

Muthoot Finance

Financial Results Q1 FY 2017

June 2016

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

27

States/Union territory presence

146 tonnes

Gold jewellery kept as security

4,200+

Pan-India branches

500,000+

Retail investor base across debenture and subordinated debt portfolio

23,000+

Team members

80,000+

Customers served every day

₹ 258,606 mn

Retail Loan Assets Under Management

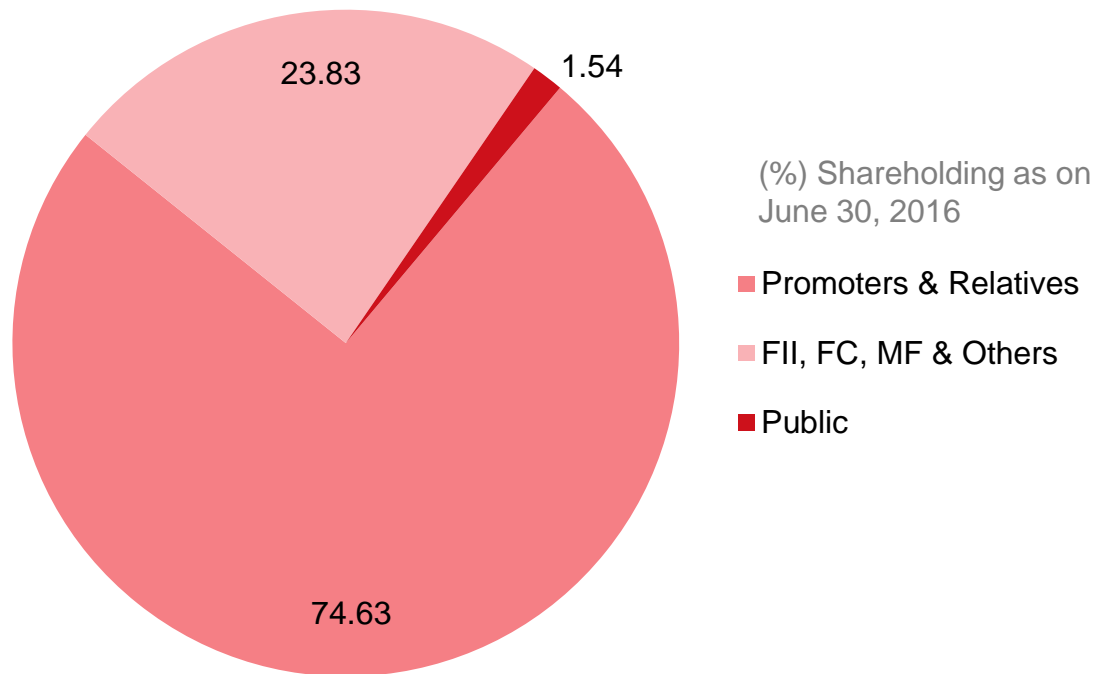
(As of June 30, 2016)

SHAREHOLDING PATTERN



Muthoot Finance

Strong promoter interest in business with 75% stake



NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation

(as on June 30, 2016)

₹ 116,942 million

DIVIDEND PAYOUT



Muthoot Finance

Delivering consistent returns to stakeholders

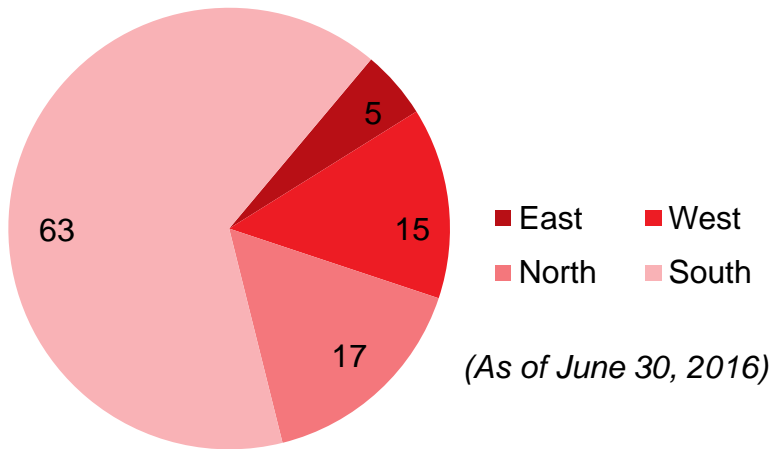
(%)

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Dividend (%)*	60	60	60	45	40
First Interim Dividend (%)	40	40	30	-	-
Second Interim Dividend (%)	20	-	20	-	-
Final Dividend (%)	-	20	10	45	40
Dividend Payout Ratio (%)	29.50	35.36	28.59	16.65	16.47

* On face value of ₹ 10 per equity share

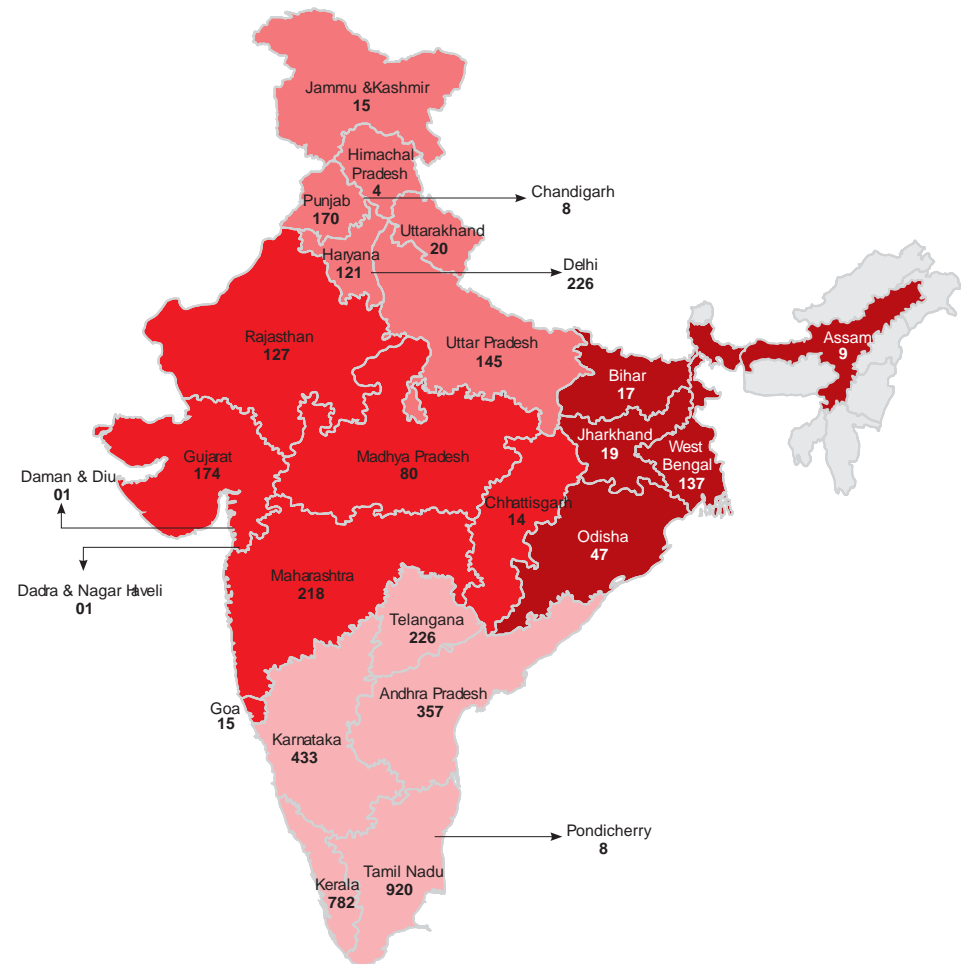
A strong presence of 4294 branches across India

