

Muthoot Finance

Financial Results Q2 FY 2017

September 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

MFIN - A GLIMPSE

29

States/Union territory presence

150 tonnes

Gold jewellery kept as security

4,300+

Pan-India branches

400,000+

Retail investor base across debenture and subordinated debt portfolio

23,000+

Team members

130,000+

Customers served every day

₹ 274,564 mn

Retail Loan Assets Under Management

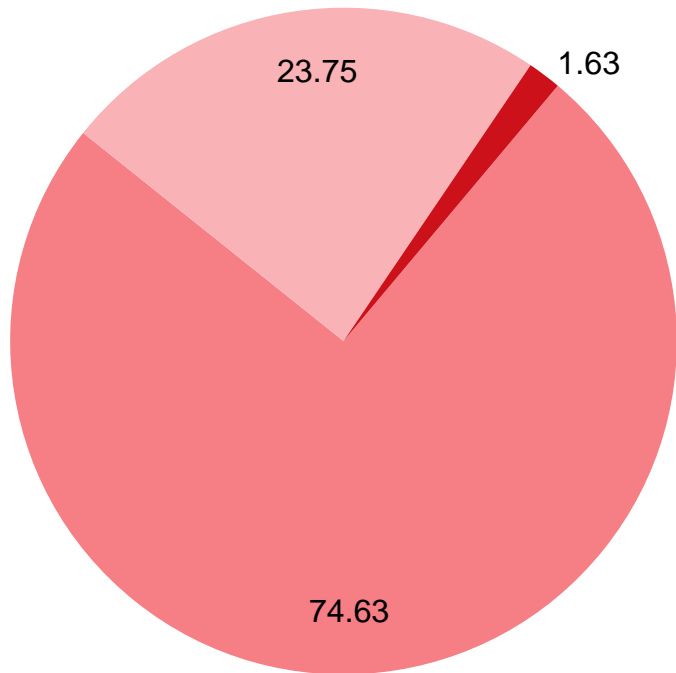
(As of September 30, 2016)

SHAREHOLDING PATTERN



Muthoot Finance

Strong promoter interest in business with 75% stake



(%) Shareholding as on September 30, 2016

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

NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation
(as on September 30, 2016)

₹ 139,189 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

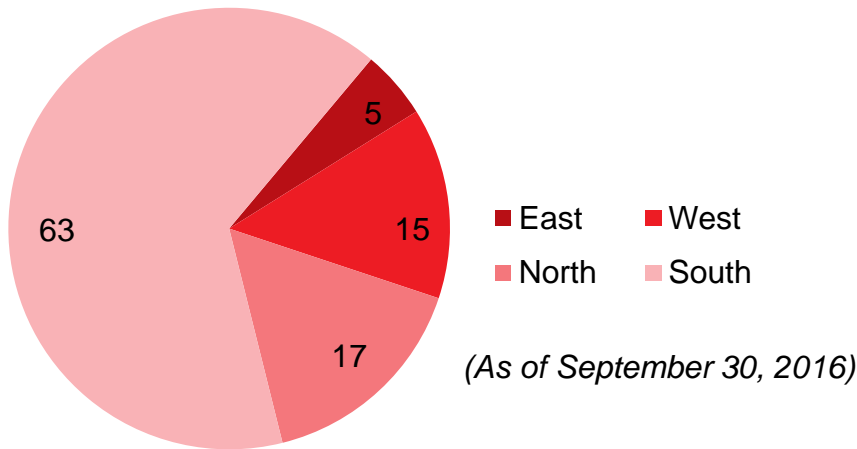
GEOGRAPHICAL PRESENCE



Muthoot Finance

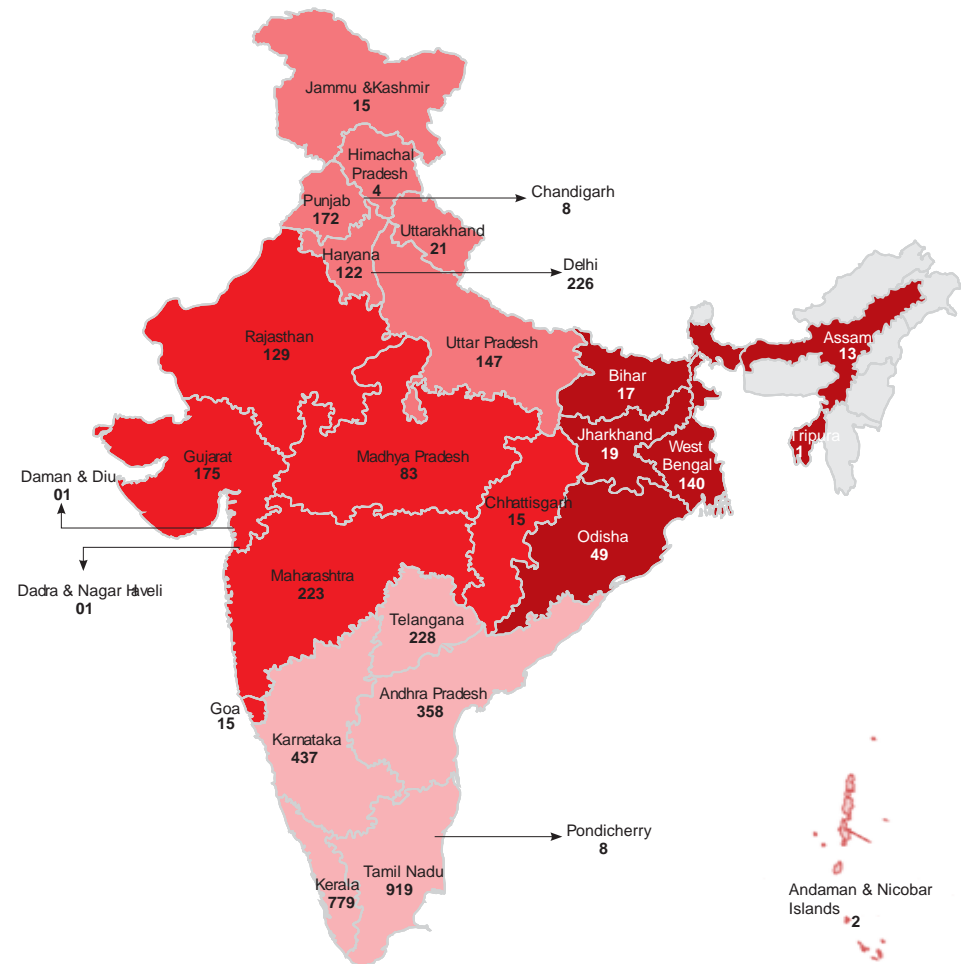
A strong presence of 4327 branches across India

(%) 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-16	Jun-16	Mar-16	Sep-15	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Share Capital	3,991	3,991	3,990	3,980	0	0
Reserves & Surplus	57,901	54,924	52,202	48,591	19	5
Total	61,892	58,915	56,192	52,571	18	5

Core focus continues to be gold loan

Gross retail loan assets under management

	Sep-16	Jun-16	Mar-16	Sep-15	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross retail loan assets under management	274,564	258,606	243,789	248,734	10	6
Break-up of Gross Retail Loan Assets under management						
Gold Loans under management	273,980	258,226	243,355	248,250	10	6
Other loans	584	380	434	484	21	54

