

**AIMING HIGHER,  
GROWING TOGETHER**







## MUTHOOT PAPPACHAN

1927-2004

FOUNDER CHAIRMAN

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



## MESSAGE FROM THE MANAGING DIRECTOR

Dear shareholders,

The general economic conditions across the globe faced multiple challenges during 2011-2012. The sovereign debt crisis of the euro zone area caused most advanced economies to grow minimally or not at all. The global risk aversion resulted in withdrawal of funds from developing countries which had to suffer collateral damage.

Indian economy was particularly hit by the deleveraging in the West. Foreign investors pulled out a record amount from Indian stock markets, causing fall in the share prices and forcing companies to seek alternate sources of funding. The country's current account deficit exceeded estimates. The above factors as well as the rising demand for the US dollar in a risk averse world caused the rupee to fall to record low levels. Inflation rose and RBI had to step in and raise benchmark rates several times to moderate demand. Infrastructure growth stalled and caused supply constraints which failed to satisfy demand from growing urban areas. Not surprisingly, India's GDP growth fell from 8.4% growth in the previous fiscal to 6.5% during 2011 - 2012.

I am happy to inform you that your company was able to counter this slowdown and manage the product mix strategically which helped the Company to grow at a healthy level during the year under review. Your Company adopted vehicle loans as the major product. The Company registered a growth in revenues of 81.17% resulting in an increase of 60.47% in the profit after tax. In view of the excellent growth, the Board of Directors has recommended a dividend of Rs. 3.50 per share, subject to your approval.

Your Company has been able to achieve this sterling performance based on the trust reposed in the Company by the customers and stake holders and adherence to the traditional values and ethics. As I mentioned in the last fiscal, your company had anticipated the changes in the economy and had shifted its focus from lending against gold to financing automobiles; mainly two wheelers, three wheelers, light commercial vehicles and cars. Anticipating the change in the mindset of people, the Company had formulated various schemes tailor made to the needs of individual borrowers. The ability to service the customers to their satisfaction, the flexibility afforded to the customers in repayment and an efficient and committed team of employees helped the Company to achieve the remarkable growth during the year under review. Our clientele number more than one lakh which is expected to cross the two lakhs level in the forthcoming year. In India, Non-Banking Finance Companies (NBFCs) play a vital role as financial intermediaries due to their inherent ability to take quicker decisions, assume greater risks and customize their services and change according to the needs of the clients. In the recent years, the regulatory supervision for the NBFC sector has been increasing which is likely to be tightened further. Various steps including increased disclosures are initiated to implement more transparency in the system, which is aimed at strengthening the growth of NBFCs. RBI had also formulated Committees to study the concerns in the NBFC sector and also to study about the priority sector lending by banks. It is expected that the recommendations of these committees shall prove beneficial to the NBFC sector in the long run.

We are always committed to meet and exceed your expectations and to ensure that new growth milestones are covered in the years to come. I express my gratitude to the Board of Directors for the assistance and guidance.

To conclude, I wish to express my sincere thanks for the support, commitment and faith you have reposed in us in achieving this notable performance and request for the same in future also.

Sd/-

Thomas George Muthoot  
Managing director



Dear Members,

Consequent to the adverse global economic conditions, the growth in Indian economy had moderated. The GDP growth rate had fallen to 6.5% in 2011-2012 from 8.4% in the previous fiscal. However, the two wheeler industry in India continued to register robust growth. With the increase in the disposable income level, the splendid models to choose from and the ease of obtaining finance, two wheeler sales surged as also the number of people availing credit for buying their desired vehicle, rather than using their savings for the same.

With schemes tailor made for customer needs, flexibility in repayment and the exemplary service rendered by our employees, we have been able to excel over the others in similar business. The net profit for the Company for the year 2011-2012 stood at Rs. 15.51 crores resulting in an impressive growth of 60.47% over the previous year. The total revenue had grown by 81.17% to reach Rs. 67.35 crores from Rs. 37.18 crores in the previous year. Out of this, the contribution of auto loan business was Rs. 60.29 crores, being 89.52% of the total revenue. Auto loans constituted the major chunk of the loan portfolio of the Company with an asset size of Rs. 290.76 crores as on 31.03.2012, making up 97.97% of the total loan assets of the Company. There has been a significant fall in the gold loan assets, from Rs.41.34 crores at the beginning of the year to Rs. 5.02 crores at the end of the year, as a result of the management's policy to exit the gold loan business and to concentrate on auto loan as the major product.

The Company had a successful rights issue during the year, where rights shares of face value Rs.10 each at a premium of Rs.70 each was issued at 1:1 ratio to the existing shareholders of the Company. This resulted in enhancement of the equity base of the Company by Rs. 5.97 crores from Rs.6.50 crores to Rs. 12.47 crores. This also boosted the reserves of the Company by Rs. 41.81 crores. In addition to providing working funds for the Company, this also resulted in enhancing the capital adequacy ratio of the Company to nearly 29% as on 31.03.2012, against the regulatory requirement of 15%.

The growth in the Company's asset size from Rs. 172.82 crores to Rs. 296.79 crores during the year was adequately supported by institutional funding. The working capital finance from banks increased by Rs.129 crores during the year, from Rs.75 crores to Rs.204 crores, indicating the comfort the banks are having with the Company and its operations.

The Company has firm foot marks in the two wheeler finance space in the four southern States of India and the State of Goa. Boosted by the excellent response to three wheeler financing in Kerala, the Company plans to offer the products in the other States also. The Company also plans to expand its operations to Gujarat and Maharashtra in 2012-2013. With all these developments planned, the Company has budgeted an ambitious disbursement target of Rs.690 crores for the year 2012-2013, taking the total asset size above Rs.700 crores by 31.03.2013.

On behalf of the entire team at MCSL, I reiterate our dedication to uphold the interests of the stakeholders, by adhering to good corporate governance standards and rendering excellent service to our customers.

Sd/-  
R.Manomohan  
Chief Executive Officer



## 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. Manomohanam

### Chief Finance Officer

Mr. Anil Kumar R.

### 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		

### Share Holders' / Investors' Grievance Committee

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

### Share Transfer Committee

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

**Auditors**

M/s K. Venkatachalam Aiyer & Co.  
Kochi

**Solicitors**

Dandapani Associates  
Kochi

**Bankers**

State Bank of Travancore  
State Bank of Hyderabad  
State Bank of India  
Dhanlaxmi Bank Ltd  
ICICI Bank Ltd  
HDFC Bank Ltd  
Kotak Mahindra Bank Ltd  
Axis Bank Ltd  
IndusInd Bank Ltd  
City Union Bank Ltd  
ING Vysya Bank Ltd

**Registrars and Share Transfer Agents**

Integrated Enterprises (India) Limited  
2nd Floor, Kences Towers,  
No.1, Ramakrishna Street,  
Off. North Usman Road, T.Nagar  
Chennai- 600 017





## NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of MUTHOOT CAPITAL SERVICES LTD will be held on Tuesday 31st July, 2012, at 10.00 a.m. at The International Hotel, P.B. No. 3563, Veekshanam Road, Kochi-682035, Kerala, India to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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. Thomas John Muthoot, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.K Nair, 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 & Co., Chartered Accountants, Building No. 41/3647 B, First Floor, BlueBird Towers, Providence Road, Kochi – 682 018, 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 an ordinary resolution:

“RESOLVED THAT in supersession of the resolution passed on 25th October, 2011, by the Company under section 293 (1)(d) of the Companies Act, 1956, by way of Postal Ballot pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, the Board of Directors of the Company be and is hereby authorized to borrow for the purpose of the business of the Company, such sum or sums of moneys as they may deem necessary, notwithstanding the fact that the moneys borrowed and the moneys to be borrowed (apart from temporary loans obtained in the ordinary course of business from banks) from time to time will exceed the aggregate of the paid up capital of the Company and its free reserves ie. reserves not set apart for any specific purpose, provided that the total outstanding amount of such borrowings shall not exceed Rs.1000 crores over and above the aggregate of the paid up capital of the Company and its free reserves at any time.”

7. To consider and if thought fit, to pass, with or without modification, the following as an ordinary resolution:

“RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to increase the remuneration of Mr. Thomas George Muthoot, Managing Director from Rs.6,00,000/- p.m to Rs. 9,00,000/- p.m. and perquisites limited to Rs. 6,00,000/- p.a., with effect from 01.04.2012 for a period of three years.”

### 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 Transfer Books of the Company will be closed from 25th July, 2012 to 31st July, 2012, both days inclusive, for determining the names of members eligible for dividend.

4. If the final dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or before 29th August, 2012 as under:

a) To all beneficial owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 24th July, 2012.

b) To all members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of the business hours on 24th July, 2012.

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 those holding shares in demat form 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 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 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009 - 2010 and 2010 - 2011 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 green initiative practice, 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 22nd July, 2012.

13. NO GIFT COUPONS / GIFT VOUCHERS will be issued to the members.

By order of the Board of Directors,

Kochi  
11.06.2012

Malathy N.  
Company Secretary

### ***Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956***

#### **Item No:6**

Section 293(1)(d) of the Companies Act, 1956, restricts the borrowing powers of the Board of Directors. It provides that Directors shall not, except with the consent of the Company in the general meeting, borrow monies, when the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained in the ordinary course of business from banks) exceed the aggregate of the paid up capital of the Company and its free reserves i.e., reserves not set apart for any specific purpose.

The members of the Company passed a resolution by way of Postal Ballot pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, on 25th October, 2011, authorizing the Board of Directors of the Company to borrow upto a sum of Rs. 500 crores.

In view of the increase in the Company's business, it is necessary that a higher ceiling for borrowing be laid down by the members to enable the Board of Directors to augment the working funds as and when required for the purpose of business. It is therefore proposed to increase the borrowing powers of the Board of Directors to a sum not exceeding Rs.1000 crores over and above the aggregate of paid up capital of the Company and its free reserves at any time.

Hence the Directors recommend the resolution at Item No.6 of the attached notice for approval of the members of the Company.

None of the Directors is concerned or interested in the said resolution.

## Item No: 7

In view of the additional responsibilities and business volumes shouldered by Mr. Thomas George Muthoot as Managing Director of your Company, the Board of Directors at its meeting held on 11th June, 2012, decided to revise, as approved by the Remuneration Committee of the Board of Directors, the remuneration of Mr. Thomas George Muthoot, Managing Director from Rs. 6,00,000/- p.m to Rs. 9,00,000/- p.m and perquisites limited to Rs. 6,00,000/- p.a., effective from 01.04.2012 for a period of three years.

The remuneration proposed is as under:

### Salary

Rs. 9,00,000/- p.m.

### Perquisites

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 for himself and his family, medical insurance for himself and his family, 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, provided that the total perquisites shall be limited to Rs. 6,00,000/- p.a.

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

He will also be entitled to reimbursement of all entertainment and other expense 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 above may be treated as an abstract and memorandum pursuant to Section 302 of the Companies Act, 1956.

Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot are deemed to be concerned or interested in the said resolution

Your Directors recommend the resolution at Item no.7 of the attached notice for approval of members of the Company.

