

MFL/SEC/BSE/24-25/04

April 19, 2024

Department of Corporate Services

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street,

Mumbai - 400 001

Scrip Code - 948016

Company Code: 10054

Dear Sir/Madam,

Sub: Notice of Extra Ordinary General Meeting (EGM) to be held on April 24, 2024

Please find enclosed the notice of EGM to be held on Wednesday, April 24, 2024.

Request you to kindly take on record the information and disseminate the same to the investors through the website.

Thanking you,

For **Muthoot Fincorp Limited**



Sachu Sivas

Company Secretary

ICSI Membership No. ACS: 60475





Muthoot Fincorp Limited

(CIN: U65929KL1997PLC011518)

Registered Office: Muthoot Centre, TC No 27/ 3022,
Punnen Road, Thiruvananthapuram, Kerala, India - 695 001

(T): +91-471-2331427, 4911400, Fax: +91-471-2331560

Email: cs@muthoot.com

Website: www.muthootfincorp.com

Notice to Members

Notice is hereby given that the 1st Extra-Ordinary General Meeting (1/2024-25) of the members of Muthoot Fincorp Limited (“the Company”) will be held at shorter notice on Wednesday, April 24, 2024, at 10.30 A.M. (IST) at the Registered Office of the Company at Muthoot Centre, TC No 27/3022, Punnen Road, Thiruvananthapuram, Kerala, India - 695 001 to transact the following businesses: -

SPECIAL BUSINESS:

Item No. 1: To consider and approve the amendments in ‘MFL Employee Stock Option Plan 2018’: -

Members are requested to consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to Section 62(1)(b) of the Companies Act, 2013 (the “Act”) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, and subject to such approvals, permissions and sanctions of any/various authority(ies) as may be required and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the members of the Company be and is hereby accorded to the amendments in ‘MFL Employee Stock Option Plan 2018’ (“ESOP 2018”), as detailed in the explanatory statement.”

Item No. 2: To approve extending of benefits under ‘MFL Employee Stock Option Plan 2018’ to the employees of the Subsidiary Companies or Holding Companies: -

Members are requested to consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 62(1)(b) of the Companies Act, 2013 (the “Act”) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, 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 by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination & Remuneration Committee or any other Committee constituted/to be constituted by the Board), to create, offer, grant, issue and allot in one or more tranches, options under ESOP 2018, consent of the members of the Company be and is hereby accorded to the Board to extend the benefits of MFL Employee Stock Option Plan 2018 (“ESOP 2018”) details of which are set out in the explanatory statement annexed hereto to the eligible permanent employees of the subsidiary company or holding company of the Company, working in India or outside India, as determined in terms of the ESOP 2018, within the ceiling of total number of options as specified in ESOP 2018 along with such other terms and in such manner, in accordance with the provisions of the applicable laws and the provisions of the ESOP 2018 and, at such price as may be fixed or determined by the Board.

RESOLVED FURTHER THAT for the purpose of creating, offering, issuing, allotting options under ESOP 2018, the Board be and is hereby authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the ESOP 2018 from time to time or to suspend, withdraw or revive the ESOP 2018 from time to time, provided such variations, modifications, alterations or revisions are not detrimental to the interest of employees.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised determine the terms and conditions of issue of the shares and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the members of the Company.”

Item No. 3: To consider and approve the amendments in ‘MFL Employee Stock Appreciation Rights Plan 2018’: -

Members are requested to consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 62(1)(b) of the Companies Act, 2013 (the “Act”) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, and subject to such approvals, permissions and sanctions of any/various authority(ies) as may be required and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the members of the Company be and is hereby accorded

to the amendments in 'MFL Employee Stock Appreciation Rights Plan 2018' ("SAR 2018"), as detailed in the explanatory statement.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee (the "Committee") be and is hereby authorised to modify, change, vary, alter, amend, suspend or terminate the SAR 2018 at any time subject to compliance with applicable laws and without any further approval of members and to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the SAR 2018 and do all other things incidental and ancillary thereto in conformity with the relevant provisions of the Memorandum and Articles of Association of the Company and any other applicable laws in force to give effect to this resolution."