LIABILITIES



Muthoot Finance

Stable sources of funding

	Sep-16	Jun-16	Mar-16	Sep-15	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	32,692	36,355	40,909	50,629	(35)	(10)
Secured Non-Convertible Debentures- Listed	32,693	40,044	36,403	31,239	5	(18)
Borrowings from Banks/FIs	89,504	81,051	76,876	89,902	0	10
Subordinated Debt	20,298	21,859	22,348	23,355	(13)	(7)
Subordinated Debt -Listed	3,344	3,344	3,108	2,518	33	0
Commercial Paper	29,709	8,819	0	8,820	237	237
Other Loans	6,643	6,705	6,765	4,379	52	(1)
Total	214,883	198,177	186,409	210,842	2	8

REVENUE & PROFIT



Muthoot Finance

Profit & Loss Statement

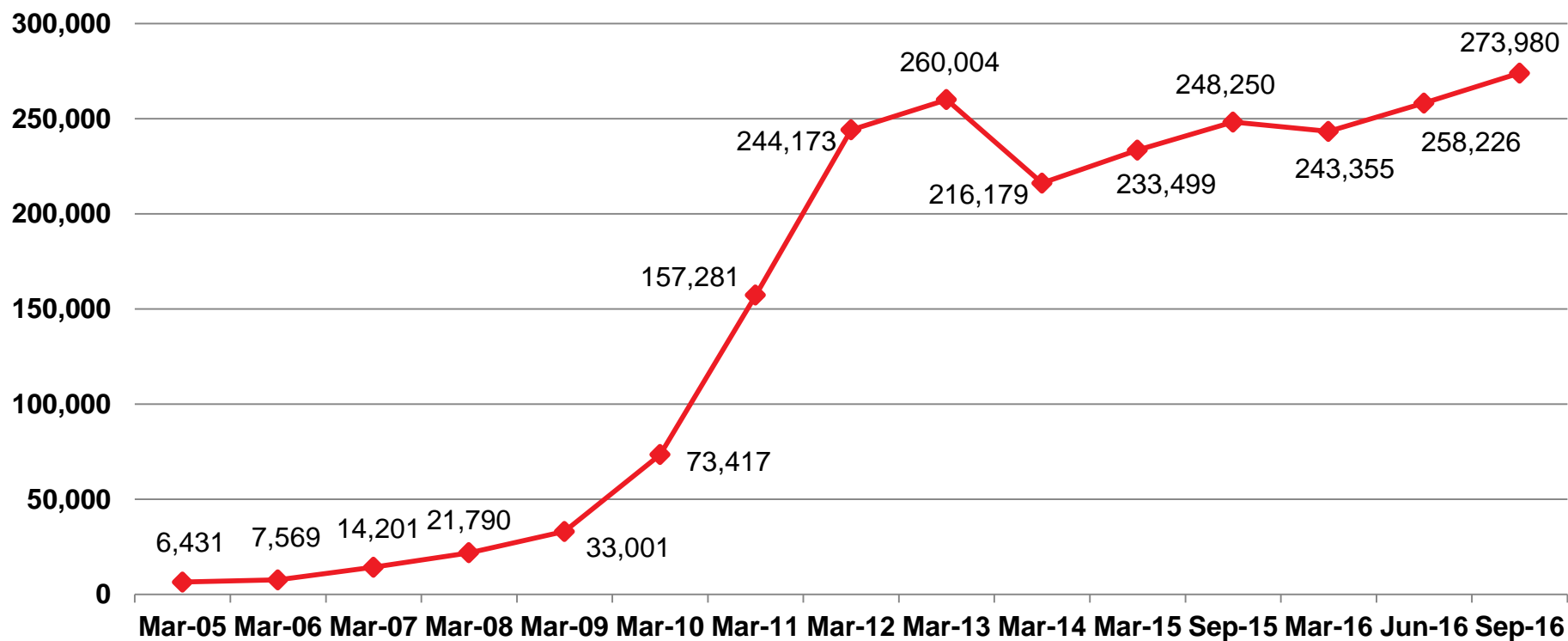
(₹ in million)

	H1 FY 2017	H1 FY 2016	YoY Growth (%)	Q2 FY 2017	Q2 FY 2016	YoY Growth (%)	Q1 FY 2017	QoQ Growth (%)	FY 2016
INCOME									
Interest Income	26,278	22,534	17	13,526	11,254	20	12,752	6	48,130
Other Income	592	291	103	336	145	132	256	31	620
Total	26,870	22,825	18	13,862	11,399	22	13,008	7	48,750
EXPENDITURE									
Interest Expense	11,508	11,322	2	5,937	5,652	5	5,571	7	22,577
Personnel Expenses	3,745	3,230	16	1,896	1,623	17	1,849	3	6,419
Administrative & Other expenses	2,092	2,132	(2)	1,079	1,108	(3)	1,013	7	4,209
Provisions & Write Offs	347	251	38	171	145	18	176	(3)	1,624
Directors Remuneration	99	97	2	49	49	0	50	(2)	196
Depreciation	218	275	(21)	106	139	(24)	112	(5)	558
Total	18,009	17,307	4	9,238	8,716	6	8,771	5	35,583
PROFIT									
Profit Before Tax	8,861	5,519	61	4,624	2,684	72	4,237	9	13,168
Profit After Tax	5,670	3,577	59	2,967	1,745	70	2,703	10	8,096

Gaining scale over the years

Gold Loan Assets Under Management

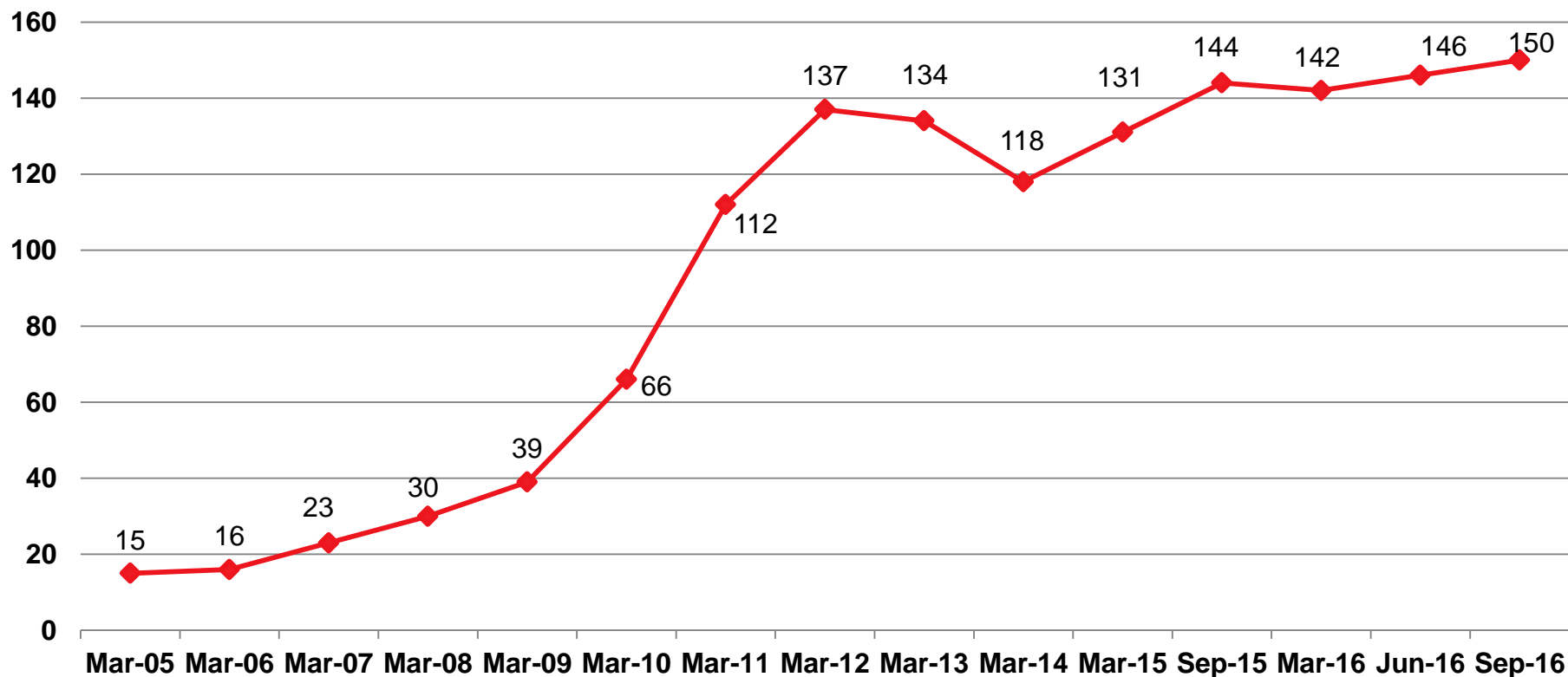
(₹ in million)



Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



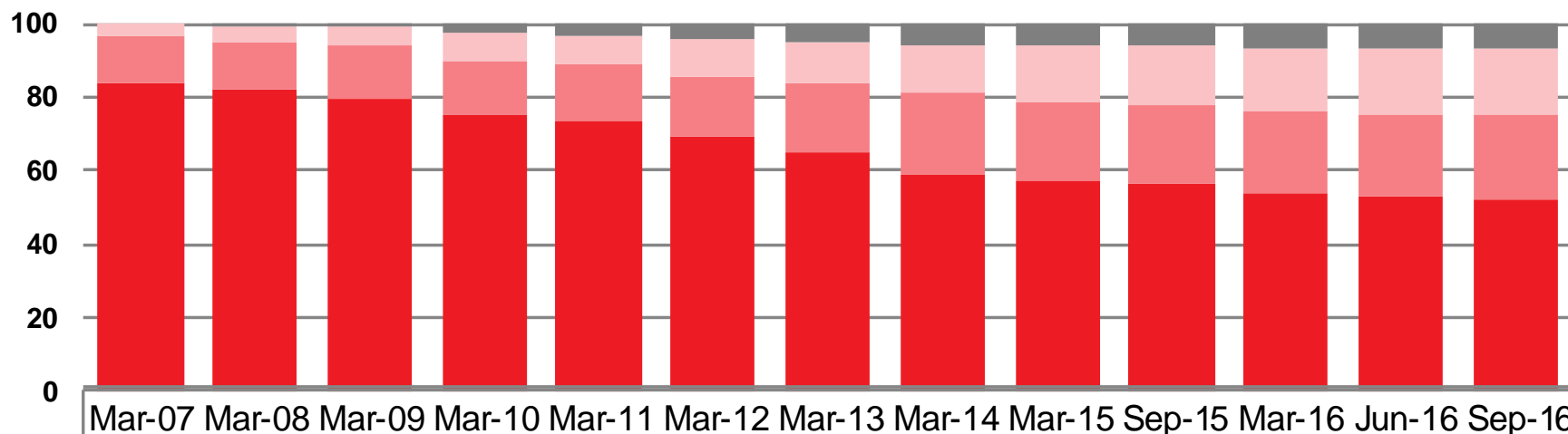
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



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	Sep-15	Mar-16	Jun-16	Sep-16
East	0	1	1	2	3	4	5	6	6	6	7	7	7
West	3	4	5	8	8	10	11	13	15	16	17	18	18
North	13	13	14	15	15	17	19	22	22	22	22	22	23
South	84	82	80	75	74	69	65	59	57	56	54	53	52

Gold Loan Assets Under Management

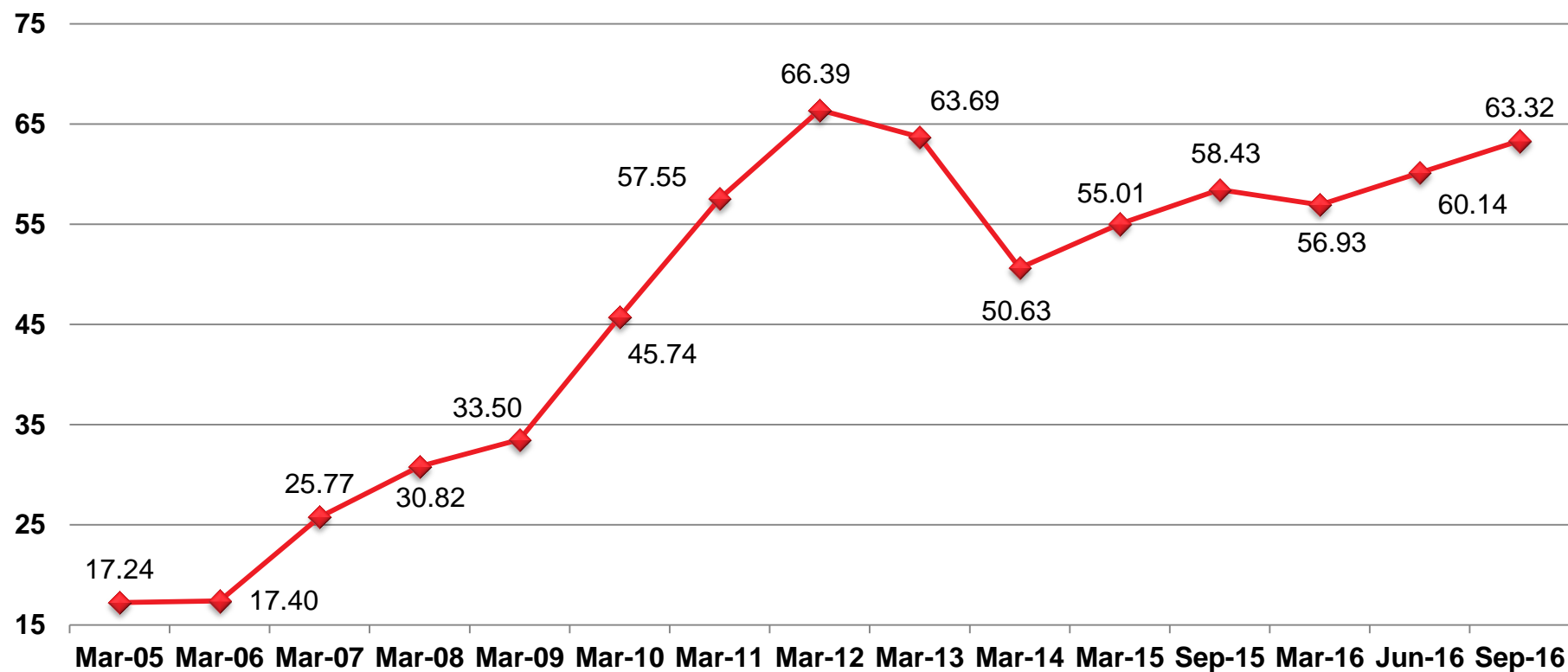
(₹ in million)

Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Sep-15	Mar-16	Jun-16	Sep-16
14,201	21,790	33,001	73,417	157,281	244,173	260,004	216,179	233,499	248,250	243,355	258,226	273,980

Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

(₹ in million)



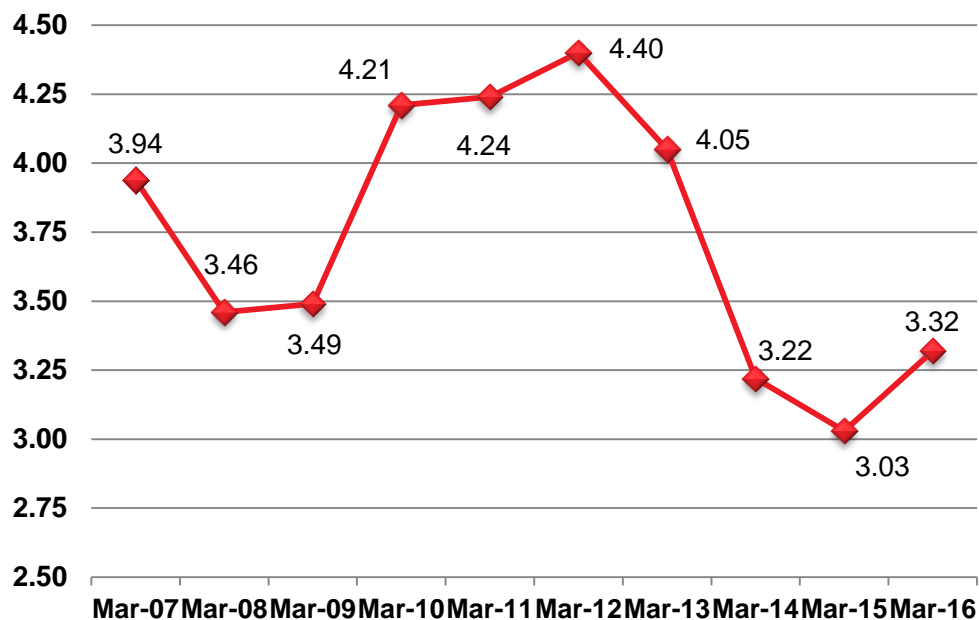


RETURN ON AVERAGE RETAIL LOAN ASSET

Attractive returns over the years

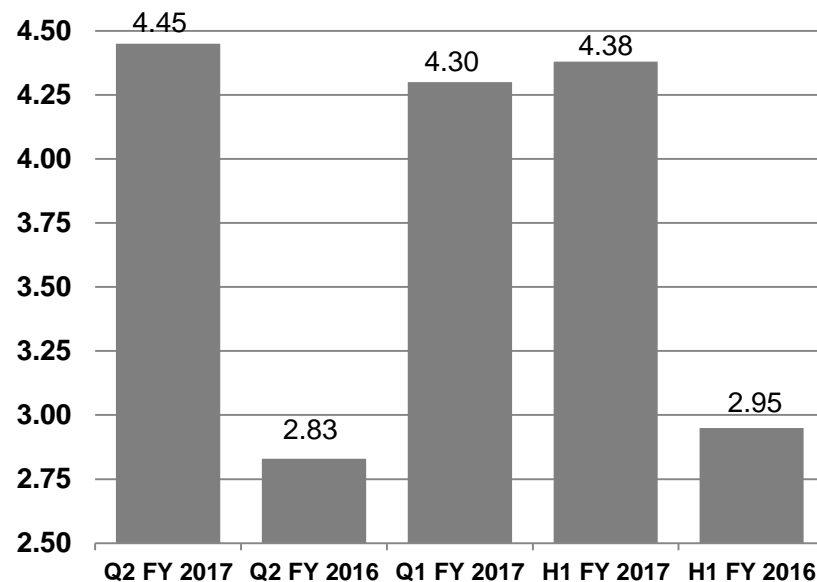
Yearly

(%)



Quarterly

(%)





NON-PERFORMING ASSETS & BAD DEBTS

Non-Performing Assets (₹ in million)

	Sep-16	Jun-16	Mar-16	Sep-15
Gross Non-Performing Assets	6,016	5,618	7,025	6,341
Provision For Non-Performing Assets	1,019	1,019	1,019	857
Net Non-Performing Assets	4,997	4,599	6,006	5,484
% of Gross NPA on Gross Retail Loans	2.19	2.17	2.88	2.55
% of Net NPA on Gross Retail Loans	1.82	1.78	2.46	2.20

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

Bad Debts (₹ in million)

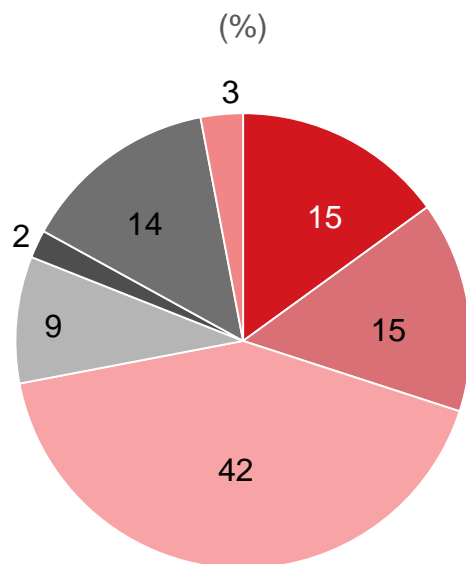
	Q2 FY 2017	Q2 FY 2016	Q1 FY 2017	H1 FY 2017	H1 FY 2016	FY 2016
Bad Debts Written Off	13	22	13	26	52	107

Standard Asset Provision

	Sep-16	Jun-16	Mar-16	Sep-15
Provision (₹ in million)	2,685	2,530	2,368	1,212
% of Provision to Standard Assets	1.00	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) – ₹ 32,692 mn (15%)
- Secured Non-Convertible Debentures – Listed – ₹ 32,693 mn (15%)
- Borrowings from Banks/Fis - ₹ 89,504 mn (42%)
- Subordinated Debt – ₹ 20,298 mn (9%)
- Subordinated Debt – Listed - ₹ 3,344 mn (2%)
- Commercial Paper – ₹ 29,709 mn (14%)
- Other Loans – ₹ 6,643 mn (3%)

(As of September 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*	93,920	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*	83,360	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

