

*Empowering Lives.
Transforming India.*

MUTHOOT FINANCE LIMITED



Founder, Late Shri M. George Muthoot

“A life well lived is a life of fulfilled dreams. For over a century, it has been the endeavour of the Muthoot Group to empower people to achieve their dreams year after year, with renewed vigour, focus and commitment.”

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Today, we stand at a historic point in time, a time when India is well poised to become an economic super power. Today, India is a land of young entrepreneurs wanting to make a mark in the global arena. It is a place full of dreamers committed to excelling in their field. It is a country where innovation has become the buzz word. More importantly, we now have an India which is 63 years younger.

We are a nation blessed with a pool of young talent who seek, aspire, innovate and have ambitions to achieve success. We at Muthoot Finance Limited, stand committed to playing a part in propelling the growth story of our nation. We stand committed to powering ideas for the future.

Muthoot Finance Limited was founded with an aspiration - an aspiration of an enlightened India, an India where everyone has access to credit, an India where financial inclusion is not just a subject of debate but a reality, an India where growth is all encompassing.

Muthoot Finance Limited was founded in 1997. Our operating history has evolved over a period of 70 years since Late Shri. M George Muthoot (the father of our present Promoters) founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887.

Muthoot Finance Limited is India's largest gold loan company offering credit facilities through 1,605 branches* spread across the country. Over the last five years, we have lent more than ₹ 500 billion.

At Muthoot, 9,745 members* of our team have empowered the lives of people across 20 states and two union territories (*As on 31st March, 2010) in India. We offer our clients a range of customised gold loan products to suit their varied needs.

We are constantly engaged in adding more clients and offering innovative products to suit their requirements.

We foster entrepreneurship and innovation. We fuel the capital in transforming ideas into reality.

We are constantly adding more solutions. More talent. More infrastructure.

Today, we are at an inflection.

We speak about growth, opportunities and achievement. We speak about a new India gearing to take the lead role in the future and we at Muthoot Finance Limited are committed to take part in this journey with renewed vigour and commitment.

Welcome to Muthoot Finance Limited.

A company committed to empowering lives.

A company committed to transforming India.

Since time immemorial, gold has held a special place in the heart of Indians.



Apart from being used as jewellery, gold is considered as a safe investment haven, protecting wealth against the vagaries of time and inflation.

With an annual demand of close to 700 tonnes, India is one of the largest gold markets in the world, accounting for close to 10% of the global gold stock. As of FY09, accumulated gold stock in India is estimated at around 15,000 tonnes. Moreover, despite the rise in the price of gold from ₹ 15,026 to ₹ 51,000 per ounce during the period 2002-08, annual gold demand has remained fairly stable. This demand is essentially concentrated in rural areas of India with this segment holding around 65% of the total gold stock.*

India is projected to become the

fastest growing economy in the world by 2013-15, propelled by a sterling demographic dividend, rapid urbanisation, rising literacy levels, continuing structural reforms, huge domestic demand and globalisation. With the country expected to exhibit strong growth in the coming years, the demand for gold is predicted to remain strong in the near future.

In recent years, gold loans have emerged as a key financial product. As of FY09, the organised gold loans market is estimated at approximately ₹ 220-270 billion with a CAGR of around 38% during FY02-09. But this is just the tip of the iceberg. The gold loans portfolio is merely 0.12% of the value of the total gold stock in India.*

This market is highly under penetrated and is expected to grow

at a rate of 35-40% in the near future to reach a portfolio size of ₹ 500-530 billion by FY11. This will happen once organised players make further inroads into the unorganised gold loans market in India which is believed to be several times the size of the organised market.*

This growth will be even higher if customer attitude towards gold pledging becomes more positive aided by positive government regulations and aggressive promotions by banks and finance companies.*

Yes, the opportunity is phenomenal.

And we are all set to capitalise on it.

**Source: IMACS Industry Report on Gold Loans Market in India 2009.*

Muthoot Finance Limited is the largest gold loan company in India in terms of loan portfolio.



Rapid organic growth strategy of the management with an early mover advantage has enabled the Company to reach to a wide mass of people all across the country. With a strong track record and management expertise backed by introduction of innovative schemes catering to the needs of the varied customers, the Company has successfully been maintaining its market leadership position over the years.

We believe that the following competitive strengths position us well for continued growth:

Market leading position in the gold loan business with a strong presence in under-served rural and semi-urban markets

- We are the largest gold loan company in India in terms of loan portfolio. Our loan portfolio as of March 31, 2010 comprised approximately 2.8 million loan accounts in India with gold loans outstanding of ₹ 73,417.3 million.
- We have the largest branch network among gold loan NBFCs.

As of March 31, 2010, we operated 1,605 branches across 20 states and two union territories in India.

- We believe that due to our early entry we have built a recognisable brand in the rural and semi-urban markets of India, particularly in the southern Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and Pondicherry. As of March 31, 2010, the southern Indian states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and Pondicherry, constituted 75.38% of our total gold loan portfolio. Our first branch outside the home state of Kerala was in North India at Faridabad in Haryana opened in the year 1979.
- We have a strong presence in under-served rural and semi-urban markets. A large portion of the rural population has limited access to credit either because of their inability to meet the eligibility requirements of banks and financial institutions or because credit is not available in a timely

manner, or at all. We have positioned ourselves to provide loans targeted at this market.

- We offer products with varying loan amounts, advance rates (per gram of gold) and interest rates. The principal loan amounts we disburse usually range from ₹ 2,000 to ₹ 100,000 while interest rates on our gold loans range between 12% to 30% per annum.

Strong brand name, track record, management expertise and Promoter support

Our operating history has evolved over a period of 70 years since Late Shri. M George Muthoot (the father of our present Promoters) founded a gold loan business in 1939. We believe that the experience, skills and goodwill acquired by our Promoters over these years cannot be easily replicated by competitors.

We have a highly experienced and motivated management team that capitalizes on this heritage at both the corporate and operational levels. Our senior management team has extensive experience in the gold

loan industry and has demonstrated the ability to grow our business through their operational leadership, strategic vision and ability to raise capital. Under the current management team, our retail loan portfolio has grown from ₹ 22,263.80 million as of March 31, 2008 to ₹ 74,381.50 million as of March 31, 2010.

Our business is also well supported by our high net-worth Promoters, who are members of the Muthoot family.

We believe that our track record, management expertise and Promoter support have established a strong brand name for us in the markets we serve. A strong brand name has contributed to our ability to earn the trust of individuals who entrust us with their gold jewellery, and will be a key in allowing us to

expand our
growth and

consolidate this fragmented industry across India.

High-quality customer service and short response time

We adhere to a strict set of market survey and location guidelines when selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers' work schedules. We provide our customers a clean, attractive and secure environment to transact their business with us. In addition to the physical environment, it is equally important to have professional and attentive staff at both the branch level and at our centralized customer support centers. Each of our branches across India is staffed

with
persons
who
possess
local
knowledge
and
understanding
of customers'
needs and who

are adequately trained to appraise collateral and disburse loans within a few minutes. Although disbursement time may vary depending on the loan ticket size and the number of items pledged, we can generally disburse an average loan ticket size of ₹ 20,000 within five minutes from the time the gold is tendered to the appraiser. Furthermore, since our loans are all over-collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, thereby shortening our turnaround time. We believe our high quality customer service and short response time are significant competitive strengths that differentiate our services and products from those provided by commercial banks.

Strong capital raising ability

We have a track record of successfully raising capital from various sources. We regularly issue secured redeemable non-convertible debentures to retail investors on a private placement basis as a means to access capital for our gold loan business. As of March 31, 2010, our outstanding gross Muthoot gold bonds portfolio was ₹ 27,192.50 million. We have diversified our



resource pool by supplementing our proceeds from the issuance of Muthoot gold bonds with borrowings from banks and other financial institutions. As of March 31, 2010 our outstanding borrowings from banks and institutions were ₹ 21,278.70 million. We also raise capital by selling our receivables to banks, which purchase our portfolio for meeting their priority sector lending commitments. As on year ended March 31, 2010, we raised ₹ 20,083.10 million, by sell down of our receivables under bilateral assignments. We have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000 million, and a "P1+" rating by CRISIL for short term debt instruments of ₹ 10,000 million. We have also issued equity shares to institutional investors.

In-house training capabilities to meet our branch expansion requirements
Our ability to timely appraise the quality of the gold jewellery collateral is critical to the business. We do not engage third parties to assess the collateral for our gold loans, but instead employ in-house staff for this purpose. Assessing gold jewellery



quickly is a specialised skill that requires assessing jewellery for gold content and quality manually without damaging the jewellery. We have two staff training colleges, one each in Cochin and in New Delhi, and four regional training centers located in Chennai, Hyderabad, Bangalore and Cochin. We use our staff training colleges and regional training centers to train new employees in appraisal skills, customer relations and communication skills. We believe that our in-house training has built up a talent pool that enables us to staff new branches with qualified and skilled personnel as we seek to grow our branch network. Our in-house training capabilities also enable us to improve the skill sets of our existing personnel.

Our numbers underline our remarkable growth story till date.

- Since FY08, our branch network has grown at a CAGR of 51% to



reach 1,605 as of FY10.

- Our total managed gold loans portfolio stands at ₹ 73,417.3 million having grown at a CAGR of 83% since FY08.
- We have added 6,746 talented and passionate employees to our team since FY08.
- Our gross income has grown at a CAGR (FY08 to FY10) of 72% and our PAT has grown at a CAGR (FY08 to FY10) of 89%.
- Our net worth as of FY10 stands at ₹ 5,841.90 million in comparison to ₹ 2,142 million in FY08 with Return on Networth at 48% in FY10.

We are now ready to take our growth to a higher trajectory.

Ready to create even more value for all our stakeholders.

Ready to empower many more lives than ever before. And transform India on a larger scale.

Our business strategy is designed to capitalize on our competitive strengths and enhance our leading market position.



Key elements of our strategy include:

Expand branch network and visibility to maintain our market leadership position

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential.

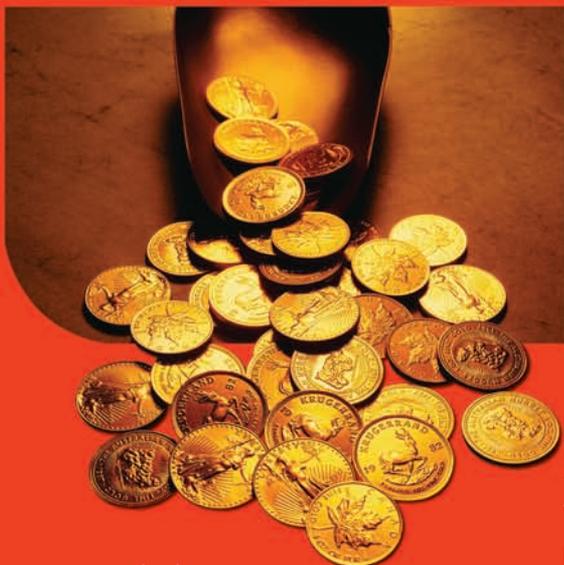
We have a long-standing presence in southern India, and are among the first organised gold loan providers in northern and western

India. Our strategy for branch expansion includes further strengthening our market leading position in southern Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern India to enhance our presence in other regions of India, particularly in northern India, where we intend to open branches in most states. We have added 620 branches in the last fiscal year and expect this growth trend to continue in the future. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who

otherwise would rely on the unorganised sector. Moreover, our ethics, values and goodwill, which have established our strong brand, will continue to be important factors in our expansion. In addition to increasing the visibility of our brand by sponsoring events and publicity, we will continue to build trust among our customers and enhance our brand with quality services and safety and security of our customers' collateral.

