



Annual Report 2015-16





₹4,875_{cr}

Revenue in 2015-16

₹810_{cr}

Profit after tax in 2015-16

₹15,954_{cr}

Market capitalisation as
on 8th August, 2016

₹6

Dividend per share (Face
value: ₹ 10) in 2015-16

₹24,379_{cr}

Retail loan assets under
management as on 31st
March, 2016

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Forward Looking Statement

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

Tribute to our inspiration



Our founder, Shri M George Muthoot, envisioned the prospects of gold loan in India long back in 1939. His deep business insight and strong vision helped transform India's gold loan business. Guided by his values, we have strengthened our reputation over the years and established ourselves as a trusted pan-India brand.

Unchanging values... ...in changing times

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

- Late Shri. M. George Muthoot

We are pursuing an overarching mandate at Muthoot.

Our credo is to help empower millions of people across India, despite changes in the business cycle, global socio-economic turbulences and an evolving domestic economic growth landscape.

Over the years, we have steadily widened the landscape of operations to reach out to more people and enhance the value proposition of our brand.

The year 2015-16 saw us working on multiple fronts to seek new sources of value, deliver a rewarding customer experience and to expand our footprint internationally.

We forayed into the microfinance business.

We fortified our home finance arm.

We enriched our portfolio of investment products.

We strengthened our Sri Lankan business.

At the same time, we ensured that the capabilities of our people stayed strong and grew stronger.

In an era of hyper localisation and globalisation, the rules of doing business are changing rapidly.

We are widening and deepening the canvas in step with changing times, while at the same time, sharpening focus on our core mandate of empowerment from the grassroots.

PUSHING OUR BOUNDARIES FARTHER EACH DAY



Trusted Brand

Muthoot Finance inspires trust and customer loyalty, and symbolises gold loan in India



Leadership Counts

We are the largest gold financing company in India in terms of loan portfolio



Extensive Presence

We have the largest branch network in India among NBFCs across 27 states and union territories with over 4275 branches. Over 70% of our branches are in under-served rural and semi-urban Indian markets



Best-in-class Service

We provide quality service to our customers, resulting in long-term relationships. We handle over 130,000 customers every day, ensuring utmost satisfaction



Gold Deposits

We possess over 142 tonnes of gold jewellery, kept as security as on 31st March, 2016



Wide Credit Base

Our credit facilities from multiple banks, superior credit rating and asset-quality have enabled mobilisation of adequate low-cost funds



Economies of Scale

Our large network of branches with higher volume per branch reduces the overall cost of functioning per branch. The operating expense to average retail loans declined from 5.43% in FY 2009 to 4.43% in FY 2016



Investor Confidence

We have 500000+ retail investor base across debenture and subordinated debt portfolio



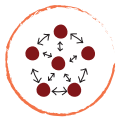
Team Muthoot

Our 22,000+ motivated team member drives the levers of Muthoot's growth trajectory



Robust Audit System

A team of over 900 audit personnel ensures the quality of pledged assets and adherence to risk management system



Core Banking Solution

Core banking solution connects all branches to a central server on a real-time basis. The result: enhanced control, scalability, and faster implementation to meet changing customer needs



Training Infrastructure

Two management academies, and 67 regional learning centres help enhance capabilities through continued training programmes

MUTHOOT AT A GLANCE

Founded in 1887, the Muthoot Group started as a small trading business enterprise in Kozhencherry, a remote village in Kerala. Over the years, the Muthoot Group* has diversified its presence across financial services, plantations & estates, education, leisure & hospitality, healthcare, housing & infrastructure, infotech, wealth management, money transfer, forex, media, power generation, precious metals, securities, vehicle & asset finance and travel services, among others. Also, the Group has expanded its reach and broadened its scope through these years.

Muthoot Finance Limited is the flagship Company of the Muthoot Group. Headquartered in South Indian state of Kerala, India, we have emerged as the largest gold financing company in India in terms of loan portfolio. The Muthoot Group has been in this business for over 77 years. Classified as a 'Systemically Important Non-deposit taking NBFC' as per the Reserve Bank of India regulations, we are listed on the country's premier stock exchanges, namely BSE and NSE. Besides, among others, we also offer home loans and insurance through our subsidiaries.

* (refers to entities promoted by Mr. M.G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot, operating under the brand name "The Muthoot Group")

Our core values

While at Muthoot Finance we believe in continuous progress and development, what has remained unchanged is our belief in the culture of trust.

The following founding principles that make the core values imbibed and reflected in our culture, operations and agendas:



Ethics

Our main aim is to put the needs of the customer first before anything else. We strive to provide our customers with the best quality of service under the Muthoot Brand Umbrella and we do the same with a smile.



Values

Accountability for all our operations & services and towards the society makes us a socially responsible and intelligent citizen. Our empire has grown leaps and bounds on the basis of these values. The times may change, but our values will remain unchanged.



Reliability

With an unblemished track record throughout the markets we serve; and across national as well as global boundaries, Muthoot Finance values its commitment to customer-service.



Dependability

We do not judge ourselves by the profit we make but by the trust and confidence that people have shown in us for the past 129 years. Over 6 million people have turned to us for help in their hour of need just because of this guiding principal of ours.



Trustworthiness

We pledge loyalty in our operations, fairness in our dealings and openness in our practices. At Muthoot Finance Ltd., we embrace policies and practices that fortify trust.



Integrity

The value is innate to a corruption-free atmosphere and an open work culture. We at Muthoot Finance Ltd. therefore cultivate transparency as a work ethic.



Goodwill

Muthoot Finance serves more than 6 million customers across the country. We serve over 130,000 customers each day across our branches. With an unmatched goodwill, the Company shoulders the responsibility of providing its customers services of the highest quality.

Our offerings



Gold loans



Foreign inward
money transfer
services



Foreign
exchange
services



Collection
services



Microfinance



Insurance
broking



White
label ATM



Wind mill power
generation



Home loans



Personal loans

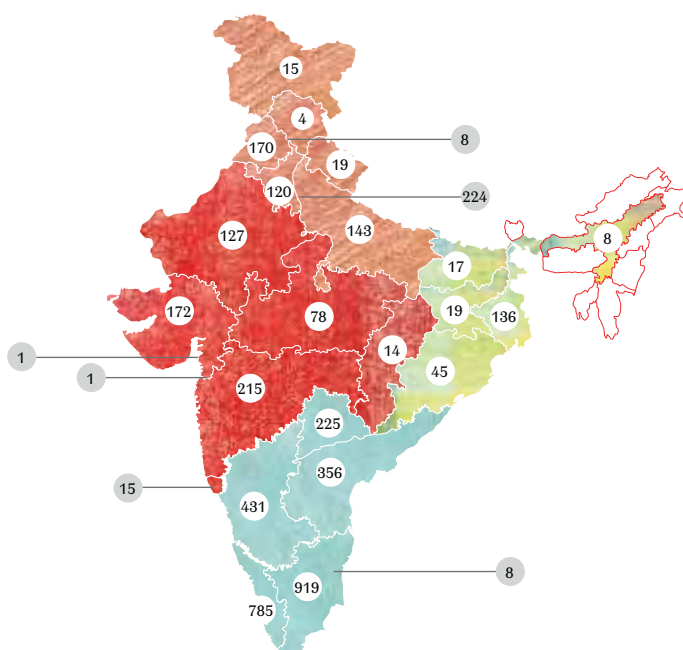


Domestic money
transfer services



Instant money
transfer services

Pan-India reach



West

Gujarat
Rajasthan
Madhya Pradesh
Chhattisgarh
Maharashtra
Goa
Daman & Diu
Dadra & Nagar Haveli

East

Odisha
Jharkhand
Bihar
West Bengal
Assam

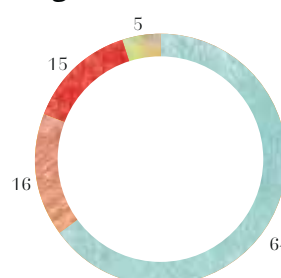
North

Punjab
Haryana
Uttar Pradesh
Himachal Pradesh
Uttarakhand
Jammu & Kashmir
Delhi
Chandigarh

South

Telangana
Karnataka
Andhra Pradesh
Kerala
Tamil Nadu
Puducherry

Region-wise branches(%)



As of 31st March, 2016

Strong credit ratings

We have the highest rating among gold loan companies in India.

Short-term rating

	Amount of rating (₹ in Crores)	Rating	Indicates
Commercial Paper			
CRISIL	4,000	CRISIL A1+	Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk
ICRA	200	ICRA A1+	Very strong degree of safety and lowest credit risk
Bank Loans			
ICRA*	9,392	ICRA A1+	Very strong degree of safety and lowest credit risk

Long-term rating

	Amount of rating (₹ in Crores)	Rating	Indicates
Subordinated Debt			
CRISIL	100	CRISIL AA (Stable)	High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	100	ICRA AA (Stable)	High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
Non-Convertible Debenture			
CRISIL	500	CRISIL AA (Stable)	High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	200	ICRA AA (Stable)	High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
Bank Loans			
ICRA*	8,336	ICRA AA (Stable)	High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk

*within the overall rating of ₹ 11,134 Crores

KEY PERFORMANCE INDICATORS



Gold loan assets

(₹ in Crores)

2015-16	24336
2014-15	23350
2013-14	21618
2012-13	26000
2011-12	24417

Gold holding

(In tonnes)

2015-16	142
2014-15	131
2013-14	118
2012-13	134
2011-12	137

Profit after tax

(₹ in Crores)

2015-16	810
2014-15	671
2013-14	780
2012-13	1004
2011-12	892

Average gold loan per branch

(₹ in Crores)

2015-16	5.69
2014-15	5.50
2013-14	5.06
2012-13	6.36
2011-12	6.63

Earnings per share

(₹)

2015-16	20.34
2014-15	16.97
2013-14	20.99
2012-13	27.02
2011-12	24.29

Revenue

(₹ in Crores)

2015-16	4875
2014-15	4325
2013-14	4947
2012-13	5387
2011-12	4549

Net worth

(₹ in Crores)

2015-16	5619
2014-15	5084
2013-14	4265
2012-13	3736
2011-12	2926

Key ratios

	2013-14	2014-15	2015-16
Capital Adequacy	24.69	24.78	24.48
Net NPA	1.57	1.88	2.46
Return on Assets	3.22	3.03	3.32
Return on Equity	19.50	14.35	15.13
Debt Equity	4.57	3.83	3.32

Diversified funding profile

(%)



PERFORMANCE OF THE DECADE

(₹ in Crores)

Particulars	Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Revenue	232	369	620	1,089	2,316	4,549	5,387	4,947	4,325	4,875
Profit Before Tax	67	97	148	346	761	1,331	1,511	1,193	1,028	1,317
Provision for Taxation	23	33	50	118	267	439	507	413	357	507
Profit After Tax	44	64	98	228	494	892	1,004	780	671	810
Equity Share Capital	5	5	49	301	320	372	372	372	398	399
Reserves & Surplus	155	218	322	284	1,014	2,554	3,364	3,893	4,686	5,220
Net worth	160	223	371	585	1,334	2,926	3,736	4,265	5,084	5,619
Gross Retail Loan Assets	1,451	2,226	3,369	7,438	15,868	24,674	26,387	21,862	23,408	24,379
No. of Branches	551	707	985	1,605	2,733	3,678	4,082	4,270	4,245	4,275
No. of Employees	3,102	3,999	5,979	9,745	16,688	25,351	24,881	25,012	22,882	22,781

CHAIRMAN'S COMMUNIQUÉ



Dear shareholders,

India's GDP grew by 7.6 per cent in 2015-16 as against 7.2 per cent a year ago. Thus India has managed to retain its tag as the world's fastest growing major economy outpacing even China. This is a commendable achievement by our Prime Minister, Mr. Narendra Modi, who has completed two years in office. Economic growth is expected to further rise in 2016-17 benefiting from the pick-up in consumption post the implementation of pay and pension revision and an upturn in rural demand consequent to turnaround in the performance of agriculture sector following an above-normal monsoon.

India has certainly the potential to become a double-digit growth economy. In order to fulfill its ambition, it requires a strong financial sector. India's financial sector has come a long way since liberalisation started in 1990 and has been a key contributor to the growth. Access to financial services has improved in a big way but remains below than that of scenario in similar economies. The Government and the Reserve Bank of India have initiated several policies for expanding the availability of financial services

to common masses. However, a large part of financial assets is concentrated among few institutions which is limiting the inhibiting competition and passing on the benefits of competition.

Non-Banking Finance Companies (NBFCs) like Muthoot Finance play an important role in filling this vacuum. NBFCs have been able to expand nationally contributing to credit growth and providing the last mile connectivity, thereby fostering financial inclusion.

Widening our canvas

We believe that gold loan provides further opportunities for growth and it should continue to be mainstay revenue generator for the Company. However, we are keen to expand our offerings to meet needs of varied clientele of ours, existing or potential as well as be present in other segments of financial services business.

During 2015-16, we invested ₹ 44.91 Crores in Muthoot Homefin (India)

Ltd., acquiring 79% of its share capital, making it a subsidiary. It focuses on extending affordable housing finance and targets customers in Economically Weaker Sections (EWS) and Lower Income Groups (LIG) in Tier II and Tier III locations. It operates on a 'hub-and-spoke' model with centralised processing at the Corporate Office in Mumbai. The Company is currently operating from Kochi, Mumbai, Pune, Nagpur, Ahmedabad, Indore and Jaipur. It has a loan portfolio of ₹ 30 Crores as on 31st March, 2016.

We acquired stake in Belstar Investment and Finance Private Limited (BIFPL) to make inroads in the microfinance business. BIFPL has 76 branches spread over five states of Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra and Puducherry with a micro finance loan portfolio of ₹ 264 Crores as on 31st March, 2016. Going forward, we will enhance our holding to 57%, thereby making it a subsidiary.

We acquired Muthoot Insurance Brokers Pvt Limited (MIBPL), an IRDA registered insurance direct broker, making it our wholly-owned subsidiary. This has further enabled us to diversify our bouquet of investment products for our customers. We will continue to leverage our large customer base to grow this business consistently.

During 2015-16, we enhanced our shareholding in Asia Asset Finance PLC, our Sri Lankan subsidiary from 51% to 59.70%. This was the completion of first full financial year after becoming a subsidiary of Muthoot Finance. The synergies have already started to show results - interest income increased by 49% to LKR 1.2 Billion and profitability by 73%, reaching LKR 175 Million. The asset base grew by 52%, reaching ₹ 8.1 Billion. The introduction of gold loans and the expansion of micro finance portfolio have been the key contributors of growth during 2015-16.

We believe that these businesses will accrue benefits to all stakeholders in the medium to long-term time horizon.

Our performance

Our revenue grew by 13%, from ₹ 4,325 Crores in 2014-15 to ₹ 4,875 Crores in 2015-16. Our net profit increased by 21%, from ₹ 671 Crores in 2014-15 to ₹ 810 Crores in 2015-16 on account of aggressive collection efforts on overdue accounts, avoidance of settlement schemes and higher realisation on auction of overdue loan accounts due to increased gold prices. Simultaneously, our gold loan under management increased from ₹ 23,350 Crores in 2014-15 to ₹ 24,336 Crores in 2015-16, an increase of 4%. Our basic earnings per share increased to ₹ 20.34 in 2015-16 as against ₹ 16.97 in 2014-15 and our book value per share increased to ₹ 140.72. Our networth stood at ₹ 5,619 Crores as on 31st March, 2016. Our market capitalisation crossed ₹15,000 Crores mark for the first time in August 2016.

Moreover, to meet unforeseen contingencies and as a matter of higher level of investor comfort, we have increased the standard asset provision again from 0.52% to 1%; thus keeping a provision in excess of regulatory requirement of 0.30%.

Our Credit Rating

It is a matter of pride for all of us that both CRISIL and ICRA, India's leading credit rating agencies upgraded our long-term rating from 'AA-/Stable' to 'AA/Stable'. The rating upgrade is a reflection of consistent performance inspite of going through turbulent times in the last four years as well as improvement in financial performance last year. This upgrade is a recognition of the efforts of 'Team Muthoot'. We believe that, under AA category, we enter a different league of credit-rated companies. We hope, this upgrade will enable us to get finer rates from financial institutions and banks, enabling us to reduce our cost of borrowings.

Our people

Enthusiasm and teamwork are the principal growth catalysts at Muthoot. Our HR policies balance both business needs, as well as the requirements and concerns of our people. During the year, we put more focus on training our people in line with industry requirements. Muthoot Management Academy train and develop our supervisory staff, besides improving leadership capabilities of our employees. Our practices and processes enable people to deliver encouraging outcomes and be recognised for their efforts.

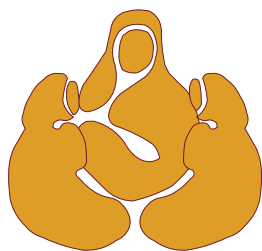
Social empowerment

At Muthoot, community development is integral to our sustainability strategy. We define CSR as conducting business in a way that provides social, environmental and economic benefits to our native communities. We recognise that inclusive growth can be achieved through responsible community participation, thereby contributing to social prosperity. Keeping these guiding principles in mind, we have delivered our CSR activities through Muthoot M George Foundation, a 'helping hand in need'.

In closing, let me iterate that we will continue to innovate and expand the extent of our operations nationally and internationally to empower people across the social spectrum. In this endeavour, I seek the support and guidance of our customers, banks, employees, regulators, business partners, shareholders and the wide fraternity of stakeholders.

Warm regards,
M. G. George Muthoot
Chairman

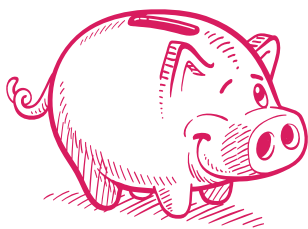
The canvas of operations is widening at Muthoot for consistent value creation. It has several facets, comprising several organic and inorganic growth initiatives.



Micro Finance



Home Finance



Investment Solutions



Sri Lanka Wing



Foraying into microfinance

We acquired a stake in Belstar Investment and Finance Private Limited (BIFPL), a microfinance company. BIFPL's operations span four states (Tamil Nadu, Karnataka, Madhya Pradesh, and Maharashtra) and one union territory (Puducherry). As on 30th June, 2016, the Company had 94 branches, with 16 controlling regional offices across 14 districts, driven by a team of 705 members.

This transaction will facilitate the combined entity to expand its product portfolio, drive capacity building and also leverage best practices and cost synergies. This would further enable BIFPL to position itself as a socially responsible MFI, providing timely credit at an affordable rate.

Our overarching objective is to drive progressively our microfinance footprint across India. The loan portfolio as on March 2016, stood at ₹ 264 Crores. It plans to scale up its business through:

1. Targeting new clientele through existing SHG (self-help groups) branches in BIFPL network;

2. Implement Joint Liability Group (JLG) model to a scalable business, driving better returns on investment;
3. Increase presence across India, especially in those geographies that have a high-growth potential;
4. Explore various areas of synergy, while growing the portfolio through existing Muthoot branches, adhering to legal and regulatory framework;
5. Leverage technology to support growth and ultimately, enhance customer ease of availing the service;

The combined entity will continue delivering on its social mission to empower the economically-disadvantaged sections of society; and micro entrepreneurs at the bottom of the pyramid.



Growing our investment products bouquet

We acquired Muthoot Insurance Brokers Pvt Limited (MIBPL), making it a wholly-owned subsidiary of Muthoot Finance. Thus, we are further diversifying our bouquet of investment products for our existing and potential customers.

MIBPL is an unlisted private limited company, holding a license to act as direct broker from IRDA since 2013. It is actively distributing both life and non-life insurance products of various insurance companies. During FY 2015-16, it insured more than 4,59,000 lives with a premium collection of ₹ 49 Crores under traditional, term and health products.



Fortifying our home finance business

Our home finance arm, Muthoot Homefin (India) Limited (MHIL) is a professionally-managed company with a clear focus on the affordable housing segment. It is focusing on providing home loans to the low and middle-income families in extended suburbs of tier-1, tier-2 and tier 3 cities and towns.

The Company is tapping into the significant demand in affordable housing, geographic penetration and the high latent demand in Economically Weaker Sections (EWS) and Lower Income Groups (LIG) as well as the Government's thrust on affordable housing. It had a loan portfolio of ₹ 30 Crores as on 31st March, 2016.

The Company has a strong focus on customer segments and areas that are under-served by banks and other large Housing Finance Companies (HFCs). The strategy is to create a niche segment to ensure strong

growth prospects; and with a view to improve financial inclusion.

The Company has built advanced strategies to:

- focus on salaried employees in the informal sector
- focus on self-employed segment
- focus on extended suburbs of tier I and tier II locations

Operational framework

- Focus is on affordable housing
- Concentrate primarily on retail housing loans in the initial stages
- Operate on a 'Hub and Spoke' model, with centralised processing at corporate office, Mumbai. The current locations for operations comprise: Kochi, Mumbai, Pune, Nagpur, Ahmedabad, Indore and Jaipur.

Products

- Balance transfer + top-up
- Balance transfer
- Improvement/extension
- Plot loans within municipal limits
- Composite (land + construction)
- Resale
- Purchase from developers/authority

Business Model

Sourcing	<ul style="list-style-type: none">● To leverage the existing Muthoot Finance customer base● Appoint relationship managers for sourcing open market customers and building relationship with developers
Appraisal	<ul style="list-style-type: none">● In-house credit and legal appraisal team, appraising each application● Centralised underwriting● Loan approvals by a credit committee
Technical Evaluation	<ul style="list-style-type: none">● Empanelment of valuers/surveyors for technical evaluation of projects● In-house team of civil engineers for technical appraisal at retail and project level● Upfront approvals of builder projects – enabling improved productivity and efficiency with reduced cost
Operations	<ul style="list-style-type: none">● Centralised operations for greater efficiency and risk management
Collection	<ul style="list-style-type: none">● Significant majority of collections through Automated Clearing House (ACH), Electronic Clearing Service (ECS) and Post-Dated Cheque (PDC)
Technology	<ul style="list-style-type: none">● Robust technology platform for processing of home loans

Going forward

We plan to enhance our scale and scope of operations by:

- Extending across suburbs of metro and mini metro towns
- Penetrating into underserved tier II and tier III locations
- Foraying into potential semi-urban and rural housing locations
- Processing hub at state level



Strengthening our Sri Lankan business

We entered into potential high-growth Sri Lankan market with the acquisition of Asia Asset Finance PLC, (AAF). During 2015-16, we increased our stake to 59.70% from 51%. AAF is a Registered Financial Company, Sri Lanka based, fully licensed, deposit-taking institution, registered with the Central Bank of Sri Lanka and listed on the Colombo Stock Exchange. AAF has operations across Sri Lanka with 15 branches. We are growing our scale of operations across Sri Lanka with enhanced focus on the gold loan and microfinance business.



We helped AAF to introduce new innovative products to the Sri Lankan market. The technical expertise and experience of Muthoot Finance has further helped AAF to strengthen its operational activities and internal controls.

During 2015-16, AAF improved its profitability by 73%, reaching a total profit of LKR 175 million with the interest income increasing by 49% at LKR 1.2 Billion.

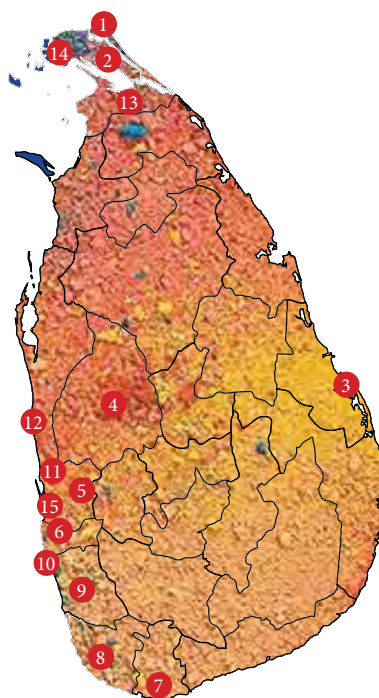
The overall asset base grew by 52% reaching ₹ 8.1 billion. One of the key sources of funding for AAF is the deposit mobilisation ability, which increased by 31% during 2015-16. The number of customers increased almost by 100% during the year with the introduction of gold loans and SME loans.

Sri Lankan reach

AAF has operations in various parts of Sri Lanka, providing best services and easy access to clients.

Key offerings

- Fixed Deposits
- Leasing
- Business Loan
- Personal Loan
- Group Personal Loan
- Corporate Loans
- Mortgage Loans
- Factoring
- Short Term Loans
- Micro Finance
- Gold Loan



- 01. Point Pedro
- 02. Chavakachcheri
- 03. Batticaloa
- 04. Kurunegala
- 05. Gampaha
- 06. Colombo
- 07. Matara
- 08. Galle

- 09. Kaluthara
- 10. Moratuwa
- 11. Negombo
- 12. Wennappuwa
- 13. Kilinochchi
- 14. Jaffna
- 15. City Office

OUR BRAND TOUCHES MORE PEOPLE

Our objective is to touch the lives of more people, turn aspirations into achievements and empower disadvantaged sections of society. We strengthen our marketing efforts to create more touchpoints; and build an all-pervasive brand that helps accelerate financial inclusion.



Print Ads

To support various marketing campaigns, we released advertisements in leading national and regional newspapers across the country.

Radio Ads

To reach more people, we focused on advertisements in major national radio stations of the country.

Theatre and TV Ads

TV commercials in major TV channels in Hindi-speaking markets and regional markets were also being emphasised upon. We also focused on theatre advertisements across India.

Digital Ads

To support raising debentures through public issues, we resorted to digital campaigns. We used Google

Search, Google Display Network and Moneycontrol.com as promotional media.

Outdoor campaigns

We leveraged various outdoor touchpoints to reach our potential customers and strengthen our brand. We used bus shelters, hoardings, pole kiosks, gantries, bus back panels, road centre medians, ground level signage, bus stand branding, railway station brandings, mall branding and police umbrellas as part of this campaign.

Rural marketing

- **Van Marketing:** It is the most effective medium with wide reach, especially for tier II and tier III cities. We did van campaigns in various urban and rural areas across India.

- **Branch Level Marketing:** We did many local activities to increase branch and product awareness through activities like auto back stickers, sun pack boards, no parking boards, cable TV scrolling, glass branding, wall painting, and railway station boards, among others.

Customer testimonials



“I am a fishing boat owner. Muthoot Finance is like my family; and I rely on the brand for my financial requirements. The rate of interest is very transparent; I get the highest rate per gram, and my gold is safe with Muthoot Finance. Add to that, the friendly approach with which they welcome me to the branch. I will definitely recommend Muthoot Finance to all my fishermen friends.”

Mr. Demistone P, Boat owner



“I am a proud customer of Muthoot Finance, because I always feel at home when I visit the branch. Most housewives like me need short-term funds; and I never had any tension to meet my financial commitments because of Muthoot Finance. I get the best value for my gold, my gold is safe with Muthoot and I only pay a reasonable rate of interest. You can always trust Muthoot Finance!”

Mrs. S. Dhanalakshmi, Housewife



“I am a local trader who needs short-term money. I never had any tension, because I always knew Muthoot Finance is there to fund my needs. I get excellent service from the branch; and I am always welcomed at the branch. Muthoot has many schemes for small traders like me. I always trust Muthoot Finance, when it comes to my money!”

Mr. R. Gopal, Trader



“I am a farmer and I normally need funds during the pre-harvest season. I have been dealing with Muthoot Finance for many years. The rate of interest is very transparent; the service is very good as well. I get the best value for my gold. I wholeheartedly thank God, the almighty; and Muthoot Finance for supporting me.”

Mr. R. Ramesh, Farmer

IN STEP WITH DIGITAL INDIA

At Muthoot, we believe steady up-gradation of digital tools and technologies is crucial to enhance business value against the backdrop of India's digital revolution. Digitization, driven by smart technologies, helps us reach a wider customer base, deliver better customer experience and improve productivity. During the year, we focused on sharpening the IT ecosystem to enhance the convenience of customers in more ways than one.



WebPay

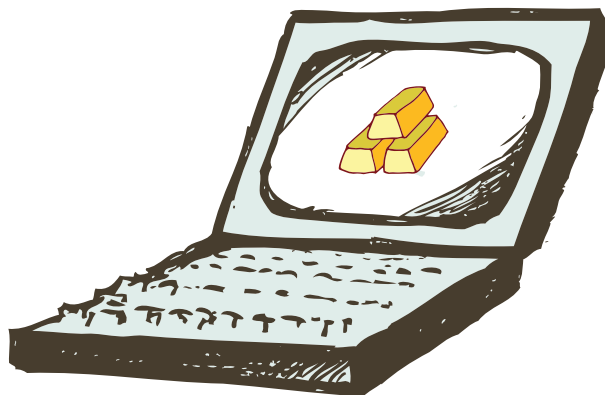
In the digital era, people find online medium more convenient to make transactions and payments. In line with the growing social trend, we offered such a facility, 'Muthoot WebPay', for our gold loan customers. Our customers can use this digital channel to do part payment of their loan principal and interest online. The 24x7 system is highly secure with one-time password (OTP), mobile alerts and online receipts.

Missed Call Service

In August 2015, we launched the 'Missed Call Service' for our customers. As soon as any customer gives a missed call on 08040751515, that person receives a text message showing the gold loan outstanding and interest due as on date. This facilitates customers to pay the exact amount through online mode without visiting the branch for knowing the dues.

Online Gold Loan (OGL)

OGL is yet another online product that meets urgent loan requirement of customers at any place and any time. The loan amount directly gets credited to bank accounts of customers and has the facility to repay online. The loan is disbursed on the basis of the value of gold already pledged at the branch.





Unique Customer ID

Customers are required to submit their ID or address proof each time they transact with a different branch. Unique customer ID eliminates this problem, while preventing the creation of multiple IDs for the same customer.

eKYC

As a KYC User Agency, we are approved by UIDAI to accept Aadhaar numbers of customers and complete KYC verification through customer fingerprints. It not only provides convenience to customers, but also makes the entire process more authentic.



E-mail & SMS Alerts

Real-time cyber receipts are generated and sent to customers through text messages and emails, instead of print receipts. Transaction details and repayment reminders through these platforms ensure customer comfort and security.

Auto Debit for EMI Products

We have launched NPCI's Automated Debit System for our customers of 'Gold Loan Instalment Scheme' to provide flexibility and convenience to customers.



Comprehensive Asset Recovery Module

We have developed a comprehensive asset recovery module, integrated with the core banking system. This enables timely follow-up by our branch and field staff; and ensures on-time repayment of loans, leading to a substantial reduction in NPA.

SPIRIT OF MUTHOOT STAYS STRONG

When our business is getting diversified rapidly in terms of financial solutions that we provide and also the geographies we cater to, it is easy to lose focus on the core capabilities of people. Therefore, we have put in place multiple engagement and upskilling programmes to ensure that the spirit of Muthoot stays strong and grows stronger.



Recruitment

We assess the requirements of particular verticals, our specific objective for the particular financial year and the business volumes that we are looking at. Accordingly, we decide the number of people needed to be recruited in any vertical. We have also introduced the 'employee referral key' to attract suitable candidates in particular branches. Besides, we are using various social media platforms apart from campus recruitments. During the year, we recruited students from some of the most reputed business schools of India.

Employee engagement

We use various mechanisms to enhance the engagement level of employees. We try to enhance engagement with our people through organising various events such as sports tournaments, outings and other fun activities. Our programmes comprise rewards and recognitions (both monetary and non-monetary), job rotation and job-upgradation or upskilling, among others.

Training programmes

Nurturing our people is one of our primary responsibilities. We have a training calendar in place, prepared on the basis of specific requirements of people. Muthoot Management Academy (MMA) is the division of HR department, responsible for the training and development of supervisory staff of Muthoot Finance. MMA is a fully-equipped, professional training facility that designs and delivers best-in-class training programmes focused on enhancing employee productivity as well as improving management and

leadership skills. MMA is run by a dynamic team of qualified and talented trainers. MMA also has a media wing that produces engaging content for internal consumption and digital marketing.

Few certificate programmes conducted by this Academy include managerial effectiveness programme, branch manager programme, cluster manager programme, performance improvement programme, corporate induction programme and performance management programme, among many others.

Leadership development

We have developed relevant modules to sharpen leadership capabilities of our employees. With proper grooming, employees get promoted to the level of managers within two years. Our Leader Learning Centre helps employees to take the next leap with more confidence.

Performance scorecard

During the year, we introduced the Performance Scorecard Mechanism to analyse the performance of employees. Besides, quarterly assessment system and performance monitoring mechanism are helping us assess loopholes and take corrective measures. Employee scores play a crucial role in promotions, increments and salary revisions. On the basis of performance scores, we are also preparing performance improvement programmes.

Strategic focus

The entire HR architecture has become digitised; and we aim to focus on strengthening our technical base in the next financial year. Going forward, the Company will enhance its HR initiatives as our business is becoming more diversified and expanding its reach to new geographies.

3,346

Training conducted during 2015-16

2,250+

New team members inducted during 2015-16

ENSURING SOCIAL WELLBEING

At Muthoot, our concern for society is a part of our all-embracing sustainability strategy. Our initiatives help solve some of the persistent challenges in the areas of education, poverty alleviation, disaster management, environmental protection and empowerment of women.



Snehasraya Project

Muthoot Snehasraya is a mobile laboratory intended for the prevention and early detection of kidney-related diseases, diabetes and hypertension ailments. This mobile laboratory facilitates blood and urine tests and creates awareness among people about kidney diseases. At present, it operates across Tamil Nadu and Kerala; and exclusive health camps are held in these states.



Muthoot Snehasammanam Project

During the year, we announced the Muthoot Snehasammanam Project to honour artists, writers and their widows. A total of 26 beneficiaries were awarded on 19th February, 2016 at Kottayam. Mr. Thiruvanchur Radhakrishnan, Hon'ble Minister for Forest, Transport, Sports, Environment, and Cinema, Kerala, distributed the awards.



Muthoot M. George Excellence Award

It was an initiative to felicitate the top students of government schools in Kerala, Andhra Pradesh, Telangana and Karnataka. Students were given cash award and a certificate signed by school authorities and the Chairman of Muthoot M. George Foundation. The programme aims at forming an equitable and sustainable society by uplifting the younger generation.

Chennai Flood Relief

In December 2015, Chennai experienced the worst rainfall leading to devastating floods. We organised relief activities in Kovilambakkam, Pallikaranai, Urapakkam, Guduvancherry and Aathanoor, among many other areas.



Muthoot Harithatheeram Project

It is an effort to promote pesticides-free organic vegetables. On the inauguration day, we distributed 3,000 vegetable-grow bags to 300 families of Chellanam, Kerala.



Muthoot Shape a Smile Project

We initiated this project to bring back smiles to children suffering from cleft lip and palate deformity. We sponsored all treatment costs for children and funded their surgeries, which were conducted at Kumaran Hospital, Chennai.



YMCA Change Agent Programme

We launched this programme with our focus on grooming young children to develop their personalities and make them more confident. The programme covered schools of Ernakulam district, Kerala.



Human Elephant Conflict Mitigation (HEC)

With shrinking habitats for elephants, they are entering into the areas of human settlement, resulting in damage to human life and property as well as injury and death of elephants. We have tied up with the WWF India to mitigate this problem in six priority regions, including Assam, Arunachal Pradesh, West Bengal, Tamil Nadu, Kerala and Uttarakhand. Solar fences are put up in areas of conflict. Orientation camps and awareness meetings for anti-depredation squads are conducted. Search lights and early warning motion sensor alarms are also provided to forest wardens.



Other initiatives

- We distributed garbage bins to resident welfare associations in Delhi
- Gave exam pads and drawing kits to underprivileged students of Thane, Maharashtra
- Distributed wheat and rice to underprivileged people in Delhi
- Provided lunch to abandoned women in Delhi
- Participated in the 'Walkathon' organised by the Win Society, Chellanam, Ernakulam (Kerala)
- Arranged Onasadhya for inmates of Karunya Visranthi Bhavan, Trivandrum
- Distributed white cane sticks among visually-challenged people at Trivandrum
- Organised blood donation camps at Ernakulam and Delhi
- Donated an amount to Smile Foundation towards the welfare of underprivileged children
- Distributed school uniforms at Theni
- Built toilet complex at St. Thomas Higher Secondary School, Karthikappally
- Distributed water purifiers at government schools in Trichy

DRIVING INCLUSIVE GROWTH FOR DECADES

1887	The Group came into being as a trading business at a village in Kerala
1939	Commenced gold loan business
2001	Received the RBI license to function as an NBFC
2004	Received highest rating of F1 from Fitch Ratings for a short-term debt of ₹ 200 Million
2005	Retail loan and debenture portfolio crossed ₹ 5 Billion
2007	<ul style="list-style-type: none"> ● Retail loan portfolio crossed ₹ 14 Billion ● Net owned funds crossed ₹ 1 Billion ● Categorised as NBFC-ND-SI as per RBI norms ● Branch network crossed 500
2008	<ul style="list-style-type: none"> ● Retail loan portfolio crossed ₹ 21 Billion ● Retail debenture portfolio crossed ₹ 12 Billion ● Fitch affirmed the F1 short-term debt rating with an enhanced amount of ₹ 800 Million ● Converted into a Public Limited Company
2009	<ul style="list-style-type: none"> ● Retail loan portfolio crossed ₹ 33 Billion ● Retail debenture portfolio crossed ₹ 19 Billion ● Net owned funds crossed ₹ 3 Billion ● Gross annual income crossed ₹ 6 Billion ● Bank credit limits crossed ₹ 10 Billion ● Branch network crossed 900 branches
2010	<ul style="list-style-type: none"> ● Retail loan portfolio crossed ₹ 74 Billion ● Retail debenture portfolio crossed ₹ 27 Billion ● CRISIL assigned 'P1+' rating for short-term debt of ₹ 4 Billion, ICRA assigned A1+ for short-term debt of ₹ 2 Billion ● Net owned funds crossed ₹ 5 Billion ● Gross annual income crossed ₹ 10 Billion ● Bank credit limits crossed ₹ 17 Billion ● Branch network crossed 1,600 branches
2011	<ul style="list-style-type: none"> ● Retail loan portfolio crossed ₹ 158 Billion ● Retail debenture portfolio crossed ₹ 39 Billion ● CRISIL assigned long-term rating of AA- Stable for ₹ 1 Billion subordinated debt issue and for ₹ 4 Billion Non-Convertible Debenture issue, respectively ● ICRA assigned long-term rating of AA- Stable for ₹ 1 Billion subordinated debt issue and for ₹ 2 Billion Non-Convertible Debenture issue, respectively ● PE investments of ₹ 2,556.85 Million in the Company by Matrix partners, LLC; The Wellcome Trust; KotakPE; Kotak Investments and Baring India PE ● Net owned funds crossed ₹ 13 Billion ● Gross annual income crossed ₹ 23 Billion ● Bank credit limit crossed ₹ 60 Billion ● Branch network crossed 2,700 branches

2012

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

2013

- Retail loan portfolio crossed ₹ 260.00 Billion
- Retail debenture portfolio crossed ₹ 97.00 Billion
- Net owned funds crossed ₹ 37.00 Billion
- Gross annual income crossed ₹ 53.00 Billion
- Profit After Tax for the year crossed ₹ 10.00 Billion
- Bank credit limit crossed ₹ 99.00 Billion
- Branch network crossed 4,000 branches
- ICRA assigned long-term rating of AA- Stable and short-term rating of A1+ for the ₹ 10,428.00 Million line of credit
- Raised ₹2.60 Billion and ₹ 2.70 Billion through public issues of Series III and Series IV Secured Non-Convertible Debentures, respectively
- ICRA & CRISIL revised the outlook on long-term rating from AA-/stable to AA-/Negative

2014

- Retail loan portfolio crossed ₹ 219.00 Billion
- Listed debenture portfolio raised through public issue ₹ 11.00 Billion
- Net owned funds crossed ₹ 42.00 Billion
- Gross annual income touched ₹ 49.00 Billion
- Profit after tax for the year crossed ₹ 8.00 Billion
- Branch network crossed 4,200 branches
- ICRA revised their outlook on long-term ratings from '[ICRA]AA-/Negative' to '[ICRA]AA-/Stable' on 14th January, 2014
- CRISIL revised their outlook on long-term ratings from 'CRISIL AA-/Negative' to 'CRISIL AA-/Stable' on 5th February, 2014

2015

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

2016

- Retail loan portfolio crossed ₹ 243.00 Billion
- Listed debenture portfolio raised through public issue ₹ 12.39 Billion
- Net owned funds crossed ₹ 55.00 Billion
- Gross annual income touched ₹ 48.75 Billion
- Profit after tax for the year touched ₹ 8.10 Billion
- Acquired 79% of the equity capital of Muthoot Homefin (India) Limited (MHIL). MHIL is a Housing Finance Company Registered with The National Housing Bank
- Acquired Muthoot Insurance Brokers Private Limited (MIBPL) as a wholly-owned subsidiary in June 2016. MIBPL is an unlisted private limited company holding a licence to act as direct broker from IRDA since 2013
- Acquired 46.83% of the capital of Belstar Investment and Finance Private Limited (BIFPL) in July 2016. BIFPL was reclassified as an 'NBFC-MFI' by RBI with effect from 11th December, 2013
- CRISIL and ICRA upgraded long-term debt rating from AA-/Stable to AA/Stable.

BOARD OF DIRECTORS



M. G. GEORGE MUTHOOT

Education

Graduate in engineering from Manipal University

Experience

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

Memberships

- National Executive Committee Member of the Federation of Indian Chamber of Commerce and Industry (FICCI)
- Current Chairman of FICCI Kerala State Council
- Member of the Managing Committee of the Malankara Orthodox Syrian Church for over three decades, and currently, its Lay Trustee

Awards

- Received several awards from Rotary International and Y's Men's International for community development and social service

- Conferred with the Mahatma Gandhi National Award for social service in 2001 by the Mahatma Gandhi National Foundation
- Received the HH Baselios Mathew I Award by Catholicate of the Syrian Orthodox Church Mathews the First Foundation for 2008 that recognised his services to the Church
- Bestowed with the Asian Businessman of the Year 2011 award from the UK Kerala Business Forum
- Conferred with the Business Leadership Award for the year 2012 at the Golden Peacock Awards, Bengaluru
- Bestowed with the 'Business Leader Award 2014', instituted by Cochin Herald
- Conferred with 'Emerging Business Leader of the Year' title at the fifth edition of AIMA Managing India Awards 2014
- Honoured with the Distinguished and Outstanding Alumnus of 2015 Award by the Manipal University



GEORGE THOMAS MUTHOOT

Profession

Businessman by profession

Experience

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

Awards

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



GEORGE JACOB MUTHOOT

Education

Degree in civil engineering from Manipal University

Experience

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

Memberships

- Trivandrum Management Association
- The Confederation of Real Estate Developers Association of India (CREDAI) (Trivandrum)
- The Trivandrum Agenda Task Force Rotary Club, Trivandrum (South)

- Governing body member of the Charitable and Educational Society of Trivandrum Orthodox Diocese, Ulloor, Trivandrum
- Finance Committee Member of Mar Dioscorus College of Pharmacy, Althara, Trivandrum
- Member of Mar Gregorious Orthodox Christian Mercy Fellowship, Trivandrum

Awards

Business Excellence Award 2012 from Trivandrum Chamber of Commerce



GEORGE ALEXANDER MUTHOOT

Education

Qualified Chartered Accountant; ranked first in Kerala and 20th in India in 1978

A gold medalist from Kerala University in Bachelor's degree in Commerce

Experience

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

Memberships

- Served as the Chairman of the Kerala Non-banking Finance Companies Welfare Association from 2004 to 2007
- Acted as a member secretary of the Finance Companies Association, Chennai
- Has been a founder-member of the Indus Entrepreneurs International, Kochi Chapter; currently, a member of the Core Committee of the Indus Entrepreneurs International, Kochi Chapter

- Currently, the President of Association of Gold Loan Companies in India
- An active member of Confederation of Indian Industry

Awards

- He was awarded the 'CA Business Leader Award' under Financial Services Sector from the Institute of Chartered Accountants of India for 2013
- The Times of India Group Business Excellence Award in customised Financial Services in March, 2009
- Dhanam Businessman of the Year Award in 2012
- Business Excellence Award for business promotion by ICICI Prudential Life Insurance Company Limited in 2010



K. JOHN MATHEW

Education

Graduate in law from the Government Law College, Ernakulam

Experience

- Retired judge of the High Court of Kerala
- Served as the Chairman of the Cochin Stock Exchange

- Was a SEBI Nominee Director of the Cochin Stock Exchange from 2002 to 2007

Memberships

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



K. GEORGE JOHN

Education

Post graduate in Mathematical Statistics

Experience

- Retired as Chairman and Managing Director of TBWA India, a part of Omnicorn Group
- He previously managed Ulka Advertising (now FCB-Ulka)
- Founded Anthem Communications

Pvt Ltd, which later on went on to merge with TBWA Worldwide under a joint venture

- Held the position of Chairman & Managing Director of TBWA India



JOHN K PAUL

Education

Graduate in engineering from the Regional Engineering College, Kozhikode

Directorships and Memberships

- Managing Director of Popular Vehicles & Services Pvt. Limited, a leading and well reputed dealer of vehicles and automobile accessories in Kerala and Chennai
- Managing trustee of Kuttukaran Foundation that runs the Kuttukaran Institute for HRD, a leading institution offering professional courses

- Served as the President of the Kerala Chamber of Commerce and Industry from 2005 to 2006
- Charter Member of TiE, Kerala and Member of Board of Trustees – TiEGlobal
- President of Kerala Automobile Dealers Association



GEORGE JOSEPH

Education

- Certified Associate of Indian Institute of Banking and Finance
- Ranked first in the commerce stream in graduation from Kerala University

Experience

- Over 39 years of experience in the banking sector
- Former Chairman and Managing Director of Syndicate Bank

- Joined Syndicate Bank as an Executive Director on 1st April, 2006, and was elevated to the post of Chairman and Managing Director on 2nd August, 2008; subsequently, retired from office on 30th April, 2009
- Employed with Canara Bank for almost four decades before joining the Syndicate Bank



ALEXANDER M. GEORGE

Education

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

Experience

Currently, heads the Marketing, Operations of the Company in Northern, Eastern and Western India. Under his dynamic leadership and keen

vision, the Company has enhanced its brand visibility through innovative marketing strategies, expanded its branch network, and implemented various IT initiatives that have benefited both customers and employees.

