

Muthoot Finance

Financial Results Q3 FY 2019

December 2018

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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DISCLAIMER w.r.t adoption of IND-AS

- This is the **first time adoption** of Indian Accounting Standards (“**IND-AS**”) for the purposes of the Company’s financial reporting.
- The **impact of the transition** from previous GAAP (“**I-GAAP**”) has been made in the **opening reserves of FY 2018**
- Except the **quarterly/nine months profit & loss account (Q1-FY19/Q2-FY 19/Q3- FY 19 & 9M-FY 19)** which have been subject to **limited review**, all other reporting and disclosure made in the presentation are based on management reports. The auditors have not reviewed any of those disclosures.
- The disclosures provided here are to **merely provide a summary of the performance** and for comparing key differences with previous accounting standards.
- There is **possibility of the financial results and the additional disclosures to be updated, modified or amended** because of adjustments which may be required to be made on account of introduction of new standards or its interpretation, receipt of guidelines or circulars from regulatory bodies and/or Reserve Bank of India and/or changes because of exercising any available exemptions
- Figures of subsidiaries disclosed are not under IND-AS.



CONSOLIDATED LOAN ASSETS *

Diversified Business of the Group * (₹ in million)

	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q3 FY 18	YoY Growth(%)	FY 2018
Consolidated Gross Loan Assets** of the Group *	364,973	359,559	343,157	307,172	19	321,591
Gross Loan Assets of Muthoot Finance	324,704	323,186	309,966	282,690	15	291,420
Gross Loan Assets of Subsidiaries	40,269	36,373	33,191	24,482	64	30,171
Contribution of Subsidiaries in the Consolidated Gross Loan Assets of the Group* (%)	11	10	10	7	-	10

	Q3 FY 19	Q2 FY 19	Q1 FY 19	Q3 FY 18	YoY Growth(%)	FY 2018
Group* Branch Network	4,882	4,765	4,688	4,552	7	4,596

* Muthoot Finance Ltd and its subsidiaries.

**Principal amount of loan assets

- 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



White Label ATM



National Pension Scheme



Personal Loans



Collection Services



Wind Mill Power Generation

29

States/Union territory presence

166 tonnes

Gold jewellery kept as security

4,400+

Pan-India branches

100,000+

Retail investor base across debenture and subordinated debt portfolio

24,000+

Team members

200,000+

Customers served every day

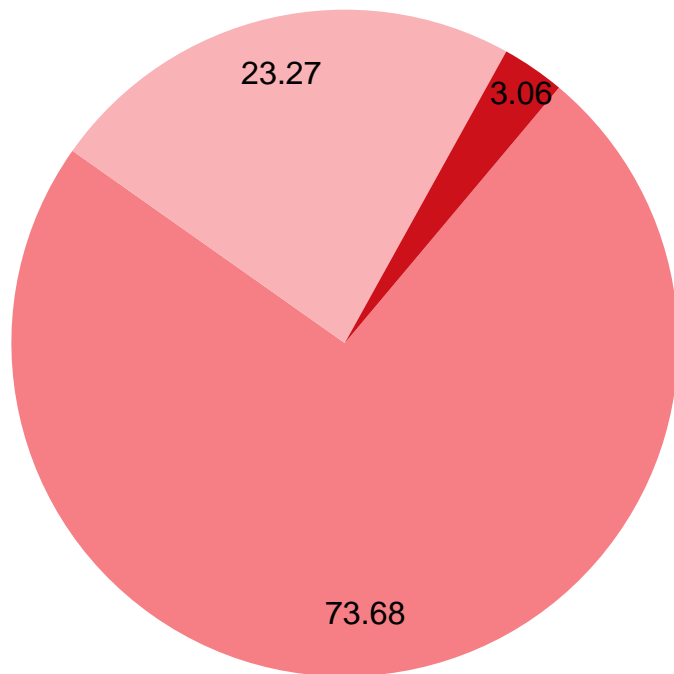
₹ 324,704 mn

Loan Assets Under Management

(As of December 31, 2018)

SHAREHOLDING PATTERN

Strong promoter interest in business with 74% stake



(%) Shareholding as on December 31, 2018

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

NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation

(as on December 31, 2018)

₹ 206,701 million

DIVIDEND PAYOUT

Delivering consistent returns to stakeholders

(%)

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Dividend (%)*	100	60	60	60	60
First Interim Dividend (%)	100	60	40	40	30
Second Interim Dividend (%)	-	-	20	-	20
Final Dividend (%)	-	-	-	20	10
Dividend Payout Ratio (%)	23.23	20.30	29.50	35.36	28.59

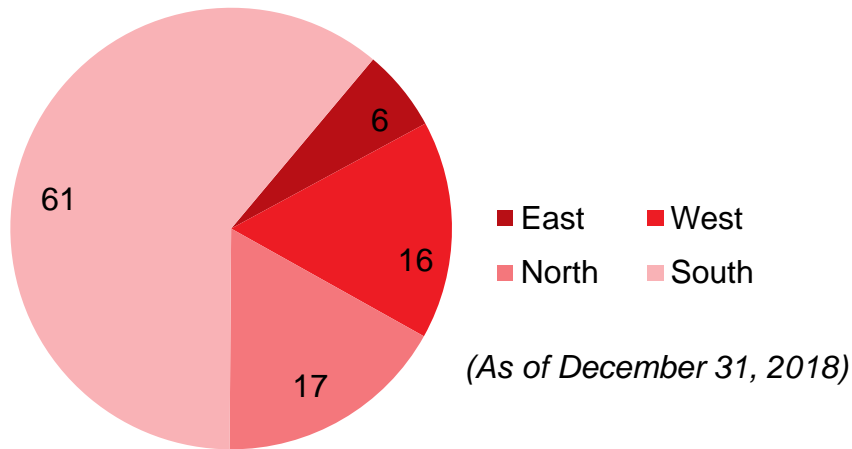
* On face value of ₹ 10 per equity share



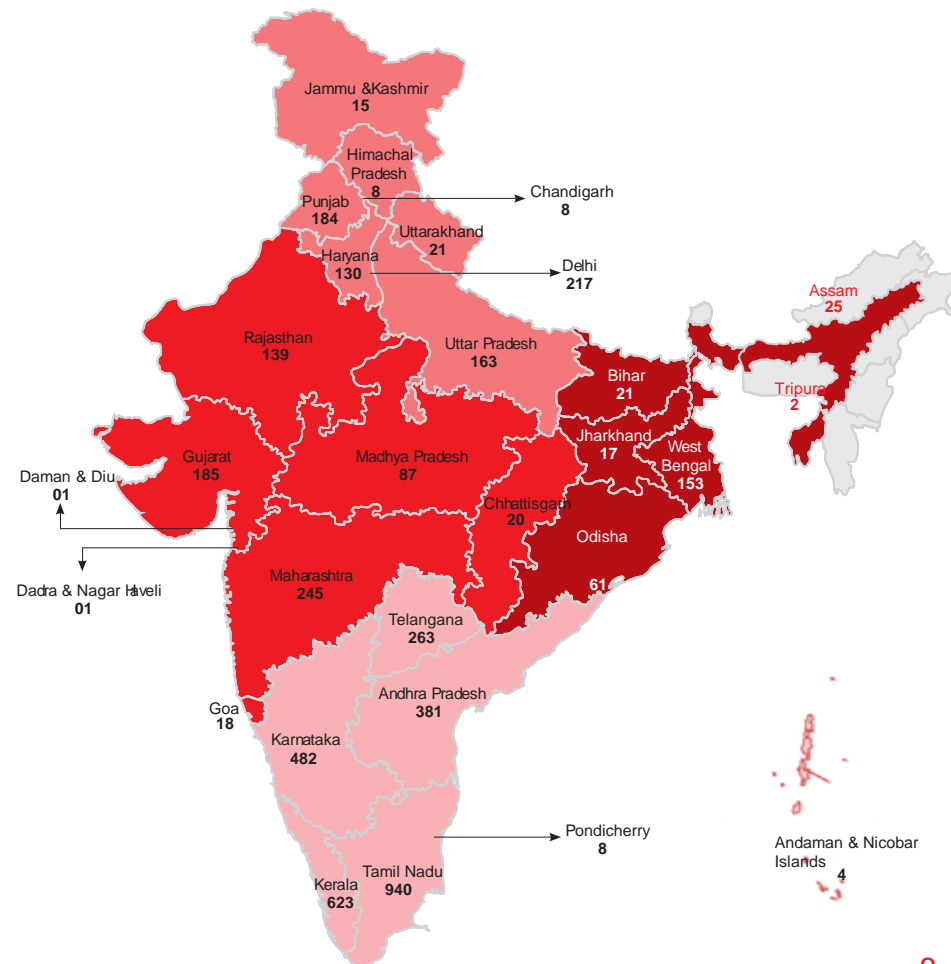
GEOGRAPHICAL PRESENCE

A strong presence of 4422 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

Digital convenience for new gen & Millennium Customer acquisition



Direct Credit Facility

- Loan proceeds credited to bank account
- NEFT/RTGS/IMPS mode of bank transfer
- Less cash handling at branch
- Instant credit to customer bank account



PoS Terminals

- Enables swiping of Debit cards issued by banks
- Swiping charges for Interest payments waived off

Gold Cash Card (GCC) - DCB VISA



- Gold Loan amount loaded in card
- Use in ATMs & Shopping (online & offline)
- Accepted at all **VISA** enabled PoS
- Bank account not required for issuance
- Only Gold Loan NBFC to provide this service

Online Gold Loan (OGL)

- 17% of our active Gold loan Customers are transacting Online

Muthoot Online



- Our online services has now been re-branded to Muthoot Online, from WebPay earlier.
- Customers can now make payment of interest and principal re-payments using Debit Card/Net Banking.
- Withdraw available loan amount and renew eligible loans through our Online Gold Loan (OGL) facility.
- To facilitate this service, we have partnered with leading Banks and online payment gateway service providers.
- e-Sign facility has been launched in September'17.

iMuthoot App



Mobile App

- Launched in Nov'16 has about 7.42 lakhs downloads.
- Online Gold Loan (OGL) facility available to withdraw loan amount and renewal, apart from payments.
- Rs.460 crs payments received from 5.89 lakhs successful transactions so far.
- Updated scheme details available with loan calculator.
- Google maps integrated for easy location of nearest branch and fix appointment.
- UPI facility has been introduced in Nov'17.
- e-Sign facility has been introduced in Jan'18.



