**Muthoot Finance Limited**
Registered Office :
2nd floor, Muthoot Chambers,
Opp. Saritha Theatre Complex,
Banerji Road, Ernakulam - 682 018
Kerala, India.
CIN : L65910KL1997PLC 011300

Phone : +91 484 2396478, 2394712
Fax : +91 484 2396506, 2397399
mails@muthootgroup.com
www.muthootgroup.com

Ref: SEC/MFL/ SE/2017/2614

Symbol: **MUTHOOTFIN**
Scrip Code: **533398**

September 28, 2017

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra- Kurla Complex, Bandra (E)
Mumbai - 400 051

Department of Corporate Services
BSE Limited,
P. J. Tower, Dalal Street,
Mumbai- 400 001.

Dear Sir/Madam,

**Re: Annual Report of Muthoot Finance Limited**

We herewith enclose a copy of the Annual Report for the Financial Year 2016-17 (along with Notice of 20th Annual General of the members of the Company) post approval of resolutions at the Annual General Meeting held on 20th September, 2017.

The Business Responsibility Report as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of the Annual Report 2016-17.

Request you to kindly take on record the information and disseminate the same through the website.

Thank you,
For Muthoot Finance Limited

Maxin James
Company Secretary

MUTHOOT FINANCE LIMITED KOCHI-18

**Muthoot Finance Limited**
Regd. & Corporate Office: 2nd Floor, Muthoot Chambers,
Opposite Saritha Theatre Complex, Kochi, Kerala, India - 682018
(T): +91-484-2394712, Fax: +91-484-2396506; Email: csmuthoot@muthootgroup.com
www.muthootfinance.com, CIN: L65910KL1997PLC011300

## NOTICE TO SHAREHOLDERS

**Notice** is hereby given that the 20th Annual General Meeting of the members of Muthoot Finance Limited will be held at Kerala Fine Arts Society Hall, Fine Arts Avenue, Fore Shore Road, Kochi, Kerala – 682 016 on Wednesday, 20th September 2017 at 10.30 a.m. to conduct the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements (Standalone and Consolidated) of the Company for the Financial Year ended 31st March, 2017 including audited Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss and Cash flow Statement for the Financial Year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. George Jacob Muthoot (holding DIN: 00018235), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Mr. Alexander Muthoot George (holding DIN: 00938073), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

4. To appoint M/s. Varma & Varma, Chartered Accountants (Firm Registration No.: 004532S) as Statutory Auditors of the Company and fix their remuneration and to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re- enactments thereof, for the time being in force), M/s. Varma & Varma, Chartered Accountants (Firm Registration No.: 004532S) be and are hereby appointed as the Auditors of the Company in place of M/s. Rangamani & Co., Chartered Accountants, the retiring Auditors, to hold office for a term of five years i.e. from the conclusion of this Annual General Meeting till the conclusion of 25th Annual General Meeting of the Company, subject to ratification of their appointment by the Members at every Annual General Meeting thereafter, at such remuneration as may be mutually agreed between the Board of Directors and the Auditors, in addition to out of pocket expenses as may be incurred by them during the course of the audit."

**SPECIAL BUSINESS:**

5. To approve offer or invitation to subscribe to Non-Convertible Debentures on private placement and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and applicable Reserve Bank of India (RBI) or Securities Exchange Board of India (SEBI) Regulations as amended from time to time, the approval of the members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for secured/unsecured redeemable non-convertible debentures, in one or more series/ tranches, on the basis of private placement, on such terms and conditions as the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall also include any committee thereof) may, from time to time, determine and consider proper and most beneficial to the Company including as to the timing of the issue, issue size, utilization of the issue proceeds and all matters connected with or incidental thereto etc. for the period commencing from the date of this meeting hereof until the conclusion of the 21st Annual General Meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the above mentioned resolution including delegations of all or any of the powers herein conferred to any Directors, and/or Director(s) or officer(s) of the Company, to give effect to the resolutions."

6. To re-appoint Ms. Pamela Anna Mathew (holding DIN: 00742735) as Independent Director and in this regard to consider and if thought fit, to pass, the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Pamela Anna Mathew (holding DIN: 00742735), be and is hereby appointed as an Independent Director of the Company to hold office for three years from this Annual General Meeting till the 23rd Annual General Meeting of the Company."

7. To appoint Mr. Jose Mathew (holding DIN: 00023232) as Independent Director and in this regard to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Jose Mathew (holding DIN: 00023232), be and is hereby appointed as an Independent Director of the Company to hold office for three years from this Annual General Meeting till the 23rd Annual General Meeting of the Company."

8. To appoint Justice (Retd.) Jacob Benjamin Koshy (holding DIN: 07901232) as Independent Director and in this regard to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Justice (Retd.) Jacob Benjamin Koshy (holding DIN: 07901232), be and is hereby appointed as an Independent Director of the Company to hold office for three years from this Annual General Meeting till the 23rd Annual General Meeting of the Company."

9. To appoint Mr. Pratip Chaudhuri (holding DIN: 00915201) as Independent Director and in this regard to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Pratip Chaudhuri (holding DIN: 00915201), be and is hereby appointed as an Independent Director of the Company to hold office for three years from this Annual General Meeting till the 23rd Annual General Meeting of the Company."

By Order of Board of Directors
For **Muthoot Finance Limited**

Sd/-
Maxin James
Company Secretary

Place: Kochi
Date: 08.08.2017

NOTES:

**1. A Member entitled to attend and vote at the Annual General Meeting (AGM or the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of him/her and the proxy need not be a Member of the Company. However only such members (including members represented by their proxies) who have not exercised their vote by electronic means as described herein will be permitted to vote at the meeting.**

**2. A person can act as proxy on behalf of Members up to and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. No Proxies will be entertained in respect of those members who cast their votes by electronic means. However, such members can attend the AGM in person.**

3. The instrument appointing proxy should be deposited at the Registered Office of the company not less than forty eight hours before the commencement of the Meeting.

4. Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.

5. Members/Proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.

6. In case of Joint holders attending the Meeting, only such joint holder who is the first in order of names will be entitled to vote.

7. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) along with other requirements in order to attend and vote (if not voted earlier) on behalf of such members at the Annual General Meeting.

8. All required documents are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

9. The Register of Members and Share Transfer Books of the Company will remain closed from 14.09.2017 to 20.09.2017 (both days inclusive). Transfers received during book closure will be considered only after reopening of the Register of Members.

10. Section 124 and other applicable provisions of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") as amended from time to time, mandates that the dividend that has remained unpaid/unclaimed for a period of seven years be transferred to the Investor Education and Protection Fund (the Fund), established by the Central Government along with other amounts as required to be credited to the fund ("other unclaimed amounts") under Section 125 of the Companies Act, 2013. In view of the said provisions, the Company has transferred the Fund as required under section 125 of the Companies Act, 2013, for which no claim lies against the Company. There is no unclaimed dividend which was transferrable to IEPF Account during the year. The Company has also uploaded the details of unpaid and unclaimed dividend amounts and other unclaimed amount lying with the Company as on September 29, 2016 (date of last Annual General Meeting) on the website of the Company (www.muthootfinance.com), and is also available at the website of the IEPF Authority (www.iepf.gov.in). Further according to the Rules, the shares in respect of which dividends has not been paid or claimed by the shareholders for a period of seven consecutive years or more shall also be transferred to the said fund/ dealt with as per the procedure to be prescribed by the Appropriate Authority.

11. Members may please note that there is a facility for nomination, in the prescribed form, available at request from Company or Registrar and Transfer Agent of the Company, of any person to whom shares in the Company held by such Member shall vest in the event of his / her death.

12. Members should notify the changes in their address immediately to the Registrar and Transfer Agent of the Company /Depository Participants as the case may be. Members who are holding shares in DEMAT are requested to keep their Bank Account Details including IFSC and/or MICR updated with their respective DPs (Depository Participant) and those members who are holding shares in physical form by sending a request to Registrar and Transfer Agent by quoting their Folio No., PAN along with cancelled Cheque or other acceptable Bank Account proof.

13. Members who have not registered their e-mail addresses so far are requested to update their e-mail address with their DP for members holding shares in DEMAT and those members who are holding physical shares with Registrar of the Company i.e. M/s Link Intime India Pvt. Ltd, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028, Email: coimbatore@linkintime.co.in, for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

14. A brief profile of the Directors, who are appointed/re-appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are provided as annexure to this notice.

15. In compliance with the provisions of Section 108 of the Act, read with Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to offer the facility of voting through electronic means, to all its Members to enable them to cast their votes electronically. Members who have not voted through electronic means or members who have no access to electronic voting can vote at the Annual General Meeting. The cut-off date for recognizing voting rights of members to vote by electronic means as well as at the General Meeting is September 13, 2017 in terms of Companies (Management and Administration) Amendment Rules, 2015 (cut-off date).

16. The facility for voting will also be made available at the AGM and the members who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM. Members who already cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

17. Any person who acquires shares of the company and becomes its member after the dispatch of the notice for the annual general meeting and continues to hold the shares of the company as on the cut-off date may obtain credentials by sending a request at coimbatore@linkintime.co.in or helpdesk.evoting@cdslindia.com

18. The Results declared along with Scrutinizer's Report(s) will be available on the website of the Company (www.muthootfinance.com) within two (2) days of completion of voting if any at the Annual General Meeting and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.

19. The Annual Report of the Company circulated to the members of the Company, will be made available on the website of the Company (www.muthootfinance.com). The physical copies of the aforesaid Annual Report will be made available on request. The Annual Report for the Financial Year 2016-17 will be sent to the members separately.

20. The Company is providing E-voting facility through Central Depository Services (India) Limited (CDSL) for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the notice of 20th Annual General Meeting dated September 20, 2017 (the AGM Notice). The Company has appointed Mr. C. V. Madhusudhanan, B.Sc., B.L., FCS, Partner or failing him Dr. K. S. Ravichandran, M.Com, LLB., FCS., Ph.D, Managing Partner, KSR & Co. Company Secretaries LLP, Coimbatore as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. The E-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them on cut-off date.

**21. The instructions for members for voting electronically are as under :-**

(i) The voting period begins on 17.09.2017 at 9.00 AM and ends on 19.09.2017 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (13.09.2017) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
(ii) The shareholders should log on to the e-voting website www.evotingindia.com.
(iii) Click on Shareholders.
(iv) Now Enter your User ID
  a. For CDSL: 16 digits beneficiary ID,
  b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
(v) Next enter the Image Verification as displayed and Click on Login.
(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
(vii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Address Stickers. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

(viii) After entering these details appropriately, click on "SUBMIT" tab.
(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
(xi) Click on the EVSN 170816033 for Muthoot Finance Limited to enable you to vote.
(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

The following person shall be responsible to address grievances concerned with facility for remote e-voting:

Name: Mr. Rakesh Dalvi
Designation: Deputy Manager
Address: 16th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001
E-mail ID: helpdesk.evoting@cdslindia.com
Phone number: 18002005533

**Statement of material facts as required under Section 102(1) of the Companies Act, 2013 annexed to and forming part of the Notice:**

**Item No. 5:**

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 deals with private placement of securities by a Company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement, the Company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year.

In order to augment resources for lending, repayment/refinance of existing debt, working capital requirement, purchase of assets, investments, general corporate purposes etc, the Company may invite subscription for secured / unsecured redeemable non-convertible debentures (NCDs), in one or more series / tranches on private placement basis. The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price shall be decided by the Board on the basis of interest rate/ effective yield determined, based on market situation at the time of the issue.

The present borrowing limits of the Company which is approved by members u/s 180(1)(c) is Rs. 50,000 crores in addition to the paid up capital and free reserves of the Company and the total borrowings including the issuance of Non- convertible debentures (NCDs) by Board by way of private placement shall be within the said limit.

The Company's directors, key managerial personnel, or their Relatives may be deemed to be concerned or interested in the passing of resolution only to the extent of securities issued/allotted to them or to the companies or firms in which they are directors or members or partners as the case may be.

Save as aforesaid, none of the Company's directors, key managerial personnel, or their Relatives has any concern or interest, financial or otherwise, in this resolution.

The Board recommends the resolution for the approval of the members as a Special Resolution.

**Item No. 6:**

Ms. Pamela Anna Mathew (holding DIN: 00742735) was appointed as Independent Director on Board of Directors on September 30, 2015 for a term of two years and is retiring at 20th Annual General Meeting of the Company. The present resolution is for re-appointment of Ms. Pamela Anna Mathew as the Independent Director for a Second term in terms of requirement of Section 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to provisions of Section 149(10) of the Companies Act, 2013, the present appointment of Ms. Pamela Anna Mathew (holding DIN: 00742735) is to hold office for a term of three years, from this Annual General Meeting till the 23rd Annual General Meeting of the Company.

In terms of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declarations made by Ms. Pamela Anna Mathew (holding DIN: 00742735) that she meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of the opinion that she fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the management. Particulars of proposed appointee as required under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the notice.

In view of the above provisions, the proposals for appointment of Ms. Pamela Anna Mathew (holding DIN: 00742735) as Independent Director, not liable to retire by rotation, for a period as specified in proposed resolution is placed for the approval of shareholders by means of a Special Resolution.

The Board of Directors considers that the appointment of Ms. Pamela Anna Mathew (holding DIN: 00742735) as Independent Director will be beneficial to the Company. The Board recommends the resolution No. 6 for the approval of the members as a Special Resolution.

Except Ms. Pamela Anna Mathew (holding DIN: 00742735) being appointee in resolution, none of the Directors nor Key Managerial Personnel or relatives thereof are in any way, concerned or interested in the above Resolution.

**Item No. 7:**

The Board of Directors at their meeting held on 08.08.2017 have recommended the appointment of Mr. Jose Mathew as the Independent Director of the Company in terms of requirement of Section 149, 150, 152 read with Schedule IV of Companies Act, 2013 and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to provisions of section 149(10) of the Companies Act, 2013, the present appointment of Independent Director is to hold office for a term of three years, from this Annual General Meeting till the 23rd Annual General Meeting of the Company.

In terms of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by Mr. Jose Mathew that he meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the management. Particulars of proposed appointee as required under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the notice.

In view of the above provisions, the proposals for appointment of Mr. Jose Mathew (holding DIN: 00023232) as Independent Director, not liable to retire by rotation, for a period as specified in proposed resolution is placed for the approval of shareholders by means of an Ordinary Resolution.

The Board of Directors considers that the appointment of Mr. Jose Mathew (holding DIN: 00023232) as Independent Director will be beneficial to the Company. The Board recommends the resolution No. 7 for the approval of the members as an Ordinary Resolution.

None of the Directors nor Key Managerial Personnel or relatives thereof are in any way, concerned or interested in the above Resolution.

**Item No. 8:**

The Board of Directors at their meeting held on 08.08.2017 have recommended the appointment of Justice (Retd.) Jacob Benjamin Koshy (holding DIN: 07901232) as the Independent Director of the Company in terms of requirement of Section 149, 150, 152 read with Schedule IV of Companies Act, 2013 and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to provisions of section 149(10) of the Companies Act, 2013, the present appointment of Independent Director is to hold office for a term of three years, from this Annual General Meeting till the 23rd Annual General Meeting of the Company.

In terms of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by Justice (Retd.) Jacob Benjamin Koshy that he meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the management. Particulars of proposed appointee as required under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the notice.

In view of the above provisions, the proposals for appointment of Justice (Retd.) Jacob Benjamin Koshy (holding DIN: 07901232) as Independent Director, not liable to retire by rotation, for a period as specified in proposed resolution is placed for the approval of shareholders by means of an Ordinary Resolution.

The Board of Directors considers that the appointment of Justice (Retd.) Jacob Benjamin Koshy (holding DIN: 07901232) as Independent Director will be beneficial to the Company. The Board recommends the resolution No. 8 for the approval of the members as an Ordinary Resolution.

None of the Directors nor Key Managerial Personnel or relatives thereof are in any way, concerned or interested in the above Resolution.

**Item No. 9:**

The Board of Directors at their meeting held on 08.08.2017 have recommended the appointment of Mr. Pratip Chaudhuri (holding DIN: 00915201) as the Independent Director of the Company in terms of requirement of Section 149, 150, 152 read with Schedule IV of Companies Act, 2013 and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to provisions of section 149(10) of the Companies Act, 2013, the present appointment of Independent Director is to hold office for a term of three years, from this Annual General Meeting till the 23rd Annual General Meeting of the Company.

In terms of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by Mr. Pratip Chaudhuri that he meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the management. Particulars of proposed appointee as required under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the notice.

In view of the above provisions, the proposals for appointment of Mr. Pratip Chaudhuri (holding DIN: 00915201) as Independent Director, not liable to retire by rotation, for a period as specified in proposed resolution is placed for the approval of shareholders by means of an Ordinary Resolution.

The Board of Directors considers that the appointment of Mr. Pratip Chaudhuri (holding DIN: 00915201) as Independent Director will be beneficial to the Company. The Board recommends the resolution No. 9 for the approval of the members as an Ordinary Resolution.

None of the Directors nor Key Managerial Personnel or relatives thereof are in any way, concerned or interested in the above Resolution.

## ADDITIONAL INFORMATION OF DIRECTORS FOR APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

**1. Mr. George Jacob Muthoot**

| | |
|---|---|
| DIN | 00018235 |
| Date of Birth | 21st September, 1952 |
| Nationality | Indian |
| Date of First Appointment on the Board | 16 August, 2005 |
| Qualifications | B.E. (Civil) |
| Brief Profile | Mr. George Jacob Muthoot is a graduate in civil engineering from Manipal University and is a businessman by profession. He is a member of the Trivandrum Management Association, the Confederation of Real Estate Developers Association of India (Trivandrum) and the Trivandrum Agenda Task Force. He is also a member of the Rotary Club, Trivandrum (South), governing body member of the Charitable and Educational Society of Trivandrum Orthodox Diocese, Ulloor, Trivandrum, Finance Committee Member, Mar Diocese College of Pharmacy, Althara, Trivandrum and Mar Gregorious Orthodox Christian Mercy Fellowship, Trivandrum.<br>He has over thirty years of experience in managing businesses operating in the field of financial services. |
| Directorship in other Indian Companies | 1. Muthoot Leisure and Hospitality Services Private Limited<br>2. Muthoot Infopark Private Limited<br>3. Muthoot Insurance Brokers Private Limited<br>4. Muthoot Forex Limited<br>5. M.G.M Muthoot Medical Centre Private Limited<br>6. Muthoot Marketing Services Private Limited<br>7. Muthoot Broadcasting Private Limited<br>8. Marari Beach Resorts Private Limited<br>9. Muthoot Developers Private Limited<br>10. Muthoot Securities Limited<br>11. Muthoot Commodities Limited<br>12. Adams Properties Private Limited<br>13. Oxbow Properties Private Limited<br>14. Muthoot M George Institute of Technology<br>15. Muthoot Anchor House Hotels Private Limited<br>16. Geobros Properties and Realtors Private Limited<br>17. Muthoot Health Care Private Limited<br>18. Muthoot M. George Real Estate Private Limited |
| Chairmanship/ Membership of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of other Indian Companies of which he is a Director as required under Regulation 26(1) of SEBI (LODR) Regulations, 2015 | 1. Muthoot Forex Limited |
| Terms and conditions of appointment or re-appointment | Mr. George Jacob Muthoot was appointed as Whole- time Director w.e.f April 01, 2015 on terms and conditions as approved by shareholders of the Company by an ordinary resolution at Annual General Meeting dated September 25, 2014 for a period of five years and liable to retire by rotation. Present re-appointment of Mr. George Jacob Muthoot on retirement by rotation is within above said period of appointment as Whole- Time Director and hence there is no change in terms and condition of appointment. |
| Details of remuneration sought to be paid | Mr. George Jacob Muthoot was appointed as Whole -time Director w.e.f April 01, 2015 on terms and conditions as approved by shareholders of the Company by an ordinary resolution at Annual General Meeting dated September 25, 2014 for a period of five years and liable to retire by rotation. Present re-appointment of Mr. George Jacob Muthoot on retirement by rotation is within above said period of appointment as Whole -Time Director and remuneration will be paid as specified in the said resolution and subject to recommendations of Nomination and Remuneration Committee of Board of Directors. |
| Details of remuneration last drawn by such person (Financial Year 2016-17) | Rs. 880 Lakhs |
| Relationship with other Directors and Key Managerial Personnel | Except Mr. George Jacob Muthoot being appointee and Mr. M G George Muthoot, Mr. George Thomas Muthoot, Mr. George Alexander Muthoot and Mr. Alexander M George being relatives of appointee, none of the Directors and other Key Managerial Personnel of the Company and their relatives are related. |
| Number of Meetings of the Board attended during the Financial Year 2016-17 | Seven out of Seven Board meetings held |
| Shareholding in the Company | 4,36,30,900 equity shares |

**2. Mr. Alexander Muthoot George**

| | |
|---|---|
| DIN | 00938073 |
| Date of Birth | 07th August 1980 |
| Nationality | Indian |
| Date of First Appointment on the Board | 05 November 2014 |
| Qualifications | MBA |
| Brief Profile | Alexander M George is an MBA graduate from Thunderbird, The Garvin School of International Management, Glendale, Arizona, USA. He joined Muthoot Finance Limited in 2006 and has been heading the marketing, operations and international expansion of the Company. Under his dynamic leadership and keen vision, the Company has enhanced its brand visibility through innovative marketing strategies and has also implemented various IT initiatives that have benefitted both the customers and employees. |
| Directorship in other Indian Companies | 1. Nerur Rubber & Plantations Private Limited<br>2. Tarkali Rubber & Plantations Private Limited<br>3. Patgaon Plantations Private Limited<br>4. Muthoot Systems and Technologies Private Limited<br>5. Unisom Rubber and Plantations Private Limited<br>6. Muthoot M George Permanent Fund Ltd<br>7. Geo Bros Muthoot Funds India Limited<br>8. Muthoot Precious Metals Limited<br>9. Muthoot Vault and Lockers Private Limited<br>10.Muthoot Insurance Brokers Private Limited<br>11.Muthoot Holidays Private Limited |

| | |
|---|---|
| Chairmanship/ Membership of Audit Committee and Stakeholder's Relationship Committee of the Board of Directors of other Indian Companies of which he is a Director as required under Regulation 26(1) of SEBI (LODR) Regulations, 2015 | Nil |
| Terms and conditions of appointment or re-appointment | Mr. Alexander Muthoot George was appointed with effect from November 05, 2014 as an Additional Director of the Company by a resolution of the Board dated November 05, 2014. He has been appointed as Whole Time Director by the members in their Annual General Meeting dated September 30, 2015 for a period of five years and liable to retire by rotation. Present re-appointment of Mr. Alexander Muthoot George on retirement by rotation is within above said period of appointment as Whole- time Director and hence there is no change in terms and condition of appointment. |
| Details of remuneration sought to be paid | Mr. Alexander Muthoot George was appointed with effect from November 05, 2014 as an Additional Director of the Company by a resolution of the Board dated November 05, 2014. He has been appointed as Whole Time Director by the members in their Annual General Meeting dated September 30, 2015 for a period of five years and liable to retire by rotation. Present re-appointment of Mr. Alexander Muthoot George on retirement by rotation is within above said period of appointment as Whole- time Director and remuneration will be paid as specified in the said resolution and subject to recommendations of Nomination and Remuneration Committee of Board of Directors. |
| Details of remuneration last drawn by such person (Financial Year 2016-17) | Rs. 60 Lakhs |
| Relationship with other Directors and Key Managerial Personnel | Except Mr. Alexander Muthoot George being appointee and Mr. M. G. George Muthoot, Mr. George Jacob Muthoot, Mr. George Thomas Muthoot and Mr. George Alexander Muthoot being relatives of appointee, none of the Directors and other Key Managerial Personnel of the Company and their relatives are related. |
| Number of Meetings of the Board attended during the Financial Year 2016-17 | Seven out of Seven Board meetings held |
| Shareholding in the Company | 67,72,500 equity shares |

**3. Ms. Pamela Anna Mathew**

| | |
|---|---|
| DIN | 00742735 |
| Date of Birth | 24 February, 1950 |
| Nationality | Indian |
| Date of First Appointment on the Board | 05 November 2014 |
| Qualifications | Post graduate degree in Economics from Kerala University and in Business Administration from Cochin University |
| Brief Profile | Ms. Pamela Anna Mathew is a twin postgraduate in economics and business administration. She is presently Managing Director of O/E/N India Limited, market leader in the country in the field of Electro-Mechanical Components for the Electronics Industry. She has served as the Chairperson of CII Kerala Council from 2002 to 2003 and as Chairperson of Social Development & Women Empowerment panel for Southern Region of CII for two terms from 2003 to 2004 and from 2004 to 2005. She was also honoured with the CII Award for the best Chairperson at National level, for outstanding contributions to the industry. She was also the past President of Cochin Chamber of Commerce, Kerala Management Association and Electronic Components Industries Association and is also closely associated with Kerala State Productivity Council. |
| Directorship in other Indian Companies | 1. OEN India Ltd<br>2. GTN Textiles Limited<br>3. Patspin India Ltd<br>4. INKEL-KSIDC Projects Limited<br>5. INKEL Limited<br>6. Geomaths Stocks and Shares Trading Private Limited |
| Chairmanship/ Membership of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of other Indian Companies of which she is a Director as required under Regulation 26(1) of SEBI (LODR) Regulations, 2015 | 1. Inkel Limited<br>2. Inkel- KSIDC Projects Limited |
| Terms and conditions of appointment or re-appointment | The present re- appointment is for a period of three years and not liable to retire by rotation during the said tenure.<br>She being a non-executive Director, in terms of Ordinary Resolution passed at the Annual General Meeting held on September 30, 2015 will be eligible for a Commission (in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine) not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof and subject to the recommendation of Nomination and Remuneration Committee of the Board of Directors. |
| Details of remuneration sought to be paid | As stated in terms and conditions of appointment above |
| Details of remuneration last drawn by such person (Financial Year 2016-17) | Rs. 7 Lakhs as commission |
| Relationship with other Directors and Key Managerial Personnel | None of the Directors or Key Managerial Personnel of the Company are related to the Director |
| Number of Meetings of the Board attended during the Financial Year 2016-17 | Four out of Seven Board meetings held |
| Shareholding in the Company | Nil |

**4. Mr. Jose Mathew**

| | |
|---|---|
| DIN | 00023232 |
| Date of Birth | 17 June, 1951 |
| Nationality | Indian |
| Date of First Appointment on the Board | Not Applicable |

| | |
|---|---|
| Qualifications | Chartered Accountant |
| Brief Profile | Mr. Jose Mathew is a qualified Chartered Accountant and became the Member of the Institute of Chartered Accountants of India in 1977. He was employed with M/s Kerala State drugs & Pharmaceutical Ltd, a Government of Kerala Undertaking from 1978 in various positions and demitted office as Managing Director in 1996 – 97. He was also a Director of M/s Vellappally Plantations Pvt Ltd. He also served as the Secretary and General Manager Finance of M/s Kerala State Industrial Enterprises, a holding Company of Government of Kerala during the year 1991- 92 and as the member of the first Responsible Tourism Committee constituted by Department of Tourism, Government of Kerala.<br>He was a Management Committee member of Kerala Travel Mart Society, a private - public association/ Society of travel & tourism fraternity and the Treasurer & Secretary of Kerala Travel Mart Society.<br>Mr. Jose Mathew is presently the Managing Director of M/s Green Shore Holidays & Resorts Pvt Ltd (Rainbow Cruises), Alleppey and an Independent Director of M/s Muthoot Vehicle & Asset Finance Ltd, Kochi. He is also a member of Kerala Tourism Advisory Committee since 2015.<br>He has been honoured with various Awards and Recognitions in tourism, including awards from Kerala Travel Mart. He was also honoured with the CNBC 'Awaz' Award, for sustainability in Responsible Tourism in the year 2013. |
| Directorship in other Indian Companies | 1. Green Shore Holidays and Resorts Private Limited<br>2. Muthoot Vehicle & Asset Finance Limited |
| Chairmanship/ Membership of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of other Indian Companies of which he is a Director as required under Regulation 26(1) of SEBI (LODR) Regulations, 2015 | 1. Muthoot Vehicle & Asset Finance Limited |
| Terms and conditions of appointment or re-appointment | The present appointment is for a period of three years and not liable to retire by rotation during the said tenure.<br>He being appointed as the non-executive Director will be eligible for a Commission (in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine) not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof and subject to the recommendation of Nomination and Remuneration Committee of the Board of Directors. |
| Details of remuneration sought to be paid | As stated in terms and conditions of appointment above |
| Details of remuneration last drawn by such person (Financial Year 2016-17) | Nil |
| Relationship with other Directors and Key Managerial Personnel | None of the Directors or Key Managerial Personnel of the Company are related to the proposed Director |
| Number of Meetings of the Board attended during the Financial Year 2016-17 | Not Applicable |
| Shareholding in the Company | Nil |

**5. Justice (Retd.) Jacob Benjamin Koshy**

| | |
|---|---|
| DIN | 07901232 |
| Date of Birth | 13 May, 1947 |
| Nationality | Indian |
| Date of First Appointment on the Board | Not Applicable |
| Qualifications | Post Graduate in Law |
| Brief Profile | Justice (Retd.) Jacob Benjamin Koshy is the Former Chief Justice of Patna High Court. He enrolled as an advocate in the High Court of Kerala in October, 1968. In 1971, he joined M/s. Menon and Pai, a leading Advocates' firm and become a Partner of the firm in 1982. He specialized in indirect taxation, Labour and Industrial law and appeared in various Courts throughout India. He was Director of Aspinwall and Co. Ltd., William Goodacre (India) Ltd. etc. and life member of YMCA. He represented public sector undertakings like Cochin Port Trust, FACT, Central Bank of India, Indian Oil Corporation, Bharat Petroleum Corporation Limited and various private sector undertakings like TATA Tea Ltd., Hindustan Lever Ltd. Harrison Malayalam Ltd. etc.<br>Elevated as a judge of the High Court of Kerala on 17.01.1996, became Acting Chief Justice of the High Court of Kerala in December, 2008. Thereafter promoted as Chief Justice of Patna High Court (Bihar State) and from there he took retirement.<br>Pronounced judgments in various branches of law including Public Interest Litigation, Constitution, Criminal, Taxation, Arbitration etc. He was the Executive Chairman of the Kerala State Legal Services Authority from 2006 to 2009 and Chairman of the Indian Law Institute, Kerala Chapter from 2007 onwards till his promotion as Chief Justice, Chairman of the Advisory Board constituted under the COFEPOSA Act and National Security Act from April 2005 to March, 2009. He also functioned as Chancellor of the National University of Advanced Legal Studies, Cochin and Chancellor of the Chanakya National Law University of Patna during his tenure as Acting Chief Justice and Chief Justice respectively.<br>He was appointed as Chairman of the Appellate Tribunal for Forfeited Property New Delhi on 08.04.2010. In May, 2010 he was given additional charge as Chairman of the Appellate Tribunal under the Prevention of Money Laundering Act. At the request of the then Chief Minister of Kerala, he assumed charge as the Chairperson of the Kerala State Human Rights Commission and on completion of the five year tenure, retired on 04.09.2016. |
| Directorship in other Indian Companies | Nil |
| Chairmanship/ Membership of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of other Indian Companies of which he is a Director as required under Regulation 26(1) of SEBI (LODR) Regulations, 2015 | Nil |
| Terms and conditions of appointment or re-appointment | The present appointment is for a period of three years and not liable to retire by rotation during the said tenure.<br>He being appointed as the non-executive Director will be eligible for a Commission (in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine) not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof and subject to the recommendation of Nomination and Remuneration Committee of the Board of Directors. |
| Details of remuneration sought to be paid | As stated in terms and conditions of appointment above |
| Details of remuneration last drawn by such person (Financial Year 2016-17) | Nil |
| Relationship with other Directors and Key Managerial Personnel | None of the Directors or Key Managerial Personnel of the Company are related to the proposed Director |

| | |
|---|---|
| Number of Meetings of the Board attended during the Financial Year 2016-17 | Not Applicable |
| Shareholding in the Company | Nil |

**6. Pratip Chaudhuri**

| | |
|---|---|
| DIN | 00915201 |
| Date of Birth | 12 September, 1953 |
| Nationality | Indian |
| Date of First Appointment on the Board | Not Applicable |
| Qualifications | Master's Degree in Science and Statistics from University of Rajasthan and is an alumnus of University Business School, Chandigarh |
| Brief Profile | Mr. Pratip Chaudhuri is the former Chairman of State Bank of India and has 40 years of rich experience in banking sector. He has also served as the Chairman of SBI Global Factors Ltd, State Bank of Mysore, State Bank of Bikaner & Jaipur, State Bank of Travancore and State Bank of Hyderabad. He was also a Director at Export-Import Bank of India and State Bank of Patiala |
| Directorship in other Indian Companies | 1. CESC Ltd<br>2. Visa Steel Limited<br>3. Quess Corp Limited<br>4. Cosmo Films Limited<br>5. IFFCO Kisan Sanchar Limited<br>6. Kota Electricity Distribution Limited<br>7. CESC Infrastructure Limited<br>8. Alchemist Asset Reconstruction Company Limited<br>9. Dynamic Drilling & Services Private Limited<br>10. Sundaram Asset Management Company Limited |
| Chairmanship/ Membership of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of other Indian Companies of which he is a Director as required under Regulation 26(1) of SEBI (LODR) Regulations, 2015 | 1. Cosmo Films Limited<br>2. IFFCO Kisan Sanchar Limited<br>3. Dynamic Drilling & Services Private Limited<br>4. Sundaram Asset Management Company Limited<br>5. Visa Steel Limited |
| Terms and conditions of appointment or re-appointment | The present appointment is for a period of three years and not liable to retire by rotation during the said tenure.<br>He being appointed as the non-executive Director will be eligible for a Commission (in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine) not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof and subject to the recommendation of Nomination and Remuneration Committee of the Board of Directors. |
| Details of remuneration sought to be paid | As stated in terms and conditions of appointment above |
| Details of remuneration last drawn by such person (Financial Year 2016-17) | Nil |
| Relationship with other Directors and Key Managerial Personnel | None of the Directors or Key Managerial Personnel of the Company are related to the proposed Director |
| Number of Meetings of the Board attended during the Financial Year 2016-17 | Not Applicable |
| Shareholding in the Company | Nil |

# PROXY FORM

Form No. MGT -11

(Pursuant to Section 105(6) of the Companies Act, 2013 read with Rule 19(3) of the Companies (Management and Administration) Rules, 2014

## Muthoot Finance Limited

Regd. & Corporate Office: 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Kochi, Kerala, India - 682018
(T): +91-484-2394712, Fax: +91-484-2396506; Email: csmuthoot@muthootgroup.com
www.muthootfinance.com, CIN: L65910KL1997PLC011300

Name of the member (s) :
Registered Address :
Folio No/DP ID and Client Id :
E-mail ID :

I/We,.....being the member(s), holding .....
Shares of the above named company, hereby appoint:

1. Name :.....
   Address:.....
   E-mail Id :.....Signature:..... or failing him/her;
2. Name :.....
   Address:.....
   E-mail Id :.....Signature:..... or failing him/her;
3. Name :.....
   Address:.....
   E-mail Id :.....Signature:.....

As my/our proxy to attend and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Kerala Fine Arts Society Hall, Fine Arts Avenue, Fore Shore Road, Kochi, Kerala – 682 016, on Wednesday, 20th September 2017 at 10.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl. No. | Resolutions | Optional* | |
|---|---|---|---|
| | | Assent | Dissent |
| 1 | To adopt Financial Results for the year ended 31st March, 2017 | | |
| 2 | To appoint Mr. George Jacob Muthoot who retires by rotation and being eligible offers himself for re-appointment | | |
| 3 | To appoint Mr. Alexander Muthoot George who retires by rotation and being eligible offers himself for re-appointment | | |
| 4 | To appoint M/s Varma & Varma, Chartered Accountants as Statutory Auditors of the Company and fixing their remuneration | | |
| 5 | To approve offer or invitation to subscribe to Non-Convertible Debentures on private placement basis | | |
| 6 | To re-appoint Ms. Pamela Anna Mathew as Independent Director | | |
| 7 | To appoint Mr. Jose Mathew as Independent Director | | |
| 8 | To appoint Justice (Retd.) Jacob Benjamin Koshy as Independent Director | | |
| 9 | To appoint Mr. Pratip Chaudhuri as Independent Director | | |

Signed this .....day of ..... of 2017

Affix Re.1 Revenue Stamp

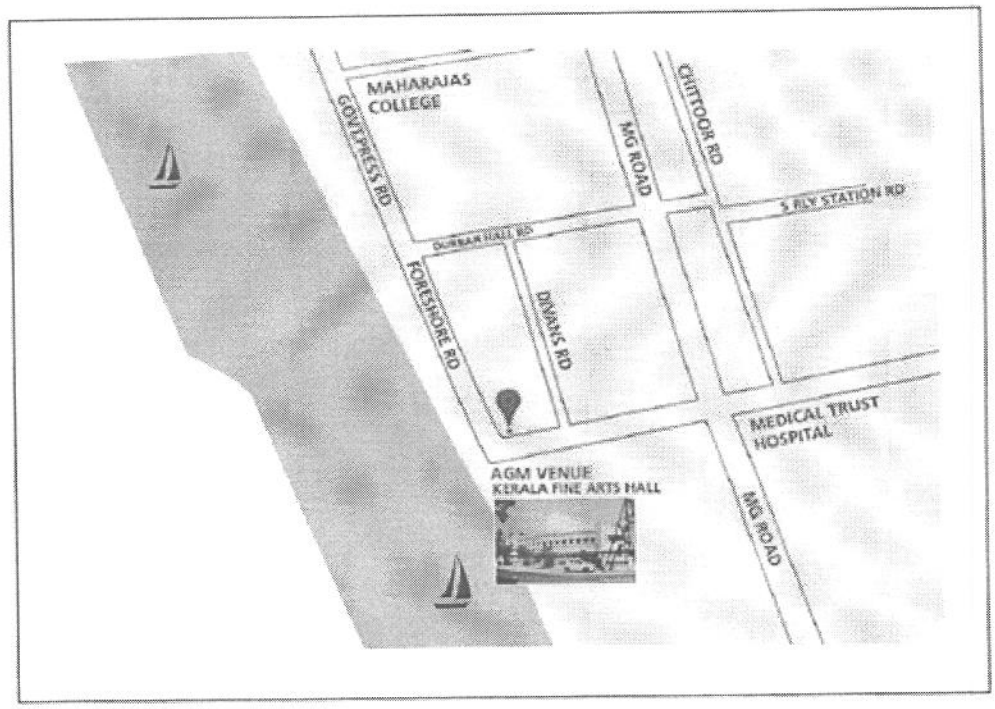
Signature of Shareholder

Signature of Proxy holder(s)

Notes:

*1. Please put a X in the Box in the appropriate column against the respective resolutions. If you leave the 'Assent' or 'Dissent" column blank against any or all the resolutions, your Proxy will be entitled to vote in manner as he/she thinks appropriate.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

## Route Map to AGM Venue




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## Muthoot Finance Limited

Regd. & Corporate Office: 2nd Floor, Muthoot Chambers,
Opposite Saritha Theatre Complex, Kochi, Kerala, India - 682018
(T): +91-484-2394712, Fax: +91-484-2396506; Email: csmuthoot@muthootgroup.com
www.muthootfinance.com, CIN: L65910KL1997PLC011300

### ATTENDANCE SLIP

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

Name and Address of the member :

Folio No./ DEMAT A/c No. :

I/We hereby record my/our presence at the Twentieth Annual General Meeting of the Company to be held at Kerala Fine Arts Society Hall, Fine Arts Avenue, Fore Shore Road, Kochi, Kerala – 682 016, on Wednesday, 20th September 2017 at 10.30 a.m.

Signature of the member or proxy :

Muthoot Finance

# Connecting

## *Aspirations & Opportunities*



**2016-17**

**ANNUAL REPORT**

MUTHOOT FINANCE LIMITED

## 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.

**Revenue**
18% ^
**Y-O-Y**

**Profit after Tax**
46% ^
**Y-O-Y**

**EPS**
45% ^
**Y-O-Y**

**Loan Assets Under Management**
12% ^
**Y-O-Y**

Y-o-Y growth in 2016-17 over 2015-16

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## Equity share information

National Stock Exchange (NSE):
**MUTHOOTFIN**

Bombay Stock Exchange (BSE):
**533398**

## Our Promoters - the Muthoot Group*

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

*(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')

# *Tribute to the visionary*



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**

# *Aspirations of our customers drive us*

Muthoot's Gold Loans helped **Sameer,** a road contractor in Raipur, overcome his working cash flow crunch.
Entrepreneur, Gold Loan, Raipur

**Munna Yadav** began his own dairy with a gold loan from Muthoot. The dairy that began with a cow, now has 17 cows - each one bought with Muthoot Gold Loan.
Dairy Owner, Gold Loan, Patna

**Savitri Tai,** a widow, had the fire in her belly to change her circumstances. Her husband's life insurance taken through Muthoot helped her start the food delivery business – Satvik Khana.
Homemaker, Life Insurance, Sangli

**Ravi and Meena** bought health insurance cover through Muthoot. They were really happy when they could book a private cabin at a top multi-specialty hospital for the birth of their first child.
Professional, Health Insurance, Delhi

Tired of living in rented homes, **Priya and Ramesh** desired to own a home. It was a home loan with Muthoot Housing Finance that helped them purchase a flat in an affordable housing colony of Mumbai.
Couple, Home Loans, Mumbai

**Jaya** wanted to pursue her post-graduation in the US and got admission in one of the Ivy League colleges. Her hard work and Muthoot Gold Loan helped chase her dreams.
Student, Education loans, Coimbatore

**Nidhi** dreamt of starting her own beauty parlour; and her dreams got wings with Muthoot Microfinance Loans.
Business owner, Microfinance loans, Pune

**Jayawardane** owned a small fishing vessel in Galle. He scaled his business with a larger boat financed by Asia Asset Finance (AAF) – a Muthoot subsidiary.
Fisherman, Gold Loan, Galle – Sri Lanka

A growing economy with a huge aspirational population is creating more and more opportunities for us. At the same time, technology is quietly changing the rules of the game, providing more diversity and convenience to the consumer.

At Muthoot, we are expanding the scale and scope of the business at a time of interesting change. And the year gone by, saw us continue our rich tradition of value creation by implementing multiple initiatives.

During the year, we strengthened our position as one of the most preferred and trusted gold loan players in the markets we serve. We further continued to grow our portfolio of non-gold businesses - home finance, microfinance and insurance - to enhance our business diversity.

While conventional marketing continued to be our primary area of focus, we also deepened our digital footprint to reach more customers across key markets.

Our role is to connect the aspirations of New India with emerging opportunities, which will take the country to a new trajectory of growth.

*And help us deliver on our stakeholder commitments.*



# *Delivering on evolving aspirations*

Our story dates back to over seven decades. It began when M George Muthoot founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887.

Today, we are India's largest gold financing company in terms of loan portfolio. We are a reputed 'Systemically Important Non-deposit taking NBFC'. As part of our core business, we provide personal and business loans secured by gold jewellery, or gold loans.

We primarily cater to individuals who possess gold jewellery, but cannot access formal credit within a reasonable time, or for whom credit may not be available at all. We help our customers meet unanticipated or other short-term liquidity requirements.

Our decades-rich experience and expertise inspire trust and customer loyalty. Our core banking solution connects all branches to a central server on a real-time basis. This ensures enhanced control, scalability, faster response to meet evolving customer needs.

## CORE VALUES

We take pride in our strong foundation, which is deeply rooted in the following pillars

### Ethics

Our main aim is to put the needs of the customer first before anything else. We strive to provide you 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 and 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 130 years. Over 7 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 7 million customers across the country. We serve over 1,30,000 customers each day to our customer base. With an unmatched goodwill, the Company shoulders the responsibility of providing its customers services of the highest quality.

## FUNDAMENTALLY SPEAKING

**₹27,278 Crs.**
Loan Assets Under Management

**1,30,000+**
Customers served every day

**149 tonnes**
Gold jewellery kept as security

**325,000+**
Retail investor base across debenture and subordinated debt portfolio

**24,000+**
Team members

**4,300+**
Pan-India branches

**24.88%**
Capital adequacy ratio

**29**
States and union territory presence - largest branch network in India among NBFCs

**10.53%**
Borrowing cost

**₹14,739 Crs.**
Market capitalisation (31st March, 2017)

**₹6**
Dividend per share in FY 17 (Face value ₹ 10)

**73.88%**
Promoters & Relatives' holding



## MULTIPLE OFFERINGS

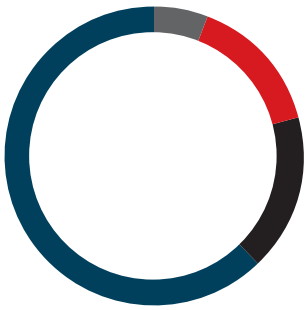
- Gold loans
- Foreign inward money transfer services
- Foreign exchange services
- Collection services
- Microfinance
- Insurance broking
- White label ATM
- Wind mill power generation
- Home loans
- Personal loans
- Domestic money transfer services
- Instant money transfer services

## INDIA'S PREFERRED GOLD BRAND

At present, rural India accounts for ~65% of India's overall gold stock and houses a large part of the country's population with limited credit access. Thus, with an objective to serve the underserved, we have placed over 70% of our branches in rural and semi-urban markets.




## Branches region wise (%)



| | | | |
|---|---|---|---|
| East | 06 | North | 17 |
| West | 15 | South | 62 |

As of 31st March, 2017

## FUNDING AND CREDIT RATINGS

We enjoy credit facilities from multiple banks - superior credit rating and asset quality have enabled mobilisation of adequate funds at the best possible cost.

## STRONG CREDIT RATING

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

## Diversified funding profile



- Borrowings from Banks/FIs: ₹ 9,202 Crores (43%)
- Secured Non-Convertible Debentures: ₹ 6,229 Crores. (30%)
- Commercial Paper: ₹ 3,155 Crores (15%)
- Subordinated Debt: ₹ 1,912 Crores (9%)
- Other Loans: ₹ 598 Crores (3%)

## Short-term Rating

| | Amount of rating (₹ in million) | Rating | Indicates |
|---|---|---|---|
| COMMERCIAL PAPER | | | |
| CRISIL | 40,000 | CRISIL A1+ | Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk |
| ICRA | 2,000 | ICRA A1+ | Very strong degree of safety and lowest credit risk |
| BANK LOANS | | | |
| ICRA* | 108,180 | ICRA A1+ | Very strong degree of safety and lowest credit risk |

## Long-term Rating

| | Amount of rating (₹ in million) | Rating | Indicates |
|---|---|---|---|
| SUBORDINATED DEBT | | | |
| CRISIL | 1,000 | CRISIL AA/(Stable) | High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |
| ICRA | 1,000 | 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 | 5,000 | CRISIL AA/(Stable) | High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |
| ICRA | 2,000 | ICRA AA (Stable) | High degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |
| BANK LOANS | | | |
| ICRA* | 93,370 | 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 ₹1,27,600 millions

# Business Review

## GOLD LOAN BUSINESS

Our gold loan portfolio is the largest in India as well as globally. Since inception, our customers and their interests have been our top priority. We deliver swift gold loan services and it takes no more than a few minutes for our customers' gold to generate money in their hands.

**₹27,220 Crs.**
**Gold loan portfolio as on 31st March, 2017**

Besides, we offer online gold loans, which enable our customers to withdraw amounts from their accounts within the sanctioned limit at their convenience. Customers can use internet banking at their own convenience through our WebPay domain under the tab 'Online Gold Loan'.

**73 Lakhs**
**Number of loan accounts as on 31st March, 2017**

## INSURANCE BROKING

Muthoot Insurance Brokers Pvt Limited (MIBPL) is our wholly-owned subsidiary. It is licensed as a direct broker by IRDA, since 2013. MIBPL is actively distributing both life and non-life insurance products of various insurance companies and is reputed for quality of business and after-sale services. We are instrumental in developing and marketing new and unique products to its customers.

**5,66,000**
**Lives insured in 2016-17**

**₹70 Crs.**
**First year premium collected under traditional, term and health products in 2016-17**

## SRI LANKA BUSINESS

Asia Asset Finance PLC (AAF), Colombo, Sri Lanka is our foreign subsidiary. AAF is a registered financial company based in Sri Lanka that is fully licensed, deposit-taking institution registered with the Central Bank of Sri Lanka; and listed on the Colombo Stock Exchange. At present, it is involved in retail finance, hire purchase and business loans. In 2015, it entered the space of gold loans with assistance of Muthoot Finance.

**15**
**Branches**

**448**
**Employees**

**₹369 Crs.**
**Loan portfolio as on 31st March, 2017**

## HOUSING FINANCE

Muthoot Homefin (India) Limited (MHIL) - our subsidiary - is a housing finance company (HFC) registered with the National Housing Bank (NHB). As on March 31, 2017, we hold 88.27% of equity capital in MHIL. MHIL's primary objective is to contribute towards financial inclusion of LMI families by opening doors of formal housing finance to them. Its focus is on extending affordable housing finance. MHIL would be concentrating primarily on retail housing loans in the initial stages. It operates on a 'Hub and Spoke' model, with centralised processing based at its Corporate Office in Mumbai. MHIL has operations in Maharashtra (including Mumbai), Gujarat, Rajasthan, Madhya Pradesh and Kerala. Recently, ICRA assigned long-term debt rating of ICRA AA- (Stable) for its bank limits. The rating indicates high degree of safety with regard to timely servicing of financial obligations and carry very low credit risk.

**9**
**Branches**

**110**
**Sales offices**

**₹441 Crs.**
**Loan portfolio as on 31st March, 2017**

## MICROFINANCE

Belstar Investment and Finance Private Limited (BIFPL) is a microfinance company where we have an equity holding of 64.60%. BIFPL's operations span across four states – in Tamil Nadu, Karnataka, Madhya Pradesh, and Maharashtra, and one union territory - Puducherry. It has carved a niche for itself in the microfinance arena by focusing on the following areas during 2016-17:

- Facilitated access to microenterprise loans, education loans and consumer goods loans
- Covered underserved regions with a focus on financial literacy and skill training through self-help group (SHG) and joint-liability group (JLG) lending models
- Introduced cashless channels of disbursement, such as pre-paid cards and direct credit to bank accounts
- Reduced vulnerability by offering insurance services

Belstar was awarded by ACCESS-ASSIST as the best Micro Finance Institution (MFI) under the 'small category'.

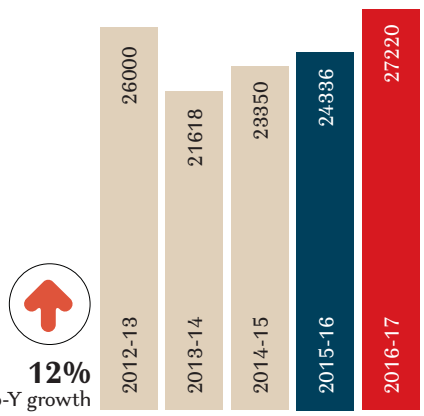
**155**
**Branches**

**₹567 Crs.**
**Loan portfolio as on 31st March, 2017**

# Key performance indicators

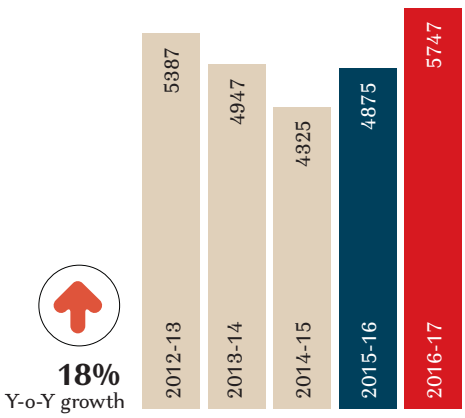
## Gold loan assets

₹ in Crs.



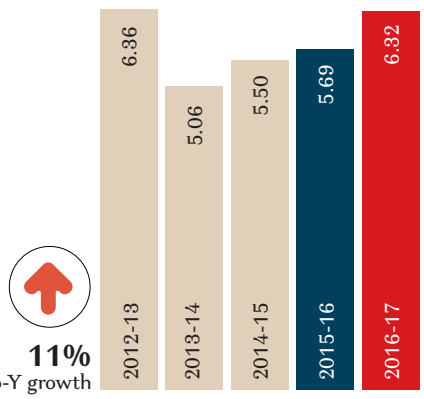

## Revenue

₹ in Crs.



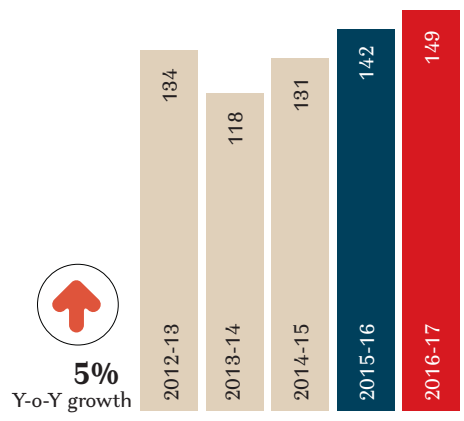

## Average gold loan per branch

₹ in Crs.



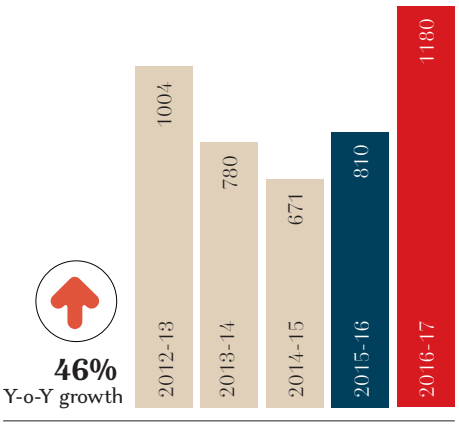

## Gold holding

In tonnes



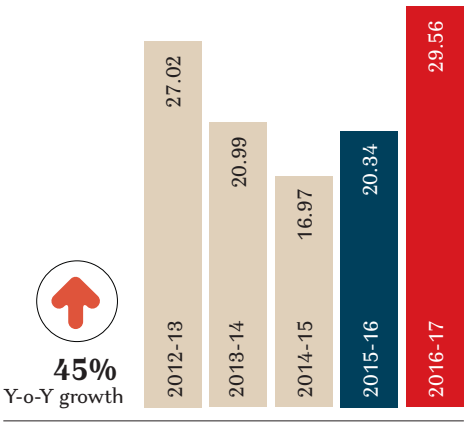
## Profit after tax

₹ in Crs.



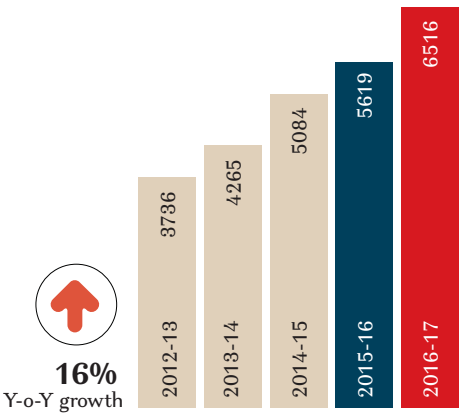

## Earnings per share

₹




## Net worth

₹ in Crs.




## Key ratios

| | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|
| Capital Adequacy | 24.78 | 24.48 | 24.88 |
| Net NPA | 1.88 | 2.46 | 1.69 |
| Return on Assets | 3.03 | 3.32 | 4.47 |
| Return on Equity | 14.35 | 15.13 | 19.44 |
| Debt Equity | 3.83 | 3.32 | 3.24 |

## Performance of the decade

(₹ in Crs.)

| Particulars | Year Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Total Revenue | 369 | 620 | 1,089 | 2,316 | 4,549 | 5,387 | 4,947 | 4,325 | 4,875 | 5,747 |
| Profit Before Tax | 97 | 148 | 346 | 761 | 1,331 | 1,511 | 1,193 | 1,028 | 1,317 | 1,921 |
| Provision for Taxation | 33 | 50 | 118 | 267 | 439 | 507 | 413 | 357 | 507 | 741 |
| Profit After Tax | 64 | 98 | 228 | 494 | 892 | 1,004 | 780 | 671 | 810 | 1,180 |
| Equity Share Capital | 5 | 49 | 301 | 320 | 372 | 372 | 372 | 398 | 399 | 399 |
| Reserves & Surplus | 218 | 322 | 284 | 1,014 | 2,554 | 3,364 | 3,893 | 4,686 | 5,220 | 6,117 |
| Net worth | 223 | 371 | 585 | 1,334 | 2,926 | 3,736 | 4,265 | 5,084 | 5,619 | 6,516 |
| Loan Assets | 2,226 | 3,369 | 7,438 | 15,868 | 24,674 | 26,387 | 21,862 | 23,408 | 24,379 | 27,278 |
| No. of branches | 707 | 985 | 1,605 | 2,733 | 3,678 | 4,082 | 4,270 | 4,245 | 4,275 | 4,307 |
| No. of employees | 3,999 | 5,979 | 9,745 | 16,688 | 25,351 | 24,881 | 25,012 | 22,882 | 22,781 | 24,205 |

# *Chairman's Communiqué*



Despite challenges, our overall results in FY17 were robust. Our revenues grew by 18%, from ₹ 4875 Crores in FY16 to ₹ 5747 Crores in FY17.

## DEAR SHAREHOLDERS,

India's economy continued to grow attractively amid a sluggish and fragile global economic landscape in FY 2016-17. The GDP grew by 7.2%, despite several national and international challenges. The government is implementing radical reforms to make India's economic growth more inclusive and sustainable. One such bold reform is the implementation of the goods and services tax (GST). Apart from unifying the segregated markets of India, GST is expected to improve the country's indirect tax system. Other government initiatives are also helping strengthen the economy in different ways.

India's financial sector is maturing to keep pace with the country's economic progress. It is a diverse industry that consists of various financial entities including non-banking finance companies (NBFCs). NBFCs like us play a vital role in expanding financial inclusion by complementing the banking sector - and provide credit solutions to the unbanked segments of society, especially to the small enterprises. The NBFC sector has come to be recognised as a significant component of the financial system and has shown consistent growth - a compound annual growth rate (CAGR) of ~19% over the past few years.

## CONNECTING - ASPIRATIONS & OPPORTUNITIES

As India's largest gold financing company, we are increasingly creating opportunities for millions of people to achieve their aspirations. Since inception, we have

helped transform India's gold banking system and today, we are a trusted pan-India brand in this segment.

However, we believe that our journey has just commenced; and we are keen to grow as a brand that offers various products and services to a wide cross-section of customers.

At the same time, we are catering to different financial requirements of our existing and potential customers in other segments of financial services business. Going forward, our objective will be to connect aspirations and opportunities to help shape a happier and prosperous India.

## PERFORMANCE IN FY17

Despite challenges, our overall results in FY17 were robust. Our revenues grew by 18%, from ₹ 4875 Crores in FY16 to ₹ 5747 Crores in FY17. Our net profit increased by 46% to ₹ 1180 Crores in FY17 from ₹ 810 Crores in FY16. Besides, our loans under management increased from ₹ 24379 Crores in FY16 to ₹ 27278 Crores in FY17, recording an increase of 12%. In addition, our branch network increased to 4307 branches spread across India in 29 states and union territories.

