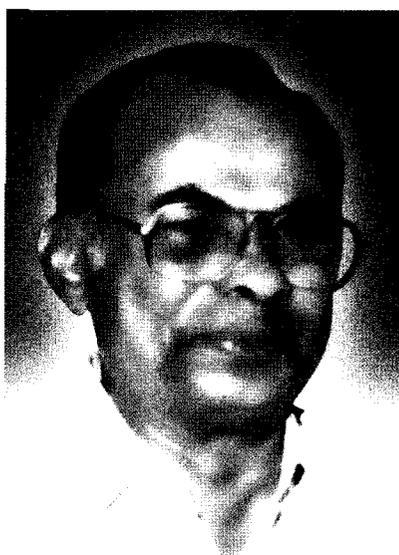


**BRINGING A brighter  
tomorrow to life**

ANNUAL REPORT



**MUTHOOT PAPPACHAN**

1927-2004

Founder Chairman

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



**MESSAGE FROM THE MANAGING DIRECTOR**

Dear Shareholders,

The Muthoot Pappachan Group stands committed to its objectives of promoting Muthoot Capital Services Ltd. (MCSL) as a Corporate in the financial services sector with the highest level of professional management maintaining exemplary levels of customer satisfaction. MCSL is committed to all its stakeholders, namely the share holders by endeavouring to enhance their wealth, the customers by delivering highest levels of services, the staff by providing the best compensation and working conditions and the society at large by helping the needy and downtrodden.

MCSL has been devising its policies and implementing the same for ensuring achievement of the above objectives. Offering innovative products fulfilling the needs of the market has been one of the strong points of the Company. The latest example is the two-wheeler loans being offered by the Company. MCSL has identified that there is a great opportunity left by the exit of some the major players extending finance to this sector. MCSL entered this market realizing the potential available due to the huge gap in supply. The Company has put up a very professional team for implementation of this finance scheme by selecting the best professionals who are experts in the field with years of experience. The product is well accepted in the market due to its many positive features including simple terms, customer friendly conditions and fast processing and disbursal. The tie up with Honda Motorcycles and Scooters India Ltd. (HMSI) as their preferred financier is an achievement worth mentioning. The loan policy is well documented taking into account the market practices, perceived risks and methods for mitigating the same. The follow up and recovery measures are also systematic and well structured. The results so far are extremely encouraging with very few instances of delinquency.

MCSL is also finalizing various other products including a scheme for financing jewellers for purchase of gold bullion, medium sized business loans and bill discounting. Another important area identified is equipment leasing. With the emphasize given in the Union budget for infrastructure development and allocation of large amounts for the same, it is envisaged that there will be a huge demand for equipments and equipment financing. Leasing is identified as one of the thrust areas for the Company, considering the tax saving potential also that it offers.

MCSL continued to perform well in spite of the adverse economic situations. The total income for the company increased from Rs.1,225.40 lakhs in 2007-2008 to Rs.1,738.61 lakhs in 2008-2009, registering a growth of 41.88%. In spite of the substantial increase in finance charges due to the turmoils in the financial sector, the net profit during the corresponding period increased from Rs.400.15 lakhs to Rs.541.75 lakhs, registering a growth of 35.39%. The net worth of the Company increased from Rs.1,220.09 lakhs as on 31.03.2008 to Rs.1,609.75 lakhs as on 31.03.2009.

The positive results in the midst of the economic turmoil was due to the committed and consistent hard work of our employees at all levels along with the support and understanding from our shareholders and we sincerely hope to continue to receive these in future too. We have put up adequate systems in place to reach the common man with our innovative products and look forward to achieve our goals and set new milestones as we move forward.

Best Regards,

Thomas George Muthoot,  
Managing Director.



## FROM THE DESK OF THE CHIEF EXECUTIVE OFFICER

The tightening in the disbursal of credit by commercial banks in India as a consequence of measures taken by RBI for countering the inflationary pressures affected adversely the availability of working funds for NBFCs also in the year 2008-2009. However, the Government and RBI were quick to realize the services rendered by NBFCs in fulfilling the credit needs of the rural and semi urban areas and came out with indications encouraging flow of credit to NBFCs from banks and financial institutions. As a result, the interest rates started softening and the availability of credit began improving towards the end of the financial year. More than the reduced availability of working funds, the higher rates of interest, which prevailed in the third and fourth quarters of the financial year, impacted the operations of the Company. This is evidenced by the substantially higher finance charges incurred by the Company in these quarters. However, conscious efforts taken in controlling other costs and reducing expenses helped the Company in maintaining increased profitability.

The steps taken by the Company in continuously reviewing the performance for product refinement and product diversification and ensuring customers' satisfaction also helped in maintaining the profitable operations of the Company.

During the year, the Company diversified into two wheeler loans in a big way, taking advantage of the gap left by the exit of many of the leading providers of two wheeler finance in India.. The Company's two wheeler finance products have been well received in the market and the performance of the Company under this sector has been very good. The Company is also planning to add new financing products to its portfolio. The scheme for financing of jewellers for purchase of gold bullion has already been finalised and approved in principle by the Board of Directors of the Company. The schemes for extending medium sized business loans, bill discounting, lease financing etc. are also being finalised for enhancing the lending operations of the Company.

It is expected that the current year will be a good one for NBFCs in view of the encouraging signals for the sector given out by RBI and Government of India. The Company is pledged to continue to improve the value for all its stakeholders namely the shareholders, the staff, the customers and the public, by increasing profitability, by improving working conditions, by excelling in customer satisfaction and by fulfilling the commitment to the society through various measures.

Best Regards,

**R. Manomohanam**  
Chief Executive Officer



**Board of Directors**

Mr.Thomas John Muthoot                      : Chairman  
Mr.Thomas George Muthoot                      : Managing Director  
Mr.Thomas Muthoot                      : Director  
Mr.A P Kurian                      : Director  
Mr.Philip Thomas                      : Director  
Mr.R K Nair                      : Director

**Chief Executive Officer**

Mr.R Manomohanan

**Company Secretary**

Mr.Varun.T.V

**Audit Committee**

Mr.Philip Thomas                      : Chairman  
Mr.A P Kurian  
Mr.Thomas Muthoot  
Mr.R.K.Nair

**Remuneration Committee**

Mr.Philip Thomas                      : Chairman  
Mr.A P Kurian  
Mr.R K Nair

**Share Holders / Investors Grievance Committee**

Mr.Thomas Muthoot                      : Chairman  
Mr.Thomas John Muthoot  
Mr.Thomas George Muthoot

**Share Transfer Committee**

Mr.Thomas John Muthoot                      : Chairman  
Mr.Thomas Muthoot  
Mr.R Manomohanan

**Auditors**

M/s K Venkatachalam Aiyer & Co.  
Cochin

**Solicitors**

Dandapani Associates  
Cochin

**Bankers**

Dhanalakshmi Bank Ltd  
ICICI Bank  
State Bank of Travancore  
HDFC Bank

**Registrars and Share Transfer Agents**

Integrated Enterprises (India) Limited  
"Seema", 41/426  
Rajaji Road, Near Abad Metro Hotel  
Kochi – 682 035



## NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the Members of MUTHOOT CAPITAL SERVICES LTD will be held on Thursday, 24<sup>th</sup> September, 2009, at 10.A.M at The International Hotel, M.G. Road, North end, Kochi-35 to transact the following business:

### I      ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March,2009 and Profit and Loss Account for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Thomas John Muthoot, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Philip Thomas, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. - M/s K Venkatachalam Aiyer & Co., Chartered Accountants, Building No. 41/3647 B, Providence Road, North End, Ernakulam, Cochin – 682 018, retire in this meeting and being eligible offer themselves for re-appointment.

### II     SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following as a Ordinary Resolution:  
“ RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any of the Companies Act, 1956 and Article 45 of the Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from Rs.7,00,00,000/- (Rupees Seven Crores only) divided into 70,00,000 (Seventy Lakhs) equity shares of Rs.10/- (Rupees Ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000/- (One Crore Fifty Lakhs) equity shares of Rs.10/- ( Rupees Ten only) each by creation of 80,00,000 ( Eighty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each ranking pari passu in all respect with the existing equity shares”
7. To consider and if thought fit, to pass, with or without modification, the following as an Ordinary Resolution:  
“ RESOLVED THAT subject to the approval of the members for increasing the authorised share capital of the Company, the Memorandum of Association of the Company be and is hereby altered by deleting the existing Article 28 and substituting in its place the following new article:”  
“28. The Authorised share capital of the company is Rs.15,00,00,000/- (Rupees Fifteen Crore only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity shares of Rs.10/- (Rupees Ten only) each with power to increase or reduce such capital from time to time.”
8. To consider and if thought fit, to pass, with or without modification, the following as a Special Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions,



if any, of the Companies Act, 1956, and subject to the approval of the members for increasing the authorised share capital of the Company, the Articles of Association of the Company be and is hereby altered by deleting the existing Article 4 and substituting in its place the following new article:”

“4. The Authorised share capital of the company is Rs.15,00,00,000/- (Rupees Fifteen Crore only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity shares of Rs. 10/- (Rupees Ten only) each with the rights, privileges conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulation of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company. The rights of the Preference Shares shall be determined at the time of issue thereof.”

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

“RESOLVED THAT pursuant to the provisions of Section 81(1) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re- enactment thereof), and in accordance with the provisions of Memorandum and Articles of Association of the Company and Regulations / Guidelines, if any, prescribed by the Government of India, the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and the Stock Exchange on which the Company’s shares are listed or any other relevant statutory, governmental and other authorities and departments from time to time, to the extent applicable and subject to approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions, and subject to such conditions and modifications which may be agreed to, by the Board of Directors (herein after referred to as the “Board”, which term shall, include any committee(s) constituted / to be constituted by the Board to exercise its powers including the power confirmed by the resolutions) consent of the members is hereby accorded to the Board on behalf of the Company to create, offer and issue (on such terms as is permitted by applicable law), to the Equity shareholders of the Company as on the record date (to be fixed for the purpose) or to such other persons who may or may not be the shareholders of the Company, upto 65,00,000 (Sixtyfive Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each of the Company in the ratio of one right share for each equity share held with the Company (the “Right Issue”) at a price including premium to be determined in consultation with the lead Managers and / or other Advisors on such terms and conditions as the Board may at its absolute discretion decide at the time of issue of the shares.

RESOLVED FURTHER THAT new equity share to be issued shall rank pari passu with the existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT the unsubscribed portion, if any of the shares considering the applications received from Rights Issue, noted above shall be disposed of in such manner, as the Board deems fit and proper at its absolute discretion and as most beneficial to the Company.

RESOLVED FURTHER THAT the Board shall be entitled to issue in consultation with and



subject to the approval, if necessary, of any concerned authority, appropriate Letter Of Offer (LOO) to the persons stipulated above containing the terms and conditions of such issue as the Board may at its absolute discretion think fit including the provisions relating to renunciation, non-eligibility of additional shares in the event of renouncement by the member, non-eligibility of renouncee for additional shares, payment of subscription monies by installments, listing of the new Equity Shares with the Stock Exchanges, restriction as to subscription and transfer as provided in the Articles of Association of the Company, order of preference allotment in the event of over subscription, premium to be charged on the shares, to vary the size of the issue, appoint Lead Managers, Banks and other intermediaries or other agencies concerned and such other terms and conditions as may be necessary or stipulated in such LOO/Prospectus/Circular and such other documents as may be permitted by the concerned authority in accordance with the law and the Board be and is hereby expressly authorized and empowered to accept such variations and modifications as the RBI /SEBI or any other concerned authority may stipulate in that behalf and to also at its discretion to amend, modify, vary or alter all or any other terms of the issue including the basis or proportion of the offer to be made to the aforesaid categories of persons noted above accordingly including the right to increase, decrease or recalculate the number of Equity Shares to be created, offered and alter the terms as to premium and their entitlement thereto and to include in the LOO/ Prospectus/Circular or such other documents they offer for subscription all such other terms and conditions of offer as are necessary or expedient in the discretion of Board and /or may have to be incorporated on account of any modifications or amendment required or accepted by any concerned authority.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deemed necessary or desirable for such purpose, including without limitation the entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar and stabilizing agent and to issue any documents and writing and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors constituted/to be constituted to give effect to the aforesaid resolutions.”

Notes :

1. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the special business set out above is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.



3. The Register of Members and Transfer Books of the Company will be closed from 18<sup>th</sup> September, 2009 to 24<sup>th</sup> September, 2009, both days inclusive, for determining the name of Members eligible for Dividend.
4. Subject to the provisions of Section 206A of the Companies Act, 1956, if dividend recommended by the Board of Directors is approved, payment of such dividend will be made on or before 23<sup>rd</sup> October, 2009, to those members whose names appear on the Company's Register of Members as on 24<sup>th</sup> September, 2009. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL / CDSL, for this purpose.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
6. Shareholders are requested to inform the Company any changes in their mailing address and also to quote folio numbers in all their correspondence with the Company.
7. Pursuant to Section 205A(5) of the Companies Act, 1956, any money transferred to Unpaid Dividend Account of the company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government and the shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company thereafter.
8. Members who have not encashed their dividend warrant(s) for the financial years 2002-2003, 2003-2004, 2004-2005, 2005 – 2006, 2006 – 2007 and 2007-08 are requested to make their claims to the Company.
9. Members/Proxies are requested to bring the attendance slip duly filled in for attending the Meeting. No duplicate will be issued at the venue of the Meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
11. Members are requested to furnish their Bank Account details for printing the same on the dividend warrants to prevent fraudulent encashment of dividend warrants.
12. Members desiring any information about the annual accounts at the meeting are requested to write to the Company so as to reach the Company latest by 10<sup>th</sup> September, 2009.
13. NO GIFT COUPONS / GIFT VOUCHERS will be issued to the members.

By Order of the Board of Directors,

Place : KOCHI  
Date : 28.07.2009

**Varun.T.V**  
Company Secretary



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)  
OF THE COMPANIES ACT, 1956**

**Item No. 5**

The Board of Directors of the Company have felt that for profitable working of the company, the company needs more funds in the form of equity share capital. The present authorized share capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crore) divided into 70,00,000 (Seventy Lakhs) equity shares of Rs.10/- (Rupees Ten only) each and out of which Rs.6,50,00,000/- (Rupees Six Crore Fifty) divided into 65,00,000 (Sixty five lakh) equity shares of Rs.10/- (Rupees Ten) each has already been issued, subscribed and paid up. The Board, therefore in their meeting held on 21-05-2009 decided that the authorized share capital of the Company be increased to Rs. 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One crores fifty lakhs) equity shares of Rs.10/- (Rupees Ten only) each.

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

None of the directors is concerned or interested in the proposed resolution except to the extent of their respective shareholding in the Company.

**Item No.6 &7**

Subject to the approval of the members for increasing the authorized share capital of the Company from Rs.7,00,00,000/- (Rupees Seven Crores only) divided into 70,00,000 (Seventy Lakh) equity shares of Rs.10/- (Rupees Ten only) each to Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each; the Memorandum of Association and Articles of Association of the Company needs to be altered.

Hence the proposed resolutions are recommended for consideration of and approval by the shareholders of the Company.

None of the directors is concerned or interested in the proposed resolution except to the extent of their respective shareholding in the Company.

**Item No.8**

The Board of Directors of the Company in their meeting held on 21<sup>st</sup> May,2009 have proposed that a Rights Issue of the Equity shares of the Company be carried out with the objective of raising additional capital for the Company and creating additional liquidity for the shareholders of the Company

The Board is of the considered view that sustained growth in the Company's assets to help it maintain and possibly enhance its profitability would require a significant expansion of the Company's equity base. Such strengthening of the capital base will also help the Company achieve the desired levels of



growth without being constrained by the Capital Adequacy Ratio requirement. The Board believes that a suitable increase in the Company's subscribed and called up capital can be achieved in the near future through Rights Issue at a price that would appropriately reflect the Company's present and prospective shareholder value. The buoyancy prevailing in the domestic markets seem conducive to such an issue.

