



Muthoot Live

A BIMONTHLY NEWSLETTER
from
MUTHOOT PAPPACHAN GROUP



Jab zindagi badalni ho

Communiqué

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EXPANDING HORIZONS

Dear Muthootian,

Thank you for the warm welcome and the overwhelming response to the first edition of Muthoot Live, our newsletter for Muthoot Fincorp. It is with your enduring support and encouragement, that we proudly present Volume 2 of Muthoot Live.

Muthoot Live continues to be the voice "of the people, by the people and for the people". With a democratic approach to disbursing news and views, Muthoot Live embraces the diversity and vibrancy of our workforce. As a proud Muthootian, it is your prerogative to engage across functions and departments, and to work towards a better organisation by providing constructive feedback. You can do this through Muthoot Live, your platform to express yourself.

As you are all aware, the last financial year witnessed tremendous upheaval and turmoil. The sudden, overnight announcement of demonetisation, for instance, turned the country upside down. We faced many such challenges, but we managed to overcome them all, emerging stronger as a Group. Our unyielding strength and sheer determination to succeed will continue to drive us forward, enabling us to triumph over all obstacles.

The coming year brings with it a lot of positive changes, in spite of working in a volatile landscape. The biggest conversion in taxation laws, in terms of GST, will involve all our efforts in making the transformation smooth. As a Group, we are also innovating ourselves by partnering with various third-party initiatives, which will add value to our customer experience. By imbibing new and improved technology processes, we envision a path that will take Muthoot Pappachan Group to greater heights.

I see this newsletter being a key instrument in achieving this vision. And it is the responsibility of every single Muthootian to ensure our success. So, I present to you, Muthoot Live, Volume 2. Let us keep moving forward together.

Thomas George Muthoot
Director
Muthoot Pappachan Group

Key Action Points of CMD's Message on FY 2017-18 Elaborated



On People Development: Our People Focus would commence from creating the right employee value proposition to being a talent magnet and an aspirational company to join. We will ensure that we have contemporary policies, procedures and people development initiatives to retain talent, while providing an opportunity for our people to learn, grow and contribute to the institution. Through our People Development initiatives, we will ensure that "Our People" will be a key differentiator in fulfilling the Vision that we have set for ourselves.

Mr. Tojo Jose
Chief Human Resource Officer
Muthoot Pappachan Group



On Profit and Loss Accountability: We should have a mechanism that measures the contribution of each branch to the overall profitability of MFL. Each Branch/Region/Zone/Department will be considered as a profit centre. Expenses of the Zone/Region and Head Office will be distributed among the respective branches.

The ERP enables branches and respective Zones/Regions to view their profitability at any point of time and take suitable action for improving the same

Mr. Joseph Oommen
Senior Vice President
Muthoot Pappachan Group



On Digitisation: When we think of digital transformation in Muthoot Pappachan Group, it has to be to increase revenue, lower costs and delight customers.

Some of the projects we have initiated are core banking, mobile app based financial services and cloud computing. We are exploring blockchain solutions for enhanced security.

We would constantly innovate on the futuristic fintech space. As CMD mentioned in his message, all technology adoption in MPG will be keeping in mind the "human face and touch" and our low income customers.

Mr. Jayakrishnan P
Associate Vice President
Muthoot Pappachan Technologies



INTERESTING TIMES

Dear all,

The year that came to a close last month, threw up its share of challenges and surprises. The biggest black-swan event of 2016-17 remains demonetisation that was announced on Nov 8, 2016. Its immediate impact on the gold loan industry, which is used to 90% of transactions in cash mode, was adverse. In Nov 2016 alone, loan disbursals came down by 40%.



How did we face the situation?

We went ahead and increased our activities among the huge crowd of customers waiting in line at banks, by adopting IMPS and other electronic modes for loan disbursals. We also undertook other initiatives, such as:

- Introduction of combo option for loan disbursals
- Frequent emailers to branches, emphasising the need for digital funds transfer
- Introduction of pre-paid cards
- Enabling repayment through Paytm and Quick-pay options
- PoS machine and M-swipe option for repayments – under process
- Repayment through Paytm wallet options – under process.
- UPI Integration with banks for loan repayment options – under process.

