

—THE— GROWTH STORY



DIGITALISATION | COLLABORATION | PEOPLE DEVELOPMENT | PROFITABILITY



ANNUAL REPORT | 2016 - 2017

Jab zindagi badalni ho



Muthoot Pappachan

(1927 - 2004)

Founder Chairman

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

VISION

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

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Mr. Thomas John Muthoot
Managing Director

Corporate Information

— Board of Directors —



Mr. Thomas George Muthoot
Director



Ms. Janamma Thomas
Director



Mr. Thomas Muthoot
Executive Director &
Chief Financial Officer



Mr. R. Kamalasanan Nair
Director



Mr. A.P Kurian
Director



Mr. Vikraman Ampalakkat
Director

Company Secretary and Vice President-Corporate Affairs

Mr. T.D. Mathai

Chief Financial Officer

Mr. Thomas Muthoot

Statutory Auditors

M/s. A. Cherian and Associates

Chartered Accountants

Secretarial Auditors

M/s SVJS & Associates

Company Secretaries

Internal Auditors

M/s. Krishna, Retna and Associates

Chartered Accountants

and

M/s. Giri Raj R & Associates

Chartered Accountants

Solicitors and Advocates

Dandapani Associates

Legal Advisor

Mr. C.M. Stephen

Senior Management

Mr. George Lamannil

Mr. Tojo Jose

Mr. Vasudevan Ramaswami

Mr. Joseph Oommen

Mr. N.S Bose

Mr. Ninan Varkey

Mr. A.V Koshy

Mr. K.R Balachandran

Mr. ASP Rao

Ms. Deepa Nair

Mr. R. Nadasabapathy

Ms. Devika R

Dr. Prasanthkumar Nellickal

Ms. Shiney Thomas

- Executive Director & General Counsel
- Chief Human Resources Officer
- Chief Operating Officer
- Sr. Vice President - Finance & Accounts
- Vice President and Head - Operations
- Vice President - Risk Management
- Vice President - Risk Management (Branch Audit & Inspection)
- Vice President - Administration & Infrastructure
- Vice President - Projects
- Vice President - Customer Acquisition and Experience
- Vice President - Resource Planning
- Vice President - Organisational Development
- Head - Corporate Social Responsibility
- Executive Secretary



Debenture Trustees

Vistra ITCL (India) Ltd
(Formerly IL & FS Trust Company Ltd)
The IL&FS Financial Centre, Plot C- 22,
G Block, Bandra Kurla Complex,
Bandra(E), Mumbai - 400051

SBICAP Trustee Company Limited

Apeejay House, 6th Floor, 3,
Dinshaw Wachha Road,
Churchgate, Mumbai - 400 020

CA G Mohan Kumar, FCA
and
CA M. Unnikrishnan, ACA,
Revathi, TC 2/1756, GRA 717,
Gowreesapattom,
Trivandrum - 695 004

Registrar & Transfer Agent

Integrated Registry Management Services Private Limited
(Formerly Integrated Enterprises (India) Limited)
IInd Floor, Kences Tower, No:1 Ramakrishna Street,
North Usman Road, T Nagar, Chennai - 600 017

Bankers

State Bank of India (CAG Branch
Chennai)
The South Indian Bank Ltd.
HDFC Bank Ltd.
Axis Bank Ltd.
ICICI Bank Ltd.
Kotak Mahindra Bank Ltd.
The Federal Bank Ltd
City Union Bank Ltd.
IDBI Bank Ltd.
Dena Bank
Andhra Bank

IndusInd Bank Ltd.
Punjab National Bank
Karnataka Bank Ltd.
Central Bank of India
Union Bank of India
Indian Overseas Bank
The Jammu & Kashmir Bank Ltd.
The Catholic Syrian Bank Ltd.
Vijaya Bank
Bank of India
Oriental Bank of Commerce
Corporation Bank

Canara Bank
Allahabad Bank
Lekshmi Vilas Bank
Karur Vysya Bank
Bank of Maharashtra
Syndicate Bank
Punjab & Sind Bank
Yes Bank
United Bank of India
Bank of Baroda
Tamilnad Mercantile Bank

Registered Office

Muthoot Centre, Punnen Road,
Thiruvananthapuram – 695 034
Ph: + 91 471 2331427 / 3911400
Fax: + 91 471 2331560
Email: muthoot@muthoot.com
Website: www.muthoot.com

Message from the Chairman and Managing Director



Mr. Thomas John Muthoot

Notwithstanding the disconcerting and precarious macro-economic environment in the Country during the Financial Year 2016-'17, I am happy to inform, your Company not only demonstrated again its resilience to the manifold challenges but also sailed past satisfactorily from an operational perspective proving the credibility of its business model, clocking the 23,95,073 lakhs rupees mark of business during the year by aggressively pursuing its marketing strategies and capabilities across all the verticals and using technology to its advantage.

Macro-Economic Environment-FY 2016-'17

The Financial year 2016-'17 gone by saw major developments in the global landscape with the United Kingdom's decision to leave the European Union sequel to the outcome of Brexit referendum, followed by the Presidential election in the United States. Geopolitical issues dominated the political discourse. In the larger canvas of global economy, there was moderation in growth in both developed and emerging markets; broadly, the focus had shifted from crisis management that was pronounced in the years following 2008, to growth.

Global recovery remained at a fragile and decelerating pace amidst slowdown in trade, rising tendency towards protectionism and slower growth in productivity. Global financial markets continued to face elevated levels of uncertainty and to grapple with headwinds from uptick in US interest rates. With uncertainty pervading various fronts metamorphosed into subdued economic activity, several advanced and emerging economies showed lacklustre performance during the year.

Against the backdrop of muted and sluggish growth in the global economy, India performed better with a predictable and steady growth despite several challenges and downward pressures. The macro-economic stability of the Indian economy improved in the first half of FY 2016-'17, weathering global head winds. Economic growth remained robust, current account balance improved despite continuing sluggishness in global demand, fiscal trends remained attuned to the consolidation plans and inflation remained broadly within the corridor.

The performance of the Banking Sector continued to remain subdued in the FY 2016-'17 and the asset quality of the Banks deteriorated further. The Gross Non-Performing Assets (GNPA) ratio of Scheduled Commercial Banks increased to 9.1% at the end of the first half of FY 2016-'17, pushing the overall stressed advances ratio to 12.3% from 11.5%.

The performance of the NBFC Sector has reported decreasing growth during the FY 2016-'17; the aggregated Balance Sheet size of the NBFC Sector expanded only by 8.5% during the first half of 2016-'17. Further, the Sector has reported only 10.5% growth in Loans and advances at the end of September 2016 as against 16.6% at the end of March 2016; the RoA remained unchanged at 2.2%. The overall Gross Non Performing Assets ratio of NBFCs across asset classes has reportedly risen to 7.8% by March 2017 from 6.7% in the FY 2015-'16. The GNPA's of the NBFC Sector as a percentage of total advances increased to 4.9% from 4.6% in April - September 2016. NPA's as a percentage of total advances also increased to 2.7% from 2.5% during the same period.

Against the run-of-the mill financial performance backdrop of the NBFC Sector, it is quite gratifying that your Company by executing a focussed strategy of nimbly capturing opportunities and resolutely addressing threats and by constantly strengthening and improving its processes, promoting product innovations, leveraging existing strengths, building new capabilities by technology upgradation and operational transformation delivered good financials during the FY 2016-'17. Several initiatives taken by the Company in increasing the customer base, strengthening its business portfolios and enhancing corporate value through technological advancements have resulted in a positive and eventful year for the Company. Following the withdrawal of legal tender status of high denomination currency notes, your Company rose to the challenge and once again demonstrated its outstanding capability to handle a complex logistical exercise in a short timeframe while allaying customer anxieties and simultaneously focusing on regulatory compliance. The year 2016-'17 also marked an accelerated adoption of digital payment technology on the back of "Less Cash" vision of the Government of India. I am proud to say, your Company created digital payment options to offer omnichannel experience to the Customers.

Muthoot Fincorp Ltd Financial Snapshot: Performance highlight of the year 2016-'17

- ** Gross Revenue recorded Rs 2,10,460 lakhs, an increase of 0.93%
- ** Profit after Tax registered Rs 11,607 lakhs, an increase of 32.74%
- ** Earnings per Share for the year rose to Rs 6.22 from Rs 4.49 of last year, an increase of 43.35%.
- ** Income from Loan decreased to Rs 1,96,273 lakhs from Rs 2,02,323 lakhs in the previous year, registering a decrease of 3%.

Decline in the income from loan was on account of the fact that the Company during the year under review had divested itself of lending under the microfinance portfolio; it is now being done by Muthoot Microfin Ltd., a new Division of M P G founded exclusively for microfinance operations.

The onward march of the Company during the Financial Year 2016-'17 on a satisfactory growth trajectory could be made possible by the missionary zeal and deep sense of commitment to achieve performance excellence demonstrated by its outstanding and dedicated Human Capital.

New Product Development

Your Company has introduced during the Financial Year 2016-'17, a new variant of Gold Loan "Vidya Plus", offering very competitive and attractive interest rate. Introduced as a product to address specific requirements of the Customers during the School reopening season, it has now been extended as a general purpose loan. This new Gold Loan product along with the wide range of other Gold Loan products has played a vital role in improving the Company's new Customer acquisition efforts. I am very happy to come on record that the new product launched by the Company has received wide acceptance among different segments of the society and that during the year



under review the Company has been able to register a growth in GL AUM much the same as with industry growth. The Company is also in the final stages of launching its version of on-line gold loans.

Your Company has strengthened its business further in the MSME segment with retail business loans by introducing new variants. The maximum loan amount in MSME Loans with Daily Doorstep collection facility has been enhanced to Rs 2 lakhs. A new variant-**SME Suvarna**- has been introduced offering maximum tenure as high as 9 months and with maximum loan amount of Rs 3 lakhs where repayment is to be made in Equated Daily Instalments. This new variant along with the existing retail MSME Loans with Daily Doorstep collection facility, which are collectively known as “**Neighbourhood Loans**” have a noticeable contribution to the bottom line of the Company’s business though their contribution to overall AUM is comparatively less.

Your Company has been exploring many new emerging opportunities in the retail SME finance segment and many such ventures are in the experimental or pilot stage such as making tie ups with various online market platforms to capitalise the fund requirements of the Customers and the Dealers there.

In product development, your Company is guided by the principle of “Product Innovation as a tool for Customer acquisition and Customer delight”.

Operations initiatives

With the support of highly competent operations team your Company has sailed smoothly through the challenging tides of the year 2016-‘17; this could be made possible by swift and efficient initiatives and technological solutions the Company has taken. To improve the loan disbursements and repayments in the context of demonetisation, your Company has taken certain measures to encourage non-cash loan disbursements and repayments through electronic fund transfers. Sensing the imperativeness in the matter the Company has introduced options such as IMPS, NEFT, RTGS – for the disbursement of loan proceeds in the case of all its Gold Loan products as well as in SME Loans. It has also started offering **Pre-Paid Cards** to its Customers in association with prominent Commercial Banks wherein the loan proceeds can be loaded to the VISA Cards and the Customers can withdraw cash as per their convenience. On the repayment front, your Company has introduced “**Quick Pay**” options in its own website and also has tied up with “**Paytm**” for facilitating the repayments through digital means. In order to improve the collections, your Company has taken the initiative “**Mission Collect**” which enables the Branches to focus on timely collection of interest. Furthermore, your Company could mobilize funds from other businesses and efficiently utilize the same for disbursement. These initiatives have helped improve the business of your Company as evident from its financial performance in the year 2016-‘17.

IT and Digitalization

Your Company has been using information technology not only to improve its own internal processes but also to increase facilities and services for its Customers. A slew of initiatives and projects have been taken during the FY 2016-‘17 for harnessing the full potential of its IT structure.

I am proud to place on record that Aadhar enabled e-KYC check for onboarding Customers and Central KYC as per Regulatory norms have been successfully implemented. IRIS enabled Customer sourcing and Decision making engine integrated with Credit Bureaus and 3 other Data Sources for SME and Suvidha Loan Schemes and Unique Customer Identification Code System for all Loan Customers, which helps in better risk profiling of Customers as mandated by the Reserve Bank of India, have been other successful milestone implementation achievements of the Company in the use of information technology. A Core Accounting Platform for the Company Called “**Fincore**” and Enterprise Resource Planning (ERP) System - which facilitates centralised control of purchase, expenses, asset handling and enhanced reporting of the Company’s Profit and Loss, Balance Sheet etc - have been other successful implementation the Company could boast of.

In its drive for effective use of information technology for improving the functioning of its vast network of Branches and for enabling the Branches timely interest collection, your Company has during the year under review successfully implemented the IT enabled **Branch Score Card**. The Branch Score Card facilitates better profiling of Branch business besides enhancing Branch productivity. All Branches have been equipped with state-of-the

art connectivity with redundancy and advanced threat protection features using both hardware and software applications. All applications are hosted in a state-of-the art Data Centre in Bengaluru and connected with a Disaster Recovery Centre set up at Hyderabad.

HR Initiatives- Defining Human Resources Development Road Map

With the strong conviction that its human resources are its greatest assets and perceiving human resources development as a philosophy and not as a strategy, your Company practices human resources development programmes on a continuous, conscious basis and has adopted a very pragmatic and balanced people strategy to create composite and responsible human resources that can drive growth and successfully meet the various challenges of the current times. Considering human resources systems and processes as means to an end and not an end in themselves, your Company has taken conscious efforts to ensure that it remains a dynamic and vibrant Organisation capable of facing new challenges the changing environment may pose.

With the objective to digitize the multifarious functions in the HR Department and in the HR Processes, be environment friendly and a paperless Organisation, the Company continued the migration of various critical and routine tasks online including Attendance Process, Exit Process and Flexi Benefits.

To bring in more transparency and objectivity in the performance management process, the Key Result Areas (KRAs) and Key Performance Indicators (KPIs) have been identified and finalised in discussion with all the employees. With a view to identifying and rewarding talent, the Company has during the year under review rolled out–talent identification and recognition initiative-**Employee of the Quarter (EOQ)**-in the Corporate Office as a pilot, which has been well received by the employees. The Company aims to replicate this initiative across various zones during the course of the year 2017-'18.

The Leadership Development Programme (MPG-LDP) has advanced to its succeeding edition this year acquiring young and promising talents from top B-Schools across the Country, including IIMs. For the first time, I am happy to say, the Company has taken 20 Summer Interns again from some of the best Institutes across the Country. As more and more people from across the Country are joining the Organization in management portfolio, your Company as a whole is becoming culturally diversified.

Finding it imperative that employees at all levels in the Organisation are cared for, motivated and supported, the Company has during the FY 2016-'17 rolled out various employee engagement initiatives like **"Loving, Caring, Sharing"** with the avowed objective of helping the financially not well off and **"Appreciation Week"** – to create the culture of appreciation within the Company.

Organisational Development and Training

During the FY 2016-'17 the Organisational Development Department of your Company has conducted Soft Skill Workshops called "Prerna", participated by 14000 employees of the Company from the level of Customer Service Executive to Vice President.

I am also happy to inform that the Department has introduced during the year under review **Leadership Development Programme**, a programme specially designed for the senior management personnel of the Company. This is a yearlong programme with the twin objective of equipping them to deliver better performance and furthering their self development. It enables them to formulate more customised and effective professional development plans for themselves as well as for the team. Developing a high-performance work culture for the Organisation is the ultimate goal of LDP.

Besides the above, the Department has also initiated:

** Mind to Minds

A series of inspirational Lectures by eminent personalities from different walks of life-such as, civil society, academia, arts, literature, politics, science and cinema; they with their intense knowledge in a wide range of fields share their



thoughts and ideas with the employees. I am quite happy to state that during the year under review 8 such Lecture sessions have been organised.

**** Muthoot Live**

This is the bi-monthly Newsletter of the Company circulated among all the employees within the Organisation, communicating value information pertaining to the new changes and improvements in its business portfolios and updates in the Organisation. Besides being a teaching forum- a way to impart information aimed at improving performance - the Newsletter also serves as a valuable tool for bolstering morale, promoting unity and team spirit and motivating and rewarding achievements.

**** 555 Ideation Programme**

This Programme is designed to encourage the employees to think differently and to promote innovation within the Organisation. The month of December is being celebrated by the Company as "Ideation Month", as the birthday of the Company's Founder Chairman falls on December 29th.

Risk Management- Branch Internal Audit and Inspection

The risk management frame work comprising Organisation structure, control functions, Systems and Processes put in place by the Company to control and manage the various risks to which it is exposed in the conduct of business have been reviewed. Adequate resources have been provided and orientation and skill upgradation training for the employees have been conducted. I am quite happy to come on record that your Company has in general managed the risks well by taking pre-emptive measures and also mitigated significantly the impact of the risks wherever materialised.

During the year under review, your Company has revamped the process of risk grading of Branches using Audit Score Card methodology, which reflects more accurately the operational standards at the Branches. There has also been increased focus on prevention of lapses and frauds rather than detection and rectification. This strategy has proved effective in that during the second half of the year 2016-'17 there has been a marked reduction in the number of such occurrences.

The Company has made changes in its existing products and loan schemes depending on the changes in the market. In the second half of the FY 2016-'17, anticipating an LTV risk due to the fluctuations in gold price the loan tenures of MIP variant and Vidya Plus have been reduced to 9 months and 6 months respectively. Moreover, to make monitoring more streamlined your Company has started tracking of loan products with online fraud analysis based on certain parameters.

Grievance Redressal Mechanism

Your Company has put in place a robust and transparent Grievance Redressal Mechanism in accordance with the Regulatory guidelines. The person with whom the Customer can register his complaint and the different levels of escalation and the timelines for satisfactory solution are displayed in all Branches in respective vernacular languages. The provision of registering the Complaint is also enabled in the website of the Company; there is also facility for registering Complaints through the Call Centres. I am quite proud that every Complaint received is attended to and replied within the committed timeliness and to the extent possible resolved to the satisfaction of the Customer; where the Complaints received pertain to the Products and business processes, amendments, if required are effected without delay.

Corporate Governance

Your Company is committed to sound Corporate Governance practices, grounded on the bed rock of highest level of accountability, transparency and integrity in all spheres of its operation and in all its dealings with stake holders- viz., the Shareholders, Employees, Vendors and Bankers and high ethical standards in the conduct of business. The Company is firm in its commitment in promoting the best Corporate Governance practices and strives to live up

to Stakeholders' expectations. The thrust of the Corporate Governance of the Company is to enhance shareholder value and enhancing as also maintaining the wealth of the Company by pursuing ethical practices in the conduct of its business and maintaining high standards of disclosure and transparency.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the FY 2016-'17 your Company has undertaken quite a few CSR activities; the ongoing CSR projects are as under:

- ** Muthoot Life Blood Directory
 - Voluntary blood donation has reached 1865 numbers
 - ** Cleft Surgery Mission (Mission Smile)
 - Total number of surgeries reached 1119 and covered 8 States
 - ** Physical & Medical Rehabilitation Centre
 - Centre infrastructure is completed and establishment process is on
 - ** Treatment Support
 - Total number of 76 patients from deserving backgrounds have been supported for availing quality medical care.
 - ** Medical Camps
 - ** Educational Assistance
 - To deserving students to pursue their education
 - ** iLEAD Vocational Training Programme
 - 90 students have passed out from Hospitality trade and 92 from Automobile trade and all of them got placed in various Companies.
 - ** Sports for Development Project
 - 2500 kids at Cochin and 2000 kids at Trivandrum have enrolled in the programme and attended regular sessions.
 - ** Training to Promote Sports
 - Support for U-17 team in Football
 - ** Housing Assistance
 - For 5 fishermen families
- Besides the above, your Company has taken up the following new projects in the FY 2016-'17:
- ** Orphanage Infra support
 - Boys Home renovation at Cochin
 - ** Skill Development
 - Skill Academy set up completed at Cochin
 - ** Environment Projects
 - Support for Innovative Solid Waste Management plant at Govt Cotton Hill School, Trivandrum.

Bringing succour to the poor and the needy

Going beyond the frontiers of financial services and committing itself to discharging its obligations to the society at large, your Company continues to fund the various philanthropic activities undertaken by "Muthoot Pappachan Foundation" promoted by Muthoot Pappachan Group.

Contributing to greener tomorrow:

Committed to the greening of the Nation, your Company continued to focus on Wind Power Generation staying invested Rs 118.51 crores with a total Wind Power Generation Capacity of 23.225 MW from 19 Turbine Generators contributing 0.56% of the gross income of the Company.

Seamless Customer Care

With genuine concern for Customers deeply ingrained in its value system and sensibility to their fast changing needs at the core of all its business activities, your Company continued its seamless service to the Customers, further



cementing the relationship built over a century on the bed rock of “trust”. The Company is highly responsive to the needs and satisfaction of its customers and is committed to the belief that all technology, processes, products and skill of its people must be leveraged for delivering to the Customers the best of services and superior experience mirroring tradition of excellence and quality products creating highest level of “customer delight”.

Gratitude to our Board of Directors

Our Board of Directors has all along been doing a central role in the Corporate Governance of the Company in which task it has been acting honestly, in good faith and in the best interests of the Company and its stakeholders. I place on record my sincere gratitude particularly to the Independent Directors for their continued support and guidance.

Looking forward

The global macro-economic and financial landscape is overshadowed by considerable uncertainty in the aftermath of major economic and political developments during the last one year culminating in driving the global financial markets teetering on the brink of economic abyss. The International Monetary Fund (IMF) has, howbeit, approximated the world GDP growth by 3.4% in 2017. The prognosis for the advanced economies is a modest pickup in growth from 1.6% to 1.9% and the emerging economies perking up from 4.1% to 4.5%; a synchronised recovery is happening in global economy. These are green shoots and point to an optimistic outlook for global economy in the year 2017-'18.

Amidst all these developments, “India stands out as a bright spot in the world economic landscape” (said the Union Finance Minister in his Budget Speech - 2017 in Parliament). India’s macro-picture drawn on the canvas of prime economic indicators looks far brighter signalling a positive change from the drumbeat of continued negative expectations. A number of global reports over the last two years have shown that Indian economy stands out amongst emerging market cohorts in terms of growth. According to IMF forecast, India is expected to be one of the fastest growing major economies in 2017; the Country is seen as the engine of global growth. By all indications the Country’s economic momentum is likely to prevail in the coming year too, albeit at a gradual pace and from 2018 Indian economy will be firing on all cylinders.

The Economic Survey 2015-'16 forecast is that the Indian Economy will grow at a rate of 6.75% to 7.5% in the FY 2017-'18 as compared to the expected growth rate of 6.5% in the FY 2016-'17. According to IMF, the growth rate will be 7.2% in the current fiscal 2017-'18 and rise to 7.7% in 2018-'19. Addressing the G-20 meet in April 2017, the Union Finance Minister said that the Indian Economy would grow at 7.5% in the fiscal 2017-'18 as against 7.1% in 2016-'17. (The Indian Economy advanced 6.1% year-on-year in the first quarter of 2017, slowing sharply from a 7% expansion in the previous period and well below market expectations of 7.1%).

In terms of financial assets, NBFCs in the Country have scripted a healthy growth story - a Compound Annual Growth Rate (CAGR) of 19% over the past few years – comprising 13% of the total credit expected to reach 18% by 2018-'19. With the ongoing stress in the Public-Sector Banks due to mounting bad debt, their appetite to lend especially in rural areas would be declining, thereby providing NBFCs with the opportunity to increase their presence. Going forward, the latent credit demand of an emerging India will allow NBFCs to fill the gap especially where traditional Banks have been wary to serve. Furthermore, improved macro-economic conditions, higher credit penetration, increased consumption and disruptive digital trends will make NBFCs’ credit to grow at a healthy rate of yearly 7-10% over the next five years.

In the fast changing milieu of Financial Institutions, your Company aspires to remain always relevant and in the leadership position by continuously focusing on growing further its business sustainability with better profitability. By adapting its business model in sync with the rapidly evolving economic and external business environment, I wish to underscore, your Company will zealously adopt cutting edge technology and platforms in digital transactions and relentlessly pursue innovating and introducing new products and enriching the existing ones. I have the firm conviction that your Company with its vibrant talent pool will easily walk the digital talk.

With GST in place I expect there will be huge migration of people from unorganized sector to organized Financial

Institutions, which will propel your Company to acquire the untapped potential. As there lies vast potential in unorganized sector and to tap it, your Company is in the process of expanding its geographical reach by opening Branches in new locations.

In order to enhance the responsiveness and conformance to the recent regulatory norms on IT infrastructure framework, your Company has already begun the process to enhance its IT infrastructure.

Keeping its values in mind your Company has joined the public-private partnership skill development initiative-- Pradhan Mantri Kaushal Vikas Yojana (PMKVY)-launched by the Government of India to impart skills to the younger generation in BFSI sector. These youths with tailor-made training can be absorbed in the Company which will have positive impact on the productivity and also the efficiency of the operations.

Your Company is moving ahead in its journey into the year 2017-'18 with missionary zeal and a sense of commitment to achieve further excellence in service delivery and in financial performance, mirroring high standards of corporate integrity textured into its value system, in meeting which I look forward to your continued support and encouragement as always.

sd/-

Thomas John Muthoot
Chairman and Managing Director



Mr. Thomas Muthoot

Message from the Executive Director

Indian Microfinance Industry, which was growing at a very fast pace over the past three years, has been considerably impacted by the demonetisation of high denomination currency notes in November 2016, on account of high dependency on cash transactions. The average collection efficiency of the Microfinance Industry has scaled down from 97-98% in October 2016 to 70% during November-December 2016 mainly on account of limited supply of new currency Notes post demonetisation and disruption in borrower's Cash flow due to decline in demand. The States in Northern and Western parts of India were the worst impacted ones, whereas in the States in Southern and Eastern part of the Country the impact was less pronounced with the collection efficiency remaining stable at around 60 – 70%. Furthermore, the profitability of the Microfinance Industry suffered negative impact due to reversal of income on account of rise in NPAs, increase in cost-to-income ratio on the back of lower income as a result of decline in loan portfolio and increase in provisioning expense due to the deterioration in the asset quality. Consequently, the credit profile of the Microfinance Institutions with concentrated portfolios, overleveraging of the borrowers and weak asset liability management remained under pressure during the months from December 2016 to March 2017.

Notwithstanding the disconcerting and unfavourable macro – economic conditions that the Microfinance Industry in the Country had been facing during the Financial Year 2016 -'17, it is quite a remarkable performance that Muthoot Microfin Ltd, the Subsidiary of Muthoot Fincorp Ltd, has presented by closing the FY 2016 -'17 with a Net Profit of Rs 37.03 crore (PAT) registering an impressive increase of 295% over that of the last financial year and a total disbursement of Rs 2,028.55 crore, registering an increase of 165% over the last year's figure; the total disbursement since inception stood at Rs 2,798.21 crore as on 31.03.2017 as against the figure of Rs 769.65 crore as on 31.03.2016. The Company's Gross Income for the year ended March 31, 2017 clocked Rs 243.84 crore, a remarkable increase of 367% over that of last year. The total loan outstanding as on 31st March is Rs 1,774.58 crore.

During the year under review, the Company expanded its presence to eight new geographies, thus being now in 11 (eleven) States in the Country with 399 Branches across 127 Districts.

Today with over 45 million end clients with a total loan outstanding of over Rs 1 lakh crore, employing over 1,20,000 people across more than 10,000 Branches in 28 States in India, Microfinance is a key driving force for financial inclusion in the Country. However, this level of progress is still lower than 25% of the demand across the Country and indicates the future potential for growth. I have the firm conviction that Muthoot Microfin Ltd with its highly efficient management and human capital will move forward with grit and determination to meet our goals.

sd/-
Thomas Muthoot
Executive Director



NOTICE TO MEMBERS

Notice is hereby given that the Twentieth Annual General Meeting of Muthoot Fincorp Limited will be held at 10.00 a.m. on Monday, the 25th of September 2017 at the Registered Office of the Company at Muthoot Centre, Punnen Road, Trivandrum – 695 034, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2017 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares
3. To appoint a Director in place of Mrs. Janamma Thomas, (DIN: 00483693) Director of the Company retiring by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Twentieth Annual General Meeting to the conclusion of the Twenty Fifth Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

1. Issue of Non-convertible Debentures (NCDs) on Private Placement Basis

To consider, and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

“RESOLVED THAT in accordance with all applicable laws including the Companies Act, 2013, as amended and the rules thereunder including but not limited to the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, the Memorandum and Articles of Association of the Company, and subject to any other requirements of or terms laid down by the Reserve Bank of India, and/or any other concerned regulatory authority, as may be necessary, and all other appropriate statutory and governmental authorities and departments, the Company be and is hereby authorised to create, offer, issue and allot secured/unsecured redeemable non-convertible debentures in the aggregate amount of up to Rs. 250 Crores (Rupees Two Hundred and Fifty Crores only), in one or more tranches on Private Placement including institutional placements (the “Debentures on Private Placement”), to eligible investors during the financial year 2017-2018 (the “Issue”).

“RESOLVED FURTHER THAT the Debenture Issue Committee of the Company, be and is hereby authorised to exercise all the powers of the Board of Directors in respect of Issue of Debentures on Private Placement.

“RESOLVED FURTHER THAT the Debenture Issue Committee be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper without requiring any further approval of the Board of Directors or the shareholders of the Company and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of the Debentures on Private Placement (and otherwise pertaining to or in relation to the Issue).

“RESOLVED FURTHER THAT the quorum for the meeting of the Debenture Issue Committee shall be two.

“RESOLVED FURTHER THAT Mr. Thomas John Muthoot, Managing Director be authorised to do such things as are necessary for the issue and allotment of fully paid - up Secured/ unsecured Redeemable Non - Convertible Debentures.”

Trivandrum
24.08.2017

By Order of the Board

sd/-

T.D. Mathai
Company Secretary

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies, in order to be valid, must be duly filled in, signed and deposited at the Registered Office of the Company at least 48 hours before the commencement of the Meeting. A form of proxy is enclosed.
2. Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business in the Notice is annexed hereto.
3. The Map showing the route to reach the venue of the meeting is also enclosed.

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**Item No. 1****Issue of Non-convertible Debentures (NCDs) on Private Placement Basis**

The Company can issue NCDs on private placement as permitted by the RBI Circular No: DNBR (PD) CC No.021/03.10.001/2014-15 dated 20th February 2015 read with section 42 of the Companies Act 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014.

As per Section 42 of the Companies Act, 2013 for issue of NCDs on private placement previous approval of Shareholders by a special resolution is required and it shall be sufficient if the Company passes a previous special resolution only once in a year for all the offers or invitations of such NCDs during the year.

The Company proposes to issue secured/unsecured NCDs on private placement basis aggregating to Rs.250 Crs in one or more tranches including institutional placements during 2017-18 and to authorise the Debenture Issue Committee of the Company constituted by the Board, to exercise all the powers of the Board of Directors in respect of Issue of Debentures on Private Placement.

Hence approval of the members by way of special resolution is required.

None of the Directors, Key Managerial Personnel (KMP) and their relatives are concerned or interested, financially or otherwise in the proposed resolution except for the investments of Mr. Thomas John Muthoot, Managing Director and Mrs. Preethi John Muthoot, his wife, Mr. Thomas Muthoot, Executive Director & Chief Financial Officer and Mrs. Remmy Thomas, his wife, Mr. Thomas George Muthoot, Director and Mrs. Nina George his wife and Mrs. Janamma Thomas, Director in the paid up share capital of the Company.

All documents/papers relating to the above resolutions are available for perusal at the Registered Office of the Company on any working day during working hours up to the date and time for commencement of the Annual General Meeting.

Trivandrum
24.08.2017

By Order of the Board

sd/-
T.D. Mathai
Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Twentieth Annual Report together with the audited financial statements of the Company for the year ended 31st March, 2017.

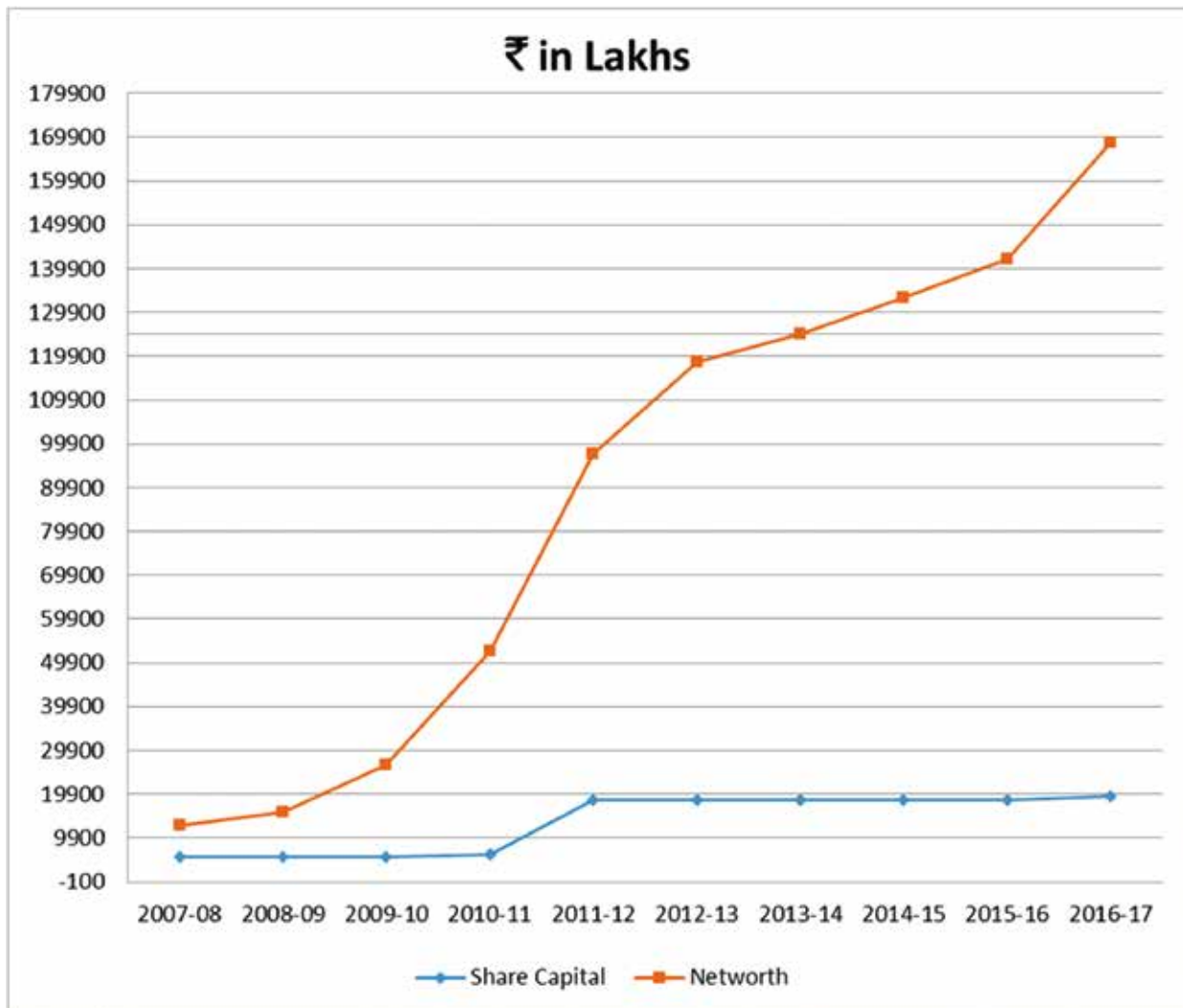
FINANCIAL RESULTS

(₹ in Lakhs)

		Standalone		Consolidated	
	Particulars	Current year ended 31.03.2017	Previous year ended 31.03.2016	Current year ended 31.03.2017	Previous year ended 31.03.2016
	Gross Income	2,10,459.77	2,08,522.88	2,40,691.08	2,19,242.60
Less	Expenses	1,93,231.93	1,94,807.87	2,17,151.31	2,04,584.25
	Profit before Tax	17,227.84	13,715.01	23,539.77	14,658.35
Less	Tax Expenses	5,620.78	4,970.83	7,744.12	5,340.75
	Profit after Tax	11,607.06	8,744.18	15,795.65	9,317.60
	Earnings Per Share (Rs.)	6.22	4.69	8.10	4.86
	Reserves & Surplus	1,49,343.02	1,23,450.24	1,56,630.33	122,685.22
	Fixed Assets (Net)	56,888.99	51,147.83	7,352.69	52,605.57
	Borrowings	10,95,396.43	9,25,106.28	12,55,256.60	10,03,170.86

SHARE CAPITAL & NET WORTH

The Authorised and Paid up Share Capital of the Company stood at Rs. 20,000 lakhs and Rs. 19,370.56 lakhs respectively. The Net Worth of the Company is Rs. 1,68,713.58 lakhs as against Rs. 1,42,106.51 lakhs in the previous year, registering an increase of 18.72%.



DIVIDEND

Your Directors are recommending a dividend of 7.5% of the paid share capital of the Company on a proportionate basis during the year under review.



THE AMOUNT IF ANY PROPOSED BY THE BOARD TO CARRY TO RESERVE

During the year, the Company proposes to transfer an amount of Rs.2,321.41 lakhs to Statutory Reserve. There is a write back of Rs. 5,618.50 lakhs from Debenture Redemption Reserve.

OPERATIONS

As on 31 March 2017, the Company had 3,483 Branches spread across 18 States as detailed below and serving about 85,000 customers a day on an average.

Sl. No:	State	No: of Branches
1	ANDAMAN & NICOBAR	2
2	ANDHRA PRADESH	325
3	DELHI	93
4	GOA	10
5	GUJARAT	107
6	HARYANA	60
7	KARNATAKA	531
8	KERALA	881
9	MADHYA PRADESH	29
10	MAHARASHTRA	181
11	ORISSA	17
12	PUNJAB	46
13	RAJASTHAN	49
14	TAMIL NADU	844
15	TELANGANA	230
16	UTTAR PRADESH	43
17	UTTARAKHAND	2
18	WEST BENGAL	33
	Grand Total	3483

The close personal rapport our employees have with our customers, their experience, our expertise in the core product i.e. gold loan, and our presence especially in areas with poor banking coverage are helping the Company in providing quick and customised finance options and investment products to our customers.

The total income during the year was Rs.1,96,273 lakhs from operations and Profit After Tax was Rs 11,607 lakhs. The total Asset under Management (AuM) was Rs 10,34,727 lakhs. To meet the diverse requirements of the Customers your Company continued its focus in introducing innovative products.

The vast branch network, spread across the country and the introduction of new products, have brought with it fresh challenges, particularly those pertaining to its operations. Improving the operational controls is a continuous process and the Company is giving its keen attention to make it robust and tuned to the requirements.