Moreover, our subsidiaries contributed to about 5% of our group assets.

In FY17, we increased our stake in Belstar Investment and Finance Private Limited (BIFPL) to 64.60%, thereby making it a subsidiary. BIFPL grew its loan portfolio by 114% at ₹ 567 Crores. It achieved a profit after tax (PAT) of ₹ 10 Crores during the year vis-à-vis PAT of ₹ 6 Crores in FY16. Its gross and net non-performing assets (NPAs) were 0.09% and 0.02%, respectively as on 31st March, 2017.

We acquired 100% stake in Muthoot Insurance Brokers Private Limited (MIBPL), an IRDA registered direct broker in insurance products, in FY17, making it as a wholly/owned subsidiary. It generated a first-year premium collection of ₹ 70 Crores in FY17 as against ₹ 48 Crores in FY16.

Further, we increased our shareholding in the housing finance company - Muthoot Homefin (India) Ltd from 79% to 88.27%. During the year, its loan portfolio increased by ₹ 409 Crores to touch ₹ 441 Crores. Total revenue for FY17 stood at ₹ 24 Crores vis-à-vis ₹ 2 Crores in FY16. It achieved a PAT of ₹ 2.87 Crores during the FY17.

During FY17, we augmented our shareholding in the Sri Lankan subsidiary - Asia Asset Finance PLC. It improved its loan portfolio by 23% at ₹ 369 Crores in the year under review. Total revenue for FY17 stood at ₹ 97 Crores, compared to total revenue of ₹ 66 Crores in FY16. It generated a PAT of ₹ 13 Crores in FY17.

These ventures have enabled us diversify our product offerings to cater to various customer needs. These developments have enabled us to derive synergies beneficial for the Company's long-term prospects.

## CREDIT RATING

'AA/Stable' long-term credit rating from CRISIL and ICRA demonstrates our consistent performance over the years. Moreover, under short-term debt rating, we already have the highest rating of A1+ from CRISIL and ICRA, which indicates lowest credit risk. These ratings will enable us to draw better rates from financial institutions, reducing our cost of borrowing. This will eventually let us provide loans at more competitive rates.

## TEAM MUTHOOT

At Muthoot, our people are our biggest asset. In the year under review, we concentrated on building a stronger team with enhanced capabilities through trainings. Our HR policies are aimed at balancing business needs, and the requirements and concerns of our people. Besides, Muthoot Management Academy trains and develops our people, cultivating leadership qualities. We have a rewards and recognition programme that motivates our team to deliver outcomes.

## COMMUNITY CARE

For us, community care is an essential part of our sustainability strategy. As a responsible organisation, we conduct our business to enhance community lives around us. We believe in providing inclusive growth through community development initiatives that will lead to social prosperity. We deliver our community care with the help of our corporate responsibility arm, 'Muthoot M George Foundation'.

We believe the road ahead of us will require consistent innovation and technology upgradation to stay ahead of the curve. Going forward, we are devising strategies to enhance our products, services and revenues, while increasing contributions of our subsidiaries to our group assets. Further, we will continue to expand our operations nationally and internationally, empowering masses across the social spectrum and adding stakeholder value.

Before I conclude, I want to thank all our stakeholders on behalf of the Muthoot team for supporting our journey and vision.

Warm regards,

**M. G. George Muthoot**
Chairman

# *Widening our digital outreach*

As India witnesses a digital transformation across every facet of its economy, at Muthoot, we are consistently introducing or upgrading our digital tools to enhance our business. Technology-based interventions and digitalisation help us cater to a wider market and enhance our customer experience.



## E-KYC

To facilitate easier compliance to KYC norms by customers, we launched 'e-KYC facility'. It is a customer-friendly and convenient digital KYC process based on Aadhaar with direct UIDAI link. The verification procedure is conducted by using customers' fingerprints. This paperless and highly secure system enables faster loan processing and ensures 100% integrity in KYC verification. We are the first 'Gold Loan NBFC' to introduce this facility, with over 50% adoption rate in the first rollout. Today, we offer our e-KYC facility at 3,702 branches and 86% of the new verifications are completed through e-KYC. Besides, we are planning to implement the e-Sign facility by August 2017.

## ONLINE GOLD LOAN (OGL)

Our Online Gold Loan (OGL) service is one of our major digital interventions. OGL helps customers meet their urgent loan requirement at any place and anytime. The loan amount they seek gets directly credited to their bank accounts. They even have the flexibility to repay online. Under this model, loan customers get disbursal on the basis of the value of gold they pledge at our branch beforehand.

## MUTHOOT ONLINE (WEBPAY)

We have aligned Muthoot with digital transactions mode by introducing our online transaction platform – Muthoot Online (WebPay). It enables customers to carry out all their gold loan related transactions 24x7 from the comfort of their home on their internet-enabled devices. This facility is available on our website muthootfinance.com. Muthoot Online (WebPay) offers multiple payment options, including debit cards, online banking, prepaid cards, and mobile wallets, among others. It has already completed over 1 million successful transactions, which reflects its acceptability among customers.

## GOLD CASH CARD (GCC)

We are the only gold loan NBFC to offer Gold Cash Card (GCC), which is a unique concept of cashless loan disbursement using cards. The loan amount is disbursed through VISA cards, which customers use according to their requirements at any merchant outlet, e-commerce websites or any VISA-enabled Point of Sale (PoS). The GCC can also be used to withdraw cash from ATMs. Bank accounts are not required for the issuance of this card.

## DIRECT CREDIT FACILITY

Through our direct credit facility, we transfer loan amounts directly to our customers' bank accounts. We employ various online banking services like National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS) and Immediate Payment Service (IMPS). This reduces handling of cash and instantaneous credit to bank accounts.

## POS TERMINALS

Point of Sale (PoS) terminals or card swiping machines are installed at our branches to facilitate cashless collection of interests. We accept all debit cards issued by banks; and the swiping charges for interest payments were waived off during demonetisation. Currently, 36% of our branches are installed with these machines, and we plan to roll out the same in all our branches by December 2017.

## iMUTHOOT – MOBILE APP

We developed a new mobile application called iMuthoot that allows customers to transact through their smartphones. This is our major initiative towards building a branch-less banking ecosystem for our customers. The app is available on Google Play and Apple Store. iMuthoot allows existing customers to view their loan statements and balance as well as Online Gold Loan facility. New customers can see our latest loan schemes, calculate loan eligibility, locate branches and fix appointments with their nearest branch officials and apply for gold loans. It is available in six languages.

## MISSED CALL SERVICE

We launched the 'Missed Call Service' for our customers in August 2015. Through this facility, our customers receive text messages showing their outstanding gold loan and interest due as on date, as soon as they give a missed call on 08040751515. It allows customers to pay the exact amount online, without visiting the branch.

## E-MAIL AND SMS ALERTS

We generate real-time cyber receipts and send those to customers through text messages and e-mails. Repayment reminders and transaction details are provided through these mediums to ensure customer comfort and security.

## AUTO DEBIT FOR EMI PRODUCTS

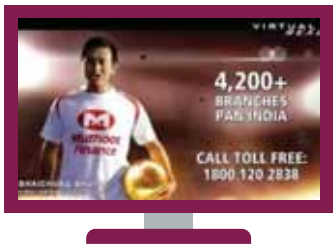
We offer National Payments Corporation of India's (NPCI) Automated Debit System to our customers for 'Gold Loan Instalment Scheme' to provide them convenience and flexibility.

## CUSTOMER FOLLOW-UP MODULE

Our Customer Follow-up module, integrated with the core banking system, assures timely follow-up by our branch and field staff. It also ensures on-time repayment of loans, which significantly reduces the amount of non-performing assets (NPA).

# Democratising our brands









At Muthoot, we are enhancing our consumer outreach through innovative communication strategies that differentiate our products and services in the crowd. With our sharp focus on transforming aspirations into achievements, we have created more customer touchpoints across urban, semi-urban and rural areas.

## PRINT ADVERTISEMENT
We published advertisements in leading national and regional dailies across India to promote our brand and products.

## RADIO ADVERTISEMENT
We used promotional campaigns in major national radio stations across India for our various products.

## TV ADVERTISEMENT
We released television commercials (TVCs) in major TV channels in Hindi-speaking markets (HSMs) and regional markets.

## THEATRE ADVERTISEMENT
We released commercial advertisements through digital theatres.

## EVENTS AND SPONSORSHIP
We gained increased mileage and visibility for our brand through presence in various events and sponsorship programmes.

## OUTDOOR CAMPAIGNS
We influenced our target customers through various outdoor media advertisements. We increased our visibility in high footfall places, such as bus shelters, hoardings, pole kiosks, gantries, road centre medians, bus stands and police umbrellas. We used these locations to promote our various products and brand through various campaigns.

## MARKETING INITIATIVES
### Van Marketing
Van marketing is a very effective publicity medium for Tier II and Tier III cities. We organised van campaigns in various urban and rural areas that delivered successful results.

### Branch Level Marketing
We bolstered our brand presence and visibility through local activities for branches. It helped us to further increase awareness through banners, notices, arches, vertical board, and indication board. We also employed auto back stickers, sun pack boards, no parking boards, jeep stepney, step branding, cable TV scrolls, glass branding, ATM branding, wall painting and others.

## CUSTOMER ENGAGEMENT INITIATIVES
We organised customer engagement initiatives like pan-India medical check-up camps for 'eyes'.

# *Upping the information technology prowess*

A strong IT framework helps deliver seamless processes, synchronising daily operations. Thus, we are capitalising on our robust IT framework to enhance our efficiencies.



In FY17, we further strengthened our IT systems.

## HUMAN RESOURCES MANAGEMENT SYSTEM (HRMS)

We have automated the entire employee life-cycle processes from 'entry to exit' through HRMS, which is accessible online to all branches, offices and employees. Our HRMS is integrated with a biometric-based attendance system. Besides, we have digitalised all employee-related documents and made them available across branches and offices. The improved HRMS will allow us to track employee performances better and enhance our rewards and recognition programmes in future.

## INTERNAL AUDIT SOFTWARE

In FY17, we have implemented an internal audit software that will schedule audits and assignments of auditors. The system will help carry out online audit through accessing the system by regional auditors, recording irregularities and non-compliance. The software will further make available effective monitoring and control at branches, regional offices, zonal offices and the head office. Moreover, all branch-based rectifications can be reviewed and approved by auditors online.

## INTRANET FOR KNOWLEDGE MANAGEMENT

At Muthoot, we have our intranet service – Muthoot Information Network for Employees (MINE) that provides comprehensive information to employees on their fingertips. MINE is used for internal communication, including distribution of messages and circulars. Moreover, the application contains several multimedia-based online training modules, which enable employees to effectively upgrade their knowledge and skills.

## CUSTOMER FOLLOW-UP MODULE

Our asset recovery solution enables effective and comprehensive customer follow-up and recovery operations. It is tightly integrated with the core banking solution and access is provided to both branch and field staff. The asset recovery solution helps in reducing non-performing assets (NPA) by proactive monitoring of loans.

## 100+ API INTEGRATIONS

We have established a robust API (Application Programming Interface) integration platform; and amalgamated more than 100 APIs for banking segments, money transfer, insurance providers and other external partners. This helps us carry out multiple transactions simultaneously. Besides, we are driving further API integration for other divisions of the Company.

## CRM SYSTEM

In FY17, we began the process for implementation of a functional CRM solution that is rich and highly scalable. The CRM will be fully integrated with the core banking solution (CBS). With the 360-degree view of our customers through the CRM, we can manage customer relations more effectively. Besides, it will help us in cross-selling and upselling various products and services offered by our business divisions in the Group.

## CCTV SURVEILLANCE SYSTEM

We have incorporated a robust tracking system through 24x7 CCTV surveillance that allows live streaming of visuals from cameras installed at branches and offices from regional offices and head offices. With a 360-degree dashboard that provides the data and KPIs of health of surveillance devices, we have designed a robust system that closely monitors working status of surveillance devices. The surveillance system has instant data recording facility and playback options. The system provides a comprehensive solution for complaint management module and strong tracking systems.

# *Making The Team Future-Ready*

At Muthoot, we have an agile team that is committed to the Company's objectives. As an organisation, we foster a work ecosystem that enables our people to perform to the best of their abilities. With a transparent recruitment policy, we attract talent and consistently motivate them through best-in-class training modules, along with rewards and recognition programmes.



We have always been committed towards providing employees with ample opportunities to learn and advance their career. To nurture careers at Muthoot, we focused on four major areas for employee engagement in FY 2016-17.

Training and development: We offer multiple training programmes to employees for their skill development. The programmes include product or process trainings, soft-skill trainings, leadership trainings and certification trainings for different group of employees.

For the purpose, we have developed two Muthoot Management Academies (South and North). These are apex training institutions of the Muthoot Group, responsible for learning and development across all business segments. The academies are fully-equipped, professional training facilities that design and deliver top-notch training programmes aimed at enhancing employee productivity. They are focused on improving management and leadership skills. Additionally, the MMAs produce online content for the corporate e-learning platform.

**In FY 17 we engaged our people in the following training programmes:**

**Managerial Effectiveness Programme:**
Two-day people management and leadership programme exclusively for promoted supervisory staff
Participants: **168**

**Mentoring Effectiveness Programme**
One-day mentoring skills programme exclusively for corporate office and regional office supervisory staff
Participants: **171**

**Leadership Effectiveness Programme**
One-day leadership programme for supervisory staff, focused on leadership and team management
Participants: **487**

**Corporate Induction Programme**
Five-day induction programme for new recruits
Participants: **2,740**

**Performance Management Programme**
Five-months handholding and mentoring programme for new recruits
Participants: **2,740**

**Distance Learning Programme**
Programme is exclusively designed for branch level staff
Participants: **6,200**

**Train the Trainer Programme; and TTT-RLC**
Specifically designed for Regional Learning Centre's trainers
Participants: **146**

**Branch Manager Programme**
Three-day business performance programme, which focused on sales management and leadership
Participants: **491**

**Performance Enhancement Programme**
Two-day programme aimed at improving business performance of underperforming supervisory staff
Participants: **91**

**Muthoot Certified Business Manager Programme**
An 'internal MBA' in five levels covering business management, operations risk, sales, career development
Participants: **1,689**

**Executive Development Programme**
Special programme for 'fast-track promotes' to develop their branch management and leadership skills
Participants: **140**

**MS Excel Training Programme - Basic and Intermediate**
One-day MS Excel basic programme for corporate office staff
Participants: **115**

One-day MS Excel intermediate programme for those corporate office staff who passed the basic programme
Participants: **230**

**Finishing School Programme**
Students of Muthoot Institute of Technology and Science were imparted training on life skills, productivity models, communication skills, public speaking
Participants: **280**

**i – think**
Special programme for Corporate Office staff to create awareness on emerging trends and communicate expectations from regions and branches
Participants: **40**

**Performance Improvement Programme**
One-day programme aimed at improving business performance of underperforming staff
Participants: **4,949**

## PERFORMANCE MANAGEMENT

We have formulated a 'performance scorecard' for performance assessment of all employees in the branch model. We measure performances of employees every quarter through the pre-defined scorecard; and ensure corrective measures and performance are fine-tuned for future. The use of performance scorecards has helped in improving role clarity and objectiveness to performance assessment. On the basis of individual performance scores, the increments were disbursed. Moreover, we encourage low performing employees through well-defined performance growth programmes.

## REWARDS AND RECOGNITION

We introduced new means of payouts and increased the payout percentage for existing incentives based on performance of employees. In FY17, an ex-gratia payment along with festival bonus, which was almost equal to employees' one month pay, were paid to employees at each grade. Moreover, we increased the incentives for Gold Loan Portfolio and interest collection. In addition, we reward employees with foreign trips to exquisite locations based on their achievements.

## PROMOTIONS

We have a robust mechanism for identifying performers, take all steps to promote eligible employees to the next level.

**63,088**
**Man Days**

Total Training Man Days during FY 2016-17

# *Supporting Community Aspirations*

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



## DISTRIBUTION OF SCHOOL BAGS

As a part of CSR activities, school bags were distributed to the students of Chowalloor VHSS in Kollam District. The programme was inaugurated by Mr. George Jacob Muthoot, Joint Managing Director, The Muthoot Group, in a function witnessed by Sri. Mullakara Ratnakaran, MLA (Ex-Minister), along with Mr. T.M. Mathews, retired AGM, Muthoot Finance Ltd.

## NOTEBOOK DISTRIBUTION

Over 1 lakh notebooks were distributed through Muthoot Finance branches in South India. Note books distribution



at Govt. Municipal Girls Higher Secondary School, Vellore. Mr. S. Ashok Kumar, Regional Admin Manager, Mr. G. Venkatesan, CBM, Vellore; Mr. T. Vimal Kumar, Regional Trainer, Vellore & Chennai South and other officials were present on this occasion.

## DISTRIBUTION OF EDUCATIONAL MATERIAL

Educational kits and school bags were distributed to underprivileged students of Thane Municipality School, Mumbai.

## INAUGURATION OF RENOVATED EYE CARE BLOCK OF GENERAL HOSPITAL

Muthoot Finance Ltd. has renovated the eye care block of General Hospital, Ernakulam. Prof. K.V. Thomas,



MP; and Mr. George Alexander Muthoot, Managing Director, Muthoot Finance Ltd., jointly inaugurated the renovated eye care block. Dr. Dalia V.S., Medical Superintendent; Dr. Haneesh, RMO; Dr. Vijayalakshmi, Ophthalmologist; Dr. K Kuttappan, DMO, Ernakulam; Dr. Haseena Muhammed, DPM; Dr. Junaid Rahman, HDC principal advisor; Mr. Sojan Antony, HDC Member; Ms. Gracy Joseph, Welfare Committee Chairperson were present on the occasion.

## MUTHOOT VIVAHA SAHAYAM PROJECT

Muthoot M. George Foundation, the CSR arm of Muthoot Finance provided financial assistance to daughters of widowed mothers, who are from economically poor background as marriage assistance. Muthoot Vivaha Sahayam project was inaugurated by H.H. Baselios Mar Thoma Paulose II, Catholicos of the East & Malankara Metropolitan in the presence of Mr. M.G. George Muthoot, Chairman, The Muthoot Group; Mr. George Thomas Muthoot, Jt. Managing Director; Mr. Thiruvanchoor Radhakrishnanan, MLA; Mr. G. Lijin Lal, BJP District General Secretary; Dr. Paul Manalil; Mr. Babu John Malayil, DGM, Corporate Communications were present on this occasion.

## SCHOLARSHIP LAUNCH – TELENGANA

The Muthoot M George Excellence award for 10th standard toppers of 200 Government schools in Telengana was inaugurated and distributed by Mr. Eapen Alexander, Director, The Muthoot Group. The other officials present during this occasion include Mrs. Anuradha Devi, Deputy Inspector of Schools, Golconda Mandal; Mrs. P. Veera Lakshmi, Head Mistress, Govt. High

School, Trishulpark (Bolaram); Mr. Babu John Malayil, DGM, Corporate Communications, Muthoot Finance Ltd; Lt. Col. R. Sreekanth, Regional Manager, Hyderabad Region; Lt.Col. Chandrasekharan Suresh, Regional Manager, Secunderabad region.

## HARITHATEERAM AROGYA GRAMAM PROJECT, CHELLANAM

We inaugurated Harithateeram Arogya Gramam project at Chellanam. This project is to develop Chellanam village by giving educational assistance to children, training and counselling to students, construction of rainwater harvesting systems and toilet, marriage assistance, among others. We have already supported Chellanam Village by giving vegetable grow bags for



producing fresh vegetables. Prof. K.V. Thomas, MP, along with Mr. George Alexander Muthoot, Managing Director, The Muthoot Group inaugurated Harithateeram Arogya Gramam project at Chellanam. Mr. K.J. Maxy, MLA, Alice Luckose, Director, Win Society; K.K. George, Mr. Babu John Malayil, Deputy General Manager, Corporate Communication, The Muthoot Group; Mrs. Annie Joseph were also present on this occasion.

## THE MUTHOOT GROUP FAIR PLAY AWARD

Chennayin FC was awarded 'The Muthoot Group Fair Play Award' at the closing ceremony of 'Hero Indian Super League 2016'. The award was presented by Mr. K.R. Bijimon, Chief General Manager, The Muthoot Group, to Mr. Abhishek Bachchan and Ms. Vita Jalaj Dani, Co-Owners of Chennayin FC.

## MUTHOOT SNEHASAMMANAM 2017

Muthoot M George Foundation launched 'Muthoot Snehasammanam 2017' to honour artists, writers and their widows by providing monthly financial assistance. The first edition of Snehasammanam was launched in January 2015. 14 beneficiaries were then honoured. In 2016, 12 more artists were honoured. Muthoot Snehasammanam 2017 honoured 12 more, thus, bringing the total number of beneficiaries to 34. These beneficiaries belong to different backgrounds, specialised in their respective work segments namely writers, music directors, ganamela artists and professional painters, among others. The initiative aims to help the upcoming generation of artists and writers, who could get inspired and learn from the work of these professionals. Padmashree



Balachandra Menon, renowned film artist, handed over the Muthoot Snehasammanam 2017 cheque to Shri. Sidharth Vijayan, music director. Also seen in the picture (L-R), Shri. George Jacob Muthoot, Jt. Managing Director; Dr. John V. George, Executive Vice President; Mr. John Mundakkayam, Bureau Chief (Trivandrum), Malayala Manorama.

## MUTHOOT FINANCE YMCA CHANGE AGENT PROGRAMME

We launched 'Muthoot Finance YMCA Change Agent Programme' for the students of Government Schools. The project focused on enhancing essential attributes/skills, which will help students to groom into young confident personalities. 10,000 students from 32 schools in Ernakulam were covered under the training programme. From these, 250 students were identified for intensive training. These students will act as 'role models' and inspire rest of the students in their schools to become better, ideal and well-disciplined personalities. The valedictory function of 'Muthoot Finance YMCA Change



Agent Programme' was inaugurated by Dr. J. Latha, Vice Chancellor, CUSAT, along with Mr. George M Jacob, Director, The Muthoot Group; Mr. C.A. John Lukose, former President and Chairman, Social Service Committee; Mr. K. P. Paulson, Vice President and Treasurer; Mr. Babu John Malayil, Deputy General Manager, Muthoot Finance Ltd.; Mr. P. J. Kuriachan, President, YMCA Ernakulam; Mr. N. V. Eldo, General Secretary, YMCA Ernakulam were present on this occasion.

# Progressing down the 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

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

## 2008

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

## 2009

- Retail loan portfolio crossed ₹ 33 Billion
- Retail debenture portfolio crossed ₹ 19 Billion
- Net owned funds crossed ₹ 3 Billion
- Gross annual income crossed ₹ 6 Billion
- Bank credit limits crossed ₹ 10 Billion
- Branch network crossed 900 branches

## 2010

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

## 2011

- Retail loan portfolio crossed ₹ 158 Billion
- Retail debenture portfolio crossed ₹ 39 Billion
- CRISIL assigned long-term rating of AA- Stable for ₹ 1 Billion subordinated debt issue and for ₹ 4 Billion Non-Convertible Debenture issue, respectively
- ICRA assigned long-term rating of AA- Stable for ₹ 1 Billion subordinated debt issue and for ₹ 2 Billion Non-Convertible Debenture issue, respectively
- PE investments of ₹ 2,556.85 Million in the Company by Matrix partners, LLC; The Welcome 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
- Acquired 51% of capital of Asia Asset Finance PLC (AAF) making it a subsidiary

## 2016

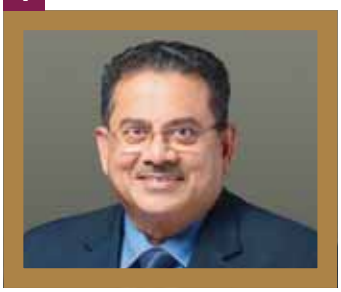
- Retail loan portfolio crossed ₹ 243.00 Billion
- Listed debenture portfolio raised through public issue ₹ 12.39 Billion
- Net owned funds crossed ₹ 55.00 Billion
- Gross annual income touched ₹ 48.75 Billion
- Profit after tax for the year touched ₹ 8.10 Billion
- Acquired 79% of the equity capital 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.

## 2017

- Loan assets portfolio crossed ₹ 272.00 Billion
- Listed debenture portfolio raised through public issue ₹ 18.31 Billion
- Net owned funds crossed ₹ 64.00 Billion
- Gross annual income touched ₹ 57.46 Billion
- Profit after tax for the year touched ₹ 11.80 Billion
- Increased its stake in BIFPL to 64.60% thus making it a subsidiary.
- Increased its stake in MHIL to 88.27%.
- Further increased its stake in AAF to 60.00%.

# Board of Directors

1



M. G. GEORGE MUTHOOT

2



GEORGE THOMAS MUTHOOT

3



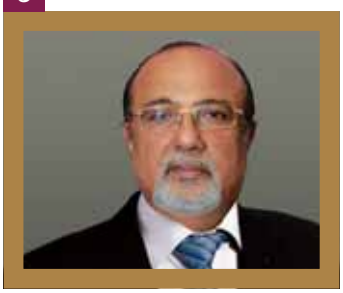
GEORGE JACOB MUTHOOT

4



GEORGE ALEXANDER MUTHOOT

5



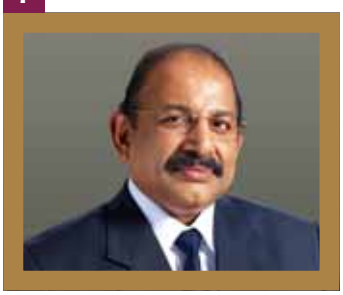
K. GEORGE JOHN

6



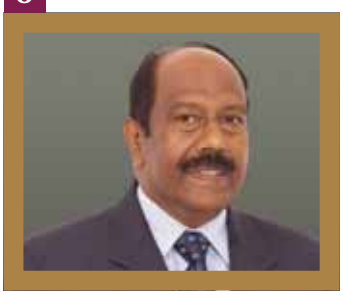
K. JOHN MATHEW

7



JOHN K. PAUL

8



GEORGE JOSEPH

9



ALEXANDER M. GEORGE

10



PAMELA ANNA MATHEW

**1**

## EDUCATION

Graduate in Mechanical Engineering from Manipal University

Attended various Executive Management Courses at the Harvard Business School

## EXPERIENCE

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

## MEMBERSHIPS

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

## 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 H.H. 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
- Ranked as one of the top 40 BFSI CEOs in India by the country's leading business magazine - Business Today in its January 2017 issue. The research was jointly conducted by Business Today and reputed multinational audit, assurance and professional services firm - Price Waterhouse Coopers (PwC)

**2**

## PROFESSION

Businessman by profession

## EXPERIENCE

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

## AWARDS

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

**3**

## EDUCATION

Degree in civil engineering from Manipal University

## EXPERIENCE

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

## MEMBERSHIPS

- Kerala Builders Forum, Trivandrum
- 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 Trivandrum Chamber of Commerce

## AWARDS

- Business Excellence Award 2012 from Trivandrum Chamber of Commerce

**4**

## EDUCATION

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

Bachelor's degree in Commerce with a gold medal from Kerala University

## 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 (CII)

## AWARDS

- Awarded the 'CA Business Leader Award' under Financial Services Sector from The Institute of Chartered Accountants of India for 2013
- Conferred with the Times of India group Business Excellence Award in customised Financial Services in March, 2009
- Bestowed with Dhanam Businessman of the year Award in 2012
- Received the Business Excellence Award for business promotion by

ICICI Prudential Life Insurance Company Limited in 2010

**5**

## EDUCATION

Postgraduate in Mathematical Statistics

## EXPERIENCE

Retired in 2008 as Chairman and Managing Director for India, TBWA Worldwide, a part of Omnicorn Group, the world's largest holding company in advertising

He previously managed Ulka Advertising (now FCB-Ulka)
Founded Anthem Communications Pvt Ltd, which was rated year after year as the fastest growing advertising company in the country; Anthem went on to merge with TBWA Worldwide under a joint venture in 1988

**6**

## 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

**7**

## EDUCATION

Graduate in engineering from the Regional Engineering College, Kozhikode

## DIRECTORSHIPS AND MEMBERSHIPS

- Managing Director of Popular Vehicles and Services Pvt. Limited, a leading and well-reputed dealer of vehicles and automobile accessories for Maruti Suzuki in Kerala and Chennai
- Managing Director of Prabal Trucking, dealers for Daimler Benz Trucks
- Managing trustee of Kuttukaran Foundation that runs the Kuttukaran Institute for HRD, a leading institution offering professional courses
- Charter Member of TiE, Kerala, and Member of Board of Trustees – TiE Global
- President of Kerala Automobile Dealers Association (KADA) and President of Federation of Automobiles Dealers Association (FADA)
- Served as the President of the Kerala Chamber of Commerce and Industry from 2005 to 2006

**8**

## 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

**9**

## EDUCATION

MBA Graduate from Thunderbird University (USA)

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

**10**

## EDUCATION

She holds a postgraduate 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 43 years

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

## MEMBERSHIPS

- Served as Chairperson of Social Development and Women Empowerment Panel for southern region of Confederation of Indian Industry (CII)
- 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 and Kerala Management Association.
- Member of Academic Council of Cochin University of Science and Technology
- Trustee of Global Public School, Cochin

## AWARDS

- Awarded the CII award for best Chairperson at national level for outstanding contributions
- Bestowed with Management Leadership Award of Kerala Management Association

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**188** Consolidated Financial Statements

# Report of The Board of Directors

**Dear Stakeholders,**

Directors of your Company have pleasure in presenting the **20th Annual Report** of the Company together with the audited financial statements (standalone and consolidated) for the year ended 31st March, 2017.

## 1. FINANCIAL SUMMARY

The financial performance of your Company for the year ended 31st March, 2017 are summarized below:

(₹ in Crores)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Year ended 31st March, 2017 | Year ended 31st March, 2016 | Year ended 31st March, 2017 | Year ended 31st March, 2016 |
| Total Revenue | 5,747 | 4,875 | 5,938 | 4,941 |
| Total Expenses | 3,826 | 3,558 | 3,980 | 3,614 |
| Profit Before Tax | 1,921 | 1,317 | 1,958 | 1,327 |
| Tax expense | 741 | 507 | 751 | 509 |
| Profit for the year | 1,180 | 810 | 1,207 | 818 |
| Shareholders' Funds | 6,516 | 5,619 | 6,538 | 5,622 |
| Total Liabilities | 24,197 | 21,430 | 25,646 | 21,773 |
| Total Assets | 30,713 | 27,049 | 32,184 | 27,395 |

## 2. DIVIDEND

The Company has during the year 2016-17 paid an interim dividend of ₹ 6/- per equity share (60% of face value).

The dividend payout amount including the dividend distribution tax will be ₹ 288 crs representing 24.45% 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.

Directors of your Company has approved a Dividend Distribution Policy as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Details of the policy is available on the website of the Company at www.muthootfinance.com/policy/policy-investor and is attached to this report as Annexure 1.

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, then shareholders can approach the Company or Registrar and Transfer Agent of the Company for release of unpaid dividend.

As per Section 124(5) of the Companies Act, 2013, the Company shall transfer the dividend that remained unclaimed for a period of seven years from the date of transfer to unpaid dividend account to the Investor Education and Protection fund (IEPF). Further as per Section 124(6) of the Companies Act, 2013, the Company shall transfer all shares in respect of which the unclaimed dividend has been transferred to IEPF. No claim will lie on Company on account of dividend after the dividend is transferred to IEPF.

## 3. TRANSFER TO RESERVES

Your Board of Directors has transferred an amount of ₹ 236 Crores to the Statutory Reserve maintained under Section 451C of the RBI Act, 1934. An amount of ₹ 482 Crores has been transferred to Debenture Redemption Reserve. Post transfer of profits to reserves and distribution of dividend, your Board proposes to retain ₹ 1,056 Crores in the Profit and Loss Account.

## 4. ECONOMIC SCENARIO

The Indian economy has weathered many challenges successfully in recent times. Two important domestic policy developments in India: a constitutional amendment making way for the Goods and Service Tax (GST) and withdrawal of the highest denomination notes (₹ 500 and ₹ 1000) which intends to curb black money and running of a parallel economy.

Demonetisation is also very unusual in its monetary consequences. It has reduced sharply, the supply of one type of money—cash—while increasing almost to the same extent another type of money—demand deposits. This also helped in increasing transactions through digital money.

With a slow start in 2016, the economic momentum recovered towards the middle of the year. While this growth momentum was temporarily impacted with demonetization, the Indian economy appears to be recovering fast and will continue as one of the fastest growing nations. Fixed investment rate in the economy has consistently declined in the past few years, more so the private investment. Raising the growth rate of the economy will to a great extent depend on quickly reversing this downward trend in the investment. The economy is expected to grow by 7.7 per cent in the current year.

The Goods and Services Tax (GST) - constitution amendment bill, passed by the government, effective from July 1st, 2017 showed a significant impact on the taxation structure in the country. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India's cooperative federalism. What will be critical is the efficiency in relation to its implementation. Your Company believes that in the medium run it will lead to more digitalization and will help in effective governance.

## 5. COMPANY'S PERFORMANCE

During the Financial Year, Company saw 46% increase in its profitability with a net profit of ₹ 1,180 Crores for the year ended March 31, 2017 as compared to ₹ 810 Crores for the year ended March 31, 2016. Profit before tax increased by 46% to ₹1,921 Crores. Total Income has increased from ₹ 4,875 Crores for the year ended March 31, 2016 to ₹ 5,747 Crores for the year ended March 31, 2017 which is mainly due to increase in Interest Income of the Company. Interest income of the Company increased to ₹ 5,655 Crores from previous year's interest income of ₹ 4,813 Crores. Loan Portfolio of the Company increased by ₹ 2,899 Crores during the year reaching ₹ 27,278 crores as on March 31, 2017 as against ₹ 24,379 Crores as on March 31, 2016. The Return on Average Loan Assets increased to 4.47% in FY 2016-17 as compared to 3.32% in FY 2015-16. The cost of funds declined to 8.69% compared to 9.25% in fiscal 2015-16. Interest yield increased to 21.43% as compared to 19.72% in FY 2015-16. On account of the above, the Net Interest Margin improved to 12.74% as against 10.47% in FY 2015-16. The Company remitted to exchequer ₹ 804 crores as taxes.

## 6. RESOURCE MOBILIZATION

### (a) Non-Convertible Debentures:

Your Company successfully completed 15th and 16th Issue of Non-Convertible Debentures through Public Issue during FY 2016-17 raising ₹ 1,832 Crores.

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

Subordinated Debts represents long term source of funds for the Company and the amount outstanding as on 31st March, 2017 was ₹ 1,912 Crores. It qualifies as Tier II capital under the Non-Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

### (b) Bank Finance:

Bank Finance remains an important source of funding for your Company. Commercial Banks continued their support to your Company during Financial Year. As of 31st March, 2017, borrowings from banks were ₹ 9,202 Crores as against ₹ 7,687 Crores in the previous year.

## 7. EQUITY SHARE ISSUANCES

### Employee Stock Options Schemes

During the year, your Company has allotted 4,73,217 equity shares of face value of ₹ 10/- each under Muthoot ESOP 2013 pursuant to exercise of 36,307 options of ₹ 10/- each for Loyalty Options and 4,36,910 options of ₹ 50/- each for Growth Options by Employees of the Company.

The disclosures as required under SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated 16th June 2015 is attached to this report as Annexure 2. The same disclosure is available at Company's website www.muthootfinance.com/investors/disclosure-esop. Please refer note 24(c) of Notes on Accounts in Standalone Financial Statements for further disclosures on ESOP. The Company does not have any scheme to fund its employees to purchase the shares of the Company.

Your Company has received the certificate from the Statutory Auditors of the Company certifying that the ESOP scheme is implemented in accordance with the applicable SEBI Guidelines/Regulations and is in accordance with the resolution passed by the members of the Company. The certificate would be placed at the Annual General Meeting for inspection by members.

The stock option schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and there have been no material changes to these plans during the Financial Year 2016-17.

## 8. CREDIT RATING

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

| Credit Rating Agency | Instruments | Ratings | Limit in ₹ in Crores |
|---|---|---|---|
| CRISIL | Commercial Paper | CRISIL A1+ | 4000 |
| | 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+ | 10,818 |
| | Long Term Bank Borrowings* | ICRA AA/Stable | 9,337 |
| | Subordinated Debts | ICRA AA/Stable | 100 |
| | Non Convertible Debentures | ICRA AA/Stable | 200 |

*subject to overall rating of ₹ 12,760 Crores for line of credit.

## 9. INTERNAL AUDIT AND FINANCIAL CONTROL

In keeping with the size of the Company and its business model, your Company has developed over the years, a proper, adequate and well documented internal audit and control system. The control system ensures that the Company's assets are safeguarded and protected. The audit system also takes care to see that revenue leakages and losses to the Company are prevented and our income streams are protected. The control system enables reliable financial reporting .

A full fledged Audit and Inspection Department has been set up to conduct timely and frequent internal audit to evaluate the adequacy of systems and procedures and also to evaluate the status of compliance to Company's guidelines and other statutory requirements. The department has on its rolls around 945 dedicated personnel who relentlessly safeguard the safety of your Company's assets, ensures the quality of assets pledged and also evaluates the adequacy of risk management systems at its operating units. In keeping with the huge network and geographic outreach of the operating units spread across the length and breadth of the country, the audit functions have been decentralized through setting up of Regional Audit offices in important Regional centers. The Regional Audit Offices exercise field level control over the branches through onsite visits and online audit systems. The field level Auditors report to Regional Audit offices who in turn shares their findings with the Audit & Inspection Department at the Registered Office of the Company.

Under the present Audit Architecture, the Internal Auditor(s) at the Registered Office reports to the Audit Committee regarding significant audit findings and also preventive and corrective measures to protect the interests of the Company. The audit Committee undertakes an evaluation of the adequacy and effectiveness of internal control systems. It also oversees the implementation of audit recommendations especially involving the risk management measures.

Apart from monitoring the internal control measures adopted by the Audit department, the Committee also imparts guidance and constructive suggestions for improvement of the audit function in the Company. The Audit architecture now prevalent in the Company enjoys independence in its functioning and embodies best Corporate Governance standards.

Reference is invited to Note no. 34 to the standalone financial statements contained in the annual report regarding frauds committed by employees of the Company. Company has taken or is in the process of taking disciplinary / legal action against such employees.

## 10. HUMAN RESOURCES

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

As on March 31, 2017, the Company had 24,205 employees in its rolls at various level of organizational structure. Your Company is always committed in providing employees with ample opportunities to learn and advance in career. In quest for having a satisfied work force, your Company focused on four major areas for employee engagement during the last financial year.

### Rewards & Recognition

Based on performance of the employees, management has introduced new means of payouts and increased the percentage of payout for existing incentives. An ex-gratia payment along with Festival bonus, which is almost equal to One month pay of employees at each grade were paid to employees. Management also took steps to increase the payout of Incentive for Gold Loan Portfolio Growth and for Interest Collection. The management 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 includes product/process related trainings, soft skill trainings, leadership trainings and certification trainings for different group of employees. Training imparted through two premium training establishments of the Company and 68 Regional Learning Centers, in the last financial year was to the tune of 63,088 mandays.

### Promotions

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

### Performance Management

Your Company had formulated a Performance Score card method of performance assessment for all employees in the branch model. A pre-defined score card 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 growth programs. Use of Performance Score cards has helped in improving role clarity and objectiveness to performance assessment. Performance score is used as an important parameter for deciding the Annual Increments of the employees.

Your Company offers various other 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. Employees were enrolled under the National Pension System (NPS) with Company also making contribution along with their contribution .

## 11. MAJOR MARKETING & PROMOTION INITIATIVES

### Inbound Call Management System

Your Company introduced the Inbound Call Management System designed to bring down the turnaround time while reaching out to customers. This platform has enabled your Company to reach out to potential customers almost instantly. Once a customer observes our advertisement he/she attempts to contact Muthoot Finance by calling our Toll Free Number. He will be asked to feed the pincode of his location and thereafter he is directly connected to the nearest Muthoot Finance branch . This prompt response mechanism has helped your Company to upgrade its customer service levels.

### Introduction of state-of-the-art CRM

Your Company launched the State of the art CRM Software in pan India. This has enabled to understand and profile our customers better and deliver increased value to them. This new system will help us evolve better schemes and products tailor-made for different customer groups.

### Association with Indian Super League

Your Company continue its association with Indian Super League (ISL) as the Official Referee Partner and Fair Play Award Sponsor. Your Company have always been in the forefront to promote sports and celebrate sportsmanship. Association with Indian Super League has given the Muthoot brand an exposure to the young Indian diaspora. As soccer is gaining popularity in India, an association like this has further helped your Company present its fair and trustworthy credentials as a financial supermarket with a business legacy of over 130 years.

### Mission Lead Demonetization

During the time of demonetization when customers were struggling with problems precipitated by the shortage of currency, your Company stepped up and launched an initiative across North, East and West India that entailed meeting and interacting with people while they were waiting in long serpentine queues. Objective was to educate them on the various modes of financial assistance that could be provided by Muthoot Finance across cash and cashless channels. These include various digital offerings like Muthoot WebPay, iMuthoot mobile app, utilization of Muthoot Finance DCB VISA Card for availing gold loans directly on card, direct bank credits, use of POS machines for repayments, Aadhar enabled e-KYC. etc.

## 12. CAPITAL ADEQUACY

Your Company's Capital Adequacy Ratio as of March 31, 2017 stood at 24.88% 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 21.78% and Tier II capital adequacy ratio stood at 3.10%.

## 13. PUBLIC DEPOSITS

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

## 14. 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 41 and 42 of Notes on Accounts in Standalone Financial Statements for additional disclosures required under RBI Guidelines applicable to the Company.

## 15. SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

As on March 31, 2017 your Company has four subsidiaries namely M/s. Asia Asset Finance PLC, M/s. Muthoot Homefin (India) Limited, M/s. Muthoot Insurance Brokers Private Limited and M/s. Belstar Investment and Finance Private Limited. Your Company's subsidiaries have considerably contributed to the overall growth of your Company during the year. As per Section 136 of the Companies Act, 2013 the audited financial statements, including the consolidated financial statements of your Company and the audited accounts of each of its subsidiaries are available on the website of the Company at www.muthootfinance.com/corporate/our_subsidary. The above documents will also be available for inspection at the Registered Office of the Company during business hours.

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

### Financial Performance & position of Subsidiaries

**a. Asia Asset Finance PLC:**

Asia Asset Finance PLC, (AAF), a Company listed in Colombo Stock Exchange, is a subsidiary of your Company from December 31, 2014. Company increased its shareholding in Asia Asset Finance PLC from 59.70% to 60% 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. The Company also started business relating to lending against collateral of gold jewellery and micro finance and is presently contributing a significant part of loan portfolio and income. AAF has operations across Sri Lanka with 15 branches as on March 31, 2017. AAF has made considerable progress in its business. Its major financial parameters for Financial Year 2016-17 are as follows:

| Parameters | Total Income | Profit Before Taxation | Profit After Taxation | Shareholder's Funds | Total Assets | Total Outside Liabilities |
|---|---|---|---|---|---|---|
| Amount in ₹ (in Crores)LKR/₹ as on 31.03.2017–0.42621 / Average Exchange Rate -0.45423* | 97* | 14* | 13* | 74 | 444 | 370 |
| Amounts in LKR (in crores) | 213 | 31 | 28 | 174 | 1003 | 829 |

The total income of AAF has increased by 48% at ₹ 97crs, which has contributed to the overall improvement of its profitability by 51% reaching ₹13crs. Its asset base grew by 25% reaching ₹444crs. 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.

**b. Muthoot Homefin (India) Ltd:**

M/s. Muthoot Homefin (India) Ltd (MHIL), a registered Housing Finance Company licensed by National Housing Bank is a subsidiary of your Company. During the Financial Year 2016-17, your Company increased its shareholding in MHIL by acquiring 26,700,000 shares for a consideration of ₹ 30Crores. Post-acquisition your Company holds 88.27% of the equity capital of MHIL. Its major financial parameters for Financial Year 2016-17 are as follows:

| Parameters | Total Income | Profit Before Taxation | Profit After Taxation | Shareholder's Funds | Total Assets | Total Outside Liabilities |
|---|---|---|---|---|---|---|
| Amount in ₹ (in Crores) | 24 | 5 | 3 | 88 | 450 | 362 |

During the year, its loan portfolio increased by ₹ 409crs at ₹ 441crs. Total revenue for FY17 stood at ₹ 24crs as against previous year total revenue of ₹2crs. It achieved a profit after tax of ₹ 3crs during FY17 as against previous year profit after tax of ₹0.01crs. We believe that housing finance sector is the next best secured lending opportunity after gold loan and with the central government making a major push for affordable housing , we expect your Subsidiary Company to tap this opportunity in the coming years and to contribute significantly to the consolidated profit of your Company.

**c. Muthoot Insurance Brokers Private Limited:**

Muthoot Insurance Brokers Private Limited (MIBPL), is an unlisted Private Limited Company holding a license to act as Direct Broker from Insurance Regulatory and Development Authority of India (IRDA) since 2013. During the Financial Year 2016-17, your Company acquired 100% equity shares of MIBPL from the existing shareholders for a consideration of ₹ 20 Crores. Post-acquisition MIBPL is a Wholly-Owned Subsidiary Company. Its major financial parameters for Financial Year 2016-17 are as follows:

| Parameters | Total Income | Profit Before Taxation | Profit After Taxation | Shareholder's Funds | Total Assets | Total Outside Liabilities |
|---|---|---|---|---|---|---|
| Amount in ₹ (in Crores) | 12 | 9 | 6 | 17 | 18 | 1 |

MIBPL generated a First year premium collection amounting to ₹ 70crs during FY17 as against ₹ 49 Crores during previous year. Its total revenue increased by 16% at ₹12crs as against previous year. Its profit after tax increased by 18% at ₹6crs as against previous year.

**d. Belstar Investment and Finance Private Limited:**

M/s. Belstar Investment and Finance Private Limited (BIFPL) is a micro finance Company.

During the Financial Year 2016-17, your Company acquired 15,017,459 equity shares of BIFPL, by investing ₹ 63 Crores. Post-acquisition your Company holds 64.60% of the equity capital of BIFPL thus making it a Subsidiary Company. Its major financial parameters for Financial Year 2016-17 are as follows:

| Parameters | Total Income | Profit Before Taxation | Profit After Taxation | Shareholder's Funds | Total Assets | Total Outside Liabilities |
|---|---|---|---|---|---|---|
| Amount in ₹ (in Crores) | 103 | 16 | 10 | 90 | 763 | 673 |

During the year, its loan portfolio grew by 115% at ₹ 567crs. It achieved a profit after tax of ₹10crs during the year as against previous year profit after tax of ₹6crs. Its Gross and Net NPA stood at 0.09% and 0.02% respectively as on March 31, 2017.

The statement containing the salient features of the financial statement of your 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 2016-17.

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

Pursuant to Section 186(11)(a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the

ordinary course of business by a Non- Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantee have not been disclosed in this Report. The details of the Current Investments and Non-Current Investments of the Company are furnished under Note no. 10 forming part of the Standalone Financial Statements for the year ended March 31, 2017.

## 17. EXTRACT OF ANNUAL RETURN

Extract of Annual Return as required under Companies Act, 2013 is annexed as Annexure 3.

## 18. CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company along with its subsidiaries AAF, MHIL, BIFPL and MIBPL 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 is provided in the Annual Report.

## 19. 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. During the Financial Year, your Directors have approved the updated Risk Management Framework of the Company which has incorporated various new practices and risk control measures.

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.

The Risk Management Committee Comprises of:

| Name of the Director | Designation in the Committee | Nature of Directorship |
|---|---|---|
| K. George John | Chairman | Independent Director |
| Justice K John Mathew | Member | Independent Director |
| George Jacob Muthoot | Member | Whole- time Director |

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.

## 20. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of Companies Act, 2013, your Board has constituted a Corporate Social Responsibility (CSR) committee to support the Company in achieving the CSR objectives of the Company. The CSR committee of the Board of Directors comprises of the following:

| 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 |

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 Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached to this report as Annexure 4.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with CSR Policy, during the year, the Company has spent ₹ 15 crores towards CSR projects/ programs.

## 21. BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 mandates the inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for top 500 listed entities based on their market capitalization. The BRR is attached to this report as Annexure 5.

## 22. 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. This policy deals with review of the related party transactions and regulates all transactions between the Company and its Related Parties.

Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length. All related party transactions are placed before the Audit Committee for review and approval.

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 had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Further, there were no material related party transactions which required approval of shareholders as required under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable to your Company.

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 no. 32 of the Notes to Accounts of the Standalone Financial Statements of the Company.

## 23. AUDIT COMMITTEE

The Audit Committee of our Board was reconstituted vide board resolution dated May 26, 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.

## 24. VIGIL MECHANISM

To conduct 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-investors.

## 25. 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.

## 26. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

The term of Mr. John K Mathew as Independent Director is expiring at the ensuing 20th Annual General Meeting and hence he is retiring at the Annual General Meeting this year.

Mr. George Joseph, Mr. K George John, and Mr. John K Paul were appointed as Independent Directors and hence shall not be liable to retire by rotation.

Term of Ms. Pamela Anna Mathew as Independent Director is expiring at the ensuing 20th Annual General Meeting and Board recommends her re-appointment as Independent Director for a further period of three years.

Mr. George Jacob Muthoot, Whole- time Director and Mr. Alexander M George, Whole Time Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

On recommendation of Nomination and Remuneration committee, your Board has considered induction of three new directors - Mr. Jacob Benjamin Koshy, Mr. Pratip Chaudhuri and Mr. Jose Mathew in the Board as Independent Directors to be appointed by members in the ensuing 20th Annual General Meeting.

Mr. Jacob Benjamin Koshy is the retired Chief Justice of Patna High Court. He also served as the Acting Chief Justice Of High Court Of Kerala. He was also the Chairman of the Kerala State Human Rights Commission. Your Board believes that his appointment will benefit your Company through his role as Independent Director.

Mr. Pratip Chaudhuri is the former Chairman of State Bank of India. He held several important positions during his 38 years career in SBI. Your Board believes his appointment will benefit the Company through his role as Independent Director.

Mr. Jose Mathew is a Chartered Accountant by profession and is also a distinguished entrepreneur in the field of Tourism. He has served in various capacities like General Manager of Kerala State Industrial Enterprises and Managing Director of Kerala State Drugs and Pharmaceuticals Ltd. Your Board believes his appointment will benefit the Company through his role as Independent Director.

After evaluating the eligibility criteria under Reserve Bank of India guidelines, Companies Act, 2013 and SEBI LODR Regulations 2015, your Board recommends appointment of Mr. Jacob Benjamin Koshy, Mr. Pratip Chaudhuri and Mr. Jose Mathew as Independent Directors of the Company. Detailed profile of proposed Directors as required under SEBI LODR is annexed to the notice calling Annual General Meeting of members of the Company.

## 27. MEETING OF THE BOARD

During the Financial Year 2016-17, your Board of Directors met seven times on 12.04.2016, 27.05.2016, 28.07.2016, 23.08.2016, 11.11.2016, 13.02.2017 and 23.03.2017.

## 28. DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have submitted disclosure that they meet the criteria of independence as provided under Section 149(6) of 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 6.

## 29. 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 Companies Act, 2013. Details of the said Policy is annexed to this report as Annexure 7.

The Nomination and Remuneration Committee which was reconstituted on January 28, 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 SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the Companies Act, 2013 require the evaluation of the performance of the Board, its Committees and the individual 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.

### c) Independent Directors Meeting

During the year, a meeting of Independent Directors was held as required under Companies Act, 2013 and in Compliance with requirement under Schedule IV of the Act and as per requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and discussed matters specified therein.

## 30. CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance norms as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Detailed report on Corporate Governance is attached to this Report as Annexure 8.

## 31. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis on the business of the Company is attached to this Report as Annexure 9.

## 32. 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 and usage of alternative source 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.

### Few of the initiatives taken by the company are as follows:

**Core Banking Solution(CBS)**

The in-house developed and maintained core banking solution(CBS) has been providing very high(99.99%) uptime which handles the transactions processing, back office and MIS for the Company's entire branches and offices. The CBS has been continually updated so as to meet the varied business changes as also to comply with the operational and control requirements.

The critical CBS system is collocated at the high availability ITI-Trimax data center in Bangalore. The disaster recovery(DR) systems are set up in Infopark, Kochi so as to ensure business continuity in case of a major disaster in Data Centre.

**Online Payment Channel for Customers**

As one of our digital initiative, the online facility for payment of Interest and principal has been widely accepted by the customers. This has immensely helped the company and the customers during the post-demonitisation period. The online channel has become very popular among the customers due to its availability anywhere, on a 24 by 7 basis.

Customers can use any of the multiple options for payment such as Debit card, Direct debit through online banking, Prepaid cards, Mobile wallets, UPI, etc. Also POS machines are enabled in our Branches to enable our customers do cashless transactions. For loan amount payout to customer bank accounts, we have enabled IMT, RTGS, NEFT, IMPS.

**Online Gold Loan (OGL)**

Online Gold Loan is a convenient product launched to meet the urgent loan requirement of a customer who can avail of the same anytime, 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 already pledged at the branch.

**Aadhaar-based Electronic KYC**

The Company being an approved KYC User Agency (KUA) by UIDAI, it can accept customer Aadhaar number and complete KYC verification with Customer fingerprint image with high security . This e-KYC facility available across the Branches is found convenient to customers and helps us in ensuring the authenticity of the KYC data and effective risk management. Presently around 86% of New KYCs are through e-KYC.

**Mobile App iMuthoot**

We have developed and implemented a new Mobile Application in Android & iOS and enabled transactions through the convenient channel for customers. Multiple local language option also has been made available. Presently the Interest payment, availing Gold loans online, Live Chat with Support Desk & Helpline, Google Maps to locate nearest branch & Book Appointment with branch are made available in iMuthoot.

**CRM System**

The Company has implemented a functionally rich, highly scalable CRM solution across its Branches and offices. The CRM is tightly integrated with the core banking solution(CBS). APIs are used for integrating CRM with the different business applications running in the Group.

With the 360-degree view of the customers provided by the CRM, we can manage their relationship more effectively. Also it is expected to help us in cross selling and upselling the various products & services offered by the business divisions in the Group.

**Auto Debit for EMI Products**

Enabled NPCI's automated debiting system of Gold Loan installment scheme. This channels electronic transactions which are repetitive and periodic in nature with a robust, secure and scalable are provided to customers on transaction updates. It is highly flexible and convenient to customers platform with end-to-end transaction processing capabilities.

**API Integrations**

We have developed a strong API integration platform and integrated more than 100 + APIs for banking segments, money transfer, insurance providers and other external partners. This has taken care of multiple transaction concurrency and meets the needs of systems integration for other Divisions of the company.

**CCTV Surveillance System**

The solution enables live streaming of visuals from cameras installed at branches and offices from ROs/ HO. It provides a 360 degree dashboard on the data and KPIs of health of surveillance devices. Facilitates close monitoring of working status of surveillance devices and has instant data recording facility and playback options.

c) Total Foreign Exchange Earned : NIL
Total Foreign Exchange Used : ₹ 0.10 Crores

## 33. AUDITS

### a) Statutory Audit under section 139

As per Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the term of the Company's auditors M/s Rangamani & Co. (Firm Reg No. 003050 S), Chartered Accountants, Alleppey as Statutory Auditors of the Company expires at the conclusion of the ensuing 20th Annual General Meeting of the Company and hence will be retiring at the Annual General Meeting.

The Board of Directors of the Company at its meeting held on 08th August, 2017, based on the recommendation of the Audit Committee, have recommended for appointment of M/s. Varma & Varma, Chartered Accountants, Kochi (Firm Reg No. 004532 S) as the Auditors of the Company by the Members at the 20th Annual General Meeting of the Company for a term of 5 consecutive years. Accordingly, a resolution proposing appointment of M/s Varma & Varma as the Auditors of the Company for a term of five year from the conclusion of 20th Annual General Meeting till the conclusion of 25th Annual General Meeting pursuant to Section 139 of the Companies Act, 2013, forms part of the Notice of the 20th Annual General Meeting of the Company.

The Company has received a certificate from the above Auditors to the effect that if they are appointed, it shall be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Report given by M/s Rangamani & Co., Statutory Auditors on the financial statement of the Company for the year 2016-17 is part of the Annual Report. The Board place on record its appreciation for the services rendered by M/s Rangamani & Co., as the Auditors of the Company.

### 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 2016-17. The Secretarial Audit report is annexed to this report as Annexure 10.

### c) Explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for financial year 2016-17

There are no qualifications, reservation or adverse remark or disclaimer on audits under Section 139 and Section 204 of Companies Act, 2013 for financial year 2016-17.

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

The Internal Complaints Committee constituted by your Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 looks into the complaints of aggrieved women employees, if any, and is instrumental in:

- promoting gender equality and justice and the universally recognized human right to work with dignity
- prevention of sexual harassment of women at the workplace

There were 8 reported cases of sexual harassment, wherein lady officials had complained against harassment by their senior official in their Branch/

Region. Action taken was prompt following investigation by the Internal Complaints Committee. Evidence was examined and the erring officials were heard. On finding truth in the complaints, a Report was sent to HRD Department. Disciplinary action was initiated based on the Report, against the officials concerned and disciplinary procedures were completed speedily.

## 35. 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 11.

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

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

## 37. 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

No material changes and commitments affecting the financial position of your Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

## 38. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 39. DISCLOSURE PURSUANT TO PART A OF SCHEDULE V OF SEBI LODR

Disclosure pursuant to Part A of Schedule V read with Regulation 34(3) and 53(f) of SEBI is attached as Annexure 12 of this report.

## 40. 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 Reserve Bank of India, Securities and Exchange Board of India and Ministry of Corporate Affairs for the guidance and support received from them including officials there at from time to time.

## 41. 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**

**M G George Muthoot**
**Chairman**

**George Alexander Muthoot**
**Managing Director**

**Kochi,**
**08th August, 2017**

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

# Annexure- 1

## MUTHOOT FINANCE LTD
## Policy for Distribution of Dividends

[Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Policy for Distribution of Dividends shall come into effect from the date it is approved by the Board of Directors.

The Policy is being framed in compliance with the requirement stipulated under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for distribution of dividends, based on the following parameters:

### OBJECTIVE

This Policy intents to create a framework for deciding distribution of profits created by the Company as dividend to its equity shareholders.

### TIMING OF DIVIDEND DECLARATION

The Board of Directors may declare one or more interim dividends any time during the financial year. The Board may recommend final dividend after approval of the audited financial statements by the Board and will be paid after approval of shareholders in the Annual General Meeting. Board will consider Financial and other parameters stated in the policy for declaring both interim dividend and also for recommending final dividend.

### FINANCIAL PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDEND

1. The Board of Directors may declare dividend after considering various financial parameters. Financial parameter will include but not limited to profit for the period, availability and need of liquidity in the Company, Capital to Risk Assets Ratio, Leverage ratio , Net Interest Margin , Operating Expenses Ratio , Return on Assets , requirement of maintaining reserves including statutory reserves prescribed by various regulators such as Debenture redemption reserve, fund requirement for future expansion etc.
2. Dividends shall generally be declared out of the Standalone Profit After Tax of the Company relating to the current financial year, subject to any other regulatory provisions that may be introduced from time to time. The consolidated performance will be not considered for declaration or recommendation of dividend.
3. The Board will generally endeavour to maintain an even dividend per share every year but this shall be subject to review by Board on various parameters including financial parameters at the time of declaration or recommendation of dividend.

### INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

The factors, internal and external, to be considered by the Board, for determining the declaration of dividend, will include the following:

**a) Internal Factors**

- Business growth
- Yield on Loans
- Cost of Borrowing
- Operating Expenses
- Quality of assets and NPA
- Profitability of the Company
- Asset-Liability Management Position
- Ability to raise or availability of Debt capital
- Future fund requirements in business
- Carried forward balance in P & L account
- Accumulated reserves

# Annexure- 1

## b) External Factors

- Macro-economic environment
- Overall retail credit growth in the economy.
- Liquidity position in the economy
- Performance and Outlook of the Gold Loan sector
- Monetary policy of Reserve Bank Of India
- Changes in government policies
- Regulatory changes
- Change in tax structure applicable on dividend both for the Company as well as Shareholders.

## CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDENDS

Shareholders of the Company may not expect declaration of dividend in below mentioned circumstances-

i) Expectation of growth opportunity in the existing business and capital is required to be conserved for meeting the growth

ii) In the event of an opportunity for acquisition and/or strategic investment in existing lines of business or new business where company may be required to allocate capital

iii) In the event of requirement of working capital in business

iv) In the event of inadequacy of cashflow available for distribution of dividend

v) In the event of absence or inadequacy of profits

## POLICY GUIDELINES ON UTILIZATION OF THE RETAINED EARNINGS

The retained earnings of the Company may be used, inter alia, for one or more of the following purposes:

i) Business Growth ;

ii) Capital expenditure;

iii) Working capital requirements;

iv) Acquisition of businesses/entities including new lines of business

v) Declaration of dividend

vi) Buyback of shares

vii) Issue of Bonus Shares

viii) Investment in new lines of business

ix) Repayment of debt;

x) Meeting contingency plans; and

xi) Any other purpose as may be permitted by law

## PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Company has only one class of equity shares and hence there will be no differential treatment in dividend.

## REVIEW

The Board shall have right to modify or amend any or all of the clauses of this policy in accordance with the provisions of the applicable laws. In case of any change in applicable laws which make any of the clauses or provisions of this policy inconsistent with changes then such changes will prevail over this policy and policy shall deemed to be amended accordingly from the date of effect of change in applicable laws.

## DISCLOSURES

The Company shall make necessary disclosures in compliance with the provisions of the Listing Regulations, in particular disclosures required in Annual Report and website of the Company.

In case, Company proposes to declare dividend on the basis of parameters in addition those specified under this policy or proposes to change such additional parameters, it shall disclose such changes along with rationale for the same in its annual report and on its website.

## DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AS AT MARCH 31, 2017.

| | Particulars | ESOP 2013 - Tranche 1 | | | ESOP 2013 - Tranche 2 | | | ESOP 2013 - Tranche 3 | ESOP 2013 - Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant B | Grant A | Loyalty | Grant A | Grant B |
| 1 | Date of shareholder's approval | 27.09.2013 | 27.09.2013 | 27.09.2013 | 27.09.2013 | 27.09.2013 | 27.09.2013 | 27.09.2013 | 27.09.2013 | 27.09.2013 | 27.09.2013 |
| 2 | Number of options granted | 1,571,075 | 3,711,200 | 1,706,700 | 6,100 | 456,000 | 380,900 | 325,000 | 8,150 | 390,400 | 728,300 |
| 3 | Exercise price (₹) | 10/- | 50/- | 50/- | 10/- | 50/- | 50/- | 50/- | 10/- | 50/- | 50/- |
| 4 | Source of shares | Primary | Primary | Primary | Primary | Primary | Primary | Primary | Primary | Primary | Primary |
| 5 | Vesting period | 1-2 years | 1-5 years | 2-6 years | 1-2 years | 1-5 years | 2-6 years | 1-5 years | 1-2 years | 1-5 years | 2-6 years |
| 6 | Vesting requirements | 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 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 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 |

## Annexure- 2

| | Particulars | ESOP 2013 - Tranche 1 | | | ESOP 2013 - Tranche 2 | | | ESOP 2013 - Tranche 3 | ESOP 2013 - Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant B | Grant A | Loyalty | Grant A | Grant B |
| 7 | Options outstanding at the beginning of the year | 80,666 | 1,880,500 | 8,21,430 | 2,262 | 345,630 | 2,36,800 | 2,92,500 | - | - | - |
| 8 | Options granted during the year | - | - | - | - | - | - | - | 8,150 | 390,400 | 728,300 |
| 9 | Options exercised during the year | 34,295 | 321,115 | 47,940 | 2,012 | 45,655 | 4,600 | 17,600 | - | - | - |
| 10 | Number of shares arising as a result of exercise of option | 34,295 | 321,115 | 47,940 | 2,012 | 45,655 | 4,600 | 17,600 | - | - | - |
| 11 | Options vested during the year | - | 742,240 | 256,005 | 3,049 | 91,200 | 38,090 | 48,750 | - | - | - |
| 12 | Forfeited/Lapsed during the year | 17,147 | 656,595 | 487,285 | 50 | 68,625 | 123,690 | - | 325 | 39,700 | 82,100 |
| 13 | Options outstanding at the end of the year | 29,224 | 902,790 | 286,205 | 200 | 231,350 | 108,510 | 274,900 | 7,825 | 350,700 | 646,200 |
| 14 | Options exercisable | 29,224 | 62,990 | 25,450 | 200 | 4,100 | 7,170 | 31,150 | - | - | - |
| 15 | Money realised by exercise of options (₹) | 342,950/- | 16,055,750/- | 2,397,000/- | 20,120/- | 2,282,750/- | 230,000/- | 880,000/- | - | - | - |

# Annexure- 2

## Other details are as under :-

| | | | |
|---|---|---|---|
| **16** | Directors and Employees to whom options were granted during the year :- | | |
| | i) | Director(s) including Managing Director and Senior Managerial personnel | Nil |
| | ii) | Other employee who recieves a grant in any one year of option amounting to 5% or more of option granted during the year | None |
| | iii) | Identified employees who were granted option during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant | None |
| **17** | Variations of terms of Options | | Nil |
| **18** | Diluted Earnings Per Share (EPS) | | ₹ 29.45/- per Share |
| **19** | i) | Method of calculation of employee compensation cost | Intrinsic value method |
| | ii) | Difference between the employee compensation and cost so computed at i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options | Employee compensation cost as per Intrinsic value method - ₹ 361.94 lacs<br>Employee compensation cost as per Fair value method using Black Scholes Model - ₹ 306.04 lacs<br>Difference in costs - ₹ 55.90 lacs |
| | iii) | The impact of this difference on profits and on EPS of the company | Impact on profits: -Profits of the company would have been higher by ₹ 55.90 lacs<br>Impact on EPS: - EPS would have been higher by ₹0.01/-per share |

| **20** | Weighted Average exercise price of options whose:- | **Loyalty** | **Grant A** | **Grant B** |
|---|---|---|---|---|
| | i) Exercise price either equals market price (₹) or | Nil | Nil | Nil |
| | ii) Exercise price greater than market price (₹) or | Nil | Nil | Nil |
| | iii) Exercise price less than market price (₹) | 10/- | 50/- | 50/- |
| **21** | Weighted Average fair price of options whose:- | **Loyalty** | **Grant A** | **Grant B** |
| | i) Exercise price either equals market price (₹) or | Nil | Nil | Nil |
| | ii) Exercise price greater than market price (₹) or | Nil | Nil | Nil |
| | iii) Exercise price less than market price (₹) | | | |
| | Tranche 1 | 100.33/- | 70.95/- | 71.20/- |
| | Tranche 2 | 164.23/- | 128.48/- | 126.92/- |
| | Tranche 3 | NA | 159.37/- | NA |
| | Tranche 4 | 259.93/- | 220.05/- | 217.46/- |

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

| **Particulars** | **As at 31.03.2017** |
|---|---|
| Net Profit as reported (₹ In lacs) | 117983.16 |
| Proforma Net Profit based on fair value approach (₹ In lacs) | 118039.06 |
| Basic EPS as reported (₹) | 29.56/- per Share |
| Basic EPS ( Proforma) (₹) | 29.57/-per Share |
| Diluted EPS as reported (₹) | 29.45/- per Share |
| Diluted EPS ( Proforma) (₹) | 29.46/- per Share |

**22** Description of the method and significant assumptions used to estimate fair value: -

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

| Particulars | | Year ended 31-03-2017 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ESOP 2013 - Tranche 1 | | | ESOP 2013 - Tranche 2 | | | ESOP 2013 - Tranche 3 | ESOP 2013 - Tranche 4 | | |
| | | Loyalty option | Grant A | Grant B | Loyalty option | Grant A | Grant B | Grant A | Loyalty option | Grant A | Grant B |
| i) | Exercise Price per share (₹) | 10/- | 50/- | 50/- | 10/- | 50/- | 50/- | 50/- | 10/- | 50/- | 50/- |
| ii) | Vesting Period (Years) | 1-2 | 1-5 | 2-6 | 1-2 | 1-5 | 2-6 | 1-5 | 1-2 | 1-5 | 2-6 |
| iii) | Price of Share in market at the time of Grant of options (₹) | 117.30/- | 117.30/- | 117.30/- | 184.30/- | 184.30/- | 184.30/- | 219.05 | 280.35/- | 280.35/- | 280.35/- |
| iv) | Weighted Average fair price of options (₹) | 100.33/- | 70.95/- | 71.20/- | 164.23/- | 128.48/- | 126.92/- | 159.37/- | 259.93/- | 220.05/- | 217.46/- |
| v) | Expected Volatility (%) | 57.68 | 57.68 | 57.68 | 53.96 | 53.96 | 53.96 | 34.5 | 36.98 | 36.98 | 36.98 |
| vi) | Expected Life of the options granted (years) | 1.5-2.5 | 1.5 -5.5 | 2.5-6.5 | 1.5-2.5 | 1.5 -5.5 | 2.5-6.5 | 1.5 -5.5 | 1.5-2.5 | 1.5 -5.5 | 2.5-6.5 |
| vii) | Weighted Average Contractual Life of the options granted (years) | 2 | 4 | 5 | 2 | 4 | 5 | 4 | 2 | 4 | 5 |
| viii) | Average Risk Free Interest rate (% p.a ) | 8.4-8.45 | 8.4-8.8 | 8.4-8.95 | 8.32-8.35 | 8.26-8.35 | 8.24-8.32 | 7.45-7.60 | 6.91-7.08 | 6.91-7.41 | 7.08-7.47 |
| ix) | Expected Dividend Yield (%) | 3.84 | 3.84 | 3.84 | 3.26 | 3.26 | 3.26 | 2.74 | 2.14 | 2.14 | 2.14 |

# Annexure- 3

## 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, 2017

### I REGISTRATION & OTHER DETAILS:

| | | | |
|---|---|---|---|
| i | CIN : | | L65910KL1997PLC011300 |
| ii | Registration Date : | | 14/03/1997 |
| iii | Name of the Company : | | MUTHOOT FINANCE LIMITED |
| iv | Category/ Sub-Category of the Company : | | Company Limited by Shares/ Non-govt 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 | : | cs@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 | : | LINKINTIME 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 |

# Annexure- 3

## 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 |
|---|---|---|---|
| ii | Loan (Financing) against collateral of Gold Jewellery | 64-649 | 99.27% |

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

No. of Companies for which information is being filled - 4

| 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 | 60% | Section 2(87) |
| 2 | MUTHOOT HOMEFIN (INDIA) LIMITED, Muthoot Chambers, Kurians Tower, Banerji Road, Ernakulam, Kerala - 682018, India | U65922KL2011PLC029231 | Subsidiary | 88.27% | Section 2(87) |
| 3 | MUTHOOT INSURANCE BROKERS PRIVATE LIMITED, 3rd Floor, Muthoot Chambers, Kurians Tower, Banerji Road, Ernakulam, Kerala - 682018, India | U67200KL2002PTC015200 | Subsidiary | 100% | Section 2(87) |
| 4 | BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED, New No. 33, Old No. 14, 48th Street, 9th Avenue, Ashok Nagar, Chennai, Tamil Nadu - 600083, India | U06599TN1988PTC081652 | Subsidiary | 64.60% | Section 2(87) |

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. PROMOTERS** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | 297797872 | 0 | 297797872 | 74.636% | 294463872 | 0 | 294463872 | 73.713% | -0.923% |
| b) Central Govt. | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| c) State Govt(s). | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| d) Bodies Corp. | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| e) Banks / FI | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| f) Any other | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| **Sub Total (A)(1)** | **297797872** | **0** | **297797872** | **74.636%** | **294463872** | **0** | **294463872** | **73.713%** | **-0.923%** |
| **(2) Foreign** | | | | | | | | | |
| a) NRI - Individual/ | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| b) Other - Individual/ | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| c) Bodies Corp. | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| d) Banks / FI | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| e) Any Others | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| **Sub Total (A)(2)** | **0** | **0** | **0** | **0.000%** | **0** | **0** | **0** | **0.000%** | **0.000%** |
| **Total shareholding of Promoter (A) = (A) (1) + (A) (2)** | **297797872** | **0** | **297797872** | **74.636%** | **294463872** | **0.00** | **294463872** | **73.713%** | **-0.923%** |
| **B. PUBLIC SHAREHOLDING** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 27353381 | 0 | 27353381 | 6.855% | 32347346 | 0 | 32347346 | 8.097% | 1.242% |
| b) Banks / FI | 13022 | 0 | 13022 | 0.003% | 38977 | 0 | 38977 | 0.010% | 0.007% |
| c) Central Govt. | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| d) State Govt(s). | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| f) Insurance Companies | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| g) Foreign institutional Investors/ Foreign Portfolio Investor/ Foreign Companies | 64076830 | 0 | 64076830 | 16.059% | 57019244 | 0 | 57019244 | 14.273% | -1.786% |

| 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 | |
| h) | Foreign Venture Capital Funds | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| i) | Others (specify) | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| **Sub-total (B)(1)** | | **91443233** | **0** | **91443233** | **22.917%** | **89405567** | **0** | **89405567** | **22.380%** | **-0.537%** |
| | | | | | | | | | | |
| **2.** | **Non-Institutions** | | | | | | | | | |
| a) | Bodies Corp. | | | | | | | | | |
| i) | Indian | 3042038 | 0 | 3042038 | 0.762% | 3863238 | 0 | 3863238 | 0.967% | 0.205% |
| ii) | Overseas | 0 | 0 | 0 | 0.000% | 0 | 0 | 0 | 0.000% | 0.000% |
| b) | Individuals | | | | | | | | | |
| i) | Individual shareholders holding nominal share capital upto ₹ 1 lakh | 5161797 | 567 | 5162364 | 1.294% | 5900700 | 140 | 5900840 | 1.477% | 0.183% |
| ii) | Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 975374 | 0 | 975374 | 0.244% | 4810370 | 0 | 4810370 | 1.204% | 0.960% |
| c) | Others (specify) | | | | | | | | | |
| i) | Trusts | 7480 | 0 | 7480 | 0.002% | 17555 | 0 | 17555 | 0.004% | 0.002% |
| iii) | Non Resident Indians (Non Repat) | 59873 | 0 | 59873 | 0.015% | 177611 | 0 | 177611 | 0.044% | 0.029% |
| iv) | Non Resident Indians (Repat) | 175171 | 0 | 175171 | 0.044% | 336141 | 0 | 336141 | 0.084% | 0.040% |
| v) | Clearing Member | 165233 | 0 | 165233 | 0.041% | 230882 | 0 | 230882 | 0.058% | 0.017% |
| vi) | Hindu Undivided Family | 173694 | 0 | 173694 | 0.044% | 256311 | 0 | 256311 | 0.064% | 0.020% |
| vii) | Foreign Nationals | 0 | 0 | 0 | 0.000% | 3682 | 0 | 3682 | 0.001% | 0.001% |
| viii) | Foreign Portfolio Investor (Individual) | 0 | 0 | 0 | 0.000% | 9480 | 0 | 9480 | 0.002% | 0.002% |
| **Sub-total (B)(2)** | | **9760660** | **567** | **9761227** | **2.446%** | **15605970** | **140** | **15606110** | **3.907%** | **1.461%** |
| **Total Public Shareholding (B)=(B)(1) + (B)(2)** | | **101203893** | **567** | **101204460** | **25.363%** | **105011537** | **140** | **105011677** | **26.287%** | **0.924%** |
| | | | | | | | | | | |
| **C.** | **SHARES HELD BY CUSTODIAN FOR GDRS & ADRS** | 0 | 0 | 0 | 0.000% | 0.00 | 0 | 0 | 0.000% | 0.000% |
| **Grand Total (A+B+C)** | | **399001765** | **567** | **399002332.00** | **100.00%** | **399475409.00** | **140** | **399475549** | **100.000%** | **-** |

# Annexure- 3

## ii Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year 01.04.2016 | | | Share holding at the end of the year 31.03.2017 | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | M G George Muthoot | 47385132 | 11.876% | 0.000% | 46551632 | 11.653% | 0 | -0.223% |
| 2 | George Alexander Muthoot | 44464400 | 11.144% | 0.000% | 43630900 | 10.922% | 0 | -0.222% |
| 3 | George Jacob Muthoot | 44464400 | 11.144% | 0.000% | 43630900 | 10.922% | 0 | -0.222% |
| 4 | George Thomas Muthoot | 44464400 | 11.144% | 0.000% | 43630900 | 10.922% | 0 | -0.222% |
| | **TOTAL** | **180778332** | **45.308%** | **0.000%** | **177444332** | **44.419%** | **0** | **-0.889%** |

## iii Change in Promoters' Shareholding

### 1 Mr. M. G. George Muthoot

| Sl No. | Shareholder's Name | Shareholding at the beginning of year 2016-17 | | Cumulative Shareholding during the year 2016-17 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | At the beginning of the year | 47385132 | 11.876% | 47385132 | 11.876% |
| 2 | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 46551632 | 11.667% |
| 3 | At the end of the year | - | - | 46551632 | 11.653%* |

### 2 Mr. George Alexander Muthoot

| Sl No. | Shareholder's Name | Shareholding at the beginning of year 2016-17 | | Cumulative Shareholding during the year 2016-17 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | At the beginning of the year | 44464400 | 11.144% | 44464400 | 11.144% |
| 2 | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 43630900 | 10.935% |
| 3 | At the end of the year | - | - | 43630900 | 10.922%* |

### 3 Mr. George Jacob Muthoot

| Sl No. | Shareholder's Name | Shareholding at the beginning of year 2016-17 | | Cumulative Shareholding during the year 2016-17 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | At the beginning of the year | 44464400 | 11.144% | 44464400 | 11.144% |
| 2 | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 43630900 | 10.935% |
| 3 | At the end of the year | - | - | 43630900 | 10.922%* |

# Annexure- 3

## 4 Mr. George Thomas Muthoot

| Sl No. | Shareholder's Name | Shareholding at the beginning of year 2016-17 | | Cumulative Shareholding during the year 2016-17 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | At the beginning of the year | 44464400 | 11.144% | 44464400 | 11.144% |
| 2 | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 43630900 | 10.935% |
| 3 | At the end of the year | - | - | 43630900 | 10.922%* |

*The percentage change in the Promoters holding as on 31/03/2017 post 04/03/2017 is due to increase in the paid up share capital of the Company.

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

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during of the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares at beginning of year | % of total shares of the company at beginning of year | | | | No. of shares | % of total shares of the company |
| 1 | RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIANCE GROWTH FUND | 12898091 | 3.229% | 01 Apr 2016 | | | 12898091 | 3.229% |
| | | | | 15 Apr 2016 | 25000 | | 12923091 | 3.235% |
| | | | | 06 May 2016 | 13700 | | 12936791 | 3.238% |
| | | | | 30 Jun 2016 | (118933) | | 12817858 | 3.209% |
| | | | | 01 Jul 2016 | (100000) | | 12717858 | 3.184% |
| | | | | 22 Jul 2016 | 25000 | | 12742858 | 3.190% |
| | | | | 05 Aug 2016 | (214900) | | 12527958 | 3.136% |
| | | | | 12 Aug 2016 | (82938) | Transfer | 12445020 | 3.115% |
| | | | | 02 Sep 2016 | 200000 | | 12645020 | 3.165% |
| | | | | 11 Nov 2016 | 100000 | | 12745020 | 3.190% |
| | | | | 18 Nov 2016 | 791511 | | 13536531 | 3.389% |
| | | | | 25 Nov 2016 | 370000 | | 13906531 | 3.481% |
| | | | | 02 Dec 2016 | (50461) | | 13856070 | 3.469% |
| | | | | 16 Dec 2016 | 15000 | | 13871070 | 3.472% |
| | | | | 23 Dec 2016 | 45000 | | 13916070 | 3.484% |
| | | | | 30 Dec 2016 | 25000 | | 13941070 | 3.490% |
| | | | | 06 Jan 2017 | 21 | | 13941091 | 3.490% |
| | | | | 03 Feb 2017 | 299000 | | 14240091 | 3.565% |
| | | | | 17 Feb 2017 | 74972 | | 14315063 | 3.584% |

# Annexure- 3

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during of the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares at beginning of year | % of total shares of the company at beginning of year | | | | No. of shares | % of total shares of the company |
| | | | | 24 Feb 2017 | 25000 | | 14340063 | 3.590% |
| | | | | 03 Mar 2017 | 10 | | 14340073 | 3.590% |
| | | | | 31 Mar 2017 | (24000) | | 14316073 | 3.584% |
| | | 14316073 | 3.584% | 31 Mar 2017 | | | 14316073 | 3.584% |
| 2 | BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE FRONTLINE EQUITY FUND | 9664228 | 2.419% | 01 Apr 2016 | | | 9664228 | 2.419% |
| | | | | 29 Apr 2016 | (750000) | | 8914228 | 2.232% |
| | | | | 13 May 2016 | (20000) | | 8894228 | 2.227% |
| | | | | 10 Jun 2016 | (145002) | | 8749226 | 2.190% |
| | | | | 17 Jun 2016 | (335000) | | 8414226 | 2.106% |
| | | | | 24 Jun 2016 | (65853) | | 8348373 | 2.090% |
| | | | | 08 Jul 2016 | 170000 | | 8518373 | 2.132% |
| | | | | 29 Jul 2016 | (151000) | | 8367373 | 2.095% |
| | | | | 05 Aug 2016 | (546989) | | 7820384 | 1.958% |
| | | | | 12 Aug 2016 | (317287) | | 7503097 | 1.878% |
| | | | | 28 Oct 2016 | (25000) | Transfer | 7478097 | 1.872% |
| | | | | 11 Nov 2016 | (11000) | | 7467097 | 1.869% |
| | | | | 18 Nov 2016 | (173800) | | 7293297 | 1.826% |
| | | | | 02 Dec 2016 | (41000) | | 7252297 | 1.816% |
| | | | | 09 Dec 2016 | (169260) | | 7083037 | 1.773% |
| | | | | 16 Dec 2016 | 11000 | | 7094037 | 1.776% |
| | | | | 23 Dec 2016 | 80000 | | 7174037 | 1.796% |
| | | | | 30 Dec 2016 | 11600 | | 7185637 | 1.799% |
| | | | | 03 Mar 2017 | (10000) | | 7175637 | 1.796% |
| | | | | 24 Mar 2017 | (10000) | | 7165637 | 1.794% |
| | | 7165637 | 1.794% | 31 Mar 2017 | | | 7165637 | 1.794% |
| 3 | GOLDMAN SACHS INDIA LIMITED | 6166482 | 1.544% | 01 Apr 2016 | | | 6166482 | 1.544% |
| | | | | 31 Mar 2017 | 108682 | Transfer | 6275164 | 1.571% |
| | | 6275164 | 1.571% | 31 Mar 2017 | | | 6275164 | 1.571% |
| 4 | TATA BALANCED FUND ## | 0 | 0.000% | 01 Apr 2016 | | | 0 | 0.000% |

# Annexure- 3

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during of the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares at beginning of year | % of total shares of the company at beginning of year | | | | No. of shares | % of total shares of the company |
| | | | | 10 Jun 2016 | 423000 | | 423000 | 0.106% |
| | | | | 17 Jun 2016 | 112000 | | 535000 | 0.134% |
| | | | | 24 Jun 2016 | 120000 | | 655000 | 0.164% |
| | | | | 30 Jun 2016 | 115000 | | 770000 | 0.193% |
| | | | | 08 Jul 2016 | 1045000 | | 1815000 | 0.454% |
| | | | | 22 Jul 2016 | 75000 | | 1890000 | 0.473% |
| | | | | 29 Jul 2016 | 450000 | | 2340000 | 0.586% |
| | | | | 12 Aug 2016 | 190000 | | 2530000 | 0.633% |
| | | | | 19 Aug 2016 | 125000 | | 2655000 | 0.665% |
| | | | | 26 Aug 2016 | 127000 | Transfer | 2782000 | 0.696% |
| | | | | 02 Sep 2016 | 100000 | | 2882000 | 0.721% |
| | | | | 09 Sep 2016 | 100000 | | 2982000 | 0.747% |
| | | | | 11 Nov 2016 | 236700 | | 3218700 | 0.806% |
| | | | | 18 Nov 2016 | 150000 | | 3368700 | 0.843% |
| | | | | 25 Nov 2016 | 12000 | | 3380700 | 0.846% |
| | | | | 24 Feb 2017 | (5900) | | 3374800 | 0.845% |
| | | | | 17 Mar 2017 | 2600 | | 3377400 | 0.846% |
| | | | | 24 Mar 2017 | 35000 | | 3412400 | 0.854% |
| | | | | 31 Mar 2017 | 165000 | | 3577400 | 0.896% |
| | | 3577400 | 0.896% | 31 Mar 2017 | | | 3577400 | 0.896% |

# Annexure- 3

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during of the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares at beginning of year | % of total shares of the company at beginning of year | | | | No. of shares | % of total shares of the company |
| 5 | GMO EMERGING DOMESTIC OPPORTUNITIES FUND, A SERIES OF GMO TRUST | 4348268 | 1.089% | 01 Apr 2016 | | | 4348268 | 1.089% |
| | | | | 29 Apr 2016 | 188674 | Transfer | 4536942 | 1.136% |
| | | | | 13 May 2016 | 345031 | | 4881973 | 1.222% |
| | | | | 15 Jul 2016 | (60000) | | 4821973 | 1.207% |
| | | | | 22 Jul 2016 | (87272) | | 4734701 | 1.185% |
| | | | | 29 Jul 2016 | (343878) | | 4390823 | 1.099% |
| | | | | 05 Aug 2016 | 372722 | | 4763545 | 1.192% |
| | | | | 12 Aug 2016 | (130000) | | 4633545 | 1.160% |
| | | | | 19 Aug 2016 | (279010) | | 4354535 | 1.090% |
| | | | | 26 Aug 2016 | (146190) | | 4208345 | 1.054% |
| | | | | 02 Sep 2016 | 423917 | | 4632262 | 1.160% |
| | | | | 09 Sep 2016 | 30315 | | 4662577 | 1.167% |
| | | | | 21 Oct 2016 | (148701) | | 4513876 | 1.130% |
| | | | | 28 Oct 2016 | (64565) | | 4449311 | 1.114% |
| | | | | 13 Jan 2017 | (122878) | | 4326433 | 1.083% |
| | | | | 20 Jan 2017 | (430108) | | 3896325 | 0.975% |
| | | | | 27 Jan 2017 | (85405) | | 3810920 | 0.954% |
| | | | | 10 Feb 2017 | (56978) | | 3753942 | 0.940% |
| | | | | 17 Feb 2017 | (321023) | | 3432919 | 0.859% |
| | | 3432919 | 0.859% | 31 Mar 2017 | | | 3432919 | 0.859% |
| 6 | ACACIA INSTITUTIONAL PARTNERS, LP | 3360000 | 0.841% | 01 Apr 2016 | | No change in shareholding during the year | 3360000 | 0.841% |
| | | 3360000 | 0.841% | 31 Mar 2017 | | | 3360000 | 0.841% |
| 7 | GOLDMAN SACHS FUNDS - GOLDMAN SACHS GROWTH & EMERGING MARKETS BROAD EQUITY PORTFOLIO ## | 0 | 0.000 | 01 Apr 2016 | | | 0 | 0.000 |

# Annexure- 3

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during of the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares at beginning of year | % of total shares of the company at beginning of year | | | | No. of shares | % of total shares of the company |
| | | | | 03 Jun 2016 | 346120 | Transfer | 346120 | 0.087% |
| | | | | 10 Jun 2016 | 312559 | | 658679 | 0.165% |
| | | | | 05 Aug 2016 | 709259 | | 1367938 | 0.342% |
| | | | | 12 Aug 2016 | 1198313 | | 2566251 | 0.642% |
| | | | | 16 Sep 2016 | 325921 | | 2892172 | 0.724% |
| | | | | 30 Sep 2016 | 339452 | | 3231624 | 0.809% |
| | | 3231624 | 0.809% | 31 Mar 2017 | | | 3231624 | 0.809% |
| 8 | BARCLAYS MERCHANT BANK (SINGAPORE) LTD. ## | 0 | 0.000 | 01 Apr 2016 | | Transfer | 0 | 0.000 |
| | | | | 30 Sep 2016 | 3056502 | | 3056502 | 0.7651 |
| | | 3056502 | 0.7651 | 31 Mar 2017 | | | 3056502 | 0.7651 |
| 9 | BARING INDIA PRIVATE EQUITY FUND III LIMITED | 5167891 | 1.294% | 01 Apr 2016 | | | 5167891 | 1.294% |
| | | | | 27 May 2016 | (9719) | Transfer | 5158172 | 1.291% |
| | | | | 03 Jun 2016 | (1121258) | | 4036914 | 1.011% |
| | | | | 30 Sep 2016 | (165400) | | 3871514 | 0.969% |
| | | | | 24 Feb 2017 | (1000000) | | 2871514 | 0.719% |
| | | 2871514 | 0.719% | 31 Mar 2017 | | | 2871514 | 0.719% |
| 10 | ACACIA PARTNERS, LP | 4080000 | 1.021% | 01 Apr 2016 | | | 4080000 | 1.021% |
| | | | | 26 Aug 2016 | (979000) | Transfer | 3101000 | 0.776% |
| | | | | 02 Sep 2016 | (249000) | | 2852000 | 0.714% |
| | | 2852000 | 0.714% | 31 Mar 2017 | | | 2852000 | 0.714% |
| 11 | BARING INDIA PRIVATE EQUITY FUND III LISTED INVESTMENTS LIMITED ** | 4748740 | 1.189% | 01 Apr 2016 | | | 4748740 | 1.189% |
| | | | | 20 May 2016 | (1141558) | Transfer | 3607182 | 0.903% |
| | | | | 27 May 2016 | (2840) | | 3604342 | 0.902% |
| | | | | 30 Sep 2016 | (3056502) | | 547840 | 0.137% |
| | | 547840 | 0.137% | 31 Mar 2017 | | | 547840 | 0.137% |

# Annexure- 3

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Date | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during of the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares at beginning of year | % of total shares of the company at beginning of year | | | | No. of shares | % of total shares of the company |
| 12 | GOVERNMENT OF SINGAPORE ** | 3553314 | 0.890% | 01 Apr 2016 | | | 3553314 | 0.890% |
| | | | | 29 Apr 2016 | (61319) | | 3491995 | 0.874% |
| | | | | 06 May 2016 | (17978) | | 3474017 | 0.870% |
| | | | | 13 May 2016 | (868126) | | 2605891 | 0.652% |
| | | | | 20 May 2016 | (161298) | | 2444593 | 0.612% |
| | | | | 27 May 2016 | (41012) | | 2403581 | 0.602% |
| | | | | 03 Jun 2016 | (72815) | | 2330766 | 0.584% |
| | | | | 10 Jun 2016 | (343071) | | 1987695 | 0.498% |
| | | | | 17 Jun 2016 | (137563) | | 1850132 | 0.463% |
| | | | | 24 Jun 2016 | (271366) | Transfer | 1578766 | 0.395% |
| | | | | 30 Jun 2016 | (55125) | | 1523641 | 0.381% |
| | | | | 01 Jul 2016 | (67670) | | 1455971 | 0.365% |
| | | | | 08 Jul 2016 | (397165) | | 1058806 | 0.265% |
| | | | | 29 Jul 2016 | (171806) | | 887000 | 0.222% |
| | | | | 05 Aug 2016 | (143826) | | 743174 | 0.186% |
| | | | | 02 Sep 2016 | (97983) | | 645191 | 0.162% |
| | | | | 09 Sep 2016 | (155928) | | 489263 | 0.123% |
| | | | | 11 Nov 2016 | (134378) | | 354885 | 0.089% |
| | | 354885 | 0.089% | 31 Mar 2017 | | | 354885 | 0.089% |
| 13 | ALLARD GROWTH FUND ** | 3380423 | 0.846% | 01 Apr 2016 | | | 3380423 | 0.846% |
| | | | | 13 May 2016 | (261811) | | 3118612 | 0.781% |
| | | | | 20 May 2016 | (488977) | | 2629635 | 0.658% |
| | | | | 27 May 2016 | (6922) | | 2622713 | 0.657% |
| | | | | 03 Jun 2016 | (227017) | | 2395696 | 0.600% |
| | | | | 10 Jun 2016 | (646701) | | 1748995 | 0.438% |
| | | | | 17 Jun 2016 | (12501) | | 1736494 | 0.435% |
| | | | | 24 Jun 2016 | (18084) | | 1718410 | 0.430% |
| | | | | 29 Jul 2016 | (139986) | Transfer | 1578424 | 0.395% |
| | | | | 05 Aug 2016 | (915235) | | 663189 | 0.166% |
| | | | | 02 Sep 2016 | (74885) | | 588304 | 0.147% |
| | | | | 16 Sep 2016 | (58644) | | 529660 | 0.133% |
| | | | | 23 Sep 2016 | (178379) | | 351281 | 0.088% |
| | | | | 07 Oct 2016 | (93209) | | 258072 | 0.065% |
| | | | | 14 Oct 2016 | (14345) | | 243727 | 0.061% |
| | | | | 04 Nov 2016 | (35059) | | 208668 | 0.052% |
| | | 208668 | 0.052% | 31 Mar 2017 | | | 208668 | 0.052% |

## Not in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder is one of the Top 10 shareholder as on 31.03.2017

** Ceased to be in the list of Top 10 shareholder as on 31.03.2017. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 31.03.2016

# Annexure- 3

## v Shareholding of Directors and Key Managerial Personnel:

| Sl No. | Shareholder's Name | Shareholding at the beginning of year 2016-17 | | Cumulative Shareholding during the year 2016-17 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| A. | DIRECTORS | | | | |
| 1 | M G George Muthoot<br>Chairman & Whole time Director | | | | |
| | At the beginning of the year | 47385132 | 11.876% | 47385132 | 11.876% |
| | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 46551632 | 11.667% |
| | At the end of the year | - | - | 46551632 | 11.653%* |
| 2. | George Alexander Muthoot<br>Managing Director | | | | |
| | At the beginning of the year | 44464400 | 11.144% | 44464400 | 11.144% |
| | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 43630900 | 10.935% |
| | At the end of the year | - | - | 43630900 | 10.922%* |
| 3. | George Jacob Muthoot<br>Whole Time Director | | | | |
| | At the beginning of the year | 44464400 | 11.144% | 44464400 | 11.144% |
| | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 43630900 | 10.935% |
| | At the end of the year | - | - | 43630900 | 10.922%* |
| 4. | George Thomas Muthoot<br>Whole Time Director | | | | |
| | At the beginning of the year | 44464400 | 11.144% | 44464400 | 11.144% |
| | Decrease by way of transfer (04/03/2017) | 833500 | 0.209% | 43630900 | 10.935% |
| | At the end of the year | - | - | 43630900 | 10.922%* |
| 5. | Alexander M George<br>Whole Time Director | 6772500 | 1.697% | 6772500 | 1.695% |
| 6. | George Joseph<br>Independent Director | 1134 | 0.000% | 1134 | 0.000% |
| 7. | John K Paul<br>Independent Director | NIL | 0.000% | NIL | 0.000% |
| 8. | K George John<br>Independent Director | NIL | 0.000% | NIL | 0.000% |
| 9. | K John Mathew<br>Independent Director | NIL | 0.000% | NIL | 0.000% |
| 10. | Pamela Anna Mathew<br>Independent Director | NIL | 0.000% | NIL | 0.000% |
| B. | KEY MANAGERIAL PERSON | | | | |
| 1. | Oommen K Mammen<br>Chief Financial Officer | | | | |
| | At the beginning of the year | 13934 | 0.003% | 13934 | 0.003% |
| | Increase by way of ESOP Allotment (21/12/2016) | 1600 | 0.000% | 15534 | 0.004% |
| | Decrease by way of transfer (17/03/2017) | 13800 | 0.003% | 1734 | 0.000% |

# Annexure- 3

| Sl No. | Shareholder's Name | Shareholding at the beginning of year 2016-17 | | Cumulative Shareholding during the year 2016-17 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| | Increase by way of ESOP Allotment (23/03/2017) | 8600 | 0.002% | 10334 | 0.003% |
| | At the end of the year | - | - | 10334 | 0.003% |
| 2. | Maxin James<br>Company Secretary | | | | |
| | At the beginning of the year | NIL | 0.000% | NIL | 0.000% |
| | Increase by way of ESOP Allotment (21/12/2016) | 220 | 0.000% | 220 | 0.000% |
| | Decrease by way of transfer (06/01/2017) | 200 | 0.000% | 20 | 0.000% |
| | Decrease by way of transfer (21/01/2017) | 20 | 0.000% | NIL | 0.000% |
| | At the end of the year | - | - | NIL | 0.000% |

*The percentage change in the Promoters holding as on 31/03/2017 post 04/03/2017 is due to increase in the paid up share capital of the Company.

## V INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness |
|---|---|---|---|---|
| **Indebtedness at the beginning 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** |
| **Change in Indebtedness during the financial year** | | | | |
| * Addition | - | 23,360,772,618.64 | - | 23,360,772,618.64 |
| * Reduction | (480,728,744.81) | - | - | (480,728,744.81) |
| **Net Change** | **(480,728,744.81)** | **23,360,772,618.64** | **-** | **22,880,043,873.83** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 153,557,708,363.34 | 57,401,915,610.44 | - | 210,959,623,973.78 |
| ii) Interest due but not paid | 208,525,149.98 | 379,692,983.00 | - | 588,218,132.98 |
| iii) Interest accrued but not due | 5,767,593,525.50 | 13,394,416,429.31 | - | 19,162,009,954.81 |
| **Total (i+ii+iii)** | **159,533,827,038.82** | **71,176,025,022.75** | **-** | **230,709,852,061.57** |

# Annexure- 3

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

| Sl. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | | Total Amount |
|---|---|---|---|---|---|---|---|
| | | M G George Muthoot | George Alexander Muthoot | George Jacob Muthoot | George Thomas Muthoot | Alexander M George | |
| 1 | Gross salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 880.00 | 880.00 | 880.00 | 880.00 | 60.00 | 3580.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - | - | - |
| 2 | Stock Option | - | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - | - |
| 4 | Commission | - | - | - | - | - | - |
| | - as % of profit | - | - | - | - | - | - |
| | - others, specify | - | - | - | - | - | - |
| 5 | Others, please specify | - | - | - | - | - | - |
| | **Total (A)** | **880.00** | **880.00** | **880.00** | **880.00** | **60.00** | **3580.00** |
| | Ceiling as per the Act | ₹ 19209.77 lakhs being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013 | | | | | |

# Annexure- 3

## 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 | 1.20 | 1.50 | 1.30 | 1.20 | 0.50 | 5.70 |
| | Commission | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 35.00 |
| | Others, please specify | - | - | - | - | - | 0.00 |
| | Total (1) | 8.20 | 8.50 | 8.30 | 8.20 | 7.50 | 40.70 |
| 2 | **Other Non-Executive Directors** | | | | | | |
| | Fee for attending board committee meetings | - | - | - | - | - | - |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | Total (2) | - | - | - | - | - | - |
| | **Total (B)=(1+2)** | **8.20** | **8.50** | **8.30** | **8.20** | **7.50** | **40.70** |
| | Ceiling as per the Act | ₹ 1920.98 lakhs being 1% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013 | | | | | |
| | **Total Managerial Remuneration** | **-** | **-** | **-** | **-** | **-** | **3620.70** |
| | Overall Ceiling as per the Act | ₹ 21130.75 lakhs being 11% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013 | | | | | |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | CFO | Company Secretary | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 56.34 | 23.40 | 79.74 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961* | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option** | 29.66 | 0.54 | 30.20 |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | **Total** | **86.00** | **23.94** | **109.94** |

*Excludes the value of perquisite on exercise of stock options

**Value of perquisite on exercise of stock options

# Annexure- 3

## 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 | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

**For and on behalf of the Board of Directors**

**M G George Muthoot**
**Chairman**
(DIN: 00018201)

**For and on behalf of the Board of Directors**

**George Alexander Muthoot**
**Managing Director**
(DIN:00016787)

Place: Kochi
Date: 08th August, 2017

# Annexure- 4

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

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

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

   Company have undertaken CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of the Company and was mostly focused on Scholarships for brilliant students and Educational support to under privileged students, medical support given for healthcare like expenditure for treatments like cancer, dialysis, surgeries mainly through a project called 'Snehasraya' 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 constituted by our Directors by a board resolution dated August 11, 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: ₹ 1,179.39 Crores

4. Prescribed CSR Expenditure: ₹ 23.59 Crores

5. Details of CSR spent during the financial year.

   (a) Total amount spent for the financial year: ₹ 15 crores

   (b) Amount unspent, if any: ₹ 8.59 crores

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

# Annexure- 4

| 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 was 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 protection | Local Area | Kerala, Ernakulam, Alleppy | 1,000,000 | 388,496 | | 388,496 | Muthoot M George Foundation, Implementation agency for CSR activities |
| 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 | 10,000,000 | 8,614,000 | | 8,614,000 | Muthoot M George Foundation, Implementation agency for CSR activities |
| 3 | **Charity Assistance** | Poverty alleviation | Others | All India | 14,700,000 | 22,614,900 | | 22,614,900 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| 4 | **Snehasraya & Anbin Nizhal** ('Muthoot Snehasraya' is a Mobile Laboratory intended for Prevention and early detection of Kidney related diseases, diabetes and Hyper tension 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 2017 have conducted 950 camps touching the lives of 1,10,854 people. The project in Tamil Nadu up to March 2017 have conducted 680 camps touching the lives of 67,148 people) | Improving Quality of life | Kerala & Tamil Nadu | All Kerala & Coimbatore, Tirupur districts of Tamil Nadu | 5,000,000 | 1,787,630 | | 1,787,630 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| 5 | **Construction of Anganwadi, toilet etc** | Improving Quality of life | | Kerala and New Delhi | Nil | 2,617,200 | | 2,617,200 | Muthoot M George Foundation, Implementation agency and Muthoot M George Foundation, Implementation agency- Delhi for CSR activities |
| 6 | **Dialysis** (Assistance will be released through hospitals who are offering special discounted rates for patients recommended by MMGF) | Health care | South India | | 5,000,000 | 2,906,993 | | 2,906,993 | Muthoot M George Foundation, Implementation agency for CSR activities |
| 7 | **Medical & Sustenance Assistance** (To needy and financially weak applicants. Cases will be processed through the applications received in MMGF from branches) | Health care | South India | | 23,500,000 | 23,525,189 | | 23,525,189 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| 8 | **Muthoot Snehasammanam project** (Muthoot Finance launched "Muthoot Sneha Samanam 2017" 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 and as of now 2017, thus bringing the total number of beneficiaries to 34 artists. | National Heritage, art and culture | Kerala | All Kerala | 1,500,000 | 987,000 | | 987,000 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| | These beneficiaries were selected from applications received from artists, writers, and their dependents. These beneficiaries belong to various different backgrounds, which specialise in their respective work segments namely writers, music directors, ganmela 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. | | | | | | | | |
| 9 | **General Hospital Eye block** (Rennovation and modification) | Improving the quality of Life | Ernakulam | Kerala | 500,000 | 667,560 | | 667,560 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| 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. | Improving the quality of life and Health Care | Tamil Nadu | Tamil Nadu | Nil | 315,286 | | 315,286 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| | 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.) | | | | | | | | |
| 11 | **MMGF Assistance for deserving patients through hospitals** | Health care | Kerala | Kerala | 6,500,000 | 11,379,179 | | 11,379,179 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| 12 | **Muthoot M. George Excellence Award to 10th Standard Topers 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) | Promotion of education | Kerala, Karnataka, Tamil Nadu & Andhra Pradesh | | 5,400,000 | 3,642,000 | | 3,642,000 | Muthoot M George Foundation, Implementation agency for CSR activities |
| 13 | **Scholarships for Engineering students** (Assistance provided to brilliant students and those who scored over 90% in Mathematics) | Promotion of education | Kerala | | 70,000,000 | 66,247,000 | | 66,247,000 | Muthoot M George Foundation, Implementation agency for CSR activities |

# Annexure- 4

| 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 was undertaken | | Direct expenditure on projects or programs (₹) | Overheads | | |
| 14 | **Other Educational Assistance** | Promotion of education | All India | | 3,000,000 | 2,714,498 | | 2,714,498 | Muthoot M George Foundation, Implementation agency for CSR activities |
| 15 | **Notebook distribution - South regions** (In order to encourage the children of our needy customers, one lakh notebooks distributed through our branches in South India) | Promotion of education | South India | | 1,500,000 | 1,440,069 | | 1,440,069 | Muthoot M George Foundation, Implementation agency for CSR activities |
| 16 | **Coaching for Civil Services examination** | Promotion of education | Kerala | | 2,000,000 | 150,000 | | 150,000 | Muthoot M George Foundation, Implementation agency for CSR activities |
| Total | | | | | 149,600,000 | 149,997,000 | | 149,997,000 | |

6. The Company has spent ₹ 15 Crores in promoting education, Medical Aid and others. Amount spent in the previous year on CSR activities was ₹ 14.62 Crores. There is an increase in CSR expenditure in comparison to the previous year. However, the amount spent is short of amount required to be spend under Section 135 of Companies Act, 2013, as the Company was unable to identify suitable projects within its CSR Policy. Hence your Company was not able to spend entire ₹ 23.59 Crores. Your Company is focused on creating sustainable and long term CSR model and hence your Company will be able to spend more amount for CSR expenditure in future.

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

**K. George John**
**Chairman - CSR Committee**

**George Alexander Muthoot**
**Managing Director**

Place : Kochi
Date : 08th August, 2017

# Annexure- 5

## BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report For the year ended on 31st March, 2017

| | | |
|---|---|---|
| | **SECTION A: GENERAL INFORMATION ABOUT THE COMPANY** | |
| 1 | Corporate Identity Number (CIN) of the Company | L65910KL1997PLC011300 |
| 2 | Name of the Company | Muthoot Finance Limited |
| 3 | Registered address | Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India |
| 4 | Website | www.muthootfinance.com |
| 5 | E-mail id | mails@muthootgroup.com |
| 6 | Financial Year reported | 2016-17 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | NIC Code : 64-649 |
| 8 | List three key products/services that the Company manufactures/ provides (as on March 31, 2017) | Please refer section titled "Multiple Offerings" of Corporate Overview Page of this Annual Report |
| 9 | Total number of locations where business activity is undertaken by the Company (as on March 31, 2017) | |
| (a) | Number of International Locations (Provide details of major 5) | Nil |
| (b) | Number of National Locations (as on March 31, 2017) | 4307 branches in 24 States and 5 Union Territories |
| 10 | Markets served by the Company – Local/State/National/International | National |
| | **SECTION B: FINANCIAL DETAILS OF THE COMPANY** | |
| 1 | Paid up Capital (₹ in Crores) | 399.47 |
| 2 | Total Turnover (₹ in Crores) | 5746.70 (Total Revenue) |
| 3 | Total profit after taxes (₹ in Crores) | 1,179.83 |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (Standalone) | ₹ 15 Crs representing 1.27% of standalone Profit After Tax. |
| 5 | List of activities in which expenditure in 4 above has been incurred:- | Promoting Education, Medical Aid and others. ( For more detail please refer to CSR Activities attached as part of Report of Board of Directors in the Annual Report) |
| | **SECTION C: OTHER DETAILS** | |
| 1 | Does the Company have any Subsidiary Company/ Companies? | Yes |
| 2 | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | No |
| 3 | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | No |
| | **SECTION D: BR INFORMATION** | |
| 1 | Details of Director/Directors responsible for BR | |
| (a) | Details of the Director/Directors responsible for implementation of the BR policy/policies | DIN - 00016787<br>George Alexander Muthoot<br>Managing Director |
| (b) | Details of the BR head | Telephone number: 0484-2394712<br>md@muthootgroup.com |

# Annexure- 5

## 2 PRINCIPLE-WISE (AS PER NVGS) BR POLICY/POLICIES

**(a) Details of compliance (Reply in Y/N)**

| Sl | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) * | N | N | N | N | N | N | N | N | N |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | | | | | ** | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

| | | | |
|---|---|---|---|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability | P6 | Business should respect, protect, and make efforts to restore the environment |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle | P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| P3 | Businesses should promote the wellbeing of all employees | P8 | Businesses should support inclusive growth and equitable development |
| P4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. | P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner |
| P5 | Businesses should respect and promote human rights | | |

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Not Applicable

*Some of the policies and principles have been put into practice by the Founder Late Shri. M . George Muthoot decades back. The Company has not tested the policies for adherence to any National or International Standards. However , these policies are now framed based on applicable regulations and general practices.

**http://www.muthootfinance.com/policy/policy-investor

## 3 GOVERNANCE RELATED TO BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. BR is available at http://www.muthootfinance.com/investors/annual-reports . The report is published annually.

# Annexure- 5

## SECTION E: PRINCIPLE-WISE PERFORMANCE

**Principle 1**

1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?
Yes. The policy covers only the company. It does not extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others.

2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Nil

**Principle 2**

1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Gold Loan - The flagship product of the Company i.e., loan against security of gold jewellery provides access to credit within a reasonable time to a person who otherwise do not have access to credit or access to credit within a reasonable time. We service about 1.30 lakh customers per day. This supports social well being as well as business activities.

e-KYC - To facilitate easier compliance to KYC norms by customers, we launched 'e-KYC facility'. It is a customer-friendly and convenient digital KYC process based on Aadhaar with direct UIDAI link. The verification procedure is conducted by using customers' fingerprints. This paperless and highly secure system enables faster loan processing and ensures 100% integrity in KYC verification. We are the first 'Gold Loan NBFC' to introduce this facility, with over 50% adoption rate in the first roll out. Today, we offer our e-KYC facility in 3,702 branches and 86% of the new verifications are completed through e-KYC. Besides, we are planning to implement the e-Sign facility by August 2017.

iMuthoot- Mobile App - We developed a new mobile application called iMuthoot that allows customers to transact through their smartphones. This is our major initiative towards building a branch-less banking ecosystem for our customers. The app is available on Google Play and Apple Store. iMuthoot allows existing customers to view their loan statements and balance as well as Online Gold Loan facility. New customers can see our latest loan schemes, calculate loan eligibility, locate branches and fix appointments with their nearest branch officials and apply for gold loans. It is available in six languages.

2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
Not Applicable

3 Does the company have procedures in place for sustainable sourcing (including transportation)?
(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
Not Applicable

4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
Not Applicable

5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
Not Applicable

# Annexure- 5

| PRINCIPLE 3 | | | | |
|---|---|---|---|---|
| 1 | Please indicate the Total number of employees as on March 31, 2017 | | 24205 | |
| 2 | Please indicate the Total number of employees hired on temporary/contractual/casual basis. | | Nil | |
| 3 | Please indicate the Number of permanent women employees. | | 7126 | |
| 4 | Please indicate the Number of permanent employees with disabilities | | The company does not specifically track the information of employees with disability or make any discrimination on disability. Hence such an information is not available with the Company. | |
| 5 | Do you have an employee association that is recognized by management. | | No | |
| 6 | What percentage of your permanent employees is members of this recognized employee association? | | Not Applicable | |
| 7 | Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | | | |
| | **Sl** | **Category** | **No of complaints filed during the financial year** | **No of complaints pending as on end of the financial year** |
| | (a) | Child labour/forced labour/involuntary labour | Nil | Nil |
| | (b) | Sexual harassment | 8 | 8 |
| | (c) | Discriminatory employment | Nil | Nil |
| 8 | What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? | | | |
| (a) | Permanent Employees | | All employees with the Company are covered by skill upgradation training programmes conducted through our "Regional Learning Centers" and "Muthoot Management Academies" | |
| (b) | Permanent Women Employees | | All employees with the Company are covered by skill upgradation training programmes conducted through our "Regional Learning Centers" and "Muthoot Management Academies" | |
| (c) | Casual/Temporary/Contractual Employees | | Not Applicable | |
| (d) | Employees with Disabilities | | Please refer Sl.No.4 under Principle 3 | |

# Annexure- 5

| | |
|---|---|
| **PRINCIPLE 4** | |
| 1 | Has the company mapped its internal and external stakeholders?<br>Yes |
| 2 | Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.<br>Yes |
| 3 | Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.<br>Though we have identified the above stakeholders , we have not created any product or services specifically for them. Since loan against security of gold jewellery provides access to credit within a reasonable time to a person who otherwise do not have access to credit or access to credit within a reasonable time , we believe that our services will address the needs of the above stakeholders. Our presence through 4307 branches in 24 States and 5 Union Territories again will address the needs of the above stakeholders.However , we have taken special initiatives to address the needs of the above stakeholders through our CSR activities details of which are available in the Annual Report on CSR activities in the Annual Report |
| **PRINCIPLE 5** | |
| 1 | Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?<br>The policy covers only the company |
| 2 | How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?<br>Nil |
| **PRINCIPLE 6** | |
| 1 | Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.<br>The policy covers only the company |
| 2 | Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.<br>No |
| 3 | Does the company identify and assess potential environmental risks? Y/N<br>No |
| 4 | Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?<br>No |
| 5 | Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.<br>We have three windmills installed in Tamilnadu with a combined power generation capacity of 3.75Megawatt |
| 6 | Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?<br>Not Applicable |
| 7 | Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.<br>Not Applicable |
| **PRINCIPLE 7** | |
| 1 | Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: |
| | (a) Kerala Chamber of Commerce & Industries |
| | (b) Federation of Indian Chamber of Commerce & Industries |
| | (c) Kerala Management Association |
| | (d) Association of Gold Loan Companies |
| | (e) Confederation Of Indian Industry |
| | (f) Kerala Non-Banking Finance Companies Association |

# Annexure- 5

| | |
|---|---|
| 2 | Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)<br><br>No |

**PRINCIPLE 8**

| | |
|---|---|
| 1 | Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.<br><br>The flagship product of the Company ie., loan against security of gold jewellery provides access to credit within a reasonable time to a person who otherwise do not have access to credit or access to credit within a reasonable time.Hence this will support inclusive growth and equitable development. Our presence through 4307 branches in 24 States and 5 Union Territories again will address the needs of larger section of Indian population.Please refer to Annual Report on CSR Activities attached in the Annual Report. |
| 2 | Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?<br><br>Programmes/projects are undertaken through the trust M/s. Muthoot M George Foundation .Please refer to Annual Report on CSR Activities attached in the Annual Report. |
| 3 | Have you done any impact assessment of your initiative?<br><br>Programmes are reviewed periodically for its effectiveness and whether its desired objectives are met. |
| 4 | What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.<br><br>Amount Spent on CSR activities is ₹ 15 crs. Please refer to Annual Report on CSR Activities attached in the Annual Report |
| 5 | Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.<br><br>CSR activities are constantly monitored for implementation and fresh support is given only where adoptions are at a better level. Please refer to Annual Report on CSR Activities attached in the Annual Report. |

**PRINCIPLE 9**

| | |
|---|---|
| 1 | What percentage of customer complaints/consumer cases are pending as on the end of financial year.<br><br>25% |
| 2 | Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks(additional information)<br><br>Yes |
| 3 | Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.<br><br>No |
| 4 | Did your company carry out any consumer survey/ consumer satisfaction trends?<br><br>Yes. Done Periodically |

# Annexure- 6

## 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 and also from Ms. Pamela Anna Mathew, Justice Jacob Benjamin Koshy, Mr. Pratip Chaudhuri and Mr. Jose Mathew for their proposed appointment as Independent Director.

**George Alexander Muthoot**
Managing Director

Place : Kochi
Date : August 08, 2017

# Annexure- 7

## 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 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.

# Annexure- 7

b. Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.

c. Ensure that the proposed appointees have given their consent in writing to the Company;

d. Review and carry out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;

e. Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;

f. Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

g. Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place; and

h. Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings.

i. Determine and agree with the Board the framework for broad policy for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel and other employees.

j. Review the on-going appropriateness and relevance of the remuneration policy.

k. Ensure that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company.

l. Ensure that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.

## CONSTITUTION

### Members:

a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

b. Minimum two (2) members shall constitute a quorum for the Committee meeting.

c. Membership of the Committee shall be disclosed in the Annual Report.

d. Term of the Committee shall be continued unless terminated by the Board of Directors.

### Chairman:

a. Chairman of the Committee shall be an Independent Director.

b. Chairman of the Committee shall be decided by Board of Directors of the Company.

c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

## FREQUENCY OF MEETINGS

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

# Annexure- 7

## GUIDING PRINCIPLES

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

a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

b. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c. The remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

d. In case, subject matter is related to appointment/ remuneration of Independent Directors, the requirement under Code of Conduct of Independent Directors and other Statutory Requirements are met.

e. In case, subject matter is related to appointment/ remuneration of Directors other than Independent Directors, Key Managerial Persons, Senior Management, the requirement under Code of Conduct of Senior Management of the Company is met.

f. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives including Key Managerial Persons and Senior Management, as it considers appropriate, to be present at the meetings of the Committee.

g. 'Fit and Proper' Criteria as per guidelines of Reserve Bank of India, will be most fundamental guidelines for appointment of Directors and due diligence in this regard will be carried out. Committee will be required to carry out all functions/duties in compliance of Companies Act, 2013, Equity Listing agreements and Reserve Bank of India Guidelines.

## DECISION MAKING AND VOTING

a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

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

## MINUTES OF COMMITTEE MEETING

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

## REVIEW AND ALTERATION OF NOMINATION AND REMUNERATION POLICY

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

# Annexure- 8

# *Report on Corporate Governance*

"If management is about running the business, governance is about seeing that it is run properly."

- R TRICKER

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Inclusion is foundation of our business and governance practices adopted by us from inception of your Company and this is primarily reflected in financial inclusion practices of your Company. 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.

Your Company have aligned its corporate governance practice in a manner so as to achieve the objectives of principal as envisaged in revised SEBI LODR (SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015).

## 2. BOARD OF DIRECTORS

### A. Composition of Board

At present Board of Directors of your Company consists of Ten Directors which is combination of Five Executive (four Whole Time Directors and a Managing Director) 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 your Board of Directors is in compliance with the requirements of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (SEBI LODR) and the Companies Act, 2013 as amended from time to time.

