

# WEAVING A BRIGHTER FUTURE THROUGH WOMEN EMPOWERMENT



PAPPACHAN  
**nuthoot**  
**MICROFIN**

ANNUAL REPORT 2015-16

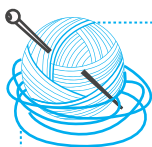


# MUTHOOT PAPPACHAN

1927 - 2004

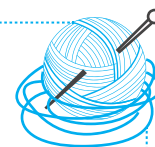
FOUNDER CHAIRMAN

His vision, enterprise, simplicity and humaneness  
will forever guide us.



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## VISION AND MISSION

### VISION

To be the most successful microfinance company providing need based financial services to the needy and the unserved, and to contribute to the society and serve all stakeholders alike

### MISSION

To be among the top 3 microfinance companies in India by 2020, managing the best portfolio with presence in all possible corners of the country.

### CORE VALUE

We are committed to truth, transparency and fair dealing.

## Integrity and Quality

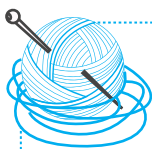
We provide sound advice and adopt the finest practices keeping the welfare of our customers in mind. Total customer satisfaction and growth are our objectives. Every member of the Group is responsible for upholding our principles in the workplace. We rigorously adhere to applicable laws, rules, regulations, codes and standards of good business practices.

## Social responsibility

We promote sustainable development, responsibility towards the environment and upliftment of local communities in areas we operate. We identify and promote local talent. We believe in respecting the individual and encourage continuous learning.

## Our people

We believe that people are our strength. Fostering teamwork, nurturing creativity, encouraging hard work, dedication, commitment and rewarding excellence are key elements of our human resource initiatives.



## From the Desk of Executive Director, MPG

Muthoot Pappachan Group has a legacy of 129 years of doing business focused on serving the common man. When we started the microfinance initiative 6 years back, I envisioned to reach out to the bottom of pyramid community and offer them financial and non-financial products which would make their life better and empower women from rural households. We were then amazed to learn the potential of economically unproductive women population in India and if they were given a chance to be a part of building this nation.

Sixty-one percent of India's rural population is still underserved by mainstream financial service providers. From the beginning itself, our mission was to serve them, I am immensely glad that we could take our services straight to their doorsteps and in a span of 6 years we served over 2.3 million women entrepreneurs.

We achieved a remarkable milestone in 2015, the microfinance operations were hived off from the flagship company Muthoot Fincorp Limited to the newly licensed NBFC-MFI - Muthoot Microfin Ltd. With an existing strong leadership team, Muthoot Microfin disbursed ₹765.07 crores in its first year of operations itself.

As on March 31st 2016, Muthoot Microfin has an active client base of 3,19,030 women entrepreneurs with the strength of 1,179 dedicated employees. The company's Operational Income was at ₹52.15 crore, while the net profit touching ₹9.41 crore (PAT) in the first year of operations - emphasising the scope and profitability of our business.

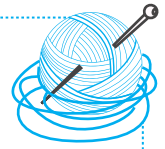
Muthoot Microfin is committed to financial accountability and transparency. The company follows standards that establish ethical guidelines for financial reporting and other operating procedures. Microfinance industry is booming globally, we are glad that, our company is poised to take maximum advantage of it. In the first year of operations itself, the company executed Direct Assignment and PTC deals worth ₹242.54 crores with major banks in the country. Our strong, balanced and fully compliant financials will vouch for the transparency we have ensured in the way we do business.

As a social enterprise, we believe we have social commitments to fulfil, in order to reduce the carbon footprint in our environment, Muthoot Microfin will go paperless in the Financial Year 2016-'17. Our company maintains comprehensive data of not only our business but also of our clients. We continuously strive to track the quality of our portfolio and make sure the service is extended to the deserving set of population.

Being a social enterprise and a socially responsible group, we make sure that the company's services are creating a positive impact in the society. Towards this, we continuously provide vocational training, market linkage opportunities and financial literacy lessons to our microfinance clients - which will help them to run their micro enterprises in a better and more professional way. We also conduct many health camps and awareness programs in the vulnerable communities. Our customized, tailor made products for the specific needs of our clients who dwell in the remote rural sectors of the community has created a meaningful impact in their lives.



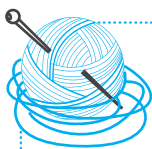
**Thomas Muthoot**  
Executive Director, MPG



India has become the fastest growing economy in the world. With the government's positive approach to businesses and measures to ease complexities in doing business in the country, many PE funds are interested in investing in well operated MFIs. The MUDRA infrastructure will also lead to lower cost of fund for the microfinance companies. We noticed that the RBI is keen in promoting financial inclusion and its trust on MFIs has been manifested when 8 MFIs got Small Finance Bank license to attain the larger goal of Financial Inclusion of unbanked masses in India.

As discussed above, microfinance industry is at a vital phase globally, every investor is keeping a tab on the MFIs – the forecast on the industry remains aggressively positive. We have full faith and confidence in the management of Muthoot Microfin, they have been aggressively chasing our social and business goals. I strongly believe that it's just a matter of time that Muthoot Microfin becomes the largest MFI in India with operations in all possible corners of the country, taking financial services to the underserved Bottom of Pyramid communities at their doorsteps.

**Thomas Muthoot**  
Executive Director, MPG



## CEO's Review

Financial Year 2015-16 was one of the most critical years since we started our microfinance operations. This was the first full Financial Year for microfinance operations under the hived off Independent entity - Muthoot Microfin Ltd (MML). The change in structure and independent operations of MML opened new doors for us, at the same time a lot of interesting challenges came along. Our aim remained to maximise the advantage out of opportunities for the benefit of all stakeholders, customers, and staffs alike; and overcome the challenges that the new structure presented. The journey was very exciting and I am extremely pleased to report that Microfinance team came out with flying colours. Muthoot Microfin turned out to be one of the fastest growing MFIs in India. As expected, the transition provided us a distinctive brand identity and unlimited opportunities to expand the operational horizons.

During the FY, Muthoot Microfin Ltd received a stable rating from CRISIL for raising long-term debts. With this rating MML raised external borrowing of ₹686.54 crore, which comprised of ₹444 crore of term loans from 18 different financial institutions and ₹242 crore by way of 3 Securitisation and 3 Direct Assignment transactions with Banks and other financial institutions.

During the year, Muthoot Microfin disbursed ₹765.07 crores of microfinance loans. The Operational Income for the FY stood at ₹52.15 crore, with the net profit hitting at ₹9.41 crore (PAT) for the fiscal ended 31st March 2016. The company has a principal outstanding portfolio of ₹653.04 crore with a remarkable repayment rate of 99.99% as on 31st March 2016.

The company is now actively present in Kerala, Karnataka, Tamil Nadu and Pondicherry with 180 branches and 1179 employees. The company has an active customer base of 3,19,030 women entrepreneurs as on March 31st 2016. The company will start operations in more than 6 other states in the 2016-17 fiscal, for which the groundwork is already complete.

During the last financial year, promoters infused an additional capital of ₹55 crores into the company. Further to strengthen its capital base, the company plans to raise ₹25 crores Tier II Capital by issuing NCD in FY 2016-17. To expand our business and to meet the requirement of growth capital, the company is also planning to raise external equity next year.

Technology will lead the way in coming years; with the use of technology, we aim to provide more services to our customers, improve productivity and bring further efficiency in reporting. Leveraging on Government's Aadhar platform and bank accounts opened under Jan Dhan Yojana, Muthoot Microfin will initiate direct bank disbursement and collection from the next Financial Year.

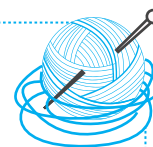
Overall, microfinance industry is in a phase of technological transitions; mobile technology is changing the way this industry has been working with the clients. The company plans to take maximum advantage of most modern technology in near future. The company will automate a large part of its operations reducing cumbersome paperwork and processing a large part of underwriting electronically. Meanwhile, the company has already initiated implementation of sophisticated ERP system for financial reporting.

Besides our present line of unique products, we intend to introduce a much wider range of products for our clients to cater to their lifecycle needs by offering them financial services at their doorstep in the remote rural villages, bringing more value to the customer.



**Sadaf Sayeed**

CEO, Muthoot Microfin



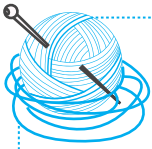
With the declining interest rate scenario continuing, coupled with an increase in the target of disbursement under MUDRA scheme, MFIs will benefit from the availability of adequate and cheaper funds, leading to lower overall funding costs for MFIs. Hopefully, this will help us further reduce the interest rate, ultimately benefitting the customers.

Muthoot Microfin Ltd. will continue to actively engage with industry associations and excel in all business standards. We commit ourselves to the highest level of compliance with all regulatory and industry norms. We aim to contribute the maximum to the goal of meaningful financial inclusion in the long term.

I would like to reiterate that Muthoot Microfin is all set to take another great leap in achieving its business and social goals. We have a visionary leadership of promoters and directors at the helm. It has been Muthoot brand which guided us through all the challenges. I am greatly thankful to the promoters for supporting and continuing to inspire us.

**Sadaf Sayeed**  
CEO, Muthoot Microfin





## CORPORATE INFO

### Board of Directors

Mr. George Lamannil	- Director
Mr. Sabu Zacharias Kuncheria	- Independent Director
Mr. Maneesh Srivastava	- Independent Director

### Key Managerial Personnel

Mr. Sadaf Sayeed	- Chief Executive Officer
Mr. Seby Cherian	- Chief Financial Officer
Ms. Neethu Ajay	- Company Secretary

### Senior Management Team

Mr. Udeesh Ullas	- Dy. VP – Operations
Mr. Subhransu Pattnayak	- Dy. VP – Human Resource
Mr. Dileep Pathak	- AVP – Internal Audit & Risk

### Statutory Auditors

M/s. Walker Chandio& Co., LLP  
Arihant Nitco Park, 7th Floor,  
No. 90, Radhakrishnan Salai,  
Mylapore, Chennai – 600004

### Secretarial Auditor

PSN & Associates  
Company secretaries  
Sreevalsam, S-116, first floor  
Seevelinagar, Kaithamukku  
Thiruvananthapuram, Kerala-695024

### Bankers & Non Bankers

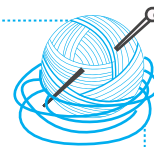
- A. Public/ Private Sector
- AXIS Bank
  - Bank of Maharashtra
  - Catholic Syrian Bank
  - Dhanlaxmi Bank
  - Federal Bank
  - HDFC bank
  - IDBI Bank
  - Lakshmi Vilas Bank
  - State Bank of India
  - State Bank of Travancore
  - South Indian Bank
  - Tamilnad Mercantile Bank
  - Union Bank of India
  - United Bank of India
  - Vijaya Bank
- B. NBFC
- Capital First Limited
  - IFMR Capital Finance Pvt Ltd
  - Reliance Capital Ltd

### Registered Office

Muthoot Microfin Limited  
13th Floor, Parinee Crescenzo,  
Bandra Kurla Complex, Bandra East  
Mumbai 400051.

### Administrative Office

Muthoot Microfin Limited  
5th Floor, Muthoot Towers  
M.G Road, Kochi 682035.

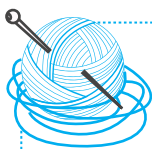


## FROM ORDINARY TO EXTRAORDINARY



Loan ID-PTPL#66/4C

- Prasannakumari Binu, a housewife from rural Puthuppally in Kottayam, Kerala started a household enterprise to beat the poverty in her household.
- The meagre earnings from her enterprise and unsteady income of her daily wager husband was too less to meet her family's day to day expenses and 2 teenage children's education.
- At a point of time when every dream came to a standstill, she was introduced to Muthoot Microfin and was offered an Income Generating Loan.
- Prasannakumari's life changed from thereon, she availed 4 cycles of loan from Muthoot. With every loan, prasannakumari bought new machineries and tools to expand her enterprise.
- She also benefitted from the financial literacy classes and skill trainings provided by the Company.
- Time passed by and today, she is proud owner of a pipe joint manufacturing unit, receiving large orders every day from her customers, which include big contractors.
- She earns at least ₹15,000 a month as profit from the unit and employs 2 other women in her enterprise, also provides quality education to children to ensure their bright future.



## NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the members of Muthoot Microfin Limited will be held on Thursday, 7th July 2016 at 12.00 Noon at the Registered Office of the Company at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra-400051 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet of the Company as at 31st March 2016 and the Statement of Profit and Loss for the year ended on that date together with Auditors' and Directors' Reports thereon, and to pass the following resolution, with or without modification.

“ RESOLVED THAT the audited financial statements of the Company for the year ended 31st March, 2016 and the report of the Directors' and Auditors' thereon including annexures thereto be and is hereby approved and adopted.”

2. To appoint a Director in place of Mr. George Lamannil (DIN 03500455), who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of Statutory Auditors:

To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

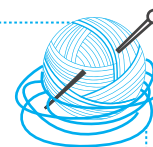
“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, M/s. Walker Chandio & Co. LLP, (ICAI Firm Registration No. 001076N) Chartered Accountants be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of 24th Annual General Meeting until the conclusion of the 29th Annual General Meeting of the Company, subject to ratification by Members at every Annual General Meeting and on such remuneration as may be decided by the Board of Directors of the Company from time to time.”

### SPECIAL BUSINESS:

4. Increase in Borrowing Limits

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution: -

“RESOLVED THAT in supersession of the earlier Resolution passed by the Members in their Meeting held on March 25, 2015 and pursuant to the provisions of section 180(1)(c) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the company to raise or borrow from time to time such sum or sums as they may deem appropriate for the purposes of the company notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from company's bankers in the ordinary course of business) will exceed the paid-up capital of the company and free reserves not set apart for any specific purpose provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed Rs. 2500,00,00,000/- (Rupees Two Thousand Five Hundred Crores Only) at any time.



## 5. Creation of Charge

To consider and, if thought fit, to pass with or without modification, the following resolution as an Special Resolution:-

“RESOLVED THAT consent of the members be and is hereby accorded pursuant to section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the Company to pledge, mortgage and/or charge in all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the properties of the Company does not exceed ₹ 2500,00,00,000/- (Rupees Two Thousand Five Hundred Crores Only) at any time.

By Order of the Board

**Kochi**

June 06, 2016

Sd/-

**Neethu Ajay**

Company Secretary

### Notes:-

(a) **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.** Proxy form in order to be valid and effective must be deposited at the registered office of the company not less than 48 hours before the time of holding the aforesaid meeting.

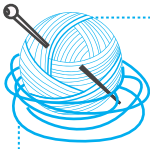
(b) Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business in the Notice is annexed hereto

### Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013.

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

#### Item No 4 & 5

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits upto Rs. 2500,00,00,000/- (Rupees Two Thousand Five Hundred Crores Only). Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting. In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power of Board of Directors to lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the



approval of members in the general meeting. The Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 4 and 5. The Board of Directors recommends the above resolutions for the approval of the shareholders.

By Order of the Board

**Kochi**

June 06, 2016

Sd/-

**Neethu Ajay**

Company Secretary

**ANNUAL GENERAL MEETING  
ATTENDANCE SLIP**

Folio No.

No. of Shares

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Name of Proxy: \_\_\_\_\_

(To be filled in, if the Proxy attends instead of the member)

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company on Thursday, the 7th day of July 2016 at 12.00 Noon, at the registered office of the Company at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India.

\_\_\_\_\_  
SIGNATURE OF THE ATTENDING MEMBER/PROXY

**Notes:-**

1. Member / Proxy holder wishing to attend the meeting must bring the Attendance Slip duly signed to the meeting and hand it over at the entrance.

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member

Registered Address

e-mail ID

Ledger Folio

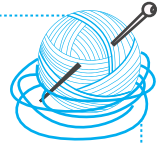
I, being the member (s) of ..... shares of the Muthoot Microfin Limited, hereby appoint:

1.....(Name) of.....

(Address) having e-mail id.....or failing him

2.....(Name) of.....(Address)

having e-mail id.....



and whose signature(s) are appended below, as my proxy to attend and vote (on a poll) for me and on my behalf at the ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 7th day of July 2016 at 12.00 Noon., at the registered office of the Company at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India. and at any adjournment thereof.

\_\_\_\_\_ Signature of shareholder

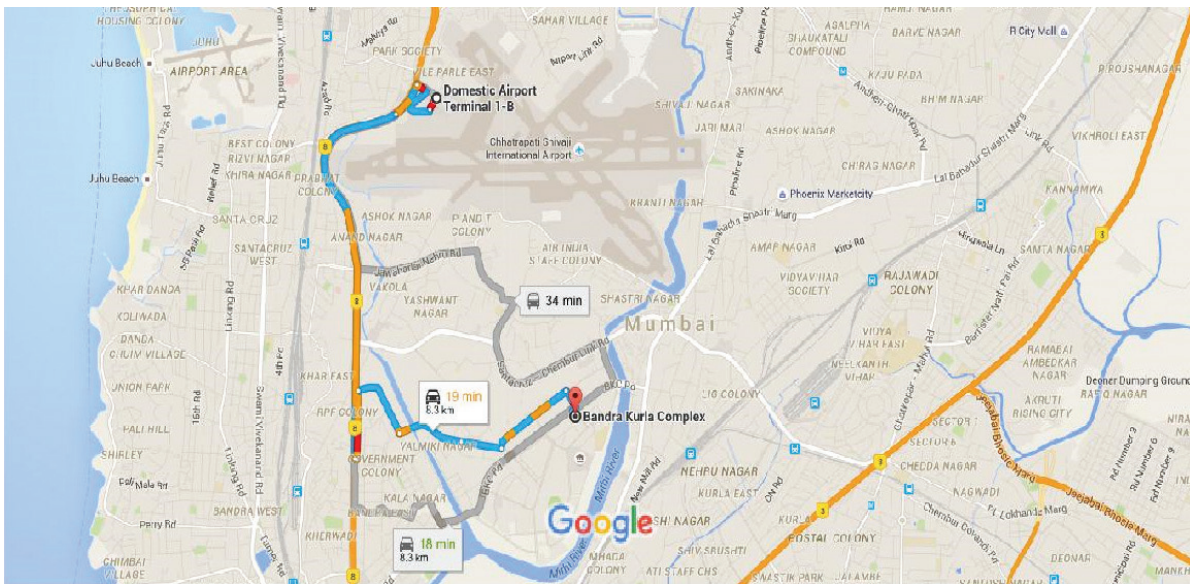
\_\_\_\_\_ Signature of proxy holder

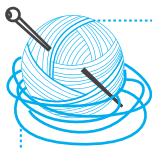


Signed this..... day of..... 2016

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. Affix Revenue Stamp.