Some of the key initiatives taken to improve the sales of the Company are:

- More focus to increase walk-in of customers, particularly new customers.
- Introduction of new competitive products to gain momentum in gold loan business.
- Introduction of SME Suvarana and more focus on Suvridha & SME loans to serve the small entrepreneurs. to increase the customer loyalty and walk-ins.

- Business loan to cater to services, business, trade, manufacturing activities etc.
- Tied up with Unique Identification Authority of India (UIDAI) for better KYC compliance through e-KYC.
- Due focus on collection of interest on loan.
- Upgradation of online Branch Inspection Reports and daily MIS.
- Upgradation of Branch Performance Score Card system.

COMPLIANCE WITH RBI GUIDELINES

Your Directors confirm that the Company has not invited or accepted any deposits from the public and the Company has complied with all the applicable regulations of the Reserve Bank of India as on March 31, 2017.

CORPORATE GOVERNANCE

Your Company upholds the standards of governance and is compliant with the Corporate Governance provisions as stipulated by RBI. The Company's core values of honesty and transparency have since its inception been followed in every line of decision making. Setting the tone at the top, your Board of Directors, advocates good governance standards. Your Company has been built on a strong foundation of good corporate governance which is now a standard for all operations across your Company.

The Board of Directors reviewed the Corporate Governance Policy on 27th September, 2016 and approved the modified Policy (the Policy was originally formulated on 20th February, 2009).

Board of Directors

The Board of your Company has seven Directors as on the date of this report as detailed below:

Category	Name of Directors
Executive Directors	Mr. Thomas John Muthoot, Managing Director
	Mr. Thomas Muthoot, Executive Director & Chief Financial Officer
Non - Executive - Non Independent Directors	Mr. Thomas George Muthoot
	Mrs. Janamma Thomas
Non - Executive Independent Directors	Mr. R. Kamalasanan Nair
	Mr. A.P. Kurian
	Mr. Vikraman Ampalakkat

All the Directors have varied experience and specialized knowledge in various areas of relevance to the Company. The Board of Directors consists of members appointed as per the provisions of the Companies Act, 2013.

Mrs. Janamma Thomas (DIN: 00483693) Director of the Company will retire at the ensuing Annual General Meeting and being eligible, offers herself for reappointment. The Board of Directors recommends the reappointment of Mrs. Janamma Thomas as Director of the Company.

A) Changes in Directors and Key Managerial Personnel during the year 2016 - '17

There was no change among the Board of Directors during the year under report. Mr. Thomas John Muthoot and Mr. Thomas Muthoot were reappointed as Managing Director and Executive Director respectively for a further term of 3 years with effect from 1st February, 2016. There was also no change among the Key Managerial Personnel during the year under report.

The following persons are the Key Managerial Personnel of the Company:

1. Mr. Thomas John Muthoot - Managing Director
2. Mr. Thomas Muthoot - Executive Director cum Chief Financial Officer
3. Mr. T.D Mathai - Company Secretary

**B) Woman Director**

As per the provisions of Section 149 of the Companies Act, 2013, the Company shall have at least one woman Director in the Board. Your Company has Mrs. Janamma Thomas, as Woman Director on the Board.

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

The Company has three Independent Directors on the Board. The Company has received necessary declaration from each Independent Director under Section 149 (7) of the Companies Act, 2013 to the effect that he meets the criteria of independence as laid down in Section 149 (6) thereof.

Disclosure relating to remuneration of Directors and Key Managerial Personnel.

In accordance with Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with rules issued there under, the Board of Directors at their meeting held on 27th September 2016 reviewed and modified the Nomination and Remuneration Policy of your Company, formulated on 27th March 2015. The Nomination and Remuneration Policy covering the Company's policy on appointment and remuneration of Directors, Key Managerial Personnel and other employees including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013 is annexed to this report as **Annexure I**

The Managing Director of your Company does not receive remuneration from any of the subsidiaries of the Company.

The information required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any amendments thereof in respect of Directors/employees of your company is given in **Annexure II** to this report.

We affirm that the remuneration paid to the Directors is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

Number of meetings of the Board of Directors

11 meetings of the Board of Directors were held during the Financial Year 2016– '17 on the following dates: 19th April 2016, 17th May 2016, 6th June 2016, 14th June 2016, 3rd August 2016, 27th September 2016, 24th October 2016, 14th December 2016, 13th February 2017, 13th March 2017 and 31st March 2017. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

The Composition of the Board of Directors and Category of Directors during the financial year under report and the number of Directorships of each Director are given below.

Name of the Director	Nature of Directorship	No. of meetings attended	No: of other Directorship etc (As per last declaration made to the Company)		
			Public	Pvt.	Firms/ LLPs
Mr. Thomas John Muthoot	Promoter and Managing Director	11	5	14	7
Mr. Thomas Muthoot	Promoter Executive Director & Chief Financial Officer	11	4	14	7
Mr. Thomas George Muthoot	Promoter and Director	10	5	12	7
Ms. Janamma Thomas	Promoter and Director	4	0	0	3

Mr. R. Kamalasanan Nair	Independent Director*	11	2	0	0
Mr. A.P Kurian	Independent Director*	8	3	2	0
Mr. Vikraman Ampalakkat	Independent Director*	9	1	1	0

* The Independent Directors do not hold any equity shares in the Company or in any of its group Companies.

The Board is responsible for the stewardship of the Company and meets regularly to discuss, review and appraise the strategic performance of the Company including the achievement of its strategy; make sure that procedural and compliance matters are properly dealt with; monitor financial performance; provide directions on policy formulation; articulate the risk appetite and review the overall control framework. The Board closely monitors the overall functioning of the Company with a view to enhancing the shareholder value and ensuring adherence to the principles of Corporate Governance that it has laid down.

Committees of the Board of Directors

The Board has delegated some of its powers to its Committees. These committees monitor matters that come under their mandate, in more detail. These committees are:

i. Audit Committee

The Company has constituted a qualified Audit Committee as required under Section 177 of the Companies Act, 2013 and Para 68 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

As per Sec 177(4) of the Companies Act 2013 the terms of reference to be specified in writing by the Board shall inter alia include:

- i. The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- ii. Review and monitor the Auditors' independence and performance, and effectiveness of Audit process.
- iii. Examination of the financial statement and the Auditors' Report thereon.
- iv. Approval or any subsequent modification of transaction of the Company with related parties.
- v. Scrutiny of inter-corporate loans and investments.
- vi. Valuation of undertakings or assets of the Company wherever it is necessary.
- vii. Evaluation of internal financial controls and risk management systems
- viii. Monitoring the end use of funds raised through public offers and related matters.

The main responsibilities of the Audit Committee are:

1. Review of the financial statements (including interim financial statements) and oversight of the financial reporting process with a view to ensuring transparency and accuracy of financial reporting and disclosures, prior to their submission to the Board for approval;
2. Review of the scope of work of the Auditors', prior to commencement of the audit and, holding appropriate discussions on the matters that arose during the audit;
3. Review of the robustness and effectiveness of the internal control systems in place in the Company.
4. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
5. Reviewing the effectiveness of internal audit including the independence of the internal audit function, the adequacy of staffing and the coverage, scope and frequency of audits;
6. Review the functioning of whistle blower mechanism.

The Audit Committee is comprised of:



Name of the Director	Nature of the Directorship	Designation	No: of Meetings attended
Mr. R. Kamalasanan Nair	Independent	Chairman	8
Mr. A.P Kurian	Independent	Director	8
Mr. Thomas George Muthoot	Non-Independent	Director	8

Eight meetings of the Audit Committee were held on 19th April 2016, 6th June 2016, 14th June 2016, 3rd August 2016, 27th September 2016, 24th October 2016, 14th December 2016 and 13th February 2017 during the Financial Year 2016-'17.

ii. Nomination and Remuneration Committee

As per the provisions of Sec.178 of the Companies Act, 2013 and the RBI guidelines, the Company has constituted the Nomination and Remuneration Committee (NRC) with the following members:

Name of the Director	Nature of the Directorship	Designation in the Committee	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	1
Mr. R. Kamalasanan Nair	Independent Director	Member	1
Mr. Vikraman Ampalakkat	Independent Director	Member	1

One Meeting of the NRC was held on 13th February 2017 during the financial year 2016 – '17.

iii. Corporate Social Responsibility Committee

As per the provisions of Sec 135 of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility (CSR) Committee of the Board.

The CSR Committee is comprised of:

Name of the Director	Nature of the Directorship	Designation in the Committee	No: of Meetings attended
Mr. R. Kamalasanan Nair	Independent Director	Chairman	3
Mr. Thomas John Muthoot	Managing Director	Member	3
Mr. Thomas Muthoot	Executive Director	Member	3
Mr. Thomas George Muthoot	Director	Member	3

Three meetings of the Corporate Social Responsibility Committee were held on 17th May 2016, 12th December 2016 and 13th March 2017 during the Financial Year 2016- '17.

iv. Stake Holders Relationship Committee

As per the provisions of Sec. 178(5) of the Companies Act, 2013, the Company has constituted the Stake Holders Relationship Committee consisting of the following members:

Name of the Member	Nature of the Directorship/ Employment	Designation in the Committee	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	10
Mr. George Lamannil	Executive Director & General Counsel	Member	10
Mr. S. Kannan	Executive Vice President	Member	9

Fifteen meetings of the Stake Holders Relationship Committee were held on 21st April 2016, 18th May 2016, 8th June 2016, 23rd June 2016, 18th July 2016, 10th August 2016, 31st August 2016, 23rd September 2016, 20th October 2016, 18th November 2016, 14th December 2016, 11th January 2017, 4th February 2017, 4th March 2017 and 20th March 2017 during the Financial Year 2016- '17.

Other Committees

In compliance with the Reserve Bank of India Directions/Circular the Company has also constituted the following Committees.

i. **Asset - Liability Committee (ALCO)**

The Company has constituted an Asset Liability Committee as per Non-Banking financial Company - Systemically Important-Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions 2016.

The responsibilities of the ALCO are:

- Balance sheet planning from a risk - return perspective including the strategic management of interest rate and liquidity risks.
- To identify balance sheet management issues like balance sheet gaps and review the liquidity contingency plan.
- Pricing of products.
- Review the results of and progress in implementation of the decisions made in the previous meetings.
- Articulate the current interest rate view and base its decisions for future business strategy on this view.
- Capital requirement forecasts, capital allocation and monitoring of capital adequacy requirements.

The members of the Committee are given below:

Name of the Member	Designation of the Member
Mr. Thomas John Muthoot	Managing Director and Chairman of the Committee
Mr. George Lamannil	Executive Director and General Counsel
Mr. S. Kannan	Executive Vice President
Mr. Joseph Oommen	Sr. Vice President-Finance and Accounts
Mr. Nadasabapathy R	Vice President- Resource Planning

ii. **Risk Management Committee**

The Company has constituted a Risk Management Committee as per the RBI Circular No: DNBS (PD) CC No. 94/03.10.042/2006-07 dated May 8, 2007.

The responsibilities of the Risk Management Committee are:

- Assisting the Board in the articulation of its risk appetite.
- Overseeing the implementation and maintenance of a sound system of risk management framework which identifies, assess, manages and monitors risk;
- Recommend to the Board, clear standards of ethical behavior required of Directors and employees and to encourage observance of these standards.
- Assessment of the Company's risk profile and key areas of risk in particular.
- Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.

The members of the Committee are given overleaf:



Name of the Director	Nature of the Directorship	Designation in the Committee
Mr. R. Kamalasanan Nair	Independent Director	Chairman
Mr. Thomas John Muthoot	Managing Director	Member
Mr. Thomas Muthoot	Executive Director	Member

Significant and Material Orders Passed by the Regulators or Courts

No significant and material orders were passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

Frauds reported to the Audit Committee by Auditors

There was no reporting of frauds by Auditors under Sub Rule (3) of the Companies (Audit and Auditors) Rules 2014.

Disclosures

Related Party Transactions

Particulars of contracts or arrangements with related parties referred to in subsection 1 of section 188 of the Companies Act, 2013 in the prescribed form (AOC-2) is given as **Annexure III**

Vigil Mechanism/ Whistle blowing Policy

Your Company has put in place a formal whistle blowing policy/vigil mechanism for its directors, employees, customers and other stakeholders as per the requirements of the Companies Act, 2013. The policy has clearly laid down its scope and applicability, procedure to be followed for whistle blowing including the e-mail address and telephone numbers of the senior officers handling the matters escalated to them through the whistle blowing mechanism.

The Policy provides for adequate safeguards against the victimisation of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The details of Policy is available on our website www.muthootfincorp.com.

Fair Practices Code

The Company has framed a Fair Practices Code (FPC) as per the guidelines issued by Reserve Bank of India in this regard. The FPC is also reviewed at frequent intervals to ensure its adequacy and appropriateness. The FPC is available on our website www.muthootfincorp.com.

Customer Grievance

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

PERPETUAL DEBT INSTRUMENTS (PDIs)

During the year under report your Company did not issue any PDIs. The amount outstanding at the close of the Financial Year under PDIs was Rs. 14,400 Lakhs. Interest on PDIs has been paid as per RBI guidelines.

CAPITAL ADEQUACY RATIO

Every Non Deposit taking NBFC is required to maintain a minimum Capital Adequacy Ratio consisting of Tier I and Tier II Capital which shall not be less than 15% of its aggregate risk weighted assets on Balance Sheet items and of risk adjusted value of off Balance Sheet items. For Gold Loan Companies the minimum Tier I Capital shall be 12%.

The Company's Capital Adequacy Ratio was 21.42% as on March 31, 2017, consisting of Tier I Capital of 14.10% and Tier II Capital of 7.32% which is above the statutory requirement.

DETAILS OF AUCTION CONDUCTED DURING THE YEAR

The details of the auction conducted during the year under report is given below:

Number of Accounts auctioned	1,80,139
Outstanding Amount (Rs. Lakhs)	
Principal 42,484.05	
Interest 15,301.43	57,785.49
Value fetched under auction	58,594.18

None of the sister concerns of the Company participated in the Auction.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186.

The Company has not made investments not permitted under sub section (1) of section 186 of the Companies Act, 2013. The other provisions of section 186 of the Companies Act, 2013 are not applicable to the Company since it is a Non-Banking Finance Company, as per the provisions of Companies (Meeting of board and its powers) Rules 2014.

REPORT ON THE HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES.

Pursuant to Sec.129(3) of the Companies Act, 2013 the consolidated financial statement of the Company and its Subsidiaries, prepared according to the relevant Accounting Standard, read with Rule 7 of the Companies (Accounts) Rules, 2014 forms part of the Annual Report. A Statement containing salient features of the financial statement of its subsidiaries in Form AOC-1 is given as **Annexure-VII** to this Report. The Company has no associates and joint venture companies.

Name of the Subsidiary	Muthoot Housing Finance Company Limited	Muthoot Microfin Limited	Muthoot Pappachan Technologies Limited
Nature of Business	Housing Finance	Microfinance	Information Technology
Profit/Loss after Tax	4,72,56,164	37,03,81,396	74,62,592
Share of profit/(Loss) due to the Company	3,55,95,202	30,93,14,658	44,77,555
Dividend Declared	Nil	Nil	Nil

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors confirm that:

- In the preparation of the Annual Accounts, applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- They 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 or loss made by the Company for that year.
- They had taken proper and sufficient care for the 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 fraud and other irregularities.



- iv. They had prepared the Annual Accounts on a going concern basis.
- v. The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT - NIL

STATUTORY AUDITORS

The Statutory Audit Report does not contain any qualifications, reservations or adverse remarks

As per the provisions of Section 139(2) of the Companies Act, 2013 your Company is required to mandatorily change the Auditors once they have served office as auditors for a consecutive period of 10 years or more. A moratorium period of three years was also available which will be over at the conclusion of the 20th Annual General Meeting. As such the term of M/s. A. Cherian and Associates, Chartered Accountants, Manganam P.O, Kottayam – 18, the Statutory Auditors of the Company, will be over at the conclusion of the 20th Annual General Meeting.

Your Directors recommend that M/s. Rangamani & Co., Chartered Accountants, 17/598, IInd Floor, Card Bank Buildings, West of YMCA Bridge, Alleppey - 688001 be appointed as Statutory Auditors for a period of 5 years commencing from the conclusion of the twentieth Annual General Meeting to the conclusion of the twenty fifth Annual General Meeting, subject to the ratification of members at every Annual General Meeting, on remuneration to be fixed by the Board. The Auditors have confirmed their eligibility to the effect that their appointment would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for appointment.

SECRETARIAL AUDITORS

Your Directors have appointed M/s. SVJS & Associates, Company Secretaries, 39/3519 B, First Floor, Padmam Apartments, Manikkath Road, Ravipuram, Kochi - 682016, as Secretarial Auditors for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is attached to this report as **Annexure IV**.

The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is attached to this report as **Annexure V**

FORMAL ANNUAL EVALUATION

The Company has placed a formal evaluation framework for assessing the performance of Directors comprising of the following key areas:

- i. Attendance of Board Meetings and Board Committee Meetings.
- ii. Quality of contribution to Board deliberations, safeguarding the interest of the Company, independence of judgment, level of engagement and contribution.
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance.
- iv. Providing perspectives and feedback going beyond information provided by the management.
- v. Commitment to shareholders' and other stakeholders' interests.

The evaluation involves self-evaluation by each Board Member and subsequently assessment by the Board of Directors. A member of the Board will not participate in the discussion of his / her evaluation.

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-'17.

No. of complaints received	: 2
No. of complaints disposed off	: 2

INTERNAL FINANCIAL CONTROLS

The Company has adequate system of internal control to safeguard and protect from loss, unauthorised use or disposition of its assets. All the transactions are properly authorised, recorded and reported to the Management. Internal Audit is carried out in a programmed way and follow up actions are taken to rectify all audit observations. Statutory Auditors of the Company has confirmed the adequacy of the internal control procedures, in their report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under report the Company initiated significant steps on the CSR front. MFL being the flagship company of the Muthoot Pappachan Group is in a pioneering role in implementing the CSR activities of the Group. Conceptual Framework and background works for Muthoot Pappachan Football Academy and Muthoot Pappachan Academy for Skills Development were finalised during the year under report. Muthoot Pappachan Foundation (MPF) is facilitating the planning and implementation of the CSR initiatives of the Company.

The following key CSR initiatives were undertaken during the year:

Health

- Smile Please, the free comprehensive cleft surgery programme is the flagship CSR project of the Company, through which it is extending support to children and youngsters with congenital cleft issues. During the FY 2016-'17, through the programme spread across 8 states the Company provided surgeries for 443 patients from deserving backgrounds. Total surgeries accomplished as part of the project across these states are 1119 as of Mar 2017.
- "Muthoot Life Blood Directory" the first of its kind organised by a Corporate entity has now a strength of 61,012 registered donors. 1866 patients were supported with blood at emergency, adding on to Country's voluntary blood pool.
- Aashiana a Centre for Physical Medicine and Rehabilitation (PMR) is in the final stage of establishment. Consultative experts are on board and are facilitating the Centre establishment in a professional mode. Necessary certifications are awaited from authorities and the Centre is expected to start functioning shortly.
- Treatment Support were provided to 76 patients from disadvantaged sections of the society. Supports were given to patients suffering from cardiac problems, kidney ailments, cancer and with other chronic diseases.
- Ortho related surgeries continued to be given through Muthoot Life Brigade Hospital at Vadavathoor, Kottayam.
- Periodic Medical Camps were organised at branches of the Company at various locations.

Education

- Community education scheme was organised at Trivandrum and Cochin locations through which 4500 school going kids received yearlong training in life skills, health and hygiene and other areas of development.
- Support was extended to Boy's Home, Cochin for renovating their old premises to provide better environment for the students to stay and pursue their studies.



Environment

- Support was extended for an Innovative Solid Waste Management plant at Cotton Hill School, Trivandrum. The plant is self-sustainable and is functional, catering to the requirements of the school as a model suited for limited space premises.

Livelihood

- MPF in partnership with Aide et Action started associating with their iLEAD project during the year under report. First MPF iLEAD Center at Trivandrum started during the year offering the course in Hospitality trade. Another iLead centre at Cochin also started offering training in Two Wheeler Automobile Technology. Seats are offered to candidates from deserving backgrounds enabling them to pursue the course free of cost and then find a livelihood. 90 students passed out from Hospitality trade and 92 from Automobile trade and all got placed in various Companies.
- Ernakulam Cricket Club is continuously supporting professional coaching in Cricket to the budding talents and also to provide them opportunities to play in professional matches. Special attention is given to include aspiring players from challenging backgrounds.
- Under the theme Training to Promote Sports, U-17 Football team was supported.
- Housing Assistance was extended to 5 fishermen families

During the year the Company has spent Rs. 2.93 Cr on CSR activities.

The Annual Report on CSR activities is attached vide **Annexure VI**.

RISK MANAGEMENT

Overview

The Company is exposed to risks that are inherent to the industry in which it operates. To address the risks, the Company has put in place comprehensive risk management processes that ensure that the risks are identified and managed on a timely basis.

The risk management framework comprising the governance structure, control functions, systems and process set up by the Company to control and manage the various risks to which the company is exposed in the conduct of its business, is in conformity with the best practises followed in the industry. The risk framework encompasses policies and procedures relating to the identification, assessment, monitoring, control and mitigation of credit, strategic, operational, liquidity and residual risks for achieving our key business objectives and is backed by Internal Audit and Inspection.

Risk Management Framework

- **Board of Directors**
The Board of Directors have the responsibility of oversight of the corporate governance and overall risk management. The Board approves and periodically reviews the Company's tolerance for risk, determines that the capital level is adequate for the risks assumed and approves risk policies.
- **Risk Management Committee**
The Board of Directors have constituted the Risk Management Committee, whose charter outlines the delegated roles, responsibilities and powers and the procedures for convening the meeting of the Committee.

The risk management framework comprising the organization structure, control functions, systems and process put in place by the Company to control and manage risks at various levels across the enterprise are summarised as overleaf:

Level	Key roles and responsibilities
Board of Directors	<ul style="list-style-type: none"> • Corporate governance oversight of risk management • Approve and periodically review the tolerance for risk by approving limits and risk policies
Risk Management Committee	<p>Comprise of one Independent Director as its Chairman, the Managing Director and the Executive Director</p> <p>Responsibilities include</p> <ul style="list-style-type: none"> • Assisting the Board in the articulation of its risk appetite • Overseeing the implementation and maintenance of a sound system of risk management framework which identifies, assess, manages, monitors and reports risk • Examining and determining the sufficiency of the Company's internal processes for managing key risk areas
Risk Management Department	<p>The Risk Management Department (RMD) is headed by two Vice-Presidents-Risk, and assisted by executives. They monitor the various risks associated with the business activity of the Company. The RMD's mission is to minimize the risk of loss to the Company by identifying the source of credit risk, operational risk, market risk and residual risks inherent in products and process, devising strategy and control measures to contain and manage exposure to risk.</p> <p>Responsible for</p> <ul style="list-style-type: none"> • Implementing the risk policies approved by the Board. • Managing Branch Audit and Inspection. • Responsible for providing quarterly updates to the Risk Management Committee on top risks and their mitigations. • Working closely with owners of risk in deploying risk mitigation measures and monitoring their effectiveness.
Business and Operations Department and Unit Heads	<ul style="list-style-type: none"> • Responsible for managing their functions as per the Company's risk management philosophy • Managers are expected to understand the risks at the unit level and take measures to address them in consultation with the Risk Management Department.

Branch Audit and Inspection

The branches of the Company are geographically spread across India. The process of lending of various loan products, safe-keeping of collaterals, branch operations, provision of financial services and cash management are carried out according to well defined and documented procedures.

The branch audit is conducted as per the Internal Audit Policy and Procedure Manual, wherein the frequency of branch audit is specified based on the risk ranking of branches. Risk ranking of branches is based on the audit findings and ranks calculated on the score card methodology. The company has in-house team of auditors based across India to conduct the branch audit program.

Corporate Internal Audit

In addition to the branch audit, there is Corporate Internal Audit conducted by external Chartered Accountant firms for evaluating and providing assurance to the Board of Directors and Executive Management on the effectiveness of the Company's Internal Control, Risk Management and Governance Processes. This involves reviewing the effectiveness and efficiency of all business processes and their compliance with the Company's policies, standards and procedures and all applicable laws and regulations.

Risk Materiality

The company's main business is providing retail loans to customers, in the middle and low income class. Thus the foremost risk is credit risk. The main income is derived from the interest spread - excess of interest income over interest expense - which makes the company exposed to interest rate risk for its lending business. Exposures to Operational risk and market risk are also important.



- a. **Strategic risk:** Faulty business strategy and inadequate implementation of strategies are the major contributor to strategic risk. These risks originate from the choices we make on markets, business mix, resources that can potentially impact our competitive advantage in the medium and long term. Internal and external consultation, impact study and end-to-end planning are effective in controlling risks.
- b. **Credit Risk:** Credit risk is the potential that the borrower or the counterparty may fail to meet its obligations in accordance with the agreed terms. Substantial part of the credit exposures are in the form of secured loan and the Company has a system for on-going monitoring of collaterals. For the non-collateralized credit exposures, the Company has instituted well defined credit administration process and monitoring procedures.
- c. **Interest rate risk:** Re-pricing mismatch risk is the main type of interest rate risk for the Company. The interest rate risk is managed through the product pricing process. Asset-Liability Committee deals with the pricing and funding matters.
- d. **Operational risk:** Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. The organisation structure is designed to establish embedded administrative controls and supervision. The business functions and control functions are organised as separate verticals headed by senior officials. Segregation of duties ensure that checks and balances are in place which in turn ensure professionalism and integrity in the conduct of business and operations. The Company has a comprehensive Manual of Instructions relating to all activities carried out at branches with detailed operational guidelines. Preventive vigilance activities, regular internal audits and visits to branches by executives of the controlling departments are adopted to strengthen the monitoring and control of the branch level operations. Training programs are conducted to create awareness among employees on operational risks of the Company and the steps to be taken to mitigate the same.

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

The Companies Accounts Rules, 2014 in regard to:

- (a) **Conservation of energy:** Not applicable, in view of the nature of the business of the Company being Financial Services
- (b) **Technology Absorption:** The Company is steadily applying and adopting technology to improve services efficiently, and
- (c) **Foreign Exchange earnings and outgo:** The Company has no foreign exchange earnings. There was an outgo of foreign exchange of Rs. 25.68 Lakhs.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is attached and forms an integral part of the report of the Board of Directors.

ACKNOWLEDGEMENT

Your Directors are grateful to the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Kerala, Securities and Exchange Board of India and other Regulatory Authorities, Bankers, Financial Institutions, Vendors and Customers for their continued support, co-operation and guidance.

We would like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels.

We would like to thank our shareholders for their cooperation and assistance during the year under report.

Thiruvananthapuram
Dated: 24.08.2017

For and on behalf of the Board
sd/-
Thomas John Muthoot
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

Towards the end of the Financial Year 2016-'17 (FY 17) global growth indicators showed signs of stronger activity in most advanced economies (AEs) and easing of recessionary conditions in commodity exporting large emerging market economies (EMEs). In the US the labour market, industrial production and retail sales are indicating a recovery towards the end of FY17. But there are risks to higher growth due to non-realisation or under-achievement of macroeconomic policies. In the Euro area, the manufacturing Purchasing Managers' Index (PMI) rose to a six-year high in March '17 due to improving consumer confidence and employment conditions. Japanese economy, also shows signs of revival in the form of falling unemployment, improving business sentiment on fixed investment, and rising exports helped by the depreciation of the yen. The outlook is gradually improving for EMEs. The Chinese economy also shows momentum in growth due to supportive macroeconomic policies, surging credit growth and a booming property market. But there are concerns about financial stability and capital outflows.

In Brazil, authorities initiated reforms to pull the economy out of recession even though hardening commodity prices are a threat to the reforms. Also financial fragilities continued to be a risk. Russia is benefitted by the improvement in crude prices and the outlook for 2017 is positive.

Inflation is showing upward trend in AEs to or above target levels on the back of slowly diminishing slack, rising commodity prices and tighter labour markets. In EMEs, except Turkey and South Africa generally there is easing of inflation pressures. Global trade volumes are finally showing signs of improvement amidst shifts in terms of trade, with exports rising strongly in several EMEs as well as in some AEs whose currencies have depreciated.

Policy announcements in major AEs, geo-political events and country-specific factors affected International financial markets. Equity markets in AEs were driven up by reflation trade, stronger incoming data and currency movements. Equity markets in EMEs had a mixed performance.

The dovish guidance on US monetary policy in the latter half of March, 2017 lifted equities across jurisdictions, especially in Asia, although doubts about the realisation of US policies, Brexit and softer crude prices tempered sentiments. In the currency markets, the US dollar's Bull Run lost steam by mid-March. EME currencies initially rose on optimism on the global outlook, but some of them have weakened with the fall in commodity prices. Crude prices touched a three-month low in March on rising shale output and US inventories.

On the domestic front, on May 31, 2017 India's Central Statistics Office (CSO) released quarterly estimates of national income accounts for Q4 of 2016-'17, provisional estimates for 2016-'17 and revisions for the preceding five years. The growth of real gross value added (GVA) for 2016-'17 has been pegged at 6.6 per cent, 0.1 percentage point lower than the second advance estimates released in February 2017. The industrial production has steadily improved in recent months and retail sales remain robust, although home sales ebbed in April. However, political risks remain high. Agriculture expanded strongly year-on-year after two consecutive years of growth of below one per cent. In the industrial front, except in electricity generation, there was a significant loss of momentum across all categories. The services sector also slowed. Public administration, defenses and other services cushioned this slowdown. Government expenditure made up for weakness in private consumption and capital formation, to some extent. Several indicators are pointing to a modest improvement in the macroeconomic outlook. Activity in the services sector appears to be improving as the constraining effects of demonetisation wear off.

Inflation also continues to be under control even though the announcements of large farm loan waivers may be a threat to maintaining the present trend. The implementation of the GST is not expected to have a material impact on overall inflation. The current account deficit (CAD) for the year 2016-'17 is likely to remain within 1 per cent of GDP.



The implementation of proposals in the Union Budget should attract private investment as the business environment improves with structural reforms, including the GST, the Insolvency and Bankruptcy Code, and the abolition of the Foreign Investment Promotion Board. Strengthening external demand will likely to play a more decisive role in supporting the domestic economy.

Industry Structure and Development.

The Gold loans in India have been in existence since centuries, in the form of unorganized institutions such as money lenders and pawn shops, delivering immediate and easy access to loans against gold jewellery, gold coins or gold bars as security. The practice of pawning, redeeming and re-pawning of gold is very prevalent from ages ago. Until a couple of decades ago, the whole market was covered by unorganized private players who would give loan against gold at usurious interest rates. The unorganized players still command a major portion of the market.

However, since 2008, the organized financial institutions and banks have changed the market dynamics. Financial institutions have introduced innovative lending against gold at cheaper costs and provide better customer service. They now command 25% of the gold loan market. The organized gold loan market has witnessed high growth rates in the past decade reaching almost 60% CAGR growth rate at some point of time. The gold loan market has emerged as one of the most reliable and convenient source of credit for low-income individuals and households, compared to other sources of credit available such as loans from Microfinance Institutions, personal loans, loans from self-help groups or community borrowing. Gold loans are available with minimal procedural and documentation requirements. They can be used for various purposes unlike micro finance loans or personal loans thus providing flexibility to gold loans.

The Gold Loan Market in India is the biggest market in the world probably due to large demand of gold by the Indians. Every year India imports around 900 tonnes of gold for consumption and it has the largest gold stock of 22000 tonnes which is privately held by domestic households and temples. The low income groups in India are the major customers of gold loan. Century's old practice of lending money against security of gold has been continuing in India in an unorganized manner. Farmers buy gold during the months of prosperity and stock it in the form of jewellery and ornaments and then pledge it during tough times to meet their financial requirements. This peculiar phenomenon in India has given rise to the gold loan market.

The market share of specialized Gold Loan NBFCs came down to 31% in FY 13 from a high of 36.5% in FY 12 and further declined to 28% in FY 14. During this period, the NBFCs focused and spent their resources in consolidating their operations, diversifying their risks and improving productivity from their existing branch network. As a result they could regain some of their lost ground in FY 15 and FY 16 with a market share of 30% and 31% respectively. During FY 17 their share improved further.

Gold Loan NBFCs are poised for a healthy growth as they enter into a stable regulatory regime. New NBFC entrants into the market were the worst affected by the regulatory uncertainty and their inability to manage their asset quality in the scenario of declining gold prices. Several players exited the market while a few others significantly reduced their exposure in the segment. Banks are adopting a cautious approach. Working capital fund is available to Gold Loan Companies at lower rates now since Banks have reduced their lending rates. All these augurs well for pure-play Gold Loan NBFCs such as Muthoot Fincorp Ltd. Presently only a small percentage of gold jewellery owned by Indians is pledged for loans. This aspect offers attractive long term growth prospects for Gold Loan NBFCs. Muthoot Fincorp Ltd. with its over a century old expertise and pan India presence can benefit from any increase in such a trend.

Strengths:

Core focus:

The Company is concentrating on ensuring customer delight through providing better and faster customer service at their door steps. The main focus of the Company is to provide gold loans at competitive rates. The Company offers different schemes to meet the varied requirements of different segments of its Customers.

Widespread Branch network:

The Customers of the Company are typically retail Customers, small business men, vendors, traders, farmers and salaried individuals who for reasons of convenience, access or necessity, avail of the credit facilities by pledging their gold with NBFCs rather than taking loans from Banks and other financial institutions. For rural Indian population it is a means to get quick liquidity to meet emergency expenses. Majority of its Branches are located in rural and semi urban areas. The presence in rural and semi urban areas gives the Company an added advantage in providing timely credit to potential Customers.

High-Quality Customer Service and shorter response time:

The products and services of the Company are aligned to the lifestyle needs of the general public. The Company ensures that the Branches are available at the door steps of its Customers. Various loan products tailor made for MSME, salaried/house hold segments and students are offered. In addition to the comfortable physical environment, it is of paramount important to have professional and caring staff at Branch level, Regional level and at Corporate Office level. The Company's Branches across India are staffed with persons who possess local knowledge and understanding of Customers' needs who are adequately trained to appraise collaterals and to disburse loans expeditiously. The loan products require minimum documentation and credit assessment requirements. The Company's high quality Customer service, short response time and different product variants offer better opportunity to it.

Access to a range of cost effective funding sources:

The main sources of the working capital for the Company are term loans from Banks, Redeemable Non- Convertible Debentures, both by public offer and by private placement, Commercial Papers and cash credit facilities from Banks including working capital loans. The Company also issues Subordinated Debt Instruments which is considered as Tier II Capital.

Experienced Professional Management Team and skilled work force:

The Company has an experienced professional management team and work force. To have an efficient credit appraisal and risk management system and to develop and implement credit policies, the Company is hiring a number of senior managers having vast experience in Banking and Financial Services Sector and providing loans to retail Customers. The deep industry knowledge and the loyalty of management professionals provide the Company with a distinct competitive advantage.

Transparent and standard operating practices:

The Company follows a transparent policy, capturing all the terms clearly in the loan document and operates with standard operating procedures, providing better customer comfort.

Opportunities:**Large Untapped market:**

The Indian households hold a huge quantity of gold in the form of jewellery/ ornaments/ coin/ bars. Traditionally, gold loans were a source for meeting unexpected expenses and certain household social obligations. Jewellery was also pledged to bridge the liquidity requirements while acquiring residential properties. However, in recent years gold loans have also emerged as an acceptable source of short term working capital finance for small businesses. The rapid expansion drive of specialized gold loan companies has been one of the key facilitating factor for this phenomenon.

Over the last decade there has been a change in the "debt- averse psychology" of the average Indian consumer and the acceptability of retail lending products has increased. The change in Customer mind-set is also reflected in the growth trends in the gold loan segment, where historically in geographies other than South India, Customers had cultural inhibitions in pledging their jewellery and viewed pledging as a last resort only to be tapped in case of



dire emergencies. The initial experience of gold loan companies in the western, eastern and northern parts of India has been very encouraging. The demand for gold loans has witnessed a strong growth as a result of the targeted promotion by gold loan companies.

The predominant customer base for gold loans continue to be farmers, low and lower middle income groups in urban areas, who resort to pledging gold to meet urgent personal and business needs. During recent years, business community has also started to avail gold loans for meeting their short term working capital requirements. This helps to broaden the reach of gold loans.

Level playing field:

During the FYs 2013-'15 gold loans market has experienced a significant slowdown, with an annual marginal growth of 4% during the period. During this period the gold loans market was hit by a series of adverse events including stricter RBI regulations, funding constraints and decline in gold prices. The regulatory parity with banks has been restored for gold loan companies and the regulatory regime for them is expected to be stable in the immediate to medium term. Many of the several new entrants have already left the market and the banks also reduced their exposure in lending against gold. The organized gold loan market could regain some of its lost grounds during the year. It is expected that there will be considerable improvement in the performance of the established gold loan Companies in the future.

Threats:

Competition:

There is strict competition among gold loan companies resulting in price war. There is also competition from banks and the unregulated unorganized sector which has more flexibility in their operation.

Fall in gold price:

Even though the Company ensures suitable risk management system against fall in gold prices, a steep fall in gold prices can adversely affect the performance of the Company.

Interest rate risk:

If the Company fails to manage its interest rate risk in the future it could have an adverse effect on its net margin, thereby adversely affecting its business and financial condition.

Adverse regulatory changes and Government policies:

Any adverse change in the regulatory frame work and Government policies in future, may affect the performance of the Company.

Gold Loan Industry outlook:

The financial year 2016-'17 was an eventful one for gold loan industry. The first two quarters of FY 17 brought optimism to the sector, as specialised Gold Loan NBFCs could register a growth of about 11 percent during this period, with total gold loan portfolio of NBFCs estimated to have crossed Rs.55,000 crore as on quarter ending September 2016, up from Rs.49,700 crore as on year ending March 2016. The sector suffered decline in volume during the third quarter of FY17 due to demonetisation. However during the fourth quarter, the volumes improved to close the year at 8-10 percent growth on an annualised basis.