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 and functional heads, who function under overall supervision and guidance of Board of Directors. 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 your Board of Directors. The Appointment and Remuneration policy of the Company is annexed to Report of Board of Directors. The appointment of Directors of your Company is in Compliance of SEBI LODR and afore stated policy of the Company.

The 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 | 29.09.2016 # |
| George Joseph | Independent, Non - Executive | 00253754 | Independent Director | 29.09.2016 # |
| John K Paul | Independent, Non - Executive | 00016513 | Independent Director | 29.09.2016 # |
| K George John | Independent, Non -Executive | 00951332 | Independent Director | 29.09.2016 # |
| 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 |

# Annexure- 8

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

# The Independent Directors Mr. George Joseph, Mr. John K Paul and Mr. K George John were re-appointed at the 19th Annual General Meeting for a second term of consecutive three years i.e. till the third Annual General Meeting from the date of appointment, except Mr. K John Mathew who was appointed for a term of one year and is retiring at the ensuing Annual General meeting.

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 Executive Directors (Whole Time Directors and Managing Director) are related to each other being brothers 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 Directors and other Details

During the Financial Year 2016-17, your Board of Directors met seven times on 12-04-2016, 27-05-2016, 28-07-2016, 23-08-2016, 11-11-2016, 13-02-2017 and 23-03-2017. Your Board has met atleast once in a calendar quarter and the maximum gap between these Board Meetings did not exceed one hundred and twenty days. The requisite quorum was present for all the meetings.

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 | 7 | 5 | Yes | 0 | 5 | 0 | 0 |
| George Alexander Muthoot | Non-Independent, Executive | 7 | 7 | Yes | 0 | 5 | 0 | 3 |
| George Jacob Muthoot | Non-Independent, Executive | 7 | 7 | Yes | 0 | 4 | 0 | 1 |
| George Thomas Muthoot | Non-Independent, Executive | 7 | 7 | Yes | 0 | 4 | 0 | 1 |
| Alexander M George | Non-Independent, Executive | 7 | 7 | Yes | 0 | 3 | 0 | 0 |
| K John Mathew | Independent, Non – Executive | 7 | 7 | Yes | 0 | 0 | 0 | 0 |
| George Joseph | Independent, Non – Executive | 7 | 7 | Yes | 1 | 1 | 1 | 1 |
| John K Paul | Independent, Non – Executive | 7 | 7 | Yes | 0 | 0 | 0 | 0 |
| K George John | Independent, Non –Executive | 7 | 6 | Yes | 0 | 1 | 0 | 1 |
| Pamela Anna Mathew | Independent, Non-Executive | 7 | 4 | No | 0 | 5 | 0 | 2 |

# Annexure- 8

* 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

In compliance with requirement under Schedule IV of the Companies Act, 2013 and SEBI LODR, one Independent Directors meeting was held during the year under review. This meeting was well attended by all Independent Directors and they reviewed and discussed matters as required under 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. Annual Commission payable to Directors are decided on basis of performance review by Board of Directors of your Company without presence of Director being reviewed.

### 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 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 Company are required to give presentation in Board Meeting to familiarise the Board with their activities and allied matters. 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 Companies Act, 2013 and on allied matters including duties of Independent Directors and performance evaluation.

The detail of familiarisation programme is available at the website of the Company at www.muthootfinance.com/investors/family_program.

## 3. AUDIT COMMITTEE

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

# Annexure- 8

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

The Audit Committee met 6 times during the Year on 27.05.2016, 28.07.2016, 23.08.2016, 10.11.2016, 08.02.2017 and 23.03.2017. 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 | 6 | 6 |
| John K Paul | Member | Independent Director | 6 | 6 |
| George Alexander Muthoot | Member | Managing Director | 6 | 6 |

Terms of reference of the Audit Committee include:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees or any payment to statutory auditors for any other services.
- Reviewing, with the management, the annual financial statements and Auditors Report thereon before submission to the board for approval, with particular reference to:
  a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report and other matters.
  b. Changes, if any, in accounting policies and practices and reasons for the same.
  c. Major accounting entries involving estimates based on the exercise of judgment by management.
  d. Significant adjustments made in the financial statements arising out of audit findings.
  e. Compliance with listing and other legal requirements relating to financial statements.
  f. Disclosure of any related party transactions.
  g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, evaluation of the internal control systems including internal financial controls and Risk Management.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

# Annexure- 8

- 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.

## 4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors was reconstituted as per requirement of Section 178 of Companies Act, 2013, SEBI and Reserve Bank of India Regulations on January 28, 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 January 28, 2016.

Composition, name of members and Chairperson and Attendance during the year of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee met six times during the year i.e. on 26.05.2016, 27.06.2016, 23.08.2016, 11.11.2016, 21.12.2016 and 23.03.2017. 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 | 6 | 6 |
| K John Mathew | Member | Independent Director | 6 | 6 |
| K George John | Member | Independent Director | 6 | 6 |

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

# Annexure- 8

- 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.

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 during the Financial Year under review. There are no other pecuniary relationships or transactions by Non-Executive Directors with the Company.

The Managing Director and Executive Directors of the Company are 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 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 2016-17 are given below:

| S. No. | Name of the Directors | Category | Position | Sitting fees for attending meeting (₹ in lakhs) | Salary Allowances & Perquisites (₹ In lakhs) | Commission Paid (₹ In Lakhs) | Total (₹ in Lakhs) | Shares & Other Convertible Securities Held |
|---|---|---|---|---|---|---|---|---|
| 1 | M G George Muthoot | Non Independent, Executive | Chairman | - | 880 | - | 880 | 46,551,632 |
| 2 | George Alexander Muthoot | Non-Independent, Executive | Managing Director | - | 880 | - | 880 | 43,630,900 |
| 3 | George Jacob Muthoot | Non-Independent, Executive | Whole Time Director | - | 880 | - | 880 | 43,630,900 |
| 4 | George Thomas Muthoot | Non-Independent, Executive | Whole Time Director | - | 880 | - | 880 | 43,630,900 |
| 5 | Alexander M George | Non Independent, Executive | Whole Time Director | - | 60 | - | 60 | 6,772,500 |
| 6 | K John Mathew | Independent, Non – Executive | Director | 1.20 | - | 7 | 8.20 | - |
| 7 | John K Paul | Independent, Non – Executive | Director | 1.50 | - | 7 | 8.50 | - |
| 8. | K George John | Independent, Non –Executive | Director | 1.30 | - | 7 | 8.30 | - |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 9. | George Joseph | Independent, Non –Executive | Director | 1.20 | - | 7 | 8.20 | 1,134 |
| 10. | Pamela Anna Mathew | Independent, Non -Executive | Director | 0.50 | - | 7 | 7.50 | - |

## 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.

i. The Stakeholders' Relationship Committee met four times during the Year on 27.05.2016, 15.07.2016, 15.10.2016 and 13.02.2017. 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 |

Terms of reference of the Committee includes the following:

- To approve or otherwise deal with applications for transfer, transmission, transposition and mutation of shares and certificates including duplicate, split, sub-division or consolidation of certificates and to deal with all related matters; and also to deal with all the matters related to de-materialisation or re-materialisation of shares, change in the beneficial holders of de-mat shares and granting of necessary approvals wherever required.
- To look into and redress shareholders / investors grievances relating to:
  - Transfer/Transmission of shares
  - Non-receipt of declared dividends
  - Non-receipt of annual reports
  - All such complaints directly concerning the shareholders / investors as stakeholders of the Company
  - Any such matters that may be considered necessary in relation to shareholders and investors of the Company.

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

| Particulars | Equity | NCD |
|---|---|---|
| No. of Complaints Received during the year | 07 | 81 |
| No. of Complaints Resolved during the year | 07 | 81 |
| No. of Complaints pending on March 31, 2017 | Nil | Nil |

iii. Compliance Officer

Mr. Maxin James, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Regulations.

## 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 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|
| Date and Time | September 29, 2016 10.30 AM | September 30, 2015 10.30 AM | September 25, 2014 10.30 AM |
| 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 |

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

| Date of AGM | Details of Special Resolution Passed |
|---|---|
| September 29, 2016 | 1. To re- appoint Mr. John K Paul as Independent Director<br>2. To re- appoint Mr. George Joseph as Independent Director<br>3. To re- appoint Mr. K George John as Independent Director<br>4. To re- appoint Mr. John K Mathew as Independent Director<br>5. Issue of securities under Section 42 of the Act on private placement basis |
| September 30, 2015 | Issue of securities under Section 42 of the Act on private placement basis |
| September 25, 2014 | To borrow monies for the purpose of the business of Company under Section 180(1)(c) of the Act<br>Issue of securities under Section 42 of the Act on private placement basis |

iii. **Postal ballot:**

Details of resolutions passed through Postal ballot during the year 2016-17:

Date of Postal Ballot Notice : 11th November, 2016

Voting Period : 19th November, 2016 to 18th December, 2016

Date of Declaration of Results : 20th December, 2016

As per Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, five Special resolutions were passed through Postal ballot during the year. Mr. Thomas Shanti, Practicing Chartered Accountant of M/s. Thomas Shanti & Co. was appointed as the Scrutiniser to overview the voting process.

The details of voting pattern of special resolutions passed through Postal ballot are as below:

I. Special resolution under Section 13 of the Companies Act, 2013 and the Rules made thereunder for shifting sub-clause (13) and (15) of Clause III (C) of Other Objects to Clause III (A) of the Main Objects.

| Type of Voting | Votes casted in favour | | | Votes casted against | | |
|---|---|---|---|---|---|---|
| | No. of shareholders | No. of Votes | Percentage of Votes | No. of shareholders | No. of Votes | Percentage of Votes |
| Voted by physical ballot | 173 | 1114531 | 0.31 | 2 | 140 | 0 |
| Voted by electronic mode | 310 | 355014196 | 99.69 | 9 | 925 | 0 |

II. Special resolution under Section 13 of the Companies Act, 2013 and the Rules made thereunder for inserting a new sub – clause under Clause III (A) to carry out mutual fund activities.

| Type of Voting | Votes casted in favour | | | Votes casted against | | |
|---|---|---|---|---|---|---|
| | No. of shareholders | No. of Votes | Percentage of Votes | No. of shareholders | No. of Votes | Percentage of Votes |
| Voted by physical ballot | 169 | 1113567 | 0.31 | 4 | 336 | 0 |
| Voted by electronic mode | 309 | 355013990 | 99.69 | 11 | 1191 | 0 |

III. Special resolution under Section 13 of the Companies Act, 2013 and the Rules made thereunder for inserting a new sub – clause under Clause III (A) to provide financial services and advisory services.

| Type of Voting | Votes casted in favour | | | Votes casted against | | |
|---|---|---|---|---|---|---|
| | No. of shareholders | No. of Votes | Percentage of Votes | No. of shareholders | No. of Votes | Percentage of Votes |
| Voted by physical ballot | 169 | 1113583 | 0.31 | 4 | 281 | 0 |
| Voted by electronic mode | 310 | 355014129 | 99.69 | 9 | 990 | 0 |

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IV. Special resolution under Section 13 of the Companies Act, 2013 and the Rules made thereunder for shifting sub-clause (10) of Clause III (C) of Other Objects to Clause III (B) of Objects incidental and ancillary to the attainment of main objects.

| Type of Voting | Votes casted in favour | | | Votes casted against | | |
|---|---|---|---|---|---|---|
| | No. of shareholders | No. of Votes | Percentage of Votes | No. of shareholders | No. of Votes | Percentage of Votes |
| Voted by physical ballot | 169 | 1113677 | 0.31 | 3 | 180 | 0 |
| Voted by electronic mode | 301 | 355013874 | 99.69 | 15 | 1194 | 0 |

V. Special resolution under Section 13 of the Companies Act, 2013 and the Rules made thereunder for deletion of Clause III (C)(1) to (C ) (15) of Other Objects.

| Type of Voting | Votes casted in favour | | | Votes casted against | | |
|---|---|---|---|---|---|---|
| | No. of shareholders | No. of Votes | Percentage of Votes | No. of shareholders | No. of Votes | Percentage of Votes |
| Voted by physical ballot | 170 | 1113722 | 0.31 | 2 | 140 | 0 |
| Voted by electronic mode | 306 | 355014017 | 99.69 | 14 | 1164 | 0 |

## PROCEDURE FOR POSTAL BALLOT:

The shareholders of the Company have the option to vote either by physical ballot or e-voting. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners maintained by the depositories as on the cut-off date. The Postal Ballot Notice is being sent to Members who have registered their email IDs for receipt of documents in electronic form to their email addresses registered with their Depository Participants / the Company's Registrar and Transfer Agent. For members whose email IDs are not registered, physical copies of the Postal Ballot Notice along with Postal Ballot Form are being sent by permitted mode along with a postage prepaid self-addressed Business Reply Envelope.

In compliance with Regulation 44 of SEBI LODR and Section 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, your Company has provided the facility to the Members to exercise their votes electronically and vote on the resolution through the e-voting service facility. Your Board appointed National Securities Depository Ltd (NSDL) as agency in respect of remote e-voting for the postal ballot. The Company also publishes notice in newspapers declaring completion of dispatch of postal ballot notice and other requirements as specified in the Act and the Rules made thereunder.

The Scrutinizer submits his report to the Chairman or Managing Director of the Company after the completion of the scrutiny and the results are declared accordingly by the Company within the prescribed time frame.

The Postal Ballot notice, the result and the report of the scrutiniser is available on the website of the Company www.muthootfinance.com/investors/notice-investors.

At present there is no proposal to pass any resolution through Postal Ballot.

## 7. DISCLOSURES

### A. Monitoring of Subsidiary Companies:

Belstar Investment and Finance Private Limited, Muthoot Insurance Brokers Private Limited Muthoot Homefin (India) Limited and Asia Asset Finance PLC, Colombo, Sri Lanka (AAF), are subsidiaries of your Company as on March 31, 2017.

#### i. Belstar Investment and Finance Private Limited

Belstar Investment and Finance Private Limited (BIFPL), is a micro finance Company and has become the subsidiary of the Company during the Financial Year

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2016-17. BIFPL is a non material subsidiary and is not a listed company. No Non Independent Director of your Company is a director of BIFPL. The Company is not required to appoint any of its independent Directors as a Director on the Board of BIFPL. The financials in particular, the investments made by BIFPL are reviewed by the Audit Committee. All minutes, financial statements, significant transactions of BIFPL are available to Board of Directors of your Company.

**ii. Muthoot Insurance Brokers Private Limited**

Muthoot Insurance Brokers Private Limited (MIBPL), is an IRDA registered insurance direct broker and has become the wholly owned subsidiary of the Company during the Financial Year 2016-17. MIBPL is a non- material subsidiary and is not a listed Company. Mr. George Alexander Muthoot, who is the Managing Director of the Company, Mr. George Jacob Muthoot and Mr. Alexander M George, who are Whole-time Directors of your Company are also Non Executive Non Independent Directors in MIBPL. Your Company is not required to appoint any of its Independent Directors as a Director on the Board of MIBPL. The financials in particular, the investments made by MIBPL are reviewed by the Audit Committee. All minutes, financial statements, significant transactions of MIBPL are available to Board of Directors of your Company.

**iii. Muthoot Homefin (India) Limited**

Muthoot Homefin (India) Limited (MHIL) is a registered housing finance Company with National Housing Bank. MHIL is a non material subsidiary and is not a listed Company. Mr. George Alexander Muthoot, Managing Director, 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 MHIL. The Company is not required to appoint any of its independent Directors as a Director on the Board of MHIL. However Mr. K George John, Independent Director of your Company was appointed as Independent Director of MHIL. The financials in particular, the investments made by MHIL are reviewed by the Audit Committee. All minutes, financial statements, significant transactions of MHIL are available to Board of Directors of your Company.

**iv. Asia Asset Finance PLC**

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 SEBI LODR. AAF is managed by its Board of Directors. Your 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.

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 web site 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

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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 SEBI LODR.

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 A to this report. The Code is displayed on the web site 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 March 31, 2017. The same is annexed as Annexure B 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 C to this report.

## I. General 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

# Annexure- 8

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 | : | September 20, 2017 |
| Time | : | 10:30 A M |
| Venue | : | Kerala Fine Arts Society Hall<br>Fine Arts Avenue<br>Fore shore Road<br>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 September 20, 2017.

| | | | |
|---|---|---|---|
| c. | Financial Year | : | April 01, 2016 to March 31, 2017 |
| d. | Date of book closure | : | September 14, 2017 to September 20, 2017 (both days inclusive) |
| e. | Dividend Payout Date | : | Not Applicable |
| f. | Listing of Securities | : | BSE Limited<br>Floor 25, P. J Towers, Dalal Street<br>Mumbai – 400 001<br>&<br>National Stock Exchange of India Limited<br>Exchange Plaza, Bandra Kurla Complex,<br>Bandra (E),<br>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 2016-17 on National Stock Exchange of India Limited and BSE Limited:

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| Month | National Stock Exchange | | BSE Limited | |
|---|---|---|---|---|
| | High Price | Low Price | High Price | Low Price |
| April | 213.45 | 175.50 | 213.50 | 175.50 |
| May | 238.50 | 188.55 | 238.85 | 186.00 |
| Jun | 296.00 | 232.70 | 294.85 | 232.95 |
| Jul | 340.00 | 266.50 | 340.00 | 263.00 |
| Aug | 406.80 | 323.50 | 405.35 | 323.40 |
| Sep | 388.90 | 330.20 | 387.00 | 331.35 |
| Oct | 377.35 | 334.15 | 376.90 | 335.00 |
| Nov | 373.80 | 280.00 | 373.50 | 280.00 |
| Dec | 307.55 | 262.00 | 307.65 | 261.05 |
| Jan | 330.00 | 281.15 | 329.80 | 270.10 |
| Feb | 364.60 | 307.00 | 364.30 | 291.90 |
| Mar | 389.95 | 325.00 | 389.90 | 326.65 |

## j. Performance of the share price in comparison (based on closing prices) to broad based indices – BSE Sensex and NSE Nifty during financial year 2016-17

| | BSE (% Change) | | NSE (% Change) | |
|---|---|---|---|---|
| Period | Muthoot Finance | S & P Sensex | Muthoot Finance | CNX Nifty 50 |
| FY 2016-17 | 107.41% | 16.88% | 106.40% | 18.55% |

## 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 March 31, 2017

| Category | No. of Shares | % |
|---|---|---|
| Promoters and Promoter Group Holding | 2,944,63,872 | 73.71 |
| Foreign Institutional Investors | 5,034,156 | 1.26 |
| Mutual Funds | 32,347,346 | 8.10 |
| Foreign Portfolio Investors(Corporate) | 49,113,574 | 12.29 |
| Other Bodies Corporate | 3,863,238 | 0.97 |
| Others including Public | 14,653,363 | 3.67 |
| Total | 399,475,549 | 100 |

## n. Shareholding pattern by size as on March 31, 2017

| Category (Shares) | No. of Shareholders | Shares | % of Total Shares |
|---|---|---|---|
| 1 – 500 | 37,560 | 3,292,807 | 0.8243 |
| 501 – 1000 | 1,310 | 992,153 | 0.2484 |
| 1001 – 2000 | 608 | 887,639 | 0.2222 |
| 2001 – 3000 | 201 | 506,611 | 0.1268 |
| 3001 – 4000 | 92 | 331,363 | 0.0829 |
| 4001 – 5000 | 79 | 368,199 | 0.0922 |
| 5001 – 10000 | 116 | 847,604 | 0.2122 |
| 10001 and above | 307 | 392,249,173 | 98.1910 |
| Grand Total | 40,273 | 399,475,549 | 100.00 |

## o. Top ten Equity Shareholders of the Company as on March 31, 2017

| Sl. No. | Name of Share Holders | Number of Shares | Percentage (%) |
|---|---|---|---|
| 1 | M G George Muthoot | 46,551,632 | 11.6232 |
| 2 | George Alexander Muthoot | 43,630,900 | 10.9220 |
| 3 | George Jacob Muthoot | 43,630,900 | 10.9220 |
| 4 | George Thomas Muthoot | 43,630,900 | 10.9220 |
| 5 | Susan Thomas | 29,985,068 | 7.5061 |
| 6 | George M Jacob | 15,050,000 | 3.7674 |
| 7 | Elizabeth Jacob | 14,935,068 | 3.7387 |
| 8 | Anna Alexander | 14,935,068 | 3.7387 |
| 9 | Sara George | 13,519,336 | 3.3843 |
| 10 | Eapen Alexander | 7,525,000 | 1.8837 |

# Annexure- 8

### 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 01.04.2016 | 442 Shares for 4 Investors |
| 2 | Number of shareholders who approached for transfer of shares from suspense account during the period 01.04.2016 to 31.03.2017 | 1 shareholder |
| 3 | Number of shareholders to whom shares were transferred from suspense account during the period 01.04.2016 to 31.03.2017 | 134 shares for 1 Investor |
| 4 | Number of shareholders and outstanding shares in the suspense account as on 31.03.2017 | 308 Shares for 3 Investors |

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

### q. Dematerialization of shares

The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. 99.99 % of shares of the Company were held in dematerialized form as on March 31, 2017.

### 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 4,285 branches as on June 30, 2017. The details of locations are available in Company's website at: 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, 2017 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 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 doesn't contain any qualification. The position of Chairman and Managing Directors are held by different individuals and Internal Auditor of the Company directly reports to the Audit Committee of the Board of the Company.

# Annexure- A

## 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 March 31, 2017.

**George Alexander Muthoot**
Managing Director

Place : Kochi
Date : 18th May, 2017

# Annexure- B

## CEO / CFO CERTIFICATION

To
The Board of Directors
Muthoot Finance Limited
Kochi - 18

We, George Alexander Muthoot, Managing Director and Oommen K Mammen, Chief Financial Officer of Muthoot Finance Limited 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 on March 31, 2017 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 Company'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 Company during the year which are fraudulent, illegal or violative of the Company'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 Company's internal control system over financial reporting.

Place : Kochi
Date : 18th May, 2017

**George Alexander Muthoot**
Managing director

**Oommen K Mammen**
Chief Financial Officer

# Annexure- C

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of 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 2017, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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 the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor as to 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 : 18th May, 2017

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

# Annexure- 9

# *Management Discussion and Analysis*

## GLOBAL ECONOMY

The world economic growth rate remained subdued at 3.1% in 2016 characterized by an imminent productivity growth crisis. This was largely due to weak international trade and subdued investment coupled with socio-political turbulences in the world markets during the first half of the year. Brexit, China's slowdown, low oil prices and overall economic weakness in Japan, the US and Europe were primarily responsible for slow economic growth.

Besides, the recovery of global economy was weighed down by spillover effects of Brexit and uncertain trade policies of the new White House regime; both of which led to unpredictable policies cautioning investors. The private investments were further dampened due to the shrink in the US Federal Reserve purse.

Advanced economies like US, UK, Europe, Japan and others envision a stronger rebound. Post the US election, dollar strengthening and higher US treasury interest rates have led to significant gains in equity markets in advanced economies. The growth rate of these economies is anticipated to rise from an estimated 1.7 percent in 2016 to 2.0 percent in 2017 and 2.0 percent in 2018. However, weak productivity growth and high-income inequality are persisting problems that needs to be exterminated.

As per IMF, the emerging market and developed economies (EMDEs) have shown moderate economic performance. Receding obstacles to activity in commodity exporters and growing domestic demand in commodity importers, EMDEs are expected to pick up growth in 2017. The emerging markets are expecting a mounting growth rate of 4.1 percent in 2016 to 4.5 percent in 2017 and 4.8 percent in 2018. However, weak investment and low productivity growth are hurdles for the medium-term prospects across many EMDEs.

## GLOBAL GDP GROWTH TREND (%)

| | 2015 | 2016 | 2017 (P) | 2018 (P) |
|---|---|---|---|---|
| World Output | 3.2 | 3.1 | 3.4 | 3.6 |
| Advanced Economies | 2.1 | 1.7 | 2.0 | 2.0 |
| United States | 2.6 | 1.6 | 2.3 | 2.5 |
| Euro Area | 2.0 | 1.7 | 1.7 | 1.6 |
| Japan | 1.2 | 1.0 | 1.2 | 0.6 |
| United Kingdom | 2.2 | 1.8 | 2.0 | 1.5 |
| Other Advanced Economies* | 2.0 | 2.2 | 2.3 | 2.4 |
| Emerging and Developing Economies | 4.1 | 4.1 | 4.5 | 4.8 |
| China | 6.9 | 6.7 | 6.6 | 6.2 |

P: Projections *(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States and euro area countries) (Source: International Monetary Fund)

## INDIAN ECONOMY

India continues to be one of the fastest growing major economies in the world, reporting a robust GDP growth of 7.2% in FY 2016-17. The domestic economy has sustained a macroeconomic environment of relatively lower inflation, fiscal discipline and a moderate current account deficit coupled with a broadly stable rupee dollar exchange rate.

In Q3 of 2016-17, the Government of India announced withdrawal of the country's two highest value notes. The strategy was aimed towards restricting corruption, counterfeiting, terrorist activities and accumulation of black money. Eventually 'demonetisation' is likely to have an encouraging influence in the future with improved tax obedience, digitalisation and formal channelisation of the savings system.

The Goods and Services Tax (GST) bill has come into effect in July 2017. GST is expected to bolster the economy with a simplified indirect tax system, and more competitive and transparent markets. Moreover, it will consolidate the fragmented Indian market under uniform taxation, widening the tax net. GST is expected to contribute significantly to India's GDP growth, going forward.

India's GDP is likely to reach 7.4% in FY 2017-18, as a result of rebound in consumption demand, which had slackened post demonetisation. A normal monsoon is expected to strengthen agricultural incomes stimulating rural consumption. Likewise, softer interest rates driven by RBI will encourage overall demand in the market. These are expected

# Annexure- 9

to culminate into a benign inflation supported by on-going remonetisation and past policy reforms.

**India's GDP growth** (%)

| 2015-16 | 2016-17 | 2017-18 |
|---|---|---|
| 6.8 | 7.2 | 7.7 |

## GOVERNMENT INITIATIVES

(Source: PwC Union budget Publication 2017-18)

The Government initiatives as outlined in the Union Budget 2016-17 were directed towards building greater transparency and bringing corrective actions for various sectors , some of which are as below:

- The liberalisation in the foreign direct investment (FDI) policy, resulted in almost 90% of proposals falling under the automatic route. The FDI inflows were positively impacted as it increased from $350 billion to $361 billion over 2015-16.
- The limit of loans that the government guarantees to micro, small and medium enterprises was doubled to ₹2 crore. In addition, the cash credit limit to these businesses was raised from 20% to 25%. As for senior citizens, a minimum of 8% interest will be paid to them on deposits of up to ₹7.5 lakh made for 10 years.
- Listing and trading of Security Receipts issued by a securitization company or a reconstruction company will be permitted on stock exchanges registered under the Security Exchange Board of India (SEBI). This will enhance capital flows into the securitisation industry and effectively deal with bank's non-performing assets.
- Non-banking finance companies (NBFCs) above a certain net worth will be categorised as qualified institutional buyers (QIBs) by SEBI. This will help strengthen and channelise investments for the initial public offering (IPO) market.

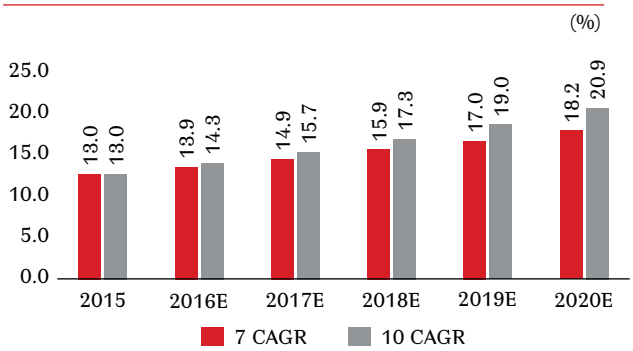
## NBFCS IN INDIA

The NBFC sector in India is considered to be one of the systemically important components of the financial system. It has shown consistent year-on-year growth despite undergoing several transformations. NBFCs contribution to the economy has grown considerably and can be clearly attributed to their better product lines, lower cost, wider and effective reach, strong risk management capabilities, control on bad debts, and better understanding of their customer segment.

NBFCs are now able to fill the service gap of traditional banks and cater to the credit demands of an evolving India. They have surpassed their traditional strongholds of passenger and commercial vehicle finance to build substantial assets under management (AUM) in the personal loan and housing finance segment. Their credit is expected to grow at a healthy rate of 7–10% (real growth rate) over the next five years due to improving macroeconomic conditions, higher credit penetration, increasing consumption and disruptive digital trends.

(Source: Assocham India, PwC)

**Figure 1 : Credit Growth at NBFCs as a % of total credit**




Way forward

- The launch of government-backed schemes (such as the Pradhan Mantri Jan-Dhan Yojana [PMJDY]), will see a substantial increase in the number of bank accounts
- Focused approach of industry bodies such as the National Payments Corporation of India (NCPI) will further boost the payments ecosystem by launching the Unified Payment Interface (UPI) and Bharat Bill Payments System
- Higher disposable incomes corroborated by increased effectiveness of government schemes and the 7th Pay Commission will deliver high growth for the consumer finance segment

# Annexure- 9

- Due to increased digital consumption, NBFCs will find emerging ways to serve customers through creative digital platforms

## GOLD
## GOLD DEMAND IN INDIA

Gold is popular in Indian households due to its cultural and investment utilities. People in India make investment in gold in expectation of high returns and other considerations such as adornment, consumption and liquidity. Weddings being a key occasion for buying gold in India, the demand for gold are favourable. Bars and coins are also considered a safe investment and though jewellerry is the preferred savings vehicle. Also, it is observed that income levels are the most significant long-term determinants of consumer gold demand.

Valued at over USD 800bn, India's gold stocks are around 24,000 tonnes. Southern India has the highest market share for gold demand of 40%, Western India at 25% and Northern and Eastern India have 20% and 15% of the market share respectively. India's gold industry is becoming more organized as retailers with large regional and national chains are gaining market share. These firms with refined inventory management, well-designed advertising campaigns will be important in meeting modern consumers' demands. Over the long-run, economic growth is considered to be the main driver of India's gold demand. (World Gold Council: Press release)

## GOLD LOAN SECTOR

The first two quarters of FY17 brought optimism to the sector, as Specialised Gold Loan NBFCs registered a growth of 11-13% during this period. The total gold loan portfolio of NBFCs is estimated to have crossed ₹ 55,000 crore as on quarter ending September 2016, up from ₹ 49,700 crore as on year ending March 2016. The repercussions of demonetisation brought a jolting effect to the sector and suffered volume de-growth during the third quarter of FY17. However, the market is recovering and is expected to achieve a 7-10% growth on an annualized basis.

The southern states of Tamil Nadu, Kerala, Andhra Pradesh, and Telangana and Karnataka have been the traditional hub of gold and gold lending market in India. With the improving economy, other states such as Maharashtra, Uttar Pradesh, Gujarat, Rajasthan, West Bengal and Madhya Pradesh are emerging as large markets in terms of gold holdings.

Declining interest rates and introduction of beneficial schemes for the customers will act as a catalyst to the growing demand in gold loan sector. NBFCs in gold loan market

## STRENGTHS
## CORE FOCUS

The primary focus of the gold loan NBFCs is to provide gold loans. Thus, NBFCs can concentrate largely on enhancing customer experience through better and faster customer service. A higher focus on one product allows proper structuring of the offerings and adopts faster corrective measures to meet the changing behavioural needs of the customer.

## BRANCH NETWORK

Branches play a significant role in building an institution's brand image. A wide network of branches enables NBFCs to work closely with the customers. Customers prefer service providers based on location and easy access to branches. This expansion strategy by NBFCs led to significant customer addition.

## FASTER TURNAROUND TIME

Customer loyalty can be achieved through providing superior service to the customers. It is important in this industry to maintain strong relationships with the customers. Gold loans also enjoy an advantage of having a quick-turnaround time at NBFCs.

## TRANSPARENT AND STANDARD OPERATING PRACTICES

NBFCs focus on providing enhanced customer comfort. They achieve this by offering transparent transactions, capturing all the terms clearly in the loan document and operating with standard operating procedures.

## FLEXIBLE REPAYMENT OPTION

Customers get a trouble-free loan period where he is not troubled for any payment of equated monthly installment rather would be allowed to make payment of interest and principal on closure of the loan.

## RESOURCES AVAILABILITY

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

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## 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.

## CUSTOMER VALUE

Customers expect to pay an appropriate price for the services they receive, not necessarily the lowest. The quality of services rendered determines the loyalty of customers to the service provider. NBFCs abide by this philosophy and have been offering loans at rates of interest lower than the unorganised segment for maximum retention of its customers.

## LOW-COST STRUCTURE

NBFCs have built minimum investment network corresponding to the potential of business in which it operates. Employees are sourced locally and are trained to deliver performance keeping the operating cost low. This has enabled NBFCs to reach the break-even level faster and contribute to the bottom line. This also provides downside protection in terms of closing down the operation in case desired level of business is not achieved.

## POTENTIAL FOR THE GOLD LOAN INDUSTRY

### Unexploited market

An average gold holding per household is indicative of market attractiveness in terms of potential ticket size and propensity to borrow against gold. Higher gold holdings are indicative of higher investment demand, prosperity and availability of sizeable gold holdings to borrow against. Earlier, people used to deal with the unorganised sector. But now, they are becoming more safety conscious and aware. To tap this opportunity, aggressive network expansion by NBFCs on a pan-India basis, enabled the product to reach the masses and thereby widened the customer base. NBFCs 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. Further, the industry is expanding its presence in the untapped non-south geographies of India.

## DIVERSIFICATION OF BUSINESS

To manage the risk of concentration, specialised gold loan NBFCs are expanding in other business segments. Leading financiers are venturing into multiple financial services such as insurance, foreign exchange, money transfer, PAN card services, travel services and ATM services, SME finance, housing finance, working capital loans among others.

## INDUSTRY THREATS

### Competition

Banks which have significant advantage in terms of cost of funds can impose threat to gold loan to the NBFCs by offering it lower interest rates. Further, the 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 the business.

### Adverse regulatory changes

Despite adequate regulations framed 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.

### Industry outlook

The future prospects of the gold loan industry looks promising and the credit demand is expected to rise. The gold loan market is projected to grow between 13-15% over the next three years from FY17-20 and reach a market size of ₹ 2,100-2,250 billion by FY20. A consistent regulatory regime for specialised gold loan NBFCs, a reduced but sustained focus of commercial banks in the sector, successful geographical expansion of gold loans market to non-south geographies, and attractive risk-adjusted returns on gold loans are opportunistic factors for the future growth of the industry. Going forward, we expect the market share of gold loan NBFCs to increase steadily for the next two years.

### Muthoot Finance Limited

Muthoot Finance Limited is the flagship Company of the Muthoot Group, which has pioneered the concept of gold banking in the country. We are a 'Systematically Important

# Annexure- 9

Non deposit taking NBFC', listed on the country's premier stock exchanges, namely BSE and NSE. We have emerged as a leader in gold loan business and have a network of 4,307 branches all over India. It has become a trusted pan-India name in the gold loan business providing financial assistance to the needy on reasonable and convenient conditions.

## FINANCIAL PERFORMANCE REVIEW

### Gross loan assets under management

Our loan portfolio increased by ₹ 2899 Crores during FY 17, a net growth of 12%, to ₹ 27278 Crores from ₹ 24379 Crores in FY 16.

### Average gold loan outstanding per branch

Our average gold loan outstanding per branch increased from ₹5.69 Crores in FY 16 to ₹6.32 Crores in FY 17 on account of increase in gold loan portfolio.

### Revenues

Our revenues grew by 18% from ₹ 4875 Crores in FY 16 to ₹ 5747 Crores in FY 17.

### Profit before tax

Our profit before tax rose by 46%, from ₹ 1317 Crores in FY 16 to ₹ 1921 Crores in FY 17.

### Profit after tax

Muthoot Finance's profit after tax increased by 46% at ₹ 1180 Crores in FY 17 from ₹ 810Crores in FY 16.

### Capital adequacy ratio

Our capital adequacy ratio increased from 24.48% in FY 16 to 24.88% in FY 17 with Tier I capital of 21.78%, on account of ploughing back of profit for the year net of dividend payment.

### Earnings per share (EPS)

Earnings per share increased to ₹ 29.56 in FY 17 from ₹ 20.34 in FY 16 on account of higher profits generated during the year.

## RISK MANAGEMENT

During the course of the business, we are exposed to various risks. The objective of risk management systems is to measure and monitor the various risks that we are subjected to and implement policies and procedures to address these. We continue to improve our operating processes and risk management systems that will further enhance our ability to manage these risks.

### 1. Operational risk

The risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events is broadly defined as operational risk. We have started installing offsite surveillance cameras in our branches, and intend to implement this across the branch network. We have installed centralised monitoring and surveillance cameras in almost all branches across India. We have 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, we train existing and new employees in appraisal skills, customer relations, communication skills and risk management procedures. We also periodically update its employees with the latest developments to mitigate risks against frauds, cheating and unauthentic 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

The fluctuation in gold prices resulting in downward gold price gives birth to collateral risk. This risk is in part alleviated by retention of at least 25% margin 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 is not considered for arriving at the value of jewellery for the calculation of the loan amount. We appraise 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

Failure of any counterparty to abide by the terms and conditions of any financial contract with us gives rise to credit risk. We aim to reduce credit risk through a rigorous loan approval and collateral appraisal process, as

# Annexure- 9

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 because of adequate collateral being available.

### 4. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in our business. The objective of market risk management is to avoid excessive exposure to the volatility inherent in financial instruments. Our majority borrowings, and all the loans and advances are at fixed rates of interest. This minimises our interest rate risk.

### 5. Liquidity risk

Liquidity risk is the risk of being unable to raise 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, we also track the potential impact of prepayment of loans at a realistic estimate of its near to medium-term liquidity position. The nature of our 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 businesses, loan products are used by customers in various industries, resulting in trade cycles having limited impact on our business. Furthermore, the geographic spread of branches will allow us to mitigate the cyclical pressures in the economic growth of different regions

## ADEQUACY OF INTERNAL SYSTEMS

Our internal control procedures are commensurate with the size and nature of our business. These controls ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines authorisations and approval procedures. The operation and monitoring of internal control systems is entrusted to employees who possess the necessary skills, technical knowledge, understanding of the Company, industry and markets in which it operates. We ensure that the recorded data is reliable to prepare financial information and maintain accountability of assets.

## 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.

# Annexure- 10

**KSR/CBE/M154/468/2017-2018**

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.

Date: August 04, 2017
Place: Coimbatore

For **KSR & Co Company Secretaries LLP**
C.V.Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

# Annexure- 10

# *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, 2017

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, 2017 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, 2017 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

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

# Annexure- 10

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

a. The Reserve Bank of India Act, 1934.

b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

c. Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015

d. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

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. Delisting of equity shares.

d. SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

e. Issue of securities other than Equity shares issued under Employee stock option scheme and issue of Debt Securities.

f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 is not applicable to the company, since it does not carry on the business of Registrar and Share Transfer agents.

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. The objects clause of the Memorandum of Association was amended to carry on new business in the nature of micro finance activities, mutual fund activities, bill collection services, advisory and management services including information technology services.

# Annexure- 10

2. The company acquired 64.60% of capital of Belstar Investment and Finance Private Limited, thereby making it a subsidiary.

3. The company acquired 100% stake in Muthoot Insurance Brokers Private Limited thereby making the said company its wholly owned subsidiary.

For **KSR & Co Company Secretaries LLP**
C.V.Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Date: August 04, 2017
Place: Coimbatore

# Annexure- 11

## (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 2016-17 ; the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2016-17;

| Sl. No. | Name of Director and KMP | Designation | % increase in remuneration during year 2016-17 | Ratio of Remuneration of each Director to median remuneration of employees of the company |
|---|---|---|---|---|
| 1. | M G George Muthoot | Chairman & Whole Time Director | 83% | 466:1 |
| 2. | George Thomas Muthoot | Whole Time Director | 83% | 466:1 |
| 3. | George Jacob Muthoot | Whole Time Director | 83% | 466:1 |
| 4. | George Alexander Muthoot | Managing Director | 83% | 466:1 |
| 5. | Alexander M George | Whole Time Director | 67% | 32:1 |
| 6. | George Joseph | Independent Director | 17% | 4:1 |
| 7. | K George John | Independent Director | 17% | 4:1 |
| 8. | John K Paul | Independent Director | 17% | 4:1 |
| 9. | K John Mathew | Independent Director | 17% | 4:1 |
| 10. | Pamela Anna Mathew | Independent Director | 17% | 4:1 |
| 11. | Oommen K Mammen | Chief Financial Officer | 116% | NA |
| 12. | Maxin James | Company Secretary | 155% | NA |

b) the percentage increase in the median remuneration of employees in the financial year 2016-17 : 17%

c) The number of permanent employees on the rolls of company as on March 31, 2017 : 24,205

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 22%. The total managerial remuneration for the Financial Year 2016-17 was ₹ 36.15 Crores as against ₹ 19.86 Crores during the previous year, an increase of 82%. The increase in managerial remuneration is on account of 83% increase in remuneration of four Whole-Time Directors. This was based on the overall performance of the Company during the Year. Loan Assets under management increased by 12% reaching an all time high of ₹ 27,278 Crores. Profit after tax increased by 46% at a record level of ₹ 1,180 crores. Hence the Board considered increasing Annual Performance Incentive of four Promoter Whole-Time Directors from ₹ 1.80 Crores to ₹ 5.80 Crores each due to exceptional performance of the Company during the year. Commission to Non-Executive Directors were also increased by 17% for the above reasons. The above increase in managerial remuneration is within the limits approved by shareholders. There is no exceptional circumstance for increase in managerial remuneration except as stated above.

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

# Annexure- 11

## (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 | Whole Time Director | Managing Director |
| Remuneration | ₹ 8.8 Crs | ₹ 8.8 Crs | ₹ 8.8 Crs | ₹ 8.8 Crs |
| Nature of Employment whether contractual or permanent | Permanent | Permanent | Permanent | Permanent |
| Qualifications | B. Tech | Graduate | B. Tech. | B.Com., FCA |
| Experience (in years) | 42 | 41 | 39 | 36 |
| Date of Commencement of Employment | 28.07.2000 | 16.08.2005 | 16.08.2005 | 28.07.2000 |
| Age (in years) | 67 | 66 | 64 | 61 |
| 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. |

# Annexure- 12

## DISCLOSURE PURSUANT TO PART A OF SCHEDULE V READ WITH REGULATION 34(3) AND 53(F) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

| Sl. No. | Loans and Advances in the nature of Loans | Amount Outstanding as at 31.03.2017 | Maximum Amount Outstanding during the year |
|---|---|---|---|
| (A) | To Subsidiaries | 183,333,000.00 | 623,333,000.00 |
| (B) | To Associates | N.A | N.A |
| (C) | To Firms/Companies in which Directors are Interested (other than (A) and (B) above) | Nil | Nil |
| (D) | 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 |

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# 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, 2017, 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' judgement, 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, 2017, 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, 2017, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 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' to this report.

   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, as amended, 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 26 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.

   iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407 (E) dated the 8th of November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the Company and as produced to us by the management. Refer Note 36 to the standalone financial statements.

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 18th May, 2017

# 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 granted unsecured loans to its subsidiary during the year and the same is covered in the register maintained under Section 189 of the Act. The terms and conditions of the grant of such loans are not prejudicial to the Company's interest. The repayment or receipts of principal and interest are as per schedule stipulated and are regular. There are no overdue amounts.

(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, 2017, 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 |
|---|---|---|---|
| Service tax | 499.21 | 2003-2008 | CESTAT, Bangalore |
| | 48,958.83 | 2007-2012 | CESTAT, Bangalore |
| | 7.90 | 2013-2014 | Commissioner (Appeals), Kochi |
| | 445.72 | 2010-2013 | CESTAT, Bangalore |
| | 21.55 | 2008-2011 | Commissioner of Central Excise(Appeals), Kochi |
| | 53.65 | 2007-2013 | Commissioner of Central Excise(Appeals), Kochi |
| | 110.39 | 2013-2014 | High Court of Kerala |
| | 68.05 | April to September 2014 | Commissioner (Appeals), Kochi. |
| 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 ₹ 12,827,281.00 as given in Note 34 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
Membership No. 020566

Place: Kochi
Date: 18th May, 2017

# 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, 2017 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('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 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, 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' judgment, 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, 2017, 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
Membership No. 020566

Place: Kochi
Date: 18th May, 2017

# Balance Sheet

as at 31st March, 2017

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| Particulars | Note No. | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| (a) Share capital | 3 | 3,994,755,490.00 | 3,990,023,320.00 |
| (b) Reserves and surplus | 4 | 61,169,657,530.67 | 52,202,467,885.91 |
| **Non-current liabilities** | | | |
| (a) Long-term borrowings | 5 | 42,311,912,309.00 | 52,762,585,403.10 |
| (b) Other Long-term liabilities | 6 | 6,719,692,255.90 | 11,268,290,971.06 |
| (c) Long-term provisions | 24 | 5,273,000.00 | 2,391,462.94 |
| **Current liabilities** | | | |
| (a) Short-term borrowings | 5 | 127,549,094,570.68 | 83,635,160,020.65 |
| (b) Trade Payables | | | |
| -Total outstanding dues of micro enterprises and small enterprises | | - | - |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | | 929,221,852.34 | 611,288,364.41 |
| (c) Other current liabilities | 7 | 57,942,075,938.19 | 60,888,953,479.56 |
| (d) Short-term provisions | 8 | 6,509,035,598.87 | 5,126,167,830.86 |
| **Total** | | **307,130,718,545.65** | **270,487,328,738.49** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Fixed assets | 9 | | |
| (i) Tangible Assets | | 2,021,785,830.62 | 2,138,118,841.37 |
| (ii) Intangible Assets | | 60,523,561.34 | 46,702,267.34 |
| (iii) Capital work-in-progress | | 99,749,115.00 | 88,904,661.00 |
| (b) Non-current investments | 10 | 2,091,155,228.64 | 982,618,409.97 |
| (c) Deferred tax assets (net) | 11 | 560,238,722.16 | 519,739,833.16 |
| (d) Long-term loans and advances | 12 | 1,085,258,834.68 | 1,002,979,121.78 |
| **Current assets** | | | |
| (a) Trade receivables | 13 | 12,706,045,258.50 | 14,672,646,786.57 |
| (b) Cash and Bank Balances | 14 | 15,342,536,598.46 | 6,791,096,663.90 |
| (c) Short-term loans and advances | 15 | 273,156,801,470.44 | 244,237,688,095.40 |
| (d) Other current assets | 16 | 6,623,925.81 | 6,834,058.00 |
| **Total** | | **307,130,718,545.65** | **270,487,328,738.49** |

**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: 18th May, 2017

**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

# Statement of Profit and Loss

for the year ended 31st March, 2017

₹

| Particulars | Note No. | Year Ended 31st March, 2017 | Year Ended 31st March, 2016 |
|---|---|---|---|
| Revenue from Operations | 17 | 57,286,271,141.15 | 48,614,005,916.28 |
| Other income | 18 | 180,743,778.86 | 136,145,020.02 |
| **Total Revenue** | | **57,467,014,920.01** | **48,750,150,936.30** |
| Expenses:- | | | |
| Employee benefits expense | 19 | 7,280,477,378.46 | 6,418,778,569.56 |
| Finance costs | 20 | 22,938,151,818.69 | 22,576,929,357.51 |
| Other expenses | 21 | 4,382,199,828.40 | 4,191,762,810.85 |
| Directors Remuneration | | 358,000,000.00 | 195,600,000.00 |
| Depreciation and amortization expense | 9 | 482,504,385.81 | 575,147,459.91 |
| Provisions and Write Offs | 22 | 2,815,908,970.75 | 1,624,391,450.50 |
| **Total Expenses** | | **38,257,242,382.11** | **35,582,609,648.33** |
| **Profit Before Tax** | | **19,209,772,537.90** | **13,167,541,287.97** |
| Tax expense:- | | | |
| Current tax | | 7,451,954,940.14 | 5,219,432,887.00 |
| Deferred tax | | (40,498,889.00) | (171,349,310.00) |
| Taxes relating to Previous Years | | - | 23,926,173.68 |
| **Profit for the year** | | **11,798,316,486.76** | **8,095,531,537.29** |
| Earnings per equity share of ₹ 10/- each | 28 | | |
| **Basic** | | **29.56** | **20.34** |
| **Diluted** | | **29.45** | **20.10** |

**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: 18th May, 2017

**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

# Cash Flow Statement

for the year ended 31st March, 2017

₹

| Particulars | | Year Ended 31st March, 2017 | Year Ended 31st March, 2016 |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | **Net Profit Before Taxation** | **19,209,772,537.90** | **13,167,541,287.97** |
| | Adjustments for : | | |
| | Add: Provisions for Non-performing Assets and bad debt written off | 165,435,823.75 | 401,079,392.50 |
| | Add: Provisions for Standard Assets and Other Losses | 2,650,473,147.00 | 1,223,312,058.00 |
| | Add: Finance Cost | 22,938,151,818.69 | 22,576,929,357.51 |
| | Add: Loss on Sale of Fixed Assets | 755,203.66 | 106,712.06 |
| | Add: Depreciation and amortisation | 482,504,385.81 | 575,147,459.91 |
| | Add :Provision for Gratuity | 5,273,000.00 | 2,391,462.94 |
| | Add :Expenses on ESOP | 36,194,255.00 | 115,299,604.00 |
| | Less :Interest received - Others | (152,640,632.65) | (130,155,978.42) |
| | Less :Income from Investments | (24,861,189.69) | (4,389,370.60) |
| | **Operating profit before working capital changes** | **45,311,058,349.47** | **37,927,261,985.87** |
| | Adjustments for: | | |
| | (Increase) / Decrease in Loans and Advances | (29,001,393,087.94) | (9,851,418,800.46) |
| | (Increase) / Decrease in Trade receivables | 1,801,165,704.32 | (3,240,874,570.94) |
| | (Increase) / Decrease in Other current assets | - | 17,018,414.35 |
| | (Increase) / Decrease in Bank balances other than Cash and Cash Equivalents | (2,423,911,480.68) | (3,741,199.10) |
| | Increase / (Decrease) in Current liabilities | 555,678,698.62 | 484,511,065.00 |
| | Increase / (Decrease) in Other Long Term Provisions | (2,391,462.94) | (7,508,745.00) |
| | Increase / (Decrease) in Other Long Term Liabilities | (34,801,382.12) | 45,896,322.09 |
| | **Cash generated from operations** | **16,205,405,338.73** | **25,371,144,471.81** |
| | Finance cost paid | (24,608,231,920.52) | (19,452,860,621.37) |
| | Direct tax paid | (8,719,560,319.13) | (3,782,103,005.14) |
| | **Net cash from operating activities** | **(17,122,386,900.92)** | **2,136,180,845.30** |
| | | | |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of Fixed Assets | (382,649,036.97) | (189,860,122.56) |
| | Sale of Fixed Assets | 1,901,164.25 | 2,813,045.50 |
| | (Increase) / Decrease in Capital Work in Progress | (10,844,454.00) | (20,266,769.00) |
| | Purchase of Securities | (112,107,611.00) | (100,000,000.00) |
| | Sale of Securities | 140,000,000.00 | - |
| | Acquisition of shares in subsidiary | (1,136,429,207.67) | (497,744,914.81) |
| | Interest received - Others | 152,850,764.84 | 129,502,209.78 |
| | Income from Investments | 24,861,189.69 | 4,389,370.60 |
| | **Net Cash from Investing Activities** | **(1,322,417,190.86)** | **(671,167,180.49)** |

# Cash Flow Statement

for the year ended 31st March, 2017

₹

| | Particulars | Year Ended 31st March, 2017 | Year Ended 31st March, 2016 |
|---|---|---|---|
| C | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Net Proceeds from Issue of Debentures | (15,023,934,000.00) | (13,182,460,000.00) |
| | Increase / (Decrease) in Loan from Directors / Relatives of Directors | (780,472,970.98) | 1,568,803,173.12 |
| | Increase / (Decrease) in Borrowings from Bank /Financial Institutions | 15,142,913,446.64 | 4,457,884,112.76 |
| | Increase / (Decrease) in Subordinated debt | (6,336,833,000.00) | (1,081,805,566.00) |
| | Increase / (Decrease) in Commercial Papers | 31,548,450,500.00 | - |
| | Dividend paid (including Dividend distribution tax) | - | (3,832,718,413.89) |
| | Proceeds from issue of Share Capital | 22,208,570.00 | 26,470,010.00 |
| | **Net Cash from Financing Activities** | **24,572,332,545.66** | **(12,043,826,684.01)** |
| | | | |
| D | **NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)** | **6,127,528,453.88** | **(10,578,813,019.20)** |
| | Cash and Cash Equivalent at the Beginning of the Year | 6,764,448,173.41 | 17,343,261,192.61 |
| | **Cash and Cash Equivalent at the end of the Year** | **12,891,976,627.29** | **6,764,448,173.41** |
| | **Components of Cash and Cash Equivalents at the end of the Year** | | |
| | Current Account with Banks | 11,264,656,156.29 | 5,288,344,057.54 |
| | Cash on Hand | 1,627,320,471.00 | 1,476,104,115.87 |
| | | | |
| | **Total (Refer Note 2(xi))** | **12,891,976,627.29** | **6,764,448,173.41** |

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.

**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: 18th May, 2017

**For and on behalf of the Board of Directors**

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

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

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

Sd/-
**Maxin James**
Company Secretary

# Notes on Accounts

for the year ended 31st March, 2017

## 1. BACKGROUND

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Accounting Concepts

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 and / or Companies Act, 1956 , as applicable. The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The Company follows prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India vide Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

### 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*

# Notes on Accounts

for the year ended 31st March, 2017

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

# Notes on Accounts

for the year ended 31st March, 2017

denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items are recognised as income or as expenses in the period in which they arise.

## 2.7 Intangible Assets

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

## 2.8 Taxes on Income

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is 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 and bank deposits having maturity of 3 months or less.

## 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

# Notes on Accounts

for the year ended 31st March, 2017

(ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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

## 2.13 Debenture Redemption Reserve

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

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

## 2.14 Provision for Standard Assets and Non Performing Assets

The Company makes provision for standard assets and non performing assets as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. 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 and/or as Gold Price Fluctuation Risk provisions.

## 2.15 Leases

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

**Where the Company is the Lessor:**

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

**Where the Company is the lessee:**

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

## 2.16 Segment Reporting

**Identification of segments:**

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

b) In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, Company has identified business segment as the primary segment for the purpose of disclosure.

c) 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.

# Notes on Accounts

for the year ended 31st March, 2017

**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, 2017

**(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, 2017 | As at 31st March, 2016 |
|---|---|---|
| **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** | | |
| 399,475,549 Equity Shares of ₹ 10/- each fully paid | 3,994,755,490.00 | 3,990,023,320.00 |
| (Previous Year: 399,002,332 Equity Shares of ₹ 10/- each fully paid) | | |
| **Total** | 3,994,755,490.00 | 3,990,023,320.00 |

### 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 March 31, 2017 and March 31, 2016 is set out below:-

₹

| Particulars | 31st March, 2017 | | 31st March, 2016 | |
|---|---|---|---|---|
| | Equity Shares | | Equity Shares | |
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 399,002,332 | 3,990,023,320.00 | 397,966,419 | 3,979,664,190.00 |
| Shares issued in exercise of Employee Stock Options during the year | 473,217 | 4,732,170.00 | 1,035,913 | 10,359,130.00 |
| Shares outstanding at the end of the year | **399,475,549** | **3,994,755,490.00** | **399,002,332** | **3,990,023,320.00** |

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

| Sl. No. | Name of Shareholder | 31st March, 2017 | | 31st March, 2016 | |
|---|---|---|---|---|---|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | M. G. George Muthoot | 46,551,632 | 11.65% | 47,385,132 | 11.88% |
| 2 | George Alexander Muthoot | 43,630,900 | 10.92% | 44,464,400 | 11.14% |
| 3 | George Jacob Muthoot | 43,630,900 | 10.92% | 44,464,400 | 11.14% |
| 4 | George Thomas Muthoot | 43,630,900 | 10.92% | 44,464,400 | 11.14% |
| 5 | Susan Thomas | 29,985,068 | 7.51% | 29,985,068 | 7.52% |

# Notes on Accounts

for the year ended 31st March, 2017

### 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.

| Sl. No. | Particulars | Fully paid up pursuant to contract(s) without payment being received in cash | Fully paid up by way of bonus shares | Shares bought back |
|---|---|---|---|---|
| | Equity Shares : | | | |
| 1 | 2016-2017 | Nil | Nil | Nil |
| 2 | 2015-2016 | Nil | Nil | Nil |
| 3 | 2014-2015 | Nil | Nil | Nil |
| 4 | 2013-2014 | Nil | Nil | Nil |
| 5 | 2012-2013 | Nil | Nil | Nil |

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

The Company has reserved 2,837,904 equity shares ( Previous year : 3,659,788) for issue under the Employee Stock Option Scheme 2013. (Refer Note.24.c)

## 4. RESERVES AND SURPLUS

₹

| Particulars | | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|---|
| **a.** | **Securities Premium Account** | | |
| | Balance at the beginning of the year | 14,665,742,013.56 | 14,551,281,673.66 |
| | Add : Securities premium on Equity Share issue | 56,068,873.10 | 114,460,339.90 |
| | **Closing Balance** | **14,721,810,886.66** | **14,665,742,013.56** |
| **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.4.1)** | | |
| | Balance at the beginning of the year | 15,517,788,282.00 | 12,008,322,083.50 |
| | Add: Amount transferred from surplus in the Statement of Profit and Loss | 4,818,119,028.50 | 3,509,466,198.50 |
| | **Closing Balance** | **20,335,907,310.50** | **15,517,788,282.00** |
| **d.** | **Statutory Reserve (Refer Note.4.2)** | | |
| | Balance at the beginning of the year | 10,294,843,942.80 | 8,675,737,635.80 |
| | Add: Amount transferred from surplus in the Statement of Profit and Loss | 2,359,663,297.00 | 1,619,106,307.00 |
| | **Closing Balance** | **12,654,507,239.80** | **10,294,843,942.80** |
| **e.** | **Share options outstanding account ( Refer Note.24 c )** | | |
| | Balance at the beginning of the year | 223,669,846.40 | 206,719,702.30 |
| | Additions during the year | 36,194,255.00 | 115,299,604.00 |

# Notes on Accounts

for the year ended 31st March, 2017

₹

| Particulars | | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|---|
| | Deduction during the year on share allotment | 38,592,473.10 | 98,349,459.90 |
| | **Closing Balance** | **221,271,628.30** | **223,669,846.40** |
| **f.** | **Surplus in the Statement of Profit and Loss** | | |
| | Balance at the beginning of the year | 8,824,091,202.15 | 8,736,984,525.36 |
| | Add: Net Profit For the year | 11,798,316,486.76 | 8,095,531,537.29 |
| | Less: Appropriations | | |
| | Interim Dividend | 2,396,853,294.00 | 2,390,180,648.00 |
| | Dividend relating to earlier years | - | 3,081,125.00 |
| | Corporate Dividend Tax | 487,944,203.00 | 486,590,582.00 |
| | Transfer to Debenture Redemption Reserve | 4,818,119,028.50 | 3,509,466,198.50 |
| | Transfer to Statutory Reserve | 2,359,663,297.00 | 1,619,106,307.00 |
| | **Closing Balance** | **10,559,827,866.41** | **8,824,091,202.15** |
| | **Total** | **61,169,657,530.67** | **52,202,467,885.91** |

### 4.1 Debenture Redemption Reserve

During the year, the Company has transferred an amount of ₹ 4,818,119,028.50 (Previous Year: ₹ 3,509,466,198.50) to the Debenture Redemption Reserve. No appropriation was made from this Reserve during the year.

