



“Muthoot Finance Limited 23rd Annual General Meeting”

September 30, 2020

10:30 A.M. IST TO 12:00 P.M. IST



**MANAGEMENT: MR. M.G. GEORGE MUTHOOT – CHAIRMAN,
MUTHOOT FINANCE LIMITED
MR. GEORGE ALEXANDER MUTHOOT – MD,
MUTHOOT FINANCE LIMITED
MR. ALEXANDER M GEORGE - DMD
MUTHOOT FINANCE LIMITED
MR. RAJESH A – COMPANY SECRETARY, MUTHOOT
FINANCE LIMITED**

Moderator: Dear shareholders good morning and welcome to the 23rd Annual General Meeting of Muthoot Finance Limited. As a reminder for the smooth conduct of the meeting the members will be in the mute mode and audio-video will be opened when they speak at the AGM as per the preregistration. Please note that as per the requirements, the proceedings of the Annual General Meeting will be recorded. I now hand over the proceedings to the Company Secretary. Over to you.

Rajesh A: Thank you Vivian. Good morning shareholders. We are pleased to welcome you to the 23rd Annual General Meeting of Muthoot Finance Limited held through videoconferencing in compliance with the Government of India directives and to maintain social distance in these testing times.

Let me take you through certain points regarding participation at this Annual General Meeting. Once the Q&A session starts, the moderator will announce the names of shareholders who have registered and take up shareholders one by one. We request shareholders to be very slow and loud while asking their questions. We would like to request shareholders to limit their speech to 3 minutes and to restrict the queries pertaining to agenda item in the notice of Annual General Meeting.

During the AGM if a member faces any technical issue he/she may contact the helpline number mentioned in the notice of AGM or the e-voting helpline tab appearing on the top of your screen. Thank you. May I now request Chairman Sir to take forward the proceedings.

M.G. George Muthoot: Thank you. Good morning ladies and gentlemen. I welcome you all to the 23rd Annual General Meeting of our company. As the requisite quorum is present I now roll the meeting to order.

Before we start the proceedings I request all of you to stand up for a silent prayer. We are going through one of the most challenging times that mankind has ever faced due to the COVID pandemic. Let us all observe a silent prayer for a minute. Let us all pray for all those who have lost their lives due to the pandemic. Let us all remember and pray for their family members. Let us all pray for the COVID warriors, doctors, nurses, paramedicalstaff, police forces and various departments, employees and offices who have been doing an extraordinary service to the nation. Let us all stand committed and united in this hour of national and international crisis. Let us all pray and work dedicatedly in this national and international crisis. Can we all rise up for a silent prayer, please with folded hands? Thank you.

I hope you all are safe and healthy in this COVID19 pandemic times. I hope you are all looking after your health, your family and your associates, well-wishers and employees. Entire board of Muthoot Finance have joined this 23rd Annual General Meeting today. Let me introduce each board members to you.

Let me take the privilege and humility to introduce myself. I am M.G. George Muthoot, Chairman of the Muthoot Finance and also the Chairman of all the 20 diversified business divisions of the Muthoot Group and the Muthoot family has done 800 years of unblemished

track record of business, 800 years of charity, 800 years of CSR and 800 years of religious work. I thank God Almighty for this blessing showered on the Muthoot Group. I am also humbled to say I am the 18th generation in the family business of 800 years of unblemished track record. I am a graduate in mechanical engineering from Mysore University and have attended a lot of programs and I have got lot of other degrees which I don't want to say and not the least I attended Executive program at Harvard Business School, Boston USA. I have over 60 years of working experience in the family business and joined as a part-time office assistant/peon in the early years of my life in our bank. I think we all know that we are one of the only NBFC which started from full fledged bank started in 1939 in Kerala.

Along with me in the Corporate Office North, to my right, Sri. Alexander George Muthoot, Deputy Managing Director, Alexander George Muthoot is an MBA graduate from Thunderbird University, one of the best in international management and in Arizona, USA and is working with the company for the last 16 years in various capacities.

And to my left is Sri. Pratip Chaudhuri, Independent Director, former Chairman of the State Bank of India and one of the most renowned and celebrated banker of our recent times. He is respected in the banking and financial services industry by reputed industry leaders and many-many VIPs in the country. He was very much appreciated for his business acumen and successes being an employee oriented, customer oriented chairman who he is always remembered. He was responsible for increasing the efficiency of all employees and the branches and offices all over India by providing air conditioning of each and every branch of State Bank of India in his time. I welcome, we three have joined the meeting from the corporate office North in New Delhi.

Sri. V. A. George, Independent Director is joining the meeting from his residence in Mahindra World City in Chennai. Sri. V. A. George is the Managing Director of Thejo Engineering Limited. He was the past Chairman of Equipment Leasing Association of India and alumni of International Institute for Management Development. He was associated in various senior positions in many reputed companies and groups. He is a reputed and well-known business and industry professionals in senior most positions in his life. Mr. V.A. George welcome.

Sri. Ravindra Pisharody, is a Corporate Business Leader and Management professional with over 35 years of wonderful experience across diverse industries. He was a Whole-time Director in the board of Tata Motors Limited where he was heading the commercial vehicles business unit as Executive Director. During his career Ravindra Pisharody held national, regional and global leadership roles in sales, marketing, business management and strategy development. A wonderful person, welcome Sri. Ravindra Pisharody.

Sri. Jose Mathew, an Independent Director on the Board is joining the meeting from his residence in Alleppey Kerala. Sri. Jose Mathew is a qualified Chartered Accountant. He was employed with Kerala State Drugs and Pharmaceutical Limited and demitted office as Managing Director in 1996-97. He also served as a secretary and General Manager Finance of Kerala State Industrial Employee and Enterprise in the past. Jose Mathew is presently the Managing Director of Green Shore Holidays and Resorts Private Limited which operates one of the best house-boats

under the brand name Rainbow Cruises in Alleppey. Sri. Jose Mathew is the chairperson of the audit committee of our company also. Mr. Jose Mathew I welcome you to this meeting.