Memberships

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



PAMELA ANNA MATHEW

Education

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

Experience

- A leading industrialist in Kerala, and a well-known business leader with a remarkable career spanning over 40 years
- Currently, serving as the Managing Director of O/E/N India Limited

- Was on the Board of Apprenticeship Training by the Ministry of Human Resource Development
- Held positions as Chairperson of CII Kerala, President of Cochin Chamber of Commerce & Kerala Management Association.
- Member of Academic Council of Cochin University of Science & Technology
- Trustee of Global Public School, Cochin

Memberships

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

Awards

- Awarded the CII award for best chairperson at national level for outstanding contributions
- Management Leadership Awardee of Kerala Management Association

REPORT OF THE BOARD OF DIRECTORS

Dear Stakeholders,

Directors of your Company have pleasure in presenting the **19th Annual Report** of the Company together with the audited financial statements (standalone and consolidated) for the year ended 31st March, 2016.

1. FINANCIAL SUMMARY

The financial performance of your Company for the year ended 31st March, 2016 are summarized below:

Particulars	(₹ in Crores)			
	Standalone		Consolidated	
	Year ended 31st March, 2016	Year ended 31st March, 2015	Year ended 31st March, 2016	Year ended 31st March, 2015
Total Revenue	4,875	4,325	4,941	4,336
Total Expenses	3,558	3,297	3,614	3,308
Profit Before Tax	1,317	1,028	1,327	1,028
Tax Expense	507	357	509	357
Profit for the Year	810	671	818	671
Shareholders' Funds	5,619	5,084	5,622	5,084
Total Liabilities	21,429	21,685	21,772	21,912
Total Assets	27,049	26,769	27,395	26,996

2. DIVIDEND

The Company has during the year paid first interim dividend of ₹ 4/- per equity share (40% of face value) and second interim dividend of ₹ 2/- per equity share (20% of face value). The total interim dividend declared and paid during the year 2015-16 is ₹ 6/- per equity share (60% of face value).

The dividend payout amount including the dividend distribution tax will be ₹ 288 Crores representing 35.56% of profit after tax for the year.

Directors of your Company decided to plough back the remaining profit after tax for business activities and hence have not recommended any final dividend.

The list of unpaid dividend is available on the Company's website www.muthootfinance.com. Shareholders are requested to check the said list and if any dividend due to them is remaining unpaid in the said list and can approach the Company or Registrar and Transfer Agent of the Company for release of unpaid dividend.

3. TRANSFER TO RESERVES

Your Board has transferred an amount of ₹ 162 Crores to the Statutory Reserve maintained under Section 451C of the RBI Act, 1934. An amount of ₹ 351 Crores has been transferred to Debenture Redemption Reserve. Post transfer of profits to reserves and distribution of dividend, your Board decided to retain ₹ 882 Crores in the Profit and Loss Account.

4. ECONOMIC SCENARIO

Global recovery continues, but at an ever-slowng and increasingly fragile pace. We have seen a renewed episode of global asset market volatility, some loss of growth momentum in the advanced economies, and continuing headwinds for emerging market economies and lower-income countries. In addition, several stresses of non-economic origin threaten economic activity. These developments led International Monetary Fund to a further broad-based reduction in their baseline projections for economic growth in 2016 and 2017.

The global macroeconomic landscape is currently chartering a rough and uncertain terrain characterized

by weak growth of world output. The situation has been exacerbated by: (i) declining prices of a number of commodities, with reduction in crude oil prices being the most visible among them, (ii) turbulent financial markets (more so equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-aversion behaviour of global investors, thus putting many, and in particular, commodity-exporting economies under considerable stress. Even in these trying and uncertain circumstances, India's growth story has largely remained positive on the strength of domestic absorption, and the country has registered a robust and steady pace of economic growth in 2015-16 as it did in 2014-15.

Even in cloudy scenario of economic development, India remained fastest growing economy in the world. However financial sector saw a mixed performance wherein banking industry saw dramatic downward trends due to increasing and unmanageable non-performing assets which led most of leading banks to show a loss or reduced profit, on the other hand, leading Non-Banking Financial Companies showed a positive growth in business and profit in comparison with previous year.

5. COMPANY'S PERFORMANCE

During the financial year, the Company saw improvement in its profitability with a net profit of ₹ 810 Crores for the year ended 31st March, 2016 as compared to ₹ 671 Crores for the year ended 31st March, 2015. Profit before tax increased by 28% to ₹1,317 Crores. Total income has increased from ₹ 4,324 Crores for the year ended 31st March, 2015 to ₹ 4,875 Crores for the year ended 31st March, 2016 which is mainly due to increase in interest income of the Company. Interest income of the Company increased to ₹ 4,813 Crores from previous year's income from interest of ₹ 4,271 Crores. Retail Loan Portfolio of the Company increased by ₹ 971 Crores during the year reaching ₹ 24,379 Crores as on 31st March, 2016 as against ₹ 23,408 Crores as on 31st March, 2015. The Return on Average Retail Loans increased to 3.32% in FY 2015-16 as compared to 3.03% in FY 2014-15. The cost of funds declined to 9.25% compared to 9.52% in Financial Year 2014-15. Interest yield increased to 19.72% as compared to

19.31% in FY 2014-15. On account of the above, the Net Interest Margin improved to 10.47% as against 9.79% in FY 2014-15. The Company remitted to exchequer ₹ 605 Crores as taxes.

6. RESOURCE MOBILIZATION

(a) Non-Convertible Debentures:

Your Company successfully completed 12th, 13th, and 14th Issue of Non-Convertible Debentures through Public Issue during FY 2015-16 raising ₹ 1,239 Crores.

Directors of your Company are thankful to all investors who have subscribed to the non-convertible debentures through Public Issue and shown their trust towards your Company.

Subordinated Debts represents long term source of funds for the Company and the amount outstanding as on 31st March, 2016 was ₹ 2,546 Crores. It qualifies as Tier II capital under the Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Directions), 2015.

(b) Bank Finance:

Bank Finance remains an important source of funding for your Company. Commercial Banks continued their support to your Company during the Financial Year. As of 31st March, 2016, borrowings from banks were ₹ 7,687 Crores as against ₹ 7,242 Crores in the previous year.

7. EQUITY SHARE ISSUANCES

During the year, your Company has allotted 1,035,913 equity shares of face value of ₹ 10/- each under Muthoot ESOP 2013 pursuant to exercise of 633,141 options of ₹ 10/- each for Loyalty Options and 402,772 options of ₹ 50/- each for Growth Options by employees of the Company.

8. CREDIT RATING

Your Company's debt instruments are rated by ICRA and CRISIL, two of the leading Credit Rating Agencies in the country. There were no changes in ratings during the financial Year 2015-16 from ratings prevailed previous

year 2014-15. However, in July 2016, CRISIL and in August 2016, ICRA upgraded your Company's Long Term Debt rating from AA-/Stable to AA/Stable.

The rating upgrade is a reflection of consistent performance inspite of going through turbulent times in the last four years as well as improvement in financial

performance last year. This upgrade is a recognition of the efforts of 'Team Muthoot'. We believe that, under "AA" category, we enter a different league of credit rated companies. We hope this upgrade will enable us to get finer rates from financial institutions and banks enabling us to reduce our cost of borrowings.

The Credit Ratings assigned to various instruments of the Company at present are as follows:

Credit Rating Agency	Instruments	Ratings	Limit in ₹ in Crores
CRISIL	Commercial Paper	CRISIL A1+	4,000
	Subordinated Debts	CRISIL AA/Stable	100
	Non-Convertible Debentures	CRISIL AA/Stable	500
ICRA	Commercial Paper	ICRA A1+	200
	Short Term Bank Borrowings*	ICRA A1+	9,392
	Subordinated Debts	ICRA AA/Stable	100
	Non-Convertible Debentures	ICRA AA/Stable	200
	Long Term Bank Borrowings*	ICRA AA/Stable	8,336

*subject to overall rating of ₹ 11,134 Crores for line of credit.

9. INTERNAL AUDIT AND FINANCIAL CONTROL

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

The Company has an Audit and Inspection Department which conducts regular internal audits to examine the adequacy and compliance with policies, plans and statutory requirements. The Department through a team of 909 personnel ensures quality of the assets pledged and adherence to various risk management practices at all the operating units. The audit functions are decentralised to match the requirements of exercising proper control over nationwide network of the Company. This has been made possible by setting up a network of Regional Audit Offices who exercise ground level control over operating units through frequent branch visits and

offsite monitoring. The field level auditors shares their findings with Regional Audit Offices which is their first level of contact, under Corporate Office at Kochi.

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

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

10. HUMAN RESOURCES

Your Company has always considered its employees as backbone of the Company and is aimed at providing employee satisfaction, enabling them to deliver better results year over year.

As on 31st March, 2016, the Company had 22,781 employees in its rolls at various level of organizational structure. Your Company is always committed in providing its employees with ample opportunities to learn and advance in their career. In its quest for having a satisfied work force, your Company has focused on four major areas for employee engagement during the last financial year.

Rewards & Recognition –

Based on performance of the employees, the Company introduced new means of incentives/increased the percentage of payout for incentives. The Company also has announced an ex-gratia payment along with Festival bonus, which is almost equal to one month pay of employees at each grade. It also took steps to increase the payout for Incentive for Gold Loan Portfolio Growth and for Interest Collection. The Company is also rewarding employees with foreign trips to exquisite locations based on their achievement.

Training and Development-

Your Company has offered multiple training programs to employees to help in their development. The programs include product/process related trainings, soft skill trainings, leadership trainings and certification trainings for different group of employees. Training is imparted through two Muthoot Management Academies and 67 Regional Learning Centers.

Promotions-

The Company has robust mechanism for identifying performers and has taken all steps to promote eligible employees to the next level.

Performance Management-

The Company had formulated a Performance Scorecard method of performance assessment for all employees in the branch. A pre-defined scorecard was used to capture performance of employees on a quarterly basis and all related corrective measure and fine tuning of performance was done using this method. The Company

also encouraged low performing employees through well-defined performance improvement programs. Use of Performance Scorecards has helped in improving role clarity and objectiveness to performance assessment.

Your Company offers various benefits to employees including Employee Stock Options and various statutory and non-statutory Staff Welfare Measures. All eligible employees are covered under statutory provisions namely EPF, ESI, Maternity Benefits, Gratuity etc. Non-statutory welfare measures include a Group Mediciam Insurance Policy covering around 20,000 lives under a family floater cover of ₹ One lakh. Your Company also provides awards and presentations to employees as 'marriage gift', 'first time parent gift' and 'educational award' to their children. 2,121 employees were enrolled under the National Pension System (NPS).

11. CAPITAL ADEQUACY

Your Company's Capital Adequacy Ratio as of 31st March, 2016 stood at 24.48% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15%. Out of the above, Tier I capital adequacy ratio stood at 20.92% and Tier II capital adequacy ratio stood at 3.56%.

12. PUBLIC DEPOSITS

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

13. RBI GUIDELINES

Your Company has complied with all the applicable regulations prescribed by the Reserve Bank of India from time to time. Please refer note 39, 40, 41 and 42 of Notes on Accounts in Standalone Financial Statements for additional disclosures required under RBI Guidelines applicable to the Company.

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

Asia Asset Finance PLC, (AAF), a company listed in Colombo Stock Exchange, is a subsidiary of your Company from 31st December, 2014. The Company increased its shareholding in Asia Asset Finance PLC

from 51% to 59.70% during the year. AAF is a registered Financial Company with Central Bank of Sri Lanka and is mainly engaged in Vehicle Finance and Hire Purchase activities. During the Financial Year, AAF also started the business of lending against collateral of gold jewellery and microfinance and this is presently contributing to a significant part of loan portfolio and income. AAF has

operations across Sri Lanka with 15 branches as on 31st March, 2016. AAF has made considerable progress in its business. This will be the first complete financial year after becoming subsidiary of Muthoot Finance. The synergies created is already depicted in its financial results for FY 16. Its major financial parameters for Financial Year 2015-16 are as follows:

Parameters	Total Income	Profit Before Taxation	Profit After Taxation	Shareholders' Funds	Total Assets	Total Liabilities
Amount in INR (in Crores)LKR/ INR =0.43691	60	9	8	64	354	291
Amounts in LKR (in Crores)	138	21	18	146	811	665

The total income of the Company has increased by 39% at ₹ 60 Crores, which has contributed to the overall improvement of its profitability by 65% reaching ₹ 8 Crores. Its asset base grew by 44% reaching ₹ 354 Crores. Directors of your Company are hopeful that AAF will be showing continuous growth in the coming years and will contribute significantly to consolidated profit of your Company.

During March 2016, your Company acquired 3.95 Crores shares of Muthoot Homefin (India) Ltd (MHIL), a registered Housing Finance Company, by subscribing to preferential issue of shares by investing ₹ 44.91 Crores after obtaining approval of sectorial regulator National Housing Bank. Post-acquisition your Company holds 79% of the equity capital of MHIL making MHIL its subsidiary. Its major financial parameters for Financial Year 2015-16 are as follows:

Parameters	Total Income	Profit Before Taxation	Profit After Taxation	Shareholders' Funds	Total Assets	Total Liabilities
Amount in INR (in Crores)	1.93	0.07	0.01	56.87	57.20	0.33

We believe that housing finance sector is the next best secured lending opportunity after gold loan and we intend to grow this portfolio gradually without diluting underwriting standards.

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

There are no other Companies which have become or ceased to be Subsidiaries/ Associates/ Joint Ventures of the Company during the Financial Year 2015-16.

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

Pursuant to Section 186(11)(a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantee have not been disclosed in this Report. The details of the Non-Current Investments of the Company are furnished under Note 10 forming part of the Standalone Financial Statements for the year ended 31st March, 2016.

16. EXTRACT OF ANNUAL RETURN

Extract of Annual Return as required under the Companies Act, 2013 is annexed as Annexure 1.

17. CONSOLIDATED FINANCIAL STATEMENTS

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

18. RISK MANAGEMENT AND RISK MANAGEMENT POLICY

Your Company has a Board approved Integrated Risk Management Policy which has laid down a framework for identifying, assessing, measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks.

Risk Management Committee of the Board of Directors of your Company constituted in accordance with the Reserve Bank of India guidelines has overall responsibility for overseeing the Risk Management activities of the Company, approving measurement methodologies and appropriate risk management procedures across the organization. Risk Management Department periodically places its report on risk management to the Risk Management and Audit Committee of the Board of Directors. During the year, your Company has incorporated various practices and suggestion as directed by the Risk Management and Audit Committee which helped the Company in attaining an improved vigilance and security system, improved security of gold jewellery and cash, improved system of grading of branches, Regional Offices etc. IT based risk management initiatives are discussed in section related to 'Technology Absorption' in this report of Board of Directors.

19. CORPORATE SOCIAL RESPONSIBILITY

Your Board has constituted a Corporate Social Responsibility committee in accordance with requirement of Section 135 of the Companies Act, 2013. Details of CSR committee is available in the report on Corporate Governance. The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The details of CSR policy of the Company are available on the website of the Company at www.muthootfinance.com/policy/policy-investor. The Annual Report on CSR activities as required under the Companies (CSR Policy) Rules 2014 is attached to this report as Annexure 2.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The Board of Directors of your Company has formulated a policy on related party transactions, which is displayed on the web site of the Company at www.muthootfinance.com/policy/policy-investor.

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis or were in ordinary course of business or with approval of the Audit Committee.

During the year, your Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Further, there were no material related party transactions which required approval of shareholders as required under chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of related party and transactions with the related parties as required under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 appears on the Note 33 of the Notes to Accounts.

21. AUDIT COMMITTEE

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

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

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

22. VIGIL MECHANISM

To conduct the affairs of your Company and its various constituents in a fair and transparent manner and as part of Vigil Mechanism, and providing whistle blowers a safe and reliable way of sharing information, your Company has formulated a Whistle Blower Policy in compliance with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There is graded reporting structure under the Policy and also provides provision for direct access to Chairman of Audit Committee. The whistle blower policy is available at website of the company at www.muthootfinance.com/policy/policy-investor.

23. LISTING

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

24. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the requirements of the Companies Act, 2013, Mr George Joseph, Mr K George John, and Mr. John K Paul, Independent Directors were appointed by members of the Company in 17th Annual General Meeting for a term of two years which is expiring in ensuing 19th Annual General Meeting and being eligible offered themselves for reappointment for a further period of three years. Mr. K John Mathew, Independent Director was appointed by members of the Company in 17th Annual General Meeting for a term of two years which is expiring in

ensuing 19th Annual General Meeting and being eligible offered himself for reappointment for a further period of one year. During this period, they shall not be liable to retire by rotation.

Managing Director and Whole Time Directors whose previous term were expiring on 31st March, 2015, were reappointed in 17th Annual General Meeting for period of 5 years from 1st April, 2015.

During the year, the Company appointed Mr. Alexander M. George as Whole Time Director for a term of five years and Ms Pamela Anna Mathew was appointed as Independent Director for a term of two years in 18th Annual General Meeting.

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

25. MEETING OF THE BOARD

During the Financial Year 2015-16, your Board of Directors met six times on 05-05-2015, 22-07-2015, 29-10-2015, 28-01-2016, 24-02-2016 and 05-03-2016.

26. DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have submitted disclosure that they meet the criteria of independence as provided under Sec. 149(6) of the Companies Act, 2013 and SEBI Regulations. A statement by Managing Director confirming receipt of this declaration from Independent Directors is annexed to this report as Annexure 3.

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

a) Policy on Appointment and Remuneration of Directors

Board of Directors of your Company, on recommendation of Nomination and Remuneration Committee, has formulated a policy for selection, appointment and remuneration of the directors, senior management personnel as required under Section 178(3) of the Companies Act, 2013. Details of the said Policy is annexed to this report as Annexure 4.

The Nomination and Remuneration Committee which was reconstituted on 28th January, 2016 comprises of the following directors:

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

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

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

b) Performance evaluation of Board, Committees and Directors

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

During the year, a meeting of Independent Directors was held as required under the Companies Act, 2013 and in Compliance with requirement under Schedule IV of the Act and as per requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and discussed matters specified therein. All independent Directors except Mr. K. George John who was out of country as on date of meeting were present in the meeting.

28. CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance norms as stipulated under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Detailed report on Corporate Governance is attached to this Report.

29. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

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

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

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

a) Conservation of energy

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

b) Technology Absorption

Your Company being a Non-Banking Finance Company, its activities do not require adoption of any specific technology. However, your Company has been in the forefront in implementing latest information technologies & tools towards enhancing our customer convenience.

Realtime online centralised core banking solution(CBS)

Our CBS developed inhouse enables our customers to do loan transactions within a few minutes, anywhere across the 4200+ Branches. During the Year, your Company have leveraged the power of IT tools and technology solutions to enhance customer experience and convenience in multiple ways.

Some of the products/services enabled by IT are given below:

Online Gold Loan (OGL)

Online Gold Loan is a convenient product launched for the existing customers. It can meet the urgent loan requirement of a customer who can avail of the same any time, anywhere. The loan amount will be directly credited to the customer's bank account and has facility to repay through online. The loan is disbursed on the basis of the value of gold jewellery already pledged at the branch.

Unique Customer ID

With the introduction of unique Customer ID, our customers can eliminate the need for obtaining ID/ Address proof each time he needs to transact with a different branch. This will prevent creation of multiple

IDs for the same customer either at the same Branch or at different Branches.

eKYC

Your Company as a KYC User Agency (KUA) has been approved by UIDAI to accept customers' Aadhaar number and complete KYC verification with Customer Fingerprint Image. Since this offers convenience to customers and also gives us huge comfort regarding the authenticity of the KYC process, this hassle-free method of completing KYC should slowly replace the requirement of calling for multiple documents from customers as address/ID proof.

E-mail & SMS Alerts

Real Time Cyber Receipts are generated and sent to customers in lieu of Print Receipts through SMS & Email. All transaction details and repayment reminders are pushed through SMS & Email, adding to customer comfort and confidence on security of transactions.

Missed Call Service

Your Company launched 'Missed Call service' to customers in August, 2015. The customers can now just give a missed call to the particular mobile number 08040751515 and know their loan outstanding and interest due in the gold loan accounting. Customers will get a message showing the gold loan outstanding and interest due as on date. This will facilitate payment of the exact amount online using Webpay Service of the Company without visiting the branch for knowing the dues.

Auto Debit for EMI Products

During the year, your Company has launched NPCI's Automated Debit System for its Gold Loan Installment Scheme customers, providing flexibility and convenience to customers as all debits will happen automatically on due dates.

Comprehensive Asset Recovery Module

For effective follow up and recovery operations, your Company has developed a comprehensive Asset Recovery module integrated with the core banking system. This enables the Branch and Field staffs timely follow up and on time repayment of the loans leading to substantial reduction in Non-Performing Assets.

- c) Total Foreign Exchange Earned : NIL
Total Foreign Exchange Used : ₹ 33.58 Lakhs

Workplace (Prevention, Prohibition and Redressal) Act, 2013, and rules framed thereunder.

31. AUDITS

a) Statutory Audit under section 139

The Company's auditors M/s Rangamani & Co. (Firm Reg No. 003050 S), Chartered Accountants, Alleppey have completed ten years as Statutory Auditors of the Company. In accordance with provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, read with clarification issued by Ministry of Corporate Affairs, they can continue as Statutory Auditors for Financial Year 2016-17. It is proposed to ratify their appointment from the conclusion of 19th Annual General Meeting till the conclusion of 20th Annual General Meeting. The Company's Auditors will be retiring at 20th Annual General Meeting in accordance with requirement with provisions of Section 139 of Companies Act, 2013. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it shall be in accordance with the provisions of Section 141 of the Companies Act, 2013.

b) Secretarial Audit under section 204

The Board had appointed M/s KSR & Co. Company Secretaries LLP, Coimbatore to conduct Secretarial Audit for the Financial Year 2015-16. The Secretarial Audit report is annexed to this report as Annexure 5.

c) Explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for financial year 2015-16

There are no qualifications, reservation or adverse remark or disclaimer on audits under Sec.139 and Sec.204 of Companies Act, 2013 for financial year 2015-16.

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

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at

33. PERSONNEL

The Disclosure required under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 (1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as Annexure 6.

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

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

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

Board of Directors of your Company had approved acquisition of Muthoot Insurance Brokers Pvt Ltd (MIBPL) by transfer of equity shares from its existing shareholders for a consideration of ₹ 20 Crores and to make it as a wholly owned subsidiary vide board resolution dated 29th October, 2015 subject to regulatory approvals. Approval for the transfer of shares was received from the Reserve Bank of India and Insurance Regulatory and Development Authority of India after end of Financial Year 2015-16 subsequent to which the transaction was completed in June 2016. Post this acquisition, MIBPL is a wholly owned subsidiary of the Company.

MIBPL is an unlisted private limited company holding a licence to act as Direct Broker from IRDA since 2013. It is actively distributing both life and non-life insurance products of various insurance companies. During Financial Year 2014-15, It has insured more than 292,000 lives with a premium collection of ₹ 35 Crores under Traditional, Term and Health products. The same has increased to 459,000 lives with a premium collection of ₹ 49 Crores in Financial Year 2015-16.

Directors of your Company believe that by virtue of acquiring MIBPL as a wholly owned subsidiary of your Company, the Company is further diversifying its bouquet of investment products for Company's customers as well as fee based income earning activities.

Your Directors are expecting shareholders to benefit through this acquisition in future as your Company has a large customer base.

The Company acquired 46.83% of equity share capital of M/s. Belstar Investment and Finance Private Limited (BIFPL) including capital infusion of ₹40 Crores. Further acquisition of 10.32% from the existing shareholders is expected to be completed soon thereby taking the total holding to 57.15% making it a subsidiary. M/s. Belstar is an NBFC engaged in the business of microfinance based out Chennai. It has 76 branches, with 13 controlling regional offices in 12 Districts and employs 561 staff. Its loan portfolio has grown from ₹ 0.02 Crores in March, 2009 to ₹ 264 Crores in March, 2016. For FY 16, its Net Profit After Tax was ₹ 6.11 Crores and had a networth of ₹ 39.90 Crores.

This transaction will facilitate the combined entity to expand its product portfolio, drive capacity building and also leverage best practices and cost synergies increasing the value accretion to shareholders.

36. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this

Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

37. ACKNOWLEDGEMENT

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

38. FORWARD LOOKING STATEMENTS

This Report(s) contains certain forward-looking statements within the provisions of Listing agreements and hence reasonable caution is to be exercised by stakeholders while relying on these statements.

For and On Behalf of the Board of Directors

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

M G George Muthoot
Chairman
Place: Kochi
Date: 23rd August, 2016

Annexure 1

FORM NO. MGT 9

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

EXTRACT OF ANNUAL RETURN
as on the Financial Year ended on 31st March, 2016

I REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Loan (Financing) against collateral of Gold Jewellery	64-649	99.14%

Annexure 1

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

No. of Companies for which information is being filled

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Asia Asset Finance PLC No.76/1, Dharmapala Mawatha, Colombo 03, Sri Lanka	NA	Foreign Subsidiary	59.70%	Section 2(87)
2	Muthoot Homefin (India) Limited, 2nd Floor, Muthoot Chambers, Banerji Road, Ernakulam, Kerala, 682018, India	U65922KL2011PLC029231	Subsidiary	79%	Section 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	297,797,872	-	297,797,872	74.830%	297,797,872	-	297,797,872	74.636%	(0.194)%
b) Central Govt	-	-	-	0.000%	-	-	-	0.000%	0.000%
c) State Govt(s)	-	-	-	0.000%	-	-	-	0.000%	0.000%
d) Bodies Corp.	-	-	-	0.000%	-	-	-	0.000%	0.000%
e) Banks / FI	-	-	-	0.000%	-	-	-	0.000%	0.000%
f) Any other	-	-	-	0.000%	-	-	-	0.000%	0.000%
(2) Foreign									
a) NRI - Individual	-	-	-	0.000%	-	-	-	0.000%	0.000%
b) Other - Individual	-	-	-	0.000%	-	-	-	0.000%	0.000%
c) Bodies Corp.	-	-	-	0.000%	-	-	-	0.000%	0.000%
d) Banks / FI	-	-	-	0.000%	-	-	-	0.000%	0.000%
e) Any Others	-	-	-	0.000%	-	-	-	0.000%	0.000%
Total shareholding of Promoter (A)	297,797,872	-	297,797,872	74.830%	297,797,872	-	297,797,872	74.636%	(0.194)%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	20,289,217	-	20,289,217	5.098%	27,353,381	-	27,353,381	6.855%	1.757%
b) Banks / FI	5,741	-	5,741	0.001%	13,022	-	13,022	0.003%	0.002%
c) Central Govt	-	-	-	0.000%	-	-	-	0.000%	0.000%
d) State Govt(s)	-	-	-	0.000%	-	-	-	0.000%	0.000%
e) Venture Capital Funds	-	-	-	0.000%	-	-	-	0.000%	0.000%
f) Insurance Companies	-	-	-	0.000%	-	-	-	0.000%	0.000%
g) Foreign institutional Investors/ Foreign Portfolio Investor	66,367,229	-	66,367,229	16.677%	64,076,830	-	64,076,830	16.059%	(0.617)%
h) Foreign Venture Capital Funds	-	-	-	0.000%	-	-	-	0.000%	0.000%
i) Others (specify)	-	-	-	0.000%	-	-	-	0.000%	0.000%
Sub-total (B)(1):-	86,662,187	-	86,662,187	21.777%	91,443,233	-	91,443,233	22.918%	1.141%
2. Non-Institutions									
a) Bodies Corp.	-	-	-	0.000%	-	-	-	0.000%	0.000%
i) Indian	7,370,189	-	7,370,189	1.852%	3,042,038	-	3,042,038	0.762%	(1.090)%
ii) Overseas	-	-	-	0.000%	-	-	-	0.000%	0.000%

Annexure 1

i. Category-wise Share Holding (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	4,839,853	517	4,840,370	1.216%	5,161,797	567	5,162,364	1.294%	0.078%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	955,489	-	955,489	0.240%	975,374	-	975,374	0.244%	0.004%
c) Others (specify)									
i) Trusts	134	-	134	0.000%	7,480	-	7,480	0.002%	0.002%
ii) Non Resident Indians (Non Repat)	31,031	-	31,031	0.008%	59,873	-	59,873	0.015%	0.007%
iii) Non Resident Indians (Repat)	150,694	-	150,694	0.038%	175,171	-	175,171	0.044%	0.006%
iv) Clearing Member	158,453	-	158,453	0.040%	165,233	-	165,233	0.041%	0.002%
v) Hindu Undivided Family	-	-	-	0.000%	173,694	-	173,694	0.044%	0.044%
Sub-total (B)(2):-	13,505,843	517	13,506,360	3.394%	9,760,660	567	9,761,227	2.446%	(0.947)%
Total Public Shareholding (B)=(B)(1)+(B)(2)	100,168,030	517	100,168,547	25.170%	101,203,893	567	101,204,460	25.364%	0.194%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.000%	-	-	-	0.000%	0.000%
Grand Total (A+B+C)	397,965,902	517	397,966,419	100.000%	399,001,765	567	399,002,332	100.000%	-

ii Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	M G George Muthoot	47,385,132	11.907%	0.000%	47,385,132	11.876%	0	(3.090)%
2	George Alexander Muthoot	44,464,400	11.173%	0.000%	44,464,400	11.144%	0	(2.900)%
3	George Jacob Muthoot	44,464,400	11.173%	0.000%	44,464,400	11.144%	0	(2.900)%
4	George Thomas Muthoot	44,464,400	11.173%	0.000%	44,464,400	11.144%	0	(2.900)%
	Total	180,778,332	45.426%	0.000%	180,778,332	45.308%	0	(11.790)%

iii Change in Promoters' Shareholding

There are no changes in the Promoters' shareholding during the Financial Year 2015-16. The percentage change in the Promoters' holding is due to increase in the paid up share capital of the Company

Annexure 1

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at beginning of year (01/04/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
		/end of the year (31/03/2016)						
1	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	4,705,545	1.179	1st Apr, 2015			4,705,545	1.179
				10th Apr, 2015	30		4,705,575	1.179
				17th Apr, 2015	(261)		4,705,314	1.179
				1st May, 2015	9		4,705,323	1.179
				15th May, 2015	49,985		4,755,308	1.192
				22nd May, 2015	99,991		4,855,299	1.217
				5th Jun, 2015	30,000		4,885,299	1.224
				19th Jun, 2015	(50,000)		4,835,299	1.212
				26th Jun, 2015	100,000		4,935,299	1.237
				3rd Jul, 2015	100,000		5,035,299	1.262
				17th Jul, 2015	9,300		5,044,599	1.264
				24th Jul, 2015	49,990		5,094,589	1.277
				31st Jul, 2015	109,500		5,204,089	1.304
				7th Aug, 2015	40,000		5,244,089	1.314
				14th Aug, 2015	61,717		5,305,806	1.330
				21st Aug, 2015	25,000		5,330,806	1.336
				28th Aug, 2015	50,000		5,380,806	1.349
				4th Sep, 2015	55,300		5,436,106	1.362
				11th Sep, 2015	75,023		5,511,129	1.381
				18th Sep, 2015	50,000		5,561,129	1.394
				25th Sep, 2015	27,338		5,588,467	1.401
				30th Sep, 2015	(94)		5,588,373	1.401
				9th Oct, 2015	275,062	Transfer	5,863,435	1.470
				16th Oct, 2015	850,000		6,713,435	1.683
				23rd Oct, 2015	16		6,713,451	1.683
				30th Oct, 2015	35,194		6,748,645	1.691
				6th Nov, 2015	1,050,050		7,798,695	1.955
				13th Nov, 2015	42,722		7,841,417	1.965
				20th Nov, 2015	89,536		7,930,953	1.988
				27th Nov, 2015	2,078,000		10,008,953	2.509
				4th Dec, 2015	2,074,858		12,083,811	3.029
				11th Dec, 2015	(2,220)		12,081,591	3.028
				18th Dec, 2015	139,300		12,220,891	3.063
				25th Dec, 2015	25,000		12,245,891	3.069
				8th Jan, 2016	25,000		12,270,891	3.075
				15th Jan, 2016	25,000		12,295,891	3.082
				22nd Jan, 2016	142,600		12,438,491	3.117
				5th Feb, 2016	30,700		12,469,191	3.125
				12th Feb, 2016	90,200		12,559,391	3.148
				19th Feb, 2016	114,000		12,673,391	3.176
				26th Feb, 2016	73,700		12,747,091	3.195
				4th Mar, 2016	46,000		12,793,091	3.206
				11th Mar, 2016	40,000		12,833,091	3.216
				18th Mar, 2016	40,000		12,873,091	3.226
				31st Mar, 2016	25,000		12,898,091	3.233
		12,898,091	3.233	31st Mar, 2016			12,898,091	3.233

Annexure 1

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at beginning of year (01/04/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
		/end of the year (31/03/2016)						
2	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Frontline Equity Fund	8,713,882	2.184	1st Apr, 2015			8,713,882	2.184
				10th Apr, 2015	220,771		8,934,653	2.239
				17th Apr, 2015	8,029		8,942,682	2.241
				1st May, 2015	20,000		8,962,682	2.246
				8th May, 2015	301,171		9,263,853	2.322
				15th May, 2015	200,000		9,463,853	2.372
				12th Jun, 2015	(2,900)		9,460,953	2.371
				19th Jun, 2015	14,624		9,475,577	2.375
				26th Jun, 2015	249,300		9,724,877	2.437
				17th Jul, 2015	(5,409)		9,719,468	2.436
				7th Aug, 2015	(6,000)		9,713,468	2.434
				11th Sep, 2015	58,000		9,771,468	2.449
				18th Sep, 2015	(9,400)		9,762,068	2.447
				30th Sep, 2015	36,000		9,798,068	2.456
				9th Oct, 2015	115,000	Transfer	9,913,068	2.485
				23rd Oct, 2015	88,460		10,001,528	2.507
				30th Oct, 2015	71,000		10,072,528	2.524
				4th Dec, 2015	(1,000,000)		9,072,528	2.274
				18th Dec, 2015	45,788		9,118,316	2.285
				31st Dec, 2015	300,000		9,418,316	2.361
				1st Jan, 2016	51,321		9,469,637	2.373
				8th Jan, 2016	93,000		9,562,637	2.397
				29th Jan, 2016	(48,000)		9,514,637	2.385
				12th Feb, 2016	(4,090)		9,510,547	2.384
				19th Feb, 2016	177,767		9,688,314	2.428
				4th Mar, 2016	(74,086)		9,614,228	2.410
				31st Mar, 2016	50,000		9,664,228	2.422
		9,664,228	2.422	31st Mar, 2016			9,664,228	2.422
3	Goldman Sachs India Fund Limited	5,097,059	1.278	1st Apr, 2015			5,097,059	1.278
				10th Apr, 2015	172,923		5,269,982	1.321
				24th Apr, 2015	340,061		5,610,043	1.406
				5th Jun, 2015	248,099	Transfer	5,858,142	1.468
				31st Jul, 2015	308,340		6,166,482	1.546
		6,166,482	1.546	31st Mar, 2016			6,166,482	1.546
4	Baring India Private Equity Fund III Limited	5,167,891	1.295	1st Apr, 2015		No change in shareholding during the year	5,167,891	1.295
		5,167,891	1.295	31st Mar, 2016			5,167,891	1.295

Annexure 1

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at beginning of year (01/04/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
		/end of the year (31/03/2016)						
5	Baring India Private Equity Fund III Listed Investments Limited							
		4,827,150	1.210	1st Apr, 2015			4,827,150	1.210
				10th Jul, 2015	(60,160)	Transfer	4,766,990	1.195
				17th Jul, 2015	(18,250)		4,748,740	1.190
		4,748,740	1.210	31st Mar, 2016			4,748,740	1.190
6	GMO Emerging Domestic Opportunities Fund ##							
		0	0.000	1st Apr, 2015			0	0.000
				4th Dec, 2015	1,961,900	Transfer	1,961,900	0.492
				11th Dec, 2015	354,793		2,316,693	0.581
				18th Dec, 2015	1,068,475		3,385,168	0.848
				15th Jan, 2016	380,100		3,765,268	0.944
				22nd Jan, 2016	194,000		3,959,268	0.992
				29th Jan, 2016	78,352		4,037,620	1.012
				5th Feb, 2016	310,648		4,348,268	1.090
		4,348,268	1.090	31 Mar, 2016			4,348,268	1.090
7	Acacia Partners, Lp							
		4,080,000	1.023	1st Apr, 2015		No change in shareholding during the year		1.023
		4,080,000	1.023	31st Mar, 2016			4,080,000	1.023
8	Government of Singapore							
		8,073,048	2.023	1st Apr, 2015			8,073,048	2.023
				30th Oct, 2015	(38,897)	Transfer	8,034,151	2.014
				6th Nov, 2015	(835,058)		7,199,093	1.804
				13th Nov, 2015	(365,505)		6,833,588	1.713
				20th Nov, 2015	(72,513)		6,761,075	1.695
				27th Nov, 2015	(1,253,623)		5,507,452	1.380
				4th Dec, 2015	(1,577,601)		3,929,851	0.985
				12th Feb, 2016	(24,790)		3,905,061	0.979
				19th Feb, 2016	(69,523)		3,835,538	0.961
				26th Feb, 2016	(41,317)		3,794,221	0.951
				4th Mar, 2016	(64,546)		3,729,675	0.935
				11th Mar, 2016	(65,027)		3,664,648	0.919
				18th Mar, 2016	(54,636)		3,610,012	0.905
				25th Mar, 2016	(56,698)		3,553,314	0.891
		3,553,314	0.891	31 Mar, 2016				

Annexure 1

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at beginning of year (01/04/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
		/end of the year (31/03/2016)						
9	Allard Growth Fund ##	2,926,451	0.733	1st Apr, 2015			2,926,451	0.733
				1st May, 2015	(117,437)		2,809,014	0.704
				8th May, 2015	(177,224)		2,631,790	0.660
				19th Jun, 2015	49,725		2,681,515	0.672
				26th Jun, 2015	242,610		2,924,125	0.733
				21st Aug, 2015	113,007		3,037,132	0.761
				28th Aug, 2015	86,112		3,123,244	0.783
				4th Sep, 2015	136,878	Transfer	3,260,122	0.817
				11th Sep, 2015	36,808		3,296,930	0.826
				18th Sep, 2015	202,433		3,499,363	0.877
				16th Oct, 2015	(110,231)		3,389,132	0.849
				30th Oct, 2015	(35,600)		3,353,532	0.841
				25th Dec, 2015	(24,109)		3,329,423	0.834
				22nd Jan, 2016	51,000		3,380,423	0.847
		3,380,423	0.847	31st Mar, 2016			3,380,423	0.847
10	Acacia Institutional Partners, Lp	3,360,000	0.842	1st Apr, 2015		No change in shareholding during the year	3,360,000	0.842
		3,360,000	0.842	31st Mar, 2016			3,360,000	0.842
11	Kotak India Private Equity Fund **	3,042,022	0.762	1st Apr, 2015		No change in shareholding during the year	3,042,022	0.762
		3,042,022	0.762	31st Mar, 2016			3,042,022	0.762
12	ICICI Prudential Banking And Financial Services Fund **	6,467,384	1.621	1st Apr, 2015			6,467,384	1.621
				10th Apr, 2015	(452,678)		6,014,706	1.507
				17th Apr, 2015	(36,785)		5,977,921	1.498
				15th May, 2015	(14,956)		5,962,965	1.495
				22nd May, 2015	(205,087)		5,757,878	1.443
				29th May, 2015	(9,574)		5,748,304	1.441
				5th Jun, 2015	(102,082)		5,646,222	1.415
				12th Jun, 2015	(105)		5,646,117	1.415
				19th Jun, 2015	(442,496)	Transfer	5,203,621	1.304
				26th Jun, 2015	(986,171)		4,217,450	1.057
				30th Jun, 2015	(121,332)		4,096,118	1.027
				3rd Jul, 2015	(142,107)		3,954,011	0.991
				10th Jul, 2015	(117,208)		3,836,803	0.962
				4th Dec, 2015	(1,254,719)		2,582,084	0.647
				18th Dec, 2015	(401,250)		2,180,834	0.547
		2,180,834	0.547	31st Mar, 2016			2,180,834	0.547

** Ceased to be in the list of Top 10 shareholder as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 31.03.2015

Not in the list of Top 10 shareholders as on 31.03.2015. The same is reflected above since the shareholder is one of the Top 10 shareholder as on 31.03.2016

Annexure 1

v Shareholding of Directors and Key Managerial Personnel:

Name of director/Key Managerial Personnel (KMP)	Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year (31.03.2016)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
A. DIRECTORS				
M G George Muthoot Chairman & Whole time Director	47,385,132	11.910	47,385,132	11.880
George Alexander Muthoot Managing Director	44,464,400	11.170	44,464,400	11.140
George Jacob Muthoot Whole Time Director	44,464,400	11.170	44,464,400	11.140
George Thomas Muthoot Whole Time Director	44,464,400	11.170	44,464,400	11.140
Alexander M George Whole Time Director	6,772,500	1.700	6,772,500	1.700
George Joseph Independent Director	1,134	0.000	1,134	0.000
John K Paul Independent Director	1,134	0.000	1,134	0.000
K George John Independent Director	0	0.000	0	0.000
K John Mathew Independent Director	0	0.000	0	0.000
Pamela Anna Mathew Independent Director	0	0.000	0	0.000
B. KEY MANAGERIAL PERSON				
Oommen K Mammen Chief Financial Officer	1,834	0.000	13,934	0.000
Maxin James Company Secretary	NIL	-	-	-

V INDEBTEDNESS

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount	162,913,304,803.94	31,733,773,474.30	-	194,647,078,278.24
ii) Interest due but not paid	165,161,802.85	97,240,405.00	-	262,402,207.85
iii) Interest accrued but not due	6,418,681,620.96	11,729,927,902.67	-	18,148,609,523.63
Total (i+ii+iii)	169,497,148,227.75	43,560,941,781.97	-	213,058,090,009.72
Change in Indebtedness during the financial year				
* Addition	-	4,254,310,622.14	-	4,254,310,622.14
* Reduction	(9,482,592,444.12)	-	-	(9,482,592,444.12)
Net Change	(9,482,592,444.12)	4,254,310,622.14	-	(5,228,281,821.98)
Indebtedness at the end of the financial year				
i) Principal Amount	154,188,728,916.70	32,220,771,081.42	-	186,409,499,998.12
ii) Interest due but not paid	234,817,551.27	127,443,207.00	-	362,260,758.27
iii) Interest accrued but not due	5,591,009,315.66	15,467,038,115.69	-	21,058,047,431.35
Total (i+ii+iii)	160,014,555,783.63	47,815,252,404.11	-	207,829,808,187.74

Annexure 1

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager					(in Lakhs)
		M G George Muthoot	George Alexander Muthoot	George Jacob Muthoot	George Thomas Muthoot	Alexander M George	Total Amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	480.00	480.00	480.00	480.00	36.00	1956.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	0.00
2	Stock Option	-	-	-	-	-	0.00
3	Sweat Equity	-	-	-	-	-	0.00
4	Commission						
	- as % of profit	-	-	-	-	-	0.00
	- others, specify	-	-	-	-	-	0.00
5	Others, please specify	-	-	-	-	-	0.00
	Total (A)	480.00	480.00	480.00	480.00	36.00	1956.00
	Ceiling as per the Act	₹ 1,316.75 Lakhs being 1% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013					

B. Remuneration to other directors:

							(in Lakhs)
Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		George Joseph	John K Paul	K George John	K John Mathew	Pamela Anna Mathew	
1	Independent Directors						
	Fee for attending board committee meetings	0.95	0.90	0.50	0.85	0.60	3.80
	Commission	6.00	6.00	6.00	6.00	6.00	30.00
	Others, please specify	-	-	-	-	-	0.00
	Total (1)	6.95	6.90	6.50	6.85	6.60	33.80
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	33.80
	Total Managerial Remuneration						1,989.80
	Overall Ceiling as per the Act	₹ 1,316.75 Lakhs being 1% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013					

Annexure 1

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	(in Lakhs)		
		Key Managerial Personnel		Total
		CFO	Company Secretary	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	24	9.37	33.37
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961*	15.74	0	15.74
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option**	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	39.74	9.37	49.11

*excludes value of perquisite on exercise of stock options

**Value of perquisite on exercise of stock options

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and On Behalf of the Board of Directors

Place: Kochi
Date: 23rd August, 2016

M G George Muthoot
Chairman

Annexure 2

Annual Report on Corporate Social Responsibility (CSR) Activities

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

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

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

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The Details of CSR policy of the Company are available on the website of the Company at www.muthootfinance.com/policy/policy-investor

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

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

3. Average net profit of the company for last three financial years: ₹ 12,442,862,664
4. Prescribed CSR Expenditure : ₹ 248,857,253
5. Details of CSR spent during the financial year:
 - (a) Total amount spent for the financial year: ₹ 146,187,500
 - (b) Amount unspent, if any: ₹ 102,669,753
 - (c) Manner in which the amount spent during the financial year is detailed below.

