



**Muthoot Finance**



...AND  
WE'RE  
BACK

Annual Report  
2014-15

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This Annual Report is available online at  
[www.muthootfinance.com](http://www.muthootfinance.com)

### Forward-looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



TRIBUTE TO  
**SHRI M. GEORGE  
MUTHOOT**

# Unchanging values... in changing times

Shri. M George Muthoot, our founder, was a visionary whose dynamism and futuristic thinking revolutionised the country's gold loan business. It was his endeavour that helped us strengthen ourselves as a trusted pan-India brand in the gold loan sector. We at Muthoot deeply cherish his memories, and are committed to continue his unfinished task, both in the world of business as well as community development. Today, we have indeed come a long way from a modest beginning.

“Let us not judge ourselves by the profit we make but by the trust and the confidence that people have in us. Let us cherish and nurture that trust and ensure that every person who deals with us, deals with the confidence that he will not be misguided but his interests will be carefully protected.”

**- Late M. George Muthoot**



Our greatest strength and confidence emanates from the trust of people we touch every day. We have empowered millions of people, and now we are back with renewed optimism.

The hardships and challenges are behind us, and our performance during FY 2014-15 has been encouraging.

We are back with a more customer-oriented approach, reaching out to customers aggressively.



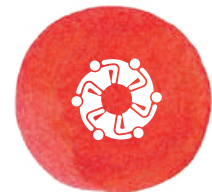
We are back with new products, novel to gold loan industry.

We are back with new marketing and sales strategies to expand and deepen our presence and strengthen our brand.



We are back with a more skilled and promising team, who are well-trained to meet and exceed customer expectations.

And amid all this, we continue to strengthen our social engagements.



We are not just running a business.

We are a vehicle for social empowerment to help millions of people translate their latent aspirations into visible achievements.





# Celebrating a tradition of empowerment

Against the backdrop of a rapidly changing socio-economic canvas, the Muthoot Group continues to partner India's agenda for social and economic empowerment. We are driving a mandate for inclusive growth for over 128 years.

In 1887, the Muthoot Group started as a small trading business enterprise in Kozhencherry, a remote village in Kerala. 'The Muthoot Group' is the collective operating brand name of entities promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot. Today, the Muthoot Group has evolved considerably and has diversified interests in the fields of financial services, plantations and estates, education, leisure and hospitality, healthcare, housing and infrastructure, information technology and many more. The Group has, over the years, broadened scale and widened its geographic scope of operations.

Muthoot Finance Limited is the flagship company of the Muthoot Group. We have emerged as India's largest gold financing company in terms of loan portfolio. Headquartered in Kerala (India), we are a 'Systemically Important Non-deposit taking NBFC'. For over 75 years, we provide personal and business loans secured by gold jewellery. Gold loans are primarily given to individuals who possess gold jewellery, but fail to access formal credit within a reasonable time; or to whom credit may not be available at all to meet unanticipated or other short-term liquidity requirements.

## Our core values

- Ethics
- Values
- Reliability
- Dependability
- Trustworthiness
- Integrity
- Goodwill

## Our offerings

- Gold loans
- Money transfer services
- Foreign exchange services
- Collection services
- Wind mill power generation
- White label ATM

# Muthoot Finance in a nutshell

## Largest

Gold financing company in terms of loan portfolio; we are India's largest gold financing company

## 26

States and Union Territories of India have our presence

## 4,200+

Strong branch network enabling us deeper penetration across India; over 70% of our branches are in under-served rural and semi-urban Indian markets

## 80,000+

Customers are served every day; their satisfaction confirms repeat business

## 64+

Learning centres, along with two management academies help strengthen our capabilities through continued training

## 900+

Audit personnels ensure the quality of pledged assets and adherence to risk management framework

## 22,000+

Trained personnels ensure operational efficiency and business growth

## 450,000+

Retail investor base across debenture and subordinated debt portfolio

## 131 Tonnes

Gold jewellery kept as security as on 31st March, 2015

## ₹8,240<sub>Cr</sub>

Market capitalisation as on 31st March, 2015

## ₹23,408<sub>Cr</sub>

Retail loan assets under management as on 31st March, 2015

# 128 years of building trust



1887

The Group came into being as a trading business at a village in Kerala



1939

Commenced gold loan business



2001

Received RBI license to function as an NBFC



2004

Received highest rating of F1 from Fitch Ratings for a short-term debt of ₹ 200 Million



2005

Retail loan and debenture portfolio crossed ₹ 5 Billion



2007

- Retail loan portfolio crossed ₹ 14 Billion
- Net owned funds crossed ₹ 1 Billion
- Categorised as NBFC-ND-SI as per RBI norms
- Branch network crossed 500



2008

- Retail loan portfolio crossed ₹ 21 Billion
- Retail debenture portfolio crossed ₹ 12 Billion
- Fitch affirmed the F1 short-term debt rating with an enhanced amount of ₹ 800 Million
- Converted into a public limited company



2009

- Retail loan portfolio crossed ₹ 33 Billion
- Retail debenture portfolio crossed ₹ 19 Billion
- Net owned funds crossed ₹ 3 Billion

- Gross annual income crossed ₹ 6 Billion
- Bank credit limits crossed ₹ 10 Billion
- Branch network crossed 900 branches



2010

- Retail loan portfolio crossed ₹ 74 Billion
- Retail debenture portfolio crossed ₹ 27 Billion
- CRISIL assigned 'P1+' rating for short-term debt of ₹ 4 Billion, ICRA assigned A1+ for short-term debt of ₹ 2 Billion
- Net owned funds crossed ₹ 5 Billion
- Gross annual income crossed ₹ 10 Billion
- Bank credit limits crossed ₹ 17 Billion
- Branch network crossed 1,600 branches



2011

- Retail loan portfolio crossed ₹ 158 Billion
- Retail debenture portfolio crossed ₹ 39 Billion
- CRISIL assigned long-term rating of AA- Stable for ₹ 1 Billion subordinated debt issue and for ₹ 4 Billion Non-convertible Debenture issue, respectively



- ICRA assigned long-term rating of AA- Stable for ₹ 1 Billion subordinated debt issue and for ₹ 2 Billion Non-convertible Debenture issue, respectively
- PE investments of ₹ 2,556.85 Million in the Company by Matrix partners, LLC; The Wellcome Trust; KotakPE; Kotak Investments and Baring India PE
- Net owned funds crossed ₹ 13 Billion
- Gross annual income crossed ₹ 23 Billion
- Bank credit limit crossed ₹ 60 Billion
- Branch network crossed 2,700 branches



## 2012

- Retail loan portfolio crossed ₹ 246 Billion
- Retail debenture portfolio crossed ₹ 66 Billion
- ICRA assigned long-term rating of AA- Stable and short-term rating of A1+ for ₹ 9,353 Crores line of credit
- Successful IPO of ₹ 9,012.50 Million in April 2011
- Raised ₹ 6.93 Billion and ₹ 4.59 Billion through Secured Non-convertible Debenture Public Issue – Series I and Series II, respectively
- Net owned funds crossed ₹ 29 Billion
- Gross annual income crossed ₹ 45 Billion
- Bank credit limit crossed ₹ 92 Billion
- Branch network crossed 3,600 branches



## 2013

- Retail loan portfolio crossed ₹ 260 Billion
- Retail debenture portfolio crossed ₹ 97 Billion
- Net owned funds crossed ₹ 37 Billion
- Gross annual income crossed ₹ 53 Billion
- Profit after tax for the year crossed ₹ 10 Billion
- Bank credit limit crossed ₹ 99 Billion
- Branch network crossed 4,000 branches
- ICRA assigned long-term rating of AA- Stable and short-term rating of A1+ for the ₹ 10,428.00 Million line of credit
- Raised ₹ 2.60 Billion and ₹ 2.70 Billion through public issues of Series III and Series IV Secured Non-Convertible Debentures, respectively
- ICRA & CRISIL revised the Outlook on long-term rating from AA-/stable to AA-/ Negative



## 2014

- Retail loan portfolio crossed ₹ 219.00 Billion
- Listed debenture portfolio raised through public issue ₹ 11.00 Billion

- Net owned funds crossed ₹ 42.00 Billion
- Gross annual income touched ₹ 49.00 Billion
- Profit after tax for the year crossed ₹ 8 Billion
- Branch network crossed 4,200 branches
- ICRA revised their outlook on long-term ratings from 'ICRA AA-/Negative' to 'ICRA AA-/Stable' on 14th January, 2014
- CRISIL revised their outlook on long-term ratings from 'CRISIL AA-/Negative' to 'CRISIL AA-/Stable' on 5th February, 2014

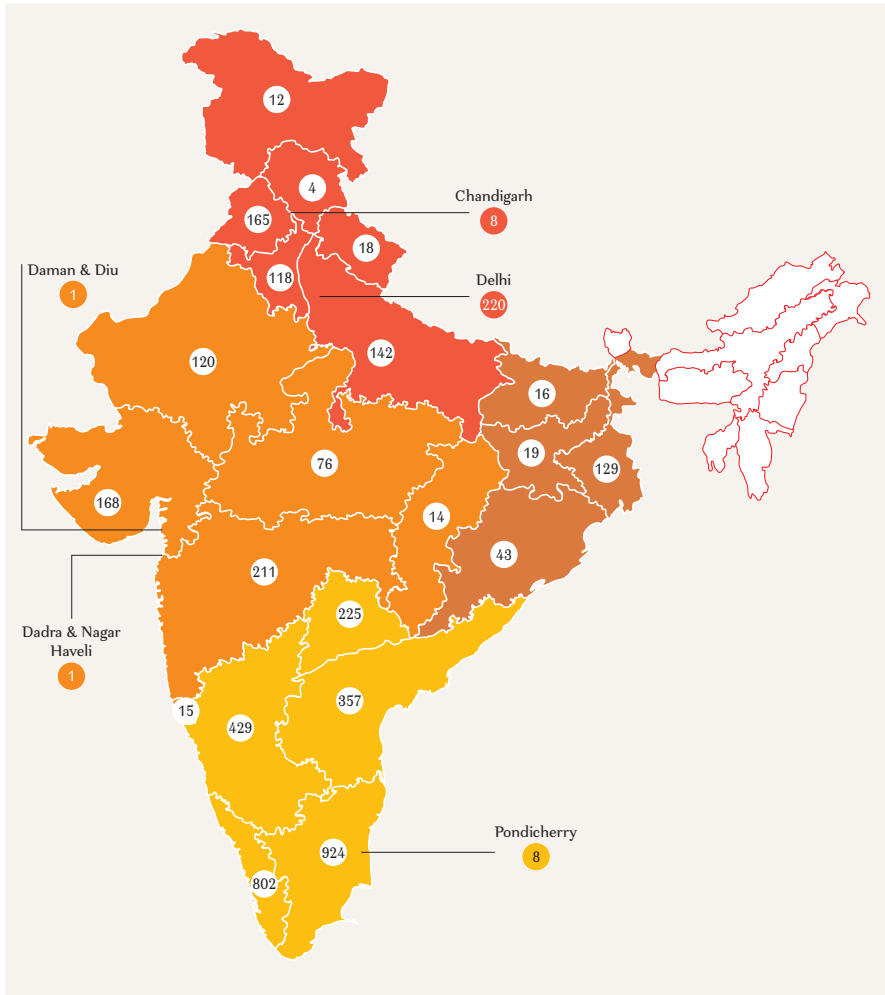


## 2015

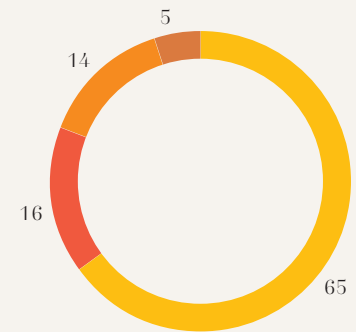
- Issued 25,351,062 fresh equity shares by way of an institutional placement programme under Chapter VIII – A of the SEBI ICDR Regulations, aggregating up to ₹ 4,182.93 Million
- Listed debenture portfolio raised through public issue ₹ 14.62 Billion
- Retail loan portfolio touched ₹ 234.09 Billion
- Net owned funds crossed ₹ 50 Billion
- Gross annual income touched ₹ 43.25 Billion
- Profit after tax for the year touched ₹ 6.71 Billion

# Pan-India prominence

In India, a large portion of the rural population has limited credit access. At Muthoot Finance, our focus is to address the under-served rural and semi-urban markets through our strong presence.



Region-wise branches (%)



East West North South

As of 31st March, 2015

## East

Odisha - 43  
 Jharkhand - 19  
 Bihar - 16  
 West Bengal - 129

## West

Gujarat - 168  
 Rajasthan - 120  
 Madhya Pradesh - 76  
 Chhattishgarh - 14  
 Maharashtra - 211  
 Goa - 15  
 Daman & Diu - 1  
 Dadra & Nagar Haveli - 1

## North

Punjab - 165  
 Harayana - 118  
 Uttar Pradesh - 142  
 Himachal Pradesh - 4  
 Uttarakhand - 18  
 Jammu & Kashmir - 16  
 Delhi - 220  
 Chandigarh - 8

## South

Telangana - 225  
 Karnataka - 429  
 Andhra Pradesh - 357  
 Kerala - 802  
 Tamil Nadu - 924  
 Pondicherry - 8

# Our creditworthiness

We enjoy the highest rating among gold loan companies in India

## Short-term rating

	Amount of rating (₹ in crores)	Rating	Indicates
<b>COMMERCIAL PAPER</b>			
CRISIL	4,000	CRISIL A1+	Degree of safety with regard to timely payment of interest and principal on the instrument is very strong
ICRA	200	ICRA A1+	Lowest credit risk and stronger credit quality
<b>BANK LOANS</b>			
ICRA*	8,222	ICRA A1+	Lowest credit risk and stronger credit quality

## Long-term rating

	Amount of rating (₹ in crores)	Rating	Indicates
<b>SUBORDINATED DEBT</b>			
CRISIL	100	CRISIL AA-(Stable)	High degree of safety with regard to timely servicing of financial obligations; and carry very low credit risk
ICRA	100	ICRA AA-(Stable)	High degree of safety with regard to timely servicing of financial obligations; and carry very low credit risk
<b>NON CONVERTIBLE DEBENTURE</b>			
CRISIL	500	CRISIL AA-(Stable)	High degree of safety with regard to timely servicing of financial obligations; and carry very low credit risk
ICRA	200	ICRA AA-(Stable)	High degree of safety with regard to timely servicing of financial obligations; and carry very low credit risk
<b>BANK LOANS</b>			
ICRA*	7,650	ICRA AA-(Stable)	High degree of safety with regard to timely servicing of financial obligations; and carry very low credit risk

\*within the overall rating of ₹11,134 crores



# Financial performance

## Gold loan assets (₹ in crores)

2014-15	23,350
2013-14	21,618
2012-13	26,000
2011-12	24,417
2010-11	15,728

## Gold holding (In tonnes)

2014-15	131
2013-14	118
2012-13	134
2011-12	137
2010-11	112

## Average gold loan per branch (₹ in crores)

2014-15	5.50
2013-14	5.06
2012-13	6.36
2011-12	6.63
2010-11	5.75

## Revenue (₹ in crores)

2014-15	4,325
2013-14	4,947
2012-13	5,387
2011-12	4,549
2010-11	2,316

## Profit after tax (₹ in crores)

2014-15	671
2013-14	780
2012-13	1,004
2011-12	892
2010-11	494

## Earnings per share (₹)

2014-15	16.97
2013-14	20.99
2012-13	27.02
2011-12	24.29
2010-11	15.78

## Networth

(₹ in crores)

2014-15	5,084
2013-14	4,265
2012-13	3,736
2011-12	2,926
2010-11	1,334

## Capital adequacy ratio

(%)

2014-15	24.78
2013-14	24.69
2012-13	19.62
2011-12	18.29
2010-11	15.82

## Key ratios

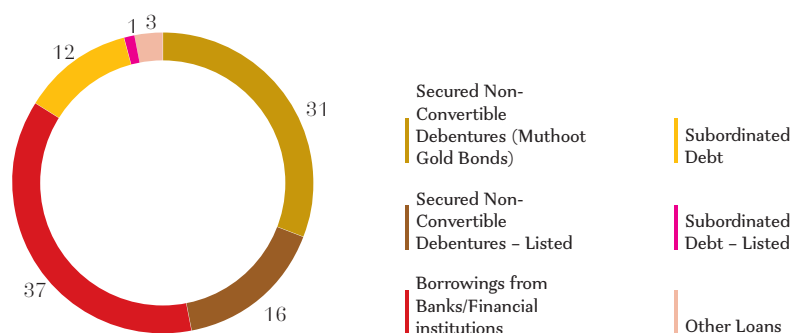
	2012-13	2013-14	2014-15
Return on Assets	4.05	3.22	3.03
Return on Equity	30.15	19.50	14.35

## Our liabilities profile

We maintain diversified fund sources.

## Fund mix

(%)



As of 31st March, 2015

# Chairman's communiqué



Dear Shareholders,  
It has been an encouraging year for Muthoot Finance and I am happy to present before you the 18th Annual Report of Muthoot Finance Ltd.

2014 ushered in significant optimism with the election of a new pro-reform government at the Centre. Following several years of robust growth in the lead up to and immediately after the global financial crisis, India's growth slowed sharply during 2011-13. After the new government at the Centre assumed office in 2014, the economy is gradually turning around following effective policy initiatives and resolution of political uncertainty. Domestic and external vulnerabilities have moderated on the sharp decline in the current account deficit and inflation. The fiscal position has begun to improve, and a resumption of capital inflows allowed a significant build-up in foreign reserves. This confluence of achievements has made India one of the bright spots in the global economy. Your Company is well poised to make the most of this positivity.



*Our retail loan portfolio increased by ₹ 1,547 crores for FY 2015, a net growth of 7%, to ₹ 23,408 crores.*

*The collective effort enabled us to serve over 80,000 customers across our 4,245 branches across India on a daily basis.*

### Our performance

Since RBI has framed its policies for the gold loan sector, we could focus completely on our business growth. The relaxation of LTV cap to 75% ushered in newfound optimism across the Company and employees. After continuous decline for five quarters, we saw growth in retail loan portfolio, in the second quarter of FY 2015. Subsequently, our loan portfolio increased in the third and fourth quarters. Thus, our retail loan portfolio increased by ₹ 1,547 crores for FY 2015, a net growth of 7%, to ₹ 23,408 crores. We generated a profit after tax of ₹ 671 crores, despite a challenging market scenario. Our basic earnings per share stood at ₹ 16.97 for FY 2015, and our book value increased to ₹ 127.59. Our market capitalisation touched ₹ 8,240 crores, and net worth stood at ₹ 5,084 crores, as on 31st March, 2015.

### Realigned strategy

During the year, our focus was on strengthening our position and presence

by developing our segments. We restructured our sales and business development division to reinforce our relationship with customers and ensure customer retention. Efforts were not only made to satisfy the existing customers, but also to win back our old customers, who stopped dealing with us during 60% LTV regime. We optimised the budget of marketing and focused more on BTL-driven activities, which enabled us to personally connect to our customers. We got associated with football through the Indian Super League (ISL) and sponsored the referees, as well as the Fairplay Award. This helped us enhance our brand recognition.

### Team matters

A powerful team can only raise the standard of a company and ensure its sustainable growth. Individual talent matters, but only to a limited extent. The ultimate success depends on how the team performs. During the year, there were new appointments at key positions and significant enhancement in policies, processes and HR systems to make them more contemporary. As of March 2015, we had a team size of 22,882. The collective effort enabled us to serve over 80,000 customers across our 4,245 branches in India on a daily basis. Significant efforts were made by the Company to train the employees to better acclimatise them with the changing business environment.

### Beyond India

During the year, we acquired 51% equity capital of Asia Asset Finance PLC, (AAF), a company listed on the Colombo Stock Exchange, thus making it a subsidiary. AAF is a registered financial company with the Central Bank of Sri Lanka, and is primarily engaged in vehicle finance and hire purchase activities. AAF has operations across Sri Lanka with 11 branches. We intend to operationalise the gold loan business in Sri Lanka through AAF.

### Road ahead

Going ahead, our future priorities will be to:

- Expand the branch network and visibility to maintain our market leadership position
- Continue to target new customer segments
- Ensure access to low-cost and diversified sources of funds
- Strengthen our operating processes and risk management systems
- Strengthen our balance sheet, ensuring financial flexibility

### Responsible gesture

The nature of our business entails a sense of social responsibility. We continued to contribute towards social wellbeing through our consistent efforts in the realms of healthcare, education and community development. We extended our helping hands to the society's marginalised sections through our CSR activities, because we believe in the principle of inclusive growth and giving back to the society.

We are excited to be able to contribute towards India's drive for socio-economic empowerment. I am grateful to all our shareholders and the larger stakeholder fraternity for their unwavering support and guidance to the Company through its days of challenge and uncertainties.

My aspiration is to build an institution that can be looked upon as a potent symbol of empowerment by every Indian; and we are moving towards that overarching objective with greater focus and fortitude. I would be glad to come back and report to you about our endeavours and results in a year's time.

Warm regards,  
**M. G. George Muthoot**  
Chairman

BACK WITH A BUCKET OF  
REFRESHING IDEAS

**IF THE  
WORLD IS  
CHANGING  
SO FAST...**

**...WHY  
SHOULD THE  
CUSTOMER  
BE ANY  
DIFFERENT?**

That's the reason why we try to integrate the specific insights of our customers into the products we make and the services we deliver. We talk to people, try to understand their side of the story and help them choose what suits them best.

### Service oriented approach

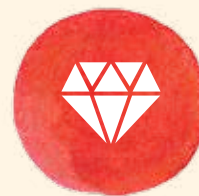
Our customer-centricity has enabled brand Muthoot to emerge as a symbol of trust. High quality customer service and short response time are significant competitive strengths that differentiate us.

- We adhere to strict market and location survey data, while selecting branch sites.
- Our working hours are often more compatible with our customers' work schedules.
- We regularly recruit competent and attentive staff to service the needs of our customers.
- We have designed a proactive customer grievance redressal mechanism to address customer complaints.
- Our branches are staffed with people with local knowledge and understanding of customers' needs; our teams are trained to appraise collaterals and disburse loans in the shortest possible time.



### Muthoot WebPay

At Muthoot Finance, we always focus on offering more convenient facilities to customers. Moving in step with the digital era, where people find 'online' medium more convenient to make transactions and payments, we too decided to offer an online platform to facilitate our gold loan customers. During the year, we launched a new service called 'Muthoot WebPay', which enabled our gold loan customers to pay their loan interest online. Now, customers can pay using their debit card or net banking facility. The facility will attract those who find it difficult to find time from their hectic schedules to call at our branch and make periodic payments. Now they can pay from anywhere, be it home, office or even on the move.



A customer can earn loyalty points by availing products and services from Muthoot Finance branches.

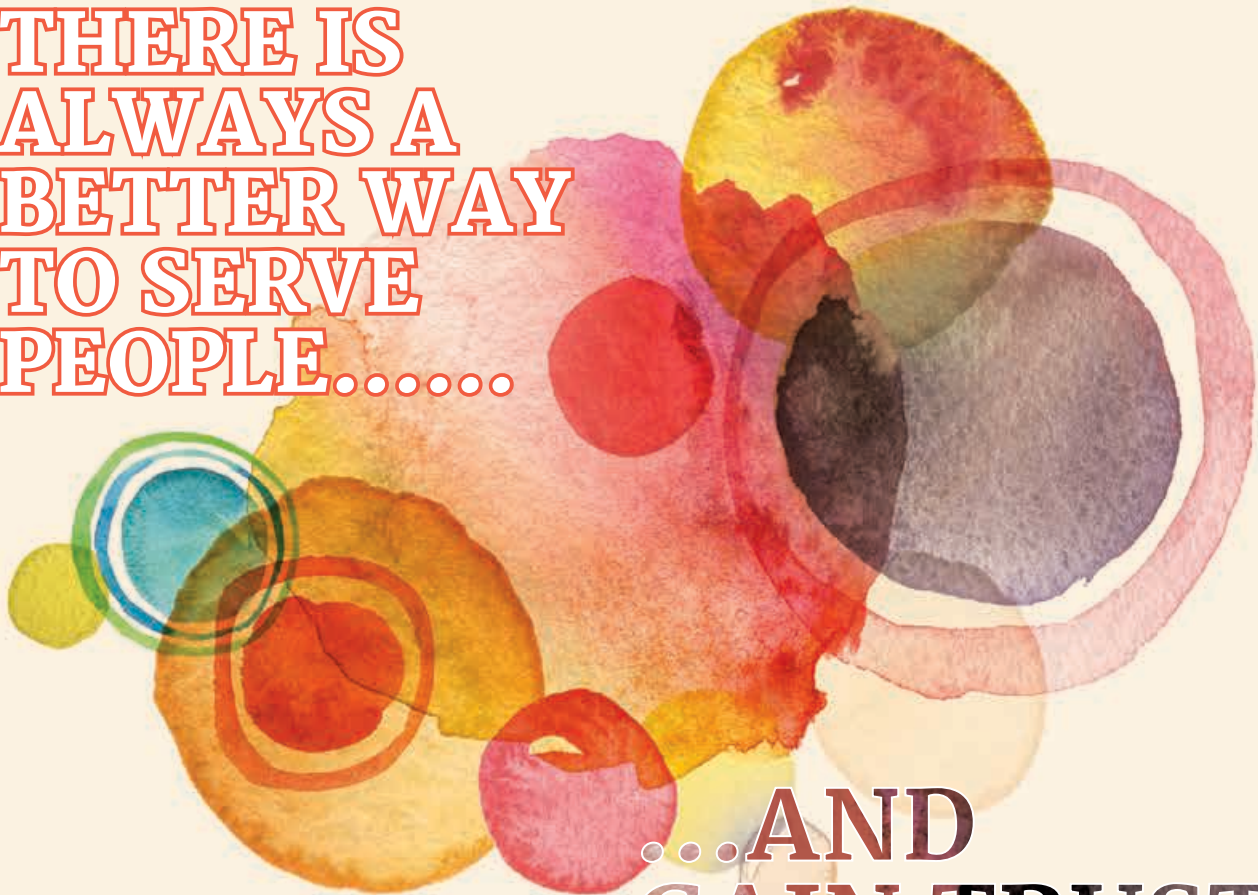


Give missed call to 08040751515. Message will be sent to the customer with Gold Loan outstanding and interest due as on date.



BACK WITH A BUCKET OF  
REFRESHING IDEAS

THERE IS  
ALWAYS A  
BETTER WAY  
TO SERVE  
PEOPLE.....



...AND  
GAIN TRUST.  
HERE IS  
PROOF.

We are providing additional services to our customers and to people in general as part of our initiatives to seek new vistas of value creation.

### **White label ATMs**

The Reserve Bank of India authorised few non-banking entities to set up white label ATMs to widen banking facilities, and thereby achieve financial inclusion. Prior to this, only banks were permitted to operate ATMs in the country. This initiative will enhance the spread of ATMs to semi-urban and rural areas (primarily in tier II and tier III cities), where bank-owned ATM penetration is not growing.

We are one of those few NBFCs to secure licence to operate ATMs across India. This enabled our customers to withdraw money from their bank account. We have set up 175 ATMs; most of our ATMs are attached or near to our branches.

### **Business correspondent services**

We partnered with Yes Bank for providing business correspondent services. A business correspondent is a representative who offers services on behalf of the bank to the public. We will now offer their services to the public through our network of 4,200+ branches across the country. Going forward, we would leverage this strength, wherein we would offer domestic remittance service to the migrant population in cities/towns to remit money to their families in rural areas. The money can be collected from Muthoot Finance branches in cash or get it transferred to their bank accounts or even be collected through ATMs.

### **Going beyond India**

We acquired 51% of Asia Asset Finance PLC, (AAF). A company listed on the Colombo Stock Exchange, thus became a subsidiary of Muthoot Finance on 31st December, 2014. AAF is a registered Financial Company with Central Bank of Sri Lanka and is mainly engaged in vehicle finance and hire purchase activities. AAF has operations across Sri Lanka with 11 branches. We intend to equip them with the new products, including gold loans.

BACK WITH A BUCKET OF  
REFRESHING IDEAS

**A LEGACY  
BRAND NEEDS  
TO BE  
CONSTANTLY  
REVAMPED...**

**....SO  
THAT IT  
STAYS  
RELEVANT  
AND  
ATTRACTIVE.**



## We acknowledge the reality, which is why our marketing and sales team put a lot of emphasis on enhancing our brand recognition.

Our marketing and sales efforts promote our brand and position gold loans as a 'lifestyle product'. Our campaigns focus on the concept of 'gold power' to differentiate our products from other financial institutions and emphasise on the convenience, accessibility and expediency of gold loans.

During the year, we optimised the budget of marketing and focused more on BTL-driven activities, which enabled us to personally connect to our customers. The demographics, target audience, messaging, accessibility, culture and cost of medium of national and regional markets or urban and rural markets differ from each other. Accordingly, we plan our marketing strategy and advertising campaigns.

We also got associated with football through the Indian Super League (ISL). However, this time we sponsored the

referees, instead of sponsoring a local team. We also sponsored Muthoot Fairplay Award as we believe in fairness and transparency in our business, serving India for the last 75 years. This award helped us reinforce our brand recognition.

On the BTL activities, we acted strategically. We used simple ways of communication to reach more people. We organised loan *melas*, which strengthened our communication, especially in the semi-urban and rural areas. We also initiated field visits to potential customers, organised trader meets and agricultural meetings to directly connect to customers. Such initiatives positively impacted our business.

BACK WITH A BUCKET OF  
REFRESHING IDEAS



**A YEAR OF  
TRANSFORMATION  
AT MUTHOOT....**

**...IS ALSO ABOUT  
RECOGNISING  
TALENT AND  
TEAMWORK.**

During the year, we introduced performance scorecard, developed in-house HRMS software, revamped incentive and promotion policies, modified training methodology and strengthened our sales team.

We developed the integrated HR software to digitise our function for faster and efficient processes. The online platform will accelerate decision-making with its speed and convenience.

We strengthened our sales team, comprising 600 employees. We assigned around 100 people in senior positions, and re-designated some existing employees, who showed interest and capability. All teams at branch operations were provided requisite training to be sales oriented. The junior executives were re-designated as junior relationship executive to make their roles more customer-friendly and service oriented.

Relationship banking not only makes customers feel special, but also make employees feel that they are significant for the Company. Further, we integrated the sales department with operations and re-designated it as

Business Performance Department. This integration has made the system more structured, which in-turn would help elevate the performance.

We introduced performance scorecard to gauge the performance and contribution of our people. The monthly performances of employees are tabulated across parameters and the average aggregate is considered in their annual confidential report. This scorecard works as a huge motivator for the employees to do better. Besides, we are also stabilising our incentive distribution system to motivate our employees.

We conducted trainings and employee motivational programmes to make them aware of the revamped incentive structure.

For the first time, we went to Business School Campus for recruitments. We also started offering summer internships to students from Business Schools under various specialisations.

We made the promotion process systematic, and replaced the non-performing retired bankers, who were holding the position of branch managers. This in-turn, gave an opportunity to our promising young group of people to become branch managers.

We decentralised induction training, product training as well as skill training to regional learning centres. Thus, we could reduce the expenses involved in training, and could re-allocate these resources for further improvement in the training process.

We opened a new Muthoot Management Academy at Delhi to address the training needs of employees across northern, eastern and western India.

# Community care

At Muthoot, we believe any business enterprise has to take the community along, in its journey forward. Thus we continued to contribute towards social wellbeing through our consistent efforts in the realms of healthcare, education and community development.

## Education



School bag distribution in schools



Water purifier distribution in schools



Muthoot M George Excellence Award to the 10th standard toppers of all govt. schools in Kerala



Muthoot M George Excellence Award to the 10th standard toppers of govt. schools in Telangana



Training programme for govt. school students



Umbrella distribution to schools in Kerala



## Health



Distribution of medical aid



Financial assistance for the surgery of a 2½ yrs old baby, born with cleft foot from Kerala.



'Muthoot Anbin Nizhal' mobile laboratory for the prevention and early detection of kidney related diseases in Tamil Nadu



'Muthoot Snehasraya' medical camp for the prevention and early detection of kidney related diseases in Kerala



'Muthoot Snehasraya' medical camp for the prevention and early detection of kidney related diseases in Kerala



'Muthoot Snehasraya' mobile laboratory for the prevention and early detection of kidney related diseases in Kerala

## Community



Distribution of marriage assistance



Distribution of new year gifts to Kochi metro workers



'Muthoot Snehasammanam'- Financial assistance to artist, authors and their widows in Kerala



# Board of Directors

## M. G. George Muthoot



### Education

Graduate in engineering from Manipal University

### Experience

Over four decades of experience in managing businesses operations in the field of financial services

### Memberships

National Executive Committee Member of the Federation of Indian Chamber of Commerce and Industry (FICCI)

Current Chairman of FICCI Kerala State Council

Member of the Managing Committee of the Malankara Orthodox Syrian Church for over three decades, and currently its Lay Trustee

### Awards

Received several awards from Rotary International and Y's Men's International for Community Development and Social Service

Conferred with the Mahatma Gandhi National Award for social service in 2001 by the Mahatma Gandhi National Foundation

Received the HH Baselios Mathew I Award by Catholicate of the Syrian Orthodox Church Mathews the First Foundation for 2008 that recognised his services to the Church

Bestowed with the Asian Businessman of the Year 2011 award from the UK Kerala Business Forum

Conferred with the Business Leadership Award for the year 2012 at the Golden Peacock Awards, Bengaluru

Bestowed with the 'Business Leader Award 2014', instituted by Cochin Herald

Conferred with 'Emerging Business Leader of the Year' title at the fifth edition of AIMA Managing India Awards 2014

## George Thomas Muthoot



### Profession

Businessman by profession

### Experience

Over three decades of experience in managing businesses operations in the field of financial services

### Awards

Received the 'Sustainable Leadership Award 2014' by the CSR Congress in the individual category

## George Jacob Muthoot



### Education

Degree in civil engineering from Manipal University

### Experience

Over three decades of experience in managing businesses in the field of financial services

### Memberships

Trivandrum Management Association

The Confederation of Real Estate Developers Association of India (CREDAI) (Trivandrum)

The Trivandrum Agenda Task Force  
Rotary Club, Trivandrum (South)

Governing body member of the Charitable and Educational Society of Trivandrum Orthodox Diocese, Ulloor, Trivandrum

Finance Committee Member of Mar Dioscorus College of Pharmacy, Althara, Trivandrum

Member of Mar Gregorious Orthodox Christian Mercy Fellowship, Trivandrum

### Awards

Business Excellence Award 2012 from Trivandrum Chamber of Commerce

## George Alexander Muthoot



### Education

Qualified Chartered Accountant; ranked first in Kerala and 20th in India in 1978  
A gold medallist from Kerala University in Bachelor's degree in Commerce

### Experience

Over three decades of experience in managing businesses in the field of financial services

### Memberships

Served as the Chairman of the Kerala Non-banking Finance Companies Welfare Association from 2004 to 2007

Acted as a member secretary of the Finance Companies Association, Chennai

Has been a founder-member of The Indus Entrepreneurs International, Kochi Chapter; currently, a member of the Core Committee of the Indus Entrepreneurs International, Kochi Chapter

Currently, the President of Association of gold loan Companies in India

An active member of the Confederation of Indian Industry

### Awards

He was awarded the 'CA Business Leader Award' under Financial Services Sector from The Institute of Chartered Accountants of India for 2013

The Times of India group Business Excellence Award in customised Financial Services in March, 2009

Dhanam Businessman of the year Award in 2012

Business Excellence Award for business promotion by ICICI Prudential Life Insurance Company Limited in 2010

## Board of Directors (Contd.)

### K. John Mathew



#### Education

Graduate in law from the Government Law College, Ernakulam

#### Experience

Retired judge of the High Court of Kerala  
Served as the Chairman of the Cochin Stock Exchange  
Was a SEBI Nominee Director of the Cochin Stock Exchange from 2002 to 2007

#### Memberships

Currently, serves as the President of the People's Council for Social Justice, Kerala

### K. George John



#### Education

Post graduate in Mathematical Statistics

#### Experience

Retired as Chairman and Managing Director of TBWA India, a part of Omnicorn Group  
He previously managed Ulka Advertising (now FCB-Ulka)  
Founded Anthem Communications Pvt Ltd, which later on went on to merge with TBWA Worldwide under a joint venture  
Held the position of Chairman & Managing Director of TBWA India

### John K Paul



#### Education

Graduate in engineering from the Regional Engineering College, Kozhikode

#### Directorships and Memberships

Managing Director of Popular Vehicles & Services Pvt. Limited, a leading and well reputed dealer of vehicles and automobile accessories in Kerala  
Managing trustee of Kuttukaran Foundation that runs the Kuttukaran Institute for HRD, a leading institution offering professional courses  
Served as the President of the Kerala Chamber of Commerce and Industry from 2005 to 2006  
Charter Member of TiE , Kerala, and Member of Board of Trustees – TiEGlobal  
President of Kerala Automobile Dealers Association

## George Joseph



### Education

Certified Associate of Indian Institute of Banking and Finance

Ranked first in the commerce stream in graduation from Kerala University

### Experience

Over 39 years of experience in the banking sector

Former Chairman and Managing Director of Syndicate Bank

Joined Syndicate Bank as an Executive Director on 1st April, 2006, and was elevated to the post of Chairman and Managing Director on 2nd August, 2008; subsequently retired from office on 30th April, 2009

Employed with Canara Bank for almost four decades before joining the Syndicate Bank

## Alexander M. George



### Education

MBA Graduate from Thunderbird University (USA), and an advanced diploma holder in Business Administration from Florida International University, Miami (USA)

### Experience

Currently heads the Marketing, Operations of the Company in northern, eastern and western India. Under his dynamic leadership and keen vision, the Company has enhanced its brand visibility through innovative marketing strategies, expanded its branch network, and implemented various IT initiatives that have benefited both customers and employees.

### Memberships

Served as the President of Indian Subcontinent Club at Thunderbird University, and has been a member of various committees at the university

## Pamela Anna Mathew



### Education

She holds a post graduate degree in Economics from Kerala University and in Business Administration from Cochin University

### Experience

A leading industrialist in Kerala, and a well-known business leader with a remarkable career spanning over 40 years

Currently, serving as the Managing Director of O/E/N India Limited

### Memberships

Served as Chairperson of social development & women empowerment panel for southern region of Confederation of Indian Industry

Was on the Board of Apprenticeship Training by the Ministry of Human Resource Development

Advisory board member of Vidyodaya Institute of Education Management, Cochin

Member of Academic Council of Cochin University of Science & Technology

Trustee of Global Public School, Cochin

### Awards

Awarded the CII award for best Chairperson at national level for outstanding contributions

# Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the **18th Annual Report** of the Company together with the audited financial statements for the year ended 31st March, 2015. The consolidated financial statement of the company is presented as part of this Annual Report.

## 1. FINANCIAL SUMMARY

The financial performance of your company for the year ended 31st March, 2015 are summarized below:

Particulars	Standalone		(₹ in Crores)
			Consolidated
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2015
Total Revenue	4,325	4,947	4,336
Total Expenses	3,297	3,754	3,308
Profit Before Tax	1,028	1,193	1,028
Tax expense	357	413	357
Profit for the year	671	780	671
Shareholders Funds	5,084	4,265	5,084
Total Liabilities	21,685	21,329	21,912
Total Assets	26,769	25,594	26,996

## 2. DIVIDEND

Based on Company's performance, your Directors are pleased to recommend for approval of the shareholders a dividend of 20% for Equity Shares of face value of ₹ 10 each (₹ 2/- per share) of the Company for the FY 2014-15 which is payable on obtaining the approval of the shareholders of the Company in the 18th Annual General Meeting.

The Company has during the year paid interim dividend of ₹ 4/- per equity share (40% of face value). The total dividend declared for FY 2014-15 is ₹ 6 per equity share (60% of face value).

The dividend payout amount including the dividend distribution tax will be ₹ 284 crores representing 42% of profit after tax for the year.

The list of unpaid dividend is available on the Company's website [www.muthootfinance.com](http://www.muthootfinance.com). Shareholders are requested to check the said list and if any dividend due to them is remaining unpaid in the said list, then shareholders can approach the company for release of unpaid dividend.

## 3. TRANSFER TO RESERVES

Your Board has transferred an amount of ₹ 134 crores to the Statutory Reserve maintained under Section 45IC of the RBI Act, 1934. An amount of ₹ 366 crores has been transferred to Debenture Redemption Reserve. Post transfer of profits to reserves and distribution of dividend, your Board proposes to retain ₹ 874 crores in the Profit and Loss Account.

## 4. ECONOMIC SCENARIO

Global economic recovery remained tepid and divergent across economies, with most emerging market economies experiencing slowdown. While advanced economies remain susceptible to the risk of deflation, inflationary pressures subsided in key emerging market economies giving leeway for easing monetary policy. Global commodity prices continue to decline. Financial markets were buoyant but volatile in pricing in policy developments in major economies.

The global economic activity appears to be stabilising, but with markedly divergent growth profiles between advanced and emerging economies, and between commodity exporters and importers. The collapse of international commodity prices, especially of crude oil,



seems to have reallocated demand across economies. Monetary policy stances across countries have been easing, including unconventionally, and market expectations on the timing of the US monetary policy normalisation have been pushed back. In response, there have been large movements in exchange rates and other asset prices. Reflecting risk appetite and search for yield, long-term yields have fallen to record lows amidst heightened volatility in financial markets. For commodity exporters, however, risk spreads have widened and currency depreciations have been sizable. Thus, even though financial conditions are easy and are being reflected in financial asset prices, the outlook for global growth remains moderate, held back by still-weak demand.

According to Economic Survey 2014-15 released by Department Of Economic Affairs, Government Of India, changing fortunes of India have been nothing short of dramatically positive. Inflation has declined by over 6 percentage points since late 2013, and the current account deficit has shrivelled from a peak of 6.7 percent of GDP (in Q3, 2012-13) to an estimated 1.0 percent in the fiscal year 2015-16. Foreign portfolio flows (of US\$ 38.4 billion since April 2014) have stabilized the rupee, exerting downward pressure on long-term interest rates, reflected in the yield on 10-year government securities, and contributed to the surge in equity prices (31 percent since April in rupee terms, and even more in US dollars, ranking it the highest amongst emerging markets). In a nearly 12-quarter phase of deceleration, economic growth averaged 6.7 percent but since 2013-14 has been growing at 7.2 percent on average. As a result of these improvements, India's macroeconomic position now compares favourably with other countries. In 2012, India was the most vulnerable country as measured by Macro-Vulnerability Index (MVI) value of 22.4, comprising an inflation rate of 10.2 percent, a budget deficit of 7.5 percent and a current account deficit of 4.7 percent of GDP, well above that in the other countries. Today, India's fortunes have improved dramatically and India demonstrated the greatest improvement in the MVI while many others maintained the status quo or showed only a marginal improvement or deteriorated dramatically. India ranks amongst the most attractive investment destinations, well above other countries. It ranks well above the mean for its investment grade category, and

also above the mean for the investment category above it (on the basis of the new growth estimates). Amongst BRICS (and other comparable countries) only China scores above India. The reality and prospect of high and rising growth, combined with macro economic stability, is the promise of India going forward.

## 5. COMPANY'S PERFORMANCE

Consequent to relaxation by Reserve Bank India (RBI) of LTV cap of 60% to 75% in January 2014, Company saw growth in retail loan portfolio, after continuous decline for 5 quarters, in second quarter of FY 2014-15. Thereafter, loan portfolio increased in the third and fourth quarter. Thus, Company's retail loan portfolio increased by ₹ 1,547 crores for FY 2014-15, a net growth of 7%, to ₹ 23,408 crores. During the year 38 branches were merged with nearby branches on account of lower volume of business vis-à-vis the merged branch and 13 branches were newly opened, thus ending the year with a branch network of 4245. Total income declined by 13% to ₹ 4,325 crores. Profit Before Tax declined by 14% to ₹ 1,028 crores and Profit After Tax by 14% to ₹ 671 crores. The Return on Average Retail Loans declined to 3.03% as compared to 3.22% in FY 2013-14. The cost of funds declined to 9.52% compared to 10.84% in fiscal 2013-14. Interest yield declined to 19.31% as compared to 20.27% in FY 2013-14. On account of the above, the Net Interest Margin improved to 9.79% as against 9.42% in FY 2013-14. The Company remitted to exchequer ₹ 394 crores as taxes.

## 6. RESOURCE MOBILIZATION

### (a) Non Convertible Debentures:

On account of changes in regulation with regard to raising money through private placement of non-convertible debentures by RBI in July 2013 and under Companies Act, 2013 from April 2014, Company's ability to raise resources through private placement got restricted. Company is, hence, focusing on ensuring that upon maturity of existing privately placed debentures, holders subscribe to debentures issued through Public Issue route.

Your Company successfully completed 8th, 9th, 10th and 11th Issue of Non-Convertible Debentures through Public Issue during FY 2014-15 raising ₹ 1,462 crores.

Your Company is thankful to all investors who have subscribed the debentures through Public Issue and shown their trust towards your Company.

Subordinated Debts represents long term source of funds for the Company and the amount outstanding as on 31st March, 2015 was ₹ 2,654 Crores. It qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Directions), 2007.

### (b) Bank Finance :

Commercial Banks continued their support to the Company during Financial Year. As of 31st March, 2015, borrowings from banks were ₹ 7,242 crores as against ₹ 5,803 crores in the previous year.