### 4.2 Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. An amount of ₹2,359,663,297.00 representing 20% of Net Profit is transferred to the Fund for the year ( Previous Year: ₹1,619,106,307.00) . No appropriation was made from the Reserve Fund during the year.

## 5. BORROWINGS

### 5.1 Borrowings – Secured and Unsecured

₹

| Particulars | | Non Current As at 31st March 2017 | Non Current As at 31st March, 2016 | Current As at 31st March 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|---|
| | SECURED | | | | |
| (a) | **Debentures** | | | | |
| | Secured Non-Convertible Debentures | 5,269,448,000.00 | 14,378,919,000.00 | 19,920,630,000.00 | 26,529,927,000.00 |
| | (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | | | |
| | (Refer Note No. 5.2) | | | | |

# Notes on Accounts

for the year ended 31st March, 2017

## 5.1 Borrowings – Secured and Unsecured (Contd.)

₹

| Particulars | Non Current As at 31st March 2017 | Non Current As at 31st March, 2016 | Current As at 31st March 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|
| Secured Non-Convertible Debentures -Listed | 24,341,527,000.00 | 20,195,055,000.00 | 12,756,626,000.00 | 16,208,264,000.00 |
| (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | | | |
| (Refer Note No. 5.3 & 5.4) | | | | |
| | | | | |
| **(b) Term loans** | | | | |
| **From banks** | | | | |
| Term Loan (Secured by specific charge on vehicles) | - | 78,039.10 | 78,039.10 | 478,750.00 |
| (Terms of Repayment : ₹ 78,039.10 during F Y 2017-18 in 3 monthly installments, Rate of Interest :10.51 % p.a.) | | | | |
| Term Loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances) | 2,000,000,000.00 | - | - | - |
| (Terms of Repayment : During F Y 2018-19 in 4 quarterly installments, Rate of Interest :8.75 % p.a.) | | | | |
| **From Financial Institutions** | | | | |
| Term Loan (Secured by specific charge on vehicles) | 1,154,309.00 | 2,851,364.00 | 1,697,055.00 | 2,564,824.37 |
| (Terms of Repayment: ₹ 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 : 9.19-9.30 % p.a. ) | | | | |
| | | | | |
| **(c) Loans repayable on demand** | | | | |
| **From banks** | | | | |
| Overdraft against Deposit with Banks | - | - | 3,711,833.26 | 7,782,787.27 |
| (Secured by a lien on Fixed Deposit with Banks) | | | | |
| Cash Credit | - | - | 29,722,836,126.66 | 23,912,808,151.96 |
| (Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of promoter directors) | | | | |

# Notes on Accounts

for the year ended 31st March, 2017

## 5.1 Borrowings – Secured and Unsecured (Contd.)

₹

| Particulars | Non Current As at 31st March 2017 | Non Current As at 31st March, 2016 | Current As at 31st March 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|
| **(d) Short Term Loans** | | | | |
| **From Banks** | - | - | 59,540,000,000.32 | 52,950,000,000.00 |
| (Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of promoter directors) | | | | |
| **Sub Total -Secured** | **31,612,129,309.00** | **34,576,903,403.10** | **121,945,579,054.34** | **119,611,825,513.60** |
| **UNSECURED** | | | | |
| **(a) Loans repayable on demand** | | | | |
| **From banks** | - | - | 750,000,000.00 | - |
| **(b) Loans and advances from related parties** | | | | |
| Loan from Directors and Relatives | - | - | 5,984,096,110.44 | 6,764,569,081.42 |
| Subordinated Debt (Refer Note.5.5) | 50,000.00 | 262,000.00 | 212,000.00 | 84,145,000.00 |
| **(c) Other loans and advances** | | | | |
| Subordinated Debt Listed (Refer Note.5.6 & 5.7) | 3,661,807,000.00 | 3,108,046,000.00 | - | - |
| Commercial Paper | - | - | 31,548,450,500.00 | - |
| Subordinated Debt (Refer Note.5.5) | 7,037,926,000.00 | 15,077,374,000.00 | 8,419,374,000.00 | 7,186,375,000.00 |
| **Sub Total-Unsecured** | **10,699,783,000.00** | **18,185,682,000.00** | **46,702,132,610.44** | **14,035,089,081.42** |
| **Total** | **42,311,912,309.00** | **52,762,585,403.10** | **168,647,711,664.78** | **133,646,914,595.02** |
| Less: Amount included under Current Liabilities | | | | |
| Current maturities of long term debt (Refer Note.7.1) | - | - | 39,993,674,094.10 | 49,272,351,574.37 |
| Unpaid Matured Debentures (Refer Note.7.2) | - | - | 1,104,943,000.00 | 739,403,000.00 |
| **As per Balance Sheet** | **42,311,912,309.00** | **52,762,585,403.10** | **127,549,094,570.68** | **83,635,160,020.65** |
| **Long Term Borrowings** | **42,311,912,309.00** | **52,762,585,403.10** | | |
| **Short Term Borrowings** | | | **127,549,094,570.68** | **83,635,160,020.65** |

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, 2017

## 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 ₹ 25,190,078,000.00 (Previous Year: ₹ 40,908,846,000.00).

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| CU | 31.03.2014 | 15,000,000.00 | 20,000,000.00 | 120 months | 10.50-12.50 |
| CT | 14.03.2014-31.03.2014 | 34,000,000.00 | 47,000,000.00 | 120 months | 10.50-12.50 |
| CS | 27.02.2014-14.03.2014 | 47,000,000.00 | 57,000,000.00 | 120 months | 10.50-12.50 |
| CR | 07.02.2014-27.02.2014 | 25,000,000.00 | 49,500,000.00 | 120 months | 10.50-12.50 |
| CQ | 04.02.2014-07.02.2014 | 44,500,000.00 | 59,500,000.00 | 120 months | 10.50-12.50 |
| CP | 20.01.2014-04.02.2014 | 84,000,000.00 | 92,000,000.00 | 120 months | 10.50-12.50 |
| CO | 10.01.2014-20.01.2014 | 130,000,000.00 | 137,000,000.00 | 120 months | 10.50-12.50 |
| CN | 03.01.2014-10.01.2014 | 87,500,000.00 | 109,000,000.00 | 120 months | 10.50-12.50 |
| CM | 24.12.2013-03.01.2014 | 37,500,000.00 | 80,000,000.00 | 120 months | 10.50-12.50 |
| CL | 05.12.2013-24.12.2013 | 41,500,000.00 | 64,000,000.00 | 120 months | 10.50-12.50 |
| CK | 18.11.2013-05.12.2013 | 34,500,000.00 | 58,000,000.00 | 120 months | 10.50-12.50 |
| CJ | 29.10.2013-18.11.2013 | 34,500,000.00 | 73,500,000.00 | 120 months | 10.50-12.50 |
| CI | 09.10.2013-29.10.2013 | 39,500,000.00 | 47,000,000.00 | 120 months | 10.50-12.50 |
| CH | 27.09.2013 - 09.10.2013 | 66,500,000.00 | 71,500,000.00 | 120 months | 10.50-12.50 |
| CG | 06.09.2013 - 27.09.2013 | 28,000,000.00 | 38,500,000.00 | 120 months | 10.50-12.50 |
| CF | 31.08.2013 - 06.09.2013 | 25,500,000.00 | 43,000,000.00 | 120 months | 10.50-12.50 |
| CE | 12.08.2013 - 31.08.2013 | 36,000,000.00 | 62,000,000.00 | 120 months | 10.50-12.50 |
| CD | 31.07.2013 - 10.08.2013 | 41,000,000.00 | 61,000,000.00 | 120 months | 10.50-12.50 |
| CC | 08.07.2013 - 31.07.2013 | 46,000,000.00 | 51,500,000.00 | 120 months | 10.50-12.50 |
| CB | 24.06.2013 - 07.07.2013 | 1,521,760,000.00 | 2,077,202,000.00 | 120 months | 10.50-12.50 |
| CA | 18.04.2013 - 23.06.2013 | 2,907,819,000.00 | 4,145,538,000.00 | 120 months | 10.50-12.50 |
| BZ | 01.03.2013 - 17.04.2013 | 2,835,202,000.00 | 3,766,665,000.00 | 120 months | 10.50-12.50 |
| BY | 18.01.2013 - 28.02.2013 | 2,627,205,000.00 | 3,009,281,000.00 | 120 months | 10.50-12.50 |
| CZ | 04.05.2016 | 415,000,000.00 | - | 60 months | 9.25-9.50 |
| CY | 03.02.2016 | 260,000,000.00 | 260,000,000.00 | 60 months | 9.50-9.75 |
| CX | 03.11.2014 | - | 390,000,000.00 | 60 months | 10.00-12.00 |
| CW | 08.05.2014 | 60,500,000.00 | 72,000,000.00 | 60 months | 10.00-12.00 |
| CV | 24.04.2014 | 97,000,000.00 | 111,000,000.00 | 60 months | 10.00-12.00 |
| BX | 26.11.2012 - 17.01.2013 | 2,430,069,000.00 | 2,755,174,000.00 | 60 months | 10.50-12.50 |
| BW | 01.10.2012 - 25.11.2012 | 3,141,937,000.00 | 3,568,659,000.00 | 60 months | 11.50-12.50 |
| BV | 17.08.2012 - 30.09.2012 | 1,919,045,000.00 | 2,411,077,000.00 | 60 months | 11.50-12.50 |
| BU | 01.07.2012 - 16.08.2012 | 2,234,008,000.00 | 2,851,060,000.00 | 60 months | 11.50-12.50 |
| BT | 21.05.2012 - 30.06.2012 | 1,509,716,000.00 | 1,893,736,000.00 | 60 months | 11.50-12.50 |
| BS | 01.05.2012 - 20.05.2012 | 662,877,000.00 | 807,592,000.00 | 60 months | 11.50-12.50 |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| BR | 01.03.2012 - 30.04.2012 | 1,333,893,000.00 | 2,562,963,000.00 | 60 months | 11.50-12.50 |
| BQ | 23.01.2012 - 29.02.2012 | 154,856,000.00 | 1,928,350,000.00 | 60 months | 11.50-12.50 |
| BP | 01.12.2011 - 22.01.2012 | 67,275,000.00 | 1,738,951,000.00 | 60 months | 11.50-12.50 |
| BO | 19.09.2011 – 30.11.2011 | 41,730,000.00 | 1,602,397,000.00 | 60 months | 11.00-12.00 |
| BN | 01.07.2011 – 18.09.2011 | 25,764,000.00 | 1,592,606,000.00 | 60 months | 11.00-12.00 |
| BM | 01.04.2011 – 30.06.2011 | 12,698,000.00 | 1,530,981,000.00 | 60 months | 11.00-12.00 |
| BL | 01.01.2011 - 31.03.2011 | 9,049,000.00 | 512,024,000.00 | 60 months | 10.00-11.50 |
| BK | 01.10.2010 - 31.12.2010 | 5,318,000.00 | 54,639,000.00 | 60 months | 9.50-11.50 |
| BJ | 01.07.2010 – 30.09.2010 | 5,340,000.00 | 19,824,000.00 | 60 months | 9.50-11.00 |
| BI | 01.04.2010 - 30.06.2010 | 1,607,000.00 | 6,103,000.00 | 60 months | 9.00-10.50 |
| BH | 01.01.2010 - 31.03.2010 | 2,077,000.00 | 5,617,000.00 | 60 months | 9.00-10.50 |
| BG | 01.10.2009 - 31.12.2009 | 1,450,000.00 | 2,769,000.00 | 60 months | 9.50-10.50 |
| BF | 01.07.2009 - 30.09.2009 | 1,826,000.00 | 2,008,000.00 | 60 months | 10.50 |
| BE | 01.04.2009 - 30.06.2009 | 544,000.00 | 677,000.00 | 60 months | 10.50-11.50 |
| BD | 01.01.2009 - 31.03.2009 | 2,862,000.00 | 3,032,000.00 | 60 months | 11.00-12.00 |
| BC | 22.09.2008 - 31.12.2008 | 378,000.00 | 435,000.00 | 60 months | 11.00-12.00 |
| BB | 10.07.2008 - 21.09.2008 | 105,000.00 | 255,000.00 | 60 months | 11.00-11.50 |
| AZ | 01.04.2008 - 02.07.2008 | 1,049,000.00 | 1,203,000.00 | 60 months | 10.50-11.00 |
| AY | 01.01.2008 - 31.03.2008 | 70,000.00 | 105,000.00 | 60 months | 10.50-11.00 |
| AX | 01.10.2007 - 31.12.2007 | 115,000.00 | 115,000.00 | 60 months | 10.50-11.00 |
| AW | 01.07.2007 - 30.09.2007 | 292,000.00 | 312,000.00 | 60 months | 10.50-11.00 |
| AV | 01.04.2007 - 30.06.2007 | 117,000.00 | 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 | 1,237,000.00 | 1,262,000.00 | 60 months | 9.00-11.00 |
| AT | 13.08.2006 - 31.12.2006 | 203,000.00 | 820,000.00 | 60 months | 9.00-9.50 |
| AS | 01.05.2006 - 12.08.2006 | 186,000.00 | 186,000.00 | 60 months | 8.50-9.00 |
| AR | 15.06.2005 - 30.04.2006 | 110,000.00 | 437,000.00 | 60 months | 8.00-8.50 |
| AQ | 01.04.2005 - 14.06.2005 | 30,000.00 | 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 | 60 months | 9.50 |
| | **Total** | **25,190,078,000.00** | **40,908,846,000.00** | | |

Of the above, ₹ 5,269,448,000.00 (Previous Year: ₹ 14,378,919,000.00) is included in long-term borrowings and ₹ 19,195,613,000.00 (Previous Year: ₹ 25,917,313,000.00) is included in current maturities of long-term debt (Refer Note.7.1) and ₹ 725,017,000.00 (Previous Year: ₹ 612,614,000.00) is included in unpaid matured debentures (Refer Note.7.2).

# Notes on Accounts

for the year ended 31st March, 2017

## 5.3 Secured Redeemable Non Convertible Debentures – Listed

The Company had privately placed Rated Secured Redeemable Non-Convertible Listed Debentures which matured and was redeemed during the year.

₹

| Series | Date of allotment | Amount As at 31st March, 2017 | Amount As at 31st March, 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| L 4 | 12.01.2012 | - | 1,000,000,000.00 | 60 Months | 13.00 |
| | **Total** | **-** | **1,000,000,000.00** | | |

## 5.4 Secured Non Convertible Debentures – Public Issue

The outstanding amount of Secured Rated Non-Convertible Listed Debentures raised through Public Issue stood at ₹ 37,098,153,000.00 (Previous Year: ₹ 35,403,319,000.00 )

₹

| Series | Date of allotment | Amount As at 31st March, 2017 | Amount As at 31st March, 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| PL 16 | 30.01.2017 | 13,000,000,000.00 | - | 400 Days,1.5,2,3,5 years | 8.25-9.25 |
| PL 15 | 12.05.2016 | 4,763,997,000.00 | - | 400 Days,1.5,2,3,5 years | 8.75-9.75 |
| PL 14 | 20.01.2016 | 3,652,779,000.00 | 4,154,843,000.00 | 400 Days,2,3,5 years | 9.00-10.00 |
| PL 13 | 14.10.2015 | 3,945,916,000.00 | 4,640,533,000.00 | 400 Days,2,3,5 years | 9.25-10.25 |
| PL 12 | 23.04.2015 | 2,266,789,000.00 | 2,710,855,000.00 | 400 Days,2,3,5 years | 9.75-10.75 |
| PL 11 | 29.12.2014 | 2,039,475,000.00 | 3,033,948,000.00 | 400 Days,2,3,5 years | 10.25-11.25 |
| PL 10 | 26.09.2014 | 2,336,743,000.00 | 3,216,416,000.00 | 400 Days,2,3,5 years | 10.25-11.50 |
| PL 9 | 04.07.2014 | 2,345,257,000.00 | 3,793,100,000.00 | 400 Days,2,3,5 years | 10.50-11.75 |
| PL 8 | 02.04.2014 | 13,006,000.00 | 1,553,624,000.00 | 400 Days,2,3,5 years | 10.50-11.75 |
| PL 7 | 04.02.2014 | 37,872,000.00 | 2,458,544,000.00 | 400 Days,2,3,5 years | 11.00-12.25 |
| PL 6 | 04.12.2013 | 39,228,000.00 | 1,568,290,000.00 | 400 Days,2,3,5 years | 11.00-12.25 |
| PL 5 | 25.09.2013 | 51,760,000.00 | 1,533,527,000.00 | 400 Days,2,3,5 years | 11.00-12.55 |
| PL 4 | 01.11.2012 | 926,177,000.00 | 926,177,000.00 | 2,3,5,6 years | 11.50-12.25 |
| PL 3 | 18.04.2012 | 768,938,000.00 | 768,938,000.00 | 2, 3, 5, 5.5 years | 13.00-13.43 |
| PL 2 | 18.01.2012 | 910,216,000.00 | 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 | 2, 3, 5 years | 11.75-12.25 |
| | **Total** | **37,098,153,000.00** | **35,403,319,000.00** | | |

Out of the above, ₹ 24,341,527,000.00 (Previous Year: ₹ 20,195,055,000.00) is classified as Long-term borrowings and ₹ 12,756,626,000.00 (Previous Year: ₹ 15,208,264,000.00 ) is classified as Current maturities of Long-term Debt (Refer Note.7.1)

# Notes on Accounts

for the year ended 31st March, 2017

## 5.5 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The outstanding amount of privately placed subordinated debt stood at ₹ 15,457,562,000 (Previous year: ₹ 22,348,156,000.00)

₹

| Series | Date of allotment | Amount As at 31st March, 2017 | Amount As at 31st March, 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| 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 | 144 months | 15.00 |
| VIII | 01.07.2011 - 31.10.2011 | 686,459,000.00 | 2,343,849,000.00 | 66 months | 12.67 |
| VII | 01.01.2011 - 07.02.2011 | 26,059,000.00 | 437,284,000.00 | 72 months | 11.61 |
| VII | 01.04.2011 - 30.06.2011 | 30,245,000.00 | 1,270,315,000.00 | 66 months | 12.67 |
| VII | 08.02.2011 - 31.03.2011 | 8,992,000.00 | 1,080,398,000.00 | 66 months | 12.67 |
| VI | 01.07.2010 - 31.12.2010 | 29,595,000.00 | 1,912,708,000.00 | 72 months | 11.61 |
| D | 03.04.2004 | - | 14,057,938.00 | 144 months | 15.00 |
| V | 01.01.2010 - 30.06.2010 | 3,064,000.00 | 537,538,000.00 | 72 months | 11.61 |
| IV | 17.08.2009 - 31.12.2009 | 2,136,000.00 | 11,199,000.00 | 72 months | 11.61 |
| IV | 01.07.2009 - 16.08.2009 | 50,000.00 | 160,000.00 | 72 months | 12.50 |
| IV | 01.07.2009 - 16.08.2009 | 2,176,000.00 | 4,078,000.00 | 69 months | 12.12 |
| III | 15.12.2008 - 30.06.2009 | 230,000.00 | 530,000.00 | 72 months | 12.50 |
| III | 15.12.2008 - 30.06.2009 | 948,000.00 | 2,276,000.00 | 69 months | 12.12 |
| II | 18.08.2008 - 13.12.2008 | - | 213,000.00 | 72 months | 11.61 |
| | **Total** | **15,457,562,000.00** | **22,348,156,000.00** | | |

Out of the above, ₹ 7,037,976,000.00 is classified as long term borrowings (Previous year: ₹ 15,077,636,000.00) and ₹ 8,039,660,000.00 is classified as current maturities of long term debt (Previous year: ₹ 7,143,731,000.00) and ₹ 379,926,000.00 (Previous year : ₹ 126,789,000.00) is included in unpaid matured debentures ( Refer Note.7.2)

# Notes on Accounts

for the year ended 31st March, 2017

## 5.6 Subordinated Debt – Public Issue

The outstanding amount of Unsecured, Rated, Redeemable Non-Convertible, Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued through public issue stood at ₹ 3,561,807,000.00 (Previous Year : ₹ 3,008,046,000.00). This amount is classified as long term borrowings.

₹

| Series | Date of allotment | Amount As at 31st March, 2017 | Amount As at 31st March, 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| PL 16 | 30.01.2017 | 317,758,000.00 | - | 8 Years | 9.06 |
| PL 15 | 12.05.2016 | 236,003,000.00 | - | 7.50 Years | 9.67 |
| PL 14 | 20.01.2016 | 230,392,000.00 | 230,392,000.00 | 7.25 Years | 10.02 |
| PL 13 | 14.10.2015 | 359,467,000.00 | 359,467,000.00 | 7 Years | 10.41 |
| PL 12 | 23.04.2015 | 289,145,000.00 | 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** | **3,561,807,000.00** | **3,008,046,000.00** | | |

## 5.7 Subordinated Debt - Listed

The privately placed Unsecured, Rated, Redeemable Non-Convertible Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 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 As at 31st March, 2017 | Amount As at 31st March, 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| 1A | 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, 2017 | As at 31st March, 2016 |
|---|---|---|
| Interest accrued but not due on long term borrowings | 6,643,075,352.37 | 11,156,872,685.41 |
| Security Deposit Received | 76,616,903.53 | 111,418,285.65 |
| **Total** | **6,719,692,255.90** | **11,268,290,971.06** |

# Notes on Accounts

for the year ended 31st March, 2017

## 7. OTHER CURRENT LIABILITIES

₹

| | Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|---|
| (a) | Current maturities of long term debt ( Refer Note.7.1) | 39,993,674,094.10 | 49,272,351,574.37 |
| (b) | Interest accrued but not due on borrowings | 12,518,934,602.44 | 9,901,174,745.94 |
| (c) | Interest accrued and due on borrowings | 98,549,273.98 | 147,349,221.27 |
| (d) | Unpaid matured debentures and interest accrued thereon (Refer Note.7.2) | 1,594,611,859.00 | 954,314,537.00 |
| (e) | Other payables | | |
| | Statutory Payables | 228,802,590.11 | 376,075,360.96 |
| | Unpaid Dividend | 3,256,463.44 | 4,513,503.77 |
| | Interim Dividend Payable (Refer Note.27) | 2,396,853,294.00 | - |
| | Corporate Dividend Tax Payable | 487,944,203.00 | - |
| | Others | 619,449,558.12 | 233,174,536.25 |
| | **Total** | **57,942,075,938.19** | **60,888,953,479.56** |

### 7.1 Current Maturities of Long Term debts

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **SECURED** | | |
| Secured Non- Convertible Debentures | 19,195,613,000.00 | 25,917,313,000.00 |
| (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | |
| Secured Non-Convertible Debentures -Listed | 12,756,626,000.00 | 16,208,264,000.00 |
| (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | |
| **From Banks** | | |
| Term loan (Secured by specific charge on vehicles) | 78,039.10 | 478,750.00 |
| **From Financial Institutions** | | |
| Term loan (Secured by specific charge on vehicles) | 1,697,055.00 | 2,564,824.37 |
| **UNSECURED** | | |
| Subordinated Debt | 8,039,448,000.00 | 7,059,586,000.00 |
| Subordinated Debt - From Related Parties | 212,000.00 | 84,145,000.00 |
| **Total** | **39,993,674,094.10** | **49,272,351,574.37** |

### 7.2 Unpaid matured debentures and interest accrued thereon

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| Unpaid Matured Debentures | 1,104,943,000.00 | 739,403,000.00 |
| Interest accrued on Unpaid Matured Debentures | 489,668,859.00 | 214,911,537.00 |
| **Total** | **1,594,611,859.00** | **954,314,537.00** |

# Notes on Accounts

for the year ended 31st March, 2017

## 8. SHORT TERM PROVISIONS

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| Provision for Non Performing Assets (Refer Note.8.1) | 1,019,266,455.00 | 1,019,266,455.00 |
| Provision for Standard Assets (Refer Note.8.1) | | |
| - As per RBI Prudential Norms | 935,074,201.00 | 710,293,427.00 |
| - General | 1,750,399,356.00 | 1,657,351,330.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| Provision for Other Losses | 3,157,370.00 | 513,023.00 |
| Provision for Income Tax (Net of Advance Tax and TDS of ₹ 6,980,816,723.27, Previous Year: ₹3,595,461,569.14) | 471,138,216.87 | 1,738,743,595.86 |
| **Total** | **6,509,035,598.87** | **5,126,167,830.86** |

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

As per the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Company has created provision for Standard Assets as well as Non-Performing Assets. Company has separately created General Standard Asset Provision and Gold Price Fluctuation Risk 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, 2017 | As at 31st March, 2016 |
|---|---|---|
| **Provision for Standard Assets** | | |
| **Standard Assets** | **267,164,057,334.70** | **236,764,475,670.31** |
| **Provision at the beginning 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 |
| - Gold Price Fluctuation Risk | - | - |
| **Additional provision made / ( Reversed ) during the year** | | |
| - As per RBI Prudential Norms | 224,780,774.00 | 137,870,566.00 |
| - General | 93,048,026.00 | 1,084,928,469.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| **Provision at the close of the year** | | |
| - As per RBI Prudential Norms | 935,074,201.00 | 710,293,427.00 |
| - General | 1,750,399,356.00 | 1,657,351,330.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| | **5,015,473,557.00** | **2,367,644,757.00** |
| **Non-Performing Assets** | | |
| Substandard Assets | 4,967,757,507.00 | 6,668,310,565.00 |
| Doubtful Assets | 653,538,619.71 | 356,302,035.00 |
| **Total Non-Performing Assets** | **5,621,296,126.71** | **7,024,612,600.00** |
| **Provision for Non-Performing Assets** | | |
| Provision at the beginning of the year | 1,019,266,455.00 | 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** | **1,019,266,455.00** |

# Notes on Accounts

for the year ended 31st March, 2017

## 9. FIXED ASSETS - 31st March 2017

₹

| | Fixed Assets | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at April 1, 2016 | Additions | Disposals | As at March 31, 2017 | As at April 1, 2016 | Depreciation/ Amortisation Charge for the Period | Deductions/ adjustments during the Period | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| a | **Tangible Assets** | | | | | | | | | | |
| | Land | 546,698,212.00 | - | - | 546,698,212.00 | - | - | - | - | 546,698,212.00 | 546,698,212.00 |
| | Buildings | 692,746,420.70 | 71,074,942.00 | - | 763,821,362.70 | 221,406,975.31 | 47,306,782.00 | - | 268,713,757.31 | 495,107,605.39 | 471,339,445.39 |
| | Furniture and Fixtures | 1,221,613,244.58 | 60,651,866.28 | 5,578,533.26 | 1,276,686,577.60 | 897,690,336.78 | 116,837,210.55 | 3,798,414.00 | 1,010,729,133.33 | 265,957,444.27 | 323,922,907.80 |
| | Plant and Equipment | 1,848,575,661.19 | 149,127,042.17 | 1,886,986.11 | 1,995,815,717.25 | 1,172,204,034.46 | 234,767,482.22 | 1,377,621.00 | 1,405,593,895.68 | 590,221,821.57 | 676,371,626.73 |
| | Computer | 837,172,863.39 | 61,656,258.52 | 1,366,429.54 | 897,462,692.37 | 770,654,791.76 | 51,212,451.81 | 1,292,545.00 | 820,574,698.57 | 76,887,993.80 | 66,518,071.63 |
| | Motor Car | 82,720,215.09 | 3,475,551.00 | 1,892,743.00 | 84,303,023.09 | 54,906,172.21 | 7,432,314.23 | 1,599,744.00 | 60,738,742.44 | 23,564,280.65 | 27,814,042.88 |
| | Wind Mill | 180,598,860.00 | - | - | 180,598,860.00 | 155,144,325.06 | 2,106,062.00 | - | 157,250,387.06 | 23,348,472.94 | 25,454,534.94 |
| | **Total** | **5,410,125,476.95** | **345,985,659.97** | **10,724,691.91** | **5,745,386,445.01** | **3,272,006,635.58** | **459,662,302.81** | **8,068,324.00** | **3,723,600,614.39** | **2,021,785,830.62** | **2,138,118,841.37** |
| | Previous Year | 5,249,559,214.95 | 180,971,422.56 | 20,405,160.56 | 5,410,125,476.95 | 2,731,041,105.67 | 558,450,932.91 | 17,485,403.00 | 3,272,006,635.58 | 2,138,118,841.37 | 2,518,518,109.28 |
| b | **Intangible Assets** | | | | | | | | | | |
| | Computer software | 90,131,820.34 | 36,663,377.00 | - | 126,795,197.34 | 43,429,553.00 | 22,842,083.00 | - | 66,271,636.00 | 60,523,561.34 | 46,702,267.34 |
| | **Total** | **90,131,820.34** | **36,663,377.00** | **-** | **126,795,197.34** | **43,429,553.00** | **22,842,083.00** | **-** | **66,271,636.00** | **60,523,561.34** | **46,702,267.34** |
| | Previous Year | 81,243,120.34 | 8,888,700.00 | - | 90,131,820.34 | 26,733,026.00 | 16,696,527.00 | - | 43,429,553.00 | 46,702,267.34 | 54,510,094.34 |
| c | **Capital Work In Progress** | - | - | - | - | - | - | - | - | 99,749,115.00 | 88,904,661.00 |
| | **Total** | - | - | - | - | - | - | - | - | **99,749,115.00** | **88,904,661.00** |
| | Previous Year | - | - | - | - | - | - | - | - | 88,904,661.00 | 63,317,949.00 |
| d | **Intangible assets under Development** | | | | | | | | | | |
| | Computer Software | - | - | - | - | - | - | - | - | - | - |
| | **Total** | - | - | - | - | - | - | - | - | - | - |
| | Previous Year | - | - | - | - | - | - | - | - | - | 5,319,943.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 10. NON – CURRENT INVESTMENTS

Non – Current Investments in Equity instruments, Government Securities and Debentures (Valued at cost less other than temporary diminution in value, if any) :-

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **TRADE INVESTMENTS** | | |
| **(I) INVESTMENTS IN EQUITY INSTRUMENTS** | | |
| **- In Subsidiary Companies** | | |
| **Quoted:** | | |
| Asia Asset Finance PLC, Sri Lanka | 392,851,226.84 | 386,753,469.97 |
| 503,524,700 Equity shares of Sri Lankan Rupee 1/- each fully paid up | | |
| (Previous year: 501,031,126 Equity shares of Sri Lankan Rupee 1/- each fully paid up ) | | |
| **Unquoted:** | | |
| Muthoot Homefin (India) Limited | 752,694,000.00 | 449,115,000.00 |
| 66,200,000 Equity shares of ₹ 10/- each fully paid up (Previous Year: 39,500,000 Equity shares of ₹ 10/- each fully paid up) | | |
| Muthoot Insurance Brokers Private Limited | 200,000,000.00 | - |
| 500,000 Equity shares of ₹ 10/- each fully paid up (Previous Year: Nil) | | |
| Belstar Investment and Finance Private Limited | 626,752,450.80 | - |
| 15,017,459 Equity shares of ₹ 10/- each fully paid up (Previous Year: Nil) | | |
| **- In Other Companies** | | |
| **Unquoted:** | | |
| Muthoot Forex Limited | 19,700,000.00 | 19,700,000.00 |
| 1,970,000 Equity shares of ₹ 10/- each fully paid up (Previous year: 1,970,000 Equity shares of ₹ 10/- each fully paid up) | | |
| 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) | | |
| **(II) INVESTMENTS IN DEBENTURES** | | |
| **- In Subsidiary Companies** | | |
| **Unquoted:** | | |
| Belstar Investment and Finance Private Limited | 10,000,000.00 | 100,000,000.00 |
| (10 , 15% Unsecured Subordinated Redeemable Non-convertible Debentures of ₹ 1,000,000/- each fully paid up (Previous year: 100 , 15% Unsecured Subordinated Redeemable Non-convertible Debentures of ₹ 1,000,000/- each fully paid up)) | | |

# Notes on Accounts

for the year ended 31st March, 2017

## 10. NON – CURRENT INVESTMENTS (CONTD.)

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **OTHER INVESTMENTS** | | |
| **(I) INVESTMENTS IN EQUITY INSTRUMENTS** | | |
| **- In Other Companies** | | |
| **Quoted:** | | |
| 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) | | |
| | | |
| **(II) INVESTMENTS IN GOVERNMENT SECURITIES** | | |
| **Quoted:** | | |
| Gujarat State Development Loan | 15,408,625.00 | - |
| (50,000, 8.89% bonds of ₹100 each and 100,000, 8.94% bonds of ₹100 | | |
| each (Previous year : Nil) | | |
| | | |
| Kerala State Development Loan | 20,687,550.00 | - |
| (100,000, 9.03% bonds of ₹100 each and 100,000, 9.72% bonds of ₹100 each (Previous year : Nil) | | |
| | | |
| Karnataka State Development Loan | 5,200,250.00 | - |
| (50,000, 8.90% bonds of ₹100 each (Previous year : Nil) | | |
| | | |
| Tamilnadu State Development Loan | 10,429,686.00 | - |
| (100,000, 9.49% bonds of ₹100 each (Previous year : Nil) | | |
| | | |
| Punjab State Development Loan | 10,381,500.00 | - |
| (100,000, 9.81% bonds of ₹100 each (Previous year : Nil) | | |
| | | |
| **Total Non-Current Investments** | **2,091,155,228.64** | **982,618,409.97** |
| | | |
| **Investments - Category wise** | | |
| | | |
| **Aggregate Amount of Quoted Investments** | **455,008,777.84** | **386,803,409.97** |
| **Aggregate Market Value of Quoted Investments** | **366,062,468.64** | **284,636,545.24** |
| **Aggregate Amount of Unquoted Investments** | **1,636,146,450.80** | **595,815,000.00** |

# Notes on Accounts

for the year ended 31st March, 2017

## 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 | 173,436,638.26 | 40,498,889.00 | 213,935,527.26 |
| Provisions | 346,303,194.90 | - | 346,303,194.90 |
| **Net Deferred Tax Asset** | **519,739,833.16** | **40,498,889.00** | **560,238,722.16** |

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.

## 12. LONG TERM LOANS AND ADVANCES

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **Loan Assets (Refer Note.15.1)** | | |
| Secured, Considered good | | |
| -Related parties | | |
| Belstar Investment and Finance Private Ltd (Subsidiary) | 116,665,000.00 | - |
| **Other Deposits and Advances** | | |
| Unsecured, considered good | | |
| Capital Advances | 79,043,827.00 | 57,999,610.10 |
| Security Deposits | 889,550,007.68 | 944,979,511.68 |
| **Total** | **1,085,258,834.68** | **1,002,979,121.78** |

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

## 13. TRADE RECEIVABLES

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **Trade receivables outstanding for a period less than six months from the date they are due for payment** | | |
| **Secured, considered good** | | |
| Interest Receivable on Loan Assets | 12,568,973,736.00 | 9,489,434,454.04 |
| **Unsecured, considered good** | | |
| Interest Receivable on Loan Assets | - | 293,913.00 |
| Receivables from Money Transfer business | 117,117,995.00 | 158,804,030.03 |
| Receivables from Auction Proceeds | - | 5,012,609,250.00 |
| Wind Mill income receivable | 3,293,254.00 | 1,380,670.00 |
| **Sub-Total** | **12,689,384,985.00** | **14,662,522,317.07** |

# Notes on Accounts

for the year ended 31st March, 2017

## 13. TRADE RECEIVABLES (CONTD.)

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **Trade receivables outstanding for a period exceeding six months from the date they are due for payment** | | |
| **Unsecured, considered good** | | |
| Wind Mill income receivable | 16,660,273.50 | 10,124,469.50 |
| **Sub-Total** | **16,660,273.50** | **10,124,469.50** |
| **Grand Total** | **12,706,045,258.50** | **14,672,646,786.57** |

## 14. CASH AND BANK BALANCES

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **I. Cash and Cash Equivalents** | | |
| **a. Cash on hand** | 1,627,320,471.00 | 1,476,104,115.87 |
| **b. Balances with banks** | | |
| Current Accounts | 11,264,656,156.29 | 5,288,344,057.54 |
| Fixed Deposits (maturing within a period of 3 months ) | - | - |
| **II. Other Bank Balances** | | |
| Fixed Deposits on which lien is marked | 1,349,818.48 | 1,225,927.47 |
| Balance in other Escrow Accounts | | |
| Interim Dividend | 2,396,853,294.00 | - |
| Unpaid Dividend Account | 3,256,463.44 | 4,513,503.77 |
| Unclaimed Interest and redemption proceeds of Non Convertible debentures-Public Issue | 31,739,108.25 | 4,183,271.25 |
| Fixed Deposits given as Security for borrowings | 11,767,537.00 | 11,582,038.00 |
| Fixed Deposits given as Security for Guarantees | 5,593,750.00 | 5,143,750.00 |
| **Total** | **15,342,536,598.46** | **6,791,096,663.90** |

## 15. SHORT TERM LOANS AND ADVANCES

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **Loan Assets (Refer Note.15.1)** | | |
| Secured, Considered good | | |
| -Related parties | | |
| Belstar Investment and Finance Private Ltd (Subsidiary) | 66,668,000.00 | - |
| - Other than Related parties | 266,801,983,651.00 | 236,469,457,958.00 |
| Secured, Doubtful | 5,435,986,812.00 | 7,018,949,304.00 |
| Unsecured, Considered good | 178,740,683.70 | 295,017,712.31 |
| Unsecured, Doubtful | 185,309,314.71 | 5,663,296.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 15. SHORT TERM LOANS AND ADVANCES (CONTD.)

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **Other Deposits and Advances** | | |
| Unsecured, considered good | | |
| Prepaid Expenses | 43,214,305.00 | 42,613,905.00 |
| Service tax Pre-Deposit | 8,952,903.00 | 8,329,590.00 |
| Others | 435,799,891.03 | 397,656,330.09 |
| Unsecured, Considered doubtful | 145,910.00 | - |
| **Total** | **273,156,801,470.44** | **244,237,688,095.40** |

### 15.1 Loan Assets

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **Loan assets** | 272,785,353,461.41 | 243,789,088,270.31 |
| | | |
| **Breakup of Loan assets** | | |
| Gold Loan Receivables | 272,199,599,670.00 | 243,355,407,815.00 |
| Other Loans | | |
| - Related parties | | |
| Belstar Investment and Finance Private Ltd (Subsidiary) | 183,333,000.00 | - |
| - Other than Related parties | 402,420,791.41 | 433,680,455.31 |

## 16. OTHER CURRENT ASSETS

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| Interest receivable on Bank Deposits | 522,672.81 | 732,805.00 |
| Stock of Gold | 6,101,253.00 | 6,101,253.00 |
| **Total** | **6,623,925.81** | **6,834,058.00** |

## 17. REVENUE FROM OPERATIONS

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Interest Income on Loan Assets | 56,368,880,421.96 | 47,995,240,372.96 |
| Income from Windmill | 19,953,527.50 | 11,443,093.50 |
| Other Operating Income | 897,437,191.69 | 607,322,449.82 |
| **Total** | **57,286,271,141.15** | **48,614,005,916.28** |

# Notes on Accounts

for the year ended 31st March, 2017

## 18. OTHER INCOME

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Interest Income- Others | 152,640,632.65 | 130,155,978.42 |
| Income from Investments | 24,861,189.69 | 4,389,370.60 |
| Interest on Income tax Refund | - | 516,320.00 |
| Other non-operating income | 3,241,956.52 | 1,083,351.00 |
| **Total** | **180,743,778.86** | **136,145,020.02** |

## 19. EMPLOYEE BENEFITS EXPENSE

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Salaries and incentives | 6,680,902,664.12 | 5,770,647,121.10 |
| Contribution to Provident and Other Funds | 461,043,082.00 | 432,114,887.94 |
| Expenses on Employees Stock Option Plan ( Refer Note.24 c ) | 36,194,255.00 | 115,299,604.00 |
| Staff welfare expenses | 102,337,377.34 | 100,716,956.52 |
| | | |
| **Total** | **7,280,477,378.46** | **6,418,778,569.56** |

## 20. FINANCE COSTS

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Interest Expenses | 22,674,108,399.40 | 22,418,307,045.78 |
| Other Borrowing Costs | 264,043,419.29 | 158,622,311.73 |
| | | |
| **Total** | **22,938,151,818.69** | **22,576,929,357.51** |

# Notes on Accounts

for the year ended 31st March, 2017

## 21. OTHER EXPENSES

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Postage, Telegram and Telephone | 372,101,063.11 | 378,105,239.04 |
| Printing and Stationery | 128,981,100.39 | 143,743,985.99 |
| Rent Paid | 1,807,851,412.79 | 1,712,975,594.74 |
| Travelling and Conveyance | 186,482,410.74 | 187,391,157.20 |
| Bank Charges | 42,017,240.22 | 18,630,635.13 |
| Electricity Charges | 261,076,711.37 | 245,645,044.77 |
| Repairs and Maintenance - Buildings | 91,935,813.51 | 84,314,525.00 |
| Repairs and Maintenance - Plant & Machinery | 188,662,052.39 | 127,082,328.97 |
| Repairs and Maintenance - Others | 35,186,954.47 | 2,491,920.06 |
| ATM Service charges | 47,105,974.05 | 76,397,616.52 |
| Water Charges | 6,084,153.83 | 5,176,092.78 |
| Rates & Taxes and License Fee | 38,554,492.81 | 35,273,526.76 |
| Legal & Professional Charges | 124,114,764.73 | 92,421,321.23 |
| Insurance Charges | 60,569,394.00 | 56,736,487.95 |
| Newspaper and Periodicals | 176,725.50 | 1,934,200.00 |
| Business Promotion Expense | 200,538,649.50 | 148,871,551.92 |
| Advertisement | 531,812,484.21 | 626,121,370.18 |
| Vehicle Hire & Maintenance | 14,787,995.47 | 13,575,336.55 |
| Internal Audit and Inspection Expenses | 85,889,431.65 | 82,225,164.00 |
| Remuneration to Auditors ( Refer Note.21.1) | 3,363,750.00 | 2,975,500.00 |
| Directors' Sitting Fee | 655,050.00 | 380,000.00 |
| Commission to Non-Executive Directors | 3,500,000.00 | 3,000,000.00 |
| Loss on Sale of Fixed Assets | 755,203.66 | 106,712.06 |
| CSR Expenses ( Refer Note.25) | 149,997,000.00 | 146,187,500.00 |
| **Total** | **4,382,199,828.40** | **4,191,762,810.85** |

### 21.1 Auditors' Remuneration (including Service Tax)

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Statutory Audit | 2,185,000.00 | 1,946,500.00 |
| Tax Audit | 575,000.00 | 343,500.00 |
| Other Services | 603,750.00 | 685,500.00 |
| **Total** | **3,363,750.00** | **2,975,500.00** |

# Notes on Accounts

for the year ended 31st March, 2017

## 22. PROVISIONS AND WRITE OFFS

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| 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 | 224,780,774.00 | 137,870,566.00 |
| - General | 93,048,026.00 | 1,084,928,469.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| Provision for Other Losses | 2,644,347.00 | 513,023.00 |
| Bad Debts Written Off | 165,435,823.75 | 107,195,186.50 |
| **Total** | **2,815,908,970.75** | **1,624,391,450.50** |

## 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 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-cancellable operating lease as per AS 19 is not applicable to the Company.

Lease rentals received for assets let out on operating lease ₹ 3,241,956.52 (Previous year: ₹ 1,011,051.00) 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 ₹ 1,807,851,412.79 (Previous year: ₹ 1,712,975,594.74) are recognized as 'Rent Paid' in the Statement of Profit and Loss.

# Notes on Accounts

for the year ended 31st March, 2017

## 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 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Contribution to Provident Fund | 252,585,899.00 | 246,915,284.00 |
| **Total** | **252,585,899.00** | **246,915,284.00** |

### 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 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, 2017 | As at 31st March, 2016 |
|---|---|---|---|
| A) | **Reconciliation of opening and closing balance of defined benefit obligation** | | |
| | Present value of Defined Benefit Obligation at the beginning of the year | 604,607,427.00 | 496,663,797.00 |
| | Interest Cost | 44,740,949.60 | 38,739,776.00 |
| | Current Service Cost | 129,949,535.64 | 113,495,321.00 |
| | Benefits paid | (36,366,510.00) | (33,303,027.00) |
| | Actuarial (gain)/loss | 18,589,858.35 | (10,988,440.00) |
| | **Present value of Defined benefit obligation at the end of the year** | **761,521,260.59** | **604,607,427.00** |
| B) | **Reconciliation of opening and closing balance of fair value of Plan Assets** | | |
| | Fair value of plan assets at the beginning of the year | 602,215,964.00 | 489,155,052.00 |
| | Expected rate of return on plan assets | 43,498,930.20 | 38,770,045.00 |
| | Contributions | 122,392,000.00 | 109,308,745.00 |
| | Benefits paid | (36,366,510.00) | (33,303,027.00) |
| | Actuarial gains/(losses) on plan assets | 24,508,594.73 | (1,714,851.00) |
| | **Fair value of plan assets at the end of the year** | **756,248,978.93** | **602,215,964.00** |
| C) | **Expenses recognised in the Statement of Profit and Loss** | | |
| | Current service cost | 129,949,535.64 | 113,495,321.00 |
| | Interest Cost | 44,740,949.60 | 38,739,776.00 |
| | Expected rate of return on plan assets | (43,498,930.20) | (38,770,045.00) |

# Notes on Accounts

for the year ended 31st March, 2017

## b) Defined Benefit Plan (Contd.)

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| Actuarial (gains)/losses | (5,918,736.38) | (9,273,589.00) |
| **Employer Expense** | **125,272,818.66** | **104,191,463.00** |
| **D) Investment details** | | |
| Insurer managed funds | 756,248,978.96 | 602,215,964.00 |
| **E) Experience adjustment** | | |
| On Plan Liability (Gain)/Losses | (6,398,468.65) | (23,928,570.00) |
| On Plan Assets (Losses)/Gain | 22,308,000.00 | (5,194,215.00) |
| **F) Actuarial assumptions** | | |
| Discount rate | 6.8% p.a | 7.4% p.a |
| Salary Escalation | 7.0% p.a | 7.0% p.a |
| Rate of return on plan assets | 7.4% p.a | 7.8% 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 ₹ 5,273,000/-(rounded off in '000) (Previous year ₹ 2,391,462.94) has been accounted as Long term provisions.

Estimated employer contribution for 2017-18 - ₹ 130,000,000/-

### Amounts for the current year and previous four years are as follows:

₹

| Particulars | 31st March, 2017 | 31st March, 2016 | 31st March 2015 | 31st March 2014 | 31st March 2013 |
|---|---|---|---|---|---|
| Defined benefit obligation | 761,521,260.59 | 604,607,427.00 | 496,663,797.00 | 393,042,542.00 | 304,110,843.00 |
| Plan Assets | 756,248,978.93 | 602,215,964.00 | 489,155,052.00 | 374,309,455.00 | 301,701,553.00 |
| Surplus / ( Deficit) | (5,272,281.66) | (2,391,463.00) | (7,508,745.00) | (18,733,087.00) | (2,409,290.00) |
| Experience adjustments on Plan Liabilities - (Gains) / Losses | (6,398,468.65) | (23,928,570.00) | (56,396,310.00) | 5,783,620.00 | 141,138,572.00 |
| Experience adjustments on Plan Assets - (Losses) / Gains | 22,308,000.00 | (5,194,215.00) | 25,442,982.00 | (7,892,817.00) | 7,758,169.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 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, 2017 :-

| Particulars | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | 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 | 27.06.2016 | 27.06.2016 | 27.06.2016 |
| 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 | 27.06.2016 | 27.06.2016 | 27.06.2016 |
| Method of settlement | Equity settled | 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 | 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 | 390,400 | 728,300 | 8,150 |
| Exercise price | ₹ 50 | ₹ 50 | ₹ 10 | ₹ 50 | ₹ 50 | ₹ 10 | ₹ 50 | ₹ 50 | ₹ 50 | ₹ 10 |
| 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 | 2-6 years | 1-2 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 | 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 |

# Notes on Accounts

for the year ended 31st March, 2017

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

| Particulars | Year ended 31st March 2017 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | | Total |
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty | |
| Options outstanding- beginning of the year | 1,880,500 | 821,430 | 80,666 | 345,630 | 236,800 | 2,262 | 292,500 | - | - | - | 3,659,788 |
| Options granted during the year | - | - | - | - | - | - | - | 390,400 | 728,300 | 8,150 | 1,126,850 |
| Options exercised during the year | 321,115 | 47,940 | 34,295 | 45,655 | 4,600 | 2,012 | 17,600 | - | - | - | 473,217 |
| Options lapsed during the year | 656,595 | 487,285 | 17,147 | 68,625 | 123,690 | 50 | - | 39,700 | 82,100 | 325 | 1,475,517 |
| **Options outstanding- end of the year** | **902,790** | **286,205** | **29,224** | **231,350** | **108,510** | **200** | **274,900** | **350,700** | **646,200** | **7,825** | **2,837,904** |
| Options exercisable | 62,990 | 25,450 | 29,224 | 4,100 | 7,170 | 200 | 31,150 | - | - | - | 160,284 |

| Particulars | Year ended 31st March 2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | | Total |
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty | |
| Options outstanding- beginning of the year | 2,844,390 | 1,235,700 | 783,817 | 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- 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 |

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.

# Notes on Accounts

for the year ended 31st March, 2017

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 | Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty |
| Fair value per option tranche on grant date (corresponding vesting date shown in bracket) | ₹ 68.75 (Nov 9,2014) | ₹ 70.21 (Nov 9, 2015) | ₹ 102.01 (Nov 9,2014) | ₹ 131.77 (July 8,2015) | ₹ 130.56 (July 8,2016) | ₹ 166.69 (July 8,2015) | ₹ 165.61 (Mar 6,2016) | ₹ 226.42 (June 27, 2017) | ₹ 223.87 (June 27, 2018) | ₹ 262.48 (June 27, 2017) |
| | ₹ 70.21 (Nov 9, 2015) | ₹ 71.13 (Nov 9,2016) | ₹ 98.64 (Nov 9,2015) | ₹ 130.56 (July 8,2016) | ₹ 129.33 (July 8,2017) | ₹ 161.77 (July 8,2016) | ₹ 163.16 (Mar 6,2017) | ₹ 223.87 (June 27, 2018) | ₹ 221.34 (June 27, 2019) | ₹ 257.37 (June 27, 2018) |
| | ₹ 71.13 (Nov 9,2016) | ₹ 71.52 (Nov 9,2017) | | ₹ 129.33 (July 8,2017) | ₹ 127.91 (July 8,2018) | | ₹ 160.66 (Mar 6,2018) | ₹ 221.34 (June 27, 2019) | ₹ 218.80 (June 27, 2020) | |
| | ₹ 71.52 (Nov 9,2017) | ₹ 71.47 (Nov 9,2018) | | ₹ 127.91 (July 8,2018) | ₹ 126.26 (July 8,2019) | | ₹ 158.13 (Mar 6,2019) | ₹ 218.80 (June 27, 2020) | ₹ 216.20 (June 27, 2021) | |
| | ₹ 71.47 (Nov 9,2018) | ₹ 71.11 (Nov 9,2019) | | ₹ 126.26 (July 8,2019) | ₹ 124.39 (July 8,2020) | | ₹ 155.57 (Mar 6,2020) | ₹ 216.20 (June 27, 2021) | ₹ 213.54 (June 27, 2022) | |

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

| Particulars | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty |
| Risk free interest rate | 8.4% - 8.8% p.a. | 8.4%-8.95% p.a. | 8.4% -8.45% p.a. | 8.26% - 8.35% p.a. | 8.24% - 8.32% p.a. | 8.32% - 8.35% p.a. | 7.45% - 7.60 % p.a. | 6.91% - 7.41% p.a. | 7.08% - 7.47% p.a. | 6.91% - 7.08% p.a. |
| Expected average life of option | 1.5 – 5.5 years | 2.5 – 6.5 years | 1.5-2.5 years | 1.5 – 5.5 years | 2.5 – 6.5 years | 1.5-2.5 years | 1.5 – 5.5 years | 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 | 0.3450 | 0.3698 | 0.3698 | 0.3698 |
| 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. | 2.74% p.a. | 2.14% p.a. | 2.14% p.a. | 2.14% p.a. |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Employee Stock Option Liability** | | |
| Opening Total Employee Stock Option Liability | 325,179,165.50 | 506,390,012.40 |
| Increase in Liability on account of fresh ESOP grants | 259,895,890.25 | - |
| Reduction in Liability on account of Exercise on vesting | (38,592,473.10) | (98,349,459.90) |
| Reduction in Liability on account of lapse of grants | (68,127,764.70) | (82,861,387.00) |
| **Closing Total Employee Stock Option Liability** | **478,354,817.95** | **325,179,165.50** |
| | | |
| **Employee Stock Option Compensation Expenses** | | |
| Opening Deferred Stock Option Compensation Expenses | 101,509,319.10 | 299,670,310.10 |
| Increase in ESOP Compensation Expenses on account of fresh ESOP grants | 259,895,890.25 | - |
| Compensation Expenses amortised during the year | (36,194,255.00) | (115,299,604.00) |
| Reduction in Compensation Expenses on account of lapse of grants | (68,127,764.70) | (82,861,387.00) |
| **Closing Deferred Stock Option Compensation Expenses** | **257,083,189.65** | **101,509,319.10** |
| | | |
| **Employee Stock Option Reserve** | | |
| Employee Stock Option Liability | 478,354,817.95 | 325,179,165.50 |
| Less: Deferred Employee Stock Option Compensation Expenses | 257,083,189.65 | 101,509,319.10 |
| **Employee Stock Option Reserve** | **221,271,628.30** | **223,669,846.40** |

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 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Decrease in employee compensation costs | 5,590,268 | 22,098,908.00 |
| Increase in profit after tax | 5,590,268 | 22,098,908.00 |
| Increase in Basic EPS ( ₹ per share) | 0.01 | 0.06 |
| Increase in Diluted EPS ( ₹ per share) | 0.01 | 0.05 |

# Notes on Accounts

for the year ended 31st March, 2017

## 25. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company has constituted CSR Committee and has 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 ₹ 235,877,834.00 (Previous Year : ₹ 248,857,253.00 ) and the Company has spent ₹ 149,997,000.00 (Previous Year: ₹ 146,187,500.00 ) towards various activities as below:-

₹

| CSR Activity | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Promoting Education | 71,176,933.00 | 81,442,195.00 |
| Medical Aid | 60,375,575.00 | 52,324,261.00 |
| Others | 18,444,492.00 | 12,421,044.00 |
| **Total** | **149,997,000.00** | **146,187,500.00** |

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

₹

| Particulars | | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| **(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). | 49,921,307.00 | 49,921,307.00 |
| | 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. | | |
| (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. | 4,895,883,216.00 | 4,895,883,216.00 |
| | 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. | | |
| (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 before CESTAT, Bangalore. | 790,046.00 | 790,046.00 |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| | Deputy Commissioner of Central Excise & Customs, & Service Tax, Kochi, as per order mentioned above, has raised a demand of ₹ 790,046.00 (including penalty U/s 77 (2) and 78) as service tax payable, on foreign payments during financial year 2013-14. Appeal filed before Commissioner (Appeals), Kochi rejected. Pending disposal of appeal filed before CESTAT, Bangalore, no provision has been made by the Company during the year. | | |
| (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. | 44,572,043.00 | 44,572,043.00 |
| | Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 26,000,802.00 along with penalty U/s 76 and 78, as service tax payable, on money transfer commission received during financial years 2010-11 to 2012-13. Total liability of tax and penalty if confirmed is estimated at ₹ 44,572,043.00. Pending disposal of the appeal, no provision has been made by the Company during the year. | | |
| 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 CESTAT, Bangalore. | 2,155,312.00 | 2,155,312.00 |
| | 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) as service tax payable, stating that some CENVAT credit was wrongly availed during the period 2008-09 to 2010-11. Appeal filed by the Company before Commissioner (Appeals), Kochi has been rejected. Pending disposal of appeal filed before CESTAT, Bangalore against the above order, no provision has been made by the Company during the year. | | |
| 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 in appeal with Commissioner of Central Excise (Appeals), Kochi. | 5,364,614.00 | 5,364,614.00 |
| | 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 relating to service tax on marketing expenses reimbursed abroad. Pending disposal of the appeal, no provision has been made by the Company during the year. | | |
| vii) | Service Tax demand relating to money transfer commission received for the period 2013-14 as per Order No.85/2015-16/ST dated 18.02.2016 pending in Writ Petition before the High Court of Kerala. | 11,038,893.00 | 11,038,893.00 |
| | 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. | | |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| viii) | Service Tax demand relating to money transfer commission received for the period April to September 2014 as per Order No.13/2017 ST dated 27.01.2017 pending in appeal before the Commissioner (Appeals), Kochi. | 6,805,240.00 | - |
| | The Additional Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 6,182,037/- along with penalties U/s.77(2) and U/s.76 and interest u/s.75 relating to service tax on money transfer income for the period April to September 2014. Pending disposal of appeal before the Commissioner(Appeals), Kochi, no provision has been made by the Company during the year. | | |
| ix) | Income tax demand for the Assessment Year ( A.Y ) 2012-13, pending rectification petition and in appeal with Commissioner of Income Tax (Appeals)-II, Kochi. | 27,120,000.00 | 27,120,000.00 |
| | The demand outstanding as per Intimation U/s.143(1) was ₹ 5,099,103.00. Additional Commissioner of Income Tax, Corp. Range -1, Kochi 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 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. | | |
| x) | Income Tax demand for Assessment Year 2010-11, pending in appeal with Income tax Appellate Tribunal, Kochi. | 14,563,505.00 | 14,563,505.00 |
| | Additional Commissioner of Income Tax, Range 1, Kochi has passed an order demanding ₹ 36,384,640.00 towards income tax due for the Assessment Year 2010-11 U/s.143(3).The Company has remitted ₹ 21,821,135.00 and the balance demand outstanding as on 31.03.2017 is ₹ 14,563,505.00. CIT (A), Kochi has partly allowed the appeal, but the rectification order is pending. 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. | | |
| xi) | 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 |
| xii) | Disputed claims against the company under litigation not acknowledged as debts | 88,799,925.00 | 53,749,585.00 |
| xiii) | Guarantees - Counter Guarantees Provided to Banks | 228,693,750.00 | 199,943,750.00 |
| **(ii)** | **Commitments** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for. | 450,000,000.00 | 44,452,000.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 27. DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Board declared an interim dividend for the year 2016-17 of ₹6/- per equity share (60% of face value of share at ₹10/- each per equity share) at their meeting held on March 23, 2017.

