

**We help millions to  
transform their lives...**







**MUTHOOT PAPPACHAN**

**(1927 - 2004)**

**Founder Chairman**

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





## **VISION**

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





YPO-WPO SEN SUSTAINABILITY AWARDS

## Muthoot Fincorp, has won the coveted SEN Sustainability Award for Community/Inclusive business, 2014 in the U.S.

The SEN Sustainability Awards honours YPO and WPO member companies for their commitment for making a difference to society at large. This annual award is sponsored by YPO-WPO's Social Enterprise Networks, which connects business leaders with a shared commitment to philanthropic, humanitarian and social enterprise endeavours.

The SEN Sustainability Award recognizes YPO-WPO companies that are changing the way the world does business. Companies are evaluated on achievements in economic justice/community impact, employee impact, sustainable environmental business practices, leadership and philanthropic/non profit organization.









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**Chairman &  
Managing Director**

Mr. Thomas John Muthoot



# **CORPORATE INFORMATION**

## **— Board of Directors —**



Mr. Thomas George Muthoot  
**Director**



Ms. Janamma Thomas  
**Director**



Mr. Thomas Muthoot  
**Executive Director**



Mr. R. Kamalasanan Nair  
**Director**



Mr. A.P Kurian  
**Director**



Mr. A. Vikraman  
**Director**



### **Company Secretary and Sr. Associate Vice President, Corporate Affairs**

Mr. T. D. Mathai

### **Statutory Auditors**

M/s. A. Cherian and Associates  
Chartered Accountants

### **Internal Auditors**

M/s. Krishna, Retna and Associates  
Chartered Accountants

M/s. Giri Raj R & Associates  
Chartered Accountants

### **Solicitors and Advocates**

Dandapani Associates

### **Legal Advisor**

Mr. C. M Stephen

### **HR Consultant**

Mr. P. Padmakumar

### **Senior Management**

Mr. George Lamannil – Executive Director & General Counsel  
Mr. S. Kannan – Executive Vice President  
Mr. Subin Kumar Ettickal – Sr. Vice President- Strategy & Innovation  
Mr. Krishnan Nilakantan – Chief Information Officer  
Mr. Bejoy J Anthraper – Sr. Vice President- Business Development  
Mr. Joseph Oommen – Vice President- Finance & Accounts  
Mr. N.S Bose – Vice President and Head – Operations  
Mr. A.V Koshy –Vice President – Risk Management  
Mr. Kamal Mampilly – Vice President – HR  
Mr. Tiju Easow – Vice President – Marketing  
Mr. ASP Rao – Vice President – Administration & Infrastructure  
Ms. Deepa Nair – Vice President – Learning & Development  
Mr. Paul Joy Palocaren –Vice President – Resource Planning & Treasury  
Mr. K. Bhaskar – Vice President- Vigilance  
Mr. Thomas Kurian – Vice President – Security  
Ms. Devika R – Sr. Associate Vice President – Products  
Mr. Jayakrishnan – Associate Vice President – IT  
Dr. Prasanthkumar Nellickal – Sr. Manager – Corporate Social Responsibility  
Ms. Shiney Thomas – Executive Secretary





### **Bankers**

The South Indian Bank Ltd  
State Bank of India  
HDFC Bank Limited  
Axis Bank Limited  
ICICI Bank Limited  
Kotak Mahindra Bank Limited  
The Federal Bank Ltd  
City Union Bank Limited  
IDBI Bank Limited  
State Bank of Mysore  
Dena Bank

ING Vysya Bank Limited  
Andhra Bank  
Dhanlaxmi Bank Ltd  
IndusInd Bank Limited  
Punjab National Bank  
Karnataka Bank Limited  
Central Bank of India  
Union Bank of India  
Indian Overseas Bank  
State Bank of Travancore  
The Jammu & Kashmir Bank Limited

SICOM Limited  
State Bank of Patiala  
The Catholic Syrian Bank Ltd  
Vijaya Bank  
Bank of India  
Oriental Bank of Commerce  
Corporation Bank  
Canara Bank  
Allahabad Bank

### **Debenture Trustees**

IL & FS Trust Company Ltd

### **Registered Office**

Muthoot Centre, Punnen Road,  
Thiruvananthapuram - 695 034  
Ph: + 91 471 2331427 / 3911400  
Fax: + 91 471 2331560  
Email: [muthoot@muthoot.com](mailto:muthoot@muthoot.com)  
Website: [www.muthoot.com](http://www.muthoot.com)









## Chairman & Managing Director

Mr. Thomas John Muthoot



From the Chairman and Managing Director

I am happy to inform, your Company emerged from a volatile FY 2013 - 14 with Profit After Tax (PAT) of Rs.63.26 Crores, proving its resilience and its inherent strength to meet the challenges of a daunting macro - economic environment.

### Macro - economic environment FY 13-'14

Throughout FY 14, the key economic challenge for our country was high and persistent inflation. The whole - sale price index based inflation averaged at 5.92 % in FY 14 while the retail inflation averaged at 9.49%.



SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI), INDIA

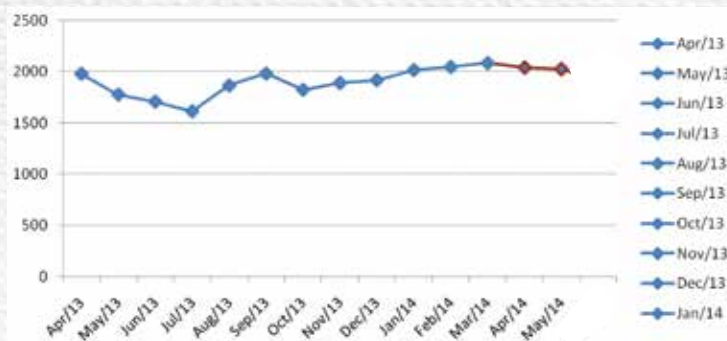
Source:- [Franklin Templeton Academy](#)

Added to this, global liquidity conditions also tightened, which transmitted pressures on currency, equity and bond markets, more significantly around June, 2013. The rupee depreciated more than 20% while stock markets fell by 10% during June - Sept, 2013 attributed to heavy capital outflows.

The scenario of tight liquidity overall, was amplified with our high current account deficit (CAD), persistent inflation and weaker macro - economic fundamentals. With the economy buffeted by a double whammy of decelerating exports and rising imports, Reserve Bank of India had to step in by tightening liquidity, relaxing limits on FDI and external commercial borrowings (ECB), encouraging NRI remittances and, by imposing sharp hike in duties on gold imports.

During June - July, 2013 period, LTV for gold loans notified by AGLOC plummeted to its lowest of Rs.1500/- per gm during second week of July '13 from the high of Rs.2200/- in April '13.

LTV Trend



Almost simultaneously, on 27.06.13 RBI directed the NBFCs not to raise money through private placements, with stoppage of loans against NCDs. After another three months, in Oct '13 came the directive to disburse gold loans above Rs.5 Lakhs by cheques only, the ceiling amount further reduced from Rs.5 Lakhs to Rs.1 Lakhs on 10th Jan '14.

Let me get back to the larger canvass of macro – economic trends now. As a result of increase in the import duty on gold, there was a steep drop in import of gold to 5.30 billion dollar in the fourth quarter of 2013 – '14 compared to 15.80 billion dollar in the fourth quarter of 2012-'13. RBI also raised key policy rates – repo rate by 75 bps in May '13 and in Jan '14, prompted by inflation worries and vulnerabilities in external sector. This increase in policy rates was in spite of growing industrial weakness, with a significant slowdown in mining and manufacturing sectors, with low investor sentiment, policy bottle necks and weak demand. In fact for the first time after 1991 – '92, our manufacturing sector contracted, with services sector expected to have grown at 6.9%, and slightly lower than 7.0 in previous year, and farm sector registering a healthy 4.6% growth.

However, from Q-3 onwards, firm signs of stability on the external front, partial easing of inflationary pressures and positive outlook towards growth were to be seen. The baseline GDP growth for the fiscal 2013-'14 was projected at 5.7%. While IMF and some leading economists pegged the growth rate at 5.7 – 5.8%, the PMEAC (Prime Minister's Economic Advisory Council) estimated India to grow at 6% during 2013-'14. This came on the back of improved growth prospects estimated across farm, industry and service segments. W P I inflation stood at 6%, turned out to be lower than the RBI's indicative projection of 6.8%, mainly due to a sharp deceleration in non-food manufactured products inflation in the second half of the year. Food inflation, nevertheless, continued to be a source of upside pressure because of persisting supply imbalance. The rising fiscal and current account imbalances have been among the greatest macro-economic worries for India; the Country's fiscal gap widened sharply in the first half of FY 2013-'14.

The economy appears to have bottomed out and we can look forward with enthusiasm and hope to better times ahead. Challenges remain and in a dynamic and growing economy new ones will surface but I am hopeful that with the fresh thrust to balanced growth initiatives by the Government and support from the Reserve Bank of India with appropriate policy prescriptions and macro-prudential regulations, the NBFC segment in the Country will achieve greater heights.

#### Financial Snapshot: Performance highlight of the year 2013-'14

- Gross Revenue recorded a decrease of 4.95 %.
- Post-tax Profit registered Rs. 63.27 Crores, registering a decrease of 69.93%.
- Income from Retail Loan registered a decrease of 8.93% to Rs. 1865.65 Crores from Rs. 2048.58 Crores in the previous year.



- Earning per Share for the year decreased by 69.95% from Rs. 11.28 to Rs. 3.39.
- Dividend @ Nil per Equity Share.

The primary reason for the decline in the above said performance indicators can be attributed to increase in the cost of funds, adverse variations in gold price, fall in the interest realization and large increase in the Branch network (as the new Branches generally take 2 to 3 years for break-even).

This satisfactory onward march of the Company led by its own examples of sound management, mirroring high standards of Corporate integrity textured into its value system and continuously exploring opportunities for growth and excellence, demonstrates its missionary zeal and deep sense of commitment to achieve goals.

### **Corporate Governance**

The Company's philosophy on Corporate Governance rests on the foundations of adherence to the highest levels of transparency, accountability and integrity in all spheres of its operations and in all its dealings with stake holders – viz., the Shareholders, Employees, Customers and Bankers – and high ethical standards in the conduct of business. The Company is firm in its commitment to promoting best Corporate Governance practices and strives to live upto Shareholders' expectation. The thrust of the Corporate Governance of the Company is to enhance Shareholder value and enhancing as also maintaining the wealth of the Company by pursuing ethical practices in the conduct of its business and maintaining high standards of disclosure and transparency.

### **Making a Difference : Corporate Social Responsibility (CSR)**

Weaving the core values of Muthoot Pappachan Group with its management philosophy, that the Company exists to serve its Customers and that business is for the people, and believing that the true success and progress lie beyond the balance sheet, the Company is actively contributing to the social and economic improvement of the disadvantaged sections of the Society and enhancement of the societal capital.

In the 5 Wards adopted in Konni Village (in Pathanamthitta District in Kerala) the Company continues to meet the educational expenses of economically backward children from 5<sup>th</sup> standard to +2 level, funded through "Muthoot Pappachan Foundation".

During the year, your Company has taken the initiative to promote the cause of better health by creating India's largest Directory on Voluntary Blood Donors – The Muthoot Pappachan Life Blood Directory – with a round-the-clock helpdesk, thereby providing immediate donor management solutions across any City in India. As at the end of the fiscal 2013-'14, 53,000 blood donors are registered in the Directory.

### **Bringing succor to the poor and needy**

Committing itself to discharging its obligation to the Society at large, your Company continues to fund the various philanthropic activities undertaken by "Muthoot Pappachan Foundation" promoted by Muthoot Pappachan Group.

Your Company is thus committed to building a better and sustainable way of life for the disadvantaged sections of the Society, basing its action on the conviction that, as JRD Tata Said, "the community is not just another Stake holder in our business but the very purpose of our existence".



### **Looking at the Geography: Expanding our footprints**

Continuing its efforts to expand the reach of services, your Company has made its footprints in **408 new locations**, taking the total network of its Branches to 3831, adding 289 Branches to the existing network of 1600 Rural Branches, demonstrating its commitment to financial inclusion.

### **Contributing to a greener tomorrow**

Committed to contribute to the greening of the Nation, your Company continued its focus on Wind Power generation, staying invested Rs 118.51 Crores, with a Wind Power generation capacity of 23.225 MWs from 19 Turbine Generators, contributing 0.54 % of the Gross Income of the Company.

### **Customer Care**

With “closer to and together with Customers’ path” philosophy deeply embedded in its value system and sensitivity to their fast changing needs at the core of all its business activities, your Company continued its seamless service to the Customers during the fiscal 2013-'14, mirroring tradition of excellence and bringing quality products, creating highest level of “customer delight”.

### **Gratitude to our Board of Directors**

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

### **Looking Forward**

RBI restored LTV of gold loans to 75% for NBFC's which was reduced to 60% in March, 2012. There are other positive indications of level playing field for NBFCs though challenges remain. Your Company has demonstrated its resilience in the challenging environment posed by the downturn in the global and national economy in the financial year 2013-'14 gone by and is embarking on its journey into the year 2014-'15 with a clear road map. We have already taken the following steps -

- Introduced a bouquet of new products not only loan variants but also cross selling of products like Swarnavarsham Jewellery of Group Company Muthoot Exim.
- Initiated and completed major Organisational restructuring.
- Taken a series of steps to rationalise operational costs, as well as to improve efficiencies.

I am confident that in FY 14 - '15 we will be able to achieve further excellence in service delivery and in financial performance, in meeting which I look forward to your continued support and encouragement as always.

Sd/-

(Thomas John Muthoot)  
Chairman and Managing Director





Mr. Thomas Muthoot  
**Executive Director**



## **EXECUTIVE DIRECTOR'S MESSAGE ON MICROFINANCE DIVISION**

Microfinance Division witnessed incredible growth and achievement in the financial year 2013-'14. In the short span of 4 years, we served more than 1.5 million women entrepreneurs by providing finance, training and welfare. The Division also extended its activities to Maharashtra and Goa during the fiscal 2013-'14. We disbursed Rs.2139.40 crores in the rural areas of the Country, in keeping with our business philosophy of deeper financial inclusion and women empowerment. Our portfolio stood at Rs.811.36 Crore with 7,36,885 active clients as on March 31<sup>st</sup> 2014.

As I mentioned above, our services are not limited to financial assistance. Through the Institution's CSR initiatives, we have ensured that our clients are provided with proper training on financial literacy and skill development for the success of their micro enterprises. We took care of their health by conducting medical camps and organised market linkage programs to promote their businesses. During the financial year 2013-'14, around 6000 clients had been directly benefitted through our CSR initiatives. We introduced loans for MSME Sector in the fiscal, the intention behind the move being to further support our microfinance clients as they grow their micro ventures to the next level. As of March 31<sup>st</sup> 2014 our MSME loan portfolio's outstanding stood at Rs.4.40 Crores. Pureit Water Purifier Loan in association with HUL was the other addition to our product line; the goal is to provide pure drinking water to the economically disadvantaged sections of the society. We also served 18,618 Dairy Farmers through our unique IGL-Dairy Loans by the end of March, 2014.

Microfinance Division crossed some significant milestones and received several accolades. We became No. 1 Microfinance NBFC in Kerala on all parameters; we were honoured with Rotary Binani Zinc CSR Excellence Award 2014 and awarded International Seal of Transparency by MFTransparency. With the doubled growth results, the Institution further improved the quality of its portfolio. As on March 31<sup>st</sup> 2014 the delinquency rate stood at 0.16 % - which is the best in the Industry.

Sd/-  
(Thomas Muthoot)  
Executive Director

## NOTICE TO MEMBERS

Notice is hereby given that the Seventeenth Annual General Meeting of Muthoot Fincorp Limited will be held at 11 a.m Tuesday, the 3<sup>rd</sup> of June 2014 at the Registered Office of the Company at Muthoot Centre, Punnen Road, Trivandrum – 695 034, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. Vikraman, Director retiring by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A.P Kurian, Director retiring by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Seventeenth Annual General Meeting to the conclusion of the Twentieth Annual General Meeting and to fix their remuneration. The retiring Auditors, M/s. A. Cherian & Associates, Chartered Accountants, are eligible for re-appointment.

### SPECIAL BUSINESS:

#### **5. Issue of Non-convertible Debentures (NCDs) on Private Placement Basis**

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

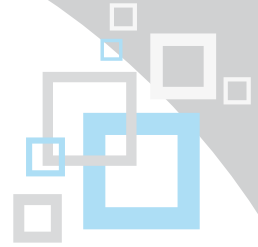
**“RESOLVED THAT** pursuant to Section 42 of the Companies Act 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, the Company be and is hereby authorised to issue NCDs on private placement basis aggregating to Rs.200 Crs during the year 2014-15 on various dates.”

#### **6. Borrowing power of the Company**

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

**“RESOLVED THAT** in suppression of the resolution passed at the Extra Ordinary General Meeting held on 24<sup>th</sup> May 2008 as per the provisions of Section 292 (1) (d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors for





1. Exercising the powers pursuant to section 180(1)(c) of the Companies Act 2013, viz., to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of the Company's Paid up Share Capital and Free Reserves, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, may exceed the aggregate of the Paid-up Share Capital and Free Reserves, (reserves not set apart for any specific purposes) provided however, the total amount so borrowed shall not exceed 40 times of the aggregate of the Paid-up Share Capital and Free Reserves of the Company,
2. Executing mortgages of assets of the Company, and
3. Such other things as envisaged under section 180 of the Companies Act, 2013."

Thiruvananthapuram  
09.05.2014

By Order of the Board

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

**NOTES:**

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



## STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

### Item No. 5

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

As per section 42 of the Companies Act 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, the Company can issue NCDs on Private Placement subject to the approval of members of the Company by a Special Resolution.

The Company proposes to issue NCDs on private placement basis aggregating to Rs.200 Crs during the year 2014-15 on various dates.

For issue of NCDs on private placement it shall be sufficient if the Company passes a previous special resolution only once in a year for all the offers or invitations of such NCDs during the year.

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

### Item No. 6

#### Borrowing power of the Company

The borrowing power of the Company is fixed at 40 times of the aggregate of the Paid-up Capital and free reserves of the Company by the Extra Ordinary General Meeting held on 24<sup>th</sup> May 2008 as per the provisions of Section 292 (1) (d) of the Companies Act, 1956.

As per Section 180 (1)(c) of the Companies Act, 2013 the borrowing powers of the Company is to be approved by a special resolution of the members of the Company, if it exceeds its Paid up Capital and Free Reserves. The special resolution is to be passed before September 11, 2014 as per the General Circular No: 04/2014 dated March 25, 2014 issued by the Ministry of Corporate Affairs.

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

None of the Key Managerial Personnel (KMP) and their relatives are concerned or interested in the proposed resolutions.

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

Thiruvananthapuram  
09.05.2014

By Order of the Board

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



## DIRECTORS' REPORT

To,  
The Members,  
Muthoot Fincorp Limited.

Your Directors are pleased to present the Seventeenth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

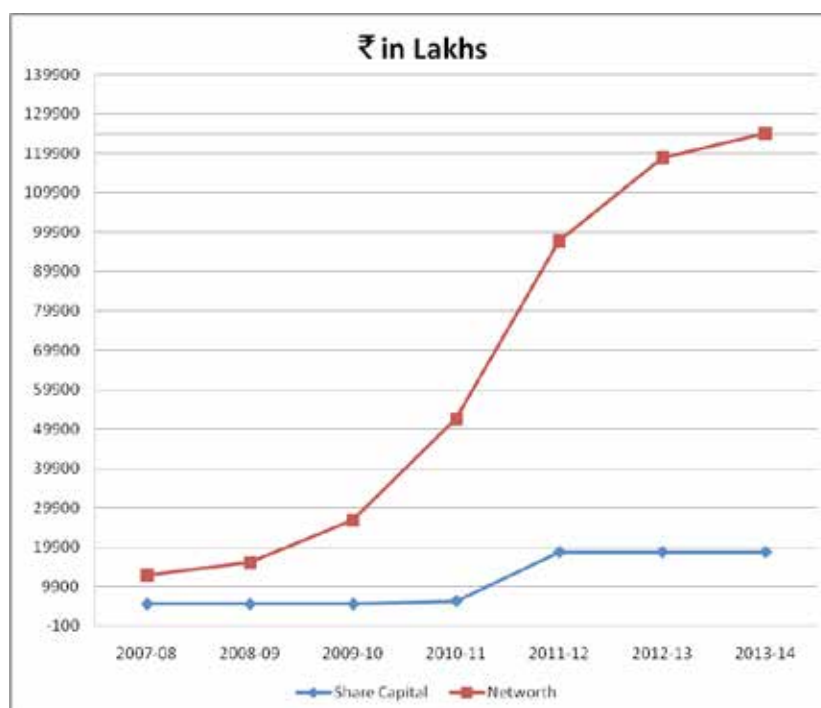
## FINANCIAL RESULTS

( ₹ in Lakhs )			
	Particulars	Current year ended 31.03.2014	Previous year ended 31.03.2013
	Gross Income	1,97,531.70	2,07,809.44
Less	Expenses	1,91,098.12	1,73,503.88
	Profit before Exceptional & Extra Ordinary Items and Tax	6,433.58	34,305.56
Add	Exceptional & Extra Ordinary Items	~	560.29
	Profit before Tax	6,433.58	34,865.85
Less	Tax Expenses	106.74	13,825.69
	Profit for the period from continuing operations	6,326.84	21,040.16
Add	Profit brought forward	44,181.26	30,505.15
	Amount available for appropriations	50,508.10	51,545.31
Less	Transfer to Statutory, Special Contingency Reserves and Issue of Bonus Shares	2,214.39	7,364.05
Less	Proposed Dividend and Dividend Tax	Nil	Nil
	Balance Profit carried to Balance Sheet	48,293.71	44,181.26
	Earning Per Share (Rs.)	3.39	11.28



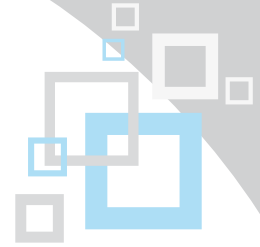
## SHARE CAPITAL & NET WORTH

The Authorised and Paid up Share Capital of the Company stood at Rs. 20,000 Lakhs and Rs.18,656.27 Lakhs respectively. The Net Worth of the Company is Rs. 1,24,985.24 Lakhs as against Rs. 1,18,658.40 Lakhs in the previous year, registering an increase of 5.33%.



## OPERATIONS

From an operational perspective, 2013-'14 was a challenging year for the Company. During the year under report the Company recorded a decrease of 4.95% in Gross Revenue compared to the previous year. Stiff competition, adverse market conditions including the volatility of gold price and restriction on Loan to Value (LTV) contributed for the adverse growth of the Company's Asset under Management (AuM) by Rs. 26,659 lakhs. AuM decreased by 3.24% over that of the previous year. Profit after tax reported in 2013-14 is Rs 6,326.84 Lakhs, a reduction of Rs 14,713.32 Lakhs when compared to the previous year. The main reasons for the decrease in profit after tax, when compared to last year, can be attributed to the increase in operating costs, low realisation on auction, negative growth in AuM and decrease in the average yield.



- Operating costs increased by 10.14% from the previous year and, as a percentage of total revenue, these increased by 13.25%. The increase has in turn been caused by the expansion of the Company's branch network over last 2 years. As a result of the branch expansion, staff costs and finance cost increased disproportionately (when compared to revenue) since the new branches normally take about 2 years to break even. Negative growth of the AuM, due to flight of customers to the unorganised sector (and partly to banks), pursuant to RBI imposed LTV restrictions, also contributed to a lower efficiency in absorption of operating costs in the backdrop of the rapid branch expansion. However towards last quarter of the year AuM started growing due to the relaxation in LTV by the RBI from 60% to 75% of gold value.
- The average yield of the Company dipped due to under recovery of interest from proceeds of auctions conducted during 2013-14 and partly due to an interest reduction of about 2% on the express gold loan.

#### • THE COMPANY'S REACH

The Company has 3,831 branches, as at 31 March 2014, spread across 16 states as detailed below:

Sl. No.	State	No. of Branches
1.	Kerala	1034
2.	Tamilnadu	943
3.	Karnataka	566
4.	Andhra Pradesh	582
5.	Maharashtra	197
6.	Goa	11
7.	Gujarat	120
8.	Rajasthan	53
9.	Punjab	49
10.	Madhya Pradesh	34
11.	Uttar Pradesh	43
12.	Orissa	11
13.	Haryana	61
14.	Delhi	96
15.	Uttarakhand	2
16.	West Bengal	29
	<b>Total</b>	<b>3831</b>

#### COMPLIANCE WITH RBI GUIDELINES

Your Directors confirm that the Company has not invited or accepted any deposits from the public. The Company has complied with all the applicable regulations of the Reserve Bank of India as on March 31, 2014.



## CORPORATE GOVERNANCE

Corporate governance is a reflection of our culture, our relationship with stakeholders, and our commitment to values. At MFL, it is imperative that our company's affairs are managed in a fair and transparent manner.

We conduct the business with all integrity and fairness, transparency with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and with commitment to conducting business in an ethical manner.

The Company had framed Investment and Corporate Governance Policies and these Policies were approved by the Board at their meeting held on 20<sup>th</sup> February, 2009.

### Board of Directors

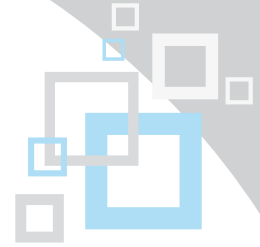
Your company has an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. Your Board of Directors comprises of individuals who have vast business experience in various disciplines. The day to day affairs of the Company is managed by a Senior Management Team lead by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors.

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

Name of the Director	Nature of Directorship	No. of meetings attended	No. of other Directorship etc (As per last declaration made to the Company)		
			Public	Pvt.	Others
Mr. Thomas John Muthoot	Promoter Chairman and Managing Director	16	5	36	14
Mr. Thomas Muthoot	Promoter Executive Director	16	5	34	14
Mr. Thomas George Muthoot	Promoter Director	19	5	36	14
Ms. Janamma Thomas	Promoter Director	16	0	0	3
Mr. R. Kamalasanan Nair	Independent Director*	17	2	0	0
Mr. A.P Kurian	Independent Director*	5	3	1	0
Mr. Vikraman Ampalakkat	Independent Director*	2	1	1	0

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






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

21 meetings of the Board of Directors were held during the Financial Year 2013 - '14 on the following dates:

15<sup>th</sup> April 2013, 3<sup>rd</sup> May 2013, 4<sup>th</sup> May 2013, 16<sup>th</sup> May 2013, 29<sup>th</sup> May 2013, 19<sup>th</sup> June 2013, 6<sup>th</sup> July 2013, 8<sup>th</sup> August 2013, 10<sup>th</sup> September 2013, 13<sup>th</sup> September 2013, 24<sup>th</sup> October 2013, 8<sup>th</sup> November 2013, 19<sup>th</sup> November 2013, 16<sup>th</sup> December 2013, 10<sup>th</sup> January 2014, 11<sup>th</sup> January 2014, 17<sup>th</sup> January 2014, 3<sup>rd</sup> February 2014, 13<sup>th</sup> February 2014, 28<sup>th</sup> February 2014 and 14<sup>th</sup> March 2014.

Mr. A.Vikraman and Mr. A.P Kurian, Directors are liable to retire by rotation at the Seventeenth Annual General Meeting and are eligible for re-appointment. 

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board also has delegated some of its powers to sub-committees, some of which have also been formed to comply with applicable regulations. These committees monitor matters that come under their mandate in more detail. These are:

### i. Audit Committee

The Company has constituted a qualified Audit Committee as required under Section 292 A of the Companies Act, 1956 and as required under Para 9A of the Non - Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

*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 Auditor, prior to commencement of the audit and, holding appropriate discussions on the matters that arose during the audit.
3. Review of the robustness and effectiveness of the internal control systems in place at the Company.
4. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
5. Reviewing the effectiveness of internal audit including the independence of the internal audit function, the adequacy of staffing and, the coverage, scope and frequency of audits;
6. Review the functioning of whistle blower mechanism.



The Audit Committee is comprised of:

Name of the Director	Nature of the Directorship	Designation
R. Kamalasanan Nair	Independent	Chairman
Thomas Muthoot	Whole-time Director	Member
Thomas George Muthoot	Director	Member

Four meetings of the Audit Committee were held on 29<sup>th</sup> May 2013, 8<sup>th</sup> August 2013, 8<sup>th</sup> November 2013 and 3<sup>rd</sup> February 2014 during the Financial Year 2013-'14.

## ii. Remuneration Committee

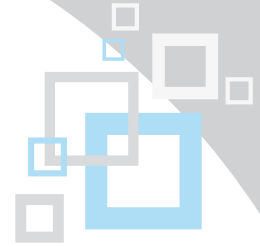
The Company has constituted a Remuneration Committee as required under Schedule XIII of the Companies Act, 1956 as amended by Notification No. GSR 36(E), dated 16<sup>th</sup> January, 2002.

The Committee determines, on behalf of the Board and the shareholders, the Company's broad policy for executive remuneration and the remuneration packages for each of the Executive Directors and the Chairman including pension rights and any compensation payments and, in doing so, to give the Executive Directors every encouragement to enhance the Company's performance and to ensure that they are fairly rewarded for their individual contributions.

The Remuneration Committee is comprised of:

Name of the Director	Nature of the Directorship	Designation in the Committee
Mr. R. Kamalasanan Nair	Independent	Chairman
Mr. A. P Kurian	Independent	Member
Mr. Vikraman Ampalakkat	Independent	Member

A Remuneration Committee Meeting was held on 29<sup>th</sup> May 2013 during the financial year 2013 - '14.



## OTHER COMMITTEES

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

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

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

### **The responsibilities of the ALCO are:**

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

Name of the Member	Designation of the Members
Mr. Thomas John Muthoot	Chairman & Managing Director
Mr. George Lamannil	Executive Director and General Counsel
Mr. Suhas Soman	Chief Executive Officer
Mr. Vivek Shenoy	Senior Vice President- Risk Management
Mr. Joseph Oommen	Vice President-Finance and Accounts
Mr. Paul Joy Palocaren	Vice President, Resource Planning & Treasury

### *Risk Management Committee*

The Company has constituted a Risk Management Committee as per the RBI Circular No: DNBS (PD) CC No. 156/03.10.2001/2009 – 10 dated July 1, 2009.

### **The responsibilities of the Risk Management Committee are:**

- Assisting the Board in the articulation of its risk appetite.
- Overseeing the implementation and maintenance of a sound system of risk management framework which identifies, assess, manages and monitors risk;
- Recommend to the Board clear standards of ethical behavior required of Directors and employees and, 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.