## 7. EQUITY SHARE ISSUANCES

### (a) Institutional Placement Programme

On April 29, 2014, your Company issued and allotted 25,351,062 Equity Shares at a price of ₹ 165 per Equity Share, amounting to an aggregate of ₹ 4,18.29 crores pursuant to an Institutional

Placement Programme under Chapter VIII – A of the SEBI ICDR Regulations which opened and closed on 25th April, 2014.

By Institutional Placement Programme, your company has achieved minimum public shareholding of 25% as required under Securities Contract Regulations Act, 1956.

### (b) Employee Stock Option

During the year, ESOP Committee of Board has allotted 902,589 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 654,141 options of ₹ 10 each for Loyalty Options and 248,448 options of ₹ 50/- each for Growth Options by Employees of the Company.

During the Financial Year, ESOP Committee of Board has granted 6,100 options of ₹ 10 each as Loyalty Options and 1,161,900 options of ₹ 50/- each as Growth Options to employees of the Company.

The Details of ESOP is annexed as Annexure 1A & 1B to this report.

## 8. CREDIT RATING

Your Company's debt instruments are rated by ICRA and CRISIL, two of the leading Credit Rating Agencies in the country. The Credit Ratings assigned to various instruments of the Company are as follows:

Credit Rating Agency	Instruments	Ratings	Limit in ₹ in Crs.
CRISIL	Commercial Paper	CRISIL A1+	4,000
	Subordinated Debts	CRISIL AA-/Stable	100
	Non Convertible Debentures	CRISIL AA-/Stable	500
ICRA	Commercial Paper	ICRA A1+	200
	Short Term Bank Borrowings*	ICRA A1+	8,222
	Subordinated Debts	ICRA AA-/Stable	100
	Non Convertible Debentures	ICRA AA-/Stable	200
	Long Term Bank Borrowings*	ICRA AA-/Stable	7,650

\* subject to overall rating of ₹ 11,134 crores for line of credit

## 9. INTERNAL AUDIT AND FINANCIAL CONTROL

The Company has a well placed, proper, adequate and documented internal control system commensurate with the size and nature of its business. The primary objective of the internal control system is to ensure that all its assets are safeguarded and protected and prevent any revenue leakage and losses to the Company. Such controls also enable reliable financial reporting.

The Company has an Audit and Inspection Department which conducts regular internal audits to examine the adequacy and compliance with policies, plans and statutory requirements. The Department through a team of 931 personnel ensures quality of the assets pledged and adherence to various risk management practices at all the operating units. The audit functions are decentralised to match the requirements of exercising proper control over nationwide network of the Company. This has been made possible by setting up a network of Regional

Audit Offices who exercise ground level control over operating units through frequent branch visits and offsite monitoring. The field level Auditors share their findings with Regional audit offices which is their first level of contact, under Corporate Office at Kochi.

The Internal Audit Team directly reports to the Audit Committee of the Company. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

The Audit Committee oversees the functioning of the audit team and reviews the effectiveness of internal control at all levels apart from laying down constructive suggestions for improving the audit function in the Company. The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices.

## 10. HUMAN RESOURCES

The Company has always considered its employees as its most important asset base and all measures introduced by the Company is aimed at providing employee satisfaction, enabling them to deliver better results year over year.

The Company during the year focused on rewarding employees for their loyalty through introduction of Employee Stock Option Plan. The Company has since allotted 902,589 shares to eligible employees under ESOPs.

The Company also took initiative towards introducing a transparent and progressive performance culture through development of Performance Score Cards.

One of the other major focus areas was in Training and development with introduction of e-learning modules with a view to impart knowledge in relevant areas of business management. As of 31st March, 2015, the company had 22,882 employees in its rolls at various organizational levels. The company has invested in terms of money and time in training its people assets by 154,962 training man-days, which shows your company's commitment towards its human resources. Two premier training establishments -Muthoot Management Academy

# 24.78 %

## Capital Adequacy Ratio

functioning at Kochi and New Delhi are taking care of the specialised training needs of our supervisory staff members. In addition, Regional Learning Centres attached to Regional Offices spread across the country undertake all the training programmes meant for branch staffs.

Apart from the statutory welfare measures like ESI, PF, Maternity Benefits, many other staff welfare benefits are provided to employees by the Company in the form of indirect compensation in order to motivate employees to perform better. 10,512 employees (outside the purview of ESI) are covered under a Group Mediclaim Insurance Policy which is of immense benefit to employees and their families for their hospitalisation needs. Company has also developed and provided schemes like Marriage Presentation, First Time Parent Presentation and Children's Educational Award, Onetime Compassionate Payment Scheme and a Personal Accident Compensation Scheme extended to the next of kin of employees who died while in harness.

## 11. PUBLIC DEPOSITS

The Company is a Systemically Important Non-Deposit Taking NBFC and hence has not accepted any public deposits.

## 12. CAPITAL ADEQUACY

Your Company's Capital Adequacy Ratio as of 31st March, 2015 stood at 24.78% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15%. Out of the above, Tier I capital ratio stood at 19.96%.

## 13. RBI GUIDELINES

Your Company has complied with all the applicable regulations prescribed by the Reserve Bank of India from time to time. Please refer note 42 of Notes on Accounts in Financial Statements for additional disclosure required under RBI Guidelines relating to auction of Gold Jewellery, accepted as collateral for loans extended, during FY 2014-15.

#### 14. INFORMATION ABOUT THE FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

Asia Asset Finance PLC, (AAF), a company listed in Colombo Stock Exchange, has become a subsidiary of your Company on 31st December, 2014, pursuant to acquisition of shares by the Company. Total consideration paid for the acquisition was ₹ 33.81 crores including

expenses incurred in connection with the acquisition. Your Company holds in aggregate 42.80 crores shares of AAF, representing 51% of its total equity share capital. AAF is a registered Financial Company with Central Bank of Sri Lanka and is mainly engaged in Vehicle Finance and Hire Purchase Activities. AAF has operations across Sri Lanka with 11 branches. Its major financial parameters for FY 2014-15 are as follows:

Parameters	Total Income	Profit Before Taxation	Profit After Taxation	Shareholder's Funds	Total Assets	Total Liabilities
Amount in INR (in Crores)	44	5	5	59	245	186
Amounts in LKR (in crores)	95	10	10	129	534	405

The profit of the subsidiary has doubled in FY 2014-15 in comparison to previous year and Board is hopeful that AAF will now be able to reduce its borrowing cost on account of improvement in its credit status by virtue of becoming part of our group and thus improve profitability in the coming years. Its loan portfolio will be further diversified on introduction of gold loan business.

The statement containing the salient feature of the financial statement of company's subsidiary is attached as Annexure - A to Standalone Financial Statements of the Company as required under Rule 5 of The Companies (Accounts) Rules, 2014.

There are no other Companies which have become or ceased to be Subsidiaries/ Associates/ Joint Ventures of the Company.

#### 15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Pursuant to Section 186(11)(a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non- Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantee have not been disclosed in this Report. The details of the Current Investments and Non- Current Investments of the Company are furnished under Note 13 & 10 respectively forming part of the Financial Statements for the year ended 31st March, 2015.

#### 16. EXTRACT OF ANNUAL RETURN

Extract of Annual Return as required under Companies Act, 2013 is annexed as Annexure 2.

#### 17. CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company along with its subsidiary prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act"), as applicable is provided in the Annual Report.

#### 18. RISK MANAGEMENT POLICY

Your Company has a Board approved Integrated Risk Management Policy which has laid down framework for identifying, assessing, measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks. Risk Management Committee of the Board has overall responsibility for overseeing the risk management activities of the Company approving measurement methodologies and appropriate risk management procedures across the organization. Risk Management Department periodically places its report on risk management to the Risk and Audit Committees of the Board.

#### 19. CORPORATE SOCIAL RESPONSIBILITY

Your Board has constituted a Corporate Social Responsibility committee in accordance with requirement

of Section 135 of Companies Act, 2013. Details of CSR committee is available in the report on Corporate Governance. CSR Committee has formulated and recommended a CSR policy which has been approved by the Board. The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The Details of CSR policy of the Company are available on the website of the Company at [www.muthootfinance.com/policy/CSR\\_MFin\\_Policy.pdf](http://www.muthootfinance.com/policy/CSR_MFin_Policy.pdf). The Annual Report on CSR activities as required under Companies (CSR Policy) Rules 2014 is attached to this report as Annexure 3.

## 20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into

during the year were on arm's length basis or were in ordinary course of business or with approval of the Audit Committee. The Board has formulated a policy on related party transactions, which is displayed on the web site of the Company at [www.muthootfinance.com/policy/related\\_party\\_transaction\\_policy.pdf](http://www.muthootfinance.com/policy/related_party_transaction_policy.pdf). During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Further, there were no material related party transactions which required approval of shareholders as required under clause 49 of equity Listing Agreement.

The details of related party and transactions with the related parties as required under clause 32(b) of the listing agreement appear on the note 35 of the Notes to Accounts.

## 21. AUDIT COMMITTEE

The Audit Committee of our Board was reconstituted vide board resolution dated 26th May, 2014 pursuant to Section 177 of the Companies Act 2013. The Audit Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
George Joseph	Chairman	Independent Director
John K Paul	Member	Independent Director
George Alexander Muthoot	Member	Managing Director

All recommendations of Audit Committee are accepted by your Board and details on Audit committee appear on the report on Corporate Governance.

## 22. VIGIL MECHANISM

Your Company believes in the conduct of its affairs as well as with its various constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. To achieve the above and as part of Vigil Mechanism, your company has formulated a Whistle Blower Policy in compliance with Companies Act, 2013 and Equity Listing Agreement. There is graded reporting structure under the Policy and also provides provision for direct access to Chairman of Audit Committee. The whistle blower policy is available at website of the company at [www.muthootfinance.com/policy/Whistle\\_Blower\\_v3\\_2015.pdf](http://www.muthootfinance.com/policy/Whistle_Blower_v3_2015.pdf).

## 23. LISTING

Equity Shares of your Company is listed in NSE India Ltd and BSE Ltd. Your company has paid required listing fees to Stock Exchanges.

## 24. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the requirements of the Companies Act, 2013, all the existing Independent Directors were appointed by members of the Company in 17th Annual General Meeting for a term of two years. During this period of 2 years, they shall not be liable to retire by rotation. Further, Managing Director and Whole Time Directors whose previous term were expiring on 31st March, 2015, were reappointed in 17th Annual General Meeting for period of 5 years from 1st April, 2015.

During the year, Company appointed Mr. Alexander M George and Ms Pamela Anna Mathew as Additional Directors in the Board and they hold the office till the date of the 18th Annual General Meeting. A notice has been received from members proposing their candidature for reappointment.

Mr. George Thomas Muthoot and Mr. George Jacob Muthoot, Directors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.



## 25. MEETING OF THE BOARD

During the Financial Year, your Board of Directors met six times :- on 26-05-2014, 13-06-2014, 11-08-2014, 30-09-2014, 05-11-2014 and 22-01-2015.

under Sec. 149(6) of Companies Act, 2013 and Listing Agreement. A statement by Managing Director confirming receipt of this declaration from Independent Directors is annexed to this report as Annexure 4.

## 26. DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have submitted disclosure that they meet the criteria of independence as provided

## 27. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

### a) Policy on Appointment and Remuneration Of Directors

Your Board, on recommendation of Nomination and Remuneration Committee, has formulated a policy for selection, appointment and remuneration of the directors, senior management personnel as required under Section 178(3) of Companies Act, 2013. Details of the said Policy is annexed to this report as Annexure 5.

The Nomination and Remuneration Committee comprises of the following directors:

Name of the Director	Designation in the Committee	Nature of Directorship
K John Mathew	Chairman	Independent Director
Kariath George John	Member	Independent Director
John K Paul	Member	Independent Director

Terms of reference of the Nomination and Remuneration Committee include the following:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with Criteria as laid down and recommend to Board their appointment and removal.
- Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- Determine and agree with the Board the framework for broad policy for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees.
- Review the on-going appropriateness and relevance of the remuneration policy.
- Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

### b) Performance evaluation of Board, Committees and Directors

The Board carried out annual evaluation of its

own performance, its Committees and individual Directors based on criteria and framework adopted by the Board and in accordance with existing regulations. The details of training, appointment, resignation and retirement of Directors, if any, are dealt with in the report of Corporate Governance. Brief details of profile of each Director appear in Annual Report of the Company.

During the year, a meeting of Independent Directors was held as required under Companies Act, 2013 and in Compliance with requirement under Schedule IV of the Act and Clause 49 of Equity Listing Agreement and discussed matters specified therein. All independent Directors were present in the meeting.

## 28. CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance norms as stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges. Detailed report on Corporate Governance is attached to this Report.

## 29. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis on the business of the Company is attached to this Report.

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

The information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is as follows:

#### a) Conservation of energy

Your Company being a Non-Banking Finance Company, its activities are not energy intensive. However, your Company has taken adequate measures for conservation of energy, wherever required

#### b) Technology Absorption

Your Company being a Non-Banking Finance Company, its activities do not require adoption any specific technology. However, your Company has been in the forefront in implementing latest information technologies & tools towards enhancing our customer convenience. The award winning, powerful yet easy-to-use, realtime online centralised core banking solution (CBS) developed inhouse enables our customers to do loan transactions within a few minutes, anywhere across the 4200+ Branches. The CBS forms our system backbone for meeting the transaction processing, backoffice and MIS needs efficiently and cost effectively too. While the customer is recognised across the branches through the unique customer ID, the system ensures better central control, compliance and management.

The online payment service 'WebPay' introduced during the year enables the customers to repay their loans over the Internet securely through any device including mobile phones, providing anywhere, anytime transactions facility.

Mobile number validation system introduced has enhanced the quality of our KYC data captured in the system. This helps us provide the customers useful and informative SMS alerts on transactions, repayment reminders and missed call facilities so as to track their accounts offline also.

Ensuring the safety of our customers' gold assets at Branches is enhanced by deploying our latest technology enabled centralized monitoring & surveillance systems across the Branches.

Our branches, including the remotest rural ones across the country, are fully automated with various IT solutions and

interconnected to provide the customers a suite of quick and convenient financial products & services. With the infusion of technology across, we walked ahead of time towards true Digital India and financial inclusion.

c) Total Foreign Exchange Earned	: NIL
Total Foreign Exchange Used	: ₹ 70.52 lakhs

### 31. AUDITS

#### a) Statutory Audit under section 139

The Company's auditors M/s Rangamani & Co. (Firm Reg No. 003050 S), Chartered Accountants, Alleppey have already completed more than ten years as Statutory Auditors of the Company. In accordance with provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, they can continue as Statutory Auditors for a further period of two years. It is proposed to appoint them for a further period of two year from the conclusion of 18th Annual General Meeting till the conclusion of 20th Annual General Meeting subject to ratification of their appointment at the 19th Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it shall be in accordance with the provisions of Section 141 of the Companies Act, 2013.

#### b) Secretarial Audit under section 204

The Board had appointed M/s KSR & Co. LLP, Company Secretaries, Coimbatore to conduct Secretarial Audit for FY 2014-15. Their Secretarial Audit report is annexed to this report as Annexure 6.

#### c) Explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for FY 2014-15

There are no qualification, reservation or adverse remark or disclaimer on audits under Section 139 and Section 204 of Companies Act, 2013 for FY 2014-15.

### 32. REPORTING ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and rules framed thereunder.

### 33. PERSONNEL

The Disclosure required under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as Annexure 7.

### 34. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

There are no material orders passed by the regulators or courts or tribunals, which could impact the going concern status of the Company and its future operations.

### 35. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Your Board has given in principle approval for investing upto ₹ 50 crores in Muthoot Homefin (India) Ltd (MHIL), a Housing Finance Company registered with National Housing Bank (NHB), subject to regulatory approvals, if any. MHIL is having paid up capital of ₹ 10.50 crores and promoted by the promoters of Muthoot Finance Limited. MHIL had received the license for operation from NHB on 19th May, 2014. MHIL is engaged in business of housing finance. By virtue of the above proposed investment, the said company will be subsidiary of the Company. However, Company has not invested any amount in MHIL as of the date of the Board report.

On 4th June, 2015, ESOP Committee of Board of Directors of your company has allotted 33,541 equity shares of face value of ₹ 10 each under Muthoot ESOP 2013 pursuant to exercise of 21,641 options of ₹ 10 each for Loyalty Options (face value ₹ 10 each) and 11,900 options of ₹ 50/- each for Growth Options (face value ₹ 10 each) by employees of the Company as per ESOP 2013 scheme of the Company.

### 36. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 with regard to Director's Responsibility Statement, Directors state that:—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 37. ACKNOWLEDGEMENT

Your Directors thank the Company's stakeholders in large including investors, customers, banks, financial institutions, rating agencies, debenture holders, debenture trustees and well-wishers for their continued support during the year. Your Directors place on record their appreciation of the contribution made by the employees of your Company at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, cooperation and support. The Board sincerely expresses its gratitude to Reserve Bank of India, Securities and Exchange Board of India and Ministry of Corporate Affairs for the guidance and support received from them including officials there at from time to time.

### 38. FORWARDING LOOKING STATEMENTS

This Report(s) may contain certain forward looking statements within the provisions of Listing Agreements and hence reasonable caution is to be exercised while relying on these statements.

For and On Behalf of the Board of Directors

**M G George Muthoot**  
Chairman

**Registered Office:**  
2nd Floor, Muthoot Chambers,  
Opposite Saritha Theatre Complex,  
Banerji Road, Kochi – 682 018

Place: Kochi  
Date: 22nd July, 2015

# Annexure 1A

for the year ended 31st March, 2015

## STATUTORY DISCLOSURES REGARDING ESOP

Particulars	ESOP 2013 - Tranche 1			ESOP 2013 - Tranche 2			ESOP 2013 - Tranche 3							
	Loyalty		Grant B No. of Options	Loyalty		Grant A No. of Options	Grant B		Grant A No. of Options					
	No. of Options	Exercise price (₹)		No. of Options	Exercise price (₹)		No. of Options	Exercise price (₹)						
1 Options outstanding at the beginning of the year	1,545,200	10/-	3,527,800	50/-	1,553,500	50/-	-	-	-					
2 Options granted during the year	-	-	-	-	-	-	6100	10/-	456,000	50/-	380,900	50/-	325,000	50/-
3 Options exercised during the year	654,141	10/-	243,840	50/-	-	-	-	-	-	-	4,608	50/-	-	-
4 Options vested during the year	742,575	10/-	333,800	50/-	-	-	-	-	-	-	6,000	50/-	-	-
5 Forfeited/Lapsed during the year	107,242	10/-	439,370	50/-	317800	50/-	750	10/-	40,800	50/-	84,700	50/-	-	-
6 Options outstanding at the end of the year	783,817	10/-	2,844,390	50/-	1235700	50/-	5850	10/-	415,200	50/-	291,592	50/-	325,000	50/-
7 Total Number of Options in force as on 31st March, 2015	590,1049													

Other details are as under :-

8 Money realised by exercise of options	18,963,810	
9 Pricing Formula :- Tranche 1, 2 & 3	₹ 10/- per option	
a) Loyalty option	₹ 50/- per option	
b) Growth option	None	
10 Directors and Employees to whom options were granted during the year :-	Name & Designation of Employee	
i) Director(s) including Managing Director and Senior Managerial personnel	No of options granted	
	Grant A	
	100,000	
	125,000	
ii) Other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	Name of employee	
	No of options granted	
	Grant A	
	100,000	
iii) Identified employees who were granted option during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None	
11 Variations of terms of Options	Nil	
12 Diluted Earnings Per Share (EPS)	₹ 16.80/- per Share	
13 i) Method of calculation of employee compensation cost	Intrinsic value method	
ii) Difference between the employee compensation and cost so computed at i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options	Employee compensation cost as per Intrinsic value method - ₹ 1,948.98 lakhs Employee compensation cost as per Fair value method using Black Scholes Model - ₹ 1,801.24 lakhs Difference in costs - ₹ 147.75 lakhs	

	Loyalty	Grant A	Grant B
14 Weighted Average exercise price of options whose:-			
i) Exercise price either equals market price (₹) or	Nil	Nil	Nil
ii) Exercise price greater than market price (₹) or	Nil	Nil	Nil
iii) Exercise price less than market price (₹)	10/-	50/-	50/-
15 Weighted Average fair price of options whose:-			
i) Exercise price either equals market price (₹) or	Nil	Nil	Nil
ii) Exercise price greater than market price (₹) or	Nil	Nil	Nil
iii) Exercise price less than market price (₹)	100.33/-	70.95/-	71.20/-
Tranche 1	164.23/-	128.48/-	126.92/-
Tranche 2	NA	159.37/-	NA
Tranche 3			

Impact of fair value method on net profit and on EPS :-

Particulars	As at 31st March, 2015
Net Profit as reported (₹ In lacs)	67,052.41
Proforma Net Profit based on fair value approach (₹ In lacs)	67,200.16
Basic EPS as reported (₹)	16.97/- per Share
Basic EPS ( Proforma) (₹)	17.00/- per Share
Diluted EPS as reported (₹)	16.80/- per Share
Diluted EPS ( Proforma) (₹)	16.84/- per Share

In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.

## 16. DESCRIPTION OF THE METHOD AND SIGNIFICANT ASSUMPTIONS USED TO ESTIMATE FAIR VALUE:-

The Securities Exchange Board of India (SEBI) has prescribed two methods to account for employee stock options; (1) the intrinsic value method; (2) the fair value method. The company adopts the intrinsic value method to account for the stock options it grants to the employees. Intrinsic value is the amount, by which the quoted closing market price of the underlying shares as on the date of grant exceeds the exercise price of the option. The fair value of the option is estimated on the date of grant using Black Scholes options pricing model with following assumptions:-

Particulars	Year ended 31st March, 2015					
	ESOP 2013 - Tranche 1		ESOP 2013 - Tranche 2		ESOP 2013- Tranche 3	
	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B
i) Exercise Price per share (₹)	10/-	50/-	50/-	10/-	50/-	50/-
ii) Vesting Period (Years)	1-2	1-5	2-6	1-2	1-5	2-6
iii) Price of Share in market at the time of Grant of options (₹)	117.30/-	117.30/-	117.30/-	184.30/-	184.30/-	184.30/-
iv) Weighted Average fair price of options (₹)	100.33/-	70.95/-	71.20/-	164.23/-	128.48/-	126.92/-
v) Expected Volatility (%)	57.68	57.68	57.68	53.96	53.96	53.96
vi) Expected Life of the options granted ( years )	1.5-2.5	1.5-5.5	2.5-6.5	1.5-2.5	1.5-5.5	2.5-6.5
vii) Weighted Average Contractual Life of the options granted (years)	2	4	5	2	4	5
viii) Average Risk Free Interest rate (% p.a)	8.4-8.45	8.4-8.8	8.4-8.95	8.32-8.35	8.26-8.35	8.24-8.32
ix) Expected Dividend Yield (%)	3.84	3.84	3.84	3.26	3.26	3.26
						2.74



# Annexure 1B

for the year ended 31st March, 2015

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## CERTIFICATE ON ESOP SCHEME UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEES STOCK PURCHASE SCHEME ) GUIDELINES, 1999 TO THE MEMBERS OF MUTHOOT FINANCE LIMITED

We have reviewed the "Muthoot ESOP 2013" scheme and the related records of Muthoot Finance Limited ("the Company") for the year ended March 31 2015 in connection with the issuance of stock options under the scheme.

Based on our review and according to the information and explanations provided to us, we certify that the above scheme has been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 and in accordance with the resolutions of the Company passed in the general meeting held on September 27, 2013.

For **Rangamani & Co**  
Chartered Accountants  
(FRN: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Membership No. 020566

Place: **Kochi**

Date: **5th May, 2015**

## Annexure 2

### FORM No. MGT 9

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

#### I REGISTRATION & OTHER DETAILS:

i	CIN	L65910KL1997PLC011300
ii	Registration Date	14-03-1997
iii	Name of the Company	MUTHOOT FINANCE LIMITED
iv	Category of the Company	Public Company
v	<b>Address of the Registered office &amp; contact details</b>	
	Address	Muthoot Chambers, Opp Saritha Theatre Complex
	Town/ City	2nd Floor, Banerji Road, Kochi
	State	Ernakulam -682018
	Country Name	India
	Telephone (with STD Code)	0484 2394712
	Fax Number	0484 2396506
	Email Address	mails@muthootgroup.com
	Website, if any	www.muthootfinance.com
vi	Whether listed company	Yes
vii	<b>Name and Address of Registrar &amp; Transfer Agents ( RTA ):-</b>	
	Name of RTA	LINKINTIME INDIA PRIVATE LIMITED
	Address	Surya 35, Mayflower Avenue
	Town/ City	Behind Senthil Nagar, Sowripalayam Road
	State	Coimbatore
	Pin Code	641028
	Telephone	0422 2314792
	Fax Number	0422 2314792
	Email Address	coimbatore@linkintime.co.in

#### II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

**All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-**

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Loan (Financing) against collateral of Gold Jewellery	64-649	98.77%

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	ASIA ASSET FINANCE PLC No.76/1, Dharmapala Mawatha, Colombo 03, Sri Lanka	NA	Foreign Subsidiary	51%	Section 2(87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	297,797,872	0	297,797,872	80.11%	297,797,872	0	297,797,872	74.82%	5.29%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Banks/ FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>(2) Foreign</b>									
a) NRI - Individual/	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other - Individual/	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks/ FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any Others	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Total shareholding of Promoter (A)</b>	<b>297,797,872</b>	<b>0</b>	<b>297,797,872</b>	<b>80.11%</b>	<b>297,797,872</b>	<b>0</b>	<b>297,797,872</b>	<b>74.82%</b>	<b>5.29%</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3,923,273	0	3,923,273	1.06%	20,289,217	0	20,289,217	5.09%	4.03%
b) Banks/ FI	25,490	0	25,490	0.01%	5,741	0	5,741	0.00%	0.01%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FII's	38,317,834	0	38,317,834	10.30%	43,961,755	0	43,961,755	11.04%	0.74%
h) Foreign Venture Capital Funds	1,000	0	1,000	0.00%	0	0	0	0.00%	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	<b>42,267,597</b>	<b>0</b>	<b>42,267,597</b>	<b>11.37%</b>	<b>64,256,713</b>	<b>0</b>	<b>64,256,713</b>	<b>16.13%</b>	<b>5.00%</b>

### i. Category-wise Share Holding (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	3,371,256	0	3,371,256	0.91%	7,370,189	0	7,370,189	1.85%	0.94%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	5,559,567	8,517	5,568,084	1.50%	4,839,853	517	4,840,370	1.22%	0.28%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,998,560	0	1,998,560	0.54%	955,489	0	955,489	0.24%	0.30%
c) Others (specify)	20,709,399	0	20,709,399	5.57%	22,745,786	0	22,745,786	5.72%	0.15%
<b>Sub-total (B)(2):-</b>	<b>31,638,782</b>	<b>8,517</b>	<b>31,647,299</b>	<b>8.52%</b>	<b>35,911,317</b>	<b>517</b>	<b>35,911,834</b>	<b>9.03%</b>	<b>0.51%</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>73,906,379</b>	<b>8,517</b>	<b>73,914,896</b>	<b>19.88%</b>	<b>100,168,030</b>	<b>517</b>	<b>100,168,547</b>	<b>25.17%</b>	<b>5.29%</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Grand Total (A+B+C)</b>	<b>371,704,251</b>	<b>8,517</b>	<b>371,712,768</b>	<b>100.00</b>	<b>397,965,902</b>	<b>517</b>	<b>397,966,419</b>	<b>100.00%</b>	<b>100.00%</b>

### ii Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2014			Share holding at the end of the year 31.03.2015			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	M G George Muthoot	47,385,132	12.75%	0.00%	47,385,132	11.91%	0.00%	0.84%
2	George Alexander Muthoot	44,464,400	11.96%	0.00%	44,464,400	11.17%	0.00%	0.79%
3	George Jacob Muthoot	44,464,400	11.96%	0.00%	44,464,400	11.17%	0.00%	0.79%
4	George Thomas Muthoot	44,464,400	11.96%	0.00%	44,464,400	11.17%	0.00%	0.79%
	<b>Total</b>	<b>180,778,332</b>	<b>48.63%</b>	<b>0.00%</b>	<b>136,313,932</b>	<b>45.42%</b>	<b>0.00%</b>	<b>3.21%</b>

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

There are no changes in the Promoter's shareholding during the Financial Year 2014-15. The percentage change in the Promoters holding is due to increase in the paid up share capital of the company

#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
1	Birla Sun Life Trustee Company Private Limited A/C							
		3,281,057	0.88				3,281,057	0.88
		97,800	0.03	04.04.2014	97,800	Market Purchase	3,378,857	0.91
		635,498	0.17	11.04.2014	635,498		4,014,355	1.08
		1,000,000	0.27	25.04.2014	(1,000,000)	Market Sale	3,014,355	0.81
		5,088,860	1.28	09.05.2014	5,088,860		8,103,215	2.04
		128,395	0.03	23.05.2014	128,395		8,231,610	2.07
		260,000	0.07	30.05.2014	260,000		8,491,610	2.14
		21,333	0.01	06.06.2014	21,333	Market Purchase	8,512,943	2.14
		21,490	0.01	13.06.2014	21,490		8,534,433	2.15
		190,000	0.05	04.07.2014	190,000		8,724,433	2.20
		117,600	0.03	15.08.2014	117,600		8,842,033	2.23
		15,300	0.00	22.08.2014	15,300		8,857,333	2.23
		95,000	0.02	29.08.2014	(95,000)		8,762,333	2.21
		225,592	0.06	05.09.2014	(225,592)	Market Sale	8,536,741	2.15
		175,000	0.04	12.09.2014	(175,000)		8,361,741	2.11
		243,406	0.06	30.09.2014	243,406	Market Purchase	8,605,147	2.17
		119,000	0.03	10.10.2014	119,000		8,724,147	2.20
		100,000	0.03	07.11.2014	(100,000)	Market Sale	8,624,147	2.17
		117,800	0.03	14.11.2014	117,800	Market Purchase	8,741,947	2.20
		18,695	0.00	21.11.2014	(18,695)		8,723,252	2.20
		50,000	0.01	28.11.2014	(50,000)		8,673,252	2.18
		75,000	0.02	19.12.2014	(75,000)	Market Sale	8,598,252	2.17
		846,773	0.21	09.01.2015	(846,773)		7,751,479	1.95
		1,054,660	0.27	23.01.2015	1,054,660	Market Purchase	8,806,139	2.21
		40,800	0.01	06.02.2015	40,800		8,846,939	2.22
		200,000	0.05	27.02.2015	(200,000)		8,646,939	2.17
		33,057	0.01	20.03.2015	(33,057)	Market Sale	8,613,882	2.16
		100,000	0.03	27.03.2015	100,000	Market Purchase	8,713,882	2.19
		8,713,882	2.19				8,713,882	2.19
2	Government of Singapore ##							
		0.00	0.00				0	0.00
		4,669,556	1.17	09.05.2014	4,669,556		4,669,556	1.18
		11,029	0.00	16.05.2014	11,029		4,680,585	1.18
		7,870	0.00	11.07.2014	7,870	Market Purchase	4,688,455	1.18
		67,593	0.02	18.07.2014	67,593		4,756,048	1.20
		574,454	0.14	01.08.2014	574,454		5,330,502	1.34
		3,498,931	0.88	08.08.2014	3,498,931		8,829,433	2.22



#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
		82,862	0.02	21.11.2014	(82,862)		8,746,571	2.20
		649,833	0.16	16.01.2015	(649,833)	Market Sale	8,096,738	2.04
		20,362	0.01	30.01.2015	20,362	Market Purchase	8,117,100	2.04
		44,052	0.01	13.02.2015	(44,052)	Market Sale	8,073,048	2.03
		8,073,048	2.03				8,073,048	2.03
3	ICICI Prudential Banking And Financial Services Fund ##	0.00	0.00				0	0.00
			0.14	09.05.2014	547,033		0	0.14
			0.07	23.05.2014	283,042		0	0.21
			0.04	30.05.2014	179,565		0	0.25
			0.01	06.06.2014	20,435		0	0.26
			0.03	13.06.2014	133,608		0	0.29
			0.11	04.07.2014	421,269		0	0.40
			0.04	01.08.2014	150,000		0	0.44
			0.04	08.08.2014	190,115		0	0.48
			0.08	15.08.2014	319,532		0	0.57
			0.00	22.08.2014	200		0	0.57
			0.02	31.10.2014	66,343		0	0.58
			0.02	07.11.2014	75,711		0	0.60
			0.15	14.11.2014	608,786		0	0.75
			0.06	21.11.2014	235,045		0	0.81
			0.04	28.11.2014	164,955	Market Purchase	0	0.86
			0.01	05.12.2014	21,823		0	0.86
			0.04	12.12.2014	156,346		0	0.90
			0.04	19.12.2014	156,184		0	0.94
			0.02	31.12.2014	66,722		0	0.96
			0.01	02.01.2015	22,868		0	0.96
			0.01	09.01.2015	41,200		0	0.97
			0.32	16.01.2015	1,265,950		0	1.29
			0.06	23.01.2015	225,234		0	1.35
			0.04	30.01.2015	169,185		0	1.39
			0.14	06.02.2015	572,536		0	1.53
			0.03	13.02.2015	103,049		0	1.56
			0.05	20.02.2015	194,961		0	1.61
			0.02	27.02.2015	64,034		0	1.62
			0.00	06.03.2015	11,653		0	1.63
		6,467,384	1.63				6,467,384	1.63

#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
4	Baring India Private Equity Fund III Limited	6,404,256	1.72				6,404,256	1.72
				06.03.2015	(1,236,365)	Market Sale	6,404,256	1.30
		5,167,891	1.30				5,167,891	1.30
5	Goldman Sachs India Fund Limited ##	950,703	0.26				950,703	0.26
			0.01	04.04.2014	31,874		950,703	0.26
			0.02	11.04.2014	50,595		950,703	0.28
			0.04	09.05.2014	214,511		950,703	0.32
			0.05	20.06.2014	217,481		950,703	0.37
			0.02	05.09.2014	78,311		950,703	0.39
			0.19	14.11.2014	752,397		950,703	0.58
			0.03	21.11.2014	136,978		950,703	0.62
			0.03	12.12.2014	121,548		950,703	0.64
			0.04	23.01.2015	153,512	Market Purchase	950,703	0.68
			0.06	30.01.2015	222,345		950,703	0.74
			0.17	06.02.2015	659,846		950,703	0.90
			0.11	13.02.2015	417,972		950,703	1.01
			0.10	27.02.2015	395,153		950,703	1.11
			0.14	06.03.2015	563,833		950,703	1.25
	0.01	27.03.2015	20,000		950,703	1.25		
	0.03	31.03.2015	110,000		950,703	1.28		
	5,097,059	1.28			5,097,059	1.28		
6	Baring India Private Equity Fund III Listed Investments Limited	5,056,858	1.36				5,056,858	1.36
				23.05.2014	(40,000)		5,056,858	1.26
				30.05.2014	(52,200)		5,056,858	1.25
				06.06.2014	(25,700)		5,056,858	1.24
				13.06.2014	(11,507)	Market Sale	5,056,858	1.24
				27.02.2015	(97,401)		5,056,858	1.21
				06.03.2015	(2,900)		4,827,150	1.21
		4,827,150	1.21				4,827,150	1.21

#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
7	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund ##	0	0.00				0	0.00
			0.84	09.05.2014	3,341,351	Market Purchase	3,341,351	0.84
			0.00	23.05.2014	(11,950)		3,341,351	0.84
			0.00	06.06.2014	(17,224)		3,341,351	0.83
			0.04	13.06.2014	(149,400)		3,341,351	0.80
			0.02	20.06.2014	(97,000)		3,341,351	0.77
			0.05	30.06.2014	(214,406)	Market Sale	3,341,351	0.72
			0.05	04.07.2014	(200,000)		3,341,351	0.67
			1.04	11.07.2014	(173,500)		3,341,351	0.62
			0.01	18.07.2014	(56,600)		3,341,351	0.61
			0.00	31.10.2014	2,664	Market Purchase	3,341,351	0.61
			0.00	14.11.2014	95		3,341,351	0.61
			0.00	21.11.2014	4		3,341,351	0.61
			0.03	09.01.2015	100,000		3,341,351	0.64
			0.00	16.01.2015	4		3,341,351	0.63
			0.32	23.01.2015	1,283,800		3,341,351	0.96
			0.05	30.01.2015	200,000		3,341,351	0.01
			0.12	06.02.2015	477,820		3,341,351	1.13
			0.00	20.02.2015	(92)	Market Sale	3,341,351	1.13
			0.03	06.03.2015	100,000		3,341,351	1.15
			0.01	13.03.2015	31,000	Market Purchase	3,341,351	1.16
			0.01	20.03.2015	49,970		3,341,351	1.17
			0.01	27.03.2015	39,009		3,341,351	1.18
		4,705,545	1.18				4,705,545	1.18
8	Acacia Partners, LP ##	1,800,000	0.48				1,800,000	0.48
				18.04.2014	32,400		1,800,000	0.49
				25.04.2014	430,200	Market Purchase	1,800,000	0.61
				09.05.2014	781,796		1,800,000	0.77
				06.03.2015	1,035,604		1,800,000	1.03
		4,080,000	1.03				4,080,000	1.03

#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
9	Acacia Institutional Partners, LP ##	1,200,000	0.32				1,200,000	0.32
				18.04.2014	21,600		1,200,000	0.33
				25.04.2014	286,800	Market Purchase	1,200,000	0.41
				09.05.2014	521,198		1,200,000	0.51
				06.03.2015	531,378		1,200,000	0.64
				13.03.2015	799,024		1,200,000	0.84
					3,360,000		3,360,000	0.84
10	Kotak India Private Equity Fund	3,042,022	0.82				3,042,022	0.82
		-	-				-	-
		3,042,022	0.76				3,042,022	0.76
11	Allard Growth Fund **	4,709,528	1.27				4,709,528	1.27
			0.02	04.04.2014	(84,275)		4,709,528	1.24
			0.01	11.04.2014	(32,583)		4,709,528	1.23
			0.01	18.04.2014	(18,023)		4,709,528	1.23
			0.03	16.05.2014	(103,189)		4,709,528	1.13
			0.11	23.05.2014	(452,858)		4,709,528	1.01
			0.06	06.06.2014	(233,556)		4,709,528	0.95
			0.01	30.09.2014	(46,213)	Market Sale	4,709,528	0.94
			0.01	03.10.2014	(51,801)		4,709,528	0.93
			0.00	24.10.2014	(11,570)		4,709,528	0.93
			0.01	31.10.2014	(32,923)		4,709,528	0.92
			0.01	07.11.2014	(29,845)		4,709,528	0.91
			0.03	14.11.2014	(131,561)		4,709,528	0.88
			0.01	21.11.2014	(52,280)		4,709,528	0.86
			0.01	28.11.2014	(20,489)		4,709,528	0.86
			0.06	23.01.2015	257,173	Market Purchase	4,709,528	0.92
			0.06	30.01.2015	(258,105)	Market Sale	4,709,528	0.86
			0.15	06.02.2015	(590,981)		4,709,528	0.71
	0.02	06.03.2015	62,157	Market Purchase	4,709,528	0.72		
	0.01	13.03.2015	47,845		4,709,528	0.74		
			2,926,451		2,926,451	0.74		

#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
12	The Wellcome Trust Limited **	7,500,000	2.02				7,500,000	2.02
				30.05.2014	(21,000)		7,500,000	1.88
				06.06.2014	(121,819)		7,500,000	1.85
				13.06.2014	(112,940)		7,500,000	1.82
				22.08.2014	(54,386)		7,500,000	1.81
				19.09.2014	(66,395)		7,500,000	1.79
				30.09.2014	(123,460)		7,500,000	1.76
				12.12.2014	(34,281)		7,500,000	1.75
				09.01.2015	(145,000)		7,500,000	1.72
				16.01.2015	(455,000)	Market Sale	7,500,000	1.60
				23.01.2015	(1,715,719)		7,500,000	1.17
				30.01.2015	(650,000)		7,500,000	1.01
				06.02.2015	(86,499)		7,500,000	0.98
				13.02.2015	(573,311)		7,500,000	0.84
				20.02.2015	(393,965)		7,500,000	0.74
				27.02.2015	(223,000)		7,500,000	0.68
				06.03.2015	(250,000)		7,500,000	0.62
				13.03.2015	(151,500)		7,500,000	0.58
				20.03.2015	(635)		7,500,000	0.58
		2,321,090	0.58				2,321,090	0.58
13	Merrill Lynch Capital Markets Espana S.A. S.V. **	3,905,306	1.05				3,905,306	1.05
		3,190	0.00	30.06.2014	(3,190)	Market Sale	3,902,116	0.98
		18,000	0.00	18.07.2014	18,000	Market	3,920,116	0.99
		10,000	0.00	25.07.2014	10,000	Purchase	3,930,116	0.99
		4,120	0.00	01.08.2014	(4,120)	Market Sale	3,925,996	0.99
		45,595	0.01	08.08.2014	45,595		3,971,591	1.00
		38,967	0.00	22.08.2014	38,967	Market	4,010,558	1.01
		37,274	0.01	29.08.2014	37,274	Purchase	4,047,832	1.02
		40,576	0.01	05.09.2014	40,576		4,088,408	1.03
		46,918	0.01	12.09.2014	(46,918)		4,041,490	1.02
		159,798	0.04	19.09.2014	(159,798)	Market Sale	3,881,692	0.98
		36,689	0.01	14.11.2014	(36,689)		3,845,003	0.97
		4,760	0.00	21.11.2014	4,760	Market Purchase	3,849,763	0.97



#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
		25,000	0.01	05.12.2014	(25,000)		3,824,763	0.96
		7,380	0.01	12.12.2014	(7,380)		3,817,383	0.96
		4,436	0.00	19.12.2014	(4,436)	Market Sale	3,812,947	0.96
		4,940	0.00	31.12.2014	(4,940)		3,808,007	0.96
		39,925	0.01	09.01.2015	(39,925)		3,768,082	0.95
		85,420	0.02	23.01.2015	85,420	Market Purchase	3,853,502	0.97
		66,741	0.02	30.01.2015	(66,741)		3,786,761	0.95
		13	0.00	06.02.2015	(13)		3,786,748	0.95
		3,869	0.00	13.02.2015	(3,869)		3,782,879	0.95
		8,099	0.00	20.02.2015	(8,099)	Market Sale	3,774,780	0.95
		115,784	0.03	27.02.2015	(115,784)		3,658,996	0.92
		1,346,808	0.34	06.03.2015	(1,346,808)		2,312,188	0.58
		267,804	0.07	13.03.2015	(267,804)		2,044,384	0.51
		2,044,384	0.51				2,044,384	0.51
14	Alliance Bernstein India Growth Fund (Mauritius) Limited **							
		1,988,260	0.53				1,988,260	0.53
		15,882	0.01	02.05.2014	15,882	Market Purchase	2,004,142	0.54
		244,118	0.06	09.05.2014	244,118		2,248,260	0.57
		169,618	0.04	14.11.2014	(169,618)		2,078,642	0.52
		30,150	0.01	21.11.2014	(30,150)		2,048,492	0.52
		23,259	0.01	05.12.2014	(23,259)		2,025,233	0.51
		39,992	0.01	12.12.2014	(39,992)	Market Sale	1,985,241	0.50
		143,221	0.04	09.01.2015	(143,221)		1,842,020	0.46
		210,562	0.05	30.01.2015	(210,562)		1,631,458	0.41
		15,053	0.00	27.02.2015	(15,053)		1,616,405	0.41
		80,508	0.02	06.03.2015	(80,508)		1,535,897	0.39
		1,535,897	0.39				1,535,897	0.39
15	ACM Bernstein Emerging Market Growth Portfolio **							
		2,034,457	0.55				2,034,457	0.55
				02.05.2014	(21,490)		2,034,457	0.54
				16.05.2014	(15,030)		2,034,457	0.50
				30.05.2014	(23,800)		2,034,457	0.50
				11.07.2014	(43,330)		1,930,807	0.49
				15.08.2014	(36,430)		1,930,807	0.48
				29.08.2014	(17,850)		1,930,807	0.47
				10.10.2014	(40,761)		1,835,766	0.46
				17.10.2014	(11,089)		1,835,766	0.46
				31.10.2014	(22,550)		1,835,766	0.45

#### iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during of the year	
		No. of shares at beginning of year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company				No. of shares	% of total shares of the company
				14.11.2014	(196,356)		1,835,766	0.40
				21.11.2014	(34,903)	Market Sale	1,835,766	0.39
				05.12.2014	(26,925)		1,835,766	0.38
				12.12.2014	(46,295)		1,835,766	0.37
				19.12.2014	(30,922)		1,835,766	0.36
				09.01.2015	(160,352)		1,835,766	0.33
				16.01.2015	(13,688)		1,835,766	0.32
				30.01.2015	(306,357)		1,835,766	0.25
				06.02.2015	(160)		1,835,766	0.25
				13.02.2015	(744)		1,835,766	0.25
				20.02.2015	(14,676)		1,835,766	0.24
				27.02.2015	(21,657)		1,835,766	0.23
				06.03.2015	(108,010)		1,835,766	0.21
		841,082	0.21				841,082	0.21
16	Matrix Partners India Investments, LLC **							
		5,651,178	1.52				5,651,178	1.52
				01.08.2014	(5,651,178)	Market Sale	0	0.00
		0.00	0.00				0	0.00

\*\* Ceased to be in the list of Top 10 shareholder as on 31st March, 2015. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 31st March, 2014

## Not in the list of Top 10 shareholders as on 31st March, 2014. The same is reflected above since the shareholder is one of the Top 10 shareholder as on 31st March, 2015

#### v Shareholding of Directors and Key Managerial Personnel:

Name of director/KMP	Shareholding at the beginning of the year		Changes during the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	Reason	No. of shares	% of total shares of the company
<b>A. DIRECTORS</b>						
M G George Muthoot Chairman & Whole time Director	47,385,132	12.75%	-	-	47,385,132	11.91%
George Alexander Muthoot Managing Director	44,464,400	11.96%	-	-	44,464,400	11.17%
George Jacob Muthoot Whole Time Director	44,464,400	11.96%	-	-	44,464,400	11.17%

## v Shareholding of Directors and Key Managerial Personnel: (Contd.)

Name of director/ Key Managerial Personnel	Shareholding at the beginning of the year		Changes during the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	Reason	No. of shares	% of total shares of the company
George Thomas Muthoot Whole Time Director	44,464,400	11.96%	-	-	44,464,400	11.17%
Alexander M George Additional Director	6,772,500	1.82%	-	-	6,772,500	1.70%
George Joseph Independent Director	1,134	0.00%	-	-	1,134	0.00%
John K Paul Independent Director	469	0.00%	469	Market Sale	0	0.00%
K George John Independent Director	NIL	0.00%	-	-	0	0.00%
K John Mathew Independent Director	NIL	0.00%	-	-	0	0.00%
Pamela Anna Mathew Additional Director		0.00%	-	-	0	0.00%
<b>B. KEY MANAGERIAL PERSON</b>						
Oommen K Mammen Chief Financial Officer	1,834	0.00%	-	-	1,834	0.00%
Maxin James Company Secretary	NIL	0.00%	-	-	0.00	0.00%

## V INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount		164,347,710,630.87	30,490,787,658.30	0.00	194,838,498,289.17
ii) Interest due but not paid		254,093,615.87	3,359,663.00	0.00	257,453,278.87
iii) Interest accrued but not due		7,183,990,444.82	8,098,178,294.24	0.00	15,282,168,739.06
<b>Total (i+ii+iii)</b>		<b>171,785,794,691.56</b>	<b>38,592,325,615.54</b>	<b>0.00</b>	<b>210,378,120,307.10</b>
	Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
* Addition			4,968,616,166.43	0.00	4,968,616,166.43
* Reduction		(2,288,646,463.81)	-	0.00	(2,288,646,463.81)
<b>Net Change</b>		<b>(2,288,646,463.81)</b>	<b>4,968,616,166.43</b>	<b>0.00</b>	<b>2,679,969,702.62</b>
	Indebtedness at the end of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount		162,913,304,803.94	31,733,773,474.30	0.00	194,647,078,278.24
ii) Interest due but not paid		165,161,802.85	97,240,405.00	0.00	262,402,207.85
iii) Interest accrued but not due		6,418,681,620.96	11,729,927,902.67	0.00	18,148,609,523.63
<b>Total (i+ii+iii)</b>		<b>169,497,148,227.75</b>	<b>43,560,941,781.97</b>	<b>-</b>	<b>213,058,090,009.72</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount	
		M G George Muthoot	George Alexander Muthoot	George Jacob Muthoot	George Thomas Muthoot	Alexander M George		
1	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	480.00	480.00	480.00	480.00	4.87	1,924.87	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	0.00	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	0.00	
2	Stock Option	-	-	-	-	-	0.00	
3	Sweat Equity	-	-	-	-	-	0.00	
4	Commission	-	-	-	-	-	0.00	
	- as % of profit	-	-	-	-	-	0.00	
	- others, specify	-	-	-	-	-	0.00	
5	Others, please specify	-	-	-	-	-	0.00	
	<b>Total (A)</b>	<b>480.00</b>	<b>480.00</b>	<b>480.00</b>	<b>480.00</b>	<b>4.87</b>	<b>1,924.87</b>	
	Ceiling as per the Act	₹ 10,458.51 lakhs being 10% of the net profit of the Company calculated as per Section 198 of Companies Act, 2013						

### B Remuneration to other directors:

(in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount	
		George Joseph	John K Paul	K George John	K John Mathew	Pamela Anna Mathew		
1	<b>Independent Directors</b>							
	Fee for attending board committee meetings	0.95	1.10	0.70	0.85	0.20	3.80	
	Commission	4.00	4.00	4.00	4.00	1.67	17.67	
	Others, please specify	-	-	-	-	-	0.00	
	<b>Total (1)</b>	<b>4.95</b>	<b>5.10</b>	<b>4.70</b>	<b>4.85</b>	<b>1.87</b>	<b>21.47</b>	
2	<b>Other Non-Executive Directors</b>							
	Fee for attending board committee meetings							
	Commission							
	Others, please specify							
	<b>Total (2)</b>							
	<b>Total (B)=(1+2)</b>							
	<b>Total Managerial Remuneration</b>	<b>4.95</b>	<b>5.10</b>	<b>4.70</b>	<b>4.85</b>	<b>1.87</b>	<b>21.47</b>	
	Overall Ceiling as per the Act	₹ 1,045.85 lakhs being 1% of the net profit of the Company calculated as per Section 198 of Companies Act, 2013						

### C Remuneration To Key Managerial Personnel Other Than MD/MANAGER/WTD

(in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.48	7.83	30.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961*	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option**	3.25	0.00	3.25
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	<b>Total</b>	<b>25.73</b>	<b>7.83</b>	<b>33.56</b>

\* Excludes value of perquisite on exercise of stock options

\*\* Value of perquisite on exercise of stock options

### VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
		A. COMPANY			
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
		B. DIRECTORS			
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
		C. OTHER OFFICERS IN DEFAULT			
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



## Annexure 3

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR vision and policy of the Company is aimed to create a nationwide social impact by constantly giving back to the community by identifying and facilitating growth in areas which are less privileged. At present the Company has focused on Health awareness and education initiatives and is in process of expanding its CSR activities at pan India Level.