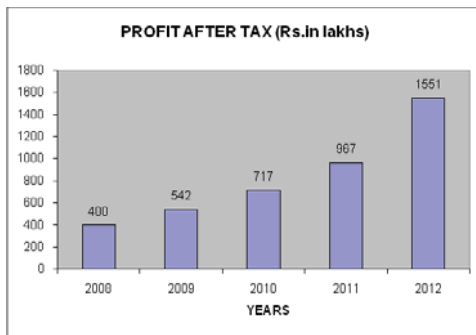
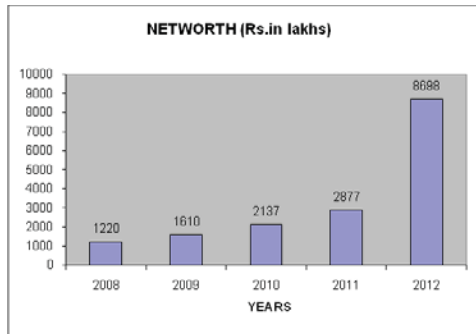
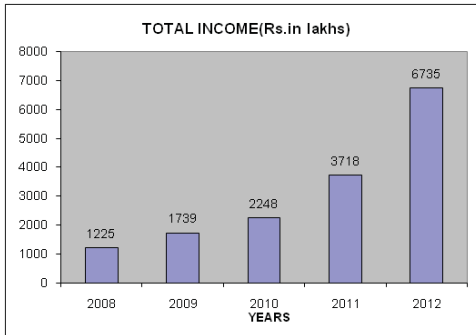
By order of the Board of Directors,

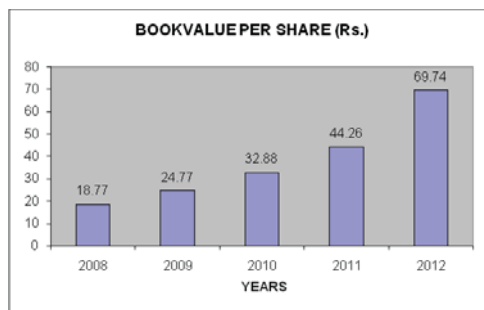
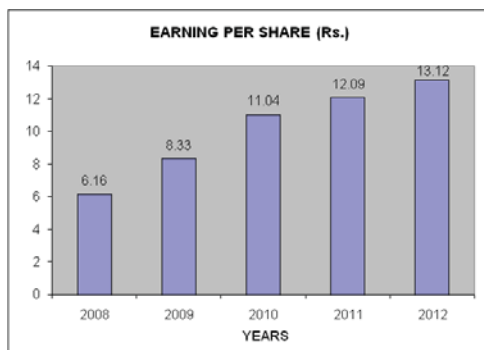
Kochi  
11.06.2012

Malathy N.  
Company Secretary

**(Rs.in lakhs, except per share)**

Financial Year ended 31st March of	2008	2009	2010	2011	2012
<b>Operating Results</b>					
Total Income	12 25	17 39	22 48	37 18	67 35
Profit Before Tax	6 12	8 35	10 87	14 51	23 01
Profit After Tax	4 00	5 42	7 17	9 67	15 51
<b>Assets</b>					
Fixed Assets (including assets leased out)	44	35	43	64	1 18
Investments	16	16	18	19	19
Deferred Tax Asset		9	11	34	71
Net Stock on Hypothecation	1 03	9 27	39 99	1 30 49	2 90 76
Other Assets	45 24	59 50	60 68	49 67	22 74
Total Assets	46 87	69 37	1 01 39	1 81 33	3 15 58
<b>Liabilities</b>					
Equity	6 50	6 50	6 50	6 50	12 47
Reserves and Surplus	570	9 60	14 87	22 27	74 51
Other Liabilities	34 64	53 27	80 02	1 52 56	2 28 60
Deferred Tax Liabilities	3	0	0	0	0
Total Liabilities	46 87	69 37	1 01 39	1 81 33	3 15 58
<b>Key Indicators</b>					
Earnings per share	6.16	8.33	11.04	12.09	13.12
Dividend per share	1.5	2	2.5	3	3.5
Book value per share	18.77	24.77	32.88	44.26	69.74





To the Members,

Your Directors present to you the 18th Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2012.

## Financial Results

PARTICULARS	(Rs. in 000's, except per share)	
	2011 – 2012	2010 – 2011
TOTAL INCOME	67 35 22	37 17 61
TOTAL EXPENDITURE	42 91 31	21 94 16
PROFIT BEFORE DEPRECIATION AND OTHER PROVISIONS	24 43 91	15 23 45
Depreciation	31 03	14 33
Provisions and Write offs	1 12 35	58 50
PROFIT BEFORE TAX	23 00 53	14 50 62
Provision for taxation:		
Current Tax	7 87 60	5 07 00
Deferred Tax	(36 92)	(23 17)
Income Tax adjustment for earlier years	(114)	25
PROFIT AFTER TAX	15 50 99	9 66 54
Basic earnings per share	13.12	12.09



Your Company has been constantly focused on improving its revenue and maintaining a sustainable growth. This is evident from the financial performance of the Company during the year under review. As on 31st March, 2012, the total revenue was Rs. 6735.22 lakhs as against Rs. 3717.61 lakhs in the previous year registering a growth of 81.17%. The total expenses rose to Rs. 4291.31lakhs from Rs. 2194.16 lakhs resulting in an increase of 95.58%. The net profits of your Company stood at Rs. 1550.99 lakhs as compared to Rs. 966.54 lakhs in the previous year reporting an increase of 60.47%.

Based on the requirement under section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- 1) In the preparation of the Annual Accounts for the year ended March 31, 2012, 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, except for the change in accounting policy explained below, 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, 2012, and of the profit of the Company for that period :

a. Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Interest on hypothecation loans was recognized on accrual basis up to the current reporting date as against for the completed months up to the previous year. This resulted in an increase of operating revenue by Rs. 412.39 Lakhs for the year ended March 31, 2012.

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.

The Management Discussion and Analysis Report annexed hereto, forming part of this Report, provides interalia, the performance of the Company and the future outlook also.

As per the Listing Agreement, a report on Corporate Governance together with Auditors' Certificate on compliance with the conditions of the said clause is also provided as an annexure to this Report.

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.

## Changes to Share Capital

During the year under review, the Company had made a Rights Issue of 65,00,000 Equity Shares at an issue price of Rs. 10 each for cash at a price of Rs. 80 (including a share premium of Rs. 70) per equity share aggregating Rs. 52,00,00,000. The Rights Issue raised Rs. 47,78,06,000. The issue was made for the following purposes namely:

- a. Repayment of unsecured loans taken from one of the promoters
- b. For general corporate purposes of the Company
- c. To meet the expenses of the issue.

Out of the Rs.47,78,06,000 raised, Rs. 5,97,25,750 was credited to Share Capital and Rs. 41,80,80,250 was credited to Securities Premium account. Out of the proceeds of the issue Rs. 42,72,78,494 was utilized for repayment of loan from one of the promoters, Rs.36,82,608 utilized for meeting the rights issue expenses and the remaining amount of Rs.4,68,44,898 utilised for general corporate purposes. The Rights Issue opened for subscription on Monday, 11th July, 2011 and closed on Monday, 25th July, 2011. The Basis of Allotment was finalized on Wednesday, 3rd August, 2011 in consultation with the Bombay Stock Exchange Limited ("BSE"). The eligible shareholders were allotted equity shares on Thursday, August 04, 2011. Subsequent to the Rights Issue the Subscribed capital of the Company has increased from Rs. 6,50,00,000 to Rs. 12,47,25,750.

The Board of Directors of the Company wishes to thank all the investors for their response to the Issue. The proceeds from the Issue has helped the Company to reduce its debts and cost of funds and to increase its profitability.

## Dividend

Your Directors have recommended a dividend of Rs.3.50 per Equity Share of Rs.10/- for the financial year ended 31.03.2012. The dividend, if approved at the forthcoming AGM, will be paid to members whose name appear in the Register of Members as on 24.07.2012. 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.

An unclaimed dividend of Rs. 120936/- pertaining to the year 2003 - 04 was transferred to Investor Education and Protection Fund during the year 2011 - 2012.

## Directors

Directors, Mr. Thomas John Muthoot and Mr. R.K.Nair, retire by rotation at the forthcoming AGM, and being eligible offer themselves for re-appointment.

## Auditors

The auditors of the Company, M/s K. Venkitachalam Aiyer & Co., Chartered Accountants, are eligible for 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

The particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 2011, are attached to this report.

## 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 were no foreign exchange earnings or outgo during the period under review.

## Acknowledgements

The Directors take this opportunity to thank the customers, shareholders, debenture holders, Central and State Governments, bankers, SEBI, Bombay Stock Exchange Limited, share transfer agents, Reserve Bank of

India, Registrar of Companies, Kerala, and other Government authorities for the sincere co-operation and assistance provided to us. The Directors also thank the employees for their commitment, dedication and co-operation.

For and on behalf of Board of Directors

Kochi – 35  
11.06.2012

Thomas John Muthoot  
Chairman

**STATEMENT SHOWING LIST OF EMPLOYEES REQUIRED TO BE ATTACHED TO THE DIRECTORS' REPORT AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956.**

Name of employee	Designation	Remuneration (Rs.)	Nature of employment	Nature of duties of employment	Qualification & experience	Date of commencement of work	Age	Last employment	% of shareholding in the Company
Thomas George Muthoot	Managing Director	6193548	On rolls	In charge of managing the affairs of the Company	B.Com	18.02.1994	50	N. A.	23.24

## Overview

This Management Discussion and Analysis Report has to be read in conjunction with the Company's financial statements, which follows this section. The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India and the directions issued by Reserve Bank of India for Non – Banking Financial Companies from time to time, wherever applicable. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. The following discussion may include forward looking statements which may involve risks and uncertainties, including but not limited to the risks inherent to Company's growth strategy, change in regulatory norms, economic conditions and other incidental factors. Actual results could differ materially from those expressed or implied.

## Outlook for the Industry

The global economy witnessed a sluggish growth during the year under review mainly due to the slow down in the advanced economies, sovereign debt crisis in euro zone area, political turmoil in the Middle East and increase in crude oil prices. The impact was also felt in the Indian economy wherein the growth has decelerated when compared to the previous year. The growth rate for the year 2011 - 2012 stood at 6.5%. The inflationary pressures, high interest rates and weak currency were a cause of concern for the policy makers and industry.

Increasing input costs, rising vehicle and crude prices, general inflation and an upward spiral in interest rates have resulted in moderating the demand for automobiles. The volume momentum was less when compared to the previous year. However, several research studies have stated that India will become a dominant force in the world automotive industry by 2015. The major chunk of Indian automobile market is under two wheeler segment, the main reasons being, rising disposable income levels, bad traffic conditions, easy financing environment and relatively low car penetration. Light commercial vehicles have assumed a great degree of significance due to the low price and their ability to reach remote areas.

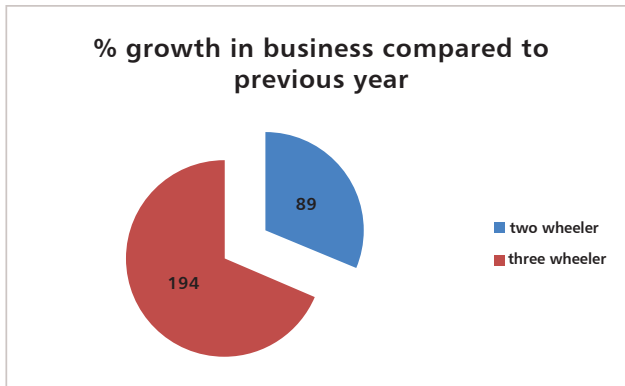
## Outlook for the Company

Muthoot Capital Services Limited ("MCSL") had stopped accepting gold loans since August 2011 and is completely engaged in the finance of small and medium automobiles which includes two wheelers, three wheelers, LCVs, etc. The loan portfolio of the Company consist of vehicle loans comprising 97.97%, gold loan comprising 1.69 % and other loan assets comprising 0.34%. The Company has been able to achieve 60.47% growth in profits when compared to last year. With the change in habits of people and the availability of different models to choose from, the demand for auto finance has increased. The demand for small and medium vehicles have gone up substantially in rural and semi urban areas when compared to

urban areas. We have been able to explore the rural and semi urban areas and create a niche market for our business. We value our customers and offer the best possible services to them. They are at freedom to make the payments in any of the branches of Muthoot Fincorp Limited, a sister concern of MCSL, at their convenience (daily, weekly, fortnightly or monthly on or before the due date). The customer base of the company as on 31st March, 2012, was more than one lakh, mainly attributable to the two wheeler category. MCSL has expanded its presence in the states of Tamil Nadu, Andhra Pradesh, Karnataka and Goa and has recently entered Gujarat and Maharashtra.

Your Company's fortunes are closely linked to those of the automobile industry. MCSL will continue its endeavor for momentous growth, with a focus, as always, on delivering outstanding customer service, superior credit quality, a balanced portfolio mix and efficient cost management, to sustain profitability.

The major portion of the auto loan constitutes financing for two wheelers. During the year under review, the financing for three wheelers has increased considerably as compared to the previous year. There has been an increase of 194% in the financing of three wheelers, and 89% increase in the financing of two wheelers, as compared to the previous year.



MCSL plans to increase its focus on financing of three wheelers during the forthcoming year.

## Opportunities and threats

MCSL has been able to explore new areas for its business especially in rural India. With the innovative marketing strategies, the Company is able to add new customers and retain existing clientele. The clientele mainly comprise of individual borrowers. The limited infrastructure facilities has increased the bottlenecks in the transportation, which has resulted in more and more people resorting to the use of two & three wheelers and light commercial vehicles. This has helped to increase the demand for auto loans which has enhanced our market access.

There has been increased competition from the scheduled banks and other NBFCs operating in the field of automobile finance. The credit profiles of the borrowers determine the quality of the vehicle loans. Any default in repayment of the loan amount by the customers could add to the non performing assets which will result in deterioration of the quality of the loan portfolio. The volatility in interest rates could result in increasing the cost of funds, which shall have a bearing on the profitability of the Company. MCSL has framed a very conservative and judicious policy with regard to the vehicles to be financed, area of finance and type of customers. The Company also keeps a track on the repayment of the loan installments which helps it to reduce its delinquency level when compared to others operating in similar businesses. Further, the Company has always maintained sufficient liquid funds, so that its operations are not affected. Constantly sticking on to the traditional values and ethics and with the support of efficient and dedicated resources, we are able to phase out any difficulties in our area of operation.

## Risks and Concerns

Your Company is exposed to internal and external risks. The internal risks relates to the risks within the Company due to change in management, personnel and policies, lapses / inadequacy in existing infrastructure facilities, delinquencies on the part of employees, staff attrition, misfeasance etc. The external risks can be associated to those factors which are not within the control of the Company like change in interest rates, government regulations, competition from others operating in similar business, etc.

