

Muthoot Finance

Corporate Presentation

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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THE LEGACY LIVES ON

MUTHOOT GROUP - AN OVERVIEW



Muthoot Finance



In a fast changing social and economic landscape, the Muthoot Group continues to touch lives in more ways than one for over 128 years

It is expanding ambitiously across multiple sectors and is aligning business priorities with social responsibility

Muthoot Finance Ltd. (MFIL) is India's largest gold financing company in terms of loan portfolio. Promoted by **Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot** collectively operating under the brand name of 'The Muthoot Group'

Muthoot Group has diversified interests in the fields of



Financial
Services



Healthcare



Education



Plantations



Real
Estate



Foreign
Exchange



Information
Technology



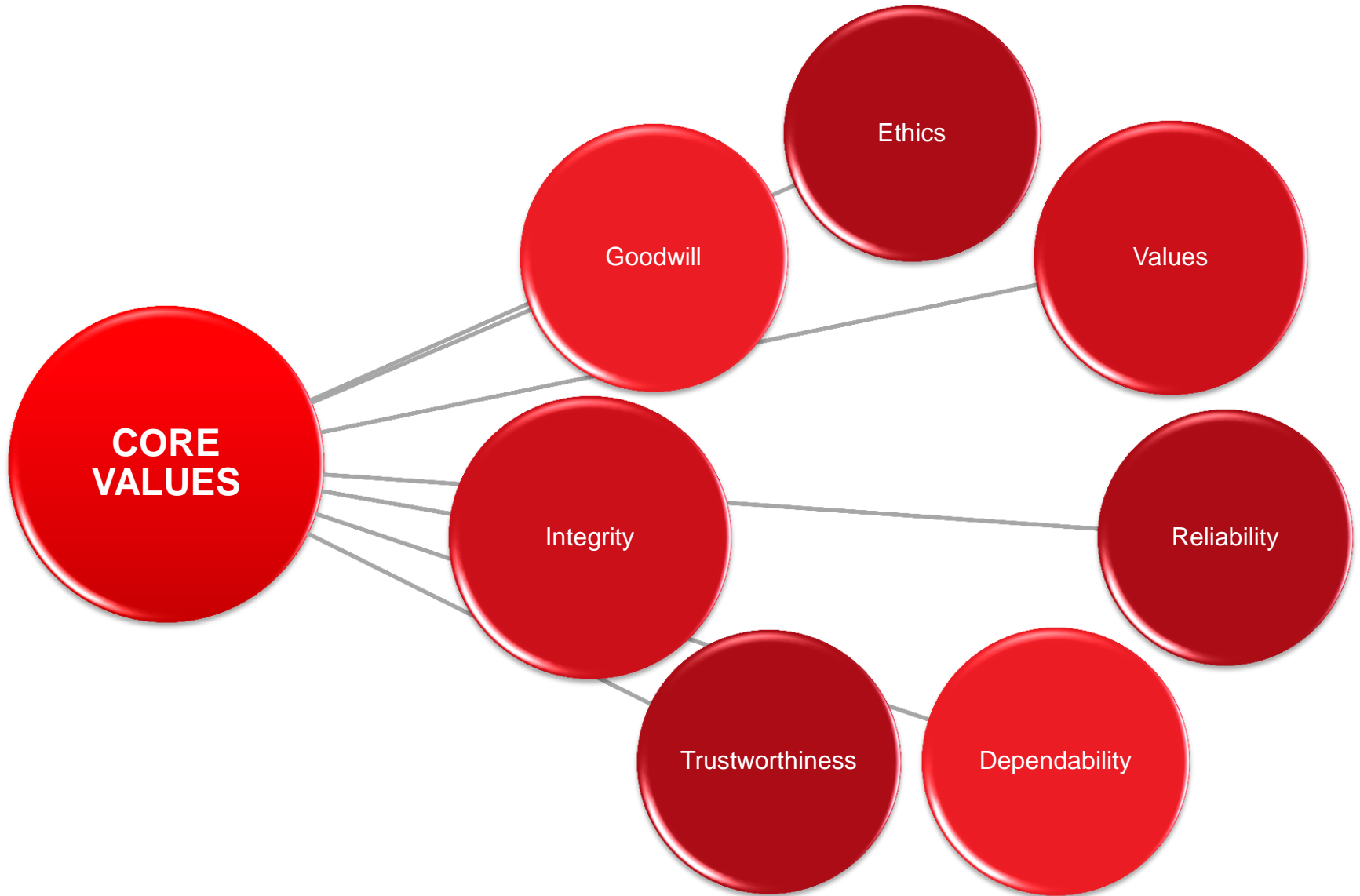
Hospitality

Muthoot Finance (MFIN) is Muthoot Group's flagship Company

Gold loan (Lending against security of household gold ornaments) was commenced in 1939

Initially, business was undertaken in the name of 'Muthoot Bankers', a partnership firm

Incorporated 'Muthoot Finance Ltd' in 1997 and commenced business as NBFC in 2001





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

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)

FINANCIAL SUMMARY



Muthoot Finance

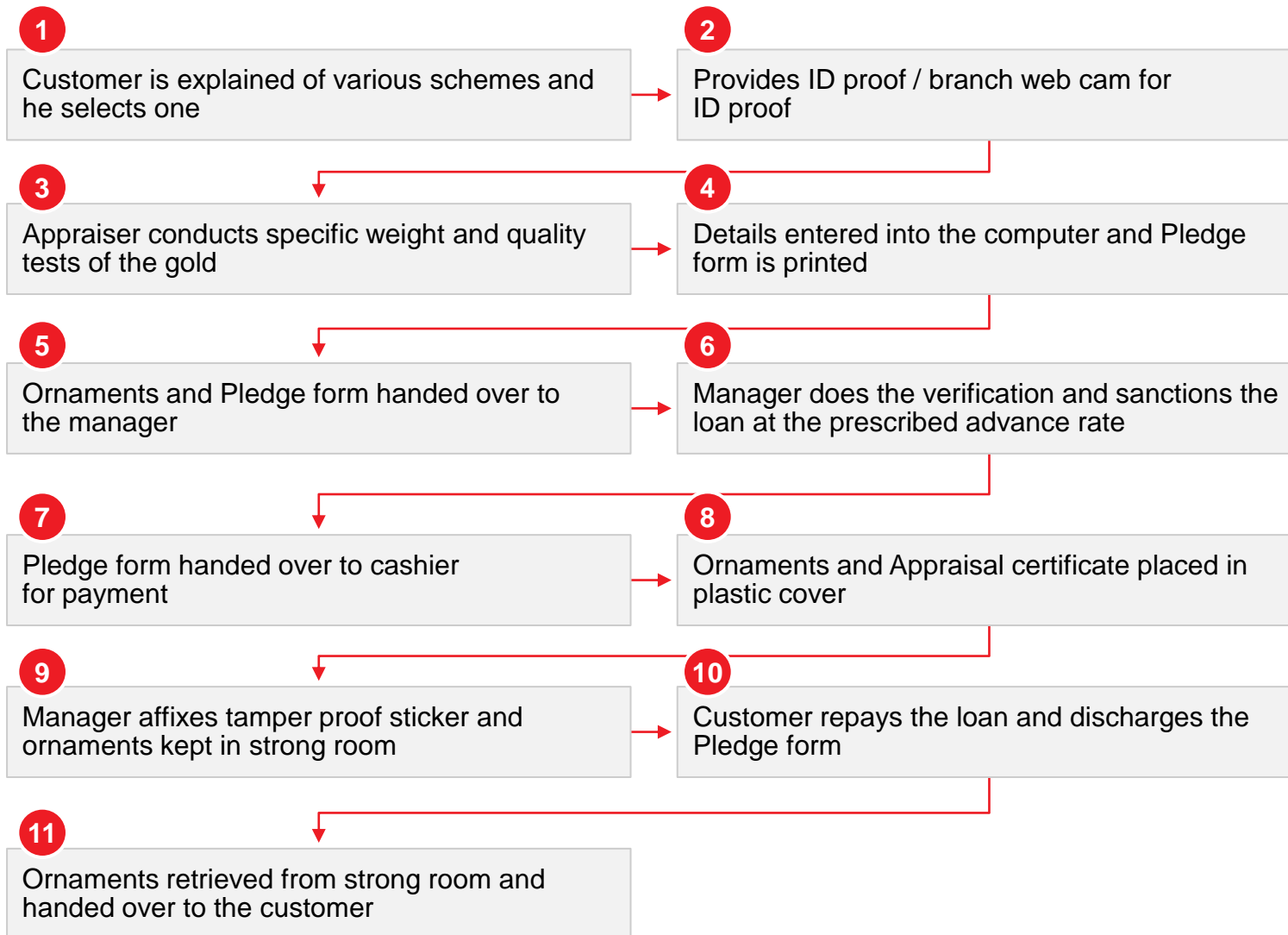
Key Financial Parameters

(₹ in million)

Particulars	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Total Income	43,246	49,474	53,871	45,491	23,159
Total Expenditure	32,967	37,539	38,757	32,178	15,547
Profit Before Tax	10,278	11,936	15,114	13,312	7,612
Tax Expenses	3,573	4,135	5,072	4,392	2,670
Profit After Tax	6,705	7,801	10,042	8,920	4,942
Share Capital and Reserves	50,835	42,646	37,356	29,257	13,344
Subordinated Debt (Tier II)	26,538	26,347	23,101	14,801	7,106
Secured Non-Convertible Debentures	90,495	106,315	112,469	78,628	41,982
Borrowings from Banks/FIs	72,418	58,033	101,364	92,320	60,528
Gross Retail Loan Assets under Management	234,085	218,615	263,868	246,736	158,685
Return on Average Retail Loan (%)	3.03	3.22	4.05	4.40	4.24
Capital Adequacy Ratio (%)	24.78	24.69	19.62	18.29	15.82
Earnings Per Share (₹)	16.97	20.99	27.02	24.29	15.78
Book Value per share (₹)	127.59	114.73	100.50	78.65	41.67



GOLD LOAN BUSINESS PROCESS



Brand

A brand that inspires trust and customer loyalty and symbolises gold loan in India

Presence

Largest branch network in India among NBFCs. Over 70% of our branches are in under-served rural and semi-urban Indian markets

Service Quality

We provide quality service to our customers, resulting in long-term relationships

Closer to Customer

Employees speak the local language and the borrower enjoys the benefit of familiarity

Competitive Interest Rates

Highly competitive rates with a reasonable and well-defined slab system that is easy to understand. Interest charged only for actual number of days for which the loan is availed

Economies of Scale

Large number of branches reduces the overall cost of functioning per branch. The operating expense to average retail loans declined from 5.43% in FY 2009 to 4.84% in FY 2015

Senior Management

Governed by an experienced team with vast industry experience

Wide Credit Base

▼
Credit facilities from multiple banks, Superior credit rating and asset-quality have enabled mobilisation of adequate low-cost funds

