

# Empowering human ambition



Annual Report  
2017-2018

**Blue Soch**  
*Helping millions shape  
their tomorrow*





Blue Soch is the belief that with hard work and determination, one can move mountains.  
And, like the millions of Indians, all of us at Muthoot Pappachan Group believe in it too.  
It is this very belief that helps us empower our customers towards a better tomorrow.

That is why, Blue is Belief.

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Blue is the colour of the sky and the sea.  
It is all pervasive.  
It is all encompassing.  
The sky doesn't distinguish between the big and small.  
It opens out opportunities for everybody.  
The sea is the same for everyone.  
It doesn't change depending on who steps into it.  
It is calm and sure of itself and you.  
It will be there no matter what.  
Blue does not ask to be believed in.

Blue is Belief.

The belief that we can fly higher.  
The belief that there is so much more to achieve.  
The belief that we can truly make a difference,  
bring dignity and independence to millions of Indians.

The belief that we just touched the sky and  
there is an ocean of opportunity before us.

Blue is Belief.





## VISION

To be the most trusted financial service provider  
at the doorstep of the common man,  
satisfying him immediately with  
easy and simple products.

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## MISSION

To provide timely small credit to  
millions of ordinary people,  
and also provide them with  
simple options to save their hard earnings.

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## VALUES

We will do everything  
to gain and maintain the Trust  
of all the stakeholders and  
will not do anything to lose their trust.





## **Muthoot Pappachan**

*(1927-2004)*

### **Founder Chairman**

Muthoot Pappachan was a simple and devout man, who espoused a nine-point formula that stood by him in realising his goals. These points are namely love, peace, happiness, kindness, helpfulness, patience, pleasantness, faithfulness, and self-control.

At Muthoot Fincorp Ltd., these values are quintessential to our being and act as a source of constant guidance.

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### CONTENTS

### PAGE No:

Corporate Information	5
From the Chairman & Managing Director	9
Message from the Executive Director	13
Notice	15
Directors' Report	17
Statement regarding Subsidiary/Associate/Joint Venture Companies pursuant to Section 129 of the Companies Act, 2013- AOC-1	71

### FINANCIAL STATEMENTS

#### *Standalone*

Financial Indicators	73
Independent Auditor's Report	75
Balance Sheet	83
Statement of Profit & Loss	84
Statement of Cash Flow	85
Significant Accounting Policies and Notes to Standalone Financial Statements	86
Schedule to Balance Sheet as required under Paragraph 18 of the Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016	111

#### *Consolidated*

Independent Auditors' Report	118
Consolidated Balance Sheet	126
Consolidated Statement of Profit & Loss	127
Consolidated Statement of Cash Flow	128
Significant Accounting Policies and Notes to Consolidated Financial Statements	129

### ENCLOSURES

Corporate Social Responsibility (CSR)	161
Attendance Slip and Proxy Form	177





## Corporate Information

### *Board of Directors*



**Mr. Thomas John Muthoot**  
*Managing Director*



**Mr. Thomas George Muthoot**  
*Director*



**Mrs. Janamma Thomas**  
*Director*



**Mr. Thomas Muthoot**  
*Executive Director & Chief Financial Officer*



**Mr. R. Kamalasanan Nair**  
*Independent Director*



**Mr. A. P. Kurian**  
*Independent Director*



**Mr. Vikraman Ampalakkat**  
*Independent Director*





### **Company Secretary and Vice President-Corporate Affairs**

Mr. T. D. Mathai

### **Chief Financial Officer**

Mr. Thomas Muthoot

### **Statutory Auditors**

M/s. Rangamani & Co.  
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. Vasudevan Ramaswami	- Chief Operating Officer
Mr. Tojo Jose	- Chief Human Resources Officer
Mr. Sanjeev Kumar Shukla	- Chief Marketing Officer
Mr. Eugene Oommen Koshy	- Chief Purpose Officer
Mr. Joseph Oommen	- Head, Finance & Accounts
Mr. Ninan Varkey	- Head, Risk Management
Mr. A.V Koshy	- Head, Risk Management (Branch Audit & Inspection)
Mr. R. Nadanasabapathy	- Head, Resource Planning







## ANNUAL REPORT (2017-2018)

### 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

#### **Catalyst Trusteeship Limited**

Office No. 83 - 87, 8th floor, 'Mittal Tower'  
'B' Wing, Nariman Point, Mumbai - 400021

#### **SBICAP Trustee Company Limited**

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

#### **CA Mathew Philip, FCA**

Second Floor, PTC Towers,  
Thampanoor, Trivandrum -695001

### Registrar & Transfer Agent

#### **Integrated Registry Management Services Private Limited**

(Formerly Integrated Enterprises (India) Limited)  
IInd Floor, Kences Tower, No:1  
Ramakrishna Street, North Usman Road,  
T Nagar, Chennai-600017

### Bankers

State Bank of India (CAG Branch Chennai)  
The South Indian Bank Ltd.  
HDFC Bank Ltd.  
Axis Bank Ltd.  
ICICI Bank Ltd.  
Kotak Mahindra Bank Ltd.  
The Federal Bank Ltd  
City Union Bank Ltd.  
IDBI Bank Ltd.  
Dena Bank  
Andhra Bank  
IndusInd Bank Ltd.  
Punjab National Bank  
Karnataka Bank Ltd.  
Central Bank of India  
Union Bank of India  
Indian Overseas Bank  
Indian Bank.  
Mahindra and Mahindra Financial Services Limited

The Catholic Syrian Bank Ltd.  
Vijaya Bank  
Bank of India  
Oriental Bank of Commerce  
Corporation Bank  
Canara Bank  
Allahabad Bank  
Lekshmi Vilas Bank Ltd.  
Karur Vysya Bank Ltd.  
Bank of Maharashtra  
Syndicate Bank  
Punjab & Sind Bank  
Yes Bank Ltd.  
United Bank of India  
Bank of Baroda  
Tamilnad Mercantile Bank Ltd.  
Magma Fincorp Limited  
AU Small Finance Bank Limited

### Registered Office

Muthoot Centre, Punnen Road,  
Thiruvananthapuram - 695 039  
Ph: + 91 471 2331427 / 4911400  
Fax: + 91 471 2331560  
Email: [muthoot@muthoot.com](mailto:muthoot@muthoot.com)  
Website: [www.muthoot.com](http://www.muthoot.com)







## *Message from the* **Chairman & Managing Director**



**Mr. Thomas John Muthoot**  
*Managing Director*

The global economy has been on a surge in the recent past. FY-2018 saw positive trends in global growth across most developed and emerging economies. This was accompanied by the normalisation of monetary policy in major economies. The International Monetary Fund (IMF) estimates indicate that real global GDP grew by 3.8% in 2017. This is the highest growth pace over the last six years. Various indicators such as this reflect the positive trend. The global economic recovery is expected to continue further. For the current and the next FY, a strong growth at 3.9% is projected. However, this positive outlook is somewhat clouded. In recent times, differences between major economies on trade issues have led to protectionist measures and counter-measures in some countries. Along with this, rising international crude oil prices and geo-political risks are the other factors which are clouding the positive outlook.

At the same time, Indian economy has emerged strongly from the momentary effects of demonetisation and implementation of Goods and Services Tax (GST). The first half of the FY18 was marked by the adjustment to the demonetisation of high value currency notes and to the introduction of the GST. These structural reforms, by their very nature, are initially disruptive as they unsettle the existing ways of doing business but are healthy for the economy from a long-term perspective. The economic environment has seen a marked shift to a higher growth trajectory in the latter part of the year. The economy has recorded a seven-quarter high GDP growth of 7.7% in the last quarter of FY18. This indicates a positive momentum for the Indian economy. Financial Institutions' credit growth also improved from the post-demonetisation lows. Government spending has played a significant role in boosting growth and demand. The turnaround in industrial production and the capital goods sector is particularly encouraging as it bodes well for revival in investments going forward. The economic growth outlook is positive, with most agencies forecasting higher GDP growth in fiscal year 2019. At the same time, oil prices have risen significantly, which has implications for inflation and external sector parameters. The hardening of interest rates also represents a reversal in the declining interest rate environment of recent years.

India's economic structure and growth make it an attractive market for NBFCs which can cater to the growing needs of both the banked customers and the under-served segment. The outstanding credit of NBFCs expanded at a growth rate of 21.2% (YOY) in FY18, whereas the total Income has grown at 11.9% (YOY) in the same period. NBFC market share of the total organised retail credit stands at 18% (as of date), which was at 8% (5 years ago) and is likely to grow to 20% in the next two years. Penetration of organised/formal lending and other financial services is still rather low and leaves substantial headroom for NBFCs. The implementation of various government initiatives to improve financial inclusion will further support the growth of NBFCs. With private consumption growing at a robust pace and a visible upswing in investments, NBFCs are well positioned to maintain their growth trajectory.





### Muthoot Fincorp Ltd.

#### Financial Snapshot: Performance highlights of the year 2017-18

- > Gross Revenue recorded ₹ **2108.87 Crores**, an increase of **7.45%** (YOY)
- > Profit after Tax registered ₹ **151.53 Crores**, an increase of **30.55%** (YOY)
- > EPS for the year rose to ₹ **7.82** from ₹ **6.22** of last year, an increase of **25.72%**
- > Income from loan increased to ₹ **2094.61 Crores** from the previous year, registering an increase of **7.55%**

Your Company has shown satisfactory growth as compared to the industry and this is the direct result of its obsessive customer-centricity, as envisioned by its Founders and as deeply embedded in the employees. Your Company has been on a definitive path of transformation, which has further given impetus to efficient operations, efficient customer service and innovative products and services leading to overall improvement in productivity and performance.

Last year, your Company had identified four key strategic pillars, viz., Digitalisation, Collaboration, People Development and Profitability to drive the inclusive multi-dimensional growth of the Organisation:

- **Digitalisation:** Your Company had partnered with few emerging Fintech players like Faircent and RemitGuru to expand its footprint in the digital space. Along with this, several initiatives regarding digital service deliveries have been started by your Company. The ball has been decidedly set in motion, though there is a long way to go. We must recognise that given our customer profile, which is largely low income, we have continued and will continue to develop assisted model of our digital services for our customers.
- **Collaboration:** Your Company is well positioned on the collaboration front within the Company and also in terms of collaboration with various Muthoot Pappachan Group Companies. Leveraging the innate strength of the Group Companies and of the multiple financial products produced by them, your Company will endeavour to remain relevant to the customers for their varied needs and requirements, and also will strive to fulfil their life cycle needs and consequently will have not only enhanced business opportunities but will also build a more meaningful, richer and stronger relationship with its customers.
- **People Development:** As stated earlier, your Company has embarked on the path of transformation, both from the perspective of being one of the key pillars to be transformed and also a key driver behind transformation. Human Resources or People Development is one of the four strategic pillars. A completely new function of People Development within HCMD has been started, which will be taking several new initiatives on the People Development front. Quite a number of senior professionals from diverse industries and socio-cultural backgrounds have joined; project arrow brought several new young talents right into the front line.





• **Profitability:** Several steps have been taken to improve revenues, like introduction of new product, viz., Big Gold Loan with unique features. Major thrust has been given towards enhancing the micro trader loans. In order to acquire new markets, your Company has expanded its presence in eastern and northern parts of India. In fact, the Company has made its entry into the North East, with the opening of its branches in Guwahati, the capital city of Assam. The Branch Score Card has been modified and the branch-wise profitability and productivity are now being closely monitored.

### **Blue Soch:**

As part of its transformational journey, your Company has signed up Ms. Vidya Balan, one of the finest actors and a humanitarian, as its Brand Ambassador, and is rolling out Blue Soch campaign. In line with our vision of empowering human ambition of the common man, we salute the heroic spirit of the common man. This heroic spirit, this thought-process and grit of our customers, which drives them to rise above their adversities and carve out a brighter tomorrow for themselves and their families, is what we call the Blue Soch. Our campaign celebrates our customers' Blue Soch and effectively communicates that your Company's products and services are incomparably positioned to help fulfil their dreams and desires.

The current financial year will witness higher growth in the business and the new geographies will be the key driver of that growth. Along with that, your Company is planning to rationalise the operations and product offering and making them more conducive for the business and the customers. With the Blue Soch campaign coupled with the growth momentum of the economy, your Company will experience new heights in the current financial year.

As the Chairman and Managing Director of your Company, I am happy to be part of its journey. I would also like to extend my gratitude to all the stakeholders of the Organisation. I certainly hope to receive further support from you in the future.

sd/-

**Thomas John Muthoot**  
Chairman and Managing Director







## *Message from the* **Executive Director & Chief Financial Officer**



Greetings!

It is your Group's endeavour to be a vital part of various lifecycle stages of our borrowers by catering to a variety of their financial needs at every life-stage. Simplicity and innovation at the product and process levels have remained key to the customer delivery and performance of your Group companies. Implementation of GST and also the slew of measures taken by the Central Government to promote financial inclusion and KYC norms have boded well for your Group companies and made it more efficient to tap into the potential customer base.

After negotiating the demonetisation phase, the Indian NBFC-Microfinance industry has bounced back with strong growth in FY18. The industry saw a 49% increase in disbursements to ₹59,629 crores and a 25% increase in the number of clients to 2.53 crores as on March 31, 2018. (Source: MFIN Micrometer March 2018).

During the year under review, Muthoot Microfin Limited (MML, a subsidiary of Muthoot Fincorp Ltd.) expanded its network of branches and established its presence in 16 States and Union Territories. The Company also recorded high growth during the period. The total loan disbursement for the year ended March 31, 2018 jumped 49.68% to ₹3,036.30 crores as compared to ₹2,028.55 crores in the previous fiscal year. The Company's total revenue for the FY 2017-18 touched ₹459.41 crores as compared to ₹243.85 crores in the FY 2016-17. And, the Company's Assets Under Management reached ₹2,920.29 crores from ₹1,955.86 crores in the previous year, a growth of 49.31% year on year. In the Financial Year 2017-18, the net profit (PAT) climbed 105.2% to ₹76.01 crores, as compared to ₹37.04 crores for the previous financial year. The Company has outstanding debt of ₹1,726.52 crores with over 35 banks, financial and other lending institutions. During the financial year 2017-18, we received net proceeds of ₹1,276.9 crores from direct assignment of 719,934 loan accounts.

Through microcredit facilities we finance various third-party products to enable our borrowers to improve their quality of life. Large quantities of solar torches, mobile phones and water purifiers were funded. Also, finance was provided to groups of women for building community toilets. Apart from providing group loans to women for income generating activities, we also provide individual loans to eligible businesswomen for their business needs. Under this unique scheme, we have disbursed ₹200.7 crores to 42,182 customers in the financial year 2018, with an outstanding loan portfolio of ₹204.35 crores as on March 31, 2018.





## ANNUAL REPORT (2017-2018)

Additionally, in contrast to the downturn in Indian real estate, the affordable housing sector is seeing good growth in line with the Government's 'Housing for All' initiative. The same is reflected in the performance of Muthoot Housing Finance Company Limited (MHFCL, a subsidiary of Muthoot Fincorp Ltd.) which achieved 10000 logins and has seen loan disbursals rise by 61% from ₹212 crores to ₹345 crores in conjunction with expansion of our reach to 8 additional locations during the year under review. The loan book of MHFCL grew impressively by 37% to ₹790 crores, with PAT more than doubling from ₹4.73 crores to ₹9.53 crores. Though the credit linked subsidy scheme under the Pradhan Mantri Awas Yojana increased affordability for borrowers, the challenge to the financing industry may come from scarcity of land in urban areas and state specific issues.

Branches of Muthoot Fincorp Limited, the flagship Company of Muthoot Pappachan Group, remain a vital channel for sourcing and disbursement of loans including those for auto and home financing. Various steps have been taken to digitise and automate processes such as biometric credit checks and KYC authentication. Focus has also been on promotion of cashless disbursement of loans to our borrowers which would also enable us to reduce our operating costs.

Collaboration and synergy among the Group companies of Muthoot Pappachan Group (MPG) remains the strongest forte of Muthoot Fincorp Limited (MFL). MHFCL is expanding its reach by riding on the network strength of MFL, as disbursement from MFL has grown from ₹6 crores to ₹24 crores in the financial year 2018. This has helped MFL increase its 'stickiness' with its customers by fulfilling their life cycle needs. MFL has facilitated millions of its women entrepreneurs to build their livelihood and helped them to elevate their socio-economic standing. Now, as these customers move up the economic ladder, they are passed on to MFL as prospective customers. Given the close working relationship of these customers with MFL, it gives a lot of comfort and confidence to MFL to continue the journey. All such engagements create a far wider and integrated eco-system that MPG manages for the common man.

The 'One Muthoot Experience' would enable uniformity in service and seamless delivery of various products to all our customers. Catering to evolving lifestyle needs of our customers requires us to embrace flexibility and diversification of offerings, while at the same time keeping an eye on delivery efficiency, and performance. With an ever-increasing Assets Under Management, the financial services of your Group like Affordable Housing and Auto Finance, Gold Loan, MSME Business Loan and Microfinance for income generating activities etc., have placed us in an ideal position to serve the needs of those who are unserved and excluded from access to financial services. I am confident that the highly motivated workforce and management teams of your Group Companies would continue to build on current achievements and reach even greater heights.

sd/-

**Thomas Muthoot**

Executive Director and Chief Financial Officer







## ANNUAL REPORT (2017-2018)

### NOTICE TO MEMBERS

Notice is hereby given that the Twenty First Annual General Meeting of Muthoot Fincorp Limited will be held at 10 a.m. on Wednesday, the 19<sup>th</sup> of September 2018 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 2018 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Thomas Muthoot (DIN: 00082099) Director of the Company retiring by rotation and being eligible, offers himself for re-appointment.

Trivandrum  
06.09.2018

By Order of the Board  
sd/-  
**T.D. Mathai**  
Company Secretary

#### NOTES:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies, in order to be valid, must be duly filled in, signed and deposited at the Registered Office of the Company at least 48 hours before the commencement of the Meeting. A form of proxy is enclosed.**
2. 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.
3. The Map showing the route to reach the venue of the meeting is also enclosed.







## ANNUAL REPORT (2017-2018)

### DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to place before you the Twenty First Annual Report together with the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2018.

#### FINANCIAL RESULTS

(₹in Lakhs)

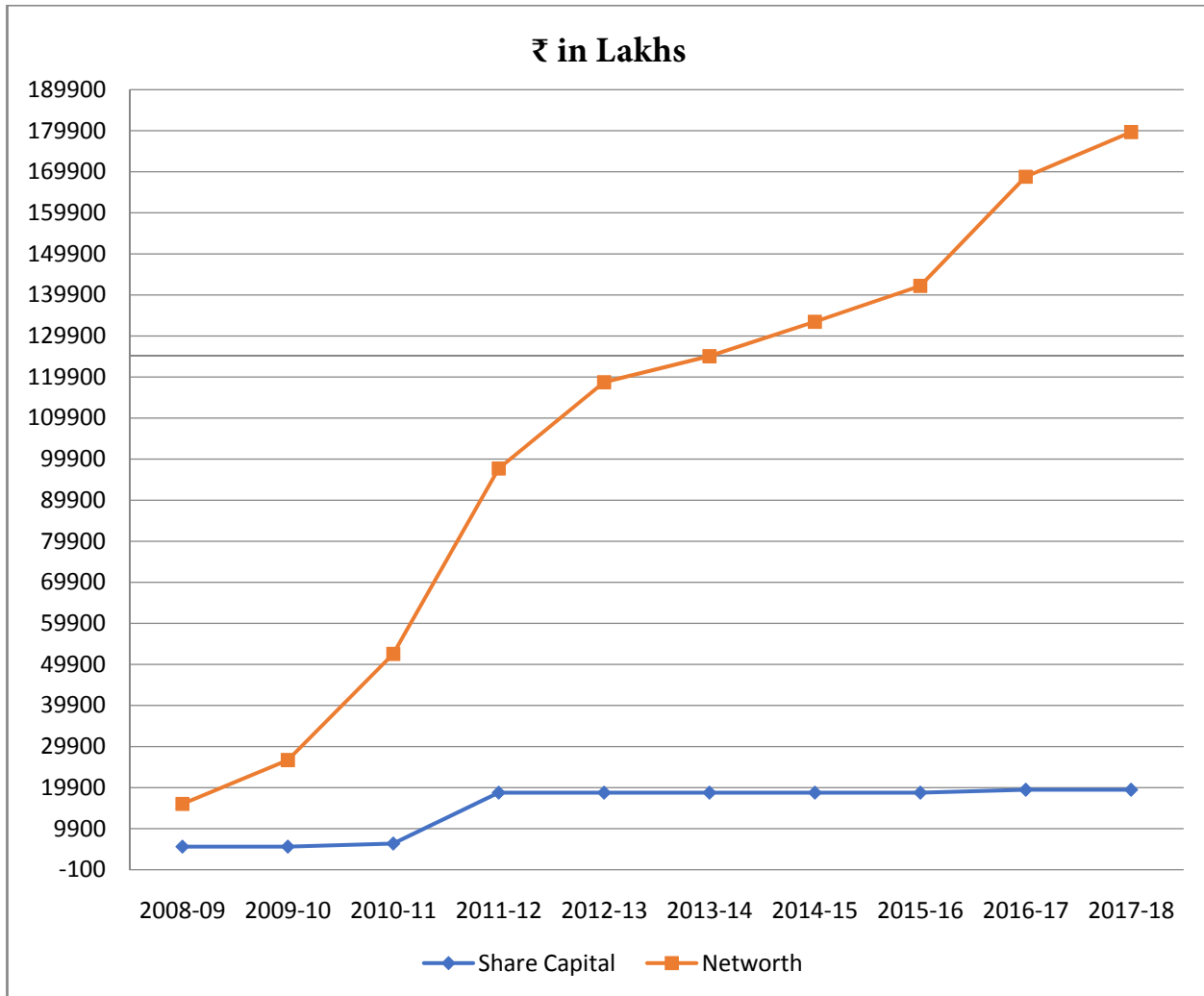
		Standalone		Consolidated	
	Particulars	Current year ended 31.03.2018	Previous year ended 31.03.2017	Current year ended 31.03.2018	Previous year ended 31.03.2017
	Gross Income	2,18,693.46	2,10,459.77	2,72,224.72	2,40,691.08
Less	Expenses	1,99,262.79	1,93,231.93	2,39,756.19	2,17,151.31
	Profit before Tax	19,430.67	17,227.84	32,468.53	23,539.77
Less	Tax Expenses	4,278.08	5,620.78	8,651.71	7,744.12
	Profit After tax	15,152.59	11,607.06	23,816.82	15,795.65
	Earnings Per Share (₹)	7.82	6.22	11.06	8.10
	Reserves & Surplus	1,60,188.36	1,49,343.02	1,92,832.75	1,56,630.33
	Fixed Assets (Net)	53,301.56	56,888.99	56,146.15	59,122.69
	Borrowings	11,85,253.22	10,95,396.43	14,23,601.71	12,55,256.60





### SHARE CAPITAL & NET WORTH

The Authorised and Paid up Share Capital of the Company stood at ₹20,000 lakhs and ₹19,370.56 lakhs respectively. The Net Worth of the Company is ₹1,79,558.92 lakhs as against ₹1,68,713.58 lakhs in the previous year, registering an increase of 6.43%



### DIVIDEND

Your Directors are recommending a dividend of 10.00% of the paid share capital of the Company on a proportionate basis during the year under review.





## ANNUAL REPORT (2017-2018)

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

During the year, the Company proposes to transfer an amount of ₹3,031.39 lakhs to Statutory Reserve. There is a write back of ₹7,629.15 lakhs from Debenture Redemption Reserve.

### OPERATIONS

As on 31 March 2018, the Company had 3,572 Branches spread across 19 States as detailed below and serving about 1,37,000 customers a day on an average.

Sl.No:	State	No: of Branches
1	ASSAM	3
2	ANDAMAN & NICOBAR ISLANDS	2
3	ANDHRA PRADESH	333
4	DELHI	101
5	GOA	10
6	GUJARAT	105
7	HARYANA	60
8	KARNATAKA	547
9	KERALA	872
10	MADHYA PRADESH	33
11	MAHARASHTRA	187
12	ODISHA	32
13	PUNJAB	51
14	RAJASHTAN	51
15	TAMIL NADU	841
16	TELENGANA	245
17	UTTAR PRADESH	42
18	UTTARAKHAND	3
19	WEST BENGAL	54
	<b>TOTAL BRANCHES</b>	<b>3572</b>

The presence of branches in urban, semi urban and rural areas has enabled the Company to ensure last mile connectivity which is crucial for this business. Enabling for providing an ambience for smooth branch operations by ensuring adequate, trained and knowledgeable staff at counters, who are empowered and confident to deal with customers, fine tuning the systems & infrastructure which will help branch personnel to serve the customer quickly, is the utmost priority of Operations.

The total income during the year was ₹2,10,887.13 lakhs from operations and Profit After Tax was ₹15,152.59 lakhs. The total Asset under Management (AuM) was ₹1,14,44,60.19 lakhs. To meet the diverse requirements of the Customers your Company continued its focus in introducing innovative products.

In the last FY 'Project Arrow' was implemented whereby an Organisational restructuring was undertaken. Accordingly, a cluster of 12-15 branches were mapped to one Area Manager who would be the reporting authority for the branch. He would be responsible for all activities of the branches mapped to him be it Business, Operations, HR or Admin. Further the Branch Score Card showing the health of the branch was revamped and AM/RM matrix introduced for close monitoring and review of the respective Area Managers and Regional Managers.

The structural reorganisation and new metrics are primarily aimed to facilitate the BMs, AMs, RMs and the Zonal Head to drive consistent and accountable performance based on agreed goals.





Some of the key initiatives in the last FY were:

- Focus on making all branches profitable.
- More focus to increase walk-in of customers, particularly new customers.
- Upgradation of Branch Performance Score Card system.
- Introduction of new competitive products like 'BIGG Gold loan' to gain momentum in gold loan business.
- Foray into the digital space by launching product 24 \*7.
- Enhancement in limits of SME loans 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.
- C-KYC was successfully implemented.
- Due focus on collection of interest on loan.

## 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, 2018.

## CORPORATE GOVERNANCE

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

The Board of Directors reviewed the Corporate Governance Policy on 8<sup>th</sup> January 2018 and approved the modified Policy (the Policy was originally formulated on 20<sup>th</sup> February 2009).

### Board of Directors

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

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

All the Directors have varied experience and specialised 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 Muthoot** (DIN: 00082099) Executive 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 Muthoot as Executive Director of the Company.

### A) Changes in Directors and Key Managerial Personnel during the year 2017-18.

There was no change among the Board of Directors during the year under report. 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                              |





## ANNUAL REPORT (2017-2018)

### B) Woman Director

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

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

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

### Disclosure relating to remuneration of Directors and Key Managerial Personnel.

In accordance with Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with rules issued there under, the Board of Directors at their meeting held on 8<sup>th</sup> January 2018 reviewed and modified the Nomination and Remuneration Policy of your Company, formulated on 27<sup>th</sup> March 2015. The Nomination and Remuneration Policy covering the Company's policy on appointment and remuneration of Directors, Key Managerial Personnel and other employees including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013 is annexed to this report as **Annexure I**

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

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

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

### Number of meetings of the Board of Directors

8 meetings of the Board of Directors were held during the Financial Year 2017-18 on the following dates:

18<sup>th</sup> April 2017, 9<sup>th</sup> May 2017, 6<sup>th</sup> July 2017, 24<sup>th</sup> August 2017, 13<sup>th</sup> October 2017, 8<sup>th</sup> January 2018, 31<sup>st</sup> January 2018 and 24<sup>th</sup> March 2018. 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, the no. of meetings attended by the Directors 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	8	6	14	7
Mr. Thomas Muthoot	Promoter Executive Director & Chief Financial Officer	7	5	14	7
Mr. Thomas George Muthoot	Promoter Director	7	6	13	7
Ms. Janamma Thomas	Promoter Director	3	0	0	3
Mr. R. Kamalasanan Nair	Independent Director*	8	2	0	0
Mr. A.P Kurian	Independent Director*	7	3	2	0
Mr. Vikraman Ampalakkat	Independent Director*	6	1	2	0

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





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

### Committees of the Board of Directors

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

#### *i. Audit Committee*

The Company has constituted a qualified Audit Committee as required under Section 177 of the Companies Act, 2013 and Para 68 (1) of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

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

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

The main responsibilities of the Audit Committee are:

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

The Audit Committee is comprised of:

Name of the Director	Nature of the Directorship	Designation	No: of Meetings attended
Mr. R. Kamalasanan Nair	Independent	Chairman	7
Mr. A.P Kurian	Independent	Director	7
Mr. Thomas George Muthoot	Non-Independent	Director	6

Seven meetings of the Audit Committee were held on 18<sup>th</sup> April 2017, 9<sup>th</sup> May 2017, 24<sup>th</sup> August 2017, 13<sup>th</sup> October 2017, 8<sup>th</sup> January 2018, 31<sup>st</sup> January 2018 and 24<sup>th</sup> March 2018 during the Financial Year 2017-18.





## ANNUAL REPORT (2017-2018)

### ii. Nomination and Remuneration Committee

As per the provisions of Sec.178 of the Companies Act, 2013 and Para 68 (2) of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has constituted the Nomination and Remuneration Committee (NRC) with the following members:

Name of the Director	Nature of the Directorship	Designation in the Committee	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	2
Mr. R. Kamalasanan Nair	Independent Director	Member	2
Mr. Vikraman Ampalakkat	Independent Director	Member	2

Two Meeting of the NRC were held on 18<sup>th</sup> April 2017 and 24<sup>th</sup> March 2018 during the financial year 2017-18.

### iii. Corporate Social Responsibility Committee

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

The CSR Committee is comprised of:

Name of the Director	Nature of the Directorship	Designation in the Committee	No: of Meetings attended
Mr. R. Kamalasanan Nair	Independent Director	Chairman	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 6<sup>th</sup> July 2017 and 7<sup>th</sup> February 2018 during the Financial Year 2017-18.

### iv. Stake Holders Relationship Committee

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

Name of the Member	Nature of the Directorship/ Employment	Designation in the Committee	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	7
Mr. George Lamannil	Executive Director & General Counsel	Member	13
Mr. Ninan Varkey	Vice President - Risk Management	Member	13

Fifteen meetings of the Stake Holders Relationship Committee were held on 10<sup>th</sup> April 2017, 2<sup>nd</sup> May 2017, 24<sup>th</sup> May 2017, 16<sup>th</sup> June 2017, 6<sup>th</sup> July 2017, 27<sup>th</sup> July 2017, 17<sup>th</sup> August 2017, 19<sup>th</sup> September 2017, 11<sup>th</sup> October 2017, 13<sup>th</sup> November 2017, 5<sup>th</sup> December 2017, 21<sup>st</sup> December 2017, 22<sup>nd</sup> January 2018, 19<sup>th</sup> February 2018 and 22<sup>nd</sup> March 2018 during the Financial Year 2017-18.

Due to the sad demise of Mr. S. Kannan former member of the committee and Executive Vice President on 27.04.2017, Mr Ninan Varky, Vice President (Risk Management) was appointed in his place as a member of the Stake Holders Committee by the Board Meeting dated 09.05.2017.

### Other Committees

In compliance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has also constituted the following Committees.





## i. Asset-Liability Committee (ALCO)

The Company has constituted an Asset- Liability Committee as per Annex XXI Para 6 (1) (b) of the Non-Banking Financial Company-Systemically Important-Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions 2016.

The responsibilities of the ALCO are:

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

The members of the Committee are given below:

Name of the Member	Designation of the Members
Mr. Thomas John Muthoot	Managing Director and Chairman of the Committee
Mr. George Lamannil	Executive Director and General Counsel
Mr. Vasudevan Ramaswami	Chief Operating Officer
Mr. Joseph Oommen	Senior Vice President-Finance and Accounts
Mr. Nadanasabapathy R	Vice President- Resource Planning
Mr. Ninan Varkey	Vice President-Risk Management

## ii. Risk Management Committee

The Company has constituted a Risk Management Committee as per Para 68 (3) of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

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





## ANNUAL REPORT (2017-2018)

### Significant and Material Orders Passed by the Regulators or Courts

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

### Frauds reported to the Audit Committee by Auditors

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

### Disclosures

#### Related Party Transactions

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

The Company has in place a Board approved Related Party Transaction Policy which is attached to this Report as **Annexure IV** and is also available on the Website of the Company at [www.muthootfincorp.com](http://www.muthootfincorp.com).

#### Vigil Mechanism / Whistle blowing Policy

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

The Policy provides for adequate safeguards against the victimisation of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The details of Policy are 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 provisions contained in Chapter VI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

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 issued PDIs worth ₹12,000 Lakhs. The amount outstanding at the close of the Financial Year under PDIs was ₹26,400 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 22.20% as on March 31, 2018, consisting of Tier I Capital of 14.59% and Tier II Capital of 7.62% which is above the statutory requirement.





## ANNUAL REPORT (2017-2018)

### 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	2,90,097
Outstanding Amount (₹Lakhs)	
Principal	77,691.66
Interest	21,166.99
Value fetched under auction	98,858.65
	99,698.61

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-VIII** 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	9,52,68,562.29	76,00,68,203.00	1,10,85,592.76
Share of profit/(loss) due to the Company	7,49,91,446.15	53,65,59,626.93	66,51,355.65
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.





## ANNUAL REPORT (2017-2018)

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

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

Nil

### STATUTORY AUDITORS

As per the provisions of Section 139 of the Companies Act, 2013 M/s. Rangamani & Co., Chartered Accountants, 17/598, II Floor, Card Bank Buildings, West of YMCA Bridge, Alleppey-688001 was appointed as the Statutory Auditor of the Company at the Annual General Meeting held on 25<sup>th</sup> September 2017 to hold office for a period of five consecutive years from the conclusion of the Twentieth Annual General Meeting to the conclusion of the Twenty Fifth Annual General Meeting. They have confirmed their eligibility to the effect that their re-appointment would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

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

### 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 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is attached to this report as **Annexure V**.

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

### EXTRACT OF ANNUAL RETURN

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

### FORMAL ANNUAL EVALUATION

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

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

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

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

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace 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 2017-18.

No. of complaints received	: 4
No. of complaints disposed off	: 4





### INTERNAL FINANCIAL CONTROLS

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under report the Company achieved significant milestones on the CSR front. MFL being the flagship Company of the Muthoot Pappachan Group is in a pioneering role in implementing the CSR activities of the Group. Muthoot Pappachan Football Academy has started its magnificent journey and Muthoot Pappachan Academy for Skills Development started bringing in employable young people to the career mainstream adding productive citizens, all during the year under report. The flagship project 'Smile Please' providing comprehensive cleft surgeries have touched 1534 safe surgeries reaching out to 12 states and 10 lakh people. The project is noted for the active engagement of staff members and other stakeholders and it has been acknowledged by Indian Institute of Corporate Affairs (IICA) as one among the 11 best CSR projects in the country. Muthoot Pappachan Foundation (MPF) is facilitating the planning and implementation of the CSR initiatives of the Company.

The following key CSR initiatives were undertaken during the year:

#### Health

- Smile Please, the free comprehensive cleft surgery programme is the flagship CSR project of the Company, through which it is extending support to children and youngsters with congenital cleft issues. During the FY 2017-'18, through the programme spread across 12 states the Company provided surgeries for 415 patients from deserving backgrounds. Total surgeries accomplished as part of the project across these states are 1534 as of Mar 2018.
- "Muthoot Life Blood Directory" the first of its kind organised by a Corporate entity has now a strength of 61,012 registered donors. 2834 patients were supported with blood at emergency, adding on to Country's voluntary blood pool.
- Aashiana Centre for Physical Medicine and Rehabilitation (PMR) started functioning at Mulanthuruthy helping people in wheel chairs to become self-sufficient. Professionals are on board and are facilitating the Centre establishment in a steady mode.
- Treatment Support were provided to 47 patients from disadvantaged sections of the society. Supports were given to patients suffering from cardiac problems, kidney ailments, cancer and ailments with other chronic diseases.
- A short film for Child/ Adolescent Awareness on physical abuse was produced by - Bodhini Metropolis Charitable Trust.

#### Education

- Muthoot Pappachan Academy for Skills Development has started functioning at Cochin. Through the Skills Academy, the company has invested in education and livelihood as we believe that the need of the hour should be identifying deserving young population enabling them in employability and making them ready to contribute through their careers.
- Supports are extended by the company for students from deserving backgrounds to continue their academic pursuits.

