



muthoot
PAPPACHAN
CAPITAL

ANNUAL REPORT 2013-2014

Soaring high on the wings of trust





MUTHOOT PAPPACHAN

1927 - 2004

FOUNDER CHAIRMAN

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



MESSAGE FROM THE MANAGING DIRECTOR

Dear Members,

2013 - 2014 was a very challenging year for the economies all over the world. While some of the economies witnessed recovery trends, India looked to be on that path only towards the end of the year. Growth in advanced economies is expected to stabilize going forward. The major risk of downturn has receded to some extent.

In spite of the recovery trend globally, India continued its weak economic situation till about the last quarter of the year. Policy actions, both at fiscal and monetary fronts, were initiated to counter the challenges faced by the economy and to support growth. But, presumably on account of the looming elections, no major decisions were taken, which all impacted the overall decision making process of various corporates, leading to lower growth.

The growth of less than 5% for fiscal year 2013 - 2014 impacted the economy. But with the new political scenario and the overall expectation of better governance and decision making, the growth should pick up in 2014 - 2015. Stronger global growth, improving export competitiveness, a favorable monsoon, and a confidence boost from recent policy expectations should deliver a modest growth rebound. However, fiscal restraint and a tighter monetary stance are likely to act as headwinds, slowing the recovery.

The Society of Indian Automobile Manufacturers (SIAM) has reported that the overall domestic sales of vehicles during the year 2013 - 2014 grew marginally by 3.53% as compared to the year 2012 - 2013. The sales of passenger vehicles declined by 6.05%. Three wheelers sales declined by 10.90%. Passenger carriers and goods carriers declined by 12.74% and 2.53% respectively. Two wheelers registered growth of 7.31%. Within the two wheelers segment, scooters and motorcycles grew at 23.24% and 3.91% respectively, while mopeds declined by 8.35%.

Considering the difficult macro economic conditions and challenging business environment, the Company's performance during the year under review was satisfactory. The Company continued its focus on financing of two wheelers and penetration into rural market. The focus on three wheelers has reduced on account of the defaults that were being noticed in that segment. The loan assets increased from ₹ 482 crores as on 31.03.2013 to ₹ 692 crores as on 31.03.2014. The total revenues for the year 2013 - 2014 grew by 48.07% compared to the previous year. However the finance cost and other costs increased leading to margins being under pressure and profitability remained flat.

Currently we are operating in around 1000 plus dealerships with a strong presence in Hero and Honda dealerships, which together contribute 75% of our two wheeler business. With the proper product specification and marketing strategy, our Company has been able to cater to the requirements of nearly four lakhs customers so far. In view of the defaults faced in three wheeler financing segment, the Company has put on hold the financing of three wheelers, except in special cases.

In spite of the profits not having grown significantly over the previous year, the Board of Directors has recommended a final dividend of ₹ 4.50 per equity share.

Growth is not possible without a committed and hardworking workforce. I would like to thank all employees of the Company for the support and understanding and expects to continue to receive the same in the future also.

I also wish to express my gratitude to all the shareholders for the trust reposed in and the co operation extended to the management of the Company and expects to continue to receive the same in the future also. Let us all move forward with the common aim of promoting our Company as a leader in financial services sector with the highest level of professional management.

Regards,

Sd/-

Thomas George Muthoot
Managing Director



FROM THE CHIEF EXECUTIVE OFFICER'S DESK

Dear Shareholders,

I am happy to inform you all that your Company has continued to perform well during the financial year 2013 - 2014 as is evident from the audited results of the Company. In spite of the overall gloomy economic scenario and the tardy growth in automobile sales, your Company did well. The total vehicle loans disbursed during the financial year ended March 31, 2014 was ₹ 581.63 crores as against ₹ 431.17 crores during the financial year ended March 31, 2013 registering an increase of 34.90%.

The loan portfolio stood at ₹ 692 crores as on March 31, 2014 as against ₹ 482 crores as on March 31, 2013 recording a growth of 43.5%. There was a lag in flow of credit from banks for the operations of the Company during the first quarter of the year, else the growth could have been even better. However, things changed from the second quarter and the Company was sanctioned additional ₹ 141 crores during the year from banks at competitive rates for its working capital requirements.

Boosted by the support from the financial institutions, the Company recorded good operational and financial performance in 2013 - 2014. The total income for the year ended March 31, 2014 was ₹ 158.76 crores as compared to ₹ 107.22 crores for the previous year, recording a growth of 48.07%. The total expenses for the year were ₹ 125.18 crores comprising of finance costs amounting to ₹ 60.45 crores, employee benefit expenses amounting to ₹ 34.78 crores, other expenses amounting to ₹ 26.47 crores depreciation and amortization expenses amounting to ₹ 0.79 crores and provisions amounting to ₹ 2.69 crores. Compared to the previous year the growth in expenses were at a faster pace than the growth in income. The delinquencies noticed mainly in the three wheeler loans led to higher provisioning and loss on account of sale of repossessed vehicles. The delayed sanction by Banks of additional facilities also led to underutilization of man power for some part of the year. The challenging economic scenario also led to increase in interest costs. This led to a lower growth in the net profit of the Company, 2.05% up from ₹ 21.76 crores for the year ended March 31, 2013 to ₹ 22.21 crores for the year ended March 31, 2014.

In view of the delinquency issues faced in the three wheeler segment, the Company has stopped financing of three wheelers. As against a disbursement of ₹ 87 crores in the year 2012 - 2013, the Company disbursed only ₹ 19.30 crores in the year under reference. In spite of this the overall disbursement saw a healthy growth of 34.90% over the previous year.

The Company introduced various schemes like chequeless scheme, 100% funding scheme, 1% interest scheme etc. to cater to the choice of the customers. The exemplary services rendered by Company have helped it to be a financier of choice among the customers.

The Company recognises greater growth prospects in the years to come. The Company is planning to tap the huge potential available by adding new products and expanding its operations in more states in the northern part of the country.

The Management and the entire workforce are excited about the huge opportunity and are all geared to take the performance of the Company to greater heights in the current year.

Anticipating your continued support and understanding in the years to come...

With regards,

Sd/-

R. Manomohan
Chief Executive Officer



DIRECTORS & COMMITTEES

Board of Directors

Mr. Thomas John Muthoot	Chairman
Mr. Thomas George Muthoot	Managing Director
Mr. Thomas Muthoot	
Mr. A P Kurian	
Mr. Philip Thomas (upto 28.06.2014)	
Mr. R K Nair	
Ms. Radha Unni (from 28.06.2014)	

Chief Executive Officer

Mr. R Manomohanan

Chief Finance Officer

Mr. Vinodkumar M Panicker

Company Secretary

Ms. Malathy N (till 21.04.2014)
Mr. Syam Kumar R (from 02.06.2014)

Audit Committee

Mr. Philip Thomas (upto 28.06.2014)	Chairman
Mr. A P Kurian	
Mr. Thomas Muthoot	
Mr. R K Nair	

Remuneration Committee

Mr. Philip Thomas (upto 28.06.2014)	Chairman
Mr. A P Kurian	
Mr. R K Nair	

Share Holders' / Investors' Grievance Committee

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

Share Transfer Committee

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

Bank Finance Committee

Mr. Thomas George Muthoot	Chairman
Mr. Thomas Muthoot	



Auditors

M/s K. Venkatachalam Aiyer & Co., Kochi

Solicitors

Dandapani Associates, Kochi

Bankers

State Bank of Travancore

State Bank of India

South Indian Bank Limited

Dhanlaxmi Bank Limited

Corporation Bank

ICICI Bank Limited

State Bank of Hyderabad

Indian Overseas Bank

HDFC Bank Limited

Kotak Mahindra Bank Limited

Lakshmi Vilas Bank

Federal Bank Limited

Indusind Bank Limited

Axis Bank Limited

City Union Bank Limited

Registrars and Share Transfer Agents

**Integrated Enterprises (India) Limited
(Securities Transfer Division)**

2nd Floor, 'Kences Towers'

No.1, Ramakrishna Street,

T. Nagar, Chennai – 600 017



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 20th Annual General Meeting of the Shareholders of MUTHOOT CAPITAL SERVICES LIMITED will be held on Wednesday the 3rd September, 2014 at 10.00 am at the International Hotel, Veekshanam Road, Kochi - 682 035 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Statement of Profit and Loss for the financial year ended 31st March, 2014, the Balance Sheet as at that date, the Report of the Board of Directors and the Report of the Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st March 2014.
3. To appoint a Director in the place of Mr. Thomas Muthoot (holding DIN 00082099) who retires by rotation and being eligible offers himself for re appointment.
4. To appoint M/s K. Venkatachalam Aiyer & Co., Chartered Accountants, (Reg No. 004610S) Building No. 41/3647B, First Floor, Bluebird Towers, Providence Road, Kochi – 682018 as the statutory auditors of the Company until the conclusion of third Annual General Meeting to be held after this meeting subject to ratification at every Annual General Meeting and authorise the Board to fix their remuneration for the financial year ending 31st March 2015.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. R K Nair (holding DIN00631889), Director of the Company, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 03.09.2014 to hold office for five consecutive years for a term up to 02.09.2019.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. A P Kurian (holding DIN 00008022), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 03.09.2014 to hold office for five consecutive years for a term up to 02.09.2019.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT Ms. Radha Unni (holding DIN 03242769) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28.06.2014, in terms of Section 161(1) of the Companies Act 2013 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 03.09.2014 to hold office for five consecutive years for a term up to 02.09.2019.”



8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of earlier resolution passed, on 31.07.2012 pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to Section 180 (1)(c) of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of monies in any manner as may be required for the purpose of business of the Company, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 1000 crores (Rupees one thousand crores only).”

“RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions if any, of the Companies Act, 2013 (the Act) read with Companies (Meeting of the Board and its powers) Rules, 2014 and read with clause 49 (VII) of the Listing Agreement entered into with Stock Exchange and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter into contracts and / or agreements with related parties as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of or buying, leasing of property of any kind, availing or rendering of any services or any other transactions of whatever nature with the following related parties for a period of 5 years, subject to the annual limits as set out below with effect from 1st April 2014.”

	Name of the Related party	Nature of transactions	Transaction limit per annum (₹ in Lakhs)
1.	Muthoot Fincorp Limited	Commission for procurement of new business and collection	1000
		Space sharing	50
		Rent Deposit	50
2.	Muthoot Bankers	Maintenance of windmill and related operations of the Company owned windmill at Muppanthal, Kanyakumari District, Tamilnadu	50

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

By Order of the Board of Directors,

Sd/-

SYAM KUMAR R
Company Secretary & Head Governance

Kochi
28.06.2014



Notes:

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013, 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.** Pursuant to section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in the aggregate not more than 10% of the total share capital of the Company. Members holding more than 10% of the total share capital of the Company may appoint single person as proxy who shall not act as a proxy for any other member. Instrument of proxy, in order to be effective, must be duly filled and signed and 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. A proxy form is annexed to this report.
3. The Register of Members and Share Transfer Books of the Company will be closed from 25th August, 2014 to 3rd September 2014, both days inclusive, for determining the names of members eligible for dividend.
4. Subject to the provisions of Section 123 of the Companies Act, 2013, if dividend recommended by the Board of Directors is approved, payment of such dividend will be made on or before 1st October 2014 to those members whose names appear on the Company's Register of Members as on 25th August, 2014. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL / CDSL, for this purpose.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for 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 shareholders.
6. Shareholders holding shares in physical form are requested to inform the Company and those holding shares in demat form to inform the Depository Participant about any changes in their mailing address and also to quote folio numbers in all their correspondence with the Company.
7. Pursuant to Section 205A (5) of the Companies Act, 1956, any money transferred to 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 2006–2007, 2007-2008, 2008-2009 , 2009 – 2010, 2010 – 2011, 2011 – 2012 and 2012 – 2013 are requested to make their claims to the Company.
9. Members / Proxies are requested to bring the attendance slip duly filled in for attending the meeting. No duplicate will be issued at the venue of the meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting.
11. Members are requested to furnish their bank account details for printing the same on the dividend warrants, to prevent fraudulent encashment of dividend warrants.
12. Members desiring any information about the annual accounts at the meeting are requested to write to the Company so as to reach the Company latest by 20th August, 2014.



13. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to members to exercise the right to vote by electronic means. The members whose names appear in the Register of Members / List of beneficiary owners as on 25th August 2014 ie, the date prior to the book closure date are entitled to vote on the resolutions set forth in the notice. Members who have acquired shares after the dispatch of Annual Report and before book closure may approach the Company for issuance of user ID and password for exercising their votes by electronic means. The e-voting period will commence at 10.00 am on Monday, 25th August 2014 and will end on 5.00 pm on Wednesday, 27th August 2014. The Company has appointed Mr. P Sivakumar, Managing Partner, SVJS & Associates, Company Secretaries, Kochi - 682016, to act as scrutinizer for conducting scrutiny of the votes cast. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting as given below:

PROCEDURE FOR E-VOTING

In case of members receiving e-mail:

- (i) Log on to the e-voting website **www.evotingindia.com**
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in physical form should enter folio number registered with the Company.
- (v) Next enter the image verification as displayed and click on login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
•	Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
•	In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
•	Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.



- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Muthoot Capital Services Limited> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on forgot password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 25.08.2014, 10.00 am and ends on 27.08.2014, 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date (record date) of 01.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:

Mr. R K Nair, is a non executive independent director of the Company. He joined the Board of Directors of the Company on 29.08.2008 and is member of the Audit committee and Remuneration committee of the Board. The qualification and expertise of Mr. R K Nair, is detailed in the annexure attached.

Mr. R K Nair, retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. The Company has received request from a member along with the requisite deposit nominating Mr. R K Nair as a director of the Company. Mr. R K Nair being eligible is proposed to be appointed as an Independent Director for five consecutive years with effect from 03.09.2014 up to 02.09.2019.

In the opinion of the Board, Mr. R K Nair fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the letter of appointment of Mr. R K Nair as an Independent Director will be posted on the website of the Company as specified under the listing agreement.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director and hence recommends the resolution in relation to appointment of Mr. R K Nair as an Independent Director, for the approval of the shareholders of the Company.

Except Mr. R K Nair, being the appointee, none of the Directors and Key Managerial Persons of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item No. 5. This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchanges.

Item No. 6:

Mr. A P Kurian is a non executive independent director of the Company. He joined the Board of Directors of the Company on 04.06.1994 and is member of the Audit Committee and Remuneration Committee of the Board. The qualification and expertise of Mr. A P Kurian are detailed in the annexure attached.

Mr. A P Kurian is a Director whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. The Company has received notice in writing from a member along with the requisite deposit nominating Mr. A P Kurian as a Director of the Company. Mr. A P Kurian being eligible, is proposed to be appointed as an Independent Director for five consecutive years with effect from 03.09.2014 up to 02.09.2019.

In the opinion of the Board, Mr. A P Kurian fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the letter of appointment of Mr. A P Kurian as an Independent Director will be posted on the website of the Company as specified under the listing agreement.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director and hence recommends the resolution in relation to appointment of Mr. A P Kurian as an Independent Director, for the approval of the shareholders of the Company.

Except Mr. A P Kurian, being the appointee, none of the Directors and Key Managerial Persons of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item No. 6.



This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchanges.

