







## **M. MATHEW MUTHOOTTU**

**KOZHENCHERRY**

(Guiding light of Muthoottu)

### **DIRECTORS**

MRS. NIZZY MATHEW

MR. MATHEW MUTHOOTTU

MRS. PHILOMINA THOMAS

MR. THOMAS CHERIAN

MR. MAMMAN MATHEWS

MR. KRISHNAKUMAR K.R.

CHAIRMAN &  
WHOLE TIME DIRECTOR

MANAGING DIRECTOR

INDEPENDENT DIRECTOR

INDEPENDENT DIRECTOR

NON EXECUTIVE DIRECTOR

ADDITIONAL DIRECTOR

### **CHIEF FINANCIAL OFFICER**

ANN MARY GEORGE

### **COMPANY SECRETARY**

K.S. SMITHA

### **STATUTORY AUDITORS**

VISHNU RAJENDRAN & CO

CHARTERED ACCOUNTANTS

3RD FLOOR, CSI COMMERCIAL CENTRE

BAKER JUNCTION, P.B. NO: 227,

KOTTAYAM - 686 001

### **DEBENTURE TRUSTEES (PRIVATE PLACEMENT)**

1. MR. VARGHESE MATHEW  
THEKKEMALA P.O., PATHANAMTHITTA, KERALA
2. MR. K.S. HARIKUMAR  
KIZHAKKE PUSHPAKAM, RAVIPURAM, ERNAKULAM

### **DEBENTURE TRUSTEES (PUBLIC ISSUE OF NCDS)**

VISTRA ITCL(INDIA) LIMITED

THE IL&FS FINANCIAL CENTRE

PLOT NO. C-22 G BLOCK, 3RD FLOOR

BRANDRA KURLA COMPLEX, BANDRA (EAST)

MUMBAI - 400051, MAHARASHTRA

### **BANKERS**

- A. SOUTH INDIAN BANK
- B. FEDERAL BANK
- C. DHANALAXMI BANK
- D. STATE BANK OF INDIA
- E. ANDHRA BANK
- F. INDUS IND BANK
- G. UNION BANK OF INDIA
- H. ORIENTAL BANK OF COMMERCE

### **REGISTERED OFFICE**

2/994, MUTHOOTTU BUILDINGS

KOZHENCHERRY, PATHANAMTHITTA-689645

CIN: U65910KL1998PLC012154

### **CORPORATE OFFICE**

MUTHOOTTU ROYAL TOWERS,  
KALOOR, KOCHI - 682017

## **Our Vision**

To be the one-stop financial services  
provider for the common man

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# DIRECTORS REPORT

The Members,  
Muthoottu Mini Financiers Limited

Your Directors have pleasure in presenting the Nineteenth Annual Report on the business and operations of your Company together with the audited accounts for the Financial Year ended March 31, 2017.

## Financial Performance

### FINANCIAL RESULTS

(Rs. In lakhs)

	2016-2017	2015-2016
Total Revenue	43546.42	39114.39
Total Expenditure	37909.85	35592.13
<b>Profit before Tax</b>	<b>5636.57</b>	<b>3522.26</b>
Add: Prior Period items (Net)	(13783.55)	(1609.00)
Less : Tax Expense	(38.47)	935.31
<b>Profit for the period</b>	<b>(8108.51)</b>	<b>977.95</b>
Balance brought forward from previous year	-	-
<b>Total Surplus available for appropriations</b>	<b>(8108.51)</b>	<b>977.95</b>
Surplus appropriated as follows:		
• Transfer to Special Reserve	-	196
• Transfer to Debenture Redemption Reserve	-	782
<b>Surplus Carried Forward</b>	<b>(8108.51)</b>	-

### Dividend

In view of loss, no dividend is recommended for the current year.

### Raising of Additional Capital

Company has not allotted any shares during the financial year 2016-17.

### Capital Adequacy

Your Company is well capitalized and has a capital adequacy ratio (Capital to risk weighted asset ratio- CRAR) of 24.62% as on March 31, 2017. This is as against the minimum regulatory requirement of 15 % for non-deposit accepting NBFCs.

### Resource Mobilization

As an NBFC, mobilization of resources, at optimal cost and its deployment in the most profitable and secured manner constitutes the two important functions of the Company. The

main source of funding for the Company for the Financial Year 2016-17 has been from revenue generated from internal resources as well funding from banks.

Your company also issues NCDs under the unlisted private placement route to high net worth individuals. The Company was able to raise Rs. 19.76Cr through Private Placement.

Additionally your Company enjoys credit facilities from 8 banks and 1 NBFC.

### Transfer of ownership /transfer of shares

There has been a major change in the shareholding pattern of the company. Mr. Roy M Mathew, who was Managing Director of the company resigned his Directorship with effect from 01/03/2016 and the Board of Directors appointed Mr. Mathew Muthoottu as Managing Director with effect from 30/05/2016. Consequent to his resignation, he has also transferred 122,90,000 shares to his son Mathew Muthoottu and 33,16,352 shares to his wife Nizzy Mathew, after getting approval from Reserve Bank of India. The details of change in

shareholding pattern is given in ANNEXURE-4.

### Prior period items

Prior period item in the statement of profit is the accrued interest liability of debentures relating to previous years that becomes due for payment in the ensuing years. The Company has provided for the same in the current year to make up for the omissions in providing for accrued interest in the preparation of the financial statements of one or more prior periods.

The details of prior period items are separately disclosed in the notes to the Financial Statements.

The Company has made an operating profit of Rs. 56 crores in 2016-17 as against Rs. 35 crores in 2015-16. However after adjustment of prior period item the company as on March 31, 2017 is at a loss of Rs. 81 crores.

The depletion in reserves on account of loss will be compensated by promoters bringing equity in the company and the Authorised capital is being increased from Rs.225 Crores to Rs.325 Crores to facilitate the same.

### Debenture Redemption Reserve

Sub rule 7 of Rule 18 of the Companies (Share Capital and Debenture) Rules, 2014 read with Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company available for payment of dividend until the debentures are redeemed. The quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be 'adequate' which has been prescribed to be 25% of the value of debentures issued through public issue, for an NBFC, like your Company (NBFCs which are registered with the RBI under section 45-IA of the RBI Act), till these debentures are redeemed and cancelled. Accordingly your Company is required to create a DRR of 25% of the value of debentures issued through the public issue. No DRR is required for Debentures placed privately. As the profits generated by our company and available for distribution was inadequate to create a DRR for the full 25% value of the debentures issued through the six public issues outstanding, our Company has not created the prescribed adequate DRR. Current balance in DRR is 15.77% of the stipulated amounts outstanding as at March 31, 2017, as compared against DRR of 10.73% as at March 31, 2016.

### Ratings

The Credit Analysis & Research Limited (CARE) has rated us BB+ for our debt instruments and bank facilities. India Ratings and Research Private Limited (IND- RA), has also rated us BBB( outlook negative) for our debt instruments and long term bank facilities.

### Fixed Deposits

Your Company is classified as a Non Deposit taking Systemically Important Company (NBFC-ND-SI). The Company has not accepted any fixed deposit during the year under review.

### Energy Conservation, Technology absorption and foreign exchange earnings and outgo

The provisions of Section 134(3) (m) of the Companies Act, 2013, and the rules made there under relating to conservation of energy, technology absorption do not apply to your Company as it is not a manufacturing company. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, there was no foreign earning or expenditure in the Company.

### Corporate Social Responsibility

The Company believes in achieving its CSR objectives through sustained intervention and in the future looks forward to partnering with implementing agencies having strong credentials in the areas the Company seeks to make a difference.

The Company also believes that it is well positioned to build on the foundations put in place and the understanding gained in the current year to broaden and accelerate its CSR interventions so as to make a difference and meet its own as well as the legislated expectations.

An amount of Rs. 39.60 lakhs has been spent towards CSR in the current Financial Year. The total amount to be spent for the Financial Year is Rs. 66.12 lakhs and an amount of Rs. 26.52 lakhs remains unspent. Taking into consideration MCA General Circular No. 01/2016 dated 12th January 2016, the Board has taken a decision to carry forward the unspent amount of CSR amounting to Rs. 26.52 lakhs to the next financial year.



The report on CSR activities is annexed to this report and marked as Annexure 1

### Listing

The public issues of secured and unsecured non convertible redeemable Debentures are listed in Bombay Stock Exchange limited and listing fees till date have been paid by the Company.

### Directors

The present strength of Board of Directors is Six (6) Directors. The Board comprises two (2) Executive and two (2) Non-Executive and Independent Directors and (1) Non executive Director and (1) additional Director. There are two women Directors in the Board , one of whom is an Independent Director.

Mr. KR Krishnakumar, was inducted as additional Director in the Meeting of the Board of Directors . Mr. K R Krishnakumar is a retired Deputy General Manager from RBI having more than 38 years of service in various departments of Reserve Bank of India

### Directors retiring by rotation:

In terms of Section 152(6) of the Companies Act 2013 and Articles of Association of the Company, Mr. Mathew Muthoottu retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Mathew Muthoottu was reappointed as Managing Director for 1 year commencing from 30/05/2017, in the meeting of Board of Directors held on 29/05/2017 and reappointment is subject to approval by members at the Annual General Meeting .Necessary resolution is being included in the Notice for the Meeting for shareholder's approval.

### Meetings of Directors:

During the year the Board met at regular intervals to discuss and decide on various business and policy matters of the Company. The meetings of the Board of Directors during the FY 2016-17 were held on 15/04/2016, 30/05/2016, 27/06/2016, 30/06/2016, 16/08/2016, 29/08/2016, 08/09/2016, 19/09/2016, 27/09/2016, 29/09/2016, 27/10/2016, 14/11/2016, 30/12/2016, 30/01/2017, 27/03/2017.

## Committees of the Board

### • Audit Committee

The Audit Committee of our Company was constituted on April 24, 2009 pursuant to Section 292A of the Companies Act, 1956 and other applicable regulations. The Audit Committee was reconstituted by a Board resolution dated March 7, 2016. The Committee currently comprises 3 Directors.

1. Mr. Thomas Cherian Non- Executive & Independent Director (Chairperson of the Committee)
2. Mrs. Philomina Thomas - Non- Executive & Independent Director
3. Mr. Mathew Muthoottu – Managing Director

### The terms of reference of the Audit Committee, inter alia, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to our Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (5) of Section 133 of the Companies Act;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;

- e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to our Board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  9. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
  10. Discussion with internal auditors on any significant findings and follow up there on;
  11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  13. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  14. To review the functioning of the Whistle Blower mechanism, as adopted by the Company;
  15. Approval of appointment of Chief Financial Officer (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
  16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or as maybe statutorily required to be carried out by the Audit Committee.
- The powers of the Audit Committee shall include the power:
1. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee;
  2. To investigate any activity within its terms of reference;
  3. To seek information from any employee;
  4. To obtain outside legal or other professional advice; and
  5. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Audit Committee shall mandatorily review the following information:
1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee; and

6. The Financial statements

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was formed pursuant to Section 178 of the Companies Act, vide board resolution dated April 10, 2014 and was reconstituted on November 12, 2015. The committee consists of the following members:

1. Mr. Thomas Cherian - Non- Executive & Independent Director.
2. Mrs. Philomina Thomas - Non- Executive & Independent Director.
3. Mr. Mammen Mathews - Non- Executive Director

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

1. Identify persons who are qualified to become directors and may be appointed in senior management in accordance with criteria is laid down, recommended to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key managerial personnel and other employees.
3. Ensure that:
  - a. The level and composition of remuneration is reasonable and sufficient to attract, retained motivate directors of the quality required to run the company successfully;
  - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. Remuneration to director, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

- **Stakeholders Relationship Committee**

The Investor Grievance Committee constituted by a board resolution dated December 10, 2013, has been renamed as "Stakeholders Relationship Committee" as per the provisions of Section 178(5) of Companies Act, 2013 was reconstituted on March 7, 2016, consists the following members:

1. Mr. Mathew Muthoottu - Managing Director.
2. Mr. Thomas Cherian -Chairman Non- Executive & Independent Director.
3. Mrs. Philomina Thomas - Non- Executive & Independent Director.

**Terms of reference of the Stakeholders Relationship Committee include the following:**

1. Efficient transfer of shares including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, Debenture Certificates, interest payments transfer of Equity Shares / Debentures and issue of duplicate/ split/ consolidated share/ Debenture certificates, etc.;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares, debentures and other securities issued by the Company, including review of cases for refusal of transfer/transmission of shares and debentures;
4. Allotment and listing of shares/Debentures;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances; and
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

- **Corporate Social Responsibility Committee (“CSR Committee”)**

The CSR Committee has been constituted vide a board resolution dated April 10, 2014 and was reconstituted on March 7, 2016 as per the provisions of Companies Act, 2013 with following members:

1. Mrs. Nizzy Mathew - Wholetime Director .
2. Mr. Mathew Muthoottu - Managing Director.
3. Mr. Thomas Cherian - Independent Director

**Terms of reference of the CSR Committee include the following:**

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time;
- e. Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval;
- f. Recommend CSR activities as stated under Schedule VII of the Act;
- g. Approve to undertake CSR activities in collaboration with our group companies/ other companies/firms/ NGOs, etc. and to separately report the same in accordance with the CSR Rules.
- h. Recommend the CSR Budget;
- i. Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules;
- j. Create transparent monitoring mechanism for

implementation of CSR Initiatives in India;

- k. Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
- l. Monitor CSR Policy from time to time; and
- m. Authorize executives of the Company to attend the CSR Committee Meetings

- **Debenture Committee**

The Debenture Committee was constituted by a board resolution dated December 10, 2013 was reconstituted on March 7, 2016. The Committee currently comprises of three Directors.

1. Mr. Mathew Muthoottu - Managing Director.
2. Mrs. Nizzy Mathew - Wholetime Director.
3. Mr. Thomas Cherian - Independent Director

**Terms of reference of the Debenture Committee include the following:**

1. Determining and approving the terms and conditions of the debentures to issued, number of the Debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc.;
2. To approve and make changes to the Prospectus;
3. To approve the final Prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof;
4. To issue and allot the Debentures;
5. To approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilization of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, of Issue and/or early closure of the Issue.

## • Risk Management Committee

The Risk Management Committee was constituted vide a board resolution dated April 22, 2013 and reconstituted on April 7, 2015. Further the committee was reconstituted on March 7, 2016 as Board Committee and presently the committee consists of the following members;

1. Mr. Mathew Muthoottu - Managing Director.
2. Mrs. Nizzy Mathew -Whole time Director.
3. Mr. Thomas Cherian-Independent Director

### Terms of reference

- 1) To assist the Board in the execution of its risk management accountabilities, the Committee shall be charged with the following general responsibilities:
- 2) To assist the Board in setting risk strategy policies in liason with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
- 3) To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
- 4) To review and assess the nature, role, responsibility and authority of the risk management function within the MMFL and outline the scope of risk management work;
- 5) To ensure that the MMFL has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the MMFL's appetite or tolerance for risk;
- 6) To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control;
- 7) To oversee formal reviews of activities associated with the effectiveness of risk management and internal

control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the MMFL's objectives are attained;

- 8) To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- 9) To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
- 10) To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by the Audit Committee to the Board on all categories of identified risks facing MMFL.
- 11) To review the risk bearing capacity of MMFL in light of its reserves, insurance coverage or other such financial structures

### Management Committees:

#### 1. Investment Committee

The Investment Committee was constituted by a board resolution dated April 24, 2009 was reconstituted on March 7, 2016.