But despite LTV swings and demonetisation, we continued our steady forward march, registering AUM growth of 30%, which is much higher than that of the immediate competitor. (Till Dec 2017, Manappuram and Muthoot Finance had registered a GL AUM growth of 22% and 11% respectively.)

Implementation of UCIC, better growth in neighbourhood loans, more reduction in auction numbers - "Say no to Auction"- are some of the other important narratives of the year coming to a close.

Waiting around the corner, is the new RBI directive that restricts cash disbursement of gold loans, to below Rs.20000. We will face and overcome this challenge too!

We do live in interesting times!

S. Kannan
Executive Vice President
Muthoot Fincorp Limited

It is worth mentioning here, that 2016-17 saw a steady increase in LTV in the first six months, followed by steady fall in subsequent months.



On Collaboration: While we may be structured separately for regulatory and business reasons, our target customer must see us as one entity, and to realize this, we are bringing in technology platforms and processes which will 'stitch' the companies together. Further we must think and act as one, and deliver a more seamless service so that all companies are able to leverage off the investment, infrastructure and resources built into MFL. Both informal and formal communication among peer levels, cross functions across MPG are a must to ensure the success of collaboration.

On Chairman's Office - (CMO) is a dedicated institution, newly constituted this year, with a mandate to drive an exciting Business Transformation exercise across all MPG companies and to ensure that we are positioned as market leaders tomorrow. Accountable to the CMD/Promoters, I am privileged to Head the Chairman's Office in its quest to conceptualize, strategize and evangelize all key initiatives across all levels to ensure its success.

Mr. Eugene Koshy
Advisor to Chairman
Muthoot Pappachan Group

Growing, by way of the SME Loan

Mr. Santhosh Raj belongs to a middle-class family, from Mathavalayam village in Kanyakumari District, Tamil Nadu. A B.Tech graduate, he began working in a private company manufacturing PVC pipes, soon after he graduated.

Over time, Mr. Raj's salary proved to be insufficient to meet the monthly needs of his family, which included his wife, two children, and his aged parents. Thus, in a move to provide a better life for all, he decided to open his own business.



Based on his experience of working for a PVC manufacturer, he opened M J Traders, an agency supplying plastic and PVC material to retail stores in Kanyakumari and Tuticorin districts, in April 2015. Since Mr. Raj did not have enough capital to start the business, he mostly depended on local moneylenders for his funds. He also took a loan from a friend, who was a loyal Muthoot gold loan customer. He had visited the Mathavalayam branch of Muthoot Fincorp Ltd. (MFL) with his friend, who had come to pledge gold to lend money to him.

With the very high rates of interest that moneylenders were charging, Mr. Raj could not often generate sufficient margins to buy enough stock to meet his customers' requirements. He came to know about our SME loans targeted at small business entrepreneurs when he visited the Mathavalayam branch to service the loan taken by his friend. He became interested in this product and applied to the branch for a loan of Rs. 50,000. On submitting the necessary documents, he was sanctioned a loan of Rs. 50,000 in September 2015, which he used to purchase more stock to meet the seasonal demand.

The daily collection facility offered by us was a real boon to Mr. Raj, as he had to travel a lot in connection with his business. The loan was repaid well within schedule and he applied for a second loan, which was also sanctioned

based on his satisfactory track record. With our support, he gradually redeemed himself from the clutches of local moneylenders. Mr. Raj was sanctioned his sixth SME loan last month for Rs 75,000, to expand his business.

After initially relying on a scooter to carry out deliveries to his customers, Mr. Raj has now bought a Maruti van, which has streamlined his operation. The service rendered by the Mathavalayam branch has also made him a regular customer for our other products, such as Swarnavarsham and the Apollo Medical Policy.

Mr. Raj's business turnover is around Rs 7 lakh per month and it generates a surplus (a minimum profit margin of 15%) that is more than enough to keep both his family and business running smoothly. His dream now is to take a bigger space on rent for storing his stock as the space adjacent to his home that he now uses is quite small.