Item No. 7:

Ms. Radha Unni was appointed as an additional Director in the Board pursuant to Section 161(1) of the Companies Act, 2013 with effect from 28.06.2014 and her term of office expires at the conclusion of this Annual General Meeting. She is a non executive independent director of the Company. The qualification and expertise of Ms. Radha Unni are detailed in the annexure attached.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. The Company has received a notice in writing from a member along with the requisite deposit nominating Ms. Radha Unni as a director of the Company. It is proposed to appoint Ms. Radha Unni as an Independent Director for five consecutive years with effect from 03.09.2014 up to 02.09.2019.

In the opinion of the Board, Ms. Radha Unni fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the letter of appointment of Ms. Radha Unni as an Independent Director will be posted on the website as specified under the listing agreement.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director and hence recommends the resolution in relation to appointment of Ms. Radha Unni an Independent Director, for the approval of the shareholders of the Company.

Except Ms. Radha Unni, being the appointee, none of the Directors and Key Managerial Persons of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item No. 7. This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchanges.

Item No. 8:

The Company had at the 18th Annual General Meeting held on 31.07.2012 taken approval of the Shareholders by way of ordinary resolution pursuant to Section 293(1)(d) of the Companies Act, 1956, whereby the Board of Directors of the Company was authorized to borrow moneys apart from temporary loans obtained from Company's Bankers in the ordinary course of business in excess of the aggregate of paid up capital and free reserves that is to say reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 1000 crores (Rupees One thousand crores only).

Pursuant to Section 180 of the Companies Act, 2013 and the clarification by the Ministry of Corporate Affairs vide General Circular No. 04/2014 dated 25.03.2014, the resolutions passed under Section 293 prior to 12.09.2013 with reference to borrowings and / or creation of security on assets of the Company will be applicable for a period of one year from 12.09.2013. Further the provisions of Companies Act 1956 stipulate consent of the shareholders by way of ordinary resolution whereas the 2013 Act, prescribes approval by way of special resolution.

Hence the Company propose the special resolution in Item No. 8 under Section 180(1)(c) of the Companies Act, 2013 to confirm the borrowing limits of the Company.

Copy of documents relating to previous resolution passed by the shareholders is available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day. Directors recommend the special resolution set out in the Item No. 8 of the notice for approval.

None of the Directors and Key Managerial Persons of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item No. 8.



Item No. 9:

The Company has been entering into transactions with related parties conforming to prescribed statutory procedure under the Companies Act, 1956. The Company also proposes to enter into such transactions with related parties conforming to the requirements of the Companies Act, 2013 for a period of 5 years. The transactions are in the ordinary course of business except the transaction relating to wind mill operations. The transactions are at arm's length, and are not material but the Company, as a matter of abundant caution and prudent corporate practice, proposes to obtain approval of shareholders by way of special resolution. The transactions have been approved by the Audit Committee and also by the Board of Directors subject to the Company passing a special resolution as per the requirement of the Act. The particulars as to the related party transactions are furnished below as per the requirements of the prescribed rules and the grounds for having the transactions. Copy of the documents relating to the transactions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

All contracts will be subject to the conditions that the prescribed price / charges payable under the contracts shall be competitive, shall be based on prevailing market price, shall not be prejudicial to the interest of either parties and shall be at arm's length, on the basis of comparable uncontrolled price other than with associate enterprise.

The details of the related party transaction(s) are furnished below:

a. Muthoot Fincorp Limited

Name of related party	Muthoot Fincorp Limited	
Name of the Director / KMP who is related, if any	Thomas John Muthoot, Chairman Thomas George Muthoot, Managing Director Thomas Muthoot, Director A P Kurian, Director R K Nair, Director	
Nature of relationship	Interested as Director / Shareholder	
Nature, Material terms, monetary value and particulars of the contract or arrangement:		Transaction limit per annum (₹ in Lakhs)
	Commission for procurement of new business and collection	1000
	Space sharing	50
	Rent Deposit	50
Tenure of contract	5 years	
Any other information relevant or important for the members to take a decision on the proposed resolution	The transactions are in the ordinary course of business and at arms length.	



b. Muthoot Bankers

Name of related party	Muthoot Bankers	
Name of the Director / KMP who is related, if any	Thomas John Muthoot, Chairman Thomas George Muthoot, Managing Director Thomas Muthoot, Director	
Nature of relationship	Partners in the firm	
		Transaction limit per annum (₹ in Lakhs)
Nature, Material terms, monetary value and particulars of the contract or arrangement:	Maintenance of windmill and related operations of Company owned windmill at Muppanthal, Kanyakumari District, Tamilnadu.	50.00
Tenure of contract	The contract will be for a period of 5 years	
Any other information relevant or important for the members to take a decision on the proposed resolution	Nil	

The Board recommends the special resolution as set out in item No. 9 of the notice for the approval of the Members who are not related party(s). Directors, Key Managerial Personnel of the Company or their relatives as mentioned as related parties above, may be deemed to be interested or concerned in the resolution.

By Order of the Board of Directors,

Sd/-

SYAM KUMAR R

Company Secretary & Head Governance

Kochi
28.06.2014



INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 VIII (E) OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement the particulars of Directors who are proposed to be appointed / reappointed at this Meeting are given below:-

Name	Thomas Muthoot	A P Kurian	R K Nair	Radha Unni
DIN	00082099	00008022	00631889	03242769
Date of Birth	July 15, 1966	June 26, 1933	January 18, 1939	December 4, 1948
Nationality	Indian	Indian	Indian	Indian
DOA on the Board	February 18, 1994	August 17, 1995	August 29, 2008	June 28, 2014
Relationship with other Director	Brother of Mr. Thomas George Muthoot & Mr. Thomas John Muthoot	Nil	Nil	Nil
Qualification	BA, LLB	M.A. (Economics & Statistics)	M.Com. FCA, LL.M.	M.A., B.Ed., CAIIB
Expertise in specific functional areas	He has more than 26 years experience in financial sector and hospitality industry.	Has more than 51 years of experience in financial and non financial sector. Served with RBI as Director - Economics Department, with UTI as Executive Trustee, with Apple Mutual Fund Asset Management Company as Advisor and as Executive Chairman with Association of Mutual Funds in India.	He is a Fellow member of the Institute of Chartered Accountants of India with over 40 years dedicated service in financial sector. He is practicing as an Advocate for more than 15 years and now practicing in the Hon. Supreme Court.	Career in banking spanning over 36 years during which served all over India Retired as the Chief General Manager, State Bank of India, Kerala Circle in December, 2008.
No of shares held	2796931	-	-	-
List of directorships held in other Companies	1. Muthoot Fincorp Limited 2. Muthoot Apt Ceramics Limited 3. Muthoot Housing Finance Company Limited 4. Muthoot Equities Limited 5. Muthoot Pappachan Technologies Limited Along with several private companies in the Muthoot Pappachan Group.	1. Muthoot Fincorp Limited 2. Geojit BNP Paribas Financial Services Limited 3. Granules India Limited 4. JP Morgan Asset Management India Private Limited	1. Muthoot Fincorp Limited 2. Muthoot Housing Finance Company Limited	1. Catholic Syrian Bank Limited
Chairman / Member of the Committees of the Boards of other companies in which he is Director	1. Muthoot Fincorp Limited- Audit Committee Member	1. Geojith BNP Paribas Financial Services Limited- Audit Committee member. 2. Granules India Limited- Audit Committee member.	1. Muthoot Fincorp Limited- Audit Committee Chairman 2. Muthoot Housing Finance Company Limited- Audit Committee Chairman	



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present to you the 20th Annual Report together with the Audited Statements of Accounts and the Auditor's report for the financial year ended March 31, 2014.

Financial Results

(₹ in 000's, except per share)

Particulars	2013-14	2012-13
Total Income	158 75 78	107 21 71
Total Expenditure	121 69 58	73 08 01
Profit before Depreciation and other Provisions	37 06 20	34 13 70
Depreciation	78 94	53 35
Provisions and Write offs	2 69 03	1 33 27
Exceptional Items	4	7
Profit before Tax	33 58 27	32 27 15
Provision for Taxation		
Current Tax	11 78 00	10 80 83
Deferred Tax	(32 56)	(29 00)
Income Tax adjustment for earlier years	(7 73)	(61)
Profit after Tax	22 20 56	21 75 93
Basic Earnings Per Share	17.80	17.45

An analysis of the Company's performance for the current and previous fiscal years reveal that the Company was able to achieve an impressive growth during the year under review. The total loan disbursements during the year under consideration was ₹ 581 62.73 Lakhs as compared to ₹ 431 17 Lakhs for the year ended March 31, 2013. The total income rose to ₹ 158 76 Lakhs during 2013 – 2014 as against ₹ 107 22 Lakhs during 2012 – 2013. The total expenditure including depreciation and amortization expenses were ₹ 125 17.50 Lakhs as against ₹ 74 94.64 Lakhs during the previous financial year. The net profits of the Company was ₹ 2220.56 Lakhs as compared to ₹ 2175.93 Lakhs in the previous year. An amount of ₹ 1563.90 Lakhs has been proposed to be transferred to reserves and surplus during the year under review.

The Company raised funds for its working capital resources mainly from banks, the total amount of working capital loans outstanding being ₹ 488 63 Lakhs as at March 31, 2014. Another source of funds for the Company was issue of secured redeemable non convertible debentures under private placement. The debentures issued are secured by way of floating charge on current assets of the Company. The Company has appointed trustees for ensuring that the interests of debenture holders are protected. The debentures outstanding together with interest accrued amounts to ₹ 15 83.68 Lakhs as at March 31, 2014. Further the Company had in the current year raised money by way of Subordinated Debt and Public Deposits. As on March 31, 2014 the total amount due on Subordinated Debt and Public Deposit (including accrued interest) was ₹ 283.85 Lakhs and ₹ 5986.19 Lakhs respectively.

The Company had, in the previous year, also entered into pool buyout arrangement of auto loan (Three wheeler) receivables with Dhanlaxmi Bank Limited. for an outstanding amount of ₹ 3725.84 Lakhs (after deducting 10% for MRR requirement). The aggregate amount outstanding under loan buyout as on March 31, 2014 was ₹ 1092.21 Lakhs.



Dividend

Your Directors have recommended a dividend of 4.50 per share (i.e. 45%) aggregating to ₹ 561.27 Lakhs for the financial year ended March 31, 2014. This would result in an additional cash outflow of ₹ 95.39 Lakhs on account of dividend distribution tax. The Company had during the year 2013 – 2014 transferred an amount of ₹ 2,02,254 to Investor Education and Protection Fund, being unclaimed dividend for the year 2005 – 2006. Members are requested to make claim to the Company for any unclaimed dividend declared since 2006 – 2007.

Share Capital

There were no changes in the share capital of the Company during the year under review.

Directors

As per the erstwhile provisions of the Companies Act, 1956, Mr. Thomas Muthoot and Mr. R K Nair, Directors are to retire by rotation at the ensuing Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. Hence Mr. R K Nair and Mr. A P Kurian being Independent Directors on the Board are proposed to be re appointed as Independent Directors for a period of 5 years from the date of AGM (03.09.2014). Mr. Thomas Muthoot, being a non independent director and being eligible for re appointment has offered himself for re appointment, liable to retire by rotation. The Board recommends his appointment as Director.

Mr. Philip Thomas has resigned from the Board citing personal reasons and the same was accepted by the Board at its meeting held on 28.06.2014. The Directors place on record the valuable contributions made by Mr. Philip Thomas during his tenure in office of the Director of the Company and sub committees of the Board.

The Board has appointed Ms. Radha Unni as Additional Director on the Board with effect from 28.06.2014. The details of the qualification and experience of the said Director are given separately in the Annual Report. The Board recommends the appointment of Ms. Radha Unni in the ensuing Annual General meeting as an Independent Woman Director for a period of five years from the date of AGM (03.09.2014).

None of the Directors is disqualified under Section 274(1) (g) of the Companies Act, 1956.

Personnel

The particulars of employees as required under 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.

Auditors

M/s K. Venkatachalam Aiyer & Co., Chartered Accountants, retires at the ensuing Annual General Meeting and is eligible for re appointment. Pursuant to Section 139 of the Companies Act, 2013 and the rules made thereunder, the Statutory Auditors are eligible to be appointed for a term of three year from the conclusion of this Annual General Meeting subject to ratification by shareholders at every Annual General Meeting during the term.

The Auditors have confirmed that if re appointed, it would be within the limits and conditions specified under section 141 of the Companies Act, 2013.

Reply to Auditor's Report

There are no qualifications or adverse remarks mentioned in the Auditors' Report. The notes to accounts forming part of financial statements are self explanatory and need no further clarification.



Conservation of energy and technology absorption, foreign exchange earnings and outgo

Considering its nature of activities, the following disclosures are made as per the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988:

- a. The Company has no activities relating to Conservation of energy and technology absorption.
- b. There are no foreign exchange earnings or outgo during the period under review.

Directors' Responsibility Statement

As per the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- a. In the preparation of the Annual Accounts for the year ended March 31, 2014, 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;
- b. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013 – 2014 and of the profit of the Company for that period.
- c. 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
- d. The Directors have prepared the Annual Accounts on a going concern basis.

RBI guidelines

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

Management Discussion and Analysis Report

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

Corporate Governance

A report on corporate governance together with Auditor's Certificate on compliance with the conditions of the said clauses, as per the Listing Agreement, forms part of this report. The details of Committees of Board of Directors are contained in the Corporate Governance Report.

Green Initiative

As part of green initiative practice, the Company proposes to effect electronic delivery of its Annual Report in lieu of the paper form to Members. A physical copy of the Annual Report will be sent free of cost to those Members who have not provided their email addresses for receiving the same electronically or specifically requested for physical copy. The copy of the Annual Report is also uploaded in the website of the Company www.muthootcap.com.

Acknowledgements

The Directors sincerely acknowledge the contribution and support from customers, debenture holders, deposit 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 kind co operation and assistance provided to us. The Directors also place on record their appreciation to the employees for their continued commitment, dedication and co operation. The Directors also acknowledge the continued support and co operation of the shareholders for the activities and performance of the Company and record their gratitude for the same.



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 (₹)	Nature of employment	Nature of duties of employment	Qualification and experience	Date of commencement of work	Age	Last employment	% of shareholding in the Company
Thomas George Muthoot	Managing Director	Salary : 1,50,00,000 Perquisites: 2,65,299 Employer Contribution to Provident Fund ₹ 9,00,000 Commission on profits : Nil	On rolls	In charge of managing the affairs of the Company	B.Com	12.07.2011	51	N.A.	22.82
R Manomohan	Chief Executive Officer	Salary : 66,24,000 Perquisites: ₹ 2,33,485 Employers' Contribution to Provident Fund: ₹ 5,76,000 Commission on profits: 34,21,540	On rolls	In charge of managing the affairs of the Company	M.Sc. – Physics and a Certified Associate of Indian Institute of Bankers	01.03.2008	60	With EXIM Bank (Tanzania) Ltd	Nil

Mr. R Manomohan, CEO is not related to any director / manager of the Company

Kochi – 35
June 28, 2014

For and on behalf of Board
sd/-
Thomas John Muthoot
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

This Management Discussion and Analysis Report has to be read in conjunction with the Company's financial statements, which follows this section. There are forward looking statements mentioned in this report which may involve risks and uncertainties, including but not limited to the risks inherent to the Company's growth strategy, change in regulatory norms, economic conditions and other incidental factors. Actual results could differ materially from those expressed or implied.