Company have undertaken CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of the Company and was mostly focused on Scholarships for 10th standard toppers and for Engineering students and Educational support to under privileged students, medical support given for treatments like cancer, dialysis, surgeries mainly through a project called 'Snehasraya' etc during the year.

- (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
1	Scholarships for 10th standard toppers and for Engineering students and Educational support to under privileged students		Pan India project mainly concentrated in Andhra Pradesh, Karnataka, Telangana and Kerala State.	42,443,990	0	42,443,990	Muthoot M George Foundation, Implementing agency for CSR activities

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The Details of CSR policy of the Company are available on the website of the Company at [www.muthootfinance.com/policy/CSR\\_MFin\\_Policy.pdf](http://www.muthootfinance.com/policy/CSR_MFin_Policy.pdf)

2. The Composition of the CSR Committee.

The CSR Committee constituted by our Directors by a board resolution dated 11th August, 2014 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
K George John	Chairman	Independent Director
John K Paul	Member	Independent Director
George Alexander Muthoot	Member	Managing Director

3. Average net profit of the company for last three financial years: ₹ 13,454,160,881
4. Prescribed CSR Expenditure : ₹ 269,083,218
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year: ₹ 89,207,875
  - (b) Amount unspent, if any: ₹ 179,875,343

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
2	Medical support given for treatments like cancer, dialysis, surgeries mainly through a project called Snehasraya	Improving quality of life: project focused for improving the social status of the common man, promoting health care including preventive healthcare etc	Pan India mainly focused in Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Karnataka States as well as the Union Territory of Pondicherry	3,64,67,188	0	3,64,67,188	Muthoot M George Foundation, Implementing agency for CSR activities
3	Others activities	Promoting gender equality, empowering women and rural developments projects etc	Pan India	10,296,697	0	10,296,697	Muthoot M George Foundation, Implementing agency for CSR activities
<b>Total</b>				<b>89,207,875</b>	<b>0</b>	<b>89,207,875</b>	

6. The Company has spent ₹ 8.92 crores in promoting education, Medical Aid and others. This amount was short of amount required to be spend under Section 135 of Companies Act, 2013 as during the year company focused on creating required framework which will be helpful in identifying suitable projects and better and meaningful spending of CSR contribution. Your Board is committed towards betterment of existing CSR projects and adding new CSR projects in order to increase CSR contribution.

7. CSR Committee of Board affirms that CSR activities are implemented in accordance with CSR objectives of Companies Act, 2013 and CSR Policy of your Company.

**George Alexander Muthoot**

Managing Director

**K George John**

Chairman - CSR Committee

Place: Kochi

Date: 22nd July, 2015

## Annexure 4

### DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

I hereby confirm that the Company has received from all the independent directors namely Mr. George Joseph, Mr. John K Paul, Mr. K George John and Mr. K John Mathew a certificate stating their independence as required under section 149 (6) of the Companies Act, 2013 and also from Ms. Pamela Anna Mathew for her proposed appointment as Independent Director.

**George Alexander Muthoot**  
Managing Director

Place: Kochi

Date: 22nd July, 2015

## Annexure 5

### NOMINATION AND REMUNERATION POLICY

Board of Directors of Muthoot Finance Limited (“the Company”) in order to align with the provisions of the Companies Act, 2013 and the Listing Agreement with Stock Exchanges has constituted a Committee as “Nomination and Remuneration Committee.”

#### OBJECTIVE

The Nomination and Remuneration Committee and this Policy are in compliance with the Companies Act, 2013, Reserve Bank of India Guidelines read along with the applicable rules thereto and Listing Agreement with Stock Exchanges and Policy Guidelines of Muthoot Finance Limited.

#### The Key Objectives of the Committee would be:

- a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and recommending the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

- c) to ensure that all provisions regarding Remuneration Policy and duties of Committee as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

#### DEFINITIONS

- (a) Key Managerial Personnel: Chief Executive Officer, Executive Directors, Chief Financial Officer and Company Secretary or any other personnel as prescribed under Companies Act, 2013.
- (b) Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

#### ROLE AND RESPONSIBILITIES

The role of the Committee inter alia will be the following:

- a. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in

- accordance with Criteria as laid down and recommend to Board their appointment and removal.
- b. Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.
  - c. Ensure that the proposed appointees have given their consent in writing to the Company;
  - d. Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
  - e. Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
  - f. Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
  - g. Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place; and
  - h. Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings.
  - i. Determine and agree with the Board the framework for broad policy for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees.
  - j. Review the on-going appropriateness and relevance of the remuneration policy.
  - k. Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.
  - l. Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

## CONSTITUTION

### Members:

- a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

### Chairman:

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairman of the Committee shall be decided by Board of Directors of the Company.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

## FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required by the Committee or as directed by Board of Directors of the Company.

## GUIDING PRINCIPLES

Committee while exercising its functions as described in ROLE AND RESPONSIBILITIES of the Committee in this policy, will be guided by following broad principles:

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. The remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- d. In case, subject matter is related to appointment/remuneration of Independent Directors, the requirement under Code of Conduct of Independent Directors and other Statutory Requirements are met.
- e. In case, subject matter is related to appointment/remuneration of Directors other than Independent Directors, Key Managerial Persons, Senior Management, the requirement under Code of Conduct of Senior Management of the Company is met.
- f. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives including Key Managerial Persons and Senior Management, as it considers appropriate, to be present at the meetings of the Committee.
- g. 'Fit and Proper' Criteria as per guidelines of Reserve Bank of India, will be most fundamental guidelines for appointment of Directors and due diligence in this regard will be carried out. Committee will be required to carry out all functions/duties in compliance of Companies Act, 2013, Equity Listing agreements and Reserve Bank of India Guidelines.

## DECISION MAKING AND VOTING

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.
- c. Committee may refer any matter for consideration and decision by full Board of Directors of the Company, if majority of members deem the matter fit for the said purpose. Such matters which are referred by the Committee will be deemed to be agenda of the meeting of Board of Directors.

## MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## REVIEW AND ALTERATION OF NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Committee of the Company will be guided by this policy and subject to the power granted to/ terms of reference of the Committee as decided by Board of Directors of Company from time to time and requirement under the Companies Act, 2013 or such other acts, rules, regulations or guidelines including Listing Agreement with Stock Exchanges. Nomination and Remuneration Committee of the Company may review this policy from time to time as it may deem fit. Any modification and Change in this policy will be subject to approval of Board of Directors based on recommendation of Nomination and Remuneration Committee of the Company.



## Annexure 6

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The Members,  
**Muthoot Finance Limited**  
Muthoot Chambers, Opposite Saritha Theatre Complex,  
2nd Floor, Banerji Road,  
Kochi - 682 018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **KSR & Co Company Secretaries LLP**

**C. V. Madhusudhanan**  
Partner  
(FCS: 5367; CP: 4408)

Place: **Coimbatore**  
Date: **22nd July, 2015**

## SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014  
**For the Financial Year ended 31st March, 2015**

To,  
The Members,  
**Muthoot Finance Limited**  
Muthoot Chambers, Opposite Saritha Theatre Complex,  
2nd Floor, Banerji Road,  
Kochi – 682 018

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Muthoot Finance Limited (hereinafter called “the Company”). Secretarial Audit was conducted for the financial year ended on 31st March, 2015 in a manner that provided us a reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (v) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (vi) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
- i. Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

(vii) The following laws, regulations, directions, orders applicable specifically to the Company:

- a. The Reserve Bank of India Act, 1934.
- b. Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007.
- c. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008
- d. Reserve Bank of India Guidelines on raising money through Private Placement of NCDs by NBFCs.
- e. Guidelines on Corporate Governance issued by Reserve Bank of India for NBFCs.
- f. Notification of Reserve Bank of India on Future approach towards monitoring of Frauds in NBFCs.
- g. Reserve Bank of India "Know your Customer" (KYC) Guidelines – Anti-Money Laundering Standards – Prevention of Money Laundering Act, 2002-Obligations of NBFC.
- h. Guideline on Fair Practices Code for NBFCs.
- i. Memorandum of instructions governing money changing activities notified by Reserve Bank of India.
- j. Money Transfer Service Scheme notified by Reserve Bank of India.

We have also examined the compliance with applicable clauses of the following:

- (i) Listing Agreement entered into with Stock Exchanges.
- (ii) The compliance of Secretarial Standards does not arise as the same has not been notified under Section 118 of the Companies Act, 2013 for being applicable during the period covered under the Audit.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable the provisions of Act/ Regulations/ Directions as mentioned above in respect of:

- a) Foreign Direct Investment and External Commercial Borrowings.
- b) Delisting of equity shares.
- c) Buy-back of securities.

**We further report that**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In the absence of any statutory requirement to send agenda or detailed notes on agenda seven days in advance, reporting on compliance of the same does not arise.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting views for being captured in the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a. The Company issued 25,351,062 equity shares of ₹ 10 each at a price of ₹ 165 per share under the Institutional Placement Programme under Chapter VIIIA of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2009 aggregating an amount of ₹ 4,182.93 million.
- b. Members have enabled Borrowing Powers of the Company up to a limit of ₹ 50,000 Crores, over and above the aggregate of the paid-up share capital and free reserves under Section 180(1)(c) of the Companies Act, 2013 at Annual General meeting on September 25, 2014.
- c. The company acquired 428,011,711 equity shares of Asia Asset Finance PLC, (AAF) Colombo, Sri Lanka, for a consideration of ₹ 38.49 Crores representing 51% of the total capital of AAF.

For **KSR & Co Company Secretaries LLP**

**C. V. Madhusudhanan**

Partner

(FCS: 5367; CP: 4408)

Place: **Coimbatore**

Date: **22nd July, 2015**

## Annexure 7

### (A) DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for FY 2014-15 ; the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in FY 2014-15;

Sl. No	Name of Director and KMP	Designation	Remuneration during FY 2014-15 (in Crs)	% increase in remuneration during FY 2014-15	Ratio of Remuneration of each Director to median remuneration of employees of the company
1.	M G George Muthoot	Chairman & Whole Time Director	4.800	NIL	314:1
2.	George Thomas Muthoot	Whole Time Director	4.800	NIL	314:1
3.	George Jacob Muthoot	Whole Time Director	4.800	NIL	314:1
4.	George Alexander Muthoot	Managing Director	4.800	NIL	314:1
5.	Alexander M George	Additional Director	0.049	Non-comparable <sup>a</sup>	3:1
6.	George Joseph	Independent Director	0.040	NIL	3:1
7.	K George John	Independent Director	0.040	200% <sup>b</sup>	3:1
8.	John K Paul	Independent Director	0.040	NIL	3:1
9.	K John Mathew	Independent Director	0.040	NIL	3:1
10.	Pamela Anna Mathew	Additional Director	0.017	Non-comparable <sup>c</sup>	1:1
11.	Oommen K Mammen	Chief Financial Officer	0.257	52%	Not Applicable
12.	Maxin James	Company Secretary	0.078	393% <sup>d</sup>	Not Applicable

<sup>a</sup>Mr. Alexander M George was appointed as Additional Director w.e.f 5th November, 2014.

<sup>b</sup>Mr. K George John was appointed as Independent Director on 27th September, 2013 and his remuneration for FY 2013-14 is proportionate to his period of directorship.

<sup>c</sup>Ms. Pamela Anna Mathew was appointed as Additional Director w.e.f 5th November, 2014.

<sup>d</sup>Mr. Maxin James was appointed as Company Secretary on 30th December, 2013 and his remuneration for FY 2013-14 is proportionate to his period of service.

- b) the percentage increase in the median remuneration of employees in the financial year 2014-15 : 10.87%
- c) the number of permanent employees on the rolls of company as on 31st March, 2015 ; 22,882
- d) the explanation on the relationship between average increase in remuneration and company performance

The average remuneration of all the employees of the Company during FY 2014 -15 increased by 10.46%

compared to FY 2013 - 14. The total employee cost for FY 2014-15 was ₹ 630 crores as against ₹ 592 crores for FY 2013-14. The total employee cost as a percentage of Net Income (net of Interest Expenses) was 28.42% in FY 2014-15 as against 25.49% in FY 2013-14. Gross Income of the Company declined by 13% in FY 2014-15 at ₹ 4325 crores when compared to FY 2013-14 at ₹ 4947 crores and profit after tax declined by 14% in FY 2014-15 at ₹ 671 crores when compared to FY 2013-14 at ₹ 780 crores. The performance of the Company



got affected on account of decline in loan portfolio arising out of 60% LTV regime brought in by RBI in 2012. Consequent to relaxation by Reserve Bank India (RBI) of LTV cap of 60% to 75% in January 2014, Company saw growth in retail loan portfolio, after continuous decline for 5 quarters, in second quarter of FY 2014-15. These are explained in detail in Director's Report and Management Discussion

& Analysis section of this Annual Report. However, increase in remuneration of employees are guided by factors like inflation, normal increments, talent retention and long term planning of the business growth of the Company and cannot be strictly decided based on performance of the Company on a yearly basis.

- e) comparison of the remuneration of the Key Managerial Personnel against the performance of the company; comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

Key Managerial Personnel	Designation	Remuneration during FY 2014-15 (₹ in Crs)	Remuneration as % of Gross Income	Remuneration as % of profit after tax
George Alexander Muthoot	Managing Director	4.800	0.111%	0.715%
Oommen K Mammen	Chief Financial Officer	0.257	0.005%	0.038%
Maxin James	Company Secretary	0.078	0.002%	0.012%
<b>Total</b>		<b>5.135</b>	<b>0.118%</b>	<b>0.765%</b>
Gross Income Of the Company during FY 2014-15 (₹ in Crs)			4,325	
Profit after tax Of the Company during F Y 2014-15 (₹ in Crs)				671

- f) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer

	₹ in Crs.
<b>Variations in the market capitalisation</b>	
Market capitalization as on 31st March, 2015	8,240
Market capitalization as on 31st March, 2014	6,393
Variation %	29%
<b>Variations in price earnings ratio</b>	
Price earnings ratio as on 31st March, 2015	12.20
Price earnings ratio as on 31st March, 2014	8.19
Variation %	49%
<b>Percentage increase or decrease in the market quotations of the shares in comparison to the rate at which the company came out with the last public offer</b>	
Last Public Offer Price of its Shares by the Company(April 29,2014)	₹ 165.00/Equity Share
Market Price of share of the Company as on 31st March, 2015	₹ 207.05/Equity Share
Percentage Increase	25%

- g) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentile increase made in the salaries of employees other than the managerial personnel is 10.46%. The total managerial remuneration for FY 2014-15 was ₹ 19.43crores as against ₹ 19.36 crores during the previous year, an increase of 0.34%. The increase in Managerial Remuneration is on account of induction of Mr. Alexander M George as Additional Director in category of executive director and Ms. Pamela Anna Mathew as Additional Director in category of non-executive director from 5th November, 2014. There is no increase in remuneration of other directors as compared to previous year. There is no exceptional circumstance for increase in managerial remuneration.

- h) the key parameters for any variable component of remuneration availed by the directors;

The variable component of remuneration to whole time directors and managing director was approved by shareholders vide resolution dated 21st July, 2010. However, Board has not approved any variable remuneration other the fixed remuneration payable as per the above resolution. Independent Directors are paid commission as determined by the Board of Directors within the limits fixed by shareholders vide resolution dated 25th September, 2014 based on the recommendations of the management and Nomination and Remuneration Committee in accordance with Remuneration policy of the Company.

- i) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year

None of the employees, who are not directors, of the Company received remuneration in excess of the highest paid director during the year

- j) The remuneration paid is as per the remuneration policy of the company.

**(B) DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Name of Employee	Mr. M G George Muthoot	Mr. George Thomas Muthoot	Mr. George Jacob Muthoot	Mr. George Alexander Muthoot
Designation	Chairman	Whole Time Director	Whole Time Director	Managing Director
Remuneration	₹ 4.8 Crs	₹ 4.8Crs	₹ 4.8Crs	₹ 4.8Crs
Nature of Employment whether contractual of permanent	Permanent	Permanent	Permanent	Permanent
Qualifications	B. Tech	Graduate	B. Tech.	B.Com., FCA
Experience (in years)	40	39	37	34
Date of Commencement of Employment	28th July, 2000	16th August, 2005	16th August, 2005	28th July, 2000
Age (in years)	65	62	61	58
Last Employment held before joining the Company	Muthoot Bankers	Muthoot Bankers	Muthoot Bankers	Muthoot Bankers
Relationship with Director/ Manager of the Company	All Whole Time Directors are related to each other as Brothers	All Whole Time Directors are related to each other as Brothers	All Whole Time Directors are related to each other as Brothers	All Whole Time Directors are related to each other as Brothers

# Report on Corporate Governance

While it is legitimacy that gives a board the authority to impose its will on management, it is credibility that makes a board effective and value creating. - **Yvan Allaire**

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's Philosophy of Corporate Governance is always aimed at value creation, keeping interest of all stakeholders protected in most inclusive way. This principal of inclusion is always reflected in Financial Inclusion practices of your Company.

During the year, there was a sea change in Corporate Governance practices in India mostly attributable to changes in Companies Act, 2013 and Revised Clause 49 of equity Listing Agreement. Your Company have realigned its corporate governance practice in a manner so as to achieve the objectives of principal as envisaged in revised clause 49 of equity Listing Agreement.

## 2. BOARD OF DIRECTORS

### A. Composition of Board

Your Board have optimum combination of Executive and Independent Directors and half of the members of the Board is Independent. Independent Directors meet the criteria of independence as specified in Clause 49 II (B) (1) of the Equity Listing Agreement and also meet the criteria for appointment formulated by Nomination and Remuneration Committee and as approved by the Board. (Appointment and Remuneration policy of the Company

is annexed in Annexure 5 of Report of Board of Directors). The appointment of Directors is in Compliance with Clause 49 and afore stated policy of the Company.

The Board of Directors of the Company is the body which exercises executive powers and through which Company acts. They play the primary role as the trustees to safeguard and enhance stakeholders' value through its effective decisions and supervision.

Your Company has a well-structured Board with a balanced mix of Executive and Non-Executive Directors. The Board consists of Five Executive and Five Non-Executive Directors. Non-Executive Directors are independent i.e. they do not have any material pecuniary relationship with the Company, its promoters or its management, which may affect the independence of the judgment of the Director.

The composition of the Board of Directors is in compliance with the requirements of Clause 49 of the Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

Name of Director	Category	DIN	Position	Date of Present Appointment
M G George Muthoot	Non-Independent, Executive	00018201	Chairman and Whole Time Director	11.08.2014*
George Alexander Muthoot	Non-Independent, Executive	00016787	Managing Director	11.08.2014*
George Jacob Muthoot	Non-Independent, Executive	00018235	Whole Time Director	11.08.2014*
George Thomas Muthoot	Non-Independent, Executive	00018281	Whole Time Director	11.08.2014*
K John Mathew	Independent, Non - Executive	00371128	Independent Director	25.09.2014
George Joseph	Independent, Non - Executive	00253754	Independent Director	25.09.2014
John K Paul	Independent, Non - Executive	00016513	Independent Director	25.09.2014
K George John	Independent, Non - Executive	00951332	Independent Director	25.09.2014
Pamela Anna Mathew	Non - Executive	00742735	Additional Director	05.11.2014
Alexander M George	Executive	00938073	Additional Director	05.11.2014

\* Appointment of Managing Director and Whole Time Directors were made under provision of Section 196 of Companies Act, 2013 on 11th august, 2014 and confirmed by members in Annual General Meeting dated 25th September, 2014 with effect from 1st April, 2015. Previous term of above said Directors expired on 31st March, 2014 and hence appointments were made before expiry of the term in compliance of Section 196 and Section 197 of Companies Act, 2013.

All the Independent Directors have furnished individual declarations to the Board that they qualify the conditions of their being independent as per Clause 49 of the Listing Agreement. None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors.

All Non-Independent Whole Time Directors are related to each other being brothers and Additional Director Mr. Alexander M George is son of Mr. M G George Muthoot. None of the Independent Directors are related to any other Directors on the Board in terms of the definition of “relative” given under the Companies Act, 2013.

## B. Meetings, Attendance of each of Directors and other Details

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 8 companies under Companies Act, 2013 and of companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit and Shareholders’/ Stakeholder’s Relationship Committees.

Name of Director	Category	Number of Board Meetings During the Year		Whether attended last AGM	Number of Directorships in Other Public Companies		Number of Committee positions held in other Public Companies*	
		Held	Attended		Chairman	Member	Chairman	Member
M G George Muthoot	Non-Independent, Executive	6	6	Yes	0	5	0	0
George Alexander Muthoot	Non-Independent, Executive	6	6	Yes	0	5	2	3
George Jacob Muthoot	Non-Independent, Executive	6	6	Yes	0	4	0	1
George Thomas Muthoot	Non-Independent, Executive	6	6	Yes	0	4	0	1
K John Mathew	Independent, Non-Executive	6	6	Yes	0	0	0	0
George Joseph	Independent, Non-Executive	6	6	Yes	1	1	1	1
John K Paul	Independent, Non-Executive	6	6	Yes	0	1	0	0
K George John	Independent, Non-Executive	6	6	No	0	0	0	0
Alexander M George	Additional Director, Executive	1*	1	NA	0	3	0	0
Pamela Anna Mathew	Additional Director, Non-Executive	1*	1	NA	0	5	0	1

During the Financial Year, your Board of Directors met six times :- on 26-05-2014, 13-06-2014, 11-08-2014, 30-09-2014, 05-11-2014 and 22-01-2015. The gap between two Board Meetings did not exceed four months.

\* Mr. Alexander M George and Ms Pamela Anna Mathew were appointed on November 05, 2014 and after their appointment there was only one Board Meeting during the Financial Year.

### C. Meeting of Independent Directors

During the year a meeting of Independent Directors was held as required under Companies Act, 2013 and in Compliance with requirement under Schedule IV of the Act and Clause 49 of Equity Listing Agreement. All independent Directors were present in the meeting and they reviewed and discussed matters as required under Companies Act, 2013 and Clause 49 of Listing Agreement.

### D. Performance Evaluation of Board, Committees and Directors

The Board carried out annual evaluation of its own performance, its Committees and individual Directors based on criteria and framework adopted by the Board and in accordance with existing regulations. The evaluation of the Board, Committee and flow of information is being done by the independent directors. The evaluation of performance of each independent director is being done by all the directors except the independent director being evaluated. The review the performance of non-independent directors, the Board as a whole, the Chairperson of the Company, quantity and timeliness of flow of information is being done by independent directors of the Company. This evaluation is being carried out once in a year on the performance of directors, Chairperson of the Company on the date of such evaluation. It is being carried out through an evaluation based on qualification, experience, age, participation, attendance, knowledge, quality of discussion, beneficial contribution etc.

### E. Training of Independent Directors

The Company has adopted a structured orientation of Independent Directors at the time of their joining so as to familiarise them with the Company- its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

A new Director is welcomed to the Board of Directors of the Company by sharing various documents of the Company for his/her reference such as Brief introduction to the Company and Profile of Board of Directors of the Company, Details of various Committees of the Board,

Code of Conduct for Directors and Senior Management, Code for Independent Directors, Code of Conduct for prevention of Insider Trading, Corporate Presentations, various policies adopted by the Board.

The Company through its Managing Director/Senior Managerial Personnel makes presentations regularly to the Board and, the business strategies, operations review, quarterly and annual results, review of Internal Audit Report and Action Taken Report, statutory compliances, risk management, operations of its Subsidiaries etc. This enables the Directors to get a deeper insight into the operations of the Company. Heads of Departments of Company are required to give presentation in Board Meeting to familiarise the Board with their activities and allied matters.

## 3. AUDIT COMMITTEE

The Audit Committee of Board of Directors was reconstituted pursuant to Section 177 of the Companies Act, 2013, Clause 49 of the Listing Agreement and Reserve Bank of India Regulations.

Terms of reference of the Audit Committee include:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees or any payment to statutory auditors for any other services.
- Reviewing, with the management, the annual financial statements and Auditors Report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report and other matters.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.



- e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  - Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - Reviewing, with the management, performance of statutory and internal auditors, evaluation of the internal control systems including internal financial controls and Risk Management.
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - To review the functioning of the Whistle Blower mechanism, in case the same exists.
  - To approve the appointment of Chief Financial Officer, if any.
  - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  - Approval or any subsequent modification of transactions of the Company with related parties.
  - Valuation of undertakings or assets of the Company, wherever it is necessary.

Composition of Audit Committee and Attendance of Directors in Audit Committee meetings:

The Audit Committee met 4 times during the Year on 26-05-2014, 11-08-2014, 05-11-2014 and 22-01-2015. The Audit Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings	
			Held	Attended
George Joseph	Chairman	Independent Director	4	4
John K Paul	Member	Independent Director	4	4
George Alexander Muthoot	Member	Managing Director	4	4

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors was reconstituted as per requirement of Section 178 of Companies Act, 2013, Listing Agreement and Reserve Bank of India Regulations and terms of reference of the Remuneration Committee include the following:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with Criteria as laid down and recommend to Board their appointment and removal.
- Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.
- Ensure that the proposed appointees have given their consent in writing to the Company;
- Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the

- Board compared to its current position and make recommendations to the Board with regard to any changes;
- Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
  - Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
  - Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place; and
  - Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings.
- Determine and agree with the Board the framework for broad policy for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees.
  - Review the on-going appropriateness and relevance of the remuneration policy.
  - Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.
  - Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.
- ii. Composition, name of members and Chairperson and Attendance during the year of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee met 2 times during the Year 11-08-2014 and 05-11-2014. The Nomination and Remuneration Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings	
			Held	Attended
K John Mathew	Member	Independent Director	2	2
John K Paul	Chairman	Independent Director	2	2
K George John	Member	Independent Director	2	2

The Board aligns the remuneration of Directors with the long term interest of the Company and its shareholders. The non executive Independent Directors are paid sitting fees at the rate of ₹10,000 for each of the Board meeting attended and ₹ 5000 for each Committee Meeting attended. The Managing Director and Executive Directors of the Company is paid remuneration as per terms of their appointment. No other remuneration is paid to the Directors. The criteria for payment of remuneration to non- executive directors is in accordance with Nomination

and Remuneration Policy of the Company and they are eligible for commission within limits approved by Shareholders of the Company. Company have not given any options under ESOP Plan to members of Board of Directors.

Nomination and Remuneration Policy of the Company is annexed as Annexure 5 of Board Report. The said policy is available at website of the Company at [www.muthootfinance.com/policy/Nomination\\_and\\_Remuneration\\_Policy.pdf](http://www.muthootfinance.com/policy/Nomination_and_Remuneration_Policy.pdf).

The sitting fees/ remuneration paid to the directors during the Year 2014-15 are given below:

S. No.	Name of the Directors	Category	Position	Sitting fees for attending meeting (₹ In lakhs)	Salary Allowances & Perquisites (₹ In lakhs)	Commission Paid (₹ In lakhs)	Total (₹ In lakhs)	Shares Held
1	M G George Muthoot	Non-Independent, Executive	Chairman	-	480	-	480	47,385,132
2	George Alexander Muthoot	Non-Independent, Executive	Managing Director	-	480	-	480	44,464,400
3	George Jacob Muthoot	Non-Independent, Executive	Whole Time Director	-	480	-	480	44,464,400
4	George Thomas Muthoot	Non-Independent, Executive	Whole Time Director	-	480	-	480	44,464,400
5	K John Mathew	Independent, Non – Executive	Director	0.85	-	4.00	4.85	-
6	John K Paul	Independent, Non – Executive	Director	1.10	-	4.00	5.10	-
7	K George John	Independent, Non – Executive	Director	0.70	-	4.00	4.70	-
8.	George Joseph	Independent, Non – Executive	Director	0.95	-	4.00	4.95	1134
9.	Pamela Anna Mathew	Non Executive, Independent	Additional Director	0.20	-	1.67	1.87	-
10.	Alexander M George	Executive, Non Independent	Additional Director	-	4.87	-	4.87	6,772,500

## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee of the Board of Directors looks after Shareholders'/Investors' Grievance like redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports etc.

Terms of reference of the Committee includes the following:

- To approve or otherwise deal with applications for transfer, transmission, transposition and mutation of shares and certificates including duplicate, split, sub-division or consolidation of certificates and to deal with all related matters; and also to deal with all the matters related to de-materialisation or re-

materialisation of shares, change in the beneficial holders of de-mat shares and granting of necessary approvals wherever required.

- To look into and redress shareholders/ investors grievances relating to:
  - Transfer/Transmission of shares
  - Non-receipt of declared dividends
  - Non-receipt of annual reports
  - All such complaints directly concerning the shareholders/ investors as stakeholders of the Company
  - Any such matters that may be considered necessary in relation to shareholders and investors of the Company.

The Stakeholders' Relationship Committee met 4 times during the Year on 26-05-2014, 11-08-2014, 05-11-2014 and 22-01-2015. The Stakeholders' Relationship Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings	
			Held	Attended
K John Mathew	Chairman	Independent Director	2	2
John K Paul	Member	Independent Director	2	2
George Thomas Muthoot	Member	Whole Time Director	2	2

- ii. The number of complaints received and resolved to the satisfaction of investors during the year under review are as under:

Particulars	Equity	NCD
No. of Complaints Received during the year	9	1847
No. of Complaints Resolved during the year	9	1847
No. of Complaints pending on 31st March, 2015	Nil	Nil

- iii. Mr. Maxin James, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI regulations and Listing Agreement.

## 6. GENERAL BODY MEETINGS

- i. Details of Annual General Meetings held during the previous 3 financial years and details of special businesses, if any, transacted are as under:

Year	2013-14	2012-13	2011-12
Date and Time	25th September, 2014 10.30 A M	27th September, 2013 10.15 A M	1st September, 2012 10.00 A M
Place of Meeting	Kerala Fine Arts Society Hall Fine Arts Avenue Fore shore Road Cochin - 682 016	Kerala Fine Arts Society Hall Fine Arts Avenue Fore shore Road Cochin - 682 016	Kerala Fine Arts Society Hall Fine Arts Avenue Fore shore Road Cochin - 682 016

- ii. Special Resolutions Passed during the previous 3 Annual General Meetings:

Date of AGM	Details of Special Resolution Passed
25th September, 2014	1. To borrow monies for the purpose of the business of Company under Section 180(1)(c) of the Act 2. Issue of securities under Section 42 of the Act on private placement basis
27th September, 2013	Special Resolution to grant employee stock options to employees
1st September, 2012	NIL

- iii. No Extraordinary General Meetings were held during the Financial Year 2014-2015.

- iv. There was no voting through postal ballot during the Financial Year 2014-15. No resolution is proposed to be conducted through the postal ballot.

financial statements, significant transactions of AAF is available to Board of the Company. Your Company have appointed two Nominee Directors in Board of AAF for monitoring the subsidiary. Policy for determining material subsidiary is available at website of the Company at [www.muthootfinance.com/policy/material\\_subsidary\\_policy.pdf](http://www.muthootfinance.com/policy/material_subsidary_policy.pdf).

## 7. DISCLOSURES

### A. Monitoring of Subsidiary Company:

During the Financial Year Asia Asset Finance PLC, Colombo, Sri Lanka (AAF) has become the subsidiary of the Company. AAF is listed in Colombo Stock Exchange, Sri Lanka. The said subsidiary is non material subsidiary and is not listed in India for the purpose of Clause 49 of Listing Agreement. AAF is managed by its Board of Directors. The Company is not required to appoint any of its Independent Director as a Director on the Board of AAF. The financials in particular, the investments made by AAF are reviewed by the Audit Committee. All minutes,

### B. Related Party Transaction

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis or were in ordinary course of business or with approval of the Audit Committee. The Board has formulated a policy on related party transactions, which is displayed on the web site of the Company at [www.muthootfinance.com/policy/related\\_party\\_transaction\\_policy.pdf](http://www.muthootfinance.com/policy/related_party_transaction_policy.pdf). During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could

be considered material in accordance with the policy of the Company on materiality of related party transactions.

In the opinion of the Board, none of the transactions of the Company entered into with the related parties were in conflict with the interests of the Company. Further, there were no material related party transactions which required approval of shareholders as required under clause 49 of equity Listing Agreement.

The details of the related party transactions are disclosed in note no. 35 of the notes on accounts, forming part of Financial Statements. The members may kindly refer to the same.

### C. Proceeds of the Public issue

Money raised through Public Issue of Equity Shares as well as Public Issues of Secured Non-Convertible Debentures have been utilized for the purposes, as disclosed in the Prospectuses, for which it was raised and there has been no deviation as on date in the utilisation of the moneys so raised.

### D. Details of Non Compliance, Penalties and Strictures imposed

There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to Capital Market during the last three financial years. Company has been regular in filing necessary returns with regulators and all necessary informations with the Stock Exchanges where the shares are listed.

### E. Whistle Blower Policy & Vigil Mechanism

Your company has formulated a Whistle Blower Policy in compliance with Companies Act, 2013 and Equity Listing Agreement as part of vigil mechanism of the Company. There is graded reporting structure under the Policy and also provides provision for direct access to Chairman of Audit Committee. Board affirms that no personnel have been denied access to the audit committee.

The whistle blower policy is available at website of the company at [www.muthootfinance.com/policy/Whistle\\_Blower\\_v3\\_2015.pdf](http://www.muthootfinance.com/policy/Whistle_Blower_v3_2015.pdf).

### F. Code of Conduct

All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect by the Managing

Director is given as Annexure 1 to this report. The Code is displayed on the web site of the Company at [www.muthootfinance.com/policy/Directors\\_Code\\_of\\_Conduct\\_v3\\_060511\\_\(web\\_site\).pdf](http://www.muthootfinance.com/policy/Directors_Code_of_Conduct_v3_060511_(web_site).pdf).

### G. CEO/CFO Certification

The Managing Director and CFO have certified to the Board in accordance with Clause 49 of the Listing Agreement pertaining to the CEO/CFO Certification for the financial year ended 31st March, 2015. The same is annexed as Annexure 2 to this report.

### H. Certificate of Corporate Governance

The certificate received from the Statutory Auditors of the Company, M/s Rangamani & Co., Chartered Accountants (FRN: 003050S), confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is annexed as Annexure 3 to this report.

## 8. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results were published in leading national dailies and regional dailies. The Company is also maintaining a functional website [www.muthootfinance.com](http://www.muthootfinance.com), wherein all the communications are updated including the quarterly financial results of the Company published under Clause 41 of the listing agreement. Presentations made to the institutional investors and analysts after declaration of the quarterly results are also displayed in the web site of the Company. The Annual reports containing the Audited Annual Accounts, Auditors' Reports, Directors' Report, the Management Discussion and Analysis Report forming part of Directors' Report and other material information are circulated to the members and others entitled thereto. Annual Reports of the Company are emailed to all shareholders who have provided their email IDs in the records of the Depository. All the disclosures and communications to be filed with the Stock Exchanges were submitted in hard copies and there were no instances of non compliances.

## 9. GENERAL SHAREHOLDER INFORMATION

### a. Company Registration Details

The Company is registered in the state of Kerala, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is L65910KL1997PLC011300. The Company being Systemically Important Non-Deposit Taking NBFC is registered with Reserve Bank of India.

**b. Annual General Meeting**

Date : 30th September, 2015  
 Time : 10: 30 A M  
 Venue : Kerala Fine Arts Society  
 Hall  
 Fine Arts Avenue  
 Fore shore Road  
 Cochin – 682 016

As required under Clause 49 of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting are given in the Annexure to the Notice of the AGM to be held on 30th September, 2015.

**c. Financial Year** : 1st April, 2014 to 31st March, 2015

**d. Date of book closure** : 24th September, 2014 to 30th September, 2015 (both days inclusive) for payment of Dividend.

**e. Dividend Payout Date** : The dividend, if declared, will be paid on or after 30th September, 2015

**f. Listing of Securities** : BSE Limited  
 Floor 25, P. J Towers,  
 Dalal Street  
 Mumbai – 400 001  
 &  
 National Stock Exchange  
 of India Limited  
 Exchange Plaza,  
 Bandra Kurla Complex,  
 Bandra (E),  
 Mumbai – 400 051

**g. Stock Code/Symbol/ISIN of Equity Shares**

BSE : 533398  
 NSE : MUTHOOTFIN  
 ISIN : INE414G01012

**h. Listing Fees and Depository Fees**

Annual Listing Fees and Annual Custody/Issuer Fee for the financial year have been paid to Stock Exchanges and Depositories respectively.

**i. Stock market price data (in ₹ Per share)**

High, Low (based on closing prices) and number of shares traded during each month in the year 2014-15 on National Stock Exchange of India Limited and BSE Limited:

Month	National Stock Exchange		BSE Limited	
	High Price	Low Price	High Price	Low Price
	April	186.85	153.20	186.25
May	222.00	176.00	221.00	175.00
Jun	207.50	178.00	207.05	178.40
Jul	195.50	167.00	195.90	167.95
Aug	202.00	166.20	202.00	166.40
Sep	208.00	177.15	207.85	178.95
Oct	209.00	182.15	209.30	182.50
Nov	202.00	184.15	201.80	184.00
Dec	202.95	187.00	202.50	186.10
Jan	234.90	190.55	234.90	190.00
Feb	255.00	203.70	253.50	203.75
Mar	240.25	190.00	242.00	190.05

**j.** Performance of the share price in comparison (based on closing prices) to broad based indices – BSE Sensex and NSE Nifty as on 31st March, 2015

Period	BSE (% Change)		NSE (%Change)	
	Muthoot Finance	S & P Sensex	Muthoot Finance	CNXXNifty
FY 2014-15	24.07%	24.55%	22.11%	26.33%

**k. Registrars and Transfer Agent**

Link Intime India Private Limited  
 Surya, 35, Mayflower Avenue  
 Behind Senthil Nagar  
 Sowripalayam Road,  
 Coimbatore – 641028  
 Tel: + 91 422 – 2314792, 2315792  
 Fax: + 91 422 - 2314792  
 E – Mail: coimbatore@linkintime.co.in  
 Contact Person: S Dhanalakshmi

**l. Share transfer system**

The share transfer applications received in physical form are processed and share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.



### m. Distribution of Shareholding as on 31st March, 2015

Category	No. of Shares	%
Promoters and Promoter Group Holding	297,797,872	74.83
Foreign Institutional Investors	43,961,755	11.05
Mutual Funds	20,289,217	5.09
Other Bodies Corporate	7,370,189	1.85
Others including Public	28,547,386	7.18
<b>Total</b>	<b>397,966,419</b>	<b>100.00</b>

### n. Shareholding pattern by size as on 31st March, 2015

Category (Shares)	No. of Shareholders	Shares	% of Total Shares
1 – 500	40,073	3,490,034	0.8770
501 – 1,000	738	541,688	0.1361
1,001 – 2,000	233	344,324	0.0865
2,001 – 3,000	108	272,361	0.0684
3,001 – 4,000	42	144,975	0.0364
4,001 – 5,000	46	220,593	0.0554
5,001 – 10,000	68	490,048	0.1231
10,001 and above	169	392,462,396	98.6170
<b>Grand Total</b>	<b>41,477</b>	<b>397,966,419</b>	<b>100.0000</b>

### o. Top ten Equity Shareholders of the Company as on March 31, 2015

S. No.	Name of Share Holders	Number of Shares	%
1	M G George Muthoot	47,385,132	11.91%
2	George Alexander Muthoot	44,464,400	11.17%
3	George Jacob Muthoot	44,464,400	11.17%
4	George Thomas Muthoot	44,464,400	11.17%
5	Susan Thomas	29,985,068	7.53%
6	George M Jacob	15,050,000	3.78%
7	Anna Alexander	14,935,068	3.75%
8	Elizabeth Jacob	14,935,068	3.75%
9	Sara George	13,519,336	3.39%
10	Government of Singapore	8,073,048	2.02%

### p. Equity Shares in the Suspense Account

In terms of the Clause 5A(I) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the Suspense Account which were issued in the Initial Public Offering of Equity Shares of the Company:

S. No.	Description	No. of Shares
1	Number of shareholders and outstanding shares in the suspense account as on 01.04.2014	442 Shares for 4 Investors
2	Number of shareholders who approached for transfer of shares from suspense account during the period 01.04.2014 to 31.03.2015	Nil
3	Num	Nil
4	Number of shareholders and outstanding shares in the suspense account as on 31.03.2015	442 Shares for 4 Investors

\* Voting rights in respect of these shares shall remain frozen till the rightful owners of such shares claims the shares.

