

STANDING TALL AND STRONG



ANNUAL REPORT | 2010 - 2011



MUTHOOT PAPPACHAN

1927-2004

FOUNDER CHAIRMAN

HIS VISION, ENTERPRISE,
SIMPLICITY AND HUMANENESS WILL FOREVER GUIDE US.

MESSAGE FROM THE MANAGING DIRECTOR

Dear Share Owner,



The global economy, mirroring its trend from the previous year, continued to witness sluggish growth. Oil prices hit an all time high as also did gold prices. But the Indian economy has proved itself to be as tough as nails. Despite domestic inflation and internal political strife, natural calamities and unpredictable monsoons hitting the economy hard, the Indian economy exhibited great resilience in bouncing back to be buoyant as ever. The Government and the Reserve Bank of India addressed every sign of economic slowdown with determination, support and 'stimulus packages' through budgetary and non-budgetary interventions. Though the country's target was a double digit growth in GDP, it, however, had to settle for a slightly damper achievement.

Even under these challenging and competitive environments and the regulatory prism, your Company had during the fiscal 2010 - 2011, registered a sterling performance clocking stupendous achievements. As we gather today, I am sure you all share my sense of satisfaction at yet another year of robust performance of your Company and I am extremely happy to present before you a snap-shot of its achievements. The total income of the Company rose to Rs.3772.92 lakhs from Rs.2247.56 lakhs during the previous year, registering an impressive growth of 67.87%. This helped the Company achieve a net profit of Rs.966.54 lakhs, recording a notable increase of 34.75% as compared to Rs.717.29 lakhs achieved last year. This stellar performance has enabled the Board of Directors to recommend dividend payments of Rs.3/- share subject to the Shareholders' approval.

Your Company was able to sustain its growth trajectory by adhering to process fundamentals, ethical practices, customer-obsessive responsiveness, honesty and transparency in all activities and by being adaptable. As is our way of doing business, we have always cared for the time and need of our customers by introducing new products which were simple and easy. We have always tried to have a passionate view of rendering services with focus on the customers, understanding their problems and conceptualizing effective and meaningful solutions to mitigate their financial problems.

We have a strong asset base of qualified and highly competent professionals, whose creative and innovative ideas enable us to constantly re-engineer products, solutions and services and also to render unparalleled post-sales follow-up. At this juncture I would like to thank our dedicated and committed human capital, without whose support and commitment to stay the course of a challenging strategic path, we would not have been able to achieve this growth. To sustain a career driven growth, motivation and to bolster the morale of the employees, we have taken various HR initiatives and implemented training and development programmes.

The role played by the Non-Banking Financial Companies in financing the farmers, artisans, self-employed, small and medium enterprises and those enterprises in the tertiary sector in rural and semi-urban areas is increasing. You can be proud that your Company is also contributing to the wealth generation in villages and is effectively involved in the mission of the Government for inclusive growth. The significant and important role being played by the Non-Banking Financial Companies in the country have made the Reserve Bank of India give them their due place and recognition in the finance sector. I place on record our deep appreciation of the support and encouragement given by the Reserve Bank of India and other government authorities to the Non-Banking Financial Companies in the country.

Considering the bright future of the automobile sector in the country and the resultant huge demand, your Company is shifting its focus from the gold loans portfolio to the auto loan portfolio. This is already evident in the previous year's contribution of the auto loan business to the Company's performance. Aggressive growth and market expansion plans are on to reach the leading position among the Auto Finance Companies in the country. Immense opportunities await the NBFCs in the substantial economic growth taking place in the country. Your Company, I am happy to say, has ambitious plans for growth in new geographies and in new markets in the financial year 2011 - 2012 we have embarked, such as loans against Gold ETF, loans against shares, loans against landed properties, loans for SME sector etc.

I wish to come on record that our commitment to creating enduring value for the customers and you, the Shareholders, will continue to inspire us in our onward march for scaling greater summits in the year ahead.

I sincerely thank all of you for the support and trust reposed in the Board of Directors and the Management Team of the Company, enabling them to achieve this impressive performance. I assure each and every member of the Company that the Board of Directors and the Management will make their best endeavour to take your Company to a greater level of achievement and success in the year ahead.

I look forward to your continued support and encouragement.

Best Regards,



Thomas George Muthoot
Managing Director

FROM THE DESK OF THE CHIEF EXECUTIVE OFFICER

Robust growth and steady fiscal consolidation have been the hallmark of the Indian economy in the year 2010 - 2011. The growth rate has been 8.6% in 2010 - 2011 and is expected to be around 9% in this fiscal year. The growth has been broad based with a rebound in the agriculture sector where the growth estimated is around 5.4%. Manufacturing and services sectors have registered impressive gains. Savings and investments are looking up while exports are rising. However, food inflation, higher commodity prices and volatility in global commodity markets have been causes of concern underscoring the need for fiscal consolidation and stronger reserves.

The outlook for the Indian economy appears bright for the near and medium term. Despite the risks of global events such as volatility in crude oil prices exacerbated by political turmoil in the Middle-East, the Indian economy seems poised to scale greater heights in terms of macroeconomic indicators. Muthoot Capital Services Ltd. continues to support the growth in economic activity by enhancing credit delivery, especially in rural and semi-urban areas. Two main products of the Company, namely gold loans and auto loans, fulfil the credit demands from individuals and the unorganised not normally serviced by commercial banks.

The net profit of the Company increased to Rs.966.54 lakhs in the year ended 31.03.2011 from Rs.717.29 lakhs in the year ended 31.03.2010, recording an impressive growth of 34.75%. During the corresponding period, the total income of the Company registered a growth of 67.87 %, from Rs.2247.56 lakhs to Rs.3772.92 lakhs. Commensurate with the increase in operations, the interest expenses increased by 67.30% to Rs.1157.05 lakhs from Rs.691.61 lakhs. On account of the substantial increase in manpower and infrastructure to support the enhanced level of activities, the operational expenses during the corresponding period recorded an increase of 139.08 %, from Rs.456.93 lakhs to Rs.1092.44 lakhs. The profit before tax recorded a jump of 33.40% from Rs.1087.42 lakhs in the previous year to Rs.1450.61 lakhs during the year ended 31.03.2011.

The Company is looking forward to continuing and improving on the impressive performance in the coming years too. The automobile finance products of the Company have been well accepted in the market. The Company is introducing innovative products under the automobile finance segment. Under the Smart Plus Auto Loan, the full cost price of the vehicle is given as a loan, enabling the borrowers to leverage their gold ornaments against the margin requirement. The Company expects a very good response to this product from the market. Another innovative product to be introduced by the Company in the near future is loan against Gold Exchange Traded Funds (ETF). By introducing this product, the Company will be putting to use the Group's core competence in granting loans against gold, for providing liquidity for investors in ETF, thereby promoting the popularity of ETF. The Company continues to focus on providing value creation for all the stakeholders namely the staff, shareholders and above all the customers, by providing financial services and solutions suiting the market needs, upholding the highest values in professional management.



R. Manomohan
Chief Executive Officer

Kochi
01.06.2011

ANNUAL REPORT, DIRECTORS AND COMMITTEES

Board of Directors

Mr. Thomas John Muthoot	:	Chairman
Mr. Thomas George Muthoot	:	Managing Director
Mr. Thomas Muthoot	:	Director
Mr. A.P.Kurian	:	Director
Mr. Philip Thomas	:	Director
Mr. R.K.Nair	:	Director

Chief Executive Officer

Mr. R.Manomohanan

Company Secretary

Ms. Malathy N

Audit Committee

Mr. Philip Thomas	:	Chairman
Mr. A.P.Kurian		
Mr. Thomas Muthoot		
Mr. R.K.Nair		

Remuneration Committee

Mr. Philip Thomas	:	Chairman
Mr. A.P.Kurian		
Mr. R.K.Nair		

Shareholders / Investors Grievance Committee

Mr. Thomas Muthoot	:	Chairman
Mr. Thomas John Muthoot		
Mr. Thomas George Muthoot		

Share Transfer Committee

Mr. Thomas John Muthoot	:	Chairman
Mr. Thomas Muthoot		
Mr. R.Manomohanan		

Auditors

M/s K. Venkatachalam Aiyer & Co
Kochi

Solicitors

Dandapani Associates
Kochi

Bankers

State Bank of Travancore

HDFC Bank Ltd.

Axis Bank Ltd.

ICICI Bank Ltd.

ING Vysya Bank Ltd.

Registrars and Share Transfer Agents

Integrated Enterprises (India) Limited

“Seema”, 41/426

Rajaji Road, Near Abad Metro Hotel

Kochi - 682 035

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of MUTHOOT CAPITAL SERVICES LTD. will be held on Monday July 11th, 2011, at 10 a.m. at The International Hotel, Veekshanam Road, Kochi – 35, to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Philip Thomas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Thomas Muthoot, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. M/S. K. Venkatachalam Aiyer & Company, Chartered Accountants, Building No.41/3647 B, First Floor, Blue Bird Towers, Providence Road, M.G.Road North End, Ernakulam, Kochi - 682018, retire in this meeting and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED that in accordance with the provisions of Section 198, 269, 309 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time in force) the consent of the Company be and is hereby accorded to the re-appointment of Mr. Thomas George Muthoot as the Managing Director of the Company subject to the approval of the Central Government for a period of five years with effect from 12.07.2011, on remuneration, perquisites and other benefits and amenities as set out in the explanatory statement, for a period of three years with effect from 12.07.2011, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or any amendments/or modifications that may hereafter be made thereto by the Central Government”

“RESOLVED FURTHER that the Managing Director shall be governed by the terms and conditions as tabled in the agreement entered into between the Company and the Managing Director and sanctioned by the Board and such other duties that the Board may delegate to the Managing Director from time to time.”

“RESOLVED FURTHER that in the absence or inadequacy of profit the said remuneration will be paid as minimum remuneration to the Managing Director in accordance with schedule XIII of the Companies Act, 1956.”

NOTES

1. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business set out above is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.
3. The Register of Members and Share Transfer Books of the Company will be closed for 6 days from 6th July, 2011 to 11th July, 2011 both days inclusive, for determining the names of members eligible for dividend.
4. Subject to the provisions of Section 206A of the Companies Act, 1956, if dividend recommended by the Board of Directors is approved, payment of such dividend will be made on or before 10th August, 2011 to those members whose names appear on the Company's Register of Members as on 11th July, 2011. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL/CDSL, for this purpose.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
6. Shareholders holding shares in physical form are requested to inform the Company and in respect of shares held in demat form to inform the Depository Participant about any changes in their mailing address and also to quote folio numbers in all their correspondence with the Company.
7. Pursuant to Section 205A(5) of the Companies Act 1956, any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government and the shareholders shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter.
8. Members who have not encashed their dividend warrant(s) for the financial years 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, and 2009-2010 are requested to make their claims to the Company.
9. Members/Proxies are requested to bring the attendance slip duly filled in for attending the Meeting. No duplicate will be issued at the venue of the meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting.

11. Members are requested to furnish their bank account details for printing the same on the dividend warrants to prevent fraudulent encashment of dividend warrants.
12. Members desiring any information about the annual accounts at the meeting are requested to write to the Company so as to reach the Company latest by 20th June, 2011.
13. NO GIFT COUPONS/GIFT VOUCHERS WILL BE ISSUED TO THE MEMBERS.

Kochi - 35
Date : 01.06.2011

By Order of the Board of Directors
Malathy N.
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

As per the provisions of Article 115 of the Articles of Association of the Company, the Board of Directors have re-appointed Mr. Thomas George Muthoot as the Managing Director of the Company for a period of five years with effect from 12.07.2011.

Mr. Thomas George Muthoot was appointed as the Managing Director for a period of three years ending on 11.07.2011. The Board of Directors have felt that it would be in the best interest of the Company to continue to take his able guidance and have decided to re-appoint him as the Managing Director and pay the remuneration as approved by the Remuneration Committee of the Board, keeping in view his enormous responsibilities. In terms of Schedule XIII of the Companies Act, 1956, Mr. Thomas George Muthoot is eligible for re-appointment as Managing Director. The remuneration proposed is as under:

Salary

Rs. 6,00,000/- p.m.

Perquisites

In addition to the salary, Mr. Thomas George Muthoot shall also be entitled to perquisites, benefits and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, reimbursement of expenditure or allowance in respect of maintenance, utilities such as gas, electricity, water, furnishings and house repairs, medical reimbursement, medical insurance, and leave on full pay, leave travel concession for himself and his family, personal accident insurance, club fees, etc. and such other allowances, perquisites and benefits in accordance with the rules of the Company or as may be allowed by the Board from time to time.

Provision of car for use on the Company's behalf and a telephone at residence will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company and recovered.

He will also be entitled to reimbursement of all entertainment and other expenses properly incurred for the business of the Company.

For the purpose of above monetary limits, the following perquisites shall not be included:

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c. Encashment of leave at the end of the tenure.

The Directors, Mr. Thomas George Muthoot, Mr. Thomas John Muthoot and Mr. Thomas Muthoot are interested in this resolution.

