



IT'S ALL ABOUT STRENGTHENING YOUR ROOTS !

ANNUAL REPORT 2015-'16





## **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.



**CONTENTS****Page No:**

Corporate Information	9
From the Chairman & Managing Director	13
Message from the Executive Director	23
Notice	25
Directors' Report	27
Statement regarding Subsidiary Companies pursuant to Section 129 of the Companies Act, 2013 - AOC-1	76

**FINANCIAL STATEMENTS*****Standalone***

Independent Auditors' Report	84
Balance Sheet	91
Statement of Profit & Loss	92
Statement of Cash Flow	93
Significant Accounting Policies and Notes to Standalone Financial Statements	94
Annexure required under Paragraph 13 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007	117

***Consolidated***

Independent Auditors' Report	125
Consolidated Balance Sheet	133
Consolidated Statement of Profit & Loss	134
Statement of Consolidated Cash Flow	135
Significant Accounting Policies and Notes to Consolidated Financial Statements	136

**ENCLOSURES**

Corporate Social Responsibility (CSR)	163
Attendance Slip and Proxy Form	181







**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. A. Vikraman**  
Director



## CORPORATE INFORMATION

### 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	- Executive Director & General Counsel
Mr. S Kannan	- Executive Vice President
Mr. Tojo Jose	- Chief Human Resources Officer
Mr. P. Padmakumar	- Head Industrial Relations and Disciplinary Action
Mr. Joseph Oommen	- Sr. Vice President- Finance & Accounts
Mr. N.S Bose	- Vice President and Head - Operations
Mr. Ninan Varkey	- Vice President - Risk Management
Mr. A.V Koshy	- Vice President - Risk Management (Branch Audit & Inspection)
Mr. K.R Balachandran	- Vice President - Administration & Infrastructure
Mr. ASP Rao	- Vice President - Business Development
Ms. Deepa Nair	- Vice President - Customer Acquisition and Experience
Mr. R. Nadasabapathy	- Vice President - Resource Planning
Ms. Devika R	- Vice President - Organisational Development
Mr. Jayakrishnan	- Associate Vice President - IT
Dr. Prasanthkumar Nellickal	- Head - Corporate Social Responsibility
Mr. Abraham Koshy	- Group Security Advisor
Ms. Shiney Thomas	- 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 Enterprises (India) Limited  
II<sup>nd</sup> Floor, Kences Towers, No: 1, Ramakrishna Street,  
North Usman Road, T Nagar, Chennai - 600017

## Bankers

State Bank of India  
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.  
State Bank of Mysore  
Dena Bank  
Andhra Bank

Dhanlaxmi Bank Ltd.  
IndusInd Bank Ltd.  
Punjab National Bank  
Karnataka Bank Ltd.  
Central Bank of India  
Union Bank of India  
Indian Overseas Bank  
State Bank of Travancore  
The Jammu & Kashmir Bank Ltd.  
SICOM Ltd.  
State Bank of Patiala

The Catholic Syrian Bank Ltd.  
Vijaya Bank  
Bank of India  
Oriental Bank of Commerce  
Corporation Bank  
Canara Bank  
Allahabad Bank  
Lekshmi Vilas Bank  
State Bank of Hyderabad  
Karur Vysya Bank  
Bank of Maharashtra

## Registered Office

Muthoot Centre, Punnen Road,  
Thiruvananthapuram - 695 039  
Ph: + 91 471 2331427 / 3911400  
Fax: + 91 471 2331560  
Email: [muthoot@muthoot.com](mailto:muthoot@muthoot.com)  
Website: [www.muthootfincorp.com](http://www.muthootfincorp.com)





## Message from the Chairman and Managing Director

Mr. Thomas John Muthoot

During the Financial year 2015-'16, I am happy to inform, your Company had weathered many challenges successfully in the disconcerting macro-economic environment in the country and is currently placed on a profitable and responsible growth trajectory, on the back of sustained performance and unflagging optimism. Despite a highly challenging business environment and the market economic environment remaining subdued, your Company exhibiting resilience and with the help of well-crafted and successfully implemented business model clocked the 21,28,977 lakhs rupees mark of business during the year by driving innovations across brands and operations and aggressively pursuing the go-to market strategies.

### **Macro-Economic Environment- FY 2015-'16**

Signals from the global economy continued to be muted and sluggish in the Financial Year 2015-'16. The lacklustre growth of 1% of US economy in the last quarter of 2015, a mere 0.3% growth in Eurozone mainly on account of the low growth in Germany and France and the shrinking of Japanese economy are the

disappointing and also disquieting signs of the global economic trend. The contraction in China's GDP due to its conscious strategy to rebalance the economy towards consumption, sequel to its stock market crash in June in enormous proportion, will accentuate this trend. This rebalancing of its economy by China will impact the GDP of many economies who relied on exporting raw materials to China. Further, the ongoing structural slowdown in China has depressed the demand for oil, iron-ore and other commodities, there-by dragging down growth in Brazil, Australia and other Commodity Suppliers. With the Chinese economy undergoing structural adjustments, the devaluation of Yuan was natural causing financial turbulence. Global economic growth for the calendar years 2016 and 2017 is expected to see only a gradual perking up. The forecast has projected the global economic growth at 2.9%. It is projected to increase further beyond 2017 to just below 4% by the end of the forecast horizon in 2021 reflecting a further pickup in growth in emerging market and developing economies. From the global economic perspective the recovery continues but





at a slow and increasingly fragile pace. The global economy is thus at cross roads experiencing uneven growth recoveries, deflationary pressures in some parts and uncertainties in some jurisdictions; in addition, geographical risks loom large.

Amidst the gloomy landscape of unusual volatility in the international economic environment, the Indian economy has emerged as a bright spot in the world economy, becoming one of the fastest growing economies in the world. The macro-economic stability has improved substantially with the continuance of fiscal prudence, lower inflation, lower Current Account deficit and robust foreign exchange reserves. The reforms that were initiated in 2014-'15 for de-bottlenecking the economy by removing structural constraints have been taken forward this year. Growth is back, with its desirable concomitants of mild inflation and manageable Current Account balances with stable rupee. The growth agenda of the Government has been tethered to the revival of manufacturing unleashed in the "Make in India" initiative, accompanied by liberalization of foreign direct investment, a large array of investment facilitation measures and steps to improve saving. The headline WPI Inflation declined much faster than the CPI Inflation following the global trend of declining commodity prices. WPI Inflation has been in the negative territory since November 2014 and it averaged 2.8% in 2015-'16 (April – June), as compared to 2% in 2014-'15. The WPI based core inflation declined from 2.4% in 2014-'15 to 1.5% in 2015-'16 (April-June).

The liquidity conditions were generally tight during the first quarter (Q1) of 2015-'16 mainly due to restrained Government spending. In the second quarter (Q2) of the FY 2015-'16, however, liquidity conditions eased significantly as public expenditure picked up; in the third quarter (Q3) liquidity conditions tightened due to the festive season currency demand.

The performance of the Scheduled Commercial Banks (SCBs) during the FY 2015-'16 remained subdued due to tepid growth (below 10%) in loans and advances. The slowdown in the growth in the Balance Sheets of Banks witnessed since 2011-'12 continued during 2015-'16 as well. Growth in investments also slowed down marginally. The decline in credit growth reflected the slowdown in the industrial credit take off, poor growth of earning reported by the corporate sector and risk aversion on the part of Banks owing to rising NPAs. During the FY 2015-'16, year-on-year (Y-O-Y) growth in gross Bank credit outstanding persisted around 10%.

The financial performance of NBFC Sector has remained unchanged for the last two years. Net Profit as a percentage to total income remained at 18.3% as on March 2015 and March 2016 and RoA stood at 2.2% during the same period. RoE (Return on Equity) has increased to 10.6% from 10.3%. While the regulatory norms for NBFC Sector are sought to be brought closer to those applicable to the SCBs, the performance of this Sector (RoE and RoA) seems to be much better as compared to that of Banks. The aggregated Balance Sheet of the NBFC Sector has expanded by 15.5% Y-O-Y basis in March 2016 as compared to 15.7% in the previous year. Loans and advances increased by 16.6%, while total borrowings increased by 15.3% in March 2016. Gross NPAs of NBFC Sector as a percentage of the total advances declined to 4.6% in March 2016 from 5.1% in September 2015. Net NPAs as a percentage of total advances also declined to 2.5% from 2.9% during the same period.

FINANCIAL PERFORMANCE OF THE NBFC SECTOR			
	ITEM	MAR 2015 (per cent)	MAR 2016 (Per cent)
1	Capital market exposure (CME) to total assets	7.40	8.5
2	Net Profit to total income	18.3	18.3
3	RoA	2.2	2.2
4	RoE	10.3	10.6

Source: RBI Supervisory Returns

In a challenging external environment, your Company has performed well and delivered another year of consistent, competitive, profitable and responsible growth with a deep understanding of consumer insights.





### Financial Snapshot: Performance High light of the year 2015-'16

- Gross Revenue recorded ₹2,08,523 lakhs, an increase of 2.30%.
- Profit after Tax registered ₹8,744 lakhs, recording an increase of 4.40%.
- Earnings per share for the year rose to ₹4.69 from ₹4.49 of last year.
- Income from Loan increased to ₹2,00,640 lakhs from ₹1,90,882 lakhs in the previous year, registering an increase of 5.11%.

This onward march of the Company during the Financial Year 2015-'16 on a higher growth trajectory could be made possible by the zest and dedication imbued with sense of zealousness and avidity demonstrated by its committed employees.

### New Product Development

In the current scenario of NBFCs business in general and the Gold Loan business in particular, it is crucial to identify the requirements of different segments and based on the same to develop and implement new products or to make improvements in the existing products on a continuous basis. Your Company has adopted a market segmentation approach in that it targets specific customer segments in the market to address their requirements. Two such products, viz., Muthoot Special Gold Loan and Special 16 launched in the previous year to bring back those Customers who had moved to Banks, have received wide acceptance and are holding noticeable AUM now.

Your Company has devised a bouquet of Gold Loan products in FY 2015-'16 with varying mix of Interest Rate – Processing Fee - LTV Tenure - Repayment Frequency. Based on the market requirement your Company has launched in FY 2015-'16 different Gold Loan Variants such as:

**Samudra:** This product was launched in the Kanyakumari district Branches, targeting the price conscious Customers when there was a wide spread campaign by the Competitors with their Low Interest –Maximum LTV products. Encouraged by the success of its Kanyakumari launch, this Variant was later extended to other market segments and is holding substantial AUM now.

**Dhinam:** A custom-designed product meant for self-employed and business class with the special feature of Door Step Collection Facility.

**Steady-16:** A Gold Loan designed for high value pledge Customers with the unchanged interest rate for six months.

**Choice:** This is a Gold Loan to support the farmers in selected locations where agriculture is the predominant activity. This Variant offers a rebate to those who make prompt interest payment at the end of the harvest period of six months.

**One Plus:** This is the latest product introduced in the FY 2015-'16 targeting the price conscious Customers in the market. This was introduced on specific demand from the market for a lower interest – maximum LTV product.

**Special 16 Redesigned:** This Gold Loan Variant, initially introduced for a specific range of loan ticket size subsequently redesigned in the FY 2015-'16 with an enhanced maximum loan limit has shown good response from the market which resulted in its considerable growth in AUM.

**Capital Assist:** Understanding the opportunities in the Online market space in the FY 2015-'16 the Company has tied up with one of the most prominent online market players and introduced loan products suiting to meet the fund requirements of sellers in the Online platform. Disbursements under this product have commenced.

Your Company had ventured into the non-gold collateralized retail loan business in the FY 2015-'16 with the introduction of Suvidha and SME loans, collectively known as Neighborhood Loans which have received very good response from Micro and Small segment of MSME Sector. The total disbursement under these products since launching is around ₹250 crores. In response to the various feedbacks from the market, a few improvements were made in the products to make them suitable to the market requirements.



Your Company has also started mortgage loan business in the FY 2015-'16 through Loan Against Property (LAP) in selected locations. The Company's constant endeavor to identify the market needs and to offer innovative solutions to the Customers will continue.

### **Credit to Micro and Small Sector Entrepreneurs**

Persons in this Sector do not generally have collaterals to avail bank finance; adequate and timely credit at reasonable cost is, therefore, a critical problem faced by them; they do not have enough gold collateral to avail gold loan either. Your Company has, therefore, conceived two kinds of short term loans with the facility of collection of Equated Daily Instalments (EDIs) at the borrowers' doorstep- viz., SME loan and Suvidha loan. These loans are for meeting their immediate Working Capital requirements or Cash requirements. I am proud to come on record that these two loans, an initiative of your Company, contribute to the national cause of Financial Inclusion and GDP growth.

#### **SME Loans:**

SME loan (Small and Medium Enterprises Loan) is a short- term loan ranging from ₹5,000/- to ₹50,000/ with a repayment tenure of 104 business days. Loan is offered against hypothecation of stock-in-trade or business assets.

#### **Suvidha Loan**

This is an unsecured short- term loan extended to the individuals engaged in Micro and Small Enterprises, either in manufacturing or in trading Sector, ranging from ₹5,000/- to ₹15,000/-with the repayment tenure of 104 business days.

### **Use of Technology in respect of SME and Suvidha Loans**

Technology is increasingly being used in SME and Suvidha loan portfolios in drawing information about the credit history of the person and in KYC verification. Adoption of technology helps in accelerating the market coverage and thereby in adding more Customers.

### **IT Structure**

Your Company, I am proud to place on record, has made great strides in the use of information technology by achieving quantum milestones in project completion as well as in launching new projects in an effort to drive towards quality enabled enterprise digitilisation. Integrated Loan Management System which offers unified system for major loan products of the Company, facilitating 360 degree view of the Customer, has been successfully implemented in Traders Flexi Gold Loan product and is now ready for relaunch. Key modules of the Enterprise Resource Planning solutions have been successfully implemented in the Head Office and in all branches. As part of the Integrated IT Infrastructure project, fail safe secure network connectivity to the branches has been successfully implemented. Key Servers have been moved to a state of the art Data Centre in Bangaluru with back up Servers in dual back up locations (Head Office and Ctrlrs Hyderabad). To ensure business continuity to committed RTO (recovery time objective) RPO (recovery project objective) disaster recovery process is being implemented.

First phase of the HRMS, an in-house soft-ware that manages the entire workforce management has been successfully implemented with biometric attendance system. Muthoot Fincorp Ltd. has been authorized by UIDAI to be the KUA (KYC User Agency) of Aadhaar which enables access to their database for KYC information. This helps in speedy KYC verification (with respect to Aadhaar database) and a faster, accurate acquisition of customer information. Our key application has also been integrated with Transunion, which enables further KYC verification of the Customer with respect to databases of CIBIL, Voters ID, PAN Card etc. This helps in improved Customer credit assessment and quicker decision making process.

In an effort to ensure quality IT service delivery, KPMG has been engaged to carry out Information System audit within Muthoot Fincorp Ltd and they are in the final stages of conducting compliance audit. The Company has engaged Gartner Inc., world's leading information technology research and advisory Company, to be the advisory



partner in our journey towards enterprise-wide digitilisation.

### **HR Initiative – Defining Human Resources Development Road Map**

Your Company has adopted a very pragmatic and balanced people strategy to create a composite and responsible HR culture in the Company that can drive growth and also adequately face various challenges of the current times. A comprehensive HR Strategy and Frame work has been drawn up to take care of all these challenges in an integrated manner. Your Company has taken a major step to develop next line of leaders for the future.

### **Organisational Development and Training**

For preparing the employees for the future and to address the ever increasing needs of business growth, the Organisational Development Department of your Company is continuously engaged in training the employees, updating them with the products, processes, recent changes in the financial sector, the regulatory requirements and behavioural aspects.

The Department compulsorily conducts minimum three training programmes in a financial year for each employee, on two products and related processes and one on behavioural training.

With the firm conviction that “investment in human capital is one of the most valuable assets,” your Company has launched:

#### ▶ Learning Management System (E- Learning Modules)

A compulsory on-line learning module for employees at all levels, comprising daily materials, Circulars, courses on products and process and behavioural aspects.

#### ▶ Shubharambh

It is a daily learning series called “Daily materials” on products and processes and on topics related to their work. Everyday learning is reinforced through monthly assessment, the scores of which are renewed.

#### ▶ Continuous Business Enhancement Programmes (Refresher Training)

This is a continuous Learning Programme designed to keep the employees abreast with the changing trends and advancements in various products, processes and statutory requirements through Classroom training.

#### ▶ Soft Skills and Behavioural Training

Envisaged for the employees of the level of Branch Manager to the level of Regional Manager, Sessions were held on Motivational Management, Developing Leadership Skills, Role transition and Management Skills.

### **Branch Internal Audit:**

During the year under review, your Company has introduced a new Internal Audit Software to automate the Branch Audit Reporting. Whilst the audit is conducted in the conventional manner, the Internal Auditor sitting at the Branch by verifying the relevant records prepares the Audit Report and uploads it on to the MIAS package. The Branch Manager who rectifies the irregularities and the lapses observed in the Report has to inform the action taken by updating the MIAS package. The Audit Report can be viewed by the Branch Manager, Area Manager, Regional Manager, State Head, Manager - Audit, Regional Manager- Audit, Operations Heads and the Risk Team at the Head Office. I am quite happy to place on record that MIAS has stabilized and is functioning well.

### **Customer Contact Centre**

With the objective of providing an outstanding Customer Service Experience, your Company has opened two Customer Contact Centres – one in Bangalore and another in Delhi. These Centres give the Customers detailed information on the Company's Products and Services and also answer their queries or address their concerns quickly



through chat or e-mail or telephone call; they also take feedback from the Customers about their experiences in their dealings with the Company as well as their financial needs. These Customer Contact Centres are playing a critical role for the Company in retaining existing Customers and in acquiring new Customers.

### Grievances Redressal Mechanism

Your Company, I am proud to say, 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 for 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 to come on record 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, Customers and Bankers - and high ethical standards in the conduct of business. The Company is firm in its commitment in promoting best Corporate Governance practices and strives to live up to Shareholders' 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)

Being the CSR arm of the Company, Muthoot Pappachan Foundation (MPF) supports the planning, facilitation and implementation of the CSR initiatives of Muthoot Fincorp Ltd. During the FY 2015-'16 your Company had undertaken the following key CSR activities:

- The flagship CSR programme of the Company, viz., "Smile Please", is a mission providing free life changing cleft care and surgeries to children and youngsters with congenital cleft issues commenced in last year partnering with "Mission Smile", a Medical Charitable Trust. During the year under review surgeries were conducted in the South Indian States Kerala, Andhra Pradesh and Pondichery. This year 377 children had received free cleft surgery and care and the total number of patients received surgery through this programme is 676 as of now.
- Muthoot Life Blood Directory initiated in 2011-'12 has now a strength of 64,416 registered Donors spread across the Country. 1026 patients were supported with blood donations as of now, adding on to the Country's voluntary blood pool.
- Aashiana in Mulanthuruthy has completed its construction and the Centre for Physical Medicine and Rehabilitation (PMR) is expected to start functioning from the Financial Year 2016-'17.
- Treatment Supports were provided to 92 patients from disadvantaged sections of the society. Supports were given to patients suffering from cardiac issues, kidney ailments, cancer and also other chronic diseases.
- Free Knee replacement surgeries were given to 3 patients through Muthoot Life Brigade Hospital.
- Periodic Medical Camps were conducted at the branches of the Company at various locations.

### Education

- Education support was extended to 19 students supporting them to continue their professional education.
- Note books were distributed to students from deserving backgrounds across Kerala as part of the *Pravesanolsavam* in June 2015.
- A *Smart Class* was donated to Govt. Lower Primary School, Thiruvallam in Trivandrum. This school is functioning in the fishermen area in Trivandrum.



### Livelihood

- MPF in partnership with renowned NGO "Aide et Action" collaborating with their iLEAD project started a Vocational Training Center in Kerala. First MPF iLEAD Center at Trivandrum started this year offering the course in Hospitality trade. Seats are offered to candidates from deserving backgrounds enabling them to pursue the course free of cost and then find a livelihood.
- Ernakulam Cricket Club is being continuously supported in providing professional coaching in Cricket to the budding talents and also in providing them opportunities to play in professional matches. Special attention is given to include aspiring players from challenging backgrounds.
- Housing assistance was given to a widow from financially poor background.  
During the FY 2015-'16 your Company had spent ₹ 1.88 Cr for CSR activities.

### Bringing succor 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 ₹ 118.51 crores with a total Wind Power Generation Capacity of 23.225 MWs from 19 Turbine Generators contributing 0.33% 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 shareholders. I place on record my sincere gratitude particularly to the Independent Directors for their continued support and guidance.

### Looking forward

The global macro - economic land mark is currently chartering a rough and uncertain terrain characterized by weak growth of world output. The situation has been exacerbated by the declining prices of crude oil and other commodities, turbulent financial markets and volatile exchange rates. The year 2015 posed several challenges to the global economy with uncertainty pervading various fronts which metamorphosed into subdued economic activity. The economy had an inopportune encounter with the FY 2015-'16 as it had to surmount a renewed episode of global asset market volatility, receding momentum in the advanced economies and continuing headwinds for emerging market economies and lower income Countries, in addition to several stresses of non- economic origin threatened economic activities.

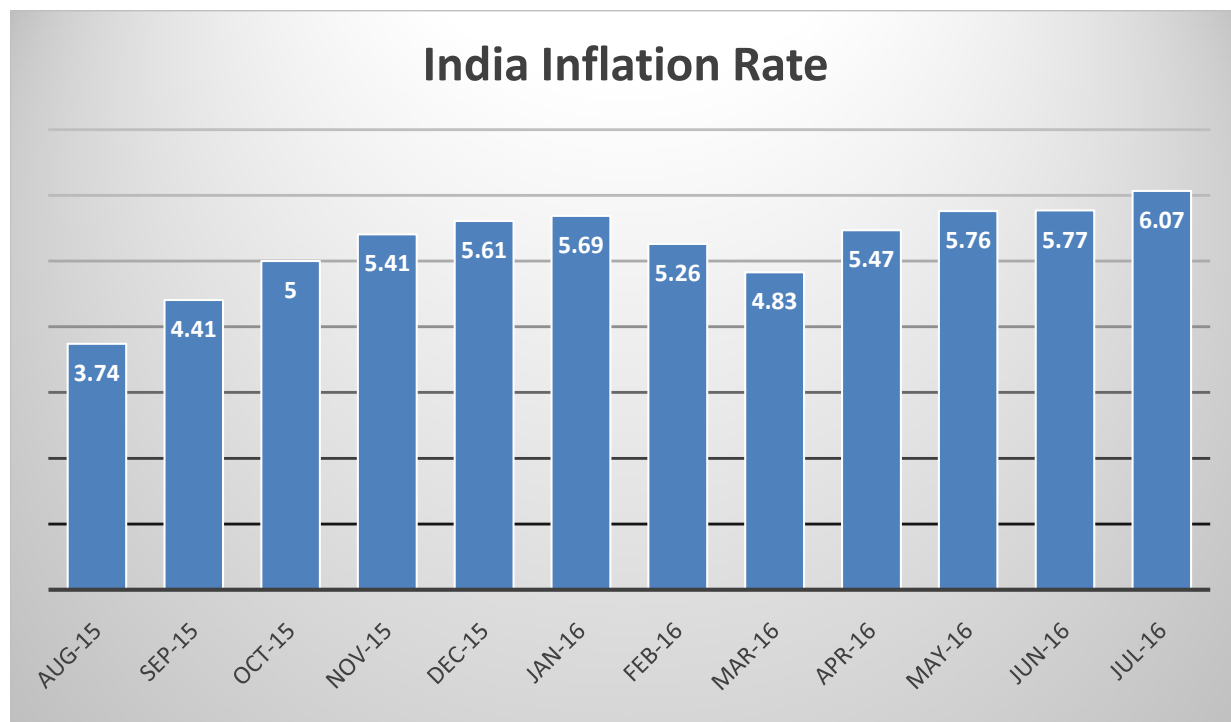
Amidst such a gloomy and bleak international economic landscape of unusual volatility, India stands out "as a haven of macro- economic stability, resilience and optimism and an outpost of opportunity" (as said by Finance Minister). The Indian economy has continued to exhibit resilience and has shown a GDP growth rate of 7.6% for the FY 2015-'16 from 7.2% in 2014-'15. The steps taken by the Government of India have shown positive results as



India's GDP at factor cost at prices of 2015-'16 is ₹ 113.5 trillion (US \$ 1.668 trillion) as against ₹ 105.5 trillion, (US \$ 1.55 trillion) in 2014-'15, registering a growth rate of 7.6%. The Economic Survey 2015-'16 has forecasted that the Indian Economy will grow by more than 7% for the third successive year 2016-'17 and can start growing at 8% or more in next 2 years. According to IMF World Economic Outlook Update (January 2016) and the United Nations World Economic Situation and Prospects, India is expected to grow at 7.76% in 2016 despite the uncertainties in the global market.

The year 2016 has brought inflation under control. The CPI New Series Inflation has been around 5.5% and the WPI has been negative as a result of fall in international oil and other commodity prices. The outlook for inflation is, however, conditional on international prices and the state of domestic demand. Oil price is likely to remain depressed; Commodity prices too will remain quiescent. Governments various initiatives such as "MAKE IN INDIA", "START UP INDIA" and "DIGITAL INDIA" are expected to boost demand in the economy. Another key focus of the Government of India is to revive the rural economy which has not shown a major growth owing to severe drought across the Country and the spatial rainfall. Given the positive indication of normal monsoon across the Country, growth in agriculture is expected which would boost the economy and also create more rural demand. The year thus far has witnessed macro-economic stability aided by favourable factors such as comforting inflation indicators, benign fiscal situation and improving external current account balance. All these factors have helped India emerging as the fastest growing economy among the large economies. The Indian economy is world's 10<sup>th</sup> largest by GDP and the 3<sup>rd</sup> largest by Purchasing Power Parity (PPP); it is also adjudged as the 5<sup>th</sup> best Country in the world for dynamic growing business. In a differentiated global economic backdrop in the FY 2015-'16 the Indian economy posted improvement in its growth-inflation dynamics. Spurred by the positive change in sentiment associated with the Government's pushing reforms with gradual incrementation, the economic growth of India is poised to accelerate and as predicted by most International Organisations India's economic growth will surpass China in 2016-'17. India's financial system remains stable and the relatively stronger macro-economic fundamentals lent resilience to face the still pervading uncertainty and emerging risks in the global economy and financial markets.

Consumer prices in India went up 6.07% year-on-year in July 2016, accelerating for the 4<sup>th</sup> straight month and reached the highest since August 2014; figures beat market expectations of 5.9% driven by food cost. On a monthly basis, consumer prices rose 0.77%.



Source: Ministry of Statistics and Programme Implementation (MOSPI), India





In India the most important category in the consumer price index is Food and Beverages (45.86% of total weight), Housing accounts for 10%, Transport and Communication for 8.6%, Fuel and Light for 6.84%, Clothing and Footwear for 6.5%, Medical Cure for 5.9% and Education for 4.5%.

- The average retail inflation measured by Consumer Price Index (CPI) in 2015-'16(April-December) is seen at 4.5-5%.
- Average Wholesale Price Index (WPI) inflation in 2015-'16 (April-December) is seen at 3% from 2.33% in 2014-'15.

Your Company aspires and strives for consistent growth with improvement in profitability and focusing on core areas like retail lending, improving asset quality and non-interest income. On the qualitative side, the Company's endeavor in Capacity Building, Technology Upgradation, Talent Management & Training and Marketing & Sales will continue with full vigour. The Company is continuously evolving its Strategy Focus to cope with changing circumstances by consolidating its core competencies while striding ahead by adapting its business model in sync with the changing economic and external business environment.

Your Company has embarked on its journey into the year 2016-'17 with the resolve and confidence to achieve further excellence in service delivery and in financial performance in meeting which I look forward to your continued support and encouragement as always.

Sd/-

**Thomas John Muthoot**  
Chairman and Managing Director





## Message from the Executive Director

Mr. Thomas Muthoot

The year under review was a remarkable turnaround for the Microfinance Division of Muthoot Fincorp Ltd. We started hiving off the microfinance business under a separate umbrella Company named Muthoot Microfin Ltd., giving the microfinance operations unlimited opportunities to grow and expand exponentially. The transition was not easy; we faced a few unprecedented challenges to keep up with the pace of growth the microfinance operations had been enjoying during the past five years. However, once again the results amazed me when the very first year of operations of the new Company closed with a net profit of ₹9.41 crore (PAT) and a total disbursement of ₹765.07 crore as on 31<sup>st</sup> March 2016.

Following the strategic decision to hive off microfinance operations from Muthoot Fincorp Ltd, the newly 'NBFC-MFI' licensed Muthoot Microfin Ltd. initiated its operations in Kerala, Tamil Nadu and Karnataka in the fiscal year 2015-'16. Muthoot Microfin's Operational Income was ₹52.15 crore for the FY ended March 31, 2016.

Meanwhile, the microfinance portfolio under Muthoot Fincorp Ltd. expanded its operations in North Indian States in the Financial Year 2015-'16. Cumulatively, the microfinance operations under both Muthoot Fincorp Ltd. and Muthoot Microfin Ltd. have served more than 2.3 million women entrepreneurs and enjoy above 1.23 million active clients as on 31<sup>st</sup> March 2016.

During the FY 2015-'16, we were focused on strengthening the risk and audit framework of microfinance operations. We ensured that all our services are received by the well-deserved and underserved bottom of the pyramid communities. And put into practice cent percent transparency in the processes and policies.

The unique products we tailored for our microfinance clients including Dairy Loans, Sanitation Loans and Solar Lantern products made huge impact in the community. Our IGL – Dairy loan has benefitted about 90,000 dairy farmers with an active clientele of 62,446



farmers as on 31<sup>st</sup> March, 2016. As a beginning and in tune with the Government's Swachh Bharat initiative, we financed for installing 29 precast toilets in Koppal and Gadag districts of Karnataka. And distributed 1,76,344 solar lanterns in the Financial Year under review, all together lighting up 1,99,966 rural households with our solar lantern products.

Muthoot Microfin Ltd., a Subsidiary of Muthoot Fincorp Ltd. is expected to reap significant results in the coming years. We identified immense possibilities for the microfinance sector in future and hence had decided to hive off the business under a separate umbrella Company. An umbrella Company will give microfinance operations unlimited opportunity and flexibility to work in the community while serving and accomplishing Muthoot Pappachan Group's social and business goals.

I would like to bring to your notice that the slowdown in microfinance portfolio under Muthoot Fincorp Ltd is the result of this hiving off strategy. In the long term, the Subsidiary (Muthoot Microfin Ltd.) will bring immense value addition in terms of Value of Investment and in consolidated figures to Muthoot Fincorp Ltd.

The positive regulatory atmosphere and business friendly approach by the Central Government are creating a vast platform for doing business in this Country. The recent SFB approvals prove that the Reserve Bank of India has set high expectations from Microfinance Institutions in accomplishing the greater goal of financial inclusion of majority population in India. The MUDRA Infrastructure will also lead to lower cost of fund for the Microfinance Companies.

Your Company has set a clear cut trajectory to meet our business and social goals. We are on the right path and we believe that with our highly efficient management and human resources we are moving ahead in the right direction.

sd/-

**Thomas Muthoot**  
Executive Director



## NOTICE TO MEMBERS

Notice is hereby given that the Nineteenth Annual General Meeting of Muthoot Fincorp Limited will be held at 10.00 a.m on Friday, the 30<sup>th</sup> of September 2016 at the Registered Office of the Company at Muthoot Centre, Punnen Road, Trivandrum – 695 039, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2016 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 appoint a Director in place of Mr. Thomas George Muthoot, (DIN: 00011552) Director of the Company retiring by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Auditors to hold office from the conclusion of the Nineteenth Annual General Meeting to the conclusion of the Twentieth Annual General Meeting.