SHAREHOLDER'S FUNDS

Strong Capital Base

Networth

(₹ in million)

	Dec-18*	Sep-18*	Jun-18*	Mar-18	Dec-17	Mar-17
Share Capital	4,006	4,002	4,001	4,000	3,999	3,995
Reserves & Surplus	88,776	83,903	79,070	73,604	73,898	61,169
Total	92,782	87,905	83,071	77,604	77,897	65,164

*Under IND- AS



Migration to IND-AS- Initial Adjustment to Reserves

Impact of migration to IND-AS was made in the Opening Reserves of FY 2018

Particulars	(₹ in million)
Opening Reserve & Surplus as per Indian GAAP as at 1st April 2017	65,164
Adjustments:	
Impact on application of Expected Credit Loss method for loan loss provisions and related adjustments as per IND AS 109	(382)
Amortisation of net income under Effective Interest Rate Method for Financial Assets	(101)
Amortisation of expenses under Effective Interest Rate method for Financial Liabilities	234
Reversal of derivative liability recognised on transition	(59)
Fair value of Investments	86
Tax adjustments on above items	77
Opening Reserve & Surplus as of 1st April 2017	65,019

Core focus continues to be gold loan

Gross Loan Assets under management*

	Dec-18	Sep-18	Jun-18	Mar- 18	Dec-17	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross loan assets under management	324,704	323,186	309,966	291,420	282,690	15	0

Break-up of Gross Loan Assets under management

Gold Loans under management	317,939	320,373	305,621	288,484	280,974	13	(1)
Other loans	6,765	2,812	4,345	2,936	1,715	304	141

*Principal amount of Loan assets



LIABILITIES

Stable sources of funding*

	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	6,584	7,034	7,645	8,769	11,419	(42)	(6)
Secured Non-Convertible Debentures- Listed	73,120	75,151	70,966	43,842	45,158	62	(3)
Borrowings from Banks/FIs	121,305	118,051	109,713	111,836	120,421	1	3
Subordinated Debt	1,179	2,999	5,701	7,388	9,389	(87)	(61)
Subordinated Debt -Listed	3,849	3,849	3,849	3,849	3,849	0	0
Commercial Paper	40,055	30,078	27,395	28,181	14,505	176	33
Other Loans	6,114	6,176	7,023	8,815	6,221	(2)	(1)
Total	252,206	243,337	232,292	212,680	210,962	20	4

*Principal amount of Borrowings



REVENUE & PROFIT

Profit & Loss Statement

(₹ in million)

	9M FY 2019*	9M FY 2018*	YoY Growth (%)	Q3 FY 2019*	Q3 FY 2018*	YoY Growth (%)	Q2 FY 2019*	Q1 FY 2019*	FY 2018**
INCOME									
Interest Income	49,251	45,682	8	16,827	15,652	8	16,316	16,108	60,593
Other Income	751	624	20	344	262	31	185	222	1,839
Total	50,002	46,306	8	17,171	15,914	8	16,501	16,330	62,432
EXPENDITURE									
Interest Expense	16,258	14,778	10	5,888	4,725	25	5,354	5,016	19,399
Personnel Expenses	6,033	5,521	9	1,913	1,831	4	2,019	2,102	7,288
Administrative & Other expenses	4,337	3,479	25	1,359	1,260	8	1,484	1,478	4,940
Provisions & Write Offs	71	1,800	(96)	19	505	(96)	25	26	2,397
Directors Remuneration	201	173	16	67	58	15	67	67	431
Depreciation	276	302	(9)	101	104	(3)	100	91	405
Total	27,176	26,053	4	9,347	8,483	10	9,048	8,780	34,860
PROFIT									
Profit Before Tax	22,826	20,252	13	7,823	7,431	5	7,453	7,550	27,571
Profit After Tax	14,606	12,693	15	4,852	4,787	1	4,838	4,916	17,203

* Under IND-AS

** Under I-GAAP



Reconciliation of IND-AS Migration

I-GAAP and IND-AS Reconciliation

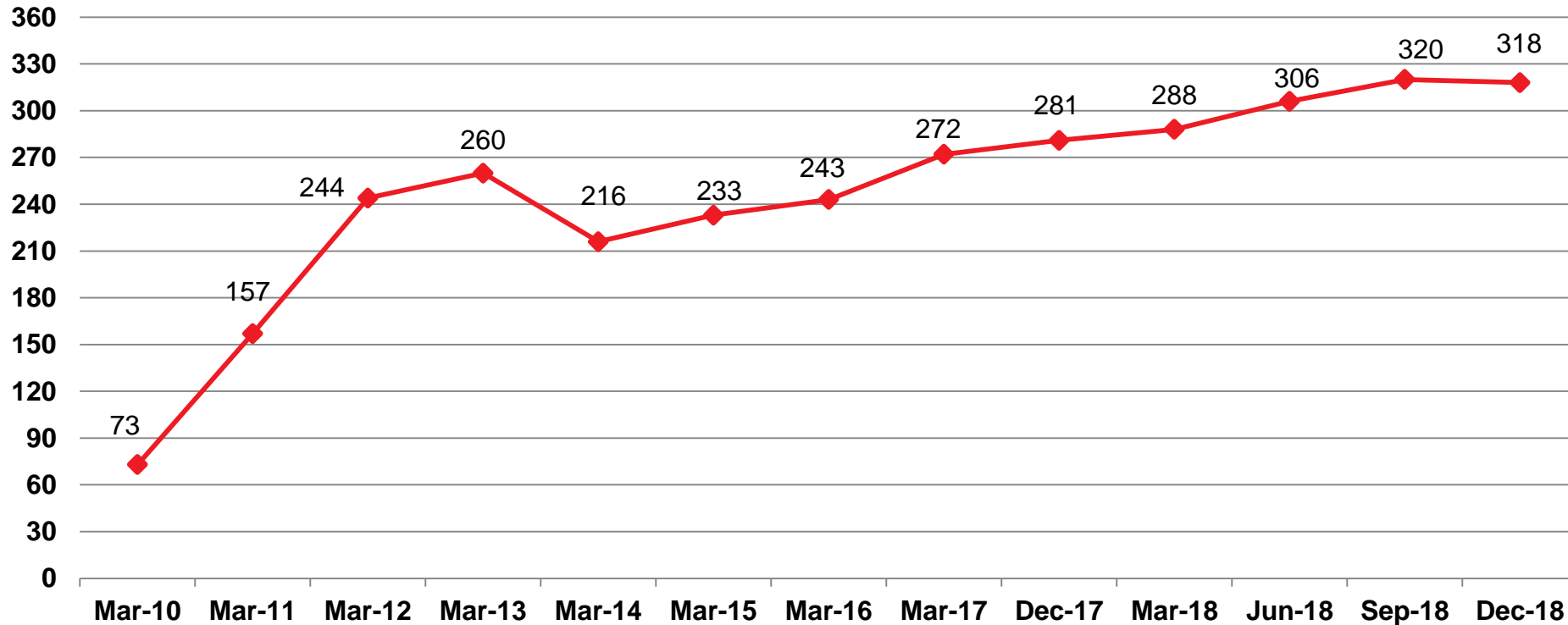
(₹ in million)

	9M FY 2018	Q3 FY 2018	Q2 FY 2018	Q1 FY 2018
Net Profit after Tax reported under Previous GAAP	1,26,888	46,365	4,542	3,511
Adjustments increasing/(decreasing) net profit after tax as reported in the previous GAAP:				
Impact on application of Expected Credit Loss method for loan loss provisions and related adjustments as per IND AS 109	(534)	3,290	311	(311)
Amortisation of net income under Effective Interest Rate method for Financial Assets	(512)	(186)	(336)	(20)
Amortisation of expenses under Effective Interest Rate method for Financial Liabilities	1,252	(362)	(162)	205
Fair Value movement in Investments	0	(32)	62	
Reversal of derivative liability recognised on transition	591	0	0	59
Reclassification of Actuarial Gain/Loss to Other Comprehensive Income	(477)	(181)	(15)	(15)
Fair Valuation of Employee Stock Options	(260)	(231)	10	(13)
Tax adjustments on above items	(21)	(795)	45	33
Net Profit after tax as under IND AS	1,26,927	47,867	4,457	3,449
Other Comprehensive Income/Loss(Net of tax)	312	119	10	10
Total Comprehensive Income(after tax) as reported under IND AS	1,27,239	47,985	4,467	3,459

Gaining scale over the years

Gold Loan Assets Under Management*

(₹ in billion)



*Principal amount of gold Loan assets

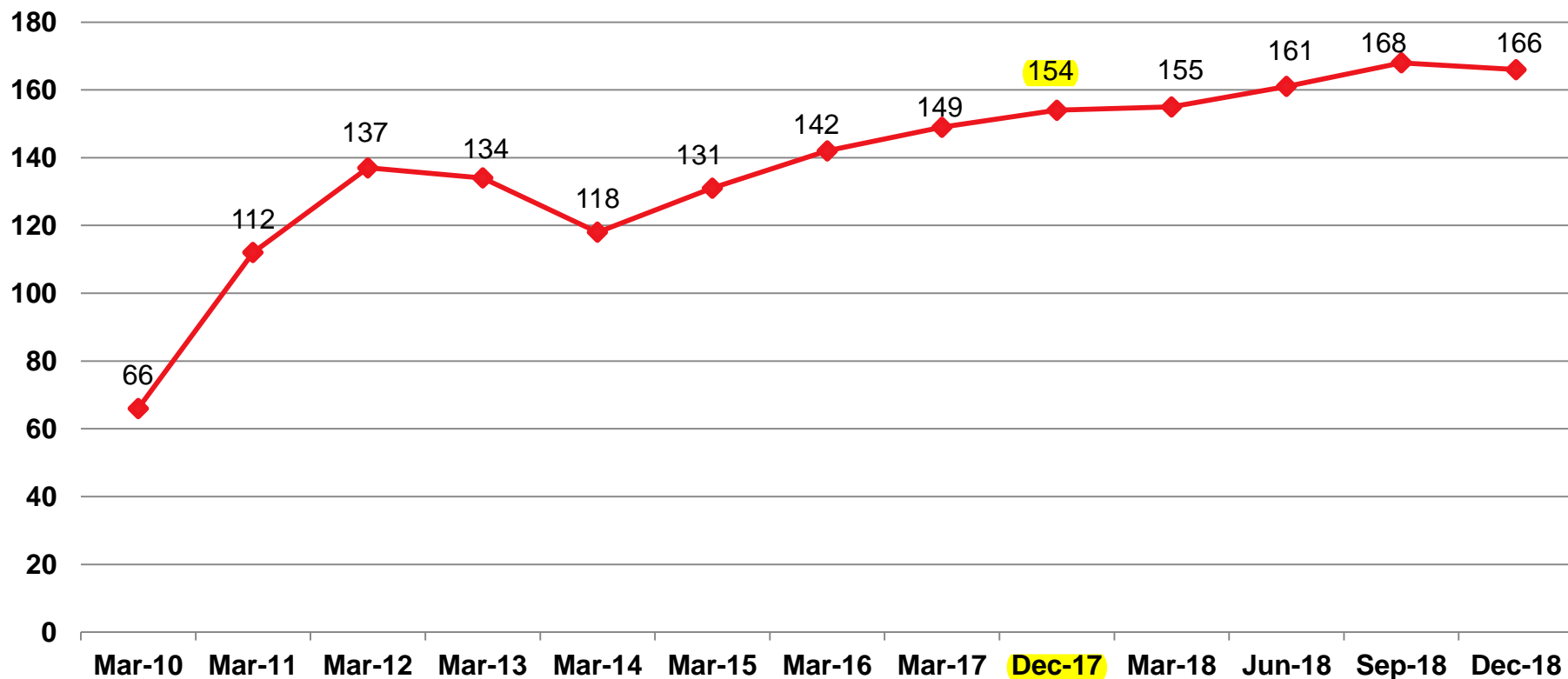


GOLD HOLDING

Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)