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementation agency
			Local area or other	Specify the State and district where projects or programs were undertaken		Direct expenditure on projects or programs	Overheads		
1	Harithatheeram & adoption of Chellanam (In order to promote organic cultivation of vegetables, assistance and training was provided to the coastal village women of Chellanam)	Environmental sustainability	Local Area	Kerala, Ernakulam	250,000	232,000		232,000	Muthoot M George Foundation, Implementation agency for CSR activities

Annexure 2

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

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementation agency
			Local area or other	Specify the State and district where projects or programs were undertaken		Direct expenditure on projects or programs	Overheads		
2	Marriage Assistance (This assistance is provided to eligible girls of families who have lost their breadwinner/girl children of widows)	Women Empowerment	Kerala	All Kerala	6,500,000	7,083,500		7,083,500	Muthoot M George Foundation, Implementation agency for CSR activities
3	Chennai Flood Relief	Disaster Management	Tamil Nadu	Kovilambakkam, Pallikaranai, Urapakkam, Guduvancherry, Aathanoor, Anagaputhur, Cowl Bazaar, Kannagi Nagar, Perumbakkam, Sholinganallur	1,000,000	914,208		914,208	Muthoot M George Foundation, Implementation agency for CSR activities
4	Snehasraya & Anbin Nizhal ('Muthoot Snehasraya' is a Mobile Laboratory intended for Prevention and early detection of Kidney related diseases, diabetes and hypertension ailments. The mobile ambulance is being operated across Tamil Nadu & Kerala and facilitates blood & urine tests and create awareness among people about the dreaded disease. Exclusive camps are held at various centres in Kerala & Tamil Nadu, where the blood sample of participants will be collected and tested for possible kidney related diseases. The camps are being organised with the help of local agencies, clubs, etc. The project in Kerala up to March 2016 have conducted 649 camps touching the lives of 72,722 people. The project in Tamil Nadu up to March 2016 have conducted 385 camps touching the lives of 39,227 people)	Health care including preventive healthcare	Kerala & Tamil Nadu	All Kerala & Coimbatore, Tirupur districts of Tamil Nadu	2,500,000	1,747,582		1,747,582	Muthoot M George Foundation, Implementation agency for CSR activities
5	Heart Operation, Kidney transplantation (Assistance provided for heart operations, kidney transplantation, etc.)	Health care	South India		8,000,000	8,282,498		8,282,498	Muthoot M George Foundation, Implementation agency for CSR activities

Annexure 2

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

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementation agency
			Local area or other	Specify the State and district where projects or programs were undertaken		Direct expenditure on projects or programs	Overheads		
6	Dialysis (Assistance directly released through hospitals for the needy patients)	Health care	South India		5,000,000	2,478,728		2,478,728	Muthoot M George Foundation, Implementation agency for CSR activities
7	Medical & Sustenance Assistance	Health care	South India		22,500,000	24,873,975		24,873,975	Muthoot M George Foundation, Implementation agency for CSR
8	Muthoot Snehasammanam project (Muthoot Finance launched "Muthoot Snehasammanam 2016" to honour artists, writers and their widows by providing financial assistance. This initiative is a part of the Corporate Social Responsibility activities undertaken by the Company. The first edition of Snehasammanam was launched on January 2015. 14 beneficiaries were then honoured. Muthoot Snehasammanam 2016 honored 12 more, thus bringing the total number of beneficiaries to 26. These beneficiaries were selected from applications received from artists, writers, and their dependents. These beneficiaries belong to various different backgrounds, which specialize in their respective work segments namely writers, music directors, ganamela artist, professional painters etc. The initiative aims to help the upcoming generation of artist and writers who could get inspired and learn from the work of these professionals. Perhaps it will also help the young minds of today in learning from their experiences and carrying forward their work in their respective fields.)	National heritage, art and culture	Kerala		1,000,000	1,002,000		1,002,000	Muthoot M George Foundation, Implementation agency for CSR activities

Annexure 2

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

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementation agency
			Local area or other	Specify the State and district where projects or programs were undertaken		Direct expenditure on projects or programs	Overheads		
9	Monthly installments (monthly installments for Medical & Education purposes)	Health care, educational support	South India		15,000,000	16,723,557		16,723,557	Muthoot M George Foundation, Implementation agency for CSR activities
10	Muthoot Shape a smile project (Muthoot Finance Ltd started a project called "Muthoot Shape a Smile" for providing cleft lip & palate surgeries to bring back smiles to children suffering from cleft lip and palate deformity. Through this initiative, Muthoot M. George Foundation aims to spread awareness on this problem and also educate the public that an early surgical intervention can safely correct this defect. Free surgeries are sponsored for children at Kumaran Hospital, Chennai. The screening of the patients would initially be carried out by a cleft & maxillofacial surgeon. Once the patients are screened and selected, they would be further evaluated by the anesthesiologist, pediatrician, and speech therapist at Kumaran Hospital, Chennai. The necessary laboratory investigations will then be carried out and if found fit for surgery, they will be operated at the same hospital. All treatment costs are free, which include cost of surgery, laboratory investigations, medicines, and hospital stay. The patient can be discharged within 5-7 days from the day of admission.)	Health care	Tamil Nadu		100,000	58,438		58,438	Muthoot M George Foundation, Implementation agency for CSR activities

Annexure 2

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

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementation agency
			Local area or other	Specify the State and district where projects or programs were undertaken		Direct expenditure on projects or programs	Overheads		
11	Burn Care Centre at General Hospital, Ernakulam. (Although this was one of the critical care center of the hospital, it was in a dilapidated condition. Muthoot Finance, as part of its CSR initiative renovated the center. The Management of the hospital has appreciated this humanitarian gesture and a number of emergency cases are treated at this centre. The renovated care centre was opened to the public in the presence of District Collector, Local MLA and other dignitaries.)	Health care	Local area	Ernakulam	300,000	300,000		300,000	Muthoot M George Foundation, Implementation agency for CSR activities
12	Muthoot M. George Excellence Award to 10th Standard Toppers of Government Schools in Andhra Pradesh, Telangana, Karnataka and Kerala (1,800 schools in these states are covered under this program. Toppers of these schools are given cash award and a certificate signed by Government School authorities and Chairman Muthoot M. George Foundation. Majority of these children are coming from low income group or lower middle class families. This program is implemented with a clear vision to make progress in forming an equitable and sustainable society by uplifting the younger generation)	Education	Kerala, Andhra Pradesh, Telangana, Karnataka, Kerala		5,400,000	4,264,000		4,264,000	Muthoot M George Foundation, Implementation agency for CSR activities
13	Scholarships for Brilliant students (Assistance provided to Engineering, MBBS, Nursing students, & other Technical skill development courses for brilliant students)	Education	South India		55,000,000	57,368,000		57,368,000	Muthoot M George Foundation, Implementation agency for CSR activities

Annexure 2

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

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementation agency
			Local area or other	Specify the State and district where projects or programs were undertaken		Direct expenditure on projects or programs	Overheads		
14	Other Educational Assistance	Education	South India		17,500,000	19,786,540		19,786,540	Muthoot M George Foundation, Implementation agency for CSR activities
15	Umbrella & Uniform distribution (In order to encourage the children of our needy customers Popy branded umbrellas & school uniforms were distributed in Government schools)	Education	Kerala		1,000,000	1,072,474		1,072,474	Muthoot M George Foundation, Implementation agency for CSR activities
Total					141,050,000	146,187,500	0	146,187,500	

- The Company has spent ₹ 14.62 Crores in promoting education, Medical Aid and others. Amount spent in previous year on CSR activities was ₹ 8.92 Crores. There was an increase of 63.90% in CSR expenditure in comparison to previous year. This amount was short of amount required to be spend under Section 135 of Companies Act, 2013 as during the year the Company focused on creating required framework which will be helpful in identifying suitable projects and better and meaningful spending of CSR contribution and expansion of existing base of focused CSR expenditure areas i.e. promoting education, medical aid and others (including Environment Protection) and hence was not able to spend entire ₹ 24.8 Crores. Your Company is focused on creating sustainable and long term CSR model and hence the Company will be able to spend more amount for CSR expenditure in future.
- CSR Committee of Board affirms that CSR activities are implemented in accordance with CSR objectives of the Companies Act, 2013 and CSR Policy of your Company.

George Alexander Muthoot
Managing Director

K George John
Chairman - CSR Committee

Place : Kochi
Date : 23rd August, 2016

Annexure 3

DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

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

Place : Kochi

Date : 23rd August, 2016

George Alexander Muthoot
Managing Director

Annexure 4

NOMINATION AND REMUNERATION POLICY

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

OBJECTIVE

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

The Key Objectives of the Committee would be:

- a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board and recommending the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d) to ensure that all provisions regarding Remuneration Policy and duties of Committee as required under the Companies Act, 2013 or such other Acts, Rules, Regulations or guidelines are complied with.

DEFINITIONS

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

ROLE AND RESPONSIBILITIES

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

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

Annexure 4

skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;

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

CONSTITUTION

Members:

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

Chairman:

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

FREQUENCY OF MEETINGS

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

GUIDING PRINCIPLES

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

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- b. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. The remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Annexure 4

- d. In case, subject matter is related to appointment/remuneration of Independent Directors, the requirement under Code of Conduct of Independent Directors and other Statutory Requirements are met.
- e. In case, subject matter is related to appointment/remuneration of Directors other than Independent Directors, Key Managerial Persons, Senior Management, the requirement under Code of Conduct of Senior Management of the Company is met.
- f. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives including Key Managerial Persons and Senior Management, as it considers appropriate, to be present at the meetings of the Committee.
- g. 'Fit and Proper' Criteria as per guidelines of the Reserve Bank of India, will be most fundamental guidelines for appointment of Directors and due diligence in this regard will be carried out. Committee will be required to carry out all functions/duties in compliance of the Companies Act, 2013, Equity Listing agreements and the Reserve Bank of India Guidelines.

DECISION MAKING AND VOTING

- a. Matters arising for determination at the Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

- c. Committee may refer any matter for consideration and decision by full Board of Directors of the Company, if majority of members deem the matter fit for the said purpose. Such matters which are referred by the Committee will be deemed to be agenda of the meeting of Board of Directors.

MINUTES OF COMMITTEE MEETING

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

REVIEW AND ALTERATION OF NOMINATION AND REMUNERATION POLICY

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

For and On Behalf of the Board of Directors

Place: Kochi
Date: 23rd August, 2016

M G George Muthoot
Chairman

Annexure 5

The Members,

Muthoot Finance Limited

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Our audit under NBFC Regulations listed in our report is limited to verification of registration, licenses, approvals and filing of forms and returns under NBFC Regulations, corporate governance requirements and also the related Board Process thereto.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

Place : Coimbatore
Date : 18th August, 2016

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

SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2016

To,

The Members,

Muthoot Finance Limited

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Muthoot Finance Limited (hereinafter called “the Company”). Secretarial Audit was conducted for the financial year ended on 31st March, 2016 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under and the Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
 - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998
 - i. Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) The following laws, regulations, directions, orders applicable specifically to the Company:
- a. The Reserve Bank of India Act, 1934.
 - b. Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007.
 - c. Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015
 - d. Online Returns to be submitted by NBFCs - RBI Guidelines

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

- (i) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreement for equity and debt securities entered into with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

- a) Foreign Direct Investment and External Commercial Borrowings.
- b) Buy-back of securities.
- c) Issue of securities other than Equity shares issued under Employee stock option scheme and issue of Debt Securities.

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

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views recorded in the minutes.

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

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

1. Muthoot Homefin (India) Limited has become a subsidiary of the Company.
2. The Company has made public issues of Secured and Unsecured Non-Convertible Debentures amounting to ₹ 1,239 crores.

For KSR & Co Company Secretaries LLP

Place : Coimbatore
Date : 18th August, 2016

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

Annexure 6

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

- a) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2015-16; the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2015-16;

Sl. No.	Name of Director and KMP	Designation	% increase in remuneration during year 2015-16	Ratio of Remuneration of each Director to median remuneration of employees of the company
1.	M G George Muthoot	Chairman & Whole Time Director	NIL	297:1
2.	George Thomas Muthoot	Whole Time Director	NIL	297:1
3.	George Jacob Muthoot	Whole Time Director	NIL	297:1
4.	George Alexander Muthoot	Managing Director	NIL	297:1
5.	Alexander M George	Whole Time Director	739% ^a	22:1
6.	George Joseph	Independent Director	50%	4:1
7.	K George John	Independent Director	50%	4:1
8.	John K Paul	Independent Director	50%	4:1
9.	K John Mathew	Independent Director	50%	4:1
10.	Pamela Anna Mathew	Independent Director	360% ^b	4:1
11.	Oommen K Mammen	Chief Financial Officer	54%	Not Applicable
12.	Maxin James	Company Secretary	20%	Not Applicable

^a Mr. Alexander M George was appointed as Additional Director with effect from 5th November, 2014 and his remuneration for Financial Year 2014-15 is proportionate to his period of Directorship. He was appointed as Whole Time Director on 30th September, 2015 on terms and conditions approved by shareholders in Annual General Meeting held on 30th September, 2015.

^b Ms Pamela Anna Mathew was appointed as Additional Director with effect from 5th November, 2014 and her remuneration for Financial Year 2014-15 is proportionate to her period of Directorship. She was appointed as Independent Director on 30th September, 2015.

- b) the percentage increase in the median remuneration of employees in the financial year 2015-16 : 5.55%
- c) The number of permanent employees on the rolls of Company as on 31st March, 2016 ; 22,781
- d) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase made in the salaries of employees other than the managerial personnel is 7.50%. The total managerial remuneration for the Financial Year 2015-16 was ₹ 19.86 Crores as against ₹ 19.43 Crores during the previous year, an increase of 2.21%. The increase in Managerial Remuneration is on account of induction of Mr. Alexander M George as Whole Time Director as well as on account of increase in commission paid to Independent Directors. There is no increase in remuneration of other directors as compared to previous year. There is no exceptional circumstance for increase in managerial remuneration except as stated above.

Annexure 6

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

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

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

- g) The remuneration paid is as per the remuneration policy of the Company.

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

Name of Employee	Mr. M G George Muthoot	Mr. George Thomas Muthoot	Mr. George Jacob Muthoot	Mr. George Alexander Muthoot
Designation	Chairman	Whole Time Director	Whole Time Director	Managing Director
Remuneration	₹ 4.8 Crores	₹ 4.8 Crores	₹ 4.8 Crores	₹ 4.8 Crores
Nature of Employment whether contractual or permanent	Permanent	Permanent	Permanent	Permanent
Qualifications	B. Tech	Undergraduate	B. Tech.	B.Com., FCA
Experience (in years)	41	40	38	35
Date of Commencement of Employment	28.07.2000	16.08.2005	16.08.2005	28.07.2000
Age (in years)	66	65	63	60
Last Employment held before joining the Company	Muthoot Bankers	Muthoot Bankers	Muthoot Bankers	Muthoot Bankers
Relationship with Director/Manager of the Company	All Whole Time Directors except Mr. Alexander M George are related to each other as Brothers. Mr Alexander M George is son of Mr. M G George Muthoot.	All Whole Time Directors except Mr. Alexander M George are related to each other as Brothers. Mr Alexander M George is son of Mr. M G George Muthoot.	All Whole Time Directors except Mr. Alexander M George are related to each other as Brothers. Mr Alexander M George is son of Mr. M G George Muthoot.	All Whole Time Directors except Mr. Alexander M George are related to each other as Brothers. Mr Alexander M George is son of Mr. M G George Muthoot.

For and On Behalf of the Board of Directors

Place: Kochi
Date: 23rd August, 2016

M G George Muthoot
Chairman

REPORT ON CORPORATE GOVERNANCE

“Wisdom raises the quality of governance. The wisdom is the combination of theory and practice. - Kautilya”

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

During the year, there was change in listing regulations which provides fundamental regulatory guidelines on Corporate Governance Practices across India and now prescribed through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Your Company has realigned its corporate governance practice in a manner so as to achieve the objectives of principles as envisaged in revised SEBI Regulations.

2. BOARD OF DIRECTORS

A. Composition of Board

The day-to-day management of affairs of your Company is managed by Senior Management of your Company which includes Whole Time Directors and Managing Director, who function under overall supervision and guidance of the Board of Directors. The Board of Directors of your Company plays the primary role as the trustees to safeguard and enhance stakeholders'

value through its effective decisions and supervision. Your Company's Board of Directors have optimum combination of Executive and Independent Directors and half of the members of the Board is Independent. Independent Directors meet the criteria of independence as specified in SEBI LODR and also meet the criteria for appointment formulated by Nomination and Remuneration Committee and as approved by the Board of Directors. (Appointment and Remuneration policy of the Company is annexed to Report of the Board of Directors). The appointment of Directors of your Company is in Compliance of SEBI LODR and afore stated policy of the Company.

At present, Board of Directors of your Company consists of Ten Directors which is a combination of five Executive and five Non-Executive Directors. All Non-Executive Directors of your Company are independent Directors i.e. they do not have any material pecuniary relationship with the Company, its promoters or its management, which may affect the independence of the judgment of the Director.

The composition of the Board of Directors is in compliance with the requirements of SEBI LODR and names and categories of Directors and their dates of appointment are as follows:

Name of Director	Category	DIN	Position	Date of Present Appointment
M G George Muthoot	Non-Independent, Executive	00018201	Chairman and Whole Time Director	11.08.2014*
George Alexander Muthoot	Non-Independent, Executive	00016787	Managing Director	11.08.2014*
George Jacob Muthoot	Non-Independent, Executive	00018235	Whole Time Director	11.08.2014*
George Thomas Muthoot	Non-Independent, Executive	00018281	Whole Time Director	11.08.2014*
K John Mathew	Independent, Non - Executive	00371128	Independent Director	25.09.2014
George Joseph	Independent, Non - Executive	00253754	Independent Director	25.09.2014
John K Paul	Independent, Non - Executive	00016513	Independent Director	25.09.2014
K George John	Independent, Non - Executive	00951332	Independent Director	25.09.2014
Pamela Anna Mathew	Independent, Non- Executive	00742735	Independent Director	30.09.2015
Alexander M George	Non-Independent, Executive	00938073	Whole Time Director	30.09.2015

* Appointment of Managing Director and Whole Time Directors were made under provision of Section 196 of Companies Act, 2013 on 11th August, 2014 and confirmed by members in Annual General Meeting dated 25th September, 2014 with effect from 1st April, 2015.

All the Independent Directors have furnished individual declarations to the Board that they qualify the conditions of their being Independent Director in compliance of requirements under SEBI LODR. None of the Directors on the Board of Directors are members of more than ten Committees or Chairman of more than five Committees across all the Companies in which they are Directors.

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

B. Meetings, Attendance of each of the directors and other details

During the Financial Year 2015-16, your Board of Directors met six times on 05-05-2015, 22-07-2015, 29-10-2015, 28-01-2016, 24-02-2016 and 05-03-2016. The gap between two Board Meetings did not exceed one hundred and twenty days.

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

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

* For purpose of calculating Number of Committee positions held in other Public Companies of Directors only membership in Audit Committee and Stakeholders Relationship Committee is counted as required under SEBI LODR.

C. Meeting of Independent Directors

During the year a meeting of Independent Directors was held as required under the Companies Act, 2013 and in compliance with requirement under Schedule IV of the Act and SEBI LODR. All independent Directors except Mr. K George John who was out of the country on date of meeting were present in the meeting and they reviewed and discussed matters as required under the Companies Act, 2013 and SEBI LODR.

D. Performance Evaluation of Board, Committees and Directors

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

E. Familiarisation Programme

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

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

Meeting to familiarise the Board with their activities and allied matters. The Company held a separate training and familiarisation programme for Independent Directors during the financial year which was conducted by external experts to gain familiarisation with change in regulations especially in SEBI LODR and the Companies Act, 2013 and on allied matters including duties of Independent Directors and performance evaluation.

3. AUDIT COMMITTEE

The Audit Committee of Board of Directors was constituted pursuant to Section 177 of the Companies Act, 2013, SEBI Regulations and the Reserve Bank of India Regulations.

Terms of reference of the Audit Committee include:

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

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

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

The Audit Committee met 4 times during the year on 28-04-2015, 22-07-2015, 29-10-2015, and 28-01-2016.

The Audit Committee comprises of:

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

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors was reconstituted as per requirement of Section 178 of the Companies Act, 2013, SEBI and the Reserve Bank of India Regulations on 28th February,

2016 and its terms of references were revised to include power of erstwhile ESOP Committee of Board of Directors. The ESOP Committee of Board of Directors was discontinued from 28th February, 2016. Terms of reference of the Remuneration Committee include the following:

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

Composition, name of members and chairperson and attendance during the year of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee met 3 times during the year on 04-05-2015, 21-07-2015 and 16-03-2016. The Nomination and Remuneration Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings	
			Held	Attended
John K Paul	Chairman	Independent Director	3	3
K John Mathew	Member	Independent Director	3	3
K George John	Member	Independent Director	3	2

Board of Directors of your Company aligns the remuneration of Directors with the long term interest of the Company and its stakeholders. The non-executive Independent Directors are paid sitting fees at the rate of ₹ 10,000 for each of the Board meeting attended and ₹ 5,000 for

Committee Meeting attended. There are no other pecuniary relationships or transactions by non-executive directors with the Company. The Managing Director and Executive Directors of the Company is paid remuneration as per terms of their appointment. No other remuneration is paid to the

Directors. The criteria for payment of remuneration to non-executive directors are in accordance with Nomination and Remuneration Policy of the Company and they are eligible for commission within limits approved by Shareholders of the Company. Company have not given any options under ESOP Plan to any members of Board of Directors.

Nomination and the Remuneration Policy of the Company is annexed to Report of Board of Directors. The said Policy and criteria of making payments to non-executive directors is available at website of the Company at www.muthootfinance.com/policy/policy-investor

The sitting fees / remuneration paid to the directors during the year 2015-16 are given below:

Sl. No.	Name of the Directors	Category	Position	Sitting fees for attending meeting (₹ In lakhs)	Salary Allowances & Perquisites (₹ In lakhs)	Commission Paid (₹ In lakhs)	Total (₹)	Shares & Other Convertible Securities Held
1	M G George Muthoot	Non-Independent, Executive	Chairman	-	480	-		47,385,132
2	George Alexander Muthoot	Non-Independent, Executive	Managing Director	-	480	-		44,464,400
3	George Jacob Muthoot	Non-Independent, Executive	Whole-Time Director	-	480	-		44,464,400
4	George Thomas Muthoot	Non-Independent, Executive	Whole-Time Director	-	480	-		44,464,400
5	K John Mathew	Independent, Non – Executive	Director	0.85	-	6.00		-
6	John K Paul	Independent, Non – Executive	Director	0.90	-	6.00		-
7	K George John	Independent, Non –Executive	Director	0.5	-	6.00		-
8.	George Joseph	Independent, Non –Executive	Director	0.95	-	6.00		1,134
9.	Pamela Anna Mathew	Non- Executive, Independent	Director	0.60	-	6.00		-
10.	Alexander M George	Executive, Non- Independent	Whole-Time Director	-	36	-		6,772,500

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Terms of reference of the Committee includes the following:

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

all the matters related to de-materialisation or re-materialisation of shares, change in the beneficial holders of demat shares and granting of necessary approvals wherever required.

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

The Stakeholders' Relationship Committee met 4 times during the Year on 01.04.2015, 01.07.2015, 01-10-2015 and 27-01-2016. The Stakeholders' Relationship Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship	No. of Meetings	
			Held	Attended
K John Mathew	Chairman	Independent Director	4	4
John K Paul	Member	Independent Director	4	4
George Thomas Muthoot	Member	Whole Time Director	4	4

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

Particulars	Equity	NCD
No. of Complaints Received during the year	6	94
No. of Complaints Resolved during the year	6	94
No. of Complaints pending on 31st March, 2016	Nil	Nil

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

6. GENERAL BODY MEETINGS

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

Year	2014-15	2013-14	2012-13
Date and Time	30th September, 2015 10:30 A M	25th September, 2014 10.30 A M	27th September, 2013 10.15 A M
Place of Meeting	Kerala Fine Arts , Society Hall, Fine Arts Avenue, Fore shore Road, Cochin - 682 016	Kerala Fine Arts Society Hall, Fine Arts Avenue, Fore shore Road, Cochin - 682 016	Kerala Fine Arts Society Hall, Fine Arts Avenue, Fore shore Road, Cochin - 682 016

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

Date of AGM	Details of Special Resolution passed
30th September, 2015	Issue of securities under Section 42 of the Act on private placement basis
25th September, 2014	1. To borrow monies for the purpose of the business of the Company under Section 180(1)(c) of the Act 2. Issue of securities under Section 42 of the Act on private placement basis
27th September, 2013	Special Resolution to grant employee stock options to employees

- iii. No Extraordinary General Meetings were held during the Financial Year 2015-2016.
- iv. There was no voting through postal ballot during the Financial Year 2015-16. No resolution is proposed to be conducted through the postal ballot.

7. DISCLOSURES

A. Monitoring of Subsidiary Company:

Asia Asset Finance PLC, Colombo, Sri Lanka (AAF) and Muthoot Homefin (India) Limited, Kochi, Kerala are subsidiaries of the Company as on 31st March, 2016. AAF is listed in Colombo Stock Exchange, Sri Lanka. The said subsidiary is non-material subsidiary and is not listed in India for the purpose of Clause 49 of Listing Agreement/SEBI LODR as the case may be. AAF is managed by its Board of Directors. The Company is not required to appoint any of its Independent Director as a Director on the Board of AAF. The financials, in particular, the investments made by AAF are reviewed by the Audit Committee. All minutes, financial statements, significant transactions of AAF are available to Board of Directors of your Company.

Muthoot Homefin (India) Limited (MHFIL) is a registered Housing Finance Company with National Housing Bank and has become a subsidiary of the Company as on March 2016. MHFIL is a non-material subsidiary and is not a listed Company. Mr. George Alexander Muthoot, Mr. M G George Muthoot and Mr. George Thomas Muthoot who are Whole Time Directors of your Company are Non-Executive Non-Independent Directors in MHFIL. The Company is not required to appoint any of its independent Directors as a Director on the Board of MHFIL. However Mr. K George John, Independent Director of your Company was appointed as Independent Director of MHFIL. The financials in particular, the investments made by MHFIL are reviewed by the Audit Committee. All minutes, financial statements, significant transactions of MHFIL are available to the Board of Directors of your Company.

The Policy for determining material subsidiary is available at website of the Company at www.muthootfinance.com/policy/policy-investor

B. Related Party Transaction

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis or were in ordinary course of business or with approval of the Audit Committee. The Board has formulated a policy on related party transactions, which is displayed on the website of the Company at www.muthootfinance.com/policy/policy-investor. During the year, the Company had not entered into any contract / arrangement / transaction with related

parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Unanimous approvals granted by Audit Committee are for transactions which are of repetitive nature and are in compliance of SEBI LODR.

In the opinion of the Board of Directors, none of the transactions of the Company entered into with the related parties were in conflict with the interests of the Company. Further, there were no material related party transactions which required approval of shareholders as required under earlier Clause 49 of Equity Listing Agreement/SEBI LODR as the case may be.

The details of the related party transactions are disclosed in notes on accounts, forming part of Financial Statements. The stakeholders may kindly refer to the same.

C. Proceeds of the Public issue

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

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

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

E. Whistle Blower Policy & Vigil Mechanism

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

The whistle blower policy is available at website of the company at www.muthootfinance.com/policy/policy-investor.

F. Code of Conduct

All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect by the Managing Director is given as Annexure 1 to this report. The Code is displayed on the website of the Company at www.muthootfinance.com/policy/policy-investor

G. CEO/CFO Certification

The Managing Director and CFO have certified to the Board in accordance with SEBI LODR pertaining to the CEO/CFO Certification for the financial year ended 31st March, 2016. The same is annexed as Annexure 2 to this report.

H. Certificate of Corporate Governance

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

I. Other Disclosures

Board of Directors of your Company periodically discuss, review and decides upon matters related to policy formulations, appraisal of performances, overall supervision and control of your Company, review to Compliance Reports pertaining to compliance of all laws prepared by management etc. Board of Directors of your Company have also delegated various powers to Committees which monitors day to day activities of your Company. Notice and Agendas setting out the business to be transacted are being sent to Directors in advance by complying necessary regulations in this regard. In some instances, documents which are primarily price sensitive information are tabled at meetings and presentations are also made by Senior Executives on matters related to them in Board as well as Committee meetings. Your Company also have suitable policies on Code of Conduct for Directors and Senior Management, Code of conduct of Independent Directors, plans for succession of Board of Directors. Your Company has complied with Corporate

Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI LODR.

8. MEANS OF COMMUNICATION

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

9. GENERAL SHAREHOLDER INFORMATION

a. Company Registration Details

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

b. Annual General Meeting

Date	: 29th September, 2016
Time	: 10: 30 A M
Venue	: Kerala Fine Arts Society Hall, Fine Arts Avenue, Fore shore Road, Cochin – 682 016

As required under SEBI LODR particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting are given in the Annexure to the Notice of the AGM to be held on 29th September, 2016.

- c. Financial Year** : 1st April, 2015 to 31st March, 2016
- d. Date of book closure** : 23rd September, 2016 to 29th September, 2016 (both days inclusive)
- e. Dividend Payout Date** : Not Applicable
- f. Listing of Securities** : BSE Limited
Floor 25, P. J Towers,
Dalal Street
Mumbai – 400 001
&
National Stock Exchange
of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051
- g. Stock Code/Symbol/ISIN of Equity Shares**
BSE : 533398
NSE : MUTHOOTFIN
ISIN : INE414G01012

h. Listing Fees and Depository Fees

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

i. Stock market price data (in ₹ per share)

High, Low (based on closing prices) and number of shares traded during each month in the year 2015-16 on National Stock Exchange of India Limited and BSE Limited:

Month	National Stock Exchange		BSE Limited	
	High Price	Low Price	High Price	Low Price
April	209.45	178.20	209.90	178.00
May	204.00	172.55	201.35	172.55
Jun	205.90	173.50	205.75	170.00
Jul	236.80	190.05	236.50	185.00
Aug	201.00	151.00	200.95	155.00
Sep	175.50	152.20	176.00	152.00
Oct	190.00	160.70	190.95	160.75
Nov	186.90	175.00	188.85	160.20
Dec	199.45	172.00	199.00	173.00
Jan	193.00	167.85	192.90	170.00
Feb	202.00	170.30	202.00	170.20
Mar	179.90	172.05	181.40	172.50

- j.** Performance of the share price in comparison (based on closing prices) to broad based indices – BSE Sensex and NSE Nifty during the Financial Year 2016

Period	BSE (% Change)		NSE (% Change)	
	Muthoot Finance	S & P Sensex	Muthoot Finance	CNX Nifty 50
FY 2015-16	(12.72)%	(9.34)%	(12.55)%	(9.87)%

k. Registrars and Transfer Agent

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

l. Share transfer system

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

m. Distribution of Shareholding as on 31st March, 2016

Category	No. of Shares	%
Promoters and Promoter Group Holding	2,977,978,72	74.630
Foreign Institutional Investors	27,784,065	6.963
Mutual Funds	27,353,381	6.855
Foreign Portfolio Investors(Corporate)	28,082,852	7.036
Other Bodies Corporate	3,042,038	0.762
Others including Public	14,942,124	3.745
Total	399,002,332	100.000

n. Shareholding pattern by size as on 31st March, 2016

Category (Shares)	No. of Shareholders	Shares	% of Total Shares
1 – 500	38,556	3,514,008	0.881
501 – 1000	1,088	782,945	0.196
1001 – 2000	443	596,648	0.150
2001 – 3000	87	221,073	0.055
3001 – 4000	36	128,031	0.032
4001 – 5000	42	198,337	0.050
5001 – 10000	71	516,502	0.129
10001 and above	201	393,044,788	98.510
Grand Total	40,524	399,002,332	100.000

o. Top ten Equity Shareholders of the Company as on 31st March, 2016

Sl. No.	Name of Share Holders	Number of Shares	Percentage
1	M G George Muthoot	47,385,132	11.876%
2	George Alexander Muthoot	44,464,400	11.144%
3	George Jacob Muthoot	44,464,400	11.144%
4	George Thomas Muthoot	44,464,400	11.144%
5	Susan Thomas	29,985,068	7.515%
6	George M Jacob	15,050,000	3.772%
7	Anna Alexander	14,935,068	3.743%
8	Elizabeth Jacob	14,935,068	3.743%
9	Sara George	13,519,336	3.388%
10	George Alexander	7,525,000	1.886%

p. Equity Shares in the Suspense Account

Details in respect of equity shares* lying in the Suspense Account which were issued in the Initial Public Offering of Equity Shares of the Company:

Sl.No.	Description	No. of Shares
1	Number of shareholders and outstanding shares in the suspense account as on 01.04.2015	442 Shares for 4 Investors
2	Number of shareholders who approached for transfer of shares from suspense account during the period 01.04.2015 to 31.03.2016	Nil
3	Number of shareholders to whom shares were transferred from suspense account during the period 01.04.2015 to 31.03.2016	Nil
4	Number of shareholders and outstanding shares in the suspense account as on 31.03.2016	442 Shares for 4 Investors

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

q. Dematerialization of shares

The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. 99.99 % of shares of the Company were held in dematerialized form as on 31st March, 2016.

r. Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity

Not Applicable.

s. Branch locations

Company has 4,294 branches as on 30th June, 2016. The details of locations are available in Company's website at: http://www.muthootfinance.com/contact/branch_locator#branchLocator

t. Commodity price risk or foreign exchange risk and hedging activities:

The Company do not have any outstanding foreign exchange exposure as on March 31, 2016 other than investment made in its subsidiary M/s. Asia Asset Finance PLC, Sri Lanka. The Company follows accounting policy as stated under note no. 2.6 'Foreign Exchange Transactions' and note no. 2.9 'Investments' in notes on accounts of Standalone Financial Statements with respect to accounting of the same.

The primary business of the Company is lending against gold ornaments. Risk arising out of fluctuations in gold prices is mitigated through Risk Management systems which are briefly stated under the head 'Risk Management' in Management Discussion and Analysis section of this Annual Report.

u. Address for Correspondence

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

10. ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF PART E OF SCHEDULE II OF SEBI LODR:

Your Company has complied with all mandatory requirements as stipulated in SEBI LODR and fulfilled the following non-mandatory requirements:

The Report of the Auditor on financial statement does not contain any qualification. The position of Chairman and Managing Director are held by different individuals and Internal Auditor of the Company directly reports to the Audit Committee of the Board of the Company.

Annexure 1

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

I hereby confirm that the Company has obtained from all the members of the Board and designated senior management employees of the Company affirmation that they have complied with "Code of Conduct for Board Members and Senior Management" ("Code") of the Company for the year ended 31st March, 2016.

Place : Kochi
Date : 27th May, 2016

George Alexander Muthoot
Managing Director

Annexure 2

CEO / CFO CERTIFICATION

To
The Board of Directors
Muthoot Finance Limited
Kochi

We, to the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place : Kochi
Date : 27th May, 2016

George Alexander Muthoot
Managing Director

Oommen K Mammen
Chief Financial Officer

Annexure 3

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,
Muthoot Finance Limited

We have examined the compliance of conditions of Corporate Governance by MUTHOOT FINANCE LIMITED ('the Company') for the year ended 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / Listing Regulations, as applicable.

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

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

Place: Kochi
Date: 27th May, 2016

R. Sreenivasan
Partner
Membership No. 020566

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

FY 2016 witnessed a sharp decline in world trade growth with significantly weak import volumes in leading emerging markets, including China, Brazil and Russia. Inflation remained low in many countries owing to slow growth, minimal wage pressures and depreciation in commodity prices. The economic situation in Europe remained grim. The European Central Bank lowered its projections for inflation and economic growth, predicting that the European economy would grow at 1.4% in 2016. While low inflation, an improving labour market and favourable financing conditions continue to propel consumption in the Eurozone, other factors are posing challenges. Slow external demand primarily from emerging economies—is likely to keep the Eurozone recovery fixed in a low gear. This will remain a major concern, going forward.

The speed of China's economic growth continues to slow down, replicating structural change as the nation moves to a more advanced phase of economic development, driven by the services sector and consumer spending. The Japanese economy is struggling for growth against diverse structural headwinds, including a declining and ageing population, weakening productivity, low return on capital, and high debt levels. Weaker domestic demand, together with slower investment in housing, contributed to the disappointing numbers.

Global growth trends continues to become weaker. These have been primarily due to certain developments that have been accompanied by heightened political uncertainties, concerns about the effectiveness of monetary policy stimulus in some advanced economies, the pace of monetary policy normalization in the United States and policy makers willingness to use expansionary fiscal policy if needed. Growth for 2016 is forecasted around 2.4% as against estimated growth rate of 3.1% for 2015.

INDIAN ECONOMY

During FY 2015-16, India's GDP grew by 7.6%, making it one of the fastest growing major economies in the world. The growth rate is expected to reach close to 8% backed by declining oil prices and relatively limited exposure to current global financial turbulence. The investment cycle in India is showing positive growth and consumption expenditure is improving. This growth is likely to be sustainable on the back of the Government's focus on industrial activities, infrastructure development and ease of doing business.

The fiscal deficit stood at 3.9% of GDP. Thus, the Central Government met its target, continuing with its commitment to fiscal consolidation. Amid global uncertainty, it is commendable that the Government is sticking to its fiscal deficit target while pursuing the growth agenda. The direct and indirect tax collection numbers in the last fiscal were also encouraging. Exports continued to decline for more than a year on poor global demand. With imports falling concurrently due to lower global commodity prices, merchandise trade deficit moderated in FY 2015-16. The rupee remained strong in the recent chaos, affirming to a strong macroeconomic outlook for the country.

The Index of Industrial Production (IIP) rose at a passive pace in March 2016, as manufacturing growth, which constitutes roughly three-fourths of the index contracted by 1.2% as against 0.7% in February, 2016. Overall, industrial growth in FY 2015-16 slowed to 2.4% from 2.8% in the previous year. The Government's continued focus on its reform process is likely to revive the investment cycle in the economy. With inflation at closer to historic lows and budget deficit under control, the interest rates in the economy have ample scope to come down.

Government Initiatives

Several measures were outlined in the Union Budget 2015-16 that aimed at reviving and accelerating investment:-

- The Prime Minister of India has launched the Micro Unit Development and Refinance Agency (MUDRA) to fund and promote Micro Finance Institutions (MFIs), which would provide loans to small and vulnerable sections of the business community.
- Government of India's 'Jan Dhan' initiative for financial inclusion is gaining momentum, as the number of bank accounts opened by 15th July, 2015 has more than doubled to 169 million from 68.7 million at end of October 2014. Government of India aims to extend insurance, pension and credit facilities to those excluded from these benefits under the Pradhan Mantri Jan Dhan Yojana (PMJDY).
- NBFCs shall be eligible for deduction to the extent of 5% of their income in respect of provision for bad and doubtful debts (NPAs).

- FDI will be allowed beyond the 18 specified NBFC activities in the automatic route in other activities which are regulated by financial sector regulators.
- The Pradhan Mantri Mudra Yojana (PMMY) was launched for the benefit of bottom of the pyramid entrepreneurs. Banks and NBFC-MFIs have reported that the amount sanctioned under PMMY had reached about ₹ 1 Lakh Crore to over 2.5 Crores borrowers by early February 2016, while the target next year is raised to ₹ 180,000 Crores.
- Investment limit for foreign entities in Indian stock exchanges will be enhanced from 5% to 15% on par with domestic institutions.
- It is proposed to provide additional options to banking companies and financial institutions, including NBFCs, for reversal of input tax credits with respect to non-taxable services provided by them by way of extending deposits, loans and advances with effect from 1st April, 2016.
- Gold Monetization Scheme - The Gold monetization scheme is basically a new deposit tool to ensure mobilization of gold held by households and institutions of the country and facilitate its use for productive purposes. In the long run it aims to reduce the country's reliance on the import of gold.

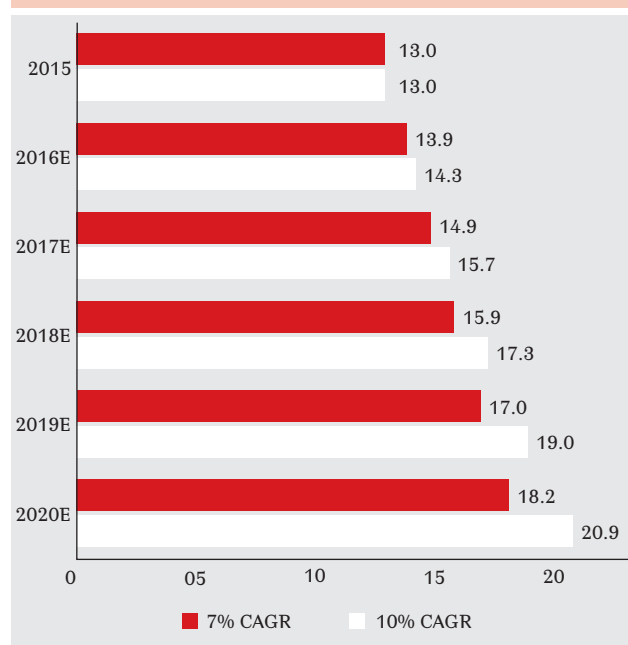
NBFCs IN INDIA

Indian NBFCs have played a vital role in meeting the diversified financial requirements of the country for over a decade now. They have been like a boon to masses especially one who couldn't gain access to the bank for fulfilling his/her financial needs. NBFCs have performed very well in retail asset-backed lending, lending against securities and microfinance. Once NBFCs are integrated in the financial system with full policy support, they will be able to perform much better in their role as a key finance provider in the financial market.

NBFCs are poised to grow at a good rate; major chunk of this growth is likely to come from PSU bank's share of the pie. There are many factors that will contribute or justify this expected growth for NBFCs. Some of these factors are better

understanding of customer profile / need, better product lines, wide network, quick turnaround time and robust risk management capabilities. Improving macroeconomic conditions, higher credit penetration, improved consumption and disruptive digital trends will allow NBFC's credit to grow at 7-10% (real growth rate) over the next five years.

Credit Growth at NBFCs as a % of total credit



Source: PwC Analysis

The key to performing well in this sector is increased customization. Innovation-led products that are tailor made for specific customer needs is what will set the tone for the sector's upward growth momentum. NBFCs can partner with payment banks and small finance banks and provide more financial offerings to consumers, thereby boosting their growth prospects.

GOLD

Gold demand in India

Gold has religious and cultural significance in India, and is the most popular form of savings for households (especially in rural India). Besides the religious and cultural significance,

the high demand for gold has historically stemmed from low penetration of banking facilities, laws of inheritance, and the 'yellow metal' being the best bet against inflation.

Two-thirds of India's gold demand comes from villages, where jewellery is traditionally used for investment. India remained the second biggest gold consumer in 2015 after China, where demand rose last year by 3% to 984.5 tonnes. According to the World Gold Council, gold demand in India in the first quarter of 2016 was 116.5 tonnes, 39% lower than in the corresponding quarter of 2015, when it was 191.7 tonnes. In the Union Budget FY 2016-17, excise duty on jewellery was increased from nil to 1% (without input tax credit benefit; 12.5% excise duty with input tax credit). India Ratings and Research expects jewellery demand to remain strong and grow between 3% and 5% to reach 670-685 tonnes in 2016, driven by wedding-related purchases. India imported 950 tonnes of gold in FY 2015-16, 9.5% down from 1,050 tonnes in the previous financial year. In value terms, gold imports stood at \$31.7 billion, down from \$34.3 billion in FY 2014-15.

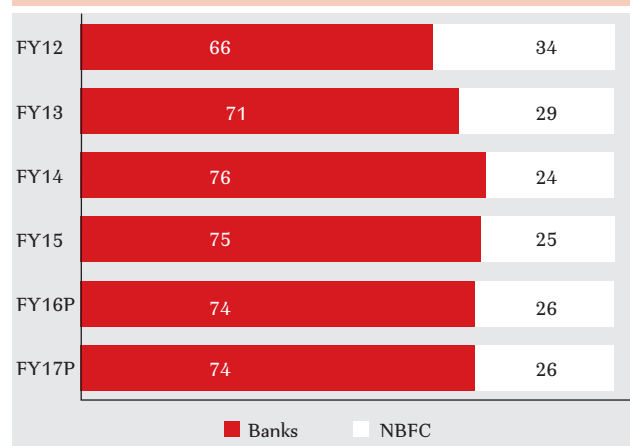
Gold Loan Sector

Gold loan has undergone a sea change and individuals have started understanding the value of loan against gold as against availing a personal loan. The Gold loan market that was highly fragmented and dominated by local jewelers / money lenders has gradually seen the entry and growth of NBFCs and banks; a clear indication of the viability of gold loans as an important loan product.