### 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 ₹250 Crores (Rupees Two Hundred and Fifty Crores only), in one or more tranches on Private Placement including institutional placements during 2016-17 (the "Debentures on Private Placement"), to eligible investors during the financial year 2016-2017.

By Order of the Board

sd/-

**T.D. Mathai**

Company Secretary

Trivandrum  
27.09.2016

### 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 Annual General Meeting is called at a shorter notice, and hence the enclosed form may be filled and returned giving your consent for calling the Annual General Meeting at shorter notice under Section 101(1) of the Companies Act, 2013.
4. 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 20<sup>th</sup> 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 ₹ 250 Crs in one or more tranches including institutional placements during 2016-'17.

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  
27.09.2016

By Order of the Board

sd/-

**T.D. Mathai**  
Company Secretary





## DIRECTORS' REPORT

To,  
The Members  
Muthoot Fincorp Limited

Your Directors are pleased to present the Nineteenth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2016.

## FINANCIAL RESULTS

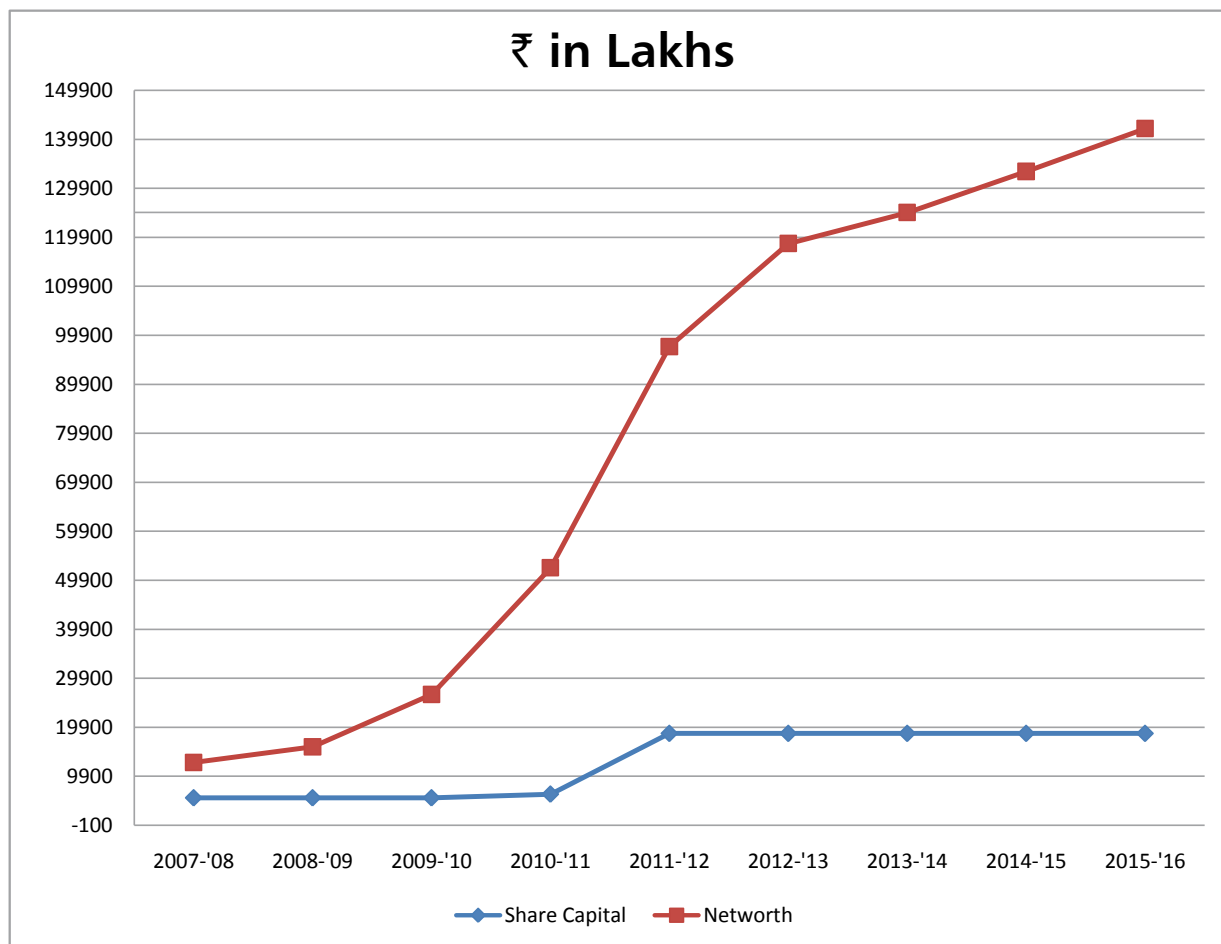
(₹ in Lakhs)

		Standalone		Consolidated	
	Particulars	Current year ended 31.03.2016	Previous year ended 31.03.2015	Current year ended 31.03.2016	Previous year ended 31.03.2015
	<b>Gross Income</b>	<b>2,08,522.88</b>	<b>2,03,886.52</b>	<b>2,19,242.60</b>	<b>2,08,236.99</b>
<b>Less</b>	Expenses	1,94,807.87	1,90,521.02	2,04,584.25	1,95,214.68
	<b>Profit before Tax</b>	<b>13,715.01</b>	<b>13,365.50</b>	<b>14,658.35</b>	<b>13,022.31</b>
<b>Less</b>	Tax Expenses	4,970.84	4,988.41	5,340.75	4,979.71
	<b>Profit for the period</b>	<b>8,744.17</b>	<b>8,377.09</b>	<b>9,317.60</b>	<b>8,042.60</b>
	<b>Balance Profit carried to Balance Sheet</b>	<b>44,463.39</b>	<b>43,966.47</b>	<b>43,483.95</b>	<b>42,845.54</b>
	<b>Earnings Per Share (₹)</b>	<b>4.69</b>	<b>4.49</b>	<b>4.86</b>	<b>4.25</b>
	<b>Reserves &amp; Surplus</b>	<b>1,23,450.24</b>	<b>1,14,706.06</b>	<b>1,22,685.22</b>	<b>1,13,611.35</b>
	<b>Fixed Assets (Net)</b>	<b>51,147.83</b>	<b>55,080.36</b>	<b>52,605.57</b>	<b>56,177.25</b>
	<b>Borrowings</b>	<b>9,25,106.28</b>	<b>8,73,654. 45</b>	<b>10,03,170.86</b>	<b>9,06,268.12</b>



## SHARE CAPITAL & NET WORTH

The Authorised and Paid up Share Capital of the Company stood at ₹20,000 lakhs and ₹18,656.27 lakhs respectively. The Net Worth of the Company is ₹ 1,42,106.51 lakhs as against ₹ 1,33,362.33 lakhs in the previous year, registering an increase of 6.56%.



## DIVIDEND

Your Directors are not recommending any dividend 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 the following amounts to Reserves:

1. Statutory Reserve - ₹1,748.84 lakhs
2. Debenture Redemption Reserve - ₹6,498.42 lakhs



## OPERATIONS

As on 31 March 2016, your Company had 3,645 Branches spread across 17 States as detailed below and serving about 83,000 customers a day on an average.

Sl. No:	State	No: of Branches
1	Kerala	959
2	Tamil Nadu	895
3	Karnataka	535
4	Andhra Pradesh	339
5	Maharashtra	186
6	Goa	11
7	Gujarat	117
8	Rajasthan	52
9	Punjab	49
10	Madhya Pradesh	31
11	Uttar Pradesh	43
12	Odisha	11
13	Haryana	60
14	Delhi	95
15	Uttarakhand	2
16	Telangana	233
17	West Bengal	27
<b>Total</b>		<b>3645</b>

The long standing association of our employees 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 is helping the Company in providing quick and customised finance options and investment products to our customers.

The total income during the year was ₹ 2,08,522.88 lakhs from operations and Profit After Tax was ₹ 8,744.17 lakhs. The total Asset under Management (AuM) was ₹ 8,90,743.61 lakhs. Your Company continued its focus in introducing innovative products to suit the diverse requirements of the Customers.

Over the past few years, the increase in branch network, the consequent intake of branch staff for manning these branches and the introduction of new products, has 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 undivided attention to make it robust and tuned to the requirements.

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

- Re-organisation of structure – We have divided the entire area of our operation into six zones with 60 regions. Each region is headed by Regional Manager (RM). Area Managers are allotted to each RM for looking after Operations, Business Development, Infrastructure, Admin and Human Resources. On an average, there are 55 branches in a region. This re-organisation has helped to build conviction and confidence among staff and increased focus on the core product viz. Gold Loan.
- More focus to increase walk-in of customers, particularly new customers.
- Introduction of new competitive products to gain momentum of gold loan business.
- Introduction of Neighborhood Loans (SME & Suvidha) to serve the small entrepreneurs to increase the customer loyalty and walk-ins.
- Introduction of 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.
- Enhancement of the technology to view the daily MIS.
- Due focus on collection of interest on loan.
- Introduction of online Branch Inspection Reports.
- Introduction 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, 2016.

## CORPORATE GOVERNANCE

Your Company upholds the standards of governance and is compliant with the Corporate Governance provisions as stipulated by RBI in both letter and spirit. 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 Directors cumulatively at the Board level, advocate 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 Company had framed the Corporate Governance Policy and was approved by the Board at their meeting held on 20th February, 2009.

### Board of Directors

Your company recognises and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and business experience, and cultural and geographical background which will help in maintaining our competitive advantage. Your Board has an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. Your Board of Directors comprises of individuals who have vast business experience in various disciplines. The day to day affairs of the Company is managed by a Senior Management Team lead by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors.

The Board of your Company comprises of 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. A. Vikraman

All the Directors have rich 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.

Mr. Thomas George Muthoot (DIN: 00011552) Director of the Company will retire at the ensuing Annual General



Meeting and being eligible, offers himself for reappointment. The Board of Directors recommends the reappointment of Mr. Thomas George Muthoot as Director of the Company.

### A) Changes in Directors and Key Managerial Personnel during the year 2015 -'16

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 1<sup>st</sup> 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 in 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 27<sup>th</sup> March 2015 formulated the Nomination and Remuneration Policy of your Company on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration Policy covering the Company's policy on appointment and remuneration of Directors, Key Managerial Persons 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 your 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

12 meetings of the Board of Directors were held during the Financial Year 2015-'16 on the following dates: 1<sup>st</sup> April 2015, 1<sup>st</sup> June 2015, 30<sup>th</sup> June 2015, 15<sup>th</sup> July 2015, 31<sup>st</sup> July 2015, 12<sup>th</sup> October 2015, 30<sup>th</sup> October 2015, 11<sup>th</sup> November 2015, 5<sup>th</sup> December 2015, 15<sup>th</sup> January 2016, 15<sup>th</sup> February 2016, and 29<sup>th</sup> March 2016. 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	13	14
Mr. Thomas Muthoot	Promoter Executive Director & Chief Financial Officer	11	4	14	14
Mr. Thomas George Muthoot	Promoter Director	12	5	12	14
Ms. Janamma Thomas	Promoter Director	3	0	0	3
Mr. R. Kamalasanan Nair	Independent Director*	12	2	0	0
Mr. A.P Kurian	Independent Director*	8	3	1	0
Mr. Vikraman Ampalakkat	Independent Director*	6	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 ultimately responsible for the stewardship of the Company and to this end 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 thus 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 also has delegated some of its powers to the Committees of the Board. 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 9A of the Non – Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 . 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:

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

#### The main responsibilities of the Audit Committee are:

- 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.
- Review of the scope of work of the Auditor, 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 at 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
R. Kamalasanan Nair	Independent	Chairman	7
Mr. A.P Kurian	Independent	Director	6
Thomas George Muthoot	Non-Independent	Director	7

Seven meeting of the Audit Committee were held on 1<sup>st</sup> June 2015, 30<sup>th</sup> June 2015, 12<sup>th</sup> October 2015, 11<sup>th</sup> November 2015, 5<sup>th</sup> December 2015, 15<sup>th</sup> January 2016 and 29<sup>th</sup> March 2016 during the Financial Year 2015-'16.

#### **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	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	3
Mr. Thomas John Muthoot	Managing Director (till 15 <sup>th</sup> February 2016)	Member	2
Mr. R. Kamalasanan Nair	Independent Director	Member	3
Mr. A.Vikraman	Independent Director	Member	2

Three Meetings of the Nomination and Remuneration Committee were held on 31<sup>st</sup> July 2015, 15<sup>th</sup> January 2016, and 29<sup>th</sup> March 2016 during the financial year 2015-'16.

The Board of Directors of the Company reconstituted the Nomination and Remuneration Committee on 15<sup>th</sup> February 2016 with the following members.

Name of the Director	Nature of the Directorship	Designation in the Committee
Mr. Thomas George Muthoot	Director	Chairman
Mr. A.Vikraman	Independent	Member
Mr. R. Kamalasanan Nair	Independent	Member

#### **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 Corporate Social Responsibility (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	2
Mr. Thomas John Muthoot	Managing Director	Member	2
Mr. Thomas Muthoot	Executive Director	Member	2
Mr. Thomas George Muthoot	Director	Member	2

**Two meetings of the Corporate Social Responsibility Committee were held on 1<sup>st</sup> June 2015 and 11<sup>th</sup> November 2015 during the Financial Year 2015-'16.**

#### **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 Director	Nature of the Directorship	Designation in the Committee	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	7
Mr. George Lamannil	Executive Director & General Counsel	Member	14
Mr. S. Kannan	Executive Vice President	Member	15

Seventeen meetings of the Stake Holders Relationship Committee were held on 8<sup>th</sup> April 2015, 5<sup>th</sup> May 2015, 21<sup>st</sup> May 2015, 15<sup>th</sup> June 2015, 27<sup>th</sup> June 2015, 30<sup>th</sup> July 2015, 26<sup>th</sup> August 2015, 16<sup>th</sup> September 2015, 5<sup>th</sup> October 2015, 15<sup>th</sup> October 2015, 9<sup>th</sup> November 2015, 26<sup>th</sup> November 2015, 21<sup>st</sup> December 2015, 19<sup>th</sup> January 2016, 16<sup>th</sup> February 2016, 9<sup>th</sup> March 2016 and 29<sup>th</sup> March 2016 during the Financial Year 2015-'16.

#### **Other Committees**

In compliance with the Reserve Bank of India Circular dated 27 June, 2001 and 8 May, 2007, the Company has also constituted the following Committees.

##### **i. Asset Liability Management Committee (ALCO)**

The Company has constituted an Asset Liability Management Committee as per RBI Circular No: DNBS (PD). CC No. 15/02.01/2000 – 2001 dated June 27, 2001.

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 Members	Designation of the Members
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	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. 156/03.10.2001/2009 – 10 dated July 1, 2009.

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 below:

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

There are no significant and material orders 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

The Company is committed to the highest standards of openness, probity and accountability. In line with that commitment, we expect employees and others that we deal with, and who have serious concerns about any aspect of the Company, to come forward and voice those concerns.



For this purpose, the Company has put in place a formal whistle blowing policy/vigil mechanism for its employees, customers and other stakeholders. 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 is also evangelised to employees by senior officers during their visits to branches.

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 Policy is available on our website [www.muthootfincorp.com](http://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](http://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 ₹ 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 21.00% as on March 31, 2016, consisting of Tier I Capital of 13.79% and Tier II Capital of 7.21% 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	3,15,735
Outstanding Amount (₹ Lakhs)	
Principal	93,582.56
Interest	36,122.49
	1,29,705.05
Value fetched under auction	1,20,776.11

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	(2,11,45,797)	9,41,00,649	(53,03,461)
Share of profit/Loss due to the Company	(1,59,27,014)	9,27,73,830	(31,82,077)
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.
- They had prepared the Annual Accounts on a going concern basis.
- 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.
- 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

As per the provisions of Section 139 of the Companies Act, 2013 the Shareholders at their Annual General Meeting held on June 3, 2014 approved the appointment of M/s. A. Cherian and Associates, Chartered Accountants, Manganam P.O, Kottayam – 18, as Statutory Auditors for a period of 3 years commencing from the conclusion of the seventeenth Annual General Meeting to the conclusion of the twentieth Annual General Meeting, subject to the ratification of members at every subsequent Annual General Meeting. 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 re-appointment. As recommended by the Audit Committee, the Board of Directors



recommends the ratification of the appointment of M/s. A. Cherian and Associates, Chartered Accountants as Statutory Auditors for the FY 2016-'17.

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

### 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 2015-'16. The Secretarial Audit Report for the financial year ended March 31, 2016 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 shareholder and other stakeholder 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 2015-'16.

No. of complaints received : 1

No. of complaints disposed off : 1

### INTERNAL FINANCIAL CONTROLS

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the approved policies, the safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of its accounting records and timely preparation of reliable financial disclosures.



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being the CSR arm of the Company, Muthoot Pappachan Foundation (MPF) is intended to support the planning, facilitation and implementation of the CSR initiatives of the Company. MPF proposed to the Company the initiatives to be undertaken during the financial year 2015-'16 with corresponding budget allocations. The CSR Committee thoroughly reviewed and recommended to the Board, the proposed action plan and budget, which has been approved by the Board. Based on the approved budget, MPF facilitated the implementation of the activities in field, both direct as well as partnership projects, ensuring stakeholder connectivity, staff engagement and people benefits.

The following key CSR initiatives were undertaken during the year:

### Health

- Under the flagship CSR programme of the Company, 'Smile Please', free surgery mission for children and youngsters with congenital cleft issues was commenced from the previous year in partnership with "Mission Smile". During the year under report, Missions were conducted across Kerala, Andhra Pradesh and Pondichery. During the year 377 kids received free cleft surgery and care and the total number of patients received surgeries through this scheme has reached 676.
- "Muthoot Life Blood Directory" which was initiated in 2011-'12 has now a strength of 64,416 registered Donors and functioning pan India. 1026 patients were supported with blood donations adding on to Country's voluntary blood pool.
- Aashiana has completed its construction and the Centre for Physical Medicine and Rehabilitation (PMR) is expected to start functioning from the next financial year.
- Treatment Support were provided to 92 patients from disadvantaged sections of the society. Supports were given to patients suffering from cardiac issues, kidney patients, cancer patients and also patients with other chronic diseases.
- Free Knee replacement surgeries were given to 3 patients through Muthoot Life Brigade Hospital.
- Periodic Medical Camps were conducted at branches of the Company at various locations.

### Education

- Education support to 19 students were extended, supporting them to continue their professional education.
- Note books were distributed to students from deserving backgrounds across Kerala as part of the *Pravesanolsavam* in June 2015.
- A *Smart Class* was donated to Govt. Lower Primary School, Thiruvallam. This school is functioning in the fishermen region in Trivandrum region.

### Livelihood

- MPF in partnership with renowned NGO 'Aide et Action', collaborating with their iLEAD project started a Vocational Training Center in Kerala. First MPF iLEAD Center at Trivandrum started during the year under report offering the course in Hospitality trade. The seats are offered to candidates from deserving backgrounds enabling them to pursue the course free of cost and then find a livelihood.
- Ernakulam Cricket Club is continuously supported towards providing 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.
- Housing assistance was given to a widow from financially poor backgrounds.

During the year the Company has spent ₹ 1.88 Cr on CSR activities.

The Annual Report on CSR activities is annexed herewith vide **Annexure VI**





## RISK MANAGEMENT

### Overview

The company is exposed to risks that are inherent to the industry in which it operates. The company's comprehensive risk management processes ensures that these risks are identified on a timely basis and addressed.

The risk management framework of the Company encompasses policies and procedures relating to the identification, assessment, monitoring, control and mitigation of credit, strategic, operational, and liquidity risks for achieving our key business objectives and is backed by Internal Audit and Inspection. This seeks to create transparency, minimises the adverse impact of risks to our key business objectives and enables the company to leverage market opportunities effectively.

The Board of Directors have constituted a Risk Management Committee. The Committee has adopted a charter that outlines the role, responsibilities and powers of the Committee and the procedures for organising the meeting of the Committee.

### Risk Management Framework

Our risk management framework works at various levels across the enterprise. The key roles and responsibilities regarding risk management in the company are summarised as follows:

Level	Key roles and responsibilities
Board of Directors	<ul style="list-style-type: none"><li>• Corporate governance oversight of risk management</li><li>• Review the performance of the Risk Management Committee</li></ul>
Risk Management Committee	<p>Comprises 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"><li>• Assisting the Board in the articulation of its risk appetite;</li><li>• Overseeing the implementation and maintenance of a sound system of risk management framework which identifies, assess, manages and monitors risk;</li><li>• Recommend to the Board clear standards of ethical behaviour required of Directors and employees and encourage observance of these standards</li><li>• Examining and determining the sufficiency of the Company's internal processes for reporting and managing key risk areas.</li></ul>
Risk Management Department	<p>Comprises of the Branch Audit and Inspection (BAI) Department and Corporate Internal Audit Department</p> <p>Responsible for</p> <ul style="list-style-type: none"><li>• Facilitating the execution of risk management practices in the enterprise as mandated, in the area of risk identification, assessment, monitoring, mitigation and reporting</li><li>• Providing quarterly updates to the Risk Management Committee on top risks and their mitigations</li><li>• Working closely with owners of risk in deploying risk mitigation measures and monitoring their effectiveness</li></ul>
Department and Unit Heads	<ul style="list-style-type: none"><li>• Responsible for managing their functions as per the Company's risk management philosophy</li><li>• Responsible for managing risks concomitant to the business decisions relating to their department or unit</li><li>• Manage risks at the unit level that may arise from time to time in consultation with the Risk Management Department</li></ul>
Staff	<ul style="list-style-type: none"><li>• Adhering to the risk management policies and procedures</li><li>• Implementation of prescribed risk mitigation actions</li><li>• Reporting risk events and incidents in a timely manner</li></ul>

### Key business objectives

The Board periodically revalidates the strategic themes and business objectives of the company and ensures that there is a balance between short and medium term goals. The corporate performance is measured, monitored and managed on an ongoing basis.



The focus of risk management is to assess risks to the achievement of these key business objectives and deploy mitigation measures.

### **Risk categories**

Following are the broad categories of risks to the business objectives in our risk management framework:

- a. **Strategic:** 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.
- b. **Credit Risk:** Substantial part of the credit exposures is 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. **Counterparty:** Risks arising from our association with entities for conducting business. The counterparties include our customers, vendors etc. Counterpart risks include those relating to litigation and loss of reputation.
- d. **Resources:** Risks arising from inappropriate sourcing or sub-optimal utilisation of key organisational resources such as financial capital, talent and infrastructure.
- e. **Operations:** Risks inherent to business operations including those relating to customer acquisition, physical security, information security and business activity disruptions. Operational risks are managed primarily on three dimensions - business process effectiveness, compliance to policies and procedures and strength of underlying controls.
- f. **Regulatory environment:** Risks due to adverse developments in the regulatory environment that could potentially impact our business objectives.

### ***Branch Audit and Inspection (BAI)***

BAI is primarily responsible for the following functions:

1. **Internal audit of branches.**  
The internal audit of the Branches are conducted by Internal Auditors. The Company has an approved strength of 201 Internal Auditors.
2. **Inspection of gold (both weight and quality) at the branches.**  
The inspection of gold at the Branches are done by Gold Inspectors. The Company has an approved strength of 300 Gold Inspectors.

### ***Corporate Internal Audit***

The Corporate Internal Audit is responsible 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.

### ***Other measures***

To improve the efficiency of risk management function and also to draw upon specialist skill sets, the Company also utilizes the services of outside consultants to perform certain engagements relating to the risk management/ audit activities.



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

The Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 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 ₹9.58 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. Your Directors expresses their deep sense of appreciation for the committed services of the Employees of the Company. Finally, the Directors wish to express their gratitude to the Shareholders for their trust and support.

For and on behalf of the Board

sd/-

**Thomas John Muthoot**  
Managing Director

Thiruvananthapuram  
Dated: 27.09.2016



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Outlook

There was significant volatility in global markets during financial year 2015-'16 (FY16) with commodities moving to low levels and the Chinese economy facing an unprecedented slowdown. Global macro growth has been weak, although there was some momentum at the early stages of the year. The US Federal Reserve finally increased the Fed Funds Rate by 25 bps in December 2015. There after it kept the interest rate stable in the subsequent monetary policy statement and indicated that the rate increase would be gradual. The Commodities market saw huge selling pressure in FY16 due to oversupply worries and weak demand in China. Brent Crude price touched a 12-year low of \$27.36 because of continued OPEC supply and anticipation of increased supply from Iran. However, prices stabilised at around \$40 levels on rumours of production cuts by Saudi Arabia and Russia. China's economy grew at its slowest rate in 25 years. The growth was 6.9% in the calendar year (CY) 2015 as against the growth of 7.3% in CY 2014. The European Central Bank cut interest rate in the Eurozone to zero, and reduced a key deposit rate further into negative territory to - 0.4% to revive the economy and ward off deflation. The Bank of Japan also adopted negative interest rates in January 2016. During FY16, Government Bonds by several Countries, were also issued with yields below zero. Several emerging market economies saw a depreciation of their currencies during FY16.

India recorded an impressive GDP growth of 7.5% which was almost equal to the initial Government projections. It is worth mentioning that the Consumer Price Index (CPI) averaged around 4.9% in FY16 as against 6.25% in FY15 because of a steep fall in Commodity and Crude prices and better food supply management. This was despite the adverse fact that FY16 was the second straight year of deficient rainfall. The CPI has been well within RBI's projected range, providing room for cuts in interest rate and maintaining of an accommodative stance to aid growth. The Index of Industrial Production (IIP) data was erratic throughout the year, and did not yield any definite trend in manufacturing, though the Infrastructure Output Index showed some recovery. Indian Rupee moved lower to 68.12 against the US Dollar, due to continued strengthening of the US Dollar and depreciation of the Yuan. But on relative basis it was one of the best performing currencies in the Emerging market. INR was trading at 66.56 against a US Dollar on March 31, 2016. India's forex reserves were at a comfortable level of \$354bn, up by \$14bn from the previous year.

The year started with RBI keeping the policy rates steady in its first bi-monthly policy on April 7, 2015 and maintained an accommodative stance for future actions. The repo rate was, later, reduced to 7.25% from 7.50% in June 2015 and further to 6.75% in September 2015. This was in addition to the cut of 50 bps done prior to March 2015. In April 2016, RBI has reduced the repo rate by a further 25 basis points to 6.5%. RBI also took steps to tackle the growing NPA issues in the banking system and the banks were directed to make provisions for all the bad loans and clean up their books by March 2017.

Inflation remained moderate during FY16. Retail inflation as measured by Consumer Price Index reduced to 3.7% in July-August 2015 from 5.3% in March 2015. Subsequently it increased to 4.7% in March 2016. Inflation as measured by Wholesale Price Index remained negative through FY16 and was - 0.90% in March 2016.

With the policy reforms initiated by the government, the global sentiment towards India has improved substantially. The World Bank, in its report – Global Economic Prospects – 2016, stated that for FY 2016-'17, India, the dominant economy in the South Asian region, is projected to grow at a faster rate of 7.8%.

### Industry Structure and Development.

In India Gold loans have been in existence for centuries, in the form of unorganized institutions such as money lenders and pawn brokers. They are providing immediate and easy access to loans against the security of gold



jewellery/ coins / bars. 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 Gold loan market.

During the last couple of decades India witnessed the entry of formal and organized financial institutions in the form of Non-Banking Financial Companies (NBFCs) and banks in the gold loan sector changing the market dynamics completely. They have introduced innovative methods of lending against gold, services at cheaper costs and provide better customer service. Recently organized sector is fast catching up with the unorganized sector. It grew around 60% in FY 2011-12 and then 45% in FY 2012-13 but the growth reduced in subsequent years due to decline in the international gold prices. The market is expected to grow at a rate of CAGR 15% YoY during next 5 years. About 25% of the gold loan market is now controlled by the organized sector. The organized gold loan market has witnessed high growth rates in the past decade reaching almost 60% Compound Annual Growth Rate (CAGR) at some point of time. The gold loan market has emerged as one of the most convenient and reliable source of credit for low-income group, compared to other sources of credit available to them such as personal loans, loans from Microfinance Institutions and self-help groups or community borrowing. Gold loans are available promptly with minimum procedural and documentation requirements. Usually Gold loan can be used for various purposes unlike MFI or personal loans and thus provides flexibility.

The Gold Loan Market in India is the biggest one in the world mainly due to large demand of gold ornaments by the Indians. Every year India imports around 900 tons of gold for consumption and it has the largest gold stock in the world which is privately held by domestic households and temples. The low income groups in India are the major customers of gold loan. Farmers and peasants buy gold jewellery and ornaments during the months of prosperity and then pledge it during tough times to meet their financial requirements which has helped the development of the Gold loan market in India.

Recently the competitive pressures in the gold loan space have also reduced with non-focused players closing down and banks adopting a cautious approach. All these augur well for pure-play gold financiers such as Muthoot Fincorp Ltd. At present only a very small percentage of gold jewellery owned by Indians is pledged for loans. This aspect offers attractive long-term growth opportunity for gold lenders. Muthoot Fincorp with its over a century old expertise and pan India presence can benefit from any increase in such a trend.

Now working capital fund is available to Gold loan Companies at lower rates since Banks are reducing their lending rates in the last few months. Gold loan companies are reaping the benefits of lower cost of funding. Since the Company meets a major portion of its working capital requirements through Bank borrowings, its average cost of borrowing has come down by about 0.60% during 2015-'16 compared to the previous year. It may come down further with the likelihood of the banks cutting down their lending rates.

### **Strengths:**

#### **Core focus:**

The main focus of the Company is to provide gold loans. Hence the Company can concentrate on ensuring customer delight through providing better and faster customer service. The Company structures its offerings 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. A significant number of the Company's Branches are located in rural and semi urban areas. This reach in rural and semi urban areas gives the Company an added advantage of being able to reach out to a large set of 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 set up close to its Customers. Various loan products tailor made for MSME, salaried/ house hold segments and students are offered. In addition to the physical environment, it is equally important to have professional and attentive staff at both 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 Customer's needs who are adequately trained to appraise collateral and to disburse loans within a few minutes. The Company's loan products require minimum documentary and credit assessment requirements, thereby shortening the turn-around time. The Company's high quality Customer service, short response time and different product variants offers better opportunity to it.

**Access to a range of cost effective funding sources:**

The Company predominantly access capital by means of term loans from Banks, Redeemable Non- Convertible Debentures, both by public offer and by private placement, Commercial Paper 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 Senior Management Team and skilled work force:**

The Company has an experienced senior management team and work force. In order to strengthen the credit appraisal and risk management systems and to develop and implement credit policies, the Company has hired a number of senior managers who have extensive experience in the Indian Banking and Financial Services Sector and in specialized finance firms providing loans to retail Customers. The in-depth industry knowledge and the loyalty of management and 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 financing 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. However over the last couple of years, lenders have witnessed a trend of business Customers increasingly resorting to gold loans for meeting their regular working capital requirements. This phenomenon is expected to broaden the reach of gold loans.



## Level playing field:

During the last 3 FYs 2013-'15 gold loans market has experienced a significant slowdown, with an annual marginal growth 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. Now 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 left the market and the banks also slowed down their lending against gold. Hence the organized gold loan market is expected to regain its lost steam and enter the growth trajectory again.

## Threats:

### Competition:

There is strict competition among gold loan companies resulting in price war. There is also competition from banks. The unorganized sector is not regulated which gives them 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.

