

**AIMING HIGHER,  
GROWING TOGETHER**







MUTHOOT PAPPACHAN

1927-2004

FOUNDER CHAIRMAN

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



## MESSAGE FROM THE MANAGING DIRECTOR

Dear shareholders,

The general economic conditions across the globe faced multiple challenges during 2011-2012. The sovereign debt crisis of the euro zone area caused most advanced economies to grow minimally or not at all. The global risk aversion resulted in withdrawal of funds from developing countries which had to suffer collateral damage.

Indian economy was particularly hit by the deleveraging in the West. Foreign investors pulled out a record amount from Indian stock markets, causing fall in the share prices and forcing companies to seek alternate sources of funding. The country's current account deficit exceeded estimates. The above factors as well as the rising demand for the US dollar in a risk averse world caused the rupee to fall to record low levels. Inflation rose and RBI had to step in and raise benchmark rates several times to moderate demand. Infrastructure growth stalled and caused supply constraints which failed to satisfy demand from growing urban areas. Not surprisingly, India's GDP growth fell from 8.4% growth in the previous fiscal to 6.5% during 2011 - 2012.

I am happy to inform you that your company was able to counter this slowdown and manage the product mix strategically which helped the Company to grow at a healthy level during the year under review. Your Company adopted vehicle loans as the major product. The Company registered a growth in revenues of 81.17% resulting in an increase of 60.47% in the profit after tax. In view of the excellent growth, the Board of Directors has recommended a dividend of Rs. 3.50 per share, subject to your approval.

Your Company has been able to achieve this sterling performance based on the trust reposed in the Company by the customers and stake holders and adherence to the traditional values and ethics. As I mentioned in the last fiscal, your company had anticipated the changes in the economy and had shifted its focus from lending against gold to financing automobiles; mainly two wheelers, three wheelers, light commercial vehicles and cars. Anticipating the change in the mindset of people, the Company had formulated various schemes tailor made to the needs of individual borrowers. The ability to service the customers to their satisfaction, the flexibility afforded to the customers in repayment and an efficient and committed team of employees helped the Company to achieve the remarkable growth during the year under review. Our clientele number more than one lakh which is expected to cross the two lakhs level in the forthcoming year. In India, Non-Banking Finance Companies (NBFCs) play a vital role as financial intermediaries due to their inherent ability to take quicker decisions, assume greater risks and customize their services and change according to the needs of the clients. In the recent years, the regulatory supervision for the NBFC sector has been increasing which is likely to be tightened further. Various steps including increased disclosures are initiated to implement more transparency in the system, which is aimed at strengthening the growth of NBFCs. RBI had also formulated Committees to study the concerns in the NBFC sector and also to study about the priority sector lending by banks. It is expected that the recommendations of these committees shall prove beneficial to the NBFC sector in the long run.

We are always committed to meet and exceed your expectations and to ensure that new growth milestones are covered in the years to come. I express my gratitude to the Board of Directors for the assistance and guidance.

To conclude, I wish to express my sincere thanks for the support, commitment and faith you have reposed in us in achieving this notable performance and request for the same in future also.

Sd/-  
Thomas George Muthoot  
Managing director



Dear Members,

Consequent to the adverse global economic conditions, the growth in Indian economy had moderated. The GDP growth rate had fallen to 6.5% in 2011-2012 from 8.4% in the previous fiscal. However, the two wheeler industry in India continued to register robust growth. With the increase in the disposable income level, the splendid models to choose from and the ease of obtaining finance, two wheeler sales surged as also the number of people availing credit for buying their desired vehicle, rather than using their savings for the same.

With schemes tailor made for customer needs, flexibility in repayment and the exemplary service rendered by our employees, we have been able to excel over the others in similar business. The net profit for the Company for the year 2011-2012 stood at Rs. 15.51 crores resulting in an impressive growth of 60.47% over the previous year. The total revenue had grown by 81.17% to reach Rs. 67.35 crores from Rs. 37.18 crores in the previous year. Out of this, the contribution of auto loan business was Rs. 60.29 crores, being 89.52% of the total revenue. Auto loans constituted the major chunk of the loan portfolio of the Company with an asset size of Rs. 290.76 crores as on 31.03.2012, making up 97.97% of the total loan assets of the Company. There has been a significant fall in the gold loan assets, from Rs.41.34 crores at the beginning of the year to Rs. 5.02 crores at the end of the year, as a result of the management's policy to exit the gold loan business and to concentrate on auto loan as the major product.