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

#### *Nomination Committee*

The Company has constituted a Nomination Committee as per the RBI Circular No: DNBS (PD) CC No. 156/03.10.2001/2009 – 10 dated July 1, 2009.

The function of this Committee is to ensure that the general character of the management shall not be prejudicial to the interest of its present and future depositors.

#### **The responsibilities of the Committee are:**

- Identify and recommend to the Board of Directors, the nominees qualified to serve on the Board and Board Committees;
- Evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive Directors;
- To make recommendations regarding Director nominees submitted by shareholders of the Company and
- Develop procedures for the Company and Board for reviewing and handling of Shareholders' proposals whenever the Company is legally required by law, contract or otherwise to provide third parties with the ability to nominate Directors.

The Nomination Committee consists of:

Name of the Director	Nature of the Directorship	Designation in the Committee
Mr. A.Vikraman	Independent Director	Chairman
Mr. Thomas John Muthoot	Managing Director	Member
Mr. Thomas George Muthoot	Director	Member

## **DISCLOSURES**

### **Related Party Transactions**

Related party transactions were conducted at arm's length and, have been disclosed in Schedule 24 (notes forming part of accounts) of the financial statements.



### Whistle blowing Policy

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

For this purpose, the Company has put in place a formal whistle blowing policy for its employees, customers and other stakeholders. The policy has clearly laid down its scope and applicability, procedure to be followed for whistle blowing including the e-mail address and telephone numbers of the senior officers handling the matters escalated to them through the whistle blowing mechanism. The policy is also evangelised to employees by senior officers during their visits to branches.

### Fair Practices Code

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

### Customer Grievance

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

### PERPETUAL DEBT INSTRUMENTS (PDIs)

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

### CAPITAL ADEQUACY RATIO

Every Non Deposit taking NBFC is required to maintain a minimum Capital Adequacy Ratio consisting of Tier I and Tier II Capital which shall not be less than 15% of its aggregate risk weighted assets on Balance Sheet items and of risk adjusted value of off Balance Sheet items. The Company's Capital Adequacy Ratio was 21.01% as on March 31, 2014, which is above the statutory requirement of 15%.

### DETAILS OF AUCTION CONDUCTED DURING THE YEAR

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

No: of Accounts Auctioned	3,51,087
Outstanding Amount	
Principal: 15,71,07,61,113.00	
Interest : 5,60,97,33,741.00	Rs. 21,32,04,94,854
Value fetched under auction	Rs. 18,60,23,40,011

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



## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- ii. 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.
- iii. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. They had prepared the Annual Accounts on a going concern basis.

## AUDITORS

M/s. A. Cherian and Associates, Chartered Accountants, Manganam P.O, Kottayam – 18, retire at the Seventeenth Annual General Meeting and are eligible for re – appointment for a further term of 3 years as per Section 139(2) of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014. Your Directors recommend that M/s. A. Cherian & Associates be appointed as Statutory Auditors for a further period of 3 years commencing from the conclusion of the seventeenth Annual General Meeting to the conclusion of the twentieth Annual General Meeting, subject to the ratification of members at every Annual General Meeting on remuneration to be fixed by the Board.

## PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

Information under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended is given in Annexure to the Directors' Report.

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

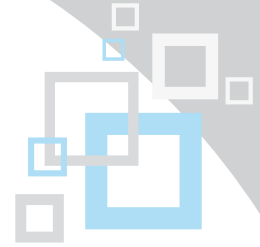
The Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 in regard to:

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

## 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 wish to place on record their appreciation for the assistance, co-operation and guidance received by the Company from the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Kerala and other Regulatory Authorities, Bankers, Financial Institutions, Members, Vendors and Customers during the year under review and look forward to their continued support. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Employees of the Company.

Thiruvananthapuram  
09.05.2014

For and on behalf of the Board

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

## ANNEXURE TO DIRECTORS' REPORT

Name	Mr.George Lamannil	Mr. Suhas Soman	Mr. Vivek Shenoy
Age	57	37	45
Designation	Executive Director & General Counsel	Chief Executive Officer	Senior Vice President- Risk Management
Gross Remuneration	₹1,26,18,500	₹86,72,239	₹67,91,000
Qualification	BA, LLB	BA, PGDSM	Chartered Accountant
Total Experience	35 years	16 years	25 years
Last Employment	BNP Paribas	HDFC Life	Venture Capital Bank, Bahrain
% of Shareholding	NIL	NIL	NIL



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Outlook:

The Reserve Bank of India's (RBI) macro-economic review report for 2014-15 states that the recovery is in track in 2014 though tightening financial conditions pose risks. The global growth is likely to be in the vicinity of 3½ per cent in 2014, about ½ a percentage point higher than in 2013. However this may be affected by ongoing tapering of quantitative easing in the US, continuing deflation concerns and weak balance sheets in the euro area and, inflationary pressures in the emerging market and developing economies.

Timely policy action by India has helped it in cushioning the possible spill overs. The resilience shown by the Indian economy against two recent events is a testimony to it - the first, when the US Fed started the withdrawal of its large scale asset purchase programme and the second, which followed escalation of the Ukraine crisis. On both these occasions, Indian markets were less volatile than most of its emerging market peers.

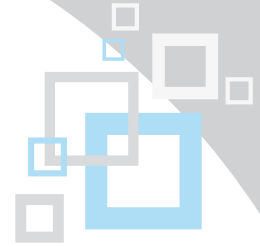
The wide range of estimates using alternative techniques, on balance, suggests that currently the potential growth may be even somewhat lower than 6.0 per cent. Decline in financial savings, sluggish growth in fixed capital formation over successive quarters, persistently high inflation and low business confidence contributed to the decline in potential growth, particularly in the absence of adequate structural policy measures to lower inflation on a durable basis through improved supply responses and to facilitate implementation of large investment projects.

The satisfactory monsoon and the absence of extreme climatic events until lately augur well for agricultural production and rural demand. Industrial growth has been stagnant for the last two years which reflects subdued investment and consumption demand. This has resulted in contraction in production of capital goods and consumer durables in the current year. Lead indicators of services sector indicate an uptick in most segments except cement production and in commercial vehicle sales. Weak consumer confidence has impacted the sale of passenger cars, commercial vehicles and three wheelers. The reduction in excise duty on passenger vehicles and two wheelers in the interim budget for 2014-15, is expected to provide some boost to this sector.

### GOLD LOAN INDUSTRY OUTLOOK :

The outlook for the growth of the gold loan industry continues to be positive. India has the unique position of having an estimated holding of 11 percent of global gold stock. In India, gold prices have gone up by around 3.5 times in the last eight years and has outperformed almost every known asset class in the last decade. It is believed that only 10% of the country's gold stock is pledged as collateral for loans, of which approximately 75% is in the unorganised market.

Gold loan NBFCs have recorded significant growth in recent years both in terms of the size of their balance sheet and its physical presence pan India, owing largely to the changing consumer perception about gold loan and rising gold loan requirements. To rein in the uncontrolled growth of the industry and reduce the risks involved i.e. concentration risk and market risk because of adverse movements in price of gold, the RBI has brought in a slew of measures to tighten the regulatory supervision of the industry



eg. Loan to Value (LTV) ratio not to exceed 75% for loans granted against the collateral of gold jewellery, loans not to be granted against bullion, primary gold, gold coins etc.

The LTV cap has resulted in lower growth rates for the gold loan companies. The new requirements may result in the business shifting to the unorganised sector or to banks, which could continue to extend loans at higher LTV ratios.

However in the long term, these guidelines will have an overall positive impact on the sector, by bringing regulatory clarity. The moderation of growth would increase the confidence of stakeholders, including banks and other investors, in this sector. This will also help in improving the asset quality, enhance the ability of Gold Loan Companies to assimilate the impact of any sharp decline in gold prices, thereby improving the sectors asset quality. These guidelines will not only strengthen the well capitalised established business players but also help regulate new players which lack the experience or the necessary understanding of the business, making the gold loan market more mature.

Though the region wise analysis reveals that the organised gold loan market is mainly concentrated in the Southern India, it has been observed that the organised players are exploring the potential and expanding their networks into North, East and West regions.

Your company believes that with its presence in 16 States in the Country, it is well placed to take advantage of the opportunity that the growing gold loan industry provides and build a quality asset portfolio for 2014-15.

## OPERATIONS

As on 31 March 2014, your Company had 3,831 Branches spread across 16 States and serving about 45,000 customers a day on an average. The long standing association of our employees with our customers, their experience, our expertise in the core product i.e. gold loan, and our presence especially in areas with poor banking coverage have helped the Company in providing quick and customised finance options and investment Products to our customers.

The total income during the year was Rs. 1,97,531.70 lakhs from operations and Profit After Tax was Rs. 6,326.84 lakhs. The total Asset under Management (AuM) was Rs 7,95,736 lakhs. Your Company continued its focus in introducing innovative products to meet the diverse requirements of the Customers.

The increase in the branch network, the consequent intake of branch staff for manning these branches and the introduction of new products brings with it fresh challenges, particularly those pertaining to its operations. Improving the operational controls is a continuous process and the company gave its undivided attention to make it robust and tuned to the requirements.

### **Some of the key initiatives taken to improve the sales of the company were:**

- a. Bifurcation of responsibility for sales and operations in Kerala and Tamil Nadu by putting in place an exclusive team for handling both.
- b. Increased focus on third party products, particularly those belonging to the Muthoot Pappachan Group (MPG).
- c. The name of the Sales Department was changed to 'Business Development Department' to bring in more focus to the team.
- d. Increased focus to increase walk-in of customers, particularly new customers.



## INCOME PROFILE

Your Company is committed to provide excellent services to its valued Customers. The Company has diverse product segments eg. Retail Loan, Micro Finance and investment products tailor made to meet the needs of the Customers.

## RETAIL LOAN

The major business of your Company is providing retail loan to the Customers. Income from retail Loan is 84.81% of the total income of the Company.

## WIND POWER GENERATION

Your Company has joined hands with Green India Campaign in harnessing wind energy and thus contributing to a healthier environment and meeting the energy needs of the country. The installed capacity of Wind Power Generation at the end of the year under report stood at 23.225 MWs from 19 Wind Turbine Generators which generated 361 lakhs units and contributed about 0.54% to the Gross Income of the Company.

## RESOURCE MOBILISATION

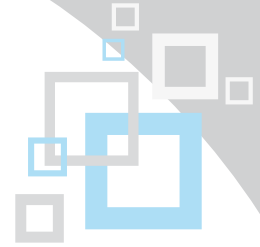
The main source for meeting the Working Capital requirements of the Company continued to be loans from Commercial Banks and other Financial Institutions.

The Banks and other Financial Institutions continued their support by providing timely loans at competitive rates. The total amount of Secured Loans availed by the Company stood at Rs.7,79,780 Lakhs as against Rs. 8,47,321 Lakhs in the Previous Year. The details of Secured Loans for the years 2013-14 and 2012 - 2013 are as follows:

		2013 - 14		2012 - 2013	
	Particulars	₹ in Lakhs	%	₹ in Lakhs	%
<b>A</b>	<b>From Banks</b>				
	Term Loan	24,663	3	67,182	8
	Working Capital Loan	5,27,476	68	5,51,049	65
	Loan against Deposit	0	Nil	7	Nil
<b>B</b>	<b>From Others</b>				
	Secured Debentures	2,02,532	26	2,15,937	25
	Interest payable on loans	25,106	3	13,146	2
	<b>TOTAL</b>	<b>7,79,777</b>	<b>100</b>	<b>8,47,321</b>	<b>100</b>

Your Company continues to issue fully Secured Redeemable Debentures on private placement basis which are secured by a floating charge created on the receivables of the Company.

The total Debenture outstanding as on 31 March 2014 is Rs. 2, 02,532 Lakhs.



### Sub Debt

To strengthen the Capital Adequacy Ratio, the Company mobilized Rs.524.69 lakhs as Subordinated Debt during the year 2013 – 2014. The total subordinated debt outstanding as at the end of the Financial Year under report is Rs.1,02,138.03 lakhs.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the financial year our efforts have been to contour the existing activities within the HEEL framework (Health, Education, Environment and Livelihood). The following key CSR initiatives were undertaken during the year:

#### Health

- Muthoot Life Blood Directory which was initiated in 2011-12 has now a strength of 52,000 registered Donors and functioning pan India.
- Aashiana Centre for Physical and Medical Rehabilitation is now in establishment phase.
- Treatment Support were provided to 72 patients from disadvantaged sections of the society.
- Medical Camps were conducted through branches.
- Muthoot Pappachan Endowment Fund was put in place at Marthoma Hospital Guidance and Counselling Centre for its Pain and Palliative Care Unit.
- Funds were provided to schools with limited facilities to improve their infrastructure.
- Drinking water unit for RCC, Trivandrum was donated.

#### Education

- Education support to 457 students in two adopted villages (Konni & Panathura) were extended
- A sum of Rs.32 lakhs by way of support to construct Vocational Training Centre for Marion Play Home (school for differently abled children) was extended.

#### Environment

- Contributing to the alternate energy sector in the country with installed capacity of wind power of 23.225 MW.
- Energy efficiency practices in Corporate/ Regional Offices and Hospitality units.

#### Livelihood

- Main sponsor for the "Power to Empower" Challenge, 2013.
- The Power to Empower Challenge (P2E 2013), a national skills development challenge organized by NSDC and India@75 launched its third edition in mid-September 2013. The challenge aims to find and promote innovative and sustainable solutions in the skills ecosystem in India with the ultimate goal of helping to bridge the gap between supply and demand of growth-enabling skilled workers, while catalysing improved livelihoods for many Indians.
- Supporting Ernakulam Cricket Club and its events.

Apart from this, need based support was extended for education of students, construction of houses, providing support for sports champions from poor financial background etc.



## HUMAN RESOURCES

The Department of Human Resources is committed to excellence in action through the development, delivery and administration of opportunities for staff that helps to attract, retain and develop a diverse workforce in support of the Muthoot Fincorp Ltd.'s (MFL) mission. It also created an environment that allowed all its employees to utilize their full potential. The Department remains committed to work proactively with the diverse workforce in identifying and responding to its changing needs.

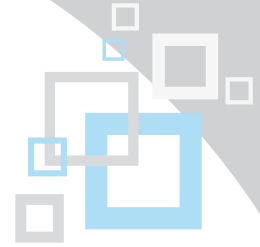
MFL aims in building the capacity and capability of its people, help them acquire high level of skills and expertise to realise their full potential. An addition of 7,830 employees were made during the FY (including the fresh and replacement hiring), taking the total employee base to 18,113 as on 31-Mar-2014.

The Leadership Development Programme (MP – LDP) has advanced to its succeeding edition this year and has helped in acquiring the young and best potential talents from top B-Schools based in South India. The pioneering MP-LDP batch which was launched in 2013 has now been nurtured by the expert panel of MPG mentors, imparting them with live business scenarios and projects along with the CSR activities of the MPG.

In continuation of the objective of providing steady pipeline of talent in sync with our business needs, the Rural Campus Talent Acquisition Programme has been continued by partnering with a wide network of educational institutions across the country.

The Department continued to implement the new versions of e-HR application i.e. Muthoot Pappachan People Connect which has helped MFL in automation of its HR transactions. It also helped in streamlining the processes and reduced processing time.

Employee recognition has been a critical component of the strategy of the Department. Understanding the value of the employees' contributions, the Department provided Internal Job Progression and Cross Pollination for its employees at regular level.



## RISK MANAGEMENT

### Overview

The risk management framework at the Company involves practices relating to identification, assessment, monitoring and mitigation of various risks to key business objectives. Risk management is integral to our business model.

#### *Risk Management Framework*

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





### *Corporate Internal Audit*

The Corporate Internal Audit is responsible for evaluating and providing assurance to the Board of Directors and Executive Management on the effectiveness of the Company's Internal Control, Risk Management and Governance Processes. This involves reviewing the effectiveness and efficiency of all business processes and their compliance with the Company's policies, standards and procedures and all applicable laws and regulations.

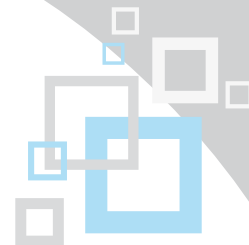
### *Branch Audit and Inspection (BAI)*

BAI is primarily responsible for the following functions:

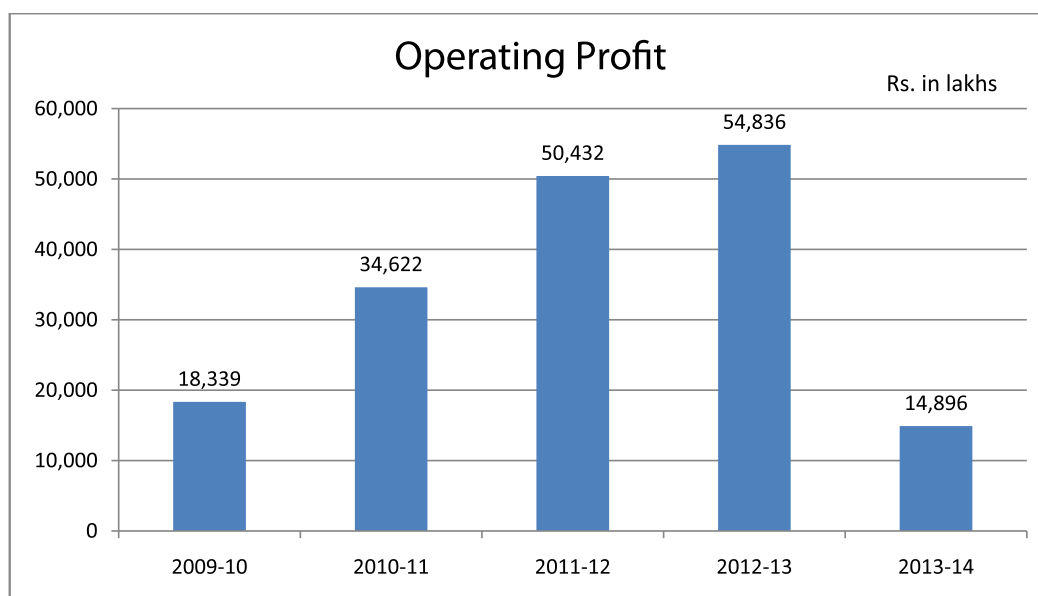
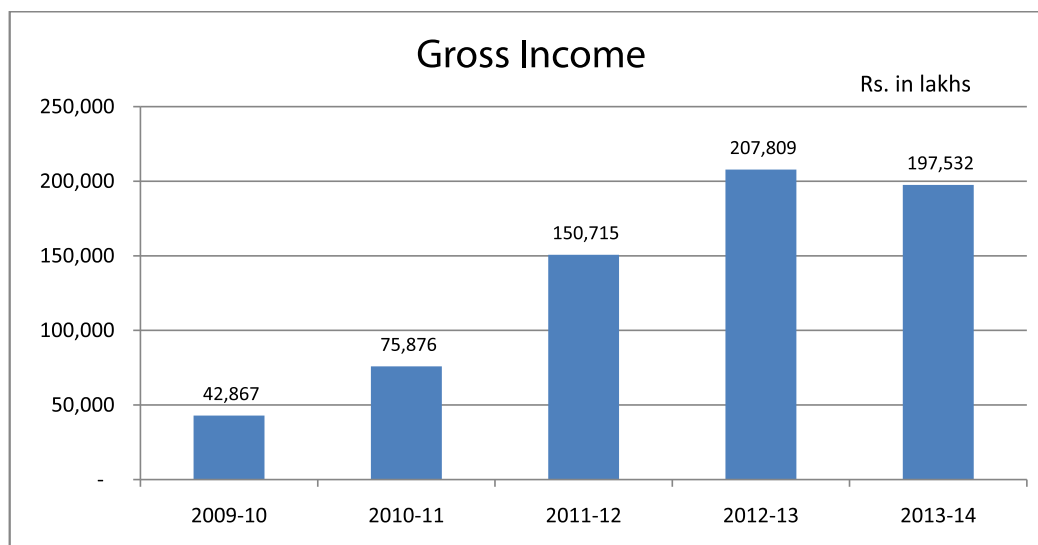
1. Internal audit of branches.
2. Inspection of gold (both weight and quality) at the branches.

### *Other measures:*

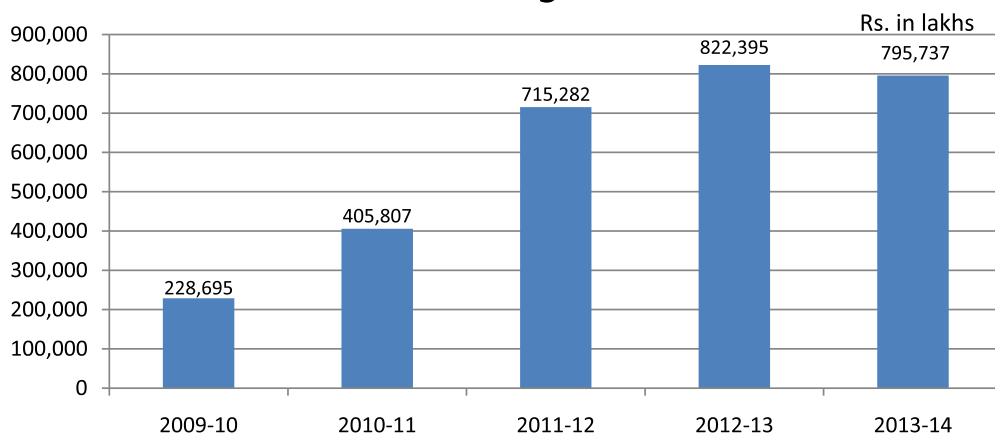
To improve the efficiency of risk management function and also to draw upon specialist skill sets, the Company utilizes the services of outside consultants to perform certain engagements relating to the risk management/audit activities.



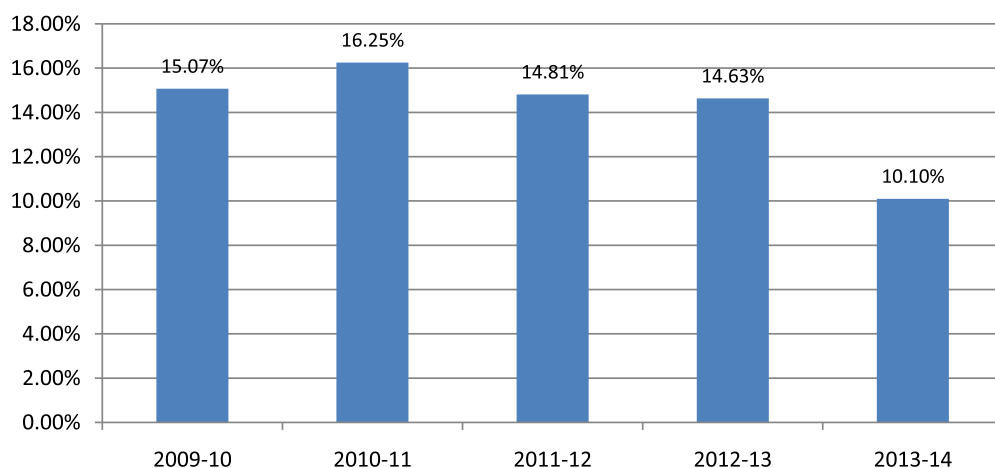
## FINANCIAL INDICATORS

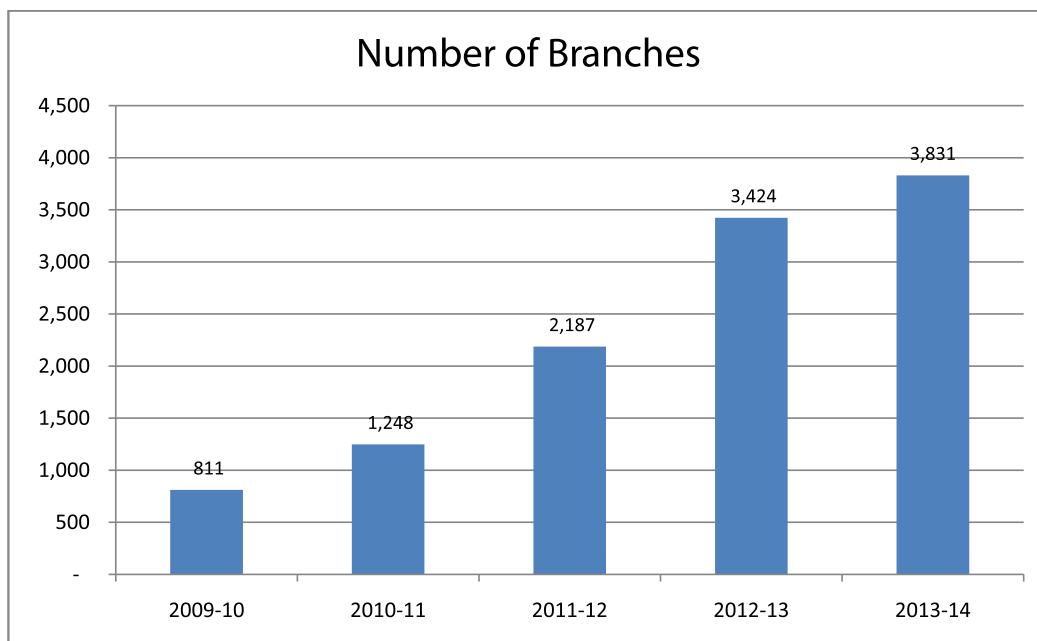
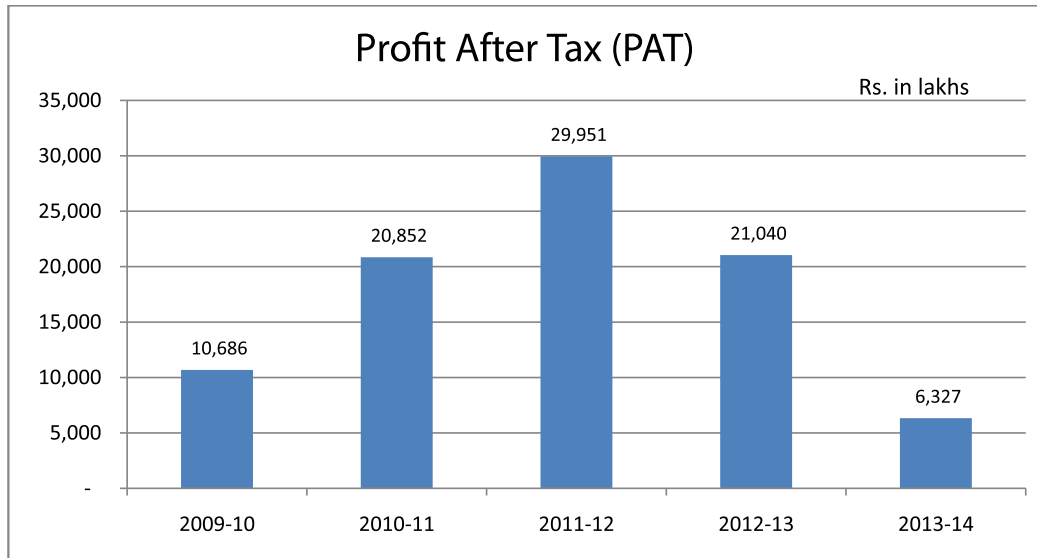
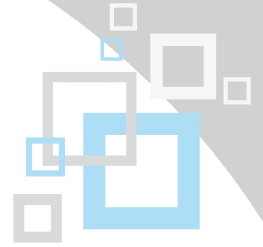