Kochi - 35
Date : 01.06.2011

By Order of the Board of Directors
Malathy N.
Company Secretary

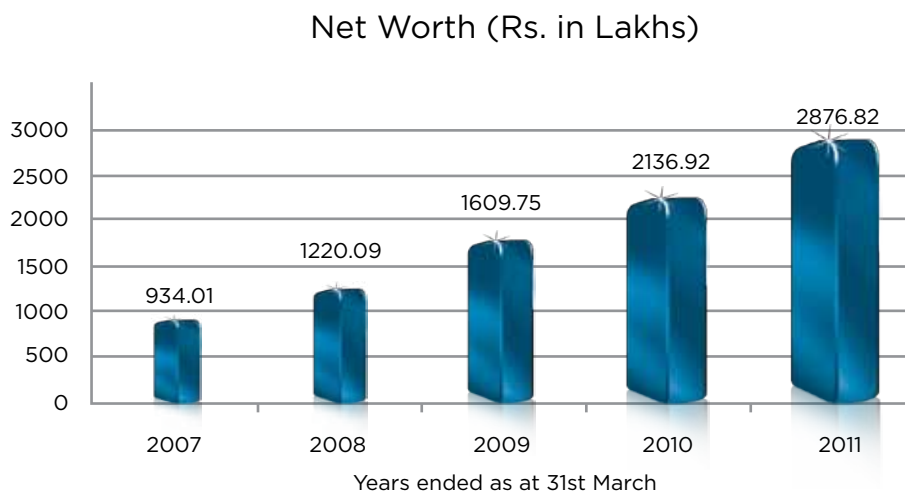
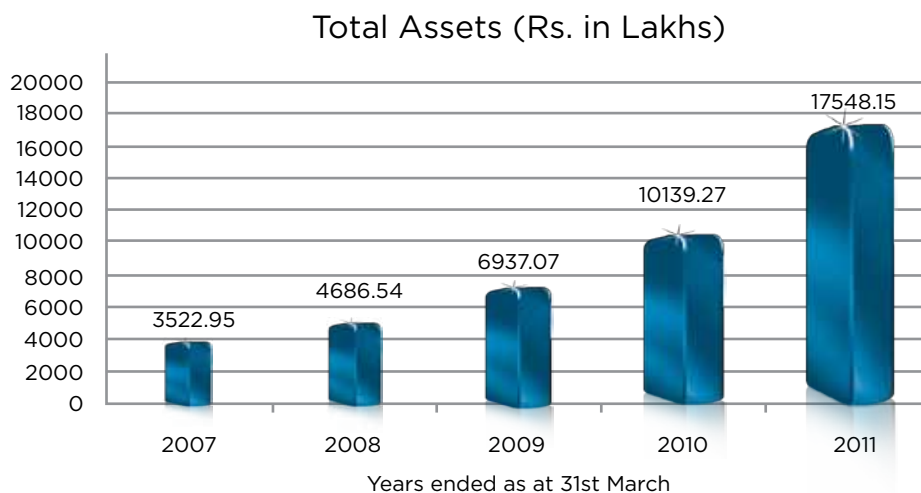
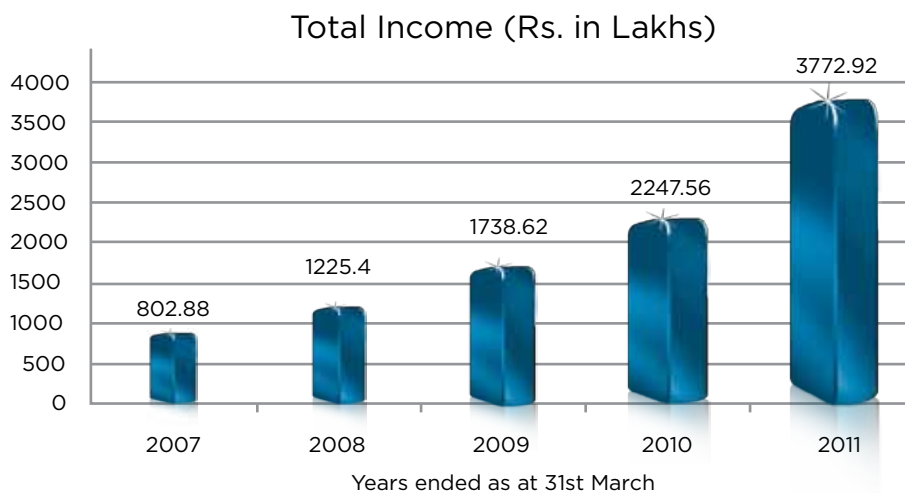


FIVE YEAR FINANCIAL HIGHLIGHTS

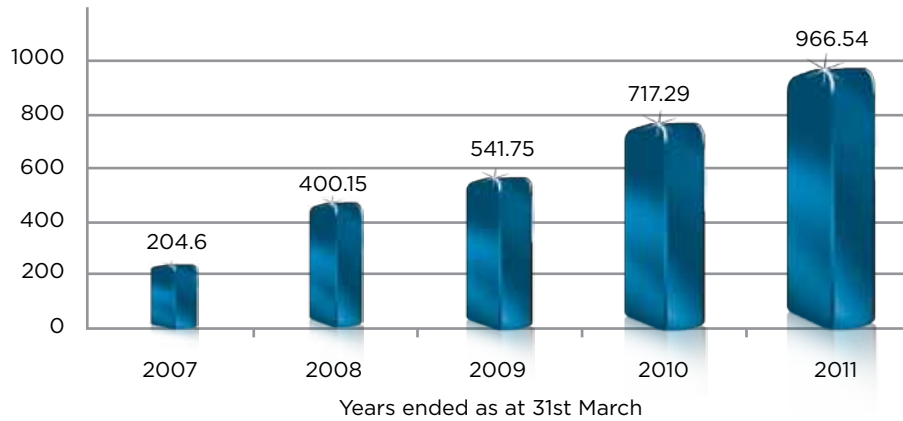
(Rs. in Lakhs)

Financial Year ended 31st March of	2007	2008	2009	2010	2011
Operating Results					
Total Income	802.88	1225.40	1738.62	2247.56	3772.92
Profit Before Tax	317.63	611.53	835.15	1087.42	1450.61
Profit After Tax	204.60	400.15	541.75	717.29	966.54
Assets					
Fixed Assets	46.20	43.86	35.00	43.13	64.24
Investments	14.53	15.64	15.99	18.33	18.90
Deferred Tax Asset			8.98	10.72	33.89
Net Stock on Hire	46.57	103.35	926.94	3999.00	12979.57
Other Current Assets (net)	3415.65	4567.55	5950.16	6068.09	4451.54
Total Assets	3522.95	4686.54	6937.07	10139.27	17548.15
Liabilities					
Equity	650.00	650.00	650.00	650.00	650.00
Reserves and Surplus	284.01	570.09	959.75	1486.92	2226.82
Loan Funds	2588.94	3463.85	5327.32	8002.35	14671.33
Deferred Tax Liabilities	0	2.60	0	0	0
Total Liabilities	3522.95	4686.54	6937.07	10139.27	17548.15
Key Indicators					
Earnings per share	3.15	6.16	8.33	11.04	14.87
Dividend per share	1.20	1.50	2.00	2.50	3.00
Book value per share	14.37	18.77	24.77	32.88	44.26

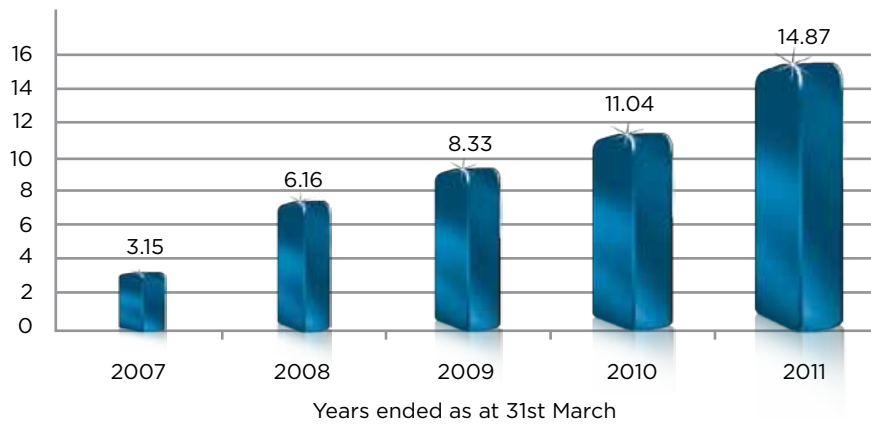
FIVE YEAR FINANCIAL HIGHLIGHTS CHART



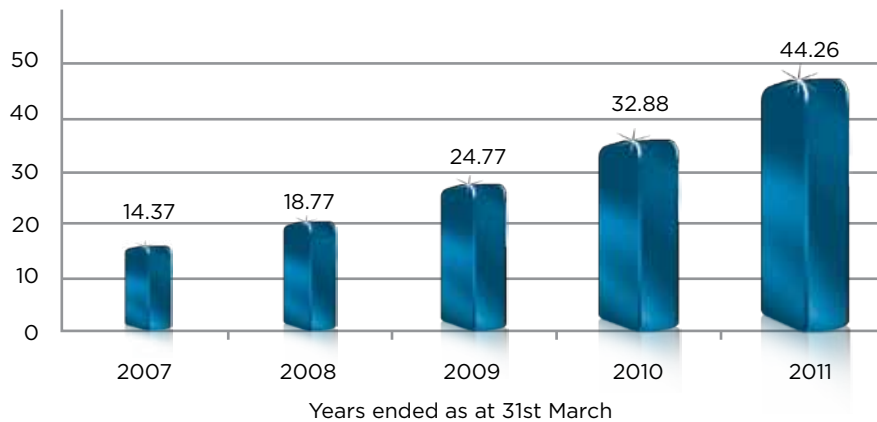
Profit After Tax (Rs. in Lakhs)



Earnings per share (Rs.)



Book value per share (Rs.)



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 17th Annual Report along with the Balance Sheet as on 31-03-2011 and the Profit and Loss Account for the year ended on that date.

Financial Results

The financial performance of the Company for the year ended 31st March, 2011, is summarized below:

PARTICULARS	Year Ended 31.03.2011	Year Ended 31.03.2010
	Amount (Rs.)	Amount (Rs.)
TOTAL INCOME	37 72 92 259	22 47 55 727
TOTAL EXPENDITURE	22 49 49 020	11 48 54 613
PROFIT BEFORE DEPRECIATION AND OTHER PROVISIONS	15 23 43 239	10 99 01 114
Depreciation	14 33 299	9 18 821
Provision & Write offs	58 48 652	2 40 302
PROFIT BEFORE TAX	14 50 61 288	10 87 41 991
Provision for taxation		
Current tax	5 07 00 000	3 72 20 000
Deferred Tax	(23 17 200)	(1 74 000)
Income Tax adjustment for earlier years	24 593	(32 628)
PROFIT AFTER TAX	9 66 53 895	7 17 28 619
Add:Balance brought forward from previous year	10 04 32 855	6 21 15 936
AMOUNT AVAILABLE FOR APPROPRIATIONS	19 70 86 750	13 38 44 555
Less:Appropriations		
Transfer to Statutory Reserve	1 94 00 000	1 44 00 000
Proposed Dividend	1 95 00 000	1 62 50 000
Dividend Tax	31 63 400	27 61 700
Surplus carried to Balance Sheet	15 50 23 350	10 04 32 855



Results Of Operations

During the financial year the income from operation amounted to Rs.3772.92 lakhs as against Rs.2247.56 lakhs during the previous year, recording a growth of 67.87%. The profit after tax increased from Rs.717.29 lakhs to Rs.966.54 lakhs recording an impressive growth of 34.75 %, compared to last year figures. The Management is continuing their efforts for the future performance also by adopting proactive strategies.

Dividend

Your Directors have recommended a dividend of Rs.3.00 Per Equity Share of Rs.10/- for the financial year ended 31.03.2011. The dividend will be paid to members whose name appear in the Register of Members as on 11th July, 2011, in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners.

During the year 2010 - 2011, unclaimed dividend of Rs.1,15,713/- pertaining to the year 2002 - 03 was transferred to Investor Education and Protection Fund. The unclaimed dividend for the year 2003 - 04 shall be transferred to the Fund on 21st September, 2011. Shareholders who have not received their dividends are requested to write to the Company for revalidating their dividend warrants or issuing duplicate warrants.

Share Capital

The Company has not issued any shares or any other security including ADR/GDR/FCCB/Warrants/Bonds during the year.

RBI Guidelines

Your Company has complied with the guidelines issued by the Reserve Bank of India on prudential norms covering all areas like income recognition, investment accounting, provisioning for non performing assets and Know Your Customer (KYC) norms.

Corporate Governance

The Company has implemented all the stipulations prescribed under Clause 49 of the Listing Agreement. A report on Corporate Governance together with Auditors' Certificate on compliance with the conditions of the said clause is provided as an annexure to this report.

Rights Issue

The Company had obtained the consent of shareholders during the Annual General Meeting held on 24th September, 2009, for making a rights issue of equity shares (65 00 000 equity shares of Rs.10 each) in the ratio of 1:1. The Company had filed the draft letter of offer with SEBI and is awaiting the final approval. The Board has fixed the rights issue price at Rs.80/- per share and the record date for the same was 25.05.2011. M/s Karvy Investor Services Limited have been appointed as the Merchant Banker for the rights issue.

Directors

Mr. Philip Thomas, Director, and Mr. Thomas Muthoot, Director, are liable to retire by rotation and being eligible offers themselves for re-appointment at the ensuing Annual General Meeting. Your Board recommends their re-election.



Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- 1) In the preparation of the Annual Accounts for the year ended March 31, 2011, the applicable accounting standards read with the requirements of Schedule VI to the Companies Act, 1956, have been followed with proper explanation relating to material departures, if any;
- 2) The Directors have 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 March 31, 2011, and of the Profit of the Company for that period.
- 3) The Directors have 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; and
- 4) The Directors have prepared the Annual Accounts on a going concern basis.

