MCSL/SEC/18-19/50

June 27, 2018

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

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

Dear Sir/Madam,

Sub: Annual Report of Muthoot Capital Services Limited for the FY 2017 - 2018

Please find enclosed the Annual Report of the Company for the FY 2017 - 2018.

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

Thanking you

Yours faithfully

For Muthoot Capital Services Limited

Ravi Oruganti
Company Secretary & Compliance Officer

MUTHOOT CAPITAL SERVICES LTD. 3rd Floor, Muthoot Towers M.G. Road KOCHI- 682035

Encl: as above

Muthoot Pappachan
Believe in Blue

ANNUAL REPORT 2017-18

THE FUTURE IS DIGITAL.
THE FUTURE IS MUTHOOT CAPITAL.

Muthoot Pappachan
CAPITAL
A Muthoot Pappachan Group Company

131 YEARS OF TRUST

HE HELD EVERY HAND
THAT REACHED OUT TO HIM.
AND LED THEM TO
A BETTER TOMORROW.

MUTHOOT PAPPACHAN

29.12.1927-13.04.2004

Muthoot Pappachan. He believed that every man and woman has the right to work. That everyone is deserving of dignity and respect. That all of us should get to live a better tomorrow, no matter the situation or circumstance today.
He made this belief a reality for many, through his work and continues to do so, through ours.

PAPPACHAN muthoot

Believe in Blue

MUTHOOT FINCORP | MUTHOOT CAPITAL
MUTHOOT HOUSING FINANCE | MUTHOOT MICROFIN

www.muthoot.com | /muthootindia

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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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
Mrs. Radha Unni	Independent Woman Director

Chief Operating Officer

Mr. Madhu Alexiouse

Chief Finance Officer

Mr. Vinodkumar M. Panicker

Company Secretary & Head Governance

Mr. Syam Kumar R. (Upto January 15, 2018)

Audit Committee

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

Nomination & Remuneration Committee

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

Risk Management Committee

Mr. Thomas George Muthoot	Chairman
Mr. Thomas Muthoot	
Mr. R. K. Nair	

Asset Liability Management Committee

Mr. Madhu Alexiouse	Chairman
Mr. Balakrishnan R.	
Mr. Vinodkumar M. Panicker	
Mr. Syam Kumar (Upto January 15, 2018)	
Mr. Vijayan T.	
Mrs. Priya A. Menon	

Resource Mobilization Committee

Mr. Thomas George Muthoot	Chairman
Mr. Thomas Muthoot	

Share Transfer Committee

Mr. Thomas George Muthoot — Chairman
Mr. Thomas Muthoot
Mr. Madhu Alexiouse

Statutory Auditors

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

Secretarial Auditors

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

Internal Auditors

M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai

Our Bankers

Andhra Bank Limited
AU Small Finance Bank
Axis Bank Limited
Canara Bank
Central Bank of India
City Union Bank Limited
Corporation Bank
Dhanlaxmi Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
Indian Overseas Bank
IndusInd Bank Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
Lakshmi Vilas Bank Limited
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
Syndicate Bank
Tamilnad Mercantile Bank Limited
The Federal Bank Limited
The Karur Vysya Bank Limited
The South Indian Bank Limited
Vijaya Bank
Yes Bank Limited

Registrar and Share Transfer Agents

Integrated Registry Management Services Private Ltd.
2nd Floor, "Kences Towers",
No.1, Ramakrishna Street,
North Usman Road, T Nagar,
Chennai - 600 017

Debenture Trustee

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

Public Deposits Trustee

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

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

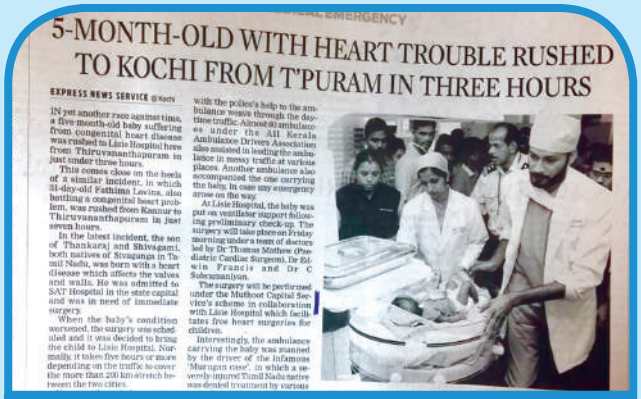
"TO BE THE MOST TRUSTED FINANCIAL SERVICE PROVIDER, AT THE DOOR STEP OF THE COMMON MAN, SATISFYING HIM IMMEDIATELY, WITH EASY AND SIMPLE PRODUCTS."

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."

Aashiana Rehabilitation Centre Vettickal - Mulanthuruthy

Blessing of Ashiana Rehabilitation Centre at Vettickal Mulanthuruthy on October 27, 2017 by His Grace Dr Thomas Mar Athanasius



5-MONTH-OLD WITH HEART TROUBLE RUSHED TO KOCHI FROM T'PURAM IN THREE HOURS

EXPRESS NEWS SERVICE @Kochi

IN yet another race against time, a five-month-old baby suffering from congenital heart disease was rushed to Lisie Hospital here from Thiruvananthapuram in just under three hours.

This comes close on the heels of a similar incident, in which 31-day-old Fathima Lavina, also battling a congenital heart problem, was rushed from Kannur to Thiruvananthapuram in just seven hours.

In the latest incident, the son of Thankaraj and Shivagami, both natives of Sivagangai in Tamil Nadu, was born with a heart disease which affects the valves and walls. He was admitted to SAT Hospital in the state capital and was in need of immediate surgery.

When the baby's condition worsened, the surgery was scheduled and it was decided to bring the child to Lisie Hospital. Normally, it takes five hours or more depending on the traffic to cover the more than 200 km stretch between the two cities.

with the police's help to the ambulance weave through the daytime traffic. Almost 60 ambulances under the All Kerala Ambulance Drivers Association also assisted in leading the ambulance in messy traffic at various places. Another ambulance also accompanied the one carrying the baby, in case any emergency arose on the way.

At Lisie Hospital, the baby was put on ventilator support following preliminary check-up. The surgery will take place on Friday morning under a team of doctors led by Dr Thomas Mathew (Paediatric Cardiac Surgeon), Dr Elvis Francis and Dr C Subramanian.

The surgery will be performed under the Muthoot Capital Service's scheme in collaboration with Lisie Hospital which facilitates free heart surgeries for children.

Interestingly, the ambulance carrying the baby was manned by the driver of the infamous 'Murugan case', in which a severely injured Tamil Nadu native was denied treatment by various

Child supported by MCSL for heartsurgery - news

Medical Camp at Palakkad

Medical Camp organised at Palakkad on March 24, 2018 in association with Palana Hospital, Palakkad and Lisie Hospital, Ernakulam

Send off programme on December 09, 2017 for the children who completed the surgery at Lisie Hospital supported by MCSL

MESSAGE FROM THE MANAGING DIRECTOR

Dear Members,

It is indeed with great delight that I present before you the financial results of the Company for the FY 2017-18. The Company has witnessed a lot of firsts in the year gone by and is looking ahead to bigger opportunities for growth in the coming year. With the increase in government spending on rural road connectivity, increase in disposable income, burgeoning middle class population and more women joining the work force, the two-wheeler industry is poised for growth, providing ample opportunities for expansion for the Company.

Our disbursement for the year was ₹ 1969.69 Crores, up by 51.8% and our AUM increased by 55.4% to ₹ 2238.03 Crores (including sold portfolio of ₹ 322.02 Crores) as compared to the numbers of the previous year. As a result, the Company has earned a net income of ₹ 53.68 Crores, an increase of 78.4% from the previous year.

The Company created a new benchmark by disbursing ₹ 200 Crores in October 2017 alone. With increasing digitization of our processes such as introduction of the mobile-based loan approval process, we have been able to turnaround faster, disbursing more than 100,000 loans during the festival season of Dussera and Diwali. The Muthoot Pappachan Group's flagship company, has also been a key partner in the success journey of the Company. Given the wide network of branches of the group company, the auto-loan business from branches of the group company has grown by around 55.9% compared to the previous year.

On the capital raising front, the Company raised additional equity to the tune of ₹ 165.02 Crores, through a Qualified Institutional Placement, in November 2017, bringing on board reputed financial institutions and mutual funds and has strengthened the capital base of the Company.

The Company has been diligent in its collections efforts, which is reflected in the value of NPA we have maintained. After the waning effects of demonetization, coupled with the dual effects of change in NPA recognition norms and uncertainties surrounding the implementation of the Goods and Services Tax regime, we have ended the year with a Gross NPA of ₹ 87.91 Crores, with a provision coverage of close to 35%.

In terms of presence, our centre of gravity is shifting as well. While we were traditionally a south-centric NBFC, we look forward to penetrating further particularly in the western and northern regions of the country. We have also taken efforts to reduce financing costs by broad-basing our borrowing profile, enhance asset management capabilities and diversify into new products such as used-car financing. All these will achieve results over a period of time.

Going forward, the Company would emphasize on more digitization of the loan appraisal and disbursement process, placing a thrust on analytics in acquiring customers and determining eligibility for loans. The Company intends to further reduce its TAT (turnaround time) through automation of processes and through online channels of loan sourcing. We have also launched an App whereby customers can apply for a loan on their mobile devices.

The Company has also been conscious of its commitment to society. The Company has aided the rehabilitation of persons suffering from paralysis as a result of spinal cord trauma and has partnered with a reputed medical institution to conduct medical camps and provide financial assistance for cardiac surgeries for children from economically disadvantaged families, thereby changing the very course of their lives.

I express my heartfelt appreciation to the entire team at MCSL for their unwavering support and endeavor to excel. On that note, it also gives me immense pleasure to inform you that Mr. Vinodkumar M. Panicker, Chief Finance Officer of the Company has been included in CFO India's 8th Annual CFO100 Roll of Honour in the Capital Raising Category. Mr. Vinodkumar has been selected among other senior finance professionals from all over the country for his astuteness, proficiency and leadership.

On behalf of the Board, I also take this opportunity to thank our shareholders, regulators, bankers, valued customers, suppliers and investors for their trust in the Company and continued co-operation extended to the Management. We need your continued support as we aspire to be the leader in financial services, by bringing simple and easy products to the doorstep of the common man and continually meeting the evolving financial needs of the people of India.

Sd/-
Thomas George Muthoot
Managing Director

FROM THE CHIEF OPERATING OFFICER'S DESK

Dear Shareholders,

Warm greetings to all of you.

The FY 2017 - 2018 was an eventful year for your Company which witnessed robust results every quarter and finally culminating into one the spectacular results. While your company has significantly out-grown the Industry growth, the results were aided by events like raising of ₹ 165.02 crores through Qualified Institutional Placement, issuing of Bonus Shares for the first time in the history of the Company, raised about ₹ 225 crores under Commercial Paper, and disbursed ₹ 200 crores in a single month - an all-time high record for a single month disbursement and many more.

The FY 2017 - 2018 was another successful year for your Company, with remarkable growth, whereby the total income increasing to ₹ 398.09 crores compared to ₹ 284.20 crores during the FY 2016 - 2017, registering a growth of 40.07%, registering a significant jump in PAT of ₹ 53.68 crores as compared to ₹ 30.09 crores achieved for the FY 2016 - 2017, registering a growth of 78.40%. For the FY 2017 - 2018, the loan disbursement was ₹ 1969.60 crores compared to ₹ 1297.82 crores for the previous year a robust growth of 51%. The interest expenses during the period went up from ₹ 103.95 crores to ₹ 122.83 crores, an increase of 18.16%. The total expenses rose from ₹ 238.01 crores to ₹ 315.63 crores, recording an increase of 32.61%.

The overall AUM as on March 31, 2018 was at ₹ 2238.03 crores as against ₹ 1439.70 crores of AUM recorded as on March 31, 2017, an overall growth of 55.45%. The financials of your Company reported an AUM of ₹ 1906.00 crores, which is net of the securitized portfolio which is removed from the books. Your Company has already disbursed more than 12.00 lakhs loans till date in the two-wheeler financing segment. The total number of live accounts as on March 31, 2018 stood at approximately 5.70 lakhs. The determination of NPA moved on to 3 month norm for the year, compared to the 4 month norm in the previous year, which had also impacted the profits of the Company. However, in spite of these, the Company was still able to improve the profits for the year by 78.40%.

Your Company is aggressively working on expansion plans and will enter more markets in the coming years with diversified retail finance products. Vigorous plans to adapt digitization and automation at all levels will ensure faster growth at lower cost and will also make the business grow digital intensive. The Company will continuously innovate and surpass the competitor space and will remain a market leader in serving customers. With this as a motto, the Company will soon introduce mobile based Digital Loan Process, which will reduce turnaround time for approvals and disbursements considerably. So, our never-ending efforts to re-skill, reboot and reposition ourselves will continue in the coming years also. We are expecting that this will have a great positive impact on the balance sheet over the coming years.

We are confident that our current focus on innovation will act as a driving force of our long-term success. We are never complacent and are constantly working on implementing new ideas across all verticals of the Company to achieve greater heights. Anticipating your continued support and understanding in the years to come.

With regards,

Sd/-

Madhu Alexiouse

Chief Operating Officer

LIST OF BRANCHES

Sl. No.	Branch Location	Branch Address
		KERALA
1	Adimaly	2nd Floor, Sivaram Building, NH 49, Adimaly P.O., Adimaly, Idukki (Dist) - 685 561
2	Alappuzha	2nd Floor, Niza Center, East of General Hospital Junction, Alappuzha
3	Calicut	Door No. 27/383/A-3, 2nd Floor, Soubhagya Shopping Complex, Nr. Aryadathupadam, Mavoor Road, Calicut
4	Kollam	1st Floor, S.M. Towers, Madan Nada, Kollam, Kerala - 691 016
5	Kottayam	Door No. 480, Vallabhasseri Building, Near Shalom Church, Chingavanam P.O., Kottayam - 686 531
6	Kalpetta	2nd Floor, Kainatty Arcade, Kainatty Junction, North Kalpetta Post, Wayanad - 673 121
7	Palakkad	RRK Towers, 1st Floor, Shornur Road, Pallipuram Post, Melamuri, Palakkad - 678 006
8	Thrissur	1st Floor, PVK Complex, Opp. Amala Hospital, Amala Nagar, Thrissur - 680 555
9	Tirur	1st Floor, Mundakkathu Building, Payyanangadi, Tirur
10	Trivandrum	2nd Floor, Mansions Chelsma Heights, Chengalloor Junction, Poojappura, Trivandrum - 695 012
		TAMIL NADU
11	Chennai	1st Floor, Majestic Tower, Door No. 236, Choolaimedu High Road, Choolaimedu, Chennai - 94
12	Coimbatore	Ground Floor, #62, Dr. N.R.N. Layout, Pappanaikenpalayam, Coimbatore
13	Kumbakonam	No. 41, Ravi's Plaza, Gandhiadigal Salai, Near Raya Mahal, Kumbakonam - 612 001
14	Salem	1st Floor, N.V. Arcade, 5/259A, Junction Main Road, Salem - 636 004
15	Tanjore	1st Floor, No. 5/163/4, Sorna Complex, Natarajapuram West, M C Road, Tanjore - 613 004
16	Theni	Tharun Tower, 2nd Floor, Sriram Theatre Lane, Cumbum Road, Theni - 625 531
17	Thirunelveli	No. 42, Vadivagam, TVM High Road, Near Palai Bus Stand, Palayamkottai, Thirunelveli - 627 002
18	Trichy	3rd Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy - 620 001
		PUDUCHERRY
19	Karaikkal	1st Floor, Door No.2, Kannadiar Street, Karaikkal - 609 602
		KARNATAKA
20	Bangalore	No. 29, "Shree Krishna" Opp. Raheja Park Apartment, Magadi Main Road, Vijayanagar, Bangalore - 560 040
21	Hubli	1st Floor, Above Vijayalakshmi TVS Show Room, Gokul Road, Hubli - 580 030
22	Mysore	1st Floor, No. 170/1, M 52, B N Street, Opp: Mandi Market, Mandi Mohalla, Mysore - 570 021

23	Shimoga	No. 44/44/44, Satish Arcade, 2nd Floor, Savalanga Road, Shimoga - 577 201
	TELANGANA	
24	Amberpet	Behind Muthoot Fincorp Limited, Door No. 2-3-692/ 13, Near Police Line, Amberpet, Hyderabad - 500 013
25	Hyderabad	Door No. 2-2-1130/24/D/1, 1st Floor, above Indian Bank, Shivam Road, Prasanthnagar, Hyderabad - 500 044
	ANDHRA PRADESH	
26	Guntur	Door No. # 12-17-14, Somavari Street, Kothapet, Guntur - 522 002
27	Kadapa	D. No. 42/332-2, Vandana Complex, Ground Floor (Back Side), Bhagya Nagar Colony, Opp. Shivalayam Temple, Kadapa - 516 001
28	Thirupathi	Door No. 19-4-121/13/D1, First Floor, STV Nagar, Thirupathi - 517 501
29	Vijayawada	Door No. 31-11-1, Shriyans Plaza Hindu College Road, Maruthinagar, Vijayawada - 520 004
30	Vizag	1st Floor, No. 47-15-4/1, Gurbanga Complex, Diamond Park Road, Dwaraka Nagar, Vizag - 530 016
	GUJARAT	
31	Ahmedabad	402, Ashoka Complex, Near Axis Bank Ltd. Sardar Patel Stadium Road, Navrangpura, Ahmedabad - 380 009
32	Bharuch	First Floor, F 28-29, Millennium Market, Panchbatti, Bharuch - 392 001

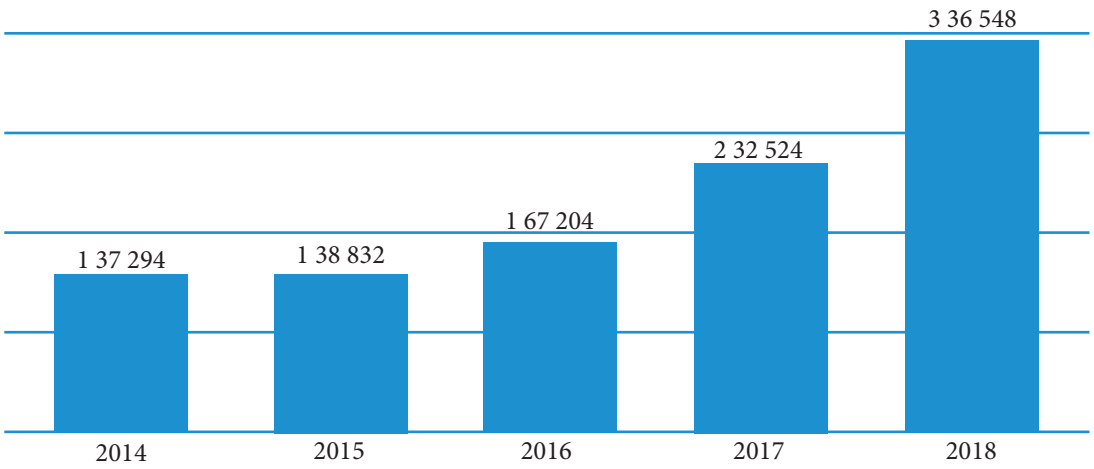
GROWTH OVER LAST 5 YEARS AT A GLANCE

(₹ In Lakhs except Key Indicators)

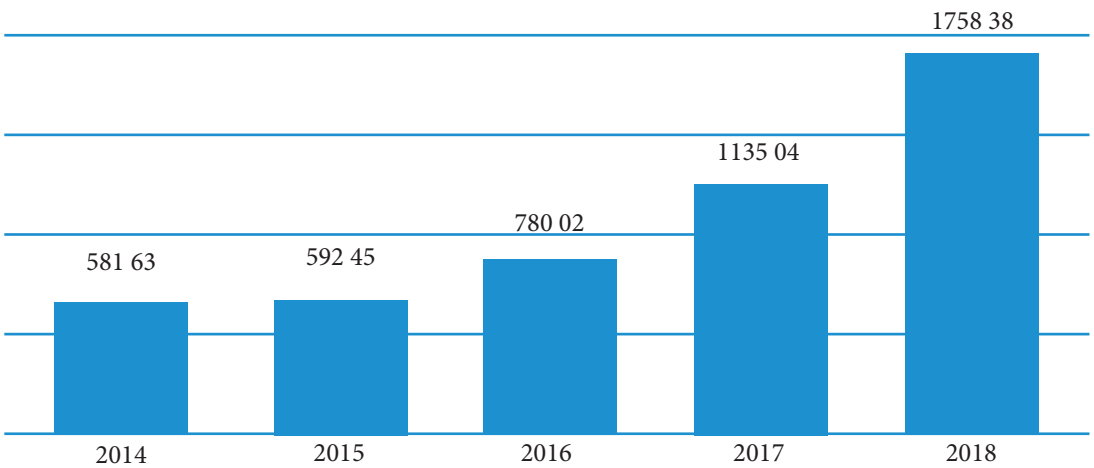
Financial year ended 31st March	2014	2015	2016	2017	2018
Operating Results					
Disbursements	588 57	648 84	927 96	1297 82	1969 69
Total Revenue	158 76	191 29	228 49	284 20	398 09
Profit Before Tax (PBT)	33 58	34 17	35 45	46 19	82 46
Profit After tax (PAT)	22 21	22 29	22 85	30 09	53 68
Assets					
Fixed Assets (including assets leased out)	2 84	2 04	1 83	2 59	2 48
Investments	7 07	13 54	13 75	14 75	17 86
Deferred tax asset	1 32	2 70	4 68	6 57	11 33
Net stock on hypothecation (including interest accrured)	688 61	799 01	932 31	1020 39	1647 50
Other loans (including interest accrued)	2 00	46 11	106 48	183 28	268 50
Other assets	13 04	12 61	13 06	50 61	30 12
Total Assets	**714 88**	**876 01**	**1072 11**	**1278 19**	**1977 79**
Liabilities					
Equity	12 47	12 47	12 47	12 47	16 45
Reserves and Surplus	106 07	120 82	135 42	165 51	377 48
Borrowings (including interest accrued)	576 44	712 82	893 75	1000 82	1458 82
Other liabilities	19 90	29 90	30 47	99 39	125 04
Total Liabilities	**714 88**	**876 01**	**1072 11**	**1278 19**	**1977 79**
Key Indicators					
Earnings Per Share (in ₹)	17.80	17.87	18.32	21.93[1]	36.39
Dividend Per Share (in ₹)	4.5	5.0	5.5	--	--
Book Value Per Share (in ₹)	95.00	1 07.00	1 19.00	1 42.70	239.51
CRAR (%)	17.32	15.97	15.40	16.98	22.04
GNPA (%)	2.23	3.94	5.21[2]	6.16[3]	4.59[4]
NNPA (%)	1.96	3.34	4.37[2]	4.85[3]	3.02[4]

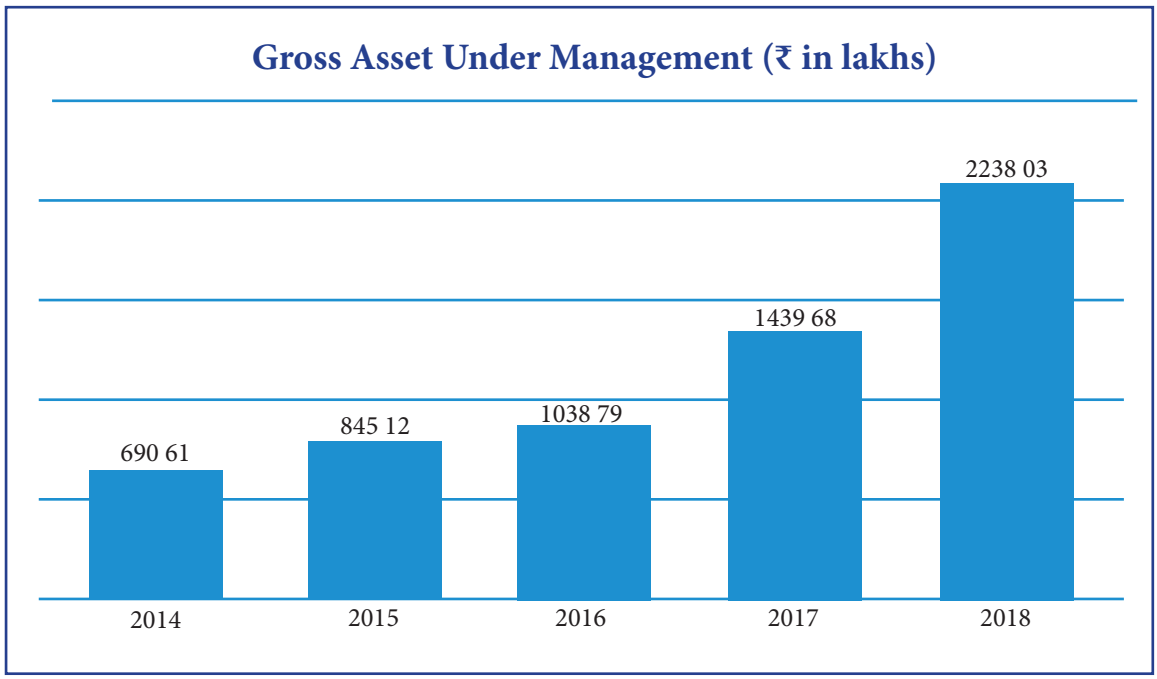
[1] Earnings per Share of the year 2017 is restated for Bonus Issue.
[2] 5-month norm is followed for GNPA and NNPA for the year 2016.
[3] 4-month norm is followed for GNPA and NNPA for the year 2017.
[4] 3-month norm is followed for GNPA and NNPA for the year 2018.