The schemes offered by your Company are tailor made to satisfy the needs of the Customers. Your Company has always been on the look out for the right talent for its workforce. The Company is also taking proactive steps in implementing management principles well adopted to the demands of the changing environment. The Company is also consciously phasing itself so that the technological and infrastructural support is abreast of the latest developments. The company is operating on a well defined plan and strategy, hence we are equipped to face any change in regulatory risk.

Considering the significant role played by NBFCs in delivery of credit to the rural and semi urban areas, RBI had constituted working groups under Ms. Usha Thorat to address the issues and concerns in the NBFC sector and under Mr. M.V.Nair to re-examine the existing classification and suggest revised guidelines with regard to priority sector lending classification and related issues. The recommendations of the Usha Thorat Committee, seems to have adopted a broad approach, although a few areas require moderation and in certain other areas, a total reconsideration. The recommendations of Mr. M.V. Nair Committee are considered to be a welcome step for NBFCs.

### Internal control systems and their adequacy

MCSL has adequate internal control systems which provide reasonable assurance that the assets of the Company are safeguarded and transactions executed in accordance with the Management's authorisation which is properly recorded and accounted for. The Company also has a dedicated team of concurrent auditors, which is lead by a well experienced banker, supported by efficient staff drawn from within the organization. The internal auditors periodically review the report of concurrent auditors and verify their effectiveness and coverage.

The internal audit is conducted by professionals external to the Company. The internal auditors are M/s Varma and Varma, Chartered Accountants. The internal audit report helps the Management identify areas which need to be attended to and those which require compliance with statutory requirements. An executive summary of the report is placed before the Audit Committee of the Board of Directors for review, at periodic intervals.

The internal audit function encompasses major areas like incomes, expenses, fixed assets, compliance with regulatory requirements and adherence to policies and practices mandated by the Management. The internal audit team under the supervision of Audit Committee assesses the adequacy of internal controls and means to enhance the same from time to time.

### Financial Performance

The net profit for the year ended March 31, 2012 was Rs. 1550.99 lakhs compared to Rs. 966.54 lakhs for the year ended March 31, 2011. During the year, the total loan assets of the Company increased from Rs. 17281.99 lakhs to Rs. 29678.99 lakhs. As a result the total revenue for the year reached Rs. 6735.22 lakhs compared to Rs. 3717.61 lakhs in the previous year, recording an increase of 81.20%. The financial expenses increased from Rs. 1157.05 lakhs to Rs. 2032.87 lakhs during the year ended March 31, 2012, registering an increase of 75.69%. The non financial expenses during the period increased from Rs. 1037.11 lakhs to Rs. 2258.44 lakhs, registering an increase of 117.76%. The total expenses increased by 95.58% from Rs. 2194.16 lakhs as on March 31, 2011 to Rs. 4291.31 lakhs as on March 31, 2012.



## Resource Mobilisation

### a) Privately placed Debentures

During the year, your Company mobilised Rs.1288.35 lakhs by issue of fully secured redeemable non convertible debentures under private placement including renewal of matured debentures. The debentures outstanding amounted to Rs.1799.32 lakhs as on March 31, 2012 as compared to Rs.1522.00 lakhs as on March 31, 2011.

### b) Bank Finance

Your Company's bankers continued to extend their support, providing funding at competitive rates. The company being in the growth trajectory had increased its working capital limit with banks from Rs.7500 lakhs to Rs.20400 lakhs. Considering the additional requirement of funds, MCSL had increased its borrowing powers during the year from Rs.15000 lakhs to Rs.50000 lakhs by means of a Postal Ballot. Considering the progressive trends in growth, your Directors have recommended an increase in the borrowing powers from Rs.50000 lakhs to Rs.100000 lakhs.

### c) Unsecured loan from Directors

To meet the working capital requirements, the Company borrowed funds from Directors. The amount of unsecured loan from Directors at the end of previous year was Rs.2496.54 lakhs which had increased substantially during the year due to drawings for working capital purpose. MCSL had made a rights issue during the year under review and raised Rs.4778.06 lakhs, out of which Rs.4272.78 lakhs was utilized for repayment of unsecured loans from Directors. The unsecured loan from Directors amounted to Rs.681.53 lakhs at the end of March 31, 2012.

## Corporate social responsibility

The underlying concept of CSR is to create a responsibility within the corporates for the well being of society at large involving the employees, associates, customers, stakeholders and the society within which they function.

The CSR activities of the Muthoot Pappachan Group to which MCSL belongs to, is undertaken by the Muthoot Pappachan Foundation, a foundation set up in memory of our founder chairman Late Mr. Mathew M.Thomas (Pappachan). The Muthoot Pappachan Foundation (MPF) has involved in a number of community focused activities wherein the wellbeing of the society at large is taken careof. The CSR activities have been focused on the areas of healthcare and imparting education and training to the weaker sections of the society.

MPF in partnership with Accion Technical Advisors India (Accion Technical Advisors India is the Indian arm of Accion International, a non profit organisation based in Boston, dedicated to creating economic opportunity by connecting people to the financial tools they need to improve their lives) had launched an entrepreneurial training programme – “Stree Jyoti – Empowering Women”, for the women entrepreneurs in the states of

Kerala, Karnataka and Tamil Nadu with an objective of achieving greater competitiveness through development of the managerial abilities of women entrepreneurs. The Stree Jyothi Financial Literacy Programme module covers areas like self management, cash management, leadership, idea to business, business feasibility, entrepreneurial management, savings and investment, debt management and effective communication.



MPF has joined hands with NABARD and Accion Technical Advisors India in imparting training to a multitude of women entrepreneurs for improvement of their skills and managerial abilities in the areas of manufacturing eco friendly handicraft and home decor products.



The training is imparted for manufacturing products which include grass bouquet, potpourri, lilly pot, eco style banana fibre products, jute products, dry flowers, eco pac and paper bags, etc.



During the year under review, the Muthoot Pappachan Foundation also organized various health care camps at places like Puducherry, Coimbatore, Muvattupuzha. Medicines were provided free of cost to the beneficiaries. The services carried out were child clinic, general clinic, medical clinic, BP check up and Gynecology. A free eye check up campaign was also conducted wherein MPF had offered free cataract surgery for the needy, lens / spectacles at reduced rates and assisting for treatment at hospitals to those referred.



## Human Resources

With the increase in the business of the Company, both volume wise and territory wise, the Company focused a lot on recruitment during the year 2011-12. In the year under review, a net of 852 people were added to the organization . The majority of the hiring was for field level executives followed by managerial persons across various levels – from freshers to experienced persons – which has resulted in the company gearing up for the challenges of increased productivity by having optimum manpower. Focus has also been extensively on internal training, complemented by external training and development programmes for improving the competency and self development of employees. With a clear goal of constantly benchmarking the internal HR practices with the best in the industry, your Company has been proactively pursuing its objectives by improving the quality and competency of its people.

On behalf of the Board of Directors

Kochi 35  
Date: 11.06.2012

Thomas John Muthoot  
Chairman

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

MCSL has always upheld the corporate governance values by ensuring transparency and integrity in its business operations and has taken care to imbibe essence of the corporate governance principles in framing its policies and practices. The management and employees of MCSL has constantly supported in building up a good corporate culture aimed at achieving the underlying goal of enhancing long term shareholder values with sustained growth.

Your Directors are pleased to present the Corporate Governance Report for the year 2011 – 2012.

## 1. Board of Directors

### A. Composition of Board

The Board of Directors have an optimum combination of Executive and non – Executive Directors. The Chairman being a non –Executive Director, not less than one third of the Board comprise of non – Executive Directors and one half of the Board consist of independent Directors. The independent non – Executive Directors comply with the requirements of Listing Agreement for being independent and have also furnished declarations for compliance with the criteria of independence as defined in the Listing Agreement.

The Board of Directors comply with the code of conduct adopted by the Board. The name and category of Directors and their attendance at the board meetings held during the year under review and at the last AGM is as given below :

Name of the director	Category of Directorship	Number of Board Meetings		Attendance at the last AGM held on 11.07.2011
		Held	Attended	
Mr. Thomas John Muthoot	Chairman and non Executive Director	10	10	Absent
Mr. Thomas George Muthoot	Executive and Managing Director	10	10	Present
Mr. Thomas Muthoot	Non Executive and non Independent Director	10	9	Absent
Mr. A.P. Kurian	Non Executive and Independent Director	10	5	Present
Mr. Philip Thomas	Non Executive and Independent Director	10	4	Present
Mr. R. K. Nair	Non Executive and Independent Director	10	9	Absent

The Board of Directors had met 10 times during the year under review (28.04.2011, 09.05.2011, 01.06.2011, 02.07.2011, 21.07.2011, 04.08.2011, 05.09.2011, 26.10.2011, 22.11.2011, 25.01.2012). Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot being brothers are related inter se. Mr. A. P. Kurian, Mr. Philip Thomas and Mr. R. K. Nair are Independent Directors and are not related to each other.

## B. Shareholding by the Directors

Number of shares held by the Directors as on 31.03.2012 are as follows :

Name of the Director	Number of shares held
Mr. Thomas John Muthoot	2902522
Mr. Thomas George Muthoot	2898084
Mr. Thomas Muthoot	2899986
Mr. A. P. Kurian	Nil
Mr. Philip Thomas	Nil
Mr. R. K. Nair	Nil

## C. Directorships in other Companies and Chairmanships of Committees

Directorships in other public Companies, number of Committee positions held in Muthoot Capital Services Limited and also in other Public Limited Companies and the details of sitting fees paid to Independent Directors are given below:

Name of the Director	Number of Directorships held in other Public Limited Companies	Number of Committee positions held in Muthoot Capital Services Limited		Number of Committee positions held in other Public Limited Companies		Sitting fees paid during the period March 31, 2012 (amount in Rs.)
		Chairman	Member	Chairman	Member	
Mr. Thomas John Muthoot	6	1	1	1	3	-
Mr. Thomas George Muthoot	6	1	1	-	4	-
Mr. Thomas Muthoot	6	1	3	-	3	-
Mr. A. P. Kurian	5	-	2	-	4	5000
Mr. Philip Thomas	1	2	-	-	1	4000
Mr. R. K. Nair	1	-	2	3	-	9000

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

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.

## 2. Audit Committee

### A. Terms of reference

The Audit Committee is vested with the authorities and responsibilities in accordance with the provisions of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee reviews, acts and report to the Board of Directors, inter alia, the following matters :

- internal and external audit related matters, appointment of internal and external auditors and evaluating their performances
- enlightening the Board about all pertinent issues
- related party transactions and significant transactions which are not within the normal course of business
- financial and other accounting statements and the accounting policies
- compliance with statutory and other legal requirements
- MIS or such other management control or audit system proposed for implementation

The Committee reviews the unaudited financial results and submits the same to the Board with their comments, if any.

### B. Composition of Audit Committee

The Audit Committee comprises of independent and non Executive Directors. The total strength of the Committee is 4, of which 3 are Independent Directors. All the members possess the necessary financial / accounting expertise / exposure. Mr. Philip Thomas, former Executive Director of IDBI, is the chairman of the Committee.

The Committee had met 4 times during the year under review, on 28.04.2011, 21.07.2011, 26.10.2011 and 25.01.2012. The name of the members of the Committee and the number of meetings attended by each member are as given below :

Name of the member	Number of meetings	
	Held	Attended
Mr. Philip Thomas, Chairman	4	3
Mr. A. P. Kurian	4	3
Mr. R. K. Nair	4	3
Mr. Thomas Muthoot	4	4

### 3. Remuneration Committee

The Remuneration Committee constituted in accordance with Clause 49 of the Listing Agreement determines and recommends the remuneration payable to the Directors. The remuneration policy is in consonance with the existing industry practice. The Committee had met on 28.04.2011 during the year ended 31.03.2012. The Committee comprises of Independent non Executive Directors. The Committee is chaired by Mr. Philip Thomas, other members being Mr. A. P. Kurian and Mr. R. K. Nair. At the meeting held on 28.04.2011 Mr. Philip Thomas and Mr. R. K. Nair were present. Mr. A. P. Kurian was granted leave of absence.

The remuneration payable to the non Executive Independent Directors include only the sitting fees. The travelling and other expenses relating thereto are reimbursed. They are not entitled to any other remuneration. The sitting fees paid for attending Board Meeting is at the rate of Rs. 1000/- per meeting. No sitting fees are paid for attending committee meetings. The amount of sitting fees paid to the Independent Directors are stated in this report under the section 'Board of Directors'.

The Managing Director is paid remuneration at the rate of Rs. 6,00,000/- p.m. on the terms approved by the shareholders at the last annual general meeting. The remuneration paid is within the limits specified under schedule XIII and in compliance with the provisions of the Companies Act, 1956.