The gold loans market has recently seen a lot of action from both the consumers and the industry. With gold spiraling upwards, borrowers are able to get decent valuation for their gold; and the process of getting such a secured loan is also largely hassle free. The southern Indian markets have been particularly lucrative for the gold loan business as it has been part of common man's day-to-day life for decades.

Amongst organized players, specialized gold loan NBFCs have witnessed exceptional growth driven by management aggression/strength, robust branch expansion, belligerent marketing spend and customer acquisition. Given the customers preference for them over banks due to critical factors like hassle free documentation, quick disbursal of loans, higher LTV offer, flexibility in loan terms, etc, specialized NBFCs command premium yields and enjoy superior profitability. Therefore, they represent a much better medium to ride the gold loan growth story. Loan sector has been facing increase in demand in the Indian financial market due to key features like decline in interest rate, fast processing time, and attractive schemes designed to cater to the financial needs of people of all classes.

Gold loan share of banks and NBFCs



Source: Company, MOSL

NBFCs IN GOLD LOAN BUSINESS Strengths

Core product focus enables customer-centric business

model: NBFCs have a clear focus on gold loans, which enables them to have a customer-centric business model resulting in better and quicker customer service. This also allows them to structure products better vis-à-vis banks. Features such as no deduction of 'advance interest', flexibility for partial repayment without any penalty and repeated availment at no extra cost bear testimony to their business model.

Hassle-Free documentation: Since security is gold ornament which is a movable asset, documentation process is easier unlike availment of a loan from financial institutions/banks on the security of land/building which is a cumbersome process.

Close-to-customer model with vast branch network:

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

Fast turnaround time, strong appraisal and valuation

expertise: Due to single product focus, employees are well versed with the appraisal methodologies. Hence, the turnaround time is less than an hour for a new customer and approximately 15 minutes for a repeat customer.

Low cost structure

NBFCs have built network with a minimum investment corresponding to the potential of business in which it is going to operate. Employees are sourced locally and are provided

training to deliver various skills keeping the operating cost low. This has enabled the Company to reach the break-even level faster as well as start contributing to the bottom line of the Company. This also provides downside protection in terms of closing down the operation in case desired level of business is not achieved.

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

Flexible Repayment Option: Customers get a trouble free loan period where he is not troubled for any payment of equated monthly instalment, rather, would be allowed to make payment of interest and principal on closure of the loan.

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

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

Opportunities

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

Matured Sector: Gold loan NBFCs has reached its inflection point and is further evolving. It has gone through a lot of ups and downs in the recent past. It has evolved from profitable local ventures to hyper-growth companies that have expanded nationally, followed by an intense scrutiny by the regulators. Going forward, the industry's prospects are appearing very bright, driven by easier liquidity to stimulate growth, benefits of operating leverage and higher expectations on return on equities. Driving on the product market niche created by them, the NBFCs are likely to maintain a competitive advantage over banks, despite their participation in the gold loan business. The growth enablers are plenty, given the low branch utilisation and increasing ticket-size due to a customer profile that is engaged in self-employment activities.

Changing consumer attitudes and preferences: Indian customers have demonstrated a change in their traditionally debt-averse psychology. A quiet swing in savings from financial products to asset creation, showing propensity for further growth, is visible in the Indian economy.

Threats

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

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

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

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

OUTLOOK

The outlook for the sector over the next year looks comparatively better on account of positive trend of growth in economy which is expected to boost credit demand.

With gold prices stabilizing, the Company expects to grow the business, improve operational efficiency, and enhance customer experience on the back of high quality assets and digitisation initiatives. The promised rural thrust in budget spends, favourable monsoon and the jewellery trade resuming after adapting to the new regulations are all favourable factors, which will lead to demand returning to normal levels. Apart from imposing higher import duties, the Government in recent times has put efforts to substitute the demand for household and temple gold with virtual gold products as entailed in the Sovereign Gold Bond and Gold Monetisation Schemes.

The outlook for gold demand in FY 2016-17 remains optimistic. It continues to play a very effective role as a hedge, as stock valuations in the US and elsewhere remain higher, as investors have increased their risk exposure in search of returns amongst a very low yield environment. While there are some concerns about GDP growth across emerging markets, economic output continues to increase – this, in turn, reinforces the case for gold as a long-term strategic asset and wealth preservation tool. Going deeper across the country's unbanked regions, we at Muthoot Finance are optimistic that we would continue to address a wider customer base through our extensive operational network. We shall continue to expand our loan book and monitor our margins to ensure sustainable stakeholder returns.

COMPANY OVERVIEW

Muthoot Finance Limited is the flagship Company of the Muthoot Group, which has pioneered the concept of gold banking in the country. It is a 'Systematically Important Non-deposit taking NBFC', which is listed on the country's premier stock exchanges, namely BSE and NSE. It provides personal and business loans (secured by gold jewellery) primarily to individuals who have no access to formal credit for a reasonable tenure to meet their short-term working capital requirements. Muthoot Finance's client ranges from farmers to salaried employees seeking financial aid. By making the gold loan available easily at the lowest interest rates, easy documentation processes and repayment options, we enable people to meet their fund requirements even in times of exigency. It has emerged as a leader in gold loan business and has a network of 4,294 branches all over India.

Financial performance review

Gross retail loan assets under management

The Company's retail loan portfolio increased by ₹ 971 Crores during FY 16, a net growth of 4%, to ₹ 24,379 Crores from ₹ 23,408 Crores in FY 15.

Average gold loan outstanding per branch

The Company's average gold loan outstanding per Branch increased from ₹ 5.50 Crores in FY 15 to ₹ 5.69 Crores in FY 16 on account of increase in gold loan portfolio.

Revenues

The Company's revenues increased by 13% from ₹ 4,325 Crores in FY 15 to ₹ 4,875 Crores in FY 16. The average yield on loan portfolio increased from 19.31% in FY 15 to 19.72% in FY 16. The strong earnings profile is supported by better operating efficiency and low credit costs.

Profit before tax

The Company's profit before tax increased by 28%, from ₹ 1,028 Crores in FY 15 to ₹ 1,317 Crores in FY 16.

Profit after tax

The Company's profit after tax increased to ₹ 810 Crores in FY 16 from ₹ 671 Crores in FY 15, an increase of 21%.

Capital Adequacy Ratio

The Company's Capital Adequacy Ratio declined from 24.78% in FY 15 to 24.48% in FY 16 with Tier I capital of 20.92%.

Earnings per share (EPS)

Earnings per share increased from ₹ 16.97 in FY 15 to ₹ 20.34 in FY 16 on account of increase in profits during the year.

RISK MANAGEMENT

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

1. Operational risk

Operational risks is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. It includes employee negligence, fraud, petty theft, burglary and embezzlement. The Company has started installing offsite surveillance cameras in its branches, and intends to implement this across its branch network. As of 31st March, 2016, it had installed centralised monitoring and surveillance cameras in 3,926 branches across India. The Company has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Although, the disbursements of loans are very quick, a well-defined appraisal method as well as KYC compliance procedure exists to mitigate the risk involved in the business. Furthermore, it continues

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

2. Collateral risk

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

3. Credit risk

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

4. Market risk

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

5. Liquidity risk

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

6. Business cycle risk

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

INTERNAL SYSTEMS AND THEIR ADEQUACY

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

CAUTIONARY STATEMENTS

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Muthoot Finance Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **Muthoot Finance Limited, Registered and Corporate Office: Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India**, ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on March 31, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
 - g) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements- Refer Note 27 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Rangamani & Co**

Chartered Accountants

(Firm Registration No.: 003050 S)

Sd/-

R. Sreenivasan

Partner

Place: Kochi

Date: 27th May, 2016

Membership No. 020566

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Muthoot Finance Limited ('the Company')

- (i) In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the title deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date.
- (ii) The Company is a Non-Banking Finance Company and has not dealt with any goods and the Company does not hold any inventory during the period under audit. Accordingly, the provisions of clause 3 (ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits from the public attracting the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Therefore, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company and therefore, the provisions of the clause 3 (vi) of the Order are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues were outstanding as at March 31, 2016, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of Sales tax, Duty of Customs, Wealth Tax, Duty of Excise and Cess which have not been deposited on account of any dispute. The following dues of Service Tax and Income Tax have not been deposited with appropriate authorities on account of dispute:

Nature of dues	Amount ₹ In Lakhs *	Period to which the amount relates	Forum where dispute is pending
	499.21	2003-2008	CESTAT, Bangalore
	48,958.83	2007-2012	CESTAT, Bangalore
	7.90	2013-2014	Commissioner (Appeals), Kochi
Service tax	445.72	2010-2013	CESTAT, Bangalore
	21.55	2008-2011	Commissioner of Central Excise(Appeals), Kochi
	53.64	2007-2013	Commissioner of Central Excise(Appeals), Kochi
	110.39	2013-2014	High Court of Kerala
Income Tax	271.20	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)-II, Kochi
	145.64	Assessment Year 2010-11	Income Tax Appellate Tribunal, Kochi

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

(viii) According to the records of the Company examined by us and the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised.

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

- a) there have been certain instances of fraud by employees of the Company amounting to ₹ 1,62,66,785.00 as given in Note 35 to the financial statements; and
- b) no fraud by the Company has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence reporting under clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is engaged in the business of Non-Banking Financial Institution and has obtained the certificate of registration under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Rangamani & Co**

Chartered Accountants

(Firm Registration No.: 003050 S)

Sd/-

R. Sreenivasan

Partner

Place: Kochi

Date: 27th May, 2016

Membership No. 020566

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Muthoot Finance Limited, Registered and Corporate Office: **Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India**, ('the Company') as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that; (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

of the company are being made only in accordance with authorizations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Rangamani & Co**

Chartered Accountants

(Firm Registration No.: 003050 S)

Sd/-

R. Sreenivasan

Partner

Place: Kochi

Date: 27th May, 2016

Membership No. 020566

BALANCE SHEET

as at 31st March, 2016

			₹
Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	3,990,023,320.00	3,979,664,190.00
(b) Reserves and surplus	4	52,202,467,885.91	46,855,378,219.62
Non-current liabilities			
(a) Long-term borrowings	5	52,762,585,403.10	67,125,585,633.97
(b) Other Long-term liabilities	6	11,268,290,971.06	12,078,100,624.41
(c) Long-term provisions	24	2,391,462.94	7,508,745.00
Current liabilities			
(a) Short-term borrowings	5	83,635,160,020.65	77,606,483,313.95
(b) Trade Payables & Other current liabilities	7	61,500,241,843.97	57,051,777,510.23
(c) Short-term provisions	8	5,126,167,830.86	2,988,014,883.32
Total		270,487,328,738.49	267,692,513,120.50
ASSETS			
Non-current assets			
(a) Fixed assets	9		
(i) Tangible Assets		2,138,118,841.37	2,518,518,109.28
(ii) Intangible Assets		46,702,267.34	54,510,094.34
(iii) Capital Work-in-progress		88,904,661.00	63,317,949.00
(iv) Intangible Assets under development		-	5,319,943.00
(b) Non-current investments	10	982,618,409.97	384,873,495.16
(c) Deferred tax assets (net)	11	519,739,833.16	348,390,523.16
(d) Long-term loans and advances	12	1,002,979,121.78	984,247,946.08
Current assets			
(a) Trade receivables	13	14,672,646,786.57	11,538,967,402.13
(b) Cash and Bank Balances	14	6,791,096,663.90	17,366,168,484.00
(c) Short-term loans and advances	15	244,237,688,095.40	234,405,000,470.64
(d) Other current assets	16	6,834,058.00	23,198,703.71
Total		270,487,328,738.49	267,692,513,120.50

Notes on accounts form part of standalone financial statements
As per our report of even date attached

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 27th May, 2016

For and on behalf of the Board of Directors

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

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
Maxin James
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2016

₹			
Particulars	Note No.	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Revenue from Operations	17	48,614,005,916.28	43,138,018,931.43
Other income	18	136,145,020.02	108,341,506.82
Total Revenue		48,750,150,936.30	43,246,360,438.25
Expenses:			
Employee benefits expense	19	6,418,778,569.56	6,304,274,071.18
Finance costs	20	22,576,929,357.51	21,063,560,931.62
Other expenses	21	4,191,762,810.85	4,194,841,153.80
Directors Remuneration		195,600,000.00	192,486,667.00
Depreciation and amortization expense	9	575,147,459.91	841,185,744.03
Provisions and Write Offs	22	1,624,391,450.50	371,434,571.00
Total Expenses		35,582,609,648.33	32,967,783,138.63
Profit Before Tax		13,167,541,287.97	10,278,577,299.62
Tax expense:			
Current tax		5,219,432,887.00	3,695,111,324.00
Deferred tax		(171,349,310.00)	(125,522,749.00)
Taxes relating to Previous Years		23,926,173.68	3,747,597.09
Profit for the year		8,095,531,537.29	6,705,241,127.53
Earnings per equity share of ₹ 10/- each			
Basic		20.34	16.97
Diluted		20.10	16.80

Notes on accounts form part of standalone financial statements
As per our report of even date attached

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 27th May, 2016

For and on behalf of the Board of Directors

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

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
Maxin James
Company Secretary

CASH FLOW STATEMENT

for the year ended 31st March, 2016

		₹
Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Taxation	13,167,541,287.97	10,278,577,299.62
Adjustments for :		
Add: Provision for Non-Performing Assets / Standard assets / Other losses	1,517,196,264.00	179,798,948.00
Add: Finance Cost	22,576,929,357.51	21,063,560,931.62
Add: Loss on Sale of Fixed Assets	106,712.06	134,690.65
Add: Depreciation and amortisation	575,147,459.91	841,185,744.03
Add: Provision for Gratuity	2,391,462.94	7,508,745.00
Add: Expenses on ESOP	115,299,604.00	194,898,339.00
Less: Interest received - Others	(130,155,978.42)	(93,952,471.03)
Less: Income from Investments	(4,389,370.60)	(13,181,162.79)
Operating profit before working capital changes	37,820,066,799.37	32,458,531,064.10
Adjustments for:		
(Increase) / Decrease in Loans and Advances	(9,851,418,800.46)	(15,444,790,191.67)
(Increase) / Decrease in Trade receivables	(3,133,679,384.44)	100,713,019.14
(Increase) / Decrease in Other Current Assets	17,018,414.35	(3,230,220.00)
Increase / (Decrease) in Current Liabilities	484,511,065.00	86,350,174.43
Increase / (Decrease) in Other Liabilities	38,387,577.09	(19,105,846.04)
Cash generated from operations	25,374,885,670.91	17,178,467,999.96
Finance cost paid	(19,452,860,621.37)	(18,192,171,218.07)
Direct tax paid	(3,782,103,005.14)	(3,589,223,031.68)
Net cash from operating activities	2,139,922,044.40	(4,602,926,249.79)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(189,860,122.56)	(326,413,971.75)
Sale of Fixed Assets	2,813,045.50	1,406,077.35
(Increase) / Decrease in Capital Work in Progress	(20,266,769.00)	75,414,857.00
Investment in Debentures	(100,000,000.00)	-
Sale of Bonds	-	307,000,000.00
Investments in Equity Shares of Subsidiary Companies	(497,744,914.81)	(338,123,555.16)
Interest received - Others	129,502,209.78	97,200,400.67
Income from Investments	4,389,370.60	21,211,525.80
Net Cash from Investing Activities	(671,167,180.49)	(162,304,666.09)

CASH FLOW STATEMENT

for the year ended 31st March, 2016

₹		
Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from Issue of Debentures	(13,182,460,000.00)	(15,819,574,000.00)
Increase / (Decrease) in Loan from Directors / Relatives of Directors	1,568,803,173.12	1,142,085,750.00
Increase / (Decrease) in Borrowings from Bank / Financial Institutions	4,457,884,112.76	14,385,168,173.07
Increase / (Decrease) in Subordinated debt	(1,081,805,566.00)	191,193,566.00
Increase / (Decrease) in Commercial Papers	-	(90,293,500.00)
Dividend paid (including Dividend distribution tax)	(3,832,718,413.89)	(2,322,575,331.49)
Proceeds from issue of Share Capital	26,470,010.00	4,201,889,040.00
Expenses on further issue of Equity Shares	-	(45,761,852.00)
(Increase) / Decrease in bank deposits held for greater than 3 months	(500,401.99)	899,742,108.92
Net Cash from Financing Activities	(12,044,327,086.00)	2,541,873,954.50
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(10,575,572,222.09)	(2,223,356,961.38)
Cash And Cash Equivalent at the Beginning of the Year	17,348,717,170.52	19,572,074,131.90
Cash And Cash Equivalent at the End of The Year	6,773,144,948.43	17,348,717,170.52
Components of Cash and Cash Equivalents at the end of the Year		
Current Account with Banks	5,292,527,328.79	14,777,081,225.78
Deposit with Banks	-	100,000,000.00
Cash on Hand	1,476,104,115.87	2,469,328,032.08
Unpaid Dividend *	4,513,503.77	2,307,912.66
Total (Refer Note.2.11)	6,773,144,948.43	17,348,717,170.52

Notes:

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

Notes on accounts form part of standalone financial statements

As per our report of even date attached

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi

Date: 27th May, 2016

For and on behalf of the Board of Directors

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

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
Maxin James
Company Secretary

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

1. BACKGROUND

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Concepts

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

Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

2.2 Use of Estimates

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

2.3 Revenue Recognition

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

2.4 Employee Benefits

A) Short Term Employee Benefits:

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

B) Post employment benefits:

a) Defined Contribution Plan *Provident Fund*

All eligible employees of the Company are entitled to receive benefits under the

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for the year ended 31st March, 2016

provident fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated percentage of the covered employees salary. Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss at actuals. The Company has no liability for future provident fund benefits other than its annual contribution.

b) Defined Benefit Plan

Gratuity

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

c) Employee share based payments

Stock options granted to the employees under the stock option scheme established are accounted as per the accounting treatment prescribed by the SEBI (Employee Stock Option

Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / SEBI (Share Based Employee Benefits) Regulations, 2014 issued by Securities Exchange Board of India. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

2.5 Fixed Assets

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

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

2.6 Foreign Exchange Transactions

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

2.7 Intangible Assets

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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 determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities are offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.9 Investments

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

2.10 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of

the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

2.11 Cash and Cash Equivalents

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

2.12 Provisions, Contingent Liabilities & Contingent Assets

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

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

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

2.13 Debenture Redemption Reserve

In terms of Section 71 of the Companies Act, 2013 read with Rule 18 (7) of Companies (Share Capital and Debentures) Rules 2014, the Company has created Debenture Redemption Reserve in respect of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Convertible Debentures issued through public issue as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

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

2.14 Provision For Standard Assets and non Performing Assets

The Company makes provision for standard assets and non performing assets as per Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. Provision for standard assets in excess of the prudential norms, as estimated by the management, is categorised under Provision for Standard Assets, as general provisions.

2.15 Leases

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

Where the Company is the Lessor:

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

Where the Company is the lessee:

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

2.16 Segment Reporting

Identification of segments:

- a) The Company's operating businesses are organized and managed separately according to the nature of services provided, with each

segment representing a strategic business unit that offers different products and serves different markets. The Company has identified two business segments – Financing and Power Generation.

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

Unallocated items:

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

Segment Policies:

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

2.17 Current / Non-current classification of assets / liabilities

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

3. SHARE CAPITAL

3.1 Share Capital

Particulars	As at 31st March, 2016	As at 31st March, 2015
Authorised		
450,000,000 Equity Shares of ₹ 10/- each	4,500,000,000.00	4,500,000,000.00
(Previous year: 450,000,000 Equity Shares of ₹ 10/- each)		
5,000,000 Preference Shares of ₹ 1000/- each	5,000,000,000.00	5,000,000,000.00
(Previous year: 5,000,000 Preference Shares of ₹ 1000/- each)		
Issued, Subscribed & Paid up		
399,002,332 Equity Shares of ₹ 10/- each fully paid	3,990,023,320.00	3,979,664,190.00
(Previous year: 397,966,419 Equity Shares of ₹ 10/- each fully paid)		
Total	3,990,023,320.00	3,979,664,190.00

3.2 Terms and Rights attached to Equity Shares

The Company has only one class of equity share having face value ₹ 10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting.

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

3.3 The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2016 and 31st March, 2015 is set out below:-

Particulars	31st March, 2016		31st March, 2015	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	397,966,419	3,979,664,190.00	371,712,768	3,717,127,680.00
Shares issued in exercise of Employee Stock Options during the year	1,035,913	10,359,130.00	902,589	9,025,890.00
Shares issued under Institutional Placement Programme during the year	-	-	25,351,062	253,510,620.00
Shares outstanding at the end of the year	399,002,332	3,990,023,320.00	397,966,419	3,979,664,190.00

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

Sl. No.	Name of Shareholder	31st March, 2016		31st March, 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	M. G. George Muthoot	47,385,132	11.88%	47,385,132	11.91%
2	George Alexander Muthoot	44,464,400	11.14%	44,464,400	11.17%
3	George Jacob Muthoot	44,464,400	11.14%	44,464,400	11.17%
4	George Thomas Muthoot	44,464,400	11.14%	44,464,400	11.17%
5	Susan Thomas	29,985,068	7.52%	29,985,068	7.53%

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

Particulars	Aggregate No. of Shares issued in the financial years				
	2015-16	2014-15	2013-14	2012-13	2011-12
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	Nil	Nil	Nil	Nil	Nil
Fully paid up by way of bonus shares	Nil	Nil	Nil	Nil	Nil
Shares bought back	Nil	Nil	Nil	Nil	Nil

3.6 Shares reserved for issue under Employee Stock Option Scheme

The Company has reserved 3,659,788 equity shares (Previous year: 5,901,049) for issue under the Employee Stock Option Scheme 2013. (Refer Note.24.c).

3.7 Institutional Placement Programme

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

4. RESERVES AND SURPLUS

Particulars	₹	
	As at 31st March, 2016	As at 31st March, 2015
a. Securities Premium Account		
Balance at the beginning of the year	14,551,281,673.66	10,570,781,115.96
Add : Securities premium credited on Equity Share issue	114,460,339.90	4,026,262,409.70
Less : Premium Utilised for Institutional Placement Programme expenses (Refer Note.4.1)	-	45,761,852.00
Closing Balance	14,665,742,013.56	14,551,281,673.66
b. General Reserve		
Balance at the beginning of the year	2,676,332,599.00	2,676,332,599.00
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	-	-
Closing Balance	2,676,332,599.00	2,676,332,599.00
c. Debenture Redemption Reserve (Refer Note.4.2)		
Balance at the beginning of the year	12,008,322,083.50	8,346,323,368.00
Add: Amount transferred from surplus in the Statement of Profit and Loss	3,509,466,198.50	3,661,998,715.50
Closing Balance	15,517,788,282.00	12,008,322,083.50
d. Statutory Reserve (Refer Note.4.3)		
Balance at the beginning of the year	8,675,737,635.80	7,334,689,409.80
Add: Amount transferred from surplus in the Statement of Profit and Loss	1,619,106,307.00	1,341,048,226.00
Closing Balance	10,294,843,942.80	8,675,737,635.80

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

4. RESERVES AND SURPLUS (CONTD.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
e. Share options outstanding account (Refer Note.24 c)		
Balance at the beginning of the year	206,719,702.30	98,731,243.00
Additions during the year	115,299,604.00	194,898,339.00
Deduction during the year on share allotment	98,349,459.90	86,909,879.70
Closing Balance	223,669,846.40	206,719,702.30
f. Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	8,736,984,525.36	9,901,776,349.28
Add: Net Profit for the year	8,095,531,537.29	6,705,241,127.53
Less: Appropriations		
Impact of change in Depreciation Rate net of Deferred Tax (Refer Note.26)	-	24,075,567.95
Interim Dividend 2015-16	2,390,180,648.00	1,588,255,320.00
Proposed Final Dividend on Equity Shares	-	795,932,838.00
Dividend relating to earlier year	3,081,125.00	25,351,062.00
Corporate Dividend Tax	486,590,582.00	433,371,222.00
Transfer to Debenture Redemption Reserve	3,509,466,198.50	3,661,998,715.50
Transfer to Statutory Reserve	1,619,106,307.00	1,341,048,226.00
Closing Balance	8,824,091,202.15	8,736,984,525.36
Total	52,202,467,885.91	46,855,378,219.62

4.1 Share Issue Expenses

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

4.2 Debenture Redemption Reserve

During the year, the Company has transferred an amount of ₹ 3,509,466,198.50 (Previous Year: ₹ 3,661,998,715.50) to the Debenture Redemption Reserve. No appropriation was made from this Reserve during the year.

4.3 Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. An amount of ₹ 1,619,106,307.00 representing 20% of Net Profit is transferred to the Fund for the year (Previous Year: ₹ 1,341,048,226.00). No appropriation was made from the Reserve Fund during the year.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5. BORROWINGS

₹

5.1 Borrowings – Secured and Unsecured

Particulars	Non Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
(a) Debentures				
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.2)	14,378,919,000.00	17,766,810,000.00	26,529,927,000.00	42,072,261,000.00
Secured Non-Convertible Debentures- Listed (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.3 & 5.4)	20,195,055,000.00	24,897,088,000.00	16,208,264,000.00	5,758,466,000.00
(b) Term loans				
<i>From banks</i>				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment : ₹ 478,750.00 repayable during F Y 2016-17 in 1-12 monthly installments & ₹ 78,039.10 during F Y 2017-18 in 3 monthly instalments, Rate of Interest : 9.33-10.51 % p.a.)	78,039.10	556,789.60	478,750.00	4,984,514.40
<i>From Financial Institutions</i>				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment: Amount ₹ 2,564,824.37 repayable during F Y 2016-17 in 12 monthly installments & ₹ 1,697,055.00 during F Y 2017-18 in 12 monthly installments & ₹ 1,154,309.00 during F Y 2018-19 in 7-8 monthly installments, Rate of Interest : 9.19-10.39 % p.a.)	2,851,364.00	1,016,844.37	2,564,824.37	1,404,249.92
(c) Loans repayable on demand				
<i>From banks</i>				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	-	-	7,782,787.27	1,386,295.31
Cash Credit (Secured by pari passu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)	-	-	23,912,808,151.96	34,479,331,110.34
(d) Short Term Loans				
<i>From Banks</i>				
(Secured by pari passu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)	-	-	52,950,000,000.00	37,930,000,000.00
Sub Total (1)	34,576,903,403.10	42,665,471,633.97	119,611,825,513.60	120,247,833,169.97

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.1 Borrowings – Secured and Unsecured (Contd.)

₹

Particulars	Non Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Unsecured				
(a) Loans and advances from related parties				
Loan from Directors and Relatives	-	-	6,764,569,081.42	5,195,765,908.30
Subordinated Debt (Refer Note.5.5)	262,000.00	84,407,000.00	84,145,000.00	209,235,566.00
(b) Other loans and advances				
Subordinated Debt Listed (Refer Note.5.6 & 5.7)	3,108,046,000.00	2,229,042,000.00	-	-
Subordinated Debt (Refer Note.5.5)	15,077,374,000.00	22,146,665,000.00	7,186,375,000.00	1,868,658,000.00
Sub Total (2)	18,185,682,000.00	24,460,114,000.00	14,035,089,081.42	7,273,659,474.30
Total (1)+(2)	52,762,585,403.10	67,125,585,633.97	133,646,914,595.02	127,521,492,644.27
Less: Amount included under Current Liabilities	-	-	-	-
Current maturities of long term debt (Refer Note.7.1)	-	-	49,272,351,574.37	49,628,949,330.32
Unpaid Matured Debentures (Refer Note.7.2)	-	-	739,403,000.00	286,060,000.00
As per Balance Sheet	52,762,585,403.10	67,125,585,633.97	83,635,160,020.65	77,606,483,313.95
Long Term Borrowings	52,762,585,403.10	67,125,585,633.97	-	-
Short Term Borrowings	-	-	83,635,160,020.65	77,606,483,313.95

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

5.2 Secured Redeemable Non-Convertible Debentures

The Company had privately placed Secured Redeemable Non-Convertible Debentures for a maturity period of 60-120 months with an outstanding amount of ₹ 40,908,846,000.00 (Previous Year: ₹ 59,839,071,000.00).

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
CU	31.03.2014	20,000,000.00	57,500,000.00	120 months	10.50-12.50
CT	14.03.2014-31.03.2014	47,000,000.00	93,500,000.00	120 months	10.50-12.50
CS	27.02.2014-14.03.2014	57,000,000.00	152,500,000.00	120 months	10.50-12.50
CR	07.02.2014-27.02.2014	49,500,000.00	171,500,000.00	120 months	10.50-12.50
CQ	04.02.2014-07.02.2014	59,500,000.00	210,500,000.00	120 months	10.50-12.50
CP	20.01.2014-04.02.2014	92,000,000.00	188,000,000.00	120 months	10.50-12.50
CO	10.01.2014-20.01.2014	137,000,000.00	145,500,000.00	120 months	10.50-12.50
CN	03.01.2014-10.01.2014	109,000,000.00	142,000,000.00	120 months	10.50-12.50
CM	24.12.2013-03.01.2014	80,000,000.00	108,500,000.00	120 months	10.50-12.50
CL	05.12.2013-24.12.2013	64,000,000.00	123,500,000.00	120 months	10.50-12.50
CK	18.11.2013-05.12.2013	58,000,000.00	110,000,000.00	120 months	10.50-12.50

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.2 Secured Redeemable Non-Convertible Debentures (Contd.)

₹

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
CJ	29.10.2013-18.11.2013	73,500,000.00	107,500,000.00	120 months	10.50-12.50
CI	09.10.2013-29.10.2013	47,000,000.00	108,500,000.00	120 months	10.50-12.50
CH	27.09.2013 - 09.10.2013	71,500,000.00	153,500,000.00	120 months	10.50-12.50
CG	06.09.2013 - 27.09.2013	38,500,000.00	59,500,000.00	120 months	10.50-12.50
CF	31.08.2013 - 06.09.2013	43,000,000.00	43,000,000.00	120 months	10.50-12.50
CE	12.08.2013 - 31.08.2013	62,000,000.00	74,500,000.00	120 months	10.50-12.50
CD	31.07.2013 - 10.08.2013	61,000,000.00	71,500,000.00	120 months	10.50-12.50
CC	08.07.2013 - 31.07.2013	51,500,000.00	63,000,000.00	120 months	10.50-12.50
CB	24.06.2013 - 07.07.2013	2,077,202,000.00	2,440,523,000.00	120 months	10.50-12.50
CA	18.04.2013 - 23.06.2013	4,145,538,000.00	4,795,065,000.00	120 months	10.50-12.50
BZ	01.03.2013 - 17.04.2013	3,766,665,000.00	5,003,345,000.00	120 months	10.50-12.50
BY	18.01.2013 - 28.02.2013	3,009,281,000.00	4,427,384,000.00	120 months	10.50-12.50
CY	03.02.2016	260,000,000.00	-	60 months	9.50-9.75
CX	03.11.2014	390,000,000.00	390,000,000.00	60 months	10.00-12.00
CW	08.05.2014	72,000,000.00	155,000,000.00	60 months	10.00-12.00
CV	24.04.2014	111,000,000.00	146,500,000.00	60 months	10.00-12.00
BX	26.11.2012 - 17.01.2013	2,755,174,000.00	4,129,998,000.00	60 months	10.50-12.50
BW	01.10.2012 - 25.11.2012	3,568,659,000.00	5,238,004,000.00	60 months	11.50-12.50
BV	17.08.2012 - 30.09.2012	2,411,077,000.00	3,892,395,000.00	60 months	11.50-12.50
BU	01.07.2012 - 16.08.2012	2,851,060,000.00	4,263,489,000.00	60 months	11.50-12.50
BT	21.05.2012 - 30.06.2012	1,893,736,000.00	2,769,977,000.00	60 months	11.50-12.50
BS	01.05.2012 - 20.05.2012	807,592,000.00	1,179,308,000.00	60 months	11.50-12.50
BR	01.03.2012 - 30.04.2012	2,562,963,000.00	3,261,200,000.00	60 months	11.50-12.50
BQ	23.01.2012 - 29.02.2012	1,928,350,000.00	2,219,824,000.00	60 months	11.50-12.50
BP	01.12.2011 - 22.01.2012	1,738,951,000.00	1,971,168,000.00	60 months	11.50-12.50
BO	19.09.2011 - 30.11.2011	1,602,397,000.00	1,844,862,000.00	60 months	11.00-12.00
BN	01.07.2011 - 18.09.2011	1,592,606,000.00	1,924,467,000.00	60 months	11.00-12.00
BM	01.04.2011 - 30.06.2011	1,530,981,000.00	1,906,272,000.00	60 months	11.00-12.00
BL	01.01.2011 - 31.03.2011	512,024,000.00	2,222,505,000.00	60 months	10.00-11.50
BK	01.10.2010 - 31.12.2010	54,639,000.00	1,657,026,000.00	60 months	9.50-11.50
BJ	01.07.2010 - 30.09.2010	19,824,000.00	1,047,852,000.00	60 months	9.50-11.00
BI	01.04.2010 - 30.06.2010	6,103,000.00	594,684,000.00	60 months	9.00-10.50
BH	01.01.2010 - 31.03.2010	5,617,000.00	126,038,000.00	60 months	9.00-10.50
BG	01.10.2009 - 31.12.2009	2,769,000.00	22,431,000.00	60 months	9.50-10.50
BF	01.07.2009 - 30.09.2009	2,008,000.00	8,278,000.00	60 months	10.50
BE	01.04.2009 - 30.06.2009	677,000.00	3,245,000.00	60 months	10.50-11.50

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.2 Secured Redeemable Non-Convertible Debentures (Contd.)

₹

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
BD	01.01.2009 - 31.03.2009	3,032,000.00	4,148,000.00	60 months	11.00-12.00
BC	22.09.2008 - 31.12.2008	435,000.00	1,140,000.00	60 months	11.00-12.00
BB	10.07.2008 - 21.09.2008	255,000.00	866,000.00	60 months	11.00-11.50
AZ	01.04.2008 - 02.07.2008	1,203,000.00	2,325,000.00	60 months	10.50-11.00
AY	01.01.2008 - 31.03.2008	105,000.00	351,000.00	60 months	10.50-11.00
AX	01.10.2007 - 31.12.2007	115,000.00	1,022,000.00	60 months	10.50-11.00
AW	01.07.2007 - 30.09.2007	312,000.00	512,000.00	60 months	10.50-11.00
AV	01.04.2007 - 30.06.2007	137,000.00	137,000.00	60 months	10.50-11.00
AE	15.07.2004 - 30.09.2004	32,000.00	32,000.00	90 months	10.83-12.00
AU	01.01.2007 - 31.03.2007	1,262,000.00	1,462,000.00	60 months	9.00-11.00
AT	13.08.2006 - 31.12.2006	820,000.00	958,000.00	60 months	9.00-9.50
AS	01.05.2006 - 12.08.2006	186,000.00	196,000.00	60 months	8.50-9.00
AR	15.06.2005 - 30.04.2006	437,000.00	460,000.00	60 months	8.00-8.50
AQ	01.04.2005 - 14.06.2005	365,000.00	365,000.00	60 months	8.00-8.50
AP	07.02.2005 - 14.06.2005	30,000.00	30,000.00	60 months	9.27-10.08
AO	07.02.2005 - 31.03.2005	39,000.00	39,000.00	60 months	8.00-8.50
AN	01.01.2005 - 06.02.2005	148,000.00	148,000.00	60 months	8.50-9.00
AI	01.10.2004 - 06.02.2005	10,000.00	10,000.00	60 months	10.20-12.00
AD	01.07.2004 - 14.11.2004	30,000.00	30,000.00	60 months	9.50
Total		40,908,846,000.00	59,839,071,000.00		

Of the above, ₹ 14,378,919,000.00 (Previous Year: ₹ 17,766,810,000.00) is included in long-term borrowings and ₹ 25,917,313,000.00 (Previous Year: ₹ 41,898,038,000.00) is included in current maturities of long-term debt (Refer Note.7.1) and ₹ 612,614,000.00 (Previous Year: ₹ 174,223,000.00) is included in unpaid matured debentures (Refer Note.7.2).

5.3 Secured Redeemable Non Convertible Debentures - Listed

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

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
L 4	12.01.2012	1,000,000,000.00	1,000,000,000.00	60 Months	13.00
Total		1,000,000,000.00	1,000,000,000.00	-	-

The above ₹ 1,000,000,000.00 (Previous Year: ₹ 1,000,000,000.00) is classified as Current Maturities of Long Term Debt (Previous year it was classified as Long Term Borrowings).

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.4 Secured Non Convertible Debentures – Public Issue

The outstanding amount of Secured Rated Non-Convertible Listed Debentures raised through Public Issue stood at ₹ 35,403,319,000.00 (Previous Year: ₹ 29,655,554,000.00)

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
PL 14	20.01.2016	4,154,843,000.00	-	400 Days, 2, 3, 5 years	9.00-10.00
PL 13	14.10.2015	4,640,533,000.00	-	400 Days, 2, 3, 5 years	9.25-10.25
PL 12	23.04.2015	2,710,855,000.00	-	400 Days, 2, 3, 5 years	9.75-10.75
PL 11	29.12.2014	3,033,948,000.00	3,613,456,000.00	400 Days, 2, 3, 5 years	10.25-11.25
PL 10	26.09.2014	3,216,416,000.00	3,673,461,000.00	400 Days, 2, 3, 5 years	10.25-11.50
PL 9	04.07.2014	3,793,100,000.00	4,297,447,000.00	400 Days, 2, 3, 5 years	10.50-11.75
PL 8	02.04.2014	1,553,624,000.00	1,785,822,000.00	400 Days, 2, 3, 5 years	10.50-11.75
PL 7	04.02.2014	2,458,544,000.00	3,969,924,000.00	400 Days, 2, 3, 5 years	11.00-12.25
PL 6	04.12.2013	1,568,290,000.00	2,462,782,000.00	400 Days, 2, 3, 5 years	11.00-12.25
PL 5	25.09.2013	1,533,527,000.00	2,547,820,000.00	400 Days, 2, 3, 5 years	11.00-12.55
PL 4	01.11.2012	926,177,000.00	1,114,750,000.00	2, 3, 5, 6 years	11.50-12.25
PL 3	18.04.2012	768,938,000.00	1,145,568,000.00	2, 3, 5, 5.5 years	13.00-13.43
PL 2	18.01.2012	1,502,868,000.00	1,502,868,000.00	2, 3, 5, 5.5 years	13.00-13.43
PL 1	14.09.2011	3,541,656,000.00	3,541,656,000.00	2, 3, 5 years	11.75-12.25
Total		35,403,319,000.00	29,655,554,000.00		

Out of the above, ₹ 20,195,055,000.00 (Previous Year: ₹ 23,897,088,000.00) is classified as Long-term borrowings and ₹ 15,208,264,000.00 (Previous Year: ₹ 5,758,466,000.00) is classified as Current maturities of Long-term Debt (Refer Note.7.1).

5.5 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. The outstanding amount of privately placed subordinated debt stood at ₹ 22,348,156,000.00 (Previous year: ₹ 24,308,965,566.00).

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
XVII	09.05.2014	21,000,000.00	21,000,000.00	72 months	11.61
XVI	18.02.2014 - 31.03.2014	46,000,000.00	46,000,000.00	66 months	12.67
XV	22.12.2013 - 17.02.2014	98,500,000.00	98,500,000.00	66 months	12.67
XIV	18.09.2013 - 21.12.2013	298,000,000.00	298,000,000.00	66 months	12.67
XIII	08.07.2013 - 17.09.2013	98,000,000.00	98,000,000.00	66 months	12.67
XII	01.04.2013 - 07.07.2013	1,825,156,000.00	1,825,156,000.00	66 months	12.67

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.5 Subordinated Debt (Contd.)

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
XI	01.10.2012 - 31.03.2013	4,651,420,000.00	4,651,420,000.00	66 months	12.67-13.39
X	01.04.2012 - 30.09.2012	3,548,456,000.00	3,548,456,000.00	66 months	12.67-13.39
IX	01.11.2011 - 31.03.2012	4,081,076,000.00	4,081,076,000.00	66 months	12.67-13.39
E	21.03.2005	65,942,062.00	65,942,062.00	144 months	15.00
VIII	01.07.2011 - 31.10.2011	2,343,849,000.00	2,343,849,000.00	66 months	12.67
VII	01.01.2011 - 07.02.2011	437,284,000.00	437,284,000.00	72 months	11.61
VII	01.04.2011 - 30.06.2011	1,270,315,000.00	1,270,315,000.00	66 months	12.67
VII	08.02.2011 - 31.03.2011	1,080,398,000.00	1,080,398,000.00	66 months	12.67
VI	01.07.2010 - 31.12.2010	1,912,708,000.00	1,912,708,000.00	72 months	11.61
D	03.04.2004	14,057,938.00	14,057,938.00	144 months	15.00
V	01.01.2010 - 30.06.2010	537,538,000.00	1,038,649,000.00	72 months	11.61
C	01.11.2003	-	98,750,566.00	144 months	15.00
B	30.09.2003	-	110,000,000.00	144 months	15.00
IV	17.08.2009 - 31.12.2009	11,199,000.00	759,309,000.00	72 months	11.61
IV	01.07.2009 - 16.08.2009	160,000.00	12,421,000.00	72 months	12.50
IV	01.07.2009 - 16.08.2009	4,078,000.00	263,617,000.00	69 months	12.12
III	15.12.2008 - 30.06.2009	530,000.00	140,116,000.00	72 months	12.50
III	15.12.2008 - 30.06.2009	2,276,000.00	90,216,000.00	69 months	12.12
II	18.08.2008 - 13.12.2008	213,000.00	3,725,000.00	72 months	11.61
Total		22,348,156,000.00	24,308,965,566.00		

Out of the above, ₹ 15,077,636,000.00 is classified as long term borrowings (Previous year: ₹ 22,231,072,000.00) and ₹ 7,143,731,000.00 is classified as current maturities of long term debt (Previous year: ₹ 1,966,056,566.00) and ₹ 126,789,000.00 (Previous year : ₹ 111,837,000.00) is included in unpaid matured debentures (Refer Note.7.2).

5.6 Subordinated Debt – Public Issue

The outstanding amount of Unsecured, Rated, Redeemable Non-Convertible, Listed Subordinated Debt which qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued through public issue stood at ₹ 3,008,046,000.00 (Previous Year : ₹ 2,129,042,000.00). This amount is classified as long term borrowings.

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
PL 14	20.01.2016	230,392,000.00	-	7.25 Years	10.02
PL 13	14.10.2015	359,467,000.00	-	7 Years	10.41
PL 12	23.04.2015	289,145,000.00	-	6.75 Years	10.80
PL 11	29.12.2014	386,544,000.00	386,544,000.00	6.5 Years	11.23
PL 10	26.09.2014	304,362,000.00	304,362,000.00	6.5 Years	11.23
PL 9	04.07.2014	364,494,000.00	364,494,000.00	6.25 Years	11.70

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.6 Subordinated Debt – Public Issue (Contd.)

₹

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
PL 8	02.04.2014	193,456,000.00	193,456,000.00	6.25 Years	11.70
PL 7	04.02.2014	437,571,000.00	437,571,000.00	6 Years	12.25
PL 6	04.12.2013	232,879,000.00	232,879,000.00	6 Years	12.25
PL 5	25.09.2013	209,736,000.00	209,736,000.00	6 Years	12.25
Total		3,008,046,000.00	2,129,042,000.00		

5.7 Subordinated Debt - Listed

The privately placed Unsecured, Rated, Redeemable Non-Convertible Listed Subordinated Debt which qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 stood at ₹ 100,000,000.00 (Previous Year : ₹ 100,000,000.00). This amount is classified as long term borrowings.

