



Muthoot Finance

MUTHOOT FINANCE LIMITED

Registered and Corporate Office: 2nd Floor, Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi 682 018, India

Telephone: (+91 484) 239 4712; Facsimile: (+91 484) 239 6506

Website: www.muthootfinance.com; Email: csmuthoot@muthootgroup.com

CIN: L65910KL1997PLC011300

POSTAL BALLOT NOTICE

[Notice Pursuant to Section 110 of the Companies Act, 2013, read with rule 22 of the Companies (Management and Administration) Rules, 2014]

To,

The Member(s),

Notice is hereby given that pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the Companies (Management and Administration) Rules, 2014 ('the Rules') (including any statutory modification or re-enactment thereof for the time being in force), approval of members of the Company is sought by way of postal ballot / electronic voting (e-voting) in respect of the following resolutions:

SPECIAL BUSINESS

1. To consider and if thought fit to accord assent/dissent to the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to section 13 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to necessary approval(s) of the statutory authority (ies), if any required in this behalf, the approval of the Company be and is hereby given for shifting existing sub-clause (13) and (15) of Clause III (C) to Clause III (A) and be re-numbered as sub-clauses (v) and (vi) forming part of Clause III (A) of the Main Objects as under

- (v) To acquire concessions, facilities or licenses from Electricity Boards, Government, semi Governments or local authorities for generation, distribution, production, transmission or use of electric power and to take over along with all movable and immovable properties, the existing on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of the foregoing objects.
- (vi) To establish and carry on the business of White Label ATM networks in terms of Payment and Settlement Systems Act, 2007, independently or in association with other service providers as a joint venture or otherwise.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such other acts and deeds as it may deem fit and appropriate and as may be necessary to settle any question, difficulty or doubt that may arise in regard to the said resolution."

2. To consider and if thought fit to accord assent/dissent to the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to the provisions of section 13 and all other applicable provisions of the Companies Act, 2013, if any, and the Rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise the powers conferred by this resolution), approval of the Company be and is hereby accorded to insert the following new sub-clause (vii) under Clause III. A.

- (vii) To carry on mutual fund activities in India or abroad, acting as a sponsor to a Mutual Fund, incorporating or causing the incorporation of and / or acquiring and holding shares in an asset management company and / or trustee company to a mutual fund and to engage in such other activities relating to the Mutual Fund business as permitted under the applicable laws, to set up, create, issue, float, promote and manage assets, trusts or funds including mutual funds, growth funds, investment funds, income or capital funds, taxable or tax exempt funds, charitable funds, venture funds, risk funds, real estate funds, education funds, on shore funds, off shore funds, consortium funds or organise or manage funds or investment on a discretionary or non-discretionary basis on behalf of any person or persons (whether individual, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise, trusts, pension funds, charities, other associations or other entities), whether in the private or public sector and to act as administrators, managers, portfolio managers, or trustees of funds and trust, brokers, managers or agents to the issue, registrar to the issue, underwriters to the issue, financial advisors, trusteeship services and wealth advisory services.

FURTHER RESOLVED THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard and to execute all deeds, applications, documents and writings that may be required on behalf of the Company and also to delegate all or any of the above powers to any Committee of Directors of the Company for the purpose of implementation of the aforesaid Resolution, without requiring the Board to secure any further consent or approval of the Members of the Company."

3. To consider and if thought fit to accord assent/dissent to the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to the provisions of section 13 and all other applicable provisions of the Companies Act, 2013, if any, and the Rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise the powers conferred by this resolution), approval of the Company be and is hereby accorded to insert the following new sub-clause (viii) under Clause III. A.

(viii) To act or to carry on the business of providing financial services including bill collection services and advisory and management services including information technology services.