Training Infrastructure

▼
Two management academy, two staff training colleges and 64 regional learning centres help enhance capabilities through continued training programmes

Audit System

▼
Audit personnel (900+) ensure quality of assets pledged and adherence to various risk management practices

Core Banking Solution

▼
Core banking solution connects all branches to a central server on a real time basis. The result: enhanced control, scalability, faster implementation of changes to meet changing customer needs

Intellectual Capital

▼
Professionally trained team (22,000+) to serve our customers

Retail Investor Base

▼
Strong retail investor base of over 500,000 across our debenture and subordinated debt portfolio



LOOKING BACK WITH PRIDE

- 1887** ○ The Group comes into being as a trading business at a village in Kerala
- 1939** ○ Commenced gold loan business

2001-2008

- 2001** ○ Received an RBI license to function as an NBFC
- 2004** ○ Received highest rating of F1 from Fitch Ratings for a short-term debt of ₹ 200 million
- 2005** ○ Retail loan and debenture portfolio crossed ₹ 5 billion
- 2006** ○ Overall credit limits from banks crosses ₹ 1 billion
- 2007** ○ Net owned funds crosses ₹ 1 billion
 - Accorded SI-ND-NBFC status
 - Branch network crossed 500
- 2008** ○ Retail loan and debenture portfolio crosses ₹ 21 billion and ₹ 12 billion respectively
 - Overall credit limits from lending banks crosses ₹ 5 billion.
 - Converted into a Public Limited Company

2009-2011

2009

- Retail loan and debenture portfolio crosses ₹ 33 billion and ₹ 19 billion respectively
- Overall credit limits from lending banks crosses ₹ 10 billion
- Branch network of our Company crosses 900 branches

2010

- Retail loan and debenture portfolio crosses ₹ 74 billion and ₹ 27 billion respectively
- Net owned funds of our Company crosses ₹ 5 billion
- Gross annual income crossed ₹ 10 billion
- CRISIL assigned 'P1+' rating for short-term debt of ₹ 4 billion , ICRA assigns A1+ for short term debt of ₹ 2 billion
- Branch network of our Company crosses 1,600 branches

2011

- Retail loan and debenture portfolio crosses ₹ 158 billion and ₹ 39 billion respectively
- Overall credit limits from lending banks crosses ₹ 60 billion
- CRISIL assigned long-term rating of AA/Stable for ₹ 1 billion subordinated debt issue and for ₹ 4 billion Non-convertible Debenture issue, respectively
- ICRA assigned long-term rating of AA/Stable for ₹ 1 billion subordinated debt issue and for ₹ 2 billion Non-convertible Debenture issue respectively
- Branch network crossed 2,700 branches
- PE investments of ₹ 2,556.85 million in the Company by Matrix partners, LLC, The Wellcome Trust, Kotak PE, Kotak Investments and Baring India PE

2012-2013

2012

- Retail loan and debenture portfolio crosses ₹ 246 billion and ₹ 66 billion respectively
- Gross annual income crossed ₹ 45 billion
- ICRA assigned long-term rating of AA- /Stable and short-term rating of A1+ for ₹ 93.53 billion Line of credit
- Successful IPO of ₹ 9,012.50 million in April 2011
- Raised ₹ 6.93 billion and ₹ 4.59 billion through Non-convertible Debenture Public Issue – Series I & II, respectively
- Branch network crosses 3,600 branches
- Net owned funds crosses ₹ 37 billion
- Gross annual income crossed ₹ 53 billion
- Profit After Tax for the year crosses ₹ 10 billion
- Bank credit limit crosses ₹ 99 billion
- ICRA assigned long-term rating of AA-/ Stable and short-term rating of A1+ for the ₹ 10,428.00 million line of credit
- Raised ₹ 2.60 billion and ₹ 2.70 billion through public issues of Series III and Series IV non-convertible debentures, respectively
- Branch network crosses 4,000 branches

2013

- Retail loan and debenture portfolio crosses ₹ 260 billion and ₹ 97 billion respectively
- ICRA & CRISIL revised the outlook on long-term rating from AA-/stable to AA-/negative

2014-2015

2014

- Retail Loan Portfolio at ₹ 218.62 billion
- Listed Debenture Portfolio raised through public issue ₹ 11 billion
- Net owned funds crosses ₹ 42 billion
- Gross annual income at ₹ 49.47 billion
- Profit after Tax for the year at ₹ 7.80 billion
- Branch network crosses 4,200 branches
- ICRA & CRISIL revised outlook on long term debt ratings from 'AA-/Negative' to 'AA-/Stable'

2015

- Fresh issuance of 25,351,062 equity shares by way of an institutional placement programme under Chapter VIII – A of the SEBI ICDR Regulations aggregating up to ₹ 4,182.93 million
- Listed Debenture Portfolio raised through public issue ₹ 14 billion
- Retail Loan Portfolio at ₹ 234.09 billion
- Net owned funds crosses ₹ 50 billion
- Gross annual income at ₹ 43.25 billion
- Profit after Tax for the year at ₹ 6.71 billion



2015-2016

2016

- Listed Debenture Portfolio raised through public issue ₹ 3 billion
- Retail Loan Portfolio at ₹ 248.73 billion *
- Net owned funds crosses ₹ 52 billion *
- Gross annual income at ₹ 22.83 billion for H1 FY16
- Profit after Tax at ₹ 3.58 billion for H1 FY16

* As on 30 Sep 2015



M.G. George Muthoot

Chairman

- Graduate in engineering from Manipal University and businessman by profession
- National Executive Committee Member of FICCI and current chairman of FICCI-Kerala State Council
- Conferred the Mahatma Gandhi National Award for social service for year 2001 by the Mahatma Gandhi National Foundation
- Presently he is the lay trustee of the Malankara Orthodox Syrian Church and has been member of the Managing Committee of Malankara Orthodox Syrian Church for over 32 years. which has more than 2.5 million members
- He was conferred with 'Asian Business Man of the year 2011' from UK-Kerala Business Forum and also with Business Leadership Award for the year 2012 at Golden Peacock Awards, Bengaluru
- Active member of various social organisations including the Delhi Malayalee Association, Kerala Club, Rotary Club, National Sports Club and has been chosen for several awards by the Rotary International and the Y's Mens International for community development and social service



**George Thomas
Muthoot**

Wholetime Director

- Businessman by profession
- Over 32 years of experience in managing businesses operating in financial services



**George Jacob
Muthoot**

Wholetime Director

- Has a degree in civil engineering from Manipal University and businessman by profession with over 30 years of experience
- Member of the Trivandrum Management Association, the Confederation of Real Estate Developers Association of India (Trivandrum) and the Trivandrum Agenda Task Force



George Alexander Muthoot

Managing Director

- Chartered Accountant who qualified with first rank in Kerala and ranked 20th overall in India in 1978
- Has a bachelor degree in Commerce from Kerala University where he was a rank holder and gold medalist
- Served as Chairman of Kerala Non-banking Finance Companies Welfare Association from 2004 - 2007 and is currently its Vice Chairman
- Member Secretary of Finance Companies Association, Chennai
- Founder member of the Indus Entrepreneurs International, Kochi Chapter and is now a member of the Core Committee of the Indus Entrepreneurs International Kochi Chapter
- He was conferred with the 'CA Business Leader Award 2013' under financial services sector from Institute of Chartered Accountants of India



K John Mathew

Independent Director

- Graduate in law from the Government Law College, Ernakulam and is a retired judge of the High Court of Kerala
- Served as Chairman of the Cochin Stock Exchange; was a SEBI nominee director of Cochin Stock Exchange from 2002 - 2007
- Currently the President of the Peoples Council for Social Justice, Kerala



K. George John

Independent Director

- Post graduate in mathematical statistics and has retired as Chairman and Managing Director of TBWA India, a part of Omnicorn Group
- He previously managed Ulka Advertising (now FCB-Ulka)
- Thereafter he founded Anthem Communications Pvt Ltd, which later on went on to merge with TBWA Worldwide under a joint venture



John K Paul

Independent Director

- Graduate in engineering from Regional Engineering College, Kozhikode and businessman by profession
- Director of Popular Vehicles & Services Limited
- President of Kerala Chamber of Commerce and Industry from 2005 - 06
- President of Kerala Hockey Association from 2005 onwards and Ernakulam District Hockey Association from 2004 onwards



George Joseph

Independent Director

- First rank holder commerce graduate from Kerala University
- Certified associate of the Indian Institute of Banking and Finance
- Former CMD of Syndicate Bank
- Employed with Canara Bank for over 36 years prior to joining Syndicate Bank



Alexander M George

Additional Director

- MBA Graduate from Thunderbird University (USA) and an advanced diploma holder in Business Administration from Florida International University, Miami (USA)
- Served as the President of Indian Subcontinent Club at Thunderbird University
- Currently heads the Marketing, Operations and International Operations of the company
- Under his dynamic leadership and keen vision, the company has enhanced its brand visibility through innovative marketing strategies, expanded its branch network, and implemented various IT initiatives that have benefited both customers and employees.



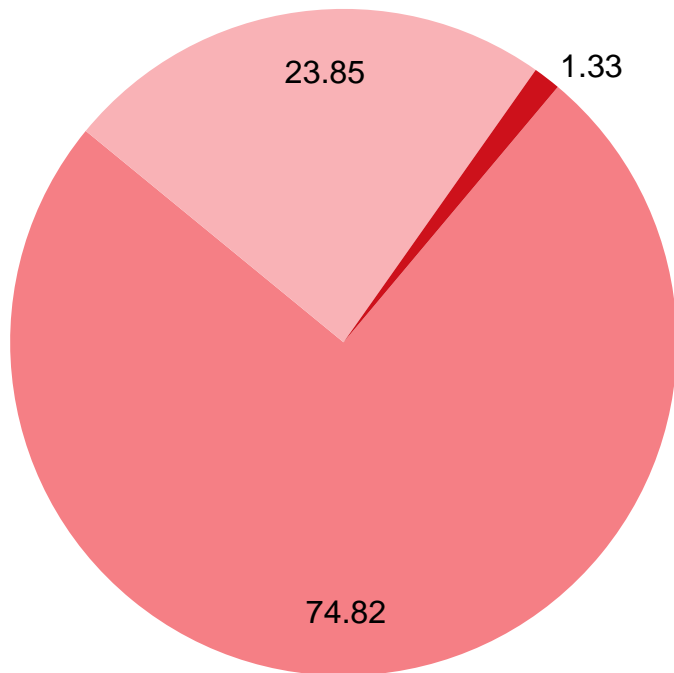
Pamela Anna Mathew

Additional Director

- She holds a Post graduate degree in Economics & Business Administration from Kerala and Cochin University.
- Well- known business leader with a remarkable career spanning over 40 years and is a leading industrialist in Kerala
- Currently serving as the Managing Director of O/E/N India Limited

