



Muthoot

Vehicle & Asset Finance Ltd.



**25th ANNUAL
REPORT
2016 -2017**



BOARD OF DIRECTORS

<i>Mr. George Alexander Muthoot</i>	-	<i>Managing Director</i>
<i>Mr. George Thomas Muthoot</i>	-	<i>Director</i>
<i>Mr. George M George</i>	-	<i>Director</i>
<i>Mr. George M Jacob</i>	-	<i>Director</i>
<i>Ms. Anna Alexander</i>	-	<i>Director</i>
<i>Mr. K P Padmakumar</i>	-	<i>Whole Time Director</i>
<i>Mr. K J Joseph</i>	-	<i>Non Executive Independent Director</i>
<i>Mr. Jose Mathew</i>	-	<i>Non Executive Independent Director</i>

Registered Office

*2 nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi-682018
Kerala, India.*

CIN:U65910KL1992PLC006544

RBI Regn No:A-16.00042

Tel: 91- 7593864404

Email (General)

mvfl@muthootgroup.com

Company Secretary

Ms. Hanna P Nazir

Corporate office

*5th & 6th Floor
Midhun Tower, K.P Vallon Road
Kadavanthra, Kochi -682020
Kerala, India.*

Statutory Auditors

M/s. R.G.N Price & Co, Cochin

(Chartered Accountants)

M/s Saandra Thomas & Associates, Cochin

(Chartered Accountants)

Public Deposit Trustee

IDBI Trusteeship Services Ltd

Asian Building, Ground Floor,

7, R, Kanmani Marg, Ballard Estate

Mumbai-400001

Bankers

IDBI Bank Ltd

Yes Bank Ltd

Axis Bank Ltd

Federal Bank Ltd

HDFC Bank Ltd

ICICI Bank Ltd

Syndicate Bank

Karur Vysya Bank Ltd

Dhanlaxmi Bank Ltd

State Bank Of India



Shri.M.George Muthoot
Founder Chairman (1911-1993)

“

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 & nurture that trust and ensure that every person who deals with us deals with confidence that he will not be misguided but his interests will be carefully protected

”

MUTHOOT VEHICLE & ASSET FINANCE LTD

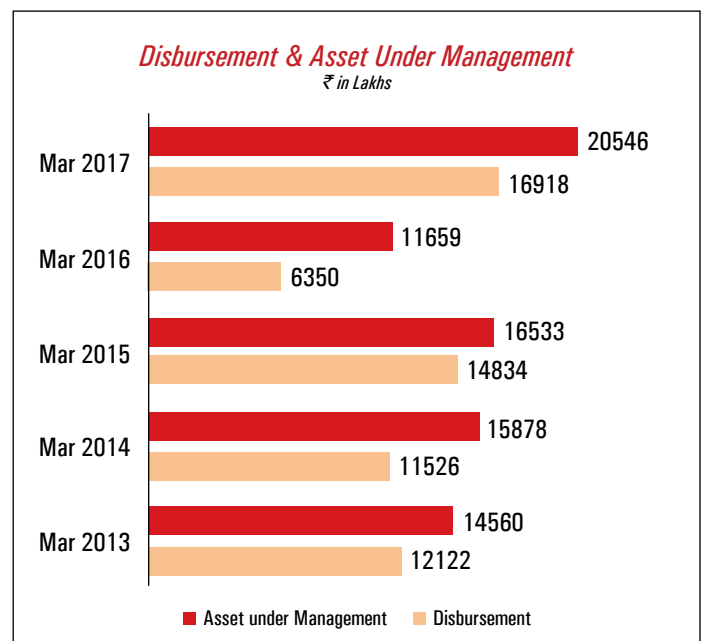
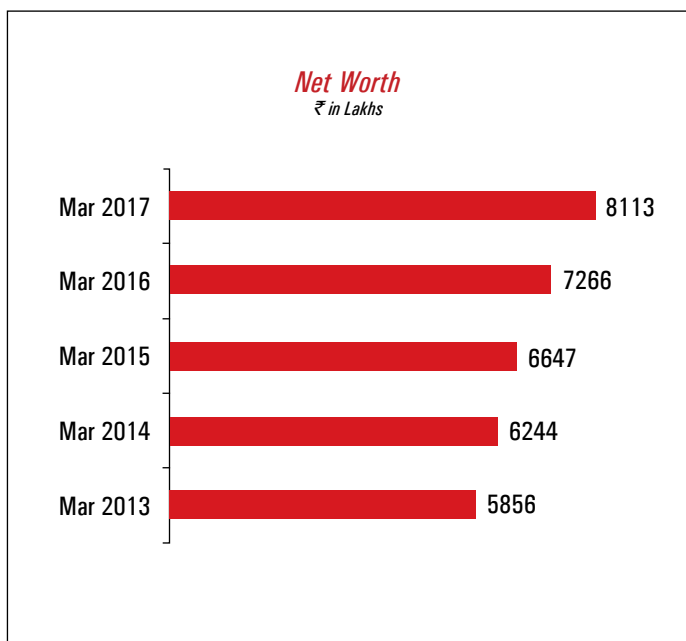
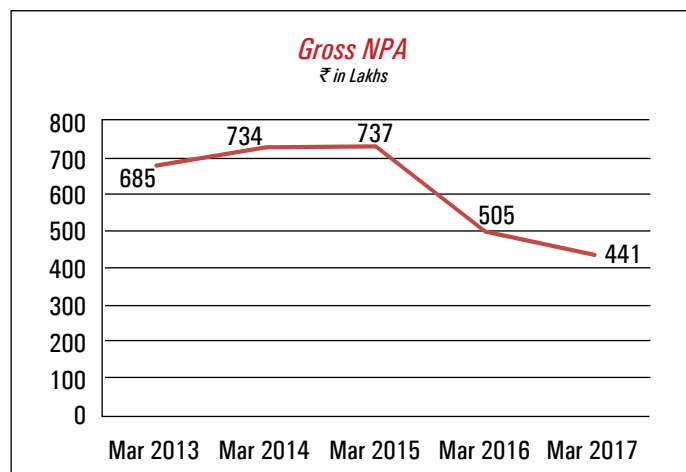
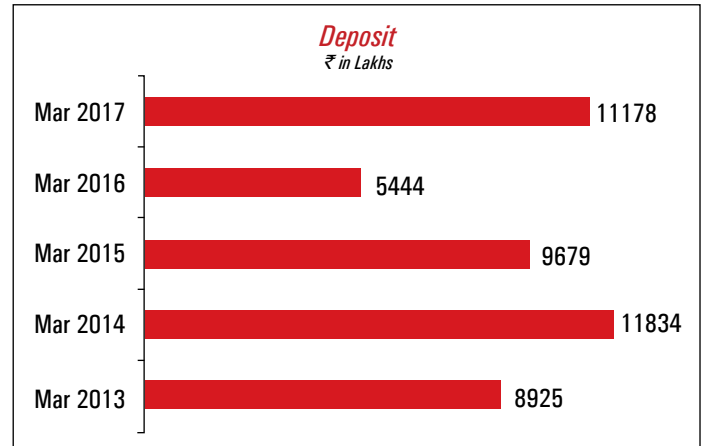
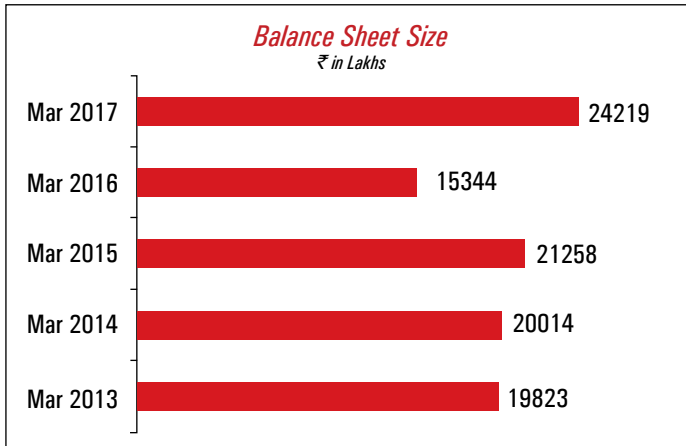
Reg. Office: Muthoot Chambers, Second Floor, Opp. Saritha Theatre Complex,
Banerji Road, Ernakulam-682018

Sl.No.	Branch Name	Address
1	Alleppey(II)	Door No. XII/ 244, Vanniyamparambil Building,Arattuvazhi, A.S Road, Alleppey - 688 007
2	Aluva (MktRd.)	City Heights, No308 , First Floor, Near Private Bus Stand, Aluva –683 101
3	Angamaly	1st Floor,Golden Plaza,T B Junction,Angamaly-683 572
4	Attingal	Door No XI/735, Pushpakesh Building, Kizhakke Nalumukku, Attingal-695101
5	Bangalore	11/2,Cambridge Road Ulsoor, Bangalore-560 008
6	Calicut	Door No 5/224 BA&B2, P K Santha Corner Building, Eranjipalam, Kozhikode-673020
7	Coimbatore	No.7,2nd Floor,NRN Layout, P N Palayam,Coimbatore-641 037
8	Ernakulam-City Branch	2nd Floor, Mithun Tower ,K P Vallon Road,Kadavanthra, Cochin 682020
9	Head Office	5th & 6th Floor, Mithun Tower ,K P Vallon Road,Kadavanthra, Cochin 682020
10	Kannur	Door No.506 E, First Floor, P K Commercial Complex, Near Munneswaran Kovil, Old Subway Road, Kannur-670001
11	Karunagapally	Muthoot Chambers, 3 rd floor, Opp Govt H.S.S , Pada North Ward-8, Karunagappally-690518
12	Kollam	Muthoot Buildings, Vadayattukotta, Kollam –696 001
13	Kottarakkara	Muthoot Chambers, IInd Floor,Near Govt. Hospital Junction, Kottarakkara - 691 506
14	Kottayam	Ground Floor,Muthoot Crown Plaza,Near Anupama Theatre, T B Road, Kottayam 686 001
15	Kozhencherry	Ground Floor ,Muthoot Building, Muthoot Hospital Road Kozhencherry-689641
16	Mavelikkara-Thatarambalm	1st Floor, MMC V-652 C/16, 17, Mekkethil shopping Complex, Pulimoodu Junction, Mavelikkara 690101
17	Muvattupuzha	2nd Floor, Nirmala Centre, Opp. Latha Theatre, Muvattupuzha-Thodupuzha Road, Muvattupuzha- 686661
18	New Delhi	Muthoot Towers, Plot No 2, Community Centre, Alakananda, New Delhi-110019
19	Pala	Purayidathil Building ,Near Judicial Complex , Chethimattom ,Pala 686575
20	Palakkad	1st Floor, AV Plaza, Opp.Town Railway Station, Palakkad-678001
21	Pathanamthitta	2nd Floor, Aban Arcade, Kumbazha Road, Pathanamthitta 689 645
22	Perinthalmanna	1 st Floor, CT Plaza, Perinthalmanna , Ooty Road, Perinthalmanna-679322
23	Punaloor	Kareem Building, Hospital Junction, Punaloor, Quilon 683 101
24	Secundarabad	Navakethan Complex, Opp:Clock Tower, 62Sarojinidevi Rd, Secundarabad-500 003
25	Thiruvalla	Door No.190, 03rd Floor, KSBH Revenue Tower, Hospital Junction, Thiruvalla - 689101
26	Thodupuzha	2 nd Floor, Mahima Towers 28/458, Temple Bypass Road, Thodupuzha-685584
27	Trichur	Premises No:XIV/488/31,2nd Floor,Suncity Complex. Koorkenchery,Thrissur-680007
28	Trivandrum	Muthoot Building, Pattom, Trivandrum-695 004



*“To improve is to change;
to be perfect is to change often”*

**IF YOU FOCUS ON RESULTS, YOU WILL NEVER CHANGE,
IF YOU FOCUS ON CHANGE, YOU WILL GET RESULTS.**



DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Twenty fifth Annual Report on business and operations of your company together with the audited accounts for the year ended March 31, 2017.

FINANCIAL HIGHLIGHTS:

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

(Amt. in lakhs)

Particulars	For the year ended	
	31.03.2017	31.03.2016
Net Sales/Revenue from Operations	2564	2527
Other Income	1333	963
Total Income	3897	3490
Direct Expenses and finance cost	901	1025
Employee Benefits and administration expenses	1488	896
Depreciation	58	37
Total expenses	2446	1958
Provisions and Write Off	179	333
Profit Before tax	1273	1199
Less: Current Income tax:	423	386
Less: Deferred tax	3	13
Profit after Tax	847	799
Basic Earnings per share	3.39	3.20
Diluted Earnings per share	3.39	3.20
Reserves	5613	4766

DIVIDEND

Your company has a consistent track record of moderate and steady dividend payment to the shareholders. The Dividend payout as proposed is in accordance with the Company's policy, keeping in view the overall improvement in performance and with the objective of rewarding the Shareholders while retaining capital to maintain a healthy capital adequacy ratio to support future growth. The Board of Directors propose for consideration of the shareholders at the ensuing Annual General Meeting, distribution of dividend at a rate of 6% per equity share on 250,00,000 equity Shares of Rs.10 each of the company for the year ended 31st March 2017 which is the same percentage as that of last financial year ended March 31, 2016. This dividend is subject to tax on dividend payable by the Company. The Amount of Dividend and the tax thereon aggregates to Rs.180,53,647/-.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Details of unclaimed dividend etc are available in website of the Company and Ministry of Corporate Affairs and eligible investor may claim the amount by making a valid request to Company failing which the unclaimed dividend will be remitted to Investor Education and Protection Fund established by the Central Government in due course.

In terms of Section 125 of the Companies Act 2013, nothing is due to be transferred to the Investor Education and Protection Fund established by the Central Government as at 31.03.2017.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

After a lacklustre performance in the first half of 2016, economic activity picked up some momentum in the second half of 2016, especially in advanced economies and is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. IMF in its World Economic Outlook (WEO) raised its projection for 2017 global growth to 3.5 percent and is expected to rise to 3.6 percent in 2018. Economic performance across emerging market and developing economies has remained mixed. Emerging and developing economies is expected to grow further to 4.5 per cent and 4.8 per cent in 2017 and 2018 respectively. While general outlook for developing economies is positive, country-wise outlook remains mixed.