### Asset Under Management (AuM)

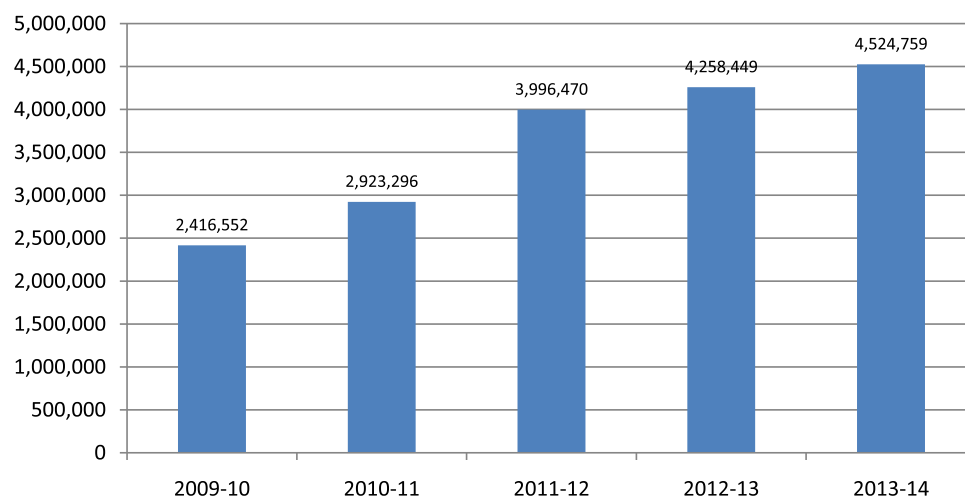


### Net Interest Margin (%)

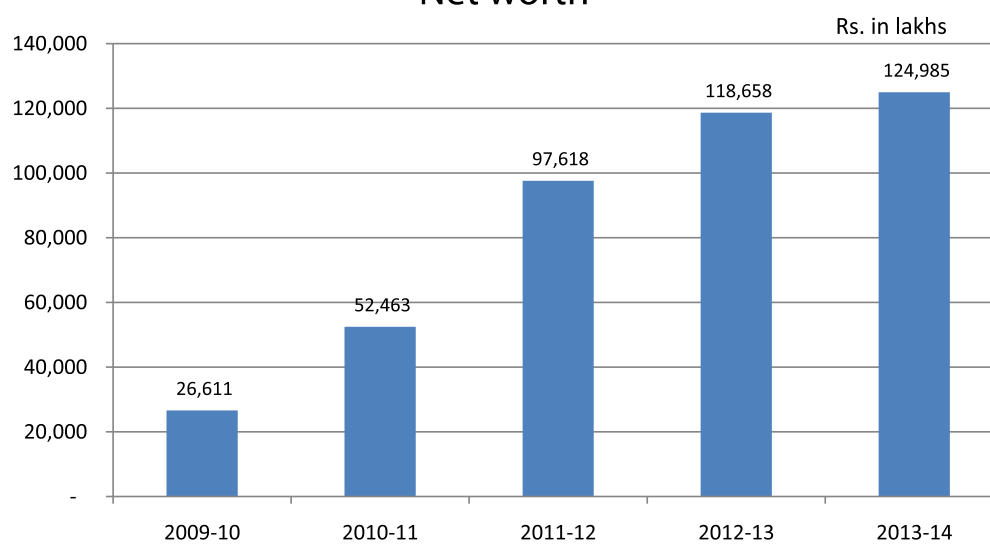


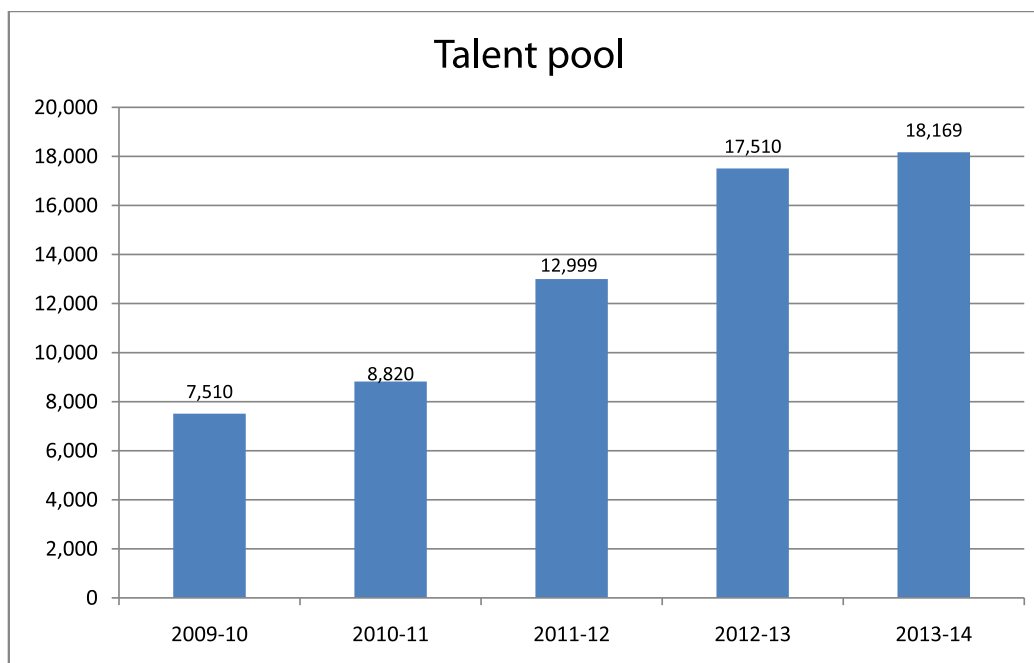
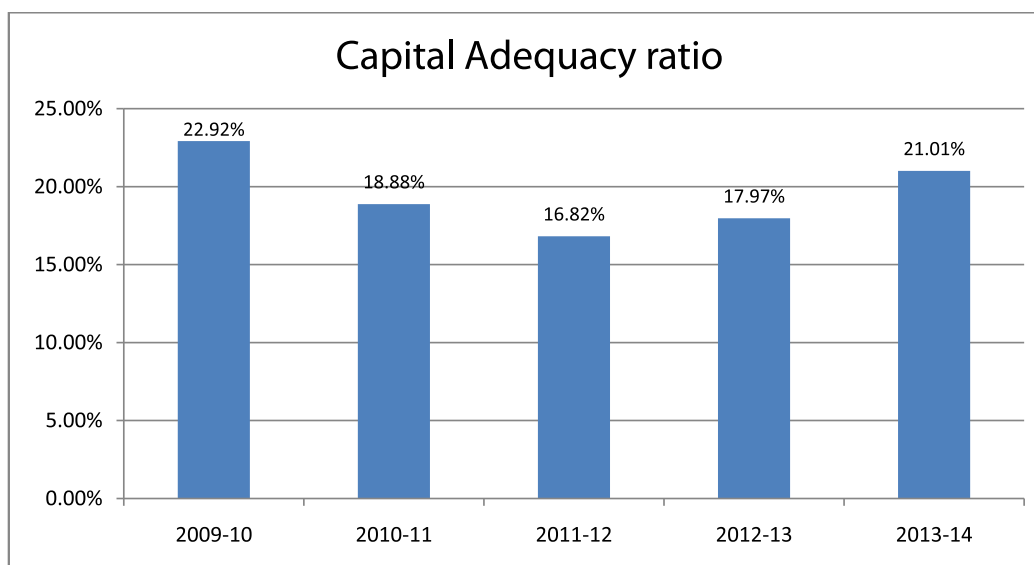


### Number of customers served

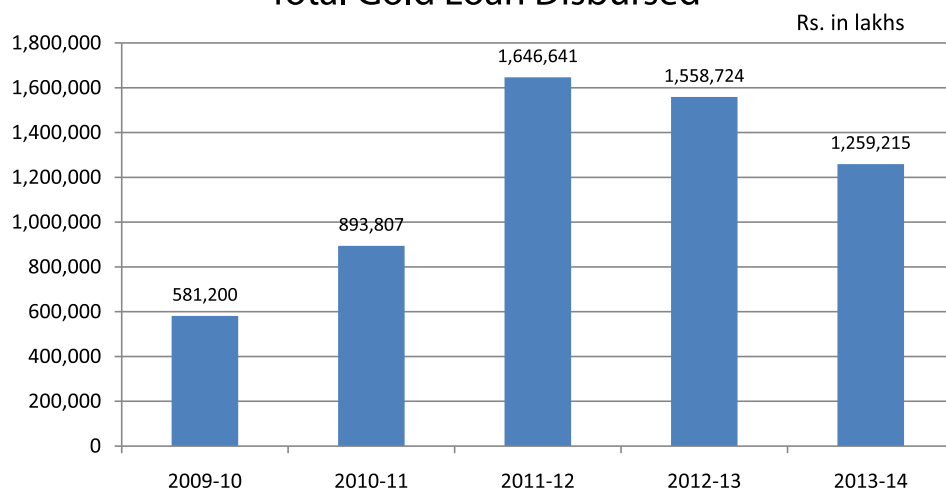


### Net worth

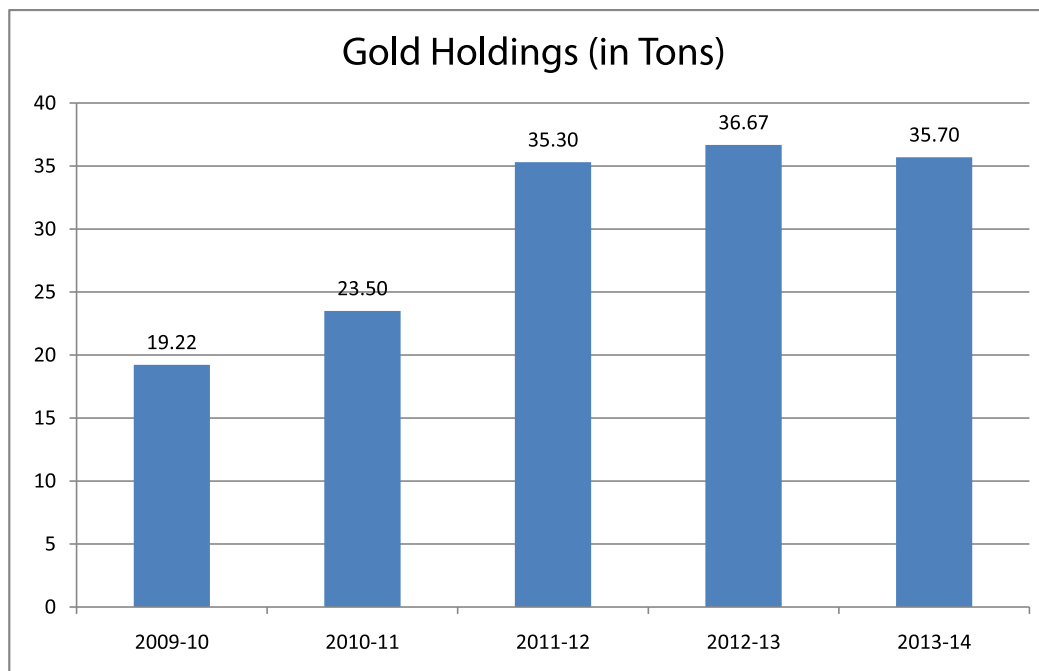




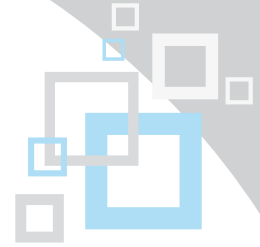
### Total Gold Loan Disbursed



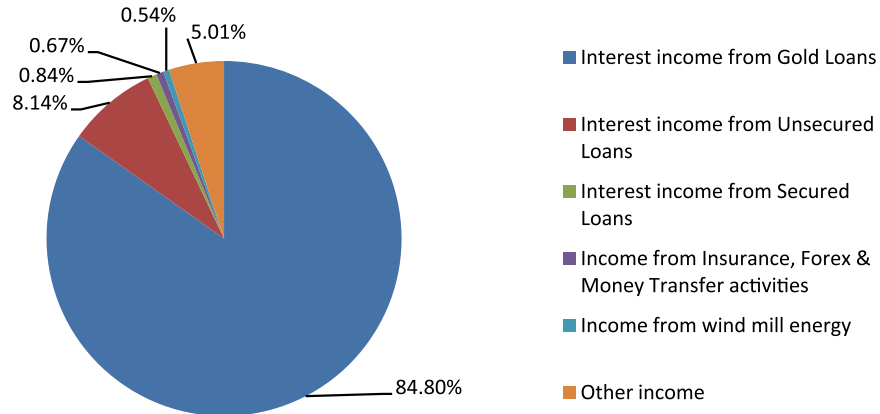
### Gold Holdings (in Tons)



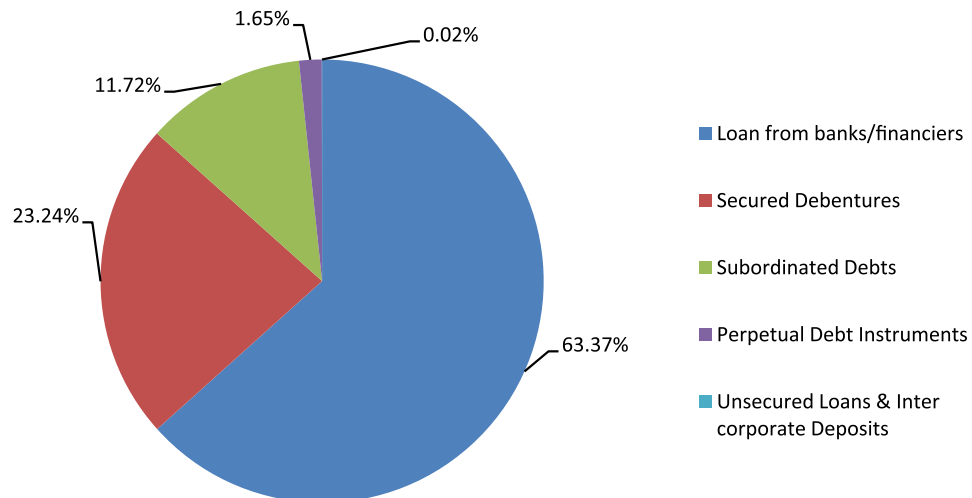


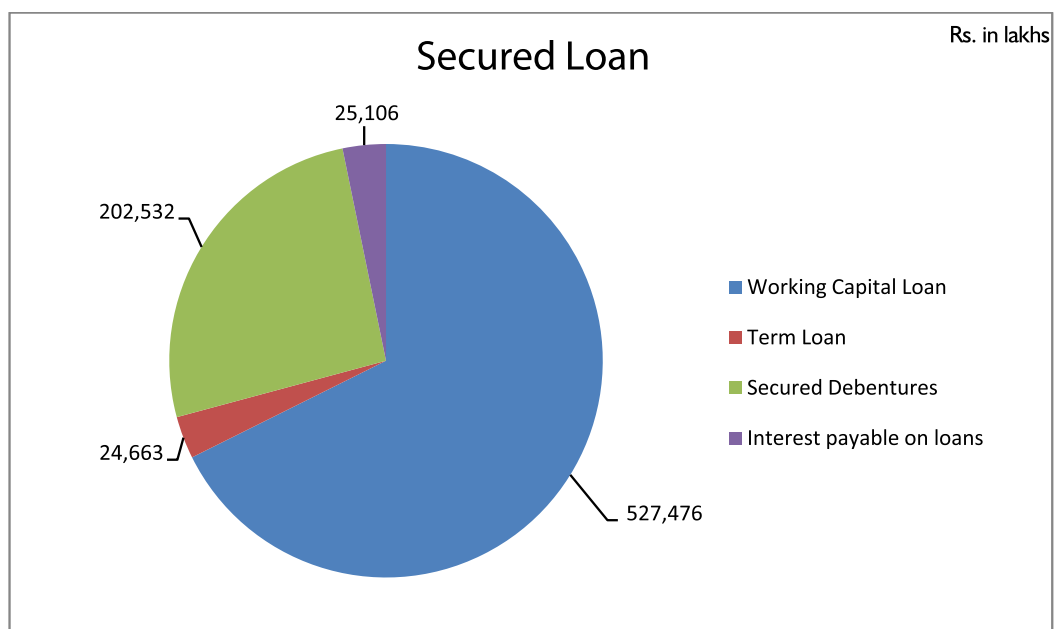


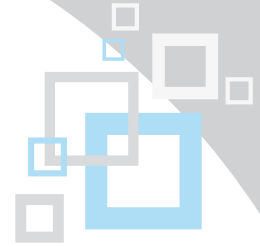
### Sources of Income



### Sources of Funds







A CHERIAN & ASSOCIATES  
Chartered Accountants

"Puthuparambil", Manganam P.O., Kottayam - 686 018,  
Kerala State, India. Phone: 0481 2575155, 2570508,  
Mobile: 9847063828, Email: abrahamcherian06@yahoo.com

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF MUTHOOT FINCORP LIMITED

#### Report on the financial statements

We have audited the accompanying financial statements of **MUTHOOT FINCORP LIMITED** (the Company), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes design, the implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in these circumstances. An audit also includes evaluating the appropriateness of accounting policies and principles used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- b. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and;
- c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

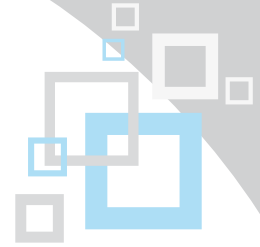
### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Audit Report)(Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and based on the information and explanation given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
  - c. The Balance Sheet, 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report have been prepared in all material respects in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956, to the extent applicable.
  - e. On the basis of the written representations received from the Directors of the Company as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2014 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Place: Thiruvananthapuram  
Date : May 08, 2014

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

sd/-  
Abraham Cherian  
Proprietor  
Membership No.202759



A CHERIAN & ASSOCIATES  
Chartered Accountants

“Puthuparambil”, Manganam P.O., Kottayam - 686 018,  
Kerala State, India. Phone: 0481 2575155, 2570508,  
Mobile: 9847063828, Email: abrahamcherian06@yahoo.com

## ANNEXURE TO AUDITOR'S REPORT



**(Referred to in SI No. 1 of the Auditors Report of even date)**

1.
  - a. The Company has maintained the Fixed Assets Register which is being updated
  - b. All the assets have not been physically verified by the management during the year. But there is a regular programme of verification, which in our opinion, is reasonable. We have been informed that there have been no material discrepancies during such verification.
  - c. As per the explanation and information given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
2. Clause (ii) of the Order regarding inventory is not applicable to the Company since the Company has not held any stock in trade during the year.
3.
  - a. The Company has granted unsecured loans to its subsidiary company – Muthoot Housing Finance Company Limited listed in the Register maintained under section 301 of the Companies Act 1956. Maximum amount involved during the year was Rs. 6897 lakhs and outstanding as on 31.03.2014 was Rs. 6397 lakhs.
  - b. The Company has taken unsecured loans from three Directors of the Company and Companies covered in the Register maintained under Section 301 of the Companies Act 1956, as detailed below.

**Rs. Lakhs**

Particulars	Maximum amount involved during the year	Balance as on 31.03.2014
Unsecured Loan	126.05	120.97
Perpetual Debt Instruments	14,400.00	14,400.00
Subordinated Debt	4,500.00	4,500.00

- c. In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- e. There is no overdue amount exceeding Rs.1 Lakh with respect to the loan taken from parties listed in the Register maintained u/s.301 of the Companies Act, 1956.



4. In our opinion, and in accordance with the information and explanations given to us, there exists adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of fixed assets. The Company has not purchased any inventory nor has sold any goods during the period. During course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. The prices of services are reasonable having regard to the prevailing market for such services
6. The Company has not accepted deposits from the public and the directives issued by the Reserve Bank of India / Ministry of Company Affairs and Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made there under have been complied with to the extent applicable to a Non Banking Financial Company.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and hence the provisions of this Section are not applicable to the Company for the year under review.
9. 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 undisputed statutory dues including Income Tax and other material statutory dues applicable, with the appropriate authority. According to the information and explanations given to us, no undisputed amounts payable in respect of Sales Tax / Income Tax / Custom Duty / Wealth Tax / Excise Duty / Cess were in arrears as on 31<sup>st</sup> March, 2014 for a period exceeding six months from the date they became payable.
10. The Company has no accumulated losses as at 31.03.2014. The Company has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. 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.
12. The Company has granted loans and advances on the basis of security by way of pledge of its own debentures and adequate documents and records have been maintained for the same.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has



not given guarantee for any loans taken by others from banks or financial institutions during the year.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, term loans have been applied for the purposes for which they were obtained.
17. On the basis of overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment
18. According to the explanation and information given to us, during the year under audit, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Act.
19. The Company has created the required security / charges for debentures issued by the company and outstanding on 31.03.2014.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, instances of loan against theft gold, spurious gold and misappropriation committed by the personnel were noticed aggregating to an amount of Rs. 673.76 lakhs which has been fully provided for in the accounts.

Place: Thiruvananthapuram  
Date : May 08, 2014

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

sd/-  
**Abraham Cherian**  
Proprietor  
Membership No.202759



A CHERIAN & ASSOCIATES  
Chartered Accountants

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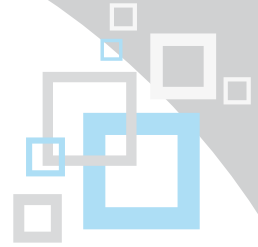
**“AUDITOR’S REPORT SUBMITTED AS PER NON-BANKING  
FINANCIAL COMPANIES AUDITOR’S REPORT (RESERVE BANK)  
DIRECTIONS 2008” WITH RESPECT TO THE YEAR ENDED 31.03.2014 OF MUTHOOT  
FINCORP LIMITED, MUTHOOT CENTRE, PUNNEN ROAD, THIRUVANANTHAPURAM**

To  
The Board of Directors.  
Muthoot Fincorp Limited,  
Muthoot Centre, Punnen Road,  
Thiruvananthapuram - 695 034

Sirs,

1. The Company has been registered with Reserve Bank of India, Thiruvananthapuram with Registration Number N. 16 - 00170.
2. The Company is engaged in the business of Non-Banking Financial Institutions and is classified as a “Non Deposit taking, Systemically Important Loan Company”. The Company is entitled to hold Certificate of Registration in terms of Asset / Income pattern as on 31.03.2014.
3. Board of Directors has passed a resolution on 12.04.2014 for Non-Acceptance of public deposits.
4. On the basis of verification of the books and other records and on the basis of information provided by the management, The Company has not accepted any public deposits during the year 2013 - 2014.
5. The Company has complied with the prudential norms relating to Income Recognition, Accounting Standards, Assets Classification, Provisioning for bad and doubtful debts and Concentration of Credits / Investments , as applicable to it as on 31.03.2014.
6. The Capital Adequacy Ratio as disclosed in the return submitted to the Reserve Bank of India has been correctly determined and such ratio is in compliance with the minimum Capital to Risk Asset Ratio prescribed by the RBI.
7. The Company has not opened any branch / appointed any agent to collect deposits during the finan-





cial year 2013-2014. Hence the requirements contained in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 are not applicable.

8. As the Company is a Non-Deposit taking NBFC, the requirement of having minimum credit rating is not applicable to the company in terms of the provisions of paragraph for 4(1)(i) of the NBFC Public Deposit Directions (RB) 1998.
9. There are certain Secured debentures held by the company as on 31.03.2014, which have already matured, but for which no claim has been made by the debenture holders. We have been informed that the company has taken adequate steps for its repayment. The details are furnished below.

Particulars	Numbers/Amount
Number of Debentures	495
Principal Amount	Rs. 4.95 lakhs
Interest Accrued	Rs. 1.11 lakhs

Place: Thiruvananthapuram  
Date : May 08, 2014

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

sd/-  
**Abraham Cherian**  
Proprietor  
Membership No.202759



## BALANCE SHEET AS AT MARCH 31, 2014

(₹ in lakhs)

Particulars	Note	Figures as at March 31, 2014	Figures as at March 31, 2013
<b><u>LIABILITIES</u></b>			
<b>Equity and Liabilities</b>			
<b>Share Holder's Funds</b>			
Share Capital	1	18,656.27	18,656.27
Reserves And Surplus	2	1,06,328.97	1,00,002.13
Money received against share warrants		-	-
Share Application money pending allotment		-	-
<b>Non Current Liabilities:</b>			
Long Term Borrowings	3	1,86,783.26	2,17,618.10
Deferred Tax Liabilities(Net)			
Other Long Term Liabilities		-	-
Long Term Provisions		-	-
<b>Current Liabilities:</b>			
Short Term Borrowings	4	5,27,596.72	5,65,181.68
Trade Payables	5	2,030.17	4,106.41
Other Current Liabilities	6	1,85,551.38	1,48,342.52
Short Term Provisions	7	7,484.35	13,462.01
<b>TOTAL</b>		<b>10,34,431.12</b>	<b>10,67,369.12</b>
<b><u>ASSETS</u></b>			
<b>Non Current assets:</b>			
Fixed Assets	8	53,366.90	52,575.42
Tangible Assets		-	-
Intangible Assets		-	-
Capital work in Progress		-	-
Intangible Assets under Development		-	-
Non Current Investments	9	5,949.45	5,073.93



Deferred Tax Assets (net)	10	782.93	557.68
Long Term Loans and Advances	11	8,508.78	7,947.42
<b>Other Non-Current Assets</b>		-	-
<b>Total Non Current Assets</b>		<b>68,608.06</b>	<b>66,154.45</b>
<b>Current Assets:</b>			
Current Investments	12	627.10	1,642.47
Inventories		-	-
Trade Receivables	13	1,690.09	2,417.24
Cash and Cash Equivalents	14	31,863.56	42,109.84
Short Term Loans and Advances	15	8,00,127.17	8,22,554.60
Other Current Assets	16	1,31,515.14	1,32,490.52
<b>Total Current Assets</b>		<b>9,65,823.06</b>	<b>10,01,214.67</b>
<b>TOTAL</b>		<b>10,34,431.12</b>	<b>10,67,369.12</b>

See accompanying Notes to the Financial Statements

Thiruvananthapuram  
07-05-2014

Vide our report of even date  
For A.Chерian & Associates,  
Chartered Accountants,  
Firm Regn. No. - 011456S

sd/-  
Thomas John Muthoot  
Chairman and  
Managing Director

sd/-  
RK Nair  
Director

sd/-  
T.D.Mathai  
Company Secretary

sd/-  
Abraham Cherian  
Proprietor  
M No.202759



## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹in lakhs)

Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
<b>I REVENUE</b>			
Revenue from Operations	17	1,86,564.50	2,04,858.09
Other Income	18	10,967.20	2,951.35
<b>II Total Revenue</b>		<b>1,97,531.70</b>	<b>2,07,809.44</b>
<b>III EXPENSES</b>			
Employee Benefits Expense	19	35,267.69	26,154.60
Finance Cost	20	1,15,305.36	96,912.87
Depreciation and Amortization Expense	8	7,420.11	8,881.39
Other Expenses	21	33,104.96	41,555.02
<b>IV Total Expenses</b>		<b>1,91,098.12</b>	<b>1,73,503.88</b>
<b>V Profit Before Exceptional and Extra Ordinary Items and Tax (III-IV)</b>		<b>6,433.58</b>	<b>34,305.56</b>
<b>VI Exceptional Items</b>			-
<b>VII Profit Before Extra Ordinary Items and Tax (V-VI)</b>		<b>6,433.58</b>	<b>34,305.56</b>
<b>VIII Extra Ordinary Items</b>		-	560.29
<b>IX Profit Before Tax (VII-VIII)</b>		<b>6,433.58</b>	<b>34,865.85</b>
<b>X Tax Expenses:</b>			
1 Current Tax		331.99	15,614.11
2 Deferred Tax		(225.25)	(1,788.42)
<b>XI Profit for the Period from Continuing Operations (IX-X)</b>		<b>6,326.84</b>	<b>21,040.16</b>
<b>XII Profit/(Loss) from Discontinuing Operations</b>		-	-
<b>XIII Tax Expense of Discontinuing Operation</b>		-	-
<b>XIV Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)</b>		-	-
<b>XV Profit for the Period(XI+XIV)</b>		<b>6,326.84</b>	<b>21,040.16</b>
<b>XVI Earnings per Equity Share (in Rs.)</b>			
i. Basic		3.39	11.28
ii. Diluted		3.39	11.28

See accompanying Notes to the Financial Statements

Thiruvananthapuram  
07-05-2014

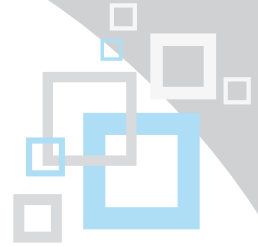
Vide our report of even date  
For A.Cherien & Associates,  
Chartered Accountants,  
Firm Regn. No. - 011456S

sd/-  
Thomas John Muthoot  
Chairman and  
Managing Director

sd/-  
RK Nair  
Director

sd/-  
T.D.Mathai  
Company Secretary

sd/-  
Abraham Cherian  
Proprietor  
M No.202759



## MUTHOOT FINCORP LIMITED

### Notes forming part of the financial statements – March 31, 2014

#### **I. OVERVIEW**

Muthoot Fincorp Limited (“the Company”) is a public company domiciled in India and is incorporated under the provisions of the Companies Act 1956, with an authorised capital of Rs. 200 crores, comprising of 20 crores equity shares of Rs.10/- each. The Company is a Non Deposit Accepting Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) and is classified as a Non Deposit taking Systemically Important Loan Company. The Company operates in India.

#### **II. SIGNIFICANT ACCOUNTING POLICIES**

##### **a. System of accounting.**

The financial statements of the Company have been prepared in accordance with requirements prescribed in the revised Schedule VI of Companies Act, 1956. The accounting and reporting policies of the company used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines and prudential norms issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and practices generally prevalent in the NBFC industry in India. The company follows the accrual method of accounting, except where otherwise stated, and the historical cost convention and materially complies with the Accounting Standards referred to in section 211(3C) and other applicable provisions of the Companies Act, 1956.

##### **b. Use of Estimates**

The preparation of the financial statements required the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Estimates include provision for doubtful debts and advances, employee benefit plans, provision for income taxes and provision for diminution in value of investments.

##### **c. Tangible Fixed assets**

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



working condition for the intended use.

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future 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:**

Depreciation is provided on Written Down Value method (WDV) by using the rates prescribed under schedule XIV to the Companies Act, 1956.

Up to 31.03.2013, the Company was following Written Down Value (WDV) method for depreciating the leasehold improvements. As this method does not show the true picture of the value of assets, the Company has decided to amortise the value of the said assets equally over the primary lease period. Due to the change in method, an additional amount of Rs.2,53,86,035 has been charged to the Profit & Loss account for the year. Had there been no change in method of depreciation, the Profit after tax (PAT) for the current year would have been Rs. 3,537.58 Lakhs instead of Rs 6,326.84 Lakhs.

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. Investments**

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

Current Investments are carried in the Financial Statements at lower of cost and 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 is charged to profit and loss account.

**f. Human Resources and benefits**

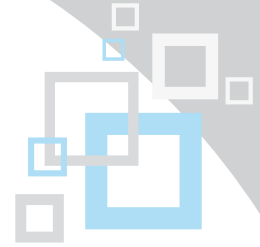
***Earned Leave benefits***

The company has provided for 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.

***Retirement benefits***

The company has provided for gratuity 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.





**g. Taxes on Income**

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the company. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on income issued by the Institute of Chartered Accountants of India, respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain.

**h. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is an indication of impairment of any asset. If any indication exists, the Company estimates the recoverable amount of the assets. The recoverable amount of the assets is the greater of the net selling price and value in use of the asset. Where the carrying amount of the asset is greater than its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. If the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Statement.

An assessment is made at each Balance Sheet date about the existence or decrease of previously recognized impairment losses. If such indication exists, the recoverable amount is estimated and the asset is reflected at the recoverable amount.

**i. Revenue recognition**

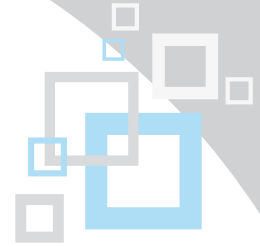
Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition is as under:

- a. Income from Current and Non-Current Investments. Income from Dividend on shares and Income from financing activities is recognised on accrual basis, except in case of Non-Performing Assets where it is treated to accrue on receipt basis.
- b. Overdue charges for delayed payments are treated to accrue on receipt due to its uncertainty of realisation.
- c. Income from services is recognised as per the terms of contract on accrual basis.
- d. Interest income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- e. The prudential norms for income recognition prescribed under the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 1998 are complied with.



j. **Provisions/Write offs of assets**

- a. Non performing loans are written off/provided for, as per the estimates of Management, subject to the minimum provision required as per the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 1998.
- b. Provision for standard assets is made as required under Reserve Bank of India (RBI) Notification No. DNBS.PD.CC.No.207/03.02.002/2010-11 dated January 17, 2011.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. SHARE CAPITAL

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
<b>Authorised:</b>		
20,00,00,000 equity shares of Rs.10/- each (previous year 20,00,00,000) shares of Rs.10/- each)	20,000.00	20,000.00
Issued, Subscribed and paid-up:		
18,65,62,700 equity shares of Rs.10/- each (previous year 18,65,62,700) shares of Rs.10/- each)	18,656.27	18,656.27
<b>Total</b>	<b>18,656.27</b>	<b>18,656.27</b>

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

Name of shareholders	No of shares	Amount (Rs lakhs)	Percent (%)
Mr. Thomas John Muthoot	4,91,66,416	4,916.64	26.35
Mr. Thomas George Muthoot	4,91,66,416	4,916.64	26.35
Mr. Thomas Muthoot	4,91,66,416	4,916.64	26.35
Ms. Preethi John Muthoot	1,30,20,818	1,302.09	6.98
Ms. Nina George	1,30,20,817	1,302.08	6.98
Ms. Remy Thomas	1,30,20,817	1,302.08	6.98
<b>Total</b>	<b>18,65,61,700</b>	<b>18,656.17</b>	<b>99.99</b>

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

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

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	No of shares	Amount (Rs. Lakhs)	No of shares	Amount (Rs. Lakhs)
Position at the beginning of the year	18,65,62,700	186,56.27	18,65,62,700	18,656.27
Fresh issue during the year	0	0	0	0
Position at the end of the year	18,65,62,700	186,56.27	18,65,62,700	18,656.27



**2. RESERVES AND SURPLUS**

(₹in lakhs)

No.	Particulars	March 31, 2014	March 31, 2013
a.	Securities Premium Reserve	23,844.13	23,844.13
b.	Statutory Reserve	25,308.20	23,726.49
c.	Special Contingency Reserve	8,882.93	8,250.25
d.	Surplus	48,293.71	44,181.26
	<b>Total</b>	<b>1,06,328.97</b>	<b>1,00,002.13</b>

The company has consistently appropriated 25% of the profit after tax as Statutory Reserve as against 20% stipulated in Reserve Bank of India Regulations. In addition to the above, the company has appropriated 10% of the profit after tax towards Special Contingency Reserve to meet any contingencies. Reconciliation of figures as at beginning and close of the reporting period are as follows.