SHAREHOLDING PATTERN

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

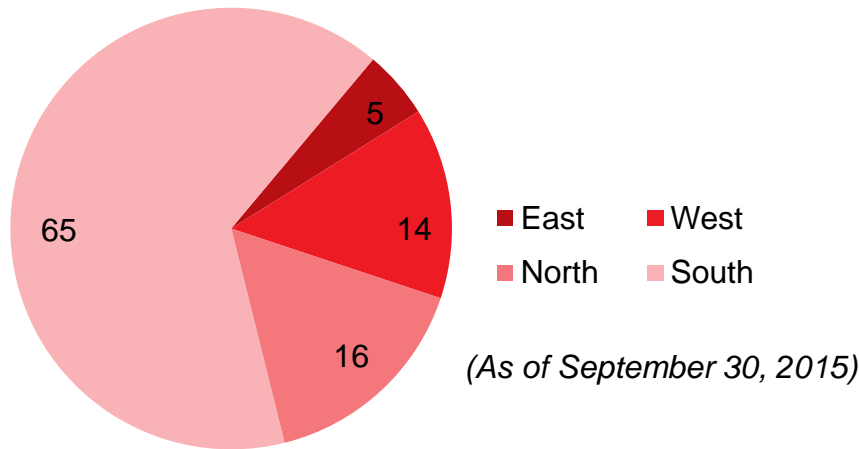
(%)

	H1 FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Dividend (%)*	40	60	60	45	40
First Interim Dividend (%)	40	40	30	-	-
Second Interim Dividend (%)	-		20	-	-
Final Dividend (%)	-	20	10	45	40
Dividend Payout Ratio (%)	44.50	35.36	28.59	16.65	16.47

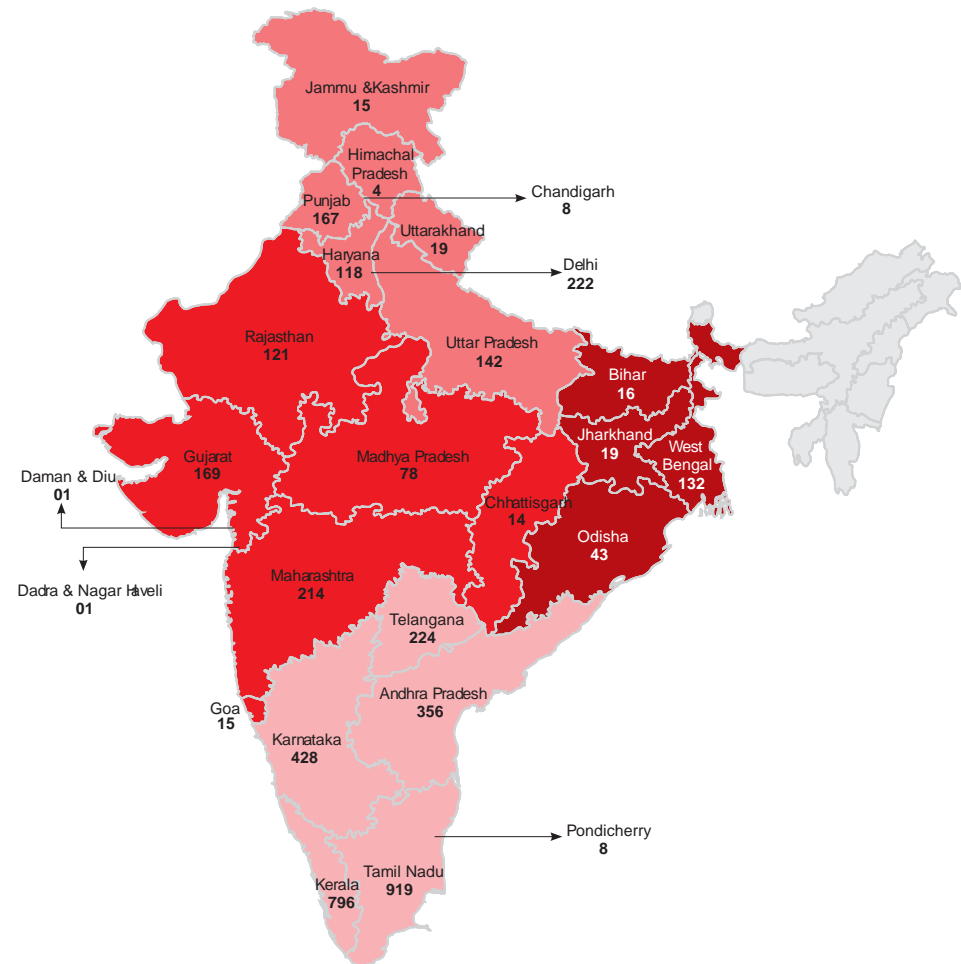
* On face value of ₹ 10 per equity share

A strong presence of 4249 branches across India

(%) Branches region wise



State wise Branch Network



- 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

Emerging Business Leader of the Year



Mr. M.G. George Muthoot, Chairman was bestowed with '**Emerging Business Leader of the Year**' title by Hon'ble Union Minister of Home Affairs, Shri Rajnath Singh at the fifth edition of AIMA Managing India Awards 2014

ICAI Business Leader Award



Mr. George Alexander Muthoot received the **CA Business Leader Award 2013** under the Financial Services category by the Institute of Chartered Accountants of India

CSR Sustainable Leadership Award



Mr. George Thomas Muthoot, Joint Managing Director, Muthoot Finance Ltd, received the **Sustainable Leadership Award 2014** by the CSR Congress in the Individual category

HR Excellence Award



Muthoot Finance Ltd. was bestowed with the prestigious **Golden Peacock Awards for 'HR Excellence' for 2013** held at a function in the UK



CONSUMER LOAN APPLICATION

Personal Information

Your Full Name NISHANTA SHERAWAT
Mother's Maiden Name MISHA SINHA
Gender FEM ALE
Occupation SERVICE
E-mail ID vellapen@abc.com
Telephone (Home) 0135-2744331
Present Address 1003, 10th FLOOR,
SUSHANT APART PRITAMPURA,
NEW DELHI
Permanent Address SAME AS ABOVE

Loan Amount SIXTY THOUSAND ONLY (60,000)
Earlier Loan N.A
Bank N.A

Detail of Guarantor PRADEEP SARKAR
Relationship to the Guarantor EMPLOYER
Contact Details 981844567

Your Signature Nishanta Sherawat
Date 19/9/2014

LOAN APPROVED

INDUSTRY OPPORTUNITY





- India ranks as the largest consumer of gold globally, accounting for one-fourth of the world's gold demand
- Jewellery demand historically has accounted for over half of global gold demand
- In the last decade, 75% of India's gold demand has taken the form of jewellery
- Gold jewellery is a store of value, symbol of wealth and status and a fundamental part of many rituals
- Southern India has been the largest market accounting for approximately 40% of the gold demand, followed by the western region at approximately 25%, the northern region at 20% to 25%, and the eastern region at approximately 10% to 15% of India's annual gold demand

(Source: World Gold Council)

(Source: Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans NBFCs in India, February 2013)



DRIVERS OF GROWTH

Unlocking the value of idle gold holding

▼
The existence of large idle domestic household gold (estimated to be more than 18,000 tonnes) is a primary driver for gold loan market. The gold could be monetised for productive purposes

Level playing field

▼
Standardised LTV cap of 75% provides a level-playing field to gold loan NBFCs vis-a-vis other organised players, lowers the risk of competition and erosion of market share

Increasing need for liquidity

▼
The recent rapid growth in gold loans indicates latent demand for liquidity

Changing consumer attitudes and preferences

▼
Indian consumers are showing changes in their traditionally debt-averse psychology. The preference now is more towards financial products. A shift from savings in financial products to owning assets is visible in the Indian economy, showing propensity for further growth. Such an approach will pave the way for increased opportunities for trouble free financing like gold loans

Core focus

▼
The primary focus being on gold loans, NBFCs can ensure customer delight through better and faster customer service. This allows a proper structuring of the offerings and adopts faster corrective measures to meet the customer's changing aspirations

Branch network

▼
A wide network of branches enables NBFCs to be closer to the customer

Faster turnaround time

▼
Gold loans also enjoy an advantage of having a quick turnaround time at NBFCs. This is achieved without any compromise on documentation discipline and KYC compliance requirements

Transparent and Standard Operating Practices

▼
NBFCs offer a transparent transaction capturing all the terms clearly in the loan document and operate with standard operating procedures

Flexible Repayment Option

Customers get a trouble free loan period, when he/she is not troubled for any payment of equated monthly installment, rather would be allowed to make payment of interest and principal on loan together at closure

Resource Availability

NBFCs have access to organized credit. The unorganised sector operates on proprietary funds, which limit its ability to lend and on better terms

Value to the Customer

Customers stay with a service provider if they pay a price they deem fair for quality of the products they receive and that need not necessarily be the lowest. NBFCs have been able to run on this philosophy and have been offering loans at lower rates of interest than those of unorganised segment

Low-cost Structure

Muthoot has built a branch network with minimum investment vis-a-vis business potential. Employees are sourced locally and are trained to deliver various skills keeping the operating cost low. This has enabled us to break-even faster as well as strengthen the bottom line

NOT A MONOLINE BUSINESS



Muthoot Finance

AGAINST

FOR

UNDERLYING COLLATERAL ON LOANS IS ALWAYS GOLD JEWELLERY

- 1) Most of formal funding done by banks/institutions are against security of land/building taken as collateral. If this view is accepted, all such funding are to be treated as Real Estate exposure
- 2) In gold loan , though underlying collateral is of same character always, loans are given to different strata of the society - lower middle class, middle class and upper middle class
- 3) Borrowers are engaged in varied occupations agriculture, trading, retail, transportation, autorickshaw and taxi drivers , small scale industries etc which also shows that cash flows for redemption of loans are not concentrated from a single source
- 4) Loan portfolio is spread across the country and not significantly concentrated in one location
- 5) Ticket size of these loans are of average ₹ 40,000 and hence loan portfolio is also not concentrated with one or few
- 6) Gold jewellery is only an incidental element in borrowing and lending. For the lender, it is just a security which will be returned on redemption of loan and for borrower it is a personal asset which he has deposited with lender and will be claimed back on redemption of loan. Lender holds the security in a fiduciary capacity till loan is not defaulted
- 7) All the risk associated with fluctuation in gold price will arise only if borrower decides to abandon the personal asset he has deposited with the lender. Generally he does it, when he is unable to generate cash flow to redeem the loan which situation will arise even for a bank loan