The Indian Gold Loan market underwent a significant change as it came out of a particularly testing period during FY 13-15. The segment which was on an upswing during 2004-'12 went through a period of slowdown when the regulator, concerned about the overheating in the sector, introduced a series of guidelines to temper the growth of Gold Loan NBFCs. Further, the gold prices which exhibited a secular upward trend for a decade (2003-'13) started showing signs of weakness and began to decline. Gold Loan Companies faced a double whammy of more stringent RBI regulations, which placed them at a disadvantaged position compared with banks, and declining

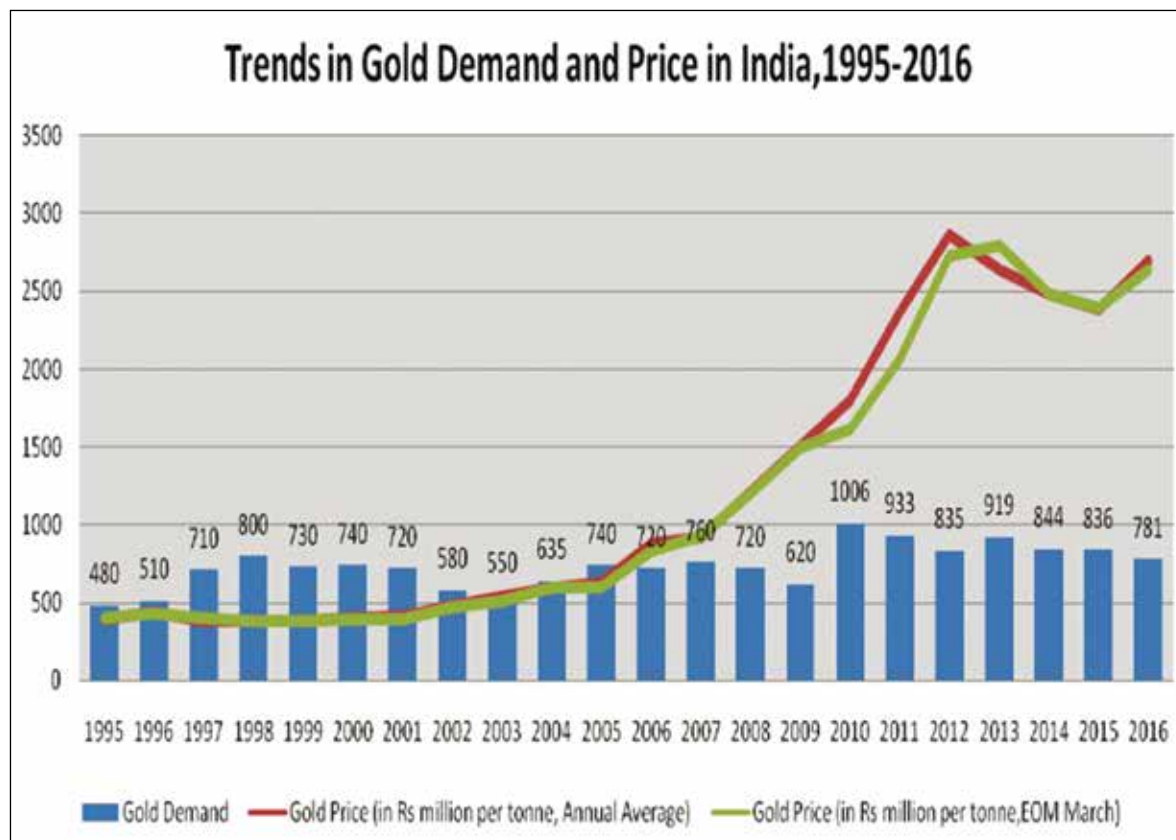
gold prices, leading to a significant slowdown in their business. Even banks could not capture much of the market vacated by gold loan companies mainly due to declining gold loan prices. Gold loan market showed only marginal improvement in FY 16 at an estimated portfolio of Rs.1400 billion despite a stable regulatory environment and recovery in gold prices during the last 2 quarters of FY 16.

Trends in Gold prices and demand

Three key factors have been instrumental in defining the growth achieved and contours of competitive landscape in the Gold Loan market in India. These factors are

1. Regulations governing the gold loan business
2. Trends in movement of gold prices and demand
3. Expansion strategy of gold loan NBFCs.

Gold has always held a special place in the life of every Indian and that continues to be so. Gold prices have a limited impact on the demand for gold jewellery. Absence of any observed correlation between price and demand for gold over the last twenty years bears testimony to this fact.



Expected outlook on the sector

Going forward, the gold loan market is expected to regain some of its lost sheen even as the growth rate is expected to be slower than that experienced during the period of rapid expansion (FY2007 to 2012). The gold loan market is expected to grow between 13 to 15 percent over the next three years from FY 17 to FY 20 and reach a market size of Rs.2100-2250 billion by FY 20. The key enabling factors are a stable and neutral regulating regime for specialised Gold Loan NBFCs, a reduced but sustained focus of commercial banks in the



sector, successful geographical expansion of gold loans market to the Non South Geographies, reversal in gold prices and attractive risk adjusted returns on gold loan. The key risks to the growth projections remain any abrupt and large downward revision in gold prices and any further tightening of the regulatory environment for NBFCs.

In the medium term (for the next 2 years) it is expected that the specialised Gold Loan NBFCs are well poised to grow. The overall regulatory environment is currently neutral for specialised Gold Loan NBFCs and expected to continue to be stable. Further, competition from banks can be expected to be subdued as public sector banks grapple with a weak credit demand and stress in their asset quality. For the next two years it is expected that the market share of gold loan NBFCs will increase steadily.

Income Profile:

Various products were introduced by your Company to meet the requirements of different segments of the Customers.

Secured Loan

The main business of your Company is to provide loan on the security of gold (Gold Loan) to the Customers. Income from Gold Loan is 73.85% of the total income of the Company. Income from other secured loans is 2.03 % of the total income.

Unsecured Loan

Income from unsecured Loan is 16.67 % of the total income of the Company.

Forex operations and Money Transfer Business

Income from Forex operations and Money Transfer Business forms about 0.72 % of the total income of the Company.

Alternate Energy

Your Company is contributing to a healthier environment and meeting the energy needs of the country by joining hands with Green India Campaign in harnessing wind energy. The installed capacity of Wind Power Generation at the end of the year stood at 23.225 MWs from 19 Wind Turbine Generators. 412.53 lakhs units of electrical energy were generated by the Wind Turbine Generators contributing to about 0.56% towards the Gross Income of the Company.

Financial/Operational Performance compared with the previous year

Interest from secured loans	:	decreased by 1.42% to Rs. 1,59,677.62 lakhs
Interest from unsecured loans	:	decreased by 9.25% to Rs. 35,086.59 lakhs
Revenue from Forex operations	:	decreased by 26.63% to Rs. 372.31 lakhs
Revenue from MTSS operations	:	decreased by 3.32% to Rs. 1,136.10 lakhs
Revenue from Operations	:	decreased by 2.99% to Rs. 1,96,272.62 lakhs
Other Income	:	increased by 128.82% to Rs. 14,187.15 lakhs

Other income of FY 2016-'17 was comparatively higher than that of FY 2015-'16 mainly due to write back of provision of earlier years and increase in income from power generation, investment and sale of loan assets.

Total Revenue	:	increased by 0.93% to Rs.2,10,459.77 lakhs
Employee Benefit Expenses	:	increased by 1.32% to Rs.37,247.56 lakhs
Finance Cost	:	decreased by 0.89% to Rs.1,09,093.44 lakhs
Depreciation and Amortisation	:	decreased by 0.28% to Rs.7,762.09 lakhs
Other Expenses	:	decreased by 2.64% to Rs.39,128.84 lakhs

Total Expenses	:	decreased by 0.81% to Rs.1,93,231.93 lakhs
Profit before Tax	:	increased by 25.61% to Rs.17,227.84 lakhs
Profit after Tax:		increased by 32.74% to Rs.11,607.06 lakhs
Earnings per Equity Share:		increased by 32.62% to Rs.6.22

Resource mobilisation:

The main sources for meeting the Working Capital requirements of the Company are loans from Commercial Banks, Financial Institutions, Secured Debentures and Sub Debts.

The Banks and other Financial Institutions are providing timely loans at competitive rates. The total amount outstanding against Secured Loans availed by the Company at the end of the reporting year was Rs.8,61,555 Lakhs as against Rs. 7,32,465 Lakhs in the Previous Year. The details of Secured Loans outstanding during the years 2016-'17 and 2015-'16 is given below:

(₹ in Lakhs)

	Particulars	2016 - 2017	%	2015 - 2016	%
A	From Banks				
	Term Loan	4,283	1%	9,594	1%
	Working Capital Loan	7,17,609	83%	5,17,839	71%
B	From Others				
	Secured Debentures	1,30,709	15%	1,91,066	26%
	Term Loan	15	0%	28	0%
	Interest payable on loans	8,939	1%	13,938	2%
	Total	8,61,555	100%	7,32,465	100%

Your Company did not issue Secured Debentures during the year under report. The total Debentures outstanding as on 31 March 2017 was Rs. 1,30,709.40 lakhs.

Sub Debt

To strengthen the Capital Adequacy Ratio, your Company continued to raise funds through the issue of Subordinated Debt Instruments. The total amount of subordinated debt instruments outstanding as at the end of the Financial Year under report was. Rs. 2,28,380.48 lakhs.

Human resources

In a business environment where “people” are the key differentiators, Human Resources department will continue to play a key and significant role in ensuring that MFL is an employer of choice in the businesses that we operate in. The Department of Human Resources plays a strategic role in engaging with employees at all levels, keeping them motivated to drive performance excellence aligned to the values and ethos of the company. In line with the Company's objective to build and develop the capability of its people to acquire higher skills and expertise, continuous effort has been made to attract, develop and retain talent. An addition of 4004 employees were made during the FY including fresh and replacement hiring, making the total employee base to 15,342 as on 31-Mar-2017. To continue to promote internal talent, the department provided Internal Job Progression at multiple levels across the company during the FY.

With an objective to digitize the various functionalities in HR and in the process, be environment friendly and a paper-less organization, we continued the migration of various critical and routine tasks on-line including Attendance Process, Exit Process and Flexi Benefits.



To bring in more transparency and objectivity in the performance management process, the Key Result Areas (KRAs) and Key Performance Indicators (KPIs) were discussed and signed off by all the employees, including the branch employees, in discussions with their Reporting Managers (RMs). To identify and reward talent, we rolled out talent identification and recognition initiative Employee of the Quarter (EoQ) in the HO as a pilot, which was very well received by the employees. We aim to replicate this across the various zones during the course of the current year. The Leadership Development Programme (MPG – LDP) for intake of fresh talent from campuses of repute, has advanced to its succeeding edition this year acquiring young and promising talent from top B-Schools from across the country, including IIMs. MPG-LDP continued to be nurtured by the expert panel of MPG mentors, imparting the campus recruits with live business scenarios and projects, along with CSR activities, thus aligning them with the objectives of the MPG. For the first time we have taken approximately 20 Summer Interns again from some of the best institutes from across the country. The interns will be assigned to “live” projects that will enable them gain corporate exposure. The company benefits from the outcome of these live projects, thus making it a win-win. This is also with an intent to “brand” MPG in campuses of repute, thus enhancing our ability to attract fresh talent, who could be moulded into leadership pipeline for future.

We also rolled out various employee engagement initiatives like “Loving, Caring, Sharing” with an objective to help the less fortunate of our brothers and sisters and Appreciation Week - to create the culture of appreciation within the Company etc.

Organisational Development

Key Strategic Initiatives

The Company has been continuously investing in developing advanced learning solutions for preparing its employees for the future as well as to equip them with necessary skills to cater to the ever increasing needs of its customers. Organizational Development (OD) understands that it has a key role to play in keeping the employees aspirations and organizational goals aligned. OD works on the principle that better knowledge helps employees to serve customers better.

OD has the goal of providing minimum of 3 trainings to every employee - of this 2 must be refresher technical trainings and 1 must be on behavioural aspects.

Induction Program: Gurukul – Induction training is provided to all new joiners to acquaint them with the Group, its activities and the products we offer to our customers along with understanding on processes, regulatory aspects including training on handling customers etc. We could provide Gurukul training for 4793 new joiners in 2.3lakhs man-hours, covering all the new joiners both at the Branch and the Corporate offices.

E-learning Module –Learning Management System - A compulsory online learning module for all employees at all grade levels up to Regional Manager has been developed in-house by our IT team concentrating on Products, Processes, General - Regulatory / Statutory norms and behavioral areas.

Refresher Training

We have conducted 2 refresher trainings for entire Branch staff, the first one on Third Party products, Group Company products and Operational Excellence covering 10720 staff in 85760 man-hours and the second one on New Gold Loan products, SME and Online Modules covering 11587employees in 92696 man-hours.

Specialized Training

Specialized training is imparted to employees joining specific functions/roles or department. Specialized training for Gold Inspectors for 3 days has been given and 80 Gold Inspectors were certified. Also, all the 20 trainers were given online training through Eduquest on softs skills and behavioral aspects.

Workshops

We have provided softs skills workshop conducted by reputable external Trainers called Prerna for all the staff of MFL from VP to CSE covering over 14000 employees

Leadership Development Program (LDP) for Senior Management

A major initiative launched for senior management team of MFL during the year of report was the year long LDP to develop a high-performance work culture for our organization.

Shubarambh and Daily Materials

Everyday morning for the purpose of learning and updating themselves, a daily material is given to the branch based employees in LMS, which is read and discussed by them while conducting Subhaarambh in the branches. Based on the daily materials of previous month, every month a test is conducted for the entire branch staff.

Employee Development, Updation and Engagement

Mind to Minds

Mind to Minds is a Lecture Series featuring distinguished personalities from the worlds of civil society, academia, business, arts, politics, literature, science, cinema etc for sharing their thoughts and ideas to enrich all our employees in MFL with knowledge in a wide range of fields. During 2016-'17 we had organized 8 Mind to Minds sessions by eminent personalities.

Muthoot Live

Muthoot Live is a Bi-monthly newsletter aiming to keep every Muthootian up to date with the latest news, views and events at Muthoot Fincorp, while also providing them with a platform to express themselves. From the title, Muthoot Live, to its content, it is the platform to engage across functions, departments, ideas, innovations and constructive feedback to better the employee and the Organization.

555

The 555 ideation programme is designed to encourage employees to think differently and to promote innovation within the organization.

The month of December is celebrated as Founder's Month, as the Birthday of the Founder Late Muthoot Pappachan, falls on December 29th. He was a great Visionary whose creativity, innovative thoughts and entrepreneurial spirit form the bedrock for MPG. And hence we are celebrating the month of December as "Ideation Month" and top 5 ideas received from staff are rewarded.

Blue Waves

Blue waves is conceived in commemoration of our Founder.

Initiated as a celebration with arts competitions for corporate office and other staff including all the group companies, it is now an annual event participated by the staff of entire MPG, PAN India, covering about 16000+ staff.

Thiruvananthapuram
Dated: 24.08.2017

For and on behalf of the Board
sd/-
Thomas John Muthoot
Managing Director

NOMINATION & REMUNERATION POLICY

Introduction

The Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualifications, positive attributes and independence of Directors and recommended to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees of the Company in terms of the provisions of Section 178 (3) of the Companies Act, 2013 (the Act).

I. Criteria for determining qualifications, positive attributes and independence of Directors:

Qualifications

The nomination process in the NRC/Board is transparent for encouraging diversity of thorough knowledge, experience, age and gender. The candidate shall possess managerial/business/ administrative qualifications and experience spread over more than a decade in diverse areas particularly, finance, banking and general management. While recommending the appointment the NRC shall consider the manner in which the function and domain expertise of the individual will contribute to the various functions of the Company.

The candidate shall be free from any disqualifications as provided under Sections 164 and 167 of the Act.

The candidate shall also meet the "Fit and Proper Criteria" as per the "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions".

Positive attributes

The Directors on the Board of the Company have to discharge their duties under the Act and other laws diligently and are expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment. Independent Directors are also governed by the "Code for Independent Directors" as given in Schedule IV to the Act.

Independence

An Independent Director shall meet the criteria for "Independent Director" as laid down in Section 149 of the Act.

II. Remuneration policy

The Company has adopted the remuneration policy for the Directors, KMPs and other employees pursuant to the provisions of the Act based on the following criteria.

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and;
- iii. Remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

a) **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 vis-à-vis the budgets as well as performance of its competitors, 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 etc. Any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Act.

b) Remuneration of Non-Executive Director (NED)

- a) The remuneration to the NEDs is restricted to the sitting fees for attending meetings of the Board of Directors/ Committees of the Board. Commission can also be paid to them as a percentage of profits as per the provisions of the Companies Act, 2013.
- 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/ Committees of the Board provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to NEDs.
- 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 Committees of the Board shall be reimbursed.

c) Remuneration of KMPs, Senior Management and Other Employees.

The Remuneration of the KMPs, Senior Management and Other Employees shall be in accordance with the Policy of the Company which is applicable to the employees. The Committee may consider the remuneration of KMPs, Senior Management and Other Employees 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.

Any amendment to the above policy shall be subject to the prior approval of the NRC and the Board of Directors.

Thiruvananthapuram
Dated: 24.08.2017

For and on behalf of the Board
sd/-
Thomas John Muthoot
Managing Director

Annexure II

Information required under section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a. Ratio of Remuneration of each Director to the median remuneration of all employees of your Company for the financial year 2016-17 is as follows:

SI No	Name of Director	Ratio of Remuneration of Director to the median remuneration
1	Mr. Thomas John Muthoot	687.25
2	Mr. Thomas Muthoot	549.80
3	Mr. Thomas George Muthoot	128.67
4	Mrs. Janamma Thomas	0.76
5	Mr. R Kamalasanan Nair	2.10
6	Mr. A P Kurian	1.53
7	Mr. Vikraman Ampalakkat	1.72

b. Details of percentage increase in the remuneration of each Director, CFO and Company Secretary in the financial year 2016-17 is as follows.

As per the terms of the appointment of Mr. Thomas John Muthoot, Managing Director and Mr. Thomas Muthoot, Executive Director were eligible for a yearly remuneration of Rs.900 Lakhs and Rs.720 Lakhs respectively. Mr. Thomas George Muthoot, Director was eligible for a commission of 1% of the profits of the Company. All the above remuneration/commission were subject to the overall limits of managerial remuneration as per the Companies Act 2013. During the year 2016-17 remuneration were paid to the Directors as detailed below:

SI No	Name	Designation	Remuneration
1	Mr. Thomas John Muthoot	Managing Director	Rs.9,00,00,000
2	Mr. Thomas Muthoot	Executive Director and CFO	Rs.7,20,00,000
3.	Mr. Thomas George Muthoot	Director	Rs. 1,66,00,000

Commission claimed by Mr. Thomas George Muthoot, Director was less than the eligible amount.

The other directors namely Mrs. Janamma Thomas, Mr. R. Kamalasanan Nair, Mr. AP Kurian and Mr. Vikraman Ampalakkat did not receive any remuneration from the Company other than the sitting fee for attending Board/Committee meetings. The sitting fee for attending Board/Committee meetings is Rs.25,000 per meeting.

Percentage increase in the remuneration of Company Secretary is 10.00%

c. Percentage increase in the median remuneration of employees in the financial year 2016-17: 8.4%

d. Number of permanent employees on the rolls of the Company as on 31.03.2017: 8,934.

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year – 11.5%

Average percentile increase in the managerial remuneration- 10.5%

Increase in salary to managerial personal was less than that given to other employees.

f. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration paid is as per the remuneration policy of the Company.

- g. Statement containing particulars of employees as required under Section 197(12) of the Act read with rule 5(2) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 as amended from time to time:

Name	Mr. Thomas John Muthoot	Mr. Thomas Muthoot	Mr. George Lamannil
Age of the Employee	54	50	60
Designation	Managing Director	Executive Director & Chief Financial Officer	Executive Director & General Counsel
Gross Remuneration (₹)	9,00,00,000	7,20,00,000	1,45,80,320
Nature of Employment, whether contractual or otherwise	Permanent	Permanent	Permanent
Qualification and Experience	B Com, OPM(Harvard) 32 years	BA, LLB 26 years	BA, LLB 38 years
Date of Commencement of Employment	10.06.1997	10.06.1997	18.07.2011
Last Employment held	NA	NA	BNP Paribas
% of Shareholding	26.25	26.25	NIL
Whether relative of any Director or manager of the Company and if so, name of such Director or Manager	Mr. Thomas George Muthoot, Mr. Thomas Muthoot, Mrs. Janamma Thomas	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mrs. Janamma Thomas	No



Details of Top 10 employees in terms of remuneration drawn during 2016-'17

Name	Age	Designation	Gross Remuneration (₹)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Last Employment held	% of Shareholding	Whether relative of any Director or manager of the Company
Mr. Thomas John Muthoot	54	Managing Director	9,00,00,000	Permanent	B Com, OPM (Harvard) 32 years	10.06.1997	NA	26.25	Mr. Thomas George Muthoot, Mr. Thomas Muthoot, Mrs. Janamma Thomas
Mr. Thomas Muthoot	50	Executive Director & CFO	7,20,00,000	Permanent	BA, LLB 26 years	10.06.1997	NA	26.25	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mrs. Janamma Thomas
Mr. George Lamannil	60	Executive Director & General Counsel	14,580,320	Permanent	BA, LLB 38 years	18.07.2011	BNP Paribas	NA	No
Mr. S Kannan	66	Executive Vice President	84,00,000	Contractual	BA, CAIIB 42 years	01.10.2013	Central Bank of India	NA	No
Mr. Joseph Oommen	47	Senior Vice President- Finance and Accounts	62,46,984	Permanent	BSc, CA 18 years	01.12.2011	Fin-Southern, Abudhabi	NA	No
Mr. Tojo Jose	54	Chief Human Resources Officer	37,65,998	Permanent	BA, PGDBA (XLRI) 32 years	05.10.2016	Blue Star	NA	No
Mr. Hiren Nemchand Chandaria	35	Associate Vice President- Commodities	33,96,774	Permanent	Bcom, MMS 13 years	18.05.2016	NCDEX	NA	No

Mr. Nadana Sabapathy R	63	Vice President-Resource Planning	33,00,000	Contract Expert	MSc, CAIIB 35	14.07.2014	SBI	NA	No
Mr. Jaychandran S	38	Vice President-Business Development	31,35,900	Permanent	MBA 16 years	01.09.2008	TVS Finance	NA	No
Mr. ASP Rao	58	Vice President-Business Development	30,08,340	Permanent	BA, DME (IAF) 36 years	07.04.2009	GE Money	NA	No

Thiruvananthapuram
Dated: 24.08.2017

For and on behalf of the Board
sd/-
Thomas John Muthoot
Managing Director

FORM NO. AOC -2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered by the company during the year ended March 31, 2017, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl No	Name (s) of the Related Party	Nature of Arrangements & Nature of Relationship	Duration of the Arrangements	Salient terms of the Arrangements	Date of approval by the Board/EGM	Amount paid as advances, if any (₹)
1	Muthoot Microfin Limited	Cash Management Services Subsidiary	5 years	Revision of fees for Cash Management Services from 0.02% to 0.5%	19.04.2016	NIL
2	Muthoot Automobile Solutions Private Ltd.	Loan Group Company	12 months	Sanctioning of Term Loan of Rs. 1 Crore	19.04.2016	Nil
3	Muthoot Microfin Limited	Subscription to preferential allotment of Equity Shares Subsidiary		Subscription of 1,00,00,000 equity shares of Rs. 10 each of Muthoot Microfin Ltd	19.04.2016	Nil
4	Muthoot Automobile Solutions Private Ltd.	Letting out of Office Space Group Firm	3 years	Letting out of office space (Showroom) at Kollam for a monthly rent of ₹3,50,000	06.06.2016	Nil
5	Muthoot Exim Private Ltd (MEPL).	Change in Commission Agreement Group Company	5 years	Increasing the commission payable by MEPL for utilising the Branch network, man power and other infrastructure facilities of Muthoot Fincorp Ltd	06.06.2016	Nil
6	Muthoot Microfin Limited	Lease Agreement Subsidiary	10 years	Renewal of lease agreement for sharing of physical space of 40 Sq.ft at the Company's Office at Bandra Kurla Complex at Mumbai	06.06.2016	Nil

SI No	Name (s) of the Related Party	Nature of Arrangements & Nature of Relationship	Duration of the Arrangements	Salient terms of the Arrangements	Date of approval by the Board/EGM	Amount paid as advances, if any (₹)
7	Muthoot Microfin Limited (MML)	Sale of Office furniture/ equipment <i>Subsidiary</i>		Sale of Company's office furniture and equipment to MML at book value	06.06.2016	Nil
8	MPG Hotels and Infrastructure Ventures Private Ltd (MHIVPL)	Purchase Agreement <i>Group Company</i>		Purchase of 10170 sq.ft of space at the 14 th floor of World Trade Centre, Bangalore from MHIVPL for ₹ 15,65,50,000	06.06.2016	14.87 crs
9	MPG Hotels and Infrastructure Ventures Private Ltd (MHIVPL)	Project Management Consultancy Agreement <i>Group Company</i>		Appointing MHIVPL as Principal Project Consultant and Marketing Consultant for development of property at Enchackal Bypass, Trivandrum	06.06.2016 Subsequently cancelled on 03.08.2016	Nil
10	MPG Hotels and Infrastructure Ventures Private Ltd (MHIVPL)	Project Management Consultancy Agreement <i>Group Company</i>		Appointing MHIVPL as Project Management Consultant and Marketing Consultant for development of property at Jawahar Nagar, Trivandrum	06.06.2016 Subsequently cancelled on 03.08.2016	Nil
11	MPG Hotels and Infrastructure Ventures Private Ltd (MHIVPL)	Project Management Consultancy Agreement <i>Group Company</i>		Appointing MHIVPL as Project Management Consultant and Marketing Consultant for sale of developed properties acquired/ to be acquired by the Company	06.06.2016 Subsequently cancelled on 03.08.2016	Nil
12	Muthoot Estate Investments	Share Purchase Agreement <i>Group Firm</i>		Purchase of shares of M/s L.M Realtors Private Ltd, M/s EMMEL Realtors and Developers Private Ltd, M/s Muthoot Land and Estate Private Ltd and M/s Muthoot Buildtech (India) Private Ltd	14.06.2016 Subsequently modified on 05.08.2016	35,96,00,000

SI No	Name (s) of the Related Party	Nature of Arrangements & Nature of Relationship	Duration of the Arrangements	Salient terms of the Arrangements	Date of approval by the Board/EGM	Amount paid as advances, if any (₹)
13	Muthoot Microfin Limited(MML)	Infusion of Share Capital <i>Subsidiary</i>		Further infusion of share capital upto Rs.25,00,00,000 (2,50,00,000 equity shares of Rs. 10 each) in MML during the financial year 2016-'17 in one or more tranches as when offer(s) is(are) received from MML	14.06.2017	Nil
14	Muthoot Microfin Limited (MML)	Service Agreement <i>Subsidiary</i>	1 year	Availing of the Services of MML for Muthoot Small & Growing Business (MSGB) Loan	03.08.2016	Nil
15	Muthoot Exim Private Ltd (MEPL).	Service agreement <i>Group Company</i>	5 years	Redemption of Gold voucher (value based or Grammage based) offered by MEPL to their corporate clients	03.08.2016	Nil
16	Muthoot Estate Investments (MEI), MPG Hotels and Infrastructure Ventures (Pvt.) Ltd. (MHIVPL) and Muthoot Agri Projects and Hospitalities Pvt. Ltd. (MAPHPL)	Development and sale of properties <i>Group Firm/ Company</i>		Joint Development Agreements (JDA) with MHIVPL, for development and sale of all the properties acquired/ to be acquired by the Company from MEI, MHIVPL and MAPHPL. Revived the interse project engagement executed with MHIVPL on 14.06.2016 in respect of development and sale of Kuravankonam property of the Company with increase on owners shares from 30% to 32% of sale value of apartments + car parks after cancelling the Project Management Consultancy Agreement with MHIVPL approved by the Board on 29.03.2016.	03.08.2016	Nil

SI No	Name (s) of the Related Party	Nature of Arrangements & Nature of Relationship	Duration of the Arrangements	Salient terms of the Arrangements	Date of approval by the Board/EGM	Amount paid as advances, if any (₹)
17	MPG Hotels and Infrastructure Ventures Pvt. Ltd.(MHIVPL)	Renewal of Sub lease agreement <i>Group Company</i>	6.6 years	Renewal of sub lease agreement of 2416 Sq.ft of its Office space at Second Floor, TC 15/1897(1), Near Geethanjali Hospital Vazhuthacaud	03.08.2016	Nil
18	Muthoot Motors Private Ltd (MML)	Loan Agreement <i>Group Company</i>	6 Months	Sanctioning ₹ 1 Crore working capital loan to MML at an interest of 18% p.a	03.08.2016	Nil
19	Muthoot Estate Investments	Review of Shareholders decision dated 14.12.2015 <i>Group Firm</i>		Review of the Share Holders Decision dated 14-12-2015 for purchase of assets of Rs.405 crs.	05.08.2016	4,03,65,50,000
20	Muthoot Housing Finance Company Ltd. (MHFCL)	Space Sharing Agreement <i>Subsidiary</i>	10 years	Sub-letting of office space at various Branches of the Company to MHFCL	27.09.2016	Nil
21	Muthoot Pappachan Technologies Limited	Service Agreement <i>Subsidiary</i>		Outsourcing the entire IT functions of MFL with effect from 01.08.2016	27.09.2016	Nil
22	Muthoot Exim Private Ltd (MEPL).	Service agreement <i>Group Company</i>	5 years	Revision of Commission payable by MEPL for utilizing the Branch network, man power and other infrastructure facilities of Muthoot Fincorp Ltd	14.12.2016	Nil
23	Muthoot Microfin Limited (MML)	Space sharing/ Sub letting Agreements <i>Subsidiary</i>	10 years	Space Sharing/ Subletting of office space at various Branches of the Company to MML	14.12.2016	Nil
24	Muthoot Microfin Limited (MML)	Infusion of Share Capital <i>Subsidiary</i>		Investment in 871992 number of additional shares at a premium of Rs. 104.68 per share in the share capital of MML	14.12.2016	Nil



SI No	Name (s) of the Related Party	Nature of Arrangements & Nature of Relationship	Duration of the Arrangements	Salient terms of the Arrangements	Date of approval by the Board/EGM	Amount paid as advances, if any (₹)
25	Muthoot Microfin Limited (MML)	Service Agreement <i>Subsidiary</i>	1 year	Revision of Commission for availing of the Services of MML for Muthoot Small & Growing Business (MSGB) Loan	14.12.2016	Nil
26	Muthoot Microfin Limited (MML)	Sale Agreement <i>Subsidiary</i>		Selling of Company's office furniture and equipment to MML at Book value	14.12.2016	Nil
27	Muthoot Capital Services Ltd. (MCSL)	Safe Custody agreement <i>Group Company</i>		Providing safe custody facility for keeping of gold jewellery pledged with MCSL by its Vehicle Loan Customers in the strong room (to the extend applicable and possible) of MFL branches located anywhere in India	13.02.2017	Nil
28	Muthoot Microfin Limited (MML)	Space sharing Agreements <i>Subsidiary</i>	10 years	Subletting of office space at various Branches of the Company to MML	13.02.2017	Nil

For and on the behalf of the Board of Directors
sd/-

(Thomas John Muthoot)
Managing Director

Thiruvananthapuram
Dated: 24.08.2017

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Muthoot Fincorp Limited

Muthoot Centre, TC No 14/2074- 7

Punnen Road, Trivandrum

Kerala - 695039

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 Fincorp Limited [CIN: U65929KL1997PLC011518]** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (b) 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.
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) As informed to us, the following Regulations and Guidelines prescribed under the Reserve Bank of India Act, 1934 applicable to Non-Banking Financial Companies (Non Deposit Accepting or Holding) are specifically applicable to the Company:



- a. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
- b. Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 and Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
- c. Reserve Bank of India (Non-Banking Financial Companies) Returns Specifications, 1997 and Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
- d. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
- e. Guidelines for Asset-Liability Management (ALM) system in Non-Banking Financial Companies;
- f. Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies and Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
- g. Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards and Know Your Customer (KYC) Direction, 2016;
- h. Fair Practices Code;
- i. Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015;
- j. Regulation of excessive interest charged by NBFCs;
- k. Miscellaneous Instructions to all Non-Banking Financial Companies and Miscellaneous Instructions to NBFC-ND-SI;
- l. Reserve Bank Commercial Paper Directions, 2012;
- m. Guidelines for issue of Commercial Paper.

(vii) The Prevention of Money Laundering Act, 2002 and the Regulations and Bye-laws framed there under.

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

- (i) Secretarial Standards relating to Board (SS 1) and General Meetings (SS 2) issued by The Institute of Company Secretaries of India;
- (ii) The Debt Listing Agreement entered into by the Company with BSE 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 size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company has made a Rights Issue of 71,42,860 equity shares of Rs. 10/- each at a premium of Rs. 200/- on 31st March 2017, in compliance with the provisions of Section 62 (1) (a) of the Companies Act, 2013.

We further report that during the period under review the company has issued Subordinate debts (Series 14 and 15) in compliance with the provisions of Section 180 (1) (c) and other applicable provisions of Companies Act, 2013.

We further report that during the audit period there were no instances of:

- i. Public / Preferential issue of shares / debentures / sweat equity;
- ii. Redemption / buy-back of securities;
- iii. Major decisions taken by the members in pursuance to Section 180 of the Act;
- iv. Merger / amalgamation / reconstruction etc.;
- v. 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.

Kochi
31.07.2017

For SVJS & Associates
Company Secretaries

sd/-
CS Sivakumar P.
Managing Partner
CP No:2210, FCS:3050



Annexure A

To
The Members
Muthoot Fincorp Limited
Muthoot Centre, TC No 14/2074- 7
Punnen Road, Trivandrum
Kerala - 695039

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

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2017 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal / professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

Kochi
31.07.2017

For SVJS & Associates
Company Secretaries

sd/-
CS Sivakumar P.
Managing Partner
CP No:2210, FCS:3050

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65929KL1997PLC011518
ii)	Registration Date	10/06/1997
iii)	Name of the Company	MUTHOOT FINCORP LIMITED
iv)	Category / Sub-Category of the Company	Public Company / Limited by share
v)	Address of the Registered office and contact details	Muthoot Centre, TC NO 14/2074- 7, Punnen Road, Trivandrum - 695039 Kerala.
vi)	Whether listed company	Yes- The Company has listed its Non-Convertible Debentures. Shares are not listed.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited II Floor, Kences Towers, No. 1 Ramakrishna Street, North, Usman Road, T Nagar, Chennai - 600 017, Tel: +91 (44) 2814 0801 - 803

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY -

SL No	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the company
1	Financial Services	6492	93.26

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	% of Shares held
1.	Muthoot Housing Finance Company Limited	U65922KL2010PLC025624	Subsidiary Company	75.32
2.	Muthoot Microfin Limited	U65190MH1992PLC066228	Subsidiary Company	83.51
3.	Muthoot Pappachan Technologies Limited	U72200KL2012PLC032664	Subsidiary Company	60

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**A) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	18,65,62,664	0	18,65,62,664	99.99998	19,31,10,274	0	19,31,10,274	99.69	3.51



b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub- Total (A) (1)	18,65,62,664	0	18,65,62,664	99.99998	19,31,10,274	0	19,31,10,274	99.69	3.51
(2) Foreign									
a) NRIs - Individual	0	0	0	0	0	0	0	0	0
b) Other - Individual	0	0	0	0	0	0	0	0	0
c) Bodies Corp-	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1) + (A)(2)	18,65,62,664	0	18,65,62,664	99.99998	19,31,10,274	0	19,31,10,274	99.69	3.51
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
Sub-total (B) (1) :-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	5,95,250	0	5,95,250	0.31	0.31
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	36	0	36	0.00002	36	0	36	0.00002	0

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	5,95,286	0	5,95,286	0.31002	0.31
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	5,95,286	0	5,95,286	0.31002	0.31
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	18,65,62,700	0	18,65,62,700	100	19,37,05,560	0	19,37,05,560	100	3.83

B) Shareholding of Promoter-

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding 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	Thomas John Muthoot	4,91,66,411	26.35	0	5,08,43,764	26.25	0	3.41
2	Thomas George Muthoot	4,91,66,411	26.35	0	5,08,43,764	26.25	0	3.41
3	Thomas Muthoot	4,91,66,416	26.35	0	5,08,43,769	26.25	0	3.41
4	Preethi John Muthoot	1,30,20,818	6.98	0	1,35,25,989	6.98	0	3.88
5	Nina George	1,30,20,791	6.97998	0	1,35,25,961	6.97	0	3.88
6	Remy Thomas	1,30,20,817	6.98	0	1,35,25,988	6.98	0	3.88
7	Janamma Thomas	1,000	0.01	0	1,039	0.009954	0	3.9
	Total	18,65,62,664	99.99998	0	19,31,10,274	99.689954	0	3.51

C) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	18,65,62,664	99.99998		



Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	31.03.2017 65,47,610 Allotment	3.38	19,31,10,274	99.69
At the end of the year	19,31,10,274	99.69	19,31,10,274	99.69

D). Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
1	Muthoot Exim Private Ltd	0	0	4,76,200	0.25	0.25
2	Muthoot Kuries Private Ltd	0	0	1,19,050	0.06	0.06
3	Mr. A.V Koshy	5	0.0000028	5	0.0000025	0
4	Mr. Jayakrishnan P	5	0.0000028	5	0.0000025	0
5	Mr. Amjad A.M	5	0.0000028	5	0.0000025	0
6	Mr. Parameswaran T.S	5	0.0000028	5	0.0000025	0
7	Mrs. Lathika Anand	5	0.0000029	5	0.0000025	0
8	Mrs. Sangeetha Vijay	5	0.0000029	5	0.0000025	0
9	Mrs. Shiney Thomas	6	0.0000030	6	0.0000031	0
	Total	36	0.0000020	5,95,286	0.310046	0.31

E) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Thomas John Muthoot- (Managing Director and KMP)				
	At the beginning of the year	4,91,66,411	26.35	4,91,66,411	26.35
	At the end of the year	5,08,43,764	26.25	5,08,43,764	26.25
2.	Thomas George Muthoot - (Non-Executive Director)				
	At the beginning of the year	4,91,66,411	26.35	4,91,66,411	26.35
	At the end of the year	5,08,43,764	26.25	5,08,43,764	26.25
3.	Thomas Muthoot - (Executive Director & C.F.O (KMP))				
	At the beginning of the year	4,91,66,416	26.35	4,91,66,416	26.35
	At the end of the year	5,08,43,769	26.25	5,08,43,769	26.25

4.	Janamma Thomas (Non- Executive Director)				
	At the beginning of the year	1,000	0.001	1,000	0.001
	At the end of the year	1,039	0.001	1,039	0.001
5.	R Kamalasanan Nair - (Independent Director)				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
6.	A.P Kurian - (Independent Director)				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
7.	Vikraman Ampalakat - (Independent Director)				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
8.	T.D Mathai - (Company Secretary and KMP)				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0

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 financial year				
i) Principal Amount	7,18,526.72	2,06,579.55	-	9,25,106.27
ii) Interest due but not paid	2,654.16	441.58	-	3,095.75
iii) Interest accrued but not due	11,283.80	38,775.21	-	50,059.01
Total (i+ii+iii)	7,32,464.68	2,45,796.34	-	9,78,261.02
Change in Indebtedness during the financial year				
* Addition	17,23,355.47	76,266.72	-	17,99,622.19
* Reduction	15,94,265.06	30,056.16	-	16,24,321.22
Net Change	1,29,090.41	46,210.56	-	1,75,300.97
Indebtedness at the end of the financial year				
i) Principal Amount	8,52,615.96	2,42,780.48	-	10,95,396.44
ii) Interest due but not paid	1,881.65	488.90	-	2,370.55
iii) Interest accrued but not due	7,057.49	48,737.53	-	55,795.01
Total (i+ii+iii)	8,61,555.09	2,92,006.90	-	11,53,562.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL. (₹)**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.NO.	Particulars of Remuneration	Name of MD/WTD/ Manager		
		Mr. Thomas John Muthoot	Mr. Thomas Muthoot	Total Amount



	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,00,00,000	7,20,00,000	16,20,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Fee for attending Board/Committee Meetings	0	0	0
3	Stock Option	0	0	0
4	Sweat Equity	0	0	0
5	Commission - as % of profit	0	0	0
6	Others, please specify	0	0	0
	Total (A)	9,00,00,000	7,20,00,000	16,20,00,000
	Ceiling as per the Act	9,50,69,209	9,50,69,209	19,01,38,418

B. Remuneration to other directors

S I. No	Particulars of Remuneration	Name of Directors			Total Amount
	Independent Directors	Mr. R. Kamalasanan Nair	Mr. A.P Kurian	Mr. Vikraman Ampalakkat	
1	Fee for attending Board /Committee Meetings	2,75,000	2,00,000	2,25,000	7,00,000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (1)	2,75,000	2,00,000	2,25,000	7,00,000
	Other Non-Executive Directors	Ms. Janamma Thomas	Mr. Thomas George Muthoot		
2	Fee for attending Board/ Committee Meetings	1,00,000		2,50,000	3,50,000
	Commission	0		1,66,00,000	1,66,00,000
	Others, please specify	0		0	0
	Total (2)	100,000		1,68,50,000	1,69,50,000
	Total (B)=(1 + 2)			1,76,50,000	1,54,25,000
	Total Managerial Remuneration			17,96,50,000	
	Overall Ceiling as per the Act			20,91,52,261	

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. T.D. Mathai, (Company Secretary)	Mr. Thomas Muthoot, (Chief Financial Officer*)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,43,984	0	20,43,984
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	68,016	0	68,016
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit	0	0	0
5	Others, please specify	0	0	0
	Total	21,12,000	0	21,12,000

*Remuneration paid to Mr. Thomas Muthoot (Executive Director & CFO) during the Financial Year 2016-2017 is shown under Remuneration to Managing Director, Whole-time Directors and/or Manager.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment					
Compounding					

For and on the behalf of the Board of Directors
sd/-
(Thomas John Muthoot)
Managing Director

Thiruvananthapuram
Dated: 24.08.2017



ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016-'17

1. A brief outline of the company's CSR policy:

The CSR programs of Muthoot Fincorp Ltd. (MFL) are bound by the theme HEEL: Health, Education, Environment, Livelihood. MFL will be leading its CSR initiative within the HEEL framework, specifically involving their staff and its customers.