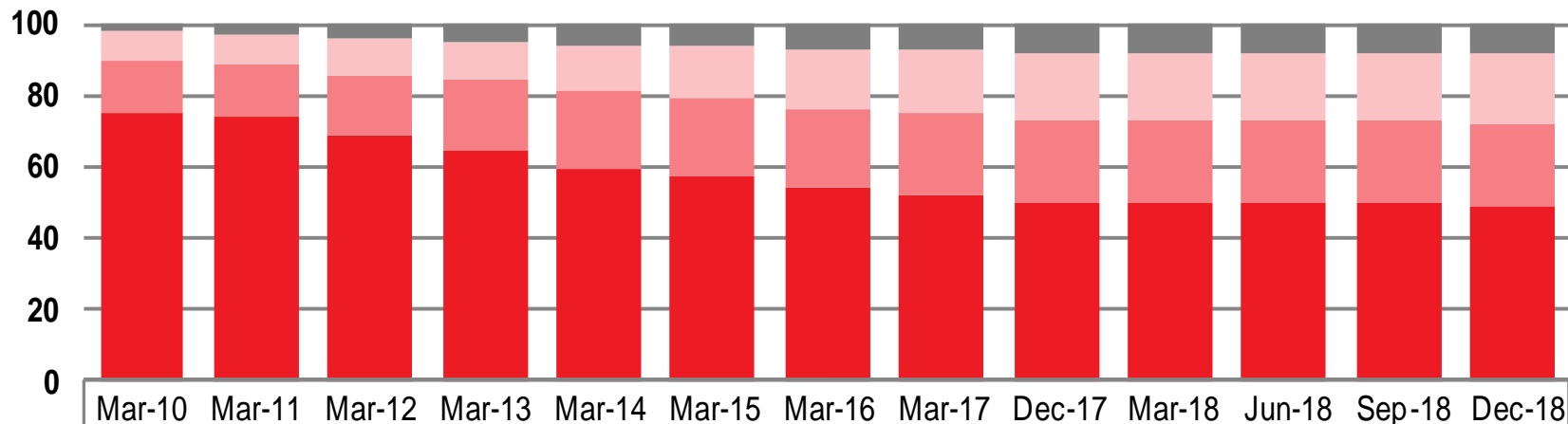




GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO *Muthoot Finance*

Diversified gold loan portfolio across India

(%)



	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
■ East	2	3	4	5	6	6	7	7	8	8	8	8	8
■ West	8	8	10	11	13	15	17	18	19	19	19	19	20
■ North	15	15	17	19	22	22	22	23	23	23	23	23	23
■ South	75	74	69	65	59	57	54	52	50	50	50	50	49

Gold Loan Assets Under Management *

(₹ in billion)

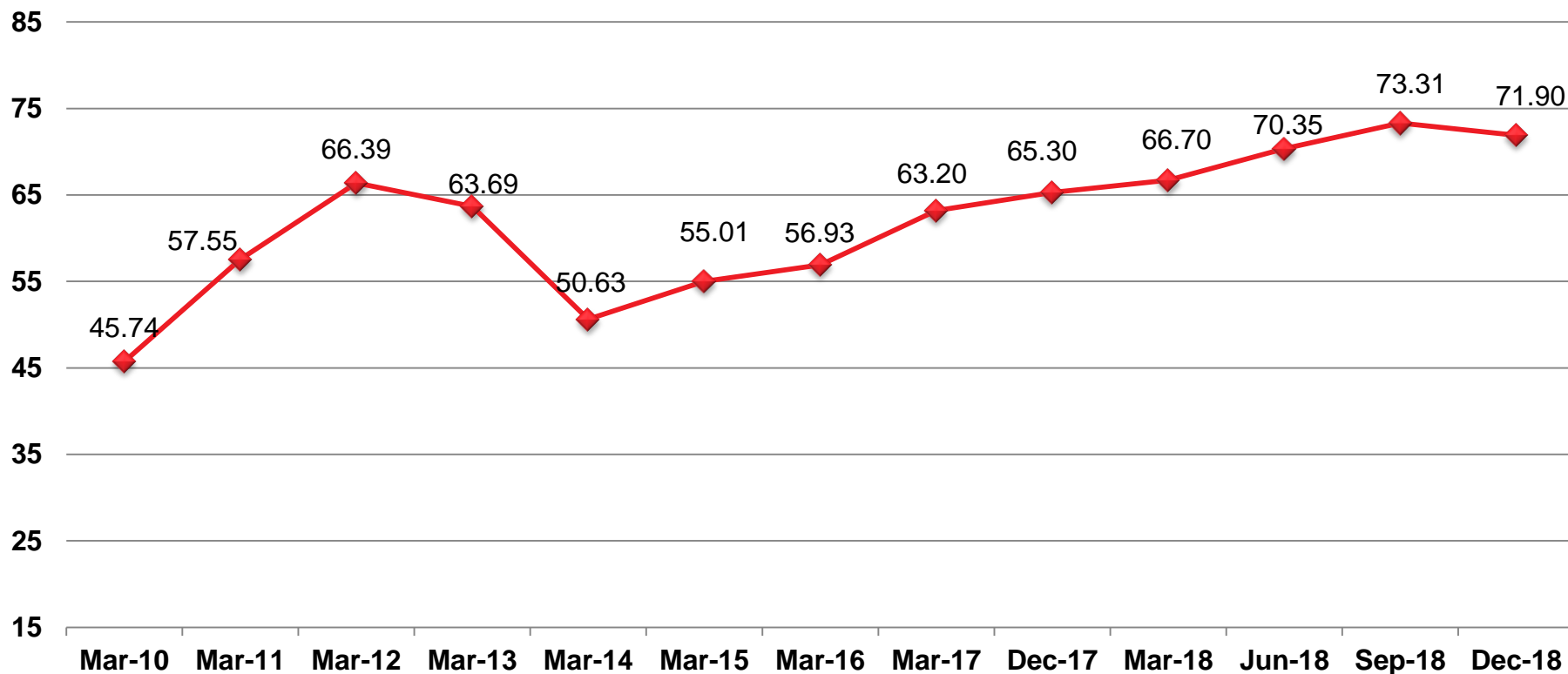
Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
73	157	244	260	216	233	243	272	281	288	306	320	318

*Principal amount of gold Loan assets

Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch *

(₹ in million)

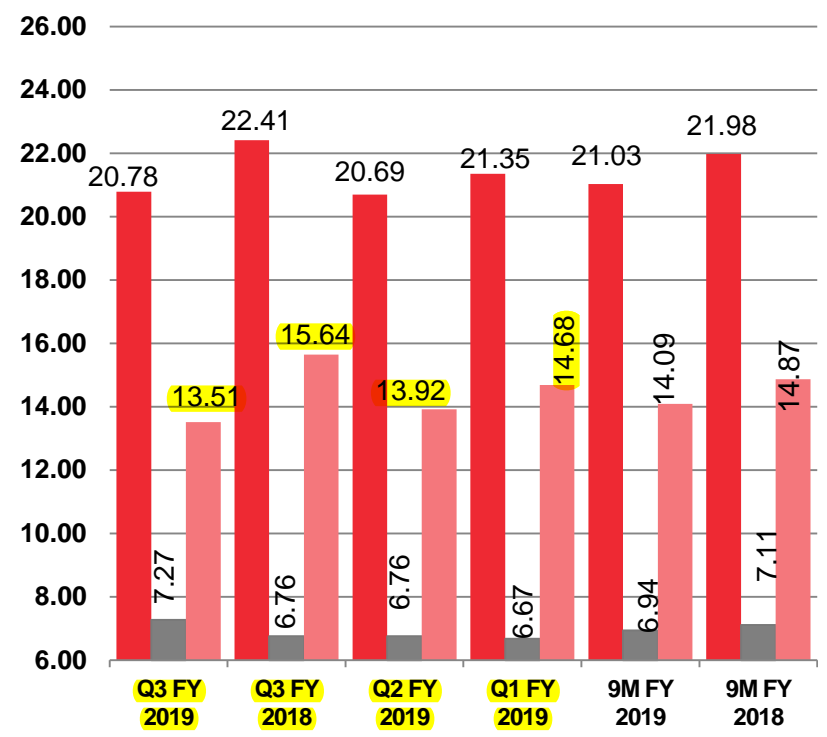
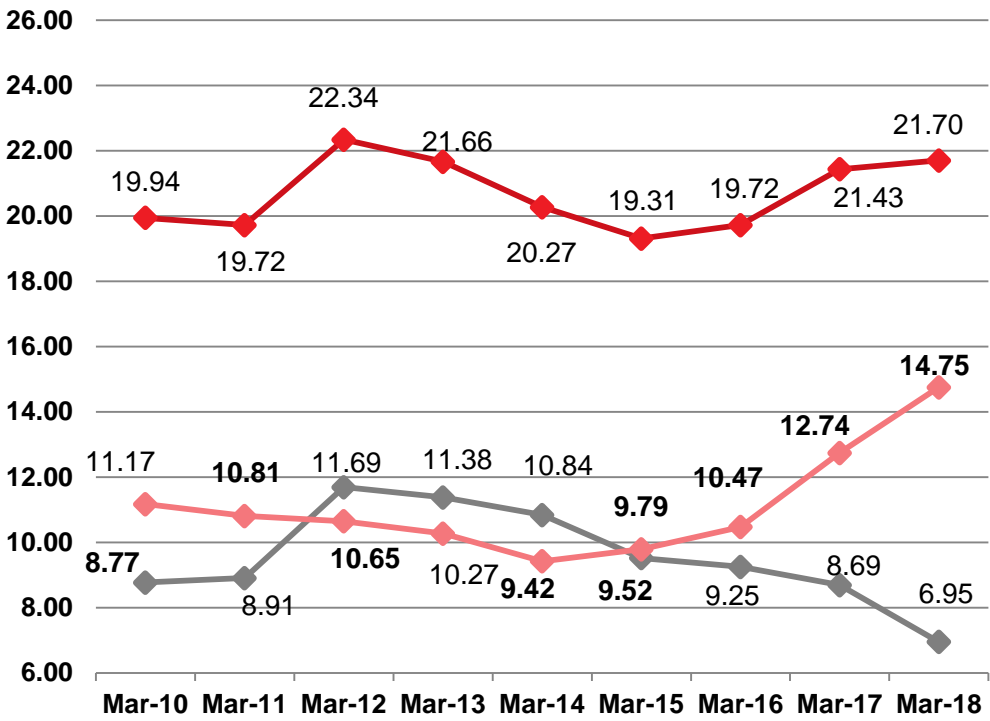


*Principal amount of gold Loan assets

YIELD ON LOAN ASSETS AND NIM

Yearly* (%)

Quarterly** (%)