New regulations to strengthen the gold loan sector as a whole

- Till 2012, there were no sector specific regulations on gold loan industry
- Being operated as an NBFC, only prudential norms as well as reporting requirements applicable in general to NBFCs were applicable to the industry
- However, observing exponential growth in this sector and entry of numerous players, RBI started bringing sector specific regulations from 2012 both on assets side and liability side
- Some of these changes were Loan to value cap of 75%; Fair Practices Code; Verification of Ownership of gold ; Standardised Auction Process; Disbursement by cheque for loans above ₹ 0.10 million; PAN card for loans above ₹ 0.50 million; Prior approval for opening branches over 1,000; Minimum Tier I capital of 12% etc
- Other regulations which were brought for NBFCs as a whole were regulations on private placement of Non-convertible debentures; Standard asset provisioning of 0.25% etc
- We believe that the framework is going to enable industry to achieve standardisation across the board, provide a level playing field and encourage a healthy competition and participation by only serious and focussed players
- Finally, sector got its due recognition as a contributor to the society



KEY FINANCIALS

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)

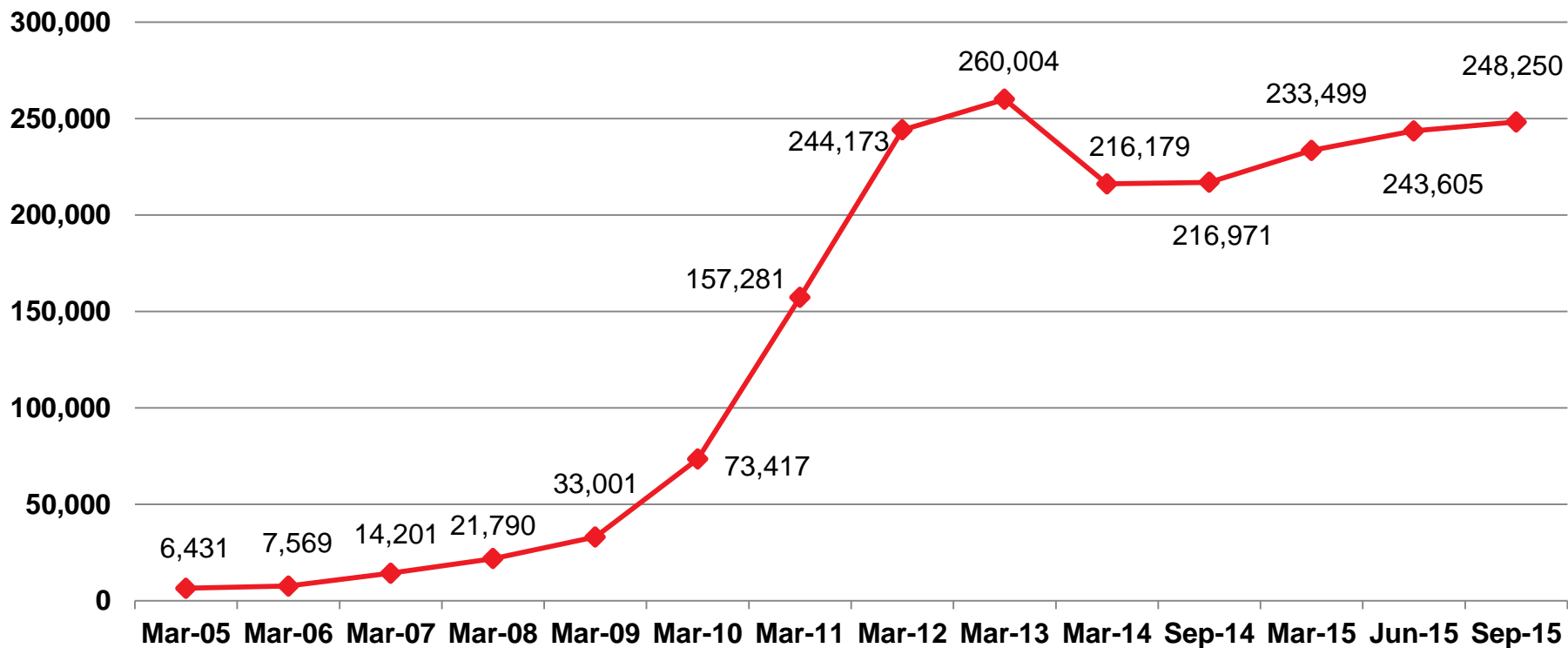
	H1 FY 2016	H1 FY 2015	YoY Growth (%)	Q2 FY 2016	Q2 FY 2015	YoY Growth (%)	Q1 FY 2016	QoQ Growth (%)	FY 2015
INCOME									
Interest Income	22,534	21,290	6	11,254	10,488	7	11,280	0	42,703
Other Income	291	245	19	145	127	14	146	(1)	543
Total	22,825	21,535	6	11,399	10,615	7	11,426	0	43,246
EXPENDITURE									
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)

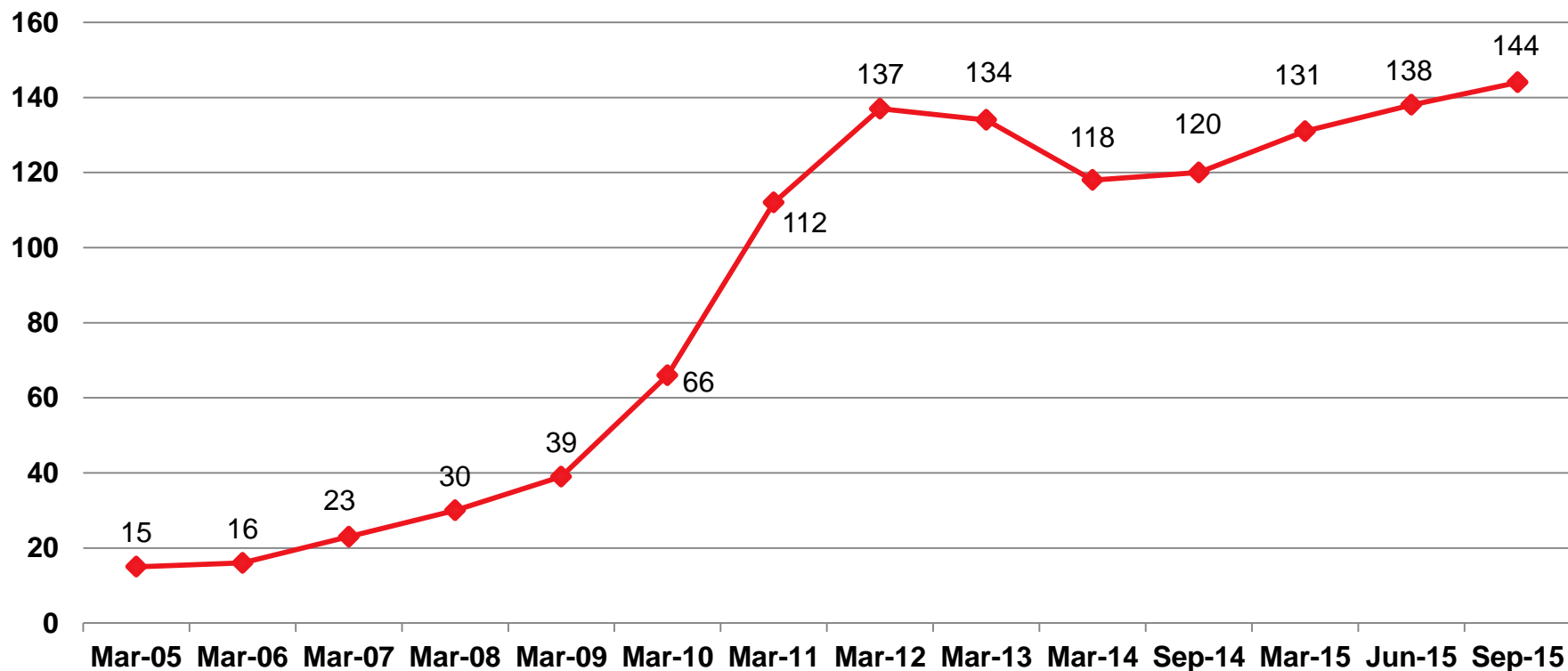




Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



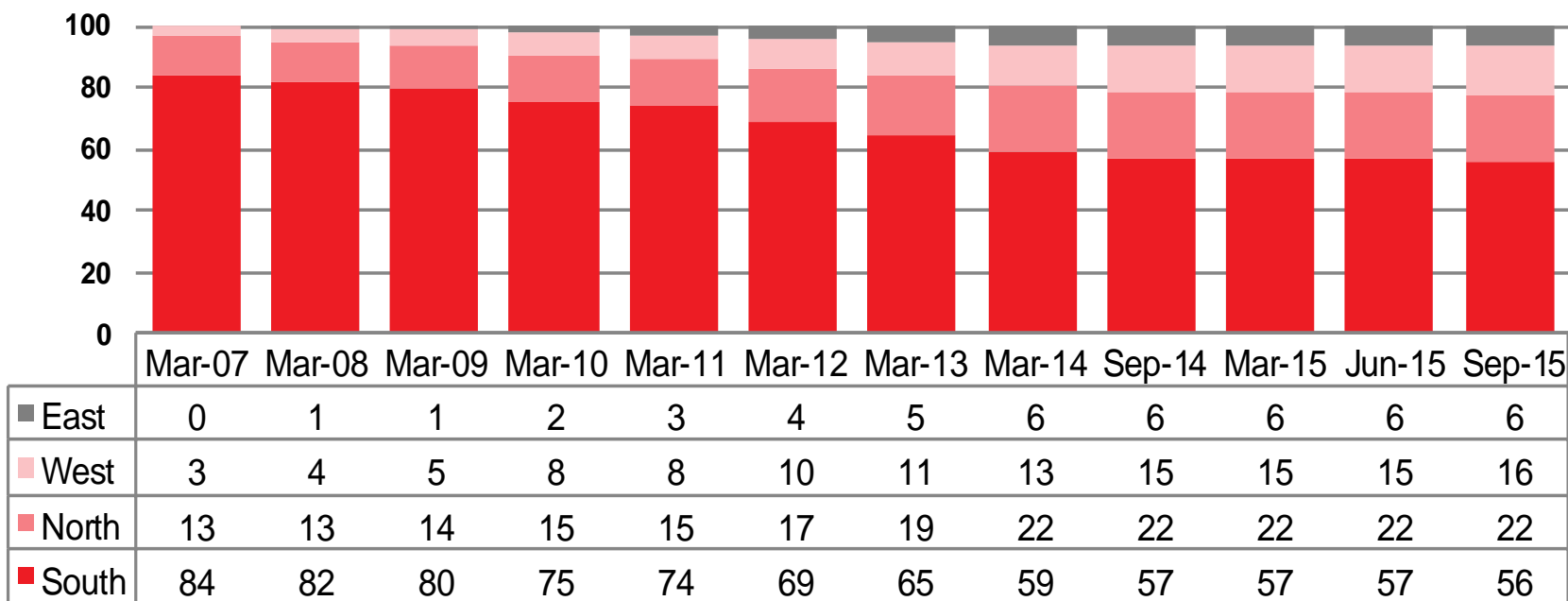
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



Muthoot Finance

Diversified gold loan portfolio across India

(%)