INDIAN ECONOMY

The Indian economy is growing strongly and remains a bright spot in the global landscape. India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). India has a diversified financial sector comprising of commercial banks, co-operative banks, non-banking financial companies, insurance companies etc. undergoing rapid expansion, both in terms of strong growth of existing financial services and new entities entering the market. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms and Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices. The Indian economy has the potential to become the world's 3rd-largest economy by the next decade, and one of the two largest economies by mid-century. The IMF described the Indian economy as the "bright spot" in the global landscape. India topped the World Bank's growth outlook for the first time in fiscal year 2015-16, during which the economy grew 7.60%. Growth is expected to have declined slightly to 7.10% for the fiscal year 2016-17, the first indicator of the impact of the demonetisation drive.

The long-term growth prospects of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The landmark reform "Goods and Services Tax (GST)" came into effect on 1 July 2017, which has the potential to spur the economy further in the long run similar to demonetization which accelerated formalization of the economy, increase tax collection and allow greater digital financial inclusion. The Indian economy is expected to embark on higher economic growth trajectory in FY18 owing to proactive measures taken by the government as well as favourable economic conditions expected to prevail during the course of the year. As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18.

OUTLOOK FOR THE INDUSTRY

NBFCs have emerged as a strong financial intermediary in making financial services accessible to a wider set of customer segments including SMEs. They play an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs), which form the cradle of entrepreneurship and innovation. NBFCs have been recognised as one of the systemically important components of the financial system and have shown consistent year-on-year growth. NBFCs play a critical role in the core development of infrastructure, transport, employment generation, wealth creation opportunities, and financial support for economically weaker sections.

India's financial system remains stable, while the concerns on banks' asset quality remain. The increasing transition of credit intermediation from the banking sector to the non-banking sector though welcome, calls for increased monitoring and prudential regulation. The evolution of the regulatory framework for NBFCs in India has gone through a cyclical phase—from simplified regulations to stringent and extensive regulations. The NBFC

segment is a catalyst to the economic development of the country. The RBI is constantly striving to bring necessary changes in the NBFC regulatory space to proactively provide regulatory support to the segment and also to ensure financial stability in the long run. At the same time, the RBI has not failed to recognise the important role played by NBFCs in bringing about financial inclusion in the country. NBFCs fill the important gaps in financial inclusions by catering to geographies and sectors where the banking sector is unable to make a foray.

With several policy initiatives on the anvil, the Indian economy is on the brink of a major transformation. The country's economic growth is likely get an impetus considering the number of initiatives taken by both the Government of India and Reserve Bank of India to stimulate positive business sentiments, improve consumer confidence and control inflation. Improving macroeconomic conditions, higher credit penetration, increased consumption and disruptive digital trends will allow NBFC's to participate in the wave of change that has the potential to extend lending to India's creditworthy yet financially excluded population simultaneously assisting the Indian government to achieve its goal of full financial inclusion.

FINANCIAL SUMMARY AND PERFORMANCE OF THE COMPANY

Your Company has displayed strong financial performance each year across the macroeconomic cycles while withstanding domestic and global adversities. Your Company, as in the past, offer a comprehensive suite of products and solutions to SMEs for meeting their personal and business requirements. Our long-standing experience of partnering with SMEs has enabled us to develop non-traditional techniques for assessing credit risks. These techniques are unique and provide appropriate solutions customised to their needs.

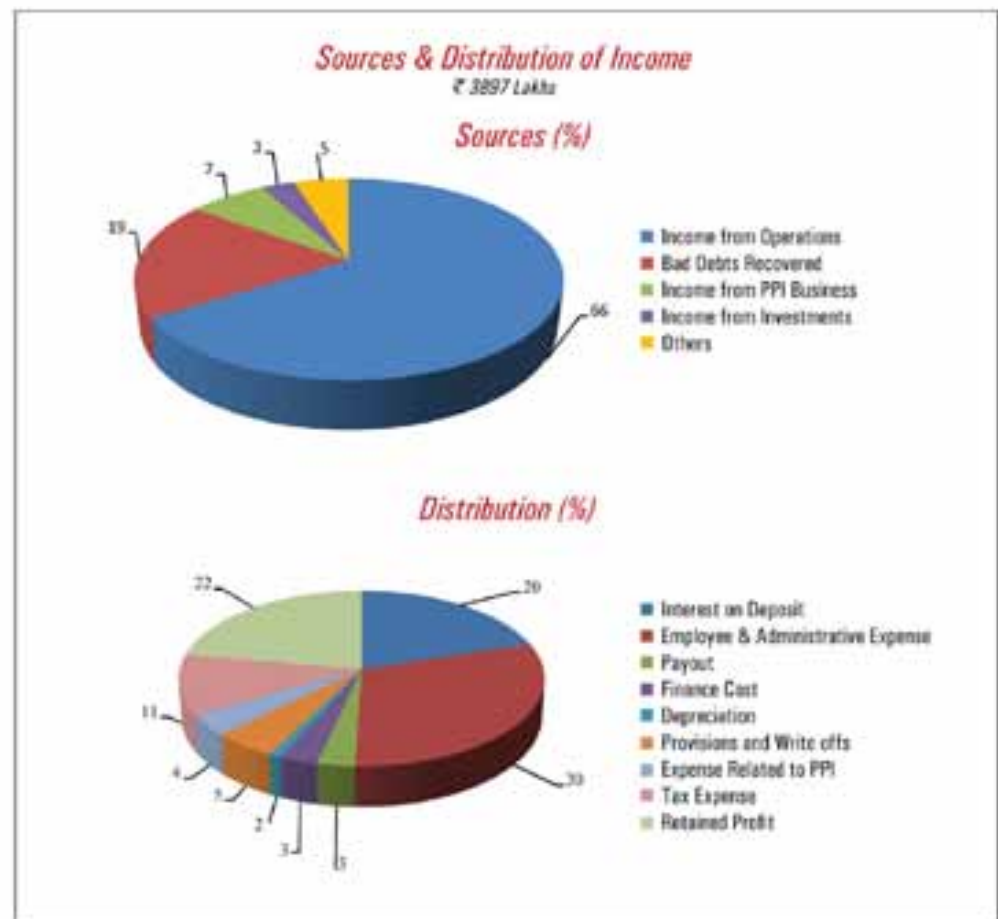
Key objective of your company continue to maintain high standards for asset quality through disciplined credit risk management. In the case of vehicle loans, we have been to a great extent successful in penetrating the New Vehicle Finance market. A strategic shift was adopted in assessing a loan customer, ie a customer is assessed not only on the basis on his asset value, but primarily on the basis of his "cash flow status". We ensure that loans for both new & old vehicles are given for financing those vehicles with good resale value. Your company still continues its efforts to register growth by penetrating the unbanked areas, mainly aiming the lower and middle income groups who have a limited access to banking network because of their inability to meet the eligibility requirements of banks and financial institutions. Your company's competence in understanding the local customers and recovery capabilities has helped it to perform successfully. Availability of variety of products, quick turnaround time, selection of better quality customers are the major factors in maintaining a strong presence in the Vehicle & Asset Finance Market.

The financial performance of your Company during the year ended March 31, 2017 remained healthy. An analysis of the Company's performance for the current and previous fiscal years reveal that the company was able to achieve an impressive growth during the year under review. Your company's overall disbursements during the FY 2016-17 were Rs.169.18 crores registering a growth of 166% over the previous year. Profit Before Tax (PBT) increased by 6% to Rs.12.73 Crores as compared to Rs.11.99 Crores for the previous year. Profit After Tax (PAT) also increased by 3% to Rs.8.47 Crores as compared to Rs.7.99 Crores in the previous year.

Your Company raises funds for its working capital requirements mainly from Public Deposits and banks, the outstanding amount of public deposits (including interest accrued) and working capital loans being Rs.114.57 crores and Rs.34.73 crores respectively as at 31st March, 2017. Other source of funding for your Company in the earlier years was issue of secured redeemable non-convertible debentures under private placement, there were no outstanding balance in this regard as on 31st March, 2017.

Your Company was granted Certificate of Authorisation by Department of Payment & Settlements System (DPSS), RBI to operate payment system for "Issuance & Operation of Prepaid Instruments in India" w.e.f October 29, 2009 as per the Guidelines issued by RBI. On March 26, 2014 RBI approved the inclusion of mobile wallet facility as one

of the prepaid payment instruments offered by your company. This is being operated by the Domestic Money Transfer (DMT) division of your company. DMT allows the service provider to send money instantly 24 x 7 x 365 to any IMPS (Immediate Payment Service) supported banks in India. Receiver will get the money credited into their bank account within 5 -10 seconds through a Wallet. During the year under report, total DMT transactions (top- up) through various franchisees rose upto 811,627 (top – up) nos. against 178,287 transactions (top – up) during 2015 – 16 registering a growth of 355%. Your company’s key strength lies in its Group’s experience with a strong parentage. Notwithstanding the challenging environment that is prevailing in the country, your company has been able to maintain a good quality loan book. Your company adopts “Relationship Banking” by keeping a track of customer performance and always ensure that customer borrowing is serviced promptly. Your Company initiates all necessary steps for realistically assessing the credit needs of the applicant during the pre-disbursement stage and has further enhanced the monitoring techniques to maintain the quality of assets. Credit monitoring, recovery of regular and arrears of installments, enforcement of terms and conditions of sanction were made stricter. These precautionary measures have paid off in preventing drastic slippages in the asset quality as experienced by competitors and banks. Your Company could combat the delinquency levels for the year by sourcing quality proposals selectively and by continuous monitoring.



Your company identifies Risk & Reward as the two sides of the same coin and recognises its goal to improve the quality and consistency of the company’s earnings, while staying with expected losses. Moreover, timely identification of stressed accounts and taking all possible steps for their recoveries helps in preventing them from falling to NPA category. Once the loans are disbursed we are continuously monitoring the same to avoid a default. We also ensure that our field officers make compulsory monthly visits to borrowers which help in managing large cash collections & build good & strong relationship &

deliver consistently high level of service to our valued customers. Even when the borrower defaults on installments, we take a case by case approach. In genuine difficulties, we provide additional support to help them tide over their difficulty and generate income.

Maintaining superior asset quality has been a key imperative for your Company, over the years. It is noteworthy that Gross and Net NPAs as at 31st March, 2017 stood at 2.14% and 1.83%, respectively, based on the regulatory norm of 120 days, making it comparatively better than the previous year. The company's Net-Worth stood at Rs.81.13 crores as on 31.3.2017. Capital Adequacy (CRAR) at 37.60% was comfortably higher than the statutory requirement of 15%. Your Company has provided for Standard Assets at 0.35% and has transferred an amount of Rs.0.71 crores towards Provision against Standard Assets. To further strengthen the collection machinery a separate cell christened "Hard Core Collections Cell" to focus on NPA accounts in respect of which legal action has not been initiated, has been formed within the SARC.

2017 will remain a year of change for your company. Looking ahead to 2018, we currently see a better outlook for revenues, supported by aggressive disbursements without compromising on credit quality, examining new avenues and methods of lending and implementing an action plan for strengthening collection and recoveries with a view to reduce the costs and defaults and thereby balancing the overall performance. Today, technological innovations and initiatives play a pre-dominant role in reducing costs, improving efficiency and canvassing business by providing excellent customer service. Therefore, your company continues to invest in technological innovations and initiatives to build on a strong foundation in order to accelerate growth and thereby progress towards the goal of making your company one of the leading financiers of four wheelers.

HUMAN RESOURCES

Your company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. The Company fosters work-life balance and condemns any kind of unfair treatment in the workplace. The Human Resource (HR) function in the Company remains focused on improving organisational effectiveness, developing frontline leaders, promoting employee empowerment and maintaining stability and sustainability amidst growth and a rapidly changing business environment. Human Resource development has a dual objective of growth of the employee and the growth of organization. As this provides learning and growth for employees, it also leads to higher levels of employee satisfaction. As such, we have remained focused on strengthening human capital through continuous training and development and by upgrading skills of employees to meet your Company's objectives. A structured approach to career development, leadership development, internal job rotations, and mentoring helps employees grow their careers and realize their potential.

Promotion is a big milestone in the career of every employee. To take care of the aspiration for growth of employees, your company has been providing optimum opportunities and career progression to the employees to shoulder higher responsibilities. Your Company's promotion process allows for the best performers to shine through regardless of their age, gender or background. Your Company has a young and engaged work force with an average age of 30 years. Your Company ended the year with work force strength of 228 employees.

OPPORTUNITIES AND THREATS

NBFCs have been playing a very important role from the macroeconomic perspective and as a core catalyst in the Indian financial system. NBFCs are certainly emerging as better alternatives to the conventional banks for meeting the financial needs of various sectors. However, to survive and to constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavour to search for new products and services in order to survive in this ever-competitive financial market. The Reserve Bank of India (RBI) has consistently stressed on the importance of micro, small and medium enterprises (MSMEs) in fuelling economic growth. Despite contributing significantly to India's growth, a large majority of MSMEs are excluded from the formal financial sector. With the ongoing stress in the public sector banks due to mounting bad debt, their appetite to lend (especially in rural areas) is

only going to deteriorate thereby providing NBFCs with the opportunity to increase their presence. The success of NBFCs can be clearly attributed to their better product lines, wider and effective reach, strong risk management capabilities to check and control bad debts, and better understanding of their customer segments.

With the launch of the Digital India programme, a flagship programme of the Government of India to digitally empower society, NBFCs will have to find ways to serve the millennial customers through digital means. New Technologies such as cloud and analytics would provide a huge opportunity to NBFCs to use technology to interact, transact and strengthen their business. Technology can be used to reach the customers in a cost effective manner and to enhance customer experience through faster turnaround time, wider product offerings and better risk control and pricing. They provide avenues for better returns to investors, have a greater reach and flexibility in tapping resources, provide retail services to small and middle level business and road transport operators and are an integral component of a diversified financial market.

The NBFC Industry holds immense potential and the Government of India's increased focus towards financial inclusion has created various opportunities for existing NBFCs to leverage on their established customer base in rural areas. The recent initiatives by the Government of India to create Infrastructure for NBFC, to provide banking license for NBFCs etc. have made the Industry highly competitive.

The key driver for the performance of NBFCs has been their business mix. The retail-heavy nature of NBFC portfolios has helped them maintain growth to some extent, while the corporate-heavy portfolio of banks has dragged down their growth. This retail focus has also helped the asset quality of NBFCs. The relative strength of NBFCs has allowed them to garner more business as banks focus on resolving their bad loan issue and strengthening their books. Many NBFCs are expanding beyond their traditional lending business to offer even working capital loans for corporate entities

The NBFCs during the last decade have undergone wide volatility and change as an industry and have been witnessing considerable business upheaval over the last decade because of heightened competition, increasing compliances, attraction and retention of human capital and regulatory changes. Some players in the sector have also been feeling the heat and some were impacted due to the RBI's regulatory changes for NBFCs that came in about two years ago. NBFCs operate under certain regulatory constraints, which put them at a disadvantage vis-à-vis banks. While there has been a regulatory convergence between banks and NBFCs on the asset side, on the liability side, NBFCs still do not enjoy a level playing field.