### q. Dematerialization 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. 99.99 % of shares of the Company were held in dematerialized form as on March 31, 2015.

### r. Address for Correspondence

Muthoot Finance Limited  
Muthoot Chambers  
Opposite Saritha Theatre Complex  
2nd Floor, Banerji Road  
Kochi 682 018  
Kerala, India  
Tel: (91 484) 239 4712  
Fax: (91 484) 239 6506  
Website: www.muthootfinance.com  
Email: mails@muthootgroup.com

### XV. Adoption of Mandatory and non-mandatory requirements of Clause 49

The Company has complied with all mandatory requirements and proposes to adopt other non – mandatory requirements as and when necessary. Report of the Auditor on financial statement doesn't contain any qualification. The position of Chairman and Managing Directors are held by different individuals and Internal Auditor of the Company directly reports to the Audit Committee of the Board of the Company.



## Annexure 1

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and designated senior management employees of the Company affirmation that they have complied with "Code of Conduct for Board Members and Senior Management" ("Code") of the Company for the year ended 31st March, 2015.

Place: Kochi

Date: 5th May, 2015

**George Alexander Muthoot**

Managing Director

## Annexure 2

### CEO/ CFO CERTIFICATION

To  
The Board of Directors  
**Muthoot Finance Limited**  
Kochi

We, George Alexander Muthoot, Managing Director and Chief Executive Officer and Oommen K Mammen, Chief Financial Officer of Muthoot Finance Limited to the best of our knowledge and belief, certify that:

- (i) we have reviewed the Balance Sheet as at 31st March, 2015 and Statement of Profit and Loss for the year ending on same date, Cash Flow statement as on the same, notes there to (together known as financial statements) and Directors' report.
- (ii) these financial statements do not contain any materially untrue statement or omit any material fact or they contain statements that might be misleading.
- (iii) these financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iv) there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (v) we accept responsibility for establishing and maintaining internal controls for financial reporting.
- (vi) we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
- (vii) there are no deficiencies in the design or operation of internal controls which are to be disclosed to the auditors and/or to the audit committee.
- (viii) we have indicated to the auditors of the Company and the Audit and Risk Management Committee that there were
  - a) no significant changes in internal control over financial reporting during the year covered by this report;
  - b) no significant changes in accounting policy has been made during the year covered by this report;
  - c) no significant instances of fraud detected during the year ending 31st March, 2015 except the frauds reported in note no - 37 of Notes to Accounts.

**George Alexander Muthoot**

Managing Director and Chief Executive Officer

**Oommen K Mammen**

Chief Financial Officer

Place: Kochi

Date: 5th May, 2015

## Annexure 3

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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To the Members,  
**Muthoot Finance Limited**

We have examined the compliance of conditions of Corporate Governance by MUTHOOT FINANCE LIMITED ("the Company") for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreements of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said Clause. 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 based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

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

For **Rangamani & Co**  
Chartered Accountants  
(FRN: 003050 S)

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

Place: **Kochi**  
Date: **05.05.2015**

# Management Discussion and Analysis

## GLOBAL ECONOMY

The global economy grew at a moderate pace of 3.4% in 2014 reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. Despite the slowdown, emerging market and developing economies still accounted for three-fourths of global growth in 2014. Complex forces that affected global activity in 2014 are still shaping the outlook. These include medium and long-term trends, such as population aging and declining potential growth; global shocks, such as lower oil prices; and many country or region-specific factors, such as crisis legacies and exchange rate swings triggered by actual and expected changes in monetary policies. Overall, global growth is projected to reach 3.5% and 3.8% in 2015 and 2016. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets, reflecting more subdued prospects for some large emerging market economies and oil exporting economies.

## INDIAN ECONOMY

Following several years of robust growth in the lead up to and immediately after the global financial crisis, India's growth slowed sharply during 2011-13. This reflected the combined effects of political uncertainty prior to the 2014 national elections, a less than fully effective macroeconomic policy framework, and increasingly binding supply side impediments to activity that led to a generalised slump in investment. Despite the weakening domestic demand, large domestic and external imbalances emerged on rising food prices and gold imports, rendering the economy sensitive to external financial shocks. As a result, the economy was hit hard by the mid-2013 taper tantrum, which led to large capital outflows and left the rupee considerably weaker. Since then, however, the Indian economy has made a remarkable turnaround in response to more effective policies and resolution of political uncertainty.

Domestic and external vulnerabilities have moderated on the sharp decline in the current account deficit (CAD) and inflation, the fiscal position has begun to improve, and a resumption of capital inflows allowed a significant build up in foreign reserves. This confluence of achievements has made India one of the bright spots in the global economy. Nonetheless, downside risks remain, including from potential surges in global financial market volatility and slower global growth, as well as policy implementation risks within India.

The Indian economy has made a remarkable turnaround since mid-2013. After bottoming at 5.1% in 2012, growth rose steadily, reaching an estimated 7.2% in 2014. At the same time, CPI inflation declined from 10% during 2012-13 to about 5.2% in March 2015, reflecting the tight monetary policy stance, lower global commodity prices, remaining economic slack, as well as government efforts to contain food inflation, which afforded the Reserve Bank of India (RBI) space to lower its policy rate by 50 basis points in early 2015. External vulnerabilities have subsided on the reduction in the current account deficit (CAD) from 4.7% of GDP in 2012 to below 1.5% in 2014, robust capital inflows, and an accompanying build up in reserves. The 2014-15 budget deficit target of 4.1% of GDP was met, helped by the decline in global oil prices and recent deregulation of domestic fuel prices. As a result, India is now better placed to deal with external financial shocks. Nonetheless, challenges remain as growth continues to be constrained by supply-side bottlenecks; previous weak growth and delays in implementing infrastructure projects have placed pressure on banks' asset quality (particularly public sector banks that lent heavily to infrastructure companies); and corporate vulnerability indicators, while showing signs of stabilisation, remain elevated.

Important economic reforms have been initiated following the decisive outcome of the 2014 national elections. The new government introduced numerous economic reforms, including deregulating diesel prices and raising natural gas prices, moving to create more flexible labour markets and introduce a goods and services tax, enhancing financial inclusion, and relaxing FDI limits in several key sectors. The RBI has adopted a flexible inflation-targeting framework. These actions have also served to buoy investor sentiment.

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**7.2 %**  
GDP growth in 2014

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Although India's near-term growth outlook has improved, its medium-term prospects remain constrained by longstanding structural weaknesses. With higher political certainty, improved business confidence, reduced external vulnerabilities and lower commodity prices, real GDP growth (on a 2011/12 National Accounts basis) is provisionally estimated at 7.2% in FY 2014-15, accelerating to 7.5% in FY 2015-16. While several recent policy measures have helped ease supply-side constraints, further measures are needed in the energy, mining, and power sectors. Reforms to streamline and expedite land and environmental clearances, increase labour market flexibility, and simplify business procedures should continue to improve India's business climate, which is crucial for sustaining faster and more inclusive growth.

(Source: International Monetary Fund)

## NBFCs IN INDIA

NBFCs being financial intermediaries are engaged in the activity of bringing the saving and the investing community together. In this role they are perceived to be playing a complimentary role to banks rather than competitors, as it is a known fact that majority of the population in the country do not yet have access to mainstream financial products and services including a bank account. Therefore, the country needs institutions beyond banks for reaching out in areas where banks' presence may be lesser. Thus, NBFCs have carved niche business areas for them within the financial sector space and are also popular for providing customised products. In short, NBFCs bring the much needed diversity to the financial sector thus diversifying the risks, increasing liquidity in the markets thereby promoting financial stability and bringing efficiency to the financial sector.

In 2014, NBFCs held 14.3% of banking assets in the country, as compared to 10.7% in 2009. This fact alone is an evidence of NBFCs gaining more systemic importance in the country and is gradually evolving into structured business models. Today, NBFCs strongly compete with banks and has been instrumental in taking financial services beyond urban vicinity.

## Regulations

The NBFC sector has evolved considerably in terms of its size, operations, technological sophistication, and entry into newer areas of financial services and products. NBFCs are now

deeply interconnected with the entities in the financial sector, on both sides of their balance sheets. Being financial entities, they are as exposed to risks arising out of counterparty failures, funding and asset concentration, interest rate movement and risks pertaining to liquidity and solvency, as any other financial sector player. Reserve Bank Of India has over the last 50 years streamlined the NBFC regulations, addressed the risks posed by them to financial stability, depositors' and customers' interests, regulatory arbitrage and helped the sector grow in a healthy and efficient manner. RBI addressed these risks, without impeding the dynamism displayed by NBFCs in delivering innovation and last mile connectivity for meeting the credit needs of the productive sectors of the economy. Among them, the latest was the revision of regulatory framework for NBFCs in November 2014 based on recommendations made by the Working Group on Issues and Concerns in the NBFC Sector (Chairperson: Smt. Usha Thorat) and the Committee on Comprehensive Financial Services for Small Businesses and Low Income Households (Chairman: Dr. Nachiket Mor).

The following are the key changes:

- a) All NBFCs irrespective of date of registration to have Net Owned Funds of ₹ 2 Crores by March 2017
- b) Systemically Important NBFC limit revised to asset size above ₹ 500 Crores
- c) Asset sizes of all NBFCs in a group would be viewed on a consolidated basis to ascertain Systemic Importance
- d) Introduction of leverage ratio of 7 for NBFC-ND having assets less than ₹ 500 Crores
- e) Deposit acceptance reduced to 1.5 times of Net Owned Funds for all categories of deposit taking NBFCs
- f) Increase in Tier I capital requirement to 10% for NBFC-ND-SI and NBFC-D from 7.5%
- g) NPA recognition norm changed to 90 days from 180/360 days norm presently, to be complied stage wise by March 2018
- h) Provision for standard assets increased from 0.25% to 0.40% to be complied stage wise by March 2018
- i) Credit concentration norms for NBFC-AFC to be in line with other NBFCs
- j) Corporate Governance and Disclosures in Annual Report

## GOLD

### Gold demand in India

Despite fall in gold in prices in FY 2014-15, India accounts for 25% of the total world gold demand, as per the reports of World Gold Council. For Indians, gold is an auspicious metal bought on various occasions and demand remains inelastic irrespective of prices. Domestic production is quite negligible and it imports almost all its gold demand. It is the second largest import item in the country's import bill, after petroleum. Being a stable asset and a store of value, gold demand has risen steadily over the years. Gold consumption serves a dual purpose - it is a financial asset and also a social capital for the majority of Indians and the best resource in an emergency, especially with the advent of the consumer-friendly gold loans. The gold imported during FY 2014-15 was 915 tonnes [Source: Ministry of Commerce & Industry, Government of India], as compared to 665 tonnes in FY 2013-14.

### GOLD LOAN SECTOR

The country's organised gold loan market has witnessed a significant expansion in the last one decade. The large domestic household gold holding of the country enabled the creation of this market. The magnitude of this holding could be more than 18,000 tonnes. Most of the gold is held by people in rural areas and in many cases this is the only asset they have in their possession though in small quantity. All the while, rural Indians know that if his crop fails or his family is sick, he can raise cash in a moment from the goldsmith or may be pawnbrokers and moneylenders, because the rural India lags in availing banking facilities. Therefore, even the pattern of saving in India differs for various income groups. While richer sections diversify their portfolio according to risk-return equation, the poor rely more on commodities like gold as well as silver. The jewellery bought in times of prosperity has been pawned or sold for cash in periods of distress or need.

Over the years, some portion of this is being used as collateral for borrowing in the unorganised market, though estimates is not available. It is a common practice in India that gold is pawned, bought back and re-pawned to manage day-to-day needs of the poor and middle class. The pledging of gold ornaments and other gold assets to local pawnbrokers and money lenders to avail loans has been prevalent in the Indian society over ages. Due to the increased holding of gold as an asset among large section of people as also the non-transparent practices of lending against gold in the unorganised sector, entities like 'Muthoot Finance' started providing loans against the collateral of used gold jewellery many years back and over a period transformed itself as NBFCs with core focus on gold loans. Some independent estimates indicate that rural India

# 18,000 Tonnes

## Estimated household gold holdings in India

accounts for about 65% of total gold stock in the country. At times of emergency, gold ensures a loan almost instantaneously for the poor and without any tedious documentation process. Most of the loans are for meeting unforeseen contingencies. The demand for gold has a regional bias with southern Indian states accounting for around 40% of the annual demand, followed by the west (25%), north (20-25%) and east (10-15%). Accordingly, even the gold loan market has also developed on the same lines, where a large portion of market is concentrated in southern India.

### NBFCs in Gold Loan business

#### Strengths

**Core focus:** The primary focus of the gold loan NBFCs is to provide gold loans. Thus, NBFCs can focus more on ensuring customer delight through better and faster customer service. A higher concentration on one product allows a proper structuring of the offerings and adopts faster corrective measures to meet the changing needs and behaviour of the customer.

**Branch network:** Branches play a significant role in building an institution's brand image. A wide network of branches enable NBFCs to be closer to the customers. Location and access to branches are key criteria for customers choosing a service provider. This expansion strategy by NBFCs led to significant customer addition.

**Faster turnaround time:** Superior service creates loyalty and deeper customer relationships. At the same time, a lack of appropriate service can destroy those relationships. Gold loans also enjoy an advantage of having a quick-turnaround time at NBFCs. This is achieved without any compromise on documentation discipline and KYC compliance requirements.

**Transparent and standard operating practices:** NBFCs offer a transparent transaction, capturing all the terms clearly in the loan document and operate with standard operating procedures, which could provide enhanced customer comfort.

**Flexible Repayment Option:** Customers get a trouble free loan period where he is not troubled for any payment of equated



monthly instalment rather would be allowed to make payment of interest and principal on closure of the loan.

**Resources availability:** NBFCs have access to organised credit and hence do not face any constraint. The unorganised sector operates on proprietary funds, which limits its ability to lend and on better terms.

**Value to the customer:** Customers stay with a service provider if they pay a price they deem fair for quality of the products they receive. Customers expect to pay an appropriate price for the services they receive, not necessarily the lowest. NBFCs have been able to run on this philosophy and have been offering loans at rates of interest lower than the unorganised segment.

**Low-cost structure:** The Company has built network with a minimum investment corresponding to the potential of business in which it is going to operate. Employees are sourced locally and are provided training to deliver various skills keeping the operating cost low. This has enabled the Company to reach the break-even level faster as well as start contributing to the bottom line of the Company. This also provides downside protection in terms of closing down the operation in case desired level of business is not achieved.

### Oppportunities

**Untapped market:** The gold loan industry is driven by multiple factors. Since the loan is granted against gold jewellery, the quantum of gold jewellery available with the customers is of utmost importance. The large gold holding especially among the rural folk positioned the product well for the development of this activity through the unorganised market. The needs of the borrower coinciding with various purposes like cropping season, business season, academic year, festivals, medical purposes etc, are critical in determining the demand for gold loans. Further, easy availability of loans on flexible terms and changing attitude of customers to avail loans and relative constriction by banks for giving personal loans enabled the popularisation of the product. To tap the opportunity, aggressive network expansion by NBFCs on a pan-India basis, enabled the product to reach the masses and thereby widening the customer base. Further, aggressive marketing campaigns by the NBFCs increased awareness among the people and renunciation of stigma attached to pledging of gold jewellery. NBFCs, since having core focus, invested in infrastructure thereby building service quality. Customers found comfort and confidence in their transparent practices and started shifting their loyalties from the unorganised sector to the organised sector.

**Level playing field:** The regulatory Loan to Value cap of 60% on gold price for NBFCs denied the sector a level playing field with banks. The increased focus of banks on retail lending consequent to lack of adequate opportunities for safe corporate lending created disequilibrium in gold loan business. In January 2014, RBI relaxed the LTV norms for NBFCs by increasing the cap to 75% from 60%. Subsequently, RBI made the LTV cap applicable for banks also. This measure will pave way for stability in the business of gold loans by NBFCs going forward and healthy development of the sector.

### Threats

**Competition:** Though NBFCs like ours are pioneers in scaling up and popularising gold loan business, banks which has significant advantage in terms of cost of funds can scale up gold loan business by offering it at interest rates lower than the rates of NBFCs. At the same time, banks have significant disadvantage in terms of higher operating cost for running this business. Unorganised sector, for which no data is available on its size, can remain catering to their niche customers.

**Fall in collateral value:** Though several risk management mechanism is in place to meet the eventualities of fall in collateral value i.e. fall in gold price, a steep decline in value and it remaining at those levels and simultaneously borrowers losing sentimental attachment towards the collateral, can pose a threat to our business.

**Adverse regulatory changes:** Though our sectoral regulator has framed adequate regulations for regulating the sector, any future developments necessitating framing of additional regulatory framework, can adversely affect the growth and sustainability of this sector.

**Alternative loan products:** Growth of this sector is primarily based on availability of gold jewellery with the borrowers and his willingness to pledge. Popularisation and availability of other loan products like personal loan, loan against property and home loan, among others can reduce the demand for gold loan.

### Outlook

The Indian retail credit market stood at ₹ 21.0 trillion as on 31st March, 2015 and grew 17% in FY 2014-15, as against 15% in FY 2013-14. NBFC credit in the gold loan segment stood at ₹ 468 billion as on 31st March, 2015 and registered a YoY growth of 4%, against a de-growth of 15% in FY 2013-14. Monetising idle gold is crucial for creation of productive resources for India. Gold loans help address needs of a largely unbanked population, and are essential in bringing financial inclusion to many Indians in rural areas. NBFCs can continue to play a major role in this process.

## MUTHOOT FINANCE LIMITED.

Muthoot Finance Limited is the flagship Company of the Muthoot Group, which has pioneered the concept of gold banking in the country. It is a 'Systematically Important Non-deposit taking NBFC', which is listed on the country's premier stock exchanges, namely BSE and NSE. It has emerged as a leader in gold loan business and has a network of 4,245 branches all over India. It has become a trusted pan-India name in the gold loan business providing financial assistance to the needy on reasonable and convenient conditions.

### Financial performance review

#### Gross retail loan assets under management

Consequent to relaxation by RBI of LTV cap of 60% to 75% in January 2014, the Company saw growth in retail loan portfolio, after continuous decline for 5 quarters, in second quarter of FY 2014-15. Thereafter, loan portfolio increased in the third and fourth quarter. Thus, the Company's retail loan portfolio increased by ₹ 1,547 Crores for FY 2014-15, a net growth of 7%, to ₹ 23,408 Crores from ₹ 21,861 Crores in FY 2013-14.

#### Average gold loan outstanding per branch

The Company's average gold loan outstanding per branch increased from ₹ 5.06 Crores in FY 2013-14 to ₹ 5.50 Crores in FY 2014-15 on account of increase in gold loan portfolio.

#### Revenues

The Company's revenues declined by 13% from ₹ 4,947 Crores in FY 2013-14 to ₹ 4,325 Crores in FY 2014-15. This was on account of decline in average yield on loan portfolio from 20.27% in FY 2013-14 to 19.31% in FY 2014-15.

#### Profit before tax

The Company's Profit before tax declined by 14%, from ₹ 1,194 Crores in FY 2013-14 to ₹ 1,028 Crores in FY 2014-15.

#### Profit after tax

Muthoot Finance's Profit after tax declined by 14% at ₹ 671 Crores in FY 2014-15 from ₹ 780 Crores in FY 2013-14.

#### Capital adequacy ratio

The Company's capital adequacy ratio increased from 24.69% in FY 2013-14 to 24.78% with Tier I capital of 19.96%, on account of ploughing back of profit for the year net of dividend payment.

#### Earnings per share (EPS)

Earnings per share declined to ₹ 16.97 in FY 2014-15 from ₹ 20.99 in FY 2013-14 on account of lower profits generated during the year.

## RISK MANAGEMENT

The objective of risk management systems is to measure and monitor the various risks the Company is subject to and to implement policies and procedures to address these. The Company continues to improve its operating processes and risk management systems that will further enhance its ability to manage these risks.

### 1. Operational risk

Operational risks are broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. It includes employee negligence, fraud, petty theft, burglary and embezzlement. The Company has started installing offsite surveillance cameras in its branches, and intends to implement this across its branch network. As of 31st March, 2015, it had installed centralised monitoring and surveillance cameras in 3,855 branches across India. The Company has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Although, the disbursements of loans are very quick, a well defined appraisal method as well as KYC compliance procedure exists to mitigate the risk involved in the business. Additionally, it continues to train existing and new employees in appraisal skills, customer relations, and communication skills and risk management procedures.

This enables replication of talent and a smooth transition on employee attrition. It also periodically updates its employees with the latest developments to mitigate risks against frauds, cheating and spurious gold and strengthen their gold assessment skills. Internal audit department and Centralised monitoring systems assist in the overall management of operational risk.

### 2. Collateral risk

Collateral risk arises from the decline in the value of the gold collateral due to fluctuation in gold prices. This risk is in part mitigated by at least 25% margin retained on the value of jewellery for the purpose of calculation of the loan amount. Besides, risk is reduced because the price of gold jewellery is higher given that the production costs, design cost and the gemstones associated with making the item which is not considered for arriving at the value of jewellery for the calculation of the loan amount. The Company appraises the jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. In addition, the sentimental value of gold jewellery to the customers may

induce repayment and redemption of the collateral even if the value of the collateral falls below the repayment amount.

### 3. Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract with the Company. Muthoot aims to reduce credit risk through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy. This risk is diminished because the gold jewellery used as collateral for loans can be readily liquidated, and there is only a remote possibility of recovering less than the amount due to the Company due to adequate collateral being available.

### 4. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in the Company's business. The objective of market risk management is to avoid excessive exposure of Muthoot's earnings and equity to loss and to reduce its exposure to the volatility inherent in financial instruments. The majority of the Company's borrowings, and all the loans and advances it makes, are at fixed rates of interest. This minimises the Company's interest rate risk.

### 5. Liquidity risk

Liquidity risk is the risk of being unable to raise necessary funds from the market at optimal costs to meet operational and debt servicing requirements. The purpose of liquidity management is to ensure sufficient cash flow to meet all financial commitments and to capitalise on opportunities for business expansion. An Asset and Liabilities Committee (ALCO) meeting is held regularly to review the liquidity position based on future cash flow. In addition, the Company also tracks the potential impact of prepayment of loans at a realistic estimate of its near to medium-term liquidity position. The nature of Company's business is such that source of funds, primarily proceeds from issue of debentures and bank loan, has longer maturities than the loans and advances given resulting in low liquidity risk in its operations.

### 6. Business cycle risk

Business cycle risk is the risk associated with the seasonal or cyclical nature of a business. As customers include both individuals and business loan products are used by customers in various industries, trade cycles have limited impact on Company's business. In addition, the geographic spread of branches will allow the Company to mitigate the cyclical pressures in the economic growth of different regions.

## INTERNAL SYSTEMS AND THEIR ADEQUACY

Muthoot Finance Limited has an adequate internal control system in place to safeguard assets and protect against losses from any unauthorized use or disposition. The system authorises, records and reports transactions and ensures that recorded data are reliable to prepare financial information and to maintain accountability of assets. The Company's internal controls are supplemented by an extensive programme of internal audits, review by the management, and documented policies, guidelines and procedures.

## CAUTIONARY STATEMENTS

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Important developments that could affect the Company's operations include a downtrend in the financial services industry - global or domestic or both, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other factors. Actual results might differ substantially or materially from those expressed or implied.

This report should be read in conjunction with the financial statements included herein and the notes thereto.

# Independent Auditors' Report

## To The Members of Muthoot Finance Limited

### Report on The Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Muthoot Finance Limited, Registered and Corporate Office: Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India**, ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 misstatements.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order) issued by the Central Government of India in terms of sub-section (11) of Section 143 of the

Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2015, from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Rangamani & Co**  
Chartered Accountants  
(Registration No.: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Place: **Kochi**  
Date: **5th May, 2015**

Membership No. 020566

# Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2015, we report that;

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (ii) The Company is a Non-Banking Finance Company and has not dealt with any goods and the company does not hold any inventory during the period under audit. Accordingly, the provisions of clause 3 (ii) of the Order is not applicable to the Company.
- (iii) As informed to us, the company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained u/s 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Companies (Auditor's Report) Order 2015 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to the purchases of fixed assets and for sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, no major weaknesses have been noticed in internal control system in respect of these areas.
- (v) According to the information and explanations given to us, the Company has not accepted deposits from the public attracting the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Therefore, the provisions of Clause 3(v) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- (vi) According to the information and explanations given to us, in respect of the Company, Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013.
- (vii) (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, applicable to it.
- According to the information and explanations given to us, no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues were outstanding as at March 31, 2015, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of Sales tax, Duty of Customs, Wealth Tax, Duty of Excise and Cess which have not been deposited on account of any dispute. The following dues of Service Tax and Income Tax have not been deposited with appropriate authorities on account of disputes:



Nature of dues	Amount ₹ In Lakhs *	Period to which the amount relates	Forum where dispute is pending
Service tax	499.21	2003-2008	CESTAT, Bangalore
	48,958.83	2007-2012	CESTAT, Bangalore
	7.90	2013-14	Commissioner (Appeals), Kochi
Income Tax	271.20	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)-II, Kochi
	145.64	Assessment Year 2010-11	Commissioner of Income Tax (Appeals) , Kochi

\* Amount is net of payments made and without considering interest for the overdue period, if any, as may be levied if demand raised is upheld

(c) According to the information and explanations given to us, there is no amount that is required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and the rules made there under.

(viii) The company does not have accumulated losses as at the end of the financial year and it has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

(ix) According to the records of the company examined by us and the information and explanations given to us, we are of the opinion that the company has not defaulted during the period in repayment of dues to financial institution, bank or debenture holders.

(x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

(xi) According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

(xii) According to the information and explanations given to us,

(a) there have been certain instances of fraud by customers/staff of the company amounting to ₹ 1,19,62,300 as given in Note 37 to the financial statements;

(b) no other material fraud on the company has been noticed or reported during the course of our audit; and

(c) no fraud by the company has been noticed or reported during the course of our audit.

For **Rangamani & Co**  
Chartered Accountants  
(Registration No.: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Place: **Kochi**  
Date: **5th May, 2015**

Membership No. 020566

# Balance Sheet

as at 31st March, 2015

Particulars	Note No.	₹	
		As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	3,979,664,190.00	3,717,127,680.00
(b) Reserves and surplus	4	46,855,378,219.62	38,928,634,085.04
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	67,125,585,633.97	69,046,032,561.10
(b) Other Long-term liabilities	6	12,078,100,624.41	8,975,080,634.76
(c) Long-term provisions	25	7,508,745.00	18,733,086.00
<b>Current liabilities</b>			
(a) Short-term borrowings	5	77,606,483,313.95	60,642,866,946.00
(b) Trade Payables & Other current liabilities	7	57,051,777,510.23	72,431,871,016.08
(c) Short-term provisions	8	2,988,014,883.32	2,178,393,743.91
<b>Total</b>		<b>267,692,513,120.50</b>	<b>255,938,739,752.89</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	9	2,518,518,109.28	3,119,747,528.67
(i) Tangible Assets		54,510,094.34	6,065,822.34
(ii) Intangible Assets		63,317,949.00	83,785,469.00
(iii) Capital Work-in-progress		5,319,943.00	60,267,280.00
(iv) Intangible Assets under development		384,873,495.16	46,749,940.00
(b) Non-current investments	10	348,390,523.16	210,470,735.90
(c) Deferred tax assets (net)	11	984,247,946.08	1,019,451,594.24
(d) Long-term loans and advances	12		
<b>Current assets</b>			
(a) Current investments	13	-	307,000,000.00
(b) Trade receivables	14	11,538,967,402.13	11,639,680,421.27
(c) Cash and Bank Balances	15	17,366,168,484.00	20,489,267,554.30
(d) Short-term loans and advances	16	234,428,120,137.99	218,944,896,078.16
(e) Other current assets	17	79,036.36	11,357,329.01
<b>Total</b>		<b>267,692,513,120.50</b>	<b>255,938,739,752.89</b>

## Notes on accounts form part of standalone financial statements

As per our report of even date attached

For **Rangamani & Co**

Chartered Accountants

(FRN: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Membership No. 020566

Place: **Kochi**Date: **5th May, 2015**

## For and on behalf of the Board of Directors

Sd/-

**M. G. George Muthoot**

Chairman &amp; Whole time Director

Sd/-

**Oommen K. Mammen**

Chief Financial Officer

Sd/-

**George Alexander Muthoot**

Managing Director

Sd/-

**Maxin James**

Company Secretary

# Statement of Profit and Loss

for the year ended 31st March, 2015

Particulars	Note No.	₹	
		Year Ended 31st March, 2015	Year Ended 31st March, 2014
Revenue from Operations	18	43,138,018,931.43	49,278,820,053.01
Other income	19	108,341,506.82	195,544,949.75
<b>Total Revenue</b>		<b>43,246,360,438.25</b>	<b>49,474,365,002.76</b>
Expenses:			
Employee benefits expense	20	6,804,274,071.18	5,917,121,758.87
Finance costs	21	21,063,560,931.62	26,259,879,576.76
Other expenses	22	4,194,841,153.80	4,257,105,053.85
Directors Remuneration		192,486,667.00	192,000,000.00
Depreciation and amortisation expense	9	841,185,744.03	474,615,435.73
Provisions and Write Offs	23	371,434,571.00	438,086,684.35
<b>Total Expenses</b>		<b>32,967,783,138.63</b>	<b>37,538,808,509.56</b>
<b>Profit Before Tax</b>		<b>10,278,577,299.62</b>	<b>11,935,556,493.20</b>
Tax expense:			
Current tax		3,695,111,324.00	4,123,961,486.00
Deferred tax		(125,522,749.00)	(15,029,244.00)
Taxes relating to Previous Years		3,747,597.09	25,933,715.42
<b>Profit for the year</b>		<b>6,705,241,127.53</b>	<b>7,800,690,535.78</b>
Earnings per equity share of ₹ 10/- each			
<b>Basic</b>		<b>16.97</b>	<b>20.99</b>
<b>Diluted</b>		<b>16.80</b>	<b>20.99</b>

Notes on accounts form part of standalone financial statements

As per our report of even date attached

For **Rangamani & Co**

Chartered Accountants

(FRN: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Membership No. 020566

Place: **Kochi**

Date: **5th May, 2015**

For and on behalf of the Board of Directors

Sd/-

**M. G. George Muthoot**

Chairman & Whole time Director

Sd/-

**Oommen K. Mammen**

Chief Financial Officer

Sd/-

**George Alexander Muthoot**

Managing Director

Sd/-

**Maxin James**

Company Secretary

# Cash Flow Statement

for the year ended 31st March, 2015

Particulars	₹	
	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation	10,278,577,299.62	11,935,556,493.20
Adjustments for :		
Add: Provision for Non-Performing Assets and Standard assets	179,798,948.00	213,948,607.00
Add: Finance Cost	21,063,560,931.62	26,259,879,576.76
Add: Loss on Sale of Fixed Assets	134,690.65	80,760.00
Add: Depreciation and amortisation	841,185,744.03	474,615,435.73
Add :Provision for Gratuity	7,508,745.00	18,733,086.00
Add :Expenses on ESOP	194,898,339.00	98,731,243.00
Less: Interest received on Bank Deposits	(93,952,471.03)	(70,993,542.80)
Less: Income from Investments	(13,181,162.79)	(85,776,381.95)
Less: Profit on sale of Investments	-	(37,950,000.00)
<b>Operating profit before working capital changes</b>	<b>32,458,531,064.10</b>	<b>38,806,825,276.94</b>
Adjustments for:		
(Increase) / Decrease in Loans and Advances	(15,448,020,411.67)	45,211,965,922.36
(Increase) / Decrease in Trade receivables	100,713,019.14	(157,910,061.82)
Increase / (Decrease) in Current liabilities	86,350,174.43	153,937,363.67
Increase / (Decrease) in Other Liabilities	(19,105,846.04)	(1,852,892.26)
<b>Cash generated from operations</b>	<b>17,178,467,999.96</b>	<b>84,012,965,608.89</b>
Finance cost paid	(18,192,171,218.07)	(22,391,757,790.41)
Direct tax paid	(3,589,223,031.68)	(4,359,281,173.09)
<b>Net cash from operating activities</b>	<b>(4,602,926,249.79)</b>	<b>57,261,926,645.39</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(326,413,971.75)	(711,014,501.57)
Sale of Fixed Assets	1,406,077.35	4,282,250.00
(Increase) / Decrease in Capital Work in Progress	75,414,857.00	(7,657,049.75)
Sale of Bonds	307,000,000.00	443,000,000.00
Sale of Investments in Equity Shares	-	66,250,000.00
Investments in Equity Shares of Subsidiary Company	(338,123,555.16)	-
Interest received on Bank Deposits	97,200,400.67	81,966,908.60
Income from Investments	21,211,525.80	97,364,169.62
<b>Net Cash from Investing Activities</b>	<b>(162,304,666.09)</b>	<b>(25,808,223.10)</b>

# Cash Flow Statement

for the year ended 31st March, 2015

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds from Issue of Debentures	(15,819,574,000.00)	(6,154,952,000.00)
Increase / (Decrease) in Loan from Directors / Relatives of Directors	1,142,085,750.00	2,315,016,877.30
Increase / (Decrease) in Borrowings from Bank /Financial Institutions	14,385,168,173.07	(43,330,189,698.23)
Increase / (Decrease) in Inter Corporate Loan	-	(52,220,000.00)
Increase / (Decrease) in Subordinated debt	191,193,566.00	3,245,842,000.00
Increase / (Decrease) in Commercial Papers	(90,293,500.00)	(2,073,562,100.00)
Dividend paid (including Dividend distribution tax)	(2,322,575,331.49)	(4,116,773,629.85)
Proceeds from issue of Share Capital	4,201,889,040.00	-
Expenses on further issue of Equity Shares	(45,761,852.00)	-
(Increase) / Decrease in bank deposits held for greater than 3 months	899,742,108.92	(899,041,471.40)
<b>Net Cash from Financing Activities</b>	<b>2,541,873,954.50</b>	<b>(51,065,880,022.18)</b>
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(2,223,356,961.38)</b>	<b>6,170,238,400.11</b>
Cash And Cash Equivalent at the Beginning of the Year	19,572,074,131.90	13,401,835,731.79
<b>Cash And Cash Equivalent at the End of The Year</b>	<b>17,348,717,170.52</b>	<b>19,572,074,131.90</b>
<b>Components of Cash and Cash Equivalents at the end of the Year</b>		
Current Account with Banks	14,777,081,225.78	16,872,853,791.79
Deposit with Banks	100,000,000.00	350,000,000.00
Cash on Hand	2,469,328,032.08	2,347,061,235.96
Unpaid Dividend *	2,307,912.66	2,159,104.15
<b>Total (Refer Note.2.11)</b>	<b>17,348,717,170.52</b>	<b>19,572,074,131.90</b>

## Notes:

- 1) The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified under the provisions of the Companies Act, 1956, in compliance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 2) All figures in brackets indicate outflow.
- 3) The cash flows from operating, investing and financing activities are segregated.
- \*4) These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

## Notes on accounts form part of standalone financial statements

As per our report of even date attached

For **Rangamani & Co**  
Chartered Accountants  
(FRN: 003050 S)

Sd/-  
**R. Sreenivasan**  
Partner  
Membership No. 020566

## For and on behalf of the Board of Directors

Sd/-  
**M. G. George Muthoot**  
Chairman & Whole time Director

Sd/-  
**George Alexander Muthoot**  
Managing Director

Sd/-  
**Oommen K. Mammen**  
Chief Financial Officer

Sd/-  
**Maxin James**  
Company Secretary

Place: **Kochi**

Date: **5th May, 2015**

# Notes on Accounts

for the year ended 31st March, 2015

## 1. BACKGROUND

Muthoot Finance Ltd. was incorporated as a private limited Company on 14th March 1997 and was converted into a public limited Company on 18th November 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of 'The Muthoot Group', which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13.11.2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non Deposit Taking NBFC (NBFC-ND-SI).

The Company made an Initial Public Offer of 51,500,000 Equity Shares of the face value ₹ 10/- each at a price of ₹ 175/- raising ₹ 9,012,500,000.00 during the month of April 2011. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited from 6th May 2011.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Accounting Concepts

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 and / or Companies Act, 1956, as applicable. The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The Company follows prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India vide Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

### 2.2 Use of Estimates

The preparation of the financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of income and expenses during the reporting period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that these estimates and assumptions used are prudent and reasonable. Future results may vary from these estimates.

### 2.3 Revenue Recognition

Revenues are recognized and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses. Revenue is recognised to the extent it is realizable wherever there is uncertainty in the ultimate collection. Income from Non-Performing Assets is recognized only when it is realized. Income and expense under bilateral assignment of receivables accrue over the life of the related receivables assigned. Interest income and expenses on bilateral assignment of receivables are accounted on gross basis. Interest income on deposits are recognised on time proportionate basis.

### 2.4 Employee Benefits

#### A) Short Term Employee Benefits:

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

#### B) Post employment benefits:

##### a) Defined Contribution Plan Provident Fund

All eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the company contribute monthly at a stipulated percentage of the covered employees salary. Contributions are made to Employees Provident Fund Organization in respect of Provident Fund,



# Notes on Accounts

for the year ended 31st March, 2015

Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss at actuals. The company has no liability for future provident fund benefits other than its annual contribution.

## b) Defined Benefit Plan

### Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to a Gratuity Fund administered by Trustees and separate schemes managed by Kotak Mahindra Old Mutual Life Insurance Limited and ICICI Prudential Life Insurance Company Limited. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard 15, 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

## c) Employee share based payments

Stock options granted to the employees under the stock option scheme established are accounted as per the accounting treatment prescribed by the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / SEBI (Share Based Employee Benefits) Regulations, 2014 issued by Securities Exchange Board of India. The company follows the intrinsic value method

of accounting for the options and accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

## 2.5 Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually upto ₹5000.00 is fully depreciated by the company in the year of its capitalisation.

## 2.6 Foreign Exchange Transactions

Foreign currency transactions are recorded, on initial recognition, by applying to the foreign currency amount the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate as on the Balance Sheet date. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the period in which they arise.

## 2.7 Intangible Assets

Intangible Assets are amortized over their expected useful life. It is stated at cost, net of amortization. Computer Software is amortized over a period of five years on straight line method.

## 2.8 Taxes on Income

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is

# Notes on Accounts

for the year ended 31st March, 2015

the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961. Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities are offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

## 2.9 Investments

Investments intended to be held for not more than one year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-Current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

## 2.10 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. 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.

## 2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank, cash in hand, bank deposits having a maturity of less than 3 months and unpaid dividend.

## 2.12 Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognized only when the Company has present, legal, or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

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

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

## 2.13 Debenture Redemption Reserve

In terms of Section 71 of the Companies Act, 2013 read with Rule 18 (7) of Companies (Share Capital and Debentures) Rules 2014, the Company has created Debenture Redemption Reserve in respect of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures issued through public issue as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

No Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies.

# Notes on Accounts

for the year ended 31st March, 2015

## 2.14 Provision for Standard Assets and Non Performing Assets

Company makes provision for standard assets and non performing assets as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Provision for standard assets in excess of the prudential norms, as estimated by the management, is categorised under Provision for Standard Assets, as general provisions.

## 2.15 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases.

Where the Company is the Lessor:-

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

Where the Company is the lessee:-

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straightline basis over the lease term.

## 2.16 Segment Reporting

**Identification of segments:-**

- a) The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has identified two business segments – Financing and Power Generation.

- b) In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, Company has identified business segment as the primary segment for the purpose of disclosure.
- c) Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable.
- d) The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

**Unallocated items:-**

Unallocated items include income, expenses, assets and liabilities which are not allocated to any reportable business segment.

**Segment Policies:-**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

## 2.17 Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.

# Notes on Accounts

for the year ended 31st March, 2015

(Amounts in the financial statements are stated in Rupees, except for share data and as otherwise stated.)

## 3. SHARE CAPITAL

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### 3.1 Share Capital

Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>Authorised</b>		
450,000,000 Equity Shares of ₹ 10/- each	4,500,000,000.00	4,500,000,000.00
(Previous year: 450,000,000 Equity Shares of ₹ 10/- each)	5,000,000,000.00	5,000,000,000.00
5,000,000 Preference Shares of ₹ 1000/- each		
(Previous year: 5,000,000 Preference Shares of ₹ 1000/- each)		
<b>Issued, Subscribed &amp; Paid up</b>		
397,966,419 Equity Shares of ₹ 10/- each fully paid	3,979,664,190.00	3,717,127,680.00
(Previous year: 371,712,768 Equity Shares of ₹ 10/- each fully paid)		
<b>Total</b>	<b>3,979,664,190.00</b>	<b>3,717,127,680.00</b>

### 3.2 Terms and Rights attached to Equity Shares

The Company has only one class of equity share having face value ₹ 10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by your Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3.3 The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2015 and 31st March, 2014 is set out below:-

Particulars	31st March, 2015		31st March, 2014	
	Equity Shares		Equity Shares	
	Number	Amount (₹)	Number	Amount (₹)
Shares outstanding at the beginning of the year	371,712,768	3,717,127,680.00	371,712,768	3,717,127,680.00
Shares issued in exercise of Employee Stock Options during the year	902,589	9,025,890.00	-	-
Shares issued under Institutional Placement Programme during the year	25,351,062	253,510,620.00	-	-
<b>Shares outstanding at the end of the year</b>	<b>397,966,419</b>	<b>3,979,664,190.00</b>	<b>371,712,768</b>	<b>3,717,127,680.00</b>

### 3.4 Disclosure as to the shareholders holding more than 5 percent shares

Sl. No.	Name of Shareholder	31st March, 2015		31st March, 2014	
		No. of Shares held	Amount (₹)	Number	Amount (₹)
1	M. G. George Muthoot	47,385,132	11.91%	47,385,132	12.75%
2	George Alexander Muthoot	44,464,400	11.17%	44,464,400	11.96%
3	George Jacob Muthoot	44,464,400	11.17%	44,464,400	11.96%
4	George Thomas Muthoot	44,464,400	11.17%	44,464,400	11.96%
5	Susan Thomas	29,985,068	7.53%	29,985,068	8.07%

# Notes on Accounts

for the year ended 31st March, 2015

## 3.5 Disclosure as to aggregate number and class of shares allotted as pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back.

Particulars	Aggregate No. of Shares issued in the financial year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	Nil	Nil	Nil	Nil	Nil
Fully paid up by way of bonus shares	Nil	Nil	Nil	Nil	Nil
Shares bought back	Nil	Nil	Nil	Nil	Nil

## 3.6 Shares reserved for issue under Employee Stock Option Scheme

The Company has reserved 5,901,049 equity shares (Previous year : 6,626,300) for issue under the Employee Stock Option Scheme 2013. (Refer Note.25.c)

## 3.7 Institutional Placement Programme

On 29th April, 2014, Company allotted 25,351,062 shares of ₹10/- each for cash at a premium of ₹ 155/- per equity share aggregating to ₹ 4,182,925,230.00, pursuant to Institutional Placement Programme (IPP) under Chapter VIII A of the SEBI ICDR Regulations complying with the minimum public shareholding requirement under Rule 19 (2) (b) (ii) of the Securities Contracts (Regulations) Rules, 1957.

## 4. RESERVES AND SURPLUS

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Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>a. Securities Premium Account</b>		
Balance at the beginning of the year	10,570,781,115.96	10,570,781,115.96
Add : Securities premium credited on Equity Share issue	4,026,262,409.70	-
Less : Premium Utilised for Institutional Placement Programme expenses (Refer Note.4.1)	45,761,852.00	-
<b>Closing Balance</b>	<b>14,551,281,673.66</b>	<b>10,570,781,115.96</b>
<b>b. General Reserve</b>		
Balance at the beginning of the year	2,676,332,599.00	1,896,263,545.00
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	-	780,069,054.00
<b>Closing Balance</b>	<b>2,676,332,599.00</b>	<b>2,676,332,599.00</b>
<b>c. Debenture Redemption Reserve (Refer Note.4.2)</b>		
Balance at the beginning of the year	8,346,323,368.00	1,709,287,809.00
Add: Amount transferred from surplus in the Statement of Profit and Loss	3,661,998,715.50	6,637,035,559.00
<b>Closing Balance</b>	<b>12,008,322,083.50</b>	<b>8,346,323,368.00</b>
<b>d. Statutory Reserve (Refer Note.4.3)</b>		
Balance at the beginning of the year	7,334,689,409.80	5,774,551,302.80
Add: Amount transferred from surplus in the Statement of Profit and Loss	1,341,048,226.00	1,560,138,107.00
<b>Closing Balance</b>	<b>8,675,737,635.80</b>	<b>7,334,689,409.80</b>
<b>e. Share options outstanding account (Refer Note.25 e)</b>		
Balance at the beginning of the year	98,731,243.00	-
Additions during the year	194,898,339.00	98,731,243.00
Deduction during the year on share allotment	86,909,879.70	-
<b>Closing Balance</b>	<b>206,719,702.30</b>	<b>98,731,243.00</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 4. RESERVES AND SURPLUS (CONTD.)