## 28. 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 | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Profit/(Loss) after tax for the year | 11,798,316,486.76 | 8,095,531,537.29 |
| Weighted average number of equity shares outstanding during the period - Basic EPS | 399,152,518 | 398,057,351 |
| Weighted average number of equity shares outstanding during the period - Diluted EPS | 400,628,247 | 402,817,783 |
| Face Value per share | 10/- | 10/- |
| **Earnings Per Share (Basic)** | **29.56** | **20.34** |
| **Earnings Per Share (Diluted)** | **29.45** | **20.10** |

## 29. 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 principal amounts unpaid as at the period ended 31st March, 2017 together with interest paid /payable are required to be furnished.

## 30. ADDITIONAL INFORMATION PURSUANT TO PROVISIONS OF PART II OF SCHEDULE III OF THE COMPANIES ACT, 2013

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| **a) CIF Value of Imports of Capital Goods** | Nil | Nil |
| **b) Expenditure in foreign currency on accrual basis** | | |
| Professional Charges | Nil | 2,376,927.24 |
| Others | 1,022,209.00 | 981,407.00 |

## 31. UTILIZATION OF PROCEEDS OF PUBLIC ISSUE OF NON - CONVERTIBLE DEBENTURES

The Company has during the year raised through public issue (a) ₹ 17,763,997,000.00 of Rated Secured Redeemable Non - Convertible Debentures and (b) ₹ 553,761,000.00 of Rated Unsecured Redeemable Non-Convertible Debentures in the nature of Subordinated Debt. As at 31st March, 2017, 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, 2017

## 32. 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) Limited. |
| | 3. Belstar Investment and Finance Private Limited |
| | 4. Muthoot Insurance Brokers Private Limited |
| 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 Private Limited |
| | 3. MGM Muthoot Medical Centre Private Limited. |
| | 4. Muthoot Marketing Services Private Limited. |
| | 5. Muthoot Broadcasting Private Limited |
| | 6. Muthoot Forex Limited |
| | 7. Emgee Board and Paper Mills Private Limited |
| | 8. Muthoot Health Care Private Limited |
| | 9. Muthoot Precious Metals Corporation |
| | 10. GMG Associates |
| | 11. Muthoot Commodities 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 Private Limited |
| | 21. Muthoot Infotech Private Limited |
| | 22. Muthoot Anchor House Hotels Private Limited |
| | 23. Marari Beach Resorts Private Limited. |
| | 24. Muthoot M George Foundation |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Purchase of Travel Tickets for Company Executives/Directors/ Customers | - | - | - | - | 4,520,513.00 | 5,421,694.00 | - | - |
| Travel Arrangements for Company Executives/ Customers | - | - | - | - | 956,423.00 | 8,603,884.00 | - | - |
| Accommodation facilities for Company Executives/ Clients/Customers | - | - | - | - | 554,134.00 | 463,577.00 | - | - |
| Complementary Medical Health Check Ups for Customers/ Employees | - | - | - | - | - | 6,850.00 | - | - |
| Brokerage paid for NCD Public Issue | - | - | - | - | 5,542,009.00 | 6,496,832.00 | - | - |
| Business Promotion Expenses | - | - | - | - | 9,766,657.00 | 12,957,321.00 | - | - |
| CSR Expenses | - | - | - | - | 144,247,000.00 | 131,637,500.00 | - | - |
| Foreign Currency purchased for travel | - | - | - | - | 537,084.00 | 981,407.00 | - | - |
| Interest paid on loans/ subordinated debts | 325,863,007.00 | 266,922,278.09 | 373,190,944.00 | 313,716,914.30 | - | - | - | - |
| Interest paid on Secured NCD | 39,215.00 | 42,235.00 | 589,291.00 | 597,055.00 | - | 1,193,969.18 | - | - |
| Interest paid on Secured NCD - Listed | 183,005.00 | 298,517.00 | 1,426,967.81 | 1,565,508.00 | 14,104,132.78 | 8,526,719.03 | - | - |
| Directors Remuneration | 358,000,000.00 | 195,600,000.00 | 2,325,000.00 | 2,325,000.00 | - | - | - | - |
| Rent paid | 3,888,150.00 | 3,519,000.00 | 793,500.00 | 690,000.00 | 4,998,246.00 | 4,481,615.00 | - | - |
| Dividend paid | - | 1,500,406,656.00 | - | 881,976,320.00 | - | - | - | - |
| Interim Dividend declared | 1,105,300,992.00 | - | 661,482,240.00 | - | - | - | - | - |
| Interest received on Inter Corporate Loan | - | - | - | - | - | - | 1,535,342.00 | - |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| 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 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Rent received | - | - | - | - | 1,264,470.00 | 410,000.00 | 2,136,700.00 | - |
| Interest received on Subordinated Debt | - | - | - | - | - | - | 14,038,356.00 | - |
| Term Loan interest received | - | - | - | - | - | - | 18,229,868.00 | - |
| Dividend received | - | - | - | - | - | 4,305,000.00 | - | - |
| Commission received on Money Transfer business | - | - | - | - | 79,539,644.00 | 61,549,908.00 | - | - |
| Service Charges Collected | - | - | - | - | 15,068,867.00 | 4,821,409.00 | - | - |
| Inter Corporate Loans given | - | - | - | - | - | - | 440,000,000.00 | - |
| Repayment of Inter Corporate Loans given | - | - | - | - | - | - | 440,000,000.00 | - |
| Term Loan given | - | - | - | - | - | - | 200,000,000.00 | - |
| Repayment of Term Loan given | - | - | - | - | - | - | 16,667,000.00 | - |
| Investment in Equity shares of Subsidiary companies | - | - | - | - | - | - | 1,136,429,207.67 | 497,744,914.81 |
| Purchase of Shares of Muthoot Insurance Brokers Private Ltd | 120,000,000.00 | - | 80,000,000.00 | - | - | - | - | - |
| Purchase of Securities | - | - | - | - | 81,436,611.00 | - | - | - |
| Sale of Securities | - | - | - | - | - | - | 142,887,671.00 | - |
| Loans accepted | 1,553,550,901.92 | 3,482,494,302.26 | 537,981,603.63 | 2,170,944,489.88 | - | - | - | - |
| Loans repaid | 2,019,287,709.00 | 2,977,756,167.44 | 852,717,767.53 | 1,106,879,451.58 | - | - | | |
| Subordinated debts repaid | 64,645,000.00 | 162,135,566.00 | 19,500,000.00 | 47,100,000.00 | | | | |
| Purchase of Secured NCD | - | 385,000.00 | - | 230,000.00 | - | - | - | - |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| 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 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Redemption of Secured NCD | - | 385,000.00 | 228,000.00 | 230,000.00 | - | 20,000,000.00 | - | - |
| Purchase of Secured NCD - Listed | 30,000,000.00 | - | 230,643,000.00 | - | 321,138,000.00 | - | - | - |
| Redemption of Secured NCD - Listed | 1,050,000.00 | - | 9,033,000.00 | - | 203,476,000.00 | 40,279,000.00 | - | - |
| Loans availed by the Company for which guarantee is provided by related parties | 86,350,000,000.00 | 82,250,000,000.00 | - | - | - | - | - | - |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Nature of transaction | Key Management Personnel | | Relatives of Key Management Personnel | | Entities over which Key Management Personnel and their relatives are able to exercise significant influence | | Subsidiaries | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Investments in Subsidiary companies - Equity Shares | - | - | - | - | - | - | 1,972,297,677.64 | 835,868,469.97 |
| Investments in Subsidiary companies - Subordinated debt | - | - | - | - | - | - | 10,000,000.00 | - |
| Term Loan Outstanding | - | - | - | - | - | - | 183,333,000.00 | - |
| Investments in Equity Shares | - | - | - | - | 46,700,000.00 | 46,700,000.00 | - | - |
| Rent Deposit | 1,770,000.00 | 1,770,000.00 | 300,000.00 | 300,000.00 | 1,470,000.00 | 1,470,000.00 | - | - |
| Trade Receivables | - | - | - | - | 72,813,489.33 | 69,560,540.91 | - | - |
| Secured NCD | (407,000.00) | (407,000.00) | (4,631,000.00) | (4,859,000.00) | - | - | - | - |
| Secured NCD - Listed | (30,000,000.00) | (1,050,000.00) | (231,893,000.00) | (10,283,000.00) | (253,890,000.00) | (136,228,000.00) | - | - |
| Loans & Subordinated Debts | (2,707,548,137.18) | (3,237,929,944.26) | (3,276,809,973.26) | (3,611,046,137.16) | - | - | - | - |
| Security Deposit | - | - | - | - | (40,000,000.00) | (40,000,000.00) | - | - |
| Directors Remuneration Payable | (160,000,000.00) | - | - | - | - | - | - | - |
| Interest payable on Loan from Directors and Relatives | - | - | - | (1,359,413.00) | - | - | - | - |
| Interest payable on Secured NCD | (16,213.00) | (14,810.77) | (56,562.00) | (558,326.23) | - | - | - | - |
| Interest payable on Subordinated Debts | - | (476,756.00) | - | - | - | - | - | - |
| Interim Dividend Payable | (1,105,300,992.00) | - | (661,482,240.00) | - | - | - | - | - |
| Trade Payables | (303,513.00) | (263,923.00) | (59,513.00) | (51,749.00) | (12,507,545.75) | (17,227,900.22) | - | - |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | As at 31st March 2016 |
|---|---|---|
| **Purchase of Travel Tickets for Company Executives/Directors/Customers** | | |
| GMG Associates | 4,520,513.00 | 5,421,694.00 |
| **Travel Arrangements for Company Executives/Customers** | | |
| GMG Associates | 956,423.00 | 8,603,884.00 |
| **Accommodation facilities for Company Executives/Clients/Customers** | | |
| Muthoot Leisure & Hospitality Services Private Limited | 159,731.00 | 234,830.00 |
| Muthoot Anchor House Hotels Private Limited | 204,807.00 | 76,921.00 |
| Marari Beach Resorts Private Limited | 189,596.00 | 151,826.00 |
| **Complementary Medical Health Check Ups for Customers/ Employees** | | |
| Muthoot Health Care Private Limited | - | 6,850.00 |
| **Brokerage paid for NCD Public Issue** | | |
| Muthoot Securities Limited | 5,542,009.00 | 6,496,832.00 |
| **Business Promotion Expenses** | | |
| Muthoot Securities Limited | 9,547,789.00 | 12,957,321.00 |
| **CSR Expenses paid** | | |
| Muthoot M George Foundation | 144,247,000.00 | 131,637,500.00 |
| **Foreign currency purchased for travel** | | |
| Muthoot Forex Limited | 537,084.00 | 981,407.00 |
| **Interest paid on loan from Directors and relatives** | | |
| M G George Muthoot | 63,505,394.00 | 50,404,398.27 |
| George Thomas Muthoot | 76,611,415.00 | 55,826,840.66 |
| George Jacob Muthoot | 77,276,719.00 | 59,302,306.27 |
| George Alexander Muthoot | 79,649,590.00 | 60,562,428.08 |
| Susan Thomas | 87,632,332.00 | 77,487,405.81 |
| **Interest paid on subordinated debts** | | |
| M G George Muthoot | 1,496,790.00 | 4,665,492.00 |
| George Thomas Muthoot | 2,042,354.00 | 6,367,081.00 |
| George Jacob Muthoot | 2,973,422.00 | 8,330,525.00 |
| George Alexander Muthoot | 809,302.00 | 3,374,081.27 |
| **Interest paid on Secured NCD** | | |
| Muthoot Commodities Limited | - | 1,193,969.18 |
| Valsa Kurien | 550,125.00 | 550,125.00 |
| **Interest paid on Secured NCD - Listed** | | |
| Muthoot Securities Limited | 8,003,788.00 | 8,024,410.94 |
| Muthoot Precious Metals Corporation | 3,755,255.55 | 502,308.09 |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | As at 31st March 2016 |
|---|---|---|
| Muthoot Forex Limited | 2,345,089.23 | - |
| **Directors Remuneration** | | |
| M G George Muthoot | 88,000,000.00 | 48,000,000.00 |
| George Thomas Muthoot | 88,000,000.00 | 48,000,000.00 |
| George Jacob Muthoot | 88,000,000.00 | 48,000,000.00 |
| George Alexander Muthoot | 88,000,000.00 | 48,000,000.00 |
| **Rent paid** | | |
| Muthoot Properties & Investments | 1,983,756.00 | 1,725,000.00 |
| Muthoot Housing & Infrastructure | 1,904,400.00 | 1,656,000.00 |
| Muthoot Vehicle And Asset Finance Limited | 1,110,096.00 | 1,100,615.00 |
| George Thomas Muthoot | 991,872.00 | 862,500.00 |
| George Jacob Muthoot | 1,150,572.00 | 1,000,500.00 |
| George Alexander Muthoot | 981,959.00 | 931,500.00 |
| **Dividend paid** | | |
| M G George Muthoot | - | 379,081,056.00 |
| George Alexander Muthoot | - | 355,715,200.00 |
| George Jacob Muthoot | - | 355,715,200.00 |
| George Thomas Muthoot | - | 355,715,200.00 |
| Susan Thomas | - | 239,880,544.00 |
| **Interim Dividend declared** | | |
| M G George Muthoot | 279,309,792.00 | - |
| George Alexander Muthoot | 261,785,400.00 | - |
| George Jacob Muthoot | 261,785,400.00 | - |
| George Thomas Muthoot | 261,785,400.00 | - |
| Susan Thomas | 179,910,408.00 | - |
| **Interest Received on Inter corporate Loan** | | |
| Muthoot Homefin (India) Limited | 1,535,342.00 | - |
| **Rent received** | | |
| Muthoot Forex Limited | 621,000.00 | 410,000.00 |
| Muthoot Securities Limited | 643,470.00 | - |
| Muthoot Homefin (India) Limited | 2,136,700.00 | - |
| **Interest received on Subordinated Debt** | | |
| Belstar Investment and Finance Private Limited | 14,038,356.00 | - |
| **Term Loan Interest Received** | | |
| Belstar Investment and Finance Private Limited | 18,229,868.00 | - |
| **Dividend Received** | | |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | As at 31st March 2016 |
|---|---|---|
| Muthoot Forex Limited | - | 2,955,000.00 |
| Muthoot Securities Limited | - | 1,350,000.00 |
| **Commission received on Money Transfer business** | | |
| Muthoot Forex Limited | 79,539,644.00 | 61,549,908.00 |
| **Service Charges Collected** | | |
| Muthoot Forex Limited | - | 2,762,615.00 |
| Muthoot Precious Metals Corporation | 1,515,201.00 | 1,535,846.00 |
| Muthoot Vehicle And Asset Finance Limited | 12,593,712.00 | - |
| **Inter Corporate Loans given** | | |
| Muthoot Homefin (India) Limited | 440,000,000.00 | - |
| **Repayment of Inter Corporate Loans given** | | |
| Muthoot Homefin (India) Limited | 440,000,000.00 | - |
| **Term Loan Given** | | |
| Belstar Investment and Finance Private Limited | 200,000,000.00 | - |
| **Repayment of Term Loan given** | | |
| Belstar Investment and Finance Private Limited | 16,667,000.00 | - |
| **Investment in Equity shares of Subsidiary companies** | | |
| Asia Assets Finance PLC , Srilanka | 6,097,756.87 | 48,629,914.81 |
| Muthoot Homefin (India) Limited | | |
| Subscription to Rights Issue | 284,250,000.00 | - |
| Subscription to Preferential Allotment | - | 449,115,000.00 |
| Purchase from Muthoot Vehicle And Asset Finance Limited | 19,329,000.00 | - |
| Muthoot Insurance Brokers Private Limited | 200,000,000.00 | - |
| Belstar Investment and Finance Private Limited | 626,752,450.80 | - |
| **Purchase of Shares of Muthoot Insurance Brokers Private Limited** | | |
| George Alexander Muthoot | 80,000,000.00 | - |
| George Jacob Muthoot | 40,000,000.00 | - |
| Anna Alexander | 40,000,000.00 | - |
| George M Alexander | 40,000,000.00 | - |
| **Purchase of Securities** | | |
| Muthoot Vehicle And Asset Finance Limited | 81,436,611.00 | - |
| **Sale of Securities** | | |
| Muthoot Insurance Brokers Private Limited | 142,887,671.00 | - |
| **Loan from Directors and Relatives accepted** | | |
| M G George Muthoot | 319,169,960.42 | 749,975,472.13 |
| George Thomas Muthoot | 320,620,431.95 | 922,897,206.52 |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | As at 31st March 2016 |
|---|---|---|
| George Jacob Muthoot | 386,982,656.42 | 804,025,048.13 |
| George Alexander Muthoot | 488,033,587.50 | 875,948,355.94 |
| **Loan from Directors and Relatives repaid** | | |
| M G George Muthoot | 470,427,879.00 | 629,965,525.86 |
| George Thomas Muthoot | 378,156,790.00 | 874,217,891.86 |
| George Jacob Muthoot | 455,451,240.00 | 669,423,511.86 |
| George Alexander Muthoot | 633,213,390.00 | 733,586,550.86 |
| **Subordinated debts repaid** | | |
| M G George Muthoot | 11,300,000.00 | 35,400,000.00 |
| George Thomas Muthoot | 16,300,000.00 | 46,691,762.00 |
| George Jacob Muthoot | 22,700,000.00 | 58,048,573.00 |
| George Alexander Muthoot | 13,145,000.00 | 20,795,231.00 |
| **Purchase of Secured NCD** | | |
| M G George Muthoot | - | 97,000.00 |
| Alexander M George | - | 288,000.00 |
| George M George | - | 230,000.00 |
| **Redemption of Secured NCD** | | |
| Muthoot Commodities Limited | - | 20,000,000.00 |
| George M George | 228,000.00 | 230,000.00 |
| **Purchase of Secured NCD- Listed** | | |
| Muthoot Securities Limited | 147,981,000.00 | - |
| Muthoot Forex Limited | 173,157,000.00 | - |
| George M Jacob | 65,533,000.00 | - |
| George M Alexander | 89,577,000.00 | - |
| **Redemption of Secured NCD - Listed** | | |
| Muthoot Securities Limited | 153,916,000.00 | 40,279,000.00 |
| Muthoot Precious Metals Corporation | 36,735,000.00 | - |
| **Loans availed by the Company for which guarantee is provided by related parties (Jointly and Severally held)** | | |
| M G George Muthoot | 80,350,000,000.00 | 76,250,000,000.00 |
| George Alexander Muthoot | 86,350,000,000.00 | 82,250,000,000.00 |
| George Jacob Muthoot | 76,600,000,000.00 | 72,500,000,000.00 |
| George Thomas Muthoot | 76,600,000,000.00 | 72,500,000,000.00 |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Investments in Equity Shares** | | |
| Muthoot Securities Limited | 27,000,000.00 | 27,000,000.00 |
| Muthoot Forex Limited | 19,700,000.00 | 19,700,000.00 |
| **Investments in Subsidiary companies - Equity shares** | | |
| Asia Assets Finance PLC , Srilanka | 392,851,226.84 | 386,753,469.97 |
| Muthoot Homefin (India) Limited | 752,694,000.00 | 449,115,000.00 |
| Muthoot Insurance Brokers Private Limited | 200,000,000.00 | - |
| Belstar Investment and Finance Private Limited | 626,752,450.80 | - |
| **Investments in Subsidiary companies - Subordinated debt** | | |
| Belstar Investment and Finance Private Limited | 10,000,000.00 | - |
| **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 |
| **Trade Receivables** | | |
| Muthoot Forex Limited | 72,813,489.33 | 69,436,745.91 |
| GMG Associates | - | 39,294.00 |
| Muthoot Precious Metals Corporation | - | 84,501.00 |
| **Term Loan Outstanding** | | |
| Belstar Investment and Finance Private Limited | 183,333,000.00 | - |
| **Secured NCD** | | |
| M G George Muthoot | (97,000.00) | (97,000.00) |
| Alexander M George | (310,000.00) | (310,000.00) |
| George M George | (230,000.00) | (458,000.00) |
| Valsa Kurien | (4,401,000.00) | (4,401,000.00) |
| **Secured NCD - Listed** | | |
| Muthoot Securities Limited | (73,558,000.00) | (79,493,000.00) |
| Muthoot Precious Metals Corporation | - | (36,735,000.00) |
| Muthoot Forex Limited | (180,332,000.00) | (20,000,000.00) |
| Alexander M George | (30,000,000.00) | (1,050,000.00) |
| George M George | (20,920,000.00) | (3,790,000.00) |
| George M Jacob | (65,533,000.00) | (1,010,000.00) |
| George M Alexander | (89,677,000.00) | (1,907,000.00) |

# Notes on Accounts

for the year ended 31st March, 2017

## e) Net Amount Receivable / (Due) as at the year end : - (Contd.)

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Eapen Alexander | (55,763,000.00) | (3,576,000.00) |
| **Loan from Directors and Relatives** | | |
| M G George Muthoot | (546,138,378.55) | (697,396,297.13) |
| George Thomas Muthoot | (660,217,538.47) | (717,753,896.52) |
| George Jacob Muthoot | (660,227,123.55) | (728,695,707.13) |
| George Alexander Muthoot | (654,548,259.44) | (799,728,061.94) |
| Alexander M George | (186,154,837.17) | (229,448,981.54) |
| George M George | (154,066,572.94) | (178,839,180.94) |
| George M Jacob | (359,168,284.38) | (444,586,514.38) |
| Eapen Alexander | (227,447,521.51) | (274,036,844.88) |
| Sara George | (426,536,170.57) | (417,243,992.57) |
| Elizabeth Jacob | (469,798,901.11) | (459,273,412.11) |
| Susan Thomas | (771,232,985.81) | (867,213,076.81) |
| Anna Alexander | (614,937,266.53) | (600,390,421.53) |
| George M Alexander | (216,904,178.40) | (252,656,245.40) |
| Valsa Kurien | (36,395,079.76) | (77,864,100.76) |
| Anna Thomas | - | (10,210,490.53) |
| Reshma Susan Jacob | (323,012.25) | (9,231,857.25) |
| **Subordinated debts from Directors and Relatives** | | |
| M G George Muthoot | - | (11,300,000.00) |
| George Thomas Muthoot | - | (16,300,000.00) |
| George Jacob Muthoot | - | (22,700,000.00) |
| George Alexander Muthoot | (262,000.00) | (13,407,000.00) |
| Alexander M George | - | (1,200,000.00) |
| George M George | - | (1,300,000.00) |
| George M Jacob | - | (1,199,999.00) |
| Sara George | - | (2,100,000.00) |
| Elizabeth Jacob | - | (2,200,001.00) |
| Susan Thomas | - | (2,200,000.00) |
| Anna Alexander | - | (2,500,000.00) |
| George M Alexander | - | (1,200,000.00) |
| Valsa Kurien | - | (6,800,000.00) |
| **Security Deposit** | | |
| Muthoot Forex Limited | (40,000,000.00) | (40,000,000.00) |
| **Directors Remuneration Payable** | | |
| M G George Muthoot | (40,000,000.00) | - |
| George Thomas Muthoot | (40,000,000.00) | - |
| George Jacob Muthoot | (40,000,000.00) | - |

# Notes on Accounts

for the year ended 31st March, 2017

## e) Net Amount Receivable / (Due) as at the year end : - (Contd.)

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| George Alexander Muthoot | (40,000,000.00) | - |
| **Interest payable on Loan from Directors and Relatives** | | |
| Anna Thomas | - | (783,260.00) |
| Reshma Susan Jacob | - | (576,153.00) |
| **Interest payable on Secured NCD** | | |
| M G George Muthoot | (3,459.00) | (4,551.03) |
| Alexander M George | (12,754.00) | (10,259.74) |
| George M George | (8,202.00) | (8,201.23) |
| Valsa Kurien | (48,360.00) | (550,125.00) |
| **Interest payable on Subordinated debts** | | |
| George Alexander Muthoot | - | (476,756.00) |
| **Interim Dividend Payable** | | |
| M G George Muthoot | (279,309,792.00) | - |
| George Alexander Muthoot | (261,785,400.00) | - |
| George Jacob Muthoot | (261,785,400.00) | - |
| George Thomas Muthoot | (261,785,400.00) | - |
| Alexander M George | (40,635,000.00) | - |
| Susan Thomas | (179,910,408.00) | - |
| George M Jacob | (90,300,000.00) | - |
| Anna Alexander | (89,610,408.00) | - |
| Elizabeth Jacob | (89,610,408.00) | - |
| Sara George | (81,116,016.00) | - |
| Eapen Alexander | (45,150,000.00) | - |
| George Alexander | (45,150,000.00) | - |
| George M George | (40,635,000.00) | - |
| **Trade Payables** | | |
| Muthoot Properties & Investments | (148,782.00) | (129,375.00) |
| Muthoot Housing & Infrastructure | (142,830.00) | (124,200.00) |
| Muthoot Vehicle And Asset Finance Limited | (84,525.00) | (96,321.09) |
| GMG Associates | - | (391,682.13) |
| Muthoot Precious Metals Corporation | (12,131,408.75) | (16,486,322.00) |
| M G George Muthoot | (62,488.00) | (54,337.00) |
| George Thomas Muthoot | (74,390.00) | (64,687.00) |
| George Jacob Muthoot | (86,293.00) | (75,037.00) |
| George Alexander Muthoot | (80,342.00) | (69,862.00) |
| Sara George | (19,837.00) | (17,249.00) |
| Valsa Kurien | (39,676.00) | (34,500.00) |

# Notes on Accounts

for the year ended 31st March, 2017

## 33. SEGMENT REPORTING

a) The Company is engaged in two segments of business – Financing and Power Generation.

b) In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, Company has identified business segment as the primary segment and geographical segment as secondary segment for the purpose of disclosure.

c) Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable.

### Primary Business Segment Information

₹

| Particulars | Financing | | Power Generation | | Consolidated Totals | |
|---|---|---|---|---|---|---|
| | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| **Segment Revenue:** | | | | | | |
| External Revenue | 57,266,317,613.65 | 48,602,562,822.78 | 19,953,527.50 | 11,443,093.50 | 57,286,271,141.15 | 48,614,005,916.28 |
| Inter segment Revenue | - | - | - | - | - | - |
| **Total Revenue** | **57,266,317,613.65** | **48,602,562,822.78** | **19,953,527.50** | **11,443,093.50** | **57,286,271,141.15** | **48,614,005,916.28** |
| **Result:** | | | | | | |
| Segment Result | 19,381,769,973.54 | 13,226,677,633.60 | 12,777,585.50 | 5,988,634.36 | 19,394,547,559.04 | 13,232,666,267.96 |
| Other Income | - | - | - | - | - | - |
| Unallocated corporate income | - | - | - | - | 180,743,778.86 | 136,145,020.02 |
| Unallocated corporate expenses | - | - | - | - | (365,518,800.00) | (201,270,000.00) |
| **Profit Before Tax** | **19,381,769,973.54** | **13,226,677,633.60** | **12,777,585.50** | **5,988,634.36** | **19,209,772,537.90** | **13,167,541,287.98** |
| Less: Provision for Current Tax / Deferred Tax | | | | | 7,411,456,051.14 | 5,072,009,750.68 |
| **Profit after Tax** | | | | | **11,798,316,486.76** | **8,095,531,537.30** |
| **Other Information:** | | | | | | |
| Segment Assets | 304,430,225,904.42 | 268,942,214,130.93 | 49,098,690.44 | 42,756,364.44 | 304,479,324,594.86 | 268,984,970,495.37 |
| Unallocated Corporate Assets | | | | | 2,651,393,950.80 | 1,502,358,243.13 |
| **Total Assets** | **304,430,225,904.42** | **268,942,214,130.93** | **49,098,690.44** | **42,756,364.44** | **307,130,718,545.66** | **270,487,328,738.50** |
| | | | | | | |
| Segment Liabilities | 238,176,589,394.31 | 212,160,916,524.74 | - | - | 238,176,589,394.31 | 212,160,916,524.74 |
| Unallocated Corporate Liabilities | | | | | 3,789,716,130.67 | 2,133,921,007.84 |
| **Total Liabilities** | **238,176,589,394.31** | **212,160,916,524.74** | **-** | **-** | **241,966,305,524.98** | **214,294,837,532.58** |
| | | | | | | |
| Capital Expenditure | 382,649,036.97 | 189,860,122.56 | - | - | 382,649,036.97 | 189,860,122.56 |
| Depreciation | 480,398,323.81 | 572,851,428.77 | 2,106,062.00 | 2,296,031.14 | 482,504,385.81 | 575,147,459.91 |
| Non-Cash Expenditure other than Depreciation | 2,647,828,800.00 | 1,516,683,241.00 | - | - | 2,647,828,800.00 | 1,516,683,241.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 34. FRAUDS DURING THE YEAR

During the year, frauds committed by employees of the company amounted to ₹ 12,827,281.00 ( Previous year: ₹ 16,266,785.00) which has been recovered /written off / provided for.

## 35. DIVIDEND REMITTED IN FOREIGN CURRENCY

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Dividend remitted in foreign currency | Nil | 79,333,048.00 |
| No. of non-resident shareholders to which this relates | Nil | 1 |
| No. of equity shares of face value of ₹ 10/- held by them | Nil | 9,916,631 |
| Financial year to which dividend relates | F Y 2016-17 | F Y 2014-15 & F Y 2015-16 |

## 36. DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD FROM 8TH NOVEMBER, 2016 TO 30TH DECEMBER, 2016, AS REQUIRED BY MCA NOTIFICATION DATED 30th MARCH, 2017

₹

| Particulars | SBNs | Other denomination notes and coins | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 1,774,032,500 | 378,300,139 | 2,152,332,639 |
| (+) Permitted receipts | - | 50,057,114,047 | 50,057,114,047 |
| (-) Permitted payments | - | 49,839,822,760 | 49,839,822,760 |
| (-) Amount deposited in Banks | 1,774,032,500 | 30,167,637 | 1,804,200,137 |
| **Closing cash in hand as on 30.12.2016** | **-** | **565,423,789** | **565,423,789** |

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407( E), dated 8th November, 2016.

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

During the year, the company has made an additional investment in 2,493,574 equity shares (Previous year : 73,019,415 equity shares) amounting to ₹ 6,097,756.87 ( Previous year : ₹ 48,629,914.81 ) of its subsidiary company, Asia Asset Finance PLC, Sri Lanka. As at 31st March, 2017 , the total shareholding in Asia Asset Finance PLC, Sri Lanka, amounts to 503,524,700 equity shares ( Previous year : 501,031,126 equity shares ) representing 60.00% ( Previous year : 59.70%) of their total equity share capital.

## 38. INVESTMENT IN MUTHOOT HOMEFIN (INDIA) LIMITED

During the year, the company acquired 26,700,000 equity shares (Previous year : 39,500,000 equity shares) in Muthoot Homefin (India) Limited for a consideration of ₹ 303,579,000.00 (Previous year : 449,115,000.00). As at 31st March, 2017, the total share holding in Muthoot Homefin (India) Limited amounts to 66,200,000 equity shares (Previous year : 39,500,000 equity shares) representing 88.27% ( Previous year : 79%) of their total equity share capital.

## 39. INVESTMENT IN MUTHOOT INSURANCE BROKERS PRIVATE LIMITED

The company has during the year acquired 100% of equity shares of Muthoot Insurance Brokers Private Limited for a consideration of ₹ 200,000,000.00 and making it a wholly owned subsidiary.

# Notes on Accounts

for the year ended 31st March, 2017

## 40. INVESTMENT IN BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

During the year, the company acquired 15,017,459 equity shares in Belstar Investment and Finance Private Limited representing 64.60% of equity share capital of Belstar Investment and Finance Pvt Ltd for a consideration of ₹ 626,752,450.80 and thus making it a subsidiary of the company.

## 41. 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 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Gold Loans granted against collateral of gold jewellery | 272,199,599,670.00 | 243,355,407,815.00 |
| Total assets of the Company | 307,130,718,545.65 | 270,487,328,738.49 |
| Percentage of gold loans to Total Assets | 88.63% | 89.97% |

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

₹

| Sl. No. | Particulars | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
|---|---|---|---|---|---|
| | | As at 31st March 2017 | | As at 31st March 2016 | |
| | **LIABILITIES :** | | | | |
| (1) | **Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :-** | | | | |
| (a) | Debentures: Secured | 68,112,008,175.26 | Nil | 82,986,943,451.96 | 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 | 2,002,938,750.71 | Nil | 5,997,128.75 | Nil |
| (d) | Inter-corporate loans and borrowing | Nil | Nil | Nil | Nil |
| (e) | Commercial Paper | 31,765,177,100.60 | Nil | Nil | Nil |
| (f) | Other Loans (specify nature) | | | | |
| | Loan from Directors/ Relatives of Directors | 5,984,096,110.44 | Nil | 6,765,928,494.42 | Nil |
| | Subordinated Debt | 32,676,751,811.70 | Nil | 41,049,323,909.69 | Nil |
| | Borrowings from Banks/FI | 90,165,168,279.60 | Nil | 77,013,832,415.65 | Nil |
| | Overdraft against Deposit with Banks | 3,711,833.26 | Nil | 7,782,787.27 | Nil |

# Notes on Accounts

for the year ended 31st March, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

₹

| Sl. No. | | Amount outstanding As at 31st March 2017 | Amount outstanding As at 31st March 2016 |
|---|---|---|---|
| | **ASSETS :** | | |
| (2) | **Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :- (including interest accrued)** | | |
| | (a) Secured | 284,990,277,199.00 | 252,977,841,716.04 |
| | (b) Unsecured | 1,957,828,364.62 | 6,935,472,287.71 |
| | | | |
| (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:- | | |
| | (a) Financial lease | Nil | Nil |
| | (b) Operating lease | Nil | Nil |
| | (ii) Stock on hire including hire charges under sundry debtors | | |
| | (a) Assets on hire | Nil | Nil |
| | (b) Repossessed Assets | Nil | Nil |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) Loans where assets have been repossessed | Nil | Nil |
| | (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 |

# Notes on Accounts

for the year ended 31st March, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

₹

| Sl. No. | | | Amount outstanding As at 31st March 2017 | Amount outstanding As at 31st March 2016 |
|---|---|---|---|---|
| **Long Term investments:-** | | | | |
| 1. | ***Quoted:*** | | | |
| | (i) | Shares : (a) Equity | 392,901,166.84 | 386,803,409.97 |
| | | (b) Preference | Nil | Nil |
| | (ii) | Debentures and Bonds | Nil | Nil |
| | (iii) | Units of mutual funds | Nil | Nil |
| | (iv) | Government Securities(net of amortisation) | 62,107,611.00 | Nil |
| | (v) | Others | Nil | Nil |
| 2. | ***Unquoted:*** | | | |
| | (i) | Shares : (a) Equity | 1,626,146,450.80 | 495,815,000.00 |
| | | (b) Preference | Nil | Nil |
| | (ii) | Debentures and Bonds | 10,000,000.00 | 100,000,000.00 |
| | (iii) | Units of mutual funds | Nil | Nil |
| | (iv) | Government Securities | Nil | Nil |
| | (v) | Others - Investment in Pass Through Certificates | Nil | Nil |

**(5) Borrower Group-wise Classification of Assets Financed as in (2) and (3) above:-**

| Category | | As at 31st March 2017 | | |
|---|---|---|---|---|
| | | Amount (Net of provisioning) | | |
| | | Secured | Unsecured | Total |
| 1. | Related Parties | | | |
| | (a) Subsidiaries | 183,333,000.00 | Nil | 183,333,000.00 |
| | (b) Companies in the same group | Nil | Nil | Nil |
| | (c) Other related parties | Nil | Nil | Nil |
| 2. | Other than related parties | 271,240,713,722.71 | 342,040,283.70 | 271,582,754,006.41 |
| **Total** | | **271,424,046,722.71** | **342,040,283.70** | **271,766,087,006.41** |

| Category | | As at 31st March 2016 | | |
|---|---|---|---|---|
| | | Amount (Net of provisioning) | | |
| | | Secured | Unsecured | Total |
| 1. | Related Parties | | | |
| | (a) Subsidiaries | Nil | Nil | Nil |
| | (b) Companies in the same group | Nil | Nil | Nil |
| | (c) Other related parties | Nil | Nil | Nil |
| 2. | Other than related parties | 242,474,804,103.00 | 295,017,712.31 | 242,769,821,815.31 |
| **Total** | | **242,474,804,103.00** | **295,017,712.31** | **242,769,821,815.31** |

# Notes on Accounts

for the year ended 31st March, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

**(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 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|---|
| | | 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) |
| 1. | Related Parties | | | | |
| (a) | Subsidiaries | 1,889,896,618.14 | 1,982,297,677.64 | 733,692,162.04 | 835,868,469.97 |
| (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 | 65,612,301.30 | 62,157,551.00 | 100,059,383.20 | 100,049,940.00 |
| **Total** | | **2,002,208,919.44** | **2,091,155,228.64** | **880,451,545.24** | **982,618,409.97** |

**(7) Other information**

| Particulars | | Amount outstanding as at | |
|---|---|---|---|
| | | As at 31st March 2017 | As at 31st March 2016 |
| (i) | Gross Non-Performing Assets | | |
| (a) | With Related parties | Nil | Nil |
| (b) | With Others | 5,621,296,126.71 | 7,024,612,600.00 |
| (ii) | Net Non-Performing Assets | | |
| (a) | With Related parties | Nil | Nil |
| (b) | With Others | 4,602,029,671.71 | 6,005,346,145.00 |
| (iii) | Assets acquired in satisfaction of debt | | |
| (a) | With Related parties | Nil | Nil |
| (b) | With Others | Nil | Nil |

**(8) Details of the Auctions conducted with respect to Gold Loan**

The Company auctioned 255,852 loan accounts (Previous Year: 905,056 accounts) during the financial year. The outstanding dues on these loan accounts were ₹ 12,994,357,734.00 (Previous Year: ₹ 46,910,938,525.00) till the respective date of auction. The Company realised ₹ 11,846,996,934.00 (Previous Year: ₹ 38,799,978,043.00) on auctioning of gold jewellery taken as collateral security on these loans. Company confirms that none of its sister concerns participated in the above auctions.

# Notes on Accounts

for the year ended 31st March, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

**(9 a) Capital**

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| i) | CRAR (%) | 24.88 | 24.48 |
| ii) | CRAR-Tier I capital (%) | 21.78 | 20.92 |
| iii) | CRAR-Tier II capital (%) | 3.10 | 3.56 |
| iv) | Amount of subordinated debt raised as Tier-II capital | 19,119,369,000.00 | 25,456,202,000.00 |
| v) | Amount raised by issue of Perpetual Debt Instruments | Nil | Nil |

**(9 b) Investments**

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| 1. | Value of Investments | | |
| | (i) Gross Value of Investments | | |
| | (a) In India | 1,698,304,001.80 | 595,864,940.00 |
| | (b) Outside India | 392,851,226.84 | 386,753,469.97 |
| | (ii) Provisions for Depreciation | | |
| | (a) In India | Nil | Nil |
| | (b) Outside India | Nil | Nil |
| | (iii) Net Value of Investments | | |
| | (a) In India | 1,698,304,001.80 | 595,864,940.00 |
| | (b) Outside India | 392,851,226.84 | 386,753,469.97 |
| 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, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

**(9 c) Asset Liability Management**

**Maturity pattern of certain items of assets and liabilities**

₹

| As at 31st March 2017 | 1 to 30/31 days (one month) | Over one month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 year | Over 3 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | |
| Deposits | - | - | - | - | - | - | - | - | - |
| Borrowings | 5,084,663,324.10 | 20,814,415,593.10 | 15,844,585,371.90 | 13,495,360,278.00 | 113,408,687,097.68 | 38,397,662,309.00 | 2,662,619,000.00 | 1,251,631,000.00 | 210,959,623,973.78 |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | |
| **Assets** | | | | | | | | | |
| Advances | 54,487,836,171.74 | 40,894,523,188.24 | 32,715,705,277.44 | 73,619,773,910.42 | 60,062,865,926.77 | 11,004,648,986.80 | - | - | 272,785,353,461.41 |
| Investments | - | - | - | - | - | 10,381,500.00 | 30,645,050.00 | 1,657,277,451.80 | 1,698,304,001.80 |
| Foreign Currency assets | - | - | - | - | - | - | - | 392,851,226.84 | 392,851,226.84 |

| 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 year | over 3 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | |
| Deposits | - | - | - | - | - | - | - | - | - |
| Borrowings | 5,823,603,987.22 | 3,849,243,373.35 | 2,797,036,809.58 | 14,625,574,984.40 | 106,551,455,440.47 | 48,809,181,403.10 | 2,581,427,000.00 | 1,371,977,000.00 | 186,409,499,998.12 |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - |
| **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 | 19,468,432,625.20 | - | - | 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 |

# Notes on Accounts

for the year ended 31st March, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

**(9 d) Exposures**

**i) Exposure to Real Estate Sector**

₹

| | Category | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| 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. | Nil | Nil |
| (ii) | Commercial Real Estate - | | |
| | Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non- fund based (NFB) limits. | 180,797,748.00 | 169,997,748.00 |
| (iii) | Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | Nil | Nil |
| | a. Residential | | |
| | b. Commercial Real Estate | | |
| | **Total Exposure to Real Estate Sector** | **180,797,748.00** | **169,997,748.00** |

**ii) Exposure to Capital Market**

₹

| | Category | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| 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, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

**(9 e) Registration obtained from financial sector regulators**

| Sl. No. | Regulator | Registration Number |
|---|---|---|
| 1 | Reserve Bank of India | Certificate of Registration No. N 16.00167 |

**(9 f) Penalties levied by the above Regulators- Nil**

**(9 g) Ratings assigned by Credit rating Agencies**

| Sl. No | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| 1 | Commercial paper & Non - convertible Debentures- Short Term | CRISIL A1+, ICRA A1+ | CRISIL A1+, ICRA A1+ |
| 2 | Bank Loans - Working Capital Demand Loans | ICRA A1+ | ICRA A1+ |
| 3 | Bank Loans - Cash Credit | ICRA AA(Stable) | ICRA AA-(Stable) |
| 4 | Bank Term Loans | ICRA AA(Stable) | ICRA AA-(Stable) |
| 5 | Non Convertible Debentures- Long term | CRISIL AA(Stable), ICRA AA(Stable) | CRISIL AA-(Stable), ICRA AA-(Stable) |
| 6 | Subordinated Debt | CRISIL AA(Stable), ICRA AA(Stable) | CRISIL AA-(Stable), ICRA AA-(Stable) |

During the year, CRISIL Ltd. has upgraded the long term rating from 'CRISIL AA-(Stable)' to 'CRISIL AA(Stable)' and ICRA Ltd. has upgraded the long term rating from 'ICRA AA-(Stable)' to 'ICRA AA(Stable)'.

**(9 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 2017 | As at 31st March 2016 |
|---|---|---|---|
| 1 | Provisions for depreciation on Investment | Nil | Nil |
| 2 | Provision towards NPA | Nil | 293,884,206.00 |
| 3 | Provision made towards Income Tax | 7,411,456,051.14 | 5,048,083,577.00 |
| 4 | Other Provision and Contingencies (with details) | | |
| | Provision for Other Losses | 2,644,347.00 | 513,023.00 |
| | Provision for Gratuity | 5,273,000.00 | 2,391,462.94 |
| 5 | Provision for Standard Assets | 2,647,828,800.00 | 1,222,799,035.00 |

**(9 i) Concentration of Advances**

| Sl. No | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| 1 | Total Advances to twenty largest borrowers | 467,489,412.00 | 731,081,619.00 |
| 2 | Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 0.17% | 0.30% |

# Notes on Accounts

for the year ended 31st March, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

**(9 j) Concentration of Exposures**

| Sl. No | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| 1 | Total Exposures to twenty largest borrowers/customers | 467,489,412.00 | 731,081,619.00 |
| 2 | Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers/Customers. | 0.17% | 0.30% |

**(9 k) Concentration of NPAs**

| Sl. No | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| 1 | Total Exposures to top four NPA accounts | 32,820,700.00 | 33,979,100.00 |

**(9 l) Sector-wise NPAs as on 31st March, 2017**

| Sl. No | Sector | Percentage of NPAs to Total Advances in that sector as on 31st March 2017 | Percentage of NPAs to Total Advances in that sector as on 31st March 2016 |
|---|---|---|---|
| 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 | 2.06% | 2.88% |

**(9 m) Movement of NPAs**

| Sl. No | Particulars | 31st March 2017 | 31st March 2016 |
|---|---|---|---|
| (i) | Net NPAs to Net Advances (%) | 1.69% | 2.46% |
| (ii) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 7,024,612,600.00 | 5,116,663,567.00 |
| | (b) Additions during the year | 4,754,372,264.00 | 6,720,256,238.00 |
| | (c) Reductions during the year | 6,157,688,737.29 | 4,812,307,205.00 |
| | (d) Closing balance | 5,621,296,126.71 | 7,024,612,600.00 |
| (iii) | Movement of Net NPAs | | |
| | (a) Opening balance | 6,005,346,145.00 | 4,391,281,318.00 |
| | (b) Additions during the year | 4,754,372,264.00 | 6,426,094,009.00 |
| | (c) Reductions during the year | 6,157,688,737.29 | 4,812,307,205.00 |
| | (d) Closing balance | 4,602,029,671.71 | 6,005,068,122.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 42. DISCLOSURES REQUIRED AS PER RESERVE BANK OF INDIA MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

| | | | | |
|---|---|---|---|---|
| (iv) | Movement of provisions for NPAs (excluding Provisions on Standard Assets) | | | |
| | (a) | Opening balance | 1,019,266,455.00 | 725,382,249.00 |
| | (b) | Provisions made during the year | - | 293,884,206.00 |
| | (c) | Write-off / write -back of excess provisions | - | - |
| | (d) | Closing balance | 1,019,266,455.00 | 1,019,266,455.00 |

**(9 n) Overseas Assets**

| Sl. No | Name of the Subsidiary | Country | Total assets |
|---|---|---|---|
| 1 | Asia Asset Finance PLC, Sri Lanka | Sri Lanka | 392,851,226.84 |

**(9 o) Customer Complaints**

| | | |
|---|---|---|
| (a) | No. of complaints pending as on 01st April, 2016 | Nil |
| (b) | No of complaints received during the year | 193 |
| (c) | No of complaints redressed during the year | 177 |
| (d) | No. of complaints pending as on 31st March, 2017 | 16 |

## 43. 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

**(Amount in ₹.)**

| Sl. No. | Particulars | Details | Details | Details | Details |
|---|---|---|---|---|---|
| 1 | Name of the subsidiary | Asia Asset Finance PLC | Muthoot Homefin (India) Limited | Belstar Investment and Finance Private Limited | Muthoot Insurance Brokers Private Limited |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | 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 31.03.2017– 0.42621 / Average Exchange Rate - 0.45423* | INR | INR | INR |
| 4 | Share capital | 591,978,102.71 | 750,000,000.00 | 232,465,680.00 | 5,000,000.00 |
| 5 | Reserves & surplus | 148,302,579.50 | 131,665,606.00 | 670,985,131.00 | 165,768,375.94 |
| 6 | Total assets | 4,442,763,376.31 | 4,505,838,734.00 | 7,629,064,762.00 | 180,600,616.90 |
| 7 | Total Liabilities | 3,702,482,694.10 | 3,624,173,128.00 | 6,725,613,951.00 | 9,832,240.96 |
| 8 | Investments | 206,304,818.60 | 0.00 | 600,164,109.00 | 140,000,000.00 |
| 9 | Turnover | 967,785,879.25* | 241,653,521.00 | 1,033,835,862.00 | 116,416,642.88 |
| 10 | Profit before taxation | 142,526,527.44* | 52,868,720.00 | 159,685,825.00 | 88,148,680.97 |
| 11 | Provision for taxation | 17,449,559.32* | 24,131,371.00 | 55,264,070.00 | 27,983,006.66 |
| 12 | Profit after taxation | 125,076,968.12* | 28,737,349.00 | 104,421,755.00 | 60,165,674.31 |
| 13 | Proposed Dividend | Nil | Nil | Nil | Nil |
| 14 | % of shareholding | 60.00% | 88.27% | 64.60% | 100.00% |

**Notes:**

1 Names of subsidiaries which are yet to commence operations: NA

2 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: 18th May, 2017

# 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, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information(hereinafter referred to as "the consolidated financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that operate effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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' judgement, 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, 2017, 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, Muthoot Insurance Brokers Private Limited and Belstar Investment and Finance Private Limited (subsidiaries), whose financial statements reflect total assets of ₹ 121,625.09 Lakhs as at March 31, 2017, total revenues of ₹ 17,109.03 Lakhs and net cash inflow amounting to ₹ 4,131.10 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 these subsidiaries, 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 ₹ 45,058.39 lakhs as at March 31, 2017, total revenues of ₹ 2,416.53 lakhs and net cash inflow amounting to ₹ 106.31 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, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to the preparation of the consolidated financial statements 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, 2017, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Group Companies, incorporated in India, none of the Directors of the aforesaid Companies incorporated in India are disqualified as on March 31, 2017 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 subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A' to this report.

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, (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. 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;

ii. The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India.

iv. The Holding Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407 (E) dated the 8th of November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities, as applicable and these are in accordance with the books of account maintained by the Holding Company and by those entities for the preparation of consolidated financial statements and as produced to us and the other auditors by the management of the respective Group entities. Refer Note 38 to the consolidated financial statements.

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 18th May, 2017

# 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 companies incorporated in India as of March 31, 2017 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 companies 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 companies 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 operate 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 internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India 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. 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 obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies incorporated in India.

## 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 and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph, the Holding Company and its subsidiary companies 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, 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies 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 ICAI.

## OTHER MATTERS

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting insofar as it relates to two subsidiary companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

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

Sd/-
R. Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: 18th May, 2017

# Consolidated Balance Sheet

as at 31st March, 2017

₹

| Particulars | Note No. | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| (a) Share capital | 3 | 3,994,755,490.00 | 3,990,023,320.00 |
| (b) Reserves and surplus | 4 | 61,385,640,575.15 | 52,232,850,037.98 |
| **Minority Interest** | | 719,379,771.44 | 376,765,307.63 |
| **Non-current liabilities** | | | |
| (a) Long-term borrowings | 5 | 48,451,337,451.91 | 54,265,572,299.51 |
| (b) Other Long-term liabilities | 6 | 6,719,692,255.90 | 11,268,290,971.06 |
| (c) Long-term provisions | 7 | 97,051,810.57 | 9,123,843.89 |
| **Current liabilities** | | | |
| (a) Short-term borrowings | 5 | 127,658,658,528.63 | 83,708,091,354.78 |
| (b) Trade Payables | | | |
| -Total outstanding dues of micro enterprises and small enterprises | | | |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | | 975,466,934.79 | 624,219,397.94 |
| (c) Other current liabilities | 8 | 65,047,407,170.79 | 62,191,659,967.39 |
| (d) Short-term provisions | 9 | 6,792,030,215.24 | 5,280,934,758.13 |
| **Total** | | **321,841,420,204.43** | **273,947,531,258.31** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible Assets | | 2,262,400,317.03 | 2,264,535,511.59 |
| (ii) Intangible Assets | | 99,918,994.00 | 51,764,158.93 |
| (iii) Capital Work-in-progress | | 99,783,210.00 | 107,155,498.40 |
| (b) Goodwill on consolidation | 39-42 | 211,495,018.13 | 35,779,973.58 |
| (c) Non-current investments | 11 | 159,073,494.13 | 146,971,304.38 |
| (d) Deferred tax assets (net) | 12 | 635,146,885.17 | 563,588,226.27 |
| (e) Long-term loans and advances | 13 | 8,365,977,780.75 | 2,389,133,231.25 |
| **Current assets** | | | |
| (a) Current investments | 14 | 806,252,984.47 | 343,870,172.18 |
| (b) Trade receivables | 15 | 12,769,313,382.69 | 14,679,182,447.67 |
| (c) Cash and Bank Balances | 16 | 16,448,756,373.12 | 7,140,055,589.84 |
| (d) Short-term loans and advances | 17 | 279,923,226,507.71 | 246,198,115,404.81 |
| (e) Other current assets | 18 | 60,075,257.22 | 27,379,739.41 |
| **Total** | | **321,841,420,204.43** | **273,947,531,258.31** |

**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: 18th May, 2017

**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

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2017

₹

| Particulars | Note No. | Year Ended 31st March, 2017 | Year Ended 31st March, 2016 |
|---|---|---|---|
| Revenue from Operations | 19 | 59,108,007,360.54 | 49,199,840,167.31 |
| Other income | 20 | 275,902,209.32 | 207,765,907.66 |
| **Total Revenue** | | **59,383,909,569.86** | **49,407,606,074.97** |
| Expenses:- | | | |
| Employee benefits expense | 21 | 7,642,315,188.24 | 6,538,238,006.00 |
| Finance costs | 22 | 23,688,399,963.82 | 22,856,225,101.88 |
| Other expenses | 23 | 4,623,649,487.16 | 4,300,332,310.20 |
| Directors Remuneration | | 358,000,000.00 | 195,600,000.00 |
| Depreciation and amortization expense | 10 | 519,208,989.72 | 586,566,472.73 |
| Provisions and Write Offs | 24 | 2,966,497,773.58 | 1,664,049,832.02 |
| **Total Expenses** | | **39,798,071,402.52** | **36,141,011,722.83** |
| **Profit Before Tax** | | **19,585,838,167.34** | **13,266,594,352.14** |
| Tax expense:- | | | |
| Current tax | | 7,569,922,592.58 | 5,219,481,129.25 |
| Deferred tax | | (54,947,717.87) | (155,208,815.40) |
| Taxes relating to Previous Years | | (1,740,485.34) | 23,926,173.68 |
| **Profit for the year (before adjustment for Minority Interest)** | | **12,072,603,777.96** | **8,178,395,864.61** |
| Less : Share of profit transferred to Minority Interest | | (74,750,963.27) | (33,392,140.88) |
| **Profit for the year (after adjustment for Minority Interest)** | | **11,997,852,814.69** | **8,145,003,723.73** |
| Earnings per equity share of ₹ 10/- each | 30 | | |
| **Basic** | | **30.06** | **20.46** |
| **Diluted** | | **29.95** | **20.22** |

**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: 18th May, 2017

**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

# Consolidated Cash Flow Statement

for the year ended 31st March, 2017

₹

| Particulars | | Year Ended 31st March, 2017 | Year Ended 31st March, 2016 |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Net Profit Before Taxation | **19,585,838,167.34** | **13,266,594,352.14** |
| | Adjustments for : | | |
| | Add: Provisions for Non-performing Assets and bad debt written off | 165,435,823.75 | 401,079,392.50 |
| | Add: Provisions for Standard Assets and Other Losses | 2,697,793,631.00 | 1,223,411,389.42 |
| | Add: Provision for Impairment | 103,268,318.83 | 39,559,050.10 |
| | Add: Finance Cost | 23,688,399,963.82 | 22,856,225,101.88 |
| | Add: Loss on Sale of Fixed Assets | 2,234,273.11 | 106,712.06 |
| | Add: Depreciation and amortisation | 519,208,989.72 | 586,566,472.73 |
| | Add :Provision for Gratuity | 10,558,144.00 | 2,397,678.60 |
| | Add :Expenses on ESOP | 36,194,255.00 | 115,299,604.00 |
| | Less :Interest received - Others | (205,088,946.58) | (145,663,570.95) |
| | Less: Income from Investments | (31,006,080.31) | (14,425,504.14) |
| | Less: Profit on sale of Investments | (5,671,217.00) | (21,187.10) |
| | **Operating profit before working capital changes** | **46,567,165,322.69** | **38,331,129,491.24** |
| | Adjustments for: | | |
| | (Increase) / Decrease in Loans and Advances | (33,585,015,027.45) | (11,089,607,293.25) |
| | (Increase) / Decrease in Trade receivables | 104,658,826.57 | (3,236,404,648.94) |
| | (Increase) / Decrease in Other current assets | (31,733,970.44) | 42,596,256.79 |
| | (Increase) / Decrease in Bank balances other than Cash and Cash Equivalents | (2,573,992,351.55) | 67,118,452.51 |
| | Increase / (Decrease) in Current liabilities | 1,922,116,322.77 | 455,719,945.70 |
| | Increase / (Decrease) in Other Long Term Provisions | 2,489,441.68 | 629,845.21 |
| | Increase / (Decrease) in Other Liabilities | (89,518,235.72) | 30,171,094.50 |
| | **Cash generated from operations** | **12,316,170,328.56** | **24,601,353,143.76** |
| | Finance cost paid | (25,358,480,065.65) | (19,732,156,365.74) |
| | Direct tax paid | (8,863,596,684.57) | (3,785,989,334.40) |
| | **Net cash from operating activities** | **(21,905,906,421.66)** | **1,083,207,443.62** |
| | | | |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of Fixed Assets | (551,436,797.62) | (282,302,792.49) |
| | Sale of Fixed Assets | 8,731,563.57 | 23,068,084.84 |
| | (Increase) / Decrease in Capital Work in Progress | 7,372,288.40 | (20,266,769.00) |
| | Purchase of Securities | (694,739,247.21) | (353,262,208.95) |
| | Sale of Securities | 320,925,462.18 | 65,000,000.00 |
| | Acquisition of shares in subsidiary | (1,136,429,207.67) | (48,629,914.81) |
| | Interest received - Others | 204,088,178.76 | 145,009,802.31 |
| | Income from Investments | 31,006,080.31 | 14,425,504.14 |
| | **Net Cash from Investing Activities** | **(1,810,481,679.29)** | **(456,958,293.96)** |

# Consolidated Cash Flow Statement

for the year ended 31st March, 2017

₹

| Particulars | | Year Ended 31st March, 2017 | Year Ended 31st March, 2016 |
|---|---|---|---|
| C | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Increase / (Decrease) in Debentures | (15,023,934,000.00) | (13,182,460,000.00) |
| | Increase / (Decrease) in Loan from Directors / Relatives of Directors | (780,472,970.98) | 1,568,803,173.12 |
| | Increase / (Decrease) in Borrowings from Bank /Financial Institutions | 20,259,397,956.88 | 5,075,936,986.17 |
| | Increase / (Decrease) in Borrowings from customers | 294,590,442.16 | 409,286,227.26 |
| | Increase / (Decrease) in Subordinated debt | (6,336,833,000.00) | (1,081,805,566.00) |
| | Increase / (Decrease) in Commercial Papers | 31,548,450,500.00 | - |
| | Dividend paid (including Dividend distribution tax) | - | (3,832,718,413.89) |
| | Proceeds from issue of Share Capital | 306,458,570.00 | 26,470,010.00 |
| | **Net Cash from Financing Activities** | **30,267,657,498.05** | **(11,016,487,583.34)** |
| | | | |
| D | **NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)** | **6,551,269,397.11** | **(10,390,238,433.67)** |
| | Cash and Cash Equivalent at the Beginning of the Year | 7,113,407,099.35 | 17,477,445,469.71 |
| | Add : Addition upon acquisition of subsidiary | 84,434,905.49 | 26,200,063.32 |
| | **Cash and Cash Equivalent at the end of the Year** | **13,749,111,401.95** | **7,113,407,099.35** |
| | **Components of Cash and Cash Equivalents at the end of the Year** | | |
| | Current Account with Banks | 11,893,876,298.61 | 5,523,120,283.28 |
| | Deposit with Banks | 207,474,947.04 | 110,333,503.83 |
| | Cash on Hand | 1,647,760,156.30 | 1,479,953,312.24 |
| | **Total (Refer Note 2(xii))** | **13,749,111,401.95** | **7,113,407,099.35** |

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.