The proposed special resolution, if approved by the shareholders, will enable the Board to determine timing and pricing of the proposed issue, whether in one or more tranches, taking into account the Company's business plans, market conditions, the envisaged success of the issue, and the Company's prospective capacity to service the expanded capital. In case the Rights Issue is not fully subscribed the board will have power to dispose off the unsubscribed portion in any manner as it may deem fit.

*The Directors are hereby seeking an approval of the shareholders of the Company for the proposed Rights Issue.*

The Directors may be deemed to be concerned or interested in the resolution to the extent of their Rights Issue entitlement.

By Order of the Board of Directors

**Varun T.V.**  
Company Secretary

Place : KOCHI

Date : 28.07.2009



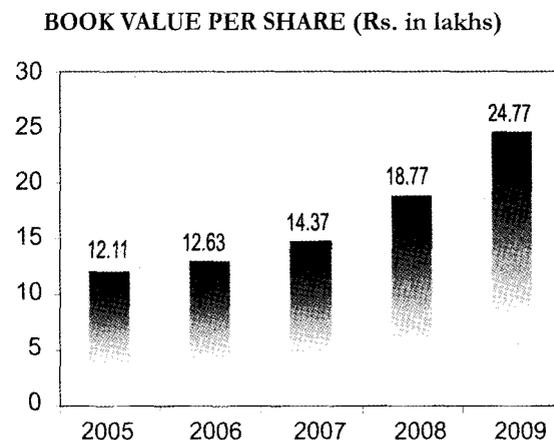
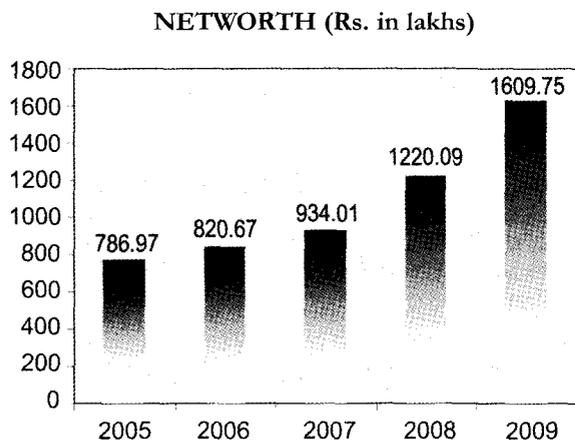
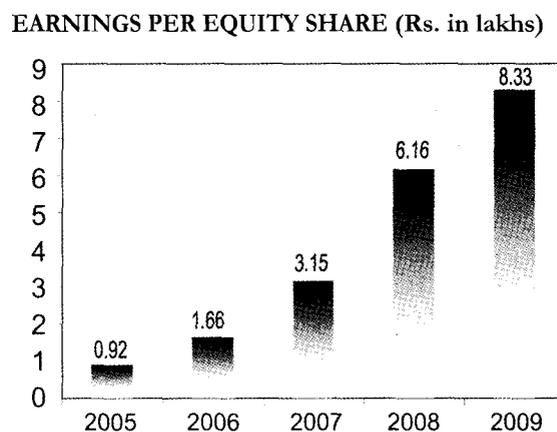
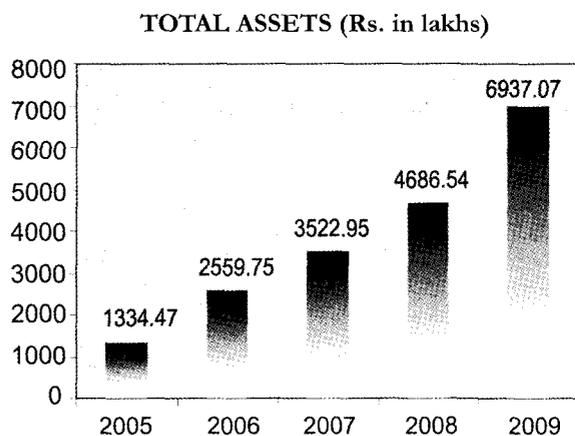
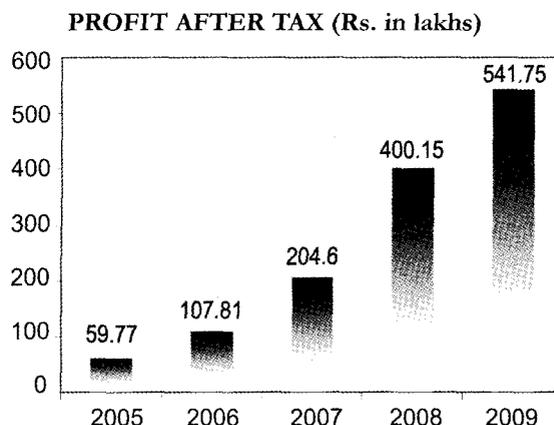
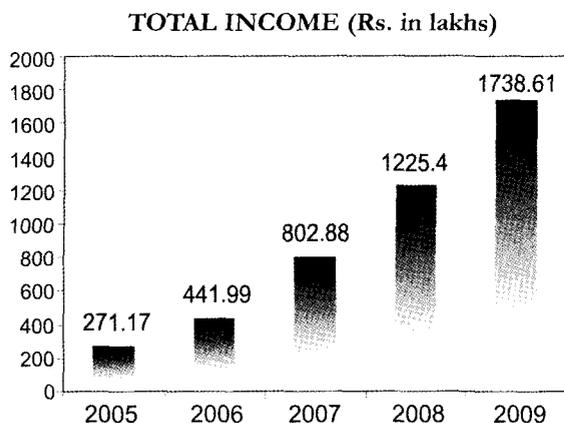
**FIVE YEAR FINANCIAL HIGHLIGHTS**

Rs. in lakhs

<b>Financial Year ended</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Operating Results</b>					
Total Income	271.17	441.99	802.88	1225.40	1738.61
Profit Before Tax	98.37	165.76	317.63	611.53	835.15
Profit After Tax	59.77	107.81	204.60	400.15	541.75
<b>Assets</b>					
Fixed Assets (including assets leased out)	74.67	57.18	46.20	43.86	35.00
Investments	-	-	14.53	15.64	15.99
Deferred Tax Assets	-	-	-	-	8.98
Net Stock on hire	328.27	233.60	46.57	103.35	926.94
Other loan, assets (net)	931.53	2268.97	3415.65	4567.55	5950.16
Total Assets	1334.47	2559.75	3522.95	4686.54	6937.07
<b>Liabilities</b>					
Equity	650.00	650.00	650.00	650.00	650.00
Reserves and Surplus	136.97	170.67	284.01	570.09	959.75
Loan Funds	535.58	1735.15	2588.94	3463.85	5327.32
Deferred Tax Liabilities	11.92	3.92	-	2.60	-
Total Liabilities	1334.47	2559.75	3522.95	4686.54	6937.07
<b>Key Indicators</b>					
Earnings per share	0.92	1.66	3.15	6.16	8.33
Dividend per share	0.6	1.00	1.20	1.50	2.00 (Proposed)
Book value per share	12.11	12.63	14.37	18.77	24.77



### FIVE YEAR FINANCIAL HIGHLIGHTS





**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present their 15<sup>th</sup> Annual Report with audited accounts for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

(Rs. In Lakhs)

<b>Operating Results</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
Total Income	1738.62	1225.40	802.88
Profit before tax	835.15	611.53	317.63
Tax	293.40	211.38	113.03
Profit after tax	541.75	400.15	204.60
Net worth	1609.75	1220.09	934.01
Capital employed	6975.33	4686.54	3522.95
Return on net worth (%)	33.88%	32.80%	21.91%
Earning per share	8.33	6.16	3.15

**REVIEW OF PERFORMANCE**

During the financial year the income from operation amounted to Rs.1702.50 lakhs as against Rs.1207.24 lakhs during the previous year, recording a growth of 41.02 %.The profit after tax increased from Rs. 400.15 Lakhs to Rs.541.74 Lakhs, recording an impressive growth of 35.38 %, compared to last year figures.The management is taking the maximum effort for the future performance also by adopting proactive strategies.

**APPROPRIATIONS**

The net profit of Rs.541.74 Lakhs which along with a sum of Rs.341.50 Lakhs brought forward from the previous year aggregated to Rs.883.25 Lakhs is appropriated as under:

<b>Appropriations</b>	<b>Rs. In Lakhs</b>
Transfer to Statutory Reserves	110.00
Proposed Dividends	130.00
Dividend Tax	22.09
Balance Carried to Balance Sheet	621.16

**DIVIDEND**

Your Directors are pleased to recommend a dividend of Rs 2 per share for the year-ended 31.03.2009 subject to the approval of Members at the ensuing Annual General Meeting. Dividend will be paid to (i) all members whose name appear in the Register of Members as on 24<sup>th</sup> September, 2009 and (ii) all members whose name appear as beneficial owners, as furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose as on that date.

**DIRECTORS**

Mr. Thomas John Muthoot and Mr. Philip Thomas, retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.



### **AUDITORS**

M/s K Venkatachalam Aiyer & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received confirmation that their appointment is within the limits prescribed under section 224(1B) of the Companies Act, 1956.

### **RBI GUIDELINES**

Your Company has complied with the guidelines issued by the Reserve Bank of India on prudential norms covering all areas like income recognition, investment accounting, provisioning for non performing assets and Know Your Customer (KYC) norms.

### **CORPORATE GOVERNANCE**

Your company has adopted the best practices of Corporate Governance. A separate report on Corporate Governance together with certificate from auditors of the Company M/s K. Venkatachalam Aiyer & Co., Chartered Accountants, confirming compliance with Clause 49 of Listing Agreement is enclosed and forms part of this Report.

The Management Discussion & Analysis is given as a separate statement forming part of the Annual Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that:

- i) Applicable Accounting Standards have been followed in preparation of the annual accounts with proper explanation relating to material departures, if any.
- ii) They have selected such accounting policies in consultation with the Statutory Auditors 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 at the end of the financial year and of the Profit of the Company for the period under review.
- iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) They have prepared the annual accounts on a going concern basis.

### **PERSONNEL**

None of the employees is in receipt of remuneration in excess of the limit as laid down under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Your Company being in the business of financial service has not consumed energy of any significant level and thus considering its nature of activities; no comments are necessary in respect of energy conservation, reduction of energy consumption and technology absorption.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

There was no foreign exchange earnings and outgo during the period under review.

### **ACKNOWLEDGEMENT**

Your Directors gratefully acknowledge the trust reposed in your Company and the assistance and co-operation received from Reserve Bank of India, Registrar of Companies, Kerala, Bombay Stock Exchange Limited, Bankers, Share Transfer Agents, Other Government authorities, Shareholders, Debentureholders and Clients and look forward to their continued support and co-operation.

Your Directors also wish to express their appreciation to all the employees of the Company for their dedication, commitment and wholehearted support and cooperation extended.

On behalf of the Board of Directors

Place : KOCHI  
Date : 28.07.2009

**Thomas John Muthoot**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OUTLOOK FOR THE INDUSTRY.

The Indian economy was going through turbulent times due to the turmoil in the financial sector in the west, which started in the second half of 2008-09. But our economy could withstand those pressures and could still record a GDP growth rate of 6.7%, though down from the previous year's 9%. The growth rate compared favourably with most of our neighbours and the western countries. This was due to the strong measures taken by Government of India and Reserve Bank of India.

The Non Banking Financial Services continued its robust growth with the solid support of the Government of India and continued to help the low income groups by giving a better return for their savings and also giving timely and quick financial help to the needy. The reduced flow of credit from the banks and financial institutions in the year resulted in an increased demand for the credit products of NBFCs. However, the NBFCs also experienced the adverse effects of the credit crunch due to the reduced availability and increased cost of bank finance, which forms a major chunk of their working funds. The Government and RBI have realized the importance of the NBFCs in meeting the credit requirements of the unorganized sectors in the rural and semi urban areas and had given strong indications for ensuring flow of credit to the NBFCs. The situation has since improved and the NBFCs are poised to maintain their impressive performance with continued support from the Government and RBI.

### OUTLOOK FOR THE COMPANY

Your Company continued with refinement and innovation of products and acquisition of quality clientele. A conscious decision has been made to diversify its products portfolio by adding newer products, which will be well received in the market. One important initiative in this direction is the entry of your Company into the two-wheeler financing segment. There is a very strong team of professionals from the field, with years of experience in dealing with various aspects of the product, which has been set up to implement the product. With the introduction of the new financing schemes and continuation of the existing products, your Company is poised to continue its impressive performance in this year too.

### OPPORTUNITIES AND THREATS

Your Company is ever vigilant to find out opportunities available in the market and use them to its advantage. The gap left by the withdrawal of most of the major players from the two-wheeler financing area is one such opportunity grabbed by the Company to great advantage. The product has been giving excellent results due to the very systematic and professional manner in which the policy parameters have been framed based on which the scheme is being implemented. The product is well received in the market due to the simple and customer friendly conditions, very fast processing and expeditious disbursement of the loans.

The scarcity of working funds at affordable rates is one of the limiting factors for the continued performance of the Company. There is also competition from other NBFCs and Commercial Banks having similar products. However, your Company is in a very good position to overcome any competition due to its tradition of trust dating back to many generations.



## **RISKS AND CONCERNS**

Competition risk, credit risk, interest rate risk, liquidity risk and human risk are some of the major risks that your Company is exposed to. The trust and confidence of the customers backed by generations of service helps your Company stand head and shoulder above all of its competitors. The Group has always enjoyed strong customer loyalty, which has helped the Company to take care of the competition risk. Competition cannot be avoided and the success of the Company depends on how effectively it can meet the competition. The brand image of the company, its distribution network, strong and loyal customer base and the depth of the management make it strong enough to take care of even the most intense competition. The Company has well defined credit policy wherein various parameters like financial capacity, creditworthiness, tangible assets of the borrower etc. are accessed to safeguard the interest of the company. All credit proposals are evaluated from all angles as a measure of abundant caution. The collection and recovery measures are very strong and that reduces the chances for incurring bad debts to a minimum. The interest rate risk, resulting from spurt in the rates of interest on working capital funds can affect the profitability of the Company adversely. The second half of 2008-2009 was a clear example and the Company had to incur substantially higher expenses on account of increased cost of funds. But proactive measures taken by the Company in containing expenses had helped in reducing the effects of the higher costs and maintaining profitability. The Company follows a policy of keeping sufficient funds by way of cash and bank balances to meet any reasonable requirement, ensuring that it is not put to any liquidity strain. The Company's talented and fully committed staff strength makes the Company strong. Training is a continuous process in the Company, which keeps the staff motivated and loyal. Selection/recruitment of staff is also done on a continuous basis, to fill up the increased requirement and also to replace any separation. The Company's assets and liabilities are well balanced. The Company evaluates the risks and keeps its assets and liability portfolios diversified to reduce and manage the risks

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a well set and adequate internal control system, to take care of all of its operations and to throw up any adverse features in operations or credit. The Company's Statutory Auditors were M/S K. Venkatachalam Aiyer & Co. They function according to their well-defined audit plan, reporting individually to the Board of Directors and various statutory authorities. M/S Siby and Jolly, Chartered accountants were the internal auditors of the Company and they report to the Audit Committee of the Board of Directors. The Audit Committee met at regular intervals and reviewed the entire internal control system, including the internal audit reports and gives directions for rectification of any defects and suggestions for improvement. Branches of the company were inspected at periodical intervals.

## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The total loans portfolio of the Company including gold loans and two-wheeler loans increased from Rs.5,205.53 lakhs as on 31.03.2008 to Rs.7,168.75 lakhs as on 31.03.2009. This amounts to an increase of 53%. The other assets including fixed assets and other current assets increased from Rs.451.09 lakhs to Rs.683.01 lakhs during this period. This was funded by equity capital of the Company which remained at Rs.650 lakhs, reserves which increased from Rs.570.09 lakhs to Rs.959.75 lakhs, debentures which recorded



a reduction from Rs.1905.90 lakhs to Rs.1434.50 lakhs, bank borrowings which increased from Rs.1,935.48 lakhs to Rs.3,125.47 lakhs and increase in other liabilities from Rs.172.68 lakhs to Rs. 414.72 lakhs.

The total income from operations registered a growth of 41.88 %, from Rs.1,225.40 lakhs in the year ended 31.03.2008 to Rs.1,738.61 lakhs for the year ended 31.03.2009. The tight liquidity position in the market and the consequent hotting up of interest rates resulted in increase in interest expenditure incurred by the Company by 54.93% from Rs. 397.15 lakhs in the last year to Rs 615.29 lakhs for the current year. The operational expenses during the corresponding period recorded an increase of only 26.79%, from Rs. 215.51 lakhs to Rs. 273.24 lakhs. Due to the cost control measures adopted by the Company, the profit before tax recorded a jump of 36.57% from Rs. 611.53 lakhs to Rs. 835.15 lakhs during the corresponding period. The net profit of the Company increased from Rs.400.15 lakhs to Rs.541.75 lakhs, recording an impressive growth of 35.39 %, compared to last year figures.

Based on the impressive performance of the Company for the year, the Board of Directors have recommended a dividend of Rs. 2 per share of Rs.10.

#### **HUMAN RESOURCE DEVELOPMENT**

Your Company continued to maintain its exemplary record of excellent industrial relations, without compromising on staff discipline. The Company has been proactively implementing enhancements in the compensation packages of the staff, in addition to improving the working conditions and improving the staff welfare measures. The Company believes firmly in its management and team members, which is the underlying factor for customer support and satisfaction. The Company also believes that well trained and motivated staff are essential for business development and customer satisfaction. Enhancement of knowledge and improvement in skills of the employees are continuous processes, through the various training programs in the Company, involving faculty drawn from various departments in the Company as well as from outside.

On behalf of the board of directors

**Thomas John Muthoot**  
Chairman

Place : KOCHI

Date : 28.07.2009



**CORPORATE GOVERNANCE**

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance as a term refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled to ensure that it adheres to accepted ethical standards and best practices as well as to formal laws. It is about commitment of values, ethical business conduct and a high degree of transparency and stipulates accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company.

At Muthoot Capital Services Ltd. the Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability in all facet of its operations. Your Company acknowledges its responsibilities to its shareholders and endeavors to pursue its policies and procedures to satisfy its legal and ethical responsibilities as a good corporate citizen and believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

**I) BOARD OF DIRECTORS**

**a) Composition of Board of Directors**

The Board of Directors consisting of six (6) Directors meets regularly to lead and guide the Company's management. The composition of and the category of directors on the board of the company were as under:

<b>Category</b>	<b>Particulars of Directors</b>
Executive Director	: Mr. Thomas George Muthoot, Managing Director
Non Executive – non independent Directors	: Mr.. Thomas John Muthoot, Chairman Mr. Thomas Muthoot
Independent Directors	: Mr. A P Kurian Mr. Philip Thomas Mr. R K Nair

All the directors have affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors. The Independent Non Executive Directors comply with the requirements of the Listing Agreement for being "Independent Director". Further, the Independent Directors have also affirmed that they satisfy all the prescribed requirements for being an Independent Director.

**b) Board Meetings**

The number and date of Board Meetings held during the year 2008 – 2009 is tabulated below:

<b>Number of Board Meetings held during the year</b>	<b>Date of Meetings</b>
7	08.04.2008, 12.05.2008, 29.07.2008, 29.08.2008, 28.10.2008, 01.01.2009, 24.01.2009



**c) Attendance of Directors**

The attendance of each Director at the Board meetings during the year and at the last Annual General Meeting, details of other directorships, committee chairmanships / memberships held by the Directors during the year are as follows:

Directors	Board meetings attended	Attendance at last AGM held on 29.08.2008	Directorships in other public companies		Chairman / Member in committees of Boards of Other Companies	
			Chairman	Director	Chairman	Member
Thomas John Muthoot	7	Present	0	3	0	0
Thomas George Muthoot	7	Present	0	3	0	1
Thomas Muthoot	7	Present	0	3	0	1
A P Kurian	4	-	1	5	1	8
Philip Thomas	5	Present	0	1	0	2
R.K.Nair	4	-	0	1	0	1

**Other Directorships, membership of Board Committees**

None of the directors holds Directorships in more than 15 public limited companies. No Director holds membership of more than 10 committees of Board nor any Director is a Chairman of more than 5 committees of Boards.

**d) Composition of Committee of Directors as on 31.03.2009 in Muthoot Capital Services Limited**

Name	Chairman / Member in Committees of Boards	
	Chairman	Member
Thomas John Muthoot	1	1
Thomas George Muthoot	0	1
Thomas Muthoot	1	2
A P Kurian	0	1
Philip Thomas	2	0
R.K.Nair	0	2



## II) AUDIT COMMITTEE

### a) Brief description of the terms of reference, scope and functions:

The Audit Committee has the authority to investigate into the activities of the Company and its subsidiaries and all the employees are to co – operate with the Committee to perform its functions. The Committee could obtain external, legal or other independent professional advice and assistance, if necessary, and may retain professionals with special competence or skills as necessary to assist in fulfilling its responsibilities.

The Audit Committee reviews the audit plans, financial statements and reports, interacts with the statutory auditors and internal auditors with regard to any MIS or such other management control or audit system proposed for implementation in the company, evaluates the performance of the Internal Auditors and recommend their re-appointment, approve and issue the Audit Committee Report of the financial statements and acts as a channel for communication between the Board and Audit function.

### b) Composition, Name of members and chairman

The audit committee comprises of 4 Non-Executive Directors of which 3 are independent directors. All the members of the Audit Committee of the Company possess financial / accounting expertise. The Audit Committee was reconstituted by induction of Mr.R.K.Nair, by the Board of Directors of the Company in their meeting held on 24<sup>th</sup> January, 2009.

Mr. Philip Thomas, former Executive Director of IDBI, Chairs the Committee.

The Audit Committee adheres to the requirements of section 292A of the Companies Act, 1956, and complies with Clause 49 of the Listing Agreement.

### Attendance at the meetings of the audit committee held during 2008-2009

During the year the committee met 4 times on 08.04.2008, 12.05.2008, 28.10.2008 and 24.01.2009.

Name of members of Audit Committee	Designation	No. of meetings attended
Shri. Philip Thomas	Chairman	4
Shri. A P Kurian	Member	4
Shri.Thomas Muthoot	Member	4
Shri. R. K. Nair	Member	0

## III) REMUNERATION COMMITTEE

The Remuneration Committee determines and recommend to the Board the remuneration including commission, perquisites and allowances payable to the Managing and Whole-time Directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the industrial practice.

The Remuneration Committee comprises of 3 Independent Non-executive Directors namely Mr. Philip Thomas, Mr. A P Kurian and Mr. R K Nair. Mr. Philip Thomas, former Executive Director of IDBI, Chairs the Committee.



### REMUNERATION OF DIRECTORS

The Non-Executive Directors get sitting fees of Rs. 1000/- each for every meeting of the Board attended along with the traveling expenses and other expenses in relation thereto. Sitting fee is paid only to Independent Directors. The details of sitting fees paid to the Independent Non-Executive Directors are as follows:

Name of the Director	Sitting Fee (Rs.)
Mr. Philip Thomas	5000/-
Mr. A P Kurian	4000/-
Mr. R.K.Nair	4000/-

The Managing Director is paid a remuneration of Rs. 1,25,000/- p.m. Other terms and conditions are as approved by the shareholders in the general meeting.

### IV) SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE (SIGC)

The investors grievance committee administers the following:

- i) redressal of investor complaints like transfer of shares, non – receipt of balance sheets, declared dividends etc.
- ii) transfer / transmission of shares and deletion of name
- iii) review of complaint letters received from Stock Exchanges, SEBI, Ministry of Corporate Affairs, etc., and responses thereto.

No. of SIGC meetings held during the year 2008 – 09	Date of Meeting
4	08.04.2008, 10.07.2008, 21.10.2008, 21.01.2009

### Composition of Committee and attendance of Members

Name of the Director	No. of meetings attended
Mr. Thomas Muthoot Chairman	4
Mr. Thomas George Muthoot Member	4
Mr. Thomas John Muthoot Member	4

Mr.Varun.T.V, Company Secretary is the Compliance Officer. During the year under review, the Company received 23 communications / complaints from shareholders, which were attended to the satisfaction of Shareholders. None was pending and unresolved as on 31.03.2009. The complaint by shareholders forwarded to the Company by SEBI has been attended to and rectified.



## V BRIEF RESUME OF THE DIRECTOR SEEKING RE - APPOINTMENT

The re-appointment of Mr. Thomas John Muthoot and Mr.Philip as directors of the Company was recommended by the Board of Directors at their meeting held on 21.05.2009, subject to the approval of shareholders.

The resume of Director retiring by rotation are given below :

- (1) Name : Mr. Thomas John Muthoot
- Age : 47 yrs
- Qualification : B.Com
- Experience : He is the Managing Director of Muthoot Fincorp Ltd., and Chairman of Muthoot APT Ceramics Limited and holds Directorships in various other private limited companies of Muthoot Pappachan Group. He has more than two decades of experience in the financial sector.
- Present Position : Director, Member of Share holders/ Investor Grievance Committee.
- Category : Non-Executive Director
- (2) Name : Mr. Philip Thomas
- Age : 80 yrs
- Qualification : M.Sc Economics (London School of Economics Post Graduation)
- Experience : Held Senior positions in Reserve Bank of India, was Executive Director of IDBI, Founder Chairman of Stock Holding Corporation of India, Member of various committees appointed by Reserve Bank of India and IDBI, was Director of several public limited companies as nominee of IDBI, published several articles on economic topics.
- Present Position : Director, Chairman of Audit Committee, Chairman of Remuneration Committee.
- Category : Non-Executive Director



## VI GENERAL BODY MEETINGS

Time, location and details of special resolution passed at the preceeding 3 Annual General Meetings

Year	Date	Time	Venue	Whether special resolution passed in respect of any agenda item
2008	29.08.2008	10.00 am	Aangan Hall, Bharat Tourist Home (BTH), D H Road, Cochin	No
2007	14.08.2007	10.00 am	Aangan Hall, Bharat Tourist Home (BTH), D H Road, Cochin	Yes Item No. 1 under Special Business in the notice for carrying on business under Other Objects Clause of the Memorandum of Association
2006	26.08.2006	10.00 am	Aangan Hall, Bharat Tourist Home (BTH), D H Road, Cochin	Yes No. 6 in the notice for Item alteration of Articles of Association  Item No. 7 in the notice for increase in the sitting fees to directors

## VII DISCLOSURES

In the opinion of the Board, the transactions entered into by the Company with the related parties were not in conflict with the interest of the Company. Details of related party transactions are included in the Notes to the Accounts.

The Company proposes to adopt other non – mandatory requirements as and when necessary.

## VIII MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published in 'Economic Times' and 'Deepika' for the 1<sup>st</sup> and 2<sup>nd</sup> Quarters and in 'The Financial Express' and 'Mangalam' for the 3<sup>rd</sup> and 4<sup>th</sup> Quarters.



**IX GENERAL SHAREHOLDER INFORMATION**

**Annual General Meeting**

<b>15<sup>th</sup> Annual General Meeting</b>	
Date	24 <sup>th</sup> September, 2009
Time	10.a.m
Venue	The International Hotel, M.G. Road, North end, Kochi
Financial Year	2008– 2009
Book Closure Date	<b>18.09.2009 to 24.09.2009</b>
Dividend Payment Date	On or before 23 <sup>rd</sup> October, 2009
Company’s address for correspondence	V <sup>th</sup> Floor, Muthoot Towers, M G Road, Kochi - 682 035, Kerala
E – mail	mail@muthootcap.com
Company’s website	www.muthootcap.com

**Listing of Company’s equity shares**

The Company’s shares are listed on : The Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 110001

The Company has paid listing fees to the above stock exchange for the financial year 2009 – 2010.

**Code of Insider Trading**

The Company has adopted and implemented a Code of Conduct pursuant to SEBI(Prohibition of Insider Trading (Amendments) Regulations, 2002). The Code lays down the Guidelines, which include procedures to be followed and disclosures to be made by the Insiders (Directors, Officers and Designated Employees) while dealing in shares of the Company.

**MARKET PRICE DATA**

Scrip ID : MUTHTFN  
Scrip code : 511766  
Demat ISIN No : INE296G01013



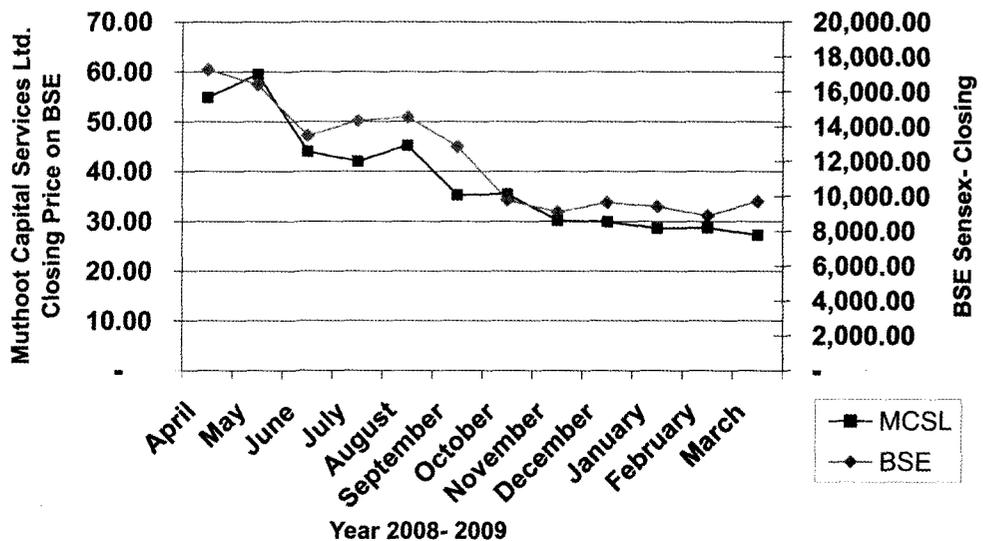
**Market Price Data**

The monthly high and low prices of the Company's shares traded in The Bombay Stock Exchange Limited, Mumbai, during each month in the financial year ended 31<sup>st</sup> March, 2009, are as under:

Month	High (Rs.)	Low (Rs.)
April 2008	60.75	42.70
May 2008	60.10	51.05
June 2008	62.00	43.90
July 2008	46.25	40.00
August 2008	48.95	41.00
September 2008	51.10	32.55
October 2008	38.35	22.65
November 2008	40.00	27.00
December 2008	31.90	27.60
January 2009	31.00	26.15
February 2009	34.00	27.20
March 2009	30.20	25.00

Stock performance as compared to BSE Index

**Stock Price Performance- Muthoot Capital Services Ltd vs BSE Sensex**





Registrar and Transfer Agents ( Share : Integrated Enterprises (India) Limited,  
 Transfer and communication regarding "Seema", 41/426  
 Share Certificates, Dividends and change Rajaji Road, Near Abad Metro  
 of address ) Hotel, Ernakulam – 682 035  
 Kerala  
 Telephone : 0484 – 2371494 / 2366099  
 Tele Fax : 0484 – 2384735  
 E-mail : yesbalu@iepindia.com  
 shaji@iepindia.com

**Share Transfer system**

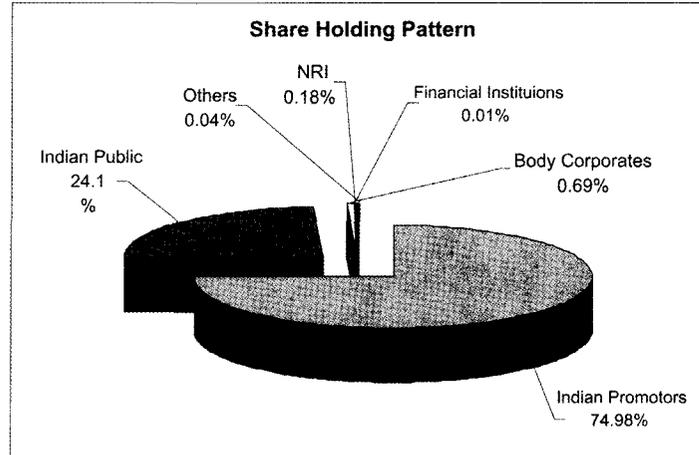
Presently, the share transfer which are received in physical form are processed and the share certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects.

**DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2009**

Sl. No.	Category	No. of shareholders	% Holders	Shares	% Shares
1	Upto 100	4419	75.99	417288	6.42
2	101 – 500	1104	18.9854	293340	4.51
3	501 – 600	56	0.963	32902	0.5
4	601 – 700	15	0.257	10240	0.16
5	701 – 800	18	0.3095	14182	0.22
6	801 – 900	13	0.2236	11650	0.18
7	901 – 1000	59	1.0146	58950	0.91
8	1001 – 2000	68	1.1694	98208	1.51
9	2001 – 5000	32	0.5503	98316	1.51
10	5001 – 10000	12	0.2064	75198	1.16
11	10001 – 20000	2	0.0344	36400	0.56
12	20001 – 30000	4	0.0688	95771	1.47
13	30001 – 40000	0	0.00	0	0.00
14	40001 – 50000	2	0.0344	88227	1.36
15	50001 – 100000	5	0.086	341339	5.25
16	ABOVE 100000	6	0.1032	4830195	74.31
<b>TOTAL</b>		<b>5815</b>	<b>100.00</b>	<b>6500000</b>	<b>100.00</b>



**DISTRIBUTION OF SHAREHOLDING ON THE BASIS OF CATEGORY OF SHAREHOLDERS AS ON 31.03.2009**



**DEMATERIALISATION OF SHARES**

The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 31<sup>st</sup> March, 2009, 87.19 % of shares of the Company were held in dematerialized form.

**X COMPLIANCE STATUS OF CLAUSE 49 OF THE LISTING AGREEMENT**

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect by the Managing Director is annexed as Annexure I to this report.

The Company has complied with all mandatory recommendations prescribed in Clause 49 of the Listing Agreement. A certificate to this effect from the Statutory Auditors, M/s K Venkitachalam Aiyer & Co. is annexed as Annexure II to this report.

**Annexure I**

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

**TO THE MEMBERS OF MUTHOOT CAPITAL SERVICES LIMITED**

I confirm that the Company has received from the Senior Management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them during the financial year ended 31<sup>st</sup> March, 2009.

Place : KOCHI  
Date : 28.07.2009

Sd/-  
Thomas George Muthoot  
Managing Director



**Annexure II**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**MUTHOOT CAPITAL SERVICES LTD**

We have examined the Compliance of conditions of Corporate Governance by **Muthoot Capital Services Limited** for the year ended on 31st March 2009 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us we certify that company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We state that no investor grievances are pending for a period **exceeding one month** against the company as per the records maintained by the Share Transfer cum Investors Grievances Committee.

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

For and on behalf of

**K Venkatachalam Aiyer & Co.,**  
Chartered Accountants

**A. Gopalakrishnan**  
Partner

Place : KOCHI

Date : 28.07.2009



## AUDITORS' REPORT

To the Members of  
**MUTHOOT CAPITAL SERVICES LIMITED**

- 1) We have audited the attached Balance Sheet of **MUTHOOT CAPITAL SERVICES LTD., ERNAKULAM** as at 31<sup>st</sup> March 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed there to, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956 of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above we report that;
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
  - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account
  - d) In our opinion the Balance sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared in all material respects in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956.



- e) On the basis of the written representations received from the Directors of the Company as on 31<sup>st</sup> March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the company's significant accounting policies and the notes attached there to, appearing in Schedule-O and other notes appearing elsewhere in the accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
  - ii) in the case of the Profit and Loss Account ,of the profit of the company for the year ended on that date and;
  - iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For and on behalf of  
**K.VENKATACHALAM AIYER & Co**  
Chartered Accountants

**C A A. GOPALAKRISHNAN** B.Sc., FCA, DISA, CISA  
Partner /Membership No.18159

Place: KOCHI  
Date: 21.05.2009



**Annexure Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Muthoot Capital Services Limited on the financial statements for the year ended 31st March 2009**

1. (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(ii) The fixed assets have been physically verified by the management during the period, the programme of verification of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such physical verification.  
In our opinion and according to the information and explanation given to us, a substantial part of the Fixed Assets has not been disposed off by the company during the year.
2. (a) Except for the stocks on hire, (the legal ownership of which is to be transferred to the hirers on receipt of the last installment from them,) the company does not have any stock of inventory.  
(b) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory.
3. (i) On the basis of the explanations given by the management, we report that the company has not taken any loans, secured or unsecured from Companies or other parties covered in the register maintained u/s 301 of the Companies Act. However we report that the company has entered into current account transactions with the directors of the company and the maximum amount to the credit of such current accounts of the directors during the year was Rs 2173.85 Lakhs and the year-end balances was Rs 1267.32 Lakhs.  
(ii) The company has not granted secured loans to company covered in the register maintained in pursuance of Section 301 of the Act and the maximum amount involved during the year and the year-end balance of such loans aggregate NIL.  
(iii) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Act are not prima facie prejudicial to the interests of the Company.  
(iv) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, wherever applicable. The parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.  
(v) There are no overdue amounts of loans taken from or granted to companies, firms or other parties listed in the register maintained in pursuance of Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.



5. i) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuant of section 301 of the Act, have been so entered.
- ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

The company has not accepted deposits within the meaning of Sec 58A of the Companies Act 1956 from the public during the financial year 2008-09.

6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. (a) According to the information and explanations given to us and the records of the company examined by us, and in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, sales tax and other material statutory dues as applicable with the appropriate authorities. An estimated amount of Rs 11 lakhs is outstanding towards income tax for the assessment years 2002-03, 2003-04, 2004-05 and 2005-06 and this statutory dues was not paid as the relevant proceedings are not completed as at the end of the year by the assessing authority to give effect to the appellate orders of higher authorities
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Wealth Tax, Service Tax, Customs duty, excise duty and cess as at 31st March 2009, which have not been deposited on account of a dispute.
8. The company has no accumulated losses as at 31st March 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any financial institution or Bank or Bondholders as at the balance sheet date.
10. In our opinion and according to the information and explanations given to us, company has maintained adequate documents and records for loans given on the security of its own bonds.
11. In our opinion company has maintained proper records for the trading in shares; securities and other investments and timely entries have been made.
12. According to the explanations and information given to us, the company has not given any guarantee during the year for loans taken by others from banks or other financial institutions, the terms and conditions are prejudicial to the interest of the company.
13. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loan has been applied for the purpose for which it was obtained.



14. According to the cash flow statement and other records examined by us and the explanations and information given to us, on an overall examination of the balance sheet of the company, funds raised on short-term basis have not been used for long-term investment.
15. According to the explanations and information given to us, during the year under audit the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
16. According to the explanations and information given to us, the company has created securities in respect of the secured redeemable non-convertible bonds issued and outstanding at the year-end.
17. The company has not raised money by public issues during the year
18. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanations and information given to us, we have neither come across with any instance of fraud on or by the company being noticed or reported during the year, nor have we been informed of such case by the management.
19. The other clauses namely (viii) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported as per the afore said Order.
20. The company is not a Chit fund, nidhi, mutual benefit fund or a society.

For and on behalf of  
**K.VENKATACHALAM AIYER & Co**  
Chartered Accountants

**C A A. GOPALAKRISHNAN B.Sc., FCA, DISA, CISA**  
Partner /Membership No.18159

Place: KOCHI  
Date: 21.05.2009



**AUDITORS' REPORT SUBMITTED AS PER "NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT (RESERVE BANK ) DIRECTIONS, 1998 IN RESPECT OF THE FINANCIAL YEAR 2008-2009 OF MUTHOOT CAPITAL SERVICES LTD., M.G. ROAD, ERNAKULAM.**

The Board of Directors,  
Muthoot Capital Services Ltd.,  
Cochin.

1. The Company is engaged in the business of Non Banking Financial institution and it has obtained the certificate of registration as provided in section 45 IA of the RBI Act, 1934.
2. The company is entitled to hold Certificate of registration in terms of Asset/Income Pattern as on 31 March 2009.
3. The company is classified as a Deposit accepting company as Per RBI Order No16.00024 However the Company has not accepted any public deposits during the year under review
4. The Company has complied with the prudential norms on Income Recognition, Accounting standards, Asset Classification, Provisioning for bad and doubtful debts and concentration of credits / investments as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.
5. The capital adequacy ratio as disclosed in the return submitted to the RBI in terms of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 has been correctly determined and such ratio is in compliance with the minimum Capital to Risk Asset Ratio prescribed by RBI.
6. As the Company has no public deposits during the year under review, the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2007 are not applicable
7. As the Company has no public deposits during the year under review, the requirement of having the minimum credit rating is not applicable to the company in terms of the proviso to Paragraph 4 (1) (i) of NBFC Public Deposit Directions (RB) Directions,1998
8. There are certain secured bonds held by the Company as on the Balance Sheet date, which have already been matured but for which the bondholders did not make any claim. We are informed that the Company has taken adequate steps for its repayment. The total number of accounts and total amount in respect thereof as on the date of Balance Sheet are as follows: -



Particulars	Nature of the instrument		
	Secured bonds	Public deposits (unsecured)	Total
Total no. of accounts	421	NIL	421
Principal amount due	Rs. 2,17,46,394.00	NIL	Rs. 2,17,46,394.00
Interest accrued	Rs. 27,36,253.00	NIL	Rs . 27,36,253.00
<b>Total amount outstanding</b>	<b>Rs. 2,44,82,647.00</b>	<b>NIL</b>	<b>Rs. 2,44,82,647.00</b>

9. As the Company has no public deposits during the year, liquidity requirement by making investments in approved securities is not applicable.
10. The Company has furnished to the RBI the return on deposits as specified in the first schedule to the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998. The management informed us that the said return of deposits for the year 2008-2009 would be furnished to the Reserve Bank of India before the due date viz. 30<sup>th</sup> September 2009.
11. The Company has furnished to the RBI the half-yearly return on prudential norms for 31-03-2008 & 30-09-2008 on 28-06-2008 and 30-12-2008 respectively as specified in the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.
12. As explained to us, the company has not opened or closed any branch or appointed any agent to collect deposit during the financial year 2008-2009, hence the requirements contained in the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 is not applicable.

For and on behalf of  
**K.VENKATACHALAM AIYER & Co**  
Chartered Accountants

**C A A. GOPALAKRISHNAN** B.Sc., FCA, DISA, CISA  
Partner /Membership No.18159

Place: KOCHI  
Date: 21.05.2009



**BALANCE SHEET AS ON 31st MARCH 2009**

Particulars	Sch No.	As on 31.03.2009		As on 31.03.2008	
		Rs.	Ps.	Rs.	Ps.
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds:					
Share Capital	A	6 50 00 000.00		6 50 00 000.00	
Reserves and Surplus	B	9 59 74 936.29		5 70 09 359.68	
		16 09 74 936.29		12 20 09 359.68	
Loan Funds					
Secured Loans	C	40 60 00 050.75		30 41 37 874.00	
Unsecured Loans	D	12 67 32 153.92		4 22 46 745.91	
		53 27 32 204.67		34 63 84 619.91	
Deferred Tax Liability				260,100.00	
<b>TOTAL</b>		<b>69 37 07 140.96</b>		<b>46 86 54 079.59</b>	
<b>APPLICATION OF FUNDS</b>					
Fixed Assets					
Gross Block	E	1 82 63 172.00		1 92 77 443.00	
Less: Depreciation till date		1 47 73 505.00		1 48 91 868.00	
Net Block		34 89 667.00		43 85 575.00	
Investments	F	15 98 728.64		15 64 216.00	
Deferred Tax Asset		898,100.00			
Current Assets, Loans & Advances:					
A. Current Assets	G	13 70 94 224.79		3 91 48 558.20	
B. Loans and Advances		59 20 99 622.60		44 05 63 761.60	
		72 91 93 847.39		47 97 12 319.80	
Less: Current Liabilities & Provisions					
Liabilities	H	2 20 36 378.07		45 72 782.21	
Provisions		1 94 36 824.00		1 24 35 249.00	
		4 14 73 202.07		1 70 08 031.21	
Net Current Assets		<b>68 77 20 645.32</b>		<b>46 27 04 288.59</b>	
<b>TOTAL</b>		<b>69 37 07 140.96</b>		<b>46 86 54 079.59</b>	

Notes on Accounts

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The attached schedules and notes form an integral part of these accounts.

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

**For K. VENKATACHALAM AIYER & Co.**  
**CHARTERED ACCOUNTANTS**

**CA A. GOPALAKRISHNAN B.Sc, FCA, DISA, CISA**  
**Partner / Membership No. 18159**

Place : KOCHI

Date : 21.05.2009

For and on Behalf of the Board  
**THOMAS JOHN MUTHOOT**  
 Chairman

**THOMAS GEORGE MUTHOOT**  
 Managing Director

**VARUN T.V.**  
 Company Secretary



**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2009**

<b>Particulars</b>	<b>Sch No.</b>	<b>Year ended 31.03.2009 Rs. Ps.</b>	<b>Year ended 31.03.2008 Rs. Ps.</b>
<b>INCOME</b>			
Income from operations	I	17 02 50 197.46	12 07 24 469.00
Other Income	J	36 11 336.98	18 15 941.00
<b>TOTAL</b>		<b>17 38 61 534.44</b>	<b>12 25 40 410.00</b>
<b>EXPENDITURE</b>			
Financial Expenses	K	6 15 29 071.18	3 97 14 968.31
Establishment Expenses	L	1 20 72 138.69	60 99 365.19
Administrative & other expenses	M	1 52 53 734.96	1 54 52 159.21
<b>TOTAL</b>		<b>8 88 54 944.83</b>	<b>6 12 66 492.71</b>
<b>PROFIT BEFORE DEPRECIATION AND OTHER PROVISIONS</b>		<b>8 50 06 589.61</b>	<b>6 12 73 917.29</b>
Depreciation	E	8 33 530.00	10 88 321.00
Provision & Write offs	N	658,333.00	(967,785.00)
<b>PROFIT BEFORE TAX</b>		<b>8 35 14 726.61</b>	<b>6 11 53 381.29</b>
Provision for taxation			
Current tax		2 92 95 000.00	2 03 66 000.00
Deferred Tax		- 11 58 200.00	6 84 111.00
Fringe Benefit Tax		1 03 000.00	88 000.00
Income Tax Adjustment For Earlier Years		11 00 000.00	.00
<b>PROFIT AFTER TAX</b>		<b>5 41 74 926.61</b>	<b>4 00 15 270.29</b>
Add:Balance brought forward from previous year		3 41 50 359.68	1 35 45 102.39
<b>Amount Available for Appropriations</b>		<b>8 83 25 286.29</b>	<b>5 35 60 372.68</b>
Less:Appropriations			
Transfer to Statutory Reserve		1 10 00 000.00	80 03 000.00
Proposed Dividend		1 30 00 000.00	97 50 000.00
Dividend Tax		22 09 350.00	16 57 013.00
<b>Surplus carried to Balance Sheet</b>		<b>6 21 15 936.29</b>	<b>3 41 50 359.68</b>
Basic and Diluted Earnings Per Share		8.33	6.16

Notes on Accounts

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The attached schedules and notes form an integral part of these accounts.