*Under I-GAAP

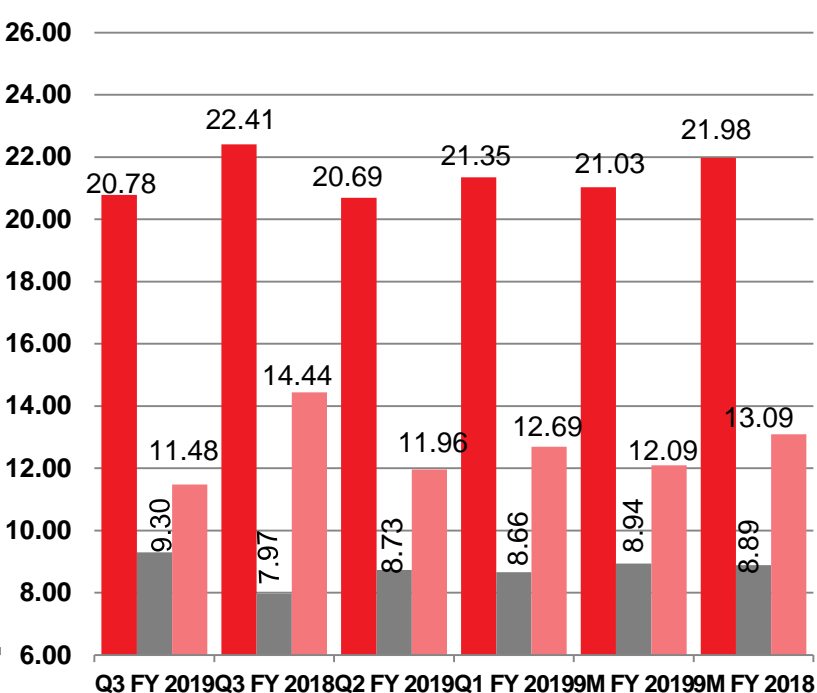
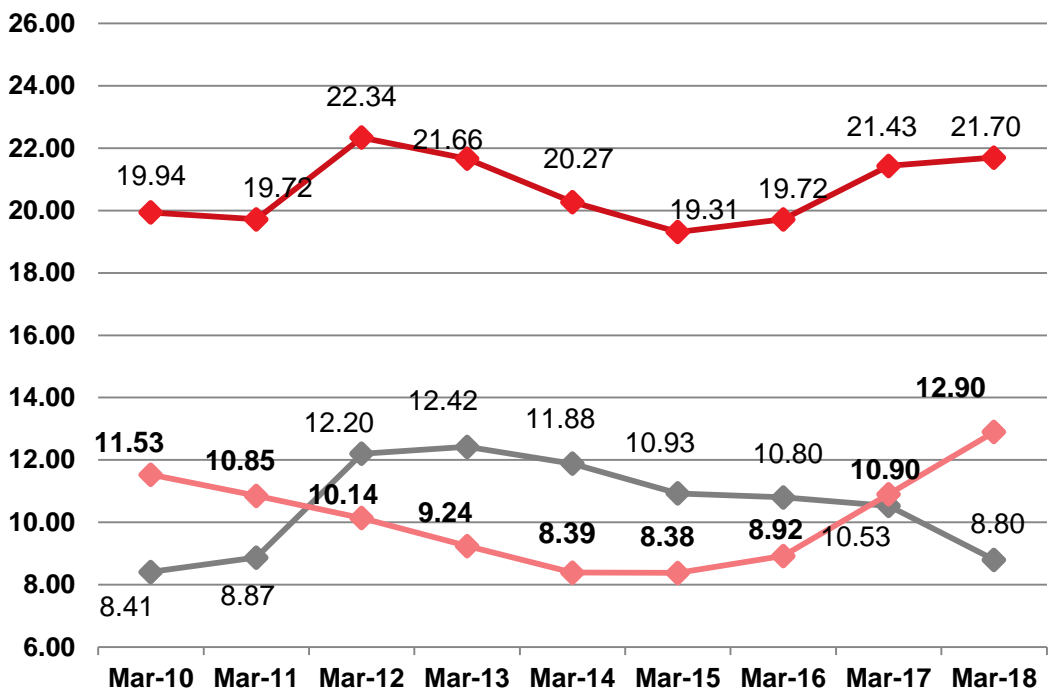
**Under IND -AS

- Interest Income on Average Loan Assets
- Interest Expense on Average Loan Assets
- Net Interest Margin



INTEREST SPREAD

Yearly* (%)	Quarterly** (%)
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*Under I-GAAP

**Under IND-AS

- Interest Income on Average Loan Assets
- Interest Expenses on Average Outside Liabilities
- Interest Spread

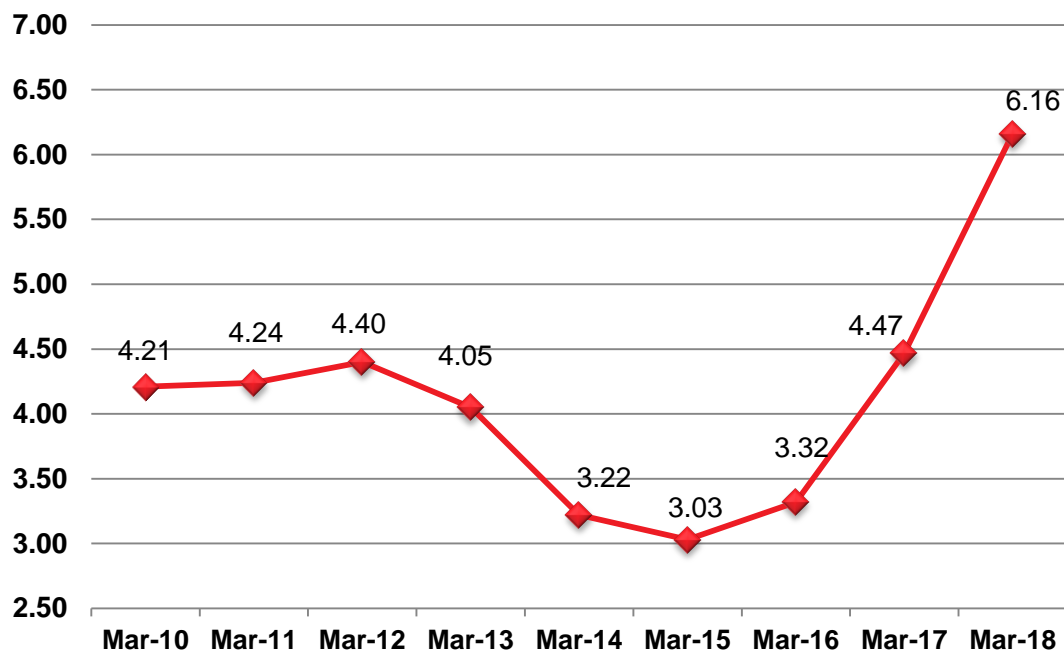


RETURN ON AVERAGE LOAN ASSETS

Attractive returns over the years

Yearly*

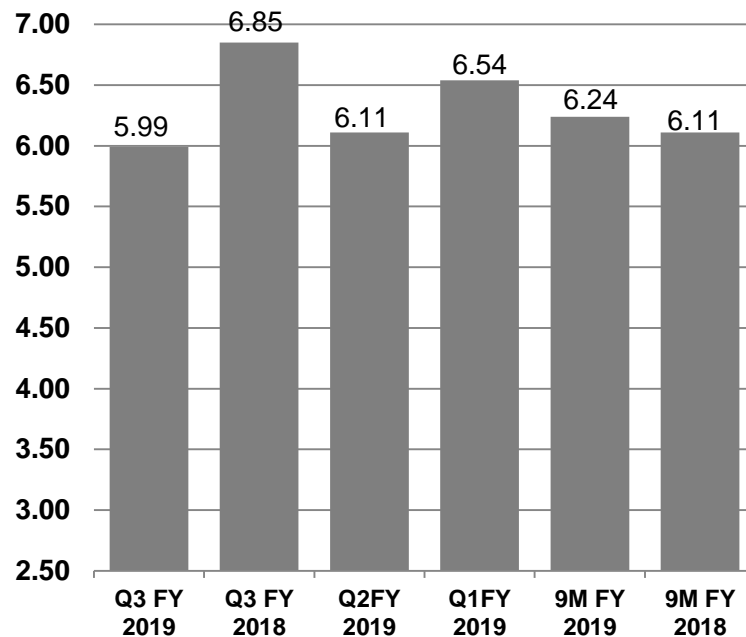
(%)



*Under I-GAAP

Quarterly**

(%)



**Under IND-AS

STAGE III LOAN ASSETS & ECL PROVISION



Muthoot Finance

IND AS

(₹ in million)

	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17	Mar-17
Stage III Loan Asset	6,372	6,169	8,835	12,872	21,481	7,612
% Stage III Asset on Gross Loan Asset	1.96	1.91	2.85	4.42	7.60	2.79
ECL Provision	5,835	5,795	5,892	6,089	7,089	5,278
ECL Provision as % of Gross Loan Assets	1.80	1.79	1.90	2.09	2.51	1.94
Provisions outstanding in books	8,096	8,096	8,096	8,096	7,640	6,035

Provisioning Norms

Stage	Description	Provision Mechanism
Stage 1	0-30 days past due	PDxLGDxStage 1 Asset
Stage 2	> 30 to <= 90 past due	PDxLGDxStage 2 Asset
Stage 3	> 90 days past due	LGD x EAD of Stage 3 Asset
<i>PD-Probability of default</i>	<i>LGD-Loss given default</i>	<i>EAD-Exposure at Default</i>

Bad Debts

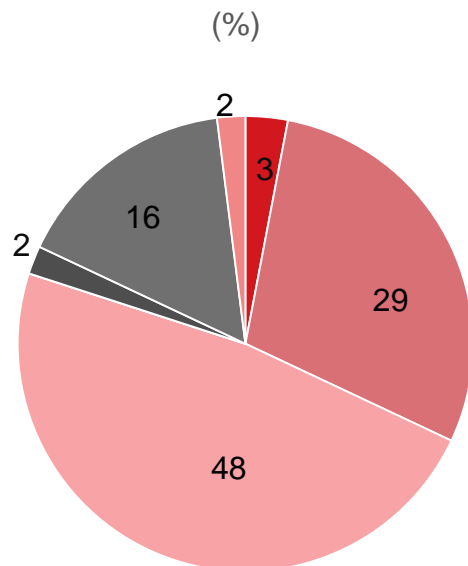
(₹ in million)

	Q3 FY 19*	Q2 FY 19*	Q1 FY 19*	Q3 FY 18**	9M FY 19*	9M FY 18**
Bad Debts Written Off	19	26	26	55	71	128

* Under IND-AS

**As per I-GAAP

Maintaining a diversified funding profile*



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 6,584 mn (3%)
- Secured Non-Convertible Debentures – Listed – ₹ 73,120 mn (29%)
- Borrowings from Banks/Fis - ₹ 121,305 mn (48%)
- Subordinated Debt – ₹ 1,179 mn (0%)
- Subordinated Debt – Listed - ₹ 3,849 mn (2%)
- Commercial Paper – ₹ 40,055 mn (16%)
- Other Loans – ₹ 6,114 mn (2%)

**Principal amount of Borrowings*

(As of December 31, 2018)



CREDIT RATINGS

Highest Rating among gold loan companies

Short-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
COMMERCIAL PAPER			
CRISIL	50,000	CRISIL A1+	Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk
ICRA	50,000	ICRA A1+	Very strong degree of safety and lowest credit risk
BANK LOANS			
ICRA*	131,530	ICRA A1+	Very strong degree of safety and lowest credit risk

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	20,000	CRISIL AA/(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	20,000	ICRA AA(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
BANK LOANS			
ICRA*	101,620	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 ₹141,150 millions

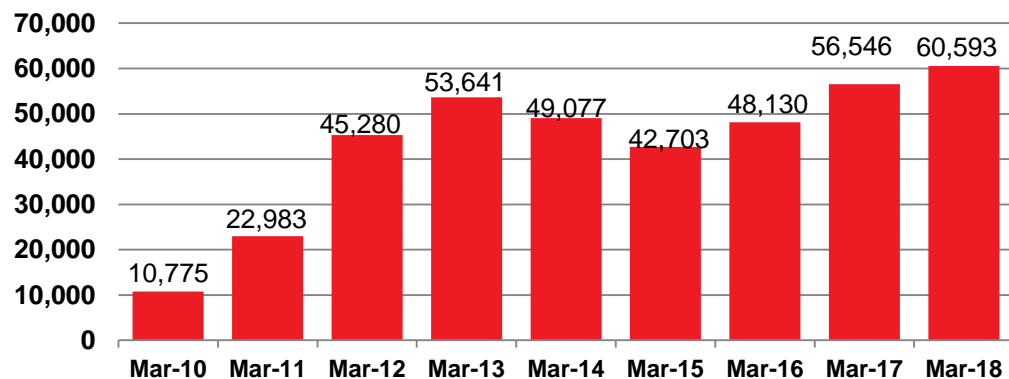


BREAK-UP OF GROSS INCOME

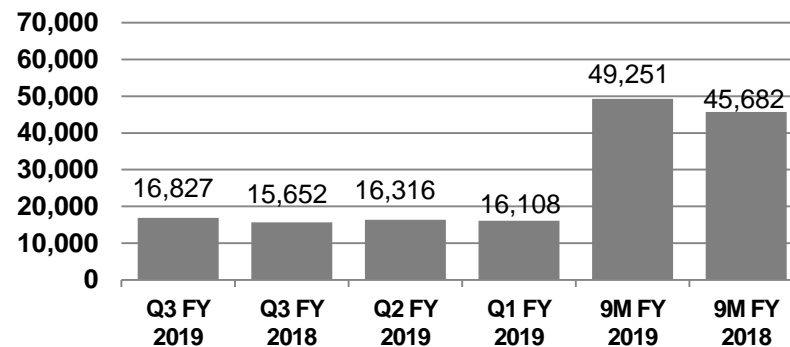
Interest Income

(₹ in million)