The investment securities portfolio of the Company shall be managed to maximize portfolio yield over the long term in a manner that is consistent with liquidity needs, loan requirements, asset/liability management strategies and safety of principal. Portfolio strategies will be utilized to assist the company, in the attainment of a level of interest rate sensitivity consistent with the goals of the Asset/Liability Management Policy.

The Investment Committee currently comprises of:

1. Mr. Mathew Muthoottu - Managing Director.
2. Mr. Thomas Cherian - Independent Director
3. Mr. K. George Varghese - Chief Operating Officer.
4. Mrs. Ann Mary George - Chief Financial Officer.

## 2. Asset Liability Management Committee

The Asset Liability Management Committee was constituted by a board resolution dated April 22, 2012 was reconstituted on March 27, 2017. The Asset Liability Management Committee comprises of:

1. Mr. Mathew Muthoottu - Managing Director
2. Mr. Thomas Cherian - Independent Director
3. Mr. K. George Varghese - Chief Operating Officer
4. Mrs. Ann Mary George - Chief Financial Officer

The ALCO Policy of the company will be based on the monitoring of the following performance parameters:

1. To ensure that the asset liability management strategy and Company's market risk management policies are implemented;
2. To provide a strategic framework to identify, assess, quality and manage market risk, liquidity risk, interest rate risk, price risk etc.
3. To ensure adherence to the risk limits;
4. To articulate current interest rate view of the Company and base its decisions on future business strategy on this view;
5. To decide product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets and liabilities such as fixed versus floating rate funds, domestic vs. foreign currency funds etc;
6. To monitor the risk levels of the Company;
7. To review the results of and progress in implementation of the decisions;
8. To report to the Board of Directors on the adequacy of the Company's systems and controls for managing risk, and for recommending any changes or improvements, as necessary;
9. To ensure that all activities are within the overall regulatory framework and government regulation;
10. To ensure proper management within defined control parameters set by the Board, of the Company's net

interest income and its structural exposure to movements in external environment;

11. To review and assess the management of funding undertaken by Company and formulate appropriate actions;
12. To review and assess the management of the Company's liquidity with the framework and policies established by the Board, as the case may be, and formulate appropriate actions to be taken;
13. To consider the significance of ALM of any changes in customer behavior and formulate appropriate actions;
14. To consider, if appropriate, the composition of the Company's capital structure, taking account of future regulatory requirements and rating agency views.

### Key Managerial Personnel

Mr. Mathew Muthoottu -Managing Director, Mrs. Nizzy Mathew – Chairman & Whole time Director, Mrs. Ann Mary George - Chief Financial Officer and Mrs. K S Smitha - Company secretary are the Key Managerial personnel of the company.

The remuneration paid to KMP form part of the Extract of the Annual Report annexed to this report

### Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013.

- i. That in preparation of the annual financial statements for the year ended March 31, 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii. That appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2017 and of the loss of the Company for the said year.



- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the annual accounts have been prepared on a going concern basis.
- v. The Company has an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of frauds and errors. The framework is reviewed periodically by management and tested by the internal audit team appointed by the management to conduct the internal audit. Based on the periodical testing, the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls and
- vi. That systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

#### Board Evaluation:

Pursuant to Section 178 (3) of the Companies Act, 2013, the Nomination & Remuneration Committee of the Company has formulated the criteria for determining qualifications, positive attributes and independence of Director and recommended to the Board a policy on remuneration of the Directors, Key Managerial Personnel and other employees. The Policy also includes the norms for evaluation of the Board, its Committees and individual Directors.

The Nomination & Remuneration Committee reviewed the performance of the individual Directors on the basis of evaluation such as understanding and knowledge of the market in which the Company is operating, ability to appreciate the working of the Company and the challenges it faces, composition of the Board and its Committees, attendance of meetings of the Board and its Committees, extent of participation and involvement in the meetings.

Separate meeting of Independent Directors was conducted during the FY 2016 - 2017, to review:

- a) The performance of the Non-Independent Directors and the Board as a whole;

- b) The performance of the Chairman of the Company; and
- c) The quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Whistle Blower policy

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and directors who avail of the vigil mechanism and also provide direct access to the Chairperson of the Audit Committee in exceptional circumstances.

#### HR Policy against Sexual Harassment

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Sexual Harassment Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-17.

#### Complaint Status:

Opening	Received during the year	Disposed during the year	Pending cases
Nil	3	3	Nil

#### Fair Practices Code, Auction Policy and NPA policy

The Company has a well defined Fair Practices Code, Auction Policy and NPA policy, consistent with the guidelines issued by the Reserve Bank of India and the policies are reviewed from time to time

#### Related Party Transactions

The company has entered in to related party transactions with its promoters/ Directors for which necessary approvals

have been taken in the meeting of Board of Directors and wherever necessary in the meeting of the Members of the company.

Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as 'Annexure 2-'.

These have also been discussed in detail in the Notes to the Financial Statements in this Annual Report.

#### **Revaluation of fixed assets:**

The company had executed agreement for sale in respect of 9 properties for which the advance of 200 crs had been paid out of the total sale consideration of 209 Crs. As substantial amount had been paid as advance, and possession passed to the Company, based on the recommendation of audit committee, the Board decided to capitalise the fixed asset and include in the tangible fixed asset of the company for the financial year 2015-16.

From the beginning of the financial year 2016-17 property prices started declining. The Registration of the sale deeds also got delayed for various reasons. By November 2016, demonetisation made things more difficult and it was decided to negotiate with the sellers of the properties for reduction in price with respect to the market conditions.

Further, RBI during their inspection in November 2016, observed that the valuation of the properties had been on a higher side. Subsequently, the Audit Committee and the Board met to discuss in detail the market value of the properties purchased and it was decided to get the properties revalued. A fresh valuation report by an approved valuer

was obtained. Based on the valuation report we negotiated with the seller and the consideration for each of the property was reduced with mutual consent. Rs. 90 Crores which is the excess consideration paid (considering the revalued price) has been refunded to the company by the seller and the same has been accounted for.

#### **Statutory Auditors**

Pursuant to the provisions of Section 139 and 141 of the Companies Act, 2013, M/s Vishnu Rajendran & co, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office up to the financial year 2017 – 18.

Relevant resolution is proposed to be included in the notice for Annual General meeting for approval of M/s Vishnu Rajendran & co, Chartered Accountants, for second term not exceeding 3 years subject to receipt of consent to act as Auditors.

#### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors at its meeting held on 30/01/2017 had appointed M/s. Satheesh and Remesh Practising Company Secretaries, as the Secretarial Auditor of the Company to conduct the secretarial audit of the Company for the Financial Year 2016-17.

The Report of the Secretarial Auditor in Form MR-3 is annexed as 'Annexure 3-'.

#### **Significant and Material Orders**

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



## Report on Frauds

In compliance with Master Circular No.RBI/2014-15/44 dated 01.07.2014 all frauds of Rs.1.00 lakh and above are reported to the Board of Directors promptly on their detection.

Three frauds, as detailed hereunder were reported to Reserve Bank of India during the period 01.04.2016 to 31.03.2017.

Sl. No.	BRANCH	DATE OF DETECTION	AMOUNT (Lakhs)	NAME OF THE PRINCIPAL PARTY	MODUS OPERANDI	RECOVERY (Lakhs)
1	Buchireddy Palem	25-07-2016	20.08	M/s Kishore , Dastagiri Saheb and Rajasekhar	Collected cash from borrowers for closure of loans and returned ornaments without remitting cash to the account.	20.08
2	Channapatna	25-07-2016	103.07	Mr. Naveen M S, Mr. Sekhar GV, Mr.Shivaraju UR	Branch Manager obtained possession of all the keys of the vault room by mis-guiding the other staff. Then he came early morning on 23.07.2016 and removed cash and valuables from vault. Rs103.07 lakh (Rs.98.74 lakh gold and Rs.4.33 cash)	90.12
3	Panthalkudi	02-07-2016	87.20	Mr. Vigneshwaran, Mr. Arumugan, Mr. Tamilselvan ,Mr.Vijayakumar	3 Persons came like customers and looted all the ornaments kept in strong room. The 3 turned not to be accomplices of our staff	75.38
4	Gangavalli	16-08-2016	102.66	Mr. Maruthamani	Rs.102.66 lakh( Rs. 101.31 gold and Rs.1.35 lakh cash), Previous Branch Manager cut the window grill and entered into the Branch and cut the safe room grill door also	100.20
5	Summanahalli	14-11-2016	15.78	Mr.Rajesh H R	Internet account was opened and Company's funds were transferred through NEFT to personal account. Some of the GL packets were tampered with and jewels stolen. Rent payments to the landlord to the extent of Rs.75000/- has been miss appropriated by preparing cash vouchers without paying the Landlord.(Rs.4.54 lakh gold and Rs.11.24 lakh Cash)	3.50
6	NIT Faridabad	21-03-2017	3.17	Mr.Himanshu S/o Raj Kumar, Mr.Sahil Ku	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold .This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00

7	Old Railway Road	24-03-2017	6.89	Akhil Kumar, Pratik Kumar	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold .This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00
8	Sector 37 Huda Market	24-03-2017	3.89	Surender And Ruppesh	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold .This was not traceable on touch stone. Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00
9	Sheetala Mata Road	24-03-2017	4.75	Madhur S/O Mahesh, Surender S/O Chander Bhan Nain	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold .This was not traceable on touch stone.Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00
10	Sona Chowk	24-03-2017	3.50	Rajat Kumar, Surender	Fake/Low purity /Spurious Gold ornaments were pledged. The ornaments were made of metal other than gold but were coated heavily with gold .This was not traceable on touch stone.Made duplicate KYC documents. Ornaments were made by applying heavy coating of gold in bangles and other ornaments made of other metals. During Audit, on getting suspicious ornaments were pierced and tested, when fraud come to light	0.00

## Details of Auctions Held During the Year 2016-17

Additional disclosures as required by circular no DNBS.CC.PD.No.356/03.10.01/2013-2014 dated September 16, 2013 issued by the Reserve Bank of India:

Year	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)(Rs.in lakhs)	Interest Amount outstanding at the dates of auctions (B) (Rs.in lakhs)	Total (A+B) (Rs.in lakhs)	Value fetched (Rs.in lakhs)
2016-17	30,692	10,655.98	6,025.40	16,681.38	14,273.93

Note:

*No sister concerns participated in the auctions during the year ended March 31, 2017*

## Extract of Annual Return

In accordance with Section 134 (3) (a) of the Companies Act, 2013 and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return in Form MGT- 9 is appended as Annexure 4 to the Board's Report.

## Internal Financial Control

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the Financial and accounting records, and the timely preparation of reliable Management Information reports and Disclosures.

## Particulars of employees - Disclosure as per Section 197(12) of the Companies Act, 2013

A statement containing the names of employees employed throughout the financial year and in receipt of remuneration of Rs.60 lakh or more, or employed for part of the year and in receipt of Rs.5 lakh or more a month, under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure 5

## Board Diversity and Board Evaluation policy

Pursuant to the provisions of Section 134(3) (e), of the

Companies Act 2013 the Company has a policy in place on appointment and remuneration including interalia criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act 2013.

## RBI Guidelines

Reserve Bank of India (RBI) granted the Certificate of Registration to the Company to do the business of non-banking financial institution without accepting deposits. Your Company is a Systemically Important Non-Banking Financial Company (NBFC-ND-SI). The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

## Corporate Governance

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders, guided by a strong emphasis on transparency, accountability and integrity.

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Industry outlook

The Indian GDP growth is expected to rise marginally to 7.4% in fiscal 2018, from 7% in fiscal 2017. Expectation of normal monsoons, softer interest rates as transmission improves, relatively benign inflation, and pent up demand (demand postponed due to demonetisation) will support consumption growth next fiscal. Investments, however, will only see a pickup in fiscal 2019, provided GDP growth stays on track. We expect the contraction in consumption demand in fiscal 2017 due to demonetisation, even though transitory in nature, to delay investment recovery.

NBFCs have, over the years, played a very vital role in the economy. They have been at the forefront of catering to the financial needs of the un-bankable masses in the rural and semi-urban areas. Through strong linkage at the grass root level, they have created a medium of reach and communication and have been very effectively serving this segment. Thus, NBFCs have all the key characteristics to enable the government and the regulator to achieve their stated mission of financial inclusion.

Financing needs in India have risen in sync with the notable growth recorded by the economy over the past decade. Non-banking financial companies (NBFCs) have played a major role in meeting this need, complementing banks and other financial institutions.

NBFCs help fill gaps in the availability of financial services with respect to products as well as customer and geographic segments. A strong linkage at the grassroots level makes them a critical cog in the financial machine. They cater to the unbanked masses in rural and semi-urban reaches and lend to the informal sector and people without credit histories, thereby enabling the government and regulators to realise the mission of financial inclusion.

Growth of your Company's asset book, quality of assets and ability to raise funds depend significantly on the economy. Unfavorable events in the Indian economy can affect consumer sentiment and in turn impact consumer decision to purchase or seek the financial products and services we

provide. Competition from a broad range of financial services providers, unstable political environment and changes in Government policy / regulatory framework could impact the Company's operations. However, your Company is taking measured steps to deal with the emerging situation and is fully prepared to face any threats.

## Our Business:

We are a non deposit taking systemically important NBFC in the Gold Loan sector lending money against the pledge of used household gold jewellery ("Gold Loans") in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Goa, Delhi, Haryana, Uttar Pradesh (NCR), Pondicherry and Maharashtra. Our Gold Loan portfolio as of March 31, 2017 comprised of 5,16,004 gold loan accounts aggregating to Rs. 1784,81,32,244 which is 91.09% of our total loans and advances as on that date. We, as on March 31, 2017 have a network of 886 branches spread in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Delhi, Goa, Haryana, Uttar Pradesh, Pondicherry and Maharashtra and we employ 3336 persons in our business operations.

## GOLD LOAN INITIATIVES:

### MM Pre Pay

Customers are always looking for interest rates and value for their gold to get maximum loan amount to meet the financial requirement. MMFL have come with a solution for this for a shorter period to maximize the customer satisfaction and gold loan business. MM Pre Pay is a solution to meet the financial requirements of the people by paying the interest in advance without the burden of accumulating interest by the end of the loan period and to maximize the customer satisfaction and improve the gold loan business.

### Smart Pay

Smart pay is Online Interest Payment Solution- 'Smart Pay' for our valued customers. By using online interest payment solution old loan customers can directly pay interest and part payment of the loan anywhere from the world by using their debit card/net banking facility without visiting our branch. This will help to manage interest slab changes, since the

customer can pay the interest in his/ her convenience.

### **Mahila Loan**

Women customers are one of the targeted segment of our Company. Through Mahila Loans at attractive rates of interest, we help them by providing timely credit which will satisfy their immediate requirement without waiting too much. The targeted customers are self-help groups, women engaged in making handicrafts, tailoring, vegetable dealers, women drivers and all other working women in the country. Muthoottu Mini Mahila Loan is a solution which will speed up her efforts to support her family.

### **MM Aaswas**

Targeted segment of this product is basically the borrowers who enquire about gold loans at low rate of interests. This product will meet the immediate requirement of those who want to pledge at low rate of interests. The purpose of implementing this product is to increase the walk-ins in the branches. The Company will get better customer mix also.

### **MM Eze Daily**

A scheme which attracts the traders and daily income segments of the society. Minimum loan amount is fixed Rs. 10000 and maximum as Rs. 50000. USP of this product is that the customers can repay the loan in daily installment. The borrower can close the loan by remitting daily installments in 99 working days).

