

Muthoot Finance

Financial Results Q2 FY 2016

September 2015

MUTHOOT FINANCE LIMITED

SAFE HARBOUR STATEMENT

This presentation may include statements, which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

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MUTHOOT FINANCE: DRIVING INCLUSIVE GROWTH

- India's largest gold financing company (by loan portfolio)
- Trusted pan-India brand in the gold loans sector; revolutionised India's gold banking
- Our intervention has empowered millions of people across the social pyramid

Multiple service offerings

CORE SERVICE



Gold Loans

OTHER SERVICES



Money Transfer Services



Collection Services



White Label ATM



Wind Mill Power Generation



National Pension Scheme



26

States/Union territory presence

144 tonnes

Gold jewellery kept as security

4,200+

Pan-India branches

500,000+

Retail investor base across debenture and subordinated debt portfolio

22,000+

Team members

80,000+

Customers served every day

₹ 248,734 mn

Retail Loan Assets Under Management

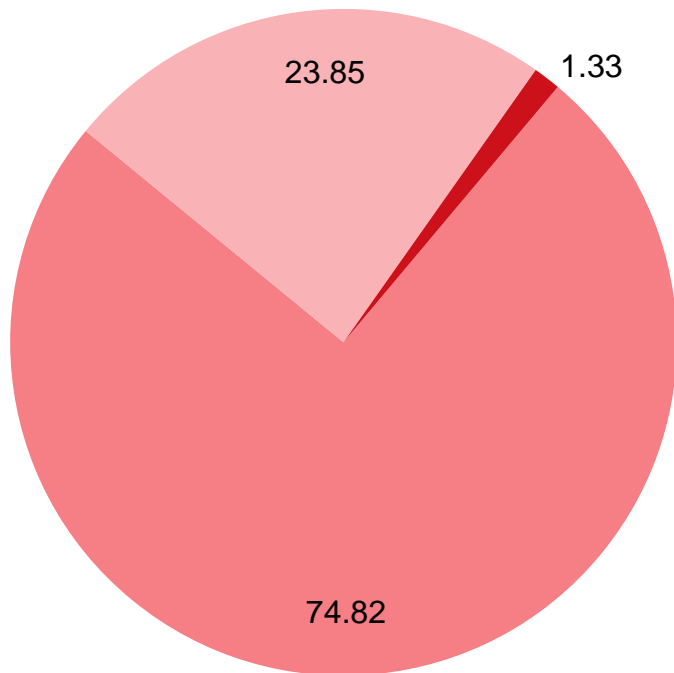
(As of September 30, 2015)

SHAREHOLDING PATTERN



Muthoot Finance

Strong promoter interest in business with 75% stake



(%) Shareholding as on September 30, 2015

- Promoters & Relatives
- FII, FC, MF & Others
- Public

NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation

(as on September 30, 2015)

₹ 65,359 million

DIVIDEND PAYOUT



Muthoot Finance

Delivering consistent returns to stakeholders

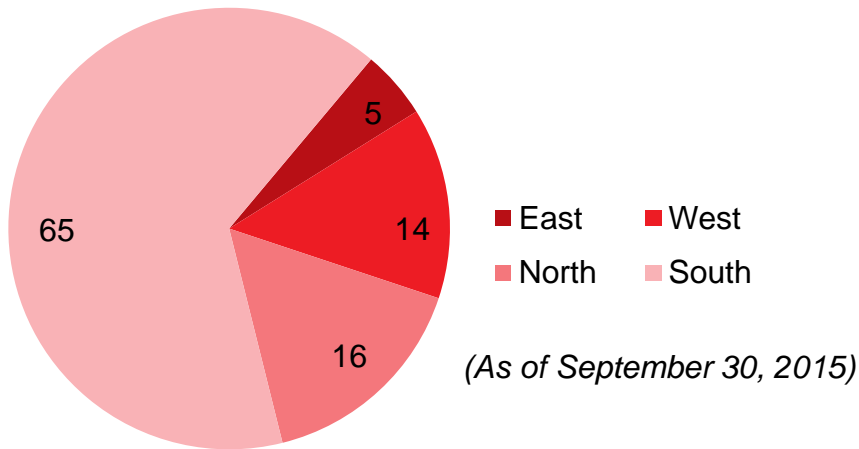
(%)

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Dividend (%)*	-	60	60	45	40
First Interim Dividend (%)	40	40	30	-	-
Second Interim Dividend (%)	-	-	20	-	-
Final Dividend (%)	-	20	10	45	40
Dividend Payout Ratio (%)	-	35.36	28.59	16.65	16.47

* On face value of ₹ 10 per equity share

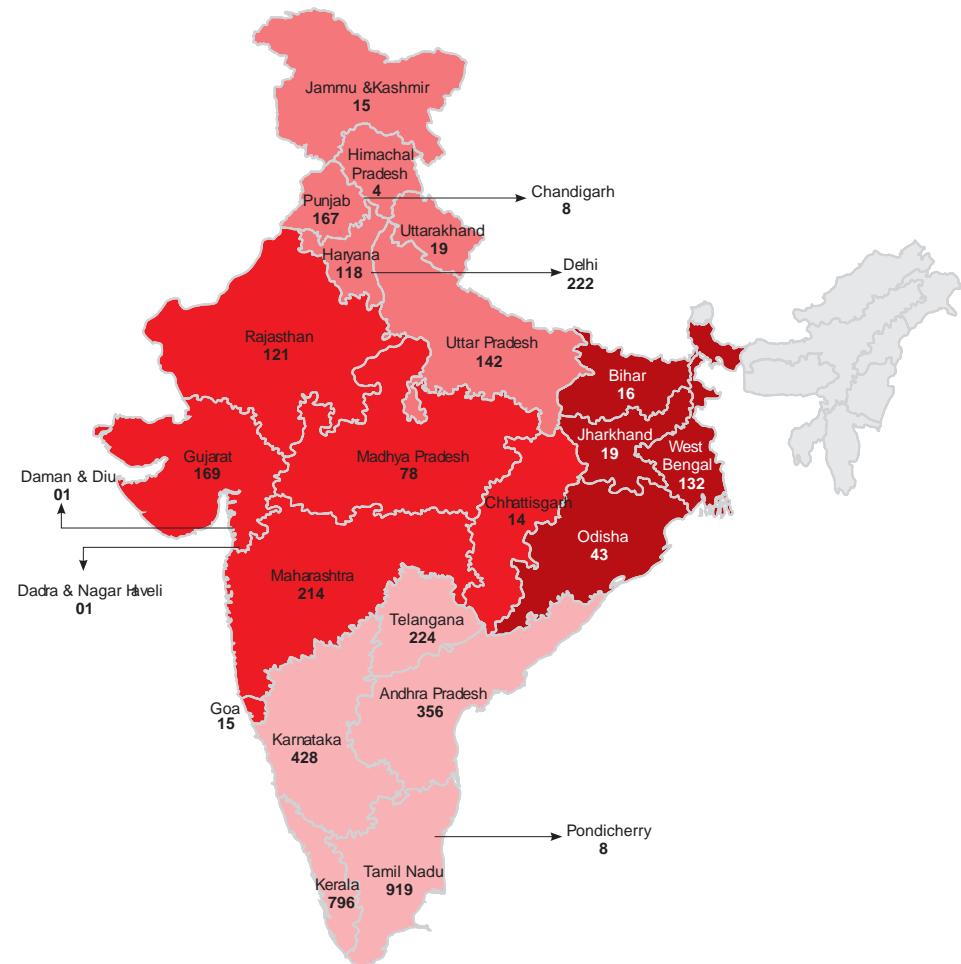
A strong presence of 4249 branches across India