Target new customer segments

The market for our loan products was traditionally confined to lower and middle income groups, who viewed gold loans as an option of



the last resort in case of emergency. We intend to undertake sustained marketing efforts to diminish the stigma attached to pledging gold jewellery in India. We will work to position gold loans as a "lifestyle product" and expand our customer base to include upper-middle income and upper income groups. We intend to emphasize our gold loan products' key advantages of expediency and minimal documentation, and alter the image of gold loans from an option of the last resort to an option of convenience.

Access low-cost and diversified sources of funds

We source our funds for our gold loan business primarily from the proceeds of private placements of debentures in India and from secured and unsecured credit facilities from banks and other financial institutions. We intend to increase our efforts to access low-cost funds through rated debt instruments. In this regard, we have been assigned an "A1+" rating by ICRA for commercial paper and for short-term non-convertible debentures of ₹ 2,000 million and a "P1+" rating by CRISIL for short term debt instruments of ₹ 10,000

million. We also intend to raise long-term institutional funding by achieving appropriate ratings for long-term debt instruments. In addition, we intend to expand our program of selling a portion of our receivables under various bilateral assignment agreements with financial institutions. We may also consider the possibility of concluding rated securitization transactions in the future. We intend to increase the levels of our capital adequacy ratios in excess of regulatory requirements and strengthen our balance sheet with a view to have access to other sources of low-cost funds.

Furthermore, we also intend to seek strong investments in our Company as another source of funding to expand our business.

Strengthen our operating processes and risk management systems

Risk management forms an integral part of our business as we are exposed to various risks relating to the gold loan business. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. Since we handle high volumes of cash and gold jewellery at our locations, daily monitoring, spot

audits and immediate responses to irregularities are critical to our operations. We have an internal auditing program that includes unannounced branch audits and cash counts at randomly selected branches. We have an internal audit team of 449 persons who conduct audits on branches either weekly or monthly depending on the size of the branch.

We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business. For example, we have commenced installing

offsite surveillance cameras in our branches, and intend to implement this across our branch network.

Our fundamental goal remains the same.

To empower lives and transform India.

Across regions. Across cultures. Across economic strata.

As we work steadily towards achieving our goals, we stand committed to delivering growth for all our stakeholders.

Sustainable and value accretive.



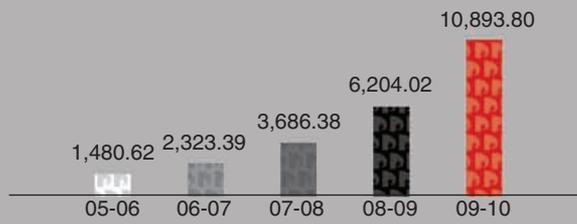
Performance Snapshot



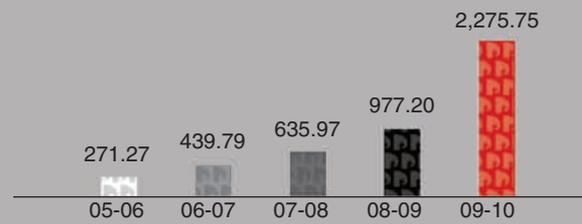
Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Branches	1,605	985	707	551	435
Employees	9,745	5,979	2,999	2,365	1,870
Equity Share Capital*	3,010.00	490.00	50.00	50.00	39.97
Reserves and Surplus*	2,835.46	3,221.69	2,184.49	1,548.52	868.73
Net worth*	5,841.91	3,614.47	2,131.07	1,592.03	904.34
Gross Block*	1,691.09	1,482.66	1,215.25	646.37	582.34
Net Block*	1,242.05	1,161.91	992.51	496.89	503.83
Investments*	75.05	75.31	55.31	55.31	0.01
Net Current Assets*	57,064.25	33,949.28	20,183.58	14,858.79	8,463.59
Gold loans under management*	73,417.35	33,000.73	21,790.07	14,200.57	7,568.65
Total Income*	10,893.80	6,204.02	3,686.38	2,323.39	1,480.62
EBDITA*	3,604.43	1,580.48	1,043.92	740.56	447.22
Profit Before Tax (PBT)*	3,455.53	1,481.70	969.78	669.57	413.36
Profit After Tax (PAT)*	2,275.75	977.20	635.97	439.79	271.27
NPAs (%)	0.46%	0.48%	0.42%	0.16%	0.20%
Return on Net Worth (%)	48.08%	33.90%	34.01%	35.14%	35.18%
Earnings Per Share - Basic (In Rs.)	7.56	19.94	127.19	87.96	67.86

* Rs. in million

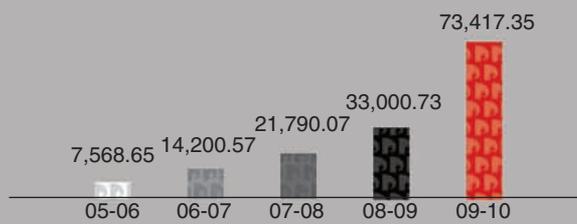
Total Income (Rs. in million)



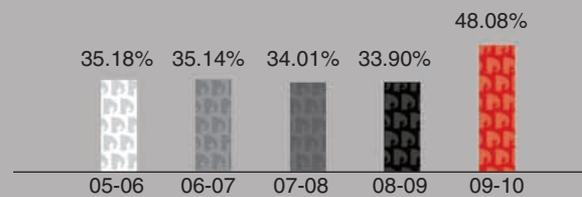
Profit After Tax (Rs. in million)



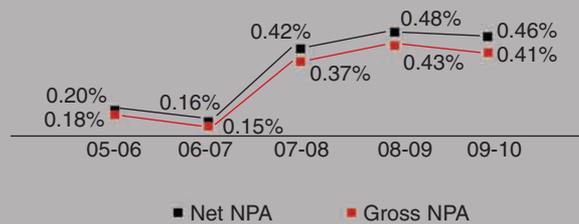
Gold loans under management (Rs. in million)



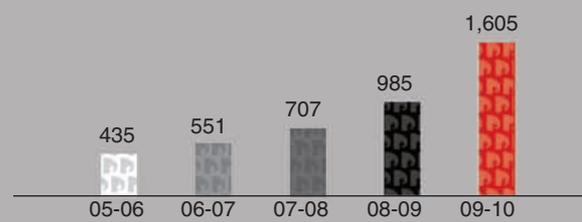
Return on Net Worth



Gross NPA and Net NPA



Branches



More about Muthoot

Muthoot Finance Limited is India's largest company in the gold loan business in terms of loan portfolio. The Company provides personal and business loans secured by gold jewellery.

Our goal is to offer credit to those who possess gold jewellery but do not have access to formal credit within a reasonable time, or to whom credit may not be available at all, to meet their short-term liquidity requirements. We offer customised business loans and loans with a range of interest rates, ticket sizes and rate per gram to cater to the needs of a wide variety of customers.

The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot. They work together with a team of four independent directors and 9,745 highly passionate and qualified employees who are the key to the Company's success and growth.

- Largest gold loan Company in India in terms of loan portfolio
- Pan India Network
- Strong presence in under-served rural and semi-urban markets
- Unique Business model
- Robust operational systems
- Track record of successfully raising capital from diversified sources
- In-house training capabilities to meet branch expansion requirements
- Extensive management expertise and promoter support
- Strong brand name and track record

Muthoot Milestones



1939

Commenced gold loan business as Muthoot Bankers, a partnership firm.

1979

- Started mobilizing resources through retail public deposit.
- Started branch expansion outside Kerala.

2001

Muthoot Finance received RBI registration to function as a Non-Banking Financial Company.

2002

Launched Money Transfer Distribution business.

2005

- Retail loan portfolio crossed ₹ 5,000 million.
- Retail debenture portfolio crossed ₹ 5,000 million.

2007

- Retail loan portfolio crossed ₹ 10,000 million.
 - Net owned funds crossed ₹ 1,000 million.
- Accorded status of Systemically Important Non-Deposit Taking Non Banking Finance Company.
 - Branch network crossed 500 branches.

2008

- Retail loan portfolio crossed ₹ 20,000 million.
- Retail debenture portfolio crossed ₹ 10,000 million.
- Net owned funds crossed ₹ 2,000 million.
- Credit limits from banks crossed ₹ 5,000 billion.

2009

- Retail loan portfolio crossed ₹ 30,000 million.
- Retail debenture portfolio crossed ₹ 15,000 million.
 - Net owned funds crossed ₹ 3,000 million.
 - Gross annual income crossed ₹ 5,000 million.
- Credit limits from banks crossed ₹ 10,000 million.

2010

- Retail loan portfolio crossed ₹ 70,000 million.
- Retail debenture portfolio crossed ₹ 27,000 million.
- Net owned funds crossed ₹ 5,500 million.
- Credit limit from banks crossed ₹ 25,000 million.
- CRISIL assigned the Company 'P1+' rating for short term debt of ₹ 5,000 million.
- ICRA assigned the Company 'A1+' rating for short term debt of ₹ 2,000 million.
- Branch network crossed 1,600 branches.
- Gross Income crossed ₹ 10,000 million.

Our Promoters



Sitting From Left to Right: Mr. M. G. George Muthoot, Mr. George Thomas Muthoot

Standing From Left to Right: Mr. George Alexander Muthoot, Mr. George Jacob Muthoot



Notice

Notice is hereby given that the 13th Annual General Meeting of the members of Muthoot Finance Limited will be held at 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam – 682 018 on Saturday, the 25th day of September, 2010 at 11:00 A M to conduct the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2010 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. M. G. George Muthoot, Whole Time Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. P. George Varghese, Director who retires by rotation and being eligible offers himself for re-appointment
4. To appoint Auditors and fix their remuneration.

For and on behalf of the Board of Directors

Sd/-

Rajesh. A

Company Secretary

Kochi, 19th August, 2010

Registered Office:

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

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the proxy in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.



Directors' Report

To the Members

Your Directors have pleasure in presenting the 13th Annual Report of the Company together with the audited financial statements for the year ended 31st March 2010.