NBFCs face a higher cost of borrowings which is eventually passed on to their borrowers in the form of higher interest on loans. It increases delinquencies and reduces profit margin which affects the credit rating with the banks in turn. With a low credit rating, cost of funds goes up further.

The future of the NBFC sector is bright with ample opportunities being thrown open to the NBFC sector.

FUTURE OUTLOOK

Traditionally, India has had a bank-dominated financial sector. Even so, there has always been a robust NBFC sector. Even today, the sector may be 'small' as compared to banking sector comparing its total asset size. NBFCs being financial intermediaries are engaged in the activity of bringing the saving and the investing community together. In this role they are perceived to be playing a complimentary role to banks rather than competitors, as it is a known fact that majority of the population in the country do not yet have access to mainstream financial products and services including a bank account and therefore the country needs institutions beyond banks for reaching out in areas where banks' presence may be lesser. Thus NBFCs especially those catering to the urban and rural poor have a complimentary role in the financial inclusion agenda of the country. Financial Inclusion also is aiming at the same by providing the poor with not only deposit accounts or credit but also insurance and remittance facility. The reach of NBFCs, along with their strong understanding of the market, can help them position themselves as a better alternative to the traditional ways of banking.

NBFCs have also carved niche business areas for them within the financial sector space and are also popular for providing customized products like second hand vehicle financing, mostly at the doorstep of the customer. In short, NBFCs bring the much needed diversity to the financial sector thereby diversifying the risks, increasing liquidity in the markets thereby promoting financial stability and bringing efficiency to the financial sector.

The challenge therefore for the NBFC sector is to grow in a prudential manner while not stopping altogether on financial innovations. The key lies in having in place adequate risk management systems and procedures before entering into risky areas.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS 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 on the date of this report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering its nature of activities, the following disclosures are made as per provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014:

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

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Annual Report on Company's CSR activities of your Company is furnished in Annexure II and attached to this report.

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

Pursuant to Section 186(1)(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 Non- Current Investments of the Company are furnished under Note 11 forming part of the Financial Statements for the year ended 31st March, 2017.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis or were in ordinary course of business or with approval of the Audit Committee. The Board has formulated a policy on related party transactions, which is displayed on the web site of the Company at <http://mvafli.com/pdf/Policyonrelatedparty.pdf>. In the opinion of the Board, none of the transactions of the Company entered into with the related parties were in conflict with the interests of the Company. The details of the related party transactions are disclosed in note no. 25 of the notes on accounts, forming part of Financial Statements. The members may kindly refer to the same.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to your Company.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

Your directors confirm that there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.

The Company has in place adequate internal financial controls which include a full-fledged auditing team with five staffs including a Manager – Audit, who do regular branch visits and other field Audits do help the Company in reliable reporting with reference to the financial statements. During the year under review there were no reportable material weaknesses in the systems or operations.

ANNUAL EVALUATION BY THE BOARD

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) (p) of the Companies Act, 2013. Criteria for evaluation includes Attendance, contribution in Board meetings, guidance offered to the Company and overall role in performance of the Company etc. There was a meeting of Independent Directors during the financial year under review who reviewed the required matters in line of guidance offered in Code of Conduct of Independent Directors.

ANNUAL RETURN

The extracts of Annual Report pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure I and is attached to this Report.

NUMBER OF BOARD MEETING CONDUCTED DURING THE YEAR UNDER REVIEW

During 2016-17, the Board of Directors met five times: on 27 April 2016, 30 June 2016, 27 July 2016, 28 October 2016 and 27 January 2017.

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.

SUBSIDIARIES JOINT VENTURE/ ASSOCIATE COMPANY

Your Company has no subsidiary/ joint ventures/ associate company and hence consolidation and applicable provision under the Companies Act, 2013, and Rules made there under are not applicable to the Company.

DEPOSITS

As you are aware, your Company is a Non-Banking Financial Company (NBFC) registered with RBI, permitted to accept Deposits from Public. As per Revised Regulatory instructions issued by the Reserve Bank of India vide Circular No.DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014, the limit for acceptance of deposits across the NBFC sector was reduced from 4 times to 1.5 times of NOF, with effect from the date of the circular. While AFCs holding deposits in excess of the revised limit should not access fresh deposits or renew existing ones till they conform to the new limit, the existing deposits will be allowed to run off till maturity. As a result, our revised limit for public Deposit including Interest accrued was Rs.120.90 Cr. As on 31.03.2017, Public Deposit including interest accrued stood at Rs.114.57 crores against Rs.61.74 crores as on 31.03.2016.

Deposits of your Company continue to enjoy investment grade rating of "MA" from ICRA Ltd.

As at 31st March 2017, 153 deposits amounting to Rs.55.84 lacs, had matured for payment and were due to be claimed or renewed. Appropriate steps are continuously taken to obtain the depositors instructions so as to ensure renewal/ repayment of the deposits in time. After close follow-up; the figures are currently down to 115 deposits and Rs.32.16 Lacs respectively.

TRUSTEES FOR DEPOSIT HOLDERS

Subject to the provisions of RBI Guidelines for Trustees of deposit holders of the Non-Banking Finance Company (NBFC), the Board appointed IDBI Trusteeship Services Limited as Trustees for deposit holders.

As per the Master Circular-Miscellaneous instruction to all NBFCs dated 1st July, 2014, NBFCs accepting/ holding public deposits were directed to create a floating charge on Statutory Liquid Assets invested in terms of Section 45-1B of the RBI Act, 1934, in favor of the depositors.

Your Company created a floating charge on the Statutory Liquid Assets in favour of IDBI Trusteeship Service Limited as Trustee on behalf of the depositors as required under Section 45-1B of the RBI Act, 1934.

DIRECTORS

The Board of your Company consists of 8 directors as on the date of this report as follows:

Category of Director	Name of Directors
Executive, Managing Director	Mr.George Alexander Muthoot
Executive, Whole Time Director	Mr.K P Padmakumar
Non-Executive, Independent Director	Mr.K J Joseph
Non-Executive, Independent Director	Mr.Jose Mathew
Non-Executive, Independent Director	Mr.George Thomas Muthoot
Non-Executive, Independent Director	Ms.Anna Alexander
Non-Executive, Independent Director	Mr.George M George
Non-Executive, Independent Director	Mr.George M Jacob

All the Directors of the Company have rich experience and specialized knowledge in various areas of relevance to the Company. The Company has immensely benefited by the range of experience and skills that the directors bring to the Board.

Ms. Anna Alexander, Director (DIN: 00017147) retires at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The Board of Directors recommends the re-appointment of Ms. Anna Alexander as a Director of the Company. Recommendation for re-appointment is mentioned in notice of the AGM.

Mr. George M Jacob, Director (DIN: 00018955) retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board of Directors recommends the re-appointment of Mr. George M Jacob as a Director of the Company. Recommendation for re-appointment is mentioned in notice of the AGM.

During the year under review, Mr.K.P.Padmakumar (DIN: 00023176) was appointed as Whole time Director of your company with effect from 07th September, 2016.

The Following persons are the Key Managerial Persons of the Company as on March 31, 2017:

- | | | |
|---------------------------------|---|-------------------------|
| 1. Mr. George Alexander Muthoot | - | Managing Director |
| 2. Ms. Geena Thomas | - | Chief Financial Officer |

a) Company Secretary

Your Company has appointed Ms.Hanna P Nazir as its Company Secretary w.e.f 29.06.2017 upon the resignation of Mr.Jibin Kuruvilla

b) Woman Director

Your Company has Ms. Anna Alexander, as Woman Director on the Board of the Company and is Non Executive, Non Independent Director.

c) Declaration by Independent Director (s)

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act 2013 and the relevant rules.

STATUTORY AUDITORS

M/s R.G.N Price & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company during the 23rd AGM for a period of two years. As per the provisions of Section 139 of the Companies Act, 2013, an audit firm shall not be appointed as the Statutory Auditors for more than two terms of five consecutive years and after completing such term, the audit firm shall not be eligible for re-appointment as auditor in the same Company for five years from the completion of such term.

In this background, your Directors have recommended the appointment of M/s. JVR Associates, Kerala, India as the Statutory Auditors of the Company subject to the approval of Members for a period of five years from the conclusion of 25th AGM. The Company had obtained a certificate from them that the appointment, if made, shall be in accordance with the provisions of Section 141 of the Companies Act, 2013.

M/s Saandra Thomas & Associates, Chartered Accountants are proposed to be appointed as the Branch Auditors of the Company's New Delhi Branch in the 23rd AGM for a period of five years. As per the provisions of Section 139 of the Companies Act, 2013, this appointment needs to be ratified at each AGM during their tenure.

RISK MANAGEMENT POLICY

As on 31st March, 2017, the Risk Management Committee consists of the following members:

1. Mr.George Alexander Muthoot
2. Mr.K.J.Joseph
3. Mr.George M Jacob

The Statement showing the details regarding the development and implementation of Risk Management Policy of the Company is furnished in Annexure IV and attached to this report. The risk management includes identifying types of risks and its assessment, risk handing and monitoring and reporting.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

As on 31st March, 2017, the Audit Committee consists of the following members:

1. Mr. George Alexander Muthoot
2. Mr. K. J. Joseph
3. Mr. Jose Mathew

The above composition of the Audit Committee consists of independent Directors viz., Mr. K. J. Joseph & Mr. Jose Mathew who forms the majority.

Terms of reference of Audit Committee includes matters envisaged in Section 177(4) of Companies Act, 2013 like recommendation for appointment, remuneration and terms of appointment of auditors of the company; review and monitor the auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditors' report thereon; approval or any subsequent modification of transactions of the company with related parties; evaluation of internal financial controls and risk management systems.

The company has established a vigil mechanism and oversee through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interest of employees and the Company. No person was denied access to the Audit Committee or its Chairman.

DISCLOSURE OF COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

As on 31st March, 2017, the Nomination and Remuneration Committee consists of the following members:

1. Mr. George M Jacob
2. Mr. K. J. Joseph
3. Mr. Jose Mathew

The above composition of the Nomination and Remuneration Committee consists of Non-Executive Directors and not less than one half of the members are Independent Directors.

Terms of reference of Nomination and Remuneration Committee includes matters envisaged in Section 178 of Companies Act, 2013 like recommendation for appointment, remuneration and terms of appointment of auditors of the company; review and monitor the Directors and Key managerial persons, criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

Your Company's Policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178 (3) of the Companies Act, 2013 is furnished in Annexure III and is attached to this report.

ACKNOWLEDGEMENTS

Your directors gratefully acknowledge the support and co-operation extended by all the shareholders, depositors, customers, vehicle manufacturers, dealers, rating agencies and bankers to our Company during the year and look forward to their continued support.

The Board sincerely expresses its gratitude to Reserve Bank of India and all statutory authorities for guidance and support received from them from time to time.

Above all, your directors place on record their appreciation of the dedication and commitment displayed by the employees of the Company, enabling it to report another year of strong performance.

We would like to assure you again that your company has put in place appropriate plan, policies and strategies to achieve growth with quality and continue your support, encouragement and faith to excel in our journey forward.

For and on behalf of the Board

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
George Thomas Muthoot
Director

Place: Kochi
Date: 29.07.2017

FORM NO. MGT 9**ANNEXURE - I**

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	U65910KL1992PLC006544
ii	Registration Date	08/06/1992
iii	Name of the Company	MUTHOOT VEHICLE & ASSET FINANCE LIMITED
iv	Category of the Company	PUBLIC LIMITED COMPANY
v	Address of the Registered office & contact details	
	Address :	MUTHOOT CHAMBERS, OPPOSITE SARITHA THEATRE COMPLEX, BANERJI ROAD
	Town / City :	ERNAKULAM -682018
	State :	KERALA
	Country Name :	INDIA
	Telephone (with STD Code) :	7593864404
	Email Address :	mvfl@muthootgroup.com
	Website, if any:	www.mvafl.com
vi	Whether listed company	No
vii	Name and Address of Registrar & Transfer Agents (RTA):- NA	
	Name of RTA:	/
	Address :	
	Town / City :	
	State :	
	Pin Code:	
	Telephone :	
	Fax Number :	
	Email Address :	

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Finance for Vehicles, Assets & Other Loans	64-649	84.42%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Applicable Section
Not Applicable					

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	0	2,46,32,140	2,46,32,140	98.53%	0	2,46,32,140	2,46,32,140	98.53%	0.00%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
(2) Foreign									
a) NRI - Individual/	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other - Individual/	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any Others	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total shareholding of Promoters (A)	0	2,46,32,140	2,46,32,140	98.53%	0	2,46,32,140	2,46,32,140	98.53%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIs	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(1):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Indian	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	3,19,210	3,19,210	1.28%	0	3,19,210	3,19,210	1.28%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	48,650	48,650	0.19%	0	48,650	48,650	0.19%	0.00%
c) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(2):-	0	3,67,860	3,67,860	1.47%	0	3,67,860	3,67,860	1.47%	0.00%
Total Public Shareholding (B) = (B) (1)+ (B)(2)	0	3,67,860	3,67,860	1.47%	0	3,67,860	3,67,860	1.47%	0.00%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
Grand Total (A + B + C)	0	2,50,00,000	2,50,00,000	100.00%	0	2,50,00,000	2,50,00,000	100.00%	-

ii. Shareholding of Promoters

SI 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	50,02,140	20.009	0.00%	50,02,140	20.009	0	0.00%
2	George Thomas Muthoot	50,00,000	20.000	0.00%	50,00,000	20.000	0	0.00%
3	George Jacob Muthoot	50,00,000	20.000	0.00%	50,00,000	20.000	0	0.00%
4	George Alexander Muthoot	50,20,900	20.084	0.00%	50,20,900	20.084	0	0.00%
	TOTAL	2,00,23,040	80.092	0.00%	2,00,23,040	80.092	0	0.00%

iii. Change in Promoters' Shareholding

SI. No.	Shareholding at the beginning of year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Nil			