A loyal MFL customer, Mr. Raj now serves as an ambassador of the Mathavalayam Branch by referring many of his relatives and friends to us. He firmly believes that MFL changed his life by giving him the strength to run his business with pride and stand on his own feet.



Muthoot Live



The Winners



Thank You All

We are pleased to announce the names of those who suggested the best titles for the various sections of Muthoot Live newsletter. We received more than 1,000 suggestions, right from the EVP to CSEs. We appreciate the interest shown by all.

The winners are:

Name	Designation	Branch / Dept	Suggestion
S Kannan	EVP	Corporate Office	Muthoot Live
Devika R	VP - O D	Corporate Office	M- Impact
Gopal Aggarwal	Manager L & D	OD	Muthoot Communique
Vijay Kumar Sharma	BIC	Jhalawar Branch	M The communique
Sherly Cleetus	Branch Manager	Amalanagar	The Communique
Daljit Singh Wahla	Branch Manager	Ranjit Avenue	The communique
D. Uma Maheswara	Manager - Audit	Ashok Nagar Cross	Muthoot inspire
Sangeetha Gopi	Branch Manager	Manorayanapalya	Muthoot Focus
Shirajoddin	Branch Manager	Chadchan	Muthoot Focus

Planning and Persistence Pay Off

In a relatively rustic part of Kollam district, which is now primarily known for the Mata Amritanandamayi Math and its educational institutions, is the Vallikkavu branch of Muthoot Fincorp Ltd (MFL). The majority of the people in this panchayat earn their livelihood from the education, tourism and fishery sectors.

In April 2011, the MFL Vallikkavu Branch opened its doors to the public. Yet, its growth graph began climbing steadily only when Mr. Bhasuran K., an ex-serviceman, assumed temporary charge of the branch in September 2013.

Although it was a comparatively small market, the Vallikkavu branch had to face stiff competition from other Non-Banking Financial Companies (NBFCs) and local moneylenders. Yet, meticulous planning and dedicated efforts by Mr. Bhasuran and his team have made it stand out as one of the most recognised and appreciated branches in the Kerala zone.

The Vallikkavu team's mantra is very simple, but very effective — "customer connect and customer delight". This translates into connecting with customers, and ensuring that they are happy enough with the services to visit the branch again, or tell their friends about it. It involves having a calendar of activities, and conducting regular house or shop visits to maintain good relations with the residents of the area.

Mr. Bhasuran and his colleagues have divided their catchment area into four segments — each with potential customers related to tourism, fisheries, education, and households. Their marketing schedule is planned on the basis of this, on the first working day of every month. And the progress of their activities is reviewed every week.

The team has come up with a number of ways to engage customers and draw them to the

branch. These have included household visits, invitations to Coffee with Muthoot, temple and mosque activities, shop visits, and auto loan displays, to name a few.

MFL Vallikkavu has achieved remarkable growth over the last three years. With almost 200% growth in gold loans — assets under management (AUM), customer base and weight — it has posted a net growth of Rs.1.34 crores in just this year. In doing this, Mr. Bhasuran and his able assistants have also surpassed the AUM of our major competitor.

The Vallikkavu branch has disbursed more than 200 SME loans till date, and a similar growth trend can also be seen in other third party products and group company products. The team tops the pan-India list on auto loan sourcing, with an average of 35 loans granted a month. Mr. Bhasuran has, over the years, developed a good rapport with dealers who provide those looking for a two-wheeler with first-class service. In return, they are happy to provide him with a few references, many of which get converted to loans.

The MFL – Vallikkavu staff also keeps track of repayments, and follows up with other services such as general insurance, and money transfer. In Swarnavarsham Jewellery, the branch is sixth in the state with an average of 50 gm a month.

The Vallikkavu branch staff acknowledges Mr. Bhasuran's role in bringing about a transformation of the branch by pointing out that his pleasant and pleasing ways have meant more old and new customers coming to the branch. The upshot is that MFL – Vallikkavu is one of the best rated branches in the region, the 17th in the state, and the 40th in India.