Aligning with vision of the company, MFL, will continue to increase value creation in the community in which it operates, through its services and CSR initiatives planned and implemented by Muthoot Pappachan Foundation, so as to stimulate well-being for the community, in fulfillment of its role as a responsible, corporate citizen.

The objective of the MFL CSR Policy is to:

- Build a framework of CSR activities with a philanthropic approach in line with its business objectives, which also benefits the organization at large;
- Shape sustainability for the organization by 'Engaging the Community.'
- Build a corporate brand through CSR activities.
- Make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business", for its stakeholders.

The over-arching framework of HEEL, will not only guarantee consistency but also full compliance with the CSR requirements mandated by the Companies Act 2013. HEEL will allow MFL to remain focused on selected issues while adopting a systematic and professional approach to its work.

2. The Composition of the CSR Committee as on 31st March 2017 is as follows:

Mr. R. Kamalasanan Nair (Independent Director & Chairman)
Mr. Thomas John Muthoot
Mr. Thomas George Muthoot
Mr. Thomas Muthoot

3. Average net profit of the company for last three financial years - Rs. 111.71 Cr

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) - Rs. 2.23 Cr

5. Details of CSR spent during the financial year.

- a) Total amount to be spent for the financial year - Rs.8.35 Cr (Current years prescribed expenditure Rs.2.23Cr. + Last year's carry forward Rs.6.12 Cr)
- b) Amount unspent, if any - Rs.5.42 Cr

c) Manner in which the amount spent during the financial year is detailed below.

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs was undertaken (1) Local area or other (2) Specify the State and district	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: a) Direct or b) through implementing agency *
1	Cleft Surgery Mission (Mission Smile)	Health	South India	1,75,64,000	1,73,51,377	1,73,51,377	a) NIL b) 1,73,51,377
2	Treatment Support	Health	Kerala	7,00,000	6,51,000	6,51,000	a) NIL b) 6,51,000
3	Medical Camps	Health	Pan India	28,000	27,165	27,165	a) NIL b) 27,165
4	Sougyam Camp - Free Surgeries (Hip/Knee Replacement)	Health	Kerala	29,000	28,980	28,980	a) NIL b) 28,980
5	Educational Assistance Projects	Education	Kerala	9,31,000	9,30,298	9,30,298	a) NIL b) 9,30,298
6	Sports for Development Project	Education	Kerala	22,33,000	22,32,366	22,32,366	a) NIL b) 22,32,366
7	Skill Development	Education	Kerala	22,60,000	20,67,825	20,67,825	a) NIL b) 20,67,825
8	Sports	Training to Promote Sports	Kerala	25,04,000	24,86,847	24,86,847	a) NIL b) 24,86,847
9	ileague Training Program Expenses	Training to Promote Sports	Kerala	4,46,000	4,45,918	4,45,918	a) NIL b) 4,45,918
10	iLEAD Vocational Training Program Expenses	Livelihood	Kerala	6,93,000	6,92,800	6,92,800	a) NIL b) 6,92,800
11	Slum Development/ Rural Activities/ Housing Assistance	Rural Development	Kerala	4,15,000	4,15,000	4,15,000	a) NIL b) 4,15,000



12	Environment Projects	Environment	Pan India	4,96,000	4,95,316	4,95,316	a) NIL b) 4,95,316
13	Admin/ Governance/ Consultation/ Audit charges	Overhead		14,11,000	13,97,554	13,97,554	a) NIL b) 13,97,554
14	Training/ Travel/ Field Support Activities	Overhead		71,000	70,412	70,412	a) NIL b) 70,412
	Total			2,97,81,000	2,92,92,858	2,92,92,858	2,92,92,858

*Details of implementing agency:

Direct implementing agency: Muthoot Pappachan Foundation

Partnership NGOs:

A. Health:

- Mission Smile (Charitable Trust)
- Aashiana Charitable & Educational Trust (Charitable Trust)

B. Education:

- Magic Bus India Foundation

C. Livelihood:

- Ernakulam Cricket Club (Charitable Trust)
- Aide et Action (Charitable Trust)
- Kovalam Football Foundation (Nonprofit Company: Sec-8)

6. Explanation for unspent amount

During the FY we were able to spent 2.93 Cr which exceeds the 2% provision for the FY (2.23 Cr). The rest of the carried forward funds from previous years will be utilised in the coming FY for which we have made programmes and budget.

Programmes and partnerships are being developed by our Foundation towards impactful CSR interventions which are also marked for employee engagement on a larger scale. The flagship programmes are progressing efficiently in the field, benefiting many deserving people. We will ensure that the company implement all the scheduled CSR programmes and completely utilise the funds towards the planned programmes.

7. Responsibility Statement.

The CSR Committee hereby confirms that the CSR initiative implemented by Muthoot Fincorp Ltd. through Muthoot Pappachan Foundation during the reporting period is in compliance with CSR objectives and Policy of the company. The CSR Committee regularly monitors the field implementation of the planned activities ensuring that it is in due adherence to the Companies Act and the approved CSR Policy of the Company.

sd/-
(Thomas John Muthoot)
Managing Director

sd/-
(R Kamalasanan Nair)
Chairman-CSR Committee

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Name of the subsidiary	Muthoot Housing Finance Company Ltd	Muthoot MicroFin Limited	Muthoot Pappachan Technologies Limited
Date since when subsidiary was acquired	8 th August 2012	15 th January 2014	29 th May 2013
Reporting period	31.03.2017	31.03.2017	31.03.2017
Reporting Currency	INR	INR	INR
Share Capital	52,29,14,000	88,16,79,440	500,000
Reserves & Surplus	30,56,06,302	100,84,79,211	(1,93,31,608)
Total Assets	6,07,44,76,803	14,57,80,37,115	17,80,88,972
Total Liabilities	6,07,44,76,803	14,57,80,37,115	17,80,88,972
Investments	-	-	-
Turnover	80,29,08,017	243,84,38,876	11,15,45,079
Profit Before Taxation	5,44,23,122	57,22,11,658	1,07,99,699
Provision for Taxation	71,66,958	20,18,30,262	33,37,107
Profit After Taxation	4,72,56,164	37,03,81,396	74,62,592
Proposed Dividend	-	-	-
% of Shareholding	75.32%	83.51%	60%

1. Names of subsidiaries which are yet to commence operations Nil
2. Names of subsidiaries which have been liquidated or sold during the year. Nil



Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S No.	Name of the Associates/ Joint venture	Nil
1.	Latest Audited Balance Sheet Date	Nil
2.	Shares of Associate/Joint Ventures held by the company on the year end	Nil
3.	Description of how there is significant influence	Nil
4.	Reason why the associate/joint venture is not consolidated	Nil
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	Nil
6.	Profit / Loss for the year	
	i. Considered in Consolidation	Nil
	ii. Not Considered in Consolidation	Nil

- | | |
|--|-----|
| 1. Names of associates or joint ventures which are yet to commence operations. | Nil |
| 2. Names of associates or joint ventures which have been liquidated or sold during the year. | Nil |

For on the behalf of Board of Directors of Muthoot Fincorp Limited

sd/-
Thomas George Muthoot
 Director
 DIN: 00011552

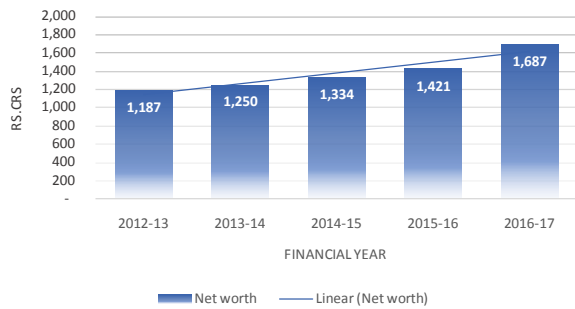
sd/-
T.D Mathai
 Company Secretary

sd/-
Thomas John Muthoot
 Managing Director
 DIN: 00011618

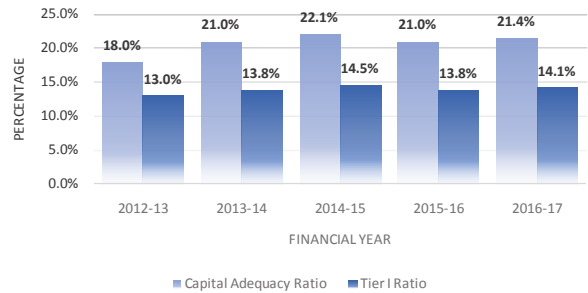
sd/-
Thomas Muthoot
 Executive Director & Chief Financial Officer
 DIN: 00082099

FINANCIAL INDICATORS

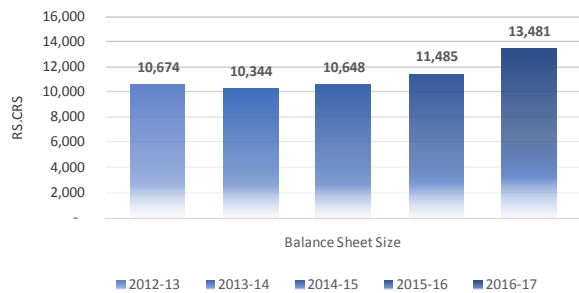
NETWORTH



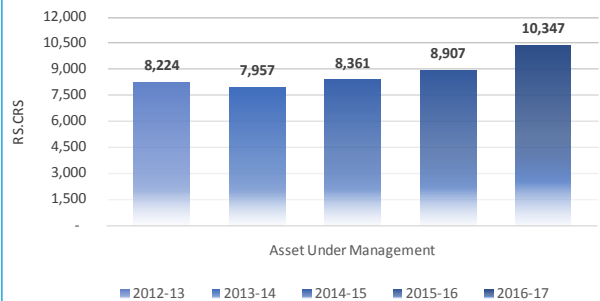
CRAR %



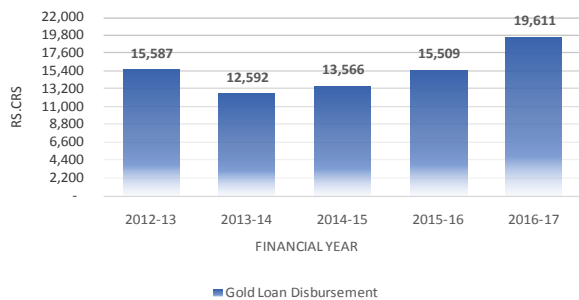
TOTAL ASSETS



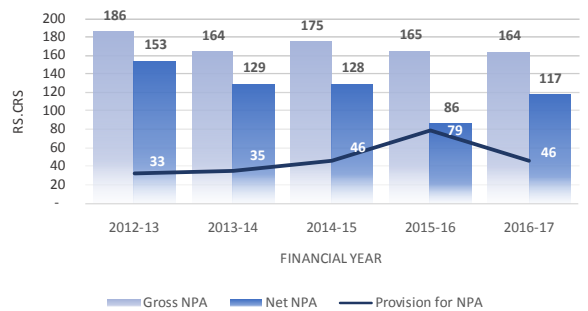
ASSET UNDER MANAGEMENT



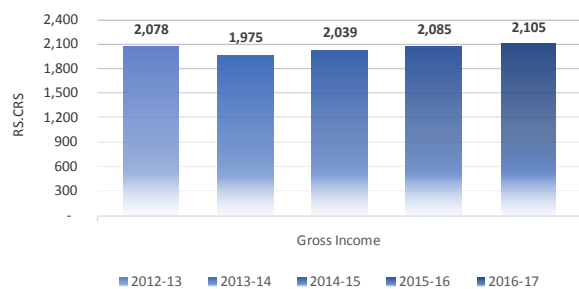
GOLD LOAN



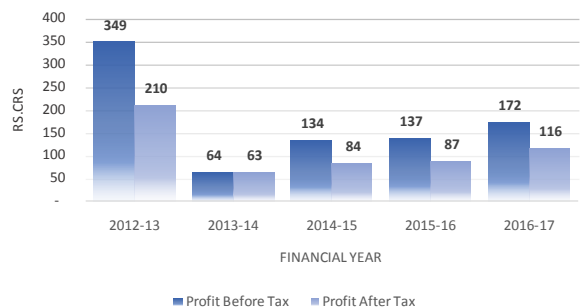
NPA & PROVISION



GROSS INCOME

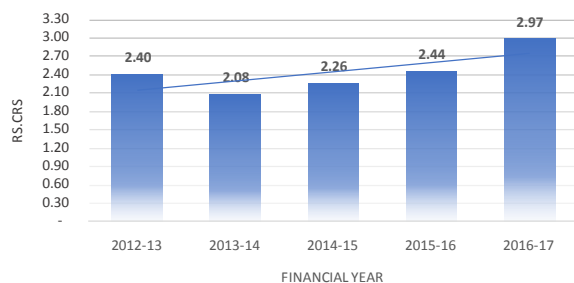


PBT VS PAT

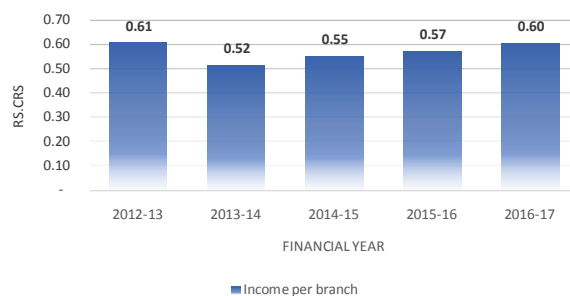




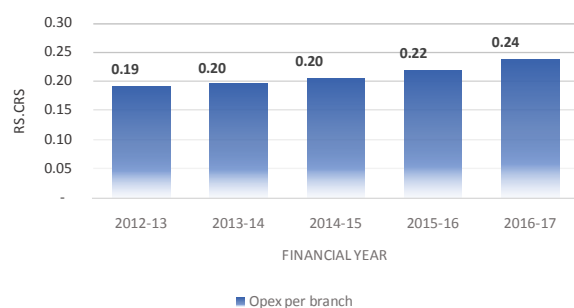
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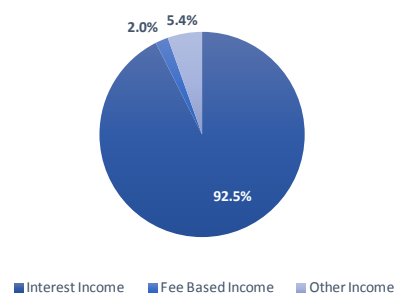
INCOME PER BRANCH



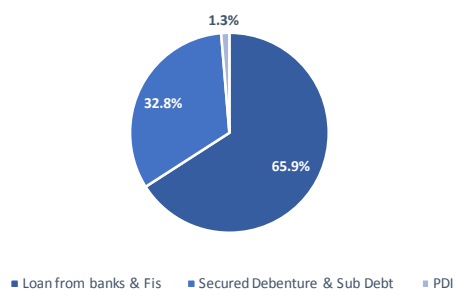
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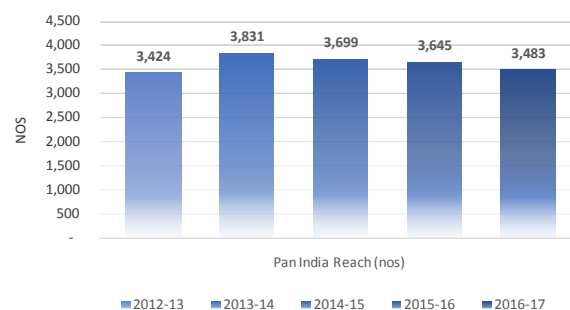
SOURCES OF INCOME



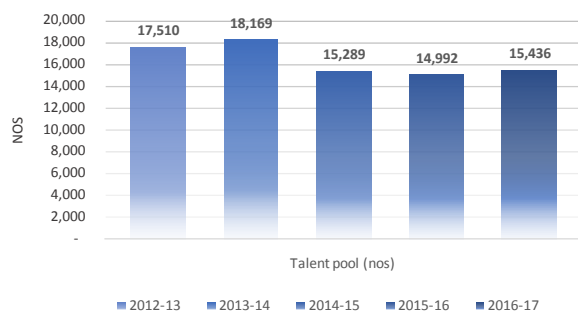
SOURCES OF FUND



PAN INDIA REACH



TALENT POOL



A CHERIAN & ASSOCIATES
Chartered Accountants

Puthuparampil, Manganam P.O., Kottayam - 686018
0481-2575155; Mobile : 9847063828
email: abrahamcherian06@yahoo.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUTHOOT FINCORP LIMITED Report on the standalone financial statements

1. We have audited the accompanying standalone financial statements of Muthoot Fincorp Ltd. (herein after referred to as 'the Company'), which comprise the Balance Sheet as at 31 March 2017, 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 standalone financial statements

2. 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 standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial 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.

Auditors responsibility

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

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

5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.

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



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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements together with the notes thereon 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 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

9. As required by the 'Companies (Auditors' Report) Order, 2016', as amended, issued by the Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

10. 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.

(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 standalone 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 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act.

(f) With respect to the adequacy of Internal Financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"

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

a) The Company has disclosed the impact, if any, of pending litigations as at 31 March 2017, on its financial position in its standalone financial statements;

b) The Company did not have any foreseeable losses on long-term contracts including derivative contracts, if any, in respect of which any provision is required to be made under the applicable law and Accounting Standards;

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017.

d) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in

Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures, information and explanations given to us and relying on management representation, we report that the disclosures are in accordance with the books of accounts maintained by the company and as produced to us by the management. However, in the absence of appropriate audit evidence, we are unable to comment upon the appropriateness of classification between specified bank notes and other denomination notes of 'permitted receipts', 'non-permitted receipts' and 'deposits in banks' as disclosed under such note.

For A.Cherian & Associates,
Chartered Accountants,
Firm Regn. No. – 011456S

sd/-

CA. Abraham Cherian
Proprietor
Membership No.: 202759

Place: Thiruvananthapuram
Date: May 09, 2017



Annexure A to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the standalone financial statements as of and for the year ended 31 March 2017

(i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We have been informed that there have been no material discrepancies during such verification.

(c) In our opinion and according to the information and explanations given to us, the title deeds of immovable property are held in the name of the Company.

(ii) The Company does not have any Inventory other than Immovable property held for the purpose of development and/or sale. Hence, the provisions of clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has granted the following loans to parties listed in the Register maintained under Section 189 of the Companies Act, 2013:

Name of the party	Nature of Loan	Balance as on 31.03.2017
Muthoot Housing Finance Company Limited	Unsecured Loan	23,97,00,000
Muthoot Pappachan Technologies Limited	Unsecured Loan	13,65,00,000
Muthoot Automobile Solutions Private Limited	Unsecured Loan	100,00,000

(a) In our opinion, the terms & conditions of the grant of such loan are not prejudicial to the interests of the Company.

(b) The above mentioned loans are repayable only at the end of the loan tenure and as such there is no repayment schedule. The interest repayment is regular.

(c) There is no amount overdue for more than ninety days with respect to these loans.

(iv) In our opinion, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the Rules framed there under to the extent notified.

(vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and hence the provisions of this section are not applicable to the Company for the year under review.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax and other material statutory dues, as applicable, with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues as at 31 March 2017 which have not been deposited on account of a dispute, are as follows:

(Rs. In lakhs)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Service Tax	Tax on Income from Foreign Inward Remittances	17.17	01/02/2006 to 30/09/2007	CESTAT, Bangalore
Income Tax	Demand Payable under S.143(3) - net of Refund adjustments	1,463.50	AY 2010-11	CIT (Appeals), Trivandrum
Income Tax	Demand Payable under S.143(3) - net of Refund adjustments	741.70	AY 2013-14	CIT (Appeals), Trivandrum
Income Tax	Non-Deduction of Tax at Source	3,273.66	AY 2015-16	CIT (Appeals), Trivandrum
Value Added Tax	Purchase Tax	1,146.15	AY 2013-14	Deputy Commissioner (Appeals), Trivandrum

(viii) According to the records of the Company examined by us, and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

There are unpaid amounts of debentures amounting to Rs. 153.37 lakhs outstanding as on March 31, 2017, which could not be paid as proper claims were not received from the debenture holders, as confirmed by the management.

(ix) Based on the information and explanations given to us, the Company has applied moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, instances of loans granted against theft gold, spurious gold and misappropriation of cash committed by personnel of the Company during the year were noticed aggregating to Rs. 263.39 lakhs (net of recovery), which has been fully provided for in the accounts.

(xi) In our opinion, the managerial remuneration paid or provided, is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.

(xii) The Company, not being a Nidhi Company does not attract the provisions of Clause 3 (xii) of the Order.

(xiii) In our opinion and according to the information and explanation given to us, all transactions with related parties have been made in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the information and explanation given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them.

(xvi) The Company, being a Non-Banking Financial Company is required to be registered and has obtained the Certificate of Registration as provided under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Thiruvananthapuram
Date: May 09, 2017

For A Cherian & Associates,
Chartered Accountants,
Firm Regn. No. - 011456S

sd/-
CA. Abraham Cherian
Proprietor
M.No.202759



Annexure B to Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the standalone financial statements as of and for the year ended 31 March 2017

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

We have audited the internal financial controls over financial reporting of Muthoot Fincorp Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that; (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide

reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Thiruvananthapuram

Date: May 09, 2017

For **A Cherian & Associates**,
Chartered Accountants,
Firm Regn. No. - 011456S

sd/-
CA. Abraham Cherian
Proprietor
M.No.202759



A CHERIAN & ASSOCIATES
Chartered Accountants

Puthuparampil, Manganam P.O., Kottayam - 686018
0481-2575155; Mobile : 9847063828
email: abrahamcherian06@yahoo.com

**"AUDITOR'S REPORT SUBMITTED AS PER NON-BANKING FINANCIAL COMPANIES
AUDITOR'S REPORT (RESERVE BANK) DIRECTIONS, 2016"**

To
The Board of Directors
Muthoot Fincorp Limited,
Muthoot Centre, Punnen Road,
Thiruvananthapuram – 695 039

Sirs,

- 1) The Company has been registered with Reserve Bank of India ('RBI'), Thiruvananthapuram with Registration Number N. 16 – 00170.
- 2) In our opinion, and in terms of the Company's assets and income pattern for the year ended and as at 31st March 2017, the Company is entitled to continue to hold the Certificate of Registration issued by the RBI.
- 3) In our opinion, the Company has complied with the net owned fund requirement as laid down in the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
- 4) Board of Directors has passed a resolution on 19.04.2016 for Non-Acceptance of public deposits during the financial year 2016-17.
- 5) On the basis of verification of the books and other records and on the basis of information provided by the management, the Company has not accepted any public deposits during the year 2016 – 2017.
- 6) In our opinion and based on the information and explanations given to us, the Company has complied with the Prudential Norms relating to Income Recognition, Accounting Standards, Asset Classification, Provisioning for bad and doubtful debts, as applicable to it as on 31.03.2017.
- 7) The Annual Return with RBI under NBS-7 for the Financial Year ended 31st March, 2017 has been submitted on 22nd April, 2017. The Capital Adequacy Ratio as at 31st March, 2017 disclosed in the return filed has certain incorrect computations, which is pending revision as on date. However, based on our examination of the computation of the ratio, we report that the Company has complied with the capital to risk asset norm for the year ended 31st March, 2017.
- 8) Based on the information furnished to us, the annual statement of capital funds, risk assets/exposures and risk asset ratio as at 31st March, 2016 has been furnished vide NBS-7 on 19th July, 2016.

Place: Thiruvananthapuram
Date: May 09, 2017

For A Cherian & Associates,
Chartered Accountants,
Firm Regn. No. - 0114565

sd/-
CA. Abraham Cherian
Proprietor
M.No.202759

MUTHOOT FINCORP LIMITED

BALANCE SHEET AS AT 31ST MARCH 2017

(₹ In lakhs)

Particulars	Note	Figures as at	
		March 31, 2017	March 31, 2016
LIABILITIES			
Equity and Liabilities			
Share Holder's Funds			
Share Capital	1	19,370.56	18,656.27
Reserves & Surplus	2	1,49,343.02	1,23,450.24
Money received against share warrants		-	-
Share Application Money Pending Allotment		-	-
Non-Current Liabilities			
Long Term Borrowings	3	3,42,612.67	3,67,826.30
Deferred Tax Liability (net)	4	38.40	-
Other Long Term Borrowings		-	-
Long Term Provisions		-	-
Current Liabilities			
Short Term Borrowings	5	6,57,340.40	4,80,015.58
Trade Payables	6	1,399.64	2,543.45
Other Current Liabilities	7	1,58,354.37	1,34,680.16
Short Term Provisions	8	19,687.85	21,288.15
TOTAL		13,48,146.91	11,48,460.15
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	56,570.21	51,082.70
Intangible Assets	9	318.78	65.13
Capital Work in Progress		-	-
Intangible Assets under Development		-	-
Non-Current Investments	10	24,344.34	14,641.26
Deferred Tax Assets	4	-	359.74
Long Term Loans & Advances	11	22,132.56	39,885.26
Inventories	12	30,012.93	21,589.02
Other Non-Current Assets	13	8,683.96	9,119.60
Total Non-Current Assets		1,42,062.78	1,36,742.71
Current Assets:			
Current Investments	14	1,433.31	1,584.80
Trade Receivables	15	2,103.00	1,975.66
Cash & Cash Equivalents	16	40,788.00	47,247.49
Short Term Loans & Advances	17	10,91,212.53	8,97,377.91
Other Current Assets	18	70,547.29	63,531.58
Total Current Assets		12,06,084.13	10,11,717.44
TOTAL		13,48,146.91	11,48,460.15

See accompanying notes to the Financial Statements

Vide our report dated 09/05/2017 attached

For **A.Cherien & Associates**

Chartered Accountants

Firm Regn. No - 0114565

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
 Managing Director
 DIN: 00011618

sd/-
Thomas George Muthoot
 Director
 DIN: 00011552

sd/-
C.A. Abraham Cherian
 Proprietor
 M.No.202759

sd/-
Thomas Muthoot
 Executive Director and
 Chief Financial Officer
 DIN: 00082099

sd/-
Mathai T.D.
 Company Secretary

Thiruvananthapuram
 09.05.2017



MUTHOOT FINCORP LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(₹ In lakhs)

Particulars	Note	Figures for the year ended	
		March 31, 2017	March 31, 2016
I. REVENUE			
Revenue from Operations	19	1,96,272.62	2,02,322.92
Other Income	20	14,187.15	6,199.96
II. Total Revenue		2,10,459.77	2,08,522.88
III. EXPENSES			
Employee Benefit Expenses	21	37,247.56	36,761.31
Finance Cost	22	1,09,093.44	1,10,073.68
Depreciation and Amortization	9	7,762.09	7,783.67
Other Expenses	23	39,128.84	40,189.21
IV. Total Expenses		1,93,231.93	1,94,807.87
V. Profit before Exceptional and Extra Ordinary Items and Tax (II-IV)		17,227.84	13,715.01
VI. Exceptional Items		-	-
VII. Profit before Extra-Ordinary Items and Tax (V-VI)		17,227.84	13,715.01
VIII. Extra-Ordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		17,227.84	13,715.01
X. Tax Expenses:			
Current Tax		5,222.65	6,831.24
Deferred Tax		398.13	(1,860.41)
XI. Profit for the Period from Continuing Operations (IX-X)		11,607.06	8,744.18
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
XV. Profit for the Period (XI+XIV)		11,607.06	8,744.18
XVI. Earnings per Equity Share			
Basic		6.22	4.69
Diluted		6.22	4.69

See accompanying notes to the Financial Statements

Vide our report dated 09/05/2017 attached

For **A.Cherien & Associates**

Chartered Accountants

Firm Regn. No - 0114565

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
 Managing Director
 DIN: 00011618

sd/-
Thomas George Muthoot
 Director
 DIN: 00011552

sd/-
C.A. Abraham Cherian
 Proprietor
 M.No.202759

sd/-
Thomas Muthoot
 Executive Director and
 Chief Financial Officer
 DIN: 00082099

sd/-
Mathai T.D.
 Company Secretary

Thiruvananthapuram
 09.05.2017

MUTHOOT FINCORP LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ In lakhs)

	Particulars	2016-17	2015-16
a)	Cash Flow from operating activities		
	Net profit after taxation and extraordinary items	11,607.06	8,744.18
	Non cash adjustments to reconcile profit before tax to net cash flows:		
	Depreciation & amortization	7,762.09	7,783.67
	(Profit)/loss on sale of fixed assets	(3.17)	(5.33)
	Assets written off	-	258.69
	Provisions and write offs	2,254.27	8,985.76
	Bad debts written off	1,680.14	783.54
	Non cash extraordinary income	-	-
	Net gain on sale of current investments	(1,504.12)	(332.92)
	Dividend income	(15.90)	(11.96)
	Operating profit before working capital changes	21,780.37	26,205.63
	Movement in Working Capital		
	(Increase) / decrease in short term loans and advances	(1,85,255.56)	(25,260.41)
	(Increase) / decrease in long term loans and advances	14,426.34	(36,099.08)
	(Increase) / decrease in other current assets	(20,112.44)	(7,074.60)
	Increase / (decrease) in other current liabilities	8,791.36	28,244.88
	Cash generated from operation	(1,60,369.93)	(13,983.58)
	Direct taxes paid (net of refund)	(9,953.64)	(2,195.54)
	Net cash flow from /(used in) operating activities (A)	(1,70,323.57)	(16,179.12)
b)	Cash Flow from investing activities		
	Purchase of fixed and tangible assets	(9,000.19)	(4,268.59)
	Purchase / Sale of investments	(7,551.58)	(2,169.84)
	Sale of fixed assets	42.40	158.76
	Investment in Subsidiary company	(2,000.00)	(8,395.46)
	Interest received on investments & fixed deposits	-	(580.84)
	Profit/Loss on sale of fixed assets/investments	1,507.30	338.25
	Dividend received	15.90	11.96
	Net cash flow from /(used in) investing activities (B)	(16,986.17)	(14,905.76)
	Cash flow from financing activities		
c)	(Increase) / decrease of short term borrowings	1,77,324.83	(10,051.60)
	(Increase) / decrease of long term borrowings	(11,474.58)	48,865.25
	Fresh issue of shares	15,000.00	-
	Net cash flow from /(used in) financing activities (C)	1,80,850.25	38,813.65
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	(6,459.49)	7,728.77
	Cash and cash equivalents at the beginning of the year	47,247.49	39,518.72
	Cash and cash equivalents at the end of the year	40,788.00	47,247.49

See accompanying notes to the Financial Statements

Vide our report dated 09/05/2017 attached

For **A.Cherien & Associates**

Chartered Accountants

Firm Regn. No - 0114565

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
 Managing Director
 DIN: 00011618

sd/-
Thomas George Muthoot
 Director
 DIN: 00011552

sd/-
C.A. Abraham Cherian
 Proprietor
 M.No.202759

sd/-
Thomas Muthoot
 Executive Director and
 Chief Financial Officer
 DIN: 00082099

sd/-
Mathai T.D.
 Company Secretary

Thiruvananthapuram
 09.05.2017



MUTHOOT FINCORP LIMITED

Significant Accounting Policies and Notes to Standalone Financial Statements for the year ended 31 March 2017

I. OVERVIEW

Muthoot Fincorp Limited ("MFL" or "the Company") is a Public Limited Company, incorporated on June 10, 1997 under the provisions of the Companies Act 1956. The Company is a Non Deposit Accepting Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and is classified as a Non Deposit Taking Systemically Important Loan Company (NDSI).

Muthoot Fincorp Limited, the flagship company of the 130 year old Muthoot Pappachan Group, provides a diverse mix of retail offerings catering to various needs of its customers and is primarily engaged in the business of Gold Loans through its branch network across India. The Company also offers Business Loans, Loans to Microfinance Sector, Forex Services, Money Transfer Services, Wealth Management Services to its customers in its strive to be the most trusted financial service provider. It is also engaged in real estate business to a very limited extent.

II. SIGNIFICANT ACCOUNTING POLICIES

a. SYSTEM OF ACCOUNTING & BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, and comply with the Generally Accepted Accounting Principles in India ("GAAP"), notified Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and circulars and guidelines issued by the RBI from time to time and to the extent applicable to the Company. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as Current or Non-current as per the criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business, the Company has ascertained its Operating Cycle as 12 months for the purpose of Current / Non-current classification of its assets and liabilities.

b. USE OF ESTIMATES

The preparation of the financial statements required the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. However, although these estimates are based upon the management's best knowledge of current events and actions, actual results may differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

c. TANGIBLE FIXED ASSETS

Fixed Assets are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price and directly attributable cost for bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including the day to day repair and maintenance expenditure are charged to revenue during the period in which such expenditure is incurred.

d. DEPRECIATION ON TANGIBLE FIXED ASSETS:

The company has provided for depreciation on Straight Line Method (SLM) based on the useful life of assets prescribed under Schedule II of the Companies Act, 2013. Leasehold Improvements, are depreciated over the primary lease period of premises.

Depreciation on assets acquired/sold during the year is recognised on pro-rata basis in the statement of profit and loss from the date of acquisition or till the date of sale.

e. **INTANGIBLE ASSETS:**

Intangible Assets are stated at cost, net of amortisation. Computer Software is amortised over a period of three years on straight line method.

f. **IMPAIRMENT OF ASSETS**

The carrying value of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over the useful life.

g. **LEASES**

Leases where a significant portion of risk or rewards of ownership are retained by the Lessor, are classified as Operating Leases. Lease rentals and associated costs are charged to the Statement of Profit and Loss on accrual basis.

h. **INVESTMENTS**

Investments intended to be held for not more than one year from the date of such investments, are classified as current investments. All other investments are classified as Non-Current Investments.

Current Investments are carried in the Financial Statements at lower of cost or fair market value on individual investment basis. Provision for fluctuation in value of current investments is recognised to the extent of the diminution in value.

Non-Current Investments are normally carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in nature.

On disposal of an investment, the difference between its carrying amount and net proceeds of disposal are recognized in the profit and loss account.

i. **REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition is as under:

- a. Interest income is recognised on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with borrowers, as the case may be, except in the case of non-performing assets where income is recognized on receipt basis in compliance with RBI norms.
- b. Processing fee on loans are recognised as income at the inception of the loan.
- c. Recognition of Profits on transfer of assets through Direct Assignment are made as per Para 1.4 of the respective guidelines on the subject issued by Reserve Bank of India.
- d. Income from Power Generation is booked on accrual basis, based on the Terms of arrangement with the Tamil Nadu Electricity Board.
- e. Income in the form of Dividends are recognised as income when the Company's right to receive payment is established. Income from Investments in Portfolio Management Services and Capital Market Operations are recognized at the time of actual sale / redemption on investments. Interest on Investments in Debt Instruments through Portfolio Management Services are recognized on accrual basis on intimation from the Portfolio Managers.
- f. Income from services rendered are recognised as per the terms of contract on accrual basis.
- g. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- h. The prudential norms for income recognition prescribed by the Reserve Bank of India are complied with.



j. **HUMAN RESOURCES AND BENEFITS**

(i) **Short Term Employee Benefits**

Short Term Employee Benefits for services rendered by employees are recognised during the period when the services are rendered.

(ii) **Post-Employment Benefits**

Defined Contribution Plan

Provident Fund / Employees State Insurance

Benefits in the form of Provident Fund and Employees State Insurance are Defined Contribution Schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There is no other obligation other than the contribution payable to the fund.

