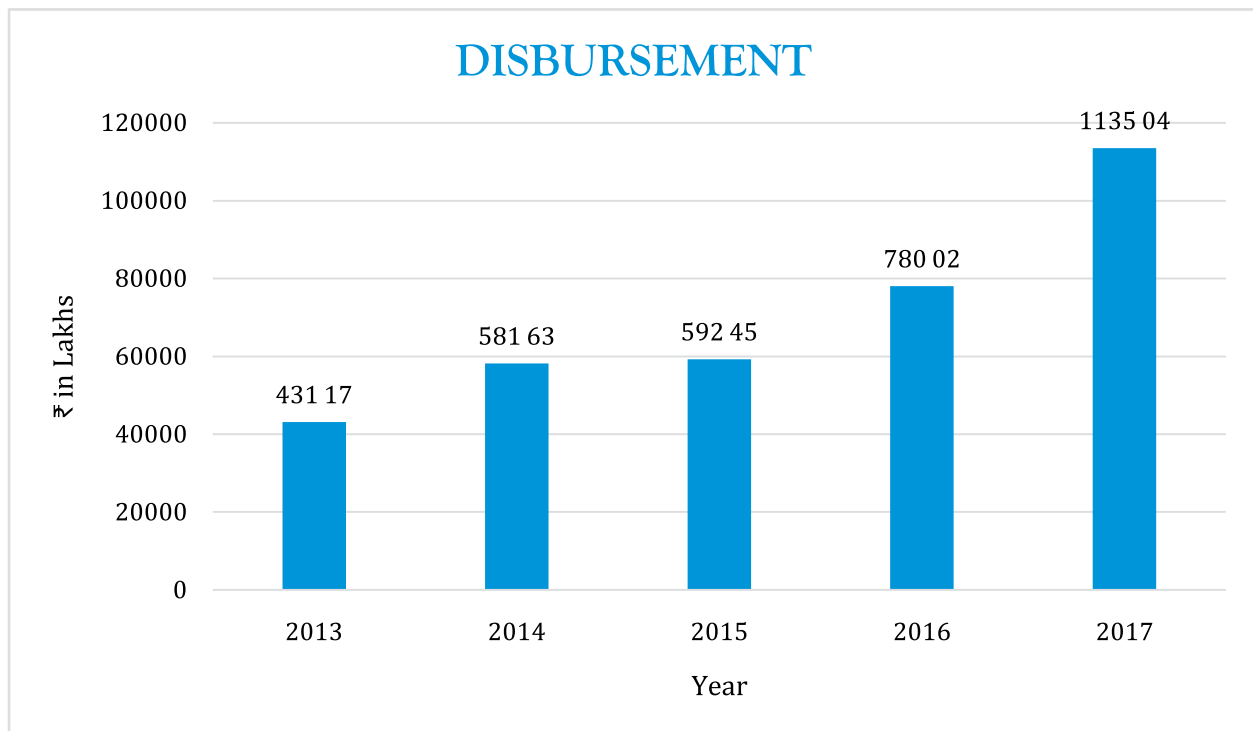
(₹ in Lakhs)

Zone	No. of Active Clients	Regular (₹)	NPA (₹)	% of NPA
South India	3 73 285	1034 21	65 36	6
Western India	27 295	62 97	8 63	12
North India	14 596	51 79	14	-
East India	4 444	18 42	2	-
Total	4 19 620	1167 39	74 15	6

The Company was able to achieve a good growth in its loan portfolio by 38.59% (including managed portfolio) at the end of the year compared to the end of 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 and are currently looking at getting into new products. 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 through 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.

Since inception till March, 2017, the Company has disbursed close to 8,00,000 loans, the majority of which has been in the last 3 - 4 years. The disbursements over the last 5 years is given in the chart below:



d) 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.

e) 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.

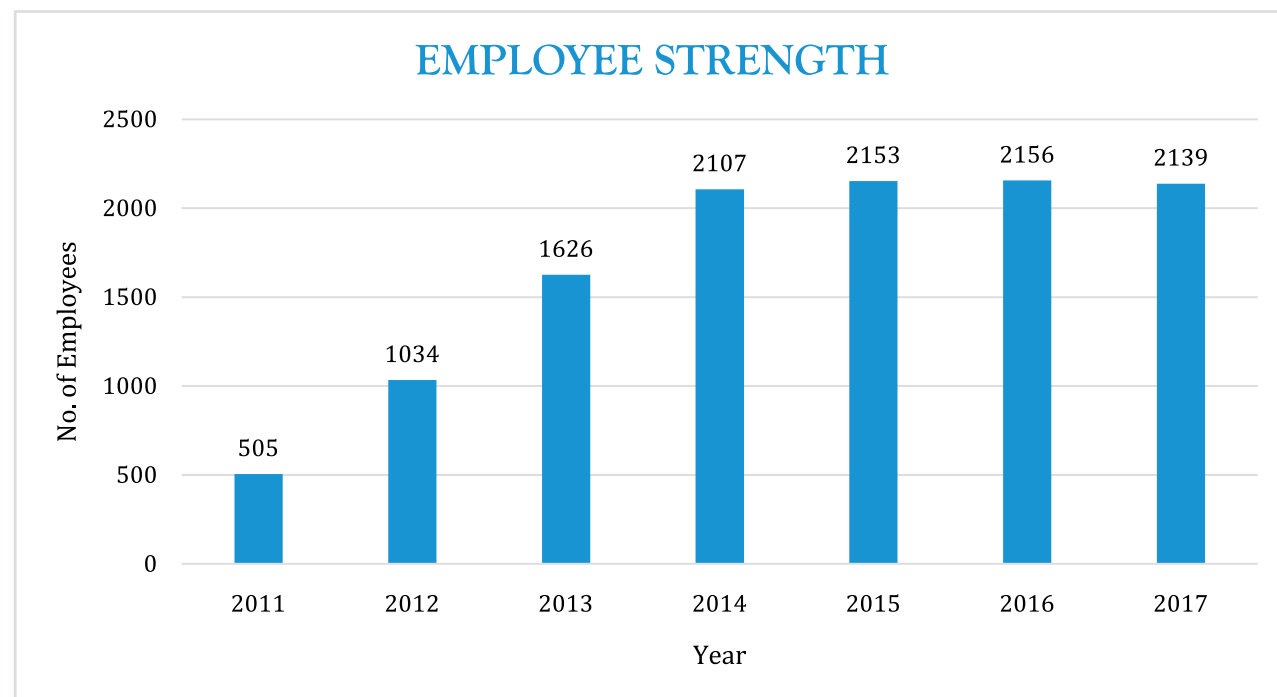
Particulars	March, 2017		March, 2016	
Daily Average Loan Book Size (₹ in Lakhs)	1046 00		882 27	
	Amount (₹ in lakhs)	%	Amount (₹ in lakhs)	%
Income from Operations	284 20	27.17	228 49	25.90
Direct expense (including interest, brokerage, dealer/ MFL incentive, field investigation charges)	128 97	12.33	105 01	11.9
Gross Spread	155 23	14.84	123 48	14.00
Personnel Expenses	53 15	5.08	46 70	5.29
Opex (including depreciation etc.)	33 77	3.23	23 90	2.71
Total Expenses	86 92	8.31	70 60	8.00
Pre Provision Profits	68 31	6.53	52 88	5.99
Loan Loss and provisions	22 12	2.11	17 43	1.97
Net Spread	46 19	4.41	35 45	4.02

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

11. MATERIAL DEVELOPEMENTS IN HUMAN RESOURCES

The Company being in the growth trajectory requires more manpower to carry on with its operations. The Company has always considered its employees as backbone of the Company and is aimed at providing employee satisfaction, enabling them to deliver better results year over year. From a total of 505 as on March, 2011, the Company has a total strength of 2139 as on 31st March, 2017.

The growth in the employee numbers can be seen in the chart below:



The Company provides a reasonable salary structure and attractive incentives to retain talent and help the employee 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.

The 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 describes the Company's objectives and projections which may be forward looking statement within the meaning of applicable laws and regulations and should be read in conjunction with the financial statements included herein and the notes thereto. Important developments that could affect the Company's operations include a downtrend in the industry - global or domestic or both, significant changes in the political and economic environment in India or abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other factors. The actual result might differ materially from those expressed or implied. The Company is not under any obligation to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

Kochi
18th April, 2017

For and on behalf of the Board of Directors
Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

REPORT ON CORPORATE GOVERNANCE



Corporate Governance broadly refers to the mechanisms, processes and relations by which the corporations are controlled and directed. Corporate Governance essentially involves balancing the interests of a Company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since Corporate Governance provides the framework for attaining a Company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

This Corporate Governance Report is pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, and contains the details of Corporate Governance systems and practices at Muthoot Capital Services Limited (MCSL).

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance refers specifically to the set of rules, controls, policies and resolutions put in place to dictate corporate behaviour. MCSL, as an ethically driven business entity, is committed to values and conduct that are aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and thereby mitigating the conflicts of interests between various stakeholders of the Company. Thus, the important theme of Corporate Governance at MCSL is the nature and extent of corporate accountability.

The Company's Corporate Governance philosophy stems from our belief that for stakeholders, it is not enough that a Company to merely be profitable; it also needs to demonstrate good corporate citizenship through environmental awareness, ethical behaviour and sound corporate governance practices.

MCSL recognises that the Board of Directors is the primary direct stakeholder influencing Corporate Governance. It's a pre-requisite for strong and effective Corporate Governance. Hence our Board and Committees thereof are formed as per the requirement of Companies Act, 2013, and SEBI (LODR) Regulations, 2015, which oversees how the Management serves and protects the long-term interests of all our stakeholders. Thus, the Board of Directors plays a pivotal role in Corporate Governance and it can have major ramifications for equity valuation.

The Board of Directors of the Company are pleased to present the Corporate Governance Report for the year ended 31st March, 2017.

2. BOARD OF DIRECTORS

a. Composition and Category

The Board consists of six Directors, all having expertise in financial services sector. As prescribed in the Regulation 17 of the SEBI (LODR) Regulations, 2015, the Board has an optimum combination of executive and non-executive directors with three Independent Directors. Independent Directors are considered helpful for good governance, because they dilute the concentration of power and helps to align shareholder interest with those of the insiders.

As per Section 149 (1) of the Companies Act, 2013, and Regulation 17 (1) (a) of the SEBI (LODR) Regulations, 2015, Ms. Radha Unni is appointed to the Board as a Woman Director.

The composition and category of Directors on the Board of the Company for the FY 2016 - 2017 were as under:

Category	Name of Directors	DIN	Shareholding as on 31.03.2017	Nature of Relationship
Promoter & Executive Director	Mr. Thomas George Muthoot, Managing Director	00011552	2846555	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot are brothers.
Promoter, Non-Executive & Non - Independent Directors	Mr. Thomas John Muthoot, Chairman	00011618	2850995	
	Mr. Thomas Muthoot	00082099	2796931	
Non - Executive Independent Directors	Mr. A.P Kurian	00008022	Nil	Not related to any Directors
	Mr. R.K. Nair	00631889	Nil	
	Ms. Radha Unni	03242769	Nil	

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 20th Annual General Meeting held on 03rd September, 2014. The term of such appointment is for a period five years.

The terms and conditions of appointment of Independent Directors are disclosed in the website of the Company in the following link:

<http://muthootcap.com/mcs/wp-content/uploads/t-c-directors-1.pdf>

c. Meeting of Independent Directors

As per the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, the Independent Directors of the Company shall meet at least once in a year without the presence of Non - Independent Directors and members of the management. Such meetings are conducted informally to review the performance of the Company, Executive Directors and Non-Executive Directors.

The Independent Directors of the Company met without the presence of the Non - Independent Directors and members of the management, on 13th February, 2017. 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, timelines 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 (LODR) Regulations, 2015, the Company shall familiarise the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. The company shall provide necessary documents, brochures, reports and internal policies to enable them to familiarise with the Company.

During the FY 2016 - 2017, the Company imparted an awareness programme on “Board Evaluation” to its Independent Directors. The details of such programmes is hosted on the website of the Company in the following link:

<http://muthootcap.com/wp-content/uploads/Details-of-Familiarisation-Refresher-Programme-1.pdf>

e. Code of Conduct for Directors and Senior Management Personnel

Pursuant to Regulation 17 (5) of SEBI (LODR) Regulations, 2015, the Company has in place a Code of Conduct for Directors and Senior Management. The Code is intended to focus 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. Each Director and Senior Management Personnel must comply with the letter and spirit of this Code.

Based on the confirmation certificate received from the Members of the Board and Senior Management Personnel under Regulation 26 (3) of SEBI (LODR) Regulations, 2015, a confirmation certificate by the Managing Director confirming the adherence to the Code of Conduct is annexed herewith as **Annexure 1**.

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

<http://muthootcap.com/code-of-conduct-for-directors/>

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 Securities and Exchange Board of India (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 hosted on the website of the Company and can be accessed at:

<http://muthootcap.com/wp-content/uploads/codeofconductinsidertraining-muthootcap.pdf>

g. Board Meetings

Five Board Meetings were held during the FY 2016 - 2017 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.

Dates of Meetings				
19.04.2016	06.06.2016	14.07.2016	24.10.2016	18.01.2017

h. Attendance and other relevant details of each Director

Attendance at the Board Meetings held during the FY 2016 - 2017 & last Annual General Meeting (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 2016 - 2017		Whether attended last AGM	Sitting fees ¹ paid during FY 2016 - 2017	No. of Directorships in other Public Limited Companies		No. of Committee positions in other Public Limited Companies ²	
	Held	Attended			Chairman	Member	Chairman	Member
Mr. Thomas John Muthoot	5	5	Yes	Nil	1	4	-	1
Mr. Thomas George Muthoot	5	5	Yes	Nil	-	5	1	1
Mr. Thomas Muthoot	5	5	Yes	Nil	-	4	-	-
Mr. A. P. Kurian	5	4	Yes	60 000	-	3	-	3
Mr. R. K Nair	5	4	No	60 000	-	2	2	-
Ms. Radha Unni	5	5	Yes	75 000	-	4	1	2

¹The Independent Directors were paid sitting fee of ₹15 000/- per Board Meeting.

²For the calculation of No. of Committee positions in other Public Limited Companies, we have considered Audit Committee and Stakeholders Relationship Committee only.