(%) 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

	Jun-16	Mar-16	Jun-15	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Share Capital	3,991	3,990	3,980	0	0
Reserves & Surplus	54,924	52,202	48,726	13	5
Total	58,915	56,192	52,706	12	5

Core focus continues to be gold loan

Gross retail loan assets under management

	Jun-16	Mar-16	Jun-15	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross retail loan assets under management	258,606	243,789	244,089	6	6
Break-up of Gross Retail Loan Assets under management					
Gold Loans under management	258,226	243,355	243,605	6	6
Other loans	380	434	484	(21)	(12)

LIABILITIES



Muthoot Finance

Stable sources of funding

	Jun-16	Mar-16	Jun-15	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	36,355	40,909	56,095	(35)	(11)
Secured Non-Convertible Debentures-Listed	40,044	36,403	32,757	22	10
Borrowings from Banks/FIs	81,051	76,876	77,851	4	5
Subordinated Debt	21,859	22,348	23,932	(9)	(2)
Subordinated Debt -Listed	3,344	3,108	2,518	33	8
Commercial Paper	8,819	0	6,855	29	
Other Loans	6,705	6,765	4,798	40	(1)
Total	198,177	186,409	204,806	(3)	6

REVENUE & PROFIT



Muthoot Finance

Profit & Loss Statement

(₹ in million)

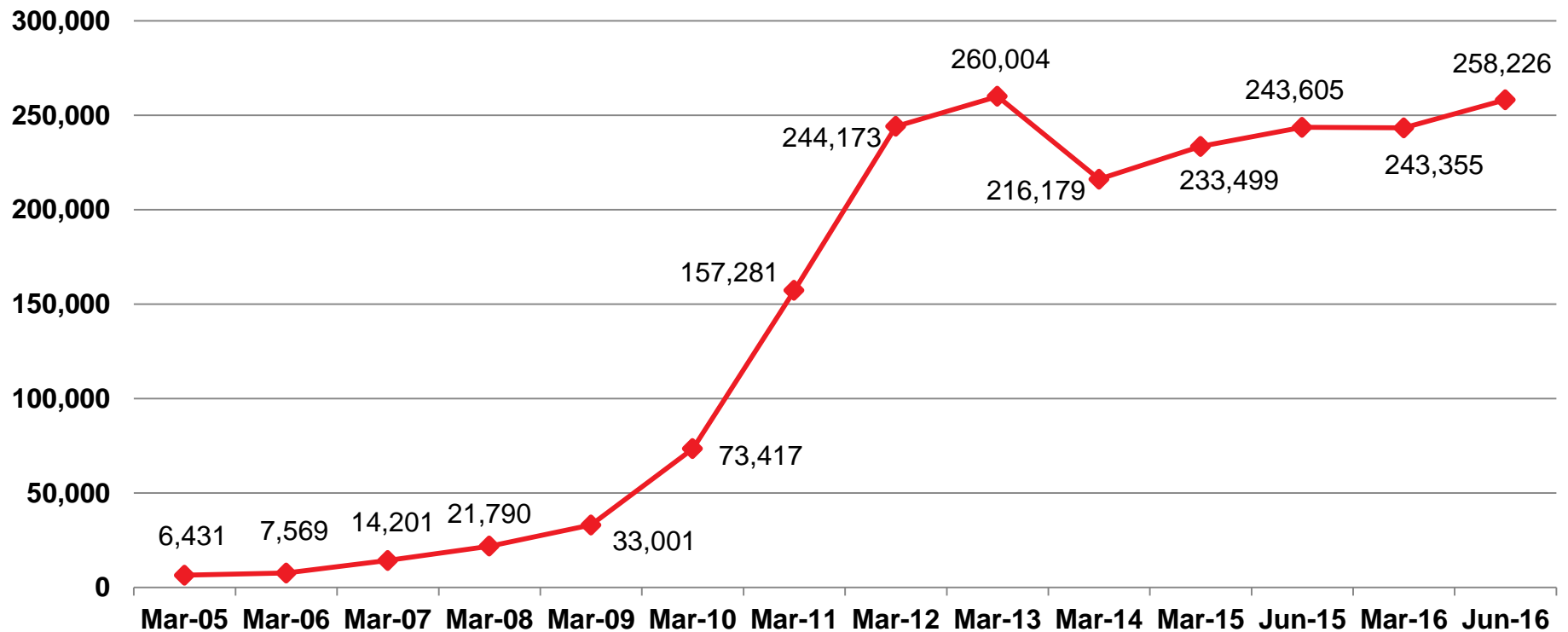
	Q1 FY 2017	Q4 FY 2016	Q1 FY 2016	YoY Growth (%)	FY 2016
INCOME					
Interest Income	12,752	14,347	11,280	13	48,130
Other Income	256	166	146	75	620
Total	13,008	14,513	11,426	14	48,750
EXPENDITURE					
Interest Expense	5,571	5,639	5,670	(2)	22,577
Personnel Expenses	1,849	1,607	1,607	15	6,419
Administrative & Other expenses	1,013	1,027	1,024	(1)	4,209
Provisions & Write Offs	176	1,299	106	66	1,624
Directors Remuneration	50	50	48	4	196
Depreciation	112	141	136	(18)	558
Total	8,771	9,763	8,591	2	35,583
PROFIT					
Profit Before Tax	4,237	4,750	2,835	49	13,168
Profit After Tax	2,703	2,652	1,832	48	8,096

GOLD LOAN PORTFOLIO

Gaining scale over the years

Gold Loan Assets Under Management

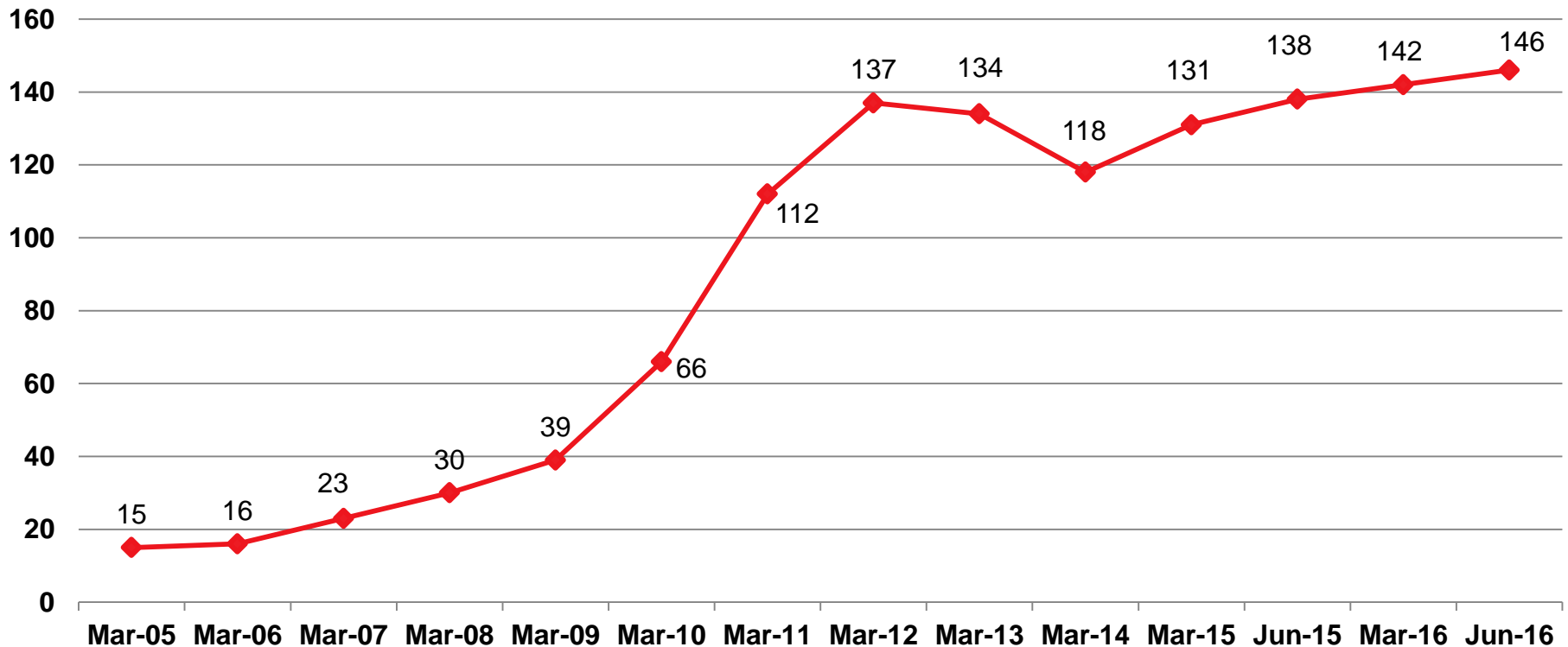
(₹ in million)



Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



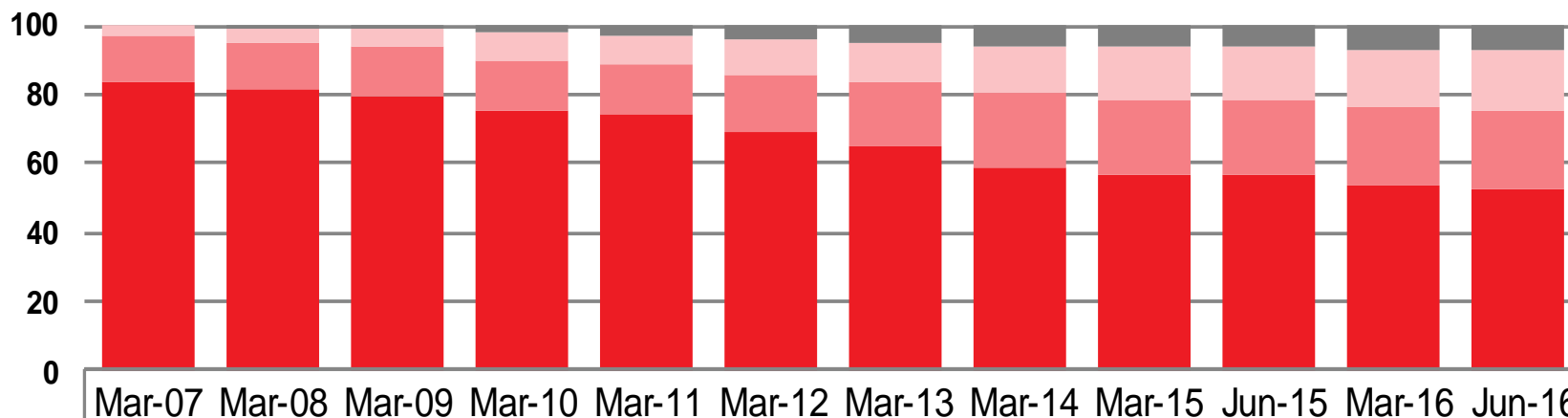
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



Muthoot Finance

Diversified gold loan portfolio across India

(%)



	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-15	Mar-16	Jun-16
East	0	1	1	2	3	4	5	6	6	6	7	7
West	3	4	5	8	8	10	11	13	15	15	17	18
North	13	13	14	15	15	17	19	22	22	22	22	22
South	84	82	80	75	74	69	65	59	57	57	54	53

Gold Loan Assets Under Management

(₹ in million)

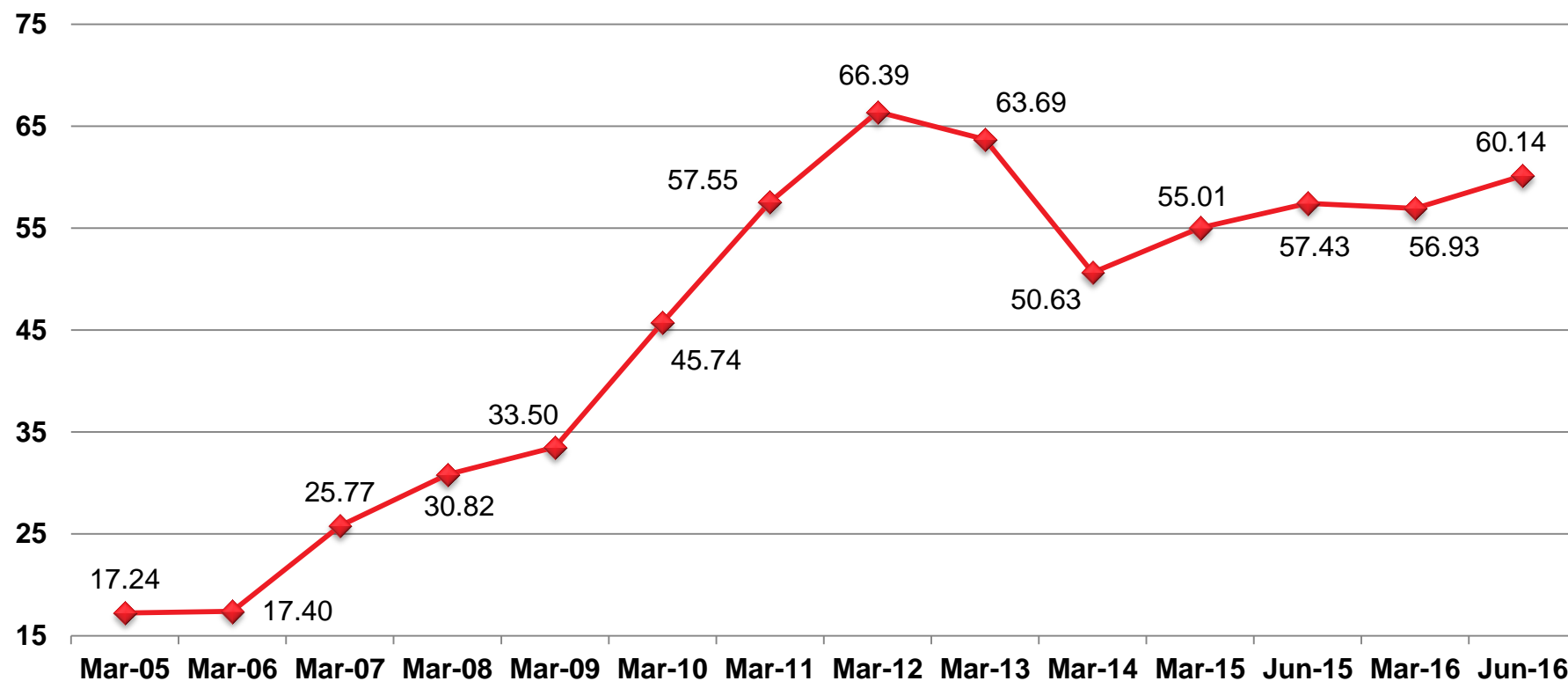
Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-15	Mar-16	Jun-16
14,201	21,790	33,001	73,417	157,281	244,173	260,004	216,179	233,499	243,605	243,355	258,226



Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

(₹ in million)