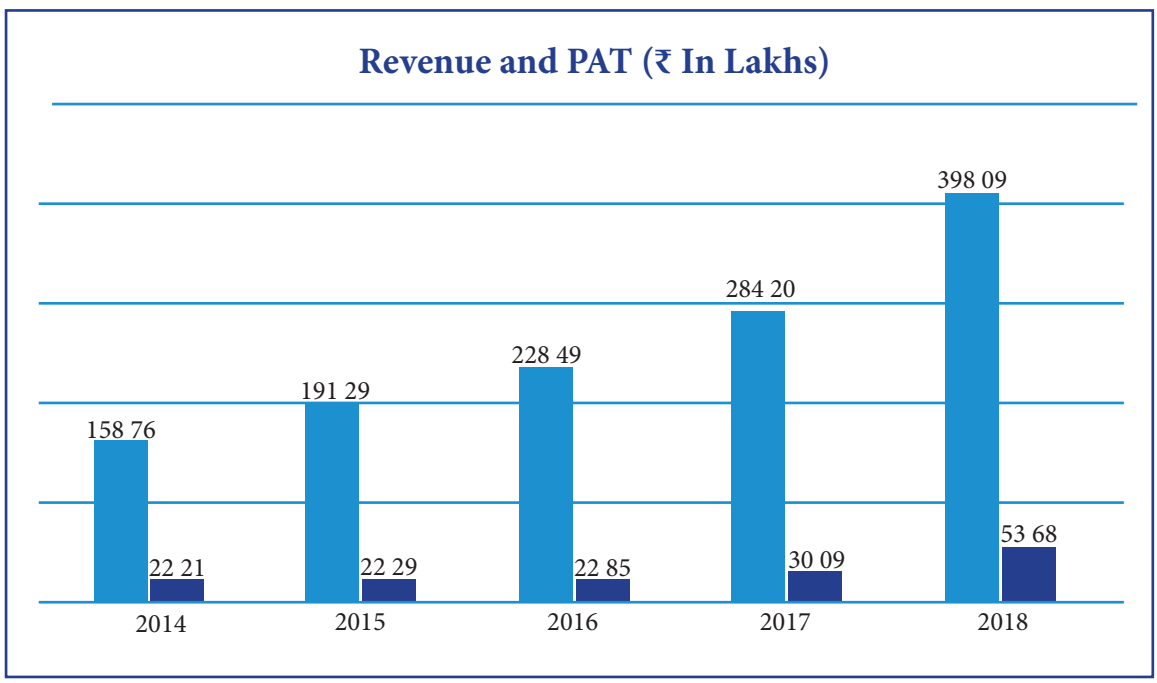
No. of Hypothecation Loans Disbursed

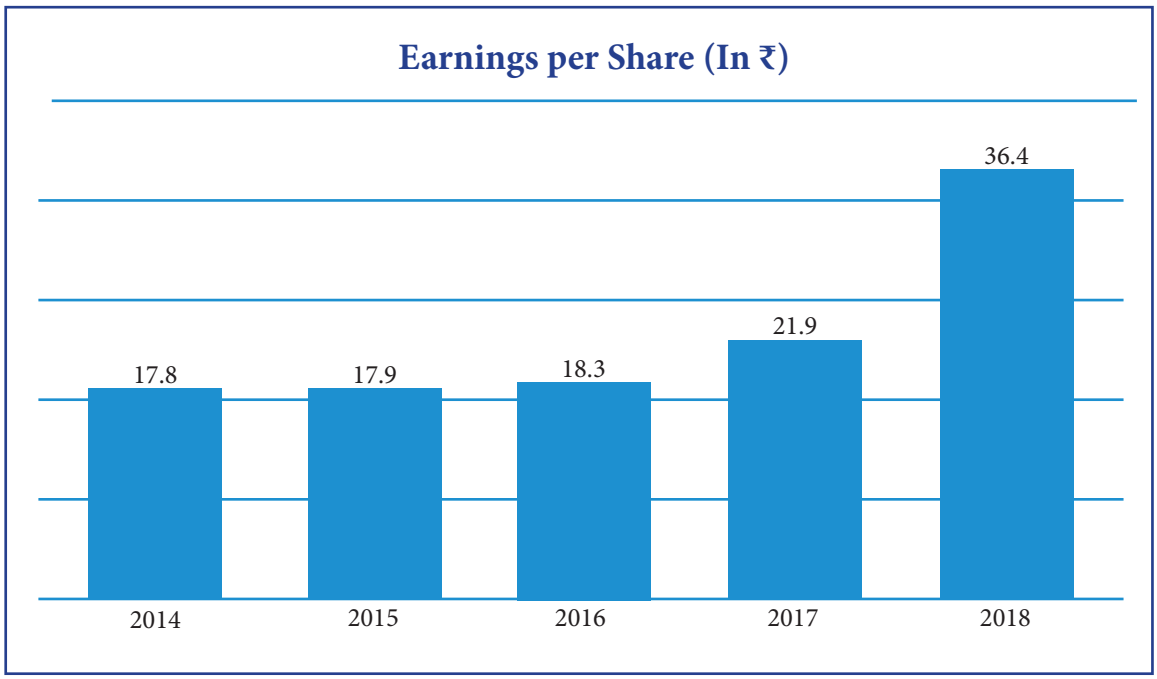


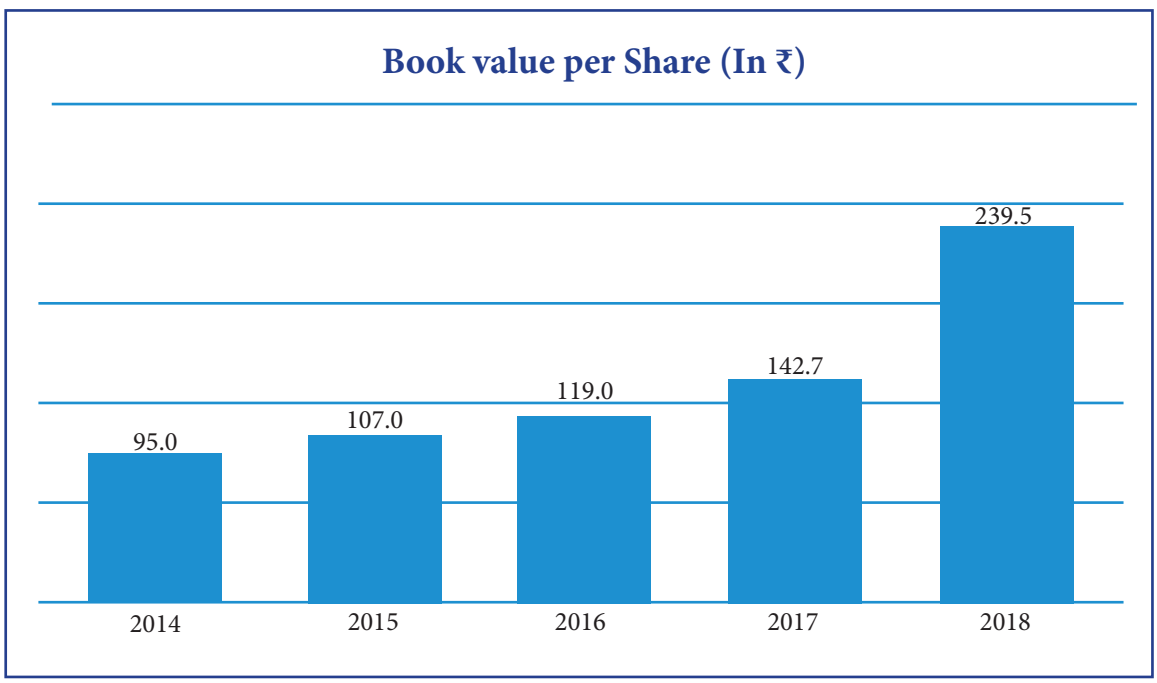
Disbursement of Hypothecation Loans (₹ in Lakhs)

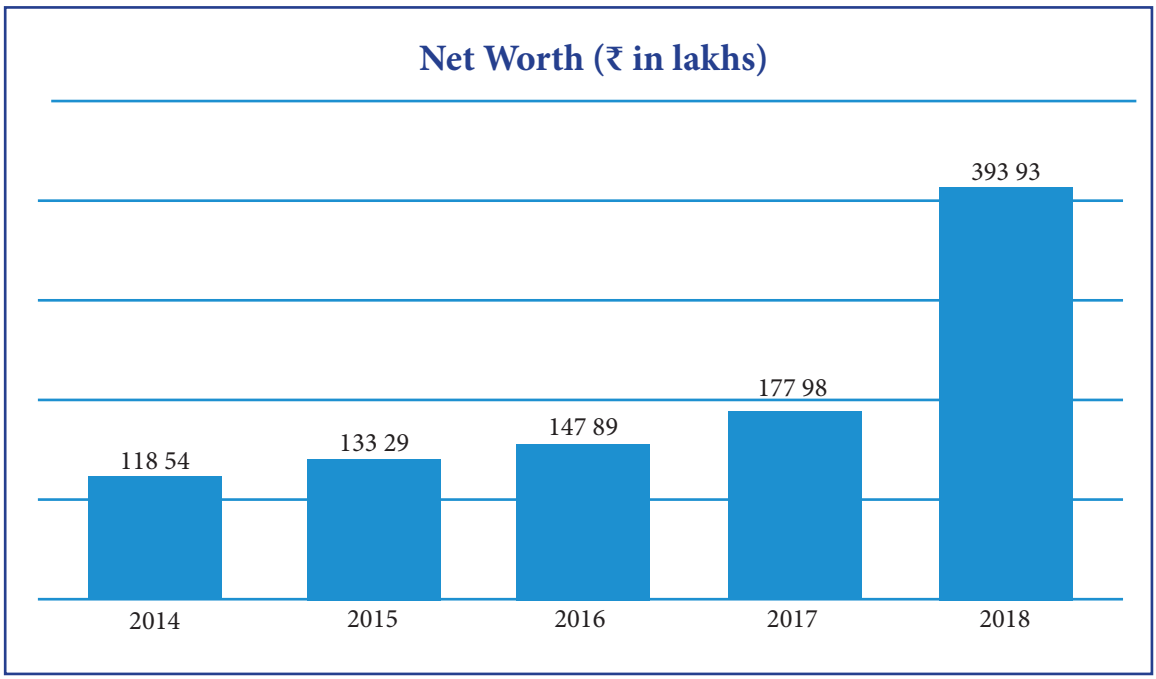


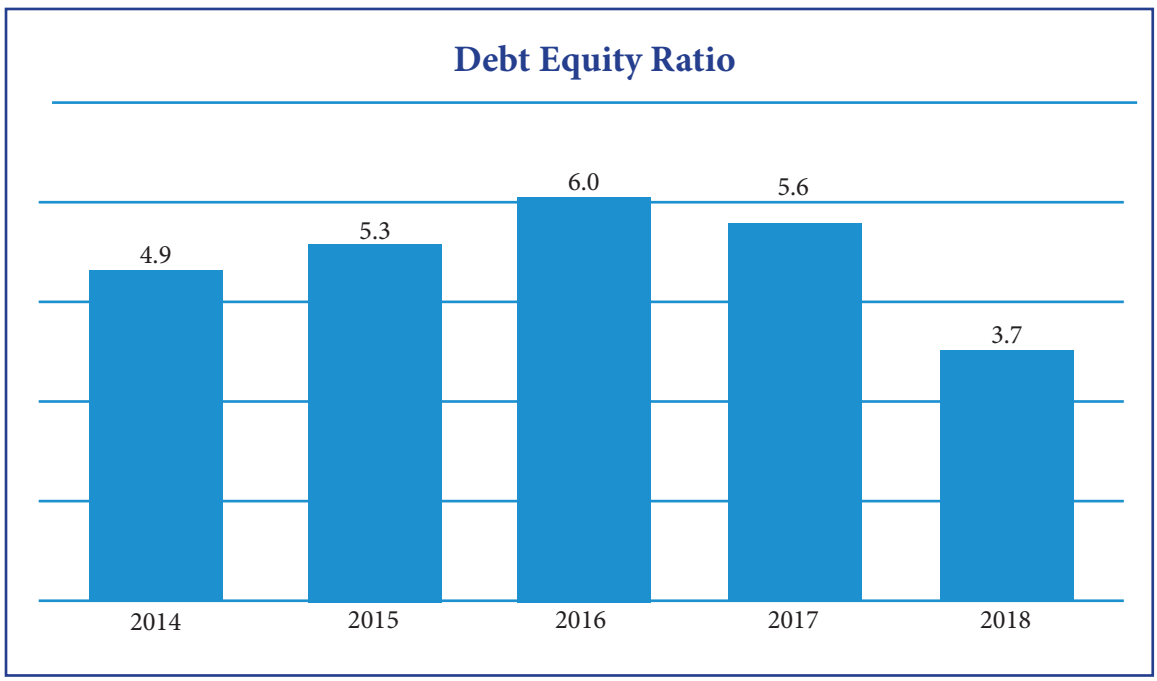

Gross Asset Under Management (₹ in lakhs)
690 61
845 12
1038 79
1439 68
2238 03
2014
2015
2016
2017
2018


Revenue and PAT (₹ In Lakhs)
158 76
22 21
191 29
22 29
228 49
22 85
284 20
30 09
398 09
53 68
2014
2015
2016
2017
2018

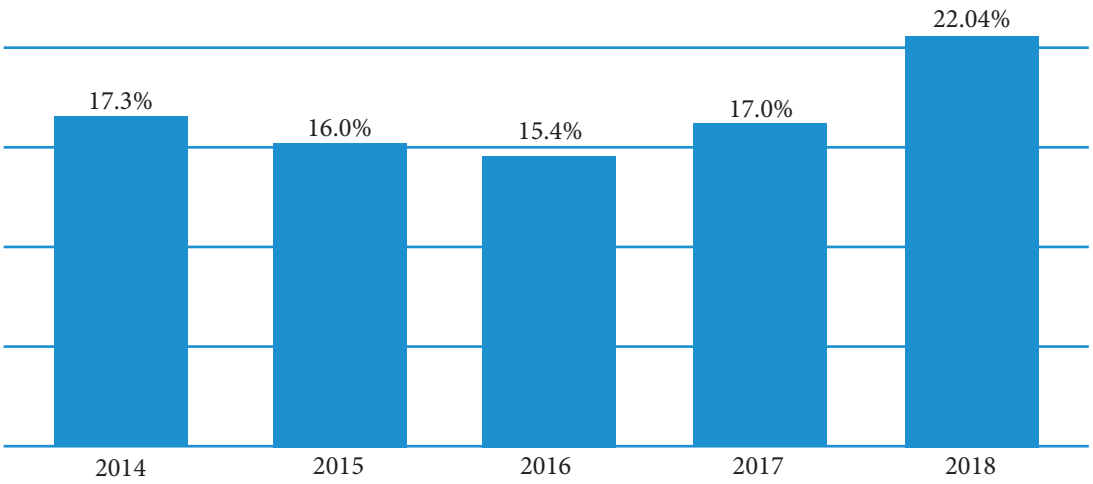

Earnings per Share (In ₹)
17.8
17.9
18.3
21.9
36.4
2014
2015
2016
2017
2018


Book value per Share (In ₹)
95.0
107.0
119.0
142.7
239.5
2014
2015
2016
2017
2018

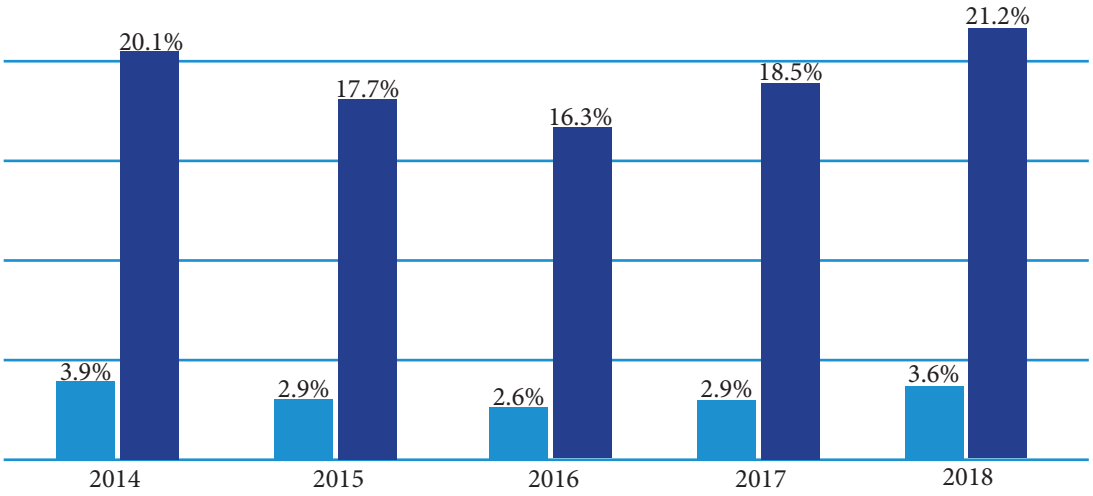

Net Worth (₹ in lakhs)
118 54
133 29
147 89
177 98
393 93
2014
2015
2016
2017
2018


Debt Equity Ratio
4.9
5.3
6.0
5.6
3.7
2014
2015
2016
2017
2018

Capital Adequacy Ratio



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



Dear Members,

Your Directors are pleased to present the **24th Board's Report** on the Company's business and operations, together with audited financial statements of the Company for the financial year ended March 31, 2018.

1. PERFORMANCE HIGHLIGHTS

a) Financial Results

The summarized financial results of your Company for the FY 2017 - 2018 are given below:

(₹ in lakhs, except earnings per share)

Particulars	2017 - 2018	2016 - 2017
Total Income	398 08.56	284 19.99
Total Expenses	315 62.54	238 01.32
Profit Before Tax	82 46.02	46 18.67
Tax Expense	28 78.30	16 09.50
Profit After Tax	53 67.72	30 09.17
Basic Earnings Per Share (EPS)	36.39	21.93

Note: Previous year figures have been reworked, re-grouped, re-arranged and re-classified to conform to the current year presentation. EPS for FY 2016 - 2017 has been restated based on the bonus issue made in June, 2017 (Previous year reported at ₹ 24.13).

b) Business Growth

During the Financial Year (FY) ended March 31, 2018, your Company was able to achieve an impressive growth. The total Asset Under Management (AUM) of your Company increased by 55.45%. The AUM of the Company as on March 31, 2018 stood at ₹ 22 38 02.63 lakhs whereas for the same for the FY 2016 - 2017 was ₹ 14 39 68.04 lakhs.

c) Profitability

The total income of the Company increased to ₹ 398 08.56 lakhs during the FY 2017 - 2018 as against ₹ 284 19.99 lakhs during the FY 2016 - 2017. The total expenditure for the FY 2017 - 2018 was at ₹ 315 62.54 lakhs. The Company achieved an all-time high profit of ₹ 53 67.72 lakhs while the same was ₹ 30 09.17 lakhs in FY 2016 - 2017. The Net Interest Margin (NIM) improved to 69.15% as against 63.43% in FY 2016 - 2017.

d) Asset Quality

As on March 31, 2018, the gross NPA and net NPA in the books of your Company stood at ₹ 87 91.27 lakhs and ₹ 56 92.98 lakhs respectively. The Provision Coverage Ratio stood at 35.33%. Your Company has also adopted new methods to control NPA figures and improve asset quality at lower costs.

e) Net worth & Capital Adequacy Ratio

Based on the higher profitability and the Qualified Institutional Placement (QIP) of ₹ 165 02.59 lakhs undertaken by the Company, the net worth of your Company increased by 121.33% to ₹ 393 92.99 lakhs as against ₹ 177 98.50 lakhs in the previous year. The Company's total Capital Adequacy Ratio (CAR) as on March 31, 2018 stood at 22.04% 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 19.69% and Tier II CAR stood at 2.35%. The CAR as on March 31, 2017, stood at 16.98%.

f) Earnings Per Share

Earnings Per Share of your Company has improved from ₹ 21.93 (restated from ₹ 24.13 as reported last year, based on bonus issue made in June, 2017) to ₹ 36.39 during the year under review. Return on Equity reached 21.17% during the year.

2. DIVIDEND

In view of the business growth plans of the Company and investment planned in digitization and technology, the Board of

Directors of your Company decided to plough back the profit after tax into the business and hence have not recommended any dividend for the FY 2017 - 2018.

3. RESERVES

Your Board of Directors has transferred an amount of ₹ 10 80.00 lakhs to the Statutory Reserve maintained under Section 45-IC of the Reserve Bank of India Act, 1934. The Company has not transferred any amount to the General Reserve for the FY ended March 31, 2018. Post transfer of profits to reserves, your Board decided to retain ₹ 119 12.37 lakhs as surplus in the Profit and Loss Account.

4. RESOURCE MOBILISATION

a) Share Capital

The authorised share capital of the Company was increased from ₹ 15 00.00 lakhs to ₹ 25 00.00 lakhs during the FY 2017 - 2018. The change in paid up share capital of the Company during the year is given below:

Reason for Change	No. of Shares	Face Value (₹)	Premium, if any (₹)	Issue Size (₹ in lakhs)
Issue of Bonus Shares	12 47 258	10.00	Nil	124.73
Issue of shares under Qualified Institutions Placement (QIP)	27 27 700	10.00	595.00	165 02.59

The paid up capital of your Company as on March 31, 2018 is ₹ 16 44.75 lakhs. The Company had not issued any equity shares with differential rights during the FY 2017 - 2018 and hence, the disclosure requirements under Section 43 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

b) Debentures

The Company has not issued any debentures during the FY 2017 - 2018. As on March 31, 2018, the residual portion of secured redeemable non-convertible debentures under private placement during earlier years along with interest accrued is ₹ 18.13 lakhs. The debentures issued are secured by way of floating charge on the current assets of the Company. The non-convertible debentures of your Company is rated as "A-/Stable" by CRISIL.

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

c) Commercial Papers

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

The outstanding amount of Commercial Papers as on March 31, 2018 is ₹ 145 23.09 lakhs.

d) Fixed 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 fixed from the FY 2013 - 2014. The fixed deposits of the Company are rated as "FA-/Stable" by CRISIL.

The outstanding amount of fixed deposits as on March 31, 2018, received by the Company including interest accrued at that date is ₹ 88 00.20 lakhs. As on March 31, 2018, there are 124 accounts of fixed deposits amounting to ₹ 1 99.82 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.

In compliance with the Master Circular - Miscellaneous Instruction to all NBFCs dated July 01, 2014, your Company has created a floating charge on the Statutory Liquid Assets in favour of IDBI Trusteeship Services Limited, as trustee on behalf of the depositors as required under the extant provisions.

e) Subordinated Debts

The Company had in the current year raised money through issue of subordinated debts. As of March 31, 2018, the total amount of outstanding subordinated debts, including accrued interest was ₹ 65 05.99 lakhs as against ₹ 52 37.71 lakhs in the previous year.

The subordinated debts and public deposits consists of 10.49 % of our total funding.

f) Bank Finance

The Company raised funds for its working capital resources mainly from banks. As on March 31, 2018, the total outstanding amount of credit facilities from Banks were ₹ 1149 10.25 lakhs as against ₹ 814 81.62 lakhs as on March 31, 2017 (Amounts are given without interest accrued).

Apart from the above, the Company has been sourcing funds through Securitization and Direct Assignment transactions. During the year under review the Company has sourced ₹ 439 76 .23 lakhs (net of MRR) (previous year ₹ 349 55.74 lakhs). The same has been invested by Banks/ NBFCs and the value remaining outstanding as on March 31, 2018 was ₹ 322 02 .37 lakhs (previous year ₹ 236 00.89 lakhs).

5. DIRECTORS

As on March 31, 2018, 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 in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015. All the Directors are having vast knowledge and experience in their relevant fields and the Company had benefitted immensely by their presence in the Board.

Mr. Thomas Muthoot, Director (DIN: 00082099) retires at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. The Board of Directors recommends the re-appointment of Mr. Thomas Muthoot as Director of the Company. The detailed profile of Mr. Thomas Muthoot, recommended for re-appointment is enclosed with the Notice for the 24th AGM of the Company.

a) Changes in Directors and Key Managerial Personnel (KMP) during the FY 2017 - 2018

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

Mr. Syam Kumar R., Company Secretary & Head - Governance one of the KMPs of the Company has resigned with effect from the closing hours of January 15, 2018, due to personal reasons.

Mr. Thomas George Muthoot, Managing Director and Mr. Vinodkumar M. Panicker, Chief Finance Officer are the KMPs of the Company, as recorded by the Board as on March 31, 2018.

b) Declaration by Independent Directors

On April 01, 2018, 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 April 17, 2018.

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

c) Policy on Board Diversity

The Policy on Board Diversity approved and adopted by the Company are as follows:

(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.

d) Policy on Nomination & 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 is enclosed to this Report as ***Annexure 2***.

The Policy on Nomination and Remuneration sets out the criteria for determining qualifications, positive attributes and independence of Director and the norms for evaluation of the Board, its Committees and individual Directors.

e) Formal Annual Evaluation of Board and its Committees

Based on the Policy on Nomination and Remuneration, the Board has carried out an annual evaluation of its own performance, its Committees and Independent Directors, excluding the Director being evaluated.

The detailed note on the annual Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 is given in the Report on Corporate Governance, which forms part of this Report.

f) Meetings of the Board

During the FY 2017 - 2018, your Board of Directors met eight times. More details about the meetings of the Board is given the Report on Corporate Governance, forming part of this Report.

g) Committees of the Board

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

6. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

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

7. CHANGE IN THE NATURE OF BUSINESS

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 for which during the year under review the Company has disbursed loans to the extent of ₹ 1758 38.00 lakhs and as on March 31, 2018, the total outstanding amount was ₹ 1939 76.65 lakhs. The Company had disbursed business/corporate loans to the extent of ₹ 211 31.11 lakhs and as on March 31, 2018, the outstanding amount is ₹ 267 54.03 lakhs.

The Company had entered into pool buyout arrangement of loan receivables amounting to ₹ 34.53 lakhs (after deducting 5% or 10% for MRR requirement). The aggregate amount outstanding under loan buyout as on March 31, 2018 was ₹ 57.89 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 2,869 dealers.

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

There were no material changes and commitments affecting the financial position of the Company between the end of financial year and the date of this Report.

9. CREDIT RATING

The Credit Rating enjoyed by the Company as on March 31, 2018, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2018	Migration during the FY 2017 - 2018
CRISIL	Bank Facilities	CRISIL A-/ Stable	No change
CRISIL	Public Deposits	FA-/Stable	No change
CRISIL	Commercial Paper	CRISIL A1	No change
CRISIL	Non-Convertible Debentures	CRISIL A-/ Stable	No change

10. 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.

11. RISK MANAGEMENT

Risk Management is embedded in the operating framework of the Company. The Company believes that risk resilience is key to achieving higher growth. To this effect, the Company has a well-defined Risk Management Policy in place to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities and thereby to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy lays down broad guidelines for timely identification, assessment and prioritization of risks affecting the Company in the short and foreseeable future. The Policy suggests framing an appropriate response action for the key risks identified, so as to make sure that risks are adequately addressed or mitigated.

The risk management framework in the Company is periodically reviewed by the Risk Management Committee of Board of Directors. The Internal Auditors are also having a complete review of risk assessments and associated management action plans.

Detailed discussion on Risk Management forms part of Management Discussion & Analysis under the section 'Risks and Concerns', which forms part of this Annual Report. At present, in the opinion of your Board of Directors, there are no risks which may threaten the existence of the Company.

12. ADEQUACY OF INTERNAL AUDIT AND FINANCIAL CONTROLS

The Company has in place robust 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 PKF Sridhar & Santhanam LLP as the Internal Auditors of the Company for the FY 2017 - 2018. The Internal Audit function essentially validates and ensures that the Company has in place adequate controls, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention

and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

The Audit Committee oversees and reviews the functioning of the entire audit team and the effectiveness of internal control system at all levels and monitors the implementation of audit recommendations. During the year, such control systems were assessed and no reportable material weaknesses in the design or operation were observed. Accordingly, your Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2017 - 2018.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility activities at Muthoot Capital Services Limited encompasses much more than social outreach programmes. Aligning with its vision, your Company has been continuing to increase value in the community in which it operates, through its services and CSR initiatives, so as to stimulate well-being for the community, in fulfillment of its role as a responsible corporate citizen. The 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 as per the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Policy is available on the website of the Company at http://muthootcap.com/wp-content/uploads/CSR-Policy.pdf.

The composition and other details of the CSR Committee is detailed in the Report on Corporate Governance, forming part of this Report.

14. AUDIT & AUDITORS

a) Statutory Auditors

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 were appointed as the Statutory Auditors of the Company during the 23rd AGM held on June 06, 2017, for a period of five years.

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to the Accounts section of the Annual Report. Further, your Directors confirm that there are no qualification, reservation or adverse remark or disclaimer in the Independent Auditor's Report provided by Statutory Auditors for the FY 2017 - 2018.

b) Secretarial Auditors

The Board, at its meeting held on April 18, 2017, appointed M/s. SVJS & Associates, Company Secretaries, 39/3525, Kausthubham, Manikkath Road, Ravipuram, Kochi - 680 016 to conduct the Secretarial Audit for the year ended March 31, 2018 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 2017 - 2018 is enclosed 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.

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

Considering the nature of activities, the provisions of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy 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.

16. 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.

A brief note on the highlights of the Whistle Blower Policy and compliance with Code of Conduct is also provided in the Report on Corporate Governance, which forms part of this Report.

17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Directors confirm that all contracts/arrangements/transactions entered into by the Company during the FY 2017 - 2018 with related parties were 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 2017 - 2018 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, Muthoot Bankers and Muthoot Microfin Limited at the AGMs held on September 03, 2014, August 21, 2015 and June 06, 2017 respectively 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 enclosed 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 is enclosed to this Report as ***Annexure 6*** and is also available on the website of the Company at http://muthootcap.com/wp-content/uploads/RPT_Policy.pdf.

19. PARTICULARS OF EMPLOYEES

Disclosures relating to remuneration of Directors under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed to this Report as ***Annexure 7***.

The information, as required to be provided in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed to this Report as ***Annexure 8***.

20. LISTING

Equity shares of your Company was listed on BSE Limited since April 24, 1995 and on National Stock Exchange of India Limited since August 24, 2015. Your Company has paid the required listing fees to both the Stock Exchanges for the FY 2018 - 2019.

21. 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 forms part of this Report.

22. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

Your Company has been employing 407 women employees in various cadres as on March 31, 2018. 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 2017 - 2018, the Company has not received any complaint of sexual harassment and hence, there were no complaints pending for redressal as on March 31, 2018. The Company had conducted 8 workshops/awareness programs regarding women empowerment during the period under review.

24. FAIR PRACTICE CODE (FPC)

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

25. CUSTOMER GRIEVANCE

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

26. EXTRACT OF ANNUAL RETURN

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

27. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c) we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) we had prepared the annual accounts on a going concern basis;

e) we had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

28. ACKNOWLEDGEMENTS

Your Directors wishes to place on record their appreciation and sincerely acknowledge the contribution and support from shareholders, customers, depositors, debenture holders, Central and State Governments, Bankers, Reserve Bank of India, Registrar of Companies, Kerala and Lakshadweep, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Registrar & Share Transfer Agents, Credit Rating Agencies and other Statutory and Regulatory Authorities for the kind co-operation and assistance provided to us.

Your Directors also extend their special appreciation to each Muthootians for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance and every well-wisher for their continued commitment, dedication and co-operation.

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

Kochi
April 17, 2018

ANNEXURE 1

DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

I hereby confirm that the Company has received from all the Independent Directors namely Mr. A.P Kurian, Mr. R.K Nair & Ms. Radha Unni, a certificate stating their Independence as required under Section 149 (6) of the Companies Act, 2013.

Sd/-
Thomas George Muthoot
Managing Director
DIN: 00011552

Kochi
April 17, 2018

ANNEXURE 2

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.

ANNEXURE 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief Outline of the Company's CSR Policy

The CSR Policy of the Company reflects the Company's philosophy on its social commitment and mission which is designed to portray its obligation to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates. The Policy applies to all CSR initiatives and activities taken up at the various work centers and locations of the Company, for the benefit of various segments of the society, with the emphasis on the under privileged.

Each CSR activity/project of the Company are undertaken/executed either directly by the Company or channelized through implementing agencies. During the FY 2017 - 2018, the emphasis of CSR activities of the Company was given for providing timely and effective medical service or support or relief to the needy. More focus was given to extent support in case of critical illness that will have an effect of damaging the entire family as a unit. The CSR efforts of the Company is also facilitated through Muthoot Pappachan Foundation which are bound by the theme - "**HEEL: Health; Education; Environment and Livelihood"**

The CSR Policy of the Company as approved and adopted by the Board is available on the website of the Company at http://muthootcap.com/wp-content/uploads/CSR-Policy.pdf.