Gold Loan Assets Under Management

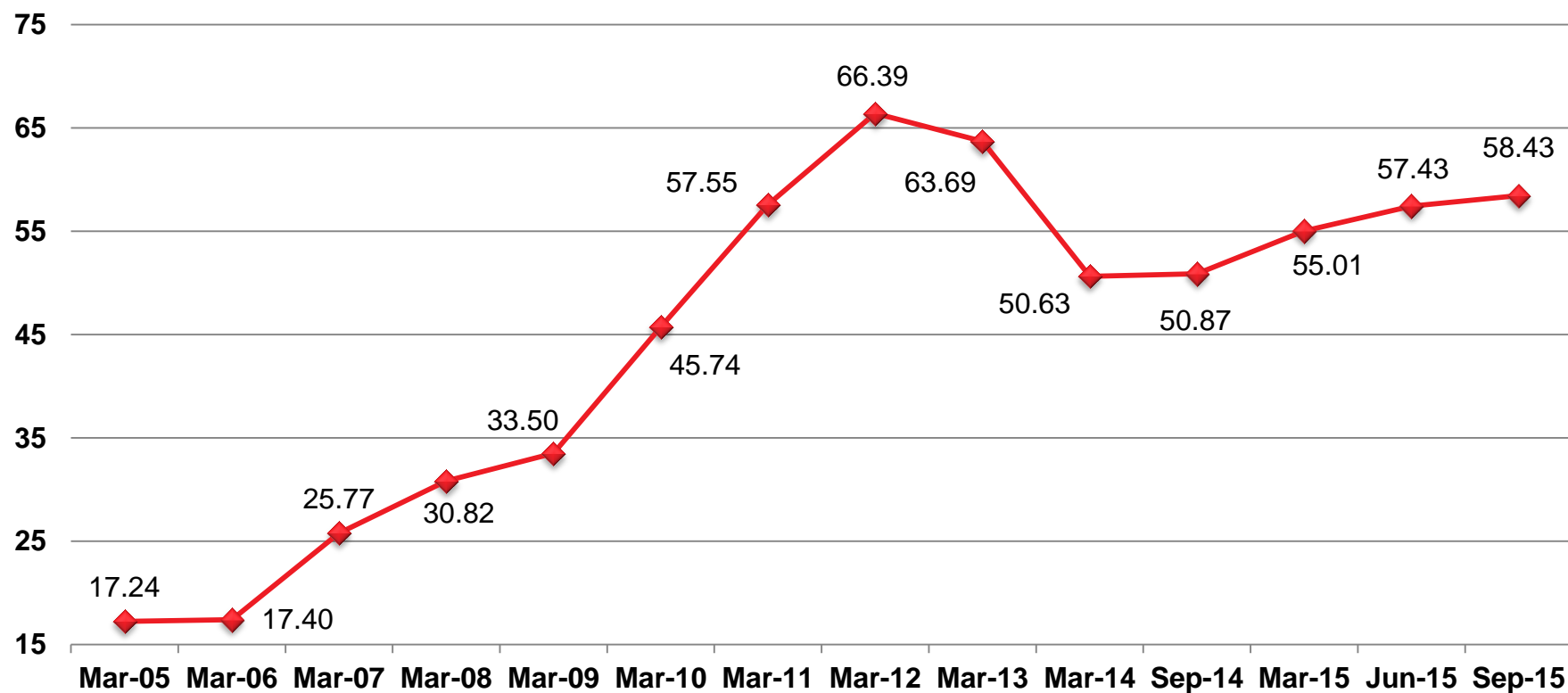
(₹ in million)

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)



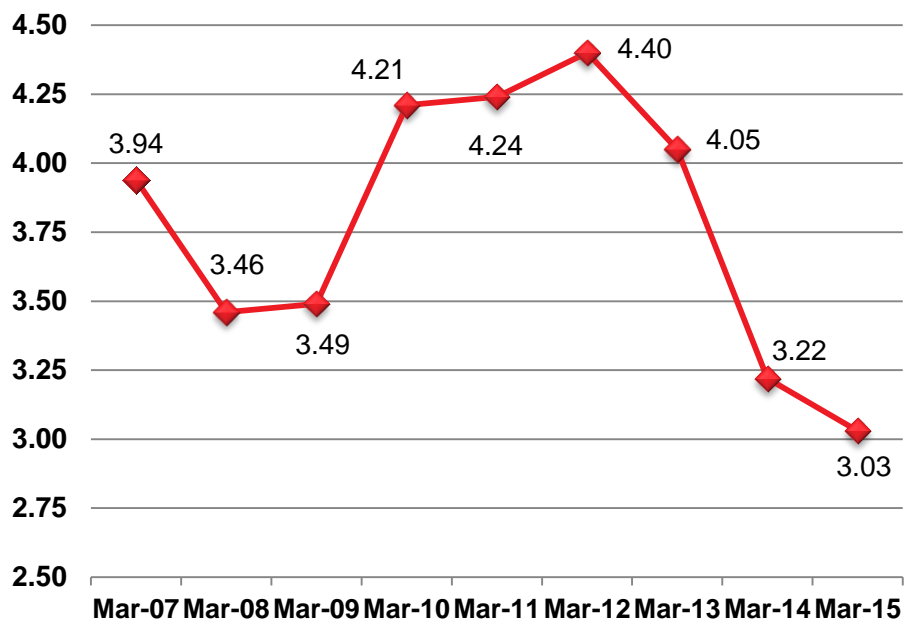


RETURN ON AVERAGE RETAIL LOAN ASSET

Attractive returns over the years

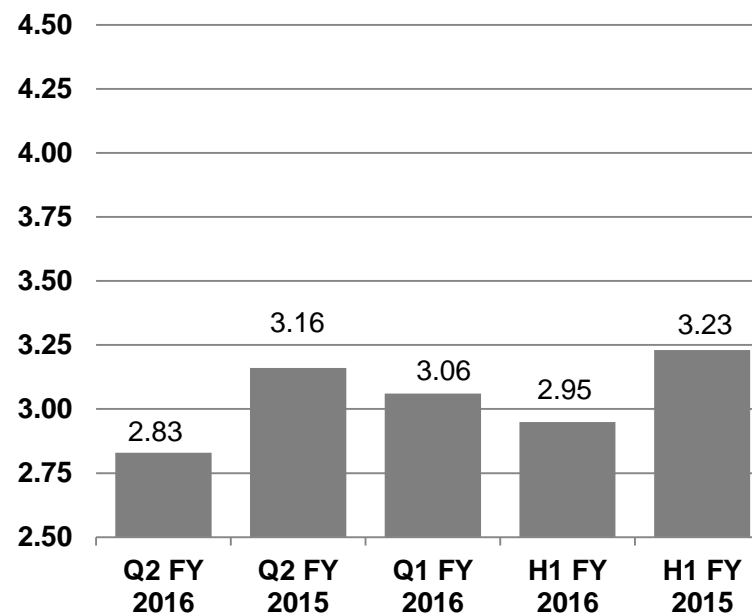
Yearly

(%)



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)

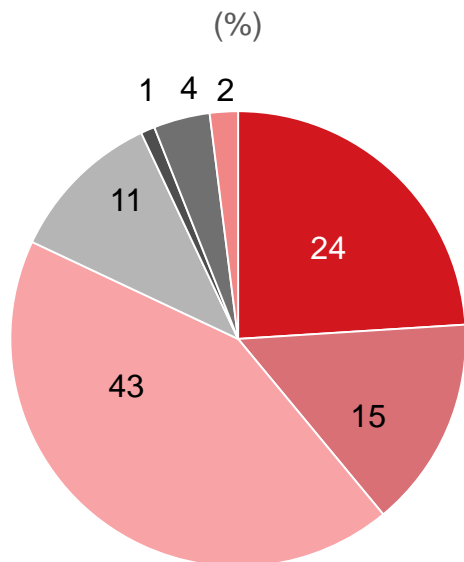
	Q2 FY 2016	Q2 FY 2015	Q1 FY 2016	H1 FY 2016	H1 FY 2015	FY 2015
Bad Debts Written Off	22	23	30	52	103	192

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

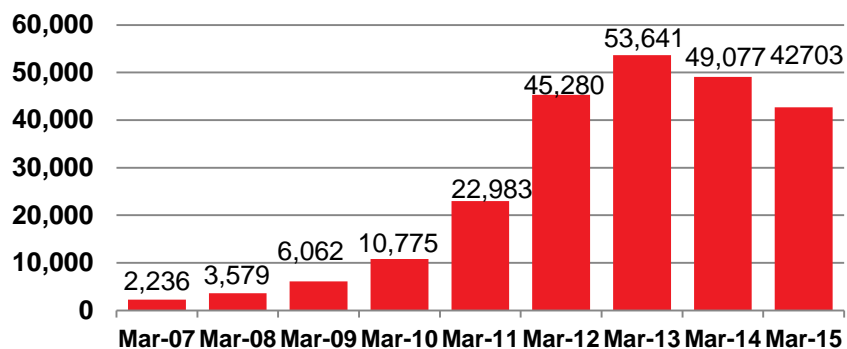


BREAK-UP OF GROSS INCOME

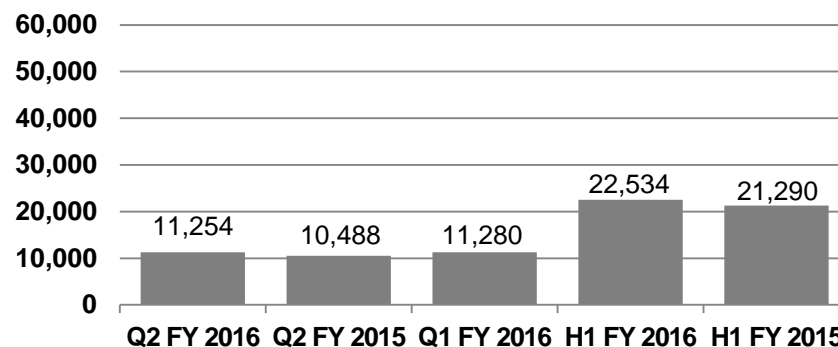
Interest Income

(₹ in million)