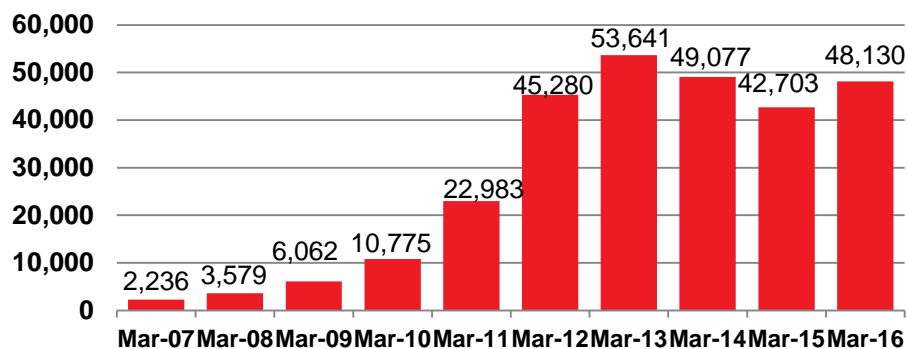


BREAK-UP OF GROSS INCOME

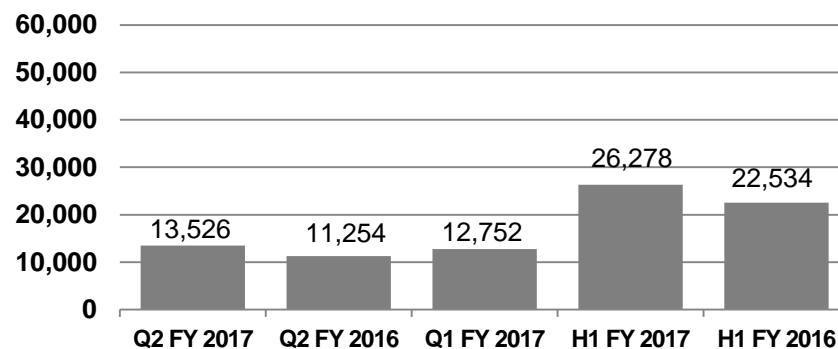
Interest Income

(₹ in million)

Yearly



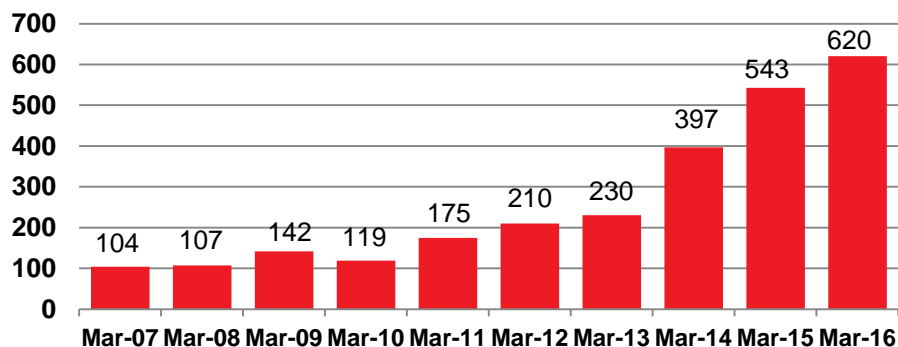
Quarterly



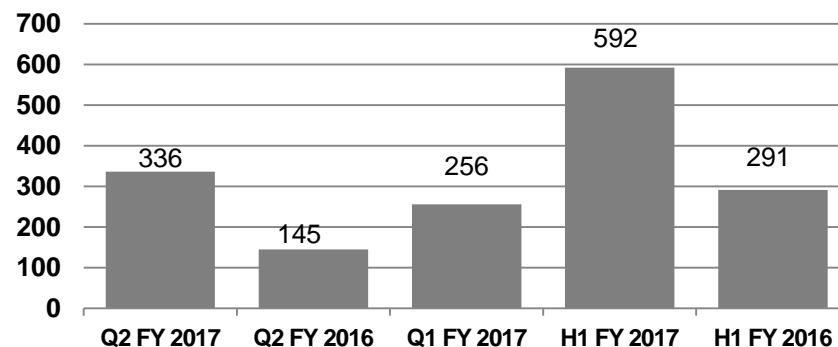
Other Income

(₹ in million)

Yearly



Quarterly

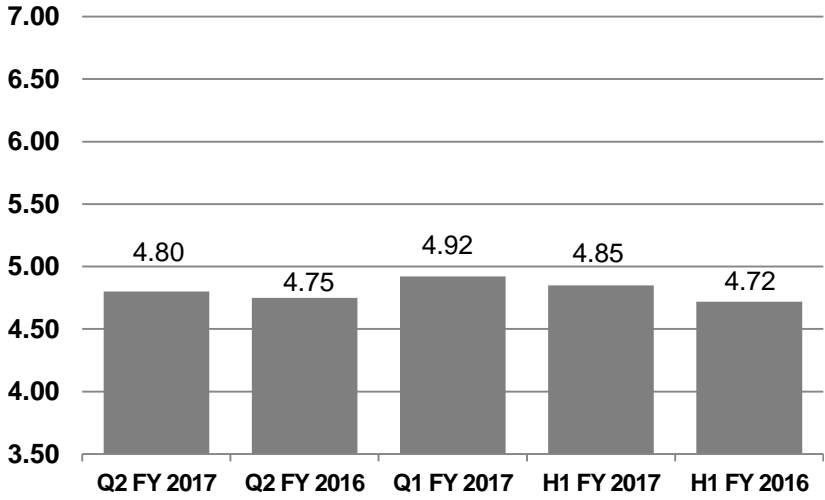
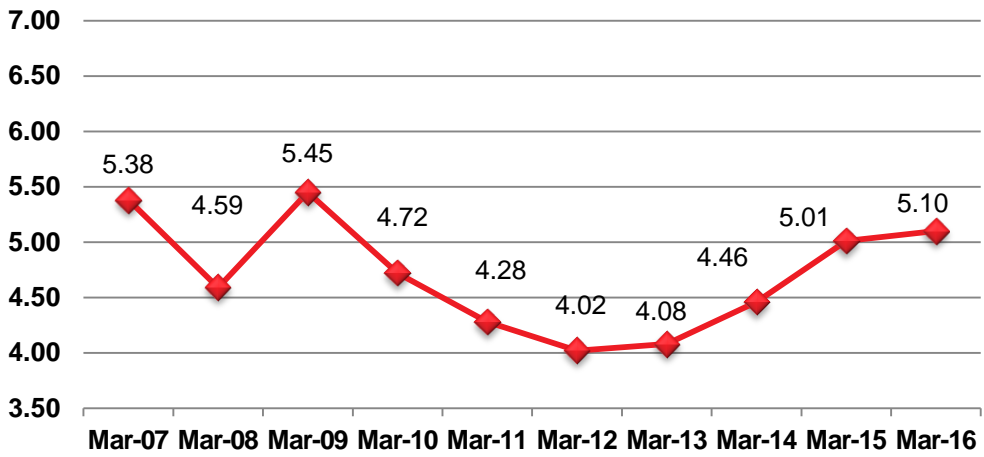


OPERATING EXPENSES TO AVERAGE RETAIL LOANS

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	Q2 FY 2017	Q2 FY 2016	Q1 FY 2017	H1 FY 2017	H1 FY 2016
Personnel Expenses	6,418	6,304	5,917	5,453	4,145	2,209	1,169	677	1,896	1,623	1,849	3,745	3,230
Rent	1,713	1,650	1,542	1,309	1,042	603	290	131	452	432	434	886	847
Advertisement	626	651	702	579	866	647	331	208	134	180	118	252	348
Postage, Telegram and Telephone	378	371	364	243	184	115	72	27	116	111	80	196	195
Traveling and Conveyance	187	212	190	175	168	114	67	42	46	49	47	93	96
Printing and Stationery	144	160	185	168	155	111	69	44	31	36	33	64	74
Repairs and Maintenance	290	281	272	256	341	211	96	62	93	85	91	184	159
Legal and Professional Charges	93	189	216	86	60	114	34	16	25	19	28	53	59
Business Promotion Expense	149	140	279	332	267	119	45	25	29	41	35	64	63
Directors Remuneration	196	192	192	192	192	192	192	121	49	49	50	99	97
Depreciation and Amortisation Expenses	575	841	475	454	329	180	149	99	111	143	117	228	283
Others	1,014	733	731	550	380	229	165	165	134	173	156	290	335
Provision For Standard & NPA Assets	1,223	180	214	765	351	323	21	7	185	123	162	347	199
Total	13,006	11,904	11,279	10,562	8,480	5,165	2,701	1,625	3,301	3,064	3,200	6,501	5,985