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 (LODR) Regulations, 2015, a certificate from the Managing Director confirming the compliance of the above provisions is annexed herewith as **Annexure 2**.

3. AUDIT COMMITTEE

An Audit Committee is a key element in the Corporate Governance practices of any organization. The Audit Committee being a sub-committee of the Board, is enshrined with the responsibility of monitoring the process

supporting responsible financial disclosure to ensure better corporate governance. Pursuant to Section 177 of the Companies Act, 2013, Rule 6 & 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI (LODR) Regulations, 2015, the Company has an Audit Committee, the details of which is given below:

a. Composition and attendance

The Audit Committee of the Company, as on 31st March, 2017, consists of four Non - Executive Directors of which three are Non - Executive Independent Directors. All the Members of the Committee are the persons with ability to read and understand, the financial statement. The Audit Committee met four times during the FY 2016 - 2017 at the following dates:

Date of Meetings			
19.04.2016	14.07.2016	24.10.2016	18.01.2017

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

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

b. Terms of reference

The terms of reference of Audit Committee of the Company are as under:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
 - (i) Matters required to be included in Directors Responsibility Statement to be included in Board's Report in terms of Section 134 (3) (c) of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgement by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions; and
 - (vii) Modified opinion(s) in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Reviewing and monitoring the auditor's independence and performance effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the Company with related parties;
- i) Scrutiny of inter corporate loans and investments;

- j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non - payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of Chief Finance Officer after assessing the qualifications, experience and background, etc. of the candidate; and
- t) 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

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

a. Composition and attendance

The NRC of the Company, as on 31st March, 2017, consists of three Non - Executive Independent Directors. The Committee met thrice during the FY 2016 - 2017 at the following dates:

Date of Meetings		
19.04.2016	18.01.2017	13.02.2017

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

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

b. Terms of reference

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

- (i) 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;
- (ii) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

- (iii) Devising a policy on diversity of Board of Directors;
- (iv) 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
- (v) 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 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.

As per the Policy, the Board while evaluating the performance of NEDs and IDs shall take into consideration the following criteria:

- (i) Understanding and knowledge of the market in which the Company is operating.
- (ii) Ability to appreciate the working of the Company and the challenges it faces.
- (iii) Attendance of meeting.
- (iv) Extend of participation and involvement in the meetings.
- (v) 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.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee (SRC) is a Committee to specifically redress the grievances of shareholders, debenture holders and other stakeholders. SRC is formed to resolve grievances of the stakeholders of the Company including complaints related to the unnecessary delay in transfer of shares, non-receipt of balance sheet, non- receipt of declared dividends, etc.

a. Composition and attendance

As on 31st March, 2017, the Stakeholders Relationship Committee of the Company consists of three Directors. The Committee has met four times during the FY 2016 - 2017 at the following dates:

Date of Meetings			
19.04.2016	14.07.2016	24.10.2016	18.01.2017

The composition of the SRC 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	4
Mr. Thomas John Muthoot	Member	4	4
Mr. Thomas George Muthoot	Member	4	4

b. Terms of reference

The terms of reference of SRC is in accordance with Section 178 (6) of the Companies Act, 2013 and Regulation 20 read with Para B of Part D of Schedule II of the SEBI (LODR) Regulations, 2015, which is as under:

- (i) To look into redressing shareholders/investors complaints like unnecessary delay in transfer of shares, non-receipt of balance sheets, and non-receipt of declared dividends etc.;

- (ii) To take on record the transfer/transmission of shares and deletion of name; and
- (iii) Complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc. and the responses thereto are to be reviewed by the Committee.

The Company has a designated email id investorgrievance@muthootcap.com and 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 grievances/complaints on a timely manner.

The Compliance Officer of the Company 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 (LODR) Regulations, 2015, the status of investor complaints received and redressed during the FY 2016 - 2017 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 01.04.2016)	Nil
2.	Number of Investor complaints received during the year (01.04.2016 - 31.03.2017)	Nil
3.	Number of Investor complaints redressed during year (01.04.2016 - 31.03.2017)	Nil
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e. as on 31.03.2017)	Nil

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility (CSR) Committee is a form of corporate self-regulation integrated into business model. The CSR Committee is constituted by the Board of Directors of the Company to promote a culture that emphasizes and sets high standards for social responsibility of the Company and reviews corporate performance against those standards. Section 135 of the Companies Act, 2013 casts the duty of formulation of CSR Policy upon the CSR Committee.

a. Composition and attendance

The CSR Committee of the Company, as on 31st March, 2017, 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 hosted on the website of the Company and can be accessed at the following link:

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

The Committee met four times during the FY 2016 - 2017 at the following dates:

Date of Meetings			
19.04.2016	14.07.2016	24.10.2016	18.01.2017

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

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

b. Terms of reference

The terms of reference of the CSR Committee is in accordance with Section 135 (3) of the Companies Act, 2013 and is 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.

7. RISK MANAGEMENT COMMITTEE

As per NBFCs - Corporate Governance (Reserve Bank) Directions, an NBFC is required to constitute a Risk Management Committee (RMC) to manage the integrated risk. The Company has a RMC and a Policy to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The details of the RMC are as under:

a. Composition and attendance

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

The Committee met twice during the FY 2016 - 2017 at the following dates:

Date of Meetings	
14.07.2016	24.10.2016

The composition of the RMC and attendance of the members at the meetings are as follows:

Name of the Members	Position	No. of Meetings	
		Held	Attended
Mr. Thomas George Muthoot	Chairman	2	2
Mr. Thomas Muthoot	Member	2	2
Mr. R.K. Nair	Member	2	2
Mr. R. Manomohan ¹	Member	2	2
Mr. Madhu Alexiouse ²	Member	-	-
Mr. Vinodkumar M. Panicker	Member	2	2

¹Upto 28.02.2017

²From 18.04.2017

b. Terms of reference

The terms of reference of the RMC are as follows:

- Oversee the development, implementation and maintenance of the Company's overall risk management

framework and its appetite, strategy, principles and policies, to ensure they are in line with emerging regulatory, corporate governance and industry best practice;

- b) Oversee the Company's risk exposures, risk/return and proposed improvements to the Group's risk management framework and its risk appetite, strategy, principles, policies and standards;
- c) Provide formal sign-off for the board risk report and other risk related sections within the annual reports & accounts;
- d) Facilitate effective contribution and involvement of non-executives and aid their understanding of risk issues and the Company's risk management framework;
- e) Provide input to the Remuneration Committee on the alignment of remuneration to risk performance;
- f) 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;
- g) 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;
- h)
 - i) Review the appointment, resignation or dismissal of the CRO and make appropriate recommendation to the Board;
 - ii) Review and discuss with the CRO the scope of work of the Company's Risk Division, its plans, the issues identified as a result of its work, how management is addressing these issues and the effectiveness of systems of risk management;
 - iii) Review the adequacy of the Company's Risk Division's resources, and its authority and standing within the company; and
 - iv) Review co-ordination between the Company's Risk Division and the external auditors;
 - v) Periodically review and update its own terms of reference to reflect best practice, requesting Board approval for all proposed changes and, at appropriate intervals, evaluate its own performance against the terms of reference; and
- i) Review periodically the report of Asset Liability Management Committee (ALCO) and to suggest on improvements, actions to be taken.

8. ASSET LIABILITY MANAGEMENT COMMITTEE

NBFCs with Public Deposit of ₹ 20 crores and above or having an asset size of ₹ 100 crores or above shall constitute an Asset Liability Management Committee (ALCO) to monitor the asset liability gap and strategize action to mitigate the risk associated.

a. Composition and attendance

The ALCO of the Company is entrusted with the task of reviewing the asset liability mismatches and to report to the Board with respect thereto.

The Committee met thrice during the FY 2016 - 2017 at the following dates:

Date of Meetings		
31.05.2016	24.08.2016	19.12.2016

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

Name of the Members	Position	No. of Meetings	
		Held	Attended
Mr. R. Manomohan ¹	Chairman	3	3
Mr. Madhu Alexiouse ²	Chairman	-	-
Mr. R. Balakrishnan	Member	3	3

Mr. Vinodkumar M. Panicker	Member	3	3
Mr. Syam Kumar R.	Member	3	3
Mr. Vijayan T.	Member	3	3
Ms. Febin Meera Zachariah ³	Member	3	1
Ms. Priya A. Menon ²	Member	-	-

¹Upto 28.02.2017 ²From 18.04.2017 ³Upto 18.04.2017

b. Terms of reference

The terms of reference of the Committee are as follows:

- 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;
- Review the periodical returns submitted to RBI every year;
- Review the credit facilities sanctioned considering the overall risks faced by the Company, and to suggest the actions to be taken;
- Monitor and review the cost of funds and the net interest margin;
- 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 issues that the Board may desire to have them reviewed by the ALCO; and
- Regularly review and make recommendations about changes to the Charter of the Committee.

9. RESOURCE MOBILISATION COMMITTEE (PREVIOUSLY KNOWN AS BANK FINANCE COMMITTEE)

a. Composition and attendance

The Company has a Resource Mobilisation Committee (RSMC) (previously known as Bank Finance Committee and renamed at the meeting of Board of Directors held on 18th January, 2017) to exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith.

The Committee met 15 times during the FY 2016 - 2017 at the following dates:

Date of Meetings				
08.06.2016	30.06.2016	26.07.2016	25.08.2016	31.08.2016
22.09.2016	14.10.2016	27.10.2016	07.11.2016	24.12.2016
28.01.2017	01.02.2017	13.02.2017	03.03.2017	23.03.2017

The composition of the RSMP and attendance of the members at the meetings are as follows:

Name of the Members	Position	No. of Meetings	
		Held	Attended
Mr. Thomas George Muthoot	Chairman	15	15
Mr. Thomas Muthoot	Member	15	15

b. Terms of reference

The terms of reference of the Committee are 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, cash management and arrangements with other financial institutions;
- Borrow monies from banks/financial institutions by way of short term/long term loans, cash credit arrangements,

overdraft facility, Commercial Papers (CP) and/or by way of other instruments (other than Debentures), securitization/assignment of receivables and exercise all powers for taking necessary actions connected therewith, upto a limit of ₹ 1700.00 crores outstanding at any point of time with a sub limit of ₹ 300 crores for providing guarantees/letters of comfort etc..

- d) Opening and closing of accounts with Banks, change in Authorised signatories and perform such other actions connected with the Bank accounts of the Company;
- e) Carry out any other functions as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;
- f) Other transactions or financial issues that the Board may desire to have them reviewed by the Committee;
- g) Regularly review and make recommendations about the changes to the Charter of the Committee.

10. 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 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 (LODR) Regulations, 2015 and discloses the same to the Stock Exchanges in which the shares of the Company are listed.

Generally, the Committee meets thrice in a month. The Composition of the Committee and attendance of the Members at the Committee meetings during the FY 2016 - 2017 are as follows:

Name of the Members	Position	No. of Meetings	
		Held	Attended
Mr. Thomas George Muthoot	Chairman	35	35
Mr. Thomas Muthoot	Member	35	35
Mr. R. Manomohanam ¹	Member	35	30
Mr. Madhu Aloxiouse ²	Member	-	-

¹Upto 28.02.2017

²From 18.04.2017

11. REMUNERATION OF DIRECTORS

No pecuniary relationship exist between Independent Directors and the Company, other than the payment of sitting fee of ₹15 000/- per Board meeting during the year. The Independent Directors of the Company 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 2016 - 2017 is as follows:

	(₹ in lakhs)
Gross Salary	174.00
Perquisites	0.41
Employer contribution to provident fund	10.44

The Company has not paid any remuneration to the Non - Executive, Non - Independent Directors during the FY 2016 - 2017.

12. WHISTLE BLOWER POLICY/VIGIL MECHANISM

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.

The Company encourages staff and volunteers to come forward with credible information on illegal practices or

violations of adopted policies of the Company and specifies that the Company will protect the individual from retaliation.

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 (LODR) 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.

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

<http://muthootcap.com/wp-content/uploads/Whistle-Blower-Policy.pdf>

13. GENERAL MEETINGS

a) Details of General Meetings

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

FY ended	Date	Time	Venue
31.03.2016	06.06.2016	10.00 a.m.	The International Hotel, Kochi
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

Special Resolutions passed at the last three AGM:

Sl. No.	Date of AGM	Special Resolution
1	06.06.2016	(a) Approval of re-appointment of Mr. Thomas George Muthoot (DIN: 00011552) as Managing Director and fixation remuneration terms.
2	21.08.2015	(a) Approval of increase in borrowing powers of the Company pursuant to Section 180 (1) (c) of the Companies Act, 2013
3	03.09.2014	(a) Appointment of three Independent Directors, pursuant to Section 149, 150 and 152 of the Companies Act, 2013. (b) Regularisation of the borrowing powers of the Board, pursuant to Section 180 (1) (c) of the Companies Act, 2013. (c) Approval of Related Party Transactions under Section 188 of the Companies Act, 2013.

14. CEO/CFO CERTIFICATION

Pursuant to Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, Mr. Thomas George Muthoot, Managing Director (MD) and Mr. Vinodkumar M. Panicker, Chief Finance Officer had provided CEO/CFO Certificate for the quarter and year ended 31st March, 2017.

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

15. QUARTERLY COMPLIANCE REPORT

A comprehensive report on the status of compliance with all the applicable corporate laws, rules and regulations by the Company is placed before the Board on a quarterly basis for their information and review. The Company believes that the rules and regulations are measures that increase the involvement of the shareholders in decision making and introduce transparency in Corporate Governance, which ultimately safeguards the interest of the society and Stakeholders.

16. DISCLOSURES

- There were no materially significant Related Party Transactions having potential conflict with the interests of the Company at large.

- b) The Company has complied with the all the applicable provisions of Companies Act, 2013, RBI Act, 1934, SEBI (LODR) Regulations, 2015 and all other applicable Acts/provisions.
- c) 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
- c) The Company issues press releases after quarterly and annual financial results were announced.