Yearly*



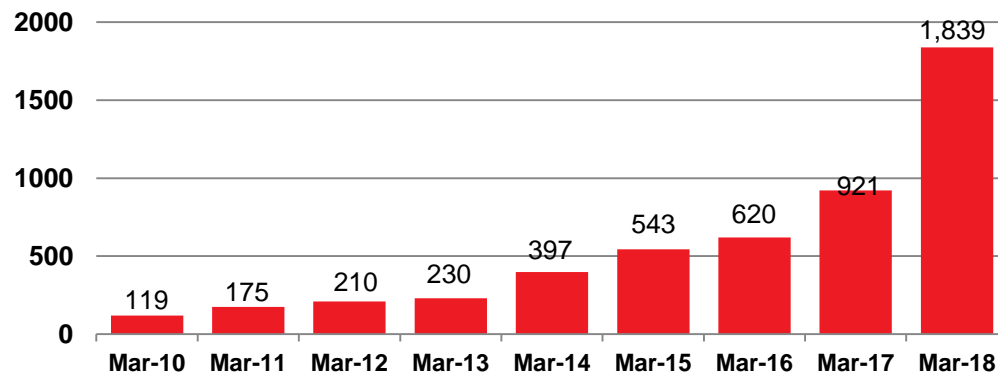
Quarterly**



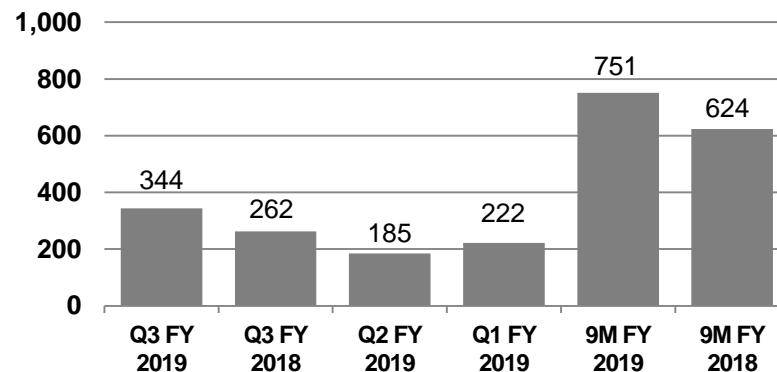
Other Income

(₹ in million)

Yearly*



Quarterly**



*Under I-GAAP

**Under IND-AS

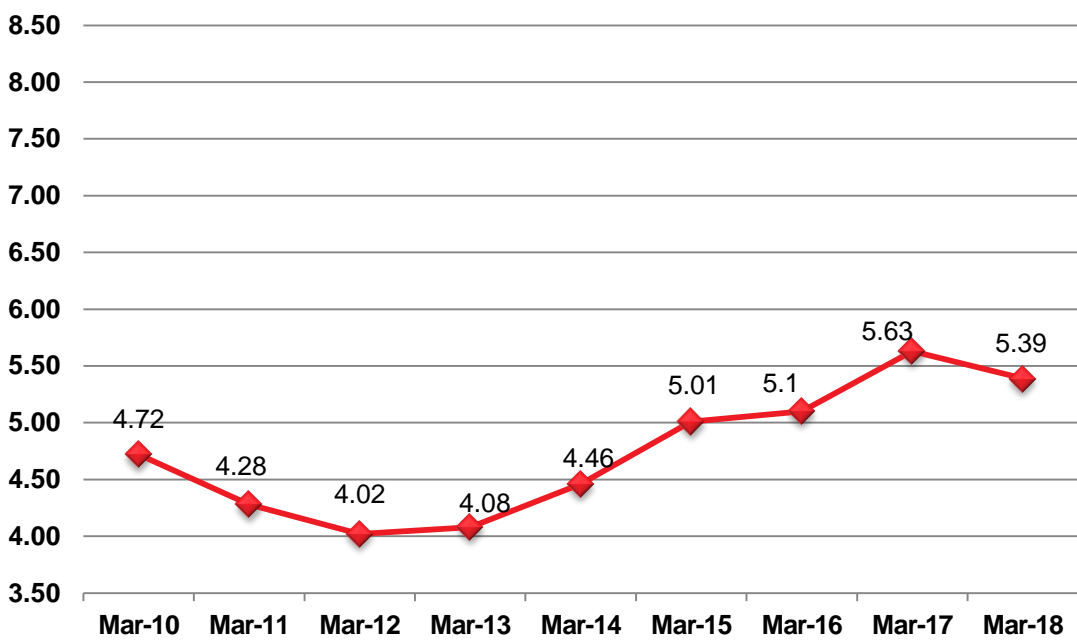


OPERATING EXPENSES TO AVERAGE LOAN ASSETS

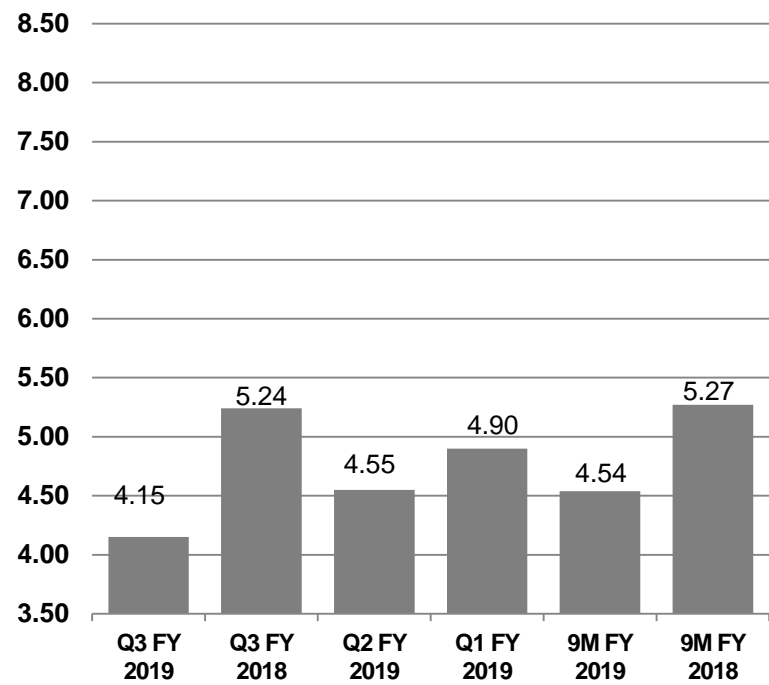
Operational efficiency over the years

Yearly* (%)

Quarterly** (%)



*Under I-GAAP



**Under IND AS



BREAK-UP OF OPERATING EXPENSES

Yearly*	₹ in million)								Quarterly**						₹ in Million)	
	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Q3 FY 2019	Q3 FY 2018	Q2 FY 2019	Q1 FY 2019	9M FY 2019	9M FY 2018		
Personnel Expenses	7,288	7,280	6,418	6,304	5,917	5,453	4,145	2,209	1,913	1,515	2,019	2,102	6,034	5,205		
Rent	1,913	1,808	1,713	1,650	1,542	1,309	1,042	603	503	474	493	475	1,471	1,402		
Advertisement	720	531	626	651	702	579	866	647	131	199	282	308	721	439		
Postage, Telegram and Telephone	404	372	378	371	364	243	184	115	100	93	82	87	269	320		
Traveling and Conveyance	182	186	187	212	190	175	168	114	65	46	65	51	181	132		
Printing and Stationery	136	129	144	160	185	168	155	111	40	32	36	34	110	93		
Repairs and Maintenance	362	362	290	281	272	256	341	211	64	67	58	84	206	218		
Legal and Professional Charges	153	124	93	189	216	86	60	114	53	14	59	46	158	116		
Business Promotion Expense	209	201	149	140	279	332	267	119	126	34	128	97	351	81		
Directors Remuneration	431	362	196	192	192	192	192	192	67	58	67	67	201	173		
Depreciation and Amortisation Expenses	438	482	575	841	475	454	329	180	110	115	100	91	301	325		
Others	1,165	835	1,014	733	731	550	380	229	288	1111	307	322	915	2,771		
Provision For Standard & NPA Assets	2,061	2,647	1,223	180	214	765	351	323	0	0	0	0	0	0		
Total	15,462	15,319	13,006	11,904	11,279	10,562	8,480	5,165	3,459	3,758	3,696	3,764	10,918	11,275		

*Under I- GAAP

**Under IND-AS



BREAK-UP OF OPERATING EXPENSES

	Yearly*								Quarterly**					
	(%)								(%)					
	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Q3 FY 2019	Q3 FY 2018	Q2 FY 2019	Q1 FY 2019	9M FY 2019	9M FY 2018
Personnel Expenses	47	48	49	53	52	52	49	43	55	40	55	56	55	46
Rent	12	12	13	14	14	12	12	12	15	13	13	13	13	12
Advertisement	5	3	5	5	6	5	10	13	4	5	8	8	7	4
Postage, Telegram and Telephone	3	2	3	3	3	2	2	2	3	2	2	2	2	3
Traveling and Conveyance	1	1	1	2	2	2	2	2	2	1	2	1	2	1
Printing and Stationery	1	1	1	1	2	2	2	2	1	1	1	1	1	1
Repairs and Maintenance	2	2	2	2	2	2	4	4	2	2	2	2	2	2
Legal and Professional Charges	1	1	1	2	2	1	1	2	2	0	2	1	1	1
Business Promotion Expense	1	1	1	1	2	3	3	2	4	1	3	3	3	1
Directors Remuneration	3	2	2	2	2	2	2	4	2	2	2	2	2	2
Depreciation and Amortisation Expenses	3	3	4	7	4	4	4	3	3	3	3	2	3	3
Others	8	5	8	6	6	5	4	4	8	30	8	9	8	25
Provision For Standard & NPA Assets	13	17	9	2	2	7	4	6	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