Financial Results

The financial results for the year ended 31st March 2010 are summarized below:

(Amount in Rs. Lakhs)

Particulars	Yr. ended 31.03.10	Yr. ended 31.03.09
Income from Operations	108,938	62,040
Total Expenditure	72,684	46,167
Profit Before Depreciation	36,254	15,873
Depreciation and Other Non Cash Charges	1,699	1,056
Profit Before Tax	34,555	14,817
Provision for Tax/ Deferred Taxes	11,798	5,045
Profit After Tax	22,757	9,772
Share Capital and Reserves	58,455	37,117
Subordinated Debt	32,467	10,991
Secured Non-Convertible Debentures	271,925	190,198
Bank Borrowings	212,787	110,676
Gross Retail Loan Assets under Management	743,815	336,900

Economic Scenario

Indian economy is emerging from an exceptionally difficult and challenging period where it had to face an unprecedented global financial crisis. After growing at an impressive average of about 9% per year for four years during 2004-2008, the economy slowed down to about 6.5% in 2008-09 and then recovered to 7.4% in 2009-10. The noteworthy features were despite a high inflation rate the economy continued to show great resilience in demand growth despite withdrawal of some fiscal expansionary measures. In the current financial year, the economy is expected to grow at about 8.5%. Going forward, Indian economy is expected to maintain its status as one of the fastest growing economies in the world with projected growth rate of 9%.

Business Environment

The year went by saw loans against gold ornaments attaining greater visibility and acceptability driven by increased price of gold as also sustained marketing efforts by players like your company to take the product to the rural heartlands of India and position it as a cheaper alternative to borrowings from money lenders at usurious rates. Your company's business model has geographic expansion and tailor made loan products as the two pivots for sustaining growth. The company opened 620 additional branches across India and introduced a game changing loan product at 12% interest rate. This together with aggressive marketing efforts enabled the company to more than double its loan book registering a growth of 121%. As the country heads for double digit growth it will be the rural heart land that will drive the economic growth ensuring inclusive growth overall. We are privileged to play a pivotal

role in this and are looking at expanding its branch network and growing the loan book in the current fiscal also. With gold prices poised to sustain its northward spiral, investment in gold as a hedge will continue to be robust and we see the popularity of the gold loan receiving further impetus.

Business Performance

The robust growth in loan book, tweaking of product features, aggressive interest collection, product risk management practices have all enabled your company to register impressive working results. The income from operations of the company crossed the important milestone of Rs.1,000 crores registering a year over year growth of 76% at Rs. 108,938 lakhs. Profit Before Tax and Profit After Tax registered 133% and 133% growth year over year. The company's efforts in institutionalizing the interest collection through an employee incentive system and penalizing for overdue accounts helped the company to keep the overdue loan portfolio under tight control.

Your company's resource mobilization through Secured Non-Convertible Debentures registered a growth of 43% year over year despite the company adhering to a consummating pricing policy. The marketing of Bonds was refocused on to financial strength of the company and its overall stature as opposed to aggressive pricing. The attractions of Muthoot Star Bonds and Muthoot Doubling Bonds enabled us to garner handsome amounts under these two schemes bolstering the Tier-2 capital of the company.

Net Worth

Your Board of Directors has decided to plough back the entire profit for the year further strengthening your Company's net owned funds position.

Institutional Equity Investment

In July 2010, your company made fresh issuance of 6,404,256 Equity shares of Rs.10 each to two private equity funds viz., Matrix Partners India Investments, LLC and Baring India Private Equity Fund III Limited raising Rs.157 crs in aggregate.

Resource Mobilisation

(a) Secured Debentures

During the year, Company raised Rs. 81,727 Lakhs, net of repayments, through private placement of

Secured Non-Convertible Debentures. Funds raised through this route continue to be a substantial resource base for the Company.

(b) Bank Finance

Commercial Banks continued their support of the company's aggressive asset growth. As of 31st March, 2010, borrowings from banks held at Rs. 212,787 lakhs. The company also raised resources through sell down of gold loan portfolio such that the outstanding amount of gold loan sold under bilateral assignment as of 31.03.2010 was Rs. 200,831 lakhs. Your company's rated short term debt instruments were also placed with various mutual funds at competitive rates enabling the company to reduce the overall cost of liabilities.

(c) Subordinated Debts

Subordinated Debts continue to be another source for funding the operations of Company. Subordinated Debts represents long term source of funds for the Company and the amount outstanding as on 31.03.2010 was Rs. 32,467 lakhs. It will qualify as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Directions), 2007.

Rating

During the year, ICRA awarded its highest rating for short term debt instruments 'A1+' for the Company's Rs. 200cr of Commercial Paper programme. Instruments rated in this category carry the lowest credit risk in the short term.

Further, CRISIL also awarded its highest rating for short term debt instruments 'P1+' for the company's Rs. 400crs of Short Term Debt programme. Later, the amount was enhanced to Rs. 700crs and subsequently to Rs. 1,000crs.

Internal Control

The Audit and Inspection Department of the company through a team of 449 personnel ensures quality of the assets pledged and adherence to various risk management practices at the branches. The structure of the audit teams has been totally recast with decentralization of functions to match with the expansion in footprint without compromising control.

Human Resource Management

Your company has been following for sometime a conscious policy of inducting young managers promoted from the ranks of non-supervisory staff to head branch operations. This has helped the company to induct lot of dynamism in its operations apart from meeting the aspirations of the young recruitees. For the first time company has also started recruiting probationary officers and 91 officers joined the service of the company and are undergoing on the job training.

The training systems have been restructured and 3 Regional Learning Centres have been established at Bangalore, Hyderabad and Chennai in addition to the Staff Training College at Kochi and Delhi. An in house pool of 55 Managers has been identified as Trainers for giving product training to the members of the staff on a sustained basis. Your company continues to ensure that all employees are compulsorily given induction training and also specific product training.

Demerger

In accordance with a Scheme of Arrangement, Radio Business of the Company was demerged, on approval of the scheme, by the Honourable High Court of Kerala vide

Order dated 09.04.2010 and the Radio Business became vested with M/s Muthoot Broadcasting Private Limited on a going concern basis with effect from the appointed date i.e. 1st January 2010. Accordingly, assets and liabilities of demerged undertaking have been transferred to Muthoot Broadcasting Private Limited at book value and excess of assets over liabilities, Rs. 1,419.76 Lakhs was adjusted against Profit & Loss Account, as per the Scheme. This was necessitated mainly to enable the company to bring Foreign Direct Investment into the company and to have focused strategy for the Radio Business.

Public Deposit

Your Company continues to be a Systemically Important Non-Deposit taking NBFC and has not accepted any public deposits.

Capital Adequacy

As at 31.03.2010, the capital adequacy of the company stood at 14.79% as against the statutory requirement of 12%.

RBI Guidelines

Your Company has complied with all the applicable regulations prescribed by the Reserve Bank of India from time to time.

Personnel

Particulars of employees drawing remuneration beyond the monetary ceilings prescribed under Section 217 (2A) of the Companies Act, 1956 are as follows:

Sl No.	Name of Employee	Age (yrs)	Designation	Date of Commencement of employment	Gross remuneration	Qualification	Total Experience	Last employment
1	Mr. M G George Muthoot	60	Chairman	28.07.2000	Rs. 48,000,000	B. Tech	37 years	Muthoot Bankers
2	Mr. George Alexander Muthoot	54	Managing Director	28.07.2000	Rs. 48,000,000	Chartered Accountant	31 years	Muthoot Bankers
3	Mr. George Thomas Muthoot	59	Whole Time Director	16.08.2005	Rs. 48,000,000	B. Sc	36 years	Muthoot Bankers
4	Mr. George Jacob Muthoot	57	Whole Time Director	16.08.2005	Rs. 48,000,000	B. Tech	34 years	Muthoot Bankers

Directors

In accordance with the provisions of Section 255 & 256 of the Companies Act, 1956, Mr. M. G. George Muthoot, Whole Time Director and Mr. P. George Varghese, Director retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Auditors

M/s Rangamani & Co., Chartered Accountants, the Statutory Auditor of the Company retires at the conclusion of the ensuing Annual General Meeting and has expressed their willingness to be appointed as the Auditors for a further period of one year. The Company has received a letter from the Auditor to the effect that, if they are appointed, appointment will be within the statutory limits prescribed under the Companies Act, 1956.

Energy Conservation, Foreign Exchange Earnings and Outgo

Since the Company does not carry on manufacturing activities, disclosure requirements under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1956 in this connection are not applicable. However, your Company, being a responsible corporate citizen, has been taking various measures for reducing the energy consumption.

Total Foreign Exchange Earned : NIL

Total Foreign Exchange Expended : Rs. 139.84 lakhs

Directors' Responsibility Statement

As required under the provisions contained in Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

1. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed and there have been no material departures;

2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
4. The annual accounts have been prepared on a going concern basis.

Corporate Governance

Your Company has since its inception been articulating high standards of responsible value based corporate governance with sharp focus on the interest of all the stakeholders.

Moreover, pursuant to a RBI Circular dated May 08, 2007, all ND NBFCs- are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending.

Board Composition

Currently the Board has eight Directors, and the Chairman of the Board is an executive Director. The Board consists of (i) 4 non-executive Directors and (ii) 4 independent Directors.

Committees of the Board of Directors

Your Board has constituted the following committees:

Audit Committee

The Audit Committee of the Company 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

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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - 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, adequacy of the internal control systems.
- 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 is existing.
- 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.

Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee was constituted by our Directors by a board resolution dated July 23, 2010 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Justice K John Mathew	Chairman	Independent Director
John K Paul	Member	Independent Director
George Thomas Muthoot	Member	Whole Time Director

Terms of reference of the Shareholders'/Investors' Grievance Committee include 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.

Remuneration Committee

The Remuneration Committee of the Board of Directors comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Justice K John Mathew	Chairman	Independent Director
P Georg Varghese	Member	Independent Director
John K Paul	Member	Independent Director

Terms of reference of the Remuneration Committee include the following:

- Determine and agree with the Board the framework for broad policy for the remuneration of executive and non-executive directors of the Company;
- 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 as required under the Companies Act, 1956 or such other acts, rules, regulations or guidelines are complied with.

IPO Committee

The IPO Committee of the Company was constituted by the Directors at their Board meeting held on July 23, 2010 and handles matters related to the proposed IPO of the Company such as the appointment of various intermediaries including merchant bankers, registrars, printers, advertisement and publicity agents, legal counsels

and bankers to the Issue, submission of applications and documents to statutory and other authorities from time to time, determination of the price band and the issue price and other aspects related thereto, as may be delegated by the Board in this regard. The present constitution of the IPO Committee is as under:

Name of the Director	Designation in the Committee	Nature of Directorship
George Alexander Muthoot	Chairman	Managing Director
George Thomas Muthoot	Member	Whole Time Director
George Jacob Muthoot	Member	Whole Time Director

Asset Liability Management Committee

The Asset Liability Management Committee was constituted by a meeting of the Board of Directors held on July 23, 2010 and comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
George Joseph	Chairman	Independent Director
P George Varghese	Member	Independent Director
George Alexander Muthoot	Member	Managing Director

Terms of reference of the Asset Liability Management Committee includes the following:

- To ensure that the asset liability management strategy and Company's market risk management policies are implemented;
- To provide a strategic framework to identify, assess, quality and manage market risk, liquidity risk, interest rate risk, price risk etc.
- To ensure adherence to the risk limits;
- To articulate current interest rate view of the Company and base its decisions on future business strategy on this view;
- To decide product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets and liabilities such as fixed versus floating rate funds, domestic vs. foreign currency funds etc;
- To monitor the risk levels of the Company;
- To review the results of and progress in implementation of the decisions;
- To report to the Board of Directors on the adequacy of the Company's systems and controls for managing risk, and for recommending any changes or improvements, as necessary;
- To ensure that all activities are within the overall regulatory framework and government regulation;
- To ensure proper management within defined control parameters set by the Board, of the Company's net interest income and its structural exposure to movements in external environment;
- To review and assess the management of funding undertaken by Company and formulate appropriate actions;
- To review and assess the management of the Company's liquidity with the framework and policies established by the Board, as the case may be, and formulate appropriate actions to be taken;
- To consider the significance of ALM of any changes in customer behaviour and formulate appropriate actions;
- To consider, if appropriate, the composition of the Company's capital structure, taking account of future regulatory requirements and rating agency views and formulate actions wherever required.