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

For K. VENKATACHALAM AIYER & Co.  
CHARTERED ACCOUNTANTS

CA A. GOPALAKRISHNAN B.Sc, FCA, DISA, CISA  
Partner / Membership No. 18159

Place : KOCHI

Date : 21.05.2009

For and on Behalf of the Board  
THOMAS JOHN MUTHOOT  
Chairman

THOMAS GEORGE MUTHOOT  
Managing Director

VARUN T.V.  
Company Secretary



**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	Current year Rs.Ps.	Previous Year Rs.Ps
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
Authorised (70,00,000 equity shares of Rs.10/- each)	7 00 00 000.00	7 00 00 000.00
<b>Issued and subscribed</b> 65,00,000 equity shares of Rs. 10/- each fully called and paid up	6 50 00 000.00	6 50 00 000.00
<b>SCHEDULE - B</b>		
<b>RESERVES AND SURPLUS</b>		
Statutory Reserve		
As on 01.04.2008	2 27 59 000.00	1 47 56 000.00
Add: Transfer from Profit and Loss account	1 10 00 000.00	80 03 000.00
As on 31-03-2009 (A)	<b>3 37 59 000.00</b>	<b>2 27 59 000.00</b>
Profit and Loss Account		
As on 01.04.2008	3 41 50 359.68	1 35 45 102.39
Add: Transfer from Profit and Loss Account	3 89 65 576.61	2 06 05 257.29
As on 31-03-2009 (B)	<b>7 31 15 936 .29</b>	<b>3 41 50 359 .68</b>
Debenture Redemption Reserve (C)	1 00 000.00	1 00 000.00
<b>Total ( A + B + C)</b>	<b>9 59 74 936.29</b>	<b>5 70 09 359 .68</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS (Sub. Sch. 1)</b>		
Redeemable non-convertible debentures (Secured by a charge on all movable assets,book debts,receivables and advances including loan against security of gold created by the company)	14 34 50 394.00	19 05 90 352.00
Interest accrued but not due on debentures	1 18 35 343.75	1 22 94 676.00
ICICI WORKING CAPITAL LOAN ( Secured by hypothecation of Gold loan receivables and book debts)	20 00 72 040.00	10 00 00 000.00
SBT-ERNAKULAM -4312 CC A/c (Secured by a charge on all movable assets, book debts,receivables and advances including loan against security of gold created by the company)	4 98 93 916.00	
	40 52 51 693.75	30 28 85 028.00



	Current year Rs.Ps.	Previous Year Rs.Ps.
HDFC Car Loan (Secured by Hypothecation of Skoda Car bearing Registration No KL 07 AS 9678)		3 04 569.00
HDFC Car Loan( Sub Sch 1a) (Secured by Hypothecation of Getz Car bearing Registration No KL 7 AX 284)	1 20 806.00	2 09 324.00
HDFC Car Loan( Sub Sch 1a) (Secured by Hypothecation of Hyundai Verna Car bearing Registration No KL 7 BH 5228)	6 27 551.00	7 38 953.00
<b>Total</b>	<b>40 60 00 050.75</b>	<b>30 41 37 874.00</b>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
Loan from Directors	12 67 32 153.92	4 22 46 745.91
	<b>12 67 32 153.92</b>	<b>4 22 46 745.91</b>
<b>SCHEDULE - F</b>		
<b>INVESTMENTS</b>		
Equity Shares -quoted (Valued at Cost or Market price which ever is lower and certified by the Management)		
At Cost	15 19 084.22	15 44 845.00
Preference Shares Unquoted	2 16 273.42	-
Less: Provision for Diminution in value of Investments	1 56 000.00	
	15 79 357.64	15 44 845.00
UTI GOLD	19 371.00	19 371.00
	<b>15 98 728.64</b>	<b>15 64 216.00</b>
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
Gross Stock on Hire	1 77 716.00	4 15 995.00
Less: Unmatured finance charges	12 462.00	30 497.00
	1 65 254.00	3 85 498.00
Add:-Value of repossessed automobile assets	-	
Net Book Value	1 65 254.00	3 85 498.00
Hypothecation Loan -Gross	11 69 13 723.00	1 25 70 345.00

**SCHEDULE - E**  
**SCHEDULE OF FIXED ASSETS AS PER SCHEDULE XIV OF THE COMPANIES ACT, 1956**  
**AS ON 31-03-2009**



Sl. No	Name of the assets	GROSS BLOCK			DEPRECIATION					NET BLOCK		
		As at 01/04/2008 Rs.Ps	Additions / (Deductions) Rs.Ps	Sale/Written of during the year Rs.Ps	As at 31/03/2009 Rs.Ps	Rate %	Upto 31/03/2008 Rs.Ps	For the year Rs.Ps	Adjustment for the year Rs.Ps	Upto 31/03/2009 Rs.Ps	W.D.V. as on 31/03/2009 Rs.Ps	W.D.V. as on 31/03/2008 Rs.Ps
I	<b>OWNED ASSETS</b>											
a)	Vehicles											
	Motor Cycle (Bullet)	29 850.00		29 850.00	.00	25.89%	26 372.00		26 372.00	.00	.00	3 478.00
	Skoda	11 51 328.00		11 51 328.00	.00	25.89%	7 57 158.00	56 757.00	8 13 915.00	.00	.00	3 94 170.00
	Getz	4 77 120.00			4 77 120.00	25.89%	2 82 915.00	50 280.00		3 33 195.00	1 43 925.00	1 94 205.00
	Honda shine	50 352.00			50 352.00	25.89%	17 166.00	8 592.00		25 758.00	24 594.00	33 186.00
	Hyundai Verna	8 04 220.00			8 04 220.00	25.89%	2 08 213.00	1 54 306.00		3 62 519.00	4 41 701.00	5 96 007.00
	Benz Car	9 93 000.00			9 93 000.00	25.89%	8 86 817.00	27 491.00		9 14 308.00	78 692.00	1 06 183.00
		<b>35 05 870.00</b>	<b>.00</b>	<b>11 81 178.00</b>	<b>23 24 692.00</b>		<b>21 78 641.00</b>	<b>2 97 426.00</b>	<b>8 40 287.00</b>	<b>16 35 780.00</b>	<b>6 88 912.00</b>	<b>13 27 229.00</b>
b)	Furniture and Fittings											
	Furniture and Fittings	25 59 029.00	31 710.00		25 90 739.00	18.10%	21 94 461.00	69 339.00		22 63 800.00	3 26 939.00	3 64 568.00
	Filing Cabinet	1 12 377.00			1 12 377.00	18.10%	95 843.00	2 993.00		98 836.00	13 541.00	16 534.00
	Television	7 500.00			7 500.00	18.10%	5 399.00	380.00		5 779.00	1 721.00	2 101.00
	Strong room door	1 74 193.00			1 74 193.00	18.10%	1 32 645.00	7 520.00		1 40 165.00	34 028.00	41 548.00
		<b>28 53 099.00</b>	<b>31 710.00</b>	<b>.00</b>	<b>28 84 809.00</b>		<b>24 28 348.00</b>	<b>80 232.00</b>	<b>.00</b>	<b>25 08 580.00</b>	<b>3 76 229.00</b>	<b>4 24 751.00</b>
	Office Equipment and Computers											
	Computers	30 47 546.00	2 00 620.00		32 48 166.00	40.00%	29 63 975.00	51 445.00		30 15 420.00	2 32 746.00	83 571.00
	UPS	1 92 840.00	2 290.00		1 95 130.00	40.00%	1 68 532.00	12 013.00		1 80 545.00	14 585.00	24 308.00
	Modem	.00	9 800.00		9 800.00	40.00%	.00	631.00		631.00	9 169.00	.00
	Air Conditioner	3 76 531.00			3 76 531.00	13.91%	3 26 968.00	6 894.00		3 33 862.00	42 669.00	49 563.00
	FAX/PABX/TELEX	1 54 816.00			1 54 816.00	13.91%	1 35 210.00	2 727.00		1 37 937.00	16 879.00	19 606.00
	Time Attend-access											
	Cntrol Panel	39 148.00			39 148.00	40.00%	32 415.00	2 693.00		35 108.00	4 040.00	6 733.00
	Xerox machine	1 29 263.00	51 750.00	1 29 263.00	51 750.00	13.91%	1 11 312.00	6 664.00	1 11 606.00	6 370.00	45 380.00	17 951.00
		<b>39 40 144.00</b>	<b>2 64 460.00</b>	<b>1 29 263.00</b>	<b>40 75 341.00</b>		<b>37 38 412.00</b>	<b>83 067.00</b>	<b>1 11 606.00</b>	<b>37 09 873.00</b>	<b>3 65 468.00</b>	<b>2 01 732.00</b>
	Windmill Generator	89 78 330.00			89 78 330.00	15.33%	65 46 467.00	3 72 805.00		69 19 272.00	20 59 058.00	24 31 863.00
		<b>89 78 330.00</b>	<b>.00</b>	<b>.00</b>	<b>89 78 330.00</b>		<b>65 46 467.00</b>	<b>3 72 805.00</b>		<b>69 19 272.00</b>	<b>20 59 058.00</b>	<b>24 31 863.00</b>
	<b>GRAND TOTAL</b>	<b>1 92 77 443.00</b>	<b>2 96 170.00</b>	<b>13 10 441.00</b>	<b>1 82 63 172.00</b>		<b>1 48 91 868.00</b>	<b>8 33 530.00</b>	<b>9 51 893.00</b>	<b>1 47 73 505.00</b>	<b>34 89 667.00</b>	<b>43 85 575.00</b>
	Previous Year	1 84 54 949.00	8 59 392.00	36 898.00	1 92 77 443.00		1 38 34 856.00	10 88 321.00	31 309.00	1 48 91 868.00	43 85 575.00	46 20 093.00



	Current year Rs.Ps.	Previous Year Rs.Ps
Less: Unmatured finance charges	2 42 18 967.00	22 34 842.00
Add:-Value of repossessed automobile assets	9 26 94 756.00	1 03 35 503.00
Net Book Value	-	5 000.00
Cash and Bank Balances	9 26 94 756.00	1 03 40 503.00
Cash -in hand	50 94 507.07	39 60 984.48
Bank Balances		
- in Current Accounts	77 53 905.39	29 91 551.72
- in Deposit Accounts	50 20 000.00	20 000.00
Interest Receivables		
Outstanding for a period of:		
- More than six months	-	.00
- Others	2 58 30 113.93	1 96 05 623.00
Other Receivables		
Outstanding for a period of:		
- More than six months	-	-
- Others	4 92 552.40	18 03 573.00
Prepaid Expenses	36 086.00	40 825.00
Suspense	7 050.00	-
<b>TOTAL</b>	<b>13 70 94 224.79</b>	<b>3 91 48 558.20</b>
<b>LOANS AND ADVANCES</b>		
Loan against Gold Security, Loan against Company's own Bonds, Demand Promissory Notes, Inter corporate Deposits etc.		
i) Secured (considered good)	63 55 52 934.00	51 36 41 175.00
Less: HDFC Managed Loan	-	8 00 00 000.00
DCBL Loan	4 99 96 920.00	-
Net Secured (considered good)	58 55 56 014.00	43 36 41 175.00
Considered doubtful	-	-
ii) Unsecured		
Considered good	2 40 899.00	3 56 764.00
Considered doubtful		
Deposits Considered good	32 40 099.00	32 49 224.00
Loans and advances - others	30 62 610.60	33 16 598.60
<b>TOTAL</b>	<b>59 20 99 622.60</b>	<b>44 05 63 761.60</b>



	Current year Rs.Ps.	Previous Year Rs.Ps.
<b>SCHEDULE -H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Current Liabilities	2 20 36 378.07	45 72 782.21
Provisions	1 94 36 824.00	1 24 35 249.00
<b>TOTAL</b>	<b>4 14 73 202.07</b>	<b>1 70 08 031.21</b>
<b>SCHEDULE - I</b>		
<b>INCOME FROM OPERATIONS</b>		
Finance charges earned	1 45 31 822.00	18 89 824.00
Unrealised interest recovered	-	5 530.00
Income from Other Loans	14 48 91 337.66	10 69 10 998.00
Commission received from HDFC	1 08 27 037.80	1 19 18 117.00
	17 02 50 197.46	12 07 24 469.00
<b>SCHEDULE - J</b>		
<b>OTHER INCOME</b>		
Interest on Bank Deposits	1 14 147.00	3 01 918.00
Income-Windmill	9 36 660.90	9 24 966.00
Dividend	54 840.00	41 492.00
Bad debts recovered	1 70 999.00	2 65 709.00
Commission received from ICICI	-	53 566.00
Profit on sale of Fixed Assets	5 732.00	76.00
Profit from Capital Market Operations	3 24 463.00	2 02 110.00
Profit on sale of Repossessed Assets	-	19 341.00
Miscellaneous Income	19 92 506.08	6 763.00
Unclaimed Balance writtenback	11 989.00	-
	36 11 336.98	18 15 941.00
<b>SCHEDULE- K</b>		
<b>FINANCIAL EXPENSES</b>		
Interest on Redeemable Non- convertible Debentures	1 65 44 991.75	2 02 08 821.00
Interest on Loan from Directors	1 16 83 614.00	27 47 583.00
Interest on Loan from ICICI	2 21 77 744.00	87 49 767.00
Interest on Car loan -HDFC	91 552.00	41 992.00
Interest on DBL TOD	16 76 409.00	13 84 815.00
Interest on HDFC	16 50 822.00	57 61 593.00
Interest on SBT	43 48 427.00	-



	<b>Current year</b> Rs.Ps.	<b>Previous Year</b> Rs.Ps
Interest on DCBL	13 87 264.00	-
Service charges	4 83 808.00	-
Interest Application Money	35 865.00	-
Bank Charges	14 48 574.43	8 20 397.31
	6 15 29 071.18	3 97 14 968.31
<b>SCHEDULE- L</b>		
<b>ESTABLISHMENT EXPENSES</b>		
Remuneration to Employees & Other Operating Expenses	1 05 72 138.69	45 99 365.19
Remuneration to Directors	15 00 000.00	15 00 000.00
	1 20 72 138.69	60 99 365.19
<b>SCHEDULE- M</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent, Rates and Taxes	16 98 986.00	16 13 019.00
Reimbursement of operating exps	69 18 597.00	91 45 488.00
Auditor's Remuneration		
For Audit Fee	76 695.00	56 180.00
For Taxation matters	33 090.00	28 090.00
Other Services	33 090.00	28 090.00
General Expenses	64 93 276.96	45 81 292.21
	1 52 53 734.96	1 54 52 159.21
<b>SCHEDULE- N</b>		
<b>PROVISIONS &amp; WRITE OFFS</b>		
Excess Provision Written Back	-	- 17 73 597.00
Provision for Non Performing Assets	502,333.00	-
Provision for diminution in the value of Investment	156,000.00	-
Bad debts w/off	-	8 05 812.00
	658,333.00	(967,785.00)



**SCHEDULE – O**

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1. Basis for preparation of financial statements**

The financial statements for the year 2008-2009, have been prepared under historical cost convention, in compliance with Indian Generally Accepted Accounting Principles (“GAAP”) with mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and in compliance with the provisions of Companies Act, 1956 and the directions issued by Reserve Bank of India for Non Banking Financial Companies from time to time wherever applicable.