(₹in lakhs)

No.	Particulars	March 31, 2014	March 31, 2013
<b>a.</b>	<b>Securities Premium Reserve</b>		
	Balance as per last balance sheet	23,844.13	23,844.13
	Additions during the year	0	0
	Closing balance	<b>23,844.13</b>	<b>23,844.13</b>
<b>b.</b>	<b>Statutory Reserve</b>		
	Balance as per last balance sheet	23,726.49	18,466.46
	Additions during the year	1,581.71	5,260.03
	Closing balance	<b>25,308.20</b>	<b>23,726.49</b>
<b>c.</b>	<b>Special Contingency Reserve</b>		
	Balance as per last balance sheet	8,250.25	6,146.23
	Additions during the year	632.68	2,104.02
	Closing balance	<b>8,882.93</b>	<b>8,250.25</b>
<b>d.</b>	<b>Surplus</b>		
	Balance as per last balance sheet	44,181.26	30,505.15
	Additions during the year	6,326.84	21,040.16
	Deduction towards:		
	Bonus issue of shares	0	0
	Statutory Reserve	1,581.71	5,260.03
	Special Contingency Reserve	632.68	2,104.02
	Proposed dividend	0	0
	Dividend Tax	0	0
	Closing balance	<b>48,293.71</b>	<b>44,181.26</b>



### 3. LONG TERM BORROWINGS

(₹in lakhs)

No.	Particulars	March 31, 2014	March 31, 2013
(a)	<b>Bonds/ debentures</b>		
	Secured Debentures	52,888.68	94,214.35
(b)	<b>Term loans</b>		
	From Banks:	17,257.15	19,226.02
	From other parties	49.40	40,058.29
(c)	<b>Other loans and advances</b>		
	Subordinate debts	1,02,138.03	49,669.44
	Tier I Capital - Perpetual Debt Instruments	14,400.00	14,400.00
	Tier II Capital- Perpetual Debt Instruments	0	0
	Inter Corporate Deposit	50.00	50.00
	<b>Total</b>	<b>1,86,783.26</b>	<b>2,17,618.10</b>

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

Secured Debentures are privately placed, non-convertible and fully secured against Gold Loan receivables present and future. As per schedule VI, Secured debentures are regrouped into current and non-current based on maturity profile. All secured debentures falling due after March 31, 2015 are categorised as Non-current liability.

Details of maturity pattern of secured debentures in the descending order of maturity are as follows.

Financial year of maturity	Number of bonds	Grand total (₹in lakhs)
2019-20	2,88,000	2,880.00
2018-19	7,04,812	7,048.12
2017-18	5,18,414	5,184.14
2016-17	8,47,203	8,472.03
2015-16	29,30,439	29,304.39
2014-15	1,49,64,398	1,49,643.98
<b>Total</b>	<b>2,02,53,266</b>	<b>2,02,532.66</b>



## b. Term loans

- Long term borrowings -Term loan from banks**  
 Term loans availed by the Company are secured by first / pari-passu charges on the respective Fixed Assets / Current Assets. As per the revised Schedule VI, principal portion of repayments which fall due after March 31, 2015 are categorised as Non-current liability.
- Long term borrowings -Term loan from other parties**  
 Term loans from other parties are secured by charges on fixed assets/ retail loan receivables of the company, both present and future. As per revised Schedule VI, principal portion of repayments due after March 31, 2015 are categorised as Non-Current Liability.

## 4. SHORT TERM BORROWINGS

(₹in lakhs)

No.	Short Term Borrowings	March 31, 2014	March 31, 2013
a)	Loans repayable on demand		
	From Banks:		
	Working Capital Loan (secured)	5,27,475.75	5,51,048.61
	From other parties:	Nil	Nil
b)	Loans and advances from related parties		
	Loans From Directors (unsecured)	120.97	126.05
c)	Deposits	Nil	Nil
d)	Other loans and advances		
	Loans against Deposit	Nil	7.02
	Commercial Paper	Nil	14,000.00
	<b>Total</b>	<b>527,596.72</b>	<b>565,181.68</b>

### Loans repayable on demand

#### From Banks:

- Working Capital Loan:**  
 Working capital loans are fully secured against Gold Loan receivables and other current assets of the Company both present and future.
- Term loan- Current portion**  
 Term loans from banks are secured against fixed assets of the company. As per the revised Schedule VI, the principal portion of repayments due on or before March 31, 2015 are categorised as current liability





## 5. TRADE PAYABLES

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Sundry Creditors	2,030.17	4,106.41

## 6. OTHER CURRENT LIABILITIES

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Expenses Payable	26,653.61	16,411.85
Taxes & Duties Payable	389.80	979.99
Secured Debentures maturing within one year	1,49,643.98	1,21,722.26
Term loan - current portion	7,356.63	7,897.25
Other Liabilities	1,507.36	1,331.17
<b>Total</b>	<b>1,85,551.38</b>	<b>1,48,342.52</b>

### *Secured Debentures - Maturing within one year*

Secured Debentures are privately placed, non-convertible and fully secured against Gold Loan receivables, present and future. As per revised Schedule VI, Secured Debentures are regrouped into current and non-current based on maturity profile. All Secured Debentures falling due on or before March 31, 2015 are categorised as current liability.

## 7. SHORT TERM PROVISIONS

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Provision for Standard Assets	2,556.74	9,125.07
Provision for NPA	3,495.57	3,251.33
Provision for Income Tax (net of advance tax and TDS)	338.62	192.51
Provision for Gratuity	855.25	635.76
Provision for Earned leave encashment	177.42	64.52
Provision for Investment price fluctuation	60.75	192.82
<b>Total</b>	<b>7,484.35</b>	<b>13,462.01</b>

All credit exposures are classified as per RBI guidelines, into performing and non-performing assets ("NPA"). Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by RBI. Loss assets and the unsecured portion of doubtful assets are provided for/ written off as per the extant RBI guidelines.

In addition to the specific provisions on NPAs, the Company has made a provision for standard assets at the rate of 0.25% in conformity with RBI guidelines. As far as Micro Finance Loans are concerned, the company has provided 1% of the assets as provision for standard assets.



(₹ in lakhs)

Sl. No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		Opening Cost	Addition for the year	Sales for the year	Cost as on 31.03.2014	Rate (%)	Upto 31.03.2013	For the year	Provision on sold item	Upto 31.03.2014	As at 31.03.2013	As at 31.03.2014
1	Air conditioner	738.92	68.74		807.66	13.91	132.97	88.88		221.85	605.95	585.81
2	Bank counter&fixtures	32,124.97	3,424.57		35,549.54	30.00	9,327.55	3,152.00		12,479.55	22,797.42	23,069.99
3	Biogas plant	16.89	-		16.89	13.91	7.32	1.33		8.65	9.57	8.24
4	Building	3,549.93	856.56		4,406.49	5.00	236.17	196.13		432.30	3,313.76	3,974.19
5	Calculator	0.57	-		0.57	13.91	0.40	0.02		0.42	0.17	0.15
6	Cash counting machine	34.00	2.39		36.39	13.91	8.32	3.79		12.11	25.67	24.28
7	Cd player	0.66	-		0.66	13.91	0.49	0.02		0.51	0.17	0.15
8	Close circuit camera	4.82	-		4.82	13.91	1.84	0.42		2.26	2.98	2.56
9	Coffee vending machine	0.56	3.89		4.45	13.91	0.21	0.20		0.41	0.35	4.04
10	Computers system	4,415.76	1,108.29		5,524.05	40.00	2,198.43	1,022.70		3,221.13	2,217.33	2,302.92
11	Cycle	0.28	-		0.28	20.00	0.22	0.01		0.23	0.06	0.05
12	Electrical equipments	63.55	0.74		64.29	13.91	32.70	4.29		36.99	30.85	27.30
13	Electrical fittings	11.56	-		11.56	13.91	5.68	0.83		6.51	5.89	5.05
14	Electronic digital board	4.82	-		4.82	13.91	2.00	0.39		2.39	2.82	2.43
15	Electronic equipments	35.36	24.40		59.76	13.91	12.93	4.79		17.72	22.44	42.04
16	Electronic weighing balance	300.70	229.97		530.67	13.91	72.39	44.10		116.49	228.31	414.18
17	Epabx	18.63	3.31		21.94	13.91	4.71	2.02		6.73	13.92	15.21
18	Fake note detector	40.48	9.07		49.55	13.91	8.03	5.24		13.27	32.45	36.28
19	Fax machine	1.27	-		1.27	13.91	0.42	0.12		0.54	0.85	0.73
20	Fire extinguisher	253.53	175.70		429.23	13.91	31.77	38.61		70.38	221.76	358.85
21	Fixtures&fittings	4.10	-		4.10	18.10	2.84	0.23		3.07	1.25	1.03

22	Furniture&fittings	3,344.87	304.32		3,649.19	18.10	843.31	470.97		1,314.28	2,501.56	2,334.91
23	Generator	2.29	6.90		9.19	13.91	1.68	0.22		1.90	0.61	7.29
24	Ironsafe	1.06	-		1.06	5.00	0.39	0.03		0.42	0.67	0.64
25	Land	2,304.99	9.60		2,314.59	-	-	-		-	2,304.99	2,314.59
26	Library	0.31	0.05		0.36	13.91	0.23	0.01		0.24	0.08	0.12
27	Mobilephone	3.28	4.80		8.08	13.91	0.71	0.55		1.26	2.57	6.82
28	Neonboard	5,010.41	327.52		5,337.93	18.10	1,048.41	712.95		1,761.36	3,962.01	3,576.57
29	Officeequipments	5.58	0.37		5.95	13.91	0.41	0.76		1.17	5.17	4.78
30	Papershredder	0.41	0.16		0.57	13.91	0.07	0.05		0.12	0.34	0.45
31	Photocopymachine	1.22	0.68		1.90	13.91	0.06	0.18		0.24	1.16	1.66
32	Safetydevicesystem	708.93	717.97		1,426.90	13.91	113.30	72.21		185.51	595.63	1,241.39
33	Shopsatmanijummel	205.73	31.35		237.08	5.00	7.12	8.50		15.62	198.61	221.46
34	Software	67.10	6.11		73.21	40.00	8.31	24.94		33.25	58.79	39.96
35	Stabilizer	3,099.56	657.21		3,756.77	13.91	543.46	387.17		930.63	2,556.09	2,826.14
36	Strongroom	5,620.90	260.12		5,881.02	5.00	630.92	256.28		887.20	4,989.98	4,993.81
37	Television	1.13	23.91		25.04	13.91	0.48	1.30		1.78	0.65	23.26
38	Tools&spares	0.31	-		0.31	18.10	0.18	0.02		0.20	0.12	0.11
39	Vehiclecar	479.32	28.32	-121.95	385.69	25.89	241.98	55.56	-46.26	251.28	237.33	134.41
40	Waterpurifier	1.66	0.26		1.92	13.91	0.62	0.15		0.77	1.05	1.15
41	Weighingbalance	4.73	-		4.73	13.91	2.86	0.26		3.12	1.88	1.61
42	Windelectricgenerator	11,850.92	-		11,850.92	15.33	6,228.76	861.88		7,090.64	5,622.16	4,760.28
	<b>Total For Current Year</b>	<b>74,336.07</b>	<b>8,287.28</b>	<b>-121.95</b>	<b>82,501.40</b>		<b>21,760.65</b>	<b>7,420.11</b>	<b>-46.26</b>	<b>29,134.50</b>	<b>52,575.42</b>	<b>53,366.90</b>
	Total For Previous Year	46,239.24	28,096.83	-	74,336.07	-	12,879.26	8,881.39	-	21,760.65	33,359.98	52,575.42

**9. NON-CURRENT INVESTMENTS**

(₹in lakhs)

No.	Particulars	March 31, 2014	March 31, 2013
(i)	<b>Quoted - at cost</b>		
	Franklin India Blue Chip	Nil	6.00
	Equity Intelligence Fund	Nil	154.25
	DSP Merrill Lynch World	Nil	5.00
	HDFC Debt Fund for CC	Nil	5.00
	Franklin India Opp. Fund	Nil	91.74
	HDFC Infrastructure Fund	Nil	10.00
	HDFC-Asset Management Co. Ltd	182.81	260.62
	Franklin Prima Fund	Nil	6.00
	Kotak Mahindra Mutual Fund	Nil	Nil
	Bhavishya Nirman Bond (NABARD)	4.99	4.99
	AIG World Gold Fund	Nil	10.00
	Motilal Oswal Securiries Ltd- PMS	Nil	26.00
(ii)	<b>Unquoted - at cost</b>		
	Edelweiss Asset Reconstruction Co Ltd	939.50	1,232.18
	Muthoot Housing Finance Co Ltd	4,291.15	2,784.15
	Pancharetna Securities Ltd	520.00	470.00
	Muthoot Pappachan Chits India Pvt Ltd	8.00	8.00
	Muthoot Pappachan Technologies Ltd	3.00	0.00
	<b>Total</b>	<b>5,949.45</b>	<b>5,073.93</b>

**10. DEFERRED TAX ASSET/LIABILITY (NET)**

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Opening balance	557.68	(1,230.73)
Timing difference in depreciation	206.16	961.53
Timing difference in provision for NPA	165.22	721.35
Timing difference in provision for Gratuity	54.35	84.54
Timing difference in provision for EL	36.62	20.99
Timing difference in provision for Standard Assets	(237.10)	Nil
Net deferred tax liability	225.25	1,788.41
<b>Closing balance</b>	<b>782.93</b>	<b>557.68</b>



Management has taken a view that all standard assets are good. Therefore the provision for standard asset is a permanent difference in nature and hence not considered for calculation of deferred tax.

## 11. LONG TERM LOANS AND ADVANCES

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Building deposits	8,508.78	7,947.42

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

## 12. CURRENT INVESTMENTS

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
<i>Quoted-at cost/Market Value whichever is lower</i>		
Fully paid Equity shares in DP a/c with MOSL	627.10	1,642.47
<b>Total</b>	<b>627.10</b>	<b>1,642.47</b>

## 13. TRADE RECEIVABLES

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Sundry Debtors :		
• More than 180 days	0	850.96
• Other debts	1,690.09	1,566.28
<b>Total</b>	<b>1,690.09</b>	<b>2,417.24</b>



## 14. CASH AND CASH EQUIVALENTS

(₹in lakhs)

No.	Particulars	March 31, 2014	March 31, 2013
a.	Cash in hand	12,700.91	13,462.54
b.	Forex balance	456.15	197.40
c.	Cash at Bank: In Current Account (with scheduled banks)	14,851.62	22,493.79
d.	Cash at Bank: In Deposit Account (with scheduled banks)	3,854.88	5,956.11
	<b>Total</b>	<b>31,863.56</b>	<b>42,109.84</b>

## 15. SHORT TERM LOANS AND ADVANCES

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
<b>Retail loan Receivables:</b>		
a. Secured and considered good	6,61,048.31	7,41,665.02
b. Considered doubtful	16,138.72	18,591.23
<b>Other Loans:</b>		
c. Secured and considered good	11,621.95	7,698.51
d. Considered doubtful	7.65	0
e. Unsecured and considered good	1,06,679.70	54,440.39
f. Considered doubtful	240.73	0
g. Advances: (Receivable in Cash or in kind or for value to be received)	4,390.11	159.45
h. Considered doubtful	0	0
<b>Total</b>	<b>8,00,127.17</b>	<b>8,22,554.60</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.



## 16. OTHER CURRENT ASSETS

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Deposits	59.96	55.37
Interest Receivable	79,644.65	84,337.85
Inter Corporate Deposits	0	10,000.00
Advance to Suppliers	2,054.56	473.67
Other Current Assets	49,755.97	37,623.63
<b>Total</b>	<b>1,31,515.14</b>	<b>1,32,490.52</b>

## 17. REVENUE FROM OPERATIONS

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Interest on Retail Loan	1,67,500.75	1,96,283.68
Interest on Unsecured Loan	16,078.08	7,110.52
Interest on Secured Loan	1,655.91	589.15
Income from Forex operations	341.85	182.49
Income from Money transfer business	873.04	551.97
Income from Insurance	114.87	140.28
<b>Total</b>	<b>1,86,564.50</b>	<b>2,04,858.09</b>

## 18. OTHER INCOME

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Income from Power generation	1,065.94	1,336.21
Interest on Bank deposit	382.71	785.24
Income from Investments	454.23	363.46
Commission received	462.84	330.33
Miscellaneous income	448.18	111.45
Interest on ICD	1,021.23	24.66
Provision written back	7,132.07	0.00
<b>Total</b>	<b>10,967.20</b>	<b>2,951.35</b>





## 19. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013
Remuneration to MD & Director	0	1,242.00
Salaries & Allowances	30,973.88	19,892.29
Incentives	2,615.72	3,507.67
PF & ESI contributions	1,152.86	842.64
Staff welfare expenses	310.02	531.93
Bonus & Ex-gratia	215.21	138.07
<b>Total</b>	<b>35,267.69</b>	<b>26,154.60</b>

Directors have voluntarily waived remuneration/commission payable to them for the current financial year.

Muthoot Pappachan Consultancy & Management Services, being the prime and central management of Muthoot Pappachan Group, the Company has decided to provide the benefits of Provident Fund to its employees by continuing under the Employees Provident Fund Scheme of Muthoot Pappachan Consultancy & Management Services.

The Company has created a Trust named as “Muthoot Fincorp Employees’ Group Gratuity Scheme” to meet the liability towards gratuity benefits payable to its employees and invested an amount of Rs 51.99 Lakhs during the financial year. The retirement benefits valued on actuarial basis amounts to Rs . 219.49 Lakhs is provided for in the current year.

Leave encashment expenses are valued on actuarial basis amounts to Rs 112.90 Lakhs is provided for in the current year.

## 20. FINANCE COST

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013
Interest on Secured Debentures	27,869.64	16,048.37
Interest on Loan from Banks	74,670.67	73,511.47
Interest on Directors Loan	14.82	576.76
Interest on Sub Debts	9,877.75	3,816.59
Interest on Inter Corporate Deposits	21.24	126.72
Interest on Perpetual Debt Instruments	1,728.00	1,728.00
Other Financial charges	1,123.24	1,104.96
<b>Total</b>	<b>1,15,305.36</b>	<b>96,912.87</b>



## 21. OTHER EXPENSES

(₹in lakhs)

Particulars	March 31, 2014	March 31, 2013
Rent	12,735.58	11,427.02
Electricity & Water Charges	1,835.70	1,438.60
Repairs & Maintenance - Building	663.36	46.29
Repairs & Maintenance - Others	425.69	701.34
Commission to Director	0.00	260.40
Sitting Fee to Directors	7.00	5.28
Insurance	178.67	63.72
Security Charges	6,560.57	5,152.71
Marketing expenses	1,841.92	4,461.49
Business promotion	680.34	909.33
Travelling Expenses	1,884.92	1,112.26
Telephone Charges	1,537.92	989.63
Printing & Stationery	667.37	497.57
Office Expenses	294.47	506.46
Professional charges	739.32	1,025.95
Provisions and write offs	1,042.78	11,089.09
Donation and CSR Expenses	198.19	177.53
Rates and taxes	951.04	213.17
Postage and Telegram	860.12	577.44
Miscellaneous expenses	0.00	899.74
<b>Total</b>	<b>33,104.96</b>	<b>41,555.02</b>

## 22. PROVISIONS AND CONTINGENT LIABILITIES

Liabilities of a contingent nature are generally not provided for in the books of accounts but are disclosed at their estimated values. The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the obligation. Disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made unless it is required under Statute.

- The company has given Corporate Guarantee for an amount of Rs.13 Lakhs to banks. The company is contingently liable to the banks to that extent.



- b. The Company has received a show cause notice during 2012-13 from Service Tax Department on the taxability of certain revenues of the company. The company has filed reply to the show cause notice disputing the findings of the department. The liability estimated by the department and mentioned in the show cause notice amounts to Rs.1,263.21 Lakhs.
- c. The Company has received Orders from the Income Tax Department demanding an amount of Rs.298.87 Lakhs, Rs 689.06 Lakhs and Rs 421.80 Lakhs for the assessment years 2006-07, 2007-08 and 2008-09 respectively. The Company has filed appeals against these orders which are pending before the Hon: Income Tax Appellate Tribunal, Kochi Bench for the assessment years 2006-07 and 2007-08 and before the Commissioner of Income Tax Appeals, Trivandrum for the assessment year 2008-09. 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.
- d. The Company has received a notice from the Reserve Bank of India 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.

## 23. INFORMATION ABOUT BUSINESS SEGMENTS

(₹ in lakhs)

Particulars	Retail loan	Power Generation	Total
Revenue	1,96,465.77	1,065.94	1,97,531.70
Expenditure	1,90,623.19	476.07	1,91,099.18
Segment result	5,842.65	589.87	6,432.53
Segment asset	10,29,278.35	5,152.78	10,34,431.13
Segment liabilities	10,32,587.09	1,844.04	10,34,431.13
Capital expenditure	8,165.33	0.00	8,165.33
Depreciation	6,558.23	861.88	7,420.11

## 24. 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 31.03.2014**

Sr. no	Party
	Company
1	Alaska Agri Projects And Hospitalities Private Limited
2	Bamboo Agri Projects And Hospitalities Private Limited
3	Buttercup Agri Projects And Hospitalities Private Limited
4	Calypso Agri Development And Hospitalities Private Limited
5	Cinnamon Agri Development And Hospitalities Private Limited
6	Double Tails Agri Development And Hospitalities Private Limited
7	El Toro Agri Projects And Hospitalities Private Limited
8	Emmel Realtors And Developers Private Limited
9	Fireworks Agri Development And Hospitalities Private Limited
10	Flame Agri Projects And Hospitalities Private Limited
11	Fox Bush Agri Development And Hospitalities Private Limited
12	Goblin Agri Projects And Hospitalities Private Limited
13	Jungle Cat Agri Development And Hospitalities Private Limited
14	L.M Realtors Private Limited
15	Linden Agri Ventures And Hospitalities Private Limited
16	Mandarin Agri Ventures And Hospitalities Private Limited
17	Mariposa Agri Ventures And Hospitalities Private Limited
18	Mpg Hotels And Infrastructure Ventures Private Limited
19	Musk Agri Ventures And Hospitalities Private Limited
20	Muthoot Agri Development And Hospitalities Private Limited
21	Muthoot Agri Projects And Hospitalities Private Limited
22	Muthoot Agri Ventures And Hospitalities Private Limited
23	Muthoot Apt Ceramics Limited
24	Muthoot Automotive (India) Private Limited
25	Muthoot Automobile Solutions Private Limited
26	Muthoot Buildtech (India) Private Limited
27	Muthoot Capital Services Limited
28	Muthoot Equities Limited
29	Muthoot Holdings Private Limited
30	Muthoot Hotels Private Limited
31	Muthoot Housing Finance Company Limited
32	Muthoot Infrastructure Private Limited
33	Muthoot Land And Estates Private Limited



34	Muthoot Motors Private Limited
35	Muthoot Microfin Limited
36	Muthoot Pappachan Medicare Private Limited
37	Muthoot Pappachan Technologies Limited
38	Muthoot Properties (India) Private Limited
39	Muthoot Risk Insurance And Broking Services Private Limited
40	Palakkad Infrastructure Private Limited
41	Pine Pink Agri Ventures And Hospitalities Private Limited
42	The Right Ambient Resorts Private Limited
43	Muthoot Pappachan Chits (India) Private Limited
44	Muthoot Exim Private Limited
45	Muthoot Kuries Private Limited
	<b>Firm / LLP</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 Apex Management LLP
9	MPG Asset Management LLP
10	MPG Automobiles LLP
11	MPG Hospitality LLP
12	MPG Land And Estate LLP
13	MPG Land Developers LLP
14	MPG Real Estate LLP


**b) List of Key Managerial Persons**

Sr.no.	Name of the person	Designation	Relatives
1.	Thomas John Muthoot	Chairman & Managing Director	1. Janamma Thomas 2. Preethi John 3. Thomas M John 4. Susan John Muthoot
2.	Thomas George Muthoot	Director	1. Nina George 2. Tina Suzanne George 3. Ritu Elizabeth George 4. Swetha Ann George
3.	Thomas Muthoot	Whole - time Director	1. Remy Thomas 2. Suzannah Muthoot 3. Hannah Muthoot

**c) Transactions with persons listed in (b) above, during the year/balances Outstanding as on 31.03.2014**

(₹in lakhs)

Particulars	Thomas John Muthoot	Thomas George Muthoot	Thomas Muthoot
<b>Revenue/(Expenses)</b>			
Interest paid	(511.12)	(474.78)	(493.63)
Rent paid	(12.24)	(11.88)	(11.88)
<b>Borrowings</b>			
Subordinate Debt	870.00	0	0
Loan from Directors	60.49	30.99	29.49

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

(₹in lakhs)

Transaction	Amount
<b>Revenue</b>	
Income from services rendered	419.47
Income from renting of premises	173.54
Income from loans, deposits and other finances	753.59
<b>Expenditure</b>	
Rent paid towards premises taken on lease	46.34
Fees towards services rendered	40.13
Interest on deposits and other debt instruments	2,307.65



- 25.** 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.

## 26. EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

(₹in lakhs)

Particulars	At March 31, 2014	At March 31, 2013
Profit after tax	63,26,83,706	210,40,16,059
Weighted average number of shares outstanding	18,65,62,700	18,65,62,700
Basic Earnings per share	3.39	11.28
Diluted Earnings per share	3.39	11.28

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

Particulars	March 31, 2014	March 31, 2013
Capacity, production, sales and stock	NA	NA





## 28. MANAGERIAL REMUNERATION

The following additional disclosures have been 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 Chairman & Managing Director and Whole-time Director	Nil	1,242.00
	Commission to Director	Nil	260.40
2	Value of Imports	Nil	Nil
3	Expenditure in Foreign Currency	63.99	5.57
4	Earnings in Foreign Exchange	Nil	Nil
5	Auditors Remuneration		
	For Statutory Audit	12.00	12.00
	Company Law Services	2.50	2.50
	Taxation	2.00	2.00
	Other Services	1.50	1.50
6	Amount due to Small Scale Industries	Nil	Nil
(The above information has been determined as per the details available with the company. The auditors have relied on the said information.)			

**29.** Following additional information has been disclosed as required under Section 217 (2A) of the Companies Act, 1956

(₹in lakhs)

Sl.no.	Name of Employee	Designation	Annual Salary
1.	Mr. Thomas John Muthoot	Chairman & Managing Director	Nil
2.	Mr. Thomas Muthoot	Executive Director	Nil
3.	Mr. George Lamannil	Executive Director & General Counsel	126.19
4.	Mr. Suhas Soman	Chief Executive Officer	86.72
5	Mr Vivekananda Shenoy	Sr Vice President	67.86

The Directors have decided to forego the remuneration and commission in the financial year under report.

**30.** The Company extends loans to its customers against security of gold not exceeding 75% of the value of gold. The loan amount provided against security of gold works out to 62.87% of the value of gold as on 31-03-2014.



- 31.** Sundry debtors, sundry creditors, loans and advances are subject to confirmation.
- 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 to the nearest Lakhs.



## Annexure required under Paragraph 9 BB of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

(As required in terms of Paragraph 9 BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

(₹ in lakhs)

Sr.no.	PARTICULARS	Amount outstanding	Amount overdue
<b>LIABILITY SIDE</b>			
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
	a. Debentures		
	• Secured	2,17,333.26	6.06
	• Unsecured (other than falling within the meaning of public deposits)	Nil	Nil
	b. Deferred credits	Nil	Nil
	c. Term loans	24,663.18	Nil
	d. Inter-corporate loans and borrowings	70.44	Nil
	e. Commercial paper	Nil	Nil
	f. Public deposits	Nil	Nil
	g. Other loans (specify nature)		
	• Working capital loans from banks	5,28,179.59	Nil
	• Loan from directors	120.97	Nil
	• Perpetual Debt Instruments	14,400.00	Nil
	• Subordinated Debts	1,11,740.76	Nil







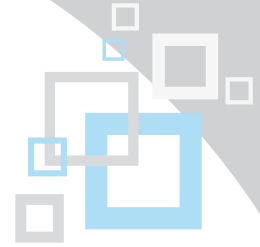
	<b>b. Un-Quoted:</b>		
	i. Shares:		
	■ Equity	Nil	Nil
	■ Preference	Nil	Nil
	ii. Debentures and Bonds	Nil	Nil
	iii. Units of Mutual Funds	Nil	Nil
	iv. Government Securities	Nil	Nil
	v. Others	Nil	Nil
	<b>II. Long Term Investments</b>		
	<b>a. Quoted:</b>		
	i. Shares:		
	■ Equity	Nil	Nil
	■ Preference	Nil	Nil
	ii. Debentures and Bonds	Nil	Nil
	iii. Units of Mutual Funds	182.81	Nil
	iv. Government Securities	Nil	Nil
	v. Others	Nil	Nil
	<b>b. Un-Quoted:</b>		
	i. Shares:		
	■ Equity	4,822.15	Nil
	■ Preference	Nil	Nil
	ii. Debentures and Bonds	Nil	Nil
	iii. Units of Mutual Funds	939.50	Nil
	iv. Government Securities	4.99	Nil
	v. Others	Nil	Nil



6	<b>Borrower group wise classification of all leased assets, stock on hire and loans and advances</b>			
	<b>Category</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	A. Related Parties			
	■ Subsidiaries	Nil	6,397.00	6,397.00
	■ Companies in the same group	Nil	Nil	Nil
	■ Other related parties	Nil	Nil	Nil
	B. Other than related Parties	7,68,461.28	1,06,968.10	8,75,429.38

7	<b>Investor group-wise classification of all investments (Current and Long term) in shares and securities (both quoted and unquoted)</b>		
	<b>Category</b>	<b>Market/Fair value</b>	<b>Book Value (Net of Provisions)</b>
	a. Related Parties		
	■ Subsidiaries	4,814.15	4,814.15
	■ Companies in the same group	8.00	8.00
	■ Other related parties	Nil	Nil
	b. Other than related Parties	1,860.04	1,754.39
	<b>Total</b>	<b>6,682.19</b>	<b>6,576.54</b>

8	<b>Other Information</b>	
	a. Gross Non-Performing Assets	
	■ Related Parties	Nil
	■ Other than related parties	16,387.10
	b. Net Non-Performing Assets	
	■ Related Parties	Nil
	■ Other than related parties	12,891.53
	c. Assets Acquired in satisfaction of debt	Nil



## ADDITIONAL DISCLOSURE

### a. Capital Adequacy Ratio

Every systemically important non-deposit taking NBFC shall maintain with effect from April 01, 2011, a minimum capital 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 and of risk adjusted value of off balance sheet items.