(%) Branches region wise



- Rural India accounts for about 65% of total gold stock in the country
- Large portion of the rural population has limited credit access
- Catering to under-served rural and semi-urban markets through strong presence

State wise Branch Network





Strong Capital Base

Networth

	Sep-15	Jun-15	Mar-15	Sep-14	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Share Capital	3,980	3,980	3,980	3,971	0	0
Reserves & Surplus	48,591	48,726	46,855	44,531	9	0
Total	52,571	52,706	50,835	48,502	8	0

Core focus continues to be gold loan

Gross retail loan assets under management

	Sep-15	Jun-15	Mar-15	Sep-14	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross retail loan assets under management	248,734	244,089	234,085	218,020	14	2

Break-up of Gross Retail Loan Assets under management

Gold Loans under management	248,250	243,605	233,499	216,971	14	2
Other loans	484	484	586	1,049	(54)	0

LIABILITIES



Muthoot Finance

Stable sources of funding

	Sep-15	Jun-15	Mar-15	Sep-14	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	50,629	56,095	59,839	69,392	(27)	(10)
Secured Non-Convertible Debentures-Listed	31,239	32,757	30,656	30,832	1	(5)
Borrowings from Banks/FIs	89,902	77,851	72,418	63,036	43	15
Subordinated Debt	23,355	23,932	24,309	25,240	(7)	(2)
Subordinated Debt -Listed	2,518	2,518	2,229	1,842	37	0
Commercial Paper	8,820	6,855	0	90	9700	29
Other Loans	4,379	4,798	5,196	3,920	12	(9)
Total	210,842	204,806	194,647	194,352	8	3

REVENUE & PROFIT



Muthoot Finance

Profit & Loss Statement

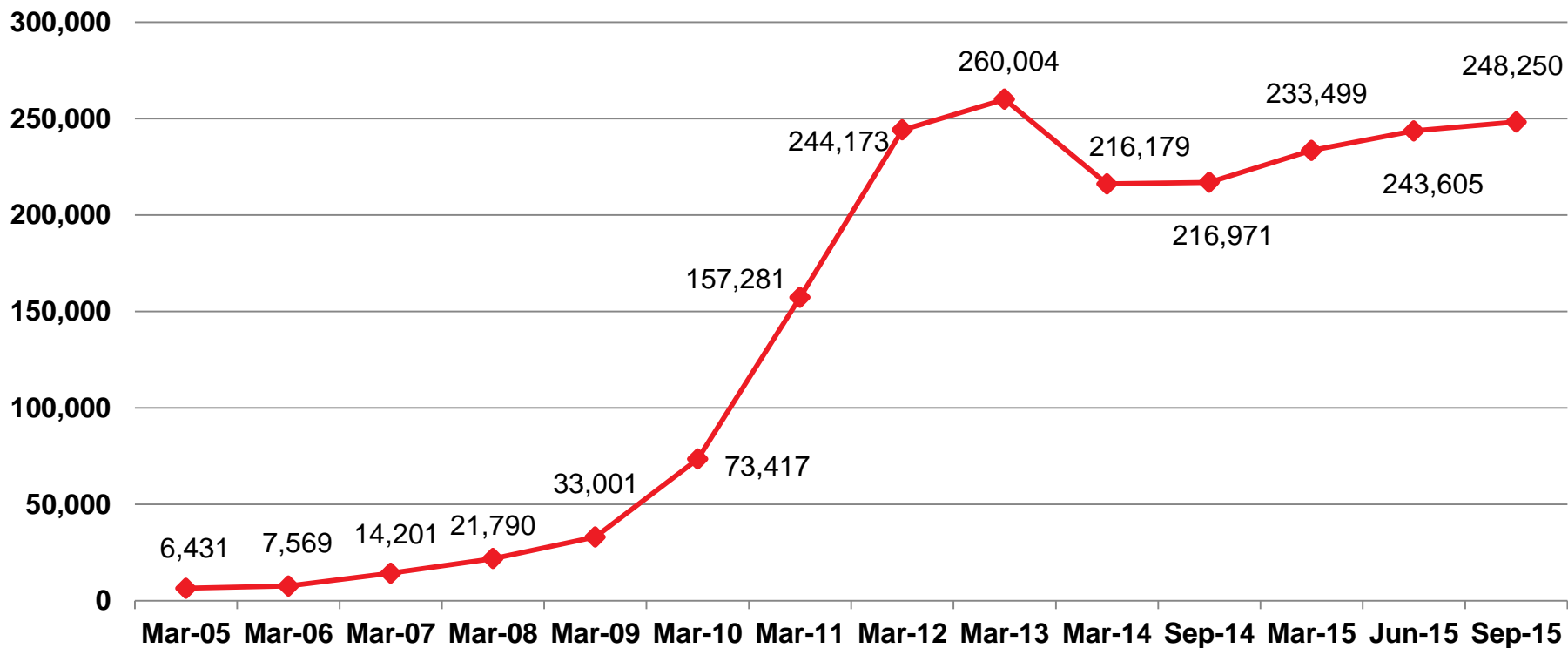
(₹ in million)

	H1 FY 2016	H1 FY 2015	YoY Growth (%)	Q2 FY 2016	Q2 FY 2015	YoY Growth (%)	Q1 FY 2016	QoQ Growth (%)	FY 2015
INCOME									
Interest Income	22,534	21,290	6	11,254	10,488	7	11,280	0	42,703
Other Income	291	245	19	145	127	14	146	(1)	543
Total	22,825	21,535	6	11,399	10,615	7	11,426	0	43,246
EXPENDITURE									
Interest Expense	11,322	10,439	8	5,652	5,085	11	5,670	0	21,064
Personnel Expenses	3,230	3,099	4	1,623	1,576	3	1,607	1	6,304
Administrative & Other expenses	2,132	2,044	4	1,108	1,059	5	1,024	8	4,210
Provisions & Write Offs	251	120	109	145	40	263	106	37	371
Directors Remuneration	97	96	1	49	48	2	48	2	192
Depreciation	275	408	(33)	139	208	(33)	136	2	826
Total	17,307	16,206	7	8,716	8,016	9	8,591	1	32,967
PROFIT									
Profit Before Tax	5,519	5,330	4	2,684	2,600	3	2,835	(5)	10,279
Profit After Tax	3,577	3,509	2	1,745	1,707	2	1,832	(5)	6,705