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

SI. No.		Shareholding at the beginning of year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Elizabeth Jacob				
	At the beginning of year (01/04/2016)	11,51,500	4.606	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	11,51,500	4.606
2	Susan Thomas				
	At the beginning of year (01/04/2016)	11,52,500	4.610	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	11,52,500	4.610
3	Sara George				
	At the beginning of year (01/04/2016)	11,52,500	4.610	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	11,52,500	4.610
4	Susan Thomas				
	At the beginning of year (01/04/2016)	26,410	0.106	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	26,410	0.106

5	Joseph P. Koshy				
	At the beginning of year (01/04/2016)	22,240	0.089	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	22,240	0.089
6	Vakkachan George				
	At the beginning of year (01/04/2016)	9,000	0.036	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	9,000	0.036
7	Sudin Koshy				
	At the beginning of year (01/04/2016)	8,900	0.036	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	8,900	0.036
8	P Joseph Kurien				
	At the beginning of year (01/04/2016)	8,000	0.032	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	8,000	0.032
9	P Thomas Kurien				
	At the beginning of year (01/04/2016)	8,000	0.032	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	8,000	0.032
10	Neena George				
	At the beginning of year (01/04/2016)	8,000	0.032	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	8,000	0.032

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	George Alexander Muthoot - Managing Director				
	At the beginning of year (01/04/2016)	50,20,900	20.084	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	50,20,900	20.084
2	K P Padmakumar - Whole Time Director				
	At the beginning of year (01/04/2016)	200	0.001	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	200	0.001

3	George Thomas Muthoot - Director				
	At the beginning of year (01/04/2016)	50,00,000	20.000	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	50,00,000	20.000
4	Anna Alexander - Director				
	At the beginning of year (01/04/2016)	11,52,500	4.610	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	11,52,500	4.610
5	George M George - Director				
	At the beginning of year (01/04/2016)	0	0.000	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	0	0.000
6	George M Jacob - Director				
	At the beginning of year (01/04/2016)	0	0.000	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	0	0.000
7	K J Joseph - Independent Director				
	At the beginning of year (01/04/2016)	200	0.001	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	200	0.001
8	Jose Mathew - Independent Director				
	At the beginning of year (01/04/2016)	200	0.001	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	200	0.001

B. KEY MANAGERIAL PERSONNEL

1	Geena Thomas - Chief Financial Officer				
	At the beginning of year (01/04/2016)	0	0.000	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	0	0.000
2	Jibin Kuruville - Company Secretary				
	At the beginning of year (01/04/2016)	0	0.000	-	-
	Date wise increase/Decrease during the year specifying the reasons for increase/decrease	NA			
	At the end of the year (31/03/2017)	-	-	0	0.000

V. INDEBTEDNESS

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount	11,84,88,447	1,77,24,000	52,66,67,800	66,28,80,247
ii) Interest due but not paid	0	0	29,46,727	29,46,727
iii) Interest accrued but not due	5,60,726	12,73,517	8,87,12,101	9,05,46,344
Total (i + ii + iii)	11,90,49,173	1,89,97,517	61,83,26,628	75,63,73,318
Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
* Addition	22,89,34,516	3,07,29,725	52,73,87,541	78,70,51,782
* Reduction	0	0	0	0
Net Change	22,89,34,516	3,07,29,725	52,73,87,541	78,70,51,782
Indebtedness at the end of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount	34,72,99,307	480,32,000	106,97,73,400	1,465,104,707
ii) Interest due but not paid	0	0	17,83,453	17,83,453
iii) Interest accrued but not due	6,84,383	16,95,242	7,41,57,316	7,65,36,941
Total (i + ii + iii)	34,79,83,690	4,97,27,242	114,57,14,169	154,34,25,101

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		
		George Alexander Muthoot	K P Padmakumar	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the the Income-tax Act, of 1961	-	17.55	17.55
	(b) Value of perquisites u/s 17(2) the Income-tax Act, 1961	-	-	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	0.00
2	Stock Option	-	-	0.00
3	Sweat Equity	-	-	0.00
4	Commission	-	-	
	- as % of profit	-	-	0.00
	- others, specify	-	-	0.00
5	Fee for attending board and committee meetings	1.40	-	1.40
	Total (A)	1.40	17.55	18.95
	Ceiling as per the Act	Rs.126.46 lakhs being 10% of the net profit of Company calculated as per Section 198 of the Companies Act, 2013		

B. Remuneration to other directors:**1. Independent Directors**

(in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		K J Joseph	Jose Mathew	
1	Fee for attending board committee meetings	1.55	1.45	3.00
2	Commission	-	-	-
3	Others, please specify	-	-	-
	Total (1)	1.55	1.45	3.00

2. Other Non-Executive Directors

(in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		George M Jacob	George M George	George Thomas Muthoot	Anna Alexander	
1	Fee for attending board committee meetings	0.85	0.75	0.85	1.00	3.45
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	Total (2)	0.85	0.75	0.85	1.00	3.45
	Total (B) = (1 + 2)					6.45
	Total Managerial Remuneration (A + B)					25.40
	Overall Ceiling as per the Act	Rs.12.65 lakhs being 1% of the net profit the Company calculated as per Section 198 of the Companies Act, 2013				

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

(in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CFO	Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	8.72	6.67	15.39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	0.00
2	Stock Option	-	-	-	0.00
3	Sweat Equity	-	-	-	0.00
4	Commission				0.00
	- as % of profit	-	-	-	0.00
	- others, specify...	-	-	-	0.00
5	Others, please specify	-	-	-	0.00
	Total	0.00	8.72	6.67	15.39

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**NIL**

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

C. OTHER OFFICERS IN DEFAULT

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

REPORT ON CSR ACTIVITIES FOR THE YEAR 2016-17

ANNEXURE - II

1. POLICY

CSR policy encompasses the company's philosophy for delineating its responsibility as a corporate Citizen and lays down the guidelines and mechanism for carrying out socially useful activities/ projects and programmes for welfare, sustainability and development of community at large.

2. COMPOSITION OF CSR COMMITTEE

CSR vision and policy of the Company is aimed to create a social impact by portraying its commitment to be a responsible corporate citizen by identifying and facilitating growth in areas which are less privileged. Company has undertaken CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of the Company.

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 <http://mvafll.com/pdf/CSRPolicy.pdf>

The CSR Committee was constituted by our Directors by a board resolution dated 22nd January, 2015 and comprises of:

Name of Members	Designation in the Committee	Nature of Directorship
Jose Mathew	Chairman	Independent Director
George Thomas Muthoot	Member	Non executive Director
George Alexander Muthoot	Member	Managing Director

3. Average Net Profit of the Company for last three preceding financial years – Rs. 9,56,45,908/-
4. Prescribed CSR Expenditure: 2% on 9,56,45,908/- – Rs.19,12,918/-
5. (a) Total amount to be spent for the financial year – Rs. 19,12,918/-
 (b) Amount spent during the year – Nil
 (c) Amount unspent – Rs. 19,12,918/-
 (d) Manner in which the amount spent during the financial year

Details of CSR amount spent during the year ended 31st March 2017

S.No	CSR Project or activity identified	Outlay - Rs	Spent - Rs	Unspent - Rs	Manner of spending – direct / agency
NIL					

6. JUSTIFICATION FOR UNSPENT MONEY OUT OF 2% OF THE AVERAGE NET PROFIT OF THE LAST FINANCIAL YEARS.

The company in pursuance of the requirements of the Companies Act, 2013 had formulated a CSR policy and constituted the CSR Committee for identifying suitable projects and focus areas for implementation of its CSR initiatives. The Board of Directors of the Company has decided that the amount due shall be paid only in case of genuine project, otherwise the amount shall be retained by the Company and be carried forward to the CSR budget for the FY 2017 - 2018 in addition to the mandatory limit of 2%.The company is in the process of identifying deserving and genuine projects on which CSR spends could be affected.

7. RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE FOR THE IMPLEMENTATION AND MONITORING OF CSR POLICY IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY.

The Company understands that in order to continue to prosper over the long term, community, environment activities are aimed at driving the above values through its initiatives in the areas of education, environment and customer protection.

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
Jose Mathew
Chairman

NOMINATION AND REMUNERATION POLICY

ANNEXURE III

Board of Directors of Muthoot Vehicle & Asset Finance Limited (“the Company”) in order to align with the provisions of the Companies Act, 2013 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 Policy Guidelines of Muthoot Vehicle & Asset 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 for further evaluation of the Board and recommending the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.*
- c) to ensure that all provisions regarding Remuneration Policy and duties of Committee as required under the Companies Act, 2013 or such other acts, rules, regulations or guidelines are complied with.*

DEFINITIONS

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

ROLE AND RESPONSIBILITIES

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

- a. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with Criteria as laid down and recommend to Board their appointment and removal.
- b. Ensure persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act, 2013.
- c. Ensure that the proposed appointees have given their consent in writing to the Company;
- d. Review and carry out every Director’s performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- e. Plan for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- f. Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- g. Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place; and
- h. Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings.

- i. Determine and agree with the Board the framework for broad policy regarding the 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 Nomination 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 minimum 3 non-executive directors, majority of them being independent.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman:

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

FREQUENCY OF MEETINGS

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

GUIDING PRINCIPLES

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

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. The remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- d. In case, subject matter is related to appointment/remuneration of Independent Directors, the requirement under Code of Conduct of Independent Directors and other Statutory Requirements are met.
- e. In case, subject matter is related to appointment/remuneration of Directors other than Independent Directors, Key Managerial Persons, Senior Management, the requirement under Code of Conduct of Senior Management of the Company is met.
- f. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives including Key Managerial Persons and Senior Management, as it considers appropriate, to be present at the meetings of the Committee.

DECISION MAKING AND VOTING

- a. Matters arising for determination at Committee meetings shall be decided by the majority 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 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. 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.

RISK MANAGEMENT POLICY

ANNEXURE IV

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company continues to improve its operating processes and risk management systems that will further enhance its ability to manage these risks.

CREDIT RISK

The risks arising exclusively from the angle of lending / credits have origins in excessive exposures in one segment, high risk exposures, excessive leverage, exposures to assets not owned, interest rate risk, liquidity risk, and other residual risks such as reputation risk and business cycle risk. The challenge for the Company is to identify specifically these risks and quantify them, translate those consistently into an appropriate amount of capital needed, commensurate with the Company's risk profile and control environment.

MARKET RISKS

Market Risk is a risk of incurring losses on account of movement in market prices on the positions (on and off balance sheet items) held by a company. These consist of Interest Rate Risk, Liquidity Risk, Foreign Exchange Risk and Investment risk:

OPERATIONAL RISKS

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Operational Risk events affecting your company may be broadly categorized as:

- i. Internal fraud
- ii. External fraud
- iii. Employment practices and workplace safety
- iv. Clients, products and business practices
- v. Damage to physical assets
- vi. Business disruption & system failure
- vii. Execution, delivery & process management

LIQUIDITY RISK

Liquidity risk is the risk of being unable to raise necessary funds from the market at optimal costs to meet operational and debt servicing requirements. The purpose of liquidity management is to ensure sufficient cash flow to meet all financial commitments and to capitalise on opportunities for business expansion. An Asset and Liabilities Committee ("ALCO") meeting is held to review the liquidity position based on future cash flow.

OTHER RISKS

All risks that have not been captured above will be categorized under Other risks. These may include Control Risk, Process Risk, Legal Risk, Reputation Risk, Human Resources Risk, Technology Risk etc.

The Risk Focused Audit presently in vogue in your company includes monitoring of all the above mentioned risks.

INDEPENDENT AUDITOR'S REPORT

***TO THE MEMBERS OF MUTHOOT VEHICLE & ASSET FINANCE LIMITED,
COCHIN***

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Muthoot Vehicle & Asset Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, 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 AND FOR INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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 rules made there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Company's management is responsible for establishing and maintaining internal financial controls based on the "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". 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 Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting 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 and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. 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 the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the financial statements and 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Company's internal financial controls system over financial reporting and the standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial controls 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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 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 31st March, 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 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 reports on the accounts of the branch office of the Company at New Delhi audited under section 143(8) of the Act by the branch auditor has been sent to us and has properly dealt with by us in preparing this report.
 - (d) 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.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rules made there under.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) In our opinion considering nature of business, size of operation and organisational structure of the entity, 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 31st March 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 except in the money transfer division certain frauds were reported due to gaps in internal control and we are informed that steps are since taken to correct the same.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 26(h) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and hence this clause is not applicable.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure a statement on the matters specified in paragraphs 3 & 4 of the Order.

For R.G.N. Price & Co.
Chartered Accountants
(FRN: 002785S)

Sd/-
P.M. Veeramani
Partner
Membership No. 23933

Place: Cochin
Date: 29.07.2017

ANNEXURE TO THE AUDITOR'S REPORT

1. FIXED ASSETS

- (a) The Company has maintained records showing particulars of fixed assets including quantitative details and location. The Company is in the process of updating the same.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such physical verification.
- (c) The title deeds to the immovable properties owned by the company are held in the name of the company based on the confirmation received from them.

2. INVENTORIES

As the company has not dealt with any goods and has not held any stock at any time during the year, the clauses relating to inventories are not applicable to the company.

3. LOANS AND ADVANCES

The company has granted loans in the ordinary course of business as a Non Banking Finance Company to parties listed in the register maintained under Section 189 of the Act. According to the information and explanations given to us, the terms and conditions of the loans are not prima facie prejudicial to the interests of the Company.

4. INVESTMENTS, GUARANTEES ETC.

In our opinion and according to the information and explanations given to us, the company has not made any investments, guarantees during the year to which the provisions of Section 185 and 186 of the Companies Act 2013 applies.

5. FIXED DEPOSITS

In our opinion and according to the information and explanations given to us, the Company has complied with the directions issued by Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and rules made there under in respect of deposits accepted from public.

6. COST RECORDS

In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the company.

7. STATUTORY DUES

- (a) The company was generally regular in depositing with appropriate authorities undisputed statutory dues towards Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, wherever applicable . There were no arrears of statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the records of the company, the following disputed statutory dues are outstanding as on the date of balance sheet.

Name of Statute	Nature of Dues	Amount (Rs.In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	15.47	AY 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	7.84	AY 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	7.43	AY 2013-14	Commissioner of Income Tax (Appeals)

8. REPAYMENT OF LOANS

In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of interest and principal to banks and financial institutions.

9. APPLICATION OF FUNDS RAISED

In our opinion and according to the information and explanations given to us, the company has not availed any term loans during the year. The company has not raised any funds through public offer.

10. MANAGERIAL REMUNERATION

In our opinion and according to the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals under Section 197 read with schedule V of the Companies Act, 2013.