#### Livelihood

- The vocational training programme in partnership with Aide et Action project during the year under report have come up with 3 batches in Hospitality at Trivandrum Centre and 3 batches in Two-Wheeler Automobile







## ANNUAL REPORT (2017-2018)

Technology at Cochin. Seats are offered to candidates from deserving backgrounds enabling them to pursue the course free of cost and then find a livelihood. 90 students passed out from Hospitality trade and 90 from Automobile trade and all of them got placed in various Companies.

- Muthoot Pappachan Centre for Excellence in Sports, a Section 8 – Non-Profit company has been established and started functioning based at Cochin. All the sports initiatives supported through CSR for providing training for budding sports talents from deserving backgrounds are coordinated through this Division. Following are the programmes organised under the auspices of the sports division.
  - Muthoot Football Academy- The aim of the initiative is to encourage and train youngsters who have the passion and skills for football and scout for young football talent from the country, at an age in which they can be moulded and trained to become some of the finest footballers in India. Located in Kochi, the Academy brings international coaching and training facilities through a curriculum prepared by foreign coaches. The programme is unique as it puts vital emphasis on high-quality education apart from professional football training, good nutrition, healthcare, life skills and also training for a career in sports.
  - Ernakulam Cricket Club – ECC is continuously supporting professional coaching in Cricket to the budding talents and also provide them opportunities to play in professional matches. Special attention is given to include aspiring players from challenging backgrounds.
  - Supports for Nationally and Internationally graded Badminton players for training and attending competitive matches. Currently three players are supported through this scheme.

### Environment

- Support was extended for an Innovative Solid Waste Management plant at Cotton Hill School, Trivandrum. The plant is self-sustainable and is functional, catering to the requirements of the school as a model suited for limited space premises. Follow up activities are done by the company to ensure the sustainability of this project.
- Another green practice initiative is successfully going on, calling back all the used flex (Vinyl) banners from the branches and making grow bags out of it. The grow bags are used for promoting urban farming where our employees also are actively engaged.

During the year the Company has spent ₹470.73 Lakhs on CSR activities.

The Annual Report on CSR activities is attached vide **Annexure VII**

### RISK MANAGEMENT

#### Overview

The Company is in the business of retail lending through its branches located across India and is exposed to risks that are inherent to the sector in which it operates. The comprehensive risk management processes the Company has put in place ensures that the risks are identified and managed on a timely basis.

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

#### Risk Management Framework

- **Board of Directors**

The Board of Directors have the responsibility of oversight of the corporate governance and overall risk management. The Board approves and periodically reviews the Company's tolerance for risk, determines that the capital level is adequate for the risks assumed and approves risk policies.





### • Risk Management Committee

The Board of Directors has constituted the Risk Management Committee, whose charter outlines the delegated roles, responsibilities and powers and the procedures for convening the meeting of the Committee.

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

Level	Key roles and responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>Corporate governance oversight of risk management</li> <li>Approve and periodically review the tolerance for risk by approving limits and risk policies</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, monitors and reports risk</li> <li>Examining and determining the sufficiency of the Company's internal processes for managing key risk areas.</li> </ul>
Risk Management Department	<p>The Risk Management Department (RMD) is headed by two Vice-Presidents- Risk and assisted by executives. They monitor the various risks associated with the business activity of the Company. The RMD's mission is to minimise the risk of loss to the Company by identifying the source of credit risk, operational risk, market risk and residual risks inherent in products and process, devising strategy and control measures to contain and manage exposure to risk.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> <li>Implementing the risk policies approved by the Board.</li> <li>Managing Branch Audit and Inspection.</li> <li>Responsible for 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>
Business and Operations 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>Managers are expected to understand the risks at the unit level and take measures to address them in consultation with the Risk Management Department.</li> </ul>

### Branch Audit and Inspection

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

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

### Corporate Internal Audit

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







### Risk Materiality

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

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

Individual branches are rated on its operational risk level through Audit Score Card methodology. Risk based audit is conducted based on the branch risk rating.

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

The Companies (Accounts) Rules, 2014 regarding:

- (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 ₹17.45 Lakhs.

### DISCLOSURE OF MAINTENANCE OF COST RECORDS

Maintenance of Cost Records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.





## ANNUAL REPORT (2017-2018)

### 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 place on record their gratitude 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 and Vendors for their continued support, co-operation and guidance. The Board also places on record its gratitude to the Shareholders and Customers for their continued support, patronage and goodwill. The Board further places on record its appreciation of the valuable services rendered by M/s Rangamani & Co., Statutory Auditors. The most important pillar of the Company is its personnel, more so in case of a service organisation. The Company places on record its sincere appreciation for the dedicated services rendered by its employees at all levels.

Thiruvananthapuram  
Dated: 06.09.2018

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





### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Business Environment

As per first advance estimates released by Central Statistics Office (CSO), after registering GDP growth of over 7 percent for three consecutive years, Indian economy is headed for somewhat slower growth, estimated to be 6.5 percent in 2017-18. This is slightly lower than the range of 6.5 percent to 6.75 percent being currently projected based on recent developments. Even with this lower growth for 2017-18, GDP growth has averaged 7.3 percent for the period 2014-15 to 2017-18, which is the highest among the major economies of the world. The fact that this growth has been achieved along with lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio makes it even more creditable. In addition to the introduction of GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalisation of FDI etc., thus strengthening the momentum of reforms.

The performance of the banking sector, and in particular the Public-Sector Banks (PSB), continued to be subdued in the current financial year. The gross non-performing advances (GNPA) ratio of Scheduled Commercial Banks increased from 9.6 percent to 10.2 percent between March 2017 and September 2017. On the other hand, GNPA of Non-Banking Financial Companies (NBFC) stands at 5.2% on Sep17 and is expected to remain 5-5.5% in FY18, remarkably less than half of GNPA for PSB. At the same time, Non-Food Credit (NFC) for banks grew at 8.9 percent in November 2017, as compared to 4.8 percent in November 2016. 'Bank credit lending to Services' and 'Personal loans' segments continues to be the major contributor to overall NFC growth.

Since banks are grappling with a mountain of bad loans for quite some time now, NBFCs are better placed to make the most of this opportunity. The factors which seem to have helped the NBFCs to grow are:

- NBFCs often have deep regional reach, which they leverage to build robust relationships with their target customer base.
- Owing to the challenges they face in sourcing credit from traditional banking institutions, domestic businesses, as well as, individuals are increasingly turning to NBFCs to meet their funding needs.
- Most NBFCs, whether online or offline, leverage alternative and tech-driven credit appraisal methodologies to gauge the creditworthiness of prospective borrowers.

As on Sep-17, the total retail credit for India stood at INR 31.5 trillion. Its growth rate had dipped after Sep-16 during demonetisation and has remained lower. Q2 of FY 18 has seen an upward trend in the growth and YoY growth as on 30<sup>th</sup> Sep-17 was at 18%. Overall retail credit is expected to grow at 16-19% in FY 18 and about 17-19% over the period of FY19 & 20. This growth will be primarily driven because of only 20% penetration of retail credit which is expected to go up. NBFC retail credit stands at INR 6.6 trillion (6.6 lakh crore) as on 30<sup>th</sup> Sep-17. It has grown by 16% in Sep-17 YoY as against 15% in FY17 and 19% in FY16. It is noteworthy that, NBFC market share of the total organised retail credit stands at 18% which was at 8% (5 years back) and is likely to grow to 20% in the next two years.

Overall, with global growth likely to witness moderate improvement in FY19, expectation of greater stability in GST, likely recovery in investment levels and ongoing structural reforms should enable higher growth in the economy. On balance, country's economic performance should witness an improvement in 2018-19.

#### Industry Structure and Development.

##### Gold Loan

In India, gold has traditionally been a liquid asset and universally accepted commodity with continuous value appreciation over the decades. The yellow metal enjoys a special connection with Indians in terms of financial security, social status and rich cultural legacy. Thus, it is no surprise that India is one of the largest consumers of gold with an estimated total stock of over 2300 tonnes in the calendar year 2016 (India gold market: evolution and innovation, World Gold Council (WGC), January 2017), majority of which is with households. With the country's growing population and





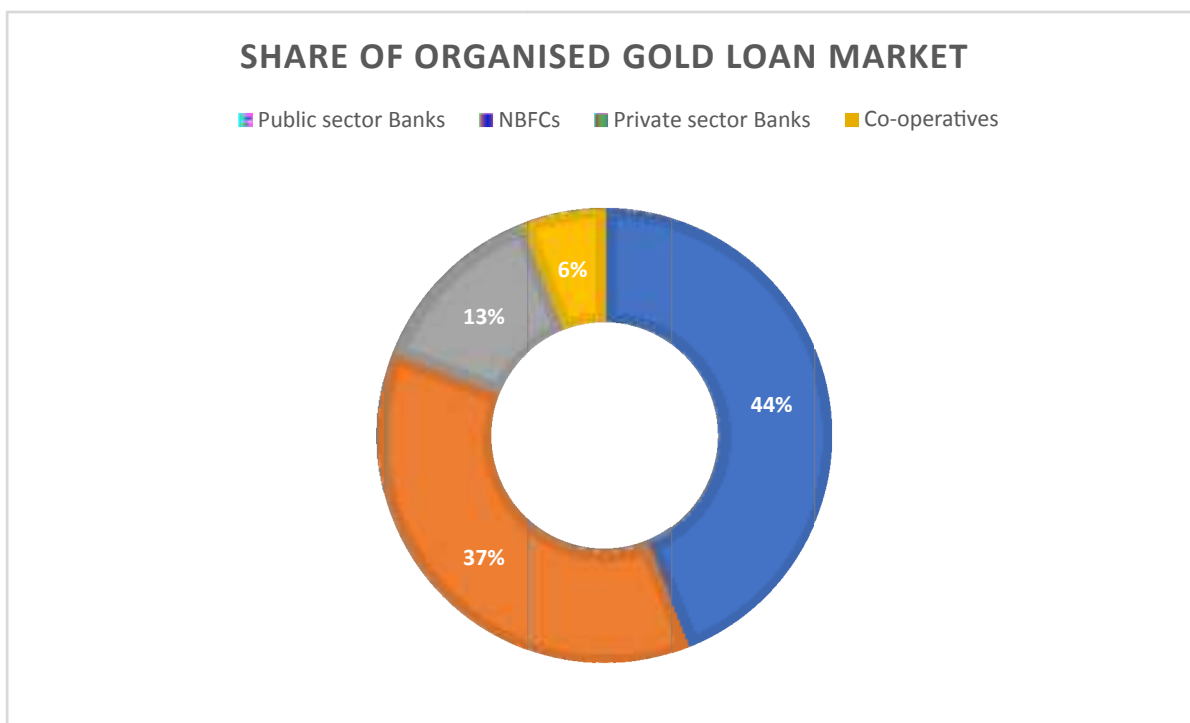
ever increasing disposable income, WGC expects the average demand to reach around 850 to 950 tonnes per annum by 2020 at an annual growth rate of a whopping 35 percent, with two-thirds of this demand coming from the rural market.

With the emotional, aspirational and cultural values associated with household jewelry, people rarely sell their gold to meet their immediate financial need. With customer-centricity at the core, some of the NBFCs have made taking gold loans, really simple & easy process. Gold is also safe & secure and the customer duly gets his/her ornaments back. Pledging their gold ornaments as collateral to secure a short-term loan, therefore, is increasingly getting accepted. In fact, Gold's worth as a liquid asset too, continues to be strengthened.

At a broader level, there are mainly two categories of gold loan lenders:

- Formal sector: Banks, NBFCs, Co-operatives
- Informal sector: Pawnbrokers, local moneylenders etc

As per WGC estimates, the informal lending sector holds the lions share, accounting for nearly 60-70% of the total gold loan market. The value of organised gold loan market in FY16 was ₹1,96,600 Crore and the share of NBFCs in the same was 37%, which amounts to ₹72,800 Crore. The distribution of organized gold loan market is broadly as under (Source: KPMG report)



### Growth drivers for Gold Loan:

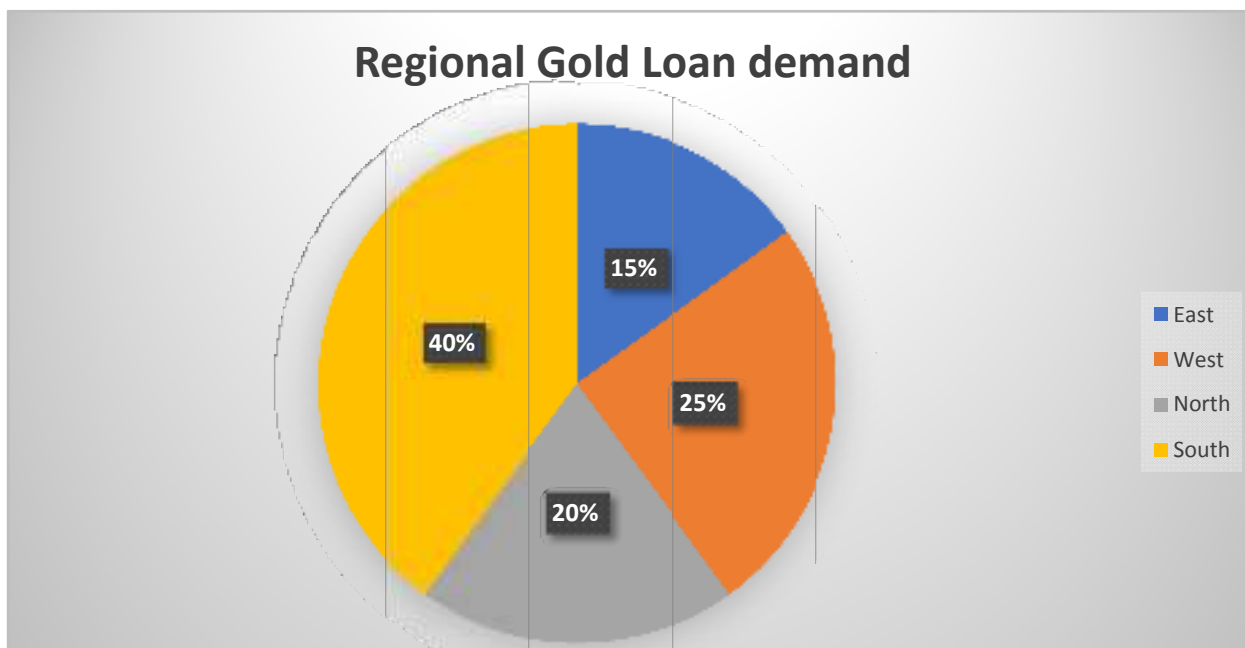
- Exclusion of a large swathe of population from mainstream personal and retail loan by scheduled banks: Credit score undermines one's ability to get normal loans during the distress period. This is the situation faced by a large portion of the Indian population engaged in farming and other allied activities in rural areas.
- Economic correlation: As per WGC, 1% increase in income boosts the gold demand by 1%. As majority of gold loans' transaction are still in the informal lending sector, headroom & opportunity for formal lending sector, like Banks & NBFCs, is immense.
- Changing cultural mindset towards gold loans: It is not only the rural communities who are willing to put the





household jewelry in the market. Now acceptance towards using family gold for financial need is increasing in the relatively untapped urban market. Use of assets like gold for quick & easy loans to meet household exigencies was always there; now, household gold is being used for planned investments as a means for socio-economic betterment and thus, gold loans will continue to witness upward movement.

- Geographical demand: the untapped markets in west and north have almost 45% of total gold in India with minimum credit penetration. The distribution of gold loan demand is as follows: (Source KPMG report)



- Flexible terms at which gold loans are being made available (quick disbursal, bullet payments, varied tenures, etc).
- Lower default rates: typically varies from 1-2%.
- Other growth drivers: Increased cost of living, urbanization, lowering interest rates, high rural indebtedness.

### MSME

Micro, Small and Medium Enterprises (MSMEs) have emerged as a highly vibrant and dynamic sector of the Indian economy. The MSME sector is a critical part of India's growth machinery. As per the estimates for the year 2012-13, about 36 million MSME enterprises across different industries employ over 80 million people. In addition, the MSME sector accounts for ~45% of total manufacturing output and contributes well over 8% of India's GDP. MSMEs play a critical role in providing large scale employment opportunities and facilitate inclusive growth. They are vital for overall socio-economic development of the country. With the government's impetus on manufacturing sector to create jobs and revive economic growth in the country, we expect the MSME sector to grow well-above GDP growth rate, over the medium term.

Muthoot Fincorp Limited (MFL) offers an innovative suite of loan products and solutions to MSMEs for meeting their business and growth requirements. The Company's long-standing experience of partnering with small traders has enabled it to develop non-traditional techniques for assessing credit risks. These techniques are unique and provide appropriate solutions customised to the needs of the consumer. The company has activated all its branches across India to assist MSMEs.





As per ICRA report, the credit to MSMEs is expected to grow at 12-14 percent over the next five years, helped by higher lending by NBFCs to the segment.

In fact, NBFC and Housing Finance Companies are expected to expand remarkably at about 20-21 percent compounded annual growth rate (CAGR) in this space during the period, while bank credit to this segment, which accounted for about 84 percent of total MSME credit, is estimated to grow at a lower CAGR of 9-11 percent, according to the report by ICRA. “Non-banks share in the MSME credit pie should expand to 22-23 percent by March 2022 compared to 16 percent in March 2017. Reflecting the efficacy & impact of customer-centric product & service innovations at NBFCs, such as MFL in the MSME space, a senior ICRA official was quoted as saying: “Non-banks, with their niche positioning, differentiated product offering, good market knowledge and large unmet demand, would be able to grow at a healthy rate vis-a-vis banks”

### *Headwinds and tailwinds*

#### **Geographical reach:**

Opportunities in the Indian rural market have always driven the company to expand its presence through its branch network and also leverage technology for sustainable growth. As on March 31, 2018, MFL has close to 3600 branches, mostly in rural and semi-urban locations. The company continued to increase its national footprint during fiscal 2018. It has included North-East in its network of branches with new branches in Assam.

#### **Customer Service**

The Company is concentrating on ‘customer delight’ by providing better and faster customer service at their doorstep. The company offers customised financial products and services to meet the financial requirements of a range of customers including farmers, traders as well as rural entrepreneurs among others. New initiatives taken to enhance the customer service are:

- 24x7: This year, your Company has introduced a completely new way of disbursing Gold loans to its valued customers. 24x7 ‘simple SMS based’ Express Gold Loan (EGL) Service, is a path-breaking, first of its kind service in India. All Stakeholders of MFL, must indeed, feel proud and joyous for launching such a pioneering & innovative customer-centric Service.
- 24x7 EGL service will enable our customers to avail top-up on their existing loans booked under the various schemes, by simply sending an SMS. The SMS trigger, sent during any time from the customer’s registered mobile number, will be considered as a loan request and the system will automatically and instantly disburse the loan amount to the customer’s pre-registered bank account, subject to eligibility. Customers can register for this value-added service without any charges at MFL branches. What’s more, this service is easy to adopt; even by using a feature phone and does not require internet connectivity.
- Good credit behaviour: To incentivise and promote the timely repayments of loan instalments, MFL has introduced the diminishing interest rate if the customers have paid promptly for a particular period. This would reduce the interest burden on the customers and would help them to plan the finances effectively.
- MFL’s business strategy focusses on servicing the financial needs of Micro segment in the MSME Pyramid. This stratum can be broadly termed as the “unbanked segment” when it comes to financial inclusiveness. This segment needs daily cash flows and have daily obligations against those cash flows. MFL’s MSME programs are tailor-made to map the customers cash flows and coupled with a daily collection system at customer’s door step. This product cum service approach is very convenient for the customers who are running small time shops, trading services or are street vendors to name a few.

**Smart branch:** MFL has introduced Smart Branch concept. Driven by Technology, the thought is to provide the walk-in customer to MFL branch with complete convenience of being able to manage all his/her Payments & Transfers needs from the branch itself, while completing his/her loan transactions. To facilitate better and enhanced services, the Company has introduced various services like, AEPS and BBPS as part of Payments and other value add services.





- **Aadhaar Enabled Payment System (AEPS):** Digitisation is one of the core pillars of MFL (other pillars being Collaboration, People Development & Profitability). To further this cause MFL is rolling out AEPS for the customers at its Branches. AEPS is being driven by the National Payments Corporation of India (NPCI).

AEPS will give MFL a competitive edge by facilitating instant payments to everyone having an Aadhaar linked bank account, thereby expanding our digital footprint. This could be a breakthrough in the market since all the conventional banks are cutting down on their ATM investments and looking out for micro ATMs and similar cash-out solutions which are cost efficient and convenient for all parties involved.

MFL has presence in remote locations where banking facilities are scarce, and it would be a value-added service for the customers, helping them to access their bank account remotely from its branches. This being a free of cost service to the customers (as per the prevailing NPCI guidelines), it has the potential to get more footfalls in branches and serve them to the fullest when it comes to their banking needs. The target customer base is huge as Aadhaar penetration in our country is very high and banks are making it mandatory to link Aadhaar with bank accounts.

- **Bharat Bill Payment System (BBPS):** BBPS service has been running successfully in branches. Through this assisted model, the customers can make their bill payments for utility service categories like Electricity, Water, Telephone, DTH, Gas connection etc.

BBPS is a Reserve Bank of India (RBI) conceptualised system driven by National Payments Corporation of India (NPCI). It is a one-stop payment platform for all bills providing an inter-operable bill payment service to all customers across India with certainty, reliability and safety of transactions. The number of billers in BBPS network is growing month on month, and going forward the biller categories may be expanded to include insurance premium, mutual funds, school fees, institution fees, credit cards, local taxes, invoice payments etc.

MFL can play a vital role in this ecosystem through its vast network of branches. For customers, especially in rural areas, it is a tedious task to pay their utility bills by visiting different biller institutions. It is the duty of MFL to recognize such customer needs and bundle these services along with its core products, which will aid customer stickiness too. Also, this service has the potential to get more footfalls to MFL branches (even untapped customer segments).

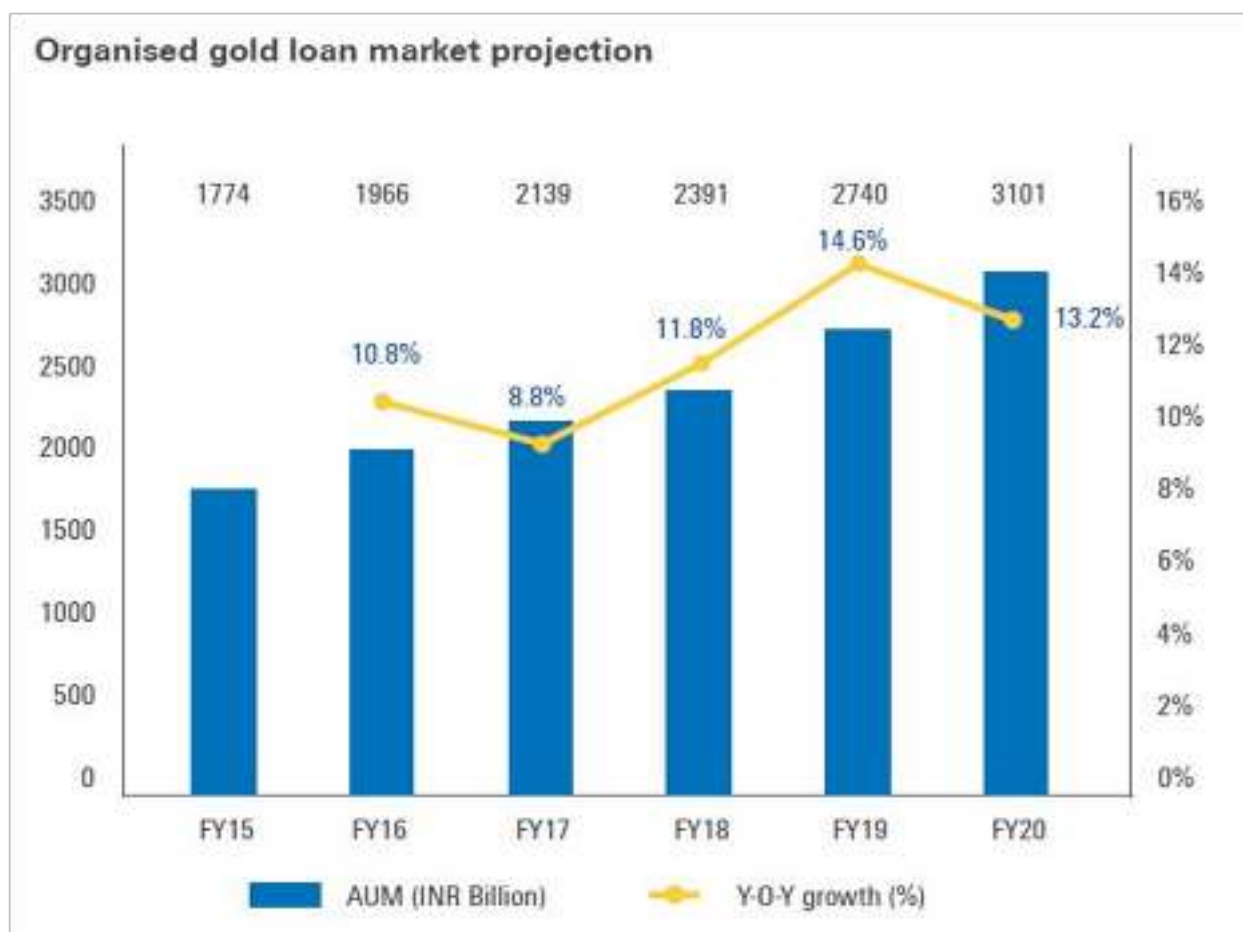
- **Rupee Remittance:** MFL has been supporting the domestic money transfer aspirations of the common man for a while now. This service is quite popular among the masses especially with migrant labourer and people living in remote areas with limited banking facilities. MFL has empowered the common man by providing him/her with an opportunity to send money to his/her near and dear ones even during off banking hours and most bank holidays for a nominal fee. Now MFL has built its own platform which will be called “Rupee Remittance” and will be much more seamless and friendly when it comes to money transfer and KYC. The same platform will incorporate more financial/remittance features in the future.

### Gold Loans

According to KPMG report INR 3,10,100 Crore is the likely size of total organized sector by 2020 at CAGR of 13.17% and the growth rate for FY18 is 11.8%. The outlook is as follows:







### **Income Profile:**

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

### **Secured Loan**

The main business of your Company is to provide loan on the security of gold (Gold Loan) to the Customers. Income from Gold Loan is 85.63% of the total income of the Company. Income from other secured loans is 1.06 % of the total income.

### **Unsecured Loan**

Income from unsecured Loan is 9.10% of the total income of the Company.

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

Income from Forex operations and Money Transfer Business forms about 0.65% 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 MWs from 19 Wind Turbine Generators. 414.17 lakhs units of electrical energy were generated by the Wind Turbine Generators contributing to about 0.55% towards the Total Income of the Company.







## ANNUAL REPORT (2017-2018)

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

<b>Interest from secured loans</b>	:	increased by 18.72% to ₹1,89,568.74 lakhs
<b>Interest from unsecured loans</b>	:	decreased by 43.30% to ₹19,892.65 lakhs
<b>Revenue from Forex operations</b>	:	decreased by 23.22% to ₹285.87 lakhs
<b>Revenue from MTSS operations</b>	:	increased by 0.33% to ₹1,139.87 lakhs
<b>Revenue from Operations</b>	:	increased by 7.45% to ₹2,10,887.13 lakhs
<b>Other Income</b>	:	decreased by 44.98% to ₹7,806.33 lakhs

Other income of FY 2017-'18 was comparatively less than that of FY 2016-'17 mainly due to absence of write back of provision available in the earlier years.

<b>Total Revenue</b>	:	increased by 3.91% to ₹2,18,693.46 lakhs
<b>Employee Benefit Expenses</b>	:	increased by 3.72% to ₹38,632.34 lakhs
<b>Finance Cost</b>	:	increased by 3.48% to ₹1,12,893.91 lakhs
<b>Depreciation and Amortisation</b>	:	decreased by 8.81% to ₹7,078.60 lakhs
<b>Other Expenses</b>	:	increased by 3.91% to ₹40,657.94 lakhs
<b>Total Expenses</b>	:	increased by 3.12% to ₹1,99,262.79 lakhs
<b>Profit before Tax</b>	:	increased by 12.79% to ₹19,430.67 lakhs
<b>Profit after Tax</b>	:	increased by 30.55% to ₹15,152.59 lakhs
<b>Earnings per Equity Share</b>	:	increased by 25.72% to ₹7.82

### *Resource Mobilisation:*

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

The Banks and other Financial Institutions are providing timely loans at competitive rates. The total amount outstanding against Secured Loans availed by the Company at the end of the reporting year was ₹9,22,204.67 Lakhs as against ₹8,61,555 Lakhs in the Previous Year. The details of Secured Loans outstanding during the years 2017-'18 and 2016-'17 is given below:

(₹ in Lakhs)

	<b>Particulars</b>	<b>2017 - 2018</b>	<b>%</b>	<b>2016 - 2017</b>	<b>%</b>
<b>A</b>	From Banks				
	Term Loan	15,332.10	1.66	4,283	1
	Working Capital Loan	8,47,090.63	91.85	7,17,609	83
<b>B</b>	From Others				
	Secured Debentures	55,581.72	6.03	1,30,709	15
	Term Loan	-		15	0
	Interest payable on loans	4,200.22	0.46	8,939	1
	<b>Total</b>	<b>9,22,204.67</b>	<b>100</b>	<b>8,61,555</b>	<b>100</b>

Your Company did not issue Secured Debentures during the year under report. The total Debentures outstanding as on 31 March 2018 was ₹55,581.72 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 ₹240,848.77 lakhs.

### *Human Resources*

In a business environment where “people” are the key differentiators, Human Resources department will continue to play a key and significant role in ensuring that your Company is an employer of choice in its businesses.

The Department of Human Resources plays a strategic role in engaging with employees at all levels, keeping them motivated to drive performance excellence aligned to the values and ethos of the company. In line with the Company's objective to build and develop the capability of its people to acquire higher skills and expertise, continuous effort has been made to attract, develop and retain talent. 4635 employees were added during the FY including fresh and replacement hiring, making the total employee base to 15,693 as on 31<sup>st</sup> March 2018. To continue to promote internal talent, the department provided Internal Job Progression at multiple levels across the company during the Financial Year under report.

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

To bring in more transparency and objectivity in the performance management process, the Key Result Areas (KRAs) and Key Performance Indicators (KPIs) were discussed and signed off by all the employees, including the branch employees, in consultation with their Reporting Managers (RMs). To identify and reward talent, the Company rolled out talent identification and recognition initiative “Employee of the Quarter (EoQ)” to the Branch based employees also during the year.

The Leadership Development Programme – “VIBHAVANA” for intake of fresh talent from Campuses of repute, has advanced to its succeeding edition this year acquiring young and promising talent from top tier 1 and 2 B-Schools pan India, including IIMs. “VIBHAVANA” continued to be nurtured by the expert panel of Muthoot Pappachan Group (MPG) mentors, imparting the campus recruits with live business scenarios and projects, along with CSR activities, thus aligning them with the objectives of the MPG. The Company has taken Summer Interns during the year under report also from some of the best Institutes pan India. The interns are assigned to “live” projects that will enable them to gain corporate exposure. The Company benefits from the outcome of these live projects, thus making it a win-win. This is also with an intent to “brand” MPG in campuses of repute, thus enhancing our ability to attract fresh talent, who could be moulded into leadership pipeline for the future.

### **New initiatives rolled out during the year under report:**

1. Increased Mediclaim coverage by including dependent parents based on grades without cost to the Company.
2. Life Insurance facility (shared basis) for employees.
3. Competency Based Interviewing and Psychometric Assessment.
4. Completed the Succession Planning (PROJECT JANUS) for all the Senior Leaders superannuating in near future.
5. Designed ESOP.
6. Variable pay will be rolled out to all employees effective from FY 19.
7. 18 New policies were approved and updated in HRMS – in the continuing efforts to keep the policies aligned to market.
8. Compensation & Benefits benchmarking, to benchmark the salary to the market.





### Employee Engagement Activities Rolled out:

#### HO Specific

- Bud Buddy program was launched to quickly and effectively integrate the newly joined Management Trainees into the system.
- Dr Reddy's CSR talks on health issues.
- Valentine's day initiative under the theme: Loving, Caring and Sharing - personal messages written by employees to the soldiers of the Indian Army was delivered to the army camp.
- Christmas celebration – along with Secret Santa.
- Onam celebration.

#### REGION Specific

- Onboarding mentoring pilot launched to quickly bring the new joining Area Managers up to pace.
- Christmas celebration.
- Regional specific festival celebrations.
- 48 branches declared as Royal Blue and the felicitation ceremony was conducted for these branches pan India.
- Appreciation week.
- Doctor Insta was launched in May 2017. Total appointments by employees in Dr Insta is 948. Employees have saved 3311 hours and the average rating is 4.5.
- Employee of the Quarter was declared, and the felicitation ceremony was conducted for 3 quarters for the FY 2018.
- Employee of the Quarter – Zone was declared, and the felicitation ceremony was conducted for 2 quarters for the FY 2018.
- Quarterly Townhall was introduced on 1<sup>st</sup> Jan 2018 with an objective to communicate to the employees the new development and thrust of the company and to address the queries from employees and clarifications directly by the Managing Director and ManCom members.
- Fun at work rolled out on 21<sup>st</sup> Mar 2017 and completed for the FY 2018.
- Blue Waves was conducted on 26<sup>th</sup> Jan 2018.
- Employees' Wards (Children) and Sibling-Scholarship (Education), Sports and Skill Enhancement Program (SSSP) was launched on 16<sup>th</sup> June 2017 and scholarships were awarded to 33 wards of the employees.

### Organisational Development

#### Key Strategic Initiatives

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

OD has the goal of providing minimum of three trainings to every employee - of this two must be refresher technical trainings and one must be on behavioural aspects.

**Induction Program:** Gurukul – Induction training is provided to all new joiners to acquaint them with the Group, its activities and the products of the Company along with understanding on processes, regulatory aspects including training on handling customers etc. The Company provided Gurukul training for 4057 new joiners both at the Branches and the Corporate office.





**E-learning Module –Learning Management System** –A compulsory online learning module for all employees at all grade levels up to Regional Manager has been developed in-house by the IT team concentrating on Products, Processes, General - Regulatory / Statutory norms and behavioural areas. Two new features of the LMS platform were launched, i.e., Video e-Learn platform wherein staff can refer videos for understanding process or operations and the Manual of Instructions (MOI) in LMS.

### Refresher Training

Two refresher trainings were introduced for entire Branch staff, the first one on MPG Vision, Mission and Values, SME Suvarna, Fincor and UCIC, Investment products & Health and general insurance, covering 11,613 staff in 92,904 man-hours and the second one on Branch Score Card, Audit Score Card, Branch Profitability, Lead 360 & SME credit assessment and documentation training covering 12,727 employees in 1,01,816 man-hours.

### Specialized Training

Specialized training is imparted to employees joining specific functions/roles or department. Ten experienced OD trainers were selected and sent to Bangalore for BFSI certification and all were successfully certified by BFSI. Two days advanced training on excel was given through an external agency for the Corporate Office staff to improve their skills in report preparations and analysis.

### Workshops

Soft skills workshop was conducted by reputable external Trainers called Samarth for all the branch staff of the Company both BMs and CSEs covering over 13000 employees. Also, launched various other workshops for the Corporate Office staff including finance and tax planning workshop, Basic finance workshop, session on workmanship vs leadership and workshop on prevention of sexual harassment at workplace through CII and IWN.

### Leadership Development Program (LDP) for Senior Management

A major initiative was launched for Senior Management Team of the Company during the 2016 -17, an yearlong Leadership Development Programme (LDP) to develop a high-performance work Culture for the organization. By the end of the report year, 5 modules of LDP were completed equipping, developing and enhancing the skills of leadership at the Company.

### Shubarambh and Daily Materials

Everyday morning for learning and updating themselves, a daily material is given to the branch-based employees in LMS, which is read and discussed by them while conducting Subhaarambh in the branches. Based on the daily materials of previous month, every month a test is conducted for the entire branch staff (BM and CSEs – over 13000 staff). After completion of 3 years of this practice, there is considerable development in the learning habits and knowledge levels of the staff.