Gaining scale over the years

Gold Loan Assets Under Management

(₹ in million)

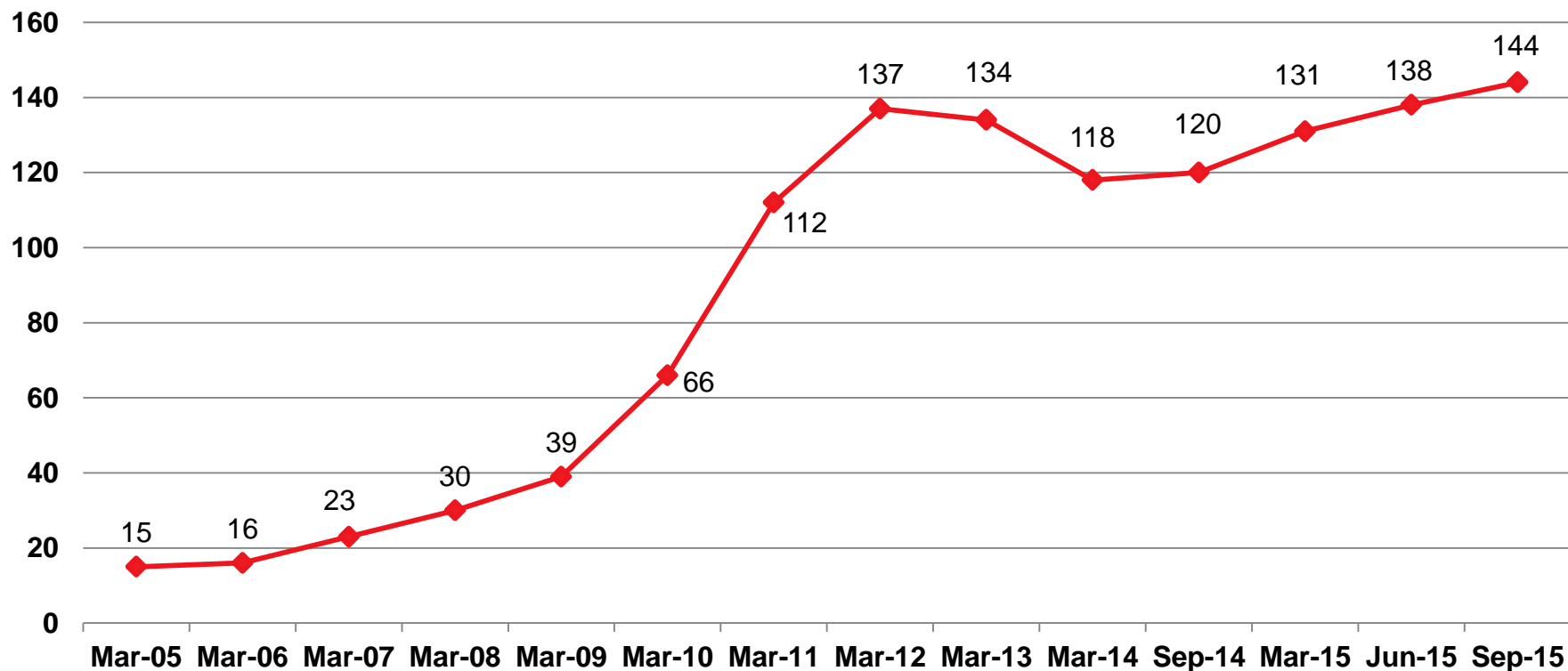




Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



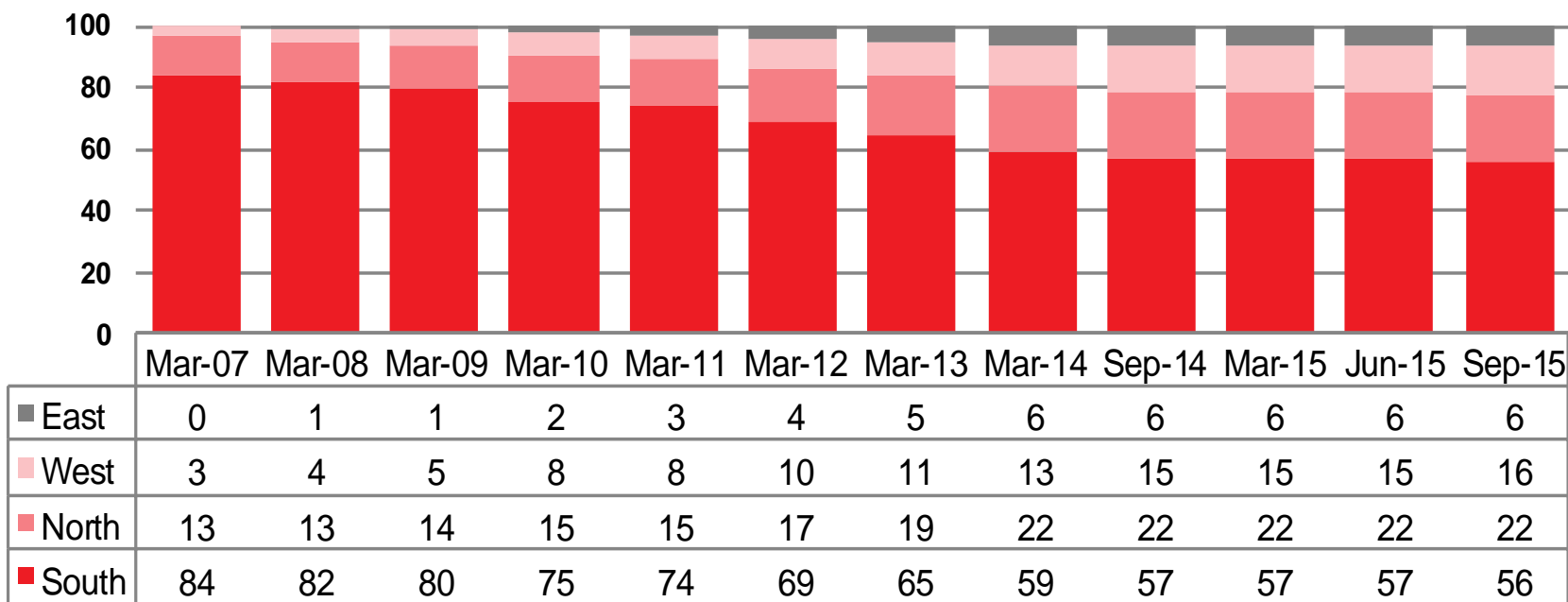
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



Muthoot Finance

Diversified gold loan portfolio across India

(%)