### 4. Shareholders' / Investors' Grievance Committee (SIGC)

The committee approves and oversees the following matters :

- 1) Matters relating to transfer, transmission, dematerialization and rematerialisation of shares
- 2) Issue of duplicate shares as and when required
- 3) Redressal of shareholder and investor grievances like non receipt of balance sheet, non receipt of declared dividends, etc.

#### a) Composition

The committee is headed by non Executive Director. The committee had met 4 times during the year ended 31.03.2012. (09.05.2011, 21.07.2011, 26.10.2011,25.01.2012)

Name of the Committee member	Number of meetings	
	Held	Attended
Mr. Thomas Muthoot, Chairman	4	4
Mr. Thomas John Muthoot	4	4
Mr. Thomas George Muthoot	4	4

b) Name and designation of the Compliance Officer : Ms. Malathy N., Company Secretary

c) Number of investor complaints/communications received during the year ended 31.03.2012 : 118

d) Number of pending complaints / not solved to the satisfaction of shareholders : nil



## 5. Brief Resume of Directors Seeking Re-Appointment

Mr. Thomas John Muthoot and Mr. R. K. Nair are liable to retire by rotation at the ensuing Annual General Meeting. The Board had recommended their reappointment at the meeting held on 11.06.2012, subject to approval by shareholders. The resume of the directors retiring by rotation are given below :

- a) Name : Mr. Thomas John Muthoot
- Age : 50 years
- Qualification : B. Com
- Experience : He is the Chairman and Managing Director of Muthoot Fincorp Ltd., and holds Directorships in various other private limited companies of Muthoot Pappachan Group. He has more than twenty seven years of experience in the financial sector.
- Present Position : Director, Member of shareholders' / Investors' Grievance Committee
- Category : Non Executive Director
- b) Name : Mr. R.K.Nair
- Age : 73 yrs
- Qualification : M.Com., ACA, LLM
- Experience : He is the Director of Muthoot Fincorp Ltd. He has above 20 years of experience in the financial sector and wide experience as a practicing advocate.
- Present Position : Independent Director, Member of Audit Committee & Remuneration Committee
- Category : Non-Executive Director

## 6. General Body Meetings

(i) The location, date, time and details of special resolution passed during the preceeding 3 Annual General Meetings are as follows :

Financial year	Location	Date	Time	Details of special resolutions passed
2010 -2011	The International Hotel, P.B. No. 3563, Veekshanam Road, Kochi – 682 035	11th July, 2011	10.00 a.m.	Item no . 6 in the Agenda:  Re – appointment of Managing director and fixation of remuneration
2009-2010	The International Hotel, P.B. No. 3563 Veekshanam Road, Kochi – 682 035	31st July, 2010	10.00 a.m.	NIL
2008 – 2009	The International Hotel, P.B. No. 3563 Veekshanam Road, Kochi – 682 035	24th September, 2009	10.00 a.m.	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

## 7. Disclosures

- a. In the opinion of the Board, none of the transactions of the Company entered into with related parties were in conflict with the interests of the Company. The details of related party transactions are disclosed in the notes to the accounts – Note no. 2.26 forming part of Balance Sheet. The members may kindly refer the same.
- b. The Company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 (as amended) in preparation of financial statements.
- c. The Company had complied with all the requirements relating to stock exchange, SEBI or any other statutory authority, on matters related to capital market and no penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- d. No personnel has been denied access to Audit Committee
- e. The Company has complied with all the mandatory requirements and has adopted the non mandatory requirements like constitution of Remuneration Committee. The Auditors' Report does not have any qualifications on financial statement and the Company is in the constant effort to move towards a regime of unqualified financial statements. The Board of Directors proposes to adopt the other non – mandatory requirements, as and when necessary.
- f. The Company made a Rights Issue of Equity Shares during the Financial Year ended on 31st March, 2012. As already indicated in the Directors' Report Rs.47,78,06,000 was raised, through the Rights Issue, of which Rs. 5,97,25,750 was credited to Share Capital and Rs. 41,80,80,250 was credited to Securities Premium account. Out of the proceeds of the issue Rs. 42,72,78,494 were utilized for repayment of loan from one of the promoters, Rs.36,82,608 utilized for meeting the rights issue expenses and the remaining amount of Rs.4,68,44,898 utilised for general corporate purposes. The Rights Issue opened for subscription on Monday, 11th July, 2011 and closed on Monday, 25th July, 2011. The Basis of Allotment was finalized on Wednesday, August 03, 2011 in consultation with the Bombay Stock Exchange Limited ("BSE"). Permission to trade in these shares was obtained from the Bombay Stock Exchange on 8th August, 2011. No other fresh issue of shares took place during the financial year ended on 31st March, 2012.
- g. In terms of Clause 5A of the Listing Agreement, unclaimed shares shall be transferred to an "Unclaimed Suspense Account" opened by the Company for the purpose and the shares lying therein shall be dematerialized with a Depository Participant. The voting rights of such shares shall remain frozen till the rightful owner claims the shares. There are no shares unclaimed as on date of this report.

## 8. Means of communication

- a. The quarterly, half yearly and annual results were intimated to BSE immediately on conclusion of the Board Meeting in which the results were considered.
- b. The financial results were published in Kerala Kaumudi, Deepika, Mangalam, Business Line and Business Standard.
- c. The Company is maintaining a functional website [www.muthootcap.com](http://www.muthootcap.com) wherein all the communications are updated.

## 9. General Shareholder Information

1. Company registration details : The Company is registered within 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.

2. Date, time and venue of AGM : 31st July, 2012 ; 10.00 a.m. ; The International Hotel, P.B. No. 3563, Veekshanam Road, Kochi – 682 035.

3. Financial Year : The Company follows April to March as the financial year.

4. Date of Book closure : 25th July, 2012 to 31st July, 2012

5. Dividend payment date : on or before 29th August, 2012

6. Listing on Stock Exchange : The Equity shares of the Company is listed with Bombay Stock Exchange Limited (BSE). The annual Listing fee for the year 2011 – 2012 (as applicable) has been paid by the Company to BSE.

7. Scrip Code : 511766

Scrip ID : MUTHTFN

8. Registrar and Transfer Agents : The transfer of shares in physical forms, correspondence regarding dividends, change of address, etc. may be addressed to :

Integrated Enterprises (India) Ltd, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, Off. North Usman Road, T.Nagar Chennai- 600 017

Ph.No: 044-28140801-03; Fax: 044-28142479 E-mail: corpseiv@integratedindia.in

9. 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 half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c ) of the Listing Agreement with the Stock Exchange and files a copy with the Stock Exchange.

10. Pursuant to the SEBI (Depositories and Participants) Regulations, 1996, certificates have been received from a Company Secretary-in-Practice for timely dematerialization of the Company's shares and for conducting a reconciliation of share capital audit on a quarterly basis for reconciliation of the Company's share capital.

11. Dematerialisation of shares : The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. 95.51 % of shares of the Company were held in dematerialized form as on March 31, 2012.

12. Outstanding ADRs / GDRs / Warrants and convertible instruments, conversion date and likely impact on equity : Not applicable.

## 10 Investor grievances

1. Email id for investor grievances : [investorgrievance@muthootcap.com](mailto:investorgrievance@muthootcap.com)

2. Investor Correspondence :

i. For any assistance regarding dematerialization of shares, share transfer, transmission, change of address, non-receipt of dividend or any other query relating to shares, contact :

1. Integrated Enterprises (India) Ltd, 2nd Floor, Kences Towers, No. 1, Ramakrishna Street, Off. North Usman Road, T.Nagar, Chennai-600 017

Ph.No: 044-28140801-03; Fax: 044-28142479

E-mail: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

2. Ms. Malathy N.

Company Secretary and Compliance Officer

Muthoot Capital Services Limited,

3rd Floor, Muthoot Towers, M.G. Road, Kochi – 682 035,

Kerala

Tel: 0484 – 2351501 / 2351506, Fax: 0484 - 2381261

Email: [malathy.n@muthootcap.com](mailto:malathy.n@muthootcap.com) / [mail@muthootcap.com](mailto:mail@muthootcap.com)

ii. For queries on Financial Statements :

Mr.Anil Kumar R.

Chief Finance Officer – Muthoot Capital Services Ltd

3rd Floor, Muthoot Towers,M.G. Road,

Kochi – 682 035, Kerala

Tel: 0484 – 2351501 / 2351506,

Fax: 0484 - 2381261

Email: [anilkumar.r@muthootcap.com](mailto:anilkumar.r@muthootcap.com) /

[mail@muthootcap.com](mailto:mail@muthootcap.com)

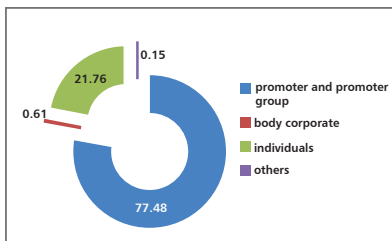
11. Stock market price data (in Rs. per share)

Month	Month's high price	Month's low price
April, 2011	208.00	122.40
May, 2011	204.50	101.30
June, 2011	117.50	97.00
July, 2011	106.60	85.65
August, 2011	94.90	67.00
September, 2011	83.00	64.00
October, 2011	73.55	60.05
November, 2011	69.95	55.35
December, 2011	65.75	54.00
January, 2012	86.00	51.15
February, 2012	86.80	68.55
March, 2012	79.50	62.00

12. Performance in comparison with BSE SENSEX



13. Distribution of shareholding as on 31.03.2012



#### 14. Shareholding pattern by size as on March 31, 2012

Sl.No.	Category	Holders	% Holders	Shares	% Shares
1	Upto 100	5187	66.12	400572	3.21
2	101 - 500	2105	26.83	536275	4.30
3	501 - 600	105	1.34	60858	0.49
4	601 - 700	44	0.56	29503	0.24
5	701 - 800	44	0.56	34165	0.27
6	801 - 900	32	0.40	28164	0.23
7	901 - 1000	82	1.04	81557	0.65
8	1001 - 2000	131	1.67	193949	1.56
9	2001 - 5000	70	0.89	218400	1.75
10	5001 - 10000	21	0.27	162089	1.30
11	10001 - 20000	6	0.08	79227	0.64
12	20001 - 30000	2	0.03	48104	0.39
13	30001 - 40000	2	0.03	61950	0.50
14	40001 - 50000	1	0.01	45200	0.36
15	50001 - 100000	2	0.03	170254	1.37
16	ABOVE 100000	11	0.14	10322308	82.76
	<b>TOTAL</b>	<b>7845</b>	<b>100.00</b>	<b>12472575</b>	<b>100.00</b>

#### 15. Compliance Certificate

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 Chief Executive Officer 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.

#### 16. Unclaimed Dividends

All unclaimed Dividends upto and including the Financial Year ended 31st March, 2004, have been transferred to the Investor Education and Protection Fund ("IEPF") as mandated under law. Under law, no claim for uncashed dividends can lie against either the Company or the IEPF after a period of seven years from the date of disbursement. Therefore, Shareholders who have not yet cashed their Dividend Warrants relating to the Financial Year ended 31st March, 2005 and subsequent years are requested to contact the Company / Registrar and Transfer Agents.

For and on behalf of the Board of Directors

Kochi – 35  
11.06.2012

Thomas John Muthoot  
Chairman

## 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 Limited

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, 2012.

Kochi – 35  
11.06.2012

R. Manomohanam  
Chief Executive Officer

## 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 Limited for the year ended on 31st March 2012 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 the 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 Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We 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  
FRN: 0046105

CA A. GOPALAKRISHNAN  
(Partner)  
Membership No.18159

Place: KOCHI  
Date: June 11, 2012



To the Members of Muthoot Capital Services Limited

### Report on the financial statements

We have audited the accompanying financial statements of MUTHOOT CAPITAL SERVICES LTD ("the company"), which comprise the Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

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

### Auditor's responsibility

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

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

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

### Opinion

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

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and;
- c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report have been prepared in all material respects in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
  - e. On the basis of the written representations received from the Directors of the Company as on March 31, 2012, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 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.

#### **For K. VENKATACHALAM AIYER & Co**

Chartered Accountants

FRN: 0046105

Sd/-

**CA A. GOPALAKRISHNAN**

(Partner)

Membership No.18159

Place: Kochi

Date: June 11, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012.

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(ii) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable 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) There was no disposal of fixed assets during the year.
2. (i) Except the repossessed assets from the borrowers the company does not have any stock of inventory.  
(ii) The procedure of physical verification of the repossessed vehicles followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.  
(iii) 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 March 31, 2012 was ` Rs.6,907.06 lakhs (2010-11 : 8,234.84 lakhs) and the outstanding balance as on 31.03.2012 including interest payable was 917.41 lakhs (31.03.2011 : 2,924.64 lakhs).  
(ii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. (2010-11: The Company has granted secured loan Rs.6.15 lakhs to one relative of directors covered in the register maintained in pursuance of Section 301 of the Act) The loan paid during earlier year was fully repaid during the current year.  
(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 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 Sec 58A and 58AA of the Companies Act 1956 from the public during the year ended March 31, 2012. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. i) 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.
- ii) 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 March 31,2012 for a period of more than six months from the date they became payable.
- iii) Details of dues of Income-Tax, which have not been deposited as on 31 March, 2012 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 '000)
Income Tax	Assistant Commissioner of Income Tax	2001-02	99
Income Tax	Assistant Commissioner of Income Tax	2002-03	1 89
Income Tax	Assistant Commissioner of Income Tax	2004-05	2 64
	<b>TOTAL</b>		<b>5 52</b>

9. The Company has no accumulated losses as at March 31, 2012 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 banks or debenture holders 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 debenture issued and outstanding as on March 31, 2012.