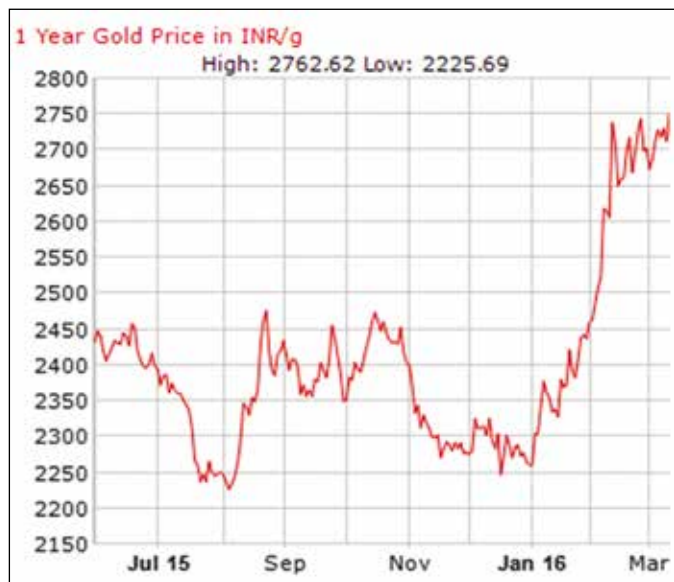
### Adverse regulatory changes:

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

### Gold Loan Industry outlook:

The year 2015-'16 was, similar to the previous year, an eventful one for gold loan industry. There were changes in gold prices and the finance industry scenario.

The year started with lower gold prices and, consequently lower LTV of ₹ 1817 in April 2015, as against ₹ 2040 in April 2014, moved downwards upto ₹ 1738 before closing the year with March 2016 LTV of ₹ 1957. The pace of growth is expected to be about 15% over the next 5 years.







While the Q-4 numbers were better than previous quarters, with higher pledges and pledge values, overall the industry has registered more number of pledges as well as disbursal values in FY 15-16 compared to the previous financial year.

Accurate prediction of the trend of gold price is not possible being sensitive to geo political issues. However, a neutral or bullish trend for gold price is expected in the coming days as suggested by most analysts. Needless to say, such a trend will have a positive impact on the Gold Loan business even in the FY16-17.

The interest front witnessed a downward trend with the policy rate coming down to a five-year low of 6.50 percent. This was certainly a positive factor for the gold loan business too and the market saw new gold loan variants offered at lower interest rates. Similar trend is expected in the new financial year also.

The year saw emerging competition of small banks, payments banks and banks on tap as new players and competitors who can also enter gold loan. But, it was seen in FY15-16 that many of the NBFCs, whose core business is not Gold Loan, have reduced or quit their exposure in gold loans as a part of consolidating and realigning their business portfolio. This would certainly strengthen the position of established gold loan NBFCs and would lead to a more matured market. New entrants like small banks will take time to get off the block and in fact, four of the licensees in Payment Banks space have withdrawn and quit.

Many of the NBFCs, including gold loan NBFCs have initiated steps to diversify their portfolio to non-gold collateral business avenues during the year. Most of them tried to build a portfolio in SME lending, mortgage loans like LAP and microfinance. However, for the specialised Gold loan NBFCs, the core business will continue to be gold loan. This is supported by the huge potential of this business where only about 25% of the market size is with the organised players, and about 75% is still in the unorganised sector. With total gold loan market in our country estimated close to ₹ two lakh crore, the potential for growth continues to be huge.

### Growth in gold loan AUMs of organized lenders



**Note:** Includes agriculture lending by banks with gold as collateral  
**Source:** Company reports, CRISIL Research



If Gold Loan NBFCs are able to reduce operational cost, remain competitive in terms of pricing, popularise Gold loans in new markets, use spare capacity and footprint to lend against business collaterals, the outlook for gold loan NBFCs will continue to be positive.

Based on the current trend and the platform set by positive notes in the FY15-16, one can be optimistic about the performance of Gold Loan Industry in FY16-17 also.

### **Income Profile:**

Your Company has various products suited to various segments of the Customers.

### **Gold Loan**

The major business of your Company is providing Gold loan to the Customers. Income from Gold Loan is 77.68% of the total income of the Company.

### **Unsecured Loan**

Income from unsecured Loan is 18.54 % of the total income of the Company.

### **Forex operations and Money Transfer Business**

Income from Forex operations and Money Transfer Business forms about 1 % 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. 243 lakhs units of electrical energy were generated by the Wind Turbine Generators contributing about 0.33% towards the Gross Income of the Company.

### **Financial/Operational Performance compared with the previous year**

<b>Interest from secured loans</b>	: increased by 1.28% to ₹ 1,61,977.80 lakhs
<b>Interest from unsecured loans</b>	: increased by 24.90% to ₹ 38,662.42 lakhs
<b>Revenue from Forex operations</b>	: increased by 38.66% to ₹ 507.17 lakhs
<b>Revenue from MTSS operations</b>	: increased by 11.48% to ₹ 1175.49 lakhs
<b>Revenue from Operations</b>	: increased by 5.21% to ₹ 2,02,322.92 lakhs
<b>Other Income</b>	: decreased by 46.48% to ₹ 6,199.96 lakhs

Other income of FY 2014-'15 was comparatively higher than that of FY 2015-'16 owing to the write back of depreciation in FY 2014-'15. There was substantial increase in revenue from commission and miscellaneous income. During current year there was an additional item of interest on ICD of ₹ 697.23 lakhs.

<b>Total Revenue</b>	: increased by 2.27% to ₹ 2,08,522.88 lakhs
<b>Employee Benefit Expenses</b>	: increased by 6.52% to ₹ 36,761.31 lakhs
<b>Finance Cost</b>	: decreased by 2.57% to ₹ 1,10,073.68 lakhs
<b>Depreciation and Amortisation</b>	: decreased by 4.27% to ₹ 7,783.67 lakhs
<b>Other Expenses</b>	: increased by 15.16% to ₹ 40,189.21 lakhs
<b>Total Expenses</b>	: increased by 2.25% to ₹ 1,94,807.87 lakhs
<b>Profit before Tax</b>	: increased by 2.62% to ₹ 13,715.01 lakhs
<b>Profit after Tax</b>	: increased by 4.38% to ₹ 8,744.17 lakhs
<b>Earnings per Equity Share</b>	: increased by 4.45% to ₹ 4.69

### **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 stood at ₹ 7,32,465 Lakhs as against ₹7,32,903 Lakhs in the Previous Year. The details of Secured Loans outstanding during the years 2015-'16 and 2014-'15 are given below:

(₹ in Lakhs)

	Particulars	2015- 2016	%	2014 - 2015	%
<b>A</b>	From Banks				
	Term Loan	9,594	1	17,208	2
	Working Capital Loan	5,17,839	71	5,27,891	72
<b>B</b>	From Others				
	Secured Debentures	1,91,066	26	1,73,959	24
	Term Loan	28	0	39	0
	Interest payable on loans	13,938	2	13,805	2
	<b>Total</b>	<b>7,32,465</b>	<b>100</b>	<b>7,32,903</b>	<b>100</b>

Your Company issued fully Secured Redeemable Debentures on private placement basis during the year which are secured by a subservient charge on all current assets of the Company, both present and future.

Your Company has raised ₹ 30,000 Lakhs during the year under report by way of public issue of fully Secured Redeemable Debentures.

The total Debenture outstanding as on 31 March 2016 is ₹ 1,91,065.64 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. ₹ 1,92,129.55 lakhs.

## Human resources

The multiplicity of functions and increasing challenges in the operating environment has prompted the company to upgrade its Human Resources.

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 talents, train and retain the workforce. An addition of 4,966 employees were made during the FY including the fresh and replacement hiring, making the total employee base to 14,992 as on 31-Mar-2016. Acknowledging the value and contribution of the employees, the department provided Internal Job Progression through the revised promotion policy at multiple levels across functions during the FY.

Major breakthrough during the year was the migration from the earlier leased out application which had its own limitations to Company's Own Software-HRMS. This application has been developed in house by our own software engineers/technicians taking into account, customization and Company's expansion programs for the immediate future. Integrated with Biometric Access Control System, it streamlined the HR processes, decreased processing time and provided real time availability increasing the service and transactions.

The Leadership Development Programme (MP – LDP) has advanced to its succeeding edition this year acquiring young and best potential talents from top B-Schools from southern states of India. Successful incumbents of the pioneering first batch have been absorbed as Assistant Managers (Grade C3) and placed with various MPG Companies. The second and third batches of MP-LDP are continued to be nurtured by the expert panel of MPG



mentors, imparting them with live business scenarios and projects, along with CSR activities, thus aligning them with the objectives of the MPG.

The epitome of employee engagement was well demonstrated in the cultural and artistic extravaganza which culminated on 28th February 2016 in connection with our Founder's Day celebrations.

**For and on behalf of the Board**

Thiruvananthapuram  
Dated: 27.09.2016

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 behaviour, 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.
- 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.

**For and on behalf of the Board**

Thiruvananthapuram  
Dated: 27.09.2016

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 2015-'16 is as follows:**

SI No	Name of Director	Ratio of Remuneration of Director to the median remuneration
1	Mr. Thomas John Muthoot	571.43
2	Mr. Thomas Muthoot	571.43
3	Mr. Thomas George Muthoot	116.67
4	Mrs. Janamma Thomas	0.60
5	Mr. R Kamalasanan Nair	2.38
6	Mr. A P Kurian	1.59
7	Mr. A Vikraman	1.19

**b. Details of percentage increase in the remuneration of each Director, CFO and Company Secretary in the financial year 2015-'16 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 ₹ 900 Lakhs and ₹ 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 2015-'16 remuneration were paid to the Directors as detailed below:

SI No	Name	Designation	Remuneration
1	Mr. Thomas John Muthoot	Managing Director	₹ 7,20,00,000
2	Mr. Thomas Muthoot	Executive Director and CFO	₹ 7,20,00,000
3.	Mr. Thomas George Muthoot	Director	₹ 1,44,00,000

Because of inadequate profit remuneration claimed by Mr. Thomas John Muthoot, Managing Director was less than the eligible amount. Mr. Thomas Muthoot, Executive Director and CFO was given remuneration as per his terms of appointment. 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. A P Kurian and Mr. A. Vikraman 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 ₹ 25,000 per meeting.

Percentage increase in the remuneration of Company Secretary is 20.92%

**c. Percentage increase in the median remuneration of employees in the financial year 2015-'16: 5%**

**d. Number of permanent employees on the rolls of the Company as on 31.03.2016: 8,488.**

**e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year - 5.9%**

**Average percentile increase in the managerial remuneration- 7.8%**

Higher increase in salary was given to managerial personal because of higher expertise required and the responsibilities handled by them.





**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	Mr. Sayed Sadaf
Age of the Employee	53	47	59	36
Designation	Managing Director	Executive Director & Chief Financial Officer	Executive Director & General Counsel	Chief Operating Officer
Gross Remuneration (₹)	7,20,00,000	7,20,00,000	1,32,54,836	66,62,983 (from 01.04.2015 to 31.08.2015)
Nature of Employment, whether contractual or otherwise	Permanent	Permanent	Permanent	Permanent (Resigned w.e.f 01.09.2015)
Qualification and Experience	B Com, OPM (Harvard) 31 years	BA, LLB 25 years	BA, LLB 37 years	B.Com, MBA (Finance) 15 years
Date of Commencement of Employment	10.06.1997	10.06.1997	18.07.2011	16.08.2010
Last Employment held	NA	NA	BNP Paribas	Head, Audit & Risk Satin Credit Care Pvt. Ltd.
% of Shareholding	26.35	26.35	NIL	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	No



## Details of Top 10 employees in terms of remuneration drawn during 2015-16

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	53	Managing Director	7,20,00,000	Permanent	B Com, OPM (Harvard) 31 years	10.06.1997	NA	26.35	Mr. Thomas George Muthoot, Mr. Thomas Muthoot, Mrs. Janamma Thomas
Mr. Thomas Muthoot	47	Executive Director & CFO	7,20,00,000	Permanent	BA, LLB 25 years	10.06.1997	NA	26.35	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mrs. Janamma Thomas
Mr. George Lamannil	59	Executive Director & General Counsel	1,32,54,836	Permanent	BA, LLB 37 years	18.07.2011	BNP Paribas	NA	No
Mr. S Kannan	65	Executive Vice President	60,00,000	Contractual	BA, CAIIB 41 years	01.10.2013	Central Bank of India	NA	No
Mr. Joseph Oommen	46	Vice President-Finance and Accounts	50,46,984	Permanent	CA 17 years	01.12.2011	Fin-Southern, Abudhabi	NA	No
Mr. Jaykrishnan	43	Associate Vice President-IT	29,66,200	Permanent	MCA, PGDCA 20 years	10.06.1997	NA	NA	No
Mr. Jaychandran S	37	Vice President-Business Development	28,35,900	Permanent	MBA 14 years	01.09.2008	TVS Finance	NA	No



Mr. ASP Rao	57	Vice President-Infrastructure & Administration	27,32,340	Permanent	BA, DME (IAF) 35 years	07.04.2009	GE Money	NA	No
Mr. Manoj Ravi	41	Vice President-Business Development	27,07,260	Permanent	MBA 18 years	07.04.2009	HDFC Life	NA	No
Mr. G Ramesh Kumar	40	Vice President-Business Development	25,08,264	Permanent	BCom, PGDBA 16 years	27.12.2011	Unicon Securities	NA	No

For and on behalf of the Board

sd/-

**Thomas John Muthoot**  
Managing Director

Thiruvananthapuram  
Dated: 27.09.2016



**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 transaction 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, 2016, 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 Housing Finance Company Ltd.(MHFCL)	Space sharing Agreement-Subsidiary	78 months	Letting out of 200 sq.ft of office space at Indrapuri, Bhopal Branch to MHFCL	01-06-2015	NIL
2	Muthoot Capital Services Ltd. (MCSL)	Space Sharing Agreement -Group Company	13 months	Letting out of 1096 sq.ft of office space at Pappanaikenpalayam, Coimbatore Branch to MCSL	01-06-2015	Nil
3	Muthoot Microfin Limited	Subscription to preferential allotment Subsidiary		Subscription of 3,45,00,000 equity shares of ₹10 each of Muthoot Microfin Ltd (MML)	15-07-2015	Nil
4	Muthoot Estate Investments	Shifting of branch Group Firm	10 years	Shifting of Sastamangalam Branch of the Company to the premises owned by M/s Muthoot Estate Investments (MEI)	12-10-2015	Nil
5	Muthoot Risk Insurance and Broking Services Private Ltd. (MRIBS)	Convert to subsidiary Company Group Company		Subscribe to the share capital of MRIBS to the extent of 51% so as to convert MRIBS into subsidiary Company	12-10-2015	Nil
6	Muthoot Housing Finance Company Ltd (MHFCL)	Additional investment in share capital Subsidiary		Investment of ₹13,63,64,000 by issuing 1,36,36,400 Equity Shares of ₹10 each at a premium of ₹12 per share in the Share Capital on a preferential basis	12-10-2015	Nil



7	MPG Hotels & Infrastructure Ventures Private Limited(MHIVPL)	Distribution of cakes <i>Group Company</i>	1 year	Distributing cakes manufactured by Hilton Garden Inn (HGI), a unit of MPG Hotels and Infrastructure Ventures Private Limited on commission basis through certain Branches of the Company	12-10-2015	Nil
8	Muthoot Microfin Limited (MML)	Space Sharing Agreement <i>Subsidiary</i>	10 years	Space Sharing of 5 Branches of MFL by MML at various places	12-10-2015	Nil
9	Muthoot Microfin Limited (MML)	Letting out of office space <i>Subsidiary</i>	10 years	Letting out of 580 sq.ft of Office space at Vellanad, Trivandrum to MML	11-11-2015	Nil
10	Muthoot Microfin Limited (MML)	Subletting of office space <i>Subsidiary</i>	10 years	Subletting of 3 Office spaces to MML	11-11-2015	Nil
11	Muthoot Microfin Limited (MML)	Space sharing Agreement <i>Subsidiary</i>	10 Years	Space Sharing of 3 Branches of MFL by MML at various places	05-12-2015	Nil
12	Muthoot Estate Investments, M/s MPG Hotels and Infrastructure Ventures (Pvt.) Ltd. and M/s Muthoooot Agri Projects and Hospitalities Pvt. Ltd.	Purchase of assets from MEI, MHIVPL, MAPHPL <i>Group Firm/ Company</i>		Purchase assets for undertaking the real estate business and also towards investment in shares	05-12-2015	73,38,70,000
13	MPG Hotels and Infrastructure Ventures Pvt. Ltd. (MHIVPL)	Proposal for improvement and sale of property <i>Group Company</i>	48 months	To enter into a joint development agreement with M/s MPG Hotels and Infrastructure Ventures Private Limited, for development and sale of the property measuring 63 cents at Kuravankonam	05-12-2015	Nil
14	MPG Hotels and Infrastructure Ventures Pvt. Ltd. (MHIVPL)	Renewal of Sub lease agreement <i>Group Company</i>	11 months	Renewal of sub lease agreement of 2416 Sq.ft of its Office space at Second Floor, TC 15/1897(1), Near Geethanjali Hospital Vazhuthacaud	05-12-2015	Nil
15	Muthoot Microfin Limited (MML)	Space sharing agreement <i>Subsidiary</i>	10 years	Space Sharing of 3 Branches of MFL by MML at various places	15-01-2016	Nil



16	Muthoot Microfin Limited (MML)	Letting out of office space <i>Subsidiary</i>	10 years	Letting out of 850 sq.ft of Office space at Vellanad, Trivandrum to MML for their training centre	15-01-2016	Nil
17	Muthoot Microfin Limited (MML)	Subscription to preferential allotment <i>Subsidiary</i>		Subscription to preferential allotment of 1,00,00,000 equity shares of ₹10 each of MML	15-01-2016	Nil
18	Muthoot Housing Finance Company Ltd.(MHFCL)	Subletting of office space <i>Subsidiary</i>	10 years	Sub-letting of office space at various Branches of the Company to MHFCL	15-01-2016	Nil
19	Mr. Thomas John Muthoot Mr. Thomas George Muthoot Mr. Thomas Muthoot	Closure of loan availed <i>Directors</i>		Closure of Loans availed by Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot	15-01-2016	Nil
20	Mr. Thomas John Muthoot	Reappointment and fixation of terms of reappointment of Thomas John Muthoot as Managing Director <i>Managing Director</i>	upto January 31, 2019	Detailed terms and conditions as per the agreement dated 31.01.2016.	15-01-2016	Nil
21	Mr. Thomas Muthoot	Reappointment of Thomas Muthoot as Executive Director <i>Executive Director</i>	upto January 31, 2019	Detailed terms and conditions as per the agreement dated 31.01.2016.	15-01-2016	Nil
22	Muthoot Capital Services Ltd. (MCSL)	Renewal of service agreement <i>Group Company</i>	5 Years	Renewal of Service Agreement with M/s Muthoot Capital Services Ltd (MCSL)	29-03-2016	Nil
23	Mr Thomas George Muthoot	Hiring of office space <i>Director</i>	10 years	Hiring of office space for the microfinance division at Muthoot Towers, Ernakulam.	29-03-2016	Nil
24	Muthoot Microfin Limited (MML)	Space sharing <i>Subsidiary</i>	10 years	Space Sharing at various Branches of the Company by M/s Muthoot Microfin Ltd. (MML)	29-03-2016	Nil
25	Muthoot Microfin Limited (MML)	Letting out of office space <i>Subsidiary</i>	10 years	Letting out of 1400 sft at first floor Office space at Vellanad, Trivandrum to MML for storage.	29-03-2016	Nil



26	Muthoot Housing Finance Company Ltd.(MHFCL)	Subletting of office space <i>Subsidiary</i>	10 years	Sub-letting of office space at various Branches of the Company to MHFCL	29-03-2016	Nil
27	MPG Hotels and Infrastructure Ventures Pvt. Ltd. (MHIVPL)	Improvement and sale of property <i>Group Company</i>	48 Months	Enter into a Project Management agreement with M/s MPG Hotels and Infrastructure Ventures Private Limited, for development and sale of the property measuring 63 cents at Kuravankonam	29-03-2016	Nil
28	Muthoot Estate Investments, M/s MPG Hotels and Infrastructure Ventures (Pvt.) Ltd. and M/s Muthoot Agri Projects and Hospitalities Pvt. Ltd.	Development and sale of properties <i>Group Firm/ Company</i>	48 Months	Enter into a Project Management agreement with M/s MPG Hotels and Infrastructure Ventures Private Limited, for development and sale of the property.	29-03-2016	Nil
29	MPG Hotels and Infrastructure Ventures Pvt. Ltd. (MHIVPL)	Appointment of MHIVPL as Asset Manager <i>Company</i>		Appointment of MHIVPL as Asset Manager for development and sale of properties.	29-03-2016	Nil
30	Muthoot Capital Services Ltd. (MCSL)	Renewal of space sharing agreement <i>Group Company</i>	3 years	Renewal of Space Sharing Agreement with M/s Muthoot Capital Services Ltd (MCSL)	29-03-2016	Nil

For and on behalf of the Board

Thiruvananthapuram  
Dated: 27.09.2016

sd/-  
**Thomas John Muthoot**  
Managing Director



**SVJS & Associates**  
**Company Secretaries**

Annexure IV

**Partners:**

CS. Sivakumar P., M.Com, FICWA, FCS  
CS. Vincent P.D., MBA, LL.B, FCS  
Cs. Jayan K., LL.B, FCS  
CS. Sreekumar P.S., FCS  
CS. Lekha Ashok, FCS  
CS. Rohini Varma K., FCS

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**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2016**

[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 - 695034

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Muthoot 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 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made 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 thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder 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 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (to the extent applicable);
  - (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 (to the extent applicable).
- (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) Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and Non-Banking Financial Companies (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 to the extent applicable;
  - b) Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008;
  - c) Reserve Bank of India (Non-Banking Financial Companies) Returns Specifications, 1997;
  - d) Guidelines for Asset-Liability Management (ALM) system in Non-Banking Financial Companies;
  - e) Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies;
  - f) Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards;
  - g) Fair Practices Code;
  - h) Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015;
  - i) Regulation of excessive interest charged by NBFCs;
  - j) Miscellaneous Instructions to all Non-Banking Financial Companies and Miscellaneous Instructions to NBFC-ND-SI;
  - k) Reserve Bank Commercial Paper Directions, 2012;
  - l) Guidelines for issue of Commercial Paper.
- vii) The Prevention of Money Laundering Act, 2002 and the Regulations and Bye-laws framed there under.
- viii) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- 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 Bombay Stock Exchange Limited.

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

### **We report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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:**

- (i) The Company has made a Public Issue of Secured & Unsecured Redeemable Non-Convertible Debentures through the prospectus issued dated 21.09.2015, aggregating to ₹300 Crores;
- (ii) The Company has passed a special resolution under Section 180 of the Companies Act, 2013 at its Extraordinary General Meeting held on 11<sup>th</sup> March 2016, for ratification of delay in repayment of a part of the loans availed by the Managing Director Mr. Thomas John Muthoot and the directors Mr. Thomas George Muthoot and Mr. Thomas Muthoot.
- (iii) The Company has made Private placement of Secured Redeemable Non-Convertible Debentures through issue of Private Placement Offer Letters dated 03.08.2015, 23.07.2015, 24.08.2015, 26.08.2015 and 09.11.2015, 15.02.2016 aggregating to ₹165 Crores.

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

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

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

Kochi  
20.07.2016

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 - 695034

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 31<sup>st</sup> March 2016 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal / professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

Kochi

20.07.2016

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 31<sup>st</sup> March 2016

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

#### I. REGISTRATION AND OTHER DETAILS:

i)	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	K8	97.03

#### 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	98.59
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[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	18,65,62,700	0	18,65,62,700	100	18,65,62,664	0	18,65,62,664	99.99998	(-) 0.00002



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
<b>Sub- Total (A)(1)</b>	<b>18,65,62,700</b>	<b>0</b>	<b>18,65,62,700</b>	<b>100</b>	<b>18,65,62,664</b>	<b>0</b>	<b>18,65,62,664</b>	<b>99.99998</b>	<b>(-) 0.00002</b>
<b>(2) Foreign</b>									
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
<b>Sub- Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>18,65,62,700</b>	<b>0</b>	<b>18,65,62,700</b>	<b>100</b>	<b>18,65,62,664</b>	<b>0</b>	<b>18,65,62,664</b>	<b>99.99998</b>	<b>(-) 0.00002</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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) FIIs	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
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	0	0	0	0	36	0	36	0.00002	0.00002
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
<b>Sub-total (B) (2):-</b>	0	0	0	0	36	0	36	0.00002	0.00002
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	0	0	0	0	36	0	36	0.00002	0.00002
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	-	-
<b>Grand Total (A+B+C)</b>	18,65,62,700	0	18,65,62,700	100	18,65,62,700	0	18,65,62,700	100	0

**B) Shareholding of Promoter-**

SI 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	4,91,66,416	26.35	0	4,91,66,411	26.35	0	0
2	Thomas George Muthoot	4,91,66,416	26.35	0	4,91,66,411	26.35	0	0
3	Thomas Muthoot	4,91,66,416	26.35	0	4,91,66,416	26.35	0	0
4	Preethi John Muthoot	1,30,20,818	6.98	0	1,30,20,818	6.98	0	0
5	Nina George	1,30,20,817	6.98	0	1,30,20,791	6.97998	0	(-)0.00002
6	Remy Thomas	1,30,20,817	6.98	0	1,30,20,817	6.98	0	0
7	Janamma Thomas	1,000	0.001	0	1,000	0.01	0	0
	<b>Total</b>	<b>18,65,62,700</b>	<b>100</b>	<b>0</b>	<b>18,65,62,664</b>	<b>99.99998</b>	<b>0</b>	<b>(-)0.00002</b>

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

SI. 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	18,65,62,700	100		
	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):	12.12.2015 36 Transfer	0.00002	18,65,62,664	99.99998
	At the end of the year	18,65,62,664	99.99998	18,65,62,664	99.99998



## D). Shareholding Pattern of top ten Shareholders:

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

SIN	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	Mr. A.V Koshy	0	0	5	0.0000028	0.0000028
2	Mr. Jayakrishnan P	0	0	5	0.0000028	0.0000028
3	Mr. Amjad A.M	0	0	5	0.0000028	0.0000028
4	Mr. Parameswaran T.S	0	0	5	0.0000028	0.0000028
5	Mrs. Lathika Anand	0	0	5	0.0000029	0.0000029
6	Mrs. Sangeetha Vijay	0	0	5	0.0000029	0.0000029
7	Mrs Shiney Thomas	0	0	6	0.0000030	0.0000030
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>0.000020</b>	<b>0.000020</b>

## 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- ( <i>Managing Director and KMP</i> )				
	At the beginning of the year	4,91,66,416	26.35	4,91,66,416	26.35
	At the end of the year	4,91,66,411	26.35	4,91,66,411	26.35
2.	Thomas George Muthoot - ( <i>Non-Executive Director</i> )				
	At the beginning of the year	4,91,66,416	26.35	4,91,66,416	26.35
	At the end of the year	4,91,66,411	26.35	4,91,66,411	26.35
3.	Thomas Muthoot - ( <i>Executive Director &amp; C.FO (KMP)</i> )				
	At the beginning of the year	4,91,66,416	26.35	4,91,66,416	26.35
	At the end of the year	4,91,66,416	26.35	4,91,66,416	26.35
4.	Janamma Thomas ( <i>Non- Executive Director</i> )				
	At the beginning of the year	1,000	0.001	1,000	0.001
	At the end of the year	1,000	0.001	1,000	0.001
5.	R Kamalasanan Nair - ( <i>Independent Director</i> )				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
6.	A.P Kurian - ( <i>Independent Director</i> )				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
7.	Vikraman Ampalakat - ( <i>Independent Director</i> )				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
8.	T.D Mathai - ( <i>Company Secretary and KMP</i> )				
	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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	7,15,999.57	1,54,556.31	-	8,70,555.88
ii) Interest due but not paid	1,829.15	217.50	-	2,046.65
iii) Interest accrued but not due	12,040.61	21,637.97	-	33,678.58
<b>Total (i+ii+iii)</b>	<b>7,29,869.33</b>	<b>1,76,411.78</b>	<b>-</b>	<b>9,06,281.11</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	9,77,600.86	77,374.01	-	10,54,974.87
* Reduction	9,75,005.51	7,989.45	-	9,82,994.96
<b>Net Change</b>	<b>2,595.35</b>	<b>69,384.56</b>	<b>-</b>	<b>71,979.91</b>
<b>Indebtedness at the end of the financial year</b>				
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	-	3,095.74
iii) Interest accrued but not due	11,283.80	38,775.21	-	50,059.01
<b>Total (i+ii+iii)</b>	<b>7,32,464.68</b>	<b>2,45,796.34</b>	<b>-</b>	<b>9,78,261.02</b>

**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/WT/ Manager		
		Mr. Thomas John Muthoot	Mr. Thomas Muthoot	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,20,00,000	7,20,00,000	14,40,00,000
	(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
	<b>Total (A)</b>	<b>7,20,00,000</b>	<b>7,20,00,000</b>	<b>14,40,00,000</b>
	Ceiling as per the Act	7,64,95,070	7,64,95,070	15,29,90,140



### B. Remuneration to other directors

S I. No	Particulars of Remuneration	Name of Directors			Total Amount
1	<b>Independent Directors</b>	<b>Mr. R. Kamalasanan Nair</b>	<b>Mr. A.P. Kurian</b>	<b>Mr. A. Vikraman</b>	
	Fee for attending Board /Committee Meetings	3,00,000	2,00,000	1,50,000	6,50,000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	<b>Total (1)</b>	<b>3,00,000</b>	<b>2,00,000</b>	<b>1,50,000</b>	<b>6,50,000</b>
2	<b>Other Non-Executive Directors</b>	<b>Ms. Janamma Thomas</b>	<b>Mr. Thomas George Muthoot</b>		
	Fee for attending Board/ Committee Meetings	75,000	3,00,000		3,75,000
	Commission	0	1,44,00,000		1,44,00,000
	Others, please specify	0	0		0
	<b>Total (2)</b>	<b>75,000</b>	<b>1,47,00,000</b>		<b>1,47,75,000</b>
	<b>Total (B) = (1 + 2)</b>				<b>1,54,25,000</b>
	Total Managerial Remuneration		15,84,00,000		
	Overall Ceiling as per the Act		16,82,89,154		

### 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	18,53,851	0	18,53,851
	(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	66,149	0	66,149
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
	<b>Total</b>	<b>19,20,000</b>	<b>0</b>	<b>19,20,000</b>

\*Remuneration paid to Mr. Thomas Muthoot (Executive Director & CFO) during the Financial Year 2015-2016 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 behalf of the Board

Thiruvananthapuram  
Dated: 27.09.2016

sd/-  
**Thomas John Muthoot**  
Managing Director



## Annexure VI

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2015-'16

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

The CSR programs of Muthoot Fincorp Ltd. 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 increasing value creation in the community in which it operates, through its services and CSR initiatives planned and implemented by Muthoot Pappachan Foundation, so as to stimulate well-being for the community, in 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 business unit objectives, which also benefits the organization at large;
- Shape sustainability for the organization by 'Engaging the Community.'
- Build a corporate brand through CSR
- For other stakeholders make it "an integral part of the company's DNA, so much so that it has to be an organic part of the business".

The over-arching framework of HEEL, which 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 2016 is as follows.