Justice Jacob Benjamin Koshy, an Independent Director of the board is joining the meeting from head office in Cochin Kerala. He is the former Chief Justice of the High Court of Bihar. He was appointed as the judge of the High Court of Kerala on January 17, 1996. He became the acting Chief Justice of the High Court of Kerala in December, 2008. Justice Benjamin Koshy has pronounced judgments in various branches of law including public interest litigation, Constitution matters, criminal matters, taxation matters, arbitration etc. He was the Executive Chairman of the Kerala State Legal Services Authority from 2006 to 2009 and Chairman of the Indian Law Institute Kerala Chapter from 2007 onwards till his promotion as the Chief Justice of Bihar High Court at Patna. He is the National President of YMCA of India and also he is a life member of YMCA international also. We welcome you sir, Justice Benjamin Koshy.

Sri. George Thomas Muthoot, Joint Managing Director on the Board is joining the meeting from the zonal office of Muthoot in Kottayam Kerala. Sri. George Thomas Muthoot is a businessman by profession and has over 5 decades of experience in managing business, operating in the field of banking and financial services. He has received the sustainable leadership award 2014 by the CSR Congress in the individual category. I welcome Sri. George Thomas Muthoot to this meeting. Sri. George Jacob Muthoot, Joint Managing Director on the Board is joining the meeting from the zonal office of Muthoot in Trivandrum. Sri. George Jacob Muthoot is a businessman by profession with over 5 decades of experience in the field of banking and financial services. He is a graduate in civil engineering from Mysore University. He is a member of the Trivandrum Management Association of the confederation of Real Estate Development Association of India Trivandrum Chapter and a senior member in the Trivandrum Agenda Task Force, doing wonderful work. I welcome Sri. George Jacob Muthoot to this meeting. Sri. George Alexander Muthoot, is the Managing Director of the Board. He is joining the meeting from the head office in Cochin Kerala.

Sri. George Alexander Muthoot is a Chartered Accountant, who qualified with first rank in Kerala and was ranked 20th overall in India in 1978. He has a bachelor degree in commerce from Kerala University in 1975 where he was a first rank folder and was the gold medalist in the University. He was also awarded the Times of India Group Business Executive Award in customized financial services in March 2009. He was also awarded the CA Business Leader award under financial services sector from the Institute of Chartered Accountants of India for 2013 which was conducted in New Delhi. He served as the Chairman of the Kerala Nonbanking Finance Company's Welfare Association and also the member secretary of Finance Companies Association Chennai. He has over 5 decades of experience in managing business, operating in the field of banking and financial services another wonderful person. I welcome Managing Director Sri. George Alexander Muthoot to this meeting.

Srimati. Pamela Anna Mathew, Independent Director on the Board is joining the meeting from her factory's office in Cochin Kerala. Srimati. Pamela Anna Mathew is the owner and Managing

Director of OEN India Limited, market leader in the country in the field of electromechanical components in the electronics industry. She has served as the Chairperson of the CII Kerala, chairperson of Social Development and Women Empowerment panel for southern region of CII. She was also honored with the CII award for the best chairperson at national level for outstanding contribution to the business and industry, a wonderful lady. And I welcome Srimati. Pamela Anna Mathew to today's Annual General Body Meeting. The term of Srimati. Pamela Anna Mathew is as an Independent Director on the Board of the company is ending at this AGM. We are sad about it but as per the regulations she has to get down in today's AGM. I would like to take this opportunity to express our sincere most gratitude to Srimati. Pamela Anna Mathew for the excellent guidance and leadership provided to the Board and the company all these years most dedicatedly and most sincerely where she was a owner, Managing Director, so busy, she could spend time because full time in all the board meetings. Thank you madam and Srimati. Pamela I wish you all the best in your life. May I now request Srimati. Pamela to speak a few words today now?

Pamela Anna Mathew: Let me thank all of you the Board members of Muthoot Finance for allowing me to serve the company for two terms which was indeed a pleasure to be associated with Muthoot as an Independent Director and possibly the first lady director on Board. I hope I have been able to meet the expectations of the decision so held. It was a fulfilling experience to watch Muthoot reach the level of growth. it has already reached and it was indeed very-very satisfying to be involved with the corporate entity which has dynamism, a well-established service structure, inbuilt transparency, respect for integrity, ethics and a well-balanced commitment for social outreach. During the second term it was enlightening to observe the involvement, hard work and contribution of our younger promoter family members offering a wider platform for Muthoot through its subsidiaries. It was indeed a fulfilling experience I must admit. I wish to take this opportunity to thank the Chairman of the Board, its Managing Director and all other serving members of the Board, esteemed shareholders for giving me this wonderful opportunity to serve you. All the very best for a very meaningful, encouraging future for Muthoot and prayers for the multiple and sand grains that drive it to attain success. Thank you very much.

M.G. George Muthoot: I wish you all the best in your enterprises and in your life and all the best for your family also. Thank you and excellently done your job when you were in the term of office in the Muthoot Board and the only lady in the Independent Directors. We also have Sri. Vijay Narayan Govind, Senior Partner from Verma & Verma, one of the most reputed and one of the oldest audit firms from Kerala and is our Statutory Auditor of our company.

Sri. Madhusudhanan Partner from KSR & Company, a reputed Secretarial Auditors from South India and is our Secretarial Auditor and both are attending this meeting through videoconferencing from their respective offices in Kerala and Coimbatore.