ROUTE MAP





## DIRECTORS' REPORT

### To the Members,

Your directors are pleased to present the 24th Annual Report along with the Audited Financial Statements of your Company for the year ended 31st March, 2016.

#### 1. Financial Highlights

Particulars	31.03.2016	31.03.2015
Gross Income	₹521,561,699	₹3,803,391
Expenses Before Finance cost and Depreciation	₹164,929,952	₹6,063,101
Finance Charges	₹210,450,495	-
Depreciation	₹166,207	₹34,009
Profit before tax	₹146,015,046	(₹2,293,719)
Provision for Tax	₹51,914,397	(₹708,759)
Net Profit After Tax	₹94,100,649	(₹1,584,960)
Proposed Dividend on Equity Shares	-	-
Tax on proposed Dividend	-	-
Transfer to Statutory Reserve	₹18,820,130	-
Surplus carried to Balance Sheet	₹94,100,649	(₹1,584,960)

#### 2. Change in Nature of Business, If any:

There is no change in the nature of the business of the company during the previous year under review.

#### 3. State of Company's Affairs:

The Company is a NBFC-MFI registered with Reserve Bank of India. During the year under review, your Company has made progress in its business operation as projected. Now your Company is having a wide operational presence in three states of India i.e., Kerala, Tamil Nadu and Karnataka. The Company's borrower base is 3,95,583 and the portfolio outstanding as on March 31, 2016 is ₹431.41 Crores (excluding managed/ securitized portfolio of ₹221.63 Crores)

During the year, the Company's Revenue from Operations and other income was ₹521,561,699 with a net profit of ₹94,100,649. Your directors are making all their efforts and confident of better performance for the coming financial year 2016-17.

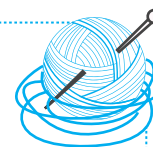
The Company had availed loans from Banks / FI and the balance outstanding as at March 31, 2016 is ₹412.84 Crores.

#### 4. Credit Rating

CRISIL, India's leading Ratings Company had assigned bank loan rating A- /Stable in July 2015. The rating was given after taking into account the experienced management team, good corporate governance, strong loan monitoring and collection mechanisms and also the investment into Your Company by Muthoot Fincorp Limited.

#### 5. Capital Adequacy

The Capital Adequacy Ratio was 15.15% as on 31st March 2016. The Net Owned Funds (NOF) as on that date was ₹646,217,847. The minimum capital adequacy requirement stipulated for Your Company by Reserve Bank of India is 15%.



## 6. Dividend

With the view to conserve the resources of the Company the directors are not recommending any dividend.

## 7. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared during last seven years.

## 8. Amount transferred to Reserves:

The Company proposes to transfer ₹18,820,130 to the statutory reserve out of the amount available for appropriation and an amount of ₹75280519 is proposed to be retained in the profit and loss account.

## 9. Share Capital

The Company, during the year under review made the following changes w.r.t share capital:

Increase in Share Capital	Buy Back of Securities	Sweat Equity	Bonus Shares	Employees Stock Option Plan	Increase in Share Capital
<p>Authorised capital increased from ₹ 50,00,00,000 (Rupees Fifty crores) divided into 5,00,00,000 (Five Crore) Equity Shares of ₹10/- each to ₹ 75,00,00,000 (Rupees Seventy-Five Crores)</p> <p>Authorised capital increased from ₹ 50,00,00,000 (Rupees Fifty crores) divided into 5,00,00,000 (Five Crore) Equity Shares of ₹ 10/- each to ₹75,00,00,000 (Rupees Seventy-Five Crores)</p>	Nil	Nil	Nil	Nil	<ul style="list-style-type: none"> <li>• 1,00,00,000 equity shares of ₹10 each is allotted to existing shareholders on Right Basis on 27.05.2015</li> <li>• Preferential allotment of 3,45,00,000 equity shares of ₹10 each to M/s. Muthoot Fincorp Limited on 15.06.2015</li> <li>• Preferential allotment of 1,00,00,000 equity shares of ₹ 10 each to M/s. Muthoot Fincorp Limited on 21.01.2016</li> </ul>

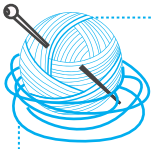
## 10. Extract of the Annual Return

The extract of the Annual Return in Form No. MGT - 9 forms part of the Board's Report and is annexed herewith as ANNEXURE-1

## 11. Number of Meetings of the Board of Directors

During the financial year 2015-2016, the Board of Directors of the Company, met 22 (Twenty Two) times on 08th May 2015, 22nd May 2015, 27th May 2015, 01st June 2015, 15th June 2015, 01st August 2015, 11th August 2015, 27th August 2015, 08th September 2015, 12th October 2015, 31st October 2015, 11th November 2015, 01st December 2015, 21st December 2015, 23rd December 2015, 21st January 2016, 11th February 2016, 23rd February 2016, 12th March, 2016, 17th March 2016, 24th March 2016 and 28th March 2016.





## 12. Directors' Responsibility Statement

In terms of Section 134 (5) of the Companies Act 2013, the Directors would like to state that:

- i) In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2016 and of the profit or loss of the Company for the year under review.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis.
- (v) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

## 13. Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Statutory Auditors in their Reports

The observation made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

## 14. Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s. PSN & Associates, Company Secretaries, Trivandrum have been appointed as Secretarial Auditors of the Company for the financial year 2015-16. The report of the Secretarial Auditors is enclosed as ANNEXURE III to this report. The qualifications made in the report are self explanatory and do not call for any further comments.

## 15. Particulars of Loans, Guarantees or Investments

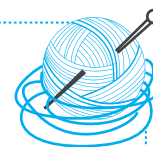
The Company has not given any loans or guarantees and not made any investments covered under the provisions of Section 186 of the Companies Act 2013.

## 16. Related Party Transaction

The particular of Contracts or Arrangements made with related parties pursuant to Section 188 of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as ANNEXURE II which forms part of this report.

## 17. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

No material changes and commitments 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 this Report.



## 18. Technology Absorption, Conservation of Energy, Foreign Exchange Earnings and Outgo:

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is given below.

### A. Conservation of Energy:

- i. All care is being taken to ensure that the energy consumption is minimised to the lowest possible levels.
- ii. No specific investment has been made in reduction in energy consumption.
- iii. As the impact of measures taken for conservation and optimum utilisation of energy are not quantitative, its impact on cost cannot be stated accurately

B. Technology Absorption - NA

### C. Foreign Exchange earnings & Outgo

Foreign Exchange Earnings - Nil

Foreign Exchange Outgo - Nil

## 19. Directors and Key Managerial Personnel

Director Mr. George Lamannil (DIN 03500455), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

As per the provisions of Section 149 of the Companies Act, 2013, Mr. Sabu Zacharias Kuncheria (DIN 06694766) and Mr. Maneesh Srivastava (DIN 06695135) were appointed as Independent Directors at the Annual General Meeting of the Company held on 03rd August 2015. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act.

Also, the Company has appointed Mr. Sadaf Sayeed as Chief Executive Officer and Mr. Seby Cherian as Chief Financial Officer with effect from 01st August 2015. Pursuant to the provisions of Section 203 of the Act, the appointment of Ms. Neethu Ajay, Company Secretary as Key Managerial Personnel of the Company was formalised.

## 20. Declaration of Independent Directors

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.

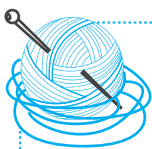
## 21. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees.

The Board of Directors has expressed their satisfaction with the evaluation process.

## 22. Subsidiary Company, Joint Ventures and Associate Companies

The Company does not have any subsidiary, Joint venture or Associate Company.



### 23. Particulars of Employees:

The Company had no employee during the year covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 24. Committees of Board

#### A. Audit Committee

The Audit Committee consists of the following members

- a. Mr. George Lamannil
- b. Mr. Sabu Zacharias Kuncheria
- c. Mr. Maneesh Srivastava

The above composition of the Audit Committee consists of independent Directors viz., Mr. Sabu Zacharias Kuncheria and Mr. Maneesh Srivastava who form the majority.

#### B. Nomination and Remuneration Committee

The Company has constituted Nomination & Remuneration Committee on 01st December 2015 which consists of the following Directors:

- a. Mr. George Lamannil
- b. Mr. Sabu Zacharias Kuncheria
- c. Mr. Maneesh Srivastava

The Company has a policy in place for selection and appointment of Directors, Key Managerial Personnel and Senior Management. The Company is in the process of developing a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and Other Employees.

### 25. Internal Controls:

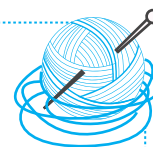
The Board is of the opinion that there exists adequate internal controls commensurate with the size and operations of the Company.

### 26. Fair Practices Code

RBI had been issuing revised Fair Practices code guidelines from time to time and Your Company has adhered to all of them without any compromise. The Fair Practices Code, Code of Conduct, and Grievance Redressal Mechanism have been displayed prominently in all the branches of the Company.

### 27. Auditors

In accordance with Section 139 of the Companies Act, 2013, M/s. Sabu & Co., Chartered Accountants, (FRN 011121S), were appointed by the shareholders of the Company at the Annual General Meeting held on 3rd August 2015, as Statutory Auditors for a period of 5 years to hold office until the conclusion of the 24th Annual General Meeting of the Company. The Company has received resignation letter from M/s. Sabu & Co., on 04th March 2016, resulting into a casual vacancy in the office of Statutory Auditors of the company as envisaged by Section 139(8) of the Companies Act, 2013. And such casual vacancy can be filled up by the Company in General Meeting. The members of the Company at the Extra Ordinary General Meeting held on 21st March 2016 appointed M/s. Walker Chandio & Co LLP., Chartered Accountants, Chennai, as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Sabu & Co., Chartered Accountants. A certificate from them has been received, to the effect that their appointment as Statutory Auditors of the Company, if made, would be in accordance with the provisions of Sections 139 and 141 of the Companies Act, 2013 and rules framed thereunder.



## 28. Deposits

During the year, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or any deposits within the meaning of Section 73 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## 29. Risk Management

Risk Management Committee was constituted by the Board of Directors on December 01, 2015 with responsibility of preparation of Risk Management Plan, reviewing and monitoring the same on regular basis, to identify and review critical risks on regular basis, to report key changes in critical risks to the Board/ Audit Committee on an ongoing basis and such other functions as may be prescribed by the Board.

## 30. Details of Policy Developed and Implemented by the Company on its Corporate Social Responsibility Initiatives

During the year under review the Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

## 31. Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## 32. Disclosure as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to providing and promoting a safe and healthy work environment for all its employees.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a Prevention of Sexual Harassment Policy that is in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for prevention and redressal of complaints of sexual harassment at workplace, along with a structured reporting and redressal mechanism. The Company has also constituted an Internal Complaint Committee, known as the Prevention of Sexual Harassment Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint on sexual harassment during the financial year 2015-16.

## 33. Compliance

The Company is registered with RBI as a NBFC-MFI. The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including Directions of RBI for a NBFC-MFI and it doesn't carry o any activities other than those specifically permitted by RBI for NBFC-MFIs.

## 34. Acknowledgment

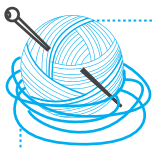
Your Directors wish to place on record their appreciation for the assistance, co-operation and guidance received by the Company from the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Mumbai and other Regulatory Authorities and Bankers during the year under review and look forward to their continued support. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Employees of the Company.

For and on behalf of the Board

Kochi  
06.06.2016

Sd/-  
**George Lamannil**  
Director  
(DIN 03500455)

Sd/-  
**Sabu Zacharias Kuncheria**  
Director  
(DIN 06694766)

**ANNEXURE 1****Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2016**

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i. CIN: U65190MH1992PLC066228
- ii. Registration Date: 06.04.1992
- iii. Name of the Company: MUTHOOT MICROFIN LIMITED
- iv. Category/Sub-Category of the Company: Company Limited by Shares
- v. Address of the Registered office and contact details: 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400 051
- vi. Whether listed company (Yes/No): NO
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any: NA

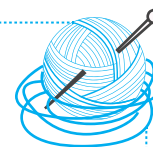
**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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	% total turnover of the company
1	Microfinance Lending	65190	100

**III. PARTICULAR OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-**

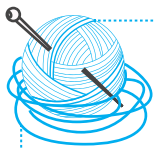
Sl.No	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares Held	Applicable Section
1	Muthoot Fincorp Limited Muthoot Center, Punnen Road, Trivandrum - 695034	U65929KL1997PLC 011518	Holding	98.59	2(46)



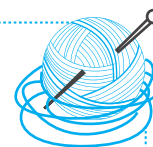
#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									0
a) Individual/HUF	0	300000	3000000	5.45	0	845460	8454600	1.41	-4.04
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	5200000	52000000	94.55	0	59154540	591545400	98.59	4.04
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A) (1)</b>	<b>0</b>	<b>5500000</b>	<b>55000000</b>	<b>100</b>	<b>0</b>	<b>60000000</b>	<b>600000000</b>	<b>100</b>	<b>0</b>
<b>(2) Foreign</b>	0	0	0	0	0	0	0	0	0
a) NRIs Individual	0	0	0	0	0	0	0	0	0
b) Other Individual	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter A= A (1) + A(2)</b>	<b>0</b>	<b>5500000</b>	<b>55000000</b>	<b>100</b>	<b>0</b>	<b>60000000</b>	<b>600000000</b>	<b>100</b>	<b>0</b>
<b>B. Public Shareholding</b>	0	0	0	0	0	0	0	0	0
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/ FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0



e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total B (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	0		0		0		0		0
<b>2. Non-Institutions</b>	0	0	0	0	0	0	0	0	0
a) Bodies Corporate									
i. Indian	0	0	0	0	0	0	0	0	0
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total B (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Public Shareholding B = B (1) + B (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>5500000</b>	<b>55000000</b>	<b>100</b>	<b>0</b>	<b>60000000</b>	<b>600000000</b>	<b>100</b>	<b>0</b>



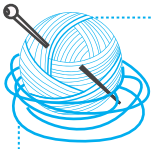
## ii. Shareholding of Promoters

Sl.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of shares	% of total shares	% of shares pledged/encumbered to total shares	No. of shares	% of total shares	% of shares pledged/encumbered to total shares	
1.	Muthoot Fincorp Limited	52,00,000	94.55	0	59,154,540	98.59	0	4.04
2.	Thomas Muthoot	63,900	1.16	0	180,080	0.30	0	(0.86)
3.	Thomas George Muthoot	56,500	1.03	0	159,230	0.27	0	(0.76)
4.	Thomas John Muthoot	57,000	1.04	0	160,640	0.27	0	(0.77)
5.	Nina George	43,600	0.79	0	122,870	0.20	0	(0.59)
6.	Preethi John	43,000	0.78	0	121,180	0.20	0	(0.58)
7.	Remy Thomas	36,000	0.65	0	101,460	0.17	0	(0.48)
	<b>Total</b>	<b>55,00,000</b>	<b>100</b>	<b>0</b>	<b>60,000,000</b>	<b>100</b>	<b>0</b>	<b>0</b>

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

Sl.No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Muthoot Fincorp Limited	52,00,000	94.55	59,154,540	98.59
	Thomas Muthoot	63,900	1.16	180,080	0.30
	Thomas George Muthoot	56,500	1.03	159,230	0.27
	Thomas John Muthoot	57,000	1.04	160,640	0.27
	Nina George	43,600	0.79	122,870	0.20
	Preethi John	43,000	0.78	121,180	0.20
	Remy Thomas	36,000	0.65	101,460	0.17
	<b>Increase/ Decrease in shareholding due to the following:</b>				
	• Right issue of 9454540 of equity shares of ₹10/- each to all the existing shareholders on 27.05.2015				
	• Preferential allotment of 3,45,00,000 equity shares of ₹10/- each to Muthoot Fincorp Limited on 15.06.2015				
	• Preferential allotment of 1,00,00,000 equity shares of ₹10/- each to Muthoot Fincorp Limited on 21.01.2016				
	<b>At the end of the year</b>	<b>55,00,000</b>	<b>100</b>	<b>60,000,000</b>	<b>100</b>





**iv. Shareholding of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable**

Sl.No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>For Each of the Top 10 Shareholders</b>				
	At the beginning of the Year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	Nil	Nil	Nil	Nil
	At the end of the year				

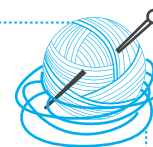
**a. Shareholding of Directors and Key Managerial Personnel: None**

Sl.No	Shareholder's Name	Shareholding at the beginning of the 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	Nil	Nil	Nil

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	NIL	NIL	NIL	NIL
ii. Interest due but not paid	NIL	NIL	NIL	NIL
iii. Interest accrued but not paid	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	444.00	NIL	NIL	444.00
Reduction	NIL	NIL	NIL	NIL
<b>Net Change Indebtedness</b>	<b>444.00</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>At the end of the financial year</b>				
i. Principal Amount	412.83	NIL	NIL	412.83
ii. Interest due but not paid	NIL	NIL	NIL	NIL
iii. Interest accrued but not paid	4.02	NIL	NIL	4.02
<b>Total (i + ii + iii)</b>	<b>416.85</b>	<b>NIL</b>	<b>NIL</b>	<b>416.85</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/ or Manager – NIL

B. Remuneration of Directors – NIL

C. Remuneration to Key Managerial Personnel other than MD/ WTD/ Manager

Sl.No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CS	CEO	CFO	
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	361,338	3,227,525	1,037,260	4,626,123
	b) Value of perquisite u/s 17(2) Income-tax Act,1961	NIL	NIL	NIL	NIL
	c) Profit in lieu of salary under section17(3) Income-tax Act,1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission as % of profit -others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>361,338</b>	<b>3,227,525</b>	<b>1,037,260</b>	<b>4,626,123</b>

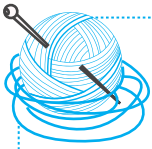
## VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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)
<b>A. Company</b>					
Penalty			No Penalties, Punishments or Compounding of Offences		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			No Penalties, Punishments or Compounding of Offences		
Punishment					
Compounding					
<b>C. Other Officer in Default</b>					
Penalty			No Penalties, Punishments or Compounding of Offences		
Punishment					
Compounding					

Kochi  
June 06, 2016

Sd/-  
**George Lamannil**  
Director  
(DIN 03500455)

Sd/-  
**Sabu Zacharias Kuncheria**  
Director  
(DIN 06694766)



**ANNEXURE 2**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis.**

There were no contracts or arrangements or transactions entered into by the Company during the financial year 2015-16 which were not at arm's length basis.