₹

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
IA	26.03.2013	100,000,000.00	100,000,000.00	10 Years	12.35
Total		100,000,000.00	100,000,000.00		

6. OTHER LONG TERM LIABILITIES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Interest accrued but not due on long term borrowings	11,156,872,685.41	12,012,578,660.85
Security Deposit Received	111,418,285.65	65,521,963.56
Total	11,268,290,971.06	12,078,100,624.41

7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Current maturities of long term debt (Refer Note.7.1)	49,272,351,574.37	49,628,949,330.32
(b) Interest accrued but not due on borrowings	9,901,174,745.94	6,136,030,862.78
(c) Interest accrued and due on borrowings	147,349,221.27	150,466,514.85
(d) Unpaid matured debentures and interest accrued thereon (Refer Note.7.2)	954,314,537.00	397,995,693.00
(e) Trade Payables	611,288,364.41	514,486,077.36
(f) Other payables		
Statutory Payables	376,075,360.96	203,599,707.01
Unpaid Dividend	4,513,503.77	2,307,912.66
Others	233,174,536.25	17,941,412.25
Total	61,500,241,843.97	57,051,777,510.23

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

7.1 Current Maturities of Long Term debts			₹
	As at 31st March, 2016	As at 31st March, 2015	
Secured			
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	25,917,313,000.00	41,898,038,000.00	
Secured Non-Convertible Debentures - Listed (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	16,208,264,000.00	5,758,466,000.00	
From Banks			
Term loan (Secured by specific charge on Vehicles)	478,750.00	4,984,514.40	
From Financial Institutions			
Term Loan (Secured by specific charge on vehicles)	2,564,824.37	1,404,249.92	
Unsecured			
Subordinated Debt	7,059,586,000.00	1,756,821,000.00	
Subordinated Debt - From Related Parties	84,145,000.00	209,235,566.00	
Total	49,272,351,574.37	49,628,949,330.32	
7.2 Unpaid matured debentures and interest thereon			₹
	As at 31st March, 2016	As at 31st March, 2015	
Unpaid Matured Debentures	739,403,000.00	286,060,000.00	
Interest on Unpaid Matured Debentures	214,911,537.00	111,935,693.00	
Total	954,314,537.00	397,995,693.00	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

8. SHORT TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Proposed Equity Dividend (Refer Note.28)	-	795,932,838.00
Provision for Corporate Dividend Tax	-	159,138,812.00
Provision for Non Performing Assets (Refer Note.8.1)	1,019,266,455.00	725,382,249.00
Provision for Standard Assets (Refer Note.8.1)		
- As per RBI Prudential Norms	710,293,427.00	572,422,861.00
- General	1,657,351,330.00	572,422,861.00
Provision for Other Losses	513,023.00	-
Provision for Income Tax (Net of Advance Tax and TDS of ₹ 3,595,461,569.14, Previous Year: ₹ 3,532,396,061.68)	1,738,743,595.86	162,715,262.32
Total	5,126,167,830.86	2,988,014,883.32

8.1 Movement of Provision for Standard and Non-Performing Assets

As per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, the Company has created provision for Standard Assets as well as Non-Performing Assets. The Company has created General Standard Asset Provision over and above RBI Prudential norms, as estimated by the management. Details are as per the table below:-

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Standard Assets		
Standard Assets	236,764,475,670.31	228,969,144,550.37
Provision at the beginning of the year		
- As per RBI Prudential Norms	572,422,861.00	536,137,097.00
- General	572,422,861.00	428,909,677.00
Additional provision made / (Reversed) during the year		
- As per RBI Prudential Norms	137,870,566.00	36,285,764.00
- General	1,084,928,469.00	143,513,184.00
Provision at the close of the year		
- As per RBI Prudential Norms	710,293,427.00	572,422,861.00
- General	1,657,351,330.00	572,422,861.00
	2,367,644,757.00	1,144,845,722.00
Non-Performing Assets		
Substandard Assets	6,668,310,565.00	4,884,572,444.00
Doubtful Assets	356,302,035.00	232,091,123.00
Total Non-Performing Assets	7,024,612,600.00	5,116,663,567.00
Provision for Non-Performing Assets		
Provision at the beginning of the year	725,382,249.00	725,382,249.00
Additional provision made during the year	293,884,206.00	-
Provision at the close of the year	1,019,266,455.00	725,382,249.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

9. FIXED ASSETS - 31st MARCH, 2016									
Fixed Assets	Gross Block			Accumulated Depreciation			Net Block		
	As at 1st April, 2015	Additions	Disposals	As at 1st April, 2015	Adjustment for change in Depreciation Rates *	Depreciation / Amortisation Charge for the Period	Deductions/ adjustments during the Period	As at March 31, 2016	As at March 31, 2015
a									
Tangible Assets									
Land	546,513,212.00	185,000.00	-	-	-	-	-	546,698,212.00	546,513,212.00
Buildings	692,612,476.70	133,944.00	-	168,803,542.01	-	52,603,438.30	-	221,406,975.31	523,808,934.69
Furniture and Fixtures	1,182,572,832.64	40,554,752.50	1,514,340.56	756,284,899.61	-	140,466,332.16	1,060,895.00	897,690,336.78	424,287,933.08
Plant and Equipment	1,755,951,721.42	97,981,113.77	5,357,174.00	891,395,471.93	-	284,884,562.53	8,366,000.00	1,172,204,034.46	864,616,249.49
Computer	811,968,423.10	34,664,686.29	9,460,248.00	709,519,767.38	-	70,110,889.38	8,975,865.00	770,654,791.76	102,448,655.72
Motor Car	79,341,689.09	7,451,924.00	4,073,398.00	50,249,130.81	-	8,139,684.40	3,482,643.00	54,906,172.21	29,092,558.28
Wind Mill	180,598,860.00	-	-	152,848,293.93	-	2,296,031.14	-	155,144,325.06	27,750,566.07
Total	5,249,559,214.95	180,971,422.56	20,405,160.56	2,731,041,105.67	-	558,450,932.91	17,485,403.00	3,272,006,635.58	2,518,518,109.28
Previous Year	4,990,664,882.20	263,050,912.75	4,156,580.00	1,870,917,353.53	86,472,607.11	826,266,957.03	2,615,812.00	2,731,041,105.67	3,119,747,528.67
b									
Intangible Assets									
Computer software	81,243,120.34	8,888,700.00	-	26,733,026.00	-	16,696,527.00	-	43,429,553.00	54,510,094.34
Total	81,243,120.34	8,888,700.00	-	26,733,026.00	-	16,696,527.00	-	43,429,553.00	54,510,094.34
Previous Year	17,880,061.34	63,363,059.00	-	11,814,239.00	-	14,918,787.00	-	26,733,026.00	6,065,822.34
c									
Capital Work In Progress									
Total	-	-	-	-	-	-	-	88,904,661.00	63,317,949.00
Previous Year	-	-	-	-	-	-	-	63,317,949.00	83,785,469.00
d									
Intangible assets under Development									
Computer Software	-	-	-	-	-	-	-	-	5,319,943.00
Total	-	-	-	-	-	-	-	-	5,319,943.00
Previous Year	-	-	-	-	-	-	-	5,319,943.00	60,267,280.00

* Refer Note.26

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

10. NON - CURRENT INVESTMENTS

₹

Non - Current Investments in shares and debentures (Valued at cost less other than temporary diminution in value, if any) :-

Particulars	As at 31st March, 2016	As at 31st March, 2015
a) Quoted Equity Shares:		
Union Bank of India	49,940.00	49,940.00
454 Equity shares of ₹ 10/- each fully paid up (Previous year: 454 Equity shares of ₹ 10/- each fully paid up)		
Asia Asset Finance PLC, Sri Lanka (Subsidiary)	386,753,469.97	338,123,555.16
501,031,126 Equity shares of Sri Lankan Rupee 1/- each fully paid up (Previous year: 428,011,711)		
Aggregate Amount of Quoted Equity Shares	386,803,409.97	338,173,495.16
Aggregate Market Value of Quoted Equity Shares	284,636,545.00	314,539,906.00
b) Unquoted Equity Shares:		
Muthoot Forex Ltd	19,700,000.00	19,700,000.00
1,970,000 Equity shares of ₹ 10/- each fully paid up (Previous year: 1,970,000 Equity shares of ₹ 10/- each fully paid up)		
Muthoot Securities Limited	27,000,000.00	27,000,000.00
2,700,000 Equity share of ₹ 10/- each fully paid up (Previous Year: 2,700,000 Equity share of ₹ 10/- each fully paid up)		
Muthoot Homefin (India) Limited (Subsidiary)	449,115,000.00	-
39,500,000 Equity share of ₹ 10/- each fully paid up (Previous Year: Nil)		
Aggregate Amount of Unquoted Equity Shares	495,815,000.00	46,700,000.00
c) Unquoted Debentures:		
Belstar Investment & Finance Private Limited	100,000,000.00	-
(100, 15% Unsecured Subordinated Redeemable Non-convertible Debentures of ₹ 1,000,000/- each fully paid up (Previous year: Nil))		
Aggregate Market Value of Unquoted Debentures	100,000,000.00	-
Total Non-Current Investments	982,618,409.97	384,873,495.16

11. DEFERRED TAX ASSET / (LIABILITY)

₹

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

Particulars	Deferred Tax Asset/(Liability)		
	At the beginning of the Period	Credits/(Charge) during the period	At the close of the period
Deferred Tax Asset:			
Timing Difference on account of :			
Depreciation and Amortization	103,972,321.26	69,464,317.00	173,436,638.26
Provision for Non-Performing Assets	244,418,201.90	101,884,993.00	346,303,194.90
Net Deferred Tax Asset	348,390,523.16	171,349,310.00	519,739,833.16

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

12. LONG TERM LOANS AND ADVANCES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Unsecured, considered good		
a. Capital Advances	57,999,610.10	34,070,706.90
b. Security Deposits	944,979,511.68	950,177,239.18
Total	1,002,979,121.78	984,247,946.08

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

13. TRADE RECEIVABLES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good		
Interest Receivable on Retail Loans	9,489,434,454.04	11,113,973,734.13
Unsecured, considered good		
Interest Receivable on Retail Loans	293,913.00	486,749.00
Receivables from Money Transfer business	158,804,030.03	173,290,547.00
Receivables from Auction Proceeds	5,012,609,250.00	244,902,450.00
Wind Mill Income receivable	1,380,670.00	696,849.00
Sub-Total	14,662,522,317.07	11,533,350,329.13
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good		
Wind Mill Income receivable	10,124,469.50	5,617,073.00
Sub-Total	10,124,469.50	5,617,073.00
Grand Total	14,672,646,786.57	11,538,967,402.13

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

14. CASH AND BANK BALANCES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
I. Cash and Cash Equivalents		
a. Cash on hand	1,476,104,115.87	2,469,328,032.08
b. Balances with banks		
Current Accounts	5,292,527,328.79	14,777,081,225.78
Unpaid Dividend Account	4,513,503.77	2,307,912.66
Fixed Deposits (maturing within a period of 3 months)	-	100,000,000.00
II. Other Bank Balances		
Fixed Deposits on which lien is marked	1,225,927.47	1,153,026.47
Fixed Deposits given as security for borrowings	11,582,038.00	11,744,161.00
Fixed Deposits given as security for guarantees	5,143,750.00	4,554,126.01
Total	6,791,096,663.90	17,366,168,484.00
Fixed Deposits with more than 12 months maturity	1,664,950.00	1,810,876.47

15. SHORT TERM LOANS AND ADVANCES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Retail Loans (Refer Note.15.1)		
Secured, considered good	236,469,457,958.00	228,873,467,159.00
Secured, doubtful	7,018,949,304.00	5,115,563,567.00
Unsecured, considered good	295,017,712.31	95,677,391.37
Unsecured, doubtful	5,663,296.00	-
Other Deposits & Advances		
Unsecured, considered good		
Prepaid Expenses	42,613,905.00	39,141,445.00
Service tax Pre-Deposit	8,329,590.00	8,329,590.00
Others	397,656,330.09	271,721,318.27
Unsecured, considered doubtful	-	1,100,000.00
Total	244,237,688,095.40	234,405,000,470.64

15.1 Retail Loans

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Retail Loan assets	243,789,088,270.31	234,084,708,117.37
Breakup of Retail Loan assets		
Gold Loan Receivables	243,355,407,815.00	233,499,014,794.00
Other Loans	433,680,455.31	585,693,323.37

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

16. OTHER CURRENT ASSETS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Interest receivable on Bank Deposits	732,805.00	79,036.36
Stock of Gold	6,101,253.00	23,119,667.35
Total	6,834,058.00	23,198,703.71

17. REVENUE FROM OPERATIONS

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest Income on Retail Loans	47,995,240,372.96	42,608,810,306.49
Income from Windmill	11,443,093.50	13,829,642.00
Other Operating Income	607,322,449.82	515,378,982.94
Total	48,614,005,916.28	43,138,018,931.43

18. OTHER INCOME

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest Income - Others	130,155,978.42	93,952,471.03
Income from Investments	4,389,370.60	13,181,162.79
Interest on Income tax Refund	516,320.00	-
Other non-operating income	1,083,351.00	1,207,873.00
Total	136,145,020.02	108,341,506.82

19. EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Salaries and incentives	5,773,038,584.04	5,632,548,605.43
Contribution to Provident and Other Funds	429,723,425.00	365,870,335.00
Expenses on Employees Stock Option Plan (Refer Note.24.c)	115,299,604.00	194,898,339.00
Staff welfare expenses	100,716,956.52	110,956,791.75
Total	6,418,778,569.56	6,304,274,071.18

20. FINANCE COSTS

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest Expenses	22,418,307,045.78	20,836,907,172.21
Other Borrowing Costs	158,622,311.73	226,653,759.41
Total	22,576,929,357.51	21,063,560,931.62

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

21. OTHER EXPENSES

₹

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Postage, Telegram and Telephone	378,105,239.04	370,705,138.28
Printing and Stationery	143,743,985.99	160,370,072.35
Rent Paid	1,712,975,594.74	1,649,533,191.00
Travelling and Conveyance	187,391,157.20	211,686,678.47
Bank Charges	18,630,635.13	16,247,830.82
Electricity Charges	245,645,044.77	225,953,822.85
Repairs and Maintenance -Buildings	84,314,525.00	77,291,483.18
Repairs and Maintenance -Plant & Machinery	127,082,328.97	116,641,308.00
Repairs and Maintenance -Others	2,491,920.06	48,353,000.34
ATM Service charges	76,397,616.52	38,763,971.97
Water Charges	5,176,092.78	5,332,697.00
Rates & Taxes and License Fee	35,273,526.76	46,956,035.36
Legal & Professional Charges	92,421,321.23	188,750,978.42
Insurance Charges	56,736,487.95	45,620,429.00
Newspaper and Periodicals	1,934,200.00	3,178,699.11
Business Promotion Expenses	148,871,551.92	139,643,262.63
Advertisement	626,121,370.18	650,645,701.39
Vehicle Hire & Maintenance	13,575,336.55	12,586,655.98
Internal Audit and Inspection Expenses	82,225,164.00	92,691,405.00
Remuneration to Auditors (Refer Note.21.1)	2,975,500.00	2,359,560.00
Directors' Sitting Fee	380,000.00	420,000.00
Commission to Non-Executive Directors	3,000,000.00	1,766,667.00
Loss on Sale of Fixed Assets	106,712.06	134,690.65
C S R Expenses (Refer Note.25)	146,187,500.00	89,207,875.00
Total	4,191,762,810.85	4,194,841,153.80

21.1 Auditors' Remuneration (including Service Tax)

₹

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Statutory Audit	1,946,500.00	1,573,040.00
Tax Audit	343,500.00	224,720.00
Other Services	685,500.00	561,800.00
Total	2,975,500.00	2,359,560.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

22. PROVISIONS AND WRITE OFFS

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Provision for Non-Performing Assets (Refer Note.8.1)	293,884,206.00	-
Provision for Standard Assets (Refer Note.8.1)		
- As per RBI Prudential Norms	137,870,566.00	36,285,764.00
- General	1,084,928,469.00	143,513,184.00
Provision for Other Losses	513,023.00	-
Bad Debt Written Off	107,195,186.50	191,635,623.00
Total	1,624,391,450.50	371,434,571.00

23. 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 the Company has debited/credited the lease rent paid/received to the Statement of Profit and Loss.

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

Lease rentals received for assets let out on operating lease ₹ 1,011,051.00 (Previous year: ₹ 1,191,393.00) are recognized as income in the Statement of Profit and Loss under the head 'Other Income' and lease rental payments for assets taken on an operating lease ₹ 1,712,975,594.74 (Previous year: ₹ 1,649,533,191.00) are recognized as 'Rent Paid' in the Statement of Profit and Loss.

24. EMPLOYEE BENEFITS

a) Defined Contribution Plan

During the year, the Company has recognized the contribution to Provident Fund, in the Statement of Profit and Loss in Note.19- Employee Benefit Expenses as under :-

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Contribution to Provident Fund	246,915,284.00	235,354,297.00
Total	246,915,284.00	235,354,297.00

b) Defined Benefit Plan

Gratuity Plan

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

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

₹		
Particulars	As at 31st March, 2016	As at 31st March, 2015
A) Reconciliation of opening and closing balance of defined benefit obligation		
Defined benefit obligation at the beginning of the year	496,663,797.00	393,042,542.00
Interest Cost	38,739,776.00	34,980,786.00
Current Service Cost	113,495,321.00	104,775,365.00
Benefits paid	(33,303,027.00)	(8,005,050.00)
Actuarial (gain)/loss	(10,988,440.00)	(28,129,846.00)
Defined benefit obligation at the end of the year	604,607,427.00	496,663,797.00
B) Reconciliation of opening and closing balance of fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	489,155,052.00	374,309,455.00
Expected rate of return on plan assets	38,770,045.00	33,674,565.00
Contributions	109,308,745.00	63,733,100.00
(Benefit paid)	(33,303,027.00)	(8,005,050.00)
Actuarial gains/(losses) on plan assets	(1,714,851.00)	25,442,982.00
Fair value of plan assets at the end of the year	602,215,964.00	489,155,052.00
C) Expense for the year		
Current service cost	113,495,321.00	104,775,365.00
Interest Cost	38,739,776.00	34,980,786.00
(Expected rate of return on plan assets)	(38,770,045.00)	(33,674,565.00)
Actuarial gains/(losses)	(9,273,589.00)	(53,572,828.00)
D) Investment details		
Insurer managed funds	602,215,964.00	489,155,052.00
E) Experience adjustment		
On Plan Liability (Gain)/Losses	(23,928,570.00)	(56,396,310.00)
On Plan Assets (Losses)/Gain	(5,194,215.00)	25,442,982.00
F) Actuarial assumptions		
Discount rate	7.4% p.a	7.8% p.a
Salary Escalation	7.0% p.a	7.0% p.a
Rate of return on plan assets	7.8% p.a	8.5% p.a

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

The deficit in funding of gratuity ₹ 2,391,462.94 has been accounted as Long term provisions.

Estimated employer contribution for 2016-17 - ₹ 100,000,000.00

₹					
Particulars	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Defined benefit obligation	604,607,427.00	496,663,797.00	393,042,542.00	304,110,843.00	220,491,830.00
Plan Assets	602,215,964.00	489,155,052.00	374,309,455.00	301,701,553.00	229,074,210.00
Surplus / (Deficit)	(2,391,463.00)	(7,508,745.00)	(18,733,087.00)	(2,409,290.00)	8,582,380.00
Experience adjustments on plan Liabilities - (Gains) / Losses	(23,928,570.00)	(56,396,310.00)	5,783,620.00	141,138,572.00	11,359,449.00
Experience adjustments on plan Assets - (Losses) / Gains	(5,194,215.00)	25,442,982.00	(7,892,817.00)	7,758,169.00	569,068.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

- c) **Employee stock option**
Pursuant to approval by the shareholders at their meeting held on 27th September, 2013, the Company has established “Muthoot ESOP 2013” scheme administered by the ESOP Committee of Board of Directors. The following options were granted as on 31st March, 2016 :-

Particulars	Tranche 1			Tranche 2			Tranche 3	
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B
Date of Grant	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	06.03.2015	06.03.2015
Date of Board approval	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	06.03.2015	06.03.2015
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
Number of equity shares for an option	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share
Number of options granted	3,711,200	1,706,700	1,571,075	456,000	380,900	6,100	325,000	325,000
Exercise price	₹ 50	₹ 50	₹ 10	₹ 50	₹ 50	₹ 10	₹ 50	₹ 50
Vesting period	1-5 years	2-6 years	1-2 years	1-5 years	2-6 years	1-2 years	1-5 years	1-5 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting at the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant

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

Particulars	Year ended 31st March, 2016					
	Tranche 1			Tranche 2		
	Grant A	Grant B	Loyalty	Grant A	Grant B	Total
Options outstanding at the beginning of the year	2,844,390	1,235,700	783,817	415,200	291,592	5,901,049
Options granted during the year	-	-	-	-	-	-
Options exercised during the year	295,040	38,440	630,665	35,400	1,392	1,035,913
Options lapsed during the year	668,850	375,830	72,486	34,170	53,400	1,205,348
Options outstanding at the end of the year	1,880,500	821,430	80,666	345,630	236,800	3,659,788
Options exercisable	66,035	23,590	69,194	4,080	-	162,949

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Particulars	Year ended 31st March, 2015					
	Tranche 1			Tranche 2		Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	Grant A
Options outstanding at the beginning of the year	3,527,600	1,553,500	1,545,200	-	-	-
Options granted during the year	-	-	-	456,000	380,900	6,100
Options exercised during the year	243,840	-	654,141	-	4,608	-
Options lapsed during the year	439,370	317,800	107,242	40,800	84,700	750
Options outstanding at the end of the year	2,844,390	1,235,700	783,817	415,200	291,592	5,350
Options exercisable	76,170	-	73,002	-	1,392	-
						150,564
						6,626,300
						1,168,000
						902,589
						990,662
						5,901,049
						-
						-

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

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

Particulars	Tranche 1			Tranche 2		Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	Grant A
	₹ 68.75	₹ 70.21	₹ 102.01	₹ 131.77	₹ 130.56	₹ 166.69
(9th Nov, 2014)	(9th Nov, 2015)	(9th Nov, 2014)	(8th July, 2015)	(8th July, 2016)	(8th July, 2017)	(6th Mar, 2016)
	₹ 70.21	₹ 71.13	₹ 98.64	₹ 130.56	₹ 129.33	₹ 161.77
(9th Nov, 2015)	(9th Nov, 2016)	(9th Nov, 2015)	(8th July, 2016)	(8th July, 2017)	(8th July, 2018)	(6th Mar, 2017)
	₹ 71.13	₹ 71.52		₹ 129.33	₹ 127.91	₹ 160.66
(9th Nov, 2016)	(9th Nov, 2017)		(8th July, 2017)	(8th July, 2018)		(6th Mar, 2018)
	₹ 71.52	₹ 71.47		₹ 127.91	₹ 126.26	₹ 158.13
(9th Nov, 2017)	(9th Nov, 2018)		(8th July, 2018)	(8th July, 2019)		(6th Mar, 2019)
	₹ 71.47	₹ 71.11		₹ 126.26	₹ 124.39	₹ 155.57
(9th Nov, 2018)	(9th Nov, 2019)		(8th July, 2019)	(8th July, 2020)		(6th Mar, 2020)

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

Particulars	Tranche 1			Tranche 2		Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	Grant A
Risk free interest rate	8.4% - 8.8% p.a.	8.4%-8.95% p.a.	8.4% - 8.45% p.a.	8.24% - 8.35% p.a.	8.32% p.a.	7.45% - 7.60 % p.a.
Expected average life of option	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years	1.5 - 5.5 years	2.5 - 6.5 years	1.5 - 5.5 years
Expected Volatility	0.5768	0.5768	0.5768	0.5396	0.5396	0.3450
Expected Dividend Yield	3.84 % p.a.	3.84 % p.a.	3.84 % p.a.	3.26% p.a.	3.26% p.a.	2.74% p.a.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

	As at 31st March, 2016	As at 31st March, 2015
Employee Stock Option Liability		
Opening Total Employee Stock Option Liability	506,390,012.40	507,758,001.60
Increase in Liability on account of fresh ESOP grants	-	168,400,159.00
Reduction in Liability on account of Exercise on vesting	(98,349,459.90)	(86,909,879.70)
Reduction in Liability on account of lapse of grants	(82,861,387.00)	(82,858,268.50)
Closing Total Employee Stock Option Liability	325,179,165.50	506,390,012.40

	As at 31st March, 2016	As at 31st March, 2015
Employee Stock Option Compensation Expenses		
Opening Deferred Stock Option Compensation Expenses	299,670,310.10	409,026,758.60
Increase in ESOP Compensation Expenses on account of fresh ESOP grants	-	168,400,159.00
Compensation Expenses amortised during the year	(115,299,604.00)	(194,898,339.00)
Reduction in Compensation Expenses on account of lapse of grants	(82,861,387.00)	(82,858,268.50)
Closing Deferred Stock Option Compensation Expenses	101,509,319.10	299,670,310.10

	As at 31st March, 2016	As at 31st March, 2015
Employee Stock Option Reserve		
Employee Stock Option Liability	325,179,165.50	506,390,012.40
Less: Deferred Employee Stock Option Compensation Expenses	101,509,319.10	299,670,310.10
Employee Stock Option Reserve	223,669,846.40	206,719,702.30

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

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Decrease in employee compensation costs	22,098,908.00	14,774,760.32
Increase in Profit After Tax	22,098,908.00	14,774,760.32
Increase in Basic EPS (₹ per share)	0.06	0.04
Increase in Diluted EPS (₹ per share)	0.05	0.04

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

25. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted CSR Committee and undertaken CSR activities in accordance with Schedule VII to the Companies Act, 2013 mainly through the trust, Muthoot M George Foundation. Muthoot M George Foundation is a public charitable trust formed under Indian Trust Act, 1882 which has registration under Section 12 AA of Income Tax Act, 1961. The gross amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 is ₹ 248,857,253.00 (Previous Year : ₹ 269,083,218.00) and the Company has spent ₹ 146,187,500.00 (Previous Year: ₹ 89,207,875.00) towards various activities as below:-

CSR Activity	₹	
	As at 31st March, 2016	As at 31st March, 2015
Promoting Education	81,442,195.00	42,443,990.00
Medical Aid	52,324,261.00	36,467,188.00
Others	12,421,044.00	10,296,697.00
Total	146,187,500.00	89,207,875.00

26. DEPRECIATION

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

27. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):-

Particulars	₹	
	As at 31st March, 2016	As at 31st March, 2015
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt		
i) Service Tax demand for the period 2003-2008, pending in appeal with CESTAT, Bangalore (Net of amount already remitted). Commissioner of Central Excise, Customs and Service Tax, Kochi has raised a demand of ₹ 52,007,698.00 (Previous year: ₹ 52,007,698.00) as Service tax liability and penalty. During the course of the proceedings Company paid ₹ 2,086,391.00. The Appellate Authority admitted the Appeal preferred by the Company and granted stay of recovery, on predeposit of ₹ 8,300,000.00 (Previous year: ₹ 8,300,000.00). Pending disposal of appeal, no provision has been made by the Company during the year.	49,921,307.00	49,921,307.00
ii) Service Tax demand for the period from 2007-08 to 2011-12 as per Order No.COC-EXCUS-000-COM-035-14-15 DT.19.12.2014, served on 30.12.2014, pending in appeal with CESTAT, Bangalore. Commissioner of Central Excise, Customs and Service Tax, Kochi as per order mentioned above has raised a demand of ₹ 1,531,458,734.00 as service tax payable on securitisation transactions with banks for the period from 2007 to 2012, along with interest U/s.75, Penalty U/s.76, Penalty U/s.77 and Penalty U/s.78 (Total liability including tax, interest and penalty under various sections if confirmed is estimated approximately at ₹ 4,895,883,216.00 till date of demand). Pending disposal of appeal, no provision has been made by the Company during the year.	4,895,883,216.00	4,895,883,216.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

27. CONTINGENT LIABILITIES AND COMMITMENTS (CONTD.) (TO THE EXTENT NOT PROVIDED FOR):-			₹
Particulars	As at 31st March, 2016	As at 31st March, 2015	
iii) Service Tax demand for the financial year 2013-14 as per Order No.03/2015-ST DT.20.01.2015, served on 23.01.2015, pending in appeal with Commissioner (Appeals), Kochi. Deputy Commissioner of Central Excise & Customs, & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 790,046.00 (including penalty under sections 77 (2) and 78, of Chapter V, of The Finance Act, 1994) as service tax payable, on foreign payments during financial year 2013-14. The Company has filed an appeal against the above order with Commissioner (Appeals), Kochi. Pending disposal no provision has been made by the Company during the year.	790,046.00	790,046.00	
iv) Service Tax demand for the period 2010-2011 to 2012-13 as per Order No.04-15-16 dated 11.05.2015, pending in appeal with CESTAT, Bangalore. Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 26,000,802.00 plus penalty under sections 76 and 78, of Chapter V, of The Finance Act, 1994 as service tax payable, on money transfer commission received during financial years 2010-11 to 2012-13. Total liability including tax and penalty if confirmed is estimated at ₹ 44,572,043.00 . The Company has filed an appeal against the above order with CESTAT, Bangalore. Pending disposal of the appeal, no provision has been made by the Company during the year.	44,572,043.00	-	
v) Service Tax demand for the period 2008-09 to 2010-2011 as per Order No.32/2015 dated 30.04.2015 pending in appeal with Commissioner of Central Excise (Appeals), Kochi. Joint Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 2,155,312.00 (including penalty under Rule 15 and Section 78 of Chapter V, of The Finance Act, 1994) as service tax payable, stating that some CENVAT credit was wrongly availed during the period 2008-09 to 2010-11. The Company has filed an appeal against the above order with Commissioner (Appeals), Kochi. Pending disposal of the appeal, no provision has been made by the Company during the year.	2,155,312.00	-	
vi) Service Tax demand relating to foreign payments for the period 2007-08 to 2012-2013 as per consolidated Order Nos.70 to 72/2016/ST dated 18.03.2016 pending for filing appeal with Commissioner of Central Excise (Appeals), Kochi. Joint Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 5,364,614.00 including tax and penalty by disposing SCN Nos.83/2012, 1/2013 and 132/2014 relating to service tax on marketing expenses reimbursed abroad. The Company is in the process of filing an appeal with the Commissioner (Appeals), Kochi. Pending disposal of the appeal, no provision has been made by the Company during the year.	5,364,614.00	-	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

27. CONTINGENT LIABILITIES AND COMMITMENTS (CONTD.) (TO THE EXTENT NOT PROVIDED FOR):-

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
vii) Service Tax demand relating to money transfer commission received for the period 2013-14 as per Order Nos.85/2015-16/ST dated 18.02.2016 pending in Writ Petition before the High Court of Kerala. Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 11,038,893.00 including tax and penalty, by disposing SCN.26/2015 relating to service tax on money transfer income for the period 2013-14. Pending disposal of the Writ Petition, no provision has been made by the Company during the year.	11,038,893.00	-
viii) Income tax demand for the Assessment Year (A.Y) 2012-13, pending rectification petition and in appeal with Commissioner of Income Tax (Appeals)-II, Kochi. Earlier, the demand outstanding as per Intimation U/s.143(1) was ₹ 5,099,103.00. Additional Commissioner of Income Tax, Corp. Range -1, Kochi has issued an Order U/s.143(3) dated 02.03.2015 superseding the earlier order by demanding tax of ₹ 29,230,000.00. Out of the above, the Company has remitted ₹ 2,110,000.00 and the balance outstanding is ₹ 27,120,000.00. Appeal filed with CIT (A)-II, Kochi and rectification application with Addl. CIT are pending for disposal. Pending disposal no provision has been made by the Company for the year.	27,120,000.00	27,120,000.00
ix) Income Tax demand for Assessment Year 2010-11, pending in appeal with Income tax Appellate Tribunal, Kochi. Additional Commissioner of Income Tax, Range 1, Kochi has passed an order demanding ₹ 36,384,640.00 towards income tax due for the Assessment Year 2010-11 U/s.143(3).The Company has remitted ₹ 21,821,135.00 and the balance demand outstanding as on 31st March, 2016 is ₹ 14,563,505.00. CIT (A), Kochi has partly allowed the appeal, but the rectification order is pending. The Company has filed appeal with ITAT, Kochi. Pending rectification order and appeal with ITAT, Kochi, no provision has been made by the Company during the year.	14,563,505.00	14,563,505.00
x) Draft order on proposed action U/s.13 of Prevention of Money Laundering Act,2002 pending in appeal with Appellate Tribunal under Prevention of Money Laundering Act, 2002.	26,970,000.00	26,970,000.00
xi) Disputed claims against the Company under litigation not acknowledged as debts	53,749,585.00	20,284,568.00
(b) Guarantees - Counter Guarantees Provided to Banks	199,943,750.00	165,193,750.00
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for.	44,452,000.00	31,659,000.00

28. DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Company has during the year paid interim dividend of ₹ 6/- (60%) per equity share of ₹ 10/- each .

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

29. EARNINGS PER SHARE

₹

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

₹		
Particulars	As at 31st March, 2016	As at 31st March, 2015
Profit/(Loss) after taxation for the year	8,095,531,537.29	6,705,241,127.53
Weighted average number of equity shares outstanding during the period - Basic EPS	398,057,351.00	395,216,296.00
Weighted average number of equity shares outstanding during the period - Diluted EPS	402,817,783.00	399,120,401.00
Face Value per share	₹ 10/-	₹ 10/-
Earnings Per Share (Basic)	20.34	16.97
Earnings Per Share (Diluted)	20.10	16.80

30. DISCLOSURE WITH REGARD TO DUES TO MICRO AND SMALL ENTERPRISES

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, no disclosures relating to amounts unpaid as at the period ended 31st March, 2016 together with interest paid /payable are required to be furnished.

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

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
a) CIF Value of Imports of Capital Goods	Nil	Nil
b) Expenditure in foreign currency on accrual basis		
Professional Charges	2,376,927.24	6,978,470.00
Others	981,407.00	73,997.00

32. UTILIZATION OF PROCEEDS OF PUBLIC ISSUE OF SECURED NON - CONVERTIBLE DEBENTURES

The Company has during the year raised through public issue (a) ₹ 11,506,231,000.00 of Rated Secured Redeemable Non - Convertible Debentures and (b) ₹ 879,004,000.00 of Rated Unsecured Redeemable Non-Convertible Debentures in the nature of Subordinated Debt which qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 . As at 31st March, 2016, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer documents.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

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

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

b) Transactions with Related Parties during the year:-

Nature of transaction	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence / Subsidiaries	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Purchase of Travel Tickets for the Company Executives/Directors/Customers	-	-	-	-	5,421,694.00	8,088,981.00
Travel Arrangements for the Company Executives/Customers	-	-	-	-	8,603,884.00	823,155.00
Accommodation facilities for the Company Executives/Clients/Customers	-	-	-	-	463,577.00	1,244,926.00
Complementary Medical Health Check Ups for Customers/ Employees	-	-	-	-	6,850.00	62,100.00
Brokerage paid for NCD Public Issue	-	-	-	-	6,496,832.00	13,338,681.00
Business Promotion Expenses	-	-	-	-	12,957,321.00	17,574,746.00
CSR Expenses	-	-	-	-	131,637,500.00	89,105,500.00
Foreign Currency purchased	-	-	-	-	981,407.00	73,997.00
Interest paid on loans/subordinated debts	266,922,278.09	313,926,931.01	313,716,914.30	259,377,433.07	-	-
Interest paid on Secured NCD	42,235.00	28,433.90	597,055.00	656,318.57	1,193,969.18	5,086,791.00
Interest paid on Secured NCD - Listed	298,517.00	290,618.00	1,565,508.00	2,148,255.00	8,526,719.03	7,181,551.00
Remuneration	195,600,000.00	192,486,667.00	2,325,000.00	3,038,333.00	-	-
Loans and Subordinated debts accepted	3,482,494,302.26	1,902,294,493.54	2,170,944,489.88	1,105,183,914.76	-	-
Loans and Subordinated debts repaid	3,139,891,733.44	1,646,475,029.44	1,153,979,451.58	383,373,062.86	-	-
Investment in Secured NCD	385,000.00	-	230,000.00	-	-	64,297,000.00
Repayment of Secured NCD	385,000.00	227,000.00	230,000.00	948,000.00	20,000,000.00	51,579,000.00
Repayment of Secured NCD (Secured NCD redeemed) - Listed	-	85,000.00	-	3,588,000.00	40,279,000.00	21,833,000.00
Rent paid	3,519,000.00	3,519,000.00	690,000.00	690,000.00	4,481,615.00	4,348,420.00
Rent received	-	-	-	-	410,000.00	475,153.00
Dividend paid	1,500,406,656.00	937,754,160.00	881,976,320.00	551,235,200.00	-	-
Dividend received	-	-	-	-	4,305,000.00	-
Money Transfer commission received	-	-	-	-	61,549,908.00	24,403,432.00
Investment in Equity shares of Subsidiary companies	-	-	-	-	497,744,914.81	338,123,555.16
Service Charges Collected	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	4,821,409.00	4,686,477.00
Loans availed by the Company for which guarantee is provided by related parties	82,250,000,000.00	104,590,000,000.00	-	16,000,000,000.00	-	1,000,000.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

c) Net Amount Receivable / (Due) as at the year end :-					
Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence / Subsidiaries
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	
Investments in Equity Shares	-	-	-	-	46,700,000.00
Investments in Subsidiary companies	-	-	-	-	835,868,469.97
Secured NCD	(407,000.00)	(370,000.00)	(4,859,000.00)	(4,631,000.00)	338,123,555.16
Secured NCD - Listed	(1,050,000.00)	(3,490,000.00)	(10,283,000.00)	(24,137,000.00)	(20,000,000.00)
Security Deposit	-	-	-	-	(136,228,000.00)
Rent Deposit	1,770,000.00	1,770,000.00	300,000.00	300,000.00	(84,780,000.00)
Loans & Subordinated Debts	(3,237,929,944.26)	(2,895,327,375.54)	(3,611,046,137.16)	(2,594,081,098.76)	(40,000,000.00)
Interest payable on Directors Loan	-	-	(1,359,413.00)	(1,359,413.00)	1,470,000.00
Interest payable on Secured NCD	(14,810.77)	(46,250.00)	(558,326.23)	(578,875.00)	-
Interest payable on Subordinated Debts	(476,756.00)	(917,254.00)	-	-	-
Trade Payables	(263,923.00)	(263,923.00)	(51,749.00)	(51,749.00)	(17,227,900.22)
Trade Receivable	-	-	-	-	69,560,540.91
					-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

d) Disclosure in respect of material related party transactions during the year as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, i.e., amount which is in excess of 10% of total related party transactions of the same type :-

Particulars	As at 31st March, 2016	As at 31st March, 2015
Purchase of Travel Tickets for the Company Executives/Directors/Customers		
GMG Associates	5,421,694.00	8,088,981.00
Travel Arrangements for the Company Executives/Directors/Customers		
GMG Associates	8,603,884.00	823,155.00
Accommodation facilities for the Company Executives/Directors/Customers		
Muthoot Leisure & Hospitality Services Pvt Ltd	234,830.00	955,467.00
Muthoot Anchor House Hotels Pvt Ltd	76,921.00	266,259.00
Marari Beach Resorts Pvt Ltd	151,826.00	23,200.00
Complementary Medical Health Check Ups for Customers/ Employees		
Muthoot Health Care Private Limited	6,850.00	48,000.00
M G M Muthoot Medical Centre Private Limited	-	14,100.00
Brokerage paid for NCD Public Issue		
Muthoot Securities Ltd	6,496,832.00	13,338,681.00
Business Promotion Expenses		
Muthoot Securities Ltd	12,957,321.00	17,574,746.00
CSR Expenses paid		
Muthoot M George Foundation	131,637,500.00	89,105,500.00
Foreign currency purchased		
Muthoot Forex Ltd	981,407.00	73,997.00
Interest on Directors loans		
M G George Muthoot	50,404,398.27	59,663,540.58
George Thomas Muthoot	55,826,840.66	64,819,001.88
George Jacob Muthoot	59,302,306.27	64,561,626.90
George Alexander Muthoot	60,562,428.08	66,300,682.87
Susan Thomas	77,487,405.81	56,979,847.23
Interest on subordinated debts		
M G George Muthoot	4,665,492.00	12,360,493.00
George Thomas Muthoot	6,367,081.00	12,520,685.14
George Jacob Muthoot	8,330,525.00	12,535,337.64
George Alexander Muthoot	3,374,081.27	13,318,321.00
Interest on Secured NCD		
Muthoot Commodities Ltd	1,193,969.18	5,086,791.00
Valsa Kurien	550,125.00	550,125.00
Interest on Secured NCD - Listed		
Muthoot Securities Ltd	8,024,410.94	7,181,551.17
Remuneration		
M G George Muthoot	48,000,000.00	48,000,000.00
George Thomas Muthoot	48,000,000.00	48,000,000.00
George Jacob Muthoot	48,000,000.00	48,000,000.00
George Alexander Muthoot	48,000,000.00	48,000,000.00
Directors Loans accepted		

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

d) Disclosure in respect of material related party transactions during the year as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, i.e., amount which is in excess of 10% of total related party transactions of the same type :- (Contd.)