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance sheet date, reported amounts of revenues and expenses during the year. The estimates and assumptions used in these financial statements are based upon the management’s evaluation of the relevant facts and circumstances as of the date of financial statements.

**1.2. Revenue recognition -**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- a. Finance charges in respect of Hire Purchase/Hypothecation loan transactions are accounted by applying the “Internal rate of Return method”. Over due charges on belated Hire Purchase / Hypothecation loan installments are accounted as and when received by the Company.
- b. Interest on loans and advances is recognised on accrual basis at the contract rate wherever feasible. Overdue charges for delayed payments are accounted as and when received.
- c. Interest on investments is accounted on accrual basis. Dividend is recognized as income when right to receive payment is established by the date of balance sheet. The Profit/Loss on the sale of investments is dealt with at the time of actual sale/redemption.
- d. Income in respect of Non-performing assets is recognised as and when received as per the guidelines given in the Non-Banking Financial Companies (Reserve Bank) Directions, 2007.

**1.3. Treatment of expenses:**

- a. It is the Company’s policy to provide for all expenses on accrual basis, unless otherwise stated.
- b. As per the guidelines given in the Prudential Norms for Non Banking Financial Companies prescribed by the Reserve Bank of India, the Company makes adequate provisions against Non Performing Assets in the following manner.
  - (i) Sub standard Assets:  
Provision as required by paragraph 9(iii) of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.
  - (ii) Doubtful / Loss Assets:  
The company has written off an amount equivalent to the amount required to be provided as per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007 if the provision required to be made is 100%.

**1.4. The Company has followed the Directions prescribed by the Reserve Bank of India for Non Banking Financial Companies in respect of Prudential Norms for Income recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments and Non Banking Finance Companies acceptance of Public Deposits (Reserve Bank) Directions 2007.**

**1.5. Fixed assets: -**

Fixed assets are carried at historical cost less accumulated depreciation.



**1.6. Depreciation: -**

Depreciation on assets held for own use of the Company is provided on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956. Assets costing Rs.5000/- or less acquired during the year are fully depreciated.

**1.7. Investments: -**

The investments made by the Company, are valued as per the Accounting Standard -13 issued by The Institute of Chartered Accountants of India. Current investments are valued at lower of cost or market value.

**1.8. Stock on hire: -**

- 1) Stock under hire purchase of assets is stated at the full agreement value less unmaturing finance and other charges in respect of installments not fallen due.
- 2) Stock of repossessed assets is valued at realisable market price or hire purchase installments receivable whichever is less.

**1.9. Income Tax: -**

Provision for taxation is made in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI. Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences in the financial statements between carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and deferred tax liabilities are recognized subject to management's judgment.

**1.10. Fringe Benefit Tax: -**

Provision for Fringe Benefit tax is made as per the provisions of the Income Tax Act, 1961 subject to management's judgment

**1.11. Employee Benefits**

**a) Short Term Employee Benefits**

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

**b) Post Employment Benefits**

**i) Defined Contribution plan- Provident Fund**

Contributions to provident fund made in accordance with the EPF rules are accounted on actual cost to the company.

**ii) Defined Benefit plan- Gratuity**

Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance scheme of the LIC of India which is a defined benefit scheme and the company made an initial contribution of Rs.2,15,716/- during this year on the basis of a provisional demand received from LIC of India under the scheme. The yearly contribution/premium paid/payable to be determined on actuarial principle by LIC will be charged to the Profit & Loss Account. The contribution of Rs.2,15,716/- given to LIC of India under the scheme during this year has been charged to the Profit & Loss Account.

**1.12. Impairment of Assets**

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

**1.13. Segment Reporting: -**

The company's operations are classified into two reportable business segments, viz. Financing Activities



(Advancing of Gold Loan, Hire Purchase and Hypothecation Loans, etc.) and Insurance Services (as a corporate agent of HDFC Standard Life Insurance) and the segment information is reported accordingly. Unallocated items include income and expenses which are not allocated to any business segment.

**1.14. Related Party Disclosure: -**

Disclosures are made as per the requirements of the Accounting Standard 18 read with the clarifications issued by Institute of Chartered Accountants of India.

**1.15. Earnings per Share: -**

The Company reports basic earning per share in accordance with AS-20 "Earnings per Share", issued by the ICAI. Basic earning per share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

**1.16. Provisions**

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

**1.17. Contingent Liabilities**

Contingent Liabilities are not provided for, and are disclosed by way of notes.

**2. BALANCE SHEET**

**2.1. Debenture Redemption Reserve (DRR)**

As per the clarification regarding Debenture Redemption Reserve given in general Circular no. 9/2002 dated 18-4-2002 issued by Department of Company affairs, for NBFCs registered with RBI U/S. 45-IA of the RBI (Amendment) Act, 1997 Debenture Redemption Reserve is not required in the case of privately placed debentures. The directors confirm that the company issued only privately placed secured debentures and hence it is not required to create Debenture Redemption Reserve u/s 117C of the Companies Act 1956 and accordingly the company did not create Debenture Redemption Reserve during the year.

**2.2. Secured Loans:**

Particulars of privately placed secured redeemable Debentures (fully secured on the present and future assets of the Company)

Fully Secured	Current Year (Rs. In Lakhs )	Previous Year (Rs. In Lakhs )
Issue during the Year	751.15	1245.15
Redemption during the Year	1222.55	1367.16

**SERIES A**

BALANCE AS ON 31.03.2008		BALANCE AS ON 31.03.2009		TERMS OF REDEMPTION
No. of Debentures	Amount Rs.	No. of Debentures	Amount Rs.	Month in which Redemption Due
400	400,000.00	400	400,000.00	*June- 01 , Redeemed
18	18,000.00	18	18,000.00	*Nov-01 , Redeemed
67	52,394.00	67	52,394.00	*Jan- 03 , Redeemed
<b>485</b>	<b>470,394.00</b>	<b>485</b>	<b>470,394.00</b>	<b>Total</b>



**SERIES C**

BALANCE AS ON 31.03.2008		BALANCE AS ON 31.03.2009		TERMS OF REDEMPTION
No. of Debentures	Amount Rs.	No. of Debentures	Amount Rs.	Month in which Redemption Due
38	31,958.00			*April- 06,Redeemed
38	31,958.00			

**SERIES D**

BALANCE AS ON 31.03.2008		BALANCE AS ON 31.03.2009		TERMS OF REDEMPTION
No. of Debentures	Amount Rs.	No. of Debentures	Amount Rs.	(Redeemable At Par in)
400	4 00 000.00	400	4 00 000.00	*Sep -06 Redeemed
118	1 18 000.00	0	.00	*Nov -06 Redeemed
80	80 000.00	80	80 000.00	*Dec -06 Redeemed
13	13 000.00	0	.00	*July- 07, Redeemed
85	85 000.00	0	.00	*Nov- 07, Redeemed
291	2 91 000.00	0	.00	*Dec- 07, Redeemed
39	39 000.00	0	.00	*Feb- 08, Redeemed
76	76 000.00	0	.00	*Mar- 08, Redeemed
151	1 51 000.00	0	.00	*April- 08,Redeemed
419	4 19 000.00	0	.00	*May - 08, Redeemed
15	15 000.00	0	.00	*Jun- 08, Redeemed
3218	32 18 000.00	0	.00	*July- 08, Redeemed
3591	35 91 000.00	0	.00	*Aug- 08, Redeemed
2985	29 85 000.00	0	.00	*Sep -08 Redeemed
6533	65 33 000.00	270	2 70 000.00	*Oct- 08, Redeemed
4423	44 23 000.00	442	4 42 000.00	*Nov- 08, Redeemed
4002	40 02 000.00	55	55 000.00	*Dec- 08, Redeemed
150	1 50 000.00	0	.00	*Jan- 09 , Redeemed
874	8 74 000.00	813	8 13 000.00	Jul-10
280	2 80 000.00	280	2 80 000.00	Aug-10
352	3 52 000.00	352	3 52 000.00	Sep-10



M U T H O O T C A P I T A L S E R V I C E S L T D

562	5 62 000.00	562	5 62 000.00	Oct-10
458	4 58 000.00	458	4 58 000.00	Nov-10
2240	22 40 000.00	2235	22 35 000.00	Dec-10
<b>31355</b>	<b>31,355,000.00</b>	<b>5947</b>	<b>5,947,000.00</b>	<b>Total</b>

SERIES 1

BALANCE AS ON 31.03.2008		BALANCE AS ON 31.03.2009		TERMS OF REDEMPTION
No. of Debentures	Amount Rs.	No. of Debentures	Amount Rs.	Month in which Redemption Due
30	30 000.00	30	30 000.00	*Jan -07 Redeemed
17	17 000.00	17	17 000.00	*Jun- 07, Redeemed
1000	10 00 000.00	1000	10 00 000.00	*July- 07, Redeemed
16	16 000.00	0	.00	*Aug- 07, Redeemed
45	45 000.00	0	.00	*Sep- 07, Redeemed
59	59 000.00	0	.00	*Oct- 07, Redeemed
3	3 000.00	3	3 000.00	*Dec- 07, Redeemed
36	36 000.00	0	.00	*Jan- 08, Redeemed
864	8 64 000.00	102	1 02 000.00	*Feb- 08, Redeemed
784	7 84 000.00	0	.00	*Mar- 08, Redeemed
1132	11 32 000.00	0	.00	*April- 08, Redeemed
633	6 33 000.00	200	2 00 000.00	*May - 08, Redeemed
987	9 87 000.00	0	.00	*Jun- 08, Redeemed
481	4 81 000.00	0	.00	*July- 08, Redeemed
602	6 02 000.00	0	.00	*Aug- 08, Redeemed
20	20 000.00	0	.00	*Oct- 08, Redeemed
5431	54 31 000.00	356	3 56 000.00	*Jan- 09 , Redeemed
3198	31 98 000.00	85	85 000.00	*Feb- 09, Redeemed
3706	37 06 000.00	1199	11 99 000.00	*Mar- 09, Redeemed
3133	31 33 000.00	3083	30 83 000.00	Apr-09
3814	38 14 000.00	3814	38 14 000.00	May-09
5053	50 53 000.00	4818	48 18 000.00	Jun-09
5265	52 65 000.00	5176	51 76 000.00	Jul-09
3827	38 27 000.00	3827	38 27 000.00	Aug-09



4717	47 17 000.00	4199	41 99 000.00	Sep-09
3078	30 78 000.00	2738	27 38 000.00	Oct-09
120	1 20 000.00	120	1 20 000.00	Jan-10
708	7 08 000.00	638	6 38 000.00	Jan-11
73	73 000.00	73	73 000.00	Feb-11
325	3 25 000.00	325	3 25 000.00	Mar-11
220	2 20 000.00	205	2 05 000.00	Apr-11
228	2 28 000.00	228	2 28 000.00	May-11
385	3 85 000.00	385	3 85 000.00	Jun-11
383	3 83 000.00	383	3 83 000.00	Jul-11
112	1 12 000.00	112	1 12 000.00	Aug-11
209	2 09 000.00	209	2 09 000.00	Sep-11
82	82 000.00	82	82 000.00	Oct-11
<b>50776</b>	<b>5 07 76 000.00</b>	<b>33407</b>	<b>3 34 07 000.00</b>	<b>Total</b>

**SERIES 2**

<b>BALANCE AS ON 31.03.2008</b>		<b>BALANCE AS ON 31.03.2009</b>		<b>TERMS OF REDEMPTION</b>
<b>No. of Debentures</b>	<b>Amount Rs.</b>	<b>No. of Debentures</b>	<b>Amount Rs.</b>	<b>Month in which Redemption Due</b>
6	6 000.00	6	6 000.00	*Sep- 07, Redeemed
199	1 99 000.00	0	.00	*Dec- 07, Redeemed
24	24 000.00	0	.00	*Jan- 08, Redeemed
199	1 99 000.00	0	.00	*Mar- 08, Redeemed
2382	23 82 000.00	0	.00	*April- 08, Redeemed
455	4 55 000.00	0	.00	*May - 08, Redeemed
575	5 75 000.00	0	.00	*Jun- 08, Redeemed
6459	64 59 000.00	969	9 69 000.00	*July- 08, Redeemed
1893	18 93 000.00	100	1 00 000.00	*Aug- 08, Redeemed
2251	22 51 000.00	70	70 000.00	*Sep -08 Redeemed
2315	23 15 000.00	0	.00	*Oct- 08, Redeemed
1589	15 89 000.00	6	6 000.00	*Nov- 08, Redeemed
2252	22 52 000.00	505	5 05 000.00	*Dec- 08, Redeemed
2256	22 56 000.00	145	1 45 000.00	*Jan- 09 , Redeemed



M U T H O O T                      C A P I T A L                      S E R V I C E S                      L T D

775	7 75 000.00	61	61 000.00	*Feb- 09, Redeemed
2320	23 20 000.00	911	9 11 000.00	*Mar- 09, Redeemed
0	.00	2854	28 54 000.00	Apr-09
0	.00	3198	31 98 000.00	May-09
0	.00	1920	19 20 000.00	Jun-09
257	2 57 000.00	2806	28 06 000.00	Jul-09
0	.00	2430	24 30 000.00	Aug-09
0	.00	1403	14 03 000.00	Sep-09
896	8 96 000.00	3109	31 09 000.00	Oct-09
998	9 98 000.00	3273	32 73 000.00	Nov-09
296	2 96 000.00	1720	17 20 000.00	Dec-09
266	2 66 000.00	1000	10 00 000.00	Jan-10
293	2 93 000.00	110	1 10 000.00	Feb-10
5	5 000.00	5	5 000.00	Mar-10
0	.00	80	80 000.00	May-10
0	.00	7	7 000.00	Jun-10
1278	12 78 000.00	1078	10 78 000.00	Jul-10
400	4 00 000.00	901	9 01 000.00	Aug-10
489	4 89 000.00	509	5 09 000.00	Sep-10
441	4 41 000.00	441	4 41 000.00	Oct-10
0	.00	50	50 000.00	Nov-10
172	1 72 000.00	120	1 20 000.00	Dec-10
336	3 36 000.00	346	3 46 000.00	Jan-11
492	4 92 000.00	330	3 30 000.00	Feb-11
600	6 00 000.00	239	2 39 000.00	Mar-11
0	.00	1238	12 38 000.00	Apr-11
0	.00	360	3 60 000.00	May-11
0	.00	549	5 49 000.00	Jun-11
0	.00	737	7 37 000.00	Jul-11
0	.00	735	7 35 000.00	Aug-11
0	.00	391	3 91 000.00	Sep-11
130	1 30 000.00	1553	15 53 000.00	Oct-11
20	20 000.00	567	5 67 000.00	Nov-11
0	.00	392	3 92 000.00	Dec-11



M U T H O O T C A P I T A L S E R V I C E S L T D

0	.00	967	9 67 000.00	Jan-12
134	1 34 000.00	134	1 34 000.00	Jul-12
110	1 10 000.00	100	1 00 000.00	Aug-12
25	25 000.00	25	25 000.00	Sep-12
199	1 99 000.00	199	1 99 000.00	Oct-12
40	40 000.00	40	40 000.00	Dec-12
349	3 49 000.00	345	3 45 000.00	Feb-13
417	4 17 000.00	417	4 17 000.00	Mar-13
0	.00	227	2 27 000.00	Apr-13
0	.00	103	1 03 000.00	May-13
0	.00	332	3 32 000.00	Jun-13
0	.00	50	50 000.00	Jul-13
0	.00	266	2 66 000.00	Sep-13
0	.00	5	5 000.00	Oct-14
0	.00	155	1 55 000.00	Nov-14
0	.00	2525	25 25 000.00	Dec-14
0	.00	3110	31 10 000.00	Jan-15
<b>34593</b>	<b>3 45 93 000.00</b>	<b>46224</b>	<b>4 62 24 000.00</b>	<b>Total</b>