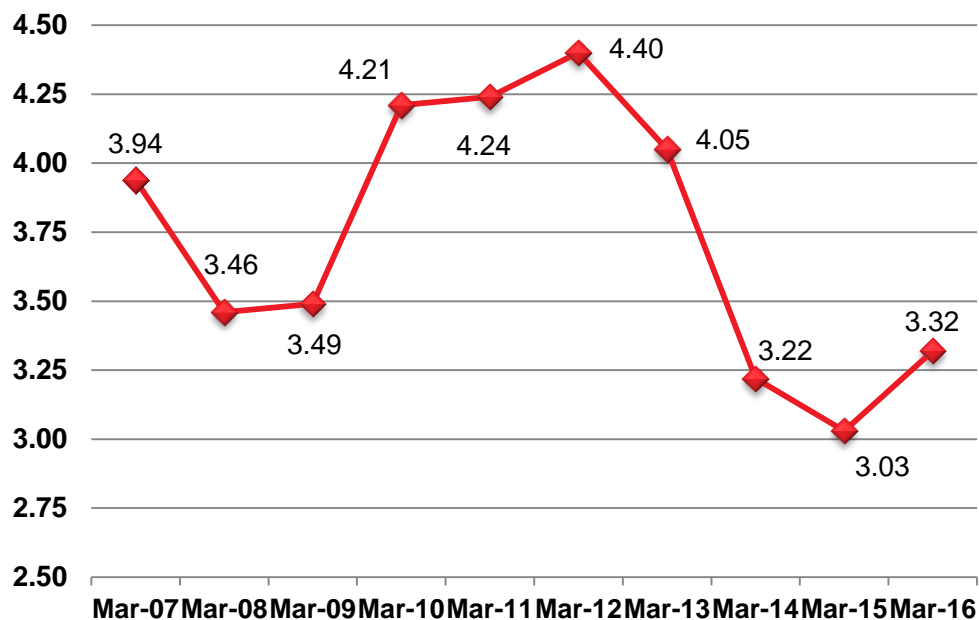


RETURN ON AVERAGE RETAIL LOAN ASSET

Attractive returns over the years

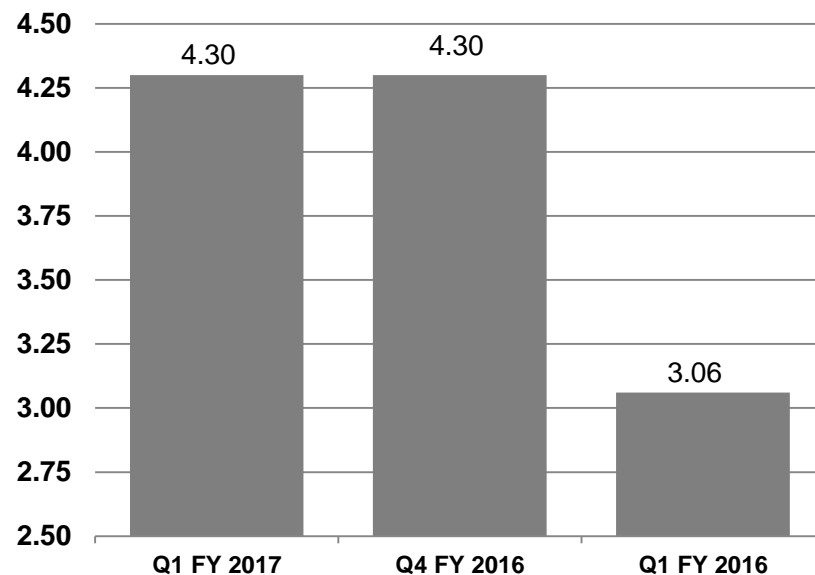
Yearly

(%)



Quarterly

(%)





NON-PERFORMING ASSETS & BAD DEBTS

Non-Performing Assets				(₹ in million)
	Jun-16	Mar-16	Jun-15	
Gross Non-Performing Assets	5,618	7,025	5,195	
Provision For Non-Performing Assets	1,019	1,019	752	
Net Non-Performing Assets	4,599	6,006	4,443	
% of Gross NPA on Gross Retail Loans	2.17	2.88	2.13	
% of Net NPA on Gross Retail Loans	1.78	2.46	1.82	

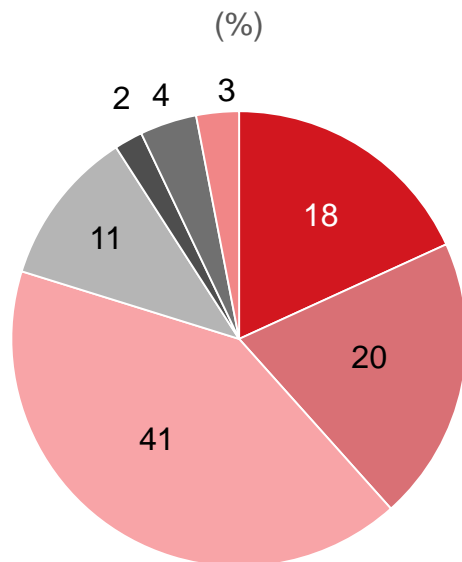
Generally NPA will not result into bad debts as collateral can be auctioned

Bad Debts				(₹ in million)
	Q1 FY 2017	Q4 FY 2016	Q1 FY 2016	FY 2016
Bad Debts Written Off	13	36	30	107

Standard Asset Provision			
	Jun-16	Mar-16	Jun-15
Provision (₹ in million)	2,530	2,368	1,194
% of Provision to Standard Assets	1.00	1.00	0.50

Maintaining a higher standard asset provision of 1% as against the regulatory requirement of 0.30%

Maintaining a diversified funding profile



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 36,355 mn (18%)
- Secured Non-Convertible Debentures – Listed – ₹ 40,044 mn (20%)
- Borrowings from Banks/Fis - ₹ 81,051 mn (41%)
- Subordinated Debt – ₹ 21,859 mn (11%)
- Subordinated Debt – Listed - ₹ 3,344 mn (2%)
- Commercial Paper – ₹ 8,819 mn (4%)
- Other Loans – ₹ 6,705 mn (3%)

(As of June 30, 2016)

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*	90,370	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*	80,860	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

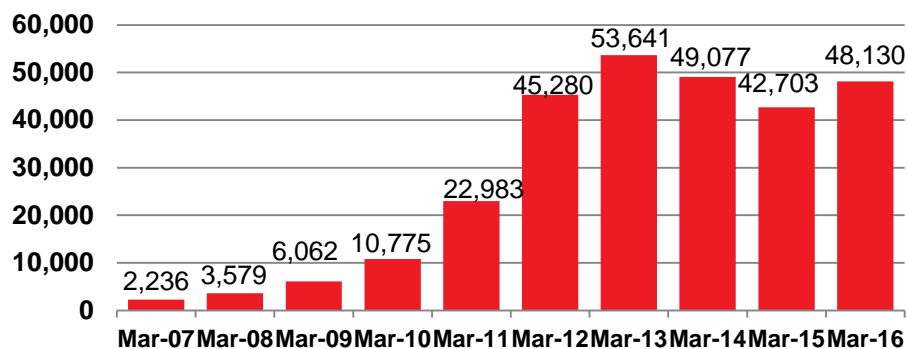


BREAK-UP OF GROSS INCOME

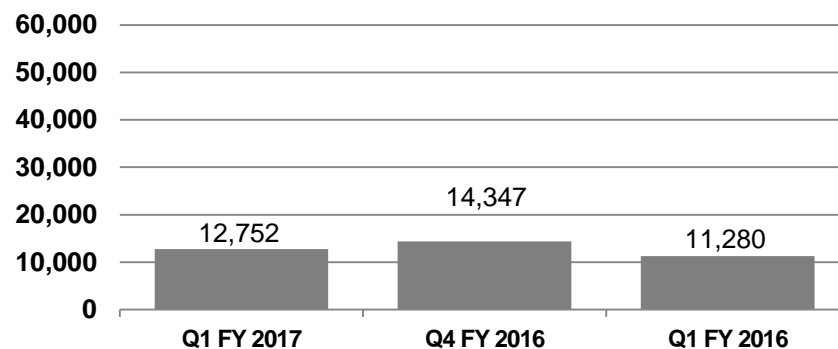
Interest Income

(₹ in million)

