

***Muthoot Finance***

**Financial Results Q1 FY 2018**

**June 2017**

**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



**Muthoot Finance**

**29**

States/Union territory presence

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**152 tonnes**

Gold jewellery kept as security

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**4,200+**

Pan-India branches

---

**300,000+**

Retail investor base across debenture and subordinated debt portfolio

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**23,000+**

Team members

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**130,000+**

Customers served every day

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**₹ 278,517 mn**

Loan Assets Under Management

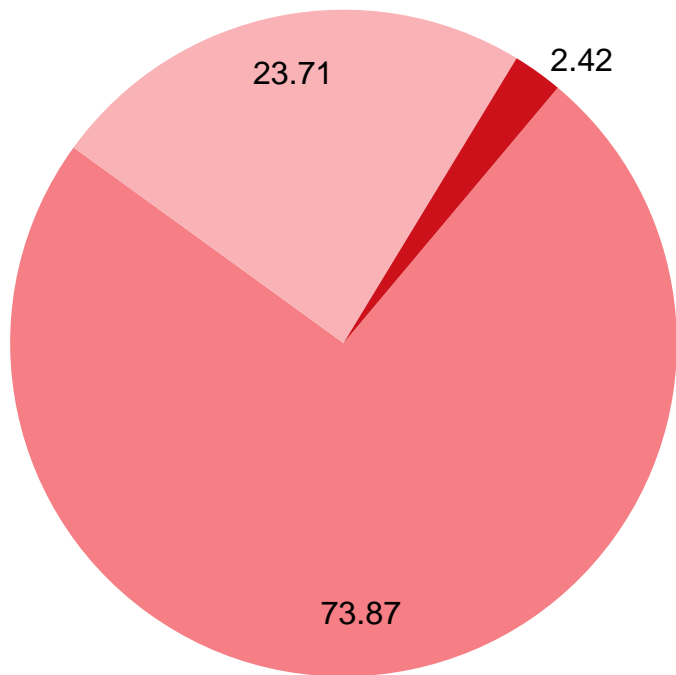
*(As of June 30, 2017)*

# SHAREHOLDING PATTERN



Muthoot Finance

**Strong promoter interest in business with 74% stake**



(%) Shareholding as on June 30, 2017

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

**NSE Ticker**

MUTHOOTFIN

**BSE Ticker**

533398

**Market Capitalisation**  
(as on June 30, 2017)

₹ 181,849 million

# DIVIDEND PAYOUT



Muthoot Finance

## Delivering consistent returns to stakeholders

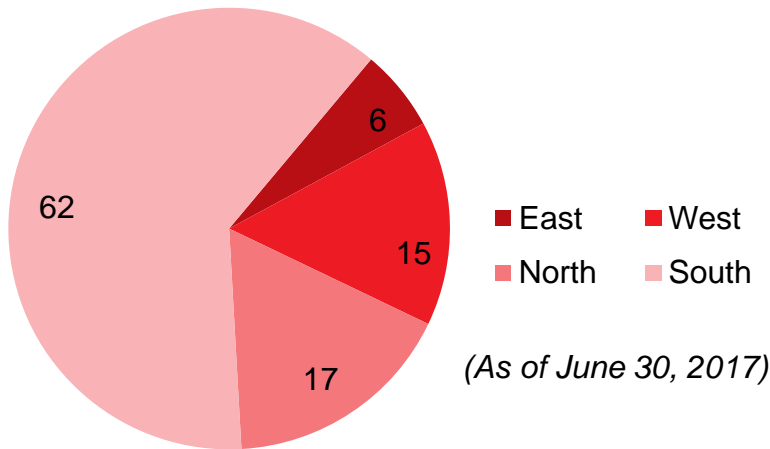
(%)

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Dividend (%)*	60	60	60	60	45
First Interim Dividend (%)	60	40	40	30	-
Second Interim Dividend (%)	-	20	-	20	-
Final Dividend (%)	-	-	20	10	45
Dividend Payout Ratio (%)	20.30	29.50	35.36	28.59	16.65