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Particulars	As at	
	31st March, 2015	31st March, 2014
<b>f. Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	9,901,776,349.28	13,687,640,641.50
Add: Net Profit For the year	6,705,241,127.53	7,800,690,535.78
Less: Appropriations		
Impact of change in Depreciation Rate net of Deferred Tax (Refer Note.27)	24,075,567.95	-
Interim Dividend 2014-15	1,588,255,320.00	1,858,563,840.00
Proposed Final Dividend on Equity Shares	795,932,838.00	371,712,768.00
Dividend relating to earlier year	25,351,062.00	-
Corporate Dividend Tax	433,371,222.00	379,035,500.00
Transfer to General Reserve	-	780,069,054.00
Transfer to Debenture Redemption Reserve	3,661,998,715.50	6,637,035,559.00
Transfer to Statutory Reserve	1,341,048,226.00	1,560,138,107.00
<b>Closing Balance</b>	<b>8,736,984,525.36</b>	<b>9,901,776,349.28</b>
<b>Total</b>	<b>46,855,378,219.62</b>	<b>38,928,634,085.04</b>

### 4.1 Share Issue Expenses

The expenses incurred for the issue of Equity shares under Institutional Placement Programme in April 2014 amounting to ₹ 45,761,852.00 has been written off against Securities Premium as per Section 52 (2) of the Companies Act, 2013.

### 4.2 Debenture Redemption Reserve

During the year, the company has transferred an amount of ₹ 3,661,998,715.50 (Previous Year: ₹ 6,637,035,559.00) to the Debenture Redemption Reserve. No appropriation was made from this Reserve during the year.

### 4.3 Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. An amount of ₹ 1,341,048,226.00 representing 20% of Net Profit is transferred to the Fund for the year (Previous Year: ₹ 1,560,138,107.00). No appropriation was made from the Reserve Fund during the year.

## 5. BORROWINGS

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### 5.1 Borrowings – Secured and Unsecured

Particulars	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>				
<b>(a) Debentures</b>				
Secured Non-Convertible Debentures	17,766,810,000.00	26,598,961,000.00	42,072,261,000.00	54,980,598,000.00
(Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.2)	-	-	-	-



# Notes on Accounts

for the year ended 31st March, 2015

## 5. BORROWINGS (CONTD.)

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### 5.1 Borrowings – Secured and Unsecured

Particulars	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and charge on all movable fixed assets) (Refer Note.5.2)	-	-	-	50,000.00
Secured Non-Convertible Debentures- Listed (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.3 & 5.4)	24,897,088,000.00	17,285,368,000.00	5,758,466,000.00	7,449,222,000.00
<b>(b) Term loans</b>				
<b>From banks</b>				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment : ₹ 4,984,514.40 repayable during FY 2015-16 in 4-12 monthly instalments & ₹ 478,750.50 during FY 2016-17 in 1-12 monthly instalments & ₹ 78,039.10 during FY 2017-18 in 3 monthly instalments , Rate of Interest : 9.01-11.01 %)	556,789.60	4,907,335.90	4,984,514.40	5,718,683.60
Short Term Loan (Secured by mortgage of immovable property and subservient charge on current assets, book debts, loans & advances and personal guarantee of Promoter Directors and collateral security by a group company)	-	-	-	400,000,000.00
Term Loan (Secured by paripassu floating charge on current assets, book debts and Loans & advances and is additionally secured by personal guarantee of Promoter Directors)	-	-	-	1,521,700,000.00
<b>From Financial Institutions</b>				
Term Loan - (Secured by specific charge on vehicles) (Terms of Repayment: Amount ₹ 1,404,249.92 repayable during FY 2015-16 in 3-12 monthly instalments & ₹ 1,016,844.37 during FY 2016-17 in 12 monthly instalments , Rate of Interest : 10.00-10.39 %)	1,016,844.37	481,659.20	1,404,249.92	1,810,664.47

# Notes on Accounts

for the year ended 31st March, 2015

## 5. BORROWINGS (CONTD.)

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### 5.1 Borrowings – Secured and Unsecured

Particulars	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>(c) Loans repayable on demand</b>				
<b>From banks</b>				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	-	-	1,386,295.31	353,156.96
Cash Credit (Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)	-	-	34,479,331,110.34	19,708,540,130.74
<b>(d) Short Term Loans</b>				
<b>From banks</b>	-	-	37,930,000,000.00	36,390,000,000.00
(Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)				
<b>Sub Total (1)</b>	<b>42,665,471,633.97</b>	<b>43,889,717,995.10</b>	<b>120,247,833,169.97</b>	<b>120,457,992,635.77</b>
<b>Unsecured</b>				
<b>(a) Loans and advances from related parties</b>				
Loan from Directors and Relatives	-	-	5,195,765,908.30	4,053,680,158.30
Inter Corporate Loan	-	-	-	-
Subordinated Debt (Refer Note.5.5)	84,407,000.00	293,222,566.00	209,235,566.00	114,875,434.00
<b>(b) Other loans and advances</b>				
Subordinated Debt Listed (Refer Note. 5.6 & 5.7)	2,229,042,000.00	980,186,000.00	-	-
Commercial Paper	-	-	-	90,293,500.00
Subordinated Debt (Refer Note.5.5)	22,146,665,000.00	23,882,906,000.00	1,868,658,000.00	1,075,624,000.00
<b>Sub Total (2)</b>	<b>24,460,114,000.00</b>	<b>25,156,314,566.00</b>	<b>7,273,659,474.30</b>	<b>5,334,473,092.30</b>
<b>Total (1)+(2)</b>	<b>67,125,585,633.97</b>	<b>69,046,032,561.10</b>	<b>127,521,492,644.27</b>	<b>125,792,465,728.07</b>
Less: Amount included under Current Liabilities	-	-	-	-
Current maturities of long term debt (Refer Note.7.1)	-	-	49,628,949,330.32	65,086,848,782.07
Unpaid Matured Debentures (Refer Note.7.2)	-	-	286,060,000.00	62,750,000.00
<b>As per Balance Sheet</b>	<b>67,125,585,633.97</b>	<b>69,046,032,561.10</b>	<b>77,606,483,313.95</b>	<b>60,642,866,946.00</b>
<b>Long Term Borrowings</b>	<b>67,125,585,633.97</b>	<b>69,046,032,561.10</b>	-	-
<b>Short Term Borrowings</b>	-	-	<b>77,606,483,313.95</b>	<b>60,642,866,946.00</b>

There is no continuing default as on the balance sheet date in repayment of loans and interest.

# Notes on Accounts

for the year ended 31st March, 2015

## 5.2 Secured Redeemable Non- Convertible Debentures

The Company had privately placed Secured Redeemable Non-Convertible Debentures for a maturity period of 60-120 months with an outstanding amount of ₹ 59,839,071,000.00 (Previous Year: ₹ 81,579,609,000.00).

Series	Date of allotment	Amount (₹)		Redemption Period	Interest Rate %
		As at 31st March, 2015	As at 31st March, 2014		
CU	31.03.2014	57,500,000.00	62,500,000.00	120 months	10.5-12.5
CT	14.03.2014-31.03.2014	93,500,000.00	98,000,000.00	120 months	10.5-12.5
CS	27.02.2014-14.03.2014	152,500,000.00	152,500,000.00	120 months	10.5-12.5
CR	07.02.2014-27.02.2014	171,500,000.00	184,000,000.00	120 months	10.5-12.5
CQ	04.02.2014-07.02.2014	210,500,000.00	223,500,000.00	120 months	10.5-12.5
CP	20.01.2014-04.02.2014	188,000,000.00	199,000,000.00	120 months	10.5-12.5
CO	10.01.2014-20.01.2014	145,500,000.00	150,500,000.00	120 months	10.5-12.5
CN	03.01.2014-10.01.2014	142,000,000.00	144,500,000.00	120 months	10.5-12.5
CM	24.12.2013-03.01.2014	108,500,000.00	116,000,000.00	120 months	10.5-12.5
CL	05.12.2013-24.12.2013	123,500,000.00	126,000,000.00	120 months	10.5-12.5
CK	18.11.2013-05.12.2013	110,000,000.00	133,000,000.00	120 months	10.5-12.5
CJ	29.10.2013-18.11.2013	107,500,000.00	126,500,000.00	120 months	10.5-12.5
CI	09.10.2013-29.10.2013	108,500,000.00	133,000,000.00	120 months	10.5-12.5
CH	27.09.2013 - 09.10.2013	153,500,000.00	175,000,000.00	120 months	10.5-12.5
CG	06.09.2013 - 27.09.2013	59,500,000.00	124,000,000.00	120 months	10.5-12.5
CF	31.08.2013 - 06.09.2013	43,000,000.00	80,000,000.00	120 months	10.5-12.5
CE	12.08.2013 - 31.08.2013	74,500,000.00	143,000,000.00	120 months	10.5-12.5
CD	31.07.2013 - 10.08.2013	71,500,000.00	134,000,000.00	120 months	10.5-12.5
CC	08.07.2013 - 31.07.2013	63,000,000.00	229,000,000.00	120 months	10.5-12.5
CB	24.06.2013 - 07.07.2013	2,440,523,000.00	3,652,875,000.00	120 months	10.5-12.5
CA	18.04.2013 - 23.06.2013	4,795,065,000.00	7,342,521,000.00	120 months	10.5-12.5
BZ	01.03.2013 - 17.04.2013	5,003,345,000.00	7,567,572,000.00	120 months	10.5-12.5
BY	18.01.2013 - 28.02.2013	4,427,384,000.00	6,276,096,000.00	120 months	10.5-12.5
CX	03.11.2014	390,000,000.00	-	60 months	10.0-12.0
CW	08.05.2014	155,000,000.00	-	60 months	10.0-12.0
CV	24.04.2014	146,500,000.00	-	60 months	10.0-12.0
BX	26.11.2012 - 17.01.2013	4,129,998,000.00	5,964,433,000.00	60 months	10.5-12.5
BW	01.10.2012 - 25.11.2012	5,238,004,000.00	7,446,102,000.00	60 months	11.5-12.5
BV	17.08.2012 - 30.09.2012	3,892,395,000.00	4,601,106,000.00	60 months	11.5-12.5
BU	01.07.2012 - 16.08.2012	4,263,489,000.00	5,078,257,000.00	60 months	11.5-12.5
BT	21.05.2012-30.06.2012	2,769,977,000.00	3,225,358,000.00	60 months	11.5-12.5
BS	01.05.2012-20.05.2012	1,179,308,000.00	1,310,989,000.00	60 months	11.5-12.5
BR	01.03.2012-30.04.2012	3,261,200,000.00	4,075,082,000.00	60 months	11.5-12.5
BQ	23.01.2012-29.02.2012	2,219,824,000.00	3,177,970,000.00	60 months	11.5-12.5
BP	01.12.2011 - 22.01.2012	1,971,168,000.00	2,774,011,000.00	60 months	11.5-12.5
BO	19.09.2011 - 30.11.2011	1,844,862,000.00	2,562,058,000.00	60 months	11.-12
BN	01.07.2011 - 18.09.2011	1,924,467,000.00	2,739,218,000.00	60 months	11.-12
BM	01.04.2011 - 30.06.2011	1,906,272,000.00	2,582,001,000.00	60 months	11.-12
BL	01.01.2011 - 31.03.2011	2,222,505,000.00	2,571,586,000.00	60 months	10-11.5
BK	01.10.2010 - 31.12.2010	1,657,026,000.00	1,811,124,000.00	60 months	9.5-11.5

# Notes on Accounts

for the year ended 31st March, 2015

## 5.2 Secured Redeemable Non- Convertible Debentures (Contd.)

Series	Date of allotment	Amount (₹)		Redemption Period	Interest Rate %
		As at 31st March, 2015	As at 31st March, 2014		
BJ	01.07.2010 - 30.09.2010	1,047,852,000.00	1,253,136,000.00	60 months	9.5-11
BI	01.04.2010 - 30.06.2010	594,684,000.00	752,786,000.00	60 months	9-10.5
BH	01.01.2010 - 31.03.2010	126,038,000.00	668,835,000.00	60 months	9-10.5
BG	01.10.2009 - 31.12.2009	22,431,000.00	489,182,000.00	60 months	9.5-10.5
BF	01.07.2009 - 30.09.2009	8,278,000.00	624,993,000.00	60 months	10.5
BE	01.04.2009 - 30.06.2009	3,245,000.00	235,568,000.00	60 months	10.5-11.5
BD	01.01.2009 - 31.03.2009	4,148,000.00	41,269,000.00	60 months	11.-12
BC	22.09.2008 - 31.12.2008	1,140,000.00	6,570,000.00	60 months	11.-12
BB	10.07.2008 - 21.09.2008	866,000.00	3,932,000.00	60 months	11-11.5
BA	03.07.2008 - 09.07.2008	-	50,000.00	60 months	11-11.5
AZ	01.04.2008 - 02.07.2008	2,325,000.00	3,539,000.00	60 months	10.5-11
AY	01.01.2008 - 31.03.2008	351,000.00	1,086,000.00	60 months	10.5-11
AX	01.10.2007 - 31.12.2007	1,022,000.00	1,355,000.00	60 months	10.5-11
AW	01.07.2007 - 30.09.2007	512,000.00	654,000.00	60 months	10.5-11
AV	01.04.2007 - 30.06.2007	137,000.00	377,000.00	60 months	10.5-11
AE	15.07.2004 - 30.09.2004	32,000.00	32,000.00	90 months	10.83-12
AU	01.01.2007 - 31.03.2007	1,462,000.00	1,512,000.00	60 months	9-11
AT	13.08.2006 - 31.12.2006	958,000.00	996,000.00	60 months	9-9.5
AS	01.05.2006 - 12.08.2006	196,000.00	296,000.00	60 months	8.5-9
AR	15.06.2005 - 30.04.2006	460,000.00	460,000.00	60 months	8-8.5
AQ	01.04.2005 - 14.06.2005	365,000.00	365,000.00	60 months	8-8.5
AP	07.02.2005 - 14.06.2005	30,000.00	30,000.00	60 months	9.27-10.08
AO	07.02.2005 - 31.03.2005	39,000.00	39,000.00	60 months	8-8.5
AN	01.01.2005 - 06.02.2005	148,000.00	148,000.00	60 months	8.5-9
AI	01.10.2004 - 06.02.2005	10,000.00	10,000.00	60 months	10.2-12
AD	01.07.2004 - 14.11.2004	30,000.00	30,000.00	60 months	9.5
<b>Total</b>		<b>59,839,071,000.00</b>	<b>81,579,609,000.00</b>		

Of the above, ₹ 17,766,810,000.00 (Previous Year: ₹ 26,598,961,000.00) is included in long-term borrowings and ₹ 41,898,038,000.00 (Previous Year: ₹ 54,917,898,000.00) is included in current maturities of long-term debt (Refer Note.7.1) and ₹ 174,223,000.00 (Previous Year: ₹ 62,750,000.00) is included in unpaid matured debentures (Refer Note.7.2).

## 5.3 Secured Redeemable Non Convertible Debentures - Listed

The Company privately placed Rated Secured Redeemable Non-Convertible Listed Debentures with an outstanding of ₹ 1,000,000,000.00 (Previous Year: ₹ 1,000,000,000.00).

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015	As at 31st March, 2014		
L 4	12.01.2012	1,000,000,000.00	1,000,000,000.00	60 Months	13
<b>Total</b>		<b>1,000,000,000.00</b>	<b>1,000,000,000.00</b>		

The above ₹ 1,000,000,000.00 (Previous Year: ₹ 1,000,000,000.00) is classified as Long-Term Borrowings.

# Notes on Accounts

for the year ended 31st March, 2015

## 5.4 Secured Non Convertible Debentures – Public Issue

The outstanding amount of Secured Rated Non-Convertible Listed Debentures raised through Public Issue stood at ₹ 29,655,554,000.00 (Previous Year: ₹ 23,734,590,000.00)

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015	As at 31st March, 2014		
PL 11	29.12.2014	3,613,456,000.00	-	400 Days,2,3,5 years	10.25-11.25
PL 10	26.09.2014	3,673,461,000.00	-	400 Days,2,3,5 years	10.25-11.50
PL 9	04.07.2014	4,297,447,000.00	-	400 Days,2,3,5 years	10.50-11.75
PL 8	02.04.2014	1,785,822,000.00	-	400 Days,2,3,5 years	10.50-11.75
PL 7	04.02.2014	3,969,924,000.00	4,562,429,000.00	400 Days,2,3,5 years	11.00-12.25
PL 6	04.12.2013	2,462,782,000.00	2,767,121,000.00	400 Days,2,3,5 years	11.00-12.25
PL 5	25.09.2013	2,547,820,000.00	2,790,264,000.00	400 Days,2,3,5 years	11.00-12.55
PL 4	01.11.2012	1,114,750,000.00	2,749,404,000.00	2,3,5,6 years	11.50-12.25
PL 3	18.04.2012	1,145,568,000.00	2,597,522,000.00	2,3,5,5.5 years	13.00-13.43
PL 2	18.01.2012	1,502,868,000.00	2,518,989,000.00	3,5,5.5 years	13.25-13.43
PL 1	14.09.2011	3,541,656,000.00	5,748,861,000.00	3,5 years	12.00-12.25
<b>Total</b>		<b>29,655,554,000.00</b>	<b>23,734,590,000.00</b>		

Out of the above, ₹ 23,897,088,000.00 (Previous Year: ₹ 16,285,368,000.00) is classified as Long-term borrowings and ₹ 5,758,466,000.00 (Previous Year: ₹ 7,449,222,000.00) is classified as Current maturities of Long-term Debt (Refer Note.7.1)

## 5.5 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

The outstanding amount of privately placed subordinated debt stood at ₹ 24,308,965,566.00 (Previous year: ₹ 25,366,628,000.00)

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015	As at 31st March, 2014		
XVII	09.05.2014	21,000,000	-	72 months	11.61
XVI	18.02.2014 - 31.03.2014	46,000,000	46,000,000	66 months	12.67
XV	22.12.2013 - 17.02.2014	98,500,000	98,500,000	66 months	12.67
XIV	18.09.2013 - 21.12.2013	298,000,000	298,000,000	66 months	12.67
XIII	08.07.2013 - 17.09.2013	98,000,000	98,000,000	66 months	12.67
XII	01.04.2013 - 07.07.2013	1,825,156,000	1,825,156,000	66 months	12.67
XI	01.10.2012 - 31.03.2013	4,651,420,000	4,651,420,000	66 months	12.67-13.39
X	01.04.2012 - 30.09.2012	3,548,456,000	3,548,456,000	66 months	12.67-13.39
IX	01.11.2011 - 31.03.2012	4,081,076,000	4,081,076,000	66 months	12.67-13.39
E	21.03.2005	65,942,062	65,942,062	144 months	15
VIII	01.07.2011 -31.10.2011	2,343,849,000	2,343,849,000	66 months	12.67
VII	01.01.2011 - 07.02.2011	437,284,000	437,284,000	72 months	11.61
VII	01.04.2011 - 30.06.2011	1,270,315,000	1,270,315,000	66 months	12.67
VII	08.02.2011 - 31.03.2011	1,080,398,000	1,080,398,000	66 months	12.67
VI	01.07.2010 - 31.12.2010	1,912,708,000	1,912,708,000	72 months	11.61
D	03.04.2004	14,057,938	14,057,938	144 months	15
V	01.01.2010 - 30.06.2010	1,038,649,000	1,038,649,000	72 months	11.61

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for the year ended 31st March, 2015

## 5.5 Subordinated Debt (Contd.)

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015	As at 31st March, 2014		
C	01.11.2003	98,750,566	98,750,566	144 months	15
B	30.09.2003	110,000,000	110,000,000	144 months	15
IV	17.08.2009 - 31.12.2009	759,309,000	759,309,000	72 months	11.61
IV	01.07.2009 - 16.08.2009	12,421,000	12,421,000	72 months	12.50
IV	01.07.2009 - 16.08.2009	263,617,000	263,617,000	69 months	12.12
A	25.03.2003	-	111,249,434	144 months	15
III	15.12.2008 - 30.06.2009	140,116,000	193,191,000	72 months	12.50
III	15.12.2008 - 30.06.2009	90,216,000	744,894,000	69 months	12.12
II	18.08.2008 - 13.12.2008	3,725,000	263,385,000	72 months	11.61
<b>Total</b>		<b>24,308,965,566.00</b>	<b>25,366,628,000.00</b>		

Out of the above, ₹ 22,231,072,000.00 is classified as long term borrowings (Previous year: ₹24,176,128,566.00) and ₹ 1,966,056,566.00 is classified as current maturities of long term debt (Previous year: ₹ 1,190,499,343.00) and ₹ 111,837,000.00 (Previous year : Nil) is included in unpaid matured debentures (Refer Note.7.2)

## 5.6 Subordinated Debt- Public Issue

The outstanding amount of Unsecured, Rated, Redeemable Non-Convertible, Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued through public issue stood at ₹ 2,129,042,000.00 (Previous Year : ₹ 880,186,000.00). The entire amount is classified as long term borrowings.

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015	As at 31st March, 2014		
PL 11	29.12.2014	386,544,000.00	-	6.5 Years	11.23
PL 10	26.09.2014	304,362,000.00	-	6.5 Years	11.23
PL 9	04.07.2014	364,494,000.00	-	6.25 Years	11.7
PL 8	02.04.2014	193,456,000.00	-	6.25 Years	11.7
PL 7	04.02.2014	437,571,000.00	437,571,000.00	6 Years	12.25
PL 6	04.12.2013	232,879,000.00	232,879,000.00	6 Years	12.25
PL 5	25.09.2013	209,736,000.00	209,736,000.00	6 Years	12.25
<b>Total</b>		<b>2,129,042,000.00</b>	<b>880,186,000.00</b>		

## 5.7 Subordinated Debt - Listed

The privately placed Unsecured, Rated, Redeemable Non-Convertible Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 stood at ₹ 100,000,000.00 (Previous Year : ₹ 100,000,000.00). The entire amount is classified as long term borrowings.

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015	As at 31st March, 2014		
IA	26.03.2013	100,000,000.00	100,000,000.00	10 Years	12.35
<b>Total</b>		<b>100,000,000.00</b>	<b>100,000,000.00</b>		



# Notes on Accounts

for the year ended 31st March, 2015

## 6. OTHER LONG TERM LIABILITIES

₹

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Interest accrued but not due on long term borrowings	12,012,578,660.85	8,909,185,910.26
Security Deposit Received	65,521,963.56	65,894,724.50
<b>Total</b>	<b>12,078,100,624.41</b>	<b>8,975,080,634.76</b>

## 7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

₹

Particulars	As at	As at
	31st March, 2015	31st March, 2014
(a) Current maturities of long term debt (Refer Note.7.1)	49,628,949,330.32	65,086,848,782.07
(b) Interest accrued but not due on borrowings	6,136,030,862.78	6,372,982,828.80
(c) Interest accrued and due on borrowings	150,466,514.85	248,412,886.87
(d) Unpaid matured debentures and interest accrued thereon (Refer Note.7.2)	397,995,693.00	71,790,392.00
(e) Trade Payables	514,486,077.36	417,524,398.69
(f) Other payables		
Statutory Payables	203,599,707.01	217,157,253.50
Unpaid Dividend	2,307,912.66	2,159,104.15
Others	17,941,412.25	14,995,370.00
<b>Total</b>	<b>57,051,777,510.23</b>	<b>72,431,871,016.08</b>

### 7.1 Current Maturities of Long Term debts

₹

Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>Secured</b>		
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	41,898,038,000.00	54,917,898,000.00
Secured Non-Convertible Debentures - Listed (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	5,758,466,000.00	7,449,222,000.00
<b>From Banks</b>		
Term Loan (Secured by paripassu floating charge on current assets, book debts, Loans & Advances and personal guarantee of Promoter Directors)	-	1,521,700,000.00
Term loan (Secured by specific charge on Vehicles)	4,984,514.40	5,718,683.60
<b>From Financial Institutions</b>		
Term Loan (Secured by specific charge on vehicles)	1,404,249.92	1,810,664.47
<b>Unsecured</b>		
Subordinated Debt	1,756,821,000.00	1,075,624,000.00
Subordinated Debt - From Related Parties	209,235,566.00	114,875,434.00
<b>Total</b>	<b>49,628,949,330.32</b>	<b>65,086,848,782.07</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 7.2 Unpaid matured debentures and interest thereon:

Particulars	₹	
	As at 31st March, 2015	As at 31st March, 2014
Unpaid Matured Debentures	286,060,000.00	62,750,000.00
Interest on Unpaid Matured Debentures	111,935,693.00	9,040,392.00
<b>Total</b>	<b>397,995,693.00</b>	<b>71,790,392.00</b>

## 8. SHORT TERM PROVISIONS

Particulars	₹	
	As at 31st March, 2015	As at 31st March, 2014
Proposed Equity Dividend (Refer Note.29)	795,932,838.00	371,712,768.00
Provision for Corporate Dividend Tax	159,138,812.00	63,172,580.00
Provision for Non Performing Assets (Refer Note.8.1)	725,382,249.00	725,382,249.00
Provision for Standard Assets (Refer Note.8.1)		
- As per RBI Prudential Norms	572,422,861.00	536,137,097.00
- General	572,422,861.00	428,909,677.00
Provision for Income Tax (Net of Advance Tax and TDS of ₹ 3,532,396,061.68 , Previous Year: ₹ 4,070,882,113.09)	162,715,262.32	53,079,372.91
<b>Total</b>	<b>2,988,014,883.32</b>	<b>2,178,393,743.91</b>

### 8.1 Movement of Provision for Standard and Non-Performing Assets

As per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Company has created provisions for Standard Assets as well as Non-Performing Assets. Company has created General Standard Asset Provision over and above RBI Prudential norms, as estimated by the management. Details are as per the table below:-

Particulars	₹	
	As at 31st March, 2015	As at 31st March, 2014
<b>Provision for Standard Assets</b>		
Standard Assets	228,969,144,550.37	214,454,838,673.81
<b>Provision at the beginning of the year</b>		
- As per RBI Prudential Norms	536,137,097.00	646,544,685.00
- General	428,909,677.00	129,308,937.00
<b>Additional provision made / (Reversed) during the year</b>		
-As per RBI Prudential Norms	36,285,764.00	(110,407,588.00)
- General	143,513,184.00	299,600,740.00
<b>Provision at the close of the year</b>		
- As per RBI Prudential Norms	572,422,861.00	536,137,097.00
- General	572,422,861.00	428,909,677.00
	<b>1,144,845,722.00</b>	<b>965,046,774.00</b>
<b>Provision for Non-Performing Assets</b>		
Substandard Assets	4,884,572,444.00	4,017,544,999.93
Doubtful Assets	232,091,123.00	142,969,951.56
Total Non-Performing Assets	5,116,663,567.00	4,160,514,951.49
Provision at the beginning of the year	725,382,249.00	700,626,794.00
Additional provision made during the year	-	24,755,455.00
<b>Provision at the close of the year</b>	<b>725,382,249.00</b>	<b>725,382,249.00</b>

# Notes on Accounts

for the year ended 31st March, 2015

	Fixed Assets				Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2014	As at 1st April, 2014	As at 1st April, 2014	Disposals	As at 31st March, 2015	As at 1st April, 2014	Adjustment for change in Depreciation Rates *	Depreciation / Amortisation Change for the Period	Deductions/ adjustments during the Period	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014	
<b>a Tangible Assets</b>														
Land	546,513,212.00	-	-	-	546,513,212.00	-	-	-	-	-	-	546,513,212.00	546,513,212.00	
Buildings	697,837,915.70	4,774,561.00	-	-	692,612,476.70	-	58,351,491.73	-	-	168,803,542.01	-	523,808,934.69	577,385,865.42	
Furniture and Fixtures	1,140,897,849.82	42,448,855.82	773,873.00	-	1,182,572,832.64	563,443,218.58	3,117,091.00	192,171,833.03	447,243.00	758,284,899.61	424,287,933.03	577,454,631.24	577,454,631.24	
Plant and Equipment	1,631,103,957.25	126,803,054.17	1,955,290.00	-	1,755,951,721.42	532,914,079.35	1,254,463.66	358,227,324.92	1,060,396.00	891,335,471.93	864,616,249.49	1,098,189,877.90	1,098,189,877.90	
Computer	728,497,145.34	83,471,277.76	-	-	811,968,423.10	473,972,565.24	31,982,487.00	203,554,715.14	-	709,519,767.38	102,448,655.72	254,524,580.10	254,524,580.10	
Motor Car	75,215,942.09	5,553,164.00	1,427,417.00	-	79,341,689.09	39,790,282.19	108,565.45	11,458,456.17	1,108,173.00	50,249,130.81	29,082,558.28	35,425,659.90	35,425,659.90	
Wind Mill	180,598,860.00	-	-	-	180,598,860.00	150,345,157.89	-	2,503,136.04	-	152,848,233.93	27,750,566.07	30,253,702.11	30,253,702.11	
Total	4,990,864,882.20	263,050,912.75	4,156,580.00	-	5,249,559,214.95	1,870,917,353.53	36,472,607.11	826,266,957.03	2,615,812.00	2,731,041,105.67	2,516,518,109.28	3,119,747,528.67	3,119,747,528.67	
Previous Year	4,289,894,726.86	708,363,650.34	7,393,495.00	-	4,990,664,882.20	1,401,613,516.80	-	472,334,321.73	3,030,485.00	1,870,917,353.53	3,119,747,528.67	2,688,081,210.06	2,688,081,210.06	
<b>b Intangible Assets</b>														
Computer software	17,880,061.34	63,363,059.00	-	-	81,243,120.34	11,814,239.00	-	14,918,787.00	-	26,733,026.00	54,510,094.34	6,065,822.34	6,065,822.34	
Total	17,880,061.34	63,363,059.00	-	-	81,243,120.34	11,814,239.00	-	14,918,787.00	-	26,733,026.00	54,510,094.34	6,065,822.34	6,065,822.34	
Previous Year	15,223,210.11	2,650,851.23	-	-	17,880,061.34	9,533,125.00	-	2,281,114.00	-	11,814,239.00	6,065,822.34	5,696,085.11	5,696,085.11	
<b>c Capital Work In Progress</b>														
Total	-	-	-	-	-	-	-	-	-	-	63,317,949.00	83,785,469.00	83,785,469.00	
Previous Year	-	-	-	-	-	-	-	-	-	-	63,317,949.00	83,785,469.00	83,785,469.00	
<b>d Intangible assets under Development</b>														
Computer Software	-	-	-	-	-	-	-	-	-	-	5,319,943.00	60,267,280.00	60,267,280.00	
Total	-	-	-	-	-	-	-	-	-	-	5,319,943.00	60,267,280.00	60,267,280.00	
Previous Year	-	-	-	-	-	-	-	-	-	-	60,267,280.00	40,431,863.00	40,431,863.00	

\* Refer Note.27

# Notes on Accounts

for the year ended 31st March, 2015

## 10. NON - CURRENT INVESTMENTS

₹

Non - Current Investments in fully paid equity shares are as under (Valued at cost less other than temporary diminution in value, if any):-

Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>a) Quoted:</b>		
<b>Union Bank of India</b>	49,940.00	49,940.00
454 Equity shares of ₹ 10/- each fully paid up (Previous year: 454 Equity shares of ₹ 10/- each fully paid up)		
<b>Asia Asset Finance PLC, Sri Lanka</b>	338,123,555.16	-
Equity shares of Asia Asset Finance PLC, Sri Lanka (Refer Note.39) 428,011,711 Equity shares of LKR 1/- each fully paid up (Previous year: Nil)		
<b>Aggregate Amount of Quoted Investments</b>	<b>338,173,495.16</b>	<b>49,940.00</b>
<b>Aggregate Market Value of Quoted Investments</b>	<b>314,539,906.00</b>	<b>62,289.00</b>
<b>b) Unquoted:</b>		
<b>Muthoot Forex Ltd</b> (Previously known as Muthoot Exchange Company Private Limited)	19,700,000.00	19,700,000.00
1,970,000 Equity shares of ₹ 10/- each fully paid up (Previous year: 1,970,000 Equity shares of ₹ 10/- each fully paid up)		
<b>Muthoot Securities Limited</b>	27,000,000.00	27,000,000.00
2,700,000 Equity share of ₹ 10/- each fully paid up (Previous Year: 2,700,000 Equity share of ₹ 10/ each fully paid up)		
<b>Aggregate Amount of Unquoted Investments</b>	<b>46,700,000.00</b>	<b>46,700,000.00</b>
<b>Total Non-Current Investment</b>	<b>384,873,495.16</b>	<b>46,749,940.00</b>

## 11. DEFERRED TAX ASSET / (LIABILITY)

₹

As per the requirement of the Accounting Standard 22, the Company has created a deferred tax asset provision, which consist of the following:

Particulars	Deferred Tax Asset/(Liability)		
	At the beginning of the Period	Credits/(Charge) during the period	At the close of the period
<b>Deferred Tax Asset:</b>			
Timing Difference on account of :-			
Depreciation and Amortization	(33,947,466.00)	125,522,748.10	91,575,282.10
Provision for Non-Performing Assets	244,418,201.90	-	244,418,201.90
Impact of change in Depreciation Rate net of Deferred Tax (Refer Note.27)	-	12,397,039.16	12,397,039.16
<b>Net Deferred Tax Asset</b>	<b>210,470,735.90</b>	<b>137,919,787.26</b>	<b>348,390,523.16</b>

The Company has not recognized any deferred tax asset on provision for standard assets as the Company is of the opinion that such provision does not give rise to a timing difference which has a reasonable certainty of its reversal in future.

# Notes on Accounts

for the year ended 31st March, 2015

## 12. LONG TERM LOANS AND ADVANCES

₹

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured, considered good</b>		
a. Capital Advances	34,070,706.90	78,276,434.73
b. Security Deposits	950,177,239.18	941,175,159.51
<b>Total</b>	<b>984,247,946.08</b>	<b>1,019,451,594.24</b>

Security Deposit includes ₹ 1,770,000.00 (Previous Year: ₹ 1,770,000.00) being rent deposit due from promoter Directors and ₹ 1,470,000.00 (Previous Year: ₹ 1,470,000.00) being rent deposits due from firms in which promoter Directors are partners.

## 13. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND FAIR VALUE) – QUOTED

There are no current investments as at 31.03.2015 (Previous year current investments refers to investment in bonds of 10.05% Unsecured, Redeemable, Non-Convertible, Upper Tier II Subordinated Bonds issued by Yes Bank Limited ₹ 307,000,000.00 listed in BSE)

## 14. TRADE RECEIVABLES

₹

Particulars	As at 31st March, 2015	As at 31st March, 2014
Trade receivables outstanding for a period less than six months from the date they are due for payment		
<b>Secured, considered good</b>		
Interest Receivable on Retail Loans	11,108,168,071.13	10,600,202,435.80
<b>Unsecured, considered good</b>		
Interest Receivable on Retail Loans	6,292,412.00	1,078,197.00
Receivables from Money Transfer business	173,290,547.00	265,289,491.47
Receivables from Auction Proceeds	244,902,450.00	770,981,419.00
Wind Mill income receivable	696,849.00	2,128,878.00
<b>Sub-Total</b>	<b>11,533,350,329.13</b>	<b>11,639,680,421.27</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
<b>Unsecured, considered good</b>		
Wind Mill income receivable	5,617,073.00	-
<b>Sub-Total</b>	<b>5,617,073.00</b>	<b>-</b>
<b>Total</b>	<b>11,538,967,402.13</b>	<b>11,639,680,421.27</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 15. CASH AND BANK BALANCES

₹

Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>I. Cash and Cash Equivalents</b>		
a. Cash on hand	2,469,328,032.08	2,347,061,235.96
b. Balances with banks		
Current Accounts	14,777,081,225.78	16,872,853,791.79
Unpaid Dividend Account	2,307,912.66	2,159,104.15
Fixed Deposits (maturing within a period of 3 months)	100,000,000.00	350,000,000.00
<b>II. Other Bank Balances</b>		
Fixed Deposits on which lien is marked	1,153,026.47	573,529.40
Fixed Deposits given as Security against borrowings	11,744,161.00	13,719,143.00
Fixed Deposits given as Security against Guarantees	4,554,126.01	3,693,750.00
Other Fixed Deposits	-	899,207,000.00
<b>Total</b>	<b>17,366,168,484.00</b>	<b>20,489,267,554.30</b>
Fixed Deposits with more than 12 months maturity	1,810,876.47	1,127,656.40

## 16. SHORT TERM LOANS AND ADVANCES

₹

Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>Retail Loans (Refer Note.16.1)</b>		
Secured, Considered good	228,383,451,227.00	214,415,194,906.83
Secured, Doubtful	5,115,563,567.00	4,160,514,951.49
Unsecured, considered good	585,693,323.37	39,643,766.98
<b>Other Deposits &amp; Advances</b>		
Unsecured, considered good		
Prepaid Expenses	39,141,445.00	28,836,262.00
Service tax Pre-Deposit	8,329,590.00	8,300,000.00
Others	294,840,985.62	292,406,190.86
Unsecured, considered doubtful	1,100,000.00	-
<b>Total</b>	<b>234,428,120,137.99</b>	<b>218,944,896,078.16</b>

### 16.1 Retail Loans

₹

Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>Retail Loan assets</b>	<b>234,084,708,117.37</b>	<b>218,615,353,625.30</b>
<b>Breakup of Retail Loan assets</b>		
Gold Loan Receivables	233,499,014,794.00	216,179,103,240.32
Other Loans	585,693,323.37	2,436,250,384.98



# Notes on Accounts

for the year ended 31st March, 2015

## 17. OTHER CURRENT ASSETS

₹

Particulars	As at 31st March, 2015	As at 31st March, 2014
Interest receivable on Bank Deposits	79,036.36	3,326,966.00
Interest receivable on Current Investments	-	8,030,363.01
<b>Total</b>	<b>79,036.36</b>	<b>11,357,329.01</b>

## 18. REVENUE FROM OPERATIONS

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Interest Income on Retail Loans	42,608,810,306.49	48,920,415,539.73
Income from Windmill	13,829,642.00	13,703,827.50
Other Operating Income	515,378,982.94	344,700,685.78
<b>Total</b>	<b>43,138,018,931.43</b>	<b>49,278,820,053.01</b>

## 19. OTHER INCOME

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Interest from Fixed Deposits with Bank	93,952,471.03	70,993,542.80
Interest from Current Investments	13,181,162.79	85,776,381.95
Profit on sale of Long Term Investments	-	37,950,000.00
Other non-operating income	1,207,873.00	825,025.00
<b>Total</b>	<b>108,341,506.82</b>	<b>195,544,949.75</b>

## 20. EMPLOYEE BENEFITS EXPENSE

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Salaries and incentives	5,632,548,605.43	5,295,291,034.30
Contribution to Provident and Other Funds	365,870,335.00	380,303,115.00
Expenses on Employees Stock Option Plan (Refer Note.25.c)	194,898,339.00	98,731,243.00
Staff welfare expenses	110,956,791.75	142,796,366.57
<b>Total</b>	<b>6,304,274,071.18</b>	<b>5,917,121,758.87</b>

## 21. FINANCE COSTS

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Interest Expenses	20,836,907,172.21	25,664,663,172.66
Other Borrowing Costs	226,653,759.41	595,216,404.10
<b>Total</b>	<b>21,063,560,931.62</b>	<b>26,259,879,576.76</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 22. OTHER EXPENSES

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Postage, Telegram and Telephone	370,705,138.28	363,891,322.41
Printing and Stationary	160,370,072.35	184,911,348.08
Rent Paid	1,649,533,191.00	1,541,703,632.45
Travelling and Conveyance	211,686,678.47	189,932,843.93
Bank Charges	16,247,830.82	36,612,685.35
Electricity Charges	225,953,822.85	221,636,701.75
Repairs and Maintenance -Buildings	77,291,483.18	61,140,825.00
Repairs and Maintenance -Plant & Machinery	116,641,308.00	85,130,477.00
Repairs and Maintenance -Others	87,116,972.31	126,158,607.56
Water Charges	5,332,697.00	4,597,543.00
Rates & Taxes and License Fee	46,956,035.36	62,421,778.36
Legal & Professional Charges	188,750,978.42	215,956,031.72
Insurance Charges	45,620,429.00	43,088,299.00
Newspaper and Periodicals	3,178,699.11	5,672,099.52
Business Promotion Expenses	139,643,262.63	279,445,066.19
Advertisement	650,645,701.39	702,157,532.78
Vehicle Hire & Maintenance	12,586,655.98	11,674,896.75
Internal Audit and Inspection Expenses	92,691,405.00	117,219,843.00
Remuneration to Auditors (Refer Note.22.1)	2,359,560.00	1,797,760.00
Directors' Sitting Fee	420,000.00	275,000.00
Commission to Non-Executive Directors	1,766,667.00	1,600,000.00
Loss on Sale of Fixed Assets	134,690.65	80,760.00
C S R Expenses (Refer Note.26)	89,207,875.00	-
<b>Total</b>	<b>4,194,841,153.80</b>	<b>4,257,105,053.85</b>

## 22.1 Auditors' Remuneration (including Service Tax)

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Statutory Audit	1,573,040.00	1,348,320.00
Tax Audit	224,720.00	224,720.00
Other Services	561,800.00	224,720.00
<b>Total</b>	<b>2,359,560.00</b>	<b>1,797,760.00</b>

## 23. PROVISIONS AND WRITE OFFS

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Provision For Non-Performing Assets (Refer Note.8.1)	-	24,755,455.00
Provision For Standard Assets (Refer Note.8.1)		
- As per RBI Prudential Norms	36,285,764.00	(110,407,588.00)
- General	143,513,184.00	299,600,740.00
Bad Debt Written Off	191,635,623.00	224,138,077.35
<b>Total</b>	<b>371,434,571.00</b>	<b>438,086,684.35</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 24. LEASES

### The Company has not taken or let out any assets on financial lease.

All operating lease agreements entered into by the Company are cancellable in nature. Hence Company has debited/credited the lease rent paid/received to the Statement of Profit and Loss.

Consequently, disclosure requirement of future minimum lease payments in respect of non operating lease as per AS 19 is not applicable to the Company.

Lease rentals received for assets let out on operating lease ₹ 1,191,393.00 (Previous year: ₹ 821,905.00) are recognized as income in the Statement of Profit and Loss under the head 'Other Income' and lease payments for assets taken on an operating lease ₹ 1,649,533,191.00 (Previous year: ₹ 1,541,703,632.45) are recognized as 'Rent Paid' in the Statement of Profit and Loss.

## 25. EMPLOYEE BENEFITS

### a) Defined Contribution Plan

During the year, the Company has recognized the contribution to Provident Fund, in the Statement of Profit and Loss in Note. 20- Employee Benefit Expenses as under:-

Particulars	₹	
	Year ended 31st March, 2015	Year ended 31st March, 2014
Contribution to Provident Fund	235,354,297.00	241,221,049.00
<b>Total</b>	<b>235,354,297.00</b>	<b>241,221,049.00</b>

### b) Defined Benefit Plan

#### Gratuity Plan

Gratuity liability is funded through a Gratuity Fund managed under separate schemes of Kotak Mahindra Old Mutual Life Insurance Limited and ICICI Prudential Life Insurance Company Limited.

The following table set out the status of the Gratuity Plan as required under AS 15.

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

Particulars	₹	
	As at 31st March, 2015	As at 31st March, 2014
<b>A) Reconciliation of opening and closing balance of defined benefit obligation</b>		
Defined benefit obligation at the beginning of the year	393,042,542.00	304,110,843.00
Interest Cost	34,980,786.00	24,024,757.00
Current Service Cost	104,775,365.00	94,940,673.00
Benefits paid	(8,005,050.00)	(4,941,128.00)
Actuarial (gain)/loss	(28,129,846.00)	(25,092,603.00)
<b>Defined benefit obligation at the end of the year</b>	<b>496,663,797.00</b>	<b>393,042,542.00</b>

# Notes on Accounts

for the year ended 31st March, 2015

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>B) Reconciliation of opening and closing balance of fair value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	374,309,455.00	301,701,553.00
Expected rate of return on plan assets	33,674,565.00	25,531,847.00
Contributions	63,733,100.00	59,910,000.00
(Benefit paid)	(8,005,050.00)	(4,941,128.00)
Actuarial gains/(losses) on plan assets	25,442,982.00	(7,892,817.00)
<b>Fair value of plan assets at the end of the year</b>	<b>489,155,052.00</b>	<b>374,309,455.00</b>
<b>C) Expense for the year</b>		
Current service cost	104,775,365.00	94,940,673.00
Interest Cost	34,980,786.00	24,024,757.00
(Expected rate of return on plan assets)	(33,674,565.00)	(25,531,847.00)
<b>Actuarial gains/(losses)</b>	<b>(53,572,828.00)</b>	<b>(17,199,786.00)</b>
<b>D) Investment details</b>		
Insurer managed funds	489,155,052.00	374,309,455.00
<b>E) Experience adjustment</b>		
On Plan Liability (Gain)/Losses	(56,396,310.00)	5,783,620.00
On Plan Assets (Losses)/Gain	25,442,982.00	(7,892,817.00)
<b>F) Actuarial assumptions</b>		
Discount rate	7.8% p.a	8.9% p.a
Salary Escalation	7% p.a	7% p.a
Rate of return on plan assets	8.5% p.a.	8.5% p.a.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. Discount rate is based on the prevailing market yields of the Government Bond as at Balance Sheet date for the estimated term of obligation.

The deficit in funding of gratuity ₹ 7,508,745.00 has been accounted as Long term provisions.