*Under I- GAAP

**Under IND-AS



PROFITABILITY RATIOS

Yearly* (Based on Income)	(%)								Quarterly** (%)					
	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	9M FY 2019	9M FY 2018	Q3 FY 2019	Q3 FY 2018	Q2 FY 2019	Q1 FY 2019
Interest expense to Gross Income	31.07	39.92	46.31	48.71	53.08	52.34	52.10	44.83	32.51	31.91	34.29	29.69	32.44	30.72
Selling, general and administrative expenses to Net Income	29.42	34.88	41.36	48.26	44.66	35.89	35.48	36.32	31.33	29.09	29.59	28.14	32.02	32.23
Provisions & Write Offs to Net Income	5.57	8.16	6.20	1.67	1.89	3.49	1.93	2.68	0.21	5.71	0.17	4.51	0.23	0.23
Operational expenses to Net Income	34.99	43.03	47.56	49.93	46.55	39.37	37.41	38.99	31.54	34.80	29.76	32.66	32.24	32.46
OPBDT / Net Income	65.01	56.97	52.44	50.06	53.45	60.62	62.59	61.00	68.46	65.19	70.23	67.34	67.76	67.54
Depreciation to Net Income	0.94	1.33	2.13	3.72	2.03	1.76	1.50	1.42	0.82	0.96	0.90	0.93	0.90	0.80
OPBT / Net Income	64.07	55.63	50.31	46.34	51.42	58.86	61.09	59.58	67.64	64.23	69.34	66.41	66.86	66.73
PBT / Net Income	64.07	55.63	50.31	46.34	51.42	58.86	61.09	59.58	67.64	64.23	69.34	66.41	66.86	66.73
PAT / Net Income	39.98	34.17	30.93	30.23	33.60	39.11	40.93	38.68	43.28	40.26	43.00	42.78	43.40	43.45

*Under I-GAAP

**Under IND-AS



PROFITABILITY RATIOS

Yearly*	Yearly*								Quarterly**					
	Mar-18 Mar-17 Mar-16 Mar-15 Mar-14 Mar-13 Mar-12 Mar-11								Q3 FY 2019 Q3 FY 2018 Q2 FY 2019 Q1 FY 2019 9M FY 2019 9M FY 2018					
(Based on Average Loan Assets)														
Interest income to avg. loan assets	21.70	21.43	19.72	19.30	20.27	21.66	22.34	19.72	20.78	22.41	20.69	21.35	21.03	21.98
Interest expense to avg. loan assets	6.95	8.69	9.25	9.52	10.84	11.38	11.69	8.91	7.27	6.76	6.76	6.67	6.94	7.11
Net Interest Margin	14.75	12.74	10.47	9.78	9.42	10.27	10.65	10.81	13.51	15.64	13.92	14.68	14.09	14.87
Other income to avg. Loan assets	0.66	0.35	0.25	0.25	0.16	0.09	0.10	0.15	0.42	0.38	0.16	0.37	0.32	0.30
Net Income Including Other Income	15.41	13.09	10.72	10.03	9.59	10.37	10.75	10.96	13.93	16.02	14.09	15.05	14.41	15.17
Selling, general and administrative expenses to avg. loan assets	4.53	4.56	4.43	4.84	4.28	3.72	3.81	3.98	4.14	3.57	4.52	4.86	4.52	4.68
Provisions and write offs to avg. loan assets	0.86	1.07	0.67	0.17	0.18	0.36	0.21	0.29	0.01	1.67	0.03	0.04	0.02	0.59
PBDT to avg. loan assets	10.02	7.45	5.62	5.02	5.12	6.28	6.73	6.69	9.78	10.79	9.53	10.15	9.86	9.89
Depreciation to avg. loan assets	0.15	0.17	0.23	0.37	0.20	0.18	0.16	0.16	0.12	0.15	0.12	0.11	0.12	0.15
PBT to avg. loan assets	9.87	7.28	5.39	4.65	4.93	6.10	6.57	6.53	9.66	10.64	9.42	10.04	9.74	9.74
Tax to avg. loan assets	3.71	2.81	2.08	1.62	1.71	2.05	2.17	2.29	3.67	3.79	3.30	3.50	3.51	3.64
PAT to avg. loan assets	6.16	4.47	3.32	3.03	3.22	4.05	4.40	4.24	5.99	6.85	6.11	6.54	6.24	6.11
Cash Profit to avg. loan assets	6.30	4.65	3.54	3.40	3.42	4.24	4.56	4.40	6.12	7.00	6.23	6.65	6.35	6.25

*Under I-GAAP

**Under IND-AS



PROFITABILITY

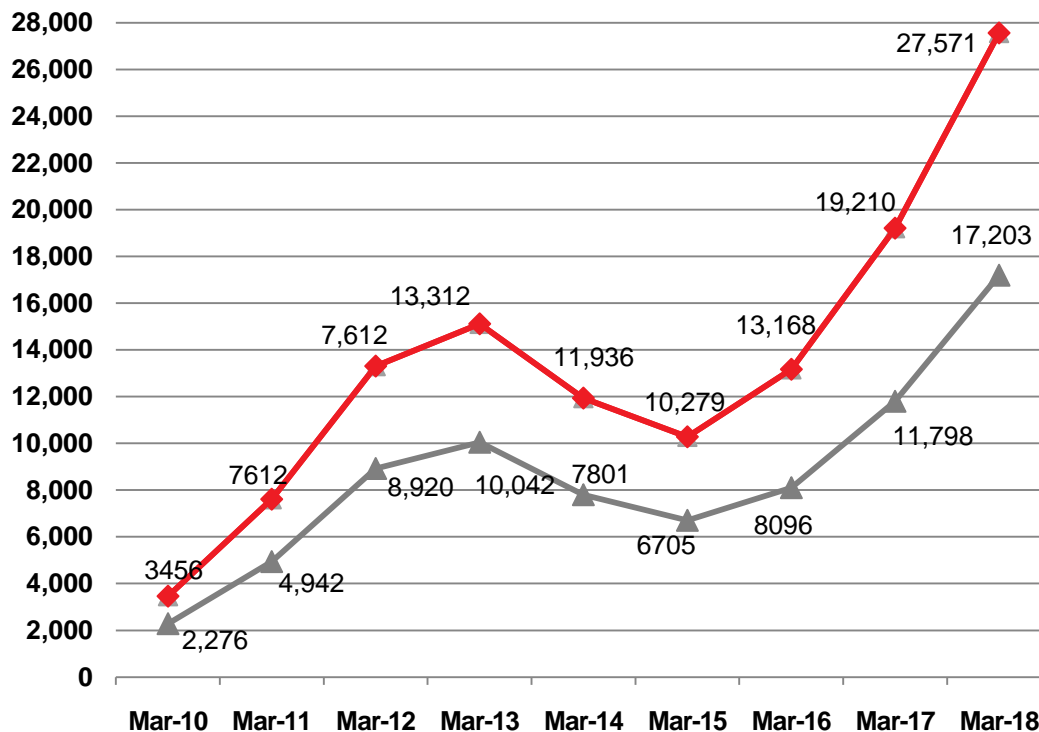
Efforts getting rewarded

Profitability at a glance

(₹ in million)