Defined Benefit Plan

Retirement & Earned Leave benefits

The company has provided for gratuity & earned leave benefits payable to its employees based on actuarial valuation done in line with Accounting Standard 15 – 'Employee Benefits' issued by Institute of Chartered Accountants of India.

k. **FOREIGN EXCHANGE TRANSACTIONS**

Foreign currency transactions are recorded in Indian Rupees, on initial recognition, by converting the foreign currency amount into Indian Rupees at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate as on the Balance Sheet date. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the period in which they arise.

l. **BORROWING COST**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

m. **TAXES ON INCOME**

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income Tax reflects the impact of current year timing differences between the taxable income and the accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realised.

At each Balance Sheet date, the management re-assesses the unrecognized deferred tax assets and recognises deferred tax asset only to the extent that it has become reasonably certain, or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

n. **EARNINGS PER SHARE**

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

o. **PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

Provisions are recognised in terms of Accounting Standard 29 on "Provisions, Contingent Liabilities & Contingent Assets", when there is a present legal or statutory obligation as a result of past events leading to probable outflow of resources, where a reliable estimate can be made of the amount required to settle the obligation.

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.

Contingent Assets are not recognised in the financial statements.

p. **SEGMENT REPORTING**

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Financial Statements.

q. **EVENTS OCCURRING AFTER BALANCE SHEET DATE**

Material Events, if any, occurring after the Balance Sheet date are taken into cognizance while preparing the financial statements.

r. **RELATED PARTY DISCLOSURES**

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

s. **CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

t. **CLASSIFICATION AND PROVISIONING OF ASSETS**

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

a. **Standard Assets**

Provision against Standard assets is made at the rate of 0.35% as required by the Systemically Important Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016).

b. **Sub-Standard, Doubtful & Loss Assets**

Provision has been made as required by the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016). For Microfinance loans, provision has been made at the rate of 1% of the total portfolio or; 50% of aggregate loan instalments overdue for over 90 days and 100% of aggregate loan instalments overdue for over 180 days, whichever is higher.



1. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SHARE CAPITAL

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Authorised:		
20,00,00,000 equity shares of Rs.10/- each (previous year 20,00,00,000) shares of Rs.10/- each)	20,000.00	20,000.00
Issued		
19,38,00,800 equity shares of Rs.10/- each (previous year 18,65,62,700 shares of Rs.10/- each)	19,380.08	18,656.27
Subscribed and paid-up		
19,37,05,560 equity shares of Rs.10/- each (previous year 18,65,62,700 shares of Rs.10/- each)	19,370.56	18,656.27
Total	19,370.56	18,656.27

The Reconciliation of number of shares at the beginning of the year and at the closing of the year is as follows:

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	No of shares	Amount (Rs. Lakhs)	No of shares	Amount (Rs. Lakhs)
Position at the beginning of the year	18,65,62,700	18,656.27	18,65,62,700	18,656.27
Fresh issue during the year	71,42,860	714.29	0	0.00
Position at the end of the year	19,37,05,560	19,370.56	18,65,62,700	18,656.27

The Company has only one class of shares namely equity shares having a face value of Rs.10. Each holder of equity share is entitled to one vote per share. The Board of Directors of the Holding Company have proposed 7.5% dividend for the FY 2016-17. The proposal is subject to the approval of shareholders at the Annual General Meeting.

The shareholders who hold more than 5% shares of the company and their capital contributions are as follows:

Name of shareholders	No of shares	Amount (₹ in lakhs)	Percent (%)
Mr. Thomas John Muthoot	5,08,43,764	5084.38	26.25%
Mr. Thomas George Muthoot	5,08,43,764	5084.38	26.25%
Mr. Thomas Muthoot	5,08,43,769	5084.37	26.25%
Ms. Preethi John Muthoot	1,35,25,989	1352.60	6.98%
Ms. Nina George	1,35,25,961	1352.60	6.98%
Ms. Remy Thomas	1,35,25,988	1352.59	6.98%
Total	19,31,09,235	19,310.92	99.69%

During the year, the Company has issued 72,38,100 shares vide Right Issue and has allotted 71,42,860 shares at Rs.10/- each at a premium of Rs.200/- per share. 9,37,50,000 shares were issued to the shareholders as fully paid up bonus shares during the financial year 2011 - 2012.

2. RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Securities Premium Reserve	38,129.85	23,844.13
Statutory Reserve	31,053.87	28,732.46
Special Contingency Reserve	8,882.93	8,882.93
Debenture Redemption Reserve	11,908.83	17,527.33
Surplus	59,367.54	44,463.39
Total	149,343.02	123,450.24

The company has appropriated 20% of the profit after tax as Statutory Reserve as stipulated in Reserve Bank of India Regulations. The company has maintained a Debenture Redemption Reserve of 25% of the total value of Debentures and Subordinated Debt outstanding as on March 31, 2017 which were issued through public issue, as required under Rule 18, sub-rule 7 of the Companies (Share Capital and Debentures) Rules, 2014.

Reconciliation of figures as at beginning and close of the reporting period are as follows:

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Securities Premium Reserve		
Balance as per last balance sheet	23,844.13	23,844.13
Additions during the year	14,285.72	0.00
Closing balance	38,129.85	23,844.13
Statutory Reserve		
Balance as per last balance sheet	28,732.46	26,983.62
Additions during the year	2,321.41	1,748.84
Closing balance	31,053.87	28,732.46
Special Contingency Reserve		
Balance as per last balance sheet	8,882.93	8,882.93
Additions during the year	0.00	0.00
Closing balance	8,882.93	8,882.93
Debenture Redemption Reserve		
Balance as per last balance sheet	17,527.33	11,028.91
Addition / write back during the year	(5,618.50)	6,498.42
Closing balance	11,908.83	17,527.33
Surplus		
Balance as per last balance sheet	44,463.39	43,966.47
Profit for the year	11,607.06	8,744.18
<i>Less: Appropriation / (Write Back):</i>		
Statutory Reserve	2,321.41	1,748.84
Special Contingency Reserve	0.00	0.00
Debenture Redemption Reserve	(5,618.50)	6,498.42
Closing balance	59,367.54	44,463.39



3. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Bonds / Debentures		
Secured Debentures	44,337.55	90,006.30
Term Loans		
From Banks	620.66	4,241.72
From Others	0.00	14.55
Working Capital Term Loans		
From Banks	38,333.33	32,500.00
Other Loans & Advances		
Subordinate Debts	2,06,376.87	1,83,629.55
Tier I Capital – Perpetual Debt Instruments	14,400.00	14,400.00
Inter Corporate Deposit	0.00	50.00
Interest Payable	38,544.26	42,984.18
TOTAL	3,42,612.67	3,67,826.30

a. SECURED DEBENTURES (SECURED)

Secured Debentures includes non-convertible debentures issued by way of Public Issue as well as Private Placement. Privately Placed Secured Debentures are secured by subservient charge on all current assets of the Company, both present and future. Privately Placed Institutional Secured Debentures are secured by a first paripassu charge on all the present and future receivables of the Company and exclusive mortgage on the immovable property owned by the Company situated at plot no. 1030, measuring 5.19 cents having Survey No. 537 in Samugarengapuram Village, Kanyakumari District. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company admeasuring 54 cents situated at Survey No. 764/6A in Arulvaimozhy Village, Kanyakumari District.

Secured debentures are grouped into current and non-current based on maturity profile. The principal portion of repayments which fall due before March 31, 2018 are categorised as Other Current Liabilities. Interest accrued, and falling due before March 31, 2018 has also been categorised under Other Current Liability.

The maturity pattern of Secured Debentures in the descending order of maturity are as follows (includes Current portion also):

Financial year of maturity	Grand total (Rs. In lakhs)
2020-21	218.86
2019-20	1,832.34
2018-19	42,286.35
2017-18	86,371.85
Total	1,30,709.40

b. TERM LOANS (SECURED)**(i) Long term borrowings -Term loans from Banks / Others**

Term loans availed by the Company are secured by first / pari-passu charges on the respective Fixed Assets / Current Assets. The principal portion of repayments which fall due before March 31, 2018 are categorised as Other Current Liabilities. The repayment terms are as below (includes Current portion also):

(Rs. in Lakhs)

Lender	Nature of Security	March 31, 2017	March 31, 2016	Repayment Terms
State Bank of India	Secured against Branch Fixed Assets	146.52	1,905.87	Repayable in one instalment
State Bank Of India	Secured against Branch Fixed Assets	3,788.23	7,288.29	Repayable in 13 monthly instalments of Rs 288.33 Lakhs & last Instalment Rs 0.15 lakhs
South Indian Bank	Secured against 6560 sq.ft. SBUA with UDS 798.96 sq ft. in World Trade Centre, Brigade Gateway Bangalore	325.60	368.20	Repayable in 91 monthly instalments of Rs 3.55 lakhs & last Instalment of Rs 2.55Lakhs
ICICI Bank – Car Loan	Secured against Vehicle - Jaguar XF F2.2	22.52	31.57	Repayable in 26 monthly instalments on diminishing value method
State Bank of India – Car Loan	Secured against Vehicle - Ford New Endeavour-3.2.1.4*4 Titanium AT- Diesel Car	29.53	0.00	Repayable in 83 monthly instalments on diminishing value method
State Bank of India – Car Loan	Secured Against Vehicle - Honda Br-Vv Cvt Ivttec(Base)	12.00	0.00	Repayable in 84 monthly instalments on diminishing value method
HDFC	Secured against the property at DLF Garden City, Chennai	14.56	27.76	Repayable in 11 monthly instalments on diminishing value basis
TOTAL		4,338.96	9,621.69	

c. WORKING CAPITAL TERM LOANS (SECURED)

Working Capital Term Loans are fully secured against Loan receivables and other current assets of the Company both present and future. The principal portion of repayments which fall due before March 31, 2018 are categorised as Other Current Liabilities. The repayment terms are as below (includes Current portion also):

(Rs. in Lakhs)

Lender	March 31, 2017	March 31, 2016	Repayment Terms
Syndicate Bank	25,227.19	25,232.50	Repayable in 6 quarterly instalments of Rs.4,166.67 lakhs each from June 2017
Punjab & Sind Bank	10,000.00	2,500.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2018
Corporation Bank	5,000.00	10,091.30	Repayable in 2 quarterly instalments of Rs.2,500.00 lakhs each from June 2017



United Bank of India	10,000.00	0.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from December 2018
United Bank of India	10,000.00	0.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2019
TOTAL	60,227.19	37,823.80	

d. Other Loans & Advances (UNSECURED)

(i) Subordinated Debt instruments are unsecured, subordinated to the claims of other creditors with an initial maturity of minimum 5 years.

The principal portion of repayments which fall due before March 31, 2018 are categorised as Other Current Liabilities. Interest accrued, and falling due before March 31, 2018 has also been categorised under Other Current Liability. The maturity pattern of Subordinated debts in the descending order of maturity are as follows (includes Current portion also):

Financial year of maturity	Grand total (Rs. In lakhs)
2024-25	835.58
2023-24	9,073.58
2022-23	29,453.94
2021-22	58,488.18
2020-21	33,627.40
2019-20	37,810.83
2018-19	37,087.36
2017-18	22,003.61
Total	2,28,380.48

(ii) Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines. The total outstanding as at 31st March, 2017 is Rs.14,400.00 lakhs. The Company has not issued PDI during the year

4. DEFERRED TAX LIABILITY / (ASSET)

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Opening balance	(359.74)	1,500.67
Timing difference in depreciation	(648.65)	(664.96)
Timing difference in provision for NPA	1,055.33	(1,130.79)
Timing difference in provision for Gratuity	(18.97)	53.39
Timing difference in provision for Employee Benefits	(27.78)	(57.07)
Timing difference in provision for Investment Rate Fluctuation	38.21	(60.98)
Net deferred tax liability	398.14	(1,860.41)
Closing Balance	38.40	(359.74)

The management has taken a view that all standard assets are good. Therefore, the provision for standard assets is considered as a permanent difference by nature and hence not considered for calculation of deferred tax.

5. SHORT TERM BORROWINGS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Loans repayable on demand		
From Banks:		
- Working Capital Loan (secured)	6,57,340.40	4,80,015.58
Total	6,57,340.40	4,80,015.58

From Banks:

▪ Working Capital Loan:

Working Capital Loans are fully secured against Loan receivables and other current assets of the Company both present and future.

6. TRADE PAYABLES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Sundry Creditors	1,399.64	2,543.45
Total	1,399.64	2,543.45

7. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Expenses Payable	20,855.31	12,270.07
Taxes & Duties Payable	1,472.45	1,160.84
Current Maturities of Long Term Borrowings		
- Secured Debentures	86,371.85	1,01,059.34
- Term Loan from Banks	3,703.74	5,352.22
- Term Loan from Others	14.56	13.22
- Working Capital Term Loan	21,893.86	5,323.80
- Sub Debt	22,003.61	8,500.00
Other Liabilities	2,038.99	1,000.67
Total	158,354.37	1,34,680.16

8. SHORT TERM PROVISIONS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Provision for Standard Assets	3,516.21	3,369.36
Provision for NPA	4,622.15	7,898.71
Provision for Income Tax	10,182.18	8,415.97
Provision for Gratuity	946.09	1,057.51
Provision for Earned Leave Encashment	338.76	353.74
Provision for Investment Price Fluctuation	82.46	192.86
Total	19,687.85	21,288.15

9. FIXED ASSETS AND DEPRECIATION

SL NO	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK			
		OPENING COST	ADDITIONS FOR THE YEAR	SALES / WRITE OFF DURING THE YEAR	COST AS ON 31.03.2017	UPTO 31.03.2016	Additional depreciation/ (Depreciation Written back)	ESTIMATED USEFUL LIFE OF THE ASSET	FOR THE YEAR	UPTO 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2017
a	TANGIBLE ASSETS											
1	AIR CONDITIONER	848.64	13.25	-	861.90	158.83	-	20	40.87	199.71	689.81	662.19
2	BANK COUNTER & FIXTURES	34,888.57	513.71	-	35,402.28	20,063.94	-	10	3,977.51	24,041.45	14,824.63	11,360.83
3	BIO GAS PLANT	16.89	-	-	16.89	16.89	-	15	-	16.89	-	-
4	BUILDINGS	5,160.07	1,087.07	-	6,247.14	281.88	-	60	81.75	363.63	4,878.19	5,883.51
5	CALCULATOR	0.57	-	-	0.57	0.57	-	5	-	0.57	-	-
6	CASH COUNTING MACHING	40.38	6.63	-	47.01	13.46	-	15	2.43	15.90	26.91	31.11
7	CD PLAYER	0.66	-	-	0.66	0.66	-	5	-	0.66	-	-
8	CLOSED CIRCUIT CAMERA	4.82	-	-	4.82	4.82	-	5	-	4.82	-	-
9	COFFEE VENDING MACHINE	4.46	-	-	4.46	4.46	-	5	-	4.46	-	-
10	COMPUTER SYSTEM	7,573.63	503.08	10.60	8,066.10	5,422.60	-	3	1,089.25	6,511.84	2,151.03	1,554.26
11	CYCLE	0.28	-	-	0.28	0.28	-	5	-	0.28	-	-
12	ELECTRICAL EQUIPMENTS	67.54	2.19	-	69.73	32.06	-	10	5.57	37.62	35.48	32.11
13	ELECTRICAL FITTINGS	11.56	0.89	-	12.46	11.56	-	10	0.05	11.61	0.00	0.84
14	ELECTRONIC DIGITAL BOARD	4.82	-	-	4.82	4.82	-	10	-	4.82	-0.00	-0.00
15	ELECTRONIC EQUIPMENTS	76.80	32.30	0.27	108.82	25.82	-	15	4.47	30.29	50.98	78.53
16	ELECTRONIC WEIGHING BALANCE	550.82	6.36	-	557.19	133.08	-	15	33.00	166.08	417.75	391.11
17	EPABX	27.84	29.79	-	57.63	8.90	-	13	3.05	11.94	18.94	45.68
18	FAKE NOTE DETECTOR	49.54	-	-	49.54	13.94	-	15	2.93	16.88	35.60	32.66
19	FAX MACHINE	1.27	-	-	1.27	1.27	-	5	-	1.27	-	-
20	FIRE EXTINGUISHER	470.28	10.47	-	480.76	276.02	-	5	80.77	356.78	194.27	123.97
21	FURNITURE & FITTINGS	3,776.08	62.14	3.82	3,834.40	1,431.99	-	5	365.96	1,797.95	2,344.09	2,036.45
22	GENERATOR	23.78	-	-	23.78	2.80	-	15	1.48	4.28	20.99	19.50
23	LAND	3,050.91	10,389.81	-	13,440.73	-	-	-	-	-	3,050.91	13,440.73
24	LIBRARY	0.35	-	-	0.35	0.35	-	5	-	0.35	-	-
25	NEON BOARD	5,741.00	80.12	-	5,821.11	2,026.07	-	10	593.13	2,619.20	3,714.92	3,201.91
26	OFFICE EQUIPMENTS	8.59	0.66	-	9.25	7.91	-	15	0.05	7.97	0.67	1.28
27	PAPER SHREDDER	0.57	-	-	0.57	0.57	-	5	-	0.57	-	-
28	PHOTO COPY MACHINE	2.05	0.10	-	2.15	1.92	-	15	0.01	1.93	0.13	0.22
29	SAFETY DEVICE SYSTEM	2,712.37	92.93	-	2,805.30	375.96	-	15	189.76	565.72	2,336.41	2,239.58
30	STABILIZER	4,338.77	298.14	-	4,636.90	1,336.25	-	10	418.68	1,754.93	3,002.52	2,881.98
31	STRONG ROOM DOOR	5,880.28	-	8.43	5,871.85	815.64	-	30	188.81	1,004.45	5,064.64	4,867.40
32	TELEVISION	27.11	-	-	27.11	11.47	-	5	4.95	16.43	15.64	10.68
33	TOOLS & SPARES	0.31	-	-	0.31	0.31	-	5	-	0.31	-	-
34	VEHICLES	437.95	51.83	19.28	470.51	191.28	-	8	55.35	246.63	246.67	223.88
35	WIND ELECTRIC GENERATOR	11,850.92	-	-	11,850.92	3,889.39	-	22	511.74	4,401.14	7,961.54	7,449.78
	Total	87,650.49	13,181.47	42.40	100,789.56	36,567.80	-		7,651.56	44,219.36	51,082.70	56,570.21
b	INTANGIBLE ASSETS											
36	SOFTWARE	157.84	364.18	-	522.02	92.71	-	3	110.53	203.24	65.13	318.78
	Total	157.84	364.18	-	522.02	92.71	-		110.53	203.24	65.13	318.78
	TOTAL FOR CURRENT YEAR	87,808.33	13,545.66	42.40	101,311.58	36,660.50	-		7,762.09	44,422.60	51,147.83	56,888.99
	TOTAL FOR PREVIOUS YEAR	84,293.94	4,268.57	754.18	87,808.33	29,213.59	-336.76		7,783.67	36,660.50	55,080.36	51,147.83

10. NON-CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Quoted - at cost		
BhavishyaNirman Bond (NABARD)	4.99	4.99
Investment with PMS – Geojith	0.00	498.66
Investment with PMS – Equity Intelligence	0.00	208.49
Investment with PMS – MotilalOswal	0.00	197.92
Unquoted - at cost		
Edelweiss Asset Reconstruction Co Ltd	421.74	513.59
Muthoot Housing Finance Co Ltd	7,291.16	7,291.16
Muthoot Microfin Limited (formerly known as Pancharetna Securities Ltd)	7,915.45	5,915.45
Muthoot Pappachan Chits India Pvt Ltd	8.00	8.00
Muthoot Pappachan Technologies Ltd	3.00	3.00
Investment in Unlisted Debentures	7,400.00	0.00
Investment in Debt Fund	1,000.00	0.00
Investment in Bonds	300.00	0.00
Total	24,344.34	14,641.26

11. LONG TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Loans Secured and considered good	18,370.56	9,546.37
Loans Secured and considered doubtful	0.00	1.00
Unsecured Loans considered good	3,762.00	30,337.89
Total	22,132.56	39,885.26

12. INVENTORIES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Inventory – Projects	30,012.93	21,589.02
Total	30,012.93	21,589.02

The Company has acquired properties for the purpose of sale / development and sale. The said properties have been acquired with the intention of subsequent sale and hence, the same has been categorized as Inventory. As the expected gestation period of the said development projects exceed 12 months, the same has been classified as Long Term. The carrying value of Inventory includes a total of Rs.2,931.81 lakhs capitalized as Borrowing Costs.

13. OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Building deposits	8,326.74	8,323.76
Deposit with Banks – Non-Current	357.22	795.84
Total	8,683.96	9,119.60

Building deposits are paid to the landlords of the lease hold premises which are taken for fairly long period. The



Company does not expect to realise the same within the period of next twelve months. Hence the deposits are treated as Long Term Loans and Advances.

14. CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Quoted-at cost/Market Value whichever is lower		
Fully paid Equity shares in DP a/c with MOSL	1,433.31	1,584.80
Total	1,433.31	1,584.80

15. TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Sundry Debtors:		
- More than 180 days	705.60	423.86
- Other debts	1,397.40	1,551.80
Total	2,103.00	1,975.66

16. CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Cash in hand	11,112.96	10,981.99
Forex balance	610.07	551.27
Cash at Bank : In Current Account (with scheduled banks)	21,611.79	30,882.51
Cash at Bank : In Deposit Account (with scheduled banks)	7,453.18	4,831.72
Total	40,788.00	47,247.49

The details of Cash held and transacted by the Company during the period from 8th November, 2016 to 30th December, 2016 are summarized below as required vide MCA notification G.S.R. 308(E) dated March 31, 2017:

(Rs. In lakhs)

Particulars	Specified Bank Notes (SBN's)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	11,737.42	419.40	12,156.82
(+) Permitted receipts	0.00	251,459.15	251,459.15
(-) Permitted payments	0.00	179,029.24	179,029.24
(-) Amount deposited in Banks	11,737.42	67,430.03	79,167.45
Closing cash in hand as on 30.12.2016	0.00	5,419.28	5,419.28

17. SHORT TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Gold Loan		
Considered Good	8,91,376.16	6,69,668.21
Considered Sub-Standard	1,829.79	8,358.26
Loans under Auction Process	5,769.12	28,926.10

Considered Doubtful	6,254.73	6,730.34
Loan against Debentures		
Considered Sub-Standard	163.36	481.60
Other Secured Loans		
Considered Good	21,138.21	11,538.24
Considered Sub-Standard	1,072.50	3.77
Considered Doubtful	123.06	195.37
Unsecured Loans		
Considered Good	83,709.61	1,53,184.17
Considered Sub-Standard	286.21	343.57
Considered Doubtful	872.26	354.81
Advances		
Considered Good	78,617.52	17,593.47
Total	10,91,212.53	8,97,377.91

Microfinance loans provided by the company are within the exposure limit of 10% of total assets of the Company as prescribed by RBI guidelines. During the year, the company has assigned a portion of its Microfinance portfolio amounting to Rs. 44,889.66 lakhs to other Financial Institutions. The Unsecured Loan as shown above is exclusive of this assigned portfolio.

The Company had acquired microfinance portfolio by way of assignment amounting to from M/s. Satin Credit Care Network Ltd in FY2015-16 of which the outstanding portfolio as at 31st March 2017 is Rs. 910.54 lakhs. This is included in the unsecured loan portfolio shown above.

All loans overdue for a period of above 4 months are classified as Considered Doubtful. Necessary provisions as per the prudential norms have been made.

Advances considered good includes:

- Rs.7,160.91 lakhs advanced to Directors, relatives of Directors and Rs.1,487.23 lakhs advanced to M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) towards purchase of Immovable Property for the purpose of sale / development and sale; and Rs.53,265.50 lakhs advanced towards M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) towards advance for purchase of Immovable Property / Shares.

18. OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Deposits	382.44	244.87
Interest Receivable	56,293.08	54,544.22
Advance to Suppliers	989.84	641.41
Inter corporate deposits	5,800.00	5,800.00
Other Current Assets	7,081.93	2,301.08
Total	70,547.29	63,531.58



19. REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest on Secured Loans	1,59,677.62	1,61,977.81
Interest on Unsecured Loan	35,086.59	38,662.42
Income from Forex operations	372.31	507.20
Income from Money transfer business	1,136.10	1,175.49
Total	1,96,272.62	2,02,322.92

20. OTHER INCOME

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Income from Power generation	1,173.64	695.18
Interest on Bank deposit	474.70	360.77
Income from Investments	1,520.02	344.88
Commission received	2,766.88	1,303.50
Miscellaneous income	729.78	975.39
Interest on ICD	754.00	697.23
Income on sale of Loan Assets	3,513.03	1,823.01
Provision written back	3,255.10	0.00
Total	14,187.15	6,199.96

There is a write back of Provision for NPA on account of reduction in the overdue accounts and increased recovery from NPA accounts, which has been classified above under Other Income.

21. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Remuneration to Directors	1,620.00	1,440.00
Salaries & Allowances	30,012.23	30,039.64
Incentives	2,200.86	2,246.55
PF & ESI contributions	2,128.02	1,891.66
Staff welfare expenses	313.63	196.80
Bonus & Ex-gratia	972.82	946.66
Total	37,247.56	36,761.31

Remuneration to Directors

Remuneration in the form of Salary has been paid to Mr. Thomas John Muthoot, Managing Director and Mr. Thomas Muthoot, Whole-time Director and Chief Financial Officer as per the terms of appointment, and subject to the permissible limits under the Companies Act, 2013.

Provident Fund

Muthoot Pappachan Consultancy & Management Services, being the prime and central management of Muthoot Pappachan Group, the Company provides the benefits of Provident Fund to its employees by continuing under the Employees Provident Fund Scheme of Muthoot Pappachan Consultancy & Management Services. The contributions to PF / ESI are as follows:

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Contributions to Provident Fund	1,206.14	1,092.91
Contributions to Employee State Insurance	767.69	668.08

Leave Encashment

Leave encashment expenses, valued on actuarial basis amounting to Rs.338.76 lakhs has been fully provided.

Gratuity

The Company has created a Trust named "Muthoot Fincorp Employees' Group Gratuity Trust" to meet the liability towards gratuity benefits payable to its employees. The retirement benefits valued on actuarial basis amounting to Rs.946.09 lakhs, has been fully provided. The fund is administered by Life Insurance Corporation of India ("LIC")

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

(Rs. in lakhs)

Particulars	March 31, 2017	March 31, 2016
A) Reconciliation of opening and closing balance of defined benefit obligation		
- Defined benefit obligation at the beginning of the year	1,411.26	1,448.66
- Interest Cost	130.70	135.62
- Current Service Cost	444.99	493.18
- Benefits paid	(166.24)	(87.69)
- Actuarial gain/ (loss)	(535.85)	(578.51)
- Defined benefit obligation at the end of the year	1,284.86	1,411.26
B) Reconciliation of opening and closing balance of fair value of Plan Assets		
- Fair value of plan assets at the beginning of the year	417.57	434.65
- Expected return on plan assets	33.40	34.77
- Contributions	223.67	20.40
- (Benefit paid)	(166.24)	(48.02)
- Actuarial gains/(losses) on plan assets	(3.35)	(24.23)
- Fair value of plan assets at the end of the year	505.05	417.57
C) Expense for the year		
- Current service cost	506.55	493.18
- Interest Cost	130.70	135.62
- (Expected return on plan assets)	33.40	34.77
- Actuarial gains/(losses)	532.50	554.28
D) Investment details		
- Insurer managed funds	505.05	417.57
E) Experience adjustment		
- On Plan Liability (Gain)/Losses	(126.40)	(37.41)
- On Plan Assets (Losses)/Gain	87.48	(17.08)
F) Actuarial assumptions		



- Discount rate	8.00%p.a.	8.00%p.a.
- Salary Escalation	5.00%p.a.	5.00%p.a.
- Rate of return on plan assets	8.00%p.a.	8.00%p.a.

22. FINANCE COST

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest on Secured Debentures	16,471.55	22,000.86
Interest on Loan from Banks	54,044.02	55,167.88
Interest on Sub Debts	29,784.17	23,614.41
Interest on Inter Corporate Deposits	3.63	3.63
Interest on Perpetual Debt Instruments	1,728.00	1,732.73
Interest on Commercial Paper	5,726.82	5,976.69
Other Financial charges	1,335.25	1,577.48
Total	1,09,093.44	1,10,073.68

23. OTHER EXPENSES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Rent	14,861.32	14,385.54
Electricity & Water Charges	1,833.29	1,771.58
Repairs & Maintenance – Building	827.34	795.21
Repairs & Maintenance – Others	1,680.26	1,111.03
Networking Charges	692.75	881.07
Sitting Fee to Directors	11.44	10.28
Commission to Directors	166.00	144.00
Insurance	371.30	382.65
Security Charges	3,796.29	3,077.43
Marketing Expenses	3,814.00	3,754.19
Business Promotion	912.21	814.00
Travelling Expenses	1,970.19	2,382.66
Telephone Charges	1,518.17	1,732.40
Printing & Stationery	811.12	732.56
Office Expenses	127.87	471.81
Professional Charges	2,110.93	1,238.83
Provisions and Write offs	1,735.00	5,105.17
Donation and CSR Expenses	317.67	396.40
Rates and Taxes	704.12	394.04
Postage and Telegram	824.30	594.54
Miscellaneous expenses	43.27	13.82
Total	39,128.84	40,189.21

During the year, commission was paid to the extent of Rs.166.00 lakhs to Mr. Thomas George Muthoot, Director, as per decision of the Company.

24. CONTINGENT LIABILITIES

- a) The company has given Guarantees for an amount of Rs.276.30 lakhs to banks. The company is contingently liable to the banks to that extent (*P.Y. Rs.428.80 lakhs*)
- b) The Commissioner of Central Excise, Customs & Service Tax (Appeals-III) issued Order-In-Appeal no.592/2014 dated 30.10.2014 confirming the Orders-in-Original no.04 & 05/2008 demanding tax on income received from foreign inward remittances amounting to Rs.17,17,069/-, with interest and penalty thereon, for the period between 01.02.2006 and 30.09.2007. The company has moved an appeal to the Central Excise & Service Tax Appellate Tribunal against the order. The management is confident of a favourable ruling in the case in view of Order nos. 1115 & 1116/2009 decided in favour of Muthoot Fincorp Limited by the Hon: CESTAT, Bangalore, whereby it was ruled that commission received by the company on inward remittances is not liable to tax as it amounts to Export of Services. The appeal of the department before the Hon: High Court of Kerala against the decision of the Hon: CESTAT, Bangalore too was dismissed vide the Order of the Hon: High Court of Kerala dated 16/06/2016. (*P.Y. Rs.17.17 lakhs*)
- c) The Joint Commissioner of Income Tax/Special Range/Trivandrum completed assessment / reassessment for Ay 2006-07, 2010-11 and 2013-14 during FY2015-16. A demand of Rs.550.17 lakhs was raised for the AY 2006-07 which has been completely remitted / adjusted against refunds due. The Company has filed appeal before the CIT (Appeals), Trivandrum for the AY 2006-07. For AY 2010-11, a demand of Rs. 1,728.50 lakhs had been raised, against which the Company has filed an appeal before the CIT (Appeals), Trivandrum. For AY 2013-14, a demand of Rs. 2,065.21 lakhs had been raised against which Rs.933.45 lakhs had been adjusted against refunds due to the Company leaving a balance of Rs. 1,131.76 lakhs. The Company has filed appeal against this Order before the CIT (Appeals), Trivandrum. The company has further remitted Rs. 265 lacs pertaining to AY2010-11 & Rs.390.06 lacs pertaining to AY2013-14 in the reporting year. Collection of balance demand for the said years have been stayed by the ACIT/Circle 1(1)/Tvm vide order dated 21/07/2016 pending disposal of the appeal by the CIT (Appeals), Trivandrum. (Contingent liability as on 31/03/2017 – Rs. 1,463.50 lakhs for AY 2010-11 and Rs. 741.70 lakhs for AY 2013-14) (*P.Y. Rs.2,860.26 lakhs*)
- d) During the year, the Assistant Commissioner of Income Tax (TDS), Trivandrum issued a Notice of Demand pertaining to AY2015-16 under Section 156 of the Income Tax Act, 1961 totalling to Rs.3,860.65 lakhs alleging non-deduction of tax at source. Based on expert opinion, the Company is confident that the major bulk of the demand made, will be deleted on appeal. A total of Rs.586.99 lakhs for stay of demand has been remitted and an appeal before the Commissioner of Income Tax (Appeals)/Trivandrum has been filed. (Contingent liability as on 31/03/2017 – Rs.3,273.66 lakhs) (*P.Y. - Nil*)
- e) The Assistant Commissioner, Special Circle, Karamana, Thiruvananthapuram issued a Demand Notice dated 19/09/2016 demanding tax, interest and penalty totalling to Rs.1,432.69 lakhs as Purchase Tax under Section 6(2) of the Kerala Value Added Tax Act. As the Company does not have any Purchase for the purpose of sale / trade, the proposed demand will not stand the test of law as per the opinion received from our subject experts. The Company has remitted 20% of the demand for stay of recovery, amounting to Rs.286.54 lakhs and has filed an appeal before the Deputy Commissioner (Appeals), Trivandrum, against the demand. (Contingent Liability as on 31/03/2017 – Rs.1,146.15 lakhs) (*P.Y. - Nil*)
- f) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has gone on appeal to the Hon'ble Supreme Court challenging the said notices. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.



- g) The Company has sold Microfinance Portfolio to Banks & an NBFC. The Company is contingently liable for 5% of the amount outstanding, being MRR as per the extant guidelines. The Contingent Liability in this regard as on 31.03.2017 amounts to Rs. 1,081.31 lakhs. (P.Y. Rs.1,206.68 lakhs)

Show Cause Notices received, without confirmed demands

The Company received the following Show Cause notices from Tax departments / regulators. The Company on a conservative basis is disclosing them, in spite of there being no confirmed demand.

- a) The company has been served with various Show Cause Notices from the Service Tax Department totaling to Rs.427.36 lakhs for the periods ranging from 01.10.2007 to 31.03.2015 on the taxability of commission received on foreign inward remittance services. Vide Notification No.19/2015-ST dated 14/10/2015, the department has notified that *"the service tax payable under section 66B of the Finance Act, 1994, on the service provided by an Indian Bank or other entity acting as an agent to the MTSO in relation to remittance of foreign currency from outside India to India, in the said period, but for the said practice, shall not be required to be paid"* (the said period being the period commencing with 01/07/2012 and ending with 13/10/2014). As such, the Company will not be liable for the tax on commission for the said period, totaling to Rs.225.69 lacs. The resulting Contingent Liability of the Company (if any) amounts to Rs.201.67 lacs. The Company is confident of favorable outcomes in the said issue in light of CESTAT Orders 1115 & 1116/2009 decided in favour of Muthoot Fincorp Limited by the Hon: CESTAT, Bangalore. The appeal made by the Department before the Hon. High Court of Kerala too was dismissed. (P.Y. Rs.201.67 lakhs)
- b) The Company had received a show cause notice in FY 2012-13 from the Office of the Additional Director General of Central Excise Intelligence on the taxability of certain revenues. The company has filed its reply to the show cause notice disputing the findings of the department. The liability estimated by the department and mentioned in the show cause notice amounts to Rs.1,263.21 Lakhs, out of which Rs.384.69 Lakhs was remitted. (P.Y. Rs.878.52 lakhs)
- c) The company had received Show Cause Notice no. 145/2014-15 dated 30.03.2015 from the Office of the Additional Director General of Central Excise Intelligence to show cause as to why tax totalling to Rs.1,315.43 lakhs shall not be demanded against support services rendered to its sister concerns and on grounds of CENVAT Credit irregularities prior to FY2011-12. The company has filed its reply to the Show Cause Notice and the matter is pending adjudication. (P.Y. Rs.1,315.43 lakhs)
- d) The Company had received a notice from the Reserve Bank of India in March, 2012 to show cause as to why arm's length policy is not maintained with group concerns. The company has already submitted its reply in writing.

25. SEGMENT INFORMATION

The Company's business activity predominantly relates to the Financial sector. However, the Company's assets and revenue include those pertaining to Windmill Power Generation. The Company has entered into the Real Estate Sector as well, which it has classified internally as the Projects Division. As such, the management, for the purpose of reporting under AS-17 "Segment Reporting", and taking into account the nature of products and services, has identified 3 segments – 'Financing', 'Power Generation' and the 'Projects Division'.

The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

As the Company operates in a single geographical segment; secondary geographical segment information disclosure does not apply.