Yearly



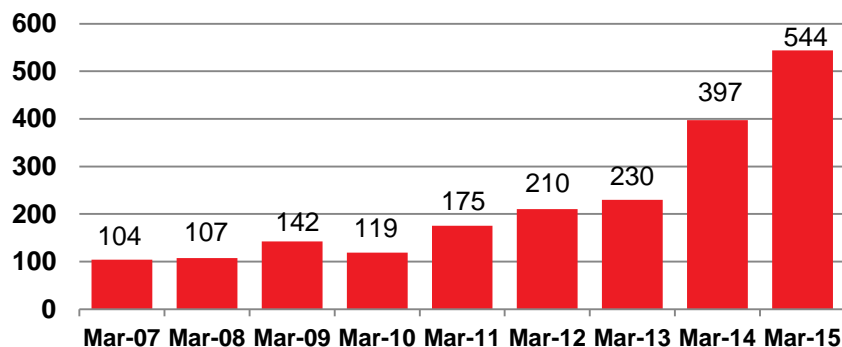
Quarterly



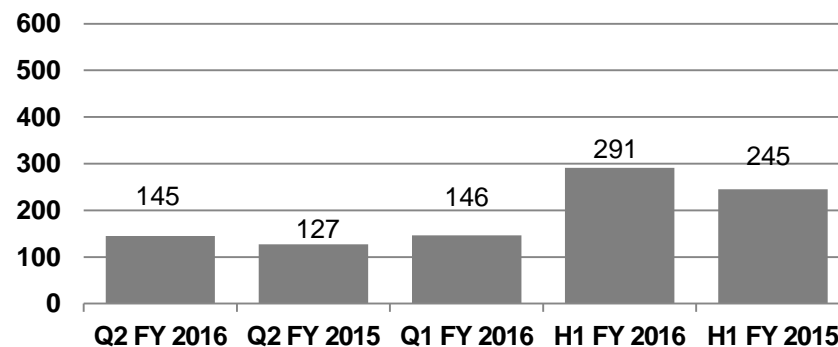
Other Income

(₹ in million)

Yearly



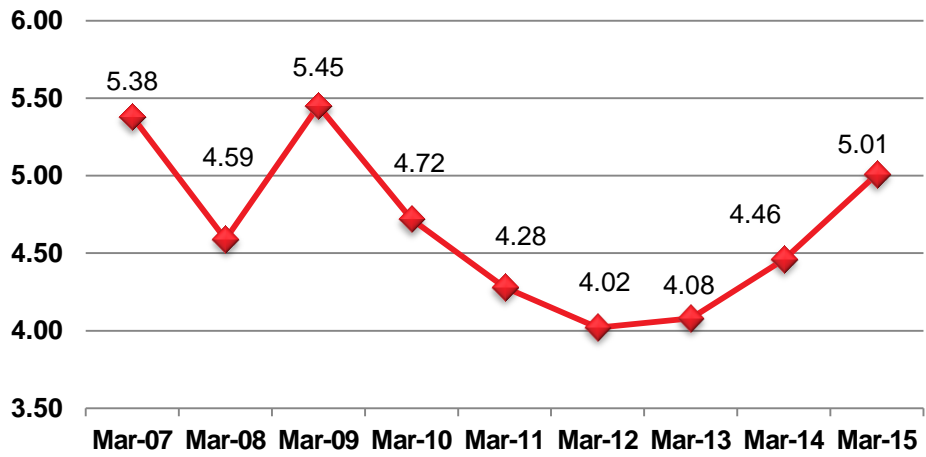
Quarterly



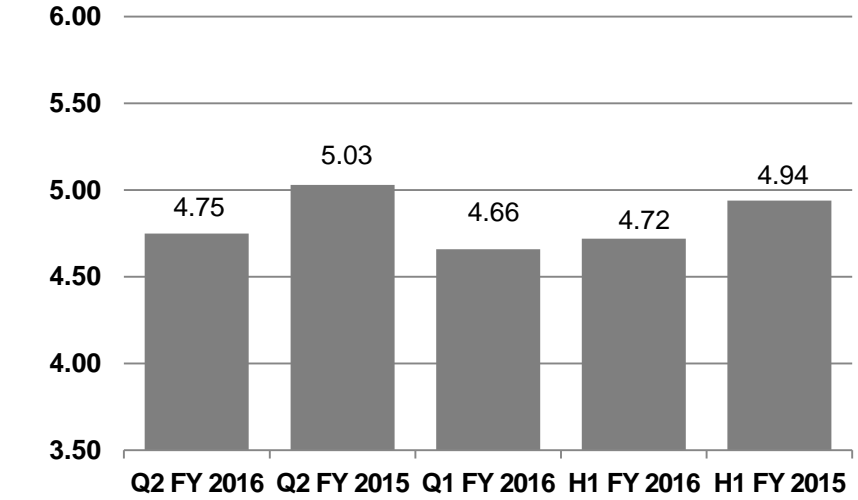
OPERATING EXPENSES TO AVERAGE RETAIL LOANS

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



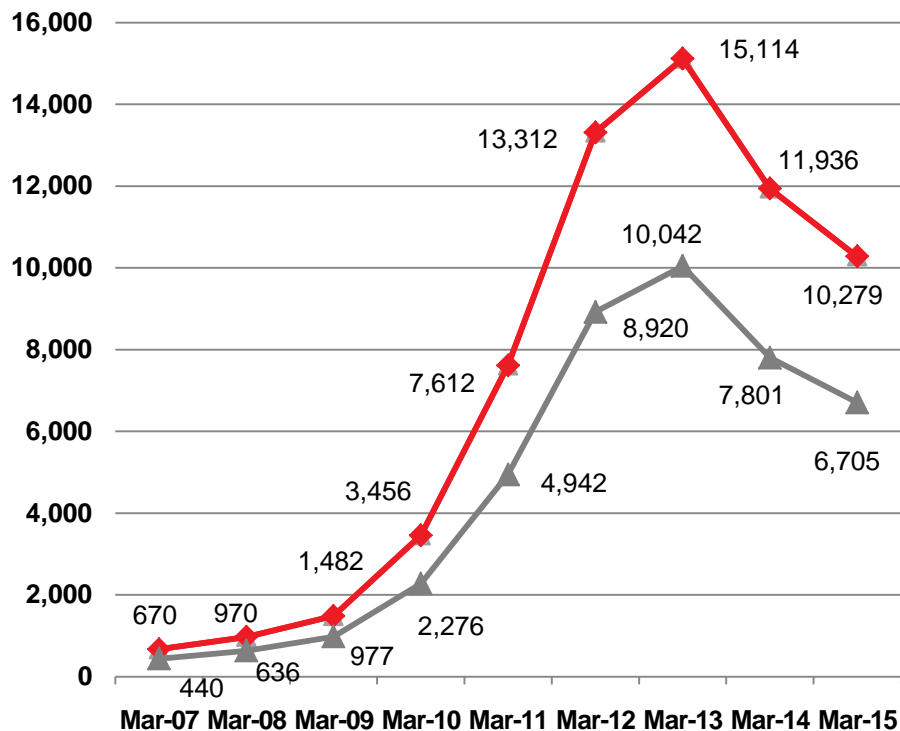
Efforts getting rewarded

Profitability at a glance

(₹ in million)

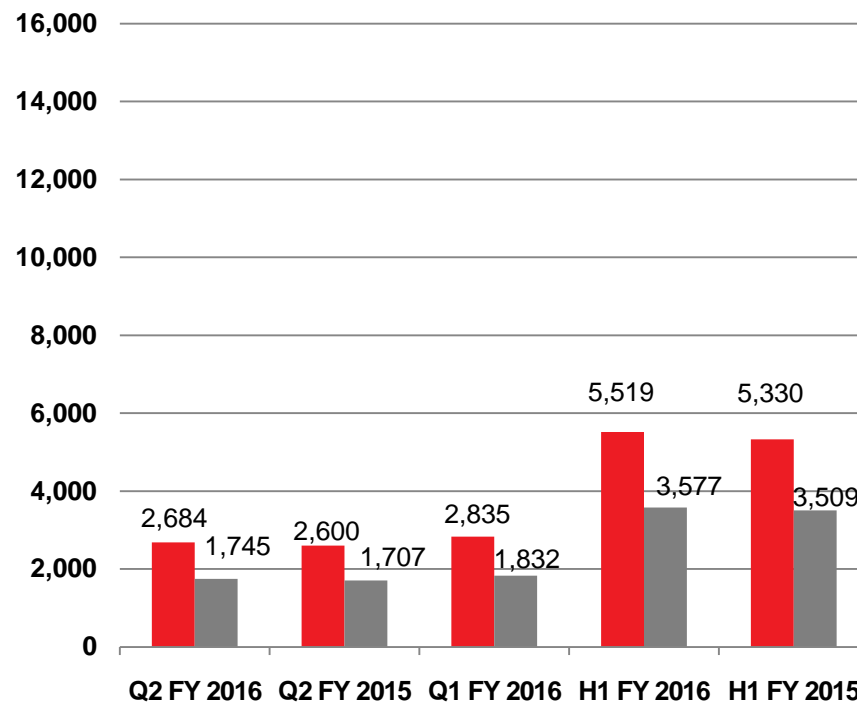
Yearly

◆ PBT ▲ PAT



Quarterly

■ PBT ■ PAT

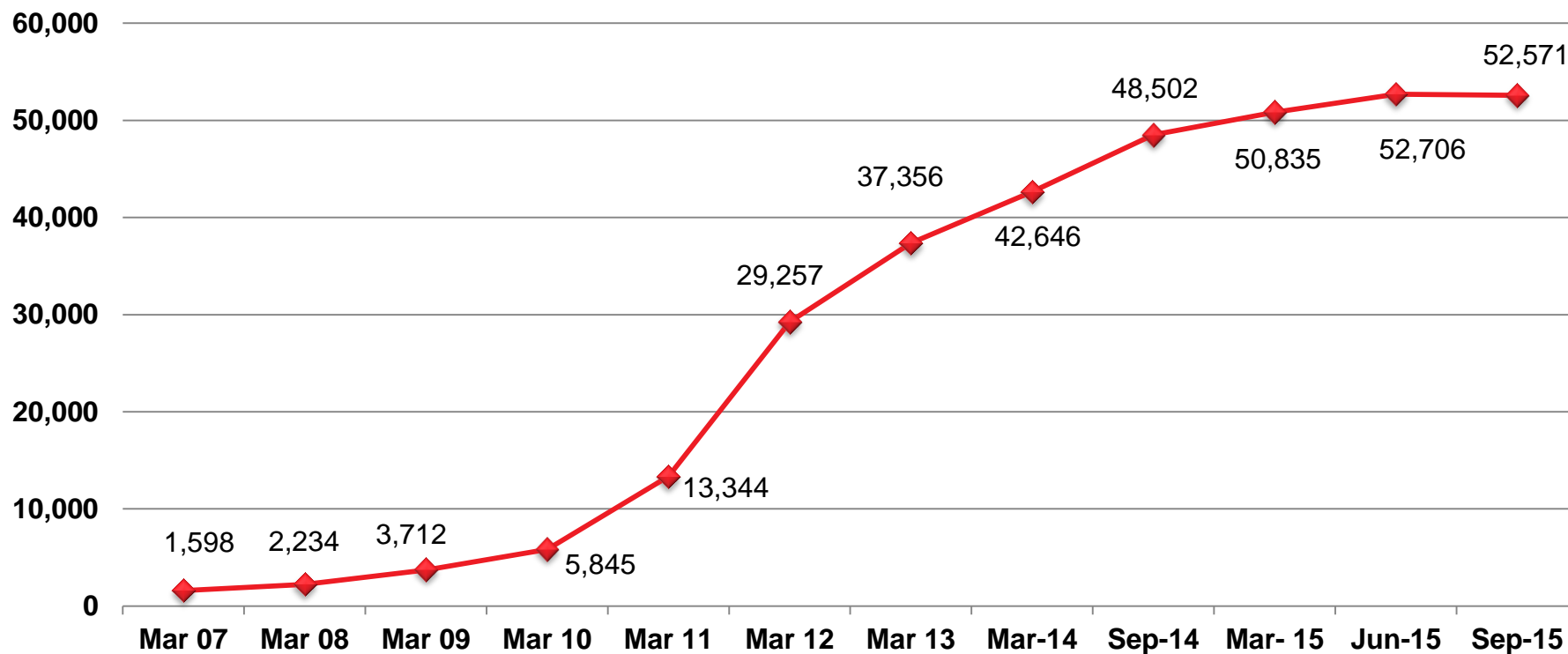




Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)