The following table sets forth, for the dates indicated, computation of capital adequacy.

No.	Items	Current Year	Previous Year
1	CRAR (%)	21.01	17.97
2	CRAR – Tier I Capital (%)	13.84	12.99
3	CRAR – Tier II Capital (%)	7.17	4.98

### b. Exposure to sensitive sectors

#### i. Exposure to Real Estate Sector

(₹in lakhs)

Category	Current Year	Previous Year
<b>a. Direct Exposure</b>		
<b>i. Residential Mortgages</b> Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. (individual housing loans up to Rs.15 lakhs may be shown separately)	Nil	Nil
<b>ii. Commercial Real Estates</b> Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc). Exposure would also include non - fund based (NFB) limits.	Nil	Nil





iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures <ul style="list-style-type: none"> <li>■ Residential</li> <li>■ Commercial Real Estate</li> </ul>	Nil	Nil
<b>b. Indirect exposure</b> Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	10,688.15	6,788.15

### c. Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities

(₹in lakhs)

Description	Up to 1 month	>1 to 2 month	>2 to 3 months	>3 to 6 months	>6month to 1 yr	>1 to 3 yrs	>3 to 5 yrs	>5 yrs	Total
<b>Liabilities</b>									
Borrowings from Banks/ FIs/CPs	43,687	9,732	47,766	55,242	3,78,406	16,955	352	-	5,52,139
Debentures	8,955	10,719	16,904	58,124	54,943	40,653	12,235	-	2,02,533
Subordinate Debt	-	-	-	-	-	8,500	59,060	34,578	1,02,138
<b>Assets</b>									
Investment	627	-	-	-	-	752	376	4,822	6,577
Advances	3,55,682	82,492	55,394	1,25,537	1,76,631	-	-	-	7,95,737



## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2014

(₹in lakhs)

		2013-14	2012-13
a)	<b>Cash flow from operating activities</b>		
	Net profit after taxation and extraordinary items	6,326.84	21,040.16
	Non cash adjustments to reconcile profit before tax to net cash flows:		
	Depreciation & amortization	7,420.11	8,881.39
	(Profit)/loss on sale of fixed assets	(10.98)	(2.69)
	Provisions and write offs	(5,595.43)	24,541.38
	Non cash extraordinary income	0	(560.29)
	Net gain on sale of current investments	(406.08)	(183.56)
	Dividend income	(48.15)	(179.90)
	<b>Operating profit before working capital changes</b>	<b>7,686.31</b>	<b>53,536.49</b>
	<b>Movement in Working Capital</b>		
	(Increase) / decrease in assets under financing activities	26,017.21	(2,01,693.02)
	(Increase) / decrease in long term loans and advances	(561.36)	(1,272.64)
	(Increase) / decrease in other current assets	1,702.53	(90,873.06)
	Increase / (decrease) in other current liabilities	35,132.62	7,170.44
	<b>Cash generated from operation</b>	<b>69,977.31</b>	<b>(2,33,131.79)</b>
	Direct taxes paid (net of refund)	(4,197.27)	(16,231.76)
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>65,780.04</b>	<b>(2,49,363.55)</b>
b)	<b>Cash flow from investing activities</b>		
	Purchase of fixed and tangible assets	(8,257.84)	(28,096.84)
	Purchase of investments	139.85	2,125.14
	Investment in subsidiary company	0	(2,981.00)
	Interest received on current and long term investments and interest on fixed deposits	406.08	183.56
	Profit/(loss) on sale of fixed assets	57.23	2.69
	Dividend received	48.15	179.90
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(7,606.53)</b>	<b>(28,586.55)</b>



c)	<b>Cash flow from financing activities</b>		
	(Increase) / decrease of short term borrowings	(37,584.95)	1,74,343.15
	(Increase) / decrease of long term borrowings	(30,834.83)	1,04,950.55
	<b>Net cash flow from /(used in) financing activities (C)</b>	<b>(68,419.79)</b>	<b>2,79,293.70</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(10,246.27)</b>	<b>1,343.60</b>
	Cash and cash equivalents at the beginning of the year	42,109.83	40,766.23
	Cash and cash equivalents at the end of the year	31,863.56	42,109.83

*Accompanying Notes to the Financial Statements*

Thiruvananthapuram  
07-05-2014

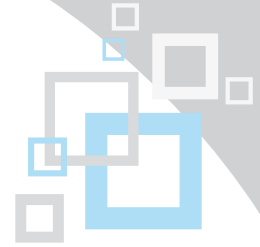
Vide our report of even date  
For A.Chcrian & Associates,  
Chartered Accountants,  
Firm Regn. No. - 011456S

sd/-  
Thomas John Muthoot  
Chairman and  
Managing Director

sd/-  
RK Nair  
Director

sd/-  
T.D.Mathai  
Company Secretary

sd/-  
Abraham Chcrian  
Proprietor  
M No.202759


**Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act 1956**

(₹in lakhs)

Particulars	Muthoot Housing Finance Company Ltd.	Muthoot Microfin Ltd	MuthootPappachan Technologies Ltd
A) The 'Financial Year' of the Subsidiary Companies ends on	March 31, 2014	March 31, 2014	March 31, 2014
B) Date from which they become subsidiary	August 08, 2012	September 29, 2012	May 29, 2013
C) Shares of the subsidiary held by MuthootFincorp Limited on the above dates			
1 Number of shares and face value	2,57,51,540 shares of ₹10/- each fully paid up	52,00,000 shares of ₹10/- each fully paid up	30,000 shares of ₹10/- each fully paid up
2 Extent of holding	66.62%	94.55%	60%
D) Net aggregate amounts of the profits and losses of the subsidiary so far it concerns the members of the holding company and is dealt with the accounts of holding company			
1 for the financial year of the subsidiary	-	-	-
2 for the previous financial years of the subsidiary since it become its subsidiary	-	-	-
E) Net aggregate amounts of the profits and losses of the subsidiary so far it concerns the members of the holding company and is not dealt with the accounts of holding company			
1 for the financial year of the subsidiary	85.81	(6.32)	(40.67)
2 for the previous financial years of the subsidiary since it become its subsidiary	(118.31)	(3.41)	-

 Thiruvananthapuram  
07-05-2014

 Sd/-  
Thomas John Muthoot  
Chairman & Managing  
Director

 Sd/-  
RK Nair  
Director

 Sd/-  
T.D Mathai  
Company Secretary




## DIRECTORS' REPORT

The Members,

### **Muthoot Housing Finance Company Limited**

Your Directors are pleased to present the Fourth Annual Report of your Company on the business and operations of the Company together with "Audited Financial Accounts" for the financial year ended 31<sup>st</sup> March, 2014.

### **Performance Review**

For the Financial Year under review, your Company improved its performance significantly on most key operational parameters.

The outstanding Housing Loans of the Company grew to Rs 290.25 Cr from Rs 109.08 Cr in the previous year, a growth of 166%. Cumulative sanctions for the year were at Rs 437 Cr as against Rs 174.51 Cr for the previous year, recording a growth of 150%. Revenues of the Company increased to Rs 33.03 Cr from Rs 8.83 Cr in the previous year, a growth of 274%. Importantly, the Company turned profitable in the current Financial Year with Profit after Tax of Rs 1.28 Cr against a loss of Rs 1.18 Cr in the previous year.

The number of loan customers also showed a healthy growth. Your Company had provided loans to 4653 customers as of Financial Year ended 31<sup>st</sup> Mar 2014, as against 1707 customers in the previous year. The Company added 2946 customers in the current year, a growth of 172%. The Company is currently operational in 19 locations across eight states. The Company has maintained its focus on the low income informal sector customers with an average loan size of Rs 6.23 lacs. All its loans are to individuals with more than 75% of the customers being part of the informal sector. The Company's Gross NPAs for the year were at 0.78% and Net NPAs at 0.67%.

During the year, the Company issued and allotted 68,50,000 equity shares to its parent company thereby increasing its Equity from Rs 3180.50 lakh to 3865.50 lakh.

The Company had borrowings of Rs 200 Cr from Public and Private Commercial Banks like IDBI Bank, Yes Bank, South Indian Bank, Dhanalaxmi Bank and finance companies like IFMR Capital Finance Private Limited.

The Company is regular in paying all the statutory dues in relation to Provident Fund, Profession Tax, Tax Deducted at Source, Service Tax and all the other taxes which are mandatory.

### **Fixed Deposits**

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956, since incorporation.

### **Statutory Information under Section 217**

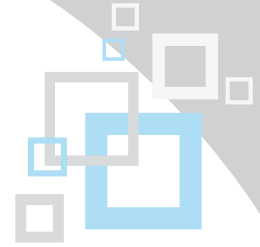
The details of persons who are in receipt of remuneration prescribed under Section 217 (2A) of the Companies Act 1956 are provided in the Annexure to this report.

The provisions of Section 217(1) (e) of the Companies Act, 1956 relating to submission of information regarding technology absorption, energy consumption are not applicable to your Company. Further there are no foreign exchange earnings or outgo during the year.

### **Auditors' Report**

The notes to the Financial Statements, read with the Auditors' Report, are self-explanatory and hence, do not call for further clarifications under Section 217(3) of the Companies Act, 1956.





### Auditors

M/s Haribhakti & Company, Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and offers them for re-appointment. A certificate from them has been received to the effect that their reappointment as Statutory Auditors of the Company, if made would be within the limits prescribed as per Companies Act, 2013. As per Section 139(2) of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014 the Auditors are appointed for a period of 5 years subject to the ratification in every Annual General Meeting by way of an Ordinary Resolution.

### Director's responsibility statement as per Section 217 (2AA) of the Companies Act, 1956

It is hereby declared and confirmed that

- i) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed, and no material departure have been made from the same. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year.
- ii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iii) The Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March 2014 on a going concern basis.

### Regulations

The Company complies with the Housing Finance Companies ("NHB") Directions, 2001 prescribed by the NHB. The Company has also issued comprehensive Know Your Customer ("KYC") Guidelines and Anti Money Laundering Standards, and adopted the Fair Practices Code framed by the NHB which seeks to promote good and fair practices in dealing with customers.

### Internal Control Systems and their Adequacy

The management continuously reviews the internal control systems and procedures for the efficient conduct of the Company's business. The Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensures that all its assets are safeguarded and protected against losses. The Internal Auditor of the Company conducts the audit on a regular basis and reviews internal control systems.

### Acknowledgement

Your Directors sincerely appreciate the commitment and dedication displayed by the employees of the Company and wish to convey their appreciation to the Banks, Government Authorities including officials of the National Housing Bank for their excellent assistance and co-operation received and wish to place on record their gratitude to the members for their trust support and confidence.

**For and on behalf of the Board of Directors of Muthoot Housing Finance Company Limited.**

Managing Director

sd/-

Thomas Muthoot

Director

sd/-

Thomas John Muthoot

Thiruvananthapuram  
12<sup>th</sup> May, 2014



**Annexure to Director's Report**

Information as per Section 217(2A) read with the Company's (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended March 2014.

Name	Designation	Qualification	Age	Experience	Joining Date	Gross Salary	Previous Employment
Maneesh Srivastava	CEO	BE, MBA	45	22 Years	January 1, 2011	1,09,24,000	HSBC



HARIBHAKTHI&CO  
Chartered Accountants

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Mumbai 400021, India. B: + 91 22 6132 6999/  
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Road, Andheri (East), Mumbai - 400059, India.  
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W: www.bdoindia.co.in

#### INDEPENDENT AUDITORS' REPORT

### **TO THE MEMBERS OF MUTHOOT HOUSING FINANCE COMPANY LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Muthoot Housing Finance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.





**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

Place: Mumbai  
Date: 14<sup>th</sup> May, 2014

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

Sd/-  
Sumant Sakhardande  
Partner  
Membership No.034828



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Muthoot Housing Finance Company Limited on the financial statements for the year ended March 31, 2014]

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) The Company did not have any inventories during the year therefore clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company for the current year.
- (iii)
  - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (b), (c) and (d) of the order are not applicable.
  - (b) The Company had taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.68,97,00,000 and the year-end balance of loan taken from such party was Rs.63,97,00,000.
  - (c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
  - (d) In respect of the aforesaid loans, as per the terms and condition of the loan document, the company is regular in repaying the principal amounts and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system with regard to purchase of fixed assets. However internal control system needs to be strengthened in commensurate with the size of the Company and nature of its business with regard to the sale of services i.e providing loans to customers. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v)
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956



that need to be entered into the register maintained under section 301 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Company is in service industry. Therefore provision relating to maintenance of cost records as prescribed under section 209 (1) (d) is not applicable to the company.
- (ix)
  - (a) Undisputed statutory dues including provident fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, and cess which have not been deposited on account of any dispute.
- (x) As the company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company for the current year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.



- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Act. In our opinion, the prices at which shares have been issued are not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) 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, we have neither come across any instance of fraud on or by the company, noticed or reported during the year except one instances of fraud by a customer taking loan amounting to Rs. 14,64,784 by providing false property documents to the Company.

Place: Mumbai  
Date: 14<sup>th</sup> May, 2014

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Registration  
No.103523W

Sd/-  
**Sumant Sakhardande**  
Partner  
Membership No.034828



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2014**

	NOTES	Amount (₹) 31-Mar-14	Amount (₹) 31-Mar-13
<b>(I) EQUITY &amp; LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(A) Share Capital	1	38,65,50,000	31,80,50,000
(B) Reserves & Surplus	2	13,53,92,904	4,03,12,791
		<b>52,19,42,904</b>	<b>35,83,62,791</b>
<b>(2) Non-Current Liabilities</b>			
(A) Long Term Borrowings	3	2,36,03,34,235	75,59,01,253
(B) Long Term Provisions	4	1,18,75,634	45,64,517
		<b>2,37,22,09,869</b>	<b>76,04,65,770</b>
<b>(3) Current Liabilities</b>			
(A) Short Term Borrowings	5	32,60,135	2,05,42,615
(B) Other Current Liabilities	6	27,09,50,767	4,88,27,710
(C) Short Term Provisions	7	1,01,26,859	49,92,662
		<b>28,43,37,760</b>	<b>7,43,62,987</b>
<b>TOTAL</b>		<b>3,17,84,90,534</b>	<b>1,19,31,91,548</b>
<b>(II) ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(A) Fixed Assets	8		
(i) Tangible Assets		46,30,870	13,68,629
(ii) Intangible Assets		39,44,715	7,21,763
(iii) Intangible Assets Under Development		-	37,08,420
(B) Deferred Tax Assets (Net)	9	24,30,193	14,09,476
(C) Long Term Loans and Advances	10	2,81,51,19,686	1,07,21,93,646
(D) Other Non-current Assets	11	3,83,00,000	1,43,00,000
		<b>2,86,44,25,464</b>	<b>1,09,37,01,934</b>
<b>(2) Current Assets</b>			
(A) Cash and Bank Balance	12	20,40,36,460	7,67,56,728
(B) Short Term Loans and Advances	13	8,73,96,021	1,93,62,405
(C) Other Current Assets	14	2,26,32,588	33,70,481
		<b>31,40,65,070</b>	<b>9,94,89,614</b>
<b>TOTAL</b>		<b>3,17,84,90,534</b>	<b>1,19,31,91,548</b>
<b>Significant Accounting Policies and Other Notes to Accounts</b>	20		

The Notes referred above form an integral part of the Financial Statements  
As per our attached report of even date

For Haribhakti & Co.  
Chartered Accountants

sd/-  
Sumant Sakhardande  
Partner

Place : Mumbai  
Date : 14<sup>th</sup> May 2014

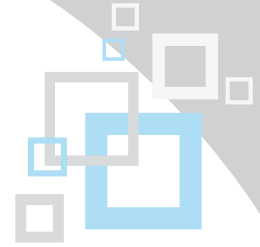
For and on behalf of the Board of  
Muthoot Housing Finance Company Limited

sd/-  
Thomas Muthoot  
Managing Director

Place : Trivandrum  
Date : 12<sup>th</sup> May 2014

sd/-  
Thomas John Muthoot  
Director

sd/-  
S. Sumesh  
Company Secretary



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

	NOTES	Amount (₹) For the Year ended 31-Mar-14	Amount (₹) For the Year ended 31-Mar-13
(I) INCOME			
(A) Revenue from Operation	15	33,03,29,732	8,75,48,212
(B) Other Income	16	8,60,886	7,52,309
<b>TOTAL</b>		<b>33,11,90,618</b>	<b>8,83,00,521</b>
(II) EXPENSES			
(A) Finance Cost	17	20,18,35,579	2,93,89,267
(B) Employee Benefit Expenses	18	7,07,47,237	4,52,61,483
(C) Administrative & General Expenses	19	4,46,98,310	2,52,47,370
(D) Depreciation & Amortisation		20,50,099	5,87,048
<b>TOTAL</b>		<b>31,93,31,224</b>	<b>10,04,85,168</b>
Profit before Tax		<b>1,18,59,393</b>	<b>(1,21,84,647)</b>
Tax Expenses			
Current Tax		-	-
Deferred Tax	9	10,20,717	3,53,230
Profit for the Year		<b>1,28,80,111</b>	<b>(1,18,31,417)</b>
Basic/Diluted Earnings Per Share		0.35	(0.50)
(Face Value of ₹ 10/- each)			
Significant Accounting Policies and Other Notes to Accounts	20		

Notes to Accounts referred above form an integral part of the financial statements  
As per our attached report of even date

For Haribhakti & Co.  
Chartered Accountants  
sd/-  
Sumant Sakhardande  
Partner

For and on behalf of the Board of  
Muthoot Housing Finance Company Limited  
sd/-  
Thomas Muthoot  
Managing Director

sd/-  
Thomas John Muthoot  
Director

Place : Mumbai  
Date : 14<sup>th</sup> May 2014

Place : Trivandrum  
Date : 12<sup>th</sup> May 2014

sd/-  
S. Sumesh  
Company Secretary



**NOTES TO FINANCIAL STATEMENT**

	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
NOTE 1 - Share Capital		
Authorised		
5,00,00,000 Equity Shares ₹ 10 each	50,00,00,000	5,00,00,000
Issued, Subscribed and Paid Up		
3,86,55,000 Equity Shares ₹10 each	38,65,50,000	31,80,50,000
(Previous Year : 3,18,05,000 Equity Shares of ₹10 each) fully paid -up		
<b>TOTAL</b>	<b>38,65,50,000</b>	<b>31,80,50,000</b>

Terms/ rights attached to shares :

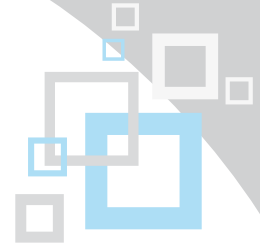
The Company has one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**1.2 Reconciliation of number of shares**

	AS AT		AS AT	
	31-Mar-14 Number of Shares	31-Mar-14 In (₹)	31-Mar-13 Number of Shares	31-Mar-13 In (₹)
Number of shares at beginning of the year	3,18,05,000	31,80,50,000	84,35,000	8,43,50,000
Add: Shares issued	68,50,000	6,85,00,000	2,33,70,000	23,37,00,000
Number of Shares at the end of the year	3,86,55,000	38,65,50,000	3,18,05,000	31,80,50,000

**1.3 Shareholder's having more than 5% equity shareholding in the Company**

	AS AT		AS AT	
Share Holder	31-Mar-14 Number of Shares	31-Mar-14 % of holdings	31-Mar-13 Number of Shares	31-Mar-13 % of holdings
Thomas John Muthoot	42,97,885	11.12	42,96,800	13.52
Thomas George Muthoot	42,97,890	11.12	42,96,800	13.52
Thomas Muthoot	42,97,890	11.12	42,96,800	13.52
Muthoot Fincorp Limited	2,57,51,540	66.64	1,89,01,540	59.44
<b>TOTAL</b>	<b>3,86,45,205</b>	<b>100</b>	<b>3,17,91,940</b>	<b>100</b>



	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
NOTE 2 - Reserves & Surplus		
Securities Premium Account		
Opening Balance	8,94,00,000	-
Add: Amount received on issue of shares	8,22,00,000	8,94,00,000
Balance as at the end of the year	17,16,00,000	8,94,00,000
Statutory Reserve Account(As per Sec.29C of the National Housing Bank Act,1987)		
Opening Balance	-	-
Addition during the year	25,76,022	-
Appropriation during the year	-	-
Closing Balance	25,76,022	-
Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	(4,90,87,207)	(3,72,55,792)
Add : Profit for the year	1,28,80,111	(1,18,31,416)
Less : Transferred to Statutory Reserve	25,76,022	-
Loss carried forward	(3,87,83,118)	(4,90,87,209)
<b>TOTAL</b>	<b>13,53,92,904</b>	<b>4,03,12,791</b>

	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
NOTE 3 - Long Term Borrowings		
Secured		
Term Loans from Banks	1,52,22,48,043	35,55,01,253
Term Loans from other Financial Institution	19,83,86,192	-
Unsecured		
Loans and Advances from Related Parties	63,97,00,000	40,04,00,000
<b>TOTAL</b>	<b>2,36,03,34,235</b>	<b>75,59,01,253</b>

## Details of Securities provided

### 1. Loans from Scheduled Banks & Financial Institution:-

- Yes Bank :- Secured by Exclusive First Charge on standard specific receivables to cover 1.10x of the total loan amount. Personal Guarantee of promoter directors (Mr. Thomas Muthoot, Mr. Thomas George)





Muthoot and Mr. Thomas John Muthoot). The Term Loan repayable in 114 equal monthly instalments of ₹ 21.93 lacs commencing from June 28, 2013. The rate of interest is BPLR + 0.50% p.a.

- b) South Indian Bank :- Secured by Exclusive First Charge on standard specific receivables to cover 1.10x of the total loan amount. Personal Guarantee of promoter directors (Mr. Thomas Muthoot, Mr. Thomas George Muthoot and Mr. Thomas John Muthoot). The Term Loan repayable in 84 equal monthly instalments of ₹ 23.81 lacs commencing from February 22, 2014. The rate of interest is BPLR + 2.00 % for lending in Non-Priority Sector. Fixed deposit to the tune of Rs 143 lakhs is kept as lien as a security.
- c) Dhanalaxmi Bank :- Secured by Exclusive First Charge on standard specific receivables to cover 1.15x of the total loan amount. Personal Guarantee of promoter directors (Mr. Thomas Muthoot, Mr. Thomas George Muthoot and Mr. Thomas John Muthoot). The Term Loan repayable in 84 instalments payable in 25 quarterly installments commencing from April 28, 2014. The rate of interest is BPLR + 1.25 % for lending in Non-Priority Sector. Fixed deposit to the tune of ₹ 224 lakhs is kept as lien as a security.
- D) IDBI Bank :- Secured by Exclusive First Charge on standard specific receivables to cover 1.10x of the total loan amount. Personal Guarantee of promoter directors (Mr. Thomas Muthoot, Mr. Thomas George Muthoot and Mr. Thomas John Muthoot). The Term Loan repayable for PSL Loan is in 58 quarterly instalments and Non PSL Loan payable in 26 quarterly installments commencing from April 26, 2014. The rate of interest is BPLR + 1.25 % for lending in Non-Priority Sector.
- E) IFMR Capital :- Secured by Exclusive First Charge on standard specific receivables to cover 1.10x of the total loan amount. The Term Loan repayable in 48 months. The rate of interest is 14.25% for lending.

#### Unsecured Loans from Related Parties

Loan from Holding Company - ₹ 63,97,00,000 ( P.Y. 40,04,00,000)

#### Terms & Conditions

1. Interest Rate ~ 11.5% Per Annum
2. Term of Loan ~ 5 Years
3. Fore-closure ~ The Company can foreclose / part - prepay the loan at any time during its term without any foreclosure charges.

	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
NOTE 4 - Long term provisions		
a) Provision for Employee Benefits :		
- Gratuity	6,19,486	2,77,423
b) Other Provisions:		
Contingent provision against standard assets		
- For Housing Loan	1,09,54,199	41,84,055
- For Non - Housing Loan	3,01,949	1,03,039
<b>TOTAL</b>	<b>1,18,75,634</b>	<b>45,64,517</b>



	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
NOTE 5 - Short Term Borrowings		
Overdraft from banks	32,60,135	2,05,42,615
<b>TOTAL</b>	<b>32,60,135</b>	<b>2,05,42,615</b>

Secured by Exclusive First Charge on standard specific receivables to cover 1.10x of the total loan amount. Letter of Comfort from the Holding Company, Muthoot Fincorp Limited. The overdraft facility is for a period of 12 months and the nature of the facility is revolving in nature. The rate of interest is BPLR + 2.00% p.a.

	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
NOTE 6 - Other Current Liabilities		
Current maturities of long term debt	24,56,34,160	2,44,98,747
Sundry Creditors	31,30,117	6,59,369
Premium Payable	43,73,707	23,27,405
Salary Payable	13,40,478	9,13,832
Interest Accrued but not Due on Loans	1,15,82,441	1,66,60,629
Statutory Dues Payable	23,20,154	20,96,028
Other payable	25,69,710	16,71,700
<b>TOTAL</b>	<b>27,09,50,767</b>	<b>4,88,27,710</b>

		As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
NOTE 7 - Short term provisions			
a) Provision for Employee Benefits :			
Gratuity		2,926	1,397
b) Other Provisions:			
Contingent provision against standard assets			
- For Housing Loan		2,46,913	74,489
- For Non - Housing Loan		6,498	1,776
Provision against Sub standard assets			
- For Housing Loan		33,09,312	-
- For Non - Housing Loan		1,08,031	-
Provision for Variable Pay to Employees		64,53,179	49,15,000
Provision for Minimum Alternate Tax(MAT)	46,23,237		
Less:MAT Credit	(46,23,237)		
<b>TOTAL</b>		<b>1,01,26,859</b>	<b>49,92,662</b>



NOTE 8 - Fixed Assets

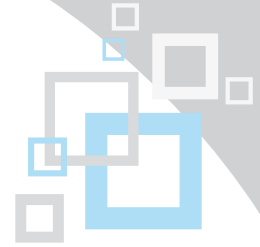
(In ₹)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At 01.04.2013	Additions 2013-14	Deductions 2013-14	As At 31.03.2014	For the Year Ended 31.03.2014	Deductions 31.03.2014	As At 31.03.2014	As At 31.03.2013
<b>TANGIBLE ASSET</b>								
Office Equipments	3,76,803	4,45,047	-	8,21,850	73,325	-	6,76,464	3,38,220
Computer	13,43,291	15,54,385	19,503	28,78,173	6,05,472	-	18,89,800	9,60,390
Leasehold Improvements	1,04,972	19,31,697	-	20,36,669	1,85,397	-	18,16,319	70,019
Furnitures & Fixtures	37,872	3,51,715	-	3,89,587	1,36,906	-	2,48,287	-
<b>INTANGIBLE ASSET</b>								
COMPUTER SOFTWARE	9,08,610	42,71,950	-	51,80,560	10,48,998	-	39,44,715	7,21,763
<b>TOTAL</b>	<b>27,71,548</b>	<b>85,54,794</b>	<b>19,503</b>	<b>1,13,06,839</b>	<b>20,50,098</b>	<b>-</b>	<b>85,75,585</b>	<b>20,90,392</b>

(In ₹)

Previous Year

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.2012	Additions 2012-13	Deductions 2012-13	As on 31.3.2013	For the Year Ended 31.3.2013	Deductions 31.3.2013	As on 31.3.2013	As on 31.03.2012
<b>TANGIBLE ASSET</b>								
Office Equipments	27,500	3,87,175	-	4,14,675	75,289	-	3,38,220	26,334
Computer	2,79,387	10,63,904	-	13,43,291	2,90,707	-	9,60,390	1,87,197
Leasehold Improvements	-	1,04,972	-	1,04,972	34,953	-	70,019	-
<b>INTANGIBLE ASSET</b>								
Computer Software	16,100	8,92,510	-	9,08,610	1,86,100	-	7,21,763	15,353
<b>TOTAL</b>	<b>3,22,987</b>	<b>24,48,561</b>	<b>-</b>	<b>27,71,548</b>	<b>5,87,049</b>	<b>-</b>	<b>20,90,392</b>	<b>2,28,884</b>



	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
<b>NOTE 9 - Deferred Tax Assets (Net)</b>		
Deferred Tax Assets		
- Provision for Variable Pay	19,94,032	15,18,735
- Provision for Gratuity	1,92,325	-
- Provision for Sub Standard Assets	10,55,959	-
Deferred Tax Liability		
- Written Down Value of Assets	(8,12,123)	(1,09,259)
<b>TOTAL</b>	<b>24,30,193</b>	<b>14,09,476</b>

<b>Current Tax</b>		
MAT Expense in terms of sec.115JB of IncomeTax Act'1961	46,23,237	-
Less: MAT Credit entitlement	(46,23,237)	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
<b>NOTE 10 - Long Term Loans and Advances</b>		
<b>Secured, Considered Good</b>		
<b>Standard Assets</b>		
- Housing Loans	2,73,85,49,756	1,04,60,13,674
- Non-housing loans	7,54,87,204	2,57,59,767
<b>Other Advances</b>		
Tax Deducted at Source	4,99,136	1,82,515
Other Deposits	1,850	1,850
Rent Deposit	5,81,740	2,35,840
<b>TOTAL</b>	<b>2,81,51,19,686</b>	<b>1,07,21,93,646</b>

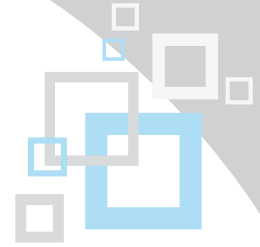
	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
<b>NOTE 11 - Other Non-current Assets</b>		
Fixed Deposits (original maturity of more than 12 months) (Pledged with bank as security for Term Loan)	3,83,00,000	1,43,00,000
<b>TOTAL</b>	<b>3,83,00,000</b>	<b>1,43,00,000</b>



	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
<b>NOTE 12- Cash and Bank Balances</b>		
<b>Cash &amp; Cash Equivalents</b>		
Cash in Hand	3,74,040	17,670
Balance with Bank		
On current accounts	20,36,62,420	7,67,39,058
<b>TOTAL</b>	<b>20,40,36,460</b>	<b>7,67,56,728</b>

	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
<b>NOTE 13- Short Term Loans and Advances</b>		
- Secured, Considered Good		
<b>Standard Assets</b>		
- Housing Loans	6,17,28,184	1,86,22,235
- Non-housing loans	16,24,477	4,44,039
<b>Sub Standard Assets</b>		
- Housing Loans	2,20,62,079	-
- Non-housing loans	7,20,209	-
- Unsecured, Considered Good		
Advance to Employees	30,250	21,961
Other Loans and advances	2,16,920	1,10,000
Prepaid expense	13,902	1,64,170
Capital Advances	10,00,000	-
<b>TOTAL</b>	<b>8,73,96,021</b>	<b>1,93,62,405</b>

	As At 31-Mar-14 (₹)	As At 31-Mar-13 (₹)
<b>NOTE 14 - Other Current Assets</b>		
EMI receivables	1,16,10,976	9,02,815
Processing Fees Receivable	11,30,874	11,30,874
Interest receivables	40,52,357	10,22,582
Interest accrued but not due on Fixed Deposit	28,47,067	1,43,979
Other Receivables	29,91,314	1,70,231
<b>TOTAL</b>	<b>2,26,32,588</b>	<b>33,70,481</b>



### NOTES TO FINANCIAL STATEMENT

	Amount (₹) For the Year ended 31-Mar-14	Amount (₹) For the Year ended 31-Mar-13
<b>NOTE 15 - Revenue from Operation</b>		
Interest	28,96,04,454	6,69,27,341
Other Financial Services	4,07,25,278	2,06,20,871
<b>TOTAL</b>	<b>33,03,29,732</b>	<b>8,75,48,212</b>
<b>NOTE 16 - Other Income</b>		
Space Sharing	8,54,324	7,23,651
Miscellaneous Income	6,562	28,658
<b>TOTAL</b>	<b>8,60,886</b>	<b>7,52,309</b>
<b>NOTE 17 - Finance Cost</b>		
a)Interest Expenses		
On Term Loans	12,93,97,702	33,27,946
On Other Loans	6,25,44,421	2,40,02,693
Other Interest	93,455	2,08,628
b)Other Borrowing Cost		
Processing Fees - Banks	98,00,000	18,50,000
<b>TOTAL</b>	<b>20,18,35,579</b>	<b>2,93,89,267</b>
<b>NOTE 18 - Employee Benefit Expenses</b>		
Salaries & Bonus	6,80,89,285	4,48,60,928
Contribution to Provident and other funds	15,02,379	-
Staff welfare expenses	8,11,981	1,21,735
Gratuity Expenses	3,43,592	2,78,820
<b>TOTAL</b>	<b>7,07,47,237</b>	<b>4,52,61,483</b>
<b>NOTE 19 - Administrative &amp; General Expenses</b>		
Rent	56,09,972	47,05,888
Postage & Telegram	20,50,742	11,19,395



Electricity & Water Charges	7,57,915	8,02,812
Travelling Expenses	24,73,108	19,40,727
Telephone Charges	8,69,048	4,33,349
Printing & Stationery	6,21,315	6,24,258
Bank Charges	6,31,772	5,89,933
Office Maintenance	11,64,908	6,78,623
Office Expenses	5,67,844	5,91,861
Professional Charges	1,44,94,812	75,50,789
Auditor's Remuneration	6,62,362	4,01,292
Prior Period Items [( Net of Income ₹ NIL) (P.Y. 2,14,096)]	-	5,01,042
Penalty	34,000	-
MFL Referral Incentives	4,27,640	-
Marketing Expenses	2,22,769	2,71,576
Insurance Exp.	74,512	-
Rates & Taxes	16,325	69,710
Service tax	17,64,561	8,19,412
Filing Fee	6,500	17,990
Provision on Standard Asset	71,46,199	39,82,329
Provision on Sub Standard Asset	34,17,343	-
Bad Debts	14,64,784	-
Miscellaneous Expenses	2,00,376	1,46,384
Loss on Assets W/off	19,503	-
<b>TOTAL</b>	<b>4,46,98,310</b>	<b>2,52,47,370</b>

**NOTE 20 - SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2014****20.1 NATURE OF BUSINESS:**

Muthoot Housing Finance Company Limited 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 5<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.

