

steady
perseverance —
— steady
growth

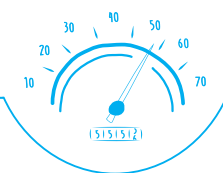


MUTHOOT PAPPACHAN

1927 - 2004

FOUNDER CHAIRMAN

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



MESSAGE FROM THE MANAGING DIRECTOR

Dear Members,

During the FY 2015 - 2016, your Company continued to perform well. The excitement was largely on account of looking at business opportunities beyond the existing two-wheeler financing in the already established markets. The Company, after successful operations in South India and Western India, has expanded into the North and East Indian markets besides corporate and business loans.

On the economic front, while a modest recovery continued in advanced economies, the growth in emerging markets and developing economies slowed down for the fifth consecutive year. The decline in oil prices has affected the oil producing nations. In developed countries, a gradual recovery trend continues and in the case of emerging markets and developing nations the picture continues to be challenging. Indian economy is currently in a bright spot in the world economy and is the 7th largest economy in the world. Prospects seem to be bright and we are poised to achieve a growth rate of 7.7% to 8% in the FY 2016 - 2017.

As you are aware, your Company is basically into two wheeler financing and hence the performance of the two wheeler industry always has a bearing on your Company's operation. After seeing significant growth over a decade, two wheeler industry has shown negative growth this year. This was due to decline in rural demand as a result of poor rains.

One of the key drivers for the Company all these years has been introduction of innovative products. The 'Ladies Only' scheme is a sterling example, under which we disbursed loans to about 55,000 ladies from all walks of life totaling to about ₹ 250 crores in the last 18 months. The focus on other business loans helped a lot in boosting the loan book, besides adding to income and profitability. Even in the HR segment, we adopted new methods that finally made a difference to the bottom-line, apart from improving the efficiency. Moreover, it has been a remarkable landmark for the Company to cross the ₹ 1000 crore mark in loan book. Your Company has already disbursed more than 6 lakhs loans till date in the two-wheeler financing segment. The total number of live accounts as on 31st March, 2016 stood at approx. 3.79 lakhs and the total outstanding loan amount was ₹ 1039 crores, including corporate and business loans. The Company intends to improve the profitability over the coming years by tapping cheaper sources of funding like non-convertible debentures, commercial papers etc., apart from bank loans and public deposits.

NBFCs are being subjected to strict regulatory norms. It is reported that the overall gross NPA ratio of NBFCs across all asset classes is likely to rise to 7.8% by March, 2017, from 6% at end of September, 2015 and an estimated 6.7% as on 31st March, 2016. Of the 7.8% gross NPLs, 1.5% to 1.7% of the increase will be due to the shift to the 120 day NPA recognition norm in financial year 2016 - 2017 from 150 days in financial year 2015 - 2016. The stringent norms for classification of assets over a period upto the end of 2018 will put pressure on the profitability of your Company in the coming years.

The Company has been disbursing dividends to shareholders at an incremental rate of 5% from the year 2008. In line with this trend of rewarding the shareholders, the Board of Directors has paid an Interim Dividend of 55% (₹ 5.50 per equity share) for the financial year 2015 - 2016. The Board of Directors have also recommended that this may be treated as the final dividend for the FY 2015 - 2016.

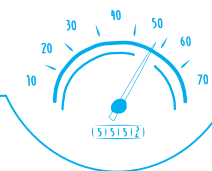
The Company is blessed with a committed and illustrious workforce. I thank the entire team at MCSL for their support and contributions and expect to continue to receive the same in the years to come.

I also put on record my gratitude to all the shareholders for the trust reposed in and the co-operation extended to the Management of the Company and believes the same will continue for our future endeavors also. Let us all move forward with the common aim of promoting our Company as a leader in financial service sector with the highest level of professional Management.

Regards,

Sd/-

Thomas George Muthoot
Managing Director



FROM THE CHIEF EXECUTIVE OFFICER'S DESK

Dear Members,

We have great pleasure to present before you the performance of your Company for the financial year 2015-16. Your Company continued to excel as the result of substantial growth in loan disbursements. The Company's foray into corporate and business loans also helped boost the disbursements. The geographical expansion undertaken by the Company will help in improving the disbursements in the coming years also. In this year, the equity shares of the Company got listed on the National Stock Exchange of India Limited also.