Risk Management Committee

Risk Management Committee of the Board comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
P George Varghese	Chairman	Independent Director
Justice K John Mathew	Member	Independent Director
George Jacob Muthoot	Member	Whole Time Director

The Risk Management Committee shall have overall responsibility for overseeing the risk management activities of the Company, approving appropriate risk management procedures and measurement methodologies across the organization as well as identification and management of strategic business risks. Terms of reference of Risk Management Committee includes the following:

- To champion and promote the enterprise risk management and to ensure that the risk management

process and culture are embedded throughout the Company.

- To ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.
- To provide adequate information to the Board on key risk management matters.
- To identify new strategic risks including corporate matters. Eg. Regulatory, business development etc.

Nomination Committee

Nomination Committee of the Board comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
John K Paul	Chairman	Independent Director
Justice K John Mathew	Member	Independent Director
George Jacob Muthoot	Member	Whole Time Director

The terms of reference of Nomination Committee includes the following:

- Regularly review 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;
- Ensure persons proposed to be appointed on the Board does not suffer any disqualifications for being appointed as a director under the Companies Act, 1956;
- Ensure that the proposed appointees have given their consent in writing to the Company;

- 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;
- 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.

Acknowledgement

Your Directors thank the Company's customers, banks, rating agency, 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 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

and Ministry of Corporate Affairs for the guidance and support received from them from time to time.

For and On Behalf of the Board of Directors

Sd/-

**M G George Muthoot
Chairman**

Kochi, 19th August, 2010

Registered Office:

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



Auditor's Report

Auditor's Report to the Shareholders of Muthoot Finance Ltd.

1. We have audited the attached Balance Sheet of Muthoot Finance Limited, Kochi (the company) as at 31st March 2010, and the annexed Profit and Loss Account for the year ended on that date which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the 'Act'), and based on the information and explanations given to us, we give in Annexure- I, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. As required by the Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, we give in Annexure – II, a statement on the matters specified in the paragraph 3 and 4 of the said directions.
5. Further to our comments in the Annexures referred to in paragraphs 3 & 4 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purpose of the audit have been received from branches not visited by us.
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable.
 - e. On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2010 from being appointed as director under Section 274(1)(g) of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010; and
 - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Per Pro M/s Rangamani & Co
Chartered Accountants
(FRN: 003050 S)
Sd/-

Place: Alleppey
 Date: 14.07.2010

R. Sreenivasan
M. No. 020566



Annexure I to Auditor's Report

(Referred to in paragraph 3 of our report of even date)

Re. Muthoot Finance Limited

- (i) (a) Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Not all the 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.
- (c) No substantial part of fixed assets has been disposed off during the year, other than a Scheme of Arrangement and Demerger of Radio Business which was approved by the Honourable High Court of Kerala vide Order dated 09.04.2010, the radio business of the Company was demerged and became vested with M/s. Muthoot Broadcasting Private Limited on a going concern basis with effect from the appointed date i.e. 1st January 2010. However this demerger has not affected the going concern status of the company.
- (ii) (a) 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 4 (ii) of the Companies

(Auditors Report) Order 2003 are not applicable to the Company.

- (iii) (a) The company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a), (b), (c) and (d) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
- (e) The company has taken unsecured loans from directors and their relatives and from companies covered in the register maintained u/s 301 of the Companies Act, 1956 the maximum amount of which during the year was Rs. 5,706.00 Lakhs and the year-end balance of such loan is Rs. 5,706.00 Lakhs.
- (f) In our opinion, the rate of interest and other terms and conditions on loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company.
- (g) In our opinion, the receipt of principal amount and interest are also regular.
- (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 rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions have been made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding the value of Rs. 5.00 Lakhs in respects of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public attracting the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1976 with regard to the deposits accepted from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 209(1) (d) of the Companies Act, 1956.

- (ix) (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, applicable to it.
- (b) According to the information and explanations given to us, no undisputed statutory dues payable in respect of Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues which are outstanding for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise duty and Cess which have not been deposited on account of any dispute. There are dues of service tax that have not been deposited with appropriate authorities on account of dispute and the forum where the disputes are pending is given below:

Nature of dues	Amount Rs. In Lakhs *	Period to which the amount relates	Forum where dispute is pending
Service tax	157.29	2003-2009	Customs, Central Excise and Service Tax
Penalty on above	298.93		Appellate Tribunal, Bangalore

* 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

- (x) The company does not have any accumulated loss as at 31st March 2010 and it has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted during the period in repayment of dues to financial institution, bank or debenture holders.

- (xii) The Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and in such cases, in our opinion, adequate documents are maintained.
- (xiii) The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society and accordingly the provisions of Clause 4(xiii) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.

- (xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
- (xv) 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. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
- (xvi) According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the price at which the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us during the year covered by our audit report, the company has created security in respect of Secured Non-Convertible Debentures issued.
- (xx) According to the information and explanations given to us, the Company has not raised money by public issues. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no material fraud on the company has been noticed or reported during the course of our audit or no fraud by the company has been noticed or reported during the course of our audit. Company has taken appropriate legal actions against the persons perpetrated the fraud and the amounts are written off during the year.

Per Pro M/s Rangamani & Co
Chartered Accountants
(FRN: 003050 S)
Sd/-

Place: Alleppey
Date: 14.07.2010

R. Sreenivasan
M. No. 020566



Annexure II to Auditor's Report

(Referred to in paragraph 4 of our report of even date)

Re. Muthoot Finance Limited

As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, we state that:

- (i) The Company is engaged in the business of non-banking financial institution and has obtained the Certificate of Registration dated 13th November, 2001 from the Reserve Bank of India.
- (ii) The Company is entitled to continue to hold the Certificate of Registration in terms of its asset / income pattern as on 31st March, 2010.
- (iii) The Company is not classified as an Asset Finance Company as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the year ended 31st March, 2010.
- (iv) The Board of Directors has passed a resolution for non-acceptance of any public deposits.
- (v) The company has not accepted any public deposits during the year ended 31st March, 2010.
- (vi) According to the information and explanations given to us, the Company has complied with the prudential

norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

- (vii) According to the information and explanations given to us, the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS-7, has been correctly arrived at and such ratio is in compliance with the minimum CRAR prescribed by the Reserve Bank of India.
- (viii) The Company has furnished to the Reserve Bank of India the annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS-7) within the stipulated period.

Per Pro M/s Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

Sd/-

Place: Alleppey
Date: 14.07.2010

R. Sreenivasan
M. No. 020566

Balance Sheet

as at March 31, 2010

(In Rupees)

Particulars	Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,010,000,000.00	490,000,000.00
Reserves & Surplus	2	2,835,461,491.61	3,221,687,583.66
Loan Funds			
Secured Loans	3	45,471,217,843.22	30,087,449,958.77
Unsecured Loan	4	7,334,031,413.01	1,568,479,289.15
Deferred Tax Liability		24,839,041.10	37,872,328.10
Total		58,675,549,788.94	35,405,489,159.68
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		1,691,093,148.15	1,482,663,238.91
Less: Depreciation		449,040,094.71	320,756,348.13
Net Block	5	1,242,053,053.44	1,161,906,890.78
Capital Work in Progress		290,654,790.39	131,192,045.84
Investments	6	75,049,940.00	75,307,940.00
Current Assets, Loans and Advances			
Cash & Bank Balances	7	5,759,916,292.12	8,825,315,098.31
Current Assets	8	2,441,592,013.36	1,718,467,753.41
Loans and Advances	9	54,616,985,723.93	25,735,525,516.59
Total		62,818,494,029.41	36,279,308,368.31
Less: Current Liabilities and Provisions	10	5,754,246,807.30	2,330,030,241.25
Net Current Assets		57,064,247,222.11	33,949,278,127.06
Miscellaneous expenditure to the extent not written off or adjusted		3,544,783.00	87,804,156.00
Total		58,675,549,788.94	35,405,489,159.68
Notes forming part of Accounts	13		
Schedules, Accounting policies and Notes on accounts form part of the accounts			

As per our report of even date attached.

PER PRO RANGAMANI & CO.

Chartered Accountants

(FRN: 003050 S)

Sd/-

R .SREENIVASAN

Membership No. 20566

Kochi

14.07.2010

For and on behalf of the Board

Sd/-

M. G. GEORGE MUTHOOT

Chairman

Sd/-

GEORGE ALEXANDER MUTHOOT

Managing Director

Sd/-

RAJESH A

Company Secretary

Profit & Loss Account

for the year ended March 31, 2010

(In Rupees)

Particulars	Schedules	Year Ended March 31, 2010	Year Ended March 31, 2009
Income			
Interest Income		10,774,518,847.98	6,062,393,138.94
Other income		119,279,343.03	141,627,969.82
Total		10,893,798,191.01	6,204,021,108.76
EXPENDITURE			
Interest Expenses	11	4,737,278,114.29	3,097,699,180.78
Administrative expenses	12	2,359,867,473.77	1,404,946,889.03
Depreciation	5	148,897,395.00	98,777,363.00
Directors Remuneration		192,225,000.00	120,900,000.00
Total		7,438,267,983.06	4,722,323,432.81
Profit Before Tax		3,455,530,207.95	1,481,697,675.95
Less: Provision for Income Tax	1,192,813,967.00		
Deferred Tax Liability/(Asset)	(13,033,287.00)	1,179,780,680.00	504,495,580.00
Profit After Tax		2,275,749,527.95	977,202,095.95
Less: Statutory Reserve		455,149,906.00	195,440,419.00
Add: Balance carried forward from previous year		1,928,166,131.86	1,566,404,454.91
Less: Capitalisation		1,765,000,000.00	420,000,000.00
Less: Reduction on account of Demerger of Radio division		141,975,620.00	-
Balance carried to Balance sheet		1,841,790,133.81	1,928,166,131.86
Basic and diluted Earnings per share			
(Face value Rs.10/-)		7.56	3.49
Notes forming part of Accounts	13		
Schedules, Accounting policies and Notes on accounts form part of the accounts			

As per our report of even date attached.

PER PRO RANGAMANI & CO.