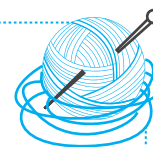
**2. Details of contracts or arrangements or transactions at Arm's length basis.**

**a**

Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Pappachan Technologies Limited, Subsidiary of Holding Company
2.	Nature of contracts/arrangements/transaction	consultancy, advisory and other services related to IT
3.	Duration of the contracts/arrangements/ transaction	10 years w.e.f 01.04.2015
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	For the period from 1st April 2015 to 31st March 2016 - ₹1,00,00,000/- as fixed cost For the period from 1st April 2016 to 31st March 2025- ₹25,00,000/- per month
5.	Date of approval by the Board	08.05.2015 (ratification by the Board)
6.	Amount paid as advances, if any	NIL

**b**

Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited, Holding Company
2.	Nature of contracts/arrangements/transaction	Space sharing agreement – 5 branches at Nellimoodu, Attingal, Thonakal, Kodungaloor, Nedumangadu
3.	Duration of the contracts/arrangements/ transaction	10 years w.e.f 01.11.2015
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	<ul style="list-style-type: none"> <li>• Nellimoodu: Area - 400 sq.ft for a monthly rent of ₹4900 which is enhanced by 5% every year, SD- ₹1,23,100/-</li> <li>• Attingal: Area - 360 sq.ft for a monthly rent of ₹8700 which is enhanced by 15% every 3 year, SD- ₹ 75,000/-</li> <li>• Thonakal: Area - 500 sq.ft for a monthly rent of ₹10,200 which is enhanced by 5% every year, SD- ₹91,700/-</li> <li>• Kodungaloor: Area - 550 sq.ft for a monthly rent of ₹11,000 which is enhanced by 5% every year, SD- ₹17,000/-</li> <li>• Nedumangad: Area – 400 sq.ft for a monthly rent of ₹5200 which is enhanced by 5% every year, SD- ₹44,200/-</li> </ul>
5.	Date of approval by the Board	27.08.2015
6.	Amount paid as advances, if any	NIL

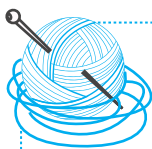


c

Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited, Holding Company
2.	Nature of contracts/arrangements/transaction	space sharing agreement for 3 branches at Sankarankovil, Thoothukudi and Amaravila
3.	Duration of the contracts/arrangements/transaction	10 years w.e.f 01.12.2015
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	<ul style="list-style-type: none"> <li>• Sankarankovil: Area – 988 sq.ft for a monthly rent of ₹6300 which is enhanced by 5% every year, SD- ₹30,000/-</li> <li>• Thoothukudi: Area – 640 sq.ft for a monthly rent of ₹5500 which is enhanced by 10% every year, SD- ₹20,000/-</li> <li>• Amaravila: Area – 400 sq.ft for a monthly rent of ₹4631 which is enhanced by 5% every year, SD- ₹25,000/-</li> </ul>
5.	Date of approval by the Board	11.11.2015
6.	Amount paid as advances, if any	NIL

d

Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited, Holding Company
2.	Nature of contracts/arrangements/transaction	space sharing agreement for 3 branches at Sethiyathope, Chalakudy, Maranchery
3.	Duration of the contracts/arrangements/transaction	10 years w.e.f 01.01.2016
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	<ul style="list-style-type: none"> <li>• Sethiyathope: Area – 243 sq.ft for a monthly rent of ₹6825 which is enhanced by 5% every year, SD- ₹25,000/-</li> <li>• Chalakudy: Area – 250 sq.ft for a monthly rent of ₹2875 which is enhanced by 15% every 3 year, SD- ₹2000/-</li> <li>• Maranchery: Area - 300 sq.ft for a monthly rent of ₹5175 which is enhanced by 15% every 3 year, SD- ₹27,500/-</li> </ul>
5.	Date of approval by the Board	01.12.2015
6.	Amount paid as advances, if any	NIL



e

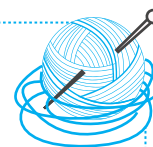
Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited, Holding Company
2.	Nature of contracts/arrangements/transaction	space sharing agreement for 3 branches at Kizhisery, Vadakara, Ollur
3.	Duration of the contracts/arrangements/transaction	10 years w.e.f 01.02.2016
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	<ul style="list-style-type: none"> <li>• Kizhisery: Area – 300 sq.ft for a monthly rent of ₹5560 which is enhanced by 5% every year, SD- ₹48,000/-</li> <li>• Vadakara: Area – 411 sq.ft for a monthly rent of ₹7525 which is enhanced by 5% every year, SD- ₹20,000/-</li> <li>• Ollur: Area – 250 sq.ft for a monthly rent of ₹4341 which is enhanced by 5% every year, SD- ₹20,000/-</li> </ul>
5.	Date of approval by the Board	23.12.2015
6.	Amount paid as advances, if any	NIL

f

Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited, Holding Company
2.	Nature of contracts/arrangements/transaction	Lease agreement – for Branch space at Vellanad
3.	Duration of the contracts/arrangements/transaction	10 years w.e.f 01.12.2016
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Rent payable per month – Rs. 10,440 Rent enhancement – 5% every year SD – 31,320
5.	Date of approval by the Board	11.11.2015
6.	Amount paid as advances, if any	NIL

g

Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited, Holding Company
2.	Nature of contracts/arrangements/transaction	Lease agreement
3.	Duration of the contracts/arrangements/transaction	10 years w.e.f 01.02.2016
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Rent payable per month – ₹13,600 Rent enhancement – 5% every year SD – 40,800
5.	Date of approval by the Board	23.12.2015
6.	Amount paid as advances, if any	NIL



h

Sl.No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Thomas John Muthoot, Director of Holding Company
2.	Nature of contracts/arrangements/transaction	Lease agreement
3.	Duration of the contracts/arrangements/ transaction	10 years w.e.f 01.09.2015
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Rent payable per month – ₹24,750 Rent enhancement – 5% every year SD – 1,48,500
5.	Date of approval by the Board	27.08.2015
6.	Amount paid as advances, if any	NIL

i

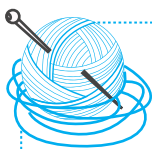
Sl.No	Particulars	Details																		
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited, Holding Company																		
2.	Nature of contracts/arrangements/transaction	Asset Transfer agreement																		
3.	Duration of the contracts/arrangements/ transaction	Agreement executed on 31.03.2016																		
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	For transfer of following assets from Muthoot Fincorp Limited to Muthoot Microfin Ltd at a total consideration of ₹ 15,875,655 <table border="1" data-bbox="863 1151 1323 1653"> <thead> <tr> <th>Asset</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Computer</td> <td>291</td> </tr> <tr> <td>Printer (Ink-Jet)</td> <td>144</td> </tr> <tr> <td>Printer (Laser)</td> <td>22</td> </tr> <tr> <td>Scanner</td> <td>4</td> </tr> <tr> <td>Office Chair</td> <td>276</td> </tr> <tr> <td>Store well</td> <td>132</td> </tr> <tr> <td>Plastic Chair</td> <td>2024</td> </tr> <tr> <td>UPS &amp; Battery</td> <td>834</td> </tr> </tbody> </table>	Asset	Count	Computer	291	Printer (Ink-Jet)	144	Printer (Laser)	22	Scanner	4	Office Chair	276	Store well	132	Plastic Chair	2024	UPS & Battery	834
Asset	Count																			
Computer	291																			
Printer (Ink-Jet)	144																			
Printer (Laser)	22																			
Scanner	4																			
Office Chair	276																			
Store well	132																			
Plastic Chair	2024																			
UPS & Battery	834																			
5.	Date of approval by the Board	28.05.2015 (ratification by Board)																		
6.	Amount paid as advances, if any	NIL																		

For and on behalf of the Board

**Kochi**  
June 06, 2016

S/d-  
**George Lamannil**  
Director  
(DIN 03500455)

S/d-  
**Sabu Zacharias Kuncheria**  
Directo  
(DIN 06694766)



**ANNEXURE 3**  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31st March, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members  
Muthoot Microfin Limited  
13th Floor, Parinee Crescenzo  
Bandra Kurla Complex  
Bandra East, Mumbai  
Maharashtra-400051

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Muthoot Microfin Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

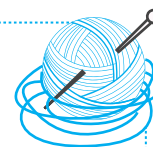
- 1 The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2 The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3 The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4 Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5 The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
  - a The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- 6 Guidelines and regulations with respect to NBFCs and Micro finance Institutions issued by Reserve bank of India.

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

Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. In respect of financial statements, DIN of Directors' had not mentioned.



we further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
4. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Thiruvananthapuram  
Date: 06.06.2016

S/d-  
**P Sajee Nair**  
Practicing Company Secretary  
Membership No.:26579  
Certificate of Practice No.: 12772

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

#### ANNEXURE A

The Members  
Muthoot Microfin Limited  
13th Floor, Parinee Crescenzo  
Bandra Kurla Complex  
Bandra East, Mumbai  
Maharashtra-400051

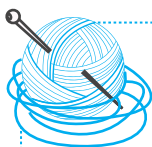
Our report of even date is to be read along with this letter.

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

Thiruvananthapuram  
Date: 06.06.2016

S/d-  
**P Sajee Nair**  
Practicing Company Secretary  
Membership No.:26579  
Certificate of Practice No.: 12772



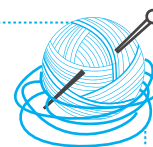


## INCREDIBLE TURNAROUND



Loan ID: VKRP#1119/3C

- 48-year-old Khadeeja from Vadakkancherry, Kerala used to live in a single bedroom house with her husband Yusuf and their 9 children.
- For several years, the only income for this big and poor family came from a small thatched tea shop in front of their house.
- A Relationship Officer from Muthoot Microfin visited her tea shop and informed about the microfinance services to Khadeeja. She soon applied for the loan and it was sanctioned a few days later.
- She used the 1st cycle loan to purchase utensils and raw materials for proper functioning of the tea shop. The company also provided her financial literacy sessions and skill trainings.
- The loan also allowed her to expand the menu of her little stall, thus helping her business appeal to wider customers. The business slowly began to grow and after six months she was able to raise her income to ₹500 a day.
- She availed three cycles of microfinance loans from Muthoot. Each cycle of loan marking a milestone in her progress and development.
- Her tiny tea shop is now an acclaimed catering unit - producing varied dishes and supplying it to various functions like marriages in the locality.
- She has now closed all her microfinance loans and has availed the next level small & growing business loan from Muthoot.



## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance or jaw in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

Muthoot Microfin Limited is committed to maintaining a high standard of corporate governance in complying with Master Circular on Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issue by RBI on July 3, 2015. The Company emphasizes the need for full transparency and accountability in all transactions, in order to protect the interests of its stakeholders.

### I. Board of Directors

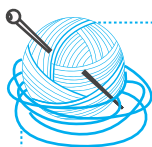
a. The current composition of the board is detailed below:

Sl.No	Name of the Director	Designation
1.	Mr. George Lamannil	Director
2.	Mr. Sabu Zacharias Kuncheria	Independent Director
3.	Mr. Maneesh Srivastava	Independent Director

- b. As per the Company's Articles of Association, the Board's strength is required to be a minimum of 3 and a maximum of 12 including the Debenture Director, Special Director and the Corporation Director, if any
- c. In Compliance with Section 165 of the Companies Act, 2013 ('the Act'), a Director shall not hold the office of Director in more than 20 companies including maximum of 10 public limited companies.
- d. Mr. George Lamannil (DIN: 03500455), Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board of Directors recommends the reappointment of Mr. George Lamannil as Director of the Company.
- e. The Company has two Independent Directors in the Board. The Company has received necessary declaration from each Independent Director under Section 149 (7) of the Companies Act, 2013 to the effect that he meets the criteria of independence as laid down in Section 149 (6) thereof.
- f. During the year ended 31st March 2016, 22 Board Meetings were held on the following dates - 08th May 2015, 22nd May 2015, 27th May 2015, 01st June 2015, 15th June 2015, 01st August 2015, 11th August 2015, 27th August 2015, 08th September 2015, 12th October 2015, 31st October 2015, 11th November 2015, 01st December 2015, 21st December 2015, 23rd December 2015, 21st January 2016, 11th February 2016, 23rd February 2016, 12th March, 2016, 17th March 2016, 24th March 2016 and 28th March 2016.

### II. Committees of Board

- a. **Audit Committee:** The constitution of this Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013. The details of its terms of reference as approved by the Board of Directors of the Company are given below:
- providing recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  - reviewing & monitoring auditor's independence and performance, and effectiveness of audit process;
  - examining financial statement and the auditors' report thereon;
  - scrutinizing inter-corporate loans and investments;
  - evaluating internal financial controls & risk management systems;



- monitoring the end use of funds raised through public offers and related matters;
- valuation of undertakings or assets of the company, wherever it is necessary;
- approval or any subsequent modification of transactions of the company with related parties;

The Audit Committee consists of following Directors:

Name of Director	Nature of Directorship	Designation
Mr. Sabu Zacharias Kuncheria	Independent	Chairman
Mr. Maneesh Srivastava	Independent	Member
Mr. George Lamannil	Non-Executive	Member

One Meeting of the Audit Committee was held on 03rd March 2016 during the financial year 2015-16

**b. Nomination and Remuneration Committee:** This Committee is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013. The Company has a Board approved Nomination and Remuneration Policy in place.

The Nomination and Remuneration Committee is comprised of:

Name of Director	Nature of Directorship	Designation
Mr. Sabu Zacharias Kuncheria	Independent	Chairman
Mr. Maneesh Srivastava	Independent	Member
Mr. George Lamannil	Non-Executive	Member

One Meeting of the Nomination and Remuneration Committee was held on 25th March 2016 during the financial year 2015 - '16.

**c. Other Committees:**

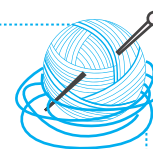
i. **Asset Liability Management Committee (ALCO):** The Company has constituted an Asset Liability Management Committee in terms of RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 03, 2015. The Company has a Board approved Asset Liability Management Policy in place. ALCO is vested with the responsibilities of monitoring the risk and to make suitable strategies to control it. The terms of reference are as below:

- Addressing concerns regarding asset liability mismatches;
- Achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity;
- Addressing concerns regarding interest rate risk exposure; and
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

The ALCO is comprised of:

Sl.No	Name of the Director	Designation
1.	Mr. George Lamannil	Director
2.	Mr. Sadaf Sayeed	Chief Executive Officer
3.	Mr. Seby Cherian	Chief Financial Officer
4.	Ms. Neethu Ajay	Company Secretary

ii. **Risk Management Committee:** This Committee is constituted in compliance with the provisions of the Companies Act, 2013 and RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 01, 2015. The Company has a Board approved Risk Management Policy in place. The terms of reference are as below:



- To monitor and review the risk management plan;
- To review operational risk
- To take strategic actions to mitigate the risk associated with the nature of the business;
- To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;

The Risk Management is comprised of:

Sl.No	Name of the Director	Designation
1.	Mr. George Lamannil	Director
2.	Mr. Sadaf Sayeed	Chief Executive Officer
3.	Mr. Seby Cherian	Chief Financial Officer
4.	Ms. Neethu Ajay	Company Secretary

**III. REMUNERATION TO DIRECTORS:** No remuneration was paid to any Non-Executive Director during the financial year 2015-16.

**IV. GENERAL BODY MEETING:** During the year ended 31st March 2016, one Annual General Meeting and 4 Extra Ordinary General Meeting were held and the details are given below:

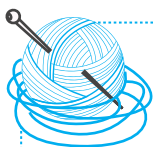
Sl No.	Date	Category	Time	Venue
1.	10.06.2015	EGM	11.00 Am	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051
2.	03.08.2015	AGM	12.00 Noon	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051
3.	23.12.2015	EGM	12.00 Noon	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051
4.	05.01.2016	EGM	11.00 Am	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051
5.	21.03.2016	EGM	11.00 Am	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051

#### V. GENERAL SHAREHOLDER INFORMATION

- Company Registration Details:** The Company is registered in the state of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is U65190MH1992PLC066228. The Company being NBFC-MFI is registered with Reserve Bank of India
- 24th Annual General Meeting:** The 24th AGM of the Company will be held on Thursday the 7th July 2016 at 12.00 Noon at the Registered Office of the Company at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai 400051.
- Financial Calendar:** The financial calendar of the Company is from 1st April to 31st March.