The net profit during the quarter ended 31st March, 2016 increased to ₹ 6.87 crores from ₹ 6.16 crores for the corresponding period last year, recording a growth of 11.53%. The total income increased to ₹ 63.41 crores, from ₹ 51.98 crores during the same period last year, registering a growth of 21.99%. Interest expenditure increased from ₹ 19.62 crores to ₹ 22.34 crores, recording an increase of 13.86%. The total expenses during the corresponding period recorded an increase of 24.14%, up from ₹ 42.25 crores to ₹ 52.45 crores. The profit before tax increased by 12.54% from ₹ 9.73 crores during the corresponding period last year to ₹ 10.95 crores during the quarter ended 31st March 2016.

Commensurate with the quarterly figures, the yearly results also showed an impressive growth, with total income increasing to ₹ 228.49 crores compared to ₹ 191.29 crores during 2014-2015, recording a growth of 19.45%. The interest expenses during the period went up from ₹ 76.77 crores to ₹ 87 crores, which is an increase of 13.33%. The total expenses rose from ₹ 157.12 crores to ₹ 193.04 crores, recording an increase of 22.86%. As a result, the profit before tax for the year ended 31st March 2016 was ₹ 35.45 crores, which was 3.75% higher than ₹ 34.17 crores for the previous year. The net profit for the year at ₹ 22.85 crores was higher by 2.51% compared to ₹ 22.29 crores for the previous year.

The total loan disbursements by the Company for the quarter ended 31st March 2016 was ₹ 314.65 crores. This comprised of two wheeler loans totaling ₹ 234.76 crore, and Corporate and other business loans totaling ₹ 79.89 crores. Considering the whole year, the loan disbursement was ₹ 927.96 crores compared to ₹ 648.84 crores for the previous year. This comprised of 1,67,204 two wheeler loans totaling ₹ 780.02 crores in 2015-2016, compared to 1,38,832 two wheeler loans amounting to ₹ 592.45 crores in the previous year. Corporate and other business loans disbursements increased from ₹ 56.39 crores last year to ₹ 147.94 crores this year.

The determination of NPA based on a stricter 5-month norm for the year, compared to the 6 month norm in the previous year, led to an increased drag on the profits of the Company. Profitability was impacted through reversal of unrealized interest and provisions on NPA, loss on sale of repossessed assets and writing off of assets, totaling to ₹ 19.63 crores as against ₹ 15.55 crores in the previous year. Also, the Company has made an additional provision of ₹ 0.53 crores towards anticipated NPAs in future. However, in spite of all these, the Company was still able to improve the profits for the year.

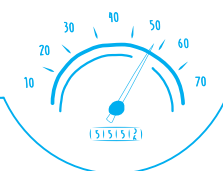
The implementation of progressively stricter norms for asset classification are likely to impact the profitability of your Company for two more years. However, we have countered this by improved recovery resulting from upgraded collection strategies and intensified collection efforts. The geographic expansion to the North India and the increased focus on corporate loans will boost the disbursements substantially. We are confident that your Company will continue to turn out excellent performance in the years to come.

Anticipating your continued support and understanding in the years to come....

Regards,

Sd/-

R. Manomohan
Chief Executive Officer



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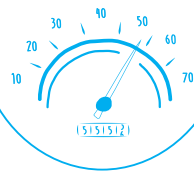
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VISION

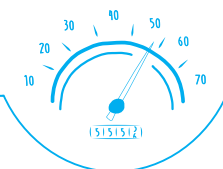
“To be the Most Trusted Financial Service Provider, at the Door step of the Common Man, Satisfying him Immediately, with Easy and Simple Products.”

MISSION

“To Provide timely Small Credit to millions of ordinary people, and also provide them with Simple Options to Save, which will change their way of life.”

CORE VALUES

“We will do everything to gain and maintain the trust of all the stakeholders and will not do anything to Lose their trust.”



CORPORATE INFORMATION

Board of Directors

Mr. Thomas John Muthoot
Mr. Thomas George Muthoot
Mr. Thomas Muthoot
Mr. A. P. Kurian
Mr. R. K. Nair
Mrs. Radha Unni

Chairman
Managing Director
Director
Independent Director
Independent Director
Independent Woman Director

Chief Executive Officer

Mr. R. Manomohanan

Chief Finance Officer

Mr. Vinodkumar M. Panicker

Company Secretary & Head Governance

Mr. Syam Kumar R.