Auditors

M/s K. Venkatachalam Aiyer & Co., Chartered Accountants, Building No. 41/3647 B, Providence Road, M.G.Road North End, Ernakulam, Kochi - 682 018, Statutory Auditors of the Company will hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company had received a letter from them that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Board recommends their re-appointment.

Reply to Auditor's Report

The Auditor's Report to the members does not contain any qualification or adverse remarks on the financial reporting and disclosure of the Company. The Notes to Accounts, forming part of the financial statements, are self-explanatory and need no further explanation.

Personnel

None of the employees are in receipt of remuneration in excess of the limits as laid down under provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended.

Conservation of energy and technology absorption

The Company being in the business of financial service has not consumed energy of any significant level and thus considering its nature of activities no comments are necessary in respect of energy conservation, reduction of energy consumption and technology absorption as required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

Foreign Exchange earnings and outgo

There was no foreign exchange earnings or outgo during the period under review.

Acknowledgments

Your Directors take this opportunity to thank the customers, shareholders, debenture holders, Central and State Governments, Bankers, Bombay Stock Exchange Limited, Merchant Banker, Share Transfer Agents, Reserve Bank of India, Registrar of Companies, Kerala, SEBI and other Government Authorities for the sincere co-operation and assistance provided to us. Let us together thank our executives, staff and other employees of the Company for their committed services which has helped us in attaining this growth.

For and on behalf of the Board

Kochi - 35

Thomas John Muthoot

Date: 01.06.2011

Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(This section contains "forward looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed or implied. The material factors that could impact the Company's operations include economic conditions, changes in government regulations, tax laws and other statutes and other incidental factors.)

This section of Muthoot Capital Services Ltd.'s annual financial report presents our discussion and analysis of the Company's financial performance during the fiscal year ended on March 31, 2011. This Management's Discussion and Analysis (MD&A) should be read in conjunction with the Company's financial statements, which follow this section.

OUTLOOK FOR THE INDUSTRY

The Indian economy had a rejuvenated entry from the clamps of the recession which had hit the entire world during the year 2008 - 09. The year 2010 - 11 was hallmarked with robust growth and fiscal consolidation in the Indian economy with a GDP growth of 8.6%. Manufacturing and service sectors had registered impressive gains. There was an increase in savings and investments marked by a rise in exports. However, some of the major causes of concern were food inflation, higher commodity prices and volatility in global commodity markets. Measures initiated by the Reserve Bank of India and the Government like timely changes in monetary policies, introduction of a new GST, raising revenues, installing stronger safeguards and measures to accelerate financial inclusion, had ensured availability of funds and sufficient credit flow. With the present pace of growth, it is expected that the growth in GDP shall rise to 9% during the next fiscal year. Further, a spell of good news to the Non-Banking Finance sector is that the Reserve Bank of India is to provide more banking licenses to NBFCs. However, the other side is that they will be subject to more stringent provisions applicable to banks and will lose the relaxation granted to NBFCs. The Non-Banking Finance sector had supported a good credit growth and has complemented the banking sector in providing a surge to the economic activity.

OUTLOOK FOR THE COMPANY

Your Company is planning to shift its focus from gold loans to auto loans and other loans. During the year 2010 - 2011, the percentage of gold loan was 29.02% of the total loan portfolio as compared to 57.33% in 2009 - 2010. This is further slated to come down and the Company may end the coming year at 1.33%. With the economy back on its growing pace and savings on soar, the demand for auto loans in India has increased substantially. It has become a thing of past when the consumers used to scrutinize their bank statements, plan, budget and save for months to own their dream vehicle. To meet the new demands and to capture the market, the Company has plans to explore new geographies. Our greatest asset is the customer support and relations which had been built over decades, the satisfaction and trust reposed in us by the consumers which enabled us to secure a place in this competitive market.

The increase in costs is incidental to the change in the business lines and is commensurate with the growth in the business. This realization has made the Company cautious and it continues its efforts to minimize the operational and finance costs. New projects and products are on the discussive track which are likely to enter the road to finalization during the current year.



OPPORTUNITIES AND THREATS

The Indian automobile industry is on a high growth trajectory contributed by the surge in the economic activity and the increase in the automobile launches suiting all budgets and requirements. The consumers are ready and willing to borrow in order to fulfill their dreams and aspirations. This has resulted in a surge in the demand for auto loans which has enhanced our market access. We face competition from many auto financing companies and scheduled commercial banks which have spread their network across the country. With our wide market access and dedicated, skilled and efficient staff, we are able to meet challenges across our way.

RISKS AND CONCERNS

Some of the major risks faced by the Company are counter party risk which could lead to credit risk, competition risk and liquidity rate risk. The Company has been able to counter these risks by scientific, very rigid, mapping of customer profiles to ensure highest creditworthiness, continuous refinements and innovations in the product packaging to suit the market demands and systematic planning of fund requirements and resources.

The Company makes detailed credit assessment verification of applicant details to conform to our norms before disbursing the loan and has an effective and efficient collection and recovery mechanism which helps to minimize the counter party risk. The Company has been able to create an impression in the minds of its clients, who spread the message to others, by its excellent customer service. The strong brand image and distribution network have helped the Company to establish a pivotal role in the market. Interest rate volatility is among the key risks faced by the Company. Increase in cost of funds severely squeezes margins, impacting profitability and operational self-sufficiency. In spite of the above risks, the Company has a good asset liability management technique which helps it to manage the risks and keep its assets and liabilities well balanced.

The Company has always followed a policy of keeping sufficient liquid funds to ensure that there is no stringency to affect its operations. The Company has always been on the lookout for the right talent for its workforce. The Company has adopted proactive training and development methods to bring out the hidden talents of our staff. The workforce comprises of loyal and committed personnel which make the Company strong.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company believes that transparency of policies and operation and systems and control are keys to the success of any organization. We have set up adequate internal controls and systems to ensure that the Company is functioning in a balanced way and that any conflicting occurrences are taken care of. M/s Argee and Company, Chartered Accountants, 39/2695, Panthiyil Lane, Warriam Road, Kochi - 682 016, were the Internal Auditors of the Company. The Internal Auditors report to the Audit Committee of the Board of Directors. They always look into core areas where there are deficiencies to be addressed and areas of improvement and submit their suggestions to the Audit Committee of the Board of Directors on a quarterly basis or earlier, if so required. The Statutory Auditors of the Company were M/s K. Venkitachalam Aiyer & Co., Chartered Accountants, Building No.41/3647 B, First Floor, Blue Bird Towers, Providence Road, M.G.Road, North End, Ernakulam, Kochi - 682018. They render professional services and function according to their well defined audit plans.



FINANCIAL PERFORMANCE

The total Income of the Company registered a growth of 67.87 %, from Rs.2247.56 lakhs during the previous year to Rs.3772.92 lakhs in the current year. Commensurate with the increase in operations, the interest expenses increased by 67.30% to Rs.1157.07 lakhs from Rs.691.61 lakhs in the last year. On account of the substantial increase in manpower and infrastructure to support the enhanced level of activities, the operational expenses during the corresponding period recorded an increase of 139.08 %, from Rs.456.93 lakhs to Rs.1092.44 lakhs. The profit before tax recorded a jump of 33.40% from Rs.1087.42 lakhs in the previous year to Rs.1450.61 lakhs during the year ended 31.03.2011.

The Company has maintained its profitability at Rs.966.54 lakhs as compared to Rs.717.29 in the previous year registering an increase of 34.75%. The Board has proposed a dividend of Rs.3 per share considering the progressive performance of the Company.

CORPORATE SOCIAL RESPONSIBILITY

This has become an important aspect for the business both nationally and internationally. With globalization and the world becoming a global market, the corporates from outside have been able to establish their presence in every economy. This resulted in the increased realization of the concept of Corporate Social Responsibility which has become essential for building sustainable businesses, which need healthy economies, markets and communities.

Corporate Social Responsibility has been gaining more importance in our business and societal activities. Constant efforts have been initiated to create a general awareness of this issue and to ensure a comprehensive implementation of social, safety and environmental processes within our Company involving our employees, our associates, customers, stakeholders and the society within which we function.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Your Company has been able to maintain good industrial relations. This has been possible with the help of the highly competent and extremely loyal workforce. To enhance their skills and enrich their experience, the Company has been implementing a continuous training process. We have been able to create a feeling of belongingness among our employees by implementing various measures for career development and employee welfare. The Management has never been lacking in encouraging the employees for their contributions and sincerity. We at Muthoot Capital Services Ltd. value the dedication and loyalty of our staff.

For and on behalf of the Board

Kochi - 35
Date: 01.06.2011

Thomas John Muthoot
Chairman



REPORT ON CORPORATE GOVERNANCE

Sound corporate governance principles ensure integrity of corporates, accountability and efficiency in operations, achievement of sustained productivity, ethical functioning, and enhances shareholders' values. Corporate governance principles go much beyond the old concept of measuring the financial performance of the Company as parameters of growth. To survive and withstand in this competitive world, the corporates must tailor their corporate governance principles to suit new demands and grasp new opportunities.

We at Muthoot Capital Services Ltd. have great commitment towards ensuring the best corporate governance practices. Our policies and practices are framed keeping in view long term shareholder values without compromising on the ethical standards and corporate responsibilities. We uphold the core values of integrity, transparency and accountability which form the foundation upon which our business is built. Our management and employees adhere to their commitment and ensure honesty and fairness in all activities.

1. BOARD OF DIRECTORS

a) Composition of the Board.

The Board of Directors of the Company comprises of six Directors. The Board being chaired by a non-executive Director has 3 independent Directors. The composition and the category of Directors on the Board of the Company for the year 2010 - 2011 were as under:

Category	Name of the Directors
Executive	Mr. Thomas George Muthoot, Managing Director
Non-executive and non independent	Mr. Thomas John Muthoot, Chairman Mr. Thomas Muthoot
Independent non-executive	Mr. A. P. Kurian Mr. Philip Thomas Mr. R. K. Nair

The Board has in place a code of conduct which has been approved, adopted and complied with by all Directors. The Independent non-executive Directors comply with the requirements of the Listing Agreement for being independent and have also furnished declarations for compliance with the criteria of independence as defined in the Listing Agreement.

b) Board Meetings

The Board of Directors are entrusted with the task of managing the Company in the best interests of the shareholders. All the strategic decisions are taken by the Board in its meetings.



Number and dates of Board Meetings

Number of Board Meetings held during the year	Dates of Meetings
8	12.05.2010, 31.07.2010, 20.09.2010, 19.10.2010, 21.12.2010, 2.02.2011, 01.03.2011, 28.03.2011

c) Attendance of Directors at Board Meetings, Last Annual General Meeting, Directorships in other public companies and Chairmanships/Memberships in committees of each Director in other companies.

Name of the Directors	Attendance in Board Meetings during 2010 - 2011	Attendance at the last AGM held on 31st July 2010	Number of Directorships in other Public Companies	Number of Chairmanships/ Memberships of Board Committees in other Companies
Mr. Thomas John Muthoot	8	Present	6	4
Mr. Thomas George Muthoot	8	Present	6	4
Mr. Thomas Muthoot	8	Present	6	3
Mr. A. P. Kurian	2	Present	5	7
Mr. Philip Thomas	4	Present	2	2
Mr. R. K. Nair	5	Absent	1	3

d) Composition of Committees of Directors as on 31.03.2011 in Muthoot Capital Services Ltd.

Name of the Directors	In Committees of Boards	
	Chairman	Member
Mr. Thomas John Muthoot	1	1
Mr. Thomas George Muthoot	0	1
Mr. Thomas Muthoot	1	2
Mr. A. P. Kurian	0	2
Mr. Philip Thomas	2	0
Mr. R. K. Nair	0	2

The Membership/Chairmanship held by the Directors in various Board Committees were within the statutory limits specified under Clause 49 of the Listing Agreement.

2. AUDIT COMMITTEE

Terms of reference

The terms of reference of the Audit Committee are in accordance with provisions of Section 292A of the Companies Act, 1956, and Clause 49 of the Listing Agreement. The Committee is empowered to investigate into the activities of the Company and its subsidiaries, within its terms of reference. All the employees are to co-operate with the Committee in the performance of its functions. The Committee can obtain outside, legal, or other independent professional advice and assistance, if necessary, and may secure attendance of outsiders with relevant expertise to assist it in fulfilling its responsibilities. The Committee acts as a channel of communication between the Board and the audit function.

The key responsibilities of Audit Committee, inter alia, include:

- To oversee the accounting and financial reporting process of the Company and financial disclosures to ensure its correctness and credibility.
- To review the audit plans, accounting policies, MIS or such other management control or audit systems proposed for implementation in the Company.
- To evaluate the performance of the Internal Auditors and recommend their re-appointment.
- To review and approve the Annual Report prior to submission to the Board of Directors for approval.
- To carry out any other work as is mentioned in the terms of its reference.

1. Composition

The Audit Committee comprises of 4 Directors of whom 3 are Independent Directors. All the members possess the necessary financial/accounting expertise/exposure. Mr. Philip Thomas, former Executive Director of IDBI, chairs the Committee.

The composition of the Audit Committee meets the requirements of Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956.

2. Attendance of each member at the Audit Committee meetings held during the year

The Committee met 4 times (12.05.2010, 31.07.2010, 19.10.2010, 02.02.2011) during the year ended 31st March, 2011. The number of meetings attended by each member is as stated:

Name of the Audit Committee member	Number of meetings attended
Mr. Philip Thomas, Chairman	4
Mr. A. P. Kurian	2
Mr. R. K. Nair	2
Mr. Thomas Muthoot	4

3. REMUNERATION COMMITTEE

The Remuneration Committee comprises of 3 independent Directors namely Mr. Philip Thomas (Chairman), Mr. A. P. Kurian and Mr. R.K. Nair. The Remuneration Committee determines and recommends the remuneration of the Managing Director and whole-time Directors based on the overall performance of the Company during the relevant financial year. The remuneration policy is in consonance with the existing industry practice. The Committee had met on 12.05.2010 during the year ended 31.03.2011.