(Rs. In Lakhs)

Particulars	Financing	Power Generation	Projects Division	Total
Revenue	2,09,286.13	1,173.64	0.00	2,10,459.77
Expenditure	1,89,387.81	289.59	3,554.53	193,231.93
Segment result	19,898.32	884.05	(3,554.53)	17,227.84
Segment asset	12,47,497.01	8,618.69	92,031.21	13,48,146.91
Segment liabilities	12,51,053.59	0.00	97,093.32	13,48,146.91
Capital expenditure	13,545.66	0.00	0.00	13,545.66
Depreciation	7,250.35	511.74	0.00	7,762.09

26. RELATED PARTY DISCLOSURES:

As required by Accounting Standard – 18 on 'Related Party Disclosures' issued by Institute of Chartered Accountants of India, following information is disclosed:

a) List of related parties as on 31.03.2017

Sr. no	Party
	COMPANY
1	ALASKA AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
2	BAMBOO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
3	BUTTERCUP AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
4	CALYPSO AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
5	CINNAMON AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
6	EL TORO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
7	EMMEL REALTORS AND DEVELOPERS PRIVATE LIMITED
8	FLAME AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
9	FOX BUSH AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
10	GOBLIN AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
11	JUNGLE CAT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
12	L.M REALTORS PRIVATE LIMITED
13	MANDARIN AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
14	MARIPOSA AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
15	MPG HOTELS AND INFRASTRUCTURE VENTURES PRIVATE LIMITED
16	MPG PRECIOUS METALS PRIVATE LTD
17	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
18	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
19	MUTHOOT DAIRIES AND AGRI VENTURES PRIVATE LIMITED
20	MUTHOOT APT CERAMICS LIMITED
21	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED
22	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED
23	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED
24	MUTHOOT CAPITAL SERVICES LIMITED
25	MUTHOOT EQUITIES LIMITED



26	MUTHOOT HOLDINGS PRIVATE LIMITED
27	MUTHOOT HOTELS PRIVATE LIMITED
28	MUTHOOT HOUSING FINANCE COMPANY LIMITED
29	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED
30	MUTHOOT LAND AND ESTATES PRIVATE LIMITED
31	MUTHOOT MOTORS PRIVATE LIMITED
32	MUTHOOT MICROFIN LIMITED
33	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED
34	MUTHOOT PAPPACHAN TECHNOLOGIES LIMITED
35	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED
36	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED
37	PINE PINK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
38	THE RIGHT AMBIENT RESORTS PRIVATE LIMITED
39	MUTHOOT PAPPACHAN CHITS (INDIA) PRIVATE LIMITED
40	MUTHOOT EXIM PRIVATE LIMITED
41	MUTHOOT KURIES PRIVATE LIMITED
42	THE THINKING MACHINE MEDIA PRIVATE LIMITED
43	MPG SECURITY GROUP PRIVATE LIMITED
	FIRM / LLP / TRUST
1	MUTHOOT BANKERS
2	MUTHOOT CINE ENTERPRISE
3	MUTHOOT ESTATE INVESTMENTS
4	MUTHOOT FINANCE COMPANY
5	MUTHOOT INSURANCE SERVICES
6	MUTHOOT MOTORS (COCHIN)
7	MPG AIR CATERING LLP*
8	MPG APEX MANAGEMENT LLP*
9	MPG ASSET MANAGEMENT LLP*
10	MPG AUTOMOBILES LLP
11	MPG HOSPITALITY LLP*
12	MPG LAND AND ESTATE LLP*
13	MPG LAND DEVELOPERS LLP*
14	MPG REAL ESTATE LLP*
15	MUTHOOT PAPPACHAN FOUNDATION

*Entities under strike off

b) List of Key Managerial Persons

Sr.no.	Name of the person	Designation	Relatives
1	Thomas John Muthoot	Managing Director	1. Janamma Thomas 2. Preethi John 3. Thomas M John 4. Susan John Muthoot
2	Thomas George Muthoot	Director	1. Nina George 2. Tina Suzanne George 3. Ritu Elizabeth George 4. Swetha Ann George
3	Thomas Muthoot	Executive Director cum Chief Financial Officer	1. Remmy Thomas 2. Suzannah Muthoot 3. Hannah Muthoot

c) Transactions with persons listed in (b) above, during the year/balances Outstanding as on 31.03.2017
(Rs. In Lakhs)

Particulars	Thomas John Muthoot	Thomas George Muthoot	Thomas Muthoot	Other Directors & relatives
TRANSACTIONS DURING THE YEAR				
Revenue/(Expenses)				
Rent paid*	(17.94)	(43.26)	(81.68)	(0.00)
Remuneration paid	(900.00)	(166.00)	(720.00)	0.00
Interest on debt	(11.01)	0.00	0.00	(7.44)
Sitting Fee	0.00	(2.50)	0.00	(8.00)
Assets				
Payments towards Purchase of Property, Advance for Property	3,818.77	4,653.11	3,908.16	1,583.30
Liabilities				
Investment in Share Capital	3,522.44	3,522.44	3,522.44	3,182.66
OUTSTANDING AS ON 31.03.2017				
Assets				
Advance for Property	2,313.69	2,370.69	2,342.66	133.87
Liabilities				
Debt Instrument Outstanding	100.00	0.00	0.00	39.55
Remuneration payable	197.52	39.65	103.99	0.00
Interest payable to debt outstanding	0.00	0.00	0.00	24.08

* Exclusive of Service Tax



d) Transactions with entities listed in (a) above

(Rs. in Lakhs)

Transaction	Amount
Revenue	
Income from services rendered*	2,350.69
Income from renting of premises*	336.09
Interest on loans and other finances	513.55
Expenditure	
Rent paid towards premises taken on lease*	20.42
Fees towards services rendered*	3,080.60
Interest on deposits and other debt instruments	375.26
Interest paid on Collection	0.04
Reimbursement of Expenditure*	(159.17)
Assets	
Advance for CSR activities	295.37
Payments towards Purchase / Advance for Property , Shares	55,682.73
Investment made	2,000.00
Loans advanced	200.00
Repayments against loans advanced	(100.00)
Value of Assets Sold	(56.06)
Liabilities	
Investment in Share Capital	1,250.03
Rent Security Deposits accepted	15.60
Rent Security Deposits repaid	(2.69)

* Exclusive of Service Tax

e) Outstanding with entities listed in (a) above

(Rs. in Lakhs)

Transaction	Amount
Assets (Receivables)	
Against Services rendered	244.16
Against Renting of premises	15.98
Against Interest from loans, deposits and other finances	48.47
Against Advance for CSR activities	8.71
Against Term loan	3,862.00
Against Advance for Property / Shares	54,752.73
Liabilities (Payables)	
Against Rent	1.79
Against Services rendered	771.25
Against Rent Security Deposits	77.11
Against Debt Outstanding	200.00

27. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 205 C of the Companies Act 1956.

28. EARNINGS PER SHARE (EPS)

Particulars	At March 31, 2017	At March 31, 2016
Profit after tax (Rs. In lakhs)	11,607.06	8,744.18
Weighted average number of shares outstanding	18,65,82,269	18,65,62,700
Basic Earnings per share	6.22	4.69
Diluted Earnings per share	6.22	4.69

29. CAPACITY, PRODUCTION, SALES AND STOCK DETAILS

Particulars	At March 31, 2017	At March 31, 2016
Capacity, production, sales and stock	N.A.	N.A.

30. MANAGERIAL REMUNERATION

The following additional disclosures are made as per the requirements of Accounting Standards (AS) and Reserve Bank of India (RBI) guidelines in this regard.

(Rs. in Lakhs)

Sl.no.	Particulars	Current Year	Previous Year
1	Managerial Remuneration		
	Salary to Managing Director and Executive Director	1,620.00	1,440.00
	Commission to Director	166.00	144.00
2	Value of Imports	0.00	0.00
3	Expenditure in Foreign Currency	25.68	9.58
4	Earnings in Foreign Exchange	0.00	0.00
5	Auditors Remuneration		
	For Statutory Audit	16.00	16.00
	Company Law Services	0.00	0.00
	Taxation	3.75	3.75
	Other Services	2.25	2.25
6	Amount due to Small Scale Industries	Nil	Nil
(The above information has been determined as per the details available with the company. The auditor has relied on the said information)			

31. CSR EXPENDITURE

For the year ended March 31, 2017, the Company has incurred expenditure of Rs.292.93 lakhs towards CSR activities as against Rs.834.51 lakhs (including the shortfall of Rs.611.08 up to 31st March 2016) required to be spent under Section 135 of the Companies Act, 2013, resulting in a total shortfall of Rs.541.58 lakhs as on 31st March, 2017. The said shortfall is expected to be utilized in the subsequent years.

32. The Company extends loans to its customers against security of gold not exceeding 75% of the value of gold at the time of disbursement. Value of gold for this purpose is taken from the rates published by the Association of Gold Loan Companies (AGLOC). AGLOC publishes the value of gold based on the immediately preceding 30 days average price of 22 Carrot Gold published by Bombay Bullion Association. The loan amount provided against security of gold works out to 67.55% of the value of gold as on 31-03-2017.



33. The Company's Percentage of Gold Loan to Total Assets is as follows:

(Rs. In lakhs)

Particulars	Current Year	Previous Year
Gold Loans granted against collateral of gold jewellery	9,05,229.80	7,13,682.91
Total assets of the Company	13,48,146.91	11,48,460.15
Percentage of gold loans to Total Assets	67.15%	62.14%

34. Disclosures under the Listing Agreement for Debt Securities

(i) Debenture Trustees:

Trustees for Public Issue	Trustees for Private Placement
SBICAP Trustee Company Limited 202, Maker Tower, 'E', Cuffe Parade, Colaba, Mumbai, Maharashtra – 400005 Tel : 022-4302 5555 Fax : 022-4302 5500 Email : helpdesk@sbicaptrustee.com	IL & FS Trust Company Ltd The IL&FS Financial Centre, Plot C- 22, G Block, Bandra Kurla Complex, Bandra(E), Mumbai 400051 Tel + 91 22 2659 3651 Fax + 91 22 2653 3297 Email: itclcomplianceofficer@ilfsindia.com

(ii) Security:

Privately Placed Secured Debentures are secured by subservient charge on all current assets of the Company, both present and future. Privately Placed Institutional Secured Debentures are secured by a first paripassu charge on all the present and future receivables of the Company and exclusive mortgage on the immovable property owned by the Company situated at plot no. 1030, measuring 5.19 cents having Survey No. 537 in Samugarengapuram Village, Kanyakumari District. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company admeasuring 54 cents situated at Survey No. 764/6A in Arulvaimozhy Village, Kaniyakumari District.

(iii) Others:

(Rs. in lakhs)

Particulars	At March 31, 2017	At March 31, 2016
Loans & advances in the nature of loans to subsidiaries	3,762.00	3,762.00
Loans & advances in the nature of loans to associates	Nil	Nil
Loans & advances in the nature of loans where there is-		
(i) no repayment schedule or repayment beyond seven years	Nil	Nil
(ii) no interest or interest below section 186 of the Companies Act	Nil	Nil
Loans & advances in the nature of loans to other firms/companies in which directors are interested	100.00	Nil

35. Sundry debtors, sundry creditors, loans and advances are subject to confirmation.

36. Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's classification. Figures have been rounded off in Lakhs.

Details required to be disclosed under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Schedule to Balance Sheet as required in terms of Paragraph 18 of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

(Rs. in Lakhs)

Sr. no.	PARTICULARS	Amount outstanding	Amount overdue
	LIABILITY SIDE		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
	a. Debentures		
	▪ Secured	1,39,536.51	103.29
	▪ Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
	b. Deferred credits	Nil	Nil
	c. Term loans	4,297.71	Nil
	d. Inter-corporate loans and borrowings	Nil	Nil
	e. Commercial paper	Nil	Nil
	f. Public Deposits	Nil	Nil
	g. Other loans:		
	▪ Working capital loans from banks	7,17,853.79	Nil
	▪ Loan from directors	Nil	Nil
	▪ Perpetual Debt Instruments	14,400.00	Nil
	▪ Subordinated Debts	2,77,473.98	Nil
	ASSETS SIDE		
Sr. no.	PARTICULARS	Amount outstanding	
2	Break-up of Loans and advances including bills receivables (Other than those included in (4) below)		
	a. Secured		1,002,333.17
	b. Un-Secured		88,687.48
3	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(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) Other loans counting towards AFC activities		



	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	Nil
4	Break-up of Investments	
	Current Investments	
	1. Quoted:	
	i. Shares	
	(a) Equity	1,433.31
	(b) Preference	Nil
	ii. Debentures and Bonds	Nil
	iii. Units of Mutual Funds	Nil
	iv. Government Securities	Nil
	v. Others	Nil
	2. Un-Quoted:	
	i. Shares:	
	(a) Equity	Nil
	(b) Preference	Nil
	ii. Debentures and Bonds	Nil
	iii. Units of Mutual Funds	Nil
	iv. Government Securities	Nil
	v. Others	Nil
	Long Term Investments	
	1. Quoted:	
	a. Shares	
	(a) Equity	Nil
	(b) Preference	Nil
	ii. Debentures and Bonds	Nil
	iii. Units of Mutual Funds	Nil
	iv. Government Securities	4.99
	v. Others	Nil
	2. Un-Quoted:	
	i. Shares:	
	(a) Equity	15,217.61
	(b) Preference	Nil
	ii. Debentures and Bonds	7,700.00
	iii. Units of Mutual Funds	1,421.74
	iv. Government Securities	Nil
	v. Others	Nil

(Rs. in Lakhs)

5	Borrower group wise classification of assets financed as in (2) & (3) above			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	a. Subsidiaries	Nil	3,748.83	3,748.83
	b. Companies in the same group	Nil	100.00	100.00
	c. Other related parties	Nil	Nil	Nil
	2. Other than related Parties	9,38,600.89	84,139.49	10,22,740.38
	Total	9,38,600.89	87,988.32	10,26,589.21

(Rs. in Lakhs)

6	Investor group-wise classification of all investments (Current and Long term) in shares and securities (both quoted and unquoted);		
	Category	Market value/Breakup or Fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a. Subsidiaries	15,209.62	15,209.62
	b. Companies in the same group	8.00	8.00
	c. Other related parties	0.00	0.00
	2. Other than related Parties	10,560.03	10,477.57
	Total	25,777.65	25,695.19

7 Other Information

(Rs. in Lakhs)

	Particulars	Amount
	(i) Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	16,371.03
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	11,748.88
	(iii) Assets Acquired in satisfaction of debt	Nil

Additional Disclosure requirements as per Master Direction DNBR. PD. 008/03.10.119/2016-17, September 01, 2016)

1. Capital Adequacy Ratio

(Rs. in Lakhs)

	Items	Current Year	Previous Year
1	CRAR (%)	21.42%	21.00%
2	CRAR – Tier I Capital (%)	14.10%	13.79%
3	CRAR – Tier II Capital (%)	7.32%	7.21%
4	Amount of subordinated debt raised as Tier-II capital (eligible amount, restricted to 50% of Tier-I capital)	91,068.44	73,685.74
5	Amount raised by issue of Perpetual Debt Instruments	14,400.00	14,400.00



The percentage of PDI to the Tier I Capital of the Company is 7.91%.

2. Investments

(Rs. In Lakhs)

Particulars			Current Year	Previous Year
(1)	Value of Investments			
	(i)	Gross Value of Investments		
	(a)	In India	25,777.65	16,226.07
	(b)	Outside India	Nil	Nil
	(ii)	Provisions for Depreciation		
	(a)	In India	82.46	192.86
	(b)	Outside India	Nil	Nil
	(iii)	Net Value of Investments		
	(a)	In India	25,695.19	16,033.21
	(b)	Outside India	Nil	Nil
(2)	Movement of provisions held towards depreciation of investments			
	(i)	Opening Balance	192.86	16.65
	(ii)	Add: Provisions made during the year	82.46	192.86
	(iii)	Less: Write off/write back of excess provisions during the year	192.86	16.65
	(iv)	Closing balance	82.46	192.86

3. Derivatives

The Company had availed an FCNRR Loan in FY2015-16 by earmarking cash credit limit, against which Forward Contracts as well as Interest Rate Swap Contracts were entered into to hedge the payment of Principal and Interest. The said loan was fully repaid during the reporting year. The Company did not have any other Derivative transaction during the year.

4. Securitisation

The Company has not undertaken any Securitization transaction during the year.

Details of Direct Assignment of Cash Flow transactions undertaken by the Company

Particulars		Current Year	Previous Year
(i)	No. of accounts	315,600	197,787
(ii)	Aggregate value (net of provisions) of accounts sold	473,99,29,253	369,06,13,117
(iii)	Aggregate consideration	448,89,66,766	349,99,86,837
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

5. Asset Liability Management Maturity pattern of certain items of Assets & Liabilities

(Rs. In Lakhs)

Description	Up to 1 month	>1 to 2 month	>2 to 3 months	>3 to 6 months	6months to 1 yr	>1 to 3 yrs	>3 to 5 yrs	>5 yrs	Total
Advances	2,37,745.56	81,752.96	81,415.89	2,64,172.48	4,03,801.22	16,845.96	5,286.59	-	10,91,020.66
Investments	1,433.31	-	-	-	-	8,826.72	-	15,517.62	25,777.65
Borrowings	1,21,395.56	1,14,344.77	66,391.72	94,585.59	3,51,182.96	2,46,948.39	98,614.34	60,098.67	11,53,562.00
Foreign Currency assets	-	-	-	-	-	-	-	-	-

Foreign Currency liabilities	-	-	-	-	-	-	-	-	-
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6. **Exposures****Exposure to Real Estate Sector**

(Rs. in Lakhs)

Category	Current Year	Previous Year
a. Direct Exposure		
i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	Nil	Nil
ii. Commercial Real Estates Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose 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 (NFB) limits.	13,665.67	5,678.03
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures ▪ Residential ▪ Commercial Real Estate	Nil	Nil
b. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,108.60	9,707.94
Total Exposure to Real Estate Sector	25,774.27	15,385.97

Exposure to Capital Market

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
(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;	1,433.31	1,584.80
(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 / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporates against the security of shares / bonds / 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 / issues;	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		1,433.31	1,584.80

7. Miscellaneous

Registration obtained from other financial sector regulators

The company has not obtained registrations from any other financial sector regulators during the year.

Disclosure of Penalties imposed by RBI and other regulators

No penalty was imposed on the Company during the year.

Policy on dealing with Related Party Transactions

The Related Party transactions are entered into complying with the relevant provisions of the Companies Act, 2013.

Ratings assigned by credit rating agencies and migration of ratings during the year

The Company's Long Term Credit Rating by CRISIL has migrated from CRISIL A/Stable in to CRISIL A-/Stable. CARE has rated the Company as CARE A (Single A). The latest debt-wise Rating of the Company are as below:

Type	Rating (2016-17)	Rating (2015-16)	Date of Rating
Short Term Rating	CRISIL A1	CRISIL A1	22/11/2016
Long Term Rating	CARE A	-	18/11/2016
Long Term Rating	CRISIL A-/Stable	CRISIL A/Stable	22/11/2016
Perpetual Debt Instruments	BWR A Minus	BWR A Minus	14/07/2016
Subordinate Debt	Withdrawn on redemption	BWR A/Stable	-

Remuneration of Directors – Non-Executive Director

The Company has paid Rs.166.00 lakhs to Mr. Thomas George Muthoot, Non-Executive Director of the Company during the year. Remuneration (other than Sitting Fee) has not been paid to any of the other Non-Executive Directors.

8. Additional Disclosures

Concentration of Advances

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
-------------	--------------	---------------

Total Advances of twenty largest borrowers	31,699.25	18,673.40
Percentage of Advances of twenty largest borrowers to Total Advances of the NBFC	3.06%	2.10%

Concentration of Exposures

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Total Exposure of twenty largest borrowers/customers	32,297.58	18,852.20
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.12%	2.11%

Concentration of NPA's

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	1,170.05	347.72

Sector-wise NPA's

(Rs. in Lakhs)

Sl.no.	Particulars	Current Year	Previous Year
1	Agriculture & allied activities	13,853.63	15,088.60
2	MSME	1,195.56	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	1,128.77	698.38
6	Auto loans	-	-
7	Other personal loans	193.07	681.74

Movement of NPA's

(Rs. in Lakhs)

	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	1.14%	4.21%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	45,393.82	18,726.93
	(b) Additions during the year	9,267.94	38,378.14
	(c) Reductions during the year	38,290.73	11,711.25
	(d) Closing balance	16,371.03	45,393.82
(iii)	Movement of Net NPAs		
	(a) Opening balance	37,495.11	14,095.65
	(b) Additions during the year	7,607.14	35,110.71
	(c) Reductions during the year	33,353.37	11,711.25
	(d) Closing balance	11,748.88	37,495.11
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		



(a)	Opening balance	7,898.71	4,631.28
(b)	Additions during the year	1,660.80	3,267.43
(c)	Write-off / write-back of excess provisions	4,937.36	-
(d)	Closing balance	4,622.15	7,898.71

Off-Balance Sheet SPV's sponsored

Name of the SPV Sponsored	
Domestic	Overseas
Nil	Nil

Disclosure of Customer Complaints

Sl. No.	Particulars	Nos.
(a)	No. of complaints pending at the beginning of the year	21
(b)	No. of complaints received during the year	1150
(c)	No. of complaints redressed during the year	1165
(d)	No. of complaints pending at the end of the year	6



A CHERIAN & ASSOCIATES
Chartered Accountants

Puthuparampil, Manganam P.O., Kottayam - 686018
0481-2575155; Mobile : 9847063828
email: abrahamcherian06@yahoo.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUTHOOT FINCORP LIMITED Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of Muthoot Fincorp Ltd. (herein after referred to as 'the Company' or the 'Holding Company') and its subsidiaries (together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss, the Consolidated 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 Consolidated Financial Statements

2. The respective Board of Directors of the Holding Company and of the Subsidiaries are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Consolidated Financial Statements to give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the financial statements of subsidiaries as noted below, the aforesaid Consolidated Financial Statements together with the notes thereon 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 Group as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

9. As required by 'the Companies (Auditors' Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, and based on the reports of the statutory auditors of the subsidiaries, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

10. 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 of the Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to the preparation of the Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the statutory auditors of the subsidiaries.

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

(d) In our opinion, and based on the reports of the statutory auditors of the subsidiaries, the aforesaid Consolidated 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 31 March 2017, taken on record by the Board of Directors of the Company, and also based on the reports of the statutory auditors of the subsidiaries, none of the directors of the company and its subsidiaries, is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act.

(f) With respect to the adequacy of Internal Financial controls over financial reporting of the Group 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, and based on the reports of the statutory auditors of the subsidiaries:



- i. The Group has disclosed the impact, if any, of pending litigations as at 31 March 2017, on its financial position in its Consolidated Financial Statements;
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts, if any, in respect of which any provision is required to be made under the applicable law and Accounting Standards;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company or its subsidiaries during the year ended 31 March 2017.
- iv. The Group has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures, information and explanations given to us and relying on management representation and based on the reports of the statutory auditors of subsidiary companies, we report that the disclosures are in accordance with the books of accounts maintained by the respective company. However, in the absence of appropriate audit evidence, we are unable to comment upon the appropriateness of classification between specified bank notes and other denomination notes of 'permitted receipts', 'non-permitted receipts' and 'deposits in banks' as disclosed under such note.

Other Matters

The accompanying Consolidated Financial Statements include total assets of Rs.207,758.56 lakhs as at 31st March, 2017, total revenues of Rs.31,995.45 lakhs and net cash flows of Rs.27,459.06 lakhs for the year ended on that date, in respect of three subsidiaries which have been audited by other auditors, of which, financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of such other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For A.Cherian & Associates,
Chartered Accountants,
Firm Regn. No - 011456S

sd/-

CA. Abraham Cherian
Proprietor
Membership No: 202759

Place: Thiruvananthapuram
Date: May 09, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Consolidated Financial Statements as of and for the year ended 31 March 2017

(i)(a) In our opinion, and according to the information and explanations given to us, and based on the auditors' report of the subsidiaries of the Company, the Holding Company and its subsidiaries have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the assets have not been physically verified by the respective managements during the year. But there is a regular program of verification, which in our opinion and based on the auditors' report of the subsidiaries, is reasonable having regard to the size of the Group and the nature of its assets. We have been informed that there have been no material discrepancies during such verification.

(c) In our opinion and according to the information and explanations given to us, the title deeds of immovable property are held in the name of the Company.

(ii) The provisions of clause 3(ii) of the said Order are not applicable to the Group as the Holding Company and its subsidiaries have not held any stock in trade during the year, except for Immovable Property held for the purpose of development and/or sale by the Holding Company.

(iii) The Holding Company has granted the following loans to its subsidiaries, being parties listed in the Register maintained under Section 189 of the Companies Act, 2013.

Name of the party	Nature of Loan	Balance as on 31.03.2017
Muthoot Housing Finance Company Limited	Unsecured Loan	23,97,00,000
Muthoot Pappachan Technologies Limited	Unsecured Loan	13,65,00,000
Muthoot Automobile Solutions Private Limited	Unsecured Loan	100,00,000

Based on the reports of statutory auditors of the subsidiaries, no loans have been granted to parties listed in the Register maintained under Section 189 of the Companies Act, 2013 by the subsidiaries.

(a) In our opinion, the terms & conditions of the grant of such loan are not prejudicial to the interests of the Group.

(b) The above mentioned loans are repayable only at the end of the loan tenure and as such there is no repayment schedule. The interest repayment is regular.

(c) There is no amount overdue for more than ninety days with respect to these loans.

(iv) In our opinion and based on the auditors' report of the subsidiaries, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013.

(v) The Group has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the Rules framed there under to the extent notified.

(vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and hence the provisions of this section are not applicable to the Group for the year under review.



(vii) (a) In our opinion, according to the information and explanations given to us and the records of the Company examined by us, and based on the audit report of the subsidiaries, the Group is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax and other material statutory dues, as applicable, with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on which they became payable except as stated below:

(Rs. In lakhs)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Due Date	Date of Payment
Madhya Pradesh Professional Tax Act, 1955	Professional Tax	0.008	FY 2016-17	21/09/2016	12/04/2017

(b) According to the information and explanations given to us and the records examined by us, and based on the auditors' report of the subsidiaries, the particulars of statutory dues as at 31 March 2017 which have not been deposited on account of a dispute, are as follows:

(Rs. In lakhs)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Service Tax	Tax on Income from Foreign Inward Remittances	17.17	01/02/2006 to 30/09/2007	CESTAT, Bangalore
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	1,463.50	AY 2010-11	CIT (Appeals), Trivandrum
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	741.70	AY 2013-14	CIT (Appeals), Trivandrum
Income Tax	Non-Deduction of Tax at Source	3,273.66	AY 2015-16	CIT (Appeals), Trivandrum
Value Added Tax	Purchase Tax	1,146.15	AY 2013-14	Deputy Commissioner (Appeals), Trivandrum

(viii) According to the records of the Company examined by us, and the information and explanations given to us, and based on the auditors' report of the subsidiaries, the Group has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

There are unpaid amounts of debentures amounting to Rs. 153.37 lakhs outstanding as on March 31, 2017, which based on the explanation received from the management could not be paid as proper claims were not received from the debenture holders.

(ix) Based on the information and explanations given to us, and based on the report of the auditors of the subsidiaries, the Group has applied moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised. However, surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, according to the information and explanations given to us and based on the report of the auditors of the subsidiaries, instances of loan against theft gold, spurious gold and misappropriation of cash committed by personnel of the Company were noticed aggregating to an amount of Rs. 305.92 lakhs (net of recovery), which has been fully provided for in the accounts.

(xi) In our opinion, the managerial remuneration paid or provided, is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.

(xii) The Group, not consisting of any Nidhi Company, does not attract the provisions of Clause 3 (xii) of the Order.

(xiii) In our opinion and based on the auditors' report of the subsidiaries, all transactions with related parties have been made in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the information and explanation given to us by the management and based upon the auditors' report of the subsidiaries, the preferential allotment and private placement of equity shares and private placement of compulsorily convertible preference shares made by the subsidiaries, are in compliance of Section 42 of the Act, and the amount so raised has been used for the purpose for which the funds were raised, though surplus funds not required for immediate utilisation have been invested in liquid investments, payable on demand.

(xv) In our opinion and according to the information and explanations given to us and based on the auditors' report of the subsidiaries, the Group has not entered into any non-cash transactions with the respective directors or persons connected with them.

(xvi) Based on the information and explanations given to us by the respective managements of the Group, Muthoot Fincorp Limited and Muthoot Microfin Limited are required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained. The other two Companies of Group are not required to be registered under the abovementioned provisions.

For A. Cherian & Associates,
Chartered Accountants,
Firm Regn. No - 011456S

sd/-

CA. Abraham Cherian
Proprietor
Membership No: 202759

Place: Thiruvananthapuram
Date: May 09, 2017



Annexure B to Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Consolidated Financial Statements as of and for the year ended 31 March 2017

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

We have audited the internal financial controls over financial reporting of Muthoot Fincorp Limited ("the Holding Company") and its subsidiary companies (collectively referred to as "the Group" or "the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that; (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial state-

ments in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Group, insofar as it relates to the subsidiary company's, are based on the corresponding reports of the auditors of such subsidiaries.

For A. Cherian & Associates,
Chartered Accountants,
Firm Regn. No - 011456S

sd/-

CA. Abraham Cherian
Proprietor
Membership No: 202759

Place: Thiruvananthapuram
Date: May 09, 2017



MUTHOOT FINCORP LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ In lakhs)

Particulars	Note	Figures as at March 31, 2017	Figures as at March 31, 2016
LIABILITIES			
Equity and Liabilities			
Share Holder's Funds			
Share Capital	1	19,370.56	18,656.27
Reserves & Surplus	2	1,56,630.33	1,22,685.22
Minority Interest		4,336.04	1,920.16
Money received against share warrants		-	-
Share Application Money Pending Allotment		-	-
Non-Current Liabilities			
Long Term Borrowings	3	4,55,672.68	4,20,520.83
Deferred Tax Liability (net)		-	-
Other Long Term Borrowings	4	158.03	122.99
Long Term Provisions	5	1,147.30	818.80
Current Liabilities			
Short Term Borrowings	6	6,57,741.43	480,015.57
Trade Payables	7	1,244.90	2,590.53
Other Current Liabilities	8	2,19,925.04	1,63,944.62
Short Term Provisions	9	20,618.10	21,602.68
TOTAL		15,36,844.41	12,32,877.67
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	57,529.32	51,612.74
Intangible Assets	10	905.71	235.05
Capital Work in Progress		58.65	-
Intangible Assets under Development		629.01	757.78
Non-Current Investments	11	9,134.73	1,431.65
Deferred Tax Assets	12	603.50	746.09
Long Term Loans & Advances	13	1,06,449.20	94,978.40
Inventories	14	30,012.93	21,589.02
Other Non-Current Assets	15	15,519.88	11,567.93
Total Non-Current Assets		2,20,842.93	1,82,918.66
Current Assets:			
Current Investments	16	1,433.31	1,584.80
Trade Receivables	17	2,193.35	2,047.79
Cash & Cash Equivalents	18	75,826.99	54,827.42
Short Term Loans & Advances	19	11,60,416.65	926,345.09
Other Current Assets	20	76,131.18	65,153.91
Total Current Assets		13,16,001.48	10,49,959.01
TOTAL		15,36,844.41	12,32,877.67

See accompanying notes to the Financial Statements

Vide our report dated 09/05/2017 attached

For A.Chcrian & Associates

Chartered Accountants

Firm Regn. No - 0114565

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
C.A. Abraham Chcrian
Proprietor
M.No.202759

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

Thiruvananthapuram
09.05.2017

MUTHOOT FINCORP LIMITED

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(₹ In lakhs)

Particulars	Note	Figures for the year ended March 31, 2017	Figures for the year ended March 31, 2016
I. REVENUE			
Revenue from Operations	21	2,23,861.57	2,11,550.83
Other Income	22	16,829.51	7,691.77
II. Total Revenue		2,40,691.08	2,19,242.60
III. EXPENSES			
Employee Benefit Expenses	23	45,817.99	38,690.68
Finance Cost	24	1,22,027.25	1,16,301.12
Depreciation and Amortization	10	8,015.49	7,935.52
Other Expenses	25	41,290.58	41,656.93
IV. Total Expenses		2,17,151.31	2,04,584.25
V. Profit before Exceptional and Extra Ordinary Items and Tax (II-IV)		23,539.77	14,658.35
VI. Exceptional Items		-	-
VII. Profit before Extra-Ordinary Items and Tax (V-VI)		23,539.77	14,658.35
VIII. Extra-Ordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		23,539.77	14,658.35
X. Tax Expenses:			
Current Tax		7,601.54	7,519.20
Deferred Tax		142.58	(2,178.45)
XI. Profit for the Period from Continuing Operations (IX-X)		15,795.65	9,317.60
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
XV. Profit after Tax before Minority Interests (XI+XIV)		15,795.65	9,317.60
XVI. Less: Minority Interests		(686.29)	(243.73)
XVII. Profit for the year (XV-XVI)		15,109.36	9,073.87
XVIII. Earnings per Equity Share			
Basic		8.10	4.86
Diluted		8.10	4.86

See accompanying notes to the Financial Statements

Vide our report dated 09/05/2017 attached

For **A.Cherian & Associates**

Chartered Accountants

Firm Regn. No - 0114565

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
 Managing Director
 DIN: 00011618

sd/-
Thomas George Muthoot
 Director
 DIN: 00011552

sd/-
C.A. Abraham Cherian
 Proprietor
 M.No.202759

sd/-
Thomas Muthoot
 Executive Director and
 Chief Financial Officer
 DIN: 00082099

sd/-
Mathai T.D.
 Company Secretary

Thiruvananthapuram
 09.05.2017



MUTHOOT FINCORP LIMITED

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

(₹ In lakhs)

	Particulars	2016-17	2015-16
a)	Cash Flow from operating activities		
	Net profit after taxation and extraordinary items	15,795.65	9,317.60
	Adjustments:		
	Depreciation & amortization	8,015.49	7,935.52
	(Profit)/loss on sale of fixed assets	1.29	-
	Assets written off	-	258.69
	Provisions and write offs	17,218.59	10,401.91
	Bad debts written off	1,974.34	783.54
	Net gain on sale of current investments	(1,504.12)	(332.92)
	Dividend income	(15.90)	(11.96)
	Operating profit before working capital changes	41,485.34	28,352.38
	Movement in Working Capital		
	(Increase) / decrease in short term loans and advances	(236,045.91)	(103,060.82)
	(Increase) / decrease in long term loans and advances	(15,422.75)	(14,983.01)
	(Increase) / decrease in other current assets	(19,546.74)	(8,397.67)
	Increase / (decrease) in provisions	(5,591.06)	1,186.75
	Increase / (decrease) in other current liabilities	54,634.79	52,639.75
	Cash generated from operation	(180,486.33)	(44,262.62)
	Direct taxes paid (net of refund)	(12,141.02)	(3,566.82)
	Net cash flow from /(used in) operating activities (A)	(192,627.35)	(47,829.44)
b)	Cash Flow from investing activities		
	Purchase of fixed and tangible assets	(14,533.90)	(4,622.53)
	Purchase / Sale of investments	(6,047.46)	(1,836.92)
	Dividend received	15.90	11.96
	Net cash flow from /(used in) investing activities (B)	(20,565.46)	(6,447.49)
c)	Cash flow from financing activities		
	(Increase) / decrease of short term borrowings	177,725.86	(10,051.60)
	(Increase) / decrease of long term borrowings	35,186.89	73,807.08
	Fresh issue of shares	19,550.04	-
	Issue of shares to Minority Shareholders	1,729.59	54.55
	Net cash flow from /(used in) financing activities (C)	234,192.38	63,810.03
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	20,999.57	9,533.10
	Cash and cash equivalents at the beginning of the year	54,827.42	45,294.32
	Cash and cash equivalents at the end of the year	75,826.99	54,827.42

See accompanying notes to the Financial Statements

Vide our report dated 09/05/2017 attached

For A.Cherien & Associates

Chartered Accountants

Firm Regn. No - 0114565

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
 Managing Director
 DIN: 00011618

sd/-
Thomas George Muthoot
 Director
 DIN: 00011552

sd/-
C.A. Abraham Cherian
 Proprietor
 M.No.202759

sd/-
Thomas Muthoot
 Executive Director and
 Chief Financial Officer
 DIN: 00082099

sd/-
Mathai T.D.
 Company Secretary

Thiruvananthapuram
 09.05.2017

MUTHOOT FINCORP LIMITED**Significant Accounting Policies and Notes to Consolidated Financial Statements for the year ended 31 March 2017****I. OVERVIEW****1. Nature of Operations**

Muthoot Fincorp Limited ("MFL" or "the Company") is a Public Limited Company, incorporated on June 10, 1997 under the provisions of the Companies Act 1956. The Company is a Non Deposit Accepting Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and is classified as a Non Deposit Taking Systemically Important Loan Company (NDSI).

Muthoot Fincorp Limited, the flagship company of the 130 year old Muthoot Pappachan Group, provides a diverse mix of retail offerings catering to various needs of its customers and is primarily engaged in the business of Gold Loans through its branch network across India. The Company also offers Business Loans, Loans to Microfinance Sector, Forex Services, Money Transfer Services, Wealth Management Services to its customers in its strive to be the most trusted financial service provider. It is also engaged in real estate business to a very limited extent.

The company has 3 subsidiaries, Muthoot Housing Finance Company Limited (or "MHFCL"), Muthoot Pappachan Technologies Limited (or "MPT") and Muthoot Microfin Limited (or "MML") (formerly known as Pancharatna Securities Limited), which are incorporated in India.

Muthoot Housing Finance Company Limited (MHFCL) is a Housing Finance Company registered with the National Housing Bank ("NHB") under Section 29 A of the National Housing Bank Act, 1987 and primarily engaged in housing finance activities. The company was incorporated on 05th March, 2010, and received the Certificate of Registration from the NHB on 11th February, 2011, enabling the company to carry on business as a Housing Finance Company without accepting Public Deposits. The company received its Certificate of Commencement of Business on 1st June 2011.

Muthoot Pappachan Technologies Private Limited (MPT) was initially registered as a private limited company on 16th November 2012. Later, it was converted to Muthoot Pappachan Technologies Limited on 5th July 2013. Based in the Technopark campus at Thiruvananthapuram, the company provides Consulting-led Integrated portfolio of Information Technology (IT) and IT enabled services to its clients. The Company in short, aims at providing Software Solution as Service to its customers.

Muthoot Microfin Limited (MML) was incorporated as a private limited company in the year 1992 under the erstwhile Companies Act, 1956. Effective from 18 March, 1998, the Company was registered as a non-deposit accepting Non-Banking Financial Company (NBFC-ND) under the rules and regulations framed by the Reserve Bank of India. The Company has obtained registration under the category of Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI) w.e.f. 25 March, 2015. Designed to promote entrepreneurship skills and inclusive growth among women, the Company provides financial assistance to women engaged in small income generating activities under the Grameen model of lending and carries out skill development workshops and literacy classes for its clients. The Company also uses its distribution channel to provide loans to members for purchase off productivity-enhancing products such as solar lamps, mobile phones and water purifiers.

2. Consolidated Financial Statements

The Consolidated Financial Statements ("CFS") include results of the following subsidiaries of Muthoot Fincorp Limited, consolidated in accordance with Accounting Standard-21 'Consolidated Financial Statements':



Name of the company	Country of in corporation	Consolidated as	% shareholding of MFL (Current Year)	% shareholding of MFL (Previous Year)
Muthoot Housing Finance Company Limited	India	Subsidiary	75.32%	75.32%
Muthoot Pappachan Technologies Limited	India	Subsidiary	60.00%	60.00%
Muthoot Microfin Limited	India	Subsidiary	83.51%	98.59%

(b) Disclosure in terms of Schedule III of the Companies Act, 2013:

(Rs. in lakhs)

Name of the company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount
Parent				
Muthoot Fincorp Limited	83.22%	150,072.87	69.81%	11,026.87
Subsidiary				
Muthoot Housing Finance Company Limited	5.19%	9,355.01	9.26%	1,463.03
Muthoot Pappachan Technologies Limited	0.85%	1,539.29	-2.84%	-449.07
Muthoot Microfin Limited	8.34%	15,033.71	19.43%	3,068.53
Minority Interest in all subsidiaries	2.40%	4,336.04	4.34%	686.29
Total	100.00%	1,80,336.92	100.00%	15,795.65

3. Principles of Consolidation

(a) The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet, as at March 31, 2017 & March 31, 2016 and Statement of Profit and Loss and Cash Flows of the Company and its Subsidiaries for the years ended March 31, 2017 & March 31, 2016.