Chartered Accountants

(FRN: 003050 S)

Sd/-

R .SREENIVASAN

Membership No. 20566

Kochi

14.07.2010

For and on behalf of the Board

Sd/-

M. G. GEORGE MUTHOOT

Chairman

Sd/-

GEORGE ALEXANDER MUTHOOT

Managing Director

Sd/-

RAJESH A

Company Secretary

Schedules as at March 31, 2010

(In Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 1 Share Capital		
Authorised		
Rs. 350,00,00,000 divided into		
35,00,00,000 Equity shares of Rs.10 each	3,500,000,000.00	500,000,000.00
(Previous year - 5,00,00,000 Equity shares of Rs.10 each)		
Issued, Subscribed and Paid-up		
30,10,00,000 Equity shares of Rs.10 each		
(Previous year - 4,90,00,000 Equity shares of Rs.10 each)	3,010,000,000.00	490,000,000.00
Notes:-		
25,20,00,000 Equity Shares of Rs.10/- each were allotted as fully paid bonus shares by capitalisation of amount from securities premium and Profit & Loss Account pursuant to a shareholders resolution passed at the Extraordinary General Meeting held on 24 th August, 2009		
SCHEDULE - 2 Reserves & Surplus		
Securities Premium	-	755,000,000.00
Statutory Reserve	993,671,357.80	538,521,451.80
Profit and loss Account	1,841,790,133.81	1,928,166,131.86
Total	2,835,461,491.61	3,221,687,583.66
Notes:-		
Deduction from Securities Premium Rs. 755,000,000/- and Profit and Loss Account of Rs. 1,765,000,000/- represents capitalisation of amount from Securities Premium and Profit & Loss Account on account of allotment of 25,20,00,000 Equity Shares of Rs.10/- each		

Schedules as at March 31, 2010

(In Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 3 Secured loans		
Non-Convertible Secured Debentures (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	27,014,159,000.00	18,626,136,000.00
Non-Convertible Secured Debentures (Secured by mortgage of immovable property and charge on all movable fixed assets)	178,362,000.00	393,710,000.00
Bank Borrowings		
- Overdraft against Deposit with Banks	2,832,345.22	5,305,989.45
- Cash Credit / Short term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of some of the directors)	17,824,891,938.99	10,594,296,271.31
Term Loan (Secured by mortgage of immovable property and subservient charge on current assets, book debts, loans & advances and personal guarantee of some of the directors)	400,000,000.00	400,000,000.00
Term Loan (Secured by specific charge on wind mills & Land appurtenant thereto and personal guarantee and collateral property of some of the directors)	50,972,559.01	68,001,698.01
Total	45,471,217,843.22	30,087,449,958.77
SCHEDULE - 4 Unsecured loans		
Non-Convertible Debentures	500,000,000.00	-
Loan from Directors / Relatives of Directors	570,600,413.01	467,107,791.15
Inter Corporate Loan	16,750,000.00	2,217,498.00
Subordinated Debt (Tier II Capital)	3,246,681,000.00	1,099,154,000.00
Bank Borrowings - Short Term Loan	3,000,000,000.00	-
Total	7,334,031,413.01	1,568,479,289.15

Schedules

as at March 31, 2010

NAME OF ASSET	(In Rupees)											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	Rate %	upto 31.03.2009	for the year	Deductions during the year	Total as on 31.03.2010	As at 31.03.2010	As at 31.03.2009	
Land	545,442,912.00	0.00	45,165,000.00	500,277,912.00	0.00	0.00	0.00	0.00	0.00	500,277,912.00	545,442,912.00	
Building	182,229,878.95	11,784,397.00	0.00	194,014,275.95	5	34,217,729.28	7,759,643.00	0.00	41,977,372.28	152,036,903.67	148,012,149.67	
Furniture & Fixtures	245,445,894.29	86,760,708.71	487,053.00	331,719,550.00	18.10	98,951,484.38	37,510,708.00	137,096.00	136,325,086.38	195,394,453.62	146,494,409.91	
Plant & Machinery	199,873,885.17	145,830,721.97	60,356,026.67	285,348,580.47	13.91	41,166,016.03	36,475,164.00	13,605,429.42	64,035,750.61	221,312,829.86	158,707,869.14	
Computer	107,461,224.50	76,147,590.73	9,905,102.50	173,703,712.73	40.00	46,707,279.45	44,695,888.00	5,569,953.00	85,833,214.45	87,870,498.28	60,753,945.05	
Motor Car	21,610,584.00	6,353,079.00	2,533,406.00	25,430,257.00	25.89	11,441,950.10	3,990,598.00	1,301,170.00	14,131,378.10	11,298,878.90	10,168,633.90	
Wind Mill	180,598,860.00	0.00	0.00	180,598,860.00	20.00	88,271,888.89	18,465,394.00	0.00	106,737,282.89	73,861,577.11	92,326,971.11	
Total	1,482,663,238.91	326,876,497.41	118,446,588.17	1,691,093,148.15	0.00	320,756,348.13	148,897,395.00	20,613,648.42	449,040,094.71	1,242,053,053.44	1,161,906,890.78	
Previous Year Figures	1,215,252,057.50	268,603,900.41	1,192,719.00	1,482,663,238.91	0.00	222,738,793.13	98,777,363.00	759,808.00	320,756,348.13	1,161,906,890.78	992,513,264.37	

Schedules

as at March 31, 2010

(In Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 6 Investments		
Shares in Subsidiary Company	-	-
Shares in Other Companies	75,049,940.00	75,307,940.00
Total	75,049,940.00	75,307,940.00
SCHEDULE - 7 Cash & Bank Balances		
Cash in hand	1,079,488,324.82	468,512,698.39
Balances with Scheduled Banks		
- In current accounts	3,552,128,602.42	1,475,796,517.99
- In Deposit accounts	1,128,299,364.88	6,881,005,881.93
Total	5,759,916,292.12	8,825,315,098.31
SCHEDULE - 8 Current Assets		
Interest receivable	1,358,691,622.24	1,177,540,676.17
Tax Deducted at Source	22,447,872.31	24,613,359.35
Sundry Debtors	33,447,360.81	40,953,520.70
LIC Mutual fund-Liquid Fund	-	10,000,000.00
Income tax Account	1,027,005,158.00	461,123,296.19
Advance - Fringe Benefit Tax	-	4,236,901.00
Total	2,441,592,013.36	1,718,467,753.41
SCHEDULE - 9 Loans and Advances		
Retail Loans	54,298,313,027.74	25,559,834,151.25
Other Deposits & Advances	318,672,696.19	175,691,365.34
Total	54,616,985,723.93	25,735,525,516.59
SCHEDULE - 10 Current Liabilities and Provisions		
a) Current Liabilities		
Audit Fee Payable	400,000.00	300,000.00
Interest Payable	2,034,477,521.33	1,156,802,720.92
T.D.S.Payable	17,584,289.81	20,794,118.81
Other Current Liabilities	2,358,243,916.62	587,227,747.83
Other Creditors	113,643,339.54	40,441,112.69
Sub-Total	4,524,349,067.30	1,805,565,700.25
b) Provisions		
Provision for NPA	37,083,773.00	16,107,428.00
Provision for Income Tax	1,192,813,967.00	507,940,437.00
Provision for Fringe Benefit Tax	-	416,676.00
Total	5,754,246,807.30	2,330,030,241.25

Schedules as at March 31, 2010

(In Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
SCHEDULE - 11 Interest Expenses		
Interest on Secured Debentures	2,592,802,972.50	1,687,152,698.75
Interest on Others	2,144,475,141.79	1,410,546,482.03
Total	4,737,278,114.29	3,097,699,180.78
SCHEDULE - 12 Administrative and other expenses		
Payment to Employees	1,058,801,353.54	617,853,277.99
Provident Fund	35,615,917.10	22,572,091.20
E.S.I Account	9,322,995.45	4,154,566.17
Group Gratuity Premium	39,481,178.00	14,110,987.19
Directors Sitting Fee	77,500.00	134,500.00
Postage, Telegram and Telephone	71,784,425.88	27,469,336.70
Printing and Stationary	68,741,123.28	44,458,739.42
Rent Paid	290,131,600.91	130,721,549.48
Travelling and Conveyance	67,309,146.26	42,337,364.56
Bank Charges	53,016,381.88	69,466,201.35
Electricity Charges	45,142,136.84	33,584,011.74
Repairs and Maintenance - Buildings	22,274,408.46	14,330,391.89
- Plant & Machinery	40,323,872.78	24,194,323.66
- Others	33,115,152.87	23,180,607.18
Water Charges	1,223,776.04	746,575.00
Taxes and Licence Fee	10,238,949.68	11,044,511.23
Staff Welfare Account	26,216,683.52	18,323,301.09
Legal & Professional Charges	33,874,931.00	16,362,828.50
Insurance Charges	5,166,295.00	21,217,877.78
Hire Charges	10,840.00	23,301.00
Newspaper and Periodicals	119,942.61	93,134.50
Business Promotion Expense	45,454,521.25	25,032,413.54
Advertisement	331,464,769.55	207,707,590.63
Vehicle Maintenance	5,892,687.08	5,679,855.48
Audit and Inspection Expenses	18,998,189.25	12,087,306.75
Income Tax Paid	9,412,607.54	-
Loss on Theft	475,000.00	-
Bad Debt Written Off	6,188,642.00	-
Miscellaneous Expenditure Written Off:		
- FM Radio Licence Fee	7,051,200.00	9,401,600.00
- Computer Software	1,564,901.00	1,508,107.00
Audit Fee	400,000.00	300,000.00
Provision For NPA	20,976,345.00	6,850,538.00
Total	2,359,867,473.77	1,404,946,889.03

Schedule-13 Notes Forming Part of Accounts

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).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 ACCOUNTING CONCEPTS

The financial statements are prepared on historical cost convention complying with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable. The company follows prudential norms for income recognition, asset classification and provisioning for non-performing assets as prescribed by Reserve Bank of India vide Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction 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. 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.

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

Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Profit & Loss Account at actuals.

b) Defined Benefit Plan

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by Trustees and managed by ICICI Prudential Life Insurance Co. Ltd. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined every year by the Insurance Company.

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 specified in Schedule XIV of the Companies Act, 1956 on Written Down Value method.

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 basis.

2.8 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 and 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.

2.9 INVESTMENTS

Investments intended to be held for not more than a year are classified as current investments. All other

investments are classified as long-term investments. Current investments are carried at lower of cost or market value/realizable value determined on an individual investment basis. Long-term 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 PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions are recognized only when the company has present or 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.

2.12 DEBENTURE REDEMPTION RESERVE

As per the Circular dated 18.04.2002 of Ministry of Corporate Affairs, no Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies and hence no reserve is created.

2.13 PROVISION FOR NON PERFORMING ASSETS

Loan receivables are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

2.14 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 Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

Where the Company is the lessee:

Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

2.15 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 three business segments - Financing, Power Generation and FM Radio.

- 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 and expenses 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.