Remuneration to Directors

The non-executive independent Directors are paid sitting fees at the rate of Rs. 1000/- for each Board Meeting attended along with the travelling and other expenses relating thereto.

Sitting fees paid to the non-executive independent Directors during the year ended 31.03.2011 are detailed below

Name of the Director	Sitting Fees (Rs.)
Mr. Philip Thomas	4,000/-
Mr. A. P. Kurian	2,000/-
Mr. R. K. Nair	5,000/-

The Company had made application to the Central Government for increasing the salary of the Managing Director to Rs.5,00,000 p.m. based on the recommendation of the Board of Directors in the meeting held on 12.05.2010 and the approval of the members in the Annual General Meeting held on 31st July, 2010. However, the Central Government has accorded permission for payment of salary of Rs.3,00,000 p.m. subject to the terms and conditions approved in the General Meeting.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE (SIGC)

The Shareholders'/Investors' Grievance Committee comprises of Mr. Thomas Muthoot (Chairman), Mr. Thomas George Muthoot and Mr. Thomas John Muthoot. The Committee approves and oversees all matters relating to transfers and looks into redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

Meetings: The Committee had met 4 times during the year ended 31.03.2011. (14.04.2010, 14.07.2010, 14.10.2010, 02.02.2011)

Attendance of each member at the share holders/investor's grievance committee held during the year

Name of the committee member	Number of meetings attended
Mr. Thomas Muthoot, Chairman	4
Mr. Thomas George Muthoot	4
Mr. Thomas John Muthoot	4

Ms. Elizabeth Wilson was the Compliance Officer for complying with the requirements of SEBI regulations and Listing Agreement. The Company had received 49 communications/complaints from shareholders, and resolved all the complaints received during the year and there were no outstanding/pending complaints as on 31.03.2011.



5. BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT

The re-appointment of Mr. Thomas Muthoot, Director of the Company was recommended by the Board of Directors at their meeting held on 28th April, 2011, subject to the approval of shareholders.

The resume of Directors retiring by rotation are given below :

- 1)

Name	:	Mr. Thomas Muthoot
Age	:	44 years
Qualification	:	B.A. , L.L.B.
Experience	:	He is the Executive Director of Muthoot Fincorp Ltd., and Director of other public companies and private companies in the group including, Muthoot Infrastructure Ltd. He has more than 23 years' experience in the financial sector and hospitality industry.
Present Position	:	Director
Category	:	Non-Executive Director

- 2)

Name	:	Mr. Philip Thomas
Age	:	82 years
Qualification	:	M.A., M.Sc (Economics)
Experience	:	He was formerly the Executive Director of Industrial Development Bank of India (IDBI) and the Chairman of Stock Holding Corporation of India (SCHIL). He has had extensive training abroad with various Financial Institutions and Central Banks apart from assignments with United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Asian Development Bank (ADB).
Present Position	:	Director
Category	:	Independent and Non-Executive

6. GENERAL BODY MEETINGS

The Annual General Meeting of the Company during the preceding 2 years were held at the International Hotel, M.G. Road, Kochi. The Annual General Meeting of 2007 - 08 was held at Aangan Hall, Bharat Tourist Home (BTH), D H Road, Kochi.

The respective dates and times of the preceding 3 Annual General Meetings and the details of special resolutions passed thereat are as follows:



Year	2009 - 2010	2008 - 2009	2007 - 2008
Date and time	31st July, 2010 at 10.00 am	24th September, 2009 at 10.00 am	29th August, 2008 at 10.00 am
Details of special resolution passed	Nil	Item No. 8 in the agenda: Alteration of Articles of Association for increasing the authorized share capital and Item no. 9 in the agenda : Rights Issue	Nil

7. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS IE. TRANSACTIONS OF THE COMPANY OF MATERIAL NATURE WITH THE PROMOTERS, THE DIRECTORS AND THE MANAGEMENT, THEIR RELATIVES OR SUBSIDIARIES, ETC. THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTERESTS OF THE COMPANY AT LARGE

In the opinion of the Board, none of the transactions of the Company entered into with the related parties were in conflict with the interests of the Company. The details of the related party transactions are disclosed in the notes on accounts - Schedule O, forming part of Balance Sheet. The members may kindly refer to the same.

8. MEANS OF COMMUNICATION

The quarterly, half-yearly and annual results were published in the Financial Express / Economic Times and Kerala Kaumudi / Mangalam. The Company is also maintaining a functional website www.muthootcap.com, wherein all the communications are updated.

The Annual Reports containing the Audited Annual Accounts, Consolidated Financial Statements, Auditors' Reports, Directors' Report, the Management Discussion and Analysis Report forming part of Directors' Report and other material information are circulated to the members and others entitled thereto.

All the disclosures and communications to be filed with the Stock Exchange were submitted in hard copies and there were no instances of non-compliances.

9. GENERAL SHAREHOLDER INFORMATION

Company registration details

The Company is registered in the state of Kerala. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is L67120KL1994PLC007726. The Company being a Non-Banking Financial Company is also registered with the Reserve Bank of India.



Annual General Meeting

(Day, Date, Time and Venue) :

Monday, 11th July, 2011, at 10.00 A.M at The International Hotel, Veekshanam Road,
Kochi - 35

Financial Year : April 1, 2010 to March 31, 2011

Date of book closure :

6th July, 2011 to 11th July, 2011

Dividend payment date :

On or before 10th August, 2011

Listing on Stock Exchanges

Equity shares

Bombay Stock Exchange Limited (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street

Mumbai - 400 001

Scrip code no. 511766

Scrip ID : MUTHTFN

ISIN : INE296G01013

Payment of listing fees : Annual listing fee for the year 2011 - 2012 (as applicable) has been paid by the Company to BSE.

Stock market price data

(in Rs. Per share)

Month	Month's High Price	Month's Low Price
April, 2010	105.00	86.00
May, 2010	189.00	94.95
June, 2010	171.90	138.00
July, 2010	149.90	133.50
August, 2010	201.70	151.00
September, 2010	198.00	178.10
October, 2010	214.80	171.00
November, 2010	204.00	140.00
December, 2010	184.50	145.00
January, 2011	172.95	127.10
February, 2011	141.00	94.55
March, 2011	129.00	105.00



Share Price Movement During the Last 5 years



Registrars and Transfer Agents

Integrated Enterprises (India) Ltd.

"Seema", 41/426, Rajaji Road
 Near Abad Metro Hotel
 Kochi - 682 035, India
 Tel : 0484 - 2371494, 2366099
 Fax : 0484 - 2384735
 E-mail : yesbalu@iepindia.com, shaji@iepindia.com

Share Transfer System

The share transfer applications received in physical form are processed and share certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company obtains, from a Company Secretary in Practice, a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy with the Stock Exchange.

Distribution of Shareholding as on 31.03.2011



Shareholding pattern by size as on March 31, 2011

Sl. No.	Category (Shares)	Holders	Shares	% of Total Shares
1	Upto 100	5268	432267	6.65
2	101 - 500	1434	370533	5.70
3	501 - 600	78	45627	0.70
4	601 - 700	29	19466	0.30
5	701 - 800	22	16935	0.26
6	801 - 900	22	19332	0.30
7	901 - 1000	74	73673	1.13
8	1001 - 2000	102	145372	2.24
9	2001 - 5000	44	143543	2.21
10	5001 - 10000	10	61638	0.95
11	10001 - 20000	4	57609	0.89
12	20001 - 30000	3	78383	1.21
13	30001 - 40000	0	0	0
14	40001 - 50000	2	88227	1.36
15	50001 - 100000	2	117000	1.80
16	Above 100000	6	4830395	74.31

Dematerialization of Shares

The Company has arrangements with both the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. 89.6 % of shares of the Company were held in dematerialized form as on 31st March, 2011.

10. COMPLIANCE CERTIFICATE OF THE AUDITORS

All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect by the Managing Director is given as Annexure I to this report. The compliance certificate from the Auditors of the Company, M/s K. Venkitachalam Aiyer & Co., confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is annexed as Annexure II to this report.

11. ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF CLAUSE 49

The Company has complied with all mandatory requirements and proposes to adopt other non-mandatory requirements as and when necessary.



Annexure I

Declaration regarding compliance by Board Members and Senior Management personnel with the Company's Code of Conduct

To,
The Members of
MUTHOOT CAPITAL SERVICES LTD.

I confirm that the Company has received from the Senior Management team of the Company and the members of the Board declarations of compliance with the Code of Conduct as applicable to them during the financial year ended 31st March, 2011.

Kochi - 35
Date: 01.06.2011

Thomas George Muthoot
Managing Director

Annexure II

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
MUTHOOT CAPITAL SERVICES LTD.

We have examined the compliance of conditions of Corporate Governance by Muthoot Capital Services Ltd. for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer cum Investors Grievances Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. VENKATACHALAM AIYER & Co

Chartered Accountants
Firm Registration Number: 004610S

A. GOPALAKRISHNAN

(Partner)
Membership No.018159

Place : Kochi
Date : 28.04.2011



AUDITORS' REPORT

To,

The Members of

MUTHOOT CAPITAL SERVICES LTD.

1) We have audited the attached Balance Sheet of MUTHOOT CAPITAL SERVICES LTD., M.G.Road, Ernakulam as at 31st March 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) 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 Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4) Further to our comments in the Annexure referred to in paragraph 3 above 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, Profit and Loss Account 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 Profit and Loss Account 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 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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.



- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Company's significant accounting policies and the notes attached thereto, appearing in Schedule-O and other notes appearing elsewhere in the accounts 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:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and;
 - iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For K. VENKATACHALAM AIYER & Co

Chartered Accountants

Firm Registration Number: 004610S

A. GOPALAKRISHNAN

(Partner)

Membership Number:018159

Place: KOCHI

Date: April 28, 2011



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED, M.G.ROAD, ERNAKULAM ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2011.

1. (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) The fixed assets have been physically verified by the management during the period, the programme of verification of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such physical verification.
(iii) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
2. (i) Except the repossessed assets from the borrowers the Company does not have any stock of inventory.
(ii) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory of the above items.
3. (i) On the basis of the explanations given by the Management, we report that the Company has not taken any loans, secured or unsecured from companies or other parties covered in the register maintained u/s 301 of the Companies Act. However we report that the Company has frequently entered into recurring and repetitive transactions with the Directors of the Company and the maximum amount to the credit of such account of the directors during the year ended 31.03.2011 was Rs.8,234.84 Lakhs (2009-10 : Rs.3178.11 Lakhs) and the outstanding balance as on 31.03.2011 was Rs.2,924.64 Lakhs (31.03.2010 : Rs.2,240.43 Lakhs).
(ii) The Company has granted secured loans of Rs.6.15 Lakhs during the year 2010-2011 (2009-10 : Rs.1.10 Lakhs) to one relative of the Directors covered in the register maintained in pursuance to Section 301 of the Act. Apart from the above, the Company has not granted any loans to other companies or firms covered in the register maintained u/s 301 of the Companies Act, 1956.
(iii) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under Section 301 of the Act are not prima facie prejudicial to the interests of the Company.
(iv) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, wherever applicable. The parties are repaying the principal amounts as stipulated and are also regular in payment of interest, wherever applicable.
(v) There are no overdue amounts of loans taken from or granted to companies, firms or other parties listed in the register maintained in pursuance of Section 301 of the Act.



4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. i) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuant of Section 301 of the Act, have been so entered.
- ii) 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 Rupees five lakhs in respect of any party during the year prima facie, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted deposits within the meaning of Section 58A of the Companies Act, 1956, from the public during the year ended March 31, 2011.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. a. According to the information and explanations given to us and the records of the Company examined by us, and in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, value added tax and other material statutory dues as applicable with the appropriate authorities.
- b. According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax/value added tax, excise duty and cess which are outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- c. Details of dues of Income Tax, which have not been deposited as on 31.03.2011 on account of disputes are given below:

Nature of Dues	Forum where dispute is pending	Period to which the amount relates-Financial Year	Amount involved (Rs. in lakhs)
Income Tax and Interest	Commissioner of Income Tax (Appeals)	2001-02	14.02
Income Tax and Interest	Commissioner of Income Tax (Appeals)	2002-03	9.13
Income Tax	Income Tax Appellate Tribunal	2001-02	0.99
Income Tax	Income Tax Appellate Tribunal	2002-03	1.89
Income Tax	Income Tax Appellate Tribunal	2004-05	2.64



9. The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses during the year ended on that date or in the immediately preceding financial year.
10. 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 any financial institution or Bank or Bondholders as at the Balance Sheet date.
11. In our opinion and according to the information and explanations given to us, Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities except loans given against the security of its own secured debentures/ bonds.
12. In our opinion Company has maintained proper records for the trading in shares, securities and other investments and timely entries have been made.
13. According to the explanations and information given to us, the Company has not given any guarantee during the year for loans taken by others from banks or other financial institutions, the terms and conditions of which are prejudicial to the interest of the Company.
14. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company, prima facie, were applied by the Company during the year for the purposes for which the loans were obtained.
15. According to the Cash Flow Statement and other records examined by us and the explanations and information given to us, on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have not been used for long-term investment.
16. According to the explanations and information given to us, during the year under audit the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
17. According to the explanations and information given to us, the Company has created securities in respect of the secured redeemable non-convertible bonds issued and outstanding as on 31.03.2011.
18. The Company has not raised money by public issues during the year ended 31.03.2011.
19. 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 explanations and information given to us, we have neither come across with any instance of fraud on or by the Company being noticed or reported during the year, nor have we been informed of such case by the management.