**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: 18th May, 2017

**For and on behalf of the Board of Directors**

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

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

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

Sd/-
**Maxin James**
Company Secretary

# Notes on Accounts

for the year ended 31st March, 2017

## 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 (Country of Incorporation) | Abbreviation used | Relationship with the company | % of holding as at 31st March, 2017 | % of holding as at 31st March, 2016 |
|---|---|---|---|---|
| Asia Asset Finance PLC (Sri Lanka) | AAF | Subsidiary Company | 60.00 | 59.70 |
| Muthoot Homefin (India) Limited (India) | MHIL | Subsidiary Company | 88.27 | 79.00 |
| Belstar Investment and Finance Private Limited(India) | BIFPL | Subsidiary Company | 64.60 | - |
| Muthoot Insurance Brokers Private Limited (India) | MIBPL | Wholly owned subsidiary Company | 100.00 | - |

## 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 (RBI) vide Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. MHIL follows prudential norms prescribed by the National Housing Bank, the regulator for Housing Finance Companies. BIFPL follows prudential norms for asset classification and provisioning as prescribed by RBI for Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI) vide Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011.

# Notes on Accounts

for the year ended 31st March, 2017

## (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, 2017.

(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 subsidiary, its financial statements are 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.

# Notes on Accounts

for the year ended 31st March, 2017

## (iv) REVENUE RECOGNITION

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

In respect of its subsidiary AAF, 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, MHIL, interest on standard 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 disbursal of loans.

In respect of its subsidiary, BIFPL, Interest charges on loans given to borrowers are recognized on reducing balance method. Profit on securitization of loan portfolio through bankruptcy remote Special Purpose Vehicle (SPV) is recognized over the residual life of the securitization transaction. Profit on sale of loan assets through direct assignment, without any recourse obligation or otherwise is recognised over the residual life of the loan. In respect of loans that have become Non Performing Asset, interest is recognised only to the extent collected.

In respect of its subsidiary, MIBPL, Revenue is recognized and expenses are accounted on accrual basis with necessary provision for all known liabilities and losses.

## (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 AAF , Contributions to the extent of 12% and 3% of gross emoluments of employees are made to Employees Provident Fund and Employees Trust Fund respectively.

# Notes on Accounts

for the year ended 31st March, 2017

**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 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 subsidiary BIFPL, contribution to gratuity fund is made through Life Insurance Corporation of India group gratuity fund. In respect of the other subsidiaries gratuity liability is not funded.

**c) Employee share based payments**

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

## (vi) FIXED ASSETS

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

In respect of the Company and its subsidiaries- MHIL and MIBPL, 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. In respect of BIFPL depreciation is charged using Straight Line method over the estimated useful life of each asset as determined by the management. The useful life estimates specified in Schedule II of the Companies Act, 2013 are generally adhered to except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. All fixed assets costing individually upto ₹5,000/- are fully depreciated by the Company and its subsidiaries incorporated in India in the year of its capitalisation.

In respect of its foreign subsidiary- AAF, 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.

# Notes on Accounts

for the year ended 31st March, 2017

### (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 Company amortizes Computer Software over a period of five years on straight line method. In respect of its subsidiary AAF, Computer Software is amortized over a period of eight years on straight line method.

### (ix) TAXES ON INCOME

Income Tax expenses comprises of current tax and deferred tax (asset or liability). Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the 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.

# Notes on Accounts

for the year ended 31st March, 2017

## (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 and bank deposits having maturity of 3 months or less.

## (xiii) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

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

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

## (xiv) DEBENTURE REDEMPTION RESERVE

In terms of Section 71 of the Companies Act, 2013 read with Rule 18 (7) of Companies (Share Capital and Debentures) Rules 2014 , the Company has created Debenture Redemption Reserve in respect of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures issued through public issue as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008. No Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies. Other subsidiary companies except BIFPL have no outstanding amount of debentures.

## (xv) PROVISION FOR STANDARD ASSETS AND NON PERFORMING ASSETS

Company makes provision for standard assets and non performing assets as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. 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 and/or as Gold Price Fluctuation Risk provisions.

In respect of its Subsidiary AAF, financial assets carried at amortized cost such as lease , hire purchase and loans and advances are assessed for objective evidence of impairment as individually significant or collectively , if not individually significant, as on the date of Balance Sheet. If impairment loss has been incurred , the amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows and is recognised as Provision for Impairment through Statement of Profit and Loss.

# Notes on Accounts

for the year ended 31st March, 2017

In respect of its Subsidiary, MHIL, 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.

In respect of its subsidiary BIFPL, norms as prescribed by RBI for the classification and provisioning of assets have been followed.

## (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.

**Where the Group is the lessee:**

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

## (xvii) SEGMENT REPORTING

**Identification of segments:-**

a) The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Based on the operation, the Group has identified primary business segments – Financing, Power Generation and Insurance broking and based on the geography of operation , the Group has identified secondary segments - Within India and Outside India.

b) The segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

**Unallocated items:-**

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

**Segment Policies:-**

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

## (xviii) CURRENT/NON-CURRENT CLASSIFICATION OF ASSETS/ LIABILITIES

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

# Notes on Accounts

for the year ended 31st March, 2017

**(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, 2017 | As at 31st March, 2016 |
|---|---|---|
| **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** | | |
| 399,475,549 Equity Shares of ₹ 10/- each fully paid | 3,994,755,490.00 | 3,990,023,320.00 |
| (Previous Year: 399,002,332 Equity Shares of ₹ 10/- each fully paid) | | |
| **Total** | 3,994,755,490.00 | 3,990,023,320.00 |

### 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, 2017 and 31st March, 2016 is set out below:-

₹

| Particulars | As at 31st March, 2017 | | As at 31st March, 2016 | |
|---|---|---|---|---|
| | Equity Shares | | Equity Shares | |
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 399,002,332 | 3,990,023,320.00 | 397,966,419 | 3,979,664,190.00 |
| Shares issued in exercise of Employee Stock Options during the year | 473,217 | 4,732,170.00 | 1,035,913 | 10,359,130.00 |
| Shares outstanding at the end of the year | **399,475,549** | **3,994,755,490.00** | **399,002,332** | **3,990,023,320.00** |

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

| Sl. No. | Name of Shareholder | As at 31st March, 2017 | | As at 31st March, 2016 | |
|---|---|---|---|---|---|
| | | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| 1 | M. G. George Muthoot | 46,551,632 | 11.65% | 47,385,132 | 11.88% |
| 2 | George Alexander Muthoot | 43,630,900 | 10.92% | 44,464,400 | 11.14% |
| 3 | George Jacob Muthoot | 43,630,900 | 10.92% | 44,464,400 | 11.14% |
| 4 | George Thomas Muthoot | 43,630,900 | 10.92% | 44,464,400 | 11.14% |
| 5 | Susan Thomas | 29,985,068 | 7.51% | 29,985,068 | 7.52% |

# Notes on Accounts

for the year ended 31st March, 2017

### 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.

| Sl. No. | Particulars | Fully paid up pursuant to contract(s) without payment being received in cash | Fully paid up by way of bonus shares | Shares bought back |
|---|---|---|---|---|
| | **Equity Shares :** | | | |
| 1 | 2016-2017 | Nil | Nil | Nil |
| 2 | 2015-2016 | Nil | Nil | Nil |
| 3 | 2014-2015 | Nil | Nil | Nil |

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

The Company has reserved 2,837,904 equity shares ( Previous year : 3,659,788) for issue under the Employee Stock Option Scheme 2013. (Refer Note.26.c)

## 4. RESERVES AND SURPLUS

₹

| Particulars | | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|---|
| **a.** | **Securities Premium Account** | | |
| | Balance at the beginning of the year | 14,665,742,013.56 | 14,551,281,673.66 |
| | Add : Securities premium on Equity Share issue | 56,068,873.10 | 114,460,339.90 |
| | **Closing Balance** | **14,721,810,886.66** | **14,665,742,013.56** |
| **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.4.1)** | | |
| | Balance at the beginning of the year | 15,517,788,282.00 | 12,008,322,083.50 |
| | Add: Amount transferred from surplus in the Statement of Profit and Loss | 4,818,119,028.50 | 3,509,466,198.50 |
| | **Closing Balance** | **20,335,907,310.50** | **15,517,788,282.00** |
| **d.** | **Statutory Reserve (Refer Note.4.2)** | | |
| | Balance at the beginning of the year | 10,294,843,942.80 | 8,675,737,635.80 |
| | Add: Amount transferred from surplus in the Statement of Profit and Loss | 2,359,663,297.00 | 1,619,106,307.00 |
| | **Closing Balance** | **12,654,507,239.80** | **10,294,843,942.80** |
| **e.** | **Share options outstanding account ( Refer Note.26 c )** | | |
| | Balance at the beginning of the year | 223,669,846.40 | 206,719,702.30 |
| | Additions during the year | 36,194,255.00 | 115,299,604.00 |
| | Deduction during the year on share allotment | 38,592,473.10 | 98,349,459.90 |
| | **Closing Balance** | **221,271,628.30** | **223,669,846.40** |

# Notes on Accounts

for the year ended 31st March, 2017

## 4. RESERVES AND SURPLUS (CONTD.)

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|
| **f. Foreign Currency Translation Reserve** | | |
| Balance at the beginning of the year | (19,342,881.05) | (30,435.01) |
| Additions during the year ( Net ) | (13,256,932.36) | (19,312,446.04) |
| **Closing Balance** | **(32,599,813.41)** | **(19,342,881.05)** |
| **g. Surplus in the Statement of Profit and Loss** | | |
| Balance at the beginning of the year | 8,873,816,235.27 | 8,742,191,004.25 |
| Add: Net Profit For the year | 11,997,852,814.69 | 8,145,003,723.73 |
| Less: Consequent to change in Group's Interest | 678,503.15 | 4,953,632.21 |
| Less: Appropriations | | |
| Interim Dividend ( Refer Note.29 a ) | 2,396,853,294.00 | 2,390,180,648.00 |
| Dividend relating to earlier years | - | 3,081,125.00 |
| Corporate Dividend Tax | 487,944,203.00 | 486,590,582.00 |
| Transfer to Debenture Redemption Reserve | 4,818,119,028.50 | 3,509,466,198.50 |
| Transfer to Statutory Reserve | 2,359,663,297.00 | 1,619,106,307.00 |
| **Closing Balance** | **10,808,410,724.31** | **8,873,816,235.27** |
| **Total** | **61,385,640,575.15** | **52,232,850,037.98** |

### 4.1 Debenture Redemption Reserve

During the year, the company has transferred an amount of ₹ 4,818,119,028.50 (Previous Year: ₹ 3,509,466,198.50) to the Debenture Redemption Reserve. No appropriation was made from this Reserve during the year.

### 4.2 Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. No appropriation was made from the Reserve Fund during the year.

## 5. BORROWINGS

### 5.1 Borrowings – Secured and Unsecured

₹

| Particulars | Non Current As at 31st March, 2017 | Non Current As at 31st March, 2016 | Current As at 31st March, 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|
| SECURED | | | | |
| **(a) Debentures** | | | | |
| Secured Non-Convertible Debentures | 5,269,448,000.00 | 14,378,919,000.00 | 19,920,630,000.00 | 26,529,927,000.00 |
| (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | | | |
| (Refer Note No. 5.2) | | | | |

# Notes on Accounts

for the year ended 31st March, 2017

## 5.1 Borrowings – Secured and Unsecured (Contd.)

₹

| Particulars | Non Current As at 31st March, 2017 | Non Current As at 31st March, 2016 | Current As at 31st March, 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|
| Secured Non-Convertible Debentures-Listed | 24,341,527,000.00 | 20,195,055,000.00 | 12,756,626,000.00 | 16,208,264,000.00 |
| (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | | | |
| (Refer Note. 5.3 & 5.4) | | | | |
| Secured Non-Convertible Debentures | 400,000,000.00 | - | - | - |
| (Secured by way of charge on hypothecated receivables) | | | | |
| (Refer Note.5.5) | | | | |
| | | | | |
| **(b) Term loans** | | | | |
| **From banks** | | | | |
| Term Loan (Secured by specific charge on vehicles) | - | 78,039.10 | 78,039.10 | 478,750.00 |
| (Terms of Repayment : ₹ 78,039.10 during F Y 2017-18 in 3 monthly installments, Rate of Interest :10.51 % p.a.) | | | | |
| Term Loan (Secured by promissory notes, loans, lease and hire purchase receivables, Mortgage bond over loan recoverable consist of business loan, corporate loan and mortgage loan) | 244,305,895.27 | 134,671,434.77 | 128,033,821.98 | 36,642,052.40 |
| (Terms of Repayment: ₹ 128,033,821.98 repayable during FY 17-18 in monthly installments & ₹ 244,305,895.27 after FY 17-18 repayable in monthly installments, Rate of Interest :- Base rate + (2.5% - 3.5 %) p.a) | | | | |
| Securitisation Loans (Secured by lease and hire purchase assets and receivables) | 68,967,583.72 | 504,630,110.32 | 614,209,530.85 | 27,408,614.99 |
| ( Terms of Repayment : Repayable in 14-37 monthly installments. Rate of Interest : 11%- 17% p.a.) | | | | |
| Term Loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances ) | 2,000,000,000.00 | - | - | - |
| ( Terms of Repayment : During F Y 2018-19 in 4 quarterly installments, Rate of Interest :8.75 % p.a.) | | | | |

# Notes on Accounts

for the year ended 31st March, 2017

## 5.1 Borrowings – Secured and Unsecured (Contd.)

₹

| Particulars | Non Current As at 31st March, 2017 | Non Current As at 31st March, 2016 | Current As at 31st March, 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|
| Term Loan from Banks (Secured by paripassu floating charge on housing loan receivables, credit and current assets) (Terms of Repayment: ₹ 96,527,778.00 repayable during FY 17-18 in quarterly / half yearly installments & ₹ 2,053,472,222.00 after FY 17-18 repayable in quarterly / half yearly installments, Rate of Interest: 8.75% - 9.70%) | 2,053,472,222.00 | - | 96,527,778.00 | - |
| Term Loan from Banks (Secured by way of specific charge on receivables created out of the proceeds of the loan) (Terms of Repayment: ₹ 1,255,284,974.00 repayable during FY 17-18 in quarterly / monthly installments & ₹ 1,540,489,098.00 after FY 17-18 repayable in quarterly / monthly installments, Rate of Interest: 11.00% - 15.00%) | 1,540,489,098.06 | - | 1,255,284,974.00 | - |
| **From Financial Institutions** | | | | |
| Term Loan - (Secured by specific charge on vehicles) (Terms of Repayment: ₹ 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 : 9.19-9.30 % p.a. ) | 1,154,309.00 | 2,851,364.00 | 1,697,055.00 | 2,564,824.37 |
| Term Loan - (Secured by specific charge on receivables created out of the proceeds of the loan.) (Terms of Repayment: Amount ₹ 1,677,524,497.00 repayable during F Y 2017-18 in quarterly / monthly installments & ₹ 1,202,320,038.00 after F Y 2017-18 in quarterly / monthly installments , Rate of Interest : 9.75-16.00 % p.a. ) | 1,202,320,038.00 | - | 1,677,524,497.00 | - |

# Notes on Accounts

for the year ended 31st March, 2017

## 5.1 Borrowings – Secured and Unsecured (Contd.)

₹

| Particulars | Non Current As at 31st March, 2017 | Non Current As at 31st March, 2016 | Current As at 31st March, 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|
| **(c) Loans repayable on demand** | | | | |
| **From banks** | | | | |
| Overdraft against Deposit with Banks | - | - | 3,711,833.26 | 7,782,787.27 |
| (Secured by a lien on Fixed Deposit with Banks) | | | | |
| Cash Credit | - | - | 29,832,400,084.61 | 23,985,739,486.09 |
| (Secured by paripassu floating charge on current assets, receivables, Loans & advances and personal guarantee of Promoter Directors) | | | | |
| **(d) Short Term Loans** | | | | |
| **From Banks** | - | - | 59,540,000,000.32 | 52,950,000,000.00 |
| (Secured by paripassu floating charge on current assets, book debts, Loans & advances and personal guarantee of Promoter Directors) | | | | |
| **Sub Total (1)** | **37,121,684,146.05** | **35,216,204,948.19** | **125,826,723,614.12** | **119,748,807,515.12** |
| **UNSECURED** | | | | |
| **(a) Debentures** | | | | |
| 11.5% Unsecured, Redeemable, Rated, Unlisted, Subordinated, Taxable, Non-Convertible Debentures | 100,000,000.00 | - | - | - |
| (Refer Note.5.9) | | | | |
| **(b) Loans repayable on demand** | | | | |
| From banks | - | - | 750,000,000.00 | - |
| **(c) Loans and advances from related parties** | | | | |
| Loan from Directors and Relatives | - | - | 5,984,096,110.44 | 6,764,569,081.42 |
| Subordinated Debt (Refer Note 5.6) | 50,000.00 | 262,000.00 | 212,000.00 | 84,145,000.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 5.1 Borrowings – Secured and Unsecured (Contd.)

₹

| Particulars | Non Current As at 31st March, 2017 | Non Current As at 31st March, 2016 | Current As at 31st March, 2017 | Current As at 31st March, 2016 |
|---|---|---|---|---|
| **(d) Other loans and advances** | | | | |
| Subordinated Debt Listed (Refer Note.5.7 & 5.8) | 3,661,807,000.00 | 3,108,046,000.00 | - | - |
| Commercial Paper | - | - | 31,548,450,500.00 | - |
| Subordinated Debt (Refer Note.5.6) | 7,037,926,000.00 | 15,077,374,000.00 | 8,419,374,000.00 | 7,186,375,000.00 |
| Due to customers (Fixed Deposits)(Refer Note.5.10) | 529,870,305.86 | 863,685,351.32 | 1,891,504,629.20 | 1,231,866,037.56 |
| **Sub Total (2)** | **11,329,653,305.86** | **19,049,367,351.32** | **48,593,637,239.64** | **15,266,955,118.98** |
| **Total (1)+(2)** | **48,451,337,451.91** | **54,265,572,299.51** | **174,420,360,853.76** | **135,015,762,634.10** |
| Less: Amount included under Current Liabilities | | | | |
| Current maturities of long term debt (Refer Note.8.1) | - | - | 45,656,759,325.13 | 50,568,268,279.32 |
| Unpaid Matured Debentures (Refer Note.8.2) | - | - | 1,104,943,000.00 | 739,403,000.00 |
| **As per Balance Sheet** | **48,451,337,451.91** | **54,265,572,299.51** | **127,658,658,528.63** | **83,708,091,354.78** |
| **Long Term Borrowings** | **48,451,337,451.91** | **54,265,572,299.51** | - | - |
| **Short Term Borrowings** | - | - | **127,658,658,528.63** | **83,708,091,354.78** |

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, 2017

## 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 ₹ 25,190,078,000.00 (Previous Year: ₹ 40,908,846,000.00) .

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| CU | 31.03.2014 | 15,000,000.00 | 20,000,000.00 | 120 months | 10.50-12.50 |
| CT | 14.03.2014-31.03.2014 | 34,000,000.00 | 47,000,000.00 | 120 months | 10.50-12.50 |
| CS | 27.02.2014-14.03.2014 | 47,000,000.00 | 57,000,000.00 | 120 months | 10.50-12.50 |
| CR | 07.02.2014-27.02.2014 | 25,000,000.00 | 49,500,000.00 | 120 months | 10.50-12.50 |
| CQ | 04.02.2014-07.02.2014 | 44,500,000.00 | 59,500,000.00 | 120 months | 10.50-12.50 |
| CP | 20.01.2014-04.02.2014 | 84,000,000.00 | 92,000,000.00 | 120 months | 10.50-12.50 |
| CO | 10.01.2014-20.01.2014 | 130,000,000.00 | 137,000,000.00 | 120 months | 10.50-12.50 |
| CN | 03.01.2014-10.01.2014 | 87,500,000.00 | 109,000,000.00 | 120 months | 10.50-12.50 |
| CM | 24.12.2013-03.01.2014 | 37,500,000.00 | 80,000,000.00 | 120 months | 10.50-12.50 |
| CL | 05.12.2013-24.12.2013 | 41,500,000.00 | 64,000,000.00 | 120 months | 10.50-12.50 |
| CK | 18.11.2013-05.12.2013 | 34,500,000.00 | 58,000,000.00 | 120 months | 10.50-12.50 |
| CJ | 29.10.2013-18.11.2013 | 34,500,000.00 | 73,500,000.00 | 120 months | 10.50-12.50 |
| CI | 09.10.2013-29.10.2013 | 39,500,000.00 | 47,000,000.00 | 120 months | 10.50-12.50 |
| CH | 27.09.2013 - 09.10.2013 | 66,500,000.00 | 71,500,000.00 | 120 months | 10.50-12.50 |
| CG | 06.09.2013 - 27.09.2013 | 28,000,000.00 | 38,500,000.00 | 120 months | 10.50-12.50 |
| CF | 31.08.2013 - 06.09.2013 | 25,500,000.00 | 43,000,000.00 | 120 months | 10.50-12.50 |
| CE | 12.08.2013 - 31.08.2013 | 36,000,000.00 | 62,000,000.00 | 120 months | 10.50-12.50 |
| CD | 31.07.2013 - 10.08.2013 | 41,000,000.00 | 61,000,000.00 | 120 months | 10.50-12.50 |
| CC | 08.07.2013 - 31.07.2013 | 46,000,000.00 | 51,500,000.00 | 120 months | 10.50-12.50 |
| CB | 24.06.2013 - 07.07.2013 | 1,521,760,000.00 | 2,077,202,000.00 | 120 months | 10.50-12.50 |
| CA | 18.04.2013 - 23.06.2013 | 2,907,819,000.00 | 4,145,538,000.00 | 120 months | 10.50-12.50 |
| BZ | 01.03.2013 - 17.04.2013 | 2,835,202,000.00 | 3,766,665,000.00 | 120 months | 10.50-12.50 |
| BY | 18.01.2013 - 28.02.2013 | 2,627,205,000.00 | 3,009,281,000.00 | 120 months | 10.50-12.50 |
| CZ | 04.05.2016 | 415,000,000.00 | - | 60 months | 9.25-9.50 |
| CY | 03.02.2016 | 260,000,000.00 | 260,000,000.00 | 60 months | 9.50-9.75 |
| CX | 03.11.2014 | - | 390,000,000.00 | 60 months | 10.00-12.00 |
| CW | 08.05.2014 | 60,500,000.00 | 72,000,000.00 | 60 months | 10.00-12.00 |
| CV | 24.04.2014 | 97,000,000.00 | 111,000,000.00 | 60 months | 10.00-12.00 |
| BX | 26.11.2012 - 17.01.2013 | 2,430,069,000.00 | 2,755,174,000.00 | 60 months | 10.50-12.50 |
| BW | 01.10.2012 - 25.11.2012 | 3,141,937,000.00 | 3,568,659,000.00 | 60 months | 11.50-12.50 |
| BV | 17.08.2012 - 30.09.2012 | 1,919,045,000.00 | 2,411,077,000.00 | 60 months | 11.50-12.50 |
| BU | 01.07.2012 - 16.08.2012 | 2,234,008,000.00 | 2,851,060,000.00 | 60 months | 11.50-12.50 |
| BT | 21.05.2012 - 30.06.2012 | 1,509,716,000.00 | 1,893,736,000.00 | 60 months | 11.50-12.50 |
| BS | 01.05.2012 - 20.05.2012 | 662,877,000.00 | 807,592,000.00 | 60 months | 11.50-12.50 |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| BR | 01.03.2012 - 30.04.2012 | 1,333,893,000.00 | 2,562,963,000.00 | 60 months | 11.50-12.50 |
| BQ | 23.01.2012 - 29.02.2012 | 154,856,000.00 | 1,928,350,000.00 | 60 months | 11.50-12.50 |
| BP | 01.12.2011 - 22.01.2012 | 67,275,000.00 | 1,738,951,000.00 | 60 months | 11.50-12.50 |
| BO | 19.09.2011 – 30.11.2011 | 41,730,000.00 | 1,602,397,000.00 | 60 months | 11.00-12.00 |
| BN | 01.07.2011 – 18.09.2011 | 25,764,000.00 | 1,592,606,000.00 | 60 months | 11.00-12.00 |
| BM | 01.04.2011 – 30.06.2011 | 12,698,000.00 | 1,530,981,000.00 | 60 months | 11.00-12.00 |
| BL | 01.01.2011 - 31.03.2011 | 9,049,000.00 | 512,024,000.00 | 60 months | 10.00-11.50 |
| BK | 01.10.2010 - 31.12.2010 | 5,318,000.00 | 54,639,000.00 | 60 months | 9.50-11.50 |
| BJ | 01.07.2010 – 30.09.2010 | 5,340,000.00 | 19,824,000.00 | 60 months | 9.50-11.00 |
| BI | 01.04.2010 - 30.06.2010 | 1,607,000.00 | 6,103,000.00 | 60 months | 9.00-10.50 |
| BH | 01.01.2010 - 31.03.2010 | 2,077,000.00 | 5,617,000.00 | 60 months | 9.00-10.50 |
| BG | 01.10.2009 - 31.12.2009 | 1,450,000.00 | 2,769,000.00 | 60 months | 9.50-10.50 |
| BF | 01.07.2009 - 30.09.2009 | 1,826,000.00 | 2,008,000.00 | 60 months | 10.50 |
| BE | 01.04.2009 - 30.06.2009 | 544,000.00 | 677,000.00 | 60 months | 10.50-11.50 |
| BD | 01.01.2009 - 31.03.2009 | 2,862,000.00 | 3,032,000.00 | 60 months | 11.00-12.00 |
| BC | 22.09.2008 - 31.12.2008 | 378,000.00 | 435,000.00 | 60 months | 11.00-12.00 |
| BB | 10.07.2008 - 21.09.2008 | 105,000.00 | 255,000.00 | 60 months | 11.00-11.50 |
| AZ | 01.04.2008 - 02.07.2008 | 1,049,000.00 | 1,203,000.00 | 60 months | 10.50-11.00 |
| AY | 01.01.2008 - 31.03.2008 | 70,000.00 | 105,000.00 | 60 months | 10.50-11.00 |
| AX | 01.10.2007 - 31.12.2007 | 115,000.00 | 115,000.00 | 60 months | 10.50-11.00 |
| AW | 01.07.2007 - 30.09.2007 | 292,000.00 | 312,000.00 | 60 months | 10.50-11.00 |
| AV | 01.04.2007 - 30.06.2007 | 117,000.00 | 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 | 1,237,000.00 | 1,262,000.00 | 60 months | 9.00-11.00 |
| AT | 13.08.2006 - 31.12.2006 | 203,000.00 | 820,000.00 | 60 months | 9.00-9.50 |
| AS | 01.05.2006 - 12.08.2006 | 186,000.00 | 186,000.00 | 60 months | 8.50-9.00 |
| AR | 15.06.2005 - 30.04.2006 | 110,000.00 | 437,000.00 | 60 months | 8.00-8.50 |
| AQ | 01.04.2005 - 14.06.2005 | 30,000.00 | 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 | 60 months | 9.50 |
| | **Total** | **25,190,078,000.00** | **40,908,846,000.00** | | |

Of the above, ₹ 5,269,448,000.00 (Previous Year: ₹ 14,378,919,000.00) is included in long-term borrowings and ₹ 19,195,613,000.00 (Previous Year: ₹ 25,917,313,000.00) is included in current maturities of long-term debt (Refer Note.8.1) and ₹ 725,017,000.00 (Previous Year: ₹ 612,614,000.00) is included in unpaid matured debentures (Refer Note.8.2).

# Notes on Accounts

for the year ended 31st March, 2017

## 5.3 Secured Redeemable Non Convertible Debentures – Listed

The Company had privately placed Rated Secured Redeemable Non-Convertible Listed Debentures which matured and was redeemed during the year.

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| L 4 | 12.01.2012 | - | 1,000,000,000.00 | 60 Months | 13.00 |
| | **Total** | **-** | **1,000,000,000.00** | | |

## 5.4 Secured Non Convertible Debentures – Public Issue

The outstanding amount of Secured Rated Non-Convertible Listed Debentures raised through Public Issue stood at ₹ 37,098,153,000.00 (Previous Year: ₹ 35,403,319,000.00 )

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| PL 16 | 30.01.2017 | 13,000,000,000.00 | - | 400 Days,1.5,2,3,5 years | 8.25-9.25 |
| PL 15 | 12.05.2016 | 4,763,997,000.00 | - | 400 Days,1.5,2,3,5 years | 8.75-9.75 |
| PL 14 | 20.01.2016 | 3,652,779,000.00 | 4,154,843,000.00 | 400 Days,2,3,5 years | 9.00-10.00 |
| PL 13 | 14.10.2015 | 3,945,916,000.00 | 4,640,533,000.00 | 400 Days,2,3,5 years | 9.25-10.25 |
| PL 12 | 23.04.2015 | 2,266,789,000.00 | 2,710,855,000.00 | 400 Days,2,3,5 years | 9.75-10.75 |
| PL 11 | 29.12.2014 | 2,039,475,000.00 | 3,033,948,000.00 | 400 Days,2,3,5 years | 10.25-11.25 |
| PL 10 | 26.09.2014 | 2,336,743,000.00 | 3,216,416,000.00 | 400 Days,2,3,5 years | 10.25-11.50 |
| PL 9 | 04.07.2014 | 2,345,257,000.00 | 3,793,100,000.00 | 400 Days,2,3,5 years | 10.50-11.75 |
| PL 8 | 02.04.2014 | 13,006,000.00 | 1,553,624,000.00 | 400 Days,2,3,5 years | 10.50-11.75 |
| PL 7 | 04.02.2014 | 37,872,000.00 | 2,458,544,000.00 | 400 Days,2,3,5 years | 11.00-12.25 |
| PL 6 | 04.12.2013 | 39,228,000.00 | 1,568,290,000.00 | 400 Days,2,3,5 years | 11.00-12.25 |
| PL 5 | 25.09.2013 | 51,760,000.00 | 1,533,527,000.00 | 400 Days,2,3,5 years | 11.00-12.55 |
| PL 4 | 01.11.2012 | 926,177,000.00 | 926,177,000.00 | 2,3,5,6 years | 11.50-12.25 |
| PL 3 | 18.04.2012 | 768,938,000.00 | 768,938,000.00 | 2, 3, 5, 5.5 years | 13.00-13.43 |
| PL 2 | 18.01.2012 | 910,216,000.00 | 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 | 2, 3, 5 years | 11.75-12.25 |
| | **Total** | **37,098,153,000.00** | **35,403,319,000.00** | | |

Out of the above, ₹ 24,341,527,000.00 (Previous Year: ₹ 20,195,055,000.00) is classified as Long-term borrowings and ₹ 12,756,626,000.00 (Previous Year: ₹ 15,208,264,000.00 ) is classified as Current maturities of Long-term Debt (Refer Note.8.1)

# Notes on Accounts

for the year ended 31st March, 2017

## 5.5 Secured Redeemable Non Convertible Debentures

BIFPL privately placed Rated Secured Redeemable Non-Convertible Debentures with an outstanding amount of ₹ 400,000,000.

₹

| Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|
| 30.03.2017 | 400,000,000.00 | - | 36 months | 12.00 |
| **Total** | **400,000,000.00** | **-** | | |

## 5.6 Subordinated Debt

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The outstanding amount of privately placed subordinated debt stood at ₹ 15,457,562,000.00 (Previous year: ₹ 22,348,156,000.00)

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| 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 | 144 months | 15.00 |
| VIII | 01.07.2011 - 31.10.2011 | 686,459,000.00 | 2,343,849,000.00 | 66 months | 12.67 |
| VII | 01.01.2011 - 07.02.2011 | 26,059,000.00 | 437,284,000.00 | 72 months | 11.61 |
| VII | 01.04.2011 - 30.06.2011 | 30,245,000.00 | 1,270,315,000.00 | 66 months | 12.67 |
| VII | 08.02.2011 - 31.03.2011 | 8,992,000.00 | 1,080,398,000.00 | 66 months | 12.67 |
| VI | 01.07.2010 - 31.12.2010 | 29,595,000.00 | 1,912,708,000.00 | 72 months | 11.61 |
| D | 03.04.2004 | - | 14,057,938.00 | 144 months | 15.00 |
| V | 01.01.2010 - 30.06.2010 | 3,064,000.00 | 537,538,000.00 | 72 months | 11.61 |
| IV | 17.08.2009 - 31.12.2009 | 2,136,000.00 | 11,199,000.00 | 72 months | 11.61 |
| IV | 01.07.2009 - 16.08.2009 | 50,000.00 | 160,000.00 | 72 months | 12.50 |
| IV | 01.07.2009 - 16.08.2009 | 2,176,000.00 | 4,078,000.00 | 69 months | 12.12 |
| III | 15.12.2008 - 30.06.2009 | 230,000.00 | 530,000.00 | 72 months | 12.50 |
| III | 15.12.2008 - 30.06.2009 | 948,000.00 | 2,276,000.00 | 69 months | 12.12 |
| II | 18.08.2008 - 13.12.2008 | - | 213,000.00 | 72 months | 11.61 |
| | **Total** | **15,457,562,000.00** | **22,348,156,000.00** | | |

Out of the above, ₹ 7,037,976,000.00 is classified as long term borrowings (Previous year: ₹ 15,077,636,000.00) and ₹ 8,039,660,000.00 is classified as current maturities of long term debt (Previous year: ₹ 7,143,731,000.00) and ₹ 379,926,000.00 (Previous year : ₹ 126,789,000.00) is included in unpaid matured debentures ( Refer Note.8.2)

# Notes on Accounts

for the year ended 31st March, 2017

## 5.7 Subordinated Debt – Public Issue

The outstanding amount of Unsecured, Rated, Redeemable Non-Convertible, Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued through public issue stood at ₹ 3,561,807,000.00 (Previous Year : ₹ 3,008,046,000.00). This amount is classified as long term borrowings.

₹

| Series | Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| PL 16 | 30.01.2017 | 317,758,000.00 | - | 8 Years | 9.06 |
| PL 15 | 12.05.2016 | 236,003,000.00 | - | 7.50 Years | 9.67 |
| PL 14 | 20.01.2016 | 230,392,000.00 | 230,392,000.00 | 7.25 Years | 10.02 |
| PL 13 | 14.10.2015 | 359,467,000.00 | 359,467,000.00 | 7 Years | 10.41 |
| PL 12 | 23.04.2015 | 289,145,000.00 | 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** | **3,561,807,000.00** | **3,008,046,000.00** | | |

## 5.8 Subordinated Debt - Listed

The privately placed Unsecured, Rated, Redeemable Non-Convertible Listed Subordinated Debt which qualifies as Tier II capital under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 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 As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|---|
| 1A | 26.03.2013 | 100,000,000.00 | 100,000,000.00 | 10 Years | 12.35 |
| | | | | | |
| | **Total** | **100,000,000.00** | **100,000,000.00** | | |

# Notes on Accounts

for the year ended 31st March, 2017

## 5.9 Unsecured Redeemable Non Convertible Debentures

BIFPL privately placed Rated Unsecured Redeemable Non-Convertible Debentures with an outstanding amount of ₹ 100,000,000.

₹

| Date of allotment | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Redemption Period from the date of allotment | Interest Rate % |
|---|---|---|---|---|
| 31.03.2017 | 100,000,000.00 | - | 74 months | 11.50 |
| **Total** | **100,000,000.00** | **-** | | |

## 5.10 Due to customers ( Fixed Deposits)

₹

| Redeemable from the Balance Sheet date | Amount As at 31st March 2017 | Amount As at 31st March 2016 | Interest Rate % |
|---|---|---|---|
| 36-60 months | 122,163,338.42 | 48,889,584.12 | 7.25-16.25 |
| 12-36 months | 407,706,967.43 | 814,795,767.20 | 8.25-18.65 |
| Upto 12 months | 1,891,504,628.77 | 1,231,866,037.56 | 6.50-18.50 |
| **Total** | **2,421,374,934.62** | **2,095,551,388.88** | |

## 6. OTHER LONG TERM LIABILITIES

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Interest accrued but not due on long term borrowings | 6,643,075,352.37 | 11,156,872,685.41 |
| Security Deposit Received | 76,616,903.53 | 111,418,285.65 |
| **Total** | **6,719,692,255.90** | **11,268,290,971.06** |

## 7. LONG-TERM PROVISIONS

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Provision for Gratuity | 13,651,887.57 | 7,864,330.89 |
| Provision for Standard Assets (Refer Note.9.1) | | |
| - As per RBI Prudential Norms | 14,169,402.00 | - |
| - As per NHB Prudential Norms | 17,332,869.00 | 1,259,513.00 |
| - General | 51,897,652.00 | - |
| **Total** | **97,051,810.57** | **9,123,843.89** |

# Notes on Accounts

for the year ended 31st March, 2017

## 8. OTHER CURRENT LIABILITIES

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| (a) | Current maturities of long term debt ( Refer Note.8.1) | 45,656,759,325.13 | 50,568,268,279.32 |
| (b) | Interest accrued but not due on borrowings | 12,521,025,660.44 | 9,901,174,745.94 |
| (c) | Interest accrued and due on borrowings | 98,549,273.98 | 147,349,221.27 |
| (d) | Unpaid matured debentures and interest accrued thereon (Refer Note.8.2) | 1,594,611,859.00 | 954,314,537.00 |
| (e) | Other payables | | |
| | Statutory Payables | 243,912,288.50 | 381,979,385.98 |
| | Unpaid Dividend | 3,256,463.44 | 4,513,503.77 |
| | Interim Dividend Payable | 2,396,853,294.00 | - |
| | Corporate Dividend Tax Payable | 487,944,203.00 | - |
| | Others | 2,044,494,803.30 | 234,060,294.11 |
| | **Total** | **65,047,407,170.79** | **62,191,659,967.39** |

## 8.1 Current Maturities of Long Term debts

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **SECURED** | | |
| Secured Non-Convertible Debentures | 19,195,613,000.00 | 25,917,313,000.00 |
| (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | |
| Secured Non-Convertible Debentures - Listed | 12,756,626,000.00 | 16,208,264,000.00 |
| (Secured by mortgage of immovable property and paripassu floating charge on current assets, book debts and Loans & advances) | | |
| **From Banks** | | |
| Term loan ( Secured by specific charge on vehicles) | 78,039.10 | 478,750.00 |
| Term loan (Secured by promissory notes, loans, lease and hire purchase receivables, Mortgage bond over loan recoverable consist of business loan, corporate loan and mortgage loan) | 128,033,821.98 | 36,642,052.40 |
| Securitisation Loans (Secured by lease and hire purchase assets and receivables) | 614,209,530.85 | 27,408,614.99 |
| Term Loans from Banks (Secured by specific charge on receivables created out of the proceeds of the loan.) | 1,255,284,974.00 | - |
| Term Loan from Banks (Secured by paripassu floating charge on housing loan receivables, credit and current assets) | 96,527,778.00 | - |
| **From Financial Institutions** | | |
| Term Loan (Secured by specific charge on vehicles) | 1,697,055.00 | 2,564,824.37 |
| Term Loans from NBFC (Secured by specific charge on receivables created out of the proceeds of the loan.) | 1,677,524,497.00 | - |
| **UNSECURED** | | |
| Due to customers ( Fixed Deposits) | 1,891,504,629.20 | 1,231,866,037.56 |
| Subordinated Debt | 8,039,448,000.00 | 7,059,586,000.00 |
| Subordinated Debt - From Related Parties | 212,000.00 | 84,145,000.00 |
| **Total** | **45,656,759,325.13** | **50,568,268,279.32** |

# Notes on Accounts

for the year ended 31st March, 2017

## 8.2 Unpaid matured debentures and interest accrued thereon

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Unpaid Matured Debentures | 1,104,943,000.00 | 739,403,000.00 |
| Interest accrued on Unpaid Matured Debentures | 489,668,859.00 | 214,911,537.00 |
| | | |
| **Total** | **1,594,611,859.00** | **954,314,537.00** |

## 9. SHORT TERM PROVISIONS

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Provision for Non Performing Assets (Refer Note.9.1) | 1,024,046,411.00 | 1,019,266,455.00 |
| Provision for Standard Assets (Refer Note.9.1) | | |
| - As per RBI Prudential Norms | 935,074,201.00 | 710,293,427.00 |
| - As per NHB Prudential Norms | 300,574.00 | - |
| - General | 1,750,399,356.00 | 1,657,351,330.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| Provision for Other Losses | 3,157,370.00 | 513,023.00 |
| Provision for Impairment Loss (Refer Note 9.1) | 169,183,222.85 | 142,513,997.35 |
| Provision for Income Tax (Net of Advance Tax and TDS) | 567,505,289.39 | 1,750,996,525.78 |
| Provision for Employee benefits | | |
| - Provision for Bonus | 9,526,330.00 | - |
| - Provision for Gratuity | 2,837,461.00 | - |
| **Total** | **6,792,030,215.24** | **5,280,934,758.13** |

## 9.1 Movement of Provision for Standard and Non-Performing Assets and Impairment

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Provision for Standard Assets** | | |
| **Standard Assets** | **271,572,418,107.70** | **237,079,353,975.31** |
| **Provision at the beginning 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 | 67,536.00 |
| - General | 1,657,351,330.00 | 572,422,861.00 |
| - Gold Price Fluctuation Risk | - | - |
| **Additional provision made / ( Reversed ) during the year** | | |
| - As per RBI Prudential Norms | 238,950,176.00 | 137,870,566.00 |
| - As per NHB Directions 2010 | 16,373,930.00 | 1,191,977.00 |
| - General | 109,868,566.00 | 1,084,928,469.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| **Subsidiaries acquired during the year (General)** | **35,077,112.00** | **-** |

# Notes on Accounts

for the year ended 31st March, 2017

## 9.1 Movement of Provision for Standard and Non-Performing Assets and Impairment (Contd.)

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Provision at the close of the year** | | |
| - As per RBI Prudential Norms | 949,243,603.00 | 710,293,427.00 |
| - As per NHB Directions 2010 | 17,633,443.00 | 1,259,513.00 |
| - General | 1,802,297,008.00 | 1,657,351,330.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| | **5,099,174,054.00** | **2,368,904,270.00** |
| **Non-Performing Assets** | | |
| Substandard Assets | 4,973,373,854.00 | 6,668,310,565.00 |
| Doubtful Assets | 653,538,619.71 | 356,302,035.00 |
| **Total Non-Performing Assets** | **5,626,912,473.71** | **7,024,612,600.00** |
| | | |
| **Provision for Non-Performing Assets** | | |
| Provision at the beginning of the year | 1,019,266,455.00 | 725,382,249.00 |
| Additional provision made during the year | - | 293,884,206.00 |
| Addition upon acquisition of subsidiary | 4,779,956.00 | - |
| **Provision at the close of the year** | **1,024,046,411.00** | **1,019,266,455.00** |
| | | |
| **Provision for impairment** | | |
| Provision at the beginning of the year | 142,513,997.35 | 111,171,429.83 |
| Additional provision made / Reversed during the year | 26,669,225.50 | 31,342,567.52 |
| **Provision at the close of the year** | **169,183,222.85** | **142,513,997.35** |

# Notes on Accounts

for the year ended 31st March, 2017

## 10. FIXED ASSETS - 31st March 2017

₹

| Fixed Assets | | Gross Block | | | | | Accumulated Depreciation | | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at April 1, 2016 | Additions | Assets Acquired on Acquisition | Disposals | As at March 31, 2017 | As at April 1, 2016 | Accumulated Depreciation on Assets Acquired on Acquisition | Depreciation/ Amortisation Charge for the Period | Deductions/ adjustments during the Period | Effect of Translation | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| a | **Tangible Assets** | | | | | | | | | | | | | |
| | Land | 613,444,831.65 | 78,798,480.88 | - | 4,964,938.76 | 687,278,373.77 | 3,959,784.78 | - | - | - | 6,092,215.98 | 10,052,000.76 | 677,226,373.01 | 609,485,046.87 |
| | Buildings | 702,246,518.31 | 71,074,942.00 | - | - | 773,321,460.31 | 222,741,225.01 | - | 48,451,441.60 | - | 129,372.60 | 271,322,039.21 | 501,999,421.10 | 479,505,293.30 |
| | Furniture and Fixtures | 1,229,439,662.88 | 79,265,856.81 | 9,424,092.59 | 5,742,828.71 | 1,312,386,783.57 | 901,331,164.84 | 7,503,581.72 | 122,322,140.96 | 3,930,891.09 | 119,243.57 | 1,027,345,240.00 | 285,041,543.57 | 328,108,498.04 |
| | Plant and Equipment | 1,895,371,794.40 | 163,072,369.39 | 4,777,021.43 | 4,565,525.46 | 2,058,655,659.76 | 1,184,213,653.00 | 3,358,908.35 | 242,768,552.49 | 3,284,034.31 | 993,823.53 | 1,428,050,903.06 | 630,604,756.70 | 711,158,141.40 |
| | Computer | 848,191,017.60 | 83,733,815.49 | 16,409,256.00 | 3,160,995.06 | 945,173,094.03 | 775,608,453.19 | 8,520,483.44 | 57,638,657.85 | 3,045,279.58 | 338,624.12 | 839,060,939.02 | 106,112,155.01 | 72,582,564.41 |
| | Motor Car | 103,390,593.59 | 13,521,125.44 | 2,512,908.99 | 8,241,179.58 | 111,183,448.44 | 65,149,160.95 | 982,255.00 | 11,989,483.12 | 5,449,425.91 | 444,380.56 | 73,115,853.72 | 38,067,594.72 | 38,241,432.64 |
| | Wind Mill | 180,598,860.00 | - | - | - | 180,598,860.00 | 155,144,325.07 | - | 2,106,062.00 | - | - | 157,250,387.07 | 23,348,472.93 | 25,454,534.93 |
| | **Total** | **5,572,683,278.43** | **489,466,590.01** | **33,123,279.01** | **26,675,467.57** | **6,068,597,679.88** | **3,308,147,766.84** | **20,365,228.51** | **485,276,338.02** | **15,709,630.89** | **8,117,660.36** | **3,806,197,362.84** | **2,262,400,317.03** | **2,264,535,511.59** |
| | Previous Year | 5,340,705,779.09 | 272,551,747.24 | 85,952.00 | 40,660,199.90 | 5,572,683,278.43 | 2,754,056,559.13 | 20,830.00 | 568,712,613.59 | 17,485,403.00 | 2,843,167.12 | 3,308,147,766.84 | 2,264,535,511.59 | 2,586,649,219.96 |
| b | **Intangible Assets** | | | | | | | | | | | | | |
| | Computer software | 99,812,307.53 | 61,970,207.61 | 32,179,643.00 | - | 193,962,158.14 | 48,048,148.60 | 11,949,791.00 | 33,932,651.70 | - | 112,572.84 | 94,043,164.14 | 99,918,994.00 | 51,764,158.93 |
| | **Total** | **99,812,307.53** | **61,970,207.61** | **32,179,643.00** | **-** | **193,962,158.14** | **48,048,148.60** | **11,949,791.00** | **33,932,651.70** | **-** | **112,572.84** | **94,043,164.14** | **99,918,994.00** | **51,764,158.93** |
| | Previous Year | 89,820,612.27 | 9,991,695.26 | - | - | 99,812,307.53 | 29,902,042.78 | - | 17,890,176.56 | - | 255,929.26 | 48,048,148.60 | 51,764,158.93 | 59,918,569.50 |
| c | **Capital Work In Progress** | - | - | | - | - | - | | - | - | | - | 99,783,210.00 | 107,155,498.40 |
| | **Total** | - | - | | - | - | - | | - | - | | - | **99,783,210.00** | **107,155,498.40** |
| | Previous Year | - | - | | - | - | - | | - | - | | - | 107,155,498.40 | 63,317,949.00 |
| d | **Intangible assets under Development** | | | | | | | | | | | | | |
| | Computer Software | - | - | | - | - | - | | - | - | | - | - | - |
| | **Total** | - | - | | - | - | - | | - | - | | - | - | - |
| | Previous Year | - | - | | - | - | - | | - | - | | - | - | 5,319,943.00 |

# Notes on Accounts

for the year ended 31st March, 2017

## 11. NON – CURRENT INVESTMENTS

Non – Current Investments in Equity instruments, Government Securities and Debentures:-

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| **TRADE INVESTMENTS** | | | |
| (I) | **INVESTMENTS IN EQUITY INSTRUMENTS** | | |
| | **Unquoted:** | | |
| | Muthoot Forex Limited | 19,700,000.00 | 19,700,000.00 |
| | 1,970,000 Equity shares of ₹ 10/- each fully paid up (Previous year: 1,970,000 Equity shares of ₹ 10/- each fully paid up) | | |
| | 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) | | |
| | 20,000 shares (Previous year: 20,000 shares) of Finance Houses Consortium Private Limited | 85,242.00 | 87,382.00 |
| | 67 shares (Previous year: 67 shares) of Credit Information Bureau of SL (CRIB) | 130,701.13 | 133,982.38 |
| (II) | **INVESTMENTS IN DEBENTURES** | | |
| | **Quoted:** | | |
| | Yes Bank Limited | 50,000,000.00 | - |
| | 50, 9.50% Unsecured Perpetual Subordinated Bond of ₹ 1,000,000/- each fully paid up (Previous year : Nil) | | |
| | **Unquoted:** | | |
| | Belstar Investment & Finance Private Limited | - | 100,000,000.00 |
| | (Previous year: 100 , 15% Unsecured Subordinated Redeemable Non-convertible Debentures of ₹ 1,000,000/- each fully paid up. As at 31.03.2016 BIFPL was not a subsidiary) | | |
| **OTHER INVESTMENTS** | | | |
| (I) | **INVESTMENTS IN EQUITY INSTRUMENTS** | | |
| | **Quoted:** | | |
| | 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) | | |

# Notes on Accounts

for the year ended 31st March, 2017

## 11. NON – CURRENT INVESTMENTS (CONTD.)

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| (II) | **INVESTMENTS IN GOVERNMENT SECURITIES** | | |
| | **Quoted:** | | |
| | Gujarat State Development Loan | 15,408,625.00 | - |
| | 50,000, 8.89% bonds of ₹ 100 each and 100,000, 8.94% bonds of ₹ 100 each (Previous year : Nil) | | |
| | Kerala State Development Loan | 20,687,550.00 | - |
| | 100,000, 9.03% bonds of ₹ 100 each and 100,000, 9.72% bonds of ₹ 100 each (Previous year : Nil) | | |
| | Karnataka State Development Loan | 5,200,250.00 | - |
| | 50,000, 8.90% bonds of ₹ 100 each (Previous year : Nil) | | |
| | Tamilnadu State Development Loan | 10,429,686.00 | - |
| | 100,000, 9.49% bonds of ₹ 100 each (Previous year : Nil) | | |
| | Punjab State Development Loan | 10,381,500.00 | - |
| | 100,000, 9.81% bonds of ₹ 100 each (Previous year : Nil) | | |
| | **Total Non-Current Investments** | **159,073,494.13** | **146,971,304.38** |
| | **Investments - Category wise** | | |
| | **Aggregate Amount of Quoted Investments** | **112,157,551.00** | **49,940.00** |
| | **Aggregate Market Value of Quoted Investments** | **65,617,297.80** | **59,383.20** |
| | **Aggregate Amount of Unquoted Investments** | **46,915,943.13** | **146,921,364.38** |

# Notes on Accounts

for the year ended 31st March, 2017

## 12. 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 | 165,909,561.74 | 39,589,942.98 | 205,499,504.72 |
| Provisions | 346,303,194.90 | - | 346,303,194.90 |
| Special Reserve as per Section 36 (i)(viii) of the Income Tax Act, 1961 | - | (4,708,990.00) | (4,708,990.00) |
| Lease rental receivable | (811,954.42) | 11,537,830.40 | 10,725,875.98 |
| Gratuity provision | 1,511,518.54 | 729,061.89 | 2,240,580.43 |
| Carried forward tax losses | 39,761,160.58 | (19,999,742.56) | 19,761,418.02 |
| Specific Provisions for doubtful debts | 10,914,744.93 | 40,640,299.19 | 51,555,044.13 |
| Interest disallowable U/S 43B of the Income Tax Act, 1961 | - | 3,770,257.00 | 3,770,257.00 |
| **Net Deferred Tax Asset** | **563,588,226.27** | **71,558,658.90** | **635,146,885.17** |

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.