**SERIES 3**

BALANCE AS ON 31.03.2008		BALANCE AS ON 31.03.2009		TERMS OF REDEMPTION
No. of Debentures	Amount Rs.	No. of Debentures	Amount Rs.	Month in which Redemption Due
82	82 000.00	0	.00	*Dec- 07, Redeemed
200	2 00 000.00	0	.00	*Jan- 08, Redeemed
203	2 03 000.00	30	30 000.00	*Feb- 08, Redeemed
1076	10 76 000.00	0	.00	*Mar- 08, Redeemed
2067	20 67 000.00	114	1 14 000.00	*April- 08, Redeemed
17320	1 73 20 000.00	5596	55 96 000.00	*May - 08, Redeemed
16938	1 69 38 000.00	6178	61 78 000.00	*Jun- 08, Redeemed
7617	76 17 000.00	1601	16 01 000.00	*July- 08, Redeemed
110	1 10 000.00	60	60 000.00	*Aug- 08, Redeemed
45	45 000.00	0	.00	*Nov- 08, Redeemed



M U T H O O T                      C A P I T A L                      S E R V I C E S                      L T D

62	62 000.00	0	.00	*Jan- 09 , Redeemed
50	50 000.00	0	.00	*Feb- 09, Redeemed
50	50 000.00	0	.00	*Mar- 09, Redeemed
130	1 30 000.00	90	90 000.00	Apr-09
462	4 62 000.00	462	4 62 000.00	May-09
466	4 66 000.00	466	4 66 000.00	Jun-09
683	6 83 000.00	633	6 33 000.00	Feb-10
1157	11 57 000.00	1157	11 57 000.00	Mar-10
947	9 47 000.00	947	9 47 000.00	Apr-10
6799	67 99 000.00	5765	57 65 000.00	May-10
7361	73 61 000.00	7301	73 01 000.00	Jun-10
2416	24 16 000.00	2144	21 44 000.00	Jul-10
63	63 000.00	63	63 000.00	Feb-12
350	3 50 000.00	260	2 60 000.00	Mar-12
750	7 50 000.00	750	7 50 000.00	Apr-12
790	7 90 000.00	790	7 90 000.00	May-12
1758	17 58 000.00	1758	17 58 000.00	Jun-12
3412	34 12 000.00	3412	34 12 000.00	Jul-12
<b>73364</b>	<b>7 33 64 000.00</b>	<b>39577</b>	<b>3 95 77 000.00</b>	<b>Total</b>

**SERIES E**

BALANCE AS ON 31.03.2008		BALANCE AS ON 31.03.2009		TERMS OF REDEMPTION
No. of Debentures	Amount Rs.	No. of Debentures	Amount Rs.	Month in which Redemption Due
0	.00	685	685,000.00	*Mar- 09, Redeemed
0	.00	1109	1,109,000.00	Apr-09
0	.00	925	925,000.00	May-09
0	.00	3063	3,063,000.00	Jun-09
0	.00	334	334,000.00	Jul-09
0	.00	918	918,000.00	Aug-09
0	.00	472	472,000.00	Sep-09
0	.00	1961	1,961,000.00	Jan-10
0	.00	2514	2,514,000.00	Feb-10



0	.00	3135	3,135,000.00	Mar-10
0	.00	200	200,000.00	Feb-11
0	.00	106	106,000.00	Mar-11
0	.00	106	106,000.00	Dec-11
0	.00	439	439,000.00	Jan-12
0	.00	862	862,000.00	Feb-12
0	.00	336	336,000.00	Mar-12
0	.00	542	542,000.00	Feb-15
0	.00	118	118,000.00	Mar-15
<b>0</b>	<b>.00</b>	<b>17,825.00</b>	<b>17,825,000.00</b>	<b>Total</b>

\* The balance outstanding at the end of the year represents the amount not claimed by the debenture holders.

The month of redemption shown above is based on the maturity date of the debentures outstanding as on 31-03-2009

### 2.3. Loans from Financial institutions

PARTICULARS	2008-2009	2007-2008
ICICI Managed Loan	20 00 72 040.00	10 00 00 000.00
DCBL Loan	4 99 96 920.00	-
SBT-ERNAKULAM -4312 CC A/c	4 98 93 916.00	-
HDFC Managed Loan	-	8 00 00 000.00
<b>TOTAL</b>	<b>29 99 62 876.00</b>	<b>18 00 00 000.00</b>

#### 1) ICICI Managed Loan

The Company, during the year had availed the enhanced working capital loan from Rs.10 crores to Rs.20 Crores from ICICI Bank Ltd by creating first charge on current assets of the company including gold loan receivables by way of assignment towards security and offered personal guarantee of the Director Mr.Thomas John Muthoot (Chairman) Mr.Thomas George Muthoot (Managing Director) and Mr.Thomas Muthoot (Director).

#### 2) Loan from Development Credit Bank Ltd.

The Company, during the year availed a credit facility of Rs.5 crores from DCBL as a buy out loan by assigning gold loans in favour of DCBL for a sum of Rs.5 crores towards security.

#### 3) Loan from SBT

The Company availed a cash credit of Rs.4.99 Crores from State Bank of Travancore, Ernakulam Branch by creating a charge on all movable assets, book debts, receivables and advances including loans against security of gold.

#### 4) Loan from HDFC Bank Ltd.

The company during the year closed the loan of Rs. 800 lakhs taken from HDFC Bank Ltd.

**2.4. Unsecured Loans:-**

The company has entered into current account transactions with the directors of the company having year-end balance of Rs 1267.32 Lakhs.

**2.5. Fixed Assets**

Fixed assets are carried at historical cost less accumulated depreciation

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the income statement.

**2.6. Investments**

Stock of quoted shares and scripts are valued at cost or market price which ever is lower. Cost is ascertained in accordance with Actual Cost method; where by total cost of each category of investments is compared with its market value and resulting shortfall if any is charged to revenue. Provision for diminution in value of investments for the year is Rs 1.56 lakhs, grouped under Schedule F.

**2.7. Current Assets****i) Hire Purchase/Hypothecation Receivables**

Hypothecation/ Hire purchase agreements comprise of automobile and other equipments and the amounts receivable under these agreements as at March 31, 2009 are as follows

Rs in Lakhs

Receivables	Gross	Unmatured Finance Charges	Net
Due but not received	14.17	0	14.17
Up to one year	593.46	161.78	431.68
Between one and five years	563.28	80.53	482.75
After five years	NIL	NIL	NIL
<b>Total</b>	<b>1170.91</b>	<b>242.31</b>	<b>928.60</b>

**ii) Cash and Bank Balances**

Cash and Bank balances include a deposit of Rs. 50 Lakhs provided as collateral security for the buy out loan from Development Credit Bank Ltd .

**2.8. Loans and Advances**

Loans and Advances includes Gold Loans, Deposits and other advances(Grouped under Schedule G)

**2.9. Current Liabilities: -**

1. As explained to us the Company does not owe any amount to small and medium scale industrial units.
2. A provision of Rs 11 Lakhs has been made towards income tax for the assessment years 2002-03, 2003-04, 2004-05 and 2005-06 based on appellate orders of higher authorities .
3. Interest payable on loan from Directors amounted to Rs. 103.60 lakhs at year end

**2.10. Deferred Tax Assets/Liabilities: -**

In accordance with AS-22 'Accounting for taxes on income' issued by Institute of Chartered Accountants of India (ICAI), Company has provided deferred tax during the year. The break up of deferred tax assets and liabilities into major components at the year end is as follows.



Sl.No	Particulars	Deferred tax liability / (Asset) as at 01-04-2008 Rs.Ps.	Current Year (Credit) Rs.Ps.	Deferred tax liability / (Asset) as at 31-03-2009 Rs.Ps.
1	Difference between book and tax depreciation	6 05 400.00	- 3 91 300.00	2 14 100.00
2	Provision for NPA	(345,300.00)	- 2 01 700.00	(547,000.00)
3	Disallowance against Depreciation	-	- 31 300.00	(31,300.00)
4	Disallowance u/s 40a(1a)	-	- 5 33 900.00	(533,900.00)
	<b>A-B</b>	<b>2 60 100.00</b>	<b>- 11 58 200.00</b>	<b>- 8 98 100.00</b>

### 3. PROFIT AND LOSS ACCOUNT

#### a. Retirement benefits: –

During this year the company has entered into an arrangement with the LIC of India to cover the liability payable to the employees towards the gratuity under a Gratuity Trust Scheme based on Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme and the company has to make contributions under such scheme. During this year, an amount of Rs.2,15,716- has been given as an initial contribution on the basis of the provisional assessment made by LIC of India towards estimated actuarial value of accrued liability up to 31-03-2009. However the LIC of India did not furnish all particulars regarding actuarial value of accrued gratuity, the value of the funds etc as on 31-03-2009. In the absence of these particulars, certain disclosures as required under the Accounting Standard 15 could not be furnished. Disclosures on the basis of the information received from LIC of India are furnished.

#### Details of gratuity scheme with LIC as on 31 March 2009

Number of employees	46
Valuation method	Projected unit credit method
Actuarial assumptions	
1) Mortality rate	LIC (1994-98)
2) Withdrawal rate	1% to 3% based on age
3) Discount rate	8% p.a.
4) Salary escalation	3% p.a.
Accrued gratuity	691,681
Actuarial value of accrued gratuity	297,412
Fund as on 31-3-2009	206,222
Shortfall in the fund	91,190
Amount paid during the year	215,716



**b. Remuneration to Directors: –**

Particulars of remuneration paid to whole time Directors for the year ended on 31st March 2009

Sl. No.	Particulars	2008-09 Rs. Ps	2007-2008 Rs. Ps
1	Salaries	9 97 980.00	13 63 200.00
2	Other allowances and Perquisites	4 50 000.00	Nil
3	Contribution to PF	52 020.00	1 36 800.00
	<b>Total</b>	<b>15 00 000.00</b>	<b>15 00 000.00</b>

Number of whole time directors as on 31-3-2009 - One

**c. Computation of Net Profit for calculation of remuneration to directors under sections 198 and 349 of the Companies Act, 1956**

Profit before tax as per Profit & Loss Account		<b>8 35 14 726.61</b>
Add:		
Directors remuneration	15 00 000.00	
Provision for Non performing Assets	6 58 333.00	
Depreciation as per books	8 33 530.00	29 91 863.00
		<b>8 65 06 589.61</b>
Less: Depreciation as per section 350 of Companies Act 1956		8 33 530.00
Profit under section 349 of the Companies Act, 1956		<b>8 56 73 059.61</b>
Maximum Commission payable- 1% Net Profit computed		8 56 731.00
As per section 349 of the Companies Act, 1956.		
Commission paid to Directors		Nil
<b>Maximum remuneration payable: -</b>		
5% Net profit computed as per section 349 of the Companies Act, 1956		42 83 650.00
Remuneration paid to Managing and whole time directors:		<b>15 00 000.00</b>

**d. Payment to auditors included under administrative and other expenses**

Particulars	2008-09	2007-08
a) For Statutory Audit	76,695.00	56,180.00
b) For Taxation matters	33,090.00	28,090.00
c) Other services	33,090.00	28,090.00
<b>TOTAL</b>	<b>1,42,875.00</b>	<b>1,12,360.00</b>

e. There is no employee drawing salary more than Rs.2 lakhs per month if employed for part of the year or Rs.24 lakhs if employed for whole of the year.



**2. GENERAL**

- a. i. Expenditure in Foreign currency - Nil  
 ii. Earning in Foreign currency - Nil  
 iii. Remittances in Foreign currency on account of dividend - Nil  
 iv. C I F value of imports - Nil
- b. Some of the balances under Sundry debtors, Sundry creditors, Loans and advances, Stock on hire, Deposits, Secured debentures and Unsecured loans are subject to confirmation/reconciliation due to non-receipt of the statements of accounts and confirmation letters. Necessary adjustments if any, in the accounts will be made on completion of the reconciliation/receipt of confirmation letter/statement of accounts.
- c. Bank Confirmations/ Reconciliations were not available in respect of the following Bank balances:-

Sl No	Name of the Bank	Amount outstanding as on 31.03.2009Rs.Ps.
1	CSB Ekm div No 1234	3 001.00
2	DBL Ekm div 9899 CA 1118	1 000.00
3	DBL Ekm div a/c 1038	1 000.00
4	HDFC Div A/c 2005/06	1 000.00
5	HDFC Div A/c 2008-09	2 02 191.00
6	DBL Vashi, Navi Mumbai	5 96 521.33
8	ING Vysya New Gajuwaka	19 80 117.75
	<b>Total</b>	<b>27 84 831.08</b>

**d. Earnings Per Share**

Basic and Diluted earning per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period.

**Calculation of Basic and Diluted Earnings per Share**

Sl. No.	Particulars	Equivalent number of shares for the Year	
		2008-09	2007-08
1	Profit available for appropriation as per Profit & Loss Account	Rs. 5 41 74 926.61	Rs. 4 00 15 270.29
2	Weighted average no. of shares during the year	65 00 000.00	65 00 000.00
3	Nominal value of shares	Rs.10.00	Rs.10.00
4	Basic and Diluted Earning per share	<b>Rs. 8.33</b>	<b>Rs. 6.16</b>

**e. Related Party Disclosures**

Related Party Disclosures as required by AS-18 "Related party disclosures" issued by ICAI are given below. The related Parties are being recognized / identified by the management and relied up on by the auditors.



1. List of related parties for the year 2008-09 is given below.

A. List of companies/ Firms where control / significant influence exists

1)	Muthoot APT Ceramics Ltd
2)	Muthoot Bankers
3)	Muthoot Estate Investments
4)	Muthoot Financiers
5)	Muthoot Motors (Cochin)
6)	Muthoot Exim P Ltd.
7)	Muthoot Hotels & Infrastructure Ventures (P) Ltd.
8)	Muthoot Pappachan Consultancy & Management Services
9)	Muthoot Fincorp Ltd.
10)	Muthoot Insurance Services
11)	Muthoot Hotels (P) Ltd.
12)	Muthoot Infrastructure Ltd
13)	Muthoot Motors Private Ltd.
14)	Muthoot Cine Enterprises (Kripa Theatres)
15)	Muthoot Travel Online

B. Name of the Key Managerial persons

1)	Mr. Thomas John Muthoot	Chairman
2)	Mr. Thomas George Muthoot	Mg Director

Note : The management has confirmed that Muthoot Pappachan Consultancy and Management Services is not a related party from 1st September 2008. Hence the transactions from September are not included under related party transactions.