### **MM Premier Loan**

MM Premier Loan is best suited for customers who require higher loan amount and are very sensitive in interest rates. Targeted segment will be the traders, business people, people engaged in constructions and all those people who require higher loan amount with enough gold jewels in their hand. HNIs needs are very different as compared to normal customers. HNIs may need fund for business, construction, trading and all other higher fund requirement activities.

## **BUSINESS INITIATIVES**

- International Money Transfer Business – We have entered into corporate agreements with Youfirst Money Express (P) Ltd for Western Union services / with UAE Exchange & Financial Services Ltd for Xpress Money services / with Instant Global Money Transfer (P) Ltd for TransFast services/ with Wall

Street Finance Ltd for Instant Cash services / with BFC Forex & Financial Services (P) Ltd for EzRemit services / with UAE Exchange & Financial Services Ltd for MoneyGram services / with Ria Money Transfer Services (P) Ltd for Ria Money Transfer / with Muthoot Forex Ltd for Royal Money.

- PAN Card - We have entered into a tie up with UTI Infrastructure Technology And Services Limited for collecting application forms for PAN Card. Muthoottu Mini as a PAN Service Agent (PSA) will collect and receive the PAN application forms from the applicants and provide other related services.

- Insurance Business - With a view to expand our regular fee and commission based income, we have finalized corporate agency agreements in the Life/ General/ Health Insurance. Our Company recently procured the new 2016 registration License with the IRDA, to act as a corporate agent for procuring and soliciting insurance business both in the Life insurance and General insurance as well as Health Insurance.

For the Life Insurance business, we have tied up with LIC/ HDFC Life / Reliance Life.

For the General Insurance business, we have tied up with Liberty Videocon General / Reliance General / Tata AIG General.

For the Health Insurance business, we have tied up with Star Health/ TTK Signa Health

- DP Services – We have secured registration from SEBI as a Depository Participant on July 5, 2012 (bearing Registration Number IN–DP–CDSL–660–2012 issued by the SEBI to act) and at present we have registered as a Depository Participant of CDSL for both securities and commodity transactions. We are in the process of entering into the DP Account maintenance business leveraging the strength of our branche network. Now we have also become a distributor for Mutual Funds as per the guidelines of SEBI, to our customers through this DP services division.

- Broking Services – We have entered into a corporate tie-up with Doha Broking & Finance Company Limited a South India based broking and financial services firm, on April 12, 2013 for undertaking, conducting and promoting brokerage business in equity, commodities and currency segments of National Stock/ Currency Exchange's activities on its behalf, for our existing and new clients through selected branches and regional offices.

- Domestic Money Transfer Services – We have entered into a corporate tie-up with Oxigen Services India (P) Ltd Co. through which we are able to Transfer money into customers account/ Pay utility bills / do recharges of pre-paid mobiles and DTH services for our customers across India.

- Travel & Tour Services – We have entered into a corporate tie-up with Akbar Holidays (P) Ltd. through which we are able to provide Travel services and Tour packages for our customers across India.

## New Business- MICROFINANCE

As a part of social commitment for the upliftment of the lower strata people in the society and strategy for diversification of products, Muthoottu M Mathew Group has entered into Microfinance sector in November 2016 with 20 branches in the state of Kerala. As of now the company has disbursed Rs.25 Cr of priority sector loans to more than 11000 women entrepreneurs who are engaged in any income generating activities.

Microfinance is a separate division under the NBFC Muthoottu Mini financiers Ltd which is managed by a separate experienced team of staff. Total disbursement as on 31st March 2017 was Rs.15.5 Crores. The division is planning to expand conservatively and is expected to reach AUM of Rs.125 Crores by March 2018.

## Internal Control Systems

The Company has an Internal Control System which is commensurate with the size, scale and complexity of its operations. The Internal Auditors monitor the efficiency and efficacy of the internal control systems in the Company, compliance with operating systems/accounting procedures and policies of the Company. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company has adequate systems and procedures to provide assurance of recording transactions in all material respects. During the year, the internal audit department of the Company reviewed the adequacy and operating effectiveness of the internal financial controls as per Section 134 (5) of the Companies Act, 2013.

## Internal audit and compliance

The Company conducts its internal audit and compliance

functions within the parameters of regulatory framework which, in our opinion, is well commensurate with the size, scale and complexity of the operations. The internal controls and compliance functions are installed, evolved, reviewed, and upgraded periodically. The Company has its own internal audit team to cover all areas of operations including branches. The reports are placed before the Audit Committee of the Board. The Audit Committee reviews the performance of the audit and compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary / considered appropriate. The Company has framed a compliance policy to effectively monitor and supervise the compliance function in accordance with the statutory requirements.

## Human Resources

People remain the most valuable asset of your Company. Your Company is professionally managed with senior management personnel having rich experience and long tenure with the Company. Your Company follows a policy of building strong teams of talented professionals. Your Company encourages, appreciates and facilitates long term careers. Your Company continues to build on its capabilities in getting the right talent to support different products and geographies and is taking effective steps to retain the talent. The Company continues to focus on training programs for skill development and has a dedicated Learning and Development department with skilled personnel to identify, nurture and develop talent in the organization. As on March 31, 2017, your Company had 3336 Employees in the organization.

## Acknowledgement

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth.

The Directors also wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and government bodies, Registrars and share transfer Agents, Company's auditors, customers, bankers, promoters and shareholders.

By order of the Board

Mathew Muthoottu  
 Managing Director  
 DIN:01786534

Nizzy Mathew  
 Chairman & Whole Time Director  
 DIN:01680739



# ANNEXURE - 1

## CSR Reporting for Financial Year 2016 - 17

### CSR Policy

Muthoottu Mini Financiers Ltd since its inception has seen itself as a corporate citizen responsible to the society. The company in its meeting of Board of Director dated 30/05/2014, for the first time constituted a CSR committee.

The Company shall be undertaking activities in the following areas:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water( Including Contribution to the Clean Ganga Fund set up by the central Govt. For rejuvenation of river Ganga)
5. Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art and setting up of public libraries
6. Measures for the benefit of armed forces veterans, war widows and their dependents
7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and

relief and welfare of the Schedules Castes, the Scheduled Tribes, other backward classes, minorities and women

9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
10. Rural Development projects and Slum Area Development on areas declared by central/state Govt/ as slum areas.

### Composition of the CSR Committee:

- i. Mr. Mathew Muthoottu - Managing Director
- ii. Mrs. Nizy Mathew - Whole time Director
- iii. Mr. Thomas Cherian - Independent Director

Average net profit of the company for last three (3) financial years of the Company:

Particulars	2013-14	2014-15	2015-16
Profit as per the financials	336,613,804.81	184,780,831.00	97,796,895.00
Prior Period Expense	397,840,712.26	279,602,105.74	462,611,126.02
Net Amount	(61,226,907.45)	(94,821,274.74)	(364,814,231.02)

1. Prescribed CSR Expenditure (two percent (2%) of the average net profits Rs. (34,72,416/-)
2. Details of CSR spend for the financial year: As detailed in table hereunder
  - a. Carry forward CSR amount to be spent in the financial year 2016-17 : Rs. 66,12,266/-
  - b. Amount spent during the year Rs. 39,60,002/-
  - c. Balance remaining to be spent : Rs. 26,52,264/- \*

SL No.	CSR project or activity identified	Sector in which the project is covered	Project or programme (1) Local areas or other (2) Specify the state and district in which project or programs was undertaken	Amount outlay-project or programs wise (Rs.)	Amount spent on the projects or programs (Rs.)	Amount spent Direct or through implementing agency
1.	Gandhi Bhavan International trust	Facilities for senior citizens and economically back ward group	Kerala	20,00,000	15,00,000	Direct
2.	CIWAT (Center for Innovations in Waste Management & Agricultural Techniques)	Ensuring environmental sustainability	Kerala	19,91,750	19,91,750	Direct
3.	Ardra Social Service Society	Eradication of hunger and poverty	Kerala	20,000	20,000	Direct
4.	CANSERVE SOCIETY	Healthcare for the underprivileged	Kerala	3,00,000	3,00,000	Direct
5.	Raksha Society	Eradication of hunger and poverty	Kerala	25,000	25,000	Direct
6.	Directly by the Company through branches	Promotion of education	Kerala	1,23,252	1,23,252	Direct
<b>TOTAL</b>				<b>44,60,002</b>	<b>39,60,002</b>	

\*The Board decided to carry forward the unspent amount Rs. 26,52,264/- to the next financial year.



# ANNEXURE - 2

## FORM NO. AOC -2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis. NIL
2. Details of contracts or arrangements or transactions at Arm's length basis:

SI No	Name (s) of the Related Party	Nature of Arrangements	Duration of the Arrangements	Tansaction value ( in Rs.)
1	Mathew Muthoottu	Rent paid	One year	3,15,000
		Interest paid on debentures	-	76,500
		Salary received	One Year	43,20,000
		Travelling	-	1,87,058
2	Nizzy Mathew	Rent paid	One year	1,40,000
		Interest paid on debentures	-	8,04,624
		Salary received	Two years	44,70,000
		Travelling	-	2,06,195
3	Mammen Mathews	Rent paid	One year	1,68,000
		Sitting fees	6 meetings	1,20,000
4	Roy M Mathew	Rent paid	One year	4,72,200
		Interest on Debentures	-	1,41,344
		Fixed Assets-Advance refund		90,08,58,794
5	Minu Sara Mathew	Consultancy	Two months	1,20,000
6	Samma Mammen	Rent paid	One year	8,27,385
		Interest on Debentures	-	1,66,288
		Salary	-	18,00,000
7	Nirmal Mathew	Rent paid	One year	2,56,877
8	Mini Muthoottu Nidhi Kerala Ltd	Rent paid	One year	3,00,000
		Rent Received	One year	40,34,000
9	Mini Muthoottu Nirman & Real Estate Pvt Ltd	Rent paid	One year	84,000
10	Muthoottu Mini Hotels Pvt Ltd	Rent paid	One year	1,82,500

# ANNEXURE-3

## FORM NO. MR - 3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,  
 The Members,  
 Muthoottu Mini Financiers Limited  
 2/994 Muthoottu buildings, Kozhencherry  
 Pathanamtta, Kerala

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

Based on our limited verification of the Company's Books, Papers, Minute Books, Forms and returns filed with regulatory authorities and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the financial year ended on March 31, 2017 ('Audit Period') complied with statutory provisions listed hereunder:

We further report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company, our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended March 31, 2017, as per the provisions of:

- I The Companies Act, 2013 (the Act) and the rules made there under;
- II The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under to the extent of its applicability;
- III The Depositories Act, 1996 and the Regulations and Bye-laws framed there under to the extent of its applicability;
- IV Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company
- V The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent of its applicability:-
  - a The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- e The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- f The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- h The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

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

- i Secretarial Standards issued by The Institute of Company Secretaries of India
- ii The Debt Listing Agreements entered into by the Company with Stock Exchanges;
- iii Reserve Bank of India Act 1934 and guidelines issued under the act as applicable to the Company

Based on the aforesaid information provided by the Company, we report that during the financial year under report, the Company complied with the provisions of the above mentioned Acts, Rules, Regulations, Guidelines, and Standards etc.

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

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and the Company has developed a reasonable system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The company has conducted meaningful evaluation of board of directors of the Company as required under the act but required disclosure was not made in the director's report

Majority decision is carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the Minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of other Acts, Laws and Regulations applicable to the Company, We report that the company has adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, etc, referred to above.

For Satheesh and Remesh, Company Secretaries

Satheesh Kumar N  
CP No. 6607  
29/05/2017

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

## ANNEXURE - A

To,  
The Members,  
Muthoottu Mini Financiers Limited  
2/994 Muthoottu buildings, Kozhencherry  
Pathanamtta, Kerala

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

- Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
- We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test-check basis.
- The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Satheesh and Remesh, Company Secretaries

Satheesh Kumar N

CP No. 6607

Date : 29/05/2017

## ANNEXURE - 4

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

### I. REGISTRATION & OTHER DETAILS:

i	CIN	U65910KL1998PLC012154
ii	Registration Date	18-Mar-98
iii	Name of the Company	MUTHOOTTU MINI FINANCIERS LIMITED
iv	Category/Sub-category of the Company	PUBLIC LIMITED COMPANY
v	Address of the Registered office & contact details	2/994, MUTHOOTTU BUILDINGS, KOZHENCHERRY, PATHANAMTHITTA – 689 641, KERALA, INDIA E-mail- cs@minimuthoottu.com
vi	Whether listed company	DEBT LISTED COMPANY
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India(Private) Limited. 247 Park , C 101, 1st Floor , LBS Marg , Vikhroli ( W ) , Mumbai – 400 083 Tel : 91 22 49186000 e-mail : bonds.helpdesk@linkintime.co.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
1.	GOLD LOANS	99711352	98%

### PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address Of The Company	CIN/ GLN	Holding/Subsidiary/Associate	% Of Shares Held	Applicable Section
	NIL				

### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year	No. of Shares held at the end of the year	% Change in year
--------------------------	---	---	------------------

	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individuals/HUF	0	1,80,32,535	1,80,32,535	80.14	0	1,80,32,535	1,80,32,535	80.14	0
b) Central Govt. or State Govt.	NIL								
c) Bodies Corporates	0	44,67,460	44,67,460	19.86	0	44,67,460	44,67,460	19.86	0
d) Bank/FI	NIL								
e) Any other	NIL								
<b>SUB TOTAL:(A) (1)</b>	<b>0</b>	<b>2,24,99,995</b>	<b>2,24,99,995</b>	<b>99.99</b>	<b>0</b>	<b>2,24,99,995</b>	<b>2,24,99,995</b>	<b>99.99</b>	<b>0</b>
(2) Foreign	NIL								
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	2,24,99,995	2,24,99,995	99.99	0	2,24,99,995	2,24,99,995	99.99	0
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions	NIL								
a) Mutual Funds									
b) Banks/FI									
c) Central Govt.									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>SUB TOTAL (B)(1):</b>	<b>NIL</b>								
(2) Non Institutions	NIL								
a) Bodies corporates									
i) Indian	0	5	5	0.00	0	5	5	0.00	0
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs									

ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs									
c) Others (specify)									
<b>SUB TOTAL (B)(2):</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>0.00</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>0.00</b>	<b>0</b>
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>2,25,00,000</b>	<b>2,25,00,000</b>	<b>100.00</b>	<b>0</b>	<b>2,25,00,000</b>	<b>2,25,00,000</b>	<b>100</b>	<b>0</b>

## SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Mathew Muthoottu	13,88,094	6.17	Nil	136,78,094	60.79	Nil	54.62
2	Nizzy Mathew	38,094	0.17	Nil	33,54,446	14.91	Nil	14.73
3	Muthoottu Mini hotels Private Limited	24,12,698	10.72	Nil	24,12,698	10.72	Nil	0
4	Mini Muthoottu credit India Private Limited	14,19,841	6.31	Nil	14,19,841	6.31	Nil	0
5	Roy M. Mathew	1,66,06,347	73.8	Nil	9,99,995	4.44	Nil	-69.4
6	RMM Properties India Private Limited	6,29,207	2.80	Nil	6,29,207	2.80	Nil	0
7	Muthoottu Mini theatres private limited	5,714	0.02	Nil	5,714	0.02	Nil	0
	Total	2,24,99,995	99.99	Nil	2,24,99,995	99.99	Nil	0