**20.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The accompanying financial statements are consistently prepared under the historical cost convention on the accrual basis of accounting, and are in accordance with the applicable requirements of the Companies Act, 1956 and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006, to the extent applicable, and in accordance with the regulations of National Housing Bank. The accounting policies have been consistently applied by the company.

**20.3 USE OF ESTIMATES:**

The preparation of the financial statements are in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

**20.4 FIXED ASSETS & DEPRECIATION**

Fixed Assets are stated at cost less accumulated depreciation thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired/ put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. On all assets, except as mentioned below, depreciation has been provided using the Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956:

Assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

Cost of Leasehold improvements is amortized over the period of the lease.





**20.5 INTANGIBLE ASSETS AND AMORTIZATION:**

Expenses incurred on Computer Software having enduring benefits are capitalized and amortized on Straight Line Method (SLM) basis over a period of three years. Advance paid for development of computer software is disclosed as “Intangible Assets under development”

**20.6 REVENUE RECOGNITION:**

- 20.6.1 Interest on Housing Loan – Repayment of Housing Loans is by way of Equated Monthly Installments (EMI) comprising of principal and interest where interest is collected in monthly installment. Necessary appropriation is made out of these EMI collections to principal and interest. Interest income is recognized on accrual basis except in case of Non-Performing Assets (NPA) where interest is accounted on realization.
- 20.6.2 Fees – Application Fees are accounted on receipt of the application from the customer. Processing fees are accounted on acceptance of the sanction letter by the customer.
- 20.6.3 Interest on Fixed Deposits and Space sharing income is accounted on accrual basis.
- 20.6.4 All other incomes are accounted on accrual basis.

**20.7 TAXATION:**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

**CURRENT TAX:**

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.

Minimum Alternate Tax (MAT):

Provision for tax expense (MAT) is accounted when tax payable as per provision for Sec.115JB of Income Tax Act, 1961 is higher than the tax payable under normal provision of the Act. MAT credit entitlement is recognised in accordance with the “Guidance Note on Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961” issued by The Institute of Chartered Accountants of India.

**DEFERRED TAX:**

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/ virtually certain (as the case may be) to be realised.



## 20.8 EMPLOYEE BENEFITS:

- (i) Gratuity liability under the Payment of Gratuity Act, 1972, is a defined benefit obligation and is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (ii) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

## 20.9 PROVISIONS AND CONTINGENCIES:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

## 20.10 IMPAIRMENT OF ASSETS:

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss 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.

## 21 COMMITMENT

Estimated amount of contracts remaining to be executed on capital account is ₹ Nil (P.Y. ₹ 3,80,000) and Loan commitment in respect of the partly disbursed loans is ₹ 14,58,03,837 (P.Y. ₹ 9,73,32,874)

## 22 HOUSING LOANS:

Housing loans represents outstanding amount of housing loans disbursed to the borrowers. The non-housing loans represent the outstanding amount of the life insurance premium &



Property Insurance disbursed to the insurance company on behalf of the borrowers (wherever applicable).

All the above loans are secured by way of:

- (a) Equitable mortgage of property and / or
- (b) Any additional security and / or
- (c) Personal guarantees

The classifications of housing / non-housing loans have been made in accordance with the NHB Directions

### 23 AUDITOR'S REMUNERATION:

Particulars	Year ended 31 <sup>st</sup> March 2014 (₹)	Year ended 31 <sup>st</sup> March 2013 (₹)
Statutory Audit	3,50,000	2,25,000
Tax Audit	85,000	75,000
Certifications	4,15,225	90,000
Out Of Pocket Expenses	12,861	11,292
<b>Total</b>	<b>8,63,086</b>	<b>4,01,292</b>
Add : Service tax	1,06,424	12,520
<b>Total</b>	<b>9,69,510</b>	<b>4,13,812</b>

### 24 EARNINGS PER SHARE:

Particulars	Year ended 31 <sup>st</sup> March 2014 (₹)	Year ended 31 <sup>st</sup> March 2013 (₹)
Net Profit ( Loss)	1,28,80,111	(1,18,31,415)
Weighted average number of equity shares outstanding during the year.	3,64,21,712	2,38,53,356
Basic/Diluted Earnings per share (F.V of ₹ 10/- each)	0.35	(0.50)

### 25 PROVISION ON LOANS:

The company has made contingent provision against standard assets ₹ 1,15,09,558 ( P.Y. ₹ 39,82,839) being 0.40% on total outstanding loans as on March 31, 2014 as per NHB Directions. The Company has made a provision against sub-standard assets ₹ 34,17,343 (P.Y. ₹ Nil). Apart from the provision made on account of sub-standard assets all loans of the company on March 31, 2014 are classified as standard assets as per NHB Directions.



## 26. EMPLOYEE BENEFITS:

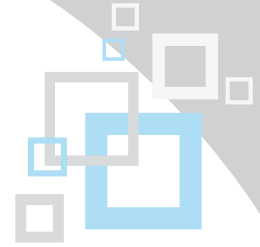
### Gratuity

The Company has accounted liability in respect of its gratuity obligation as on balance sheet date, as per the actuarial valuation required by Accounting Standard 15 “Employee Benefits”

i. Assumptions:	2013-2014	2012-2013
Discount rate [previous]	7.75%	0.00%
Rate of return on planned assets [previous]	0.00%	0.00%
Salary escalation [previous]	10.00%	0.00%
Attrition rate [previous]	25.00%	0.00%
Discount rate [current]	8.75%	7.75%
Salary escalation [current]	10.00%	10.00%
Attrition rate [current]	25.00%	25.00%
ii. Table showing change in the present value of defined Benefit obligation:	2013-2014	2012-2013
Present value of benefit obligation as at the beginning of the current period	2,78,820	-
Interest cost	21,609	-
Current service cost	2,09,322	2,78,820
Transitional liability incurred during the period	-	-
Past service cost [non vested benefit] incurred during the period	-	-
Past service cost [vested benefit] incurred during the period	-	-
Liability transferred in	-	-
(Liability transferred out)	-	-
(Benefit paid)	-	-
Actuarial (gains)/losses on obligations	1,12,661	-
Present value of benefit obligation as at the end of the current period	6,22,412	2,78,820
iii. Table of recognition of actuarial gains/losses:	2013-2014	2012-2013
Actuarial (gains)/losses on obligation for the period	1,12,661	-
Actuarial (gains)/losses on asset for the period	-	-
Subtotal	1,12,661	-
Actuarial (gains)/losses recognized in income & expenses statement	1,12,661	-



iv. Table of recognition of transitional liability:	2013-2014	2012-2013
Unrecognized transitional liability	-	-
At the start of the period	-	-
Transitional liability incurred during the period	-	-
(Transitional liability recognized during the period)	-	-
Unrecognized transitional liability at the end of the period	-	-
v. Amount recognized in the balance sheet:	2013-2014	2012-2013
Fair value of plan assets at the end of the period	-	-
(Present value of benefit obligation as at the end of the period)	(6,22,412)	(2,78,820)
Funded status	(6,22,412)	(2,78,820)
Unrecognized past service cost at the end of the period	-	-
Unrecognized transitional liability		
At the end of the period	-	-
Net (liability)/asset recognized in the balance sheet	(6,22,412)	(2,78,820)
vi. Expenses recognized in the income statement:	2013-2014	2012-2013
Current service cost	2,09,322	2,78,820
Interest cost	21,609	-
(Expected return on plan assets)	-	-
Actuarial (gains)/losses	1,12,661	-
Past service cost [non-vested benefit]	-	-
Recognized during the period	-	-
Past service cost [vested benefit]	-	-
Recognized during the period	-	-
Transitional liability recognized during the period	-	-
Expense recognized in P&L	3,43,592	2,78,820
vii. Balance sheet reconciliation:	2013-2014	2012-2013
Opening net liability	2,78,820	-
Expense as above	3,43,592	2,78,820
Net transfer in	-	-
(Net transfer out)	-	-
(Benefit paid)	-	-



(Benefit paid on account of settlements)	-	-
Net liability/(asset) recognized in the balance sheet	6,22,412	2,78,820
viii. Other details:	2013-2014	2012-2013
No of members	178	125
Salary pm	12,87,430	9,29,813
ix. Experience adjustment:	2013-2014	2012-2013
On plan liability (gains)/losses	1,44,498	-
On plan assets (losses)/gains	-	-
x. Table of fair value of plan assets:	2013-2014	2012-2013
Fair value of plan assets at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	-	-
Transfer from other company	-	-
Transfer to other company	-	-
(Benefit paid from the fund)	-	-
Actuarial gains/(losses) on plan assets	-	-
<b>Fair value of plan assets at the end of the period</b>	-	-
xi. Actual return on plan assets:	2013-2014	2012-2013
Expected return on plan assets	-	-
Actuarial gains/(losses) on plan assets	-	-
Actual return on plan assets	-	-
xii. Category of assets:	2013-2014	2012-2013
Government of India assets	-	-
Corporate bonds	-	-
Special deposit scheme	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurer managed funds	-	-
Other	-	-
<b>Total</b>	-	-



**MINIMUM ALTERNATE TAX**

During the year Company has recognized MAT credit entitlement of Rs. 46,23,237 in accordance with the "Guidance Note on Accounting for credit available in respect of Minimum Alternate Tax under the Income-tax Act, 1961" issued by The Institute of Chartered Accountants of India.

**27. RELATED PARTY DISCLOSURES:****1) Key Management Personnel**

1. Thomas John Muthoot - Director
2. Thomas George Muthoot - Director
3. Thomas Muthoot - Managing Director
4. Maneesh Srivastava - Chief Executive Officer

**2) Relatives of Key Management Personnel**

1. Remy Thomas - Wife of Thomas Muthoot
2. Neena George - Wife of Thomas George Muthoot
3. Preethi John Muthoot - Wife of Thomas John Muthoot
4. Janamma Thomas - Mother of All The Three Directors
5. Swati Srivastava - Wife of Maneesh Srivastava

**3) Enterprises in Which Key Managerial Personnel/Relative of Key Management Personnel Exercise Significant Influence**

1. Muthoot Fincorp Ltd. - Holding Company

## 27.1 TRANSACTIONS CARRIED OUT WITH THE RELATED PARTIES IN (24) ABOVE, IN ORDINARY COURSE OF BUSINESS

(IN ₹)

Transaction	Name of the Related Party	Key Managerial Personnel/Relative of Key Managerial Personnel		Enterprises in which Key Managerial Personnel exercise Significant influence		Total	
		Year ended 31-Mar-14	Year ended 31-Mar-13	Year ended 31-Mar-14	Year ended 31-Mar-13	Year ended 31-Mar-14	Year ended 31-Mar-13
Interest Paid on loan taken	Thomas John Muthoot	-	66,60,636	-	-	-	66,60,636
Rent & Amenities	Muthoot Fincorp Ltd	-	-	5,94,92,430	1,68,09,472	5,94,92,430	1,68,09,472
Referral Fees	Muthoot Fincorp Ltd	-	-	48,72,834	49,81,494	48,72,834	49,81,494
Space Sharing Income	Muthoot Fincorp Ltd	-	-	4,27,640	31,700	4,27,640	31,700
Allotment of Equity Shares including Premium	Muthoot Fincorp Ltd	-	-	(8,54,324)	(7,23,651)	(8,54,324)	(7,23,651)
	Thomas John Muthoot	-	2,42,42,400	-	-	-	2,42,42,400
	Thomas George Muthoot	-	2,42,42,400	-	-	-	2,42,42,400
	Thomas Muthoot	-	2,42,42,400	-	-	-	2,42,42,400
	Muthoot Fincorp Ltd	-	-	15,07,00,000	25,03,00,000	15,07,00,000	25,03,00,000
Loan Taken	Remy Thomas	-	18,200	-	-	-	18,200
	Neena George	-	18,200	-	-	-	18,200
	Preethi John Muthoot	-	18,200	-	-	-	18,200
	Janamma Thomas	-	18,200	-	-	-	18,200
	Thomas John Muthoot	-	(7,53,15,263)	-	-	-	(7,53,15,263)
Loan Repaid	Muthoot Fincorp Ltd	-	-	(49,00,00,000)	(54,03,00,000)	(49,00,00,000)	(54,03,00,000)
	Thomas John Muthoot	-	7,53,15,263	-	-	-	7,53,15,263
Closing Balances	Muthoot Fincorp Ltd	-	-	25,07,00,000	13,99,00,000	25,07,00,000	13,99,00,000
	Thomas John Muthoot	-	-	63,97,00,000	40,04,00,000	63,97,00,000	40,04,00,000
Bank Guarantees given By	Muthoot Fincorp Ltd	135,00,00,000	38,00,00,000	-	-	135,00,00,000	38,00,00,000
	Thomas Muthoot	-	-	-	-	-	-
	Thomas John Muthoot	-	-	-	-	-	-
	Thomas George Muthoot	-	-	-	-	-	-
Remuneration paid	Maneesh Srivastava	97,40,032	90,24,996	-	-	97,40,032	90,24,996
Outstanding Payable on Referral Fees	Muthoot Fincorp Ltd	-	-	1,53,540	31,700	1,53,540	31,700
Outstanding Receivable on account of space sharing	Muthoot Fincorp Ltd	-	-	(74,813)	(1,00,231)	(74,813)	(1,00,231)
Interest Payable	Thomas John Muthoot	-	66,60,636	-	-	-	66,60,636
Outstanding Interest on Loan taken as at year end	Muthoot Fincorp Ltd	-	-	65,94,604	84,93,182	65,94,604	84,93,182

\*\* Figures in ( ) represent income/ receipts



**28. CAPITAL TO RISK ASSET RATIO (CRAR):**

	Items	Year Ended 31 <sup>st</sup> March 2014	Year Ended 31 <sup>st</sup> March 2013
i)	CRAR (%)	33.71%	48.89%
ii)	CRAR - Tier I capital (%)	32.98%	48.30%
iii)	CRAR - Tier II Capital (%)	0.74%	0.59%

**29. EXPOSURE TO REAL ESTATE SECTOR:**

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;		
	A) Individual Housing Loan up to 15 lakhs	290,01,71,909	109,08,39,715
	B) Individual Housing Loan above 15 lakhs	0	0
	Total	290,01,71,909	109,08,39,715
(ii)	Commercial Real Estate	NIL	NIL
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	NIL	NIL
	a.) Residential	NIL	NIL
	b.) 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)	NIL	NIL

## 30 ASSETS LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from banks	91,63,602	91,63,602	1,00,25,602	5,53,82,211	12,17,16,788	49,47,24,309	49,47,24,309	43,31,19,049	10,15,78,731	3,82,84,000	1,76,78,82,203
Market Borrowings	30,51,572	32,79,437	31,66,626	96,62,601	2,10,22,120	9,94,97,257	**69,84,06,579	Nil	Nil	Nil	83,80,86,192
<b>Assets</b>											
Advances *	2,75,82,966	48,60,599	49,21,270	1,51,35,490	3,20,14,775	15,42,55,230	20,18,78,703	25,86,75,895	49,14,34,752	92,27,16,765	2,11,34,76,445
Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Details are given only in respect of the loans which are fully disbursed as on the balance sheet date because as per policy of the company, repayment by way of EMI for principal amount is commenced only in case of fully disbursed loan. Partly disbursed loans aggregate to ₹ 78,66,95,464 as on balance sheet date. Sub Standard Assets in respect of partly disbursed loans are included in maturity over six month to one year.

\*\* Represents Loan taken from Muthoot Fincorp Limited (Holding Company) and IFMR Capital Finance Pvt. Ltd.

31. In the opinion of the Board of Directors, all current assets, loans and advances would be realizable at least of an amount equal to the amount at which they are stated in the Balance sheet. There is no impairment in the Fixed Assets.

32. The Company is engaged in single segment of providing loans for purchase/construction of residential property and related activity as defined in Accounting Standard – 17, hence there are no other separate reportable segments.

33. The management is currently in the process of identifying enterprises, which have provided goods and services to the Company, about their status as Micro, Small or Medium enterprises as defined in Micro, Small and Medium Enterprises Development Act,

2006. Accordingly disclosures in respect of the amount payable to such enterprises as at 31<sup>st</sup> March 2014 have not been made in the financial statement.

34. During the Year ₹14,64,784 with respect to loan balance has been written off as bad debts as a consequence of fraud committed by one of the customer on the company.
35. The previous year figures have been reclassified and recomputed wherever required.
36. The Company was levied a penalty of ₹34,000 by the National Housing Bank for the delay in providing prior intimation of its intention to open Housing Finance Branches across various locations.
37. The Company is undertaking a migration of its processes from existing manual system to Universal Lending System software. The software would be integrated with an Enterprise Resource Planning platform which will provide an end to end automation of the Company's operational and financial processes.

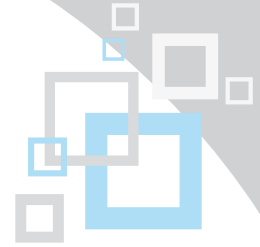
For and on behalf of the Board of  
Muthoot Housing Finance Company Limited

sd/  
Thomas Muthoot  
Managing Director

sd/  
Thomas John Muthoot  
Director

sd/  
S. Sumesh  
Company Secretary

Place: Trivandrum  
Date: 12<sup>th</sup> May 2014



### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014

Particulars	For the Year ended 31-Mar-14		For the Year ended 31-Mar-13	
<b>Cash Flow From Operating Activities</b>				
Profit Before Taxation	1,18,59,393		(1,21,84,646)	
Add				
1) Depreciation	20,50,099		5,87,048	
2) Loss on Assets Write Off	19,503		-	
3) Provision on standard assets	71,46,199		39,82,329	
4) Provision on sub - standard assets	34,17,343		-	
	1,26,33,144		45,69,375	
<b>OPERATING PROFIT</b>		2,44,92,537		(76,15,271)
Adjustment For:				
1) (Increase)/Decrease In Short Term Loans & Advances	(6,80,33,616)		(2,92,46,010)	
2) (Increase)/Decrease In Long Term Loans & Advances	(1,74,29,26,038)		(96,63,03,527)	
3) (Increase)/Decrease In Other Non Current Assets	(2,40,00,000)		(1,43,00,000)	
4) Increase/(Decrease) in Other Current Liabilities	22,21,23,057		3,98,85,590	
5) Increase/(Decrease) in Short Term Provision	51,34,197		22,67,946	
6) Increase/(Decrease) in long term provisions	(32,52,425)		1,60,309	
7) Increase/(Decrease) in long term borrowings	1,60,44,32,982		68,05,85,990	
8) Increase/(Decrease) in Short term borrowings	(1,72,82,480)		2,05,42,615	
9) (Increase)/Decrease in other current assets	(1,92,62,107)		(33,35,766)	
		(4,30,66,431)		(26,97,42,853)
<b>CASH GENERATED FROM OPERATIONS</b>		(1,85,73,895)		(27,73,58,124)
<b>Taxes Paid</b>		-		-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		(1,85,73,895)		(27,73,58,124)



<b>Cash Flow From Investing Activities</b>				
Purchase of Fixed Assets		(85,54,793)		(24,48,561)
(Increase) / Decrease in Intangible Assets under development		37,08,420		(17,13,420)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(48,46,373)</b>		<b>(41,61,981)</b>
<b>Cash Flow From Financing Activities</b>				
Proceeds from Issue of Shares		6,85,00,000		23,37,00,000
Receipts of Share Premium on issue of Shares		8,22,00,000		8,94,00,000
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>15,07,00,000</b>		<b>32,31,00,000</b>
<b>NET CASH FLOW FOR THE PERIOD</b>		<b>12,72,79,732</b>		<b>4,15,79,895</b>
<b>Cash &amp; Cash Equivalents as at beginning of year</b>				
Cash on hand		17,670		10,448
Cheque on hand		-		68,906
Bank balance in current account		7,67,39,058		3,01,12,539
Fixed Deposit (less than 3 month Maturity)		-		49,84,940
<b>Total Cash &amp; Cash Equivalents as at beginning of year</b>		<b>7,67,56,728</b>		<b>3,51,76,833</b>
<b>Cash &amp; Cash Equivalents as at end of year</b>				
Cash on hand		3,74,040		17,670
Cheque on hand		-		-
Bank balance in current account		20,36,62,420		7,67,39,058
Fixed Deposit (less than 3 month Maturity)		-		-
<b>Total Cash &amp; Cash Equivalents as at end of year</b>		<b>20,40,36,460</b>		<b>7,67,56,729</b>

As per our attached report of even date

For Haribhakti & Co.  
Chartered Accountants

sd/-  
Sumant Sakhardande  
Partner

Place : Mumbai  
Date : 14<sup>th</sup> May 2014

For and on behalf of the Board of  
Muthoot Housing Finance Company Limited

sd/-  
Thomas Muthoot  
Managing Director

Place : Trivandrum  
Date : 12<sup>th</sup> May 2014

sd/-  
Thomas John Muthoot  
Director

sd/-  
S. Sumesh  
Company Secretary



## DIRECTORS' REPORT

### To the Members,

Your directors are pleased to present the 22<sup>nd</sup> Annual Report along with the Audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2014.

### 1. Financial Highlights

	(Rs. in Lakhs) 31.03.2014	(Rs. in Lakhs) 31.03.2013
Profit before tax	(9.67)	(3.95)
Provision for taxation	(2.99)	(0.54)
Profit after tax	(6.68)	(3.41)

The Company did not transact any business during the year under report except the receipt of repayments made against loans disbursed earlier since the permission from Reserve Bank of India (RBI) for the name change from Panchratna Securities Ltd to Muthoot Microfin Ltd. has not been received. The Company is following up the matter with RBI.

### 2. Dividend

In view of the loss for the current financial year, your directors do not propose to declare any dividend for the year.

### 3. Change in Capital Structure:

The Company made a preferential allotment of 550,000 equity shares of Rs. 10 each fully paid up to Muthoot Fincorp Limited, the Holding Company on January 15, 2014. With this allotment, the total paid up capital of the Company has increased to Rs. 5,50,00,000 comprising of 55,00,000 equity shares of Rs. 10 each.

### 4. Directors

During the period Mr. Thomas Muthoot, Mr. Thomas John Muthoot and Mr. Thomas George Muthoot, resigned as Directors of the Company with effect from September 9, 2013. The Board places on record its appreciation of the valuable advice and guidance given by Mr. Thomas Muthoot, Mr. Thomas John Muthoot and Mr. Thomas George Muthoot.

Mr. George Lamannil, Mr. Sabu Zacharias K and Mr. Maneesh Srivastava were appointed as Additional Directors of the Company with effect from September 9, 2013 under section 260 of the Companies Act, 1956 (corresponding to Section 161 of Companies Act, 2013) and subject to Article No. 125 of Articles of Association of the Company to hold office up to the ensuing Annual General Meeting of the Company.

### 5. Directors' Responsibility Statement

Directors' responsibility statement on the Annual Accounts of the Company for the year ended 31.03.2014, pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956:

Your Directors confirm:

i) that in the preparation of the annual accounts, the applicable Accounting Standards have been



followed along with proper explanation relating to material departures;

ii) that 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 as at 31<sup>st</sup> March, 2014 and of the profit or loss of the Company for that period;

iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv) that they had prepared the annual accounts on a going concern basis.

## 6. Auditors

M/s.JVR & Associates, Chartered Accountants hold office until the conclusion of the 22<sup>nd</sup> annual general meeting and are eligible for re - appointment for a further term of 5 years as per Section 139(1) of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014. Your Directors recommend that M/s. JVR & Associates, Chartered Accountants be appointed as Statutory Auditors for a further period of 5 years commencing from the conclusion of the 22<sup>nd</sup> Annual General Meeting to the conclusion of the 27<sup>th</sup> Annual General Meeting, on remuneration to be fixed by the Board.

## 7. Compliances with the Guidelines:

We confirm that we have not accepted any deposits from the public. The company has also complied with all the applicable regulations issued by RBI from time to time.

## 8. Technology Absorption, Conservation of Energy, Foreign Exchange Earnings and Outgo:

As per Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, given below is the additional information.

A. Conservation of Energy: All care is being taken to ensure that the energy consumption is minimised to the lowest possible levels.

B. Technology Absorption - NA

C. Foreign Exchange earnings & Outgo

Foreign Exchange Earnings - Nil

Foreign Exchange Outgo - Nil

## 9. Particulars of Employees

None of the employees of the company are coming under the purview of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011.

## 10. Acknowledgment

Your Directors wish to place on record their appreciation for the assistance, co-operation and guidance received by the Company from the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Kerala and other Regulatory Authorities and Bankers during the year under review and look forward to their continued support. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Employees of the Company.

Kochi  
April 28, 2014

For and on behalf of the Board  
sd/-  
George Lamannil  
Chairman



JVR & ASSOCIATES  
Chartered Accountants  
www.jvr\_cas.com

No. 39/3639 Valanjambalam Lane,  
South of South Over Bridge Kochi - 682016  
Ph:- 0484 - 2356314, Fax:- 4011 415  
E-mail: mail@jvr\_cas.com

## INDEPENDENT AUDITOR'S REPORT

The Members of  
MUTHOOT MICROFIN LIMITED  
Mumbai

### Report on the Financial Statements

We have audited the accompanying financial statements of **MUTHOOT MICROFIN LIMITED**, which comprise the Balance Sheet as at March 31<sup>st</sup>, 2014, and the Statement of Profit and Loss for the year then ended, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

### *Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the





financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- b) In the case of the Profit and Loss Account, of the loss for the year ended on that date;
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards, notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For JVR & ASSOCIATES**  
Chartered Accountants  
(F. R. No. 011121S)

Place: Kochi-16  
Date : 28.04.2014

sd/-  
**SHAWN JEFF CHRISTOPHER**  
Partner  
M.No.216926

JVR & ASSOCIATES  
Chartered Accountants  
www.jvr\_cas.com

No. 39/3639 Valanjambalam Lane,  
South of South Over Bridge Kochi - 682016  
Ph:- 0484 - 2356314, Fax:- 4011 415  
E-mail: mail@jvr\_cas.com

## **The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Muthoot Microfin Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2014.**

In terms of Companies (Auditor's Report) Order 2003, issued by the Government of India, in terms of section 227 (4A) of The Companies Act, 1956, we further report, on the matters specified in paragraph 4 and 5 of the said Order, to the extent applicable to the Company, that:

1. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
2. The fixed assets have been physically verified by the management during the year. We are informed that no serious discrepancies have been noticed by the management on such verification as compared to the aforesaid records of fixed assets.
3. During the year, there was no major disposal of fixed assets that has affected the going concern.
4. The company does not carry stocks of material values.
5. The company has not granted loans to any party covered in the register maintained under Section 301 of The Companies Act, 1956.
6. The following are the particulars of loans taken by the company from companies, firms and other parties covered in the register maintained under Section 301 of The Companies Act, 1956.