FURTHER RESOLVED THAT subject to and in accordance with the provisions of law, as may be applicable from time to time, the Board be authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard and to execute all deeds, applications, documents and writings that may be required on behalf of the Company and also to delegate all or any of the above powers to any Committee of Directors of the Company for the purpose of implementation of the aforesaid Resolution, without requiring the Board to secure any further consent or approval of the Members of the Company."

4. To consider and if thought fit to accord assent/dissent to the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to section 13 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to necessary approval(s) of the statutory authority (ies), if any required in this behalf, the approval of the Company be and is hereby given for shifting existing sub-clause (10) Clause III (C) to Clause III (B) and be re-numbered as sub-clause (32) forming part of Clause III (B) of the Objects incidental and ancillary to the attainment of main objects as under

32. To open and manage offices including hiring out of furniture and fittings, strong rooms, electrical fittings and such other equipment's.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such other acts and deeds as it may deem fit and appropriate and as may be necessary to settle any question, difficulty or doubt that may arise in regard to the said resolution."

5. To consider and if thought fit to accord assent/dissent to the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to section 13 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to necessary approval(s) of the statutory authority (ies), if any required in this behalf, the Other Objects Clause of the Memorandum of Association of the Company be removed completely by deleting the Clause III (C)(1) to (C) (15) existing before the present amendments to Memorandum of Association.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such other acts and deeds as it may deem fit and appropriate and as may be necessary to settle any question, difficulty or doubt that may arise in regard to the said resolution."

By order of the Board of Directors
For Muthoot Finance Limited

Sd/-

**George Alexander Muthoot
Managing Director**

Kochi
11.11.2016

Notes:

1. The explanatory statement pursuant to Section 102 of the Act stating all material facts and the reasons for the proposal is annexed herewith.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners maintained by the depositories as on 11.11.2016. The Postal Ballot Notice is being sent to Members who have registered their email IDs for receipt of documents in electronic form to their email addresses registered with their Depository Participants / the Company's Registrar and Transfer Agent. For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice along with Postal Ballot Form are being sent by permitted mode along with a postage prepaid self-addressed Business Reply Envelope.
3. Members whose names appear on the Register of Members / List of Beneficial Owners as on 11.11.2016 will be considered for the purpose of voting / e-voting and voting rights shall be reckoned on the paid up value of shares registered in the name(s) of the Member(s) / Beneficial Owner(s) as on the same date.
4. The Board of Directors of the Company has appointed Mr. Thomas Shanti, Practicing Chartered Accountant, Kochi, as the Scrutinizer for conducting the postal ballot / e-voting process in a fair and transparent manner and National Securities Depository Ltd (NSDL) as agency in respect of remote e-voting for the postal ballot.
5. Resolutions passed by the Members through postal ballot are deemed to have been passed as if they have been passed at a General Meeting of the Members.
6. In compliance with Sections 108 and 110 of the Companies Act, 2013 and the Rules made thereunder, the Company has provided the facility to the Members to exercise their votes electronically and vote on the resolution through the e-voting service facility arranged by NSDL. The instructions for electronic voting are annexed to this Notice.
7. The Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical Postal Ballot Forms will be treated as invalid.
8. As required under Rule 20(3)(v) and Rule 22(3) of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), advertisement for dispatch of notice and e-voting will be published in the newspapers specifying the relevant matters therein.
9. In case a member is desirous of voting through physical form obtaining a duplicate Postal Ballot Form, he or she may send an e-mail to coimbatore@linkintime.co.in / csmuthoot@muthootgroup.com. The Registrar and Transfer Agents / Company shall forward the same along with postage prepaid self-addressed Business Reply Envelope to the Member.
10. Voting rights in the Postal Ballot / e-voting cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorised representatives with proof of their authorization.
11. Members desiring to exercise their vote by physical postal ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed, in the enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than 05.00 PM on 18.12.2016. The postage will be borne by the Company. However, envelopes containing postal ballots, if sent by courier or registered / speed post at the expense of the Members will also be accepted. If any postal ballot is received after 18.12.2016 (05.00 PM), it will be considered that no reply from the Member has been received.