Estimated employer contribution for 2015-16 - ₹ 100,000,000.00

Particulars	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Defined benefit obligation	496,663,797.00	393,042,542.00	304,110,843.00	220,491,830.00
Plan Assets	489,155,052.00	374,309,455.00	301,701,553.00	229,074,210.00
Surplus / (Deficit)	(7,508,745.00)	(18,733,087.00)	(2,409,290.00)	8,582,380.00
Experience adjustments on plan Liabilities - (Gains) / Losses	(56,396,310.00)	5,783,620.00	141,138,572.00	11,359,449.00
Experience adjustments on plan Assets - (Losses) / Gains	25,442,982.00	(7,892,817.00)	7,758,169.00	569,068.00

## c) Employee stock option

Pursuant to approval by the shareholders at their meeting held on 27th September, 2013, the company has established "Muthoot ESOP 2013" scheme administered by the ESOP Committee of Board of Directors. The following options were granted as on 31st March, 2015 :-

# Notes on Accounts

for the year ended 31st March, 2015

Particulars	Tranche 1		Tranche 2		Tranche 3	
	Grant A	Grant B	Loyalty	Grant A	Grant B	Grant A
Date of Grant	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	06.08.2015
Date of Board approval	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	06.08.2015
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
Number of equity shares for an option	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share
Number of options granted	3,71,200	1,706,700	1,571,075	456,000	380,900	325,000
Exercise price	₹ 50	₹ 50	₹ 10	₹ 50	₹ 50	₹ 50
Vesting period	1-5 years	2-6 years	1-2 years	1-5 years	2-6 years	1-5 years
Manner of vesting	In a graded manner over a 5 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting in each year commencing from the end of 12 months from the date of grant

Movement in the options granted under ESOP is as follows :-

Particulars	Tranche 1			Tranche 2			Tranche 3			Total
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	
Options outstanding at the beginning of the year	3,527,600	1,553,500	1,545,200	-	-	-	-	-	-	6,626,300
Options granted during the year	-	-	-	456,000	380,900	6,100	6,100	325,000	-	1,168,000
Options exercised during the year	243,840	-	654,141	-	4,608	-	-	-	-	902,589
Options lapsed during the year	439,370	317,800	107,242	40,800	84,700	750	750	-	-	990,662
<b>Options outstanding at the end of the year</b>	<b>2,844,390</b>	<b>1,235,700</b>	<b>783,817</b>	<b>415,200</b>	<b>291,592</b>	<b>5,350</b>	<b>5,350</b>	<b>325,000</b>	<b>-</b>	<b>5,901,049</b>
Options exercisable	76,170	-	73,002	-	1,392	-	-	-	-	150,564

Year ended 31st March, 2015

Particulars	Tranche 1			Tranche 2			Tranche 3			Total
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	
Options outstanding at the beginning of the year	3,711,200	1,706,700	1,571,075	-	-	-	-	-	-	6,988,975
Options granted during the year	-	-	-	-	-	-	-	-	-	-
Options exercised during the year	-	-	-	-	-	-	-	-	-	-
Options lapsed during the year	183,600	153,200	25,875	-	-	-	-	-	-	362,675
<b>Options outstanding at the end of the year</b>	<b>3,527,600</b>	<b>1,553,500</b>	<b>1,545,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,626,300</b>
Options exercisable	-	-	-	-	-	-	-	-	-	-

Year ended 31st March, 2014

# Notes on Accounts

for the year ended 31st March, 2015

The Company has used Intrinsic value method for accounting of Employee Stock Compensation costs. Intrinsic Value is the amount by which, the quoted closing market price of the underlying shares as on the date of grant exceeds the exercise price of the option.

The fair value of options based on valuation of independent valuer using Black-Scholes Method as of the respective date of grant are given below :-

Particulars	Tranche 1		Tranche 2		Tranche 3	
	Grant A	Grant B	Grant A	Grant B	Grant A	Grant B
Fair value per option tranche on grant date	₹ 68.75	₹ 70.21	₹ 181.77	₹ 180.56	₹ 166.69	₹ 165.61
	(9th November, 2014)	(9th November, 2015)	(8th July, 2015)	(8th July, 2016)	(8th July, 2015)	(6th March, 2016)
	₹ 70.21	₹ 71.13	₹ 130.56	₹ 129.33	₹ 161.77	₹ 163.16
	(9th November, 2015)	(9th November, 2016)	(8th July, 2016)	(8th July, 2017)	(8th July, 2016)	(6th March, 2017)
Fair value per option tranche on grant date	₹ 71.13	₹ 71.52	₹ 129.33	₹ 127.91	₹ 160.66	₹ 160.66
	(9th November, 2016)	(9th November, 2017)	(8th July, 2017)	(8th July, 2018)	(8th March, 2018)	(8th March, 2018)
	₹ 71.52	₹ 71.47	₹ 127.91	₹ 126.26	₹ 158.13	₹ 158.13
	(9th November, 2017)	(9th November, 2018)	(8th July, 2018)	(8th July, 2019)	(8th March, 2019)	(8th March, 2019)
Fair value per option tranche on grant date	₹ 71.47	₹ 71.11	₹ 126.26	₹ 124.39	₹ 155.57	₹ 155.57
	(9th November, 2018)	(9th November, 2019)	(8th July, 2019)	(8th July, 2020)	(6th March, 2020)	(6th March, 2020)

The significant assumptions made for calculation of fair value are as follows :-

Particulars	Tranche 1		Tranche 2		Tranche 3	
	Grant A	Grant B	Grant A	Grant B	Grant A	Grant B
Risk free interest rate	8.4% - 8.8% p.a.	8.4%-8.95% p.a.	8.26% - 8.35% p.a.	8.24% - 8.32% p.a.	8.32% - 8.35% p.a.	7.45% - 7.60% p.a.
Expected average life of option	1.5 - 5.5 years	2.5 - 6.5 years	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years	1.5 - 5.5 years
Expected Volatility	0.5768	0.5768	0.5396	0.5396	0.5396	0.3450
Expected Dividend Yield	3.84 % p.a.	3.84 % p.a.	3.26% p.a.	3.26% p.a.	3.26% p.a.	2.74% p.a.



# Notes on Accounts

for the year ended 31st March, 2015

The Company has used Intrinsic value method for accounting of Employees Stock Compensation costs. ₹

Employee Stock Option Liability	As at 31st March, 2015	As at 31st March, 2014
Opening Total Employee Stock Option Liability	507,758,001.60	-
Increase in Liability on account of fresh ESOP grants	168,400,159.00	533,201,029.60
Reduction in Liability on account of Exercise on vesting	(86,909,879.70)	-
Reduction in Liability on account of lapse of grants	(82,858,268.50)	(25,443,028.00)
<b>Closing Total Employee Stock Option Liability</b>	<b>506,390,012.40</b>	<b>507,758,001.60</b>

Employee Stock Option Compensation Expenses	As at 31st March, 2015	As at 31st March, 2014
Opening Deferred Stock Option Compensation Expenses	409,026,758.60	-
Increase in ESOP Compensation Expenses on account of fresh ESOP	168,400,159.00	533,201,029.60
Compensation Expenses amortised during the year	(194,898,339.00)	(98,731,243.00)
Reduction in Compensation Expenses on account of lapse of grants	(82,858,268.50)	(25,443,028.00)
<b>Closing Deferred Stock Option Compensation Expenses</b>	<b>299,670,310.10</b>	<b>409,026,758.60</b>

Employee Stock Option Reserve	As at 31st March, 2015	As at 31st March, 2014
Employee Stock Option Liability	506,390,012.40	507,758,001.60
Less: Deferred Employee Stock Option Compensation Expenses	299,670,310.10	409,026,758.60
<b>Employee Stock Option Reserve</b>	<b>206,719,702.30</b>	<b>98,731,243.00</b>

Had the Company adopted Fair value method in respect of Options granted instead of Intrinsic value method, the impact in the financial statements for the year would be :- ₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Decrease in employee compensation costs	1,47,74,760.32	8,19,304.00
Increase in profit after tax	1,47,74,760.32	8,19,304.00
Increase in Basic and Diluted EPS (₹per share)	0.04	0.01

## 26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company has constituted CSR Committee and undertaken CSR activities in accordance with Schedule VII to the Companies Act 2013 through the trust, Muthoot M George Foundation. Muthoot M George Foundation is a public charitable trust formed under Indian Trust Act, 1882. It has obtained registration under section 12 AA of Income Tax Act, 1961. The gross amount required to be spent by the company as per Section 135 of the Companies Act 2013 is ₹ 269,083,218.00 and the company has spent ₹ 89,207,875.00 towards various activities as below :-

CSR Activity	Amount Incurred
Promoting Education	42,443,990.00
Medical Aid	36,467,188.00
Others	10,296,697.00
<b>Total</b>	<b>89,207,875.00</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 27. DEPRECIATION

The Company has recomputed depreciation based on the useful life of the fixed assets as prescribed in Schedule II of the Companies Act, 2013. This has resulted in additional charge of depreciation of ₹ 344,309,614.33 for the year ended March 31 2015. Further as per the transitional provisions, the Company has adjusted accumulated depreciation of ₹ 36,472,607.11 to the opening balance of Reserves and Surplus. The corresponding impact of ₹ 12,397,039.16 has also been given effect to in Deferred Tax.

## 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>(i) Contingent Liabilities</b>		
<b>(a) Claims against the company not acknowledged as debt</b>		
i) Service Tax demand for the period 2003-2008, pending in appeal with CESTAT, Bangalore (Net of amount already remitted). Commissioner of Central Excise, Customs and Service Tax, Kochi has raised a demand of ₹ 52,007,698.00 (Previous year: ₹ 52,007,698.00) as Service tax liability and penalty. During the course of the proceedings Company paid ₹ 2,086,391.00. The Appellate Authority admitted the Appeal preferred by the company and granted stay of recovery, on predeposit of ₹ 8,300,000.00 (Previous year: ₹ 8,300,000.00). Pending disposal of appeal, no provision has been made by the company during the year.	49,921,307.00	49,921,307.00
ii) Service Tax demand for the period from 2007-08 to 2011-12 as per Order No.COC-EXCUS-000-COM-035-14-15 DT.19.12.2014, served on 30.12.2014, pending in appeal with CESTAT, Bangalore. Commissioner of Central Excise, Customs and Service Tax, Kochi as per order mentioned above has raised a demand of ₹ 1,531,458,734.00 as service tax payable on securitisation transactions with banks for the period from 2007 to 2012, along with interest U/s.75, Penalty U/s.76, Penalty U/s.77 and Penalty U/s.78 (Total liability including tax, interest and penalty under various sections if confirmed is estimated approximately, till the end of financial year at ₹ 4,895,883,216.00). Pending disposal of appeal, no provision has been made by the company during the year.	4,895,883,216.00	-
iii) Service Tax demand for the financial year 2013-14 as per Order No.03/2015-ST DT.20.01.2015, served on 23.01.2015, pending in appeal with Commissioner (Appeals), Kochi.	790,046.00	-

# Notes on Accounts

for the year ended 31st March, 2015

## 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) (CONTD.)

₹

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Deputy Commissioner of Central Excise & Customs, & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 790,046.00 (including penalty under sections 77(2) and 78, of Chapter V, of The Finance Act, 1994) as service tax payable, on foreign payments during financial year 2013-14. The company has filed an appeal against the above order with Commissioner (Appeals), Kochi. Pending disposal no provision has been made by the company during the year.		
iv) Income tax demand for the Assessment Year (A.Y) 2012-13, pending rectification petition and in appeal with Commissioner of Income Tax (Appeals)-II, Kochi.	27,120,000.00	5,099,103.00
Earlier, the demand outstanding as per Intimation U/s.143(1) was ₹ 5,099,103.00. Additional Commissioner of Income Tax, Corp. Range -1, Kochi has issued an Order U/s.143(3) dated 02.03.2015 superseding the earlier order by demanding tax of ₹ 29,230,000.00. Out of the above, the company has remitted ₹ 2,110,000.00 and the balance outstanding is ₹ 27,120,000.00. Appeal filed with CIT (A)-II, Kochi and rectification application with Addl. CIT are pending for disposal. Pending disposal no provision has been made by the company for the year.		
v) Income Tax demand for Assessment Year 2010-11, pending in appeal with Commissioner of Income Tax (Appeals) , Kochi.	14,563,505.00	14,563,505.00
Additional Commissioner of Income Tax, Range 1, Kochi has passed an order demanding ₹ 36,384,640.00 towards income tax due for the Assessment Year 2010-11 U/s.143(3).The Company has remitted ₹ 21,821,135.00 and the balance demand outstanding as on 31.03.2015 is ₹ 14,563,505.00.		
vi) Draft order on proposed action U/s.13 of Prevention of Money Laundering Act,2002 pending in appeal with Appellate Tribunal under Prevention of Money Laundering Act,2002.	26,970,000.00	26,970,000.00
vii) Disputed claims against the company under litigation not acknowledged as debts	20,284,568.00	7,264,133.00
<b>(b) Guarantees - Counter Guarantees Provided to Banks</b>	165,193,750.00	93,693,750.00
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for.	31,659,000.00	129,867,000.00

## 29. DIVIDENDS PROPOSED TO BE DISTRIBUTED TO EQUITY SHAREHOLDERS

The Board has recommended a final dividend for the year 2014-15 of ₹ 2/- (20%) per equity share of ₹ 10/- each, subject to the approval of shareholders in the ensuing Annual General Meeting. The Company has during the year paid interim dividend of ₹ 4/- (40%) per equity share of ₹ 10/- each. The total dividend for the year 2014-15 is ₹ 6/- (60%) per equity share of ₹ 10/- each (Previous year ₹ 6/- per (60%) per equity share of ₹ 10/- each)

# Notes on Accounts

for the year ended 31st March, 2015

## 30. EARNINGS PER SHARE

₹

As per Accounting Standard 20, Earning Per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the Weighted average number of equity shares outstanding during the year. The details of calculation of the basic and diluted earnings per share are stated below:-

Particulars	As at	
	31st March, 2015	31st March, 2014
Profit/(Loss) after taxation for the year	6,705,241,127.53	7,800,690,535.78
Weighted average number of equity shares outstanding during the period - Basic EPS	395,216,296	371,712,768
Weighted average number of equity shares outstanding during the period - Diluted EPS	399,120,401	371,712,768
Face Value per share	₹ 10/-	₹ 10/-
<b>Earnings Per Share (Basic)</b>	<b>16.97</b>	<b>20.99</b>
<b>Earnings Per Share (Diluted)</b>	<b>16.80</b>	<b>20.99</b>

## 31. DISCLOSURE WITH REGARD TO DUES TO MICRO AND SMALL ENTERPRISES

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the period ended 31st March, 2015 together with interest paid /payable are required to be furnished.

## 32. ADDITIONAL INFORMATION PURSUANT TO PROVISIONS OF PARAGRAPH 5 OF SCHEDULE III OF THE COMPANIES ACT, 2013.

₹

Particulars	As at	
	31st March, 2015	31st March, 2014
a) CIF Value of Imports of Capital Goods	Nil	495,490.23
b) Expenditure in foreign currency on accrual basis		
Professional Charges	6,978,470.00	7,880,316.18
Others	73,997.00	4,327,763.86

## 33. UTILIZATION OF PROCEEDS OF PUBLIC ISSUE OF SECURED NON - CONVERTIBLE DEBENTURES

The company has during the year raised through public issue (a) ₹ 13,370,186,000.00 of Rated Secured Redeemable Non - Convertible Debentures and (b) ₹ 1,248,856,000.00 of Rated Unsecured Redeemable Non-Convertible Debentures in the nature of Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. As at 31.03.2015, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer documents.

## 34. UTILIZATION OF PROCEEDS OF INSTITUTIONAL PLACEMENT PROGRAMME OF EQUITY SHARES

The company has during the year allotted 2,53,51,062 shares of ₹ 10 each for cash at a premium of ₹ 155 per equity share aggregating to ₹ 4,182,925,230.00, pursuant to Institutional Placement Programme (IPP) under Chapter VIII A of the SEBI ICDR Regulations complying with the minimum public shareholding requirement under Rule 19 (2) (b) (ii) of the Securities Contract (Regulation) Rules, 1957. The proceeds from the Institutional Placement Programme have been utilised in accordance with the objects as set out in the offer document. Share issue expenses in connection with the said issue has been adjusted against the share premium account.

# Notes on Accounts

for the year ended 31st March, 2015

## 35. DISCLOSURE OF RELATED PARTY TRANSACTION IN ACCORDANCE WITH ACCOUNTING STANDARD (AS18) "RELATED PARTY DISCLOSURES" ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

### (a) Names of Related Parties with whom transactions has taken place:-

Category	Name of the Related Party
Key Management Personnel	1. M. G. George Muthoot
	2. George Thomas Muthoot
	3. George Jacob Muthoot
	4. George Alexander Muthoot
	5. Alexander M. George s/o M. G. George Muthoot
Relatives of Key Management Personnel	1. Sara George w/o M. G. George Muthoot
	2. Susan Thomas w/o George Thomas Muthoot
	3. Elizabeth Jacob w/o George Jacob Muthoot
	4. Anna Alexander w/o George Alexander Muthoot
	5. George M. George s/o M. G. George Muthoot
	6. George M. Jacob s/o George Jacob Muthoot
	7. Reshma Susan Jacob d/o George Jacob Muthoot
	8. George Alexander (Jr.) s/o George Alexander Muthoot
	9. Eapen Alexander s/o George Alexander Muthoot
	10. Anna Thomas d/o George Thomas Muthoot
	11. Valsa Kurien w/o George Kurien
Subsidiary Companies Entities over which Key Management Personnel and their relatives are able to exercise significant influence	1. 1. Asia Asset Finance PLC, Sri Lanka
	1. Muthoot Vehicle & Assets Finance Limited
	2. Muthoot Leisure And Hospitality Services Pvt. Limited
	3. MGM Muthoot Medical Centre Pvt. Limited.
	4. Muthoot Marketing Services Pvt. Limited.
	5. Muthoot Broadcasting Pvt. Limited
	6. Muthoot Forex Ltd
	7. Emgee Board and Paper Mills Pvt. Limited
	8. Muthoot Health Care Private Limited
	9. Muthoot Precious Metals Corporation
	10. GMG Associates
	11. Muthoot Insurance Brokers Private Limited
	12. Emgee Muthoot Benefit Funds (India) Limited
	13. Geo Bros Muthoot Funds (India) Limited
	14. Muthoot Investment Advisory Services Private Limited
	15. Muthoot Securities Limited
	16. Muthoot M George Permanent Fund Limited
	17. Muthoot Housing & Infrastructure
	18. Muthoot Properties & Investments
	19. Venus Diagnostics Limited
	20. Muthoot Systems & Technologies Pvt Ltd
	21. Muthoot Infotech Private Ltd
	22. Muthoot Anchor House Hotels Pvt Ltd
	23. Marari Beach Resorts Pvt. Ltd.
	24. Muthoot M George Foundation
25. Muthoot Commodities Ltd	

# Notes on Accounts

for the year ended 31st March, 2015

## b) Transactions with Related Parties during the year:-

Nature of transaction	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Purchase of Travel Tickets for Company Executives/Directors/Customers					8,088,981.00	8,517,726.00
Travel Arrangements for Company Executives/Customers					823,155.00	1,072,612.00
Marketing of Money Transfer Business Outside the Country					-	3,191,936.70
Accommodation facilities for Company Executives/Clients/Customers					1,244,926.00	2,206,848.00
Complementary Medical Health Check Ups for Customers/ Employees					62,100.00	915,200.00
Release of Advertisements in Outdoor, Print and Electronic Media					-	123,541,499.00
Brokerage paid for NCD Public Issue					13,388,681.00	58,363,133.00
Business Promotion Expenses					17,574,746.00	32,397,547.00
CSR Expenses					89,105,500.00	-
Interest paid on loans/subordinated debts	313,926,931.01	260,034,265.00	259,377,433.07	179,944,446.00	-	-
Interest paid on Secured NCD	28,433.90	12,125.00	656,318.57	745,095.83	5,086,791.00	-
Interest paid on Secured NCD - Listed	290,618.00	-	2,148,255.00	-	7,181,551.00	-
Interest on Inter Corporate Loans	-	-	-	-	-	4,179,406.00
Remuneration	192,486,667.00	192,000,000.00	3,038,333.00	3,525,000.00	-	-
Loans and Subordinated debts accepted	1,902,294,493.54	2,312,805,629.00	1,105,183,914.76	1,383,322,780.00	-	-
Loans and Subordinated debts repaid	1,646,475,029.44	1,133,540,387.56	333,373,062.86	247,496,144.14	-	-
Inter Corporate Loans accepted	-	-	-	-	-	43,850,000.00
Inter corporate Loans repaid	-	-	-	-	-	76,070,000.00
Investment in Secured NCD	-	-	-	4,423,000.00	64,297,000.00	-
Repayment of Secured NCD (Secured NCD redeemed)	227,000.00	-	948,000.00	-	51,579,000.00	-
Repayment of Secured NCD (Secured NCD redeemed) - Listed	85,000.00	-	3,588,000.00	-	21,833,000.00	-
Rent paid	3,519,000.00	3,447,125.00	690,000.00	706,667.00	4,348,420.00	4,324,824.00
Rent received	-	-	-	-	475,153.00	-
Dividend paid	987,754,160.00	1,717,394,154.00	551,235,200.00	1,111,685,630.00	-	-
Service Charges Collected	-	-	-	-	4,686,477.00	5,015,838.00
Sale of Investments in Shares	-	66,250,000.00	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	1,000,000.00	95,000.00
Loans availed by the Company for which guarantee is provided by related parties	104,590,000,000.00	103,050,000,000.00	16,000,000,000.00	27,000,000,000.00	-	400,000,000.00
Loans availed by the Company for which collateral security is provided by related parties	-	-	-	-	-	400,000,000.00
Investment in Equity shares - Asia Asset Finance PLC, Sri Lanka	-	-	-	-	388,123,555.16	-



# Notes on Accounts

for the year ended 31st March, 2015

**c) Net Amount Receivable / (Due) as at the year end :-**

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Investments in Equity Shares	-	-	-	-	46,700,000.00	46,700,000.00
Investments in Subsidiary company	-	-	-	-	388,123,555.16	-
Secured NCD	(370,000.00)	(97,000.00)	(4,681,000.00)	(6,079,000.00)	(20,000,000.00)	-
Secured NCD - Listed	(3,490,000.00)	-	(24,137,000.00)	-	(84,780,000.00)	-
Security Deposit	-	-	-	-	(40,000,000.00)	(40,000,000.00)
Rent Deposit	1,770,000.00	1,822,500.00	300,000.00	300,000.00	1,470,000.00	1,470,000.00
Loans & Subordinated Debts	(2,895,327,375.54)	(2,480,251,922.44)	(2,594,081,098.76)	(1,981,526,235.86)	-	-
Interest payable on Directors Loan	-	-	(1,359,413.00)	-	-	-
Interest payable on Secured NCD	(46,250.00)	-	(578,875.00)	-	-	-
Interest payable on Subordinated Debts	(917,254.00)	-	-	-	-	-
Trade Payables	(263,923.00)	(263,923.00)	(51,749.00)	(51,749.00)	(4,637,520.00)	(28,119,345.39)
Trade Receivable	-	-	-	-	-	57,232,454.05

## 36. SEGMENT REPORTING

- The Company is engaged in two segments of business – Financing and Power Generation.
- In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, Company has identified business segment as the primary segment for the purpose of disclosure. The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
- Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable.

# Notes on Accounts

for the year ended 31st March, 2015

Particulars	Financing		Power Generation		Consolidated Totals	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
<b>Segment Revenue:</b>						
External Revenue	43,124,189,289.43	49,265,116,225.51	13,829,642.00	13,703,827.50	43,138,018,931.43	49,278,820,053.01
Inter segment Revenue	-	-	-	-	-	-
<b>Total Revenue</b>	<b>43,124,189,289.43</b>	<b>49,265,116,225.51</b>	<b>13,829,642.00</b>	<b>13,703,827.50</b>	<b>43,138,018,931.43</b>	<b>49,278,820,053.01</b>
<b>Result:-</b>						
<b>Segment Result</b>	<b>10,359,667,702.84</b>	<b>11,932,549,235.45</b>	<b>6,814,463.96</b>	<b>2,910,348.00</b>	<b>10,366,482,166.80</b>	<b>11,935,459,583.45</b>
Other Income	-	-	-	-	-	-
Unallocated corporate income	-	-	-	-	108,341,506.82	195,544,949.75
Unallocated corporate expenses	-	-	-	-	(196,246,374.00)	(195,448,040.00)
<b>Profit Before Tax</b>	<b>10,359,667,702.84</b>	<b>11,932,549,235.45</b>	<b>6,814,463.96</b>	<b>2,910,348.00</b>	<b>10,278,577,299.62</b>	<b>11,935,556,493.20</b>
Less: Provision for Current Tax / Deferred Tax	-	-	-	-	3,573,336,172.09	4,134,865,957.42
<b>Profit after Tax</b>	<b>10,359,667,702.84</b>	<b>11,932,549,235.45</b>	<b>6,814,463.96</b>	<b>2,910,348.00</b>	<b>6,705,241,127.53</b>	<b>7,800,690,535.78</b>
<b>Other Information:</b>						
<b>Segment Assets</b>	<b>266,919,387,924.11</b>	<b>255,336,339,806.88</b>	<b>39,861,178.07</b>	<b>38,179,270.11</b>	<b>266,959,249,102.18</b>	<b>255,374,519,076.99</b>
Unallocated Corporate Assets	-	-	-	-	733,264,018.32	564,220,675.90
<b>Total Assets</b>	<b>266,919,387,924.11</b>	<b>255,336,339,806.88</b>	<b>39,861,178.07</b>	<b>38,179,270.11</b>	<b>267,692,513,120.50</b>	<b>255,938,739,752.89</b>
<b>Segment Liabilities</b>	<b>215,515,834,766.64</b>	<b>212,570,701,539.29</b>	-	-	<b>215,515,834,766.64</b>	<b>212,570,701,539.29</b>
Unallocated Corporate Liabilities	-	-	-	-	1,341,635,944.24	722,276,448.56
<b>Total Liabilities</b>	<b>215,515,834,766.64</b>	<b>212,570,701,539.29</b>	-	-	<b>216,857,470,710.88</b>	<b>213,292,977,987.85</b>
Capital Expenditure	263,050,912.75	708,363,650.34	-	-	263,050,912.75	708,363,650.34
Depreciation	838,682,607.99	467,052,009.73	2,503,136.04	7,563,426.00	841,185,744.03	474,615,435.73
Non-Cash Expenditure other than Depreciation	179,798,948.00	213,948,607.00	-	-	179,798,948.00	213,948,607.00

## 37. FRAUDS DURING THE YEAR

During the year, frauds committed by customer /staff of the company amounted to ₹ 11,962,300.00 (Previous year: ₹ 19,701,706.00) which has been recovered /written off / provided for:

## 38. DIVIDEND REMITTED IN FOREIGN CURRENCY

Particulars	As at 31st March, 2015	As at 31st March, 2014
Dividend remitted in foreign currency	32,021,280.00	60,840,432.00
No. of non-resident shareholders to which this relates	1	1
No. of equity shares of face value of ₹10/- held by them	6,404,256	6,404,256
Financial year to which dividend relates	F Y 2013-14 & F Y 2014-15	F Y 2012-13 & F Y 2013-14

The company has also remitted ₹ 70,491,381.00 in Indian currency to 796 non resident shareholders holding 70,491,381 shares of ₹10/- each as final dividend for the F Y 2013-14 and the company has remitted ₹ 282,131,132.00 in Indian currency to 779 non resident shareholders holding 70,532,783 shares of ₹ 10/- each as First Interim Dividend for the F Y 2014-15.

# Notes on Accounts

for the year ended 31st March, 2015

## 39. INVESTMENT IN ASIA ASSET FINANCE PLC, SRI LANKA (AAF)

The company has during the year acquired 428,011,711 shares in AAF representing 51 % of equity share capital of AAF for a consideration of ₹ 338,123,555.16 (including expenses incurred in connection with the acquisition) and thus becomes a subsidiary of the company as on 31st December, 2014.

## 40. DISCLOSURE REQUIRED AS PER RESERVE BANK OF INDIA NOTIFICATION NO. DNBS.CC.PD.NO. 265/03.10.01/2011-12 DATED 21st MARCH, 2013. ₹

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Gold Loans granted against collateral of gold jewellery	233,499,014,794.00	216,179,103,240.32
Total assets of the Company	267,692,513,120.50	255,938,739,752.89
Percentage of gold loans to Total Assets	87.23%	84.47%

## 41. DISCLOSURE REQUIRED AS PER RESERVE BANK OF INDIA NOTIFICATION NO. DNBS. 193DG(VL) - 2007 DATED 22nd FEBRUARY, 2007 :- ₹

Sl. No.	Particulars	Amount	Amount	Amount	Amount
		out-standing	overdue	out-standing	overdue
Liabilities :		As at 31st March, 2015		As at 31st March, 2014	
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :-				
	(a) Debentures : Secured	96,980,375,875.04	NIL	113,622,849,056.51	NIL
	: Unsecured	NIL	NIL	NIL	NIL
	(other than falling within the meaning of public deposits)				
	: Perpetual Debt Instrument	NIL	NIL	NIL	NIL
	(b) Deferred credits	NIL	NIL	NIL	NIL
	(c) Term Loans	8,013,230.50	NIL	1,938,606,502.27	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL	NIL	NIL
	(e) Commercial Paper	NIL	NIL	91,782,724.30	NIL
	(f) Other Loans (specify nature)				
	Loan from Directors/ Relatives of Directors	5,197,125,321.30	NIL	4,055,039,571.30	NIL
	Subordinated Debt	38,363,816,460.67	NIL	34,443,503,069.94	NIL
	Borrowings from Banks/FI	72,507,372,826.90	NIL	56,223,985,975.82	NIL
	Overdraft against Deposit with Banks	1,386,295.31	NIL	353,156.96	NIL

# Notes on Accounts

for the year ended 31st March, 2015

Sl. No.	Particulars	₹	
		Amount outstanding As at 31st March, 2015	Amount outstanding As at 31st March, 2014
	<b>Assets :</b>		
(2)	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :- (including interest accrued)</b>		
	(a) Secured	244,607,182,865.13	229,175,912,294.12
	(b) Unsecured	2,344,152,621.07	2,428,115,799.55
(3)	<b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:-</b>		
	(i) Lease assets including lease rentals under sundry debtors:-		
	(a) Financial lease	NIL	NIL
	(b) Operating lease	NIL	NIL
	(ii) Stock on hire including hire charges under sundry debtors	NIL	NIL
	(a) Assets on hire	NIL	NIL
	(b) Repossessed Assets	NIL	NIL
	(iii) Other loans counting towards AFC activities	NIL	NIL
	(a) Loans where assets have been repossessed	NIL	NIL
	(b) Loans other than (a) above	NIL	NIL
(4)	<b>Break-up of Investments (net of provision for diminution in value) :-</b>		
	<b>Current Investments:-</b>		
	<b>1. Quoted:</b>		
	(i) Shares : (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	307,000,000.00
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities(net of amortisation)	NIL	NIL
	(v) Others	NIL	NIL
	<b>2. Unquoted:</b>		
	(i) Shares : (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others	NIL	NIL
	<b>Long Term investments:-</b>		
	<b>1. Quoted:</b>		
	(i) Shares : (a) Equity	338,173,495.16	49,940.00
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities(net of amortisation)	NIL	NIL
	(v) Others	NIL	NIL
	<b>2. Unquoted:</b>		
	(i) Shares : (a) Equity	46,700,000.00	46,700,000.00
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others - Investment in Pass Through Certificates	NIL	NIL

# Notes on Accounts

for the year ended 31st March, 2015

Category	As at 31st March, 2015			As at 31st March, 2014		
	Amount (Net of provisioning)			Amount (Net of provisioning)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
<b>1. Related Parties</b>						
(a) Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL	NIL	NIL	NIL
<b>2. Other than related parties</b>	232,774,732,545.00	585,693,323.37	233,360,425,868.37	217,850,327,609.32	39,643,766.98	217,889,971,376.30
<b>Total</b>	<b>232,774,732,545.00</b>	<b>585,693,323.37</b>	<b>233,360,425,868.37</b>	<b>217,850,327,609.32</b>	<b>39,643,766.98</b>	<b>217,889,971,376.30</b>

Category	As at 31st March, 2015			As at 31st March, 2014		
	Market Value / Break up value or fair value or Net Asset Value	Book Value (Net of provisioning)	Market Value / Break up value or fair value or Net Asset Value	Book Value (Net of provisioning)	Market Value / Break up value or fair value or Net Asset Value	Book Value (Net of provisioning)
	<b>1. Related Parties</b>					
(a) Subsidiaries	314,468,764.00	338,123,555.16	NIL	NIL	NIL	NIL
(b) Companies in the same group	46,700,000.00	46,700,000.00	46,700,000.00	46,700,000.00	46,700,000.00	46,700,000.00
(c) Other related parties	NIL	NIL	NIL	NIL	NIL	NIL
<b>2. Other than related parties</b>	71,142.00	49,940.00	315,092,652.01	307,049,940.00	307,049,940.00	307,049,940.00
<b>Total</b>	<b>361,239,906.00</b>	<b>384,873,495.16</b>	<b>361,792,652.01</b>	<b>353,749,940.00</b>	<b>353,749,940.00</b>	<b>353,749,940.00</b>

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Amount outstanding	Amount outstanding	Amount outstanding	Amount outstanding
	As at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2014
<b>(i) Gross Non-Performing Assets</b>				
(a) With Related parties	NIL	NIL	NIL	NIL
(b) With Others	5,116,663,567.00	5,116,663,567.00	4,160,514,951.49	4,160,514,951.49
<b>(ii) Net Non-Performing Assets</b>				
(a) With Related parties	NIL	NIL	NIL	NIL
(b) With Others	4,391,281,318.00	4,391,281,318.00	3,485,132,702.49	3,485,132,702.49
<b>(iii) Assets acquired in satisfaction of debt</b>				
(a) With Related parties	NIL	NIL	NIL	NIL
(b) With Others	NIL	NIL	NIL	NIL

# Notes on Accounts

for the year ended 31st March, 2015

## 42. (DISCLOSURE REQUIRED AS PER RESERVE BANK OF INDIA NOTIFICATION NO. DNBS(PD).263 /CGM (NSV)-2013 DATED SEPTEMBER 16 , 2013)

The Company auctioned 648,123 loan accounts (Previous Year: 714,014 accounts) during the financial year. The outstanding dues on these loan accounts were ₹ 32,043,293,613.00 (Previous Year: ₹ 37,347,285,075.00) till the respective date of auction. The Company realised ₹ 27,879,028,742.00 (Previous Year: ₹ 34,293,127,267.00) on auctioning of gold jewellery taken as collateral security on these loans. Company confirms that none of its sister concerns participated in the above auctions.

## 43. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014:-

### (a) Capital

Particulars	As at	As at
	31st March, 2015	31st March, 2014
i) CRAR (%)	24.78	24.69
ii) CRAR-Tier I capital (%)	19.96	18.01
iii) CRAR-Tier II capital (%)	4.82	6.68
iv) Amount of subordinated debt raised as Tier-II capital (₹)	26,538,007,566.00	26,346,814,000.00
v) Amount raised by issue of Perpetual Debt Instruments (₹)	NIL	NIL

### (b) Investments

Particulars	As at	As at
	31st March, 2015	31st March, 2014
<b>1) Value of Investments</b>		
(i) Gross Value of Investments		
(a) In India	46,749,940.00	353,749,940.00
(b) Outside India	338,123,555.16	NIL
(ii) Provisions for Depreciation		
(a) In India	NIL	NIL
(b) Outside India	NIL	NIL
(iii) Net Value of Investments		
(a) In India	46,749,940.00	353,749,940.00
(b) Outside India	338,123,555.16	NIL
<b>2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	NIL	NIL
(ii) Add : Provisions made during the year	NIL	NIL
(iii) Less : Write-off / write-back of excess provisions during the year	NIL	NIL
(iv) Closing balance	NIL	NIL



# Notes on Accounts

for the year ended 31st March, 2015

43. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014:- (CONTD.)									
(c) Asset Liability Management									
Maturity pattern of certain items of assets and liabilities									
As at 31st March, 2015	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 year	over 3 to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Deposits	-	-	-	-	-	-	-	-	-
Borrowings from Banks/ Financial Institutions	754,505.34	760,567.41	766,787.86	2,001,748,370.39	70,419,075,988.97	1,573,638.97	-	-	72,418,679,808.94
Market Borrowings	4,638,213,000.00	3,384,240,000.00	2,896,910,000.00	12,100,088,000.00	26,889,169,566.00	57,165,798,000.00	8,583,472,000.00	1,374,742,000.00	117,032,632,566.00
<b>Assets</b>									
Advances	32,771,859,136.44	58,521,177,029.34	32,771,859,136.43	51,498,685,785.82	46,816,941,623.47	11,704,235,405.87	-	-	234,084,708,117.37
Investments	-	-	-	-	-	-	-	46,749,940.00	46,749,940.00
Foreign Currency assets	-	-	-	-	-	-	-	338,123,555.16	338,123,555.16
<b>As at 31st March, 2014</b>	<b>1 to 30/31 days (one month)</b>	<b>Over one month to 2 months</b>	<b>Over 2 months to 3 months</b>	<b>Over 3 months to 6 months</b>	<b>Over 6 months to 1 year</b>	<b>Over 1 year to 3 year</b>	<b>over 3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Liabilities</b>									
Deposits	-	-	-	-	-	-	-	-	-
Borrowings from Banks/Financial Institutions	1,326,700,514.00	605,281.71	1,000,610,087.13	2,087,959,481.72	53,612,247,271.21	5,388,995.10	-	-	58,033,511,630.87
Market Borrowings	6,703,347,000.00	5,445,555,000.00	4,391,042,000.00	17,686,568,000.00	29,534,150,894.00	49,942,231,566.00	17,678,778,000.00	1,419,634,000.00	132,751,306,500.00
<b>Assets</b>									
Advances	30,606,149,507.54	54,653,838,406.33	30,606,149,507.54	48,095,377,797.57	43,723,070,725.06	10,930,767,681.27	-	-	218,615,353,625.31
Investments	-	-	-	307,000,000.00	-	-	-	46,749,940.00	353,749,940.00
Foreign Currency assets	-	-	-	-	-	-	-	-	-

# Notes on Accounts

for the year ended 31st March, 2015

## 43. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014:- (CONTD.)

₹

### (d) Exposures

#### i) Exposure to Real Estate Sector

Category	As at 31st March, 2015	As at 31st March, 2014
<b>a) Direct exposure (Net of Advances from Customers)</b>		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented: -	NIL	NIL
-Individuals housing loans upto ₹ 15 lakhs		
-Individuals housing loans more than ₹ 15 lakhs		
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
-Fund Based		
-Non Fund Based		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -	NIL	NIL
a. Residential,		
b. Commercial Real Estate.		
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	NIL	NIL
<b>Total Exposure to Real Estate Sector</b>	<b>NIL</b>	<b>NIL</b>

#### ii) Exposure to Capital Market

₹

Particulars	As at 31st March, 2015	As at 31st March, 2014
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	49,940.00	49,940.00
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	NIL	NIL

# Notes on Accounts

for the year ended 31st March, 2015

		₹	
Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	NIL	NIL	
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	NIL	NIL	
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	NIL	NIL	
vi) loans sanctioned to corporates against the security of shares /bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	NIL	NIL	
vii) bridge loans to companies against expected equity flows /issues	NIL	NIL	
viii) all exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL	
<b>Total Exposure to Capital Markets</b>	<b>49,940.00</b>	<b>49,940.00</b>	

**(e) Registration obtained from financial sector regulators**

Sl. No.	Regulator	Registration no
1)	Reserve Bank of India	Certificate of Registration No.16.00167

**(f) Registration obtained from financial sector regulators**

Nil

**(g) Ratings assigned by Credit rating Agencies**

Sl. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
1	Commercial paper & Non - convertible Debentures- Short Term	CRISIL A1+, ICRA A1+	CRISIL A1+, ICRA A1+
2	Bank Loans - Working Capital Demand Loans	ICRA A1+	ICRA A1+
3	Bank Loans - Cash Credit	ICRA AA-(Stable)	ICRA AA-(Stable)
4	Bank Term Loans	ICRA AA-(Stable)	ICRA AA-(Stable)
5	Non Convertible Debentures- Long term	CRISIL AA-(Stable), ICRA AA-(Stable)	CRISIL AA-(Stable), ICRA AA-(Stable)
6	Subordinated Debt	CRISIL AA-(Stable), ICRA AA-(Stable)	CRISIL AA-(Stable), ICRA AA-(Stable)

During the year, there were no change in the above ratings.

# Notes on Accounts

for the year ended 31st March, 2015

<b>(h) Provisions and Contingencies</b>		₹	
Sl. No.	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31st March, 2015	As at 31st March, 2014
1	Provisions for depreciation on Investment	Nil	Nil
2	Provision towards NPA	Nil	24,755,455.00
3	Provision made towards Income tax	3,573,336,172.09	4,134,865,957.42
4	Other Provision and Contingencies (with details) Provision for Gratuity	7,508,745.00	18,733,086.00
5	Provision for Standard Assets	179,798,948.00	189,193,152.00

<b>(i) Concentration of Advances</b>		₹	
Particulars	As at 31st March, 2015	As at 31st March, 2014	
Total Advances to twenty largest borrowers	621,082,177.00	686,742,000.00	
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.27%	0.31%	

<b>(j) Concentration of Exposures</b>		₹	
Particulars	As at 31st March, 2015	As at 31st March, 2014	
Total Exposures to twenty largest borrowers/customers (₹)	621,082,177.00	686,742,000.00	
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers/Customers.	0.27%	0.31%	

<b>(k) Concentration of NPAs</b>		₹	
Particulars	As at 31st March, 2015	As at 31st March, 2014	
Total Exposures to top four NPA accounts	35,793,500.00	33,179,200.00	

# Notes on Accounts

for the year ended 31st March, 2015

<b>(l) Sector-wise NPAs as on 31st March, 2015</b>			
Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector as on 31st March, 2015	Percentage of NPAs to Total Advances in that sector as on 31st March, 2014
1	Agriculture & allied activities	Nil	Nil
2	MSME	Nil	Nil
3	Corporate borrowers	Nil	Nil
4	Services	Nil	Nil
5	Unsecured personal loans	Nil	Nil
6	Auto loans (commercial vehicles)	Nil	Nil
7	Other loans	2.19%	1.90%

<b>(m) Movement of NPAs</b>			
Sl. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
(i)	Net NPAs to Net Advances (%)	1.88%	1.57%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	4,160,514,951.49	5,250,305,433.31
	(b) Additions during the year	4,798,393,775.00	3,644,048,139.97
	(c) Reductions during the year	3,842,245,159.49	4,733,838,621.79
	(d) closing balance	5,116,663,567.00	4,160,514,951.49
(iii)	Movement of Net NPAs		
	(a) Opening balance	3,435,132,702.49	4,549,678,639.31
	(b) Additions during the year	4,798,393,775.00	3,619,292,684.97
	(c) Reductions during the year	3,842,245,159.49	4,733,838,621.79
	(d) closing balance	4,391,281,318.00	3,435,132,702.49
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	725,382,249.00	700,626,794.00
	(b) Provisions made during the year	-	24,755,455.00
	(c) Write-off / write -back of excess provisions	-	-
	(d) closing balance	725,382,249.00	725,382,249.00

<b>(n) Overseas Assets</b>			
Sl. No.	Name of the Subsidiary	Country	Total assets
(i)	Asia Asset Finance PLC	Sri Lanka	338,123,555.16

# Notes on Accounts

for the year ended 31st March, 2015

<b>(o) Customer Complaints</b>		
Sl. No.	Name of the Subsidiary	
(a)	No. of complaints pending as on 1st April, 2014	-
(b)	No of complaints received during the year	150
(c)	No of complaints redressed during the year	150
(d)	No. of complaints pending as on 31st March, 2015	-

## 44. DISCLOSURE PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

₹

Sl. No.	Loans and Advances in the nature of Loans	Amount Outstanding as at 31st March, 2015	Maximum Amount Outstanding during the year
(A)	To Subsidiaries	NIL	NIL
(B)	To Associates	N.A	N.A
(C)	Where there is		
	(i) No repayment schedule	NIL	NIL
	(ii) Repayment beyond seven years	NIL	NIL
	(iii) No interest	NIL	NIL
	(iv) Interest below the rate as specified in section 372A of the Companies Act, 1956 / Section 186 of Companies Act 2013 as applicable	NIL	NIL
(D)	To Firms/Companies in which Directors are Interested (other than (A) and (B) above)	NIL	NIL
(E)	Investments by the loanee in the shares of Parent Company and Subsidiary Company when the Company has made a loan or advance in the nature of loan	NIL	NIL

## 45. PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED / REARRANGED, WHEREVER NECESSARY TO CONFORM TO CURRENT YEAR'S CLASSIFICATIONS / DISCLOSURE.



## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### PART "A": SUBSIDIARIES

(Amounts in ₹)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Asia Asset Finance PLC
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	LKR - 0.4592
4.	Share capital	637,799,077.36
5.	Reserves & surplus	(47,390,104.81)
6.	Total assets	2,454,162,714.31
7.	Total Liabilities	1,863,753,741.76
8.	Investments	155,575,082.25
9.	Turnover	439,265,137.25
10.	Profit before taxation	47,196,737.44
11.	Provision for taxation	(648,649.31)
12.	Profit after taxation	46,548,088.13
13.	Proposed Dividend	-
14.	% of shareholding	51%

#### Notes:

- Names of subsidiaries which are yet to commence operations: Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

### PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

Not Applicable

#### For and on behalf of the Board of Directors

Sd/-

**M. G. George Muthoot**

Chairman & Whole time Director

Sd/-

**George Alexander Muthoot**

Managing Director

Sd/-

**Oommen K. Mammen**

Chief Financial Officer

Sd/-

**Maxin James**

Company Secretary

Place: **Kochi**

Date: **5th May, 2015**

# Independent Auditors' Report

## To The Members of Muthoot Finance Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Muthoot Finance Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us read along with sub paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

- a) We did not audit the financial statements of Asia Asset Finance PLC (subsidiary), whose financial statements reflect total assets of ₹25,653.34 Lakhs as at March 31, 2015, total revenues of ₹ 1,191.76 Lakhs and net cash loss amounting to ₹ 2,082.85 Lakhs for the year ended on that date, as

considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order) issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on comments in the auditors' report of the Holding Company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report to the extent applicable that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015, taken on record by the Board of Directors of the Holding Company, none of the Directors of the Group Companies incorporated in India is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 28 to the consolidated financial statements;
    - ii. The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company incorporated in India.