Item No. 4: To approve the implementation of 'MFL Employee Stock Option Plan 2018' through 'Muthoot Fincorp Employee Welfare Trust': -

Members are requested to consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 (the "Act") and the rules made thereunder, (including any statutory modification(s) or amendment(s) thereto or re-enactment thereof, for the time being in force) as may be applicable (the "Applicable Laws"), the relevant provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, sanctions and permissions from the appropriate authorities as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the Members of the Company hereby approve the implementation of the MFL Employee Stock Option Plan 2018 ("ESOP 2018") through the 'Muthoot Fincorp Employee Welfare Trust' (the "Trust"), and consent accorded to the Trust to acquire, purchase, hold and deal in fully paid-up equity shares of the Company, either through direct allotment by the Company or through secondary acquisition for the purpose of implementation of the ESOP 2018 and in due compliance with the provisions of the Act and other Applicable Laws.

RESOLVED FURTHER THAT the setting up and constitution of an irrevocable Trust under the name and style as 'Muthoot Fincorp Employee Welfare Trust' approved by the Board on February 11, 2023, for the benefits of the employees of the Company including subsidiary and holding company, be and is hereby ratified."

Item No. 5: To consider and approve provision of money by the Company to acquire its own shares by the trust under the 'MFL Employee Stock Option Plan 2018': -

Members are requested to consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of the Section 67 of the Companies Act, 2013 (the “Act”) read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, and all other applicable provisions, if any, of the Companies Act, 2013, the relevant provisions of the Memorandum of Association and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approval(s), the consent of the members be and is hereby accorded authorizing the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee of the Board) to grant a loan, provide guarantee or security in connection with a loan granted or to be granted, in one or more tranches, to the irrevocable employee welfare trust of the Company namely ‘Muthoot Fincorp Employee Welfare Trust’ (the “Trust”), by such sum of money not exceeding 5% (Five Percent) of the aggregate of the paid-up capital and free reserves of the Company, with a view to enable the Trust to acquire the shares through new issue, for the purpose of implementation of the ‘MFL Employee Stock Option Plan 2018’ (“ESOP 2018”).

RESOLVED FURTHER THAT the Trust shall use the loan amount disbursed from time to time only for the purpose of purchase of equity shares of the Company under the ESOP 2018 strictly in accordance with the provisions of applicable laws.

RESOLVED FURTHER THAT the loan provided by the Company shall be interest free with tenure of such loan based on the terms of ESOP 2018 and shall be repayable to the Company from realization of proceeds of exercise/ permitted sale/ transfer of shares and any other eventual income of the Trust.

RESOLVED FURTHER THAT subject to the broad terms above, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as may at its absolute discretion, as deemed fit, to settle any issues, questions, difficulties or doubts that may arise in this regard and further to execute all such documents, writings and to give such directions and/ or instructions as may be necessary or expedient to give effect to this resolution.”

By Order of the Board of Directors
For **Muthoot Fincorp Limited**

Place: Trivandrum
Date: March 26, 2024

Sd/-
Sachu Sivas
Company Secretary
ACS: 60475

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies, in order to be valid, must be duly filled in, signed and deposited at the Registered Office of the Company at least 48 hours before the commencement of the Meeting. A proxy form (Form MGT - 11) is annexed to this notice.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send the Company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts relating to the businesses under Item Number 1 & 5 to be transacted at the meeting, is annexed hereto and forms part of this Notice.
4. Members/Proxies are requested to bring the attendance slip (annexed to this notice) duly filled in for attending the meeting.
5. Members holding shares in dematerialized form are requested to write their client ID and DP ID Numbers in attendance slip and in all their correspondence with the Company. Those who hold shares in physical form are requested to write their folio number in the attendance slip.
6. Members are requested to intimate changes, if any, in the registered addresses to the Company in case of shares held in physical form and to their respective Depository Participant (DP) for the shares held in dematerialized form.
7. Members may kindly update regularly the changes in bank account with the following information in your DP account for the shares held in dematerialized form and with the Company in case of shares held in physical form:
 - Bank account Number in full,
 - MICR Code,
 - IFS Code,
 - Full name of the Bank and address of the branch,
 - email address.

The correct and complete particulars will help us to serve you better by timely credit of your future dividends immediately on payment by means of electronic credit.