Mr. 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

₹ 182.22 Cr

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) ₹ 3.64 Cr

5. Details of CSR spent during the financial year.

- a) Total amount to be spent for the financial year; ₹ 7.99 Cr
- b) Amount unspent, if any; ₹ 6.11 Cr



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

₹

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: a) Direct or b) through implementing agency *
1	Muthoot Life Blood Directory	Health	Pan India	2,85,000	4,000	4,000	a) 4,000 b) Nil
2	Cleft Surgery Mission (Mission Smile)	Health	South India	2,14,82,885	1,18,49,008	1,18,49,008	a) 20,49,008 b) 98,00,000
3	Physical & Medical Rehabilitation Centre	Health	Kerala	18,20,800	8,50,500	8,50,500	a) Nil b) 8,50,500
4	Treatment Support	Health	Kerala	11,92,960	10,52,100	10,52,100	a) 10,42,100 b) 10,000
5	Medical Camps	Health	Pan India	3,07,775	8,167	8,167	a) 8,167 b) Nil
6	Sougyam Camp - Free Surgeries (Hip/Knee Replacement)	Health	Kerala	3,70,000	3,56,666	3,56,666	a) 3,56,666 b) Nil
7	Village Adoption - Community Education Projects	Education	Kerala	42,42,936	0	0	0
8	MPF Scholarship Scheme	Education	Kerala	25,00,000	0	0	0
9	Educational Assistance Projects	Education	Kerala	18,81,500	12,93,772	12,93,772	a) 9,54,447 b) 3,39,325
10	Sports	Training to Promote Sports	Kerala	28,50,000	19,12,544	19,12,544	a) 1,12,544 b) 18,00,000



11	ileague Training Program Expenses	Training to Promote Sports	Kerala	6,00,000	5,63,175	5,63,175	a) 1,63,175 b) 4,00,000
12	iLEAD Vocational Training Program Expenses	Livelihood	Kerala	3,00,000	2,00,000	2,00,000	a) Nil b) 2,00,000
13	Slum Development/ Rural Activities/ Housing Assistance	Rural Development	Kerala	86,76,000	36,725	36,725	a) 36,725 b) Nil
14	Environment Projects	Environment	Pan India	44,46,667	0	0	0
15	Need based programmes (Regional)	Health/ Education/ Rural Development	Pan India	44,46,667	0	0	0
16	Branch Based programmes (Local)	Health/ Education/ Rural Development	Pan India	44,46,667	0	0	0
17	Admin/ Governance/ Consultation/ Audit charges	Overhead		67,00,305	6,52,096	6,52,096	a) 6,52,096 b) Nil
18	Training/ Travel/ Field Support Activities	Overhead		44,43,166	0	0	0
19	Corpus / General CSR Expenses	Overhead		88,93,333	0	0	0
	<b>Total</b>			<b>7,98,86,661</b>	<b>1,87,78,753</b>	<b>1,87,78,753</b>	<b>1,87,78,753</b>

\*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. Livelihood:

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



## 6. Explanation for unspent amount

As the reporting period is in the initial years of implementation of 2% mandatory CSR spent, we have not been able to spend the amounts on projects that have longer gestation. The programmes and partnerships are being developed by our Foundation towards impactful CSR interventions. Some of the flagship programmes have started and are proceeding efficiently in field, benefiting many deserving people. We will ensure that the company progresses on the scheduled CSR programmes and completely utilises the 2% PBT funds towards the planned programmes as it proceeds to actualisation in the near future.

## 7. Responsibility Statement.

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

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 <sup>th</sup> August 2012	15 <sup>th</sup> January 2014	29 <sup>th</sup> May 2013
Reporting period	31.03.2016	31.03.2016	31.03.2016
Reporting Currency	INR	INR	INR
Share Capital	52,29,14,000	60,00,00,000	5,00,000
Reserves & Surplus	25,83,50,138	9,18,14,629	(2,67,94,201)
Total Assets	4,74,65,29,147	5,27,90,91,272	16,28,21,723
Total Liabilities	4,74,65,29,147	5,27,90,91,272	16,28,21,723
Investments	Nil	Nil	Nil
Turnover	63,45,87,809	52,15,61,699	2,80,10,890
Profit Before Taxation	(3,29,73,036)	14,60,15,046	(83,98,723)
Provision for Taxation	(1,18,27,239)	5,19,14,397	(30,95,262)
Profit After Taxation	(2,11,45,797)	9,41,00,649	(53,03,461)
Proposed Dividend	Nil	Nil	Nil
% of Shareholding	75.32%	98.59%	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

Sl 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

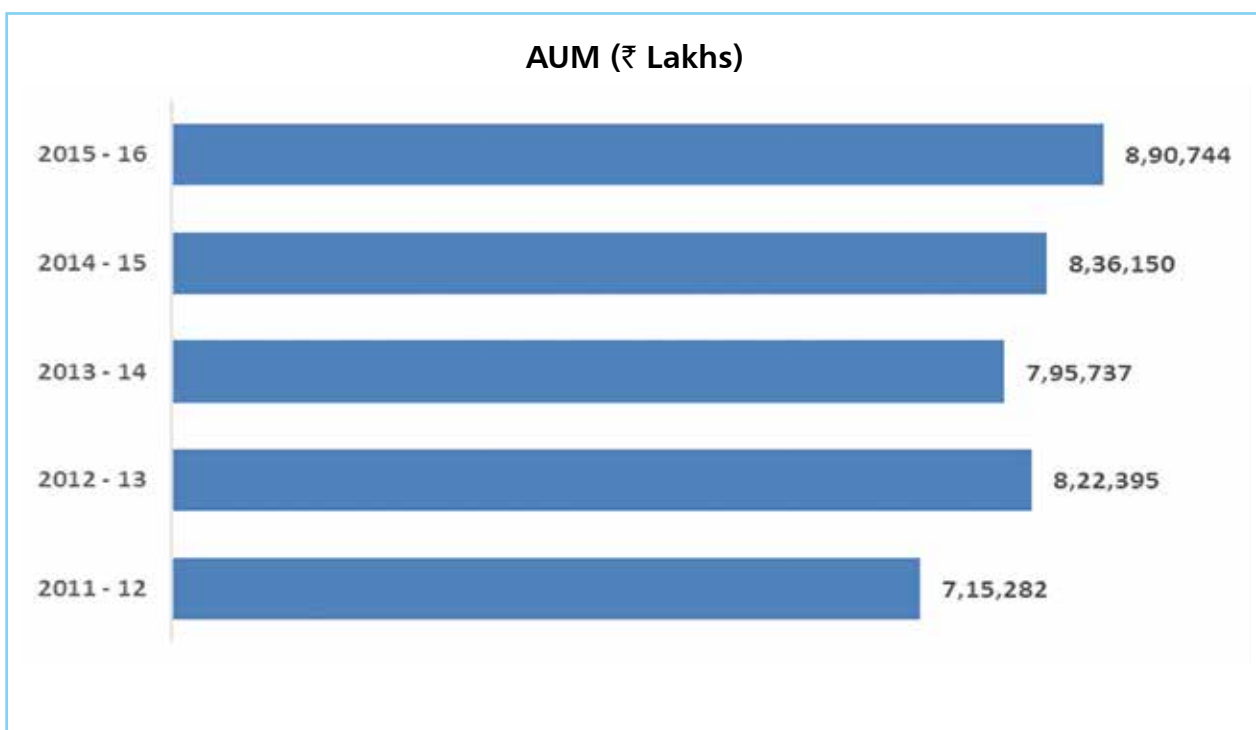
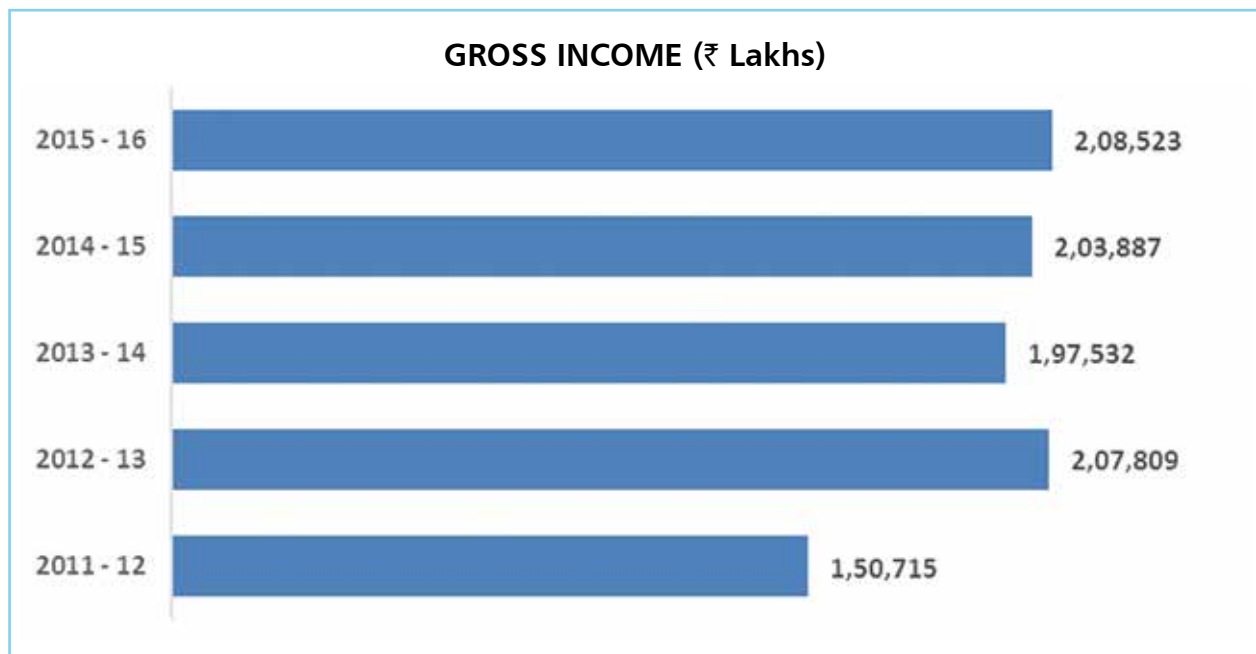
sd/-  
**Thomas John Muthoot**  
 Managing Director

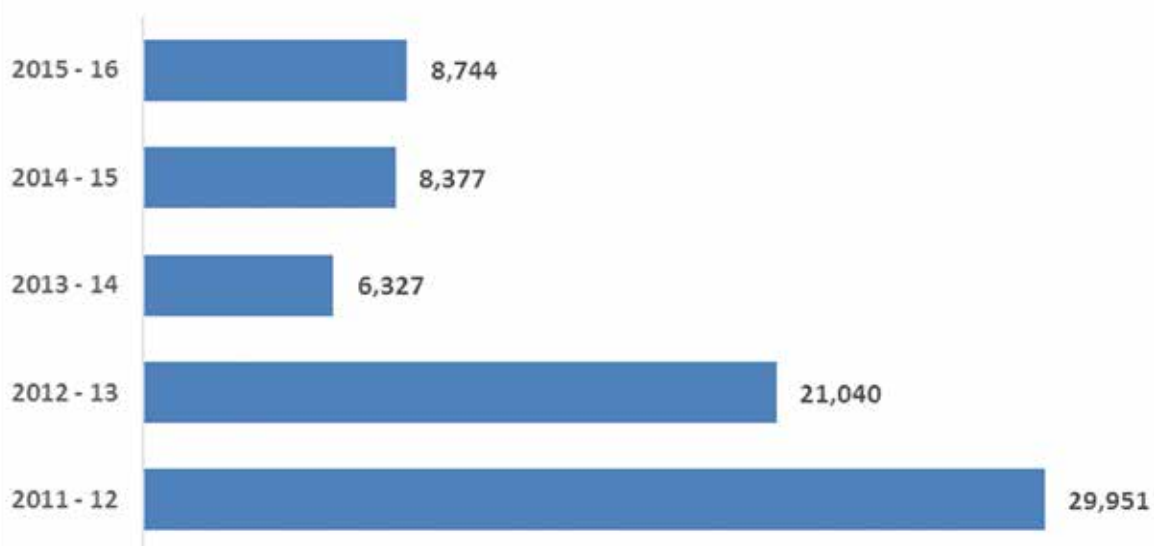
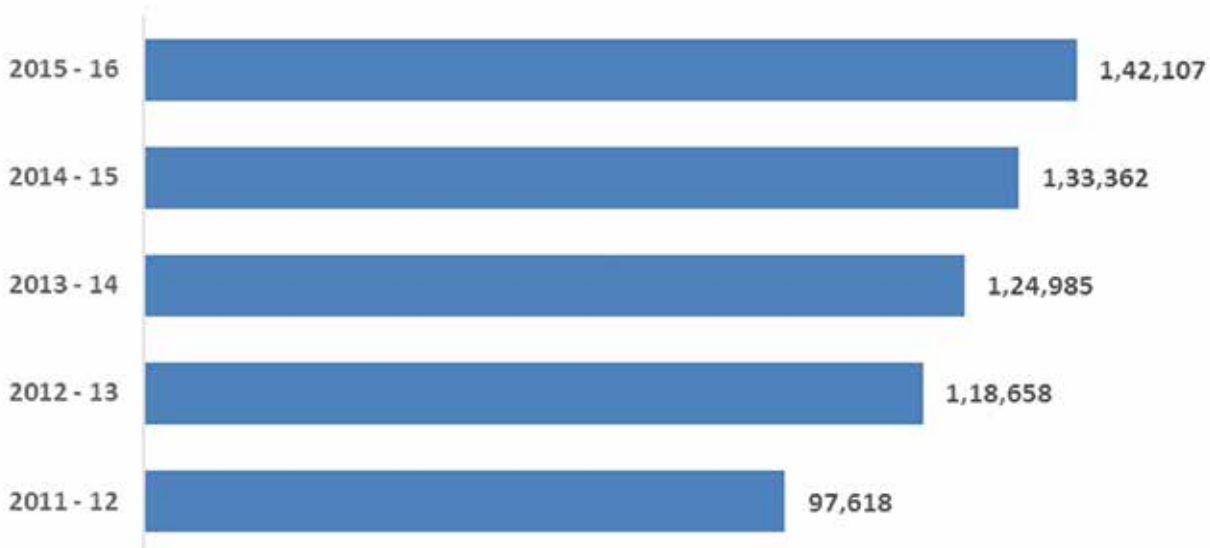
sd/-  
**T.D Mathai**  
 Company Secretary

sd/-  
**Thomas Muthoot**  
 Executive Director & Chief Financial Officer



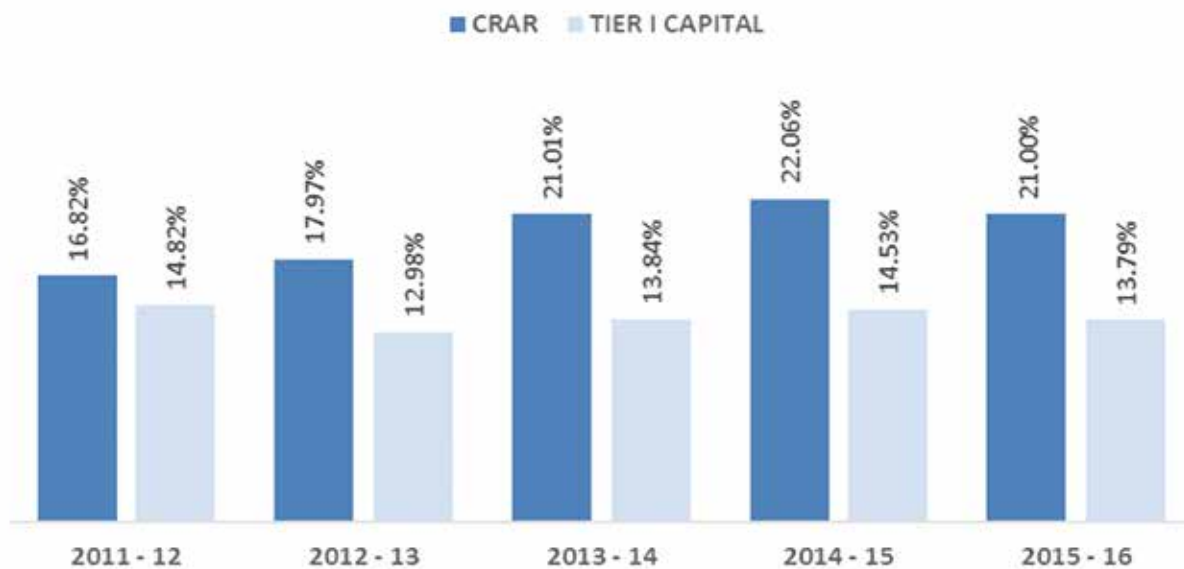
## FINANCIAL INDICATORS



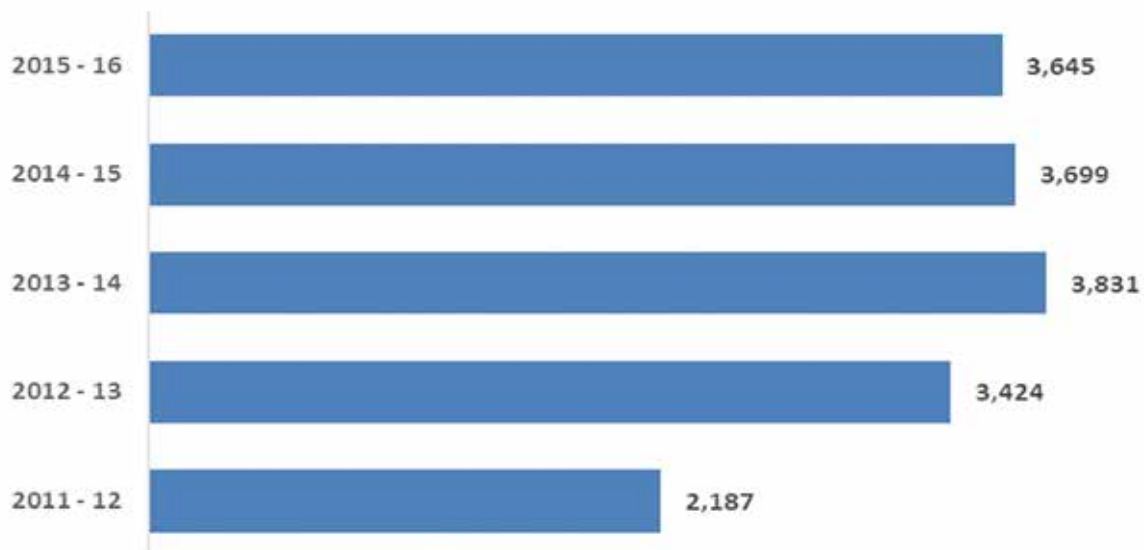
**PROFIT AFTER TAX (₹ Lakhs)****NET WORTH (₹ in Lakhs)**

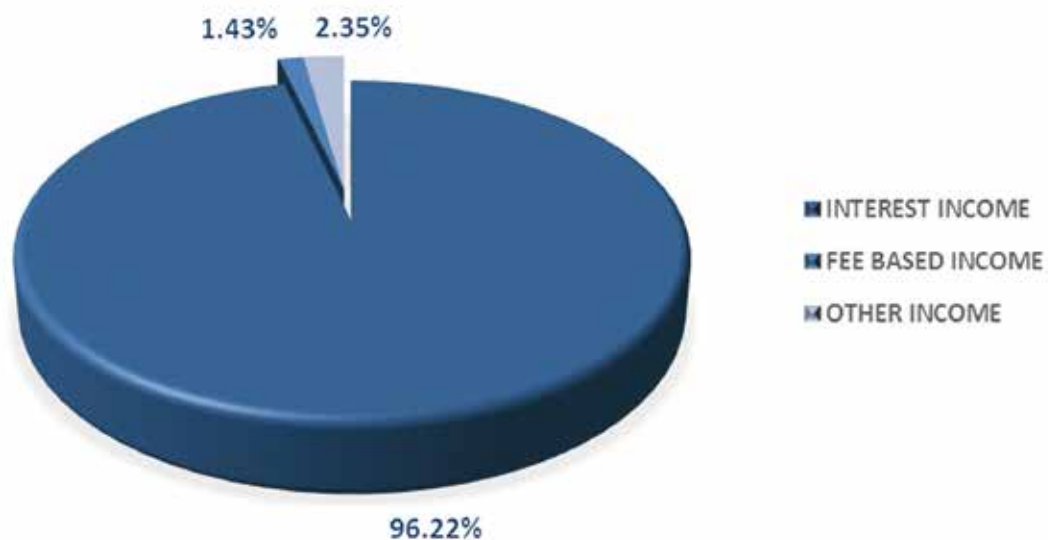


### CAPITAL ADEQUACY RATIO (%)



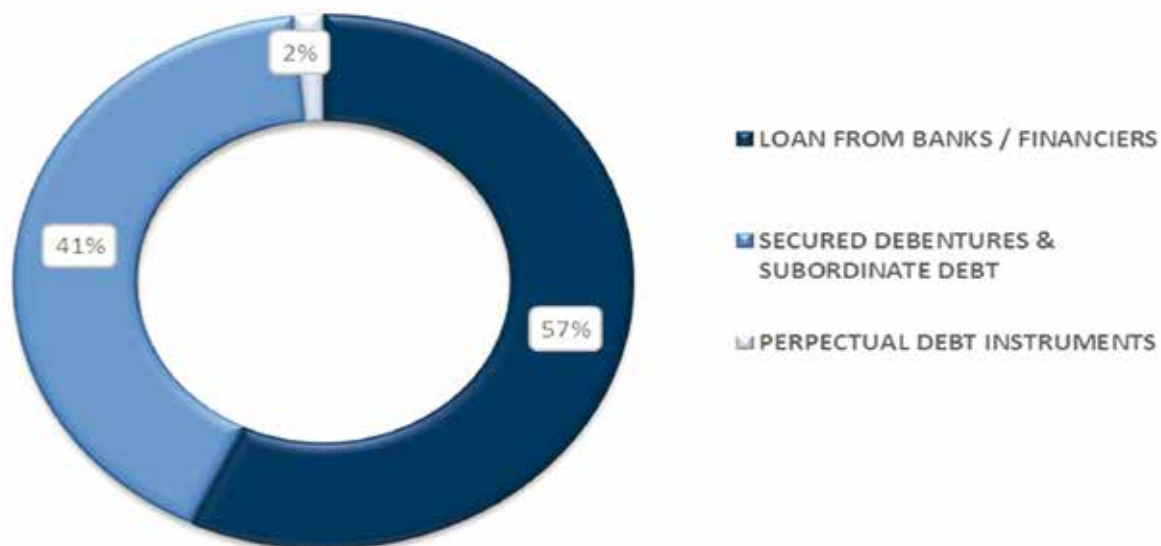
### PAN INDIA REACH (No. of Branches)



**GOLD LOAN DISBURSEMENT (₹ in Lakhs)****SOURCES OF INCOME (%)**

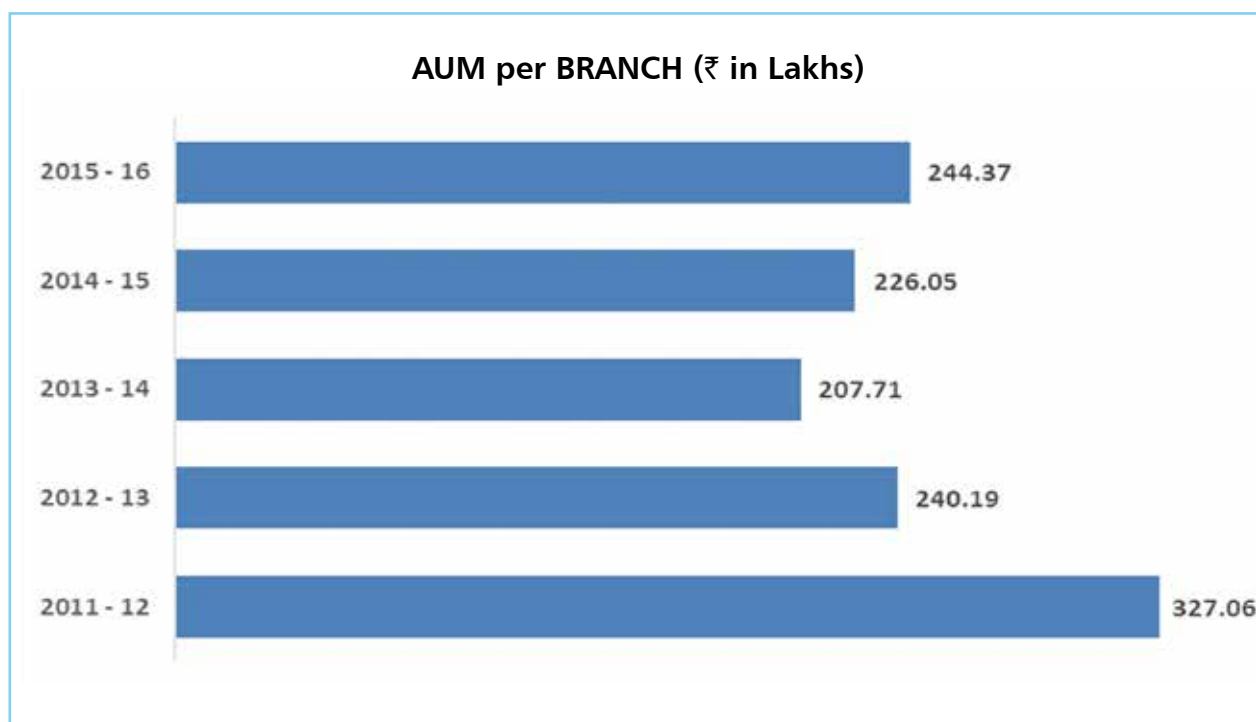


### SOURCES OF FUND



### GOLD HOLDINGS (in tonnes)







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 2016, 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 2016, 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.

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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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:
  - i. The Company has disclosed the impact, if any, of pending litigations as at 31 March 2016, on its financial position in its standalone financial statements;
  - ii. 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;
  - iii. 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 2016.

Place: Thiruvananthapuram  
Date: June 14, 2016

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

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



## 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 2016

- (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) 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 31.03.2016
Muthoot Housing Finance Company Limited	Unsecured Loan	23,97,00,000
Muthoot Pappachan Technologies Limited	Unsecured Loan	13,65,00,000

- (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) 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, duty of customs, duty of excise, cess and other 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, 2016 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 2016 which have not been deposited on account of a dispute, are as follows:



(₹ 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	1,728.50	AY 2010-11	CIT(Appeals), Trivandrum
Income Tax	Demand Payable under S.143(3) - net of Refund adjustments	1,131.76	AY 2013-14	CIT (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 ₹59.23 lakhs outstanding as on March 31, 2016, 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 loan against theft gold, spurious gold and misappropriation committed by personnel of the Company were noticed aggregating to an amount of ₹1,885.27 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: June 14, 2016

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 2016

**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, 2016 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Thiruvananthapuram

Date: June 14, 2016

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 2008" WITH RESPECT TO THE  
YEAR ENDED 31.03.2016 OF MUTHOOT FINCORP LIMITED, MUTHOOT CENTRE,  
PUNNEN ROAD, THIRUVANANTHAPURAM**

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, Thiruvananthapuram with Registration Number N.16 - 00170.
- 2) The Company is engaged in the business of Non-Banking Financial Institutions and is classified as a "Non Deposit taking, Systemically Important Loan Company". The Company is entitled to hold Certificate of Registration in terms of Asset / Income pattern as on 31.03.2016.
- 3) Board of Directors has passed a resolution on 19.04.2016 for Non-Acceptance of public deposits.
- 4) 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 2015 – 2016.
- 5) The Company has complied with the prudential norms relating to Income Recognition, Accounting Standards, Assets Classification, Provisioning for bad and doubtful debts and Concentration of Credits / Investments, as applicable to it as on 31.03.2016.
- 6) The Capital Adequacy Ratio as disclosed in the return submitted to the Reserve Bank of India has been correctly determined and such ratio is in compliance with the minimum Capital to Risk Asset Ratio prescribed by the RBI.
- 7) The Company has not opened any branch / appointed any agent to collect deposits during the financial year 2015-2016. Hence the requirements contained in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 are not applicable.
- 8) As the Company is a Non-Deposit taking NBFC, the requirement of having minimum credit rating is not applicable to the company in terms of the provisions of paragraph for 4(1) (i) of the NBFC Public Deposit Directions (RB) 1998.
- 9) There are certain Secured debentures held by the company as on 31.03.2016, which have already matured, but for which no claim has been made by the debenture holders. We have been informed that the company has taken adequate steps for its repayment. The details are furnished below.