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

SCORES (SEBI Complaints and Redressal System) is a centralized web based grievance redressal system launched by SEBI (<http://scores.gov.in>). SCORES provide a platform for aggrieved investors, whose grievances, pertaining to securities market, remain unresolved by the concerned listed company or registered intermediary after a direct approach. 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 2016 - 2017, transferred an amount of ₹ 2 99 404/- to Investor Education and Protection Fund (IEPF), being unclaimed dividend for the year 2008 - 2009. Since the amount has been transferred to IEPF, no claim for unclaimed dividends for the year 2008 - 2009 shall lie against the Company. However, as per the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shareholder may claim the same from the Authority by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in

Based on the notification dated 05th September, 2016 and 28th February, 2017 issued by the Ministry Corporate Affairs, the Company is required to transfer the shares of the shareholders whose dividends remained unclaimed for a consecutive period of seven years to the Demat of IEPF Authority. In compliance with the above notifications, the due date for transfer of such shares is 31st May, 2017.

The concerned shareholders are requested to make their claims to the Company or Registrar and Share Transfer Agents Immediately.

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 (LODR) Regulations, 2015, is annexed herewith as **Annexure 4**.

21. GENERAL SHAREHOLDER INFORMATION

a. 23rd Annual General Meeting:

Date	Time	Venue
06.06.2017	10.30 AM	The International Hotel, Kochi

b. Financial Year: 1st April, 2016 to 31st March, 2017.

c. Dividend Details: Nil

d. Listing Details:

The Company's shares are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 on 24th April, 1995 and National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 on 24th August, 2015. The details of stock codes are given below:

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

The Company has paid the annual listing fees (as applicable) to both the Stock Exchanges upto the FY 2017 - 2018.

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.

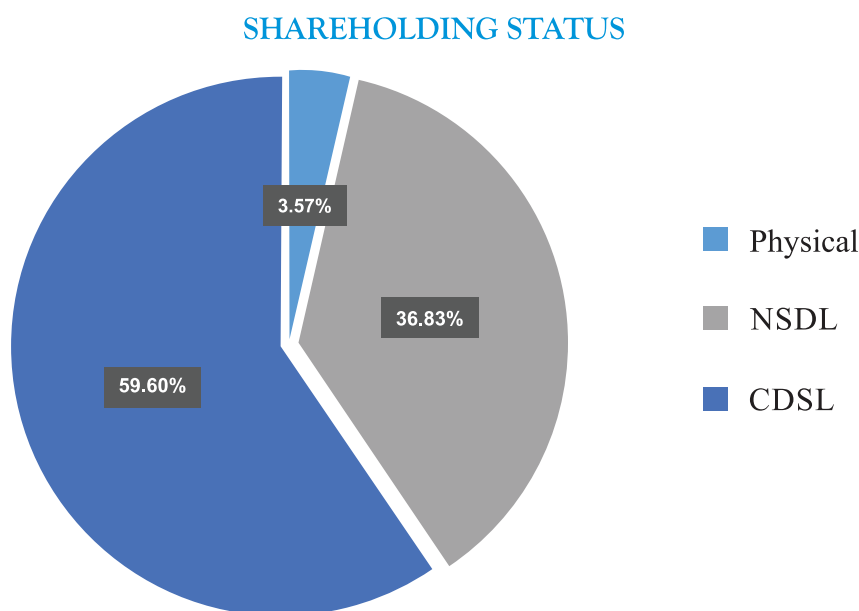
Corporate Identity Number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L67120KL1994PLC007726.

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 its equity shares for scrip-less trading. 96.43% of shares of the Company were held in dematerialized form as on 31st March, 2017.

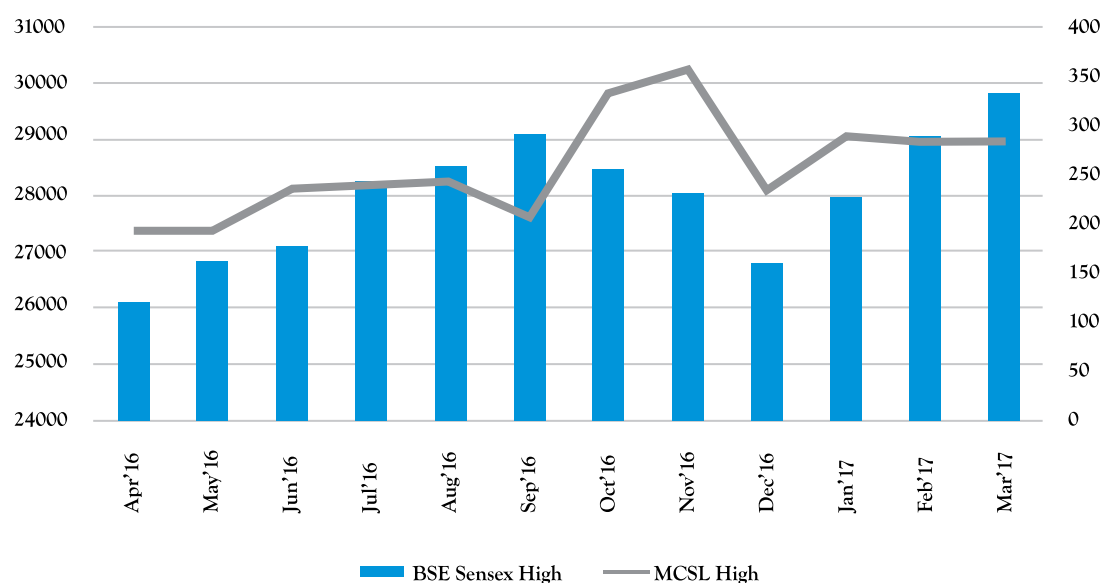


Shareholding Status as on 31st March, 2017

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	2016	193.4	148.5	26100.54
May	2016	191.9	165.3	26837.2
June	2016	235	170.65	27105.41
July	2016	240	194.45	28240.2
August	2016	243.95	195	28532.25
September	2016	205.85	171	29077.28
October	2016	333	178	28477.65
November	2016	354	202.45	28029.8
December	2016	234.75	195.3	26803.76
January	2017	288.6	211	27980.39
February	2017	282.75	244	29065.31
March	2017	284.75	272	29824.62

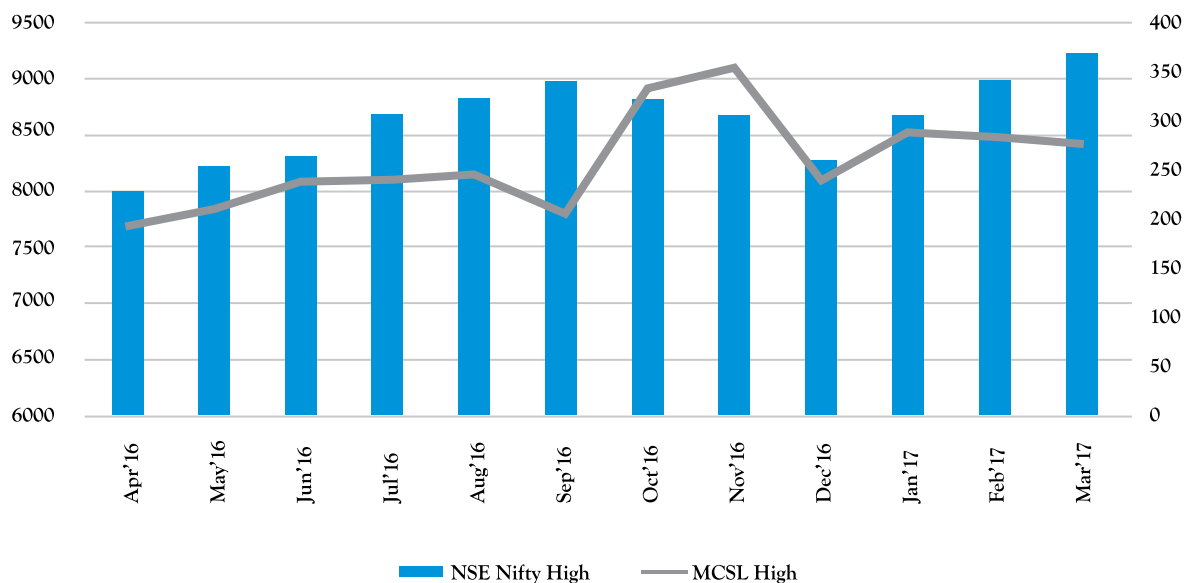
SHARE PRICE PERFORMANCE OF MCSL IN COMPARISON WITH BSE SENSEX



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

Month	Year	MCSL share price in NSE		NSE Nifty
		High	Low	
April	2016	192.8	142.8	7992
May	2016	209.65	156.2	8213.6
June	2016	238.1	170	8308.15
July	2016	239.35	190.2	8674.7
August	2016	245	195.6	8819.2
September	2016	205	168.35	8968.7
October	2016	333	174.85	8806.95
November	2016	353.9	197.55	8669.6
December	2016	238.15	193	8274.95
January	2017	290.9	210.15	8672.7
February	2017	284.8	246	8982.15
March	2017	277.45	257.05	9218.4

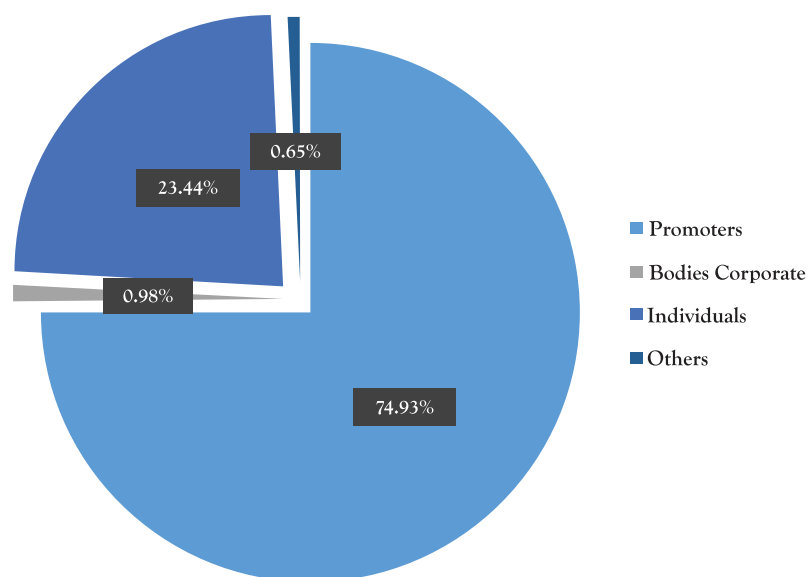
SHARE PRICE PERFORMANCE OF MCSL IN COMPARISON WITH NSE NIFTY



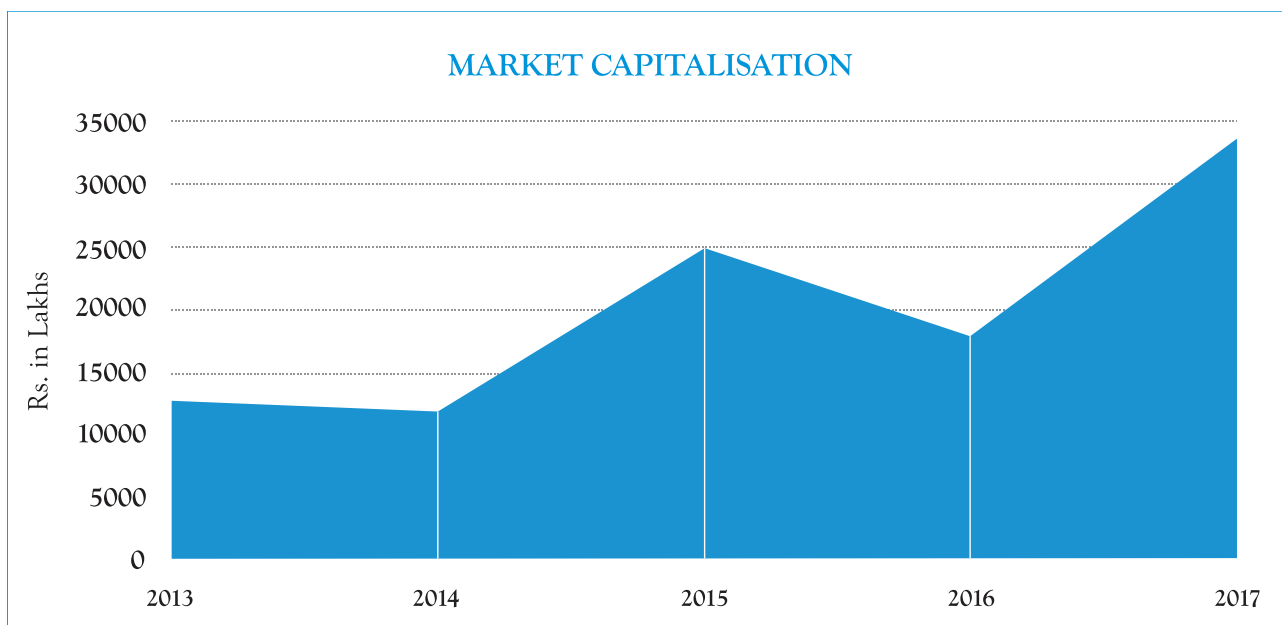
i. Distribution of Shareholding as on 31st March, 2017

Sl. No.	Category	Holders	% of Holding	Shares	% of Shares
1	Upto 100	5026	69.67	353476	2.83
2	101 - 500	1625	22.53	414777	3.33
3	501 - 600	83	1.15	48196	0.39
4	601 - 700	41	0.57	27623	0.22
5	701 - 800	40	0.55	31189	0.25
6	801 - 900	28	0.39	24352	0.19
7	901 - 1000	57	0.79	56808	0.46
8	1001 - 2000	127	1.76	191182	1.53
9	2001 - 5000	93	1.29	298405	2.39
10	5001 - 10000	42	0.58	298334	2.39
11	10001 - 20000	20	0.28	299979	2.41
12	20001 - 30000	6	0.08	141863	1.14
13	30001 - 40000	3	0.04	109782	0.88
14	40001 - 50000	10	0.14	474093	3.80
15	50001 - 100000	7	0.10	443339	3.55
16	Above 100000	6	0.08	9259177	74.24
Total		7214	100.00	12472575	100.00

PERCENTAGE OF SHAREHOLDING



j. Market Capitalisation



For any assistance regarding transfer and transmission of shares, change of registered address, non - receipt of any declared dividend or balance sheet, issue of duplicate share certificate or any other query relating to shares, the investors may contact:

**a) Integrated Registry Management Services Private Limited
(Formerly known as 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

b) Mr. Syam Kumar R.

