

ANNUAL REPORT 2004-2005



Muthoot Capital Services Ltd.
11th Annual Report



A Muthoot P.



MUTHOOT
~ CAPITAL SERVICES LTD ~

HIS VISION, ENTERPRISE,
SIMPLICITY AND HUMANENESS
WILL FOREVER GUIDE US.



MUTHOOT PAPPACHAN

1927 - 2004
Founder Chairman





MUTHOOT
- CAPITAL SERVICES LTD -

REGISTERED OFFICE

Muthoot Towers
M.G. Road, Ernakulam
Cochin-682 035
Phone: 2351429, 2351501, 2351506

BRANCHES

Muthoot Buildings, Punnen Road,
Trivandrum-695039
Phone: 0471-2331046
Fax : 0471-2331560

C.S.I. Buildings, Baker Junction
Kottayam-686 001
Phone : 0481-2565395
Fax : 2565395

Market Junction
Kulanada, Pandalam
Pathanamthitta Dist.
Phone: 04734 260290

Ist Floor,
Kannat Baby Memorial Bldg,
M.C. Road, Chengannur,
Alappuzha Dist, Phone: 0479-2454723

44/972 B, Ist Floor,
Madathil Parambil Complex,
Kaloar,
Cochin, Phone: 2539957

Ist Floor, Ankuttikalayil Bldg,
Pazhavangadi P.O.,
Ranni, Pathanamthitta Dist,
Phone: 04735 223103

Ist Floor, M.S. Building,
P.A. Junction, Vadakkevila P.O.,
Pallimukku, Kollam,
Phone: 0474 2728015

Ist Floor, Sree Narayana Soudham
Kuravilangad
Kottayam Dist,
Phone: 0482-2230807

Ist Floor, Padson towers
Koothattukulam,
Ernakulam Dist.
Phone: 0485-2253739

AB 11/279 Ist Floor
Chandiroor-688947
0478-2871395

Palakkottu Building
Trivandrum Road
Pulaman Junction, Kottarakkara
Phone: 0474-2451820



Annual Report
2004-05

Board of Directors

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

Audit Committee

Philip Thomas	Chairman
A.P. Kurian	
Thomas Muthoot	

Compensation & Benefit Committee

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

Share Holders/Investors Grievance Committee

Thomas Muthoot	Chairman
Thomas John Muthoot	
Thomas George Muthoot	

Auditors

M/s. K. Venkatachalam Aiyer & Co.
Cochin

Solicitors

Dandapani Associates
Cochin

Bankers

ICICI Bank Ltd.
HDFC Bank Ltd.
Dhanalakshmi Bank Ltd.

Registered Office

Muthoot Towers
M.G. Road, Ernakulam
Cochin - 682 035
Tel: 2351501 Fax: 2381261
Website: www.muthootcap.com



MUTHOOT

CAPITAL SERVICES LIMITED

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of MUTHOOT CAPITAL SERVICES LIMITED will be held on 29th August 2005 at 10 am at Aangan Hall Bharath Tourist Home, (BTH), D.H. Road, Cochin to transact the following business:

I. ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005, the Profit & Loss Account for the year ended 31st March 2005 together with the reports of the Board of Directors and the Auditors thereon.
- (2) To consider declaration of dividend on equity shares.
- (3) To appoint a Director in place of Mr. Thomas John Muthoot who retires at this Annual General Meeting by rotation, and being eligible, offers himself for re-appointment.
- (4) To appoint Auditors and fix their remuneration. – M/s. Venkitachalam Aiyer & Co., Chartered Accountants, Union House, P.O. Road, Kottayam – 686 001, retire in this meeting and eligible for re-appointment.

II. SPECIAL BUSINESS

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

“RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to increase the remuneration of Shri. Thomas George Muthoot, Managing Director, to Rs. 35,000 per month for the remaining period of his tenure, i.e. from 01.04.2005 to 11.07.2008 with liberty to the Board of Directors, to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule



MUTHOOT
CAPITAL SERVICES LTD.

XIII of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or any amendments/or modifications that may hereafter be made thereto by Central Government”.

“RESOLVED FURTHER THAT the above amount be paid as the Minimum Remuneration in the event of absence or inadequacy of profits.”