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
M G George Muthoot	749,975,472.13	564,864,401.86
George Thomas Muthoot	922,897,206.52	435,830,533.96
George Jacob Muthoot	804,025,048.13	406,470,663.56
George Alexander Muthoot	875,948,355.94	478,204,433.86
Subordinated debts accepted		
George Alexander Muthoot	-	500,000.00
Directors Loans repaid		
M G George Muthoot	629,965,525.86	479,883,606.86
George Thomas Muthoot	874,217,891.86	302,674,662.86
George Jacob Muthoot	669,423,511.86	358,374,662.86
George Alexander Muthoot	733,586,550.86	387,669,662.86
Subordinated debts repaid		
M G George Muthoot	35,400,000.00	36,300,000.00
George Thomas Muthoot	46,691,762.00	21,442,238.00
George Jacob Muthoot	58,048,573.00	2,981,427.00
George Alexander Muthoot	20,795,231.00	54,231,769.00
Investments in Secured NCD		
M G George Muthoot	97,000.00	-
Alexander M George	288,000.00	-
George M George	230,000.00	-
Muthoot Commodities Ltd	-	64,297,000.00
Repayment of Secured NCD		
Muthoot Commodities Ltd	20,000,000.00	51,579,000.00
Repayment of Secured NCD - Listed		
Muthoot Securities Ltd	40,279,000.00	21,833,000.00
Rent paid		
Muthoot Properties & Investments	1,725,000.00	1,725,000.00
Muthoot Housing & Infrastructure	1,656,000.00	1,656,000.00
Muthoot Vehicle and Asset Finance Ltd	1,100,615.00	967,420.00
George Thomas Muthoot	862,500.00	862,500.00
George Jacob Muthoot	1,000,500.00	1,000,500.00
George Alexander Muthoot	931,500.00	931,500.00
Rent received		
Muthoot Forex Ltd	410,000.00	224,000.00
Muthoot Securities Ltd	-	251,153.00
Dividend paid		
M G George Muthoot	379,081,056.00	236,925,660.00
George Alexander Muthoot	355,715,200.00	222,322,000.00
George Jacob Muthoot	355,715,200.00	222,322,000.00
George Thomas Muthoot	355,715,200.00	222,322,000.00
Susan Thomas	239,880,544.00	149,925,340.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

d) Disclosure in respect of material related party transactions during the year as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, i.e., amount which is in excess of 10% of total related party transactions of the same type :- (Contd.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Dividend Received		
Muthoot Forex Ltd	2,955,000.00	-
Muthoot Securities Ltd	1,350,000.00	-
Money Transfer commission received		
Muthoot Forex Ltd	61,549,908.00	24,403,432.00
Investments in Equity shares of subsidiary companies		
Equity shares - Asia Asset Finance PLC, Sri Lanka	48,629,914.81	338,123,555.16
Equity shares - Muthoot Homefin (India) Ltd	449,115,000.00	-
Service Charges Collected		
Muthoot Forex Ltd	2,762,615.00	3,613,665.00
Muthoot Precious Metals Corporation	1,535,846.00	595,912.00
Purchase of Fixed Assets		
Muthoot Securities Ltd	-	1,000,000.00
Loans availed by the Company for which guarantee is provided by related parties		
M G George Muthoot	76,250,000,000.00	98,590,000,000.00
George Alexander Muthoot	82,250,000,000.00	104,590,000,000.00
George Jacob Muthoot	72,500,000,000.00	94,840,000,000.00
George Thomas Muthoot	72,500,000,000.00	94,840,000,000.00
Anna Alexander	-	16,000,000,000.00
Sara George	-	5,000,000,000.00

e) Net Amount Receivable / (Due) as at the period end :-

Particulars	31st March, 2016	31st March, 2015
Investments in Equity Shares		
Equity shares - Muthoot Securities Ltd	27,000,000.00	27,000,000.00
Equity shares - Muthoot Forex Ltd	19,700,000.00	19,700,000.00
Investments in Subsidiary companies		
Equity shares - Asia Asset Finance PLC, Srilanka	386,753,469.97	338,123,555.16
Equity shares - Muthoot Homefin (India) Ltd	449,115,000.00	-
Secured NCD		
M G George Muthoot	(97,000.00)	(97,000.00)
Alexander M George	(310,000.00)	(273,000.00)
George M George	(458,000.00)	(230,000.00)
Valsa Kurien	(4,401,000.00)	(4,401,000.00)
Muthoot Commodities Ltd	-	(20,000,000.00)
Secured NCD - Listed		
Muthoot Securities Ltd	(79,493,000.00)	(84,780,000.00)
Muthoot Precious Metals Corporation	(36,735,000.00)	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

e) Net Amount Receivable / (Due) as at the period end :- (Contd.)			₹
Particulars	31st March, 2016	31st March, 2015	
Muthoot Forex Ltd	(20,000,000.00)	-	
Alexander M George	(1,050,000.00)	(3,490,000.00)	
George M George	(3,790,000.00)	(7,566,000.00)	
George M Jacob	(1,010,000.00)	(4,575,000.00)	
George M Alexander	(1,907,000.00)	(6,258,000.00)	
Eapen Alexander	(3,576,000.00)	(5,738,000.00)	
Security Deposit			
Muthoot Forex Ltd	(40,000,000.00)	(40,000,000.00)	
Rent Deposit			
Muthoot Properties & Investments	750,000.00	750,000.00	
Muthoot Housing & Infrastructure	720,000.00	720,000.00	
M G George Muthoot	355,000.00	355,000.00	
George Thomas Muthoot	415,000.00	415,000.00	
George Jacob Muthoot	555,000.00	555,000.00	
George Alexander Muthoot	445,000.00	445,000.00	
Sara George	100,000.00	100,000.00	
Valsa Kurien	200,000.00	200,000.00	
Directors Loans			
M G George Muthoot	(697,396,297.13)	(577,773,720.86)	
George Thomas Muthoot	(717,753,896.52)	(668,687,210.96)	
George Jacob Muthoot	(728,695,707.13)	(594,094,171.56)	
George Alexander Muthoot	(799,728,061.94)	(657,366,256.86)	
Alexander M George	(229,448,981.54)	(170,363,449.30)	
George M George	(178,839,180.94)	(120,917,980.20)	
George M Jacob	(444,586,514.38)	(330,544,903.40)	
Eapen Alexander	(274,036,844.88)	(196,826,492.50)	
Sara George	(417,243,992.57)	(280,653,093.70)	
Elizabeth Jacob	(459,273,412.11)	(305,373,072.40)	
Susan Thomas	(867,213,076.81)	(597,237,689.20)	
Anna Alexander	(600,390,421.53)	(435,096,241.76)	
George M Alexander	(252,656,245.40)	(175,953,485.00)	
Valsa Kurien	(77,864,100.76)	(65,397,093.30)	
Anna Thomas	(10,210,490.53)	(10,241,295.40)	
Reshma Susan Jacob	(9,231,857.25)	(9,239,751.90)	
Subordinated debts			
M G George Muthoot	(11,300,000.00)	(46,700,000.00)	
George Thomas Muthoot	(16,300,000.00)	(62,991,762.00)	
George Jacob Muthoot	(22,700,000.00)	(80,748,573.00)	
George Alexander Muthoot	(13,407,000.00)	(34,202,231.00)	
Alexander M George	(1,200,000.00)	(2,400,000.00)	
George M George	(1,300,000.00)	(3,000,000.00)	
George M Jacob	(1,199,999.00)	(2,399,999.00)	
Sara George	(2,100,000.00)	(10,100,000.00)	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

e) Net Amount Receivable / (Due) as at the period end :- (Contd.)			₹
Particulars	31st March, 2016	31st March, 2015	
Elizabeth Jacob	(2,200,001.00)	(10,700,001.00)	
Susan Thomas	(2,200,000.00)	(10,700,000.00)	
Anna Alexander	(2,500,000.00)	(11,500,000.00)	
George M Alexander	(1,200,000.00)	(2,400,000.00)	
Valsa Kurien	(6,800,000.00)	(15,800,000.00)	
Interest payable on Directors Loans			
Anna Thomas	(783,260.00)	(783,260.00)	
Reshma Susan Jacob	(576,153.00)	(576,153.00)	
Interest payable on Subordinated debts			
George Alexander Muthoot	(476,756.00)	(917,254.00)	
Interest payable on Secured NCD			
M G George Muthoot	(4,551.03)	(12,125.00)	
Alexander M George	(10,259.74)	(34,125.00)	
George M George	(8,201.23)	(28,750.00)	
Valsa Kurien	(550,125.00)	(550,125.00)	
Trade Payables			
Muthoot Properties & Investments	(129,375.00)	(129,375.00)	
Muthoot Housing & Infrastructure	(124,200.00)	(124,200.00)	
Muthoot Vehicle And Asset Finance Ltd	(96,321.09)	(93,148.00)	
GMG Associates	(391,682.13)	(687,761.13)	
Muthoot Precious Metals Corporation	(16,486,322.00)	-	
Muthoot Forex Ltd	-	(3,663,035.80)	
M G George Muthoot	(54,337.00)	(54,337.00)	
George Thomas Muthoot	(64,687.00)	(64,687.00)	
George Jacob Muthoot	(75,037.00)	(75,037.00)	
George Alexander Muthoot	(69,862.00)	(69,862.00)	
Sara George	(17,249.00)	(17,249.00)	
Valsa Kurien	(34,500.00)	(34,500.00)	
Trade Receivables			
Muthoot Forex Ltd	69,436,745.91	-	
GMG Associates	39,294.00	-	
Muthoot Precious Metals Corporation	84,501.00	-	

34. SEGMENT REPORTING

- The Company is engaged in two segments of business – Financing and Power Generation.
- In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, the 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.
- The Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Primary Business Segment Information					₹		
Particulars	Financing		Power Generation		Consolidated Totals		
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2015
Segment Revenue:							
External Revenue	48,602,562,822.78	43,124,189,289.43	11,443,093.50	13,829,642.00	48,614,005,916.28	43,138,018,931.43	
Inter segment Revenue	-	-	-	-	-	-	
Total Revenue	48,602,562,822.78	43,124,189,289.43	11,443,093.50	13,829,642.00	48,614,005,916.28	43,138,018,931.43	
Result:							
Segment Result	13,226,677,633.60	10,359,667,702.84	5,988,634.36	6,814,463.96	13,232,666,267.96	10,366,482,166.80	
Other Income	-	-	-	-	-	-	
Unallocated corporate income	-	-	-	-	136,145,020.02	108,341,506.82	
Unallocated corporate expenses	-	-	-	-	(201,270,000.00)	(196,246,374.00)	
Profit Before Tax	13,226,677,633.60	10,359,667,702.84	5,988,634.36	6,814,463.96	13,167,541,287.98	10,278,577,299.62	
Less: Provision for Current Tax / Deferred Tax	-	-	-	-	5,072,009,750.68	8,573,336,172.09	
Profit after Tax	13,226,677,633.60	10,359,667,702.84	5,988,634.36	6,814,463.96	8,095,531,537.30	6,705,241,127.53	
Other Information:							
Segment Assets	268,942,214,130.93	266,919,387,924.11	42,756,364.44	39,861,178.07	268,984,970,495.37	266,959,249,102.18	
Unallocated Corporate Assets	-	-	-	-	1,502,358,243.13	733,264,018.32	
Total Assets	268,942,214,130.93	266,919,387,924.11	42,756,364.44	39,861,178.07	270,487,328,738.50	267,692,513,120.50	
Segment Liabilities	212,160,916,524.74	215,515,834,766.64	-	-	212,160,916,524.74	215,515,834,766.64	
Unallocated Corporate Liabilities	-	-	-	-	2,133,921,007.84	1,341,635,944.24	
Total Liabilities	212,160,916,524.74	215,515,834,766.64	-	-	214,294,837,532.58	216,857,470,710.88	
Capital Expenditure	189,860,122.56	263,050,912.75	-	-	189,860,122.56	263,050,912.75	
Depreciation	572,851,428.77	838,682,607.99	2,296,031.14	2,503,136.04	575,147,459.91	841,185,744.03	
Non-Cash Expenditure other than Depreciation	1,516,683,241.00	179,798,948.00	-	-	1,516,683,241.00	179,798,948.00	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

35. FRAUDS DURING THE YEAR

During the year, frauds committed by employees of the Company amounted to ₹ 16,266,785.00 (Previous year: ₹ 11,962,300.00) which has been recovered /written off / provided for.

36. DIVIDEND REMITTED IN FOREIGN CURRENCY

Particulars	As at	As at
	31st March, 2016	31st March, 2015
Dividend remitted in foreign currency	79,333,048.00	32,021,280.00
No. of non-resident shareholders to which this relates	1	1
No. of equity shares of face value of ₹ 10/- held by them	9,916,631	6,404,256
Financial year to which dividend relates	FY 2014-15 & FY 2015-16	FY 2013-14 & FY 2014-15

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

During the year, the Company has made a further additional investment of 73,019,415 equity shares (Previous year:-428,011,711 equity shares) amounting to ₹ 48,629,914.81 (Previous year :- ₹ 338,123,555.16) in its subsidiary company, Asia Asset Finance PLC, Sri Lanka. As at 31st March, 2016, the total shareholdings in Asia Asset Finance PLC, Sri Lanka, amounts to 501,031,126 equity shares (Previous year :- 428,011,711 equity shares) representing 59.70 % (Previous year :- 51 %) of their total shareholding.

38. INVESTMENT IN MUTHOOT HOMEFIN (INDIA) LIMITED

The Company has during the year acquired 39,500,000 equity shares in Muthoot Homefin (India) Limited representing 79 % of equity share capital of Muthoot Homefin (India) Limited for a consideration of ₹ 449,115,000.00 and thus became a subsidiary of the Company on 2nd March, 2016.

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

Particulars	As at	As at
	31st March, 2016	31st March, 2015
Gold Loans granted against collateral of gold jewellery	243,355,407,815.00	233,499,014,794.00
Total assets of the Company	270,487,328,738.49	267,692,513,120.50
Percentage of gold loans to Total Assets	89.97%	87.23%

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

Sl. No.	Particulars	Amount out-standing	Amount overdue	Amount out-standing	Amount overdue
	Liabilities :	as at 31st March, 2016		as at 31st March, 2015	
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :-				
(a)	Debentures : Secured	82,986,943,451.96	NIL	96,980,375,875.04	NIL
	: Unsecured	NIL	NIL	NIL	NIL
	(other than falling within the meaning of public deposits)				
	: Perpetual Debt Instrument	NIL	NIL	NIL	NIL
(b)	Deferred credits	NIL	NIL	NIL	NIL
(c)	Term Loans	5,997,128.75	NIL	8,013,230.50	NIL
(d)	Inter-corporate loans and borrowing	NIL	NIL	NIL	NIL
(e)	Commercial Paper	NIL	NIL	NIL	NIL
(f)	Other Loans (specify nature)				
	Loan from Directors/ Relatives of Directors	6,765,928,494.42	NIL	5,197,125,321.30	NIL
	Subordinated Debt	41,049,323,909.69	NIL	38,363,816,460.67	NIL
	Borrowings from Banks/FI	77,013,832,415.65	NIL	72,507,372,826.90	NIL
	Overdraft against Deposit with Banks	7,782,787.27	NIL	1,386,295.31	NIL

Sl. No.	Particulars	Amount outstanding	Amount outstanding
	Assets :	as at 31st March, 2016	as at 31st March, 2015
(2)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :- (including interest accrued)		
(a)	Secured	252,977,841,716.04	245,103,004,460.13
(b)	Unsecured	6,935,472,287.71	1,825,211,358.72
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:-		
(i)	Lease assets including lease rentals under sundry debtors:-	NIL	NIL
(a)	Financial lease	NIL	NIL
(b)	Operating lease	NIL	NIL
(ii)	Stock on hire including hire charges under sundry debtors	NIL	NIL
(a)	Assets on hire	NIL	NIL
(b)	Repossessed Assets	NIL	NIL
(iii)	Other loans counting towards AFC activities	NIL	NIL
(a)	Loans where assets have been repossessed	NIL	NIL

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

40. DISCLOSURE REQUIRED AS PER RESERVE BANK OF INDIA NOTIFICATION NO. DNBS. 193DG(VL) - 2007 DATED 22ND FEBRUARY, 2007 :- (CONTD.)

		₹	
Sl. No.	Particulars	Amount outstanding as at 31st March, 2016	Amount outstanding as at 31st March, 2015
	Assets :		
	(b) Loans other than (a) above	NIL	NIL
(4)	Break-up of Investments (net of provision for diminution in value) :-		
	Current Investments:-		
	1. Quoted:		
	(i) Shares : (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities(net of amortisation)	NIL	NIL
	(v) Others	NIL	NIL
	2. Unquoted:		
	(i) Shares : (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others	NIL	NIL
	Long Term investments:-		
	1. Quoted:		
	(i) Shares : (a) Equity	386,803,409.97	338,173,495.16
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities(net of amortisation)	NIL	NIL
	(v) Others	NIL	NIL
	2. Unquoted:		
	(i) Shares : (a) Equity	495,815,000.00	46,700,000.00
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	100,000,000.00	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others - Investment in Pass Through Certificates	NIL	NIL

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

40. DISCLOSURE REQUIRED AS PER RESERVE BANK OF INDIA NOTIFICATION NO. DNBS. 193DG(VL) - 2007 DATED 22ND FEBRUARY, 2007 :- (CONTD.)

(5) Borrower Group-wise Classification of Assets Financed as in (2) and (3) above:-					
Category	As at 31st March, 2016			As at 31st March, 2015	
	Amount (Net of provisioning)			Amount (Net of provisioning)	
	Secured	Unsecured	Total	Secured	Unsecured
1. Related Parties					
(a) Subsidiaries	NIL	NIL	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL	NIL	NIL
2. Other than related parties	242,474,804.103.00	295,017,712.31	242,769,821,815.31	233,264,748,477.00	95,677,391.37
Total	242,474,804,103.00	295,017,712.31	242,769,821,815.31	233,264,748,477.00	95,677,391.37

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :-					
Category	As at 31st March, 2016			As at 31st March, 2015	
	Market Value / Break up value or fair value or Net Asset Value	Book Value (Net of provisioning)	Market Value / Break up value or fair value or Net Asset Value	Book Value (Net of provisioning)	Market Value (Net of provisioning)
1. Related Parties					
(a) Subsidiaries	733,692,162.00	835,868,469.97	314,468,764.00	338,123,555.16	
(b) Companies in the same group	46,700,000.00	46,700,000.00	46,700,000.00	46,700,000.00	
(c) Other related parties	NIL	NIL	NIL	NIL	
2. Other than related parties	100,059,383.00	100,049,940.00	71,142.00	49,940.00	
Total	880,451,545.00	982,618,409.97	361,239,906.00	384,873,495.16	

(7) Other information		
Amount outstanding as at		
Particulars	31st March, 2016	31st March, 2015
(i) Gross Non-Performing Assets		
(a) With Related parties	NIL	NIL
(b) With Others	7,024,612,600.00	5,116,663,567.00
(ii) Net Non-Performing Assets		
(a) With Related parties	NIL	NIL
(b) With Others	6,005,346,145.00	4,391,281,318.00
(iii) Assets acquired in satisfaction of debt		
(a) With Related parties	NIL	NIL
(b) With Others	NIL	NIL

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

The Company auctioned 905,056 loan accounts (Previous Year: 648,123 accounts) during the financial year. The outstanding dues on these loan accounts were ₹ 46,910,938,525.00 (Previous Year: ₹ 32,043,293,613.00) till the respective date of auction. The Company realised ₹ 38,799,978,043.00 (Previous Year: ₹ 27,879,028,742.00) on auctioning of gold jewellery taken as collateral security on these loans. The Company confirms that none of its sister concerns participated in the above auctions.

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

a) Capital			₹
Particulars	As at 31st March, 2016	As at 31st March, 2015	
i) CRAR (%)	24.48	24.78	
ii) CRAR-Tier I capital (%)	20.92	19.96	
iii) CRAR-Tier II capital (%)	3.56	4.82	
iv) Amount of subordinated debt raised as Tier-II capital	25,456,202,000.00	26,538,007,566.00	
v) Amount raised by issue of Perpetual Debt Instruments	NIL	NIL	

b) Investments			₹
Particulars	As at 31st March, 2016	As at 31st March, 2015	
1) Value of Investments			
(i) Gross Value of Investments			
(a) In India	595,864,940.00	46,749,940.00	
(b) Outside India	386,753,469.97	338,123,555.16	
(ii) Provisions for Depreciation			
(a) In India	NIL	NIL	
(b) Outside India	NIL	NIL	
(iii) Net Value of Investments			
(a) In India	595,864,940.00	46,749,940.00	
(b) Outside India	386,753,469.97	338,123,555.16	
2) Movement of provisions held towards			
Depreciation on investments			
(i) Opening balance	NIL	NIL	
(ii) Add : Provisions made during the year	NIL	NIL	
(iii) Less : Write-off / write-back of excess provisions during the year	NIL	NIL	
(iv) Closing balance	NIL	NIL	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

c) Asset Liability Management Maturity pattern of certain items of assets and liabilities										₹
As at 31st March, 2016	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total	
Liabilities										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowings from Banks/ Financial Institutions	336,049.22	290,373.35	249,809.58	706,984.40	76,872,051,297.05	2,929,403.10	-	-	76,876,563,916.70	
Market Borrowings	5,823,267,838.00	3,848,953,000.00	2,796,787,000.00	14,624,868,000.00	22,914,835,062.00	48,806,252,000.00	2,581,427,000.00	1,371,977,000.00	102,768,367,000.00	
Assets										
Advances	46,307,495,419.78	39,006,833,185.33	21,985,254,582.98	51,194,839,943.64	65,826,232,513.38	19,488,432,625.20	-	-	243,789,088,270.31	
Investments	-	-	-	-	-	-	100,000,000.00	495,864,940.00	595,864,940.00	
Foreign Currency assets	-	-	-	-	-	-	-	386,753,469.97	386,753,469.97	
As at 31st March, 2015	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total	₹
Liabilities										
Deposits	-	-	-	-	-	-	-	-	-	-
Borrowings from Banks/ Financial Institutions	754,505.34	760,567.41	766,787.86	2,001,748,370.39	70,413,075,938.97	1,573,633.97	-	-	72,418,679,803.94	
Market Borrowings	4,638,213,000.00	3,384,240,000.00	2,896,910,000.00	12,100,088,000.00	26,889,169,566.00	57,165,798,000.00	8,583,472,000.00	1,374,742,000.00	117,032,632,566.00	
Assets										
Advances	32,771,859,136.44	58,521,177,029.34	32,771,859,136.43	51,498,635,785.82	46,816,941,623.47	11,704,235,405.87	-	-	234,084,708,117.37	
Investments	-	-	-	-	-	-	-	46,749,940.00	46,749,940.00	
Foreign Currency assets	-	-	-	-	-	-	-	338,123,555.16	338,123,555.16	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

d) Exposures

Sl. No.	Category	As at 31st March, 2016	As at 31st March, 2015
i)	Exposure to Real Estate Sector		
a)	Direct exposure (Net of Advances from Customers)		
(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 ₹ 15 Lakhs	NIL	NIL
	- Individuals housing loans more than ₹ 15 Lakhs		
(ii)	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non- fund based (NFB) limits;		
	- Fund Based	169,997,748.00	35,644,000.00
	- Non Fund Based	NIL	NIL
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	- Residential,	NIL	NIL
	- Commercial Real Estate.		
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	NIL	NIL
	Total Exposure to Real Estate Sector	169,997,748.00	35,644,000.00
ii)	Exposure to Capital Market		
i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	49,940.00	49,940.00
ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	NIL	NIL
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	NIL	NIL
iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds /convertible debentures / units of equity oriented mutual funds does not fully cover the advances	NIL	NIL
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	NIL	NIL
vi)	loans sanctioned to corporates against the security of shares /bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	NIL	NIL
vii)	bridge loans to companies against expected equity flows /issues	NIL	NIL
viii)	all exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
	Total Exposure to Capital Markets	49,940.00	49,940.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

e) Registration obtained from financial sector regulators ₹

Sl. No.	Regulator	Registration Number
1	Reserve Bank of India	Certificate of Registration No. N 16.00167

f) Penalties levied by the above Regulators- Nil

g) Ratings assigned by Credit rating Agencies ₹

Sl. No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
i)	Commercial paper & Non - convertible Debentures- Short Term	CRISIL A1+, ICRA A1+	CRISIL A1+, ICRA A1+
ii)	Bank Loans - Working Capital Demand Loans	ICRA A1+	ICRA A1+
iii)	Bank Loans - Cash Credit	ICRA AA-(Stable)	ICRA AA-(Stable)
iv)	Bank Term Loans	ICRA AA-(Stable)	ICRA AA-(Stable)
v)	Non Convertible Debentures- Long term	CRISIL AA-(Stable), ICRA AA-(Stable)	CRISIL AA-(Stable), ICRA AA-(Stable)
vi)	Subordinated Debt	CRISIL AA-(Stable), ICRA AA-(Stable)	CRISIL AA-(Stable), ICRA AA-(Stable)

During the year, there were no change in the above ratings.

h) Provisions and Contingencies ₹

Sl. No	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31st March, 2016	As at 31st March, 2015
1	Provisions for depreciation on Investment	Nil	Nil
2	Provision towards NPA	293,884,206.00	Nil
3	Provision made towards Income Tax	5,048,083,577.00	3,569,588,575.00
4	Other Provision and Contingencies (with details)		
	Provision for Other Losses	513,023.00	Nil
	Provision for Gratuity	2,391,462.94	7,508,745.00
5	Provision for Standard Assets	1,222,799,035.00	179,798,948.00

i) Concentration of Advances ₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Total Advances to twenty largest borrowers	731,081,619.00	621,082,177.00
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.30%	0.27%

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

j) Concentration of Exposures			₹
Particulars	As at 31st March, 2016	As at 31st March, 2015	
Total Exposures to twenty largest borrowers/customers	731,081,619.00	621,082,177.00	
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers/Customers.	0.30%	0.27%	

k) Concentration of NPAs			₹
Particulars	As at 31st March, 2016	As at 31st March, 2015	
Total Exposures to top four NPA accounts	33,979,100.00	35,793,500.00	

l) Sector-wise NPAs as on 31st March, 2016			₹
Sl. No	Sector	Percentage of NPAs to Total Advances in that sector as on March 31, 2016	Percentage of NPAs to Total Advances in that sector as on March 31, 2015
1	Agriculture & allied activities	Nil	Nil
2	MSME	Nil	Nil
3	Corporate borrowers	Nil	Nil
4	Services	Nil	Nil
5	Unsecured personal loans	Nil	Nil
6	Auto loans (commercial vehicles)	Nil	Nil
7	Other loans	2.88%	2.19%

m) Movement of NPAs			₹
Particulars	As at 31st March, 2016	As at 31st March, 2015	
i) Net NPAs to Net Advances (%)	2.46%	1.88%	
ii) Movement of NPAs (Gross)			
(a) Opening balance	5,116,663,567.00	4,160,514,951.49	
(b) Additions during the year	6,720,256,238.00	4,798,393,775.00	
(c) Reductions during the year	4,812,307,205.00	3,842,245,159.49	
(d) Closing balance	7,024,612,600.00	5,116,663,567.00	
iii) Movement of Net NPAs			
(a) Opening balance	4,391,281,318.00	3,435,132,702.49	
(b) Additions during the year	6,426,094,009.00	4,798,393,775.00	
(c) Reductions during the year	4,812,307,205.00	3,842,245,159.49	
(d) Closing balance	6,005,068,122.00	4,391,281,318.00	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

m) Movement of NPAs (Contd.)

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
iv) Movement of provisions for NPAs (excluding Provisions on Standard Assets)		
(a) Opening balance	725,382,249.00	725,382,249.00
(b) Provisions made during the year	294,162,229.00	-
(c) Write-off / write -back of excess provisions	-	-
(d) Closing balance	1,019,544,478.00	725,382,249.00

n) Overseas Assets

₹

Sl. No	Name of the subsidiary	Country	Total assets
1	Asia Asset Finance PLC, Sri Lanka	Sri Lanka	386,753,469.97

o) Customer Complaints

₹

(a)	No. of complaints pending as on 1st April, 2015	-
(b)	No of complaints received during the year	212
(c)	No of complaints redressed during the year	212
(d)	No. of complaints pending as on 31st March, 2016	-

43. DISCLOSURE PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

₹

Sl. No	Loans and Advances in the nature of Loans	Amount Outstanding as at 31st March, 2016	Maximum Amount Outstanding during the year
(a)	To Subsidiaries	NIL	NIL
(b)	To Associates	N.A	N.A
(c)	Where there is		
(i)	No repayment schedule	NIL	NIL
(ii)	Repayment beyond seven years	NIL	NIL
(iii)	No interest	NIL	NIL
(iv)	Interest below the rate as specified in Section 372A of the Companies Act, 1956 / Section 186 of Companies Act 2013 as applicable	NIL	NIL
(d)	To Firms/Companies in which Directors are Interested (other than (a) and (b) above)	NIL	NIL
(e)	Investments by the loanee in the shares of Parent Company and Subsidiary Company when the Company has made a loan or advance in the nature of loan	NIL	NIL

44. PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED / REARRANGED, WHEREVER NECESSARY TO CONFORM TO CURRENT YEAR'S CLASSIFICATIONS / DISCLOSURE.

FORM AOC-1

(Pursuant to first proviso to Sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES			(Amounts in ₹)
Sl. No.	Particulars	Details	Details
1.	Name of the subsidiary	Asia Asset Finance PLC	Muthoot Homefin (India) Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	LKR , Exchange Rate as on 31.03.2016 - 0.43691/ Average Exchange Rate - 0.471235*	INR
4.	Share capital	606,839,710.13	500,000,000.00
5.	Reserves & surplus	31,717,989.58	68,678,257.26
6.	Total assets	3,545,699,720.71	572,035,458.83
7.	Total Liabilities	2,907,142,021.01	3,357,201.57
8.	Investments	168,837,291.88	175,254,245.18
9.	Turnover	655,844,398.31*	19,328,884.25
10.	Profit before taxation	98,992,274.03*	7,29,484.61
11.	Provision for taxation	16,139,259.19*	564,082.00
12.	Profit after taxation	82,853,014.84*	135,752.61
13.	Proposed Dividend	NIL	NIL
14.	% of shareholding	59.70	79.00

Notes:

- Names of subsidiaries which are yet to commence operations: NA
- Names of subsidiaries which have been liquidated or sold during the year: NA

PART “B”: ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

Not Applicable

For and on behalf of the Board of Directors

Sd/-

M. G. George Muthoot

Chairman & Whole time Director

Sd/-

George Alexander Muthoot

Managing Director

Sd/-

Oommen K. Mammen

Chief Financial Officer

Sd/-

Maxin James

Company Secretary

Place: Kochi

Date: 27th May, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of Muthoot Finance Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Muthoot Finance Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be

included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors read along with sub paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- a) We did not audit the financial statements of Asia Asset Finance PLC (a subsidiary), whose financial statements reflect total assets of ₹ 36,882.14 Lakhs as at March 31, 2016, total revenues of ₹ 6,558.44 Lakhs and net cash

inflow amounting to ₹ 1,676.32 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditors.

- b) Financial statements of Muthoot Homefin (India) Limited (a subsidiary) which reflect total assets of ₹ 5,720.35 lakhs as at March 31, 2016, total revenues of ₹ 16.11 lakhs and net cash inflow amounting to ₹ 209.42 lakhs for the year then ended, as considered in the consolidated financial statements, have been audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law have been kept by the Holding Company so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2016, taken on record by the Board of Directors of the Holding Company, none of the Directors of the Group Companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiary and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- g) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements- Refer Note 28 to the consolidated financial statements;
 - The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary incorporated in India.

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

Sd/-

R. Sreenivasan

Partner

Place: Kochi

Date: 27th May, 2016

Membership No. 020566

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **Muthoot Finance Limited**, (hereinafter referred to as "the Holding Company") and its subsidiary company incorporated in India as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of Muthoot Finance Limited as of and for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's and its subsidiary company incorporated in India's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting

was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary company incorporated in India's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial

controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company incorporated in India respectively, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Rangamani & Co**

Chartered Accountants

(Firm Registration No.: 003050 S)

Sd/-

R. Sreenivasan

Partner

Place: Kochi

Date: 27th May, 2016

Membership No. 020566

CONSOLIDATED BALANCE SHEET

as at 31st March, 2016

		₹	
Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	3,990,023,320.00	3,979,664,190.00
(b) Reserves and surplus	4	52,232,850,037.98	46,860,554,263.50
Minority Interest		376,765,307.63	289,300,396.41
Non-current liabilities			
(a) Long-term borrowings	5	54,265,572,299.51	67,664,943,037.83
(b) Other Long-term liabilities	6	11,268,290,971.06	12,078,100,624.41
(c) Long-term provisions	25	7,864,330.89	12,277,179.74
Current liabilities			
(a) Short-term borrowings	5	83,708,091,354.78	77,606,511,933.99
(b) Trade Payables & Other current liabilities	7	62,815,819,130.33	58,371,376,793.54
(c) Short-term provisions	8	5,282,194,271.13	3,099,186,313.15
Total		273,947,471,023.31	269,961,914,732.57
ASSETS			
Non-current assets			
(a) Fixed assets	9		
(i) Tangible Assets		2,264,535,511.59	2,586,649,219.96
(ii) Intangible Assets		51,764,158.93	59,918,569.50
(iii) Capital Work-in-progress		107,371,443.90	63,317,949.00
(iv) Intangible Assets under development		-	5,319,943.00
(b) Goodwill on consolidation	38 & 39	35,779,973.58	42,191,023.59
(c) Non-current investments	10	146,971,304.38	47,015,640.93
(d) Deferred tax assets (net)	11	563,588,226.27	392,288,284.39
(e) Long-term loans and advances	12	2,389,155,731.25	1,905,760,416.53
Current assets			
(a) Current investments	13	343,870,172.18	155,309,381.50
(b) Trade receivables	14	14,679,182,447.67	11,549,972,985.24
(c) Cash and Bank Balances	15	7,140,555,589.84	17,571,212,412.71
(d) Short-term loans and advances	16	246,197,316,724.31	235,519,122,738.65
(e) Other current assets	17	27,379,739.41	63,836,167.57
Total		273,947,471,023.31	269,961,914,732.57

Notes on accounts form part of consolidated financial statements
As per our report of even date attached

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 27th May, 2016

For and on behalf of the Board of Directors

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

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
Maxin James
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2016

₹			
Particulars	Note No.	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Revenue from Operations	18	49,199,840,167.31	43,245,426,156.29
Other income	19	207,765,907.66	120,110,719.67
Total Revenue		49,407,606,074.97	43,365,536,875.95
Expenses:-			
Employee benefits expense	20	6,538,238,006.00	6,333,183,310.47
Finance costs	21	22,856,225,101.88	21,122,635,129.40
Other expenses	22	4,300,332,310.20	4,213,510,298.13
Directors Remuneration		195,600,000.00	192,486,667.00
Depreciation and amortization expense	9	586,566,472.73	843,017,169.21
Provisions and Write Offs	23	1,664,049,832.02	374,024,848.70
Total Expenses		36,141,011,722.83	33,078,857,422.91
Profit Before Tax		13,266,594,352.14	10,286,679,453.05
Tax expense:-			
Current tax		5,219,481,129.25	3,695,111,324.00
Deferred tax		(155,208,815.40)	(127,629,377.71)
Taxes relating to Previous Years		23,926,173.68	3,747,597.09
Profit for the year (before adjustment for Minority Interest)		8,178,395,864.61	6,715,449,909.66
Less : Share of profit transferred to Minority Interest		(33,392,140.88)	(5,002,303.25)
Profit for the year (after adjustment for Minority Interest)		8,145,003,723.73	6,710,447,606.42
Earnings per equity share of ₹ 10/- each			
Basic		20.46	16.98
Diluted		20.22	16.81

Notes on accounts form part of consolidated financial statements

As per our report of even date attached

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 27th May, 2016

For and on behalf of the Board of Directors

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

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
Maxin James
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2016

₹		
Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Taxation	13,266,594,352.14	10,286,679,453.05
Adjustments for :		
Add: Provision for Non-Performing Assets / Standard assets / Other Losses	1,517,295,595.42	179,798,948.00
Add: Provision for Impairment	39,559,050.10	2,590,277.70
Add: Finance Cost	22,856,225,101.88	21,122,635,129.40
Add: Loss on Sale of Fixed Assets	106,712.06	134,690.65
Add: Depreciation and amortisation	586,566,472.73	843,017,169.21
Add :Provision for Gratuity	2,397,678.60	12,277,179.74
Add :Expenses on ESOP	115,299,604.00	194,898,339.00
Less: Interest received - Others	(145,663,570.95)	(98,273,546.92)
Less: Income from Investments	(14,425,504.14)	(15,657,584.51)
Less: Profit on sale of Investments	(21,187.10)	-
Operating profit before working capital changes	38,223,934,304.74	32,528,100,055.32
Adjustments for:		
(Increase) / Decrease in Loans and Advances	(11,089,607,293.25)	(15,603,550,089.18)
(Increase) / Decrease in Trade receivables	(3,129,209,462.44)	107,393,194.23
(Increase) / Decrease in Other current assets	42,596,256.79	(41,988,848.88)
Increase / (Decrease) in Current liabilities	455,719,945.70	84,603,384.85
Increase / (Decrease) in Other Long Term Provisions	629,845.21	-
Increase / (Decrease) in Other Liabilities	30,171,094.50	(25,095,926.61)
Cash generated from operations	24,534,234,691.25	17,049,461,769.73
Finance cost paid	(19,732,156,365.74)	(18,251,245,415.85)
Direct tax paid	(3,785,989,334.40)	(3,589,223,031.68)
Net cash from operating activities	1,016,088,991.11	(4,791,006,677.80)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(282,302,792.49)	(334,784,452.99)
Sale of Fixed Assets	23,068,084.84	23,405,061.86
(Increase) / Decrease in Capital Work-in-Progress	(20,266,769.00)	75,414,857.00
Investments in Bonds/ Mutual Funds/ Shares	(353,262,208.95)	-
Sale of Bonds / Investments	65,000,000.00	319,363,424.72
Acquisition of further shares in subsidiary	(48,629,914.81)	(338,123,555.16)
Interest received - Others	145,009,802.31	101,521,476.56
Income from Investments	14,425,504.14	23,687,947.52
Net Cash from Investing Activities	(456,958,293.96)	(129,515,240.49)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2016

₹		
Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from Issue of Debentures	(13,182,460,000.00)	(15,819,574,000.00)
Increase / (Decrease) in Loan from Directors / Relatives of Directors	1,568,803,173.12	1,142,085,750.00
Increase / (Decrease) in Borrowings from Bank / Financial Institutions	5,075,936,986.17	14,329,618,571.37
Increase / (Decrease) in Borrowings from customers	409,286,227.26	73,414,565.68
Increase / (Decrease) in Subordinated debt	(1,081,805,566.00)	191,193,566.00
Increase / (Decrease) in Commercial Papers	-	(90,293,500.00)
Dividend paid (including Dividend distribution tax)	(3,832,718,413.89)	(2,322,575,331.49)
Proceeds from issue of Share Capital	26,470,010.00	4,201,889,040.00
Expenses on further issue of Equity Shares	-	(45,761,852.00)
(Increase) / Decrease in bank deposits held for greater than 3 months	70,359,249.62	828,882,457.31
Net Cash from Financing Activities	(10,946,128,333.72)	2,488,879,266.87
D NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(10,386,997,636.57)	(2,431,642,651.42)
Cash And Cash Equivalent at the Beginning of the Year	17,482,901,447.62	19,572,074,131.90
Add : Addition upon acquisition of subsidiary	26,200,063.32	342,469,967.14
Cash And Cash Equivalent at the End of The Year	7,122,103,874.37	17,482,901,447.62
Components of Cash and Cash Equivalents at the end of the Year		
Current Account with Banks	5,527,303,554.53	14,907,217,869.79
Deposit with Banks	110,333,503.83	100,000,000.00
Cash on Hand	1,479,953,312.24	2,473,375,665.17
Unpaid Dividend *	4,513,503.77	2,307,912.66
Total (Refer Note 2.(xii))	7,122,103,874.37	17,482,901,447.62

Notes:

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

Notes on accounts form part of consolidated financial statements

As per our report of even date attached

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 27th May, 2016

For and on behalf of the Board of Directors

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

Sd/-
Oommen K. Mammen
Chief Financial Officer

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
Maxin James
Company Secretary

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

1. BACKGROUND

Muthoot Finance Ltd. was incorporated as a private limited Company on 14th March, 1997 and was converted into a public limited Company on 18th November, 2008. The Company is promoted by Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot collectively operating under the brand name of 'The Muthoot Group', which has diversified interests in the fields of Financial Services, Healthcare, Education, Plantations, Real Estate, Foreign Exchange, Information Technology, Insurance Distribution, Hospitality etc. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 13.11.2001 vide Regn No. N 16.00167. The Company is presently classified as Systemically Important Non Deposit taking NBFC (NBFC-ND-SI). The Company made an Initial Public Offer of 51,500,000 Equity Shares of the face value ₹ 10/- each at a price of ₹ 175/- raising ₹ 9,012,500,000.00 during the month of April, 2011. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited from 6th May, 2011.

Basis of Consolidation

The Consolidated financial statements relate to Muthoot Finance Ltd (the Company) and its subsidiaries which constitute the 'Group' hereinafter. Following subsidiary companies have been considered in the preparation of the consolidated financial statements:-

Name of the Company and Country of Incorporation	Relationship with the Company	% of holding as at 31st March, 2016	% of holding as at 31st March, 2015
Asia Asset Finance PLC (Sri Lanka)	Subsidiary Company	59.70	51.00
Muthoot Homefin (India) Limited (India)	Subsidiary Company	79.00	-

2. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis For Presentation of Financial Statements

The consolidated financial statements of the Company along with its subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed by the Company in the previous year. The Company follows prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India vide Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and Muthoot Homefin (India) Limited, one of the subsidiaries, follows similar norms prescribed by the National Housing Bank for Housing Finance Companies. Muthoot Homefin (India) Limited, became a subsidiary Company on 2nd March, 2016 and accordingly, is included only for the year ended 31st March, 2016.

(ii) Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:-

- (a) The financial statement of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company, i.e., Year ended 31st March, 2016.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

- (b) The financial statements of the Company and its subsidiaries have been consolidated in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting standard – 21 ‘Consolidated Financial Statements’, on a line-by-line basis by adding together the like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra group transactions and resulting unrealized profits/losses, unless cost cannot be recovered.
- (c) Consolidated financial statements are prepared using uniform accounting policies except as stated in (iv), (vi), (viii), (x), (xv) of this Schedule, the adjustments arising out of the same are not considered material.
- (d) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investment. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company. Minority Interest’s share of net assets of subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company’s shareholders.
- (e) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as ‘Goodwill’ being an asset in the consolidated

financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves & Surplus’, in the consolidated financial statements.

- (f) Goodwill arising on consolidation is not amortised but tested for impairment.
- (g) In respect of the foreign operations, the financial statement of the subsidiary for the year ended 31st March, 2016 was converted into Indian currency as per accounting standard (AS 11) “The effect of changes in Foreign Exchange Rates”.

(iii) Use of Estimates

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

(iv) Revenue Recognition

Revenues are recognized and expenses are accounted on accrual basis with necessary provisions for all known liabilities and losses. Revenue is recognized to the extent it is

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

realizable wherever there is uncertainty in the ultimate collection. Income from Non-Performing Assets is recognized only when it is realized. Income and expense under bilateral assignment of receivables accrue over the life of the related receivables assigned. Interest income and expenses on bilateral assignment of receivables are accounted on gross basis. Interest income on deposits is recognized on time proportionate basis.

In respect of its subsidiary Asia Asset Finance PLC, for all financial instruments interest income or expense is recorded using effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future impairment loss. The carrying amount of the financial asset or liability is adjusted if the subsidiary revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as "Interest Income" for financial assets and "Interest Expense" for financial liabilities.

In respect of its subsidiary, Muthoot Homefin (India) Limited, repayment of housing loans is by way of Equated Monthly Instalments (EMI) comprising principal and interest. Interest is calculated on monthly reducing balance method. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable on the loan amount already disbursed. Interest on performing assets is recognised on accrual basis and on non-performing assets on realisation

basis as per the guidelines prescribed by the National Housing Bank. Processing fees and documentation charges are recognised on disbursement of loans.

(v) Employee Benefits

Short Term Employee Benefits:-

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

Post employment benefits:-

a) Defined Contribution Plan Provident Fund

All eligible employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the group contribute monthly at a stipulated percentage of the covered employees salary. Contributions are charged to Statement of Profit & Loss at actuals. The Group has no liability for future provident fund benefits other than its stipulated contribution during the year. Contributions of the Company are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates. In respect of its subsidiary Asia Asset Finance PLC, Contributions to the extent of 12% and 3% of gross emoluments of employees are made to Employees Provident Fund and Employees Trust Fund respectively.

b) Defined Benefit Plan Gratuity

The group provides for gratuity covering eligible employees under which a lumpsum payment is made to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the group. The group accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Sheet date by an Independent Actuary using Projected Unit Credit Method. The group recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard 15, 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise. The Holding Company makes annual contribution to a Gratuity Fund administered by Trustees and separate schemes managed by Kotak Mahindra Old Mutual Life Insurance Limited and ICICI Prudential Life Insurance Company Limited. In respect of its Subsidiaries, gratuity liability is not funded.

c) Employee share based payments

Stock options granted to the employees of the Holding Company under the stock option scheme established are accounted as per the accounting treatment prescribed by the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / SEBI (Share Based Employee Benefits) Regulations, 2014 issued by Securities Exchange Board of India. The Holding Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

(vi) Fixed Assets

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

In respect of the Holding Company and its subsidiary incorporated in India, depreciation is charged at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually upto ₹ 5,000.00 are fully depreciated by the Holding Company and its subsidiary incorporated in India in the year of its capitalisation.

In respect of its subsidiary Asia Asset Finance PLC, the estimated useful life is arrived at based on management's estimate of the period for which it intends to derive future economic benefits from the use of the asset. The assets are depreciated on Straight Line Method on the estimated useful lives so arrived at.

(vii) Foreign Exchange Transactions

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

(viii) Intangible Assets

Intangible Assets are amortized over their expected useful life. It is stated at cost, net of amortization. The Holding Company amortizes Computer Software over a period of five years on straight line method. In respect of its subsidiary Asia Asset Finance PLC, Computer Software is amortized over a period of eight years on straight line method.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

(ix) Taxes on Income

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the relevant Income Tax statutes. Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities are offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

(x) Investments

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

The Group, in respect of the foreign subsidiary, has considered Financial Assets-Held for Trading, Investments in Repurchase agreements against

treasury bills and bonds and Investments in Debentures and Fixed Deposits as current investments. Financial Assets under available for sale category is treated under non-current investments. Financial assets held for trading are recorded in the Balance Sheet at fair value. Investments in Repurchase agreements against treasury bills and bonds and Investments in Debentures and Fixed Deposits are measured at amortized cost using Effective Interest Rate less provision for impairment. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, after which, the cumulative gain or loss is recognised in the statement of comprehensive income in finance costs and removed from the available-for-sale reserve.

(xi) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(xii) Cash and Cash Equivalents

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

(xiii) Provisions, Contingent Liabilities & Contingent Assets

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

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

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

(xiv) Debenture Redemption Reserve

In terms of Section 71 of the Companies Act, 2013 read with Rule 18 (7) of the Companies (Share Capital and Debentures) Rules 2014, the Company has created Debenture Redemption Reserve in respect of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures issued through public issue as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008. No Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies. The subsidiary companies have no outstanding amount of debentures.

(xv) Provision For Standard Assets And Non Performing Assets

The Company makes provision for standard assets and non-performing assets as per Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies

Prudential Norms (Reserve Bank) Directions, 2015. Provision for standard assets in excess of the prudential norms, as estimated by the management, is categorised under Provision for Standard Assets, as general provisions.

In respect of its Subsidiary Asia Asset Finance PLC, financial assets carried at amortized cost such as lease, hire purchase and loans and advances are assessed for objective evidence of impairment as individually significant or collectively, if not individually significant, as on the date of Balance Sheet. If impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows and is recognised as Provision for Impairment through Statement of Profit and Loss Account.

In respect of its Subsidiary, Muthoot Homefin (India) Limited, provision has been made on standard as well as on non-performing housing loans as per the Prudential Norms prescribed by the National Housing Bank

(xvi) Leases

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

Where the Group is the Lessor:

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Where the Group is the lessee:

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

Unallocated items:-

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

(xvii) Segment Reporting

Identification of segments:-

- The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Based on the operation, the Group has identified primary business segments – Financing and Power Generation and based on the geography of operation, the Group has identified secondary segments - Within India and Outside India.
- The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

Segment Policies:-

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

(xviii) Current/Non-Current Classification of assets/ Liabilities

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

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

3. SHARE CAPITAL

₹

3.1 Share Capital

Particulars	As at 31st March, 2016	As at 31st March, 2015
Authorised		
450,000,000 Equity Shares of ₹ 10/- each	4,500,000,000.00	4,500,000,000.00
(Previous year: 450,000,000 Equity Shares of ₹ 10/- each)		
5,000,000 Preference Shares of ₹ 1000/- each	5,000,000,000.00	5,000,000,000.00
(Previous year: 5,000,000 Preference Shares of ₹ 1000/- each)		
Issued, Subscribed & Paid up		
399,002,332 Equity Shares of ₹ 10/- each fully paid	3,990,023,320.00	3,979,664,190.00
(Previous year: 397,966,419 Equity Shares of ₹ 10/- each fully paid)		
Total	3,990,023,320.00	3,979,664,190.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

3.2 Terms and Rights attached to Equity Shares

The Company has only one class of equity share having face value ₹ 10/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting.