3. BALANCE SHEET

3.1 Secured Non-Convertible Debentures

The Company had privately placed Secured Non-Convertible Debentures under Non-Cumulative Scheme for a maturity period upto 5 years with an outstanding of Rs. 234,995.11 Lakhs (Previous Year

Rs. 161,695.57 Lakhs) and under Cumulative scheme for a maturity period ranging from 36 months to 90 months with an outstanding of Rs. 36,930.10 Lakhs (Previous Year Rs. 28,502.89 Lakhs)

(Rs. In Lakhs)

Date of Allotment	Amount		Redemption Period
	As at 31 March 2010	As at 31 March 2009	
01.07.2004 - 14.11.2004	2.52 *	85.58	60 Months
15.07.2004 - 30.09.2004	519.57 *	771.18	90 Months
01.10.2004 - 06.02.2005	57.04 *	850.78	60 Months
01.11.2004 - 14.11.2004	-	8.23	36 Months
15.11.2004 - 30.11.2004	1.25 *	111.58	60 Months
01.12.2004 - 31.12.2004	5.00 *	251.87	60 Months
01.01.2005 - 06.02.2005	7.14 *	235.61	60 Months
07.02.2005 - 31.03.2005	45.30 *	334.14	60 Months
07.02.2005 - 14.06.2005	255.87 **	338.10	60 Months
01.04.2005 - 14.06.2005	492.47	789.24	60 Months
15.06.2005 - 30.04.2006	2,781.07	4,224.20	60 Months
01.05.2006 - 12.08.2006	2,433.33	4,785.23	60 Months
13.08.2006 - 31.12.2006	4,471.90	8,284.82	60 Months
01.01.2007 - 31.03.2007	5,589.12	10,786.07	60 Months
01.04.2007 - 30.06.2007	10,112.31	11,999.18	60 Months
01.07.2007 - 30.09.2007	8,169.93	10,083.47	60 Months
01.10.2007 - 31.12.2007	7,598.43	9,518.48	60 Months
01.01.2008 - 31.03.2008	8,328.50	11,258.36	60 Months
01.04.2008 - 02.07.2008	10,539.23	17,240.54	60 Months
03.07.2008 - 09.07.2008	1,783.62	3,937.10	60 Months
10.07.2008 - 21.09.2008	11,772.56	19,300.11	60 Months
22.09.2008 - 31.12.2008	17,013.14	30,915.49	60 Months
01.01.2009 - 31.03.2009	18,602.77	44,089.10	60 Months
01.04.2009 - 30.06.2009	28,657.28	-	60 Months
01.07.2009 - 30.09.2009	34,111.02	-	60 Months
01.10.2009 - 31.12.2009	39,972.78	-	60 Months
01.01.2010 - 31.03.2010	58,602.06	-	60 Months
Total	271,925.21	190,198.46	

* Matured but not claimed

** Includes matured but not claimed

3.2 Unsecured Non-Convertible Debentures

The Unsecured Non-Convertible Debentures of Rs. 5,000.00 Lakhs (Previous Year : Rs. Nil) represents debentures issued to a Mutual Fund which is governed by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

3.3 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. As on 31st March 2010, out of Rs. 32,466.81 Lakhs (Previous year Rs. 10,991.54 Lakhs) outstanding, Rs. 4,037.06 lakhs (Previous year Rs. 4,000.00 Lakhs) represents amounts raised from promoters and shareholders and remaining Rs. 28,429.75 Lakhs (Previous year Rs.6,991.54 lakhs) were raised from investors other than promoter group, both raised through private placement route.

(Rs. In Lakhs)

Date of Allotment	Amount		Redemption Period
	As at 31 March 2010	As at 31 March 2009	
25.03.2003	1,112.49	1,112.49	144 months
30.09.2003	1,100.00	1,100.00	144 months
01.11.2003	987.51	987.51	144 months
03.04.2004	140.58	140.58	144 months
21.03.2005	659.42	659.42	144 months
18.08.2008 - 13.12.2008	2,633.85	2,633.85	72 months
15.12.2008 - 30.06.2009	9,380.85	4,357.69	69 months
01.07.2009 - 16.08.2009	2,760.38	-	69 months
17.08.2009 - 31.12.2009	7,593.09	-	72 months
01.01.2010 - 30.06.2010	6,098.64	-	72 months
Total	32,466.81	10,991.54	

3.4 Investments

Long term investments in fully paid equity shares are as under (Rs. in Lakhs):

	31.03.2010	31.03.2009
a) Quoted:		
Union Bank of India	0.49	0.49
454 Equity shares of Rs. 10/- each (Previous year: 454 Equity shares of Rs. 10/- each)		
Market Value	1.33	0.67
b) Unquoted:		
i) In Subsidiary Companies	Nil	Nil
ii) In other companies		
Muthoot Broadcasting Private Limited	Nil	2.58
All shares are sold during the year (Previous year: 25800 Equity shares of Rs.10/- each)		
Muthoot Exchange Company Private Limited	450.00	450.00
45,00,000/- Equity shares of Rs.10/- each (Previous year: 45,00,000/- Equity shares of Rs.10/- each)		
Muthoot Securities Limited	300.00	300.00
30,00,000/- Equity share of Rs.10/- each (Previous Year: 30,00,000/- Equity share of Rs.10/- each)		

3.5 FM Radio Station

The company had obtained license from Government of India for establishing and operating FM Radio Station in Chennai, Tamil Nadu (Radio Business). Radio Station commenced its operations on 1st January 2008.

In accordance with a Scheme of Arrangement and Demerger of Radio Business which was approved by the Honourable High Court of Kerala vide Order dated 09.04.2010, the Radio Business of the Company was demerged and became vested with M/s Muthoot Broadcasting Private Limited on a going concern basis with effect from the appointed date i.e. 1st January 2010.

Accordingly, assets and liabilities of demerged undertaking have been transferred to Muthoot Broadcasting Private Limited at book value and excess of assets over liabilities, Rs. 1,419.76 Lakhs was adjusted against Profit & Loss Account, as per the Scheme.

Necessary effects in respect of the above have been given in the books of accounts of the company during the year and the amount due from Muthoot Broadcasting Private Limited as on 31.03.2010, Rs. 75.39 Lakhs, have been shown under 'Other Loans and Deposits'.

Licence Fee of Rs. 940.16 Lakhs was being amortized over a period of 10 years starting from 1st January 2008 on straight-line basis and the current year amortization was made for a period of nine months only, being amortization upto the appointed date.

3.6 Balances with Scheduled banks in Deposit Accounts

Out of Rs. 11,282.99 Lakhs (Previous Year- Rs. 68,810.05 Lakhs) with Scheduled banks in Deposit Accounts, lien has been marked as under (Rs. In Lakhs):

	31.03.2010	31.03.2009
(i) As security for the purpose of counter guarantee	Nil	30.68
(ii) As security for purpose of overdraft facility	200.06	198.91
(iii) As credit enhancement for bilateral assignment of receivables	10,371.10	13,139.43
(iv) Others	2.08	3.50

3.7 Current Assets, Loans & Advances

In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value as stated in the Balance Sheet, if realized in its ordinary course of business.

3.8 Loans and Advances (Rs. In Lakhs)

	31.03.2010	31.03.2009
(a) Loans considered good in respect of which Company is fully secured	539,207.78	253,795.75
(b) Loans considered good in respect of which Company holds no security other than the borrower's personal security	339.60	191.85
(c) Loans considered doubtful or bad	3,435.75	1,610.74
(d) Sundry Debtors, Considered good, Unsecured		
i. Exceeding six months	Nil	Nil
ii. Other Debts	334.47	409.54
(e) Debts due by directors	Nil	Nil
(f) Loans and advances due by directors or other officers of the Company or any of them either jointly or severally with any other person	Nil	Nil
(g) Loans and advances due by firms or private limited companies in which such director is a partner or a director or a member	75.39	Nil
(h) Loans and advances due from companies under same management within the meaning of section 370(1B) of the Companies Act	Nil	Nil
(i) Maximum amount due by directors or other officers of the Company any time during the year	Nil	Nil
(j) Deposits / Loans from Directors and relatives	5,706.00	4,671.08

3.9 Retail Loans (Rs. In Lakhs):

	31.03.2010	31.03.2009
Gross Retail Loan assets under management	743,814.79	336,900.81
Less: Sell down of receivables under bilateral assignment	200,831.65	81,302.47
Net Retail Loan assets as per Balance Sheet	542,983.14	255,598.34
Break-up of Gross Retail Loan assets under management		
Gold Loan Receivables	734,173.53	330,007.34
Loan against Muthoot Gold Bonds	9,301.66	6,701.62
Other Loans	339.60	191.85

3.10 Deferred Tax Asset / (Liability)

As per the requirement of the Accounting Standard - 22, the company has created a deferred tax provision for the current year of Rs. 130.33 Lakhs which consist of the following:

(Rs. In Lakhs)

Particulars	Deferred Tax Asset/(Liability)		
	At the beginning of the year	Credits/(Charge) during the year	At the close of the year
Deferred Tax Asset:			
Timing Difference on account of :			
Depreciation	(433.47)	65.02	(368.45)
Provision for NPA	54.75	69.67	124.42
Deferred Tax Liability:			
Timing Difference on account of:			
Amortization of software	Nil	(4.36)	(4.36)
Total	(378.72)	130.33	(248.39)

4. PROFIT AND LOSS ACCOUNT

4.1 Income

- Interest income includes Interest on Bank Deposits (Gross) Rs. 779.59 Lakhs. (Previous year Rs. 786.61 Lakhs). Tax deducted at Source on above Rs. 81.76 Lakhs (Previous year Rs. 145.80 Lakhs).
- Other income includes income from investments (Gross) Rs. 0.29 Lakhs (Previous year Rs. 105.44 Lakhs). Tax deducted at Source on above Rs. Nil (Previous year Rs. Nil).
- Other income includes profit on sale of fixed assets Rs. 45.97 Lakhs (Previous year Rs. 1.85 Lakhs).

4.2 Provision for Non-Performing Assets (Rs. In Lakhs)

	31.03.2010	31.03.2009
Substandard Assets	3,246.41	1,610.74
Doubtful Assets	189.35	Nil
Total Non Performing Assets	3,435.76	1610.74
Provision required as per Prudential Norms	370.84	161.07
Provision already available	161.07	92.57
Additional provision made during the year	209.77	68.50

4.3 Auditors' Remuneration (Rs. In Lakhs)

	31.03.2010	31.03.2009
Statutory Audit Fees (including service tax)	3.25	2.25
Tax Audit Fees (including service tax)	0.75	0.75
Other Services (including service tax)	0.18	0.19
Total	4.18	3.19

4.4 Remuneration to Directors: (Rs. In Lakhs)

	31.03.2010	31.03.2009
Salary to Whole Time Directors	1,922.25	1,209.00
Sitting fee to Non Executive Directors	0.78	1.35
Total	1,923.03	1,210.35

The above remuneration is within the limits specified under section 198 of the Companies Act, 1956.