Yearly



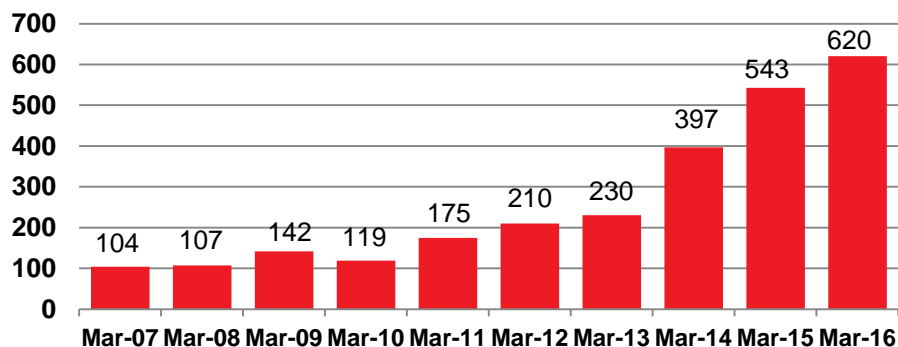
Quarterly



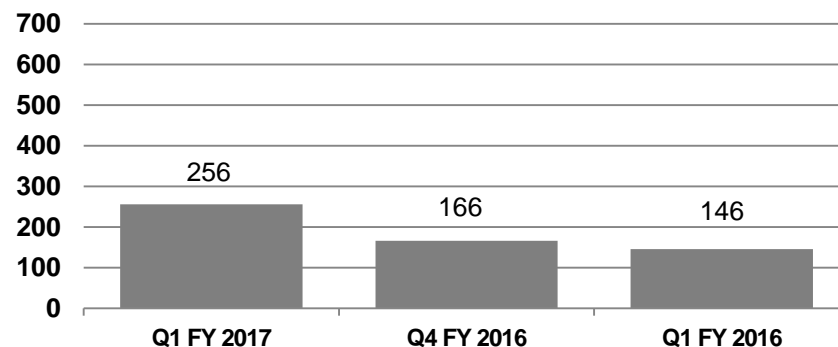
Other Income

(₹ in million)

Yearly



Quarterly

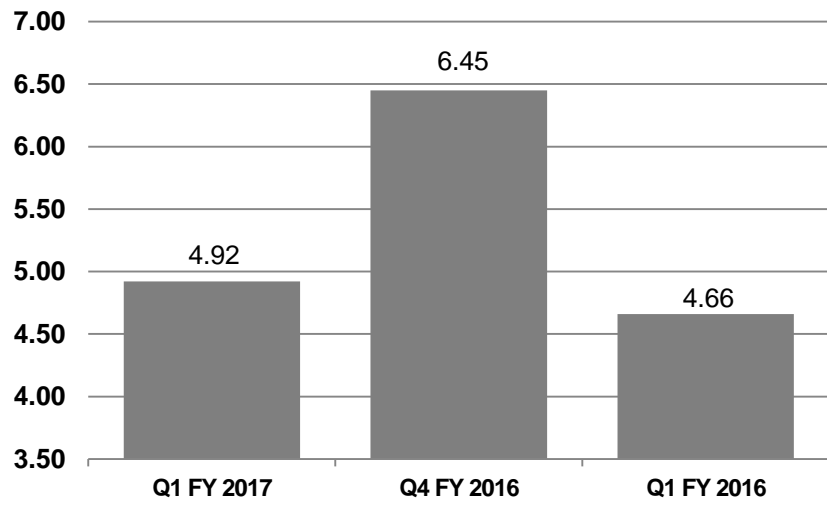
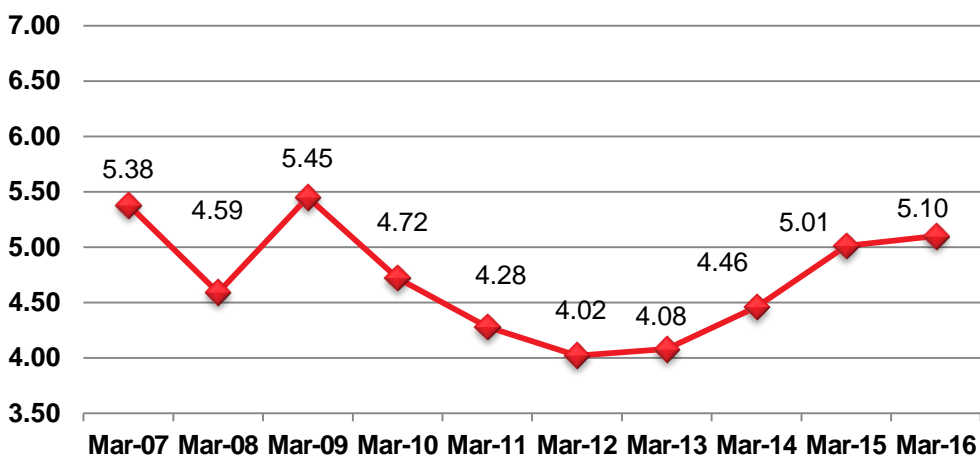


OPERATING EXPENSES TO AVERAGE RETAIL LOANS

Operational efficiency over the years

Yearly (%)

Quarterly (%)



BREAK-UP OF OPERATING EXPENSES



Muthoot Finance

Yearly

(₹ in Millions)

Quarterly

(₹ in Million)

	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q1 FY 2017	Q4 FY 2016	Q1 FY 2016
Personnel Expenses	6,418	6,304	5,917	5,453	4,145	2,209	1,169	677	1,849	1,606	1,607
Rent	1,713	1,650	1,542	1,309	1,042	603	290	131	434	437	415
Advertisement	626	651	702	579	866	647	331	208	118	149	168
Postage, Telegram and Telephone	378	371	364	243	184	115	72	27	80	96	84
Traveling and Conveyance	187	212	190	175	168	114	67	42	47	45	47
Printing and Stationery	144	160	185	168	155	111	69	44	33	38	38
Repairs and Maintenance	290	281	272	256	341	211	96	62	91	67	74
Legal and Professional Charges	93	189	216	86	60	114	34	16	28	14	40
Business Promotion Expense	149	140	279	332	267	119	45	25	35	47	22
Directors Remuneration	196	192	192	192	192	192	192	121	50	50	48
Depreciation and Amortisation Expenses	575	841	475	454	329	180	149	99	117	146	140
Others	1,014	733	731	550	380	229	165	165	156	460	162
Provision For Standard & NPA Assets	1,223	180	214	765	351	323	21	7	162	969	76
Total	13,006	11,904	11,279	10,562	8,480	5,165	2,701	1,625	3,200	4,124	2,921