11. RELATED PARTY TRANSACTIONS

In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and Section 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards

12. OTHERS

- a) According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year except for a misappropriation of Rs. 33,61,710/- in the money transfer division of the Company. The technology support was provided by a third-party service provider G.I. Technology Private Limited. Out of this, the Company has recovered a sum of Rs. 32,93,276/- from the dues payable to the said service provider during the year and the balance of Rs. 68,434/- is recovered after the date of Balance Sheet from the service provider.
- b) The company has not made any preferential allotment or private placement of shares or fully /partly convertible debentures during the year
- c) As explained to us, the company has not entered-into any non-cash transactions with directors or other persons during the year
- d) The company has obtained registration under section 45-IA of the Reserve Bank of India Act, 1934 to carry on the business as a Non-Banking Financial Company accepting public deposits vide registration number A-16.00042 dated 20.03.2007.

For R.G.N. Price & Co.
Chartered Accountants
(FRN: 002785S)

Sd/-
P.M. Veeramani
Partner
Membership No. 23933

Place: Cochin
Date: 29.07.2017

BALANCE SHEET AS AT 31ST MARCH 2017

Particulars	Note	March 31, 2017	March 31, 2016
EQUITY AND LIABILITIES			
Shareholder's funds			
Share Capital	2	25,00,00,000	25,00,00,000
Reserves and Surplus	3	56,12,89,508	47,66,29,827
		<u>81,12,89,508</u>	<u>72,66,29,827</u>
Non-Current Liabilities			
Long Term Borrowings	4	38,56,89,600	15,15,06,700
Long Term Provisions	5	1,01,36,589	47,77,477
		<u>39,58,26,189</u>	<u>15,62,84,177</u>
Current Liabilities			
Short Term Borrowings	6	34,72,99,307	11,84,88,447
Trade Payables	7	48,22,821	22,07,744
Other Current Liabilities	8	84,53,23,202	51,60,51,527
Short term Provisions	9	1,73,58,369	1,47,01,261
		<u>121,48,03,699</u>	<u>65,14,48,979</u>
TOTAL EQUITY AND LIABILITIES		<u>242,19,19,396</u>	<u>153,43,62,983</u>
ASSETS			
Non-Current Assets			
Fixed Assets	10		
Tangible Assets		3,91,99,145	3,71,59,693
Intangible Assets		30,54,917	25,07,013
Non-Current Investments	11	13,34,90,500	19,75,37,000
Deferred Tax Asset	12	22,24,079	25,56,997
Long term Loans and Advances	13	147,37,51,879	68,10,16,454
		<u>165,17,20,520</u>	<u>92,07,77,157</u>
Current Assets			
Current Investments	14	3,97,98,000	0
Cash and Cash Equivalents	15	7,69,07,429	5,79,80,064
Short Term Loans and Advances	16	58,93,37,183	49,34,30,394
Other Current Assets	17	6,41,56,264	6,21,75,368
		<u>77,01,98,876</u>	<u>61,35,85,826</u>
TOTAL ASSETS		<u>242,19,19,396</u>	<u>153,43,62,983</u>

Significant accounting Policies and
Notes to accounts

1 to 26

This is the Balance Sheet referred
to in our report of even date

For and on behalf of the Board

For R.G.N. Price & Co.
Chartered Accountants
(FRN: 002785S)

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
George Thomas Muthoot
Director

Sd/-
P.M. Veeramani
Partner
Membership No. 23933

Sd/-
Geena Thomas
Chief Financial Officer

Sd/-
Hanna P Nazir
Company Secretary

Place: Cochin
Date: 29.06.2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Note	Year ended 31.03.2017	Year ended 31.03.2016
REVENUE			
Revenue from Operations	18	25,64,18,079	25,26,60,486
Other Income	19	13,33,23,483	9,63,29,322
TOTAL REVENUE	(A)	38,97,41,562	34,89,89,808
EXPENSES			
Direct Expenses	20	7,74,75,084	8,30,44,926
Employee Benefits	21	8,68,87,387	6,26,77,292
Finance Cost	22	1,25,83,608	1,94,47,957
Depreciation	10	57,61,552	37,31,548
Other Expenses	23	6,18,65,306	2,68,90,179
Provisions and Write offs	24	1,78,51,529	3,33,19,585
TOTAL EXPENSES	(B)	26,24,24,466	22,91,11,487
Profit before tax	(A-B)	12,73,17,096	11,98,78,321
Tax Expense			
Current tax	4,23,24,497		
Deferred Tax	3,32,918	4,26,57,415	3,99,40,635
Profit after tax		8,46,59,681	7,99,37,686
Basic Earnings Per share (Face Value Rs. 10/-)		3.39	3.20
Significant accounting Policies and Notes to accounts	1 to 26		

This is the statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board

For R.G.N. Price & Co.
Chartered Accountants
(FRN: 002785S)

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
George Thomas Muthoot
Director

Sd/-
P.M. Veeramani
Partner
Membership No. 23933

Sd/-
Geena Thomas
Chief Financial Officer

Sd/-
Hanna P Nazir
Company Secretary

Place: Cochin
Date: 29.06.2017

BALANCE SHEET

NOTE 2 : SHARE CAPITAL

Details of Share Capital

Particulars	31.03.2017	31.03.2016
Authorised Share Capital		
2,50,00,000 Equity Shares of Rs.10 each	25,00,00,000	25,00,00,000
Issued, Subscribed and Paid Up	25,00,00,000	25,00,00,000
2,50,00,000 Equity Shares of Rs.10 each		
Total	25,00,00,000	25,00,00,000

Reconciliation of number of shares

Particulars	31.03.2017	31.03.2016
Shares outstanding at the beginning of the year	2,50,00,000	2,50,00,000
Shares outstanding at the end of the year	2,50,00,000	2,50,00,000

List of shareholders holding more than 5% of Share Capital

Name	31.03.2017	% held	31.03.2016	% held
M.G.George Muthoot	5,00,21,400	20.01	5,00,21,400	20.01
George Thomas Muthoot	5,00,00,000	20.00	5,00,00,000	20.00
George Jacob Muthoot	5,00,00,000	20.00	5,00,00,000	20.00
George Alexander Muthoot	5,02,09,000	20.08	5,02,09,000	20.08
Others-each less than 5%	4,97,69,600	19.91	4,97,69,600	19.91
Total	25,00,00,000	100.00	25,00,00,000	100.00

NOTE 3 : RESERVES AND SURPLUS

Particulars	31.03.2017	31.03.2016
General Reserve		
Opening Balance	81,39,940	81,39,940
a) Closing Balance	81,39,940	81,39,940
Debenture Redemption Reserve *		
Opening Balance	5,00,000	5,00,000
b) Closing Balance	5,00,000	5,00,000
Statutory Reserve		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening Balance	15,82,17,387	14,22,29,850
Add: Additions to Reserve	1,69,31,936	1,59,87,537
c) Closing Balance	17,51,49,323	15,82,17,387
Surplus in Statement of Profit & Loss		
Opening Balance	30,97,72,500	26,38,75,998
Add: Balance from Statement of Profit and Loss	8,46,59,681	7,99,37,686
Less: Interim Dividend Paid	-	1,50,00,000
Less: Dividend Distribution Tax	-	30,53,647
Less: Transfer to Statutory Reserve - 20%	1,69,31,936	1,59,87,537
d) Closing Balance	37,75,00,245	30,97,72,500
Total (a + b + c + d)	56,12,89,508	47,66,29,827

* As per Department of Company Affairs Circular dated 18.04.2002, no Debenture Redemption Reserve is to be created for privately placed debentures for Non-Banking Finance Company.

NOTE 4 : LONG TERM BORROWINGS

Particulars	31.03.2017		31.03.2016	
Deposits Unsecured				
a) Public	106,97,73,400		52,66,67,800	
Less: Current Maturities of Public Deposit	69,18,83,800	37,78,89,600	37,51,61,100	15,15,06,700
b) Directors & Relatives	4,17,36,000		1,77,24,000	
Less: Current Maturities of Deposit from Directors & Relatives	3,39,36,000	78,00,000	1,77,24,000	-
c) Companies	62,96,000			
Less: Current Maturities of Deposit from Companies	62,96,000	-	-	
Total		38,56,89,600		15,15,06,700

MATURITY OF DEPOSITS

Particulars	31.03.2017				
	2018-19	2019-20	2020-21	2021-22	Total
From Public	29,87,30,100	6,27,93,900	31,38,800	1,32,26,800	37,78,89,600
From Directors & Relatives	-	65,00,000	-	13,00,000	78,00,000
From Companies	-	-	-	-	-
Particulars	31.03.2016				
	2017-18	2018-19	2019-20	2020-21	Total
From Public	8,09,48,700	5,32,95,900	1,07,02,000	65,60,100	15,15,06,700
From Directors & Relatives	-	-	-	-	-

NOTE 5 : LONG TERM PROVISIONS

Particulars	31.03.2017	31.03.2016
Provision against standard assets	50,72,127	20,70,572
Provision for non-performing assets	40,18,723	14,11,315
Provision for leave encashment	10,45,739	12,95,590
Total	1,01,36,589	47,77,477

NOTE 6 : SHORT TERM BORROWINGS

Particulars	31.03.2017	31.03.2016
Cash Credit	34,72,99,307	11,84,88,447
Total	34,72,99,307	11,84,88,447

Bank borrowing are secured against Current assets and loans and advances, including future receivables by way of pari passu floating charge, personal guarantee of promoter directors and is repayable on demand. The loan from Axis Bank & IDBI Bank carries an interest rate of 10.55% and 9.55% per annum respectively.

NOTE 7 : TRADE PAYABLES

Particulars	31.03.2017	31.03.2016
Creditors for Expenses		
Outstanding dues of micro, medium and small enterprises	-	-
Outstanding dues of creditors other than micro, medium and small enterprises	48,22,821	22,07,744
Total	48,22,821	22,07,744

NOTE 8 : OTHER CURRENT LIABILITIES

Particulars	31.03.2017	31.03.2016
Current Maturities of Long Term Borrowings:		
Deposits Unsecured:		
a) From Public	68,62,99,400	36,15,28,600
b) From Directors & Relatives	3,39,36,000	1,77,24,000
b) From Companies	62,96,000	-
Matured but unclaimed Deposits:		
a) From Public	55,84,400	1,36,32,500
Interest on unclaimed matured deposits/Debentures	17,69,346	29,19,828
Interest accrued and due	15,03,687	38,94,858
Interest accrued but not due	7,50,47,361	8,66,78,385
Prefunding for Mobile wallet	2,09,45,096	1,92,81,418
Prepaid Instrument	81,49,625	41,18,507
Initial advance From Clients	12,99,748	1,89,413
Advance received - Asset acquired in Satisfaction of debt	10,90,110	-
Unclaimed Dividend	13,000	21,640
Current account with Banks	-	37,83,753
Statutory liabilities	33,81,779	13,07,518
Creditors for fixed asset	7,650	9,71,107
Total	84,53,23,202	51,60,51,527

NOTE 9 : SHORT TERM PROVISIONS

Particulars	31.03.2017	31.03.2016
Provision for taxation(net)	1,08,95,820	85,99,325
Provision for festival bonus	20,60,359	11,00,000
Provision against Standard Assets	20,60,106	13,58,866
Provision for NPAs	23,42,084	36,43,070
Total	1,73,58,369	1,47,01,261

NOTE-10 FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01.04.2016	Additions	Deletions	As at 31.03.2017	Upto 31.03.2016	For the year		Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
						Adjusted against opening balance of Surplus	Debited to Statement of Profit and Loss			
Tangible Assets										
Land	9,00,744	-	-	9,00,744	-	-	-	-	9,00,744	9,00,744
Building	3,05,21,739	-	-	3,05,21,739	41,74,441	-	4,36,591	46,11,032	2,59,10,707	2,63,47,298
Furniture and Fixtures	1,18,74,762	4,48,794	-	1,23,23,556	82,92,757	-	6,09,087	89,01,844	34,21,712	35,82,005
Electrical Fittings	89,46,264	10,58,065	-	1,00,04,329	57,63,675	-	5,61,642	63,25,317	36,79,012	31,82,589
Office Equipments	15,11,795	2,51,200	-	17,62,995	10,78,833	-	2,40,717	13,19,550	4,43,445	4,32,962
Vehicles	43,99,192	-	-	43,99,192	42,12,532	-	31,110	42,43,642	1,55,550	1,86,660
Computer	93,50,008	13,99,575	-	1,07,49,583	84,18,739	-	7,32,460	91,51,199	15,98,384	9,31,269
Temporary Partitions	1,15,87,562	42,91,274	-	1,58,78,836	99,91,396	-	27,97,849	1,27,89,245	30,89,591	15,96,166
Sub Total	7,90,92,066	74,48,908	-	8,65,40,974	4,19,32,373	-	54,09,456	4,73,41,829	3,91,99,145	3,71,59,693
Intangible Assets										
Software	41,57,421	9,00,000	-	50,57,421	16,50,408	-	3,52,096	20,02,504	3,054,917	25,07,013
Sub Total	41,57,421	9,00,000	-	50,57,421	16,50,408	-	3,52,096	20,02,504	30,54,917	25,07,013
Total	8,32,49,487	83,48,908	-	9,15,98,395	4,35,82,781	-	57,61,552	4,93,44,333	4,22,54,062	3,96,66,706
Previous Year	7,44,93,930	87,55,557	-	8,32,49,487	3,98,51,233	-	37,31,548	4,35,82,781	3,96,66,706	3,46,42,697