20. In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year have been such that Clauses(viii)and (xiii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company for the year.

For K. VENKATACHALAM AIYER & Co

Chartered Accountants

Firm Registration Number: 004610S

CA. A. GOPALAKRISHNAN

(Partner)

Membership Number: 018159

Place: KOCHI

Date : April 28, 2011



AUDITORS' REPORT SUBMITTED AS PER "NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT (RESERVE BANK) DIRECTIONS, 2008" IN RESPECT OF THE YEAR ENDED 31 MARCH, 2011 OF MUTHOOT CAPITAL SERVICES LTD., M.G. ROAD, ERNAKULAM.

The Board of Directors,
Muthoot Capital Services Ltd.,
M.G. Road, Ernakulam.

- 1) The Company is engaged in the business of a Non Banking Financial institution and it has obtained the certificate of registration as provided in Section 45 IA of the RBI Act, 1934.
- 2) The Company is entitled to hold certificate of registration in terms of Asset/Income Pattern as on March 31, 2011.
- 3) The Company is classified as a deposit accepting company as per RBI Order No: 16.00024. However the Company has not accepted any public deposits during the year under review.
- 4) The Company has complied with the prudential norms on Income Recognition, Accounting Standards, Asset Classification, Provisioning for Bad and Doubtful Debts and Concentration of Credits / Investments as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.
- 5) The capital adequacy ratio as disclosed in the return submitted to the RBI in terms of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 has been correctly determined and such ratio is in compliance with the minimum Capital to Risk Asset Ratio prescribed by RBI.
- 6) As the Company has no public deposits during the year under review, the requirements of compliance with the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998 are not applicable.
- 7) As the Company has no public deposits during the year under review, the requirement of having the minimum credit rating is not applicable to the Company in terms of the proviso to Paragraph 4 (1) (i) of NBFC Public Deposit Directions (RB), 1998.
- 8) There are certain secured bonds held by the Company as on March 31, 2011, which have already been matured but for which the bondholders did not make any claim. We are informed that the Company has taken adequate steps for its repayment. The total number of accounts and total amount in respect thereof as on the date of Balance Sheet are as follows: -

Particulars	Nature of the instrument		
	Secured bonds	Public deposits (unsecured)	Total
Total no. of accounts	64	NIL	64
Principal amount due (Rs.)	42 51 000	NIL	42 51 000
Interest accrued (Rs.)	4 95 331	NIL	4 95 331
Total amount outstanding (Rs.)	47 46 331	NIL	47 46 331



- 9) As the Company has no public deposits during the year, liquidity requirement by making investments in approved securities is not applicable.
- 10) The Company has furnished to the RBI the return on deposits as specified in the first schedule to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998.
- 11) The Company has furnished to the RBI the half-yearly return on prudential norms for 31-03-2010 & 30-09-2010 on 21-07-2010 and 29-12-2010 respectively as specified in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007. The Management informed us that the said return of deposits for the half year commencing from October 2010 to March 2011 would be furnished to the Reserve Bank of India before the due date viz., 30th June 2011.
- 12) As explained to us, the Company has not opened or closed any branch or appointed any agent to collect deposit during the year ended. Consequently, the requirement contained in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 is not applicable.

For K. VENKATACHALAM AIYER & Co

Chartered Accountants
FR No. 004610S

A. GOPALAKRISHNAN

Partner
M No.018159

Place: KOCHI
Date: April 28, 2011

BALANCE SHEET AS AT MARCH 31ST, 2011

Particulars	Sch No.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCE OF FUNDS			
Shareholders' Funds:			
Share Capital	A	6 50 00 000	6 50 00 000
Reserves and Surplus	B	22 26 82 350	14 86 91 855
		28 76 82 350	21 36 91 855
Loan Funds			
Secured Loans	C	87 46 69 209	57 61 91 810
Unsecured Loans	D	59 24 63 812	22 40 43 066
		146 71 33 021	80 02 34 876
TOTAL		175 48 15 371	101 39 26 731
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	2 35 50 073	2 00 04 913
Less: Depreciation till date		1 71 25 625	1 56 92 326
Net Block		64 24 448	43 12 587
Investments	F	18 90 450	18 33 462
Deferred Tax Asset		33 89 300	10 72 100
Current Assets, Loans & Advances:			
A. Current Assets	G	133 17 66 635	42 06 96 166
B. Loans and Advances		46 21 42 237	61 87 34 194
		179 39 08 872	103 94 30 360
Less: Current Liabilities & Provisions			
Current Liabilities	H	1 59 91 869	90 55 156
Provisions		3 48 05 830	2 36 66 622
		5 07 97 699	3 27 21 778
Net Current Assets		174 31 11 173	100 67 08 582
TOTAL		175 48 15 371	101 39 26 731
Notes on Accounts	O		

The attached schedules and notes form an integral part of these accounts.
This is the balance sheet referred to in our report of even date.

For K. VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Registration Number :004610 S

CA. A. GOPALAKRISHNAN
PARTNER

Membership Number: 18159

Place - Kochi
Date - April 28, 2011

For MUTHOOT CAPITAL SERVICES LTD.

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

MALATHY .N
COMPANY SECRETARY



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2011

Particulars	Sch. No	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
INCOME			
Income from operations	I	37 58 91 681	22 27 37 839
Other Income	J	14 00 578	20 17 888
TOTAL		37 72 92 259	22 47 55 727
EXPENDITURE			
Financial Expenses	K	1 1 57 05 205	6 91 60 678
Establishment Expenses	L	5 1 1 65 868	2 48 29 562
Administrative & Other Expenses	M	5 80 77 947	2 08 64 373
TOTAL		22 49 49 020	11 48 54 613
PROFIT BEFORE DEPRECIATION AND OTHER PROVISIONS		15 23 43 239	10 99 01 114
Depreciation	E	14 33 299	9 18 821
Provision & Write Offs	N	58 48 652	2 40 302
PROFIT BEFORE TAX		14 50 61 288	10 87 41 991
Provision for taxation			
Current Tax		5 07 00 000	3 72 20 000
Deferred Tax		(23 17 200)	(1 74 000)
Income Tax Adjustment for Earlier Years		24 593	(32 628)
PROFIT AFTER TAX		9 66 53 895	7 17 28 619
Add:Balance brought forward from previous year		10 04 32 855	6 21 15 936
AMOUNT AVAILABLE FOR APPROPRIATIONS		19 70 86 750	13 38 44 555
Less: Appropriations			
Transfer to Statutory Reserve		1 94 00 000	1 44 00 000
Proposed Dividend		1 95 00 000	1 62 50 000
Dividend Tax		31 63 400	27 61 700
SURPLUS CARRIED TO BALANCE SHEET		15 50 23 350	10 04 32 855
Basic and Diluted Earnings Per Share		14.87	11.04
Notes on Accounts	O		

The attached schedules and notes form an integral part of these accounts.
This is the Profit and loss Account referred to in our report of even date.

For K. VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Registration Number :004610 S

CA. A. GOPALAKRISHNAN
PARTNER

Membership Number: 18159

Place - Kochi
Date - 28/04/2011

For MUTHOOT CAPITAL SERVICES LTD.

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

MALATHY .N
COMPANY SECRETARY



SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

Particulars	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
SCHEDULE - A - SHARE CAPITAL		
Authorised (1,50,00,000 equity shares of Rs.10/- each)	15 00 00 000	15 00 00 000
Issued and subscribed 65,00,000 equity shares of Rs.10/- each fully called and paid up	6 50 00 000	6 50 00 000
SCHEDULE - B - RESERVES AND SURPLUS		
Statutory Reserve		
As on 01.04.2010(Previous Year 01.04.2009)	4 81 59 000	3 37 59 000
Add: Transfer from Profit and Loss account	1 94 00 000	1 44 00 000
As on 31-03-2011(Previous Year 31.03.2010) (A)	6 75 59 000	4 81 59 000
Surplus Carried from Profit and Loss Account (B)	15 50 23 350	10 04 32 855
Debenture Redemption Reserve (C)	1 00 000	1 00 000
TOTAL (A+B+C)	22 26 82 350	14 86 91 855
SCHEDULE - C - SECURED LOANS		
Redeemable non-convertible bonds	15 21 91 000	13 96 76 000
Interest accrued but not due on bonds	1 49 29 956	1 40 61 554
ICICI Working Capital Demand Loan	10 00 00 000	20 00 00 000
SBT - Cash Credit	20 27 70 492	2 17 16 532
SBT Working Capital Demand Loan	15 11 49 886	-
HDFC Bank Ltd.	15 11 59 315	10 00 00 000
AXIS Bank Ltd	10 17 56 740	9 96 35 742
HDFC Bank Ltd Car Loan-Getz	-	25 112
HDFC Bank Ltd Car Loan-Verna	3 45 438	4 93 630
HDFC Bank Ltd Car Loan-Asta I20	3 66 382	5 83 240
TOTAL	87 46 69 209	57 61 91 810



	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
SCHEDULE - D - UNSECURED LOANS		
Loan from Directors	24 96 54 115	21 88 49 886
Add: Interest Payable on Loan from Directors	4 28 09 697	51 93 180
	29 24 63 812	22 40 43 066
INTERCORPORATE DEPOSIT		
ECL Finance Ltd	30 00 00 000	-
TOTAL	59 24 63 812	22 40 43 066
SCHEDULE - F - INVESTMENTS		
Equity Shares - quoted		
(Valued at Cost or Market price whichever is lower and certified by the Management)	18 71 079	18 14 091
UTI GOLD - Exchange Traded Fund	19 371	19 371
(20 Units Of UTI Gold Exchange Traded Fund with NAV of Rs.2,025.375 per unit i.e Rs.40,507.5 as at 31.03.2011(as at 31.03.2010: Rs.32,202.62), valued at Cost)		
(Annexure I to the Balance Sheet)		
TOTAL	18 90 450	18 33 462
SCHEDULE - G - CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Gross Stock on Hire	-	80 492
Less: Unmatured finance charges	-	2 427
Net Book Value	-	78 065
Hypothecation Loan - Gross	163 21 88 766	49 28 90 126
Less: Unmatured finance charges	33 49 19 808	9 30 89 913
(mainly given against hypothecation of two wheelers and three wheelers)	129 72 68 958	39 98 00 213
Add:-Value of repossessed automobile assets	6 88 074	99 068
Net Book Value	129 79 57 032	39 98 99 281
Cash and Bank Balances		
Balances with Scheduled Banks in		
Current accounts	2 41 26 940	1 11 69 359
Unclaimed Dividend accounts	17 64 912	11 09 353
Deposit Accounts (given as security to commercial tax department, Govt. of Kerala)	20 000	20 000
DD in hand	1 57 660	-
Cash in hand	56 44 370	72 46 317

Receivables		
Outstanding for a period of:		
More than six months	-	-
Others	20 95 721	11 31 216
Prepaid Expenses	-	42 575
TOTAL	1 33 17 66 635	42 06 96 166
LOANS AND ADVANCES		
Loan against Gold Security, Loan against Company's own Bonds, demand Promissory Notes, Inter Corporate Deposits etc.		
i) Secured		
Considered good	44 76 88 203	59 31 92 776
Considered doubtful	-	-
ii) Unsecured		
Considered good	70 47 808	1 90 92 188
Considered doubtful	-	-
Deposits unsecured considered good	33 44 707	33 44 807
Loans and advances - others	40 61 519	31 04 423
TOTAL	46 21 42 237	61 87 34 194
SCHEDULE - H - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	1 59 91 869	90 55 156
Provisions	3 48 05 830	2 36 66 622
TOTAL	5 07 97 699	3 27 21 778
	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE - I - INCOME FROM OPERATIONS		
Finance charges earned	21 89 32 904	7 19 95 996
Income from Other Loans	14 78 63 939	14 58 60 328
Insurance Commission	90 94 838	48 81 515
TOTAL	37 58 91 681	22 27 37 839
SCHEDULE - J - OTHER INCOME		
Interest on Bank deposits	-	4 41 366
Income from Windmill operation	10 75 217	11 13 795
Profit from Capital Market Operations	1 28 743	49 324
Excess provision written back	55 459	156 000
Dividend	85 232	61 031
Miscellaneous Income	55 927	1 96 372
TOTAL	14 00 578	20 17 888



	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE - K - FINANCIAL EXPENSES		
Interest on Bank Loans	4 21 86 418	3 42 08 871
Interest on Bonds	1 56 28 939	1 55 06 307
Interest on Other borrowings	5 51 70 042	1 59 41 300
Other Financial Expenses	27 19 806	35 04 200
TOTAL	11 57 05 205	6 91 60 678
SCHEDULE - L - ESTABLISHMENT EXPENSES		
Remuneration to Employees	4 78 02 964	2 33 29 562
Remuneration to Directors	33 62 904	15 00 000
TOTAL	5 11 65 868	2 48 29 562
SCHEDULE - M - ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates and Taxes	70 98 072	47 19 371
Reimbursement of operating expense	45 05 888	44 70 437
Business Promotion Expenses	31 83 345	4 88 360
Dealer Incentive	2 05 05 904	-
Professional Charges	87 85 632	40 33 272
General Expenses	1 39 99 106	71 52 933
TOTAL	5 80 77 947	2 08 64 373
SCHEDULE - N - PROVISIONS & WRITE OFFS		
Provision for Non-Performing Assets	1 98 503	2 40 302
Provision for diminution in the value of Repossessed Assets	2 94 593	-
Provision for Contingencies	10 00 000	-
Contingent Provisions against Standard Assets	43 55 556	-
TOTAL	58 48 652	2 40 302