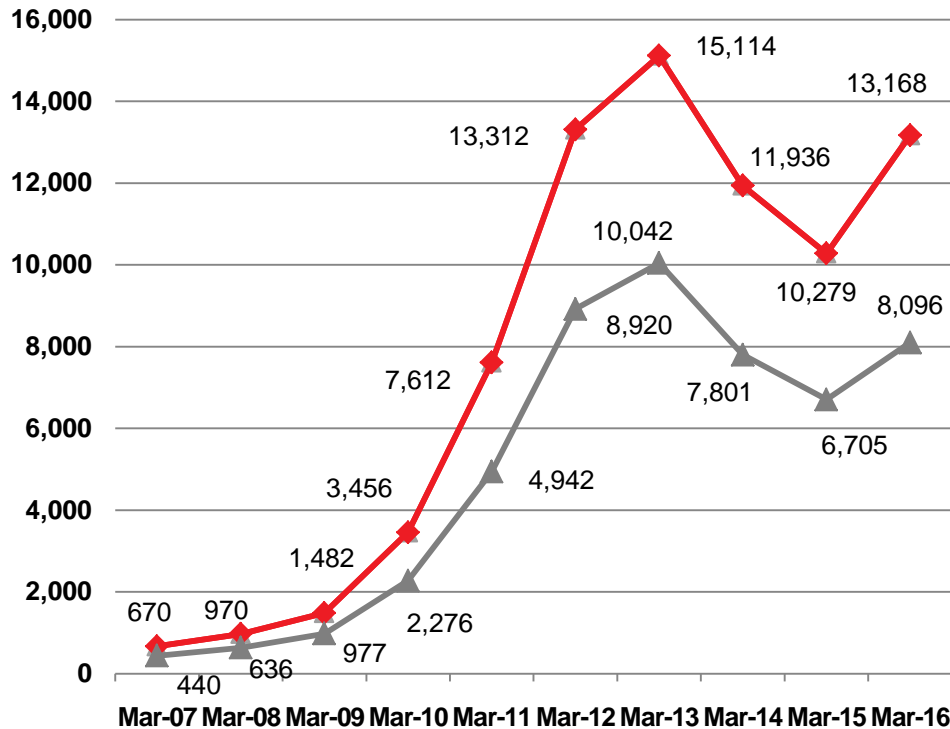
Efforts getting rewarded

Profitability at a glance

(₹ in million)