Gold Loan Assets Under Management

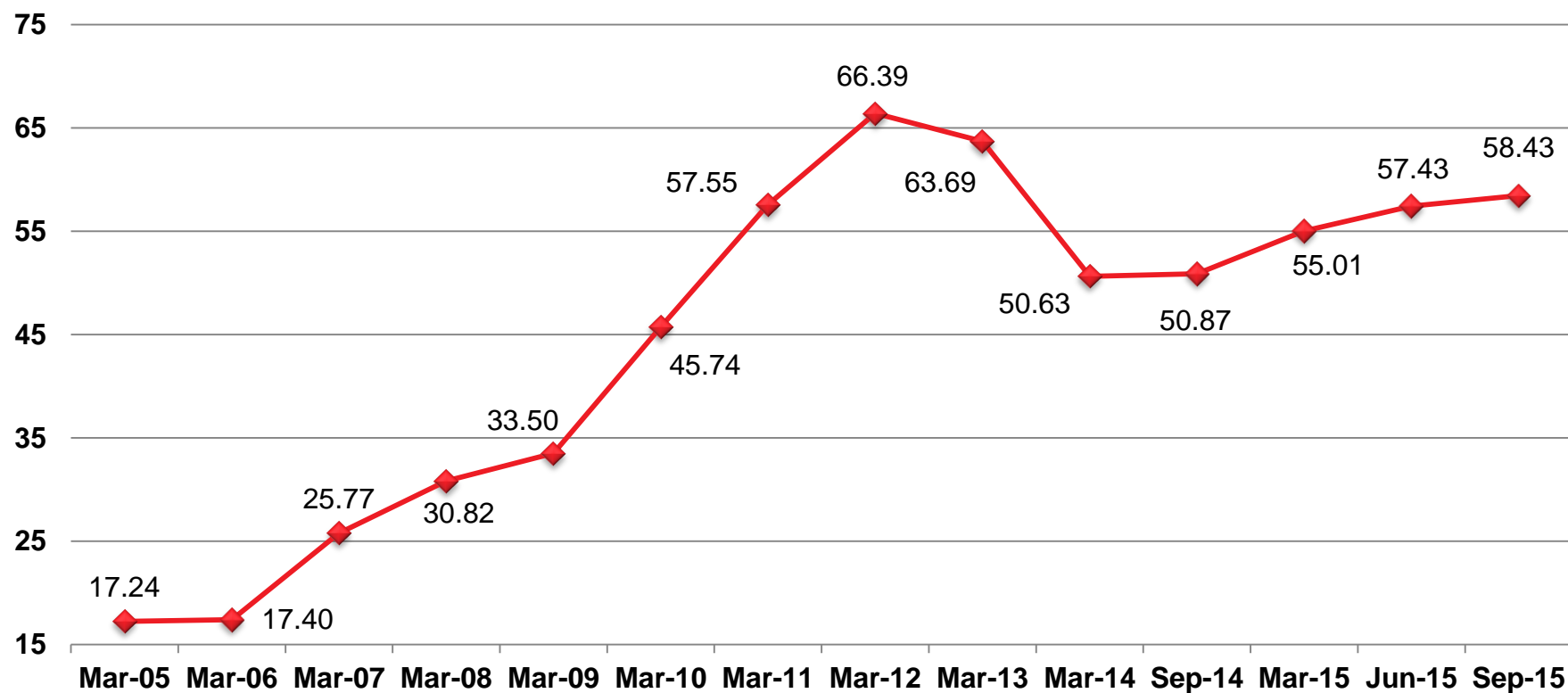
(₹ in million)

Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Sep-14	Mar-15	Jun-15	Sep-15
14,201	21,790	33,001	73,417	157,281	244,173	260,004	216,179	216,971	233,499	243,605	248,250

Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

(₹ in million)



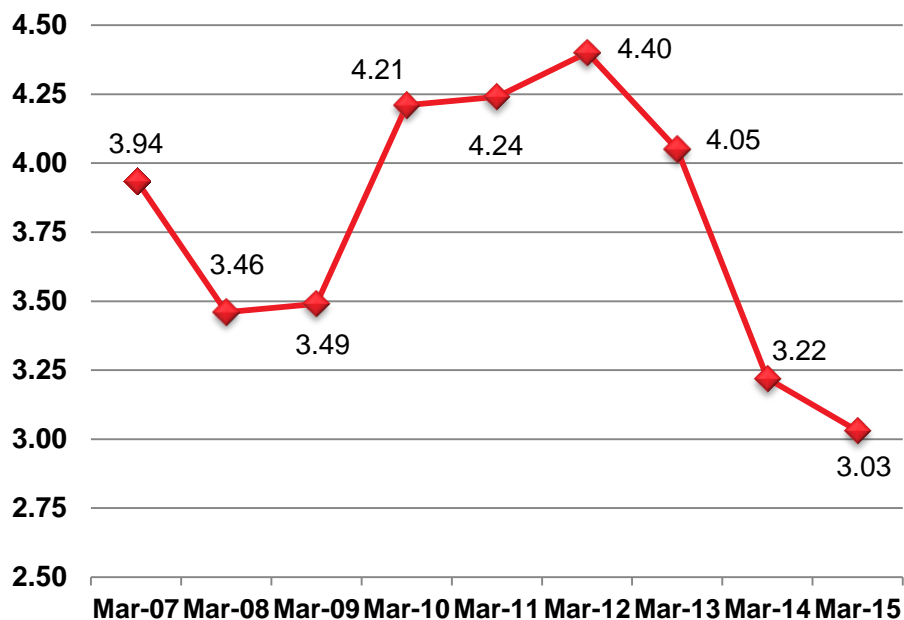


RETURN ON AVERAGE RETAIL LOAN ASSET

Attractive returns over the years

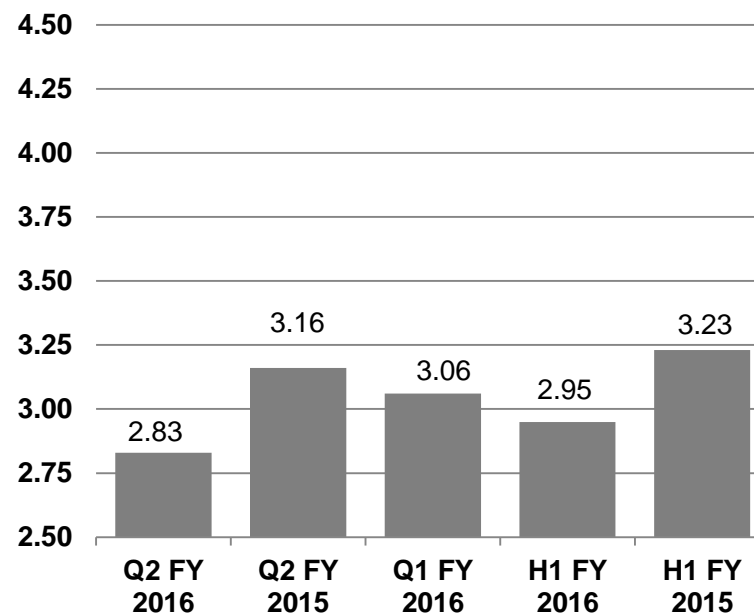
Yearly

(%)



Quarterly

(%)





NON-PERFORMING ASSETS & BAD DEBTS

Non-Performing Assets

(₹ in million)