Economic Overview:

The year 2013 was a year of recovery for the global economy. It has witnessed some of the global majors moving out of a recession. Growth in China, at 7.5%, was it's the slowest for 23 years. Things also slowed in India, to a little below 5%, far slower when compared to the past eight years. The developed world's recovery has began to strengthen. The US has been seeding up. It has been creating jobs and its housing market improved sharply. Europe too was not far behind. While these are still the early stages, the numbers have started to improve. Europe and the euro are not out of trouble, but the acute phase of their difficulties looks behind us. The year 2014 - 2015 is expected to provide a better economy, possibly for the first time since the 2008 crisis.

Indian Economy

With a lower than 5% growth in the GDP, 2013 - 2014 performance is the lowest in more than a decade. The uneven political climate leading to non-decision making environment, led to stagnant economical scenario – thereby leading to lower infusion of investments in to infrastructure and core industries – leading to lower capital expenditure and lower job creation. The inflation remained on the higher side, thereby reducing the disposable income and leading to lower consumer spends. This coupled with adverse financial position in various sectors that led to cutting of jobs etc further worsened the situation. The Banking system in India continued to grapple with rising delinquencies and higher scrutiny from the regulators. The process for new licenses was set into the motion, with the onset of the new Governor. To counter inflation, while rates were increased, it led to reduction of funds available for disbursement, which led to increase finance costs. This led to the core industries and the infrastructure sectors witnessed lower level of activity, thereby bringing up various negatives attached to lower growth and development.

Outlook for the industry

NBFCs play a vital role in the financial sector of our economy along with other financial institutions. Over the years, due to their strategic management practices, refined operational techniques and extended presence throughout the country, especially the rural and semi-urban locations coupled with lower costs of delivery, lower restrictions on customers etc have led to it being an alternate choice and at times the first choice for several customers, who need financing. While the RBI has made regulations stringent for the NBFCs, it has also recognized the utility of the NBFCs and thereby made them eligible to set up Banks and also act as an extension of Banks, where the Banks cannot reach.

Due to the increase in finance space by NBFCs, the RBI's surveillance has increased. Through its various regulatory measures NBFCs are brought under stricter supervisory regime of RBI. While several steps are being taken to increase the role that the NBFCs play, norms are being strengthened to ensure that there is a strong, transparent and robust non banking financial sector.



Outlook for the Company

The Society of the Indian Automobile Manufacturers (SIAM) has reported that the overall domestic sales of vehicles during the year 2013 - 2014 grew marginally by 3.53% as compared to year 2012 - 2013 (last year). The sales of passenger vehicles declined by 6.05%. Three wheelers sales declined by 10.90%. Passenger carriers and goods carriers declined by 12.74% and 2.53% respectively. Two wheelers registered growth of 7.31%. Within the two wheelers segment, scooters and motorcycles grew at 23.24% and 3.91% respectively, while mopeds declined by 8.35% during April, 2013 - March, 2014.

The outlook for the Company is linked to the demand for automobiles especially two wheelers, purchased on credit, as our main focus is on two wheeler finance. Due to several cases of delinquencies the Company reduced its exposure to three wheelers during the year and reduced its disbursements the sector by more than 80% versus the previous year.

In recent years, demand for auto loans has increased on account of change in mindset of people, coupled with easy availability of finance from a multitude of financiers offering wide range of schemes tailored to suit the requirement of customers.

The Company was able to register a splendid growth in its Assets under Management during the year under review rising by 44% and disbursement rising by 35% compared to the previous year. This reflects the confidence reposed in the Company by its customers and the efficacy of our employees in servicing our clientele. The Company is built on strong foundations of trust, value, ethics and tradition, which has helped to create its brand image in the market.

The Company has made its presence in the Southern States of India. The Company has started expanding to northern part of the Country too. New products are also on the anvil. Today the Company is carrying on its business in 7 states and reducing its dependence on Kerala market.

Opportunities and Threats

The geographical presence of manufacturers and financiers have widened with better distribution and service network. People are becoming more inclined to avail credit to own their vehicle rather than using their earnings in lump sum, to pay upfront.

Bottlenecks in transportation and availability of a wide range of products at competitive prices added with comfort have made two wheelers, three wheelers and small commercial vehicles dearer to people.

The Company provides auto loans to prospective customers without any hassle - 'Eezy Auto Loan'. The customers benefit from less paper work, fast processing time and flexibility in payment of installments across the country, without any territorial limitation. The schemes offered by the Company including 100% funding scheme, 1% interest scheme and cheque less scheme have been widely accepted by customers. This has contributed to increasing the client base of the Company.

The Company's activities are mainly focused on rural and semi urban areas in the Southern States of the Country. There still remain areas to be covered.

The Company faces stiff competition from banks and other NBFCs operating in similar areas of business. Some of the manufacturers financing their own vehicles at low cost also pose a threat. However, with its excellent service, the Company has been able to expand its business.

Risks and Concerns

The customers' profile is an important aspect for the business of the Company. Any default in payment of installments could result in losses. The Credit Bureaus have helped in containing NPAs and improving the asset quality of the Company thereby reducing credit risk. Dealers play a role in directing customers to financiers. Our Company has been prompt in making incentive payments and our prompt services have rendered us a financier of choice for the dealers. Our Company is financing only for specific models of vehicles available in the market.



This leaves us plenty of room for expansion. Any increase in interest rates may result in increasing cost of borrowings which can adversely affect our profitability. We have maintained sufficient liquid funds to meet any contingencies arising on account of shortage of funds. A Company's growth is directly linked to its strong and committed workforce and losing good talents is a major risk faced by any business. With the welfare activities and training and development initiatives, our Company has been able to retain and groom young, talented and resourceful employees, contributing to the growth of the Company.

Any change in regulatory requirements for NBFCs can have a bearing on functioning of the Company. The slow pace of economic growth and its impact on service sector is also a cause of concern.

Internal Control Systems and their adequacy

Effective internal controls are necessary for building up an efficient organization. Our Company has adequate internal control systems in place to ensure accuracy, transparency and accountability in its operations. A dedicated concurrent audit team functioning within the Company confirms that the activities are in compliance with its policies and occurrences of deviations are reported to the management. The concurrent audit report is reviewed by the internal auditors - M/s Varma & Varma, a firm of practicing Chartered Accountants. Internal auditors review operations of the Company and ensure that the Company is functioning within the limits of all applicable statutes. Any internal control weaknesses, non compliance with statutes and suggestions on improvements in existing practices forms part of internal audit report. Audit Committee reviews the internal audit report and ensures that observations pointed out in the report are addressed in a timely and structured manner by the Management. The internal audit report is reviewed by Statutory Auditors while performing audit functions to confirm that there are no transactions conflicting with interests of the Company.

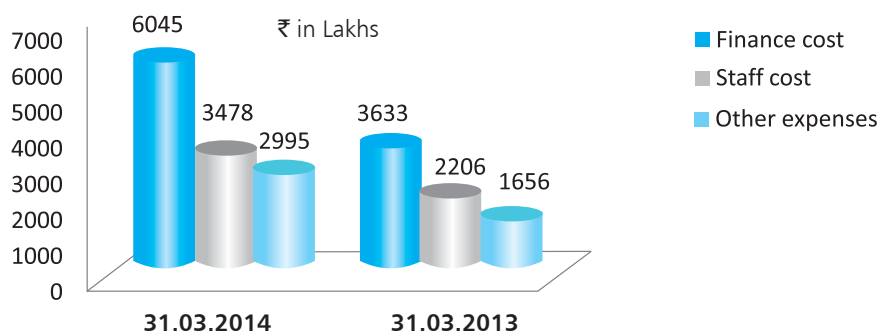
Financial Performance

Hypothecation loan against vehicles constitute major portion of the total loan assets of the Company.

The Company had disbursed ₹ 581 63 Lakhs as vehicle loans during the financial year ended March 31, 2014 as against ₹ 431 17 Lakhs during the financial year ended March 31, 2013.

The total income was ₹ 158 76 Lakhs for the year ended March 31, 2014 as against ₹ 107 22 Lakhs for the previous year. There has been growth in income from auto loan by 48.07% and other income decreased by 8.71% when compared to previous year. There has been increase in income from gold loan by 31.33% during the year under review, from ₹ 45.77 Lakhs for the year ended March 31, 2013 to ₹ 60.11 Lakhs as on March 31, 2014.

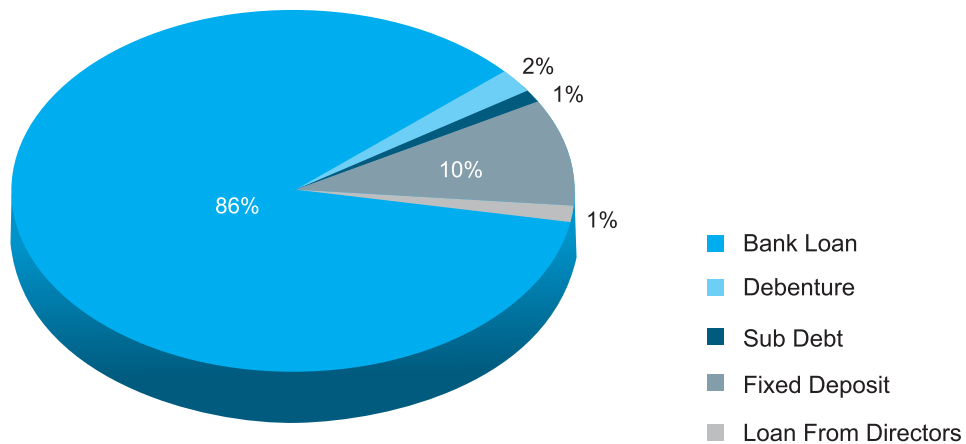
The increase in business has resulted in corresponding increase in expenses. The total expenses including being ₹ 125 17.55 Lakhs for the year ended March 31, 2014 compared to ₹ 74 94.64 Lakhs during the year ended March 31, 2013. The total expenses for the year ended March 31, 2014 consists of finance cost amounting to ₹ 60 44.65 Lakhs followed by employee benefit expenses amounting to ₹ 34 78.35 Lakhs, other expenses being ₹ 26 46.58 Lakhs and depreciation and amortization expenses amounting to ₹ 78.94 Lakhs.





Sources of Funds

The Company was granted working capital funds by Banks at competitive rates. The Company also mobilized funds by issue of secured redeemable non convertible debentures (NCDs) under private placement. During the year under discussion the Company also sourced fund by way of Subordinated Debts and Public Deposit. This in future will lead to reduced dependence on Bank Funding and also lead to reduced finance costs.



The current year saw increase in finance costs and employee costs. Due to the delayed sanction of funds by the Banks, the Company, inspite of having infrastructure for catering to large disbursement could manage only a low amount of ₹ 40 crores per month in the first 5 months of the year. This along with other higher costs, led to a growth of only 2.05% in the Net profits for the year ended March 31, 2014 as compared to the previous year.

Corporate Social Responsibility

The concept of Corporate Social Responsibility (CSR) is gaining momentum in the recent times. This is based on the realization that the society is not just a stakeholder in business, but the very reason for its existence and hence one is responsible for its well being and prosperity.

CSR is now being accepted as a means for achieving sustainable development of an organization. Section 135 of the Companies Act, 2013 intends to inculcate the philosophy of CSR among Indian companies by introducing a Clause wherein atleast 2% of the average Net profits of the company in the three immediately preceding financial years are spent in every financial year on any listed CSR activity / ies, and in case of any failure, the Board of Directors to specify the reason for such failure in its Report.

The CSR activities of Muthoot Pappachan Group to which our Company belongs, is carried out by Muthoot Pappachan Foundation (MPF), a public charitable trust formed in the year 2003.

CSR objectives of Muthoot Pappachan Group:

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



Sustainability is the new interest zone in the CSR space; wherein MPF is looking to partner projects that ensure sustainability over the long term. Hence, MPF will be planning and implementing strategic CSR initiatives which would be a blend of philanthropy and business, looking for a combined social and economic benefit to all stakeholders, converging interests for sustainability.

CSR approach of MPF is known as '**HEEL**' wherein the specific themes are: Health, Education, Environment and Livelihood.

Health - MPF has conducted free medical consultation and surgeries to persons especially in BPL level. A 'Muthoot Pappachan Life Blood Directory' has been launched, initially in the state of Kerala, to encourage voluntary blood donation and to help in case of blood emergencies. More than 30000 donors have registered voluntarily in the blood directory.

Education - Some of the initiatives in education include supporting students from financially backward families for quality education and providing infrastructural support to schools and training centres.

Environment - Muthoot Pappachan Group has contributed to the alternate energy sector with an installed capacity of 26.5 MW in wind power. Systematic water / energy / waste management and intelligent lighting system have been practiced in the Companies within the Muthoot Pappachan Group. The employees are motivated and oriented towards smart use of paper, power, water and all sorts of resources in the day to day office functioning.

Livelihood - Supports are given to customers and other stakeholders in difficult living conditions for starting livelihood initiatives through local NGOs. This also includes widow pension provided to 217 senior women.

For successful implementation of its CSR activities, MPF has partnered with the below mentioned agencies in carrying out the following programmes:

Partnering Agencies	Programmes
Various Hospitals & Private Clinics (eg. Ahalya, IRIS, Vasan)	Medical camps (eye, dental, general etc) conducted across the country through branches of group companies
NABARD	Skill Development Training for selected Women Entrepreneurs in Kerala. Programme is at its final stage of Phase I. A total of 175 women were trained in various products and skills, through which they are enhancing their income.
ACCION	Financial literacy as part of entrepreneurship training for women. 25000+ women entrepreneurs from South Indian States received training.
INSPIRE	Skill Development Training under NABARD Scheme. They provide expert trainers and organize the trainings in the field.
Rajagiri Out REACH (Community Outreach Division of Rajagiri College of Social Science)	Education support programme at Konni and Panathura villages. 450 students are supported through this programme



Human Resources

The Company being in growth trajectory requires more manpower to carry its operations. Our Company has always been able to attract and retain good talents. The total number of employees as at March 31, 2014 was 2107. Major recruitments during the year under review have been for executives at collection and sales levels.

To maintain competency and to improve the analytical abilities of employees for gearing them to face challenges, proper training and development is imparted by the Company. Our Company has always valued its employees whose dedication and efforts have helped us to reach the levels of excellence.

For Muthoot Capital Services Limited

Sd/-

Thomas John Muthoot
Chairman

Kochi - 35
June 28, 2014



CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of corporate governance

Vibrant Corporate Governance principles and practices ensure integrity of corporates, efficiency and accountability in operations, ethics in its functioning, sustaining productivity and enhances shareholders' value.

Over the years Muthoot Capital Services Limited ("the Company") have ensured great commitment towards corporate governance principles and practices and continues to ensure that the spirit of good governance is maintained in its activities to render maximum benefit to stakeholders. Management and employees have maintained transparency and integrity in its operations and excellence in service to its stakeholders. Periodic review of its policies and procedures are carried out so as to bring constant improvements in its operations thereby enhancing value to the stakeholders in the long run.