Audit Committee

Mr. A. P. Kurian
Mr. Thomas Muthoot
Mr. R. K. Nair
Mrs. Radha Unni

Chairman

Nomination & Remuneration Committee

Mr. A. P. Kurian
Mr. R. K. Nair
Mrs. Radha Unni

Chairman

Stakeholders Relationship Committee

Mr. Thomas Muthoot
Mr. Thomas John Muthoot
Mr. Thomas George Muthoot

Chairman

Corporate Social Responsibility Committee

Mr. Thomas Muthoot
Mr. R.K Nair
Mrs. Radha Unni

Chairman

Share Transfer Committee

Mr. Thomas George Muthoot
Mr. Thomas Muthoot
Mr. R. Manomohanan

Chairman

Bank Finance Committee

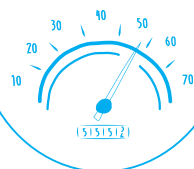
Mr. Thomas George Muthoot
Mr. Thomas Muthoot

Chairman

Risk Management Committee

Mr. Thomas George Muthoot
Mr. Thomas Muthoot
Mr. R.K. Nair
Mr. R. Manomohanan
Mr. Vinodkumar M. Panicker

Chairman



Asset Liability Management Committee

Mr. R. Manomohanan
Mr. Balakrishnan R.
Mr. Vinodkumar M. Panicker
Mr. Syam Kumar R.
Mr. Vijayan T.
Mrs. Febin Meera Zachariah

Chairman

Statutory Auditors

M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, Kochi

Secretarial Auditors

M/s. SVJS & Associates, Company Secretaries, Kochi

Internal Auditors

M/s. Varma & Varma, Chartered Accountants, Kochi

Our Bankers

State Bank of Travancore
State Bank of India
South Indian Bank Ltd.
Dhanlaxmi Bank Ltd.
Andhra Bank
State Bank of Hyderabad
Corporation Bank Ltd.
Tamilnad Mercantile Bank Ltd.
Punjab National Bank
Syndicate Bank

ICICI Bank Ltd.
Lakshmi Vilas Bank Ltd.
Yes Bank Ltd.
HDFC Bank Ltd.
IDBI Bank Ltd.
Federal Bank Ltd.
Kotak Mahindra Bank Ltd.
Axis Bank Ltd.
City Union Bank Ltd.
IndusInd Bank Ltd.

Registrar and Share Transfer Agents

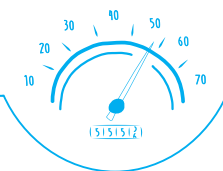
M/s. Integrated Enterprises (India) Ltd.
2nd Floor, Kences Towers,
1st Floor, No. 1, Ramakrishna Street,
Off. North Usman Road, T. Nagar,
Chennai - 600 017

Debenture Trustee

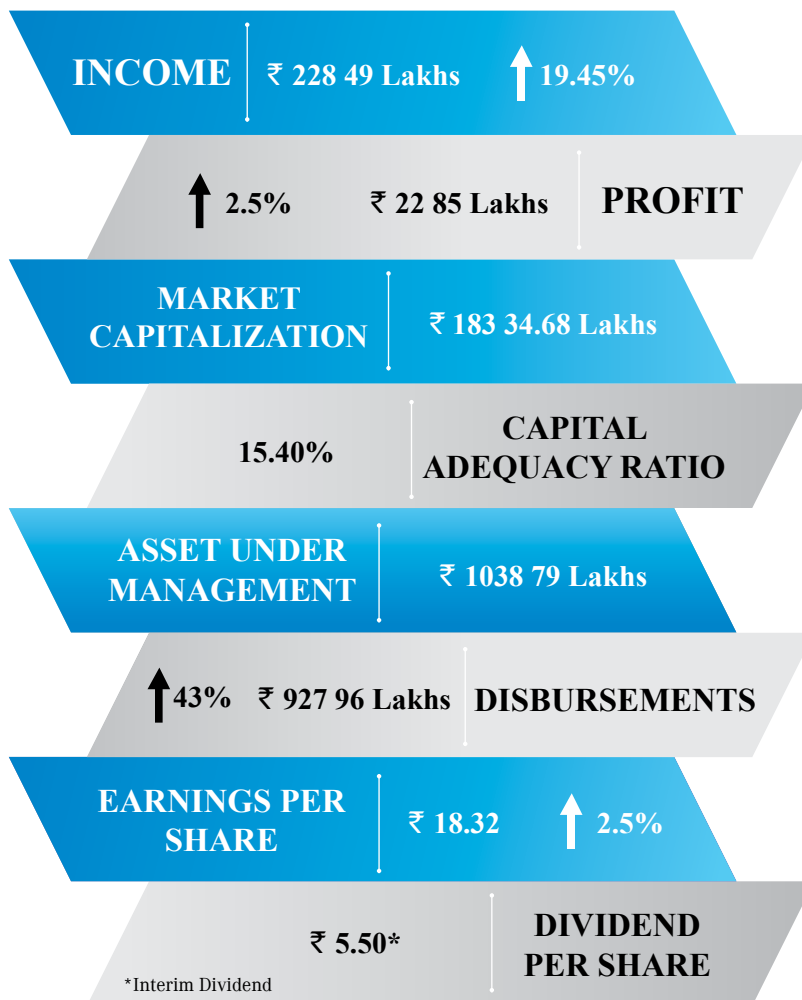
Mr. A. Gopalakrishnan
M/s. K. Venkatachalam Aiyer & Co.
Chartered Accountants,
Building No. 41/3647 B,
Providence Road, North End,
Kochi - 682 018