## V. CHANGE IN PROMOTERS/PROMOTER GROUP SHAREHOLDING

Sl. No		Share holding at the beginning of the Year		Cumulative Share holding during the year		
1		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company	
2	At the beginning of the year	2,24,99,995	99.99	2,24,99,995	99.99	
3	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus /sweat equity etc)	On 29 th September 2016, Roy M Mathew transferred 122,90,000 shares to his son Mathew Muthoottu and 33,16,352 shares to his wife Nizzy Mathew. Since the transfers happened within the promoter group, there has been no change in the overall promoter holding.				
		Name		Shares prior 29/09/2016	Shares post transfer	Increase in shares (No.s)
		RoyM Mathew		1,66,06,347	9,99,995	(1,56,06,352)
		Mathew Muthoottu		13,88,094	1,36,78,094	1,22,90,000
		Nizzy Mathew		38,094	33,54,446	33,16,352
4	At the end of the year	2,24,99,995	99.99	2,24,99,995	99.99	

## VI. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECT ORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

Sl. No		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	For Each of the Top 10 Shareholders				
2	At the beginning of the year	<p>NOT APPLICABLE.</p> <p>% Shares held by promoters/promoter group</p>			
3	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus /sweat equity etc)				
4	At the end of the year (or on the date of separation, if separated during the year)				

## VII. SHAREHOLDING OF DIRECTORS & KMP

Sl. No	Name of the Directors & KMP	Shareholding at the Beginning of the year		Shareholding at the year end	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Mathew Muthoottu-Whole time Director	13,88,094	6.17	136,78,094	60.79
2	Nizzy Mathew-Whole time Director	38,094	0.17	33,54,446	14.91
3	Ann Mary George -CFO	0	0.00	0	0.00
4	K.S. Smitha- Company Secretary	0	0.00	0	0.00
5	Thomas Cherian – Independent Director	0	0.00	0	0.00



6	Philomina Thomas – Independent Director	0	0.00	0	0.00
7	Mammen Mathews – Non Executive Director	0	0.00	0	0.00
8	K R Krishnakumar – Additional Director	0	0.00	0	0.00

## VIII. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits (Rs.in lakhs)	Unsecured Loans (Rs.in lakhs)	Deposits (Rs.)	Total Indebtedness (Rs.in lakhs)
Indebtedness at the beginning of the financial year			NIL	
i) Principal Amount	1,51,191.85	33,824.75		1,85,016.60
ii) Interest due but not paid	-	-		-
lii) Interest accrued but not due	5,953.24	2,757.47		8710.71
Total (i+ii+iii)	1,57,145.09	36,582.22		1,93,727.31
Change in Indebtedness during the financial year				
Additions	39,339.49	16,166.52		55,506.01
Reduction	58,084.05	221.57		58,305.62
Net Change	97,423.53	16,388.10		1,13,811.63
Indebtedness at the end of the financial year				
i) Principal Amount	1,17,326.30	44,463.78		1,61,790.08
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	21,074.23	8,063.39		29,137.62
<b>Total (i+ii+iii)</b>	<b>1,38,400.53</b>	<b>52,527.17</b>		<b>1,90,927.70</b>

## IX. REMUNERATION TO MANAGING DIRECTOR, WHOLE TIME DIRECTOR AND/OR MANAGER:

Sl. No	Particulars of Remuneration	Name of the MD/WTM/Manager		Total Amount
1	Gross salary	Nizzy Mathew	Mathew Muthoottu	
	(a) Salary as per provisions of Sn 17(1) of the Income Tax. 1961.	Rs. 44,70,000	Rs. 43,20,000	Rs. 87,90,000
	(b) Value of perquisites u/s 17(2) of the IT Act, 1961	-	-	-
	(c) Profits in lieu of salary under Sn 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	others, please specify	-	-	-
	<b>TOTAL</b>	<b>Rs. 44,70,000</b>	<b>Rs. 43,20,000</b>	<b>Rs. 87,90,000</b>

**B. REMUNERATION TO OTHER DIRECTORS:**

Sl. No	Particulars of Remuneration	Name of the Directors		
1	Independent/Non-Executive Directors	Thomas Cherian	Philomina Thomas	Mammen Mathews
	(a) Fee for attending Board / committee meetings Rs.)	3,00,000	1,20,000	1,20,000
	(b) Commission			
	(c ) Others, please specify			
	<b>Total</b>	<b>3,00,000</b>	<b>1,20,000</b>	<b>1,20,000</b>

**C. Remuneration to KMP other than Directors**

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
	Gross Salary	Company Secretary	CFO	Total
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	Rs.15,60,000	Rs. 18,44,000	Rs. 33,54,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--	--
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission as % of profit	--	--	--
5	Others, please specify	--	--	--
	<b>Total</b>	<b>Rs. 15,60,000</b>	<b>Rs. 18,44,000</b>	<b>Rs. 33,54,000</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

NIL

## ANNEXURE 5

**Statement showing the names and other particulars of the employee drawing remuneration in excess of the limits set out in terms of the provisions of Section 197(12) of the Act read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

1	Name of the Employee :	Mathew Muthoottu
2	Designation of the employee	Managing Director
3	Nature of employment, whether contractual or otherwise	Employment contractual
4	Qualification and experience of the employee	Bachelor's degree in Commerce, 5 years in NBFC & Financial Institutions.
5	Date of commencement of employment	07/03/2008
6.	The age of such employee:	27
7	The last employment held by such employee before joining the company	NA
8	The percentage of equity shares held by the employee in the company	60.79%
9	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager	Nizzy Mathew (Mother) Chairman & Wholetime Director

\*\*\*\*\*

# INDEPENDENT AUDITORS' REPORT

## To the members of Muthoottu Mini Financiers Limited

We have audited the accompanying standalone financial statements of Muthoottu Mini Financiers Limited (hereinafter referred to as "the Company"), which comprises of the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

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

## Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 (herein after referred to as "the Order") issued by the Central Government in exercise of the powers conferred by Sub-section (11) of Section 143 of the Companies Act, 2013, we give in "Annexure I" a statement on the matters specified in Paragraph 3 and 4 of the Order.
2. As required by Non-Banking Financial Companies

Auditors' Report (Reserve Bank) Direction, 2016, we give in "Annexure II", a statement on the matters specified in the said direction.

3. As required by Section 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and the explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been extracted from the branch accounts forming part of books of accounts of the company;
- (c) no report on the accounts of the branch office audited under sub-section (8) by any person, has been received by us and therefore no comments needs to be made on the matter.
- (d) the Company's Balance Sheet and Statement of Profit and Loss, dealt with in the Report are in agreement with the books of accounts and returns produced by the Company for our examination;
- (e) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) in our opinion and as per our examination of the documents presented for our verification no financial transaction or matter has been identified as having an adverse effect on the functioning of the company;
- (g) on the basis of the written representations received from the directors as on March 31st, 2017 taken on record by the Board of Directors, none of the directors are disqualified as on March 31st, 2017 from being appointed as the directors in terms of Section 164(2) of the Act;

- (h) in our opinion there are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith. Due to the inadequacy of profit the statutory minimum requirement of transfer to Debenture Redemption Reserve has not been made.
- (i) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, a separate report in "Annexure III" is attached; and
- (j) with respect to other matters included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, we report that:
  - i. the Company has disclosed the impact of pending litigation on its financial position in its financial statements, to the extend applicable;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses to be provided for;
  - iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company and so there is no requirement to report any delay.
  - iv. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016, and these are in accordance with the books of accounts maintained by the Company

Place : Kochi  
 Date : May 29<sup>th</sup>, 2017

For Vishnu Rahjendran & Co.  
 Chartered Accountants  
 FRN 004741S

P.A Joseph FCA, MSc, FCA  
 M.No. 201101 (Partner)

# ANNEXURE I

## TO THE INDEPENDENT AUDITORS' REPORT

The "Annexure I" referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31<sup>st</sup>, 2017;

(i). (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with the programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii). The Company is a Non-Banking Financial Company (ND-SI) and does not deal with the procurement or sale of any goods and has not held any inventory for the relevant financial year. Accordingly, no statement is required to be made under paragraph 3(ii) of the Order.

(iii). According to the information and explanations provided to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, no statement is required to be made under 3(iii) of the Order.

(iv). According to the information and explanations provided to us, the Company has no transaction during the financial year to which the provision of Section 185 and Section 186 of the Act applies. Accordingly, no statement is required to be made under paragraph 3(iv) of the Order.

(v). The Company has not accepted deposit from the public during the financial year. Accordingly, no

statement is required to be made under paragraph 3(v) of the Order.

(vi). The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, no statement is required to be made under paragraph 3(vi) of the Order.

(vii). (a) According to the information and the explanations provided to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income tax, value added tax, sales tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations provided to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, value added tax, sales tax, service tax, cess and other material statutory dues were in arrears as at March 31<sup>st</sup>, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us, the following dues of Income Tax, have not been deposited by the Company on account of disputes pending,

Forum where the dispute is pending	Amount
Commissioner of Income tax (Appeals), Kottayam	68,58,270.00
Commissioner of Income tax (Appeals), Kottayam	1,50,33,550.00
Commissioner of Income tax (Appeals), Kottayam	3,38,57,170.00

(viii). According to the information and explanations provided to us and based on the examination of records of the Company, the Company has not defaulted the repayment of any loan or borrowing to a financial institution, bank, government or debenture holders during the year.

- (ix). According to the information and explanations provided to us and based on the examination of records of the Company, the money raised by the way of further public offer, term loans and sub debts have been applied for the purpose for which they were obtained.
- (x). According to the information and explanations provided to us, the following frauds on the Company by its employees have been noticed, involving pledge of spurious gold and misappropriation and theft of cash totaling to Rs. 330.71 lakhs across 9 branches of the Company of which Rs. 265.8 lakhs have been recovered during the period.
- (xi) According to the information and explanations provided to us, the Company has provided managerial remuneration in accordance with Section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, no statement is required to be made under paragraph 3(xii) of the Order.
- (xiii) According to the information and explanations given to us and based on the examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act

where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards promulgated by ICAI.

- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, no statement is required to be made under paragraph 3(xiv) of the Order.
- (xv) According to the information and explanation given to us and based on the examination of the records of the Company, the Company has not entered into non-cash transaction with the directors or person connected with him. Accordingly, no statement is required to be made under paragraph 3(xv) of the Order.
- (xvi) The Company is required to be registered and is duly registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place : Kochi  
 Date : May 29<sup>th</sup>, 2017

For Vishnu Rahjendran & Co.  
 Chartered Accountants  
 FRN 004741S

P.A Joseph FCA, MSc, FCA  
 M.No. 201101 (Partner)

# ANNEXURE II

## THE INDEPENDENT AUDITORS' REPORT

The "Annexure II" referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31<sup>st</sup>, 2017;

To  
 The Board of Directors  
 Muthoottu Mini Financiers Limited

As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions 2016, we give below a statement on the matters specified in the said directions based on the information and explanations provided to us:

- i. The Company is engaged in the business of Non-Banking Financial institution and it has obtained the Certificate of Registration No. N-16.00175, dated 1st January 2014 as provided in section 45 IA of the RBI Act, 1934.
- ii. The Company is entitled to continue to hold the Certificate of Registration in terms of its Principal Business Criteria i.e. Financial Asset/Income Pattern as on 31st March, 2017.
- iii. The Company is meeting the required net owned fund as laid down in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- iv. The Board of Directors of the company has passed a resolution for non-acceptance of Public Deposits.
- v. The Company has not accepted any public deposits during the year.
- vi. According to the information and explanation given to us, the Company has complied with the prudential norms on Income Recognition, Accounting Standards,

Asset Classification and Provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

- vii We further report that in respect of Systemically Important Non-deposit taking NBFCs as defined in paragraph 3(xxx) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 we state that:-
  - (a) Based on the examination of the documents produced for our verification, the Capital Adequacy Ratio as disclosed in the return submitted to the RBI in form NBS-7 varies marginally which has been rectified at the time of audit at and such ratio is in compliance with the minimum CRAR prescribed by the Bank.
  - (b) The company has furnished to the RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7)(Provisional).
- viii The company is not required to be classified as NBFC Micro Finance Institutions (MFI) as defined in paragraph 3(xix) of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Place : Kochi  
 Date : May 29<sup>th</sup>, 2017

For Vishnu Rahjendran & Co.  
 Chartered Accountants  
 FRN 004741S

P.A Joseph FCA, MSc, FCA  
 M.No. 201101 (Partner)



# ANNEXURE III

## THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls System under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") read with Rule 10A of the Companies (Audit and Auditors) Rules, 2014 referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31st, 2017;

We have audited the internal financial controls over financial reporting of Muthoottu Mini Financiers Limited ("the Company") as of March 31st, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition,

use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Control over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respect, an adequate internal financial controls system over financial

reporting and such internal financial controls over financial reporting, were operating effectively as on March 31st, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, subject to the observations in the system audit report on the application system controls with respect to the non-availability of formal procedure for reporting, investigation and resolution of errors in processing.

Place : Kochi  
Date : May 29<sup>th</sup>, 2017

For Vishnu Rahjendran & Co.  
Chartered Accountants  
FRN 004741S

P.A Joseph FCA, MSc, FCA  
M.No. 201101 (Partner)

## MUTHOOTTU MINI FINANCIERS LIMITED

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

### BALANCE SHEET

(Rupees in Lakhs)

Particulars	Note No.	As at 31/03/2017	As at 31/03/2016
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' Funds			
(a) Share Capital	A	22,500.00	22,500.00
(b) Reserves and Surplus	B	14,660.78	22,769.27
(2) Share application money pending allotment			
(3) Non-current Liabilities			
(a) Long-term borrowings	C	84,039.82	1,11,202.31
(b) Deferred tax liabilities (Net)		-	-
(d) Long-term provisions	D	19,099.99	6,331.68
(4) Current Liabilities			
(a) Short-term borrowings	E	38,330.00	18,622.55
(b) Other Current liabilities	F	51,072.81	58,984.80
(c) Short Term Provisions	G	1,434.89	1,407.08
<b>TOTAL</b>		<b>2,31,138.29</b>	<b>2,41,817.69</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible Assets	H	21,987.41	31,337.40
(ii) Intangible Asset	I	80.84	36.08
(iii) Capital work-in-progress		-	857.09
(b) Non-current investments	J	5.81	373.42
(c) Deferred Tax assets (Net)		795.00	744.04
(d) Long term loans and advances	K	3,868.34	3,413.42
(2) Current Assets			
(a) Current Investments	L	-	39.56
(d) Cash and cash equivalents	M	7,784.98	12,808.85
(e) Short-term loans and advances	N	1,95,940.49	1,91,319.41
(f) Other current assets	O	675.42	888.42
<b>TOTAL</b>		<b>2,31,138.29</b>	<b>2,41,817.69</b>

See accompanying notes to the financial statements

As per our report of even date attached

For Muthoottu Mini Financiers Limited

**For Vishnu Rajendran & Co.**  
Chartered Accountants (FRN.004741S)

**Mathew Muthoottu (DIN: 01786534)**  
Managing Director

**Nizzy Mathew (DIN: 01680739)**  
Whole-time Director

**P.A. Joseph M.Sc, FCA**  
Partner (M.No.201101)

**Ann Mary George**  
Chief Financial Officer

**K S Smitha**  
Company Secretary

Place : Kochi  
Date : 29<sup>th</sup> May, 2017

## MUTHOOTTU MINI FINANCIERS LIMITED

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

### STATEMENT OF PROFIT AND LOSS

(Rupees in Lakhs)