NOTE 11: NON CURRENT INVESTMENTS

	Particulars	Subsidiary/ JV/ Associate/ Controlled Entity / Others	Fully Paid/ Partly paid	Face Value as on 31.03.2017	Book Value as on 31.03.2017	Face Value as on 31.03.2016	Book Value as on 31.03.2016
I. Quoted at cost							
Investment in government guaranteed bonds							
1	7.87% KSDL Bonds	Others	Fully Paid	-	-	1,00,00,000	97,80,000
2	8.40%APSDL Bonds	Others	Fully Paid	1,00,00,000	1,00,85,000	1,00,00,000	1,00,85,000
3	9.81% PSDL Bonds	Others	Fully Paid	-	-	1,00,00,000	1,01,60,000
4	8.30% MSDL Bonds	Others	Fully Paid	1,00,00,000	97,90,000	1,00,00,000	97,90,000
5	7.45% APSDL Bonds	Others	Fully Paid	1,00,00,000	98,95,000	1,00,00,000	98,95,000
6	8.26%GOI Bonds	Others	Fully Paid	1,00,00,000	1,00,20,000	1,00,00,000	1,00,20,000
7	8.26%GOI Bonds	Others	Fully Paid	1,00,00,000	99,05,000	1,00,00,000	99,05,000
8	8.26%GOI Bonds	Others	Fully Paid	1,00,00,000	99,30,000	1,00,00,000	99,30,000
9	8.26%GOI Bonds	Others	Fully Paid	1,00,00,000	97,80,000	1,00,00,000	97,80,000
10	9.03%KSDL Bonds	Others	Fully Paid	-	-	1,00,00,000	1,01,90,000
11	8.89%GSDL Bonds	Others	Fully Paid	-	-	50,00,000	50,80,000
12	8.90% KSDL Bonds	Others	Fully Paid	-	-	50,00,000	50,82,500
13	8.58% GSDL Bonds	Others	Fully Paid	1,00,20,000	1,00,70,100	1,00,20,000	1,00,70,100
14	7.95%TNSDL Bonds	Others	Fully Paid	40,00,000	40,00,000	40,00,000	40,00,000
15	8.59%TNSDL Bonds	Others	Fully Paid	60,00,000	61,94,400	60,00,000	61,94,400
16	8.66%TNSDL Bonds	Others	Fully Paid	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
17	8.94%GSDL Bonds	Others	Fully Paid	-	-	1,00,00,000	99,40,000
18	8.75%TNSDL Bonds	Others	Fully Paid	1,00,00,000	97,95,000	1,00,00,000	97,95,000
19	9.72%KSDL Bonds	Others	Fully Paid	-	-	1,00,00,000	1,02,75,000
20	9.49%TNSDL Bonds	Others	Fully Paid	-	-	1,00,00,000	1,00,75,000
21	7.20% KSDL Bonds	Others	Fully Paid	60,00,000	59,94,000	-	-
Total Investment in Government Securities for SLR purpose					11,54,58,500		18,00,47,000
II. FD with Bank:							
1	Yes Bank @7.15%	Others		-	81,00,000	-	-
2	Yes Bank @7.15%	Others		-	46,00,000	-	-
3	Karur Vysya Bank @7.00%	Others		-	50,02,000		
Total Investments in FD with Banks for SLR purpose					1,77,02,000		-
Sub Total - (A)				11,60,20,000	13,31,60,500	18,00,20,000	18,00,47,000
III. Unquoted Investments							
1	National Saving Certificate	Others	Fully Paid	20,000	20,000	20,000	20,000
2	Treasury Deposit	Others	Fully Paid	10,000	10,000	20,000	20,000
3	Treasury Deposit	Others	Fully Paid	1,00,000	1,00,000	1,00,000	1,00,000
4	Treasury Deposit	Others	Fully Paid	2,00,000	2,00,000	2,00,000	2,00,000
5	Treasury Deposit	Others	Fully Paid	-	-	1,50,000	1,50,000
6	Muthoot Homefin (I) Ltd.	Associate	Fully Paid	-	-	1,70,00,000	1,70,00,000
Total Investments in Unquoted securities - (B)				3,30,000	3,30,000	1,74,90,000	1,74,90,000
Total (A + B)				11,63,50,000	13,34,90,500	19,75,10,000	19,75,37,000
Particulars				Year ended 31.03.2017		Year ended 31.03.2016	
				Book Value or Cost	Market Value	Book Value or Cost	Market Value
FD with Bank (For SLR)				1,77,02,000	-	-	-
Aggregate amount of quoted investments				11,54,58,500	11,60,20,000	18,00,47,000	18,00,20,000
Aggregate amount of unquoted investments				3,30,000	-	1,74,90,000	-
Total				13,34,90,500	11,60,20,000	19,75,37,000	18,00,20,000

NOTE 12 : DEFERRED TAX ASSET

Particulars	31.03.2017	31.03.2016
Provision for Non Performing Assets	22,01,348	17,49,222
Depreciation	22,731	3,59,397
Provision for Leave encashment	-	4,48,378
Deferred Tax Asset	22,24,079	25,56,997
Less: Deferred Tax Liability	-	-
Deferred Tax Liability	-	-
Net Deferred Tax Asset/(Liability)	22,24,079	25,56,997

NOTE 13 : LONG TERM LOANS AND ADVANCES

Particulars	31.03.2017	31.03.2016
Deposits		
Security Deposit	39,41,341	45,39,662
Other Loans & Advances		
Secured		
Hypothecation	145,31,09,263	63,18,36,577
Infrastructure Loan	-	20,26,793
Business Development Loan	1,44,24,719	3,40,28,718
Unsecured		
Personal Loan	22,76,556	85,84,704
Total	147,37,51,879	68,10,16,454

Long term loans and advances include Non-Performing Assets of Rs.2,06,31,739 (Previous Year Rs.1,40,22,345)

NOTE 14: CURRENT INVESTMENTS

	Particulars	Subsidiary/ JV/ Associate/ Controlled Entity / Others	Fully Paid/ Partly paid	Face Value as on 31.03.2017	Book Value as on 31.03.2017	Face Value as on 31.03.2016	Book Value as on 31.03.2016
I	FD with Bank:						
1	Karur Vysya Bank @7.00%	Others		-	99,99,000	-	-
2	Yes Bank @7.10%	Others		-	99,99,000	-	-
3	Karur Vysya Bank @7.00%	Others		-	99,00,000	-	-
4	Yes Bank @7.10%	Others		-	99,00,000	-	-
	Total Investments in FD with Banks for SLR purpose				3,97,98,000		-

NOTE 15 : CASH AND CASH EQUIVALENTS

Particulars	31.03.2017	31.03.2016
Cash and Cash Equivalents:		
Cash in hand	31,28,948	79,16,431
Balance with Banks		
Current accounts	6,34,29,555	2,92,12,455
Deposit accounts	1,02,29,126	2,07,83,583
Others:		
Unpaid dividend account	13,000	21,640
Stamp & Stamp paper in hand	1,06,800	45,955
Total	7,69,07,429	5,79,80,064

NOTE 16 : SHORT TERM LOANS AND ADVANCES

Particulars	31.03.2017	31.03.2016
Secured		
Loans against Deposits*	36,61,116	38,24,799
Current Receivables of		
Hypothecation	55,80,36,385	36,77,70,632
Infrastructure Loan	16,88,589	31,84,701
Business Development Loan	1,54,90,693	1,92,07,034
Unsecured		
Current Receivables of Personal Loan	95,74,231	9,92,23,782
Other Advances	8,86,169	2,19,446
Total	58,93,37,183	49,34,30,394

* Loans against deposits are repayable on demand within the period of deposit/bond. Short term loans and advances include Non-Performing Assets of Rs. 2,34,20,834 (Previous Year Rs.3,64,30,704)

NOTE 17 : OTHER CURRENT ASSETS

Particulars	31.03.2017	31.03.2016
Asset acquired in satisfaction of debt	3,65,03,298	5,35,88,196
Security Deposit with court	14,26,502	14,11,926
Rent Receivable	84,525	84,123
Interest receivable	2,61,41,939	70,91,123
Total	6,41,56,264	6,21,75,368

PROFIT AND LOSS STATEMENT**NOTE 18 : REVENUE FROM OPERATIONS**

Particulars	31.03.2017	31.03.2016
Interest Income(including penal interest)	25,64,18,079	25,26,60,486
Total	25,64,18,079	25,26,60,486

NOTE 19 : OTHER INCOME

Particulars	31.03.2017	31.03.2016
Bad Debts recovered	7,26,16,202	5,30,08,656
Income related to PPI Business	2,74,95,709	66,68,645
Interest from Investments	1,28,84,665	1,64,08,321
Profit on sale of Investment	23,29,000	38,80,000
Profit on sale of SLR Securities	2,80,000	-
Dividend from Mutual fund	7,094	1,17,562
Profit on sale of Mutual Fund	-	237
Documentation charges	1,38,55,552	72,62,114
Rent	9,66,000	9,66,000
Interest from Banks (Other than PPI)	11,38,732	13,09,218
Interest from Banks (PPI)	11,94,660	6,27,260
Miscellaneous Income	2,76,309	30,35,182
Profit on sale of Fixed Assets	2,79,560	-
Provision Written Back - Standard Asset	-	6,21,290
- NPA	-	24,24,837
Total	13,33,23,483	9,63,29,322

NOTE 20 : DIRECT EXPENSES

Particulars	31.03.2017	31.03.2016
Interest on Deposit/Bonds	7,74,75,084	8,30,44,926
Total	7,74,75,084	8,30,44,926

NOTE 21 : EMPLOYEE BENEFITS

Particulars	31.03.2017	31.03.2016
Salaries and Allowances	5,48,93,986	4,48,04,177
Staff Incentive	2,51,14,498	1,23,47,717
Contribution to Provident Fund and ESI	32,69,056	28,89,719
Remuneration to Directors	17,55,000	12,26,750
Payment towards Group Gratuity Premium	9,37,821	6,75,743
Establishment Expenses	3,14,802	3,00,810
Staff welfare	3,33,701	2,32,592
Provision for Leave Encashment	2,68,523	1,99,784
Total	8,68,87,387	6,26,77,292

NOTE 22 : FINANCE COSTS

Particulars	31.03.2017	31.03.2016
Interest to Bank	1,14,17,953	73,07,060
Interest on loan from Directors	-	1,08,86,650
Interest on delayed payment of Advance tax	11,65,655	12,54,247
Total	1,25,83,608	1,94,47,957

NOTE 23 : OTHER EXPENSES

Particulars	31.03.2017	31.03.2016
Expense related to PPI Business	1,68,78,395	12,70,902
Rent	40,11,183	35,37,728
Travelling Expenses	38,86,036	18,81,614
Postage and Telephone	14,31,347	14,63,623
Printing and Stationery	12,20,689	8,19,509
Rates and taxes	28,23,550	16,92,082
Miscellaneous expenses	3,83,880	2,83,844
Donations	3,75,000	2,50,000
Sitting Fee	7,85,000	5,51,000
Subscriptions and Membership Fee	1,22,502	1,03,000
Electricity charges	17,78,719	16,72,644
Repairs and maintenance -		
Building & Others	17,12,276	13,03,516
Software	29,75,936	27,15,743
Insurance	5,34,802	4,91,610
Advertisement and Business Promotion	8,24,899	7,65,762
Vehicle Maintenance	1,56,453	61,099
Audit fees -		
for Statutory Audit	1,90,000	1,75,000
for Tax Audit	12,500	12,500
for Others	59,451	1,22,890
Legal & Professional charges	63,75,389	32,52,958
Loss on Sale of SLR Securities	8,62,500	-
Commission & Incentives	1,28,89,782	32,14,285
Bank charges (Other than PPI)	10,70,981	12,48,870
Bank charges (PPI)	5,04,036	-
Total	6,18,65,306	2,68,90,179

NOTE 24 : PROVISIONS AND WRITE OFFS

Particulars	31.03.2017	31.03.2016
Bad Debts Written Off	1,28,42,311	3,33,19,585
Provision for Standard Assets	37,02,797	-
Provision for N.P.A	13,06,421	-
Total	1,78,51,529	3,33,19,585

NOTE 25 : RELATED PARTY DISCLOSURES
DISCLOSURE REQUIRED AS PER AS-18

Name of Related parties	Nature of relationship	Transaction during the year
George Alexander Muthoot	Managing Director	Yes
George Thomas Muthoot	Director	Yes
Anna Alexander	Director	Yes
K.P.Padmakumar	Director	Yes
K.J Joseph	Director	Yes
Jose Mathew	Director	Yes
George M George	Director	Yes
George M Jacob	Director	Yes
Anna Thomas	Relatives of Directors	Yes
M G George Muthoot	Relatives of Directors	Yes
Elizebath Jacob	Relatives of Directors	Yes
Sara George	Relatives of Directors	Yes
Susan Thomas	Relatives of Directors	Yes
Jayasree Padmakumar	Relatives of Directors	Yes
Theresa Joseph George	Relatives of Directors	Yes
Lucila Jose	Relatives of Directors	No
Muthoot Finance Limited	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	Yes
Muthoot Precious Metals Corporation	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	Yes
Muthoot Securities Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	Yes
Muthoot Health Care Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	Yes
Muthoot .M. George Foundation	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	Yes
Muthoot Homefin (I) Ltd.	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	Yes
Muthoot M George Institute of Technology	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	Yes
Muthoot Synergy Funds Limited	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Gold Funds Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
MGM Muthoot Medical Centre Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Marketing Services Private Limited	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Leisure and Hospitality Services Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Exchange Company Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Insurance Brokers Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot General Finance	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Farms India Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Broadcasting Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Infopark Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Systems & Technologies Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Holiday Homes and Resorts Pvt Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot M George Permanent Fund Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No
Muthoot Commodities Ltd	Entities over which Key Management Personnel and their relatives are able to exercise significant influence	No

Nature of Transactions	Subsidiary Companies	Entities over which Key Management Personnel and their relatives are able to exercise significant influence / Associates	Relatives of Key Management Personnel	Key Management Personnel	Total as on 31.03.2017	Total as on 31.03.2016
Income						
1.Rent Income						
Muthoot Finance Limited		9,66,000			9,66,000	9,66,000
2. Interest from Loans						
Theresa Joseph George			23,746		23,746	
Anna Thomas			12,485		12,485	
Muthoot Health Care Pvt Ltd		73,009			73,009	
Muthoot M George Institute Of Technology		23,096			23,096	
Total	-	10,62,105	36,231	-	10,98,336	9,66,000
Expenses						
1.Interest on deposits						
Anna Alexander				79,777	79,777	72,000
Elizebath Jacob			93,057		93,057	84,000
George Alexander Muthoot				1,32,945	1,32,945	72,61,151
George Thomas Muthoot				39,889	39,889	37,81,479
M.G George Muthoot			1,32,945		1,32,945	1,20,000
Sara George			66,448		66,448	60,000
Susan Thomas			79,777		79,777	72,000
Lucila Jose			-		-	8,283
Jayasree Padmakumar			6,90,581		6,90,581	2,81,627
Padmakumar.K.P				14,03,385	14,03,385	3,36,283
K.J Joseph				-	-	1,260
Joshua Muthoot George			10,362		10,362	-
Muthoot Precious Metals Corporation		98,67,447			98,67,447	9,39,169
2.Commission						
Muthoot Finance Limited		1,31,71,138			1,31,71,138	18,81,733
3. Remuneration						
Padmakumar.K.P				17,55,000	17,55,000	12,26,750
4. Donation						
Muthoot M George Foundation		3,00,000			3,00,000	2,50,000
5. Reimbursement of Expenses						
Muthoot Healthcare Pvt Ltd		73,241			73,241	73,166
Muthoot Securities Ltd		39,967			39,967	-
6. Sitting Fees						
Anna Alexander				1,00,000	1,00,000	65,000
George Alexander Muthoot				1,40,000	1,40,000	1,05,000
George M George				75,000	75,000	65,000
George M Jacob				85,000	85,000	79,000
George Thomas Muthoot				85,000	85,000	49,000
Jose Mathew				1,45,000	1,45,000	96,000
K J Joseph				1,55,000	1,55,000	83,000
K P Padmakumar				-	-	9,000
Total	-	2,34,51,793	10,73,170	41,95,996	2,87,20,959	1,69,99,901