Company Secretary & Head-Governance,

Muthoot Capital Services Limited,

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

Ph: 0484 - 6619604/689

Fax: 0484 - 2381261

Email: 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 - 6619603

Fax: 0484 - 2381261

Email: vinod.panicker@muthootcap.com

ANNEXURE 1

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

To,

The members of Muthoot Capital Services Limited

I confirm that the Company has received from the members of the Board and Senior Management team of the Company, declarations of compliance with the Code of Conduct as applicable to them during the financial year ended 31st March, 2017.

Kochi
18th April, 2017

Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

ANNEXURE 2

CONFIRMATION CERTIFICATE

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 31st March, 2017.

Kochi
18th April, 2017

Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

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

We hereby certify that for the quarter and financial year ending 31st March, 2017, 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.

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.

- (iv) 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
18th April, 2017

Sd/-
Thomas George Muthoot
Managing Director

Sd/-
Vinodkumar M. Panicker
Chief Finance Officer

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 31st March 2017, as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K.VENKATACHALAM AIYER & Co**
Chartered Accountants
Firm Regn No: 004610S

Sd/-
CA A. GOPALAKRISHNAN
Partner
Membership No.18159

Place: Kochi
Date : April 18, 2017

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, 2017, the Statement of Profit and Loss and 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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, issued by the Institute of Chartered Accountants of India, as 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. 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, 2017, 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"), 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, Statement of Profit and Loss and 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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) Amendment Rules, 2017, 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.
 - iv. The Company has provided requisite disclosures of the direct receipts and payments, in cash, made by the Company, in the financial statements, as to holdings as well as dealings in Specified Bank Notes, during the period from 8th November, 2016 to 30th December, 2016. However with regard to the Collection amounts remitted in the Company's bank account by customers/borrowers/collection agencies/ company executives in cash, the particulars regarding the remittance, if any, made in specified bank notes were not furnished by the bank. Hence the Company is not able to furnish the relevant particulars of such deposits if any made through Specified Bank Notes - Refer Note 9 to the financial statements.

For K. VENKATACHALAM AIYER & Co

Chartered Accountants

FRN: 004610S

Sd/-

CA A. GOPALAKRISHNAN

Partner

Membership No. 18159

Place: Kochi

Date: April 18, 2017

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;

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 and the physical fixed assets have been noticed.
 - (c) The Company does not have any immovable property and hence the requirement of furnishing the particulars as per clause 3 (1) (c) of the order is not applicable.
2. Except for the repossessed assets from borrowers and stock of stationery, the Company does not have any other stock of inventory. These Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. In our opinion and according to the information and explanations given to us, material discrepancies were not noticed on such physical verification.
3. The Company has granted two secured loans to two companies and unsecured loans to a partnership firm covered in the Register maintained under section 189 of the Act in respect of which;
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
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. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in relation to any matter connected with the Company.
6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Companies Act for the services rendered by the Company.
 - (a) According to the 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, 2017 for a period of more than six months from the date on which they become payable.
 - (b) According to the information and explanation given to us, there are no material dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess which have not been deposited as on 31st March 2017 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
Total				1 87

7. 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 against matured debentures amounting to ₹ 7 49 thousand outstanding as on March 31, 2017 and the management has confirmed that they could not pay the same since claims were not received from the debenture holders.

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 utilized the debt instruments and term loans for the purpose for which they were actually obtained.
9. We have been informed that during the audit period there were no frauds.
10. 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, 2013.
11. The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
13. 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.
14. 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.
15. 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

Sd/-

CA A. GOPALAKRISHNAN

Partner

Membership No. 18159

Place: Kochi

Date: April 18, 2017

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, 2017 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 the 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 was 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 is 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, 2017, 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

Sd/-

CA A. GOPALAKRISHNAN

Partner

Membership No. 18159

Place: Kochi

Date: April 18, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(₹. in '000)

Particulars	Note	As At	
		31-Mar-17	31-Mar-16
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2.1	12 47 26	12 47 26
Reserves and Surplus	2.2	165 51 24	135 42 07
		177 98 50	147 89 33
Non-Current Liabilities			
Long-Term Borrowings	2.3	54 71 11	28 81 91
Other Long Term Liabilities	2.4	1 71 38	83 40
		56 42 49	29 65 31
Current Liabilities			
Short-Term Borrowings	2.5	815 90 30	732 97 98
Other Current Liabilities	2.6	205 07 84	149 04 56
Short-Term Provisions	2.7	22 79 77	12 53 55
		1043 77 91	894 56 09
TOTAL EQUITY AND LIABILITIES		1278 18 90	1072 10 73
ASSETS			
Non-Current Assets			
Fixed Assets	2.8		
Tangible Assets		2 23 01	1 82 59
Intangible Assets Under Development		36 15	-
Non-Current Investments	2.9	6 39 64	13 75 13
Deferred Tax Assets (Net)	2.10	6 56 51	4 68 15
Long Term Receivables from Financing Activities	2.11	5 49 25	1 53 11
Long Term Loans and Advances	2.12	34 40	23 49
Other Non - Current Assets	2.13	34 14	32 07
		21 73 10	22 34 54
Current Assets			
Current Investments	2.14	8 35 44	-
Cash and Cash Equivalents	2.15	14 48 51	8 00 82
Receivables from Financing Activities	2.16	1198 17 91	1037 25 81
Short Term Loans and Advances	2.17	2 85 63	3 86 95
Other Current Assets	2.18	32 58 31	62 61
		1256 45 80	1049 76 19
TOTAL ASSETS		1278 18 90	1072 10 73
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1to14		

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: 004610S

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

Sd/-
CA. A. GOPALAKRISHNAN
 PARTNER
 MEMBERSHIP NUMBER: 18159

Sd/-
THOMAS JOHN MUTHOOT
 CHAIRMAN

Sd/-
THOMAS GEORGE MUTHOOT
 MANAGING DIRECTOR

Sd/-
THOMAS MUTHOOT
 DIRECTOR

PLACE - KOCHI
 DATE - APRIL 18, 2017

Sd/-
VINODKUMAR M. PANICKER
 CHIEF FINANCE OFFICER

Sd/-
SYAM KUMAR R.
 COMPANY SECRETARY & HEAD- GOVERNANCE

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in '000)

Particulars	Note	Year Ended	
		31-Mar-17	31-Mar-16
Revenue			
Revenue From Operations	2.19	284 04 49	227 82 23
Other Income	2.20	15 50	67 20
Total Revenue (I)		284 19 99	228 49 43
Expenses			
Employee Benefits	2.21	53 14 64	46 69 72
Finance Costs	2.22	103 94 58	86 99 61
Depreciation and Amortization	2.8	99 01	1 03 23
Administrative and Other Expenses	2.23	57 80 68	40 88 52
Provisions and Write Off	2.24	22 12 41	17 43 37
Total Expenses (II)		238 01 32	193 04 45
Profit Before Tax (I - II)		46 18 67	35 44 98
Tax Expenses			
Current Tax		18 15 00	14 34 00
Deferred Tax		(1 88 36)	(1 97 92)
Income Tax Adjustment For Earlier Years		(17 14)	23 56
Total Tax Expenses		16 09 50	12 59 64
Profit for the year		30 09 17	22 85 34
Earning per equity share of ₹ 10 each:			
Basic and Diluted (in ₹)	6	24.13	18.32
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 14		

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: 004610S

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

Sd/-
CA. A. GOPALAKRISHNAN
PARTNER
MEMBERSHIP NUMBER: 18159

Sd/-
THOMAS JOHN MUTHOOT
CHAIRMAN

Sd/-
THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

Sd/-
THOMAS MUTHOOT
DIRECTOR

PLACE - KOCHI
DATE - APRIL 18, 2017

Sd/-
VINODKUMAR M. PANICKER
CHIEF FINANCE OFFICER

Sd/-
SYAM KUMAR R.
COMPANY SECRETARY & HEAD- GOVERNANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in '000)

Particulars	Year ended	
	31-Mar-17	31-Mar-16
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit before tax	46 18 67	35 44 98
Adjustments for:		
Depreciation	99 01	1 03 23
Provisions against Non - Performing Assets	7 48 78	3 97 66
Provisions against Standard Assets	1 00 00	93 00
Provisions Others	(1 00)	1 00
Loss / (Profit) from Capital Market Operations	(2)	(32 56)
Loss / (Profit) on Sale of Assets	(8)	35
Interest on Investments	(1 12 74)	(1 06 36)
Dividend Income	(7)	(7)
	8 33 88	4 56 25
Operating Profit before Working Capital Changes:	54 52 55	40 01 23
Net (Increase) / Decrease in Operating Assets:		
Short-Term Loans and Advances	1 01 32	(45 41)
Long-Term Loans and Advances	(10 91)	(6 74)
Receivables from Financing Activities	(164 86 85)	(192 24 00)
Bank Deposits	(7 80 46)	(1 74 04)
Other Current Assets	(31 94 33)	1 76 97
Other Non-Current Assets	(2 08)	35 50
	(203 73 31)	(192 37 72)
Net Increase/(Decrease) in Operating Liabilities:		
Long-Term Liabilities	(96)	-
Other Current Liabilities	58 88 64	2 98 27
Short-Term Provisions	14 62	(45 77)
	59 02 30	2 52 50
Net changes in Working Capital	(144 71 01)	(189 85 22)
Cash generated from Operations	(90 18 46)	(149 83 99)
Direct Taxes paid	(16 35 43)	(16 27 06)
Net cash (used in) Operating Activities	(106 53 89)	(166 11 05)
<u>B. CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets including intangible Assets Under Development	(1 76 39)	(82 26)
Sale of Fixed Assets	91	48
Increase in Investments	(1 01 33)	(22 60)
Interest on Investments	1 12 74	1 06 36

	Year ended	
	31-Mar-17	31-Mar-16
(Loss) / Profit from Capital Market Operations	2	32 56
Dividend Income	7	7
Net cash from (used in) Investing Activities	(1 63 98)	34 61
<u>C. CASH FLOW FROM FINANCING ACTIVITIES</u>		
Net Increase / (Decrease) in Secured Debentures	(2 61 88)	(2 65 25)
Net Increase / (Decrease) in Subordinated Debts	34 62 49	13 28 52
Net Increase / (Decrease) in Public Deposits	49 80	1 10 64
Net Increase / (Decrease) in Secured and Unsecured Borrowings	74 44 44	169 08 80
Net Increase / (Decrease) in Inter Corporate Deposits	11 77	10 86
Dividend paid (including Corporate Dividend Tax)	(21 53)	(15 48 06)
Net cash generated from Financing Activities	106 85 09	165 45 51
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(1 32 78)	(30 93)
Opening Balance of Cash and Cash Equivalents	2 34 78	2 65 71
Closing Balance of Cash and Cash Equivalents	1 02 00	2 34 78
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	6	2
Cash in Transit	1 57	-
Balances with Banks	57 46	1 70 32
Balances with Unpaid Dividend Accounts	42 91	64 44
Total Cash and Cash Equivalents	1 02 00	2 34 78

Note – Previous year's figures have been regrouped/ reclassified wherever necessary to confirm to current year's classification

As per our report of even date attached

FOR K. VENKATACHALAM AIYER & CO
 CHARTERED ACCOUNTANTS
 FIRM REGN NO: 004610S

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

Sd/-
CA. A. GOPALAKRISHNAN
 PARTNER
 MEMBERSHIP NUMBER: 18159

Sd/-
THOMAS JOHN MUTHOOT
 CHAIRMAN

Sd/-
THOMAS GEORGE MUTHOOT
 MANAGING DIRECTOR

Sd/-
THOMAS MUTHOOT
 DIRECTOR

PLACE - KOCHI
 DATE - APRIL 18, 2017

Sd/-
VINODKUMAR M. PANICKER
 CHIEF FINANCE OFFICER

Sd/-
SYAM KUMAR R.
 COMPANY SECRETARY & HEAD- GOVERNANCE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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 primarily engaged in the business of financing for purchase of automobiles, mainly two wheelers against hypothecation of the respective vehicles, corporate loans and granting of business/personal loans against Security of receivables (Term loans) / demand promissory notes respectively. 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 31st March, 2017, 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 belated payments are accounted as and when

received.

- iii. Income in respect of Non-performing assets is recognized as and when received as per The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 09th March, 2017.
- iv. Interest Income on SLR Investments/ Bank Deposits including collateral deposits is recognized on accrual basis.
- v. Income from securitization transaction, being interest spread under par structure of securitization loan receivables, is recognized over the tenure of the 'securities issued by SPV'.

➤ **Windmill Income**

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

➤ **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 Master Directions dated 09th March 2017 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.

➤ **Hypothecation Loans**

- i. Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received and loans securitized.
- ii. Advance instalments received against Hypothecation loans is shown as Current Liabilities.
- iii. Repossessed automobile assets are valued at lower of book value and estimated realizable value.

➤ **Securitization transactions**

- i. Securitized receivables are de-recognized in the Balance Sheet when they are sold i.e. if they fully meet the true sale criteria as per the Master Direction dated 09th March 2017 issued by the Reserve Bank of India.
- ii. Company's contractual rights to receive the share of the future interest (i.e. interest spread) in respect of the transferred asset from the SPV is capitalized at the present value as Interest Only (I/O) Strip (Interest Strip Retained on Securitization of Receivables) with the corresponding liability created for Unrealized Gains on Loan Transfer Transactions.

1.5 Fixed Assets, Depreciation/Amortization and Impairment

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 repairs 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.

➤ **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 and in accordance with revised Accounting Standard 10: Property, Plant and Equipment issued by the Ministry of Corporate Affairs on 30th March 2016.

The Company has adopted the following as the useful years of life to provide depreciation on its tangible 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 Fixed 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.

1.6 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.

1.7 Investments

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

1.8 Income Tax

Tax expenses 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.

1.9 Retirement and Other Employee Benefits

(i) Defined Contribution Plan

(a) 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.

(b) Employees State Insurance

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

(ii) 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 an independent valuer. 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.

1.10 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 loans against demand promissory notes etc.). Hence additional disclosures are not required under Accounting Standard 17 'Segment Reporting'.