Particulars	Numbers / Amount
Number of Debentures	3222
Principal Amount	₹32.22 lakhs
Interest Accrued	₹27.01 lakhs

Place: Thiruvananthapuram  
Date: June 14, 2016

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

sd/-  
**CA. Abraham Cheria**  
Proprietor  
M.No.202759



**MUTHOOT FINCORP LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2016**

(₹ In lakhs)

Particulars	Note	Figures as at	
		March 31, 2016	March 31, 2015
<b>LIABILITIES</b>			
<b>Equity and Liabilities</b>			
<b>Share Holder's Funds</b>			
Share Capital	1	18,656.27	18,656.27
Reserves & Surplus	2	1,23,450.24	1,14,706.06
Money received against share warrants		-	-
Share Application Money Pending Allotment		-	-
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	3,35,326.30	2,86,449.51
Deferred Tax Liability (net)	4	-	1,500.67
Other Long Term Borrowings		-	-
Long Term Provisions		-	-
<b>Current Liabilities</b>			
Short Term Borrowings	5	5,17,839.38	5,27,890.98
Trade Payables	6	2,543.45	679.27
Other Current Liabilities	7	1,29,356.36	1,02,987.19
Short Term Provisions	8	21,288.15	11,900.70
<b>Total</b>		<b>11,48,460.15</b>	<b>10,64,770.65</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	51,082.70	55,013.25
Intangible Assets	9	65.13	67.11
Capital Work in Progress		-	-
Intangible Assets under Development		-	-
Non-Current Investments	10	14,641.26	5,587.29
Deferred Tax Assets	4	359.74	-
Long Term Loans & Advances	11	36,123.26	49,131.20
Other Non-Current Assets	12	9,119.60	8,562.93
<b>Total Non-Current Assets</b>		<b>1,11,391.69</b>	<b>1,18,361.78</b>
<b>Current Assets:</b>			
Current Investments	13	1,584.80	73.48
Inventories	14	21,589.02	-
Trade Receivables	15	1,975.66	1,296.22
Cash & Cash Equivalents	16	47,247.49	39,518.73
Short Term Loans & Advances	17	8,72,213.81	7,97,868.91
Other Current Assets	18	92,457.68	107,651.53
<b>Total Current Assets</b>		<b>10,37,068.46</b>	<b>9,46,408.87</b>
<b>Total</b>		<b>11,48,460.15</b>	<b>10,64,770.65</b>

See accompanying notes to the Financial Statements

Vide our report dated 14/06/2016 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  
 14.06.2016



**MUTHOOT FINCORP LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

(₹ In lakhs)

Particulars	Note	Figures for the year ended	
		March 31, 2016	March 31, 2015
<b>I. REVENUE</b>			
Revenue from Operations	19	2,02,322.92	1,92,302.33
Other Income	20	6,199.96	11,584.19
<b>II. Total Revenue</b>		<b>2,08,522.88</b>	<b>2,03,886.52</b>
<b>III. EXPENSES</b>			
Employee Benefit Expenses	21	36,761.31	34,509.59
Finance Cost	22	1,10,073.68	1,12,980.76
Depreciation and Amortization	9	7,783.67	8,130.77
Other Expenses	23	40,189.21	34,899.90
<b>IV. Total Expenses</b>		<b>1,94,807.87</b>	<b>1,90,521.02</b>
<b>V. Profit before Exceptional and Extra Ordinary Items and Tax (II-IV)</b>		13,715.01	13,365.50
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit before Extra-Ordinary Items and Tax (V-VI)</b>		13,715.01	13,365.50
<b>VIII. Extra-Ordinary Items</b>		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		13,715.01	13,365.50
<b>X. Tax Expenses:</b>			
Current Tax		6,831.25	2,704.80
Deferred Tax		(1,860.41)	2,283.61
<b>XI. Profit for the Period from Continuing Operations (IX-X)</b>		8,744.17	8,377.09
<b>XII. Profit/(Loss) from Discontinuing Operations</b>		-	-
<b>XIII. Tax Expense of Discontinuing Operations</b>		-	-
<b>XIV. Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)</b>		-	-
<b>XV. Profit for the Period (XI+XIV)</b>		<b>8,744.17</b>	<b>8,377.09</b>
<b>XVI. Earnings per Equity Share</b>			
Basic		4.69	4.49
Diluted		4.69	4.49

See accompanying notes to the Financial Statements

Vide our report dated 14/06/2016 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  
14.06.2016





**MUTHOOT FINCORP LIMITED**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2016**

(₹ In lakhs)

	Particulars	2015-16	2014-15
a)	<b>Cash Flow from operating activities</b>		
	Net profit after taxation and extraordinary items	8,744.18	8,377.09
	<b>Non cash adjustments to reconcile profit before tax to net cash flows:</b>		
	Depreciation & amortization	7,783.67	79.08
	(Profit)/loss on sale of fixed assets	(5.33)	(47.92)
	Assets written off	258.69	-
	Provisions and write offs	8,985.76	6,699.96
	Bad debts written off	783.54	-
	Non cash extraordinary income	-	-
	Net gain on sale of current investments	(332.92)	(814.75)
	Dividend income	(11.96)	(8.67)
	<b>Operating profit before working capital changes</b>	<b>26,205.63</b>	<b>14,284.79</b>
	<b>Movement in Working Capital</b>		
	(Increase) / decrease in assets under financing activities	(25,260.41)	(41,185.80)
	(Increase) / decrease in long term loans and advances	(36,099.08)	160.85
	(Increase) / decrease in other current assets	(7,074.60)	23,863.62
	Increase / (decrease) in other current liabilities	28,244.88	8,102.65
	<b>Cash generated from operation</b>	<b>(13,983.58)</b>	<b>5,226.11</b>
	Direct taxes paid (net of refund)	(2,195.54)	(5,293.29)
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(16,179.12)</b>	<b>(67.18)</b>
b)	<b>Cash Flow from investing activities</b>		
	Purchase of fixed and tangible assets	(4,268.59)	(1,787.24)
	Purchase / Sale of investments	(2,169.84)	915.78
	Interest received on investments & fixed deposits	-	814.75
	Sale of fixed assets	158.76	42.61
	Dividend received	11.96	8.67
	Investment in Subsidiary company	(8,395.46)	-
	Investment in Fixed Deposit	(580.84)	(215.00)
	Profit/Loss on sale of fixed assets/investments	338.25	-
	<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(14,905.76)</b>	<b>(220.43)</b>
c)	<b>Cash flow from financing activities</b>		
	(Increase) / decrease of short term borrowings	(10,051.60)	(72,800.46)
	(Increase) / decrease of long term borrowings	48,865.25	80,743.23
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>38,813.65</b>	<b>7,942.77</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>7,728.77</b>	<b>7,655.16</b>
	Cash and cash equivalents at the beginning of the year	39,518.72	31,863.56
	Cash and cash equivalents at the end of the year	47,247.49	39,518.72

See accompanying notes to the Financial Statements

Vide our report dated 14/06/2016 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  
 14.06.2016



## MUTHOOT FINCORP LIMITED

### Significant Accounting Policies and Notes to Standalone Financial Statements for the year ended 31<sup>ST</sup> March 2016

#### 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 provides a wide range of fund based and fee based services including gold loans, micro-finance loans, money exchange & money transfer facilities, travel services etc.

#### 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.

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 except for Leasehold Improvements, for which depreciation is provided for on Straight Line Method (SLM) over the primary lease period of premises. The useful life of different Assets of the company have been shown in the schedule of Fixed Assets and Depreciation.

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 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. 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. However, the Company has provided for Investment Price Fluctuation for its Portfolio Managed Investments on a conservative basis even though the value diminution need not be permanent 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 maybe, 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. Income from Power Generation is booked on accrual basis, based on the Terms of arrangement with the Tamil Nadu Electricity Board.
- d. 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.
- e. Income from services is recognised as per the terms of contract on accrual basis.
- f. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- g. The prudential norms for income recognition prescribed under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 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. 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. During the year, the company has availed a FCNRB Loan (fully covered by a Forward Contract). The company has recognized the total premium on the contract on pro-rata basis over the life of the Forward Contract. As the liability on Foreign Currency Loan is fixed, the repayments and the amount outstanding are not affected by any currency rate fluctuations. Accordingly, Company has not restated the amount outstanding as on 31<sup>st</sup> March 2016 in its Foreign Currency Loan Account at the USD rate prevailing on the aforesaid date.

## 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 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 0.30% as required by Paragraph 9A of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 read with the Revised Regulatory Framework issued by the Reserve Bank of India for Non-Banking Financial Companies on 10<sup>th</sup> November 2014 and Notification No. DNBR.009/ CGM(CDS)-2015 dated 27<sup>th</sup> March, 2015. As a prudent measure, Standard Assets Provision has been made @ 1% for Microfinance assets.

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

Provision has been made as required by Paragraph 9 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 and other relevant notifications including Notification no: DNBR.009/ CGM(CDS)-2015 dated 27<sup>th</sup> March, 2015, for Sub Standard, Doubtful and Loss Assets.

### III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. SHARE CAPITAL

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Authorised:</b>		
20,00,00,000 equity shares of ₹10/- each (previous year 20,00,00,000) shares of ₹10/- each)	20,000.00	20,000.00
<b>Issued, Subscribed and paid-up:</b>		
18,65,62,700 equity shares of ₹10/- each (previous year 18,65,62,700) shares of ₹10/- each)	18,656.27	18,656.27
<b>Total</b>	<b>18,656.27</b>	<b>18,656.27</b>



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, 2016		Year ended March 31, 2015	
	No of shares	Amount (₹ in lakhs)	No of shares	Amount (₹ in 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	0	0.00	0	0.00
Position at the end of the year	18,65,62,700	18,656.27	18,65,62,700	18,656.27

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

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	4,91,66,411	4,916.64	26.35
Mr. Thomas George Muthoot	4,91,66,411	4,916.64	26.35
Mr. Thomas Muthoot	4,91,66,416	4,916.64	26.35
Ms. Preethi John Muthoot	1,30,20,818	1,302.09	6.98
Ms. Nina George	1,30,20,791	1,302.08	6.98
Ms. Remy Thomas	1,30,20,817	1,302.08	6.98
<b>Total</b>	<b>18,65,61,664</b>	<b>18,656.17</b>	<b>99.99</b>

Out of the above 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

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Securities Premium Reserve	23,844.13	23,844.13
Statutory Reserve	28,732.46	26,983.62
Special Contingency Reserve	8,882.93	8,882.93
Debenture Redemption Reserve	17,527.33	11,028.91
Surplus	44,463.39	43,966.47
<b>Total</b>	<b>123,450.24</b>	<b>114,706.06</b>

The company has appropriated 20% of the profit after tax as Statutory Reserve as stipulated in Reserve Bank of India Regulations. The company has created a Debenture Redemption Reserve of 25% of the total value of Debentures (including Subordinated Debt) outstanding as on March 31, 2016 which are 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:

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Securities Premium Reserve</b>		
Balance as per last balance sheet	23,844.13	23,844.13
Additions during the year	0.00	0.00
Closing balance	<b>23,844.13</b>	<b>23,844.13</b>



<b>Statutory Reserve</b>		
Balance as per last balance sheet	26,983.62	25,308.20
Additions during the year	1,748.84	1,675.42
Closing balance	<b>28,732.46</b>	<b>26,983.62</b>
<b>Special Contingency Reserve</b>		
Balance as per last balance sheet	8,882.93	8,882.93
Additions during the year	0.00	0.00
Closing balance	<b>8,882.93</b>	<b>8,882.93</b>
<b>Debenture Redemption Reserve</b>		
Balance as per last balance sheet	11,028.91	0.00
Additions during the year	6,498.42	11,028.91
Closing balance	<b>17,527.33</b>	<b>11,028.91</b>
<b>Surplus</b>		
Balance as per last balance sheet	43,966.47	48,293.71
Profit for the year	8,744.18	8,377.09
<i>Less: Appropriations:</i>		
Statutory Reserve	1,748.84	1,675.42
Special Contingency Reserve	0.00	0.00
Debenture Redemption Reserve	6,498.42	11,028.91
<b>Total</b>	<b>44,463.39</b>	<b>43,966.47</b>

### 3. LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Bonds/Debentures</b>		
Secured Debentures	90,006.30	94,601.78
<b>Term Loans</b>		
From Banks	4,241.72	10,206.04
From Others	14.55	27.82
<b>Other Loans &amp; advances</b>		
Subordinate Debts	1,83,629.55	1,40,106.31
Tier I Capital – Perpetual Debt Instruments	14,400.00	14,400.00
Inter Corporate Deposit	50.00	50.00
Interest Payable	42,984.18	27,057.56
<b>Total</b>	<b>3,35,326.30</b>	<b>2,86,449.51</b>

#### a. Long term borrowings - Secured debentures

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, Kaniyakumari District.

Secured debentures are grouped into current and non-current based on maturity profile. All secured debentures falling due after March 31, 2017 are categorised as Non-current liability. Interest accrued, but falling due after March 31, 2017 has also been categorised as Non-current liability.

The company raised ₹30,000 lakhs, during the year by way of NCD public issue.

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

Financial year of maturity	Amount (₹ in lakhs)
2020-21	218.86
2019-20	41.90
2018-19	28,750.87
2017-18	60,994.67
2016-17	101,059.34
<b>Total</b>	<b>191,065.64</b>

#### b. Term loans

##### (i) Long term borrowings -Term loan from banks

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 after March 31, 2017 are categorised as Non-current liability. The repayment terms are as below:

- ₹1,905.87 lakhs outstanding (includes interest payable of ₹20.89 lakhs for the month of March 2016 credited to the loan account) secured against Branch Fixed Assets repayable in 12 monthly instalments of ₹145 lakhs & Last Instalment of ₹144.98 lakhs
- ₹7,288.29 lakhs outstanding (includes interest payable of ₹79.89 lakhs for the month of March 2016 credited to the loan account) secured against Branch FA repayable in 25 monthly instalments of ₹288.33 Lakhs & last Instalment ₹0.15 lakhs
- ₹368.2 Lakhs outstanding secured against 6560 sq.ft. SBUA with UDS 798.96 sq ft. in World Trade Centre, Brigade Gateway Bangalore repayable in 103 monthly instalments of ₹3.55 lakhs & last Instalment of ₹2.55 lakhs
- ₹31.57 lakhs outstanding secured against Vehicle - Jaguar XF F2.2 repayable in 38 monthly instalments on diminishing value method.

##### (ii) Long term borrowings -Term loan from other parties

- The loan outstanding of ₹27.76 Lakhs is secured against the property at DLF Garden City, Chennai, repayable in 23 monthly instalments on diminishing value basis.

The principal portion of repayments due after March 31, 2017 are categorised as Non-Current Liability.

#### c. Other Loans & Advances

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

The maturity pattern of Subordinated debts in the descending order of maturity are as follows (includes Current portion also).





Financial year of maturity	Amount (₹ In lakhs)
2022-23	15,493.94
2021-22	37,623.06
2020-21	23,613.49
2019-20	47,824.74
2018-19	37,072.36
2017-18	22,001.96
2016-17	8,500.00
<b>Total</b>	<b>1,92,129.55</b>

- (ii) Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines.  
 (iii) Inter-Corporate Deposit is also unsecured & non-current in nature.

#### 4. DEFERRED TAX LIABILITY / (ASSET)

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Opening Balance	1,500.67	(782.94)
Timing difference in depreciation	(664.96)	2,400.86
Timing difference in provision for NPA	(1,130.79)	17.72
Timing difference in provision for Gratuity	53.39	(131.26)
Timing difference in provision for EL	(57.07)	(3.71)
Timing difference in provision for Investment Rate Fluctuation	(60.98)	0.00
Net deferred tax liability	(1,860.41)	2,283.61
<b>Closing Balance</b>	<b>(359.74)</b>	<b>1,500.67</b>

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

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Loans repayable on demand		
From Banks:		
- Working Capital Loan (secured)	5,17,839.38	5,27,890.98
<b>Total</b>	<b>5,17,839.38</b>	<b>5,27,890.98</b>

From Banks:

- **Working Capital Loan:**  
Working capital loans are fully secured against Gold Loan receivables and other current assets of the Company both present and future.
- **Term loan- Current portion**  
Term loans from banks are secured against fixed assets of the company (detailed under Schedule 3 – Term Loans under Long Term Borrowings). The principal portion of repayments due on or before March 31, 2017 are categorised as Current liability under Other Current Liabilities.



## 6. TRADE PAYABLES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Sundry Creditors	2,543.45	679.27

## 7. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Expenses Payable	12,270.07	10,468.94
Taxes & Duties Payable	1,160.84	4,033.69
Current Maturities of Long Term Borrowings		
- Secured Debentures	1,01,059.34	79,357.59
- Term Loan from Banks	5,352.22	7,002.39
- Term Loan from Others	13.22	11.54
- Sub Debt	8,500.00	0.00
Other Liabilities	1,000.67	2,113.04
<b>Total</b>	<b>1,29,356.36</b>	<b>1,02,987.19</b>

## 8. SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Provision for Standard Assets	3,369.36	2,760.69
Provision for NPA	7,898.71	4,631.28
Provision for Income Tax	8,415.97	3,043.42
Provision for Gratuity	1,057.51	1,259.81
Provision for Earned leave encashment	353.74	188.85
Provision for Investment price fluctuation	192.86	16.65
<b>Total</b>	<b>21,288.15</b>	<b>11,900.70</b>

## 10. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Quoted - at cost</b>		
HDFC-Asset Management Co. Ltd	0.00	87.90
Bhavishya Nirman Bond (NABARD)	4.99	4.99
Investment with PMS – Geojith	498.66	0.00
Investment with PMS – Equity Intelligence	208.49	0.00
Investment with PMS – Motilal Oswal	197.92	0.00
<b>Unquoted - at cost</b>		
Edelweiss Asset Reconstruction Co Ltd	513.59	672.25
Muthoot Housing Finance Co Ltd	7,291.16	4,291.15
Muthoot Microfin Limited (formerly known as Pancharetna Securities Ltd)	5,915.45	520.00
Muthoot Pappachan Chits India Pvt Ltd	8.00	8.00
Muthoot Pappachan Technologies Ltd	3.00	3.00
<b>Total</b>	<b>14,641.26</b>	<b>5,587.29</b>



## 9. 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 31.03.2016	UPTO 31.03.2015	Additional depreciation / (Depreciation Written back)	ESTIMATED USEFUL LIFE OF THE ASSET	FOR THE YEAR	UPTO 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016
a.	TANGIBLE ASSETS											
1	AIR CONDITIONER	831.18	17.46	-	848.64	118.69	-	20	40.14	158.83	712.49	689.81
2	BANK COUNTER & FIXTURES	35,202.02	184.71	498.16	34,888.57	16,291.59	-239.47	10	4,011.82	20,063.94	18,910.44	14,824.63
3	BIO GAS PLANT	16.89	-	-	16.89	16.89	-	15	-	16.89	-	-
4	BUILDINGS	4,643.57	516.50	-	5,160.07	208.13	-	60	73.75	281.88	4,435.44	4,878.19
5	CALCULATOR	0.57	-	-	0.57	0.57	-	5	-	0.57	-	-
6	CASH COUNTING MACHING	36.96	3.42	-	40.38	11.33	-	15	2.14	13.46	25.63	26.91
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	6,156.57	1,530.10	113.05	7,573.63	4,285.49	-68.78	3	1,205.89	5,422.60	1,871.09	2,151.03
11	CYCLE	0.28	-	-	0.28	0.28	-	5	-	0.28	-	-
12	ELECTRICAL EQUIPMENTS	67.58	-	0.04	67.54	26.49	-	10	5.57	32.06	41.09	35.48
13	ELECTRICAL FITTINGS	11.56	-	-	11.56	11.56	-	10	-	11.56	-	0.00
14	ELECTRONIC DIGITAL BOARD	4.82	-	-	4.82	4.82	-	10	-0.00	4.82	-	-0.00
15	ELECTRONIC EQUIPMENTS	74.70	2.09	-	76.80	21.69	-	15	4.13	25.82	53.01	50.98
16	ELECTRONIC WEIGHING BALANCE	548.54	2.28	-	550.82	100.09	-	15	32.98	133.08	448.45	417.75
17	EPABX	25.09	2.75	-	27.84	7.24	-	13	1.66	8.90	17.85	18.94
18	FAKE NOTE DETECTOR	49.54	-	-	49.54	11.00	-	15	2.94	13.94	38.54	35.60
19	FAX MACHINE	1.27	-	-	1.27	1.27	-	5	-	1.27	-	-
20	FIRE EXTINGUISHER	462.03	8.25	-	470.28	189.48	-	5	86.54	276.02	272.55	194.27
21	FURNITURE & FITTINGS	3,767.50	76.41	67.84	3,776.08	1,085.91	-14.73	5	360.81	1,431.99	2,681.59	2,344.09
22	GENERATOR	16.06	7.72	-	23.78	1.66	-	15	1.14	2.80	14.40	20.99
23	LAND	1,936.90	1,114.01	-	3,050.91	-	-	0	-	-	1,936.90	3,050.91
24	LIBRARY	0.35	-	-	0.35	0.35	-	5	-	0.35	-	-
25	NEON BOARD	5,523.84	217.15	-	5,741.00	1,442.58	-	10	583.49	2,026.07	4,081.26	3,714.92
26	OFFICE EQUIPMENTS	8.32	0.27	-	8.59	7.88	-	15	0.04	7.91	0.44	0.67
27	PAPER SHREDDER	0.57	-	-	0.57	0.57	-	5	-	0.57	-	-
28	PHOTO COPY MACHINE	2.05	-	-	2.05	1.91	-	15	0.01	1.92	0.14	0.13
29	SAFETY DEVICE SYSTEM	2,487.70	224.68	-	2,712.37	193.91	-	15	182.06	375.96	2,293.79	2,336.41
30	STABILIZER	4,082.28	325.82	69.34	4,338.77	958.15	-13.77	10	391.87	1,336.25	3,124.13	3,002.52
31	STRONG ROOM DOOR	5,886.05	-	5.77	5,880.28	626.32	-	30	189.32	815.64	5,259.73	5,064.64
32	TELEVISION	27.11	-	-	27.11	6.31	-	5	5.16	11.47	20.80	15.64
33	TOOLS & SPARES	0.31	-	-	0.31	0.31	-	5	-	0.31	-	-
34	VEHICLES	437.95	-	-	437.95	139.13	-	8	52.15	191.28	298.82	246.67
35	WIND ELECTRIC GENERATOR	11,850.92	-	-	11,850.92	3,376.25	-	22	513.15	3,889.39	8,474.67	7,961.54
	Total	84,171.04	4,233.64	754.19	87,650.49	29,157.79	-336.76		7,746.76	36,567.80	55,013.25	51,082.70
b.	INTANGIBLE ASSETS											
36	SOFTWARE	122.91	34.93	-	157.84	55.80	-	3	36.91	92.71	67.11	65.13
	Total	122.91	34.93	-	157.84	55.80	-		36.91	92.71	67.11	65.13
	TOTAL FOR CURRENT YEAR	84,293.94	4,268.57	754.19	87,808.33	29,213.59	-336.76		7,783.67	36,660.50	55,080.36	51,147.83
	TOTAL FOR PREVIOUS YEAR	82,501.40	3,256.99	1,464.45	84,293.94	29,134.50	8,051.69		8,130.77	29,213.59	53,366.90	55,080.36

**11. LONG TERM LOANS AND ADVANCES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Loans Secured and considered good	9,546.37	4,330.00
Loans Secured and considered doubtful	1.00	0.00
Unsecured Loans considered good	26,575.89	44,801.20
<b>Total</b>	<b>36,123.26</b>	<b>49,131.20</b>

**12. OTHER NON-CURRENT ASSETS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Building deposits	8,323.76	8,347.93
Deposit with Banks – Non-Current	795.84	215.00
<b>Total</b>	<b>9,119.60</b>	<b>8,562.93</b>

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.

**13. CURRENT INVESTMENTS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Quoted-at cost/Market Value whichever is lower</b>		
Fully paid Equity shares in DP a/c with MOSL	1,584.80	73.48
<b>Total</b>	<b>1,584.80</b>	<b>73.48</b>

**14. INVENTORIES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Inventory - Projects	21,589.02	0.00
<b>Total</b>	<b>21,589.02</b>	<b>0.00</b>

The Company has during the year, entered into Real-estate business and has acquired properties for the purpose of sale / development and sale. As the purpose of the acquisitions is subsequent sale / development and sale, the Company has classified them as Inventory – Projects.

**15. TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Sundry Debtors:		
More than 180 days	423.86	283.68
Other debts	1,551.80	1,012.54
<b>Total</b>	<b>1,975.66</b>	<b>1,296.22</b>



## 16. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Cash in hand	10,981.99	11,229.74
Forex balance *	551.27	392.29
Cash at Bank : In Current Account (with scheduled banks)	30,882.51	24,311.05
Cash at Bank : In Deposit Account (with scheduled banks)	4,831.72	3,585.65
<b>Total</b>	<b>47,247.49</b>	<b>39,518.73</b>

\*The Company has during the year, written off Foreign Currency worth ₹188,985/-, being the Foreign Currency lost in transit between its branches, which has been reported to the Reserve Bank of India. The Currency Notes written off included 915 EUR, 7,050 AED & 50 USD.

## 17. SHORT TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Gold Loan</b>		
Considered good	6,69,668.21	6,34,979.05
Considered doubtful	15,088.60	16,994.26
<b>Loan against Debentures</b>		
Considered good	0.00	0.00
Considered doubtful	481.60	1,246.15
<b>Other Secured Loans</b>		
Considered good	11,538.24	24,900.00
Considered doubtful	199.14	69.70
<b>Unsecured Loans</b>		
Considered good	1,56,946.17	1,08,412.40
Considered doubtful	698.38	416.81
<b>Advances</b>		
Considered good	17,593.47	10,850.54
Considered doubtful	0.00	0.00
<b>Total</b>	<b>8,72,213.81</b>	<b>7,97,868.91</b>

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 ₹34,999.86 lakhs to other Financial Institutions. The Unsecured Loan as shown above is exclusive of this assigned portfolio.

During the year the Company has acquired microfinance portfolio by way of assignment amounting to ₹6,624.05 lakhs from M/s. Satin Credit Care Network Ltd. The Outstanding portfolio as at 31st March 2016 is ₹6,160.45 lakhs. This is included in the Unsecured loan portfolio shown above.

All loans overdue for a period of above 5 months are classified as Considered Doubtful. Necessary provisions as per the prudential norms have been recognized.

Advances considered good carries an amount of ₹4,618.70 lakhs advanced to the Directors of the Company and an amount of ₹2,720.00 lakhs to MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the directors are interested) towards purchase of Immovable Property, as per agreements entered into with the Company.

**18. OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Deposits	244.87	587.81
Loans Under Auction Process	28,926.10	39,385.22
Interest Receivable	54,544.22	55,341.83
Advance to Suppliers	641.41	536.21
Inter corporate deposits	5,800.00	0.00
Other Current Assets	2,301.08	11,800.46
<b>Total</b>	<b>92,457.68</b>	<b>1,07,651.53</b>

Other Current Assets include Loans under Auction Process amounting to ₹28,926.10 Lakhs, for which provision has been made @ 10% on a conservative basis.

**19. REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Interest on Secured Loans	1,61,977.81	1,59,926.09
Interest on Unsecured Loan	38,662.42	30,955.99
Income from Forex operations	507.20	365.78
Income from Money transfer business	1,175.49	1,054.47
<b>Total</b>	<b>2,02,322.92</b>	<b>1,92,302.33</b>

**20. OTHER INCOME**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Income from Power generation	695.18	947.42
Interest on Bank deposit	360.77	330.19
Income from Investments	344.88	823.43
Commission received	1,303.50	853.76
Miscellaneous income	2,798.40	533.60
Interest on ICD	697.23	0.00
Provision written back	0.00	8,095.79
<b>Total</b>	<b>6,199.96</b>	<b>11,584.19</b>

**21. EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Remuneration to Directors	1,440.00	480.00
Salaries & Allowances	30,039.64	30,102.46
Incentives	2,246.55	2,034.72
PF & ESI contributions	1,891.66	1,517.02
Staff welfare expenses	196.80	216.55
Bonus & Ex-gratia	946.66	158.84
<b>Total</b>	<b>36,761.31</b>	<b>34,509.59</b>



### 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:

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Contributions to Provident Fund	1,092.91	813.02
Contributions to Employee State Insurance	668.08	704.00

### Leave Encashment

Leave encashment expenses, valued on actuarial basis amounting to ₹353.74 lakhs has been fully provided.

### Gratuity

The Company has created a Trust named "Muthoot Fincorp Employees' Group Gratuity Scheme" to meet the liability towards gratuity benefits payable to its employees. The retirement benefits valued on actuarial basis amounting to ₹1,057.51 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:

(₹ in lakhs)

Particulars	March 31, 2016	March 31, 2015
A) Reconciliation of opening and closing balance of defined benefit obligation		
- Defined benefit obligation at the beginning of the year	1,448.66	1,032.67
- Interest Cost	135.62	102.10
- Current Service Cost	493.18	487.68
- Benefits paid	(87.69)	(31.87)
- Actuarial gain/(loss)	(578.51)	(141.92)
- Defined benefit obligation at the end of the year	1,411.26	1,448.66
B) Reconciliation of opening and closing balance of fair value of Plan Assets		
- Fair value of plan assets at the beginning of the year	434.65	429.09
- Expected return on plan assets	34.77	34.33
- Contributions	20.40	-
- (Benefit paid)	(48.02)	(25.55)
- Actuarial gains/(losses) on plan assets	(24.23)	(3.22)
- Fair value of plan assets at the end of the year	417.57	434.65
C) Expense for the year		
- Current service cost	493.18	487.68
- Interest Cost	135.62	102.10



- (Expected return on plan assets)	34.77	34.33
- Actuarial gains/(losses)	554.28	138.70
D) Investment details		
Insurer managed funds	417.57	434.65
E) Experience adjustment		
- On Plan Liability (Gain)/Losses	(37.41)	416.00
- On Plan Assets (Losses)/Gain	(17.08)	5.56
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

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Interest on Secured Debentures	22,000.86	22,792.18
Interest on Loan from Banks	55,167.88	68,990.72
Interest on Directors Loan	0.00	7.26
Interest on Sub Debts	23,614.41	16,890.73
Interest on Inter Corporate Deposits	3.63	17.10
Interest on Perpetual Debt Instruments	1,732.73	1,728.00
Interest on Commercial Paper	5,976.69	1,239.86
Other Financial charges	1,577.48	1,314.91
<b>Total</b>	<b>1,10,073.68</b>	<b>1,12,980.76</b>

## 23. OTHER EXPENSES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Rent	14,385.54	13,649.45
Electricity & Water Charges	1,771.58	1,557.25
Repairs & Maintenance - Building	795.21	747.32
Repairs & Maintenance - Others	1,111.03	935.75
Networking Charges	881.07	0.00
Sitting Fee to Directors	10.28	11.25
Commission to Directors	144.00	0.00
Insurance	382.65	402.66
Security Charges	3,077.43	6,484.96
Marketing Expenses	3,754.18	1,706.85
Business Promotion	814.00	325.92





Travelling Expenses	2,382.66	2,004.71
Telephone Charges	1,732.40	1,549.09
Printing & Stationery	732.56	754.29
Office Expenses	471.81	375.48
Professional Charges	1,238.83	1,020.61
Provisions and Write offs	5,105.17	1,964.81
Donation and CSR Expenses	396.40	188.17
Rates and Taxes	394.04	711.05
Postage and Telegram	594.54	497.77
Miscellaneous expenses	13.82	12.51
<b>Total</b>	<b>40,189.21</b>	<b>34,899.90</b>

During the year, commission was paid to the extent of ₹144.00 lakhs to Mr. Thomas George Muthoot, Director, as per decision of the Company.

## 24. CONTINGENT LIABILITIES

- The company has given Guarantees for an amount of ₹428.80 lakhs to banks. The company is contingently liable to the banks to that extent (P.Y. ₹16.20 lakhs)
- The Commissioner of Central Excise, Customs & Service Tax (Appeals-III) has 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 ₹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 department however, has moved to the Hon: High Court of Kerala disputing the decision of the Hon: CESTAT, Bangalore. (P.Y. ₹17.17 lakhs)
- The Joint Commissioner of Income Tax/Special Range/Trivandrum completed assessment / reassessment for Ay 2006-07, 2007-08, 2010-11 and 2013-14 during the year. Demand of ₹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 2007-08, a demand for ₹465.30 lakhs was raised which has been fully remitted / adjusted against refunds. The Company has accepted the said order. For AY 2010-11, a demand of ₹1,728.50 lakhs has been raised, against which the Company has filed an appeal before the CIT (Appeals), Trivandrum. For AY 2013-14, a demand of ₹2,065.21 lakhs has been raised against which ₹933.45 lakhs has been adjusted against refunds due to the Company leaving a balance of ₹1,131.76 lakhs. The Company has filed appeal against this Order before the CIT (Appeals), Trivandrum. (Contingent liabilities – ₹1,728.50 lakhs for AY 2010-11 and ₹1,131.76 lakhs for AY 2013-14) (P.Y. ₹987.93 lakhs)
- 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.



- e) 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 31.03.2016 amounts to ₹1,206.68 lakhs. (P.Y. ₹421.05 lakhs)
- f) The Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to ₹155.06 lakhs. (P.Y. ₹854.42 lakhs)

#### Show Cause Notices received, without confirmed demands

The Company has 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 ₹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 is not contingently liable for the tax on commission for the said period, totaling to ₹225.69 lacs. As such, the resulting Contingent Liability of the Company (if any) amounts to ₹201.67 lacs. (P.Y. ₹232.19 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 of the company. 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 ₹1,263.21 Lakhs, out of which ₹384.69 Lakhs was remitted by the company. (P.Y. ₹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 requiring the company to show cause as to why tax totalling to ₹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 sought legal opinion on the same. (P.Y. ₹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. During the year, 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.