Sl No.	Name of the Party	Relationship	Loan taken	Loan Repaid	Closing Balance
1	Thomas George Muthoot	Director	5,000.00	5,000.00	Nil
2	Thomas Muthoot	Director	15,00,000.00	15,00,000.00	Nil

The terms and conditions of the above loans are not, prima facie prejudicial to the interests of the company.

7. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchases of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct weaknesses in internal controls.
8. Since the company is not involved in manufacturing activities, no cost records has been maintained by the company as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
9. Based on the audit procedures applied by us, we are of the opinion that the particulars of contracts or arrangements referred to Section 301 of the Act have been entered in the register required to be maintained under that Section.
10. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of five lakhs rupees in respect of any party during the year

have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

11. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
12. The company has not accepted any deposit from the public.
13. According to the records of the company, the company has been generally regular in depositing undisputed statutory dues with the appropriate authorities.
14. According to the information and explanations given to us, there are no undisputed statutory dues which are outstanding as on 31<sup>st</sup> March, 2014, for a period of more than six months from the date they became payable.
15. According to the records of the company, there are no statutory dues which have not been deposited on account of any dispute.
16. The company has incurred a cash loss during the financial year covered by our audit and the immediately preceding financial year.
17. The company has not taken any term loans during the year.
18. The company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities.
19. The company has not given any guarantee for loans taken by others from banks or financial institutions.
20. According to the information and explanations given to us, the company is not a chit fund or a nidhi / mutual benefit fund/ society.
21. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
22. On the basis of an overall examination of the Balance Sheet of the company, no funds raised on a short term basis, have been used for long term investments.
23. The company has made preferential allotment of shares during the year and the price at which the shares have been issued is not prejudicial to the interest of the company.
24. The company has not issued any debentures during the year.
25. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For JVR & ASSOCIATES**  
Chartered Accountants  
(F. R. No. 011121S)

Place : Kochi-16  
Date : 28.04.2014

sd/-  
**SHAWN JEFF CHRISTOPHER**  
Partner  
M.No.216926



## MUTHOOT MICROFIN LIMITED

Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai.

### BALANCE SHEET AS AT 31.03.2014

Particulars	Notes	Current Year	Previous Year
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	55,000,000.00	50,000,000.00
(b) Reserves and Surplus	4	(701,060.15)	(32,619.11)
<b>(2) Non Current Liabilities</b>			
(a) Long Term Provisions	5	-	18,929.42
<b>(3) Current Liabilities</b>			
(a) Short term borrowings	6	-	1,505,000.00
(b) Trade Payables	7	964,799.00	882,071.00
(c) Other current liabilities	8	16,206.00	72,649.00
(d) Short-term provisions	9	-	285,682.00
<b>Total</b>		<b>55,279,944.85</b>	<b>52,731,712.31</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	43,075.56	68,391.31
(b) Deferred Tax Asset		353,727.74	54,815.61
<b>(2) Current Assets</b>			
(a) Cash and Cash Equivalents	11	53,587,655.41	17,967,239.81
(b) Short Term Loans & Advances	12	413,931.65	34,528,811.95
(c) Other Current Assets	13	881,554.50	112,453.63
<b>Total</b>		<b>55,279,944.86</b>	<b>52,731,712.31</b>

As per our report of even dated attached  
For JVR & Associates  
Chartered Accountants

sd/-  
George Lamannil  
Director

sd/-  
Sabu Zakharias Kuncheria  
Director

sd/-  
Neethu Ajay  
Company Secretary

sd/-  
Shawn Jeff Christopher  
Partner

Place : Kochi  
Date : 28.04.2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

Particulars	Notes	Current Year	Previous Year
<b>I. Revenue</b>			
Revenue from operations	14	2,281,633.00	4,271,669.00
Other Income	15	2,404,608.17	1,084,704.48
<b>Total Revenue</b>		<b>4,686,241.17</b>	<b>5,356,373.48</b>
<b>II. Expenses:</b>			
Employee Benefits	16	3,081,102.58	3,223,827.42
Finance Cost	17	256,517.00	0.00
Depreciation and amortization expense	10	25,315.75	18,783.69
Other expenses	18	2,290,659.00	2,509,226.16
<b>Total Expenses</b>		<b>5,653,594.33</b>	<b>5,751,837.27</b>
III. Profit before tax		(967,353.16)	(395,463.79)
IV. Tax expense - Current Tax		-	
Deferred tax		298,912.13	54,815.61
V. Profit/(Loss) for the period		<b>(668,441.03)</b>	<b>(340,648.18)</b>
VI. Earning per equity share - Basic & Diluted		<b>(0.13)</b>	<b>(0.13)</b>

As per our report of even dated attached

For JVR & Associates  
Chartered Accountantssd/-  
George Lamannil  
Directorsd/-  
Sabu Zakharias Kuncheria  
Directorsd/-  
Neethu Ajay  
Company Secretarysd/-  
Shawn Jeff Christopher  
PartnerPlace : Kochi  
Date : 28.04.2014



## MUTHOOT MICROFIN LIMITED

Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai.

### NOTES ON FINANCIAL STATEMENTS

#### 1. Background

The company was incorporated on 06.04.1992 and is primarily engaged in the business of microfinance services and providing credit facilities to its clients.

#### 2. Significant Accounting Policies

The significant Accounting Policies followed by the company are as stated below:

##### General

The financial statements are prepared under historical cost convention. These statements have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of The Companies Act, 1956.

##### Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation.

##### Depreciation

Depreciation has been provided on fixed assets under Written Down Value at the rates and in the manner given under Schedule XIV to The Companies Act, 1956.

##### Revenue Recognition

Revenue from Interest Income is recognised on a time proportion basis.

##### Employee Benefits

- a. Short term employee benefits such as salaries, wages, bonus and incentives which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit and loss account.
- b. Defined Contribution Plan: Contributions made to the Recognised Provident Fund & Employee State Insurance Corporation are expensed to the Profit & Loss Account.
- c. Defined Benefit Plan: The company is not statutorily required to make any such contribution.

##### Taxes on Income

Income tax expense comprises current tax and deferred tax charge or credit. The current tax is determined as the amount of tax payable in respect of the estimated taxable income of the period. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there are unabsorbed depreciation or carry forward losses, deferred tax asset is recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets are reviewed at each Balance Sheet date based on the developments during the year and available case laws, to reassess realisation/liabilities.

##### Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing the value in use; the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

##### Segment Reporting

In the absence of more than one distinguishable business/ geographical segment, segment information is not given.



### Provisions, Contingent Liabilities and Contingent Assets

The company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

	Current Year	Previous Year
<b>3. SHARE CAPITAL</b>		
<b><u>A. Authorised</u></b>		
100,00,000 equity shares of Rs. 10/- each (Previous year 100,00,000 equity shares of Rs. 10/- each)	100,000,000.00	100,000,000.00
	<b>100,000,000.00</b>	<b>100,000,000.00</b>
<b><u>B. Issued, Subscribed and Paid-up</u></b>		
55,00,000 equity shares of Rs. 10/- each fully paid-up (Previous year 50,00,000 equity shares of 10 each fully paid up)	55,000,000.00	50,000,000.00
	<b>55,000,000.00</b>	<b>50,000,000.00</b>

#### Shares held by shareholders holding more than 5% shares

	Current Year		Previous Year	
Name	Number of shares	% of share holding	Number of shares	% of share holding
Muthoot Fincorp Limited	5,200,000	94.55	4,700,000	94.00

#### Reconciliation of number of equity shares

Particulars	Number	Amount	Number	Amount
Balance at the beginning of the year	5,000,000.00	50,000,000.00	300,000.00	3,000,000.00
Shares issued during the year	500,000.00	5,000,000.00	4,700,000.00	47,000,000.00
Balance at the end of the year	5,500,000.00	55,000,000.00	5,000,000.00	50,000,000.00

<b>4. RESERVES &amp; SURPLUS</b>		
<b>Profit and Loss Account</b>		
Balance at the beginning of the period	(78,491.11)	262,157.07
Add : Profit/Loss for the year	(668,441.03)	(340,648.18)
Less : Transfer to Special Reserve	-	-



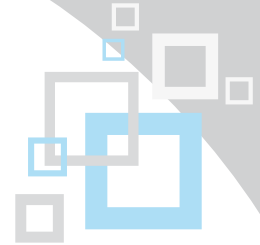
Balance at the end of the year	(746,932.15)	(78,491.11)
<b>Special Reserve</b>		
Balance at the beginning of the year	45,872.00	45,872.00
Add : Transfer from Profit & Loss Account	-	-
Balance at the end of the year	45,872.00	45,872.00
<b>5. LONG TERM PROVISIONS</b>		
Provision for Gratuity	-	18,929.42
	-	18,929.42
<b>6. SHORT TERM BORROWINGS</b>		
Loan from Director/Shareholders (Unsecured)	-	1,505,000.00
	-	1,505,000.00
<b>7. TRADE PAYABLES</b>		
Sundry Creditors:		
- For Expenses	964,799.00	882,071.00
	964,799.00	882,071.00
<b>8. OTHER CURRENT LIABILITIES</b>		
Other Liabilities	16,206.00	72,649.00
	16,206.00	72,649.00
<b>9. SHORT - TERM PROVISIONS</b>		
Provision for Loans	-	285,682.00
	-	285,682.00
<b>11. CASH AND CASH EQUIVALENTS</b>		
Balances with Banks - in Current Accounts	8,783,121.41	2,967,238.81
- in Fixed Deposits	44,804,534.00	15,000,001.00
	53,587,655.41	17,967,239.81

	Current Year	Previous Year
<b>12. SHORT TERM LOANS AND ADVANCES</b>		
Loans & Advances (Unsecured, considered good)	-	28,568,249.00
Advance to Muthoot Fincorp Limited	-	5,752,532.00
Other Loans & Advances (Unsecured, considered good)	25,000.00	59,561.00





Security Deposits	40,000.00	40,000.00
Tax Deducted at Source	348,931.65	108,469.95
	<b>413,931.65</b>	<b>34,528,811.95</b>
<b>13. OTHER CURRENT ASSETS</b>		
Interest Accrued on Loans	-	80,646.00
Interest Accrued on Fixed Deposit	881,554.50	31,807.63
	<b>881,554.50</b>	<b>112,453.63</b>
<b>14. REVENUE FROM OPERATIONS</b>		
Interest on loans	2,281,633.00	3,822,441.00
Processing fees	-	449,228.00
	<b>2,281,633.00</b>	<b>4,271,669.00</b>
<b>15. OTHER INCOME</b>		
Interest on Fixed Deposit	2,404,608.17	1,084,704.48
	<b>2,404,608.17</b>	<b>1,084,704.48</b>
<b>16. EMPLOYEE BENEFITS</b>		
Salaries & Allowances	2,787,150.58	2,864,669.42
Employer's contribution to Employee's State Insurance	104,343.00	111,882.00
Employer's contribution to Employee's Provident Fund	189,609.00	247,276.00
	<b>3,081,102.58</b>	<b>3,223,827.42</b>
<b>17. FINANCE COST</b>		
Interest on loan	256,517.00	-
	<b>256,517.00</b>	<b>-</b>
<b>18. OTHER EXPENSES</b>		
Payments to the Auditor as		
(a) Auditor	56,180.00	56,180.00
(b) For Taxation matters	-	-
(c) For Management Services	30,899.00	20,225.00
Rent, Rates & Taxes	845,691.00	1,133,340.00
Professional Charges	31,716.00	97,446.00
Travelling Expenses	558,457.00	759,310.00
Miscellaneous Expenses	767,716.00	442,725.16
	<b>2,290,659.00</b>	<b>2,509,226.16</b>



<b>19. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>	Nil	Nil
20. The company has applied for NBFC-MFI status with Reserve Bank of India and the application is still under process.		
21. On 06.11.2012, the name of company is changed to Muthoot Microfin Limited. The application for name approval is under process with Reserve Bank of India. The company has not carried on any business of lending after 06.11.2012.		
22. In the opinion of the management, the current assets, loans and advances shall realise the value as shown in the balance sheet, if realised in the normal course of business.		
23. Balance of creditors & loans and advances are subject to confirmation/reconciliation.		

#### **24. RELATED PARTY DISCLOSURES**

##### **Name of the related party and nature of relationship where control exists Key Management Personnel**

George Lamannil  
 Sabu Zakharias Kuncheria  
 Maneesh Srivastava  
 Thomas George Muthoot (Erstwhile director)  
 Thomas John Muthoot (Erstwhile director)  
 Thomas Muthoot (Erstwhile director)

##### **Holding Company**

Muthoot Fincorp Limited

##### **Transactions with related parties as per the books of account during the period**

	Current Year	Previous Year
<b>(a) Thomas George Muthoot</b>		
Rent	171,000.00	110,832.00
Loan Taken	-	5,000.00
Loan Repaid	5,000.00	-
Interest	1,065.00	-
<b>(b) Thomas John Muthoot</b>		
Rent	171,000.00	110,832.00
<b>(c) Thomas Muthoot</b>		
Rent	171,012.00	110,836.00
Loan Taken	-	1,500,000.00
Loan repaid	1,500,000.00	-
Interest	255,452.00	-
<b>(d) Muthoot Fincorp Limited</b>		
Fund balance	(30,927,920.00)	(5,752,532.00)
Fund received (net)	35,556,174.00	-
Interest	732,826.00	-
Rent	129,832.00	240,241.00
Service Charge	21,379.00	-
<b>Balance Outstanding as at 31.03.2014</b>	<b>Current Year</b>	<b>Previous Year</b>
Thomas George Muthoot	281,832.00	115,832.00
Thomas John Muthoot	281,832.00	110,832.00
Thomas Muthoot	281,848.00	1,610,832.00
Muthoot Fincorp Limited	-	(5,512,291.00)



**25. DISCLOSURE IN ACCORDANCE WITH AS 15 ON EMPLOYEE BENEFITS****Defined Contribution Plans**

Particulars	Current Year	Previous Year
Contribution to Employee's State Insurance	104,343.00	111,882.00
Contribution to Recognised Provident Fund	189,609.00	247,276.00
<b>TOTAL</b>	<b>293,952.00</b>	<b>359,158.00</b>

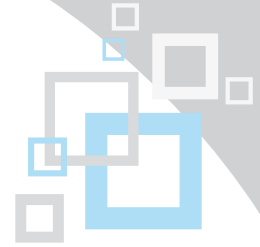
**26. BASIC & DILUTED EARNINGS PER SHARE (EPS), OF FACE VALUE RS.10/- HAS BEEN CALCULATED AS UNDER :-**

<u>Numerator</u>		
Profit/(Loss) for the period	(668,441.03)	(340,648.18)
<u>Denominator</u>		
Weighted average number of equity shares outstanding during the period	5,104,160	2,656,400
<b>Earnings per Share -Basic &amp; Diluted</b>	<b>(0.13)</b>	<b>(0.13)</b>

**27. COMPONENTS OF DEFERRED TAX ASSET**

Head of Account	01.04.2013	Current Period		31.03.2014
	<b>DTA</b>	<b>Asset</b>	<b>Liability</b>	<b>DTA</b>
Depreciation	(6,778.71)	235.36		(6,543.34)
Unabsorbed Business loss	43,162.26	296,938.75		340,101.01
Unabsorbed depreciation	12,582.87	7,587.21		20,170.07
Provision for Gratuity	5,849.19		5,849.19	0.00
	<b>54,815.61</b>	<b>304,761.32</b>	<b>5,849.19</b>	<b>353,727.74</b>

	Current Year	Previous Year
<b>28. ADDITIONAL INFORMATION</b>		
a) CIF Value of imports made during the year	Nil	Nil
b) FOB value of exports	Nil	Nil
c) Earnings in foreign exchange	Nil	Nil
d) Expenditure in foreign currency	Nil	Nil
e) Amount remitted during the year in foreign currency	Nil	Nil


**29. THE DETAILS OF PROVISIONS AS PER AS 29 ARE GIVEN BELOW:**

Particulars	Opening Balance	Additions/ (Reversals)	Closing Balance
Provision for Business Loans	285,682.00	-285,682.00	0.00
Provision for Gratuity	18,929.42	(18,929.42)	0.00

30. The management has initiated the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. The company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.
31. Previous year figures have been regrouped /reclassified wherever necessary to suit the current year's layout.

For JVR & ASSOCISTES  
Chartered Accountants

sd/-  
**George Lamannil**  
Director

sd/-  
**Sabu Zakharias Kuncheria**  
Director

sd/-  
**Neethu Ajay**  
Company Secretary

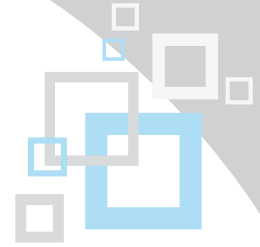
sd/-  
**Shawn Jeff Christopher**  
Partner

Place : Kochi  
Date : 28.04.2014



**MUTHOOT MICROFIN LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2014**

Particulars	Current Year	Previous Year
<b><u>A. Cashflow from Operating Activities</u></b>		
a. Net Loss before tax and extra ordinary items	(967,353.16)	(395,463.79)
Adjustments for:-		
Provision for Bad Debts (reversed)	(285,682.00)	285,682.00
Interest received	(1,523,053.67)	(972,250.85)
Accrued Interest	(881,554.50)	(112,453.63)
Interest paid	256,517.00	-
Depreciation	25,315.75	18,783.69
Provision for expenses	964,799.00	882,071.00
Provision for Gratuity (reversed)	(18,929.42)	18,929.42
<b>b. Operating Profit before Working Capital changes</b>	<b>(2,429,941.00)</b>	<b>(274,702.16)</b>
Adjustments for:-		
Trade and Other Receivables	33,345,779.43	(34,595,987.58)
Trade and Other Payables	(938,514.00)	(16,451.00)
<b>c. Cash Generation from Operations</b>	<b>29,977,324.43</b>	<b>(34,887,140.74)</b>
Interest Paid	-	-
Provision for Taxation	-	-
Cashflow before Extraordinary Items	29,977,324.43	(34,887,140.74)
Extraordinary Items	-	-
<b>d. Net Cash from Operating Activities</b>	<b>29,977,324.43</b>	<b>(34,887,140.74)</b>
<b><u>B. Cash flow from Investing Activities</u></b>		
a. Purchase of Fixed Assets	-	(87,175.00)
b. Investments	-	-
c. Interest Received	2,404,608.17	1,084,704.48



d. Sale of Fixed Assets	-	-
<b>e. Net Cash from Investing Activities</b>	<b>2,404,608.17</b>	<b>997,529.48</b>
<b>C. Cashflow from Financing Activities</b>		
a. Proceeds from Issue of Share Capital / Conversion	5,000,000.00	47,000,000.00
b. Proceeds from Borrowings / Conversion	-	1,500,000.00
c. Loan Repaid	(1,505,000.00)	-
d. Interest paid	(256,517.00)	-
<b>e. Net Cash from Financing Activities</b>	<b>3,238,483.00</b>	<b>48,500,000.00</b>
<b>D. Net increase / decrease in cash or cash equivalents(A+B+C)</b>	<b>35,620,415.60</b>	<b>14,610,388.74</b>
Cash & Cash equivalents Opening	17,967,239.81	3,356,851.07
Cash & Cash equivalents Closing	53,587,655.41	17,967,239.81

Notes:

- 1) Comparative figures have been regrouped wherever necessary.
- 2) The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India

As per our report of even date attached

For JVR & Associates  
Chartered Accountants

sd/-  
George Lamannil  
Director

sd/-  
Sabu Zakharias Kuncheria  
Director

sd/-  
Neethu Ajay  
Company Secretary

sd/-  
Shawn Jeff Christopher  
Partner

Place : Kochi  
Date : 28.04.2014



**10. TANGIBLE ASSETS**

Particulars	Cost			Depreciation		Net Carrying Amount	
	As at 01.04.2013	Additions/ (Deletions)	As at 31.03.2014	Upto 31.03.2013	For the period Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
1. Computer & Accessories	78,500.00	-	78,500.00	17,930.74	24,227.70	36,341.56	60,569.26
2. Office Equipments	8,675.00	-	8,675.00	852.95	1,088.05	6,734.00	7,822.05
<b>TOTAL</b>	<b>87,175.00</b>	<b>-</b>	<b>87,175.00</b>	<b>18,783.69</b>	<b>25,315.75</b>	<b>43,075.56</b>	<b>68,391.31</b>



## DIRECTORS' REPORT

To

The Members,  
Muthoot Pappachan Technologies Limited

Your Directors have pleasure in presenting the Second Annual Report of the Company for the period ended March 31, 2014.

### 1. FINANCIAL HIGHLIGHTS

	(Rs in Lakhs) 31.03.2014	(Rs in Lakhs) 31.03.2013
Profit before tax	(98.56)	(22.72)
Tax Expense	(30.78)	0.16
Profit after tax	(67.78)	(22.88)

### 2. SHARE CAPITAL

The Authorised and Paid-up Share Capital of the Company as on 31.03.2014 was Rs.5,00,000 consisting of 50,000 equity shares of Rs. 10 each.

### 3. DIRECTORS

The Board of Directors consists of Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot. There was no change in the constitution of the Board of Directors of the Company during the year under report.

### 4. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions in Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- in the preparation of the annual accounts, the 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;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- they had prepared the Annual Accounts on a going concern basis.





## 5. AUDITORS

M/s. S. Suresh Kumar and Associates, Chartered Accountants hold office until the conclusion of the 2nd Annual General Meeting and are eligible for re – appointment for a further term of 5 years as per Section 139(1) of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014. Your Directors recommend that M/s.S.Suresh Kumar and Associates, Chartered Accountants be appointed as Statutory Auditors for a further period of 5 years commencing from the conclusion of the 2nd Annual General Meeting to the conclusion of the 7th Annual General Meeting, on remuneration to be fixed by the Board.

## 6. DISCLOSURES

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in regard to (a) Conservation of Energy (b) Technology Absorption and (c) Foreign Exchange earnings and outgo are not applicable to the company in view of the nature of the business of the company and as the Company had no transaction during the relevant period relating to Foreign Exchange.

## 7. PARTICULARS OF EMPLOYEES

Section 217(A) of the Companies Act 1956 read with Companies, (Particulars of Employees) Rules 1975 is not applicable to your Company as none of the employees were in receipt of remuneration of more than Rs. 5,00,000/- per month or Rs.60,00,000/- per annum during the period under review.

## 8. ACKNOWLEDGEMENT

Your Directors place on record, their gratitude to the Central and State Governments, their Departments, Registrar of Companies, Kerala, other regulatory authorities, Bankers, other institutions and shareholders for their continued assistance and support during the period. The Directors also express their appreciation for the valuable services rendered by employees of the Company.

For and on behalf of the Board

sd/-  
**Thomas John Muthoot**  
Director

sd/-  
**Thomas George Muthoot**  
Director

sd/-  
**Thomas Muthoot**  
Director

Trivandrum  
May 28, 2014



S Suresh Kumar & Associates  
Chartered Accountants

T.C. 25/3148 (2), Malloor Road  
Vanchiyoor P.O. Trivandrum - 695 035  
Mob: 9995943444, Ph: 0471-2476430  
E-mail: ssktvp@gmail.com

## **INDEPENDENT AUDITORS' REPORT**

### **The Members of Muthoot Pappachan Technologies Limited.**

We have audited the accompanying financial statements of **Muthoot Pappachan Technologies Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date;



and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M/s S.Suresh Kumar & Associates  
Chartered Accountants  
Firm Registration No. 012111S

Sd/-  
CA.S.Suresh Kumar  
Chartered Accountant  
Membership No . 219403

Place:Trivandrum  
Date: 28/05/2014



S Suresh Kumar & Associates  
Chartered Accountants

T.C. 25/3148 (2), Malloor Road  
Vanchiyoore P.O. Trivandrum - 695 035  
Mob: 9995943444, Ph: 0471-2476430  
E-mail: ssktvp@gmail.com

## Annexures to Auditors' Report

The Annexure referred to in paragraph 1 of the Our Report of even date to the members **Muthoot Pappachan Technologies Limited** on the accounts of the company for the year ended 31<sup>st</sup> March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, no inventories exist during the year ended 31<sup>st</sup> March 2014. Therefore the clause 2 (b) and (c) are not applicable.
3. In respect of loans / deposits taken from or to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, we report that:
  - a) The company has not granted any loans, secured or unsecured, to any party covered in the register maintained under section 301 to the Companies Act, 1956
  - b) During the year the company has taken unsecured loans from one of the parties covered in the register maintained under section 301 to the Companies Act, 1956.
  - c) In our opinion and according to the information and explanation given to us, the rate of interest, and other terms & conditions of the above loans are not prima facie prejudicial to the interest of the company.
  - d) The repayment of above said loans & payment of interest are regular and no material discrepancies were observed.
  - e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses



& for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act, is at reasonable amount.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act is not applicable and we are also in the opinion that prima facie the above described cost records are not applicable
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company have an accumulated loss of Rs. 83,64,012.08/- and has incurred cash loss of Rs. 95,38,272.14/- during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.



14. According to information and explanations given to us, the Company not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For M/s S.Suresh Kumar & Associates  
Chartered Accountants  
Firm Registration No. 012111S

Sd/-  
CA.S.Suresh Kumar  
Chartered Accountant  
Membership No . 219403

Place:Trivandrum  
Date: 28/05/2014



## MUTHOOT PAPPACHAN TECHNOLOGIES LIMITED

**Reg Office: Muthoot Center, Punnen Road, Trivandrum**

### BALANCE SHEET AS AT 31ST MARCH 2014

No.	PARTICULARS	Note No	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
	<b>Equity and Liabilities</b>			
	<b>Shareholder's funds</b>			
a)	Share Capital	2.1	500,000.00	100,000.00
b)	Reserves & Surplus	2.2	(8,364,012.08)	(2,288,333.48)
	<b>Share application money pending allotment</b>			
	<b>Non-current liabilities</b>			
a)	Long Term Borrowings	2.3	68,567,628.00	5,204,547.00
b)	Deferred tax liabilities		-	15,772.66
	<b>Current Liabilities</b>			
a)	Trade payables		-	-
b)	Other Current Liabilities	2.4	3,876,211.90	284,317.00
	<b>Total</b>		<b>64,579,827.82</b>	<b>3,316,303.18</b>
	<b>Assets</b>			
	<b>Non-current assets</b>			
a)	Fixed Assets			
i)	Tangible assets	2.15	1,164,042.93	1,197,954.18
ii)	Tangible assets under development		1,201,803.00	-
iii)	Intangible assets under development		35,004,742.96	-
b)	Deferred tax Asset	2.10	3,764,546.13	-
c)	Long-term loan & advances	2.6.2	3,586,912.00	680,000.00
	<b>Current assets</b>			
a)	Inventories		-	-
b)	Cash & Cash equivalents	2.5	1,679,894.90	1,315,900.00
c)	Short-term loan & advances	2.6.1	18,177,885.90	122,449.00
	<b>Accounting Policies &amp; Notes on Accounts</b>	1 & 2		
	<b>Total</b>		<b>64,579,827.82</b>	<b>3,316,303.18</b>

The Notes referred to above form an integral part of the Balance Sheet.

As per our report of even date

For and on behalf of the Board of Directors

For M/s S. Suresh Kumar & Associates  
Chartered Accountants  
Firm Registration No. 012111S

Sd/-  
CA.S.Suresh Kumar  
Chartered Accountant  
Membership No . 219403

Place:Trivandrum  
Date: 28/05/2014

Sd/-  
Mr. Thomas John Muthoot  
Director

Sd/-  
Mr. Thomas George Muthoot  
Director

Sd/-  
Mr. Thomas Muthoot  
Director



### PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED 31.03.2014

Particulars	Note No	31 <sup>st</sup> March 2014 Amount	31 <sup>st</sup> March 2013 Amount
<b>Revenue</b>			
Revenue from operation	2.7	2,988,885.00	-
Other Income		-	-
<b>Total Income</b>		<b>2,988,885.00</b>	-
<b>Expenses</b>			
Employee benefit expenses	2.8	2,455,913.00	-
Finance Cost		1,140,077.00	-
Depreciation & amortization expense		317,725.25	14,077.82
Other expense	2.9	8,931,167.14	2,258,483.00
<b>Total expense</b>		<b>12,844,882.39</b>	<b>2,272,560.82</b>
<b>Profit/(Loss) before tax</b>		<b>(9,855,997.39)</b>	<b>(2,272,560.82)</b>
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax	2.10	(3,078,097.50)	15,772.66
<b>Profit(Loss) for the period</b>		<b>(6,777,899.90)</b>	<b>(2,288,333.48)</b>
<b>Earning per equity share</b>			
(1) Basic	2.11	(155.30)	(614.15)
(2) Diluted			

The notes referred to above form an integral part of the Balance Sheet.

As per our report of even date

For and on behalf of the Board of Directors

For M/s S.Suresh Kumar & Associates

Chartered Accountants

Firm Registration No. 012111S

Sd/-  
CA.S.Suresh Kumar  
Chartered Accountant  
Membership No . 219403

Sd/-  
Mr. Thomas John Muthoot  
Director

Sd/-  
Mr. Thomas George Muthoot  
Director

Sd/-  
Mr. Thomas Muthoot  
Director

Place:Trivandrum

Date: 28/05/2014





## MUTHOOT PAPPACHAN TECHNOLOGIES LIMITED

**Reg Office: Muthoot Center, Punnen Road, Trivandrum**

### **SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

#### **Company overview**

Muthoot Pappachan Technologies P Ltd was formed on 16th November 2012. After that it was converted to Muthoot Pappachan Technologies Ltd on 5th July 2013. The company provide consulting-led integrated portfolio of Information Technology (IT) and IT-enabled services. The Company's full services portfolio consists of opening & operation of call centers & to engage in all kinds of business outsourcing & knowledge processing outsourcing services including data entry, data mining, designing of websites & its hosting, content writing, e-marketing & imparting technical education & training to individuals & corporate through online as well as offline means in networking, network management & data centre management & to provide consultancy in relation thereto

#### **1. Significant Accounting Policies & Notes on Accounts**

##### **1. Basis of Accounting**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

##### **2. Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.



Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### **3 Revenue Recognition**

Revenue is primarily derived from software support services and from software development. Arrangements with customers for software development and related services are either on a fixed-price, fixed-time frame or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as their related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-time frame contracts, where there is non certainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

### **4. Fixed assets and depreciation**

- a) Fixed assets (gross block) are stated at their original cost of acquisition including freight, incidental expense and other non refundable taxes or levies related to acquisition and installation of the concerned assets.