The Board of directors are pleased to present the corporate governance report for the year ended March 31, 2014:

2. Board of Directors:

(i) Composition and Category

The Board of Directors (hereinafter referred to as 'the Board') comprises of six directors of which three are Independent Directors. The Chairman is a non executive director and one – half of the Board is constituted of Independent Directors. The Independent non executive directors comply with the requirements of the Listing Agreement for being independent and have also furnished declarations for compliance with the criteria of independence as defined in the Listing Agreement.

The Board meets at regular intervals to discuss and analyse matters concerned with policy formulation, operational review, redefining existing goals etc. The Board had constituted various Committees like Audit Committee, Remuneration Committee, Share Transfer Committee, Bank Finance Committee and Shareholders' / Investor's Grievance Committee for managing the affairs of the Company and to closely monitor its functioning. Share Transfer Committee reviews and approves transfers, transmission, dematerialisation and rematerialisation of shares etc. The Bank Finance Committee reviews the Company's financial policies, working capital and cash flow management, review of banking arrangements and cash management, borrowing of monies by way of short term / long term loans, cash credit arrangements and / or by way other instruments, providing corporate guarantee / performance guarantee, within the limits approved by the Board etc.

Mr. Philip Thomas resigned from the Board with effect from 28.06.2014 due to compelling personal reasons. Ms. Radha Unni was appointed as an Additional Director on the Board on 28.06.2014 who is non executive independent director. The composition of the Board remains the same after the above change. The requirement of Woman Director in the Board of the Company under section 149 (1) of the Companies Act, 2013 and clause 49 of the Listing Agreement is also complied with due to the above change.

The independent non executive directors are not related to any of the directors of the Company. The other directors namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot, being brothers, are related to each other. The non executive directors have not entered into any pecuniary transactions with the Company.

During the year under review, meetings of the Board were held on the following dates:

Number	Dates
06	22.04.2013, 05.05.2013, 08.08.2013, 06.11.2013, 10.01.2014, 29.01.2014

The Board has confirmed compliance with the code of conduct for members of the Board and Senior Management.



(ii) Names of directors, Category of directorship, number of shares held, attendance of directors at the meetings of the Board during the financial year 2013 – 2014, sitting fees paid during the period ended March 31, 2014 and attendance at the last annual general meeting are stated below:

Name of the director	Category of directorship	Equity shares of the Company held, as on March 31, 2014	Number of Board Meetings		Sitting fees paid during the year ended March 31, 2014 (amount in ₹)	Attendance at the last AGM held on 08.08.2013
			Held	Attended		
Mr. Thomas John Muthoot	Chairman and Non Executive Director	2850995	6	5	Nil	Present
Mr. Thomas George Muthoot	Executive and Managing Director	2846555	6	6	Nil	Present
Mr. Thomas Muthoot	Non Executive and Non Independent Director	2796931	6	6	Nil	Absent
Mr. A P Kurian	Non Executive and Independent Director	Nil	6	4	10,000	Present
Mr. Philip Thomas	Non Executive and Independent Director	Nil	6	5	13,000	Present
Mr. R K Nair	Non Executive and Independent Director	Nil	6	4	10000	Absent

The memberships / chairmanships held by the Directors in various Committees of the Boards across all Companies, do not exceed the limits specified in Listing Agreement. The independent directors were paid sitting fees of ₹ 1000 per meeting upto 05.05.2013 and ₹ 3000 each for every meeting from 08.08.2013 of the Board attended together with travelling and other expenses thereto during the year under review. Sitting fees are paid only for attending Board meetings and not for Committee meetings. The non executive and non independent directors are not entitled to any sitting fees.



(iii) Directorships in other Public Limited Companies, number of Committee positions held in Muthoot Capital Services Limited and also in other Public Limited Companies 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	
		Chairman	Member	Chairman	Member
Mr. Thomas John Muthoot	5	-	1	-	1
Mr. Thomas George Muthoot	5	-	1	-	2
Mr. Thomas Muthoot	5	1	1	-	1
Mr. A P Kurian	4	-	1	-	2
Mr. Philip Thomas	1	1	-	1	-
Mr. R K Nair	2	-	1	2	-

Only positions in Audit Committee and Shareholders' / Investor's Grievance Committee are considered in reckoning the number of Committee positions held in other Public Limited Companies.

3. Audit Committee

The Board has constituted an Audit Committee consisting of 4 members of which 3 are independent directors and one is a non executive director.

All members of Audit Committee are financially literate and possess necessary financial / accounting exposure / expertise. Mr. Philip Thomas, former executive director of IDBI, was the Chairman for the Committee till 28.06.2014.

The terms of reference of the Committee inter alia include:

- Appointment / re appointment of internal and external auditors, evaluating their performance, terms of their remuneration and other matters relating thereto.
- Enlightening the Board about all pertinent issues.
- Review related party transactions and significant transactions which are not in the normal course of business.
- Review and analysis of financial and other accounting statements and accounting policies.
- Compliance with statutory and other legal requirements.
- MIS or such other management control or audit system proposed for implementation
- Review audited and unaudited financial results before submission to the Board.
- Review management discussion and analysis of financial condition and result of operations.

The Committee had met 4 times during the year under review (05.05.2013, 08.08.2013, 06.11.2013 and 29.01.2014).



Names of members and number of meetings and attendance of Audit Committee held during the year 2013 – 2014:

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

4. Remuneration Committee

Remuneration Committee constituted by the Board comprises of three Independent Directors. Mr. Philip Thomas is the Chairman for the Committee. Other members are Mr. A P Kurian and Mr. R K Nair. During the year under review, the Committee had met on 05.05.2013 and all members were present at the meeting.

The Remuneration Committee reviews and recommends the remuneration to the Directors including elements forming part thereto, performance criteria and fixed and variable incentives, service contracts, notice period, severance fees, stock option details, etc.

Only non executive independent directors are paid sitting fees and details relating thereto are mentioned in this report under the head 'Board of Directors'. The Managing Director is paid a remuneration of ₹ 12,50,000 p.m. as salary and perquisites subject to a maximum of ₹ 6,00,000 p.a., which is within the limits of Schedule XIII and provisions of the Companies Act, 1956. There were no stock options during the year under review. The Managing Director is not paid any incentives - fixed / variable.

The salary paid to the Managing Director during the financial year 2013 – 2014 is as follows:

Gross salary paid : ₹ 1,50,00,000

Perquisites paid : ₹ 2,65,299

Employer contribution to Provident Fund: ₹ 9,00,000

5. Shareholders' / Investors' Grievance Committee (SIGC)

The Committee comprises of 3 directors of which two are non executive directors and one an executive director. Mr. Thomas Muthoot who is a non executive director, acts as the Chairman for the Committee. During the year under review, the Committee had met 4 times (05.05.2013, 08.08.2013, 06.11.2013, 29.01.2014).

Names of members and number of meetings and attendance of Shareholders' / Investors' Grievance Committee (SIGC) held during the year 2013 – 2014:

Name of the member	Number of meetings	
	Held	Attended
Mr. Thomas Muthoot, Chairman	4	3
Mr. Thomas John Muthoot	4	3
Mr. Thomas George Muthoot	4	4

Terms of reference of the Committee include review and redress grievances of shareholders in respect of share transfers, transmission, dematerialisation, re materialisation, issue of duplicate shares, non receipt of balance sheet, non receipt of dividend etc.



Ms. Malathy. N the Company Secretary of the Company was the Compliance Officer of the Company till 21.04.2014. Mr. Syam Kumar. R joined the Company as Company Secretary and Head Governance of the Company with effect from 02.06.2014. He is also be the Compliance Officer of the Company.

The Company had received investor complaints during the year under review as follows:

Complaints received: Nil

Complaints pending / not solved to the satisfaction of the investors: Nil

The Company had received 83 number of communications from shareholders relating to change in correspondence address, procedure for transfer / transmission / issue of duplicate shares, issue of duplicate dividend warrants, change in bank mandate, correction in share certificates / dividend warrants and other general queries. All the communications from shareholders have been attended to and resolved to the satisfaction of the investors.

6. General body meetings

The Annual General Meeting of the Company for preceding three years were held at the International Hotel, Veekshanam Road, Ernakulam, Cochin - 682035. There were no extra ordinary general meetings held during the preceding three years. During the year under review, no special resolutions were put through postal ballot.

Date, time and details of special resolution passed during the preceding 3 Annual General Meetings are as follows:

Financial Year	2010 - 2011	2011 - 2012	2012 - 2013
Date and Time	11 th July, 2011 10.00 am	31 st July, 2012 10.00 am	8 th August, 2013 10.00 am
Location	The International Hotel, Ernakulam	The International Hotel, Ernakulam	The International Hotel, Ernakulam
Details of special resolution passed	One Item No. 6 in the Agenda: Re appointment of Managing director and fixation of remuneration	-	-

7. Disclosures

- Members may refer to details of related party transactions disclosed in the note No. 5 under notes to financial statements for the year ended March 31, 2014. The Board is of the opinion that none of the aforementioned transactions were in conflict with the interests of the Company.
- The Company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 (as amended) in preparation of the financial statements.
- 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.
- The Company has established a Whistle Blower Policy with effect from May 2014.
- 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 the financial statements and the Company is in constant effort to maintain the regime of unqualified financial statements. The Board of Directors proposes to adopt the other non mandatory requirements, in due course of time.



- f. The Company has not raised any funds by ways of an issue (public issues / rights issues / preferential issues, etc.) during the year under review.
- g. There are no unclaimed shares as on the date of this report.
- h. Management Discussion and Analysis Report is forming part of the Report of the Board of Directors.

8. Means of Communication

Quarterly results, dividend announcements, book closure / record dates are intimated to the Stock Exchange where shares of the Company are listed, and also published in newspapers viz. Business line / Business standard and Mangalam / Deepika / Kerala Kaumudi. The Company is maintaining a functional website www.muthootcap.com wherein all the communications are updated.

9. General Shareholder Information

- a. Registration details: The Company is registered within the state of Kerala, The Company being a non banking financial company, is also registered with Reserve Bank of India. Corporate Identity Number (CIN) allotted to the Company by Ministry of Corporate Affairs is L67120KL1994PLC007726.
- b. Annual General Meeting :
 Date & Day : Wednesday, September 03, 2014
 Time : 10.00 am
 Venue : The International Hotel, Ernakulam, Veekshanam Road, Ernakulam, Cochin - 682035
- c. Financial Year: The financial year for the Company is 1st April – 31st March.
- d. Date of Book Closure: Monday, August 25, 2014 to Wednesday, September 03, 2014, both days inclusive
- e. Dividend payment: Dividend on equity shares, if approved, will be paid within the stipulated time as prescribed in the statute.
- f. Listing on Stock Exchange: The equity shares of the Company are listed with Bombay Stock Exchange Limited. The Company has paid the annual listing fees (as applicable) for the year 2014 – 2015.
- g. Scrip ID and Scrip Code:
 ID : MUTHTFN
 Code: 511766
- h. Registrar and Transfer Agents: The Registrar and Transfer Agents of the Company is Integrated Enterprises (India) Limited. (Securities Transfer Division), 2nd Floor, 'Kences Towers', No.1, Ramakrishna Street, T. Nagar, Chennai – 600 017
- i. Share Transfer System: The share transfers are registered and returned within the stipulated time if the documents are 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 Bombay Stock Exchange Limited and files a copy with the Stock Exchange.
- j. Reconciliation of share capital audit: The Company has received certificates from a Company Secretary-in-Practice for timely dematerialization of the Company's shares and for reconciliation of the total equity capital with both the depositories and in physical mode with the total paid up capital as per books.
- k. 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. 96% of shares of the Company were held in dematerialized form as on 31st March, 2014.



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

10. Investor grievances / correspondence :

The investors may write to the Company at investorgrievance@muthootcap.com or mail@muthootcap.com for any queries / grievances / communications.

For any assistance regarding dematerialization of shares, share transfer, transmission, change of address, non receipt of dividend or any other query relating to shares, the investors may contact:

- a. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, 1st Floor, No. 1 Ramakrishna Street, Off. North Usman Road, T Nagar, Chennai – 600 017
Ph: 044 – 28140801 – 03
Fax: 044 – 28142479.
Email: corpserv@integratedindia.in
- b. Mr. Syam Kumar R, Company Secretary & Compliance Officer, Muthoot Capital Services Limited, 3rd Floor, Muthoot Towers, M.G. Road, Kochi – 682 035,
Ph: 0484 - 6619600 / 6613535 / 6613450
Fax: 0484 – 2381261
Email: syam.kumar@muthootcap.com

For queries on financial statements, contact :

- a. Mr. Vinodkumar M. Panicker, Chief Finance Officer, Muthoot Capital Services Ltd, 3rd Floor, Muthoot Towers, M.G. Road, Kochi – 682 035
Ph: 0484 - 6619600 / 6613535 / 6613450
Fax: 0484 – 2381261
Email: vinod.panicker@muthootcap.com

11. Stock price data

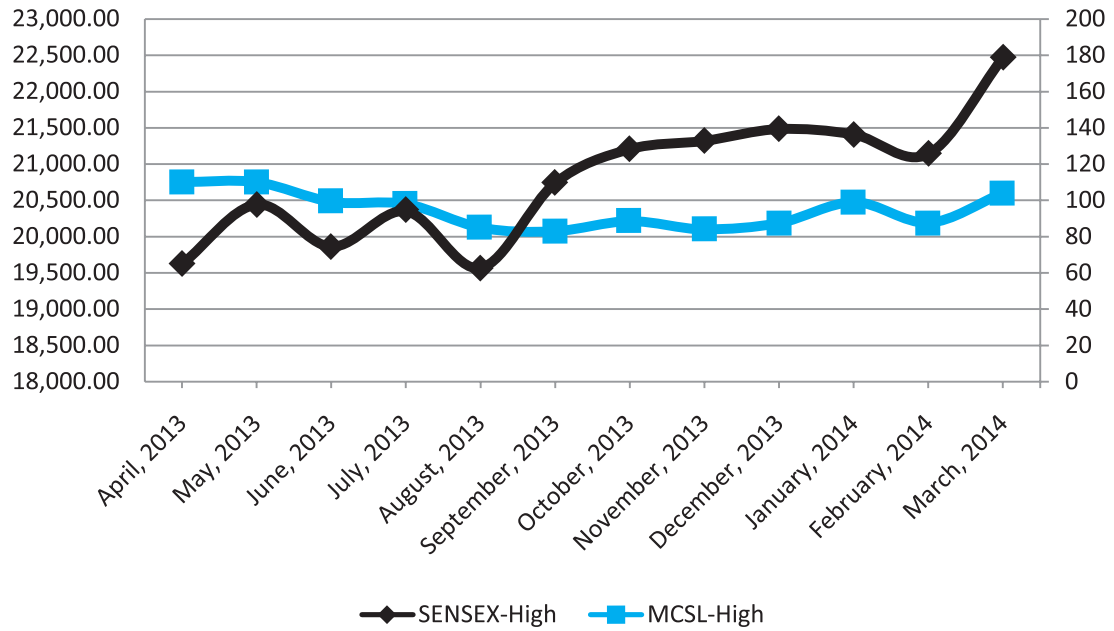
High / low prices during the financial year 2013 – 2014 on Bombay Stock Exchange Limited