The Company had a successful rights issue during the year, where rights shares of face value Rs.10 each at a premium of Rs.70 each was issued at 1:1 ratio to the existing shareholders of the Company. This resulted in enhancement of the equity base of the Company by Rs. 5.97 crores from Rs.6.50 crores to Rs. 12.47 crores. This also boosted the reserves of the Company by Rs. 41.81 crores. In addition to providing working funds for the Company, this also resulted in enhancing the capital adequacy ratio of the Company to nearly 29% as on 31.03.2012, against the regulatory requirement of 15%.

The growth in the Company's asset size from Rs. 172.82 crores to Rs. 296.79 crores during the year was adequately supported by institutional funding. The working capital finance from banks increased by Rs.129 crores during the year, from Rs.75 crores to Rs.204 crores, indicating the comfort the banks are having with the Company and its operations.

The Company has firm foot marks in the two wheeler finance space in the four southern States of India and the State of Goa. Boosted by the excellent response to three wheeler financing in Kerala, the Company plans to offer the products in the other States also. The Company also plans to expand its operations to Gujarat and Maharashtra in 2012-2013. With all these developments planned, the Company has budgeted an ambitious disbursement target of Rs.690 crores for the year 2012-2013, taking the total asset size above Rs.700 crores by 31.03.2013.

On behalf of the entire team at MCSL, I reiterate our dedication to uphold the interests of the stakeholders, by adhering to good corporate governance standards and rendering excellent service to our customers.

Sd/-  
R.Manomohan  
Chief Executive Officer



## DIRECTORS AND COMMITTEES

### Board of Directors

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

### Chief Executive Officer

Mr. R. Manomohan

### Chief Finance Officer

Mr. Anil Kumar R.

### Company Secretary

Ms. Malathy N.

### Audit Committee

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

### Remuneration Committee

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

### Share Holders' / Investors' Grievance Committee

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

### Share Transfer Committee

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

**Auditors**

M/s K. Venkatachalam Aiyer & Co.  
Kochi

**Solicitors**

Dandapani Associates  
Kochi

**Bankers**

State Bank of Travancore  
State Bank of Hyderabad  
State Bank of India  
Dhanlaxmi Bank Ltd  
ICICI Bank Ltd  
HDFC Bank Ltd  
Kotak Mahindra Bank Ltd  
Axis Bank Ltd  
IndusInd Bank Ltd  
City Union Bank Ltd  
ING Vysya Bank Ltd

**Registrars and Share Transfer Agents**

Integrated Enterprises (India) Limited  
2nd Floor, Kences Towers,  
No.1, Ramakrishna Street,  
Off. North Usman Road, T.Nagar  
Chennai- 600 017





## NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of MUTHOOT CAPITAL SERVICES LTD will be held on Tuesday 31st July, 2012, at 10.00 a.m. at The International Hotel, P.B. No. 3563, Veekshanam Road, Kochi-682035, Kerala, India to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Thomas John Muthoot, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.K Nair, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. M/s K Venkatachalam Aiyer & Co., Chartered Accountants, Building No. 41/3647 B, First Floor, BlueBird Towers, Providence Road, Kochi – 682 018, being eligible offer themselves for re-appointment.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following as an ordinary resolution:

“RESOLVED THAT in supersession of the resolution passed on 25th October, 2011, by the Company under section 293 (1)(d) of the Companies Act, 1956, by way of Postal Ballot pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, the Board of Directors of the Company be and is hereby authorized to borrow for the purpose of the business of the Company, such sum or sums of moneys as they may deem necessary, notwithstanding the fact that the moneys borrowed and the moneys to be borrowed (apart from temporary loans obtained in the ordinary course of business from banks) from time to time will exceed the aggregate of the paid up capital of the Company and its free reserves ie. reserves not set apart for any specific purpose, provided that the total outstanding amount of such borrowings shall not exceed Rs.1000 crores over and above the aggregate of the paid up capital of the Company and its free reserves at any time.”

7. To consider and if thought fit, to pass, with or without modification, the following 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 enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to increase the remuneration of Mr. Thomas George Muthoot, Managing Director from Rs.6,00,000/- p.m to Rs. 9,00,000/- p.m. and perquisites limited to Rs. 6,00,000/- p.a., with effect from 01.04.2012 for a period of three years."

#### Notes :

1. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business set out above is annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of Limited Companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.

3. The Register of Members and Transfer Books of the Company will be closed from 25th July, 2012 to 31st July, 2012, both days inclusive, for determining the names of members eligible for dividend.

4. If the final dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or before 29th August, 2012 as under:

a) To all beneficial owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 24th July, 2012.

b) To all members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of the business hours on 24th July, 2012.

5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.

6. Shareholders holding shares in physical form are requested to inform the Company and those holding shares in demat form inform the Depository Participant about any changes in their mailing address and also to quote folio numbers in all their correspondence with the Company.

7. Pursuant to Section 205A(5) of the Companies Act, 1956, any money transferred to Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the