### Certification on Anti-Money Laundering

A certification programme on Anti Money Laundering Guidelines was conducted for all the staff of the Company.

### Employee Development, Updation and Engagement

#### Mind to Minds

Mind to Minds is a Lecture Series featuring distinguished personalities from the worlds of civil society, academia, business, arts, politics, literature, science, cinema etc for sharing their thoughts and ideas to enrich all the employees with knowledge in a wide range of fields. During 2017-'18 six Mind to Minds sessions were organised.

#### Leaders Everywhere Programme (LEP)

As an initiative towards the personal development of the staff at Corporate Office, the Leaders Everywhere Programme was relaunched during the year. The sessions are handled by the Managing Director on various relevant topics and the programme is being conducted on a monthly basis.





## ANNUAL REPORT (2017-2018)

### Muthoot Live

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

### 555

The 555-ideation programme is designed to encourage employees to think differently and to promote innovation within the organization. The month of December is celebrated as Founder's Month, as the Birthday of the Founder late Muthoot Pappachan falls on December 29<sup>th</sup>. He was a great Visionary whose creativity, innovative thoughts and entrepreneurial spirit form the bedrock for MPG. And hence the Company is celebrating the month of December as "Ideation Month" and top 5 ideas received from staff are rewarded and their ideas are under the process of implementation.

### Blue Waves

Blue waves is conceived in commemoration of our Founder.

It is an annual event participated by the staff of corporate offices of the MPG.

### People Development

'People Development' is one of the strategic pillars and aligned with this thought, an exclusive department was formed to manage and develop the most important asset of the organisation - People. The key objective of the department is to oversee and facilitate the overall development of people that covers three facets of the Health Triangle - these are Intellectual/ Mental (knowledge, skills & emotional), Social (relationship) and Physical (lifestyle and physical fitness). The foremost mission for the department is to gain a deep understanding about the organisation culture and its people and this was done through extensive branch visits across the country and interaction with the employees at corporate office. Around 150 branches got covered within 3 months of commencement of the department. The observations from these visits and feedback received from the people at branches and regional/zonal/ corporate offices are discussed with different departments/ functions at corporate office. Many important decisions and policy changes have already been made based on these discussions. A structured road map for people development is taking final shape on the design board and this will start getting implemented, beginning with the current financial year, post considering the feedback from all stakeholders. "You Initiate, We Facilitate" will be the core theme that the Company follows, as personal development should initiate at the individual level, and PD team shall work together with people and leaders to make that happen.

Thiruvananthapuram  
Dated: 06.09.2018

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





### NOMINATION & REMUNERATION POLICY

#### Introduction

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

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

##### Qualifications

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

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

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

##### Positive attributes

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

##### Independence

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

#### II. Remuneration policy

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

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

#### a) Remuneration of Managing Director, Whole Time Director and Manager:

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





### **b) Remuneration of Non-Executive Director (NED)**

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

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

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

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

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

Thiruvananthapuram  
Dated: 06.09.2018

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







## Annexure II

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

**a. Ratio of Remuneration of each Director to the median remuneration of all employees of your Company for the financial year 2017-18 is as follows:**

Sl No	Name of Director	Ratio of Remuneration of Director to the median remuneration
1	Mr. Thomas John Muthoot	588.10
2	Mr. Thomas Muthoot	470.48
3	Mr. Thomas George Muthoot	87.40
4	Mrs. Janamma Thomas	0.49
5	Mr. R Kamalasanan Nair	1.31
6	Mr. A P Kurian	1.14
7	Mr. Vikraman Ampalakkat	0.98

**b. Details of percentage increase in the remuneration of each Director, CFO and Company Secretary in the financial year 2017-18 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 2017-18 remuneration were paid to the Directors as detailed below:

SI No	Name	Designation	Remuneration
1	Mr. Thomas John Muthoot	Managing Director	₹9,00,00,000
2	Mr. Thomas Muthoot	Executive Director and CFO	₹7,20,00,000
3.	Mr. Thomas George Muthoot	Director	₹1,32,00,000

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

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

Percentage increase in the remuneration of Company Secretary is 2%.

**c. Percentage increase in the median remuneration of employees in the financial year 2017-18: 16.86%**

**d. Number of permanent employees on the rolls of the Company as on 31.03.2018: 8,455.**

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

Average percentile increase in the managerial remuneration- 10.5%

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







## ANNUAL REPORT (2017-2018)

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

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

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

Name	Mr. Thomas John Muthoot	Mr. Thomas Muthoot	Mr. George Lamannil
Age of the Employee	56	52	61
Designation	Managing Director	Executive Director & Chief Financial Officer	Executive Director & General Counsel
Gross Remuneration (₹)	9,00,00,000	7,20,00,000	1,45,80,320
Nature of Employment, whether contractual or otherwise	Permanent	Permanent	Permanent
Qualification and Experience	B Com, OPM(Harvard) 32 years	BA, LLB 26 years	BA, LLB, DICM 39 years
Date of Commencement of Employment	10.06.1997	10.06.1997	18.07.2011
Last Employment held	NA	NA	BNP Paribas
% of Shareholding	26.25	26.25	NIL
Whether relative of any Director or manager of the Company and if so, name of such Director or Manager	Mr. Thomas George Muthoot, Mr. Thomas Muthoot, Mrs. Janamma Thomas	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mrs. Janamma Thomas	No





## ANNUAL REPORT (2017-2018)

Details of Top 10 employees in terms of remuneration drawn during 2017-18.

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	56	Managing Director	9,00,00,000	Permanent	B Com, OPM (Harvard) 32 years	10.06.1997	NA	26.25	Mr. Thomas George Muthoot, Mr. Thomas Muthoot, Mrs. Janamma Thomas
Mr. Thomas Muthoot	52	Executive Director & CFO	7,20,00,000	Permanent	BA, LLB 26 years	10.06.1997	NA	26.25	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mrs. Janamma Thomas
Mr. George Lamannil	61	Executive Director & General Counsel	1,45,80,320	Permanent	BA, LLB 39 years	18.07.2011	BNP Paribas	NA	No
Mr. Joseph Oommen	48	Senior Vice President-Finance and Accounts	67,09,971	Permanent	BSc, CA 19 years	01.12.2011	Fin-Southern, Abudhabi	NA	No
Mr. Vasudevan Ramaswami	57	Chief Operating Officer	66,37,241	Contract Expert	BE, MMS 31 years	29.04.2017	L&T Housing Finance Ltd	NA	No
Mr. Tojo Jose	55	Chief Human Resources Officer	61,06,077	Permanent	BA, PGDBA (XLRI) 32 years	05.10.2016	Blue Star	NA	No
Mr. Hiren Nemchand Chandaria	37	Associate Vice President-Commodities	46,35,952	Permanent	Bcom, MMS 14 years	18.05.2016	NCDEX	NA	No





## ANNUAL REPORT (2017-2018)

Mr. Nadana Sabapathy R	64	Vice President-Resource Planning	36,30,000	Contract Expert	MSc, CAIIB 36 years	14.07.2014	SBI	NA	No
Mr. Manoj Ravi	43	Vice President-Business Development	35,15,572	Permanent	BSc, MBA 20 years	15.12.2010	HDFC Life	NA	No
Mr. Jayandran S	39	Vice President-Business Development	32,56,121	Permanent	MBA 17 years	01.09.2008	TVS Finance	NA	No

Thiruvananthapuram  
Dated: 06.09.2018

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





## FORM NO. AOC -2

## (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

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

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

There were no contracts or arrangements, or transactions entered by the Company during the year ended March 31, 2018, 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 Pappachan Technologies (MPT)	Transfer of asset <i>Subsidiary</i>	NA	Transfer of asset to MPT	18.04.2017	
2	Muthoot Housing Finance Company Ltd (MHFCL)	Revision of rent and letting out of additional space <i>Subsidiary</i>	55 months	Revision of rent and letting out of additional space at Bandra Kurla Complex (BKC) at Mumbai	18.04.2017	
3	Muthoot Motors Private Ltd (MMPL).	Letting out of Office Space <i>Group Company</i>	10 years	Letting out of office space at Ulloor for a period of 10 years	18.04.2017	
4	MPG Hotels and Infrastructure Ventures Private Ltd (MHIVPL)	Letting out of Office Space <i>Group Company</i>	6 years	Letting out of office space at Vazhuthacaud, Trivandrum	18.04.2017	
5	Muthoot Microfin Ltd. (MML)	Subletting of office space <i>Subsidiary</i>	10 years	Subletting of office space hired by the Company at Lakshmeswar Branch to MML	18.04.2017	-
6	Muthoot Microfin Ltd (MML).	Letting out of Office Space <i>Subsidiary</i>	10 years	Letting out of Office Space at Ulloor	18.04.2017	





## ANNUAL REPORT (2017-2018)

7	Muthoot Microfin Ltd (MML)	Transfer of asset <i>Subsidiary</i>		Assets used by the Microfinance division of the Company were transferred to MML	18.04.2017	
8	M/s Muthoot Estate Investments (MEI) and M/s MPG Hotels and Infrastructure Ventures Pvt Ltd. (MHIVPL)	Purchase of assets Group Firm		Acquisition of landed property worth ₹963.27 Crores from MEI, partners of MEI and MHIVPL, cancellation of share purchase decision taken on 14.12.2015 and 05.08.2016, purchase of shares of MHIVPL worth ₹456.72 Crores from MEI and approval of final list of assets to be purchased from MEI, Partners of MEI and MHIVPL for ₹1420 Crs.	03.06.2017	507,13,91,754
9	Muthoot Housing Finance Company Ltd. (MHFCL)	Sharing of office space <i>Subsidiary</i>	1.5 years and 6 years	Subletting of office spaces hired by the Company at Boiser and Vetturimadam Branch	13.10.2017	
10	Muthoot Housing Finance Company Ltd. (MHFCL)	Additional Investment in the Share Capital <i>Subsidiary</i>		Subscribing to 83,33,300 Equity Shares of ₹10 each at a premium of ₹20 per share to be issued by M/s Muthoot Housing Finance Company Ltd on preferential basis	13.10.2017	
11	MPG Hotels and Infrastructure Ventures Private Ltd(MHIVPL)	Leasing out of property <i>Group Company</i>	6 years	Leasing out of property to MHIVPL at Perunthanni for operating Villamaya and Skyshef	13.10.2017	
12	Muthoot Exim Pvt. Ltd	Agreement for sale of precious metals and various other products of MEPL <i>Group Company</i>	5 years	Reduction of Commission payable by MEPL for Sale of Gold Coins-EMI Scheme from 1.00% to 0.50% of the sale value	13.10.2017	





## ANNUAL REPORT (2017-2018)

13	M/s Muthoot Capital Services Ltd (MCSL), M/s Muthoot Housing Finance Company Ltd (MHFCL) and M/s Muthoot Microfin Ltd (MML)	Appointment as Sub Authentication User Agencies (SAUA) for e-KYC <i>Group Company and Subsidiaries</i>		Appoint MCSL, MHFCL and MML as Sub-AUA of MFL for e-KYC to carry out such activities as permitted under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and Regulations made thereunder subject to the approval of the Unique Identification Authority of India (UIDAI)	13.10.2017	
14	Muthoot Microfin Ltd. (MML)	Letting out of Office Space <i>Subsidiary</i>	6.7 years	Subletting of Rajapalayam branch of the Company to MML	13.10.2017	
15	Muthoot Pappachan Chits (India) Private Ltd (MPC IPL)	Subletting of office space <i>Group Company</i>	3.6 years	Subletting of former Tilak Nagar Branch to MPC IPL	08.01.2018	
16	MPG Hotels and Infrastructure Ventures Private Ltd (MHIVPL)	Leasing of property <i>Group Company</i>	11 Months	Leasing out the property at Perunthanni, Pettah to MHIVPL for operating their Skychef	08.01.2018	
17	Muthoot Estate Investments (MEI)	Hiring of office space <i>Group Firm</i>	10 Years	Hiring of office space at Attingal Market Road from MEI	31.01.2018	1,46,700
18	Muthoot Pappachan Chits (India) Private Limited (MPC IPL)	Renewal of Service agreement <i>Group Company</i>	5 years	Renewal of agreement for collection of Chit instalments and distribution and collection of Chit application forms through the Branch Network of Muthoot Fincorp Ltd	31.01.2018	
19	Muthoot Microfin Ltd. (MML)	Financial Assistance to OLA Auto/ Cab drivers <i>Subsidiary</i>	5 years	Sourcing of loan and collections of EMI by MML on behalf of the Company on Commission basis	31.01.2018	
20	Muthoot Microfin Ltd. (MML)	Providing Consumer Durable Loans <i>Subsidiary</i>	5 years	Sourcing and processing of Consumer Durable Loans and collection of installments by MML on behalf of the Company on Commission basis	31.01.2018	





## ANNUAL REPORT (2017-2018)

21	Muthoot Housing Finance Company Ltd. (MHFCL)	Sharing of office space <i>Subsidiary</i>	3.9 Months	Additional subletting of 162 sq ft. at Chitrakoot Prathab Stadium Branch, Jaipur to MHFCL	24.03.2018	
22	Muthoot Exim Pvt. Ltd (MEPL)	Participation of MEPL in Gold Auction of the Company <i>Group Company</i>		To permit MEPL to participate in the Auctions conducted by the Company subject to the usual terms and conditions	24.03.2018	
23	Muthoot Microfin Ltd. (MML)	Letting out of office space <i>Subsidiary</i>	10 years	Letting out of first floor of Pazhakutty branch of the Company to MML	24.03.2018	
24	Muthoot Microfin Ltd. (MML)	Investment in Right shares <i>Subsidiary</i>		To subscribe to 2,337,320 shares (20% of the offer) and renounce the balance to other shareholders of MML	24.03.2018	
25	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot	Loan to Directors <i>Directors</i>	1 year	Security of the loan of ₹70 Crores each to Mr. Thomas John Muthoot, MD, Mr. Thomas George Muthoot, Director and Mr. Thomas Muthoot, Executive Director changed from landed property to shares of M/s MPG Hotels and Infrastructure Ventures Private Ltd (in the form of Non Disposal Undertaking and Power of Attorney).	24.03.2018	

Thiruvananthapuram  
Dated: 06.09.2018

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





### RELATED PARTY TRANSACTION POLICY

The transactions with the Related Parties shall be guided by the following principles.

#### A. Objective/ Purpose of the Policy:

The objective of the policy is to frame and formulate operational guidelines facilitating the following operations relating to the business of the Company:-

- i) lending to
- ii) investments in/with
- iii) availing of loans from
- iv) NCD investments by
- v) Subordinated Debt investment by
- vi) entering into other business transactions with any Related Party

#### B. Definition of Related Party :

“Related Party” means—

- (i) any director of the Company or his relative;
- (ii) any key managerial personnel or his relative;
- (iii) any firm, in which any director, manager or his relative is a partner;
- (iv) any private company in which a director or manager or his relative is a member or director;
- (v) any public company in which any director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any body corporate which is—
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
  - (C) an investing company or the venturer of a company;Explanation. —For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate
- (ix) such other person as may be prescribed by the Companies Act.

#### C. Prohibition/restrictions:

The Company shall not enter into any transaction with a Related Party if the same is prohibited by the RBI or by any other law in force in the Country. If any restriction is imposed on such transactions, the transactions entered with them shall be in conformity to the extent of such restrictions.

#### D. Review and approval of Related Party Transaction:

##### a) Audit Committee

- (i) All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction.







- (ii) The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions/criteria prescribed under the Act. Such omnibus approval shall be valid for a period not exceeding one year after which fresh approval to be taken.
- (iii) Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

**b) Board of Directors/Members of the Company**

- (i) As per the Companies Act, except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, Company shall not enter into any arrangement or contract with any Related Party with respect to:-
  - (a) sale, purchase or supply of any goods or materials;
  - (b) selling or otherwise disposing of, or buying, property of any kind;
  - (c) leasing of property of any kind;
  - (d) availing or rendering of any services;
  - (e) appointment of any agent for purchase or sale of goods, materials, services or property;
  - (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
  - (g) underwriting the subscription of any securities or derivatives thereof, of the company;
- (ii) In the case of a Company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums as may be prescribed in the Companies (Meetings of Board and its Powers) Rules 2014, no contract or arrangement as mentioned above shall be entered into except with the prior approval of the Company by a resolution.

An audit committee member, board member or the shareholder, as the case may be, who has an interest, potential or otherwise, in any related party transaction shall abstain himself from discussion and voting on the approval of the related party transaction.

**E. Transactions undertaken at Arm's length basis:**

The consent of the Board is not necessary if transactions at D(b)(i) above are undertaken by the Company in its ordinary course of business on an arm's length basis. The expression "arm's length transaction" means a transaction between two related parties conducted as if they were unrelated, so that there is no conflict of interest.

**F. Contract/Arrangement entered into without obtaining the consent of the Board/Members of the Company.**

If any contract or arrangement is entered into without obtaining the consent of the Board or approval by resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

**G. Disclosure to Shareholders**

Every contract or arrangement as specified in (C) above shall be disclosed in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.





## ANNUAL REPORT (2017-2018)

### **H. Loans to and Loans from Related Parties:**

Loans to Related Parties shall be, sanctioned subject to the provisions contained in the Companies Act and RBI guidelines.

### **I. Investment in /with / by Related Parties:**

Investments by the Company in or with any of the Related Parties shall be made as per the provisions of the Companies Act 2013.

### **J. All activities referred to above shall be undertaken with any Related Party subject to the provisions of the extant RBI Guidelines and Companies Act.**

Thiruvananthapuram  
Dated: 06.09.2018

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





Form No. MR-3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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 **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, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the 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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) As informed to us, the following Regulations and Guidelines prescribed under the Reserve Bank of India Act, 1934 applicable to Non-Banking Financial Companies (Non Deposit Accepting or Holding) are specifically applicable to the Company:





- a. Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
  - b. Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 and Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
  - c. Reserve Bank of India (Non-Banking Financial Companies) Returns Specifications, 1997 and Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
  - d. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
  - e. Guidelines for Asset-Liability Management (ALM) system in Non-Banking Financial Companies;
  - f. Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies and Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
  - g. Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards and Know Your Customer (KYC) Direction, 2016;
  - h. Fair Practices Code;
  - i. Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015;
  - j. Regulation of excessive interest charged by NBFCs;
  - k. Miscellaneous Instructions to all Non-Banking Financial Companies and Miscellaneous Instructions to NBFC-ND-SI;
  - l. Reserve Bank Commercial Paper Directions, 2012;
  - m. Guidelines for issue of Commercial Paper.
- (vii) The Prevention of Money Laundering Act, 2002 and the Regulations and Bye-laws framed there under.
- We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards relating to Board (SS 1) and General Meetings (SS 2) issued by The Institute of Company Secretaries of India;
  - (ii) The Debt Listing Agreement entered into by the Company with BSE Limited.

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

### **We report that:**

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

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

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

**We further report that** there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**We further report that** during the audit period the Company has issued Unsecured, Rated, Non-convertible Perpetual Debt Instruments (PDIs) aggregating to Rupees One Hundred and Twenty Crores as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

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





## ANNUAL REPORT (2017-2018)

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

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

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

Kochi  
27.08.2018

For SVJS & Associates  
Company Secretaries

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





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 2018 but before issue of the Report.
6. 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  
27.08.2018

For SVJS & Associates  
Company Secretaries

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





# ANNUAL REPORT (2017-2018)

Annexure VI

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March 2017

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

### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65929KL1997PLC011518
ii)	Registration Date	10/06/1997
iii)	Name of the Company	<b>MUTHOOT FINCORP LIMITED</b>
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 Registry Management Services Private Limited (Formerly Integrated Enterprises (India) Limited) II Floor, Kences Towers, No. 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 Tel: +91 (44) 2814 0801 - 803

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

SL No	Name and Description of main products/ services	NIC Code of the Product / Service	% to total turnover of the Company
1	Financial Services	6492	96.43

### 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	78.72
2.	Muthoot Microfin Limited	U65190MH1992PLC066228	Subsidiary Company	70.59
3.	Muthoot Pappachan Technologies Limited	U72200KL2012PLC032664	Subsidiary Company	60





## ANNUAL REPORT (2017-2018)

### 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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Phy- sical	Total	% of Total Shares	Demat	Phy- sical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	19,31,10,274	0	19,31,10,274	99.69	19,31,10,274	0	19,31,10,274	99.69	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub- Total (A)(1)	19,31,10,274	0	19,31,10,274	99.69	19,31,10,274	0	19,31,10,274	99.69	0
(2) Foreign									
a) NRIs - Individual	0	0	0	0	0	0	0	0	0
b) Other – Individual	0	0	0	0	0	0	0	0	0
c) Bodies Corp-	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub- Total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	19,31,10,274	0	19,31,10,274	99.69	19,31,10,274	0	19,31,10,274	99.69	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0





## ANNUAL REPORT (2017-2018)

i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5,95,250	0	5,95,250	0.31	5,95,250	0	5,95,250	0.31	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	36	0	36	0.00002	36	0	36	0.00002	0
ii) Individual shareholders holding nominal share capital in excess of ₹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>	<b>5,95,286</b>	<b>0</b>	<b>5,95,286</b>	<b>0.31002</b>	<b>5,95,286</b>	<b>0</b>	<b>5,95,286</b>	<b>0.31002</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,95,286</b>	<b>0</b>	<b>5,95,286</b>	<b>0.31002</b>	<b>0.31</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</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>Grand Total (A+B+C)</b>	<b>19,37,05,560</b>	<b>0</b>	<b>19,37,05,560</b>	<b>100</b>	<b>19,37,05,560</b>	<b>0</b>	<b>19,37,05,560</b>	<b>100</b>	<b>3.83</b>

### B) Shareholding of Promoter-

SIN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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	5,08,43,764	26.25	0	5,08,43,764	26.25	0	0
2	Thomas George Muthoot	5,08,43,764	26.25	0	5,08,43,764	26.25	0	0
3	Thomas Muthoot	5,08,43,769	26.25	0	5,08,43,769	26.25	0	0
4	Preethi John Muthoot	1,35,25,989	6.98	0	1,35,25,989	6.98	0	0
5	Nina George	1,35,25,961	6.97	0	1,35,25,961	6.97	0	0





## ANNUAL REPORT (2017-2018)

6	Remy Thomas	1,35,25,988	6.98	0	1,35,25,988	6.98	0	0
7	Janamma Thomas	1,039	0.009954	0	1,039	0.009964	0	0
	<b>Total</b>	<b>19,31,10,274</b>	<b>99.689954</b>	<b>0</b>	<b>19,31,10,274</b>	<b>99.689964</b>	<b>0</b>	<b>0</b>

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

SIN		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	19,31,10,274	99.689964	19,31,10,274	99.689964
	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):	There is no changes in the shareholding of the promoters during the year			
	At the end of the year	19,31,10,274	99.689964	19,31,10,274	99.689964

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

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

Sl.N	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1	Muthoot Exim Private Ltd	4,76,200	0.25	4,76,200	0.25	0
2	Muthoot Kuries Private Ltd	1,19,050	0.06	1,19,050	0.06	0
3	Mr. A.V Koshy	5	0.0000025	5	0.0000025	0
4	Mr. Jayakrishnan P	5	0.0000025	5	0.0000025	0
5	Mr. Amjad A.M	5	0.0000025	5	0.0000025	0
6	Mr. Parameswaran T.S	5	0.0000025	5	0.0000025	0
7	Mrs. Lathika Anand	5	0.0000025	5	0.0000025	0
8	Mrs. Sangeetha Vijay	5	0.0000025	5	0.0000025	0
9	Mrs Shiney Thomas	6	0.0000031	6	0.0000031	0
	<b>Total</b>	<b>595286</b>	<b>0.3100181</b>	<b>5,95,286</b>	<b>0.3100181</b>	<b>0</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- (Managing Director and KMP)				
	At the beginning of the year	5,08,43,764	26.25	5,08,43,764	26.25
	At the end of the year	5,08,43,764	26.25	5,08,43,764	26.25



## ANNUAL REPORT (2017-2018)

<b>Thomas George Muthoot - (Non-Executive Director)</b>					
2.	At the beginning of the year	5,08,43,764	26.25	5,08,43,764	26.25
	At the end of the year	5,08,43,764	26.25	5,08,43,764	26.25
<b>Thomas Muthoot - (Executive Director &amp; C.F.O (KMP))</b>					
3.	At the beginning of the year	5,08,43,769	26.25	5,08,43,769	26.25
	At the end of the year	5,08,43,769	26.25	5,08,43,769	26.25
<b>Janamma Thomas (Non- Executive Director)</b>					
4.	At the beginning of the year	1,039	0.001	1,039	0.001
	At the end of the year	1,039	0.001	1,039	0.001
<b>R Kamalasanan Nair - (Independent Director)</b>					
5.	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
<b>A.P Kurian - (Independent Director)</b>					
6.	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
<b>Vikraman Ampalakkat - (Independent Director)</b>					
7.	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
<b>T.D Mathai - (Company Secretary and KMP)</b>					
8.	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	8,52,615.96	2,42,780.48	-	10,95,396.44
ii) Interest due but not paid	1,881.65	488.90	-	2,370.55
iii) Interest accrued but not due	7,057.49	48,737.53	-	55,795.01
<b>Total (i+ii+iii)</b>	<b>8,61,555.09</b>	<b>2,92,006.9</b>	<b>-</b>	<b>11,53,562</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	9,49,290.37	8,88,702.39	-	18,37,992.76
* Reduction	87,357.95	62,627.09	-	1,49,985.04
<b>Net Change</b>	<b>8,61,932.42</b>	<b>8,26,075.3</b>	<b>-</b>	<b>16,88,007.71</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	9,18,004.45	2,67,248.77	-	11,85,253.22
ii) Interest due but not paid	415.11	1,280.51	-	1,695.62
iii) Interest accrued but not due	3,781.02	47,199.73	-	50,980.75
<b>Total (i+ii+iii)</b>	<b>9,22,200.58</b>	<b>3,15,729.01</b>	<b>-</b>	<b>12,37,929.59</b>





## ANNUAL REPORT (2017-2018)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL. (₹)

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl.N.	Particulars of Remuneration	Name of MD/WTD/ 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	9,00,00,000	7,20,00,000	16,20,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Fee for attending Board/Committee Meetings	0	0	0
3	Stock Option	0	0	0
4	Sweat Equity	0	0	0
5	Commission - as % of profit	0	0	0
6	Others, please specify	0	0	0
	<b>Total (A)</b>	<b>9,00,00,000</b>	<b>7,20,00,000</b>	<b>16,20,00,000</b>
	Ceiling as per the Act	10,59,52,127	10,59,52,127	21,19,04,254

#### B. Remuneration to other directors

Sl. No	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. R. Kamalasanan Nair	Mr. A.P Kurian	Mr. Vikraman Ampalakkat	
1	<b>Independent Directors</b>				
	Fee for attending Board /Committee Meetings	2,00,000	1,75,000	1,50,000	5,25,000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	<b>Total (1)</b>	<b>2,00,000</b>	<b>1,75,000</b>	<b>1,50,000</b>	<b>5,25,000</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	1,75,000		2,50,000
	Commission	0	1,32,00,000		1,32,00,000
	Others, please specify	0	0		0
	<b>Total (2)</b>	<b>75,000</b>	<b>1,33,75,000</b>		<b>1,34,50,000</b>
	<b>Total (B)=(1+2)</b>				<b>1,39,75,000</b>
	<b>Total Managerial Remuneration</b>		<b>17,59,75,000</b>		
	Overall Ceiling as per the Act		23,30,94,679		





## ANNUAL REPORT (2017-2018)

### 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	21,53,440	0	21,53,440
	(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	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>21,53,440</b>	<b>0</b>	<b>21,53,440</b>

\*Remuneration paid to Mr. Thomas Muthoot (Executive Director & CFO) during the Financial Year 2017-2018 is included 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					

Thiruvananthapuram  
Dated: 06.09.2018

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





#### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2017-'18

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

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

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

The objective of the MFL CSR Policy is to:

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

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

2. The Composition of the CSR Committee as on 31<sup>st</sup> March 2018 is as follows:

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

3. Average net profit of the Company for last three financial years- ₹14,769.93 lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)- ₹295.39 Lakhs

5. Details of CSR spent during the financial year.

- a) Total amount to be spent for the financial year: ₹836.97 lakhs (Current years prescribed expenditure ₹295.39 lakhs. + Last year's carry forward ₹541.58 lakhs)
- b) Amount unspent, if any: ₹366.24 lakhs
- c) Manner in which the amount spent during the financial year is detailed below.





## ANNUAL REPORT (2017-2018)

(Amount in ₹)

1	2	3	4	5	6	7	8
Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs was undertaken (1) Local area or other (2) Specify the State and district	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: a) Direct or b) through implementing agency *
1	Cleft Surgery Mission (Mission Smile)	Health	Pan India	1,49,35,000.00	1,48,95,824.00	1,48,95,824.00	a) NIL b) 1,48,95,824.00
2	Treatment Support	Health	Kerala	3,20,000.00	3,19,500.00	3,19,500.00	a) NIL b) 3,19,500.00
3	Medical Camps	Health	Kerala	6,000.00	5,543.00	5,543.00	a) NIL b) 5,543.00
4	Aashiana Physical Medicine & Rehabilitation Centre	Health	Kerala	17,50,000.00	17,32,496.00	17,32,496.00	a) NIL b) 17,32,496.00
5	Life Blood Directory	Health	Kerala	1,87,000.00	1,87,000.00	1,87,000.00	a) NIL b) 1,87,000.00
6	Adolescent Awareness - Bodhini Metropolis Charitable Trust	Health	Kerala	2,00,000.00	2,00,000.00	2,00,000.00	a) NIL b) 2,00,000.00
7	Educational Assistance Projects	Education	Kerala	15,98,000.00	15,86,589.00	15,86,589.00	a) NIL b) 15,86,589.00
8	Muthoot Pappachan Academy for Skills Development	Education	Kerala	8,00,000.00	7,88,642.00	7,88,642.00	a) NIL b) 7,88,642.00
09	Support to Ernakulam Cricket Club	Livelihood	Kerala	29,00,000.00	29,00,000.00	29,00,000.00	a) NIL b) 29,00,000.00
10	Sports Talent Support	Livelihood	Kerala	5,86,000.00	5,85,650.00	5,85,650.00	a) NIL b) 5,85,650.00
11	iLEAD Vocational Training Program Expenses	Livelihood	Kerala	19,00,000.00	18,21,458.00	18,21,458.00	a) NIL b) 18,21,458.00
12	Muthoot Pappachan Centre for Excellence in Sports (Football Academy)	Livelihood	Kerala	2,00,00,000.00	1,97,41,195.00	1,97,41,195.00	a) NIL b) 1,97,41,195.00
13	Environment Projects	Environment	Kerala	18,000.00	17,720.00	17,720.00	a) NIL b) 17,720.00





## ANNUAL REPORT (2017-2018)

14	Admin/ Governance/ Consultation/ Audit charges	Overhead		20,80,000.00	20,78,835.50	20,78,835.50	a) NIL b)20,78,835.50
15	Training/ Travel/ Field Support Activities	Overhead		2,20,000.00	2,12,064.60	2,12,064.60	a) NIL b) 2,12,064.60
	<b>TOTAL</b>			<b>4,75,00,000.00</b>	<b>4,70,72,517.10</b>	<b>4,70,72,517.10</b>	<b>4,70,72,517.10</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)
- Bodhini Metropolis Charitable Trust

B. Education:

- Jayamatha Orphanage/ Boys Home (Charitable Society)

C. Livelihood:

- Muthoot Pappachan Centre for Excellence in Sports (Section 8 Company)
- Aide et Action (Charitable Trust)
- Ernakulam Cricket Club

D. Environment

- SISF (Charitable Trust)

**6. Explanation for unspent amount**

During the FY we were able to spent ₹470.73 lakhs which exceeds the 2% provision for the FY (₹295.39 lakhs). The rest of the carried forward funds from previous years will be utilised in the subsequent FYs for which we have made programmes and budget.