2. The list of related party transactions for the year ended 31st March 2009

(i) Details relating to parties referred to in Item (A)

Sl No	Particulars	Transaction for the Year	Transaction for the Year
		2008-09 Rs.Ps.	2007-08 Rs.Ps.
1	Hire Purchase /Hypothecation Loan installment received	13 548.00	1 85 203.00
2	Payment for Expenses	25 99 802.00	92 09 938.00
3	Advances given during the year	-	10 79 865.00
4	Advance received back during the year	-	13 13 526.00
5	Other Advances Settled during the year	25 751.00	-
6	Interest received	-	1 32 169.00



Sl No	Particulars	Outstanding Balance	Outstanding Balance
		As on 31.03.2009 Rs.Ps.	As on 31.03.2008 Rs.Ps.
1	Amount receivable against Loan Repayment from Customers	-	2 500.00
2	Other Advances outstanding	-	25 751.00
3	Rent Deposit outstanding	25 00 000.00	25 00 000.00
4	Total HP/HYP outstanding receivable	.00	13 548.00

Details relating to parties referred to in Item (B)

Sl No	Particulars	Transaction for the Year	Transaction for the Year
		2008-09 Rs.Ps.	2007-08 Rs.Ps.
1	Rent paid	5 44 320.00	5 14 080.00
2	Salaries & other allowances	15 00 000.00	15 00 000.00
3	Interest on loans	116 83 614.00	27 47 583.00

Sl No	Particulars	Outstanding Balance	Outstanding Balance
		As on 31.03.2009 Rs.Ps.	As on 31.03.2008 Rs.Ps.
1	Outstanding loans payable	12 67 32 153.92	4 19 96 745.91
2	Interest Payable on Loans	1 03 59 851.00	.00
3	Remuneration payable	8 91 800.00	7 94 300.00
4	Maximum amount of credit in current account transactions	21 73 85 162.60	5 93 56 920.00

**f. Cash Flow Statement**

- 1) The Cash Flow Statement is prepared in accordance with the format prescribed by the Securities and Exchange Board of India read with Accounting Standard – 3 issued by the Institute of Chartered Accountants of India.



- 2) In part A of the Cash Flow Statement, figures in brackets indicate deductions made from net profit for deriving cash flow from operating activities. In parts B & C figures in brackets indicate cash outflows.
- 3) Cash and cash equivalents

Particulars	2008-09 Rs.Ps.	2007-08 Rs.Ps.
<b>Cash in hand</b>	<b>50 94 507.07</b>	<b>39 60 984.48</b>
<b>Bank balances</b>		
In current accounts	77 53 905.39	29 91 551.72
In deposit accounts	50 20 000.00	20 000.00
<b>Total</b>	<b>1 78 68 412.46</b>	<b>69 72 536.20</b>

**g. Segment Information**

In terms of the Accounting Standard 17 of ICAI, the Company's operations are classified into two business segments (see Principal Accounting Policy No. 1.12 ) and the information of them is as under :

Sl No	Business Segments	Year to date	
		31/03/2009 (Audited)	31/03/2008 (Audited)
<b>1</b>	<b>Segment Revenue</b>		
	Financing Activity	1 615.35	1090.96
	Agency Activity	108.27	119.17
	Unallocated Revenue	15.00	15.27
	<b>Total Revenue from Operations</b>	<b>1 738.62</b>	<b>1 225.40</b>
<b>2</b>	<b>Segment Expense</b>		
	Financing Activity	818.62	500.7
	Agency Activity	54.36	40.06
	Unallocated	30.49	73.11
	<b>Total</b>	<b>903.47</b>	<b>613.87</b>
<b>3</b>	<b>Segment Results</b>		
	Profit(+) / Loss(-) before Tax and Interest from Financing Activity	796.73	590.26

Rs. In Lakhs



	Agency Activity	53.91	79.11
	<b>Total</b>	<b>850.64</b>	<b>669.37</b>
	Less:		
	(i) Interest		
	(ii) Other unallocable Expenditure net off unallocable income	- 15.49	- 57.84
	<b>Total Profit before tax</b>	<b>835.15</b>	<b>611.53</b>
	Taxation	293.40	211.38
	Extraordinary Profit/Loss		
	<b>Net Profit</b>	<b>541.75</b>	<b>400.15</b>
<b>4</b>	<b>Other Information</b>		
	Segment Assets		
	Financing Activity	7 075.42	4650.54
	Insurance Agency Activity	1.81	15.75
	Unallocated Assets	274.57	190.33
	<b>Total</b>	<b>7 351.80</b>	<b>4 856.62</b>
	Segment Liabilities		
	Financing Activity	5 349.61	4 406.58
	Insurance Agency Activity	0.00	0.00
	Capital Employed	1609.75	0.00
	Unallocated Liabilities	392.45	450.04
	<b>Total</b>	<b>7 351.80</b>	<b>4 856.62</b>

h. Disclosure as required in terms of Paragraph 13 of Non-Banking Financial Companies Prudential Norms(Reserve Bank ) Directions,2007.

	Particulars	Amount Outstanding As on 31.03.2009 (Rs. in lakhs)	Amount Overdue Rs. in lakhs)
(1)	<b>Liabilities side</b>		
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
a)	Debtures: Secured	1 552.86	244.83
	: Unsecured (Other than falling within the meaning of public deposits*)	Nil	Nil



b)	Deferred Credits		
c)	Term Loans	Nil	Nil
d)	Inter- corporate loans and borrowings	Nil	Nil
e)	Commercial Paper	Nil	Nil
f)	Public Deposits		
g)	Other loans	Nil	Nil
	- DCB(Buy Out Loan)	499.97	
	- SBT	498.94	
	- ICICI Bank Ltd (Working Capital Loan)	2000.72	
	- HDFC Car Loan	7.48	
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)	In the form of Unsecured debentures	Nil	
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	
(c)	Other public deposits	Nil	

**Assets side**

		Amount Outstanding (Rs. in lakhs)
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
(a)	Secured	6355.53
(b)	Unsecured	2.41
(4)	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	
(i)	Leased assets including lease rentals under sundry debtors	
(a)	Financial lease	Nil
(b)	Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
(a)	Assets on hire	1.65
(b)	Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
(a)	Loans where assets have been repossessed	Nil
(b)	Loans other than (a) above	926.95
(5)	Break-up of Investments	
	<u>Current Investments:</u> -	
	<u>Current Assets</u>	
	<u>1. Quoted:</u> -	
(i)	Shares: (a) Equity	15.19
	(b) Preference	Nil



(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	0.19
(iv)	Government Securities	Nil
(v)	Others (please specify)	Nil
2. Unquoted: -		
(i)	Shares: (a) Equity	Nil
	(b) Preference	2.16
(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (Please specify)	Nil
Long Term investments: -		
1. Quoted: -		
(i)	Share: (a) Equity	Nil
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (Please specify)	Nil
2. Unquoted: -		
(i)	Shares: (a) Equity	Nil
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (Please specify)	Nil

Borrower group-wise classification of all leased assets, stock –on –hire and loans and advances

	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	0	0	0
	(c) Other related parties	0	0	0
2.	Other than related parties	7284.13	2.41	7286.54
	<b>Total</b>	<b>7284.13</b>	<b>2.41</b>	<b>7286.54</b>

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



	Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of provisions)
1.	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2.	Other than related parties	17.55	15.99
	<b>Total</b>	<b>17.55</b>	<b>15.99</b>

Other Information

Particulars	Amount (Rs.in lacs)
Gross Non Performing Assets	
(a) Related Parties	Nil
(b) Other than related parties	67.74
Net Non –Performing Assets	
(a) Related Parties	Nil
(b) Other than related parties	52.56
Assets acquired in satisfaction of debt	Nil

i. Disclosure pursuant to Clause 32 and 41 of the Listing Agreement

(Rs. In Lakhs)

Sl. No.	Loans & Advances	Amount outstanding as at 31.03.2009	Maximum amount outstanding during the year
(A)	To Subsidiaries	NIL	NIL
(B)	To Associate/Joint Venture	NIL	NIL
(C)	To Firms/Companies in which directors are interested (other than (A) & (B) above)	NIL	NIL
(D)	Where there is		
	(i) No repayment schedule	NIL	NIL
	(ii) Repayment beyond seven years	NIL	NIL
	(iii) Interest below the rate specified in Section 372 A of the Companies Act	NIL	NIL

j. Previous year's figures have been regrouped and rearranged wherever considered necessary to confirm to current year's classifications.

For and on Behalf of the Board

THOMAS GEORGE MUTHOOT  
Managing Director

THOMAS JOHN MUTHOOT  
Chairman

VARUN T.V.  
Company Secretary

Place : KOCHI

Date : 21.05.2009



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

Sl. No.	PARTICULARS	Year ended 31-03-2009 Rs.Ps.	Year ended 31-03-2008 Rs.Ps.
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
1	Net Profit before tax	83,514,726.61	61,153,381.29
2	Adjustments for:-		
i	Depreciation	833,530.00	1,088,321.00
ii	Provision for NPA/ (Excess Provision W/back)	658,333.00	(1,773,597.00)
iii	Bad debts written off	-	805,812.00
iv	Income Tax & FBT written off	-	206,355.00
v	Loss on Sale of Asset	11,657.00	2,665.00
vi	Profit on Sale of Asset	(5,732.00)	(76.00)
vii	Assets written off	3,478.00	-
		<b>1,501,266.00</b>	<b>329,480.00</b>
3	<b>Operating profit before working capital changes</b>	<b>85,015,992.61</b>	<b>61,482,861.29</b>
4	Net (Increase) / decrease in operating assets:-		
i	Trade and other receivables	(4,915,781.33)	(7,177,131.00)
ii	Hire purchase receivables	220,244.00	469,354.00
iii	Trade advances	(234,153,227.00)	(98,265,501.00)
iv	Other loans & advances	263,113.00	(2,774,909.60)
		<b>(238,585,651.33)</b>	<b>(107,748,187.60)</b>
5	Net increase/ (decrease) in operating liabilities-		
i	Current Liabilities	17,463,595.86	(7,898,768.19)
ii	Provisions	(8,866,108.00)	(14,466,632.00)
		<b>8,597,487.86</b>	<b>(22,365,400.19)</b>
6	Net changes in working capital	<b>(229,988,163.47)</b>	<b>(130,113,587.79)</b>
7	<b>Cash Generated From Operating Activities (6+3)</b>	<b>(144,972,170.86)</b>	<b>(68,630,726.50)</b>
8	<b>Taxes paid</b>	<b>(30,498,000.00)</b>	<b>(20,454,000.00)</b>
	<b>Net cash from Operating Activities (A) (7+8)</b>	<b>(175,470,170.86)</b>	<b>(89,084,726.50)</b>



<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
i	Purchase of Fixed Assets	(296,170.00)	(859,392.00)
ii	Sale of Fixed Assets	349,145.00	3,000.00
iii	Investments in Shares and Mutual Funds	(34,512.64)	(110,508.00)
	<b>Net cash from investing activities (B)</b>	<b>18,462.36</b>	<b>(966,900.00)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
i	Increase in Secured Bonds	102,366,665.75	91,056,413.72
ii	Increase in Loan from Financial Institutions	(504,489.00)	(19,908,794.36)
iii	Increase in Loan from Directors	84,485,408.01	16,342,944.28
	<b>Net cash used for financing activities(C)</b>	<b>186,347,584.76</b>	<b>87,490,563.64</b>
<b>D</b>	<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>10,895,876.26</b>	<b>(2,561,062.86)</b>
<b>E</b>	<b>OPENING CASH BALANCE AND CASH EQUIVALENTS</b>	<b>6,972,536.20</b>	<b>9,533,599.06</b>
<b>F</b>	<b>CLOSING CASH BALANCE AND CASH EQUIVALENTS</b>	<b>17,868,412.46</b>	<b>6,972,536.20</b>

The attached schedules and notes form an integral part of these accounts.  
This is the balance sheet referred to in our report of even date

For **K. VENKATACHALAM AIYER & Co.**  
CHARTERED ACCOUNTANTS

**CA A. GOPALAKRISHNAN B.Sc, FCA, DISA, CISA**  
Partner / Membership No. 18159

Place : KOCHI  
Date : 21.05.2009

For and on Behalf of the Board  
**THOMAS JOHN MUTHOOT**  
Chairman

**THOMAS GEORGE MUTHOOT**  
Managing Director  
**VARUN T.V.**  
Company Secretary



## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

Registration No.	07726	State Code	09
Balance Sheet Date	31.03.2009		

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)**

Public Issue	Nil	Rights Issue	Nil
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**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

(Amount in Rs. Thousands)

Total Liabilities	6 93 707.14	Total Assets	6 93 707.14
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**Sources of Funds**

Paid up Capital	65 000.00	Reserves & Surplus	95 974.94
Secured Loan	4 06 000.05	Unsecured Loan	1 26 732.15
Deferred Tax	Nil		

**Application of Funds**

Net Fixed Assets	3 489.67	Investments	1598.73
Net Current Assets	6 87 720.65	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax	898.10

**IV. PERFORMANCE OF THE COMPANY**

Turnover	1 73 861.53	Total Expenditure	90346.80
Profit Before Tax	83 514.73	Profit After Tax	54 174.93
Earning Per Share (In Rs)	8.33	Dividend	20%

**V. Generic Names of Three Principal Products / Services of Company (as per Monetary Items)**

Item Code No. (ITC Code)	Not Applicable
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Product/Service Description

FINANCIAL SERVICES

HIRE PURCHASE/LEASING

A. GOPALAKRISHNAN  
Partner  
For and On behalf of  
K Venkatachalam Aiyer & Co.  
Chartered Accountants

Place : KOCHI  
Date : 21.05.2009

For and on Behalf of the Board  
**THOMAS JOHN MUTHOOT**  
Chairman  
**THOMAS GEORGE MUTHOOT**  
Managing Director  
**VARUN T.V.**  
Company Secretary



## Board of Directors



Thomas John Muthoot  
Chairman



Thomas George Muthoot  
Managing Director



Thomas Muthoot  
Director



Philip Thomas  
Director



A.P. Kurian  
Director

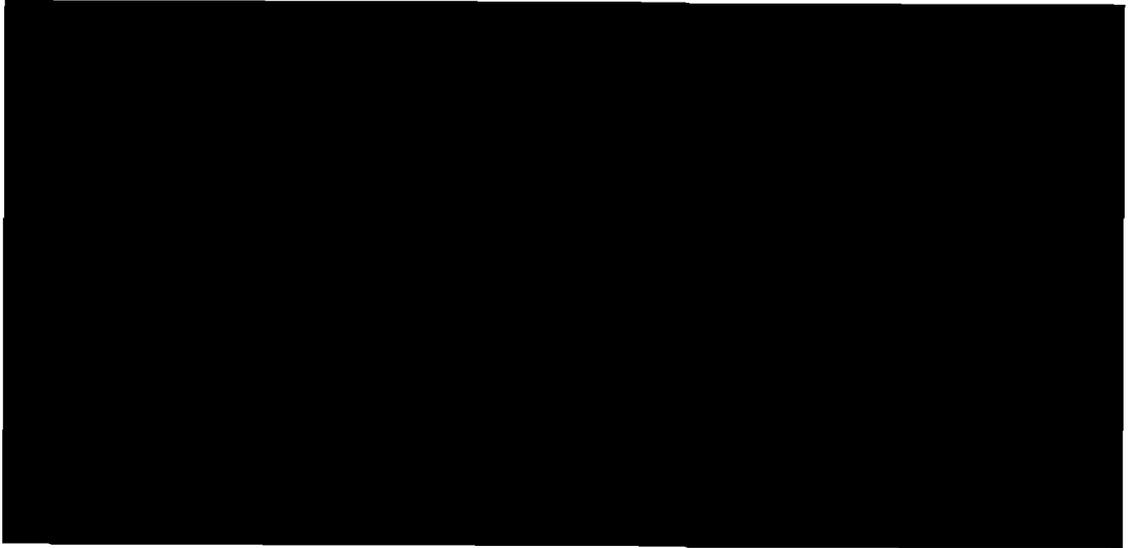


R.K. Nair  
Director

## Chief Executive Officer



R. Manomohan



**Muthoot Capital Services Ltd.**

Registered Office: Muthoot Towers, M.G Road, Kochi - 682 035

Ph: 0484-2351501, 2351506, Fax: 0484-2381261

Email: [mail@muthootcap.com](mailto:mail@muthootcap.com) [www.muthootcap.com](http://www.muthootcap.com)

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