Nature of Transactions	Subsidiary Companies		Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates		Relatives of Key Management Personnel		Key Management Personnel		Total as on 31.03.2017		Total as on 31.03.2016	
	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2016
Assets												
1. Investment in Equity Shares												
Muthoot Homefin (I) Ltd. : Redemption		1,70,00,000	-				1,70,00,000	-				1,70,00,000
Muthoot Securities Ltd : Redemption		-	-				-	-			2,00,00,000	
2. Loan Outstanding												
Theresa Joseph George				9,00,000		8,63,928			9,00,000		8,63,928	
Anna Thomas				10,85,000		9,98,253			10,85,000		9,98,253	
Muthoot Health Care Pvt Ltd		25,43,427	24,42,272						25,43,427		24,42,272	
Muthoot M George Institute Of Technology		18,43,000	18,43,000						18,43,000		18,43,000	
Total		-	42,85,272	19,85,000		18,62,181		0	2,33,71,427		61,47,463	1,70,00,000
Liabilities												
1. Prefunding for Mobile Wallet												
Muthoot Finance Limited												
Amount Received		142,25,15,000							142,25,15,000		16,96,00,000	
Amount Paid		142,67,87,390	89,97,061						142,67,87,390		89,97,061	1,32,69,451
1. Deposits												
Anna Alexander												
Acceptance of Deposits								8,30,000				
Repayment of Deposits								6,00,000		8,30,000		
George Alexander Muthoot												
Acceptance of Deposits								13,83,000				
Repayment of Deposits								10,00,000		13,83,000		
George Thomas Muthoot												
Acceptance of Deposits								4,15,000				
Repayment of Deposits								3,00,000		4,15,000		
Padmakumar K P												
Acceptance of Deposits								2,57,21,000			41,24,000	
Repayment of Deposits								49,24,000		2,57,21,000	2,83,49,000	68,24,000
										68,24,000	30,00,000	
												68,24,000

Nature of Transactions	Subsidiary Companies		Entities over which Key Management Personnel and their relatives are able to exercise significant influence /Associates		Relatives of Key Management Personnel		Key Management Personnel		Total as on 31.03.2017		Total as on 31.03.2016	
	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2017	During The Year	Outstanding as on 31.03.2016
M.G George Muthoot												
Acceptance of Deposits					13,83,000							
Repayment of Deposits					10,00,000	13,83,000						
Jayasree Padmakumar												
Acceptance of Deposits					82,15,000							
Repayment of Deposits					76,00,000	82,15,000						
Sara George												
Acceptance of Deposits					6,91,000							
Repayment of Deposits					5,00,000	6,91,000						
Susan Thomas												
Acceptance of Deposits					8,30,000							
Repayment of Deposits					6,00,000	8,30,000						
Elizabeth Jacob												
Acceptance of Deposits					9,68,000							
Repayment of Deposits					7,00,000	9,68,000						
Joshua Muthoot George												
Acceptance of Deposits					13,00,000				1,33,87,000		76,00,000	
Repayment of Deposits					-	13,00,000			1,04,00,000	1,33,87,000	22,26,000	1,04,00,000
Muthoot Precious Metals Corporation												
Acceptance of Deposits			19,36,00,000						19,36,00,000			
Repayment of Deposits			4,15,00,000	19,36,00,000					4,15,00,000	19,36,00,000	4,15,00,000	4,15,00,000
2. Loan from Directors												
George Alexander Muthoot												
Acceptance of Loan												
Repayment of Loan												
George Thomas Muthoot												
Acceptance of Loan												
Repayment of Loan												
Total	0	0	308,44,02,390	20,25,97,061	2,37,87,000	1,33,87,000	3,51,73,000	2,83,49,000	314,33,62,390	24,43,33,061	38,43,80,549	7,19,93,451

NOTES TO ACCOUNTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

System of Accounting

The company follows mercantile system of accounting. However, income recognition on non-performing assets and investments and asset classification are done on the basis of prudential accounting norms issued by the Reserve Bank of India, as applicable to all Non-Banking Financial Companies.

Income Recognition

- i. Finance charges in respect of Hire Purchase transactions are accounted on constant periodic rate of interest method as specified by AS-19 issued by the Institute Of Chartered Accountants Of India.
- ii. Income in respect of hypothecation loan transactions upto March 31, 2006 are apportioned over the period of contract on even spread method. Income in respect of hypothecation/ Infrastructure/ Business Development loan granted from April 1, 2006 is accounted on constant periodic rate of interest method.
- iii. Processing charge relating to each transaction is accounted at the time of the agreement.
- iv. Additional Finance Charges levied on overdue installments and penal interests are accounted on receipt basis.
- v. Discounts on bills of exchange are taken to revenue on pro-rata basis depending on maturity period of the bill.
- vi. Finance income in respect of lease transactions is arrived by apportioning the total finance income from the lease in the ratio of number of installments during each of the respective years comprised in the lease term
- vii. Dividends on shares and mutual funds are accounted on accrual basis, if the declaration of dividend is made before the year-end date.

Fixed Assets and Depreciation

Depreciation is provided based on useful life as prescribed in Schedule II to the Companies Act 2013. Fixed assets are stated in the accounts at cost less depreciation written off. Assets purchased for own use costing Rs.5000/- or less have been depreciated at the rate of 100%. Cost of temporary partitions and other fittings is depreciated @100% on pro-rata basis. Fixed assets are capitalized at the point at which the assets are received and installed. Payments for assets meant for leasing which have not been received are shown as capital advances. All expenses directly relating to the acquisition and installation of assets are capitalized to the cost of the respective assets.

Valuation of Investments

Investments of the company are classified as long term and current. Those investments which will normally be held till the date of maturity are classified as long term and the others as current investments. Long-term investments are valued at cost. Current investments in the form of government securities are valued at cost or market value whichever is less and units of Mutual Funds are valued at their respective Net Asset Values.

For the purpose of valuation, the investment in each category is considered scrip wise and the cost or market value is aggregated. If the aggregate market value of the category is less than the aggregate cost, the net depreciation is provided for. If the aggregate market value of category exceeds the cost, the net appreciation is ignored. Depreciation in one category is not set off against appreciation of another category.

Employee Benefits

Contribution to recognized provident fund and Employee's State Insurance, which is, defined contribution scheme is charged to profit and loss account. The above-mentioned scheme is classified as defined contribution plan, as the company has no further obligation beyond making the contribution.

The company has opted for a Group Gratuity scheme of Life Insurance Corporation of India for future payments of gratuity as determined on actuarial basis by Life Insurance Corporation of India. The contribution is charged to profit and loss account each year. The short fall in the fund over the gratuity liability arrived at on actuarial basis by LIC is provided for every year.

Leave encashment, which is a defined benefit is provided on accrual basis and is not actuarially valued. Provision for Leave encashments made in the accounts on the assumption that all the eligible employees are retiring as on the year end date.

Deferred Tax

Deferred Tax resulting from timing difference between book and taxable profit is accounted for at the current rate of tax to the extent that the timing differences are expected to crystallize.

Impairment of Asset

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. The carrying amount of the assets is assessed for any impairment at each balance sheet date considering internal and external indications.

Provisions

Provisions are recognized when the enterprise has a present obligation as a result of past events which probably requires future outflows for its settlement, and a reliable estimate can be made of the amount of obligation.

Others

- a. Bond issue expenses are charged off to revenue in the year in which it is incurred.
- b. Stock on hire / hypothecation / Infrastructure/Business Development loan are stated at full agreement value less amounts received
- c. Expenditure incurred in connection with increase in Share Capital is amortized over a period of five years from the year the same is incurred.
- d. Repossessed vehicles are valued at net realizable value /realized value.
- e. Assets acquired in satisfaction of debt in auction are accounted as and when the sale confirmation letter issued by the court is received.

NOTE 26: GENERAL

- (a) Balances of unsecured loans, sundry creditors, hire purchase / hypothecation parties and lease accounts are subject to confirmation.
- (b) In the opinion of the Board of Directors, the current assets and loans and advances do have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
- (c) Audit fees include Rs.13,800/- (Rs.13,740/-) being branch auditors fee.
- (d) Income or Expenditure relating to previous year, if any, less than Rs.10,000/- each are not reckoned as prior period items, considering the scale of operations of the company.
- (e) Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material
- (f) Segment Reporting (AS 17) - The company's main business is financing. The other activities of the company revolve around the main business. There are no reportable segment as per the accounting standard on Segment Reporting (AS 17) issued by ICAI.
- (g) The amount to be spent by the company towards CSR for financial year ended 31.03.2017 as per Section 135 of the Companies Act 2013 is Rs.19.13 lacs. The Company is in the process of identifying avenues for investment.
- (h) Contingent liabilities in respect of Claims against the company not acknowledged as debts –Income tax demand amounting to Rs.31,81,160/- (Rs.31,81,160/-).
- (i) Earnings per share is calculated on the basis of Weighted Average number of Shares outstanding during the year

Particulars	31.03.2017	31.03.2016
Net Profit after tax (in the Rs.)	8,46,59,681	7,99,37,686
Outstanding shares as at the end of year (in numbers)	2,50,00,000	2,50,00,000
Basic & Diluted Earnings per share	3.39	3.20

- (j) The details of Specified Bank Notes held and transacted during the period from 08.11.2016 to 30.12.2016 is provided in table below:-

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	8,34,500	92,876	9,27,376
(+) Permitted receipts		4,06,46,752	4,06,46,752
(-) Permitted payments		11,01,280	11,01,280
(-) Amount deposited in banks	8,34,500	3,83,07,090	3,91,41,590
Closing cash in hand as on 30.12.2016			13,31,258

- (k) Previous year figures are regrouped / reclassified wherever found necessary.
- (l) The Company proposes a dividend @ 6% being Rs. 1.50 Crores for the FY 2016-17
- (m) The disclosures as required by RBI Circular DNBR (PD) CC No. 040/03.01.001/2014-15 dated June 03, 2015 are furnished as Note 27.

As per our report of even date attached

For and on behalf of the Board

For R.G.N. Price & Co.
Chartered Accountants
(FRN: 002785S)

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
George Thomas Muthoot
Director

Sd/-
P.M. Veeramani
Partner
Membership No. 23933

Sd/-
Geena Thomas
Chief Financial Officer

Sd/-
Hanna P Nazir
Company Secretary

Place: Cochin
Date: 29.06.2017

NOTE 27

Disclosure as required by RBI Circular DNBR (PD) CC No. 040/03.01.001/2014-15 dated June 03, 2015

27.1 CAPITAL

(Amount in Rs. crore)

Particulars	31.03.2017	31.03.2016
i) CRAR (%)	37.60	57.17
ii) CRAR - Tier I Capital (%)	37.27	56.90
iii) CRAR - Tier II Capital (%)	0.33	0.27
iv) Amount of subordinated debt raised as Tier-II capital	0.00	0.00
v) Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

27.2 INVESTMENTS

(Amount in Rs.crore)

Particulars	31.03.2017	31.03.2016
1. Value of Investments		
(i) Gross Value of Investments	17.33	19.75
(a) In India	17.33	19.75
(b) Outside India	0.00	0.00
(ii) Provisions for Depreciation	0.00	0.00
(a) In India	0.00	0.00
(b) Outside India	0.00	0.00
(iii) Net Value of Investments	17.33	19.75
(a) In India	17.33	19.75
(b) Outside India.	0.00	0.00
2. Movement of provisions held towards depreciation on investments.		
(i) Opening balance	0.00	0.00
(ii) Add : Provisions made during the year	0.00	0.00
(iii) Less : Write-off / write-back of excess provisions during the year	0.00	0.00
(iv) Closing balance	0.00	0.00

27.3 DERIVATIVES

27.3.1 Forward Rate Agreement / Interest Rate Swap

(Amount in Rs crore)

Particulars	31.03.2017	31.03.2016
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps \$	Nil	Nil
(v) The fair value of the swap book @	Nil	Nil

Note: Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.

\$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.

@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the NBFC would receive or pay to terminate the swap agreements as on the balance sheet date.

