



To,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Dear Sir/Madam,

Sub: Disclosure of material impact of Covid -19 pandemic on Muthoot Microfin Ltd

Pursuant to Regulation 51(1) read with Part B of Schedule III of SEBI (Listing Obligations & Disclosures Requirements) Regulation 2015, please find attached disclosure on impact of Covid-19 pandemic and consequent lockdown restrictions on Muthoot Microfin Limited.

Kindly take the same on records.

Thanking you,

Yours faithfully,
For Muthoot Microfin Ltd

Neethu
Ajay

Digitally signed by Neethu Ajay
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Neethu Ajay
Company Secretary

Ernakulam
19/06/2020

MUTHOOT MICROFIN LIMITED

CIN: U65190MH1992PLC066228

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1. Impact of Covid-19 Pandemic on the Company

SEBI Vide its circular dated 20th May, 2020 on 'Advisory on disclosure of material impact of Covid-19 pandemic on listed entities under v SEBI (LODR) Regulation, 2015, all the listed entities are advised to ensure that all investors have access to timely, adequate and updated information. Towards this end, entities are encouraged to evaluate the impact of the CoVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. In compliance with the said provisions, the company has prepared the following note for the review and noting of the Board:

As our new financial year commences, the Novel Coronavirus (Covid -19) has infected more than a million people in more than 200 countries - a scourge confronting all of humanity, impacting lifestyles, businesses and economies. The rapid outbreak of the pandemic presents an alarming health crisis that the world is grappling with. In addition to the human impact, there is also a significant commercial impact being felt globally.

It would be highly difficult to speculate the short term economic impact. However, in every crisis lies an opportunity. As per many analysts, the MFI industry is hopeful of bouncing back as the stakeholders feel there will be pent-up demand for loans after the lockdown restrictions are lifted. It is easier for small and micro – enterprises in unorganised and informal sectors to resume operations quicker than the formal organised sectors. MFIs can step in to provide the needed credit.

The world is facing a severe economic slowdown and at this point, we are working on overhauling our short term strategies to efficiently ride out this Covid situation.

- ✓ MML has implemented cashless collection models such as BBPS, UPI, QR Pay, E-NACH etc, which reduce the client interaction.
- ✓ Majority of MML clients are engaged in the activity of agriculture, animal husbandry etc are not impacted during the lockdown and their income generating activity is in continuation.
- ✓ The company provides financial assistance through micro loans such as income generating loans to women engaged in small business. Majority of our customers will restart their business to once the lockdown has been lifted. Some have already started functioning in the areas where lockdown has been partially lifted.
- ✓ Large scale support from Central as well as State Government has been provided in the form of food, essentials and income support to minimise the economic burden on the affected communities. Most of these benefits are allocated to lower income group and hence all our microfinance customers have benefitted from the same
- ✓ As an organisation, Muthoot Microfin has enough liquidity to tide over any risk arising out of Covid – 19 lockdown situation. Our strong relationship with banks, funders and stakeholders has ensured ample flow of funds to continue our functions without impacting the operations – substantiating the trust of all stakeholders upon the organisation and on our operational competence.

Status of collection during lockdown

Out of total 692 branches as on date, 653 branches are functional as on May 2020. In spite of the situation and the moratorium extension to all our customers, we could garner a collection of more than 170 Crores till date. Summary of collection report is given below:

Sr	Month	Tot Coll
1	Apr-20	456,37,612
2	May-20	63,08,85,284



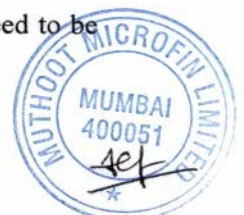
3	14 th June 20	102,49,63,406
Grand Total		170,14,86,302

Liquidity position

MML is carrying liquidity of INR 1185 Cr free fund as on 31st March 2020 kept in different short- and medium-term instruments with banks. Against this, debt obligation due for servicing over the 6 months until September 2020, aggregates to Rs 880 Cr. This liquidity will ensure MML to tide over COVID 19 lockdown situation even for an extended period. In addition, the company has unutilised term loan of Rs 125 million and securitisation lines of Rs 8.8 billion as on March 31, 2020.

Post Covid Plan of Action

- **Customer Connect**
 - i. Utilize the opportunity to connect to all our customers; obtained the correct mobile number
 - ii. Survey has been created for Covid-19 impact in the application for capturing all the information's in ease
 - iii. Survey done to understand the impact on family, income generating activity, cash-flows; critical in assessment of customer needs in this situation;
- **Credit Policy Revamp:**
 - i. Ticket Size limit set for all states based on each loan cycle.
 - ii. Changes done in underwriting norms, Financial & Non-Financial criteria.
 - iii. Credit vertical revamped; moving from decentralized credit to centralized credit.
 - iv. Credit vertical split into Credit Risk & Credit Underwriting; Credit deviation rationalized
- **IT Developments**
 - i. All the branches migrated to new in-house software i.e. Serene Pro
 - ii. Contactability management developed in the system for customer mobile number updation to ensure 100% reachability.
 - iii. Customer app developed for getting digital payment from the customers directly; Digital payment modules underway through BBPS & payment Gateway;
- **Branch opening guideline-** Branch opening guideline stipulated in line with the MHA order and relaxation announced from time to time.
- **Moratorium Strategy** -pursuant to Reserve Bank of India circulars DOR. No. BP.BC.47/21.04.048/2019-20 and DOR. No. BP.BC.71/21.04.048/2019-20 (COVID-19 - Regulatory Package) dated 27 March 2020 and 23 May 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 August 2020, the Company has granted moratorium to all its borrowers in accordance with its Board approved policy
 - i. All customer having their Loan Account "**Regular**" or "**upto 89 days**" **DPD as on Feb '20 are eligible** to opt-in for Moratorium ("**Eligible Customer**")
 - ii. Moratorium benefit is **not extended** to Customers who's loan account is in "**90+ DPD**" **as on Feb '20 i.e. NPA accounts**
 - iii. Moratorium will lead to extension in loan tenure as the EMIs for the **Moratorium Period** would get shifted forward
 - iv. The Interest during the **Moratorium Period** would get accrued and same need to be paid after the **Moratorium Period**.



- v. There will be no increase in the monthly/weekly obligation (“EMI/EWT”); however, the loan tenure will get extended accordingly.
- vi. Any payment made by the **Eligible Customer** during the **Moratorium period**, will be treated as “**Advance**” and adjusted against the due’s after the Moratorium Period.

- **Collection – way forward**

- i. Going forward, the Collection would be driven digitally to extent possible
 - ii. Multiple Collection option would be used in combination according to customer convenience like:
 - UPI payment
 - NEFT/IMPS
 - Debit card/credit card based
 - iii. Customer Apk to be launched from June 1st with direct payment option into customer’s account
 - iv. RO to continuously engage with the customers primarily over call and educate on different mode of Collection
 - v. Centre Meetings procedure may be done judiciously from place and place; however, in any case social distancing and hygiene needs to be taken care off; calling all customers together may be avoided till lock-down period in hotspot areas
 - vi. Customer connect is important and all efforts to be taken to be in touch with customers over call.
 - vii. Supervisory team is expected to call all the MCs where collection is due and not collected to check any leakage of revenue.
 - viii. Collection from Customers will be strongly monitored from HO and assigned to different teams to ensure that multiple level of checks are built-in and to avoid any kind of misappropriation.
- **Impact on Profitability** - Considering the widespread impact of COVID-19 pandemic, the Company has estimated and recognised an additional allowance of Rs. 59.43 Cr Crores in its provision for expected credit loss. The Company will continue to monitor any material changes to future economic conditions.