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

1.11 Related Party Disclosures

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

1.12 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.

1.13 Cash and Cash Equivalents

- (i) Cash and Cash Equivalents in the cash flow statements comprise cash at hand and at bank, remittances in transits and short term investments with an original maturity period of three months or less. Cash at bank excludes fixed deposits having a maturity more than three months held as SLR deposits and other deposits given as collateral security for securitization transactions.
- (ii) Cash and Cash Equivalents in the Balance Sheet comprise cash at hand and at bank, remittances in transits and short term investments. Cash at bank includes deposit having a maturity of more than three months held as SLR deposits and other deposits given as collateral security for securitization transactions.

1.14 Material Events

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

1.15 Expenses on Public Deposits / Debentures / Subordinated Debts/ Securitization

The interest on Public Deposits, Debentures and Subordinated Debt is recognized 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. Expenditure on securitization is recognized upfront. The Company has followed the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated August 25, 2016.

1.16 Provisions other than that for Non-Performing Assets

A provision is recognized when the Company has a present legal or 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.

1.17 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.

1.18 Classification and Provisioning of Assets as per RBI Guidelines

As per the guidelines given in the Master Directions dated 09th March, 2017 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, the Company makes adequate provisions against Non-Performing Assets in the following manner;

- (i) **Standard Assets:**
Provision against Standard Assets is made at the rate of 0.35% as required by Paragraph 14 of The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 09th March, 2017.
- (ii) **Sub-standard, Doubtful and Loss Assets:**
Provision as required by Paragraph 13 of The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 09th March, 2017.
- (iii) Loans in the doubtful assets category held for a period of more than two years in respect of Hypothecation advance against two wheelers and three wheelers are written off as considered appropriate by the management.
- (iv) Loss assets Loans against security of gold ornaments in the loss asset category are written off as considered appropriate by the management.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

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-17	31-Mar-16
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
Total	12 47 26	12 47 26

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31st March 2017 and 31st March 2016 is set out below:

Particulars	As at 31-Mar-17		As at 31-Mar-16	
	No. of shares	Amount	No. of shares	Amount
	in '000	₹ in '000	in '000	₹ in '000
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	-	-	-	-
Shares outstanding at the end of the year	1 24 73	12 47 26	1 24 73	12 47 26

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.

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.

The Company do not propose to declare dividend and consequently the requirements of appropriation to the General Reserve out of the profit for the year are not applicable.

Shareholders holding more than 5% shares in the Company:

Particulars	As at 31-Mar-17 No of shares		As at 31-Mar-16 No of shares	
	in '000	%	in '000	%
Equity Shares				
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-17	31-Mar-16
Securities Premium Account:		
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
Statutory Reserve:		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	28 25 79	23 65 79
Add: Transfer from Surplus in Statement of Profit and Loss	6 10 00	4 60 00
At the end of the year	34 35 79	28 25 79
General Reserve:		
At the beginning of the year	13 10 00	10 80 00
Add: Transfer from Surplus in Statement of Profit and Loss	-	2 30 00
At the end of the year	13 10 00	13 10 00
Surplus in the Statement of Profit and Loss		
At the beginning of the year	52 25 48	44 55 79
Add: Profit for the year	30 09 17	22 85 34
Less: Appropriations		
Transfer to Statutory Reserves	(6 10 00)	(4 60 00)
Transfer to General Reserves	-	(2 30 00)
Dividend		
Interim	-	(6 85 99)
Dividend Tax	-	(1 39 66)
At the end of the year	76 24 65	52 25 48
Total	165 51 24	135 42 07

2.3 LONG - TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Secured:		
Term Loan from South Indian Bank	-	1 60 00
Unsecured:		
Subordinated Unsecured Term Loan	30 00 00	-
Subordinated Debt	17 09 98	13 74 55
Public Deposits	7 61 13	13 47 36
Total	54 71 11	28 81 91

Maturity Pattern of Long Term Loans:

(₹ in '000)

	For the Financial Year 2016-2017			For the Financial Year 2015- 2016		
	Current	Non-Current	Total	Current	Non-Current	Total
South Indian Bank	14 08 00	-	14 08 00	18 72 00	1 60 00	20 32 00
Total	14 08 00	-	14 08 00	18 72 00	1 60 00	20 32 00

This liability towards term loan from South Indian Bank 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-17	31-Mar-16
Long- Term Borrowings	2.3	Term Loan from South Indian Bank	-	1 60 00
Other Current Liabilities	2.6	Current Maturities of Long term debts: Term Loan from South Indian Bank	14 08 00	18 72 00
Total			14 08 00	20 32 00

A. Subordinated Unsecured Term Loan -

The Company has taken two Subordinated Unsecured Term Loans from IFMR Capital Finance Private Limited of ₹ 15 00 00 thousand each on 29th Jun 2016 and 30th Mar 2017 respectively, with interest rates being 12.5% and 11.95%. The loans will be repaid only on maturity i.e. after 66 months from the date of availing the loan.

B Subordinated Debts (Subdebts) -

The Company has also accepted subordinated debts from public under three schemes, namely Monthly, Annual and Maturity schemes with interest rates ranging from 9.75% to 13.40%. The maturity period of the debts ranges from 60 months to 84 months. The subordinated debts issued under each scheme will be repaid only on maturity.

Maturity pattern of Subordinated Debts from public:

(₹ in '000)

Interest Rate % per annum	For the Financial Year 2016-17				For the Financial Year 2015-16			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 to 12	-	-	15 88 89	15 88 89	-	-	12 53 46	12 53 46
>12 to 15	-	2 58 32	1 21 09	3 79 41	-	2 58 32	1 21 09	3 79 41
Total	-	2 58 32	17 09 98	19 68 30	-	2 58 32	13 74 55	16 32 87

This liability towards subordinated debts from public 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-17	31-Mar-16
Long - Term Borrowings	2.3	Subordinate Debts	17 09 98	13 74 55
Other Current Liabilities	2.6	Current Maturities of Long term Debts: Subordinated Debts	2 58 32	2 58 32
Total			19 68 30	16 32 87

- C The Subordinated Unsecured Term Loan and Subordinated Debts of the Company qualify as Tier II Capital under Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 09th March, 2017.

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 7% to 12.5% per annum. The repayment period ranges from 12 months to 60 months

Maturity pattern of Public Deposits:

(₹ in '000)

Interest Rate % per annum	For the Financial Year 2016-2017				For the Financial Year 2015 - 2016			
	Matured Unclaimed*	Current	Non - Current	Total	Matured Unclaimed*	Current	Non - Current	Total
<=9	1 21 64	60 30 09	73 51	62 25 24	13 84	16 71 94	99 67	17 85 45
>9 to 12.5	1 66 40	38 00 04	6 87 62	46 54 06	4 27 36	74 96 67	12 47 69	91 71 72
Total	2 88 04	98 30 13	7 61 13	108 79 30	4 41 20	91 68 61	13 47 36	109 57 17

* The Matured Unclaimed Public Deposits include the Public Deposits pending Renewal amounting to ₹1 26 50 thousand as shown in Note No. 2.6 Other Current Liabilities (March 31, 2016: ₹ 1 21 89 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-17	31-Mar-16
Long- Term Borrowings	2.3	Public Deposits	7 61 13	13 47 36
Other Current Liabilities	2.6	Current Maturities of Long Term Debt: Public Deposits	98 30 13	91 68 61
Other Current Liabilities	2.6	Deposits Pending Renewal	1 26 50	1 21 89
Other Current Liabilities	2.6	Unclaimed Matured Public Deposits	1 61 54	3 19 31
Total			108 79 30	109 57 17

2.4 OTHER LONG TERM LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Non-current portion of interest accrued, but not due on:		
Subordinated Debt	1 49 30	57 55
Public Deposits	22 08	24 89
Others		
Security Deposits (Unsecured)	-	96
Total	1 71 38	83 40

Current portion of interest accrued, but not due on the above borrowings amounting to ₹ 7 19 97 thousand is shown in Note No. 2.6 under Other Current Liabilities (March 31, 2016: ₹ 5 64 25 thousand)

2.5 SHORT - TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Secured		
Loans from Banks		
Working Capital Demand Loans and Cash Credit	773 52 42	669 50 41
Term Loans	27 21 21	48 42 34
Unsecured		
Loans and Advances from Related Parties	13 64 06	13 64 38
Inter Corporate Deposits	1 52 61	1 40 85
Total	815 90 30	732 97 98

Loans from banks:

(₹ in '000)

Working Capital Demand Loans:		
Andhra Bank	60 00 00	25 00 00
Axis Bank	25 00 00	-
Canara Bank	35 00 00	-
Dhanlaxmi Bank	55 00 00	-
Federal Bank	15 00 00	12 00 00
HDFC Bank	20 00 00	20 00 00
ICICI Bank	22 21 65	24 49 00
IndusInd Bank	-	9 50 00
Kotak Mahindra Bank	-	15 00 00
Punjab National Bank	-	80 00 00
State Bank of India (Formerly known as State Bank of Travancore)	-	110 00 00
State Bank of India (Formerly known as State Bank of Hyderabad)	-	34 90 21
State Bank of India	25 00 00	90 00 00
Syndicate Bank	76 00 00	-
South Indian Bank	73 00 00	-
Yes Bank	-	10 00 00
Sub total	4 06 21 65	430 89 21

Cash Credit:		
Axis Bank	6 48 07	5 49 17
Andhra Bank	4 40 74	8 16 52
Canara Bank	14 62 75	-
Corporation Bank	28 23 42	29 82 12
City Union Bank	9 79 91	9 96 51
Dhanlaxmi Bank	-	9 13 46
Federal Bank	-	2 89 23
IDBI Bank	8 11 71	-
Karnataka Bank	9 84 34	-
Lakshmi Vilas Bank	-	24 87 12
Punjab National Bank	99 62 88	19 23 95
State Bank of India	8 52 15	8 21 01
State Bank of India (Formerly known as State Bank of Travancore)	87 79 53	-
South Indian Bank	75 93	62 85 16
Syndicate Bank	9 70 12	22 97 23
Tamilnad Mercantile Bank	34 89 31	34 99 72
Vijaya Bank	44 49 91	-
Sub total	367 30 77	238 61 20
Total	773 52 42	669 50 41
Term Loans:		
Dhanlaxmi Bank	6 00 00	20 98 40
HDFC Bank	-	6 00 00
IDBI Bank	21 21 21	13 93 94
Yes Bank	-	7 50 00
Sub total	27 21 21	48 42 34
Grand Total	800 73 63	717 92 75

A. Loans from Banks

Guaranteed Loans

The Working Capital Demand Loans, Cash Credits and Term Loans 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 and Rate of Interest of Cash Credits and Working Capital Demand Loans from Banks

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

Interest on these loans varies between 9.15% to 11.35% per annum as on the Balance sheet date.

These loans are repayable within a period upto 12 months from the date of sanction.

Security and Rate of Interest of Term Loans from Banks

The term loans from banks are secured by creating a first charge by way of hypothecation of entire current assets including hypothecation loans and all other loan and other current assets of the Company.

Rate of interest varies from 10.9% to 11.30% as on the Balance Sheet date.

These loans are repayable in equal monthly/quarterly instalments spread over 10 months to 33 months.

B. Loans and Advances from Related Parties

The Company has entered into transactions with the Promoter Directors of the Company. The Company pays interest at 12% per annum. The balance outstanding as on March 31, 2017 was ₹ 13 64 06 thousand (March 31, 2016: ₹ 13 64 38 thousand).

C. 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, 2017: ₹ 1 52 61 thousand (March 31, 2016: ₹ 1 40 85 thousand).

2.6 OTHER CURRENT LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Current maturities of long term debts:		
Debentures (Secured)	1 15 25	2 82 83
Public Deposits	98 30 13	91 68 61
Subordinated Debts	2 58 32	2 58 32
Term Loan from South Indian Bank	14 08 00	18 72 00
Unclaimed Matured		
Debentures	7 49	7 08
Public Deposits	1 61 54	3 19 31
Interest accrued and due on borrowings		
Unclaimed Matured Debentures	6 09	4 65
Unclaimed Matured Public Deposits	16 75	6 67
Interest accrued, but not due on		
Bank Borrowings	94 82	3 06 94
Debentures	1 03 96	2 00 11
Subordinated Unsecured Term Loan/Debts	1 20 11	84 80
Public Deposits	5 99 86	4 79 45
Inter Corporate Deposits	8	7
Instalment received in advance from Hypothecation Customers	10 98 30	8 10 23
Unclaimed dividends*	42 91	64 44
Collection Agency Security Deposits	72 70	40 15
Public Deposits Pending Renewal	1 26 50	1 21 89
Unrealized Gain on Loan Transfer Transactions**	21 13 47	-
Payables towards securitization transactions	31 54 38	-
Other Payables		
Withholding Tax	74 60	58 83
Business Sourcing Incentive Payable	1 53 76	1 58 54
Expenses Payable***	6 62 63	5 25 25
Statutory Dues Payable	90 16	69 73
Others****	1 96 03	64 66
Total	205 07 84	149 04 56

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

** Unrealized Gain on Loan Transfer Transactions comprises of future interest receivable under par structure of securitization.

*** Expenses payable includes amounts payable to related parties amounting to ₹ 1 51 58 thousand (March 31, 2016: ₹ 1 23 66 thousand)

**** Others includes amounts payable to related parties amounting to ₹ 53 78 thousand (March 31, 2016: ₹ 20 04 thousand)

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 repayable 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 10.92% to 14.19% per annum and the rate of interest of matured debentures ranges from 9.5% to 13.4% per annum.