For **Rangamani & Co**  
Chartered Accountants  
(Registration No.: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Membership No. 020566

Place: **Kochi**  
Date: **5th May, 2015**

# Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the consolidated financial statements for the year ended March 31, 2015, we report in respect of the company incorporated in India that;

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (ii) The Company is a Non-Banking Finance Company and has not dealt with any goods and the company does not hold any inventory during the period under audit. Accordingly, the provisions of clause 3 (ii) of the Order is not applicable to the Company.
- (iii) As informed to us, the company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained u/s 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Companies (Auditor's Report) Order 2015 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to the purchases of fixed assets and for sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, no major weaknesses have been noticed in internal control system in respect of these areas.
- (v) According to the information and explanations given to us, the Company has not accepted deposits from the public attracting the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Therefore, the provisions of Clause 3(v) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- (vi) According to the information and explanations given to us, in respect of the Company, Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013.
- (vii) (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, applicable to it.
- According to the information and explanations given to us, no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues were outstanding as at March 31, 2015, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of Sales tax, Duty of Customs, Wealth Tax, Duty of Excise and Cess which have not been deposited on account of any dispute. The following dues of Service Tax and Income Tax have not been deposited with appropriate authorities on account of disputes:

Nature of dues	Amount ₹ In Lakhs *	Period to which the amount relates	Forum where dispute is pending
Service tax	499.21	2003-2008	CESTAT, Bangalore
	48,958.83	2007-2012	CESTAT, Bangalore
	7.90	2013-14	Commissioner (Appeals), Kochi
Income Tax	271.20	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)-II, Kochi
	145.64	Assessment Year 2010-11	Commissioner of Income Tax (Appeals), Kochi

\* Amount is net of payments made and without considering interest for the overdue period, if any, as may be levied if demand raised is upheld

(c) According to the information and explanations given to us, there is no amount that is required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and the rules made there under.

(viii) The company does not have accumulated losses as at the end of the financial year and it has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

(ix) According to the records of the company examined by us and the information and explanations given to us, we are of the opinion that the company has not defaulted during the period in repayment of dues to financial institution, bank or debenture holders.

(x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

(xi) According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

(xii) According to the information and explanations given to us,

(a) There have been certain instances of fraud by customers/staff of the company amounting to ₹ 1,19,62,300 as given in Note 37 to the consolidated financial statements;

(b) No other material fraud on the company has been noticed or reported during the course of our audit; and

(c) No fraud by the company has been noticed or reported during the course of our audit.

For **Rangamani & Co**  
Chartered Accountants  
(FRN: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Place: **Kochi**  
Date: **5th May, 2015**

Membership No. 020566

# Consolidated Balance Sheet

as at 31st March, 2015

Particulars	Note No.	₹
		As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
(a) Share capital	3	3,979,664,190.00
(b) Reserves and surplus	4	46,860,554,263.50
<b>Minority Interest</b>		289,300,396.41
<b>Non-current liabilities</b>		
(a) Long-term borrowings	5	67,664,943,037.83
(b) Other Long-term liabilities	6	12,078,100,624.41
(c) Long-term provisions	25	12,277,179.74
<b>Current liabilities</b>		
(a) Short-term borrowings	5	77,606,511,933.99
(b) Trade Payables & Other current liabilities	7	58,371,376,793.54
(c) Short-term provisions	8	3,099,186,313.15
<b>Total</b>		<b>269,961,914,732.57</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Fixed assets	9	
(i) Tangible Assets		2,586,649,219.96
(ii) Intangible Assets		59,918,569.50
(iii) Capital Work-in-progress		63,317,949.00
(iv) Intangible Assets under development		5,319,943.00
(b) Goodwill on Consolidation	39	42,191,023.59
(c) Non-current investments	10	47,015,640.93
(d) Deferred tax assets (net)	11	392,288,284.39
(e) Long-term loans and advances	12	1,905,760,416.53
<b>Current assets</b>		
(a) Current investments	13	155,309,381.50
(b) Trade receivables	14	11,549,972,985.24
(c) Cash and Bank Balances	15	17,571,212,412.71
(d) Short-term loans and advances	16	235,542,242,406.00
(e) Other current assets	17	40,716,500.22
<b>Total</b>		<b>269,961,914,732.57</b>

## Notes on accounts form part of consolidated financial statements

As per our report of even date attached

For **Rangamani & Co**

Chartered Accountants

(FRN: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Membership No. 020566

Place: **Kochi**Date: **5th May, 2015**

## For and on behalf of the Board of Directors

Sd/-

**M. G. George Muthoot**

Chairman &amp; Whole time Director

Sd/-

**Oommen K. Mammen**

Chief Financial Officer

Sd/-

**George Alexander Muthoot**

Managing Director

Sd/-

**Maxin James**

Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2015

Particulars	Note No.	Year Ended 31st March, 2015
Revenue from Operations	18	43,245,426,156.29
Other income	19	120,110,719.67
<b>Total Revenue</b>		<b>43,365,536,875.95</b>
Expenses:		
Employee benefits expense	20	6,333,183,310.47
Finance costs	21	21,122,635,129.40
Other expenses	22	4,213,510,298.13
Directors Remuneration		192,486,667.00
Depreciation and amortisation expense	9	843,017,169.21
Provisions and Write Offs	23	374,024,848.70
<b>Total Expenses</b>		<b>33,078,857,422.91</b>
<b>Profit Before Tax</b>		<b>10,286,679,453.05</b>
Tax expense:		
Current tax		3,695,111,324.00
Deferred tax		(127,629,377.71)
Taxes relating to Previous Years		3,747,597.09
<b>Profit for the year (before adjustment for Minority Interest)</b>		<b>6,715,449,909.66</b>
Less : Share of profit transferred to Minority Interest		5,002,303.25
<b>Profit for the year (after adjustment for Minority Interest)</b>		<b>6,710,447,606.42</b>
Earnings per equity share of ₹ 10/- each		
<b>Basic</b>		<b>16.98</b>
<b>Diluted</b>		<b>16.81</b>

## Notes on accounts form part of consolidated financial statements

As per our report of even date attached

For **Rangamani & Co**

Chartered Accountants

(FRN: 003050 S)

Sd/-

**R. Sreenivasan**

Partner

Membership No. 020566

Place: **Kochi**

Date: **5th May, 2015**

## For and on behalf of the Board of Directors

Sd/-

**M. G. George Muthoot**

Chairman & Whole time Director

Sd/-

**Oommen K. Mammen**

Chief Financial Officer

Sd/-

**George Alexander Muthoot**

Managing Director

Sd/-

**Maxin James**

Company Secretary



# Consolidated Cash Flow Statement

for the year ended 31st March, 2015

Particulars	Year Ended 31st March, 2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit Before Taxation	10,286,679,453.05
Adjustments for :	
Add: Provision for Non-Performing Assets and Standard assets	179,798,948.00
Add: Provision for Impairment	2,590,277.70
Add: Finance Cost	21,122,635,129.40
Add: Loss on Sale of Fixed Assets	134,690.65
Add: Depreciation and amortisation	843,017,169.21
Add :Provision for Gratuity	12,277,179.74
Add :Expenses on ESOP	194,898,339.00
Less: Interest received on Bank Deposits	(98,273,546.92)
Less: Income from Investments	(15,657,584.51)
<b>Operating profit before working capital changes</b>	<b>32,528,100,055.32</b>
Adjustments for:	
(Increase) / Decrease in Loans and Advances	(15,603,550,089.18)
(Increase) / Decrease in Trade receivables	107,393,194.23
(Increase) / Decrease in Other current assets	(41,988,848.88)
Increase / (Decrease) in Current liabilities	84,603,384.85
Increase / (Decrease) in Other Liabilities	(25,095,926.61)
<b>Cash generated from operations</b>	<b>17,049,461,769.73</b>
Finance cost paid	(18,251,245,415.85)
Direct tax paid	(3,589,223,031.68)
<b>Net cash from operating activities</b>	<b>(4,791,006,677.80)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(334,784,452.99)
Sale of Fixed Assets	23,405,061.86
(Increase) / Decrease in Capital Work in Progress	75,414,857.00
Sale of Bonds / Investments	319,363,424.72
Acquisition of Subsidiary	(338,123,555.16)
Interest received on Bank Deposits	101,521,476.56
Income from Investments	23,687,947.52
<b>Net Cash from Investing Activities</b>	<b>(129,515,240.49)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>	
Net Proceeds from Issue of Debentures	(15,819,574,000.00)
Increase / (Decrease) in Loan from Directors / Relatives of Directors	1,142,085,750.00
Increase / (Decrease) in Borrowings from Bank /Financial Institutions	14,329,618,571.37
Increase / (Decrease) in Borrowings from customers	73,414,565.68
Increase / (Decrease) in Subordinated debt	191,193,566.00

# Consolidated Cash Flow Statement

for the year ended 31st March, 2015

Particulars	Year Ended 31st March, 2015
Increase / (Decrease) in Commercial Papers	(90,293,500.00)
Dividend paid (including Dividend distribution tax)	(2,322,575,331.49)
Proceeds from issue of Share Capital	4,201,889,040.00
Expenses on further issue of Equity Shares	(45,761,852.00)
(Increase) / Decrease in bank deposits held for greater than 3 months	828,882,457.31
<b>Net Cash from Financing Activities</b>	<b>2,488,879,266.87</b>
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(2,431,642,651.42)</b>
Cash And Cash Equivalent at the Beginning of the Year	19,572,074,131.90
Add : Addition upon acquisition of subsidiary	342,469,967.14
<b>Cash And Cash Equivalent at the End of The Year</b>	<b>17,482,901,447.62</b>
<b>Components of Cash and Cash Equivalents at the end of the Year</b>	
Current Account with Banks	14,907,217,869.79
Deposit with Banks	100,000,000.00
Cash on Hand	2,473,375,665.17
Unpaid Dividend *	2,307,912.66
<b>Total (Refer Note.2.11)</b>	<b>17,482,901,447.62</b>

## Notes:

- The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified under the provisions of the Companies Act, 1956, in compliance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- All figures in brackets indicate outflow.
- The cash flows from operating, investing and financing activities are segregated.
- \*4) These balances are not available for use by the Company as they represent corresponding unpaid dividend liability.

## Notes on accounts form part of consolidated financial statements

As per our report of even date attached

For **Rangamani & Co**  
Chartered Accountants  
(FRN: 003050 S)

Sd/-  
**R. Sreenivasan**  
Partner  
Membership No. 020566

Place: **Kochi**

Date: **5th May, 2015**

## For and on behalf of the Board of Directors

Sd/-  
**M. G. George Muthoot**  
Chairman & Whole time Director

Sd/-  
**George Alexander Muthoot**  
Managing Director

Sd/-  
**Oommen K. Mammen**  
Chief Financial Officer

Sd/-  
**Maxin James**  
Company Secretary

# Notes on Accounts

for the year ended 31st March, 2015

## 1. BACKGROUND

Muthoot Finance Ltd. was incorporated as a private limited Company on 14th March 1997 and was converted into a public limited Company on 18th November 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of 'The Muthoot Group', which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13.11.2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non Deposit Taking NBFC (NBFC-ND-SI). The Company made an Initial Public Offer of 51,500,000 Equity Shares of the face value ₹ 10/- each at a price of ₹ 175/- raising ₹ 9,012,500,000.00 during the month of April 2011. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited from 6th May 2011.

### Basis of Consolidation

The Consolidated financial statements relate to Muthoot Finance Ltd (the Company) and its subsidiary which constitutes the 'Group' hereinafter. Following subsidiary company has been considered in the preparation of the consolidated financial statements:-

Name of the Company	Relationship with the company	Country of Incorporation	% of holding as at March 31, 2015
Asia Asset Finance PLC	Subsidiary Company	Sri Lanka	51

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (i) Basis of Presentation

The consolidated financial statements of the Company along with its subsidiary has been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules,

2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed by the Company in the previous year. The Company follows prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India vide Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Asia Asset Finance PLC, Sri Lanka (AAF), became a subsidiary Company on 31st December, 2014 and accordingly, presentation of consolidated financial statements is done only for the year ended 31st March, 2015. Hence no comparative figures are presented. The consolidated financial statements include unaudited financial statements of Asia Asset Finance PLC, Sri Lanka, which does not constitute material component of the consolidated financial statements.

### (ii) Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:-

- The financial statement of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., Year ended 31st March, 2015.
- The financial statements of the Company and its subsidiary have been consolidated in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting standard – 21 'Consolidated Financial Statements', on a line-by-line basis by adding together the like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra group transactions and resulting unrealized profits/ losses, unless cost cannot be recovered.

# Notes on Accounts

for the year ended 31st March, 2015

- (c) Consolidated financial statements are prepared using uniform accounting policies except as stated in (iv), (vi), (viii), (x), (xv) of this Schedule, the adjustments arising out of the same are not considered material.
- (d) Minority Interest in the net assets of the consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investment. Net profit / loss for the year of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company. Minority Interest's share of net assets of subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders
- (e) The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investments of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- (f) Goodwill arising on consolidation is not amortised but tested for impairment.
- (g) In respect of the foreign operations, the financial statement of the subsidiary for the year ended 31st March, 2015 was converted into Indian currency as per accounting standard

(AS 11) "The effect of changes in Foreign Exchange Rates".

## (iii) Use of Estimates

The preparation of the financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of income and expenses during the reporting period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management evaluation of the relevant facts and circumstances as of the date of the financial statements. Management believes that these estimates and assumptions used are prudent and reasonable. Future results may vary from these estimates.

## (iv) Revenue Recognition

Revenues are recognized and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses. Revenue is recognized to the extent it is realizable wherever there is uncertainty in the ultimate collection. Income from Non-Performing Assets is recognized only when it is realized. Income and expense under bilateral assignment of receivables accrue over the life of the related receivables assigned. Interest income and expenses on bilateral assignment of receivables are accounted on gross basis. Interest income on deposits is recognized on time proportionate basis.

In respect of the subsidiary, for all financial instruments interest income or expense is recorded using effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future impairment loss. The carrying amount of the financial asset or liability is adjusted if the subsidiary

# Notes on Accounts

for the year ended 31st March, 2015

revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as "Interest Income" for financial assets and "Interest Expense" for financial liabilities.

## (v) Employee Benefits

### Short Term Employee Benefits:-

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

### Post employment benefits:-

#### a) Defined Contribution Plan

##### Provident Fund

All eligible employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the group contribute monthly at a stipulated percentage of the covered employees salary. Contributions are charged to Statement of Profit & Loss at actuals. The Group has no liability for future provident fund benefits other than its stipulated contribution during the year. Contributions of the Company are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates. In respect of Subsidiary, Contributions to the extent of 12% and 3% of gross emoluments of employees are made to Employees Provident Fund and Employees Trust Fund respectively.

#### b) Defined Benefit Plan

##### Gratuity

The group provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the group. The group accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an

Independent Actuary using Projected Unit Credit Method. The group recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard 15, 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise. The Company makes annual contribution to a Gratuity Fund administered by Trustees and separate schemes managed by Kotak Mahindra Old Mutual Life Insurance Limited and ICICI Prudential Life Insurance Company Limited. In respect of Subsidiary, gratuity liability is not funded.

#### c) Employee share based payments:-

Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities Exchange Board of India. The company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

## (vi) Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

In respect of the Company, depreciation is charged at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually upto ₹5,000.00 is

# Notes on Accounts

for the year ended 31st March, 2015

fully depreciated by the company in the year of its capitalisation.

In respect of the subsidiary, the estimated useful life is arrived at based on management's estimate of the period from which it intends to derive future economic benefits from the use of the asset. The assets are depreciated on Straight Line Method on the estimated useful lives so arrived at.

## (vii) Foreign Exchange Transactions

Foreign currency transactions are recorded, on initial recognition, by applying to the foreign currency amount the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are reported using the exchange rate as on the Balance Sheet date. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items are recognized as income or as expenses in the period in which they arise.

## (viii) Intangible Assets

Intangible Assets are amortized over their expected useful life. It is stated at cost, net of amortization. Company amortizes Computer Software over a period of five years on straight line method. In respect of Subsidiary , Computer Software is amortized over a period of eight years on straight line method.

## (ix) Taxes on Income

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961. Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred

tax assets , in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities are offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

## (x) Investments

Investments intended to be held for not more than one year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-Current 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.

The Group , in respect of the subsidiary, has considered Financial Assets-Held for Trading, Investments in Repurchase agreements against treasury bills and bonds and Investments in Debentures and Fixed Deposits as current investments. Financial Assets under available for sale category is treated under non-current investments. Financial assets held for trading are recorded in the Balance Sheet at fair value. Investments in Repurchase agreements against treasury bills and bonds and Investments in Debentures and Fixed Deposits are measured at amortized cost using Effective Interest Rate less provision for impairment. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, after which , the cumulative gain or loss is recognised in the statement of comprehensive income in finance costs and removed from the available-for-sale reserve.

# Notes on Accounts

for the year ended 31st March, 2015

## (xi) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. 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.

## (xii) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank, cash in hand, bank deposits having a maturity of less than 3 months and unpaid dividend.

## (xiii) Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognized only when the Group has present, legal, or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

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

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

## (xiv) Debenture Redemption Reserve

In terms of Section 71 of the Companies Act, 2013 read with Rule 18 (7) of Companies (Share Capital

and Debentures) Rules 2014, the Company has created Debenture Redemption Reserve in respect of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures issued through public issue as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008. The subsidiary company has no outstanding amount of debentures.

## (xv) Provision For Standard Assets And Non Performing Assets

Company makes provision for standard assets and non performing assets as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Provision for standard assets in excess of the prudential norms, as estimated by the management, is categorised under Provision for Standard Assets, as general provisions. In respect of Subsidiary, financial assets carried at amortized cost such as lease, hire purchase and loans and advances are assessed for objective evidence of impairment as individually significant or collectively, if not individually significant, as on the date of Balance Sheet. If impairment loss has been incurred, the amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows and is recognised as Provision for Impairment through Statement Of Profit and Loss Account.

## (xvi) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases.

Where the Group is the Lessor:

Assets given on operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.



# Notes on Accounts

for the year ended 31st March, 2015

Where the Group is the lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## (xvii) Segment Reporting

### Identification of segments:-

- a) The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Based on the operation, the Group has identified primary business segments - Financing and Power Generation and based on the geography of operation, the Group has identified secondary segments - Within India and Outside India.
- b) The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis

### Unallocated items:-

Unallocated items include income, expenses, assets and liabilities which are not allocated to any reportable business segment.

### Segment Policies:-

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

## (xviii) Current/Non-Current Classification of Assets/ Liabilities

The Group has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.

(Amounts in the financial statements are stated in Rupees, except for share data and as otherwise stated.)

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## 3. SHARE CAPITAL

### 3.1 Share Capital

Particulars	As at 31st March, 2015
<b>Authorised</b>	
450,000,000 Equity Shares of ₹ 10/- each	4,500,000,000.00
5,000,000 Preference Shares of ₹ 1000/- each	5,000,000,000.00
<b>Issued, Subscribed &amp; Paid up</b>	
397,966,419 Equity Shares of ₹ 10/- each fully paid	3,979,664,190.00
<b>Total</b>	<b>3,979,664,190.00</b>

### 3.2 Terms and Rights attached to Equity Shares

The Company has only one class of equity share having face value ₹ 10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by your Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes on Accounts

for the year ended 31st March, 2015

### 3.3 The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2015 is set out below:-

Particulars	31st March, 2015	
	Equity Shares	
	Number	Amount (₹)
Shares outstanding at the beginning of the year	371,712,768	3,717,127,680.00
Shares issued in exercise of Employee Stock Options during the year	902,589	9,025,890.00
Shares issued under Institutional Placement Programme during the year	25,351,062	253,510,620.00
<b>Shares outstanding at the end of the year</b>	<b>397,966,419</b>	<b>3,979,664,190.00</b>

### 3.4 Disclosure as to the shareholders holding more than 5 percent shares

Sl. No.	Name of Shareholder	31st March, 2015	
		No. of Shares held	Amount (₹)
1	M. G. George Muthoot	47,385,132	11.91%
2	George Alexander Muthoot	44,464,400	11.17%
3	George Jacob Muthoot	44,464,400	11.17%
4	George Thomas Muthoot	44,464,400	11.17%
5	Susan Thomas	29,985,068	7.53%

### 3.5 Disclosure as to aggregate number and class of shares allotted as pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back.

Particulars	Aggregate No. of Shares issued in the financial year	
	2014-15	
	No. of Shares	Amount (₹)
<b>Equity Shares :</b>		
Fully paid up pursuant to contract(s) without payment being received in cash	Nil	
Fully paid up by way of bonus shares	Nil	
Shares bought back	Nil	

### 3.6 Shares reserved for issue under Employee Stock Option Scheme

The Company has reserved 5,901,049 equity shares for issue under the Employee Stock Option Scheme 2013. (Refer Note.25.c)

### 3.7 Institutional Placement Programme

On 29th April, 2014, Company allotted 25,351,062 shares of ₹ 10/- each for cash at a premium of ₹ 155/- per equity share aggregating to ₹ 4,182,925,230.00, pursuant to Institutional Placement Programme (IPP) under Chapter VIII A of the SEBI ICDR Regulations complying with the minimum public shareholding requirement under Rule 19 (2) (b) (ii) of the Securities Contracts (Regulations) Rules, 1957.

# Notes on Accounts

for the year ended 31st March, 2015

## 4. RESERVES AND SURPLUS

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Particulars	As at 31st March, 2015
<b>a. Securities Premium Account</b>	
Balance at the beginning of the year	10,570,781,115.96
Add : Securities premium credited on Equity Share issue	4,026,262,409.70
Less : Premium Utilised for Institutional Placement Programme expenses (Refer Note. 4.1)	45,761,852.00
<b>Closing Balance</b>	<b>14,551,281,673.66</b>
<b>b. General Reserve</b>	
Balance at the beginning of the year	2,676,332,599.00
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	-
<b>Closing Balance</b>	<b>2,676,332,599.00</b>
<b>c. Debenture Redemption Reserve (Refer Note.4.2)</b>	
Balance at the beginning of the year	8,346,323,368.00
Add: Amount transferred from surplus in the Statement of Profit and Loss	3,661,998,715.50
<b>Closing Balance</b>	<b>12,008,322,083.50</b>
<b>d. Statutory Reserve (Refer Note.4.3)</b>	
Balance at the beginning of the year	7,334,689,409.80
Add: Amount transferred from surplus in the Statement of Profit and Loss	1,341,048,226.00
<b>Closing Balance</b>	<b>8,675,737,635.80</b>
<b>e. Share options outstanding account (Refer Note.25 c)</b>	
Balance at the beginning of the year	98,731,243.00
Additions during the year	194,898,339.00
Deduction during the year on share allotment	86,909,879.70
<b>Closing Balance</b>	<b>206,719,702.30</b>
<b>f. Foreign Currency Translation Reserve</b>	
Balance at the beginning of the year	
Additions during the year (Net)	(30,435.01)
Deduction during the year on share allotment	
<b>Closing Balance</b>	<b>(30,435.01)</b>
<b>g. Surplus in the Statement of Profit and Loss</b>	
Balance at the beginning of the year	9,901,776,349.28
Add: Net Profit For the year	6,710,447,606.42
Less: Appropriations	
Impact of change in Depreciation Rate net of Deferred Tax (Refer Note.27)	24,075,567.95
Interim Dividend 2014-15	1,588,255,320.00
Proposed Final Dividend on Equity Shares	795,932,838.00
Dividend relating to earlier year	25,351,062.00
Corporate Dividend Tax	433,371,222.00
Transfer to General Reserve	-
Transfer to Debenture Redemption Reserve	3,661,998,715.50
Transfer to Statutory Reserve	1,341,048,226.00
<b>Closing Balance</b>	<b>8,742,191,004.25</b>
<b>Total</b>	<b>46,860,554,263.50</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 4.1 Share Issue Expenses

The expenses incurred for the issue of Equity shares under Institutional Placement Programme in April 2014 amounting to ₹ 45,761,852.00 has been written off against Securities Premium as per Section 52 (2) of the Companies Act, 2013.

## 4.2 Debenture Redemption Reserve

During the year, the company has transferred an amount of ₹ 3,661,998,715.50 to the Debenture Redemption Reserve. No appropriation was made from this Reserve during the year.

## 4.3 Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. An amount of ₹ 1,341,048,226.00 representing 20% of Net Profit is transferred to the Fund for the year. No appropriation was made from the Reserve Fund during the year.

## 5. BORROWINGS

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### 5.1 Borrowings – Secured and Unsecured

Particulars	Non Current	Current
	As at 31st March, 2015	As at 31st March, 2015
<b>Secured</b>		
<b>(a) Debentures</b>		
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.2)	17,766,810,000.00	42,072,261,000.00
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.3 & 5.4)	24,897,088,000.00	5,758,466,000.00
<b>(b) Term loans</b>		
<b>From banks</b>		
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment : ₹ 4,984,514.40 repayable during FY 2015-16 in 4-12 monthly instalments & ₹ 478,750.50 during FY 2016-17 in 1-12 monthly instalments & ₹ 78,039.10 during FY 2017-18 in 3 monthly instalments , Rate of Interest : 9.01-11.01 %)	556,789.60	4,984,514.40
Term Loan (Secured by Corporate Guarantee . Repayable in 36 monthly installments. Interest rate - Base rate + 3.5 % p.a.)	6,309,781.01	-
Securitisation Loans (Secured by lease and hire purchase assets of the subsidiary. Repayable in 37 instalments. Rate of Interest : 13.64 % IRR + Flat rate of 7.77 %)	84,573,907.58	67,318,364.58
<b>From Financial Institutions</b>		
Term Loan - (Secured by specific charge on vehicles) (Terms of Repayment: Amount ₹ 1,404,249.92 repayable during FY 2015-16 in 3-12 monthly instalments & ₹ 1,016,844.37 during FY 2016-17 in 12 monthly instalments, Rate of Interest : 10.00-10.39 %)	1,016,844.37	1,404,249.92

# Notes on Accounts

for the year ended 31st March, 2015

## 5. BORROWINGS (CONTD.)

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### 5.1 Borrowings – Secured and Unsecured

Particulars	Non Current	Current
	As at 31st March, 2015	As at 31st March, 2015
<b>(c) Loans repayable on demand</b>		
<b>From banks</b>		
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	-	1,386,295.31
Cash Credit (Secured by pari passu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)	-	34,479,359,730.38
<b>(d) Short Term Loans</b>		
<b>From Banks</b>	-	37,930,000,000.00
(Secured by pari passu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)		
<b>Sub Total (1)</b>	<b>42,756,355,322.56</b>	<b>120,315,180,154.59</b>
<b>Unsecured</b>		
<b>(a) Loans and advances from related parties</b>		
Loan from Directors and Relatives	-	5,195,765,908.30
Subordinated Debt (Refer Note 5.5)	84,407,000.00	209,235,566.00
<b>(b) Other loans and advances</b>		
Subordinated Debt Listed (Refer Note.5.6 & 5.7)	2,229,042,000.00	-
Subordinated Debt (Refer Note.5.5)	22,146,665,000.00	1,868,658,000.00
Due to customers (Fixed Deposits) (Refer Note. 5.8)	448,473,715.27	1,237,791,446.35
<b>Sub Total (2)</b>	<b>24,908,587,715.27</b>	<b>8,511,450,920.65</b>
<b>Total (1)+(2)</b>	<b>67,664,943,037.83</b>	<b>128,826,631,075.24</b>
Less: Amount included under Current Liabilities		
Current maturities of long term debt (Refer Note.7.1)	-	50,934,059,141.25
Unpaid Matured Debentures (Refer Note.7.2)	-	286,060,000.00
<b>As per Balance Sheet</b>	<b>67,664,943,037.83</b>	<b>77,606,511,933.99</b>
<b>Long Term Borrowings</b>	<b>67,664,943,037.83</b>	-
<b>Short Term Borrowings</b>	-	<b>77,606,511,933.99</b>

There is no continuing default as on the balance sheet date in repayment of loans and interest.

### 5.2 Secured Redeemable Non- Convertible Debentures

The Company had privately placed Secured Redeemable Non-Convertible Debentures for a maturity period of 60-120 months with an outstanding amount of ₹ 59,839,071,000.00.

Series	Date of allotment	Amount (₹)	Redemption Period	Interest Rate %
		As at 31st March, 2015		
CU	31.03.2014	57,500,000.00	120 months	10.5-12.5
CT	14.03.2014-31.03.2014	93,500,000.00	120 months	10.5-12.5
CS	27.02.2014-14.03.2014	152,500,000.00	120 months	10.5-12.5

# Notes on Accounts

for the year ended 31st March, 2015

## 5.2 Secured Redeemable Non- Convertible Debentures (Contd.)

Series	Date of allotment	Amount (₹)		Redemption Period	Interest Rate %
		As at 31st March, 2015			
CR	07.02.2014-27.02.2014	171,500,000.00		120 months	10.5-12.5
CQ	04.02.2014-07.02.2014	210,500,000.00		120 months	10.5-12.5
CP	20.01.2014-04.02.2014	188,000,000.00		120 months	10.5-12.5
CO	10.01.2014-20.01.2014	145,500,000.00		120 months	10.5-12.5
CN	03.01.2014-10.01.2014	142,000,000.00		120 months	10.5-12.5
CM	24.12.2013-03.01.2014	108,500,000.00		120 months	10.5-12.5
CL	05.12.2013-24.12.2013	123,500,000.00		120 months	10.5-12.5
CK	18.11.2013-05.12.2013	110,000,000.00		120 months	10.5-12.5
CJ	29.10.2013-18.11.2013	107,500,000.00		120 months	10.5-12.5
CI	09.10.2013-29.10.2013	108,500,000.00		120 months	10.5-12.5
CH	27.09.2013 - 09.10.2013	153,500,000.00		120 months	10.5-12.5
CG	06.09.2013 - 27.09.2013	59,500,000.00		120 months	10.5-12.5
CF	31.08.2013 - 06.09.2013	43,000,000.00		120 months	10.5-12.5
CE	12.08.2013 - 31.08.2013	74,500,000.00		120 months	10.5-12.5
CD	31.07.2013 - 10.08.2013	71,500,000.00		120 months	10.5-12.5
CC	08.07.2013 - 31.07.2013	63,000,000.00		120 months	10.5-12.5
CB	24.06.2013 - 07.07.2013	2,440,523,000.00		120 months	10.5-12.5
CA	18.04.2013 - 23.06.2013	4,795,065,000.00		120 months	10.5-12.5
BZ	01.03.2013 - 17.04.2013	5,003,345,000.00		120 months	10.5-12.5
BY	18.01.2013 - 28.02.2013	4,427,384,000.00		120 months	10.5-12.5
CX	03.11.2014	390,000,000.00		60 months	10.0-12.0
CW	08.05.2014	155,000,000.00		60 months	10.0-12.0
CV	24.04.2014	146,500,000.00		60 months	10.0-12.0
BX	26.11.2012 - 17.01.2013	4,129,998,000.00		60 months	10.5-12.5
BW	01.10.2012 - 25.11.2012	5,238,004,000.00		60 months	11.5-12.5
BV	17.08.2012 - 30.09.2012	3,892,395,000.00		60 months	11.5-12.5
BU	01.07.2012 - 16.08.2012	4,263,489,000.00		60 months	11.5-12.5
BT	21.05.2012 - 30.06.2012	2,769,977,000.00		60 months	11.5-12.5
BS	01.05.2012 - 20.05.2012	1,179,308,000.00		60 months	11.5-12.5
BR	01.03.2012 - 30.04.2012	3,261,200,000.00		60 months	11.5-12.5
BQ	23.01.2012 - 29.02.2012	2,219,824,000.00		60 months	11.5-12.5
BP	01.12.2011 - 22.01.2012	1,971,168,000.00		60 months	11.5-12.5
BO	19.09.2011 - 30.11.2011	1,844,862,000.00		60 months	11.-12
BN	01.07.2011 - 18.09.2011	1,924,467,000.00		60 months	11.-12
BM	01.04.2011 - 30.06.2011	1,906,272,000.00		60 months	11.-12
BL	01.01.2011 - 31.03.2011	2,222,505,000.00		60 months	10-11.5
BK	01.10.2010 - 31.12.2010	1,657,026,000.00		60 months	9.5-11.5
BJ	01.07.2010 - 30.09.2010	1,047,852,000.00		60 months	9.5-11
BI	01.04.2010 - 30.06.2010	594,684,000.00		60 months	9-10.5
BH	01.01.2010 - 31.03.2010	126,038,000.00		60 months	9-10.5
BG	01.10.2009 - 31.12.2009	22,431,000.00		60 months	9.5-10.5
BF	01.07.2009 - 30.09.2009	8,278,000.00		60 months	10.5
BE	01.04.2009 - 30.06.2009	3,245,000.00		60 months	10.5-11.5
BD	01.01.2009 - 31.03.2009	4,148,000.00		60 months	11.-12
BC	22.09.2008 - 31.12.2008	1,140,000.00		60 months	11.-12
BB	10.07.2008 - 21.09.2008	866,000.00		60 months	11-11.5
AZ	01.04.2008 - 02.07.2008	2,325,000.00		60 months	10.5-11

# Notes on Accounts

for the year ended 31st March, 2015

## 5.2 Secured Redeemable Non- Convertible Debentures (Contd.)

Series	Date of allotment	Amount (₹)		Redemption Period	Interest Rate %
		As at 31st March, 2015			
AY	01.01.2008 - 31.03.2008	351,000.00		60 months	10.5-11
AX	01.10.2007 - 31.12.2007	1,022,000.00		60 months	10.5-11
AW	01.07.2007 - 30.09.2007	512,000.00		60 months	10.5-11
AV	01.04.2007 - 30.06.2007	137,000.00		60 months	10.5-11
AE	15.07.2004 - 30.09.2004	32,000.00		90 months	10.83-12
AU	01.01.2007 - 31.03.2007	1,462,000.00		60 months	9 - 11
AT	13.08.2006 - 31.12.2006	958,000.00		60 months	9-9.5
AS	01.05.2006 - 12.08.2006	196,000.00		60 months	8.5-9
AR	15.06.2005 - 30.04.2006	460,000.00		60 months	8-8.5
AQ	01.04.2005 - 14.06.2005	365,000.00		60 months	8-8.5
AP	07.02.2005 - 14.06.2005	30,000.00		60 months	9.27-10.08
AO	07.02.2005 - 31.03.2005	39,000.00		60 months	8-8.5
AN	01.01.2005 - 06.02.2005	148,000.00		60 months	8.5-9
AI	01.10.2004 - 06.02.2005	10,000.00		60 months	10.2-12
AD	01.07.2004 - 14.11.2004	30,000.00		60 months	9.5
<b>Total</b>		<b>59,839,071,000.00</b>			

Of the above, ₹ 17,766,810,000.00 is included in long-term borrowings and ₹ 41,898,038,000.00 is included in current maturities of long-term debt (Refer Note 7.1) and ₹ 174,223,000.00 is included in unpaid matured debentures (Refer Note 7.2).

## 5.3 Secured Redeemable Non Convertible Debentures - Listed

The Company privately placed Rated Secured Redeemable Non-Convertible Listed Debentures with an outstanding of ₹ 1,000,000,000.00.

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015			
L 4	12.01.2012	1,000,000,000.00		60 Months	13
<b>Total</b>		<b>1,000,000,000.00</b>			

The above ₹ 1,000,000,000.00 is classified as Long-Term Borrowings.

## 5.4 Secured Non Convertible Debentures - Public Issue

The outstanding amount of Secured Rated Non-Convertible Listed Debentures raised through Public Issue stood at ₹ 29,655,554,000.00.

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at 31st March, 2015			
PL 11	29.12.2014	3,613,456,000.00		400 Days, 2, 3, 5 years	10.25-11.25
PL 10	26.09.2014	3,673,461,000.00		400 Days, 2, 3, 5 years	10.25-11.50
PL 9	04.07.2014	4,297,447,000.00		400 Days, 2, 3, 5 years	10.50-11.75
PL 8	02.04.2014	1,785,822,000.00		400 Days, 2, 3, 5 years	10.50-11.75
PL 7	04.02.2014	3,969,924,000.00		400 Days, 2, 3, 5 years	11.00-12.25
PL 6	04.12.2013	2,462,782,000.00		400 Days, 2, 3, 5 years	11.00-12.25
PL 5	25.09.2013	2,547,820,000.00		400 Days, 2, 3, 5 years	11.00-12.55



# Notes on Accounts

for the year ended 31st March, 2015

## 5.4 Secured Non Convertible Debentures - Public Issue (Contd.)

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at			
		31st March, 2015			
PL 4	01.11.2012	1,114,750,000.00		2,3,5,6 years	11.50-12.25
PL 3	18.04.2012	1,145,568,000.00		2, 3, 5, 5.5 years	13.00-13.43
PL 2	18.01.2012	1,502,868,000.00		3, 5, 5.5 years	13.25-13.43
PL 1	14.09.2011	3,541,656,000.00		3, 5 years	12.00-12.25
<b>Total</b>		<b>29,655,554,000.00</b>			

Out of the above, ₹23,897,088,000.00 is classified as Long-term borrowings and ₹5,758,466,000.00 is classified as Current maturities of Long-term Debt (Refer Note.7.1)

## 5.5 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The outstanding amount of privately placed subordinated debt stood at ₹ 24,308,965,566.00.

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at			
		31st March, 2015			
XVII	09.05.2014	21,000,000		72 months	11.61
XVI	18.02.2014 - 31.03.2014	46,000,000		66 months	12.67
XV	22.12.2013 - 17.02.2014	98,500,000		66 months	12.67
XIV	18.09.2013 - 21.12.2013	298,000,000		66 months	12.67
XIII	08.07.2013 - 17.09.2013	98,000,000		66 months	12.67
XII	01.04.2013 - 07.07.2013	1,825,156,000		66 months	12.67
XI	01.10.2012 - 31.03.2013	4,651,420,000		66 months	12.67-13.39
X	01.04.2012 - 30.09.2012	3,548,456,000		66 months	12.67-13.39
IX	01.11.2011 - 31.03.2012	4,081,076,000		66 months	12.67-13.39
E	21.03.2005	65,942,062		144 months	15
VIII	01.07.2011 - 31.10.2011	2,343,849,000		66 months	12.67
VII	01.01.2011 - 07.02.2011	437,284,000		72 months	11.61
VII	01.04.2011 - 30.06.2011	1,270,315,000		66 months	12.67
VII	08.02.2011 - 31.03.2011	1,080,398,000		66 months	12.67
VI	01.07.2010 - 31.12.2010	1,912,708,000		72 months	11.61
D	03.04.2004	14,057,938		144 months	15
V	01.01.2010 - 30.06.2010	1,038,649,000		72 months	11.61
C	01.11.2003	98,750,566		144 months	15
B	30.09.2003	110,000,000		144 months	15
IV	17.08.2009 - 31.12.2009	759,309,000		72 months	11.61
IV	01.07.2009 - 16.08.2009	12,421,000		72 months	12.50
IV	01.07.2009 - 16.08.2009	263,617,000		69 months	12.12
III	15.12.2008 - 30.06.2009	140,116,000		72 months	12.50
III	15.12.2008 - 30.06.2009	90,216,000		69 months	12.12
II	18.08.2008 - 13.12.2008	3,725,000		72 months	11.61
<b>Total</b>		<b>24,308,965,566.00</b>			

Out of the above, ₹ 22,231,072,000.00 is classified as long term borrowings and ₹ 1,966,056,566.00 is classified as current maturities of long term debt and ₹ 111,837,000.00 is included in unpaid matured debentures (Refer Note.7.2).

# Notes on Accounts

for the year ended 31st March, 2015

## 5.6 Subordinated Debt- Public Issue

The outstanding amount of Unsecured, Rated, Redeemable Non-Convertible, Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued through public issue stood at ₹ 2,129,042,000.00. The entire amount is classified as long term borrowings.

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at			
		<b>31st March, 2015</b>			
PL 11	29.12.2014	386,544,000.00		6.5 Years	11.23
PL 10	26.09.2014	304,362,000.00		6.5 Years	11.23
PL 9	04.07.2014	364,494,000.00		6.25 Years	11.7
PL 8	02.04.2014	193,456,000.00		6.25 Years	11.7
PL 7	04.02.2014	437,571,000.00		6 Years	12.25
PL 6	04.12.2013	232,879,000.00		6 Years	12.25
PL 5	25.09.2013	209,736,000.00		6 Years	12.25
<b>Total</b>		<b>2,129,042,000.00</b>			

## 5.7 Subordinated Debt - Listed

The privately placed Unsecured, Rated, Redeemable Non-Convertible Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 stood at ₹ 100,000,000.00. The entire amount is classified as long term borrowings.