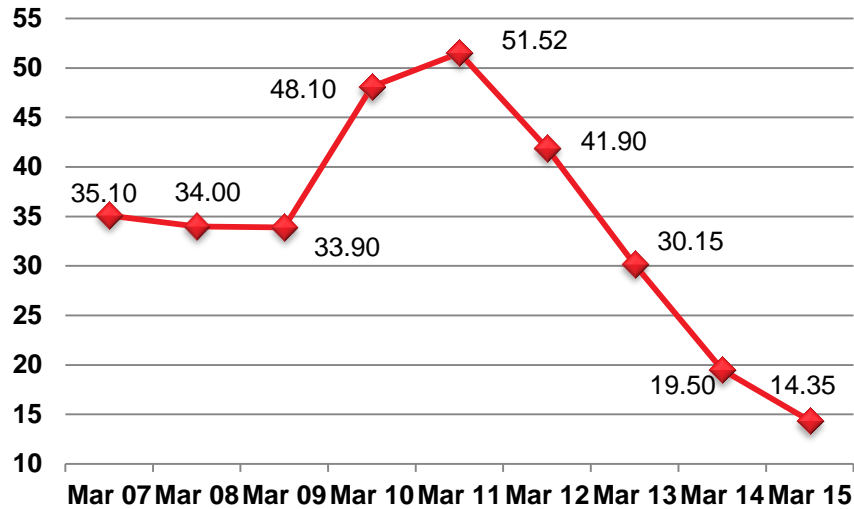
RETURN ON EQUITY

Stable shareholder value creation

Return on Average Equity

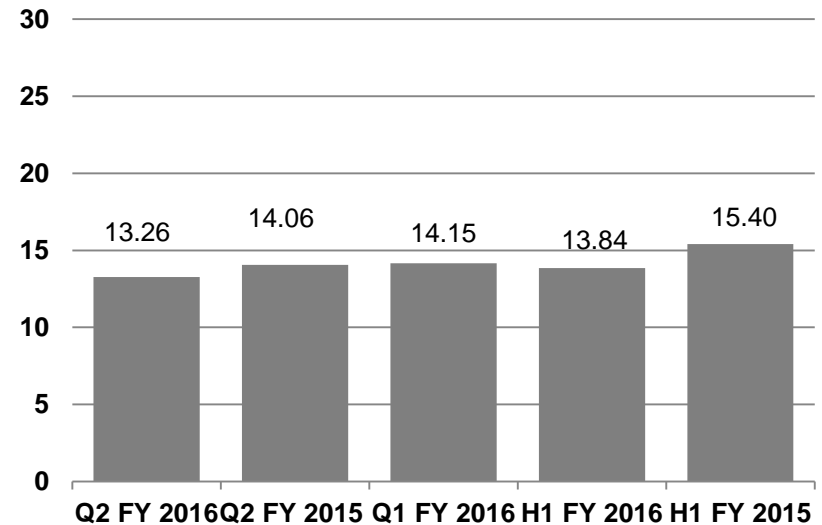
Yearly

(%)



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

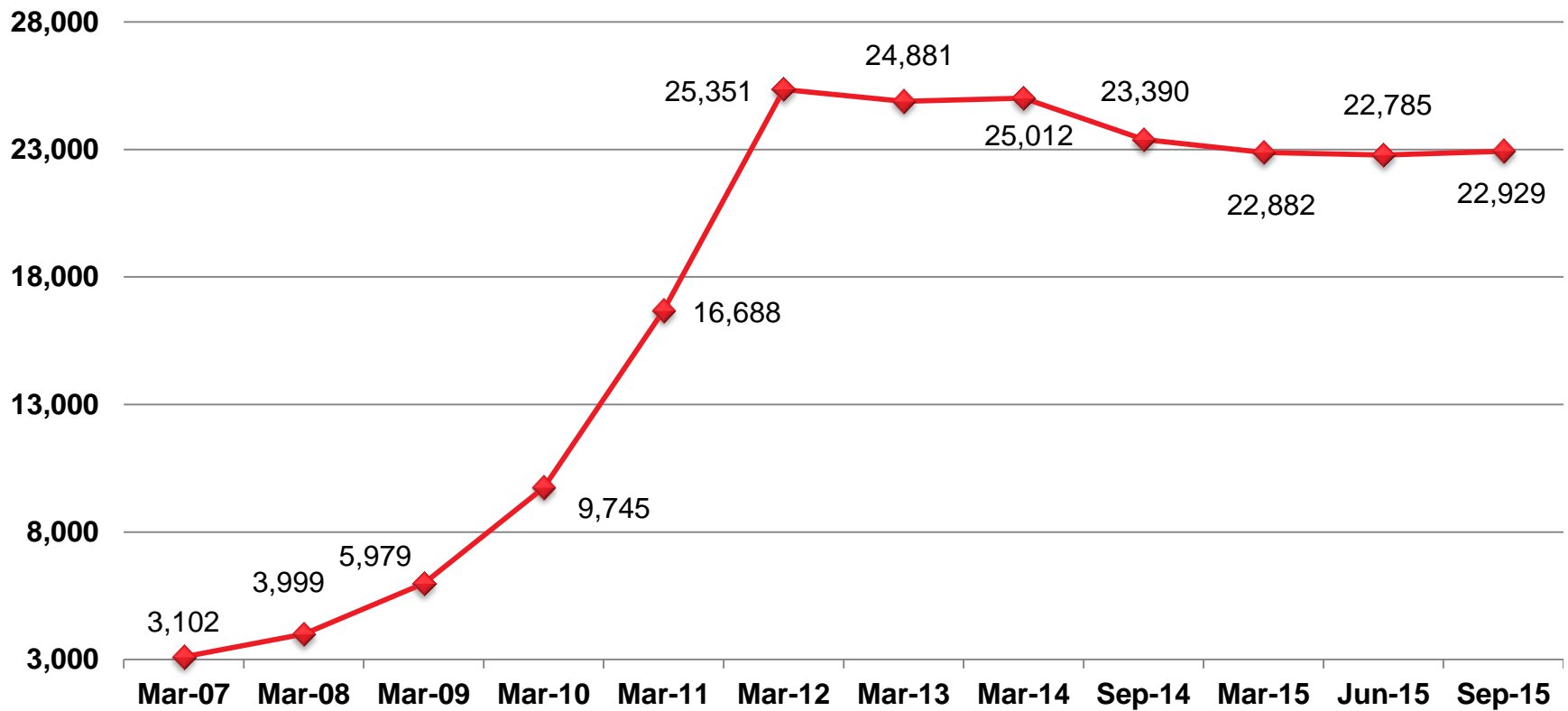
TEAM STRENGTH



Muthoot Finance

Groomed human capital over the years to meet growing business requirements

(No. of Employees)



A photograph of three business professionals in an office setting. A man in a white shirt is smiling and looking towards a woman in a white and gold patterned top. A third person, seen from the back, is wearing a light blue shirt. They are gathered around a table with documents, a calculator, and a coffee cup. A red banner is overlaid across the middle of the image.

BUSINESS ENABLERS

STANDARDIZED OPERATING PROCEDURES



- In a business marked by diversified rural and semi-urban locations, decisions in loan disbursement must be taken with relative speed and gold jewellery must be stored at transaction location itself
- It is imperative to follow standardised processes that eliminate arbitrariness in decision-making
- Standardised and refined processes and practices
- Led the industry in a responsible process standardisation and took this as an important step towards the responsible management of public funds leading to business sustainability

SERVICE ORIENTED APPROACH



Muthoot Finance



- Adherence to strict market and location survey data while selecting branch sites
- Extended operating hours that we typically offer, which are often more compatible with our customers' work schedules
- Professional and attentive staff at both the branch level and at our centralized customer support centres
- Proactive customer grievance redressal mechanism seeks to address customer complaints in real time
- Branches are staffed with people with local knowledge and understanding of customers' needs and trained to appraise collateral and disburse loans within a few minutes
- High quality customer service and short response time are significant competitive strengths that differentiates us



- Two staff training colleges, one each in Kochi and in New Delhi, and regional training centres at each of our 64 regional offices to train new employees in appraisal skills, customer relationships and communication skills
- The 50,000 square feet Muthoot Management Academy in Kochi, Kerala serves as a management development centre focusing on developing our future managers and leaders
- Employee Stock Option Plan (ESOP) for employees rewarding for loyalty and performance and cultivating a sense of ownership



- Core Banking System (CBS): Developed a powerful, user-friendly core banking solution and implemented the solution at all our branches across India
- CBS takes care of centralized transaction processing, back-office and management information system across our branches and offices
- CBS's objective is to provide ubiquitous services to customers and enhance convenience, along with providing better control and cost-effectiveness
- CBS has been rolled out with transaction processing and back-office functionalities so as to allow branches to provide fast and convenient services to customers



- Extensive security and surveillance systems and dedicated security personnel to counter external security threats
- To mitigate internal threats, we undertake careful pre-employment screening, including obtaining references before appointment
- Installed management information systems to minimize the scope for employee theft or fraud
- Installing offsite surveillance cameras across our branches, which will be connected to a centrally located database and allow the corporate office to remotely monitor the branches
- Each branch's security measures include strong rooms with concrete walls, burglary alarm systems, controlled entry to teller areas, and the tracking of employee movement in and out of secured areas
- Instituted a series of checks and balances to maintain integrity of operations
- Surprise internal as well as external audits are carried out at timely intervals



Operational risk

Risk of direct or indirect loss due to the failure of systems, people or processes, or due to external events. Includes employee negligence, fraud, petty theft, burglary and embezzlement.

- Started installing offsite surveillance cameras in our branches, and intend to implement this across our branch network
- As of September 30, 2015, installed centralised monitoring and surveillance cameras in 3,888 branches across India
- Instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews
- A well defined appraisal method as well as KYC compliance procedure exists to mitigate the risk involved in the business
- Internal audit department and centralized monitoring systems assist in the overall management of operational risk



Collateral risk

Arises from the decline in the value of the gold collateral due to fluctuation in gold prices.