	Sep-15	Jun-15	Mar-15	Sep-14
Gross Non-Performing Assets	6,341	5,195	5,117	4,549
Provision For Non-Performing Assets	857	752	725	725
Net Non-Performing Assets	5,484	4,443	4,392	3,824
% of Gross NPA on Gross Retail Loans	2.55	2.13	2.19	2.09
% of Net NPA on Gross Retail Loans	2.20	1.82	1.88	1.75

Generally NPA will not result into bad debts as collateral can be auctioned

Bad Debts

(₹ in million)

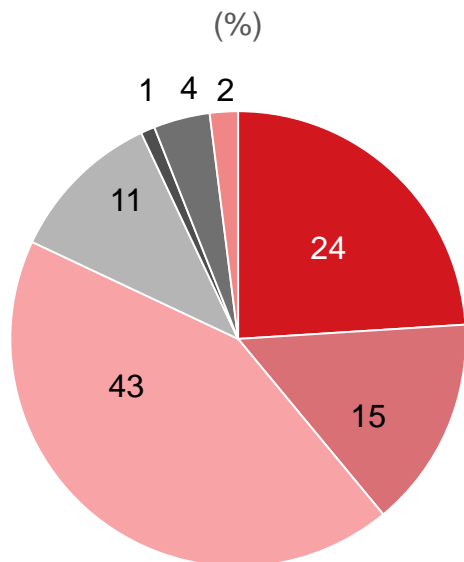
	Q2 FY 2016	Q2 FY 2015	Q1 FY 2016	H1 FY 2016	H1 FY 2015	FY 2015
Bad Debts Written Off	22	23	30	52	103	192

Standard Asset Provision

	Sep-15	Jun-15	Mar-15	Sep-14
Provision (₹ in million)	1,212	1,194	1,145	982
% of Provision to Standard Assets	0.50	0.50	0.50	0.46

Maintaining a higher standard asset provision of 0.50% as against the regulatory requirement of 0.25%

Maintaining a diversified funding profile



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 50,629 mn (24%)
- Secured Non-Convertible Debentures – Listed – ₹ 31,239 mn (15%)
- Borrowings from Banks/Fis - ₹ 89,902 mn (43%)
- Subordinated Debt – ₹ 23,355 mn (11%)
- Subordinated Debt – Listed - ₹ 2,518 mn (1%)
- Commercial Paper – ₹ 8,820 mn (4%)
- Other Loans – ₹ 4,379 mn (2%)

(As of September 30, 2015)

Highest Rating among gold loan companies

Short-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
COMMERCIAL PAPER			
CRISIL	40,000	CRISIL A1+	Degree of safety with regard to timely payment of interest & principal on the instrument is very strong
ICRA	2,000	ICRA A1+	Lowest credit risk & Stronger credit quality
BANK LOANS			
ICRA*	82,220	ICRA A1+	Lowest credit risk & Stronger credit quality

Long-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
SUBORDINATED DEBT			
CRISIL	1,000	CRISIL AA-(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	1,000	ICRA AA-(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
NON CONVERTIBLE DEBENTURE			
CRISIL	5,000	CRISIL AA-(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	2,000	ICRA AA-(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
BANK LOANS			
ICRA*	76,500	ICRA AA-(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk

*Within the overall rating of ₹11,1340 millions

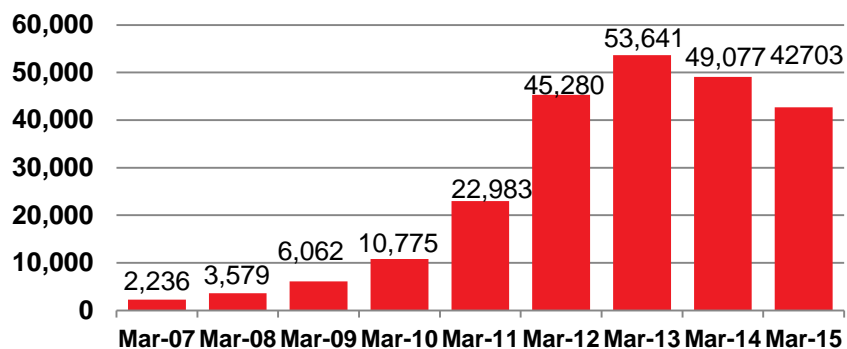


BREAK-UP OF GROSS INCOME

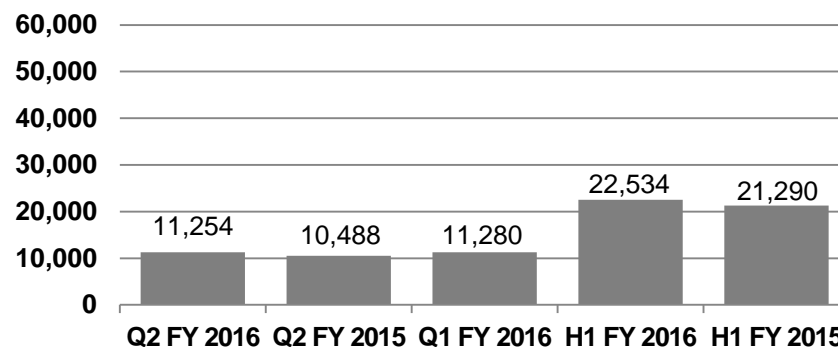
Interest Income

(₹ in million)

Yearly



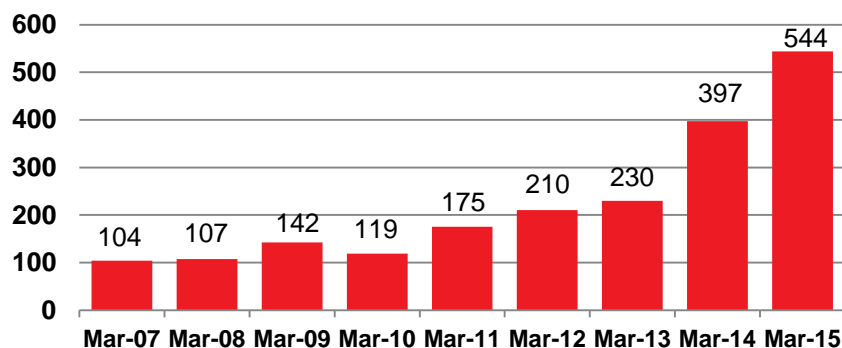
Quarterly



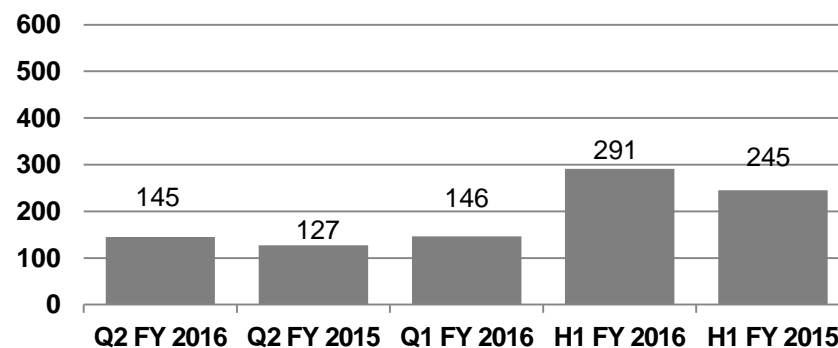
Other Income

(₹ in million)