2. The Composition of the CSR Committee

Name	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**	38 60.07
4.	**Prescribed CSR Expenditure (2% of the above)**	77.20
	Approved Budget for the FY 2017 - 2018	77.20
	Amount bought forward from FY 2016 - 2017 including cash with Implementing Agency	36.47
	Total amount available for the CSR activities for the FY 2017 - 2018	1 13.67
5.	**Details of CSR spend for the financial year**	
	a) Total amount spent for the financial year	54.80
	b) Amount unspent	58.87

c) 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 (FY 2017 - 2018)	Amount spent on the projects or Programs Subheads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: a) Direct or b) through implementing agency
1.	Magic Bus - Training to children	Promotion of Education	Ernakulam, Kerala	21.00	--	42.30[1]	Through implementing agency
2.	Expenses for Rehab Centre (Aashiana)	Setting up of homes and old age homes	Ernakulam, Kerala	21.82	19.99	21.78[2]	Direct/Through implementing agency
3.	MOU with Lissie Hospital	Promoting health care including preventive health care	Ernakulam, Kerala	50.00	19.94	19.94	Direct
4.	One off medical cases	Promoting health care including preventive health care	Ernakulam, Kerala	15.00	11.24	11.24	Direct
5.	Financial assistance for Education and Others	Promotion of Education	Ernakulam, Kerala	5.85	3.63	3.63	Direct
	Total			**1 13.67**	**54.80**	**98.89**	

[1]The Company has spent ₹ 42.30 lakhs towards the programme "Magic Bus" during the FY 2015 - 2016.
[2]The Company has spent ₹ 8.42 lakhs through implementing agency and ₹ 13.36 lakhs directly under the said project during the FY 2016 - 2017 and 2017 - 2018 respectively.
Implementing Agency: Muthoot Pappachan Foundation (MPF), Muthoot Centre, Punnen Road, Trivandrum - 695 034
Partnership NGO: Magic Bus India Foundation (Charitable Trust)

6. **Reasons for not spending the prescribed 2% amount:** As recommended by the CSR Committee, the Board of Directors of the Company has decided to make payment for various approved projects only on being satisfied that the project objectives are achieved. In certain cases where the desired objectives were not achieved and in cases where the desired criteria is not identified, the payment has not been made. In view of the same, out of the total budget of ₹ 1 13.67 lakhs (including ₹ 36.47 lakhs brought forward from the previous year) the Company had spent ₹ 54.80 lakhs only and the balance amount of ₹ 58.87 lakhs has been carried forward to the FY 2018 - 2019 in addition to the mandatory limit of 2%. The Company is looking for new avenues to implement its CSR programs with the sole intention of benefiting maximum households/families across the spectrum thereby meeting the 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/-
Thomas Muthoot
Chairman, CSR Committee
DIN: 00082099

Form MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2018
[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 - 682035

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, 2018, 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, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) as amended 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. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d. 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;

e. 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, 2016;

b. Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;

c. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

d. Guidelines for investment in unencumbered approved securities;

e. 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) Direction, 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 NBFC.
o. Reserve Bank Commercial Paper Directions, 2012;
p. Guidelines for issue of Commercial Paper.

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 BSELimited 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 the Company during the reporting period:

a) Has issued and allotted 2,727,700 equity shares of Rs. 10/- each at a premium of Rs. 595/- per share aggregating to Rs. 1,650,258,500/- by way of Qualified Institutional Placement on 13th November, 2017 in compliance to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

b) Has issued and allotted 12,47,258 equity shares of Rs. 10/- each by way of bonus issue of shares on June 14, 2017 in compliance to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

c) Has redeemed 11,310 Non convertible Debentures having face value of Rs. 1,000/- aggregating to Rs. 1,13,10,000/-.

We further report that during the audit period there were no other 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

P. Sivakumar
Managing Partner
Membership No. 3050
CP. No. 2210

Kochi
17.04.2018

'Annexure A'

To
The Members
Muthoot Capital Services Limited
3rd Floor, Muthoot Towers
M.G Road, Kochi
Kerala - 682035

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, 2018 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

P. Sivakumar
Managing Partner
Membership No. 3050
CP. No. 2210

Kochi
17.04.2018

ANNEXURE 5

FORM AOC - 2

(Pursuant to Section 134 (3) (h) of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Disclosure of Particulars of Contracts/Arrangements Entered into by the Company with Related Parties Referred to in Section 188 (1) of the Companies Act, 2013, including certain Arm's Length Transactions under Third Proviso there to

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

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

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

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

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

Kochi
April 17, 2018

ANNEXURE 6

RELATED PARTY TRANSACTION POLICY

1. DEFINITIONS

"Company" means Muthoot Capital Services Limited.

"Related party" with reference to the Company means:-

i) a director or his relative;

ii) a key managerial personnel or his relative;

iii) a firm, in which a director, manager or his relative is a partner;

iv) a private company in which a director or manager is a member or director;

v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;

vi) a body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

vii) any person under whose advice, directions or instructions a director or manager is accustomed to act;

   Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in professional capacity.

viii) any company which is-

   a) a holding, subsidiary or an associate company of such company; or

   b) a subsidiary of a holding company to which it is also a subsidiary;

ix) Director or key managerial personnel of the holding company or his relative with reference to a company; or

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 and Section 177 of the

Companies Act, 2013.

"**Board**" means Board of Directors of the Company.

"Key Managerial Personnel" means key managerial personnel as defined under Section 2 (51) of the Companies Act, 2013 and includes

i) Managing Directoror, Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
ii) Company Secretary;
iii) Chief Financial Officer and
iv) such other officer as may be prescribed

"Material Related Party Transaction"- a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Policy" means Related Party Transaction Policy.

"**Related Party transactions**" - transactions/ contracts/ arrangement between the Company and any related parties which fall under one or more of the following headings:

As per Section 188 of the Companies Act, 2013

a) Sale, purchase or supply of any goods or materials;
b) Selling or otherwise disposing of, or buying, property of any kind;
c) Leasing of property of any kind;
d) Availing or rendering of any services;
e) Appointment of any agent for purchase or sale of goods, materials, services or property;
f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

As per SEBI (LODR) Regulations, 2015

h) Transfer ofresources, services or obligations between a Company and a related party, regardless of whether a price is charged.

As per Accounting Standards 18

i) Transfer of research and development
ii) License agreements
iii) Finance (including loans and equity contributions in cash or kind).
iv) Guarantees and collaterals
v) Management contracts including for deputation of employees.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (LODR) Regulations, 2015, Securities Contract Regulation Act, 1956 or any other applicable law or regulation.

2. OBJECTIVE

This policy is framed to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

This Policy is effective from 01st October, 2014.

3. POLICY

a. All Related Party Transactions shall require prior approval of Audit Committee.

b. All Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and the Related Parties should abstain from voting on such resolutions.

c. Every Director or Key Managerial Personnel is responsible for providing advance notice to the Board or Audit Committee of any potential transaction involving him or her or his or her relative.

d. Audit Committee will review the details of transactions which are proposed to be entered into with a related party.

e. Where advance review of a Related Party Transaction by the Committee is not feasible or was entered due to urgency, then the Related Party Transaction shall be reviewed subsequently by the Audit Committee and in case the transaction is not approved the contract/arrangement shall stand cancelled from the date as determined by the Committee.

4. APPROVAL PROCEDURE OF RELATED PARTY TRANSACTION

A. At each of its meetings, the Audit Committee will be provided with the details of each existing or proposed Related Party Transaction that it has not previously approved or disapproved, including the following details:

a. the terms of the transaction;

b. the business purpose of the transaction; and

c. the benefits to the relevant Director(s) who is/are interested.

Any member of the Audit Committee who is interested in the related party transaction should abstain from voting on such resolutions. In connection with its review of a Related Party Transaction, the Committee will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction.

B. The Committee may grant omnibus approval for related party transactions which are repetitive in nature and are in the interest of the Company.

Such Omnibus approval shall specify the following:

i) the name/s of the related party, nature of transaction, period of transaction, maximum amount oftransaction that can be entered into;

ii) the indicative base price/current contracted price and the formula for variation in the price, if any; and

iii) such other conditions as the Audit Committee may deem fit.

The validity of the omnibus approval will be upto the end of the financial year for which it is approved and require fresh approvals after the expiry of such period.

5. REVIEW PROCEDURE

As per approved terms of reference of Audit Committee by the Board, all Related Party Transactions, except which are entered in ordinary course of business and on arm's lengthand all specific transactions shall be reported/referred to the Audit Committee of the Board on a quarterly basis for its review which includes:

1. The status of transactions already approved by the Committee;
2. Status of transactions undertaken under omnibus approval;
3. Transactions which were entered due to urgency etc.

6. DISCLOSURE

Compliance with this policy shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

7. EXEMPTIONS

Nothing contained in in this policy shall apply to any contract or arrangement:

(i) in the ordinary course of its business; or

(ii) at arms' length price.

(iii) between the Company and any other partner of the firm in which Director/Manager/Relative is a partner.

(iv) service availed in a professional capacity from body corporate/person.

(v) Contract with a private or public company in which relative of a director/manager is a director/member.

(vi) The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:

(a) transaction(s) done in ordinary course of business at arm's length;

(b) receipt of remuneration by way of sitting fees;

(c) re-imbursement of expenses for attending board and other meetings;

(d) any profit related commission as approved by members.

8. REGISTERS

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

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

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

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

ANNEXURE 7

Statement of Disclosure of Remuneration under Section 197 (12) of Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) **The ratio of remuneration of Managing Director to the median remuneration of the employees of the Company for the FY 2017 - 2018:-** 132:1

(ii) **The percentage of increase in remuneration of Managing Director, Chief Finance Officer and Company Secretary during the FY 2017 - 2018:-**

Sl. No.	Name of Director/ KMP	Designation	Remuneration during the FY 2017 - 2018 (₹ in Lakhs)	% increase in Remuneration during the FY 2017 - 2018
1.	Thomas George Muthoot	Managing Director	1 85.08	0.12%
2.	Vinodkumar M. Panicker	Chief Finance Officer	80.48	18.82%
3.	Syam Kumar R.[1]	Company Secretary & Head -Governance	19.44	--

[1]Upto January 15, 2018

(iii) **The percentage increase in the median remuneration of the employees in the FY 2017 - 2018:-** There has been an increase of 18.26% in the median remuneration of the employees of the Company in FY 2017 - 2018 as compared to FY 2016 - 2017.

(iv) **The number of permanent employees on the rolls of the Company as on March 31, 2018:-** There were 1683 permanent employees on the rolls of the Company.

(v) **Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:-**

The average increase in the remuneration of employees other than KMPs during FY 2017 - 2018 was 16.15% and the average increase in the remuneration of KMPs was 28.92%.

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

(vi) **Affirmation:** - It is hereby affirmed that the remuneration paid to KMPs and other employees are as per the Policy on Nomination and Remuneration of the Company.

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

Kochi
April 17, 2018

ANNEXURE 8

Statement of particulars under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2018

Name of Employee	Mr. Thomas George Muthoot	Mr. Vinodkumar M. Panicker	Mr. R. Balakrishnan	Mr. Madhu Alexiouse	Mr. Bimal Singh Rawat
Designation	Managing Director	Chief Finance Officer	GM - South	Chief Operating Officer	GM - North
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	55	52	53	46	47
Qualification	B. Com	B.Com, ACA	MSc. Maths, PGDM	MBA	Diploma in Mechanical Engineering, MBA
Experience (in years)	34	29	26	22	25
Date of commencement of employment	12.07.2016	16.12.2013	01.08.2008	01.02.2017	07.07.2015
Gross Remuneration (in lakhs)	1 85.08	80.48	73.10	54.23	50.12
% of Shareholding in the Company	19.036%	0.006%	--	--	--
Last employment	--	Outlook Publishing (I) Pvt. Ltd.	TVS Finance and Services Ltd.	IIFL	Saudi Finance
Relationship with any Director	Brother of Mr. Thomas John Muthoot and Mr. Thomas Muthoot	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors
Name of Employee	**Mr. Bijesh K.**	**Mr. Syam Kumar R.[1]**	**Mr. Vijayan T**	**Mr. Manish Dhar**	**Dr. Gopalakrishnan J Prakash[2]**
Designation	Sr. AVP - Collections	Company Secretary & Head - Governance	Sr. AVP - IT	AVP - Sales	Head - HR
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	42	48	44	48	40
Qualification	BSc. Maths, MBA	LLB, FCS, BSc. Chemistry	B.Com, DCA	PGDBA	PhD in Organisation Behaviour
Experience (in years)	19	21	18	17	17
Date of commencement of employment	07.07.2014	02.06.2014	01.09.2008	01.12.2015	22.06.2017
Gross Remuneration (in lakhs)	30.29	19.78	22.74	18.27	13.84
% of Shareholding in the Company	--	--	--	--	--
Last employment	Origon Consultants Private Ltd	ELGI Equipments Ltd	TVS Finance and Services Ltd	Ample Technologies	Consultant
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

[1]Upto January 15, 2018 [2]From June 22, 2017

Note: None of the employees of the Company are covered under Rule 5 (2) (i) and 5 (2) (ii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ANNEXURE 9

FORM MGT - 9

EXTRACT OF ANNUAL RETURN

For the FY ended March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L67120KL1994PLC007726
Registration Date	February 18, 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 3rd 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 2nd 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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ Services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Income from financing activities	65923 (Activities of commercial loan companies)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Not Applicable

IV. 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. 01.04.2017				No. of Shares held at the end of the year i.e. 31.03.2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual	9345231	0	9345231	74.93	10279752	0	10279752	62.50	(12.43)
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**	**10279752**	**0**	**10279752**	**62.50**	**(12.43)**
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**	**10279752**	**0**	**10279752**	**62.50**	**(12.43)**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	0	0	0	1775895	0	1775895	10.80	10.80
b) FI/Banks	6901	300	7201	0.06	1037	330	1367	0.01	(0.05)
c) Central Govt.	0	0	0	0	53379	0	53379	0.32	0.32
d) State Govt.(s)	0	0	0	0	0	0	0	0	--

e) Venture Capital Funds	0	0	0	0	0	0	0	0	--
f) Insurance Companies	0	0	0	0	0	0	0	0	--
g) FIIs	0	0	0	0	206970	0	206970	1.26	1.26
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	--
i) Others (specify)	0	0	0	0	0	0	0	0	--
Sub-total (B) (1)	**6901**	**300**	**7201**	**0.06**	**2037281**	**330**	**2037611**	**12.39**	**12.33**
2) Non-Institutions									
a) Bodies Corp. (Indian/Overseas)	124998	6900	131898	1.06	528629	7150	535779	3.26	2.20
b) Individuals:									
i) Holding nominal share capital upto ₹ 1 lakh	1255348	363941	1619289	12.98	1665871	316979	1982850	12.06	(0.92)
ii) Holding nominal share capital in excess of ₹ 1 lakh	1231140	73300	1304440	10.46	601940	80630	682570	4.15	(6.31)
c) Any Other:									
i) Clearing Member	64516	0	64516	0.51	40373	0	40373	0.24	(0.28)
ii) AIF	0	0	0	0	484222	0	484222	2.94	2.94
iii) FPI - Category III	0	0	0	0	14593	0	14593	0.09	0.09
iv) LLP	0	0	0	0	3352	0	3352	0.02	0.02
v) Trust	0	0	0	0	386431	0	386431	2.35	2.35
Sub-total (B) (2)	**2676002**	**444141**	**3120143**	**25.02**	**3725411**	**404759**	**4130170**	**25.11**	**0.09**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**2682903**	**444441**	**3127344**	**25.07**	**5762692**	**405089**	**6167781**	**37.50**	**12.43**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	--
Grand Total (A + B + C)	**12028134**	**444441**	**12472575**	**100**	**16042444**	**405089**	**16447533**	**100**	--

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2017			Shareholding at the end of the year i.e. 31.03.2018			% 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 total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mr. Thomas John Muthoot	2850995	22.858	0	3136094	19.067	0	9.119
2.	Mr. Thomas George Muthoot	2846555	22.823	0	3131210	19.038	0	9.090
3.	Mr. Thomas Muthoot	2796931	22.425	0	3076624	18.706	0	9.090
4.	Ms. Preethi John	221737	1.778	0	243910	1.483	0	9.090
5.	Ms. Nina George	272343	2.184	0	299577	1.821	0	9.090
6.	Ms. Remmy Thomas	356670	2.860	0	392337	2.385	0	9.090
	Total	**9345231**	**74.928**	**0**	**10279752**	**62.500**	**0**	**9.011**

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.	Mr. Thomas John Muthoot	2850995	22.858	June 16, 2017	285099	Issue of bonus shares in the ratio of 10:1 (one share for every ten shares held)	3136094	19.067
2.	Mr. Thomas George Muthoot	2846555	22.823	June 16, 2017	284655		3131210	19.038
3.	Mr. Thomas Muthoot	2796931	22.425	June 16, 2017	279693		3076624	18.706
4.	Ms. Preethi John	221737	1.778	June 16, 2017	22173		243910	1.483
5.	Ms. Nina George	272343	2.184	June 16, 2017	27234		299577	1.821
6.	Ms. Remmy Thomas	356670	2.860	June 16, 2017	35667		392337	2.385

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.	**Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Resurgent India Fund - Series 4**				
	At the beginning of the year	--	--	--	--
	Increase during the year	846162	5.145	846162	5.145
	Decrease during the year	238000	1.447	608162	3.698
	At the end of the year	608162	3.698	608162	3.698
2.	**SBI Equity Opportunities Fund Series IV**				
	At the beginning of the year	--	--	--	--
	Increase during the year	592837	3.604	592837	3.604
	Decrease during the year	--	--	592837	3.604
	At the end of the year	592837	3.604	592837	3.604
3.	**DSP Blackrock Micro Cap Fund**				
	At the beginning of the year	--	--	--	--
	Increase during the year	383797	2.333	383797	2.333
	Decrease during the year	--	--	383797	2.333
	At the end of the year	383797	2.333	383797	2.333
4.	**India Small And Mid-Cap Gems Fund**				
	At the beginning of the year	--	--	--	--
	Increase during the year	363700	2.211	363700	2.211
	Decrease during the year	--	--	363700	2.211
	At the end of the year	363700	2.211	363700	2.211
5.	**Sundaram Alternative Opportunities Fund - Nano Cap Series I**				
	At the beginning of the year	--	--	--	--
	Increase during the year	360547	2.192	360547	2.192
	Decrease during the year	--	--	360547	2.192
	At the end of the year	360547	2.192	360547	2.192
6.	**Hedge Finance Limited**				
	At the beginning of the year	--	--	--	--
	Increase during the year	200286	1.218	200286	1.218
	Decrease during the year	20000	0.122	180286	1.096
	At the end of the year	180286	1.096	180286	1.096

7.	**Sundaram Mutual Fund A/C Sundaram Select Micro Cap - Series - XVII**				
	At the beginning of the year	--	--	--	--
	Increase during the year	132499	0.806	132499	0.806
	Decrease during the year	--	--	132499	0.806
	At the end of the year	132499	0.806	132499	0.806
8.	**Sundaram Alternative Opportunities Fund - Nano Cap Series II**				
	At the beginning of the year	--	--	--	--
	Increase during the year	119994	0.730	119994	0.730
	Decrease during the year	--	--	119994	0.730
	At the end of the year	119994	0.730	119994	0.730
9.	**Dolly Khanna**				
	At the beginning of the year	49692	0.302	49692	0.302
	Increase during the year	57965	0.351	107657	0.653
	Decrease during the year	4130	0.025	103527	0.629
	At the end of the year	103527	0.629	103527	0.629
10.	**Morgan Stanley (France) S.A.**				
	At the beginning of the year	--	--	--	--
	Increase during the year	148886	0.905	148886	0.905
	Decrease during the year	48842	0.297	100044	0.608
	At the end of the year	100044	0.608	100044	0.608
11.	**Four Dimensions Securities (India) Limited**				
	At the beginning of the year	--	--	--	--
	Increase during the year	74800	0.455	74800	0.455
	Decrease during the year	--	--	74800	0.455
	At the end of the year	74800	0.455	74800	0.455
12.	**K C Thomas**				
	At the beginning of the year	61829	0.376	61829	0.376
	Increase during the year	6182	0.038	68011	0.414
	Decrease during the year	--	--	68011	0.414
	At the end of the year	68011	0.414	68011	0.414
13.	**Ritu Elizabeth George**				
	At the beginning of the year	50421	0.307	50421	0.307
	Increase during the year	13697	0.83	64118	0.390
	Decrease during the year	--	--	64118	0.390
	At the end of the year	64118	0.281	64118	0.390

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 FY 2017 - 2018 have been provided.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMPs	Shareholding at the beginning of the year i.e. 01.04.2017		Shareholding at the end of the year i.e. 31.03.2018	
		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	22.858	3136094	19.067
2.	Mr. Thomas George Muthoot, Managing Director	2846555	22.823	3131210	19.038
3.	Mr. Thomas Muthoot, Non-Executive, Non-Independent Director	2796931	22.425	3076624	18.706
4.	Mr. Vinodkumar M. Panicker, Chief Finance Officer	--	--	1100	0.006

Note: No other Director or KMP held any shares of the Company during the FY 2017 - 2018.

V. INDEBTEDNESS

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the FY i.e. 01.04.2017				
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**	**1000 81.68**
Change in Indebtedness during the FY 2017 - 2018				
i) Addition	337 32.17	157 91.37	0.00	**495 23.54**
ii) Reduction	(2 17.02)	(7 88.66)	(27 17.78)	**(37 23.46)**
Net Change	**335 15.15**	**150 02.71**	**(27 17.78)**	**458 00.08**
Indebtedness at the end of the FY i.e. 31.03.2018				
i) Principal Amount	1149 19.89	213 05.23	82 27.98	**1444 53.10**
ii) Interest due but not paid	8.44	0.00	13.40	**21.84**
iii) Interest accrued but not due	3 96.06	4 51.94	5 58.82	**14 06.82**
Total (i + ii + iii)	**1153 24.39**	**217 57.17**	**88 00.20**	**1458 81.76**

Note: 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/WTD/ Manager	Total Amount
		Thomas George Muthoot	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	1 74.00	**1 74.00**
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	0.64	**0.64**
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	--	--
2.	Stock Option	--	--
3.	Sweat Equity	--	--
4.	Commission	--	--
5.	Others - PF Contribution	10.44	**10.44**
	Total (A)	**1 85.08**	**1 85.08**
Ceiling as per the Companies Act, 2013		**₹ 421.00 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	1.20	--	1.20
R.K Nair	1.05	--	1.05
Radha Unni	0.90	--	0.90
Total (1)	**3.15**	--	**3.15**
(2) Non - Executive Directors	**Fee for attending Board/ Committee meetings**	**Commissions**	**Total Amount**
Thomas John Muthoot	--	--	--
Thomas Muthoot	--	--	--
Total (2)	--	--	--
Total (B) = (1) + (2)	**3.15**	--	**3.15**

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

₹ in lakhs)

Sl. No.	Particulars of Remuneration	KMP		Total Amount
		CFO	CS[1]	
1.				
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	69.55	19.27	**88.82**
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	5.55	--	**5.55**
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	--	--	--
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission	--	--	--
5.	Others - PF Contribution	5.38	0.17	**5.55**
	Total (C)	**80.48**	**19.44**	**99.92**

[1]Upto January 15, 2018

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 the Company's Annual Report to the Shareholders, in which the 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 the management, of how the Company has performed in the past, its financial condition, and its future prospects. MDA represents the thoughts and opinions of the 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 ECONOMIC OVERVIEW

The global markets are experiencing an overall cyclical upswing and one that's expected to be sustained over the foreseeable future. Global GDP growth is estimated to have picked up from 2.4% in 2016 to 3% in 2017. This synchronous, investment-led recovery is providing a substantial boost to global exports and imports in the near term. However, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism, rising geopolitical tensions, subdued capital deepening, slowing productivity growth and less favourable demographics. With unemployment rates returning to pre-crisis levels and recoveries firming in advanced economies, monetary and fiscal policy accommodation become less of a priority and productivity enhancing reforms have become increasingly urgent as the pressures on underlying growth from population aging intensify.

In particular, the rebound in global investment growth-which accounted for three quarters of the acceleration in global GDP growth from 2016 to 2017-was supported by favourable financing costs, rising profits and improved business sentiment across both advanced economies and emerging market and developing economies (EMDEs). Global growth is projected to edge up to 3.1% in 2018, as the cyclical momentum continues, and then slightly moderate to an average of 3% in 2019-20.

Since EMDEs continue to provide momentum to overall global growth, their place in the global economy cannot be overlooked. Growth in EMDEs is expected to accelerate, reaching 4.5% in 2018 and an average of 4.7% in 2019-20. Output gaps are near zero in commodity importers but still negative in commodity exporters, suggesting a continued need to nurture the cyclical recovery in the latter, even though fiscal space remains constrained.

Global Trade: Global trade strengthened significantly in 2017, benefiting from a cyclical recovery in global manufacturing and investment growth. This momentum is expected to diminish in 2018-20, as the upturn in advanced economies moderates and growth in China continues to decelerate. Global financing conditions remain benign, despite prospects of further normalization of monetary policy in major advanced economies, but are likely to tighten going forward. Energy and metals prices recovered in 2017, while agricultural prices remained stable

Policy challenges and need for structural reforms: Financial market volatility has been unusually low and asset prices have become highly valued, suggesting the risk of sudden market adjustments. Large negative output gaps in commodity exporters would suggest the need for accommodative policies, but fiscal space is limited. Structural reforms such as improvements in education and health systems, high-quality investment and labor market, governance and business climate reforms are essential to stem a further decline in potential growth in EMDEs. All of these efforts will be critical to boost long-term growth prospects, alleviate poverty and if accompanied by a rising number of skilled workers in EMDEs thanks to better education outcomes, to help reduce global inequality.

Financial market developments: Global financing conditions remain benign, benefiting from an improved global growth outlook and historically low interest rates, despite prospects of further monetary policy normalization in major advanced economies. The U.S. Federal Reserve hiked policy interest rates three times in 2017 and by a cumulative 125 basis points since the start of its tightening cycle in December 2015. Highly accommodative financing conditions in major advanced economies supported a search for yield and strong demand for EMDE assets in 2017.

***Capital flows*:** Capital inflows rose as a share of EMDE GDP in 2017, recovering further from their post crisis low in 2015. The increase was particularly notable in Asia and Eastern Europe and Central Asia, while flows into Latin America remained weak. A rise in portfolio and bank lending flows were the main drivers of the overall improvement. Although Foreign Direct Investment (FDI) flows were broadly stable in aggregate, the experience varied across regions. FDI flows to

Asia remained strong, supported by a robust growth outlook and policy efforts to attract foreign investment (e.g., India, Indonesia, Vietnam).

3. INDIAN ECONOMY

In South Asia, growth slowed to a still strong 6.5% in 2017 in part reflecting adjustment in India to the new Goods and Service Tax (GST) and in the aftermath of certain segments which reeled under pressure in the post demonetisation period and the adverse impact of natural disasters across the region.

In India, growth slowed for the fifth consecutive quarter to 5.7% (year-on-year) in the first quarter of FY 2017-18, partly reflecting adjustments by businesses to the prospective introduction of the GST in July 2017. In addition, protracted balance sheet weaknesses - in particular, a corporate debt overhang and elevated non-performing loans in the banking sector - continued to weigh on already weak private investment, which was partly mitigated by a public infrastructure investment push and a surge in current expenditures after recent public pay hikes. Despite a recent uptick, inflation remained within the Reserve Bank of India's (RBI) target band of 2-6%, following a steady decline over the past year to 1.3% in July amid weak food prices.

The Indian economy expanded 7.2% year-on-year in the last three months of 2017, well above an upwardly revised 6.5 percent advance in the previous period and beating market expectations of 6.9%. It is the strongest growth rate since the third quarter of 2016, boosted by a jump in investment and public spending. According to a report by World Bank Group, growth will pick up to 7.3% in 2018-19 and to 7.5% a year in the medium term.

Consumer Price Index (CPI) in India decreased to 136.40 Index Points in February from 136.90 Index Points in January 2018. CPI in India reached an all-time high of 137.60 Index Points in November 2017. Business Confidence in India increased to 59.70 Index Points in the fourth quarter of 2017 from 58.30 Index Points in the third quarter of 2017. India has leapt 30 ranks over its previous rank of 130 in the World Bank's latest Ease of Doing Business Report, 2018. Moody's Investors Service has also raised India's rating from the lowest investment grade of Baa3 to Baa2.

During 2017-18, the monetary policy remained steady with only one policy rate cut in August 2017, wherein the repo rate was reduced by 25 basis points to 6%. India's current account deficit widened sharply to USD 13.5 billion in the third quarter of 2017-18 or 2% of GDP, from USD 8.0 billion or 1.4% of GDP, in the same period of the previous fiscal year. Foreign exchange reserves reached an all-time high of USD 422.53 billion in March 2018.

From January 2018, the money markets started to feel the liquidity crunch when banks raised deposit rates and MCLR rates in tandem, signalling a possibility of reversal of the interest rate reduction era, at least for the time being.

Changes in tax-regime:

In July 2017, India's indirect tax structure underwent a monolithic overhaul, when the much anxiously awaited and anticipated GST came into effect, thereby subsuming the existing sales tax, VAT and service tax regimes. Although initially impaired with various concerns such as differing/higher rates, hardships in compliances by micro, small and medium enterprises (MSMEs), delays in getting refunds, the government has taken many initiatives to simplify the process through various rationalisation measures, including substantive revision in tax rates.

Other developments:

A bill to amend the companies law to strengthen corporate governance standards, initiate strict action against defaulting companies and help improve ease of doing business in the country, was passed by Parliament in December 2017. The latest legislation would help in simplifying procedures, make compliance easy and take stringent action against defaulting companies.