I thank all the members for joining this meeting even though we could not meet physically over the video conference due to the current situation arising out of the COVID19 and social distancing norms. We are for the first time holding the Annual General Meeting through a video

conference. I wish this should be a last also in video. This is in compliance with the decisions of the Ministry of Corporate Affairs and SEBI. A live streaming of the meeting is also being webcast on NSDL's website. The company has taken the requisite steps to enable members to participate and vote on the items being considered at this AGM. The annual report for the last financial year was sent to all the shareholders through e-mail in compliance with the direction of the Ministry of Corporate Affairs and SEBI.

For your information since there is no physical attendance of the members, the requirement of appointing proxies is not applicable. The statutory registers are required under the Companies Act 2013 are available for inspection. Notice of this meeting along with the annual report containing the financial statements, auditor's report and director's report were sent to all the members by electronic means. With your kind permission ladies and gentlemen I take the same as read by all of you.

Now I take this opportunity to address the shareholders. Let me make my speech which is a written speech; allow me to read it through and through.

Dear fellow Shareholders, I'm extremely delighted to share our excellent but God given performance for financial year 2019-2020. But before presenting the performance in detail it is inevitable to take note of the COVID19 pandemic that has disrupted the lives and livelihoods throughout the world, especially in India also.

As an organization with the social conscience we are also playing our role in combating this crisis. And I hope you're taking good care of the health and well-being of yourself, your family and the people working with you, your friends, associates and well-wishers. It is also pertinent to take note that the onset of the COVID19 pandemic at the end of the fourth quarter brought economic activities in the country to a near halt and sending prospects of an immediate economy recovery to the backburner.

The Government of India and the Reserve Bank of India have implemented various counter measures to revive growth and improve liquidity in the system. Non-Banking Financial Companies (NBFCs) largely continued to take a conservative stance towards lending, preferring to shore up liquidity and reduce exposure to low-margin businesses. The RBI implemented several measures to strengthen governance and risk oversight of NBFCs and open up new avenues for the companies to raise funds and ensure their financial viability.

Let me come to the company's performance; by the grace of God, speaking on our standalone performance lying with our cover theme which says we are what we repeatedly do, robust growth in business in conjunction with service to the Society has been our moto since inception and even now.

During the financial year, companies saw 53% increase in its profitability with a net profit of Rs. 3018 crores for the year ended March 31st, 2020 as compared to Rs. 1972 crores for the year ended March 31st, 2019. The total income has increased from Rs. 6681 crores for the year ended

March 31st, 2019 to Rs. 8723 crores for the year ended March 31st, 2020 which is mainly due to the increase in interest income of the company.

Interest income of the company increased to Rs. 8564 crores from the previous year's interest income of Rs. 6757 crores. Loan assets portfolio of the company increased by Rs. 7365 crores during the year reaching Rs. 41,611 crores as on March 31st, 2020 as against 34,243 crores as on 31st, 2019.

The return on average loans assets stood at 8.11% in financial year 2019-20 as against 6.31% in year '18-19. Interest yield was 23.03% as compared to 21.63% in financial year '18-19. Net interest margin was 15.52% as compared to 14.47% in the financial year '18-19. Company's capital adequacy ratio as of March 31st, 2020 stood at 25.47 which is well above the regulatory minimum of 15%. The company's remitted to exchequer Rs. 1286 crores as tax during the year and I suppose we are the largest taxpayer in Kerala and one of the largest in South India.

As you know company paid an interim dividend at Rs. 15 per equity share that is 150% of face value for the financial year 2019-2020.

Now let me talk about the robust all-around performance;

Our ventures through subsidiaries have enabled us to diversify our product offerings to cater various customer needs. Company's subsidiaries have been contributing to the overall growth of group during the year. Subsidiaries contributed 12% of the group assets as on March 31st, 2020 and 5% of group profits for the financial year 2019-2020.

In the financial year 2020 company increased its consolidated total income by 28% year-on-year to Rs. 9707 crores. Consolidated profit after tax increased 51% year-on-year to Rs. 3169 crores. Consolidated loan assets under management increased 22% year-on-year to Rs. 46,871 crores including all the subsidiaries along with our flagship company.

Let me talk about the credit rating; the company has domestic long-term debts rating of CRISIL, AA with positive outlook from CRISIL Limited and ICRA again AA with stable outlook from ICRA Limited and short-term ratings of ICRA A1+ from ICRA Limited and CRISIL A1+ from CRISIL Limited. During the year company obtained for the first time in the history credit ratings from three international credit rating agencies for off-shore bond issuance with current rating BB with stable outlook by Fitch Ratings, two, BB with negative outlook by S&P Global Ratings and the third one BA2 Corporate Family Rating with negative outlook from Moody's Investors Service. I think first time we went to international rating and we are very happy that we have started a journey in that line also.

Let me talk about resource mobilization;

- A. Nonconvertible debenture; Company successfully completed three public issue of nonconvertible debentures during the year raising Rs. 2102 crores and company also raised Rs. 1425 crores through private placement of debentures during the same year.
- B. External commercial borrowings; during the year Company has issued 6.125% senior secured notes amounting to US\$450 million equivalent to Rs. 3188 crores and issued 4.4% senior secured notes amounting to US\$550 million equivalent to Rs. 4029 crores in offshore market. These notes are listed on the international securities market of London Stock Exchange.
- C. Bank finance; bank finance remains an important source of funding for your company. Commercial banks continued their support to your company during financial year. As of 31st, March 2020 borrowings from banks for Rs. 14,377 crores against Rs. 12,978 crores in the previous year.

Let me talk about the information technology which we have done lot of work compared to many of our competitors and colleagues.

Information technology; ensuring business continuity during the pandemic company's digitalization initiatives proved very much beneficial in the times of COVID19 spread. During the mandatory lockdown due to COVID19 pandemic customers could continue doing business transactions online such as interest/loan amount payment, top up of loan etc.

New initiatives; several initiatives were taken by your Company during the year in information technology for improved business efficiency, ease of operations, improved risk management practice and for providing best stakeholders experience through API integration and mobile apps development.

Let me talk about the major marketing and promotion initiatives; we initiated several steps to improve Muthoot branch salience of greater reach. We promote the prominent ones, few I am mentioning.

- 1. Launched integrated marketing campaign with I-visit loan series showcasing Mr. Amitabh Bachchan in different regional characters and different languages.
- 2. Flagged off station the Muthoot Group Nandanam Metro Station in Chennai. First semi-naming rice led branding situation. As you all know we have a metro which is the best supposed to be in the country in Delhi for the last three years that is in GK-I of Delhi Metro is showcased wonderfully well. Thanks to all the marketing department people initiatives, especially to our DMD and the team.

Let me talk about the awards and recognition; see we have got lots of awards and recognition from various forums and even myself MD and JMDs and our senior executives also were recognized in various forms by giving awards to them as well as to the company. We also received several awards during the year which include one, the prestigious Economic Times BFSI excellence award 2019 for mass consumer outreach for the Muthoot Finance 'Vishwas ki Tijori' initiative carried out at the Kumbh Mela in Prayagraj in March, 2019 which was

appreciated by the whole country and we have got the award also for that. Second, the coveted Prime Time award 2019 in banking and financial services and insurance category for its creative and integrated marketing campaign 'Soch badaliye aur life me aage badhiye' again was projected by none other than Padmavibhushan. Amitabh Bachchan.

Let me talk about the team Muthoot; our employees are the core strength of the organization and represent our greatest assets and best brand ambassadors of the company. As we all know the success of an institution is three things, people, people and people and we are fortunate and the blessing of God we have got total committed, absolutely loyal employees, working through and through for the company's progress and they themselves are also progressing in their professions.

HR practices ensure a workplace that is fair, equitable and responsive to the needs and aspirations of our 40,000 employees around. Apart from offering the best remuneration package in industry in which we operate, your company offers various other benefits to employees including employee stock options, pension in private company and various statutory and non-statutory staff welfare measures. Let me be very humbled and happy to say that we have 28 staff welfare measures in the Muthoot Group as well as in the Muthoot Finance, your company.

Let me talk about the community care; humanitarianism and social welfare are among the core principles of the Muthoot Finance and the Muthoot Group. The words of our Founder Chairman, Sri. M. George Muthoot, who is my father, our father, one should not lose any opportunities that may come across one's life to help the poor and the underprivileged and this serves as our bacon regarding responsible in every sense.

Our community initiatives complemented our financial inclusion agenda. We are committed taking incremental steps to bring about meaningful difference to the lives of the less privileged by enabling urgent medical care to those in need, facilitating government efforts in rehabilitating victims of natural disasters and COVID pandemic and bridging the gap in the education and social welfare. During the year we made significant additions to our healthcare program through Muthoot Snehasraya and Muthoot Snehasancharini while beginning new initiatives in cancer care. We also instituted new scholarships for meritorious students, extended help to widowed mothers and artistes in distress and furthered our mission of raising environmental awareness. And we have done lot of other charitable and CSR activities continued in the last year as we were doing earlier and we are still continuing in this year in a big way. Apart from the initiative already mentioned an ongoing prominent initiative being the one 'rebuilding Kerala' as you all know the calamities faced by Kerala repeatedly. Muthoot Ashiana project implemented for the construction of 200 houses for the victims of the devastating 2018 floods in Kerala. We have completed the construction of 121 houses out of the 200 so far and the rest of the houses are under construction. For your information these houses are small but very-very well structured with quality and with facilities also we have given like fridge and other items also in the house and our people who got these houses, is a 5 star style rooms compared to what they were living was phenomenally different and they are excited and thanking us and praying for the company

for that gesture alone. Further the initiative undertaken by the company for COVID relief measures was a notable one of current significance. We have rendered crucial support to people in various states in association with the local administration and NGOs. In this process we have taken (450+) initiatives across 18 states which included distribution of masks, gloves, sanitaries, PPE kits, grocery kits, food kits and supplies to community kitchens etc. And we feel that it is our hardened duty to give back to the nation and especially for the people who are distressed and in problem.

Let me talk about forward-looking of our company;

Our sustained and quality growth over the years is a testament to our ability to deliver excellence in everything we do, conducting business with integrity, transparency, ethics, values, reliability, dependability, trustworthiness, enhancing operational efficiency, and embracing the latest technology.

We also know, excellence is a moving target. We remain entrenched in our constant pursuit of excellence, deepening our engagement with our customers, widening our base throughout India and innovating our offerings to the citizens of the country and our customers in particular. As India's largest gold financing company and the world's biggest, we are helping drive the nation's inclusive growth agenda by making credit accessible across the economic pyramid, especially to the underprivileged, unserved segment.

Also let me take this opportunity that even though we are giving to such people in the middle level or poor category ordering. We are catering in a big way in big business and big loan segment also in the gold loan sector. We remain entrenched in our constant pursuit of excellence, deepening our engagement with our customers and we are continuing doing it by the grace of God. Over the years we have put in place a rock-solid foundation of core systems which we can build upon to augment our productivity, accelerate product and service innovation and deliver a seamless customer experience across multiple touch points.

Let me also add that we have got lot of systems in place right from CBS, FAMS, HRMS, CRM, outbound calls, inbound calls, all these systems are in place which are innumerable, maybe more than 15, I doubt whether many banks even do have all these in place. But I am humbled to state as a NBFC but of course originated from a full-fledged bank, we have the privilege to be a banker as well as a NBFC which we never violated or deviated from our fundamental principles of ethics, values, reliability, dependability, trustworthiness, integrity and goodwill. Even if somebody offers anything and under any pressure, we don't budge an inch from our fundamental principles which I stated above.

I acknowledge the support of our dedicated employees, the guidance of our Board members specially and we have a wonderful independent Board and even our own board members from the family are all striving hard and the confidence of our stakeholders, all of our achievements and I express my sincerest gratitude to all of you and specially to the Board of the Directors.

And I hope you all will continue to be our pillar of strength in the exciting journey. Thank you very much.

Now let me proceed the meeting; now let me invite Sri. George Alexander Muthoot, the dynamic Managing Director to address the shareholders.

George A. Muthoot:

Thank you Chairman, respected members of the Board, respected shareholders and all others who are listening to this online AGM. I'm very happy to be here to be here in this meeting. Of course, not that much happy because this is not a physical meeting. But I am sure this is substitute very well for a person to person AGM.

About the company first of all I would like to thank the retired Director, Pamela Anna Mathew who served the company for the last 6 years as an Independent Director. Yes she has been quite supportive, very supportive and also contributed a lot during the deliberations of the meeting at the committees. At the last AGM, the three new directors have also joined this company whom we have not been introduced. So, at this AGM let me also welcome Sri. **Ravindra Pisharody** , Sri. V.A George and Mr. Pradip Chaudhari also and Justice Benjamin Koshy also to this meeting.

Again, let me also say a few words because most of what had to be said has already been very clearly said by the Chairman. So first of all I would like to speak a few words about the COVID and the impact of the COVID scenario today on the business. I saw that the COVID has had a big impact on our business. Because for the one month from the last week of March to the last week of April, almost a month fully, all our branches were closed, all 5000 approximately branches were closed for business. But thereafter, from the end of April we are having our business. And for me all the staff have also been able to attend office and come for their offices. So first quarter of growth was A1 growth was needed rather flat. But thereafter things started improving. Today gold loan is and continues to be the most preferred quick loan option for any business. Today I speak as India is coming out of the lockdown, coming out of the COVID situations slowly and steadily, people have to restart their businesses and for restarting their business they need quick easy finance. And that we are able to deliver to the customers, to the public, very easily through our branches. That's a big support we are able to give for rebuilding India after the COVID pandemic.

We have seen large number of customer's new and old customers coming to our branch to take this gold loan. In saying this even banks have also stepped up their business for gold loans. Their portfolio of gold loans, they have also begun it nicely. But we, Muthoot continue to be the market leader at the NBFC of first choice for anybody who needs a gold finance. So we are happy that in the second quarter we have been able to do much better than the first quarter and probably we should, we feel that the guidance of 15% growth in AUM which we have set at the beginning of the year, we will easily achieve this by the end of the year.

So during the COVID your company has definitely come out of it. The gold loan business is back to normal, all the staff are able to come but customers because of lack of public transport

they're not able to come very easy but now there are two wheelers and four wheelers making easier the customers are coming to the branch and business is back to normal. As you know gold loan constitutes 89% to 90% of our total portfolio. So we are quite positive, your company is quite positive about the gold loan business going forward too.

About the subsidiaries, the subsidiaries has had, they have also had an impact because of the COVID, especially the microfinance subsidiary, the housing finance subsidiary, and the vehicle finance. But glad to say that after the moratorium has been lifted we see very good collections. In fact other than microfinance almost all the customers were given the benefit of the facility given by the RBI for moratorium. Only 20%-30% of the customers of the housing finance and the vehicle finance opted for moratorium. Even now that it's over, September onwards we are seeing very good comeback from the collections. We see 75%-80%-90% collections of EMIs in these sectors. So although these sectors have come back to normal, during the year we wouldn't be trying to aggressively grow the non-gold loan portfolio. As I said we'd be growing the gold loan portfolio by 58% but probably the other portfolios would probably remain flat. Still the impact of this COVID, etc. is fully known, we will be going slow on the subsidiaries. So probably by end of the year the proportion of the non-gold loan business or the gold loan business may go up beyond 90% too.

That is the business part and the COVID situation also, everybody has been supporting the company, all the stakeholders and we have also committed to giving back to the society. As our honourable Chairman said we have been doing quite a lot during the pandemic COVID in fact during one month when all our branches were not opened, our staff were actually going out with the help of the police and the local authorities and distributing as he said all sorts of masks, gloves, sanitization materials and even food packets and grocery kits which was very well appreciated by all the people, even the police officers, the government departments which was a really helping hand to the people at that time. So even during the COVID time branches were not open people and our staff actually they took it upon themselves to manage all these problems on the roads, etc., and do this. So we have been doing all that not just in Kerala, elsewhere, every state, even all the 18 states we had done quite a lot, were happy is only because of the company is able to do well financially that the CSR is also able to be done. So, I thank the shareholders and the public for supporting the company so that we as we earn a profit we are also able to give back to the society.

I would now like to also this is not the vote of thanks though but I would like to thank all our customers and the customers both, the deposit customers as well the loan customers who are our backbone. They have immense trust in the company that's what we see, such a lot of investments coming into the company as deposits, as NCDs, non-convertible debentures, banks supporting us, mutual funds supporting us and all other HMAs and corporates supporting us with funding and the general public was supporting us by availing loans from Muthoot. We still are always thankful to them for their support, then our regulators, the Reserve Bank of India, the **Registrar of Companies** SEBI a whole lot of **regulators** have also been supporting us, have been helping us to see that such a company with such a lot of customers, today approximately 200,000

customers visit our branches in India. So it's a very operationally intensive business but still we are able to serve these customers and the regulators have always been supportive, had appreciative of the fact that we are a peoples company, a large peoples company is what Muthoot is.

Our shareholders have been supported us all through. At the last AGM where the shareholders who were asking us, why our share price is not going up because prior to that the share price is very low probably 300-400 or so. At that AGM our share price went back to 675, now it is support of the public and from 675 of the last AGM, we have now today it is 1135, a 70% growth from last year. And I'm sure all the shareholders certainly have benefited who have invested in the company. It is not our merit alone; it is the support of all the people whom I mentioned, the directors, the customers, the customers both in the loan sector and in the funding sector, the regulators and certainly our group of committed employees. There have been the support, we have been able to grow the book and as shareholders I'm sure you will be happy to note that share price today is 1135. That's also an improved performance is an indication of what public feels about the company and for your information the promoter family which holds (+73%) of the company has not sold even one share from the date of listing, from 1912 they are continuing, all the promoters continuing to hold the shares which they have, only thing which was diluted was the ESOPs issued to the customers. That is why from 75 it has come down to 73 otherwise all your directors, all the promoters have continued to hold their shares. I'm sure that speaks volumes of the confidence we have in your company. But I'm sure it is not only our confidence, you have demonstrated a big confidence in us so that our number of shareholders have also increased, probably i think 25% increase or 20% increase has happened from the last AGM. So the support from you the shareholders of the company, the owners of the company for supporting the management and the promoters and the directors and board of directors to run this company, we hope that you will continue to support us and we on behalf of the management assure you that we will do everything in our control to see that your company grows from strength to strength with all the seven parameters which our Chairman said, trust, honesty, reliability etc. and we will do that and I'm sure we will be able to do a good job in the days to come with your support. So I am concluding, once again thank you all of you and I think let me just hand it over back to the Chairman for the next official proceedings. Thank you.

M.G. George Muthoot: Thank you the Managing Director. Now the Company Secretary has to say something.

Rajesh A: Thank you Sir. We have few shareholders who have registered as the speaker shareholders. May I request the moderator to call out the names so that they can speak one by one?

Moderator: Thank you. Ladies and gentleman, we will now begin the question and answer session. We request to kindly inform the speaker shareholders to unmute your audio-video before asking the question. We have the first question from the line of Manish Bhandari, kindly unmute your audio video to ask the question sir. We will just move on to the next question sir for the time being. It's from the line of Mr. Jose Jacob, kindly unmute your audio video to ask the question.

Jose Jacob: Good morning everyone. I have listed down a few questions, so I will ask them one by one. One was you have briefly touched upon the shifting to the digital mode for gold loan business in the light of COVID. If you can throw some more light on how that is exactly being implemented from both in terms of taking the gold collateral as well as the disposal? Just to sort of understand how we have adapted to the COVID situation that is one. Two, I understand we are spending a lot of money in terms of the advertisement from an Association with Amitabh Bachchan as well as Chennai Super Kings, if you can elaborate on how the same has benefited the company as a whole that would be good. and third on a lighter note what is your prediction as regards the IPL this time whether Chennai Super Kings is going to take the cup.

Moderator: Thank you. We will move onto the next speaker shareholder Mr. K. V. Jose. Kindly unmute your audio-video to ask the question sir.

K. V. Jose: **Hi,** Good morning everyone. I am very happy to attend this AGM on online. I also have few questions. The first one, at the present this pandemic situation how the liquidity situation of the company? The Chairman spoke about we have started post-COVID launch. How it will affect the, whether it will affect our liquidity situation? How it will be at present position? Next one whether our company is able to raise funds at competitive unit at this point of time and you were mentioning about the CRISIL rating. We are CRISIL AA with positive outlook or stable outlook. We have any plan for going for more than that in the CRISIL AAA? These are the questions I would like to ask here? Thank you.

M. G. George Muthoot: Thank you very much to the shareholders asking creative and good questions. Now I request our honorable Managing Director to respond to all the queries one by one. Thank you.

George A. Muthoot: Thank you Chairman and respected shareholders. One question was about the digital initiatives taken by the company during the pandemic. Chairman had explained a few things but little more in detail, what we did during the pandemic was that we were able to actually connect with the customers or staff were personally connect with our customers on the phone during the pandemic and align their bank accounts with our loan accounts, so that they were able to transact their transactions digitally much easier. Please also remember that our average ticket size is only Rs. 50,000. There are customers with Rs. 5000, Rs. 10,000, Rs. 15,000 who are not that computer friendly as the others but still nevertheless we were able to enroll more than 10 lakh customers during this 1 month. Because of that our digital people who were transacting digitally which was 20% earlier went up to 40% after this. So now today the customers can either on pay their interest online, pay part of their principle online, also take loans online. So all these transactions they can do online but one thing which we were not able to do still is how to help the customers to bring the gold to our office electronically and also take back their ornaments through online. We have not come across a solution for that till now but then in the meanwhile we have done something. We call it Loan at Home. So customers who are unable to come to the office bring their gold, we have a service which is our staff goes to the customers' office or residence, collects the gold, checks it then and there, they have equipments with them checks it, weighs it, packs it in front of him and brings it to our branch and at the residence itself we transfer the funds to him.

Of course, we do it only for bigger customers which is more than 2 lakhs at present and is available in few of the metros. It is catching up well; probably we will be able to increase the gold loan market because of this. Customers who are reluctant or little reluctant to come to the branch with their ornaments in public can do it with confidence and with all sorts of security. So we have been able to do this and of course all other verticals also do all these collections and payments online. That has been the digital initiative.

The second one was about marketing initiatives. Yes, our Deputy Managing Director Sri. Alexander M George has been spearheading this along with all the others and the association of Amitabh Bachchan has always been very good for us because the last one was 'gold loan is good'. That means there is always a concept selling of gold loan which is required because today we have 25,000 tons of gold available in the market, ornaments and out of that only about 2000 tons have come into the organized lending space, gold loan space because much more whom there are people with a large holdings with the not available gold loan but only Amitabh Bachchan would be able to make them more comfortable to take a gold loan. That is one and CSK which we have been, this third year of our association with CSK. It has always been good only and it is also helping because Tamil Nadu is one of the biggest gold loan markets in the country and associating something in Tamil Nadu-Chennai Super Kings was we thought be a good one and that is why we have done that.