- This risk is in part mitigated by at least 25% margin retained on the value of jewellery for the purpose of calculation of the loan amount

- Further, risk is reduced because the price of gold jewellery is higher given that the production costs, design cost and the gemstones associated with making the item is not considered for arriving at the value of jewellery for the calculation of the loan amount.

In addition, the sentimental value of gold jewellery to the customers may induce repayment and redemption of the collateral even if the value of the collateral falls below the repayment amount



Credit risk

Possibility of loss due to the failure of any counterparty to abide by the terms and conditions of any financial contract.

- Reduces credit risk through a rigorous loan approval and collateral appraisal process
- Strong NPA monitoring and collection strategy
- This risk is further diminished because the gold jewellery used as collateral for loans can be readily liquidated



Interest rate risk

Potential losses arising from the movement in market values of interest rates.

- To avoid excessive exposure of Muthoot's earnings and equity to loss and to reduce its exposure to the volatility inherent in financial instruments
- Majority of the Company's borrowings, and all the loans and advances it makes, are at fixed rates of interest. This minimises the Company's interest rate risk



Liquidity risk

Liquidity management is to ensure sufficient cash flow to meet all financial commitments and to capitalise on opportunities for business expansion.

- An Asset and Liabilities Committee ('ALCO') meeting is held regularly to review the liquidity position based on future cash flow
- Tracks the potential impact of prepayment of loans at a realistic estimate
- The nature of business is such that source of funds, primarily proceeds from issue of debentures and bank loans has longer maturities than the loans and advances given resulting in low liquidity risk



Business cycle risk

Risk associated with the seasonal or cyclical nature of a business.

- MFIN's customer profile is diversified, with end-use of gold loan across various industries, and hence trade cycles have limited impact
- Geographic spread of branches allows the Company to mitigate the cyclical pressures in the economic growth of different regions



STRATEGY & WAY FORWARD

Expand branch network and visibility to maintain market leadership

- Add new branches to provide higher accessibility to customers
- Penetrate new markets and expand our customer base

Target new customer segments and launch innovative schemes

- Aggressively position gold loans as a 'lifestyle product' and expand our customer base

Access low cost funds and diversified source of funds

- Increase our efforts to access low-cost funds through rated debt instruments and raise long-term institutional funding through long-term debt instruments
- Keep the levels of our capital adequacy ratios in excess of regulatory requirements
- Strengthen our balance sheet to have access to other sources of low cost funds

Strengthen operating processes and risk management systems

- Improve our operating processes and risk management systems to enhance our ability to manage business risks

Increase productivity

- Increase average gold loan outstanding per branch through new customer acquisitions and repeat business
- Launch Innovative products that caters to various needs at every stage of Consumer's Life Cycle

Continue building trust and brand

- Long operating history, track record, management expertise and Promoter support have established a strong brand name for us
- Mobilisation of funds from retail investors in the form of non-convertible debentures was possible because of our leadership, goodwill, trust, reputation, track record, performance, stability in our business and strong quality asset portfolio
- A strong brand name has contributed to our ability to earn the trust of individuals who entrust us with their gold jewellery and will be a key factor enabling our expansion



ENGAGING WITH SOCIETY



Empowering Education

Launched the 'Muthoot M George Excellence Award' in Andhra Pradesh, Karnataka and Kerala to recognise students with the best academic excellence



Honouring Teachers

The Muthoot M George Foundation honoured and felicitated 70 meritorious teachers with the 'Shrestacharya Award' in recognition of their social contribution



Paul George Memorial Tournament

An annual cricket tournament is organised with best players from various schools, where they are given educational scholarship and free coaching at the St. George's School Academy, New Delhi for a year





Muthoot Haathi Mera Saathi - Educational Initiative

Muthoot Group and Delhi Daredevils joined hands to help educate India's marginalised children. The contributions made during this campaign were donated to their NGO partners - Magic Bus and Save the Children. Along with 'Save the Children' the Company intends to 'improve the quality of education in primary schools managed by East Delhi Municipal Corporation and to support the National objective of universal enrolment and retention.' This association will target 10,000 children, 65 teachers in 12 MCD schools



Educational Assistance

Provided financial assistance to students from economically backward families; also provided school uniforms as well as study materials to those in need





Muthoot Snehasraya

The initiative is to prevent kidney-related diseases through early detection with a fully-equipped 'mobile lab' that travels to rural Kerala and Tamil Nadu and conducts free check-up. The project was launched at Ernakulam and Trivandrum in Kerala with plans for further scale-up



Free Dialysis Treatment

Support people affected by kidney diseases. The Foundation meets the expenditure for 'dialysis' by making payment to hospitals where patients undergo treatment; provided 62,500 free dialysis covering 1,500 patients



Donation of Ambulance

As a part of CSR initiative, Muthoot Group donated an ambulance to General Hospital Ernakulam. Mr. George Alexander Muthoot, Managing Director, The Muthoot Group handed over the Ambulance key to Mr. Shaik Pareed IAS, District Collector, Ernakulam in the presence of Mr. Hibi Eden (MLA), Dr. Annie (Medical Superintendent, General Hospital, Ernakulam)





Medical Camp

Conducted over 628 eye camps in rural Tamil Nadu, Andhra Pradesh and Karnataka attended by over 150 people in each location

In many locations we have tied up with major eye hospitals and otherwise local eye hospitals



Muthoot Haathi Mera Saathi – healthcare initiative

Aims to create awareness and ensure that health is prioritised within the nation's economic development. The campaign titled 'Empowering Police Force 2013' is being organised in association with an NGO Foundation for Social Awakening (FSA)





1090 Women Power Line

In association with UP Police we have created '1,090 Women Power Line', a one-state-one-number service. The Power Line will be operated by the UP police to handle cases of harassment by vulgar and abusive callers and stalkers



Poverty Eradication

The Group provides financial assistance for hospitalization and sustenance of poor people and also for marriage expenses of daughters of widows



International Half Marathon

Sponsored International Half Marathon at Kochi in 2013 and 2014 - Muthoot Finance Cochin International Half Marathon. The event was officially launched by legendary athlete Mr. Milkha Singh and superstar Lt. Col Bharat Padmashree Mohanlal with more than 10,000 participants





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 March 31, 2015, total holding in AAF stood at 428 million equity shares representing 51% of their total capital.

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.

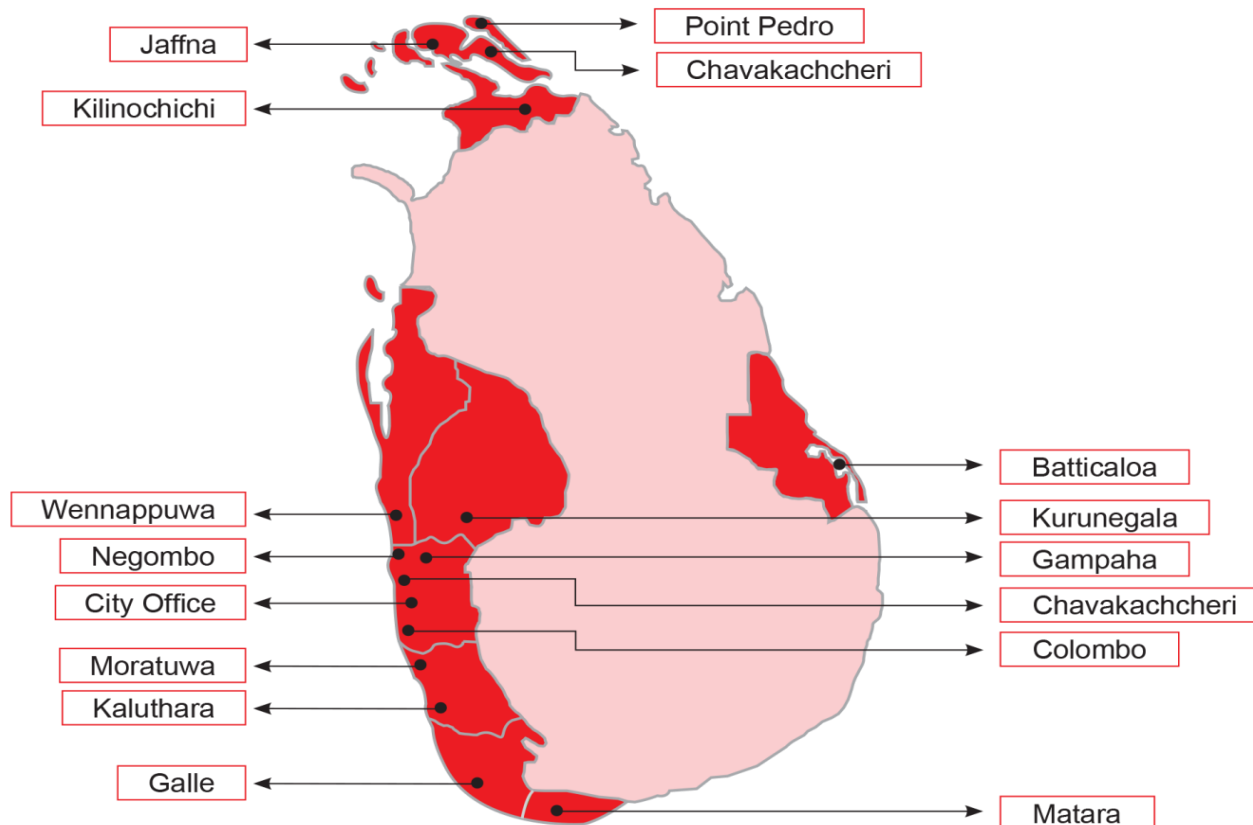
PRODUCTS



- 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	H1FY2016	FY 2015	FY 2014
LKR / INR	0.4659	0.4692	0.4586
Total Revenue	561	948	774
Total Expense	514	845	731
Profit Before Tax	92	103	43
Profit After Tax	77	101	47
Share Holders Funds	1,363	1,286	741
Total Liabilities	5,664	4,059	3,199
Total Assets	7,027	5,344	3,940

BOARD OF DIRECTORS



H. L. L. M. Nanayakkara

Chairman

Rajiv Gunawardena

CEO/ Executive Non Independent Director

Thusitha Perera

Non Executive Non Independent Director

C. Ramachandra

Non Executive Non Independent Director

Dayangani Priyanthi Pieris

Non Executive Non Independent Director

K. R. Bijimon

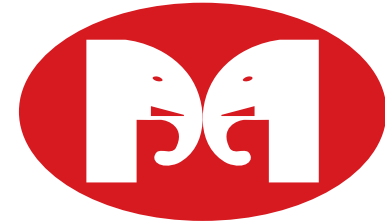
Non Executive Non Independent Director

George M. Alexander

Non Executive Non Independent Director

Mayura Fernando

Non Executive Non Independent Director



Muthoot Finance

REGISTERED OFFICE

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RBI Reg No: N.16.00167

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