Month	High (in ₹)	Low (in ₹)
April, 2013	110.00	85.00
May, 2013	109.95	92.25
June, 2013	99.20	82.05
July, 2013	98.00	74.95
August, 2013	85.00	71.30
September, 2013	83.00	68.55
October, 2013	88.50	68.00
November, 2013	84.00	74.05
December, 2013	87.50	80.70
January, 2014	99.00	73.00
February, 2014	87.70	77.10
March, 2014	103.95	83.30



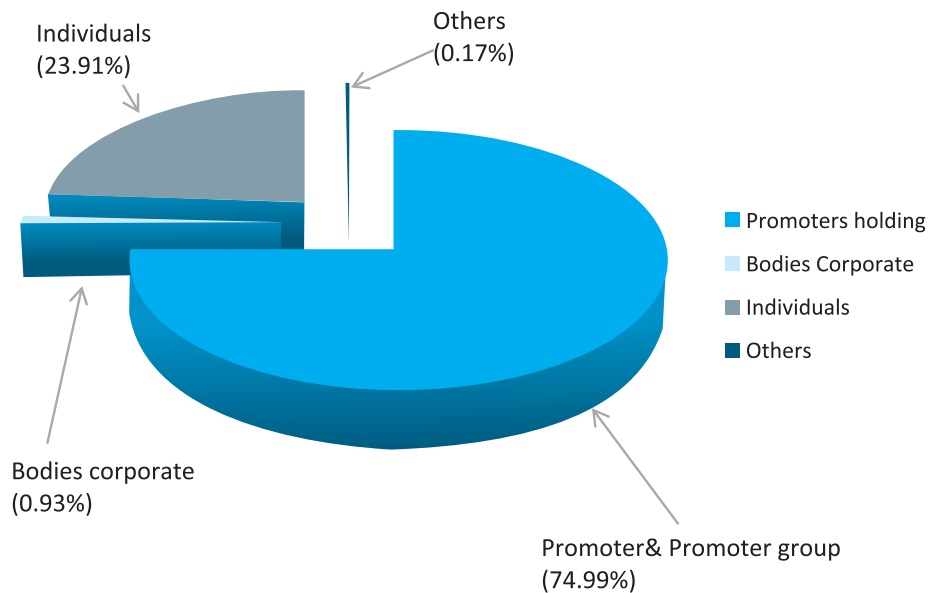
12. Performance in comparison with BSE Sensex

MCSL share price vs BSE Sensex



13. Shareholding pattern

Percentage of shareholding





14. Distribution of shareholding

Sl. No.	Category	Holders	% Holders	Shares	% Shares
1	Upto 100	4749	66.93	364395	2.92
2	101 - 500	1786	25.17	462846	3.71
3	501 - 600	82	1.16	47765	0.38
4	601 - 700	34	0.48	22690	0.18
5	701 - 800	38	0.53	29519	0.24
6	801 - 900	16	0.22	14114	0.11
7	901 - 1000	89	1.25	88268	0.71
8	1001 - 2000	153	2.16	228423	1.83
9	2001 - 5000	86	1.21	280294	2.25
10	5001 - 10000	27	0.38	193538	1.55
11	10001 - 20000	10	0.14	135109	1.08
12	20001 - 30000	4	0.06	98060	0.80
13	30001 - 40000	2	0.03	65086	0.52
14	40001 - 50000	1	0.01	45200	0.36
15	50001 - 100000	12	0.17	799587	6.41
16	ABOVE 100000	7	0.10	9597681	76.95
	TOTAL	7096	100.00	12472575	100.00

15. Compliance Certificate

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

16. Unclaimed Dividends

All unclaimed Dividends upto and including the financial year 2005 - 2006, have been transferred to Investor Education and Protection Fund ("IEPF") as mandated under the law. Under the 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 2006 - 2007 and subsequent years are requested to contact the Company / Registrar and Transfer Agents.

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, 2014.

Sd/-

Kochi – 35
June 28, 2014

Thomas George Muthoot
Managing Director

**ANNEXURE II****AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED**

We have examined the Compliance of conditions of Corporate Governance by MUTHOOT CAPITAL SERVICES LIMITED ('the Company') for the year ended on 31st March 2014 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, and the representations made by the Directors and the management, 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

Firm Regn No: 004610 S

sd/-

CA A. GOPALAKRISHNAN

PARTNER

Membership Number: 18159

Place - Kochi

Date - June 28, 2014



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's 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") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows of the Company 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 by the Companies (Audit Report)(Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and based on the information and explanation given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
 - (i) 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;
 - (ii) in our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books;
 - (iii) 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;
 - (iv) 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, read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - (v) on the basis of the written representations received from the Directors of the Company as on 31st March 2014, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2014, from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For K.VENKATACHALAM AIYER & CO

CHARTERED ACCOUNTANTS

Firm Regn No: 004610 S

sd/-

CA A. GOPALAKRISHNAN

PARTNER

Membership Number: 18159

Place - Kochi

Date - May 20, 2014



Annexure to Independent Auditors' Report

The Annexure referred to in our report to the members of Muthoot Capital Services Limited ("the Company") for the year ended 31st March 2014.

We report that:

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
(ii) The fixed assets have been physically verified by the management during the period, the programme of verification of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such physical verification.
(iii) In our opinion and according to the information and explanation given to us, Fixed Assets disposed off by the Company during the year were not substantial, and therefore, do not affect the going concern assumption.
2. (i) Except for the repossessed assets from the borrowers and gold in hand not sold in auction, the company does not have any stock of inventory.
(ii) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
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 1956 ("the Act"). However, we report that the Company has entered into transactions with the Directors of the Company and the maximum amount to the credit of such account of the Directors during the year 2013-14 was ₹ 821.30 Lakhs (2012-13: ₹ 772.74 Lakhs) and the outstanding balance as on 31st March 2014 including interest payable was ₹ 821.30 Lakhs (31st March 2013: ₹ 768.25 Lakhs).
(ii) 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 were not, prima facie, prejudicial to the interest of the Company.
(iii) In respect of the aforesaid loans, the Company was regular in the repayment of the principal amounts as stipulated and has been regular in payment of interest.
(iv) 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (i) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 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 referred to in (5)(i) above and exceeding the value of Rupees Five Lakhs with any party during the year have been made at prices which are reasonable having regard to the nature of the service and the prevailing market prices at the relevant time.



6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, Section 58AA or any other relevant provisions of the Act, and the rules framed there under with regard to deposits accepted from the public.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under section 209(1) (d) of the Act for any services rendered by the Company.
9. (i) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax / Value Added Tax, and other material statutory dues, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Customs Duty and Excise Duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax / Value Added Tax, and other material statutory dues were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable.

- (ii) According to the information and explanation given to us, there are no material dues of wealth tax, excise duty and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues of Income-Tax, have not been deposited by the Company on account of disputes:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates (Financial Year)	Amount involved (₹ in '000)
Income Tax Act, 1961	Income Tax and Interest	Assistant Commissioner of Income Tax, Circle-1(2)-Ernakulam	2001-02	14 45
Income Tax Act, 1961	Income Tax and Interest	Assistant Commissioner of Income Tax, Circle-1(2)-Ernakulam	2002-03	9 13
	TOTAL			23 58

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or Bank or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities, except loans given against the security of its own secured debentures / bonds and public deposits.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.



14. In our opinion, the Company has maintained proper records for the trading in shares, securities and other investments, and timely entries have been made.
15. According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or other financial institutions.
16. In our opinion, 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.
17. According to the cash flow statement and other records examined by us and as per the explanations and information given to us, funds raised by the Company on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has created securities / charges in respect of secured debentures issued and outstanding as on 31st March 2014.
20. The Company has not raised money by public issues during the year.
21. According to the explanations and informations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For K.VENKATACHALAM AIYER & CO

CHARTERED ACCOUNTANTS

Firm Regn No: 004610 S

sd/-

CA A. GOPALAKRISHNAN

PARTNER

Membership Number: 18159

Place - Kochi

Date - May 20, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in '000)

	Note	As at	
		31-Mar-14	31-Mar-13
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2.1	12 47 26	12 47 26
Reserves and Surplus	2.2	106 07 38	90 43 48
		118 54 64	102 90 74
Non - Current Liabilities			
Long - Term Borrowings	2.3	70 37 31	9 75 39
Other Long Term Liabilities	2.4	2 03 15	1 52 55
		72 40 46	11 27 94
Current Liabilities			
Short -Term Borrowings	2.5	439 19 19	331 98 41
Other Current Liabilities	2.6	74 04 62	21 97 17
Short - Term Provisions	2.7	10 69 74	7 92 32
		523 93 55	361 87 90
		714 88 65	476 06 58
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	2.8	2 83 55	1 97 59
Non - Current Investments	2.9	6 85 14	19
Deferred Tax Assets (Net)	2.10	1 32 37	99 81
Long Term Receivables From Financing Activities	2.11	266 03 85	206 29 95
Long Term Loans and Advances	2.12	80 36	87 89
		277 85 27	210 15 43
Current Assets			
Current Investments	2.13	22 09	20 32
Cash and Cash Equivalents	2.14	8 23 92	92 36
Receivables From Financing Activities	2.15	424 57 58	256 92 78
Short Term Loans and Advances	2.16	1 56 63	64 92
Other Current Assets	2.17	2 43 16	7 20 77
		437 03 38	265 91 15
		714 88 65	476 06 58
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 to 13			

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

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
 CHARTERED ACCOUNTANTS
 Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LIMITED

sd/-

CA A. GOPALAKRISHNAN
 PARTNER

Membership Number: 18159

Place - Kochi
 Date - May 20, 2014

sd/-

THOMAS JOHN MUTHOOT
 CHAIRMAN

sd/-

THOMAS MUTHOOT
 DIRECTOR

sd/-

THOMAS GEORGE MUTHOOT
 MANAGING DIRECTOR

sd/-

VINODKUMAR M PANICKER
 CHIEF FINANCE OFFICER



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in '000)

	Note	Year Ended	
		31- Mar-14	31- Mar-13
Income			
Revenue From Operations	2.18	158 23 03	106 63 95
Other Income	2.19	52 75	57 76
Total Revenue (I)		158 75 78	107 21 71
Expenses			
Employee Benefit Expenses	2.20	34 78 35	22 05 68
Finance Costs	2.21	60 44 65	36 32 98
Depreciation and Amortization Expense	2.8	78 94	53 35
Other Expenses	2.22	26 46 58	14 69 35
Provisions	2.23	2 69 03	1 33 27
Total Expenses (II)		125 17 55	74 94 63
Profit before exceptional and extraordinary items and tax (I -II)		33 58 23	32 27 08
Exceptional items		4	7
Profit before tax		33 58 27	32 27 15
Tax Expenses			
Current Tax		11 78 00	10 80 83
Deferred Tax		(32 56)	(29 00)
Income Tax Adjustment for Earlier Years		(7 73)	(61)
Total Tax Expenses		11 37 71	10 51 22
Profit for the year		22 20 56	21 75 93
Earnings per equity share:			
Basic and Diluted (in Rs)	9	17.8	17.45
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 13		

Note: The notes referred to above form an integral part of the Statement of Profit and Loss
As per our report of even date attached

For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
MUTHOOT CAPITAL SERVICES LIMITED

sd/-

CA A. GOPALAKRISHNAN
PARTNER

Membership Number: 18159

Place - Kochi
Date - May 20, 2014

sd/-

THOMAS JOHN MUTHOOT
CHAIRMAN

sd/-

THOMAS MUTHOOT
DIRECTOR

sd/-

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR

sd/-

VINODKUMAR M PANICKER
CHIEF FINANCE OFFICER



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in '000)

	Year ended	
	31-Mar-14	31-Mar-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	33 58 27	32 27 15
Adjustments for:-		
Depreciation	78 94	53 35
Interest on Income tax, not paid	-	17
Provision against Non - Performing Assets	1 23 89	40 03
Provision against Standard Assets	55 89	39 00
Provision against Repossessed Assets	69 56	27 39
Provision for Diminution in Value of Shares	-	1 44
Provision for Gratuity	-	25 41
Provision for Expenses	9 21	31 14
Other Provisions	19 69	-
Unclaimed balance written back	(3 92)	(25 20)
Loss / (Profit) from Capital Market Operations	3	(1 81)
Loss / (Profit) on sale of Assets	(4)	(7)
Interest on Bank Deposits	-	(17 86)
Interest on Investment	(4 67)	-
Dividend Income	(62)	(46)
	3 47 96	1 72 53
Operating Profit before Working Capital Changes	37 06 23	33 99 68
Net (Increase) / Decrease in Operating Assets:-		
Short Term Loans and Advances	(64 88)	9 34
Long Term Loans and Advances	(42 43)	(2 16)
Receivables from Financing Activities	(226 92 40)	(162 04 95)
Bank Deposits (having maturity date of more than 3 months)	(52 00)	-
Other Non Current Assets	-	6 07
Other Current Assets	3 52 48	(6 51 80)
	(224 99 23)	(168 43 50)

(₹ in '000)



	Year ended	
	31-Mar-14	31-Mar-13
Net increase / (decrease) in operating liabilities-		
Long term Liabilities	6	-
Other current Liabilities	11 02	3 77 56
Short-term Provisions	5 22	(7 51)
	16 30	3 70 05
Net changes in working capital	(224 82 93)	(164 73 45)
Cash generated from Operations	(187 76 70)	(130 73 77)
Direct Taxes paid	(11 70 50)	(11 31 03)
Net cash (used in) Operating Activities	(199 47 20)	(142 04 80)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including capital advance	(1 15 41)	(1 79 73)
Sale of Fixed Assets	51	65
Investments in Shares and Mutual Funds	(1 77)	(1 00)
Non -Current Investments	(7 02 50)	-
Interest on Investment	4 67	-
Loss / (Profit) from Capital Market Operations	(3)	1 81
Dividend Income	62	46
Net cash (used in) Investing Activities	(8 13 91)	(1 77 81)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in Secured debentures	(7 06 63)	2 81 98
Net increase / (decrease) in Sub -debt	2 83 85	-
Net increase in Fixed Deposit	59 86 19	-
Repayment of vehicle loan	-	(3 09)
Interest on Bank Deposit	-	17 86
Increase in Secured and Unsecured Borrowings	164 57 04	136 81 82
Dividend paid (including Corporate Dividend Tax)	(5 79 78)	(5 00 47)
Net cash generated from Financing Activities	214 40 67	134 78 10
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	6 79 56	(9 04 51)
Opening Balance of Cash and Cash Equivalents	92 36	9 96 87
Closing Balance of Cash and Cash Equivalents	7 71 92	92 36



(₹ in '000)

	Year ended	
	31-Mar-14	31-Mar-13
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand	3 30	29 13
With Banks		
- on current accounts	7 36 56	35 08
- Unpaid dividend accounts	32 06	28 15
Total Cash and Cash Equivalents	7 71 92	92 36

As per our report of even date attached

For K.VENKATACHALAM AIYER & CO

CHARTERED ACCOUNTANTS

Firm Regn No: 004610 S

sd/-

CA .A. GOPALAKRISHNAN

PARTNER

Membership Number: 18159

Place - Kochi

Date - May 20, 2014

For and on Behalf of the Board of Directors of

MUTHOOT CAPITAL SERVICES LIMITED

sd/-

THOMAS JOHN MUTHOOT

CHAIRMAN

sd/-

THOMAS GEORGE MUTHOOT

MANAGING DIRECTOR

sd/-

THOMAS MUTHOOT

DIRECTOR

sd/-

VINODKUMAR M PANICKER

CHIEF FINANCE OFFICER



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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 Bombay 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. The Company has a strong presence in the Non-banking financial sector in rural and semi-urban areas in South India. Muthoot Capital Services Limited was incorporated on February 18, 1994 as a public limited company.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

- i. The financial statements for the year ended 31st March, 2014, have been prepared under historical cost convention and on the accrual basis of accounting in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and in compliance with the provisions of the Companies Act, 2013 (to the extent modified) and the Companies Act, 1956 (to the extent applicable), 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. All assets and liabilities have been classified as current and non current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realization in cash and cash equivalents, the Company has adopted its operating cycle as 12 months for the purpose of current and non current classification of its assets and liabilities.
- iii. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the balance sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as on 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 recognized 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.
- Interest Income on SLR Investment is recognized on accrual basis

◆ 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 State 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 recognized 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

- Hypothecation loans are stated at the amounts advanced including finance charges accrued and due, as reduced by amounts received up to balance sheet date.
- Repossessed automobile assets are valued at lower of book value and estimated realizable value.
- 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 historical 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. Any trade discount and rebate 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 of 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 and 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 and in the manner prescribed under schedule XIV of the Companies Act, 1956. All fixed assets individually costing ₹ 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.