4. OUTLOOK OF THE INDUSTRY

Non-Banking Finance Companies (NBFCs) are a crucial component in the Indian financial system. They bridge the gap in the financial services sector, catering to the needs of the unbanked, particularly to the MSMEs.

NBFCs possess an edge over their banking counterparts because of their varied product lines, lower cost of products and services, wide reach, their ability to evolve according to the customer's needs at a faster pace and ground-level understanding of their customers' profile. The opportunity for NBFCs lie in the fact that credit demands will deepen and

so NBFCs would be required to fill in the gaps where banks would not venture into. Also, with a mounting pile of bad loans and alleged frauds in several banks, NBFCs could be in for a longer run of limited competition.

The fundamentals for NBFCs such as net profit ratio, return on assets and size of the balance sheets have been better than those for banks.

Many NBFCs have varied their modes of funding and ventured into debentures and bonds aside from traditional bank finance and have also resorted to securitisation transactions that have seen several willing investors.

The effects of demonetisation, which, in the last fiscal, dented the balance sheets of many NBFCs, mostly micro-finance institutions, are fading and asset quality is regaining its earlier lustre, by focusing on collections rather than on growing asset base. NBFCs had earlier made their mark in the retail space. However, with the requirement for banks to focus on asset quality, NBFCs would get a greater share in the corporate lending pie. A report by CRISIL stated that NBFCs share in corporate lending would increase to 19% by 2020.

5. OUTLOOK OF THE COMPANY

The two-wheeler sales growth for the industry has been at 15% for the year April 2017 to March 2018. Two wheelers' sales showed a growth of almost 26% year on year for the month of February 2018 alone and tapered to about 18% for the month of March 2018. The growth was seen both for scooters and motorcycles, but scooters were the clear choice among the riders owing to their ease of use and acceptance by all age groups. Sales for two-wheelers were expected to touch 20 million units for the year ended March 2018 and have just about met expectations.

Drivers of two-wheeler demand are ease of use and mobility in urban and rural markets, lower costs, increased 'scooter-ization' because of lifestyle changes etc.

In the year 2017 alone, two-wheeler finance loan book grew at 32% in December 2017 year on year, with market share of NBFCs growing from 60% to 67% of total share of two-wheeler financing. Given that only approximately 35-37% of two-wheelers are bought via secured lending, it is still a largely untapped market. This gives the Company ample opportunity for growth. Two-wheeler financing in year 2020 is expected to be about 26% higher than the quantum seen in the year 2018.

Against this backdrop, the Company looks forward to deeper penetration in existing markets in the west, such as Maharashtra, Gujarat and Rajasthan, at the same time keeping up with the robust demand for two-wheelers in the east, through expansion in newer states such as Assam, Jharkhand and Bihar. The Company will continue to utilise the pan-India presence of Muthoot Fincorp Limited, the flagship company of the Muthoot Pappachan Group as a channel for sourcing disbursements, aside from relying on existing dealer channels and expanding the same, through its employees/ representatives at those locations. The Company has commenced sourcing applications through a franchise in Mumbai, Maharashtra and plans on expanding this to other geographies as well in the FY 2018-19.

The Company has also forayed into newer products such as used-car financing in the current year and plans to increase its bouquet of product options by introducing other loan products in the coming year.

The Company, also plans to increase its corporate loan book, while ensuring that the same is in single digits as a percentage of its total loan book.

6. OPPORTUNITIES AND THREATS

India is a large automotive market and the world's second largest two-wheeler market. The demand for two-wheelers accounts for 80% of the total domestic demand in the automobile sector in India. The long-term fundamentals for the market remain strong as the country evolves into the fastest growing global economy.

Demand for two-wheeler loans, which experienced a slump after demonetization is returning to its former glory. With increasing urbanization, favourable changes in demographic profiles, steady increase in disposable income even in rural areas due to good monsoon seasons, rising middle-class and working population, easily available finance etc., two-wheelers are the ideal entry-level vehicle.

The Company has migrated to 3-month norm for recognition of NPA in the current year. Although there has been an increase in the NPA to ₹ 87.91 crores from ₹ 74.15 crores (own-book only), it may be noted that an additional amount of

₹ 29.87 crores had slipped into NPA due to the change in the recognition norm. Further, the Company has increased its provision coverage on NPA from 22.4% a year ago, to 35.1% as on March 31, 2018, in order to provide a greater cushion even if external or regulatory factors turn unfavorable in future and so provide greater comfort to its various stakeholders.

Although the RBI had kept rates unchanged during its monetary policy meeting even in April 2018 and maintained its neutral stance, an increase in interest rates could exert pressure on the cost of funds for the Company. Further, with public-sector banks facing constraints in lending, the Company has looked at alternative modes of funding, both to diversify its funding base and to reduce its overall cost of borrowing. This favorable interest rate has also contributed to the overall increased demand for two-wheelers.

The Company faces competition from industry incumbents, both banks and NBFCs. Entry barriers into the segment are negligible and the customer can easily switch to another financier. However, the Company is leveraging its relationship with dealers to its advantage and is taking further effort in differentiating itself from its competitors in terms of service, turn-around time, digitization and product features.

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

Since retail lending requires an assessment of every individual customer, the Company has to address the risk of default and fraud through various means such as credit checks, background verification and field investigation. Owing to the customer profile, the hit rate on a CIBIL check is about 40% and since the first-time buyers lack a credit history, the Company is looking at developing other means to verifying the customer's eligibility for a loan. The control over credit is very critical for the Company to earn a reasonable Return on Asset (ROA).

The Company depends on reputed dealers to source about 80% of its business. The ultimate decision to purchase a two-wheeler depends on the customer's touch and feel experience of the vehicle and so, dealers play a vital role in sourcing customers.

In order to diversify its portfolio, the Company had also entered into the whole-sale lending space of other NBFCs operating in SME lending, three-wheeler and commercial vehicles financing among others. This has enabled the Company to enter regions and markets, not erstwhile penetrated by the Company. The Company, while it has its own elaborate due diligence process, also sources the loan proposals through reputed syndicates, who do a preliminary assessment of the borrowers.

Since the Company's workforce is its biggest asset, the Company is continuously striving both to attract and retain exceptional talent. A well-managed workforce can increase productivity and reduce costs and keep employee morale high. On the other hand, a dissatisfied workforce can drain the Company dry. The Company has to ensure that its employees are diligent and remain dedicated and motivated from the time a loan application is received to when its disbursed and till the time the entire amount is repaid with interest. The Company organises various employee engagement activities to ensure that employee performance is optimal and output is productive.

9. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to address various risks, ensure compliance and accountability. This system addresses the following:

a) Promote orderly, economical, efficient and effective operations;

b) Reliability of financial reporting;

c) Develop and maintain reliable financial and management data and accurately report that data in a timely manner; and

d) Promote adherence to relations and statutory compliances.

The Company has an in-house concurrent audit team, dedicated to monitor the activities of the Company. The internal team is assisted by an out-sourced concurrent audit team, which ensures that the activities of the Company adhere to the laid

down policies and procedures. Any deviations are reported to the Management. The concurrent audit report is reviewed by the Internal Auditors, M/s. PKF Sridhar & Santhanam LLP , 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 for improvements in existing practices are reported by the Internal Auditors.

The Internal Audit Report is 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. 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 Audit Committee reviews an action taken report which states the points needing correction and the action taken on the same.

10. FINANCIAL PERFORMANCE

The Company's assets under management (AUM) predominantly comprise loans for the purpose of two-wheelers. The balance AUM comprises whole-sale loans.

The AUM (including loans securitized of ₹ 322 02 lakhs) as on March 31, 2018 was ₹ 2238 02 lakhs as against ₹1439 68 lakhs (including loans securitized of ₹ 236 01 lakhs) as on March 31, 2017. The disbursements were ₹ 1969 69 lakhs for the financial year ended March 31, 2018 as against ₹ 1297 82 lakhs for the previous financial year.

The Company has earned income on both vehicle financing and whole-sale lending to the tune of ₹ 398 09 lakhs for the financial year ended March 31, 2018, as against ₹ 284 20 lakhs for the year ended March 31, 2017.

The total expenses for the year ended March 31, 2018 consists of finance cost amounting to ₹ 122 83 lakhs followed by employee benefit expenses amounting to ₹ 64 18 lakhs, other expenses being ₹ 94 06 lakhs and depreciation and amortization expenses amounting to ₹ 97 lakhs.

Financial Snapshot	Year To Date (YTD) (₹ in lakhs)		% Growth	Reason for variance
	31st March, 2018	31st March, 2017		
Disbursement (all Loans) [1]	1969 69	1297 82	51.8%	Growth in disbursement due to general improvement in the economic climate and aggressive pushing by teams for increasing volumes, availability of funds on a regular basis and use of technology for improving productivity
AUM at the end of the period (own-book) [2]	1916 00	1203 67	59.2%	Based on the high growth in disbursement.
Average AUM (own-book excluding interest accrued) [3]	1479 64	1030 21	43.6%	Based on the high growth in disbursements
Total Interest and Fee Income [4]	398 09	284 20	40.1%	Higher Income on account of larger disbursements with optimum rate of interest and processing fee.
Finance Expenses [5]	122 83	103 95	18.2%	The finance expenses are higher on account of larger loan book leading to larger borrowing by the Company.
Net Interest Income (NII) [6] = [4]-[5]	**275 26**	**180 25**	**52.7%**	
Operating Expenses [7]	159 21	111 94	42.2%	The Operating expenses have gone up on account of larger costs incurred on sourcing due to higher volumes, higher collection costs on account of more reliance on collection agencies, increase in salary expenses, etc.

Loan Loss & Provisions [8]	33 59	22 12	51.9%	During the year the company moved from a 4-month norm to a 3-month norm for determination of NPA. Also a larger number of vehicles were repossessed and sold. All these were accounted under this head which increased the cost. Additional provision of ₹ 4 00 lakhs made in order to increase provision coverage
Profit Before Tax [9]	82 46	46 19	78.5%	
Profit After Tax [10]	53 68	30 09	78.4%	
Ratios				
Total Opex to NII [11] = [7]/[6]	57.8%	62.1%		Growth in Income at lower interest cost lead to a lower OPEX as a % of NII
Loan loss to average AUM [12] = [8]/[3]	2.3%	2.1%		
Return on average AUM [13] = [10]/[3]	3.6%	2.9%		
Earnings Per Share (in Rs)	36.39	21.93		Previous year earnings have been restated on account of bonus issue in current year

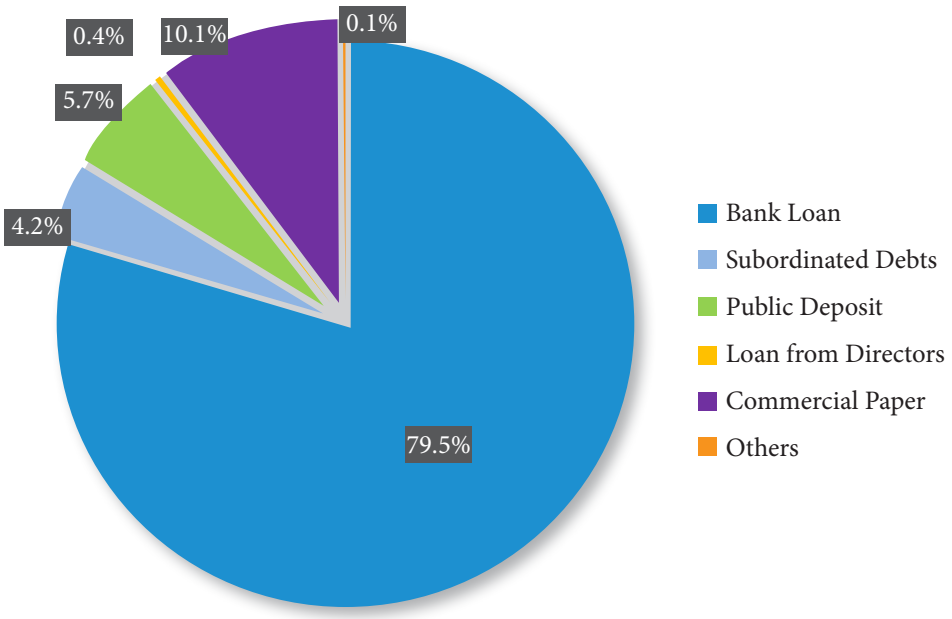
a) Capital Adequacy Ratio (CAR)

As on March 31, 2018, the CAR was 22.04% of the aggregate risk weighted assets on the Balance Sheet and risk adjusted value of the off - Balance Sheet items, which is comfortably above the regulatory minimum of 15% of the CAR, 19.69% was from Tier – 1 capital. This was primarily on account of issue of additional shares during the year, through a qualified institutional placement and higher profitability. The higher profitability during the year also improved the CAR.

b) Borrowing Profile (excluding interest accrued)

Particulars	31st March, 2018		31st March, 2017	
	Amount (₹ in lakhs)	% of Total	Amount (₹ in lakhs)	% of Total
Bank Loan	1149 10	79.5	814 82	82.3
Commercial Paper	145 23	10.1		0
Public Deposit	82 28	5.7	108 79	11.0
Subordinated Debts	60 54	4.2	49 68	5.0
Loan from Directors	5 78	0.4	13 64	1.4
Others	1 59	0.1	2 76	0.3
Total	**1444 52**	**100**	**989 69**	**100.0**

BORROWING PROFILE AS ON 31 MARCH 2018

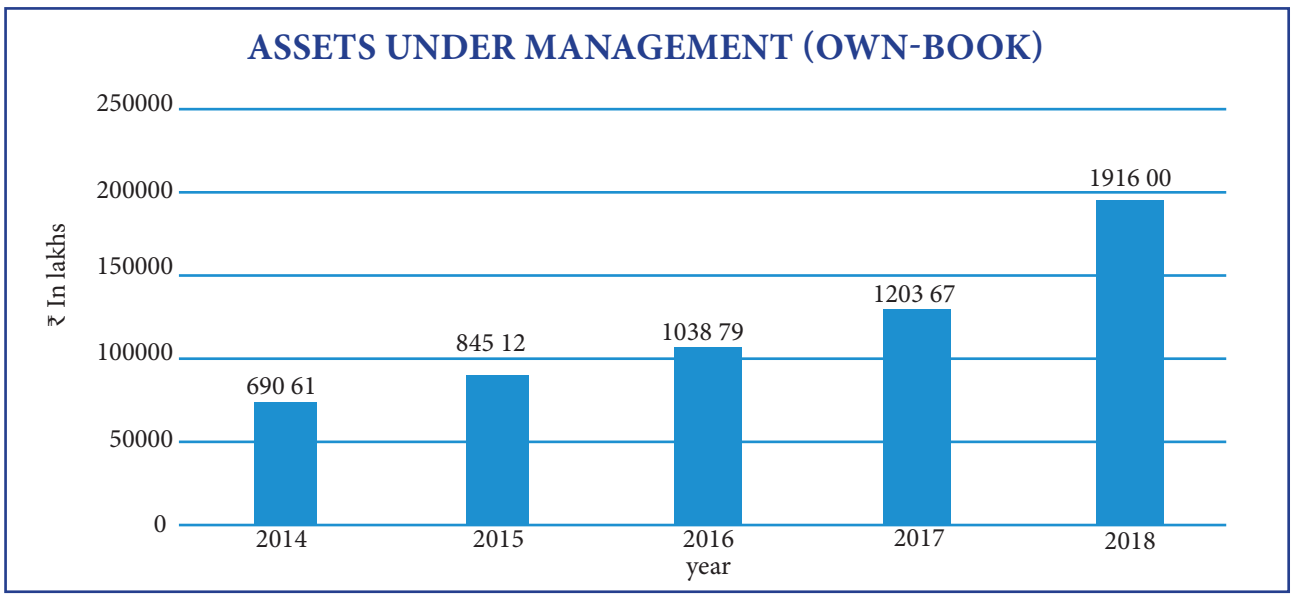


The Company's total external borrowings increased from ₹ 989 69 lakhs as of March 31, 2017 to ₹ 1444 52 lakhs as of March 31, 2018.

The Company has been focusing on reducing overall costs of borrowing. From an overall cost of borrowing of 10.5% in the last quarter of the FY 2017, the Company was able to bring down the cost to 9.3% in the last quarter of the current year. This is on account of the Company broad basing its borrowing and getting funds from various means including securitization and Commercial Paper. The use of securitization has provided a breadth to the borrowing profile and improved in the Capital Adequacy Ratio. The Company continues to explore different sources of funds which 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 own-book AUM as on March 31, 2018 stood at ₹ 1916 00 lakhs (that is ₹ 2238 02 lakhs less securitized portfolio of ₹ 322 02 lakhs) against own-book AUM of ₹ 1203 67 (that is ₹ 1439 68 lakhs less securitized portfolio of ₹ 236 01 lakhs) as on March 31, 2017. 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.

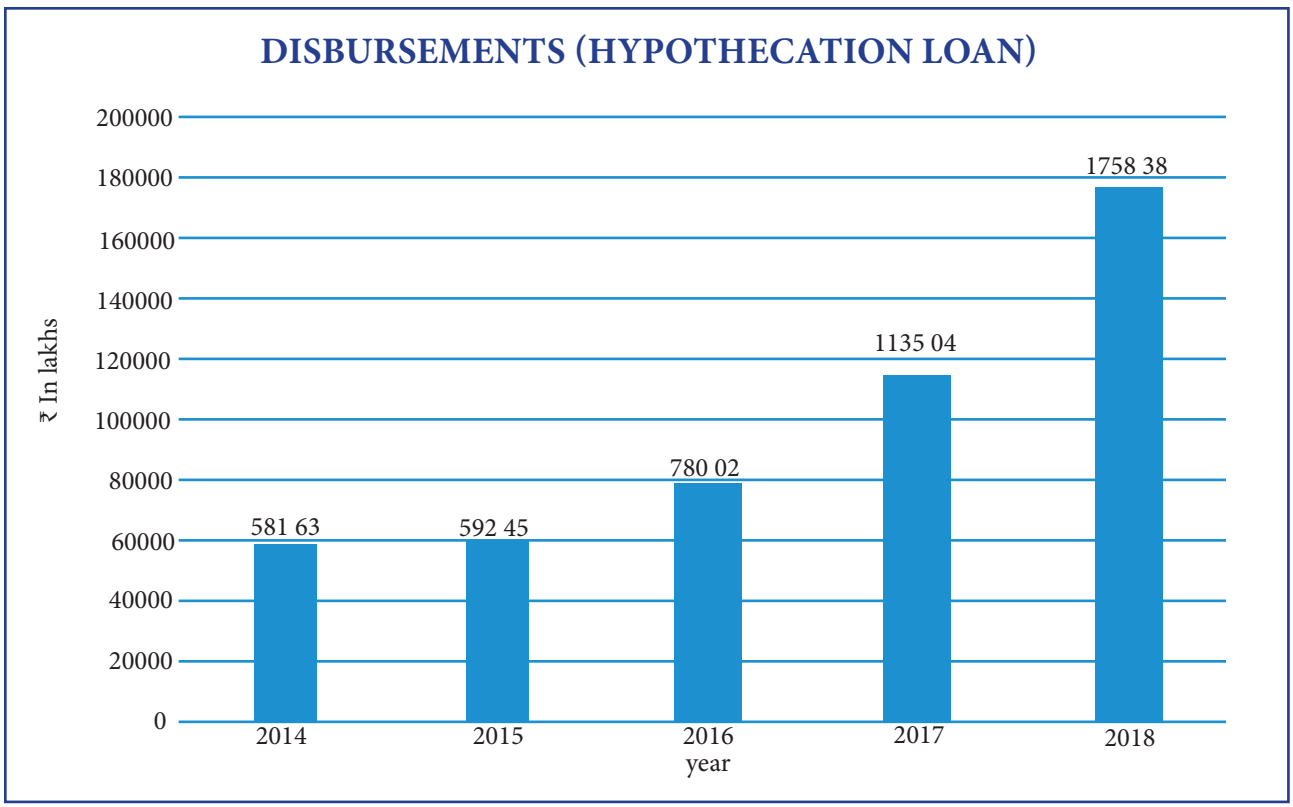
Today, the Company has presence for the auto loan financing in 16 States. The geographic distribution of hypothecation loans (including securitized portfolio) is given below:

(₹ in Lakhs)

Zone	Active Clients	Regular (₹)	NPA (₹)	% of NPA
South India	4 69 957	1541 89	73 11	4.5%
Western India	37 928	104 72	9 87	8.6%
North India	45 868	144 66	5 81	3.9%
East India	16 318	58 84	1 29	2.1%
Total	**570 071**	**1850 11**	**90 08**	**4.6%**

The growth in the Company's loan portfolio has been healthy. The total loan portfolio has grown by 55.4% from FY 2016-17 to FY 2017-18. The Company has diversified its portfolio of vehicle financing by entering into the used-car space in the current year, aside from maintaining a nominal proportion of corporate loan book. The corporate loan book is secured by receivables, demand promissory notes, post-dated cheques personal guarantee etc.

Since inception, till March, 2018, the Company has disbursed close to 12 lakhs loans, the majority of which has been in the last 4 - 5 years. The disbursements of hypothecation auto loans over the last 5 years is given in the chart below:



d) Cost & Profitability Analysis

Over the last year, the Company has been able to control most of its expenses and in case of finance cost bring down the same substantially. That has augured well for the Company and while there were higher expenses on the collection front for a couple of quarters, the same has been able to control the rise in delinquency and hence seen as a necessary step. The credit costs which have been hovering around 2.2% over the last 3 years have now come to 2.1% (after considering the additional provision of ₹ 4 00 lakhs).

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.

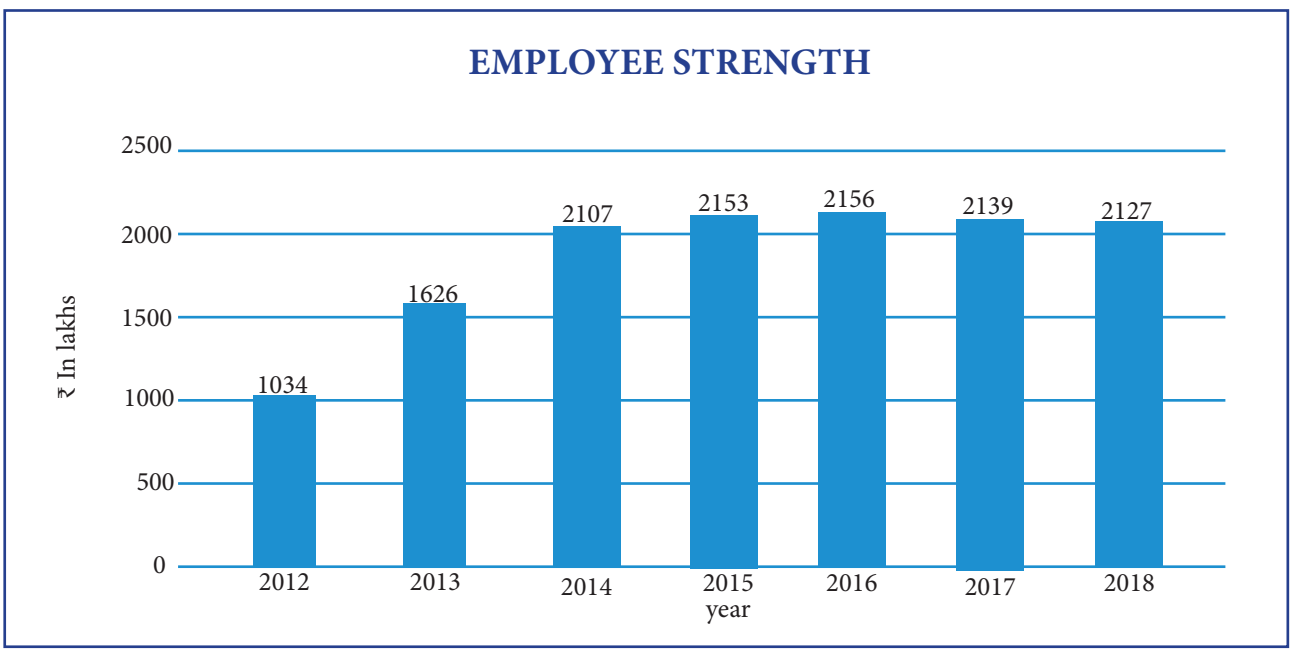
Particulars	March, 2018		March, 2017	
Daily Average Loan Book Size (₹ in Lakhs, excluding interest accrued)	1479 64		1030 21	
Income from Operations	398 09	26.9%	284 20	27.6%
Direct expense (including interest, brokerage, dealer/ MFL incentive, field investigation charges)	157 44	10.6%	128 97	12.5%
Gross Spread	**240 65**	**16.2%**	**155 23**	**15.1%**
Personnel Expenses	64 18	4.3%	53 15	5.2%
Opex (including depreciation etc.)	60 42	4.1%	33 77	3.3%
Total Expenses	124 60	8.4%	86 92	8.5%
Pre-Provision Profits	**116 05**	**7.8%**	**68 31**	**6.6%**
Loan Loss and provisions	33 59	2.3%	22 12	2.1%
Net Spread (before tax)	**82 46**	**5.5%**	**46 19**	**4.5%**

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

11. MATERIAL DEVOLOPMENTS IN HUMAN RESOURCES

The Company recognizes that employee satisfaction of prime importance, and is vital to sustain the Company in its growth path. The Company has almost doubled its workforce from 1034 in 2012 to 2127 in 2018. Over the last 2-3 years the Company has been looking at growth with employees off the Company rolls and/or through the recruitment of marketing agents and collection agents/ agencies. This has helped the Company rejig its strategy in relation to manpower, keep fixed costs limited and work with people on a variable cost basis.

Refer the chart given below to understand the growth in employee numbers:



The Company has structured employees' salary comparable with industry standards and grants incentives to retain talent and to enable the employee to develop a career in the Company. All employees are provided adequate training to equip them to remain competent in their skills, address challenges and augment their capabilities. The Company continuously strives to ensure that employees are motivated, have a positive work-life balance and employee morale is high.

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.

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

Kochi
April 17, 2018

Corporate Governance is more than a set of procedures and compliances at Muthoot Capital Services Limited (MCSL). It underlines the role that we see for ourselves for today, tomorrow and beyond.

This Report on Corporate Governance reflects the ethos of MCSL and lays down the best corporate practices and the procedures adopted by the Company in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], Reserve Bank of India (RBI) directives and other guidelines under the Companies Act 2013 (amended as on date).

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Corporate Governance practices at MCSL emanate from its continuous commitment to ethical business principles across the operations and thereby ensuring accountability, transparency and fairness in the conduct of business. It encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. The Company believes that its business plans should be consistent with the above objective leading to sustained corporate growth and long-term benefit to all. The Company follows this principle meticulously in all its business dealings and decisions.

MCSL, as an ethically driven business entity, is committed to values and conduct that are aimed at enhancing an organization's wealth generating capacity. The norms and processes of Corporate Governance reflect the commitment of the Company to disclose timely and accurate information regarding its financial and operational performance, as well as its leadership and governance structure. The entire stature has enabled the Company to attract the best talent and resources to translate its short-term and long-term strategies into a viable business blueprint.

MCSL believes that the Board of Directors is the primary direct stakeholder influencing corporate governance and hence, they shapes the long-term vision and policy approach to steadily elevate the quality of governance in the organisation. The Board devotes a lot of emphasis on creating a global talent pool and compliant ethical business practices for making all our actions consistent with the need to protect the environment by following a defined guideline and an established framework of corporate governance.

The Company's Corporate Governance philosophy stems from our belief that for many 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.

The Board of Directors of the Company are pleased to present the Report on Corporate Governance for the year ended March 31, 2018.

2. BOARD OF DIRECTORS

The Board currently comprises six Directors. The Board of the Company have an optimum combination of Executive and Non-Executive Directors and half of the Board are Independent Directors which is in compliance with the Regulation 17 of the SEBI (LODR) Regulations, 2015 and Section 149 of the Companies Act, 2013. This composition also fulfils the norms prescribed by Reserve Bank of India in this regard. The Company have a Policy on the Fit and Proper Criteria which is in line with RBI Master Directions and all existing directors are fit and proper to continue to hold the appointment as a Director in the Board.

The Company has formulated a Policy on Board Diversity to have a competent and highly professional team of Board members from diverse backgrounds with skills and experience in critical areas like finance, banking, economics, governance, compliance, strategic planning, entrepreneurship, administrative services, consulting services, general corporate management, information technology and other allied fields which enable them to contribute effectively to the Company by providing valuable guidance and expert advice to the Management and add value in the decision making process in their capacity as Directors.

The day to day management of affairs is managed by Senior Management of your Company which includes the Managing Director and the functional heads, who performs under the overall supervision and guidance of Board of Directors. Thus, the Board of Directors of the Company plays the primary role as the trustees to safeguard and enhance stakeholders' value through its effective decisions and supervision.

The Board also reviews its strength and composition from time to time in order to ensure that it remains aligned with the

statutory, as well as business requirements.

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director as per disclosures regarding Committee positions in other public companies made by the Directors during the year under review. The certificate from the Managing Director confirming the compliance of the provisions of Section 165 of the Companies Act, 2013 and Regulation 25 (1) & 26 (1) SEBI (LODR) Regulations, 2015 with regard to the directorships and committee memberships is enclosed herewith as ***Annexure 1***.