SCHEDULE OF FIXED ASSETS AS ON MARCH 31ST, 2011

Sl. No.	Description of the assets	GROSS BLOCK		DEPRECIATION			NET BLOCK			
		As at 01.04.2010 Rs.	Additions / (Deductions) during the year Rs.	As at 31.03.2011 Rs.	Rate %	Upto 31.03.2010 Rs.	For the Period Rs.	Upto 31.03.2011 Rs.	W.D.V as on 31.03.2011 Rs.	W.D.V as on 31.03.2010 Rs.
1	Vehicles	30 75 502	59 760	31 35 262	25.89%	19 27 041	3 06 578	22 33 619	9 01 643	11 48 461
2	Furniture and Fittings	31 30 229	12 53 406	43 83 635	18.10%	25 94 640	1 60 075	27 54 715	16 28 920	5 35 589
3	Office Equipments	6 22 245	5 36 300	11 58 545	13.91%	5 29 488	21 839	5 51 327	6 07 218	92 757
4	Computers & Accessories	41 98 607	16 95 694	58 94 301	40.00%	34 06 231	6 77 543	40 83 774	18 10 527	7 92 376
5	Windmill Generator	89 78 330	-	89 78 330	15.33%	72 34 926	2 67 264	75 02 190	14 76 140	17 43 404
	GRAND TOTAL	2 00 04 913	35 45 160	2 35 50 073	-	1 56 92 326	14 33 299	1 71 25 625	64 24 448	43 12 587
	Previous year	1 82 63 172	17 41 741	2 00 04 913	-	1 47 73 505	9 18 821	1 56 92 326	43 12 587	34 89 667

ANNEXURE I TO BALANCE SHEET AS AT 31 MARCH, 2011 DETAILS OF INVESTMENTS HELD AS ON 31.03.2011

Sl.No	Name of Security	Qty No	Value Rs
A	Equity Shares		
1	Bharti Airtel Ltd.	564	99 315
2	HDFC Ltd.	245	71 405
3	HDFC Bank Ltd.	141	1 44 867
4	Larsen & Toubro Ltd.	100	-
5	State Bank Of India	107	1 24 144
6	Infosys Technologies	105	1 31 808
7	Hero Honda Motors	151	1 20 211
8	Bosch Limited	49	2 33 408
9	Glaxo Smithkline Pharmaceuticals	101	1 33 923
10	Indian Oil Corporation Limited	625	1 26 937
11	Reliance Industries Ltd.	183	1 78 629
12	Nestle India	84	2 44 193
13	Coal India Ltd.	790	2 62 238
	Total		18 71 079
	Market Value of Investments		32 66 889
B	Other Investments		
	UTI Gold ETF	20	19 371
	Market Value of Investments		40 508
	Total Cost of Investments		18 90 450
	Total Market Value of Investments		33 07 397



NOTES FORMING PART OF ACCOUNTS

SCHEDULE – O

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements;

The financial statements for the year ended March 31, 2011, have been prepared under historical cost convention, in compliance with Indian Generally Accepted Accounting Principles (“GAAP”) with mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and in compliance with the provisions of Companies Act, 1956 and the directions issued by the Reserve Bank of India for Non-Banking Financial Companies from time to time wherever applicable. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of Estimates;

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the balance sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management’s evaluation of the relevant facts and circumstances as of the date of financial statements. Although these estimates are based upon the management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

1.3. Revenue recognition;

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

- a. Finance charges in respect of hire purchase/hypothecation loan transactions are accounted by applying the Internal Rate of Return method. Overdue charges on belated hire purchase/hypothecation loan installments are accounted as and when received by the Company.
- b. Interest on loans and advances is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for delayed payments are accounted as and when received.
- c. Dividend on investments is recognized as income when right to receive payment is established by the date of balance sheet. The profit/loss on Capital Market Operations is recognised at the time of actual sale/redemption of investments.
- d. Income in respect of Non-Performing Assets is recognized as and when received as per the guidelines given in the Non-Banking Financial Companies Prudential Norms(Reserve Bank) Directions, 2007.
- e. Income from services is recognized on accrual basis as per the terms of the contract.
- f. Income from power generation is recognized on supply of power to the grid as per the terms of the power purchase agreement with Tamil Nadu Electricity Board.



1.4. Treatment of expenses;

- a. It is the Company's policy to provide for all expenses on accrual basis, unless otherwise stated
- b. As per the guidelines given in the Prudential Norms for Non-Banking Financial Companies prescribed by the Reserve Bank of India, the Company makes adequate provisions against Non Performing Assets in the following manner.
 - (i) Sub-standard Assets:
Provision as required by paragraph 9 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.
 - (ii) Doubtful/ Loss Assets:
Provision as required by paragraph 9 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.
 - (iii) Standard Assets:
Provision against Standard Assets are made at the rate of 0.25% as required by paragraph 9A of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 read with Notification No. DNBS.222/ CGM(US)-2011 issued by the Reserve Bank of India on January 17, 2011.

1.5 The Company has followed the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning/writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit/investments and Non-Banking Finance Companies acceptance of Public Deposits (Reserve Bank) Directions 2007.

1.6 Fixed Assets, Depreciation and Impairment Of Assets;

- a. Fixed Assets;
Fixed assets are carried at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- b. Depreciation;
Depreciation on assets held for own use of the Company is provided on written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. All fixed assets individually costing Rs.5,000/- or less are fully depreciated in the year of installation. Depreciation on assets sold during the year is recognised on a prorata basis to the profit and loss account till the date of sale.
- c. Impairment of Assets;
The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and their value in use.
After impairment, depreciation is provided on the revised carrying amount of the asset as per the depreciation rate prescribed in Schedule XIV of the Companies Act, 1956.
A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.



1.7 Investments;

The investments made by the Company, are valued as per the Accounting Standard-13 issued by The Institute of Chartered Accountants of India. Current investments are valued at lower of cost or market value/realisable value determined on an individual investment basis. Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

1.8 Hire Purchase/Hypothecation Loans;

- a. Hire purchase/hypothecation loans are stated at the amounts advanced including finance charges accrued and expenses recoverable, as reduced by amounts received up to balance sheet date.
- b. Repossessed automobile assets are valued at lower of book value and estimated realisable value.

1.9 Income Tax;

Provision for taxation is made in accordance with the Accounting Standard-22 on "Accounting for Taxes on Income" issued by ICAI. Current tax is determined as the amount of tax payable in respect of taxable income for the year. 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. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences in the financial statements between carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liability arising from timing differences have been fully provided for. Deferred tax assets are recognised on the consideration of prudence. Deferred tax assets and deferred tax liabilities are recognized subject to management's judgment.

1.10 Employee Benefits;

- a. Short Term Employee Benefits
Short term employee benefits such as leave encashment and incentives for services rendered by employees are estimated by the management and recognized during the period when the services are rendered.
- b. Post Employment Benefits
 - i) Defined Contribution plan - Provident Fund.
Contributions to provident fund made in accordance with the EPF rules are accounted on actual cost to the Company.
 - ii) Defined Benefit plan - Gratuity
Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme. The yearly contribution/premium paid/payable to be determined on actuarial valuation by LIC is charged to the Profit & Loss Account.

1.11 Segment Reporting;

The Company's business activity primarily falls within a single business segment which constitutes Financing Activities (Advancing of Gold Loan, Hire Purchase and Hypothecation Loans and DPN's etc.), hence, there are no additional disclosures required under Accounting Standard 17 'Segment Reporting'. The Company operates primarily in India, hence there is no other significant geographical segment that requires the disclosure.



1.12 Related Party Disclosure;

Disclosures are made as per the requirements of the Accounting Standard 18 read with the clarifications issued by Institute of Chartered Accountants of India.

1.13 Earnings per Share;

The Company reports basic earning per share in accordance with AS-20 "Earnings per Share", issued by the ICAI. Basic earning per share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. 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.

1.14 Provisions other than that for Non-Performing Assets;

Provisions are recognized when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

1.15 Cash and Cash Equivalents;

Cash and cash equivalents in the cash flow statements comprise cash at hand and at bank, remittances in transits and short term investments with an original maturity of 3 months or less.

1.16 Right Issue Expenses;

Issue expenses incurred in respect of proposed right issue of the Company has been fully charged to the Profit and Loss Account.

1.17 Contingent Liabilities;

Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation.



2. BALANCE SHEET

2.1 Debenture Redemption Reserve (DRR)

As per the clarification regarding Debenture Redemption Reserve given in general Circular no. 9/2002 dated 18-4-2002 issued by Department of Company Affairs, for NBFCs registered with RBI u/s. 45-IA of the RBI (Amendment) Act, 1997, Debenture Redemption Reserve is not required in the case of privately placed debentures. The Directors confirm that the Company issued only privately placed secured bonds and hence it is not required to create Debenture Redemption Reserve u/s 117C of the Companies Act, 1956, and accordingly the Company did not create Debenture Redemption Reserve during the year ended March 31, 2011.

2.2 Secured Loans

"Particulars of privately placed Secured Redeemable Bonds;

Secured by a charge on all movable assets, book debts, receivables and advances including loans against security of gold created by the company"

Fully Secured	During Current Year ended March 31, 2011	During Previous Year ended March 31, 2010
	Amount In Rs.	Amount in Rs.
Issue	13 36 00 000	9 97 05 000
Redemption	12 10 85 000	10 34 79 000

(Amount in Rs.)

Series	Financial Year of Maturity	Number of Bonds	Grand Total
4	2006 - 2007	480	4 80 000
4	2010 - 2011	193	1 93 000
	Total		6 73 000
A	2006 - 2007	30	30 000
A	2007 - 2008	3	3 000
A	2010 - 2011	38	38 000
A	2011 - 2012	2205	22 05 000
	Total		22 76 000
B	2007 - 2008	6	6 000
B	2008 - 2009	5	5 000
B	2010 - 2011	236	2 36 000
B	2011 - 2012	7081	70 81 000
B	2012 - 2013	1260	12 60 000
B	2013 - 2014	912	9 12 000
B	2014 - 2015	4295	42 95 000
	Total		1 37 95 000
C	2009 - 2010	81	81 000
C	2010 - 2011	62	62 000
C	2011 - 2012	4162	41 62 000
C	2012 - 2013	6950	69 50 000
	Total		1 12 55 000



Series	Financial Year of Maturity	Number of Bonds	Grand Total
E	2010 - 2011	100	1 00 000
E	2011 - 2012	1687	16 87 000
E	2014 - 2015	650	6 50 000
E	2015 - 2016	6	6 000
	Total		24 43 000
F	2011 - 2012	142	1 42 000
F	2012 - 2013	3108	31 08 000
F	2014 - 2015	67	67 000
F	2015 - 2016	1849	18 49 000
	Total		51 66 000
G	2011 - 2012	2362	23 62 000
G	2012 - 2013	2184	21 84 000
G	2014 - 2015	42	42 000
G	2015 - 2016	1254	12 54 000
	Total		58 42 000
H	2010 - 2011	1049	10 49 000
H	2011 - 2012	29921	2 99 21 000
H	2012 - 2013	2652	26 52 000
H	2013 - 2014	8521	85 21 000
H	2014 - 2015	100	1 00 000
H	2015 - 2016	863	8 63 000
H	2016 - 2017	3138	31 38 000
	Total		4 62 44 000
I	2010 - 2011	1968	19 68 000
I	2011 - 2012	4061	40 61 000
I	2012 - 2013	1555	15 55 000
I	2013 - 2014	444	4 44 000
I	2015 - 2016	1390	13 90 000
I	2016 - 2017	1165	11 65 000
	Total		1 05 83 000
J	2011 - 2012	15490	1 54 90 000
J	2012 - 2013	669	6 69 000
J	2013 - 2014	6147	61 47 000
J	2016 - 2017	2758	27 58 000
	Total		2 50 64 000

Series	Financial Year of Maturity	Number of Bonds	Grand Total
K	2011 - 2012	14714	1 47 14 000
K	2012 - 2013	3670	36 70 000
K	2013 - 2014	4404	44 04 000
K	2015 - 2016	50	50 000
K	2016 - 2017	462	4 62 000
	Total		2 33 00 000
M	2011 - 2012	1502	15 02 000
M	2012 - 2013	3339	33 39 000
M	2013 - 2014	694	6 94 000
M	2016 - 2017	15	15 000
	Total		55 50 000
	Grand Total		15 21 91 000

Note:- The balance outstanding in respect of the secured redeemable debentures for which maturity attained on or before 31.03.2011 represents the amount not claimed by the Bondholders.

The year of redemption shown above is based on the maturity date of the bonds outstanding as on 31.03.2011.



PARTICULARS	Amount	Amount
	March - 2011	March - 2010
ICICI Bank Ltd	1 000.00	2 000.00
State Bank of Travancore	3 539.20	217.17
HDFC Bank Ltd.	1 511.59	1 000.00
AXIS Bank Ltd.	1 017.57	996.36
Vehicle Loans From:		
HDFC Bank	7.12	11.02
TOTAL	7 075.48	4 224.55

a. ICICI Working Capital Demand Loan

The Company has availed a working capital loan of Rs.1,000 Lakhs from ICICI Bank Ltd as on the balance sheet date (31.03.2010 : Rs.2,000 Lakhs) by creating first charge on current assets of the Company ranking pari passu with other participating banks and debenture trustees and personal guarantee of the Chairman Mr. Thomas John Muthoot and the Directors Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

b. Loans from State Bank of Travancore

As on the balance sheet date, the Company has availed a working capital demand loan of Rs.1,511.50 Lakhs (31.03.2010 : Rs.Nil) and cash credit of Rs.2,027.70 Lakhs (31.03.2010 : Rs.217.17 Lakhs) from State Bank of Travancore by creating first charge on the entire current assets including gold loan receivables, business loans receivables, vehicle loan receivables, loan against company's own bonds, DPN, ICD etc ranking pari passu with other working capital lenders and personal guarantee of the Chairman Mr. Thomas John Muthoot and the Directors Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

c. Loan from HDFC Bank Ltd.