Particulars	Note No.	For the Year ended 31/03/2017	For the Year ended 31/03/2016
I Revenue from operations	P	43,391.40	39,105.35
II Other Income	Q	155.02	9.04
III Total Revenue (I + II)		43,546.42	39,114.39
IV Expenses			
(a) Employee benefits expenses	R	6,446.80	5,805.46
(b) Finance Costs	S	24,490.25	21,515.77
(c) Depreciation and amortization expenses	T	1,753.91	2,202.34
(d) Other expenses	U	5,218.89	6,068.56
Total Expenses		37,909.85	35,592.13
V Profit Before Tax		5,636.57	3,522.26
Add: Prior Period Items (net)		(13,783.55)	(1,609.00)
		(8,146.98)	1,913.26
VI Tax Expenses			
(a) Current Tax/ MAT		12.50	1,584.52
(b) Deferred Tax		(50.97)	(649.21)
VII Profit/ (Loss) for the period		(8,108.51)	977.95
VIII Earnings per share:			
(a) Basic		(36.04)	4.35
(b) Diluted		(36.04)	4.35

See accompanying notes to the financial statements

As per our report of even date attached

For Muthoottu Mini Financiers Limited

**For Vishnu Rajendran & Co.**

Chartered Accountants (FRN.004741S)

**Mathew Muthoottu (DIN: 01786534)**

Managing Director

**Nizzy Mathew (DIN: 01680739)**

Whole-time Director

**P.A. Joseph M.Sc, FCA**

Partner (M.No.201101)

**Ann Mary George**

Chief Financial Officer

**K S Smitha**

Company Secretary

Place : Kochi

Date : 29<sup>th</sup> May, 2017

**MUTHOOTTU MINI FINANCIERS LIMITED**

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689 641

**CASH FLOW STATEMENT**
*(Rupees in Lakhs)*

Particulars	For the year ended 31.03.2017		For the year ended 31.03.2016	
<b>A. Cash Flow from Operating Activities</b>				
Profit before tax after prior period adjustments		(8,146.98)		1,913.26
Adjustments for :				
Provision for Standard Assets	97.63		81.90	
Provision for NPA	3.70		167.74	
Provision for Gratuity (Net)	(310.34)		152.97	
Provision for diminution in value of investment	-		73.52	
Investment written off	294.09		-	
(Profit) / Loss on Sale of assets	(40.07)		0.89	
Finance Cost	24,490.25		21,515.77	
Depreciation	1,495.82		1,956.08	
Bonus Paid during the year	-		-	
Prior Period Item	15,451.29		1,609.00	
Income from Non-Operating Business	(0.23)	41,482.15	(0.28)	25,557.60
Operating Profit / (Loss) before working capital Adjustments		33,335.16		27,470.86
<b>Adjustments for :</b>				
Short term loans & Advances	(4,621.07)		(13,725.94)	
Current Investment	39.56		-	
Other Current Assets	213.01		(120.24)	
Short term borrowings	19,707.45		(7,912.11)	
Current Liabilities	(7,911.99)	7,426.96	18,617.22	(3,141.08)
Cash Generated from operations		40,762.12		24,329.79
Income Tax paid / Provisions		(1,190.23)		(1,451.82)
<b>Net Cash Flow from Operating Activity</b>		39,571.89		22,877.97
<b>B. Cash Flow from Investment Activities</b>				
Income from Investment		0.23		0.28
(Increase)/Decrease in Long Term Loans & Advances		722.81		85.53
(Increase)/Decrease in Investment		-		-
Sale of Fixed Assets		9,140.82		44.26
Purchase of Fixed Assets		(422.33)		(20,358.09)
<b>Net Cash Flow from Investment Activity</b>		9,441.53		(20,228.01)
<b>C. Cash Flow from Financing Activity</b>				
Increase/(Decrease) in Long Term Borrowings		(14,083.83)		27,587.41
Finance Cost		(39,953.46)		(21,515.77)

Increase/(Decrease) in Capital incl. Securities Premium	-	-
<b>Net Cash Flow from Financing Activity</b>	(54,037.29)	6,071.64
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	(5,023.87)	8,721.60
Opening Balance of Cash & Cash Equivalents	12,808.85	4,087.26
Closing Balance of Cash & Cash Equivalents	7,784.98	12,808.85
<b>Components of Cash and Cash Equivalents</b>		
Current Account with Banks	2,447.40	3,527.75
Deposit with Banks	3,897.27	7,433.55
Cash in Hand	1,440.31	1,847.55
	7,784.98	12,808.85

*As per our report of even date attached*

For Muthoottu Mini Financiers Limited

**For Vishnu Rajendran & Co.**  
 Chartered Accountants (FRN.004741S)

**Mathew Muthoottu (DIN: 01786534)**  
 Managing Director

**Nizzy Mathew (DIN: 01680739)**  
 Whole-time Director

**P.A. Joseph M.Sc, FCA**  
 Partner (M.No.201101)

**Ann Mary George**  
 Chief Financial Officer

**K S Smitha**  
 Company Secretary

Place : Kochi  
 Date : 29<sup>th</sup> May, 2017

## ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

### A. Share Capital

(Rupees in Lakhs)

Particulars	As at 31/03/2017		As at 31/03/2016	
	Number	Amount	Number	Amount
Authorised Capital				
Equity shares of Rs. 100/- each	2,25,00,000	22,500	2,25,00,000	22,500
Issued, Subscribed & Paid up	-	-	-	-
Equity shares of Rs. 100/- each, fully paid	2,25,00,000	22,500	2,25,00,000	22,500

### Rights attached to each class of equity shares

The Company has issued only one class of equity shares having a par value of Rs 100/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

(Rupees in Lakhs)

Reconciliation of the no. of shares outstanding at the beginning & at the end of the reporting period				
Particulars	As at 31/03/2017		As at 31/03/2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2,25,00,000.00	22,500.00	2,25,00,000	22,500
Shares issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the year	2,25,00,000.00	22,500.00	2,25,00,000	22,500
Particulars of shareholders holding more than 5 percent share				
Name of shareholder	As at 31/03/2017		As at 31/03/2016	
	Number	%	Number	%
Mr. Mathew Muthoottu	1,36,78,094	60.79%	13,88,094	6.17%
Nizzy Mathew	33,54,446	14.91%	38,094	0.17%
Mini Muthoottu Hotels (P) Ltd	24,12,698	10.72%	24,12,698	10.72%
Mini Muthoottu Credit India (P) Ltd	14,19,841	6.31%	14,19,841	6.31%

Particulars	During the Year/Period				
	2015-16	2014-15	2013-14	2012-13	2011-12
Equity Shares of Rs. 100/- each					
Aggregate no. of shares allotted as fully paid up pursuant to contracts without payment being received in cash	-	-	-	-	-
Aggregate number & class of shares allotted as fully paid up by way of bonus shares	-	-	25,00,000	17,50,000	-
Aggregate number & class of shares bought back	-	-	-	-	-

## B. Reserve and Surplus

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
<b>a. Securities Premium Reserve</b>		
Opening Balance	6,250.00	6,250.00
(+) Securities Premium credited on Share Issue		-
Closing Balance	6,250.00	6,250.00
<b>b. Revaluation Reserve</b>		
Opening Balance	350.00	350.00
(+) Current Year Transfer		-
Closing Balance	350.00	350.00
<b>c. Other Reserves</b>		
(i). Special Reserve Fund(u/s 451C of RBI Act, 1934)		
Opening Balance	3,367.63	3,172.03
(+) Current Year Transfer	-	195.59
Closing Balance	3,367.63	3,367.62
(ii). Debenture Redemption Reserve		
Opening Balance	12,801.65	12,019.28
(+) Current Year Transfer	-	782.35
Closing Balance	12,801.66	12,801.63
<b>d. Surplus in Profit &amp; Loss Statement</b>		
Opening Balance	-	-
(+) Net profit /(loss) for the current year	(8,108.51)	977.95
(-) Transfer to Special Reserves	-	(195.59)
(-) Transfer to Debenture Redemption Reserves	-	(782.36)
Closing Balance	(8,108.51)	-
<b>TOTAL</b>	<b>14,660.78</b>	<b>22,769.25</b>

## C. Long Term Borrowings

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
<b>SECURED LOAN</b>		
<b>(a) Bonds/Debentures</b>		
I. Public Non Convertible Debentures		
(i) Issue 5* (maturing on 25-Aug-2021)	5,585.97	5,585.97
(ii) Issue 6* (maturing on 27-Mar-2020)	612.69	612.69
(iii) Issue 1* (maturing on 27-Sep-2019)	3,106.56	3,106.56
(iv) Issue 5* (maturing on 25-May-2019)	1,594.86	1,594.86
(v) Issue 6* (maturing on 27-Jan-2019)	3,356.25	3,356.25
(vi) Issue 4* (maturing on 08-Oct-2018)	1,957.37	1,957.37
(vii) Issue 5* (maturing on 25-Aug-2018)	6,038.86	6,038.86
(viii) Issue 3* (maturing on 11-May-2018)	2,172.64	2,172.64



(ix) Issue 4* (maturing on 04-Apr-2018)	4,909.44	4,909.44
(x) Issue 3* (maturing on 11-Nov-2017)	-	3,903.24
(xi) Issue 2* (maturing on 02-Nov-2017)	-	2,744.63
(xii) Issue 2* (maturing on 05-Aug-2017)	-	5,833.14
(xiii) Issue 6* (maturing on 10-Jun-2017)	-	16,031.06
(*Secured by way of first pari passu charge on immovable property located at House of Hiranandhini, No. 5/63, Old Mahabalipuram Road, Egathur Village, Chennai - 600130 and first pari passu charge on Current Assets including Book Debts, Loans & Advances, Cash & Bank Balances and Receivables, both present and future ranking pari-passu with the existing secured lenders)		
<b>Sub-Total</b>	<b>29,334.64</b>	<b>57,846.71</b>
<b>II. Secured, Redeemable, Privately Placed NCD</b>		
(Secured on pari passu charge on Current Assets including Book Debts, Loans & Advances, Cash and Bank Balances and Receivables, both present and future of the Company with secured lenders)		
Maturity During 2020-2021	132.00	110.00
Maturity During 2019-2020	632.44	282.59
Maturity During 2018-2019	9,114.52	8,961.42
Maturity During 2017-2018	-	9,056.74
<b>Sub-Total</b>	<b>9,878.96</b>	<b>18,410.75</b>
<b>(b) Term Loans</b>		
(A) From Banks		
1. South Indian Bank	419.07	1,100.55
(Secured by Hypothecation of FA purchased/Security Deposits of branches)		
2. Vehicle Loans	43.37	219.55
(Secured on Hypothecation of Vehicles)		
<b>Sub-Total</b>	<b>462.44</b>	<b>1,320.10</b>
<b>UNSECURED LOAN</b>		
<b>(a) Bonds/debentures</b>		
Subordinate Debt	20,467.07	9,878.04
Unsecured Privately Placed NCD	540.45	390.45
Unsecured Public Placed NCD - Public Issue II(Maturing on 04-Feb-2020)	4,962.99	4,962.99
Unsecured Public Placed NCD - Public Issue III(Maturing on 11-May-2020)	7,143.37	7,143.37
Unsecured Public Placed NCD - Public Issue IV(Maturing on 07-Dec-2020)	6,849.15	6,849.15
Unsecured Public Placed NCD - Public Issue VI(Maturing on 27-Jul-2022)	4,400.75	4,400.75
<b>Sub-Total</b>	<b>44,363.78</b>	<b>33,624.75</b>
<b>TOTAL</b>	<b>84,039.82</b>	<b>1,11,202.31</b>

## D. Long Term Provisions

*(Rupees in Lakhs)*

Particulars	As at 31/03/2017	As at 31/03/2016
(a) Provision for employee benefits		
(1) Provision for Gratuity	108.20	418.54
(b) Others		
(1) Interest accrued but not due on debentures & sub debt	18,991.79	5,913.14
<b>TOTAL</b>	<b>19,099.99</b>	<b>6,331.68</b>

## E. Short-term borrowings

*(Rupees in Lakhs)*

Particulars	As at 31/03/2017	As at 31/03/2016
<b>SECURED LOAN</b>		
<b>(a) Loans repayable on demand</b>		
<b>(A) From Bank</b>		
(i) South Indian Bank Limited, Banerji Road, Ernakulam	12,384.87	2,144.25
(ii) Federal Bank Limited, Pathanamthitta	3,638.19	3,265.98
(iii) State Bank of Travancore, Commercial Br., Ernakulam	3,531.43	2,623.98
(iv) Dhanalaxmi Bank, Shanmugam Road, Ernakulam	2,008.02	1,207.06
(v) State Bank Of India	-	4,929.45
(vi) Andhra Bank, M.G Road , Ernakulam	4,945.20	2,002.55
(vii) Indus Ind Bank, M.G Road. Ernakulam	4,981.49	2,449.28
(viii) Union Bank Of India, Kottayam	2,419.22	-
(ix) Oriental Bank of Commerce, Coimbatore	2,500.25	-
<b>(B) From Others</b>		
(i) Reliance Capital Limited	1,921.34	-
<b>Total</b>	<b>38,330.00</b>	<b>18,622.55</b>

## F. Other Current Liabilities

*(Rupees in Lakhs)*

Particulars	As at 31/03/2017	As at 31/03/2016
a) Current Maturity of Long Term Debts		
(i) Secured, Privately Placed NCD	10,049.75	16,108.12
(ii) Secured, Redeemable NCD Public Issue	28,512.07	38,051.77
(iii) Unsecured, Privately Placed NCD	100.00	200.00
(iv) Term Loan	681.48	681.48
(v) Vehicle Loans	76.96	150.37
(vi) Unclaimed Matured Debentures	448.16	531.31
<b>Sub-Total</b>	<b>39,868.42</b>	<b>55,723.05</b>
b) Interest accrued but not due on Debentures	10,145.83	2,797.57
c) Interest accrued on Unclaimed debenture	272.49	-
c) Other Payables		

NCD Held in Abience	53.02	-
Security Deposit	74.95	74.95
ESI, EPF & Staff Welfare Fund	41.30	47.13
Tax Deducted at Source	241.35	93.51
Professional tax	0.10	0.10
Advance from Clients (Stamp)	4.06	4.10
Sundry Deposit	0.44	1.88
Caution Deposit	49.51	66.54
Expenses payable	95.78	51.97
VAT Payable	-	47.16
Service tax Payable	0.39	2.44
Earmarked CSR Fund	26.52	66.12
Earnest Money Deposit	2.00	2.00
Rent Payable	17.27	6.27
Kotak Insurance Payable	11.02	-
Auction Surplus Payable	168.36	-
<b>Sub-Total</b>	<b>11,204.39</b>	<b>3,261.75</b>
<b>TOTAL</b>	<b>51,072.81</b>	<b>58,984.80</b>

#### G. Short-term Provisions

Rupees Lakhs

Particulars	As at 31/03/2017	As at 31/03/2016
i) Contingent Provision for Standard Assets	608.34	510.71
ii) Provision for Bad and Doubtful debt		
(a) Provision for Non Performing Assets	826.55	822.85
iii) Provision for Depreciation on Investments		
(a) Provision for diminution in value of investment	-	73.52
<b>TOTAL</b>	<b>1,434.89</b>	<b>1,407.08</b>

## Note - H : TANGIBLE ASSETS

(Rupees in Lakhs)