The detailed profile of each of the Directors is available on the Company's website at: http://muthootcap.com/board-of-directors.

a. Composition and Category

The composition and category of the Board of Directors of the Company for the FY 2017 - 2018 are given in the below statement:

Category	Name of Directors	DIN	Shareholding as on March 31, 2018	Nature of Relationship
Promoter & Executive Director	Mr. Thomas George Muthoot, Managing Director	00011552	3131210	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	3136094	
	Mr. Thomas Muthoot	00082099	3076624	
Non - Executive Independent Directors	Mr. A.P Kurian	00008022	Nil	Not related to any Director
	Mr. R.K. Nair	00631889	Nil	
	Ms. Radha Unni	03242769	Nil	

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

b. Appointment, criteria and tenure of Independent Directors

Pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 and Regulation 17 (1) (a) of SEBI (LODR) Regulations, 2015, the Company has three Independent Directors on the Board. All the Independent Directors were appointed at the 20th Annual General Meeting held on September 03, 2014 for a fixed tenure of five years from their date of appointment.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at: http://muthootcap.com/mcsl/wp-content/uploads/t-c-directors-1.pdf. It sets out the criteria of appointment, independence, committee memberships, tenure of appointment, roles and duties, sitting fees and other related terms of appointment.

c. Meeting of Independent Directors and Familiarisation Programme

In compliance with the Code for Independent Directors as stipulated under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, the Independent Directors of the Company met without the presence of the Non - Independent Directors and members of the management, on March 24, 2018. All the Independent Directors were attended the said meeting.

The meeting has inter-alia, reviewed and assessed the performance of Non-Independent Directors and the Board as a whole; performance of the Chairman and Managing Director; and the quality, quantity, timeliness of flow of information from the management to the Board of Directors and it's Committees which is necessary for the Board to effectively and reasonably perform their duties.

Pursuant to the Regulation 25 (7) of the SEBI (LODR) Regulations, 2015, the Company familiarises its Independent Directors with their roles, rights, responsibilities, nature of the industry in which the company operates, business models of the company and other important matters relating to the business of the Company at the time of appointment and on a continuous basis.

During the FY 2017 - 2018, the Company imparted an awareness programme on "Companies Amendment Act, 2017" to its Independent Directors. The details of such programmes is available on the website of the Company at: http://muthootcap.com/wp-content/uploads/Details-of-Familiarisation-Refresher-Programme-1.pdf.

Apart from the above programme, the Company had also conducted a programme on "Cyber Security Awareness" to the Board of Directors as a whole. All these programmes are meant to provide them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

d. Performance Evaluation of Board, its Committees and individual Directors

One of the key functions of the Board is to monitor and review the Board evaluation framework. In compliance with the provisions of Section 178 (3) of the Companies Act, 2013, the Company has put in place a Policy on Nomination and Remuneration which sets out inter-alia, the attributes and criteria for the performance evaluation of the Board, its Committees and individual Directors including the Chairman and Managing Director.

The evaluation mechanism provides that the performance evaluation shall be carried out on an annual basis. The Board as a whole carries out an assessment of its own performance, its Committees and Independent Directors, excluding the Director being evaluated. All the Directors are subject to peer-evaluation.

Performance of the Board and its Committees was evaluated on various parameters such as structure and composition, meetings and procedures, diversity, corporate governance competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness.

Performance of individual Directors was evaluated on parameters such as meeting attendance, participation and contribution, engagement and relationship with other members on the Board, knowledge and experience, responsibility towards stakeholders, leadership and management qualities and independent judgement.

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

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

(ii) Ability to appreciate the working of the Company and the challenges it faces.

(iii) Attendance of meeting.

(iv) Extend of participation and involvement in the meetings.

(v) Ability to convey his views and flexibility to work with others.

The evaluation process was initiated by putting in place, a set of structured questionnaires (evaluation forms) after taking into consideration the inputs received from the Directors, covering the abovementioned parameters and indicators based on the criteria laid down by the Policy on Nomination and 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.

All Directors participated in the evaluation survey and reviews were carried out. The outcomes of each evaluation forms were collated by the Nomination & Remuneration Committee and placed before the Board at its meeting held on April 17, 2018. The results of evaluation were also discussed in the Independent Director's meeting held during the year.

The Board discussed the performance evaluation reports of the Board, its Committees, individual Directors, Chairman and Managing Director and also noted the suggestions or inputs of Independent Directors and Nomination & Committee and the Chairman of the respective Committees.

After discussions, the Board arrived at a conclusion that the performance of the Board, its Committees and individual Directors were satisfactory. The Board also deliberated upon the various suggestions or inputs to augment its effectiveness and optimize individual strengths of the Directors.

e. Information provided to the Board of Directors

The Company provides adequate information to the Board by circulating the detailed Board agenda with proper explanatory notes at least seven days before the date of the Board and Committee Meetings, except for the meetings called

at a shorter notice, if any, in accordance with the provisions of the Companies Act, 2013 and the Secretarial Standard on Meetings of Board of Directors (SS-1) issued by the Institute of Company Secretaries of India and approved by the Central Government. In special and exceptional circumstances, additional or supplementary item(s) are presented to the Board or Committee as 'any other item'. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions.

All statutory and other matters of significant importance including information as mentioned in Section 179 of the Companies Act, 2013 and Regulation 17 read with Part A of Schedule II of the SEBI (LODR) Regulations, 2015 are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. Apart from the above, the Management team apprises the Board at every Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the Regulatory scenario.

The Board reviews periodical compliances of all applicable laws, rules and regulations and the statements submitted by the Management. The members of the Board have full freedom to express their opinion in the Board and decisions are taken after detailed deliberations.

f. Board Meetings

During the FY 2017 - 2018, the Board of Directors of the Company met eight times on April 18, 2017, June 06, 2017, July 26, 2017, August 24, 2017, September 09, 2017, November 10, 2017, January 13, 2018 and March 24, 2018. The time gap between any two consecutive meetings was well within the maximum gap of 120 days.

Requisite information, according to the requirements of Regulation 34 read with Schedule V of SEBI (LODR) Regulations, 2015 is provided below:

Name of Directors	No. of Board Meetings attended/held	Whether attended last AGM	No. of other directorships and committee memberships and chairmanships[1]		
			Directorships	Committees	
				Chairman	Member
Mr. Thomas John Muthoot	8/8	Yes	5	Nil	1
Mr. Thomas George Muthoot	7/8	Yes	5	1	1
Mr. Thomas Muthoot	8/8	Yes	4	Nil	Nil
Mr. A. P. Kurian	8/8	Yes	3	Nil	3
Mr. R. K Nair	7/8	No	2	2	Nil
Ms. Radha Unni	6/8	Yes	4	1	2

[1] Committees considered for the purpose are those prescribed under Regulation 26 of the SEBI (LODR) Regulations, 2015 i.e., Audit Committee and Stakeholders Relationship Committee in other Public Limited Companies. Committee chairmanship and memberships are given separately.

g. Remuneration of Directors

The Company confirms that the remuneration paid to the Directors is as per the terms laid out in the Policy on Nomination & Remuneration of the Company. The Independent Directors of the Company has no pecuniary relationship with the Company, its promoters or Directors during the two immediately preceding financial years. Further, the Company has not paid any remuneration to the Non - Executive, Non - Independent Directors during the FY 2017 - 2018. The Independent Directors were paid sitting fee of ₹ 15 000/- per Board Meeting.

The details of the remuneration paid to the Directors during the FY 2017 - 2018 are given below:

(₹ in lakhs)

Name of Director	Gross Salary	Perquisites	PF Contribution	Sitting Fees	Total
Executive Directors					
Mr. Thomas George Muthoot	174.00	0.64	10.44	--	**185.08**
Non-Executive Directors					
Mr. Thomas John Muthoot	--	--	--	--	--
Mr. Thomas Muthoot	--	--	--	--	--
Mr. A. P. Kurian	--	--	--	1.20	**1.20**
Mr. R. K Nair	--	--	--	1.05	**1.05**
Ms. Radha Unni	--	--	--	0.90	**0.90**
Total	**174.00**	**0.64**	**10.44**	**3.15**	**188.23**

h. Code of Conduct for Directors and Senior Management Personnel

In compliance with the Regulation 17 (5) of SEBI (LODR) Regulations, 2015, the Company has put in place a Code of Conduct for Directors and Senior Management. This Code is intended to focus the Board and Senior Management on areas of ethical risk, provide guidance to Directors and Senior Management to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct and helps to foster a culture of honesty and accountability. Each Director and Senior Management Personnel must comply with the letter and spirit of this Code. The Code provides that the Independent Directors of the Company shall also adhere to the Code stipulated in Schedule IV of the Companies Act, 2013.

Pursuant to the Regulation 26 (3) of SEBI (LODR) Regulations, 2015, all the members of the Board and Senior Management Personnel shall affirm the compliance of this Code on an annual basis and a declaration by the Managing Director confirming the adherence to this Code is enclosed herewith as ***Annexure 2***.

The code of conduct for Directors and Senior Management Personnel is available on the website of the Company at: http://muthootcap.com/code-of-conduct-for-directors/.

i. Code of Conduct for Prevention of Insider Trading

The Company has put in place a Code of Conduct for Prevention of Insider Trading for its Designated Persons in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is formulated to regulate, monitor and report the trading in the Company's shares by the Designated Persons of the Company.

The Code of Conduct for Prevention of Insider Trading is available on the website of the Company at: http://muthootcap.com/wp-content/uploads/codeofconduct-insidertraining-muthootcap.pdf.

3. COMMITTEES AND ITS TERMS OF REFERENCE

The Board has constituted various sub-Committees with specific terms of reference and scope in compliance with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and RBI Directions. The composition of the Board Committees are available on the Company's website http://muthootcap.com/wp-content/uploads/4.-Board-Committee-Composition.pdf and are also stated herein.

A. Audit Committee

The Audit Committee of the Board is constituted under Section 177 of the Companies Act, 2013 read with Rule 6 & 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of SEBI (LODR) Regulations, 2015.

(i) Composition and Attendance

As on March 31, 2018, the Audit Committee of the Board consists of four Non - Executive Directors out of which three are Non - Executive Independent Directors. All the Members of the Committee have accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary to the Committee.

The Audit Committee has met four times during the FY 2017 - 2018 on April 18, 2017, July 26, 2017, November 10, 2017 and January 13, 2018. All the recommendations made by the Audit Committee were accepted by the Board.

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

Name of the Member	Position	Number of Meetings attended/held
Mr. A.P Kurian	Chairman	4/4
Mr. Thomas Muthoot	Member	4/4
Mr. R.K. Nair	Member	4/4
Ms. Radha Unni	Member	3/4

(ii) Terms of reference

The terms of reference of Audit Committee of the Board in compliance with Section 177 (4) of the Companies Act, 2013 and Regulation 18 (3) read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015, are given below:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:

   (i) Matters required to be included in Directors Responsibility Statement to be included in Board's Report in terms of Section 134 (3) (c) of the Companies Act, 2013;

   (ii) Changes, if any, in accounting policies and practices and reasons for the same;

   (iii) Major accounting entries involving estimates based on the exercise of judgement by management;

   (iv) Significant adjustments made in the financial statements arising out of audit findings;

   (v) Compliance with listing and other legal requirements relating to financial statements;

   (vi) Disclosure of any related party transactions; and

   (vii) Modified opinion(s) in the draft audit report.

e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

h) Approval or any subsequent modification of transactions of the Company with related parties;

i) Scrutiny of inter corporate loans and investments;

j) Valuation of undertakings or assets of the Company, wherever it is necessary;

k) Evaluation of internal financial controls and risk management systems;

l) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

n) Discussion with internal auditors of any significant findings and follow up there on;

o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post

audit discussion to ascertain any area of concern;

q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non - payment of declared dividends) and creditors;

r) To review the functioning of the Whistle Blower mechanism;

s) Approval of appointment of Chief Finance Officer after assessing the qualifications, experience and background, etc. of the candidate; and

t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Nomination & Remuneration Committee

The Nomination & Remuneration Committee is set up by the Board in compliance with the Section 178 (1) of the Companies Act, 2013, and Regulation 19 of the SEBI (LODR) Regulations, 2015. The Committee 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. The Company Secretary of the Company acts as the Secretary to the Committee.

(i) Composition and attendance

As on March 31, 2018, the Nomination & Remuneration Committee of the Company comprise of three Non - Executive Independent Directors. The Committee met twice during the FY 2017 - 2018 on April 18, 2017 and January 13, 2018.

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

Name of the Member	Position	Number of Meetings attended/held
Mr. A.P Kurian	Chairman	2/2
Mr. R.K. Nair	Member	2/2
Ms. Radha Unni	Member	2/2

(ii) Terms of reference

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

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

b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

c) Devising a policy on diversity of Board of Directors;

d) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors for their appointment and removal; and

e) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

C. Stakeholders Relationship Committee

In compliance with the provisions of Section 178 (5) of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015, the Board has constituted a Stakeholders Relationship Committee to redress the grievances of shareholders, debenture holders, and other stakeholders. The Company Secretary of the Company acts as the Secretary to the Committee.

(i) Composition and attendance

As on March 31, 2018, the Stakeholders Relationship Committee of the Company consists of three Directors. The Committee has met four times during the FY 2017 - 2018 on April 18, 2017, July 26, 2017, November 10, 2017 and January 13, 2018.

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

Name of the Member	Position	Number of Meetings attended/held
Mr. Thomas Muthoot	Chairman	4/4
Mr. Thomas John Muthoot	Member	4/4
Mr. Thomas George Muthoot	Member	4/4

(ii) Terms of reference

The terms of reference of Stakeholders Relationship Committee in accordance with Section 178 (6) of the Companies Act, 2013, and Regulation 20 read with Para B of Part D of Schedule II of the SEBI (LODR) Regulations, 2015 include the following:

a) 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.;

b) To take on record the transfer/transmission of shares and deletion of name; and

c) 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 in place an Investor Grievance Redressal Policy for the redressal of investor grievances/complaints on a timely manner. The Company maintains a designated email id investorgrievance@muthootcap.com and mail@muthootcap.com for handling investor grievances on which investors can lodge their complaints.

The Compliance Officer of the Company reviews the investor complaints on regularly 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 FY 2017 - 2018 are as follows:

Sl. No.	Particulars	No. of Complaints
1.	Number of Investor complaints pending at the beginning of the year (i.e. 01.04.2017)	Nil
2.	Number of Investor complaints received during the year (01.04.2017 - 31.03.2018)	Nil
3.	Number of Investor complaints redressed during year (01.04.2017 - 31.03.2018)	Nil
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e. 31.03.2018)	Nil

D. Corporate Social Responsibility Committee

In compliance with the requirements of Section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee to promote a culture that emphasizes and sets high standards for social responsibility of the Company and reviews corporate performance against those standards.

(i) Composition and attendance

As on March 31, 2018, the CSR Committee of the Company, consists of three Non - Executive Directors, out of which two are Independent Directors. The Company Secretary of the Company acts as the Secretary to the Committee.

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, is available on the website of the Company at http://muthootcap.com/wp-content/uploads/CSR-Policy.pdf.

The CSR Committee met four times during the FY 2017 - 2018 on April 18, 2017, July 26, 2017, November 10, 2017 and January 13, 2018.

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

Name of the Member	Position	Number of Meetings attended/held
Mr. Thomas Muthoot	Chairman	4/4
Mr. R.K Nair	Member	4/4
Ms. Radha Unni	Member	3/4

(ii) Terms of reference

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

a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

b) Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (i) above; and

c) Monitor the CSR policy of the Company from time to time.

E. Risk Management Committee

Pursuant to Regulation 21 of SEBI (LODR) Regulations, 2015, the top 100 listed companies on the basis of market capitalisation shall constitute a Risk Management Committee. Even though the Company is not covered under the list of top 100 companies, the Board of Directors of the Company has constituted a Risk Management Committee in compliance with the provisions of NBFCs - Corporate Governance (Reserve Bank) Directions. The Committee is mandated to manage the integrated risk. The Company Secretary of the Company acts as the Secretary to the Committee.

(i) Composition and attendance

As on March 31, 2018, the Risk Management Committee of the Company comprise of three Directors of which one is an Independent Director. The Board also designated Mr. Madhu Alexiouse, Chief Operating Officer, Mr. Vinodkumar M. Panicker, Chief Finance Office and Mr. Sandeep Vellarikkat, Head - Risk & Product as the permanent invitees to the Committee.

The Committee met thrice during the FY 2017 - 2018 on April 18, 2017, July 26, 2017 and November 10, 2017.

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

Name of the Member	Position	Number of Meetings attended/held
Mr. Thomas George Muthoot	Chairman	3/3
Mr. Thomas Muthoot	Member	3/3
Mr. R.K. Nair	Member	3/3

(ii) Terms of reference

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

a) Oversee the development, implementation and maintenance of the Company's overall risk management framework and its appetite, strategy, principles and policies, to ensure they are in line with emerging regulatory, corporate governance and industry best practice;

b) Oversee the Company's risk exposures, risk/return and proposed improvements to the Group`s risk management framework and its risk appetite, strategy, principles, policies and standards;

c) Provide formal sign - off for the board risk report and other risk related sections within the annual reports & accounts;

d) Facilitate effective contribution and involvement of non - executives and aid their understanding of risk issues and the Company's risk management framework;

e) Provide input to the Remuneration Committee on the alignment of remuneration to risk performance;

f) 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.

F. Asset Liability Management Committee

The Asset Liability Management Committee (ALCO) of the Company is constituted to monitor the asset liability gap and strategize action to mitigate the risk associated. The Committee is entrusted with the task of reviewing the asset liability mismatches and to report to the Board with respect thereto.

(i) Composition and attendance

As on March 31, 2018, the Asset Liability Management Committee (ALCO) consists of six members from the management team.

The Committee met once during the FY 2017 - 2018 on December 26, 2017.

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

Name of the Member	Position	Number of Meetings attended/held
Mr. Madhu Alexiouse	Chairman	1/1
Mr. Balakrishnan R.	Member	1/1
Mr. Vinodkumar M. Panicker	Member	1/1
Mr. Syam Kumar R.[1]	Member	1/1
Mr. Vijayan T.	Member	1/1
Ms. Priya A Menon	Member	1/1

[1]Upto January 15, 2018

(ii) Terms of reference

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

a) 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;

b) Review the periodical returns submitted to RBI every year;

c) Review the credit facilities sanctioned considering the overall risks faced by the Company, and to suggest the actions to be taken;

d) Monitor and review the cost of funds and the net interest margin;

e) 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;

f) Other transactions or issues that the Board may desire to have them reviewed by the ALCO; and

g) Regularly review and make recommendations about changes to the Charter of the Committee.

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

G. Resource Mobilisation Committee

(i) Composition and attendance

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

The Committee met 22 times during the FY 2017 - 2018 on April 19, 2017, April 28, 2017, June 20, 2017, July 12, 2017, August 19, 2017, September 15, 2017, September 26, 2017, September 28, 2017, October 09, 2017, November 15, 2017, December 05, 2017, December 13, 2017, December 21, 2017, December 22, 2017, January 01, 2018, January 23, 2018, January 31, 2018, February 06, 2018, February 28, 2018, March 09, 2018, March 12, 2018 and March 20, 2018.

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

Name of the Member	Position	Number of Meetings attended/held
Mr. Thomas George Muthoot	Chairman	22/22
Mr. Thomas Muthoot	Member	22/22

(ii) Terms of reference

The terms of reference of the Committee are as follows:

a) 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;

b) Review of banking arrangements, cash management and arrangements with other financial institutions;

c) 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 ₹ 1900.00 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.

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

H. Share Transfer Committee

(i) Composition and attendance

The Board of Directors of 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 a half yearly certificate of compliance under Regulation 40 (9) of the SEBI (LODR) Regulations, 2015 from a Company Secretary in Practice 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 and attendance of the Members at the Committee meetings during the FY 2017 - 2018 are as follows:

Name of the Member	Position	Number of Meetings attended/held
Mr. Thomas George Muthoot	Chairman	34/34
Mr. Thomas Muthoot	Member	34/34
Mr. Madhu Alexiouse	Member	21/34

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

4. WHISTLE BLOWER POLICY/VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has formulated a comprehensive Whistle Blower Policy in line with the provisions of Section 177 (9) & 177 (10) of the 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 with a view to enabling stakeholders, including directors, individual employees and their representative bodies to freely communicate their concerns about illegal or unethical practices and to report genuine concerns to the Audit Committee of the Company. It outlines the method and process for various stakeholders to voice genuine concerns about unethical conduct that may be in breach with the employees' Code of Conduct.

The mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who avail of the mechanism. It is hereby affirmed that no personnel has been denied access to the Chairman of Audit Committee in exceptional cases.

The said Policy is available on the website of the Company at http://muthootcap.com/wp-content/uploads/Whistle-Blower-Policy-1.pdf.

5. 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
March 31, 2017	June 06, 2017	10.30 a.m.	The International Hotel, Kochi
March 31, 2016	June 06, 2016	10.00 a.m.	The International Hotel, Kochi
March 31, 2015	August 21, 2015	10.00 a.m.	The International Hotel, Kochi

b) Special Resolutions passed at the last three AGM

Sl. No.	Date of AGM	Special Resolution
1	June 06, 2017	(i) Alteration of Articles of Association of the Company for increase in Authorised Share Capital. (ii) Issue of Non-Convertible Debentures on Private Placement basis upto an amount of ₹ 200.00 crores.
2	June 06, 2016	(i) Approval of re-appointment of Mr. Thomas George Muthoot (DIN: 00011552) as Managing Director and fixation remuneration terms.
3	August 21, 2015	(i) Approval of increase in borrowing powers of the Company pursuant to Section 180 (1) (c) of the Companies Act, 2013

c) Postal Ballot

The Company passed the following Special Resolutions through Postal Ballot/E-Voting on October 15, 2017:

a) Further issue of securities through Qualified Institutions Placement (QIP);

b) Alteration of Object Clause of the Memorandum of Association of the Company; and

c) Alteration of Liability Clause of the Memorandum of Association of the Company.

Person who conducted the Postal Ballot Exercise: Mr. Thomas John Muthoot, Chairman, Mr. Thomas George Muthoot,

Managing Director and Mr. Syam Kumar R., Company Secretary & Head - Governance were authorised by the Board as persons responsible for the entire Postal Ballot/E-Voting process. CS Nikhil George Pinto (C.P No. 16059), Partner, M/s. CaesarPintoJohn & Associates LLP, Company Secretaries, Kochi was appointed as the Scrutinizer for conducting the Postal Ballot / E-Voting process in a fair and transparent manner. He conducted the process and submitted the report to the Company.

Procedure Followed for Postal Ballot:

a) The Company, on Saturday, September 16, 2017, dispatched the Postal Ballot Notice dated Saturday, September 09, 2017 containing draft resolutions together with the explanatory statements, the postal ballot forms and self-addressed envelopes to the members whose names appeared in the Register of Members / List of Beneficiary Owners as on cut-off date i.e. Friday, September 01, 2017. The Company also published a notice in the newspaper informing the details of completion of dispatch on Saturday, September 16, 2017 and other requirements as mandated under the Act and applicable rules.

b) In compliance with the Regulation 44 of the SEBI (LODR) Regulations, 2015 and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with the Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, the Company provided electronic voting facility to all its members as an alternate mode to enable them to cast their votes electronically. The Company engaged the services of Central Depository Services (India) Limited (CDSL) for facilitating remote e-voting facility. The members had the option to vote either by Physical Ballot or E-Voting.

c) Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutinizer on or before 05:00 p.m. on Sunday, October 15, 2017. The members who opted for the e-voting could vote from 09:00 a.m. on Sunday, September 17, 2017 to 05:00 p.m. on Sunday, October 15, 2017.

d) The Scrutinizer submitted his report on Tuesday, October 17, 2017, after the completion of scrutiny.

e) The results of the postal ballot were announced on Thursday, October 19, 2017. The last date specified for receipt of duly completed Postal Ballot Forms and closure of e-voting i.e. October 15, 2017, was taken as the date of passing of the resolution.

f) The results of the Postal Ballot along with the Scrutinizer's Report were displayed at the Registered Office of the Company and hosted at the Company's website at www.muthootcap.com and on the website of CDSL E-Voting i.e. www.evotingindia.com and were communicated to the Stock Exchanges where the Company's shares are listed.

Details of the voting pattern:

Details of Agenda	No. of valid votes	Votes cast in favor of the resolution	Votes cast against the resolution
Further issue of securities through Qualified Institutions Placement (QIP)	1 07 40 186	1 07 40 186 (100%)	0 (0%)
Alteration of Object Clause of the Memorandum of Association of the Company	1 07 39 636	1 07 39 536 (99.9991%)	100 (0.0009%)
Alteration of Liability Clause of the Memorandum of Association of the Company	1 07 39 526	1 07 39 316 (99.9980%)	210 (0.0020%)

There is no immediate proposal for passing any special resolution through Postal Ballot on or before ensuing Annual General Meeting.

6. 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 made available on the website of BSE Limited and National Stock Exchange of India Limited 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.

7. CEO/CFO CERTIFICATION

The certificate required under Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, duly signed by Mr. Thomas George Muthoot, Managing Director (CEO) and Mr. Vinodkumar M. Panicker, Chief Finance Officer was reviewed by the Board. The said certificate is enclosed herewith as ***Annexure 3***.

8. COMPLIANCE WITH THE MANDATORY REQUIREMENTS OF THE LISTING REGULATIONS

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 has complied with all the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

9. DISCLOSURES

a) There were no materially significant Related Party Transactions having potential conflict with the interests of the Company at large. The policy on dealing with the related party transactions are available on the website of the Company at http://muthootcap.com/wp-content/uploads/RPT_Policy.pdf.

b) There have been no instances of non-compliances by the Company and no penalties and / or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

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.

d) The Company has followed the applicable Secretarial Standards laid down by the Institute of Company Secretaries of India.

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

SCORES stands for SEBI Complaints and Redress System. It 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. 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.

11. UNCLAIMED DIVIDENDS

During the FY 2017 - 2018, the Company had transferred an amount of ₹ 4 11 637/- to Investor Education and Protection Fund (IEPF) Authority, being unclaimed and unpaid dividend for the financial year 2009 - 2010. Since the amount has been transferred to IEPF Authority, no claim for unclaimed and unpaid dividends for the financial year 2009 - 2010 shall lie against the Company.

Further, in compliance with the provisions of Companies Act, 2013 and Rules made thereunder, the Company had transferred the shares pertaining to the shareholders whose dividends were remained unclaimed and unpaid for a period of seven consecutive years to the IEPF Authority. As per the provisions of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), the shareholder may lodge the claim to the IEPF Authority for such dividends and shares by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in.

The details of the amount lying in the Unpaid Dividend Account of the Companyas on March 31, 2018, are as follows:

Year	Due date for transfer to IEPF	Amount (in ₹)
2010 - 2011	August 16, 2018	3 82 152.00
2011 - 2012	September 05, 2019	6 42 362.00

2012 - 2013	September 13, 2020	5 55 524.00
2013 - 2014	October 08, 2021	6 49 789.50
2014 - 2015	September 26, 2022	7 03 930.00
2015 - 2016	April 16, 2023	7 67 047.00

The shareholders who have not yet encashed their dividend warrants relating to the financial year 2010 - 2011 and subsequent years are requested to contact the Company/Registrar and Share Transfer Agents.

12. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Compliance certificate on Corporate Governance provided by the Independent Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015, is enclosed herewith as ***Annexure 4***.