8. All other documents referred to in the notice and explanatory statement, will be available for inspection by the members of the Company at Registered office of the Company during business hours 9:30 A.M. to 05:30 P.M. on all working days up to the date of Extra-Ordinary General Meeting and will also be available during the Meeting.
9. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
10. Electronic copy of the Notice of the Meeting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant (s) for communication purposes unless any member has requested for a hard copy of the same.
11. Members may also note that the notice of the Meeting will be available on the Company's website, www.muthootfincorp.com. Members who require physical copy of the same, may write to us at cs@muthoot.com
12. The route map and prominent landmark of the venue of the meeting is provided in this Notice.
13. The Extra Ordinary General Meeting is called at a shorter notice, and hence the enclosed form may be filled and returned giving your consent for calling the Meeting at shorter notice under Section 101(1) of the Companies Act, 2013.

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

The following statement sets out all material facts relating to special businesses mentioned in the accompanying Notice:

Item No. 1 & 2

The members of the Company at their meeting held on July 13, 2018, had approved the implementation of “Employees Stock Option Plan 2018” (“ESOP 2018”) and “Stock Appreciation Rights 2018” (“SAR 2018”). Under ESOP 2018, the Company had 4 approved schemes with different vesting conditions and period to attract talent and reward performances. Subsequently, the Board, at its meeting held on August 12, 2022, had introduced two more new Schemes i.e., Scheme 5 and Scheme 6.

Currently, the Company has 6 schemes under ESOP 2018 and 3 schemes under SAR 2018. The Company has granted employee stock options (“Options”) and stock appreciation rights (“SARs”) to the eligible employees from time to time.

ESOP 2018 and SAR 2018 were implemented in the year 2018, therefore, the Management thought it was expedient to review both ESOP 2018, SAR 2018 and its schemes created thereunder to align it with the best industry practices.

The Company accordingly engaged ESOP consultant to review the documents and on the basis of the reviewed report of the consultant, the Management had suggested to amend the ESOP 2018 and SAR 2018 to freeze the main parameters such as exercise price/strike price, vesting period and conditions, exercise period/maturity period, lock-in, malus/claw back etc., in ESOP 2018 and SAR 2018 instead in schemes. Going forward no new schemes will be implemented under the ESOP 2018 and SAR 2018, and reference of existing schemes will be removed from ESOP 2018 and SAR 2018. The Nomination and Remuneration Committee (“Committee”) can use the existing schemes as guidance in future, if required. The Options granted under the existing schemes will have no impact and will govern as per the schemes. The options granted under the existing ESOP 2018 and the amendments made to the existing schemes are not prejudicial to the interest of the existing option holders.

Further, the reference of equity was given in the SAR 2018 and equity pool of 38,74,111 Shares (2% of issued capital of the Company as on July 13, 2018) was linked with SAR 2018 in the special resolution passed on July 13, 2018 and also in SAR 2018, whereas the benefit under SAR 2018 is purely based on cash settlement and not linked with equity. Therefore, the Management suggested to make necessary changes in ESOP 2018 and SAR 2018 to bring more clarity by removing the reference of equity from SAR 2018 and reserve the entire equity pool under ESOP 2018.

Further, considering the business requirement, the Company is proposed to extend the benefits under ‘MFL Employee Stock Option Plan 2018’ to the eligible employees of the subsidiary company. As per the provisions of Rule 12(4) of the Companies (Share Capital and Debentures) Rules, 2014, the approval of members by way of separate resolution shall be obtained for the grant of option to the employees of subsidiary or holding company.

In this background, the Nomination & Remuneration Committee (the “Committee”) and the Board has approved and recommended the resolutions in Item No. 1 & 2 for the approval of members, at its meeting held on March 26, 2024.

In terms of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the salient features of the proposed amended plan namely the ESOP 2018 are given as under:

a) Brief Description of the Scheme:

Keeping in view of aforesaid objectives, the ESOP 2018 contemplates grant of employee stock options (“Option”) to the eligible employees of the Company and/or subsidiary or holding company of the Company. After vesting of Options, the eligible employees earn a right, but not obligation, to exercise the vested Options within the exercise period, subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Committee shall administer the Scheme and may delegate the administration activities to the ‘Muthoot Fincorp Employee Welfare Trust’ (the “Trust”). All questions of interpretation of the ESOP 2018 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in ESOP 2018.

b) The total number of stock options to be granted:

A total of 38,74,111 Options would be available for being granted to the eligible employees of the Company under ESOP 2018. Each Option when exercised would be converted into one equity share (“Share”) fully paid-up.

An Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options reserve specified above and shall become available for future Grants, subject to compliance with the provisions of the applicable laws.

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division etc., if any additional Options are granted or equity shares are issued by the Company, to the grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the ceiling of total number of Options and equity shares specified above shall be deemed to be increased to the extent of such additional Options granted or equity shares issued.

c) Identification of classes of employees entitled to participate in the Employees Stock Option Scheme:

- a) a permanent employee of the Company who has been working in India or outside India; or
- b) a director of the Company, whether a whole-time director or not but excluding an independent director or
- c) an employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the Company;

but does not include -

- i) an employee who is a promoter or a person belonging to the promoter group; or
- ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;

d) The appraisal process for determining the eligibility of employees to the Employees Stock Option Scheme:

Appraisal process for determining the eligibility of the employees will be based on period of service, designation/ role, performance linked parameters such as work performance and such other criteria as may be determined by the Committee at its sole discretion, from time to time.

e) The requirements of vesting and period of vesting:

Options granted under ESOP 2018 shall vest not earlier than 1 (One) year and not later than maximum vesting period of 3 (Three) years from the grant date.

The specific vesting schedule and vesting conditions subject to which vesting would take place shall be specified in the letter issued to the Grantee at the time of the Grant.

f) The maximum period within which the options shall be vested:

The Options granted shall be vested not more than 3 (Three) years from the date of grant of such Options.

g) The exercise price or the formula for arriving at the same:

The exercise price per Option shall be determined by the Committee which shall not be less than the face value and shall not be more than Fair Market Value of the Share as on the grant date. The specific exercise price shall be intimated to the grantee in the grant letter at the time of grant.

h) The exercise period and process of exercise:

The participant can exercise the vested Options within 10 (Ten) years from the grant date. Such exercise may be of all vested Options or part of the vested Options. The Committee can decide the procedure for the exercise of Options and allotment of shares.

Exercise of the vested Options shall take place by executing such documents as may be required under the applicable laws to pass a valid title of the relevant shares to the participant/nominee, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.

i) The Lock-in period, if any:

The shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such issue except as required under the applicable laws.

j) The maximum number of Options to be granted per employee and in aggregate:

The maximum number of Options that may be granted to an employee shall vary depending upon the eligibility criteria such as tenure, designation and the appraisal ratings; however, shall not exceed ten lakhs of the total number of Options reserved under ESOP 2018 per such employee and in aggregate.

k) The method which the company shall use to value its Options:

The Company shall adopt 'fair value method' for valuation of Options or any other method as prescribed in the accounting standard/guidance note, as applicable, notified by the competent authorities from time to time.

l) The conditions under which Option vested in employees may lapse:

The vested Options shall lapse in case of termination of employment due to cause or due to breach of Company policies or the terms of employment. Further, irrespective of employment status, in case vested Options are not exercised within the prescribed exercise period, then such vested Options shall lapse.

m) The specified time period within which the employee shall exercise the vested Options in the event of a proposed termination of employment or resignation of employee:

i. On death of a Participant

In the event of death of a participant while in employment with the Company, all the Options granted to him till such date and lying unvested shall vest in the beneficiary of the deceased participant on that day. All the vested Options shall be permitted to be exercised within 12 months from the date of death or exercise period, whichever is later, unless the Committee decides otherwise.

ii. On Permanent Incapacity of Participant

In case the employee suffers a permanent incapacity while in employment, all the Options granted to him till such date of permanent incapacitation and lying unvested, shall vest in him on that day. All the vested Options shall be permitted to be exercised within 12 months from the date of permanent incapacity or exercise period, whichever is later, unless the Committee decides otherwise.

iii. On Resignation/ Termination without Cause

Good Leaver

In case the employment of the participant with the Company is terminated due to resignation by the employee, all unvested Options as on the date of resignation shall lapse and the contract referred to in Clause 8.3 above shall stand automatically terminated without surviving any right/liability for

any party. All the vested Options shall be permitted to be exercised within 3 months from the date of resignation/termination or before the expiry of the exercise period, whichever is earlier, unless the Committee decides otherwise.