Series	Date of allotment	Amount (₹)		Redemption Period	Rate of Interest (%)
		As at			
		<b>31st March, 2015</b>			
IA	26.03.2013	100,000,000.00		10 Years	12.35
<b>Total</b>		<b>100,000,000.00</b>			

## 5.8 Due to customers (Fixed Deposits)

Redeemable from the Balance Sheet date	Amount (₹)		Rate of Interest (%)
	As at		
	<b>31st March, 2015</b>		
48-60 months	49,923,008.69		7.25-14.53
36-48 months	33,980,536.51		8.25-16.25
24-36 months	48,079,322.67		8.25-18.65
12-24 months	316,490,847.40		8.25-18.50
Upto 12 months	1,237,791,446.35		6.50-18.50
<b>Total</b>	<b>1,686,265,161.62</b>		

## 6. OTHER LONG TERM LIABILITIES

Particulars	Amount (₹)	
	As at	
	<b>31st March, 2015</b>	
Interest accrued but not due on long term borrowings	12,012,578,660.85	
Security Deposit Received	65,521,963.56	
<b>Total</b>	<b>12,078,100,624.41</b>	

# Notes on Accounts

for the year ended 31st March, 2015

## 7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

₹

Particulars	As at 31st March, 2015
(a) Current maturities of long term debt (Refer Note.7.1)	50,934,059,141.25
(b) Interest accrued but not due on borrowings	6,136,030,862.78
(c) Interest accrued and due on borrowings	150,466,514.85
(d) Unpaid matured debentures and interest accrued thereon (Refer Note.7.2)	397,995,693.00
(e) Trade Payables	526,288,898.93
(f) Other payables	
Statutory Payables	205,771,588.02
Unpaid Dividend	2,307,912.66
Others	18,456,182.05
<b>Total</b>	<b>58,371,376,793.54</b>

### 7.1 Current Maturities of Long Term debts

₹

Particulars	As at 31st March, 2015
<b>Secured</b>	
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	41,898,038,000.00
Secured Non-Convertible Debentures - Listed (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	5,758,466,000.00
<b>From Banks</b>	
Term loan (Secured by specific charge on Vehicles)	4,984,514.40
Term loan / Securitisation Loans	67,318,364.58
<b>From Financial Institutions</b>	
Term Loan (Secured by specific charge on vehicles)	1,404,249.92
<b>Unsecured</b>	
Due to customers (Fixed Deposits)	1,237,791,446.35
Subordinated Debt	1,756,821,000.00
Subordinated Debt - From Related Parties	209,235,566.00
<b>Total</b>	<b>50,934,059,141.25</b>

### 7.2 Unpaid matured debentures and interest thereon

₹

Particulars	As at 31st March, 2015
Unpaid Matured Debentures	286,060,000.00
Interest on Unpaid Matured Debentures	111,935,693.00
<b>Total</b>	<b>397,995,693.00</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 8. SHORT TERM PROVISIONS

₹

Particulars	As at 31st March, 2015
Proposed Equity Dividend (Refer Note.29)	795,932,838.00
Provision for Corporate Dividend Tax	159,138,812.00
Provision for Non Performing Assets (Refer Note.8.1)	725,382,249.00
Provision for Standard Assets (Refer Note.8.1)	
- As per RBI Prudential Norms	572,422,861.00
- General	572,422,861.00
Provision for Impairment Loss	111,171,429.83
Provision for Income Tax (Net of Advance Tax and TDS of ₹ 3,532,396,061.68)	162,715,262.32
<b>Total</b>	<b>3,099,186,313.15</b>

### 8.1 Movement of Provision for Standard and Non-Performing Assets

As per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Company has created provisions for Standard Assets as well as Non-Performing Assets. Company has created General Standard Asset Provision over and above RBI Prudential norms, as estimated by the management. Details are as per the table below:-

₹

Particulars	As at 31st March, 2015
<b>Provision for Standard Assets</b>	
Standard Assets	228,969,144,550.37
<b>Provision at the beginning of the year</b>	
- As per RBI Prudential Norms	536,137,097.00
- General	428,909,677.00
<b>Additional provision made / (Reversed) during the year</b>	
-As per RBI Prudential Norms	36,285,764.00
- General	143,513,184.00
<b>Provision at the close of the year</b>	
- As per RBI Prudential Norms	572,422,861.00
- General	572,422,861.00
	<b>1,144,845,722.00</b>
<b>Provision for Non-Performing Assets</b>	
Substandard Assets	4,884,572,444.00
Doubtful Assets	232,091,123.00
Total Non-Performing Assets	5,116,663,567.00
Provision at the beginning of the year	725,382,249.00
Additional provision made during the year	-
<b>Provision at the close of the year</b>	<b>725,382,249.00</b>
<b>Provision for impairment</b>	
Provision at the beginning of the year	-
Additional provision made / Reversed during the year	111,171,429.83
<b>Provision at the close of the year</b>	<b>111,171,429.83</b>

# Notes on Accounts

for the year ended 31st March, 2015

	Fixed Assets				Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2014	Additions	Disposals	As at 31st March, 2015	As at 1st April, 2014	Adjustment for change in Depreciation Rates *	Depreciation / Amortisation Charge for the Period	Deductions/ adjustments during the Period	As at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2015	
<b>a</b>														
<b>Tangible Assets</b>														
Land	546,513,212.00	-	-	546,513,212.00	-	-	-	-	-	-	-	-	546,513,212.00	
Buildings	733,001,207.83	25,571,580.68	28,837,300.80	729,735,487.71	110,452,050.28	-	58,851,491.73	-	168,803,542.01	-	-	-	560,931,945.70	
Furniture and Fixtures	1,145,724,677.09	43,300,348.95	773,873.00	1,188,251,153.04	565,523,204.38	3,117,091.00	192,727,612.85	447,243.00	760,920,665.23	-	-	-	427,330,487.81	
Plant and Equipment	1,641,686,638.63	135,216,868.96	1,955,290.00	1,774,948,217.59	536,590,493.35	1,254,463.66	859,855,855.05	1,060,396.00	897,040,416.06	-	-	-	877,907,801.53	
Computer	734,313,205.68	84,901,474.66	-	819,220,680.34	476,593,215.75	31,982,487.00	204,193,796.03	-	713,181,498.78	-	-	-	106,039,181.56	
Motor Car	91,381,126.04	13,572,045.02	3,515,002.65	101,438,168.41	48,303,889.96	108,565.45	14,693,213.96	1,847,526.25	61,262,143.12	-	-	-	40,176,025.29	
Wind Mill	180,598,860.00	-	-	180,598,860.00	150,345,157.89	-	2,503,136.04	-	152,848,293.93	-	-	-	27,750,566.07	
<b>Total</b>	<b>5,073,224,927.27</b>	<b>302,562,318.27</b>	<b>35,081,466.45</b>	<b>5,340,703,779.09</b>	<b>1,888,610,011.61</b>	<b>36,472,607.11</b>	<b>832,329,105.66</b>	<b>3,355,163.25</b>	<b>2,754,056,559.13</b>	<b>2,754,056,559.13</b>	<b>2,754,056,559.13</b>	<b>2,754,056,559.13</b>	<b>2,586,649,219.96</b>	
<b>b</b>														
<b>Intangible Assets</b>														
Computer software	24,798,617.96	65,021,994.31	-	89,820,612.27	18,762,525.39	-	16,139,517.39	-	29,902,042.78	-	-	-	59,918,569.50	
<b>Total</b>	<b>24,798,617.96</b>	<b>65,021,994.31</b>	<b>-</b>	<b>89,820,612.27</b>	<b>18,762,525.39</b>	<b>-</b>	<b>16,139,517.39</b>	<b>-</b>	<b>29,902,042.78</b>	<b>29,902,042.78</b>	<b>29,902,042.78</b>	<b>29,902,042.78</b>	<b>59,918,569.50</b>	
<b>c</b>														
<b>Capital Work In Progress</b>														
Capital Work In Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,317,943.00</b>	
<b>d</b>														
<b>Intangible assets under Development</b>														
Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,319,943.00</b>	
<b>Total</b>													<b>5,319,943.00</b>	

\* Refer Note.27

# Notes on Accounts

for the year ended 31st March, 2015

## 10. NON - CURRENT INVESTMENTS

₹

Non - Current Investments in fully paid equity shares are as under (Valued at cost less other than temporary diminution in value, if any):-

Particulars	As at 31st March, 2015
<b>a) Quoted:</b>	
<b>Union Bank of India</b>	49,940.00
454 Equity shares of ₹ 10/- each fully paid up	
<b>Aggregate Market Value of Quoted Investments</b>	<b>71,142.00</b>
<b>Aggregate Amount of Quoted Investments</b>	<b>49,940.00</b>
<b>b) Unquoted:</b>	
Muthoot Forex Ltd (Previously known as Muthoot Exchange Company Private Limited)	19,700,000.00
1,970,000 Equity shares of ₹ 10/- each fully paid up	
<b>Muthoot Securities Limited</b>	27,000,000.00
2,700,000 Equity share of ₹ 10/- each fully paid up	
2,000 shares of Siedles TV Industries Limited	12,857.60
709 shares of Pure Beverages Company Limited	20,185.51
20,000 shares of Finance Houses Consortium Private Limited	91,840.00
67 shares of Credit Information Bureau of SL (CRIB)	140,817.82
<b>Aggregate Amount of Unquoted Investments</b>	<b>46,965,700.93</b>
<b>Total Non-Current Investment</b>	<b>47,015,640.93</b>

## 11. DEFERRED TAX ASSET / (LIABILITY)

₹

As per the requirement of the Accounting Standard 22, the Company has created a deferred tax asset provision, which consist of the following :-

Particulars	Deferred Tax Asset/(Liability)		
	At the beginning of the Period	Credits/(Charge) during the period	At the close of the period
<b>Deferred Tax Asset:</b>			
Timing Difference on account of :-			
Depreciation and Amortization	(33,947,466.00)	121,123,629.13	87,176,163.13
Provision for Non-Performing Assets	244,418,201.90	-	244,418,201.90
Impact of change in Depreciation Rate net of Deferred Tax (Refer Note 27)	-	12,397,039.16	12,397,039.16
Lease rental receivables	-	(13,154,100.37)	(13,154,100.37)
Gratuity provision	-	1,335,161.73	1,335,161.73
Carry forward tax losses	-	46,905,575.38	46,905,575.38
Specific Provisions for doubtful debts	-	13,210,243.46	13,210,243.46
<b>Net Deferred Tax Asset</b>	<b>210,470,735.90</b>	<b>181,817,548.49</b>	<b>392,288,284.39</b>

The Company has not recognized any deferred tax asset on provision for standard assets as the Company is of the opinion that such provision does not give rise to a timing difference which has a reasonable certainty of its reversal in future.

# Notes on Accounts

for the year ended 31st March, 2015

## 12. LONG TERM LOANS AND ADVANCES

₹

Particulars	As at 31st March, 2015
<b>Unsecured, considered good</b>	
a. Capital Advances	34,070,706.90
b. Security Deposits	950,177,239.18
<b>Retail Loans</b>	
Secured, considered good	401,315,813.88
Secured, Doubtful	20,862,687.95
Unsecured, considered good	149,275,842.59
<b>Lease Rentals Receivable and Hire Purchase</b>	
Secured considered good	337,706,098.22
Unsecured considered good	7,487,352.55
<b>Other Deposits &amp; Advances</b>	
Unsecured, considered good	
Others	4,864,675.26
<b>Total</b>	<b>1,905,760,416.53</b>

Security Deposit includes ₹ 1,770,000.00 being rent deposit due from promoter Directors and ₹ 1,470,000.00 being rent deposits due from firms in which promoter Directors are partners.

## 13. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND FAIR VALUE) - QUOTED

₹

Particulars	As at 31st March, 2015
Investment in Reverse Repurchase Agreements against Treasury Bills and Bonds	119,253,553.50
Debentures	4,249,820.23
<b>Quoted Equity Securities</b>	
116,400 shares of Asia Capital PLC	465,022.66
84,786 shares of Commercial Bank of Ceylon PLC	5,866,215.62
88,609 shares of Overseas Realty (Ceylon) PLC	956,197.44
40,000 shares of National Development Bank PLC	4,555,264.00
60,000 shares of Sampath Bank PLC	6,945,859.20
43,715 shares of John Kheels Holding PLC	4,002,741.24
13,970 shares of Tokyo Cement Company PLC	352,184.82
4,00,000 shares of Asiri Hospital Holdings PLC	4,663,224.49
2,16,111 shares of Lanka IOC PLC	3,999,298.30
<b>Total</b>	<b>155,309,381.50</b>



# Notes on Accounts

for the year ended 31st March, 2015

## 14. TRADE RECEIVABLES

₹

Particulars	As at 31st March, 2015
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>	
Secured, considered good	
Interest Receivable on Retail Loans	11,108,168,071.13
Unsecured, considered good	
Interest Receivable on Retail Loans	6,292,412.00
Receivables from Money Transfer business	173,290,547.00
Receivables from Auction Proceeds	244,902,450.00
Wind Mill income receivable	696,849.00
Others	11,005,583.11
<b>Sub-Total</b>	<b>11,544,355,912.24</b>
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>	
Unsecured, considered good	
Wind Mill income receivable	5,617,073.00
<b>Sub-Total</b>	<b>5,617,073.00</b>
<b>Total</b>	<b>11,549,972,985.24</b>

## 15. CASH AND BANK BALANCES

₹

Particulars	As at 31st March, 2015
<b>I. Cash and Cash Equivalents</b>	
a. Cash on hand	2,473,375,665.17
b. Balances with banks	
Current Accounts	14,907,217,869.79
Unpaid Dividend Account	2,307,912.66
Fixed Deposits (maturing within a period of 3 months)	100,000,000.00
<b>II. Other Bank Balances</b>	
Fixed Deposits on which lien is marked	1,153,026.47
Fixed Deposits given as Security against borrowings	11,744,161.00
Fixed Deposits given as Security against Guarantees	4,554,126.01
Other Fixed Deposits	70,859,651.61
<b>Total</b>	<b>17,571,212,412.71</b>
<b>Fixed Deposits with more than 12 months maturity</b>	<b>1,810,876.47</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 16. SHORT TERM LOANS AND ADVANCES

₹

Particulars	As at 31st March, 2015
<b>Retail Loans</b>	
Secured, Considered good	228,999,179,424.52
Secured, Doubtful	5,182,749,886.28
Unsecured, considered good	696,898,294.02
<b>Lease Rentals Receivable and Hire Purchase</b>	
Secured, Considered good	212,552,918.93
Unsecured, considered good	88,038,400.63
<b>Other Deposits &amp; Advances</b>	
Unsecured, considered good	
Prepaid Expenses	39,141,445.00
Service tax Pre-Deposit	8,329,590.00
Others	314,252,446.62
Unsecured, considered doubtful	1,100,000.00
<b>Total</b>	<b>235,542,242,406.00</b>

## 17. OTHER CURRENT ASSETS

₹

Particulars	As at 31st March, 2015
Interest receivable on Bank Deposits	79,036.36
Vehicle Stock	21,489,378.12
Real Estate Inventories	19,148,085.74
<b>Total</b>	<b>40,716,500.22</b>

## 18. REVENUE FROM OPERATIONS

₹

Particulars	Year ended 31st March, 2015
Interest Income on Retail Loans	42,710,045,744.40
Income from Windmill	13,829,642.00
Other Operating Income	521,550,769.89
<b>Total</b>	<b>43,245,426,156.29</b>

## 19. OTHER INCOME

₹

Particulars	Year ended 31st March, 2015
Interest from Fixed Deposits with Bank	98,273,546.92
Interest from Current Investments	15,657,584.51
Other non-operating income	6,179,588.24
<b>Total</b>	<b>120,110,719.67</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 20. EMPLOYEE BENEFITS EXPENSE

₹

Particulars	Year ended 31st March, 2015
Salaries and incentives	5,657,021,903.06
Contribution to Provident and Other Funds	370,306,276.66
Expenses on Employees Stock Option Plan (Refer Note.25 c)	194,898,339.00
Staff welfare expenses	110,956,791.75
<b>Total</b>	<b>6,333,183,310.47</b>

## 21. FINANCE COSTS

₹

Particulars	Year ended 31st March, 2015
Interest Expenses	20,895,981,369.99
Other Borrowing Costs	226,653,759.41
<b>Total</b>	<b>21,122,635,129.40</b>

## 22. OTHER EXPENSES

₹

Particulars	Year ended 31st March, 2015
Postage, Telegram and Telephone	371,604,206.58
Printing and Stationary	160,941,720.76
Rent Paid	1,650,465,593.89
Travelling and Conveyance	212,094,629.94
Bank Charges	16,247,830.82
Electricity Charges	226,475,647.87
Repairs and Maintenance -Buildings	77,291,483.18
Repairs and Maintenance -Plant & Machinery	116,871,708.34
Repairs and Maintenance -Others	87,469,645.45
Water Charges	5,361,206.40
Rates & Taxes and License Fee	54,088,003.59
Legal & Professional Charges	191,971,407.97
Insurance Charges	46,702,324.09
Newspaper and Periodicals	3,185,793.89
Business Promotion Expenses	140,571,996.09
Advertisement	650,746,395.39
Vehicle Hire & Maintenance	12,919,772.20
Internal Audit and Inspection Expenses	92,700,777.58
Remuneration to Auditors (Refer Note.22.1)	2,359,560.00
Directors' Sitting Fee	420,000.00
Commission to Non-Executive Directors	1,766,667.00
Loss on Sale of Fixed Assets	134,690.65
C S R Expenses (Refer Note.26)	89,207,875.00
Miscellaneous Expenses	1,911,361.45
<b>Total</b>	<b>4,213,510,298.13</b>

# Notes on Accounts

for the year ended 31st March, 2015

## 22.1 Auditors' Remuneration (including Service Tax)

₹

Particulars	Year ended 31st March, 2015
Statutory Audit	1,573,040.00
Tax Audit	224,720.00
Other Services	561,800.00
<b>Total</b>	<b>2,359,560.00</b>

## 23. PROVISIONS AND WRITE OFFS

₹

Particulars	Year ended 31st March, 2015
Provision For Non-Performing Assets	-
Provision For Standard Assets (Refer Note.8.1)	
- As per RBI Prudential Norms	36,285,764.00
- General	143,513,184.00
Provision For Impairment	2,590,277.70
Bad Debt Written Off	191,635,623.00
<b>Total</b>	<b>374,024,848.70</b>

## 24. LEASES

### The Company has not taken or let out any assets on financial lease.

All operating lease agreements entered into by the Company are cancellable in nature. Hence Company has debited/credited the lease rent paid/received to the Statement of Profit and Loss.

Consequently, disclosure requirement of future minimum lease payments in respect of non operating lease as per AS 19 is not applicable to the Company.

Lease rentals received for assets let out on operating lease ₹ 1,310,101.00 are recognized as income in the Statement of Profit and Loss under the head 'Other Income' and lease payments for assets taken on an operating lease ₹ 1,650,465,594.00 are recognized as 'Rent Paid' in the Statement of Profit and Loss.

## 25. EMPLOYEE BENEFITS

### a) Defined Contribution Plan

During the year, the Company has recognized the contribution to Provident Fund, in the Statement of Profit and Loss in Note.20- Employee Benefit Expenses as under:-

₹

Particulars	Year ended 31st March, 2015
Contribution to Provident Fund	239,790,238.66
<b>Total</b>	<b>239,790,238.66</b>

# Notes on Accounts

for the year ended 31st March, 2015

## b) Defined Benefit Plan

### Within India

#### Gratuity Plan

Gratuity liability is funded through a Gratuity Fund managed under separate schemes of Kotak Mahindra Old Mutual Life Insurance Limited and ICICI Prudential Life Insurance Company Limited.

The following table set out the status of the Gratuity Plan as required under AS 15.

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

Particulars	As at 31st March, 2015
<b>A) Reconciliation of opening and closing balance of defined benefit obligation</b>	
Defined benefit obligation at the beginning of the year	393,042,542.00
Interest Cost	34,980,786.00
Current Service Cost	104,775,365.00
Benefits paid	(8,005,050.00)
Actuarial (gain)/loss	(28,129,846.00)
<b>Defined benefit obligation at the end of the year</b>	<b>496,663,797.00</b>
<b>B) Reconciliation of opening and closing balance of fair value of Plan Assets</b>	
Fair value of plan assets at the beginning of the year	374,309,455.00
Expected rate of return on plan assets	33,674,565.00
Contributions	63,733,100.00
(Benefit paid)	(8,005,050.00)
Actuarial gains/(losses) on plan assets	25,442,982.00
<b>Fair value of plan assets at the end of the year</b>	<b>489,155,052.00</b>
<b>C) Expense for the year</b>	
Current service cost	104,775,365.00
Interest Cost	34,980,786.00
(Expected rate of return on plan assets)	(33,674,565.00)
<b>Actuarial gains/(losses)</b>	<b>(53,572,828.00)</b>
<b>D) Investment details</b>	
Insurer managed funds	489,155,052.00
<b>E) Experience adjustment</b>	
On Plan Liability (Gain)/Losses	(56,396,310.00)
On Plan Assets (Losses)/Gain	25,442,982.00
<b>F) Actuarial assumptions</b>	
Discount rate	7.8% p.a.
Salary Escalation	7% p.a.
Rate of return on plan assets	8.5% p.a.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. Discount rate is based on the prevailing market yields of the Government Bond as at Balance Sheet date for the estimated term of obligation.

The deficit in funding of gratuity ₹ 12,277,179.74 has been accounted as Long term provisions.

Estimated employer contribution for 2015-16 - ₹ 100,000,000.00

# Notes on Accounts

for the year ended 31st March, 2015

Particulars	₹
	As at 31st March, 2015
Defined benefit obligation	496,663,797.00
Plan Assets	489,155,052.00
Surplus / (Deficit)	(7,508,745.00)
Experience adjustments on plan Liabilities - (Gains) / Losses	(56,396,310.00)
Experience adjustments on plan Assets - (Losses) / Gains	25,442,982.00

## Outside India

### Retirement Benefit Liability

Retirement Benefit Obligations - Gratuity	₹
	As at 31st March, 2015
Balance at the beginning of the period	3,078,292.20
Amount Charged/(Reversed) for the period	1,690,142.54
Payments made during the period	-
Balance at the end of the period	4,768,434.74

Expenses on Defined Benefit Plan	₹
	Year ended 31st March, 2015
Current Service Cost for the Year	869,483.26
Interest Cost for the Year	338,612.24
Actuarial Loss for the Year	482,047.04
	1,690,142.54

### Actuarial assumptions :-

The principal assumptions used are as follows:-

Particulars	₹
	As at 31st March, 2015
Discount Rate	10 % p.a
Salary Increment Rate	8 % p.a
Staff Turnover	12 % p.a
Retirement age	55 Years
Mortality	67/70 Mortality Table (Institute of Actuaries London)

# Notes on Accounts

for the year ended 31st March, 2015

## c) Employee stock option

Pursuant to approval by the shareholders at their meeting held on 27th September, 2013, the company has established "Muthoot ESOP 2013" scheme administered by the ESOP Committee of Board of Directors. The following options were granted as on 31st March, 2015 :-

Particulars	Tranche 1			Tranche 2			Tranche 3		
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty
Date of Grant	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	08.07.2014	08.07.2014	08.07.2014
Date of Board approval	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	08.07.2014	08.07.2014	08.07.2014
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
Number of equity shares for an option	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share
Number of options granted	3,711,200	1,706,700	1,571,075	456,000	380,900	6,100	325,000	325,000	325,000
Exercise price	₹ 50	₹ 50	₹ 10	₹ 50	₹ 50	₹ 50	₹ 50	₹ 50	₹ 50
Vesting period	1-5 years	2-6 years	1-2 years	1-5 years	2-6 years	1-2 years	1-5 years	2-6 years	1-5 years
Manner of vesting	In a graded manner over a 5 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining grants vesting 50% of the	In a graded manner over a 5 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining grants vesting 50% of the	In a graded manner over a 5 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%, 15%, 20%, 25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant

Movement in the options granted under ESOP is as follows :-

Particulars	Tranche 1			Tranche 2			Tranche 3			Total
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	
Options outstanding at the beginning of the year	3,527,600	1,553,500	1,545,200	-	-	-	-	-	-	6,626,300
Options granted during the year	-	-	-	456,000	380,900	6,100	325,000	325,000	-	1,168,000
Options exercised during the year	243,840	-	654,141	-	4,608	-	-	-	-	902,589
Options lapsed during the year	439,370	317,800	107,242	40,800	84,700	750	-	-	-	990,662
<b>Options outstanding at the end of the year</b>	<b>2,844,390</b>	<b>1,235,700</b>	<b>783,817</b>	<b>415,200</b>	<b>291,592</b>	<b>5,350</b>	<b>325,000</b>	<b>325,000</b>	<b>5,901,049</b>	
Options exercisable	76,170	-	73,002	-	1,392	-	-	-	-	150,564



# Notes on Accounts

for the year ended 31st March, 2015

The Company has used Intrinsic value method for accounting of Employee Stock Compensation costs. Intrinsic Value is the amount by which, the quoted closing market price of the underlying shares as on the date of grant exceeds the exercise price of the option.

The fair value of options based on valuation of independent valuer using Black-Scholes Method as of the respective date of grant are given below :-

Particulars	Tranche 1		Tranche 2		Tranche 3		
	Grant A	Grant B	Loyalty	Grant A	Grant B	Grant A	
Fair value per option tranche on grant date	₹ 68.75 (9th November, 2014)	₹ 70.21 (9th November, 2015)	₹ 102.01 (9th November, 2014)	₹ 131.77 (8th July, 2015)	₹ 130.56 (8th July, 2016)	₹ 166.69 (8th July, 2015)	₹ 165.61 (6th March, 2016)
	₹ 70.21 (9th November, 2015)	₹ 71.13 (9th November, 2016)	₹ 98.64 (9th November, 2015)	₹ 130.56 (8th July, 2016)	₹ 129.33 (8th July, 2017)	₹ 161.77 (8th July, 2016)	₹ 163.16 (6th March, 2017)
	₹ 71.13 (9th November, 2016)	₹ 71.52 (9th November, 2017)		₹ 129.33 (8th July, 2017)	₹ 127.91 (8th July, 2018)		₹ 160.66 (6th March, 2018)
Fair value per option tranche on grant date	₹ 71.52 (9th November, 2017)	₹ 71.47 (9th November, 2018)		₹ 127.91 (8th July, 2018)	₹ 126.26 (8th July, 2019)		₹ 158.13 (6th March, 2019)
	₹ 71.47 (9th November, 2018)	₹ 71.11 (9th November, 2019)		₹ 126.26 (8th July, 2019)	₹ 124.39 (8th July, 2020)		₹ 155.57 (6th March, 2020)

The significant assumptions made for calculation of fair value are as follows :-

Particulars	Tranche 1		Tranche 2		Tranche 3		
	Grant A	Grant B	Loyalty	Grant A	Grant B	Grant A	
Risk free interest rate	8.4% - 8.8% p.a.	8.4%-8.95% p.a.	8.4%-8.45% p.a.	8.26% - 8.35% p.a.	8.24% - 8.32% p.a.	8.32% - 8.35% p.a.	7.45% - 7.60% p.a.
Expected average life of option	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years	1.5 - 5.5 years
Expected Volatility	0.5768	0.5768	0.5768	0.5396	0.5396	0.5396	0.3450
Expected Dividend	3.84 % p.a.	3.84 % p.a.	3.84 % p.a.	3.26% p.a.	3.26% p.a.	3.26% p.a.	2.74% p.a.
Yield							

# Notes on Accounts

for the year ended 31st March, 2015

The Company has used Intrinsic value method for accounting of Employees Stock Compensation costs.

	₹
<b>Employee Stock Option Liability</b>	<b>As at 31st March, 2015</b>
Opening Total Employee Stock Option Liability	507,758,001.60
Increase in Liability on account of fresh ESOP grants	168,400,159.00
Reduction in Liability on account of Exercise on vesting	(86,909,879.70)
Reduction in Liability on account of lapse of grants	(82,858,268.50)
<b>Closing Total Employee Stock Option Liability</b>	<b>506,390,012.40</b>

	₹
<b>Employee Stock Option Compensation Expenses</b>	<b>As at 31st March, 2015</b>
Opening Deferred Stock Option Compensation Expenses	409,026,758.60
Increase in ESOP Compensation Expenses on account of fresh ESOP grants	168,400,159.00
Compensation Expenses amortised during the year	(194,898,339.00)
Reduction in Compensation Expenses on account of lapse of grants	(82,858,268.50)
<b>Closing Deferred Stock Option Compensation Expenses</b>	<b>299,670,310.10</b>

	₹
<b>Employee Stock Option Reserve</b>	<b>As at 31st March, 2015</b>
Employee Stock Option Liability	506,390,012.40
Less: Deferred Employee Stock Option Compensation Expenses	299,670,310.10
<b>Employee Stock Option Reserve</b>	<b>206,719,702.30</b>

Had the Company adopted Fair value method in respect of Options granted instead of Intrinsic value method, the impact in the financial statements for the year would be:-

	₹
<b>Particulars</b>	<b>Year ended 31st March, 2015</b>
Decrease in employee compensation costs	₹1,47,74,760.32
Increase in profit after tax	₹1,47,74,760.32
Increase in Basic and Diluted EPS (₹per share)	0.04

## 26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company has constituted CSR Committee and undertaken CSR activities in accordance with Schedule VII to the Companies Act 2013 through the trust, Muthoot M George Foundation. Muthoot M George Foundation is a public charitable trust formed under Indian Trust Act, 1882. It has obtained registration under section 12 AA of Income Tax Act, 1961. The gross amount required to be spent by the company as per Section 135 of the Companies Act 2013 is ₹ 269,083,218.00 and the company has spent ₹ 89,207,875.00 towards various activities as below:-

<b>CSR Activity</b>	<b>Amount Incurred</b>
Promoting Education	42,443,990.00
Medical Aid	36,467,188.00
Others	10,296,697.00
<b>Total</b>	<b>89,207,875.00</b>

## 27. DEPRECIATION

The Company has recomputed depreciation based on the useful life of the fixed assets as prescribed in Schedule II of the Companies Act, 2013. This has resulted in additional charge of depreciation of ₹ 344,309,614.33 for the year ended March 31 2015. Further as per the transitional provisions, the Company has adjusted accumulated depreciation of ₹ 36,472,607.11 to the opening balance of Reserves and Surplus. The corresponding impact of ₹ 12,397,039.16 has also been given effect to in Deferred Tax.

# Notes on Accounts

for the year ended 31st March, 2015

## 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):-

₹

Particulars	As at 31st March, 2015
<b>(i) Contingent Liabilities</b>	
<b>(a) Claims against the company not acknowledged as debt</b>	
i) Service Tax demand for the period 2003-2008, pending in appeal with CESTAT, Bangalore (Net of amount already remitted). Commissioner of Central Excise, Customs and Service Tax, Kochi has raised a demand of ₹ 52,007,698.00 (Previous year: ₹ 52,007,698.00) as Service tax liability and penalty. During the course of the proceedings Company paid ₹ 2,086,391.00. The Appellate Authority admitted the Appeal preferred by the company and granted stay of recovery, on predeposit of ₹ 8,300,000.00 (Previous year: ₹ 8,300,000.00). Pending disposal of appeal, no provision has been made by the company during the year.	49,921,307.00
ii) Service Tax demand for the period from 2007-08 to 2011-12 as per Order No.COC-EXCUS-000-COM-035-14-15 DT.19.12.2014, served on 30.12.2014, pending in appeal with CESTAT, Bangalore. Commissioner of Central Excise, Customs and Service Tax, Kochi as per order mentioned above has raised a demand of ₹ 1,531,458,734.00 as service tax payable on securitisation transactions with banks for the period from 2007 to 2012, along with interest U/s.75, Penalty U/s.76, Penalty U/s.77 and Penalty U/s.78 (Total liability including tax, interest and penalty under various sections if confirmed is estimated approximately, till the end of financial year at ₹ 4,895,883,216.00). Pending disposal of appeal, no provision has been made by the company during the year.	4,895,883,216.00
iii) Service Tax demand for the financial year 2013-14 as per Order No.03/2015-ST DT.20.01.2015, served on 23.01.2015, pending in appeal with Commissioner (Appeals), Kochi. Deputy Commissioner of Central Excise & Customs, & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 790,046.00 (including penalty under sections 77(2) and 78, of Chapter V, of The Finance Act, 1994) as service tax payable, on foreign payments during financial year 2013-14. The company has filed an appeal against the above order with Commissioner (Appeals), Kochi. Pending disposal no provision has been made by the company during the year.	790,046.00
iv) Income tax demand for the Assessment Year (A.Y) 2012-13, pending rectification petition and in appeal with Commissioner of Income Tax (Appeals)-II, Kochi. Earlier, the demand outstanding as per Intimation U/s.143(1) was ₹ 5,099,103.00. Additional Commissioner of Income Tax, Corp. Range -1, Kochi has issued an Order U/s.143(3) dated 02.03.2015 superseding the earlier order by demanding tax of ₹ 29,230,000.00. Out of the above, the company has remitted ₹ 2,110,000.00 and the balance outstanding is ₹ 27,120,000.00. Appeal filed with CIT (A)-II, Kochi and rectification application with Addl. CIT are pending for disposal. Pending disposal no provision has been made by the company for the year.	27,120,000.00
v) Income Tax demand for Assessment Year 2010-11, pending in appeal with Commissioner of Income Tax (Appeals), Kochi. Additional Commissioner of Income Tax, Range 1, Kochi has passed an order demanding ₹ 36,384,640.00 towards income tax due for the Assessment Year 2010-11 U/s.143(3).The Company has remitted ₹ 21,821,135.00 and the balance demand outstanding as on 31.03.2015 is ₹ 14,563,505.00.	14,563,505.00
vi) Draft order on proposed action U/s.13 of Prevention of Money Laundering Act, 2002 pending in appeal with Appellate Tribunal under Prevention of Money Laundering Act,2002 .	26,970,000.00
vii) Disputed claims against the company under litigation not acknowledged as debts	20,284,568.00
<b>(b) Guarantees - Counter Guarantees Provided to Banks</b>	165,193,750.00
<b>(ii) Commitments</b>	
Estimated amount of contracts remaining to be executed on capital account and not provided for.	31,659,000.00

# Notes on Accounts

for the year ended 31st March, 2015

## 29. DIVIDENDS PROPOSED TO BE DISTRIBUTED TO EQUITY SHAREHOLDERS

The Board has recommended a final dividend for the year 2014-15 of ₹ 2/- (20%) per equity share of ₹ 10/- each, subject to the approval of shareholders in the ensuing Annual General Meeting. The Company has during the year paid interim dividend of ₹ 4/- (40%) per equity share of ₹ 10/- each.

## 30. EARNINGS PER SHARE

₹

As per Accounting Standard 20, Earning Per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the Weighted average number of equity shares outstanding during the year. The details of calculation of the basic and diluted earnings per share are stated below:-

Particulars	As at 31st March, 2015
Profit/(Loss) after taxation for the year	6,710,447,606.42
Weighted average number of equity shares outstanding during the period - Basic EPS	395,216,296
Weighted average number of equity shares outstanding during the period - Diluted EPS	399,120,401
Face Value per share	₹ 10/-
<b>Earnings Per Share (Basic)</b>	<b>16.98</b>
<b>Earnings Per Share (Diluted)</b>	<b>16.81</b>

## 31. DISCLOSURE WITH REGARD TO DUES TO MICRO AND SMALL ENTERPRISES

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ("MSMED") Act, 2006". Accordingly, no disclosures relating to amounts unpaid as at the period ended 31st March, 2015 together with interest paid /payable are required to be furnished.

## 32. ADDITIONAL INFORMATION PURSUANT TO PROVISIONS OF PARAGRAPH 5 OF SCHEDULE III OF THE COMPANIES ACT, 2013

₹

Particulars	As at 31st March, 2015
a) CIF Value of Imports of Capital Goods	Nil
b) Expenditure in foreign currency on accrual basis	
Professional Charges	6,978,470.00
Others	73,997.00

## 33. UTILIZATION OF PROCEEDS OF PUBLIC ISSUE OF SECURED NON - CONVERTIBLE DEBENTURES

The company has during the year raised through public issue (a) ₹ 13,370,186,000.00 of Rated Secured Redeemable Non - Convertible Debentures and (b) ₹ 1,248,856,000.00 of Rated Unsecured Redeemable Non-Convertible Debentures in the nature of Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. As at 31st March, 2015, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer documents.

## 34. UTILIZATION OF PROCEEDS OF INSTITUTIONAL PLACEMENT PROGRAMME OF EQUITY SHARES

The company has during the year allotted 25,351,062 shares of ₹ 10/- each for cash at a premium of ₹ 155/- per equity share aggregating to ₹ 4,182,925,230.00, pursuant to Institutional Placement Programme (IPP) under Chapter VIII A of the SEBI ICDR Regulations complying with the minimum public shareholding requirement under Rule 19 (2) (b) (ii) of the Securities Contract (Regulation) Rules, 1957. The proceeds from the Institutional Placement Programme have been utilised in accordance with the objects as set out in the offer document. Share issue expenses in connection with the said issue has been adjusted against the share premium account.

# Notes on Accounts

for the year ended 31st March, 2015

## 35. DISCLOSURE OF RELATED PARTY TRANSACTION IN ACCORDANCE WITH ACCOUNTING STANDARD (AS18) "RELATED PARTY DISCLOSURES" ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

### (a) Names of Related Parties with whom transactions has taken place:-

Category	Name of the Related Party
Key Management Personnel	1. M. G. George Muthoot
	2. George Thomas Muthoot
	3. George Jacob Muthoot
	4. George Alexander Muthoot
	5. Alexander M. George s/o M. G. George Muthoot
Relatives of Key Management Personnel	1. Sara George w/o M. G. George Muthoot
	2. Susan Thomas w/o George Thomas Muthoot
	3. Elizabeth Jacob w/o George Jacob Muthoot
	4. Anna Alexander w/o George Alexander Muthoot
	5. George M. George s/o M. G. George Muthoot
	6. George M. Jacob s/o George Jacob Muthoot
	7. Reshma Susan Jacob d/o George Jacob Muthoot
	8. George Alexander (Jr.) s/o George Alexander Muthoot
	9. Eapen Alexander s/o George Alexander Muthoot
	10. Anna Thomas d/o George Thomas Muthoot
	11. Valsa Kurien w/o George Kurien
Entities over which Key Management Personnel and their relatives are able to exercise significant influence	1. Muthoot Vehicle & Assets Finance Limited
	2. Muthoot Leisure And Hospitality Services Pvt. Limited
	3. MGM Muthoot Medical Centre Pvt. Limited.
	4. Muthoot Marketing Services Pvt. Limited.
	5. Muthoot Broadcasting Pvt. Limited
	6. Muthoot Forex Ltd
	7. Emgee Board and Paper Mills Pvt. Limited
	8. Muthoot Health Care Private Limited
	9. Muthoot Precious Metals Corporation
	10. GMG Associates
	11. Muthoot Insurance Brokers Private Limited
	12. Emgee Muthoot Benefit Funds (India) Limited
	13. Geo Bros Muthoot Funds (India) Limited
	14. Muthoot Investment Advisory Services Private Limited
	15. Muthoot Securities Limited
	16. Muthoot M George Permanent Fund Limited
	17. Muthoot Housing & Infrastructure
	18. Muthoot Properties & Investments
	19. Venus Diagnostics Limited
	20. Muthoot Systems & Technologies Pvt Ltd
	21. Muthoot Infotech Private Ltd
	22. Muthoot Anchor House Hotels Pvt Ltd
	23. Marari Beach Resorts Pvt. Ltd.
	24. Muthoot M George Foundation
	25. Muthoot Commodities Ltd

# Notes on Accounts

for the year ended 31st March, 2015

Nature of transaction	₹		
	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
	31st March, 2015	31st March, 2015	31st March, 2015
Purchase of Travel Tickets for Company Executives/Directors/Customers			8,088,981.00
Travel Arrangements for Company Executives/Customers			823,155.00
Accommodation facilities for Company Executives/Clients/Customers			1,244,926.00
Complementary Medical Health Check Ups for Customers/ Employees			62,100.00
Brokerage paid for NCD Public Issue			13,338,681.00
Business Promotion Expenses			17,574,746.00
CSR Expenses			89,105,500.00
Interest paid on loans/subordinated debts	313,926,931.01	259,377,433.07	-
Interest paid on Secured NCD	28,433.90	656,318.57	5,086,791.00
Interest paid on Secured NCD - Listed	290,618.00	2,148,255.00	7,181,551.00
Remuneration	192,486,667.00	3,038,383.00	-
Loans and Subordinated debts accepted	1,902,294,493.54	1,105,183,914.76	-
Loans and Subordinated debts repaid	1,646,475,029.44	333,373,062.86	-
Investment in Secured NCD	-	-	64,297,000.00
Repayment of Secured NCD (Secured NCD redeemed)	227,000.00	948,000.00	51,579,000.00
Repayment of Secured NCD (Secured NCD redeemed) - Listed	85,000.00	3,588,000.00	21,833,000.00
Rent paid	3,519,000.00	690,000.00	4,348,420.00
Rent received	-	-	475,153.00
Dividend paid	937,754,160.00	551,235,200.00	-
Service Charges Collected	-	-	4,686,477.00
Purchase of Fixed Assets	-	-	1,000,000.00
Loans availed by the Company for which guarantee is provided by related parties	104,590,000,000.00	16,000,000,000.00	-

## c) Net Amount Receivable / (Due) as at the year end:-

Nature of transaction	₹		
	Key Management Personnel	Relatives of Key Management Personnel	Entities over which Key Management Personnel and their relatives are able to exercise significant influence
	31st March, 2015	31st March, 2015	31st March, 2015
Particulars			
Investments in Equity Shares	-	-	46,700,000.00
Secured NCD	(370,000.00)	(4,631,000.00)	(20,000,000.00)
Secured NCD - Listed	(3,490,000.00)	(24,137,000.00)	(84,780,000.00)
Security Deposit	-	-	(40,000,000.00)
Rent Deposit	1,770,000.00	300,000.00	1,470,000.00
Loans & Subordinated Debts	(2,895,327,375.54)	(2,594,081,098.76)	-
Interest payable on Directors Loan	-	(1,359,413.00)	-
Interest payable on Secured NCD	(46,250.00)	(578,875.00)	-
Interest payable on Subordinated Debts	(917,254.00)	-	-
Trade Payables	(263,923.00)	(51,749.00)	(4,697,520.00)

# Notes on Accounts

for the year ended 31st March, 2015

## 36. SEGMENT REPORTING

- a) The Company is engaged in two segments of business – Financing and Power Generation.
- b) In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, Company has identified business segment as the primary segment and geographical segment as secondary segment for the purpose of disclosure.

### Primary Business Segment Information

₹

Particulars	Financing	Power Generation	Consolidated Totals
	31st March, 2015	31st March, 2015	31st March, 2015
<b>Segment Revenue:</b>			
External Revenue	43,231,596,514.29	13,829,642.00	43,245,426,156.29
Inter segment Revenue	-	-	-
<b>Total Revenue</b>	<b>43,231,596,514.29</b>	<b>13,829,642.00</b>	<b>43,245,426,156.29</b>
<b>Result:-</b>			
Segment Result	10,367,769,856.27	6,814,463.96	10,374,584,320.23
Other Income	-	-	-
Unallocated corporate income	-	-	108,341,506.82
Unallocated corporate expenses	-	-	(196,246,374.00)
<b>Profit Before Tax</b>	<b>10,367,769,856.27</b>	<b>6,814,463.96</b>	<b>10,286,679,453.05</b>
Less: Provision for Current Tax / Deferred Tax			3,571,229,543.38
<b>Profit after Tax</b>	<b>10,367,769,856.27</b>	<b>6,814,463.96</b>	<b>6,715,449,909.66</b>
<b>Other Information:-</b>			
<b>Segment Assets</b>	269,188,789,536.17	39,861,178.07	269,228,650,714.24
Unallocated Corporate Assets			733,264,018.32
<b>Total Assets</b>	<b>269,188,789,536.17</b>	<b>39,861,178.07</b>	<b>269,961,914,732.56</b>
<b>Segment Liabilities</b>	217,780,060,334.83	-	217,780,060,334.83
Unallocated Corporate Liabilities			1,341,635,944.24
<b>Total Liabilities</b>	<b>217,780,060,334.83</b>	<b>-</b>	<b>219,121,696,279.07</b>
Capital Expenditure	304,221,253.59	-	304,221,253.59
Depreciation	840,514,033.17	2,503,136.04	843,017,169.21
Non-Cash Expenditure other than Depreciation	182,389,225.70	-	182,389,225.70

### Secondary Business Segment Information

₹

Particulars	As at 31st March, 2015
<b>1 Segment Revenue - External Turnover</b>	
Within India	43,138,018,931.43
Outside India	107,407,224.86
<b>Total Revenue</b>	<b>43,245,426,156.29</b>
<b>2 Segment Assets</b>	
Within India	267,396,580,588.93
Outside India	2,565,334,143.63
<b>Total Assets</b>	<b>269,961,914,732.56</b>



# Notes on Accounts

for the year ended 31st March, 2015

## 36. SEGMENT REPORTING (CONTD.)

### Secondary Business Segment Information

Particulars	As at 31st March, 2015
<b>3 Segment Liabilities</b>	
Within India	216,857,470,710.88
Outside India	2,264,225,568.19
<b>Total Liabilities</b>	<b>219,121,696,279.07</b>
<b>4 Capital Expenditure</b>	
Within India	263,050,912.75
Outside India	41,170,340.84
<b>Total Expenditure</b>	<b>304,221,253.59</b>

## 37. FRAUDS DURING THE YEAR

During the year, frauds committed by customer /staff of the company amounted to ₹ 11,962,300.00 which has been recovered /written off / provided for.

## 38. DIVIDEND REMITTED IN FOREIGN CURRENCY

Particulars	As at 31st March, 2015
Dividend remitted in foreign currency	32,021,280.00
No. of non-resident shareholders to which this relates	1
No. of equity shares of face value of ₹10/- held by them	6,404,256
Financial year to which dividend relates	FY 2013-14 & FY 2014-15

The company has also remitted ₹ 70,491,381.00 in Indian currency to 796 non resident shareholders holding 70,491,381 shares of ₹ 10/- each as final dividend for the FY 2013-14 and the company has remitted ₹ 282,131,132.00 in Indian currency to 779 non resident shareholders holding 70,532,783 shares of ₹ 10/- each as First Interim Dividend for the FY 2014-15.

## 39. INVESTMENT IN ASIA ASSET FINANCE PLC, SRI LANKA (AAF)

The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company were made amounting to ₹ 42,191,023.59, is recognised as 'Goodwill' being an asset in the consolidated financial statements.

For and on behalf of the Board of Directors

Sd/-  
**M. G. George Muthoot**  
Chairman & Whole time Director

Sd/-  
**George Alexander Muthoot**  
Managing Director

Sd/-  
**Oommen K. Mammen**  
Chief Financial Officer

Sd/-  
**Maxin James**  
Company Secretary

Place: **Kochi**

Date: **5th May, 2015**



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# Corporate Information

## BOARD OF DIRECTORS

**M G George Muthoot**  
Chairman

**George Alexander Muthoot**  
Managing Director

**George Thomas Muthoot**  
Whole Time Director

**George Jacob Muthoot**  
Whole Time Director

**George Joseph**  
Non-Executive Independent Director

**K. George John**  
Non-Executive Independent Director

**John K Paul**  
Non-Executive Independent Director

**K John Mathew**  
Non-Executive Independent Director

**Alexander M. George**  
Additional Director

**Pamela Anna Mathew**  
Additional Director

## REGISTERED OFFICE

2nd Floor, Muthoot Chambers  
Opposite Saritha Theatre Complex  
Banerji Road, Kochi 682 018  
Kerala, India

CIN: L65910KL1997PLC011300  
RBI Regn. No: N.16.00167

Tel: (91 484) 239 4712  
Fax: (91 484) 239 6506

**Email (General)**  
mails@muthootgroup.com

**Email (Investors)**  
investors@muthootfinance.com

**Email (Institutional Investors)**  
investorrelations@muthootfinance.com  
Website: www.muthootfinance.com

## COMPANY SECRETARY

Maxin James

## STATUTORY AUDITORS

Rangamani & Co.  
17/598, 11nd Floor,  
Card Bank Building,  
West of YMCA Bridge,  
V.C.S.B. Road,  
Alleppey -688 001

## LISTING

### Equity Shares

National Stock Exchange of India Limited and BSE Limited  
NSE Ticker: MUTHOOTFIN  
BSE Ticker: 533398

### Non-convertible Debentures

National Stock Exchange of India Limited and/or BSE Limited

## REGISTRAR AND TRANSFER AGENTS

### Equity Shares

Link Intime India Private Limited  
Surya, 35, Mayflower Avenue  
Behind Senthil Nagar, Sowripalayam Road  
Coimbatore - 641028

Tel: (91 422) - 2314792, 2315792  
Fax: (91 422) - 2314792

Email: coimbatore@linkintime.co.in  
Website: www.linkintime.co.in

### Listed Non-convertible Debentures

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078, India

Tel: (91 22) 2596 7878  
Fax: (91 22) 2596 0329

Email: bonds.helpdesk@linkintime.co.in  
Website: www.linkintime.co.in

## DEBENTURE TRUSTEE

### (LISTED NON-CONVERTIBLE DEBENTURES)

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor  
17 R, Kamani Marg, Ballard Estate  
Mumbai 400 001, India

Tel: (91 22) 4080 7000  
Fax: (91 22) 6631 1776

Email: itsl@idbitrustee.com  
Website: www.idbitrustee.co.in



***Muthoot Finance***

Muthoot Chambers  
Opp Saritha Theatre Complex, Banerji Road, Kochi 682 018  
Tel: +91 - 484 - 2396 478 / 2394 712

[www.muthootfinance.com](http://www.muthootfinance.com)