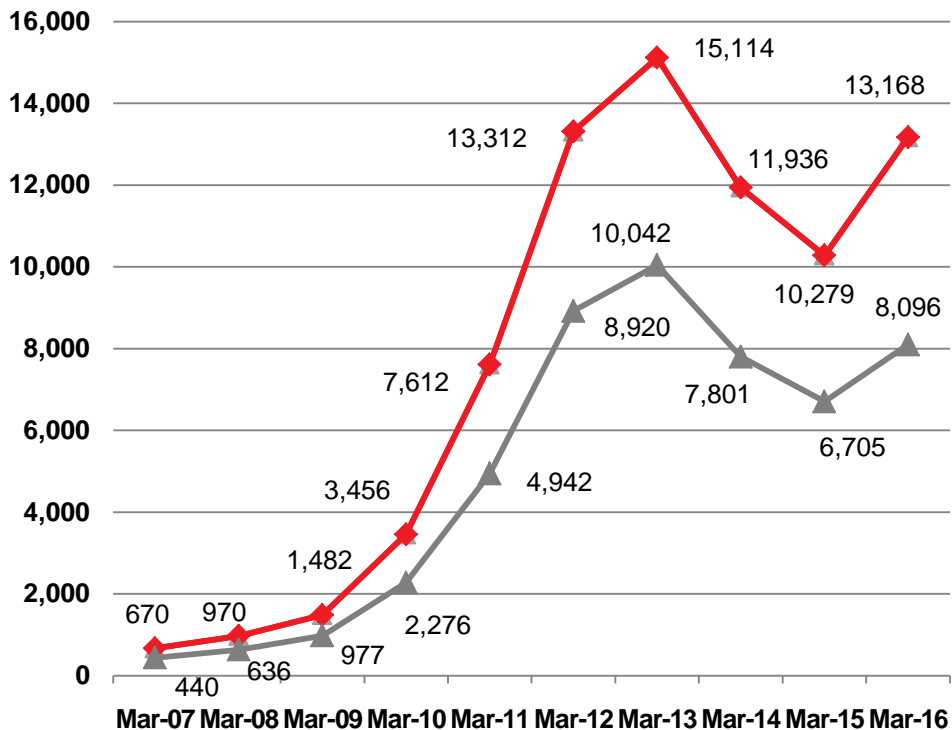
Efforts getting rewarded

Profitability at a glance

(₹ in million)

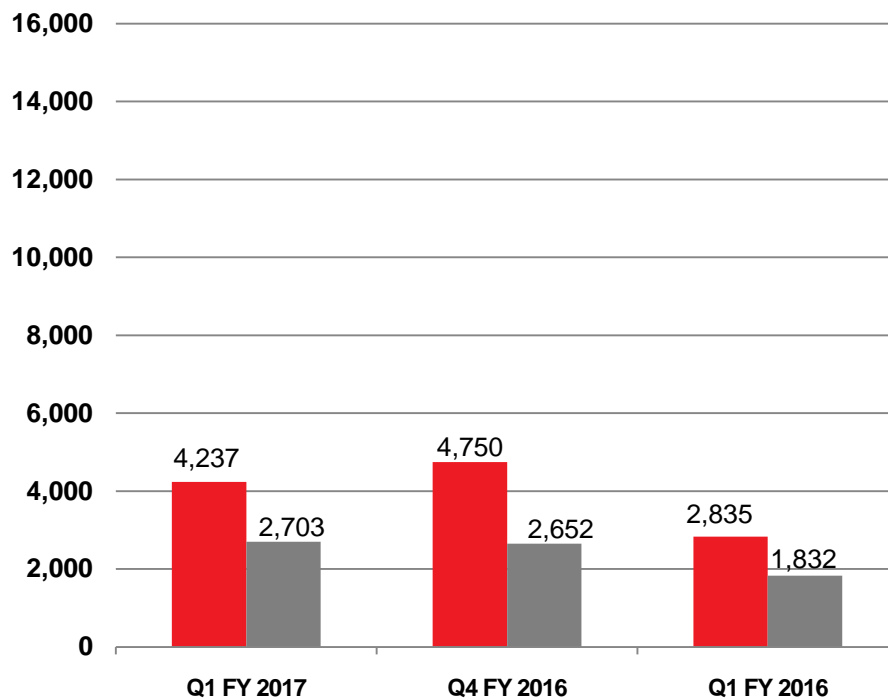
Yearly

◆ PBT ▲ PAT



Quarterly

■ PBT ■ PAT

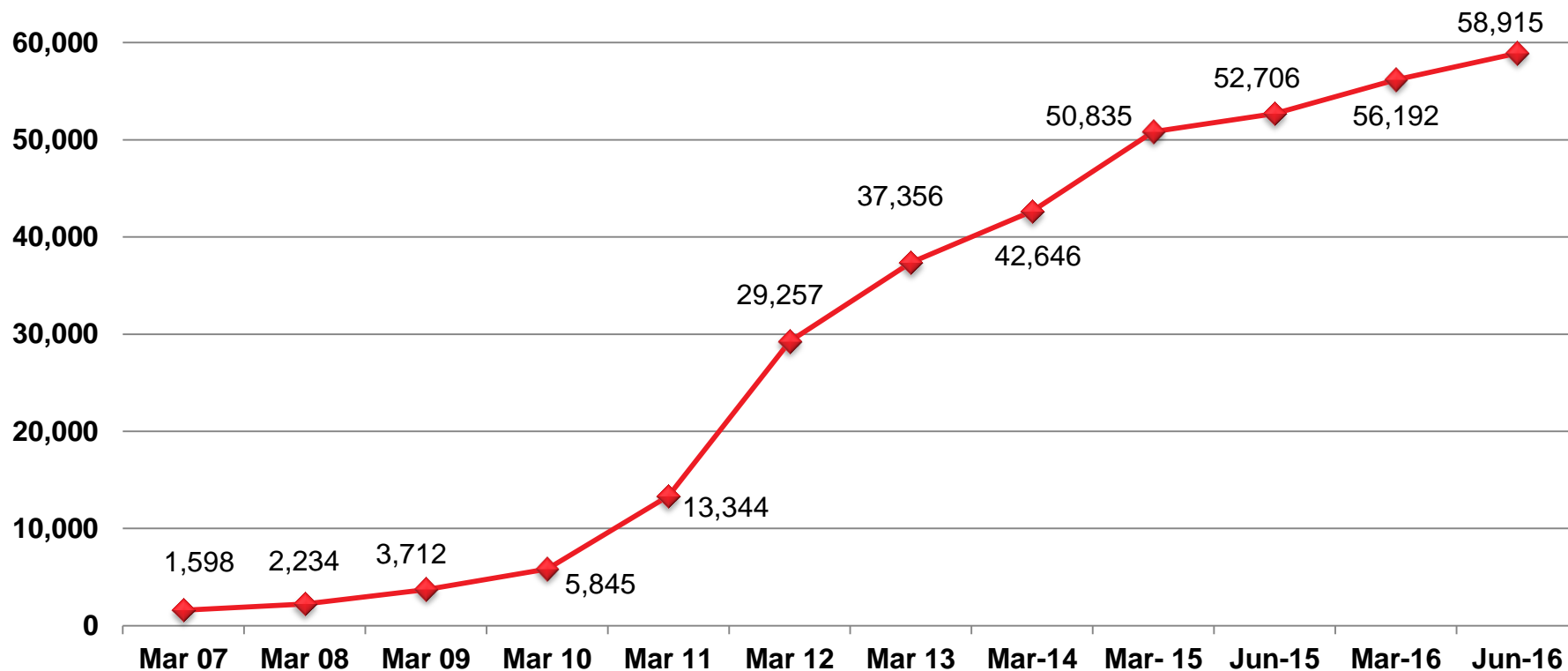




Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



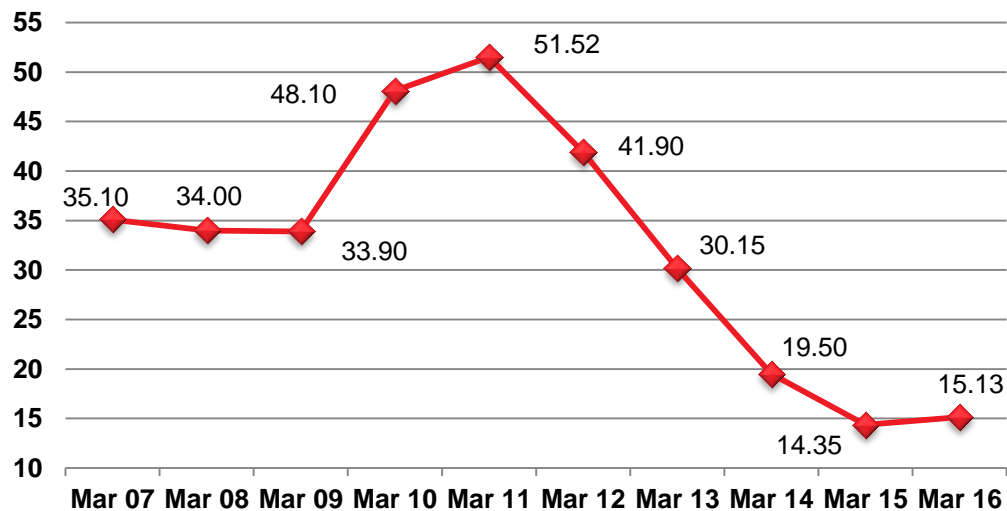


Stable shareholder value creation

Return on Average Equity

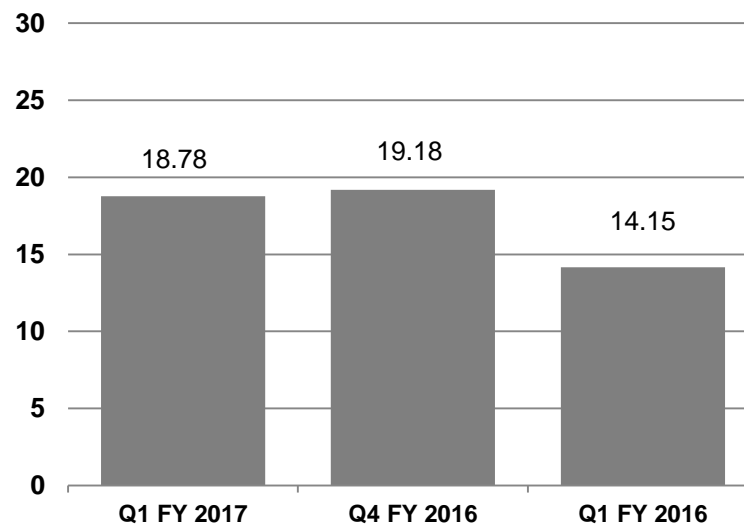
Yearly

(%)



Quarterly

(%)



Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Jun-16	Mar-16	Jun-15
Capital Adequacy Ratio	24.27	24.48	24.15
Tier-I	21.03	20.92	19.76
Tier-II	3.24	3.56	4.38



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q1 FY 2017	Q4 FY 2016	Q1 FY 2016	FY 2016
Earnings per share (₹)				
- Basic	6.77	6.67	4.60	20.34
- Diluted	6.71	6.56	4.56	20.10

	Jun-16	Mar-16	Jun-15
Book Value per share (₹)	147.51	140.72	132.29
Market price per share (₹)*	293.05	178.75	202.05
Price to Earnings ratio**	13.01	8.79	11.93
Price to Book Value ratio	1.99	1.27	1.53

*Source: www.nseindia.com

**Based on trailing 12 months EPS

CAPITALISATION RATIOS



Muthoot Finance

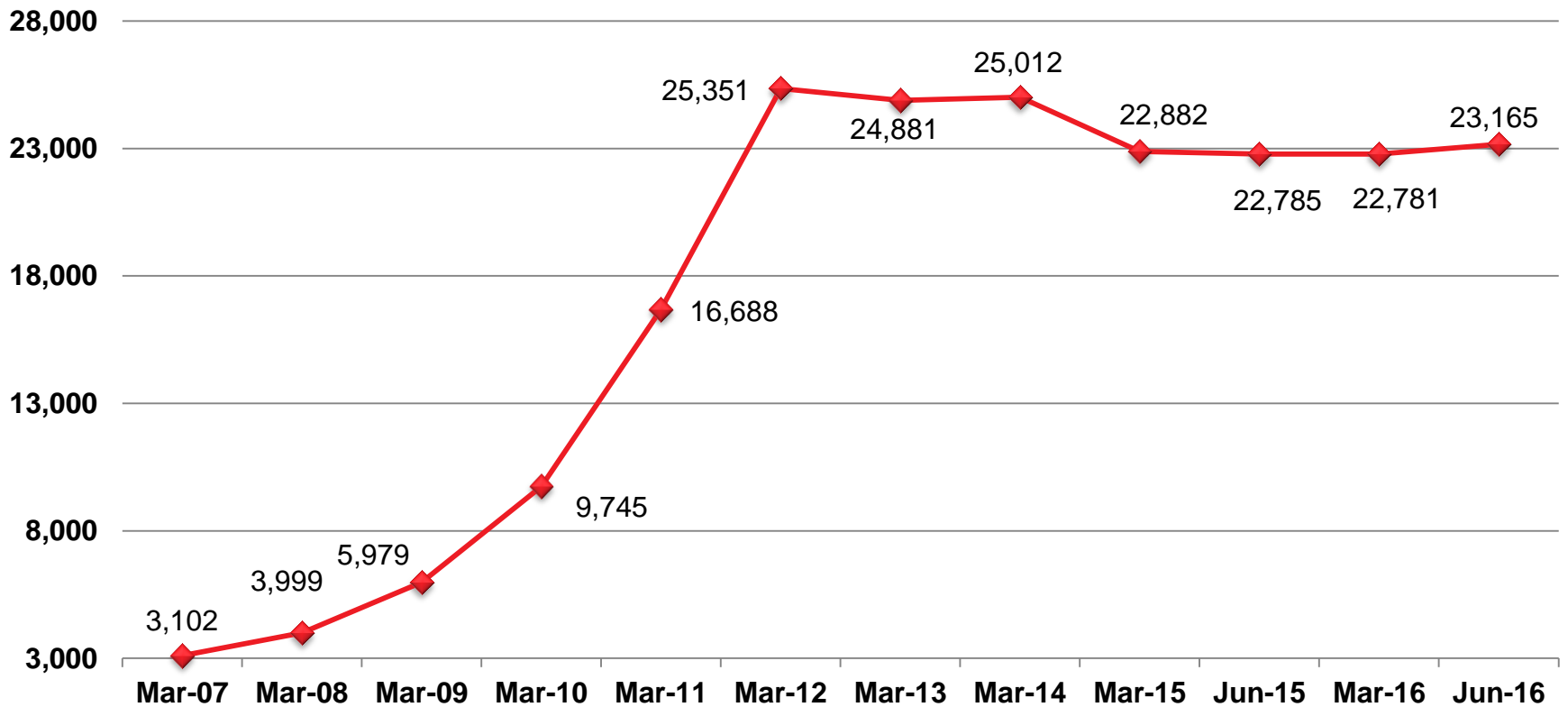
Headroom for further leveraging

(₹ In million)

	Jun-16	Mar-16	Jun-15
Outside Liabilities	226,641	214,295	229,251
Cash & Bank Balances	12,481	6,791	19,657
Tangible Networth	58,862	56,146	52,653
Capital Gearing	3.64	3.70	3.98

Groomed human capital over the years to meet growing business requirements

(No. of Employees)





ASIA ASSET

FINANCE PLC

The unconventional finance company

ASSET ASIA FINANCE PLC – AN OVERVIEW



Asia Asset Finance PLC, (AAF) Colombo, Sri Lanka became a foreign subsidiary of Muthoot Finance on December 31, 2014 . As on June 30, 2016, total holding in AAF stood at 501 million equity shares representing 59.71% of their total capital. The loan portfolio stands at Rs 742 crs as on June 30,2016

AAF is a Registered Financial Company based in Sri Lanka a fully licensed, deposit-taking institution registered with the Central Bank of Sri Lanka and listed in the Colombo Stock Exchange

AAF is in lending business since 1970. At present the company is involved in Retail Finance, Hire Purchase & Business Loans and has 15 branches across Sri Lanka.

The company formerly known as Finance and Land Sales has been in operation for over 45 years, evolving to serve the growing needs of people of Sri Lanka.