#### VI. DISCLOSURE:

- Related Party Transactions:** 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.

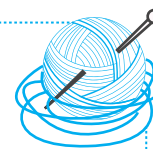


## FROM BLAMING DESTINY TO DREAMING HIGH



Loan ID: MOGP#189/3c

- Jayanthi from Mugapur West in Chennai, Tamil Nadu runs a small provision store in her locality.
- In the past, approached many institutions for financial assistance but was rejected every time due to lack of collateral security.
- Introduced to Muthoot Microfin and availed an Income Generating Loan in quick time, that too without any collateral security.
- Easy weekly repayment schedule suited her and the business grew in quick time. Her daily income increased to ₹500 a day from a meager ₹200 at the beginning.
- She says Muthoot Microfin helped transform her life like many other people in their community.



## FINANCIALS

### Independent Auditor's Report To the Members of Muthoot Microfin Limited

#### Report on the Financial Statements

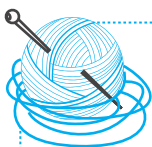
1. We have audited the accompanying financial statements of Muthoot Microfin Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

2. 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 financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2016, and its profit and its cash flows for the year ended on that date.

### Other Matter

9. The financial statements of the Company as at and for the year ended 31 March 2015 were audited by the Company's previous auditors JVR & Associates, Chartered Accountants, whose report dated 22 May 2015, expressed an unqualified opinion on those financial statements. The balances as at 31 March 2015 as per the audited financial statements, regrouped and/or reclassified wherever necessary, have been considered as opening balances for the purpose of these financial statements.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

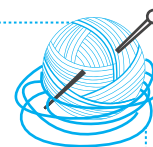
11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 06 June 2016 as per Annexure B expressed an unmodified opinion.
- g. 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 does not have any pending litigations which would impact its financial position.
  - ii. the Company, as detailed in Note 7 to the financial statements, has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Walker ChandioK& Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

S/d-  
per Sumesh E S  
Partner  
Membership No.: 206931

Place: Chennai  
Date: 06 June 2016

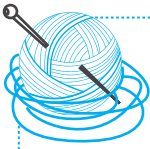


**Annexure A to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited, on the financial statements for the year ended 31 March 2016**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i)** (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (a) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (b) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii)** The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii)** The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii) (a), 3(iii) (b) and 3(iii) (c) of the Order are not applicable.
- (iv)** In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v)** The Company has not accepted any deposits from the public.
- (vi)** The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)** (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
  - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii)** The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix)** The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x)** No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit, except for misappropriation of cash aggregating





to ₹ 320,000 through manipulation of 16 customer accounts by the employees of the Company identified by the management during the year, as stated in note 30 (x) to the financial statements. The Company has initiated disciplinary action against such employees, including termination of their employment contracts and recovery of the amounts. The company has recovered ₹ 184,269 out of such amounts as at the year end and the balance amount of ₹ 135,731 is disclosed as recoverable under the head "Loan receivables". The company is taking necessary steps to ensure recovery of such amount.

- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made preferential allotment of equity shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For Walker Chandio& Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
per Sumesh E S  
Partner  
Membership No.: 206931

Place: Chennai  
Date: 06 June 2016

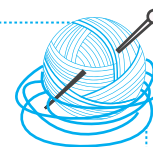
**Annexure B to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited, on the financial statements for the year ended 31 March 2016**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of Muthoot Microfin Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's 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.



### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

### **Meaning of Internal Financial Controls over Financial Reporting**

5. A company's IFCoFR 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 IFCoFR 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**

6. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

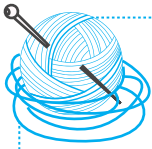
### **Opinion**

7. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
per Sumesh E S  
Partner  
Membership No.: 206931

Place: Chennai  
Date: 06 June 2016



## Muthoot Microfin Limited Balance Sheet

	Notes	As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	600,000,000	55,000,000
Reserves and surplus	4	91,814,629	(2,286,020)
		<b>691,814,629</b>	<b>52,713,980</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,243,438,885	-
Other long-term liabilities	6	12,298,920	-
Long-term provisions	7	22,466,038	-
		<b>2,278,203,842</b>	-
<b>Current liabilities</b>			
Other current liabilities	6	2,279,678,437	155,749
Short-term provisions	7	29,394,363	8,473
		<b>2,309,072,801</b>	<b>164,222</b>
		<b>5,279,091,272</b>	<b>52,878,202</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	22,264,136	9,067
Intangible assets	9	711,725	-
Deferred tax assets	10	17,943,351	1,062,487
Loan receivables	11	1,630,424,572	408,813
Long-term loans and advances	12	5,603,145	765,420
Other non-current assets	13	170,157,188	-
		<b>1,847,104,117</b>	<b>2,245,787</b>
<b>Current assets</b>			
Trade receivables	14	7,213,978	-
Cash and bank balances	15	602,876,697	49,374,462
Loan receivables	11	2,685,942,632	438,437
Short-term loans and advances	12	165,723	150,000
Other current assets	13	135,788,125	669,516
		<b>3,431,987,155</b>	<b>50,632,415</b>
		<b>5,279,091,272</b>	<b>52,878,202</b>

**Notes 1 to 30 form an integral part of these financial statements**

This is the balance sheet referred to in our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

Sd/-

**per Sumesh E S**

Partner

Membership No: 206931

Place: Chennai  
Date: 06 June 2016

For and on behalf of the Board of Directors of

**Muthoot Microfin Limited**

Sd/-

**George Lamannil**

Director

DIN: 03500455

Sd/-

**Neethu Ajay**

Company Secretary

Place: Kochi

Date: 06 June 2016

Sd/-

**Sabu Zakharias Kuncheria**

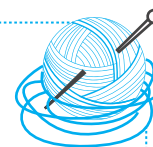
Director

DIN: 06694766

Sd/-

**Seby Cherian**

Chief Financial Officer



## Muthoot Microfin Limited

### Statement of profit and loss

	Notes	As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
<b>Revenue</b>			
Revenue from operations	16	521,545,385	3,803,391
Other income	17	16,314	-
<b>Total revenue</b>		<b>521,561,699</b>	<b>3,803,391</b>
<b>Expenses</b>			
Employee benefits expense	18	83,344,318	871,902
Finance costs	19	210,450,495	-
Depreciation and amortisation	20	166,207	34,009
Other expenses	21	81,585,634	5,191,199
<b>Total expenses</b>		<b>375,546,654</b>	<b>6,097,110</b>
<b>Profit before tax</b>		<b>146,015,046</b>	<b>(2,293,719)</b>
<b>Tax expense</b>			
Current tax		68,795,261	-
Deferred tax (income)		(16,880,864)	(708,759)
		<b>51,914,397</b>	<b>(708,759)</b>
<b>Net profit for the year</b>		<b>94,100,649</b>	<b>(1,584,960)</b>
<b>Earnings per equity share</b>			
Basic and diluted ( ₹ )		2.10	(0.29)
Weighted average number of equity shares (Nos.)		44,719,178	5,500,000
Par value of equity shares ( ₹ )		10	10

**Notes 1 to 30 form an integral part of these financial statements**

This is the balance sheet referred to in our report of  
in our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

Sd/-

**per Sumesh E S**

Partner

Membership No: 206931

Place: Chennai

Date: 06 June 2016

For and on behalf of the Board of Directors of

**Muthoot Microfin Limited**

Sd/-

**George Lamannil**

Director

DIN: 03500455

Sd/-

**Neethu Ajay**

Company Secretary

Place: Kochi

Date: 06 June 2016

Sd/-

**Sabu Zakharias Kuncheria**

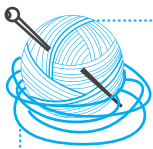
Director

DIN: 06694766

Sd/-

**Seby Cherian**

Chief Financial Officer



## Muthoot Microfin Limited (Cash flow statement)

Cash flows from operating activities	As at 31 March 2016 (₹)	As at 31 March 2015
<b>Profit before tax</b>	<b>146,015,046</b>	<b>(2,293,719)</b>
Adjustments		
Depreciation and amortisation	166,207	34,009
Provision for employee benefits	6,161,792	-
Provision for loan losses	43,155,199	8,473
<b>Operating profit before working capital changes</b>	<b>195,498,244</b>	<b>(2,251,237)</b>
Increase in other long-term liabilities	12,298,920	-
Increase/ (decrease) in other current liabilities	378,337,352	(825,257)
(Increase) in non-current loan receivables	(1,630,015,759)	-
(Increase) in long-term loans and advances	(4,044,551)	(125,000)
(Increase) in other non-current assets	(14,273,776)	-
(Increase) in trade receivables	(7,213,978)	-
(Increase) in current loan receivables	(2,685,504,195)	(847,250)
(Increase) in short-term loans and advances	(392,211)	-
(Increase)/ decrease in other current assets	(135,118,609)	212,039
<b>Cash (used in) operating activities</b>	<b>(3,890,428,563)</b>	<b>(3,836,706)</b>
Income taxes paid (net)	(65,883,836)	(376,488)
<b>Net cash (used in) operating activities</b>	<b>(3,956,312,399)</b>	<b>(4,213,194)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets (including capital advances)	(7,315,520)	-
Purchase of intangible assets (including capital advances)	(355,000)	-
Investments in deposits	(309,201,285)	-
Proceeds from maturity of deposits	31,410,971	-
<b>Net cash (used in) investing activities</b>	<b>(285,460,834)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	545,000,000	-
Proceeds from borrowings	4,446,169,203	-
Repayment of borrowings	(317,800,637)	-
<b>Net cash generated from financing activities</b>	<b>4,673,368,566</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents	431,595,333	(4,213,194)
Cash and cash equivalents as at the beginning of the year	49,374,462	53,587,655
<b>Cash and cash equivalents as at the end of the year</b>	<b>480,969,795</b>	<b>49,374,462</b>

**Notes:**

Cash and cash equivalents comprises of Balances with banks

- in current accounts	219,395,972	15,712,207
- in deposit account (with maturity up to 3 months)	260,800,000	33,662,255
Balances with cash collection agents	773,823	-
	<b>480,969,795</b>	<b>49,374,462</b>

**Notes 1 to 30 form an integral part of these financial statements**

This is the balance sheet referred to in our report of in our report of even date

**For Walker Chandiok & Co LLP**

Chartered Accountants

Sd/-

**per Sumesh E S**

Partner

Membership No: 206931

Place: Chennai

Date: 06 June 2016

For and on behalf of the Board of Directors of

**Muthoot Microfin Limited**

Sd/-

**George Lamannil**

Director

DIN: 03500455

Sd/-

**Neethu Ajay**

Company Secretary

Place: Kochi

Date: 06 June 2016

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**Sabu Zakharias Kuncheria**

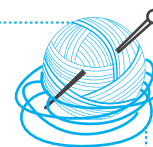
Director

DIN: 06694766

Sd/-

**Seby Cherian**

Chief Financial Officer



## Muthoot Microfin Limited

### Summary of significant accounting policies and other explanatory information

#### 1, General information

##### a, Background

"Muthoot Microfin Limited ('the Company') was incorporated as a private limited company in the year 1992 under the erstwhile Companies Act, 1956. Effective 18 March 1998, the Company was registered as a non-deposit accepting Non Banking Financial Company ('NBFC-ND') under the rules and regulations framed by the Reserve Bank of India ('the RBI'). In accordance with the Notification issued by the RBI vide reference no. RBI/2011-12/290, DNBS.CC.PD.No.250/03.10.01/2011-12, dated 2 March 2011, the Company has obtained registration under the category of Non-Banking Financial Company - Micro Finance Institutions ('NBFC-MFI'), w.e.f 25 March 2015.

The operations of the Company are based on the Grameen model of lending. It is designed to promote entrepreneurship among women and inclusive growth. The Company provides financial assistance through micro loans to women engaged in small income generating activities. The company also facilitates entrepreneurship development and harnesses entrepreneurship skills through skill development workshops and financial literacy classes for its clients.

In addition to the core business of providing micro-credit, the Company uses its distribution channel to provide loans to the members for the purchase of productivity-enhancing products such as solar lamps and water purifiers."

##### b, Comparatives

All amounts in the financial statements are presented in Indian Rupees except share data and as otherwise stated. Figures for the previous year have been regrouped / re-classified wherever considered necessary to conform to the figures presented in the current year. Previous year figures have been audited by a firm other than Walker Chandio & Co LLP.

#### 2, Significant accounting policies

##### a, Basis of preparation of financial statements

The financial statements are prepared under the historic cost convention on accrual basis of accounting, except interest in respect of non-performing loan assets are accounted for on a cash basis, in accordance with generally accepted accounting principles ("GAAP") applicable in India. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, (to the extent notified and applicable) and the RBI directives and guidelines to the extent applicable to non-banking financial companies. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

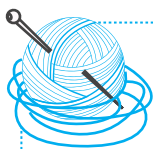
##### b, Use of estimates

"The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, provision for loss assets, loan receivables, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets. Further the classification of assets and liabilities into current and non-current is based on the estimation of the operating cycle of the Company.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods."

##### c, Tangible assets

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.



Gains or losses arising on the disposal of the tangible assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses, as the case may be.

Depreciation is provided using straight line method at the rates of depreciation prescribed in Schedule II of the Companies Act, 2013.

#### **d, Intangible assets**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. These assets are amortised over their estimated useful lives on a straight line basis, commencing from the date the assets is available to the Company for its use. After initial recognition, intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the disposal proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss within other income or other expenses, as the case may be.

The useful life of the assets is reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortisation is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

#### **e, Impairment**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is the higher of the asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

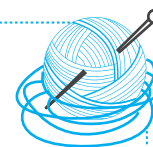
#### **f, Operating lease**

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

#### **g, Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectibility is reasonably assured.

- i. Interest on loans is recognised on accrual basis under the internal rate of return (IRR) method, except in the case of Non Performing Assets ("NPAs"), where interest is recognised upon realisation, in accordance with the directives of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended). Also refer note 2(a).
- ii. Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Loan processing fees is accounted up-front as and when it becomes due.
- iv. Income from managed portfolio represents income from receivables securitized / assigned is accounted in accordance with the relevant guidelines issued by the RBI. The losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration and the gains arising from the transaction are amortized over the tenor of the transaction.
- v. Commission income is recognised on an accrual basis on the completion of the service in accordance with the terms of the agreement.
- vi. All other income is recognised on an accrual basis.



#### **h. Asset classification and provisioning**

The Company follows the asset classification and provisioning norms as per the RBI Guidelines (Master Circular-Introduction of New Category of NBFCs - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions)

<b>Asset category</b>	<b>Classification</b>
Standard assets	Asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Non-performing assets	Asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

#### **Provisioning**

Higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

#### **i. Securitization/assignment of loans and advances**

Transactions relating to transfers of loans and advances through securitization/assignment with other financial institutions and banks are accounted for in accordance with the relevant guidelines issued by the RBI. Such transferred loans and advances are de-recognised from the financial statements and gains/losses are accounted for only where the Company surrenders rights to benefits specified in the loan contract in favour of the counter parties.

#### **j. Borrowing cost**

Borrowing cost includes interest incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

#### **k. Employee benefits**

i. Defined contribution plan: The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.

ii. Defined benefit plan: The Company provides gratuity, a defined benefit retirement plan covering eligible employees. Liabilities related to the gratuity plan are determined by an independent actuarial valuation carried out using projected unit credit method as at the balance sheet date. Actuarial gain or loss is recognized immediately in the statement of profit and loss.

#### **l. Taxation**

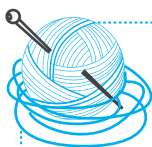
Provision for tax for the year comprises current income tax and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

In computing current taxes the Company takes into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. In cases wherever the tax liability computed as per above is less than the Minimum Alternate Tax,





the Company is liable to pay the Minimum Alternate Tax (MAT), in accordance with Section 115JB of the Income Tax Act, 1961. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**m. Earnings per equity share**

The basic earnings per equity share ("EPS") is computed by dividing the net profit / loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares.

**n. Provisions, contingent liabilities and contingent assets**

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount of provision recognised are best estimates of expenditure that are required to settle the obligation at the balance sheet date. The estimates are not discounted to their present value.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

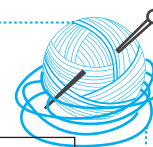
Contingent assets are neither recognized nor disclosed in the financial statements.

**o. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated based on the available information. Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**3, Share capital Authorised**

	As at 31 March 2016		As at 31 March 2015	
	Number (₹)		Number (₹)	
Equity shares of ₹10 each	75,000,000	750,000,000	50,000,000	500,000,000
	<b>75,000,000</b>	<b>750,000,000</b>	<b>50,000,000</b>	<b>500,000,000</b>
Issued, subscribed and fully paid up Equity shares of ₹10 each	60,000,000	600,000,000	5,500,000	55,000,000
	<b>60,000,000</b>	<b>600,000,000</b>	<b>5,500,000</b>	<b>55,000,000</b>
a) Reconciliation of equity share capital	Number	₹	Number	₹
Balance at the beginning of the year	5,500,000	55,000,000	5,500,000	55,000,000
Add: Issued during the year	54,500,000	545,000,000	-	-
<b>Balance at the end of the year</b>	<b>60,000,000</b>	<b>600,000,000</b>	<b>5,500,000</b>	<b>55,000,000</b>
b) Shareholders holding more than 5% of the aggregate shares in the company and shares held by holding company	Number	₹	Number	₹
Muthoot Fincorp Limited	<b>59,154,540</b>	<b>98.59%</b>	<b>5,200,000</b>	<b>94.55%</b>



### c. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

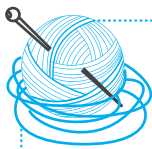
### 4, Reserves and surplus

	As at 31 March 2016	As at 31 March 2015
	Number (₹)	Number (₹)
Statutory reserve		
Balance at the beginning of the year	45,872	45,872
Add : Transferred from surplus in statement of profit and loss*	18,820,130	-
<b>Balance at the end of the year</b>	<b>18,866,002</b>	<b>45,872</b>
<b>Surplus/(deficit) in statement of profit and loss</b>		
Balance at the beginning of the year	(2,331,892)	(746,932)
Add: Transferred from statement of profit and loss	94,100,649	(1,584,960)
Less: Transferred to statutory reserve	(18,820,130)	-
<b>Balance at the end of the year</b>	<b>72,948,627</b>	<b>(2,331,892)</b>
	<b>91,814,629</b>	<b>(2,286,020)</b>

\* In accordance with the provision of Section 45-IC of the Reserve Bank of India Act, 1934, the Company being an NBFC, has transferred 20% of the profit after tax for the year to the statutory reserve.