27.3.2 EXCHANGE TRADED INTEREST RATE (IR) DERIVATIVES

(Amount in Rs.crore)

Sl. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil
	a)	
	b)	
	c)	
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2017 (instrument-wise)	Nil
	a)	
	b)	
	c)	
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil
	a)	
	b)	
	c)	
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil
	a)	
	b)	
	c)	

27.3.3 DISCLOSURES ON RISK EXPOSURE IN DERIVATIVES**Quantitative Disclosures**

(Amount in Rs. crore)

Sl. No.	Particular	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	Nil	Nil
	For hedging	Nil	Nil
(ii)	Marked to Market Positions [1]		
	a) Asset (+)	Nil	Nil
	b) Liability (-)	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

27.4 DISCLOSURES RELATING TO SECURITISATION

Sl. No.	Particulars	No. / Amount in crore
1	No of SPVs sponsored by the NBFC for securitisation transactions*	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored	Nil
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	Nil
	a) Off-balance sheet exposures	
	First loss	Nil
	Others	Nil
	b) On-balance sheet exposures	
	First loss	Nil
	Others	Nil
4	Amount of exposures to securitisation transactions other than MRR	
	a) Off-balance sheet exposures	
	i) Exposure to own securitizations	Nil
	First loss	Nil
	Loss	Nil
	ii) Exposure to third party securitisations	Nil
	First loss	Nil
	Others	Nil
	b) On-balance sheet exposures	
	i) Exposure to own securitisations	Nil
	First loss	Nil
	Others	Nil
	ii) Exposure to third party securitisations	Nil
	First loss	Nil
	Others	Nil

*Only the SPVs relating to outstanding securitisation transactions may be reported here

27.4.2 DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION / RECONSTRUCTION COMPANY FOR ASSET RECONSTRUCTION

(Amount in Rs. crore)

Particulars		31.03.2017	31.03.2016
(i)	No. of accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
(iii)	Aggregate consideration	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

27.4.3 DETAILS OF ASSIGNMENT TRANSACTIONS UNDERTAKEN BY NBFCs

(Amount in Rs. crore)

Particulars		31.03.2017	31.03.2016
(i)	No. of accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold	Nil	Nil
(iii)	Aggregate consideration	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

27.4.4 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD

A. Details of non-performing financial assets purchased:

(Amount in Rs.crore)

Particulars			31.03.2017	31.03.2016
1	(a)	No. of accounts purchased during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil
2	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil

B. DETAILS OF NON-PERFORMING FINANCIAL ASSETS SOLD

Amount in Rs. crore)

Particulars		31.03.2017	31.03.2016
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

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

	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	2.71	3.81	3.92	24.12	38.65	36.80	1.77	0.00	111.78
Advances	4.76	5.47	6.85	15.28	26.12	93.95	44.40	8.63	205.46
Investments	1.01	0.00	0.00	0.00	4.99	2.76	2.60	5.97	17.33
Borrowings	0.00	0.00	9.50	0.00	25.23	0.00	0.00	0.00	34.73
Foreign Currency assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

27.6 EXPOSURES**27.6.1 Exposure to Real Estate Sector**

(Amount in Rs. crore)

Category	31.03.2017	31.03.2016
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	13.50	15.29
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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 limits	4.11	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
Total Exposure to Real Estate Sector	17.61	15.29

27.6.2 EXPOSURE TO CAPITAL MARKET

(Amount in Rs. crore)

Particulars	31.03.2017	31.03.2016
(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;	Nil	Nil
(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	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 Market	Nil	Nil

27.6.3 DETAILS OF FINANCING OF PARENT COMPANY**PRODUCTS**

Not Applicable

27.6.4 DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED**BY THE NBFC**

The company did not lend any advances during the financial year 2016-17 which exceeds the SGL & GBL

27.6.5 UNSECURED ADVANCES

(Amount in Rs. crore)

Loan Type	Amount
Personal Loan	1.19

27.7. MISCELLANEOUS**27.7.1 REGISTRATION OBTAINED FROM OTHER FINANCIAL SECTOR****REGULATORS**

Company has not obtained any registration from other financial regulators during the FY 2016-17

27.7.2 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER**REGULATORS**

No Penalties imposed by RBI & other regulators during the FY 2016-17

27.7.3 RELATED PARTY TRANSACTIONS

Refer to Note No. 25 to Financial Statements

27.7.4 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND**MIGRATION OF RATINGS DURING THE YEAR**

Credit rating agency ICRA reaffirmed the long-term rating of "BBB" and short term rating of "A3+" for Bank Borrowings & "MA" rating for Deposits during the FY 2016-17.

27.7.5 REMUNERATION OF DIRECTORS

0.18 Crores

COMMISSION TO DIRECTORS

Nil

27.7.6 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Refer Directors Report

27.7.7. NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD**ITEMS AND CHANGES IN ACCOUNTING POLICIES**

Refer Note 1 to the Financial Statements

27.7.8 REVENUE RECOGNITION

No revenue recognition has been postponed during the FY 2016-17. Refer Note 1 to the Financial Statements.

27.7.9 ACCOUNTING STANDARD 21 CONSOLIDATED FINANCIAL STATEMENTS (CFS)

Not Applicable

27.8. ADDITIONAL DISCLOSURES

27.8.1 PROVISIONS AND CONTINGENCIES

(Amount in Rs. crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31.03.2017	31.03.2016
Provisions for depreciation on Investment	0.00	0.00
Provision towards NPA	0.13	0.00
Provision made towards Income tax	4.23	3.86
Other Provision and Contingencies (Pvsn. For Leave Encashment)	0.03	0.02
Provision for Standard Assets	0.37	0.00

27.8.2 DRAW DOWN FROM RESERVES**27.8.3 CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS****27.8.3.1 CONCENTRATION OF DEPOSITS**

(Amount in Rs. crore)

Particulars	31.03.2017	31.03.2016
Total Deposits of twenty largest depositors	28.09	9.30
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	25.13	17.09

27.8.3.2 CONCENTRATION OF ADVANCES

(Amount in Rs. crore)

Particulars	31.03.2017	31.03.2016
Total Advances to twenty largest borrowers	26.32	19.19
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	12.81	16.46

27.8.3.3 CONCENTRATION OF EXPOSURES

(Amount in Rs. crore)

Particulars	31.03.2017	31.03.2016
Total Exposure to twenty largest borrowers / customers	31.61	28.49
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	15.39	16.80

27.8.3.4 CONCENTRATION OF NPAS

(Amount in Rs. crore)

Particulars	31.03.2017	31.03.2016
Total Exposure to top four NPA accounts	0.34	0.55

27.8.3.5 SECTOR-WISE NPAS

Sector	Percentage of NPAs to Total Advances in that sector
Agriculture & allied activities	0.00
MSME	0.00
Corporate borrowers	0.00
Services	0.00
Unsecured personal loans	11.75
Auto loans	1.92
Other personal loans	0.00

27.8.4 MOVEMENT OF NPAS

(Amount in Rs. crore)

Particulars	31.03.2017	31.03.2016
(i) Net NPAs to Net Advances (%)	1.83	3.90
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5.05	7.37
(b) Additions during the year	2.34	3.64
(c) Reductions during the year	2.98	5.96
(d) Closing balance	4.41	5.05
(iii) Movement of Net NPAs		
(a) Opening balance	4.54	6.62
(b) Additions during the year	2.11	3.28
(c) Reductions during the year	2.88	5.36
(d) Closing balance	3.77	4.54
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	0.51	0.75
(b) Provisions made during the year	0.13	0.00
(c) Write-off / write-back of excess provisions	0.00	0.24
(d) Closing balance	0.64	0.51

27.8.5 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

Name of the Joint Venture/ Subsidiary			Other Partner in the JV		Country	Total Assets
Nil	Nil	Nil	Nil	Nil	Nil	Nil

27.8.6 OFF-BALANCE SHEET SPVS SPONSORED

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

27.9. DISCLOSURE OF COMPLAINTS**27.9.1 CUSTOMER COMPLAINTS**

(a)	No. of complaints pending at the beginning of the year	1
(b)	No. of complaints received during the year	1
(c)	No. of complaints redressed during the year	1
(d)	No. of complaints pending at the end of the year	1

As per our report of even date attached

For and on behalf of the Board

For R.G.N. Price & Co.
Chartered Accountants
(FRN: 002785S)

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
George Thomas Muthoot
Director

Sd/-
P.M. Veeramani
Partner
Membership No. 23933

Sd/-
Geena Thomas
Chief Financial Officer

Sd/-
Hanna P Nazir
Company Secretary

Place: Cochin
Date: 29.06.2017

SCHEDULE

As required in terms of paragraph 13 of Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Sl. No.		Particulars	(Rs. In lakhs)	
			Amt. Outstanding	Amt. Overdue #
1		Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid		
	(a)	Debtentures : Secured		
		: Unsecured (other than falling within the meaning of public deposits)		
	(b)	Deferred credits		
	(c)	Term Loans		
	(d)	Inter - Corporate loans & borrowings		
	(e)	Commercial paper		
	(f)	Public Deposits*	11,457.14	73.54
(g)	Other loans(specify nature): Loan from Directors	-	-	
	Deposit from Directors/Relatives	434.31	-	

*As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998

Matured but not claimed

2		Break up of 1(f) above (Outstanding public deposits) inclusive of interest accrued thereon but not paid		
	(a)	In the form of Unsecured Debtentures		
	(b)	In the form of Partly secured Debtentures ie.debtentures where there is a shortfall in the value of security		
	(c)	Other public deposits*	11,457.14	73.54

Assets side			Amt. Outstanding
3		Break up of Loans & Advances including bills receivables (Other than those included in (4) below):	
	(a)	Secured	335.77
	(b)	Unsecured	118.51
4		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	
	(b)	Operating lease	
(ii)		Stock on Hire including Hire charges under Sundry Debtors	
	(a)	Assets on Hire	
	(b)	Repossessed Assets	

(iii)		Other loans counting towards AFC activities:			
	(a)	Loans where assets have been repossessed			
	(b)	Loans other than (a) above: Hypothecation		20,111.46	
		: Infrastructure Loans		16.89	
		: Traders Loans		-	
5		Break-up of investments			
		Current Investments			
	1	Quoted			
	(i)	Shares: (a) Equity (b) Preference			
	(ii)	Debentures and Bonds			
	(iii)	Units of Mutual Funds			
	(iv)	Government Securities			
	(v)	Others			
	2	Unquoted			
	(i)	Shares: (a) Equity (b) Preference			
	(ii)	Debentures and Bonds			
	(iii)	Units of Mutual Funds			
	(iv)	Government Securities			
	(v)	Others - Deposit with Bank		397.98	
		Long Term Investments			
	1	Quoted			
	(i)	Shares: (a) Equity (b) Preference			
	(ii)	Debentures and Bonds			
	(iii)	Units of Mutual Funds			
	(iv)	Government Securities		1,154.59	
	(v)	Others - Deposit with Bank			
	2	Unquoted			
	(i)	Shares: (a) Equity (b) Preference			
	(ii)	Debentures and Bonds			
	(iii)	Units of Mutual Funds			
	(iv)	Government Securities		3.30	
	(v)	Others - Deposit with Bank		177.02	
6		Borrower group-wise classification of assets financed as in (3) and (4) above:			
		Category	Amount Net of Provisions		
			Secured	Unsecured	Total
	1	Related parties			
		(a) Subsidiaries			
		(b) Companies in the same group	24.42	18.43	42.85
		(c) Other related parties	18.62	-	18.62
	2	Other than related parties	20,421.07	100.08	20,521.15
		Total	20,464.11	118.51	20,582.62

7		Investor group-wise classification of all investments (Current and long term) in shares and securities (Both quoted and unquoted)		
		Category	Market value/Break up or fair value or NAV	Book value (Net of Provisions)
	1	Related parties		
		(a) Subsidiaries		
		(b) Companies in the same group		
		(c) Other related parties		
	2	Other than related parties	1,160.20	1,732.89
		Total	1,160.20	1,732.89
8		Other Information		
		Particulars		Amount
	(i)	Gross Non-Performing Assets		
		(a) Related parties		
		(b) Other than related parties		440.53
	(ii)	Net Non-Performing Assets		
		(a) Related parties		
		(b) Other than related parties		376.92
	(iii)	Assets acquired in satisfaction of debt		365.03

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

	Particulars	2016-17	2015-16
		(Rs)	(Rs)
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	12,73,17,096	11,98,78,321
	Provision for Non-Performing Assets	13,06,421	(24,24,837)
	Provision for Standard assets	37,02,797	6,21,290)
	Provision for leave encashment	2,68,523	1,99,784
	Provision for festival bonus	40,36,710	11,00,000
	Financial expenses	1,14,17,953	1,81,93,710
	Interest on shortfall in payment of advance tax	11,65,655	12,54,247
	(Profit)/Loss on sale of fixed assets	(2,79,560)	0
	(Profit)/Loss on sale of investments	(23,29,000)	(38,80,000)
	Dividend from mutual fund	(7,094)	(1,17,562)
	(Profit)/Loss on sale of mutual fund	0	(237)
	Interest income from investment	(1,28,84,665)	(1,64,08,321)
	Depreciation	57,61,552	37,31,548
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	13,94,76,388	12,09,05,363
	(Increase)/Decrease in other receivables	(19,80,896)	(1,48,39,748)
	Increase/(Decrease) in Current Liabilities	(73,43,948)	(7,61,811)
	Less: Leave Encashed during the year	(5,18,374)	0
	Less: Festival Allowance paid during the year	(30,76,351)	0
	(Increase)/Decrease in Loans and advances	(88,86,42,215)	49,97,39,537
	CASH GENERATED FROM OPERATIONS	(76,20,85,396)	60,50,43,341
	Financial expenses paid	(1,14,17,953)	(1,81,93,710)
	Direct tax paid (including TDS)	(4,11,93,656)	(3,65,76,890)
	Net cash from operating activities	(81,46,97,005)	55,02,72,741
B	CASH FLOW FROM INVESTING ACTIVITIES		
	(Addition) to Fixed Assets	(83,48,908)	(87,55,557)
	Sale of Fixed Assets	2,79,560	0
	(Purchase) / Sale of investments	2,65,77,500	3,88,80,000
	Dividend from mutual fund	7,094	1,17,562
	Profit on sale of mutual fund	0	237
	Interest income from investments	1,28,84,665	1,64,08,321
	Net Cash from investing activities	3,13,99,911	4,66,50,563
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase/(Decrease) in Public Deposits	54,31,05,600	(42,99,73,000)
	Increase/(Decrease) in Directors/Associates Deposit	3,03,08,000	64,98,000
	Increase/(Decrease) in Bank Borrowings	22,88,10,860	2,84,43,252
	Increase/(Decrease) of Dividend (includes dividend tax)	0	(3,61,07,294)
	Increase/(Decrease) in Directors Loan	0	(24,10,00,000)
	Net Cash from Financing activities	80,22,24,460	(67,21,39,042)
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	1,89,27,365	(7,52,15,738)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,79,80,064	13,31,95,802
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7,69,07,429	5,79,80,064

As per our report of even date attached

For and on behalf of the Board

For R.G.N. Price & Co.
Chartered Accountants
(FRN: 002785S)

Sd/-
George Alexander Muthoot
Managing Director

Sd/-
George Thomas Muthoot
Director

Sd/-
P.M. Veeramani
Partner
Membership No. 23933

Sd/-
Geena Thomas
Chief Financial Officer

Sd/-
Hanna P Nazir
Company Secretary

Place: Cochin
Date: 29.06.2017

***“There is nothing wrong with
staying small.
You can do big things with
a small team.”***



Muthoot
Vehicle & Asset Finance Ltd.

Speak to our customer care: 98470 91119 Toll-free phone: 1800 121 1210
Regd. Office: Muthoot Vehicle & Asset Finance Ltd., IInd Floor, Muthoot Chambers, Opp. Saritha Theatre Complex,
Banerji Road, Cochin - 682 018, Kerala, India. Tel: + 91 484 2394712.
Corporate Office: Muthoot Vehicle & Asset Finance Ltd., 5th & 6th Floor, Mithun Towers,
K.P.Vallon Road, Kadavanthra, Kochi - 682 020 Tel: 7593864404.
Email: mvfl@muthootgroup.com