13. GENERAL SHAREHOLDER INFORMATION

a) 24th Annual General Meeting:

Date	Time	Venue
June 14, 2018	10.30 AM	The International Hotel, Kochi

b) Financial Year: April 01, 2017 to March 31, 2018

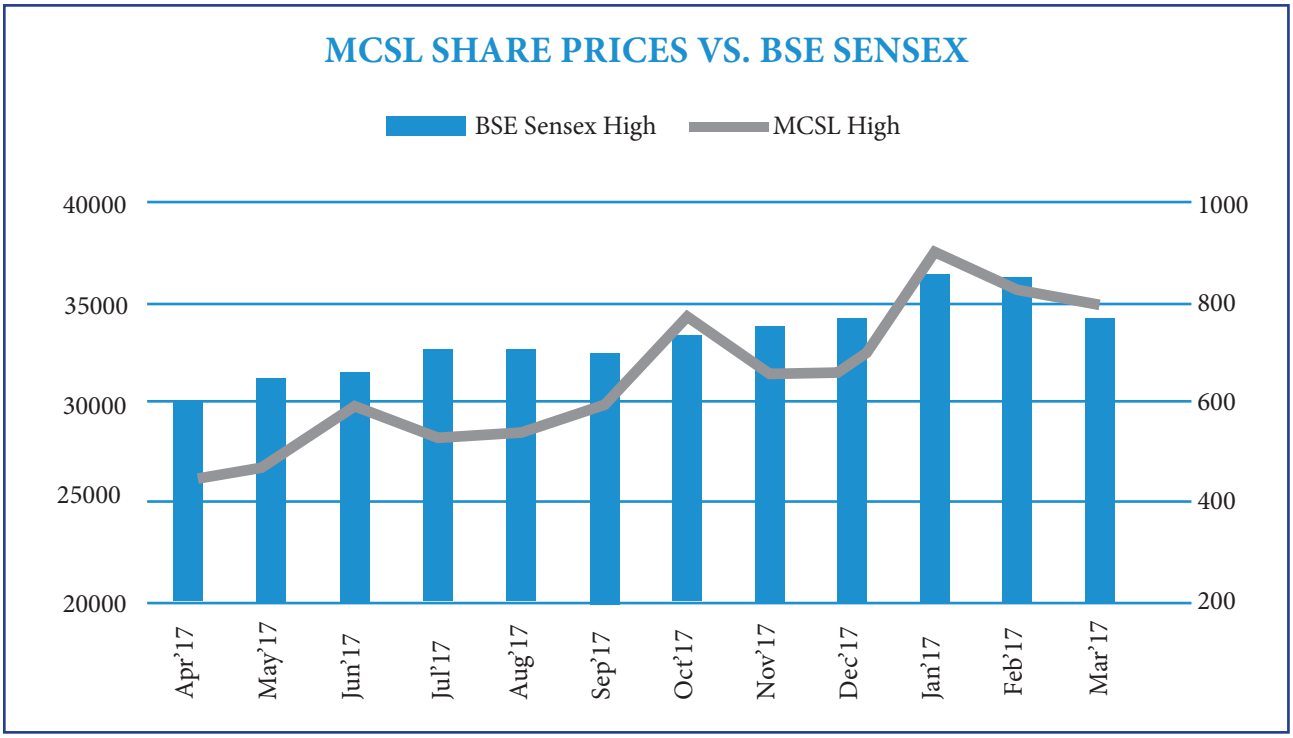
c) Dividend Details: Nil

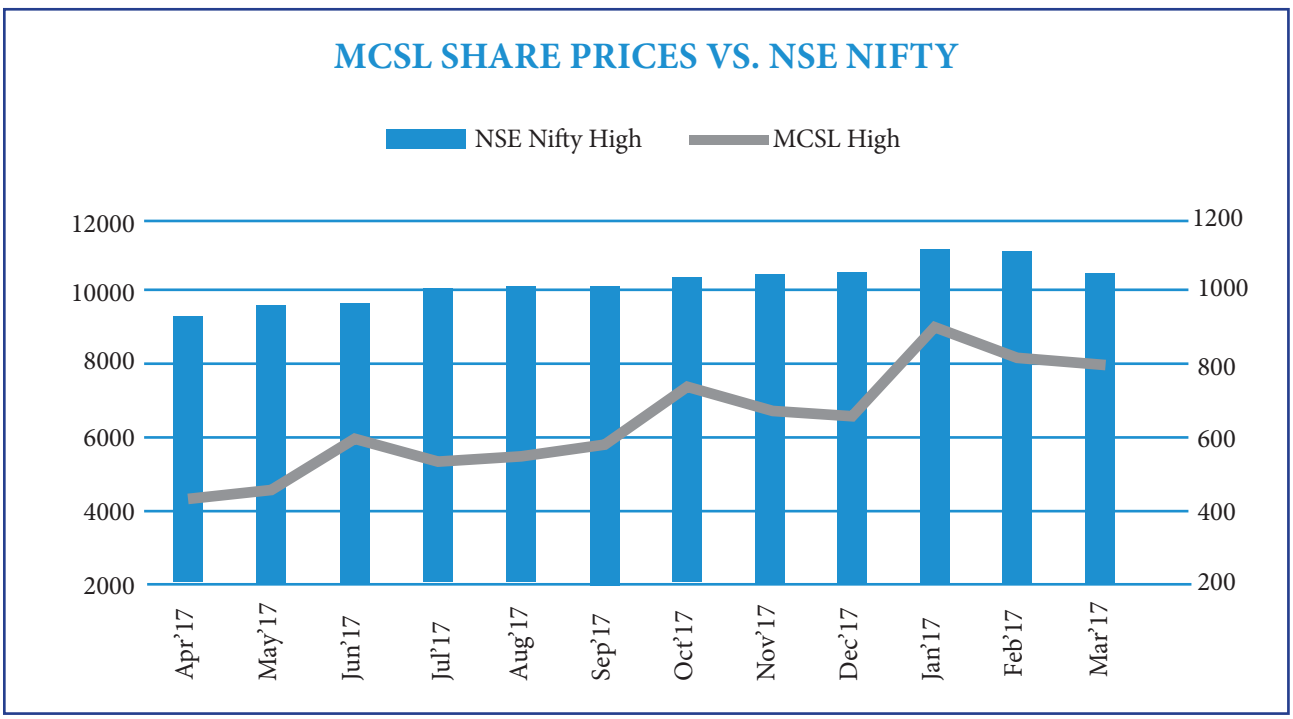
d) Listing Details:

Name and address of the Stock Exchange	Scrip Code	Status of Listing Fee for the FY 2018 - 2019
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	511766	Paid
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	MUTHOOTCAP	Paid

e) Stock Market Data from April 01, 2017 to March 31, 2018:

	BSE			NSE		
Month	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
April 2017	443.70	275.00	6 61 249	444.65	274.10	45 36 598
May 2017	467.00	410.00	46 352	470.05	410.90	5 05 385
June 2017	597.40	446.75	1 76 935	597.00	445.00	12 26 983
July 2017	540.00	487.70	40 854	539.95	435.60	2 78 799
August 2017	539.00	468.00	14 393	548.00	466.00	1 93 605
September 2017	594.00	505.00	28 349	583.95	505.90	1 70 038
October 2017	775.00	549.00	1 11 782	740.00	544.00	9 01 540
November 2017	666.30	582.15	2 10 995	675.00	578.35	2 68 778
December 2017	660.20	591.10	27 135	660.65	509.50	2 74 404
January 2018	904.00	605.00	3 21 455	906.95	620.00	23 84 458
February 2018	820.00	635.00	53 475	823.00	676.60	2 91 474
March 2018	800.00	696.65	1 51 177	800.00	700.00	3 36 564





f) 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) of the Company is L67120KL1994PLC007726.

g) Share Transfer System:

The shareholders are free to hold the Company's shares either in physical form or in dematerialized form. However, the Company encourages the holding of shares in dematerialized form. The shares held in dematerialized form can be transferred through the depositories without the Company's involvement.

Transfer of shares in physical form is processed within 15 days from the date of receipt, provided the documents are complete in all respects. All such transfers are processed by the Registrar and Share Transfer Agents of the Company and thereafter submitted to the Company.

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtain certificates from a Company Secretary in Practice on a half-yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the said certificate is submitted to both the Stock Exchanges, where the shares of the Company are listed.

h) Distribution of Shareholding as on March 31, 2018

Sl. No.	Category	Holders	% Holders	Shares	% Shares
1	Upto 500	9264	92.07	1089048	6.62
2	501 – 1000	396	3.94	277352	1.69
3	1001 – 2000	189	1.88	261183	1.59
4	2001 – 3000	68	0.68	165926	1.01
5	3001 – 4000	27	0.27	96606	0.59
6	4001 – 5000	10	0.10	48067	0.29
7	5001 – 10000	35	0.35	233029	1.42
8	10001 and above	73	0.73	14276322	86.80
	Total	**10062**	**100.00**	**16447533**	**100.00**

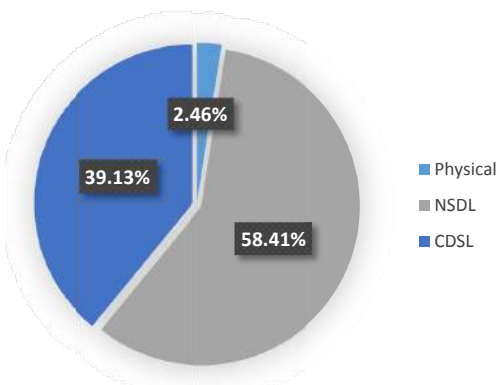
i) Dematerialisation of Shares and Liquidity:

The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scrip-less trading. The shareholders can hold the Company's shares with any of the depository participants, registered with these depositories. The ISIN for the shares of the Company is INE296G01013. As on March 31, 2018, 97.54% of shares of the Company were held in dematerialized form. The Company's equity shares are frequently traded at the BSE Limited and the National Stock Exchange of India Limited.

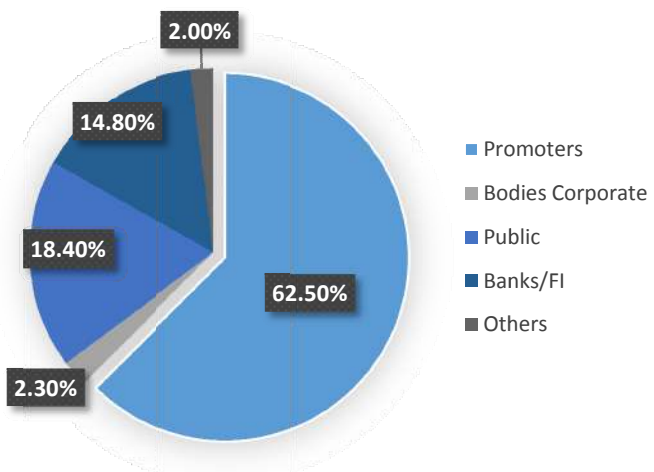
j) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:

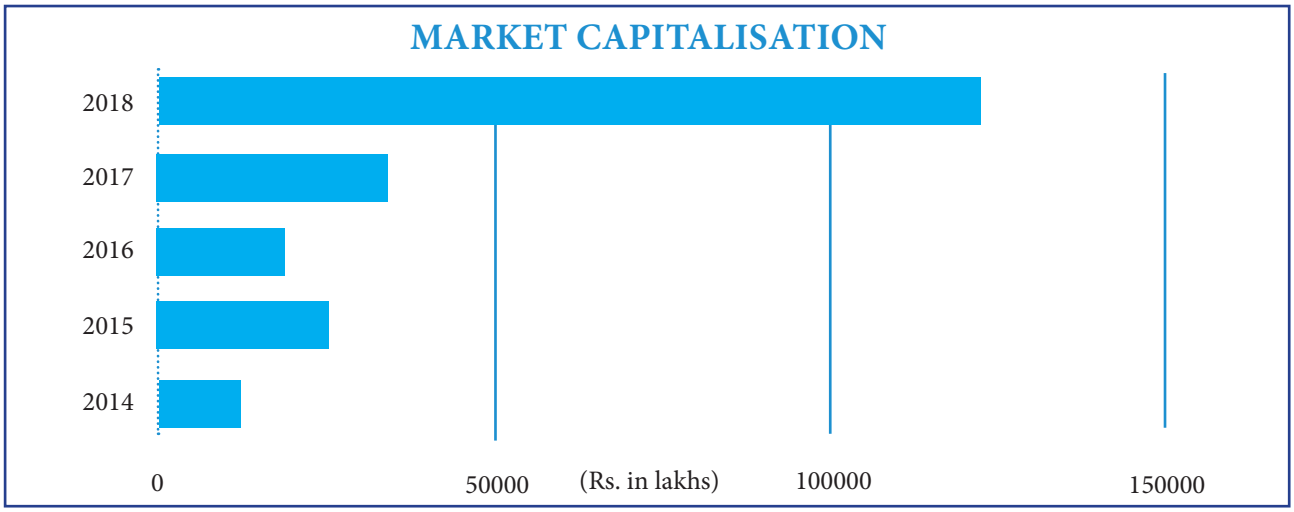
The Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments as on date.

SHAREHOLDING STATUS



PERCENTAGE OF SHAREHOLDING





k) Disclosure of commodity price risks and commodity hedging activities:

The Company follows prudent Board approved Risk Management Policy for minimizing threats or losses, and identifying and maximizing opportunities and thereby to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. A detailed note on the risks and concerns is given the Management Discussion and Analysis forming part of this Annual Report.

l) Plant Locations:

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

m) Address for correspondence:

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 shall contact:

a) **Integrated Registry Management Services Private Ltd.,**
Registrar and Share Transfer Agents
2nd Floor, "Kences Towers", No.1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai - 600 017
Ph: 044 - 28140801 - 803
Fax: 044 - 28142479
Email: corpserv@integratedindia.in

b) **Compliance Officer**
Muthoot Capital Services Limited
3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035,
Ph: 0484 - 6619689/692
Fax: 0484 - 2381261
Email: investorgrievance@muthootcap.com / mail@muthootcap.com

For queries on financial statements, contact:

c) **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 FROM MANAGING DIRECTOR

To,
The members of Muthoot Capital Services Limited

I confirm that the Company has received from all the Directors, a declaration of compliance in accordance with the provisions of Section 165 of the Companies Act, 2013, and Regulation 25 (1) & 26 (1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2018.

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

Kochi
April 17, 2018

ANNEXURE 2

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

To,
The members of Muthoot Capital Services Limited

I confirm that the Company has received from the members of the Board and Senior Management team of the Company, declarations of compliance with the Code of Conduct as applicable to them during the financial year ended March 31, 2018.

Sd/-
Thomas John Muthoot
Chairman
DIN: 00011618

Kochi
April 17, 2018

ANNEXURE 3

CERTIFICATION BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCE OFFICER

We hereby certify that for the quarter and financial year ending March 31, 2018, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(iii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(v) We further certify that :

   (i) There have been no significant changes in internal control over financial reporting during the year;

   (ii) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) There have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

	Sd/-	**Sd/-**
	Thomas George Muthoot	**Vinodkumar M. Panicker**
Kochi	**Managing Director (CEO)**	**Chief Finance Officer**
April 17, 2018	**DIN: 00011552**	

ANNEXURE 4

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Muthoot Capital Services Limited

1. We have examined the compliance of conditions of Corporate Governance by Muthoot Capital Services Ltd ("the company") for the year ended on March 31, 2018, as stipulated in the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations, as applicable.
4. 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 Varma & Varma
Chartered Accountants
FRN. 004532S

VIJAY NARAYAN GOVIND
Partner
M.No. 203094

Place : Kochi
Date : 17th April, 2018

To
The Members of Muthoot Capital Services Limited
Kochi

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, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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, 2018, its Profit and its Cash Flows 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 enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 control systems with reference to financial statements reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 7 of the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Varma & Varma
Chartered Accountants
FRN: 004532S

Place: Kochi – 19
Date:17-04-2018

VIJAY NARAYAN GOVIND
Partner
M.No. 203094

ANNEXURE A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MUTHOOT CAPITAL SERVICES LIMITED FOR THE YEAR ENDED MARCH 31, 2018:

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) We are informed that the fixed assets of the Company have been physically verified by the management during the year, the frequency of which in our opinion is reasonable having regard to the size of the Company and the nature of assets and that no material discrepancies were noticed on such verification.

   (c) The Company does not have any immovable property and hence the reporting requirements as per clause 3 (1) (c) of the Order are 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 secured loans to three companies and an unsecured loans to one company and one 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. According to the information and explanations given to us and the records of the Company examined by us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

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 Act and the rules framed there under, to the extent applicable, have been complied with. According to the information and explanations given to us by the management no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in respect of the aforesaid deposits.

   As stated in Note No. 2.3.4 of the financial statements, there are unpaid amounts against matured Public deposits amounting to ₹ 3 39 62 thousand (including interest) outstanding as on 31st March, 2018, and the management has confirmed that they could not pay the same since claims were not received from public deposit holders.

6. To the best of our knowledge and according to the information and explanation given to us, central government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the Company at this stage.

7. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and any other statutory dues, as applicable to the Company to the appropriate authorities during the year. According to the information and explanation given to us by the management, there are no arrears of undisputed statutory dues outstanding as at the last date of the financial year for a period of more than six months from the date on which they became payable.

   (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited on account of any dispute as at March 31, 2018, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in 000)	Periods to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income Tax	1 87	AY- 2012-13 (FY-2011-12)	Commissioner of Income Tax (Appeals)

8. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment ofloans or borrowings to financial institutions, banks, Governments or dues to debenture holders.

   As stated in Note No. 2.7 of the financial statements,there are unpaid amounts against matured debentures amounting to ₹ 9 56 thousand outstanding as on March 31, 2018 and the management has confirmed that they could not pay the same since claims were not received from the debenture holders.

9. According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans availed by the Company have been applied for the purpose for which the loans were obtained.

10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and the records of the Company examined by us, 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 Act.

12. The Company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order is not applicable to the Company.

13. The Company has complied with the provisions of Section 177 and 188 of the Act,were applicable, for all transactions with the related parties. The details of related party transactions have been disclosed in Note No. 4 of the financial statements, as required by the applicable accounting standards.

14. The Company has not made any preferential allotment of shares or fully or partly convertible debentures during the year under review. As stated in Note No. 2.1 of the financial statements, the Company has made private placement of Equity shares to Qualified Institutional Buyers during the year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with the Directors and hence the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.

16. The Company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45-IA of the Reserve Bank of India Act, 1934.

Place: Kochi - 19
Date: 17-04-2018

For Varma & Varma
Chartered Accountants
FRN: 004532S

VIJAY NARAYAN GOVIND
Partner
M.No. 203094

ANNEXURE B REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MUTHOOT CAPITAL SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH 2018:

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 control systems with reference to financial statements reporting of Muthoot Capital Services Limited ("the Company") as of March 31, 2018 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 controls with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls systems with reference to financial statements 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 system with reference to financial statements 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 with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements reporting.

Meaning of Internal Financial Controls with reference to Financial Statements reporting

A company's internal financial controls system with reference to financial statements 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 controls system with reference to financial statements 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 with reference to Financial Statements reporting

Because of the inherent limitations of internal financial controls system with reference to financial statements 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 system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements 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 with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2018, based on the internal control with reference to financial statements 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.

Other Matters

1. The company has a concurrent audit system, the coverage and periodicity of which requires to be further improved so as to be effective and commensurate with the size, geographical spread and nature of business.
2. As per the gap-analysis conducted by an independent agency, the information technology framework requires to be modified to be in line with the RBI guidelines prescribed for NBFC sector, which we are informed will be complied within the timelines specified by RBI

Our opinion is not modified in respect of the above matters.

For Varma & Varma
Chartered Accountants
FRN: 004532S

Place: Kochi - 19
Date:17-04-2018

VIJAY NARAYAN GOVIND
Partner
M.No. 203094

BALANCE SHEET AS AT 31st MARCH, 2018

(₹ in '000)

Particulars	Note	As At 31-Mar-18	As At 31-Mar-17
I.EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	16 44 75	12 47 26
(b) Reserves and Surplus	2.2	377 48 23	165 51 24
		393 92 98	**177 98 50**
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	2.3	96 26 74	113 60 43
(b) Other Long-Term Liabilities	2.4	6 32 88	10 93 70
		102 59 62	**124 54 13**
(3) Current Liabilities			
(a) Short-Term Borrowings	2.5	1293 76 36	814 87 03
(b) Trade Payables	2.6		
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		15 58 44	9 81 85
(c) Other Current Liabilities	2.7	128 06 73	128 17 62
(d) Short-Term Provisions	2.8	43 84 42	22 79 77
		1481 25 95	**975 66 27**
TOTAL		**1977 78 55**	**1278 18 90**
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	2.9		
(i) Tangible Assets-Property, Plant and Equipment		2 24 57	2 23 01
(ii) Intangible Assets		23 45	-
(iii) Intangible Assets Under Development		-	36 15
(b) Non-Current Investments	2.10	17 86 19	14 74 89
(c) Deferred Tax Assets (Net)	2.11	11 32 21	6 56 51
(d) Long-Term Receivables From Financing Activities	2.12	827 72 22	492 45 74
(e) Long-Term Loans and Advances	2.13	1 09 23	1 08 60
(f) Other Non- Current Assets	2.14	80	5 82 46
		860 48 67	**523 27 36**
(2) Current Assets			
(a) Current Investments	2.15	19	19
(b) Cash and Cash Equivalents	2.16	16 84 29	14 48 51
(c) Receivables from Financing Activities	2.17	1088 28 05	711 21 42
(d) Short-Term Loans and Advances	2.18	2 88 81	2 11 43
(e) Other Current Assets	2.19	9 28 54	27 09 99
		1117 29 88	**754 91 54**
TOTAL		**1977 78 55**	**1278 18 90**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 12		

Note:The accompanying notes form an integral part of the financial statements.

As per our separate report of even date attached

For VARMA AND VARMA
FRN: 004532S

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

Sd/-	Sd/-	Sd/-	Sd/-
VIJAY NARAYAN GOVIND	**THOMAS JOHN MUTHOOT**	**THOMAS GEORGE MUTHOOT**	**THOMAS MUTHOOT**
PARTNER	CHAIRMAN	MANAGING DIRECTOR	DIRECTOR
CHARTERED ACCOUNTANTS	DIN :00011618	DIN:00011552	DIN: 00082099
MEMBERSHIP NUMBER: 203094			

Sd/-
VINODKUMAR M. PANICKER
CHIEF FINANCE OFFICER

PLACE - KOCHI
DATE - APRIL 17, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

(₹ in '000)

Particulars	Note	For the Year Ended	
		31-Mar-18	31-Mar-17
Income			
I. Revenue From Operations	2.20	397 72 60	284 04 49
II. Other Income	2.21	35 96	15 50
III. Total Revenue (I+II)		**398 08 56**	**284 19 99**
IV. Expenses			
a. Employee Benefits Expenses	2.22	64 17 62	53 14 64
b. Finance Costs	2.23	122 82 79	103 94 58
c. Depreciation and Amortization	2.9	97 17	99 01
d. Other Expenses	2.24	94 05 58	57 80 68
e. Provisions and Write Off	2.25	33 59 38	22 12 41
Total Expenses		**315 62 54**	**238 01 32**
V. Profit Before Tax (III - IV)		**82 46 02**	**46 18 67**
VI. Tax Expenses			
a. Current Tax		33 54 00	18 15 00
b. Deferred Tax		(4 75 70)	(1 88 36)
c. Income Tax Adjustment For Earlier Years		-	(17 14)
Total Tax Expenses		**28 78 30**	**16 09 50**
VII. Profit For The Year (V-VI)		**53 67 72**	**30 09 17**
VIII. Earnings per equity share of ₹ 10 each:			
Basic and Diluted (in ₹)	6	36.39	21.93
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 12		

Note:The accompanying notes form an integral part of the financial statements.

As per our separate report of even date attached

For VARMA AND VARMA
FRN: 004532S

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

Sd/-	Sd/-	Sd/-	Sd/-
VIJAY NARAYAN GOVIND	**THOMAS JOHN MUTHOOT**	**THOMAS GEORGE MUTHOOT**	**THOMAS MUTHOOT**
PARTNER	CHAIRMAN	MANAGING DIRECTOR	DIRECTOR
CHARTERED ACCOUNTANTS	DIN :00011618	DIN:00011552	DIN: 00082099
MEMBERSHIP NUMBER: 203094			

Sd/-
VINODKUMAR M. PANICKER
CHIEF FINANCE OFFICER

PLACE - KOCHI
DATE - APRIL 17, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

(₹ in '000)

Particulars	For the Year ended	
	31-Mar-18	31-Mar-17
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	**82 46 02**	46 18 67
Adjustments for:-		
Depreciation/Amortisation	**97 17**	99 01
Provision against Non - Performing Assets	**14 36 95**	7 47 78
Provisions against Standard Assets	**3 36 00**	1 00 00
Loss / (Profit) from Capital Market Operations	**(6 68)**	(2)
Loss / (Profit) on Sale of Assets	**(1 21)**	(8)
Interest on Investments	**(1 13 36)**	(1 12 74)
Income from Investments in Alternate Investment fund	**(13 88)**	-
Dividend Income	**(1 50)**	(7)
Discount on Issue of Commercial Paper	**1 25 73**	-
	18 59 22	8 33 88
Operating Profit before Working Capital Changes	**101 05 24**	54 52 55
Net (Increase) / Decrease in Operating Assets:-		
Short-Term Loans and Advances	(77 37)	1 01 32
Long-Term Loans and Advances	(63)	(10 91)
Receivables from Financing Activities	(712 33 11)	(164 86 85)
Other Current Assets	17 81 45	(31 94 32)
Other Non - Current Assets	5 81 66	(2 08)
	(689 48 00)	(195 92 84)
Net Increase/ (Decrease) in Operating Liabilities-		
Long-Term Liabilities	**(4 84 74)**	(96)
Other Current Liabilities	**9 51 08**	58 88 64
Short-Term Provisions	**1 90 71**	14 62
	6 57 05	59 02 30
Net Changes in Working Capital	**(682 90 95)**	(136 90 54)
Cash Generated from Operations	**(581 85 71)**	(82 37 99)
Direct Taxes Paid	**(32 13 01)**	(16 35 43)
Net Cash from/(used in) Operating Activities	**(613 98 72)**	(98 73 42)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets Including Intangible Assets Under Development	**(91 03)**	(1 76 39)
Sale of Fixed Assets	**6 20**	91
Increase / (Decrease) in Investments	**(3 11 30)**	(1 01 33)

(₹ in '000)

Particulars	For the Year ended	
	31-Mar-18	31-Mar-17
Interest on Investments	**1 13 36**	1 12 74
(Loss) / Profit from Capital Market Operations	**6 68**	2
Dividend Income	**1 50**	7
Income from Investments in Alternate Investment fund	**13 88**	-
Net Cash from/(used in) Investing Activities	**(2 60 71)**	(1 63 98)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase / (Decrease) in Issued & Paid up Capital	**2 72 76**	-
Net Increase/ (Decrease) in Securities Premium	**159 54 00**	-
Net Increase / (Decrease) in Secured Debentures(Including Interest Accrued)	**(2 14 66)**	(2 61 88)
Net Increase / (Decrease) in Subordinated debts (Including Interest Accrued)	**12 68 28**	34 62 49
Net Increase / (Decrease) in Public Deposits (Including Interest Accrued)	**(27 17 78)**	49 80
Increase / (Decrease) in Secured and Unsecured Borrowings (Including Interest Accrued)	**473 41 17**	74 44 44
Increase / (Decrease) in Inter Corporate Deposits (Including Interest Accrued)	**(2 66)**	11 77
Dividend Paid (Including Corporate Dividend Tax)	**(5 90)**	(21 53)
Net Cash Generated from Financing Activities	**618 95 21**	106 85 09
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**2 35 78**	6 47 69
Opening Balance of Cash and Cash Equivalents	**14 48 51**	8 00 82
Closing Balance of Cash and Cash Equivalents	**16 84 29**	14 48 51
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	**16**	1 63
- Balances with Banks	**2 81 67**	57 46
- SLR Deposits	**4 81 25**	5 76 58
- Deposits offered as Collateral security against securitisation transaction	**8 84 20**	7 69 93
- Balances with Unpaid Dividend Accounts	**37 01**	42 91
Total Cash and Cash Equivalents	**16 84 29**	14 48 51

Note: Previous year's figures have been regrouped / reclassified where ever necessary to confirm to current year's classification.

As per our separate report of even date attached

For VARMA AND VARMA
FRN: 004532S

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

Sd/-	Sd/-	Sd/-	Sd/-
VIJAY NARAYAN GOVIND	**THOMAS JOHN MUTHOOT**	**THOMAS GEORGE MUTHOOT**	**THOMAS MUTHOOT**
PARTNER	CHAIRMAN	MANAGING DIRECTOR	DIRECTOR
CHARTERED ACCOUNTANTS	DIN :00011618	DIN:00011552	DIN: 00082099
MEMBERSHIP NUMBER: 203094			

Sd/-
VINODKUMAR M. PANICKER
CHIEF FINANCE OFFICER

PLACE - KOCHI
DATE - APRIL 17, 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

CORPORATE INFORMATION

Muthoot Capital Services Limited ('the Company') is a public company domiciled in India,governed by the Companies Act 2013 and is a Systemically Important Deposit Accepting Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India. The shares of the Company are listed on the Bombay Stock Exchange and the National Stock Exchange. During the year, the Company was primarily engaged in the business of financing for purchase of automobiles, mainly two wheelers against hypothecation of the vehicles and granting of personal/business loans etc.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

i. The financial statements have been prepared and presented under historical cost convention on accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") in compliance with the provisions of the Companies Act, 2013, Accounting Standards specified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the applicable directions issued by Reserve Bank of India for Non-Banking Financial Companies. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except wherever stated.

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 reassessed its operating cycle as 12 months (from 36 months adopted earlier) 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 with appropriate modifications to reflect such change in classification during the current and corresponding 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. Interest Income in respect of hypothecation loans are recognised on accrual basis with reference to contractual terms, 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.

iv. Interest Income on SLR Investments/ Bank Deposits including collateral deposits is recognized on accrual basis.

v. Income from securitisation transactions, being interest spread under par structure of securitisation loan receivables, is recognised as income on realisation of dues in cash from Special purpose vehicle.

vi. Income on retained interest in the assigned asset , if any, is accounted on accrual basis.

vii. Income from financing activities and services is recognized on accrual basis.

➢ **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 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 Interest and other finance charges accrued and due, as reduced by amounts received and loans securitised.

ii. Advance instalments received against Hypothecation loans are shown as Current Liabilities.

iii. Repossessed assets are valued at lower of book value and estimated realisable value.

➢ **Securitisation transactions: -**

i. Securitised 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 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 Securitisation of Receivables) with the corresponding liability created for Unrealized Gains on Loan Transfer Transactions.

1.5 Tangible Assets (Property, Plant and Equipment)

Property, Plant and Equipment 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 Property, Plant and Equipment, 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 Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

1.6 Intangible Assets

Intangible assets are recorded at the cost incurred for developing such assets and are carried at cost less accumulated amortization and impairment, if any.

1.7 Depreciation / Amortizationof Tangible and Intangible assets.

i. 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".

ii. Intangible assets are amortised over a period of three years.

1.8 Impairment of Tangible and Intangible Assets

i. The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use.

ii. 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.

1.9 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.

1.10 Investments

i. Investment 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 one year 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.

1.11 Income Tax

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

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

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

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

Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax

asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

1.12 Retirement and Other Employee Benefits

i. Defined Contribution Plan

(i) Provident Fund

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

(ii) Employees State Insurance

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

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.