Public Deposits Trustee

M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R, Kamani Marg, Ballard Estate,
Mumbai - 400 001

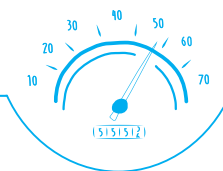


KEY HIGHLIGHTS



KEY ACHIEVEMENTS DURING THE FY 2015 - 2016

- ♦ Preferred Financier tie-up with Suzuki Motorcycle India Private Limited.
- ♦ The Company's equity shares listed in National Stock Exchange (24th August, 2015).
 - ♦ Started Business in North and East Indian States.
- ♦ 10,000 plus disbursement in the month of September, 2015 in Kerala.
- ♦ The Company declared Interim Dividend for the first time in its history.
 - ♦ Asset Under Management crossed ₹ 1000 crores.



MUTHOOT CAPITAL SERVICES LIMITED

Registered Office

3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035

Tel: +91 - 484 - 6619600/6613450

SL. NO.	BRANCH NAME	BRANCH ADDRESS
KERALA		
1.	Alappuzha	1 st Floor, Sharada Shopping Complex, Mullackal Road, Mullackal Post, Alappuzha - 688 001
2.	Tirur	1 st Floor, Mundakkathu Building, Payyanangadi, Tirur, Malappuram
3.	Calicut	Door No. 27/383/A-3, 2 nd Floor, Soubhagya Shopping Complex, Near Aryadathupadam, Mavoor Road, Calicut - 4
4.	Kottayam	Door No. 480, Vallabhasseri Building, Near Shalom Church, Chingavanam P.O, Kottayam - 686 531
5.	Thrissur	1 st Floor, PVK Complex, Opp. Amala Hospital, Amala Nagar, Thrissur - 680 555
6.	Palakkad	Azhar Building, G.B Road, Palakkad
7.	Meenangadi	Ayisha Complex, Panamaram Road, Meenangadi, Wayanad
8.	Trivandrum	2 nd Floor, Mansions Chelsma Heights, Chengalloor Junction, Poojappura, Trivandrum - 695 012
TAMIL NADU		
9.	Trichy	3 rd Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy - 620 001
10.	Salem	1 st Floor, N.V Arcade, 5/259A, Junction Main Road, Salem - 636 004
11.	Chennai	1 st Floor, Majestic Tower, Door No. 236, Choolaimedu High Road, Choolaimedu, Chennai - 94
12.	Coimbatore	Ground Floor, No. 62, Dr. N.R.N. Layout, Pappanaickenpalayam, Coimbatore
13.	Theni	Tharun Tower, 2 nd Floor, Sriram Theatre Lane, Cumbum Road, Theni - 625 531
14.	Tanjore	1 st Floor, No. 5/163/4, Sorna Complex, Natarajapuram West, M.C Road, Tanjore - 613 004
15.	Thirunelveli	No. 42, Vadivagam, TVM High Road, Near Palai Bus Stand, Palayamkottai, Thirunelveli - 627 002
16.	Kumbakonam	1 st Floor, 53/1006, Mothilal Street, Kumbakonam, Tanjavor - 612 001
PUDUCHERRY		
17.	Karaikkal	1 st Floor, Door No.2, Kannadiar Street, Karaikkal - 609 602
KARNATAKA		
18.	Bangalore	136, M.K Arcade, Nawab Hyder Ali Road, Kalasipalayam, Bangalore - 560 002