Sl. No.	Asset	For Balance As On 01.04.2016					For Additions During The Period				Net Balance As On 31.03.2017		
		Wdv As On 01.04. 2016	Sale/ (Adj.)	Prior Period Expenses	Depre ciation (A)	Wdv As On 31.03. 2017	Cost	Sale/ (Adj.)	Depre- ciation (B)	Wdv As On 31.03. 2017	Depre- ciable Value	Depreciation For The Year (A+B)	Wdv As On 31.03. 2017
I	Land & Land Development	21,367.10	(6,868.15)	-	-	14,498.95	100.71	-	-	100.71	14,599.67	-	14,599.67
Ii	Buildings	5,782.60	(2,140.44)	11.92	224.11	3,429.97	930.93	-	2.51	928.42	4,585.01	226.62	4,358.39
Iii	Plant & Machinery	740.38	0.00	-	148.81	591.57	93.27	-	6.14	87.12	833.65	154.96	678.69
Iv	Furniture & Fittings	2,783.44	(2.20)	-	827.48	1,953.75	15.77	-	1.34	14.43	2,797.01	828.82	1,968.19
V	Electrical Installations	109.52	0.00	-	33.50	76.02	0.06	-	0.00	0.06	109.58	33.50	76.08
Vi	Motor Vehicles	393.41	(89.93)	-	118.24	185.24	-	-	-	-	303.48	118.24	185.24
Vii	Computers And Data Processing Units	w160.95	(0.03)	-	68.37	92.54	51.64	-	23.03	28.61	212.55	91.40	121.15
<b>TOTAL</b>		<b>31,337.40</b>	<b>(9,100.76)</b>	<b>11.92</b>	<b>1,420.52</b>	<b>20,828.05</b>	<b>1,192.38</b>	<b>-</b>	<b>33.02</b>	<b>1,159.36</b>	<b>23,440.95</b>	<b>1,453.54</b>	<b>21,987.41</b>

## Note - I : INTANGIBLE ASSETS

(Rupees in Lakhs)

Sl. No.	Asset	For Balance As On 01.04.2016					For Additions During The Period				Net Balance As On 31.03.2017		
		Wdv As On 01.04. 2016	Sale/ (Adj.)	Prior Period Expenses	Depre ciation (A)	Wdv As On 31.03. 2017	Cost	Sale/ (Adj.)	Depre- ciation (B)	Wdv As On 31.03. 2017	Depre- ciable Value	Depreciation For The Year (A+B)	Wdv As On 31.03. 2017
I	Software And Licenses	36.08	-	-	22.84	13.24	87.05	-	19.44	67.60	123.13	42.29	80.84
		36.08	-	-	22.84	13.24	87.05	-	19.44	67.60	123.13	42.29	80.84

## J. Non Current Investments

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
Other Investments		
(a) Investment in Equity instruments	5.81	373.42
<b>TOTAL</b>	<b>5.81</b>	<b>373.42</b>

Investments (Non-trade) are considered as long term and are stated at cost

## K. Long Term Loans & Advances

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
<b>a) Security Deposits</b>		
<u>Unsecured, considered good</u>		
Rent Deposit	1,817.14	1,990.98
Security Deposit with NSE, BSE & CDSL	383.75	932.95
Security Deposit VAT	0.25	-
Telephone Deposit	0.76	0.78
Electricity Deposit	0.47	0.47
<b>b) Other loans and advances</b>		
<u>Secured, Considered Good</u>		
Income Tax including TDS (Net of Provisions)	1,665.97	488.24
<b>TOTAL</b>	<b>3,868.34</b>	<b>3,413.42</b>
<b>Loans and advances due by</b>	<b>As at 31/03/2017</b>	<b>As at 31/03/2016</b>
a) Directors	-	-
b) Other officers of the company either severally or jointly with any other persons	-	-
c) firms or private companies respectively in which any director is a partner or a director or a member	-	-

## L. Current Investments

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
Other Investments		
(a) Investment in Gold	-	39.56
<b>TOTAL</b>	<b>-</b>	<b>39.56</b>

## M. Cash & Cash Equivalents

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
a) Balances with banks		
In deposit account	3,897.27	7,433.55
In current account	2,447.40	3,527.75
b) Cash in hand	1,440.31	1,847.55
<b>TOTAL</b>	<b>7,784.98</b>	<b>12,808.85</b>

## N. Short Term Loans & Advances

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
<b>(a) Loans &amp; Advances to Others</b>		
<b>(A) Secured considered good</b>		
Gold Loan*	1,89,330.33	1,85,259.06
Loan against debentures	84.88	113.73
Loan Against Property	525.87	-
<b>(B) Secured considered doubtful</b>		
Gold Loan	4,669.96	5,296.91
<b>(C) Other Unsecured Loan</b>	1,329.45	649.71
<b>TOTAL</b>	<b>1,95,940.49</b>	<b>1,91,319.41</b>
*Include Interest Receivable Rs.15,567.85 & PY Rs.15,821.00		
<b>Loans and advances due by</b>	<b>As at 31/03/2017</b>	<b>As at 31/03/2016</b>
a) Directors	-	-
b) Other officers of the company either severally or jointly with any other persons	-	-
c) firms or private companies respectively in which any director is a partner or a director or a member.	-	-

## Note O - Other Current Assets

(Rupees in Lakhs)

Particulars	As at 31/03/2017	As at 31/03/2016
Bajaj Allianz Life Insurance Co Ltd	1.51	1.51
Commission/Incentive Receivable	10.39	15.46
Prepaid Expenses	235.54	480.21
Input service tax	114.66	114.67
CENVAT Receivable	116.52	113.05
Other Advances/Receivables	113.58	99.00
NSEL Client Account	0.56	0.56
Insurance deposit	0.85	0.85
Third Party Products	55.06	63.10
Krishi Kalyan Cess Receivable	0.20	-
Rent Receivable	19.96	-
Kotak Mahindra	0.25	-
CDSL Commission and subscription	0.46	-
Swachh Barath Cess advance paid	5.87	-
<b>TOTAL</b>	<b>675.42</b>	<b>888.42</b>

## P. Revenue from Operations

*(Rupees in Lakhs)*

Particulars	31/03/2017	31/03/2016
a) Interest Income		
On Loans & Advances	39,269.64	36,587.56
On Auction	3,410.96	1,797.98
On Income Genarated Loan Interest	58.21	-
On Loan against debentures	13.68	35.24
On Personal Loan	9.00	332.63
On Deposits	283.15	162.47
Interest on loan against property	64.87	-
Interest Others	9.46	9.27
<b>Sub Total</b>	<b>43,118.95</b>	<b>38,925.15</b>
b) Other Financial Services		
Commission & Brokerage	180.49	154.89
Other Operating Income	91.97	25.31
<b>Sub Total</b>	<b>272.45</b>	<b>180.20</b>
<b>TOTAL</b>	<b>43,391.40</b>	<b>39,105.35</b>

## Q. Other Income

*(Rupees in Lakhs)*

Particulars	31/03/2017	31/03/2016
a) Dividend income	0.23	0.28
b) Other non-operating income	154.79	8.76
<b>TOTAL</b>	<b>155.02</b>	<b>9.04</b>

## R. Employee Benefits Expenses

*(Rupees in Lakhs)*

Particulars	31/03/2017	31/03/2016
a) Salaries & Wages		
Staff	5,823.06	4,735.72
Gratuity	(286.80)	164.90
b) Other Expenses	812.29	763.64
c) Directors Remuneration		
Salary & Allowances	87.90	121.60
Travelling Expense	3.93	12.36
Sitting fee to directors	5.61	7.05
TA to Non executive directors	0.81	0.19
<b>TOTAL</b>	<b>6,446.80</b>	<b>5,805.46</b>

## S. Finance Costs

*(Rupees in Lakhs)*

Particulars	31/03/2017	31/03/2016
a) Interest expenses		
Interest on Debentures (Private Placement) & Subordinate Debt	7,675.73	5,026.79
Interest on Debentures (Public Issue)	12,678.21	13,415.94
Interest on Loans	3,936.91	2,542.84
Bank Charges	188.61	184.18
Interest on Application Money (NCD)	10.78	346.02
<b>TOTAL</b>	<b>24,490.25</b>	<b>21,515.77</b>

## T. Depreciation & Amortisation

*(Rupees in Lakhs)*

Particulars	31/03/2017	31/03/2016
Depreciation Expenses	1,495.82	1,956.08
Amortisation of NCD Public Issue Expenses	258.08	246.26
<b>TOTAL</b>	<b>1,753.91</b>	<b>2,202.34</b>

## U. Other Expenses

*(Rupees in Lakhs)*

Particulars	31/03/2017	31/03/2016
Power and fuel	219.51	171.65
Rent	2,089.00	2,347.68
Repairs & Maintenance	96.80	164.91
Insurance	131.62	112.28
Rates & Taxes, excluding, taxes on income	233.85	75.73
Payment to Auditors	15.90	11.36
Commission Paid	119.29	82.22
Business Promotion expenses	328.93	128.64
General Office Expenses	312.42	219.58
Advertisement charges	50.83	93.99
Bad debts written off	1.78	811.67
Travelling Expenses to Staff	253.61	425.17
Legal & Professional Charges	78.41	111.24
Telephone Charges	236.80	255.91
Postage & Courier	28.78	21.58
Provision for diminution in value of investment	-	73.52
Printing & Stationery	157.44	177.24
Other Expenses	13.92	2.23
Provision for Non-performing assets	3.70	167.74
Contingent Provision for Standard Assets	97.63	81.90
Vehicle Running & Maintenance Expenses	12.79	21.00
Security Charges	304.43	305.73



Training & Meeting Expenses	11.86	43.48
Subscription Charges - Spot Exchange	2.66	1.60
DP account Opening charges	0.11	3.13
Corporate Social Responsibility	-	89.07
Public Issue NCD	122.70	62.16
Loss on sale of Fixed assets	-	6.15
Investment written off	294.09	-
<b>TOTAL</b>	<b>5,218.89</b>	<b>6,068.56</b>

# Significant Accounting Policies & Accompanying Notes to Financial Statements

## **I. Statement of Significant Accounting Policies adopted by the company in the preparation of financial statements**

### **A. Basis for preparation of Financial statements**

The Financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) in India which comprises of mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, except where otherwise stated, the accounting policies have been consistently applied.

### **B. Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires making of estimates and assumptions by the management that affect the reported amounts of assets and liabilities of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

### **Current – non-current classification**

All assets and liabilities are classified into current and non – current.

#### **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in or is intended for sale or consumption in, the company's normal operating cycle.
- It is held primarily for the purpose of being traded.
- It is due to be settled within 12 months after the reporting date.
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle liability for at least 12

months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

#### **Liabilities**

A liability is classified as current when it satisfies the following criteria:

- It is expected to be settled in the company's normal operating cycle.
- It is held primarily for the purpose of being traded:
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

### **C. Fixed Assets**

Fixed assets except land are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes freight and other incidental expenditure related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of the assets up to the date the asset is ready for the intended use or sale.

### **D. Depreciation**

Depreciation on Fixed Assets is provided on the basis of estimated useful life of assets as per Schedule II of the Companies Act, 2013 on Written Down Value method.

## **E. Impairment of Assets**

The carrying amount of Fixed Assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

## **F. Revenues**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognises income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Such interests, where installments are overdue in respect of non-performing assets are recognised on realisation basis. Any such income recognised and remaining unrealised after the installments become overdue with respect to non-performing assets is reversed. Revenues from fee-based activities are recognised as and when services are rendered.

## **G. Segment Reporting**

The Company primarily operates in the business of "Gold Loan" and its operations are in India. Since the Company has not operated in any other reportable segments, as per AS 17 'Segment Reporting', no segment reporting is applicable.

## **H. Investments**

Investments (Non-trade) are considered as long term and are stated at cost. Trade investments are recorded at the lower of cost and fair value determined either on an individual investment basis or by category of investment, but not on an overall (or global) basis.

## **I. Accounting for Taxes on Income**

- i. Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws.
- ii. Deferred tax is recognized on timing differences between accounting income and taxable income for the year, and quantified using the tax rates applicable and laws enacted or substantively enacted as on the Balance Sheet date.

## **J. Earnings per Share**

In accordance with Accounting Standard 20 (AS-20), 'Earnings per share' issued by the Institute of Chartered Accountants of India, basic and diluted earnings per share is computed using the weighted average number of equity shares outstanding during the period.

## **K. Accounting for Provisions**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Provision for non-performing assets are created as per management estimates, subject to minimum provision required as per Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2015, issued on 11th April 2016

## **L. Debenture Redemption Reserve**

Transfer to Debenture Redemption Reserve is as per Section 71(4) of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, notified by the Ministry of Corporate Affairs on 31st March, 2015, for NBFCs registered with the RBI under section 45 IA of the RBI (Amendment) Act, 1997.

## **M. Contingent Liabilities and Contingent Assets**

Contingent liabilities are not recognized in the financial statements, but are only shown by way of disclosures in notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

## **N. Borrowing Costs and Debenture Issue Expenses**

Issue expenses of public issue of debentures and borrowings costs for raising other long term borrowings are amortized over the period of debentures and over the tenure of loan on pro rata basis.

## **O. Short term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sick leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

## P. Long term Employee Benefits

### (i) Defined contribution plans:

Defined contribution plan is adopted for Provident Fund scheme administered by Government for all eligible employees. The company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year to which they relate.

### (ii) Defined Benefit Plan:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The company has provided gratuity for the year as per the requirements of Accounting Standard 15 (Revised 2005) and Guidance Notes of The Institute of Actuaries of India, the impact of which has been quantified in Note No.12

## Q. Intangible Assets

Intangible Assets are amortized over their expected useful life. It is stated at cost, net of amortization. Computer software is reclassified as intangible asset during the current financial year and is amortized as per Companies act 2013

## R. Events occurring after the Balance Sheet Date

Material Events occurring after the Balance Sheet date are taken into cognizance while preparing the financial statements.

## S. Related Party Disclosures

Disclosures are made in accordance with the requirements of Accounting Standard 18 "Related Party Disclosures" read with the clarifications issued by the Institute of Chartered Accountants of India.

## T. Surplus on auction of pledged gold

The Company has a policy of refund of any surplus that arises on auction of pledged gold which has been re-possessed by the Company in accordance with the terms of the agreement with the customers.

## U. Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss.

## II. Accompanying Notes To The Financial Statements

## 1. Term loans

The company has obtained sanction for term loan of Rs.4500 lakhs during FY 2012-13 for the purchase / acquisition of fixed assets in new branches. The rupee term loan is secured on the fixed assets purchased and sundry deposits made in respective branches. The term loan is availed at an interest rate of 250 bps above the current base rate, and to be repaid in 10 equal half year instalments with moratorium of 3 months from the date of first disbursement. The outstanding liability as on 31.03.2017 comes to Rs.1,100.55 lakhs (PY Rs.1,782.03 lakhs). Out of this Rs.419.07 lakhs is included in long term borrowings and Rs.681.48 lakhs is included in other current liabilities as current maturities of long term borrowings.

On vehicles loans, the outstanding liability as on 31st March 2017 comes Rs.120.33 Lakhs. Out of this Rs.43.37 is included in long term borrowings and Rs.76.96 Lakhs is included in Other Current Liabilities.

## 2. Secured Redeemable Non-Convertible Debentures – Listed

The outstanding amount of Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at Rs. 57,846.71 Lakhs (Previous Year: Rs.95,898.48 Lakhs). There is no fresh issue of debentures during the current year.