Under the leadership of Mr. Bhasuran, the team in Vallikkavu has shown that much can be achieved if passion is combined with a desire to excel.



Left to right: Athira KP Nath, Ratheesh Kumar G, Shyja S, Princhu S and Branch manager Bhasuran. K (sitting).

LEAVING A LEGACY BEHIND

We have an enviable and unique distinction of being a part of an institution that has been in existence for the last 130 years. Recently, I was reading an article by a management guru, where he was giving inputs and insights on how to create an organisation that would survive for 100 years and I was thinking to myself that all he has to do is come and study MPG, and he will have a ready reckoner of what makes a great institution, that not only survived 100 years, but continues to thrive for 130 years +.

Today, it is no more a fashionable statement to make that "people make the organisation and are our greatest asset" – people are in fact, the only key differentiator in the market place today. Traditional concepts are getting reversed and the thinking today is very clearly – "people first and customers second". This is not to downplay the importance of the customer. On the contrary, it is to bring the focus back to people, since if our people are happy, then they will ensure that the customers that they serve are also happy – happy people make happy customers.

So, while our company would ensure that there are systems, processes and procedures to attract, develop and retain the best people, what is also important is the question that we need to ask ourselves i.e. What is it that I can do for the company? Great institutions are built when individually and collectively, employees are on a mission of wanting to stretch and contribute, by asking themselves the above question i.e. what is it that I can do for the company?



The simple answer to that question is that each of us should strive to leave a legacy behind. Can we look back and remember what was handed over to us

when we took up an assignment or role and what is it that we are leaving behind, as we move onto a new assignment/ role, or even to an altogether new company? Did I leave behind something better than what I inherited? Am I proud of my achievements and the contributions that I have made to the company? Can I look in the mirror at myself and answer the question - did I make a difference to the role that I handled and as a consequence to the company? If our answer (to ourselves) is in the positive, then we are leaving a legacy behind. When all of us (imagine around 20,000 employees) individually and collectively strive to leave a legacy behind, then the institution that we are a part of will not only continue to grow and thrive, but also will become a benchmark for pundits to come and study and make an example of, as an institution that others would like to emulate - in other words a benchmark.

So starting today, the question that we need to ask ourselves consciously as we wind up each day is - did I add value today to myself and the role that I handle? Did I make a difference? Did I contribute in some small measure in leaving a legacy behind? The answers to the above questions would determine if we are leaving a legacy behind or if we made no difference!

Tojo Jose
Chief Human Resource Officer
Muthoot Pappachan Group



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Muthoot Live



Keep an Eye on Your Ego



K. Jayakumar, IAS
Former Chief Secretary to the Government of Kerala

From the age of 25 or 26 to retirement at 60, I was in government service. Looking back, one ponders what makes employees or employers strive for happiness and excellence in an institution, during the years they spend there.

To begin with, happiness and excellence are very integrated. How to be happy and how to excel ask the same question, and only happy people excel. I once met a living saint. He did not speak much, but patted me on my shoulder and, as I was about to leave, said, "Be happy, live happily".

I thought about this. All things that make you happy may not lead you to living happily. Living happily is a stage where you are contented with yourself, where you are sure that you have given your best. Now what is it that prevents you from giving the very best you are capable of? All of us know that if we really wanted to, we could do more. But, we think, "This is enough." Instead, we should always be asking ourselves, "Can we do better?"

If you are happy with whatever you have, with all you do, and think that it is the best, you are in trouble. A creative dissatisfaction, which makes you want to try to do much better than what you did yesterday, is the recipe for excellence.

A private institution like yours, surviving in a highly competitive sector and in an ever-changing policy environment, can never step into the same river twice. Every day is a new challenge. But we have great capacity to pretend blindness. Someone used to be an excellent staff member for a while, but for the last six months, you find stagnation. What does it mean? It means you have become complacent and you do things as usual. But the desire to adjust and adapt and improve things everyday is extremely important.