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

**7. Responsibility Statement.**

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

Thiruvananthapuram  
06.09.2018

sd/-  
(Thomas John Muthoot)  
Managing Director

sd/-  
(R Kamalasanan Nair)  
Chairman CSR Committee







# ANNUAL REPORT (2017-2018)

Annexure-VIII

## 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	31.03.2018	31.03.2018	31.03.2018
Reporting Currency	INR	INR	INR
Share Capital	60,62,47,000	1,14,17,05,020	5,00,000
Reserves & Surplus	56,75,40,864.41	5,00,63,44,556	(82,46,015.99)
Total Assets	8,22,17,46,726.15	24,75,35,60,639	22,09,85,470.08
Total Liabilities	8,22,17,46,726.15	24,75,35,60,639	22,09,85,470.08
Investments	-	-	-
Turnover	1,09,44,08,550.19	4,59,41,53,260	16,44,97,206
Profit Before Taxation	14,76,24,755	1,14,23,42,382	1,38,18,038.87
Provision for Taxation	5,23,56,192.71	38,22,74,179	27,32,446.11
Profit After Taxation	9,52,68,562.29	76,00,68,203	1,10,85,592.76
Proposed Dividend	-	1129	-
% of Shareholding	78.72%	70.59%	60%

- Names of subsidiaries which are yet to commence operations NIL
- Names of subsidiaries which have been liquidated or sold during the year. NIL





## ANNUAL REPORT (2017-2018)

### 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  
 DIN: 00011552

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

sd/-  
**Thomas John Muthoot**  
 Managing Director  
 DIN: 00011618

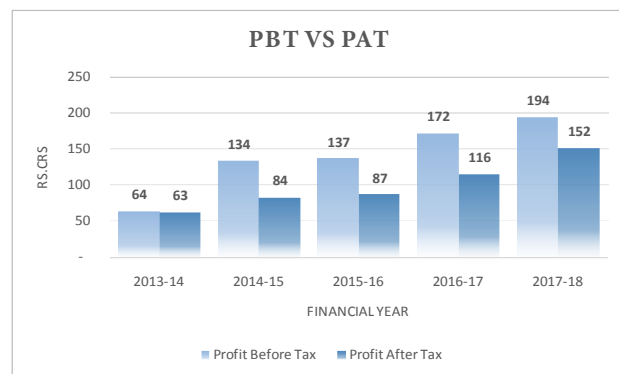
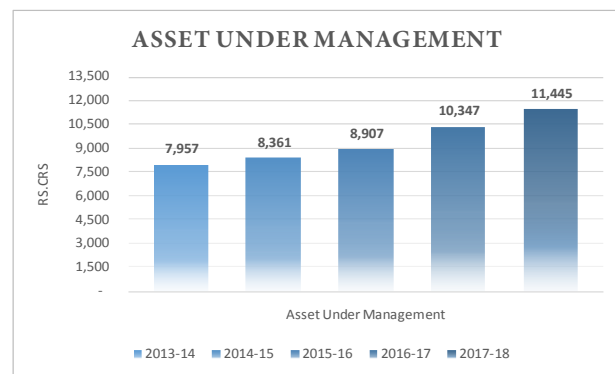
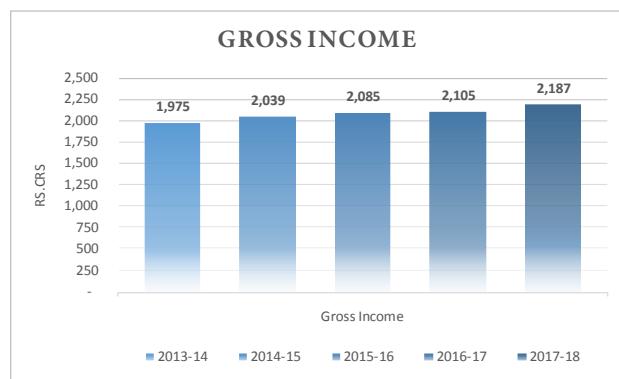
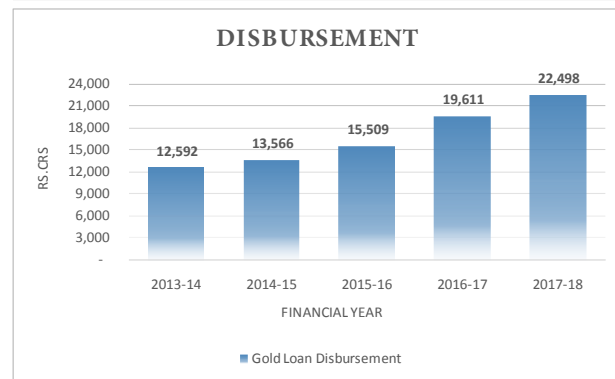
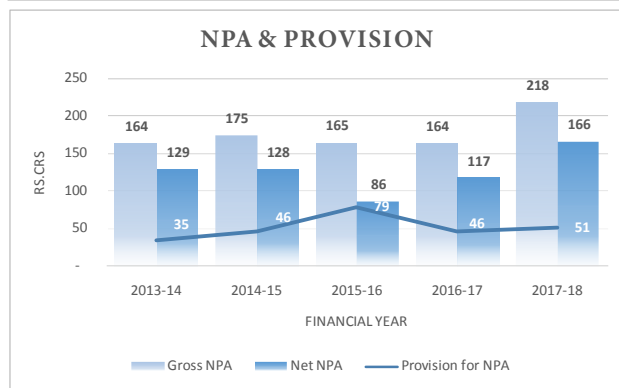
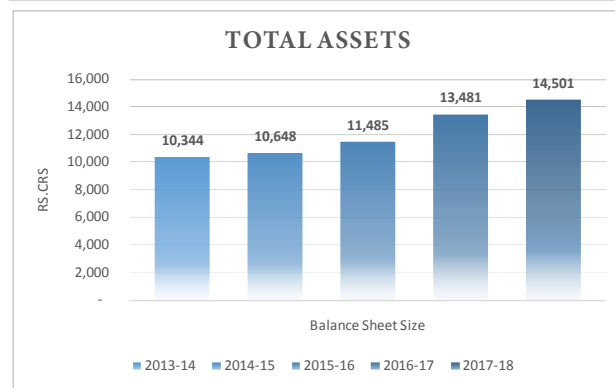
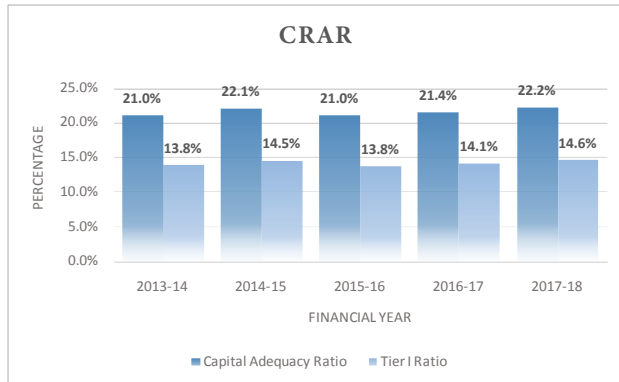
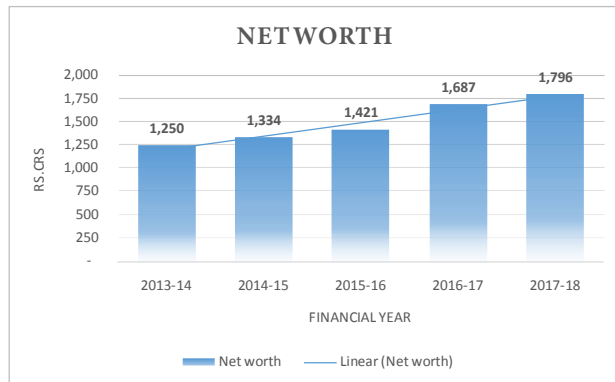
sd/-  
**Thomas Muthoot**  
 Executive Director & Chief Financial Officer  
 DIN: 00082099





# ANNUAL REPORT (2017-2018)

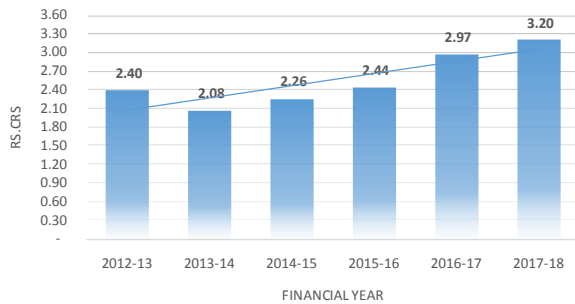
## FINANCIAL INDICATORS



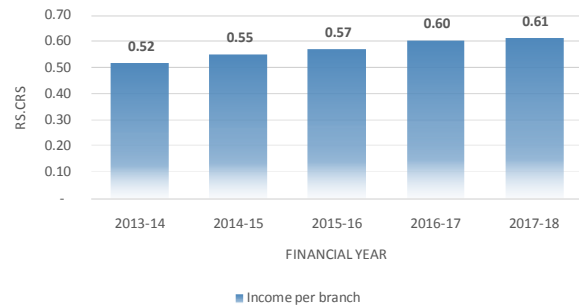


## ANNUAL REPORT (2017-2018)

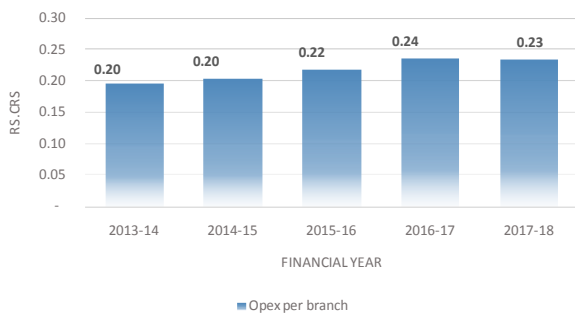
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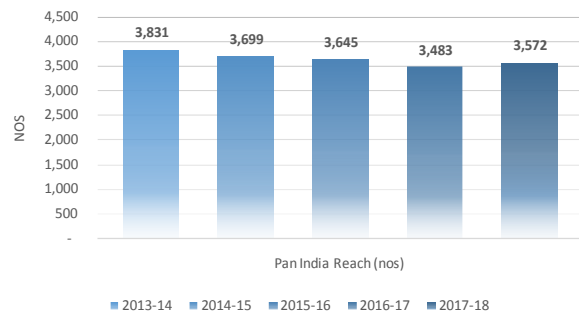
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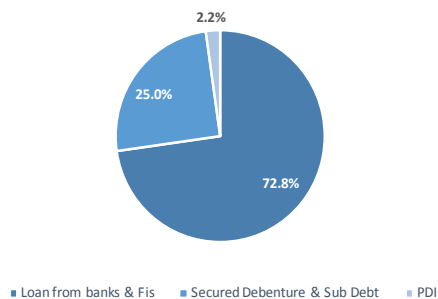
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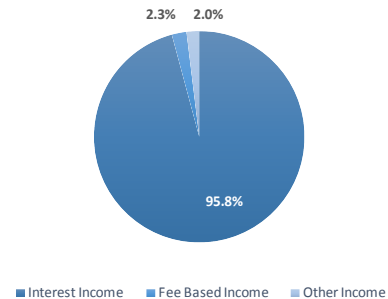
### PAN INDIA REACH



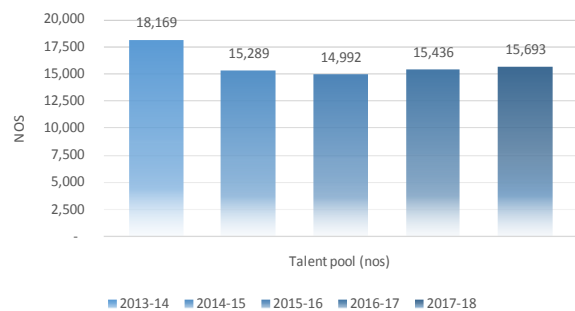
### SOURCES OF FUND



### SOURCES OF INCOME



### TALENT POOL





## ANNUAL REPORT (2017-2018)

RANGAMANI&CO.,  
CHARTERED ACCOUNTANTS

E-mail: [sreenivasan2121@gmail.co](mailto:sreenivasan2121@gmail.co)  
Mob: 9847051915 Phone: 2261542  
17/598, IIInd Floor  
Card Bank Building  
West Of Y.M.C.A. Bridge  
V.C.S.B. Road, Alleppey-688001

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

We have audited the accompanying Standalone Financial Statements of **Muthoot Fincorp Ltd., Muthoot Centre, Punnen Road, Trivandrum - 695034** (herein after referred to as 'the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these 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

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

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.

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.

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

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 2018, and its Profit and its Cash Flows for the year ended on that date.

### Report on other legal and regulatory requirements

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

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 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy of Internal Financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - a) The Company has disclosed the impact, if any, of pending litigations as at 31 March 2018, on its financial position in its standalone financial statements;
  - b) The Company did not have any foreseeable losses on long-term contracts including derivative contracts, if any, in respect of which any provision is required to be made under the applicable law and Accounting Standards;
  - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Rangamani & Co.,**  
Chartered Accountants,  
Firm Regn. No. – 003050 S

sd/-

**R. Sreenivasan**  
Partner

Membership No.: 020566

Place: Thiruvananthapuram  
Date: 08<sup>th</sup> June, 2018





## 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 2018**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We have been informed that there have been no material discrepancies during such verification.
- (c) In our opinion and according to the information and explanations given to us, the title deeds of immovable property are held in the name of the Company.
- (ii) The Company does not have any Inventory other than Immovable property held for the purpose of development and/or sale and stock of stationery. 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:

(₹ in Lakhs)		
Name of the party	Nature of Loan	Balance as on 31.03.2018
Muthoot Pappachan Technologies Limited	Unsecured Loan	1,365.00
Muthoot Motors Private Limited	Unsecured Loan	86.89
Thomas John Muthoot	Secured Loan	6,700.00
Thomas George Muthoot	Secured Loan	6,600.00
Thomas Muthoot	Secured Loan	6,600.00

- (a) In our opinion, the terms & conditions of the grant of such loan are, prima facie, 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 payment is regular.
- (c) There is no amount overdue for more than ninety days with respect to these loans.
- (iv) In our opinion, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the Rules framed there under to the extent notified.
- (vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and hence the provisions of this section are not applicable to the Company for the year under review.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax and other material statutory dues, as applicable, with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on which they became payable.





## ANNUAL REPORT (2017-2018)

- (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 2018 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
Service Tax	Tax on receipts relating to assignment of receivables	1,401.55	01/04/2007 to 31/03/2012	CESTAT, Bangalore
Service Tax	Tax on notional consideration against support services rendered to group concerns	2,035.49	01/04/2008 to 31/03/2012	CESTAT, Bangalore
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	1,463.50	AY 2010-11	CIT (Appeals), Trivandrum
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	741.70	AY 2013-14	CIT (Appeals), Trivandrum
Income Tax	Non-Deduction of Tax at Source	3,273.66	AY 2015-16	CIT (Appeals), Trivandrum
Value Added Tax	Purchase Tax	1,146.15	AY 2013-14	Deputy Commissioner (Appeals), Trivandrum

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

There are unpaid amounts of debentures amounting to ₹220.32 lakhs outstanding as on March 31, 2018, which could not be paid as proper claims were not received from the debenture holders, as confirmed by the management.

- (ix) Based on the information and explanations given to us, the Company has applied moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, instances of loans granted against theft gold, spurious gold and misappropriation of cash committed by personnel of the Company during the year were noticed aggregating to ₹261.42 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.







## ANNUAL REPORT (2017-2018)

- (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.

**For Rangamani & Co.,**  
Chartered Accountants,  
Firm Regn. No. – 003050 S

Place: Thiruvananthapuram  
Date: 08<sup>th</sup> June, 2018

sd/-  
**R. Sreenivasan**  
Partner  
Membership No.: 020566





### 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 2018**

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

We have audited the internal financial controls over financial reporting of Muthoot Fincorp Limited ("the Company") as of March 31, 2018 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





## ANNUAL REPORT (2017-2018)

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, 2018, 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: 08<sup>th</sup> June, 2018

**For Rangamani & Co.,**  
Chartered Accountants,  
Firm Regn. No. – 003050 S

sd/-  
**R. Sreenivasan**  
Partner  
Membership No.: 020566





## ANNUAL REPORT (2017-2018)

**RANGAMANI&CO.,**  
CHARTERED ACCOUNTANTS

E-mail: [sreenivasan2121@gmail.co](mailto:sreenivasan2121@gmail.co)  
Mob: 9847051915 Phone: 2261542  
17/598, IIInd Floor  
Card Bank Building  
West Of Y.M.C.A. Bridge  
V.C.S.B. Road, Alleppey-688001

### **“AUDITOR’S REPORT SUBMITTED AS PER NON-BANKING FINANCIAL COMPANIES AUDITOR’S REPORT (RESERVE BANK) DIRECTIONS, 2016”**

To

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

Sirs,

- 1) The Company has been registered with Reserve Bank of India (‘RBI’), Thiruvananthapuram with Registration Number N. 16 – 00170.
- 2) In our opinion, and in terms of the Company’s assets and income pattern for the year ended and as at 31<sup>st</sup> March 2018, the Company is entitled to continue to hold the Certificate of Registration issued by the RBI.
- 3) In our opinion, the Company has complied with the net owned fund requirement as laid down in the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
- 4) Board of Directors has passed a resolution on 18.04.2017 for Non-Acceptance of public deposits during the financial year 2017-18.
- 5) On the basis of verification of the books and other records and on the basis of information provided by the management, the Company has not accepted any public deposits during the year 2017 – 2018.
- 6) In our opinion and based on the information and explanations given to us, the Company has complied with the Prudential Norms relating to Income Recognition, Accounting Standards, Asset Classification, Provisioning for bad and doubtful debts, as applicable to it as on 31.03.2018.
- 7) The Annual Return with RBI under NBS-7 for the Financial Year ended 31<sup>st</sup> March, 2018 has been submitted on 17<sup>th</sup> April, 2018. The Capital Adequacy Ratio as at 31<sup>st</sup> March, 2018 disclosed in the return filed has certain incorrect computations, which is pending revision as on date. However, based on our examination of the computation of the ratio, we report that the Company has complied with the capital to risk asset norm for the year ended 31<sup>st</sup> March, 2018.
- 8) Based on the information furnished to us, the annual statement of capital funds, risk assets/exposures and risk asset ratio as at 31<sup>st</sup> March, 2017 has been furnished vide NBS-7 on 22<sup>nd</sup> April, 2017, which was revised on 03<sup>rd</sup> October, 2017.

**For Rangamani & Co.,**  
Chartered Accountants,  
Firm Regn. No. – 003050 S

sd/-

**R. Sreenivasan**  
Partner  
Membership No.: 020566

Place: Thiruvananthapuram  
Date: June 08, 2018





# ANNUAL REPORT (2017-2018)

## MUTHOOT FINCORP LIMITED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

(₹ in lakhs)

Particulars	Note	Figures as at	
		March 31, 2018	March 31, 2017
<b>LIABILITIES</b>			
<b>Equity and Liabilities</b>			
<b>Share Holder's Funds</b>			
Share Capital	1	19,370.56	19,370.56
Reserves & Surplus	2	1,60,188.36	1,49,343.02
Money received against share warrants		-	-
<b>Share Application Money Pending Allotment</b>		-	-
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	3,12,224.54	3,42,612.67
Deferred Tax Liability (net)		-	38.40
Other Long Term Borrowings		-	-
Long Term Provisions		-	-
<b>Current Liabilities</b>			
Short Term Borrowings	4	7,68,506.94	6,57,340.40
Trade Payables	5	1,014.52	1,399.64
Other Current Liabilities	6	1,61,482.66	1,58,354.37
Short Term Provisions	7	27,356.47	19,687.85
<b>TOTAL</b>		<b>14,50,144.05</b>	<b>13,48,146.91</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	8	52,656.40	56,570.21
Intangible Assets	8	645.16	318.78
Capital Work in Progress		-	-
Intangible Assets under Development		-	-
Non-Current Investments	9	27,397.01	24,344.34
Deferred Tax Assets	10	958.26	-
Long Term Loans & Advances	11	7,558.59	22,132.56
Inventories	12	30,031.41	30,012.93
Other Non-Current Assets	13	8,372.73	8,683.96
<b>Total Non-Current Assets</b>		<b>1,27,619.56</b>	<b>1,42,062.78</b>
<b>Current Assets:</b>			
Current Investments	14	1,678.56	1,433.31
Trade Receivables	15	3,272.55	2,103.00
Cash & Cash Equivalents	16	32,461.19	40,788.00
Short Term Loans & Advances	17	12,11,098.22	10,91,212.53
Other Current Assets	18	74,013.97	70,547.29
<b>Total Current Assets</b>		<b>13,22,524.49</b>	<b>12,06,084.13</b>
<b>TOTAL</b>		<b>14,50,144.05</b>	<b>13,48,146.91</b>

See accompanying notes to the Financial Statements

For and on behalf of the Board of Directors,

Vide our report dated 08/06/2018 attached  
For Rangamani & Co., Chartered Accountants  
Firm Regn. No. - 003050 S

sd/-  
**Thomas John Muthoot**  
Managing Director  
DIN: 00011618

sd/-  
**Thomas George Muthoot**  
Director  
DIN: 00011552

sd/-  
**R. Sreenivasan**  
Partner  
M.No.020566

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

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

Thiruvananthapuram  
29/05/2018



# ANNUAL REPORT (2017-2018)

## MUTHOOT FINCORP LIMITED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

(₹ in Lakhs)

Particulars	Note	Figures for the year ended	
		March 31, 2018	March 31, 2017
<b>I. REVENUE</b>			
Revenue from Operations	19	2,10,887.13	1,96,272.62
Other Income	20	7,806.33	14,187.15
<b>II. Total Revenue</b>		<b>2,18,693.46</b>	<b>2,10,459.77</b>
<b>III. EXPENSES</b>			
Employee Benefit Expenses	21	38,632.34	37,247.56
Finance Cost	22	1,12,893.91	1,09,093.44
Depreciation and Amortization	8	7,078.60	7,762.09
Other Expenses	23	40,657.94	39,128.84
<b>IV. Total Expenses</b>		<b>1,99,262.79</b>	<b>1,93,231.93</b>
<b>V. Profit before Exceptional and Extra Ordinary Items and Tax (II-IV)</b>		19,430.67	17,227.84
VI. Exceptional Items		-	-
<b>VII. Profit before Extra-Ordinary Items and Tax (V-VI)</b>		19,430.67	17,227.84
VIII. Extra-Ordinary Items		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		19,430.67	17,227.84
X. Tax Expenses:			
Current Tax		5,274.73	5,222.65
Deferred Tax		(996.65)	398.13
<b>XI. Profit for the Period from Continuing Operations (IX-X)</b>		15,152.59	11,607.06
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
<b>XV. Profit for the Period (XI+XIV)</b>		<b>15,152.59</b>	<b>11,607.06</b>
<b>XVI. Earnings per Equity Share</b>			
Basic		7.82	6.22
Diluted		7.82	6.22

See accompanying notes to the Financial Statements

For and on behalf of the Board of Directors,

Vide our report dated 08/06/2018 attached  
For Rangamani & Co., Chartered Accountants  
Firm Regn. No. – 003050 S

sd/-  
**Thomas John Muthoot**  
Managing Director  
DIN: 00011618

sd/-  
**Thomas George Muthoot**  
Director  
DIN: 00011552

sd/-  
**R. Sreenivasan**  
Partner  
M.No.020566

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

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

Thiruvananthapuram  
29/05/2018



# ANNUAL REPORT (2017-2018)

## MUTHOOT FINCORP LIMITED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

(₹ in Lakhs)

	Particulars	2017-18	2016-17
a)	<b>Cash Flow from operating activities</b>		
	Net profit after taxation and extraordinary items	15,152.59	11,607.06
	<b>Non cash adjustments to reconcile profit before tax to net cash flows:</b>		
	Depreciation & amortization	7,078.60	7,762.09
	Profit/ (loss) on sale of fixed assets	55.07	(3.17)
	Assets written off	124.61	-
	Provisions and write offs	6,671.97	2,254.27
	Bad debts written off	8.47	1,680.14
	Net gain on sale of current investments	(1,200.28)	(1,504.12)
	Dividend income	(18.77)	(15.90)
	<b>Operating profit before working capital changes</b>	<b>27,872.26</b>	<b>21,780.37</b>
	<b>Movement in Working Capital</b>		
	(Increase) / decrease in short term loans and advances	(113,186.72)	(1,85,255.56)
	(Increase) / decrease in long term loans and advances	14,885.19	14,426.34
	(Increase) / decrease in other current assets	(4,654.70)	(20,112.44)
	Increase / (decrease) in other current liabilities	468.47	8,791.36
	<b>Cash generated from operation</b>	<b>(74,615.50)</b>	<b>(1,60,369.93)</b>
	Direct taxes paid (net of refund)	(9,330.43)	(9,953.64)
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(83,945.93)</b>	<b>(1,70,323.57)</b>
b)	<b>Cash Flow from investing activities</b>		
	Purchase of fixed and tangible assets	(3,718.78)	(9,000.19)
	Purchase / Sale of investments	3,008.04	(7,551.58)
	Sale of fixed assets	103.00	42.40
	Investment in Subsidiary company	(6,305.97)	(2,000.00)
	Profit/Loss on sale of fixed assets/investments	1,145.21	1,507.30
	Dividend received	18.77	15.90
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(5,749.73)</b>	<b>(16,986.17)</b>
c)	<b>Cash flow from financing activities</b>		
	(Increase) / decrease of short term borrowings	111,166.54	1,77,324.83
	(Increase) / decrease of long term borrowings	(28,113.44)	(11,474.58)
	Fresh issue of shares	0.00	15,000.00
	Dividend and Dividend tax paid	(1,684.25)	0.00
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>81,368.85</b>	<b>1,80,850.25</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(8,326.81)</b>	<b>(6,459.49)</b>
	Cash and cash equivalents at the beginning of the year	40,788.00	47,247.49
	Cash and cash equivalents at the end of the year	<b>32,461.19</b>	<b>40,788.00</b>

See accompanying notes to the Financial Statements

For and on behalf of the Board of Directors,

Vide our report dated 08/06/2018 attached  
For Rangamani & Co., Chartered Accountants  
Firm Regn. No. – 003050 S

sd/-  
**Thomas John Muthoot**  
Managing Director  
DIN: 00011618

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Director  
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Partner  
M.No.020566

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

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

Thiruvananthapuram  
29/05/2018



### MUTHOOT FINCORP LIMITED

#### Significant Accounting Policies and Notes to Standalone Financial Statements for the year ended 31 March 2018

##### I. OVERVIEW

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

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

##### II. SIGNIFICANT ACCOUNTING POLICIES

###### a. SYSTEM OF ACCOUNTING & BASIS OF PREPARATION

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

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

###### b. USE OF ESTIMATES

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

###### c. TANGIBLE FIXED ASSETS

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

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

###### d. DEPRECIATION ON TANGIBLE FIXED ASSETS:

The company has provided for depreciation on Straight Line Method (SLM) based on the useful life of assets







prescribed under Schedule II of the Companies Act, 2013. Leasehold Improvements, are depreciated over the primary lease period of premises.

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

**e. INTANGIBLE ASSETS:**

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

**f. IMPAIRMENT OF ASSETS**

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

**g. LEASES**

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

**h. INVESTMENTS**

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

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

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

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

**i. REVENUE RECOGNITION**

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

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





- f. Income from services rendered are recognised as per the terms of contract on accrual basis.
- g. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- h. The prudential norms for income recognition prescribed by the Reserve Bank of India are complied with.

### j. **HUMAN RESOURCES AND BENEFITS**

#### **(i) Short Term Employee Benefits**

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

#### **(ii) Post-Employment Benefits**

##### **Defined Contribution Plan**

##### **Provident Fund / Employees State Insurance**

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

##### **Defined Benefit Plan**

##### **Retirement & Earned Leave benefits**

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

### k. **FOREIGN EXCHANGE TRANSACTIONS**

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

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

### l. **BORROWING COST**

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

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

### m. **TAXES ON INCOME**

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





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

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

**n. EARNINGS PER SHARE**

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

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

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

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

Contingent Assets are not recognised in the financial statements.

**p. SEGMENT REPORTING**

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

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

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

**r. RELATED PARTY DISCLOSURES**

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

**s. CASH FLOW STATEMENT**

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

**t. CLASSIFICATION AND PROVISIONING OF ASSETS**

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





### **a. Standard Assets**

Contingent Provision against Standard Assets is made at the rate of 0.4% as required by the Systemically Important Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ( Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016).

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

Provisions for Sub-Standard Assets (at the rate of 10%), Doubtful Assets (at the rate of 20%, 30% & 50% respectively based on the period for which the loan has been considered Doubtful) & Loss Assets (at the rate of 100%) have been made as required by the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016).





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 1. SHARE CAPITAL

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
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:		
19,38,00,800 equity shares of ₹10/- each (previous year 19,38,00,800 shares of ₹10/- each)	19,380.08	19,380.08
Subscribed and paid-up		
19,37,05,560 equity shares of ₹10/- each (previous year 19,37,05,560 shares of ₹10/- each)	19,370.56	19,370.56
Total	19,370.56	19,370.56

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

Particulars	March 31, 2018		March 31, 2017	
	No of shares	Amount (₹in Lakhs)	No of shares	Amount (₹in Lakhs)
Shares outstanding at the beginning of the year	19,37,05,560	19,370.56	18,65,62,700	18,656.27
Shares issued during the year	-	-	71,42,860	714.29
Shares outstanding at the end of the year	19,37,05,560	19,370.56	19,37,05,560	19,370.56

## 1.2. Terms And Rights Attached To Equity Shares

The Company has only one class of equity shares having a par value of ₹10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 1.3. Details of Shareholders holding more than 5% shares in the Company

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





## ANNUAL REPORT (2017-2018)

1.4. The Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the reporting date.

### 2. RESERVES AND SURPLUS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Securities Premium Reserve	38,129.85	38,129.85
Statutory Reserve	34,085.26	31,053.87
Special Contingency Reserve	8,882.93	8,882.93
Debenture Redemption Reserve	4,279.68	11,908.83
Surplus	74,810.64	59,367.54
<b>Total</b>	<b>160,188.36</b>	<b>149,343.02</b>

2.1. The company has appropriated 20% of the Profit after Tax as Statutory Reserve pursuant to Section 45-IC of The RBI Act, 1934.

2.2. The company has maintained a Debenture Redemption Reserve of 25% of the total value of Debentures and Subordinated Debt outstanding as on March 31, 2018, which were issued through public issue, as required under Rule 18, sub-rule 7 of the Companies (Share Capital and Debentures) Rules, 2014.

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

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Securities Premium Reserve		
Balance as per last balance sheet	38,129.85	23,844.13
Additions during the year	-	14,285.72
Closing balance	<b>38,129.85</b>	<b>38,129.85</b>
Statutory Reserve		
Balance as per last balance sheet	31,053.87	28,732.46
Additions during the year	3,031.39	2,321.41
Closing balance	<b>34,085.26</b>	<b>31,053.87</b>
Special Contingency Reserve		
Balance as per last balance sheet	8,882.93	8,882.93
Additions during the year	-	0.00
Closing balance	<b>8,882.93</b>	<b>8,882.93</b>
Debenture Redemption Reserve		
Balance as per last balance sheet	11,908.83	17,527.33
Addition / write back during the year	(7,629.15)	(5,618.50)
Closing balance	<b>4,279.68</b>	<b>11,908.83</b>
Surplus		
Balance as per last balance sheet	59,367.54	44,463.39
Profit for the year	15,152.59	11,607.06
<i>Less: Appropriation / (Write Back):</i>		
Statutory Reserve	3,031.39	2,321.41
Debenture Redemption Reserve	(7,629.15)	(5,618.50)
Income Tax – Prior Years	2,623.00	0.00





## ANNUAL REPORT (2017-2018)

Dividend Paid	1,399.37	0.00
Dividend Tax	284.88	0.00
Closing balance	<b>74,810.64</b>	<b>59,367.54</b>

- 2.4. As the Income Tax law provides for subsequent claim of the expenditure in the year in which TDS is remitted, interest expense pertaining to prior years totalling to ₹7,579.20 lakhs has been claimed as deduction while computing the Total Income as per Income Tax Rules for Financial Year 2017-18. This in turn, has resulted in a lower Current Tax provision in the current year, as compared to the previous year in spite of increased profits in the current year.

The tax effect of ₹2,623 lakhs due to disallowance of interest expense of prior years, on account of non-deduction of tax at source on interest paid by the company on debt instruments has been appropriated against Surplus as the same pertains to previous periods, and not to the current year.

### 3. LONG TERM BORROWINGS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Debentures		
Secured Debentures	2,496.18	44,337.55
Term Loans		
From Banks	13,615.81	620.66
Working Capital Term Loans		
From Banks	35,999.00	38,333.33
Other Loans & Advances		
Subordinate Debts	201,972.97	2,06,376.87
Tier I Capital – Perpetual Debt Instruments	26,400.00	14,400.00
Interest Payable	31,740.58	38,544.26
<b>TOTAL</b>	<b>312,224.54</b>	<b>3,42,612.67</b>

#### a. SECURED DEBENTURES (SECURED)

Secured Debentures includes non-convertible debentures issued by way of Public Issue as well as Private Placement. 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. 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. Privately Placed Secured Debentures are secured by subservient charge on all current assets of the Company, both present and future.

Secured debentures are grouped into current and non-current based on maturity profile. The principal portion of repayments which fall due on or before March 31, 2019 are categorised as Other Current Liabilities. Interest accrued, and falling due on or before March 31, 2019 has also been categorised under Other Current Liability.

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





## ANNUAL REPORT (2017-2018)

Financial year of maturity	Grand total (₹in lakhs)
2022-23	0.00
2021-22	0.00
2020-21	218.86
2019-20	2,277.32
2018-19	53,085.54
Total	55,581.72

### b. TERM LOANS (SECURED)

#### (i) Long term borrowings –Term loans from Banks / Others

Term loans availed by the Company are secured by first / pari-passu charges on the respective Fixed Assets / Current Assets. The principal portion of repayments which fall due on or before March 31, 2019 are categorised as Other Current Liabilities. The repayment terms are as below (includes Current portion also):

(₹in Lakhs)

Lender	Nature of Security	March 31, 2018	March 31, 2017	Repayment Terms (as on March 31,2018)
South Indian Bank	Secured against 6560 sq.ft. SBUA with UDS 798.96 sq ft. in World Trade Centre, Brigade Gateway Bangalore	283.00	325.60	Repayable in 79 monthly instalments of 3.55 lakhs & last instalment of ₹0.15 lakhs
ICICI Bank	Secured against Vehicle – Jaguar XF F2.2	12.65	22.52	Repayable in 14 monthly instalments on diminishing value method
State Bank of India	Secured against Vehicle – Ford New Endeavour-3.2.1.4*4 Titanium AT- Diesel Car	25.72	29.53	Repayable in 63 monthly instalments on diminishing value method
State Bank of India	Secured Against Vehicle – Honda Br-Vv Cvt Ivtec(Base)	10.73	12.00	Repayable in 72 monthly instalments on diminishing value method
Yes Bank	Equitable mortgage of Collateral property & subservient pari passu charge on Gold Loan receivables along with present & future NCD holders	5,000.00	0.00	Repayable in instalments of 1.67% of loan amount in quarters 3-8 from the date of disbursement, 4.5% in quarters 9-27 & 4.48% in the 28 <sup>th</sup> quarter from disbursement
Lakshmi Vilas Bank	Secured against Fixed Assets of the Company namely Bank counters & fixtures and Furniture & Fittings	10,000.00	0.00	Repayable in 8 equal quarterly instalments from February 2019
State Bank Of India	Secured against Branch Fixed Assets	0.00	146.52	-
State Bank Of India	Secured against Branch Fixed Assets	0.00	3,788.23	-
HDFC	Secured against the property at DLF Garden City, Chennai	0.00	14.56	-
TOTAL		15,332.10	4,338.96	







## ANNUAL REPORT (2017-2018)

### c. WORKING CAPITAL TERM LOANS (SECURED)

Working Capital Term Loans are fully secured against Loan receivables and other current assets of the Company both present and future. The principal portion of repayments which fall due on or before March 31, 2019 are categorised as Other Current Liabilities. The repayment terms are as below (includes Current portion also):

(₹in Lakhs)

Lender	March 31, 2018	March 31, 2017	Repayment Terms (as on March 31, 2018)
Oriental Bank of Commerce	10,000.00	0.00	Repayable in 6 quarterly instalments of ₹1,666.67 lakhs each from September 2018
Punjab & Sind	10,000.00	10,000.00	Repayable in 4 quarterly instalments of ₹2,500.00 lakhs each from June 2018
Punjab & Sind	10,000.00	0.00	Repayable in 10 quarterly instalments of ₹1,000.00 lakhs each from October 2018
Syndicate Bank	8,428.27	25,227.19	Repayable in 2 quarterly instalments of ₹4,166.67 lakhs
Syndicate Bank	20,155.42	0.00	Repayable in 10 quarterly instalments of ₹2,000.00 lakhs each from October 2018
United Bank of India	10,000.00	10,000.00	Repayable in 4 quarterly instalments of ₹2,500.00 lakhs each from June 2018
United Bank of India	10,000.00	10,000.00	Repayable in 4 quarterly instalments of ₹2,500.00 lakhs each from June 2019
Corporation Bank	0.00	5,000.00	-
<b>TOTAL</b>	<b>78,583.69</b>	<b>60,227.19</b>	

### d. Other Loans & Advances (UNSECURED)

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

The principal portion of repayments which fall due on or before March 31, 2019 are categorised as Other Current Liabilities. Interest accrued, and falling due on or before March 31, 2019 has also been categorised under Other Current Liability. The maturity pattern of Subordinated debts in the descending order of maturity are as follows (includes Current portion also):

Financial year of maturity	Grand total (₹In lakhs)
2025-26	9,185.43
2024-25	833.08
2023-24	19,182.38
2022-23	42,859.16
2021-22	58,478.78
2020-21	33,306.86
2019-20	38,127.28
2018-19	38,875.8
<b>Total</b>	<b>240,848.77</b>

- (ii) Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines. The Company has during the year issued Perpetual Debt Instruments of ₹12,000 lakhs. The total outstanding of Perpetual Debt Instruments as on 31<sup>st</sup> March, 2018 is ₹26,400 lakhs.