The computation of profits under section 349 of the Companies Act, 1956:

		(Rs. In Lakhs)
Net Profit		34,555.30
Add: Directors' Remuneration	1,922.25	
Directors' Sitting Fee (other than Wholetime Directors)	0.78	
Depreciation as per books	1,488.97	
Income Tax Paid	94.13	
Provision for Non Performing Assets	209.76	3,715.89
Less: Depreciation as per Sec.350 of the Companies Act, 1956	1,488.97	
Profit on sale of investments	0.29	
Profit on sale of fixed assets	45.97	1,535.24
Net profit as per Section 198 of the Companies Act, 1956		36,735.96
10% thereof		3,673.60
Remuneration paid to Managerial Personal		1,922.25

Directors are not paid any commission as a percentage of profits.

4.5 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 Profit and Loss Account.

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

Lease rentals received for assets let out on operating lease Rs. 5.22 Lakhs (Previous year Rs.3.75 Lakhs) are recognized as income in the Profit and Loss Account under the head 'Other Income' and lease payments for assets taken on an operating lease Rs. 2,901.32 Lakhs (Previous year Rs. 1,307.22 Lakhs) are recognized as 'Rent Paid' in the Profit and Loss Account.

4.6 Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. An amount of Rs. 4,551.50 Lakhs (Previous Year Rs. 1,954.40 Lakhs) representing 20% of Net Profit is transferred to the Fund for the year. No appropriation was made from the Reserve Fund during the year.

4.7 Employee Benefits

a) Defined Contribution Plan

During the year, the Company has recognized in the Profit and Loss account in Schedule 12 – Administrative and Other Expenses: (Rs. In Lakhs)

	31.03.2010	31.03.2009
Contribution to Provident Fund	356.16	225.72
Contribution to Employees State Insurance Scheme	93.23	41.55
Total	449.39	267.27

b) Defined Benefit Plan

Gratuity liability is funded through a Gratuity Fund managed by ICICI Prudential Life Insurance Company Limited. Company has remitted Rs. 394.81 Lakhs (Previous 141.11 Lakhs).

5. GENERAL

5.1 Contingent liabilities not provided for:

(Rs. In Lakhs)

	31.03.2010	31.03.2009
Claims against the Company, not acknowledged as debts		
i) Service Tax demand for the period-2003-2008, pending in appeal with CESTAT		
Commissioner of Central Excise, Customs and Service Tax, Cochin has raised a demand of Rs. 221.15 Lakhs (Previous year Rs.91.91 lakhs) as Service tax liability and equal amount as penalty. During the course of the proceedings Company paid Rs. 20.86 Lakhs. The Appellate Authority admitted the Appeal preferred by the company and granted stay of recovery, on pre-deposit of Rs. 43.00 Lakhs. Pending disposal of appeal, no provision has been made by the company during the year.	157.29	91.91
ii) Income tax demand for Assessment Year 2004-05, pending in appeal with ITAT		
Assistant Commissioner of Income Tax, Circle 1(3), Ernakulam has filed an appeal before ITAT against the order of Commissioner of Income Tax (Appeals) – II, Cochin demanding Rs. 52.37 Lakhs (Previous year Rs. 52.37 Lakhs). The Company has already paid the demand by way of Advance Tax, Tax Deducted at Source and adjustment against refund due. No additional income tax liability is expected. Hence no provision is required to be made by the company during the year.	Nil	Nil

iii) Income tax demand for Assessment Year 2006-07, pending in appeal with ITAT		
Company has filed an appeal before ITAT against the order of Commissioner of Income Tax (Appeals) – II, Cochin demanding Rs. 15.21 Lakhs (Previous year Rs. Nil). The Company has already paid the demand by way of Advance Tax and Tax Deducted at Source. No additional income tax liability is expected. Hence no provision is required to be made by the company during the year.	Nil	Nil
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	269.00	Nil
Other money for which company is contingently liable:		
i) Counter Guarantee provided to Banks	303.00	333.68
ii) Cash collateral provided as credit enhancement for bilateral assignment of receivables	10,371.10	13,139.43
iii) Over collateral provided as credit enhancement for bilateral assignment of receivables	801.21	775.07
iv) Corporate guarantee provided as credit enhancement for bilateral assignment of receivables	15,000.07	Nil

5.2 Earning 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 share holders 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	Rs. Lakhs	
	As at 31.03.2010	As at 31.03.2009
Profit/(Loss) after taxation for the years	22,757.50	9,772.02
Weighted average number of equity shares outstanding during the year	3,010.00	2,801.00
Adjusted Face Value per share	Rs. 10/-	Rs. 10/-
Earnings Per Share	Rs. 7.56	Rs. 3.49

Weighted average number of equity shares outstanding during the period and for all periods presented, are adjusted for bonus issues made during the periods.

5.3 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 year ended 31st March, 2010 together with interest paid /payable are required to be furnished.

5.4 Additional information pursuant to provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act 1956:

Particulars	As at 31.03.2010	As at 31.03.2009
Windmill:		
a) Licensed Capacity	3750 KW	3750 KW
b) Installed Capacity	3750 KW	3750 KW
c) Production	8,799,372 Units	8,055,090 Units
d) Stock	Nil	Nil
e) Turnover	8,741,772 Units	7,992,036 Units
f) Raw material consumed	Nil	Nil
Others		
g) CIF Value of Imports (Rs. Lakhs)	7.55	22.86
h) Expenditure in foreign currency on accrual basis (Rs. Lakhs)	132.29	Nil
i) Amount remitted during the year in foreign currency on account of dividend (Rs. Lakhs)	Nil	Nil
j) Earnings in foreign exchange (Rs. Lakhs)	Nil	Nil

5.5 Disclosure of related party's transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

(a) Names of Related Parties :

Particulars	As at 31.03.2010	As at 31.03.2009
Subsidiary	Nil	Nil
Associates	1. Muthoot Vehicle & Asset 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 Exchange Company Pvt. Limited. 7. Backdrop Advertising Pvt. Limited 8. Muthoot Global Transfers Pvt. Limited 9. Emgee Board and Paper Mills Pvt. Limited. 10. MGM Muthoot Medical Centre 11. Muthoot Precious Metals Corporation 12. GMG Associates	1. Muthoot Vehicle & Asset 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 Exchange Company Pvt. Limited 7. Backdrop Advertising Pvt. Limited 8. Muthoot Global Transfers Pvt. Limited 9. Emgee Board and Paper Mills Pvt. Limited 10. MGM Muthoot Medical Centre 11. Muthoot Precious Metals Corporation 12. GMG Associates
Entity having substantial interest in the company	Nil	Nil
Joint Venture Company	Nil	Nil

Nature of transaction	Subsidiary Companies		Associates		Joint Ventures		Key Management Personnel		Relative of Key Management Personnel		Entity having substantial interest in the Company	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Interest to Directors							1,245.77	1,048.26				
Interest on Inter Corporate Deposits			6.80	4.26								
Remuneration to Directors							1,922.25	1,227.20				
Remuneration to Directors' Relatives									12.25	18.20		
Loans accepted							1,622.28	5,924.79				
Loans Repaid							1,970.44	6,088.18				
Security Deposit Accepted			400.00	-								
Inter Corporate Deposits accepted			201.00	113.65								
Inter corporate Deposits repaid			55.68	91.47								
Rent paid							59.23	-				
Loans availed by the Company for which guarantee is provided by related parties			4,000.00	4,000.00			254,750.00	124,350.00	254,750.00	124,350.00		
Loans availed by the Company for which collateral security is provided by related parties			4,000.00	4,000.00			1,350.00	1,350.00				

5.6 Segment Reporting

- The Company is engaged in three segments of business – Financing, Power Generation and FM Radio.
- 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.

d) Primary Business Segment Information

	Financing		Power Generation		FM Radio		Consolidated Totals	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Revenue:								
External Revenue	107,741.59	60,623.21	251.14	221.18	39.63	10.79	108,032.36	60,855.18
Inter segment Revenue	-	-	-	-	-	-	-	-
Total Revenue	107,741.59	60,623.21	251.14	221.18	39.63	10.79	108,032.36	60,855.18
Result:								
Segment Result	35,825.28	15,267.50	215.85	(21.03)	(389.04)	(401.18)	35,652.10	14,845.29
Other Income	848.39	1,178.72	-	-	3.60	0.72	851.99	1,179.43
Unallocated corporate income							53.63	5.60
Unallocated corporate expenses							(2,002.42)	(1,213.35)
Operating profit	36,673.67	16,446.21	215.85	(21.03)	(385.44)	(400.46)	34,555.30	14,816.98
Less: Provision for Taxation							11,797.81	5,044.96
Profit after Tax	36,673.67	16,446.21	215.85	(21.03)	(385.44)	(400.46)	22,757.50	9,772.02
Other Information:								
Segment Assets	633,006.85	370,033.39	796.59	981.24	-	1,440.83	633,803.44	372,455.46
Unallocated Corporate Assets							10,494.53	4,899.74
Total Assets	6,33,006.85	370,033.39	796.59	981.24	-	1,440.83	644,297.97	377,355.19
Segment Liabilities	527,542.77	315,879.28	-	-	-	-	527,542.77	315,879.28
Unallocated Corporate Liabilities							509.73	680.02
Total Liabilities	527,542.77	315,879.28	-	-	-	-	528,052.49	316,559.29
Capital Expenditure	4,855.74	1,790.56	-	-	7.65	705.83	4,863.39	2,496.39
Depreciation	1,230.12	637.22	184.65	230.82	74.20	119.73	1,488.97	987.77
Non Cash Expenditure other than Depreciation	285.00	81.55	-	-	72.81	96.05	357.81	177.60

5.7 Previous Year's figures have been regrouped / rearranged, wherever necessary to conform to current year's classifications.

As per our report of even date attached.

PER PRO RANGAMANI & CO.