The issued debentures are secured by a pari-passu first charge with the banks against the loans, including cash credit, demand loans and term loans, taken from them, on all movable assets, book debts and receivables created by undertaking the business of 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 2016-2017				For the Financial Year 2015-2016			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 - 12	1 06	11 19	-	12 25	1 43	40 00	-	41 43
>12 - 15	6 43	1 04 06	-	1 10 49	5 65	2 42 83	-	2 48 48
Total	7 49	1 15 25	-	1 22 74	7 08	2 82 83	-	2 89 91

This liability towards debentures 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-17	31-Mar-16
Other Current Liabilities	2.6	Current Maturities of Long term debts: Debentures	1 15 25	2 82 83
Other Current Liabilities	2.6	Unclaimed matured Debentures	7 49	7 08
Total			1 22 74	2 89 91

2.7 SHORT - TERM PROVISIONS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Provision for Employee Benefits		
Contingent Provision for Bonus	42 00	43 44
Contingent Provision for Gratuity	-	1 56
Others	18 00	-
Provision for Taxation (Net)	1 62 44	-
Contingency provisions against Standard Assets	3 96 00	2 96 00
- @ 0.35% of the outstanding Standard Assets as on March 31, 2017		
(@ 0.30% of the outstanding Standard Assets as on March 31, 2016)		
Provision for Non-Performing Assets	16 61 33	9 12 55
Total	22 79 77	12 53 55

2.8 FIXED ASSETS

(₹ In '000)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	At 31 March, 2016	Additions	Deductions	At 31 March, 2017	At 31 March, 2016	For the Year	Adjustment for the Year	At March, 2017	At 31 March, 2016	At 31 March, 2017
A. Tangible Assets										
Furniture and Fittings	2 15 43	58 76	16	2 74 03	1 28 30	29 86	13	1 58 03	87 13	1 16 00
Vehicles	35 85	28 07	-	63 92	31 91	6 14	-	38 05	3 94	25 87
Office Equipments	1 26 26	9 81	2 43	1 33 64	96 67	16 28	1 98	1 10 97	29 59	22 67
Computers and Accessories	2 88 52	43 60	2 17	3 29 95	2 32 24	45 57	1 84	2 75 97	56 28	53 98
Windmill Generator	89 78	-	-	89 78	84 13	1 16	-	85 29	5 65	4 49
Sub Total	7 55 84	1 40 24	4 76	8 91 32	5 73 25	99 01	3 95	6 68 31	1 82 59	2 23 01
B. Intangible Assets Under Development										
Software	-	36 15	-	36 15	-	-	-	-	-	36 15
Sub Total	-	36 15	-	36 15	-	-	-	-	-	36 15
Grand Total	7 55 84	1 76 39	4 76	9 27 47	5 73 25	99 01	3 95	6 68 31	1 82 59	2 59 16

2.9 NON-CURRENT INVESTMENTS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Quoted Investments (Valued at cost)		
Investments in Mutual Funds	19	19
Investments - in Government Securities	5 89 50	13 74 94
-in PMS: Hedge Equities	49 95	-
Total	6 39 64	13 75 13

(₹ in '000)

Particulars	Cost	Market Value
Aggregate amount of quoted investments:		
Mutual Funds	19	53
Investment in Government Securities:*		
8.12% GOI 2020	4 89 50	5 23 30
8.24% Kerala SDL 2025	50 00	53 74
7.98% Tamil Nadu SDL 2026	50 00	53 50
Investments in PMS - Hedge Equities	49 95	50 67
Total	6 39 64	6 81 74

*In accordance with the guidelines given in the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 issued by Reserve Bank of India on 25th August, 2016, the Company

has created floating charge on the statutory liquid assets comprising of investment in Government Securities of face value of ₹ 14 88 00 thousand (Cost- ₹14 24 94 thousand) and bank deposits of ₹ 5 76 58 thousand in favor of trustees representing the deposit holders of the Company.

Refer Note No.2.14 'Current Investments' and Note no 2.15 'Cash and Cash Equivalents'.

2.10 DEFERRED TAX ASSET (NET)

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Deferred Tax Asset		
Provision for NPA and Others	6 19 84	4 37 51
Impact of Difference between Tax depreciation and depreciation charged for Financial Reporting	36 67	30 64
Net Deferred Tax Asset	6 56 51	4 68 15

Deferred Tax Asset and Deferred Tax Liabilities have been set off 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-17	31-Mar-16
Secured, considered good, unless otherwise stated:		
Hypothecation Loans	2 31 28	1 47 61
Term Loans	3 12 49	-
Demand Promissory Notes (Unsecured)	1 54	-
Other Loans (Loan against Public Deposits)	3 94	5 50
Total	5 49 25	1 53 11

The summary of the receivables against Hypothecation Loans appears 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-17	31-Mar-16
Long Term Receivables from Financing Activities	2.11	Hypothecation Loans	2 31 28	1 47 61
Receivables from Financing Activities	2.16	Principal outstanding in current maturity of: Hypothecation Loans	974 58 30	917 91 69
Total			976 89 58	919 39 30

The summary of Term Loans 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-17	31-Mar-16
Long Term Receivables from Financing Activities	2.11	Term Loan	3 12 49	-
Receivables from Financing Activities	2.16	Principal outstanding in current maturity of : Term Loans	164 65 56	65 34 17
Total			167 78 05	65 34 17

The summary of the Demand Promissory Notes appears 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-17	31-Mar-16
Long Term Receivables from Financing Activities	2.11	Demand Promissory Notes (Unsecured)	1 54	-
Receivables from Financing Activities	2.16	Demand Promisory Notes (Unsecured)	7 27 53	5 38 58
Receivables from Financing Activities	2.16	Demand Promisory Notes (Secured)	-	1 54 08
Total			7 29 07	6 92 66

2.12 LONG -TERM DEPOSITS, LOANS AND ADVANCES (NON FINANCING ACTIVITY)

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Unsecured, considered good		
Security deposits	34 40	23 49
Total	34 40	23 49

2.13 OTHER NON - CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Gratuity Plan Assets*	34 14	32 07
Total	34 14	32 07

Refer Note No 3 - Defined benefit plans - Gratuity Valuation

2.14 CURRENT INVESTMENTS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Investments - in Government Securities	8 35 44	-
Total	8 35 44	-

(₹ in '000)

Particulars	Cost	Market Value
Investments in Government Securities:*		
7.28% GOI 2019	835 44	9 02 47
Total	8 35 44	9 02 47

* Refer Note No 2.9 - Non - Current Investments

2.15 CASH AND CASH EQUIVALENTS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Balances with Banks	57 46	1 70 32
Cash on Hand	6	2
Other balances with banks		
in Deposit Accounts – SLR Deposits	5 76 58	5 66 04
in Unclaimed Dividend Accounts	42 91	64 44
Deposits offered as Collateral security against securitization transaction	7 69 93	-
Cash in transit	1 57	-
Total	14 48 51	8 00 82

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Balances with Banks		
Axis Bank	8 51	4 52
Canara Bank	33	-
Dhanlaxmi Bank	6	-
Federal Bank	10 90	-
HDFC Bank	24 95	30 83
Indusind Bank	21	36
ICICI Bank	39	41
IDBI Bank	76	3 68
Kotak Mahindra Bank	15	80
Lakshmi Vilas Bank	3	12
State Bank of India	10 91	8 08
State Bank of India (Formerly known as State Bank of Travancore)	-	1 04 10
State Bank of India (Formerly known as State Bank of Hyderabad)	19	-
Yes Bank	7	17 42
Total	57 46	1 70 32

In Deposit Accounts - SLR Deposits		
Axis Bank	45 15	93 97
Lakshmi Vilas Bank	2 90 00	2 90 00
State Bank of India (Formerly known as State Bank of Hyderabad)	99 00	99 00
Yes Bank	1 42 43	83 07
Total	5 76 58	5 66 04
In Unclaimed Dividend Accounts		
Axis Bank	7 34	7 61
HDFC Bank	35 57	56 83
Total	42 91	64 44
Deposits offered as Collateral Security against securitization transactions*		
Axis Bank	2 31 93	-
HDFC Bank	2 25 00	-
DCB Bank	3 13 00	-
Total	7 69 93	-

* Value of lien marked is ₹ 7 56 28 thousand.

2.16 RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
(Secured, considered good unless otherwise stated)		
Principal outstanding in current maturity of:		
Hypothecation Loans (Note 1)	974 58 30	917 91 69
Loan Buyout **	6 72 09	32 81 68
Term Loans***	164 65 56	65 34 17
Demand Promisary Notes (Unsecured)	727 53	5 38 58
Demand Promisary Notes (Secured)	-	1 54 08
Retained exposure on Securitization under Par Structure (MRR)	28 58 01	-
Other Loans	83 46	105 47
Interest Accrued, but not due on:		
Hypothecation Loans	13 54 60	12 92 11
Retained exposure on Securitization under Par Structure (MRR)	1 37 33	-
Term Loans	52 22	17 30
Loan Buyout	2 82	6 81
Other Loans	5 99	3 92
Total	1198 17 91	1037 25 81

Note 1 - The Company has repossessed assets worth ₹ 85 Thousand on March 31, 2017 (March 31, 2016 ₹ 2 23 thousand). The same has been fully provided for and charged to Statement of Profit and Loss as on the date of the Balance Sheet and the realizable value is shown as Nil.

**** Loan Buyout**

The Company has entered into arrangements with other NBFCs for the buyout of receivables against Micro Finance Portfolio 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 loans ranges between 15 and 30 months.

(₹ in '000)

Sl No	Type of Portfolio	Total value of the assets covered by the transaction	No of Contracts	Total amount of Loan disbursed	Balance as on 31 st March 2017
1	Two - Wheeler Portfolio	19 29 58	6 417	17 84 31	3 33 36
2	Micro Finance Portfolio	16 06 30	10 549	15 25 98	3 38 73
	Total	35 35 88	16 966	33 10 29	6 72 09

*****Term Loans**

The company has advanced Term Loans to other Companies/NBFCs secured by way of first charge on the loan portfolio created out of the lending by the Company. The rate of interest receivable on the term loans ranges between 13.5% to 16% per annum on the diminishing balance. The tenure of the loans ranges between 12 and 48 months.

(₹ in '000)

Sl No	Segment dealt by the borrowers	Total amount of Loan disbursed	Balance as on 31 st March 2017
1	Agricultural	5 00 00	4 58 33
2	Housing Loans	15 00 00	14 04 86
3	Micro Finance	85 00 00	67 57 32
4	MSME Loans	30 00 00	27 50 00
5	Secured Loans	5 00 00	5 00 00
6	Small Business Loans	57 50 00	45 90 91
7	Two - Wheeler Loans	5 00 00	3 16 63
	Total	202 50 00	167 78 05

Maturity Pattern of Hypothecation Loans:

(₹ in '000)

Particulars	For the Financial Year 2016- 2017			For the Financial Year 2015-2016		
	Current *	Non-Current	Total	Current *	Non-Current	Total
Hypothecation Loans	974 58 30	231 28	976 89 58	917 91 69	1 47 61	919 39 30
Total	974 58 30	231 28	976 89 58	917 91 69	1 47 61	919 39 30

*Includes amount already due

Maturity Pattern of Term Loans:

(₹ in '000)

Particulars	For the Financial Year 2016-2017			For the Financial Year 2015-2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Term Loans	164 65 56	3 12 49	167 78 05	65 34 17	-	65 34 17
Total	164 65 56	3 12 49	167 78 05	65 34 17	-	65 34 17

Maturity Pattern of Demand Promissory Notes:

(₹ in '000)

Particulars	For the Financial Year 2016-2017			For the Financial Year 2015-2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Demand Promissory Notes	7 27 53	1 54	7 29 07	6 92 66	-	6 92 66
Total	7 27 53	1 54	7 29 07	6 92 66	-	6 92 66

2.17 SHORT-TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
(Unsecured, considered good unless otherwise stated)		
Advances to Dealers	15 36	1 43 24
Other Advances	96 77	87 14
Balances with Statutory Authorities		
Income Tax	1 59 06	1 38 15
Service Tax	14 44	18 42
Total	2 85 63	3 86 95

2.18 OTHER CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
(Unsecured, considered good unless otherwise stated)		
Interest Accrued on SLR Deposits / Investments	91 93	59 71
Interest accrued on Collateral / Bank deposits	5 13	24
Stock of stationery	18 46	-
Debts Due from Related Parties	-	2 66
Other Receivables*	12 48	-
Interest Strip Retained on Securitization of Receivables**	31 30 31	-
Total	32 58 31	62 61

*Other receivables include amounts receivable from related parties amounting to ₹ 6 43 thousand (March 31, 2016: Nil)

** It comprises of Company's share of future interest strip receivables in case of par structure of securitization.

STATEMENT OF PROFIT AND LOSS

2.19 REVENUE FROM OPERATIONS

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Income from Financial Operations		
Hypothecation Loans	241 59 34	215 81 05
Income from securitization transactions	20 21 69	-
Term Loans	16 00 56	1 45 77
Loan Buyout	2 58 05	6 12 95
Demand Promisary Notes	1 65 42	2 75 50
Servicer Fee income	5 00	-
Interest Income		
On SLR Investments / Deposits	1 64 94	1 51 64
On Collateral / Deposits with bank	15 32	28
Others	14 17	15 04
Total	284 04 49	227 82 23

2.20 OTHER INCOME

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Dividend Income	7	7
Net gain on sale of investments	2	32 56
Other Non- operating Income		
Income from Wind Mill Operations	9 08	3 91
Miscellaneous Income	4 27	29 23
Interest Income	2 06	1 43
Total	15 50	67 20

2.21 EMPLOYEE BENEFITS

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Salaries and Wages	37 54 06	33 39 16
Incentive to Employees	6 68 10	7 15 15
Contribution to Provident and Other funds	3 86 44	3 78 11
Staff Welfare Expense	55 66	51 44
Outsourced Manpower	3 26 31	26 31
Other Expenses	1 24 07	1 59 55
Total	53 14 64	46 69 72

2.22 FINANCE COSTS

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Interest Expenses		
Bank Loans	82 97 22	69 84 97
Debentures	43 44	53 86
Subordinated Unsecured Term Loan/Debts	3 63 45	1 15 09
Public Deposits	10 81 97	11 99 74
Loans From Directors	1 30 92	58 51
Securitization Expense	1 40 03	-
Other Borrowing cost	3 37 55	2 87 44
Total	103 94 58	86 99 61

2.23 ADMINISTRATIVE AND OTHER EXPENSES

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Hypothecation Loan Collection Charges	20 61 21	11 44 32
Business sourcing Incentive	19 80 38	12 31 45
Investigation and Professional Charges	5 22 30	5 69 92
Rent	3 55 56	3 30 51
Advertisement Expenses	1 10 58	1 55 17
Communication Expenses	1 55 42	1 54 72
Printing & Stationery	1 26 25	1 20 46
Travelling Expenses	1 22 58	1 01 33
Back Office Processing	98 78	-
Business Promotion Expense	49 35	17 16
Power and Fuel	35 37	30 52
Expenditure against Corporate Social Responsibility Activities	34 60	70 00
Repairs and Maintenance	17 20	22 67
Insurance	19 21	61 95
Payment to Statutory Auditors	17 24	16 73
Internal Audit Fees	7 61	7 87
Miscellaneous Expenses	67 04	53 74
Total	57 80 68	40 88 52