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

3.3 The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2016 and 31st March, 2015 is set out below:-

Particulars	31st March, 2016		31st March, 2015	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	397,966,419	3,979,664,190.00	371,712,768	3,717,127,680.00
Shares issued in exercise of Employee Stock Options during the year	1,035,913	10,359,130.00	902,589	9,025,890.00
Shares issued under Institutional Placement Programme during the year	-	-	25,351,062	253,510,620.00
Shares outstanding at the end of the year	399,002,332	3,990,023,320.00	397,966,419	3,979,664,190.00

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

Sl. No.	Name of Shareholder	31st March, 2016		31st March, 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	M. G. George Muthoot	47,385,132	11.88%	47,385,132	11.91%
2	George Alexander Muthoot	44,464,400	11.14%	44,464,400	11.17%
3	George Jacob Muthoot	44,464,400	11.14%	44,464,400	11.17%
4	George Thomas Muthoot	44,464,400	11.14%	44,464,400	11.17%
5	Susan Thomas	29,985,068	7.52%	29,985,068	7.53%

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

Particulars	Aggregate No. of Shares issued in the financial year	Aggregate No. of Shares issued in the financial year
	2015-16	2014-15
Equity Shares :		
Fully paid up pursuant to contract(s) without payment being received in cash	Nil	Nil
Fully paid up by way of bonus shares	Nil	Nil
Shares bought back	Nil	Nil

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

3.6 Shares reserved for issue under Employee Stock Option Scheme

The Company has reserved 3,659,788 equity shares (Previous year : 5,901,049) for issue under the Employee Stock Option Scheme 2013. (Refer Note.25.c).

3.7 Institutional Placement Programme

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

4. RESERVES AND SURPLUS

Particulars	As at 31st March, 2016	As at 31st March, 2015
a. Securities Premium Account		
Balance at the beginning of the year	14,551,281,673.66	10,570,781,115.96
Add : Securities premium credited on Equity Share issue	114,460,339.90	4,026,262,409.70
Less : Premium Utilised for Institutional Placement Programme expenses (Refer Note. 4.1)	-	45,761,852.00
Closing Balance	14,665,742,013.56	14,551,281,673.66
b. General Reserve		
Balance at the beginning of the year	2,676,332,599.00	2,676,332,599.00
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	-	-
Closing Balance	2,676,332,599.00	2,676,332,599.00
c. Debenture Redemption Reserve (Refer Note.4.2)		
Balance at the beginning of the year	12,008,322,083.50	8,346,323,368.00
Add: Amount transferred from surplus in the Statement of Profit and Loss	3,509,466,198.50	3,661,998,715.50
Closing Balance	15,517,788,282.00	12,008,322,083.50
d. Statutory Reserve (Refer Note.4.3)		
Balance at the beginning of the year	8,675,737,635.80	7,334,689,409.80
Add: Amount transferred from surplus in the Statement of Profit and Loss	1,619,106,307.00	1,341,048,226.00
Closing Balance	10,294,843,942.80	8,675,737,635.80
e. Share options outstanding account (Refer Note.25 c)		
Balance at the beginning of the year	206,719,702.30	98,731,243.00
Additions during the year	115,299,604.00	194,898,339.00
Deduction during the year on share allotment	98,349,459.90	86,909,879.70
Closing Balance	223,669,846.40	206,719,702.30
f. Foreign Currency Translation Reserve		
Balance at the beginning of the year	(30,435.01)	
Additions during the year (Net)	(19,312,446.04)	(30,435.01)
Deduction during the year	-	-
Closing Balance	(19,342,881.05)	(30,435.01)

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

4. RESERVES AND SURPLUS (CONTD.)

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Particulars	As at 31st March, 2016	As at 31st March, 2015
g. Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	8,742,191,004.25	9,901,776,349.28
Add: Net Profit For the year	8,145,003,723.73	6,710,447,606.42
Less: Consequent to change in Group's Interest	4,953,632.21	-
Less: Appropriations		
Impact of change in Depreciation Rate net of Deferred Tax (Refer Note.27)	-	24,075,567.95
Interim Dividend	2,390,180,648.00	1,588,255,320.00
Proposed Final Dividend on Equity Shares	-	795,932,838.00
Dividend relating to earlier year	3,081,125.00	25,351,062.00
Corporate Dividend Tax	486,590,582.00	433,371,222.00
Transfer to Debenture Redemption Reserve	3,509,466,198.50	3,661,998,715.50
Transfer to Statutory Reserve	1,619,106,307.00	1,341,048,226.00
Closing Balance	8,873,816,235.27	8,742,191,004.25
Total	52,232,850,037.98	46,860,554,263.50

4.1 Share Issue Expenses

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

4.2 Debenture Redemption Reserve

During the year, the Company has transferred an amount of ₹ 3,509,466,198.50 (Previous Year: ₹ 3,661,998,715.50) to the Debenture Redemption Reserve. No appropriation was made from this Reserve during the year.

4.3 Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. An amount of ₹ 1,619,106,307.00 representing 20% of Net Profit is transferred to the Fund for the year (Previous Year: ₹ 1,341,048,226.00). No appropriation was made from the Reserve Fund during the year.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5. BORROWINGS

₹

5.1 Borrowings – Secured and Unsecured

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Secured				
(a) Debentures				
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.2)	14,378,919,000.00	17,766,810,000.00	26,529,927,000.00	42,072,261,000.00
Secured Non-Convertible Debentures- Listed (Secured by mortgage of immovable property and pari passu floating charge on current assets, book debts and Loans & advances) (Refer Note.5.3 & 5.4)	20,195,055,000.00	24,897,088,000.00	16,208,264,000.00	5,758,466,000.00
(b) Term loans				
From banks				
Term Loan (Secured by specific charge on vehicles) (Terms of Repayment : ₹ 478,750.50 during F Y 2016-17 in 1-12 monthly instalments & ₹ 78,039.10 during F Y 2017-18 in 3 monthly instalments, Rate of Interest : 9.33-10.51% p.a.)	78,039.10	556,789.60	478,750.00	4,984,514.40
Term Loan (Secured by Promissory note. Repayable in 48 monthly instalments. Interest rate - Base rate + (2%- 3.5 %) p.a.)	134,671,434.77	6,309,781.01	36,642,052.40	-
Securitisation Loans (Secured by lease and hire purchase assets of the subsidiary. Repayable in 18-36 instalments. Rate of Interest : 10.95%- 13.64%)	504,630,110.32	84,573,907.58	27,408,614.99	67,318,364.58
From Financial Institutions				
Term Loan - (Secured by specific charge on vehicles) (Terms of Repayment: Amount ₹ 2,564,824.37 repayable during F Y 2016-17 in 12 monthly instalments & ₹ 1,697,055.00 during F Y 2017- 18 in 12 monthly instalments & ₹ 1,154,309.00 during F Y 2018-19 in 7-8 monthly instalments, Rate of Interest : 9.19-10.39 % p.a.)	2,851,364.00	1,016,844.37	2,564,824.37	1,404,249.92

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.1 Borrowings – Secured and Unsecured (Contd.)

₹

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
(c) Loans repayable on demand				
From banks				
Overdraft against Deposit with Banks (Secured by a lien on Fixed Deposit with Banks)	-	-	7,782,787.27	1,386,295.31
Cash Credit (Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)	-	-	23,985,739,486.09	34,479,359,730.38
(d) Short Term Loans				
From Banks	-	-	52,950,000,000.00	37,930,000,000.00
(Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors)				
Sub Total (1)	35,216,204,948.19	42,756,355,322.56	119,748,807,515.12	120,315,180,154.59
Unsecured				
(a) Loans and advances from related parties				
Loan from Directors and Relatives	-	-	6,764,569,081.42	5,195,765,908.30
Subordinated Debt (Refer Note.5.5)	262,000.00	84,407,000.00	84,145,000.00	209,235,566.00
(b) Other loans and advances				
Subordinated Debt Listed (Refer Note.5.6 & 5.7)	3,108,046,000.00	2,229,042,000.00	-	-
Subordinated Debt (Refer Note.5.5)	15,077,374,000.00	22,146,665,000.00	7,186,375,000.00	1,868,658,000.00
Due to customers (Fixed Deposits) (Refer Note. 5.8)	863,685,351.32	448,473,715.27	1,231,866,037.56	1,237,791,446.35
Sub Total (2)	19,049,367,351.32	24,908,587,715.27	15,266,955,118.98	8,511,450,920.65
Total (1)+(2)	54,265,572,299.51	67,664,943,037.83	135,015,762,634.10	128,826,631,075.24
Less: Amount included under Current Liabilities				
Current maturities of long term debt (Refer Note.7.1)	-	-	50,568,268,279.32	50,934,059,141.25
Unpaid Matured Debentures (Refer Note.7.2)	-	-	739,403,000.00	286,060,000.00
As per Balance Sheet	54,265,572,299.51	67,664,943,037.83	83,708,091,354.78	77,606,511,933.99
Long Term Borrowings	54,265,572,299.51	67,664,943,037.83		
Short Term Borrowings	-	-	83,708,091,354.78	77,606,511,933.99

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.2 Secured Redeemable Non-Convertible Debentures

The Company had privately placed Secured Redeemable Non-Convertible Debentures for a maturity period of 60-120 months with an outstanding amount of ₹ 40,908,846,000.00 (Previous Year: ₹ 59,839,071,000.00).

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
CU	31.03.2014	20,000,000.00	57,500,000.00	120 months	10.50-12.50
CT	14.03.2014-31.03.2014	47,000,000.00	93,500,000.00	120 months	10.50-12.50
CS	27.02.2014-14.03.2014	57,000,000.00	152,500,000.00	120 months	10.50-12.50
CR	07.02.2014-27.02.2014	49,500,000.00	171,500,000.00	120 months	10.50-12.50
CQ	04.02.2014-07.02.2014	59,500,000.00	210,500,000.00	120 months	10.50-12.50
CP	20.01.2014-04.02.2014	92,000,000.00	188,000,000.00	120 months	10.50-12.50
CO	10.01.2014-20.01.2014	137,000,000.00	145,500,000.00	120 months	10.50-12.50
CN	03.01.2014-10.01.2014	109,000,000.00	142,000,000.00	120 months	10.50-12.50
CM	24.12.2013-03.01.2014	80,000,000.00	108,500,000.00	120 months	10.50-12.50
CL	05.12.2013-24.12.2013	64,000,000.00	123,500,000.00	120 months	10.50-12.50
CK	18.11.2013-05.12.2013	58,000,000.00	110,000,000.00	120 months	10.50-12.50
CJ	29.10.2013-18.11.2013	73,500,000.00	107,500,000.00	120 months	10.50-12.50
CI	09.10.2013-29.10.2013	47,000,000.00	108,500,000.00	120 months	10.50-12.50
CH	27.09.2013 - 09.10.2013	71,500,000.00	153,500,000.00	120 months	10.50-12.50
CG	06.09.2013 - 27.09.2013	38,500,000.00	59,500,000.00	120 months	10.50-12.50
CF	31.08.2013 - 06.09.2013	43,000,000.00	43,000,000.00	120 months	10.50-12.50
CE	12.08.2013 - 31.08.2013	62,000,000.00	74,500,000.00	120 months	10.50-12.50
CD	31.07.2013 - 10.08.2013	61,000,000.00	71,500,000.00	120 months	10.50-12.50
CC	08.07.2013 - 31.07.2013	51,500,000.00	63,000,000.00	120 months	10.50-12.50
CB	24.06.2013 - 07.07.2013	2,077,202,000.00	2,440,523,000.00	120 months	10.50-12.50
CA	18.04.2013 - 23.06.2013	4,145,538,000.00	4,795,065,000.00	120 months	10.50-12.50
BZ	01.03.2013 - 17.04.2013	3,766,665,000.00	5,003,345,000.00	120 months	10.50-12.50
BY	18.01.2013 - 28.02.2013	3,009,281,000.00	4,427,384,000.00	120 months	10.50-12.50
CY	03.02.2016	260,000,000.00	-	60 months	9.50-9.75
CX	03.11.2014	390,000,000.00	390,000,000.00	60 months	10.00-12.00
CW	08.05.2014	72,000,000.00	155,000,000.00	60 months	10.00-12.00
CV	24.04.2014	111,000,000.00	146,500,000.00	60 months	10.00-12.00
BX	26.11.2012 - 17.01.2013	2,755,174,000.00	4,129,998,000.00	60 months	10.50-12.50
BW	01.10.2012 - 25.11.2012	3,568,659,000.00	5,238,004,000.00	60 months	11.50-12.50
BV	17.08.2012 - 30.09.2012	2,411,077,000.00	3,892,395,000.00	60 months	11.50-12.50
BU	01.07.2012 - 16.08.2012	2,851,060,000.00	4,263,489,000.00	60 months	11.50-12.50
BT	21.05.2012 - 30.06.2012	1,893,736,000.00	2,769,977,000.00	60 months	11.50-12.50
BS	01.05.2012 - 20.05.2012	807,592,000.00	1,179,308,000.00	60 months	11.50-12.50
BR	01.03.2012 - 30.04.2012	2,562,963,000.00	3,261,200,000.00	60 months	11.50-12.50
BQ	23.01.2012 - 29.02.2012	1,928,350,000.00	2,219,824,000.00	60 months	11.50-12.50

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.2 Secured Redeemable Non-Convertible Debentures (Contd.)

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Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
BP	01.12.2011 - 22.01.2012	1,738,951,000.00	1,971,168,000.00	60 months	11.50-12.50
BO	19.09.2011 - 30.11.2011	1,602,397,000.00	1,844,862,000.00	60 months	11.00-12.00
BN	01.07.2011 - 18.09.2011	1,592,606,000.00	1,924,467,000.00	60 months	11.00-12.00
BM	01.04.2011 - 30.06.2011	1,530,981,000.00	1,906,272,000.00	60 months	11.00-12.00
BL	01.01.2011 - 31.03.2011	512,024,000.00	2,222,505,000.00	60 months	10.00-11.50
BK	01.10.2010 - 31.12.2010	54,639,000.00	1,657,026,000.00	60 months	9.50-11.50
BJ	01.07.2010 - 30.09.2010	19,824,000.00	1,047,852,000.00	60 months	9.50-11.00
BI	01.04.2010 - 30.06.2010	6,103,000.00	594,684,000.00	60 months	9.00-10.50
BH	01.01.2010 - 31.03.2010	5,617,000.00	126,038,000.00	60 months	9.00-10.50
BG	01.10.2009 - 31.12.2009	2,769,000.00	22,431,000.00	60 months	9.00-10.50
BF	01.07.2009 - 30.09.2009	2,008,000.00	8,278,000.00	60 months	10.50
BE	01.04.2009 - 30.06.2009	677,000.00	3,245,000.00	60 months	10.50-11.50
BD	01.01.2009 - 31.03.2009	3,032,000.00	4,148,000.00	60 months	11.00-12.00
BC	22.09.2008 - 31.12.2008	435,000.00	1,140,000.00	60 months	11.00-12.00
BB	10.07.2008 - 21.09.2008	255,000.00	866,000.00	60 months	11.00-11.50
AZ	01.04.2008 - 02.07.2008	1,203,000.00	2,325,000.00	60 months	10.50-11.00
AY	01.01.2008 - 31.03.2008	105,000.00	351,000.00	60 months	10.50-11.00
AX	01.10.2007 - 31.12.2007	115,000.00	1,022,000.00	60 months	10.50-11.00
AW	01.07.2007 - 30.09.2007	312,000.00	512,000.00	60 months	10.50-11.00
AV	01.04.2007 - 30.06.2007	137,000.00	137,000.00	60 months	10.50-11.00
AE	15.07.2004 - 30.09.2004	32,000.00	32,000.00	90 months	10.83-12.00
AU	01.01.2007 - 31.03.2007	1,262,000.00	1,462,000.00	60 months	9.00-11.00
AT	13.08.2006 - 31.12.2006	820,000.00	958,000.00	60 months	9.00-9.50
AS	01.05.2006 - 12.08.2006	186,000.00	196,000.00	60 months	8.50-9.00
AR	15.06.2005 - 30.04.2006	437,000.00	460,000.00	60 months	8.00-8.50
AQ	01.04.2005 - 14.06.2005	365,000.00	365,000.00	60 months	8.00-8.50
AP	07.02.2005 - 14.06.2005	30,000.00	30,000.00	60 months	9.27-10.08
AO	07.02.2005 - 31.03.2005	39,000.00	39,000.00	60 months	8.00-8.50
AN	01.01.2005 - 06.02.2005	148,000.00	148,000.00	60 months	8.50-9.00
AI	01.10.2004 - 06.02.2005	10,000.00	10,000.00	60 months	10.20-12.00
AD	01.07.2004 - 14.11.2004	30,000.00	30,000.00	60 months	9.50
Total		40,908,846,000.00	59,839,071,000.00		

Of the above, ₹ 14,378,919,000.00 (Previous Year: ₹ 17,766,810,000.00) is included in long-term borrowings and ₹ 25,917,313,000.00 (Previous Year: ₹ 41,898,038,000.00) is included in current maturities of long-term debt (Refer Note.7.1) and ₹ 612,614,000.00 (Previous Year: ₹ 174,223,000.00) is included in unpaid matured debentures (Refer Note.7.2).

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.3 Secured Redeemable Non-Convertible Debentures – Listed

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

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
L 4	12.01.2012	1,000,000,000.00	1,000,000,000.00	60 Months	13.00
Total		1,000,000,000.00	1,000,000,000.00	-	-

The above ₹ 1,000,000,000.00 (Previous Year: ₹ 1,000,000,000.00) is classified as Current Maturities of Long Term Debt (Previous year it was classified as Long Term Borrowings).

5.4 Secured Non-Convertible Debentures – Public Issue

The outstanding amount of Secured Rated Non-Convertible Listed Debentures raised through Public Issue stood at ₹ 35,403,319,000.00 (Previous Year: ₹ 29,655,554,000.00)

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
PL 14	20.01.2016	4,154,843,000.00	-	400 Days,2,3,5 years	9.00-10.00
PL 13	14.10.2015	4,640,533,000.00	-	400 Days,2,3,5 years	9.25-10.25
PL 12	23.04.2015	2,710,855,000.00	-	400 Days,2,3,5 years	9.75-10.75
PL 11	29.12.2014	3,033,948,000.00	3,613,456,000.00	400 Days,2,3,5 years	10.25-11.25
PL 10	26.09.2014	3,216,416,000.00	3,673,461,000.00	400 Days,2,3,5 years	10.25-11.50
PL 9	04.07.2014	3,793,100,000.00	4,297,447,000.00	400 Days,2,3,5 years	10.50-11.75
PL 8	02.04.2014	1,553,624,000.00	1,785,822,000.00	400 Days,2,3,5 years	10.50-11.75
PL 7	04.02.2014	2,458,544,000.00	3,969,924,000.00	400 Days,2,3,5 years	11.00-12.25
PL 6	04.12.2013	1,568,290,000.00	2,462,782,000.00	400 Days,2,3,5 years	11.00-12.25
PL 5	25.09.2013	1,533,527,000.00	2,547,820,000.00	400 Days,2,3,5 years	11.00-12.55
PL 4	01.11.2012	926,177,000.00	1,114,750,000.00	2,3,5,6 years	11.50-12.25
PL 3	18.04.2012	768,938,000.00	1,145,568,000.00	2, 3, 5, 5.5 years	13.00-13.43
PL 2	18.01.2012	1,502,868,000.00	1,502,868,000.00	2, 3, 5, 5.5 years	13.00-13.43
PL 1	14.09.2011	3,541,656,000.00	3,541,656,000.00	2, 3, 5 years	11.75-12.25
Total		35,403,319,000.00	29,655,554,000.00		

Out of the above, ₹ 20,195,055,000.00 (Previous Year: ₹ 23,897,088,000.00) is classified as Long-term borrowings and ₹ 15,208,264,000.00 (Previous Year: ₹ 5,758,466,000.00) is classified as Current maturities of Long-term Debt (Refer Note.7.1)

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.5 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. The outstanding amount of privately placed subordinated debt stood at ₹ 22,348,156,000.00 (Previous year: ₹ 24,308,965,566.00).

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
XVII	09.05.2014	21,000,000.00	21,000,000.00	72 months	11.61
XVI	18.02.2014 - 31.03.2014	46,000,000.00	46,000,000.00	66 months	12.67
XV	22.12.2013 - 17.02.2014	98,500,000.00	98,500,000.00	66 months	12.67
XIV	18.09.2013 - 21.12.2013	298,000,000.00	298,000,000.00	66 months	12.67
XIII	08.07.2013 - 17.09.2013	98,000,000.00	98,000,000.00	66 months	12.67
XII	01.04.2013 - 07.07.2013	1,825,156,000.00	1,825,156,000.00	66 months	12.67
XI	01.10.2012 - 31.03.2013	4,651,420,000.00	4,651,420,000.00	66 months	12.67-13.39
X	01.04.2012 - 30.09.2012	3,548,456,000.00	3,548,456,000.00	66 months	12.67-13.39
IX	01.11.2011 - 31.03.2012	4,081,076,000.00	4,081,076,000.00	66 months	12.67-13.39
E	21.03.2005	65,942,062.00	65,942,062.00	144 months	15.00
VIII	01.07.2011 - 31.10.2011	2,343,849,000.00	2,343,849,000.00	66 months	12.67
VII	01.01.2011 - 07.02.2011	437,284,000.00	437,284,000.00	72 months	11.61
VII	01.04.2011 - 30.06.2011	1,270,315,000.00	1,270,315,000.00	66 months	12.67
VII	08.02.2011 - 31.03.2011	1,080,398,000.00	1,080,398,000.00	66 months	12.67
VI	01.07.2010 - 31.12.2010	1,912,708,000.00	1,912,708,000.00	72 months	11.61
D	03.04.2004	14,057,938.00	14,057,938.00	144 months	15.00
V	01.01.2010 - 30.06.2010	537,538,000.00	1,038,649,000.00	72 months	11.61
C	01.11.2003	-	98,750,566.00	144 months	15.00
B	30.09.2003	-	110,000,000.00	144 months	15.00
IV	17.08.2009 - 31.12.2009	11,199,000.00	759,309,000.00	72 months	11.61
IV	01.07.2009 - 16.08.2009	160,000.00	12,421,000.00	72 months	12.50
IV	01.07.2009 - 16.08.2009	4,078,000.00	263,617,000.00	69 months	12.12
III	15.12.2008 - 30.06.2009	530,000.00	140,116,000.00	72 months	12.50
III	15.12.2008 - 30.06.2009	2,276,000.00	90,216,000.00	69 months	12.12
II	18.08.2008 - 13.12.2008	213,000.00	3,725,000.00	72 months	11.61
Total		22,348,156,000.00	24,308,965,566.00		

Out of the above, ₹ 15,077,636,000.00 is classified as long-term borrowings (Previous year: ₹ 22,231,072,000.00) and ₹ 7,143,731,000.00 is classified as current maturities of long-term debt (Previous year: ₹ 1,966,056,566.00) and ₹ 126,789,000.00 (Previous year: ₹ 111,837,000.00) is included in unpaid matured debentures (Refer Note.7.2)

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

5.6 Subordinated Debt – Public Issue

The outstanding amount of Unsecured, Rated, Redeemable Non-Convertible, Listed Subordinated Debt which qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued through public issue stood at ₹ 3,008,046,000.00 (Previous Year: ₹ 2,129,042,000.00). This amount is classified as long-term borrowings.

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
PL 14	20.01.2016	230,392,000.00	-	7.25 Years	10.02
PL 13	14.10.2015	359,467,000.00	-	7 Years	10.41
PL 12	23.04.2015	289,145,000.00	-	6.75 Years	10.80
PL 11	29.12.2014	386,544,000.00	386,544,000.00	6.5 Years	11.23
PL 10	26.09.2014	304,362,000.00	304,362,000.00	6.5 Years	11.23
PL 9	04.07.2014	364,494,000.00	364,494,000.00	6.25 Years	11.70
PL 8	02.04.2014	193,456,000.00	193,456,000.00	6.25 Years	11.70
PL 7	04.02.2014	437,571,000.00	437,571,000.00	6 Years	12.25
PL 6	04.12.2013	232,879,000.00	232,879,000.00	6 Years	12.25
PL 5	25.09.2013	209,736,000.00	209,736,000.00	6 Years	12.25
Total		3,008,046,000.00	2,129,042,000.00		

5.7 Subordinated Debt - Listed

The privately placed Unsecured, Rated, Redeemable Non-Convertible Listed Subordinated Debt which qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 stood at ₹ 100,000,000.00 (Previous Year : ₹ 100,000,000.00). This amount is classified as long-term borrowings.

Series	Date of allotment	Amount		Redemption Period from the date of allotment	Interest Rate %
		As at 31st March, 2016	As at 31st March, 2015		
IA	26.03.2013	100,000,000.00	100,000,000.00	10 Years	12.35
Total		100,000,000.00	100,000,000.00		

5.8 Due to customers (Fixed Deposits)

Redeemable from the Balance Sheet date	Amount		Interest Rate %
	As at 31st March, 2016	As at 31st March, 2015	
36-60 months	48,889,584.12	83,903,545.20	7.25-16.25
12-36 months	814,795,767.20	364,570,170.07	8.25-18.65
Upto 12 months	1,231,866,037.56	1,237,791,446.35	6.50-18.50
Total	2,095,551,388.88	1,686,265,161.62	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

6. OTHER LONG-TERM LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Interest accrued but not due on long term borrowings	11,156,872,685.41	12,012,578,660.85
Security Deposit Received	111,418,285.65	65,521,963.56
Total	11,268,290,971.06	12,078,100,624.41

7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Current maturities of long-term debt (Refer Note.7.1)	50,568,268,279.32	50,934,059,141.25
(b) Interest accrued but not due on borrowings	9,901,174,745.94	6,136,030,862.78
(c) Interest accrued and due on borrowings	147,349,221.27	150,466,514.85
(d) Unpaid matured debentures and interest accrued thereon (Refer Note.7.2)	954,314,537.00	397,995,693.00
(e) Trade Payables	624,158,926.94	526,288,898.93
(f) Other payables		
Statutory Payables	381,979,385.98	205,771,588.02
Unpaid Dividend	4,513,503.77	2,307,912.66
Others	234,060,530.11	18,456,182.05
Total	62,815,819,130.33	58,371,376,793.54

7.1 Current Maturities of Long-Term debts

Particulars	As at 31st March, 2016	As at 31st March, 2015
Secured		
Secured Non-Convertible Debentures (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	25,917,313,000.00	41,898,038,000.00
Secured Non-Convertible Debentures - Listed (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances)	16,208,264,000.00	5,758,466,000.00
From Banks		
Term loan (Secured by specific charge on Vehicles)	478,750.00	4,984,514.40
Term loan / Securitisation Loans	64,050,667.39	67,318,364.58
From Financial Institutions		
Term Loan (Secured by specific charge on vehicles)	2,564,824.37	1,404,249.92
Unsecured		
Due to customers (Fixed Deposits)	1,231,866,037.56	1,237,791,446.35
Subordinated Debt	7,059,586,000.00	1,756,821,000.00
Subordinated Debt - from Related Parties	84,145,000.00	209,235,566.00
Total	50,568,268,279.32	50,934,059,141.25

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

7.2 Unpaid matured debentures and interest thereon

Particulars	As at 31st March, 2016	As at 31st March, 2015
Unpaid Matured Debentures	739,403,000.00	286,060,000.00
Interest on Unpaid Matured Debentures	214,911,537.00	111,935,693.00
Total	954,314,537.00	397,995,693.00

8. SHORT TERM PROVISIONS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Proposed Equity Dividend (Refer Note.29)	-	795,932,838.00
Provision for Corporate Dividend Tax	-	159,138,812.00
Provision for Non-Performing Assets (Refer Note.8.1)	1,019,266,455.00	725,382,249.00
Provision for Standard Assets (Refer Note.8.1)		
- As per RBI Prudential Norms	710,293,427.00	572,422,861.00
- As per NHB Prudential Norms	1,259,513.00	-
- General	1,657,351,330.00	572,422,861.00
Provision for Other Losses	513,023.00	-
Provision for Impairment Loss (Refer Note 8.1)	142,513,997.35	111,171,429.83
Provision for Income Tax (Net of Advance Tax and TDS)	1,750,996,525.78	162,715,262.32
Total	5,282,194,271.13	3,099,186,313.15

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

As per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and in accordance with directions on prudential norms issued by National Housing Bank (NHB), the Company has created provision for Standard Assets as well as Non-Performing Assets. The Company has created General Standard Asset Provision over and above RBI Prudential norms, as estimated by the management and also created provision for impairment loss. Details are as per the table below:-

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Standard Assets		
Standard Assets	237,079,353,975.31	228,969,144,550.37
Provision at the beginning of the year		
- As per RBI Prudential Norms	572,422,861.00	536,137,097.00
- As per NHB Directions 2010	67,536.00	-
- General	572,422,861.00	428,909,677.00
Additional provision made / (Reversed) during the year		
- As per RBI Prudential Norms	137,870,566.00	36,285,764.00
- As per NHB Directions 2010	1,191,977.00	-
- General	1,084,928,469.00	143,513,184.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

8.1 Movement of Provision for Standard and Non-Performing Assets and Impairment (Contd.)

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision at the close of the year		
- As per RBI Prudential Norms	710,293,427.00	572,422,861.00
- As per NHB Directions 2010	1,259,513.00	-
- General	1,657,351,330.00	572,422,861.00
	2,368,904,270.00	1,144,845,722.00
Provision for Non-Performing Assets		
Substandard Assets	6,668,310,565.00	4,884,572,444.00
Doubtful Assets	356,302,035.00	232,091,123.00
Total Non-Performing Assets	7,024,612,600.00	5,116,663,567.00
Provision at the beginning of the year	725,382,249.00	725,382,249.00
Additional provision made during the year	293,884,206.00	-
Provision at the close of the year	1,019,266,455.00	725,382,249.00
Provision for impairment		
Provision at the beginning of the year	111,171,429.83	-
Additional provision made / Reversed during the year	31,342,567.52	111,171,429.83
Provision at the close of the year	142,513,997.35	111,171,429.83

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

9. FIXED ASSETS - 31st MARCH, 2016

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block	
	As at 1st April, 2015	Additions	Assets Acquired on Acquisition	Disposals	As at 31st March, 2016	Adjustment for change in Depreciation Rates *	As at 1st April, 2015	As at 31st March, 2016	As at 31st March, 2015
a									
Tangible Assets									
Land	583,686,223.00	37,229,994.42	-	7,421,385.77	619,444,831.65	-	-	3,959,784.78	583,686,223.00
Buildings	692,612,476.71	9,634,041.60	-	-	702,246,518.31	-	168,803,542.01	222,714,225.01	523,608,934.70
Furniture and Fixtures	1,188,251,453.04	42,687,598.40	15,252.00	1,514,340.56	1,229,439,662.88	-	760,920,665.23	901,381,164.84	427,330,487.81
Plant and Equipment	1,774,948,217.59	125,780,750.81	-	5,357,174.00	1,895,371,794.40	-	897,040,416.06	1,184,213,653.00	877,907,801.53
Computer	819,220,680.34	38,353,885.26	70,700.00	9,460,248.00	848,191,017.60	-	713,181,498.78	775,608,453.19	106,039,181.56
Motor Car	101,438,468.41	18,859,476.75	-	46,907,051.57	108,390,593.59	-	61,382,143.12	65,149,160.95	40,176,025.29
Wind Mill	180,598,860.00	-	-	-	180,598,860.00	-	152,848,293.89	155,144,325.07	27,750,566.07
Total	5,340,705,779.08	272,551,747.24	85,952.00	40,660,199.90	5,572,688,276.43	-	20,880,000	2,843,167.12	2,566,649,219.96
Previous Year	5,073,224,927.27	302,562,318.27	-	35,081,466.45	5,340,705,779.09	1,888,610,011.61	36,472,807.11	-	-
b									
Intangible Assets									
Computer software	89,820,612.27	9,991,695.26	-	-	99,812,307.53	-	29,902,042.77	48,048,148.60	59,918,569.50
Total	89,820,612.27	9,991,695.26	-	-	99,812,307.53	-	29,902,042.77	48,048,148.60	59,918,569.50
Previous Year	24,798,617.96	65,021,994.31	-	-	89,820,612.27	-	13,762,925.39	29,902,042.78	59,918,569.50
c									
Capital Work In Progress									
Total	-	-	-	-	-	-	-	-	63,317,949.00
Previous Year	-	-	-	-	-	-	-	-	-
d									
Intangible assets under Development									
Computer Software	-	-	-	-	-	-	-	-	5,319,943.00
Total	-	-	-	-	-	-	-	-	5,319,943.00
Previous Year	-	-	-	-	-	-	-	-	-

* Refer Note 27

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

10. NON - CURRENT INVESTMENTS

₹

Non - Current Investments in shares and debentures (Valued at cost less other than temporary diminution in value, if any) :-

Particulars	As at 31st March, 2016	As at 31st March, 2015
a) Quoted Equity Shares:		
Union Bank of India	49,940.00	49,940.00
454 Equity shares of ₹ 10/- each fully paid up (Previous year: 454 Equity shares of ₹ 10/- each fully paid up)		
Aggregate Market Value of Quoted Investments	59,383.00	71,142.00
Aggregate Amount of Quoted Investments	49,940.00	49,940.00
b) Unquoted Equity Shares:		
Muthoot Forex Ltd	19,700,000.00	19,700,000.00
1,970,000 Equity shares of ₹ 10/- each fully paid up (Previous year: 1,970,000 Equity shares of ₹ 10/- each fully paid up)		
Muthoot Securities Limited	27,000,000.00	27,000,000.00
2,700,000 Equity shares of ₹ 10/- each fully paid up (Previous Year: 2,700,000 Equity shares of ₹ 10/- each fully paid up)		
2,000 shares (Previous year: 2,000 shares) of Siedles TV Industries Limited	-	12,857.60
709 shares (Previous year: 709 shares) of Pure Beverages Company Limited	-	20,185.51
20,000 shares (Previous year: 20,000 shares) of Finance Houses Consortium Private Limited	87,382.00	91,840.00
67 shares (Previous year: 67 shares) of Credit Information Bureau of SL (CRIB)	133,982.38	140,817.82
Aggregate Amount of Unquoted Equity Shares	46,921,364.38	46,965,700.93
c) Unquoted Debentures:		
Belstar Investment & Finance Private Limited	100,000,000.00	-
(100, 15% Unsecured Subordinated Redeemable Non-convertible Debentures of ₹ 1,000,000/- each fully paid up (Previous year: Nil))		
Aggregate Market Value of Unquoted Debentures	100,000,000.00	-
Total Non-Current Investments	146,971,304.38	47,015,640.93

11. DEFERRED TAX ASSET / (LIABILITY)

₹

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

Particulars	Deferred Tax Asset/(Liability)		
	At the beginning of the Period	Credits/(Charge) during the period	At the close of the period
Deferred Tax Asset:			
Timing Difference on account of :			
Depreciation and Amortization	99,573,202.29	66,336,359.45	165,909,561.74
Provision for Non-Performing Assets	244,418,201.90	101,884,993.00	346,303,194.90
Lease rental receivables	(13,154,100.37)	12,342,145.95	(811,954.42)
Gratuity provision	1,335,161.73	176,356.82	1,511,518.54
Carry forward tax losses	46,905,575.38	(7,144,414.81)	39,761,160.58
Specific Provisions for doubtful debts	13,210,243.46	(2,295,498.53)	10,914,744.93
Net Deferred Tax Asset	392,288,284.39	171,299,941.88	563,588,226.27

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

12. LONG-TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Unsecured, considered good		
a. Capital Advances	63,648,310.10	34,070,706.90
b. Security Deposits	944,979,511.68	950,177,239.18
Retail Loans		
Secured, considered good	244,550,188.75	401,315,813.88
Secured, doubtful	7,797,986.09	20,862,687.95
Unsecured, considered good	502,054,366.29	149,275,842.59
Unsecured, doubtful	38,014,410.13	-
Lease Rentals Receivable and Hire Purchase		
Secured considered good	221,262,419.20	337,706,098.22
Secured, doubtful	37,755,806.33	7,487,352.55
Housing Loans		
Secured, considered good		
Standard Loans	306,815,085.00	-
Other Deposits & Advances		
Unsecured, considered good	22,277,647.68	4,864,675.26
Total	2,389,155,731.25	1,905,760,416.53

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

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

Particulars	As at 31st March, 2016	As at 31st March, 2015
Investment in Reverse Repurchase Agreements against Treasury Bills and Bonds	143,684,960.28	119,253,553.50
Debentures	3,852,379.65	4,249,820.23
Investments in UTI Mutual Fund	175,254,245.18	-
Quoted Equity Securities		
116,400 shares (Previous year: 116,400 shares) of Asia Capital PLC	294,966.68	465,022.66
85,741 shares (Previous year: 84,786 shares) of Commercial Bank of Ceylon PLC	4,499,379.13	5,866,215.62
88,609 shares (Previous year: 88,609 shares) of Overseas Realty (Ceylon) PLC	905,911.48	956,197.44
40,000 shares (Previous year: 40,000 shares) of National Development Bank PLC	2,950,016.32	4,555,264.00
61,573 shares (Previous year: 60,000 shares) of Sampath Bank PLC	6,079,820.23	6,945,859.20
49,960 shares (Previous year: 43,715 shares) of John Kheels Holding PLC	3,230,547.49	4,002,741.24
Nil shares (Previous year: 13,970 shares) of Tokyo Cement Company PLC	-	352,184.82
Nil shares (Previous year: 400,000 shares) of Asiri Hospital Holdings PLC	-	4,663,224.49
216,111 shares (Previous year: 216,111 shares) of Lanka IOC PLC	3,068,684.13	3,999,298.30
50 shares (Previous year: Nil shares) of Chilaw Finance PLC	367.00	-
50 shares (Previous year: Nil shares) of Abans Finance PLC	834.50	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
50 shares (Previous year: Nil shares) of Alliance Finance Company PLC	16,165.67	-
50 shares (Previous year: Nil shares) of Associated Motor Finance Company PLC	8,594.02	-
50 shares (Previous year: Nil shares) of Arpico Finance Company PLC	3,932.19	-
100 shares (Previous year: Nil shares) of Bimputh Finance PLC	2,721.95	-
50 shares (Previous year: Nil shares) of Capital Alliance Finance PLC	220.64	-
50 shares (Previous year: Nil shares) of Citizens Development Business Finance PLC	1,638.41	-
50 shares (Previous year: Nil shares) of Central Finance Company PLC	4,587.56	-
50 shares (Previous year: Nil shares) of Central Investments and Finance PLC	10.92	-
50 shares (Previous year: Nil shares) of Commercial Leasing & Finance PLC	83.01	-
50 shares (Previous year: Nil shares) of Commercial Credit & Finance PLC	928.43	-
50 shares (Previous year: Nil shares) of Softlogic Finance PLC	836.68	-
50 shares (Previous year: Nil shares) of Nation Lanka Finance PLC	21.85	-
50 shares (Previous year: Nil shares) of George Steuart Finance PLC	406.33	-
100 shares (Previous year: Nil shares) of LB Finance PLC	4,635.62	-
50 shares (Previous year: Nil shares) of Lanka Orix Leasing Company PLC	61.17	-
50 shares (Previous year: Nil shares) of Merchant Bank Of Sri Lanka & Finance PLC	222.82	-
50 shares (Previous year: Nil shares) of Multi Finance PLC	249.04	-
50 shares (Previous year: Nil shares) of Peoples Leasing Company PLC	349.53	-
50 shares (Previous year: Nil shares) of People's Merchant Finance PLC	262.15	-
50 shares (Previous year: Nil shares) of Singer Finance Lanka PLC	395.40	-
50 shares (Previous year: Nil shares) of Sinhaputhra Finance PLC	364.82	-
50 shares (Previous year: Nil shares) of Swarnamahala Financial PLC	24.03	-
50 shares (Previous year: Nil shares) of The Finance Company PLC	174.77	-
50 shares (Previous year: Nil shares) of Vallibel Finance PLC	1,173.10	-
Grand Total	343,870,172.18	155,309,381.50

14. TRADE RECEIVABLES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good		
Interest Receivable on Retail Loans	9,489,434,454.04	11,113,973,734.13
Unsecured, considered good		
Interest Receivable on Retail Loans	293,913.00	486,749.00
Receivables from Money Transfer business	158,804,030.03	173,290,547.00
Receivables from Auction Proceeds	5,012,609,250.00	244,902,450.00
Wind Mill income receivable	1,380,670.00	696,849.00
Others	6,535,661.10	11,005,583.11
Sub-Total	14,669,057,978.17	11,544,355,912.24

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

14. TRADE RECEIVABLES (CONTD.)

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good		
Wind Mill income receivable	10,124,469.50	5,617,073.00
Sub-Total	10,124,469.50	5,617,073.00
Grand Total	14,679,182,447.67	11,549,972,985.24

15. CASH AND BANK BALANCES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
I. Cash and Cash Equivalents		
a. Cash on hand	1,479,953,312.24	2,473,375,665.17
b. Balances with banks		
Current Accounts	5,527,303,554.53	14,907,217,869.79
Unpaid Dividend Account	4,513,503.77	2,307,912.66
Fixed Deposits (maturing within a period of 3 months)	110,333,503.83	100,000,000.00
II. Other Bank Balances		
Fixed Deposits on which lien is marked	1,225,927.47	1,153,026.47
Fixed Deposits given as Security for borrowings	11,582,038.00	11,744,161.00
Fixed Deposits given as Security for Guarantees	5,143,750.00	4,554,126.01
Other Fixed Deposits	500,000.00	70,859,651.61
Total	7,140,555,589.84	17,571,212,412.71
Fixed Deposits with more than 12 months maturity	1,664,950.00	1,810,876.47

16. SHORT-TERM LOANS AND ADVANCES

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Retail Loans		
Secured, considered good	236,894,665,108.01	229,489,195,356.52
Secured, doubtful	7,032,507,909.13	5,182,749,886.28
Unsecured, considered good	1,167,955,522.47	206,882,362.02
Unsecured, doubtful	71,760,153.55	-
Lease Rentals Receivable and Hire Purchase		
Secured, considered good	482,947,835.15	212,552,918.93
Secured, doubtful	82,409,317.40	88,038,400.63
Housing Loans		
Secured, considered good		
Standard Loans	8,063,220.00	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

16. SHORT-TERM LOANS AND ADVANCES (CONTD.)

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Other Deposits & Advances		
Unsecured, considered good		
Prepaid Expenses	42,613,905.00	39,141,445.00
Service tax Pre-Deposit	8,329,590.00	8,329,590.00
Others	406,064,163.60	291,132,779.27
Unsecured, considered doubtful	-	1,100,000.00
Total	246,197,316,724.31	235,519,122,738.65

17. OTHER CURRENT ASSETS

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
Interest receivable on Bank Deposits	732,805.00	79,036.36
Stock of Gold	6,101,253.00	23,119,667.35
Vehicle Stock	-	21,489,378.12
Real Estate Inventories	15,059,621.41	19,148,085.74
Prepaid Software charges	394,315.00	-
Service Income Receivable	2,508,000.00	-
Others	2,583,745.00	-
Total	27,379,739.41	63,836,167.57

18. REVENUE FROM OPERATIONS

₹

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest Income on Retail and Other Loans	48,566,072,475.44	42,710,045,744.40
Income from Windmill	11,443,093.50	13,829,642.00
Interest on Housing loans	915,566.31	-
Other Operating Income	621,409,032.06	521,550,769.89
Total	49,199,840,167.31	43,245,426,156.29

19. OTHER INCOME

₹

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest Income- Others	145,663,570.96	98,273,546.92
Income from Investments	14,425,504.14	15,657,584.51
Interest on Income tax Refund	516,320.00	-
Other Non-Operating Income	47,160,512.56	6,179,588.24
Total	207,765,907.66	120,110,719.67

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

20. EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Salaries and Incentives	5,885,068,019.18	5,657,021,903.06
Contribution to Provident and Other Funds	437,143,290.02	370,306,276.66
Expenses on Employees Stock Option Plan (Refer Note.25 C)	115,299,604.00	194,898,339.00
Staff Welfare Expenses	100,727,092.80	110,956,791.75
Total	6,538,238,006.00	6,333,183,310.47

21. FINANCE COSTS

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest Expenses	22,697,602,790.15	20,895,981,369.99
Other Borrowing Costs	158,622,311.73	226,653,759.41
Total	22,856,225,101.88	21,122,635,129.40

22. OTHER EXPENSES

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Postage, Telegram and Telephone	384,236,338.72	371,604,206.58
Printing and Stationery	148,345,654.35	160,941,720.76
Rent Paid	1,721,643,954.63	1,650,465,593.89
Travelling and Conveyance	191,382,838.03	212,094,629.94
Bank Charges	19,998,975.67	16,247,830.82
Electricity Charges	250,410,119.90	226,475,647.87
Repairs and Maintenance -Buildings	86,574,920.45	77,291,483.18
Repairs and Maintenance -Plant & Machinery	129,293,918.45	116,871,708.34
Repairs and Maintenance -Others	2,724,573.27	48,705,673.48
ATM Service Charges	76,397,616.52	38,763,971.97
Water Charges	5,484,671.97	5,361,206.40
Rates & Taxes and License Fee	68,763,387.18	54,088,003.59
Legal & Professional Charges	103,876,650.03	191,971,407.97
Insurance Charges	62,359,901.32	46,702,324.09
Newspaper and Periodicals	4,026,350.18	3,185,793.89
Business Promotion Expenses	159,644,885.80	140,571,996.09
Advertisement	628,830,884.15	650,746,395.39
Vehicle Hire & Maintenance	13,587,641.38	12,919,772.20
Internal Audit and Inspection Expenses	82,390,096.02	92,700,777.58
Remuneration to Auditors (Refer Note.22.1)	2,980,270.83	2,359,560.00
Directors' Sitting Fee	380,000.00	420,000.00
Commission to Non-Executive Directors	3,000,000.00	1,766,667.00
Loss on Sale of Fixed Assets	106,712.06	134,690.65
Loss on Sale of Securities	3,744,927.16	-
C S R Expenses (Refer Note.26)	146,187,500.00	89,207,875.00
Miscellaneous Expenses	3,959,522.13	1,911,361.45
Total	4,300,332,310.20	4,213,510,298.13

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

22.1 Auditors' Remuneration (including Service Tax)

₹

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Statutory Audit	1,948,885.41	1,573,040.00
Tax Audit	345,885.42	224,720.00
Other Services	685,500.00	561,800.00
Total	2,980,270.83	2,359,560.00

23. PROVISIONS AND WRITE OFFS

₹

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Provision for Non-Performing Assets	293,884,206.00	-
Provision for Standard Assets (Refer Note.8.1)	-	-
- As per RBI Prudential Norms	137,870,566.00	36,285,764.00
- As per NHB Directions 2010	99,331.42	-
- General	1,084,928,469.00	143,513,184.00
Provision for Other Losses	513,023.00	-
Provision for Impairment	39,559,050.10	2,590,277.70
Bad Debt Written Off	107,195,186.50	191,635,623.00
Total	1,664,049,832.02	374,024,848.70

24. LEASES

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

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

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

Lease rentals received for assets let out on operating lease ₹ 1,011,051.00 (Previous year: ₹ 1,191,393.00) are recognized as income in the Statement of Profit and Loss under the head 'Other Income' and lease rental payments for assets taken on an operating lease ₹ 1,721,643,954.63 (Previous year: ₹ 1,650,465,594.00) are recognized as 'Rent Paid' in the Statement of Profit and Loss.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

25. EMPLOYEE BENEFITS

₹

a) Defined Contribution Plan

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

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Contribution to Provident Fund	246,920,555.17	239,790,238.66
Total	246,920,555.17	239,790,238.66

b) Defined Benefit Plan

Within India

Gratuity Plan

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

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

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

Particulars	As at 31st March, 2016	As at 31st March, 2015
A) Reconciliation of opening and closing balance of defined benefit obligation		
Defined benefit obligation at the beginning of the year	496,663,797.00	393,042,542.00
Interest Cost	38,739,776.00	34,980,786.00
Current Service Cost	113,560,573.00	104,775,365.00
Benefits paid	(33,303,027.00)	(8,005,050.00)
Actuarial (gain)/loss	(10,979,104.00)	(28,129,846.00)
Defined benefit obligation at the end of the year	604,682,015.00	496,663,797.00
B) Reconciliation of opening and closing balance of fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	489,155,052.00	374,309,455.00
Expected rate of return on plan assets	38,770,045.00	33,674,565.00
Contributions	109,308,745.00	63,733,100.00
(Benefit paid)	(33,303,027.00)	(8,005,050.00)
Actuarial gains/(losses) on plan assets	(1,714,851.00)	25,442,982.00
Fair value of plan assets at the end of the year	602,215,964.00	489,155,052.00
C) Expense for the year		
Current service cost	113,560,573.00	104,775,365.00
Interest Cost	38,739,776.00	34,980,786.00
(Expected rate of return on plan assets)	(38,760,709.00)	(33,674,565.00)
Past Service Cost	9,336.00	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

₹		
Particulars	As at 31st March, 2016	As at 31st March, 2015
Actuarial gains/(losses)	(9,264,253.00)	(53,572,828.00)
D) Investment details		
Insurer managed funds	602,215,964.00	489,155,052.00
E) Experience adjustment		
On Plan Liability (Gain)/Losses	(23,928,570.00)	(56,396,310.00)
On Plan Assets (Losses)/Gain	(5,194,215.00)	25,442,982.00
F) Actuarial assumptions		
Discount rate	7.4% p.a	7.8% p.a
Salary Escalation	7% p.a	7% p.a
Rate of return on plan assets	7.8% - 15% p.a.	8.5% p.a.