Chartered Accountants

(FRN: 003050 S)

Sd/-

R .SREENIVASAN

Membership No. 20566

Kochi

14.07.2010

For and on behalf of the Board

Sd/-

M. G. GEORGE MUTHOOT

Chairman

Sd/-

GEORGE ALEXANDER MUTHOOT

Managing Director

Sd/-

RAJESH A

Company Secretary

Cash Flow Statement

for the year ended March 31, 2010

(In Rupees)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	2,275,749,527.95	977,202,095.95
Adjustments for:-		
Add:Provision for taxation	1,179,780,680.00	504,495,580.00
Add:Provision for NPA	20,976,345.00	6,850,538.00
Add:Financial Expenses	4,737,278,114.29	3,097,699,180.78
Add:FM Radio Licence & Software amortisation	8,616,101.00	10,909,707.00
Add:Income Tax Paid	9,412,607.54	-
Add:Depreciation	148,897,395.00	98,777,363.00
Less: Profit on sale of Fixed Assets	(4,597,302.00)	(184,589.00)
Less: Interest received on Bank Deposits	(77,959,002.33)	(78,660,927.66)
Less: Income from Investments	(28,819.06)	(10,544,397.00)
Operating profit before working capital changes	8,298,125,647.39	4,606,544,551.07
Adjustments for:-		
(Increase) / Decrease in Loans and Advances	(28,898,826,828.59)	(7,678,675,235.23)
(Increase) / Decrease in other receivables	(163,644,786.18)	(390,045,595.43)
Increase / (Decrease) in Current liabilities	2,722,439,035.05	580,682,072.74
Cash generated from operations	(18,041,906,932.33)	(2,881,494,206.85)
Financial Expenses	(4,737,278,114.29)	(3,097,699,180.78)
Direct tax paid	(1,077,249,194.31)	(506,193,068.35)
Net cash from operating activities	(23,856,434,240.93)	(6,485,386,455.98)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(326,876,497.41)	(268,603,900.41)
Sale of Fixed Assets	50,475,400.00	617,500.00
(Increase) / Decrease in Capital Work in Progress	(159,462,744.55)	(67,559,245.67)
Investments in Shares	258,000.00	(20,000,000.00)
Interest received on Bank Deposits	77,959,002.33	78,660,927.66
Income from Investments	28,819.06	10,544,397.00
FM Radio Licence & Software	(666,553.00)	(6,203,670.00)
Net Cash from Investing Activities	(358,284,573.57)	(272,543,991.42)
C CASH FROM FINANCING ACTIVITIES		
Net Proceeds from Issue of Debentures	8,672,675,000.00	6,616,544,000.00
Increase / (Decrease) in Loan from Directors/Relatives of Directors	103,492,621.86	114,241,077.15
Increase / (Decrease) in Bank Borrowings	10,211,092,884.45	5,070,713,651.34
Increase / (Decrease) in Unsecured loans		
Increase / (Decrease) in Inter Corporate Loan	14,532,502.00	2,217,498.00
Increase / (Decrease) in Subordinated debt	2,147,527,000.00	699,154,000.00
Issue of Equity Shares	-	500,000,000.00
Net Cash from Financing Activities	21,149,320,008.31	13,002,870,226.49
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(3,065,398,806.19)	6,244,939,779.09
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	8,825,315,098.31	2,580,375,319.22
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	5,759,916,292.12	8,825,315,098.31
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	3,552,128,602.42	1,475,796,517.99
Deposit with Banks	1,128,299,364.88	6,881,005,881.93
Cash on Hand	1,079,488,324.82	468,512,698.39
TOTAL	5,759,916,292.12	8,825,315,098.31

For and on behalf of the Board

Sd/-
M. G. GEORGE MUTHOOT
 Chairman

Sd/-
GEORGE ALEXANDER MUTHOOT
 Managing Director

Sd/-
RAJESH A
 Company Secretary

Kochi
 14.07.2010

Amount outstanding

Long Term investments:

1. Quoted:

(i) Shares : (a) Equity	0.49
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

2. Unquoted:

(i) Shares : (a) Equity	750
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

(5) Borrower group-wise classification of assets financial as in (2) and (3) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	542272	3527	545799
Total	542272	3527	545799

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

Category	Market Value / Break up or fair value or NAV	Book Value (Net of provisions)
1. Related Parties		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	750	750
(c) Other related parties	NIL	NIL
2. Other than related parties	0.49	0.49
Total	750.49	750.49

(7) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	3436
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	3065
(iii) Assets acquired in satisfaction of debt	NIL

(Disclosure in Balance Sheet required as per Reserve Bank of India Notification No. DNBS.200/CGM(PK)-2008 dated 1st August, 2008)

CRAR

Items	2009-10	2008-09
i) CRAR (%)	14.79	16.30
ii) CRAR-Tier I capital (%)	9.86	12.51
iii) CRAR-Tier II capital (%)	4.93	3.79

Exposures

Exposure to Real Estate Sector

Category	2009-10	2008-09
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individuals housing loans upto Rs. 15 lakhs may be shown separately)	NIL	NIL
(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
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	NIL	NIL
b. Commercial Real Estate.	NIL	NIL
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	NIL	NIL

ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

Rs. in lacs

	1 to 30/31 days (1 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
Liabilities									
Borrowings from Banks			42	30043	182362	340		0	212787
Market Borrowings-									
Secured Non-convertible Debentures issued under private placement	25141	17778	17082	47709	84808	73132	6271	4	271925
Un-Secured, Redeemable, Non-convertible Debentures issued to Mutual Fund	5000								5000
Subordinated debt							10792	17674	28466
Assets									
Advances	73931	157091	78817	100348	95605	37191		0	542983
Investments								8	8

For and on behalf of the Board

 Sd/-
M. G. GEORGE MUTHOOT
 Chairman

 Sd/-
GEORGE ALEXANDER MUTHOOT
 Managing Director

 Sd/-
RAJESH A
 Company Secretary

 Kochi
 14.07.2010

Part VI of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and Companies General Business Profile

I . Registration Details

Registration No.
 State Code
 Balance Sheet Date

II . Capital raised during the year

(Amount in Rs. Thousands)

Public Issue
 Rights issue
 Bonus Issue
 Private Placement

III . Position of Mobilisation and

Deployment of Funds

Total Liabilities

Sources of Funds

Paid- Up Capital Reserves and Surplus Deferred Tax Liability Secured Loan Unsecured Loan

(Amount in Rs. Thousands)

Total Assets

Application of Funds

Net Fixed Assets Investments Net Current Assets Miscellaneous Expenditure

Accumulated Losses

(Amount in Rs. Thousands)

IV . Performance of Company

Turnover / Other income Profit/ Loss before Tax +/- earning per share in Rs. Total Expenditure Profit/ Loss after Tax +/- Dividend rate %

V . Generic Names of Three Principal/ Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code) Product Description

For and on behalf of the Board

Sd/-
M. G. GEORGE MUTHOOT
 Chairman

Sd/-
GEORGE ALEXANDER MUTHOOT
 Managing Director

Sd/-
RAJESH A
 Company Secretary

Kochi
 14.07.2010

MEMBERS ARE REQUESTED TO QUOTE THEIR FOLIO NO. HERE: FOLIO NO...



MUTHOOT FINANCE LTD.

Regd. Office: Muthoot Chambers, Opp. Saritha theatre complex, Banerji Road, Kochi-18

PROXY FORM

I/We _____ of _____ in the district of _____ being a member(s) (folio) of the above named Company hereby appoint Mr./Ms. _____ of _____ in the district of _____ or failing him Mr/Ms _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held at Muthoot Chambers, Opposite. Saritha Theatre Complex, Banerji Road, Kochi – 682 018 on Saturday, the 25th day of September, 2010 at 11:00 A M.

Signed this _____ day of _____ 2010

Full Name: _____

Affix Re 1
revenue
stamp

Note:

The proxy to be valid should be deposited at the Regd. Office of the Company at Muthoot Chambers, opp. Saritha Theatre Complex, Banerji Road, Kochi – 682018, not less than 48 hours before the time for holding the meeting. The proxy should be executed on Re 1 revenue stamp.

For Office use only
No. of Shares
Proxy No.



MUTHOOT FINANCE LTD.

Regd. Office: Muthoot Chambers, Opp. Saritha theatre complex, Banerji Road, Kochi-18

Attendance Slip

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of the member :

Folio No. :

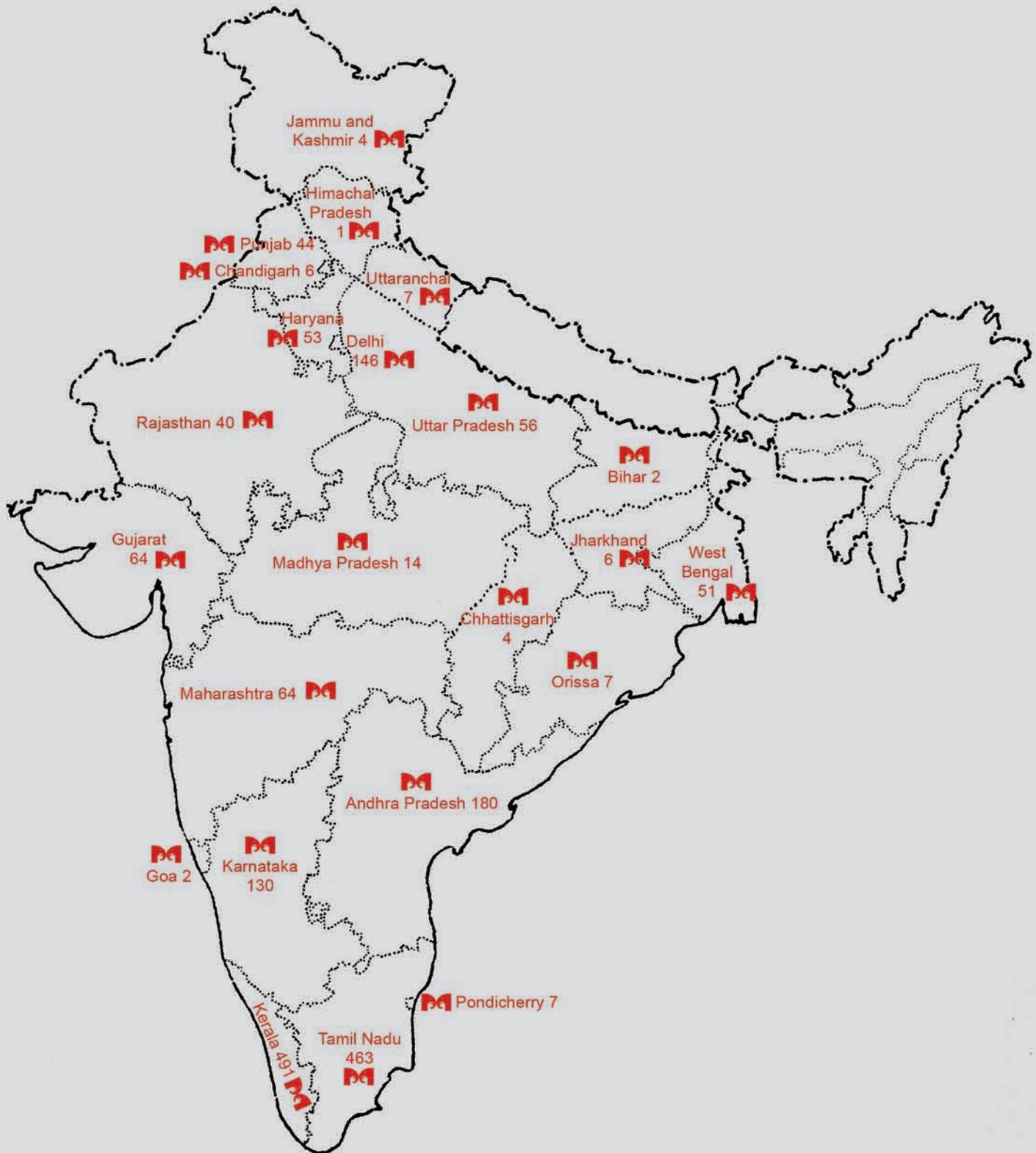
I hereby record my presence at the 13th Annual General Meeting of the Company to be held at Muthoot Chambers, Opposite. Saritha Theatre Complex, Banerji Road, Kochi-18, on Saturday, the 25th day of September, 2010 at 11:00 A M

Signature of the member or proxy:

Our Reach

Headquartered in Kerala, Muthoot Finance has a presence in 21 Indian states and two union territories with a total of 1,842 branches.

(As on 31st July, 2010)





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