Payment to Statutory Auditors

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Audit fees (including for Limited Review)	10 52	10 49
Taxation matters	4 26	2 79
Other Services	2 46	3 45
Total	17 24	16 73

Expenditure against Corporate Social Responsibility Activities

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
a) Gross Amount required to be spent by the company during the year	70 59	66 70
b) Amount spent during the year:		
-on purposes, other than construction/ acquisition of any asset		
Paid in Cash	34 60	70 00
Yet to be paid in Cash	-	-
Total	34 60	70 00

2.24 PROVISIONS AND WRITE OFF

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Loss on sale of repossessed assets	11 81 28	9 47 47
Loans Written off*	1 84 73	3 04 24
Provisions for:		
Non Performing Assets (Net)	7 48 78	3 97 66
Standard Assets	1 00 00	93 00
Others	(2 38)	1 00
Total	22 12 41	17 43 37

* An amount of ₹1 84 73 thousand (2015-16 ₹ 3 04 24 thousand) has been written off against the non-performing hypothecation assets and gold loans pertaining to the doubtful/loss assets category. (Refer accounting policy No 1.18)

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-17	31-Mar-16
(i) Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1 90 97	1 21 39
Current Service Cost	50 70	59 95
Interest Cost	17 31	9 71
Past Service Cost	-	21 99
Benefits paid from fund	(18 39)	(3 09)
Actuarial Losses/Gain	(55 52)	(18 98)
Closing Defined Benefit Obligation	1 85 07	1 90 97
(ii) Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	2 21 48	1 88 96
Expected Return on Plan Assets	17 72	15 70
Contributions by employer	-	19 91
Actuarial (Losses)/Gain	(1 60)	-
Benefits Paid	(18 39)	(3 09)
Closing Fair Value of Plan Assets	2 19 21	2 21 48

B. Amount recognized in Balance Sheet

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Present Value of Funded Obligations	(1 85 07)	(1 90 97)
Fair Value of Plan Assets	2 19 21	2 21 48
Net Asset/(Liability)	34 14	30 51

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

(₹ in '000)

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Current Service Cost	50 70	59 95
Past Service Cost	-	21 99
Interest on defined benefit obligation	17 31	9 71
Expected return on plan asset	(17 72)	(15 70)
Net Actuarial losses/gains recognized in the year	(53 92)	(18 98)
Total	(3 63)	56 97

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

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
Discount Rate (p.a.)	8%	8%
Salary Escalation Rate (p.a.)	5.5%	5%

4. RELATED PARTY DISCLOSURES

Related party disclosures as per AS 18 – 'Related Party Disclosures' for the year ended 31st March 2017, are given below:

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

SI No.	Name of the Companies/Firms/LLP/Trusts
	COMPANIES
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	The Thinking Machine Media Private Limited
18	Buttercup Agri Projects and Hospitalities Private Limited
19	EMMEL Realtors and Developers Private Limited
20	L. M. Realtors Private Limited
21	Mariposa Agri Ventures and Hospitalities Private Limited
22	Muthoot Buildtech (India) Private Limited
23	Muthoot Holdings Private Limited
24	Muthoot Land and Estates Private Limited

Name of the Companies/Firms/LLP/Trusts	
25	Muthoot Motors Private Limited
26	Muthoot Exim Private Limited
27	Muthoot Infrastructure Private Limited
28	Muthoot Agri Projects and Hospitalities Private Limited
29	The Right Ambient Resorts Private Limited
30	Muthoot Kuries Private Limited
31	Muthoot Agri Development and Hospitalities Private Limited
32	Muthoot Dairies and Agri Ventures Private Limited
33	Flame Agri Projects and Hospitalities Private Limited
34	Goblin Agri Projects and Hospitalities Private Limited
35	Alaska Agri Projects and Hospitalities Private Limited
36	Bamboo Agri Projects and Hospitalities Private Limited
37	Cinnamon Agri Development and Hospitalities Private Limited
38	Calypso Agri Development and Hospitalities Private Limited
39	EL Toro Agri Projects and Hospitalities Private Limited
40	Muthoot Pappachan Chits (India) Private Limited
41	MPG Security Group Private Limited
42	Pine Pink Agri Ventures and Hospitalities Private Limited
43	MPG Precious Metals Private Limited
44	Trivandrum Center for Performing Arts
45	Muthoot Microfin Limited
FIRMS/LLPS/TRUSTS	
1	Muthoot Bankers
2	Muthoot Cine Enterprise
3	Muthoot Estate Investments
4	Muthoot Finance Company
5	Muthoot Insurance Services
6	Muthoot Motors (Cochin)
7	MPG Automobiles LLP
8	Muthoot Pappachan Foundation

B. Related Parties including Key Managerial Personnel (KMP)

Sl No.	Name of Related Parties	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director

4	R. Manomohanan	Chief Executive Officer (till 28.02.2017)
5	Madhu Alexiouse	Chief Operating Officer (from 01.02.2017)
6	Vinodkumar M. Panicker	Chief Finance Officer
7	Syam Kumar R.	Company Secretary & Head- Governance

C. Relatives of Related Parties

Sl No.	Related Parties	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
4	Vinodkumar M Panicker	Mrs. Rashmi V Panicker Ms. Priyanka V Panicker Ms. Ananya V Panicker	Spouse Daughter Daughter
5	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 related party	For the Year 2016-17	For the Year 2015-16
Income:			
Income from Wind Mill Operations	Muthoot Bankers	9 08	3 91
Interest Income	Muthoot Fincorp Limited	19	1 03
Interest Income on Term Loan	MPG Security Group Private Ltd	10 60	2 71
Income from Hypothecation Loan	i) Muthoot Pappachan Medicare Private Ltd ii) MPG Hotels and Infrastructure Ventures Private Ltd	1 84 11	37 -
Interest Income on loan Buyout - Micro Finance Portfolio	Muthoot Fincorp Limited	56 63	4 93 03
Interest Income on DPN Loan	Muthoot Motors (Cochin)	6 95	-
Expenses:			
Brokerage for canvassing Public Deposits and Sub debts	Muthoot Exim Private Limited	30 78	1 03 11
Business Sourcing Incentive	(i) Muthoot Motors (Cochin)	80 48	47 09

	(ii) Muthoot Motors Pvt Ltd	1 81	1 44
	(iii) Muthoot Fincorp Limited *	4 43 04	3 63 09
Hypothecation Loan Collection Charges	Muthoot Fincorp Limited *	5 01 88	4 15 81
Wind Mill Expense	Muthoot Bankers *	1 82	3 04
CSR Expenses	Muthoot Pappachan Foundation	34 60	70 00
Travelling Expenses	Muthoot Fincorp Limited	36	8 41
Advertisement Expenses	Muthoot Motors (Cochin)	63	92
Printing and Stationery	Muthoot Motors (Cochin)	15	15
Rent on Space Sharing	Muthoot Fincorp Limited *	35 67	26 45
Rent	Muthoot Estate Investments	75 25	71 22
Reimbursement of Expenses-Repairs and Maintenance	Muthoot Motors (Cochin)	55	47
Reimbursement of Expenses-Medical Insurance	Muthoot Fincorp Limited	38 54	33 16
Software Usage Charges	Muthoot Pappachan Technologies Ltd	12 66	-
Assets:			
Trade Receivables	Muthoot Bankers	6 43	-
Intangible Assets Under Development-Software	Muthoot Pappachan Technologies Ltd	19 80	-
Debt Due from Related Party	Muthoot Fincorp Limited	-	2 66
Rent Deposit	(i) Muthoot Estate Investments	30 17	30 17
	(ii) Muthoot Fincorp Limited	10 17	10 17
Term Loan Including Interest Accrued	MPG Security Group Pvt Ltd	-	1 37 61
Hypothecation loan receivable including interest accrued	i) Muthoot Pappachan Medicare Private Ltd	8 74	12 25
	ii) MPG Hotels and Infrastructure Ventures Private Ltd	5 58	-
Buyout Loan - Micro Finance Portfolio	Muthoot Fincorp Limited	-	13 91 99
Unsecured Loan-DPN	Muthoot Motors (Cochin)	2 00 09	-
Liabilities:			
Business Sourcing Incentive Payable	(i) Muthoot Motors (Cochin)	7 76	5 97
	(ii) Muthoot Motors Pvt Ltd	8	18
Trade Advance -Payable	Muthoot Motors (Cochin)	-	20 04
Travelling Expense Payable	Muthoot Fincorp Limited	3 50	-
Collection Charges and Business Sourcing Incentive Payable	Muthoot Fincorp Limited	1 48 08	1 19 91
Windmill Expense Payable	Muthoot Bankers	-	82
Brokerage Payable for canvassing Public Deposits and Subdebts	Muthoot Exim Private Limited	-	2 93
Debt Due to Related Party	Muthoot Fincorp Limited	45 04	-
Rent Payable	(i) Muthoot Estate Investments	6 11	-
	(ii) Muthoot Fincorp Limited	2 63	-

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

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

(₹ in '000)

Particulars	Name of Related Party	For the Year 2016-17	For the Year 2015-16
Expenses:			
Salaries, Perquisites and Incentives	(i) Thomas George Muthoot	1 74 00	1 50 00
	(ii) R.Manomohanan	91 69	83 42
	(iii) Madhu Alexiouse	7 99	-
	(iv) Vinod Kumar M Panicker	57 22	61 93
	(v) Syam Kumar R	21 21	17 98
PF Contribution	(i) Thomas George Muthoot	10 44	9 00
	(ii) R.Manomohanan	8 58	7 38
	(iii) Madhu Alexiouse	12	-
	(iv) Vinod Kumar M Panicker	4 61	4 13
	(v) Syam Kumar R	22	22
Reimbursement of expenses	(i) Thomas George Muthoot	41	2 77
	(ii) R.Manomohanan	3 18	4 73
	(iii) Vinod Kumar M Panicker	3 51	3 51
Interest on Loan From directors	(i) Thomas George Muthoot	93 60	58 25
	(ii) Thomas John Muthoot	18 72	21
	(iii) Thomas Muthoot	18 60	5
Interest on Subordinated Debt	Thomas George Muthoot	33 30	17 93
Dividend/Interim Dividend Paid	(i) Thomas John Muthoot	-	2 99 35
	(ii) Thomas George Muthoot	-	2 98 89
	(iii) Thomas Muthoot	-	2 93 68
	(iv) R. Manomohanan	-	4
Rent Paid	Thomas George Muthoot	1 86 79	1 85 69
Assets:			
Rent Deposit	Thomas George Muthoot	25 00	25 00
Liabilities:			
Loan from Directors	(i) Thomas George Muthoot	10 53 06	10 53 15
	(ii) Thomas John Muthoot	1 56 00	1 56 18
	(iii) Thomas Muthoot	1 55 00	1 55 05
Subdebt (including interest accrued)	Thomas George Muthoot	3 01 25	3 01 28
Loan from Directors			
Maximum amount due in transaction with directors (including interest accrued)		13 64 06	13 64 38

iii. Details relating to transactions with parties referred to in Item (C):

(₹ in '000)

Particulars	Relationship	2016-2017	2015-2016
Dividend and Interim Dividend Paid	Relatives of Related Parties	Nil	89 33

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)

Sl No	Particulars	Transaction for the Year 2016-17	Transaction for the Year 2015-16
1	Lease rentals recognized during the period	3 55 56	3 30 51
2	Lease obligations payable		
	Not later than one year	2 71 70	2 41 88
	Later than one year and less than five years	3 08 43	2 96 34
	Later than five years	1 48 00	66 33
	Total	10 83 69	9 35 06

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

6. EARNING PER SHARE

Particulars	As at	
	31-Mar-17	31-Mar-16
Net profit for the year attributable to equity shareholders (in ₹ '000)	30 09 17	22 85 34
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)	24.13	18.32

7. CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in '000)

Particulars	As at	
	31-Mar-17	31-Mar-16
Matters where the future cash outflows are determinable only on receipt of pending judgements / conclusions		
- Income Tax issues where the Company is in appeal	1 87	1 87
Corporate Guarantee for Securitization transactions (Refer Note No 12 D)	20 91 16	-
Total	20 93 03	1 87

8. GENERAL

(i) 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.

(ii) 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.

(iii) Particulars showing maturity pattern of secured privately placed Redeemable Non-Convertible Debentures

Secured by charge on all movable assets, book debts, receivables and advances in the books of the Company.

(₹ in '000)

Series No	Financial Year of Maturity	Number of Debentures (in No's)	Amount
B	2014-15	10	10
	Total	10	10
G	2015-16	50	50
	Total	50	50
H	2010-11	2	2
	2015-16	18	18
	2016-17	72	72
	Total	92	92
J	2011-12	5	5
	Total	5	5
K	2011-12	2	2
	2016-17	20	20
	Total	22	22
M	2012-13	59	59
	2016-17	4 04	4 04
	2017-18	25 00	25 00
	Total	29 63	29 63
N	2012-13	38	38
	2015-16	44	44
	2017-18	86 17	86 17
	Total	86 99	86 99
P	2017-18	4 00	4 00
	Total	4 00	4 00
R	2014-15	25	25
	2018-19	8	8
	Total	33	33
Grand Total		1 22 74	1 22 74

Summary of Year Wise Maturity Pattern of the Debentures

(₹ in '000)

Financial Year of Maturity	Amount
2010-11	2
2011-12	7
2012-13	97
2014-15	35
2015-16	1 12
2016-17	4 96
2017-18	1 15 17
2018-19	8
Grand Total	1 22 74

(iv) Cost Insurance Freight (CIF) value of imports - NIL

(v) Expenditure in foreign currency - NIL

(vi) Earnings in Foreign Currency - Nil

9. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required by MCA Notification dated March 30, 2017

A. Details of Direct Receipts and Payments in cash by the Company

(₹ in '000)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	-	2	2
Add:			
Permitted Receipts	-	43	43
Less:			
Permitted Payments	-	44	44
Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	1	1

B. Details of Collection amounts directly remitted in the Company's bank account

The Company collected its dues from the customers in the following ways:

1. Collection by way of direct remittance in the bank account of the Company by borrowers/collection agencies/company executives, in cash
2. Collection by way of payment by borrowers/collection agencies and company executives in cash to the branches of Muthoot Fincorp Limited who are appointed as the authorised agents for collection of Hypothecation dues from the customers. Muthoot Fincorp Ltd transfers such amount collected from customers in cash through bank transfer to the account of the Company.
3. Collection by way of ECS/NACH

In all the cases mentioned above, the Company, in accordance with the practices and method of accounting regularly followed, accounted the receipt of cash/electronic mode collection by crediting the respective borrowers' account and debiting the account of Muthoot Fincorp Limited/ Bank Account, as the case may be.

