

STANDING TALL AND STRONG





MUTHOOT PAPPACHAN

1927-2004

FOUNDER CHAIRMAN

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

MESSAGE FROM THE MANAGING DIRECTOR

Dear Share Owner,



The global economy, mirroring its trend from the previous year, continued to witness sluggish growth. Oil prices hit an all time high as also did gold prices. But the Indian economy has proved itself to be as tough as nails. Despite domestic inflation and internal political strife, natural calamities and unpredictable monsoons hitting the economy hard, the Indian economy exhibited great resilience in bouncing back to be buoyant as ever. The Government and the Reserve Bank of India addressed every sign of economic slowdown with determination, support and 'stimulus packages' through budgetary and non-budgetary interventions. Though the country's target was a double digit growth in GDP, it, however, had to settle for a slightly damper achievement.

Even under these challenging and competitive environments and the regulatory prism, your Company had during the fiscal 2010 - 2011, registered a sterling performance clocking stupendous achievements. As we gather today, I am sure you all share my sense of satisfaction at yet another year of robust performance of your Company and I am extremely happy to present before you a snap-shot of its achievements. The total income of the Company rose to Rs.3772.92 lakhs from Rs.2247.56 lakhs during the previous year, registering an impressive growth of 67.87%. This helped the Company achieve a net profit of Rs.966.54 lakhs, recording a notable increase of 34.75% as compared to Rs.717.29 lakhs achieved last year. This stellar performance has enabled the Board of Directors to recommend dividend payments of Rs.3/- share subject to the Shareholders' approval.

Your Company was able to sustain its growth trajectory by adhering to process fundamentals, ethical practices, customer-obsessive responsiveness, honesty and transparency in all activities and by being adaptable. As is our way of doing business, we have always cared for the time and need of our customers by introducing new products which were simple and easy. We have always tried to have a passionate view of rendering services with focus on the customers, understanding their problems and conceptualizing effective and meaningful solutions to mitigate their financial problems.

We have a strong asset base of qualified and highly competent professionals, whose creative and innovative ideas enable us to constantly re-engineer products, solutions and services and also to render unparalleled post-sales follow-up. At this juncture I would like to thank our dedicated and committed human capital, without whose support and commitment to stay the course of a challenging strategic path, we would not have been able to achieve this growth. To sustain a career driven growth, motivation and to bolster the morale of the employees, we have taken various HR initiatives and implemented training and development programmes.

The role played by the Non-Banking Financial Companies in financing the farmers, artisans, self-employed, small and medium enterprises and those enterprises in the tertiary sector in rural and semi-urban areas is increasing. You can be proud that your Company is also contributing to the wealth generation in villages and is effectively involved in the mission of the Government for inclusive growth. The significant and important role being played by the Non-Banking Financial Companies in the country have made the Reserve Bank of India give them their due place and recognition in the finance sector. I place on record our deep appreciation of the support and encouragement given by the Reserve Bank of India and other government authorities to the Non-Banking Financial Companies in the country.

Considering the bright future of the automobile sector in the country and the resultant huge demand, your Company is shifting its focus from the gold loans portfolio to the auto loan portfolio. This is already evident in the previous year's contribution of the auto loan business to the Company's performance. Aggressive growth and market expansion plans are on to reach the leading position among the Auto Finance Companies in the country. Immense opportunities await the NBFCs in the substantial economic growth taking place in the country. Your Company, I am happy to say, has ambitious plans for growth in new geographies and in new markets in the financial year 2011 - 2012 we have embarked, such as loans against Gold ETF, loans against shares, loans against landed properties, loans for SME sector etc.

I wish to come on record that our commitment to creating enduring value for the customers and you, the Shareholders, will continue to inspire us in our onward march for scaling greater summits in the year ahead.

I sincerely thank all of you for the support and trust reposed in the Board of Directors and the Management Team of the Company, enabling them to achieve this impressive performance. I assure each and every member of the Company that the Board of Directors and the Management will make their best endeavour to take your Company to a greater level of achievement and success in the year ahead.

I look forward to your continued support and encouragement.

Best Regards,



Thomas George Muthoot
Managing Director

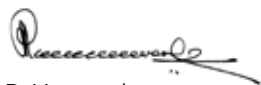
FROM THE DESK OF THE CHIEF EXECUTIVE OFFICER

Robust growth and steady fiscal consolidation have been the hallmark of the Indian economy in the year 2010 - 2011. The growth rate has been 8.6% in 2010 - 2011 and is expected to be around 9% in this fiscal year. The growth has been broad based with a rebound in the agriculture sector where the growth estimated is around 5.4%. Manufacturing and services sectors have registered impressive gains. Savings and investments are looking up while exports are rising. However, food inflation, higher commodity prices and volatility in global commodity markets have been causes of concern underscoring the need for fiscal consolidation and stronger reserves.