Date of maturity	Amount (Rs. in Lakhs) As at 31st March, 2017	Interest Rate
25/08/2021	5,585.97	11.57% - 12.25%
27/03/2020	612.69	10.22%
27/09/2019	3,106.56	13.43%
25/05/2019	1,594.86	11.42%
27/01/2019	3,356.25	10.50% - 10.75%
08/10/2018	1,957.37	12.28%
25/08/2018	6,038.86	11.50% - 11.85%
11/05/2018	2,172.64	12.28%
04/04/2018	4,909.44	12.00% - 12.40%
11/11/2017	3,903.24	12.40%
02/11/2017	2,744.63	13.29%
05/08/2017	5,833.14	13.00% - 13.24%
10/06/2017	16,031.06	10.35% - 10.75%

### 3. Secured Redeemable Non-convertible Debentures - Unlisted

The Company had privately placed Secured Redeemable Non-convertible Debentures for a maturity period up to 66 months with an outstanding amount of Rs. 19,928.71 Lakhs (Previous year: Rs. 34,518.87).

Series	Redemption Period As at 31st March, 2017	Amount (Rs. in Lakhs)	Interest Rate
V	1 Year to 6 Years	3.50	10.00-13.25%
VII	1 Year to 6 Years	24.88	11.50-13.75%
IX	1 Year to 6 Years	1,001.01	11.50-13.75%
X	1 Year to 6 Years	503.42	11.50-18.18%
XI	1 Year to 6 Years	838.06	11.50-18.18%
XII	1 Year to 6 Years	1,559.04	12.00-18.18%
XIII	1 Year to 6 Years	1,538.93	12.50-18.18%
XIV	1 Year to 6 Years	409.61	12.50-18.18%
XV	1 Year to 6 Years	3,418.87	12.50-18.18%
XVI	1 Year to 6 Years	550.90	12.50-18.18%
XVII	1 Year to 6 Years	3,597.25	12.50-18.18%
XVIII	1 Year to 6 Years	6,483.24	12.00-18.18%

### 4. Unsecured Debentures – Listed

The outstanding amount of Unsecured Debentures raised through Public Issue stood at Rs.23,356.26 Lakhs (Previous Year: Rs.23,356.26 Lakhs).

Date of maturity	Amount (Rs. in Lakhs) As at 31st March, 2017	Interest Rate
27/07/2022	4,400.75	11.02% - 11.25%
07/12/2020	6,849.15	12.68% - 13.01%
11/05/2020	7,143.37	12.75% - 13.43%
04/02/2020	4,962.99	13.43%

### 5. Unsecured Debentures - Unlisted

The outstanding amount of Unsecured Privately placed Debentures stood at Rs. 640.45 Lakhs (Previous Year: Rs. 590.45 Lakhs).

Date of maturity	Amount (Rs. in Lakhs) As at 31st March, 2017	Interest Rate
2021 – 2022	3.75	24.74% - 24.77%
2020 - 2021	245.00	12.50% - 18.18%
2019 - 2020	175.00	11.25% - 18.18%
2018 – 2019	116.70	13.33% - 20.74%
2017 – 2018	100.00	11.00%

### 6. Subordinate Debt By Private Placement (2015-2017)

Subordinated Debt is subordinated to the claims of other creditors and qualifies as Tier II capital subject to discounting as may be applicable under the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. The company has raised Rs.10,598.08 Lakhs during the year by way of private placement. The outstanding amount of privately placed subordinated debt stood at Rs.20,467.07 Lakhs (Previous year: Rs. 9,878.04 Lakhs).

Maturity Pattern	Amount (Rs. in Lakhs) As at 31st March, 2017	Interest Rate
Interest pay out-Monthly		
2021- 2022	2,456.79	10.75% - 11.00%
2022 – 2023	5,364.24	10.50% - 11.00%
2023 – 2024	188.39	10.05% - 10.75%
Interest pay out- Maturity		
2021– 2022	6,645.74	16.67%
2022 – 2023	5,764.66	10.75% - 16.67%
2023 – 2024	47.25	15.38%

### 7. Unclaimed Debentures

The outstanding amount of Unclaimed Debentures with accumulated interest, if any, as on 31st March 2017 is Rs. 720.64 Lakhs. The same has been transferred to escrow account maintained with South Indian Bank Ltd. Banerji Road, Ernakulam.

(Rupees in Lakhs)

Series	Principal	Interest	Total
IV	2.81	0.37	3.18
V	0.32	0.11	0.43
VII	4.35	0.95	5.30

VIII	62.19	59.73	121.92
IX	12.55	12.38	24.93
X	119.16	119.33	238.49
XI	1.66	0.45	2.11
XII	0.19	0.05	0.24
XIII	54.86	17.41	72.27
XIV	114.08	35.94	150.02
XV	10.00	2.65	12.65
XVI	13.13	3.72	16.85
XVII	18.02	6.11	24.13
XVIII	34.84	13.52	48.36
Total	448.16	272.72	720.64

## 8. Movement Of Provision For Standard And Non-Performing

As per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, the Company has created provision for Standard Assets as well as Non-Performing Assets. Details are as per the table below:-

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Provision for Standard Assets		
Provision at the beginning of the year	510.71	428.81
Additional provision made during the year	97.63	81.90
Provision at the close of the year	608.34	510.71
Non-Performing Assets	As at 31st March 2017	As at 31st March 2016
Sub-standard Assets	248.32	313.45
Doubtful Assets (Upto 1 year)	252.47	413.25
Doubtful Assets (1 - 3 years)	256.55	-
Doubtful Assets (More than 3 years)	-	-
Loss Assets	69.21	96.15
Total Non-performing Assets	826.55	822.85
Provision for non-performing assets	2016-17	2015-16
Provision at the beginning of the year	822.85	655.10

Additional provision made during the year	3.70	167.75
Provision at the close of the year	826.55	822.85

The company is maintaining LTV (Loan to Value) within the maximum prescribed ratio of 75% of the securities as per RBI Guidelines

## 9. Fixed Assets

The company had executed an agreement for purchase of fixed asset comprising of land and building, for which a consideration of Rs.20,000 lakhs had been paid as advance in the previous year 2015-16 and had taken over possession of the same. Taking into consideration the comments made in the inspection report of Reserve Bank of India in respect of valuation of those assets, the Audit Committee and the Board met to discuss in detail the market value of the properties purchased. A fresh valuation report in this regard has been obtained from an SBI approved valuer, based on which the company negotiated the price with the seller and entered into an agreement for refund of Rs.9,008.59 lakhs to the company. The amount was refunded to the company and accordingly the value of assets has been adjusted and depreciation provided. The registration of the properties has been carried out during the year, the cost of which has been capitalized.

## 10. Non Current Investments

The company has an investment in Kapico Kerala Resorts Private Limited amounting to Rs.367.61 Lakhs. A provision of Rs.73.52 lakhs was charged to profit and loss account in previous year to recognise a decline in the value of investment as the said company is yet to commence its operations. During the year the Board on recommendation from audit committee decided to write off the whole investment as no recovery is foreseen from the said investment.

## 11. Deferred Tax Asset/Liability

The Company has provided deferred tax assets/liability in accordance with Accounting Standard -22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. The detailed workings are given below.

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Opening Balance	744.04	94.82
Created/(Reversed) during the year on account of Depreciation and Provision for Gratuity	50.96	413.25
Net Deferred Tax Asset/(Liability)	795.00	744.04

## 12. Provision For Gratuity

The provision for gratuity was revised during the period according to the actuarial valuation report. During the year company has paid gratuity of Rs.23.54 lakhs out of the opening provision of Rs.418.54. For making the amount of provision in tact with the actuarial valuation the excess amount of Rs.286.80 lakhs has been reversed. The current yaer provision amounts to Rs.108.20 Lakhs

## 13. Contingent Liability

Particulars	Amount (Rs. in Lakhs)
a) Claims against the company not acknowledged as debts	562.08
b) Other money for which the company is contingently liable	133.84

### a. Claims against the company not acknowledged as debts

Claims against the Company aggregating to Rs.562.08 lakhs out of which 557.49 lakhs represents demands from Income Tax Department for the assessment years 2010-11, 2011-12 and 2012-13, matter relating to which, appeal is pending with various Income Tax appellate authorities, remaining amount 4.59 Lakhs represents demand raised by Deputy Commissioner of Commercial Tax Department Kerala on interstate purchase of fixed asset

### b. Other money for which the company is contingently liable

(Rupees in Lakhs)

SI No	Branch	Nature	Date Of Detection	Total Loss	Total Recovery	Amount Pending
1	KAR-Channapatna	Fraud	25.07.2016	103.07	90.12	12.95
2	TML-Panthalkudi	Fraud	02.07.2016	87.20	75.38	11.82
3	TML-Gangavalli	Fraud	16.08.2016	102.66	100.20	2.46
4	KAR-Sumanahalli	Fraud	14.11.2016	15.78	3.50	12.28
5	HAR-NIT Faridhabad	Fraud	21.03.2017	3.17	0.00	3.17
6	HAR-Old Railway Road	Fraud	24.03.2017	6.89	0.00	6.89
7	HAR-Sector 37 Huda Market	Fraud	24.03.2017	3.89	0.00	3.89
8	HAR-Sheetala Mata Road	Fraud	24.03.2017	4.75	0.00	4.75
9	HAR-Sona Chowk	Fraud	24.03.2017	3.50	0.00	3.50
10	Apr-Mariappanapalaya	Robbery	21.10.2016	72.13	-	72.13
			<b>Total</b>	<b>403.04</b>	<b>269.20</b>	<b>133.84</b>

All these cases are pending before various authorities.

## 14. Related Party Transactions

### a) List of related parties and relationships

Name and Particulars of the Related Party	Relationship with the Company
Nizzy Mathew	Key Managerial Personnel (KMP)
Mathew Muthoottu	
Mammen Mathew	Director
Roy M Mathew	Relatives of Key Managerial Personnel / Director
Samma Mammen	
Rubben Mathew	
Minu Sara Mathew	
Nirmal Mathew	
Mini Muthoottu Nidhi Kerala Ltd	Entity in which KMP has significant influence.
Mini Muthoottu Nirman & Real Estate Pvt Ltd	
M/s Muthoottu Mini Hotels	



b. Other money for which the company is contingently liable

(Rupees in Lakhs)

Particulars	Key Managerial Personnel (KMP)	Director	Relatives of KMP / Director	Entity in which KMP has significant influence
Salary & Allowances	87.90	-	18.00	-
Sitting fees	-	1.2	-	-
Interest on Debentures	8.81	-	3.08	-
Consultancy charges	-	-	1.20	-
Rent/ Maintenance charges	4.55	1.68	15.56	5.67
Rent Received	-	-	-	40.34
Travelling expense	3.93	-	-	-
Purchase of Fixed Assets	-	-	(9,008.58)	-

## 15. Managerial Remuneration

(Rupees in Lakhs)

Sl. No	Name of the Director	Current Year	Previous Year
1.	Nizzy Mathew	44.70	24.00
2.	Mathew Muthoottu	43.20	9.60
3.	Chief Financial Officer	18.44	13.68
4.	Company Secretary	15.60	13.96
<b>Total</b>		<b>121.94</b>	<b>61.24</b>

## 16. Prior Period Items Net

Particulars	Amount (Rs in Lakhs)
Depreciation	(11.92)
Interest Accrued in previous years and due in current year	3,943.06
Interest Accrued But Not Due on Debentures relating to PY	11,520.15
Net income (AY 2015-16)	(1667.75)
<b>Total</b>	<b>13,783.54</b>

The interest accrued but not due on debentures amounting Rs.11,520.15 Lakhs has been recognized and provided for during the year.

### The details of debenture interest in prior period

Interest Accrued in previous years and due in current year	Amount (Rs in Lakhs)
Interest on Private Placed Debentures matured in current year	3,943.06
<b>Total</b>	<b>3,943.06</b>
Interest Accrued But Not Due on Debentures for Previous Years	
Private Debentures	11,142.26
Public Debenture	279.77
Sub Debt	98.12
<b>Total</b>	<b>11,520.15</b>



## 17. Auditors' Remuneration (Excluding Service Tax)

(Rupees in Lakhs)

Particulars	Current Year	Previous Year
For Statutory Audit	12.00	12.00

## 18. CRAR (Capital To Risk Asset Ratio)

The company reports CRAR (Capital to Risk Asset Ratio) as per RBI guidelines. CRAR have been computed by dividing total of Tier-1 and Tier-2 capital by total of risk weighted asset.

Particulars	As on 31/03/2017	As on 31/03/2016
CRAR – Tier I Capital (%)	16.18%	19.15%
CRAR – Tier II Capital (%)	8.44%	9.87%
CRAR (%)	24.62%	29.02%

## 19. Leases

The company has neither taken nor let out any assets on financial lease. All operating lease agreements entered into by the company are cancellable in nature. The company has debited/ credited the lease rent paid/ received to the profit and loss statement. Therefore disclosure requirement of future minimum lease payment in respect of non-operating lease as per AS 19 is not applicable to the company.

Lease payments for assets taken on operating lease Rs.2,089.00 Lakhs (Previous Year Rs.2,347.67 Lakhs) are recognized as rent paid in the Profit and Loss statement under the head other expenses.

## 20. List Of Statutory Dues Outstanding For A Period Of More Than 6 Months From The Due Date

Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Nil	Nil	Nil	Nil

## 21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at bank, cash in hand, cheque to be realized and bank deposits having a maturity of less than one year

### Specified Bank Notes (SBN)

The details of Cash held and transacted by the Company during the period from 8th November, 2016 to 30th December, 2016 are summarized below as required vide MCA notification G.S.R. 308(E) dated March 31, 2017:

	SBNs	Other Denomination Notes	Total(Rs.)
Closing cash in hand as on 08.11.2016	18,11,37,000	1,87,45,267	19,98,82,267

(+) Permitted receipts	-	2,94,84,43,290	2,94,84,43,290
(-) Permitted payments	-	2,74,27,90,979	2,74,27,90,979
(-) Amount deposited in Banks	18,11,37,000	16,40,59,226	34,51,96,226
Closing cash in hand as on 30.12.2016	-	6,03,38,352	6,03,38,352

## 22. Investment In Gold

Some of the customers of the Company had invested in e-gold securities of National Spot Exchange Limited (NSEL) through the Company in the past. Subsequent to the scam in NSEL, in order to avoid monetary loss to the customers who had invested in the said securities, the Company had purchased and paid for the e-gold securities from such customers and held the same in its name. These e-gold securities were re-matted and the Company took possession of the physical gold as the owner of the asset during the financial year 2015-16. During the current year, these e-gold securities were sold at a profit of Rs .0.80 Lakhs.

## 23. Revaluation Reserve

Revaluation reserve represents a portion of the value of land that has been revalued based on the valuation made by approved external valuer during financial year 2012-13.

## 24. Special Reserve And Debenture Redemption Reserve

- Statutory Reserve represents the Reserve Fund created u/s 45IC of the Reserve Bank of India Act, 1934. In current year transfer has not made due to lack of sufficient profit.
- The transfer to Debenture Redemption Reserve could not be made due to lack of profit. Debenture Redemption Reserve as at 31st March 2017 amounts to Rs.12,801.66 lakhs which is 15.77% of the outstanding listed

## 25. Foreign Exchange Transactions

There are no foreign currency transactions during the financial year.

## 26. Guarantee For Loans Taken By Others

The Company has not given any guarantee for loans taken by others from banks or financial institutions.

## 27. Previous Year Figures

Previous year figures have been regrouped, reclassified and rearranged, where necessary, to conform current year's classification.