Yearly



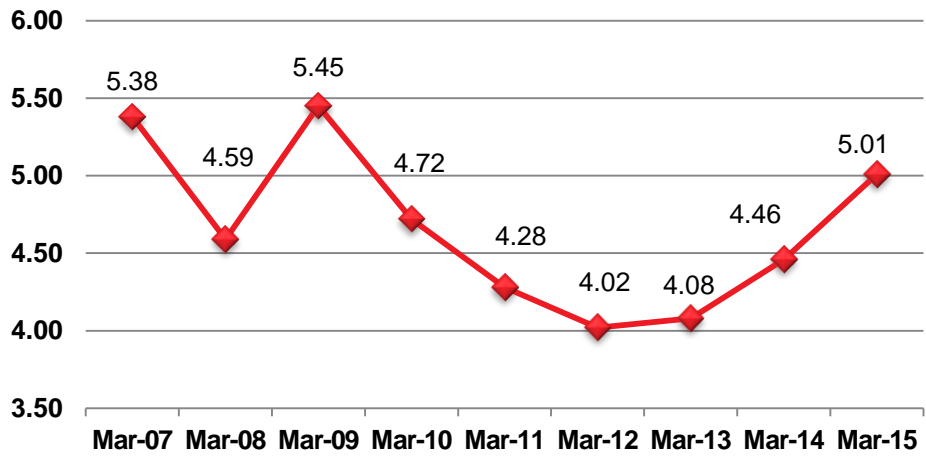
Quarterly



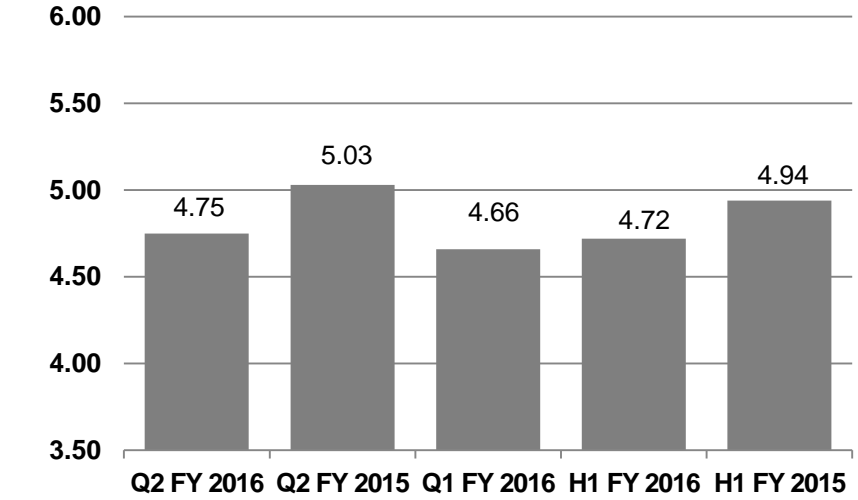
OPERATING EXPENSES TO AVERAGE RETAIL LOANS

Operational efficiency over the years

Yearly (%)



Quarterly (%)





BREAK-UP OF OPERATING EXPENSES

	Yearly							Quarterly				
	₹ in Millions)							₹ in Million)				
	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q2 FY 2016	Q2 FY 2015	Q1 FY 2016	H1 FY 2016	H1 FY 2015
Personnel Expenses	6,304	5,917	5,453	4,145	2,209	1,169	677	1,623	1,577	1,607	3,230	3,100
Rent	1,650	1,542	1,309	1,042	603	290	131	432	412	415	847	814
Advertisement	651	702	579	866	647	331	208	180	144	168	348	297
Postage, Telegram and Telephone	371	364	243	184	115	72	27	111	101	84	195	192
Traveling and Conveyance	212	190	175	168	114	67	42	49	57	47	96	107
Printing and Stationery	160	185	168	155	111	69	44	36	40	38	74	73
Repairs and Maintenance	281	272	256	341	211	96	62	85	63	74	159	123
Legal and Professional Charges	189	216	86	60	114	34	16	19	74	40	59	139
Business Promotion Expense	140	279	332	267	119	45	25	41	16	22	63	31
Directors Remuneration	192	192	192	192	192	192	121	49	48	48	97	96
Depreciation and Ammortisation Expenses	841	475	454	329	180	149	99	143	212	140	283	415
Others	733	731	550	380	229	165	165	173	170	162	335	363
Provision For Standard & NPA Assets	180	214	765	351	323	21	7	123	17	76	199	17
Total	11,904	11,279	10,562	8,480	5,165	2,701	1,625	3,064	2,931	2,921	5,985	5,767

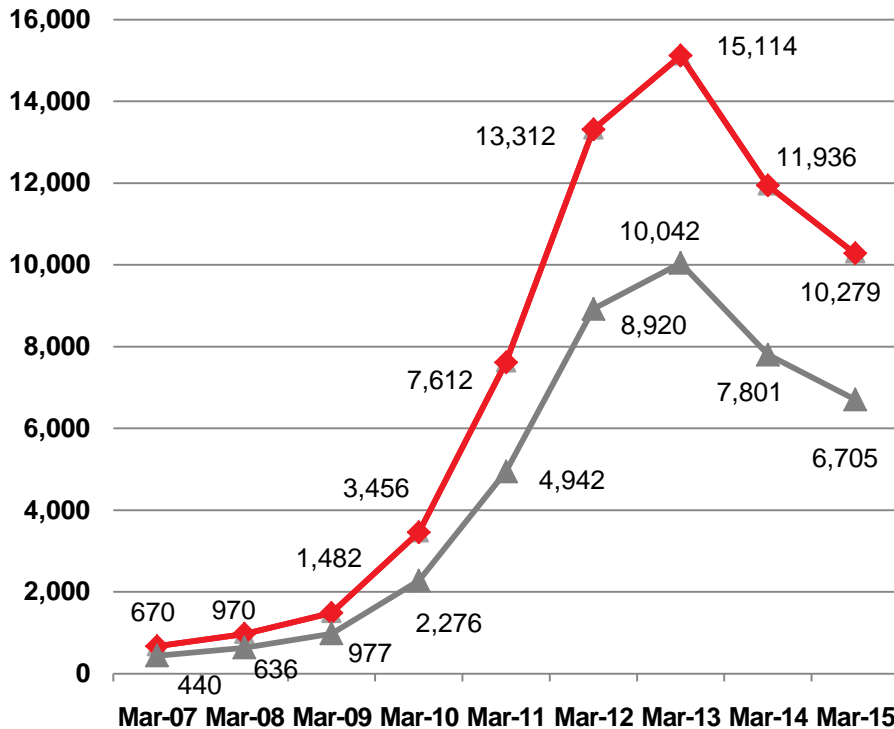
Efforts getting rewarded

Profitability at a glance

(₹ in million)