(₹ In Lakhs)

Particulars	Financing	Power Generation	Projects Division	Total
Revenue	2,07,827.70	695.18	0.00	2,08,522.88
Expenditure	1,94,072.82	734.85	0.20	1,94,807.87
Segment result	13,754.88	(39.67)	(0.20)	13,715.01
Segment asset	11,11,560.90	7,961.53	28,937.72	11,48,460.15
Segment liabilities	11,19,522.23	0.00	28,937.92	11,48,460.15
Capital expenditure	4,269.06	0.00	0.00	4,269.06
Depreciation	7,270.52	513.15	0.00	7,783.67

## 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 31.03.2016

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	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
17	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
18	MUTHOOT DAIRIES AND AGRI VENTURES PRIVATE LIMITED
19	MUTHOOT APT CERAMICS LIMITED
20	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED
21	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED
22	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED
23	MUTHOOT CAPITAL SERVICES LIMITED



24	MUTHOOT EQUITIES LIMITED
25	MUTHOOT HOLDINGS PRIVATE LIMITED
26	MUTHOOT HOTELS PRIVATE LIMITED
27	MUTHOOT HOUSING FINANCE COMPANY LIMITED
28	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED
29	MUTHOOT LAND AND ESTATES PRIVATE LIMITED
30	MUTHOOT MOTORS PRIVATE LIMITED
31	MUTHOOT MICROFIN LIMITED
32	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED
33	MUTHOOT PAPPACHAN TECHNOLOGIES LIMITED
34	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED
35	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED
36	PALAKKAD INFRASTRUCTURE 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 31.03.2016

(₹ In Lakhs)

Particulars	Thomas John Muthoot	Thomas George Muthoot	Thomas Muthoot	Relatives of Directors
<b>TRANSACTIONS DURING THE YEAR</b>				
<b>Revenue/(Expenses)</b>				
Interest accrued on loan	417.66	417.69	417.66	-
Ticket Booking income*	7.23	6.84	4.25	-
Rent paid*	(17.73)	(23.73)	(78.43)	-
Remuneration paid	(720.00)	(144.00)	(720.00)	-
Interest on debt	(13.96)	-	-	-
<b>Assets</b>				
Loans repaid during the year	(7,500.00)	(7,500.00)	(7,500.00)	-
Advance for Property	1,326.51	1,316.23	1,302.95	673.02
<b>OUTSTANDING AS ON 31.03.2016</b>				
<b>Assets</b>				
Ticket Booking charges receivable	1.84	1.62	2.06	-
Advance for Property	1,326.51	1,316.23	1,302.95	673.02
<b>Liabilities</b>				
Debt Outstanding	41.50	-	-	-
Interest payable to debt outstanding	10.30	-	-	-
Rent Payable	0.49	0.49	1.31	-

\* Exclusive of Service Tax



## d) Transactions with entities listed in (a) above

(₹ in Lakhs)

Transaction	Amount
<b>Revenue</b>	
Income from services rendered*	972.41
Income from renting of premises*	269.93
Interest on loans and other finances	742.54
Profit on Sale of Assets	5.33
<b>Expenditure</b>	
Rent paid towards premises taken on lease*	17.33
Fees towards services rendered*	977.86
Interest on deposits and other debt instruments	35.80
Interest paid on Collection	1.03
Reimbursement of Expenditure*	40.24
<b>Assets</b>	
Loans repayments received during the year	(4,050.00)
Advance for CSR activities	141.50
Advance for property / property purchase	22,842.56
Investment made during the year	8,395.46
Value of Assets Sold	(158.76)
<b>Liabilities</b>	
Rent Security Deposits accepted	42.67
Rent Security Deposits repaid	(0.60)

\* Exclusive of Service Tax

## e) Outstanding with entities listed in (a) above

(₹ in Lakhs)

Transaction	Amount
<b>Assets (Receivables)</b>	
Against Services rendered	182.19
Against Renting of premises	21.80
Against Interest from loans, deposits and other finances	68.79
Against Advance for CSR activities	6.27
Against Term loan	3,762.00
Against Advance for Property	2,720.00
Against Sale of Assets	158.76
<b>Liabilities (Payables)</b>	
Against Rent	1.87
Against Services rendered	380.32
Against Rent Security Deposits	74.99

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, 2016	At March 31, 2015
Profit after tax (₹ In lakhs)	8,744.17	8,377.09
Weighted average number of shares outstanding	18,65,62,700	18,65,62,700
Basic Earnings per share	4.69	4.49
Diluted Earnings per share	4.69	4.49

## 29. CAPACITY, PRODUCTION, SALES AND STOCK DETAILS

Particulars	At March 31, 2016	At March 31, 2015
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.

(₹ in Lakhs)

Sl.no.	Particulars	Current Year	Previous Year
1	Managerial Remuneration		
	Salary to Managing Director and Executive Director	1,440.00	480.00
	Commission to Director	144.00	0.00
2	Value of Imports	0.00	0.00
3	Expenditure in Foreign Currency	9.58	5.08
4	Earnings in Foreign Exchange	0.00	0.00
5	Auditors Remuneration		
	For Statutory Audit	16.00	12.00
	Company Law Services	0.00	2.50
	Taxation	3.75	2.00
	Other Services	2.25	1.50
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, 2016, the Company has incurred expenditure of ₹187.79 lakhs towards CSR activities as against ₹798.87 lakhs (including the shortfall of ₹434.44 lacs of FY 14-15) required to be spent under Section 135 of the Companies Act, 2013, resulting in a total shortfall of ₹611.08 lakhs. The shortfall for the year 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 63.47% of the value of gold as on 31-03-2016.

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

(₹ In lakhs)

Particulars	Current Year	Previous Year
Gold Loans granted against collateral of gold jewellery	6,84,756.81	6,51,973.32
Total assets of the Company	11,48,460.15	10,64,770.65
Percentage of gold loans to Total Assets	59.62%	61.23%

**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 : <a href="mailto:helpdesk@sbicaptrustee.com">helpdesk@sbicaptrustee.com</a>	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: <a href="mailto:itclcomplianceofficer@ilfsindia.com">itclcomplianceofficer@ilfsindia.com</a>

**(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 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.

**(iii) Others:**

(₹ in lakhs)

Particulars	At March 31, 2016	At March 31, 2015
Loans & advances in the nature of loans to subsidiaries	3,762.00	7,812.00
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	Nil	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.





## Annexure required under Paragraph 13 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007

(As required in terms of Paragraph 13 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in Lakhs)

Sr. no.	Particulars	Amount outstanding	Amount overdue
	<b>LIABILITY SIDE</b>		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
	a. Debentures		
	▪ Secured	2,01,365.62	59.23
	▪ Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
	b. Deferred credits	Nil	Nil
	c. Term loans	9,623.04	Nil
	d. Inter-corporate loans and borrowings	76.97	Nil
	e. Commercial paper	Nil	Nil
	f. Other loans:		
	▪ Working capital loans from banks	5,17,983.05	Nil
	▪ Loan from directors	Nil	Nil
	▪ Perpetual Debt Instruments	14,400.00	Nil
	▪ Subordinated Debts	2,31,319.37	Nil
	<b>ASSETS SIDE</b>		
Sr. no.	Particulars	Amount outstanding	
2	Break-up of Loans and advances including bills receivables (Other than those included in (4) below)		
	a. Secured		7,51,668.74
	b. Un-Secured		1,93,887.14
3	<b>Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>		
	(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	<b>Break-up of Investments</b>		
	Current Investments		
	1. Quoted:		
	i. Shares		
	(a) Equity		1,584.80
	(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		905.07
	(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		13,217.62
	(b) Preference		Nil
	ii. Debentures and Bonds		Nil
	iii. Units of Mutual Funds		513.59
	iv. Government Securities		Nil
	v. Others		Nil

(₹ 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	3,819.50	3,819.50



	b. Companies in the same group	Nil	Nil	Nil
	c. Other related parties	Nil	Nil	Nil
	2. Other than related Parties	7,51,668.75	1,90,067.64	9,41,736.38
	<b>Total</b>	<b>7,51,668.75</b>	<b>1,93,887.14</b>	<b>9,45,555.88</b>

(₹ in Lakhs)

6	<b>Investor group-wise classification of all investments (Current and Long term) in shares and securities (both quoted and unquoted);</b>		
	<b>Category</b>	<b>Market value/Breakup or Fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
	1. Related Parties		
	a. Subsidiaries	13,209.62	13,209.62
	b. Companies in the same group	8.00	8.00
	c. Other related parties	Nil	Nil
	2. Other than related Parties	3,008.45	2,815.59
	<b>Total</b>	<b>16,226.07</b>	<b>16,033.21</b>

(₹ in Lakhs)

7	<b>Other Information</b>	
	<b>Particulars</b>	<b>Amount</b>
	(i) Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	16,468.50
	(ii) Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	8,569.79
	(iii) Assets Acquired in satisfaction of debt	Nil

Additional Disclosure requirements as per Notification No. DNBR.019/CGM (CDS)-2015 dated April 10, 2015)

**1. Capital Adequacy Ratio**

(₹ in Lakhs)

	<b>Items</b>	<b>Current Year</b>	<b>Previous Year</b>
1	CRAR (%)	21.00%	22.06%
2	CRAR – Tier I Capital (%)	13.79%	14.53%
3	CRAR – Tier II Capital (%)	7.21%	7.53%
4	Amount of subordinated debt raised as Tier-II capital (eligible amount, restricted to 50% of Tier-I capital)	73,685.74	73,881.16
5	Amount raised by issue of Perpetual Debt Instruments	14,400.00	14,400.00



## 2. Investments

(₹ In Lakhs)

Particulars			Current Year	Previous Year
(1)	Value of Investments			
	(i)	Gross Value of Investments		
	(a)	In India	16,226.07	5,660.77
	(b)	Outside India	Nil	Nil
	(ii)	Provisions for Depreciation		
	(a)	In India	192.86	16.65
	(b)	Outside India	Nil	Nil
	(iii)	Net Value of Investments		
	(a)	In India	16,033.21	5,644.12
	(b)	Outside India	Nil	Nil
(2)	Movement of provisions held towards depreciation of investments			
	(i)	Opening Balance	16.65	60.75
	(ii)	Add: Provisions made during the year	192.86	16.65
	(iii)	Less: Write off/write back of excess provisions during the year	16.65	60.75
	(iv)	Closing balance	192.86	16.65

## 3. Derivatives

During the year the company has availed a FCNRB Loan of US \$ 68,16,116.33 (equivalent of INR 4,500 lakhs) by Earmarking Cash Credit limit. The company had entered into Forward Contracts as well as Interest Rate Swaps Contracts to hedge the payment of Principal and Interests in an appropriate manner with an Authorised Dealer (AD) in India. The Company has recognized the total premium on the contract on pro-rata basis over the life of the Forward Contract. The Company does not have any Currency / Interest Rate Risk in this regard.

## 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	197,787	61,981
(ii)	Aggregate value (net of provisions) of accounts sold	369,06,13,117	84,20,99,002
(iii)	Aggregate consideration	349,99,86,837	79,99,94,052
(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**

(₹ In Lakhs)

Descrip-tion	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	1,13,630.04	38,603.06	41,190.73	1,43,068.96	5,18,127.56	30,869.26	5,254.00	-	8,90,743.61
Invest-ments	2,489.88	-	-	-	-	518.58	-	13,217.62	16,226.07
Borrow-ings	54,772.72	43,118.87	13,419.39	1,63,985.60	3,61,967.56	1,49,757.09	78,762.24	63,822.80	9,29,606.27
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities (included in Borrowings above)	-	-	-	4,500.00	-	-	-	-	-

6. **Exposures****Exposure to Real Estate Sector**

(₹ in Lakhs)

Category	Current Year	Previous Year
a. <b>Direct Exposure</b>		
i. <b>Residential Mortgages</b> Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. (individual housing loans up to ₹15 lakhs may be shown separately)	Nil	Nil
ii. <b>Commercial Real Estates</b> 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.	5,678.03	2,428.70
iii. <b>Investments in Mortgage Backed Securities (MBS) and other securitized exposures</b> <ul style="list-style-type: none"> <li>▪ Residential</li> <li>▪ Commercial Real Estate</li> </ul>	Nil	Nil
b. <b>Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	9,707.94	10,755.02
<b>Total Exposure to Real Estate Sector</b>	<b>15,385.97</b>	<b>13,183.72</b>

**Exposure to Capital Market**

(₹ 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;	1,584.80	73.48
(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
<b>Total Exposure to Capital Market</b>		<b>1,584.80</b>	<b>73.48</b>

**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 credit rating has remained at CRISIL A/ Stable during FY 15-16. The latest debt-wise Rating of the Company are as below:

Type	Rating	Date of Rating
Short Term Rating	CRISIL A1	21/08/2015
Long Term Rating	CRISIL A/Stable	21/08/2015
Perpetual Debt Instruments	BWR A Minus	13/05/2015
Subordinate Debt	BWR A+	13/05/2015

### **Remuneration of Directors – Non-Executive Director**

The Company has paid ₹144.00 lakhs to Mr. Thomas George Muthoot, Non-Executive Director of the Company during the year. Remuneration has not been paid to any of the other Non-Executive Directors.

### **8. Additional Disclosures**

#### **Concentration of Advances**

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Total Advances of twenty largest borrowers	18,673.40	37,718.25
Percentage of Advances of twenty largest borrowers to Total Advances of the NBFC	2.10%	4.51%

#### **Concentration of Exposures**

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Total Exposure of twenty largest borrowers	18,852.20	38,704.75
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	2.11%	4.63%

#### **Concentration of NPA's**

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	347.72	248.81

#### **Sector-wise NPA's**

(₹ in Lakhs)

Sl.no.	Particulars	Current Year	Previous Year
1	Agriculture & allied activities	15,088.60	17,063.97
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	698.38	92.42
6	Auto loans	-	-
7	Other personal loans	681.74	324.39



## Movement of NPA's

(₹ in Lakhs)

	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	0.96%	1.54%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	18,726.93	16,387.10
	(b) Additions during the year	9,453.04	10,158.10
	(c) Reductions during the year	11,711.25	9,064.41
	(d) Closing balance	16,468.72	17,480.78
(iii)	Movement of Net NPAs		
	(a) Opening balance	14,095.65	12,891.52
	(b) Additions during the year	6,185.61	8,949.35
	(c) Reductions during the year	11,711.25	8,991.37
	(d) Closing balance	8,570.01	12,849.50
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	4,631.28	3,495.57
	(b) Additions during the year	3,267.43	1,135.71
	(c) Write-off / write-back of excess provisions	-	-
	(d) Closing balance	7,898.71	4,631.28

## 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	12
(b)	No. of complaints received during the year	1572
(c)	No. of complaints redressed during the year	1563
(d)	No. of complaints pending at the end of the year	21





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 2016, 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 Holding 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 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 2016, and its profit and its cash flows for the year ended on that date.

### Emphasis of Matter

Attention is invited to:

1. Explanation to Note No.13 of the Consolidated Financial Statements regarding MAT Credit Entitlement of ₹41.39 lakhs, which is based on the judgement of the management of Muthoot Housing Finance Company Limited.

Our opinion is not modified in respect of these matters

### 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 2015, 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 2016 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 2016, 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 2016.

**Other Matters**

The accompanying Consolidated Financial Statements include total assets of ₹101,626.16 lakhs as at 31<sup>st</sup> March, 2016, total revenues of ₹11,561.60 lakhs and net cash flows of ₹593.64 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.

Place: Thiruvananthapuram  
Date: June 14, 2016

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

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



## 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 2016**

(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) The title deeds of immovable property are held in the name of the respective Companies.

(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 31.03.2016
Muthoot Housing Finance Company Limited	Unsecured Loan	2,397 lakhs
Muthoot Pappachan Technologies Limited	Unsecured Loan	1,365 lakhs

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, duty of customs, duty of excise, cess and other 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, 2016 for a period of more



than six months from the date on which they became payable except as stated below:

Name of the Statute	Nature of dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	1,276.00	June 2015	15.07.2015	Not paid till date
	Provident Fund	441.00	October 2014	15.11.2014	Not paid till date

(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<sup>st</sup> March 2016 which have not been deposited on account of a dispute, are as follows:

(₹ 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	1,728.50	AY 2010-11	CIT (Appeals), Trivandrum
Income Tax	Demand Payable under S.143(3) - net of Refund adjustments	1,131.76	AY 2013-14	CIT (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 ₹59.23 lakhs outstanding as on March 31, 2016, 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, and according to the information and explanations given to us, instances of loan against theft gold, spurious gold and misappropriation committed by personnel of the Company were noticed aggregating to an amount of ₹ 1,886.63 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 of 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.

Place: Thiruvananthapuram

Date: June 14, 2016

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

sd/-  
**C.A. 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 Consolidated Financial Statements as of and for the year ended 31 March 2016

### 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, 2016 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **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.

Place: Thiruvananthapuram

Date: June 14, 2016

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

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





## MUTHOOT FINCORP LIMITED

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

(₹ In lakhs)

Particulars	Note	Figures as at March 31, 2016	Figures as at March 31, 2015
<b>LIABILITIES</b>			
<b>Equity and Liabilities</b>			
<b>Share Holder's Funds</b>			
Share Capital	1	18,656.27	18,656.27
Minority Interest		1,920.16	1,621.88
Reserves & Surplus	2	122,685.22	113,611.35
Money received against share warrants		-	-
Share Application Money Pending Allotment		-	-
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	388,020.83	314,336.74
Deferred Tax Liability (net)	4	-	1,434.45
Other Long Term Liabilities	5	122.99	-
Long Term Provisions	6	806.17	308.57
<b>Current Liabilities</b>			
Short Term Borrowings	7	517,839.37	527,890.98
Trade Payables	8	2,590.53	684.72
Other Current Liabilities	9	158,620.82	107,886.89
Short Term Provisions	10	21,615.31	11,910.53
<b>Total</b>		<b>12,32,877.67</b>	<b>10,98,342.38</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	51,612.74	55,407.22
Intangible Assets	11	235.05	89.35
Capital Work in Progress		-	-
Intangible Assets under Development		757.78	680.68
Non-Current Investments	12	1,431.65	773.14
Deferred Tax Assets	4	746.09	-
Long Term Loans & Advances	13	91,130.28	78,601.06
Other Non-Current Assets	14	11,623.96	9,170.17
<b>Total Non-Current Assets</b>		<b>157,537.55</b>	<b>144,721.62</b>
<b>Current Assets:</b>			
Current Investments	15	1,584.80	73.48
Inventories	16	21,589.02	-
Trade Receivables	17	2,047.79	1,296.22
Cash & Cash Equivalents	18	54,827.42	45,294.32
Short Term Loans & Advances	19	901,220.24	798,942.96
Other Current Assets	20	94,070.85	108,013.78
<b>Total Current Assets</b>		<b>10,75,340.12</b>	<b>953,620.76</b>
<b>Total</b>		<b>12,32,877.67</b>	<b>10,98,342.38</b>

See accompanying notes to the Financial Statements

Vide our report dated 14/06/2016 attached

For A.Churian &amp; 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 Churian**  
 Proprietor  
 M.No.202759

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

sd/-  
**Mathai T.D.**  
 Company Secretary

Thiruvananthapuram  
 14.06.2016



# MUTHOOT FINCORP LIMITED

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

(₹ In lakhs)

Particulars	Note	Figures for the year ended March 31, 2016	Figures for the year ended March 31, 2015
<b>I. REVENUE</b>			
Revenue from Operations	21	212,317.02	196,320.64
Other Income	22	6,925.58	11,916.35
<b>II. Total Revenue</b>		<b>219,242.60</b>	<b>2,08,236.99</b>
<b>III. EXPENSES</b>			
Employee Benefit Expenses	23	38,690.68	35,371.98
Finance Cost	24	116,309.28	1,16,191.02
Depreciation and Amortization	11	7,935.52	8,227.65
Other Expenses	25	41,648.77	35,424.03
<b>IV. Total Expenses</b>		<b>204,584.25</b>	<b>1,95,214.68</b>
<b>V. Profit before Exceptional and Extra Ordinary Items and Tax (II-IV)</b>		<b>14,658.35</b>	<b>13,022.31</b>
VI. Exceptional Items		-	-
<b>VII. Profit before Extra-Ordinary Items (V-VI)</b>		<b>14,658.35</b>	<b>13,022.31</b>
VIII. Extra-Ordinary Items		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>14,658.35</b>	<b>13,022.31</b>
<b>X. Tax Expenses:</b>			
(i) Current Tax		7,519.20	2,704.80
(ii) Deferred Tax		(2,178.45)	2,274.91
<b>XI. Profit for the period (before adjustment of Minority Interest) (IX-X)</b>		<b>9,317.60</b>	<b>8,042.60</b>
XII. Share of Profit transferred to Minority Interest		(243.73)	(115.92)
<b>XIII. Profit for the year (after adjustment of Minority Interest) (XI-XII)</b>		<b>9,073.87</b>	<b>7,926.68</b>
<b>XIV. Earnings per Equity Share:</b>			
(i) Basic		4.86	4.25
(ii) Diluted		4.86	4.25

See accompanying notes to the Financial Statements

Vide our report dated 14/06/2016 attached

For A. Cherian &amp; 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  
14.06.2016



## MUTHOOT FINCORP LIMITED

## STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31.03.2016

(₹ In lakhs)

	Particulars	2015-16	2014-15
a)	<b>Cash Flow from operating activities</b>		
	Net profit after taxation and extraordinary items	9,317.60	8,042.60
	<b>Non cash adjustments to reconcile profit before tax to net cash flows:</b>		
	Depreciation & amortization	7,935.52	175.96
	Profit/Loss on Sale of Fixed Asset	-	(47.92)
	Assets written off	258.69	-
	Provisions and write offs	10,401.91	6,851.70
	Bad debts written off	783.54	-
	Net gain on sale of current investments	(332.92)	(814.76)
	Dividend income	(11.96)	(8.67)
	<b>Operating profit before working capital changes</b>	<b>28,352.38</b>	<b>14,198.91</b>
	<b>Movement in Working Capital</b>		
	(Increase) / decrease in assets under financing activities	(103,060.82)	(33,602.23)
	(Increase) / decrease in long term loans and advances	(14,983.01)	(8,908.72)
	(Increase) / decrease in other current assets	(8,397.67)	23,139.64
	Increase / (decrease) in Provisions	1,186.75	-
	Increase / (decrease) in other current liabilities	52,639.75	14,447.31
	<b>Cash generated from operation</b>	<b>(44,262.62)</b>	<b>9,274.91</b>
	Direct taxes paid (net of refund)	(3,566.82)	(5,347.99)
	<b>Net cash flow from /(used in) operating activities (A)</b>	<b>(47,829.44)</b>	<b>3,926.92</b>
b)	<b>Cash Flow from investing activities</b>		
	Purchase of fixed and tangible assets	(4,622.53)	(2,511.10)
	Purchase / Sale of investments	(2,169.84)	915.78
	Interest received on investments & fixed deposits	-	814.75
	Sale of fixed assets	-	42.61
	Dividend received	11.96	8.67
	Investment in Subsidiary company	-	-
	Investment in Fixed Deposit	-	-
	Profit/Loss on sale of fixed assets/investments	332.92	-
	<b>Net cash flow from /(used in) investing activities (B)</b>	<b>(6,447.49)</b>	<b>(729.29)</b>
c)	<b>Cash flow from financing activities</b>		
	(Increase) / decrease of short term borrowings	(10,051.60)	(72,800.46)
	(Increase) / decrease of long term borrowings	73,807.08	80,057.55
	Issue of Shares to Minority Shareholders	54.55	-
	<b>Net cash flow from /(used in) financing activities (C)</b>	<b>63,810.03</b>	<b>7,257.09</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>9,533.10</b>	<b>10,454.72</b>
	Cash and cash equivalents at the beginning of the year	45,294.32	34,839.60
	Cash and cash equivalents at the end of the year	54,827.42	45,294.32

See accompanying notes to the Financial Statements

Vide our report dated 14/06/2016 attached

For A.Chcrian &amp; 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  
 14.06.2016

**MUTHOOT FINCORP LIMITED****Significant Accounting Policies and Notes to Consolidated Financial Statements  
for the year ended 31<sup>st</sup> March 2016****I. OVERVIEW****1. Nature of Operations**

Muthoot Fincorp Limited (the "Holding Company" or "MFL") is a Public Limited Company, incorporated on June 10, 1997 under the provisions of the erstwhile 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 provides a wide range of fund based and fee based services including gold loans, micro-finance loans, money exchange & money transfer facilities, travel services etc. The Company has during the year, entered into the Real Estate sector also.

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) (formerly known as Pancharatna Securities Limited), was incorporated as a Private Limited Company under the erstwhile Companies Act, 1956. The Company is registered with the RBI under the category of Non-Banking Financial Company – Micro Finance Institutions ('NBFC-MFI'). 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 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 incorporation	Consolidated as	% shareholding of MFL (Current Year)	% shareholding of MFL (Previous Year)
Muthoot Housing Finance Company Limited	India	Subsidiary	75.32%	66.62%
Muthoot Pappachan Technologies Limited	India	Subsidiary	60.00%	60.00%
Muthoot Microfin Limited	India	Subsidiary	98.59%	94.55%



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

(₹ 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
Muthoot Fincorp Limited	87.22%	124,948.29	86.64%	8,072.97
Muthoot Housing Finance Company Limited	7.13%	10,208.76	4.15%	386.65
Muthoot Pappachan Technologies Limited	0.64%	933.20	(2.25%)	(209.70)
Muthoot Microfin Limited	5.01%	7,171.40	11.46%	1,067.68

### 3. Principles of Consolidation

- The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet, as at March 31, 2016 & March 31, 2015 and Statement of profit and loss and cash flows of the Company and its Subsidiaries for the years ended March 31, 2016 & March 31, 2015.
- The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company.
- All material inter-company transactions and balances between the entities have been eliminated in the CFS.
- 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.
- 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.
- Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity 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 in the equity, subsequent to the date of investment as stated above.
- 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. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Estimates include provision for doubtful debts and advances, employee benefit plans, provision for income taxes and provision for diminution in value of investments.

**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.

**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 mentioned below. 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.

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. However, the Group has provided for Investment Price Fluctuation for its Portfolio Managed Investments on a conservative basis even though the value diminution need not be permanent 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. 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. During the year, the Company has availed a FCNRB Loan (fully covered by a Forward Contract). The company has recognized the total premium on the contract on pro-rata basis over the life of the Forward Contract. As the liability on Foreign Currency Loan is fixed, the repayments and the amount outstanding are not affected by any currency rate fluctuations. Accordingly, Company has not restated the amount outstanding as on 31st March 2016 in its Foreign Currency Loan Account at the USD rate prevailing on the aforesaid date.

**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.

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 maybe, 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. Late payment interest, cheque bounce charges and other charges from Housing Loan customers are accounted on receipt basis due to uncertainty of realization.
- d. Income from managed portfolio represents income from receivables securitized / assigned in accordance with the relevant guidelines issued by the RBI. The losses arising are recognized in the Statement of Profit & Loss immediately upon receipt of sale consideration and the gains arising from the transaction are amortized over the tenor of the transaction.
- e. Income from Power Generation is booked on accrual basis, based on the Terms of arrangement with the Tamil Nadu Electricity Board.
- f. 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.
- g. Income from services is recognised as per the terms of contract on accrual basis.
- h. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- i. The prudential norms for income recognition prescribed under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 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.

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 neither recognised nor disclosed 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 marked 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. 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 0.30% by the Holding Company as required by Paragraph 9A of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 read with the Revised Regulatory Framework issued by the Reserve Bank of India for Non-Banking Financial Companies on 10th November 2014 and Notification No. DNBR.009/ CGM(CDS)-2015 dated 27th March, 2015.

Provisioning for Microfinance loans have been provided at Higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

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 Paragraph 9 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 and other relevant notifications including Notification No. DNBR.009/ CGM(CDS)-2015 dated 27th March, 2015, for Sub-Standard, Doubtful & Loss Assets. Provisioning for Sub-Standard, Doubtful & Loss Assets of Muthoot Housing Finance Company Limited (MHFCL) has been made as required under Paragraph 28 of NHB Directions, 2010. During the year, MHFCL has created an additional provision amounting to ₹1.03 Crores against its Doubtful Assets, over and above the provisions required as per NHB Directions, 2010.

**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:

(₹ In lakhs)

Component of CFS	Particulars	Amount	% of the total component
Depreciation	Muthoot Housing Finance Limited & Muthoot Pappachan Technologies have followed the Written Down Value Method, whereas the Holding Company and Muthoot Microfin Limited have followed the Straight Line Method	150.18	1.89%
Accumulated Depreciation	Muthoot Housing Finance Limited & Muthoot Pappachan Technologies have followed the Written Down Value Method, whereas the Holding Company and Muthoot Microfin Limited have followed the Straight Line Method	225.35	0.61%
Loan processing fees	Muthoot Housing Finance Company Limited recognizes Processing / Arranging Fee on Borrowings over the period of Borrowings as against upfront recognition followed by the Group	104.76	5.46%

**IV. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****1. SHARE CAPITAL**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Authorised:		
20,00,00,000 equity shares of ₹10/- each (previous year 20,00,00,000) shares of ₹10/- each)	20,000.00	20,000.00
Issued, Subscribed and paid-up:		
18,65,62,700 equity shares of ₹10/- each (previous year 18,65,62,700) shares of ₹10/- each)	18,656.27	18,656.27
<b>Total</b>	<b>18,656.27</b>	<b>18,656.27</b>

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 (₹ in lakhs)	Percent (%)
Mr. Thomas John Muthoot	4,91,66,411	4,916.64	26.35
Mr. Thomas George Muthoot	4,91,66,411	4,916.64	26.35
Mr. Thomas Muthoot	4,91,66,416	4,916.64	26.35
Ms. Preethi John Muthoot	1,30,20,818	1,302.09	6.98
Ms. Nina George	1,30,20,791	1,302.08	6.98
Ms. Remy Thomas	1,30,20,817	1,302.08	6.98
<b>Total</b>	<b>18,65,61,664</b>	<b>18,656.17</b>	<b>99.99</b>

Out of the above 9,37,50,000 shares were issued to the shareholders as fully paid up bonus shares.

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, 2016	
	No of shares	Amount (₹ in Lakhs)
Position at the beginning of the year	18,65,62,700	18,656.27
Fresh issue during the year	0	0.00
Position at the end of the year	18,65,62,700	18,656.27

**2. RESERVES AND SURPLUS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
a. Securities Premium Reserve	23,844.13	23,844.13
b. Statutory Reserve	28,946.88	27,009.84
c. Special Contingency Reserve	8,882.93	8,882.93
d. Debenture Redemption Reserve	17,527.33	11,028.91
e. Surplus	43,483.95	42,845.54
<b>Total</b>	<b>122,685.22</b>	<b>113,611.35</b>

Muthoot Fincorp Limited and Muthoot Microfin Limited have appropriated 20% of the profit after tax as Statutory Reserve as stipulated in Reserve Bank of India Regulations. Muthoot Fincorp Limited has created a Debenture



Redemption Reserve of 25% of the total value of Debentures (including Subordinated Debt) outstanding as on March 31, 2016 which are 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.

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>a. Securities Premium Reserve</b>		
Balance as per last balance sheet	23,844.13	23,844.13
Additions during the year	0.00	0.00
Closing balance	<b>23,844.13</b>	<b>23,844.13</b>
<b>b. Statutory Reserve</b>		
Balance as per last balance sheet	27,009.84	25,334.42
Additions during the year	1,937.04	1,675.42
Closing balance	<b>28,946.88</b>	<b>27,009.84</b>
<b>c. Special Contingency Reserve</b>		
Balance as per last balance sheet	8,882.93	8,882.93
Additions during the year	0.00	0.00
Closing balance	<b>8,882.93</b>	<b>8,882.93</b>
<b>d. Debenture Redemption Reserve</b>		
Balance as per last balance sheet	11,028.91	0.00
Additions during the year	6,498.42	11,028.91
Closing balance	<b>17,527.33</b>	<b>11,028.91</b>
<b>e. Surplus</b>		
Balance as per last balance sheet	42,845.54	47,814.77
Profit for the year	9,317.60	8,042.60
Less: Appropriations:		
Statutory Reserve	1,937.04	1,675.42
Special Contingency Reserve	0.00	0.00
Debenture Redemption Reserve	6,498.42	11,028.91
Deferred Tax Liability on Special Reserve	0.00	7.96
Less: Transfer to Minority Interest	243.73	299.54
<b>Closing balance</b>	<b>43,483.95</b>	<b>42,845.54</b>

### 3. LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>(a) Bonds/ debentures</b>		
Secured Debentures	90,006.30	94,601.78
<b>(b) Term loans</b>		
From Banks:	47,365.06	35,101.05
From other parties	9,150.14	3,020.04
<b>(c) Other loans and advances</b>		



Subordinate debts	183,629.55	140,106.31
Tier I Capital - Perpetual Debt Instruments	14,400.00	14,400.00
Inter Corporate Deposit	50.00	50.00
Loan from Directors	435.60	0.00
Interest Payable	42,984.18	27,057.56
<b>Total</b>	<b>3,88,020.83</b>	<b>3,14,336.74</b>

**a. Long term borrowings - Secured debentures**

Secured Debentures of the Holding Company 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 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, Kaniyakumari District. Secured debentures are grouped into current and non-current based on maturity profile. All secured debentures falling due after March 31, 2017 are categorised as Non-current liability. Interest accrued, but falling due after March 31, 2017 has also been categorised as Non-current liability.