## ANNUAL REPORT (2017-2018)

### 4. SHORT TERM BORROWINGS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Loans repayable on demand		
From Banks:		
- Working Capital Loan (Secured)	768,506.94	6,57,340.40
<b>Total</b>	<b>768,506.94</b>	<b>6,57,340.40</b>

#### From Banks:

##### ▪ Working Capital Loan:

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

### 5. TRADE PAYABLES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Sundry Creditors	1,014.52	1,399.64

### 6. OTHER CURRENT LIABILITIES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Expenses Payable	22,668.97	20,855.31
Taxes & Duties Payable	945.09	1,472.45
Current Maturities of Long Term Borrowings		
- Secured Debentures	53,085.54	86,371.85
- Term Loan from Banks	1,716.29	3,703.74
- Term Loan from Others	0.00	14.56
- Working Capital Term Loan	42,584.69	21,893.86
- Sub Debt	38,875.80	22,003.61
Other Liabilities	1,606.28	2,038.99
<b>Total</b>	<b>161,482.66</b>	<b>158,354.37</b>

### 7. SHORT TERM PROVISIONS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Contingent Provisions against Standard Assets	4,494.81	3,516.21
Provision for NPA	5,128.05	4,622.15
Provision for Income Tax	15,456.91	10,182.18
Provision for Gratuity	1,607.82	946.09
Provision for Earned Leave Encashment	309.94	338.76
Provision for Investment Price Fluctuation	358.94	82.46
<b>Total</b>	<b>27,356.47</b>	<b>19,687.85</b>





## 8. FIXED ASSETS AND DEPRECIATION

SL NO	PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		OPENING COST	ADDITIONS FOR THE YEAR	SALES / WRITE OFF DURING THE YEAR	COST AS ON 31.03.2018	UPTO 31.03.2017	Additional depreciation/ (Depreciation Written back)	ESTIMATED USEFUL LIFE OF THE ASSET	FOR THE YEAR	UPTO 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2018
a	TANGIBLE ASSETS											
1	AIR CONDITIONER	861.90	11.58	2.04	871.44	199.71	-	20	41.40	241.10	662.19	630.33
2	BANK COUNTER & FIXTURES	35,402.28	1,245.42	2.56	36,645.15	24,041.45	-	10	3,386.89	27,428.34	11,360.83	9,216.80
3	BIO GAS PLANT	16.89	-	-	16.89	16.89	-	15	-	16.89	-	-
4	BUILDINGS	6,247.14	-	32.90	6,214.24	363.63	-	60	98.91	462.54	5,883.51	5,751.70
5	CALCULATOR	0.57	-	-	0.57	0.57	-	5	-	0.57	(0.00)	(0.00)
6	CASH COUNTING MACHINE	47.01	0.35	0.05	47.31	15.90	-	15	2.69	18.59	31.11	28.72
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	8,066.10	734.24	30.06	8,770.28	6,511.84	-	3	805.15	7,317.00	1,554.26	1,453.28
11	CYCLE	0.28	-	-	0.28	0.28	-	5	-	0.28	-	-
12	ELECTRICAL EQUIPMENTS	69.73	29.04	0.21	98.56	37.62	-	10	6.67	44.30	32.11	54.26
13	ELECTRICAL FITTINGS	12.46	0.11	-	12.57	11.61	-	10	0.09	11.70	0.84	0.87
14	ELECTRONIC DIGITAL BOARD	4.82	208.96	0.92	212.87	4.82	-	10	4.66	9.48	-	203.39
15	ELECTRONIC EQUIPMENTS	108.82	31.03	26.56	113.29	30.29	-	15	7.40	37.69	78.53	75.59
16	ELECTRONIC WEIGHING BALANCE	557.19	3.13	1.17	559.15	166.08	-	15	33.37	199.44	391.11	359.70
17	EPABX	57.63	4.23	1.47	60.39	11.94	-	13	4.02	15.96	45.68	44.43
18	FAKE NOTE DETECTOR	49.54	-	-	49.54	16.88	-	15	2.93	19.81	32.66	29.73
19	FAX MACHINE	1.27	-	-	1.27	1.27	-	5	-	1.27	-	-
20	FIRE EXTINGUISHER	480.76	-	-	480.76	356.78	-	5	61.16	417.95	123.97	62.81
21	FURNITURE & FITTINGS	3,834.40	101.87	3.97	3,932.30	1,797.95	-	5	370.93	2,168.88	2,036.45	1,763.42
22	GENERATOR	23.78	-	-	23.78	4.28	-	15	1.48	5.77	19.50	18.02
23	LAND	13,440.73	1.36	15.03	13,427.06	-	-	-	-	-	13,440.73	13,427.06
24	LIBRARY	0.35	-	-	0.35	0.35	-	5	-	0.35	-	-
25	NEON BOARD	5,821.11	-	-	5,821.11	2,619.20	-	10	597.37	3,216.56	3,201.92	2,604.55
26	OFFICE EQUIPMENTS	9.25	11.35	0.92	19.68	7.97	-	15	0.31	8.28	1.28	11.40
27	PAPER SHREDDER	0.57	-	-	0.57	0.57	-	5	-	0.57	-	-
28	PHOTO COPY MACHINE	2.15	0.39	-	2.54	1.93	-	15	0.03	1.96	0.22	0.58
29	SAFETY DEVICE SYSTEM	2,805.30	108.90	13.70	2,900.50	565.72	-	15	195.28	761.01	2,239.58	2,139.49
30	STABILIZER	4,636.90	643.04	72.89	5,207.06	1,754.93	-	10	460.26	2,215.18	2,881.98	2,991.87
31	STRONG ROOM DOOR	5,871.85	0.30	-	5,872.15	1,004.45	-	30	188.81	1,193.26	4,867.40	4,678.89
32	TELEVISION	27.11	-	-	27.11	16.43	-	5	4.94	21.36	10.68	5.75
33	TOOLS & SPARES	0.31	-	-	0.31	0.31	-	5	-	0.31	-	-
34	VEHICLES	470.51	-	-	470.51	246.63	-	8	58.16	304.79	223.88	165.72
35	WIND ELECTRIC GENERATOR	11,850.92	-	-	11,850.92	4,401.14	-	22	511.74	4,912.88	7,449.78	6,938.04
	<b>Total</b>	<b>100,789.56</b>	<b>3,135.28</b>	<b>204.42</b>	<b>103,720.42</b>	<b>44,219.36</b>	<b>-</b>		<b>6,844.67</b>	<b>51,064.02</b>	<b>56,570.21</b>	<b>52,656.40</b>
b	INTANGIBLE ASSETS											
36	SOFTWARE	522.02	583.51	23.19	1,082.34	203.24	-	3	233.93	437.17	318.78	645.16
	<b>Total</b>	<b>522.02</b>	<b>583.51</b>	<b>23.19</b>	<b>1,082.34</b>	<b>203.24</b>	<b>-</b>		<b>233.93</b>	<b>437.17</b>	<b>318.78</b>	<b>645.16</b>
	<b>TOTAL FOR CURRENT YEAR</b>	<b>101,311.58</b>	<b>3,718.79</b>	<b>227.62</b>	<b>104,802.75</b>	<b>44,422.60</b>	<b>-</b>		<b>7,078.60</b>	<b>51,501.19</b>	<b>56,888.99</b>	<b>53,301.56</b>
	<b>TOTAL FOR PREVIOUS YEAR</b>	<b>87,808.33</b>	<b>13,545.66</b>	<b>42.40</b>	<b>101,311.58</b>	<b>36,660.50</b>	<b>-</b>		<b>7,762.09</b>	<b>4,442.60</b>	<b>51,147.83</b>	<b>56,888.99</b>



## ANNUAL REPORT (2017-2018)

### 9. NON-CURRENT INVESTMENTS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Quoted - at cost</b>		
Bhavishya Nirman Bond (NABARD)	0.00	4.99
Investment with PMS – Motilal Oswal	496.27	0.00
<b>Unquoted - at cost</b>		
- <b>In Equity &amp; Preference Capital</b>		
Muthoot Housing Finance Co Ltd	9,791.15	7,291.16
Muthoot Microfin Limited	11,721.43	7,915.45
Muthoot Pappachan Chits India Pvt Ltd	8.00	8.00
Muthoot Pappachan Technologies Ltd	3.00	3.00
Avenues India Private Limited	400.00	0.00
Fair Asset Technologies(P) Ltd	450.07	0.00
- <b>In Asset Reconstruction Fund</b>		
Edelweiss Asset Reconstruction Co Ltd	421.74	421.74
- <b>In Debt Instruments, Funds &amp; Bonds</b>		
BPEA India Credit - Trust II	610.00	0.00
Investment in Unlisted Debentures	2,195.35	7,400.00
Investment in Debt Fund	1,000.00	1,000.00
Investment in Bonds	300.00	300.00
<b>Total</b>	<b>27,397.01</b>	<b>24,344.34</b>

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

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Opening balance	(38.40)	359.74
Timing difference in depreciation	583.45	648.65
Timing difference in provision for NPA	0.00	(1,055.33)
Timing difference in provision for Gratuity	184.64	18.97
Timing difference in provision for Employee Benefits	132.88	27.78
Timing difference in provision for Investment Rate Fluctuation	95.69	(38.21)
Net deferred tax liability	<b>996.66</b>	<b>(398.14)</b>
Closing Balance	<b>958.26</b>	<b>(38.40)</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.

### 11. LONG TERM LOANS AND ADVANCES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Loans Secured and considered good	7,558.59	18,370.56
Loans Secured and considered doubtful	0.00	0.00
Unsecured Loans considered good	0.00	3,762.00
<b>Total</b>	<b>7,558.59</b>	<b>22,132.56</b>



## ANNUAL REPORT (2017-2018)

### 12. INVENTORIES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Inventory – Projects	30,031.41	30,012.93
<b>Total</b>	<b>30,031.41</b>	<b>30,012.93</b>

The Company has acquired properties for the purpose of sale / development and sale. The said properties have been acquired with the intention of subsequent sale and hence, the same has been categorized as Inventory. As the expected gestation period of the said development projects exceed 12 months, the same has been classified as Long Term.

### 13. OTHER NON-CURRENT ASSETS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Building deposits	8,213.11	8,326.74
Deposit with Banks – Non-Current	159.62	357.22
<b>Total</b>	<b>8,372.73</b>	<b>8,683.96</b>

Building deposits are paid to the landlords of the lease hold premises, in which the branches of the Company operate, which are leased for fairly long periods. The Company does not expect to realise the same within the period of next twelve months. Hence the deposits are treated as Long Term Loans and Advances.

### 14. CURRENT INVESTMENTS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Quoted		
Fully paid Equity shares in DP a/c with MOSL	1,673.57	1,433.31
Bhavishya Nirman Bond (NABARD)	4.99	0.00
<b>Total</b>	<b>1,678.56</b>	<b>1,433.31</b>

### 15. TRADE RECEIVABLES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Sundry Debtors:		
- Outstanding for more than 180 days	667.99	705.60
- Other debts	2,604.56	1,397.40
<b>Total</b>	<b>3,272.55</b>	<b>2,103.00</b>

### 16. CASH AND CASH EQUIVALENTS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Cash in hand	9,643.06	11,112.96
Forex balance	212.32	610.07
Cash at Bank : In Current Account (with scheduled banks)	16,669.80	21,611.79
Cash at Bank : In Deposit Account (with scheduled banks)	5,936.01	7,453.18
<b>Total</b>	<b>32,461.19</b>	<b>40,788.00</b>





## ANNUAL REPORT (2017-2018)

### 17. SHORT TERM LOANS AND ADVANCES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured Loans		
Considered Good	10,34,514.53	912,515.32
Considered Doubtful	18,813.18	15,212.57
Unsecured Loans		
Considered Good	80,622.24	83,708.65
Considered Doubtful	2,951.65	1,158.48
Other Advances		
Considered Good	74,196.62	78,617.51
<b>Total</b>	<b>12,11,098.22</b>	<b>10,91,212.53</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. All loans overdue for a period of above 3 months are classified as Non-Performing Assets. Necessary provisions as per the prudential norms have been made.

Other Advances considered good includes:

- ₹39.60 crores of tax remitted during the year in connection with application filed before the Hon. Settlement Commission, Chennai bench. This is treated as Advance Tax pending settlement of the case.
- ₹1,722.40 lakhs, ₹1,487.25 lakhs and ₹47,504.26 lakhs advanced by the Company to its Directors and their relatives, M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) and M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) respectively for purchase of immovable property / shares by the Company from them.

### 18. OTHER CURRENT ASSETS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Deposits	538.87	382.44
Interest Receivable	62,991.88	56,293.08
Advance to Suppliers	318.64	989.84
Inter corporate deposits	0.00	5,800.00
Other Current Assets	10,164.58	7,081.93
<b>Total</b>	<b>74,013.97</b>	<b>70,547.29</b>

### 19. REVENUE FROM OPERATIONS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest on Secured Loans	189,568.74	1,59,677.62
Interest on Unsecured Loan	19,892.65	35,086.59
Income from Forex operations	285.87	372.31
Income from Money transfer business	1,139.87	1,136.10
<b>Total</b>	<b>210,887.13</b>	<b>1,96,272.62</b>





## ANNUAL REPORT (2017-2018)

### 20. OTHER INCOME

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Income from Power generation	1,197.95	1,173.64
Interest on Bank deposit	492.49	474.70
Income from Investments	1,219.05	1,520.02
Commission received	3,538.67	2,766.88
Miscellaneous income	887.45	4,242.81
Interest on ICD	470.72	754.00
Provision written back	0.00	3,255.10
<b>Total</b>	<b>7,806.33</b>	<b>14,187.15</b>

### 21. EMPLOYEE BENEFITS EXPENSE

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Remuneration to Directors	1,620.00	1,620.00
Salaries & Allowances	31,418.68	30,012.23
Incentives	1,271.21	2,200.86
PF & ESI contributions	2,232.01	2,128.02
Staff welfare expenses	811.05	313.63
Bonus & Ex-gratia	1,279.39	972.82
<b>Total</b>	<b>38,632.34</b>	<b>37,247.56</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, 2018	March 31, 2017
Contributions to Provident Fund	1,252.98	1,206.14
Contributions to Employee State Insurance	970.56	767.69

#### Leave Encashment

Leave encashment expenses, valued on actuarial basis amounting to ₹309.94 lakhs has been fully provided.

#### Gratuity

The Company has created a Trust named "Muthoot Fincorp Employees' Group Gratuity Trust" to meet the liability towards gratuity benefits payable to its employees. The retirement benefits valued on actuarial basis amounting to ₹1,607.82 lakhs, has been fully provided. The fund is administered by Life Insurance Corporation of India ("LIC")





## ANNUAL REPORT (2017-2018)

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

(₹in lakhs)

Particulars	March 31, 2018	March 31, 2017
A) Reconciliation of opening and closing balance of defined benefit obligation		
- Defined benefit obligation at the beginning of the year	1,284.86	1,411.26
- Interest Cost	114.72	130.70
- Current Service Cost	489.47	444.99
- Benefits paid	(179.33)	(166.24)
- Actuarial gain/ (loss)	208.04	(535.85)
- Defined benefit obligation at the end of the year	1,917.76	1,284.86
B) Reconciliation of opening and closing balance of fair value of Plan Assets		
- Fair value of plan assets at the beginning of the year	505.05	417.57
- Expected return on plan assets	40.40	33.40
- Contributions	300.00	223.67
- (Benefit paid)	(179.33)	(166.24)
- Actuarial gains/(losses) on plan assets	(32.86)	(3.35)
- Fair value of plan assets at the end of the year	633.26	505.05
C) Expense for the year		
- Current service cost	489.47	444.99
- Interest Cost	114.72	130.70
- (Expected return on plan assets)	(40.40)	(33.40)
- Actuarial gains/(losses)	240.90	(532.50)
D) Investment details		
- Insurer managed funds	633.26	505.05
E) Experience adjustment		
- On Plan Liability (Gain)/Losses	632.90	(126.40)
- On Plan Assets (Losses)/Gain	128.21	87.48
F) Actuarial assumptions		
- Discount rate	7.50%	8.00%p.a.
- Salary Escalation	5.00%	5.00%p.a.
- Rate of return on plan assets	8.00%	8.00%p.a.

### 22. FINANCE COST

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest on Secured Debentures	11,372.65	16,471.55
Interest on Loan from Banks	63,702.84	54,044.02
Interest on Sub Debts	28,440.24	29,784.17
Interest on Inter Corporate Deposits	0.00	3.63
Interest on Perpetual Debt Instruments	2,166.78	1,728.00







## ANNUAL REPORT (2017-2018)

Interest on Commercial Paper	4,319.81	5,726.82
Other Financial charges	2,891.59	1,335.25
<b>Total</b>	<b>1,12,893.91</b>	<b>1,09,093.44</b>

### 23. OTHER EXPENSES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Rent	15,602.06	14,861.32
Electricity & Water Charges	2,012.38	1,833.29
Repairs & Maintenance	3,478.08	2,507.60
Networking Charges	707.75	692.75
Sitting Fee to Directors	8.42	11.44
Commission to Directors	132.00	166.00
Insurance	16.67	371.30
Security Charges	3,636.46	3,796.29
Marketing & Business Promotion	3,755.12	4,726.21
Travelling Expenses	2,159.91	1,970.19
Telephone Charges	1,485.46	1,518.17
Printing & Stationery	637.48	811.12
Office Expenses	311.69	127.87
Professional Charges	2,814.41	2,110.93
Provisions and Write offs	2,574.14	1,735.00
Donation and CSR Expenses	477.62	317.67
Rates and Taxes	342.31	704.12
Postage and Telegram	421.61	824.30
Miscellaneous expenses	84.37	43.27
<b>Total</b>	<b>40,657.94</b>	<b>39,128.84</b>

During the year, commission was paid to the extent of ₹132.00 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 ₹208.57 lakhs to banks. The company is contingently liable to the banks to that extent (P.Y. ₹276.30 lakhs)
- 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 amounting to ₹17,17,069/-, with interest and penalty thereon. The company has moved an appeal to the CESTAT, Bangalore against the said Order, which is pending hearing (P.Y. ₹17.17 lakhs)
- The Commissioner of Central GST and Central Excise, Thiruvananthapuram issued Order-In-Original No. TVM-EXCUS-000-COM-70-17-18 dated 31/10/2017 confirming tax & penalty payable, totalling to ₹1,451.58 lakhs. The Company has filed an appeal before the Hon. CESTAT, Bangalore after remitting pre-deposit fee of ₹50.03 lakhs. (P.Y. ₹878.52 Lakhs)
- The Commissioner of Central GST and Central Excise, Thiruvananthapuram issued Order-In-Original No. TVM-EXCUS-000-COM-18-17-18 dated 27/07/2017 confirming tax & penalty payable, totalling to ₹2,132.11 lakhs. The Company has filed an appeal before the Hon. CESTAT, Bangalore after remitting pre-deposit fee of ₹96.62 lakhs. (P.Y. ₹1,315.43 lakhs)





- e) The Joint Commissioner of Income Tax/Special Range/Trivandrum completed assessment / reassessment for AY 2006-07, 2010-11 and 2013-14 during FY2015-16. A demand of ₹550.17 lakhs was raised for the AY 2006-07 which has been completely remitted / adjusted against refunds due. The Company has filed appeal before the CIT (Appeals), Trivandrum for the AY 2006-07. For AY 2010-11, a demand of ₹1,728.50 lakhs had been raised, against which the Company has filed an appeal before the CIT (Appeals), Trivandrum. For AY 2013-14, a demand of ₹2,065.21 lakhs had been raised against which ₹933.45 lakhs had 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. The company had further remitted ₹265 lacs pertaining to AY 2010-11 & ₹390.06 lakhs pertaining to AY 2013-14 in the FY 2016-17. Collection of balance demand for the said years have been stayed by the ACIT/Circle 1(1)/Tvm vide order dated 21/07/2016 pending disposal of the appeal by the CIT (Appeals), Trivandrum. (Contingent liability as on 31/03/2018 – ₹1,463.50 lakhs for AY 2010-11 and ₹741.70 lakhs for AY 2013-14) (P.Y. ₹2,205.20 lakhs)
- f) The Assistant Commissioner of Income Tax (TDS), Trivandrum issued a Notice of Demand pertaining to AY 2015-16 demanding a total of ₹3,860.65 lakhs. A total of ₹586.99 lakhs for stay of demand has been remitted and an appeal before the Commissioner of Income Tax (Appeals)/Trivandrum has been filed. (Contingent liability as on 31/03/2018 – ₹3,273.66 lakhs) (P.Y. – ₹3,273.66 lakhs)
- g) The Assistant Commissioner, Special Circle, Karamana, Thiruvananthapuram issued a Demand Notice dated 19/09/2016 demanding tax, interest and penalty totalling to ₹1,432.69 lakhs. The Company has remitted 20% of the demand for stay of recovery, amounting to ₹286.54 lakhs and has filed an appeal before the Deputy Commissioner (Appeals), Trivandrum, against the demand. (Contingent Liability as on 31/03/2018 – ₹1,146.15 lakhs) (P.Y. – 1,146.15 lakhs)
- h) 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 31.03.2018 amounts to ₹44.66 lakhs. (P.Y. ₹1,081.31 lakhs)
- i) 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.
- j) The Company had received a notice from the Reserve Bank of India in March, 2012 to show cause as to why arm's length policy is not maintained with group concerns. The company has already submitted its reply in writing.

## 25. SEGMENT INFORMATION

The Company's business activity predominantly relates to the Financial sector. However, the Company's assets and revenue include those pertaining to Windmill Power Generation. The Company has a Real Estate division 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	217,495.51	1,197.95	0.00	218,693.46
Expenditure	198,462.72	791.14	8.93	199,262.79





## ANNUAL REPORT (2017-2018)

Segment result	19,032.79	406.81	(8.93)	19,430.67
Segment asset	13,61,290.88	8,033.90	80,819.27	14,50,144.05
Segment liabilities	13,69,324.78	0.00	80,819.27	14,50,144.05
Capital expenditure	3,718.79	0.00	0.00	3,718.79
Depreciation	6,566.86	511.74	0.00	7,078.60

### 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 31.03.2018

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	MPG PRECIOUS METALS PRIVATE LTD
17	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
18	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
19	MUTHOOT DAIRIES AND AGRI VENTURES PRIVATE LIMITED
20	MUTHOOT APT CERAMICS LIMITED
21	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED
22	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED
23	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED
24	MUTHOOT CAPITAL SERVICES LIMITED
25	MUTHOOT EQUITIES LIMITED
26	MUTHOOT HOLDINGS PRIVATE LIMITED
27	MUTHOOT HOTELS PRIVATE LIMITED
28	MUTHOOT HOUSING FINANCE COMPANY LIMITED
29	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED





## ANNUAL REPORT (2017-2018)

30	MUTHOOT LAND AND ESTATES PRIVATE LIMITED
31	MUTHOOT MOTORS PRIVATE LIMITED
32	MUTHOOT MICROFIN LIMITED
33	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED
34	MUTHOOT PAPPACHAN TECHNOLOGIES LIMITED
35	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED
36	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED
37	PINE PINK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
38	THE RIGHT AMBIENT RESORTS PRIVATE LIMITED
39	MUTHOOT PAPPACHAN CHITS (INDIA) PRIVATE LIMITED
40	MUTHOOT EXIM PRIVATE LIMITED
41	MUTHOOT KURIES PRIVATE LIMITED
42	THE THINKING MACHINE MEDIA PRIVATE LIMITED
43	MPG SECURITY GROUP PRIVATE LIMITED
44	MUTHOOT PAPPACHAN CENTRE OF EXCELLENCE IN SPORTS
	<b>FIRM / LLP / TRUST</b>
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 ASSET MANAGEMENT LLP*
9	MPG AUTOMOBILES LLP
10	MPG HOSPITALITY LLP*
11	MPG LAND AND ESTATE LLP*
12	MPG REAL ESTATE LLP*
13	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





## ANNUAL REPORT (2017-2018)

3	Thomas Muthoot	Executive Director cum Chief Financial Officer	1. Remmy Thomas 2. Suzannah Muthoot 3. Hannah Muthoot
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c) Transactions with persons listed in (b) above, during the year/balances Outstanding as on 31.03.2018

(₹in Lakhs)

Particulars	Thomas John Muthoot	Thomas George Muthoot	Thomas Muthoot	Other Directors & relatives
<b>TRANSACTIONS DURING THE YEAR</b>				
<b>Revenue/(Expenses)</b>				
Interest accrued on loan	5.69	5.65	5.65	0.00
Rent paid*	(18.24)	(40.50)	(85.17)	0.00
Remuneration paid	(900.00)	(132.00)	(720.00)	0.00
Interest on debt	(23.47)	(19.46)	(19.46)	0.00
Sitting Fee	0.00	(1.75)	0.00	(6.00)
<b>Assets</b>				
Loans Advanced	6,700.00	6,600.00	6,600.00	0.00
<b>OUTSTANDING AS ON 31.03.2018</b>				
<b>Assets</b>				
Advance for Property	536.96	536.96	514.62	133.87
Loans Advanced	6,700.00	6,600.00	6,600.00	0.00
Interest Receivable	5.69	5.65	5.65	0.00
<b>Liabilities</b>				
Debt Instrument Outstanding	1,600.00	1,600.00	1,600.00	1.83
Remuneration payable	71.33	41.20	57.41	0.00
Rent Payable	0.00	0.00	0.50	0.00

\* Exclusive of Service Tax

d) Transactions with entities listed in (a) above

(₹in Lakhs)

Transaction	Amount
<b>Revenue</b>	
Income from services rendered*	3,330.69
Income from renting of premises*	392.28
Interest on loans and other finances	415.79
<b>Expenditure</b>	
Rent paid towards premises taken on lease*	20.19
Fees towards services rendered*	4,157.56
Interest on deposits and other debt instruments	366.65
Interest paid on Collection	5.65
Reimbursement of Expenditure*	(110.55)
<b>Assets</b>	
Advance for CSR activities	466.67
Investment made	6,305.97
Loans advanced	2,200.00
Repayments against loans advanced	(4,610.11)





## ANNUAL REPORT (2017-2018)

<b>Liabilities</b>	
Advance received JD – Owners share	53.11
Rent Security Deposits accepted	17.95

\* Exclusive of Service Tax

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

(₹in Lakhs)

Transaction	Amount
<b>Assets (Receivables)</b>	
Against Services rendered	522.41
Against Renting of premises	23.98
Against Interest from loans, deposits and other finances	49.13
Against Advance for CSR activities	4.65
Against Loans Advanced	1,451.89
Against Advance for Property / Shares	48,991.52
<b>Liabilities (Payables)</b>	
Against Services rendered	542.01
Against Rent Security Deposits	98.37
Against Debt Outstanding	2.34

27. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013.

### 28. EARNINGS PER SHARE (EPS)

Particulars	At March 31, 2018	At March 31, 2017
Profit after tax (₹in lakhs)	15,152.59	11,607.06
Weighted average number of shares outstanding	19,37,05,560	18,65,82,269
Basic Earnings per share	7.82	6.22
Diluted Earnings per share	7.82	6.22

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

Particulars	At March 31, 2018	At March 31, 2017
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	1,620.00	1,620.00
	Commission to Director	132.00	166.00
2	Value of Imports	0.00	0.00
3	Expenditure in Foreign Currency	17.45	25.68
4	Earnings in Foreign Exchange	0.00	0.00





5	Auditors Remuneration		
	For Statutory Audit	16.00	16.00
	Company Law Services	0.00	0.00
	Taxation	1.00	3.75
	Other Services	0.00	2.25
6	Amount due to Small Scale Industries	Nil	Nil

(The above information has been determined as per the details available with the company. The auditor has relied on the said information)

### 31. CSR EXPENDITURE

As required under Section 135 of the Companies Act, 2013, the Company was required to spend ₹295.39 lakhs in the reporting year in pursuance of its Corporate Social Responsibility Policy, being two percent of the average net profits of the company made during the three immediately preceding financial years. The Company has during the year, spent a total of ₹470.73 lakhs towards CSR expenditure. However, the accumulated shortfall in the amount spent over prior years in comparison with the Companies Act requirement, stands at ₹366.24 lakhs as on 31<sup>st</sup> March, 2018. The said shortfall is expected to be utilized in the subsequent years, as was partially utilized in the current reporting period.

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 Carat Gold published by Bombay Bullion Association. The loan amount provided against security of gold works out to 66.31% of the value of gold as on 31-03-2018.
33. The Company's Percentage of Gold Loan to Total Assets is 69.07% as at the balance sheet date as against 67.15% in the previous year.
34. Disclosures under the Listing Agreement for Debt Securities

#### (i) Debenture Trustees:

##### Trustees for Public Issue

- (i) Sbicap Trustee Company Limited  
202, Maker Tower, 'E', Cuffe Parade, Colaba,  
Mumbai, Maharashtra – 400005  
Tel : 022-4302 5555, Fax : 022-4302 5500  
Email : [helpdesk@sbicaptrustee.com](mailto:helpdesk@sbicaptrustee.com)

##### Trustees for Private Placement

- (i) VISTRA ITCL (INDIA) LIMITED (formerly IL&FS Trust Company Limited)  
The IL&FS Financial Centre, Plot C- 22, G Block,  
Bandra Kurla Complex,  
Bandra(E), Mumbai 400051  
Tel + 91 22 2659 3651, Fax + 91 22 2653 3297  
Email: [itclcomplianceofficer@ilfsindia.com](mailto:itclcomplianceofficer@ilfsindia.com)
- (ii) CATALYST TRUSTEESHIP LIMITED  
CDA House, Plot No. 85,  
Bhusari Colony (Right), Paud Road, Pune - 411038  
Tel +91 (020) 25280081 Fax +91 (020) 25280275  
Email: [dt@ctltrustee.com](mailto:dt@ctltrustee.com)



**(ii) Security:**

Privately Placed Secured Debentures are secured by subservient charge on all current assets of the Company, both present and future. Privately Placed Institutional Secured Debentures are secured by a first 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, 2018	At March 31, 2017
Loans & advances in the nature of loans to subsidiaries	1,365.00	3,762.00
Loans & advances in the nature of loans to associates	Nil	Nil
Loans & advances in the nature of loans where there is-		
(i) no repayment schedule or repayment beyond seven years	Nil	Nil
(ii) no interest or interest below section 186 of the Companies Act	Nil	Nil
Loans & advances in the nature of loans to other firms/companies in which directors are interested	86.89	100.00

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.







## ANNUAL REPORT (2017-2018)

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

(₹ 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	58,427.12	93.28
	▪ Unsecured (other than falling within the meaning of public deposits)	0.00	0.00
	b. Deferred credits	0.00	0.00
	c. Term loans	15,336.19	0.00
	d. Working Capital Term Loans	78,588.61	0.00
	e. Inter-corporate loans and borrowings	0.00	0.00
	f. Commercial paper	0.00	0.00
	g. Public Deposits	0.00	0.00
	h. Other loans:		
	▪ Working capital loans from banks	769,080.77	0.00
	▪ Loan from directors	0.00	0.00
	▪ Perpetual Debt Instruments	26,400.17	0.00
	▪ Subordinated Debts	290,096.73	0.00
	<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		10,60,886.30
	b. Un-Secured		157,770.51
3	<b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
	(i) Lease assets including lease rentals under sundry debtors:		0.00
	(a) Financial Lease		0.00
	(b) Operating Lease		0.00
	(ii) Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire		0.00
	(b) Repossessed Assets		0.00
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		0.00
	(b) Loans other than (a) above		0.00
4	<b>Break-up of Investments</b>		
	<b>Current Investments</b>		
	1. Quoted:		





## ANNUAL REPORT (2017-2018)

	i. Shares		
	(a) Equity		1,673.57
	(b) Preference		0.00
	ii. Debentures and Bonds		0.00
	iii. Units of Mutual Funds		0.00
	iv. Government Securities		0.00
	v. Others		0.00
	2. Un-Quoted:		
	i. Shares:		
	(a) Equity		0.00
	(b) Preference		0.00
	ii. Debentures and Bonds		0.00
	iii. Units of Mutual Funds		0.00
	iv. Government Securities		4.99
	v. Others		0.00
	<b>Long Term Investments</b>		
	1. Quoted:		
	i. Shares		
	(a) Equity		0.00
	(b) Preference		0.00
	ii. Debentures and Bonds		0.00
	iii. Units of Mutual Funds		0.00
	iv. Government Securities		0.00
	v. Others		496.27
	2. Un-Quoted:		
	i. Shares:		
	(a) Equity		21,523.58
	(b) Preference		850.07
	ii. Debentures and Bonds		4,105.35
	iii. Units of Mutual Funds		0.00
	iv. Government Securities		0.00
	v. Others		421.74

(₹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	0.00	1,359.54	1,359.54
	b. Companies in the same group	86.54	0.00	86.54
	c. Other related parties	19,820.40	0.00	19,820.40
	2. Other than related Parties	10,32,043.76	81,527.09	11,13,570.85
	<b>Total</b>	<b>10,51,950.70</b>	<b>82,886.63</b>	<b>11,34,837.33</b>





## ANNUAL REPORT (2017-2018)

(₹in Lakhs)

6	Investor group-wise classification of all investments (Current and Long term) in shares and securities (both quoted and unquoted);		
	Category	Market value/Breakup or Fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a. Subsidiaries	21,515.59	21,515.59
	b. Companies in the same group	8.00	8.00
	c. Other related parties	0.00	0.00
	2. Other than related Parties	7,551.98	7,193.04
	Total	29,075.57	28,716.63

(₹in Lakhs)

7	Other Information	
	Particulars	Amount
	(i) Gross Non-Performing Assets	
	(a) Related Parties	0.00
	(b) Other than related parties	21,778.54
	(ii) Net Non-Performing Assets	
	(a) Related Parties	0.00
	(b) Other than related parties	16,650.48
	(iii) Assets Acquired in satisfaction of debt	0.00

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

### 1. Capital Adequacy Ratio

(₹in Lakhs)

	Items	Current Year	Previous Year
1	CRAR (%)	22.20%	21.42%
2	CRAR – Tier I Capital (%)	14.59%	14.10%
3	CRAR – Tier II Capital (%)	7.62%	7.32%
4	Amount of subordinated debt raised as Tier-II capital (eligible amount, restricted to 50% of Tier-I capital)	101,434.83	91,068.44
5	Amount raised by issue of Perpetual Debt Instruments	26,400.00	14,400.00

The percentage of PDI to the Tier I Capital of the Company is 13.01%.





## ANNUAL REPORT (2017-2018)

### 2. Investments

(₹in Lakhs)

Particulars		Current Year	Previous Year
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	29,075.57	25,777.65
	(b) Outside India	0.00	0.00
	(ii) Provisions for Depreciation		
	(a) In India	358.95	82.46
	(b) Outside India	0.00	0.00
	(iii) Net Value of Investments		
	(a) In India	28,716.62	25,695.19
	(b) Outside India	0.00	0.00
(2)	Movement of provisions held towards depreciation of investments		
	(i) Opening Balance	82.46	192.86
	(ii) Add: Provisions made during the year	328.81	82.46
	(iii) Less: Write off/write back of excess provisions during the year	52.32	192.86
	(iv) Closing balance	358.95	82.46

### 3. Derivatives

The Company did not have any Derivative transaction during the year.

### 4. Securitisation

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

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

Particulars		Current Year	Previous Year
(i)	No. of accounts	Nil	315,600
(ii)	Aggregate value (net of provisions) of accounts sold	Nil	473,99,29,253
(iii)	Aggregate consideration	Nil	448,89,66,766
(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)

Description	Up to 1 month	>1 to 2 month	>2 to 3 months	>3 to 6 months	6months to 1 yr	>1 to 3 yrs	>3 to 5 yrs	>5 yrs	Total
Advances	1,86,589.21	52,488.69	83,087.79	3,58,136.00	5,93,841.50	7,145.04	417.32	-	12,81,705.55
Investments	1,678.56	-	-	-	-	5,873.42	-	21,523.59	29,075.58
Borrowings	74,287.71	7,473.87	88,052.83	2,33,658.27	5,22,232.36	1,40,923.25	1,02,227.00	69,074.30	12,37,929.59
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-



## 6. Exposures

### Exposure to Real Estate Sector

(₹in Lakhs)

Category	Current Year	Previous Year
a. Direct Exposure		
i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	Nil	Nil
ii. Commercial Real Estates Lending secured by mortgages on commercial real estate (of- fice 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.	12,201.75	13,665.67
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures ▪ Residential ▪ Commercial Real Estate	Nil	Nil
b. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	14,068.53	12,108.60
Total Exposure to Real Estate Sector	26,270.28	25,774.27

### 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;	2,169.84	1,433.31
(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





## ANNUAL REPORT (2017-2018)

(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market		2,169.84	1,433.31

### 7. Miscellaneous

#### Registration obtained from other financial sector regulators

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

#### Disclosure of Penalties imposed by RBI and other regulators

No penalty was imposed on the Company during the year.

#### Policy on dealing with Related Party Transactions

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

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

The Company's Long Term Credit Rating by CRISIL has remained CRISIL A-/Stable in FY 17-18 & FY 16-17. CARE has rated the Company as CARE A- in FY17-18 as compared to its rating of CARE A (Single A) in FY16-17. The latest debt-wise Rating of the Company are as below:

Type	Rating (2017-18)	Rating (2016-17)	Date of Rating
Short Term Rating	CRISIL A1	CRISIL A1	07/03/2018
Short Term Rating	CARE A1	-	20/03/2018
Long Term Rating	CARE A -	CARE A	18/07/2017
Long Term Rating	CRISIL A-/Stable	CRISIL A-/Stable	07/11/2017
Perpetual Debt Instruments	BWR A	BWR A Minus	03/07/2017
Subordinate Debt	CRISIL A-/Stable (30 Cr)	Withdrawn on redemption	07/11/2017

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

The Company has paid ₹132.00 lakhs to Mr. Thomas George Muthoot, Non-Executive Director of the Company during the year. Remuneration (other than Sitting Fee) has not been paid to any of the other Non-Executive Directors.