Depreciation on asset is provided on written down value method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956

- b) The Fixed Assets of the company are adequately depreciated every year. Hence in the opinion of the Directors there is no impairment to any asset that requires to be provided for as required in AS 28.

### **5. Preliminary Expenses:**

Preliminary Expenses have been fully written off in the first year of operation



**6. Events occurring after the Balance Sheet date:**

No significant events which could affect the financial position as on 31.3.2014 to a material extent have been reported, after the balance sheet date till the signing date of report.

**7. Overall Valuation Policy:**

The accounts have been prepared on historical cost basis and in going concern assumption.

**8. Contingent Liabilities:**

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. However no such liability has been reported during this period.

**9. Taxation:**

Income taxes comprises of current & deferred taxes. Current taxes are measured at the amount expected to be paid to the income tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and 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 substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized

**10. Foreign Currency Transactions:**

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

**11. Employees' Retirement and other benefits.**

The Company has not engaged the required number of employees so as to attract various employee retirement benefit schemes.

**12. Borrowing Cost**

Borrowing costs whether specific or general, utilized for acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till the activities necessary for its intended use are complete. Borrowing costs of Rs 17,41,188 are capitalized at the weighted average of such borrowings outstanding during the year. All other borrowing costs are charged in statement of Profit & Loss of the year in which incurred.



### 13. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events including a bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

A	Net loss for the period	(67,77,899.90)
B	Weighted average number of equity shares	43,643.84
C	EPS	(155.30)



**2. Notes on Accounts for the year ended 31<sup>st</sup> March 2014****2.1 Share Capital**

Amount in Rs.

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b>Authorised</b>		
Equity Shares of 10 each	500,000.00	100,000.00
<b>Issued</b>		
Equity Shares of 10 each	500,000.00	100,000.00
<b>Subscribed &amp; Paid up</b>		
Equity Shares of 10 each fully paid	500,000.00	100,000.00
<b>Total</b>	<b>500,000.00</b>	<b>100,000.00</b>

The company has only one class of shares referred to as equity share of Rs 10/-. Each equity share holder is entitled to one vote per share

In the event of liquidation of the company, the holder of equity share will be entitled to receive the remaining assets of the company, after distribution of preferential amount exist currently. However, no such preferential amount exist currently. The distribution will be in the proportion to the equity shares held by the shareholders

**2.1 A Reconciliation of Share Capital**

Particulars	Equity Shares	
	Number	Amount
Shares outstanding at the beginning of the year	10,000	100,000.00
Shares issued by private placement	40,000	400,000.00
Share bought back during the year	Nil	Nil
Shares outstanding at the end of the year	50,000	500,000.00

**2.1 B List of Share Holders holding above 5% Shares**

SR No.	Name of Shareholder	31 <sup>st</sup> March 2014		31 <sup>st</sup> March 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Mr. Thomas John Muthoot	3,334	6.67%	3,334	33%
2	Mr. Thomas George Muthoot	3,333	6.66%	3,333	33%
3	Mr. Thomas Muthoot	3,333	6.67%	3,333	33%
4	Preethi John Muthoot	3,333	6.67%	-	-
5	Nina George	3,333	6.66%	-	-
6	Remmy Thomas	3,334	6.67%	-	-
7	Muthoot Fincorp Limited	30,000	60.00%	-	-
		50,000.00	100.00%	10,000	100%

**2.2 Reserves & Surplus****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b>Surplus</b>		
Opening balance	(2,288,333.48)	-
(+) Net Profit/(Net Loss) For the current year	(6,777,899.90)	(2,288,333.48)
Deferred Tax Asset for the year ended 31.3.2013	702,221.29	-
<b>Closing Balance</b>	<b>(8,364,012.08)</b>	<b>(2,288,333.48)</b>

**2.3 Long-Term Borrowings****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b><u>Loan from Directors</u></b>		
Mr. Thomas John Muthoot	68,567,628.00	5,204,547.00
<b>Total</b>	<b>68,567,628.00</b>	<b>5,204,547.00</b>

**2.4 Other Current Liabilities****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Telephone Charges payable	18,429.00	
Repairs & Maintenance Payable	-	29,501.00
Security Charges Payable	39,940.00	16,082.00
Electricity & water Charges Payable	73,322.00	82,662.00
TDS Payable	1,025,841.44	44,763.00
WCT Payable	63,120.00	3,666.00
Interest on Loan Payable	2,593,065.00	82,643.00
Audit fee Payable	25,000.00	25,000.00
Internet Expenses Payable	21,068.00	-
Travelling Expense Payable	8,000.00	-
Expense payable	8426.46	-
<b>Total</b>	<b>3,876,211.90</b>	<b>284,317.00</b>

**2.5 Cash and cash equivalents****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
a. Balances with banks	1,677,438.90	1,315,900.00
b. Cash on hand	2,456.00	-
<b>Total</b>	<b>1,679,894.90</b>	<b>1,315,900.00</b>



**2.6.1 Short-term loans and advances****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Advance to Ernst & Young	-	90,000.00
TDS	311,111.00	-
CENVAT Credit	4,773,919.90	-
Advances	8,873,424.00	-
Repairs & Maintenance	-	32,449.00
Prepaid Internet Charges	21,068.00	-
Income Receivable	2,047,200.00	-
Prepaid Expenses	2,098,851.00	-
Electricity Deposits	26,800.00	-
Prepaid Insurance	25,512.00	-
<b>Total</b>	<b>18,177,885.90</b>	<b>122,449.00</b>

**2.6.2 Long-term loans and advances****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Building Deposits	3,586,912.00	680,000.00
<b>Total</b>	<b>3,586,912.00</b>	<b>680,000.00</b>

**2.7 Revenue from operation****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Consultation Fee	2,988,885.00	-
<b>Total</b>	<b>2,988,885.00</b>	<b>-</b>

**2.8 Employees benefit expense****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Salaries & Allowance	2,389,358.00	-
Staff Welfare Expense	66,555.00	-
<b>Total</b>	<b>2,455,913.00</b>	<b>-</b>

**2.9 Other expense****Amount in Rs.**

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Power & Water Charges	743,612.00	248,353.00
Telephone Charges	156,569.10	-
Travelling Expense	535,614.00	-
Bank Charges	6,052.00	50.00



Repairs & Maintenance	34,937.00	222,824.00
Printing & Stationery	24,338.00	3,890.00
Preliminary Expense	-	22,472.00
Rent	5,967,402.00	1,528,096.00
Auditors Fee	25,000.00	25,000.00
Office Maintenance	259,675.00	15,457.00
Filing Fees	40,161.00	200.00
Interest on Loan	-	91,826.00
Security Charges	244,799.00	58,102.00
Internet charges	252,816.00	-
Insurance	897.00	-
Rates & Taxes	35,202.60	-
Vehicle Maintenance	35,114.00	-
Software licence payment	568,978.44	-
Inauguration Expense	-	42,213.00
<b>Total</b>	<b>8,931,167.14</b>	<b>2,258,483.00</b>

## 2.10 Deferred Taxes

Deferred income taxes are recognised for the future tax consequences attributable to timing difference between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. The effect on deferred tax asset and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset arising from unabsorbed depreciation or carry forward of losses under tax laws are recognised only to the extent that there is virtual certainty of realization. Other deferred tax asset are recognised and carried forward to the extent that there is reasonable certainty of realization during the period, there is a timing difference arises between Taxable income & Accounting income in the case of Depreciation & preliminary Expenses, Hence Deferred Tax Assets/ Liabilities has been recognized. The details of the same are given as follows.

a)

Particulars	As per Companies Act	As per Income Tax Act	Difference	Deferred Tax Asset (A)	Deferred Tax Liability(B)
Depreciation	14077.82	83099.65	-69021.83	-	21,327.75
Preliminary Expense	22472	4494.4	17977.6	5,555.08	-
Balance as on 31-03-2013	36549.82	87594.05	-51044.23	5,555.08	21,327.75
Balance as on 01-04-2013					15772.66
Depreciation	317,725.25	207,747.68	109,977.58	33,983.07	-
Preliminary Expense	-	4,494.40	(4,494.40)	-	1,388.77
Balance as on 31-03-2014	317,725.25	212,242.08	105,483.18	33,983.07	17,161.43





- b) We have provided deferred taxes on losses during the year, based on the agreement with group companies there is reasonable certainty to generate profit in future years. The deferred taxes loss during the previous financial year, now charged to Revenue Reserve.

Amount in Rs.

Particulars	Amount of Loss	Deferred tax on Losses
Profit/Loss during the year ended 31 <sup>st</sup> March 2013	2,272,560.82	702,221.29
Profit/Loss during the year ended 31 <sup>st</sup> March 2014	9,855,997.39	3,045,503.19
<b>Total</b>	<b>12,128,558.21</b>	<b>3,747,724.49</b>

Particulars	Amount
Deferred Tax Asset	33,983.07
Deferred Tax Liability	17,161.43
Net Deferred Tax Asset	3,764,546.13
Net charge to P & L	3,078,097.50

Deferred tax assets & Deferred tax liabilities have been offset whenever the company has a legally enforceable right to set off current tax asset against current tax liabilities and where the deferred tax asset & deferred tax liabilities relate to income taxes levied by the same taxation authority.

## 2.11 Earnings per Share

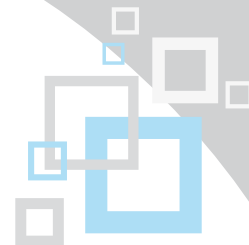
Amount in Rs.

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
A) Profit after tax & Interest available to equity Share holder	(6,777,899.90)	(2,288,333.48)
B) Number of Equity Shares		
Equity shares of Rs 10 Each	50,000.00	10,000.00
C) Weighted Average Number of Shares	43,643.84	3,726.03
(Based on the number of days from issue of Equity Shares till the end of the financial Year)		
Basic Earning per share (A/C)	(155.30)	(614.15)
Basic Price per Equity Shares	10.00	10.00

## 2.12 - Related Parties Transaction

### a) List of Related Parties and their Relationships:

Sl. No:	Names of the Companies / Firm
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.	Double Tails Agri Development and Hospitalities Private Limited
7.	El Toro Agri Projects and Hospitalities Private Limited
8.	EMMEL Realtors And Developers Private Limited



9.	Fireworks Agri Development and Hospitalities Private Limited
10.	Flame Agri Projects and Hospitalities Private Limited
11.	Fox Bush Agri Development and Hospitalities Private Limited
12.	Goblin Agri Projects and Hospitalities Private Limited
13.	Jungle Cat Agri Development and Hospitalities Private Limited
14.	L.M Realtors Private Limited
15.	Linden Agri Ventures and Hospitalities Private Limited
16.	Mandarin Agri Ventures and Hospitalities Private Limited
17.	Mariposa Agri Ventures and Hospitalities Private Limited
18.	MPG Hotels and Infrastructure Ventures Private Limited
19.	Musk Agri Ventures and Hospitalities Private Limited
20.	Muthoot Agri Development and Hospitalities Private Limited
21.	Muthoot Agri Projects and Hospitalities Private Limited
22.	Muthoot Agri Ventures and Hospitalities Private Limited
23.	Muthoot APT Ceramics Limited
24.	Muthoot Automotive (India) Private Limited
25.	Muthoot Automobile Solutions Private Limited
26.	Muthoot Buildtech (India) Private Limited
27.	Muthoot Capital Services Limited
28.	Muthoot Equities Limited
29.	Muthoot Holdings Private Limited
30.	Muthoot Hotels Private Limited
31.	Muthoot Housing Finance Company Limited
32.	Muthoot Infrastructure Private Limited
33.	Muthoot Land and Estates Private Limited
34.	Muthoot Motors Private Limited
35.	Muthoot Microfin Limited
36.	Muthoot Pappachan Medicare Private Limited
37.	Muthoot Fincorp Limited
38.	Muthoot Properties (India) Private Limited
39.	Muthoot Risk Insurance and Broking Services Private Limited
40.	Palakkad Infrastructure Private Limited
41.	Pine Pink Agri Ventures and Hospitalities Private Limited
42.	The Right Ambient Resorts Private Limited
43.	Muthoot Pappachan Chits (India) Private Limited
44.	Muthoot Exim Private Limited
45.	Muthoot Kuries Private Limited
46.	Muthoot Bankers



47.	Muthoot Cine Enterprise
48.	Muthoot Estate Investments
49.	Muthoot Finance Company
50.	Muthoot Insurance Services
51.	Muthoot Motors (Cochin)
52.	MPG Air Catering LLP
53.	MPG Apex Management LLP
54.	MPG Asset Management LLP
55.	MPG Automobiles LLP
56.	MPG Hospitality LLP
57.	MPG Land and Estate LLP
58.	MPG Land Developers LLP
59.	MPG Real Estate LLP

**b) List of Key Managerial Persons**

Sl No	Name of the Person	Designation	Relatives
1)	Thomas John Muthoot	Director	1. Janamma Thomas 2. Preethi John 3. Thomas M John 4. Susan John Muthoot
2)	Thomas George Muthoot	Director	1. Nina George 2. Tina Suzanne George 3. Ritu Elizabeth George 4. Swetha Ann George
3)	Thomas Muthoot	Director	1. Remy Thomas 2. Suzannah Muthoot 3. Hannah Muthoot

**C) Transactions during the year with related parties:****Amount in Rs.**

Particulars	Amount
Loan From Directors (Key Managerial Person)	
- Current year	6,33,63,081.00
- Previous year	5,204,547.00
Interest on Director's loan (Key Managerial Person)	
- Current year	2,881,265.00



- Previous year	91,826.00
<b>Income from Consulting Fees (Holding Company)</b>	
- Current year	2,988,885.00
- Previous year	Nil
<b>Total Related Party Transaction</b>	<b>6,92,33,231.00</b>
<b>Outstanding Balance with Related Party (Considered as good)</b>	
A) Loan from Directors (Key Managerial Person)	6,85,67,628.00
B) Interest Payable (Key Managerial Person)	28,81,265.00
C) Income Receivable (Holding Company)	20,47,200.00

### 2.13 - Foreign Exchange Transaction

Particulars	Amount in \$	Amount in ₹
Transaction in foreign currency during the year ended 31 <sup>st</sup> March 2014	\$ 42,810.00	₹ 26,68,893.00

### 2.14- ADDITIONAL DISCLOSURES

a)	In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of business which is at least equal to the amount at which they are stated in the Balance Sheet.
b)	In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of business which is atleast equal to the amount at which they are stated in the Balance Sheet.
c)	<b>Impairment of Assets :</b> As the companies value of asset does not decrease beyond cost of asset as at 31 <sup>st</sup> March 2014 the provisions of Accounting Standard - 28 on "Impairment of Assets" is not applicable to the company.
d)	Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous year Rs.Nil)



### 2.15 Value of Tangible Assets & Depreciation as per Companies Act, 1956

Particulars	Cost		Accumulated Depreciation				Written Down Value		
Assets	Balance as on 1/4/2013	Addition/ Deletion	Total	Rate of Depreciation	Balance as on 1/4/2013	Current Year Depreciation	Balance as on 31/3/2014	Balance as on 01/04/2013	Balance as on 31/03/2014
<b><u>TANGIBLE ASSETS</u></b>									
<b><u>Freehold Furniture &amp; Fixtures</u></b>									
Furniture & Furnitures	312,110.00	44,586.00	356,696.00	18.10%	12,051.46	61,130.44	73,181.90	300,058.54	283,514.10
<b><u>Freehold Office Equipment</u></b>									
Electrical Equipments	45,456.00	201,383.00	246,839.00	13.91%	814.19	25,584.07	26,398.26	44,641.81	220,440.74
<b><u>Vehicles</u></b>									
Tata Winger(Vehicle)	854,466.00		854,466.00	25.89%	1,212.17	220,907.42	222,119.59	853,253.83	632,346.41
<b><u>Data Processing Equipment</u></b>									
		37,845.00	37,845.00	40.00%		10,103.33	10,103.33		27,741.67
<b>Total</b>	<b>1,212,032.00</b>	<b>283,814.00</b>	<b>1,495,846.00</b>		<b>14,077.82</b>	<b>317,725.25</b>	<b>331,803.07</b>	<b>1,197,954.18</b>	<b>1,164,042.93</b>

All assets and liabilities have been classified as Current and Non-Current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of product & service and their realisation in cash & cash equivalents, the Company has ascertained its depreciation on Tangible Fixed Assets has been provided on written down value(WDV) at the rates prescribed under Schedule XIV of Companies Act, 1956

Fixed asset shall be shown in financial statements at historical cost less depreciation.

Here historical cost includes purchase price of asset, cost of installation & administrative overhead for installation.

Depreciation has a significant effect in determining and presenting the financial position and operations of an enterprise



## Cash Flow Statement for the period ended 31.03.2014

	Particulars	31.03.2013	31.03.2014
a)	<b>Cash flow from operating activities</b>		
	Net profit before taxation and extraordinary items	(2,272,560.82)	(9,855,997.39)
	Non cash adjustments to reconcile profit before tax to net cash flows:		
	Depreciation & amortization	14,077.82	317,725.25
	<b>Operating profit before working capital changes</b>	<b>(2,258,483.00)</b>	<b>(9,538,272.14)</b>
	<b>Movement in Working Capital</b>		
	(Increase) / decrease in short term loans and advances	(122,449.00)	(9,182,012.90)
	(Increase) / decrease in other current assets	-	-
	Increase / (decrease) in other current liabilities	284,317.00	3,591,894.90
	<b>Cash generated from operation</b>	<b>(2,096,615.00)</b>	<b>(15,128,390.14)</b>
	Direct taxes paid (net of refund)	-	-
	<b>Net cash flow from /(used in) operating activities (A)</b>	<b>(2,096,615.00)</b>	<b>(15,128,390.14)</b>
b)	<b>Cash flow from investing activities</b>		
	Purchase of fixed and tangible assets	(1,212,032.00)	(283,814.00)
	Purchase of investments (Fixed Deposit)	-	-
	Intangibles under development	-	(35,004,742.96)
	Tangible Asset under development	-	(1,201,803.00)
	Building Deposit	(680,000)	(2,906,912.00)
	Advance for fixed asset	-	(8,873,424.00)
	<b>Net cash flow from /(used in) investing activities (B)</b>	<b>(1,892,032.00)</b>	<b>(48,270,695.96)</b>
C)	<b>Cash flow from financing activities</b>		
	Loan from Directors	5,204,547.00	63,363,081.00
	Proceeds from Issue of Share Capital	100,000.00	400,000.00



	<b>Net cash flow from /(used in) financing activities (C)</b>	<b>5,304,547.00</b>	<b>63,763,081.00</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>1,315,900.00</b>	<b>363,994.90</b>
	Cash and cash equivalents at the beginning of the year	-	1,315,900.00
	<b>Cash and cash equivalents at the end of the year</b>	<b>1,315,900.00</b>	<b>1,679,894.90</b>

The notes referred to above form an integral part of the Balance Sheet.

See accompanying notes to the Financial Statement

As per our report of even date  
tours

For and on behalf of the Board of Direc-

For M/s S.Suresh Kumar & Associates  
Chartered Accountants  
Firm Registration No. 012111S

Sd/-  
CA.S.Suresh Kumar  
Chartered Accountant  
Membership No . 219403

Sd/-  
Mr. Thomas John Muthoot  
Director

Sd/-  
Mr. Thomas George Muthoot  
Director

Sd/-  
Mr. Thomas Muthoot  
Director

Place: Trivandrum  
Date: 28/05/2014



## CORPORATE SOCIAL RESPONSIBILITY

The Financial Year (FY) 2013-14 has been a pivotal year in term of the CSR commitment of Muthoot Fincorp Ltd (MFL), with a full restructuring of initiatives for maximum impact and full compliance with the New Companies Act.

Coming into effect on 1st April, 2014, the New Companies Act, 2013 (Act) has revolutionized several aspects of Corporate Governance including policies related to audit, transparency, requirements for independence of Directors and other aspects. One such pertinent change has been the introduction of mandatory corporate social responsibility investment of 2% of average net profits of the previous three financial years.

One year prior the act came into effect, MFL has been proactively preparing for compliance, starting with the earmarking of 2% of PBT for CSR activities. The MFL CSR expenditure will be channelized through the Muthoot Pappachan Foundation which constitutes the Philanthropy Division of the Muthoot Pappachan Group.

### MUTHOOT PAPPACHAN FOUNDATION: THE SOCIAL ARM OF OUR GROUP

The Muthoot Pappachan Foundation (MPF), a Public Charitable Trust formed in the year 2003, functions as the CSR arm of all verticals of the Muthoot Pappachan Group.

It aims at four fundamental accomplishments:

- Providing direction and management support to the CSR activities of the verticals;
- Bringing together CSR best-practices and ease the sharing of information;
- Reinforcing CSR efforts at all levels within each vertical of the group;
- Raising awareness towards the CSR activities of the group, both internally and to the public at large.



### Programmatic Restructuring

In order to ensure maximum impact of current initiatives, the MPF's programs have been restructured under the new 'HEEL' framework, whereby all programs fall under one of four thematic verticals:



The new framework reinforces and focuses on each of the Group Company's core efforts, providing a formal and effective structure for each initiative. Full compliance with the Act has required a contouring of existing programs within the HEEL framework, in order to align each within the Act's







core focus areas for CSR.

Along with restructuring, MPF is expanding its reach beyond Kerala, in order to reach all communities that MFL operates within. New programs are being developed in collaboration with international partners.

#### *Robust Monitoring and Evaluation*

Thanks to MPF, monitoring and evaluation has now been integrated into the new operational model of each CSR program supported by MFL, enabling an ongoing cycle of review, reflection and revision in order to sustain and refine best practice operations.

The recent Impact Assessment Study undertaken with the support of Rajagiri School of Social Sciences highlighted core positive impacts for students, ensured transparency and accountability of all partners involved and provided critical feedback that has overcome programmatic challenges for more meaningful and sustainable impact.

As a functional transformation, new governance structures now support the ongoing development of the foundation. On 7th May, 2014, the CSR Committee was constituted in compliance with the provisions of the Companies Act, 2013 with Mr. R. Kamalasanan Nair (Chairman of the Committee), Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot as members.

#### **HEALTH INITIATIVES** **LIFE BLOOD DIRECTORY**



A substantial step taken from MFL as a part of its CSR initiatives under the health theme, is to effectively respond to the increasing demand of blood in the country by steadily creating India's largest directory of Voluntary Blood Donors – The Muthoot Pappachan Life Blood Directory. The Directory is supported by the entire Muthoot Pappachan Group Companies and its stakeholders, taking forward the initiative successfully. AS on 52,000 blood donors are registered in our directory.





Our support doesn't end just by bringing together the voluntary donors into this platform. During the year under report, we entered into the second phase of the Directory with a Web Portal and a 24x7 Toll Free help line facility. It is for the first time in India such a facility is established for Donor Management, supporting the needy patients in emergency with pan India presence and grass root level reach to voluntary donors. On an average 10 donations are arranged in a day through the Help Desk. The second phase was launched by Dr. Sasi Tharoor, Hon'ble Minister of State for HRD, Government of India at a function organized at Trivandrum.

Toll Free No. of Muthoot Life Blood Directory is 1800 300 00 109. For more information about Muthoot Life Blood Directory one can check [www.muthootlifeblood.com](http://www.muthootlifeblood.com).

#### Case Study:

***Krishnajith from Kulasekharam, Kanyakumari Dist of Tamilnadu celebrated his first birth day on 4th Oct 2013. Muthoot Life Blood Directory (MLBD) also joined with him on this occasion and there is a relationship behind this.***

On 4th July, 9 month old Krishnajith had a bad fall from a cot and had a fracture on his head. His parents rushed him to the local hospital and he was referred for detailed analysis. The nearest tertiary care hospitals are in Trivandrum only and they took him there. On a detailed analysis it was found that there is a hairline crack in his skull and blood clot inside. By the time his platelet count also was getting lower to about 20000. The Doctors required the parents to arrange for immediate blood transfusion and Krishnajith belongs to A-negative, one of the rare blood groups. The parents were not having any connection at Trivandrum and they were more in trouble as they were far away from their hometown to arrange the emergency blood requirement. One of their friends suggested to call Muthoot Life Blood Directory and they called the toll free no. of our help desk for support. The Help desk immediately started Donor Management Process and within an hour could arrange a voluntary donor to donate blood at the hospital. Doctors were expecting 6 weeks for Krishnajith to get cured; but by God's Grace he quickly picked up and got well within two weeks' time. The Parents thanked MLBD for the timely support in saving their kid's life. MLBD team called his parents and wished him a Happy First B 'day on October 4th 2013.





### **MEDICAL CAMPS**

In the financial year 2013-14, MFL's branches conducted over 220 medical camps, in partnership with various hospitals across India.

There is a good demand for medical camps from rural areas and MFL branches, in collaboration with the Muthoot Pappachan Foundation is taking efforts to extend it to remote locations.

In addition, Treatment Support for patients from disadvantaged settings benefitted 73 deserving patients in the FY 2013-14.

### **AASHIANA CENTRE FOR PHYSICAL AND MEDICAL REHABILITATION (PMR)**

Paraplegia (total or partial crippling below the waist on account of spine injuries) is an affliction tormenting the lives of thousands of people in India. Road accidents and accidental falls from trees or high-rise buildings are the main causative reasons, and tragically most victims come from the 15-45 age groups belonging to low-income families. Aashiana provides support for these individuals in various forms. This is the first of its kind PMR Centre in Kerala.

Through MFL funds, the Muthoot Pappachan Foundation supports Aashiana in developing a Best Practice Infrastructure for the Rehabilitation Centre in Mulanthuruthi.

Other Initiatives supported by MFL:

- Muthoot Pappachan Endowment Fund for Marthoma Hospital Guidance and Counselling Centre for its Pain and Palliative Care Unit.
- Drinking water unit for RCC, Trivandrum

### **EDUCATION INITIATIVES**

#### **ADOPTION OF VILLAGES (EDUCATIONAL SUPPORT FOR CHILDREN)**

In FY 2013-14, MFL has continued its support towards the adoption of following two villages for the provision of educational support for children from economically deprived families.

Konni (Pathanamthitta)  
Panathura (Thiruvananthapuram)

This programme is facilitated by Rajagiri out REACH, the extension wing of Rajagiri School of Social Sciences.



Apart from this supports were extended to limited facility schools for infrastructure development.





A total of 457 children receive support in various modes: schooling materials, life skills, guidance and counselling, food and nutrition etc.

In addition, MFL supported the construction of a Vocational Training Centre for Marion Play Home, a premier institution in Trivandrum, Kerala providing special training and rehabilitation activities to mentally challenged children.

### **ENVIRONMENT INITIATIVES ALTERNATE ENERGY (WIND MILLS)**

Muthoot Pappachan Group believes that alternate sources of power are the wisest solution for problems that threaten our very existence on this planet. For this, the Group has formed a dedicated venture for supporting green initiatives - Muthoot Alternate Energy Resources.

MuthootPappachan Group started the wind energy project in 1993 at wind farms located in Muppandal village in Kanyakumari district in Tamil Nadu. The present total installed capacity is 26.5 MW.

In addition, energy efficiency practices are being developed and implemented at every Corporate/ Regional offices.

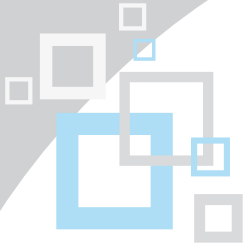
### **LIVELIHOOD INITIATIVES POWER TO EMPOWER**

Under the Livelihood Theme, MFL was the main sponsor for the "Power to Empower" Challenge, (P2E 2013), a national skills development challenge organized by NSDC and India@75. The challenge aims to find and promote innovative and sustainable solutions in the skills ecosystem in India with the ultimate goal of helping to bridge the gap between supply and demand of growth-enabling skilled workers, while catalyzing improved livelihoods for many Indians.



From left to right: Shri. Atul Bhatnagar (COO of NSDC), Shri. Chandrajit Banerjee (Director General of CII), Shri. Ranjan Navani (Chairman of India@75), Shri. S. Ramadorai (Chairman of NSDC), Shri. Thomas Muthoot (Executive Director of Muthoot Fincorp Ltd.)





### **ERNAKULAM CRICKET CLUB AND ITS EVENTS**

Consistent support was given to the Ernakulam Cricket Club (ECC) towards the organization of coaching and events in cricket. A good number of young aspirant players get special coaching at ECC, where we also give privilege for children from disadvantaged settings who cannot afford the cost of coaching. ECC is also a platform to get the players avenues to perform and prove their talents. ECC organizes various matches, the major one being “Muthoot Pappachan T20 Tournament”. During the FY under report, ECC organized the 7th T20 tournament in which major teams from Kerala participated.

Apart from this, we are extending need based supports to people from poor financial conditions for education, sports, construction of house etc.





# ATTENDANCE SLIP

## SEVENTEENTH ANNUAL GENERAL MEETING ON 3<sup>RD</sup> JUNE, 2014

Regd. Folio No.....

I certify that I am the registered Shareholder / Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company at the Registered Office of the Company at Muthoot Centre, Punnen Road, Thiruvananthapuram - 695 034, at 11.00 a.m. on Tuesday, the 3<sup>rd</sup> day of June, 2014.

.....  
Member's / Proxy's Name in Block Letters

.....  
Member's / Proxy's Signature

### Form No. MGT-11 PROXY FORM

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

### MUTHOOT FINCORP LIMITED

**CIN: U65929KL1997PLC011518**

**Regd. Office: Muthoot Centre, Punnen Road, Thiruvananthapuram – 695 034**

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We.....being the member(s) of.....shares of the above named company, hereby appoint.....(Name).....(address) in the District of.....Email ID.....signature.....or failing him/her.....(Name).....(address) in the District of.....as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 17<sup>th</sup> Annual General Meeting to be held at 11.00 a.m. on 3<sup>rd</sup> day of June 2014 at the Registered Office of the Company at Muthoot Centre, Punnen Road, Thiruvananthapuram – 695 034 or at any adjournment thereof.

Signed this the.....day of.....2014

₹1  
Revenue  
Stamp

### 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.







**BELIEF HAS TWO SIDES,  
WE BELIEVE IN  
THE BRIGHTER SIDE.**

  
**muthoot**  
PAPPACHAN  
Believe in Blue

• Financial Services • Hospitality • Automotive • Real Estate and Infrastructure • IT Services • Healthcare • Precious Metals • Global Services • Alternate Energy

**MUTHOOT FINCORP LIMITED**

CIN: U65929KL1997PLC011518

Regd Office: Muthoot Centre, Punnen Road, Trivandrum - 695 034, T: +91 471 3911400, F: +91 471 2331560

Email: [muthoot@muthoot.com](mailto:muthoot@muthoot.com) | [www.muthootfincorp.com](http://www.muthootfincorp.com)