The Holding Company raised ₹30,000 lakhs, during the year by way of NCD public issue.

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

Financial year of maturity	Amount (₹ in lakhs)
2020-21	218.86
2019-20	41.90
2018-19	28,750.87
2017-18	60,994.67
2016-17	101,059.34
<b>Total</b>	<b>191,065.64</b>

**b. Term loans**

**(i) Long term borrowings -Term loan from banks**

Term loans from banks 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 after March 31, 2017 are categorised as Non-current liability. The repayment terms are as below:

- ₹1,905.87 lakhs outstanding (includes interest payable of ₹20.89 lakhs for the month of March 2016 credited to the loan account) secured against Branch Fixed Assets repayable in 12 monthly instalments of ₹145 lakhs & Last Instalment of ₹144.98 lakhs
- ₹7,288.29 lakhs outstanding (includes interest payable of ₹79.89 lakhs for the month of March 2016 credited to the loan account) secured against Branch FA repayable in 25 monthly instalments of ₹288.33



Lakhs & last Instalment ₹0.15 lakhs

- ₹368.2 Lakhs outstanding secured against 6560 sq.ft. SBUA with UDS 798.96 sq ft. in World Trade Centre, Brigade Gateway Bangalore repayable in 103 monthly instalments of ₹3.55 lakhs & last Instalment of ₹2.55 lakhs
- ₹31.57 lakhs outstanding secured against Vehicle - Jaguar XF F2.2 repayable in 38 monthly instalments on diminishing value method.

Term Loans from banks 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:

(₹ In lakhs)

Lender	March 31, 2016	March 31, 2015	Repayment Terms
Corporation Bank	1,499.72	1,785.80	Repayable in 84 monthly instalments after 1 month from the disbursement
Dhanlaxmi Bank	2,808.00	3,448.00	Repayable in 25 quarterly instalments after 9 months from the disbursement
ICICI Bank Ltd.	2,410.71	2,500.00	Repayable in 28 quarterly instalments after 12 months from the disbursement
IDBI Bank	1,915.00	1,383.00	Repayable in 78 monthly instalments after 6 months from the disbursement
IDBI Bank	1,038.48	1,269.24	Repayable in 26 quarterly instalments after 6 months from the disbursement
IDBI Bank	1,293.12	1,396.56	Repayable in 58 quarterly instalments after 6 months from the disbursement
Lakshmi Vilas Bank	2,395.83	2,500.00	Repayable in 120 monthly instalments after 12 months from the disbursement
South Indian Bank	8,597.79	8,112.25	Repayable in 84 monthly instalments after 12 months from the disbursement
Vijaya Bank	2,249.85	2,500.00	Repayable in 20 quarterly instalments after 12 months from the disbursement
Vijaya Bank	1,500.00	-	Repayable in 36 quarterly instalments after 12 months from the disbursement
Yes Bank Ltd.	1,487.18	1,794.87	Repayable in 78 monthly instalments after 6 months from the disbursement
Yes Bank Ltd.	1,776.32	2,039.47	Repayable in 114 monthly instalments after 6 months from the disbursement
Andhra Bank	1,900.00	-	Repayable in 25 quarterly instalments after 9 months from the disbursement
State Bank of India	1,500.00	-	Repayable in 27 quarterly instalments after 6 months from the disbursement
<b>Total</b>	<b>32,372.02</b>	<b>28,729.19</b>	



Term Loans from banks availed by Muthoot Microfin Limited and the repayment terms are as below:

(₹ In lakhs)

Lender	Nature of Security	March 31, 2016	March 31, 2015	Repayment Terms
South Indian Bank Limited	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	1,098.48	0.00	Repayable in 33 Monthly instalments of from December 2015
South Indian Bank Limited		1,174.24	0.00	Repayable in 33 Monthly instalments of from February 2016
HDFC Bank Limited		1,000.00	0.00	Repayable in 15 Monthly instalments of from July 2016
State Bank of India		3,387.25	0.00	Repayable in 24 Monthly instalments of from January 2016
Union Bank of India		2,500.00	0.00	Repayable in 36 Monthly instalments of from April 2016
Dhanlaxmi Bank Limited	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	1,000.00	0.00	Repayable in 23 Monthly instalments of from April 2016
IDBI		4,000.00	0.00	Repayable in 21 Monthly instalments of from May 2016
Lakshmi Vilas Bank		1,500.00	0.00	Repayable in 36 Monthly instalments of from June 2016
Axis Bank		2,000.00	0.00	Repayable in 8 Quarterly instalments of from May 2016
Vijaya Bank	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 7.5%.	2,187.47	0.00	Repayable in 24 Monthly instalments of from January 2016
Federal Bank	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	1,000.00	0.00	Repayable in 33 Monthly instalments of from April 2016
Federal Bank		500.00	0.00	Repayable in 33 Monthly instalments of from July 2016
Catholic Syrian Bank		1,487.58	0.00	Repayable in 46 Monthly instalments of from February 2016
Catholic Syrian Bank		1,521.44	0.00	Repayable in 30 Monthly instalments of from June 2016
State Bank of Travancore		3,000.00	0.00	Repayable in 10 Quarterly instalments of from June 2016
Bank of Maharashtra	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 10%.	2,500.00	0.00	Repayable in 7 Quarterly instalments of from April 2016
<b>Total</b>		<b>29,856.46</b>	<b>0.00</b>	

(ii) Long term borrowings -Term loan from other parties

The loan outstanding of ₹27.76 lakhs of the Holding Company is secured against the property at DLF Garden City, Chennai, repayable in 23 monthly instalments on diminishing value basis

Term loans of Muthoot Housing Finance Company Limited from other financial institutions are secured by way of hypothecation of Loan Receivables of the company equivalent to security cover provided to respective lender. The repayment terms are as below:

(₹ In lakhs)

Lender	March 31, 2016	March 31, 2015	Repayment Terms
Hinduja Leyland Finance Ltd.	1,565.98	1,886.68	Repayable in 60 monthly instalments after 1 month from the disbursement
IFMR Capital Finance Pvt. Ltd.	1,425.72	1,999.43	Repayable in 48 EMI
IFMR Capital Finance Pvt. Ltd.	981.58	-	Repayable in 72 EMI
<b>Total</b>	<b>3,973.29</b>	<b>3,886.12</b>	

The repayment terms of Term Loans from Others of Muthoot Microfin Limited are as below:

(₹ In lakhs)

Lender	Nature of Security	March 31, 2016	March 31, 2015	Repayment Terms
Capital First	Exclusive charge over book debts equivalent to 110% of loan amount.	5,000.00	0.00	Repayable in 8 Quarterly instalments of from January 2016
Reliance Capital	Exclusive charge over book debts equivalent to 105% of loan amount.	1,725.35	0.00	Repayable in 18 Monthly instalments of from October 2015
Reliance Capital	-do	1,858.32	0.00	Repayable in 18 Monthly instalments of from November 2015
IFMR Capital Ltd	Exclusive charge over book debts equivalent to 100% of loan amount.	2,843.56	0.00	Repayable in 36 Monthly instalments of from September 2015
<b>Total</b>		<b>11,427.23</b>	<b>0.00</b>	

The principal portion of repayments due after March 31, 2017 are categorised as Non-Current Liability.

**c. Other Loans & Advances**

- (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	Amount (₹ In lakhs)
2022-23	15,493.94
2021-22	37,623.06
2020-21	23,613.49
2019-20	47,824.74
2018-19	37,072.36
2017-18	22,001.96
2016-17	8,500.00
<b>Total</b>	<b>192,129.55</b>

- (ii) Perpetual Debt Instruments of the Holding Company are perpetual, unsecured instruments, which have been as per RBI guidelines.
- (iii) Inter-Corporate Deposit is unsecured & non-current in nature.
- (iv) Loan from Directors is unsecured in nature. The rate of interest charged by the Directors for the loan is 12%.

#### 4. DEFERRED TAX LIABILITY / (ASSET)

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Opening balance</b>	1,434.45	(848.42)
Timing difference in depreciation	(673.60)	2,399.13
Timing difference in provision for NPA	(1,361.22)	(21.03)
Timing difference in provision for Employee Benefits	(18.68)	(125.34)
Timing difference for Preliminary Expenses	0.02	0.01
Timing difference in provision for Investment Rate Fluctuation	(60.98)	0.00
Timing difference on Provision for Diminution of Assets Acquired	(1.37)	0.00
Timing difference on Provision for Other Receivable	(6.41)	0.00
Timing difference on Unamortized Processing Fee	(29.15)	29.15
Timing difference on Unabsorbed Losses	(29.14)	(7.01)
Deferred Tax Liability on Special Reserve	0.00	7.96
<b>Net deferred tax liability</b>	<b>(2,180.54)</b>	<b>2,282.87</b>
<b>Closing Balance</b>	<b>(746.09)</b>	<b>1,434.45</b>

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.

**5. OTHER LONG TERM LIABILITIES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Unrealized Gain On Loan Transfer Transactions	122.99	0.00
<b>Total</b>	<b>122.99</b>	<b>0.00</b>

**6. LONG TERM PROVISIONS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Provision for Gratuity	51.42	8.58
Provision for Leave Encashment	23.21	0.00
Provision Against Loan Portfolio	731.54	299.99
<b>Total</b>	<b>806.17</b>	<b>308.57</b>

**7. SHORT TERM BORROWINGS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Loans repayable on demand		
From Banks:		
- Working Capital Loan (secured)	5,17,839.37	5,27,890.98
<b>Total</b>	<b>517,839.37</b>	<b>5,27,890.98</b>

**From Banks:**

- Working Capital Loan:**

Working capital loans are fully secured against Gold Loan receivables and other current assets of the Company both present and future.

- Term loan- Current portion**

Term loans from banks are secured against fixed assets of the company (detailed under Schedule 3 – Term Loans under Long Term Borrowings). The principal portion of repayments due on or before March 31, 2017 are categorised as current liability under Other Current Liabilities.

**8. TRADE PAYABLES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Sundry Creditors	2,590.53	684.72



## 9. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Expenses Payable	12,972.14	10,602.33
Taxes & Duties Payable	1,277.30	4,085.16
Securitization / Assignment Payable	1,328.47	0.00
Unrealized Gain On Loan Transfer Transactions	1065.85	0.00
Insurance Premium Collection Payable	365.17	0.00
Current maturities of Long Term Borrowings		
- Secured Debentures	101,059.34	79,357.59
- Subordinate Debt	8,500.00	0.00
- Term Loans	30,735.50	11,742.01
Other Liabilities	1,317.05	2,099.80
<b>Total</b>	<b>158,620.82</b>	<b>107,886.89</b>

## 10. SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Provision for Standard Assets	3,645.92	2,764.86
Provision for NPA	7,916.53	4,635.67
Provision for Income Tax	8,441.31	3,043.42
Provision for Gratuity	1,060.13	1,259.85
Provision for Earned leave encashment	357.26	188.85
Provision for Investment price fluctuation	192.87	16.65
Provision Against Emi/Pemi Receivable	1.29	1.23
<b>Total</b>	<b>21,615.31</b>	<b>11,910.53</b>

## 12. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Quoted - at cost</b>		
HDFC-Asset Management Co. Ltd	0.00	87.90
Bhavishya Nirman Bond (NABARD)	4.99	4.99
Investment with PMS – Geojith	498.66	0.00
Investment with PMS – Equity Intelligence	208.49	0.00
Investment with PMS – Motilal Oswal	197.92	0.00
<b>Unquoted - at cost</b>		
Edelweiss Asset Reconstruction Co Ltd	513.59	672.25
Muthoot Pappachan Chits India Pvt Ltd	8.00	8.00
<b>Total</b>	<b>1,431.65</b>	<b>773.14</b>



(₹ in Lakhs)

## 11. FIXED ASSETS AND DEPRECIATION

SL NO	PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTIZATION					NET BLOCK		
		OPENING COST	ADDITIONS FOR THE YEAR	SALES / WRITE OFF DURING THE YEAR	COST AS ON 31.03.2016	UPTO 31.03.2015	Additional depreciation/ (Depreciation Written back)	ESTIMATED USEFUL LIFE OF THE ASSET	FOR THE YEAR	UPTO 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016
a.	Tangible Assets											
1	AIR CONDITIONER	831.18	17.46	-	848.64	118.69	-	20.00	40.14	158.83	712.49	689.81
2	BANK COUNTER & FIXTURES	35,202.02	184.71	498.16	34,888.57	16,291.59	-239.47	10.00	4,011.82	20,063.94	18,910.44	14,824.63
3	BIO GAS PLANT	16.89	-	-	16.89	16.89	-	15.00	-	16.89	-	-
4	BUILDINGS	4,676.51	523.15	-	5,199.66	222.83	-	60.00	83.37	306.20	4,453.68	4,893.46
5	CALCULATOR	0.57	-	-	0.57	0.57	-	5.00	-	0.57	-	-
6	CASH COUNTING MACHING	36.96	3.42	-	40.38	11.33	-	15.00	2.14	13.46	25.63	26.91
7	CD PLAYER	0.66	-	-	0.66	0.66	-	5.00	-	0.66	-	-
8	CLOSED CIRCUIT CAMERA	4.82	-	-	4.82	4.82	-	5.00	-	4.82	-	-
9	COFFEE VENDING MACHINE	4.46	-	-	4.46	4.46	-	5.00	-	4.46	-	-
10	COMPUTER SYSTEM	6,235.41	1,601.06	113.05	7,723.42	4,316.32	-68.78	3.00	1,235.01	5,482.54	1,919.09	2,240.88
11	CYCLE	0.28	-	-	0.28	0.28	-	5.00	-	0.28	-	-
12	ELECTRICAL EQUIPMENTS	67.58	0.97	1.14	67.40	30.30	-	10.00	27.69	57.99	37.27	9.41
13	ELECTRICAL FITTINGS	11.56	0.11	-	11.67	11.56	-	10.00	0.02	11.59	0.00	0.09
14	ELECTRONIC DIGITAL BOARD	4.82	-	-	4.82	4.82	-	10.00	-0.00	4.82	-0.00	-0.00
15	ELECTRONIC EQUIPMENTS	164.28	2.09	-	166.37	21.69	-	15.00	4.13	25.82	142.59	140.55
16	ELECTRONIC WEIGHING BALANCE	548.54	2.28	-	550.82	100.09	-	15.00	32.98	133.08	448.45	417.75
17	EPABX	25.09	2.75	-	27.84	7.24	-	13.00	1.66	8.90	17.85	18.94
18	FAKE NOTE DETECTOR	49.54	-	-	49.54	11.00	-	15.00	2.94	13.94	38.54	35.60
19	FAX MACHINE	4.46	-	-	4.46	1.58	-	5.00	0.52	2.10	2.88	2.36
20	FIRE EXTINGUISHER	462.03	8.86	-	470.89	189.48	-	5.00	86.65	276.13	272.55	194.77
21	FURNITURE & FITTINGS	4,018.66	193.07	67.84	4,143.89	1,122.76	-14.73	5.00	418.69	1,526.71	2,895.90	2,617.18
22	GENERATOR	16.06	7.72	-	23.78	1.66	-	15.00	1.14	2.80	14.40	20.99
23	LAND	1,936.90	1,114.01	-	3,050.91	-	-	-	-	-	1,936.90	3,050.91
24	LIBRARY	0.35	-	-	0.35	0.35	-	5.00	-	0.35	-	-
25	NEON BOARD	5,523.84	217.15	-	5,741.00	1,442.58	-	10.00	583.49	2,026.07	4,081.26	3,714.92
26	OFFICE EQUIPMENTS	25.39	75.11	-	100.49	15.35	-	15.00	6.63	21.98	10.04	78.51
27	PAPER SHREDDER	0.66	-	-	0.66	0.57	-	5.00	0.02	0.59	0.09	0.07
28	PHOTO COPY MACHINE	2.05	-	-	2.05	1.91	-	15.00	0.01	1.92	0.14	0.13
29	SAFETY DEVICE SYSTEM	2,498.55	225.67	-	2,724.22	194.35	-	15.00	184.12	378.47	2,304.20	2,345.74
30	STABILIZER	4,082.28	325.82	69.33	4,338.78	958.15	-13.77	10.00	391.87	1,336.25	3,124.13	3,002.53
31	STRONG ROOM DOOR	5,880.73	-	5.77	5,874.96	621.00	-	30.00	189.32	815.64	5,259.73	5,059.30
32	TELEVISION	27.11	-	-	27.11	6.31	-	5.00	5.16	11.47	20.80	15.64
33	TOOLS & SPARES	0.31	-	-	0.31	0.31	-	5.00	-	0.31	-	-
34	VEHICLES	446.50	-	-	446.50	142.99	-	8.00	53.36	196.35	303.51	250.14
35	WIND ELECTRIC GENERATOR	11,850.92	-	-	11,850.92	3,376.25	-	22.00	513.15	3,889.39	8,474.67	7,961.53
	Total Tangible Assets	84,657.97	4,505.43	755.28	88,408.11	29,250.75	-336.76		7,876.04	36,795.35	55,407.22	51,612.74
b.	Intangible Assets											
1	SOFTWARE	174.71	205.18	-	379.89	85.36	-	3.00	59.47	144.84	89.35	235.05
	Total Intangible Assets	174.71	205.18	-	379.89	85.36	-		59.47	144.84	89.35	235.05
	TOTAL FOR CURRENT YEAR	84,832.68	4,710.60	755.28	88,788.00	29,336.11	-336.76	-	7,935.52	36,940.19	55,496.57	51,847.79
	TOTAL FOR PREVIOUS YEAR	82,624.98	3,672.25	1,464.55	84,832.68	29,165.57	-8,051.79		8,227.65	29,336.11	53,459.41	55,496.57



### 13. LONG TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Secured		
Considered Good	50,357.38	40,532.90
Considered Doubtful	1,451.79	924.38
Unsecured		
Considered Good	39,112.64	36,993.29
Considered Doubtful	5.49	0.00
Other Advances	202.98	150.49
<b>Total</b>	<b>91,130.28</b>	<b>78,601.06</b>

MAT Credit Entitlement of ₹41.39 lakhs (*P.Y. ₹43.49 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. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Building Deposits	8,384.82	8,373.79
Capital Advances	7.93	0.00
Interest Retained On Securitisation	124.25	0.00
Non-Current Bank Balances	3,095.47	787.30
Other Deposits	11.49	9.08
<b>Total</b>	<b>11,623.96</b>	<b>9,170.17</b>

### 15. CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Quoted-at cost/Market Value whichever is lower		
Fully paid Equity shares in DP a/c with MOSL	1,584.80	73.48
<b>Total</b>	<b>1,584.80</b>	<b>73.48</b>

### 16. INVENTORIES

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Inventory – Projects	21,589.02	0.00
<b>Total</b>	<b>21,589.02</b>	<b>0.00</b>

The Company has during the year, entered into Real Estate business and has acquired properties for the purpose of sale / development and sale. As the purpose of the acquisitions is subsequent sale / development and sale, the Company has classified them as Inventory - Projects.

**17. TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Sundry Debtors:		
▪ More than 180 days	423.85	283.68
▪ Other debts	1,623.94	1,012.54
<b>Total</b>	<b>2,047.79</b>	<b>1,296.22</b>

**18. CASH AND CASH EQUIVALENTS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
a. Cash in hand	11,023.46	11,249.51
b. Forex balance	551.27	392.29
c. Cash at Bank : In Current Account	33,562.36	26,432.21
d. Cash at Bank : In Deposit Account	9,690.33	7,220.31
<b>Total</b>	<b>54,827.42</b>	<b>45,294.32</b>

**19. SHORT TERM LOANS AND ADVANCES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>Secured Loans</b>		
Considered Good	672,769.91	636,002.44
Considered Doubtful	15,153.35	17,020.40
Loan Against Debentures Considered Good	481.60	1,246.15
Other Loans Considered Good	11,538.24	24,900.00
Other Loans Considered Doubtful	199.14	69.70
<b>Unsecured Loans</b>		
Loans considered good	182,724.62	108,416.78
Loans considered doubtful	715.21	416.81
Advances considered good	17,638.17	10,870.68
<b>Total</b>	<b>901,220.24</b>	<b>798,942.96</b>

**20. OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Deposits	244.87	587.81
Loans Under Auction Process	28,926.10	39,385.22
Housing EMI Receivables	236.02	239.02
Loan Receivables	113.83	0.02
Interest Receivable	55,773.56	55,341.06
Inter Corporate Deposits	5,800.00	0.00
Housing assets acquired in satisfaction of debt*	56.55	0.00
Advance to Suppliers	490.49	537.30
Other Current Assets	2,429.43	11,923.35
<b>Total</b>	<b>94,070.85</b>	<b>108,013.78</b>



\*During the year, Muthoot Housing Finance Limited has taken legal and physical possession of five immovable properties in satisfaction of its debts, whose principal outstanding was ₹60.99 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 one property, against which a provision for diminution of ₹.4.44 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

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Interest on Secured Loan	167,820.81	164,846.72
Interest on Unsecured Loan	42,813.53	30,053.67
Income from Forex operations	507.19	365.78
Income from Money transfer business	1,175.49	1,054.47
<b>Total</b>	<b>212,317.02</b>	<b>196,320.64</b>

## 22. OTHER INCOME

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Income from Power generation	695.18	947.42
Interest on Bank deposit	691.43	495.62
Income from Investments	344.88	823.43
Commission received	1487.71	839.30
Income from Financial Services – Housing	278.24	245.15
Miscellaneous income	2730.91	469.64
Interest on Inter-Corporate Deposit	697.23	0.00
Provision written back	0.00	8,095.79
<b>Total</b>	<b>6,925.58</b>	<b>11,916.35</b>

## 23. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Remuneration to Directors*	1,440.00	480.00
Salaries & Allowances	31,876.03	30,923.89
Incentives	2,246.55	2,034.72
PF & ESI contributions	1,969.06	1,538.21
Staff welfare expenses	212.39	236.32
Bonus & Ex-gratia	946.65	158.84
<b>Total</b>	<b>38,690.68</b>	<b>35,371.98</b>

\*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**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
a. Interest on Secured Debentures	22,000.86	22,792.18
b. Interest on Loan from Banks	61,063.44	72,081.24
c. Interest on Directors Loan	0.00	79.17
d. Interest on Subordinate Debts	23,614.41	16,890.73
e. Interest on Inter Corporate Deposits	3.63	17.10
f. Interest on Perpetual Debt Instruments	1,732.73	1,728.00
g. Interest on Commercial Paper	5,976.69	1,239.86
h. Other Financial charges*	1,917.52	1,362.74
<b>Total</b>	<b>116,309.28</b>	<b>1,16,191.02</b>

\*Please refer the Accounting Policy on Borrowing Cost

**25. OTHER EXPENSES**

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Rent, Rates & Taxes	15,024.76	14,521.33
Electricity & Water Charges	1,810.08	1,580.15
Repairs & Maintenance	1,930.32	1,685.25
Sitting Fee to Directors	10.28	11.25
Commission to Director	144.00	0.00
Insurance	393.33	402.99
Security Charges	3,080.89	6,488.14
Marketing expenses	3,754.19	1,706.85
Business promotion	823.94	326.04
Travelling Expenses	2,459.07	2,044.09
Telephone Charges	1,777.23	1,572.78
Printing & Stationery	762.18	765.44
Networking Charges	881.07	0.00
Professional charges	1,384.64	1,025.16
Donation and CSR Expenses	396.40	188.17
Postage and Telegram	624.81	519.19
Miscellaneous expenses	30.78	17.23
Other Office Expenses	516.10	441.25
Provisions and write offs	5,844.70	2,128.72
<b>Total</b>	<b>41,648.77</b>	<b>35,424.03</b>

\*During the year, commission was paid to the extent of ₹144.00 lakhs to Mr. Thomas George Muthoot, Director (MFL), as per decision of the Company.





## 26. PROVISIONS AND CONTINGENT LIABILITIES

- a) The company has given Guarantees for an amount of ₹428.80 lakhs to banks. The company is contingently liable to the banks to that extent. *(P.Y. ₹16.20 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 ₹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 department however, has moved to the Hon: High Court of Kerala disputing the decision of the Hon: CESTAT, Bangalore. *(P.Y. ₹17.17 lakhs)*
- c) The Joint Commissioner of Income Tax/Special Range/Trivandrum completed assessment / reassessment for Ay 2006-07, 2007-08, 2010-11 and 2013-14 during the year. Demand of ₹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 2007-08, a demand for ₹465.30 lakhs was raised which has been fully remitted / adjusted against refunds. The Company has accepted the said order. For AY 2010-11, a demand of ₹1,728.50 lakhs has been raised, against which the Company has filed an appeal before the CIT (Appeals), Trivandrum. For AY 2013-14, a demand of ₹2,065.21 lakhs has been raised against which ₹933.45 lakhs has been adjusted against refunds due to the Company leaving a balance of ₹1,131.76 lakhs. The Company has filed appeal against this Order before the CIT (Appeals), Trivandrum. (Contingent liabilities – ₹1,728.50 lakhs for AY 2010-11 and ₹1,131.76 lakhs for AY 2013-14) *(P.Y. ₹987.93 lakhs)*
- d) 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.
- e) The Holding 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 31.03.2016 amounts to ₹1,206.68 lakhs. Muthoot Microfin Limited has provided Credit enhancements (cash collateral and principal subordination) towards securitisation transactions aggregating to ₹1,167.48 lakhs. *(P.Y. ₹421.05 lakhs)*
- f) The Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to ₹155.06 lakhs *(P.Y. ₹854.42 lakhs)*. Loan Commitment in respect of the partly disbursed loans is ₹1,410.07 lakhs *(P.Y. ₹2,093.54 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 ₹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 is not contingently liable for the tax on commission for the said period, totaling to ₹225.69 lacs. As such, the resulting Contingent Liability of the Company amounts to ₹201.67 lacs. (P.Y. ₹232.19 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 of the company. 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 ₹1,263.21 Lakhs, out of which ₹384.69 Lakhs was remitted by the company. (P.Y. ₹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 requiring the company to show cause as to why tax totalling to ₹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 sought legal opinion on the same. (P.Y. ₹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.

## 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. During the year, the Holding Company has entered into the Real Estate Sector as well, 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.

(₹ In Lakhs)

Particulars	Financing	Power Generation	Real Estate	Information Technology	Total
Revenue	218,547.31	695.18	0.00	0.11	219,242.60
Expenditure	203,608.44	734.85	0.20	240.76	204,584.25
Segment result	14,938.87	(39.67)	(0.20)	(240.65)	14,658.35
Segment asset	11,94,568.14	7,961.53	28,937.72	1,410.28	12,32,877.67
Segment liabilities	12,03,728.61	0.00	28,937.92	211.14	12,32,877.67
Capital expenditure	10.00	0.00	0.00	747.78	757.78
Depreciation	7,329.33	513.15	0.00	93.04	7,935.52



## 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 31.03.2016

Sr. no	Party
	<b>COMPANY</b>
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	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
17	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
18	MUTHOOT DAIRIES AND AGRI VENTURES PRIVATE LIMITED
19	MUTHOOT APT CERAMICS LIMITED
20	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED
21	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED
22	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED
23	MUTHOOT CAPITAL SERVICES LIMITED
24	MUTHOOT EQUITIES LIMITED
25	MUTHOOT HOLDINGS PRIVATE LIMITED
26	MUTHOOT HOTELS PRIVATE LIMITED
27	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED
28	MUTHOOT LAND AND ESTATES PRIVATE LIMITED
29	MUTHOOT MOTORS PRIVATE LIMITED
30	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED
31	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED
32	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED
33	PALAKKAD INFRASTRUCTURE 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 (MFL), Director (MML, MHFCL & MPT)
4. George Lamannil, Director (MML)
5. Sabu Zakharias Kuncheria, Director (MML)
6. Maneesh Srivastava, Director (MML), Chief Executive Officer (MHFCL)
7. Vikas Srivastava, Chief Financial Officer (MHFCL)
8. 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 31.03.2016**

(₹ In Lakhs)

Particulars	Amount
<b>TRANSACTIONS DURING THE YEAR</b>	
<b>Revenue/(Expenses)</b>	
Interest accrued	1,253.02
Ticket Booking income*	18.32
Rent paid*	(128.11)
Interest paid	(32.29)
Remuneration paid to Directors	(1,584.00)
Remuneration paid to Other KMP	(174.78)



<b>Assets</b>	
Loans repaid	(22,500.00)
Advance for Property / Property Purchase	4,618.70
<b>Liabilities</b>	
Loan from Director	435.60
Personal Guarantees by Directors	12,500.00
<b>OUTSTANDING AS AT THE END OF THE YEAR</b>	
<b>Assets</b>	
Ticket Booking charge receivable	5.52
Advance for Property	4,618.70
<b>Liabilities</b>	
Borrowings / Loans	477.10
Rent Payable	2.52
Interest Payable on Borrowings/Loans	26.80
Personal Guarantees by Directors	50,000.00

\*Exclusive of Service Tax

**d) Transactions with entities listed in (a) above**

(₹ in Lakhs)

<b>Transaction</b>	<b>Amount</b>
<b>Revenue</b>	
Income from services rendered*	940.83
Income from renting of premises*	202.05
<b>Expenditure</b>	
Rent paid towards premises taken on lease*	17.33
Fees towards services rendered*	797.86
Interest on deposits and other debt instruments	35.80
Interest paid on Collection	1.03
Reimbursement of Expenditure*	(30.92)
<b>Assets</b>	
Advance for CSR activities	141.50
Advance for property / property sale	22,842.56
<b>Liabilities</b>	
Rent Security Deposit accepted	33.04

\*Exclusive of Service Tax

**e) Outstanding with entities listed in (a) above**

(₹ in Lakhs)

<b>Transaction</b>	<b>Amount</b>
<b>Assets (Receivables)</b>	
Against Services rendered	172.82
Against Renting of premises	13.95
Against Advance for CSR activities	6.27
Against Advance for Property	2,720.00



<b>Liabilities (Payables)</b>	
Against Services rendered	348.51
Against Rent Payable	1.87
Against Security Deposits	48.64

## 29. CSR EXPENDITURE

For the year ended March 31, 2016, the Group has incurred expenditure of ₹187.79 lakhs towards CSR activities as against ₹798.87 lakhs (including the shortfall of ₹434.44 lacs of FY 14-15) required to be spent under Section 135 of the Companies Act, 2013, resulting in a total shortfall of ₹611.08 lakhs. The shortfall for the year 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)

(₹ In Lakhs)

Particulars	At March 31, 2016	At March 31, 2015
Profit for the year (before adjustment for Minority Interest)	9,317.60	8,042.60
Add: Share of (Profit) transferred to Minority Interest	(243.73)	(115.92)
Net Profit attributable to Equity Shareholders	9,073.87	7,926.68
Weighted average number of shares outstanding	18,65,62,700	18,65,62,700
Basic Earnings per share	4.86	4.25
Diluted Earnings per share	4.86	4.25

**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)

While implementing CSR, Muthoot Pappachan Foundation (MPF) is not just looking at the mandatory spends as stipulated in the Act for the companies to report; but the major focus is quality of its interventions where it makes the life of beneficiary communities better. We are confident to say that our initiatives are well thought out, genuine and it ensures better stakeholder connectivity as CSR should conceived to be. The level of involvement of the Management from policy to planning to implementation monitoring, engagement of Staff members irrespective of cadres in field etc. are visible in most of our projects.