### 5, Long term borrowings Secured

	As at 31 March 2016	As at 31 March 2015
	Number (₹)	Number (₹)
Term loans (Also, refer note 29)		
From banks	2,985,645,946	-
From other parties	1,142,722,620	-
	<b>4,128,368,566</b>	-
Less: Classified as Other current liabilities (Also, refer note 6)		
Current maturities of long term borrowings		
From banks	1,373,172,201	-
From other parties	511,757,480	-
	<b>1,884,929,681</b>	-
	<b>2,243,438,885</b>	-

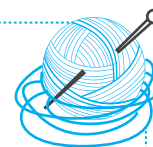

**6, Other liabilities**

	As at 31 March 2016		As at 31 March 2015	
	Long term (₹)	Current(₹)	Long term (₹)	Current(₹)
Current maturities of long-term borrowings (Also, refer note 5)				
From banks	-	1,373,172,201	-	-
From other parties	-	511,757,480	-	-
Creditor for capital goods	-	16,255,655	-	-
Unrealised gain on loan transfer transactions	12,298,920	106,584,654	-	-
Interest accrued but not due	-	40,246,560	-	-
Payables towards securitisation/ assignment transactions	-	132,846,898	-	-
Income received in advance	-	1,114,589	-	-
Employee related payables	-	8,638,886	-	54,918
Statutory dues payable	-	8,269,330	-	22,699
Insurance premium collected from borrowers	-	36,517,356	-	-
Other payables	-	44,274,828	-	78,132
	<b>12,298,920</b>	<b>2,279,678,437</b>	-	<b>155,749</b>

**7, Provisions**

	As at 31 March 2016		As at 31 March 2015	
	Long term (₹)	Current(₹)	Long term (₹)	Current(₹)
Provision against loan portfolio	16,304,246	26,835,457	-	8,473
Provision for income tax (net of advance tax ₹ 66,260,324)	-	2,534,937	-	-
Provision for non-performing assets	-	23,969	-	-
Provision for gratuity (Also, refer note 8(i))	4,273,626	-	-	-
Provision for leave encashment (Also, refer note 8(ii))	1,888,166	-	-	-
	<b>22,466,038</b>	<b>29,394,363</b>	-	<b>8,473</b>

	As at 31 March 2016	As at 31 March 2015
<b>Movement in</b>		
<b>a) Provision against loan portfolio</b>		
Opening balance	8,473	-
Add: Provision made during the year	43,131,230	8,473
<b>Balance at the end of the year</b>	<b>43,139,703</b>	<b>8,473</b>
<b>b) Provision for non-performing assets</b>		
Opening balance	-	-
Add: Provision made during the year	23,969	-
<b>Balance at the end of the year</b>	<b>23,969</b>	-



## 8 Employee benefits

### i) Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. The Company doesn't maintain any plan assets to fund its obligation towards gratuity liability.

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	<b>As at 31 March 2016</b>
<b>Change in projected benefit obligation</b>	
Projected benefit obligation at the beginning of the year	-
Service cost	700,221
Interest cost	28,008
Actuarial loss	3,545,397
<b>Projected benefit obligation at the end of the year</b>	<b>4,273,626</b>
<b>Net gratuity costs recognised in the statement of profit and loss (Refer note 18)</b>	<b>4,273,626</b>
<b>Assumptions used</b>	
Discount rate	8.00%
Long-term rate of compensation increase	5.00%
Attrition rate	20.00%
Average remaining life (in years)	32.63

#### Note:

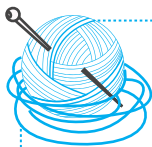
The Payment of Gratuity Act, 1972 ('the Gratuity Act') is applicable to all entities in which ten or more employees are employed, or were employed, on any day of the preceding twelve months. Until the year ended 31 March 2015, the Company was not covered by the provisions of the Gratuity Act as the number of employees did not exceed the prescribed limit. Hence, no comparatives are disclosed.

### ii) Compensated absences

The Company permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company doesn't maintain any plan assets to fund its obligation towards compensated absences.

#### Principal actuarial assumptions used:

Discount rate	8.00%
Long-term rate of compensation increase	5.00%
Attrition rate	20.00%
Average remaining life (in years)	32.63


**9, Fixed assets**

	Tangible assets				Intangible assets
	Computer and accessories	Furniture and fixtures	Office equipment	Total	Software
<b>Gross block</b>					
<b>Balance as at 31 March 2014</b>	<b>78,500</b>	-	<b>8,675</b>	<b>87,175</b>	-
Additions	-	-	-	-	-
<b>Balance as at 31 March 2015</b>	<b>78,500</b>	-	<b>8,675</b>	<b>87,175</b>	-
Additions	4,965,587	10,451,247	6,981,167	22,398,001	735,000
<b>Balance as at 31 March 2016</b>	<b>5,044,087</b>	<b>10,451,247</b>	<b>6,989,842</b>	<b>22,485,176</b>	<b>735,000</b>
<b>Accumulated depreciation and amortisation</b>					
<b>Balance as at 31 March 2014</b>	<b>42,158</b>	-	<b>1,941</b>	<b>44,099</b>	-
Charge for the year	30,068	-	3,941	34,009	-
<b>Balance as at 31 March 2015</b>	<b>72,226</b>	-	<b>5,882</b>	<b>78,108</b>	-
Charge for the year	27,838	37,708	77,386	142,932	23,275
<b>Balance as at 31 March 2016</b>	<b>100,064</b>	<b>37,708</b>	<b>83,268</b>	<b>221,040</b>	<b>23,275</b>
<b>Net block</b>					
<b>Balance as at 31 March 2015</b>	<b>6,274</b>	-	<b>2,793</b>	<b>9,067</b>	-
<b>Balance as at 31 March 2016</b>	<b>4,944,023</b>	<b>10,413,539</b>	<b>6,906,574</b>	<b>22,264,136</b>	<b>711,725</b>

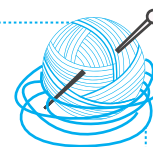
**10, Deferred taxes**

	As at 31 March 2016	As at 31 March 2015
	Number (₹)	Number (₹)
Timing difference between depreciation and amortisation as per financials and depreciation as per tax	875,726	777
Provision for loan losses	14,935,151	-
Provision for employee benefits	2,132,474	-
Carried forward business loss	-	1,038,351
Unabsorbed depreciation	-	23,359
<b>Net deferred tax asset</b>	<b>17,943,351</b>	<b>1,062,487</b>

**11, Loan receivables**

	As at 31 March 2016		As at 31 March 2015	
	Non-current (₹)	Current (₹)	Non-current (₹)	Current (₹)
Joint liability group loans				
Unsecured, considered good	1,567,132,697	2,577,845,277	408,813	438,437
Unsecured, considered doubtful*	427,409	1,682,977	-	-
	<b>1,567,560,106</b>	<b>2,579,528,254</b>	<b>408,813</b>	<b>438,437</b>
Individual loans				
Secured, considered good	-	106,249,301	-	-
Secured, considered doubtful*	-	165,077	-	-
	-	<b>106,414,378</b>	-	-
Joint liability group loans placed as collateral towards securitisation transactions (Also, refer note 30(d))				
Unsecured, considered good	62,743,018	-	-	-
Unsecured, considered doubtful*	121,448	-	-	-
	<b>62,864,466</b>	-	-	-
	<b>1,630,424,572</b>	<b>2,685,942,632</b>	<b>408,813</b>	<b>438,437</b>

\* Represents non-performing assets as per the Company's asset classification policy (Also, refer note 2(h))



## 12, Loans and advances

	As at 31 March 2016		As at 31 March 2015	
	Long-term (₹)	Short-term (₹)	Long-term (₹)	Short-term (₹)
(Unsecured, considered good)				
Security deposits	4,220,013	-	40,000	-
Capital advances	793,174	-	-	-
Loans to employees	-	165,723	-	-
Balances with government authorities	-	-	348,932	-
Advance income tax	484,958	-	376,488	-
Other advances	105,000	-	-	150,000
	<b>5,603,145</b>	<b>165,723</b>	<b>765,420</b>	<b>150,000</b>

## 13, Other assets

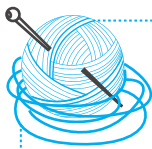
	As at 31 March 2016		As at 31 March 2015	
	Non-current (₹)	Current (₹)	Non-current (₹)	Current (₹)
Non-current bank balances (Refer note 15)	155,883,412	-	-	-
Interest strip retained on securitisation of receivables	12,424,438	121,299,693	-	-
Interest accrued but not due on				
- Bank deposits	1,849,338	3,105,468	-	667,955
- Loan receivables	-	11,382,964	-	1,561
	<b>170,157,188</b>	<b>135,788,125</b>	<b>-</b>	<b>669,516</b>

## 14, Trade receivables

	As at 31 March 2016	As at 31 March 2015
	(₹)	(₹)
(Unsecured, considered good)		
Outstanding for a period less than six months from the date they are due for payment	7,213,978	-
	<b>7,213,978</b>	<b>-</b>

## 15, Cash and bank balances

Cash and cash equivalents		
Balances with banks		
- in current accounts	219,395,972	15,712,207
- in deposit accounts (with maturity up to 3 months)	260,800,000	33,662,255
	<b>480,195,972</b>	<b>49,374,462</b>
Balances with cash collection agents	773,823	-
	<b>773,823</b>	<b>-</b>
Other bank balances		
Deposits with bank held as security against borrowings and other commitments	277,790,314	-
	<b>277,790,314</b>	<b>-</b>
Less: Amounts disclosed as 'Other non-current assets' (Refer note 13)	155,883,412	-
	<b>602,876,697</b>	<b>49,374,462</b>



**16, Revenue from operations**

	As at 31 March 2016	As at 31 March 2015
	(₹)	(₹)
Interest income on		
- Loans given	381,129,924	29,546
- Fixed deposits with banks	10,602,070	3,764,883
Loan processing fees	76,618,575	8,962
Income from managed portfolio	31,616,527	-
Commission income	21,478,288	-
Service fee for management of receivables	100,000	-
	<b>521,545,385</b>	<b>3,803,391</b>

**17, Other income**

Other non-operating income	16,314	-
	<b>16,314</b>	<b>-</b>

**18, Employee benefits expense**

Salaries and wages	71,829,440	768,576
Gratuity expense (Also, refer note 8(i))	4,273,626	-
Compensated absences (Also, refer note 8(ii))	1,888,166	-
Contribution to provident and other defined contribution funds	5,150,636	103,326
Staff welfare expenses	202,450	-
	<b>83,344,318</b>	<b>871,902</b>

**19, Finance costs**

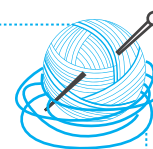
Interest expenses	179,003,735	-
Other borrowing costs	31,446,760	-
	210,450,495	-

**20, Depreciation and amortisation expense**

Depreciation towards tangible assets (Also, refer note 9)	142,932	34,009
Amortisation towards intangible assets (Also, refer note 9)	23,275	-
	<b>166,207</b>	<b>34,009</b>

**21, Other expenses**

Power and fuel	798,024	-
Rent and amenities	8,669,180	1,016,246
Repairs and maintenance - Others	990,472	-
Rates and taxes	2,550,959	3,816,370
Legal and professional charges	5,199,243	14,236
Payments to auditors (Also, refer note 22)	900,000	86,517
Business promotion expenses	626,884	-
Traveling, conveyance and lodging expenses	2,835,308	134,735
Postage and courier	196,100	-
Printing and stationery	698,285	-
Communication expenses	1,226,217	-
Provision for loan losses, net	43,155,199	8,473
Cash management charges	1,876,884	-
Software support charges	10,750,000	-
Miscellaneous expenses	1,112,879	114,622
	<b>81,585,634</b>	<b>5,191,199</b>



## 22, Payments to auditors (excluding service tax)

	As at 31 March 2016	As at 31 March 2015
	(₹)	(₹)
Statutory audit	800,000	56,180
Tax audit	100,000	-
Other services	-	30,337
	<b>900,000</b>	<b>86,517</b>

## 23, Payables to micro and small enterprises

Based on the information available with the Company, as at 31 March 2016, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

## 24, Contingent liabilities and commitments

Credit enhancements (cash collateral and principal subordination) provided by the Company towards securitisation transactions aggregating to ₹116,747,878 (31 March 2015: ₹ Nil).

## 25, Related parties disclosures

As per the requirement of Accounting Standards 18, on related party disclosures, the name of the related parties with the description of the relationship and transactions between the reporting enterprise and its related parties, as identified and certified by the management are as follows:

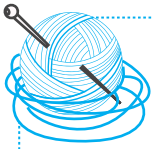
### a) Nature of relationship

Nature of relationship	Nature of relationship
Holding Company	Muthoot Fincorp Limited
Entities in which KMP are able to exercise control or have significant influence	Muthoot Pappachan Technologies Limited
Key Management personnel (KMP)	Thomas George Muthoot, Director of holding company
	Thomas John Muthoot, Director of holding company
	Thomas Muthoot, Director of holding company
	George Lamannil, Director
	Sabu Zakharias Kuncheria, Director
	Maneesh Srivastava, Director
	Sadaf Sayeed, Chief Executive Officer

### b) Transactions with related parties

Nature	Name of the party	Year ended 31 March 2016	Year ended 31 March 2015
Cash management charges*	Muthoot Fincorp Limited	1,752,141	-
Software support charges*	Muthoot Pappachan Technologies Limited	10,000,000	-
Rent expenses*	Muthoot Fincorp Limited	915,421	134,832
	Thomas George Muthoot	216,396	250,663
	Thomas John Muthoot	389,646	250,663
	Thomas Muthoot	216,408	250,676
Purchase of assets	Muthoot Fincorp Limited	15,875,655	-
Rental deposits	Muthoot Fincorp Limited	658,820	-
Remuneration	Sadaf Sayeed	3,227,525	-





**b) Balance at the end of the year**

Nature	Name of the party	Year ended 31 March 2016	Year ended 31 March 2015
Cash management charges payable	Muthoot Fincorp Limited	771,465	-
Software support charges payable	Muthoot Pappachan Technologies Limited	10,450,000	-
Rent payable	Muthoot Fincorp Limited	194,023	6,049
	Thomas George Muthoot	-	48,621
	Thomas John Muthoot	22,275	48,621
	Thomas Muthoot	-	48,624
Creditor for capital goods	Muthoot Fincorp Limited	15,875,655	-
Rental deposit	Muthoot Fincorp Limited	658,820	-

**26, Loans and advances**

Loan portfolio has been classified in accordance with the directives issued by the Reserve Bank of India (Master Circular- Introduction of New Category of NBFCs - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions). The necessary provisions as per RBI norms have been made. The details are as follows:

Asset classification	Classification criteria	No. of accounts*	Amount outstanding	Provision ₹
<b>As at 31 March 2016</b>				
Standard assets	0-90 days	248,871	4,313,970,293	43,139,703
Non-performing assets	91 days or more	186	2,396,911	23,969
		<b>249,057</b>	<b>4,316,367,204</b>	<b>43,163,672</b>
<b>As at 31 March 2015</b>				
Standard assets	0-90 days	46	847,250	8,473
Non-performing assets	91 days or more	-	-	-
		<b>46</b>	<b>847,250</b>	<b>8,473</b>

\*Does not include loan receivables retained by the NBFC to comply with minimum retention requirement ('MRR').

**27, Transfer of fixed assets**

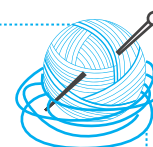
During the year, the Company has acquired certain tangible assets from its holding company, Muthoot Fincorp Limited for an amount of ₹ 15,875,655. This transaction was effected on 31 March 2016.

**28, Segment reporting**

**a) Business segment**

The Company has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the Company is primarily determined by the nature of products/services. The products/services included in each of the reported domestic business segments are as follows:

- a) Financing activities primarily include loans to women borrowers
- b) Others include marketing of products and acting as a servicer for securitised loans

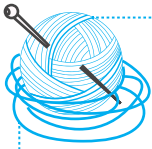


	As at 31 March 2016	As at 31 March 2015
	(₹)	(₹)
<b>Revenue</b>		
Financing activities	499,967,097	3,803,391
Others	21,578,288	-
<b>Total income</b>	<b>521,545,385</b>	<b>3,803,391</b>
<b>Result</b>		
Financing activities	131,931,377	(2,293,719)
Others	14,067,355	-
<b>Operating profit</b>	<b>145,998,732</b>	<b>(2,293,719)</b>
Other income	16,314	-
<b>Profit before tax</b>	<b>146,015,046</b>	<b>(2,293,719)</b>
<b>Taxation for the year</b>		
Current tax	68,795,261	-
Deferred tax	(16,880,864)	(708,759)
<b>Profit for the year</b>	<b>94,100,649</b>	<b>(1,584,960)</b>

	As at 31 March 2016	As at 31 March 2015
	(₹)	(₹)
<b>OTHER INFORMATION</b>		
<b>Segment assets</b>		
Financing activities	5,271,877,294	52,878,202
Others	7,213,978	-
<b>Segment liabilities</b>		
Financing activities	4,563,614,344	164,222
Others	23,662,299	-
<b>Capital expenditure</b>		
Financing activities	23,133,001	-
Others	-	-
<b>Depreciation/Amortisation</b>		
Financing activities	166,207	34,009
Others	-	-

**b) Geographical segment**

The Company operates only in India and hence there are no separately identifiable geographical segments.