The Company has availed a working capital demand loan of Rs.1,511.59 Lakhs as on the balance sheet date (31.03.2010 : Rs.1,000 Lakhs) from HDFC Bank Ltd secured by first pari passu charge on the current assets of the Company including gold loan receivables and hire purchase receivable and personal guarantee of the Chairman Mr. Thomas John Muthoot and the Directors Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

d. Loan From AXIS Bank Ltd.

The Company has availed a cash credit/working capital demand loan of Rs.1,017.57 lakhs as on the balance sheet date (March 31, 2010 : Rs.996.36 lakhs) from Axis Bank Ltd., secured by pari passu first charge on entire current assets including loan receivables and personal guarantee of the Chairman Mr, Thomas John Muthoot and the directors Mr. Thomas Goerge Muthoot and Mr. Thomas Muthoot

e. Vehicle Loans From HDFC Bank Ltd.

The Company has availed hypothecation loans from HDFC Bank Ltd. for the purchase of 3 cars. The amount outstanding as on 31.03.2011 is Rs.7.12 Lakhs (31.03.2010 : Rs.11.02 Lakhs).



2.4. Unsecured Loans

a. Loan From Directors

The Company has entered into frequent recurring and repetitive transactions involving receipts and payments of different amounts with the Directors of the Company. The balance outstanding as on March 31, 2011 was Rs.2,924.64 Lakhs, inclusive of interest accrued thereon.

(March 31, 2010 : Rs.2,240.43 Lakhs)

b. Inter Corporate Deposit

During the year the Company accepted a short term inter corporate deposit of Rs.3,000 Lakhs from M/s ECL Finance Limited to meet the working capital requirement.

2.5. Current Assets

Hire Purchase/Hypothecation Receivables

Hypothecation/Hire purchase agreements comprise of automobile and other equipment and the amounts receivable under these agreements as at March 31, 2011 are as follows.

Receivables	Gross	Un-matured Finance Charges	Net
Due but not received	39.64	2.09	37.55
Within one year	89 82.18	22 61.90	67 20.28
Between one and five years	73 00.07	10 85.21	62 14.86
Total	1 63 21.89	33 49.20	1 29 72.69

2.6. Loans and Advances

Loans and advances includes gold Loans, loan against bonds, DPNs, deposits and other advances. (Grouped under Schedule G)

2.7. Current Liabilities & Provisions

- a. To the extent identified with available information the Company does not owe any amount to Micro, Small and Medium Enterprises.
- b. The Company provided an amount of Rs.12.75 Lakhs (31.03.2010 : Rs. NIL) to meet the unforeseen losses/contingent liabilities, if any as on the balance sheet date.



2.8. Deferred Tax Assets/Liabilities

In accordance with AS-22 'Accounting for taxes on income' issued by Institute of Chartered Accountants of India (ICAI), the Company has recognised deferred tax for the year. The break up of deferred tax assets and liabilities into major components at 31.03.2011 is as follows:-

Sl.No	Particulars	Deferred tax liability / (Asset) as at 01-04-2010	For the Year March 31, 2011	Deferred tax liability (Asset) as at 31.03.2011
1	Difference between book and tax depreciation	2.04	0.35	2.39
2	Provision for NPA and other Contingent Liabilities	(6.17)	(21.94)	(28.11)
3	Expenses Disallowed under Income Tax Act, 1961	(5.53)	0.31	(5.22)
4	Preliminary expenses u/s 35D of the Income Tax Act 1961	(1.06)	(1.89)	(2.95)
	Total	(10.72)	(23.17)	(33.89)

3. PROFIT AND LOSS ACCOUNT

3.1 Retirement benefits

The Company has entered into an arrangement with the LIC of India to cover the liability payable to the employees towards gratuity under a Gratuity Trust Scheme based on Group Gratuity Cum Assurance Scheme of the LIC of India. The Gratuity Trust Scheme is a defined benefit scheme and the Company has to make contributions under such scheme.

For the year ended 31.03.2011, actuarial valuation of gratuity has been carried out and the disclosure required as per the revised Accounting Standard 15 for defined benefits plans is shown below:

A. Reconciliation of Defined Benefit Obligation and Plan Asset for the year;

Particulars	Year Ended 31-Mar-11 Amount (Rs)	Year Ended 31-Mar-10 Amount (Rs)
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	5 17 869	2 97 412
Current Service cost	1 20 649	63 736
Interest cost	41 430	23 793
Actuarial Losses/ (Gain)	4 29 661	1 32 928
Benefits paid	-	-
Closing Defined Benefit Obligation	11 09 609	5 17 869



Particulars	Year Ended 31-Mar-11 Amount (Rs)	Year Ended 31-Mar-10 Amount (Rs)
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	5 23 214	2 06 222
Expected Return on plan assets	47 089	18 999
Contribution	-	2 97 993
Benefits paid	-	-
Actuarial Gain/(Losses) on plan asset	-	-
Closing Fair Value of Plan Assets	5 70 303	5 23 214

B. Amount to be recognized in Balance Sheet;

Particulars	Year Ended 31-Mar-11 Amount (Rs)	Year Ended 31-Mar-10 Amount (Rs)
Present value of obligation as at the end of the year	11 09 609	5 17 869
Fair Value of plan assets as at the end of the year	(5 70 303)	(5 23 214)
Net Liability/(Assets)	5 39 306	(5 345)
Amounts in Balance Sheet		
Liability	(5 39 306)	-
Assets	-	5 345
Net Asset (Liability)	(5 39 306)	5 345

C. Expense recognized in Profit and Loss Account;

Particulars	Year Ended 31-Mar-11 Amount (Rs)	Year Ended 31-Mar-10 Amount (Rs)
Current Service Cost	120 649	63 736
Interest cost	41 430	23 793
Expected Return on Plan Asset	(47 089)	(18 999)
Net actuarial (gain)/loss recognized in the year	4 29 661	1 32 928
Total, Included in "Gratuity expense"	5 44 651	2 01 458



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

Particulars	Year Ended 31-Mar-11 Amount (Rs)	Year Ended 31-Mar-10 Amount (Rs)
Discount Rate (p.a)	8.00%	8.00%
Salary Escalation Rate (p.a)	7.00%	5.00%

3.2 Remuneration to Directors: -

i) Particulars of remuneration paid to whole time Directors for the year ended on March 31, 2011.

Particulars	Year Ended 31-Mar-11 Rs in Lakhs	Year Ended 31-Mar-10 Rs in Lakhs
Salaries	22.31	10.41
Other allowances and Perquisites	11.23	4.50
Contribution to PF	0.09	0.09
TOTAL	33.63	15.00

Number of whole time directors as on 31.03.2011 - One

ii) Computation of net profit for calculation of remuneration to Directors under Section 198 and 349 of the Companies Act, 1956.

Particulars	Year Ended 31-Mar-11 Rs in Lakhs	Year Ended 31-Mar-10 Rs in Lakhs
Profit before tax as per Profit & Loss Account	1 450. 61	1 087. 42
Add;		
Directors remuneration	33.63	15.00
Provision & Write offs	58.49	2.40
Depreciation as per books	14.33	9.19
Sub Total	106.45	26.59
Total	1 557.06	1 114.01
Less;		
Depreciation as per section 350 of Companies Act 1956	14.33	9.19
Profit on Sale of Investments	1.29	0.49
Sub Total	15.62	9.68



	Year Ended 31-Mar-11 Rs in Lakhs	Year Ended 31-Mar-10 Rs in Lakhs
Profit under section 349 of the Companies Act, 1956	1 541.44	1 104.33
Maximum Commission payable- 1% Net Profit computed As per section 349 of the Companies Act, 1956.	15.41	11.04
Commission paid to Directors	Nil	Nil
Maximum remuneration payable: - 5% Net profit computed as per section 349 of the Companies Act, 1956	77.07	55.22
Remuneration paid to Managing and whole time directors :	33.63	15.00

3.3 Payment Auditors included in General Expenses under the head Administrative and Other Expenses:

(Rs. In Lakhs)

Sl.No	Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
		Rs. Ps.	Rs. Ps.
1	Statutory Audit	1.76	1.27
2	Taxation Matters	0.50	0.38
3	Other services	0.94	0.98
4	Certifications	1.65	-
	TOTAL	4.85	2.63

3.4 The names of employees drawing salary more than Rs.2 lakhs per month if employed for part or whole of the year are given below.

Sl No	Name	Designation	Amount
1	Thomas George Muthoot	Managing Director	Rs.33.63 Lakhs
2	R Manomohan	Chief Executive Officer	Rs.28.89 Lakhs

3.5 Financial Expenses

"Interest on Other Borrowings" includes Rs.550.88 Lakhs (2009-10 : Rs.159.41 Lakhs) being interest paid/credited to Directors in respect of unsecured loans received from them."

3.6 "During the year the Company made a Provision of Rs.43.56 Lakhs being 0.25% of its Standard Assets as Per Notification No. DNBS.222/CGM(US)-2011 issued by the Reserve Bank of India on January 17, 2011."



4. GENERAL

4.1 i. Expenditure in Foreign currency	Nil
ii. Earning in Foreign currency	Nil
iii. Remittances in Foreign currency on account of dividend	Nil
iv. C I F value of imports	Nil

4.2 Some of the balances under Sundry debtors, Sundry creditors, Loans and advances, Stock on hire, Deposits, Secured Bonds and Unsecured loans are subject to confirmation/reconciliation due to non-receipt of the statements of accounts and confirmation letters. Necessary adjustments if any, in the accounts will be made on completion of the reconciliation/receipt of confirmation letter/statement of accounts.

4.3 Earnings Per Share

Basic and Diluted earning per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding as on 31.03.2011.

Calculation of Basic and Diluted Earnings per Share

(Amount in Rupees)

Sl.No	Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
1	Profit available for appropriation as per Profit & Loss Account	9 66 53 895	7 17 28 619
2	Weighted average no. of shares during the year	65 00 000	65 00 000
3	Nominal value of shares	Rs.10/-	Rs.10/-
4	Basic and Diluted Earning per share	14.87	11.04



4.4 Related Party Disclosures

Related Party Disclosures as required by AS-18 “Related party disclosures” issued by ICAI are given below. The related Parties are being recognized/identified by the management and relied upon by the auditors.

1 List of related parties as on March 31, 2011 is given below.

- A List of companies/Firms where control/significant influence exists;
- 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 & Developers (P) Ltd.
 - 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 Pvt Ltd.
 - 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 Sports Academy Pvt Ltd.
 - 19) Musk Agri Ventures and Hospitalities Private Limited
 - 20) Muthoot Agri Development and Hospitalities Private Limited
 - 21) Muthoot Agri Projects and Hospitalities Pvt Ltd.
 - 22) Muthoot Agri Ventures and Hospitalities Private Limited
 - 23) Muthoot APT Ceramics Ltd.
 - 24) Muthoot Automotive India (P) Ltd.
 - 25) Muthoot Bankers
 - 26) Muthoot Buildtech (India) Private Limited
 - 27) Muthoot Cine Enterprises (Kripa Theatres)
 - 28) Muthoot Equities Limited
 - 29) Muthoot Estate Investments
 - 30) Muthoot Exim Pvt Ltd.
 - 31) Muthoot Financiers
 - 32) Muthoot Fincorp Ltd.
 - 33) Muthoot Holdings Private Limited
 - 34) Muthoot Hotels (P) Ltd.
 - 35) Muthoot Hotels & Infrastructure Ventures (P) Ltd.
 - 36) Muthoot Housing Finance Company Ltd.
 - 37) Muthoot Infrastructure Ltd.
 - 38) Muthoot Insurance Services



- 39) Muthoot Kuries Private Limited
- 40) Muthoot Land and Estates Private Limited
- 41) Muthoot Motors (Cochin)
- 42) Muthoot Motors Private Ltd.
- 43) Muthoot Pappachan Medicare Pvt Ltd.
- 44) Muthoot Properties (India) Private Limited
- 45) Muthoot Risk Insurance & Broking Services Ltd.
- 46) Muthoot Travel Online
- 47) Palakkad Infrastructure Pvt Ltd.
- 48) Pine Pink Agri Ventures and Hospitalities Private Limited
- 49) The Right Ambient Resorts Pvt Ltd.