By order of the Board

For **MUTHOOT CAPITAL SERVICES LTD.**

Sd/-

Place : Cochin-35

THOMAS GEORGE MUTHOOT

Date : 30.05.2005

MANAGING DIRECTOR

012

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.
2. The proxy should be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from the 25th August 2005 to 29th August 2005 (both days inclusive). For determining the Names of Members eligible for Dividend, if approved on Equity Shares. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL/ CDSL for this purpose.
4. Pursuant to Section 205A(5) of the Companies Act, 1956 as amended, any money transferred to Unpaid Dividend Account of the company which remain unpaid or unclaimed for a period of Seven (7) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government and the shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company thereafter.
5. Members who have not encashed the dividend warrant(s) for the Financial Year 1997-1998, 1998-1999, 2001-2002, 2002-2003 and 2003-2004 are requested to make their claims to the company.
6. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before 27th September 2005, to those members whose names appear on the Company's Register of Members as on 25th August 2005
7. Members/Proxies are requested to bring the Attendance Slip duly filled in for attending the Meeting. No duplicate will be issued at the venue of the Meeting.
8. Share Holders are requested to inform the Company any changes in their mailing address and also to quote folio numbers in all their correspondence with the Company.
9. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
10. Members are requested to furnish their Bank Account details for printing the same on the dividend warrants to prevent fraudulent encashment of dividend warrants.
11. Members desiring any information about the annual accounts at the meeting are requested to write to the Company so as to reach the company latest by 22nd August 2005.
12. NO GIFT COUPONS/ GIFT VOUCHERS will be issued to the members.



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

Item No.5

The remuneration committee of the board approved the revision in the remuneration of the Managing director with effect from 01.04.2005, in view of the fact that the activities of the company have increased considerably and the company has been paying dividend continuously.

The Board of Directors, therefore, at its meeting held on 30.05.2005, revised the remuneration of Shri. Thomas George Muthoot, Managing Director to Rs.35000/- per month with effect from 01.04.2005 till the remaining period of appointment ie. 11.07.2008, subject to approval by the members.

Sri. Thomas John Muthoot, Sri.Thomas George Muthoot and Sri Thomas Muthoot are deemed to be concerned or interested in the said resolution.

Your directors recommend the resolution set out at item no.5 of the notice for approval of share holders.

By Order of the Board
For **MUTHOOT CAPITAL SERVICES LTD.**

Sd/-

Place : Cochin-35

Date : 30.05.2005

THOMAS GEORGE MUTHOOT
MANAGING DIRECTOR



SANSKO
SERVICES

DIRECTORS ' REPORT

The Directors have pleasure in presenting the Eleventh Annual Report and the Audited Accounts for the financial year ended 31st March, 2005

FINANCIAL RESULTS :

The Financial Results of your company for the year ended March, 2005 as compared to the previous years are summarized below :

(Rs. Lakhs)			
Operating Results:	Year ended 31- 03 -2003	Year ended 31- 03 -2004	Year ended 31- 03 -2005
Total Income	262.93	253.68	271.17
Profit before Tax	71.56	73.51	98.37
Tax	25.56	26.84	38.60
Profit after Tax	46.00	46.67	59.77
Net Worth	756.45	769.18	786.97
Capital Employed	1285.12	1317.31	1334.47
Return on net Worth	6.08 %	6.07 %	7.59%
Earning per share	0.71	0.72	0.92

A sum of Rs. 11.96 lakhs being 20% of the net profit has been transferred to Statutory Fund as per norms prescribed by the Reserve Bank of India for NBFCs .

PERFORMANCE DURING THE YEAR :

Despite stiff competitive conditions , your company was able to improve its operations and profitability with Profit after Tax (PAT) at Rs.59.77 lakhs showing an increase of 28% over the previous year .The company has complied with the guidelines issued by the RBI on prudential norms covering all areas , that is , income recognition , investment accounting and provisioning for non – performing assets.

**DIVIDEND:**

The Directors recommend a tax free (in the hands of shareholders) dividend of 6% (Re 0.60 per share) for the year ended 31st March , 2005 .

DIRECTORS :

The Board has appointed Mr. Thomas John Muthoot as chairman.

Mr. R.K. Nair was appointed as additional Director. He holds office until the ensuing Annual General Meeting.

Mr. Thomas John Muthoot retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITOR'S OBSERVATION:

The notes to the accounts referred to in the Auditor's Report are self -explanatory and therefore , do not require any further comments .

CORPORATE GOVERNANCE :

A separate report on Corporate Governance along with a Certificate from the Statutory Auditors , M/s. K.Venkatachalam Iyer & Co. is annexed .

AUDITORS :

M/s. K. Venkatachalam Iyer & Co., Chartered Accountants, hold office of auditors of the company until the conclusion of the ensuing Annual General Meeting of the company and are eligible for re-appointment. Certificate from the Auditor has been received to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the companies act , 1956 .

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the companies Act 1956 with respect to Directors' Responsibility Statement , it is hereby confirmed .