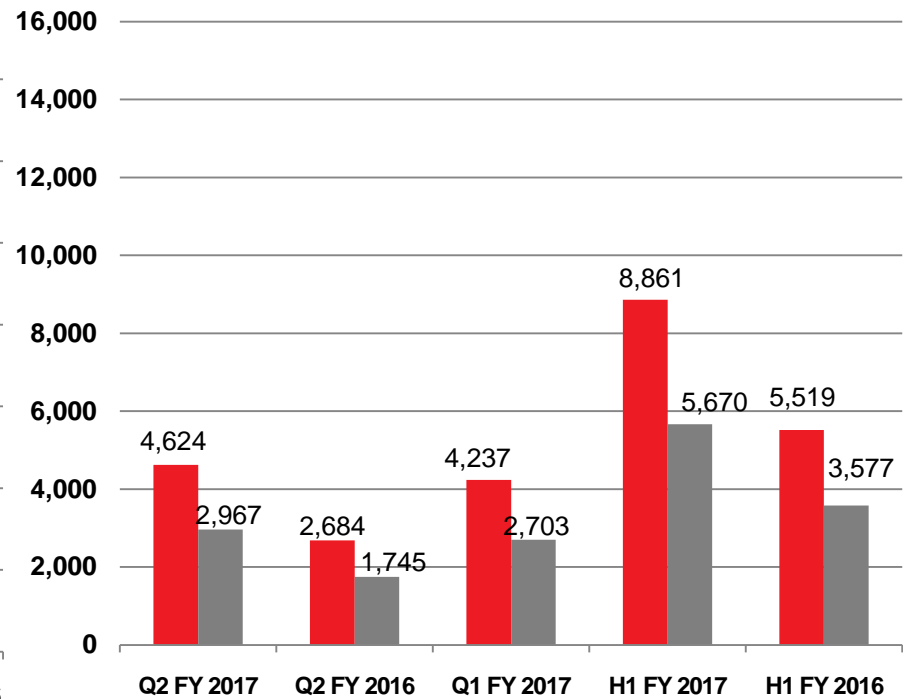
Yearly

◆ PBT ▲ PAT



Quarterly

■ PBT ■ PAT

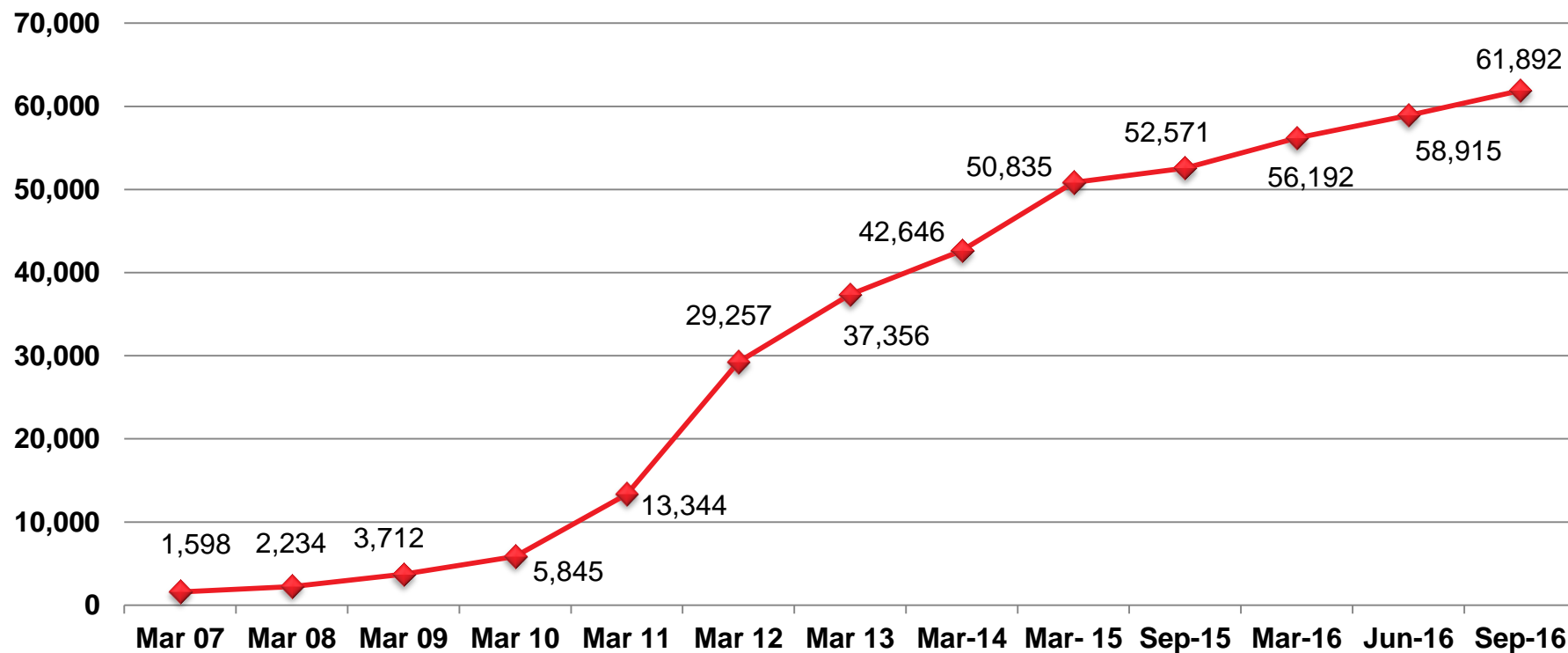




Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



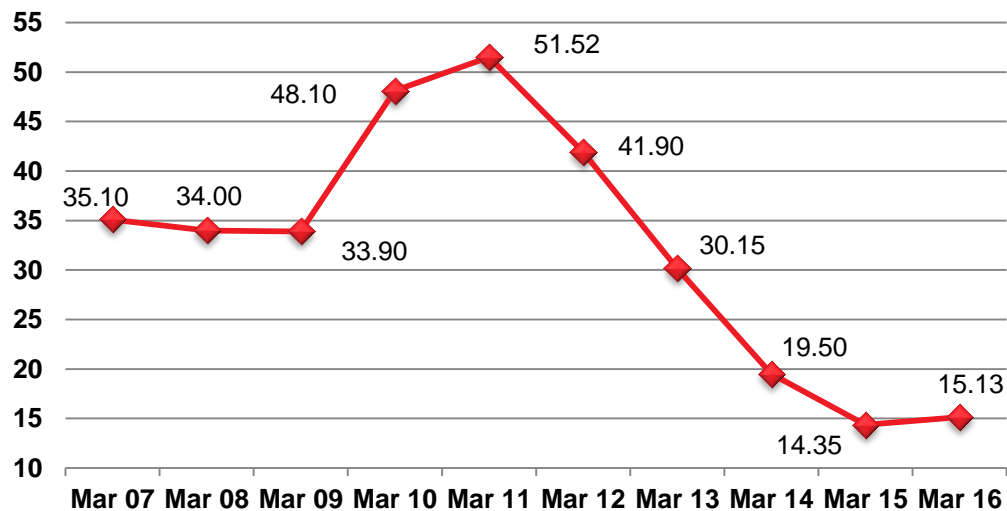


Stable shareholder value creation

Return on Average Equity

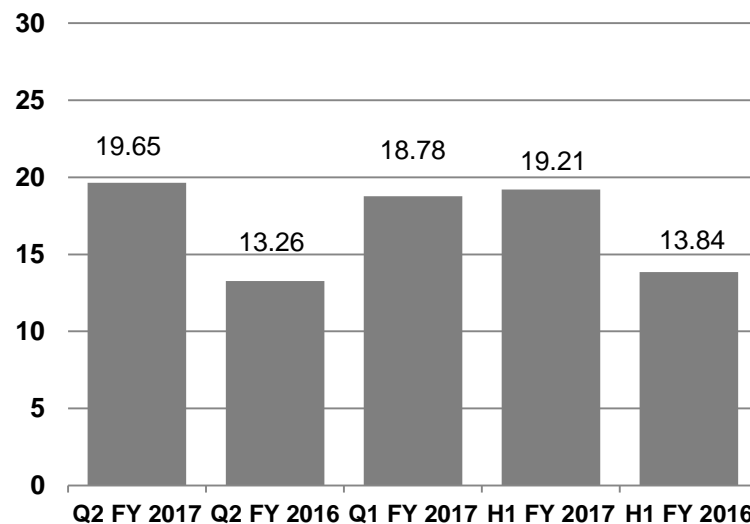
Yearly

(%)



Quarterly

(%)





Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Sep-16	Jun-16	Mar-16	Sep-15
Capital Adequacy Ratio	23.67	24.27	24.48	22.97
Tier-I	20.95	21.03	20.92	19.25
Tier-II	2.72	3.24	3.56	3.72



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q2 FY 2017	Q1 FY 2017	Q2 FY 2016	H1 FY 2017	H1 FY 2016	FY 2016
Earnings per share (₹)						
- Basic	7.44	6.77	4.39	14.21	8.99	20.34
- Diluted	7.38	6.71	4.34	14.09	8.90	20.10

	Sep-16	Jun-16	Mar-16	Sep-15
Book Value per share (₹)	154.97	147.51	140.72	131.95
Market price per share (₹)*	348.80	293.05	178.75	164.20
Price to Earnings ratio**	13.64	13.01	8.79	9.64
Price to Book Value ratio	2.25	1.99	1.27	1.24