Yearly*

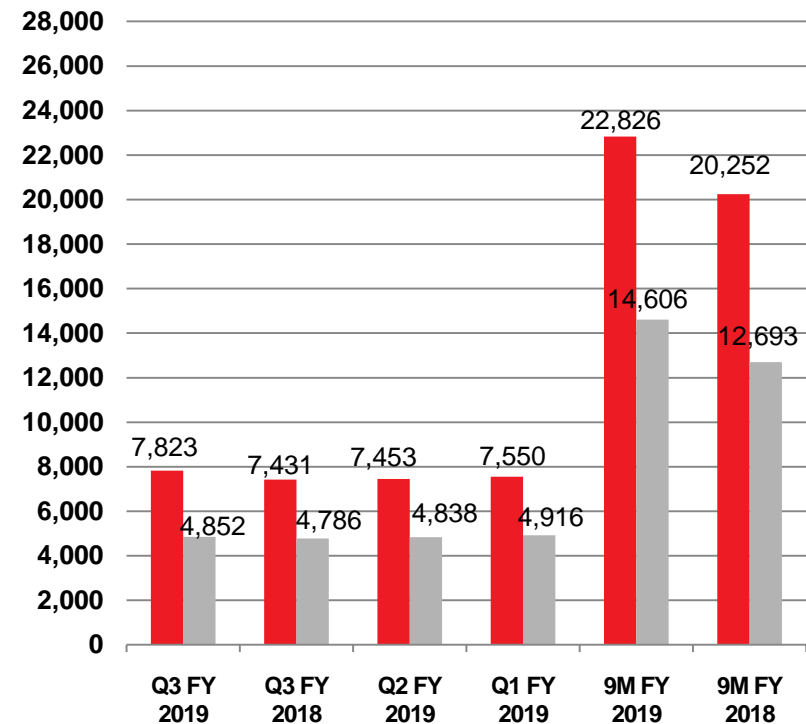
◆ PBT ▲ PAT



*Under I-GAAP

Quarterly**

■ PBT ■ PAT

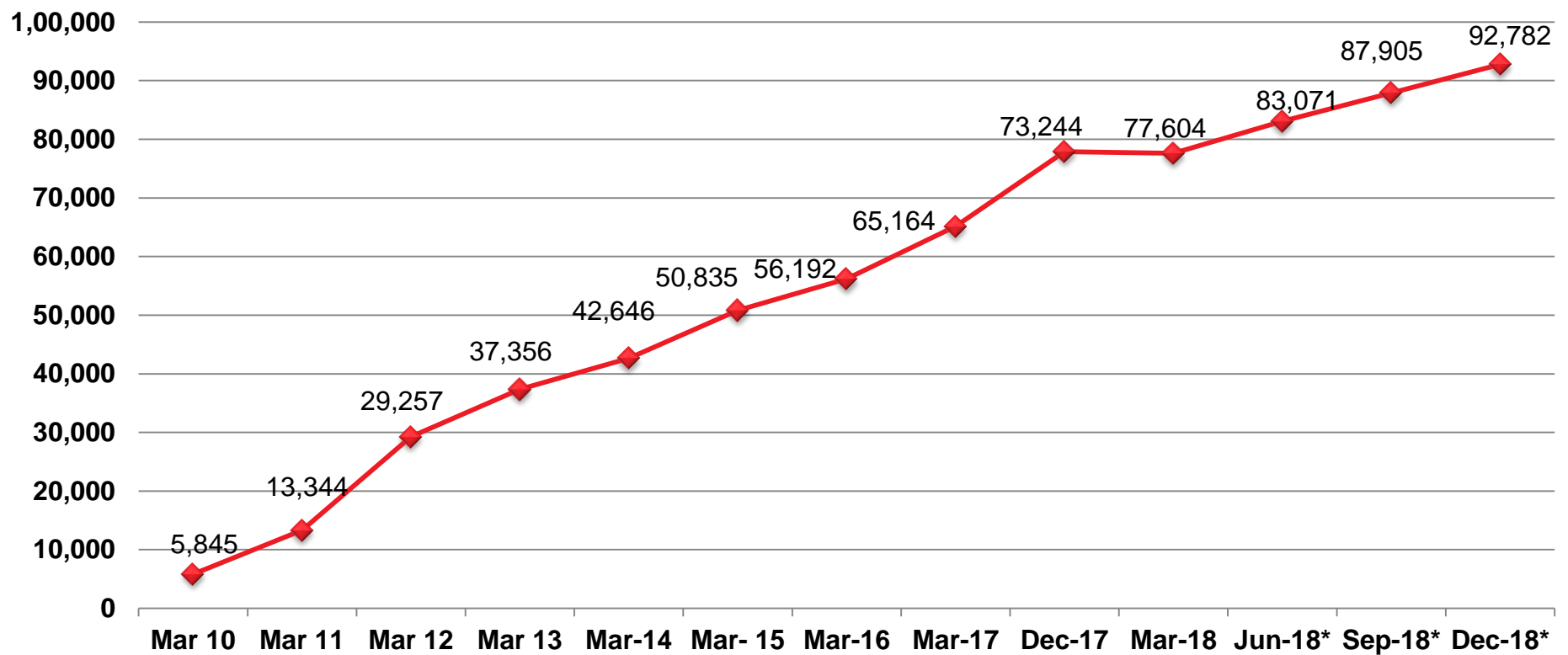


**Under IND-AS

Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



*Under IND-AS



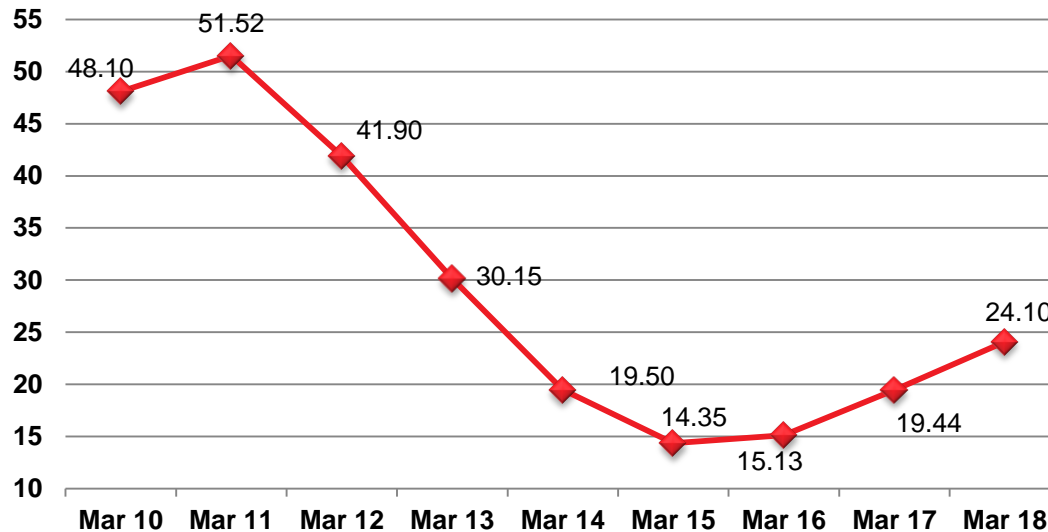
RETURN ON EQUITY

Stable shareholder value creation

Return on Average Equity

Yearly*

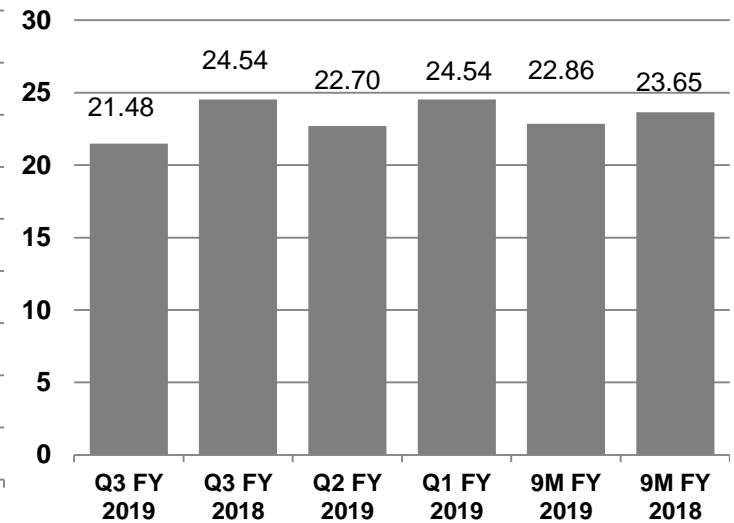
(%)



*Under I-GAAP

Quarterly**

(%)



**Under IND-AS

Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Dec-18*	Sep-18*	Jun-18*	Mar-18	Dec-17
Capital Adequacy Ratio	25.74	25.92	26.44	26.59	27.65
Tier-I	25.22	25.32	24.78	24.75	25.52
Tier-II	0.52	0.60	1.66	1.84	2.13

*Under IND-AS



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q3 FY 2019*	Q3 FY 2018*	Q2 FY 2019*	Q1 FY 2019*	9M FY 2019*	9M FY 2018	FY 2018
Earnings per share (₹)							
- Basic	12.12	11.98	12.09	12.29	36.50	31.77	43.04
- Diluted	12.12	11.95	12.07	12.24	36.43	31.65	42.85

*Under IND-AS

	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17
Book Value per share (₹)	231.46	219.47	207.44	193.79	194.59
Market price per share (₹)**	516	403.40	379.50	407.45	474.65
Price to Earnings ratio***	10.80	8.53	8.15	9.47	11.92
Price to Book Value ratio	2.23	1.84	1.83	2.10	2.44

**Source: www.nseindia.com

***Based on trailing 12 months EPS

CAPITALISATION RATIOS

Headroom for further leveraging

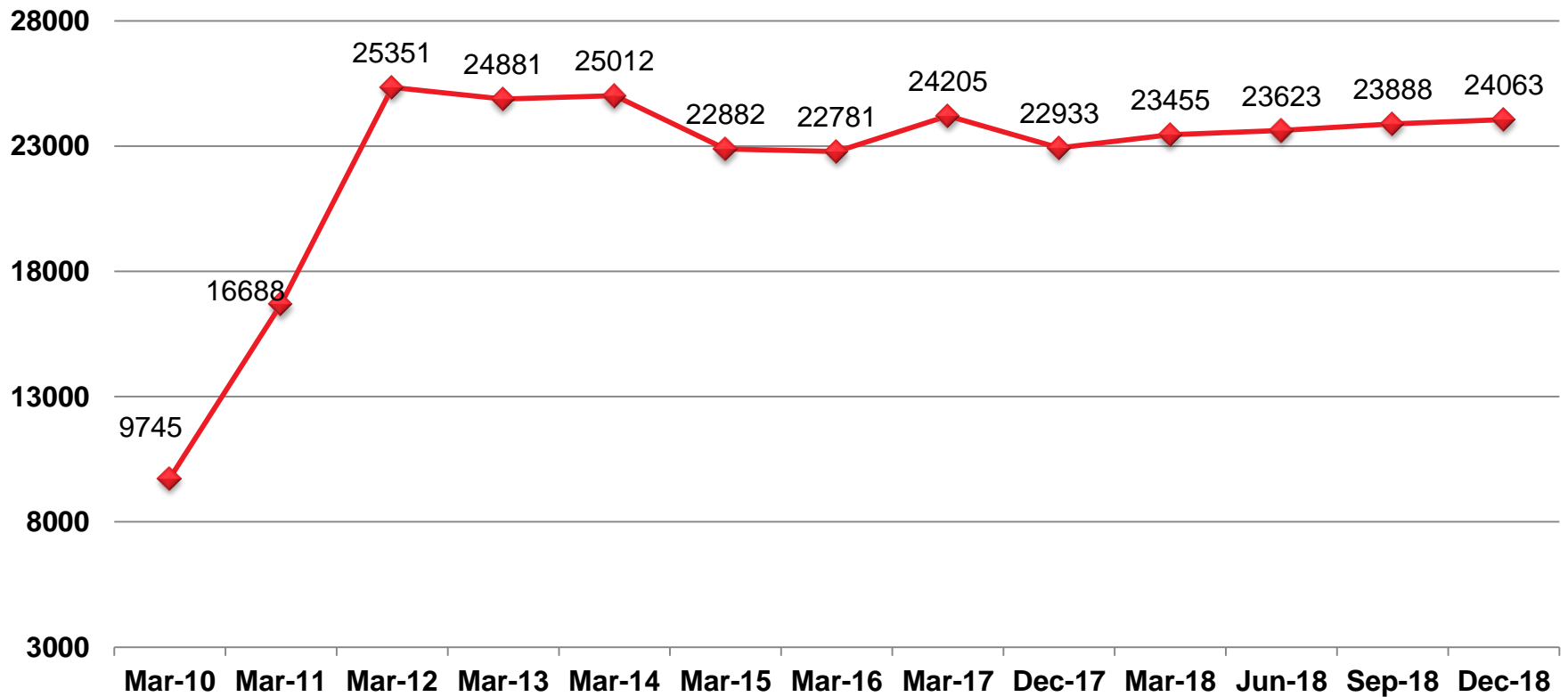
(₹ In million)

	Dec-18*	Sep-18*	Jun-18*	Mar-18	Dec-17
Outside Liabilities	265,680	258,102	254,559	2,36,212	236,707
Cash & Bank Balances	11,663	4,520	8,009	4,870	13,960
Tangible Networth	92,719	87,836	82,996	77,522	77,820
Capital Gearing	2.74	2.89	2.97	2.98	2.86

**Under IND-AS*

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 December 31, 2018, total holding in AAF stood at 503 million equity shares representing 60% of their total capital. The loan portfolio stands at LKR 11,630 million as on Dec 31,2018

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 21 branches across Sri Lanka.

The company formerly known as Finance and Land Sales has been in operation for over 47 years, evolving to serve the growing needs of people of Sri Lanka.

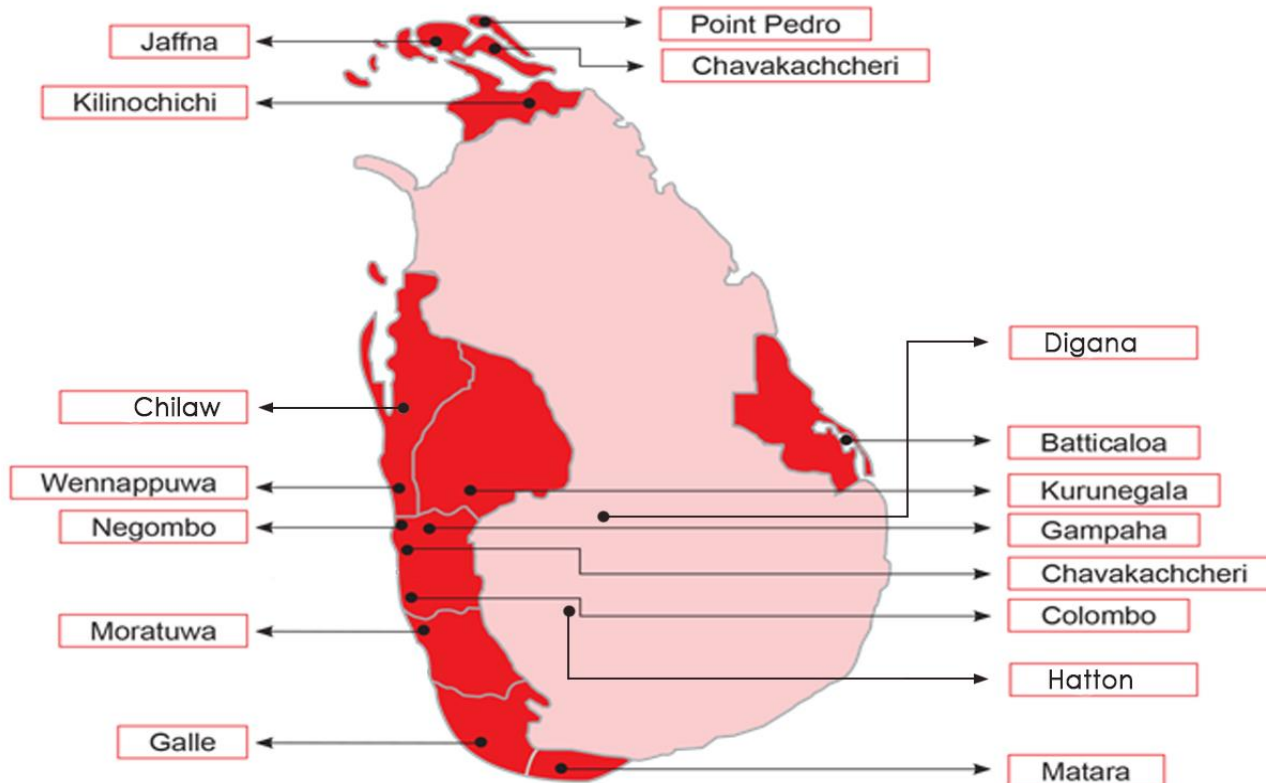
PRODUCTS



- 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	9M FY 2019	9M FY 2018	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	Q3 FY 2018	FY 2018
LKR / INR	0.38036	0.41374	0.38036	0.42833	0.43263	0.41374	0.41551
Number of branches	21	17	21	17	17	17	17
Number of Employees	525	490	525	493	493	490	489
Loan AUM (LKR)	11,630	9,746	11,630	11,237	10,680	9,746	9,950
Capital Adequacy Ratio (%)	17	20	17	21	22	20	20
Total Revenue (LKR)	2,091	1,876	712	693	687	645	2,572
Total Expense (LKR)	2,008	1,687	690	664	655	585	2,350
Profit Before Tax (LKR)	83	190	22	29	32	60	222
Profit After Tax (LKR)	53	143	15	22	16	47	178
Share Holders Funds (LKR)	1,912	1,821	1,912	1,897	1,875	1,821	1,859
Total Outside Liabilities (LKR)	11,299	9,515	11,299	10,511	10,151	9,515	9,869
Total Assets (LKR)	13,211	11,336	13,211	12,408	12,026	11,336	11,728





Muthoot Homefin (India) Limited is a Housing Finance Company registered with The National Housing Bank (NHB). It became a wholly owned subsidiary of Muthoot Finance Ltd in Aug'17.