B Name of the Key Managerial persons;

Sl No	Name of the Person	Designation
1)	Thomas John Muthoot	Chairman
2)	Thomas George Muthoot	Managing Director
3)	Thomas Muthoot	Director

C Relative of Key Managerial Personnel;

Key Managerial person	Name of Relative	Nature of Relationship
Thomas John Muthoot	Mrs. Janamma Thomas	Mother
	Mrs. Preethi John	Spouse
	Ms. Susan John Muthoot	Daughter
	Mr. Thomas M John	Son
Thomas George Muthoot	Mrs. Nina George	Spouse
	Ms. Tina Suzanne George	Daughter
	Ms. Ritu Elizabeth George	Daughter
	Ms. Swetha Ann George	Daughter
Thomas Muthoot	Mrs. Remy Thomas	Spouse
	Ms. Suzannah Muthoot	Daughter
	Ms. Hannah Muthoot	Daughter

2 The list of related party transactions for the year ended 31st March 2011

Details relating to parties referred to in Item (A)

SI No	Particulars	Transaction	Transaction
		for the Year 2010-11 Rs.	for the Year 2009-10 Rs.
1	Expenses recovered	-	4 29 373
2	Advance Given (Net)	1 294	-
3	Reimbursement of Operating Expenses	45 05 888	44 70 437
4	Business Promotion Expenses	15 03 010	-
5	Liability taken over by the related party	3 55 824	-
6	Dealer Incentive Expense	13 73 889	-

SI No	Particulars	Outstanding Balance	Outstanding Balance
		As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
1	Other Advances outstanding	-	13 355
2	Amount Receivable	1 294	2 23 106
3	Amount Payable for Reimbursement of Operating Expenses	37 78 411	-
4	Amount Payable for Business Promotion Expenses	8 56 284	-
5	Amount Payable for Liability taken over by the related party	3 55 824	-
6	Amount Payable for Dealer Incentive Expense	1 52 281	-

Details relating to parties referred to in Item (B)

SI No	Particulars	Transaction	Transaction
		for the Year 2010-11 Rs	for the Year 2009-10 Rs
1	Rent paid	5 44 320	5 44 320
2	Salaries & other allowances	33 62 904	15 00 000
3	Interest on loans	5 50 87 850	1 59 41 300
4	Dividend Paid	1 08 82 115	87 02 892



Sl No	Particulars	Outstanding Balance	Outstanding Balance
		As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
1	Loan From Directors payable	29 24 63 812	22 40 43 066
2	Maximum amount of credit in Transaction with related parties	82 34 83 568	31 78 11 057
3	Rent Deposit	25 00 000	25 00 000

Details relating to parties referred to in Item (C)

Sl. No.	Particulars	For the year ended 31.03.2011	For the Year ended 31.03.2010
1	Hire Purchase/Hypothecation Loan Given	6 15 000	1 09 500
2	Hire Purchase/Hypothecation Loan Installments Received	7 08 026	-
3	Hire Purchase/Hypothecation Loan Outstanding	64 364	1 09 500
4	Interest Income from Hypothecation Loan	47 276	-
5	Dividend Paid	14 34 440	12 73 752

4.5 Disclosure as required in terms of Paragraph 13 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

Sl. No.	Particulars	(Rs in Lakhs)	(Rs in Lakhs)
	Liabilities side:		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
a)	Debentures : Secured	1 671. 21	42. 51
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of public deposits*)		
b)	Deferred Credits	Nil	Nil
c)	Term Loans	Nil	Nil
d)	Inter- corporate loans and borrowings	Nil	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits	Nil	Nil
g)	Other loans		
	State Bank of Travancore (Working Capital Demand Loan)	1 511. 50	-
	State Bank of Travancore (Cash Credit)	2 027.70	-
	ICICI Bank Ltd (Working Capital Demand Loan)	1000.00	-
	HDFC Bank Ltd (Working Capital Demand Loan)	1 511. 59	-
	Axis Bank Ltd (Cash Credit)	1 017. 57	-
	HDFC Car Loan	7. 12	-

Note : Amount overdue Rs.42.51 lakhs in secured debentures is in respect of bonds for which payments could not be made as claims were not made by bond holders.



2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	Amount Outstanding	Amount Overdue
a)	In the form of unsecured debentures	Nil	Nil
b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other public deposits	Nil	Nil

	Assets side	(Rs. in lakhs)
	Particulars	Amount Outstanding
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]: (i) Secured (ii) Unsecured	- -
4	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities (i) Lease assets including lease rentals under sundry debtors (a) Financial lease (b) Operating lease (ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets (iii) Hypothecation loans counting towards EL/HP activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	Nil Nil Nil Nil 6.88 12 972.69



Particulars	Amount Outstanding	Market value
5 Break-up of Investments		
Current Investments: -		
1. Quoted: -		
(i) Shares: (a) Equity	18.71	32.67
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of mutual funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (please specify) - Gold Exchange traded fund of UTI	0.19	0.41
2. Unquoted: -		
(i) Shares: (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of mutual funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Please specify)	Nil	Nil
Long Term investments: -		
1. Quoted: -		
(i) Share: (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of mutual funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Please specify)	Nil	Nil
2. Unquoted: -		
(i) Shares: (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of mutual funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Please specify)	Nil	Nil



6 Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances

	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	Nil	Nil	Nil
	(c) Other related parties	0.64	Nil	0.64
2.	Other than related parties	17 448.93	70.48	17 519.40
	Total	17 449.57	70.48	17 520.05

7 Investors group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

	Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of provisions)
1.	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2.	Other than related parties	33.07	18.90
	Total	33.07	18.90

8 Other Information

	Particulars	Amount (Rs. in lakhs)
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	109.01
(ii)	Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	89.44
(iii)	Assets acquired in satisfaction of debt (After provision of Rs.3.31 Lakhs for diminution in the value of repossessed assets)	6.88



4.6 Disclosure pursuant to Clause 32 and 41 of the Listing Agreement

Sl. No.	Loans & Advances	Amount outstanding as at 31.03.2011	Maximum amount outstanding during the year ended March 31, 2011
(A)	To Subsidiaries	NIL	NIL
(B)	To Associate/Joint Venture	NIL	NIL
(C)	To Firms/Companies in which directors are interested (other than (A) & (B) above)	NIL	NIL
(D)	Where there is		
	(i) No repayment schedule	2.98	4.88
	(ii) Repayment beyond seven years	NIL	NIL
	(iii) Interest below the rate specified in Section 372 A of the Companies Act	2.98	4.88

4.7 Contingent Liabilities

Contested claims not provided for:

(Rs. In Lakhs)

Particulars	As at 31.03.2011	As at 31.03.2010
Income Tax issues where the Company is in appeal	23.15	-
Decided in the Company's favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax with Income Tax Appellate Tribunal	5.52	-

Note: The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.

4.8 Previous year's figures have been regrouped and rearranged wherever considered necessary to confirm to current year's classifications.

For K. VENKATACHALAM AIYER & CO
 CHARTERED ACCOUNTANTS
 Firm Registration Number: 004610 S

CA. A. GOPALAKRISHNAN
 PARTNER
 Membership Number: 18159

Place - Kochi
 Date - 28/04/2011

For and on behalf of the Board

THOMAS JOHN MUTHOOT
 CHAIRMAN

THOMAS GEORGE MUTHOOT
 MANAGING DIRECTOR

MALATHY. N
 COMPANY SECRETARY



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31ST, 2011

Sl. No.	Particulars	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		
1	Net Profit before tax	14 50 61 288	10 87 41 991
2	Adjustments for:-		
i	Depreciation	14 33 299	9 18 821
ii	Excess Provision written back	(55 459)	(1 56 000)
iii	Provision against Non-Performing Assets	1 98 503	2 40 302
iv	General Provisions on Standard Assets	43 55 556	-
v	Provision for diminution in the value of Repossessed Assets	2 94 593	-
vi	Provision against contingent expenses	12 74 409	-
vii	Provision for gratuity-net	5 44 651	-
viii	Bad debts written off	-	36 333
ix	Unclaimed balance written back	-	7 990
x	Profit from Capital Market Operations	(128 743)	(49 324)
xi	Dividend Income	(85 232)	(61 031)
		78 31 577	9 37 091
3	Operating profit before working capital changes	15 28 92 865	10 96 79 082
4	Net(Increase)/decrease in operating assets:-		
i	Trade and other receivables	(9 21 930)	(6 38 103)
ii	Hire purchase receivables	78 065	50 856
iii	Trade advances	(74 05 08 798)	(30 79 57 045)
iv	Other loans & advances	(9 56 996)	(51 938)
		(74 23 09 659)	(30 85 96 230)
5	Net increase/(decrease) in operating liabilities:-		
i	Current Liabilities	69 36 713	(77 96 032)
ii	Provisions	(9 129)	8 810
		69 27 584	(77 87 222)
6	Net changes in working capital	(73 53 82 075)	(31 63 83 452)
7	Cash Generated From Operating Activities (6+3)	(58 24 89 210)	(20 67 04 370)
8	Taxes Paid	(4 98 40 209)	(3 70 09 036)
	Net cash from Operating Activities (A) (7+8)	(63 23 29 419)	(24 37 13 406)



Sl. No.	Particulars	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
B	CASH FLOW FROM INVESTING ACTIVITIES		
i	Purchase of Fixed Assets	(35 45 160)	(17 41 741)
ii	Investments in Shares and Mutual Funds	71 755	(29 409)
iii	Dividend Received	85 232	61 031
	Net cash from investing activities (B)	(33 88 173)	(17 10 119)
C	CASH FLOW FROM FINANCING ACTIVITIES		
i	Increase in Secured Bonds	1 33 83 402	(15 48 184)
ii	Increase in Loan from Financial Institutions	28 50 93 997	17 17 39 943
iii	Increase in Loan from Directors	6 84 20 746	9 21 17 733
iv	Increase in Inter corporate deposit	30 00 00 000	-
v	Dividend paid (including Corporate Dividend Tax)	(1 90 11 700)	(1 52 09 350)
	Net cash used for financing activities(C)	64 78 86 445	24 71 00 142
D	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1 21 68 853	16 76 617
E	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1 95 45 029	1 78 68 412
F	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3 17 13 882	1 95 45 029
	COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	- Current Account with Banks	2 58 91 852	1 22 78 712
	- Fixed Deposit with Banks	20 000	20 000
	- Cash and DD on Hand	58 02 030	72 46 317
		3 17 13 882	1 95 45 029

Note:

1. Cash and Cash equivalents includes balances in Unclaimed Dividends account of Rs 17,64,912 (31-3-2010 Rs 11,09,353)
2. Previous year's figures have been regrouped/reclassified wherever necessary to confirm to current year's classification

The attached schedules and notes form an integral part of these accounts.
This is the statement of cash flow referred to in our report of even date.

For K. VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Registration Number: 004610 S

CA. A. GOPALAKRISHNAN
PARTNER

Membership Number: 18159

Place - Kochi
Date - 28/04/2011

For MUTHOOT CAPITAL SERVICES LTD.

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

MALATHY .N
COMPANY SECRETARY



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS			
Registration No.	7 7 2 6	State Code	9
Balance sheet Date	31. 03. 2011		
II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)			
Public Issue	NIL	Right Issue	NIL
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)			
Total Liabilities	17 54 815	Total Assets	17 54 815
Sources of Funds			
Paid up capital	65 000	Reserve & surplus	2 22 682
Secured Loan	8 74 669	Unsecured Loan	5 92 464
Deferred Tax	NIL		
Application of Funds			
Net Fixed Assets	6 424	Investments	1 891
Net Current Assets	17 43 111	Miscellaneous Expenses	NIL
Accumulated Losses	NIL	Deferred Tax	3389
IV. PERFORMANCE OF THE COMPANY (Rs. in Thousands)			
Turnover	3 77 292	Total Expenditure	2 32 231
Profit Before Tax	1 45 061	Profit After Tax	96 654
Earning per Share (Rs.)	14.87	Dividend (%)	30%
V. GENERIC Names of Three Principal Products/ Services of Company (as per Monetary Items)			
Item Code No. (ITC Code)	NOT-APPLICABLE		
Product/ Service Dscription	FINANCIAL SERVICES HYPOTHECATION LOANS, GOLD LOANS, HIRE PURCHASE & OTHER LOANS		

For K. VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Registration Number: 004610 S

CA. A. GOPALAKRISHNAN
PARTNER
Membership Number: 18159

Place - Kochi
Date - 28/04/2011

For MUTHOOT CAPITAL SERVICES LTD.

THOMAS JOHN MUTHOOT
CHAIRMAN

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

MALATHY. N
COMPANY SECRETARY



**MUTHOOT CAPITAL SERVICES LTD.
MUTHOOT PAPPACHAN GROUP**

Regd. Office : Muthoot Towers, 5th Floor, M.G.Road, Kochi - 35

PROXY FORM

I/We of in the district of being a member(s) of the above named Company, hereby appoint Shri. of in the district of or failing him Shri. of as my/our proxy to vote for me/us, on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Monday, 11th July 2011, at 10.00 A.M at The International Hotel, Veekshanam Road, Kochi - 35, and at any adjournment thereof.

Signed this day of 2011

Folio No. DP ID No. * Client ID No. *

* Applicable for members holding shares in electronic form.

No. of shares held :

(Signature of the Member)

This form is to be used ** in favour of the resolution.
** against

Unless otherwise instructed, the Proxy will act as he thinks fit.

** Strike out whichever is not desired.

Affix One
Rupee
Revenue
Stamp

NOTES : I) The Proxy must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

II) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.



**MUTHOOT CAPITAL SERVICES LTD.
MUTHOOT PAPPACHAN GROUP**

Regd. Office : Muthoot Towers, 5th Floor, M.G.Road, Kochi - 35

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the Seventeenth Annual General Meeting of the Company at The International Hotel, Veekshanam Road, Kochi - 35, on Monday, 11th day of July, 2011, at 10.00 A.M

.....
Full name of the Member (in block letters) Signature

Folio No. DP ID No. * Client ID No.*

* Applicable for member holding shares in electronic form.

.....
Full name of the Proxy (in block letters) Signature

Member / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting.

BOARD OF DIRECTORS



Thomas John Muthoot
Chairman



Thomas George Muthoot
Managing Director



Thomas Muthoot
Director



Philip Thomas
Director



A.P. Kurian
Director



R. K. Nair
Director

CHIEF EXECUTIVE OFFICER



R. Manomohanam



Muthoot Capital Services Ltd., Muthoot Towers, M.G. Road, Kochi - 682 035.
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