12. The Scrutinizer will submit his report to the Chairman or Managing Director of the Company after the completion of the scrutiny of the postal ballots (including e-voting). The result of postal ballot shall be announced by the Chairman or Managing Director of the Company on Tuesday, 20.12.2016 at the registered office besides being communicated to the Stock Exchanges. The results will be displayed on the website of the Company i.e. www.muthootfinance.com, for the information of the Members.
13. The date of declaration of results of the postal ballot shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.
14. All the material documents referred to in the explanatory statement will be available for inspection at the registered office of the Company during office hours on all working days from the date of dispatch of the Notice till the date of declaration of result of Postal Ballot / e-voting.

Voting through Electronic Means

The instructions for Shareholders for e-voting are as under:

(a) In case of Shareholders' receiving e-mail from NSDL

- (i) Open e-mail and open PDF file viz; "remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Muthoot Finance Limited
- (viii) Now you are ready for e-Voting as Cast Vote page opens
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail coimbatore@linkintime.co.in and thomasshantico@gmail.com with a copy marked to evoting@nsdl.co.in.

(b) In case of Shareholders' receiving Postal Ballot Form by Post:

- (i) Initial password is provided as below/at the bottom of the Postal Ballot Form.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN
XXX	XXX	XXX

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- (c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsd.com.
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- (e) The e-voting period commences on 19.11.2016 at 09.00 AM and ends on 18.12.2016 at 05.00 PM. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the relevant date, i.e. 11th November, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the shareholder shall not be allowed to change it subsequently. Further, the members who have cast their vote electronically shall not vote by way postal ballot form.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No: 1

As per the relevant provisions of the Companies Act, 2013 the object clause of a company is required to state the objects for which the company is incorporated and any matter considered necessary in furtherance thereof. Accordingly, the Board of Directors has decided to amend the object clause of Memorandum of Association of the Company to the extent relevant, so as to align the same with the requirement of the Companies Act, 2013. The Company had earlier commenced the business as envisaged in sub-clause 13 and 15 forming Clause III (C) - Other objects of Memorandum of Association of the Company under section 149(2A) of the Companies Act, 1956. Since these activities are the main business of the company as envisaged under these clauses, it is advised that the same be shifted from existing Clause III (C) - Other Objects and insert under the Clause III (A) - Main Objects of the Memorandum of Association of the Company.

Section 13 read with Section 110 of the Companies Act, 2013 and the Rules made thereunder provides that any alteration of main objects clause of the Memorandum of Association of the Company would require approval of shareholders of the Company by way of special resolution through Postal Ballot and hence, the Board of Directors recommend the resolution as a special resolution for approval of members.

A copy of the existing Memorandum of Association together with a copy of the proposed Memorandum of Association as set out in the Special Resolution of the Notice are open for inspection at the registered office of the Company during business hours on all working days.

None of the Directors, Promoters, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise in the proposed resolution.

Item No: 2 and 3

Muthoot Finance Ltd is the largest gold loan company in India in terms of loan portfolio and is classified as "Systemically Important Non-Deposit Taking NBFC" (NBFC-ND-SI) as per RBI guidelines. It is headquartered in the south Indian state of Kerala. Our operating history has evolved over a period of 77 years since M George Muthoot (the father of present Promoters) founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887. The long operating history, track record, management expertise and Promoter support have established a strong brand name for the company in the markets it serves. Since the formation, Company has broadened the scale and geographic scope of gold loan operations. It has strong presence in under-served rural and semi-urban markets. Its branch network expanded significantly from 373 branches as of March 31, 2005 to 4,275 branches as of March 31, 2016, comprising 703 branches in northern India, 2,724 branches in southern India, 623 branches in western India and 225 branches in eastern India covering 22 states, the national capital territory of Delhi and four union territories in India. The retail loan portfolio has grown from Rs. 667 crores as of March 31, 2005 to Rs. 24379 crores as of March 31, 2016. A strong brand name has contributed to its ability to earn the trust of individuals who entrust the Company with their gold jewellery or subscribe to the non-convertible debentures issued by the Company. The Company has a strong retail investor base of around 4.5 lakh investors subscribing to non-convertible debentures. As of March 31, 2016, its non-convertible debenture portfolio stood at Rs.10,277 crores.