Description of the Assets	Rate
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

(a) Investment in Government Securities-

Long term Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current Investments are valued at lower of cost and market value / net asset value.

(b) Investments - Others

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 and Loss.



1.10 Income Tax

Tax expense comprises of 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 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 amount 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 tax liabilities relate to the same taxation authority.

1.11 Retirement and Other Employees Benefits

a) Defined Contribution Plan

(i) 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 and Loss for the year when the contributions are due in accordance with the fund rules. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Employee State Insurance

The company also contributes to Employees State Insurance Corporation on behalf of its employees.

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 and 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 and loan against demand promissory notes etc.). Hence, there are no additional disclosures required under Accounting Standard 17 'Segment Reporting'.

The Company operates primarily in India; hence there is no other significant geographical segment that requires the disclosure.

1.13 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

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

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 Provisions other than that for Non Performing Assets

A provision is recognized when the company has a present legal and constructive obligation as a result of past event, 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.

1.17 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.

1.18 Classification and provisioning as per RBI Guidelines

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 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 31st MARCH, 2014

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.

BALANCE SHEET

2.1 SHARE CAPITAL

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Authorized		
1,50,00,000 equity shares of ₹ 10 par value.	15 00 00	15 00 00
Issued, Subscribed and Paid up		
1,24,72,575 equity shares of ₹ 10 par value.	12 47 26	12 47 26
Total	12 47 26	12 47 26

The Company has only one class of shares referred to as equity shares having a par value of ₹ 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 subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors in their meeting held on 20th May, 2014 proposed a final dividend of ₹ 4.5 per equity share. The total dividend appropriation for the year ended 31st March, 2014 amounted to ₹ 656.66 Lakhs including corporate dividend tax of ₹ 95.39 Lakhs.

During the year ended 31st March, 2013, the amount of per share dividend recognized as distribution to equity shareholders was ₹ 4. The total dividend appropriation for the year ended 31st March, 2013 amounted to ₹ 583.70 Lakhs including corporate dividend tax of ₹ 84.79 Lakhs.

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

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31st March 2014 and 31st March 2013 is set out below:

Particulars	As at 31-Mar-14		As at 31-Mar-13	
	No. of shares		No. of shares	
	in '000	₹ in '000	in '000	₹ in '000
No of shares outstanding at the beginning of the year	1 24 73	12 47 26	1 24 73	12 47 26
Add: Additional shares issued during the year	-	-	-	-
No of shares outstanding at the end of the year	1 24 73	12 47 26	1 24 73	12 47 26



Shareholders holding more than 5% shares in the company:

Particulars	As at 31-Mar-14		As at 31-Mar-13	
	No of shares		No of shares	
	in '000	%	in '000	%
Equity Shares				
Thomas John Muthoot	28 51	22.86	28 51	22.86
Thomas George Muthoot	28 47	22.82	28 47	22.82
Thomas Muthoot	27 97	22.42	27 97	22.42

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.

2.2 RESERVES AND SURPLUS

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Securities Premium Account:		
At the beginning of the year	41 80 80	41 80 80
Additions on shares issued during the year	-	-
At the end of the year	41 80 80	41 80 80
Statutory Reserve:		
(As per 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	14 25 79	9 85 79
Transfer from surplus in statement of profit and loss	4 40 00	4 40 00
At the end of the year	18 65 79	14 25 79
General Reserve:		
At the beginning of the year	6 10 00	3 90 00
Transfer from surplus in statement of profit and loss	2 20 00	2 20 00
At the end of the year	8 30 00	6 10 00
Surplus in the Statement of Profit and Loss		
At the beginning of the year	28 26 89	18 94 66
Add: Profit for the year	22 20 56	21 75 93
Less: Appropriations		
Transfer to Statutory Reserves	(4 40 00)	(4 40 00)
Transfer to General Reserves	(2 20 00)	(2 20 00)
Proposed Dividend	(5 61 27)	(4 98 91)
Tax on Proposed Dividend	(95 39)	(84 79)
At the end of the year	37 30 79	28 26 89
Total	1 06 07 38	90 43 48



2.3 LONG TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Secured:		
Non Convertible Debentures	5 01 66	9 75 39
Term Loan from Banks	35 95 91	-
Unsecured:		
Subordinated Debt	2 58 32	-
Fixed Deposits	26 81 42	-
Total	70 37 31	9 75 39

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 6 years, depending on the schemes. The schemes range from Monthly, Annual and Maturity Interest Payment. The rate of interest of the unmatured debentures range from 11% to 14.2% per annum and the rate of interest of matured debentures ranges from 9% to 13.5% per annum.

The issued debentures are secured by a First charge on all movable assets, book debts and receivables created 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.

Maturity Pattern of Debentures:

(₹ in '000)

Implicit Interest Rate %	For the Financial Year 2013-2014				For the Financial Year 2012-2013			
	Upto 31.3.2014	2014-2015	Beyond 31.03.2015	Total	Upto 31.3.2013	2013-2014	Beyond 31.03.2014	Total
>6 to 9	-	-	-	-	16	-	-	16
>9 to 12	22 17	4 06 12	1 11 32	5 39 61	10 35	4 53 27	2 70 44	7 34 06
>12 to 15	16 82	3 53 62	3 90 34	7 60 78	20 95	5 84 09	7 04 95	13 09 99
Total	38 99	7 59 74	5 01 66	13 00 39	31 46	10 37 36	9 75 39	20 44 21

(₹ in '000)

Name of the head in Financials	Reference Note No	Particulars	As at	
			31-Mar-14	31-Mar-13
Long Term Borrowings	2.3	Non Convertible Debentures (Secured)	5 01 66	9 75 39
Other Current Liabilities	2.6	Current Maturities of Debentures	7 59 74	10 37 36
Other Current Liabilities	2.6	Unpaid Matured Debentures	38 99	31 46
Total			13 00 39	20 44 21



Term Loan from Bank:

The term loan from banks are secured by hypothecation of specific asset covered by Hypothecation Loan Receivables / on entire current assets including hypothecation loan receivables, gold loan receivables and other current assets of the Company. Rate of interest varies from 12.5% to 13.75%. The loan is repayable in 12 equal quarterly installments spread over 36 months.

Maturity of Term Loan from Bank:

(₹ in '000)

Name of the Bank	For the Financial Year 2013-2014			For the Financial Year 2012-2013		
	2014-2015	Beyond 31.03.2015	Total	2013-2014	Beyond 31.03.2014	Total
Dhanlaxmi Bank Limited	13 36 00	19 29 23	32 65 23	-	-	-
Indian Overseas Bank	8 33 32	16 66 68	25 00 00	-	-	-
Total	21 69 32	35 95 91	57 65 23	-	-	-

*The above mentioned Term Loans do not include the loan of ₹ 3725.84 Lakhs (Balance Outstanding as on 31.03.2014 ₹ 1092.21 Lakhs) taken from Dhanlaxmi Bank Limited against the buyout of Receivables from Financing Activities

(₹ in '000)

Name of the head in Financials	Reference Note No	Particulars	As at	
			31-Mar-14	31-Mar-13
Long Term Borrowings	2.3	Term Loans from Banks	35 95 91	-
Other Current Liabilities	2.6	Current Maturities of Term Loans from Banks	21 69 32	-
Total			57 65 23	-

Subordinated Debt:

The Company has accepted sub debts under three schemes namely Monthly, Annual and Maturity schemes with interest rates ranging from 12.75% to 13.40%. The subordinated debts issued under each scheme will be repaid only on maturity.

Maturity pattern of Subordinated Debt:

(₹ in '000)

Implicit Interest Rate %	For the Financial Year 2013-2014			For the Financial Year 2012-2013		
	2014-2015	Beyond 31.03.2015	Total	2013-2014	Beyond 31.03.2014	Total
>12 to 14	-	2 58 32	2 58 32	-	-	-
Total	-	2 58 32	2 58 32	-	-	-

The Unsecured Subordinated debts of the Company qualify as Tier II Capital under the Non Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.



(₹ in '000)

Name of the head in Financials	Reference Note No	Particulars	As at	
			31-Mar-14	31-Mar-13
Long Term Borrowings	2.3	Subordinated Debt	2 58 32	-
Total			2 58 32	-

Fixed Deposit:

The Company has accepted Non-Cumulative Deposits on monthly, annual and cumulative deposits on maturity schemes. The rate of interest on these deposit ranges from 9.5% to 12.5% per annum.

Maturity pattern of Fixed Deposit:

(₹ in '000)

Implicit Interest Rate %	For the Financial Year			For the Financial Year		
	2014-2015	Beyond 31.03.2015	Total	2013-2014	Beyond 31.03.2014	Total
>9.5 to 12.5	32 06 84	26 81 42	58 88 26	-	-	-
Total	32 06 84	26 81 42	58 88 26	-	-	-

(₹ in '000)

Name of the head in Financials	Reference Note No	Particulars	As at	
			31-Mar-14	31-Mar-13
Long Term Borrowings	2.3	Fixed Deposit	26 81 42	-
Other Current Liabilities	2.6	Current Maturities of Fixed Deposits	32 06 84	-
Total			58 88 26	-

2.4 OTHER LONG TERM LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Non-current portion of interest accrued but not due on:		
Debentures	1 75 16	1 51 65
Subordinated Debt	24 70	-
Fixed Deposits	2 33	-
Others		
Security Deposits (Unsecured)	96	90
Total	2 03 15	1 52 55

Current portion of interest accrued but not due on borrowings ₹ 198.93 Lakhs is shown in Note: 2.6 (March 31, 2013 : ₹ 85.29 Lakhs)



2.5 SHORT TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Secured		
Loans repayable on demand (from Banks)		
Working capital demand loans and Cash Credit	430 97 89	324 30 16
Unsecured		
Loans and Advances from Related Parties	8 21 30	7 68 25
Total	439 19 19	331 98 41

Loans repayable on demand from banks:

Working Capital Demand Loan:		
ICICI Bank Ltd	25 00 00	19 95 00
HDFC Bank Ltd	20 00 00	15 00 00
State Bank of Travancore	108 00 00	75 00 00
Kotak Mahindra Bank Ltd	15 00 00	15 00 00
IndusInd Bank Ltd	9 50 00	9 53 69
South Indian Bank Ltd	-	20 00 00
Dhanlaxmi Bank Limited	-	16 00 00
State Bank of Hyderabad	-	25 18 40
Sub Total	177 50 00	195 67 09
Cash Credit:		
Federal Bank Ltd	14 83 38	15 12 25
IndusInd Bank Ltd	44 45	50 51
State Bank of India	97 84 06	100 37 12
State Bank of Hyderabad	20 27 50	-
Corporation Bank	29 59 43	-
Axis Bank Ltd	-	7 54 88
City Union Bank Ltd	-	6 94
South Indian Bank Ltd	74 65 26	4 98 62
Lakshmi Vilas Bank	14 96 52	-
State Bank of Travancore	87 29	2 75
Sub Total	253 47 89	128 63 07
Total	430 97 89	324 30 16



Guaranteed Loans

The Working Capital Demand Loans and Cash Credit 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 Loan from Banks

The Working Capital Demand Loans and Cash Credit facility have been obtained from the banks by creating First Charge on the entire current assets including gold loan receivables and hypothecation loan receivables ranking pari passu with other banks and Debenture Holders.

Rate of interest

Short Term Borrowings from banks carries interest at the rate of 10.2% to 14% per annum during the year.

Loan from Directors

The company has entered into transactions involving receipts and payments of different amounts with the directors of the company. The company pays interest at 12% per annum. The balance outstanding as on March 31, 2014 was ₹ 821.30 Lakhs inclusive of interest accrued thereon (March 31, 2013: ₹ 768.25 Lakhs).

2.6 OTHER CURRENT LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Current maturities of long term debt		
Debentures (Secured)	7 59 74	10 37 36
Term Loan from banks (Secured)	21 69 32	-
Fixed Deposit	32 06 84	-
Interest accrued and due on borrowings	1 11 50	1 44 00
Interest accrued but not due		
Debentures	1 03 33	85 29
Fixed Deposit	95 60	-
Income received in advance	1 75 53	2 55 45
Unpaid dividends	32 06	28 14
Unpaid matured debentures	38 99	31 46
Other Payables		
Initial Payment	25 97	-
Foreclosure	36	-
Sundry Creditors*	1 69	1 40
Excess Installment received	6 68	6 79
Withholding Tax	38 30	20 20
Dealer Incentive Payable	2 56 60	2 13 63
Salary and Benefits Payable	80 16	86 25
Other Expenses Payable*	1 88 55	1 61 96
Statutory Dues Payable	55 52	23 21
Others	57 88	1 02 03
Total	74 04 62	21 97 17

* Sundry Creditors and Other Expenses payable includes amounts payable to related parties amounting to ₹ 44.59 Lakhs (March 31, 2013 : ₹ 110.51 Lakhs)

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.



2.7 SHORT TERM PROVISIONS

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Employee Benefits*	36 92	19 34
Others		
Proposed dividend	5 61 27	4 98 91
Provision for dividend tax	95 39	84 79
Provision for taxation (Net)	17 13	17 36
Contingency provisions against standard assets (made @0.25% of the outstanding Standard Assets)	1 68 89	1 13 00
Provision for Expenses	-	1 36
Provision for non-performing assets	1 90 14	57 56
Total	10 69 74	7 92 32

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 2014-2015.