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 operates on a 'Hub and Spoke' model, with the centralised processing at Corporate Office at Mumbai.

MHIL has operations in Kerala, Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Chandigarh, Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Haryana, Punjab and Delhi.

As on December 31, 2018, it has a loan portfolio of Rs.18,351 million.

ICRA assigned Long Term Debt Rating of ICRA AA-(Stable) for its Bank limits in Q2 FY 17. ICRA assigned Short Term Debt Rating of ICRA A1+ for its Commercial Paper. CRISIL Upgraded long term rating from AA-(Stable) to AA (Stable).

**Muthoot Homefin****Muthoot Finance**

Business Performance

(₹ in millions)

Particulars	9M FY 2019	9M FY 2018	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	Q3 FY 2018	FY 2018
Number of branches	79	17	79	73	70	17	19
Number of Sales Offices	132	121	132	132	132	121	121
Number of Employees	347	194	347	288	243	194	221
Loan AUM (₹)	18,351	10,999	18,351	17,753	16,210	10,999	14,648
Capital Adequacy Ratio (%)	46	26	46	45	28	26	26
Total Revenue (₹)	1,627	807	568	562	497	358	1,259
Total Expense (₹)	1,185	541	438	412	335	229	840
Profit Before Tax (₹)	441	266	130	149	162	129	419
Profit After Tax (₹)	298	162	88	99	111	80	278
Share Holders Funds (₹)	3,958	2,044	3,958	3,869	2,270	2,044	2,160
Total Outside Liabilities (₹)	14,611	10,326	14,611	14,198	14,683	10,326	13,700
Total Assets (₹)	18,568	12,370	18,568	18,067	16,953	12,370	15,860

**Muthoot Homefin****Muthoot Finance**

Business Performance

(₹ in millions)

Particulars	9M FY 2019	9M FY 2018	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	Q3 FY 2018	FY 2018
Disbursement (₹)	4,806	6,935	1,051	1,894	1,861	2,890	10,814
Borrowings (₹)	14,545	8,608	14,545	13,994	14,394	8,608	13,477
Debt Equity Ratio (%)	3.68	4.21	3.68	3.62	6.34	4.21	6.24
Yield on Advances (%)	12.05	12.30	12.01	12.09	12.09	12.19	12.27
Interest Spread (%)	3.32	3.43	3.09	3.39	3.53	3.48	3.51
NIM (%)	5.24	6.08	5.22	5.07	5.49	6.26	6.01
Cost to Income Ratio (%)	20.85	27.00	23.58	20.61	17.99	26.70	26.23
Return on Assets (ROA) (%)	2.40	3.10	1.97	2.35	2.97	3.37	3.42
Return on Equity (ROE) (%)	16.15	14.89	8.99	17.31	20.03	16.03	17.26
GNPA (%)	0.74	0.43	0.74	0.78	0.51	0.43	0.42
NNPA (%)	0.59	0.37	0.59	0.63	0.43	0.37	0.36
Number of Customers	21,443	11,571	21,443	20,237	18,287	11,571	15,908



Financial Highlights

- Disbursements in 9M FY 2019: Rs 4,806 mn. Loan Book as on December 31, 2018: Rs 18,350 mn
- Average Ticket Size in 9M FY 2019: Rs.1.05 mn
- Business Presence: Maharashtra, Gujarat, Rajasthan, Madhya Pradesh , Kerala, Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Haryana , Chandigarh and Punjab, Presence in 79 locations
- ROA for 9M FY 2019: 2.40%, ROE for 9M FY 2019: 16.15%
- Average cost of borrowings of 8.73% for 9M FY 2019. Capital Adequacy Ratio: 46.34%, Debt Equity Ratio: 3.68
- Average Yield: 12.05%, Interest Spread: 3.32%
- Capital Infusion of INR 1,500 mn done in the month of September 2018

Growth Drivers

- Increasing the leverage from 3.68x currently will help to improve the ROE
- CRISIL Upgraded long term rating from AA-(Stable) to AA (Stable). This will help in reducing cost of funds
- Strong liquidity in Group's balance sheet, along with its free cash flows to fund the capital requirements
- Established corporate brand name among borrower segment, superior customer servicing capabilities and effective loan recovery mechanisms
- Tier II / III cities focused distribution network with a in-house sales team along with cross-sale to the existing gold loans customers of the group

Profitability

- Long Term Rating from ICRA of AA- (stable)/ CRISIL AA (stable) which indicates low risk will help in lower cost of funds. Short Term Rating : ICRA A1+ / CARE A1+
- Debt/Equity ratio at 3.68 times as on December 31, 2018, indicates ample scope for financial leverage to increase ROE
- Infrastructure sharing with the parent (Muthoot Finance) helps reduce overall Opex

Opportunities

- Our focus segment, "affordable housing finance" is centered around the Government initiative of "Housing for All" by 2022
- Government promoted schemes such as PMAY-CLSS will benefit the end consumers.
- Huge shortfall for housing units in EWS / LIG segment in India
- Attraction of builders to the construction of affordable housing due to Infrastructure status given in Union Budget
- Increase in affordability driven by sustained GDP growth rate and stable property prices.
- Decrease in average members per household and emergence of nuclear families
- Increase in workforce to be driven by expected bulge in working age population
- Increasing urbanization led by rural-urban migration and reclassification of rural towns

OUR SUBSIDIARY





MUTHOOT INSURANCE – AN OVERVIEW



MIBPL became a wholly owned subsidiary of Muthoot Finance Ltd in Sep 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 Q3 FY 19, it has insured more than 5,60,000 lives with a First year premium collection of Rs.62 Crs. During FY 18, it has insured more than 8,41,000 lives with a First year premium collection of Rs. 101 Crs under Traditional ,Term and Health products..

The same was 5,66,000 lives with a First year premium collection of Rs.70 Crs in FY17.



Key Business Parameters

(₹ in millions)

Particulars	9M FY 2019	9M FY 2018	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	Q3 FY 2018	FY 2018
Premium Collection (₹)	1,789	591	624	670	495	217	1,006
Number of Policies	15,61,993	6,36,406	5,63,207	5,48,410	4,50,376	2,03,677	8,41,476

Key Financial Parameters

(₹ in millions)

Particulars	9M FY 2019	9M FY 2018	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	Q3 FY 2018	FY 2018
Total Revenue (₹)	162	110	57	64	42	46	181
Total Expense (₹)	25	24	8	10	8	9	32
Profit Before Tax (₹)	137	86	49	54	34	37	149
Profit After Tax (₹)	95	58	35	37	24	25	105
Share Holders Funds (₹)	372	228	372	337	300	228	276
Earnings per share (₹)	127	115	46	49	32	50	211

OUR SUBSIDIARY



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

A Subsidiary of Muthoot Finance Limited

BELSTAR INVESTMENT AND FINANCE – AN OVERVIEW *Muthoot Finance*



As of Dec 2018 , Muthoot Finance holds 70.01% 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 0.20 mn.

In the last nine 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 Dec 31, 2018, BIFPL operations are spread over 9 states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha ,Pondicherry ,Chattisgarh, Gujarat and Rajasthan). It has 339 branches, with 59 controlling regional offices and employs 2528 staffs. Its gross loan portfolio has grown from INR 0.20 mn in March 2009 to INR 15,627 mn in Dec 2018



Key Financial Parameters

(₹ in millions)

Particulars	9M FY 2019	9M FY 2018	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	Q3 FY 2018	FY 2018
Number of branches	339	215	339	305	257	215	235
Number of Employees	2,528	1,576	2,528	2,305	2,046	1,576	1,783
Gross Loan AUM (₹)	15,627	9,451	15,627	13,806	12,361	9,451	11,371
Capital Adequacy Ratio (%)	34	19	34	24	15	19	18
Total Revenue (₹)	2,491	1,497	888	854	749	596	2,189
Total Expense (₹)	1,725	1,168	563	616	546	448	1,693
Profit Before Tax (₹)	766	329	325	238	204	148	496
Profit After Tax (₹)	562	215	248	169	145	97	337
Gross NPA (%)	0.95	0.84	0.95	0.88	0.83	0.84	0.76
Net NPA (%)	0.41	0.37	0.41	0.44	0.45	0.37	0.30
Shareholders Funds (₹)	3,832	1,412	3,832	3,383	1,920	1,412	1,595
Total Outside Liabilities (₹)	12,359	9,621	12,359	12,067	11,599	9,621	11,825
Total Assets (₹)	16,191	11,033	16,191	15,449	13,519	11,033	13,420

OUR SUBSIDIARY



MUTHOOT MONEY– AN OVERVIEW



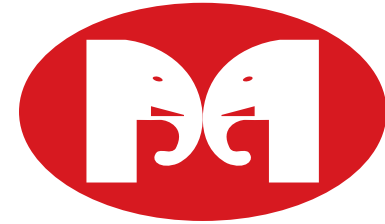
Muthoot Money Pvt Ltd (MMPL), became a wholly owned subsidiary of Muthoot Finance Ltd in October 2018. MMPL is a RBI registered Non- Banking Finance Company engaged mainly in extending loans for vehicles. The operations are now centered in Hyderabad. Recently , Company has started extending loans for Commercial Vehicles and Equipments.

As on 31st December, 2018 it has a total loan portfolio of Rs.1867 million.

**Key Financial Parameters**

(₹ in millions)

Particulars	9M FY 2019	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	FY 2018
Number of branches	21	21	20	5	1
Number of Employees	298	298	203	76	3
Gross Loan AUM (₹)	1,867	1,867	830	130	65
Total Revenue (₹)	85	62	20	3	11
Total Expense (₹)	121	72	42	7	8
Profit Before Tax (₹)	(36)	(10)	(22)	(4)	3
Profit After Tax (₹)	(36)	(10)	(22)	(4)	2
Shareholders Funds (₹)	996	996	12	30	32
Total Outside Liabilities (₹)	893	893	718	118	35
Total Assets (₹)	1,890	1,890	730	148	67



Muthoot Finance

REGISTERED OFFICE

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