Projects like "Smile Please" are models in CSR domain where staff engagement is effectively blended and the entire team find it as a positive act where they contribute back to society, meaningfully. Rather than a work CSR engagements provide them gratification and employee pride.

### NARRATIVE REPORT

#### SMILE PLEASE

Gopu the 8 year age boy from a remote village in Visakhapatnam had been living a fearful and anxious life, until his parents brought him to the Smile Please mission in Visakhapatnam. He always used to cover his lips whenever he goes out in public. Now after undergoing the successful Cleft Lip Surgery Gopu has transformed in to a cheerful and confident boy. Gopu now does not cover his lips and confidently faces the world with a smile.



Before the Surgery



After the Surgery

#### The Cause

Cleft lip and cleft palates are facial and oral deformities that occur very early in pregnancy, while the foetus is developing inside the mother. Clefting is defined as a lack of fusion of the tissues of the lip and mouth. The cause of clefting is multifactorial and has genetic, nutritional and other components which leads to this disorder. Cleft is not just a cosmetic issue; but has got severe functional challenges and is sometimes life threatening. Started in the FY 2014-15, the flagship project 'Smile Please' has marked 677 safe and successful cleft surgeries by the end of 2015-16 FY.

At the outset, we would like to thank Mission Smile, the expert cleft care charity organization in India for their dedicated facilitation supports and the committed volunteers they brought from across the sub-continent and even from other countries, without which this journey would not have been possible. The year saw some unforeseen challenges coming our way. We are delighted to report that these were addressed in the true spirit of our unique partnership through mutual transparency, trust and focus on the larger cause of cleft patients. These efforts





resulted in further enhancement our relationship and continued efforts to address the larger cause of providing compassionate and safe cleft care to the patients of clefts in various geographical areas of mutual interest to our organisations.

We would like to give below a quick over view of the year gone by and some of the key points during the year which we experienced through our Missions.

### Strategic Objectives

To provide sustained comprehensive cleft care to patients through:

- i. Missions at specific locations of interest to the Muthoot Pappachan Group (MPG) where we can effectively bring in stakeholder connectivity.
- ii. 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 in the South.
- iii. Staff trainings to enhance awareness in the local regions and Local Skill development through training and exposure to best practices for cleft care for enhanced sustainability.
- iv. 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.

### Missions at specific locations of interest to MPG

- During this FY we opened new geography in Andhra Pradesh through two local Missions being held during August and October 2015 at Vishakapatnam. The International Mission at Kottayam was shifted to Vishakapatnam given the challenges of patient recruitment there. Given the huge patient response to the August 2015 Mission it was decided to have another domestic Mission in Vishakapatnam in the month of September / October 2015.







- Mission at Pondicherry – successfully concluded our 1st Mission at Pondicherry in February 2016 despite challenges posed due to unprecedented rains and floods in Tamil Nadu during December 2015. An International male nurse from the Philippines and 6 nursing interns from France participating in this Mission was very encouraging from the perspective of volunteers from overseas interested in providing care to patients in India.



- International Mission at Kottayam rescheduled from Kottayam to Vishakapatnam with support from our International facilitating partner Smile Asia was conducted successfully.
- Another International Mission in facilitation partnership with Smile Asia successfully completed, at Vishakapatnam, as planned with 5 International Doctors participating from USA, Colombia and China.





- Branches of Muthoot Fincorp Ltd. (MFL) actively engaged in awareness building, patient recruitment and patient screening particularly in Andhra Pradesh, Pondicherry and the areas of Tamil Nadu in proximity to Pondicherry. In Kerala Micro Finance teams also have been active in support of the patient recruitment activities.

### Kottayam Comprehensive Cleft Care Centre

- For Kerala it was proposed to set up a centre at Muthoot Life Brigade Hospital, Kottayam in a phased manner based on progress after initial outreach centre activities with teams of medical professionals coming to provide cleft care while developing local resources and skills.
- To support this activity dedicated local resource for patient recruitment and daily monitoring of activity recruited based at Kottayam.
- Between May 2015 and February 2016, 6 outreach centre camps were held at Kottayam to provide care to cleft patients of the State.
- Different methods of patient awareness and recruitment worked on to create greater awareness in larger sections of the community and tapping patients in diverse areas within the State.
- One of the encouraging signs has been the type of patients coming to our centre i.e. new patients seeking primary surgeries, new born and young patients coming to us centre and being counselled on nutrition, feeding of patients by young mothers and receiving surgery post gaining the necessary milestones for safe surgery. One of the key success was an extremely severe cleft patient, which needed multiple surgeries, coming for follow up surgeries carried out successful transforming the life of the young patient and her family.

### Challenges and Key learnings from Kottayam

- Partnerships with local NGO's developed for patient recruitment through out the state, supported by local media inputs, loud campaigning and local promotions to build awareness and recruit patients did not lead to a sustained patient flow and in fact patient turn out continued to be a challenge.
- Local resources to build capacity and sustained effort not very successful as availability of resources in Kottayam turned out to be a challenge with the local resources being motivated more by revenue than a desire to contribute to the cause of cleft patients.
- The lower than expected response from the local medical resources resulted in the Mission Smile team having frequently travel to Kottayam bringing expertise to provide corrective surgery and care to patients to ensure fulfilment of the mutual commitment to the patient community.
- Repeated efforts to build capacity and patient recruitment did not result in significant improvement of patient flow and medical resources continued to be unpredictable.
- Patient community awareness of solutions are seemingly high as compared to other regions due to their exposure to various solution providers in the State which at times becomes challenging in terms of the medical need as recommended by our team.
- Approach to the centre being revisited and strategies being worked on for implementation in the year 2016-17 with two Mission type efforts planned subject to availability of patients.

### Patient identification and recruitment - inputs to branch teams

- Awareness building within communities in and around branches in Andhra Pradesh and Tamil Nadu through usage of posters, banners and leaflets in local languages were carried out at large.
- Sensitising and training of MFL and Microfinance branches across Kerala, Andhra Pradesh, Telangana, Pondicherry and Tamil Nadu for Regional Managers, Area Managers and Branch Managers carried out jointly by MPF CSR team and Mission Smile team.
- Branches in turn extended this effort to ASHA's, Aanganwadi workers, local schools, civil society organisations and other social groups in all these South Indian states.
- Engagement and involvement of branch personnel during Missions to support the non-medical activities during Missions at Vishakapatnam and Pondicherry have been gratifying, leading to greater engagement and involvement of the local teams.



### Celebrating Patients: Our Children's Day Nov 14th 2015 Kottayam

Innovative effort to build awareness and motivate patients to come back for postoperative check-ups as a part of our commitment to provide comprehensive cleft care leading to Children's Day celebrations with patients and their families.



- Unique celebration of children's day with patients and their families for the whole day bringing happiness and enjoyment amply portraying the "compassionate" side of the medical interventions we do through Smile Please project.
- All previous patients invited to come for postoperative check-ups and new patients for screening followed by surgery for those cleared for the same.
- Engagement of all patients and their families in a festive atmosphere through patients participating in entertainment programmes – magic show, patient performance on stage singing and dancing, play pen and drawing and sketch areas for patients. Parents of patients, and patients themselves sharing their experiences and how their lives have been impacted post medical interventions a humbling experience.
- Providing a platform for these children to perform was the major objective. This is having a positive impact on their lives who earlier had challenges in facing the public due to lack of confidence rooted from their congenital deformities. This exercise will boost their self-confidence and they will gain more courage to lead the life.

### Visits by dignitaries from the Group and local Administration

- Mr. U.V Jose IAS, District Collector, Kottayam inaugurated the April 2015 Mission at Muthoot Life Brigade Hospital, Kottayam.
- Mr. Thomas Muthoot, Executive Director, Muthoot Pappachan Group, visited the Life Brigade Hospital during the April Mission.
- Mrs. Remy Thomas, Director, Muthoot Pappachan Group and CEO, Muthoot Automotive Division and State Chairperson Indian Women Network inaugurated the Children's Day celebration and spent time with patients and our team. Mrs. Remy Thomas inaugurated the first Mission at Pondicherry in February 2016. Mrs. Remy also spent time interacting with our team members and patients at Pondicherry. Mrs. Remy's presence was a source of great encouragement and motivation for all Mission Team.
- The 1st International Mission at Vizag in April 2016 was inaugurated by Mr. Thomas Muthoot, Executive Director, Muthoot Group, along with the Vice Chancellor of Gitam University Professor M.S. Prasad Rao and Maj. Gen. M.S. Sandhu, VSM (Retd.) representing the Board of Mission Smile.
- Mr. Ganapathy Rao, State Nodel Officer of Rashtriya Bal Swasthya Karyakram (RBSK), NRHM visited the Vizag International Mission. He interacted with the patients and was happy to see the services extended



to deserving people in the state. (RBSK) is a new initiative under aiming at early identification and early intervention for children from birth to 18 years to cover 4 'D's viz. Defects at birth, Deficiencies, Diseases, Development delays including disability. We are exploring possibilities for a POP mode with RBSK support.

The presence of the Senior leadership team from Muthoot Pappachan Group truly exemplifies the uniqueness of our initiative and the commitment to the cause of cleft patients in various parts of our country. This also portrayed the level of involvement of the Group in this project. The entire Mission team was motivated and encouraged by this and serves to further strengthen our resolve towards fulfilling our joint commitment to provide safe and quality care to deserving patients across the country.

#### Delivery of care to cleft patients during this FY

Location / Mode of delivery	Targeted surgeries	Achieved surgeries
Kottayam Centre May 15- March 16	220	124
Vishakapatnam Mission August 2015	50	57
Vishakapatnam Mission September / October 2015	50	45
Pondicherry Mission February 2016	50	61
International Mission Vishakaptnam April 2016	80	90
TOTAL (FY 2015-16)		377
Previous surgeries done (FY 2014-15)		299
<b>Total</b>		<b>676</b>

#### Impacts created

Apart from the direct impact of changing the lives of 676 kids who received surgeries, the project has got some values to add on.

- ✓ Our work has impacted the lives of 2704 patients and their families (average per family including the patients 4).
- ✓ A total no. of 1690 cleft affected patients were medically screened in this process during this FY.
- ✓ We still have a backlog of 1000+ patients those who couldn't receive the surgeries in the previous missions due to their medical conditions. They will receive the required care in the days to come. We will make all of them smile !
- ✓ Awareness on Cleft is gone to all the South Indian states except Karnataka, covering all districts and remote areas, reached out through MPG verticals and its branches. And the outreach, has filtered down to 1.4 lakh families with collaterals in local language.

#### Case Study: Navdeep

We have reached a prestigious milestone in our 'Smile Please' Mission at the Sept/Oct 2015 Vizag Mission. We successfully completed 500 surgeries altogether, partnering with Mission Smile in South India. We achieved this within a span of 13 months, extending our outreach and Missions in Kerala, Tamilnadu and Andhra Pradesh.



**THE 500<sup>TH</sup> SMILE (Pre-OP)****MASTER NAVADEEP (1 Year 3 Months)**

Navadeep is from Gadimoga Village in East Godawari district, identified by Mr. Vijayakumar, BM of Guntur Fincorp Branch. Navadeep is the single child of Mr. Mavullu, a scaffolder by profession and Ms. Nagamani a housewife.

It was a clear case of Medical Negligence of Hospitals in Kakkinada who didn't attend the case, though the family approached several times for getting his surgery done. During August 2015, he was identified by Guntur Fincorp Branch and was referred to First Smile Please Mission at Vizag. But during August, he was not fit for surgery and Doctors advised him for medication and nutrition diet. The Branch again referred the case to second Mission at Vizag and he turned to be our 500<sup>th</sup> Smile.



Navadeep with his parents

Navadeep was having both lip and palate cleft and got referred to the second Vizag Mission for surgery to correct:

- a) Primary Unilateral Cleft Lip
- b) Unilateral nose

He got his surgery done and it was a successful and perfect surgery. Dr. Anjali Malhotra (Plastic Surgeon from Central Hospital, South Eastern Railway, Kolkata) one among the eminent Plastic Surgeons in India and Dr. H.M Krishna (Head, Anesthesia, Manipal Medical College) led the medical procedures supported by the expert nursing team.

The family continued in contact with Gutnur branch and the branch further guided them in getting the next level of surgery (palate) in the third Mission at AP during Mar/Apr 2016.



Master Navadeep



## Community Education Project – Sports for Development

### Program Overview

MPG in association with Magic Bus India Foundation has come up with an innovative initiative in order to move some of Kerala's most underprivileged children from poverty using an activity-based learning and sport for development approach.

The project aims to reach out to 4500 children from marginalized communities in outskirts of Kochi (2500 children) and coastal areas of Trivandrum (2000) district of Kerala and empower them, in the area of Education, Gender equity, Right to Play, Physical Fitness, Healthy Behaviour and Socio Emotional Learning using the sport for development approach to inculcate sports and fitness as a culture in their life. The project gives special focus on children living in the slums, coastal and rural areas.

### Objectives of the Program

- Awareness on Right to Education (RTE) & Importance of Education among the children, their parents and the community they belong.
- Enrolment and re-enrolment of dropout children in the schools and regular attendance in schools.
- Ensuring continuation of the formal education among the children.
- Reduction in gender discrimination and ensuring equal opportunities for both the sexes.
- Increased awareness and prevention of vector borne diseases, maintaining personal hygiene and healthy eating habits to ensure regularity in their education.
- To build life skills of children on Education, Gender Equity, Right to Play and Physical Fitness, Healthy behaviour and enhance socio-emotional learning skills.
- Creating more opportunities for sports and activity based sessions within intervening schools and community to promote sports, fitness and positive learning.

### Program Objectives from 1st September 2015 to 31st March 2016

- Identification of underprivileged communities in Kochi and Trivandrum.
- HR placement and setting up of programme office in Kochi.
- Training of recruited programme staff.
- Rapport building with communities and schools that were identified.
- Conduct demo sessions in the new intervention areas
- Commencement of enrolment of children from the identified communities and schools into the programme
- Regular Sports for Development (S4D) sessions in communities and in schools in every week.
- Recruitment of Community Youth Leaders and their capacity building.
- Magic Bus and Muthoot Pappachan Foundation Partnership Launch in Kochi.
- Start S4D programme in identified schools.
- Sports event for children in communities and schools.
- Parents meetings and parents group formation.
- Baseline survey in communities.
- Employee engagement programmes.

### Programme Areas

#### Kochi

- Fort Kochi & Mattancherry (Urban-Coastal)
- Thevara & Vypin (Rural - Coastal).
- PNT Colony, Udhaya Colony & PNT Colony.

#### Trivandrum

- Poonthura (Urban-Coastal)
- Adimalaithura (Rural-Coastal)
- Thiruvallam
- Ambalathara



### Enrolment of Children - Kochi

- Program Areas (Community) –Fort Kochi, Mattancherry, Thevara, Vypin, PNT Colony Udhaya Colony and PNT Colony.
- Total No. of Communities/villages – 7
- No. of educational institutions selected for S4D programme – 1 (HEHMM High School, Mattancherry)
- No. of Groups – 32 in Communities and 5 in schools
- Total Children outreach – 1028 children (Boys -623 & Girls – 405)

### Enrolment of Children - Trivandrum

- Program Areas – Poonthura, Adimalaithura, Thiruvallam and Ambalathara.
- Total No. of Communities/villages – 4.
- No. of educational institutions selected for S4D programme – 2 Government Schools in Thiruvallam and Ambalathara & 2 Schools in Adimalaithura
- No. of Groups – 10 in Communities and 30 in schools
- Total No. of Children enrolled in the Programme – 1000 children (Boys -628 & Girls – 372)

### Cochin Programme Launch

MPG and Magic Bus India Foundation launched the programme in Kochi officially on 30th January 2016. Hon. Mayor, Kochi Corporation, Shri. Hiby Eiden, MLA, Olympian Padmashri Anju Bobby George, MPF Directors, Ms. Natasha Ramaratnam, Magic Bus South Regional Director, NGO leaders, 504 Magic Bus kids, 15 youth leaders and 40 parents attended the programme.

### Trivandrum Programme Launch

The programme launch at Trivandrum was planned following the Intl. Women's Day observations in March 2016. The event was presided by Sri V.K Prasanth, Hon'ble Mayor of Trivandrum and Dr. Sashi Taroor, MP was the Guest of Honor. Ms. Natasha Ramaratnam Regional Director of Magic Bus India Foundation also took part in the event. The launch event at Trivandrum was followed by a Symposium on the topic - "Participation of Women and Girls as Equal Partners in Society". Key stakeholders of the Sports for Development project from Trivandrum region and representatives from Industry, Social development, Academics, Media etc. were invited to the Symposium which was organised at Hilton Garden Inn Trivandrum as part of the launch of the program. The prominent dignitaries from across different walks of life were the panel members for the symposium. Mr. G. Vijayaraghavan (Member, Planning Board) was the moderator for the panel discussion. The Panelists include Prof. Sundari Raveendran (Achyutha Menon Center for Health Science Studies), Ms. Aliyamma Vijayan (Sakhi Women's Resource Center) and Ms. Preethy John Muthoot (Muthoot Pappachan Group).

### Total Enrolment in Kochi & Trivandrum

Group	Boys	Girls	Total
Community	708	546	1254
School	508	266	774
<b>Total</b>	<b>1216</b>	<b>812</b>	<b>2028</b>

### Community Youth Leaders (CYLs) Identification & Training

Community Youth Leaders are the volunteers from the communities in the age group of 18 -23 years, who take S4D sessions with the children in the communities and support Magic Bus staff to mobilize parents and community leaders for better future of the children and youth in their respective communities. CYLs undergo 5 days basic training to understand Magic Bus, organization goals and build up their capacity to deliver S4D sessions with the children. They also undergo monthly refresher training that builds their capacity in planning and conducting sessions in the communities in addition develops their personality and make them better citizens of the society.





In Trivandrum we have enrolled 21 CYLs (8 Boys & 13 Girls) and conducted 5 days basic Training for them, which was held in St. Thomas Higher Secondary School Poonthura in December 2015. In February and March 2 refresher trainings were conducted for Youth Leaders and 18 CYLs attended the trainings.

In Kochi, 18 youth (6 boys and 12 girls) have attended 5 days CYL basic training from 9th of January to 24th of January 2016 at HEHMM High School, Mattancherry.

#### Baseline Survey

To understand the awareness level among the beneficiaries on the domains that we work, we Completed baseline survey for 175 children's and 30 parents in Kochi and Trivandrum regions. As part of the survey from Trivandrum and Kochi we have listed samples of 420 children each from community and 120 each children from school from the areas where we are going to implement the programme. The baseline Survey will also help us in understanding the impact that we have achieved since the programme implemented.

#### Major Events -

Community Sports event for Children in Poonthura Community on 12 December 2015 in Poonthura St. Thomas School Ground, Trivandrum.



In Poonthura community, a coastal and under privileged community in Trivandrum corporation, Magic Bus conducted different types of games and competition for the children, more than 100 children participated in the event. Different competitive games such as running race, relay race, musical chair, lemon & spoon and penalty shootout were conducted for them.



Except running race, all other games were conducted for both boys and girls together and the active participation from girls was a noticeable thing. For them it was a nice and exciting experience to win the prize competing with boys. At the valedictory function Magic Bus India Foundation Programme Manager, Ms. Sreedevi Padmajam distributed prizes to the winners.



The event was an encouragement for the children who participated in variety games and sports competitions conducted by Magic Bus. Through the participation they got an opportunity to identify their talents.

Sevens Football Tournament for Youth, (both for boys and girls) conducted in the Kulathoor Community Ground, Pozhiyoor on 26th January 2016



As part of the Sports for Development Programme in Trivandrum District, Magic Bus conducted Sevens Football Tournament for community Youth Leaders, 80 youths both males and females groups participated in the event. At the valedictory function Honourable Panchayat President awarded the trophies and prizes to the winners and Panchayat ward representatives Smt. Prameela and Pozhiyoor Johnson offered felicitations.



The event was a new experience for the girls and it was a great acceptance for their efforts and talents in football, it helped to increase their confidence level highly. The tournament was conducted in a community ground in Pozhiyoor like a rural village, which helped to change the gender stereo types in the society. It was a good platform of interaction and sharing their experience in Magic Bus with other youths from different programme areas.





International Women's Day Celebration in Poonthura on 8th March 2016 at Fides Centre, Poonthura



International Women's day celebration conducted on 8th March 2016, in FIDES Community Hall in Poonthura.

Trivandrum Corporation Poonthura ward councillor Sri. Peter Solomon presided over the function and the programme was inaugurated by Mr. Jayesh, Muthoot Micro Finance Divisional Manager. International Karate Organization Kerala Chapter Chairman Sensei Muhammad Nissam was the Chief Guest of the function. The event was organized for the women from Poonthura coastal areas.



In the programme, Ms. Anita, the female Football coach from Poonthura was honoured by Muthoot Pappachan Foundation and Magic Bus.

On the same day, International Karate Organization Member Sensei Dr. Ajithkumar facilitated a demo session for the girls who are selected for Karate coaching class organizing by Magic Bus in association with IKO at Fides Centre, Poonthura. A total number of 20 girls including CYLs are selected for Martial Arts Training Programme. During summer vacation, we will conduct coaching classes on self-defence techniques and those who are really interested to continue the coaching will be provided training in Martial Arts.





### **School intervention Programme started to implement in 5 Government /Aided schools in the following underprivileged communities in Kochi and Trivandrum.**

1. Government LPS Thiruvallam, Trivandrum
2. Government High School, Ambalathara, Trivandrum.
3. St. Joseph LPS, Adimalaithura.
4. Louie Memorial UP School, Adimalaithura.
5. HEHMM High School, Mattancherry, Kochi.

### **Achievements**

- Program implemented in 32 communities and 1 Government/ Aided school in Kochi and 4 coastal communities and 4 Government/Aided schools in Trivandrum.
- In Trivandrum, achieved 100 % enrolment in Magic Bus School Programme.
- Parents session conducted in 3 communities in Mattancherry and Fort Kochi region, also conducted one parents event in connection with women's day observance.
- Parents meetings conducted in all identified communities in Trivandrum.
- Gained visibility in the community and getting support from the community members, local leaders and parents.
- Co-operation of local leaders and parents.
- Organized various community events, sports events, medical camp in programme area which helped to increase the programme visibility.

### **Muthoot Life Blood Directory**

#### **Program Overview**

Started in 2011-12, Muthoot Life Blood Directory (MLBD) has now a strength of 61,012 active registered Donors and functioning in 17 states where MFL branches are operating. The majority of the donor pool are from Tamilnadu and Kerala. During the FY 2015-16, 1016 patients were supported with blood donations through this platform, adding on to Country's voluntary blood pool.

MFL branches at various locations has conducted 36 blood donation camps partnering with authorised blood banks in their respective regions. These camps provided a chance for all the interested stakeholders to take part in the voluntary blood donation move, saving lives. MPG observed World Blood Donor Day on June 14th and National Voluntary Blood Donation Day on October 1st.

### **Physical Medicine & Rehabilitation Centre**

Construction phase of the PMR Center is completed at Vettickal, Mulanthuruthy, near to Cochin. Now it is under the second phase of Center establishment. Current year, focus was on the infrastructure development for the Center in a professional mode and the entire premises to be customized as wheel chair friendly. Once this is complete, the PMR team will set up under the auspices of a Trust – Ashiyana which is registered exclusively to run this Center.

### **Treatment Support**

Our CSR approach to poor patients includes providing financial support for treatment. Current year MPF received 107 requests from patients suffering various diseases like cancer, kidney disease, cardiac issues and many other serious health problems. These requests are received directly at MFL branches, offices and reference from hospitals/ NGOs. MFL branches also play a vital role in making field verification and establishing a prolonged relationship with patients and family to know treatment status. Based on the verification report from branches, a treatment Support committee is organized every month to assess the request towards fund dispersal. Out of 114 requests 91 patients were found most deserving and supported with a total amount of ₹10,52,100.



## Medical Camps

Free Medical camps are conducted at MFL branches focusing free medical assistance for poor patients in and around the branches. It provides free medical checkups and accessibility of this service at their convenience as it is conducted at their nearest MFL branches. 572 patients were benefited through 6 medical camps conducted at branches. The total cost for the camps was ₹12,167.

## Soukhyam Camp - Free Surgeries

Soukhyam camp is a mega Medical camp being conducted in Ernakulam every year in order to open opportunity for medical assistance to patients. Patients from different parts of the district participate in it with serious health issues. Request of patients referred from the camp were verified by MFL branches and recommended by CSR Treatment Support committee for surgeries. MPF supported 4 patients by providing free knee replacement surgeries recruited through Soukhyam Camp 2015. These patients were given completely free surgeries at Muthoot Life brigade Hospital, Vadavathoor, Kottayam. Expense for these patients was ₹3,37,077.

## Educational Assistance Projects

Education being one the main areas in HEEL theme of CSR, MPF supports students in different ways for quality education. Pravesanothsavam was conducted in all Kerala regions where MFL branches distributed note books to poor students in the first week of June. Branches identified govt./aided schools in rural area where economically backward students study, they identified most deserving children with the support of school authorities. Distribution of note books costing Rs. 4,17,262 benefited 8,000 students of the state.



In addition, MPF supported 15 students for the professional course – nursing, with Scholarship of total Rs. 2,40,000. Students were shortlisted based on their best academic performance and financial background. A detailed verification of these candidates were done by MFL branches on their socio economic profile and were awarded scholarship of Rs.16,000 to each student.

Further an amount of Rs. 1,08,830 was distributed among 3 children doing their degree course in Ernakulam. These students were found with poor economic background to complete their study and earnestly willing to become an earning member in their families.





### Sports (ECC/ HARITHA)

MPF makes a way for the development of cricket under the guidance of Ernakulam Cricket club in the City of Ernakulam. The club conducts All Kerala T20 Cricket tournament with grand colours. In MPG Sports academy lots of talents are being cared and nurtured. This year an amount of Rs.14,50,000 has been provided from MPF for supporting the emerging youngsters in Cricket.

Ms. Haritha is an emerging badminton champion who is supported by MPF for years. MPF supported her to participate in different competitions and to come out with colourful wings. Her performance in Senior National Championship 2015-16, All India Senior Ranking and All Kerala Ranking were remarkable. She was supported towards attending professional trainings and championship events.



Mr. Alwin Francis - Badminton champion was financially supported for his international Match. He took a major role in keeping name and fame of our country attaining draw at the international match held in USA.

### iLeague Training Program Expenses

Kovalam Football Club was supported for its talented under 15 champions from the coastal belt of Trivandrum to undergo professional coaching in football to compete in the national iLeague championship. All the kids in the team are from the fishermen community.



Dr. Sashi Taroor MP launched the jersey of the team and it was a great appreciation for these promising champions.



### iLEAD Vocational Training Program Expenses

MPF is joining hand with Aide et Action a hospitality training group with the program, "Providing employability training to marginalized youth through Institute for Livelihood Education And Development (iLEAD)". Candidates are provided with 4 months (3 month class room + 1 month on job) training in hospitality and given placement for outstanding candidates in MPG's hospitality divisions. The piloting was done successfully in Trivandrum and we are moving to do better in the next FY targeting to train 90 candidates in 3 batches.



### Awards and Honors



Muthoot fincorp ltd. has won the coveted Special Jury Recognition at the Rotary CSR Excellence Awards 2014-15 organized by Rotary Club of Cochin Metropolis.







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 SLIP**NINETEENTH ANNUAL GENERAL MEETING ON 30<sup>th</sup> SEPTEMBER, 2016

Regd. DP ID/Client ID No : .....

No: of Shares held : .....

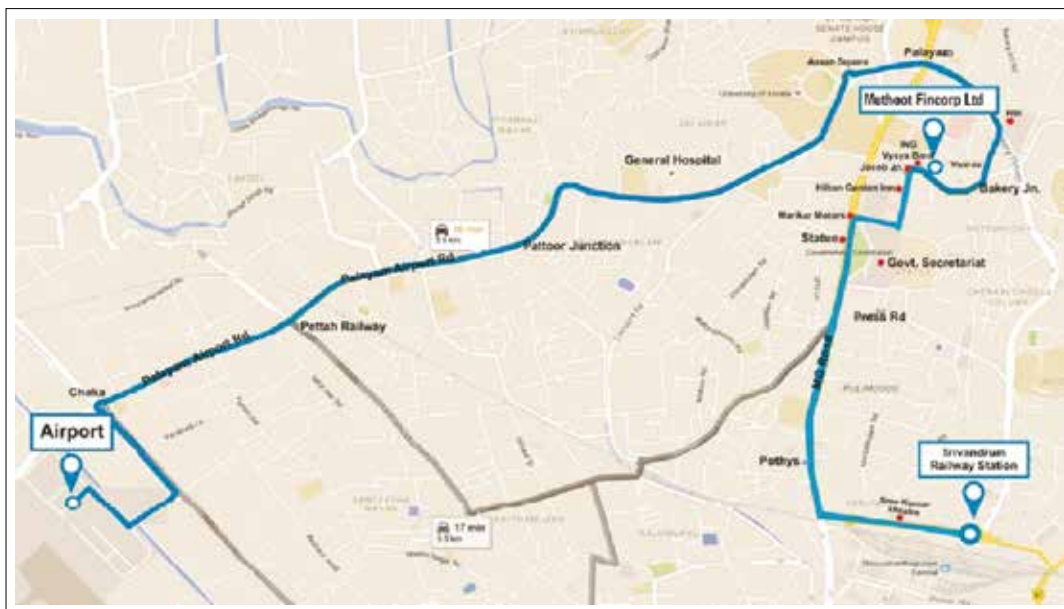
I certify that I am the registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the 19<sup>th</sup> 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 Friday, the 30<sup>th</sup> day of September, 2016.

.....  
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**

**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 : 30<sup>th</sup> September 2016 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 : ..... or failing him/her	Signature : ..... or failing him/her	Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at 10.00 AM on Friday the 30<sup>th</sup> Day of September 2016 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 31st March 2016 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 appoint a Director in place of Mr. Thomas George Muthoot, (DIN: 00011552) Director of the Company retiring by rotation and being eligible, offers himself for re-appointment.
3.	To ratify the appointment of Auditors to hold office from the conclusion of the Nineteenth Annual General Meeting to the conclusion of the Twentieth Annual General Meeting.
	SPECIAL BUSINESS:
4	Issue of Non-convertible Debentures (NCDs) on Private Placement Basis

Signature of Shareholder..... Signature of Proxy holder(s).....

Signed this ..... day of ..... 2016

Note:

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

Affix  
Revenue  
Stamp of ₹ 1








# MUTHOOT PAPPACHAN GROUP

TOUCHING LIVES IN MORE WAYS THAN ONE.



Believe in Blue

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• FINANCIAL SERVICES • HOSPITALITY • AUTOMOTIVE • REALTY • IT SERVICES • HEALTHCARE • PRECIOUS METALS • GLOBAL SERVICES • ALTERNATE ENERGY

## MUTHOOT FINCORP LIMITED

CIN : U65929KL1997PLC011518

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