## 13. LONG TERM LOANS AND ADVANCES

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Loan Assets** | | |
| Secured, Considered good | 785,422,963.82 | 244,550,188.75 |
| Secured, Doubtful | 138,884,443.54 | 7,797,986.09 |
| Unsecured, considered good | 1,403,010,579.00 | 502,054,366.29 |
| Unsecured, Doubtful | - | 38,014,410.13 |
| **Lease Rentals Receivable and Hire Purchase** | | |
| Secured considered good | 285,949,777.31 | 221,262,419.20 |
| Secured, Doubtful | 54,951,438.57 | 37,755,806.33 |
| **Housing Loans** | | |
| Secured, considered good | | |
| Standard Loans | 4,333,217,323.00 | 306,815,085.00 |
| **Other Deposits and Advances** | | |
| Unsecured, considered good | | |
| a. Capital Advances | 79,043,827.00 | 63,625,810.10 |
| b. Security Deposits | 890,810,007.68 | 944,979,511.68 |
| c. Others | 394,687,420.83 | 22,277,647.68 |
| **Total** | **8,365,977,780.75** | **2,389,133,231.25** |

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

# Notes on Accounts

for the year ended 31st March, 2017

## 14. CURRENT INVESTMENTS

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| (i) | **Investments in Equity Instruments** | | |
| | **Quoted:** | | |
| | 702 shares (Previous year: 84,786 shares) of Commercial Bank of Ceylon PLC | 39,015.69 | 4,499,379.13 |
| | 50 shares (Previous year: 50 shares) of Chilaw Finance PLC | 451.78 | 367.00 |
| | 50 shares (Previous year: 50 shares) of Abans Finance PLC | 513.58 | 834.50 |
| | 666 shares (Previous year: 50 shares) of Alliance Finance Company PLC | 15,612.07 | 16,165.67 |
| | 50 shares (Previous year: 50 shares) of Associated Motor Finance Company PLC | 9,800.70 | 8,594.02 |
| | 50 shares (Previous year: 50 shares) of Arpico Finance Company PLC | 3,522.63 | 3,932.19 |
| | 100 shares (Previous year: 100 shares) of Bimputh Finance PLC | 2,527.43 | 2,721.95 |
| | 50 shares (Previous year: 50 shares) of Capital Alliance Finance PLC | 213.11 | 220.64 |
| | 50 shares (Previous year: 50 shares) of Citizens Development Business Finance PLC | 1,368.13 | 1,638.41 |
| | 103 shares (Previous year: 50 shares) of Central Finance Company PLC | 3,784.32 | 4,587.56 |
| | 50 shares (Previous year: 50 shares) of Central Investments and Finance PLC | 14.92 | 10.92 |
| | 50 shares (Previous year: 50 shares) of Commercial Leasing & Finance PLC | 55.41 | 83.01 |
| | 50 shares (Previous year: 50 shares) of Commercial Credit & Finance PLC | 843.90 | 928.43 |
| | 50 shares (Previous year: 50 shares) of Softlogic Finance PLC | 660.63 | 836.68 |
| | 50 shares (Previous year: 50 shares) of Nation Lanka Finance PLC | 21.31 | 21.85 |
| | 50 shares (Previous year: 50 shares) of George Steuart Finance PLC | 618.00 | 406.33 |
| | 100 shares (Previous year: 100 shares) of LB Finance PLC | 5,046.33 | 4,635.62 |
| | 50 shares (Previous year: 50 shares) of Lanka Orix Leasing Company PLC | 46.88 | 61.17 |
| | 50 shares (Previous year: 50 shares) of Merchant Bank Of Sri Lanka & Finance PLC | 230.15 | 222.82 |
| | 50 shares (Previous year: 50 shares) of Multi Finance PLC | 294.08 | 249.04 |
| | 50 shares (Previous year: 50 shares) of Peoples Leasing Company PLC | 332.44 | 349.53 |
| | 50 shares (Previous year: 50 shares) of People's Merchant Finance PLC | 296.22 | 262.15 |
| | 50 shares (Previous year: 50 shares) of Singer Finance Lanka PLC | 364.41 | 395.40 |
| | 50 shares (Previous year: 50 shares) of Sinhaputhra Finance PLC | 245.07 | 364.82 |
| | 50 shares (Previous year: 50 shares) of Swarnamahal Financial PLC | 15.34 | 24.03 |
| | 50 shares (Previous year: 50 shares) of The Finance Company PLC | 100.16 | 174.77 |
| | 50 shares (Previous year: 50 shares) of Vallibel Finance PLC | 1,246.66 | 1,173.10 |
| | Nil shares (Previous year: 116,400 shares) of Asia Capital PLC | - | 294,966.68 |
| | Nil shares (Previous year: 88,609 shares) of Overseas Realty (Ceylon) PLC | - | 905,911.48 |
| | Nil shares (Previous year: 40,000 shares) of National Development Bank PLC | - | 2,950,016.32 |
| | Nil shares (Previous year: 60,000 shares) of Sampath Bank PLC | - | 6,079,820.23 |
| | Nil shares (Previous year: 43,715 shares) of John Kheels Holding PLC | - | 3,230,547.49 |
| | Nil shares (Previous year: 216,111 shares) of Lanka IOC PLC | - | 3,068,684.13 |

# Notes on Accounts

for the year ended 31st March, 2017

## 14. CURRENT INVESTMENTS (CONTD.)

₹

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| (ii) | **Investments in Debentures** | | |
| | **Quoted:** | | |
| | 499,990 Debentures (Previous year: Nil) of Citizen Development Business Finance PLC | 21,310,500.00 | - |
| | | | |
| | **Unquoted:** | | |
| | Debentures | - | 3,852,379.65 |
| | | | |
| (iii) | **Investments in Mutual Funds** | | |
| | **Quoted:** | | |
| | Investments in UTI Mutual Fund | - | 175,254,245.18 |
| | (Previous Year: UTI-Liquid Fund -Cash Plan -Institutional - Direct Plan - Growth 71,039.393 units) | | |
| | | | |
| | HDFC Liquid Fund -Regular Plan-Dividend Daily Reinvest 294274.757 units (Previous Year-Nil) | 300,107,282.00 | - |
| | Kotak Liquid Fund-Regular Plan-Daily Dividend-81794.3341 units (Previous Year - Nil) | 100,018,929.00 | - |
| | ICICI Prudential Money Market Fund-Daily Dividend 1997791.844 units (Previous Year-Nil) | 200,037,898.00 | - |
| | | | |
| (iv) | **Investment in Reverse Repurchase Agreements against Treasury Bills and Bonds** | 184,691,134.12 | 143,684,960.28 |
| | | | |
| | **Total** | **806,252,984.47** | **343,870,172.18** |

## 15. TRADE RECEIVABLES

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Trade receivables outstanding for a period less than six months from the date they are due for payment** | | |
| **Secured, considered good** | | |
| Interest Receivable on Loan Assets | 12,568,973,736.00 | 9,489,434,454.04 |
| **Unsecured, considered good** | | |
| Interest Receivable on Loan Assets | - | 293,913.00 |
| Receivables from Money Transfer business | 117,117,995.00 | 158,804,030.03 |
| Receivables from Auction Proceeds | - | 5,012,609,250.00 |
| Commission receivable from Insurance Companies | 21,973,197.96 | - |
| Wind Mill income receivable | 3,293,254.00 | 1,380,670.00 |
| Other | 41,294,926.23 | 6,535,661.10 |
| **Sub-Total** | **12,752,653,109.19** | **14,669,057,978.17** |

# Notes on Accounts

for the year ended 31st March, 2017

## 15. TRADE RECEIVABLES (CONTD.)

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Trade receivables outstanding for a period exceeding six months from the date they are due for payment** | | |
| **Unsecured, considered good** | | |
| Wind Mill income receivable | 16,660,273.50 | 10,124,469.50 |
| **Sub-Total** | **16,660,273.50** | **10,124,469.50** |
| **Grand Total** | **12,769,313,382.69** | **14,679,182,447.67** |

## 16. CASH AND BANK BALANCES

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **I. Cash and Cash Equivalents** | | |
| **a. Cash on hand** | 1,647,760,156.30 | 1,479,953,312.24 |
| **b. Balances with banks** | | |
| Current Accounts | 11,893,876,298.61 | 5,523,120,283.28 |
| Fixed Deposits (maturing within a period of 3 months ) | 207,474,947.04 | 110,333,503.83 |
| **II. Other Bank Balances** | | |
| Fixed Deposits on which lien is marked | 1,349,818.48 | 1,225,927.47 |
| Other Deposit Balances (Ear-marked) | 249,085,000.00 | - |
| Balance in other Escrow Accounts | | |
| Interim Dividend | 2,396,853,294.00 | - |
| Unpaid Dividend Account | 3,256,463.44 | 4,513,503.77 |
| Unclaimed Interest and redemption proceeds of Non Convertible debentures-Public Issue | 31,739,108.25 | 4,183,271.25 |
| Fixed Deposits given as Security for borrowings | 11,767,537.00 | 11,582,038.00 |
| Fixed Deposits given as Security for Guarantees | 5,593,750.00 | 5,143,750.00 |
| **Total** | **16,448,756,373.12** | **7,140,055,589.84** |

## 17. SHORT TERM LOANS AND ADVANCES

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Loan Assets** | | |
| Secured, Considered good | 268,825,760,394.94 | 236,894,665,108.01 |
| Secured, Doubtful | 5,521,246,330.94 | 7,032,507,909.13 |
| Unsecured, considered good | 178,740,683.70 | 1,167,955,522.47 |
| Unsecured, Doubtful | 185,309,314.71 | 71,760,153.55 |
| **Lease Rentals Receivable and Hire Purchase** | | |
| Secured considered good | 256,101,424.52 | 482,947,835.15 |
| Secured, Doubtful | 60,629,842.50 | 82,409,317.40 |

# Notes on Accounts

for the year ended 31st March, 2017

## 17. SHORT TERM LOANS AND ADVANCES (CONTD.)

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Housing Loans** | | |
| Secured, considered good | | |
| Standard Loans | 75,143,450.00 | 8,063,220.00 |
| **Micro Finance Loans** | | |
| Unsecured, considered good | | |
| Short term maturities of receivables under financing activities | 4,264,750,194.00 | - |
| **Other Deposits and Advances** | | |
| Unsecured, considered good | | |
| Prepaid Expenses | 43,214,305.00 | 42,613,905.00 |
| Service tax Pre-Deposit | 10,337,262.63 | 8,329,590.00 |
| Others | 501,847,394.77 | 406,862,844.10 |
| Unsecured, Considered doubtful | 145,910.00 | - |
| **Total** | **279,923,226,507.71** | **246,198,115,404.81** |

## 18. OTHER CURRENT ASSETS

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Interest receivable on Bank and Other Deposits | 48,093,837.66 | 732,805.00 |
| Stock of Gold | 6,101,253.00 | 6,101,253.00 |
| Real Estate Inventories | - | 15,059,621.41 |
| Prepaid Expenses | 1,020,498.00 | 394,315.00 |
| Service Income Receivable | - | 2,508,000.00 |
| Others | 4,859,668.56 | 2,583,745.00 |
| **Total** | **60,075,257.22** | **27,379,739.41** |

## 19. REVENUE FROM OPERATIONS

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Interest Income on Retail and Other Loans | 57,782,357,361.66 | 48,566,072,475.44 |
| Income from Windmill | 19,953,527.50 | 11,443,093.50 |
| Interest on Housing loans | 151,362,753.00 | 915,566.31 |
| Commission Income | 107,940,836.93 | - |
| Other Operating Income | 1,046,392,881.45 | 621,409,032.06 |
| **Total** | **59,108,007,360.54** | **49,199,840,167.31** |

# Notes on Accounts

for the year ended 31st March, 2017

## 20. OTHER INCOME

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Interest Income- Others | 205,088,946.58 | 145,663,570.96 |
| Income from Investments | 36,677,297.31 | 14,425,504.14 |
| Interest on Income tax Refund | - | 516,320.00 |
| Other non-operating income | 34,135,965.43 | 47,160,512.56 |
| **Total** | **275,902,209.32** | **207,765,907.66** |

## 21. EMPLOYEE BENEFITS EXPENSE

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Salaries and incentives | 7,019,194,071.25 | 5,882,676,556.24 |
| Contribution to Provident and Other Funds | 476,497,415.63 | 439,534,752.96 |
| Expenses on Employees Stock Option Plan ( Refer Note.26 c ) | 36,194,255.00 | 115,299,604.00 |
| Staff welfare expenses | 110,429,446.36 | 100,727,092.80 |
| | | |
| **Total** | **7,642,315,188.24** | **6,538,238,006.00** |

## 22. FINANCE COSTS

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Interest Expenses | 23,382,526,060.26 | 22,697,602,790.15 |
| Other Borrowing Costs | 305,873,903.56 | 158,622,311.73 |
| | | |
| **Total** | **23,688,399,963.82** | **22,856,225,101.88** |

# Notes on Accounts

for the year ended 31st March, 2017

## 23. OTHER EXPENSES

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Postage, Telegram and Telephone | 385,671,469.93 | 384,236,338.72 |
| Printing and Stationery | 140,774,910.80 | 148,345,654.35 |
| Rent Paid | 1,834,284,171.08 | 1,721,643,954.63 |
| Travelling and Conveyance | 215,582,114.62 | 191,382,838.03 |
| Bank Charges | 51,479,359.48 | 19,998,975.67 |
| Electricity Charges | 268,551,677.61 | 250,410,119.90 |
| Repairs and Maintenance -Buildings | 104,212,588.51 | 86,574,920.45 |
| Repairs and Maintenance -Plant & Machinery | 188,662,052.39 | 129,293,918.45 |
| Repairs and Maintenance -Others | 52,609,563.72 | 2,724,573.27 |
| ATM Service Charges | 47,105,974.05 | 76,397,616.52 |
| Water Charges | 6,201,776.09 | 5,484,671.97 |
| Rates & Taxes and License Fee | 81,324,435.99 | 68,763,387.18 |
| Legal & Professional Charges | 155,512,349.93 | 103,876,650.03 |
| Insurance Charges | 64,251,081.98 | 62,359,901.32 |
| Newspaper and Periodicals | 214,292.41 | 4,026,350.18 |
| Business Promotion Expenses | 213,504,134.44 | 159,644,885.80 |
| Advertisement | 534,138,076.39 | 628,830,884.15 |
| Vehicle Hire & Maintenance | 17,049,057.88 | 13,587,641.38 |
| Internal Audit and Inspection Expenses | 85,889,431.65 | 82,390,096.02 |
| Remuneration to Auditors (Refer Note.23.1) | 3,464,000.00 | 2,980,270.83 |
| Directors' Sitting Fee | 1,075,050.00 | 380,000.00 |
| Commission to Non-Executive Directors | 3,500,000.00 | 3,000,000.00 |
| Loss on Sale of Fixed Assets | 2,234,273.11 | 106,712.06 |
| Loss on Sale of Securities | - | 3,744,927.16 |
| C S R Expenses (Refer Note.27) | 151,767,000.00 | 146,187,500.00 |
| Miscellaneous Expenses | 14,590,645.10 | 3,959,522.13 |
| **Total** | **4,623,649,487.16** | **4,300,332,310.20** |

### 23.1 Auditors' Remuneration (including Service Tax)

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Statutory Audit | 2,225,000.00 | 1,948,885.41 |
| Tax Audit | 585,000.00 | 345,885.42 |
| Other Services | 654,000.00 | 685,500.00 |
| **Total** | **3,464,000.00** | **2,980,270.83** |

# Notes on Accounts

for the year ended 31st March, 2017

## 24. PROVISIONS AND WRITE OFFS

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Provision For Non-Performing Assets | - | 293,884,206.00 |
| Provision For Standard Assets (Refer Note.9.1) | | |
| - As per RBI Prudential Norms | 238,950,176.00 | 137,870,566.00 |
| - As per NHB Directions 2010 | 16,373,930.00 | 99,331.42 |
| - General | 109,868,566.00 | 1,084,928,469.00 |
| - Gold Price Fluctuation Risk | 2,330,000,000.00 | - |
| Provision for Other Losses | 2,600,959.00 | 513,023.00 |
| Provision For Impairment | 103,268,318.83 | 39,559,050.10 |
| Bad Debts Written Off | 165,435,823.75 | 107,195,186.50 |
| **Total** | **2,966,497,773.58** | **1,664,049,832.02** |

## 25. LEASES

All operating lease agreements entered into by the Group are cancellable in nature. Hence Group 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-cancellable operating lease as per AS 19 is not applicable to the Group.

Lease rentals received for assets let out on operating lease ₹ 1,383,956.52 (Previous year: ₹ 1,011,051.00) 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 ₹ 1,834,284,171.08 (Previous year: ₹ 1,721,643,954.63) are recognized as 'Rent Paid' in the Statement of Profit and Loss.

## 26. EMPLOYEE BENEFITS

### a) Defined Contribution Plan

During the year, the Group has recognized the contribution to Provident Fund, in the Statement of Profit and Loss in Note.21- Employee Benefit Expenses as under:-

₹

| Particulars | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Contribution to Provident Fund | 257,948,016.00 | 246,920,555.17 |
| **Total** | **257,948,016.00** | **246,920,555.17** |

### b) Defined Benefit Plan

**Within India**

**Gratuity Plan**

Eligible employees of the Group are covered under a Gratuity plan. The scheme is funded with Insurance companies except in case of MHIL.

The following table provides disclosures with respect to Gratuity Plan as required under Accounting Standard 15 "Employee Benefits".

# Notes on Accounts

for the year ended 31st March, 2017

## b) Defined Benefit Plan (Contd.)

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

₹

| Particulars | | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| A) | **Reconciliation of opening and closing balance of defined benefit obligation** | | |
| | Present value of Defined benefit obligation at the beginning of the year | 604,682,015.00 | 496,663,797.00 |
| | Defined benefit obligation acquired on acquisition | 6,224,490.00 | - |
| | Interest Cost | 45,175,432.60 | 38,739,776.00 |
| | Current Service Cost | 131,744,399.64 | 113,560,573.00 |
| | Benefits paid | (37,816,450.00) | (33,303,027.00) |
| | Actuarial (gain)/loss | 22,191,543.35 | (10,979,104.00) |
| | **Present value of Defined benefit obligation at the end of the year** | **772,201,430.59** | **604,682,015.00** |
| B) | **Reconciliation of opening and closing balance of fair value of Plan Assets** | | |
| | Fair value of plan assets at the beginning of the year | 602,215,964.00 | 489,155,052.00 |
| | Plan Assets acquired on acquisition | 6,112,880.00 | - |
| | Expected rate of return on plan assets | 44,085,410.20 | 38,770,045.00 |
| | Contributions | 124,649,067.00 | 109,308,745.00 |
| | Benefits paid | (37,816,450.00) | (33,303,027.00) |
| | Actuarial gains/(losses) on plan assets | 24,468,002.73 | (1,714,851.00) |
| | **Fair value of plan assets at the end of the year** | **763,714,873.93** | **602,215,964.00** |
| C) | **Expenses recognised in the Statement of Profit and Loss** | | |
| | Current service cost | 131,744,399.64 | 113,560,573.00 |
| | Interest Cost | 45,175,432.60 | 38,739,776.00 |
| | Expected rate of return on plan assets | (44,085,410.20) | (38,760,709.00) |
| | Past Service Cost | - | 9,336.00 |
| | Actuarial gains/(losses) | (2,276,459.38) | (9,264,253.00) |
| | **Employer Expense** | **130,557,962.66** | **104,284,723.00** |
| D) | **Investment details** | | |
| | Insurer managed funds | 756,248,978.96 | 602,215,964.00 |
| E) | **Experience adjustment** | | |
| | On Plan Liability (Gain)/Losses | (9,658,313.09) | (23,928,570.00) |
| | On Plan Assets (Losses)/Gain | 22,267,408.09 | (5,194,215.00) |
| F) | **Actuarial assumptions** | | |
| | Discount rate | 6.8% p.a - 7.4% p.a | 7.4% p.a |
| | Salary Escalation | 6% p.a - 7% p.a | 7% p.a |
| | Rate of return on plan assets | 7.4% p.a. - 15% p.a. | 7.8% p.a. - 15% 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 2017-18 - ₹ 130,303,356.00

# Notes on Accounts

for the year ended 31st March, 2017

## b) Defined Benefit Plan (Contd.)

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Defined benefit obligation | 772,201,430.59 | 604,682,015.00 |
| Plan Assets | 763,714,873.93 | 602,215,964.00 |
| Surplus / (Deficit) | (8,486,556.66) | (2,466,051.00) |
| Experience adjustments on Plan Liabilities - (Gains) / Losses | (9,658,313.09) | (23,928,570.00) |
| Experience adjustments on Plan Assets - (Losses) / Gains | 22,267,408.09 | (5,194,215.00) |

## Outside India

### Retirement Benefit Liability

The Gratuity plan obligation in respect of foreign subsidiary has been arrived at each year on the basis of an actuarial valuation report. Accordingly the net change in obligation is charged/ reversed in the Statement of Profit and Loss during the year. The liabililty is not funded.

₹

| Retirement Benefit Obligations - Gratuity | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Balance at the beginning of the period | 5,360,050.33 | 4,768,434.74 |
| Adjustment to the Opening Balance due to exchange variation | (273,845.83) | (231,464.31) |
| Payments made during the period | (266,860.13) | (175,856.27) |
| Amount Charged/(Reversed) for the period | 3,182,729.20 | 998,936.17 |
| Balance at the end of the period | **8,002,073.57** | **5,360,050.33** |

₹

| Expenses on Defined Benefit Plan | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Current Service Cost for the Year | 1,504,282.58 | 911,083.61 |
| Interest Cost for the Year | 724,429.17 | 453,697.05 |
| Actuarial Loss for the Year | (954,017.45) | (365,844.49) |
| | **1,274,694.29** | **998,936.17** |

### Actuarial assumptions :-

The principal assumptions used are as follows:-

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Discount Rate | 13% p.a. | 13% p.a. |
| Salary Increment Rate | 12% p.a. | 10% p.a. |
| Staff Turnover | 15% p.a | 15% p.a |
| Retirement age | 55 Years | 55 Years |
| Mortality | A 1967/70 Mortality Table (Institute of Actuaries London) | A 1967/70 Mortality Table (Institute of Actuaries London) |

# Notes on Accounts

for the year ended 31st March, 2017

## c) Employee stock option

Pursuant to approval by the shareholders at their meeting held on September 27, 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, 2017 :-

| Particulars | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | 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 | 27.06.2016 | 27.06.2016 | 27.06.2016 |
| 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 | 27.06.2016 | 27.06.2016 | 27.06.2016 |
| Method of settlement | Equity settled | 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 | 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 | 390,400 | 728,300 | 8,150 |
| Exercise price | ₹ 50 | ₹ 50 | ₹ 10 | ₹ 50 | ₹ 50 | ₹ 10 | ₹ 50 | ₹ 50 | ₹ 50 | ₹ 10 |
| 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 | 2-6 years | 1-2 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 | 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 |

# Notes on Accounts

for the year ended 31st March, 2017

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

| Particulars | Year ended 31st March 2017 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | | Total |
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty | |
| Options outstanding at the beginning of the year | 1,880,500 | 821,430 | 80,666 | 345,630 | 236,800 | 2,262 | 292,500 | - | - | - | 3,659,788 |
| Options granted during the year | - | - | - | - | - | - | - | 390,400 | 728,300 | 8,150 | 1,126,850 |
| Options exercised during the year | 321,115 | 47,940 | 34,295 | 45,655 | 4,600 | 2,012 | 17,600 | - | - | - | 473,217 |
| Options lapsed during the year | 656,595 | 487,285 | 17,147 | 68,625 | 123,690 | 50 | - | 39,700 | 82,100 | 325 | 1,475,517 |
| **Options outstanding at the end of the year** | **902,790** | **286,205** | **29,224** | **231,350** | **108,510** | **200** | **274,900** | **350,700** | **646,200** | **7,825** | **2,837,904** |
| Options exercisable | 62,990 | 25,450 | 29,224 | 4,100 | 7,170 | 200 | 31,150 | - | - | - | 160,284 |

| Particulars | Year ended 31st March 2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | | Total |
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty | |
| Options outstanding at the beginning of the year | 2,844,390 | 1,235,700 | 783,817 | 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, 2017

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 | Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty |
| Fair value per option tranche on grant date (corresponding vesting date shown in bracket) | ₹ 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) | ₹ 165.61 (6th Mar, 2016) | ₹ 226.42 (27th June, 2017) | ₹ 223.87 (27th June, 2018) | ₹ 262.48 (27th June, 2017) |
| | ₹ 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) | ₹ 163.16 (6th Mar, 2017) | ₹ 223.87 (27th June, 2018) | ₹ 221.34 (27th June, 2019) | ₹ 257.37 (27th June, 2018) |
| | ₹ 71.13 (9th Nov, 2016) | ₹ 71.52 (9th Nov, 2017) | | ₹ 129.33 (8th July, 2017) | ₹ 127.91 (8th July, 2018) | | ₹ 160.66 (6th Mar, 2018) | ₹ 221.34 (27th June, 2019) | ₹ 218.80 (27th June, 2020) | |
| | ₹ 71.52 (9th Nov, 2017) | ₹ 71.47 (9th Nov, 2018) | | ₹ 127.91 (8th July, 2018) | ₹ 126.26 (8th July, 2019) | | ₹ 158.13 (6th Mar, 2019) | ₹ 218.80 (27th June, 2020) | ₹ 216.20 (27th June, 2021) | |
| | ₹ 71.47 (9th Nov, 2018) | ₹ 71.11 (9th Nov, 2019) | | ₹ 126.26 (8th July, 2019) | ₹ 124.39 (8th July, 2020) | | ₹ 155.57 (6th Mar, 2020) | ₹ 216.20 (27th June, 2021) | ₹ 213.54 (27th June, 2022) | |

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

| Particulars | Tranche 1 | | | Tranche 2 | | | Tranche 3 | Tranche 4 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Grant A | Grant B | Loyalty | Grant A | Grant B | Loyalty | Grant A | Grant A | Grant B | Loyalty |
| Risk free interest rate | 8.4% - 8.8% p.a. | 8.4%-8.95% p.a. | 8.4% -8.45% p.a. | 8.26% - 8.35% p.a. | 8.24% - 8.32% p.a. | 8.32% - 8.35% p.a. | 7.45% - 7.60 % p.a. | 6.91% - 7.41% p.a. | 7.08% - 7.47% p.a. | 6.91% - 7.08% p.a. |
| Expected average life of option | 1.5 – 5.5 years | 2.5 – 6.5 years | 1.5-2.5 years | 1.5 – 5.5 years | 2.5 – 6.5 years | 1.5-2.5 years | 1.5 – 5.5 years | 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 | 0.3450 | 0.3698 | 0.3698 | 0.3698 |
| 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. | 2.74% p.a. | 2.14% p.a. | 2.14% p.a. | 2.14% p.a. |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Employee Stock Option Liability** | | |
| Opening Total Employee Stock Option Liability | 325,179,165.50 | 506,390,012.40 |
| Increase in Liability on account of fresh ESOP grants | 259,895,890.25 | - |
| Reduction in Liability on account of Exercise on vesting | (38,592,473.10) | (98,349,459.90) |
| Reduction in Liability on account of lapse of grants | (68,127,764.70) | (82,861,387.00) |
| **Closing Total Employee Stock Option Liability** | **478,354,817.95** | **325,179,165.50** |
| | | |
| **Employee Stock Option Compensation Expenses** | | |
| Opening Deferred Stock Option Compensation Expenses | 101,509,319.10 | 299,670,310.10 |
| Increase in ESOP Compensation Expenses on account of fresh ESOP grants | 259,895,890.25 | - |
| Compensation Expenses amortised during the year | (36,194,255.00) | (115,299,604.00) |
| Reduction in Compensation Expenses on account of lapse of grants | (68,127,764.70) | (82,861,387.00) |
| **Closing Deferred Stock Option Compensation Expenses** | **257,083,189.65** | **101,509,319.10** |
| | | |
| **Employee Stock Option Reserve** | | |
| Employee Stock Option Liability | 478,354,817.95 | 325,179,165.50 |
| Less: Deferred Employee Stock Option Compensation Expenses | 257,083,189.65 | 101,509,319.10 |
| **Employee Stock Option Reserve** | **221,271,628.30** | **223,669,846.40** |

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 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Decrease in employee compensation costs | 5,590,268 | 22,098,908.00 |
| Increase in profit after tax | 5,590,268 | 22,098,908.00 |
| Increase in Basic EPS ( ₹ per share) | 0.01 | 0.06 |
| Increase in Diluted EPS ( ₹ per share) | 0.01 | 0.05 |

# Notes on Accounts

for the year ended 31st March, 2017

## 27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group has undertaken CSR activities in accordance with Schedule VII to the Companies Act, 2013. Group has spent ₹ 151,767,000.00 (Previous Year: ₹ 146,187,500.00 ) towards various activities as below:-

₹

| CSR Activity | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Promoting Education | 71,176,933.00 | 81,442,195.00 |
| Medical Aid | 61,545,575.00 | 52,324,261.00 |
| Others | 19,044,492.00 | 12,421,044.00 |
| **Total** | **151,767,000.00** | **146,187,500.00** |

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

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **(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). | 49,921,307.00 | 49,921,307.00 |
| 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. | | |
| (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. | 4,895,883,216.00 | 4,895,883,216.00 |
| 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. | | |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| (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 before CESTAT, Bangalore. | 790,046.00 | 790,046.00 |
| | Deputy Commissioner of Central Excise & Customs, & Service Tax, Kochi, as per order mentioned above, has raised a demand of ₹ 790,046.00 (including penalty U/s 77 (2) and 78) as service tax payable, on foreign payments during financial year 2013-14. Appeal filed before Commissioner (Appeals), Kochi rejected. Pending disposal of appeal filed before CESTAT, Bangalore, no provision has been made by the company during the year. | | |
| (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. | 44,572,043.00 | 44,572,043.00 |
| | Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 26,000,802.00 along with penalty U/s 76 and 78, as service tax payable, on money transfer commission received during financial years 2010-11 to 2012-13. Total liability of tax and penalty if confirmed is estimated at ₹ 44,572,043.00. Pending disposal of the appeal, no provision has been made by the company during the year. | | |
| 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 CESTAT, Bangalore. | 2,155,312.00 | 2,155,312.00 |
| | 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) as service tax payable, stating that some CENVAT credit was wrongly availed during the period 2008-09 to 2010-11. Appeal filed by the company before Commissioner (Appeals), Kochi has been rejected. Pending disposal of appeal filed before CESTAT, Bangalore against the above order, no provision has been made by the company during the year. | | |
| 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 in appeal with Commissioner of Central Excise (Appeals), Kochi. | 5,364,614.00 | 5,364,614.00 |
| | 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 relating to service tax on marketing expenses reimbursed abroad. Pending disposal of the appeal, no provision has been made by the company during the year. | | |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| vii) | Service Tax demand relating to money transfer commission received for the period 2013-14 as per Order No.85/2015-16/ST dated 18.02.2016 pending in Writ Petition before the High Court of Kerala. | 11,038,893.00 | 11,038,893.00 |
| | 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. | | |
| viii) | Service Tax demand relating to money transfer commission received for the period April to September 2014 as per Order No.13/2017 ST dated 27.01.2017 pending in appeal before the Commissioner (Appeals), Kochi. | 6,805,240.00 | - |
| | The Additional Commissioner of Central Excise, Customs & Service Tax, Kochi, as per order mentioned above has raised a demand of ₹ 6,182,037/- along with penalties U/s.77(2) and U/s.76 and interest u/s.75 relating to service tax on money transfer income for the period April to September 2014. Pending disposal of appeal before the Commissioner(Appeals), Kochi, no provision has been made by the company during the year. | | |
| ix) | Income tax demand for the Assessment Year (A.Y) 2012-13, pending rectification petition and in appeal with Commissioner of Income Tax (Appeals)-II, Kochi. | 27,120,000.00 | 27,120,000.00 |
| | The demand outstanding as per Intimation U/s.143(1) was ₹ 5,099,103.00. Additional Commissioner of Income Tax, Corp. Range -1, Kochi 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 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. | | |
| x) | Income Tax demand for Assessment Year 2010-11, pending in appeal with Income tax Appellate Tribunal, Kochi. | 14,563,505.00 | 14,563,505.00 |
| | Additional Commissioner of Income Tax, Range 1, Kochi has passed an order demanding ₹ 36,384,640.00 towards income tax due for the Assessment Year 2010-11 U/s.143(3).The Company has remitted ₹ 21,821,135.00 and the balance demand outstanding as on 31.03.2017 is ₹ 14,563,505.00. CIT (A), Kochi has partly allowed the appeal, but the rectification order is pending. 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. | | |
| xi) | 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 |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|
| xii) | Disputed claims against the company under litigation not acknowledged as debts | 88,799,925.00 | 53,749,585.00 |
| xiii) | Guarantees - Counter Guarantees Provided to Banks | 228,693,750.00 | 199,943,750.00 |
| **(ii)** | **Commitments** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for. | 450,000,000.00 | 44,452,000.00 |
| | Loan commitments on account of partly disbursed loans | 360,065,229.00 | 15,932,677.00 |
| | Uncalled liability on shares and other investments partly paid | 5,455,500.00 | |
| | Promissory notes provided to Banks and other parties. | 500,000,000.00 | |

## 29. DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

### a) Muthoot Finance Limited

The Board declared an interim dividend for the year 2016-17 of ₹ 6/- per equity share (60% of face value of share at ₹ 10/- each per equity share) at their meeting held on March 23, 2017.

### b) Belstar Investment and Finance Private Limited

The Board of Directors have declared a final dividend of ₹ 0.45 per equity share for the financial year ended 31st March, 2017. The payment is subject to approval of the shareholders in the ensuing Annual General Meeting of the Company subsequent to which the same will be accounted.

## 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 | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|
| Profit/(Loss) after tax for the year | 11,997,852,814.69 | 8,145,003,723.73 |
| Weighted average number of equity shares outstanding during the period - Basic EPS | 399,152,518 | 398,057,351 |
| Weighted average number of equity shares outstanding during the period - Diluted EPS | 400,628,247 | 402,817,783 |
| Face Value per share | ₹ 10/- | ₹ 10/- |
| **Earnings Per Share (Basic)** | **30.06** | **20.46** |
| **Earnings Per Share (Diluted)** | **29.95** | **20.22** |

# Notes on Accounts

for the year ended 31st March, 2017

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

Based on the information available with the Group 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 principal amounts unpaid as at the period ended 31st March, 2017 together with interest paid /payable are required to be furnished.

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

₹

| Particulars | | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
|---|---|---|---|
| a) | CIF Value of Imports of Capital Goods | Nil | Nil |
| b) | Expenditure in foreign currency on accrual basis | | |
| | Professional Charges | Nil | 2,376,927.24 |
| | Others | 1,299,772.00 | 981,407.00 |

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

The Company has during the year raised through public issue (a) ₹ 17,763,997,000.00 of Rated Secured Redeemable Non - Convertible Debentures and (b) ₹ 553,761,000.00 of Rated Unsecured Redeemable Non-Convertible Debentures in the nature of Subordinated Debt. As at 31.03.2017, 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, 2017

## 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 has taken place:-

| Category | Name of the Related Party |
|---|---|
| Key Management Personnel | 1. M. G. George Muthoot |
| | 2. George Thomas Muthoot |
| | 3. George Jacob Muthoot |
| | 4. George Alexander Muthoot |
| | 5. Alexander M. George s/o M. G. George Muthoot |
| Relatives of Key Management Personnel | 1. Sara George w/o M. G. George Muthoot |
| | 2. Susan Thomas w/o George Thomas Muthoot |
| | 3. Elizabeth Jacob w/o George Jacob Muthoot |
| | 4. Anna Alexander w/o George Alexander Muthoot |
| | 5. George M. George s/o M. G. George Muthoot |
| | 6. George M. Jacob s/o George Jacob Muthoot |
| | 7. Reshma Susan Jacob d/o George Jacob Muthoot |
| | 8. George Alexander (Jr.) s/o George Alexander Muthoot |
| | 9. Eapen Alexander s/o George Alexander Muthoot |
| | 10. Anna Thomas d/o George Thomas Muthoot |
| | 11. Valsa Kurien w/o George Kurien |
| Entities over which Key Management Personnel and their relatives are able to exercise significant influence | 1. Muthoot Vehicle & Assets Finance Limited |
| | 2. Muthoot Leisure And Hospitality Services Private Limited |
| | 3. MGM Muthoot Medical Centre Private Limited. |
| | 4. Muthoot Marketing Services Private Limited. |
| | 5. Muthoot Broadcasting Private Limited |
| | 6. Muthoot Forex Limited |
| | 7. Emgee Board and Paper Mills Private Limited |
| | 8. Muthoot Health Care Private Limited |
| | 9. Muthoot Precious Metals Corporation |
| | 10. GMG Associates |
| | 11. Muthoot Commodities 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 Private Limited |
| | 21. Muthoot Infotech Private Limited |
| | 22. Muthoot Anchor House Hotels Private Limited |
| | 23. Marari Beach Resorts Private Limited. |
| | 24. Muthoot M George Foundation |

# Notes on Accounts

for the year ended 31st March, 2017

## 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 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Purchase of Travel Tickets for Company Executives/Directors/ Customers | - | - | - | - | 4,520,513.00 | 5,421,694.00 |
| Travel Arrangements for Company Executives/Customers | | - | - | - | 956,423.00 | 8,603,884.00 |
| Accommodation facilities for Company Executives/Clients/ Customers | - | - | - | - | 554,134.00 | 463,577.00 |
| Complementary Medical Health Check Ups for Customers/ Employees | - | - | - | - | - | 6,850.00 |
| Brokerage paid for NCD Public Issue | - | - | - | - | 5,542,009.00 | 6,496,832.00 |
| Business Promotion Expenses | - | - | - | - | 9,766,657.00 | 12,957,321.00 |
| CSR Expenses | - | - | - | - | 144,247,000.00 | 131,637,500.00 |
| Foreign Currency purchased for travel | - | - | - | - | 537,084.00 | 981,407.00 |
| Interest paid on loans/subordinated debts | 326,926,130.29 | 266,922,278.09 | 373,190,944.00 | 313,716,914.30 | - | - |
| Interest paid on Secured NCD | 39,215.00 | 42,235.00 | 589,291.00 | 597,055.00 | - | 1,193,969.18 |
| Interest paid on Secured NCD - Listed | 183,005.00 | 298,517.00 | 1,426,967.81 | 1,565,508.00 | 14,104,132.78 | 8,526,719.03 |
| Directors Remuneration | 358,000,000.00 | 195,600,000.00 | 3,525,000.00 | 2,325,000.00 | - | - |
| Rent paid | 3,888,150.00 | 3,519,000.00 | 793,500.00 | 690,000.00 | 4,998,246.00 | 4,481,615.00 |
| Dividend paid | - | 1,500,406,656.00 | - | 881,976,320.00 | - | - |
| Interim Dividend declared | 1,105,300,992.00 | - | 661,482,240.00 | - | - | - |
| Rent received | - | - | - | - | 1,264,470.00 | 410,000.00 |
| Dividend received | - | - | - | - | - | 4,305,000.00 |
| Commission received on Money Transfer business | - | - | - | - | 79,539,644.00 | 61,549,908.00 |
| Service Charges Collected | - | - | - | - | 15,068,867.00 | 4,821,409.00 |
| Purchase of Shares of Muthoot Insurance Brokers Private Ltd | 120,000,000.00 | - | 80,000,000.00 | - | - | - |
| Purchase of Securities | - | - | - | - | 81,436,611.00 | - |
| Loans accepted | 1,853,550,901.92 | 3,482,494,302.26 | 537,981,603.63 | 2,170,944,489.88 | - | - |
| Loans repaid | 2,319,287,709.00 | 2,977,756,167.44 | 852,717,767.53 | 1,106,879,451.58 | - | - |
| Subordinated debts repaid | 64,645,000.00 | 162,135,566.00 | 19,500,000.00 | 47,100,000.00 | - | - |

# Notes on Accounts

for the year ended 31st March, 2017

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

| 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 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Purchase of Secured NCD | - | 385,000.00 | - | 230,000.00 | - | - |
| Redemption of Secured NCD | - | 385,000.00 | 228,000.00 | 230,000.00 | - | 20,000,000.00 |
| Purchase of Secured NCD - Listed | 30,000,000.00 | - | 230,643,000.00 | - | 321,138,000.00 | - |
| Redemption of Secured NCD - Listed | 1,050,000.00 | - | 9,033,000.00 | - | 203,476,000.00 | 40,279,000.00 |
| Loans availed by the Company for which guarantee is provided by related parties | 86,350,000,000.00 | 82,250,000,000.00 | - | - | - | - |

## 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 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Investments in Equity Shares | - | - | - | - | 46,700,000.00 | 46,700,000.00 |
| Rent Deposit | 1,770,000.00 | 1,770,000.00 | 300,000.00 | 300,000.00 | 1,470,000.00 | 1,470,000.00 |
| Trade Receivables | - | - | - | - | 72,813,489.33 | 69,560,540.91 |
| Secured NCD | (407,000.00) | (407,000.00) | (4,631,000.00) | (4,859,000.00) | - | - |
| Secured NCD - Listed | (30,000,000.00) | (1,050,000.00) | (231,893,000.00) | (10,283,000.00) | (253,890,000.00) | (136,228,000.00) |
| Loans & Subordinated Debts | (2,707,548,137.18) | (3,237,929,944.26) | (3,276,809,973.26) | (3,611,046,137.16) | - | - |
| Security Deposit | - | - | - | - | (40,000,000.00) | (40,000,000.00) |
| Directors Remuneration Payable | (160,000,000.00) | - | - | - | - | - |
| Interest payable on Loan from Directors and Relatives | - | - | - | (1,359,413.00) | - | - |
| Interest payable on Secured NCD | (16,213.00) | (14,810.77) | (56,562.00) | (558,326.23) | - | - |
| Interest payable on Subordinated Debts | - | (476,756.00) | - | - | - | - |
| Interim Dividend Payable | (1,105,300,992.00) | - | (661,482,240.00) | - | | |
| Trade Payables | (303,513.00) | (263,923.00) | (59,513.00) | (51,749.00) | (12,507,545.75) | (17,227,900.22) |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | 31st March 2016 |
|---|---|---|
| **Purchase of Travel Tickets for Company Executives/Directors/Customers** | | |
| GMG Associates | 4,520,513.00 | 5,421,694.00 |
| **Travel Arrangements for Company Executives/Customers** | | |
| GMG Associates | 956,423.00 | 8,603,884.00 |
| **Accommodation facilities for Company Executives/Clients/Customers** | | |
| Muthoot Leisure & Hospitality Services Private Limited | 159,731.00 | 234,830.00 |
| Muthoot Anchor House Hotels Private Limited | 204,807.00 | 76,921.00 |
| Marari Beach Resorts Private Limited | 189,596.00 | 151,826.00 |
| **Complementary Medical Health Check Ups for Customers/ Employees** | | |
| Muthoot Health Care Private Limited | - | 6,850.00 |
| **Brokerage paid for NCD Public Issue** | | |
| Muthoot Securities Limited | 5,542,009.00 | 6,496,832.00 |
| **Business Promotion Expenses** | | |
| Muthoot Securities Limited | 9,547,789.00 | 12,957,321.00 |
| **CSR Expenses paid** | | |
| Muthoot M George Foundation | 144,247,000.00 | 131,637,500.00 |
| **Foreign currency purchased for travel** | | |
| Muthoot Forex Limited | 537,084.00 | 981,407.00 |
| **Interest paid on loan from Directors and relatives** | | |
| M G George Muthoot | 63,712,654.27 | 50,404,398.27 |
| George Thomas Muthoot | 76,882,072.53 | 55,826,840.66 |
| George Jacob Muthoot | 77,462,034.07 | 59,302,306.27 |
| George Alexander Muthoot | 80,049,480.41 | 60,562,428.08 |
| Susan Thomas | 87,632,332.00 | 77,487,405.81 |
| **Interest paid on subordinated debts** | | |
| M G George Muthoot | 1,496,790.00 | 4,665,492.00 |
| George Thomas Muthoot | 2,042,354.00 | 6,367,081.00 |
| George Jacob Muthoot | 2,973,422.00 | 8,330,525.00 |
| George Alexander Muthoot | 809,302.00 | 3,374,081.27 |
| **Interest paid on Secured NCD** | | |
| Muthoot Commodities Limited | - | 1,193,969.18 |
| Valsa Kurien | 550,125.00 | 550,125.00 |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | 31st March 2016 |
|---|---|---|
| **Interest paid on Secured NCD - Listed** | | |
| Muthoot Securities Limited | 8,003,788.00 | 8,024,410.94 |
| Muthoot Precious Metals Corporation | 3,755,255.55 | 502,308.09 |
| Muthoot Forex Limited | 2,345,089.23 | - |
| **Directors Remuneration** | | |
| M G George Muthoot | 88,000,000.00 | 48,000,000.00 |
| George Thomas Muthoot | 88,000,000.00 | 48,000,000.00 |
| George Jacob Muthoot | 88,000,000.00 | 48,000,000.00 |
| George Alexander Muthoot | 88,000,000.00 | 48,000,000.00 |
| **Rent paid** | | |
| Muthoot Properties & Investments | 1,983,756.00 | 1,725,000.00 |
| Muthoot Housing & Infrastructure | 1,904,400.00 | 1,656,000.00 |
| Muthoot Vehicle And Asset Finance Limited | 1,110,096.00 | 1,100,615.00 |
| George Thomas Muthoot | 991,872.00 | 862,500.00 |
| George Jacob Muthoot | 1,150,572.00 | 1,000,500.00 |
| George Alexander Muthoot | 981,959.00 | 931,500.00 |
| **Dividend paid** | | |
| M G George Muthoot | - | 379,081,056.00 |
| George Alexander Muthoot | - | 355,715,200.00 |
| George Jacob Muthoot | - | 355,715,200.00 |
| George Thomas Muthoot | - | 355,715,200.00 |
| Susan Thomas | - | 239,880,544.00 |
| **Interim Dividend declared** | | |
| M G George Muthoot | 279,309,792.00 | - |
| George Alexander Muthoot | 261,785,400.00 | - |
| George Jacob Muthoot | 261,785,400.00 | |
| George Thomas Muthoot | 261,785,400.00 | - |
| Susan Thomas | 179,910,408.00 | - |
| **Rent received** | | |
| Muthoot Forex Limited | 621,000.00 | 410,000.00 |
| Muthoot Securities Limited | 643,470.00 | - |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | 31st March 2016 |
|---|---|---|
| **Dividend Received** | | |
| Muthoot Forex Limited | - | 2,955,000.00 |
| Muthoot Securities Limited | - | 1,350,000.00 |
| **Commission received on Money Transfer business** | | |
| Muthoot Forex Limited | 79,539,644.00 | 61,549,908.00 |
| **Service Charges Collected** | | |
| Muthoot Forex Limited | - | 2,762,615.00 |
| Muthoot Precious Metals Corporation | 1,515,201.00 | 1,535,846.00 |
| Muthoot Vehicle And Asset Finance Limited | 12,593,712.00 | - |
| **Purchase of Shares of Muthoot Insurance Brokers Private Limited** | | |
| George Alexander Muthoot | 80,000,000.00 | - |
| George Jacob Muthoot | 40,000,000.00 | - |
| Anna Alexander | 40,000,000.00 | - |
| George M Alexander | 40,000,000.00 | - |
| **Purchase of Securities** | | |
| Muthoot Vehicle And Asset Finance Limited | 81,436,611.00 | - |
| **Loan from Directors and Relatives accepted** | | |
| M G George Muthoot | 379,169,960.42 | 749,975,472.13 |
| George Thomas Muthoot | 385,620,431.95 | 922,897,206.52 |
| George Jacob Muthoot | 451,982,656.42 | 804,025,048.13 |
| George Alexander Muthoot | 598,033,587.50 | 875,948,355.94 |
| **Loan from Directors and Relatives repaid** | | |
| M G George Muthoot | 530,427,879.00 | 629,965,525.86 |
| George Thomas Muthoot | 443,156,790.00 | 874,217,891.86 |
| George Jacob Muthoot | 520,451,240.00 | 669,423,511.86 |
| George Alexander Muthoot | 743,213,390.00 | 733,586,550.86 |
| **Subordinated debts repaid** | | |
| M G George Muthoot | 11,300,000.00 | 35,400,000.00 |
| George Thomas Muthoot | 16,300,000.00 | 46,691,762.00 |
| George Jacob Muthoot | 22,700,000.00 | 58,048,573.00 |
| George Alexander Muthoot | 13,145,000.00 | 20,795,231.00 |

# Notes on Accounts

for the year ended 31st March, 2017

**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 2017 | 31st March 2016 |
|---|---|---|
| **Purchase of Secured NCD** | | |
| M G George Muthoot | - | 97,000.00 |
| Alexander M George | - | 288,000.00 |
| George M George | - | 230,000.00 |
| **Redemption of Secured NCD** | | |
| Muthoot Commodities Limited | - | 20,000,000.00 |
| George M George | 228,000.00 | 230,000.00 |
| **Purchase of Secured NCD- Listed** | | |
| Muthoot Securities Limited | 147,981,000.00 | - |
| Muthoot Forex Limited | 173,157,000.00 | - |
| George M Jacob | 65,533,000.00 | - |
| George M Alexander | 89,577,000.00 | - |
| **Redemption of Secured NCD - Listed** | | |
| Muthoot Securities Limited | 153,916,000.00 | 40,279,000.00 |
| Muthoot Precious Metals Corporation | 36,735,000.00 | |
| **Loans availed by the Company for which guarantee is provided by related parties (Jointly and Severally held)** | | |
| M G George Muthoot | 80,350,000,000.00 | 76,250,000,000.00 |
| George Alexander Muthoot | 86,350,000,000.00 | 82,250,000,000.00 |
| George Jacob Muthoot | 76,600,000,000.00 | 72,500,000,000.00 |
| George Thomas Muthoot | 76,600,000,000.00 | 72,500,000,000.00 |

# Notes on Accounts

for the year ended 31st March, 2017

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

₹

| Particulars | 31st March 2017 | 31st March 2016 |
|---|---|---|
| **Investments in Equity Shares** | | |
| Muthoot Securities Limited | 27,000,000.00 | 27,000,000.00 |
| Muthoot Forex Limited | 19,700,000.00 | 19,700,000.00 |
| **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 |
| **Trade Receivables** | | |
| Muthoot Forex Limited | 72,813,489.33 | 69,436,745.91 |
| GMG Associates | - | 39,294.00 |
| Muthoot Precious Metals Corporation | - | 84,501.00 |
| **Secured NCD** | | |
| M G George Muthoot | (97,000.00) | (97,000.00) |
| Alexander M George | (310,000.00) | (310,000.00) |
| George M George | (230,000.00) | (458,000.00) |
| Valsa Kurien | (4,401,000.00) | (4,401,000.00) |
| **Secured NCD - Listed** | | |
| Muthoot Securities Limited | (73,558,000.00) | (79,493,000.00) |
| Muthoot Precious Metals Corporation | - | (36,735,000.00) |
| Muthoot Forex Limited | (180,332,000.00) | (20,000,000.00) |
| Alexander M George | (30,000,000.00) | (1,050,000.00) |
| George M George | (20,920,000.00) | (3,790,000.00) |
| George M Jacob | (65,533,000.00) | (1,010,000.00) |
| George M Alexander | (89,677,000.00) | (1,907,000.00) |
| Eapen Alexander | (55,763,000.00) | (3,576,000.00) |
| **Loan from Directors and Relatives** | | |
| M G George Muthoot | (546,138,378.55) | (697,396,297.13) |
| George Thomas Muthoot | (660,217,538.47) | (717,753,896.52) |
| George Jacob Muthoot | (660,227,123.55) | (728,695,707.13) |
| George Alexander Muthoot | (654,548,259.44) | (799,728,061.94) |

# Notes on Accounts

for the year ended 31st March, 2017

## e) Net Amount Receivable / (Due) as at the year end : - (Contd.)

₹

| Particulars | 31st March 2017 | 31st March 2016 |
|---|---|---|
| Alexander M George | (186,154,837.17) | (229,448,981.54) |
| George M George | (154,066,572.94) | (178,839,180.94) |
| George M Jacob | (359,168,284.38) | (444,586,514.38) |
| Eapen Alexander | (227,447,521.51) | (274,036,844.88) |
| Sara George | (426,536,170.57) | (417,243,992.57) |
| Elizabeth Jacob | (469,798,901.11) | (459,273,412.11) |
| Susan Thomas | (771,232,985.81) | (867,213,076.81) |
| Anna Alexander | (614,937,266.53) | (600,390,421.53) |
| George M Alexander | (216,904,178.40) | (252,656,245.40) |
| Valsa Kurien | (36,395,079.76) | (77,864,100.76) |
| Anna Thomas | - | (10,210,490.53) |
| Reshma Susan Jacob | (323,012.25) | (9,231,857.25) |
| **Subordinated debts from Directors and Relatives** | | |
| M G George Muthoot | - | (11,300,000.00) |
| George Thomas Muthoot | - | (16,300,000.00) |
| George Jacob Muthoot | - | (22,700,000.00) |
| George Alexander Muthoot | (262,000.00) | (13,407,000.00) |
| Alexander M George | - | (1,200,000.00) |
| George M George | - | (1,300,000.00) |
| George M Jacob | - | (1,199,999.00) |
| Sara George | - | (2,100,000.00) |
| Elizabeth Jacob | - | (2,200,001.00) |
| Susan Thomas | - | (2,200,000.00) |
| Anna Alexander | - | (2,500,000.00) |
| George M Alexander | - | (1,200,000.00) |
| Valsa Kurien | - | (6,800,000.00) |
| **Security Deposit** | | |
| Muthoot Forex Limited | (40,000,000.00) | (40,000,000.00) |
| **Directors Remuneration Payable** | | |
| M G George Muthoot | (40,000,000.00) | - |
| George Thomas Muthoot | (40,000,000.00) | - |
| George Jacob Muthoot | (40,000,000.00) | - |
| George Alexander Muthoot | (40,000,000.00) | - |
| **Interest payable on Loan from Directors and Relatives** | | |
| Anna Thomas | - | (783,260.00) |

# Notes on Accounts

for the year ended 31st March, 2017

## e) Net Amount Receivable / (Due) as at the year end : - (Contd.)

₹

| Particulars | 31st March 2017 | 31st March 2016 |
|---|---|---|
| Reshma Susan Jacob | - | (576,153.00) |
| **Interest payable on Secured NCD** | | |
| M G George Muthoot | (3,459.00) | (4,551.03) |
| Alexander M George | (12,754.00) | (10,259.74) |
| George M George | (8,202.00) | (8,201.23) |
| Valsa Kurien | (48,360.00) | (550,125.00) |
| **Interest payable on Subordinated debts** | | |
| George Alexander Muthoot | - | (476,756.00) |
| **Interim Dividend Payable** | | |
| M G George Muthoot | (279,309,792.00) | - |
| George Alexander Muthoot | (261,785,400.00) | - |
| George Jacob Muthoot | (261,785,400.00) | - |
| George Thomas Muthoot | (261,785,400.00) | - |
| Alexander M George | (40,635,000.00) | - |
| Susan Thomas | (179,910,408.00) | - |
| George M Jacob | (90,300,000.00) | - |
| Anna Alexander | (89,610,408.00) | - |
| Elizabeth Jacob | (89,610,408.00) | - |
| Sara George | (81,116,016.00) | - |
| Eapen Alexander | (45,150,000.00) | - |
| George Alexander | (45,150,000.00) | - |
| George M George | (40,635,000.00) | - |
| **Trade Payables** | | |
| Muthoot Properties & Investments | (148,782.00) | (129,375.00) |
| Muthoot Housing & Infrastructure | (142,830.00) | (124,200.00) |
| Muthoot Vehicle And Asset Finance Limited | (84,525.00) | (96,321.09) |
| GMG Associates | - | (391,682.13) |
| Muthoot Precious Metals Corporation | (12,131,408.75) | (16,486,322.00) |
| M G George Muthoot | (62,488.00) | (54,337.00) |
| George Thomas Muthoot | (74,390.00) | (64,687.00) |
| George Jacob Muthoot | (86,293.00) | (75,037.00) |
| George Alexander Muthoot | (80,342.00) | (69,862.00) |
| Sara George | (19,837.00) | (17,249.00) |
| Valsa Kurien | (39,676.00) | (34,500.00) |

# Notes on Accounts

for the year ended 31st March, 2017

## 35. SEGMENT REPORTING

In the context of Accounting Standard 17 on Segment Reporting, issued by the Institute of Chartered Accountants of India, based on the operation, the Group has identified primary business segments – Financing, Power Generation and Insurance broking and based on the geography of operation , the Group has identified secondary segments - Within India and Outside India for the purpose of disclosure.

### Primary Business Segment Information

| Particulars | Financing | | Power Generation | | Insurance Broking | | Consolidated Totals | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| **Segment Revenue:** | | | | | | | | |
| External Revenue | 58,980,112,996.11 | 49,188,397,073.81 | 19,953,527.50 | 11,443,093.50 | 107,940,836.93 | - | 59,108,007,360.54 | 49,199,840,167.31 |
| Inter segment Revenue | - | - | - | - | - | - | - | - |
| **Total Revenue** | **58,980,112,996.11** | **49,188,397,073.81** | **19,953,527.50** | **11,443,093.50** | **107,940,836.93** | **-** | **59,108,007,360.54** | **49,199,840,167.31** |
| | | | | | | | | |
| **Result:** | | | | | | | | |
| Segment Result | 19,670,648,566.01 | 13,325,730,697.76 | 12,777,585.50 | 5,988,634.36 | 87,187,036.97 | - | 19,770,613,188.48 | 13,331,719,332.12 |
| Other Income | - | - | - | - | - | - | - | - |
| Unallocated corporate income | - | - | - | - | - | - | 180,743,778.86 | 136,145,020.02 |
| Unallocated corporate expenses | - | - | - | - | - | - | (365,518,800.00) | (201,270,000.00) |
| **Profit Before Tax** | **19,670,648,566.01** | **13,325,730,697.76** | **12,777,585.50** | **5,988,634.36** | **87,187,036.97** | **-** | **19,585,838,167.34** | **13,266,594,352.14** |
| Less: Provision for Current Tax / Deferred Tax | | | | | | | 7,513,234,389.38 | 5,088,198,487.53 |
| Profit after Tax | | | | | | | 12,072,603,777.97 | 8,178,395,864.61 |
| **Other Information:** | | | | | | | | |
| **Segment Assets** | **320,943,227,325.55** | **272,402,356,415.75** | **49,098,690.44** | **42,756,364.44** | **179,997,915.28** | **-** | **321,172,323,931.27** | **272,445,112,780.18** |
| Unallocated Corporate Assets | | | | | | | 669,096,273.16 | 1,502,358,243.13 |
| **Total Assets** | **320,943,227,325.55** | **272,402,356,415.75** | **49,098,690.44** | **42,756,364.44** | **179,997,915.28** | **-** | **321,841,420,204.43** | **273,947,471,023.31** |

# Notes on Accounts

for the year ended 31st March, 2017

## 35. SEGMENT REPORTING (CONTD.)

| Particulars | Financing | | Power Generation | | Insurance Broking | | Consolidated Totals | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| **Segment Liabilities** | **252,661,475,767.64** | **215,590,676,657.50** | **-** | **-** | **9,832,240.97** | **-** | **252,671,308,008.61** | **215,590,676,657.50** |
| Unallocated Corporate Liabilities | - | | - | | | | 3,789,716,130.67 | 2,133,921,007.83 |
| **Total Liabilities** | **252,661,475,767.64** | **215,590,676,657.50** | **-** | **-** | **9,832,240.97** | **-** | **256,461,024,139.28** | **217,724,597,665.33** |
| | | | | | | | | |
| Capital Expenditure | 551,436,797.62 | 282,543,442.49 | - | - | - | - | 551,436,797.62 | 282,543,442.49 |
| Depreciation | 516,479,720.64 | 584,270,441.59 | 2,106,062.00 | 2,296,031.14 | 623,207.08 | - | 519,208,989.72 | 586,566,472.73 |
| Non-Cash Expenditure other than Depreciation | 2,798,460,990.83 | 1,556,341,622.53 | - | - | - | - | 2,798,460,990.83 | 1,556,341,622.53 |

# Notes on Accounts

for the year ended 31st March, 2017

## 35. SEGMENT REPORTING (CONTD.)

### Secondary Business Segment Information

| | | 31st March 2017 | 31st March 2016 |
|---|---|---|---|
| 1 | **Segment Revenue - External Turnover** | | |
| | Within India | 58,192,796,090.54 | 48,614,935,396.84 |
| | Outside India | 915,211,270.00 | 584,904,770.47 |
| | **Total Revenue** | **59,108,007,360.54** | **49,199,840,167.31** |
| 2 | **Segment Assets** | | |
| | Within India | 317,398,656,828.13 | 270,259,257,305.90 |
| | Outside India | 4,442,763,376.31 | 3,688,213,717.41 |
| | **Total Assets** | **321,841,420,204.43** | **273,947,471,023.31** |
| 3 | **Segment Liabilities** | | |
| | Within India | 252,462,425,182.47 | 214,417,598,773.18 |
| | Outside India | 3,998,598,956.81 | 3,306,998,892.15 |
| | **Total Liabilities** | **256,461,024,139.28** | **217,724,597,665.33** |
| 4 | **Capital Expenditure** | | |
| | Within India | 446,351,824.97 | 190,100,772.56 |
| | Outside India | 105,084,972.65 | 92,442,669.93 |
| | **Total Expenditure** | **551,436,797.62** | **282,543,442.49** |

## 36. FRAUDS DURING THE YEAR

During the year, frauds committed by employees of the company amounted to ₹ 12,827,281.00 (Previous year: ₹ 16,266,785.00) which has been recovered /written off / provided for.

## 37. DIVIDEND REMITTED IN FOREIGN CURRENCY

₹

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Dividend remitted in foreign currency | Nil | 79,333,048.00 |
| No. of non-resident shareholders to which this relates | Nil | 1 |
| No. of equity shares of face value of ₹ 10/- held by them | Nil | 9,916,631 |
| Financial year to which dividend relates | F Y 2016-17 | F Y 2014-15 & F Y 2015-16 |

# Notes on Accounts

for the year ended 31st March, 2017

## 38. DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD FROM 8TH NOVEMBER, 2016 TO 30TH DECEMBER, 2016, AS REQUIRED BY MCA NOTIFICATION DATED MARCH 30,2017

₹

| Particulars | SBNs | Other denomination notes and coins | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 1,775,763,000.00 | 378,447,381.69 | 2,154,210,381.69 |
| (+) Permitted receipts | 72,756,500.00 | 50,354,730,758.44 | 50,427,487,258.44 |
| (-) Permitted payments | - | 49,841,586,900.94 | 49,841,586,900.94 |
| (-) Amount deposited in Banks | 1,848,519,500.00 | 310,440,991.50 | 2,158,960,491.50 |
| **Closing cash in hand as on 30.12.2016** | **-** | **581,150,247.69** | **581,150,247.69** |

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407( E), dated 8th November, 2016.

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

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 ₹ 40,684,942.35 (Previous Year: ₹ 35,911,859.77), is recognised as 'Goodwill' being an asset in the consolidated financial statements.

## 40. 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 ₹ 662,578.58 (Previous Year: ₹ 131,886.19), is recognised as 'Capital Reserve' and thereafter set off against the Goodwill recognized as asset in the consolidated financial statements.

## 41. INVESTMENT IN MUTHOOT INSURANCE BROKERS PRIVATE LIMITED

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 ₹ 89,397,298.38, is recognised as 'Goodwill' being an asset in the consolidated financial statements.

## 42. INVESTMENT IN BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

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 ₹ 82,075,355.98, is recognised as 'Goodwill' being an asset in the consolidated financial statements.

# Notes on Accounts

for the year ended 31st March, 2017

## 43. 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 as at 31.03.2017 | | Share in profit or (loss) for the year ended 31.03.2017 | |
|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount ₹ | As % of consolidated profit or loss | Amount ₹ |
| | 1 | 2 | 3 | 4 | 5 |
| 1 | **Parent** | | | | |
| | Muthoot Finance Limited | 98.58 | 65,164,413,020.67 | 97.73 | 11,798,316,486.76 |
| 2 | **Subsidiaries** | | | | |
| a | **Indian** | | | | |
| | Muthoot Homefin(India) Limited | 0.04 | 24,860,263.21 | 0.21 | 25,365,500.05 |
| | Belstar Investment and Finance Private Limited | 0.06 | 38,958,971.93 | 0.32 | 38,958,971.93 |
| | Muthoot Insurance Brokers Private Limited | 0.09 | 60,165,673.63 | 0.50 | 60,165,673.63 |
| b | **Foreign** | | | | |
| | Asia Asset Finance PLC | 0.14 | 91,998,135.71 | 0.62 | 75,046,182.31 |
| 3 | **Minority interests in all subsidiaries (Investment as per the equity method)** | **1.09** | **719,379,771.44** | **0.62** | **74,750,963.27** |
| a | Indian subsidiaries | 0.64 | 423,263,508.73 | 0.20 | 24,720,176.02 |
| b | Foreign subsidiary | 0.45 | 296,116,262.71 | 0.42 | 50,030,787.25 |
| | **TOTAL** | **100.00** | **66,099,775,836.59** | **100.00** | **12,072,603,777.96** |

## 44. 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: 18th May, 2017

# *Notes*

# Corporate Information

## BOARD OF DIRECTORS

**M. G. George Muthoot**
Chairman & Whole Time Director

**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, IInd 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 Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400083

Tel: (91 22) 4918 6000
Fax: (91 22) 4918 6060
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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