18. We have verified that the end use of money raised by public issue (rights issue) is as disclosed in the notes to the financial statements.

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  
FRN: 004610S

Sd/-  
CA A. GOPALAKRISHNAN  
(Partner)  
Membership No.18159

Place: Kochi  
Date: June 11, 2012

## BALANCE SHEET AS AT MARCH 31, 2012

(Rs. in '000)

Particulars	NOTE	As at 31-Mar-12	As at 31-Mar-11
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	12 47 26	6 50 00
Reserves & surplus	2.2	74 51 25	22 26 83
		<b>86 98 51</b>	<b>28 76 83</b>
<b>Non-current Liabilities</b>			
Long term borrowings	2.3	9 07 50	6 49 22
Other long term liabilities	2.4	94 98	45 87
		<b>10 02 48</b>	<b>6 95 09</b>
<b>Current Liabilities</b>			
Short-term borrowings	2.5	1 93 33 09	1 25 64 90
Other current liabilities	2.6	18 36 85	16 60 82
Short term provisions	2.7	6 87 18	3 35 27
		<b>2 18 57 12</b>	<b>1 45 60 99</b>
<b>Total</b>		<b>3 15 58 11</b>	<b>1 81 32 91</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed assets			
Tangible assets	2.8	1 18 40	64 24
Non-current Investments	2.9	19	19
Deferred tax assets (net)	2.10	70 82	33 90
Long term receivables from financing activities	2.11	1 33 77 65	61 78 24
Long term loans and advances	2.12	39 12	32 70
Other non-current asset	2.13	6 07	95
		<b>1 36 12 25</b>	<b>63 10 22</b>
<b>Current assets</b>			
Current investments	2.14	19 32	18 70
Cash and Cash Equivalents	2.15	9 96 87	3 16 94
Receivables from Financing Activities	2.16	1 67 86 44	1 14 18 60
Short Term Loans and Advances	2.17	74 35	40 60
Other current assets	2.18	68 88	27 85
		<b>1 79 45 86</b>	<b>1 18 22 69</b>
<b>Total</b>		<b>3 15 58 11</b>	<b>1 81 32 91</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
As per our report attached	1 & 2		

As per our report attached  
For K.Venkatachalam Aiyer & Co.  
Firm Registration Number: 0046105  
Chartered Accountants

CA. A.GOPALAKRISHNAN  
Partner  
Membership No.18159  
Place: Kochi  
Date: June 11, 2012

For and on Behalf of the Board of Directors of  
Muthoot Capital Services Limited

THOMAS JOHN MUTHOOT  
CHAIRMAN

THOMAS GEORGE MUTHOOT  
MANAGING DIRECTOR

THOMAS MUTHOOT  
DIRECTOR

MALATHY N  
COMPANY SECRETARY

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012 (Rs. in '000)

Particulars	NOTE	31-Mar-12	31-Mar-11
Revenue from operations	2.19	67 01 39	37 03 61
Other income	2.20	33 83	14 00
<b>Total revenue</b>		<b>67 35 22</b>	<b>37 17 61</b>
<b>Expenses</b>			
Employee benefit expenses	2.21	12 21 32	5 12 45
Financial costs	2.22	20 32 87	11 57 05
Depreciation and amortization expenses	2.8	31 03	14 33
Other expenses	2.23	10 37 12	5 24 66
Provisions	2.24	1 12 35	58 50
<b>Total expenses</b>		<b>44 34 69</b>	<b>22 66 99</b>
<b>Profit before tax</b>		<b>23 00 53</b>	<b>14 50 62</b>
<b>Tax expenses</b>			
Current tax		7 87 60	5 07 00
Deferred tax		(36 92)	(23 17)
Income tax adjustment for earlier years		(1 14)	25
<b>Total tax expenses</b>		<b>7 49 54</b>	<b>4 84 08</b>
<b>Profit for the year</b>		<b>15 50 99</b>	<b>9 66 54</b>
Earning per equity share Basic and diluted (in Rs)	2.29	13.12	12.09
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	1 & 2		

As per our report attached  
For K.Venkatachalam Aiyer & Co.  
Firm Registration Number: 004610S  
Chartered Accountants

CA. A.GOPALAKRISHNAN  
Partner  
Membership No.18159  
Place: Kochi  
Date: June 11, 2012

For and on Behalf of the Board of Directors of  
Muthoot Capital Services Limited

THOMAS JOHN MUTHOOT  
CHAIRMAN  
THOMAS GEORGE MUTHOOT  
MANAGING DIRECTOR  
THOMAS MUTHOOT  
DIRECTOR  
MALATHY N  
COMPANY SECRETARY



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

(Rs. in '000)

Particulars	Year ended 31-Mar-12	Year ended 31-Mar-11
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	23 00 53	14 50 62
Adjustments for:-		
Depreciation	31 03	14 33
Interest on Income tax, not paid	1 40	-
Provision against Non - Performing assets	20	1 99
Provisions on Standard Assets	30 44	43 56
Provision for diminution in the value of repossessed assets	15 61	2 95
Provision for expenses	66 08	12 74
Unclaimed balance written back	(3 62)	(56)
Profit from capital market operations	(1 77)	(1 29)
Interest from fixed deposits	(13 97)	-
Dividend income	(58)	(85)
Provision for gratuity		5 45
	1 24 82	78 32
<b>Operating Profit before charges to Operating assets and liabilities</b>	<b>24 25 35</b>	<b>15 28 94</b>
Net (Increase) / decrease in operating assets		
Short term loans and advances	(33 75)	(9 19)
Long term loans and advances	(3 07)	-
Receivables from financing activities	(1 25 67 25)	(74 75 20)
Other non current assets	(5 12)	5
Other current assets	(27 06)	(15 55)
	(1 26 36 25)	(74 99 89)
<b>Net increase/ (decrease) in operating liabilities</b>		
Long term liabilities	(1 34)	60
Other current liabilities	1 96 09	1 48 04
Short-term provisions	(6 27)	5 76
	1 88 48	1 54 40
<b>Net changes in working capital</b>	<b>(1 24 47 77)</b>	<b>(73 45 49)</b>
<b>Cash generated from operating activities</b>	<b>(1 00 22 42)</b>	<b>(58 16 55)</b>
Direct taxes paid	(7 56 66)	(4 98 40)
<b>Net cash from operating activities (A)</b>	<b>(1 07 79 08)</b>	<b>(6 31 495)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets including capital advance	(88 54)	(35 45)
Investments in shares and mutual Funds	(61)	(57)
Gain from sale of equity shares	1 77	1 29
Dividend received	58	85
<b>Net cash from investing activities (B)</b>	<b>(86 80)</b>	<b>(33 88)</b>

(Rs. in '000)

Particulars	Year ended 31-Mar-12	Year ended 31-Mar-11
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from rights issue of shares including securities premium	47 78 06	
Net increase in secured debentures	2 26 62	5 10 74
Repayment of vehicle loan	(4 02)	(3 90)
Increase in secured borrowings	67 68 18	61 62 88
Dividend paid (including Corporate Dividend Tax)	(2 23 03)	(1 83 51)
<b>Net cash used for financing activities(C)</b>	<b>1 15 45 81</b>	<b>64 86 21</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	6 79 93	1 37 38
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3 16 94</b>	<b>1 79 56</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>9 96 87</b>	<b>3 16 94</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	1 51	56 44
Cheques/drafts on hand	29	1 58
With banks on current accounts	6 47 81	2 41 27
- on deposit accounts	3 26 00	
- unpaid dividend accounts	21 26	17 65
<b>Total cash and cash equivalents</b>	<b>9 96 87</b>	<b>3 16 94</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	<b>1 &amp; 2</b>	

As per our report attached  
For K.Venkatachalam Aiyer & Co.  
Firm Registration Number: 0046105  
Chartered Accountants

CA. A.GOPALAKRISHNAN  
Partner  
Membership No.18159  
Place: Kochi  
Date: June 11, 2012

For and on Behalf of the Board of Directors of  
Muthoot Capital Services Limited

THOMAS JOHN MUTHOOT  
CHAIRMAN

THOMAS GEORGE MUTHOOT  
MANAGING DIRECTOR

THOMAS MUTHOOT  
DIRECTOR

MALATHY N  
COMPANY SECRETARY

## CORPORATE INFORMATION

Muthoot Capital Services Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed in the Mumbai stock exchange in India. The Company is registered as a Non Banking Financial Company (NBFC) with Reserve Bank of India. During the year the Company is mainly engaged in asset financing activities, especially two wheelers and three wheelers.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis for preparation of financial statement

i. The financial statements for the year ended March 31, 2012, have been prepared under historical cost convention in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and in compliance with the provisions of Companies Act, 1956, mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the directions issued by Reserve Bank of India for Non Banking Financial Companies from time to time, wherever applicable.

ii. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in accounting policy explained below:

#### a. Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Interest on hypothecation loans was recognized on accrual basis up to the current reporting date as against for the completed months up to the previous year. This resulted in an increase of operating revenue by Rs. 412.39 Lakhs for the year ended March 31, 2012.

#### 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 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:

#### Income from Financial Services

- Finance charges in respect of hypothecation loan transactions are accounted by applying the Internal Rate of Return method. Overdue charges on belated hypothecation loan installments are accounted as and when received by the Company.
- 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.
- 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.
- Income from Services is recognized on accrual basis as per the terms of the contract.

#### Windmill Income

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.

#### Dividend Income

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.

### 1.4 Receivables from Financing Activities

The Company has followed the Directions issued 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 also the Non Banking Finance Companies acceptance of Public Deposits (Reserve Bank) Directions 2007

#### Hypothecation Loans

- i. Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received up to balance sheet date.
- ii. Repossessed automobile assets are valued at lower of book value and estimated realizable value.
- iii. Interest on hypothecation loans was recognized on accrual basis up to the current reporting date

### 1.5 Tangible fixed assets

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Trade discount and rebate if any due or received are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefit from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit & loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit & loss when the asset is de-recognized.

### 1.6 Depreciation on tangible fixed assets

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. The company has used the following rates to provide depreciation on its fixed assets.

Motor vehicles	25.89%
Furniture and fittings	18.10%
Office equipments	13.91%
Computer and accessories	40%
Windmill generator	15.33%

### 1.7 Impairment of tangible and intangible 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. An asset's recoverable amount is the higher of an asset's net selling price and its 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.
- An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized 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.

### 1.8 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on straight line basis over the lease term.

### 1.9 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit & loss.

### 1.10 Income Tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and the reversal of timing differences of the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amounts of deferred tax assets are reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxation authority.

### 1.11 Retirement and other employee Benefits

#### a) Defined Contribution plan- Provident Fund.

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit & loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

#### b) 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 is determined on actuarial valuation done by LIC. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the statement of profit & loss.

### 1.12 Segment Reporting

The company's business activity primarily falls within a single business segment which constitutes Financing Activities (Advancing of hypothecation loans, gold loan, loan against demand promissory notes etc.), hence, there are no additional disclosures required under Accounting Standard 17 'Segment Reporting'. The Company operates only in India; hence there is no other significant geographical segment that requires the disclosure.

### 1.13 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.

### 1.14 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus element in a right issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### 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 three months or less.

### 1.16 Right Issue Expenses

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

### 1.17 Provisions other than that for non performing assets

A provision is recognized when the company has a present obligation as a result of past event, and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Provisions are not discounted

to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### 1.18 Contingent Liabilities

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

### 1.19 Classification and provisioning as per RBI Guidelines

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

#### a. Standard Assets:

Provision against Standard Assets is made at the rate of 0.25% 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 Reserve Bank of India on January 17, 2011.

#### b. Sub-standard, Doubtful and Loss Assets

Provision as required by paragraph 9 of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.

## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

Amounts in the financial statements are presented in thousands, except for per share data and as otherwise stated.

Previous year figures have been reworked, re-grouped, re-arranged and reclassified to conform to the current year presentation.

### 2.1 SHARE CAPITAL

	(Rs in '000)	
	31-Mar-12	31-Mar-11
<b>Authorized</b>		
Equity shares, Rs 10/- par value 1,50,00,000 (1,50,00,000) equity shares	15 00 00	15 00 00
<b>Issued, subscribed and paid-up</b>		
Equity shares, Rs 10/- par value 1,24,72,575(65,00,000) equity shares fully paid-up	12 47 26	6 50 00
(Of the above 59,72,575 equity shares fully paid up have been issued as right shares)		
<b>Total</b>	<b>12 47 26</b>	<b>6 50 00</b>



Refer to Note 2.29 for details of basic and diluted shares.