1.13 Segment Reporting

The Company's business activity primarily falls within a single reportable business segmentwhich constitutes Financing Activities (Advancing of hypothecation loans, term loans, buying loan portfolio of other NBFCs/ Micro Finance Companies and loan against demand promissory notes etc.). Hence additional disclosuresare 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.

1.14 Related Party Disclosures

Disclosures are made as per the requirements of the Accounting Standard- 18 "Related Party Disclosures".

1.15 Earnings per Share

The Company reports basic earnings per share in accordance with Accounting Standard-20 "Earnings per Share". 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.

1.16 Material Events

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

1.17 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.

1.18 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.

1.19 Classification and Provisioning of receivables from Financing Activity

i. As per the guidelines given in the Master Directions issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, Provisioning / Writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments, the company makes adequate provisions against Receivables from financing activities in the following manner;

   a. Standard Assets:

      Provision against Standard Assets is made at the rate prescribed by The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

   b. Non-Performing assets : Sub-standard, Doubtful and loss assets:

      Provision as required under The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is made.Further incremental provision over and above the minimum levels specified is made as considered appropriate by the management.

ii. Loss on Sale of Repossessed Assets represents shortfall in realization of outstanding loan receivable balances on disposal of the underlying hypothecated assets and includes provisions created in the earlier years in respect of such loan balances.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2018

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-18	31-Mar-17
Authorized		
2,50,00,000 equity shares of ₹10 par value	**25 00 00**	15 00 00
(1,50,00,000 equity shares of ₹10 par value)		
Issued, Subscribed and fully Paid up		
1,64,47,533 equity shares of ₹10 par value	**16 44 75**	12 47 26
(1,24,72,575 equity shares of ₹10 par value)		
Total	**16 44 75**	12 47 26

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31st March, 2018 and 31st March 2017, is set out below:

Particulars	As at 31-Mar-18		As at 31-Mar-17	
	No of Shares	Amount	No of Shares	Amount
	in '000	₹ in '000	in '000	₹ in '000
No of shares outstanding at the beginning of the year	**1 24 73**	**12 47 26**	1 24 73	12 47 26
Add: Bonus shares issued by capitalization of general reserve account	**12 47**	**1 24 73**	-	-
	1 37 20	**13 71 99**	1 24 73	12 47 26
Add: Shares issued to Qualified Institutional Buyers	**27 28**	**2 72 76**	-	-
No of shares outstanding at the end of the year	**1 64 48**	**16 44 75**	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.

During the year ,the Company (on 14th June 2017) allotted 12 47 258 equity shares of ₹10/- each as bonus shares in proportion of one equity share for every ten equity shares held. Also, on 13th November 2017 ,the company has made allotment of 27 27 700 equity shares to Qualified Institutional Buyers at an issue price of ₹605/- per equity share including a premium of ₹595/- per share.

Shareholders holding more than 5% shares in the Company:

Particulars	As at 31-Mar-18 No. of shares		As at 31-Mar-17 No. of shares	
	in '000	%	in '000	%
Equity Shares				
Thomas John Muthoot	**31 36**	**19.07**	28 51	22.86
Thomas George Muthoot	**31 31**	**19.04**	28 47	22.82
Thomas Muthoot	**30 77**	**18.71**	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-18	31-Mar-17
Securities Premium Account:		
At the beginning of the year	**41 80 80**	41 80 80
Add: Issue of shares at a premium of ₹595/- per share	**162 29 82**	-
Less: Expenditure on Qualified Institutional Placement (Refer Note No.2.24.1)	**(2 75 82)**	-
At the end of the year	**201 34 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	**34 35 79**	28 25 79
Add: Transfer from Surplus in Statement of Profit and Loss	**10 80 00**	6 10 00
At the end of the year	**45 15 79**	34 35 79
General Reserve:		
At the beginning of the year	**13 10 00**	13 10 00
Less: Amounts utilised towards issue of fully paid bonus shares	**(1 24 73)**	-
At the end of the year	**11 85 27**	13 10 00
Surplus in the Statement of Profit and Loss		
At the beginning of the year	**76 24 65**	52 25 48
Add: Profit for the year	**53 67 72**	30 09 17
Less: Appropriations		
Transfer to Statutory Reserves	**(10 80 00)**	(6 10 00)
At the end of the year	**119 12 37**	76 24 65
Total	**377 48 23**	165 51 24

2.3 LONG - TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Secured:		
Loan from Banks - Term Loans (Refer Note No. 2.3.1)	**7 85 00**	15 11 27
Debentures (Refer Note No. 2.3.2)	-	8
Unsecured:		
Subordinated Term Loan (Refer Note No. 2.3.3A)	**30 00 00**	30 00 00
Subordinated Debts-Retail(Includes subordinated debt from related party ₹ 3 00 00 thousand (₹3 00 00 thousand) (Refer Note No. 2.3.3B)	**27 95 81**	19 68 30
Public Deposits (Refer Note No. 2.3.4)	**30 45 93**	48 80 78
Total	**96 26 74**	113 60 43

2.3.1 Loans from Banks - Term Loans

This liability towards term loan from banks appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long- Term Borrowings	2.3	Loans from banks	**7 85 00**	15 11 27
Short- Term Borrowings	2.5	Loans from banks - Term Loans	**40 51 28**	26 17 94
Total			**48 36 28**	41 29 21

Terms of Repayment of Bank Loans:

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 9.40% to 10.30% as on the Balance Sheet date.

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

2.3.2 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 is 10.92% per annum and the rate of interest of matured debentures ranges from 9.5% to 14.19% 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 2017-2018				For the Financial Year 2016-2017			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 – 12	**1 04**	**8**	-	**1 12**	1 06	11 11	8	12 25
>12 – 15	**8 52**	-	-	**8 52**	6 43	1 04 06	-	1 10 49
Total	**9 56**	**8**	-	**9 64**	7 49	1 15 17	8	1 22 74

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

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long- Term Borrowings	2.3	Debentures	-	8
Other Current Liabilities	2.7	Current Maturities of Long Term Debt: Debentures (Secured)	**8**	1 15 17
Other Current Liabilities	2.7	Unclaimed matured Debentures	**9 56**	7 49
Total			**9 64**	1 22 74

2.3.3 Subordinated Term Loans/Debts (Sub Debts):

A. Northern Arc Capital Limited (Formerly known as IFMR Capital Finance Private Limited) -

The Company has taken two Subordinated Unsecured Term Loans from IFMR Capital Finance Private Limited of ₹ 15 00 00 thousand each on 29th June, 2016 and 30th March, 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. The Company has also accepted subordinated debts from public under three schemes, namely Monthly, Annual and Maturity interest payment with interest rates ranging from 9.06% to 13.4%. The maturity period of the loan ranges from 60 months to 96 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 2017-18				For the Financial Year 2016-17			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 – 12	-	-	**26 74 72**	**26 74 72**	-	-	15 88 89	15 88 89
>12 – 15	-	**2 58 32**	**1 21 09**	**3 79 41**	-	-	3 79 41	3 79 41
Total	-	**2 58 32**	**27 95 81**	**30 54 13**	-	-	19 68 30	19 68 30

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	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long - Term Borrowings	**2.3**	Subordinated Debts - Retail	**27 95 81**	19 68 30
Other Current Liabilities	**2.7**	Current Maturities of Long term Debts: Subordinated Debts	**2 58 32**	-
Total			**30 54 13**	19 68 30

The Unsecured Term loans / Subordinated Debts of the Company qualify as Tier II Capital under Master Directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 issued by Reserve Bank of India.

2.3.4 Public Deposits:

The Company has accepted Public Deposits under three schemes, namely Monthly, Annual and Maturity interest payment. 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 7.0 % 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 2017-2018				For the Financial Year 2016-2017			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non- Current	Total
<=9	**2 52 07**	**34 15 86**	**18 26 69**	**54 94 62**	1 21 64	39 63 99	21 39 61	62 25 24
>9 to 12.5	**74 15**	**14 39 97**	**12 19 24**	**27 33 36**	1 66 40	17 46 49	27 41 17	46 54 06
Total	**3 26 22**	**48 55 83**	**30 45 93**	**82 27 98**	2 88 04	57 10 48	48 80 78	108 79 30

The Matured Unclaimed Public Deposits include the Public Deposits - pending Renewal amounting to ₹ 1 26 40 thousand as shown in Note No. 2.7 Other Current Liabilities (₹ 1 26 50 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	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long- Term Borrowings	**2.3**	Public Deposits	**30 45 93**	48 80 78
Other Current Liabilities	**2.7**	Current Maturities of Long Term Debt: Public Deposits	**48 55 83**	57 10 48
Other Current Liabilities	**2.7**	Public Deposits Pending Renewal	**1 26 40**	1 26 50
Other Current Liabilities	**2.7**	Unclaimed Matured Public Deposits	**1 99 82**	1 61 54
Total			**82 27 98**	108 79 30

2.4 OTHER LONG TERM LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Non-current portion of interest accrued, but not due on:		
Subordinated Debts (Refer Note No. 2.4.1)	**2 95 54**	2 52 47
Public Deposits (Refer Note No. 2.4.1)	**2 01 07**	2 20 21
Others		
Security Deposits (Unsecured)	**1 35 47**	72 70
Non - Current portion of Unrealized Gain	**80**	5 48 32
Total	**6 32 88**	10 93 70

2.4.1 Current portion of interest accrued, but not due on the above borrowings amounting to ₹ 5 14 07 thousand is shown in Refer Note No. 2.7 under Other Current Liabilities (₹ 4 18 67 thousand)

The liability towards Unrealized Gain appears in the financial statements in the manner given below:

(₹ in '000)

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Other Long- Term Liabilities	2.4	Non-Current portion of Unrealized Gain	**80**	5 48 32
Other Current Liabilities	2.7	Unrealized Gain on Loan Transfer Transactions	**6 45 69**	15 65 15
Total			**6 46 49**	21 13 47

2.5 SHORT - TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Secured		
Loans from Banks		
Working Capital Demand Loans and Cash Credits (Refer Note No. 2.5.1)	**1100 73 98**	773 52 42
Term Loans (Refer NoteNo. 2.5.1)	**40 51 28**	26 17 94
Unsecured		
Loans and Advances from Related Parties (Refer Note No. 2.5.2)	**5 78 06**	13 64 06
Inter Corporate Deposits (Refer Note No. 2.5.3)	**1 49 95**	1 52 61
Commercial Paper (Refer Note No. 2.5.4)	**145 23 09**	-
Total	**1293 76 36**	814 87 03

2.5.1 Loans from Banks - Working Capital Demand Loans and Cash Credits

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 Working Capital Demand Loans and Cash Credits from Banks

The Cash Credits and Working Capital Demand Loan 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 8.5% 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.

2.5.2. Loans and Advances from Related Parties

The Company has entered into transactions with Promoter Directors of the Company. The Company pays interest @ 12% p.a in respect of interest bearing loans(Balance outstanding as at 31st March, 2018 was ₹ 3 05 00 thousand (₹ 10 91 00 thousand)). The total balance outstanding (interest and non-interest bearing loan) as at 31st March 2018 is ₹ 5 78 06 thousand (₹13 64 06 thousand)

2.5.3. 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 31st March, 2018: ₹ 1 49 95 thousand (₹ 1 52 61 thousand).

2.5.4.Commercial Paper

The Company has made three Commercial Paper issuances during the year. One commercial paper was redeemed during the year itself. Total value of issuance during the year is ₹ 225 00 00 thousand. The balance of Discounted Value Outstanding as at 31st March, 2018: ₹ 145 23 09 thousand (Nil).

Summary statement of issuance and redemptions are as follows:

Date of Issuance	Client Name	Coupon / Discount rate	No of units	Face Value ₹	Issuance Value (₹ In '000)	Discounted Value (₹ In '000)	Date of Redemption
14-12-17	KOTAK MUTUTAL FUND	9.10%	1 000	5 00 000	50 00 00	45 84 00	13-12-18
04-01-18	SBI-MUTUTAL FUND	8.49%	1 500	5 00 000	75 00 00	73 56 27	28-03-18
28-03-18	SBI-MUTUTAL FUND	8.90%	2 000	5 00 000	100 00 00	98 13 36	14-06-18

2.6 TRADE PAYABLES

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Total outstanding dues of micro enterprises and small enterprises (Refer Note 2.6.1)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**15 58 44**	9 81 85
Total	**15 58 44**	9 81 85

Trade Payables includes amounts payable to related parties amounting to ₹ 2 47 26 thousand (₹ 2 13 20 thousand)

2.6.1 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.

2.7 OTHER CURRENT LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Current Maturities of Long Term Debts:		
Debentures (Secured)	**8**	1 15 17
Public Deposits	**48 55 83**	57 10 48
Subordinated Debts	**2 58 32**	-
Unclaimed Matured		
Debentures	**9 56**	7 49
Public Deposits	**1 99 82**	1 61 54
Interest accrued and due on borrowings		
Unclaimed Matured Debentures	**8 44**	6 09

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Unclaimed Matured Public Deposits	**13 40**	16 75
Interest accrued, but not due on		
Bank Borrowings	**3 96 01**	94 82
Debentures	**5**	1 03 96
Subordinated Debts (Includes interest accrued on subordinated debt from related party ₹1 28 thousand(₹1 25 thousand)	**1 56 32**	16 94
Public Deposits	**3 57 75**	4 01 73
Inter Corporate Deposits	**7**	8
Instalment received in advance from Hypothecation Customers/ Term loans	**9 93 20**	10 98 30
Unclaimed dividends	**37 01**	42 91
Public Deposits Pending Renewal	**1 26 40**	1 26 50
Unrealized Gain on Loan Transfer Transactions	**6 45 69**	15 65 15
Initial Payment	**11 89**	30 23
Foreclosure	**1 24**	34
Payables towards securitisation transactions	**44 24 66**	31 54 38
Other Payables;		
Withholding Tax	**1 00 31**	74 60
Statutory Dues Payable	**2 10 68**	90 16
Total	**128 06 73**	128 17 62

2.8 SHORT - TERM PROVISIONS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Provision for Employee Benefits		
Provision for Bonus	**1 25 00**	42 00
Provision for Gratuity (Refer Note No. 3)	**39 36**	-
Others	**-**	18 00
Provision for Taxation (Net)	**3 03 43**	1 62 44
Contingency provisions against standard assets	**7 32 00**	3 96 00
Provision for Non-Performing Assets	**30 98 28**	16 61 33
Provision for others	**86 35**	-
Total	**43 84 42**	22 79 77

2.9 FIXED ASSETS

(₹ in '000)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01 April, 2017	Addtions	Deduc-tions	As at 31 March, 2018	As at 01 April, 2017	For the Year	Disposal/ Adjust-ment for theYear	As at 31 March, 2018	As at 31 March, 2018	As at 31 March, 2017
(i)Tangible Assets- (Property,Plant & Equipment)										
Vehicles	63 92	-	8 04	**55 88**	38 05	7 91	7 64	**38 32**	**17 56**	25 87
	(35 85)	(28 07)	-	**(63 92)**	(31 91)	(6 14)	-	**(38 05)**	**(25 87)**	(3 94)
Furniture and Fittings	2 74 03	31 11	10 61	**2 94 53**	1 58 03	34 21	7 59	**1 84 65**	**1 09 88**	1 16 00
	(2 15 43)	(58 76)	(16)	**(2 74 03)**	(1 28 30)	(29 86)	(13)	**(1 58 03)**	**(1 16 00)**	(87 13)
Office Equipments	1 33 64	7 57	6 61	**1 34 60**	1 10 97	11 85	6 02	**1 16 80**	**17 80**	22 67
	(1 26 26)	(9 81)	(2 43)	**(1 33 64)**	(96 67)	(16 28)	(1 98)	**(1 10 97)**	**(22 67)**	(29 59)
Computers and Accessories	3 29 95	52 12	2 25	**3 79 82**	2 75 97	30 27	1 26	**3 04 98**	**74 84**	53 98
	(2 88 52)	(43 60)	(2 17)	**(3 29 95)**	(2 32 24)	(45 57)	(1 84)	**(2 75 97)**	**(53 98)**	(56 28)
Windmill Generator	89 78	-	-	**89 78**	85 29	-	-	**85 29**	**4 49**	4 49
	(89 78)	-	-	**(89 78)**	(84 13)	(1 16)	-	**(85 29)**	**(4 49)**	(5 65)
Total Tangible Assets	8 91 32	90 80	27 51	**9 54 61**	6 68 31	84 24	22 51	**7 30 04**	**2 24 57**	2 23 01
	(7 55 84)	(1 40 24)	(4 76)	**(8 91 32)**	(5 73 25)	(99 01)	(3 95)	**(6 68 31)**	**(2 23 01)**	(1 82 59)
(ii)Intangible Assets										
Computer Software	-	36 38	-	**36 38**	-	12 93	-	**12 93**	**23 45**	-
	(-)	(-)	(-)	**(-)**	(-)	(-)	(-)	**(-)**	**(-)**	(-)
Total Intangible Assets	-	36 38	-	**36 38**	-	12 93	-	**12 93**	**23 45**	-
	(-)	(-)	(-)	**(-)**	(-)	(-)	(-)	**(-)**	**(-)**	(-)
Grand Total	**8 91 32**	**1 27 18**	**27 51**	**9 90 99**	**6 68 31**	**97 17**	**22 51**	**7 42 97**	**2 48 02**	**2 23 01**
	(7 55 84)	(1 40 24)	(4 76)	**(8 91 32)**	(5 73 25)	(99 01)	(3 95)	**(6 68 31)**	**(2 23 01)**	(1 82 59)

(₹ in '000)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01 April, 2017	Addtions	Deduc-tions	As at 31 March, 2018	As at 01 April, 2017	For the Year	Disposal/ Adjust-ment for theYear	As at 31 March, 2018	As at 31 March, 2018	As at 31 March, 2017
(iii) Intangible Assets under Development - Software	36 15	23	36 38	-	-	-	-	-	-	36 15
	-	(36 15)	-	**(36 15)**	-	-	-	-	**(36 15)**	(-)
Total Intangible Assets under development	**36 15**	**23**	**36 38**	-	-	-	-	-	-	36 15
	(-)	**(36 15)**	(-)	**(36 15)**	(-)	(-)	(-)	(-)	**(36 15)**	(-)

2.10 NON - CURRENT INVESTMENTS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Investments in Government Securities (Refer Note 2.10.2 and 2.10.3)		
8,88,000 (8,88,000) units of ₹100/-each in 7.28% GOI 2019	**8 35 44**	8 35 44
5,00,000 (5,00,000) units of ₹100/-each in 8.12% GOI 2020	**4 89 50**	4 89 50
50,000 (50,000) units of ₹100/-each in 8.24% Kerala SDL 2025	**50 00**	50 00
50,000 (50,000) units of ₹100/-each in 7.98% Tamilnadu SDL 2026	**50 00**	50 00
Investments in Portfolio Management Service: Hedge Equities (Refer note No. 2.10.1 and 2.10.2)	**56 25**	49 95
Investment in Alternate Investment Funds 3 05 000 (-) units of ₹100/- each in BPEA (Refer Note No. 2.10.2)	**3 05 00**	-
Total	**17 86 19**	14 74 89

2.10.1 Investment in PMS represents the following-

(a) 7 750 (7 075) shares of ₹2/- each in Manappuram Finance Ltd –₹7 64 thousand (₹7 06 thousand)

(b) 10 526 (5 456) shares of ₹10/- each in Muthoot Finance Ltd-₹48 57 thousand (₹19 30 thousand)

(c) Balance with PMS ₹4 thousand(₹23 59 thousand)

2.10.2 Aggregate amount of quoted investment is ₹14 81 15 (₹14 51 30) and market value is ₹15 60 91 (₹15 83 68), aggregate amount of unquoted investment is ₹3 05 04 (₹23 59). Aggregate provision for diminution in value of investment is Nil.

2.10.3 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 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 ₹4 81 25 thousand in favor of trustees representing the deposit holders of the Company.

Refer Note No. 2.16 'Cash and Cash Equivalents'.

2.11 DEFERRED TAX ASSETS (NET)

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Deferred Tax Assets		
Provision for NPA and Others	**10 87 10**	6 19 84
Impact of Difference between Tax depreciation and depreciation charged for Financial Reporting	**45 11**	36 67
Net Deferred Tax Asset	**11 32 21**	6 56 51

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.

2.12 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Secured,considered good, unless otherwise stated:		
Hypothecation Loans (includes loan to related parties ₹2 16 thousand (₹8 45 thousand) (Refer Note 2.12.1)	**672 99 66**	372 56 63
Retained interest under Securitisation and Assignment transaction (Refer Note 2.12.2)	**23 81 90**	27 90 91
Term Loans (Refer Note 2.12.3)	**129 22 15**	90 49 60
Loan Buyout	**20 70**	23 05
Demand Promissory Note (Refer Note 2.12.4)	**1 00 00**	-
Other Loans (Loan against Public Deposits)	**18 87**	68 34
Unsecured,considered good, unless otherwise stated:		
Demand Promissory Notes	**28 94**	57 21
Total	**827 72 22**	492 45 74

2.12.1 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	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long -Term Receivables from Financing Activities	**2.12**	Hypothecation Loans	**672 99 66**	372 56 63
Receivables from Financing Activities	**2.17**	Balance outstanding in current maturity of Hypothecation Loans	**890 35 76**	604 32 95
Total			**1563 35 42**	976 89 58

2.12.2 The summary of the Retained Interest under Securitisation and Assignment Transaction appears in the financial statements in the manner shown below.

(₹ in '000)

Name of the element in Financial statements	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long Term Receivables from Financing Activities	**2.12**	Retained Interest under Securitisation and Assignment Transaction	**23 81 90**	27 90 91
Receivables from Financing Activities	**2.17**	Retained Interest under Securitisation and Assignment Transaction	**30 56 95**	67 10
Total			**54 38 85**	28 58 01

2.12.3 The summary of Term Loans appear in the financial statements in the manner shown below:

(₹ in '000)

Name of the element in Financial statements	Refer Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long -Term Receivables from Financing Activities	2.12	Term Loans	**129 22 15**	90 49 60
Receivables from Financing Activities	2.17	Balance outstanding in current maturity of Term Loans	**123 39 60**	77 28 45
Total			**252 61 75**	167 78 05

2.12.4 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	Ref Note	Particulars	As at	
			31-Mar-18	31-Mar-17
Long -Term Receivables from Financing Activities	2.12	Secured - Demand Promissory Notes	**1 00 00**	-
		Unsecured - Demand Promissory Notes	**28 94**	57 21
Receivables from Financing Activities	2.17	Secured - Demand Promissory Notes	**4 63 24**	-
		Unsecured - Demand Promissory Notes	**7 82 49**	6 71 86
Total			**13 74 67**	7 29 07

2.13 LONG -TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Unsecured, considered good, unless otherwise stated		
Security deposits (Including security deposit from related party ₹68 65)	**1 09 23**	1 08 60
Total	**1 09 23**	1 08 60

2.14 OTHER NON - CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Interest only strip (i/o strip) under securitisation transactions	**80**	5 48 32
Gratuity Plan Assets (Refer note 3)	**-**	34 14
Total	**80**	5 82 46

2.15 CURRENT INVESTMENTS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Quoted		
Investments - in UTI, ETF (10 (10) units of UTI Mutual Fund Gold Exchange Traded Fund-Market value of ₹ 27 thousand) (₹ 27 thousand)	**19**	19
Total	**19**	19

2.16 CASH AND CASH EQUIVALENTS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Balances with Banks	**2 81 67**	57 46
Cash on Hand	**16**	1 63
Other balances with banks		
in Deposit accounts – SLR Deposits	**4 81 25**	5 76 58
in Unclaimed Dividend Accounts	**37 01**	42 91
Deposits offered as Collateral security against securitisation transaction	**8 84 20**	7 69 93
Total	**16 84 29**	14 48 51

Deposits disclosed above have a maturity period of less than 12 months as at the end of reporting period.

2.17 RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Secured, considered good unless otherwise stated		
Balance outstanding in current maturity of:		
Hypothecation Loans (includes loan to related parties ₹ 1 80 thousand (₹ 5 65 thousand) (Refer note 2.17.1 and 2.17.4)	**890 35 76**	604 32 95
Loans Buyout (Refer note 2.17.2)	**36 88**	6 49 04
Term Loans(Refer note 2.17.3 and 2.17.5)	**123 39 60**	77 28 45
Demand Promissory Notes (Refer note 2.17.6)	**4 63 24**	-
Retained interest under Securitisation and Assignment transaction	**30 56 95**	67 10
Other Loans	**41 16**	19 06
Interest Accrued, but not due on:		
Hypothecation Loans (includes interest accrued on related parties ₹ 5 thousand (₹ 23 thousand)	**21 81 98**	13 54 60
Loans Buyout	**31**	2 82
Term Loans	**87 31**	52 22

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Retained Interest under Securitisation and Assignment Transaction	**7 93 91**	1 37 33
Other Loans	**8 46**	5 99
(Unsecured, considered good unless otherwise stated)		
Balance outstanding in current maturity of:		
Demand Promissory Notes (includes DPN to related party ₹ 5 00 80 thousand (₹ 2 00 09 thousand)	**7 82 49**	6 71 86
Total	**1088 28 05**	**711 21 42**

2.17.1 The Company has repossessed assets worth ₹ 15 19 thousand on 31st March, 2018 (₹ 85 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.

2.17.2 Loans Buyout

The company has entered into arrangements with other NBFCs for the buyout of receivables against Four Wheeler 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 20 months and 37 months.

(₹ in '000)

Sl No	Type of Portfolio	As at 31st March 2018
1	Two - Wheeler Portfolio	**23 05**
2	Four - Wheeler Portfolio	**34 53**
	Total	**57 58**

2.17.3 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 12% 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	As at 31st March 2018
1	Agriculture Loan	7 36 11
2	Vehicle Loans	63 01 66
3	Education Loan	2 68 75
4	Housing Loan	10 90 94
5	Microfinance	85 54 95
6	SME / MSME	43 88 89
7	Small Business	39 20 45
	Total	**252 61 75**

Compiled based on information maintained by the Company on which reliance has been placed by the Auditor.