Bad Leaver

In case the employment of the participant with the Company is terminated due to resignation by the employee, all Options (vested as well as unvested) shall stand automatically forfeited on the date of resignation and the contract referred to in Clause 8.3 of ESOP 2018 shall stand automatically terminated without surviving any right/liability for any party.

iv. Termination with Cause

In case the termination of employment of a participant with the Company is with cause, all Options (vested as well as unvested) shall stand automatically forfeited on the date of termination and the contract referred to in Clause 8.3 of ESOP 2018 shall stand automatically terminated without surviving any right/liability for any party in respect of such options.

v. On Retirement/ Early Retirement approved by the Company

In case the employment of the participant with the Company is terminated due to the participant's retirement on attaining the superannuation age or onwards, or early retirement after approval from the Company, all the unvested Options granted to him shall continue to vest in accordance with Clause 9 unless such participant carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the group or any activity related to the business carried on by the group. Decision of the Board/ Committee/ Company in this regard shall be final and conclusive and cannot be called in question by the participant. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the participant or any activity/ business carried out by the participant pursuant to his duties as an employee or director of the Company and shall not apply to the nominee of the participant. All the vested Options shall be permitted to be exercised within the exercise period.

vi. On Abandonment

In case the termination of employment of a participant with the Company is due to abandonment, all Options (vested as well as unvested) shall stand automatically forfeited on the date of termination and the contract referred to in Clause 8.3 of ESOP 2018 shall stand automatically terminated without surviving any right/liability for any party. The Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

vii. Long leave

For the purposes of this Plan, the employment of the participant shall not be deemed to terminate if the participant takes any sick leave or any other bona fide leave of absence, appropriately approved,

for 90 (ninety) days or less. In the event of the leave of absence in excess of 90 (ninety) days, such leave of absence will not be treated as continuous employment/service by a participant for the purpose of the plan. In such an event, the Options (vested as well as unvested) will vest as per the discretion of the Committee.

The rights granted to a participant upon the grant of an Option shall not accord the participant any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with any present or past member of the group or associated company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

viii. Other terminations

In case the employment of the participant with the Company is terminated for any reason other than specified in Clauses m(i) to m(vii) above, all unvested Options with the participant on the date of termination shall lapse and the contract referred to in Clause 8.3 of ESOP 2018 shall stand automatically terminated without surviving any right/ liability for any party. Unless the Committee decides otherwise the participants can exercise all the vested Options on or before the date on which he is relieved from the Company or before the expiry of the exercise period, whichever is earlier.

n) A statement to the effect that the company shall comply with the applicable accounting standards:

The Company shall comply with the disclosure and the accounting policies as prescribed under prevailing accounting guidelines/ standards.

A copy of both existing and draft amended ESOP 2018 is attached to this explanatory statement and would also be available for inspection, by the Members without any fee, at the Registered Office of the Company during normal business hours on any working day up to the date of meeting and during the continuance of meeting.

The proposed amendments are not prejudicial to the interests of the employees. The beneficiaries of these amendments in ESOP 2018 shall be the existing and future Option grantees, to the extent applicable.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolutions, except to the extent they may be lawfully holding any benefits under the ESOP 2018.

Such amendments require prior approval of the members by way of special resolution pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(5) of the Companies (Share Capital and Debentures) Rules, 2014, therefore, the Board recommends the passing of the resolutions in Item Nos.1 and 2 of the Notice as a Special Resolution.

Item No. 3

The members of the Company at their meeting held on July 13, 2018, had approved the implementation of “Employees Stock Option Plan 2018” (“ESOP 2018”) and “Stock Appreciation Rights 2018” (“SAR 2018”). Under ESOP 2018, the Company had 4 approved schemes with different vesting conditions and period to attract talent and reward performances. Subsequently, the Board, at its meeting held on August 12, 2022, had introduced two more new Schemes i.e., Scheme 5 and Scheme 6.

Currently, the Company has 6 schemes under ESOP 2018 and 3 schemes under SAR 2018. The Company has granted employee stock options (“Options”) and stock appreciation rights (“SARs”) to the eligible employees from time to time.

ESOP 2018 and SAR 2018 were implemented in the year 2018, therefore, the Management thought it was expedient to review both ESOP 2018, SAR 2018 and its schemes created thereunder to align it with the best industry practices.