*Refer Note 3- Defined Benefit Plans- Gratuity Valuation

2.8 TANGIBLE ASSETS

(₹ in '000)

Particulars	Furniture and Fittings	Vehicles	Office Equipments	Computers and Accessories	Windmill Generator	Total
Cost						
At April, 2013	1 06 48	40 37	45 35	1 71 18	89 78	4 53 16
Additions	76 15	25	60 49	28 48	-	1 65 37
Sales	-	4 77	-	31	-	5 08
At 31 March, 2014	1 82 63	35 85	1 05 84	1 99 35	89 78	6 13 45
Depreciation						
At April, 2013	41 52	28 14	11 05	95 66	79 20	2 55 57
Charge for the year	23 76	3 21	12 15	38 20	1 62	78 94
Adjustment for the Year	-	4 35	-	26	-	4 61
At 31 March, 2014	65 28	27 00	23 20	1 33 60	80 82	3 29 90
Net Block						
At March 2013	64 96	12 23	34 30	75 52	10 58	1 97 59
At 31 March, 2014	1 17 35	8 85	82 64	65 75	8 96	2 83 55



2.9 NON CURRENT INVESTMENTS

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Investments in Mutual Funds	19	19
Investment in Government Securities	6 84 95	-
Total	6 85 14	19

(₹ in '000)

Particulars	Cost	Market Value
Aggregate amount of quoted investments;		
Mutual Funds	19	53
Government Securities	6 84 95	
Total	6 85 14	53

In accordance with the Reserve Bank of India directives, the Company has created floating charge on the Statutory Liquid Assets comprising investment in Government Securities of face value ₹ 730 Lakhs (Cost- 684.95 Lakhs) and Bank deposits of ₹ 52 Lakhs (Refer Note No. 2.14 'Cash and Cash Equivalents') in favour of trustees representing the deposit holders of the Company.

2.10 DEFERRED TAX ASSET

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Deferred Tax Asset		
Provision for NPA and Others	1 28 66	96 06
Preliminary Expenses charged off to the Statement of Profit and Loss but allowed as expense under tax laws in 5 years	4 53	7 01
Others	5 34	5 09
Total	1 38 53	1 08 16
Deferred Tax Liabilities		
Impact of Difference between Tax depreciation and depreciation charged for Financial Reporting	6 16	8 35
Total	6 16	8 35
Net Deferred Tax Asset	1 32 37	99 81

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 tax liabilities relating to the same taxation authority.



2.11 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Secured:		
Hypothecation Loan (Net of Buyout Loan of ₹ 71.05 Lakhs)*	266 03 85	206 29 95
Total	266 03 85	206 29 95

* Refer Note 7 - Particulars of the Loan taken from Dhanlaxmi Bank Limited against the assignment of Receivables from Financing Activities

2.12 LONG TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Unsecured, considered good		
Capital Advances	-	49 96
Security deposits	80 36	37 93
Total	80 36	87 89

2.13 CURRENT INVESTMENTS

(₹ in '000)

Particulars	Face value (in ₹)	As at 31-Mar-2014		As at 31-Mar-2013	
		Holding (No.)	Cost	Holding (No.)	Cost
Investment in Equity Instruments					
Tech Mahindra Limited	2	196	3 10	-	-
HDFC Limited	2	357	1 45	357	1 45
HDFC Bank Limited	2	624	1 28	693	1 42
Larsen & Toubro Limited	2	209	48	113	15
State Bank Of India	10	146	2 53	146	2 53
Infosys Technologies	5	105	1 32	105	1 32
Hero Motocorp Limited	2	96	78	96	78
Bosch Limited	10	39	2 09	43	2 13
Glaxo Smithkline Pharmaceuticals	10	-	-	101	1 34
Divis Laboratories Limited	2	154	1 82	154	1 52
Nestle India Limited	10	64	1 97	72	2 17
Asian Paints	1	4 39	2 17	-	-



(₹ in '000)

Particulars	Face value (in ₹)	As at 31-Mar-2014		As at 31-Mar-2013	
		Holding (No.)	Cost	Holding (No.)	Cost
Cairn India Limited	10	4 97	1 50	4 97	1 36
Eicher Motors Limited	10	72	1 60	72	1 60
Financial Technologies (India) Limited	2	-	-	164	1 17
Hindusthan Petroleum Corporation Limited	10	-	-	483	1 38
Total			22 09		20 32

The details regarding the quoted investments are as follows:

(₹ in '000)

Particulars	Basis of Valuation	Market Value As at 31-March-14
Investments in quoted Equity Instruments	Cost or Market Value, whichever is less	40 36

2.14 CASH AND CASH EQUIVALENTS

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Balances with banks		
in Current accounts	7 36 56	35 08
in Deposit accounts	52 00	-
Cash on Hand	3 30	29 13
Others		
Unclaimed Dividend Accounts	32 06	28 15
Total	8 23 92	92 36

(₹ in '000)

Particulars	As At	
	31-Mar-14	31-Mar-13
In Current Accounts		
Axis Bank Limited	1 91 84	8 72
State Bank of India	70 32	2 51
Dhanlaxmi Bank Limited	5 29	5 22
IndusInd Bank Limited	1	-
ING Vysya Bank	9 75	8 25
HDFC Bank Limited	1 10 19	3 39



(₹ in '000)

Particulars	As At	
	31-Mar-14	31-Mar-13
ICICI Bank Limited	1 11 40	4 37
IDBI Bank	9 28	10
Kotak Mahindra Bank Limited	11 49	1 18
South Indian Bank Limited	88	88
City Union Bank Limited	5 27	-
Indian Overseas Bank	2 10 84	-
State Bank of Hyderabad	-	46
Sub total	7 36 56	35 08

(₹ in '000)

Particulars	As At	
	31-Mar-14	31-Mar-13
In Deposit Account		
Deposit having maturity date of more than 3 months		
Axis Bank Limited	52 00	-
In Unclaimed Dividend Accounts		
HDFC Bank Limited	32 06	28 15

2.15 RECEIVABLES FROM FINANCING ACTIVITIES

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
(Secured, considered good unless otherwise stated)		
Principal outstanding in current maturity of:		
Hypothecation Loan (Net of Buyout Loan of ₹1021.16 Lakhs)*	411 99 81	247 62 43
Other Loans		
Gold Loan	14 80	1 31 24
Demand Promissory Notes (Unsecured)	1 34 51	73 49
Loan Against Fixed Deposit	6 01	-
Loan Against Debenture	41 05	30 07
Interest Accrued on:		
Hypothecation Loan	10 57 71	6 94 05
Loan Against Fixed Deposit	6	-
Loan Against Debenture	3 63	1 50
Total	424 57 58	256 92 78

* Refer Note 7 - Particulars of the Loan taken from Dhanlaxmi Bank Limited against the assignment of Receivables from Financing Activities



2.16 SHORT TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
(Unsecured, considered good unless otherwise stated)		
Others		
Advances to Dealers	98 15	35 81
Tax Refund Receivable	23 35	23 35
Service Tax Refund	26 83	-
Other Advances	8 30	5 76
Total	1 56 63	64 92

2.17 OTHER CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Trade Receivables	1 57	1 10
Debts due by Related Party	90 50	6 39 05
Interest accrued on Investments	17 55	-
Repossessed Asset (Net of Provision)	1 33 54	80 62
Total	2 43 16	7 20 77



STATEMENT OF PROFIT AND LOSS

2.18 REVENUE FROM OPERATIONS

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Income from Financial Operations		
Hypothecation Loans	157 25 72	105 90 73
Others		
Gold Loan	60 11	45 77
Demand Promissory Notes	29 53	21 11
Loan Against Fixed Deposits	10	-
Loan Against Debenture	7 57	6 34
Total	158 23 03	106 63 95

2.19 OTHER INCOME

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Interest Income:		
On Investment	4 67	-
On Bank Deposits	-	17 86
On SLR Deposits	1 69	-
Others	29 91	-
Dividend Income		
from current investments	62	46
Net gain on sale of investments		
from current investments	-	1 81
Other Non Operating Income		
Income from Windmill Operations	9 32	10 65
Excess Provision Written back	3 92	24 78
Miscellaneous Income	2 62	1 78
Unclaimed Balances Written back	-	42
Total	52 75	57 76



2.20 EMPLOYEE BENEFIT EXPENSES

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Salaries and wages	25 74 60	16 04 05
Incentive to employees	5 17 58	4 25 55
Contribution to Provident and Other funds	2 71 99	1 12 09
Staff welfare expense	13 93	16 80
Other Expenses		
Training Expense	14 18	-
Gratuity Expense*	62 21	33 56
Bonus	22 16	9 34
Leave Salary	1 60	-
CSR Expenses	10	4 29
Total	34 78 35	22 05 68

*Refer Note 3- Defined Benefit Plans- Gratuity Valuation

2.21 FINANCE COSTS

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Interest on borrowings		
Bank Loans	51 55 29	32 01 87
Debenture	2 33 06	2 47 91
Subordinated Debt	36 76	-
Fixed Deposit	1 48 61	-
Loan from Director	56 72	67 70
Other Interest		
Security Deposit	1 50 41	-
Others	-	80
Other Borrowing Cost	2 63 80	1 14 70
Total	60 44 65	36 32 98

The Company has accepted security deposit from a related party amounting to ₹ 2000 Lakhs at an interest rate of 15% per annum and has repaid the same during the year.



2.22 OTHER EXPENSES

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Incentive	10 76 75	7 18 82
Business Promotion Expense	4 18 35	99 78
Investigation and Professional Charges for Auto loans	2 72 49	2 19 73
Rent	2 26 79	1 30 33
Loss on sale of Repossessed Assets	2 23 44	-
Communication Expenses	96 80	68 07
Travelling Expenses	72 14	49 46
Printing & Stationery	71 98	55 27
Advertisement Expenses	39 07	15 58
Repairs and Maintenance	30 63	10 23
Power and Fuel	22 03	14 24
Insurance	21 63	22 70
Rates & Taxes (excluding taxes on income)	20 82	14 69
Payment to Statutory Auditors	10 01	8 84
Internal Audit Fees	8 06	7 13
Donation	5 20	11 05
Expenses on holding AGM	2 17	4 54
Wind Mill Running and Maintenance Expense	1 33	4 83
Miscellaneous Expenses	26 89	14 06
Total	26 46 58	14 69 35

Payment to Statutory Auditors

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Audit fees and Limited Review	7 56	8 00
Taxation matters	1 25	84
Other services	1 20	-
Total	10 01	8 84



2.23 PROVISIONS

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Provision against Non Performing Assets	1 23 89	40 03
Provision against Repossessed Assets	69 56	27 39
Provision against Standard Assets	55 89	39 00
Provision for Gratuity	-	25 41
Provision for Diminution in Value of Shares	-	1 44
Other Provisions	19 69	-
Total	2 69 03	1 33 27

3. Defined Benefit Plans- Gratuity Valuation

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

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
(i) Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	61 95	25 44
Current Service Cost	66 65	10 56
Interest Cost	4 95	2 03
Actuarial Losses / (Gain)	(2 38)	23 92
Closing Defined Benefit Obligation	1 31 17	61 95
(ii) Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	42 61	31 51
Expected Return on Plan Assets	7 01	2 95
Actuarial Gain / (Losses)	-	-
Contributions by employer	44 63	8 15
Benefits Paid	-	-
Closing Fair Value of Plan Assets	94 25	42 61



(B) Amount recognized in Balance Sheet

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Present Value of Funded Obligations	1 31 17	61 95
Fair Value of Plan Assets	(94 25)	(42 61)
Net Asset / (Liability)*	(36 92)	(19 34)

* Refer Note: 2.7 (Short term provisions)

(C) Expense recognized in the Statement of Profit & Loss.

(₹ in '000)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Current Service Cost	66 65	10 56
Interest on defined benefit obligation	4 95	2 03
Expected return on plan asset	(7 01)	(2 95)
Net Actuarial losses / (gains) recognized in the year	(2 38)	23 92
Total, included in "Employee Benefit Expense as shown in Note 2.20"	62 21	33 56
Actual return on plan asset	7 01	2 95

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

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Discount Rate (p.a.)	8%	8%
Salary Escalation Rate (p.a.)	5%	5%

4. Details of gold auctions conducted during the financial year:

(₹ in '000)

Sl. No.	Branch	Total No. of Loan A/c	Outstanding Amt. as on Auction	Value fetched from gold auction (inclusive of VAT)	Any Sister Concern Participated
1	Guntur	27	17 68	13 09	NO
2	Gajuwaka	150	59 62	42 55	NO
3	Kerala	37	12 85	9 72	NO
4	Vashi	72	1 17 63	77 55	NO
TOTAL			2 07 78	1 42 91	



5. Related Party Disclosures

1. List of Related Parties as on March 31, 2014 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	Calypso Agri Development And Hospitalities Private Limited
5	Cinnamon Agri Development And Hospitalities Private Limited
6	Double Tails Agri Development And Hospitalities Private Limited
7	El Toro Agri Projects And Hospitalities Private Limited
8	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 Air Catering LLP
18	MPG Apex Management LLP
19	MPG Asset Management LLP
20	MPG Automobiles LLP
21	MPG Hospitality LLP
22	MPG Hotels And Infrastructure Ventures Private Limited
23	MPG Land And Estate LLP
24	MPG Land Developers LLP
25	MPG Real Estate LLP
26	MPG Sports Academy Private Limited
27	Musk Agri Ventures And Hospitalities Private Limited
28	Muthoot Agri Development And Hospitalities Private Limited
29	Muthoot Agri Projects And Hospitalities Private Limited
30	Muthoot Agri Ventures And Hospitalities Private Limited
31	Muthoot Automobile Solutions Private Limited
32	Muthoot Automotive (India) Private Limited
33	Muthoot Bankers



SI No	Name of the Company / Firm
34	Muthoot Buildtech (India) Private Limited
35	Muthoot Cine Enterprises
36	Muthoot Equities Limited
37	Muthoot Estate Investments
38	Muthoot Exim Private Limited
39	Muthoot Finance Company
40	Muthoot Fincorp Limited
41	Muthoot Holdings Private Limited
42	Muthoot Hotels Private Limited
43	Muthoot Housing Finance Company Limited
44	Muthoot Infrastructure Limited
45	Muthoot Insurance Services
46	Muthoot Kuries Private Limited
47	Muthoot Land And Estates Private Limited
48	Muthoot Microfin Limited
49	Muthoot Motors (Cochin)
50	Muthoot Motors Private Limited
51	Muthoot Pappachan Chits (India) Private Limited
52	Muthoot Pappachan Medicare Private Limited
53	Muthoot Pappachan Technologies Private Limited
54	Muthoot Properties (India) Private Limited
55	Muthoot Risk Insurance And Broking Services Private Limited
56	Emmel Realtors and Developers Private Limited
57	Palakkad Infrastructure Private Limited
58	Pine Pink Agri Ventures And Hospitalities Private Limited
59	The Right Ambient Resorts Private Limited
60	Muthoot Pappachan Foundation

B. Key Management Personnel

SI 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. Relatives of Key Managerial Personnel

SI 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
		Ms. Hannah Muthoot	Daughter
4	R. Manomohan	Mrs. S. Krishnakumari	Spouse
		Mr. Binu Mohan M	Son
		Mr. Ginu Mohan M	Son

i. Details relating to transactions with parties referred to in Item (A):

(₹ in '000)

Particulars	Related Party	2013-2014	2012-2013
Income:			
Income from Wind Mill Operations	Muthoot Bankers	9 32	10 65
Interest Income on delayed payment of collection amount	Muthoot Fincorp Limited	29 31	-
Expenses:			
Interest on MFL Security Deposit	Muthoot Fincorp Limited	1 50 41	-
Brokerage on FD	Muthoot Exim Private Limited	81 91	-
Dealer Incentive	(i) Muthoot Automotive (I) Pvt.Ltd	33	-
	(ii) Muthoot Motors (Cochin)	27 28	42 29
Business Promotion Expense	Muthoot Fincorp Limited	3 64 93	89 65
Wind Mill Expense	Muthoot Bankers	1 33	4 83
Donation	Muthoot Pappachan Foundation	5 00	11 00
Travelling Expenses	Muthoot Travel Online	1 57	1 50
Advertisement Expenses	Muthoot Motors	37	-