### 8. Additional Disclosures

#### Concentration of Advances

(₹in Lakhs)

Particulars	Current Year	Previous Year
Total Advances of twenty largest borrowers	41,407.06	31,699.25
Percentage of Advances of twenty largest borrowers to Total Advances of the NBFC	3.43%	3.06%

#### Concentration of Exposures

(₹in Lakhs)

Particulars	Current Year	Previous Year
Total Exposure of twenty largest borrowers/customers	41,614.61	32,297.58
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	3.45%	3.12%





## ANNUAL REPORT (2017-2018)

### Concentration of NPA's

(₹in Lakhs)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	8,634.16	1,170.05

### Sector-wise NPA's

(₹in Lakhs)

Sl.no.	Particulars	Current Year	Previous Year
1	Agriculture & allied activities	8,145.03	13,853.63
2	MSME	10,681.85	1,195.56
3	Corporate borrowers	0.00	0.00
4	Services	0.00	0.00
5	Unsecured personal loans	2,951.65	1,128.77
6	Auto loans	0.00	0.00
7	Other personal loans	0.00	193.07

### Movement of NPA's

(₹in Lakhs)

	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	1.45%	1.14%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	16,371.03	45,393.82
	(b) Additions during the year	13,752.59	9,267.94
	(c) Reductions during the year	8,345.08	38,290.73
	(d) Closing balance	21,778.54	16,371.03
(iii)	Movement of Net NPAs		
	(a) Opening balance	11,748.88	37,495.11
	(b) Additions during the year	11,940.04	7,607.14
	(c) Reductions during the year	7,038.44	33,353.37
	(d) Closing balance	16,650.48	11,748.88
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	4,622.15	7,898.71
	(b) Additions during the year	1,812.54	1,660.80
	(c) Write-off / write-back of excess provisions	1,306.64	4,937.36
	(d) Closing balance	5,128.05	4,622.15

### 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	6
(b)	No. of complaints received during the year	1081
(c)	No. of complaints redressed during the year	1081
(d)	No. of complaints pending at the end of the year	6





**RANGAMANI&CO.,**  
CHARTERED ACCOUNTANTS

E-mail: [sreenivasan2121@gmail.co](mailto:sreenivasan2121@gmail.co)  
Mob: 9847051915 Phone: 2261542  
17/598, IIInd Floor, Card Bank Building  
West Of Y.M.C.A. Bridge, V.C.S.B. Road  
Alleppey-688001

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

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 2018, 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**

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

#### **Auditors responsibility**

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

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.

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.







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

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 2018, and its profit and its cash flows for the year ended on that date.

### Report on other legal and regulatory requirements

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.

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<sup>st</sup> March 2018, 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<sup>st</sup> March 2018 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 2018, 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.





### Other Matters

The accompanying Consolidated Financial Statements include total assets of ₹331,443.26 lakhs as at 31<sup>st</sup> March, 2018, total revenues of ₹55,996.80 lakhs and net cash flows of ₹25,644.96 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: 08<sup>th</sup> June, 2018

**For Rangamani & Co.,**  
Chartered Accountants,  
Firm Regn. No. – 003050 S

sd/-  
**R. Sreenivasan**  
Partner  
Membership No.: 020566





## ANNUAL REPORT (2017-2018)

### 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 2018**

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

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

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

(ii) The provisions of clause 3(ii) of the said Order are not applicable to the Group as the Holding Company and its subsidiaries have not held any stock in trade during the year, except for Stock of Stationery and 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 parties listed in the Register maintained under Section 189 of the Companies Act, 2013.

(₹in lakhs)

Name of the party	Nature of Loan	Balance as on 31.03.2018
Muthoot Motors Private Limited	Unsecured Loan	86.89
Thomas John Muthoot	Secured Loan	6,700.00
Thomas George Muthoot	Secured Loan	6,600.00
Thomas Muthoot	Secured Loan	6,600.00

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 payment is regular.

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

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

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

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

(vii) (a) In our opinion, according to the information and explanations given to us and the records of the Company examined by us, and based on the audit report of the subsidiaries, the Group is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax and other material statutory dues, as applicable, with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the





## ANNUAL REPORT (2017-2018)

above were in arrears as at March 31, 2018 for a period of more than six months from the date on which they became payable except as stated below:

(₹ in lakhs)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Due Date	Date of Payment
The Gujarat Professions Tax Act, 1976	Professional Tax	17,430/-	April 2017 to August 2017	May 21, 2017 to September 21, 2017	N.A.
Tamil Nadu Tax on Professions, Trades, Callings and Employ-ment's Act, 1992	Professional Tax	9,445/-	April 2017 to Sep-tember 2017	September 30, 2017	N.A.
Tamil Nadu Tax on Professions, Trades, Callings and Employ-ment's Act, 1992	Professional Tax	16,838/-	April 2017 to Sep-tember 2017	September 30, 2017	April 10, 2018

As represented to the Auditors, the delay is due to procedural delays in getting the registrations under the respective statutes.

(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 2018 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
Service Tax	Tax on receipts relating to assign-ment of receivables	1,401.55	01/04/2007 to 31/03/2012	CESTAT, Bangalore
Service Tax	Tax on notional consideration against support services rendered to group concerns	2,035.49	01/04/2008 to 31/03/2012	CESTAT, Bangalore
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	1,463.50	AY 2010-11	CIT (Appeals), Trivandrum
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	741.70	AY 2013-14	CIT (Appeals), Trivandrum
Income Tax	Non-Deduction of Tax at Source	3,273.66	AY 2015-16	CIT (Appeals), Trivandrum
Value Added Tax	Purchase Tax	1,146.15	AY 2013-14	Deputy Commissioner (Appeals), Trivandrum

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

There are unpaid amounts of debentures amounting to ₹220.32 lakhs outstanding as on March 31, 2018, 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,





## ANNUAL REPORT (2017-2018)

the Group has applied moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised. However, surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, according to the information and explanations given to us and based on the report of the auditors of the subsidiaries, instances of loan against theft gold, spurious gold and misappropriation of cash committed by personnel of the Company & its subsidiaries were noticed aggregating to an amount of ₹287.74 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 equity shares and compulsorily convertible preference shares made by the subsidiaries, are in compliance of Section 42 of the Act, and the amount so raised has been used for the purpose for which the funds were raised, though surplus funds not required for immediate utilisation have been invested in liquid investments, payable on demand.

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

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

**For Rangamani & Co.,**  
Chartered Accountants,  
Firm Regn. No. – 003050 S

sd/-  
**R. Sreenivasan**  
Partner  
Membership No.: 020566

Place: Thiruvananthapuram  
Date: 08<sup>th</sup> June, 2018





### 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 2018**

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

We have audited the internal financial 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, 2018 in conjunction with our audit of the consolidated 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 internal financial controls over financial reporting based on our audit and on the basis of the auditors' report of the subsidiaries. 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





## ANNUAL REPORT (2017-2018)

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 Group has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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: 08<sup>th</sup> June, 2018

**For Rangamani & Co.,**  
Chartered Accountants,  
Firm Regn. No. – 003050 S

sd/-  
**R. Sreenivasan**  
Partner  
Membership No.: 020566







# ANNUAL REPORT (2017-2018)

## MUTHOOT FINCORP LIMITED CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

(₹ in lakhs)

Particulars	Note	Figures as at	
		March 31, 2018	March 31, 2017
<b>LIABILITIES</b>			
<b>Equity and Liabilities</b>			
<b>Share Holder's Funds</b>			
Share Capital	1	19,370.56	19,370.56
Reserves & Surplus	2	192,832.75	1,56,630.33
Minority Interest		18,815.43	4,336.04
Money received against share warrants		-	-
Share Application Money Pending Allotment		-	-
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	4,60,245.70	4,55,672.68
Deferred Tax Liability (net)		-	-
Other Long Term Borrowings	4	-	158.03
Long Term Provisions	5	1,207.11	1,147.30
<b>Current Liabilities</b>			
Short Term Borrowings	6	768,754.35	6,57,741.43
Trade Payables	7	925.32	1,272.11
Other Current Liabilities	8	266,193.40	220,645.46
Short Term Provisions	9	30,052.92	20,618.10
<b>TOTAL</b>		<b>17,58,397.54</b>	<b>15,37,592.04</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	54,202.45	57,529.32
Intangible Assets	10	1,871.95	905.71
Capital Work in Progress		0.00	58.65
Intangible Assets under Development		71.75	629.01
Non-Current Investments	11	5,881.43	9,134.73
Deferred Tax Assets	12	1,862.57	603.50
Long Term Loans & Advances	13	143,315.36	106,330.65
Inventories	14	30,031.41	30,012.93
Other Non-Current Assets	15	14,219.68	14,655.43
<b>Total Non-Current Assets</b>		<b>2,51,456.60</b>	<b>2,19,859.93</b>
<b>Current Assets:</b>			
Current Investments	16	1,678.56	1,433.31
Trade Receivables	17	3,466.11	2,193.35
Cash & Cash Equivalents	18	95,323.09	76,809.99
Short Term Loans & Advances	19	13,27,916.15	11,60,391.91
Other Current Assets	20	78,557.03	76,903.55
<b>Total Current Assets</b>		<b>15,06,940.94</b>	<b>13,17,732.11</b>
<b>TOTAL</b>		<b>17,58,397.54</b>	<b>15,37,592.04</b>

See accompanying notes to the Financial Statements

For and on behalf of the Board of Directors,

Vide our report dated 08/06/2018 attached  
For Rangamani & Co., Chartered Accountants  
Firm Regn. No. - 003050 S

sd/-  
**Thomas John Muthoot**  
Managing Director  
DIN: 00011618

sd/-  
**Thomas George Muthoot**  
Director  
DIN: 00011552

sd/-  
**R. Sreenivasan**  
Partner  
M.No.020566

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

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

Thiruvananthapuram  
29/05/2018





# ANNUAL REPORT (2017-2018)

## MUTHOOT FINCORP LIMITED

### CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

(₹in lakhs)

Particulars		Note	Figures for the year ended	
			March 31, 2018	March 31, 2017
<b>I. REVENUE</b>				
Revenue from Operations	21		259,773.08	2,23,861.57
Other Income	22		12,451.64	16,829.51
<b>II. Total Revenue</b>			<b>2,72,224.72</b>	<b>2,40,691.08</b>
<b>III. EXPENSES</b>				
Employee Benefit Expenses	23		51,846.36	45,817.99
Finance Cost	24		135,229.98	1,22,027.25
Depreciation and Amortization	10		7,507.67	8,015.49
Other Expenses	26		45,172.18	41,290.58
<b>IV. Total Expenses</b>			<b>2,39,756.19</b>	<b>2,17,151.31</b>
<b>V. Profit before Exceptional and Extra Ordinary Items and Tax (II-IV)</b>			<b>32,468.53</b>	<b>23,539.77</b>
<b>VI. Exceptional Items</b>			-	-
<b>VII. Profit before Extra-Ordinary Items and Tax (V-VI)</b>			<b>32,468.53</b>	<b>23,539.77</b>
<b>VIII. Extra-Ordinary Items</b>			-	-
<b>IX. Profit Before Tax (VII-VIII)</b>			<b>32,468.53</b>	<b>23,539.77</b>
<b>X. Tax Expenses:</b>				
Current Tax			9,910.77	7,601.54
Deferred Tax			(1,259.06)	142.58
<b>XI. Profit for the Period from Continuing Operations (IX-X)</b>			<b>23,816.82</b>	<b>15,795.65</b>
<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 after Tax before Minority Interests (XI+XIV)</b>			<b>23,816.82</b>	<b>15,795.65</b>
<b>XVI. Less: Minority Interests</b>			<b>(2,397.37)</b>	<b>(686.29)</b>
<b>XVII. Profit for the year (XV-XVI)</b>			<b>21,419.45</b>	<b>15,109.36</b>
<b>XVIII. Earnings per Equity Share</b>				
Basic			11.06	8.10
Diluted			11.06	8.10

See accompanying notes to the Financial Statements

For and on behalf of the Board of Directors,

Vide our report dated 08/06/2018 attached  
For Rangamani & Co., Chartered Accountants  
Firm Regn. No. – 003050 S

sd/-  
**Thomas John Muthoot**  
Managing Director  
DIN: 00011618

sd/-  
**Thomas George Muthoot**  
Director  
DIN: 00011552

sd/-  
**R. Sreenivasan**  
Partner  
M.No.020566

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

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

Thiruvananthapuram  
29/05/2018



# ANNUAL REPORT (2017-2018)

## MUTHOOT FINCORP LIMITED

### CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

(₹in lakhs)

	Particulars	2017-18	2016-17
a)	<b>Cash Flow from operating activities</b>		
	Net profit after taxation and extraordinary items	23,816.82	15,795.65
	<b>Adjustments:</b>		
	Depreciation & amortization	7,507.67	8,015.49
	(Profit)/loss on sale of fixed assets	57.81	1.29
	Interest on Loan	246.61	-
	Provisions and write offs	15,817.75	17,218.59
	Bad debts written off	778.30	1,974.34
	Net gain on sale of current investments	(2,010.17)	(1,504.12)
	Unrealised gain on Loan transfer transactions	(158.03)	-
	Dividend income	(18.77)	(15.90)
	<b>Operating profit before working capital changes</b>	<b>46,037.99</b>	<b>41,485.34</b>
	<b>Movement in Working Capital</b>		
	(Increase) / decrease in short term loans and advances	(168,302.55)	(236,045.91)
	(Increase) / decrease in long term loans and advances	(36,984.71)	(15,422.75)
	(Increase) / decrease in other current assets	12,586.17	(18,563.74)
	Increase / (decrease) in provisions	(10,226.95)	(5,591.06)
	Increase / (decrease) in other current liabilities	45,201.15	54,634.79
	<b>Cash generated from operation</b>	<b>(111,688.90)</b>	<b>(179,504.33)</b>
	Direct taxes paid (net of refund)	(15,095.14)	(12,141.02)
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(126,784.04)</b>	<b>(191,644.35)</b>
b)	<b>Cash Flow from investing activities</b>		
	Purchase of fixed and tangible assets	(4,882.13)	(14,533.90)
	Purchase / Sale of investments	3,008.04	(6,047.46)
	Sale of Fixed Assets	104.39	-
	Profit/(loss) on sale of fixed assets/Investments	1,952.37	-
	Dividend received	18.77	15.90
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>201.44</b>	<b>(20,565.46)</b>
c)	<b>Cash flow from financing activities</b>		
	(Increase) / decrease of short term borrowings	111,012.92	177,725.86
	(Increase) / decrease of long term borrowings	4,573.02	35,186.89
	Dividend and Dividend Tax paid	(1,684.26)	-
	Fresh issue of shares	-	19,550.04
	Issue of shares to Minority Shareholders	31,194.02	1,729.59
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>145,095.70</b>	<b>234,192.38</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>18,513.10</b>	<b>21,982.57</b>
	Cash and cash equivalents at the beginning of the year	76,809.99	54,827.42
	<b>Cash and cash equivalents at the end of the year</b>	<b>95,323.09</b>	<b>76,809.99</b>

See accompanying notes to the Financial Statements

For and on behalf of the Board of Directors,

Vide our report dated 08/06/2018 attached  
For Rangamani & Co., Chartered Accountants  
Firm Regn. No. - 003050 S

sd/-  
**Thomas John Muthoot**  
Managing Director  
DIN: 00011618

sd/-  
**Thomas George Muthoot**  
Director  
DIN: 00011552

sd/-  
**R. Sreenivasan**  
Partner  
M.No.020566

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

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

Thiruvananthapuram  
29/05/2018



## ANNUAL REPORT (2017-2018)

### MUTHOOT FINCORP LIMITED

#### Significant Accounting Policies and Notes to Consolidated Financial Statements for the year ended 31 March 2018

## I. OVERVIEW

### 1. Nature of Operations

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

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

The company has 3 subsidiaries, Muthoot Housing Finance Company Limited (or “MHFCL” or “Muthoot Housing”), Muthoot Pappachan Technologies Limited (or “MPT”) and Muthoot Microfin Limited (or “MML” or “Muthoot Microfin”) (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 05<sup>th</sup> March, 2010, and received the Certificate of Registration from the NHB on 11<sup>th</sup> 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 1<sup>st</sup> June 2011.

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

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

### 2. Consolidated Financial Statements

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





## ANNUAL REPORT (2017-2018)

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	78.72%	75.32%
Muthoot Pappachan Technologies Limited	India	Subsidiary	60.00%	60.00%
Muthoot Microfin Limited	India	Subsidiary	70.59%	83.51%

(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
Parent				
Muthoot Fincorp Limited	67.83%	156,704.71	62.55%	14,896.84
Subsidiary				
Muthoot Housing Finance Company Limited	4.43%	10,243.79	4.22%	1,005.04
Muthoot Pappachan Technologies Limited	0.77%	1,780.35	-2.90%	-690.81
Muthoot Microfin Limited	18.82%	43,474.46	26.06%	6,208.38
Minority Interest in all subsidiaries	8.15%	18,815.43	10.07%	2,397.37
Total	100.00%	231,018.74	100.00%	23,816.82

### 3. Principles of Consolidation

(a) The CFS of the Group has been prepared based on a line-by-line consolidation of the Balance Sheet, as at March 31, 2018 & March 31, 2017 and Statement of Profit and Loss and Cash Flows of the Company and its Subsidiaries for the years ended March 31, 2018 & March 31, 2017.

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

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

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

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

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

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





### II. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. BASIS OF PREPARATION

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

#### b. USE OF ESTIMATES

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

#### c. TANGIBLE FIXED ASSETS

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

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

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

#### d. INTANGIBLE ASSETS

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

#### e. DEPRECIATION ON TANGIBLE FIXED ASSETS

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

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





### **f. INVESTMENTS**

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

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

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

### **g. HUMAN RESOURCES AND BENEFITS**

#### **(i) Short Term Employee Benefits**

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

#### **(ii) Post-Employment Benefits**

##### **Defined Contribution Plan**

##### **Provident Fund / Employees State Insurance**

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

##### **Defined Benefit Plan**

##### **Retirement & Earned Leave benefits**

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

### **h. FOREIGN EXCHANGE TRANSACTIONS**

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

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

### **i. TAXES ON INCOME**

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

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





Housing Bank's (NHB) Circular No. 65/2014-15 dated August 22, 2014, Muthoot Housing Finance Company Limited creates Deferred Tax Liability on Special Reserve u/s 36 (1) (viii) of the Income Tax Act, 1961.

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

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

### j. **IMPAIRMENT OF ASSETS**

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

### k. **REVENUE RECOGNITION**

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

- a. Interest income is recognised on accrual basis with reference to the terms of contractual commitments and finance agreements entered into with borrowers, as the case may be, except in the case of non-performing assets where income is recognized on receipt basis in compliance with RBI norms.
- b. Interest on Housing Loan/Loan against Property - Repayment of Housing Loans is by way of Equated Monthly Instalments (EMI) comprising of principal and interest where interest is collected in monthly instalment. In case of loans not fully disbursed Pre-EMI interest is charged every month.
- c. Processing fee on loans are recognised as income at the inception of the loan. Late payment interest, Cheque bounce charges and Other Charges from customers are accounted on receipt basis due to uncertainty of its realisation.
- d. Recognition of Profits on transfer of assets through Direct Assignment are made as per Para 1.4 of the respective guidelines on the subject issued by Reserve Bank of India.
- 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.
- g. Income from services rendered are 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 by the Reserve Bank of India / the National Housing Board are complied with.

### l. **BORROWING COST**

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







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

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

**m. LEASES**

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

**n. EARNINGS PER SHARE**

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

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

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

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

Contingent Assets are not recognised in the financial statements.

**p. SEGMENT REPORTING**

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

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

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

**r. RELATED PARTY DISCLOSURES**

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

**s. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of







income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**t. SECURITIZATION/ASSIGNMENT OF LOANS AND ADVANCES**

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

**u. ASSET ACQUIRED AGAINST THE SETTLEMENT OF LOANS**

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

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

Further, if on disposal of the assets so acquired, the sale proceed is higher than the receivable amount (including outstanding loan, outstanding overdue interest, other charges and interest), then the Company will refund the excess amount to the borrowers.

**v. SECURITIES ISSUE EXPENSES**

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

**w. CLASSIFICATION AND PROVISIONING OF ASSETS**

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

**a. Standard Assets**

Provision against Standard assets is made at the rate of 0.4% as required by the Systemically Important Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ( Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016) has been made by the Holding Company.

A general provision of 0.40% (0.25% on individual housing loan disbursed after 2nd August 2017) 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**

Provisions for Sub-Standard Assets (at the rate of 10%), Doubtful Assets (at the rate of 20%, 30% & 50% respectively based on the period for which the loan has been considered Doubtful) & Loss Assets (at the rate of 100%) have been made as required by the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016) by the Holding Company.

For Microfinance loans, provision has been made at higher of a) 1.50% of the outstanding loan portfolio or b) Aggregate of - 0.4% of the standard assets which do not meet the qualifying asset criteria; 50% of the aggregate





## ANNUAL REPORT (2017-2018)

loan instalments which are overdue for more than 90 days and less than 180 days; and 100% of the aggregate loan instalments which are overdue for 180 days or more.

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

### x. SHARE BASED PAYMENTS

Measurement and disclosures in relation to employee share-based payment plans are done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Measurement of compensation cost relating to employee stock options is done using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on the straight line basis.

### 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	245.04	3.26%
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	677.74	1.29%
Finance Cost (processing / arrangement fee)	Muthoot Housing Finance Company Limited recognizes Processing / Arranging Fee on Borrowings over the period of Borrowings as against upfront recognition followed by the other entities of the Group	184.19	5.22%

### IV. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. SHARE CAPITAL

(₹in Lakhs)		
Particulars	March 31, 2018	March 31, 2017
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:		
19,38,00,800 equity shares of ₹10/- each (previous year 19,38,00,800 shares of ₹10/- each)	19,380.08	19,380.08
Subscribed and paid-up		
19,37,05,560 equity shares of ₹10/- each (previous year 19,37,05,560 shares of ₹10/- each)	19,370.56	19,370.56
Total	19,370.56	19,370.56



## ANNUAL REPORT (2017-2018)

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, 2018		Year ended March 31, 2017	
	No of shares	Amount (₹Lakhs)	No of shares	Amount (₹Lakhs)
Position at the beginning of the year	19,37,05,560	19,370.56	18,65,62,700	18,656.27
Fresh issue during the year	0.00	0.00	71,42,860	714.29
Position at the end of the year	19,37,05,560	19,370.56	19,37,05,560	19,370.56

The Company has only one class of equity shares having a par value of ₹10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholders	No of shares	Amount (Rs lakhs)	Percent (%)
Mr. Thomas John Muthoot	5,08,43,764	5,084.38	26.25%
Mr. Thomas George Muthoot	5,08,43,764	5,084.38	26.25%
Mr. Thomas Muthoot	5,08,43,769	5,084.37	26.25%
Ms. Preethi John Muthoot	1,35,25,989	1,352.60	6.98%
Ms. Nina George	1,35,25,961	1,352.60	6.98%
Ms. Remy Thomas	1,35,25,988	1,352.59	6.98%
Total	19,31,09,235	19,310.92	99.69%

The Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the reporting date.

## 2. RESERVES AND SURPLUS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
a. Securities Premium Reserve	71,511.78	42,679.89
b. Statutory Reserve	37,032.58	32,110.05
c. Special Contingency Reserve	8,882.93	8,882.93
d. Debenture Redemption Reserve	4,279.68	11,908.83
e. Surplus	71,125.78	61,048.63
Total	192,832.75	156,630.33

Muthoot Fincorp Limited and Muthoot Microfin Limited have appropriated 20% of their Profit after Tax as Statutory Reserve as stipulated in Reserve Bank of India Regulations. Muthoot Housing Finance Company Limited has also appropriated Statutory Reserve in terms of Section 36(1)(viii) of the Income Tax Act, 1961, read with Section 29C of the National Housing Bank Act, 1987.

Muthoot Fincorp Limited has maintained a Debenture Redemption Reserve of 25% of the total value of Debentures and Subordinated Debt outstanding as on March 31, 2018 which were issued through public issue, as required under Rule 18, sub-rule 7 of the Companies (Share Capital and Debentures) Rules, 2014.





## ANNUAL REPORT (2017-2018)

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

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>a. Securities Premium Reserve</b>		
Balance as per last balance sheet	42,679.89	23,844.13
Additions during the year	28,853.65	19,556.13
Utilisation towards share issue expenses	(21.76)	(720.37)
Closing balance	71,511.78	42,679.89
<b>b. Statutory Reserve</b>		
Balance as per last balance sheet	32,110.05	28,946.88
Additions during the year	4,922.53	3,163.17
Closing balance	37,032.58	32,110.05
<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	8,882.93	8,882.93
<b>d. Debenture Redemption Reserve</b>		
Balance as per last balance sheet	11,908.83	17,527.33
Additions during the year	(7,629.15)	(5,618.50)
Closing balance	4,279.68	11,908.83
<b>e. Surplus</b>		
Balance as per last balance sheet	61,048.63	43,483.95
Profit for the year	23,816.82	15,795.65
Less: Appropriations:		
Statutory Reserve	4,922.53	3,163.17
Debenture Redemption Reserve	(7,629.15)	(5,618.50)
Income Tax – Prior Years	2,623.00	0.00
Dividend to Preference Shareholders & Dividend Tax	1,684.26	0.01
Less: Transfer to Minority Interest	12,139.03	686.29
Closing balance	71,125.78	61,048.63

As the Income Tax law provides for subsequent claim of the expenditure in the year in which TDS is remitted, interest expense pertaining to prior years totalling to ₹7,579.20 lakhs has been claimed as deduction by MFL while computing the Total Income as per Income Tax Rules for Financial Year 2017-18. This in turn, has resulted in a lower Current Tax provision in the current year for the Company, as compared to the previous year in spite of increased profits in the current year.

The tax effect of ₹2,623 lakhs due to disallowance of interest expense of prior years, on account of non-deduction of tax at source on interest paid by MFL on debt instruments has been appropriated against Surplus as the same pertains to previous periods, and not to the current year.





## ANNUAL REPORT (2017-2018)

### 3. LONG TERM BORROWINGS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Bonds/ debentures		
Secured Debentures	32,496.18	64,837.55
Term loans		
From Banks	119,644.46	79,527.71
Refinance from National Housing Bank	1,725.44	0.00
From other parties	9,866.98	13,252.86
Working Capital Term Loans		
From Banks	35,999.00	38,333.33
Other loans and advances		
Subordinate debts	201,972.97	206,376.87
Tier I Capital – Perpetual Debt Instruments	26,400.00	14,400.00
Loan from Directors	400.09	400.09
Interest Payable	31,740.58	38,544.27
<b>Total</b>	<b>4,60,245.70</b>	<b>4,55,672.68</b>

#### a. SECURED DEBENTURES (SECURED)

Secured Debentures includes non-convertible debentures issued by way of Public Issue as well as Private Placement. Privately Placed Secured Debentures of the Holding Company are secured by subservient charge on all current assets of the Company, both present and future. Privately Placed Institutional Secured Debentures are secured by a first 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 by the Holding Company 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. Non-Convertible Debentures of Muthoot Microfin Limited are secured by way of exclusive charge over its book debts. Muthoot Housing has raised ₹2,000 lakhs as Non-Convertible Debentures during the year, which are secured by way of hypothecation of its Loan Receivables.

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

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

Financial year of maturity	Grand total (₹In lakhs)
2022-23	500.00
2021-22	14,500.00
2020-21	718.86
2019-20	9,277.32
2018-19	60,585.54
<b>Total</b>	<b>85,581.72</b>





## ANNUAL REPORT (2017-2018)

### b. TERM LOANS (SECURED)

#### Long term borrowings –Term loan from Banks / Others

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

(₹in lakhs)

Lender	Nature of Security	March 31, 2018	March 31, 2017	Repayment Terms (as on March 31,2018)
South Indian Bank	Secured against 6560 sq.ft. SBUA with UDS 798.96 sq ft. in World Trade Centre, Brigade Gateway Bangalore	283.00	325.60	Repayable in 79 monthly instalments of 3.55 lakhs & last instalment of ₹0.15 lakhs
ICICI Bank	Secured against Vehicle – Jaguar XF F2.2	12.65	22.52	Repayable in 14 monthly instalments on diminishing value method
State Bank of India	Secured against Vehicle – Ford New Endeavour-3.2.1.4*4 Titanium AT-Diesel Car	25.72	29.53	Repayable in 63 monthly instalments on diminishing value method
State Bank of India	Secured Against Vehicle – Honda Br-Vv Cvt Ivtec(Base)	10.73	12.00	Repayable in 72 monthly instalments on diminishing value method
Yes Bank	Equitable mortgage of Collateral property & subservient pari passu charge on Gold Loan receivables along with present & future NCD holders	5,000.00	0.00	Repayable in instalments of 1.67% of loan amount in quarters 3-8 from the date of disbursement, 4.5% in quarters 9-27 & 4.48% in the 28 <sup>th</sup> quarter from disbursement
Lakshmi Vilas Bank	Secured against Fixed Assets of the Company namely Bank counters & fixtures and Furniture & Fittings	10,000.00	0.00	Repayable in 8 equal quarterly instalments from February 2019
State Bank Of India	Secured against Branch Fixed Assets	0.00	146.52	-
State Bank Of India	Secured against Branch Fixed Assets	0.00	3,788.23	-
HDFC	Secured against the property at DLF Garden City, Chennai	0.00	14.56	-
<b>TOTAL</b>		<b>15,332.10</b>	<b>4,338.96</b>	

Term Loans availed by Muthoot Housing Finance Company Limited are secured by way of hypothecation of Loan Receivables equivalent to the security cover provided to the respective bank. The loans are further guaranteed by promoter directors (Mr. Thomas Muthoot, Mr. Thomas George Muthoot and Mr. Thomas John Muthoot). The repayment terms are as below:





## ANNUAL REPORT (2017-2018)

(₹in Lakhs)

Lender	March 31, 2018	March 31, 2017	Repayment Terms
Corporation Bank	929.00	1,214.60	Repayable in 84 monthly instalments after 1 month from the disbursement
Dhanlaxmi Bank	1,536.00	2,168.00	Repayable in 25 quarterly instalments after 9 months from the disbursement
Hinduja Leyland Finance Ltd.	786.27	1,201.31	Repayable in 60 monthly instalments after 1 month from the disbursement
ICICI Bank Ltd.	1,696.43	2,053.57	Repayable in 28 quarterly instalments after 12 months from the disbursement
IDBI Bank	979.00	1,447.00	Repayable in 78 monthly instalments after 6 months from the disbursement
	576.96	807.72	Repayable in 26 quarterly instalments after 6 months from the disbursement
	1,086.24	1,189.68	Repayable in 58 quarterly instalments after 6 months from the disbursement
IFMR Capital Finance Pvt. Ltd.	0.00	762.83	Repayable in 48 EMI
	0.00	1,332.34	Repayable in 72 EMI
Lakshmi Vilas Bank	1,895.83	2,145.83	Repayable in 120 monthly instalments after 12 months from the disbursement
South Indian Bank	5,597.42	7,097.53	Repayable in 84 monthly instalments after 12 months from the disbursement
Vijaya Bank	1,249.46	1,749.75	Repayable in 20 quarterly instalments after 12 months from the disbursement
	2,222.09	2,500.00	Repayable in 20 quarterly instalments after 12 months from the disbursement
	2,424.53	2,500.00	Repayable in 36 quarterly instalments after 12 months from the disbursement
Yes Bank Ltd.	4,063.72	4,395.06	Repayable in 163 monthly instalments after 6 months from the disbursement
Andhra Bank	1,698.42	2,100.00	Repayable in 25 quarterly instalments after 9 months from the disbursement
	4,300.00	0.00	Repayable in 36 equal quarterly instalments from 15 <sup>th</sup> month of disbursement
State Bank of India	4,099.58	4,899.71	Repayable in 27 quarterly instalments after 6 months from the disbursement
	1,000.00	0.00	Repayable in 36 quarterly instalments after 4 months from the disbursement
Punjab National Bank	4,305.28	4,860.97	Repayable in 36 equal quarterly instalments after 6 months from the disbursement
Canara Bank	4,951.85	1,500.00	Repayable in 108 monthly instalments after 13 months from the disbursement
National Housing Bank	200.69	0.00	Repayable in 39 quarterly instalments after quarter succeeding from the disbursement
	642.53	0.00	Repayable in 47 quarterly instalments after quarter succeeding from the disbursement
	1,000.00	0.00	Repayable in 59 quarterly instalments after quarter succeeding from the disbursement







## ANNUAL REPORT (2017-2018)

Union Bank of India	4,807.33	0.00	Repayable in 26 equal quarterly instalments after 6 months from the disbursement
Karur Vysya Bank	2,500.00	0.00	Repayable in 36 equal quarterly instalments after 12 months from the disbursement
Syndicate Bank	2,500.00	0.00	Repayable in 36 equal quarterly instalments after 15 months from the disbursement
AU Small Finance Bank Ltd	1,000.00	0.00	Repayable in 20 quarterly instalments after 1 month from the date of full disbursement
United Bank of India	2,500.00	0.00	Repayable in 20 quarterly instalments after 1 month from the date of full disbursement
	<b>60,548.63</b>	<b>45,925.90</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, 2018	March 31, 2017	Repayment Terms
IFMR Capital Finance Private Limited	Unsecured	2,500.00	2,500.00	Repayable in April 2022
Axis Bank	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	0.00	1,000.00	Repayable in 8 quarterly instalments commencing from June 2016
Abu Dhabi Commercial Bank		2,083.33	0.00	Repayable in 21 instalments commencing from December 2017
Bank of India		2,086.00	0.00	Repayable in 36 instalments commencing from October 2017
IDBI Bank		0.00	2,023.81	Repayable in 21 instalments commencing from May 2016
IDBI Bank		3,571.43	0.00	Repayable in 21 instalments commencing from October 2017
Lakshmi Vilas Bank		583.33	1,123.39	Repayable in 36 instalments commencing from June 2016
State Bank of India		0.00	883.00	Repayable in 24 instalments commencing from Jan 2016
Lakshmi Vilas Bank		4,027.78	5,000.00	Repayable in 36 instalments commencing from September 2017
Lakshmi Vilas Bank		10,000.00	0.00	Repayable in 36 instalments commencing from April 2018
Union Bank of India		3,194.44	4,861.11	Repayable in 36 instalments commencing from September 2017
Union Bank of India		5,750.00	7,212.00	Repayable in 30 instalments commencing from September 2017
Vijaya Bank		2,500.00	4,500.00	Repayable in 30 quarterly instalments commencing from January 2017
Vijaya Bank		4,000.00	5,000.00	Repayable in 30 quarterly instalments commencing from October 2017







## ANNUAL REPORT (2017-2018)

Axis Bank	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	4,285.71	0.00	Repayable in 7 quarterly instalments commencing from March 2018
Catholic Syrian Bank		744.79	1,142.75	Repayable in 46 instalments commencing from February 2016
Catholic Syrian Bank		639.08	1,267.78	Repayable in 30 instalments commencing from September 2016
Lakshmi Vilas Bank		0.00	499.96	Repayable in 24 instalments commencing from October 2016
Dhanalakshmi Bank		611.04	1,277.76	Repayable in 27 instalments commencing from April 2016
Federal Bank		272.73	636.36	Repayable in 33 instalments commencing from April 2016
Federal Bank		181.82	363.64	Repayable in 33 instalments commencing from July 2016
HDFC Bank		0.00	400.00	Repayable in 15 instalments commencing from July 2016
State Bank of India		9,200.00	0.00	Repayable in 24 instalments commencing from January 2018
State Bank of Travancore		900.00	2,100.00	Repayable in 10 quarterly instalments commencing from July 2016
Andhra Bank	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	5,000.00	0.00	Repayable in 33 instalments commencing from April 2018
Bandhan Bank		1,571.43	2,500.00	Repayable in 7 quarterly instalments commencing from September 2017
YES Bank		312.50	1,562.50	Repayable in 24 instalments commencing from July 2016
YES Bank		7,800.00	0.00	Repayable in 24 instalments commencing from April 2018
DCB Bank		545.46	1,363.64	Repayable in 22 instalments commencing from February 2017
IDFC Bank		5,071.43	0.00	Repayable in 21 instalments commencing from November 2017
Bandhan Bank	Exclusive charge over book debts equivalent to 100% of loan amount and Term deposit receipt equivalent to 0.25% of disbursement	5,000.00	0.00	Repayable in 4 quarterly instalments commencing from April 2018
YES Bank	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	1,875.00	0.00	Repayable in 24 instalments commencing from October 2017
IndusInd Bank		227.27	500.00	Repayable in 22 instalments commencing from April 2017
IndusInd Bank		1,363.64	2,500.00	Repayable in 22 instalments commencing from June 2017
IndusInd Bank		1,090.91	2,000.00	Repayable in 22 instalments commencing from June 2017