The Company accordingly engaged ESOP consultant to review the documents and on the basis of the reviewed report of the consultant, the Management had suggested to amend the ESOP 2018 and SAR 2018 to freeze the main parameters such as exercise price/strike price, vesting period and conditions, exercise period/maturity period, lock-in, malus/claw back etc., in ESOP 2018 and SAR 2018 instead in schemes. Going forward no new schemes will be implemented under the ESOP 2018 and SAR 2018, and reference of existing schemes will be removed from ESOP 2018 and SAR 2018. The Nomination and Remuneration Committee (“Committee”) can use the existing schemes as guidance in future, if required. The Options granted under the existing schemes will have no impact and will govern as per the schemes.

Further, the reference of equity was given in the SAR 2018 and equity pool of 38,74,111 Shares (2% of issued capital of the Company as on July 13, 2018) was linked with SAR 2018 in the special resolution passed on July 13, 2018 and also in SAR 2018, whereas the benefit under SAR 2018 is purely based on cash settlement and not linked with equity. Therefore, the Management suggested to make necessary changes in ESOP 2018 and SAR 2018 to bring more clarity by removing the reference of equity from SAR 2018 and reserve the entire equity pool under ESOP 2018.

In this background, the Nomination & Remuneration Committee and the Board has approved and recommended the resolutions in Item No. 3 for the approval of members, at its meeting held on March 26, 2024.

A copy of both existing and draft amended SAR 2018 is attached to this explanatory statement and would also be available for inspection, by the Members without any fee, at the Registered Office of the Company during normal business hours on any working day up to the date of meeting and during the continuance of meeting.

The proposed amendments are not prejudicial to the interests of the employees. The beneficiaries of these amendments in SAR 2018 shall be the existing and future SAR grantees, to the extent applicable.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolutions, except to the extent they may be lawfully holding any benefits under the SAR 2018.

Pursuant to the provisions of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(5) of the Companies (Share Capital and Debentures) Rules, 2014, prior approval of the members by way of special resolution is required for the amendments stated above, therefore, the Board recommends the passing of the resolutions in Item No. 3 of the Notice as a Special Resolution.

Item No. 4 & 5

It is proposed to implement the MFL Employee Stock Option Plan 2018 (“ESOP 2018”) through the ‘Muthoot Fincorp Employee Welfare Trust’ (the “Trust”). In order to administer the ESOP 2018, particularly with respect to the transfer/sale of shares post exercise of options, the Board vide the resolution dated February 11, 2023, constituted an employee welfare trust namely ‘Muthoot Fincorp Employee Welfare Trust’ (the “Trust”).

Accordingly, the Nomination & Remuneration Committee can delegate the administration activities of both ESOP 2018 and SAR 2018 to the Trust.

The ESOP 2018 contemplates acquisition of equity shares of the Company under ESOP 2018 through Trust.

Further, for facilitating subscribing/purchasing of the shares, the amount of loan to be provided by the Company under ESOP 2018 shall not exceed 5% (Five percentage) of the aggregate of the paid-up capital and free reserves of the Company being the statutory ceiling as per the Section 67(3)(b) of the Companies Act, 2013 read with Rule 16(1)(d) of the Companies (Share Capital and Debentures) Rules, 2014.

The loan provided by the Company shall be interest free with tenure of such loan is based on term of the ESOP 2018 and shall be repayable to the Company upon realization of proceeds on permitted sale/ transfer of shares including realization of exercise price and any other eventual income of the Trust.

Necessary details in this regard are provided as under:

a) The class of employees for whose benefit the scheme is being implemented and money is being provided for acquisition of the Shares:

Following classes of employees are eligible being:

- a) a permanent employee of the Company who has been working in India or outside India; or
- b) a director of the Company, whether a whole-time director or not but excluding an independent director or
- c) an employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the Company;

but does not include -

- i) an employee who is a promoter or a person belonging to the promoter group; or
- ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

b) The particulars of the Trustee or employees in whose favour such Shares are to be registered:

It is contemplated that designated trustee shall acquire and hold the shares of the Company in due compliance of the Companies Act, 2013. An employee shall be a registered owner of shares pursuant to exercise of vested Options and transfer of corresponding number of shares by the trustee.

c) The particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any:

The Trust is an irrevocable employee welfare trust namely 'Muthoot Fincorp Employee Welfare Trust' ("Trust") having its principal office at Muthoot Centre, TC No 27/ 3022, Punnen Road, Thiruvananthapuram, Kerala, India - 695 001.