The outlook for the Indian economy appears bright for the near and medium term. Despite the risks of global events such as volatility in crude oil prices exacerbated by political turmoil in the Middle-East, the Indian economy seems poised to scale greater heights in terms of macroeconomic indicators. Muthoot Capital Services Ltd. continues to support the growth in economic activity by enhancing credit delivery, especially in rural and semi-urban areas. Two main products of the Company, namely gold loans and auto loans, fulfil the credit demands from individuals and the unorganised not normally serviced by commercial banks.

The net profit of the Company increased to Rs.966.54 lakhs in the year ended 31.03.2011 from Rs.717.29 lakhs in the year ended 31.03.2010, recording an impressive growth of 34.75%. During the corresponding period, the total income of the Company registered a growth of 67.87 %, from Rs.2247.56 lakhs to Rs.3772.92 lakhs. Commensurate with the increase in operations, the interest expenses increased by 67.30% to Rs.1157.05 lakhs from Rs.691.61 lakhs. On account of the substantial increase in manpower and infrastructure to support the enhanced level of activities, the operational expenses during the corresponding period recorded an increase of 139.08 %, from Rs.456.93 lakhs to Rs.1092.44 lakhs. The profit before tax recorded a jump of 33.40% from Rs.1087.42 lakhs in the previous year to Rs.1450.61 lakhs during the year ended 31.03.2011.

The Company is looking forward to continuing and improving on the impressive performance in the coming years too. The automobile finance products of the Company have been well accepted in the market. The Company is introducing innovative products under the automobile finance segment. Under the Smart Plus Auto Loan, the full cost price of the vehicle is given as a loan, enabling the borrowers to leverage their gold ornaments against the margin requirement. The Company expects a very good response to this product from the market. Another innovative product to be introduced by the Company in the near future is loan against Gold Exchange Traded Funds (ETF). By introducing this product, the Company will be putting to use the Group's core competence in granting loans against gold, for providing liquidity for investors in ETF, thereby promoting the popularity of ETF. The Company continues to focus on providing value creation for all the stakeholders namely the staff, shareholders and above all the customers, by providing financial services and solutions suiting the market needs, upholding the highest values in professional management.



R. Manomohan
Chief Executive Officer

Kochi
01.06.2011

ANNUAL REPORT, 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.Manomohanan

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		

Shareholders / Investors Grievance Committee

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

Share Transfer Committee

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

Auditors

M/s K. Venkatachalam Aiyer & Co
Kochi

Solicitors

Dandapani Associates
Kochi

Bankers

State Bank of Travancore

HDFC Bank Ltd.

Axis Bank Ltd.

ICICI Bank Ltd.

ING Vysya Bank Ltd.

Registrars and Share Transfer Agents

Integrated Enterprises (India) Limited

"Seema", 41/426

Rajaji Road, Near Abad Metro Hotel

Kochi - 682 035

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of MUTHOOT CAPITAL SERVICES LTD. will be held on Monday July 11th, 2011, at 10 a.m. at The International Hotel, Veekshanam Road, Kochi – 35, to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 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. Philip Thomas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Thomas Muthoot, 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 & Company, Chartered Accountants, Building No.41/3647 B, First Floor, Blue Bird Towers, Providence Road, M.G.Road North End, Ernakulam, Kochi - 682018, retire in this meeting and 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 a special resolution:

“RESOLVED that in accordance with the provisions of Section 198, 269, 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 in force) the consent of the Company be and is hereby accorded to the re-appointment of Mr. Thomas George Muthoot as the Managing Director of the Company subject to the approval of the Central Government for a period of five years with effect from 12.07.2011, on remuneration, perquisites and other benefits and amenities as set out in the explanatory statement, for a period of three years with effect from 12.07.2011, 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 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 the Central Government”

“RESOLVED FURTHER that the Managing Director shall be governed by the terms and conditions as tabled in the agreement entered into between the Company and the Managing Director and sanctioned by the Board and such other duties that the Board may delegate to the Managing Director from time to time.”

“RESOLVED FURTHER that in the absence or inadequacy of profit the said remuneration will be paid as minimum remuneration to the Managing Director in accordance with schedule XIII of the Companies Act, 1956.”

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 Share Transfer Books of the Company will be closed for 6 days from 6th July, 2011 to 11th July, 2011 both days inclusive, for determining the names of members eligible for dividend.
4. Subject to the provisions of Section 206A of the Companies Act, 1956, if dividend recommended by the Board of Directors is approved, payment of such dividend will be made on or before 10th August, 2011 to those members whose names appear on the Company's Register of Members as on 11th July, 2011. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL/CDSL, for this purpose.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
6. Shareholders holding shares in physical form are requested to inform the Company and in respect of shares held in demat form to 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 the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government and the shareholders shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter.
8. Members who have not encashed their dividend warrant(s) for the financial years 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, and 2009-2010 are requested to make their claims to the Company.
9. Members/Proxies are requested to bring the attendance slip duly filled in for attending the Meeting. No duplicate will be issued at the venue of the meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting.