



**Muthoot Finance Limited**

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Ref: SEC/MFL/SEC/2019/3243

Symbol: MUTHOOTFIN  
Scrip code: 533398

August 29, 2019

Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza,  
Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E)  
Mumbai - 400 051

Department of Corporate Services  
BSE Limited,  
P. J. Tower, Dalal Street,  
Mumbai- 400 001

Dear Sir/Madam,

**Sub: Regarding Strike in our Kerala branches by negligible number of employees backed by CITU Union**

As all of us are aware, Muthoot Finance Ltd started its business operations from Kerala in 1939 and over the last 8 decades we were able to expand our services outside Kerala in a significant manner upholding the financial inclusion objective on a pan India level.

In the last 3 years, a negligible number of employees have joined a trade union in Kerala under the outfit named "Non-Banking & Private Finance Employees Association (CITU). Since this constituted only a small minority, this trade union is not required to be recognized by the Company as per the present regulations in place.

The above outfit has declared indefinite strike in our branches in Kerala from August 20th, 2019. Though large majority of our employees are not part of this strike, they are unable to open branches because of the threats or forcible closure. Our staff is being threatened for life if they open branches. These threats are made by CITU workers which is the affiliate of Communist Party of India-Marxist (CPI-M), the current ruling party in Kerala. Some of the staff who dared to open the branches were threatened/ physically assaulted leading to forcible closure of branches by CITU workers.

Out of 623 branches in Kerala, 265 were opened for transactions today of which 15 branches have been forcibly closed. Yesterday, 224 branches were opened for transactions of which 47 were forcibly closed.

Company is proud to state that it has complied with all applicable labour laws and its compensation levels are the best in this sector.

In this background , Company has taken a decision that branches which are not being able to be opened because of the physical obstruction by CITU workers will be closed and the entire employees of the branch will be retrenched after meeting all the statutory compliances required in this regard.

As we expanded operations outside Kerala, business in Kerala is only 4.57% i.e. Rs.1600 crs of our total gold loan portfolio of Rs. 35000crs. However, we have 611brs in Kerala which constitutes 13.55% of our total branch network of 4509brs. On account of low business volumes in Kerala, our average gold loan outstanding per branch in Kerala is around Rs.2.61 crs whereas for our branches outside Kerala average is around Rs.8.57crs. Hence branch productivity is very low in Kerala.

Inspite of the above low business volume, Company has shown keenness to continue its business in Kerala as it is our home state. But, if the threatening and forceful closure of our branches by the CITU workers is continued and branch remain closed due to no fault of ours, we will have no other option but to close down those branches which remain closed due to this forceful closure and retrench the employees of those branches.

The proposed actions by the Company will not have any material impact on the financials of the Company as business in Kerala is not material to our overall business.

Request you to kindly take on record the information.

Thank you,

By Order of Board of Directors of Muthoot Finance Limited



Maxin James  
Company Secretary