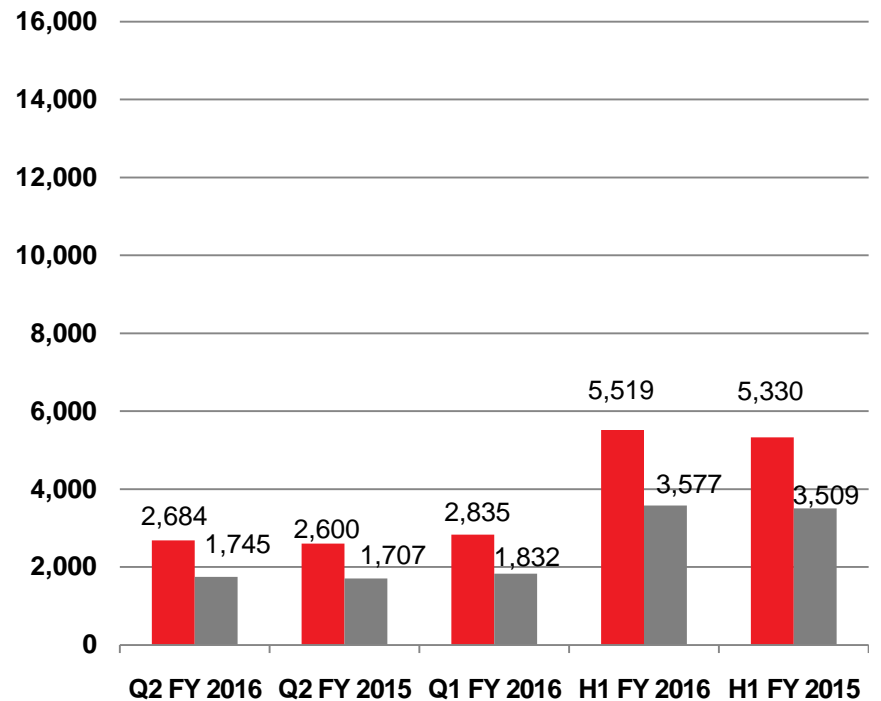
Yearly

◆ PBT ▲ PAT



Quarterly

■ PBT ■ PAT

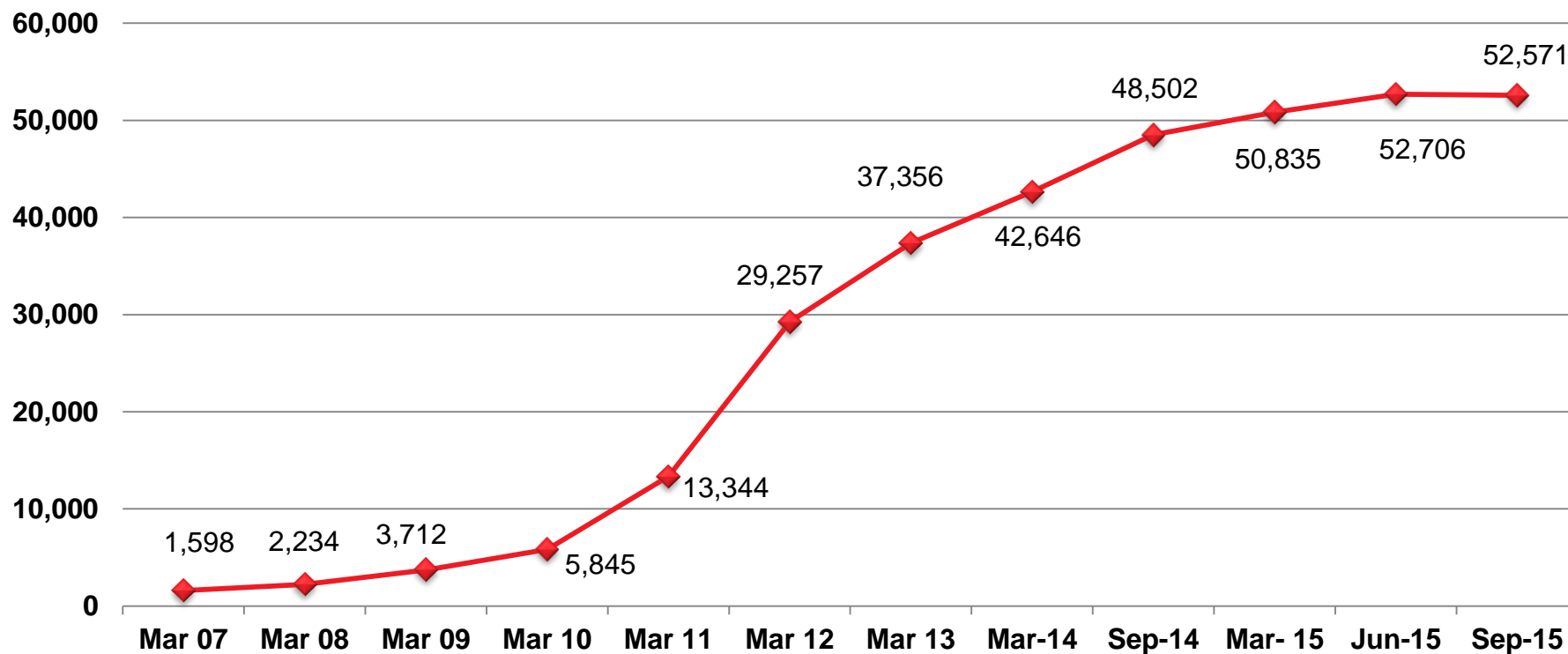




Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



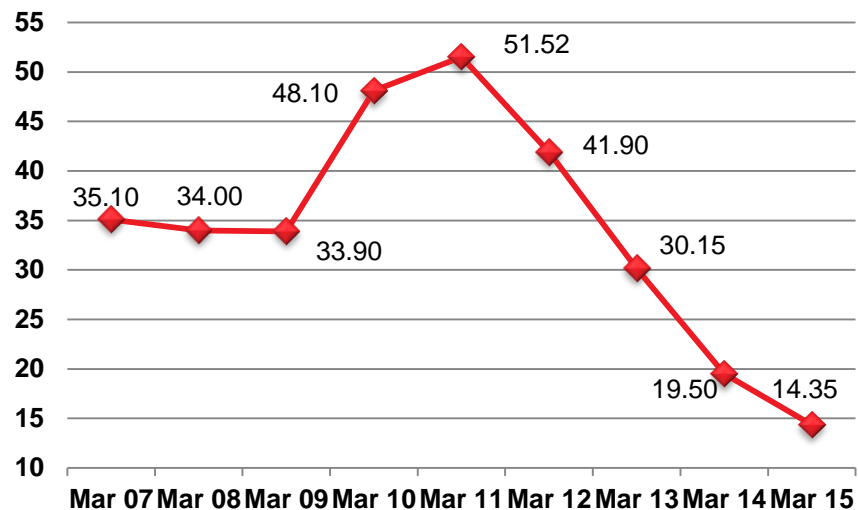


Stable shareholder value creation

Return on Average Equity

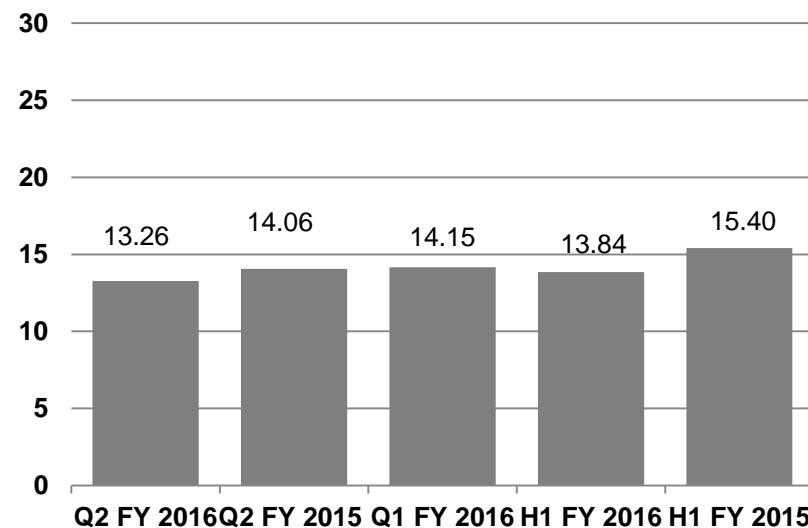
Yearly

(%)



Quarterly

(%)





Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Sep-15	Jun-15	Mar-15	Sep-14
Capital Adequacy Ratio	22.97	24.15	24.78	26.30
Tier-I	19.25	19.76	19.96	20.32
Tier-II	3.72	4.38	4.82	5.98



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q2 FY 2016	Q1 FY 2016	Q2 FY 2015	FY 2015
Earnings per share (₹)				
- Basic	4.39	4.60	4.30	16.97
- Diluted	4.34	4.56	4.25	16.80

	Sep-15	Jun-15	Mar-15	Sep-14
Book Value per share (₹)	131.95	132.29	127.59	122.00