Mutual funds, as an investment option, have gained immense popularity in the recent past. However, majority of the population has stayed away from such investments primarily because of lack of awareness. Most of the subscriptions, as much as 84% of the asset size of the industry (source: www.amfiindia.com, May 2016) has come from 15 cities. This throws open an opportunity for tapping business in other geographies. It could become a major vehicle for mobilization of savings, especially from the small semi-urban and rural households.

This scenario provides an opportunity for Muthoot Finance which has nationwide presence and large customer base to increase its bouquet of financial products as well as earn a fee income. Hence it is desirable to tap this opportunity by entering into Mutual Fund business. The Company, therefore, intends to make an application with SEBI to act as a Sponsor of a mutual fund in accordance with SEBI (Mutual Funds) Regulations, 1996.

Also, as a Company having an established brand name and nationwide presence with a large customer base, Your Board feel that providing financial services and advisory services, as set out in Item No: 3, on a fee basis, will not only benefit the customers of the Company but also increase the visibility and customer base of the Company in the long run.

In this regard, the Main objects of the Memorandum of Association should permit the Company to carry out mutual fund activities and advisory services. However, such activities are not covered in the existing Main Objects Clause and therefore, it is proposed to alter the Main Objects Clause of the Company by inserting sub-clause (vii) and (viii) under Clause III. A

Section 13 read with Section 110 of the Companies Act, 2013 and the Rules made thereunder provides that any alteration of main objects clause of the Memorandum of Association of the Company would require approval of shareholders of the Company by way of special resolution through Postal Ballot and hence, the Board of Directors recommend the resolution as a special resolution for approval of members.

A copy of the existing Memorandum of Association together with a copy of the proposed Memorandum of Association as set out in the Special Resolution of the Notice are open for inspection at the registered office of the Company during business hours on all working days.

None of the Directors, Promoters, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise in the proposed resolution.

Item No: 4

In order to carry out the main objects as envisaged under Clause III (A), the company may be required to open and manage offices, including hiring furniture and fittings, strong rooms, electrical fittings and such other equipment. Hence it is advised that the existing Clause III (C) (10) be shifted under Clause III (B) – The objects incidental and ancillary to the attainment of main objects.

Section 13 read with Section 110 of the Companies Act, 2013 and the Rules made thereunder provides that any alteration of main objects clause of the Memorandum of Association of the Company would require approval of shareholders of the Company by way of special resolution through Postal Ballot and hence, the Board of Directors recommend the resolution as a special resolution for approval of members.

A copy of the existing Memorandum of Association together with a copy of the proposed Memorandum of Association as set out in the Special Resolution of the Notice are open for inspection at the registered office of the Company during business hours on all working days.

None of the Directors, Promoters, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise in the proposed resolution.

Item No: 5

In order to comply with the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed there under, the Company needs to delete the Other Objects Clause from the Memorandum of Association. The modification in the Memorandum of Association is carried out to give effect to the provisions of the Companies Act, 2013.

The Board recommends passing of the Special Resolution set out at Item No. 5 of the Notice.

A copy of the existing Memorandum of Association together with a copy of the proposed Memorandum of Association as set out in the Special Resolution of the Notice are open for inspection at the registered office of the Company during business hours on all working days.

None of the Directors, Promoters, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise in the proposed resolution.

By order of the Board of Directors
For Muthoot Finance Limited

Sd/-

Kochi
11.11.2016

George Alexander Muthoot
Managing Director