(b) The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company.

(c) All material inter-company transactions and balances between the entities have been eliminated in the CFS.

(d) The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

(e) The excess of cost to the Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the subsidiary companies are made, is recognized as Goodwill, if any.

(f) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of capital and reserves attributable to the minority shareholders at the date on which investment are made by the Company in the subsidiary companies and further movement in their share, subsequent to the date of investment as stated above.

(h) Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of these companies. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

II. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

The CFS of the Group has been prepared in accordance with generally accepted accounting principles in India. The management has prepared these CFS to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the guidelines issued by the Reserve Bank of India as applicable to a non-deposit accepting NBFC, NBFC-MFI and the guidelines issued by the National Housing Bank. The CFS has been prepared under the historical cost convention and on an accrual basis except for non-performing assets, for which income is recognized on realization basis.

b. USE OF ESTIMATES

The preparation of the financial statements required the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. An example of such estimates include the classification of assets and liabilities into current and non-current, which is based on the estimation of the operating cycle of the Company. However, although these estimates are based upon the management's best knowledge of current events and actions, actual results may differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

c. TANGIBLE FIXED ASSETS

Fixed Assets are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price and directly attributable cost for bringing the asset to its working condition for the intended use.

Any trade discounts and rebates are deducted in arriving the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including the day to day repair and maintenance expenditure are charged to revenue during the period in which such expenditure is incurred.

d. INTANGIBLE ASSETS

Intangible Assets are capitalized on the basis of costs incurred to acquire and install them. These assets are amortized over their estimated useful life on a straight line basis, commencing from the date on which the assets are available for use. Intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Advance paid for development of Computer Software is disclosed as "Intangible Assets under Development".

e. DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on assets acquired/sold during the year is recognised on pro-rata basis in the statement of profit and loss from the date of acquisition or till the date of sale. Depreciation is provided based on the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013 except as otherwise mentioned. The Holding Company and one of its subsidiaries, Muthoot Microfin Limited follow the Straight Line Method for providing depreciation, whereas the two other subsidiaries follow the Written Down Value method. Software is amortized over a period of 10 years or over the estimated useful lives, as is appropriate on Straight Line Basis by Muthoot Pappachan Technologies Limited.

Leasehold Improvements are amortized over the period of the lease on Straight Line basis.

f. INVESTMENTS

Investments intended to be held for not more than one year from the date of such investments, are classified as current investments. All other investments are classified as Non-Current Investments.



Current Investments are carried in the Financial Statements at lower of cost or fair market value on individual investment basis. During the year, provision for fluctuation in value of current investments is recognised to the extent of the diminution in value.

Non-Current Investments are normally carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in nature. On disposal of an investment, the difference between its carrying amount and net proceeds of disposal are recognized in the profit and loss account.

g. HUMAN RESOURCES AND BENEFITS

(i) Short Term Employee Benefits

Short Term Employee Benefits for services rendered by employees are recognised during the period when the services are rendered.

(ii) Post-Employment Benefits

Defined Contribution Plan

Provident Fund / Employees State Insurance

Benefits in the form of Provident Fund and Employees State Insurance are Defined Contribution Schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There is no other obligation other than the contribution payable to the fund.

Defined Benefit Plan

Retirement & Earned Leave benefits

The company has provided for gratuity & earned leave benefits payable to its employees based on actuarial valuation done in line with Accounting Standard 15 – 'Employee Benefits' issued by Institute of Chartered Accountants of India.

h. FOREIGN EXCHANGE TRANSACTIONS

Foreign currency transactions are recorded in Indian Rupees, on initial recognition, by converting the foreign currency amount into Indian Rupees at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate as on the Balance Sheet date. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the period in which they arise.

i. TAXES ON INCOME

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income Tax reflects the impact of current year timing differences between the taxable income and the accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Pursuant to National Housing Bank's (NHB) Circular No. 65/2014-15 dated August 22, 2014, Muthoot Housing Finance Company Limited creates Deferred Tax Liability on Special Reserve u/s 36 (1) (viii) of the Income Tax Act, 1961.

At each Balance Sheet date, the management re-assesses the unrecognized deferred tax assets and recognises deferred tax asset only to the extent that it has become reasonably certain, or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Provision for Minimum Alternate Tax (MAT) is accounted when tax payable as per provision for Section 115JB of the Income Tax Act, 1961 is higher than the tax payable under normal provision of the Act. MAT Credit entitlement is recognized as an asset only if there is convincing evidence for realisation of such assets during the specified period. MAT credit entitlement is reviewed at each Balance Sheet date.

j. IMPAIRMENT OF ASSETS

The carrying value of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over the useful life. If at the Balance Sheet date, there is an indication that a previously assessed impairment asset no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

k. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition is as under:

- a. Interest income is recognised on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with borrowers, as the case may be, except in the case of non-performing assets where income is recognized on receipt basis in compliance with RBI norms.
- b. Processing fee on loans are recognised as income at the inception of the loan. Application Fee in case of Housing Loans are recovered and recognized on receipt of the application from the customer.
- c. Recognition of Profits on transfer of assets through Direct Assignment are made as per Para 1.4 of the respective guidelines on the subject issued by Reserve Bank of India.
- d. Income from Power Generation is booked on accrual basis, based on the Terms of arrangement with the Tamil Nadu Electricity Board.
- e. Income in the form of Dividends are recognised as income when the Company's right to receive payment is established.
- f. Income from services rendered are recognised as per the terms of contract on accrual basis.
- g. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- h. The prudential norms for income recognition prescribed by the Reserve Bank of India are complied with.

l. BORROWING COST

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Muthoot Pappachan Technologies Limited has capitalized borrowing costs totaling to Rs.108.06 lakhs at the weighted average cost of borrowings.

Considering substance over form and matching concept for cost & revenue recognition, processing/upfront fee, arrangement fee/other charges incurred in connection with arrangement of borrowings are amortized over the period of borrowings by Muthoot Housing Finance Limited. In case these borrowings are repaid before its complete tenure, then the entire un-amortized balance of such charges will be charged immediately to the Statement of Profit & Loss.



m. LEASES

Assets acquired on lease where a significant portion of risk or rewards of ownership are retained by the Lessor are classified as Operating Leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

n. EARNINGS PER SHARE

The Company reports Basic Earnings Per Share in accordance with the Accounting Standard-20 "Earnings Per Share", issued by the ICAI. Basic Earnings Per Share has been computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year. For the purpose of diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares.

o. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard 29 on "Provisions, Contingent Liabilities & Contingent Assets", when there is a present legal or statutory obligation as a result of past events leading to probable outflow of resources, where a reliable estimate can be made of the amount required to settle the obligation.

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.

Contingent Assets are not recognised in the financial statements.

p. SEGMENT REPORTING

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Financial Statements.

q. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Material Events occurring after the Balance Sheet date are taken into cognizance while preparing the financial statements.

r. RELATED PARTY DISCLOSURES

Disclosures are made in accordance with the requirements of Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by the Institute of Chartered Accountants of India after eliminating all transactions between Company's whose Financial Statements have been consolidated.

s. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

t. SECURITIZATION/ASSIGNMENT OF LOANS AND ADVANCES

Transactions relating to transfer of loans and advances through securitization/assignment with other financial institutions and banks are accounted for in accordance with the relevant guidelines issued by the RBI. Such transferred loans and advances are de-recognized from the financial statements and gains/losses are accounted for only where the Company surrenders rights to benefits specified in the loan contract in favour of the counter parties.

u. ASSET ACQUIRED AGAINST THE SETTLEMENT OF LOANS

Assets possessed against the settlement of loans are carried in the Balance Sheet at a value of outstanding principal loan amount or market value of the asset, whichever is lower. In case the market value of the asset acquired is lower than the outstanding principal loan amount, then the shortfall is to be provided for in the books of account in such financial year.

These assets are classified as 'Current assets' till the asset acquired is finally disposed. The outstanding overdue interest and other charges will be accounted on realization basis.

v. SECURITIES ISSUE EXPENSES

Securities issue expenses and redemption premium, if any, are adjusted against the securities premium account as permissible, to the extent balance is available for utilization in the securities premium account.

w. CLASSIFICATION AND PROVISIONING OF ASSETS

As per the guidelines given in the Prudential Norms for Non-Banking Financial Companies prescribed by the Reserve Bank of India and the Prudential Norms for Housing Finance Companies prescribed by the National Housing Bank (NHB), the Holding Company and its subsidiaries make adequate provisions against Non-Performing Assets in the following manner:

a. Standard Assets

Provision against Standard assets is made at the rate of 0.35% as required by the Systemically Important Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016).

A general provision of 0.40% of standard assets is made by Muthoot Housing Finance Company Limited, except in case of standard assets in respect of Commercial Real Estate (Residential Housing), where provision is made at 0.75% of loan outstanding as prescribed under para 28 of The Housing Finance Companies (NHB) Directions, 2010.

b. Sub-Standard, Doubtful & Loss Assets

Provision has been made as required by the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016) by the Holding Company.

For Microfinance loans, provision has been made at higher of a) 1% of the outstanding loan portfolio or b) 50% of aggregate loan instalments overdue for over 90 days and 100% of aggregate loan instalments overdue for over 180 days or more.

Provisioning for Sub-Standard, Doubtful & Loss Assets of Muthoot Housing Finance Company Limited (MHFCL) has been made as per the Prudential Norms prescribed by the National Housing Board. The Company also makes assessment of its portfolio and creates additional provision to meet unforeseen contingencies.

III. ACCOUNTING POLICY ALIGNMENT IN CFS

In respect of the following components of Consolidated Financial Statements, it is not practicable to align the accounting policies followed by a subsidiary Company:



(Rs. In lakhs)

Component of CFS	Particulars	Amount	% of the total component
Depreciation	Muthoot Housing Finance Limited & Muthoot Papachan Technologies have followed the Written Down Value Method, whereas the Holding Company and Muthoot Microfin Limited have followed the Straight Line Method	156.09	1.95%
Accumulated Depreciation	Muthoot Housing Finance Limited & Muthoot Papachan Technologies have followed the Written Down Value Method, whereas the Holding Company and Muthoot Microfin Limited have followed the Straight Line Method	433.33	0.96%
Finance Cost (processing / arrangement fee)	Muthoot Housing Finance Company Limited recognizes Processing / Arranging Fee on Borrowings over the period of Borrowings as against upfront recognition followed by the Group	118.55	5.75%

IV. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. SHARE CAPITAL

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Authorised:		
20,00,00,000 equity shares of Rs.10/- each (previous year 20,00,00,000) shares of Rs.10/- each)	20,000.00	20,000.00
Issued:		
19,38,00,800 equity shares of Rs.10/- each (previous year 18,65,62,700 shares of Rs.10/- each)	19,380.08	18,656.27
Subscribed and paid-up		
19,37,05,560 equity shares of Rs.10/- each (previous year 18,65,62,700 shares of Rs.10/- each)	19,370.56	18,656.27
Total	19,370.56	18,656.27

The Reconciliation of number of shares at the beginning of the year and at the closing of the year is as follows:

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	No of shares	Amount (Rs. Lakhs)	No of shares	Amount (Rs. Lakhs)
Position at the beginning of the year	18,65,62,700	18,656.27	18,65,62,700	18,656.27
Fresh issue during the year	71,42,860	714.29	0	0.00
Position at the end of the year	19,37,05,560	19,370.56	18,65,62,700	18,656.27

The Company has only one class of shares namely equity shares having a face value of Rs.10. Each holder of equity share is entitled to one vote per share. The Board of Directors have proposed 7.5% dividend for the FY 2016-17. The proposal is subject to the approval of shareholders at the Annual General Meeting.

The shareholders who hold more than 5% shares in the company and their capital contributions are as follows:

Name of shareholders	No of shares	Amount (Rs lakhs)	Percent (%)
Mr. Thomas John Muthoot	5,08,43,764	5084.38	26.25%
Mr. Thomas George Muthoot	5,08,43,764	5084.38	26.25%
Mr. Thomas Muthoot	5,08,43,769	5084.37	26.25%
Ms. Preethi John Muthoot	1,35,25,989	1352.60	6.98%
Ms. Nina George	1,35,25,961	1352.60	6.98%
Ms. Remy Thomas	1,35,25,988	1352.59	6.98%
Total	19,31,09,235	19,310.92	99.69%

During the year, the Holding Company has issued 72,38,100 shares vide Right Issue and has allotted 71,42,860 shares at Rs.10/- each at a premium of Rs.200/- per share. 9,37,50,000 shares were issued to the shareholders as fully paid up bonus shares during the financial year 2011 - 2012.

2. RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
a. Securities Premium Reserve	42,679.89	23,844.13
b. Statutory Reserve	32,110.05	28,946.88
c. Special Contingency Reserve	8,882.93	8,882.93
d. Debenture Redemption Reserve	11,908.83	17,527.33
e. Surplus	61,048.63	43,483.95
Total	1,56,630.33	1,22,685.22

Muthoot Fincorp Limited and Muthoot Microfin Limited have appropriated 20% of their profit after tax as Statutory Reserve as stipulated in Reserve Bank of India Regulations. Muthoot Housing Finance Company Limited has also appropriated Statutory Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961, read with Section 29C of the National Housing Bank Act, 1987. Muthoot Fincorp Limited has maintained a Debenture Redemption Reserve of 25% of the total value of Debentures and Subordinated Debt outstanding as on March 31, 2017 which were issued through public issue, as required under Rule 18, sub-rule 7 of the Companies (Share Capital and Debentures) Rules, 2014.

Reconciliation of figures as at beginning and close of the reporting period are as follows.

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
a. Securities Premium Reserve		
Balance as per last balance sheet	23,844.13	23,844.13
Additions during the year	19,556.13	0.00
Utilisation towards share issue expenses	(720.37)	0.00
Closing balance	42,679.89	23,844.13
b. Statutory Reserve		
Balance as per last balance sheet	28,946.88	27,009.84
Additions during the year	3,163.17	1,937.04
Closing balance	32,110.05	28,946.88



c. Special Contingency Reserve		
Balance as per last balance sheet	8,882.93	8,882.93
Additions during the year	0.00	0.00
Closing balance	8,882.93	8,882.93
d. Debenture Redemption Reserve		
Balance as per last balance sheet	17,527.33	11,028.91
Additions during the year	(5,618.50)	6,498.42
Closing balance	11,908.83	17,527.33
e. Surplus		
Balance as per last balance sheet	43,483.95	42,845.54
Profit for the year	15,795.65	9,317.60
Less: Appropriations:		
Statutory Reserve	3,163.17	1,937.04
Debenture Redemption Reserve	(5,618.50)	6,498.42
Dividend to Preference Shareholders & Dividend Tax	0.01	0.00
Less: Transfer to Minority Interest	686.29	243.73
Closing balance	61,048.63	43,483.95

3. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Bonds/ debentures		
Secured Debentures	64,837.55	90,006.30
Term loans		
From Banks	79,527.71	47,365.06
From other parties	13,252.86	9,150.14
Working Capital Term Loans		
From Banks	38,333.33	32,500.00
Other loans and advances		
Subordinate debts	206,376.87	183,629.55
Tier I Capital - Perpetual Debt Instruments	14,400.00	14,400.00
Inter Corporate Deposit	0.00	50.00
Loan from Directors	400.09	435.60
Interest Payable	38,544.27	42,984.18
Total	4,55,672.68	4,20,520.83

a. SECURED DEBENTURES (SECURED)

Secured Debentures includes non-convertible debentures issued by way of Public Issue as well as Private Placement. Privately Placed Secured Debentures of the Holding Company are secured by subservient charge on all current assets of the Company, both present and future. Privately Placed Institutional Secured Debentures are secured by a first pari passu charge on all the present and future receivables of the Company and exclusive mortgage on the immovable property owned by the Company situated at plot no. 1030, measuring 5.19 cents having Survey No. 537 in Samugarengapuram Village, Kanyakumari District. Debentures issued by way of public issue are secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company admeasuring 54 cents situated at Survey No. 764/6A in Arulvaimozhy Village, Kanyakumari District. Muthoot Microfin Limited has raised Rs.20,500 lakhs as Non-Convertible Debentures during the year against exclusive charge over its book debts.

Secured debentures are grouped into current and non-current based on maturity profile. The principal portion of repayments which fall due before March 31, 2018 are categorised as Other Current Liabilities. Interest accrued, and falling due before March 31, 2018 has also been categorised under Other Current Liability.

The maturity pattern of Secured Debentures in the descending order of maturity are as follows (includes Current portion also):

Financial year of maturity	Grand total (Rs. in lakhs)
2021-22	14,000.00
2020-21	218.86
2019-20	8,332.34
2018-19	42,286.35
2017-18	86,371.85
Total	1,51,209.40

b. TERM LOANS (SECURED)Long term borrowings -Term loan from Banks / Others

Term loans availed by the Holding Company are secured by first / pari-passu charges on the respective Fixed Assets / Current Assets. The principal portion of repayments which fall due before March 31, 2018 are categorised as Other Current Liabilities. The repayment terms are as below (includes Current portion also):

(Rs. In lakhs)

Lender	Nature of Security	March 31, 2017	March 31, 2016	Repayment Terms
State Bank Of India	Secured against Branch Fixed Assets	146.52	1,905.87	Balance repayable in one instalment
State Bank Of India	Secured against Branch Fixed Assets	3,788.23	7,288.29	Balance repayable in 13 monthly instalments of Rs 288.33 Lakhs & last Instalment Rs 0.15 lakhs
South Indian Bank	Secured against 6560 sq.ft. SBUA with UDS 798.96 sq ft. in World Trade Centre, Brigade Gateway Bangalore	325.60	368.20	Balance Repayable in 91 monthly instalments of Rs 3.55 lakhs & last Instalment of Rs 2.55Lakhs



ICICI Bank – Car Loan	Secured against Vehicle - Jaguar XF F2.2	22.52	31.57	Balance Repayable in 26 monthly instalments on diminishing value method
State Bank of India – Car Loan	Secured against Vehicle - Ford New Endeavour-3.2.1.4*4 Titanium AT- Diesel Car	29.53	0.00	Balance Repayable in 83 monthly instalments on diminishing value method
State Bank of India – Car Loan	Secured Against Vehicle - Honda Br-Vv Cvt Ivttec(Base)	12.00	0.00	Balance Repayable in 84 monthly instalments on diminishing value method
HDFC	Secured against the property at DLF Garden City, Chennai	14.56	27.76	Balance Repayable in 11 monthly instalments on diminishing value basis
TOTAL		4,338.96	9,621.69	

Term Loans availed by Muthoot Housing Finance Company Limited are secured by way of hypothecation of Loan Receivables equivalent to the security cover provided to the respective bank. The loans are further guaranteed by promoter directors (Mr. Thomas Muthoot, Mr. Thomas George Muthoot and Mr. Thomas John Muthoot). The repayment terms are as below:

(Rs. in Lakhs)

Lender	March 31, 2017	March 31, 2016	Repayment Terms
Corporation Bank	1,214.60	1,499.73	Repayable in 84 monthly instalments after 1 month from the disbursement
Dhanlaxmi Bank	2,168.00	2,808.00	Repayable in 25 quarterly instalments after 9 months from the disbursement
ICICI Bank Ltd.	2,053.57	2,410.71	Repayable in 28 quarterly instalments after 12 months from the disbursement
IDBI Bank	1,447.00	1,915.00	Repayable in 78 monthly instalments after 6 months from the disbursement
IDBI Bank	807.72	1,038.48	Repayable in 26 quarterly instalments after 6 months from the disbursement
IDBI Bank	1,189.68	1,293.12	Repayable in 58 quarterly instalments after 6 months from the disbursement
Lakshmi Vilas Bank	2,145.83	2,395.83	Repayable in 120 monthly instalments after 12 months from the disbursement
South Indian Bank	7,097.52	8,597.80	Repayable in 84 monthly instalments after 12 months from the disbursement
Vijaya Bank	1,749.74	2,249.85	Repayable in 20 quarterly instalments after 12 months from the disbursement
Vijaya Bank	2,500.00	1,500.00	Repayable in 36 quarterly instalments after 12 months from the disbursement
Vijaya Bank	2,500.00	0.00	Repayable in 36 quarterly instalments after 12 months from the disbursement
Yes Bank Ltd.	0.00	1,487.18	Repayable in 78 monthly instalments after 6 months from the disbursement
Yes Bank Ltd.	0.00	1,776.32	Repayable in 114 monthly instalments after 6 months from the disbursement

Yes Bank Ltd.	4,395.06	0.00	Repayable in 162 monthly instalments after 6 months from the disbursement
Andhra Bank	2,100.00	1,900.00	Repayable in 25 quarterly instalments after 9 months from the disbursement
State Bank of India	4,899.71	1,500.00	Repayable in 27 quarterly instalments after 6 months from the disbursement
Punjab National Bank	4,860.97	0.00	Repayable in 36 quarterly instalments after 6 months from the disbursement
Canara Bank	1,500.00	0.00	Repayable in 108 quarterly instalments after 13 months from the disbursement
Hinduja Leyland Finance Ltd.	1,201.31	1,565.98	Repayable in 60 monthly instalments after 1 month from the disbursement
IFMR Capital Finance Pvt. Ltd.	762.83	1,425.72	Repayable in 48 EMI
IFMR Capital Finance Pvt. Ltd.	1,332.34	981.58	Repayable in 72 EMI
TOTAL	45,925.88	36,345.30	

Term Loans from banks availed by Muthoot Microfin Limited and the repayment terms are as below:

(Rs. In lakhs)

Lender	Nature of Security	March 31, 2017	March 31, 2016	Repayment Terms
IFMR Capital Finance Private Limited	Unsecured	2,500.00	-	Repayable in 1 instalments commencing from April 2022
South Indian Bank	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	643.92	1,098.48	Repayable in 33 instalments commencing from December 2015
South Indian Bank		719.68	1,174.24	Repayable in 33 instalments commencing from February 2016
HDFC Bank		400.00	1,000.00	Repayable in 15 instalments commencing from July 2016
State Bank of India		883.00	3,387.25	Repayable in 24 instalments commencing from January 2016
Union Bank of India		1,597.28	2,500.00	Repayable in 36 instalments commencing from April 2016
Tamilnad Mercantile Bank Limited		722.22	-	Repayable in 36 instalments commencing from June 2016
Union Bank of India		1,722.22	-	Repayable in 36 instalments commencing from April 2016
SIDBI		5,000.00	-	Repayable in 30 instalments commencing from October 2017



IDBI Bank		2,023.81	4,000.00	Repayable in 21 instalments commencing from May 2016
Lakshmi Vilas Bank		1,123.39	1,500.00	Repayable in 36 instalments commencing from June 2016
Axis Bank		1,000.00	2,000.00	Repayable in 8 instalments commencing from June 2016
Vijaya Bank	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	4,500.00	-	Repayable in 30 instalments commencing from February 2017
Union Bank of India		4,861.11	-	Repayable in 36 instalments commencing from March 2017
Union Bank of India		7,212.00	-	Repayable in 30 instalments commencing from September 2017
Lakshmi Vilas Bank		5,000.00	-	Repayable in 36 instalments commencing from September 2017
Vijaya Bank		5,000.00	-	Repayable in 30 instalments commencing from October 2017
NABARD Financial Services Ltd		1,000.00	-	Repayable in 8 instalments commencing from April 2017
Vijaya Bank	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 7.5%.	937.50	2,187.47	Repayable in 24 instalments commencing from January 2016
Reliance Capital	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin Nil	-	1,725.35	Repayable in 18 instalments commencing from October 2015
Reliance Capital		153.36	1,858.32	Repayable in 18 instalments commencing from November 2015
Reliance Capital		2,510.70	-	Repayable in 24 instalments commencing from December 2016
Federal Bank	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	636.36	1,000.00	Repayable in 33 instalments commencing from April 2016
Federal Bank		363.64	500.00	Repayable in 33 instalments commencing from July 2016
Catholic Syrian Bank		1,142.75	1,487.58	Repayable in 46 instalments commencing from February 2016
Catholic Syrian Bank		1,267.77	1,521.44	Repayable in 30 instalments commencing from September 2016
State Bank of Travancore		2,100.00	3,000.00	Repayable in 10 instalments commencing from July 2016
Dhanlaxmi Bank		1,277.78	-	Repayable in 27 instalments commencing from October 2016

Lakshmi Vilas Bank	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	499.94	1,000.00	Repayable in 24 instalments commencing from April 2016
United Bank		910.00	-	Repayable in 11 instalments commencing from December 2016
SBM Bank (Mauritius) Ltd		2,000.00	-	Repayable in 12 instalments commencing from March 2017
Oriental Bank of Commerce		3,000.00	-	Repayable in 30 instalments commencing from September 2017
Bank of Maharashtra	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 10%.	1,450.00	2,500.00	Repayable in 7 instalments commencing from June 2016
Syndicate bank	Exclusive charge over book debts equivalent to 110% of loan amount and cash margin Nil	5,000.00	-	Repayable in 10 instalments commencing from October 2017
Hero FinCorp		2,376.05	-	Repayable in 34 instalments commencing from February 2017
Tata Capital		1,250.00	-	Repayable in 30 instalments commencing from November 2016
Mahindra & Mahindra Financial Services Limited		2,202.95	-	Repayable in 36 instalments commencing from November 2016
Mahindra & Mahindra Financial Services Limited		2,382.91	-	Repayable in 36 instalments commencing from February 2017
Capital First Ltd		4,375.00	5,000.00	Repayable in 8 instalments commencing from February 2017
Yes Bank	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	1,562.50	-	Repayable in 24 instalments commencing from July 2016
Bandhan Bank		2,500.00	-	Repayable in 7 instalments commencing from September 2017
IFMR Capital Finance Private Limited	Exclusive charge over book debts equivalent to 100% of loan amount.	209.57	2,843.56	Repayable in 36 instalments commencing from September 2015
DCB Bank		1,363.64	-	Repayable in 22 instalments commencing from November 2016
IndusInd Bank		500.00	-	Repayable in 22 instalments commencing from April 2017
IndusInd Bank		2,500.00	-	Repayable in 22 instalments commencing from June 2017
IndusInd Bank		2,000.00	-	Repayable in 22 instalments commencing from June 2017
IFMR Capital Finance Private Limited		246.71	-	Repayable in 12 instalments commencing from June 2016
Federal Bank	Hypothecation of motor car	5.37	-	Repayable in 60 instalments commencing from July 2016
		92,633.15	41,283.69	



c. WORKING CAPITAL TERM LOANS (SECURED)

Working Capital Term Loans of the Holding Company are fully secured against Loan receivables and other current assets of the Company both present and future. The principal portion of repayments which fall due before March 31, 2018 are categorised as Other Current Liabilities. The repayment terms are as below (includes Current portion also):

(Rs. in Lakhs)

Lender	March 31, 2017	March 31, 2016	Repayment Terms
Syndicate Bank	25,227.19	25,232.50	Repayable in 6 quarterly instalments of Rs.4,166.67 lakhs each from June 2017
Punjab & Sind Bank	10,000.00	2,500.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2018
Corporation Bank	5,000.00	10,091.30	Repayable in 2 quarterly instalments of Rs.2,500.00 lakhs each from June 2017
United Bank of India	10,000.00	0.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from December 2018
United Bank of India	10,000.00	0.00	Repayable in 4 quarterly instalments of Rs.2,500.00 lakhs each from June 2019
Total	60,227.19	37,823.80	

d. OTHER LOANS & ADVANCES (UNSECURED)

(i) Subordinated Debt instruments issued by the Holding Company are unsecured, subordinated to the claims of other creditors with an initial maturity of over 5 years. The maturity pattern of Subordinated Debt in the descending order of maturity are as follows (includes Current portion also):

Financial year of maturity	Grand total (Rs. In lakhs)
2024-25	835.58
2023-24	9,073.58
2022-23	29,453.94
2021-22	58,488.18
2020-21	33,627.40
2019-20	37,810.83
2018-19	37,087.36
2017-18	22,003.61
Total	2,28,380.48

(ii) Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines. The total outstanding as at 31st March, 2017 is Rs.14,400.00 lakhs. The Company has not issued PDI during the year.

(iv) Loan from Directors are unsecured in nature. The rate of interest charged by the Directors for the loan is 12%.

4. OTHER LONG TERM LIABILITIES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Unrealized Gain On Loan Transfer Transactions	158.03	122.99
Total	158.03	122.99

5. LONG TERM PROVISIONS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Provision for Gratuity	40.92	51.42
Provision for Leave Encashment	36.30	23.21
Provision Against Loan Portfolio	1,070.08	744.17
Total	1,147.30	818.80

6. SHORT TERM BORROWINGS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Loans repayable on demand		
From Banks:		
- Working Capital Loan (secured)	657,741.43	480,015.57
Total	657,741.43	480,015.57

WORKING CAPITAL LOAN (SECURED)

Working Capital Loans are fully secured against Loan receivables and other current assets of the Company both present and future.

7. TRADE PAYABLES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Sundry Creditors	1,244.90	2,590.53
Total	1,244.90	2,590.53

8. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Expenses Payable	22,063.45	12,829.18
Taxes & Duties Payable	1,736.85	1,277.29
Securitization / Assignment Payable	6,261.36	1,328.47
Unrealized Gain On Loan Transfer Transactions	3,578.19	1065.85
Current maturities of Long Term Borrowings		
- Secured Debentures	86,371.85	101,059.34
- Subordinate Debt	22,003.61	8,500.00
- Term Loans	50,117.44	30,735.50
- Working Capital Term Loans	21,893.86	5,323.80
Other Liabilities	5,898.43	1,825.19
Total	219,925.04	1,63,944.62



9. SHORT TERM PROVISIONS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Provision for Standard Assets	4,197.91	3,645.92
Provision for NPA	4,635.39	7,903.90
Provision for Income Tax	10,405.59	8,441.32
Provision for Gratuity	947.29	1,060.13
Provision for Earned leave encashment	348.30	357.26
Provision for Investment price fluctuation	82.46	192.86
Provision Against EMI/PEMI Receivable	1.16	1.29
Total	20,618.10	21,602.68

11. NON-CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Quoted - at cost		
Bhavishya Nirman Bond (NABARD)	4.99	4.99
Investment with PMS – Geojith	0.00	498.66
Investment with PMS – Equity Intelligence	0.00	208.49
Investment with PMS – Motilal Oswal	0.00	197.92
Unquoted - at cost		
Edelweiss Asset Reconstruction Co Ltd	421.74	513.59
Muthoot Pappachan Chits India Pvt Ltd	8.00	8.00
Investment in Unlisted Debentures	7,400.00	0.00
Investment in Debt Fund	1,000.00	0.00
Investment in Bonds	300.00	0.00
Total	9,134.73	1,431.65

12. DEFERRED TAX ASSET

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Opening balance	746.09	(1,434.45)
Timing difference in depreciation	587.98	673.60
Timing difference in provision for NPA	(747.48)	1,361.22
Timing difference in provision for Employee Benefits	46.30	18.69
Timing difference for Preliminary Expenses	(0.02)	(0.02)
Timing difference in provision for Investment Rate Fluctuation	(38.21)	60.98
Timing difference on Provision for Diminution of Assets Acquired	26.86	1.37
Timing difference on Provision for Other Receivable	0.45	6.41
Timing difference on Unamortized Processing Fee	0.00	29.15
Timing difference on Unabsorbed Losses	6.96	29.14
Deferred Tax Liability on Special Reserve	(25.43)	0.00
Net deferred tax liability	(142.59)	2,180.54
Closing Balance	603.50	746.09

The Group has taken a view that all standard assets are good. Therefore, the provision for standard assets is considered as a permanent difference by nature and hence not considered for calculation of deferred tax.

10. FIXED ASSETS AND DEPRECIATION

(₹ in Lakhs)

SL NO	PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTIZATION					NET BLOCK		
		OPENING COST	ADDITIONS FOR THE YEAR	SALES / WRITE OFF DURING THE YEAR	COST AS ON 31.03.2017	UPTO 31.03.2016	Additional depreciation/ (Depreciation Written back)	ESTIMATED USEFUL LIFE OF THE ASSET	FOR THE YEAR	UPTO 31.03.2017	AS AT 31.03.2016	AS AT 31.03.2017
a	TANGIBLE ASSETS											
1	AIR CONDITIONER	848.64	13.25	0.11	861.78	158.83	-	40.87	199.71	689.81	662.08	689.81
2	BANK COUNTER & FIXTURES	34,928.17	527.20	-	35,455.36	20,088.27	-	3,987.41	24,075.67	14,839.90	11,379.69	14,824.63
3	BIO GAS PLANT	16.89	-	-	16.89	16.89	-	-	16.89	-	-	-
4	BUILDINGS	5,160.07	1,087.07	-	6,247.14	281.88	-	81.75	363.63	4,878.19	5,883.51	4,893.46
5	CALCULATOR	0.57	-	-	0.57	0.57	-	-	0.57	-	-	-
6	CASH COUNTING MACHING	40.38	6.63	-	47.01	13.46	-	2.43	15.90	26.91	31.11	26.91
7	CD PLAYER	0.66	-	-	0.66	0.66	-	-	0.66	-	-	-
8	CLOSED CIRCUIT CAMERA	4.82	-	-	4.82	4.82	-	-	4.82	-	-	-
9	COFFEE VENDING MACHINE	4.46	-	-	4.46	4.46	-	-	4.46	-	-	-
10	COMPUTER SYSTEM	7,723.42	644.52	13.82	8,354.12	5,482.54	-	1,173.24	6,655.78	2,240.88	1,698.34	2,240.88
11	CYCLE	0.28	-	-	0.28	0.28	-	-	0.28	-	-	-
12	ELECTRICAL EQUIPMENTS	157.09	2.19	-	159.28	58.00	-	22.04	80.03	99.09	79.25	9.41
13	ELECTRICAL FITTINGS	11.56	66.68	0.39	77.86	11.56	-0.01	2.11	13.66	0.00	64.20	0.09
14	ELECTRONIC DIGITAL BOARD	4.82	-	-	4.82	4.82	-	-	4.82	-0.00	-0.00	-0.00
15	ELECTRONIC EQUIPMENTS	92.72	32.32	0.27	124.77	29.34	-	6.71	36.05	63.38	88.71	140.55
16	ELECTRONIC WEIGHING BALANCE	550.82	6.36	-	557.19	133.08	-	33.00	166.08	417.75	391.11	417.75
17	EPABX	27.84	29.79	-	57.63	8.90	-	3.05	11.94	18.94	45.68	18.94
18	FAKE NOTE DETECTOR	49.54	-	-	49.54	13.94	-	2.93	16.88	35.60	32.66	35.60
19	FAX MACHINE	1.27	-	-	1.27	1.27	-	-	1.27	-	-	2.36
20	FIRE EXTINGUISHER	470.28	10.47	-	480.76	276.02	-	80.77	356.78	194.27	123.97	194.77
21	FURNITURE & FITTINGS	4,143.89	342.89	4.28	4,482.50	1,526.71	-	429.91	1,956.62	2,617.18	2,525.88	2,617.18
22	GENERATOR	23.78	-	-	23.78	2.80	-	1.48	4.28	20.99	19.50	20.99
23	LAND	3,050.91	10,389.81	-	13,440.73	-	-	-	-	3,050.91	13,440.73	3,050.91
24	LIBRARY	0.35	-	-	0.35	0.35	-	-	0.35	-	-	-
25	NEON BOARD	5,741.00	80.12	-	5,821.11	2,026.07	-	593.13	2,619.20	3,714.92	3,201.91	3,714.92
26	OFFICE EQUIPMENTS	100.30	140.59	2.50	238.39	21.95	-0.44	32.93	54.45	78.35	183.94	78.51
27	PAPER SHREDDER	0.57	-	-	0.57	0.57	-	-	0.57	-	-	0.07
28	PHOTO COPY MACHINE	2.05	0.10	-	2.15	1.92	-	0.01	1.93	0.13	0.22	0.13
29	SAFETY DEVICE SYSTEM	2,712.37	92.93	-	2,805.30	375.96	-	189.76	565.72	2,336.41	2,239.58	2,345.74
30	STABILIZER	4,338.77	298.14	-	4,636.90	1,336.25	-	418.68	1,754.93	3,002.52	2,881.98	3,002.53
31	STRONG ROOM DOOR	5,874.95	-	9.09	5,865.86	815.64	-	188.81	1,004.45	5,059.31	4,861.41	5,059.30
32	TELEVISION	27.11	-	-	27.11	11.47	-	4.95	16.43	15.64	10.68	15.64
33	TOOLS & SPARES	0.31	-	-	0.31	0.31	-	-	0.31	-	-	-
34	VEHICLES	446.49	59.50	19.28	486.72	196.35	-	56.97	253.32	250.14	233.39	250.14
35	WIND ELECTRIC GENERATOR	11,850.92	-	-	11,850.92	3,889.39	-	511.74	4,401.14	7,961.54	7,449.78	7,961.53
	Total	88,408.09	13,830.56	49.75	102,188.90	36,795.35	-0.45	7,864.67	44,659.58	51,612.74	57,529.32	51,612.74
b	INTANGIBLE ASSETS											
36	SOFTWARE	379.89	821.47	-	1,201.37	144.84	-	150.82	295.66	235.05	905.71	235.05
	Total	379.89	821.47	-	1,201.37	144.84	-	150.82	295.66	235.05	905.71	235.05
	TOTAL FOR CURRENT YEAR	88,787.98	14,652.04	49.75	103,390.27	36,940.19	-0.45	8,015.49	44,955.24	51,847.79	58,435.03	51,847.79
	TOTAL FOR PREVIOUS YEAR	84,832.68	4,710.59	755.29	88,787.98	29,336.11	-331.44	7,935.52	36,940.19	55,496.57	51,847.79	55,496.57



13. LONG TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Secured		
Considered Good	70,681.89	50,357.38
Considered Doubtful	1,855.69	1,481.88
Unsecured		
Considered Good	33,456.58	42,918.39
Considered Doubtful	0.00	0.00
Other Advances		
Considered Good	455.04	220.75
Total	1,06,449.20	94,978.40

MAT Credit Entitlement of Rs.10.80 lakhs (PY. Rs.41.39 lakhs) (under Other Advances), recognized by Muthoot Housing Finance Company Limited is based on the future performance of the Company as projected by the management, based on the existing contractual agreements, which have been relied upon by the auditors.

14. INVENTORIES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Inventory – Projects	30,012.93	21,589.02
Total	30,012.93	21,589.02

The Holding Company has acquired properties for the purpose of sale / development and sale. The said properties have been acquired with the intention of subsequent sale and hence, the same has been categorized as Inventory. As the expected gestation period of the said development projects exceed 12 months, the same has been classified as Long Term. The carrying value of Inventory includes a total of Rs.2,931.81 lakhs capitalized as Borrowing Costs.

15. OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Building Deposits	8,352.19	8,342.62
Interest Retained On Securitisation	158.03	124.25
Non-Current Bank Balances	5,879.09	2,373.17
Other Deposits	1,130.57	727.89
Total	15,519.88	11,567.93

16. CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Quoted-at cost/Market Value whichever is lower		
Fully paid Equity shares in DP a/c with MOSL	1,433.31	1,584.80
Total	1,433.31	1,584.80

17. TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Sundry Debtors:		
▪ More than 180 days	705.59	423.85
▪ Other debts	1,487.76	1,623.94
Total	2,193.35	2,047.79

18. CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
a. Cash in hand	11,133.63	11,023.46
b. Forex balance	610.07	551.27
c. Cash at Bank : In Current Account	24,986.87	33,562.36
d. Cash at Bank : In Deposit Account	39,096.42	9,690.33
Total	75,826.99	54,827.42

The details of Cash held and transacted by the Company during the period from 8th November, 2016 to 30th December, 2016 are summarized below as required vide MCA notification G.S.R. 308(E) dated March 31, 2017. The

(Rs. In lakhs)

Particulars	Specified Bank Notes (SBN's)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	11,748.92	432.45	12,181.37
(+) Permitted receipts	214.12	2,55,689.86	2,55,903.98
(-) Permitted payments	0.00	1,79,029.24	1,79,029.24
(-) Amount deposited in Banks	11,963.04	71,656.17	83,619.21
Closing cash in hand as on 30.12.2016	0.00	5,436.90	5,436.90

19. SHORT TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Secured Loans		
Considered Good	894,660.22	671,707.42
Considered Doubtful	8,153.60	15,121.60
Loans Under Auction Process	5,769.12	28,926.10
Other Loans Considered Good	21,138.21	11,538.24
Other Loans Considered Doubtful	1,358.92	680.74
Unsecured Loans		
Loans considered good	149,197.00	183,787.12
Loans considered doubtful	1,446.01	716.86
Advances considered good	78,693.57	13,867.01
Total	11,60,416.65	926,345.09



The Securitisation / Direct Assignment summary of the Group is as below:

(Rs. In lakhs)

Particulars	Muthoot Fincorp Limited		Muthoot Microfin Limited	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Direct Assignment				
No. of Accounts	315,600	197,787	246,268	72,977
Aggregate Value of accounts sold	47,399.29	36,906.13	4,862.08	11,389.91
Aggregate consideration	44,889.67	34,999.87	4,862.08	11,389.91
Securitisation				
No. of Accounts	-	-	303,556	70,746
Book value of loan assets securitised	-	-	61,071.08	12,864.46
Book value of loan assets securitised placed as collateral	-	-	63,510.28	13,493.11
Interest spread recognised during the year	-	-	4,623.60	274.98
Credit enhancements provided during the year and outstanding as at the year end				
- Principal Subordination	-	-	2,439.20	628.64
- Cash Collateral	-	-	2,982.93	538.83

Advances considered good includes:

- Rs.7,160.91 lakhs advanced to Directors, relatives of Directors and Rs.1,487.23 lakhs advanced to M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) towards purchase of Immovable Property for the purpose of sale / development and sale; and Rs.53,265.50 lakhs advanced towards M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) towards advance for purchase of Immovable Property / Shares.

20. OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Deposits	382.45	244.88
Interest Receivable	61,231.49	56,154.46
Inter Corporate Deposits	5,800.00	5,800.00
Housing assets acquired in satisfaction of debt*	483.57	56.55
Advance to Suppliers	989.84	490.39
Other Current Assets	7,243.83	2,407.63
Total	76,131.18	65,153.91

*During the year, Muthoot Housing Finance Limited has taken legal and physical possession of 63 immovable properties in satisfaction of its debts out of which 2 are sold. The principal amount outstanding in respect of 61 loans was Rs.568.95 lakhs. Provision created on these receivables was reversed. The market value of these properties as per the latest independent valuation reports are higher than the book value of the loan, except for a few properties, against which a provision for diminution of Rs.85.39 lakhs has been created. These properties are held for disposal by the company. Any excess received on disposal shall be refunded to the borrowers.

21. REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest on Secured Loan	166,583.38	167,820.81
Interest on Unsecured Loan	48,662.83	41,731.18
Interest Spread on Securitisation/Direct Assignment	7,049.98	316.16
Income from Forex operations	372.31	507.19
Income from Money transfer business	1,136.10	1,175.49
Income from Software Support Services	56.97	0.00
Total	2,23,861.57	211,550.83

22. OTHER INCOME

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Income from Power generation	1,173.64	695.18
Interest on Bank deposit	1,134.62	691.54
Income from Investments	1,520.02	344.88
Commission received	2,249.10	1486.71
Miscellaneous income	6,743.03	3,776.23
Interest on Inter-Corporate Deposit	754.00	697.23
Provision written back	3,255.10	0.00
Total	16,829.51	7,691.77

There is a write back of Provision for NPA on account of reduction in the overdue accounts and increased recovery from NPA accounts of the Holding Company, which has been classified above under Other Income.

23. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Remuneration to Directors*	1,620.00	1,440.00
Salaries & Allowances	37,863.54	31,876.03
Incentives	2,200.86	2,246.55
PF & ESI contributions	2,734.28	1,969.06
Staff welfare expenses	416.90	212.39
Bonus & Ex-gratia	982.41	946.65
Total	45,817.99	38,690.68

*Remuneration in the form of Salary has been paid to Mr. Thomas John Muthoot, Managing Director and Mr. Thomas Muthoot, Whole-time Director and Chief Financial Officer as per the terms of appointment, and subject to the permissible limits under the Companies Act, 2013 by the Holding Company.

24. FINANCE COST

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest on Secured Debentures	16,471.55	22,000.86
Interest on Loan from Banks	66,250.69	61,063.44



Interest on Subordinate Debts	29,784.17	23,614.41
Interest on Inter Corporate Deposits	3.63	3.63
Interest on Perpetual Debt Instruments	1,728.00	1,732.73
Interest on Commercial Paper	5,726.82	5,976.69
Other Financial charges*	2,062.39	1,909.36
Total	1,22,027.25	1,16,301.12

*Please refer the Accounting Policy on Borrowing Cost

25. OTHER EXPENSES

(Rs. in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Rent	15,255.97	14,555.17
Electricity & Water Charges	1,908.85	1,810.26
Repairs & Maintenance	2,532.36	1,930.54
Sitting Fee to Directors	11.44	10.28
Commission to Director*	166.00	144.00
Insurance	371.83	393.33
Security Charges	3,800.42	3,080.88
Marketing expenses	3,825.93	3,759.11
Business promotion	1,046.83	831.73
Travelling Expenses	2,399.70	2,459.07
Telephone Charges	1,719.09	1,777.23
Printing & Stationery	964.34	762.18
Networking Charges	692.75	881.07
Professional charges	1,583.15	1,365.87
Donation and CSR Expenses	327.41	396.40
Postage and Telegram	868.66	622.85
Rates & Taxes	830.04	469.36
Miscellaneous expenses	233.34	46.54
Other Office Expenses	189.59	516.36
Provisions and write offs	2,562.88	5,844.70
Total	41,290.58	41,656.93

*During the year, commission was paid to the extent of Rs.166.00 lakhs to Mr. Thomas George Muthoot, Director (MFL), as per decision of the Company.

26. PROVISIONS AND CONTINGENT LIABILITIES

- The Holding Company has given Guarantees for an amount of Rs.276.30 lakhs to banks. The company is contingently liable to the banks to that extent (P.Y. Rs.428.80 lakhs).
Cash Collateral and Principal Subordination has been provided by Muthoot Microfin Limited towards securitisation transactions aggregating to Rs.6,303.23 lakhs. (P.Y. Rs.1,167.48 lakhs).

- b) The Commissioner of Central Excise, Customs & Service Tax (Appeals-III) issued Order-In-Appeal no.592/2014 dated 30.10.2014 confirming the Orders-in-Original no.04 & 05/2008 demanding tax on income received from foreign inward remittances of Muthoot Fincorp Limited amounting to Rs.17,17,069/-, with interest and penalty thereon, for the period between 01.02.2006 and 30.09.2007. The company has moved an appeal to the Central Excise & Service Tax Appellate Tribunal against the order. The management is confident of a favourable ruling in the case in view of Order nos. 1115 & 1116/2009 decided in favour of Muthoot Fincorp Limited by the Hon: CESTAT, Bangalore, whereby it was ruled that commission received by the company on inward remittances is not liable to tax as it amounts to Export of Services. The appeal of the department before the Hon: High Court of Kerala against the decision of the Hon: CESTAT, Bangalore too was dismissed vide the Order of the Hon: High Court of Kerala dated 16/06/2016. (P.Y. Rs.17.17 lakhs)
- c) The Joint Commissioner of Income Tax/Special Range/Trivandrum completed assessment / reassessment for AY 2006-07, 2010-11 and 2013-14 of Muthoot Fincorp Limited during FY2015-16. A demand of Rs.550.17 lakhs was raised for the AY 2006-07 which has been completely remitted / adjusted against refunds due. The Company has filed appeal before the CIT (Appeals), Trivandrum for the AY 2006-07. For AY 2010-11, a demand of Rs. 1,728.50 lakhs had been raised, against which the Company has filed an appeal before the CIT (Appeals), Trivandrum. For AY 2013-14, a demand of Rs. 2,065.21 lakhs had been raised against which Rs.933.45 lakhs had been adjusted against refunds due to the Company leaving a balance of Rs. 1,131.76 lakhs. The Company has filed appeal against this Order before the CIT (Appeals), Trivandrum. The company has further remitted Rs. 265 lacs pertaining to AY2010-11 & Rs.390.06 lacs pertaining to AY2013-14 in the reporting year. Collection of balance demand for the said years have been stayed by the ACIT/Circle 1(1)/Tvm vide order dated 21/07/2016 pending disposal of the appeal by the CIT (Appeals), Trivandrum. (Contingent liability as on 31/03/2017 – Rs. 1,463.50 lakhs for AY 2010-11 and Rs. 741.70 lakhs for AY 2013-14) (P.Y. Rs.2,860.26 lakhs)
- d) During the year, the Assistant Commissioner of Income Tax (TDS), Trivandrum issued a Notice of Demand on the Holding Company pertaining to AY2015-16 under Section 156 of the Income Tax Act, 1961 totalling to Rs.3,860.65 lakhs alleging non-deduction of tax at source. Based on expert opinion, the Company is confident that the major bulk of the demand made, will be deleted on appeal. A total of Rs.586.99 lakhs for stay of demand has been remitted and an appeal before the Commissioner of Income Tax (Appeals)/ Trivandrum has been filed. (Contingent liability as on 31/03/2017 – Rs.3,273.66 lakhs) (P.Y. - Nil)
- e) The Assistant Commissioner, Special Circle, Karamana, Thiruvananthapuram issued a Demand Notice on Muthoot Fincorp Limited dated 19/09/2016 demanding tax, interest and penalty totalling to Rs.1,432.69 lakhs as Purchase Tax under Section 6(2) of the Kerala Value Added Tax Act. As the Company does not have any Purchase for the purpose of sale / trade, the proposed demand will not stand the test of law as per the opinion received from our subject experts. The Company has remitted 20% of the demand for stay of recovery, amounting to Rs.286.54 lakhs and has filed an appeal before the Deputy Commissioner (Appeals), Trivandrum, against the demand. (Contingent Liability as on 31/03/2017 – Rs.1,146.15 lakhs) (P.Y. - Nil)
- f) Some of the branches of the Holding Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has gone on appeal to the Hon'ble Supreme Court challenging the said notices. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.
- g) Muthoot Fincorp Limited has sold Microfinance Portfolio to Banks & an NBFC. The Company is contingently liable for 5% of the amount outstanding, being MRR as per the extant guidelines. The Contingent Liability in this regard as on 31.03.2017 amounts to Rs. 1,081.31 lakhs. (P.Y. Rs.1,206.68 lakhs)



Show Cause Notices received, without confirmed demands

The following Show Cause notices were received from Tax departments / regulators. The Company on a conservative basis is disclosing them, in spite of there being no confirmed demand.

- a) The Holding company has been served with various Show Cause Notices from the Service Tax Department totaling to Rs.427.36 lakhs for the periods ranging from 01.10.2007 to 31.03.2015 on the taxability of commission received on foreign inward remittance services. Vide Notification No.19/2015-ST dated 14/10/2015, the department has notified that *"the service tax payable under section 66B of the Finance Act, 1994, on the service provided by an Indian Bank or other entity acting as an agent to the MTSO in relation to remittance of foreign currency from outside India to India, in the said period, but for the said practice, shall not be required to be paid"* (the said period being the period commencing with 01/07/2012 and ending with 13/10/2014). As such, the Company will not be liable for the tax on commission for the said period, totaling to Rs.225.69 lacs. The resulting Contingent Liability of the Company (if any) amounts to Rs.201.67 lacs. The Company is confident of favorable outcomes in the said issue in light of CESTAT Orders 1115 & 1116/2009 decided in favour of Muthoot Fincorp Limited by the Hon: CESTAT, Bangalore. The appeal made by the Department before the Hon. High Court of Kerala too was dismissed. (P.Y. Rs.201.67 lakhs)
- b) The Holding Company had received a show cause notice in FY 2012-13 from the Office of the Additional Director General of Central Excise Intelligence on the taxability of certain revenues. The company has filed its reply to the show cause notice disputing the findings of the department. The liability estimated by the department and mentioned in the show cause notice amounts to Rs.1,263.21 Lakhs, out of which Rs.384.69 Lakhs was remitted. (P.Y. Rs.878.52 lakhs)
- c) Muthoot Fincorp Limited had received Show Cause Notice no. 145/2014-15 dated 30.03.2015 from the Office of the Additional Director General of Central Excise Intelligence to show cause as to why tax totalling to Rs.1,315.43 lakhs shall not be demanded against support services rendered to its sister concerns and on grounds of CENVAT Credit irregularities prior to FY2011-12. The company has filed its reply to the Show Cause Notice and the matter is pending adjudication. (P.Y. Rs.1,315.43 lakhs)
- d) The Holding Company had received a notice from the Reserve Bank of India in March, 2012 to show cause as to why arm's length policy is not maintained with group concerns. The company has already submitted its reply in writing.

27. INFORMATION ABOUT BUSINESS SEGMENTS

The Group's business activity primarily relates to the Financial sector. However, the Holding Company's assets and revenue include those pertaining to Windmill Power Generation. The Holding Company has purchased properties for the purpose of sale / development and sale, which it has classified internally as the Projects Division. One of the subsidiaries, Muthoot Pappachan Technologies is into the Information Technology sector, whose nature, risks and rewards are significantly different from the Financing segment. As such, the management, for the purpose of reporting under AS-17 "Segment Reporting", and taking into account the nature of products and services, has identified 4 segments – 'Financing', 'Power Generation', 'Real Estate' & 'Information Technology'. The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

As the Company operates in a single geographical segment; secondary geographical segment information disclosure does not apply.

(Rs. In Lakhs)

Particulars	Financing	Power Generation	Real Estate	Information Technology	Total
Revenue	239,459.21	1,173.64	0.00	58.23	240,691.08
Expenditure	212,468.71	289.59	3,554.53	838.48	217,151.31
Segment result	26,990.50	884.05	(3,554.53)	(780.25)	23,539.77
Segment asset	14,34,569.59	8,618.69	92,031.21	1,624.92	15,36,844.41
Segment liabilities	14,40,275.29	0.00	97,093.32	(524.20)	15,36,844.41
Capital expenditure	14,192.23	0.00	0.00	459.81	14,652.04
Depreciation	7,391.76	511.74	0.00	111.99	8,015.49

28. RELATED PARTY DISCLOSURES

As required by Accounting Standard – 18 on 'Related Party Disclosures' issued by Institute of Chartered Accountants of India, following information is disclosed:

a) List of related parties as on 31.03.2017

Sr. no	Party
	COMPANY
1	ALASKA AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
2	BAMBOO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
3	BUTTERCUP AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
4	CALYPSO AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
5	CINNAMON AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
6	EL TORO AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
7	EMMEL REALTORS AND DEVELOPERS PRIVATE LIMITED
8	FLAME AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
9	FOX BUSH AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
10	GOBLIN AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
11	JUNGLE CAT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
12	L.M REALTORS PRIVATE LIMITED
13	MANDARIN AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
14	MARIPOSA AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
15	MPG HOTELS AND INFRASTRUCTURE VENTURES PRIVATE LIMITED
16	MPG PRECIOUS METALS PRIVATE LTD
17	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
18	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
19	MUTHOOT DAIRIES AND AGRI VENTURES PRIVATE LIMITED
20	MUTHOOT APT CERAMICS LIMITED
21	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED
22	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED
23	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED
24	MUTHOOT CAPITAL SERVICES LIMITED
25	MUTHOOT EQUITIES LIMITED



26	MUTHOOT HOLDINGS PRIVATE LIMITED
27	MUTHOOT HOTELS PRIVATE LIMITED
28	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED
29	MUTHOOT LAND AND ESTATES PRIVATE LIMITED
30	MUTHOOT MOTORS PRIVATE LIMITED
31	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED
32	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED
33	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED
34	PINE PINK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
35	THE RIGHT AMBIENT RESORTS PRIVATE LIMITED
36	MUTHOOT PAPPACHAN CHITS (INDIA) PRIVATE LIMITED
37	MUTHOOT EXIM PRIVATE LIMITED
38	MUTHOOT KURIES PRIVATE LIMITED
39	THE THINKING MACHINE MEDIA PRIVATE LIMITED
40	MPG SECURITY GROUP PRIVATE LIMITED
	FIRM / LLP / TRUST
1	MUTHOOT BANKERS
2	MUTHOOT CINE ENTERPRISE
3	MUTHOOT ESTATE INVESTMENTS
4	MUTHOOT FINANCE COMPANY
5	MUTHOOT INSURANCE SERVICES
6	MUTHOOT MOTORS (COCHIN)
7	MPG AIR CATERING LLP*
8	MPG APEX MANAGEMENT LLP*
9	MPG ASSET MANAGEMENT LLP*
10	MPG AUTOMOBILES LLP
11	MPG HOSPITALITY LLP*
12	MPG LAND AND ESTATE LLP*
13	MPG LAND DEVELOPERS LLP*
14	MPG REAL ESTATE LLP*
15	MUTHOOT PAPPACHAN FOUNDATION

**Entities under strike off*

b) Key Managerial Persons

List of Key Managerial Personnel (KMP)

1. Thomas John Muthoot, Managing Director (MFL), Director (MHFCL, MML & MPT)
2. Thomas George Muthoot, Director (MFL, MHFCL, MML & MPT)
3. Thomas Muthoot, Executive Director & Chief Financial Officer (MFL), Director (MML, MHFCL & MPT)
4. Maneesh Srivastava, Director (MML), Chief Executive Officer (MHFCL) till 14th March 2017 & Pavan K. Gupta, Chief Executive Officer (MHFCL) from 15th March 2017
5. Vikas Srivastava, Chief Financial Officer (MHFCL)
6. Sadaf Sayeed, Chief Executive Officer (MML)

Relatives of Key Managerial Personnel (KMP)

1. Preethi John Muthoot - Wife of Thomas John Muthoot
2. Nina George - Wife of Thomas George Muthoot
3. Remmy Thomas - Wife of Thomas Muthoot
4. Janamma Thomas - Mother of Thomas John, Thomas George & Thomas Muthoot

c) Transactions with persons listed in (b) above, during the year/balances outstanding as on 31.03.2017
(Rs. In Lakhs)

Particulars	Amount
TRANSACTIONS DURING THE YEAR	
Revenue/(Expenses)	
Rent paid*	151.80
Interest paid	68.55
Remuneration paid to Directors	1,786.00
Remuneration paid to Other KMP	207.49
Sitting Fee to Directors	11.50
Assets	
Payments towards Advance for Property / Property Purchase	13,963.34
Liabilities	
Investment in Share Capital	13,749.98
Loan from Director advanced during the year	114.48
Loan from Director repaid during the year	(150.00)
Personal Guarantees by Directors	12,500.00
OUTSTANDING AS AT THE END OF THE YEAR	
Assets	
Advance for Property	7,160.91
Liabilities	
Remuneration to Directors	341.17
Borrowings / Loans	539.64
Rent Payable	0.17
Interest Payable on Borrowings/Loans	69.16
Personal Guarantees by Directors	58,000.00

*Exclusive of Service Tax

d) Transactions with entities listed in (a) above (Rs. in Lakhs)

Transaction	Amount
Revenue	
Income from services rendered*	1,225.08
Income from renting of premises*	253.05
Interest on Loans & Other finances	19.49
Expenditure	
Rent paid towards premises taken on lease*	20.42
Fees towards services rendered*	1,847.13
Interest on deposits and other debt instruments	375.26
Interest paid on Collection	0.04
Reimbursement of Expenditure*	(109.65)



Assets	
Advance for CSR activities	305.10
Payments towards Purchase / Advance for Property , Shares	55,682.73
Liabilities	
Investment in Share Capital	1,250.03
Rent Security Deposit accepted	5.40
Rent Security Deposit repaid	(0.92)
Loans advanced during the year	200.00
Loans repaid during the year	(100.00)

*Exclusive of Service Tax

e) Outstanding with entities listed in (a) above (Rs. in Lakhs)

Transaction	Amount
Assets (Receivables)	
Against Services rendered	241.70
Against Renting of premises	15.85
Against Advance for CSR activities	8.71
Against Advance for Property / Shares	54,752.73
Against Term Loan	100.00
Liabilities (Payables)	
Against Services rendered	424.08
Against Debt outstanding	200.00
Against Rent Payable	1.79
Against Security Deposits	42.32

29. CSR EXPENDITURE

For the year ended March 31, 2017, the Group has incurred expenditure of Rs.302.66 lakhs towards CSR activities as against Rs.844.24 lakhs (including the shortfall of Rs.611.08 up to 31st March 2016) required to be spent under Section 135 of the Companies Act, 2013, resulting in a total shortfall of Rs.541.58 lakhs as on 31st March, 2017. The said shortfall is expected to be utilized in the subsequent years.

30. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 205 C of the Companies Act 1956.

31. EARNINGS PER SHARE (EPS)

(Rs. In Lakhs)

Particulars	At March 31, 2017	At March 31, 2016
Profit for the year (before adjustment for Minority Interest)	15,795.65	9,317.60
Add: Share of (Profit) transferred to Minority Interest	(686.29)	(243.73)
Net Profit attributable to Equity Shareholders	15,109.36	9,073.87
Weighted average number of shares outstanding	18,65,82,269	18,65,62,700
Basic Earnings per share	8.10	4.86
Diluted Earnings per share	8.10	4.86

32. Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's classification. Figures have been rounded off in Lakhs.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

This Financial Year was yet another year of accomplishment for Muthoot Pappachan Foundation in bringing the CSR essentials into practice. Upkeeping the CSR policy of the Group, the programmes stand out for its uniqueness in implementation, from stakeholder engagement to staff volunteering to value additions in service delivery to the deserving. For a precise understanding on how we come up with model CSR programme, the updates on the flagship CSR initiative – Smile Please is discussed here in detail. This gives an overview of the comprehensive cleft surgery programme in the year gone by and some of the key achievements of the project during the year.

Smile Please 2016-'17



At the outset, we would like to thank all the stakeholders for their continued support and encouragement to our Smile Please project, without which this journey would not have been possible. Our partner agency – Mission Smile, the expert Cleft Care Organization in the country, Medical and Non-medical volunteers, Hospitals, NGOs, Civil Society Organisations and all those good hearted who contributed to the Missions thereby spreading smiles in the lives of young ones from deserving backgrounds.

The guidance and inputs from the Leadership team of the Muthoot Pappachan Group has been of immense encouragement and motivation to all of us through the year. And our efforts have resulted in strengthening the project in its quality in service delivery and mode of implementation and we shall continue to make all efforts to address the larger cause of providing compassionate and safe cleft care to the patients of clefts from deserving backgrounds in various geographical areas in the country where MPG has its reach.



Strategic Objective FY 2016-'17

To provide sustained comprehensive cleft care to patients through:

- Missions at specific locations of interest to the Muthoot Pappachan Group, by revisiting our existing areas and expanding to new States of interest to the Group.
- Setting up of a centre at the Muthoot Life Brigade Hospital at Kottayam which would be the flag ship centre of the group for providing comprehensive quality care for patients.
- Local Skill development through training and exposure to best practices for cleft care for enhanced sustainability.
- Continued engagement and involvement of the employees for patient recruitment and volunteering for the cause of cleft patients during Missions and at the planned centre at Kottayam.



Revisiting exiting areas and expansion to new States

During the year we explored the following regions, with the cleft surgery mission.

A Revisits

- **Kerala:** 2 outreach centre activities at the Muthoot Life Brigade Hospital in Kottayam, Kerala during the months of July 2016 and January 2017.
- **Andhra Pradesh:** 1 Mission in Govt. General Hospital, Vijayawada in Andhra Pradesh.
- **Pondyicherry:** Mission at New Medical Centre, Pondicherry in February 2017.

B New Locations

Carried out Missions in 4 new States

- Kolkata, West Bengal (BNR Hospital) ● Bhubaneswar, Odisha (Hi-Tech Medical College & Hospitals)
- Gulbarga, Karnataka (Govt. ESIC Medical College) ● Vadodara, Gujarat (Isha Hospital)



Awareness and sensitizing training

Staff orientation trainings were conducted in the following locations for respective states:

- Kolkata, West Bengal ● Bhubaneswar, Odisha ● Gulbarga, Karnataka ● Vadodara, Gujarat

Direct TOT training provided to over 300 MFL Branch Managers covering specific areas within the States. They further filter down the training inputs to their team members to facilitate in engaging all the branch teams in the region enabling them for patient identification and recruitment for Missions in these locations.



The level of involvement and ownership demonstrated by the branch teams in all the locations were of an extremely high level and the commitment and passion to support the cause of cleft patients supplemented the Mission team efforts with seamless integration towards the cause of providing cleft care to the largest number of deserving patients from each of the areas.

Patient demographics understanding and revalidation

The key objective of the project is to provide cleft care and surgeries free of cost to deserving patients of each area where we do Missions in the country. To reconfirm and ensure that this objective is being fulfilled, patient data was captured in a specific format mutually agreed to by MPF and Mission Smile.



We are happy to report that the data indicates that this objective is being fully met and deserving patients are receiving free of cost support for their cleft deformities. The specific data is available with the MPF team and has been shared at the appropriate forum.

E. Dignitaries visiting Missions

The presence of various dignitaries during Missions has been a source of great encouragement to all of us and has also helped in giving us visibility in the local media.

1. Vijayawada Mission

Mr. Kamineni Srinivas, Health Minister of the State along with Mr. Rao, Vice President, Business Development, MFL inaugurated the 1st Vijayawada Mission. Mr. Rao, along with Mr. Tojo Jose, Chief HR Officer, Muthoot Pappachan Group spent time at the Mission venue meeting with patients and their families, Mission team and observed the activities carried out by the medical and non-medical teams.

2. Gulbarga Mission

Mr. Mallikarjun Kharge, MP Gulbarga and Leader of the Opposition, 16th Lok Sabha, along with Honorable Minister of Medical Education, Govt. of Karnataka Dr. Sharan Prakash Patil inaugurated the Mission at Gulbarga in the presence of Mr. Venkat Raman, MFL State Head Karnataka and Colonel Shivaji Samaddar (Rtd.), COO Mission Smile.

3. Puducherry Mission and the 1000th patient receiving surgery

Mr. Thomas John Muthoot, (Chairman and Managing Director, Muthoot Pappachan Group), Mr. Thomas Muthoot (Executive Director, Muthoot Pappachan Group) Dr. Rashmi Taneja (Chairperson, Mission Smile), inaugurated the Puducherry Mission in the presence of, Mrs. Remy Thomas (Director, Muthoot Pappachan Group) Mrs. Preethi John (Director, Muthoot Pappachan Group), Colonel Shivaji Samaddar (Rtd.), COO, Mission Smile and Mr. Jaychandran S MFL - Vice President and State Head - TN.



It was a great honour and privilege for all of us to have with us the CMD and Executive Director of the Muthoot Pappachan Group along with Mrs. Preethi John and Mrs. Remy Thomas during the team meeting and subsequently the inaugural of the Mission which saw the completion of the surgery for the 1000th patient through this unique partnership. They spent time to be a part of the team meeting and afterward spent time meeting with the patients and understanding their challenges. Their presence at Puducherry for the achievement of the 1000th patient surgery showed the value which they attach to the partnership and the life changing opportunity it presents for our patients.

It was not just a visit by the Senior Management, but they were keen in understanding the challenges of patients and their families and also the field challenges of the MFL team in identifying patients, challenges of Mission team during Mission etc. were discussed and clarified in detail. Constructive suggestions from the Management to look into the major challenges like malnutrition, accessibility, patient identification through Fincorp branches etc. were truly supporting in taking the programme forward and into next levels.

4. Vadodara Mission

Mr. George Muthoot, Director, Muthoot Pappachan Group travelled to Vadodara to be the Chief Guest for the Mission. He saw the hospital facilities and spent time with the Mission team. Mr. Pratik Kumar, Trustee, Mission Smile along with the Directors of Isha Hospital and Colonel Shivaji Samaddar COO, Mission Smile inaugurated the Gujarat Mission and wished all success for the 1st mission in this partnership in the State of Gujarat.

1000 patient receives surgery



During the Puducherry Mission we achieved a significant landmark in the project where the 1000th patient Umaira, a 14 month old girl child from Chiddambaram, Cuddalore, Tamil Nadu, who received her surgery on the 1st day of the Mission. She also has a cleft palate and her younger sibling also has got cleft. She will receive her palate surgery when we go back to Puducherry with the next Mission and we shall also provide corrective surgery to her sister during our next Mission.



Performance against targets 2016-17

May 2016 to March 2017 Missions	Location	Target	Actual
July 15th to 19th 2016	Kottayam	20	20
July 31st to August 7th 2016	Kolkata Mission	80	92
Sept 17th to 24 2016 Odisha	Bhubaneswar	50	45
Oct 23rd to 28th 2016	Vijaywada	50	51
March 25th to 31st 2017	Baroda, Gujarat	50	61
January 4th to 8th 2017	Kottayam	20	22
January 23nd to 29th 2017	Gulbarga, North Karnataka	80	90
February 20 to 27th 2017	Pondicherry	50	62
Total May 16 to March 2017		400	443

Key achievements from July 2014 to March 2017

- **1119** patients received surgical interventions through this project.
- **8 States** covered during the period of the partnership through Missions and outreach centre activities.
- Muthoot Life Brigade Hospital other than the 2 Missions conducted **outreach centre activities conducted 8 times** during May 15 to January 17.
- **13 major missions** to various locations spread across eight States.
- Counselling and speech therapy provided during each activity to all patients coming for the Missions and outreach activities.

Beyond 1119 surgeries the following impacts also were resulted through this project

Outreach covered
6 Lakh people

One to one covered
1.5 Lakh families

Family Counselling
2842 families

Medically screened
2285 patients

Speech Therapy
683 patients

Medical experts volunteered
600+ volunteers

Case Study

Ram & Lakshman: Twins with Cleft getting their Smiles Back



When reported (Pre Surgery)



After Surgery (6 Months Post Surgery)

During the Mission there were two patients namely Ram & Lakshman, both were 7 months old and they truly touched our team by their captivating bright eyes and playful nature. They were twins from a small village Andurwadi, in Bidar district of Karnataka, identified by MFL Bidar team. Their parents Vijay Kumar and Shashikala were very upset, when they saw their first babies born with cleft lip deformity. Shashikala & her mother-in-law looked anxious and nervous when they brought the children to the hospital.

Ram & Lakshman, used to cry a lot as they were unable to eat properly due to their cleft deformities. Vijaykumar & Shashikala were extremely nervous when they saw their babies born with cleft deformity and Shashikala was disturbed mentally since they didn't know what to do and where to go for the treatment. They took the babies to various hospitals for the surgery, but as the cost of surgery is very high, they were unable to do it and they gave up in the name of god!

Other family members and relatives too were not accepting the babies because of their deformities, most cruel fact was they used to insult both Vijaykumar & Shashikala by saying that God had cursed them for their bad deeds! Vijaykumar is a daily wage earner and Shashikala helps others in farming and household works. Their joint monthly income is Rs. 5000/-, so it became more difficult for them to get the operation done in a private hospital.

By the time Ram & Lakshman turned 6 months old in January, 2017, MPF's free surgical camp came like an April shower to rekindle their hopes. One of the branch officials from Muthoot Fincorp Ltd. contacted the family and arranged their transportation to visit ESIC Medical College & Hospital to be screened by the Mission team. Shashikala along with her mother-in-law immediately took the decision and travelled 150 kms to Gulbarga from their village at Bidar to the Smile Please camp where both Ram and Lakshman underwent surgeries on their cleft lips. The Mission team managed to give beautiful new smiles to the much deserving twins during the Karnataka Mission in January 2017. Their guardians were very happy with the surgical care provided by the Mission team and the hospitality they have received from ESIC Medical College and Hospital.

Thus, MPF restored another family from feelings of shame, ridicule and helplessness... With every smile, with every touch, with every effort, with every hope, we are changing the lives of many!



CIN: U65929KL1997PLC011518

Registered Office: Muthoot Centre, Punnen Road, Trivandrum – 695 039

Tel : +91 471- 2331427 Fax: +91 471 2331560 ,Email : cs@muthoot.com website www.muthootfincorp.com

ATTENDANCE SLIPTWENTIETH ANNUAL GENERAL MEETING ON 25th SEPTEMBER, 2017

Regd. DP ID/Client ID No :

No: of Shares held :

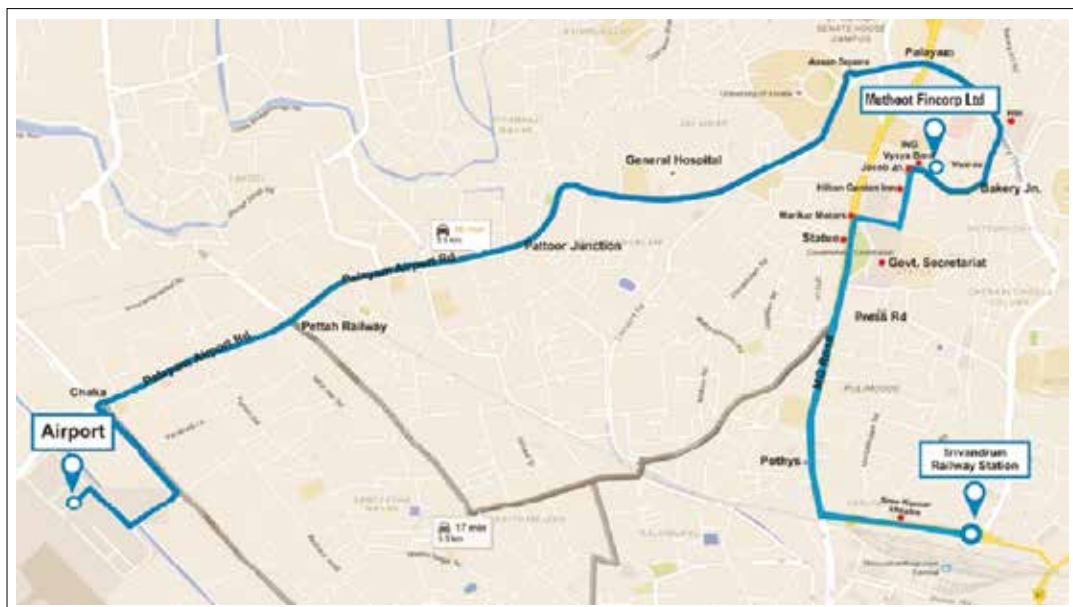
I certify that I am the registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the 20th Annual General Meeting of the Company at the Registered Office of the Company at Muthoot Centre, Punnen Road, Trivandrum – 695 039, at 10.00 AM on Monday, the 25th day of September, 2017.

.....
Name of the Member / Proxy
(in Block Letters)

.....
Signature of the Member / Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

ROUTE MAP TO THE VENUE



MUTHOOT FINCORP LIMITED

CIN: U65929KL1997PLC011518

Registered Office: Muthoot Centre, Punnen Road, Trivandrum – 695 039

Tel : +91 471- 2331427 Fax: +91 471 2331560 ,Email : cs@muthoot.com website www.muthootfincorp.com

Form No. MGT-11

PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Venue of the meeting : Muthoot Fincorp Ltd., Muthoot Centre, Punnen Road, Trivandrum – 695 039

Date & Time : 25th September 2017 at 10.00 am

Name of the Member(s)	:	
Registered Address	:	
E-mail ID	:	
Folio No./ Client ID	:	
DP ID	:	

I/We, being the Member(s) of equity shares of ₹10 each of Muthoot Fincorp Limited, hereby appoint:

1. Name	:	.....	2. Name	:	.....	3. Name	:	.....
E-mail Id	:	.....	E-mail Id	:	.....	E-mail Id	:	.....
Address	:	.....	Address	:	.....	Address	:	.....
Signature	:	.....	Signature	:	.....	Signature	:	.....
		or failing him/her			or failing him/her			

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at 10.00 AM on Monday the 25th Day of September 2017 at the Registered office of the Company at Muthoot Centre, Punnen Road, Trivandrum-695039 and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

Sl.No.	Particulars
	ORDINARY BUSINESS:
1.	To receive, consider and adopt the Audited Standalone and Consolidated Balance Sheet as at 31 st March 2017 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2.	To declare dividend on Equity Shares
3.	To appoint a Director in place of Mrs. Janamma Thomas(DIN: 00483693) Director of the Company retiring by rotation and being eligible, offers herself for re-appointment.
4.	To appoint Auditors to hold office from the conclusion of the Twentieth Annual General Meeting to the conclusion of the Twenty Fifth Annual General Meeting and to fix their remuneration.
	SPECIAL BUSINESS:
5	Issue of Non-convertible Debentures (NCDs) on Private Placement Basis.

Signature of Shareholder..... Signature of Proxy holder(s).....

Signed this day of 2017

Note:

Affix
Revenue
Stamp of ₹ 1

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a Member of the Company

130
YEARS
OF TRUST

YOU HAVE THE DREAMS. WE GIVE THE WINGS.

Belief has many sides to it. For the last 130 years, we at Muthoot Pappachan Group have believed in the brighter side. We believe in limitless possibilities, seeking new pastures and building hopes for the future. The colour of trust and the colour of the future are one and the same. Believe in blue.



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