## ANNUAL REPORT (2017-2018)

Bank of Maharashtra	Exclusive charge over book debts equivalent to 112% of loan amount and Cash margin of 10%.	0.00	1,450.00	Repayable in 7 quarterly instalments commencing from June 2016
Federal Bank	Hypothecation of motor car	4.28	5.37	Repayable in 60 instalments commencing from July 2016
IndusInd Bank	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	9,545.48	0.00	Repayable in 22 instalments commencing from March 2018
Hero Fincorp		1,575.90	2,376.05	Repayable in 34 instalments commencing from February 2017
Hero Fincorp		2,500.00	0.00	Repayable in 33 instalments commencing from July 2018
Mahindra Finance		1,428.09	2,202.95	Repayable in 36 instalments commencing from November 2016
Mahindra Finance		1,630.38	2,382.91	Repayable in 36 instalments commencing from February 2017
Mahindra Finance		4,434.46	0.00	Repayable in 24 instalments commencing from January 2018
Syndicate Bank		4,000.00	5,000.00	Repayable in 10 quarterly instalments commencing from October 2017
TATA Capital		650.00	1,250.00	Repayable in 30 instalments commencing from April 2017
Kotak		2,875.00	0.00	Repayable in 24 instalments commencing from March 2018
Shinhan Bank		2,395.83	0.00	Repayable in 24 instalments commencing from March 2018
NABARD Financial Services	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	500.00	1,000.00	Repayable in 8 quarterly instalments commencing from April 2017
Nabkisan Finance Limited	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	1,818.18	0.00	Repayable in 11 quarterly instalments commencing from January 2018
Oriental Bank of Commerce		3,833.33	3,000.00	Repayable in 30 instalments commencing from September 2017
United Bank		460.00	910.00	Repayable in 11 quarterly instalments commencing from December 2016
SBM (Mauritius) Bank		1,666.67	2,000.00	Repayable in 12 quarterly instalments commencing from December 2017





## ANNUAL REPORT (2017-2018)

South Indian Bank Limited	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	189.36	643.92	Repayable in 33 instalments commencing from December 2015
South Indian Bank Limited		265.12	719.68	Repayable in 33 instalments commencing from December 2015
Tamilnadu Mercantile Bank		388.89	722.22	Repayable in 36 instalments commencing from June 2016
Union Bank of India		764.00	1,597.28	Repayable in 36 instalments commencing from April 2016
Union Bank of India		1,055.56	1,722.22	Repayable in 36 instalments commencing from April 2016
SIDBI		4,004.00	5,000.00	Repayable in 30 instalments commencing from October 2017
United Bank	Exclusive charge over book debts equivalent to 110% of loan amount and Term Deposit Receipt equivalent to 5% of Loan amount	2,500.00	0.00	Repayable in 10 quarterly instalments commencing from August 2018
Vijaya Bank	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 7.5%.	0.00	937.50	Repayable in 24 instalments commencing from January 2016
Capital First	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	1,875.00	4,375.00	Repayable in 8 quarterly instalments commencing from February 2017
Reliance Capital	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of Nil.	1,070.87	2,510.70	Repayable in 18 instalments commencing from October 2015
Reliance Capital		0.00	153.36	Repayable in 18 instalments commencing from November 2015
Woori Bank		3,666.67	0.00	Repayable in 36 instalments commencing from January 2018
IFMR Capital Ltd	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	66.17	209.57	Repayable in 36 instalments commencing from September 2015
IFMR Capital Finance Private Limited		0.00	246.72	Repayable in 10 instalments commencing from April 2017
Syndicate Bank	Exclusive charge over book debts equivalent to 106% of loan amount and Cash margin of Nil.	5,000.00	0.00	Repayable in 10 quarterly instalments commencing from June 2018
<b>TOTAL</b>		<b>147,152.36</b>	<b>92,633.15</b>	





## ANNUAL REPORT (2017-2018)

### c. WORKING CAPITAL TERM LOANS (SECURED)

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

(₹in Lakhs)

Lender	March 31, 2018	March 31, 2017	Repayment Terms (as on March 31,2018)
Oriental Bank of Commerce	10,000.00	0.00	Repayable in 6 quarterly instalments of ₹1,666.67 lakhs each from September 2018
Punjab & Sind	10,000.00	10,000.00	Repayable in 4 quarterly instalments of ₹2,500.00 lakhs each from June 2018
Punjab & Sind	10,000.00	0.00	Repayable in 10 quarterly instalments of ₹1,000.00 lakhs each from October 2018
Syndicate Bank	8,428.27	25,227.19	Repayable in 2 quarterly instalments of ₹4,166.67 lakhs
Syndicate Bank	20,155.42	0.00	Repayable in 10 quarterly instalments of ₹2,000.00 lakhs each from October 2018
United Bank of India	10,000.00	10,000.00	Repayable in 4 quarterly instalments of ₹2,500.00 lakhs each from June 2018
United Bank of India	10,000.00	10,000.00	Repayable in 4 quarterly instalments of ₹2,500.00 lakhs each from June 2019
Corporation Bank	0.00	5,000.00	-
<b>TOTAL</b>	<b>78,583.69</b>	<b>60,227.19</b>	

### d. OTHER LOANS & ADVANCES (UNSECURED)

(i) Subordinated Debt instruments issued by the Holding Company are unsecured, subordinated to the claims of other creditors with an initial maturity of over 5 years. The maturity pattern of Subordinated Debt in the descending order of maturity are as follows (includes Current portion also):

Financial year of maturity	Grand total (₹In lakhs)
2025-26	9,185.43
2024-25	833.08
2023-24	19,182.38
2022-23	42,859.16
2021-22	58,478.78
2020-21	33,306.86
2019-20	38,127.28
2018-19	38,875.8
<b>Total</b>	<b>240,848.77</b>

(ii) Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines. The Company has during the year issued Perpetual Debt Instruments of ₹12,000 lakhs. The total outstanding of Perpetual Debt Instruments as on 31st March, 2018 is ₹26,400 lakhs.

(iii) Loan from Directors are unsecured in nature. The rate of interest charged by the Directors for the loan is 12%.





## ANNUAL REPORT (2017-2018)

### 4. OTHER LONG TERM LIABILITIES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Unrealized Gain On Loan Transfer Transactions	0.00	158.03
Total	0.00	158.03

### 5. LONG TERM PROVISIONS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Provision for Gratuity	62.72	40.92
Provision for Leave Encashment	76.94	36.30
Provision Against Loan Portfolio	1,067.45	1,070.08
Total	1,207.11	1,147.30

### 6. SHORT TERM BORROWINGS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Loans repayable on demand		
From Banks:		
- Working Capital Loan (secured)	768,754.35	657,741.43
Total	768,754.35	657,741.43

### WORKING CAPITAL LOAN (SECURED)

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

### 7. TRADE PAYABLES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Sundry Creditors	925.32	1,272.11

### 8. OTHER CURRENT LIABILITIES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Expenses Payable	25,312.87	22,073.25
Taxes & Duties Payable	1,382.91	1,711.83
Securitization / Assignment Payable	4,024.38	7,008.99
Unrealized Gain On Loan Transfer Transactions	646.98	3,578.20
Current maturities of Long Term Borrowings		
- Secured Debentures	53,085.54	86,371.85
- Subordinate Debt	38,875.80	22,003.61
- Term Loans	91,796.21	50,117.44
- Working Capital Term Loans	42,584.69	21,893.86
Other Liabilities	8,484.02	5,886.43
Total	266,193.40	220,645.46





## ANNUAL REPORT (2017-2018)

### 9. SHORT TERM PROVISIONS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Provision for Standard Assets	4,522.25	4,197.90
Provision for NPA	7,747.43	4,635.39
Provision for Income Tax	15,485.08	10,405.59
Provision for Gratuity	1,610.29	947.29
Provision for Earned leave encashment	327.43	348.30
Provision for Investment price fluctuation	358.95	82.46
Provisions – Others	1.49	1.17
<b>Total</b>	<b>30,052.92</b>	<b>20,618.10</b>

Pursuant to National Housing Bank (NHB) notification no. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017, the Muthoot Housing has revised the provision on standard assets on Individual Housing Loans from 0.40% to 0.25% for all loans disbursed from August 2, 2017. Had the Company continued to use the earlier policy of provision for standard asset, Provision on Standard Asset for the year ended March 31, 2018 would have been higher by ₹24.84 lakhs and profit before tax for the same period would have been lower by ₹24.84 lakhs.

### 11. NON-CURRENT INVESTMENTS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Quoted - at cost</b>		
Bhavishya Nirman Bond (NABARD)	0.00	4.99
Investment with PMS – Motilal Oswal	496.27	0.00
<b>Unquoted - at cost</b>		
<b>- In Equity &amp; Preference Capital</b>		
Muthoot Pappachan Chits India Pvt Ltd	8.00	8.00
Avenues India Private Limited	400.00	0.00
Fair Asset Technologies(P) Ltd	450.07	0.00
<b>- In Asset Reconstruction Fund</b>		
Edelweiss Asset Reconstruction Co Ltd	421.74	421.74
<b>- In Debt Instruments, Funds &amp; Bonds</b>		
BPEA India Credit - Trust II	610.00	0.00
Investment in Unlisted Debentures	2,195.35	7,400.00
Investment in Debt Fund	1,000.00	1,000.00
Investment in Bonds	300.00	300.00
<b>Total</b>	<b>5,881.43</b>	<b>9,134.73</b>





# 10. FIXED ASSETS AND DEPRECIATION

SL NO	PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		OPENING COST	ADDITIONS FOR THE YEAR	SALES / WRITE OFF DURING THE YEAR	COST AS ON 31.03.2018	UPTO 31.03.2017	Additional depreciation/ (Depreciation Written back)	ESTIMATED USEFUL LIFE OF THE ASSET	FOR THE YEAR	UPTO 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2018
a	TANGIBLE ASSETS											
1	AIR CONDITIONER	861.78	11.58	2.04	871.32	199.71	-	20	41.40	241.10	662.08	630.22
2	BANK COUNTER & FIXTURES	35,455.36	1,262.11	2.56	36,714.92	24,075.67	-	10	3,398.30	27,473.98	11,379.69	9,240.94
3	BIO GAS PLANT	16.89	-	-	16.89	16.89	-	15	-	16.89	-	-
4	BUILDINGS	6,247.14	-	32.90	6,214.24	363.63	-	60	98.91	462.54	5,883.51	5,751.70
5	CALCULATOR	0.57	-	-	0.57	0.57	-	5	-	0.57	-	-
6	CASH COUNTING MACHINE	47.01	0.35	0.05	47.31	15.90	-	15	2.69	18.59	31.11	28.72
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	8,354.12	870.57	30.86	9,193.83	6,655.78	-	3	900.84	7,556.62	1,698.34	1,637.21
11	CYCLE	0.28	-	-	0.28	0.28	-	5	-	0.28	-	-
12	ELECTRICAL EQUIPMENTS	159.28	29.03	0.21	188.10	80.03	-	10	18.88	98.91	79.25	89.19
13	ELECTRICAL FITTINGS	77.86	23.46	-	101.32	13.66	-	10	8.80	22.45	64.20	78.87
14	ELECTRONIC DIGITAL BOARD	4.82	208.96	0.92	212.87	4.82	-	10	4.66	9.48	-	203.39
15	ELECTRONIC EQUIPMENTS	124.77	31.02	26.56	129.23	36.05	-	15	7.40	43.45	88.71	85.78
16	ELECTRONIC WEIGHING BALANCE	557.19	3.12	1.17	559.14	166.08	-	15	33.37	199.44	391.11	359.69
17	EPABX	57.63	4.22	1.47	60.38	11.94	-	13	4.02	15.96	45.68	44.42
18	FAKE NOTE DETECTOR	49.54	-	-	49.54	16.88	-	15	2.93	19.81	32.66	29.73
19	FAX MACHINE	1.27	-	-	1.27	1.27	-	5	-	1.27	-	-
20	FIRE EXTINGUISHER	480.76	-	-	480.76	356.78	-	5	61.16	417.95	123.97	62.81
21	FURNITURE & FITTINGS	4,482.50	656.27	3.97	5,134.79	1,956.62	-	5	466.79	2,423.41	2,525.88	2,711.38
22	GENERATOR	23.78	-	-	23.78	4.28	-	15	1.48	5.77	19.50	18.02
23	LAND	13,440.73	1.36	15.03	13,427.06	-	-	-	-	-	13,440.73	13,427.06
24	LIBRARY	0.35	-	-	0.35	0.35	-	5	-	0.35	-	-
25	NEON BOARD	5,821.11	-	-	5,821.11	2,619.20	-	10	597.37	3,216.57	3,201.91	2,604.54
26	OFFICE EQUIPMENTS	238.39	162.55	0.92	400.02	54.45	-	15	67.61	122.05	183.94	277.97
27	PAPER SHREDDER	0.57	-	-	0.57	0.57	-	5	-	0.57	-	-
28	PHOTO COPY MACHINE	2.15	0.39	-	2.54	1.93	-	15	0.03	1.96	0.22	0.58
29	SAFETY DEVICE SYSTEM	2,805.30	108.90	13.70	2,900.50	565.72	-	15	196.74	762.46	2,239.58	2,138.04
30	STABILIZER	4,636.90	643.04	72.89	5,207.06	1,754.93	-	10	460.26	2,215.18	2,881.98	2,991.87
31	STRONG ROOM DOOR	5,865.86	0.30	-	5,866.16	1,004.45	-	30	188.81	1,193.26	4,861.41	4,672.90
32	TELEVISION	27.11	-	-	27.11	16.43	-	5	4.94	21.36	10.68	5.75
33	TOOLS & SPARES	0.31	-	-	0.31	0.31	-	5	-	0.31	-	-
34	VEHICLES	486.72	-	-	486.72	253.32	-	8	59.74	313.06	233.39	173.65
35	WIND ELECTRIC GENERATOR	11,850.92	-	-	11,850.92	4,401.14	-	22	511.74	4,912.88	7,449.78	6,938.04
	Total	102,188.90	4,017.23	205.23	106,000.90	44,659.58	-		7,138.88	51,798.45	57,529.32	54,202.45
b	INTANGIBLE ASSETS											
36	SOFTWARE	1,201.37	1,358.23	23.19	2,536.40	295.66	-	3	368.80	664.45	905.71	1,871.95
	Total	1,201.37	1,358.23	23.19	2,536.40	295.66	-		368.80	664.45	905.71	1,871.95
	TOTAL FOR CURRENT YEAR	103,390.27	5,375.46	228.42	108,537.31	44,955.24	-		7,507.67	52,462.91	58,435.03	56,074.40
	TOTAL FOR PREVIOUS YEAR	88,787.98	14,652.04	49.75	103,390.27	36,940.19	(0.45)		8,015.49	44,955.24	51,847.79	58,435.03





## ANNUAL REPORT (2017-2018)

### 12. DEFERRED TAX ASSET

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Opening balance	603.50	746.09
Timing difference in depreciation	513.66	587.98
Timing difference in provision for NPA	403.23	(747.48)
Timing difference in provision for Employee Benefits	328.15	46.30
Timing difference for Preliminary Expenses	0.00	(0.02)
Timing difference in Provision for Investment Rate Fluctuation	95.69	(38.21)
Timing difference on Provision for Diminution of Assets Acquired	(8.94)	26.86
Timing difference on Provision for Other Receivable	(0.82)	0.45
Timing difference on Unabsorbed Losses	27.04	6.96
Deferred Tax Liability on Special Reserve	(104.05)	(25.43)
Timing difference in provision for Disallowance under section 43B	5.11	0.00
Net Deferred Tax Liability	1,259.07	(142.59)
Closing Balance	1,862.57	603.50

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.

### 13. LONG TERM LOANS AND ADVANCES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Secured		
Considered Good	78,947.19	70,681.89
Considered Doubtful	2,861.39	1,855.69
Unsecured		
Considered Good	59,915.61	33,456.58
Considered Doubtful	0.00	0.00
Other Advances		
Considered Good	1,591.17	336.49
TOTAL	143,315.36	106,330.65

### 14. INVENTORIES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Inventory – Projects	30,031.41	30,012.93
Total	30,031.41	30,012.93

The Holding Company has acquired properties for the purpose of sale / development and sale. The said properties have been acquired with the intention of subsequent sale and hence, the same has been categorized as Inventory. As the expected gestation period of the said development projects exceed 12 months, the same has been classified as Long Term.







## ANNUAL REPORT (2017-2018)

### 15. OTHER NON-CURRENT ASSETS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Building Deposits	8,238.56	8,352.19
Interest Retained On Securitisation	0.00	158.03
Non-Current Bank Balances	5,751.40	6,003.60
Unamortised Borrowing Cost*	152.21	118.55
Other Deposits	77.51	23.06
<b>TOTAL</b>	<b>14,219.68</b>	<b>14,655.43</b>

\*Please refer the Accounting Policy on Borrowing Cost

### 16. CURRENT INVESTMENTS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Quoted-at cost/Market Value whichever is lower</b>		
Fully paid Equity shares in DP a/c with MOSL	1,678.56	1,433.31
<b>Total</b>	<b>1,678.56</b>	<b>1,433.31</b>

### 17. TRADE RECEIVABLES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Sundry Debtors:		
▪ More than 180 days	667.99	705.59
▪ Other debts	2,798.12	1,487.76
<b>Total</b>	<b>3,466.11</b>	<b>2,193.35</b>

### 18. CASH AND CASH EQUIVALENTS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Cash in hand	9,706.16	11,133.63
Forex balance	212.32	610.07
Cash at Bank : In Current Account	74,016.18	24,986.87
Cash at Bank : In Deposit Account	11,388.43	40,079.42
<b>Total</b>	<b>95,323.09</b>	<b>76,809.99</b>

### 19. SHORT TERM LOANS AND ADVANCES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Secured Loans</b>		
Considered Good	10,41,739.88	918,204.05
Considered Doubtful	19,242.02	15,396.73
<b>Unsecured Loans</b>		
Considered Good	184,007.87	146,791.37
Considered Doubtful	8,669.30	1,330.93





## ANNUAL REPORT (2017-2018)

<b>Other Advances</b>		
Considered Good	74,257.08	78,668.83
<b>Total</b>	<b>13,27,916.15</b>	<b>11,60,391.91</b>

The Securitisation / Direct Assignment summary of the Group is as below:

(₹in lakhs)

Particulars	Muthoot Fincorp Limited		Muthoot Microfin Limited	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Direct Assignment				
No. of Accounts	-	315,600	719,934	246,268
Aggregate Value of accounts sold	-	47,399.29	127,696.85	4,862.08
Aggregate consideration	-	44,889.67	127,696.85	4,862.08
Securitisation				
No. of Accounts	-	-	-	303,556
Book value of loan assets securitised	-	-	-	61,071.08
Book value of loan assets securitised placed as collateral	-	-	-	63,510.28
Interest spread recognised during the year	-	-	-	4,623.60
Credit enhancements provided during the year and outstanding as at the year end				
-Principal Subordination	-	-	-	2,439.20
-Cash Collateral	-	-	-	2,982.93

Other Advances considered good includes:

- ₹39.60 crores of tax remitted during the year by the Holding Company in connection with application filed before the Hon. Settlement Commission, Chennai bench. This is treated as Advance Tax pending settlement of the case.
- ₹1,722.40 lakhs, ₹1,487.25 lakhs and ₹47,504.26 lakhs advanced by the Holding Company to its Directors and their relatives, M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) and M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) respectively for purchase of immovable property / shares by the Company from them.

### 20. OTHER CURRENT ASSETS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Deposits	538.87	382.45
Interest Receivable	66,068.66	61,231.49
Inter Corporate Deposits	0.00	5,800.00
Housing assets acquired in satisfaction of debt*	679.07	483.57
Advance to Suppliers	318.64	989.84
Other Current Assets	10,951.79	8,016.20
<b>Total</b>	<b>78,557.03</b>	<b>76,903.55</b>

- (i) \*During the year, Muthoot Housing Finance Limited has taken legal and physical possession of 54 immovable properties in satisfaction of its debts. The principal amount outstanding in respect of 54 loans was ₹395.65 lakhs. Provision created on these receivables were reversed. The market value of these properties as per the latest independent valuation reports are higher than the book value of the loan, except for a few properties, against which a provision for diminution of ₹16.73 lakhs has been charged to the statement of profit & loss. These properties are held for disposal by the company. Any excess received on disposal shall be refunded to the borrowers.





## ANNUAL REPORT (2017-2018)

- (ii) Other Current Assets includes ₹31.98 lakhs of Unamortized Borrowing cost of Muthoot Housing. Please refer the Accounting Policy on Borrowing Cost

### 21. REVENUE FROM OPERATIONS

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest on Secured Loan	199,189.08	166,583.39
Interest on Unsecured Loan	48,716.41	48,662.83
Interest Spread on Securitisation/Direct Assignment	10,280.40	7,049.98
Income from Forex operations	285.87	372.31
Income from Money transfer business	1,139.87	1,136.10
Income from Software Support Services	161.45	56.96
<b>Total</b>	<b>259,773.08</b>	<b>223,861.57</b>

### 22. OTHER INCOME

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Income from Power generation	1,197.95	1,173.64
Interest on Bank deposit	1,477.60	1,134.62
Income from Investments	2,028.94	1,520.02
Commission received	2,242.17	2,249.10
Miscellaneous income	5,034.26	6,743.03
Interest on Inter-Corporate Deposit	470.72	754.00
Provision written back	0.00	3,255.10
<b>Total</b>	<b>12,451.64</b>	<b>16,829.51</b>

### 23. EMPLOYEE BENEFITS EXPENSE

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Remuneration to Directors*	1,620.00	1,620.00
Salaries & Allowances	43,427.09	37,863.54
Incentives	1,271.21	2,200.86
PF & ESI contributions	3,267.08	2,734.28
Staff welfare expenses	972.27	416.90
Bonus & Ex-gratia	1,288.71	982.41
<b>Total</b>	<b>51,846.36</b>	<b>45,817.99</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.





## ANNUAL REPORT (2017-2018)

### 24. FINANCE COST

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest on Secured Debentures	14,316.81	16,471.55
Interest on Loan from Banks	82,428.30	66,250.69
Interest on Subordinate Debts	28,440.24	29,784.17
Interest on Inter Corporate Deposits	0.00	3.63
Interest on Perpetual Debt Instruments	2,166.78	1,728.00
Interest on Commercial Paper	4,319.81	5,726.82
Interest on Loan from Directors	28.21	0.00
Other Financial charges*	3,529.83	2,062.39
<b>Total</b>	<b>135,229.98</b>	<b>1,22,027.25</b>

\*Please refer the Accounting Policy on Borrowing Cost

### 25. OTHER EXPENSES

(₹in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Rent	16,458.77	15,255.97
Electricity & Water Charges	2,126.93	1,908.86
Repairs & Maintenance	3,560.63	2,532.36
Sitting Fee to Directors	8.42	11.44
Commission to Director*	132.00	166.00
Insurance	17.86	371.83
Security Charges	3,639.78	3,800.42
Marketing & Business Promotion	2,857.96	4,886.95
Travelling Expenses	2,989.15	2385.51
Telephone Charges	1,790.26	1,719.09
Printing & Stationery	834.72	964.34
Networking Charges	707.75	692.75
Professional charges	2,513.32	1,583.16
Donation and CSR Expenses	525.64	327.41
Postage and Telegram	470.05	868.66
Rates & Taxes	403.24	830.02
Miscellaneous expenses	439.61	233.34
Other Office Expenses	389.93	189.59
Provisions and write offs	5,306.16	2,562.88
<b>Total</b>	<b>45,172.18</b>	<b>41,290.58</b>

\*During the year, commission was paid to the extent of ₹132.00 lakhs to Mr. Thomas George Muthoot, Director (MFL), as per decision of the Company.

### 26. PROVISIONS AND CONTINGENT LIABILITIES

- The Holding Company has given Guarantees for an amount of ₹208.57 lakhs to banks. The company is contingently liable to the banks to that extent (P.Y. ₹276.30 lakhs).

Cash Collateral and Principal Subordination has been provided by Muthoot Microfin Limited towards securitisation transactions aggregating to ₹2,679.86 lakhs. (P.Y. ₹6,303.23 lakhs).





- b) The Commissioner of Central Excise, Customs & Service Tax (Appeals-III) issued Order-In-Appeal no.592/2014 dated 30/10/2014 on the Holding Company confirming the Orders-in-Original no.04 & 05/2008 demanding tax amounting to ₹17,17,069/-, with interest and penalty thereon. The company has moved an appeal to the CESTAT, Bangalore against the said Order, which is pending hearing (P.Y. ₹17.17 lakhs)
- c) The Commissioner of Central GST and Central Excise, Thiruvananthapuram issued Order-In-Original No. TVM-EXCUS-000-COM-70-17-18 dated 31/10/2017 on Muthoot Fincorp Limited confirming tax & penalty payable, totalling to ₹1,451.58 lakhs. The Company has filed an appeal before the Hon. CESTAT, Bangalore after remitting pre-deposit fee of ₹50.03 lakhs. (P.Y. ₹1,263.21 Lakhs)
- d) The Commissioner of Central GST and Central Excise, Thiruvananthapuram issued Order-In-Original No. TVM-EXCUS-000-COM-18-17-18 dated 27/07/2017 on Muthoot Fincorp Limited confirming tax & penalty payable, totalling to ₹2,132.11 lakhs. The Company has filed an appeal before the Hon. CESTAT, Bangalore after remitting pre-deposit fee of ₹96.62 lakhs. (P.Y. ₹1,315.43 lakhs)
- e) The Joint Commissioner of Income Tax/Special Range/Trivandrum completed assessment / reassessment of the Holding Company for AY 2006-07, 2010-11 and 2013-14 during FY2015-16. A 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 2010-11, a demand of ₹1,728.50 lakhs had been raised, against which the Company has filed an appeal before the CIT (Appeals), Trivandrum. For AY 2013-14, a demand of ₹2,065.21 lakhs had been raised against which ₹933.45 lakhs had 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. The company had further remitted ₹265 lacs pertaining to AY2010-11 & ₹390.06 lakhs pertaining to AY2013-14 in the FY 2016-17. Collection of balance demand for the said years have been stayed by the ACIT/Circle 1(1)/Tvm vide order dated 21/07/2016 pending disposal of the appeal by the CIT (Appeals), Trivandrum. (Contingent liability as on 31/03/2018 – ₹1,463.50 lakhs for AY 2010-11 and ₹741.70 lakhs for AY 2013-14) (P.Y. ₹2,860.26 lakhs)
- f) The Assistant Commissioner of Income Tax (TDS), Trivandrum issued a Notice of Demand on Muthoot Fincorp Limited pertaining to AY2015-16 demanding a total of ₹3,860.65 lakhs. A total of ₹586.99 lakhs for stay of demand has been remitted and an appeal before the Commissioner of Income Tax (Appeals)/ Trivandrum has been filed. (Contingent liability as on 31/03/2018 – ₹3,273.66 lakhs) (P.Y. – ₹3,273.66 lakhs)
- g) The Assistant Commissioner, Special Circle, Karamana, Thiruvananthapuram issued a Demand Notice dated 19/09/2016 on Muthoot Fincorp Limited demanding tax, interest and penalty totalling to ₹1,432.69 lakhs. The Company has remitted 20% of the demand for stay of recovery, amounting to ₹286.54 lakhs and has filed an appeal before the Deputy Commissioner (Appeals), Trivandrum, against the demand. (Contingent Liability as on 31/03/2018 – ₹1,146.15 lakhs) (P.Y. – ₹1,146.15 lakhs)
- h) 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 31.03.2018 amounts to ₹44.66 lakhs. (P.Y. ₹1,081.31 lakhs)
- i) Some of the branches of the Holding Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has gone on appeal to the Hon'ble Supreme Court challenging the said notices. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.
- j) The Holding Company had received a notice from the Reserve Bank of India in March, 2012 to show cause as to why arm's length policy is not maintained with group concerns. The Company has already submitted its reply in writing.



**27. INFORMATION ABOUT BUSINESS SEGMENTS**

The Group's business activity primarily relates to the Financial sector. However, the Holding Company's assets and revenue include those pertaining to Windmill Power Generation. The Holding Company has purchased properties for the purpose of sale / development and sale, which it has classified internally as the Projects Division. One of the subsidiaries, Muthoot Pappachan Technologies is into the Information Technology sector, whose nature, risks and rewards are significantly different from the Financing segment. As such, the management, for the purpose of reporting under AS-17 "Segment Reporting", and taking into account the nature of products and services, has identified 4 segments – 'Financing', 'Power Generation', 'Projects Division' & '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	Projects Division	Information Technology	Total
Revenue	270,864.43	1,197.95	0.00	162.34	272,224.72
Expenditure	237,669.76	791.14	8.93	1,286.36	239,756.19
Segment result	33,194.67	406.81	(8.93)	(1,124.02)	32,468.53
Segment asset	16,67,509.08	8,033.90	80,819.27	2,035.29	17,58,397.54
Segment liabilities	16,76,805.54	0.00	80,819.27	772.73	17,58,397.54
Capital expenditure	4,596.15	0.00	0.00	782.62	5,378.77
Depreciation	6,801.58	511.74	0.00	194.35	7,507.67

**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 31.03.2018**

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





## ANNUAL REPORT (2017-2018)

16	MPG PRECIOUS METALS PRIVATE LTD
17	MUTHOOT AGRI DEVELOPMENT AND HOSPITALITIES PRIVATE LIMITED
18	MUTHOOT AGRI PROJECTS AND HOSPITALITIES PRIVATE LIMITED
19	MUTHOOT DAIRIES AND AGRI VENTURES PRIVATE LIMITED
20	MUTHOOT APT CERAMICS LIMITED
21	MUTHOOT AUTOMOTIVE (INDIA) PRIVATE LIMITED
22	MUTHOOT AUTOMOBILE SOLUTIONS PRIVATE LIMITED
23	MUTHOOT BUILDTECH (INDIA) PRIVATE LIMITED
24	MUTHOOT CAPITAL SERVICES LIMITED
25	MUTHOOT EQUITIES LIMITED
26	MUTHOOT HOLDINGS PRIVATE LIMITED
27	MUTHOOT HOTELS PRIVATE LIMITED
28	MUTHOOT INFRASTRUCTURE PRIVATE LIMITED
29	MUTHOOT LAND AND ESTATES PRIVATE LIMITED
30	MUTHOOT MOTORS PRIVATE LIMITED
31	MUTHOOT PAPPACHAN MEDICARE PRIVATE LIMITED
32	MUTHOOT PROPERTIES (INDIA) PRIVATE LIMITED
33	MUTHOOT RISK INSURANCE AND BROKING SERVICES PRIVATE LIMITED
34	PINE PINK AGRI VENTURES AND HOSPITALITIES PRIVATE LIMITED
35	THE RIGHT AMBIENT RESORTS PRIVATE LIMITED
36	MUTHOOT PAPPACHAN CHITS (INDIA) PRIVATE LIMITED
37	MUTHOOT EXIM PRIVATE LIMITED
38	MUTHOOT KURIES PRIVATE LIMITED
39	THE THINKING MACHINE MEDIA PRIVATE LIMITED
40	MPG SECURITY GROUP PRIVATE LIMITED
41	MUTHOOT PAPPACHAN CENTRE OF EXCELLENCE IN SPORTS
<b>FIRM / LLP / TRUST</b>	
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 ASSET MANAGEMENT LLP*
9	MPG AUTOMOBILES LLP
10	MPG HOSPITALITY LLP*
11	MPG LAND AND ESTATE LLP*
12	MPG REAL ESTATE LLP*
13	MUTHOOT PAPPACHAN FOUNDATION
14	MML EMPLOYEE WELFARE TRUST

\*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)







## ANNUAL REPORT (2017-2018)

2. Thomas George Muthoot, Director (MFL, MHFCL, MML & MPT)
3. Thomas Muthoot, Executive Director & Chief Financial Officer (MFL), Director (MML, MHFCL & MPT)
4. Pavan K Gupta, Chief Executive Officer (MHFCL)
5. Vikas Srivastava, Chief Financial Officer (MHFCL)
6. Sadaf Sayeed, Chief Executive Officer (MML)

### **Relatives of Key Managerial Personnel (KMP)**

- |                         |   |   |
|-------------------------|---|---|
| 1. Preethi John Muthoot | – | Wife of Thomas John Muthoot                           |
| 2. Nina George          | – | Wife of Thomas George Muthoot                         |
| 3. Remmy Thomas         | – | Wife of Thomas Muthoot                                |
| 4. Janamma Thomas       | – | Mother of Thomas John, Thomas George & Thomas Muthoot |

### **c) Transactions with persons listed in (b) above, during the year/balances outstanding as on 31.03.2018**

(₹ in Lakhs)

Particulars	Amount
<b>TRANSACTIONS DURING THE YEAR</b>	
<b>Revenue/(Expenses)</b>	
Interest on Loans	16.99
Rent paid*	(154.73)
Interest paid	(110.41)
Remuneration paid to Directors	(1,752.00)
Remuneration paid to Other KMP	(234.75)
Sitting Fee to Directors	(9.35)
<b>Assets</b>	
Loans Advanced	19,900.00
Security Deposit Advanced	3.58
<b>Liabilities</b>	
Personal Guarantees by Directors	26,500.00
<b>OUTSTANDING AS AT THE END OF THE YEAR</b>	
<b>Assets</b>	
Advance for Property	1,722.40
Loans Advanced	19,900.00
Interest Receivable on Loan	16.99
Security Deposit Advanced	3.58
<b>Liabilities</b>	
Remuneration to Directors	169.95
Borrowings / Loans	5,290.21
Rent Payable	0.82
Personal Guarantees by Directors	84,500.00

\*Exclusive of Service Tax







## ANNUAL REPORT (2017-2018)

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

(₹in Lakhs)

Transaction	Amount
<b>Revenue</b>	
Income from services rendered*	1,561.73
Income from renting of premises*	256.11
Interest on Loans & Other finances	29.52
<b>Expenditure</b>	
Rent paid towards premises taken on lease*	20.19
Fees towards services rendered*	1,947.77
Interest on deposits and borrowings	372.34
Interest paid on Collection	5.65
CSR expenses	47.88
Reimbursement of Expenditure*	(78.19)
<b>Assets</b>	
Advance for CSR activities	466.67
Loans advanced	200.00
Loans repaid	(213.11)
Advance to Employee Welfare Trust	251.00
<b>Liabilities</b>	
Advance received JD – Owners share	53.11
Loans accepted during the year	500.00
Loans repaid during the year	(500.00)

\*Exclusive of Service Tax

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

(₹in Lakhs)

Transaction	Amount
<b>Assets (Receivables)</b>	
Against Services rendered	288.14
Against Renting of premises	23.98
Against Advance for CSR activities	4.65
Against Advance for Property / Shares	48,991.52
Against Advances to Employee Welfare Trust	399.50
Against Loans advanced	86.89
Against Interest on Loans Advanced	0.67
<b>Liabilities (Payables)</b>	
Against Services rendered	259.18
Against Debt outstanding	2.34
Against Security Deposits	45.63



**29. CSR EXPENDITURE**

As required under Section 135 of the Companies Act, 2013, the entities under the Group were required to spend ₹342.76 lakhs in the reporting year in pursuance of its Corporate Social Responsibility Policy's, being two percent of the average net profits made during the three immediately preceding financial years. At the Group level, a sum of ₹518.61 lakhs has been spent towards CSR activities. However, the accumulated shortfall in the amount spent over prior years in comparison with the Companies Act requirement, stands at ₹366.38 lakhs as on 31st March, 2018. The said shortfall is expected to be utilized in the subsequent years, as was partially utilized in the current reporting period.

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, 2018	At March 31, 2017
Profit for the year (before adjustment for Minority Interest)	23,816.82	15,795.65
Add: Share of (Profit) transferred to Minority Interest	(2,397.37)	(686.29)
Net Profit attributable to Equity Shareholders	21,419.45	15,109.36
Weighted average number of shares outstanding	19,37,05,560	18,65,82,269
Basic Earnings per share	11.06	8.10
Diluted Earnings per share	11.06	8.10

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

MFL attempted CSR significantly in four areas: Health, Education, Environment and Livelihood. This process has led to the rise of a new breed of leadership process within the corporate landscape of MFL. From the top hierarchy, who are learning more about corporate social responsibility as part of the CSR committee and adapting themselves to not just complying with the law but also going beyond their comfort zone to streamline and assess what was until recently a charity - giving - concept. Now, all the Board Members are on the front end of the CSR, leading it with complete ownership and contributing to social investments as equal to their involvement in business. And secondly, the staff members of all levels are the backbone of the CSR at MFL, where they actively get engaged with the initiatives and contribute for the benefit of the deserving masses.