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10.

Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subjected to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors in their meeting on June 11, 2012 proposed a final dividend of Rs 3.5 per equity share. The total dividend appropriation for the year ended March 31, 2012 amounted to Rs. 507 lakhs including corporate dividend tax of Rs.71 lakhs.

During the year ended March 31, 2011, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 3/-. The total dividend appropriation for the year ended March 31, 2011 amounted to Rs 226.63 lakhs including corporate dividend tax of Rs. 31.63 lakhs.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive balance if any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The reconciliation of the number of equity shares outstanding and the amount of share capital as at March 31, 2012 and March 31, 2011 is set out below:

Particulars	As at 31-Mar-12		As at 31-Mar-11	
	No of shares		No of shares	
	in '000	Rs. in '000	in '000	Rs. in '000
No of shares at the beginning of the year	65 00	6 50 00	65 00	6 50 00
Add: Additional shares issued during the year	59 73	5 97 26	Nil	Nil
No of shares at the end of the year	1 24 73	12 47 26	65 00	6 50 00

Shareholders holding more than 5% shares in the company

Particulars	As at 31-Mar-12		As at 31-Mar-11	
	No of shares		No of shares	
	in '000	% of Holding	in '000	% of Holding
Equity Shares:				
Thomas John Muthoot	29 03	23.27	14 50	22.31
Thomas George Muthoot	28 98	23.24	14 49	22.29
Thomas Muthoot	29 00	23.25	14 50	22.31

As per the records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares

The Company has issued 59,72,575 number of equity shares of Rs. 10/- each at a premium of Rs. 70/- by way of right issue and money raised by right issue has been utilized for the repayment of unsecured loan obtained from one of the promoters, general corporate purpose and right issue expenses of Rs. 4,272.78 lakhs, Rs. 468.45 lakhs and Rs. 36.83 lakhs respectively, as intended for the purpose of the issue.

## 2.2 RESERVES & SURPLUS

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
<b>Securities Premium Account:</b>		
At the beginning of the year	-	-
Additions on shares issued during the year	41 80 80	-
At the end of the year	41 80 80	-
<b>Debenture Redemption Reserve:</b>		
At the beginning of the year	1 00	1 00
Transfer to Surplus in Statement of Profit and Loss	(1 00)	-
At the end of the year	-	1 00
<b>Statutory Reserve:</b>		
At the beginning of the year	6 75 59	4 81 59
Transfer from surplus in statement of profit and loss	3 10 20	1 94 00
At the end of the year	9 85 79	6 75 59
<b>General Reserve:</b>		
At the beginning of the year	-	-
Transfer from surplus in statement of profit and loss	3 90 00	-
At the end of the year	3 90 00	-
<b>Surplus in the Statement of Profit and Loss:</b>		
As per last Balance Sheet	15 50 24	10 04 33
Add: Profit for the year	15 50 99	9 66 54
Transfer from Debenture Redemption Reserve	1 00	-
Less: Appropriations		
Proposed dividend	(4 36 55)	(1 95 00)
Tax on proposed dividend	(70 82)	(31 63)
Transfer to statutory reserve	(3 10 20)	(1 94 00)
Transfer to general reserve	(3 90 00)	-
	18 94 66	15 50 24
<b>Total</b>	<b>74 51 25</b>	<b>22 26 83</b>

## Debenture Redemption reserve

As per the clarification regarding Debenture Redemption Reserve given in general Circular no. 9/2002 dated 18-4-2002 issued by the Department of Company affairs, of 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 non convertible debenture 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, 2012 and the debenture redemption reserve created in the earlier year is transferred to surplus in the statement of Profit and Loss as the debentures against which the reserve created is fully redeemed.

## 2.3 LONG TERM BORROWINGS

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
<b>Secured Privately Place Redeemable Non Convertible Debentures</b>		
90750 Secured Privately Placed Redeemable Non-convertible Debentures of Rs. 1,000 each	9 07 50	6 46 13
Term Loans from Banks (Secured)		
Vehicle Loans	-	309
<b>Total</b>	<b>9 07 50</b>	<b>6 49 22</b>

### Term Loan

The company had obtained Term Loans from HDFC bank for acquiring two motor vehicles, having an outstanding balance of Rs. 1,81,456 (2011: Rs. 3,45,438) and Rs. 1,27,959 (2011: Rs 3,66,382) respectively. Both the vehicles have been hypothecated as security for the purpose of the loan. The first loan had been obtained at an interest rate of 10.17% p.a, repayable in 60 equal monthly installments. The latter loan had been obtained at an interest rate of 9.52% p.a, repayable in 36 equal monthly installments. The current maturities of the above loans have been classified under the head "Other Current Liabilities" (Note 2.6)

### Debentures

The Company has issued Redeemable non-convertible debentures on private placement basis in various series. The debentures issued under each series have a repayment period depending on the scheme it falls under. The debentures are repaid within a period of 1 year to 5.5 years, depending on the schemes. The schemes range from Monthly, Annual and Maturity Interest Payment. The rate of interest on these debentures range from 10% to 19.63% p.a.

The issued debentures are secured by a first charge on all movable assets, book debts and receivables acquired by undertaking the business of Loan against Gold Jewellery, Hypothecation Loan and any other type of Loans, both present and future, created by the company.

The order of redemption of the above debentures is given below:

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
No: of debentures	17 99 32	15 21 91
Values of debentures		
Financial Year 2006-07	-	5 10
Financial Year 2007-08	6	9
Financial Year 2008-09	-	5
Financial Year 2009-10	-	81
Financial Year 2010-11	2 55	36 46
Financial Year 2011-12	32 51	8 33 27
Financial Year 2012-13	8 56 70	2 53 87
Financial Year 2013-14	5 27 58	2 11 22
Financial Year 2014-15	1 36 04	51 54
Financial Year 2015-16	53 47	54 12
Financial Year 2016-17	1 37 55	75 38
Financial Year 2017-18	52 86	-
<b>Total</b>	<b>17 99 32</b>	<b>15 21 91</b>

#### 2.4 OTHER LONG TERM LIABILITIES

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
Non-current portion of interest accrued but not due on Debentures (Secured)	94 08	43 63
Security Deposits (Unsecured)	90	2 24
<b>Total</b>	<b>94 98</b>	<b>45 87</b>

Current portion of the interest accrued but not due on debentures Rs.101.76 lakhs is shown in Note: 2.6

## 2.5 SHORT TERM BORROWINGS

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
Loans repayable on demand - from Banks (Secured)		
<b>Working Capital Demand Loan</b>		
Dhanlaxmi Bank Limited	24 00 00	-
ICICI Bank	20 00 00	10 00 00
State Bank of Hyderabad	19 99 70	-
HDFC Bank	15 00 00	15 11 59
IndusInd Bank	9 50 00	-
<b>Cash Credit</b>		
State Bank of Travancore	60 00 00	35 39 20
State Bank of India	19 99 35	-
City Union Bank	9 98 07	-
Axis Bank	7 55 05	10 17 57
IndusInd Bank	49 39	-
	<b>1 86 51 56</b>	<b>70 68 36</b>
Loans and Advances from Directors (Unsecured)	6 81 53	24 96 54
Inter Corporate Deposits Unsecured	-	30 00 00
<b>Total</b>	<b>1 93 33 09</b>	<b>1 25 64 90</b>

### Guaranteed Loans

The Working Capital Demand Loans and Cash Credit borrowings obtained from Banks have been personally guaranteed by the Directors of the Company, namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

### Security of the Loans from Banks

The Working Capital Demand Loans and Cash Credit borrowings have been obtained from the banks by creating first charge on the entire current assets including gold loan receivables, hypothecation loan receivables, loan against company's own debentures, loan against demand promissory notes and other current assets ranking paripassu with other working capital lenders and Debenture Trustees.

### Rate of interest

Cash credit borrowings from banks carries interest at the rate of 12.75% to 13.50% per annum.

## Loan from Directors

The company has entered into frequent transactions involving receipts and payments of different amounts with the directors of the company. The company pays interest at the rate of 12% per annum. The balance outstanding as on March 31, 2012 was Rs 6,81,52,937/- inclusive of interest accrued thereon. (March 31, 2011: Rs. 24,96,54,115/-)

## 2.6 OTHER CURRENT LIABILITIES

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
Current maturities of long-term debt	8 59 79	8 37 29
Interest accrued and due on borrowings	3 31 50	4 62 73
Interest accrued but not due on borrowings	1 01 76	71 78
Unclaimed dividends	21 25	17 64
Unpaid matured debentures	35 12	42 51
Income Received in Advance	2 18 98	76 78
<b>Expenses Payable</b>		
Professional Charges Payable *	72 10	46 35
Salary and benefits Payable	41 42	4 07
Dealer Incentive Payable	45 36	21 80
Withholding Taxes	27 63	32 65
Other Expenses Payable	68 59	31 83
Statutory Dues Payable	7 12	6 77
Other Payables	6 23	8 62
<b>Total</b>	<b>18 36 85</b>	<b>16 60 82</b>

\* Professional Charges are payable to related parties

## 2.7 SHORT TERM PROVISIONS

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
Proposed dividend	4 36 55	1 95 00
Tax on proposed dividend	70 82	31 63
Tax provision (Net)	68 00	36 81
Provision for gratuity	-	5 39
Provision for diminution in the value of repossessed assets	18 92	3 31
Contingent provision against standard assets	74 00	43 56
Provision for non performing assets	18 89	19 57
<b>Total</b>	<b>6 87 18</b>	<b>3 35 27</b>

Provision for Income Tax represents the tax provision remaining as on the balance sheet date after setting off the advance tax paid during the year against the tax due for the assessment year 2012-13 (31st March 2011 for the assessment year 2011-12).

## 2.8 TANGIBLE ASSETS

(Rs. in '000)

Particulars	Vehicles	Furniture & Fittings	Office Equipments	Computers & Accessories	Windmill Generator	Total
<b>Cost</b>						
At 1 April, 2011	31 35	43 84	11 59	58 94	89 78	2 35 50
Additions	-	14 57	9 86	60 76	-	85 19
At 31 March, 2012	31 35	58 41	21 45	1 19 70	89 78	3 20 69
<b>Depreciation</b>						
At 1 April, 2011	22 34	27 55	5 51	40 84	75 02	1 71 26
Charge for the year	2 33	4 31	1 78	20 35	2 26	31 03
At 31 March, 2012	24 67	31 86	7 29	61 19	77 28	2 02 29
<b>Net Block</b>						
At 31 March, 2011	9 01	16 29	6 08	18 10	14 76	64 24
At 31 March, 2012	6 68	26 55	14 16	58 51	12 50	1 18 40

## 2.9 NON CURRENT INVESTMENTS

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
Non current investments (Quoted) (Non-trade)		
UTI Gold ETF	19	19
<b>Total</b>	<b>19</b>	<b>19</b>

The market value of UTI Gold ETF as on 31 Mar, 2012 is Rs. 54,645 (31 Mar, 2011: Rs 40 508).

## 2.10 DEFERRED TAX ASSET

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
<b>Deferred Tax Liabilities</b>		
Fixed Asset		
Impact of difference between tax depreciation and depreciation charged for Financial Reporting	5 28	2 39
<b>Total</b>	<b>5 28</b>	<b>2 39</b>
<b>Deferred Tax Asset</b>		
Provision for NPA and others	61 30	28 11
Preliminary Expenses charged off to the Statement of Profit and Loss but allowable as expense under tax laws in 5 years	9 70	2 96
Others	5 10	5 22
<b>Total</b>	<b>76 10</b>	<b>36 29</b>
<b>Net Deferred Tax Asset</b>	<b>70 82</b>	<b>33 90</b>

Deferred tax asset and deferred tax liabilities have been offset wherever the Company has legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxation authority.