Market price per share (₹)*	164.20	202.05	207.05	204.40
Price to Earnings ratio**	9.64	11.93	12.20	10.76
Price to Book Value ratio	1.24	1.53	1.62	1.68

*Source: www.nseindia.com

**Based on trailing 12 months EPS

CAPITALISATION RATIOS



Muthoot Finance

Headroom for further leveraging

(₹ In million)

	Sep-15	Jun-15	Sep-14	Mar-15
Outside Liabilities	238,084	229,251	215,741	216,857
Cash & Bank Balances	23,055	19,657	28,849	17,366
Tangible Networth	52,522	52,653	48,442	50,775
Capital Gearing	4.09	3.98	3.86	3.93

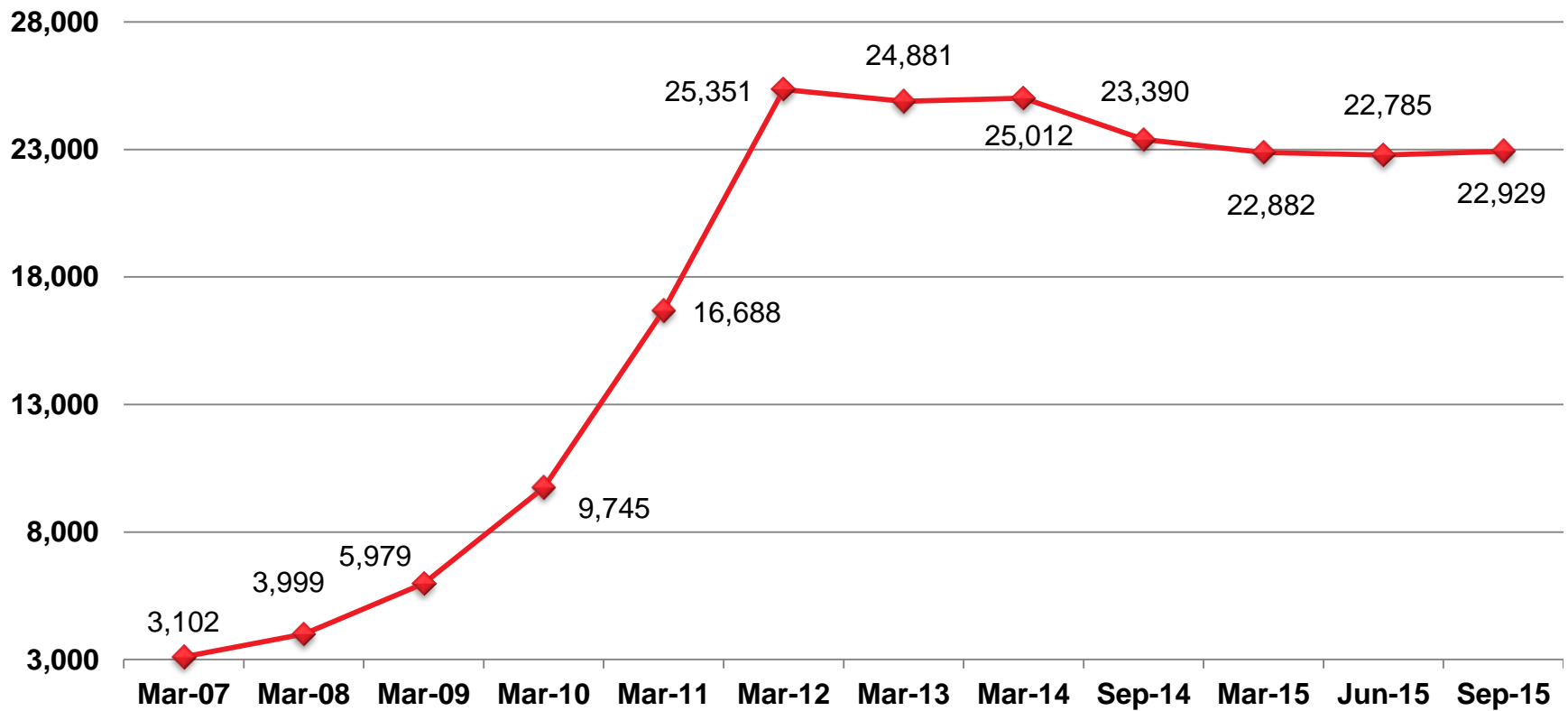
TEAM STRENGTH

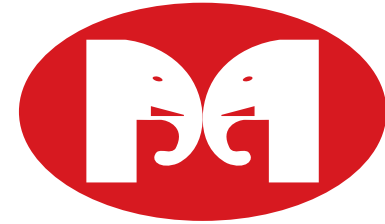


Muthoot Finance

Groomed human capital over the years to meet growing business requirements

(No. of Employees)





Muthoot Finance

REGISTERED OFFICE

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