**29. Details of security, repayment terms, applicable interest rates**

TERM LOANS AND OTHER LOANS								Outstanding as at	
S No.	Repayment terms	No of installments	"Amount per installment" (₹)	Commencement month	Interest rate p.a	Nature of the security	Loan taken during the year	31 March 2016	31 March 2015
1	Monthly	33	3,787,879	Dec-15	12.55%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	125,000,000	109,848,000	-
2	Monthly	33	3,787,879	Feb-16	12.65%		125,000,000	117,424,000	-
3	Monthly	15	6,666,667	Jul-16	12.00%		100,000,000	100,000,000	-
4	Monthly	24	5,000,000-20,425,000	Jan-16	13.45%		400,000,000	338,725,000	-
5	Monthly	36	6,944,444	Apr-16	12.15%		250,000,000	250,000,000	-
6	Monthly	23	4,167,000	Apr-16	12.65%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	100,000,000	100,000,000	-
7	Monthly	21	19,047,619	May-16	12.75%		400,000,000	400,000,000	-
8	Monthly	36	4,166,667	Jun-16	12.25%		150,000,000	150,000,000	-
9	Quarterly	8	25,000,000	May-16	12.50%		200,000,000	200,000,000	-
10	Monthly	24	10,416,667	Jan-16	11.80%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 7.5%.	250,000,000	218,746,642	-
11	Monthly	33	3,030,303	Apr-16	12.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	100,000,000	100,000,000	-
12	Monthly	33	1,515,152	Jul-16	12.50%		50,000,000	50,000,000	-
13	Monthly	46	4,249,000	Feb-16	13.00%		156,169,203	148,758,489	-
14	Monthly	30	6,170,000	Jun-16	12.00%		150,000,000	152,143,815	-
15	Quarterly	10	30,000,000	Jun-16	13.15%		300,000,000	300,000,000	-
16	Quarterly	7	35,000,000-40,000,000	Apr-16	11.95%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 10%.	250,000,000	250,000,000	-
17	Quarterly	8	62,500,000	Jan-17	13.25%	Exclusive charge over book debts equivalent to 110% of loan amount.	500,000,000	500,000,000	-
18	Monthly	18	15,519,827	Oct-15	14.35%	Exclusive charge over book debts equivalent to 105% of loan amount.	250,000,000	172,534,765	-
19	Monthly	18	15,519,827	Nov-15	14.35%		250,000,000	185,832,347	-
20	Monthly	36	11,571,000	Sep-15	13.70%	Exclusive charge over book debts equivalent to 100% of loan amount.	340,000,000	284,355,508	-
							<b>4,446,169,203</b>	<b>4,128,368,566</b>	-

**Note:** For interest rates on floating basis, rates disclosed above represents the rate of interest as at 31 March 2016

**Classified as**

Long term borrowings (Also, refer note 5)

Secured term loans

- From banks

2,985,645,946

-

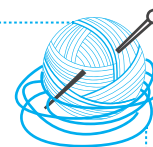
- From other parties

1,142,722,620

-

**4,128,368,566**

-



### 30. Additional disclosures required by RBI

	“Year ended 31 March 2016” ₹	“Year ended 31 March 2015” ₹
<b>a). Capital to Risk-Assets ratio (CRAR)</b>		
CRAR %	15.16%	153.51%
CRAR - Tier I Capital (%)	14.79%	153.51%
CRAR - Tier II Capital (%)	0.37%	-
Amount of subordinated debt raised as Tier-II capital (In ₹)	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

#### b). Investments

The Company does not have any investments as on 31 March 2016 (31 March 2015: Nil).

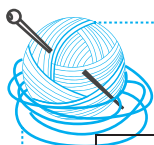
#### c). Derivatives

The Company has no transactions/exposure in derivatives in the current and previous year.

The Company has no unhedged foreign currency exposure as on 31 March 2016 (31 March 2015: Nil).

#### d). Disclosures relating to securitisation

	“Year ended 31 March 2016” ₹	“Year ended 31 March 2015” ₹
<b>Securitisation activity as an originator</b>		
Total number of loans assets securitised (Nos)	70,746	-
Book value of loans assets securitised	1,286,446,375	-
Book value of loans assets securitised including loan placed as collateral	1,349,310,841	-
Sale consideration received during the year	1,286,446,375	-
Interest spread recognised in the statement of profit and loss	27,498,054	-
Credit enhancements provided and outstanding		
- Principal subordination	62,864,466	-
- Cash collateral	53,883,412	-
<b>SPVs relating to outstanding securitisation transactions</b>		
Number of SPVs sponsored by the NBFC for securitisation transactions (Nos)	3	-



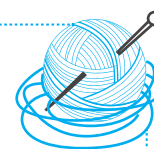
Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet	1,234,900,534	-
Total amount of exposures retained by the NBFC to comply with minimum retention requirement ('MRR')		
Off-balance sheet exposures		
First loss	-	-
Others	-	-
On-balance sheet exposures		
First loss (cash collateral)	53,883,412	-
Others (credit enhancement)	62,864,466	-
Amount of exposures to securitisation transactions other than MRR		
Off-balance sheet exposures		
Exposure to own securitizations		
First loss	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-
On-balance sheet exposures		
Exposure to own securitizations		
First loss (cash collateral)	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-

**e). Details of financial assets sold to securitisation/reconstruction companies for asset reconstruction**

The Company has not sold any financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

**f). Details of Assignment transactions undertaken**

	"Year ended 31 March 2016" ₹	"Year ended 31 March 2015" ₹
Number of accounts (Nos)	72,977	
Aggregate value (net of provisions) of accounts sold	1,138,991,182	-
Aggregate consideration	1,138,991,182	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	-	-



### g). Details of non-performing financial assets purchased/sold

The Company has not purchased/sold non-performing financial assets in the current and previous year.

### h). Asset liability management

As at 31 March 2016									In ₹
Maturity with in									
	1 to 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Deposits	270,956,902	5,000,000	18,250,000	19,000,000	69,500,000	148,383,412	7,500,000	-	538,590,314
Advances	182,675,638	234,038,124	238,082,129	725,964,345	1,305,182,396	1,630,424,572	-	-	4,316,367,204
Borrowings	130,932,061	190,900,106	174,713,168	485,578,469	902,805,877	2,198,840,765	44,598,119	-	4,128,368,566

As at 31 March 2015									In ₹
Maturity with in									
	1 to 30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	5 years and above	Total
Deposits	-	-	31,162,255	2,500,000	-	-	-	-	33,662,255
Advances	34,007	31,831	44,777	103,965	223,857	408,813	-	-	847,250
Borrowings	-	-	-	-	-	-	-	-	-

### i). Exposures

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

### j). Details of financing of parent company products

The Company does not finance the products of the parent/holding company.

### k). Unsecured advances

Refer note 12 for details of unsecured advances.

### l). Registrations obtained from other financial sector regulators

The Company is registered with the Ministry of Corporate Affairs.

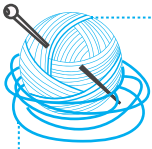
### m). Disclosure of penalties imposed by RBI and other regulators

No penalties were imposed by Reserve Bank of India and other regulators during the current and previous year.

### n). Ratings assigned by credit rating agencies and migration of ratings during the year

Deposits instrument	Rating agency	Date of rating	Valid upto	Rating assigned	"Borrowing limit ₹"
Bank loan rating	CRISIL	15-Jul-15	Refer note below	A-/Stable	1,000,000,000
Securitisation	CRISIL	15-Mar-16	December-17	AA- (SO)	332,700,000
Securitisation	CRISIL	15-Mar-16	December-17	A- (SO)	14,800,000
Securitisation	CRISIL	15-Feb-16	October-17	A- (SO)	450,100,000
Securitisation	CRISIL	15-Feb-16	October-17	BBB- (SO)	25,000,000
Securitisation	CRISIL	5-Apr-16	February-18	A- (SO)	430,300,000
Securitisation	CRISIL	5-Apr-16	February-18	BBB+ (SO)	33,500,000

**Note:** the rating is subject to annual surveillance till final repayment/redemption of related facilities.



**o). Provisions and Contingencies (shown under the head expenditure in Statement of profit and loss)**

	“Year ended 31 March 2016”	“Year ended 31 March 2015”
Provision towards NPA	23,969	-
Provision made towards income tax	68,795,261	-
Provision for gratuity	4,273,626	-
Provision for compensated absences	1,888,166	-
Provision for loan losses, net	43,155,199	8,473

**p). Draw down from reserves**

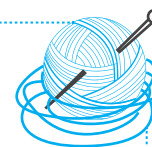
There has been no draw down from the reserves during the current and the previous year.

**q). Concentration of Advances, Exposures and NPAs**

<b>i). Concentration of Advances</b>		
Total Advances to twenty largest borrowers	900,000	383,809
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.02%	45.30%
<b>ii). Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers / customers	900,000	383,809
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.02%	45.30%
<b>iii). Concentration of NPAs</b>		
Total Exposure to top four NPA accounts	131,833	-

**r). Percentage of NPAs to total advances in that sector**

	“As at 31 March 2016” %	“As at 31 March 2015” %
Agriculture and allied activities	0.06%	-
MSME	0.06%	-
Corporate borrowers	-	-
Services	0.12%	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-



**s). 'Movement of NPAs**

	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Net NPAs to Net Advances (%)	0.06%	-
<b>Movement of NPAs (Gross)</b>		
Opening balance	-	-
Additions during the year	2,396,911	-
Reductions during the year	-	-
Closing balance	2,396,911	-
<b>Movement of Net NPAs</b>		
Opening balance	-	-
Additions during the year	2,372,942	-
Reductions during the year	-	-
Closing balance	2,372,942	-
<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
Opening balance	-	-
Provisions made during the year	23,969	-
Write-off / write-back of excess provisions	-	-
Closing balance	23,969	-

**t). 'Disclosure of customer complaints**

	Number	Number
Number of complaints pending at the beginning of the year	-	-
Number of complaints received during the year	135	-
Number of complaints redressed during the year	135	-
Number of complaints pending at the end of the year	-	-

**u). "Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC"**

The Company did not exceed the limits prescribed for Single and Group Borrower during the current and previous year.

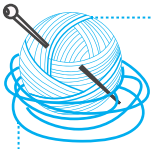
**v). Overseas assets**

The Company did not have any Joint Ventures and Subsidiaries abroad.

**w). Off-balance sheet SPVs sponsored**

There are no off-balance sheet SPVs sponsored which are required to be consolidated as per accounting norms as at end of current and previous year.



**x). Disclosure of frauds reported during the year**

Particulars	Issues found		Status as on 31st Mar 2016	
	Total No. of Accounts	Value ₹	Total No. of Accounts	Value ₹
<b>A) Persons involved</b>				
- Staff	16	320,000	8	135,731
<b>Total</b>	<b>16</b>	<b>320,000</b>	<b>8</b>	<b>135,731</b>
<b>B) Type of fraud</b>				
- Misappropriation / misutilisation	16	320,000	8	135,731
<b>Total</b>	<b>16</b>	<b>320,000</b>	<b>8</b>	<b>135,731</b>

**Note:**

Individual amounts do not exceed ₹.100,000 for all the above cases.

The above summary is prepared based on the information available with the Company and relied upon by the auditors.

The Company has initiated necessary action against the employees connected to the above reported instances.

This is the summary of significant policies and other explanatory information referred to in our report of even date.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Sd/-

**per Sumesh E S**

Partner

Membership No: 206931

Place: Chennai

Date: 06 June 2016

For and on behalf of the Board of Directors of

**Muthoot Microfin Limited**

Sd/-

**George Lamannil**

Director

DIN: 03500455

Sd/-

**Neethu Ajay**

Company Secretary

Place: Kochi

Date: 06 June 2016

Sd/-

**Sabu Zakharias Kuncheria**

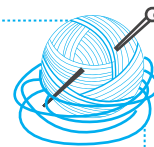
Director

DIN: 06694766

Sd/-

**Seby Cherian**

Chief Financial Officer

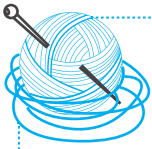


## EMPOWERED TO ACHIEVE NEW GOALS



Loan ID:KYDM#23/3C

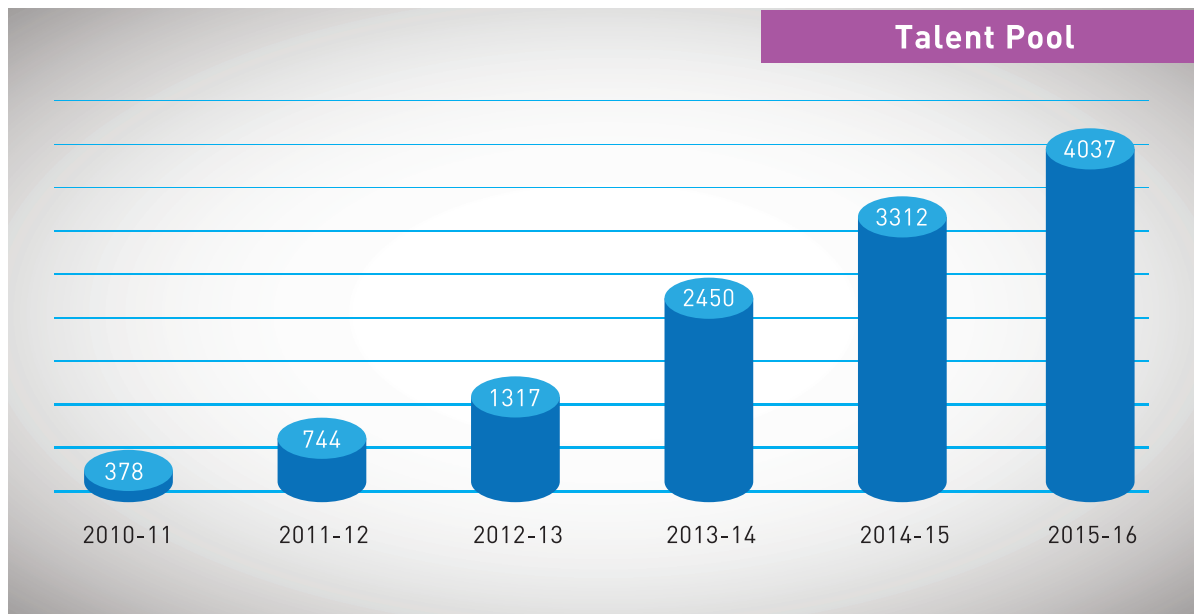
- Kowsalya M is a tailoring unit owner from Kadayam, Tirunelveli district in Tamil Nadu.
- Hardly a year ago, her family was finding it extremely difficult to make the two ends meet.
- She desperately wanted a new sewing machine to start a small tailoring unit as she knew the potential of it and also confident of her job skills.
- Kowsalya was introduced to Muthoot Microfin; availed an Income Generating Loan and bought a new machine and raw materials.
- In just a couple of months, not only did Kowasalya's small unit improved her financial situation, but also it helped provide work opportunities for her neighbours.
- Her income now hits ₹10,000 a month from the tailoring unit.