**2.11 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES**

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
(Secured, considered good unless otherwise stated)		
Principal outstanding in non-current portion of Hypothecation Loan	1 33 77 65	61 78 24
<b>Total</b>	<b>1 33 77 65</b>	<b>61 78 24</b>

**2.12 LONG TERM LOANS AND ADVANCES**

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
(Unsecured, considered good unless otherwise stated)		
Capital Advances Considered Good	3 35	-
Security deposits Considered Good	35 77	32 70
<b>Total</b>	<b>39 12</b>	<b>32 70</b>

**2.13 OTHER NON CURRENT ASSETS**

(Rs. in '000)

Particulars	As at	
	31-Mar-12	31-Mar-11
(Unsecured, considered good unless otherwise stated)		
a) Interest Receivable	-	95
b) Gratuity Plan assets	6 07	-
<b>Total</b>	<b>6 07</b>	<b>95</b>



## 2.14 CURRENT INVESTMENTS

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
<b>Investments in quoted Equity Instruments</b>		
Bharti Airtel Ltd	-	99
Nil (564) equity shares of Rs. 5 each fully paid		
HDFC Ltd.	1 45	71
357 (245) equity shares of Rs. 2 each fully paid		
HDFC Bank Ltd.	1 42	1 45
693 (141) equity shares of Rs. 2 each fully paid		
State Bank Of India	90	1 24
71 (107) equity shares of Rs. 10 each fully paid		
Infosys Technologies	1 32	1 32
105 (105) equity shares of Rs. 5 each fully paid		
Hero Motocorp Ltd	1 20	1 20
151 (151) equity shares of Rs. 2 each fully paid		
Bosch Limited	2 33	2 33
49 (49) equity shares of Rs. 10 each fully paid		
Glaxo Smithkline Pharmaceuticals	1 34	1 34
101 (101) equity shares of Rs. 10 each fully paid		
Indian Oil Corporation Limited	66	1 27
247 (625) equity shares of Rs. 10 each fully paid		
Reliance Industries Ltd	-	1 79
Nil (183) equity shares of Rs. 10 each fully paid		
Nestle India	2 31	2 44
79 (84) equity shares of Rs. 10 each fully paid		
Coal India Ltd	1 97	2 62
593 (790) equity shares of Rs. 10 each fully paid		
CAIRN INDIA LTD	2 29	-
740 (Nil) equity shares of Rs. 10 each fully paid		
ITC LTD	2 13	-
992 (Nil) equity shares of Re. 1 each fully paid		
	19 32	18 70

(Rs. in '000)

Particulars	Basis of Valuation	Market Value as at 31-Mar-12
Investments in quoted Equity Instruments	Cost or Market Value, whichever is less	32 36

**2.15 CASH AND CASH EQUIVALENTS**

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
Balances with banks		
in Current accounts	6 47 81	2 41 27
in Unclaimed dividend accounts	21 25	17 65
in Deposit accounts	3 26 00	-
	<b>9 95 06</b>	<b>2 58 92</b>
Cheques, drafts on hand	29	1 58
Cash on hand	1 52	56 44
	<b>1 81</b>	<b>58 02</b>
	<b>9 96 87</b>	<b>3 16 94</b>
Balances with banks in unpaid dividend accounts	21 25	17 65
Balances with banks held as margin money deposits against guarantees	26 00	-

Cash and cash equivalents as of March 31, 2012 include restricted cash and bank balances of Rs. 26 lakhs. The restrictions are primarily on account of cash and bank balances held as margin money deposits against guarantees.

The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
<b>In Current Accounts</b>		
State Bank of India	4 10 45	-
HDFC Bank	82 74	1 63
State Bank of Travancore	68 08	-
Dhanlaxmi Bank Limited	33 22	77 15
Axis Bank	29 44	-
Federal Bank Ltd	10 83	2 97
ICICI Bank	5 34	60 48
Ing Vysya Bank Ltd	5 56	97 33
Kotak Mahindra	1 63	-
State Bank of Hyderabad	41	23
IDBI Limited	10	-
City Union Bank	1	-
Karur Vysya Bank	-	1 23
Catholic Syrian Bank	-	25
<b>Sub total</b>	<b>6 47 81</b>	<b>2 41 27</b>
<b>In Unclaimed Dividend Accounts</b>		
HDFC Bank	21 25	16 34
Catholic Syrian Bank	-	1 31
	21 25	17 65
<b>In Deposit Accounts</b>		
South Indian Bank	3 00 00	-
<b>In Margin Money Deposits Against Guarantees</b>		
State Bank of Travancore	26 00	-
<b>Total balance with banks</b>	<b>9 95 06</b>	<b>2 58 92</b>

## 2.16 LOANS AND ADVANCES FOR FINANCING ACTIVITIES

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
(Secured, considered good unless otherwise stated)		
<b>A. Principal outstanding in current maturity of:</b>		
1. Hypothecation Loan	1 56 98 18	68 71 23
2. Other Loans		
Gold Loan	5 01 82	41 34 48
Loan against Demand Promisory Notes (Unsecured)	63 41	70 48
Loan Against Bond	37 93	27 57
<b>B. Interest Accrued on the above loans</b>		
Hypothecation Loan	4 12 40	-
Gold Loan	71 30	3 14 27
Loan Against Bond	1 40	57
<b>Total</b>	<b>1 67 86 44</b>	<b>1 14 18 60</b>

Out of the above Hypothecation loan, as on 31 March, 2012, Rs Nil was receivable from Related Party (March 31, 2011: Rs. 64,364).

## 2.17 SHORT TERM LOANS AND ADVANCES

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
(Unsecured, considered good unless otherwise stated)		
Advances to Dealers	45 62	3 60
Other Advances	5 29	13 56
Tax Refund Receivable	23 44	23 44
<b>Total</b>	<b>74 35</b>	<b>40 60</b>

## 2.18 OTHER CURRENT ASSETS

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
Income Receivables	1 00	20 97
Deposit with Bombay Stock Exchange	26 00	-
Interest Accrued but not due on Fixed Deposits	13 97	-
Repossessed Asset	27 91	6 88
<b>Total</b>	<b>68 88</b>	<b>27 85</b>

## 2.19 REVENUE FROM OPERATION

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Interest		
Interest on Hypothecation Loan	49 64 91	16 72 70
Interest on Gold Loan	6 16 21	14 28 80
Interest on DPN and other Loans	40 93	49 84
	56 22 05	31 51 34
Other Financial Services		
Hypothecation Loan Management and Administration Fee	10 64 07	4 61 31
Insurance commission	15 27	90 96
	10 79 34	5 52 27
<b>Total</b>	<b>67 01 39</b>	<b>37 03 61</b>

Interest on hypothecation loans was recognized on accrual basis upto the current reporting date as against for the completed months upto the previous year. This resulted in an increase of interest on hypothecation loan by Rs.412.39 Lakhs for the year ended March 31, 2012

## 2.20 OTHER INCOME

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Income from Wind Mill Operations	8 77	10 75
Dividend Income	58	85
Interest on Term Deposits in Bank	13 97	-
Net gain / loss on sale of investments	1 77	1 29
Excess provision written back	3 62	55
Miscellaneous Income	5 12	56
<b>Total</b>	<b>33 83</b>	<b>14 00</b>

## 2.21 EMPLOYEE BENEFIT EXPENSES

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Salaries and wages	9 04 34	3 97 48
Incentive to employees	2 60 01	99 02
Contribution to Provident and Other funds	27 16	7 64
Gratuity Expense	13 68	5 65
Staff welfare expense	16 13	2 66
<b>Total</b>	<b>12 21 32</b>	<b>5 12 45</b>

## 2.22 FINANCE COSTS

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Interest on borrowings	19 64 85	11 29 85
Other Interest	1 40	-
Other Financial Expenses	66 62	27 20
<b>Total</b>	<b>20 32 87</b>	<b>11 57 05</b>

## 2.23 OTHER EXPENSES

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Power and Fuel	11 02	3 31
Rent	60 52	14 17
Repairs and Maintenance	4 78	1 47
Insurance	28 98	8 77
Rates & Taxes (excluding taxes on income)	17	1 50
Incentive	4 32 23	2 05 06
Investigation and Professional Charges for Auto loans	1 74 98	86 66
Business Promotion Expense	1 03 78	76 89
Communication Expenses	49 51	28 78
Travelling Expenses	45 69	26 11
Printing & Stationery	35 75	23 86
Rights Issue Expenses	29 27	6 47
Advertisement Expenses	19 57	15 30
Internal Audit Fees	4 41	1 20
Payment to Statutory Auditors	7 84	4 85
AGM Expenses	4 70	5 23
Wind Mill Expense	4 10	1 65
Miscellaneous Expenses	19 82	13 38
<b>Total</b>	<b>10 37 12</b>	<b>5 24 66</b>

## Payment to Statutory Auditors

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Audit fees	5 62	1 76
Limited Review	83	94
Taxation matters	44	50
Other services	95	1 65
<b>Total</b>	<b>7 84</b>	<b>4 85</b>

## 2.24 PROVISIONS

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Provision as per RBI Guidelines		
Provision for Non Performing Assets	20	1 99
Provision For Standard Assets	30 45	43 56
Provision for fall in value of Repossessed Assets	15 61	2 95
	46 26	48 50
Provision for expenses/contingencies	66 09	10 00
<b>Total</b>	<b>1 12 35</b>	<b>58 50</b>

## 2.25 GRATUITY PLANS

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

### (A) Reconciliation of benefit obligation and plan asset for the year

(Rs in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
<b>(i) Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	11 10	5 18
Current Service Cost	4 49	1 21
Interest Cost	89	41
Actuarial Losses / (Gain)	8 96	4 30
<b>Closing Defined Benefit Obligation</b>	<b>25 44</b>	<b>11 10</b>
<b>(ii) Change in Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	5 71	5 23
Expected Return on Plan Assets	66	47
Actuarial Gain / (Losses)	-	-
Contributions by employer	25 14	-
Benefits Paid	-	-
<b>Closing Fair Value of Plan Assets</b>	<b>31 51</b>	<b>5 70</b>

**(B) Amount recognized in Balance Sheet**

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Present Value of Funded Obligations	25 44	11 10
Fair Value of Plan Assets	(31 51)	(5 70)
<b>Net Asset/(Liability)</b>	<b>6 07</b>	<b>(5 40)</b>

**(C) Expense recognized in statement of profit & loss.**

(Rs. in '000)

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Current Service Cost	4 49	1 21
Interest on defined benefit obligation	89	41
Expected return on plan asset	(66)	(47)
Net Actuarial losses/(gains) recognized in the year	8 96	4 30
Total, included in "Employee Benefit Expense"	13 68	5 45
<b>Actual return on plan asset</b>	<b>66</b>	<b>47</b>

**(D) The principal assumptions used in determining gratuity obligation for the****Company's plans are shown below:**

Particulars	Year Ended 31-Mar-12	Year Ended 31-Mar-11
1. Discount Rate (p.a.)	8%	8%
2. Salary Escalation Rate (p.a.)	7%	7%



## 2.26 Related Party Disclosures

1. List of related parties as on March 31, 2012 is given below.

**A.Particulars of companies/ Firms/Proprietorship where control / significant influence exists:**

Sl. No.	Name of the Company/Firm
1	Alaska Agri Projects And Hospitalities Private Limited
2	Bamboo Agri Projects And Hospitalities Private Limited
3	Buttercup Agri Projects And Hospitalities Private Limited
4	Calypto Agri Development And Hospitalities Private Limited
5	Cinnamon Agri Development And Hospitalities Pvt. Ltd.
6	Double Tails Agri Development And Hospitalities Private Limited
7	El Toro Agri Projects And Hospitalities Private Limited
8	Fireworks Agri Development And Hospitalities Private Limited
9	Flame Agri Projects And Hospitalities Private Limited
10	Fox Bush Agri Development And Hospitalities Private Limited
11	Goblin Agri Projects And Hospitalities Private Limited
12	Jungle Cat Agri Development And Hospitalities Private Limited
13	L. M. Realtors Private Limited
14	Linden Agri Ventures And Hospitalities Private Limited
15	Mandarin Agri Ventures And Hospitalities Private Limited
16	Mariposa Agri Ventures And Hospitalities Private Limited
17	Mpg Hotels And Infrastructure Ventures Pvt. Ltd.
18	Mpg Sports Academy Pvt Ltd.
19	Musk Agri Ventures And Hospitalities Private Limited
20	Muthoot Agri Development And Hospitalities Pvt. Ltd.
21	Muthoot Agri Projects And Hospitalities Pvt Ltd
22	Muthoot Agri Ventures And Hospitalities Pvt. Ltd.
23	Muthoot Apt Ceramics Ltd.
24	Muthoot Automobiles Solutions Private Ltd.
25	Muthoot Automotive (India) Pvt Ltd
26	Muthoot Buildtech (India) Private Limited
27	Muthoot Equities Ltd.
28	Muthoot Fincorp Ltd
29	Muthoot Holdings Private Limited
30	Muthoot Hotels Private Limited
31	Muthoot Housing Finance Company Ltd
32	Muthoot Infrastructure Ltd.
33	Muthoot Kuries Private Limited
34	Muthoot Land And Estates Private Limited
35	Muthoot Motors Private Ltd.
36	Muthoot Pappachan Medicare Private Limited
37	Muthoot Properties (India) Private Limited
38	Muthoot Risk Insurance And Broking Services Pvt Ltd
39	Palakkad Infrastructure Private Limited
40	Panchratna Securities Limited

41	Pine Pink Agri Ventures And Hospitalities Private Limited
42	The Right Ambeint Resorts Private Limited
43	Emmel Realtors And Developers Private Limited
44	Muthoot Exim Private Limited
45	Muthoot Bankers
46	Muthoot Cine Enterprises
47	Muthoot Estate Investments
48	Muthoot Finance Company
49	Muthoot Insurance Services
50	Muthoot Motors (Cochin)
51	MPG Asset Management Llp
52	MPG Land And Estate Llp
53	MPG Land Developers Llp
54	MPG Air Catering Llp
55	MPG Automobiles Llp
56	MPG Real Estate Llp
57	MPG Hospitality Llp
58	Muthoot Travel Online