Another factor that comes in the way of people giving their best is a lack of knowledge about the overall purpose of what they are doing. Such people do not excel because they do not see their value in an organisation. The moment we lose our sense of value in an organisation, our mind refuses to give its best.

The ego is our best friend and worst enemy. A murder, an unnecessary quarrel, all the millions of litigations in our courts—a factor common to all is the ego, which has only one function—to make you feel important. For instance, you drive your big sedan and a Nano overtakes you. You press your accelerator. The "aham" sits beside you, inside you, and tells you, "Look, don't allow this small car to get ahead." You have to be watchful about this in both small and big ways.

To be a happy employee, you should have a happy family life. I think any family quarrel can be avoided by the use of just one phrase, "So what?" There is a fight at home, and somebody speaks angrily to

you. All you have to do is say to yourself, "So what? Nothing has affected me." But your friend, the ego, will not allow you to utter these words. It says, "You can't say that because you have been hurt." The fact is you have been hurt because you want to be hurt. Nobody is hurting you. All you need to succeed at home, is just using "so" and "what".

Coming back to the ego, there are two kinds. One is the institutional ego and the other is the personal ego. An institution will have a set of norms, values, and principles for which it stands, an image built up over time. Why is it that we confront an institution or create situations where we become inconvenient to the management? That is where the individual ego has not been subsumed by the institutional ego.

If you have to be a successful employee, your ego as an individual has to be torn down a little to align it with institutional expectations. I think our ego has to be bridled so that we get along and know when we are in a harmonious environment. In a harmonious environment, people think of each other. Hell is where everybody thinks about themselves. It is our ego that keeps telling us to do the latter.

There is no real need to hate anybody. If you do not like interacting with someone, keep away from him. Our ancient thinkers warned against kama, krodha, lobha, and moha and there is much wisdom in it. Don't be angry; don't be greedy; don't be lustful; and curb your desires. All these add up to living a modest life. If some things are denied to you, let it go. It will also pass.

A Sufi saint met a sultan, who asked, "What is the technique by which, when there is happiness I shall not be overjoyed, and when there is sadness, I shall not be grief stricken?" The saint said, "It is very simple. Tell yourself that this will also pass. There is nothing permanent. Be modest in all and know that all will change."

Muthoot Fincorp has been doing a commendable job in putting Kerala on the financial map of India. I think that if you want to become the most interesting, successful, and most sought after employee in an institution, guarding against your ego is essential. I congratulate all of you who are part of this great activity towards excellence.

Whether I excelled or not is a different thing, but my ego did not come in the way. Remember, controlling the ego is very important. In the initial stages, it is difficult, but after 40, it is possible, and after 50, it is a must. After 60, you better do it. This is the stage I am in.

I wish this institution great success.

(This is part of a series of lectures titled "Mind to Minds" by eminent persons held every month at the corporate office).



CSR UPDATE

Mission Smile Please
1,058 Safe surgeries carried out

The seventh "Smile Please" mission of this year, to provide free and comprehensive cleft surgeries to patients from deserving backgrounds, concluded in Puducherry in the last week of February. New Medical Centre, Puducherry, hosted the mission, for which medical experts from various parts of the country had volunteered.

The partnership of Mission Smile and the Muthoot Pappachan Foundation has so far led to 996 surgeries being carried out across the country in the last two and a half years. The fourth child at this mission happened to be our 1000th patient.

For the current mission, more than 100 new patients were identified from Puducherry and Tamil Nadu. The target of this mission was 60 plus, and we achieved 62 successful surgeries.

Four surgeons, four anaesthesiologists, paediatricians, dentists, speech therapists, child life psychologists, and nurses specialised in post-surgical care comprised the team led by Dr. Manish Ghosh, Field Medical Director for the mission and Senior Plastic Surgeon from Kolkata. The anaesthesia team was led by Dr. Manjunath from Manipal Medical College.

The medical team observed that lower HB levels and malnutrition are challenges in providing surgery to young patients. As a part of comprehensive cleft care, the Mission Smile team is proposing to implement a nutrition programme for malnourished children, which will be implemented in the field with the support of Muthoot Fincorp branches.