(₹ in '000)

Particulars	Related Party	2013-2014	2012-2013
Repairs and Maintenance	Muthoot Fincorp Limited	13 82	-
Insurance Charges	Muthoot Pappachan Consultancy And Management Services	2 84	-
Rent on Space Sharing	Muthoot Fincorp Limited	23 59	-
Rent	Muthoot Estate Investments	63 75	-
Assets:			
Trade Receivables	Muthoot Bankers	1 57	1 10
Debts due by Related Party	Muthoot Fincorp Limited	88 80	6 37 65
Rent Deposit	(i) Muthoot Estate Investments	30 17	-
	(ii)Muthoot Fincorp Limited	10 17	-
Liabilities:			
Dealer Incentive Payable	(i) Muthoot Automotive (I) Pvt. Ltd	11	-
	(ii) Muthoot Motors (Cochin)	17 16	5 09
	(iii) Muthoot Motors (P) Ltd	-	3
Rent Payable	(i) Muthoot Estate Investments	4 53	-
	(ii) Muthoot Fincorp Limited	1 67	-
Amount payable for liability taken over by Related Party	Muthoot Estate Investments	5 79	5 79
Expenses payable	Muthoot Fincorp Limited	42 90	1 09 11
Deposit accepted and repaid during the year	Muthoot Fincorp Limited	20 00	-

ii. Details relating to transactions with parties referred to in Item (B):

(₹ in '000)

Particulars	Related Party	2013-2014	2012-2013
Expenses:			
Salaries, Allowances and Incentives	(i) Thomas George Muthoot	1 50 00	1 08 00
	(ii) R.Manomohan	1 02 25	83 66
PF Contribution	(i) Thomas George Muthoot	9 00	7 20
	(ii) R.Manomohan	5 76	2 88
Reimbursement of Expenses	(i) Thomas George Muthoot	2 65	24
	(ii) R.Manomohan	54	1 94
Interest on Loan From Director	Thomas George Muthoot	56 72	67 70



(₹ in '000)

Particulars	Related Party	2013-2014	2012-2013
Rent Paid	Thomas George Muthoot	1 24 00	1 24 00
Dividend Paid	(i) Thomas John Muthoot	1 14 04	1 01 65
	(ii) Thomas George Muthoot	1 13 86	1 01 43
	(iii) Thomas Muthoot	1 11 88	1 01 50
Security Charges	Thomas George Muthoot	37	-
Assets:			
Rent Deposit	Thomas George Muthoot	25 00	25 00
Liabilities:			
Loan from Directors (including interest accrued)	Thomas George Muthoot	8 21 30	7 68 25
Maximum amount due in transaction with directors		8 21 30	7 72 74

iii. Details relating to transactions with parties referred to in Item (C):

(₹ in '000)

Particulars	Relationship	2013-2014	2012-2013
Expenses:			
Dividend Paid	Relatives of key managerial person	41 09	43 87

6. 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:

(₹ in '000)

Sl. No.	Particulars	Transaction for the Year 2013-14	Transaction for the Year 2012-13
1	Lease rentals recognized during the period	2 23 17	1 30 40
2	Lease obligations payable		
	Not later than one year	1 75 47	1 34 98
	Not later than one year and not later than five years	1 48 96	1 17 60
	Later than five years	33 51	36 65
	Total	5 81 11	4 19 63

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



7. Particulars of the Loan taken from Dhanlaxmi Bank Limited against the assignment of Receivables from Financing Activities

(₹ in '000)

Sl. No.	Particulars	Amount
1	Total value of the assets covered by the transaction as per the books of accounts of the company	41 39 82
2	Total amount of Loan availed from Dhanlaxmi Bank Limited against the sale of the receivable from Financing activities	37 25 84
3	Margin money provided by the company for the loan	4 13 98

As per the arrangement for the above mentioned loan transaction, the company received an amount of ₹ 3725.84 Lakhs from the bank repayable in 34 equated monthly installments.

The rate of interest payable for the loan is 13% per annum on the diminishing balance.

The book debts being Receivables from Financing Activities for an amount of ₹ 3725.84 Lakhs were assigned by the company in favour of the bank. Accordingly the amount shown in the balance sheet under Receivables from Financing Activities is net off the Receivables from Financing Activities assigned in favour of the bank.

Accordingly in the Balance Sheet, the amount of ₹ 1092.21 Lakhs outstanding against the loan received from Dhanlaxmi Bank Limited is reduced from the Gross Receivables by way of Hypothecation loans and the net amount of ₹ 67 803.66 Lakhs is shown as Receivables From Financing Activities (both current and non current).

The management is of the opinion that this is a regular loan transaction and hence does not come under the classification of securitization as per the RBI guidelines.

However, the full particulars regarding the transaction are furnished with a view to ensure more transparency in relation to disclosures to be made in the Financial Statements.

Refer Note – 2.11 in respect of Long Term Receivables from Financing Activities and Note – 2.15 in respect of Receivables from Financing Activities.

8. EMPLOYEES DRAWING REMUNERATION IN EXCESS OF ₹ 5 LAKHS PER MONTH FOR PART OR WHOLE OF THE YEAR

- Mr. Thomas George Muthoot, Managing Director, was paid salary and allowances of ₹ 161.65 Lakhs, during the year ended 31st March, 2014 (2013: ₹ 115.44 Lakhs).
- Mr. R. Manomohanam, Chief Executive Officer, was paid salary, allowances and commission on profits of ₹ 108.55 Lakhs during the year ended 31st March, 2014 (2013: ₹ 88.48 Lakhs).

9. EARNINGS PER SHARE

Particulars	As at	
	31-Mar-14	31-Mar-13
Net profit or loss for the year attributable to equity shareholders (in ₹ '000)	22 20 56	21 75 93
Weighted average number of equity shares (in '000)	1 24 73	1 24 73
Basic Earnings per share	17.80	17.45



10. CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in '000)

Particulars	As at	
	31-Mar-14	31-Mar-13
Income Tax issues where the Company is in appeal	23 58	23 58

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

11. GENERAL

(i) 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.

(ii) 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.

(iii) Particulars Of Secured Privately Placed Redeemable Non Convertible Debentures

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

(₹ in '000)

Series	Financial Year of Maturity	Number of Bonds	Amount
B	2014-15	42 95	42 95
	Total	42 95	42 95
E	2014-15	6 50	6 50
E	2015-16	6	6
	Total	6 56	6 56
F	2014-15	67	67
F	2015-16	18 49	18 49
	Total	19 16	19 16
G	2014-15	42	42
G	2015-16	12 52	12 52
	Total	12 94	12 94
H	2010-11	2	2
H	2014-15	1 00	1 00
H	2015-16	7 93	7 93
H	2016-17	30 68	30 68
	Total	39 63	39 63



(₹ in '000)

Series	Financial Year of Maturity	Number of Bonds	Amount
I	2015-16	13 90	13 90
I	2016-17	11 65	11 65
	Total	25 55	25 55
J	2011-12	11	11
J	2013-14	40	40
J	2016-17	25 28	25 28
	Total	25 79	25 79
K	2012-13	3	3
K	2013-14	1 50	1 50
K	2015-16	50	50
K	2016-17	4 62	4 62
	Total	6 65	6 65
M	2012-13	61	61
M	2013-14	50	50
M	2014-15	60 22	60 22
M	2016-17	59 59	59 59
M	2017-18	25 00	25 00
	Total	1 45 92	1 45 92
N	2012-13	44	44
N	2013-14	10 54	10 54
N	2014-15	28 06	28 06
N	2015-16	35 43	35 43
N	2017-18	86 17	86 17
	Total	1 60 64	1 60 64
P	2013-14	7 11	7 11
P	2014-15	1 29 10	1 29 10
P	2015-16	39 08	39 08
P	2017-18	4 00	4 00
	Total	1 79 29	1 79 29
R	2013-14	17 73	17 73
R	2014-15	4 90 82	4 90 82
R	2015-16	86 72	86 72
R	2016-17	39 96	39 96
R	2018-19	8	8
	Total	6 35 31	6 35 31
	GRAND TOTAL	13 00 39	13 00 39



12. 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:

(₹ in '000)

Sl. No.	Particulars	Amount Outstanding	Amount Overdue
a)	Debentures : Secured	15 83 68	43 79
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of public deposits*)		
b)	Deferred Credits	Nil	Nil
c)	Term Loans		
	Dhanlaxmi Bank Limited	32 78 82	Nil
	Indian Overseas Bank	25 09 43	Nil
d)	Inter corporate loans and borrowings	Nil	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits	59 86 19	Nil
g)	Other loans		
	Sub Debt	2 83 85	Nil
	Working Capital Demand Loan		
	ICICI Bank Limited	25 00 00	Nil
	HDFC Bank Limited	20 17 62	Nil
	State Bank of Travancore	1 08 62 93	Nil
	Kotak Mahindra Bank Limited	15 02 30	Nil
	IndusInd Bank Limited	9 50 00	Nil
	Cash Credit		
	Federal Bank Limited	14 83 38	Nil
	IndusInd Bank Limited	44 45	Nil
	State Bank of India	97 84 06	Nil
	State Bank of Hyderabad	20 27 50	Nil
	Corporation Bank	29 59 43	Nil
	South Indian Bank Limited	74 65 26	Nil
	Lakshmi Vilas Bank	14 96 52	Nil
	State Bank of Travancore	87 29	Nil
	Loans and Advances From Directors (Unsecured)	8 21 30	Nil
	Total	5 76 44 01	43 79

Note 1 - Amount overdue ₹ 43.79 Lakhs in secured debentures represents debentures for which payments could not be made as claims were not received from debenture holders.

Note 2 - The above mentioned Loans do not include the loan of ₹ 3725.84 Lakhs (Balance Outstanding as on 31.03.2014 ₹ 1092.21 Lakhs) taken from Dhanlaxmi Bank Limited against the buyout of Receivables from Financing Activities



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

(₹ 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	59 86 19	Nil

Assets Side:

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

(₹ in '000)

Sl. No.	Particulars	Amount Outstanding
(a)	Secured	65 55
(b)	Unsecured	1 34 51

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

(₹ in '000)

Sl. No.	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	2 49 40
	(b) Loans other than (a) above	688 61 37



4. Break-up of Investments:

(₹ in '000)

Sl. No.	Particulars	Amount Outstanding	Market value
1	Current Investments: Quoted: (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)	22 09 Nil Nil Nil Nil	40 36 Nil Nil Nil Nil
2	Unquoted: (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	Nil Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil Nil
1	Long Term investments: Quoted: (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (at cost) (v) Others (Please specify) Gold Exchange traded fund of UTI	Nil Nil Nil Nil 6 84 95 Nil 19	Nil Nil Nil Nil Nil Nil 53
2	Unquoted: (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	Nil Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil Nil



5. Borrower group-wise classification of all leased assets, stock – on – hire and loans and advances:

(₹ 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	688 70 65	1 34 18	690 04 83
	Total	688 70 65	1 34 18	690 04 83

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

(₹ 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	40 89	7 07 23
	Total	40 89	7 07 23

7. Other Information:

(₹ in '000)

Sl. No.	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	15 40 32
(ii)	Net Non Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	13 50 19
(iii)	Assets acquired in satisfaction of debt (After provision of ₹ 115.86 Lakhs for diminution in the value of repossessed assets)	1 33 54



13. DISCLOSURE PURSUANT TO CLAUSE 32 AND 41 OF THE LISTING AGREEMENT

Sl. No.	Loans & Advances	Amount outstanding as at 31.03.2014	Maximum amount outstanding during the year ended March 31, 2014
(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	Nil	Nil
	(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

CHARTERED ACCOUNTANTS

Firm Regn No: 004610 S

sd/-

CA A. GOPALAKRISHNAN

PARTNER

Membership Number: 18159

Place - Kochi

Date - May 20, 2014

For and on Behalf of the Board of Directors of

MUTHOOT CAPITAL SERVICES LIMITED

sd/-

THOMAS JOHN MUTHOOT

CHAIRMAN

sd/-

THOMAS MUTHOOT

DIRECTOR

sd/-

THOMAS GEORGE MUTHOOT

MANAGING DIRECTOR

sd/-

VINODKUMAR M PANICKER

CHIEF FINANCE OFFICER

MUTHOOT CAPITAL SERVICES LIMITED

(CIN: L67120KL1994PLC007726)

Regd. Office: 3rd Floor, Muthoot Towers, M.G. Road, Kochi – 35

Tel: 0091- 484 - 6619600 / 6613450, Fax: 91 - 484 - 2381261

Web: www.muthootcap.com, Email: mail@muthootcap.com

PROXY FORM

(Form No. MGT-11)

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

Name of the member (s):

Registered address:

E-mail Id:

Folio. No. / DP ID No & Client ID No.:

I/We, being the member (s) of shares of the above named Company hereby appoint

1. Name:..... 2. Name:..... 3. Name:.....

Address:..... Address:..... Address:

Email Id:..... Email Id:..... Email Id:.....

Signature: or falling him/her Signature: or falling him/her Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on Wednesday, September 03, 2014, at 10.00 am at The International Hotel, M.G. Road, Ernakulam, Kochi - 682035, Kerala, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Numbers	Particulars of Business		
	Ordinary Business	For	Against
1	Adoption of financial statement for the year ended March 31,2014		
2	Declaration of Dividend		
3	Re- appointment of Retiring Director, Mr. Thomas Muthoot		
4	Appointment of Statutory Auditors, M/s K Venkatachalam Aiyer & Co. Chartered Accountants as Auditors and fixation of remuneration thereof		
	Special Business		
5	Appointment of Mr. R K Nair as an Independent Director of the Company		
6	Appointment of Mr. A P Kurian as an Independent Director of the Company		
7	Appointment of Ms. Radha Unni as an Independent Director of the Company		
8	Approval of the borrowing powers of the Company pursuant to section 180 (1) (c) of the Companies Act, 2013		
9	To consider and adopt related party transaction(s) under section 188 of the Companies Act, 2013		

Signed this day of 2014.

Affix One
Rupee
Revenue
Stamp

Signature of Shareholder

Signature of proxy holder (s)

Note:

1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

* It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' 'or' against column blank against any or all Resolutions, Your proxy will be entitled to vote in the manner as he/she thinks appropriate.



BOARD OF DIRECTORS



Thomas John Muthoot
Chairman



Thomas George Muthoot
Managing Director



Thomas Muthoot
Director



A. P. Kurian
Director



R. K. Nair
Director



Radha Unni
Director

CHIEF EXECUTIVE OFFICER



R. Manomohanam



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

muthoot
PAPPACHAN
Believe in Blue

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

MUTHOOT CAPITAL SERVICES LIMITED

CIN: L67120KL1994PLC007726

Registered Office: 3rd Floor, Muthoot Towers, M G Road, Kochi 682035, T: +91 484 6619600/6613450, F: +91 484 2381261,

Email: mail@muthootcap.com | www.muthootcap.com