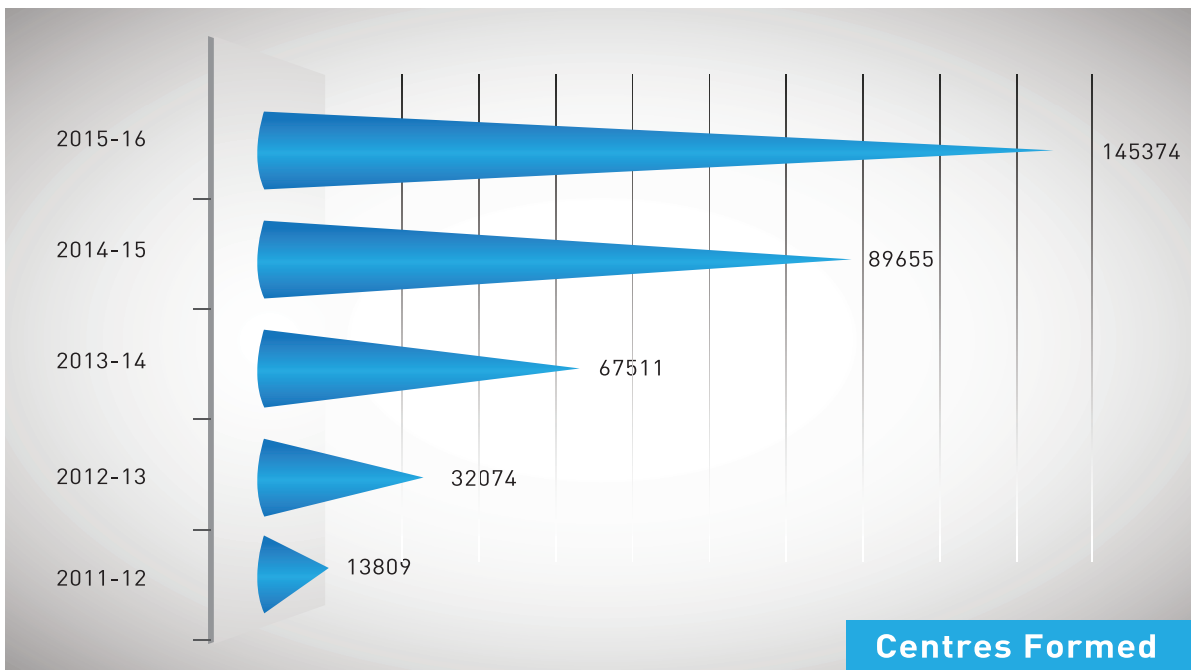
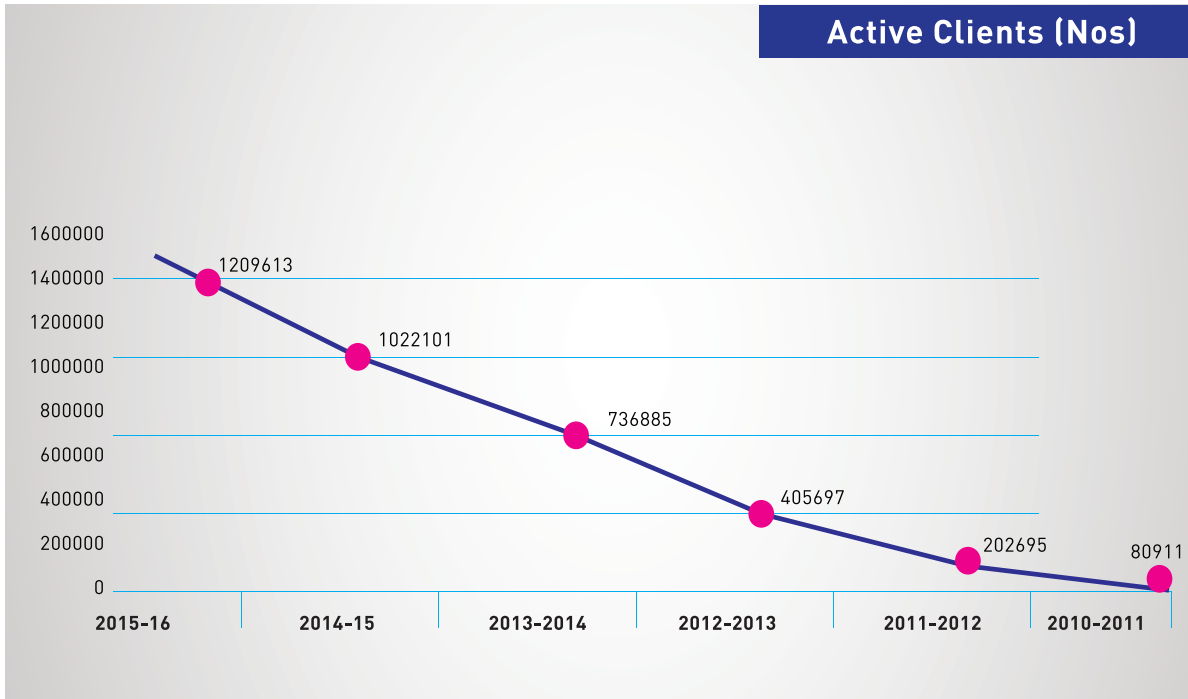
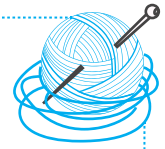


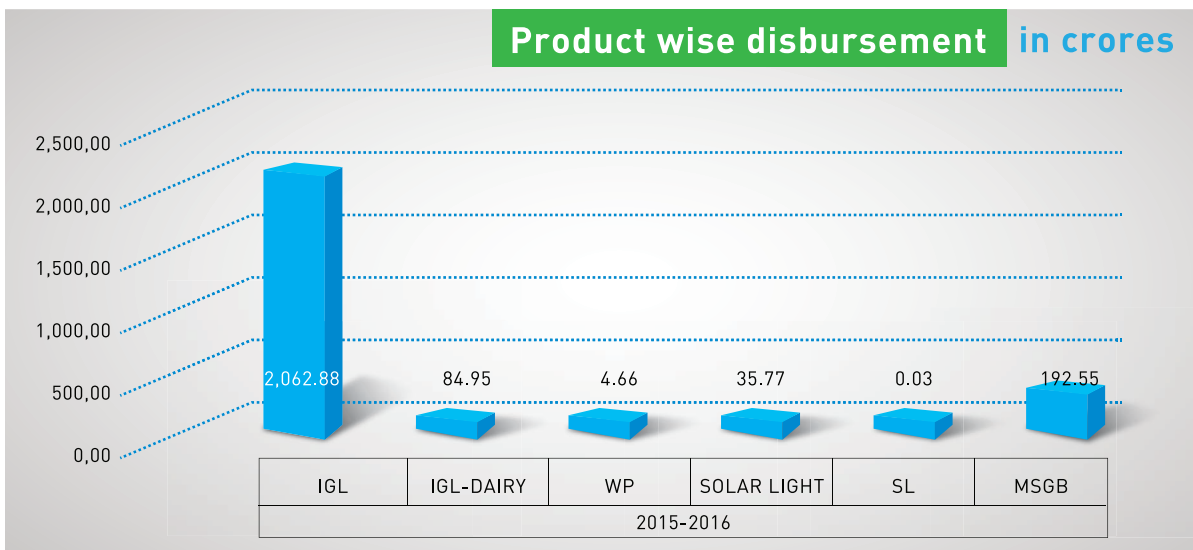
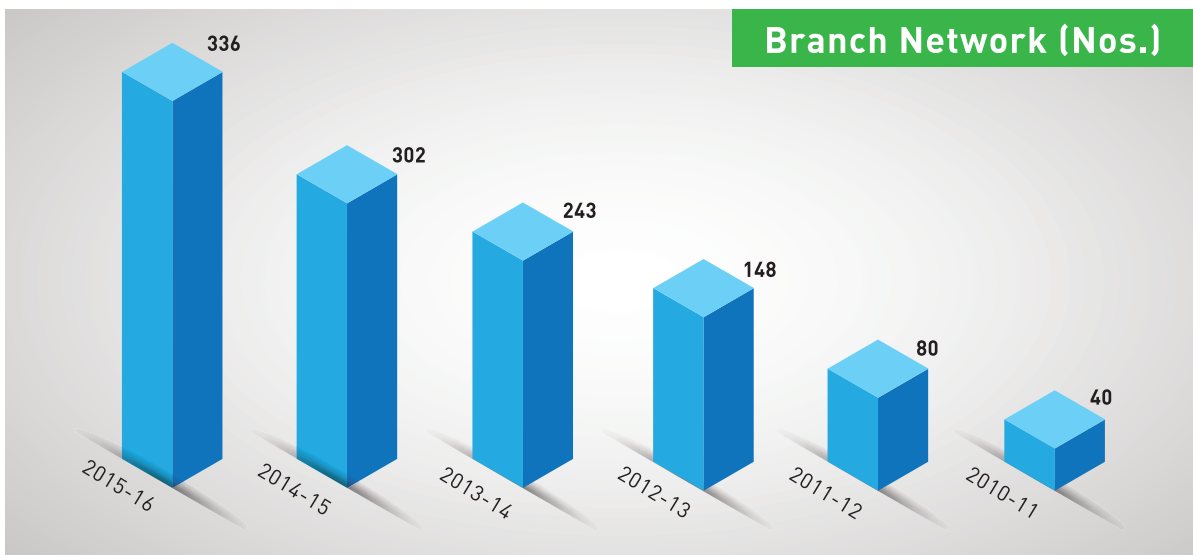
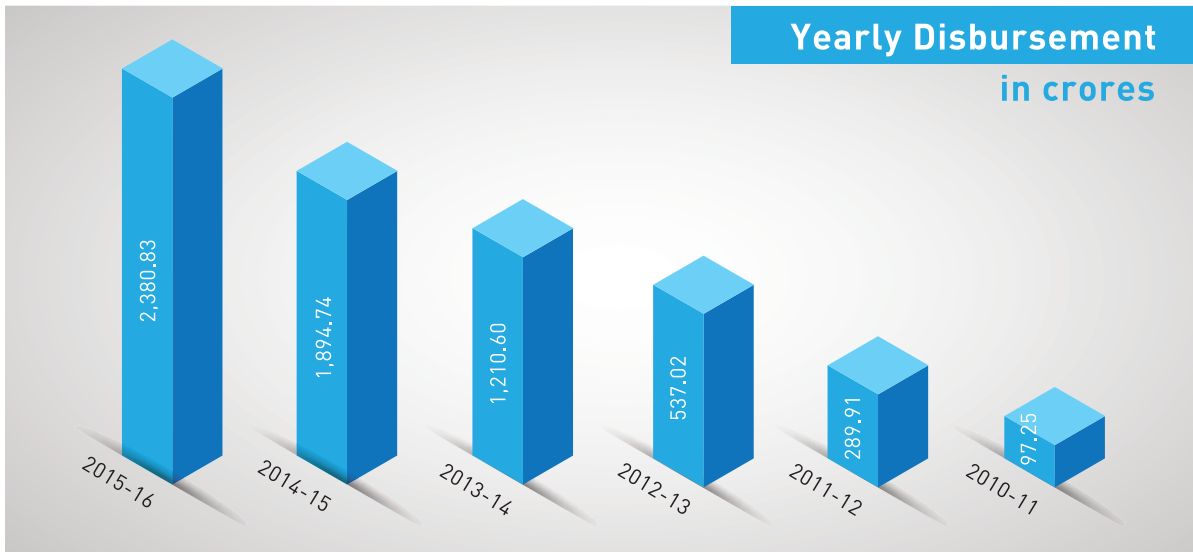
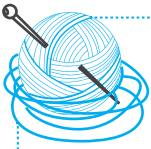
## CONSOLIDATED REPORTS

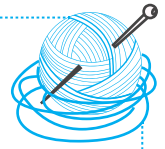
### Consolidated report of microfinance operations under MPG

Particulars	2012-2013	2013-2014	2014-15	2015-16
No. Of Branches	148	243	302	336
Active Clients	405697	736885	1022101	1209613
States Covered	4	6	9	10
Districts Covered	45	69	92	108
Total Staff	1317	2269	3312	4037
Loan Disbursed (Cr.)	537.02	1,215.43	1,894.74	2,380.83
Principal Outstanding (Cr.)	326.91	815.76	1,423.47	1,637.52
Managed Portfolio (Cr.)	-	-	80.00	437.27
BC Portfolio (Cr.)	-	-	1.33	26.73
AUM (Cr.)	326.91	815.76	1,504.80	2,101.53
Repayment Rate (%)	99.74%	99.84%	99.80%	98.56%
Income from Operations (Rs)	65.24 Cr.	130.74 Cr.	277.65 Cr.	434.5 Cr.

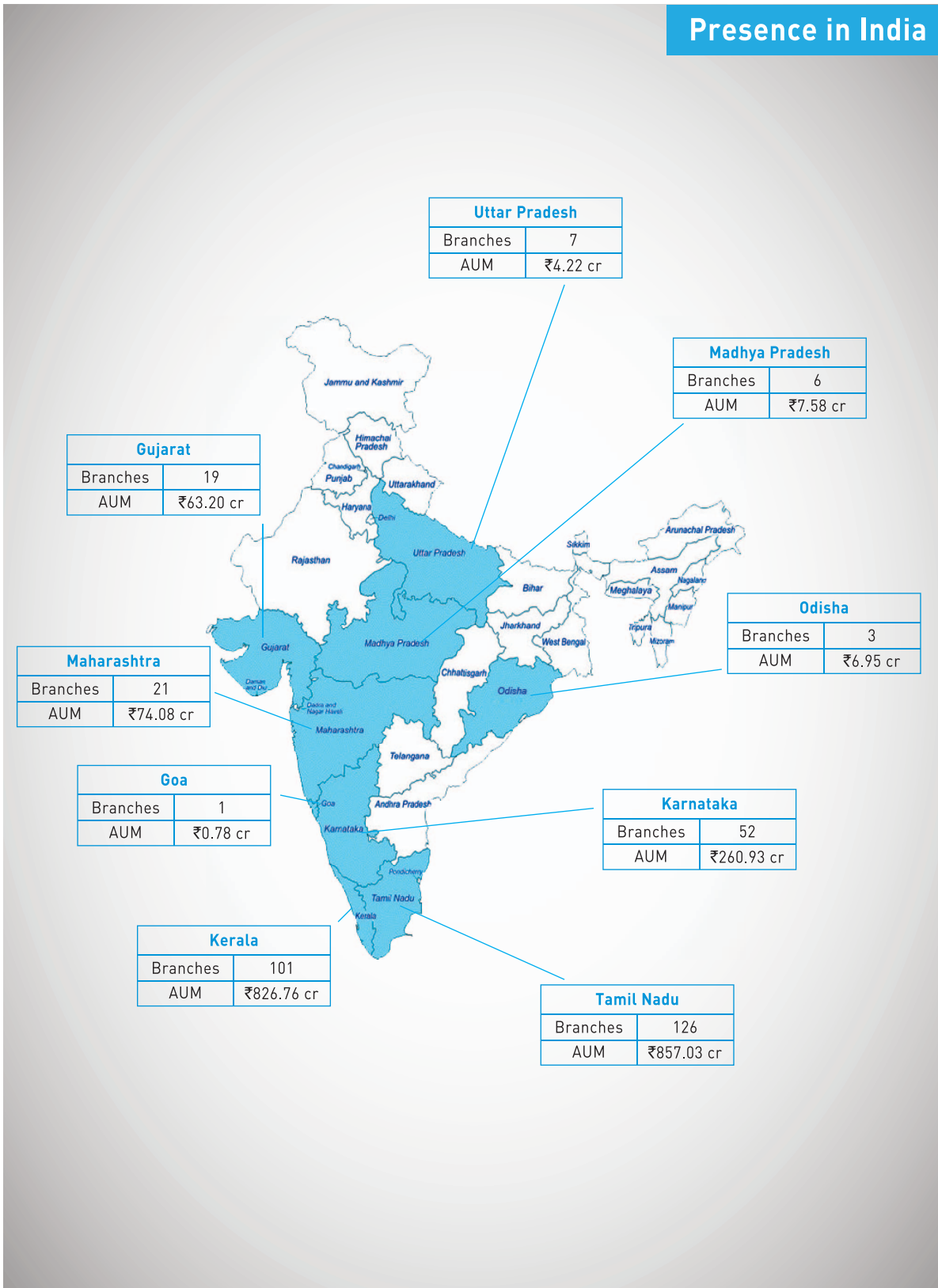


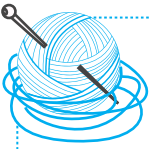






**Presence in India**



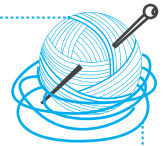


## TAILOR MADE SUCCESS STORY

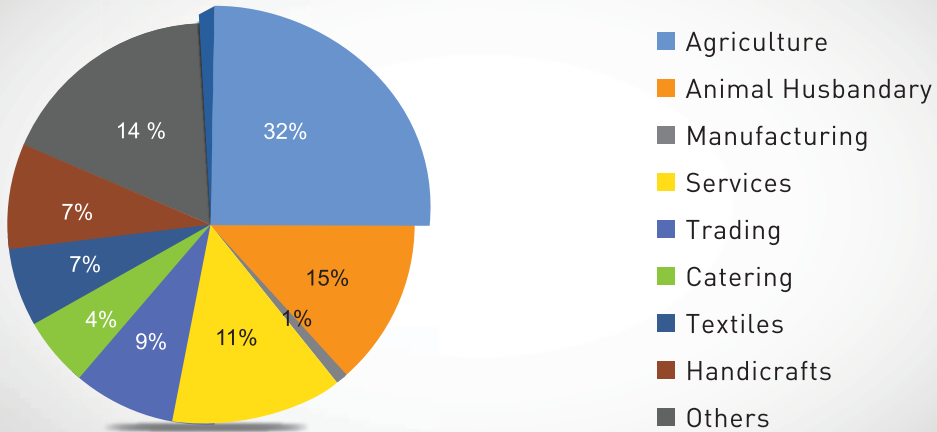


Loan ID-HNBR#93/SC

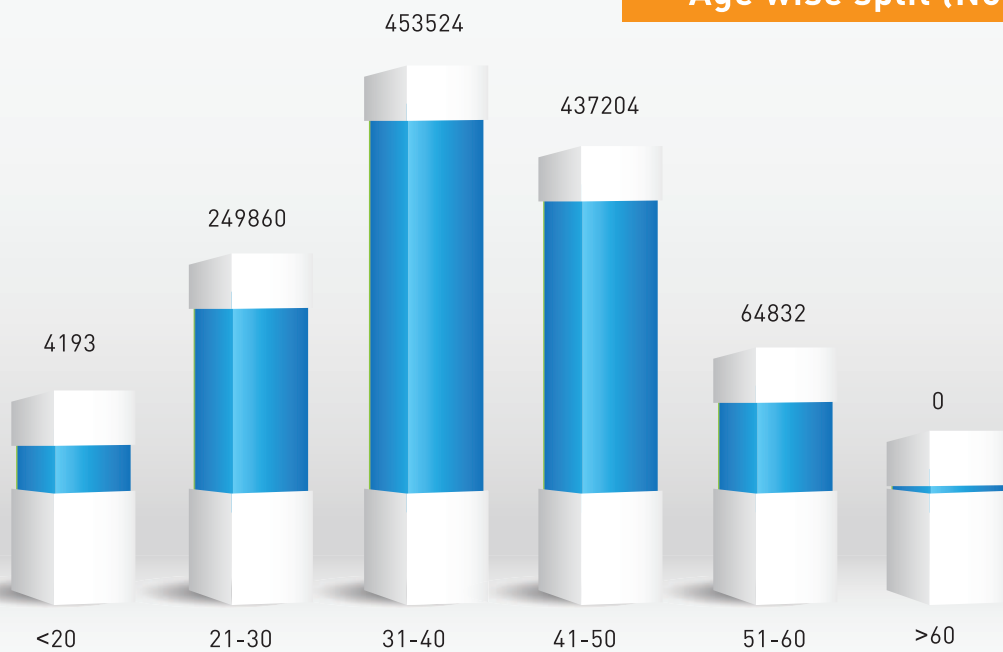
- Sharada, is a housewife and micro entrepreneur from Hunsur Taluk in Mysore, Karnataka.
- Struggled to start the tailoring unit due to lack of Capital investment.
- Approched many financial institutions for a loan but was denied for lack of collateral security
- Started a small tailoring unit with the help of Muthoot Microfin after her husband's income from carpentry began to shrink.
- In just three months, Sharada's tailoring unit became self-reliant enterprise, she started earning ₹300 a day from the tailoring unit.
- Sharada has now become a successful entrepreneur and attributes all her success to Muthoot Microfin.