2.17.4 Maturity Pattern of Hypothecation Loans:

(₹ in '000)

Particulars	For the Financial Year 2017- 2018			For the Financial Year 2016-2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Hypothecation Loan	**890 35 76**	**672 99 66**	**1563 35 42**	604 32 95	372 56 63	976 89 58
Total	**890 35 76**	**672 99 66**	**1563 35 42**	604 32 95	372 56 63	976 89 58

2.17.5 Maturity Pattern of Term Loans:

(₹ in '000)

Particulars	For the Financial Year 2017- 2018			For the Financial Year 2016- 2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Term Loan	**123 39 60**	**129 22 15**	**252 61 75**	77 28 45	90 49 60	167 78 05
Total	**123 39 60**	**129 22 15**	**252 61 75**	77 28 45	90 49 60	167 78 05

2.17.6 Maturity Pattern of Demand Promissory Notes:

(₹ in '000)

Particulars	For the Financial Year 2017- 2018			For the Financial Year 2016- 2017		
	Current	Non-Current	Total	Current	Non-Current	Total
Demand Promissory Note	**12 45 73**	**1 28 94**	**13 74 67**	6 71 86	57 21	7 29 07
Total	**12 45 73**	**1 28 94**	**13 74 67**	6 71 86	57 21	7 29 07

2.18 SHORT TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Unsecured, considered good unless otherwise stated		
Advances to Dealers	**70 79**	15 36
Other Advances	**53 45**	22 57
Balances with Statutory Authorities;		
Income Tax	**1 59 06**	1 59 06
Indirect Tax	**5 51**	14 44
Total	**2 88 81**	2 11 43

2.19 OTHER CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
Unsecured, considered good unless otherwise stated		
Interest Accrued on SLR Deposits / Investments	**57 10**	91 93
Interest accrued on Collateral / Bank deposits	**21 86**	5 13
Stock of stationery	**20 27**	18 46
Debts Due from Related Parties	**5 87**	-
Other Receivables(Refer Note No. 2.19.1)	**1 77 75**	12 48
Interest only strip (i/o strip) under securitisation transactions (Refer Note No. 2.19.2)	**6 45 69**	25 81 99
Total	**9 28 54**	27 09 99

2.19.1 Other receivables include amounts receivable from related parties amounting to ₹3 87 thousand (₹6 43 thousand).

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

STATEMENT OF PROFIT AND LOSS

2.20 REVENUE FROM OPERATIONS

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Income from Financial Operations		
Interest Income		
Hypothecation Loans	**235 70 79**	182 24 51
Term Loans	**26 18 38**	14 65 56
Loans Buyout	**38 43**	2 58 05
Demand Promisory Notes	**99 10**	1 65 42
SLR Investments	**1 13 36**	1 12 74
Collateral fixed deposits with bank	**47 80**	15 32
SLR deposits with bank	**65 84**	52 20
Others	**12 14**	14 17
Other Financial Services		
Hypothecation Loans	**94 48 55**	59 34 83
Term Loans / DPN	**1 28 67**	1 35 00
Income fromSecuritisation and Assignment Transactions	**36 20 47**	20 21 69
Servicer Fee income	**9 07**	5 00
Total	**397 72 60**	**284 04 49**

2.21 OTHER INCOME

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Dividend Income	**1 50**	7
Net gain on sale of investments	**6 68**	2
Other Non- operating Income		
Miscellaneous Income	**12 69**	13 35
Interest Income	-	2 06
Profit on sale of Fixed Assets	**1 21**	-
Income From Alternate Investment Fund	**13 88**	-
Total	**35 96**	15 50

2.22 EMPLOYEE BENEFITS EXPENSE

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Salaries and Wages	**41 82 29**	37 54 06
Incentive to Employees	**8 15 26**	6 68 10
Contribution to Provident and Other funds	**4 22 08**	3 86 44
Staff Welfare Expense	**32 23**	55 66
Outsourced Manpower	**6 29 40**	3 26 31
Other Expenses	**3 36 36**	1 24 07
Total	**64 17 62**	53 14 64

2.23 FINANCE COSTS

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Interest Expenses		
Bank Loans	**97 14 52**	82 97 22
Debentures	**14 23**	43 44
Subordinated Debts	**6 95 92**	3 63 45
Public Deposits	**8 61 10**	10 81 97
Loans From Directors	**1 28 82**	1 30 92
Inter Corporate Deposits	**13 71**	13 07
Securitisation Expense	**1 47 81**	1 40 03
Discount on Commercial Paper	**2 69 46**	-
Other Borrowing cost	**4 37 22**	3 24 48
Total	**122 82 79**	103 94 58

2.24 OTHER EXPENSES

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Hypothecation Loan Collection Charges	**43 77 86**	20 61 21
Business sourcing Incentive	**29 35 87**	19 80 38
Investigation and Professional Charges	**5 27 49**	5 22 30
Rent	**3 85 40**	3 55 56
Advertisement Expenses	**52 72**	1 10 58
Communication Expenses	**2 27 28**	1 55 42
Printing & Stationery	**1 36 48**	1 26 25
Travelling Expenses	**1 28 81**	1 22 58
Back Office Processing	**2 01 15**	98 78
Business Promotion Expense	**35 22**	49 35
Power and Fuel	**35 27**	35 37
Expenditure against Corporate Social Responsibility Activities (Refer Note 2.24.2)	**54 33**	34 60
Repairs and Maintenance	**15 15**	17 20
Insurance	**5 18**	19 21
Payment to Statutory Auditors (Refer note 2.24.1)	**16 81**	17 24
Internal Audit Fees	**12 12**	7 61
Miscellaneous Expenses	**2 58 44**	67 04
Total	**94 05 58**	57 80 68

2.24.1 Payment to Statutory Auditors

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Audit fees (including for Limited Review)	**14 17**	10 52
Taxation matters	**2 18**	4 26
Other Services (Includes ₹ 7 79 thousand under Expenditure on Qualified Institutional Placement Refer Note.2.2)	**8 20**	2 46
Reimbursement of expenses	**5**	-
Total	**24 60**	17 24

2.24.2 Expenditure against Corporate Social Responsibility Activities

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
a) Gross Amount required to be spent by the company during the year	**1 13 19**	70 59
b) Amount spent during the year on:	-	-

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
-On purposes, other than construction/ acquisition of any asset		
Paid in Cash	**54 33**	34 60
Yet to be paid in Cash	-	-

2.25 PROVISIONS AND WRITE OFF

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Loss on sale of repossessed assets	**14 11 74**	11 81 28
Loans Written off (Refer Note No. 2.25.1)	**1 60 35**	1 84 73
Provisions for:		
Non-Performing Assets (Net)	**14 36 95**	7 48 78
Standard Assets	**3 36 00**	1 00 00
Others	**14 34**	(2 38)
Total	**33 59 38**	22 12 41

2.25.1 An amount of ₹ 1 60 35 thousand (₹ 1 84 73 thousand) has been written off against the non-performing hypothecation assets. (Refer significant accounting policy No 1.19)

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	For the Year Ended	
	31-Mar-18	31-Mar-17
(i) Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**1 85 07**	1 90 97
Current Service Cost	**56 92**	50 70
Past Service Cost		
Interest Cost	**17 08**	17 31
Benefits paid from fund	**(26 18)**	(18 39)
Actuarial Losses/ (Gain)	**48 92**	(55 52)
Closing Defined Benefit Obligation	**2 81 81**	1 85 07
(ii) Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	**2 19 21**	2 21 48
Expected Return on Plan Assets	**17 54**	17 72
Contributions by employer	**30 41**	-
Interest		
Benefits Paid	**(26 18)**	(18 39)
Actuarial Losses/ (Gain)	**1 47**	(1 60)
Closing Fair Value of Plan Assets	**2 42 45**	2 19 21

B. Amount recognized in Balance Sheet

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Present Value of Funded Obligations	**(2 81 81)**	(1 85 07)
Fair Value of Plan Assets	**2 42 45**	2 19 21
Net Asset/(Liability)	**(39 36)**	34 14

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

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Current Service Cost	**56 92**	50 70
Past Service Cost		
Interest on defined benefit obligation	**17 08**	17 31
Interest on plan asset		
Expected return on plan asset	**(17 54)**	(17 72)
Net Actuarial losses/(gains) recognized in the year	**47 45**	(53 92)
Total, included in "Employee Benefits Expense" as shown in Note 2.22	**1 03 91**	(3 62)

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

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-18	31-Mar-17
Discount Rate (p.a.)	**8%**	8%
Salary Escalation Rate (p.a.)	**5.0%**	5.5%

4. Related Party Disclosures

Related party disclosures as per AS - 18 'Related Party Disclosures' for the year ended 31st March 2018, are given below:

4.1 Particulars of companies/ Firms/Limited Liability Partnerships/ Trusts where control / significant influence exists:- : (with whom the company has transactions)

SI No.	Name of the Companies/Firms/LLP/Trusts
	COMPANIES
1	Muthoot Fincorp Limited
2	Muthoot Housing Finance Company Limited
3	Muthoot Pappachan Technologies Limited
4	MPG Hotels and Infrastructure Ventures Private Limited
5	Muthoot Automotive (India) Private Limited
6	Muthoot Pappachan Medicare Private Limited
7	Muthoot Motors Private Limited
8	Muthoot Exim Private Limited
9	MPG Security Group Private Limited
	FIRMS/LLPS/TRUSTS
1	Muthoot Bankers
2	Muthoot Estate Investments
3	Muthoot Motors (Cochin)
4	Muthoot Pappachan Foundation

4.2 Related Parties including Key Managerial Personnel :(with whom the company has transactions)

Sl No.	Name of the 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(till 15.01.2018)

4.3 Relatives of Related Parties:(with whom the company has transactions)

Sl No.	Related Parties	Name of Relatives	Nature of Relationship
1	Thomas George Muthoot	Ms. Tina Suzanne George	Daughter

4.4 Details relating to transactions with parties referred in Note No. 4.1):

(₹ in '000)

Particulars	Name of Related Party	For the Year 2017-18	For the Year 2016-17
Income:			
Income from Wind Mill Operations	Muthoot Bankers	**8 82**	9 08
Interest Income	Muthoot Fincorp Limited	**4 79**	19
Interest Income on Term Loan	MPG Security Group Private Limited	-	10 60
Interest Income on Term Loan	Muthoot Housing Finance Limited	**5 70**	-
Processing Fees	Muthoot Housing Finance Limited	**50**	-
Income from Hypothecation Loan	Muthoot Pappachan Medicare Private Limited	**89**	1 84
Income from Hypothecation Loan	MPG Hotels and Infrastructure Ventures Private Limited	**80**	11
Interest Income on loan Buyout - Micro Finance Portfolio	Muthoot Fincorp Limited	-	56 63
Interest Income on DPN Loan	Muthoot Automotive (India) Private Limited	**1 33**	-
Interest Income on DPN Loan	Muthoot Motors (Cochin)	**23 71**	6 95
Expenses:			
Brokerage for canvassing Public Deposits and Subordinated debts	Muthoot Exim Private Limited	-	30 78
Business Sourcing Incentive	(i) Muthoot Motors (Cochin)	**99 95**	80 48
	(ii) Muthoot Motors Private Limited	**3 41**	1 81
	(iii) Muthoot Fincorp Limited	**6 83 25**	4 43 04
Collection Charges	Muthoot Fincorp Limited	**5 03 54**	5 01 88
Wind Mill Expense	Muthoot Bankers	**3 64**	1 82
Cibil-Transunion	Muthoot Fincorp Limited	**35 61**	-
CSR Expenses	Muthoot Pappachan Foundation	**6 63**	34 60
Travelling Expenses	Muthoot Fincorp Limited	**1 05**	36
Advertisement Expenses	Muthoot Motors (Cochin)	**1 59**	63
Printing and Stationery	Muthoot Motors (Cochin)	-	15
Rent on Space Sharing	Muthoot Fincorp Limited	**32 23**	35 67
Rent	Muthoot Estate Investments	**79 71**	75 25
Reimbursement of Expenses-Repairs and Maintanence	Muthoot Motors (Cochin)	**35**	55
Reimbursement of Expenses-Medi-calim Insurance	Muthoot Fincorp Limited	-	38 54
Software Usage Charges	Muthoot Pappachan Technologies Limited	**93 65**	12 66
Assets:			
Other Receivables	Muthoot Bankers	**3 87**	6 43
Intangible assets Under Development	Muthoot Pappachan Technologies Limited	-	19 80

(₹ in '000)

Particulars	Name of Related Party	For the Year 2017-18	For the Year 2016-17
Intangible assets developed	Muthoot Pappachan Technologies Limited	**36 26**	-
Debt Due from Related Party	Muthoot Fincorp Limited	**5 87**	-
Rent Deposit	(i) Muthoot Estate Investments	**30 17**	30 17
	(ii)Muthoot Fincorp Limited	**13 48**	10 17
Hypothecation loan receivable including interest accrued	Muthoot Pappachan Medicare Private Limited	-	8 74
Hypothecation loan receivable including interest accrued	MPG Hotels and Infrastructure Ventures Private Limited	**4 01**	5 58
Unsecured Loan-DPN (Including Interest Accrued)	Muthoot Motors (Cochin)	**5 00 80**	2 00 09
Liabilities:			
Business Sourcing Incentive Payable	(i) Muthoot Motors (Cochin)	9 45	7 76
	(ii) Muthoot Motors Private Limited	31	8
Trade Advance –Payable	Muthoot Motors (Cochin)	26 57	-
Cibil-Transunion Payable	Muthoot Fincorp Limited	8 17	-
Travelling Expense Payable	Muthoot Fincorp Limited	47	3 50
Collection Charges and Business Sourcing Incentive Payable	Muthoot Fincorp Limited	1 50 78	1 48 08
Software Usage Charges	Muthoot Pappachan Technologies Limited	8 42	-
Debt Due to Related Party	Muthoot Fincorp Limited	35 73	45 04
Rent Payable	(i) Muthoot Estate Investments	13 20	6 11
	(ii) Muthoot Fincorp Limited	2 57	2 63

4.5 Details relating to transactions with parties referred in Note No. (4.2& 4.3):

(₹in '000)

Particulars	Name of Related Party	For the Year 2017-18	For the Year 2016-17
Expenses:			
Salaries, Perquisites and Incentives	(i)Thomas George Muthoot	**1 74 00**	1 74 00
	(ii)R.Manomohanan	-	91 69
	(iii)Madhu Alexiouse	**50 51**	7 99
	(iv)VinodKumar M Panicker	**69 56**	57 22
	(v)Syam Kumar	**19 27**	21 21
	(vi)Tina Suzanne George	**2 57**	-
PF Contribution	(i)Thomas George Muthoot	**10 44**	10 44
	(ii)R.Manomohanan	-	8 58
	(iii)Madhu Alexiouse	**1 48**	12
	(iv)VinodKumar M Panicker	**5 38**	4 61
	(v)Syam Kumar	**17**	22
	(vi)Tina Suzanne George	**10**	-

(₹ in '000)

Particulars	Name of Related Party	For the Year 2017-18	For the Year 2016-17
Reimbursement of expenses	(i)Thomas George Muthoot	64	41
	(ii) R.Manomohanan	-	3 18
	(iii) Madhu Alexiouse	2 25	-
	(iiv)VinodKumar M Panicker	5 55	3 51
Interest on Loan From director	(i)Thomas George Muthoot	1 02 44	93 60
	(ii)Thomas John Muthoot	13 23	18 72
	(iii)Thomas Muthoot	13 15	18 60
Interest on Subordinate Debt	Thomas George Muthoot	33 32	33 30
Rent Paid	Thomas George Muthoot	2 00 69	1 86 79
Assets:			
Rent Deposit	Thomas George Muthoot	25 00	25 00
Liabilities:			
Loan from Directors	(i)Thomas George Muthoot	5 78 06	10 53 06
	(ii)Thomas John Muthoot	-	1 56 00
	(iii)Thomas Muthoot	-	1 55 00
Subdebt (including interest accrued)	Thomas George Muthoot	3 01 28	3 01 25

4.6. Transactin with Related parties referred in Note No. 4.1 & 4.2

(₹ in '000)

Particulars	Name of Related Party	For the Year 2017-18
Unsecured Loan -DPN		
Given during the year	Muthoot Motors (Cochin)	13 00 00
	Muthoot Automotive (India) Private Limited	1 50 00
Repaid during the year		
	Muthoot Motors (Cochin)	10 00 00
	Muthoot Automotive (India) Private Limited	1 50 00
Hypothecation Loans		
Repaid during the year		
	Muthoot Pappachan Medicare Private Limited	8 63
	MPG Hotels And Infrastructure Ventures Private Limited	1 51
Term Loan Given		
Given during the year	Muthoot Housing Finance Limited	5 00 00
Repaid during the year	Muthoot Housing Finance Limited	5 00 00
Loan From Directors:		
Accepted During the Year	(i)Thomas George Muthoot	7 25 00
Repaid during the year	(i)Thomas George Muthoot	12 00 00
	(ii)Thomas John Muthoot	1 56 00
	(iii)Thomas Muthoot	1 55 00

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	For the Year 2017-18	For the Year 2016-17
1	Lease rentals recognized during the period	**3 85 40**	3 55 56
2	Lease obligations payable		
	Not later than one year	**3 92 36**	2 71 70
	Later than one year and less than five years	**5 59 08**	3 08 43
	Later than five years	**1 36 60**	1 48 00
	Total	**14 73 44**	10 83 69

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

6. EARNINGS PER SHARE

Particulars	As at	
	31-Mar-18	31-Mar-17
Net profit for the year attributable to equity shareholders (in ₹ '000)	**53 67 72**	30 09 17
Weighted average number of equity shares (in '000)	**1 47 51**	1 37 20
Basic and Diluted Earnings per share (in ₹) (Face Value of ₹10 Per Share)	**36.39**	21.93

The earnings per share for the current period and previous periods have been restated in the manner required by Accounting Standard-20 "Earnings Per Share" in respect of 12,47,258 bonus shares allotted by the Company in accordance with the resolution of the shareholders of the Company passed at the Annual General Meeting held on 6th June 2017.

7. CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in '000)

Particulars	As at	
	31-Mar-18	31-Mar-17
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 Securitisation transactions (Refer Note No 10 D)	**22 12 27**	20 91 16
Capital Commitment	**2 95 00**	-
Total	**25 09 14**	20 93 03

8. GENERAL

8.1 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	2015-16	18	18
	2016-17	72	72
	Total	**90**	**90**
J	2011-12	5	5
	Total	**5**	**5**
K	2011-12	2	2
	2016-17	10	10
	Total	**12**	**12**
M	2012-13	59	59
	2016-17	250	250
	2017-18	40	40
	Total	**349**	**349**
N	2012-13	38	38
	2015-16	44	44
	2017-18	333	333
	Total	**415**	**415**
R	2014-15	25	25
	2018-19	8	8
	Total	**33**	**33**
Grand Total		**964**	**964**

Summary of Year Wise Maturity Pattern of the Debentures

(₹ in '000)

Financial Year of Maturity	Amount
2011-12	7
2012-13	97
2014-15	35
2015-16	112
2016-17	332
2017-18	373
2018-19	8
Grand Total	**964**

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

8.3 Expenditure in foreign currency

(₹ in '000)

Particulars	For the Year Ended 31.03.2018	For the Year Ended 31.03.2017
Software Usage Fee	**61**	-
Expenditure on Qualified Institutional Placement	**4 94**	-
Total	**5 55**	-

8.4 Earnings in Foreign Currency - Nil

9. Reporting of Fraud - No cases of frauds were reported during the financial year 2017-18

10. 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.

1 **Disclosures**

A. Capital

(₹ in '000)

Particulars	March 31, 2018	March 31, 2017
i) Capital to Risk Weighted Asset Ratio (%)	**22.04%**	16.98%
ii) Capital to Risk Weighted Asset Ratio - Tier I Capital (%)	**19.69%**	13.61%
iii) Capital to Risk Weighted Asset Ratio - Tier II Capital (%)	**2.35%**	3.37%
iv) Amount of subordinated debt raised as Tier- II Capital (Discounted value) (₹ in 000s)	**41 38 28**	41 35 47
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, 2018		March 31, 2017	
		Amount	Discounted Value	Amount	Discounted Value
Upto 1 year	100%	**2 58 32**	**Nil**	Nil	Nil
More than 1 year but upto 2 years	80%	**Nil**	**Nil**	2 58 32	51 66
More than 2 years but upto 3 years	60%	**1 26 59**	**50 64**	Nil	Nil
More than 3 years but upto 4 years	40%	**28 77 64**	**17 26 58**	1 26 59	75 95
More than 4 years but upto 5 years	20%	**21 52 60**	**17 22 08**	28 77 64	23 02 11
More than 5 years	0%	**6 38 98**	**6 38 98**	17 05 75	17 05 75
Total		**60 54 13**	**41 38 28**	49 68 30	41 35 47

Note: Excluding interest accrued.

B. Investments

(₹ in '000)

Sl No.	Particulars	March 31, 2018	March 31, 2017
(1)	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	**17 86 38**	14 75 08
	(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	**17 86 38**	14 75 08
	(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	2017-2018	2016-2017
(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 31st March, 2018 (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 Securitisation

i. SPVs and Minimum Retention Requirements

(₹ in '000)

Sl No.	Particulars	No./ Amount
1	No of SPVs sponsored by the NBFC for securitization transactions (Refer Note 1)	5
2	Total amount of securitized assets as per books of the SPVs sponsored	157 20 27
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet	
(a)	Off-Balance Sheet exposures	
	First loss	22 12 27
	Others	Nil
(b)	On-Balance Sheet exposures	
	First loss	8 49 17
	Others	Nil
4	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

Note 1: Only the SPVs relating to outstanding securitization transactions are reported here

Note 2: Based on the information duly certified by SPV's auditors on which reliance is placed by Auditors.

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

(₹ in '000)

Sl No	Particulars	2017-2018	2016-2017
(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	2017-2018	2016-2017
(i)	Number of Accounts (In Nos)	**94 551**	Nil
(ii)	Aggregate Value (Net of Provisions) of accounts sold, gross exposure	**320 44 15**	Nil
(iii)	Amount of Exposures retained by the company towards MRR	**27 97 22**	Nil
(iv)	Aggregate Consideration (ii-iii)	**292 46 93**	Nil
(v)	Additional Consideration realized in respect of accounts transferred in earlier years	**Nil**	Nil
(vi)	Aggregate gain/ loss over Net Book Value	**Nil**	Nil

iv. Details of Non Performing Financial Assets purchased or sold

a. Details of Non Performing Financial Assets purchased

(₹ in '000)

Sl No.	Particulars	2017-2018	2016-2017
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	2017-2018	2016-2017
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	30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 Year upto 3 years	Over 3 Years upto 5 years	Over 5 years	Total
Assets									
Hyp Receivable	193 13 68	72 98 44	72 76 00	215 96 77	395 83 71	693 72 82	3 08 74	-	1647 50 16
Other Advances	12 51 52	9 39 01	13 45 35	37 12 82	65 10 75	126 71 10	4 19 56	-	268 50 11
Forign Currency Assets	-	-	-	-	-	-	-	-	-
Total	**205 65 20**	**82 37 45**	**86 21 35**	**253 09 59**	**460 94 46**	**820 43 92**	**7 28 30**		**1916 00 27**
Investments	-	1 39	34 35	-	19	13 24 94	3 61 24	1 00 01	18 22 12
Total	**205 65 20**	**82 38 84**	**86 55 70**	**253 09 59**	**460 94 65**	**833 68 86**	**10 89 54**	**1 00 01**	**1934 22 39**
Borrowings									
Public Deposits	8 83 08	5 43 17	5 06 50	12 67 63	23 52 82	32 35 89	11 11	-	88 00 20
Debentures	18 00	-	13	-	-	-	-	-	18 13
Subordinated Debts	7 34	-	-	-	4 07 30	1 88 51	52 16 72	6 86 12	65 05 99
Loan from Directors	-	-	-	-	5 78 06	-	-	-	5 78 06
Inter Corporate Deposit	7	-	1 49 95	-	-	-	-	-	1 50 02
Commercial Paper	-	-	98 20 50	-	47 02 59	-	-	-	145 23 09
Bank Loan	94 85 93	2 12 61	7 37 61	438 84 89	602 00 23	7 85 00	-	-	1153 06 27
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
Total	**103 94 42**	**7 55 78**	**112 14 69**	**451 52 52**	**682 41 00**	**42 09 40**	**52 27 83**	**6 86 12**	**1458 81 76**

Note1: The above maturity profile has been compiled from the internal records and system reports maintained by the management on which reliance is placed by the auditors

Note 2: Above includes Interest accrued

F. Exposures

(i)Exposure to Real Estate Sector

(₹ in '000)

Sl No.	Category	31.03.2018	31.03.2017
	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	**5 63 24**	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	**5 63 24**	Nil

(ii) Exposure to Capital Market

(₹ in '000)

Sl No.	Particulars	31.03.2018	31.03.2017
(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;	**56 21**	26 36
(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	**56 21**	26 36

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 31.03.2018 is ₹ 8 11 43 thousand (as at 31.03.2017 ₹ 7 29 07 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	Migration in Ratings during the year
1	CRISIL	Commercial Paper	CRISIL A1	Nil
2	CRISIL	Fixed Deposits	FA -/ Stable	Nil
3	CRISIL	Bank Loan Facility Long-Term	CRISIL A-/ Stable	Nil
4	CRISIL	Non- Convertible Debentures	CRISIL A-/ Stable	Nil

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	2017-2018	2016-2017
Provision for:		
Non-Performing Assets (Net)	**14 36 95**	7 48 78
Standard Assets	**3 36 00**	1 00 00
Others	**14 34**	(2 38)
Provision made towards Income tax	**33 54 00**	18 15 00
Total	**51 41 29**	26 61 40

K. Drawn Down from Reserves

During the year, the Company on 14th June 2017 allotted 12 47 258 equity shares of ₹10/- each as bonus shares in proportion of one equity share for every ten equity shares held from Free Reserves. (Refer note 2.2).

The expenditure on qualified institutional placement during the year amounting to ₹2 75 82 has been met out of the Securities Premium as permitted under the provisions of the Companies Act

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Deposits (for deposit taking NBFCs)

(₹ in '000)

Particulars	2017-18	2016-17
Total Deposits of twenty largest depositors	**6 87 73**	6 06 66
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	**7.81%**	5.58%

ii. Concentration of Advances

(₹ in '000)

Particulars	2017-18	2016-17
Total Advances to twenty largest borrowers	**213 77 05**	179 39 02
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	**11.16%**	15.10%

iii. Concentration of Exposures

(₹ in '000)

Particulars	2017-18	2016-17
Total Exposure to twenty largest borrowers / customers	**213 77 05**	179 39 02
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**11.16%**	15.10%

iv. Concentration of NPAs

(₹ in '000)

Particulars	2017-18	2016-17
Total Exposure to top four NPA accounts	**7 45**	5 60

v. **Sector-wise NPAs**

Sl No	Sector	Percentage of NPAs to Total Advances in that sector	
		2017-18	2016-17
1	Agriculture & allied activities	**0%**	0%
2	MSME	**0%**	0%
3	Corporate borrowers	**0%**	0%
4	Services	**0%**	0%
5	Unsecured personal loans	**0.05%**	0%
6	Auto loans – (Hyp)	**5.44%**	7.60%
7	Other loans– (Hyp)	**3.69%**	2.30%

vi . Movement of NPAs

(₹ in '000)

Sl No.	Particulars	2017- 2018	2016- 2017
(i)	**Net NPAs to Net Advances (%)**	**3.02%**	4.85%
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**74 15 09**	54 17 16
(b)	Additions during the year	**64 89 72**	53 96 28
(c)	Reductions during the year	**51 13 55**	33 98 35
(d)	Closing balance	**87 91 26**	74 15 09
(iii)	**Movement of Net NPA's**		
(a)	Opening balance	**57 53 76**	45 04 61
(b)	Additions during the year	**50 52 77**	46 33 28
(c)	Reductions during the year	**51 13 55**	33 84 13
(d)	Closing balance	**56 92 98**	57 53 76
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a)	Opening balance	**16 61 33**	9 12 55
(b)	Provisions made during the year (Refer Note vi.(i))	**14 36 95**	7 63 00
(c)	Write-off / write- back of excess provisions	**Nil**	14 22
(d)	Closing balance	**30 98 28**	16 61 33

Note vi.(i): In addition an amount of ₹1 60 35 thousand (March 31, 2017:₹ 1 84 73 thousand) has been written off against the non-performing hypothecation and gold loans pertaining to the doubtful assets category.

Note vi.(ii): Additions/Reductions to NPA stated above do not include accounts which had become NPA and moved out of such classification during the year.

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	Numbers
(a)	No. of complaints pending at the beginning of the year	9
(b)	No. of complaints received during the year	565
(c)	No. of complaints redressed during the year	560
(d)	No. of complaints pending at the end of the year	14

The above particulars have been compiled from the internal registers maintained by the management on which reliance is placed by the auditors.

11 ADDITIONAL DISCLOSURES

Liabilities side:

11.1 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	13	18 00
	: Unsecured		
	(Other than falling within the meaning of Public Deposits)		
b)	Deferred Credits		
c)	Term Loans	48 71 07	-
d)	Inter- corporate loans and borrowings	1 50 02	-
e)	Commercial Paper	145 23 09	-
f)	Public Deposits	84 60 58	3 39 62
g)	Other loans		
	Subordinated Debt	35 04 55	-
	Subordinated Unsecured Term Loan	30 01 44	-
	Working Capital Demand Loan	932 24 95	-
	Cash Credit	172 10 25	-
	Loans and Advances From Directors (Unsecured)	5 78 06	-
	Total	**1455 24 14**	**3 57 62**

Note 1 - Overdues for a sum of ₹18 00 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 39 62 thousand in respect of Public Deposits includes deposits for a sum of ₹1 32 67 thousand pending renewal and deposits for a sum of ₹2 06 95 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.

11.2 Break-up of (11.1) 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	84 60 58	3 39 62

Assets Side:

11.3 Break-up of Loans and Advances including bills receivables [other than those included in (11.4) below]:

(₹ in '000)

Sl No	Particulars	Amount Outstanding
(a)	Secured	260 38 67
(b)	Unsecured (DPN)	8 11 43

11.4 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 (Refer Note 11.4.1)	Nil
	(b) Loans other than (a) above	1647 50 16

11.4.1 The value of repossessed assets is shown net of provision/diminution amounting to ₹ 15 19 thousand as on 31st March 2018.

11.5 Break-up of Investments:

(₹ in '000)

Sl No	Particulars	Amount Outstanding	Market value
	Current Investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	Nil	Nil
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	Nil	Nil
	(v) Others		
	Gold Exchange traded fund of UTI	19	27
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

Sl No	Particulars	Amount Outstanding	Market value
	(iv) Government Securities	Nil	Nil
	(v) Others	Nil	Nil
	Long Term investments: -		
1	Quoted: -		
	(i) Shares:		
	(a) Equity	56 21	51 01
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	Nil	Nil
	(iii) Units of mutual funds	Nil	Nil
	(iv) Government Securities	14 24 94	15 09 90
	(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
	(v) Others	3 05 04	3 09 86
	Total	**17 86 38**	**18 71 04**

11.6 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	4 01	Nil	4 01
	(c) Other related parties	Nil	5 00 80	5 00 80
2	Other than related parties	1876 86 88	3 10 30	1879 97 18
	Total	**1876 90 89**	**8 11 10**	**1885 01 99**

11.6.1: Excluding standard asset provision.

11.7 Group-wise classification of all investments (current and non current) in shares and securities (both quoted and unquoted):

(₹ in '000)

Sl No	Category	Market Value/ Break-up or Fair Value or NAV	Book Value Net of provisions)
1	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2	Other than related parties	18 71 05	17 86 38
	Total	**18 71 05**	**17 86 38**

11.8 Other Information:

(₹ in '000)

Sl No	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	87 91 26
(ii)	Net Non –Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	56 92 98
(iii)	Assets acquired in satisfaction of debt	Nil

11.9 Asset Classification

Sl No	Category	Amount
1	Standard	1828 09 00
2	Substandard	42 69 82
3	Doubtful	45 21 45
4	Loss Assets	Nil
	Total	**1916 00 27**

12. Previous year figures unless otherwise stated, are given within brackets and 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 VARMA AND VARMA
FRN: 004532S

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

Sd/-	Sd/-	Sd/-	Sd/-
VIJAY NARAYAN GOVIND	**THOMAS JOHN MUTHOOT**	**THOMAS GEORGE MUTHOOT**	**THOMAS MUTHOOT**
PARTNER	CHAIRMAN	MANAGING DIRECTOR	DIRECTOR
CHARTERED ACCOUNTANTS	DIN :00011618	DIN:00011552	DIN: 00082099
MEMBERSHIP NUMBER: 203094			

PLACE - KOCHI
DATE - APRIL 17, 2018

Sd/-
VINODKUMAR M. PANICKER
CHIEF FINANCE OFFICER

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