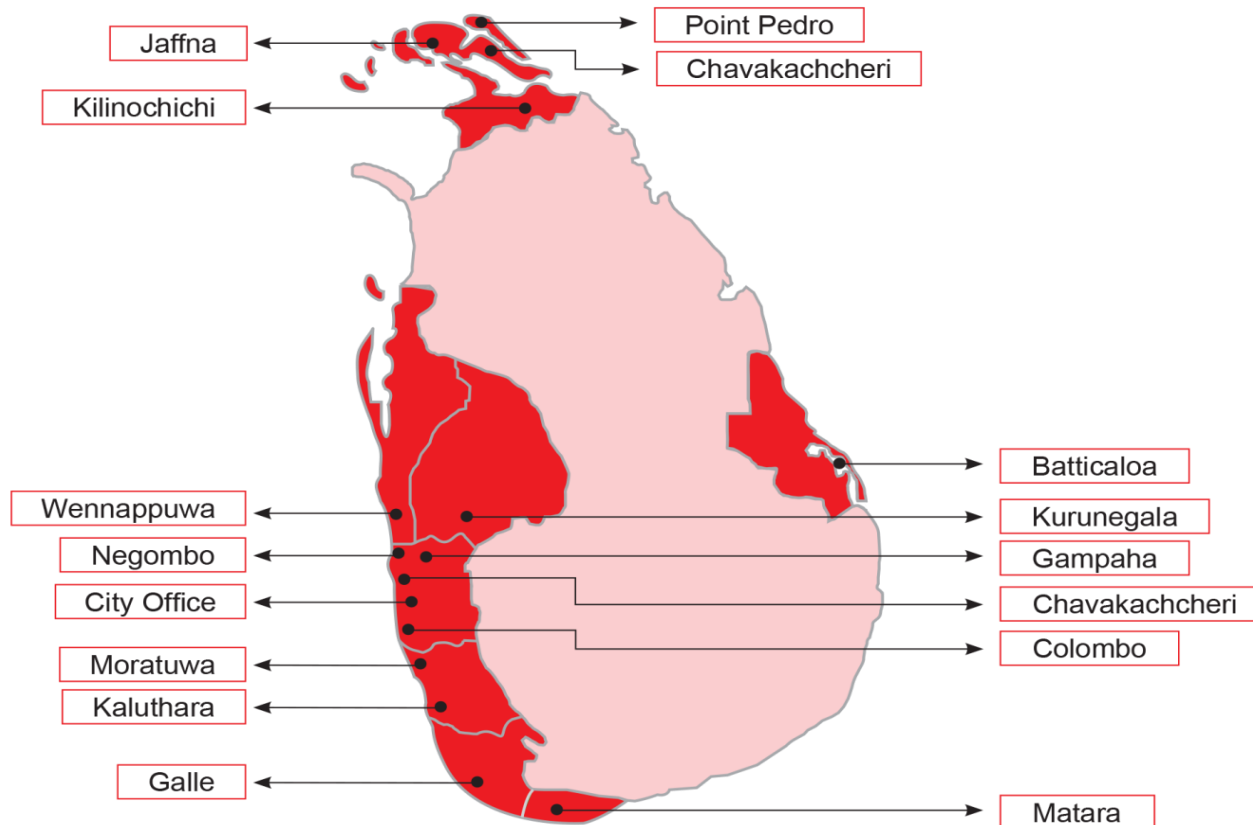
PRODUCTS



- Fixed Deposits
- Leasing
- Business Loan
- Personal Loan
- Group Personal Loan
- Corporate Loans
- Mortgage Loans
- Factoring
- Short Term Loans
- Micro Finance
- Loan against Gold Jewellery

BRANCH NETWORK

AAF has operations in various parts of Sri Lanka providing the best services and easy access to clients



Key Financial Parameters

(LKR in millions)

Particulars	Q1 FY 2017	FY 2016	FY 2015
LKR / INR	0.44908	0.471235	0.4619
Number of branches	15	15	10
Total Revenue	454	1,383	948
Total Expense	387	1,174	845
Profit Before Tax	67	209	103
Profit After Tax	56	175	101
Share Holders Funds	1,518	1,462	1,286
Total Liabilities	7,477	6,653	4,058
Total Assets	8,995	8,115	5,344

OUR SUBSIDIARY



Muthoot Finance



Muthoot Homefin 

MUTHOOT HOMEFIN – AN OVERVIEW



Muthoot Homefin (India) Limited is a Housing Finance Company registered with The National Housing Bank (NHB). It is a subsidiary of Muthoot Finance Limited . As on June 30, 2016, Muthoot Finance holds 79% of equity capital of MHIL.

MHIL focuses on extending affordable housing finance and targets customers in Economically Weaker Sections (EWS) and Lower Income Groups (LIG) in Tier II & Tier III locations.

It operate on a 'Hub and Spoke' model, with the centralised processing at Corporate Office. The locations currently being rolled out are Kochi , Mumbai , Pune , Nagpur , Ahmedabad, Indore, Jaipur.

As on June 30, 2016, it has a loan portfolio of Rs.44 crores.

Muthoot Insurance Brokers Private Limited

MUTHOOT INSURANCE – AN OVERVIEW



MIBPL became a wholly owned subsidiary of Muthoot Finance Ltd in June 2016. MIBPL is an unlisted private limited company holding a licence to act as Direct Broker from IRDA since 2013.

It is actively distributing both life and non-life insurance products of various insurance companies.

During FY15, It has insured more than 2,92,000 lives with a premium collection of Rs. 35 Crore under Traditional, Term and Health products. The same has increased to 4,59,000 lives with a premium collection of Rs. 49 Crore in FY16. In Q1 FY17, the premium collections stood at Rs 10crs.

**Belstar Investment and Finance Private Limited
(BIFPL)**

BELSTAR INVESTMENT AND FINANCE – AN OVERVIEW



Muthoot Finance

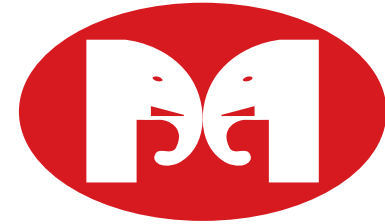


As Of July 2016 , Muthoot Finance holds 46.83% in BIFPL . BIFPL was incorporated on January 1988 at Bangalore and the Company was registered with the RBI in March 2001 as a Non- Banking Finance Company. The Company was reclassified as “NBFC-MFI” by RBI effective from 11th December 2013.

BIFPL was acquired by the ‘Hand in Hand’ group in September 2008 to provide scalable microfinance services to entrepreneurs nurtured by ‘Hand in Hand’s’ Self Help Group (SHG) program. The Company commenced its first lending operations at Haveri District of Karnataka in March 2009 to 3 SHGs, 22 members for INR 0.02 crores.

In the last six years of its operations, BIFPL primarily relied on taking over the existing groups formed by Hand in Hand India . BIFPL predominantly follows the SHG model of lending. Effective January 2015, BIFPL started working in JLG model of lending in Pune district, Maharashtra.

As of March 31, 2016, BIFPL operations are spread over four states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra and Pondicherry). It has 76 branches, with 13 controlling regional offices in 12 Districts and employs 561 staff. Its loan portfolio has grown from INR 0.02 Crores in March 2009 to INR 264 crores in March 2016. For FY 16 , Its Net Profit After Tax was Rs.6.11crs and had a networth of Rs.39.90crs. During Q1 FY17 its loan portfolio grew by 9% and stood at Rs 287 crs.



Muthoot Finance

REGISTERED OFFICE

2nd Floor, Muthoot Chambers
Opposite Saritha Theatre Complex
Banerji Road, Kochi
Kerala – 682 018. India

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RBI Reg No: N.16.00167

EMAIL

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