#### B. Key Management Personnel

Sl. No.	Name of the Person	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director
4	R. Manomohan	Chief Executive Officer

#### C. Relative of Key Managerial Personnel

Sl.No.	Key Managerial person	Name of Relative	Nature of Relationship
1	Thomas John Muthoot	Mrs. Janamma Thomas	Mother
		Mrs. Preethi John	Spouse
		Ms. Susan John Muthoot	Daughter
		Mr. Thomas M John	Son
2	Thomas George Muthoot	Mrs.Nina George	Spouse
		Ms. Tina Suzanne George	Daughter
		Ms. Ritu Elizabeth George	Daughter
		Ms. Swetha Ann George	Daughter
3	Thomas Muthoot	Mrs. Remy Thomas	Spouse
		Ms. Suzannah Muthoot	Daughter
4	R. Manomohan	Ms. Hannah Muthoot	Daughter
		Mrs. S. Krishnakumari	Spouse
		Mr. Binu Mohan M	Son
		Mr. Ginu Mohan M	Son

1. The list of related party transactions for the year ended 31st March 2012 and March 31, 2011 are given below:

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
<b>Details relating to parties referred to in Item (A)</b>		
i) Transactions		
1 Advance Given (Net)	-	1
2 Business Promotion Expenses	95 50	60 09
3 Liability taken over by the related party	2 23	3 56
4 Dealer Incentive Expense	23 27	13 74
ii) Outstanding balances		
1 Amount Receivable	-	1
2 Amount Payable for Reimbursement of Operating Expenses	37 78	37 78
3 Amount Payable for Business Promotion Expenses	34 31	8 56
4 Amount Payable for Liability taken over by the related party	5 79	3 56
5 Amount Payable for Dealer Incentive Expense	3 05	1 52
<b>Details relating to parties referred to in Item (B)</b>		
i) Transaction		
1 Rent paid	56 37	5 44
2 Salaries & other allowances	1 05 44	68 30
3 Interest on loans	2 35 88	5 50 88
4 Dividend Paid	1 30 48	1 08 82
ii) Outstanding balances		
1 Loan From Directors payable (including interest)	9 17 41	29 24 64
2 Maximum amount of credit in Transaction with related parties	69 07 06	82 34 84
3 Rent Deposit	25 00	25 00
<b>Details relating to parties referred to in Item (C)</b>		
1 Hypothecation Loan Given	-	6 15
2 Hypothecation Loan Instalments Received	64	7 08
3 Hypothecation Loan Outstanding	-	64
4 Interest Income from Hypothecation Loan	-	47
5 Dividend Paid	64 24	14 34

## 2.27 LEASES

Obligation on Long Term Non cancellable operating leases

The Lease rentals charged during the period and the maximum obligation on long term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
1 Lease rentals recognized during the period	53 84	Nil
2 Lease obligations payable		
Not later than one year	1 24 73	Nil
Not later than one year and not later than five years	1 99 64	Nil
Later than five years	3 65	Nil
<b>Total</b>	<b>3 28 02</b>	<b>Nil</b>

The operating lease arrangements are renewable on a periodic basis and relates to rented premises. The lease agreements have price escalation clauses.

## 2.28 EMPLOYEES DRAWING SALARY IN EXCES OF RS. 5 LAKHS FOR PART OR WHOLE OF THE YEAR

Mr. Thomas George Muthoot, Managing Director, was paid Salary of Rs. 61.94 Lakhs during the year ended March 31,2012 (2011:Rs.33.63 lakhs)

## 2.29 EARNING PER SHARE

Particulars	As at 31-Mar-12	As at 31-Mar-11
Net profit or loss for the year attributable to equity shareholders (in Rs '000)	15 50 99	9 66 54
Weighted average number of equity shares (in '000)	1 18 24	79 93
Basic earnings per share in Rs	13.12	12.09

## 2.30 CONTINGENT LIABILITIES NOT PROVIDED FOR

(Rs. in '000)

Particulars	As at 31-Mar-12	As at 31-Mar-11
Contested claims not provided for: Cases remanded back to assessing authority on the basis of the appeal filed before Income Tax Appellate Tribunal by the Income Tax department for the assessment years 2002-'03, 2003-'04 & 2005-'06.	5 52	5 52

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

## 2.31 GENERAL

2.31.1 Some of Receivables and Payables, Loans and Advances, Hypothecation loan, Deposits, Secured Bonds and Unsecured Loans are subject to confirmation/reconciliation due to non receipt of the statement of accounts and confirmation letters. Necessary adjustments if any in the accounts will be made on completion of the reconciliation/receipt of confirmation letters/statement of accounts.

### 2.31.2 Amount Payable To Micro, Small And Medium Enterprises

There is no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of Principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 2.32 PARTICULARS OF PRIVATELY PLACED SECURED REDEEMABLE DEBENTURES

Secured by a charge on all movable assets, book debts, receivables and advances including loan against gold created by the Company.

(Rs. in '000)

Fully Secured	During Current Year Ended March 31, 2012	During Previous Year Ended March 31, 2011
Issue	12 88 35	13 36 00
Redemption	10 10 94	12 10 85

(Rs. in '000)

Series	Financial Year of Maturity	Number of Bonds	Grand Total
4	2010 - 2011	1 66	1 66
	Total		1 66
B	2007 - 2008	6	6
B	2010 - 2011	86	86
B	2011 - 2012	21	21
B	2012 - 2013	12 60	12 60
B	2013 - 2014	7 62	7 62
B	2014 - 2015	42 95	42 95
	Total		64 30
C	2012 - 2013	69 50	69 50
	Total		69 50
E	2011 - 2012	69	69
E	2014 - 2015	6 50	6 50
E	2015 - 2016	6	6
	Total		7 25
F	2012 - 2013	31 28	31 28
F	2014 - 2015	67	67
F	2015 - 2016	18 49	18 49
	Total		50 44
G	2012 - 2013	21 34	21 34
G	2014 - 2015	42	42
G	2015 - 2016	12 54	12 54
	Total		34 30

Series	Financial Year of Maturity	Number of Bonds	Grand Total
H	2010 - 2011	3	3
H	2011 - 2012	42	42
H	2012 - 2013	26 52	26 52
H	2013 - 2014	71 84	71 84
H	2014 - 2015	1 00	1 00
H	2015 - 2016	7 98	7 98
H	2016 - 2017	31 18	31 18
	<b>Total</b>		<b>1 38 97</b>
I	2012 - 2013	15 55	15 55
I	2013 - 2014	4 44	4 44
I	2015 - 2016	13 90	13 90
I	2016 - 2017	11 65	11 65
	<b>Total</b>		<b>45 54</b>
J	2011 - 2012	3 94	3 94
J	2012 - 2013	6 58	6 58
J	2013 - 2014	53 67	53 67
J	2016 - 2017	27 58	27 58
	<b>Total</b>		<b>91 77</b>
K	2011 - 2012	21 85	21 85
K	2012 - 2013	36 60	36 60
K	2013 - 2014	38 94	38 94
K	2015 - 2016	50	50
K	2016 - 2017	4 62	4 62
	<b>Total</b>		<b>1 02 51</b>
M	2011 - 2012	5 40	5 40
M	2012 - 2013	5 57 58	5 57 58
M	2013 - 2014	1 30 09	1 30 09
M	2014 - 2015	71 62	71 62
M	2016 - 2017	62 52	62 52
M	2017 - 2018	27 50	27 50
	<b>Total</b>		<b>8 54 71</b>
N	2012 - 2013	79 15	79 15
N	2013 - 2014	2 20 98	2 20 98
N	2014 - 2015	12 88	12 88
N	2017 - 2018	25 36	25 36
	<b>Total</b>		<b>3 38 37</b>
	<b>Grand Total</b>	<b>17 99 32</b>	<b>17 99 32</b>

**2.33 DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007**

**LIABILITIES SIDE:**

**1. Loans and advances availed by the NBFCS inclusive of interest accrued thereon but not paid:**

(Rs. in '000)

Sl. No.	Particulars	Amount Outstanding	Amount Overdue
a)	Debentures : Secured	20 03 53	43 48
	: Unsecured (Other than falling within the meaning of public deposits*)	Nil	Nil
b)	Deferred Credits	Nil	Nil
c)	Term Loans	Nil	Nil
d)	Inter- corporate loans & borrowings	Nil	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits	Nil	Nil
g)	Other loans		
	<b>Working Capital Demand Loan</b>		
	ICICI Bank	20 00 00	Nil
	HDFC Bank	15 00 00	Nil
	Dhanlaxmi Bank Ltd	24 00 00	Nil
	IndusInd Bank	9 50 00	Nil
	State Bank of Hyderabad	19 99 70	Nil
	<b>Cash Credit</b>		
	IndusInd Bank	49 39	Nil
	State Bank of India	19 99 35	Nil
	AXIS Bank Ltd	7 55 05	Nil
	State Bank of Travancore	60 00 00	Nil
	City Union Bank	9 98 07	Nil
	<b>Vehicle Loans</b>		
	HDFC Car Loan	3 09	Nil

Note : Amount overdue Rs.43.48 lakhs in secured debentures represents debentures for which payments could not be made as claims were not received from debenture holders.

2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

(Rs. in '000)

Sl. No.	Particulars	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**

3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

(Rs. in '000)

Sl. No.	Particulars	Amount Outstanding
(a)	Secured	6 12 45
(b)	Unsecured	63 41

4. Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities

(Rs. in '000)

Sl. No.	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors (a) Financial lease (b) Operating lease	Nil Nil
(ii)	Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets	Nil Nil
(iii)	Hypothecation loans counting towards EL/HP activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	27 91 2 94 60 32



## 5. Break-up of Investments

(Rs. in '000)

Sl. No.	Particulars	Amount Outstanding	Market value
1.	Current Investments: - Quoted: -		
	(i) Shares: -		
	(a) Equity	19 32	32 36
	(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	19	55
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
1.	Long Term investments: - 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

(Rs. in '000)

Sl. No.	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	Nil	Nil	Nil
2.	Other than related parties	2 99 88 99	63 29	3 00 52 28
	<b>Total</b>	<b>2 99 88 99</b>	<b>63 29</b>	<b>3 00 52 28</b>

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

(Rs. in '000)

Sl. No.	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	32 91	19 51
	<b>Total</b>	<b>32 91</b>	<b>19 51</b>

## 8. Other Information

(Rs. in '000)

Sl. No.	Particulars	Amount
(i)	Gross Non Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	78 23
(ii)	Net Non –Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	40 42
(iii)	Assets acquired in satisfaction of debt (After provision of Rs.18.92 Lakhs for diminution in the value of repossessed assets)	27 91

**2.34 DISCLOSURE PURSUANT TO CLAUSE 32 AND 41 OF THE LISTING AGREEMENT**

(Rs. in '000)

Sl. No.	Loans & Advances	Amount outstanding as at 31.03.2012	Maximum amount outstanding during the year ended March 31, 2012
(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	NIL	NIL
	(ii) Repayment beyond seven years	NIL	NIL
	(iii) Interest below the rate specified in Section 372 A of the Companies Act	NIL	NIL

For K.Venkatachalam Aiyer & Co.  
Firm Registration Number: 004610S  
Chartered Accountants

CA. A.GOPALAKRISHNAN  
Partner  
Membership No.18159  
Place: Kochi  
Date: June 11, 2012

For and on Behalf of the Board of Directors of  
Muthoot Capital Services Limited

THOMAS JOHN MUTHOOT  
CHAIRMAN

THOMAS GEORGE MUTHOOT  
MANAGING DIRECTOR

THOMAS MUTHOOT  
DIRECTOR

MALATHY N  
COMPANY SECRETARY

**MUTHOOT CAPITAL SERVICES LTD  
MUTHOOT PAPPACHAN GROUP**

Regd. Office : Muthoot Towers, 3rd 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 ..... of .....in the district of..... or failing him / her ..... of .....as my/our proxy to vote for me/us, on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Tuesday, July 31, 2012, at 10.00 a.m. at The International Hotel, P.B. No. 3563, Veekshanam Road, Kochi-682035, Kerala, India, and at any adjournment thereof.

Signed this ..... day of ..... 2012

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

Affix One  
Rupee  
Revenue  
Stamp

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

\*\* Strike out whichever is not desired.

NOTES : I) The Proxy must be returned so as to reach the Registered Office of the Company, not less than 48 (Forty Eight) 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, 3rd 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 Eighteenth Annual General Meeting of the Company at The International Hotel, P.B. No. 3563, Veekshanam Road, Kochi-682035, Kerala, India on Tuesday, July 31, 2012, at 10.00 a.m.

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

.....  
Signature

Folio No. .... D P 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.

Tel: +91-484 2351501/2351506, Fax: +91-484 2381261

Email: [mail@muthootcap.com](mailto:mail@muthootcap.com), Web: [www.muthootcap.com](http://www.muthootcap.com)