During the period from November 8, 2016 to December 30, 2016 an aggregate amount of ₹1 38 88 thousand had been remitted in cash in the designated bank account with State Bank of India directly by certain customers and collection agents/ company executives through various branches of Muthoot Fincorp Ltd across the country against the hypothecation receivables. Such cash was not actually received in cash at offices of the Company. Hence such receipt of cash directly deposited in the bank account of the Company not routed through the cash account of the Company. Therefore those receipts of cash are not considered as movement of cash.

However details of remittance of such cash in the bank account of the Company are furnished below:

(₹ in '000)

Particulars	Amount
Balance as on 08.11.2016	-
Add:	
Receipts	1 38 88
Less:	
Payments	-
Amount Deposited in Banks	1 38 88
Balance as on 30.12.2016	-

10. REPORTING OF FRAUD - No cases of frauds were reported during the financial year 2016-17

11. SECURITISATION TRANSACTION

- During the year the Company has securitised on “at Par” basis vide Pass Through Certificate route loan receivables of 1,32,550 contracts amounting to ₹ 349 55 74 thousand for a consideration of ₹ 349 55 74 thousand and de-recognised those assets of value ₹ 349 55 74 thousand from the books.
- Interest Only Strip representing present value of interest spread receivable has been recognised and reflected under other current assets as “Interest Strip Retained on Securitisation of Receivables” (Refer note no.2.18) and unrealised gains have been recognised as liability under other current liabilities as “Unrealised Gain on Loan Transfer Transactions” (Refer note no. 2.6).

12. DISCLOSURES REQUIRED IN MASTER DIRECTIONS - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 ISSUED BY RESERVE BANK OF INDIA ON MARCH 9, 2017

1 Disclosures

A. Capital

Particulars	March 31, 2017	March 31, 2016
i) Capital to Risk Weighted Asset Ratio (%)	16.98%	15.40%
ii) Capital to Risk Weighted Asset Ratio - Tier I Capital (%)	13.61%	13.73%
iii) Capital to Risk Weighted Asset Ratio - Tier II Capital (%)	3.37%	1.67%
iv) Amount of subordinated debt raised as Tier- II Capital (Discounted value) (₹ in '000)	41 35 47	14 52 56
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, 2017		March 31, 2016	
		Amount	Discounted Value	Amount	Discounted Value
Upto 1 year	100%	Nil	Nil	Nil	Nil
More than 1 year but upto 2 years	80%	2 58 32	51 66	Nil	Nil
More than 2 years but upto 3 years	60%	Nil	Nil	2 58 32	1 03 33
More than 3 years but upto 4 years	40%	1 26 59	75 95	Nil	Nil
More than 4 years but upto 5 years	20%	28 77 64	23 02 11	1 26 59	1 01 27
More than 5 years	0%	17 05 75	17 05 75	12 47 96	12 47 96
Total		49 68 30	41 35 47	16 32 87	14 52 56

B. Investments

(₹. In '000)

Sl No.	Particulars	March 31, 2017	March 31, 2016
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	14 75 08	13 75 13
	(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	14 75 08	13 75 13
	(b) Outside India	Nil	Nil
(2)	Movement of provisions held towards depreciation on investments		
	(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	2016-2017	2015-2016
(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 st March, 2017 (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 Rate 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)

Sl No.	Particulars	No./ Amount
1	No of SPVs sponsored by the NBFC for securitization transactions*	4
2	Total amount of securitized assets as per books of the SPVs sponsored**	290 78 12
3	Balance as per the books of the company**	264 62 58
4	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	20 91 16
	Others	Nil
(b)	On-Balance Sheet exposures	
	First loss	7 56 28
	Others	Nil
5	Amount of exposures to securitization transactions other than Minimum Retention Requirement (MRR)	
(a)	Off-Balance Sheet exposures	
(i)	Exposure to own securitizations	
	First loss	Nil
	Other	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 are reported here

** Includes retained exposure on Securitisation under Par Structure (MRR)

ii. Details of Financial Assets sold to Securitisation or Reconstruction Company for Asset Reconstruction

(₹. In '000)

Sl No	Particulars	2016-2017	2015-2016
(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	2016-2017	2015-2016
(i)	Number of Accounts	Nil	5126
(ii)	Aggregate Value (Net of Provisions) of accounts sold	Nil	41 39 82
(iii)	Amount of Exposures retained by the company towards MRR*	Nil	4 13 98
(iv)	Amount of Exposures for assignment other than the MRR*	Nil	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	Nil

iv. Details of Non Performing Financial Assets purchased or sold

a. Details of Non Performing Financial Assets purchased

(₹. In '000)

Sl No.	Particulars	2016-2017	2015-2016
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	2016-2017	2015-2016
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 1 month	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
Assets									
Hyp Receivables	151 66 84	50 32 31	49 06 57	140 21 30	226 60 52	370 25 35	2 29 30	1 98	990 44 17
Other Advances	9 72 26	6 38 44	12 58 30	22 65 67	41 27 28	117 43 06	3 17 97	-	213 22 98
Total	161 39 10	56 70 75	61 64 87	162 86 97	267 87 80	487 68 41	5 47 27	1 98	1203 67 15
Investments	35 74	-	-	-	-	8 35 44	5 39 63	1 00 01	1510 82
Total	35 74	-	-	-	-	8 35 44	5 39 63	1 00 01	1510 82
Borrowings									
Public Deposits	7 37 08	7 44 87	7 60 27	14 96 35	26 78 42	43 17 78	7 83 21	-	115 17 98
Debentures	46 19	4 05	12 90	67 11	1 02 42	12	-	-	2 32 79
Sub Debts	5 65	-	-	-	11 29	3 61 49	31 45 74	17 13 54	52 37 71
Loan from Directors	-	-	-	-	-	13 64 06	-	-	13 64 06
Inter Corporate Deposit	8	-	1 52 61	-	-	-	-	-	1 52 69
Bank Loan	2 68 03	108 25 36	13 83 49	303 54 10	372 34 20	15 11 27	-	-	815 76 45
Total	10 57 03	115 74 28	23 09 27	319 17 56	400 26 33	75 54 72	39 28 95	17 13 54	1000 81 68

*includes Interest accrued

F Exposures

(i) Exposure to Real Estate Sector

(₹. In 000)

Sl No.	Category	31.03.2017	31.03.2016
(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
	Total Exposure to Real Estate Sector	Nil	Nil

(ii) Exposure to Capital Market

(₹. in 000)

Sl No.	Particulars	31.03.2017	31.03.2016
(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;	49 95	Nil
(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
	Total Exposure to Capital Market	49 95	Nil

- 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 31.03.2017 is ₹ 7 29 07 thousand (as at 31.03.2016 ₹ 5 38 58 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	2016-2017	2015-2016
Provision for:		
Non-Performing Assets (Net)	7 48 78	3 97 66
Standard Assets	1 00 00	93 00
Others	-	1 00
Provision made towards Income tax	18 15 00	14 34 00
Total	26 63 78	19 25 66

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	6 06 66
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	5.58%

ii. Concentration of Advances

(₹in 000)

Total Advances to twenty largest borrowers	179 39 02
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	15.10%

iii. Concentration of Exposures

(₹ in 000)

Total Exposure to twenty largest borrowers / customers	179 39 02
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	15.10%

iv. Concentration of NPAs

(₹ in 000)

Total Exposure to top four NPA accounts	5 60
---	------

v. Sector-wise NPAs

Sl No	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	0%
2	MSME	0%
3	Corporate borrowers	0%
4	Services	0%
5	Unsecured personal loans	0%
6	Auto loans - (Hyp)	7.60%
7	Other loans- (Hyp)	2.30%

vi. Movement of NPAs

(₹ in 000)

Sl No.	Particulars	2016- 2017	2015- 2016
(i)	Net NPAs to Net Advances (%)	4.78%	4.34%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	54 17 16	32 68 64
(b)	Additions during the year	53 96 28	57 28 77
(c)	Reductions during the year	33 98 35	35 80 25
(d)	Closing balance	74 15 09	54 17 16
(iii)	Movement of Net NPAs		
(a)	Opening balance	45 04 61	27 53 75
(b)	Additions during the year	46 33 28	53 31 11
(c)	Reductions during the year	33 84 13	35 80 25
(d)	Closing balance	57 53 76	45 04 61
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	9 12 55	5 14 89
(b)	Provisions made during the year (net)*	7 63 00	3 97 66
(c)	Write-off / write- back of excess provisions	14 22	Nil
(d)	Closing balance	16 61 33	9 12 55

*Note - In addition an amount of ₹1 84 73 thousand (March 31, 2016: ₹ 3 04 24 thousand) has been written off against the non-performing hypothecation and gold 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

Sl No.	Particulars	Number
(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	171
(c)	No. of complaints redressed during the year	162
(d)	No. of complaints pending at the end of the year	9

13. ADDITIONAL DISCLOSURES

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	2 32 79	13 58
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of Public Deposits)		
b)	Deferred Credits	Nil	Nil
c)	Term Loans		
	IDBI Bank	21 21 21	Nil
	Dhanlaxmi Bank	6 03 88	Nil
	South Indian Bank	14 08 00	Nil
d)	Inter- corporate loans and borrowings	1 52 69	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits	115 17 98	3 04 79
g)	Other loans		
	Sub Debt	22 35 29	Nil
	Subordinated Unsecured Term Loan	30 02 42	Nil
	<u>Working Capital Demand Loan</u>		
	ICICI Bank	22 21 65	Nil
	Andhra Bank	60 01 64	Nil
	HDFC Bank	20 05 37	Nil
	State Bank of India	25 02 63	Nil
	Federal Bank	15 12 55	Nil
	Syndicate Bank	76 34 33	Nil
	Dhanlaxmi Bank	55 22 33	Nil
	South Indian Bank	73 00 00	Nil

	Canara Bank	35 04 96	Nil
	Axis Bank	25 00 00	Nil
	<u>Cash Credit</u>		
	State Bank of India	8 52 15	Nil
	State Bank of India (Formerly known as State Bank of Travancore)	87 79 53	Nil
	Corporation Bank	28 23 42	Nil
	Axis Bank	6 48 07	Nil
	City Union Bank	9 79 91	Nil
	South Indian Bank	75 93	Nil
	Andhra Bank	4 40 74	Nil
	Syndicate Bank	9 70 12	Nil
	Punjab National Bank	99 62 88	Nil
	Tamilnadu Mercantile Bank	34 89 31	Nil
	IDBI Bank	8 18 84	Nil
	Vijaya Bank	44 49 91	Nil
	Canara Bank	14 62 75	Nil
	Karnataka Bank	9 84 34	Nil
	Loans and Advances From Directors (Unsecured)	13 64 06	Nil
	Total	1000 81 68	3 18 37

Note 1 – Overdues for a sum of ₹ 13 58 thousand in respect of Secured Debentures represents debentures for which payments could not be made as claims were not received from debenture holders.

Note 2 – Overdue of ₹ 3 04 79 thousand in respect of Public Deposits includes deposits for a sum of ₹ 1 26 50 thousand pending renewal and deposits for a sum of ₹ 1 61 54 thousand for which payments could not be made as 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)

Sl 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	115 17 98	3 04 79

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

(₹ in '000)

Sl No	Particulars	Amount Outstanding
(a)	Secured	205 93 91
(b)	Unsecured	7 29 07

4. Break up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities:

(₹ in '000)

Sl 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	85
	(b) Loans other than (a) above	990 44 17

5. Break-up of Investments:

(₹ in '000)

Sl 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	8 35 44	9 02 47
	(v) Others	Nil	Nil
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

1	(v) Others Long Term Investments: - Quoted: - (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others Gold Exchange traded fund of UTI	Nil 49 95 Nil Nil Nil 5 89 50 19	Nil 50 67 Nil Nil Nil 6 30 54 53
2	Unquoted: - (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others	 Nil Nil Nil Nil Nil Nil	 Nil Nil Nil Nil Nil Nil
	Total	14 75 08	15 84 21

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	14 32	Nil	14 32
	(c) Other related parties	Nil	2 00 09	2 00 09
2	Other than related parties	11 79 62 76	5 28 65	11 84 91 41
	Total	11 79 77 08	7 28 74	11 87 05 82

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

(₹. in '000)

Sl No	Category	Market Value/ Break-up or FairValue 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	15 84 21	14 75 08
	Total	15 84 21	14 75 08

8. Other Information:

(₹. in '000)

SI No	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	74 15 09
(ii)	Net Non -Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	57 53 76
(iii)	Assets acquired in satisfaction of debt (After provision of ₹ 85 thousand for diminution in the value of Repossessed Asset)	Nil

9. Asset Classification

(₹. in '000)

SI No	Category	Amount
1	Standard	1129 52 06
2	Substandard	47 80 54
3	Doubtful	26 34 55
4	Loss Assets	Nil
	Total	1203 67 15

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

As per our report of even date attached

FOR K. VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
FIRM REGN NO: 004610S

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

Sd/-
CA. A. GOPALAKRISHNAN
PARTNER
MEMBERSHIP NUMBER: 18159

Sd/-
THOMAS JOHN MUTHOOT
CHAIRMAN

Sd/-
THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

Sd/-
THOMAS MUTHOOT
DIRECTOR

PLACE - KOCHI
DATE - APRIL 18, 2017

Sd/-
VINODKUMAR M. PANICKER
CHIEF FINANCE OFFICER

Sd/-
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

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