This report discusses programme details and updates of major CSR initiatives of Muthoot Fincorp Ltd., facilitated by Muthoot Pappachan Foundation, the CSR arm of Muthoot Pappachan Group.

#### 1. Smile Please

This is the flagship CSR initiative of MFL for the last 3 years. Project provides comprehensive cleft care services to the affected kids from deserving backgrounds. From a project that extends a specialized medical service, it has evolved into a comprehensive CSR programme where active employee engagement is marked and the same has become the pillar in facilitating this project in field reaching out to masses. This project is facilitated in field by Mission Smile, a medical charity Organization in the Country who are experts in providing comprehensive cleft care.





### 1.1 Strategic Objective 2017-18

To continue to provide free of cost compassionate cleft care to deserving patients from economically challenged sections of the society through:

- Going back to locations / Mission sites where we have conducted Missions earlier to provide care to those who could not, due to various medical reasons, receive their surgeries earlier and to new patients in those areas.
- Expanding our footprint to new areas, with Missions being planned for the Konkan area of Maharashtra and Rajasthan during 2017-18.
- Continue engaging the MFL branch teams in all areas in awareness creation within the communities where they carry out their business operations, patient recruitment and involvement of branch volunteers in patient management during Missions.
- Patient Socio-economic data – to continue and build on the model of specific patient data to continue ensuring that the cleft care continues to flow to the deserving patients in each location.
- To build engagement of MFL branch teams at a higher level of involvement and sustained engagement over a period of time build, pilot and subsequently roll out a nutrition programme modelled on the lines of the GC4 model of Mission Smile to be implemented through volunteers from the MFL branch teams. Training, monitoring and supervision to be done by Mission Smile team to enable the programme and take to a successful level of patient nutrition health leading to surgeries for the patients.

### 1.2 Delivery models of patient engagement

- Mission Model to be the key focus for existing areas and as well as the new areas of Konkan in Maharashtra and Jaipur in Rajasthan.
- Outreach Centre Model to be used for Muthoot Life Brigade Hospital, Kottayam and all effort to be made for development of local skills with support from MPF and the Life Brigade Hospital team.
- Nutrition Programme – to counsel, guide, monitor and bring up malnourished patients to acceptable levels of nutrition enabling them to receive their surgical intervention and care.

### 1.3 Training and sensitizing of Branch personnel

- Training of MFL State, Zonal/ Regional/ Area and branch personnel in new areas of operations in cleft care awareness and services.
- Sharing of learnings and experiences of MFL teams from other States has been a key and this would be used in all training programmes.
- Nutrition Programme training and engagement to be piloted in Gulbarga and then rolled out in a phased manner to other areas to be mutually agreed within 6 months of the pilot being initiated.

### 1.4 Nutrition Programme for sustained patient support

Cleft patients due to various factors related to the deformity tend to be suffering from malnutrition and low Haemoglobin levels. This leads to the fact that surgical intervention cannot be provided to such patients. In all patient engagements, be it at Mission sites, centre or outreach centre there are a number of patients who are found to be malnourished and having low levels of Haemoglobin.

### 1.5 Nutrition Programme Objective

The Senior leadership team of MFL are keen to work on the malnourished patients through their branch personnel with the objective of:

- Enhanced engagement of branch teams and personnel with this very gratifying CSR initiative of the Company.
- Sustained involvement over period of time with the patients and community members of the patients, specifically focusing on the patient development.





## ANNUAL REPORT (2017-2018)

- This would lead to a very important outcome – bringing patients to acceptable levels of nutrition enabling them to receive their life changing surgeries.

### 1.6 Strategic way forward for Nutrition programme

- Training, guidance and monitoring supervision of MFL branch teams by MPF and Mission Smile specialists.
- Pilot programme launched at the start of the Mission at Gulbarga on June 23rd 2017 and practical demonstration during patient screening for Gulbarga Mission.

### 1.7 Key Achievements for the year April 2017-2018

#### 1.7.a. Geographical footprint

- Existing Mission Locations
  - Kolkata (West Bengal)
  - Vijayawada (Andhra Pradesh)
  - Puducherry/ Tamilnadu
  - Kottayam (Kerala)
  - Gulbarga (Karnataka)
  - Baroda (Gujarat)
- Two new States added to our areas covered with the cleft programme with Missions being carried out in
  - Goa – covering the State of Goa, Konkan and Maharashtra
  - Jaipur – covering the State of Rajasthan

#### 1.7.b. Training and awareness building

1. Awareness building and cleft sensitization training programme carried out in:
  - Goa and Maharashtra
  - Jaipur covering the whole State of Rajasthan
2. Nutrition training programme for cleft patients carried out in 2017:
  - Pioneered in Gulbarga in June 2017 covering the North Karnataka region
  - Expanded to Kolkata in August 2017 covering West Bengal region

#### 1.7.c. Dignitaries to Missions

- During the June Mission at Gulbarga, Shri Sharan Prakash Patil, Minister for Health Education, Karnataka inaugurated the programme and spent time with patients and our team.
- Goa Mission was inaugurated by Smt. Mridula Sinha, Her Excellency the Governor of Goa.

#### 1.7.d. 1500 Surgery milestone

Puducherry where the 1000th patient in our project had received her surgery was again the location of another milestone which was the 1500th patient receiving surgery during the Mission there in February 2018. It is humbling and gratifying to see that we have directly impacted 1500 patients and their families with an average of 4 members per family. We have jointly impacted the lives of 6,000 people and the communities in which they live. We are committed to continue with this project in impacting many more patients and their families and helping change their lives forever.





**1.7.e. Achievements against targets during 2017-18**

Mission Plans 2017-18			
Month and Activity	Locations	Target	Actual
<b>Out-reach centre</b>			
May 24th -29th 2017	Kottayam	25	24
Jan 5th to 10th 2018		25	
<b>Missions Planned</b>			
	<b>Existing Areas</b>		
October 9th to 15th 2017	Vijaywada	50	57
June 24th to July 1st 2017	Gulbarga	60	64
February 17th to 24th 2018	Puducherry / TN	50	53
August 26th to 31st 2017	Kolkata	50	55
January 21st to 27th 2018	Gujarat (Baroda)	50	71
	<b>New areas</b>		
November 11th Nov to 18th 2017	Goa, Maharashtra (Konkan)	50	50
December 15th to 23rd 2017	Jaipur, Rajasthan	50	41
<b>Total April 2017 to March 2018</b>		<b>410</b>	<b>415</b>

**2. iLead Training Programme**

In association with Aide et Action International (AEAI), 180 youths in Trivandrum and Ernakulam were given skill development Certificate Course in Hospitality and Automobile. Fully equipped training Centre at Trivandrum (Kerala) provides training for underprivileged youths in Trivandrum region and Automobile Training Centre at Aluva for Ernakulam.

**2.1. Selection Criteria**

Candidates are selected from poor and marginalized sections and dropout youth from marginalized communities living in rural and urban areas of Trivandrum and Ernakulam. Three months training to youth are extended in Hospitality and Automobile which also includes Computer skills and Spoken English Course which is added for the benefit and development of communication skills for the candidates. This short-term training programme imparts a candidate with certain skill to achieve a good livelihood option.

Successfully trained 184 youths and placed 163 of them in various entry level employment opportunities in various sectors and thereby the programme has



Industrial Visit of Candidates (Automobile, Aluva Centre) to HMT, Kalamassery.



## ANNUAL REPORT (2017-2018)

enabled them to get better livelihood opportunities and lead a dignified life. This partnership has increased the opportunities available to the youths in Trivandrum and Ernakulam to earn their livelihood by training them in different skills as per the requirement of the industries.

### 2.2 Specialities

- Programme includes a regular interface with local business, industrial and other potential employers for course development, training methodology, placements and building backward and forward linkages.
- Focus on ensuring social equity in project i.e. priority for inclusion of marginalized communities like tribes, landless, women, disabled persons, etc. The project ensures that at least 90% of beneficiaries are from Below Poverty Line families.



Candidate receives Certificate after completing course in Hospitality

### 2.3 Trained Vs Placement Details (2017- 18)

Trade	Trained		Placed		Trained	Placed
	Men	Women	Men	Women	Total	Total
Automobile	94	0	79	0	94	79
Hospitality	83	7	78	6	90	84
<b>Total</b>	<b>177</b>	<b>7</b>	<b>157</b>	<b>6</b>	<b>184</b>	<b>163</b>

### 2.4 Outcome

- 84.04% of candidates in Automobile and 93.3% of Hospitality are placed in organized sectors with salaries above the minimum wage.
- Improved socio-economic and educational status within the family.
- Increased efforts to ensure education of self and also of siblings which have a larger impact on the education system.
- Emergence of 'change agents' who selflessly support and contribute in support of the larger underprivileged community.

## 3. Muthoot Pappachan Academy for Skill Development (MPASD)

Muthoot Pappachan Academy for Skill Development plays a vital role in providing education and livelihood for the deserving and underprivileged youth. In this era of unemployment and competency among higher secondary and degree holders, MPASD's value added skill development programme helped 138 candidates to become an earning member for their family, kickstarting their dream career.

### 3.1 Course Structure

MPASD provides 90 days free programme for candidates by efficient trainers including both Classroom training and On-the-job training. The programme comprises:

- Sourcing Camps
- Application





- Verification to identify deserving candidates
- Registration at Centre
- Counselling
- Classroom Training, Activities and OJT
- Certificate Distribution
- Campus Placement



### 3.1.1 Sourcing meeting

Sourcing activity is a continuous process. As the programme is for underprivileged, MPASD conducts meetings and camps all over Ernakulam to identify the deserving youth. For this sourcing process MPASD is teamed up with different NGOs and charity organizations across the districts. Our major partners include Kudumbasree, Cochin Social Service Society, Ernakulam Social Service Society, Muthoot Microfinance, Cochin Corporation, Workers Unions, Fishermen Groups, Anganwadies, Residents Associations etc. The MPASD Team, approaches the groups and explains the programme. Most of the candidates are sourced from such grassroots level forums.

### 3.1.2 Counselling

Interested candidates get registered and go through a counselling process, through which their socio-economic background, qualifications and attitude are analysed.

### 3.1.3 Verification

To confirm if the candidates are meeting the academy's criteria, there are three verification processes:

1. Educational Certificate Verification: The candidates need to submit copies of their Educational and Work Experience Certificates.
2. Income Certificate Verification: All candidates must produce their annual family Income Certificates from Village Offices.
3. Muthoot Branch Verification: All given details are again verified directly by nearest Muthoot Fincorp Branches by visiting Candidates' homes and neighbourhoods in compliance with the CSR rules

### 3.1.4 Training

MPASD focuses on Activity Based Training. It includes Group Discussions, Debates, Games, Role-plays, Interaction with Experts, Alumni Interactions, Mock Interviews and Computer Sessions. The main objective of the training is to improve and develop various skill sets of the candidates and prepare them for the Corporate jobs. To improve the communication and interacting skills, these activities are conducted







## ANNUAL REPORT (2017-2018)

weekly on business as well as daily social issues. This helps to improve the social awareness of the candidates as well as they learn how to behave in a group as leader and follower.

### 3.1.5 Guest Lectures

For each batch, twice in a month experts from different fields come and interact with the students. These guest lecturers, who are well experienced and expert in their respective fields, help the candidates to understand about different business sectors and how they work.

Guest Lecturers from different leading Companies like Nippon Toyota, Muthoot Capital Services Ltd., Central Life Style, Club Mahindra, Indus Motors, Canadian Global Information etc. enhance candidate's confidence in competition and broaden their skills - approach to the corporate world. They become capable of getting equipped with different skills and adaptability to work in different environments.

### 3.0.6 Alumni Visit

Twice in a month students from previous batches come for an interaction with the current batch. They discuss their experience in the academy, interviews, and on job exposures. It is more convenient when someone shares their own experience. These alumni visits help the candidates to manage their expectations and prepare for starting their career in a more structured mode.

### 3.1.7 Interview Process

Interview process starts after the completion of curriculum. As the preparation of interviews, Trainers conduct mock interviews with each student and a resume writing workshop. MPASD is partnering with 47 Companies for placements from different sectors like, Banking and Finance, Automotive, Hospitality, Tele Communications, Fashion Retail, Health Sector, Jewelers, and IT Industries. First round of interviews are mostly conducted in the academy itself.

### 3.1.8 Convocation Ceremony

Convocation Ceremony is an official ending of each batch. Certificates are disturbed on Convocation day along with the offer letters. Placement partners, Sourcing partners and Heads of MPG Companies participate in each batch's Convocation Ceremony. Special awards like Best Student, Best Motivator, Best Debater, Sportsman Spirit, Best Attendance, Best Performer Role-Play, Best Performer Group Discussion, Best Assignment etc. are given during the Convocation.





## 3.2 Trained Vs Placement Details (2017- 18)

Batch	Trained		Placed		Trained	Placed
	Men	Women	Men	Women	Total	Total
MPASD 1	15	5	15	4	20	19
MPASD 2	15	22	15	20	37	35
MPASD 3	8	28	8	28	36	36
MPASD 4	7	38	6	35	45	41
<b>Total</b>	<b>45</b>	<b>93</b>	<b>44</b>	<b>87</b>	<b>138</b>	<b>131</b>

## 4. MUTHOOT FOOTBALL ACADEMY

Muthoot Football Academy was started with the prime objective to create a positive learning environment in which players are encouraged to express themselves and play freely without fear and to nurture young players so that they can achieve their full potential. Located in Kochi, the academy aims to bring international coaching and training facilities through a curriculum prepared under the guidance of its Technical Director Mr. Terry Phelan.



### 4.1 Focus

- To maintain and establish a status to be amongst the top elite academies.
- To aspire to provide the best Practice and best Provision for players/students
- To provide the options of full-time programme for all academy players/students
- To have full time coaches working at every academy age group
- 70-80% of home-grown players/students at the academy

To achieve the above we went through a robust talent identification process which catered for 3 districts – Calicut, Kochi and Trivandrum – with the final selection at Kochi. Within the selection process we had the challenge of recruiting and identifying some 60 boys from a possible of 6000 players who have turned up from the 3 districts.

After careful consideration we identified 46 students out of the possible 60 to join this wonderful project. The cohort groups were broken up into age categories 2002-03, 2004-05 and 2006-07 which were 1 year to 1.5 years younger than the U-13, U-15 and U-17 age brackets. Reason behind this was that we had to look at the development stages of the individual plus the teams.





## ANNUAL REPORT (2017-2018)

The challenge with this was to establish a full functioning residential facility to house 46 boys plus coaching staff and inhouse staff which was successfully achieved at Kadavantra, Kochi. This facility was appropriate for the students in St Mary's UP school, Sacred Hearts H.S and CCPLM HSS. All the students at MFA had been provided free scholarship ie: taking care of all their schooling expenses, food, medical, insurance, training and accommodation.

### 4.2 Education

All students attend regular school 5 days a week and academy has its own bus which takes them from academy to their schools and back. To help them with their studies we have also availed the services of two tutors at the academy. All students' progress is monitored periodically to make sure they progress well in their school education as well. In the last academic year all the students had successfully passed their final exams and advanced to higher classes.

### 4.3 Technical Training Programme

All MFA students at the academy are trained under a curriculum designed to develop each individual player to make him capable to perform at the highest level – technically, tactically, physically and psychologically. Hence the philosophy itself is based on these four corners. All the students had undergone full medical and physiological testing before they started training in September.







## ANNUAL REPORT (2017-2018)

All injuries and medical conditions of the students are being fully monitored at Medical Trust Hospital under the guidance of Dr. Jacob and staff. To keep a close eye on their fitness, the weight of all the students are taken before and after the training to monitor their fluid intake and dehydration levels for improving their performance.

We have training schedule three days a week, ie; 1.5 hours per day, which has been later on extended to four days a week, in which each batch get training according to their sessions under their respective Coaches. Each player is closely assessed on their technical as well as tactical ability and each one of them is given weekly and 6 weekly learning objectives which help them improve their game. We also have part time goal keeper Coach to train all our goal keepers.

### 4.4 Talent Identification and Recruitment

At MFA we strive to be the best and for achieving this we are always in the look out for more better players and we have specific plan of recruiting new talents. We identify talented players through our scouting network and invite them to attend a two week trial period at the academy where the player is assessed on his technical and social skills. If the player has shown right attitude and qualities during the trial period, which is in line with what we look for in a player to be at MFA, we induct him to our academy. Over the academic year, a total of 25 players attended trials out of whom 7 students have successfully passed the criteria to be inducted to our academy.



Apart from the training session at ground, the Coaches also conduct interactive classroom sessions with their respective students over different topics related to their learning objectives and game objectives. The classroom sessions provide a much better understanding and improvement in their way of thinking about the game.

### 4.5 Competitive Matches and Tournaments

Competitive matches are also part of the students ongoing training programme as the weekly learning and game objectives need to be applied on the game which help them develop well. During the last year we had participated in 3 major tournaments and each batch had played many friendly games.

Mentioned below are the 4 major tournaments our students played last year.

- AIFF U-15 Youth League
- Jawahar Mavoor Grassroots Junior Football Tournament
- Club FM National Futsal Championship
- International Cup of Joy





## ANNUAL REPORT (2017-2018)

Apart from these tournaments our students had also represented their School to play in games and tournaments.



- Subrato Cup
- RCJPS Inter School Tournament
- RFYS Football Championship
- District & Inter District School Championship

All MFA students have been to most ISL games (Kerala Blasters Home games), U-17 world cup games, i-league 2nd division games, KPL and Youth league games. Students are also taken out for visit to the beach, malls etc once in a month .

All MFA students had the opportunity to visit Kerala Blasters FC training and have an interactive session with players and Staff during their training time at Kochi.

### 4.6 Achievements & Honors

During last year all MFA students had their chance to participate in tournaments and represent their school in various competitions. Below are the major achievements at MFA:

- Subrato Cup 2017-18 State – Semi finalists (U-15)
- RCJPS Inter School – Winners (U-13)
- CMI Inter School – Winners (U-13)
- RFYS Football Championship – Group stage (U-15)
- Ernakulam District School – Winners (U-17) 10 players
- Revenue District School – Winners (U-17) 3 players
- National School Championship – Winners (U17) 2 players
- Kerala Blasters FC U-15 - 5 players (U17)
- Jawahar Mavoor Grassroots Tournament – Winners (U-13)
- Club FM National Futsal Championship – Semi finalists (U-13)
- Subrato Cup 2018-19 District – Winners (U-17)
- District & Revenue District School – Winners (U-17)





## 5. Muthoot Cricket Academy - Ernakulam Cricket Club

Season started in August 2017 with a conditioning camp at BPCL KR Ground, Ambalamugal for 'A' team and junior boys continued with the indoor net practice at County indoor Netz, Mamangalam. During the season, ECC shifted the nets from Govt. High School Edappally to Maharaja's College Ground, Ernakulam. ECC also entered into a five year agreement with Nalanda Public School, Thammanam, where two new nets were put up. This became operational in the month of Feb 2018. Mr. Ravi Aravind was instrumental in getting this sanction. The efforts of Mr Sunil Pallan, who almost single handedly supervised and completed this new infrastructure, deserves a special appreciation. It was truly the effort of our club members, ECC was able to run the practice sessions in evening. The practice sessions are professionally conducted under the supervision and guidance of Mr. Sunil Pallan and Mr. Sajith. Sri. P. Balachandran, former Ranji Trophy Coach continued as Chief Coach of "A" team. Under their guidance Academy has got more than 60 students, actively making use of the facilities. Academy could produce players who were able to represent various categories. Few of them are:

	Name	Category	Level	Year
1	Rahul.P	Ranji Trophy	Kerala	2017 - 18
2	Subin	Under - 25	State	2017 - 18
3	Basil mathew	Under 25 & 23	State camp	2017 - 18
4	Sreenath K	Under - 23	District	2017 - 18
5	Hari krishnan K U	Under - 23	State camp	2017 - 18
6	Rohith menon	Under - 19	District	2017 - 18
7	Sharafudeen	Under - 23	Zone	2017 - 18
8	Aron Jude	Under - 16	Zone	2017 - 18
9	Adwaith Mahesh	Under - 16	District	2017 - 18
10	Krishna Das K. U	Under - 16	District	2017 - 18
11	Adithya Vinod	Under - 16	Zone	2017 - 18
12	Balaji Karna	Under - 14	Zone	
13	Ibnul Aftab	Under - 19	District	2017 - 18
14	Aryan Nair	Under	District	
15	Ajay Bhatt	Under - 16	Zone	2017 - 18
16	Rohan Thayyil	Under - 16	Zone	2017 - 18
17	Aswin A Nair	Under - 16	District	2017 - 18
18	Ajay B Bhatt	Under - 16	District	2017 - 18
19	Krishna Das	Under - 16	District	2017 - 18
20	Roshan P Kumar	Under - 16	District	2017 - 18
21	Anathu K P	Under - 14	Zone	2017 - 18
22	Amith Babu	Under - 14	Zone	2017 - 18
23	Mukund S	Under - 14	District	2017 - 18
24	Thejus Antony	Under - 14	District	2017 - 18
25	Adarsh Ajayakumar	Under - 14	District	2017 - 18

ECC was actively involved in the state level cricket scenario and is the only club in the state to field 5 teams including a Professional team that includes (1) Muthoot ECC "A" (2) Muthoot ECC "B"

(3) ECC Trust "A" (4) ECC Trust "B" and (5) Muthoot Cricket Academy-"B".





### 5.1 Muthoot ECC “A” Team in EDCA league

ECC A team played eight “A” division league matches of two day duration for 16 days in which we had three out-right wins, two matches with first innings lead, two matches we lost first inning lead and lost one match. Basil Mathew and Sreenadh K were the top three run getters. We finished fifth in the league.

### 5.2 Muthoot ECC “B” team in EDCA league

Muthoot ECC B team, consisting Under 17 players, played in the C division league, won all the 4 pool league matches and emerged as pool A champions. In the super league, the team finished as runner up and got promoted to B division. The boys deserve a big round of applause. K.P. Ananthu was the top run getter and Thejus Antony top wicket taker.

### 5.3 ECC Trust A team in EDCA league

ECC Trust A team played D - division league – Played four matches and won one match and remained in D division.

### 5.4 ECC Trust B team in EDCA league

ECC Trust B team played D - division league – Played four matches and lost all four and got relegated to E division.

### 5.5 Muthoot MCC - B in EDCA E division league

Our Under junior players who were brought up and nurtured by our Academy were given opportunity to play the league matches and played four matches, won two matches and lost two matches and retained its position in D division.

### 5.6 Under 15 League

This year ECC fielded two teams in Under 15 league matches conducted by EDCA.

### 5.7 MUTHOOT ECC in Under 15 League

Under 15 League Muthoot ECC became champions for the second consecutive year, edging out SG Cricket Academy by one point. Coach Sajth V and the boys were aptly felicitated by the Muthoot Pappachan Group.

### 5.8 Various Junior Tournaments we participated:

- 1) Celestial Under – 17 tournament, Trivandrum, Conducted by Murugans, Trivandrum. Lost in the semifinals
- 2) Mini Lakshmanan under - 13 tournament, Thevara, Conducted by MYCA, Mattanchery. Lost in the semi finals.
- 3) 4th SG All India Under - 15 cricket tournament, Ernakulam, Conducted by RSC SG Cricket School, Kadavanthara. (Lost in Quarter finals)
- 4) Under 15 Balan Pandit Tournament at Parur lost in the semi finals. Amit Babu was adjudged the best batsman.
- 5) Under 13 Don Bosco tournament at Vaduthala - Runner up. Pranav Aravind Sankar was adjudged the best Wicket Keeper and Aryan .R. Nambiar the most promising youngster.
- 6) First Muthoot Pappachan U-19 Tournament-Lost in the initial round.

### 5.9 Various Seniors Tournaments we participated:

- 1) All India Pooja Knock out, Tripunithura, Conducted by TCC. Muthoot ECC – A lost in the Quarter Finals.
- 2) 4<sup>th</sup> Prof. NDS Silver Cup, Thrissur, Conducted by Kerala Varma College, Thrissur. Muthoot ECC – A lost in semi final.







- 3) 22<sup>nd</sup> Celestial cricket tournament, Trivandrum, Conducted by Murugans Trivandrum. Muthoot ECC – A lost in Semi finals
- 4) Play well Trophy, Kozhikode, Conducted by Sussex. Muthoot ECC – A lost in the Quarter finals
- 5) 34<sup>th</sup> Dr. MS Nair Memorial, Perunthalmanna, Conducted by Jolly Rovers, Perinthalmanna. Muthoot ECC – A lost in Semi finals.
- 6) 12<sup>th</sup> Muthoot T20, Ernakulam, Conducted by Muthoot ECC Phase – II. Muthoot ECC – A lost in semi finals.
- 7) 37<sup>th</sup> Coromandel Cricket Tournament, Ernakulam, Conducted by Ernakulam Cricket Club. Muthoot ECC – A lost semi finals

### 5.10 Summary of each team's participation in various tournaments including League

- |                    |   |               |
|--------------------|---|---------------|
| 1. Muthoot ECC – A | - | 8 Tournaments |
| 2. Muthoot ECC – B | - | 5 Tournaments |

### 5.11 Other Activities

#### 5.11.1 Net Practice

Regular Net Practice started in August 2017 and continued up to 31<sup>st</sup> May 2018. M/s. Sunil Pallan and Sajith were taking care of the young talents who joined the Club during the period. From April onwards Academy started regular practice at Nalanda Public School nets.

#### 5.11.2 12<sup>th</sup> Muthoot Pappachan T 20 All kerala Tournament

ECC's prestigious Tournament which became the first T 20 tournament in Kerala to have completed 12 consecutive years was conducted in a grand manner in KRL Oval and Rajagiri College Ground, Kakkanad. The tournament was conducted from 26<sup>th</sup> March 2018 to 8<sup>th</sup> April 2018 in two phases. 24 teams in phase – I, Royal Masters Centurion A won the phase – I defeating T.C.C A. and both qualified for the second phase. In the second phase 12 teams played and KCA Academy won the title defeating AG'S Office R C, Thiruvananthapuram.

#### 5.11.3 37<sup>th</sup> Coromandal Cement All Kerala Cricket Tournament

The tournament completed 37 years successfully without break, was conducted in a grand manner at KRL Oval and Rajagiri College Ground and this year 21 teams participated by invitation. Matches up to pre-quarter finals were played on 30 over basis and from quarter onwards 50 over basis. The tournament was conducted from 19<sup>th</sup> February 2018 to 4<sup>th</sup> March 2018. In the finals SBI Kerala. Thiruvananthapuram won the title defeating AG'S Office R C, Thiruvananthapuram.

#### 5.11.4 1<sup>st</sup> Muthoot Pappachan Under- 19 Tournament

This year ECC added one more tournament in the U-19 category. Only six invited teams from Ernakulam participated in the tournament which was held at BPCL-KR Ground, Ambalamughal. The tournament commenced on 14<sup>th</sup> April 2018 and concluded on 8<sup>th</sup> May 2018. RSC SG Cricket School became the champions beating Credai MYCA.

#### 5.11.5 Summer Coaching Camp

This year Academy conducted coaching camps at Nalanda Public School nets and 30 students attended the coaching camp. Mr. Sajith V was the Head Coach who was well supported by Mr Sunil Pallan and senior players of our club. They carried out the camp in a highly professional way.







### 6. Aashiana Physical Medicine & Rehab Centre

With the intention of setting up a Rehabilitation Training Centre for paraplegics (people in wheel chairs as they are commonly known), the Aashiana Charitable and Educational Trust was formed in 2014-15. The Centre is envisaged for providing Residential Rehab Training for patients who are immobile due to accident, paralysis, cancer in spinal bone etc. It was proposed to start with these services as there are no dedicated Centres available in the region offering these professional services to paraplegics.

Infrastructure development was going on for the past couple of years and during 2017-18 the Centre started functioning, initially with the basic services. Currently the services are confined to occupational therapy and physiotherapy.

Blessing ceremony of the Centre was conducted on 27<sup>th</sup> October 2017 at Aashiana Rehab Centre, Vettickal, Mulanthuruthy, Ernakulam. Till 31<sup>st</sup> March 2018, 28 patients have utilised the facilities of our Centre.







## ANNUAL REPORT (2017-2018)



### 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

### ATTENDANCE SLIP

TWENTY FIRST ANNUAL GENERAL MEETING ON 19<sup>th</sup> SEPTEMBER, 2018

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 21<sup>st</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 Wednesday the 19<sup>th</sup> day of September, 2018.

.....  
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







# ANNUAL REPORT (2017-2018)



## 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 : 19<sup>th</sup> September 2018 at 10.00 am

Name of the Member(s)	:	
Registered Address	:	
E-mail ID	:	
Folio No./ Client ID	:	
DP ID	:	

I/We, being the Member(s) of ..... equity shares of ₹10 each of Muthoot Fincorp Limited, hereby appoint:

1. Name : .....	2. Name : .....	3. Name : .....
E-mail Id : .....	E-mail Id : .....	E-mail Id : .....
Address : .....	Address : .....	Address : .....
Signature : .....	Signature : .....	Signature : .....
or failing him/her	or failing him/her	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty First Annual General Meeting of the Company will be held at 10.00 AM on Wednesday the 19<sup>th</sup> Day of September 2018 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
	<b>ORDINARY BUSINESS:</b>
	To receive, consider and adopt the Audited Standalone and Consolidated Balance Sheet as at 31 <sup>st</sup> March 2018 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
	To declare dividend on Equity Shares
	To appoint a Director in place of Mr. Thomas Muthoot (DIN: 00082099) Director of the Company retiring by rotation and being eligible, offers himself for re-appointment.

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

Signed this ..... day of ..... 2018

AFFIX  
Revenue  
Stamp of ₹.1

Note:

- 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.
- A Proxy need not be a Member of the Company





## PRESS COVERAGE

Muthoot's #KahaaniBlueSoch- A Hit Or Miss?



**Muthoot Pappachan Group appoints Vidya Balan as its brand ambassador**

Mailbox Pappachen has also rolled out a national campaign comprising a series of films which talk about the experience of living with MSME loans and how it can change the fortune of customers.



## Pradhan Mantri Kaushal Vikas Yojana: Muthoot Fincorp, NSDC to train 10,000 youth



## A decade lat

Coltana, 8 August

After nearly a decade, microfinance institutions (MFIs) (companies are again looking at raising funds through Initial Public Offerings (IPOs).

The IPO of CreditAccess Grameen, a Bengaluru-based MFI, hit the markets on

Wednesday. Those of at least two others, Harbort Microfin and Spandau Spinnery, are in the pipeline. Another entry, Amihan, is in the process of deciding whether or not to raise money through an IPO.

Over the past 18 months, most major finance compa-

nies have been re-  
from the after-  
demonstrated an  
ment-mandated del  
However, with the  
non-performing las  
off, MFIs are again  
growing their portf  
an IPO is an exit so  
of the private equity  
in MFIs.

After the IPO, Financial Institution known as SSI in 2001 were hardly any in the segment, having three Small Finance (SFBs) and of Saini C a Delhi-based MF.

## Lending a helping hand

Thomas George Muthoot, Director, Muthoot Pappachan Group, elaborates on the ways in which the brand is helping mainstream India's underbanked populace.



**Yellowstone** is the world's largest population by 2021. There are two major threats to bison: loss of habitat and overgrazing by cattle. The National Wildlife Federation is leading a campaign to protect bison habitat and to increase public awareness of the importance of bison to the ecosystem. The National Wildlife Federation is also working to increase public awareness of the importance of bison to the ecosystem.

2001. The *Journal of Human Ecology* noted, which the editor takes credit for: "The journal's focus is on the study of human ecology and its various subfields." The journal's focus is on the study of human ecology and its various subfields.

## A progression in Blue

Mathias Fritzsche, head of the union's research department, says the union has been "informed" by the company that the new system will be "a lot more" useful to the



**မှတ်စု**

**အိန္ဒိယနိုင်ငံရှိ နိုင်ငံရေးနှင့် စီးပွားရေး**

**Muthoot Fin**  
**lower in**









HELPING MILLIONS  
ACCOMPLISH THEIR DREAMS  
WITH OUR GOLD LOANS



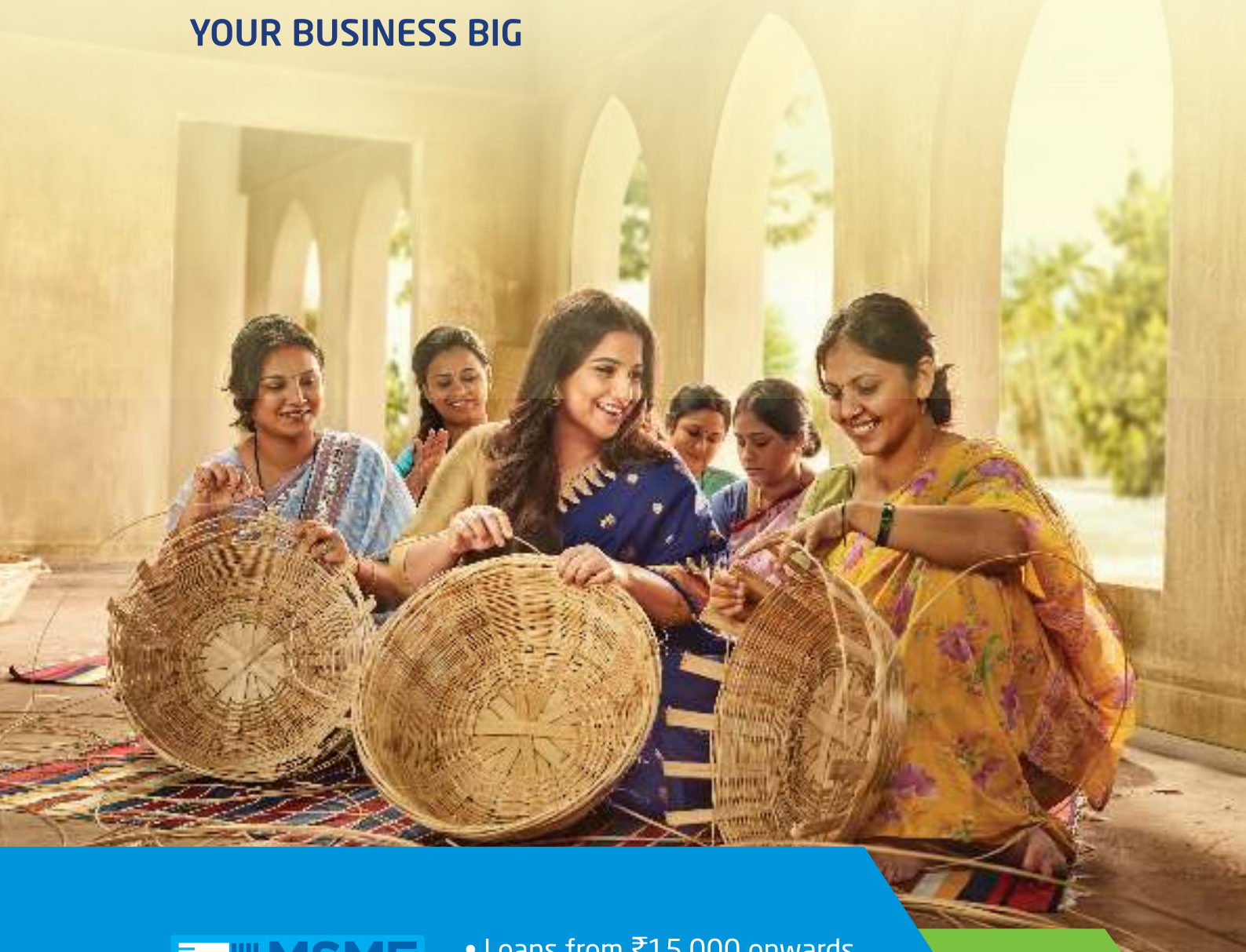
## **GOLD LOAN**

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- India's first 24x7 Express Gold Loan service
- A wide range of gold loans



**BLUE SOCH**

**IT IS ASPIRING & USING  
SMART MEANS TO MAKE  
YOUR BUSINESS BIG**



- Loans from ₹15,000 onwards
- Easy and fast disbursal
- Attractive interest rates
- Daily doorstep collection facility