Your third question was whether IPL Chennai Super Kings will win or not. As for the three matches play, they have won the first one, the second too there is I have always seen while watching this IPL, the teams who do really well in the beginning finally don't come to the finals. So we let us hope that IPL CSK was not doing well now, will come of first in the but having said that this not simply winning the tournament but this as the visibility Muthoot gets with the cricket because it is the most watched game in the world I should say, cricket India has a big-big fan following and so we are happy to be associated with that. I don't think, I feel that our interest will involve this marketing with Amitabh Bachchan and CSK and so many other things definitely will do good business for us. We have seen our company also growing probably because of this also.

The second question from Mr. Jose was, second speaker, was about the liquidity of the company. Today we have a, rather all NBFCs have a big liquidity issue 1-year back starting with the IL&FS crisis and again with the crisis which came with Dewan Housing Finance and Yes Bank. Everybody was looking at what is the liquidity of the NBFCs. Your company has AUM in the last AGM of 40,000 crores and we have back funding of about, just about of funding of not bank, everything together about 30,000 crores. So we need to keep a good liquidity with us so that people, banks, mutual funds, commercial papers, everybody who is lending us, lending to Muthoot feels comfortable. So that is why we have now a very good liquidity. In fact at the last AGM we had a 20% liquidity which is very-very high and investors were asking why you are keeping so much of liquidity. But of course there is an interest, element of interest loss in this but then having liquidity in Muthoot is always good because as I said 20%, we are committed to a 15% growth so 20% is not much but then we are comfortable with liquidity.

The second question was about what has been the rates of interest or whether there is a reduction in the rates of interest. Till about 2 months back, banks have not substantially reduced their lending rates to NBFCs but in the last 2 months banks have started to ease on the lending rates so probably a 100 to 150 basis points is what some of the banks are offering us in the newer loans or in the new loans which we are taking from the banks. They are offering us the service that is for the bank funding. For the NCDs, Non-convertible debentures which we place on the listed and unlisted market, there has been a reduction of almost 150-200 basis points. In the CPs also, Commercial Papers also there has been a very substantial reduction in the rates. It's all because of the confidence people have with the company that we are able to get this and we will always make it a point to pass on these benefits to the customer keeping a net interest margin intact. Net interest margin we will keep intact but whatever benefits we get from lesser cost of funds we will be giving it back to the, transfer back to the more or less with reducing the yield. We have been doing it all the while and that is why Muthoot continues to be the No.1 gold loan Company in the NBFC sector. I am proud to say that we are seen as the most reasonable of all other gold loan NBFCs to the sector.

The final question was about rating. Yes we have always discussions with rating agencies. I along the CEO and others go and attend these rating discussions but always something or the else happens. When there were above that we are waiting upgrade that is a time when IL&FS happened. After a little while later again when they were thinking of a rating the DHFL happened. Then the Yes Bank episode, so these are the things which are actually not within our control, beyond our control and now COVID has also happened. So all these things although the company is doing extremely well the external factors prevent these rating agencies to be happening but of course recently we have some upgrades right from normal outlook they are going to stable outlook etc. but then we are always pursuing them and we hope in the near future that they will see gold loan companies as different from other NBFCs. In fact the dispensation that we are also bundled with all the other NBFCs, with all the other problems is one of our issues. We have been requesting the regulator also, always to see that we are treated differently and so that gold loan NBFCs with all their big very important and stable funding and stable business, no liquidity issues etc. will be able to give us a better rating in future and I think that most of the questions but I would like to request our Deputy Managing Director Sri. Alexander M George to also talk to us little more about the marketing initiatives. Thank you, shareholders.

Alexander M. Muthoot:

A very good morning to all of you. This is Alexander George Muthoot Deputy Managing Director. I would like to take on the question regarding the marketing initiatives that the company has taken and I would like to assure all of you that all the marketing initiatives that we have taken have been truly transformational in nature for the organization. We have been very carefully monitoring every investment that we have made in our marketing initiatives with a very clear perspective of increasing the value to the business, to the shareholders and ensuring that we effectively monitor risk through our customer relationship management module. We track every investment across the branches, across the organization in terms of the investments that we make and I would like to highlight a few performance updates with specific answers in terms of how it has changed our business for the better over the last 2 years. As you know we

signed up Sri. Amitabh Bachchan ji and Chennai Super Kings in 2018 and over the last 2 years I would like to share some performance highlights which has already been said but I would like to show you the performance or showcase the performance of the last 2 years itself. In terms of the net gold loan growth per branch Muthoot Finance has risen from 6.67 crores per branch in FY 2018 to 8.92 crores per branch which is a growth of 34% over the last 2 years. In terms of overall net gold loan growth per year Muthoot Finance rose from 1630 crores in FY18 to 4736 crores and now to 7185 crores in FY20. From a market capitalization perspective, we have moved from 15,000 crores in 2018 to about 45,000 crores in September 2020 which is a 3X rise in the last 2 financial years. In terms of the consolidated AUM book size of Muthoot Finance and its subsidiaries we have grown from 32,154 crores to almost 46,871 crores which is a massive growth of 46% from FY 2018 to FY 2020 and overall if you see the consolidated net profit of Muthoot Finance we have grown from 1784 crores to 3169 crores which again is a historic rise of a 78% in the last 2 years itself. So as far as the marketing investments are concerned these are some performance metrics that we also used to measure how the business has transformed over the years.