**MUTHOOTTU MINI FINANCIERS LIMITED**

Muthoottu Buildings, Kozhencherry, Pathanamthitta - 689641

**Additional disclosures required as per Reserve Bank of India guidelines**
**1. 1. Disclosure required as per annex 1 of Systemically important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (Notification No. DNBR2016-17/45 Dated 01st September 2016**

Particulars		(Rupees in Lakhs)	
Liabilities Side		Amount Outstanding	Amount Overdue
<b>1</b>	<b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid : Gross Amt</b>		
(a)	Debentures : Secured	99,079.84	726.05
	: Unsecured (other than falling within the meaning of public deposits*)	30,049.92	-
(b)	Deferred Credits	-	-
(c)	Term Loans	1,220.88	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial Paper	-	-
(f)	Public Deposits*	-	-
(g)	Other Loans (specify nature)	-	-
	Subordinated debt	22,520.79	-
	Borrowings from banks	38,330.00	-
	* Please see Note 1 below		
<b>2</b>	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>		
(a)	In the form of Unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
(c)	Other public deposits	-	-
	* Please see Note 1 below		
	<b>Assets side</b>	<b>Amount outstanding</b>	
<b>3</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
(a)	Secured	1,94,611.04	-
(b)	Unsecured	1,329.45	-
<b>4</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	<b>NA</b>	
(i)	Lease assets including lease rentals under sundry debtors		
	(a) Financial lease		
	(b) Operating lease		
(ii)	Stock on hire including hire charges under sundry debtors		

	(a) Assets on hire		
	(b) Repossessed Assets		
(iii)	Other loans counting towards AFC activities		NA
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		
<b>5</b>	<b>Break-up of Investments</b>		
	<b>Current Investments</b>		
<b>1</b>	<b>Quoted</b>		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
<b>2</b>	<b>Unquoted</b>		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<b>Long Term investments</b>		
<b>1</b>	<b>Quoted</b>		
	(i) Share		
	(a) Equity	5.81	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
<b>2</b>	<b>Unquoted</b>		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-

<b>6 Borrower group-wise classification of assets financed as in (3) and (4) above :</b>				
<b>Category</b>		<b>Amount net of provisions</b>		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	1,94,611.04	1,329.45	1,95,940.49
	Less: provisions	-	-	1,434.89
	<b>Total</b>	<b>1,94,611.04</b>	<b>1,329.45</b>	<b>1,94,505.60</b>
<b>7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>				
Please see note 3 below				
<b>Category</b>		<b>Market Value / Break up or fair value or NAV</b>		<b>Book Value (Net of Provisions)</b>
1	Related Parties **			
	(a) Subsidiaries	-		-
	(b) Companies in the same group	-		-
	(c) Other related parties	-		-
2	Other than related parties	-		5.81
	<b>Total</b>	-		<b>5.81</b>
<b>8 Other information</b>				
<b>Particulars</b>		<b>Amount</b>		
(i)	Gross Non-Performing Assets			
	(a) Related parties	-		
	(b) Other than related parties	4,669.96		
(ii)	Net Non-Performing Assets			
	(a) Related parties	-		
	(b) Other than related parties	3,843.41		
(iii)	Assets acquired in satisfaction of debt	-		
Notes :				
(1) As defined in point xix of paragraph 3 of Chapter -2 of these Directions.				
(2) Provisioning norms shall be applicable as prescribed in these Directions.				
(3) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.				

## 1.2 - Gold and other loan portfolio classification and provision for non-performing assets:

(Rupees in Lakhs)

Particulars	Gross loan outstanding	Provision for assets	Net loan outstanding
(i) Secured Loans			
A) Gold loans			
a) Standard Assets*	1,89,330.32	601.55	1,88,728.77
b) Sub-Standard Assets	2,483.24	248.33	2,234.92
c) Doubtful Assets	2,117.52	509.02	1,608.50
d) Loss Assets	69.20	69.20	-
<b>Total – A</b>	<b>1,94,000.29</b>	<b>1,428.09</b>	<b>1,92,572.19</b>
A) Other loans			
a) Standard Assets*	610.75	2.14	608.61
b) Sub-standard Assets	-	-	-
c) Doubtful Assets	-	-	-
d) Loss Assets	-	-	-
<b>Total – B</b>	<b>610.75</b>	<b>2.14</b>	<b>608.61</b>
<b>Total - (A + B)</b>	<b>1,94,611.03</b>	<b>1,430.23</b>	<b>1,93,180.80</b>
(ii) Unsecured loans			
A) Other loans			
a) Standard Assets*	1,329.45	4.65	1,324.80
b) Sub-standard Assets	-	-	-
c) Doubtful Assets	-	-	-
d) Loss Assets	-	-	-
<b>Total-A</b>	<b>1,329.45</b>	<b>4.65</b>	<b>1,324.80</b>
<b>Total (i + ii)</b>	<b>1,95,940.49</b>	<b>1,434.89</b>	<b>1,94,505.67</b>

\*Includes interest receivable

## 1.3 - Provision for diminution in value of investment

(Rupees in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for diminution in value of investment	-	73.52

## 1.4 - Loan to Value Ratio

(Rupees in Lakhs)

Particulars	As at 31.03.2017			As at 31.03.2016		
	Outstanding loan amount	Value of the security	%	Outstanding loan amount	Value of the security	%
Gold loan*	1,94,049.17	2,77,593.33	69.90%	1,90,555.97	2,54,546.00	74.86%

\*includes interest receivable. LTV is below 75% for the principal amount for current and previous years.

## 1.5 - Disclosure with regards to Auction

(Rupees in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
1. No. of gold loan accounts auctioned	30,692	36,034
2. Principal amount outstanding as on the date of auction	10,655.98	13,605.65
3. Interest amount outstanding as on the date of auction	6025.40	4,566.11
Total(2+3)	16681.38	18,171.76
4. Actual value fetched	14,273.93	15,328.14

## 1.6 - Disclosure as per Annexure 12 of Non-Banking Financial companies-Corporate Governance (Reserve Bank) Directions, 2015 (Notification No. DNBR.019/CGM (CDS)-2015 dated April 10, 2015)

### 1.6.1 - CAPITAL

(Rupees in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
1. CRAR (%)	24.62%	29.02%
2. CRAR- Tier I Capital (%)	16.18%	19.15%
3. CRAR- Tier II Capital (%)	8.44%	9.87%
4. Amount of subordinated debt raised as tier II Capital	17,849.70	21,847.51
5. Amount raised by issue of Perpetual Debt Instrument	-	-

### 1.6.2 - Investments

(Rupees in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	5.81	373.42
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	73.52
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	5.81	299.90
(b) Outside India,	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	73.52	-
(ii) Add : Provisions made during the year	-	73.52
(iii) Less : Write-off / write-back of excess provisions during the year	73.52	-
(iv) Closing balance	-	73.52

### 1.6.3 - Derivatives

#### A. Forward Rate Agreement / Interest Rate Swap

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

#### B. Exchange Traded Interest Rate (IR) Derivatives

Particulars	Amount
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	NIL
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2017 (instrument-wise)	NIL
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NIL
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NIL

#### C. Disclosures on Risk Exposure in Derivatives

##### C.1 Qualitative Disclosure

Company does not have exposure to derivatives

##### C.2 Quantitative Disclosures

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	NIL	NIL
For hedging	NIL	NIL
(ii) Marked to Market Positions [1]	NIL	NIL
a) Asset (+)	NIL	NIL
b) Liability (-)	NIL	NIL
(iii) Credit Exposure [2]	NIL	NIL
(iv) Unhedged Exposures	NIL	NIL

#### 1.6.4 A. Disclosures relating to Securitisation

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

#### B. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

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



### C. Details of Assignment transactions undertaken by NBFC:

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

### D. Details of non-performing financial assets purchased / sold:

#### D.1 Details of non-performing financial assets purchased

Particulars	As at 31.03.2017	As at 31.03.2016
D.1 Details of non-performing financial assets purchased	NIL	NIL
(ii) Aggregate value (net of provisions) of accounts sold	NIL	NIL
(iii) Aggregate consideration	NIL	NIL
(iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL

#### D.1 Details of non-performing financial assets sold

Particulars	As at 31.03.2017	As at 31.03.2016
(1)No. of accounts sold	NIL	NIL
(2)Aggregate outstanding	NIL	NIL
(3) Aggregate consideration received	NIL	NIL

### 1.6.5 Asset Liability Management

#### Maturity pattern of certain items of Assets and Liabilities

(Rupees in Lakhs)

Particulars	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month& up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	1,713.97	-	259.56	150.91	1,413.89	358.95	-	-	3,897.28
*Advances	75,005.49	10,688.10	12,694.84	89,304.93	7,547.94	698.84	-	-	1,95,940.14
Investments	-	-	-	-	-	-	-	5.81	5.81
Borrowings	16,837.15	804.52	898.67	8,665.23	50,950.45	48,415.95	35,430.62	235.64	1,62,238.23
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

\*Includes interest receivable.

## 1.6.6 - Exposures

### A. Exposure to Real Estate Sector

(Rupees in Lakhs)

Category	As at 31.03.2017	As at 31.03.2016
a) Direct Exposure	NIL	NIL
(i) Residential Mortgages -	NIL	NIL
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	NIL	NIL
(ii) Commercial Real Estate -	NIL	NIL
Lending secured by mortgages on commercial real estates (of- fice buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	110.17	NIL
(iii) Investments in Mortgage Backed Securities (MBS) and other securi- tised exposures -	NIL	NIL
a. Residential	NIL	NIL
b. Commercial Real Estate	NIL	NIL
<b>Total Exposure to Real Estate Sector</b>	<b>110.17</b>	<b>NIL</b>

### B. Exposure to Capital Market

Category	As at 31.03.2017	As at 31.03.2016
(i) Direct investment in equity shares, convertible bonds, convertible de- bentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	NIL	NIL
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equi- ty-oriented mutual funds;	NIL	NIL
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
(iv) Advances for any other purposes to the extent secured by the collat- eral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	NIL	NIL
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL

(vii) Bridge loans to companies against expected equity flows / issues;	NIL	NIL
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
Total Exposure to Capital Market	NIL	NIL

### C. Details of financing of parent company products

Company does not have a parent company and hence disclosure is not applicable.

### D. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC

Company has not exceeded the Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) during the year.

### E. Unsecured Advances

- (i) Company does not have unsecured advances on intangible securities such as charge over rights, licenses, authorisations etc. as collateral.
- (ii) The company has unsecured advances (IGL loan) of Rs.1,327.68 lakhs given to group of women against their joint liability.

## 1.6.7 Miscellaneous Disclosures

### A. Registration obtained from other financial sector regulators

Financial regulators	Certificate number
Reserve Bank of India	N-16.00175
Securities and exchange Board of India	IN-DP-CDSL-660-2012
Insurance Regulatory and Development Authority of India	CA0122

### B. Disclosure of Penalties imposed by RBI and other regulators - Nil

### C. Related Party Transactions

Name of related party	Relationship with company
Nizzy Mathew	Key Managerial Personnel (KMP)
Mathew Muthoottu	
Mammen Mathew	Director
Saramma Mammen	Relatives of Key Managerial Personnel / Director
Roy M Mathew	
Minu Sara Mathew	
Nirmal Mathew	
M/s Muthoottu Mini Hotels	Entity in which KMP has significant influence.
Mini Muthoottu Nidhi Kerala Ltd.	
Mini Muthoottu Nirman & Real Estate Pvt Ltd.	

**List of transactions entered with related parties during the current financial year**

Amount (Rs In Lakhs)

Particulars	Key Managerial Personnel (KMP)	Director	Relatives of KMP / Director	Entity in which KMP has significant influence
Salary and allowances	87.90	-	18.00	-
Sitting fees	-	1.2	-	-
Interest on debentures	8.81	-	3.08	-
Consultancy charges	-	-	1.20	-
Travelling expenses	3.93	-	-	-
Rent/maintenance charges	4.55	1.68	15.56	5.67
Rent Received	-	-	-	40.34
Refund received for assets purchased	-	-	9,008.58	-

**D.Ratings assigned by credit rating agencies and migration of ratings during the year**

Name of the credit rating agency	Type of facility	Rating assigned	Remarks
CARE	Non-convertible Debentures	CARE BB+	Revised from CARE BBB
India ratings	Non-convertible Debentures	IND BBB OUTLOOK NEGATIVE	Revised from BBB
India ratings	Bank Loan	IND BBB OUTLOOK NEGATIVE	Revised from BBB

**E. Remuneration to Non-Executive directors**

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Sitting fees	5.61	7.05
Travel expenses	0.81	0.19

**F. Net Profit or Loss for the period, prior period items and changes in accounting policies**

(Rupees in Lakhs)

Particulars	Amount
Net profit/(loss) for the period	(8,108.51)
Prior period item - Interest Accrued in previous years and due in current year	3,943.06
Prior period item - Interest Accrued but not due on Debentures for previous financial years	11,520.15
Prior period item – Net income as per Revised IT Return Filed (AY 2015-16)	(1667.75)
Prior period item – Depreciation	(11.92)

**G. Revenue Recognition**

The company has recognised revenue as per the policy on revenue recognition set out in the Significant Accounting Policies.

Apart from the interest on NPAs, there are no other items in respect of which revenue recognition has been postponed pending resolution of significant uncertainties

### 1.6.8 Additional Disclosures

#### A. Provisions and Contingencies

(Rupees in Lakhs)

Particulars	2016-17	2015-16
Break up of 'Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	-	-
Provisions for depreciation on Investment	-	73.52
Provision towards NPA	3.70	167.74
Provision made towards Income tax	12.50	1584.52
Provision for gratuity	(286.80)	164.90
Provision for Standard Assets	97.63	81.9

#### B. Draw Down from Reserves

There is no draw down from reserves during the year.

#### C. Concentration of Deposits, Advances, Exposures and NPAs

##### (i) Concentration of Deposits

Since company is not a deposit taking NBFC, this disclosure is not applicable to the company.

##### (ii) Concentration of Advances

(Rupees in Lakhs)

Particulars	Amount
Total Advances to twenty largest borrowers (Rs. in lakhs)	476.12
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.27%

##### (iii) Concentration of Exposures

(Rupees in Lakhs)

Particulars	Amount
Total Exposure to twenty largest borrowers/customers	476.12
Percentage of Exposure to twenty largest borrowers/customers to Total exposure of the NBFC borrowers/customers	0.27%

##### (iv) Concentration of NPA

(Rupees in Lakhs)

Particulars	Amount
Total Exposure to top four NPA Accounts	132.65

##### (V) Sector-wise NPAs

(Rupees in Lakhs)

Sector	Percentage of NPAs to Total Advances in that sector
Agriculture & allied activities	-
MSME	-

Corporate borrowers	-
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	2.38%

(vi) Movement of NPAs

(Rupees in Lakhs)

Category	As at 31.03.2017	As at 31.03.2016
(i) Net NPAs to Net Advances (%)	1.98%	2.35%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5,296.91	3,275.52
(b) Additions during the year	2,478.78	3,230.70
(c) Reductions during the year	3,105.72	1,209.31
(d) Closing balance	4,669.97	5,296.91
(iii) Movement of Net NPAs		
(a) Opening balance	4,474.06	2,620.41
(b) Additions during the year	2,207.65	2,095.51
(c) Reductions during the year	2838.60	241.86
(d) Closing balance	3,843.41	4,474.06
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	822.85	655.10
(b) Provisions made during the year	271.13	1,135.20
(c) Write-off / write-back of excess provisions	267.43	967.45
(d) Closing balance	826.55	822.85

(vii) Off-Balance Sheet SPVs sponsored

Company has not sponsored any off Balance Sheet SPVs

(viii) Disclosure of Complaints

Particulars	2016-17
No. of complaints pending at the beginning of the year	1
No. of complaints received during the year	11
No. of complaints redressed during the year	11
No. of complaints pending at the end of the year	1