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

Estimated employer contribution for 2016-17 - ₹ 100,000,000.00

₹		
Particulars	As at 31st March, 2016	As at 31st March, 2015
Defined benefit obligation	604,682,015.00	496,663,797.00
Plan Assets	602,215,964.00	489,155,052.00
Surplus / (Deficit)	(2,466,051.00)	(7,508,745.00)
Experience adjustments on plan Liabilities - (Gains) / Losses	(23,928,570.00)	(56,396,310.00)
Experience adjustments on plan Assets - (Losses) / Gains	(5,194,215.00)	25,442,982.00

Outside India

Retirement Benefit Liability

₹		
Retirement Benefit Obligations - Gratuity	As at 31st March, 2016	As at 31st March, 2015
Balance at the beginning of the period	4,768,434.74	3,078,292.20
Adjustment to the Opening Balance due to exchange variation	(231,464.31)	-
Payments made during the period	(175,856.27)	-
Amount Charged/(Reversed) for the period	998,936.17	1,690,142.54
Balance at the end of the period	5,360,050.33	4,768,434.74

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

₹		
Expenses on Defined Benefit Plan	Year ended 31st March, 2016	Year ended 31st March, 2015
Current Service Cost for the Year	911,083.61	869,483.26
Interest Cost for the Year	453,697.05	338,612.24
Actuarial Loss for the Year	(365,844.49)	482,047.04
	998,936.17	1,690,142.54

Actuarial assumptions :-

The principal assumptions used are as follows:-

Particulars	As at 31st March, 2016	As at 31st March, 2015
Discount Rate	13% p.a.	10 % p.a
Salary Increment Rate	10% p.a.	8 % p.a
Staff Turnover	15% p.a	12 % p.a
Retirement age	55 Years	55 Years
Mortality	A 1967/70 Mortality Table (Institute of Actuaries London)	67/70 Mortality Table (Institute of Actuaries London)

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

c) Employee stock option

Pursuant to approval by the shareholders at their meeting held on 27th September, 2013, the Company has established "Muthoot ESOP 2013" scheme administered by the ESOP Committee of Board of Directors. The following options were granted as on 31st March, 2016 :-

Particulars	Tranche 1			Tranche 2			Tranche 3		
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty
Date of Grant	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	06.03.2015	06.03.2015	06.03.2015
Date of Board approval	09.11.2013	09.11.2013	09.11.2013	08.07.2014	08.07.2014	08.07.2014	06.03.2015	06.03.2015	06.03.2015
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
Number of equity shares for an option	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share	One option - One share
Number of options granted	3,711,200	1,706,700	1,571,075	456,000	380,900	6,100	325,000	325,000	325,000
Exercise price	₹ 50	₹ 50	₹ 10	₹ 50	₹ 50	₹ 10	₹ 50	₹ 50	₹ 50
Vesting period	1-5 years	2-6 years	1-2 years	1-5 years	2-6 years	1-2 years	1-5 years	1-5 years	1-5 years
Manner of vesting	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting commencing from the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 6 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting commencing from the end of 24 months from the date of grant	In a graded manner over a 2 year period with 50% vesting at the end of 12 months from the date of grant and the remaining 50% of the grants vesting commencing from the end of 24 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant	In a graded manner over a 5 year period with 10%,15%,20%,25% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant

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

Particulars	Year ended 31st March, 2016								
	Tranche 1			Tranche 2			Tranche 3		
	Grant A	Grant B	Loyalty	Grant A	Grant B	Loyalty	Grant A	Grant B	Total
Options outstanding at the beginning of the year	2,844,390	1,235,700	788,817	415,200	291,592	5,350	325,000	5,901,049	
Options granted during the year	-	-	-	-	-	-	-	-	-
Options exercised during the year	295,040	38,440	630,665	35,400	1,392	2,476	32,500	1,035,913	
Options lapsed during the year	668,850	375,830	72,486	34,170	53,400	612	-	1,205,348	
Options outstanding at the end of the year	1,880,500	821,430	80,666	345,630	236,800	2,262	292,500	3,659,788	
Options exercisable	66,035	23,590	69,194	4,080	-	50	-	162,949	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Particulars	Year ended 31st March, 2015					
	Tranche 1			Tranche 2		Total
	Grant A	Grant B	Loyalty	Grant A	Grant B	
Options outstanding at the beginning of the year	3,527,600	1,553,500	1,545,200	-	-	-
Options granted during the year	-	-	-	456,000	380,900	6,100
Options exercised during the year	243,840	-	654,141	-	4,608	-
Options lapsed during the year	439,370	317,800	107,242	40,800	84,700	750
Options outstanding at the end of the year	2,844,390	1,235,700	783,817	415,200	291,592	5,350
Options exercisable	76,170	-	73,002	-	1,392	-

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

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

Particulars	Tranche 1			Tranche 2		Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	
Fair value per option tranche on grant date	₹ 68.75 (9th Nov, 2014)	₹ 70.21 (9th Nov, 2015)	₹ 102.01 (9th Nov, 2014)	₹ 131.77 (8th July, 2015)	₹ 130.56 (8th July, 2016)	₹ 166.69 (8th July, 2015)
	₹ 70.21 (9th Nov, 2015)	₹ 71.13 (9th Nov, 2016)	₹ 98.64 (9th Nov, 2015)	₹ 130.56 (8th July, 2016)	₹ 129.33 (8th July, 2017)	₹ 161.77 (8th July, 2016)
	₹ 71.13 (9th Nov, 2016)	₹ 71.52 (9th Nov, 2017)		₹ 129.33 (8th July, 2017)	₹ 127.91 (8th July, 2018)	₹ 160.66 (8th March, 2018)
	₹ 71.52 (9th Nov, 2017)	₹ 71.47 (9th Nov, 2018)		₹ 127.91 (8th July, 2018)	₹ 126.26 (8th July, 2019)	₹ 158.13 (8th March, 2019)
	₹ 71.47 (9th Nov, 2018)	₹ 71.11 (9th Nov, 2019)		₹ 126.26 (8th July, 2019)	₹ 124.39 (8th July, 2020)	₹ 155.57 (8th March, 2020)

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

Particulars	Tranche 1			Tranche 2		Tranche 3
	Grant A	Grant B	Loyalty	Grant A	Grant B	
Risk free interest rate	8.4% - 8.8% p.a.	8.4%-8.95% p.a.	8.4% -8.45% p.a.	8.26% - 8.35% p.a.	8.24% - 8.32% p.a.	8.32% - 8.35% p.a.
Expected average life of option	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years	1.5 - 5.5 years	2.5 - 6.5 years	1.5-2.5 years
Expected Volatility	0.5768	0.5768	0.5768	0.5396	0.5396	0.5396
Expected Dividend Yield	3.84 % p.a.	3.84 % p.a.	3.84 % p.a.	3.26% p.a.	3.26% p.a.	3.26% p.a.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

₹		
Employee Stock Option Liability	As at 31st March, 2016	As at 31st March, 2015
Opening Total Employee Stock Option Liability	506,390,012.40	507,758,001.60
Increase in Liability on account of fresh ESOP grants	-	168,400,159.00
Reduction in Liability on account of Exercise on vesting	(98,349,459.90)	(86,909,879.70)
Reduction in Liability on account of lapse of grants	(82,861,387.00)	(82,858,268.50)
Closing Total Employee Stock Option Liability	325,179,165.50	506,390,012.40

₹		
Employee Stock Option Compensation Expenses	As at 31st March, 2016	As at 31st March, 2015
Opening Deferred Stock Option Compensation Expenses	299,670,310.10	409,026,758.60
Increase in ESOP Compensation Expenses on account of fresh ESOP grants	-	168,400,159.00
Compensation Expenses amortised during the year	(115,299,604.00)	(194,898,339.00)
Reduction in Compensation Expenses on account of lapse of grants	(82,861,387.00)	(82,858,268.50)
Closing Deferred Stock Option Compensation Expenses	101,509,319.10	299,670,310.10

₹		
Employee Stock Option Reserve	As at 31st March, 2016	As at 31st March, 2015
Employee Stock Option Liability	325,179,165.50	506,390,012.40
Less: Deferred Employee Stock Option Compensation Expenses	101,509,319.10	299,670,310.10
Employee Stock Option Reserve	223,669,846.40	206,719,702.30

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

₹		
Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Decrease in employee compensation costs	22,098,908.00	14,774,760.32
Increase in profit after tax	22,098,908.00	14,774,760.32
Increase in Basic EPS (₹ per share)	0.06	0.04
Increase in Diluted EPS (₹ per share)	0.05	0.04

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted CSR Committee and undertaken CSR activities in accordance with Schedule VII to the Companies Act, 2013 mainly through the trust, Muthoot M George Foundation. Muthoot M George Foundation is a public charitable trust formed under Indian Trust Act, 1882 which has registration under section 12 AA of Income Tax Act, 1961. The gross amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 is ₹ 248,857,253.00 (Previous Year : ₹ 269,083,218.00) and the Company has spent ₹ 146,187,500.00 (Previous Year: ₹ 89,207,875.00) towards various activities as below:-

₹		
CSR Activity	Year ended 31st March, 2016	Year ended 31st March, 2015
Promoting Education	81,442,195.00	42,443,990.00
Medical Aid	52,324,261.00	36,467,188.00
Others	12,421,044.00	10,296,697.00
Total	146,187,500.00	89,207,875.00

27. DEPRECIATION

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

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

₹		
Particulars	As at 31st March, 2016	As at 31st March, 2015
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt		
i) Service Tax demand for the period 2003-2008, pending in appeal with CESTAT, Bangalore (Net of amount already remitted). Commissioner of Central Excise, Customs and Service Tax, Kochi has raised a demand of ₹ 52,007,698.00 (Previous year: ₹ 52,007,698.00) as Service tax liability and penalty. During the course of the proceedings the Company paid ₹ 2,086,391.00. The Appellate Authority admitted the Appeal preferred by the Company and granted stay of recovery, on predeposit of ₹ 8,300,000.00 (Previous year: ₹ 8,300,000.00). Pending disposal of appeal, no provision has been made by the Company during the year.	49,921,307.00	49,921,307.00
ii) Service Tax demand for the period from 2007-08 to 2011-12 as per Order No.COC-EXCUS-000-COM-035-14-15 DT.19.12.2014, served on 30.12.2014, pending in appeal with CESTAT, Bangalore. Commissioner of Central Excise, Customs and Service Tax, Kochi as per order mentioned above has raised a demand of ₹ 1,531,458,734.00 as service tax payable on securitisation transactions with banks for the period from 2007 to 2012, along with interest U/s.75, Penalty U/s.76, Penalty U/s.77 and Penalty U/s.78 (Total liability including tax, interest and penalty under various sections if confirmed is estimated approximately at ₹ 4,895,883,216.00 till date of demand). Pending disposal of appeal, no provision has been made by the Company during the year.	4,895,883,216.00	4,895,883,216.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

₹

Particulars	As at 31st March, 2016	As at 31st March, 2015
<p>iii) Service Tax demand for the financial year 2013-14 as per Order No.03/2015-ST DT.20.01.2015, served on 23.01.2015, pending in appeal with Commissioner (Appeals), Kochi.</p> <p>Deputy Commissioner of Central Excise & Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 790,046.00 (including penalty under sections 77 (2) and 78, of Chapter V of the Finance Act, 1994) as service tax payable, on foreign payments during financial year 2013-14. The Company has filed an appeal against the above order with Commissioner (Appeals), Kochi. Pending disposal no provision has been made by the Company during the year.</p>	790,046.00	790,046.00
<p>iv) Service Tax demand for the period 2010-2011 to 2012-13 as per Order No.04-15-16 dated 11.05.2015, pending in appeal with CESTAT, Bangalore. Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 26,000,802.00 plus penalty under sections 76 and 78, of Chapter V of the Finance Act, 1994 as service tax payable, on money transfer commission received during financial years 2010-11 to 2012-13. Total liability including tax and penalty if confirmed is estimated at ₹ 44,572,043.00. The Company has filed an appeal against the above order with CESTAT, Bangalore. Pending disposal of the appeal, no provision has been made by the Company during the year.</p>	44,572,043.00	-
<p>v) Service Tax demand for the period 2008-09 to 2010-2011 as per Order No.32/2015 dated 30.04.2015 pending in appeal with Commissioner of Central Excise (Appeals), Kochi.</p> <p>Joint Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 2,155,312.00 (including penalty under Rule 15 and Section 78 of Chapter V of the Finance Act, 1994) as service tax payable, stating that some cenvat credit was wrongly availed during the period 2008-09 to 2010-11. The Company has filed an appeal against the above order with Commissioner (Appeals), Kochi. Pending disposal of the appeal, no provision has been made by the Company during the year.</p>	2,155,312.00	-
<p>vi) Service Tax demand relating to foreign payments for the period 2007-08 to 2012-2013 as per consolidated Order Nos.70 to 72/2016/ST dated 18.03.2016 pending for filing appeal with Commissioner of Central Excise (Appeals), Kochi</p> <p>Joint Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 5,364,614.00 including tax and penalty by disposing SCN Nos.83/2012, 1/2013 and 132/2014 relating to service tax on marketing expenses reimbursed abroad. The Company is in the process of filing an appeal with the Commissioner (Appeals), Kochi. Pending disposal of the appeal, no provision has been made by the Company during the year.</p>	5,364,614.00	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

Particulars	As at 31st March, 2016	As at 31st March, 2015
vii) Service Tax demand relating to money transfer commission received for the period 2013-14 as per Order Nos.85/2015-16/ST dated 18.02.2016 pending in Writ Petition before the High Court of Kerala. Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 11,038,893.00 including tax and penalty, by disposing SCN.26/2015 relating to service tax on money transfer income for the period 2013-14. Pending disposal of the Writ Petition, no provision has been made by the Company during the year.	11,038,893.00	-
viii) Income tax demand for the Assessment Year (A.Y.) 2012-13, pending rectification petition and in appeal with Commissioner of Income Tax (Appeals)-II, Kochi. Earlier, the demand outstanding as per Intimation U/s.143(1) was ₹ 5,099,103.00. Additional Commissioner of Income Tax, Corp. Range -1, Kochi has issued an Order U/s.143(3) dated 02.03.2015 superseding the earlier order by demanding tax of ₹ 29,230,000.00. Out of the above, the company has remitted ₹ 2,110,000.00 and the balance outstanding is ₹ 27,120,000.00. Appeal filed with CIT (A)-II, Kochi and rectification application with Addl. CIT are pending for disposal. Pending disposal no provision has been made by the Company for the year.	27,120,000.00	27,120,000.00
ix) Income Tax demand for Assessment Year 2010-11, pending in appeal with Income tax Appellate Tribunal, Kochi. Additional Commissioner of Income Tax, Range 1, Kochi has passed an order demanding ₹ 36,384,640.00 towards income tax due for the Assessment Year 2010-11 U/s.143(3).The Company has remitted ₹ 21,821,135.00 and the balance demand outstanding as on 31.03.2016 is ₹ 14,563,505.00. CIT (A), Kochi has partly allowed the appeal, but the rectification order is pending. The Company has filed appeal with ITAT, Kochi. Pending rectification order and appeal with ITAT, Kochi, no provision has been made by the Company during the year.	14,563,505.00	14,563,505.00
x) Draft order on proposed action U/s.13 of Prevention of Money Laundering Act,2002 pending in appeal with Appellate Tribunal under Prevention of Money Laundering Act, 2002.	26,970,000.00	26,970,000.00
xi) Disputed claims against the Company under litigation not acknowledged as debts	53,749,585.00	20,284,568.00
(b) Guarantees - Counter Guarantees Provided to Banks	199,943,750.00	165,193,750.00
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	44,452,000.00	31,659,000.00
Loan commitments on account of partly disbursed loans	15,932,677.00	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

29. DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Company has during the year paid interim dividend of ₹ 6/- (60%) per equity share of ₹10/- each.

30. EARNINGS PER SHARE

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

Particulars	₹	
	As at 31st March, 2016	As at 31st March, 2015
Profit/(Loss) after taxation for the year	8,145,003,723.73	6,710,447,606.42
Weighted average number of equity shares outstanding during the period - Basic EPS	398,057,351	395,216,296
Weighted average number of equity shares outstanding during the period - Diluted EPS	402,817,783	399,120,401
Face Value per share	₹ 10/-	₹ 10/-
Earnings Per Share (Basic)	20.46	16.98
Earnings Per Share (Diluted)	20.22	16.81

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

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, no disclosures relating to amounts unpaid as at the period ended 31st March, 2016 together with interest paid /payable are required to be furnished.

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

Particulars	₹	
	As at 31st March, 2016	As at 31st March, 2015
a) CIF Value of Imports of Capital Goods	Nil	Nil
b) Expenditure in foreign currency on accrual basis		
Professional Charges	2,376,927.24	6,978,470.00
Others	981,407.00	73,997.00

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

The company has during the year raised through public issue (a) ₹ 11,506,231,000.00 of Rated Secured Redeemable Non - Convertible Debentures and (b) ₹ 879,004,000.00 of Rated Unsecured Redeemable Non-Convertible Debentures in the nature of Subordinated Debt which qualifies as Tier II capital under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. As at 31.03.2016, the Company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer documents.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

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

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

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

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

b) Transactions with Related Parties during the year:-						
Nature of transaction	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Purchase of Travel Tickets for Company Executives/Directors/Customers	-	-	-	-	5,421,694.00	8,088,981.00
Travel Arrangements for Company Executives/Customers	-	-	-	-	8,603,884.00	823,155.00
Accommodation facilities for Company Executives/Clients/Customers	-	-	-	-	463,577.00	1,244,926.00
Complementary Medical Health Check Ups for Customers/ Employees	-	-	-	-	6,850.00	62,100.00
Brokerage paid for NCD Public Issue	-	-	-	-	6,496,832.00	13,338,681.00
Business Promotion Expenses	-	-	-	-	12,957,321.00	17,574,746.00
CSR Expenses	-	-	-	-	131,637,500.00	89,105,500.00
Foreign Currency purchased	-	-	-	-	981,407.00	73,997.00
Interest paid on loans/subordinated debts	266,922,278.09	313,926,931.01	313,716,914.30	259,377,433.07	-	-
Interest paid on Secured NCD	42,235.00	28,433.90	597,055.00	656,318.57	1,193,969.18	5,086,791.00
Interest paid on Secured NCD - Listed	298,517.00	290,618.00	1,565,508.00	2,148,255.00	8,526,719.03	7,181,551.00
Remuneration	195,600,000.00	192,486,667.00	2,400,000.00	3,038,333.00	-	-
Loans and Subordinated debts accepted	3,642,494,302.26	1,902,294,493.54	2,180,944,489.88	1,105,183,914.76	-	-
Loans and Subordinated debts repaid	3,299,891,733.44	1,646,475,029.44	1,163,979,451.58	333,373,062.86	-	-
Investment in Secured NCD	385,000.00	-	230,000.00	-	-	64,297,000.00
Repayment of Secured NCD (Secured NCD redeemed)	385,000.00	227,000.00	230,000.00	948,000.00	20,000,000.00	51,579,000.00
Repayment of Secured NCD (Secured NCD redeemed) - Listed	-	85,000.00	-	3,588,000.00	40,279,000.00	21,833,000.00
Rent paid	3,519,000.00	3,519,000.00	690,000.00	690,000.00	4,481,615.00	4,348,420.00
Rent received	-	-	-	-	410,000.00	475,153.00
Dividend paid	1,500,406,656.00	937,754,160.00	881,976,320.00	551,235,200.00	-	-
Dividend received	-	-	-	-	4,305,000.00	-
Money Transfer commission received	-	-	-	-	61,549,908.00	24,403,432.00
Service Charges Collected	-	-	-	-	4,821,409.00	4,686,477.00
Purchase of Fixed Assets	-	-	-	-	-	1,000,000.00
Loans availed by the Company for which guarantee provided by related parties	82,250,000,000.00	104,590,000,000.00	-	16,000,000,000.00	-	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

c) Net Amount Receivable / (Due) as at the year end :-						
Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Investments in Equity Shares	-	-	-	-	46,700,000.00	46,700,000.00
Secured NCD	(407,000.00)	(370,000.00)	(4,859,000.00)	(4,631,000.00)	-	(20,000,000.00)
Secured NCD - Listed	(1,050,000.00)	(3,490,000.00)	(10,283,000.00)	(24,137,000.00)	(136,228,000.00)	(84,780,000.00)
Security Deposit	-	-	-	-	(40,000,000.00)	(40,000,000.00)
Rent Deposit	1,770,000.00	1,770,000.00	300,000.00	300,000.00	1,470,000.00	1,470,000.00
Loans & Subordinated Debts	(3,237,929,944.26)	(2,895,327,375.54)	(3,611,046,137.16)	(2,594,081,098.76)	-	-
Interest payable on Directors Loan	-	-	(1,359,413.00)	(1,359,413.00)	-	-
Interest payable on Secured NCD	(14,810.77)	(46,250.00)	(558,326.23)	(578,875.00)	-	-
Interest payable on Subordinated Debts	(476,756.00)	(917,254.00)	-	-	-	-
Trade Payables	(263,923.00)	(263,923.00)	(51,749.00)	(51,749.00)	(17,227,900.22)	(4,697,520.00)
Trade Receivable	-	-	-	-	69,560,540.91	-

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

d) Disclosure in respect of material related party transactions during the year as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India i.e., amount which is in excess of 10% of total related party transactions of the same type :-

₹

Particulars	31st March, 2016	31st March, 2015
Purchase of Travel Tickets for Company Executives/Directors/Customers		
GMG Associates	5,421,694.00	8,088,981.00
Travel Arrangements for Company Executives/Directors/Customers		
GMG Associates	8,603,884.00	823,155.00
Accommodation facilities for Company Executives/Directors/Customers		
Muthoot Leisure & Hospitality Services Pvt Ltd	234,830.00	955,467.00
Muthoot Anchor House Hotels Pvt Ltd	76,921.00	266,259.00
Marari Beach Resorts Pvt Ltd	151,826.00	23,200.00
Complementary Medical Health Check Ups for Customers/Employees		
Muthoot Health Care Private Limited	6,850.00	48,000.00
M G M Muthoot Medical Centre Private Limited	-	14,100.00
Brokerage paid for NCD Public Issue		
Muthoot Securities Ltd	6,496,832.00	13,338,681.00
Business Promotion Expenses		
Muthoot Securities Ltd	12,957,321.00	17,574,746.00
CSR Expenses paid		
Muthoot M George Foundation	131,637,500.00	89,105,500.00
Foreign currency purchased		
Muthoot Forex Ltd	981,407.00	73,997.00
Interest on Directors loans		
M G George Muthoot	50,404,398.27	59,663,540.58
George Thomas Muthoot	55,826,840.66	64,819,001.88
George Jacob Muthoot	59,302,306.27	64,561,626.90
George Alexander Muthoot	60,562,428.08	66,300,682.87
Susan Thomas	77,487,405.81	56,979,847.23
Interest on subordinated debts		
M G George Muthoot	4,665,492.00	12,360,493.00
George Thomas Muthoot	6,367,081.00	12,520,685.14
George Jacob Muthoot	8,330,525.00	12,535,337.64
George Alexander Muthoot	3,374,081.27	13,318,321.00
Interest on Secured NCD		
Muthoot Commodities Ltd	1,193,969.18	5,086,791.00
Valsa Kurien	550,125.00	550,125.00
Interest on Secured NCD - Listed		
Muthoot Securities Ltd	8,024,410.94	7,181,551.17
Remuneration		
M G George Muthoot	48,000,000.00	48,000,000.00
George Thomas Muthoot	48,000,000.00	48,000,000.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

d) Disclosure in respect of material related party transactions during the year as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India i.e., amount which is in excess of 10% of total related party transactions of the same type : - (Contd.) ₹

Particulars	31st March, 2016	31st March, 2015
George Jacob Muthoot	48,000,000.00	48,000,000.00
George Alexander Muthoot	48,000,000.00	48,000,000.00
Directors Loans accepted		
M G George Muthoot	764,975,472.13	564,864,401.86
George Thomas Muthoot	997,897,206.52	435,830,533.96
George Jacob Muthoot	804,025,048.13	406,470,663.56
George Alexander Muthoot	945,948,355.94	478,204,433.86
Subordinated debts accepted		
George Alexander Muthoot	-	500,000.00
Directors Loans repaid		
M G George Muthoot	644,965,525.86	479,883,606.86
George Thomas Muthoot	949,217,891.86	302,674,662.86
George Jacob Muthoot	669,423,511.86	358,374,662.86
George Alexander Muthoot	803,586,550.86	387,669,662.86
Subordinated debts repaid		
M G George Muthoot	35,400,000.00	36,300,000.00
George Thomas Muthoot	46,691,762.00	21,442,238.00
George Jacob Muthoot	58,048,573.00	2,981,427.00
George Alexander Muthoot	20,795,231.00	54,231,769.00
Investments in Secured NCD		
M G George Muthoot	97,000.00	-
Alexander M George	288,000.00	-
George M George	230,000.00	-
Muthoot Commodities Ltd	-	64,297,000.00
Repayment of Secured NCD		
Muthoot Commodities Ltd	20,000,000.00	51,579,000.00
Repayment of Secured NCD - Listed		
Muthoot Securities Ltd	40,279,000.00	21,833,000.00
Rent paid		
Muthoot Properties & Investments	1,725,000.00	1,725,000.00
Muthoot Housing & Infrastructure	1,656,000.00	1,656,000.00
Muthoot Vehicle And Asset Finance Ltd	1,100,615.00	967,420.00
George Thomas Muthoot	862,500.00	862,500.00
George Jacob Muthoot	1,000,500.00	1,000,500.00
George Alexander Muthoot	931,500.00	931,500.00
Rent received		
Muthoot Forex Ltd	410,000.00	224,000.00
Muthoot Securities Ltd	-	251,153.00

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

d) Disclosure in respect of material related party transactions during the year as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India i.e., amount which is in excess of 10% of total related party transactions of the same type :- (Contd.)

₹

Particulars	31st March, 2016	31st March, 2015
Dividend paid		
M G George Muthoot	379,081,056.00	236,925,660.00
George Alexander Muthoot	355,715,200.00	222,322,000.00
George Jacob Muthoot	355,715,200.00	222,322,000.00
George Thomas Muthoot	355,715,200.00	222,322,000.00
Susan Thomas	239,880,544.00	149,925,340.00
Dividend Received		
Muthoot Forex Ltd	2,955,000.00	-
Muthoot Securities Ltd	1,350,000.00	-
Money Transfer commission received		
Muthoot Forex Ltd	61,549,908.00	24,403,432.00
Service Charges Collected		
Muthoot Forex Ltd	2,762,615.00	3,613,665.00
Muthoot Precious Metals Corporation	1,535,846.00	595,912.00
Purchase of Fixed Assets		
Muthoot Securities Ltd	-	1,000,000.00
Loans availed by the Company for which guarantee is provided by related parties		
M G George Muthoot	76,250,000,000.00	98,590,000,000.00
George Alexander Muthoot	82,250,000,000.00	104,590,000,000.00
George Jacob Muthoot	72,500,000,000.00	94,840,000,000.00
George Thomas Muthoot	72,500,000,000.00	94,840,000,000.00
Anna Alexander	-	16,000,000,000.00
Sara George	-	5,000,000,000.00

e) Net Amount Receivable / (Due) as at the period end :-

₹

Particulars	31st March, 2016	31st March, 2015
Investments in Equity Shares		
Equity shares - Muthoot Securities Ltd	27,000,000.00	27,000,000.00
Equity shares - Muthoot Forex Ltd	19,700,000.00	19,700,000.00
Secured NCD		
M G George Muthoot	(97,000.00)	(97,000.00)
Alexander M George	(310,000.00)	(273,000.00)
George M George	(458,000.00)	(230,000.00)
Valsa Kurien	(4,401,000.00)	(4,401,000.00)
Muthoot Commodities Ltd	-	(20,000,000.00)

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

e) Net Amount Receivable / (Due) as at the period end :- (Contd.)			₹
Particulars	31st March, 2016	31st March, 2015	
Secured NCD - Listed			
Muthoot Securities Ltd	(79,493,000.00)	(84,780,000.00)	
Muthoot Precious Metals Corporation	(36,735,000.00)	-	
Muthoot Forex Ltd	(20,000,000.00)	-	
Alexander M George	(1,050,000.00)	(3,490,000.00)	
George M George	(3,790,000.00)	(7,566,000.00)	
George M Jacob	(1,010,000.00)	(4,575,000.00)	
George M Alexander	(1,907,000.00)	(6,258,000.00)	
Eapen Alexander	(3,576,000.00)	(5,738,000.00)	
Security Deposit			
Muthoot Forex Ltd	(40,000,000.00)	(40,000,000.00)	
Rent Deposit			
Muthoot Properties & Investments	750,000.00	750,000.00	
Muthoot Housing & Infrastructure	720,000.00	720,000.00	
M G George Muthoot	355,000.00	355,000.00	
George Thomas Muthoot	415,000.00	415,000.00	
George Jacob Muthoot	555,000.00	555,000.00	
George Alexander Muthoot	445,000.00	445,000.00	
Sara George	100,000.00	100,000.00	
Valsa Kurien	200,000.00	200,000.00	
Directors Loans			
M G George Muthoot	(697,396,297.13)	(577,773,720.86)	
George Thomas Muthoot	(717,753,896.52)	(668,687,210.96)	
George Jacob Muthoot	(728,695,707.13)	(594,094,171.56)	
George Alexander Muthoot	(799,728,061.94)	(657,366,256.86)	
Alexander M George	(229,448,981.54)	(170,363,449.30)	
George M George	(178,839,180.94)	(120,917,980.20)	
George M Jacob	(444,586,514.38)	(330,544,903.40)	
Eapen Alexander	(274,036,844.88)	(196,826,492.50)	
Sara George	(417,243,992.57)	(280,653,093.70)	
Elizabeth Jacob	(459,273,412.11)	(305,373,072.40)	
Susan Thomas	(867,213,076.81)	(597,237,689.20)	
Anna Alexander	(600,390,421.53)	(435,096,241.76)	
George M Alexander	(252,656,245.40)	(175,953,485.00)	
Valsa Kurien	(77,864,100.76)	(65,397,093.30)	
Anna Thomas	(10,210,490.53)	(10,241,295.40)	
Reshma Susan Jacob	(9,231,857.25)	(9,239,751.90)	
Subordinated debts			
M G George Muthoot	(11,300,000.00)	(46,700,000.00)	
George Thomas Muthoot	(16,300,000.00)	(62,991,762.00)	
George Jacob Muthoot	(22,700,000.00)	(80,748,573.00)	
George Alexander Muthoot	(13,407,000.00)	(34,202,231.00)	
Alexander M George	(1,200,000.00)	(2,400,000.00)	

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

e) Net Amount Receivable / (Due) as at the period end :- (Contd.)			₹
Particulars	31st March, 2016	31st March, 2015	
George M George	(1,300,000.00)	(3,000,000.00)	
George M Jacob	(1,199,999.00)	(2,399,999.00)	
Sara George	(2,100,000.00)	(10,100,000.00)	
Elizabeth Jacob	(2,200,001.00)	(10,700,001.00)	
Susan Thomas	(2,200,000.00)	(10,700,000.00)	
Anna Alexander	(2,500,000.00)	(11,500,000.00)	
George M Alexander	(1,200,000.00)	(2,400,000.00)	
Valsa Kurien	(6,800,000.00)	(15,800,000.00)	
Interest payable on Directors Loans			
Anna Thomas	(783,260.00)	(783,260.00)	
Reshma Susan Jacob	(576,153.00)	(576,153.00)	
Interest payable on Subordinated debts			
George Alexander Muthoot	(476,756.00)	(917,254.00)	
Interest payable on Secured NCD			
M G George Muthoot	(4,551.03)	(12,125.00)	
Alexander M George	(10,259.74)	(34,125.00)	
George M George	(8,201.23)	(28,750.00)	
Valsa Kurien	(550,125.00)	(550,125.00)	
Trade Payables			
Muthoot Properties & Investments	(129,375.00)	(129,375.00)	
Muthoot Housing & Infrastructure	(124,200.00)	(124,200.00)	
Muthoot Vehicle And Asset Finance Ltd	(96,321.09)	(93,148.00)	
GMG Associates	(391,682.13)	(687,761.13)	
Muthoot Precious Metals Corporation	(16,486,322.00)	-	
Muthoot Forex Ltd	-	(3,663,035.80)	
M G George Muthoot	(54,337.00)	(54,337.00)	
George Thomas Muthoot	(64,687.00)	(64,687.00)	
George Jacob Muthoot	(75,037.00)	(75,037.00)	
George Alexander Muthoot	(69,862.00)	(69,862.00)	
Sara George	(17,249.00)	(17,249.00)	
Valsa Kurien	(34,500.00)	(34,500.00)	
Trade Receivables			
Muthoot Forex Ltd	69,436,745.91	-	
GMG Associates	39,294.00	-	
Muthoot Precious Metals Corporation	84,501.00	-	

35. SEGMENT REPORTING

- The Company is engaged in two segments of business – Financing and Power Generation.
- In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, the Company has identified business segment as the primary segment and geographical segment as the secondary segment for the purpose of disclosure.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Particulars	Financing		Power Generation		Consolidated Totals	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Segment Revenue:						
External Revenue	49,188,397,073.81	43,231,596,514.29	11,443,093.50	13,829,642.00	49,199,840,167.31	43,245,426,156.29
Inter segment Revenue	-	-	-	-	-	-
Total Revenue	49,188,397,073.81	43,231,596,514.29	11,443,093.50	13,829,642.00	49,199,840,167.31	43,245,426,156.29
Result:						
Segment Result	13,325,730,697.76	10,367,769,856.27	5,988,634.36	6,814,463.96	13,331,719,332.12	10,374,584,320.23
Other Income	-	-	-	-	-	-
Unallocated corporate income	-	-	-	-	136,145,020.02	108,341,506.82
Unallocated corporate expenses	-	-	-	-	(201,270,000.00)	(196,246,374.00)
Profit Before Tax	13,325,730,697.76	10,367,769,856.27	5,988,634.36	6,814,463.96	13,266,594,352.14	10,286,679,453.05
Less: Provision for Current Tax / Deferred Tax	-	-	-	-	5,088,198,487.53	3,571,229,543.38
Profit after Tax	13,325,730,697.76	10,367,769,856.27	5,988,634.36	6,814,463.96	8,178,395,864.61	6,715,449,909.66
Other Information:						
Segment Assets	272,402,356,415.75	269,188,789,536.17	42,756,364.44	39,861,178.07	272,445,112,780.18	269,228,650,714.24
Unallocated Corporate Assets	-	-	-	-	1,502,358,243.13	733,264,018.32
Total Assets	272,402,356,415.75	269,188,789,536.17	42,756,364.44	39,861,178.07	273,947,471,023.31	269,961,914,732.56
Segment Liabilities	215,590,676,657.50	217,780,060,334.83	-	-	215,590,676,657.50	217,780,060,334.83
Unallocated Corporate Liabilities	-	-	-	-	2,133,921,007.83	1,341,635,944.24
Total Liabilities	215,590,676,657.50	217,780,060,334.83	-	-	217,724,597,665.33	219,121,696,279.07
Capital Expenditure	282,543,442.49	304,221,253.59	-	-	282,543,442.49	304,221,253.59
Depreciation	584,270,441.59	840,514,033.17	2,296,031.14	2,503,136.04	586,566,472.73	843,017,169.21
Non-Cash Expenditure other than Depreciation	1,556,341,622.53	182,389,225.70	-	-	1,556,341,622.53	182,389,225.70

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

Secondary Business Segment Information

	As at 31st March, 2016	As at 31st March, 2015
1 Segment Revenue - External Turnover		
Within India	48,614,935,396.84	43,138,018,931.43
Outside India	584,904,770.47	107,407,224.86
Total Revenue	49,199,840,167.31	43,245,426,156.29
2 Segment Assets		
Within India	270,259,257,305.90	267,396,580,588.93
Outside India	3,688,213,717.41	2,565,334,143.63
Total Assets	273,947,471,023.31	269,961,914,732.56
3 Segment Liabilities		
Within India	214,417,598,773.18	216,857,470,710.88
Outside India	3,306,998,892.15	2,264,225,568.19
Total Liabilities	217,724,597,665.33	219,121,696,279.07
4 Capital Expenditure		
Within India	190,100,772.56	263,050,912.75
Outside India	92,442,669.93	41,170,340.84
Total Expenditure	282,543,442.49	304,221,253.59

36. FRAUDS DURING THE YEAR

During the year, frauds committed by employees of the Company amounted to ₹ 16,266,785.00 (Previous year: ₹ 11,962,300.00) which has been recovered /written off / provided for.

37. DIVIDEND REMITTED IN FOREIGN CURRENCY

Particulars	As at 31st March, 2016	As at 31st March, 2015
Dividend remitted in foreign currency	79,333,048.00	32,021,280.00
No. of non-resident shareholders to which this relates	1	1
No. of equity shares of face value of ₹ 10/- held by them	9,916,631	6,404,256
Financial year to which dividend relates	F Y 2014-15 & F Y 2015-16	F Y 2013-14 & F Y 2014-15

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

The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company were made amounting to ₹ 35,911,859.77 (Previous Year: ₹ 42,191,023.59), is recognised as 'Goodwill' being an asset in the consolidated financial statements.

NOTES ON ACCOUNTS

for the year ended 31st March, 2016

39. INVESTMENT IN MUTHOOT HOMEFIN (INDIA) LIMITED

The excess of the Company's share of equity of the subsidiary company over its cost of its investments, at the dates on which the investments in the subsidiary company were made amounting to ₹ 131,886.19, is recognised as 'Capital Reserve' being set off against the Goodwill recognized as asset in the consolidated financial statements.

40. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013:

SL No	Name of the entity	Net Assets		Share in profit or (loss)	
		As % of consolidated net assets	Amount (₹)	As % of consolidated profit or loss	Amount(₹)
1		2	3	4	5
1 Parent					
	Muthoot Finance Limited	99.28	56,192,491,205.91	98.99	8,095,531,537.29
2 Subsidiaries					
a	Indian				
	Muthoot Homefin(India) Limited	0	8,937.05	0	8,936.48
b	Foreign				
	Asia Asset Finance PLC	0.05	30,373,215.03	0.6	49,463,249.96
3 Minority interests in all subsidiaries (Investment as per the equity method)		0.67	376,765,307.63	0.41	33,392,140.88
a	Indian subsidiary	0.21	119,422,434.02	0	2,376.00
b	Foreign subsidiary	0.46	257,342,873.61	0.41	33,389,764.88
Total		100	56,599,638,665.62	100	8,178,395,864.61

41. PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED / REARRANGED, WHEREVER NECESSARY TO CONFORM TO CURRENT YEAR'S CLASSIFICATIONS / DISCLOSURE

For and on behalf of the Board of Directors

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

Sd/-
George Alexander Muthoot
 Managing Director

Sd/-
Oommen K. Mammen
 Chief Financial Officer

Sd/-
Maxin James
 Company Secretary

Place: Kochi
 Date: 27th May, 2016

CORPORATE INFORMATION

BOARD OF DIRECTORS

M G George Muthoot

Chairman

George Alexander Muthoot

Managing Director

George Thomas Muthoot

Whole Time Director

George Jacob Muthoot

Whole Time Director

Alexander M. George

Whole Time Director

George Joseph

Non-Executive Independent Director

K. George John

Non-Executive Independent Director

John K Paul

Non-Executive Independent Director

K John Mathew

Non-Executive Independent Director

Pamela Anna Mathew

Non-Executive Independent Director

REGISTERED OFFICE

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

CIN: L65910KL1997PLC011300

RBI Regn. No: N.16.00167

Tel: (91 484) 239 4712

Fax: (91 484) 239 6506

Email (General)

mails@muthootgroup.com

Email (Investors)

investors@muthootfinance.com

Email (Institutional Investors)

investorrelations@muthootfinance.com

Website: www.muthootfinance.com

COMPANY SECRETARY

Maxin James

STATUTORY AUDITORS

Rangamani & Co.

17/598, 11nd Floor,

Card Bank Building,

West of YMCA Bridge,

V.C.S.B. Road,

Alleppey -688 001

LISTING

Equity Shares

National Stock Exchange of India Limited and BSE Limited

NSE Ticker: MUTHOOTFIN

BSE Ticker: 533398

Non-convertible Debentures

National Stock Exchange of India Limited and/or BSE Limited

REGISTRAR AND TRANSFER AGENTS

Equity Shares

Link Intime India Private Limited

Surya, 35, Mayflower Avenue

Behind Senthil Nagar, Sowripalayam Road

Coimbatore - 641028

Tel: (91 422) - 2314792, 2315792

Fax: (91 422) - 2314792

Email: coimbatore@linkintime.co.in

Website: www.linkintime.co.in

Listed Non-convertible Debentures

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West)

Mumbai 400 078, India

Tel: (91 22) 2596 7878

Fax: (91 22) 2596 0329

Email: bonds.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

DEBENTURE TRUSTEE

(LISTED NON-CONVERTIBLE DEBENTURES)

IDBI Trusteeship Services Limited

Asian Building, Ground Floor

17 R, Kamani Marg, Ballard Estate

Mumbai 400 001, India

Tel: (91 22) 4080 7000

Fax: (91 22) 6631 1776

Email: itsl@idbitrustee.com

Website: www.idbitrustee.co.in



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