Details of the Trustee:

Sl. No.	Name	Address	Occupation	Nationality
1	Mrs. Shiney Thomas	Muthoot Centre, TC No 27/ 3022, Punnen Road, Thiruvananthapuram, Kerala, India - 695 001	Employed	Indian
2	Mr. Arun Prasad	Muthoot Centre, TC No 27/ 3022, Punnen Road, Thiruvananthapuram, Kerala, India - 695 001	Employed	Indian
3	Mr. Venugopalan I	Muthoot Centre, TC No 27/ 3022, Punnen Road, Thiruvananthapuram, Kerala, India - 695 001	Employed	Indian
4	M/s K P Corporate Solutions Limited	Preetkamal, S. No 256/254, Bungalow No. 2, Green Park Society, Behind Anand Park, Baner, Pune, Maharashtra - 411007, India	Public Limited Company	Indian

The Trustees have no relationship with the promoters, directors, or key managerial personnel of the Company.

d) Any interest of key managerial personnel, directors or promoters in such scheme or trust and effect thereof:

Promoters are not eligible to be covered under the ESOP 2018. However, key managerial personnel and directors (excluding independent directors) may be covered under the ESOP 2018 in due compliance with relevant applicable laws.

e) The detailed particulars of benefits which will accrue to the employees from the implementation of the scheme:

The maximum quantum of benefits contemplated under the ESOP 2018 are in terms of the maximum number of Options that may be granted to an eligible employee as specified in ESOP 2018.

Apart from the grant of Options as stated above, no other benefits are contemplated under the ESOP 2018.

f) The details about who would exercise and how the voting rights in respect of the shares to be acquired under the scheme would be exercised:

The trustees of the Trust shall not vote in respect of shares held in the Trust as per extant applicable laws. In this circumstance, the voting rights can be exercised by an eligible employee only when the shares are transferred by the Trust to him/her upon exercise.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the Trust/resolution, except to the extent they may be lawfully holding any benefits under the ESOP 2018.

In this background, the Company seeks your approval by way of a special resolution in terms of applicable provisions of the Companies Act, 2013 and rules made thereunder as detailed in Item No. 4 & 5 of this Notice.



MUTHOOT FINCORP LIMITED

CIN: U65929KL1997PLC011518

Registered Office: Muthoot Centre, TC No. 27/3022, Punnen Road,
Trivandrum, Kerala - 695 001

Tel: +91 471- 2331427, 4911400, Fax: +91 471 2331560,

Email: cs@muthoot.com Website: www.muthootfincorp.com

ATTENDANCE SLIP

Extra Ordinary General Meeting (EGM) on April 24, 2024

Regd. DP ID/Client ID No:

Full Name of the Shareholder in Block Letters:

No. of Shares held:

Name of Proxy (if any) in Block Letters:

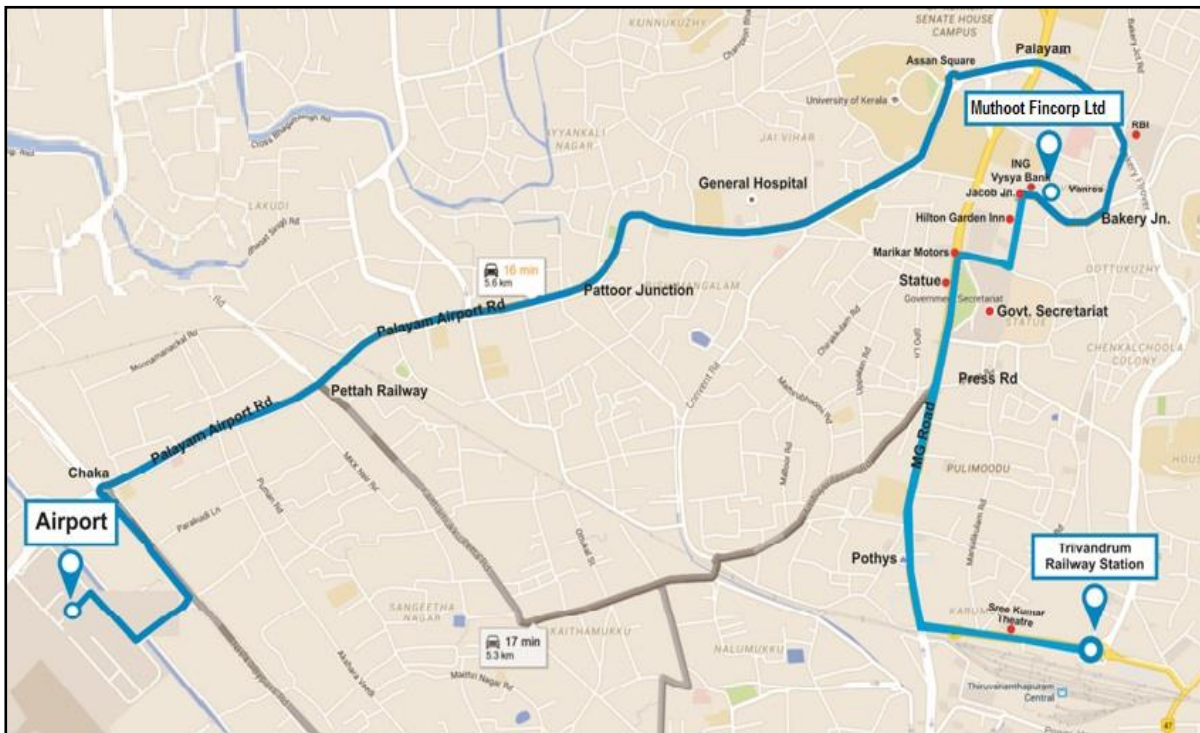
I certify that I am a registered Shareholder/Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the Extra Ordinary General Meeting of the Company, to be held on Wednesday, April 24, 2024, at the Registered Office of the Company at Muthoot Centre, TC No. 27/ 3022, Punnen Road, Trivandrum, Kerala - 695 001, at 10.30 A.M.

.....
Signature of the Shareholder/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

ROUTE MAP TO THE VENUE





MUTHOOT FINCORP LIMITED

CIN: U65929KL1997PLC011518

Registered Office: Muthoot Centre, TC No. 27/3022, Punnen Road,
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Tel: +91 471- 2331427, 4911400, Fax: +91 471 2331560,

Email: cs@muthoot.com Website: www.muthootfincorp.com

PROXY FORM

(Form MGT-11)

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Venue of the meeting : Muthoot Fincorp Limited, Muthoot Centre, TC No. 27/3022
Punnen Road, Trivandrum, Kerala - 695 001

Date & Time : April 24, 2024, at 10.30 A.M.

Name of the Member(s) :

Registered Address :

Email ID :

Regd. DP ID/Client ID No. :

I/We, being the Member(s) of equity shares of Rs. 10 each of
above-named Company, hereby appoint:

1. Name: 2. Name: 3. Name:
Address: Address: Address:
Email Id: Email Id: Email Id:
Signature: or failing him/her Signature: or failing him/her Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extra
Ordinary General Meeting of the Company, to be held on Wednesday, April 24, 2024, at 10.30
A.M. at the Registered Office of the Company at Muthoot Centre, TC No. 27/3022, Punnen
Road, Trivandrum, Kerala - 695 001 and at any adjournment(s) thereof, in respect of the
resolutions, as indicated below:

Resolution Numbers	Particulars of Business		
	Special Business	For	Against
1.	Approval of the amendments in 'MFL Employee Stock Option Plan 2018'.		
2.	Approval for extending the benefits under 'MFL Employee Stock Option Plan 2018' to the employees of the Subsidiary Companies or Holding Companies,		
3.	Approval of the amendments in 'MFL Employee Stock Appreciation Rights Plan 2018'.		
4.	Approval for the implementation of 'MFL Employee Stock Option Plan 2018' through 'Muthoot Fincorp Employee Welfare Trust'.		
5.	Approval for provision of money by the Company to acquire its own shares by the trust under the 'MFL Employee Stock Option Plan 2018'.		

Signature of Shareholder..... Signature of Proxy holder(s)

Signed this day of 2024

AFFIX Revenue Stamp of Re. 1

Signature of Shareholder

Signature of proxy holder (s)

Note:

1. *This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.*
2. *It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'for' or 'against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.*