And the second question which was asked about Chennai Super Kings winning the IPL or not. We have always strongly believed in not just looking at just banking on a team which is going to win the tournament but more importantly from Muthoot and its network. If you look at our network 900 of our branches are in Tamil Nadu area and where there is heavy competition and we see Chennai Super Kings as a most followed team in the entire IPL. It is definitely been one of the most successful team but winning or losing you have seen how the IPL performs every day; even one player can change the game but more importantly we have backed the team considering our distribution network where we are very strong in terms of our presence and definitely the improvement in the Tamil Nadu region or the South region has definitely been there and the business is tremendously improved. So we definitely look at the combination of Bollywood and Cricket as a big boost to our business and how it has improved our business in measurable and quantifiable terms. So we definitely thank God, Almighty for all his blessings and also thank all our employees who have worked hard behind-the-scenes for this ensuring these kinds of business results for us and also all the shareholders and the investors who have reposed their trust in us. So once again thank you very much and I wish you all the very best.

M. G. George Muthoot: Thank you our Managing Director and the Deputy Managing Director. Giving further clarification to the questions asked by the shareholders let me take this opportunity to say few general things before we go to the next item. See the Muthoot's contribution to the gold loan industry is phenomenal because not by the volume alone, the perception about gold was, was it was considered as a distress loan but Muthoot has made an All India Pan India operation. When we came to North India people used to say we will not pledge our gold of wife and mother and grandmother, 'gardan katega' that means even if you cut our head, we won't pledge gold. From that aspect it has become a lifestyle product and people are coming in big numbers and big volume. It is no more a 40,000-45,000 loan average size. There are people who have taken 6 crores, one single party, they are jewelers, they have got one-third of their jeweler stock say 18,000 crores or 1800 crores but one-third, 300 or 600 crores are not fashionable, out of fashion.

They come and bring that one-third say 600 crores. Few of the gold jewelers have taken I think at least a dozen of them have taken 6 crores-4 crores-5 crores from us. They take this money and make an updated or new ornaments and they are selling very well.

Now coming to the economy of India; as you all know the economy lies 80% is the people are in rural and semi-urban places in India. We have gone to the last mile through our 5500 branches approximately and increasing 200 to 300 branch every day to nooks and corner of the country because this is an asset which cannot be travels or travelled long distance. People wanted our branches to be near them to carry this great asset which cannot be taken far. So we have increased and taken the advantage of that and that's why we have gone to this much number of branches.

Now coming to financial inclusion; the government previous and now, the Prime Ministers and the Finance Ministers used to say about financial inclusion which means bringing people in a network of banking. It's a very good thing but we have done financial inclusion plus by bringing them and giving instant loan. So it is a financial inclusion plus it is one more plus is that we give the money and they invest in trade business, industry and other places, make money and come back to us and retrieve the gold and again they improve in their business in the economy of the country is also phenomenally contributed by the Muthoot which many people do not really believe. We have 78 crores customers till now including the repeat customers. Even if a person comes 2-3 times, one may be for starting a business, then maybe for another branch or maybe for increasing the stock. So our dear shareholders you should be a little more aware about what contribution we are doing for the country and the people at large. Even what through our CSR and charity which we are not a company, who have just concentrated on making profit.

Now let me also say one more thing. Whether you know or not every 100 crores deposit or investment with us is supported by 158 crores of gold which is kept in a 5500 strong rooms of Muthoot. Is there any bank in the world who can say 5 percentage gold against their deposits? I am not blaming them but fortunately by the grace of God, we are say bank used to give big loans but 1992 when this, the problem of privatization, globalization, we concentrated on our small product we started 19 years back and that has become a big success and this is no model of business available in this problematic conditions. The safety of the depositor and the convenience of the public at large, we are doing very good work by the grace of God and all the support of the customers and our shareholders and all of our directors and all our employees. So I wanted to say these few things not with "Ahankara" but with "Abhimanam". So we are thankful to God for giving us this directions and values and ethics in place and we grow only with the values and ethics and all this goodwill intact. So we don't want to grow that big but we will definitely grow if God allows slowly. Thank you very much for the nice questions and I hope we can proceed further.

The results would be announced in 48 hours, now let me say. Now I authorize Company Secretary to conduct the voting procedure and conclude the meeting. The e-voting facility will remain open for the next 15 minutes to enable members to cast their vote. The results would be announced in 48 hours of the conclusion of the meeting and the same would be intimated to the

stock exchange and uploaded on the website of the company and NSDL accordingly. I authorize Company Secretary to announce the results on my behalf on the scheduled date. On behalf of the entire Board of Directors, I thank all the shareholders for attending the meeting and for their continued support. I also thank the Managing Director and all the other Directors and Auditors, both the Auditors for joining the meeting remotely through videoconferencing. In the beginning we could not see Justice Benjamin Koshy in the screen. Now he is very much available, I don't know whether he heard what I talked about him. He is a retired Chief Justice and he has got so many other things I explained whether you heard it or not. We are proud to having a good lot of independent Directors who are contributing very much and we are already monitoring the company and we are happy with their suggestions and we follow all the good practices in the industry to make your company one of the most prominent one if not by volume but by status, goodwill and integrity. Thank you very much. I hand over to the Company Secretary to continue. The Company Secretary has nothing to do but only announce result 48 hours and can I continue, Company Secretary you have nothing to say now.

Rajesh A: Right sir you can continue sir.

M. G. George Muthoot: As a practice always, we end the AGM proceedings; in fact all the important meetings with the National Anthem. I request all of you to rise up in your places for the National Anthem and please be in perfect attention and with reverence for the 52 seconds of the duration of our National Anthem. Please get up and be in proper attention position, Company Secretary also.

With your consent and permission I and all the other Board members would like to leave from the meeting. I request all the shareholders to stay safe and stay healthy in your places in this pandemic. I hope to see all of you in the next AGM also. Thank you very much for the patient listening and participating in this AGM and only thing is that we could not meet physically but we could do best possible through this videoconferencing. Thank you very much and wish all the best to all of you in your business and family and your life. Thank you.