*Source: www.nseindia.com

**Based on trailing 12 months EPS

CAPITALISATION RATIOS



Muthoot Finance

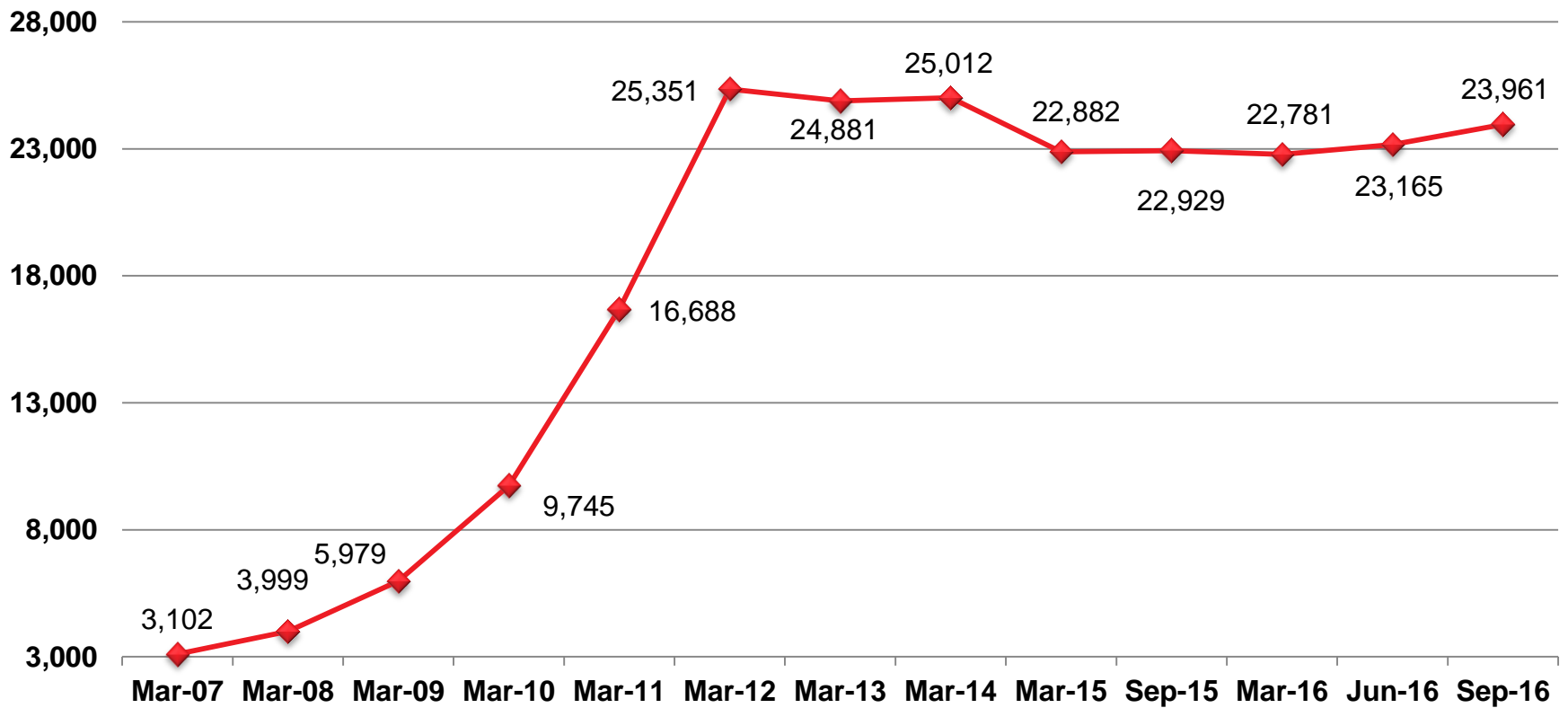
Headroom for further leveraging

(₹ In million)

	Sep-16	Jun-16	Mar-16	Sep-15
Outside Liabilities	243,582	226,641	214,295	238,084
Cash & Bank Balances	16,181	12,481	6,791	23,055
Tangible Networth	61,839	58,862	56,146	52,522
Capital Gearing	3.68	3.64	3.70	4.09

Groomed human capital over the years to meet growing business requirements

(No. of Employees)





ASIA ASSET

FINANCE PLC

The unconventional finance company

ASIA ASSET 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 September 30, 2016, total holding in AAF stood at 503 million equity shares representing 60% of their total capital. The loan portfolio stands at LKR 805 crs as on September 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.

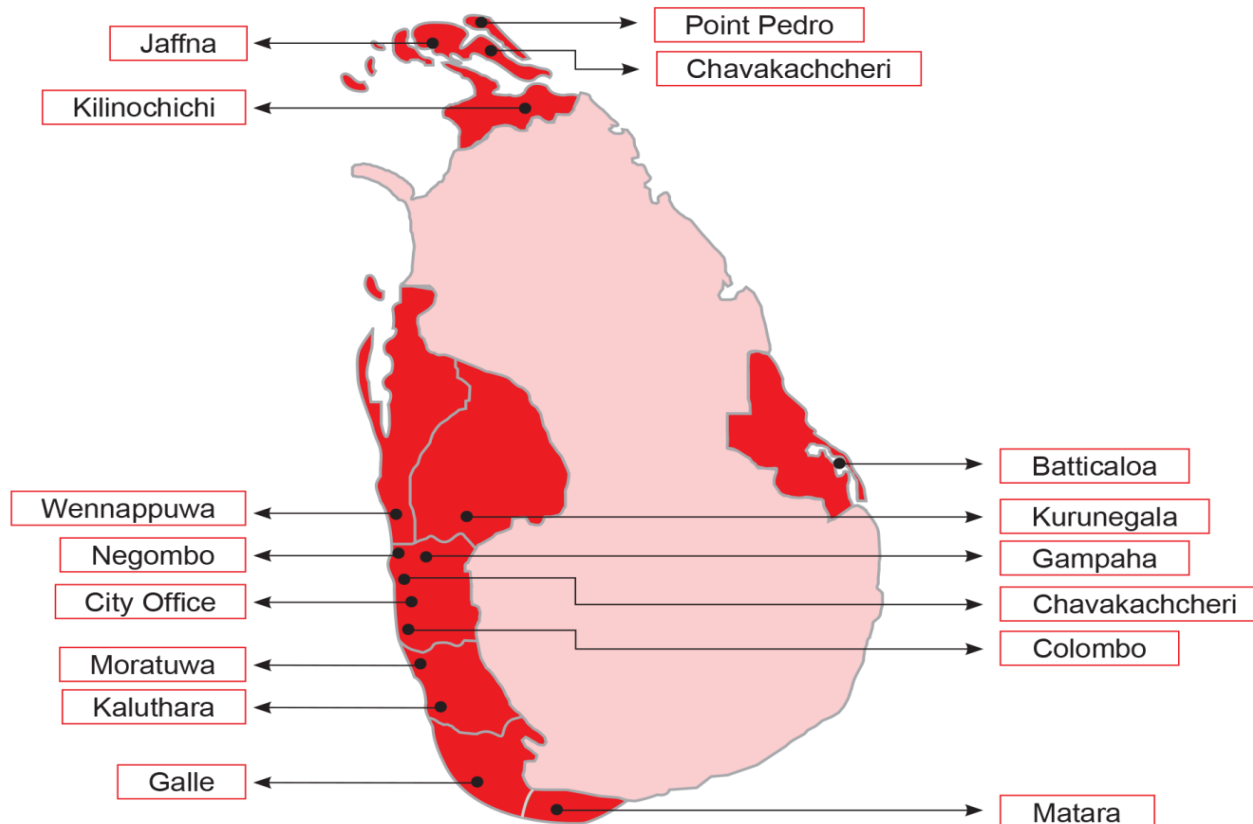
PRODUCTS



- 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	Q2 FY 2017	Q1 FY 2017	H1 FY 2017	FY 2016
LKR / INR	0.44498	0.44908	0.45558	0.471235
Number of branches	15	15	15	15
Total Revenue	519	454	973	1,383
Total Expense	452	387	839	1,174
Profit Before Tax	67	67	134	209
Profit After Tax	57	56	113	175
Share Holders Funds	1,575	1,518	1,575	1,462
Total Liabilities	8,147	7,477	8,147	6,653
Total Assets	9,722	8,995	9,722	8,115

OUR SUBSIDIARY



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 September 30, 2016, Muthoot Finance holds 86% 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 September 30, 2016, it has a loan portfolio of Rs.94 crores.

Muthoot Insurance Brokers Private Limited

MUTHOOT INSURANCE – AN OVERVIEW



Muthoot Finance



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 FY 17 & Q2 FY17 premium collections stood at Rs 10crs & 19crs respectively.

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

BELSTAR INVESTMENT AND FINANCE – AN OVERVIEW



Muthoot Finance

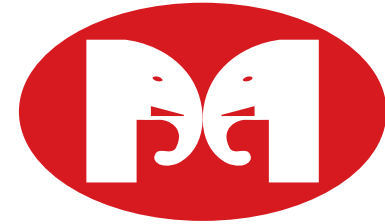


As Of September 2016 , Muthoot Finance holds 57.16% in BIFPL . BIFPL was incorporated on January 1988 at Bangalore and the Company was registered with the RBI in March 2001 as a Non- Banking Finance Company. The Company was reclassified as “NBFC-MFI” by RBI effective from 11th December 2013.

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 September 30, 2016, BIFPL operations are spread over five states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra ,Kerala and Pondicherry). It has 103 branches, with 13 controlling regional offices in 13 Districts and employs 828 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 Q2 FY17 its loan portfolio grew by 39% and stood at Rs 399 crs.



Muthoot Finance

REGISTERED OFFICE

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

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