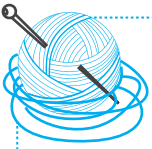
### Portfolio Distribution by Client Activity



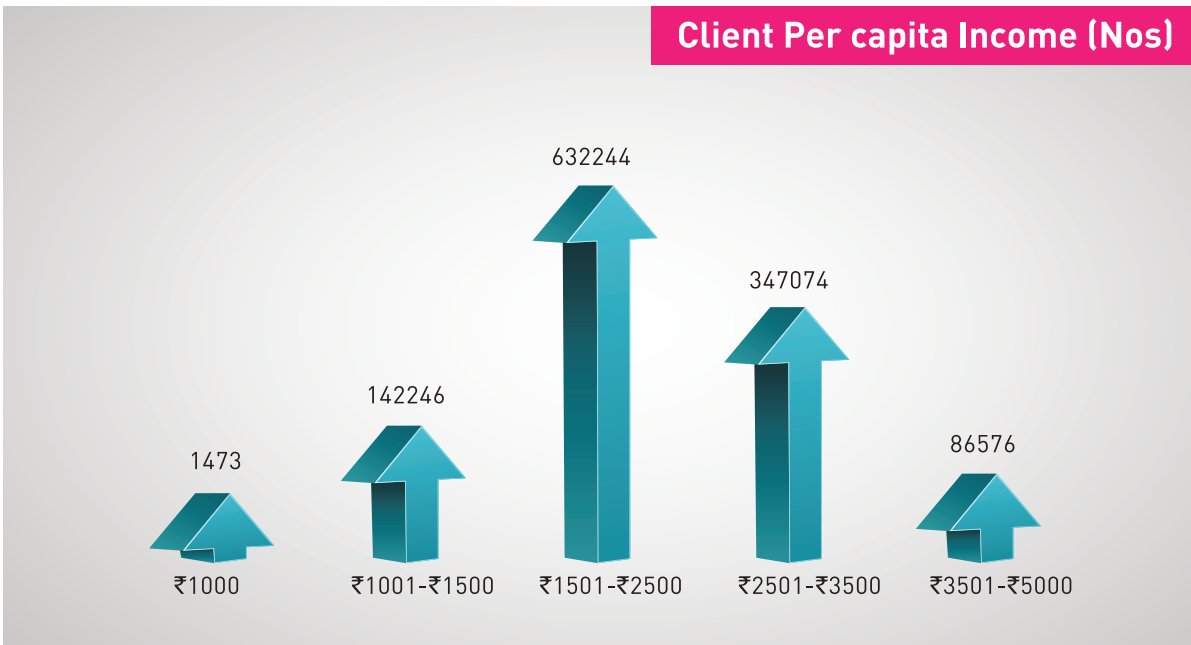
### Age wise split (Nos.)



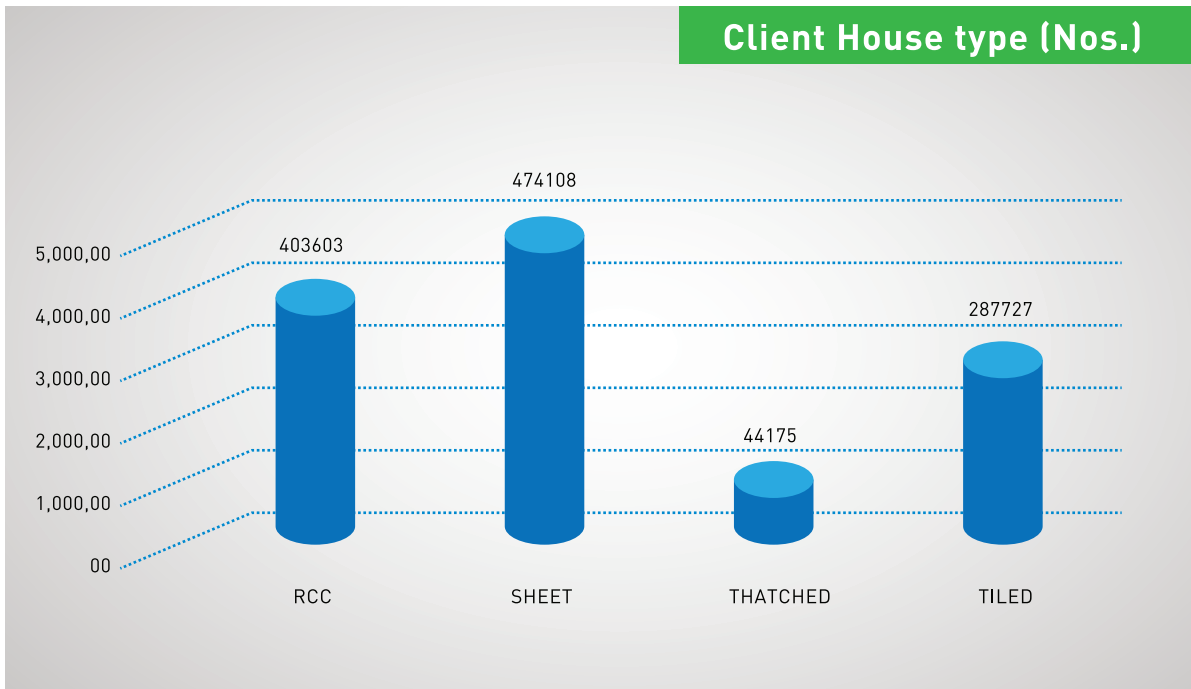


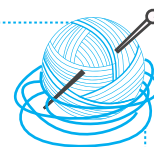


### Client Per capita Income (Nos)



### Client House type (Nos.)



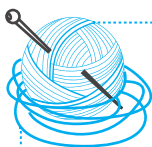


## HELPING HAND FINALLY ARRIVES



Loan ID: VKRP#1119/3C

- 45-year-old Indhira from Tirunelveli inherited the business (Renting Decorator items) from her family nearly quarter of a century ago.
- Earnings from the business were not sufficient enough for a decent living as she couldn't afford to buy more items to update the business.
- All her efforts to raise capital failed mainly due to her inability to produce collateral security.
- Introduced to Muthoot Microfin and availed a loan within a week and bought more raw materials for the business. Within a couple of months, her customer base rose significantly.
- Her average monthly income now hits ₹10,000. Moreover, Indhira has learnt a lot from the training and financial literacy classes that Muthoot Microfin provided.
- Indhira is a fantastic example of how Microfinance has such a huge impact on the lives of women in rural India.



### Community Outreach Programs

All our Community Outreach Activities revolve around harnessing Muthoot Pappachan Group’s 129-year-old tradition and combining it with the collective desire of our team to make an impactful contribution to improving the overall well-being of our society and women empowerment.

At the heart of this initiative is the organization’s unwavering commitment to build self-sustainable communities around us. This commitment comes to life through various community engagement activities we organize throughout the year, running parallel to our business.

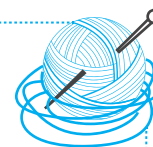
During the Financial Year 2015-16 Muthoot Microfinance conducted several activities among the clients and weaker sections of society aiming to empower women and improve their quality of life. In the fiscal, Muthoot Microfinance operations organized a variety of programs and camps ranging from skill training workshops to healthcare camps. Educational counselling & career guidance for clients’ children and financial literacy classes for women entrepreneurs were unique in social welfare activities.

By organizing trade fairs as a part of Onam Celebrations, the Company opened up market linkage for the clients’ micro enterprise products. Not to mention the Company’s impactful and effective participation in Muthoot Pappachan Foundation’s Smile Please initiative and Emergency Flood relief work in Chennai.

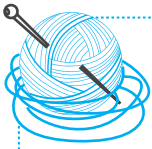
The overwhelming success of each and every program held last fiscal gives us more dynamism to move ahead in this direction. We understand that such endeavors are Muthoot Microfin’s sense of commitment towards social and physical environments in which we operate. We also feel that these initiatives help us to integrate social values into our operational and business goals.

### Activity Stats

Program	State	Place	Participants	Date
<b>Healthcare &amp; Welfare</b>				
Free Eye Check-Up	Tamil Nadu	Tenkasi	150	16-May-15
Free Medical Check-Up	Tamil Nadu	Kulasekharam	200	23-May-15
Health Awareness	Tamil Nadu	Peravurani	145	23-May-15
Free Blood Check-Up & Awareness	Tamil Nadu	Kadayam	250	23-May-15
Breast Cancer Awareness & Check-up	Tamil Nadu	Samathanapuram	100	23-May-15
Free Eye Check-Up	Tamil Nadu	Thiruchulli	200	30-May-15
Eye Care Camp	Tamil Nadu	Karumathampatti	200	18-Jul-15
Homoeo Medical Camp	Kerala	Kundara	200	25-Jul-15
Varicose Vein Awareness	Kerala	Kottayam	200	10-Oct-15
Free Eye Check-Up	Karnataka	Bijapur	150	17-Oct-15
Sanitation Awareness	Karnataka	Gadag	100	17-Oct-15
Cleft Lip Awareness/Skill Training	Kerala	Uzhavoor	100	24-Oct-15
Smile Please - ICDS	Kerala	Kollam	185	12-Nov-15
Smile Please - ICDS	Kerala	Pathanamthitta	100	13-Nov-15
Smile Please - ICDS	Kerala	Kanjirapally, Mundakayam, Charummoodu, Pathanapuram, Ezhamkulam, Neeleswaram	537	December
Free Eye Care Camp	Karnataka	Mulki	300	06-Feb-16
Free Dental Camp	Karnataka	Belthangady	250	06-Mar-16



<b>Training and Development</b>				
Skill Training - Agarbathy& Paper Bag	Kerala	Nellimoodu	54	09-Apr-15
Skill Training - Saree Painting	Kerala	ThazheChelari	40	18-Apr-15
Skill Training - Bouquet Making	Tamil Nadu	Peraiyur	150	25-Apr-15
Skill Training - Saree Painting	Tamil Nadu	Virudhunagar	120	08-May-15
Skill Training - Candle Making	Tamil Nadu	Thiruphuvanam	120	16-May-15
Skill Training - Food Processing	Kerala	Chakkuvally	50	16-May-15
Dairy Awareness	Tamil Nadu	Kalakad	150	22-May-15
Skill Training - Agarbathi Making	Tamil Nadu	Thiruthangal	117	23-May-15
Skill Training - Embroidery	Tamil Nadu	Sattur	150	23-May-15
Skill Training - carry bags from plantain	Kerala	Maranchery	65	23-May-15
Skill Training - Coir Products	Kerala	Kayamkulam 3	72	08-Aug-15
Animal Husbandry	Maharashtra	Wardha	100	28-Aug-15
Dairy Awareness	Maharashtra	Ichalkaranji	60	10-Oct-15
Dairy Awareness	Gujarat	Godhra	76	17-Oct-15
Dairy Awareness	Gujarat	Balasinor	68	07-Nov-15
Multi Skill Training	Madhya Pradesh	Vidisha	108	05-Feb-16
Skill Training Workshop	Kerala	Kayamkulam 1	60	20-Feb-16
<b>Environment Care</b>				
Environment Day Celebration	Kerala	Pathanapuram	100	05-Jun-15
<b>Market Linkage</b>				
Onam Fair	Kerala	HO&Kottarakara	1000	August



## SPECIAL MENTIONS



### Tree Planting Drive held on World Environment Day

Muthoot Microfin celebrated the 2015 World Environment Day by inviting clients and their family members and also general public to a tree planting drive and sapling distribution. More than 100 seedlings of different species were distributed at a function on June 5 and all the participants were given awareness about the importance of planting trees. The awareness session shared valuable information on environment protection and urged all the participants to motivate others to plant trees for reducing the level of air pollution and carbon footprint to fight climate change.

### Market Linkage



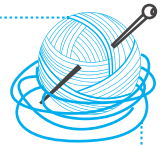
As part of creating Market Linkage opportunities for clients, Muthoot Microfin organized two Onam Fairs at Kochi and Kottarakkara which attracted thousands of people. The two day Onam Fair named 'Muthoot Mahila Mithra Onam Fair 2015' was held at Marthoma Girls High School near KSRTC bus stand, Kottarakara on 24th and 25th August. Kottarakara MLA Aisha Potty inaugurated the mela. Jacob Vadakkedathu (President, Kottarakkara Grama Panchayath) and Mrs. Lovely Alexander (Member, Grama Panchayath) also attended the opening ceremony and addressed the gathering.

Muthoot Microfinance clients from the region exhibited and sold their products at the Onam Fair. Total sales from the two-day event were a whopping ₹1,65,000. Exquisite range of handy crafts and handloom products were the major attractions of the event.

#### KOCHI ONAM MARKET

Onam Fair at Kochi was organised along with Onam Celebrations 2015 at Imperial Insignia, M.G. Road on 26th of August. The Fair, held on the main lobby of the Hotel attracted hundreds of people who came to attend the Onam celebrations. The prominent objective behind setting up the trade fairs are to create Market Linkage opportunities for the institution's clients.

All the items displayed were made by clients from all over Kerala and Tamil Nadu. Mr. Thomas Muthoot, Executive Director, Muthoot Pappachan Group along with Ms Remy Thomas, CEO - Muthoot Automotive visited the exhibition. Mr George Zen (CSR Facilitator), coordinated the Exhibition cum Sales Fair. Exhibition cum Sales was also conducted at the Head Office prior to the big fair.



Through these fairs, which were held every year for the past five years, Muthoot Microfinance reiterated its commitments towards clients and continuing support for the welfare of customers. Fairs are mainly conducted to provide clients an opportunity to exhibit and sell their various micro enterprise products.

## Muthoot Microfin joins Chennai Flood Relief Work

Muthoot Microfin wholeheartedly participated in the relief operations in Chennai which was battered by heavy rains during early December 2015, causing century's worst flooding. Annanagar branch of Muthoot Microfin worked as base camp for Muthoot Pappachan Foundation's relief operations. More than 30 staffs at the base camp worked day and night to ensure the safety of flood victims and evacuated more than 500 people using vehicles and even boats by coordinating with police and other officials.

Muthoot Pappachan Foundation coordinated wide scale relief operations across the city with direct involvement of Muthoot Microfin employees in collecting and distributing relief materials, providing food and clean drinking water to flood victims. 1000 food packets (rice with sambar and bottled water) were distributed on Friday, December 4 in Chennai suburbs. MPF's relief efforts directly benefitted more than 5000 flood victims and the feedback from the community was just overwhelming.

Muthoot Pappachan Foundation started its relief operations immediately after analyzing the situation and associated with Confederation of Indian Industries (CII) and Ashok Leyland to speed up its efforts to reach out to stranded people with essential supplies, clothes and relief materials. MPG's Cochin and Thiruvananthapuram Corporate Offices coordinated to collect and distribute emergency supplies. Two full truck load of food (that include biscuits, drinking water, noodles, milk powder and chocolate), medicines, clothes, sanitary items, shoes, chappals and batteries were dispatched for the flood hit areas from both Cochin and Thiruvananthapuram offices.



Corporate office staff in Trivandrum along with CMD standing in front of the loaded truck to Chennai

# THE COLOUR OF HOPE IS INDEED BLUE.



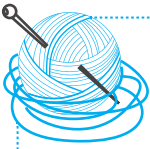
Truck getting loaded with relief materials

**Muthoot Pappachan Group staff supported Muthoot Pappachan Foundation in their flood relief initiatives for Chennai.**

The staff of Corporate office in Trivandrum and Regional office in Kochi made a sincere attempt to alleviate the sufferings of their brethren in Chennai. By donating emergency relief items such as food packets, water bottles, fresh clothes, candles and more, MPG staff have proved once again that the colour of hope is indeed blue.

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PAPPACHAN  
**FOUNDATION**  
*sharing success. shaping destinies*

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## Muthoot Microfin supports 'Smile Please' initiative

Supporting and promoting Muthoot Pappachan Foundation's 'Smile Please' initiative – free corrective surgery for children with cleft lip - remained one of the key agenda in Muthoot Microfin's social welfare activities during the fiscal 2015-16.

With the institution's strong root in the remote rural communities, the company organized several awareness programs so that this initiative is known to the needy people living in the bottom of pyramid community. The company also associated with ICDS to spread the message about Smile Please initiative and find the most suitable beneficiaries.

Muthoot Microfinances' activities in relations with Cleft Lip and Cleft Palate surgeries for Children involved reaching out to children with cleft lips all over the state who do not or cannot seek treatment/surgery due to lack of proper information and awareness or financial constraints.

Through its Smile Please program, Muthoot Pappachan Foundation offers free corrective surgery for children and bears the cost of children's onward and return journey and lodging and boarding during their stay at hospital. The Smile Please mission has conducted 676 free cleft lip surgeries in South India as of April 2016.

www.muthootfoundation.org | www.muthoot.com | Follow us on /muthootindia

clefttosmile

# Mission Smile

## CROSSES ONE MORE SMILESTONE

# 90

NEW SMILES FOR ANDHRA

Muthoot Pappachan Foundation's International Mission on Smile Please in Vizag ended on a high note with 90 successful and safe surgeries in Andhra Pradesh. Having added 90 more smiles to Andhra, the mission has conducted 676 free cleft lip surgeries in South India now. Yes, the 'smile' is getting bigger by the day, and we're crossing more 'milestones' every day.

An Initiative of:






# MUTHOOT PAPPACHAN GROUP

TOUCHING LIVES IN MORE WAYS THAN ONE.



Believe in Blue



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