\* On face value of ₹ 10 per equity share

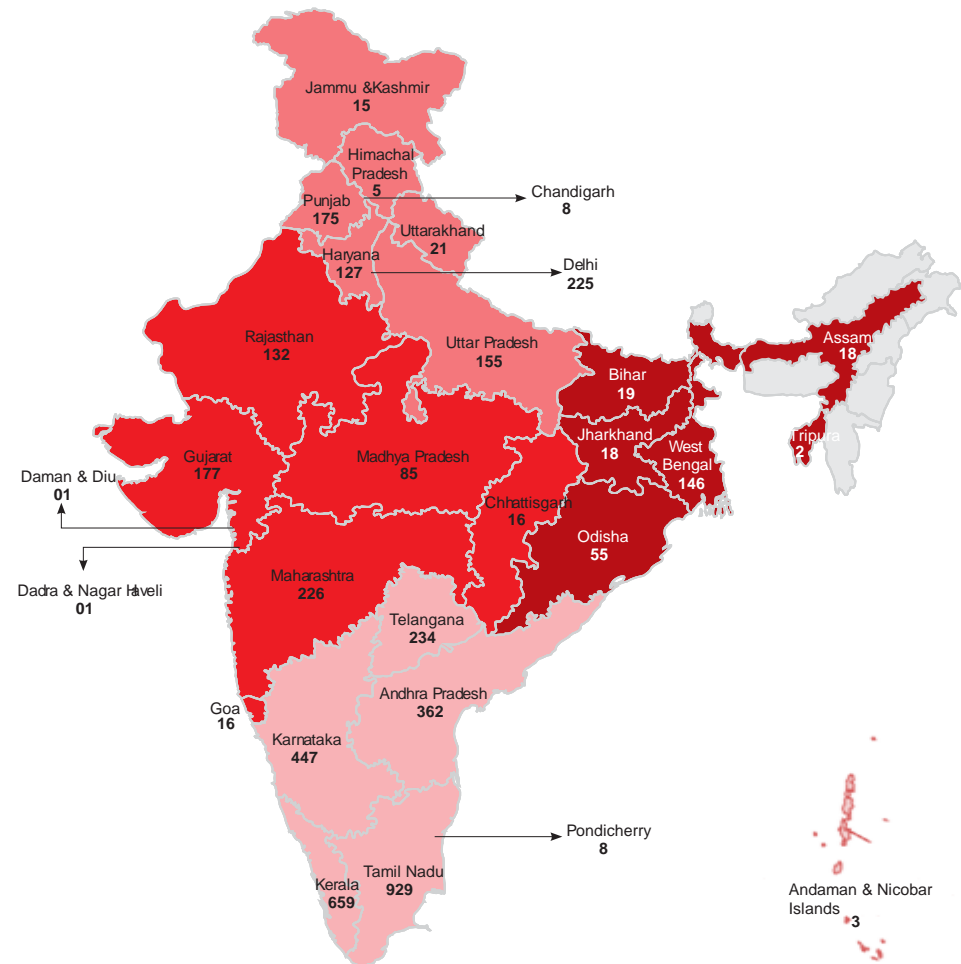
## A strong presence of 4285 branches across India

(%) 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



## Digital convenience for new gen & Millennium Customer acquisition

### Aadhaar based Electronic KYC



- Biometric KYC verification - Convenience
- No further KYC documents –Paperless
- Aadhar
- 3,702 branches covered now
- 86% of New KYCs through e-KYC
- e-Sign to be introduced by August'17

### 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

### 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

### PoS Terminals



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



## Online Gold Loan (OGL)

- 10% 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 will be introduced in Aug'17.

### iMuthoot App



Mobile App



- Launched in Nov'16 has about 2.25 lakhs downloads.
- Online Gold Loan (OGL) facility available to withdraw loan amount and renewal, apart from payments.
- Rs.100 crs payments received from 1.3 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 & e-Sign facility will be introduced by Sep'17.



## Strong Capital Base

### Networth

	<b>Jun-17</b>	<b>Mar-17</b>	<b>Jun-16</b>	<b>Growth</b>	<b>Growth</b>
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Share Capital	3,995	3,995	3,991	0	0
Reserves & Surplus	64,688	61,169	54,924	18	6
<b>Total</b>	<b>68,683</b>	<b>65,164</b>	<b>58,915</b>	<b>17</b>	<b>5</b>

## Core focus continues to be gold loan

### Gross Loan Assets under management

	<b>Jun-17</b>	<b>Mar-17</b>	<b>Jun-16</b>	<b>Growth</b>	<b>Growth</b>
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross loan assets under management	278,517	272,785	258,606	8	2
<b>Break-up of Gross Loan Assets under management</b>					
Gold Loans under management	277,750	272,199	258,226	8	2
Other loans	767	586	380	102	31

# LIABILITIES



Muthoot Finance

## Stable sources of funding

	<b>Jun-17</b>	<b>Mar-17</b>	<b>Jun-16</b>	<b>Growth</b>	<b>Growth</b>
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	21,058	25,190	36,355	(42)	(16)
Secured Non-Convertible Debentures-Listed	55,359	37,098	40,044	38	49
Borrowings from Banks/FIs	93,049	92,019	81,051	15	1
Subordinated Debt	13,423	15,458	21,859	(39)	(13)
Subordinated Debt -Listed	3,849	3,662	3,344	15	5
Commercial Paper	28,268	31,548	8,819	221	(10)
Other Loans	5,838	5,984	6,705	(13)	(2)
<b>Total</b>	<b>220,844</b>	<b>210,959</b>	<b>198,177</b>	<b>11</b>	<b>5</b>

# REVENUE & PROFIT



Muthoot Finance

## Profit & Loss Statement

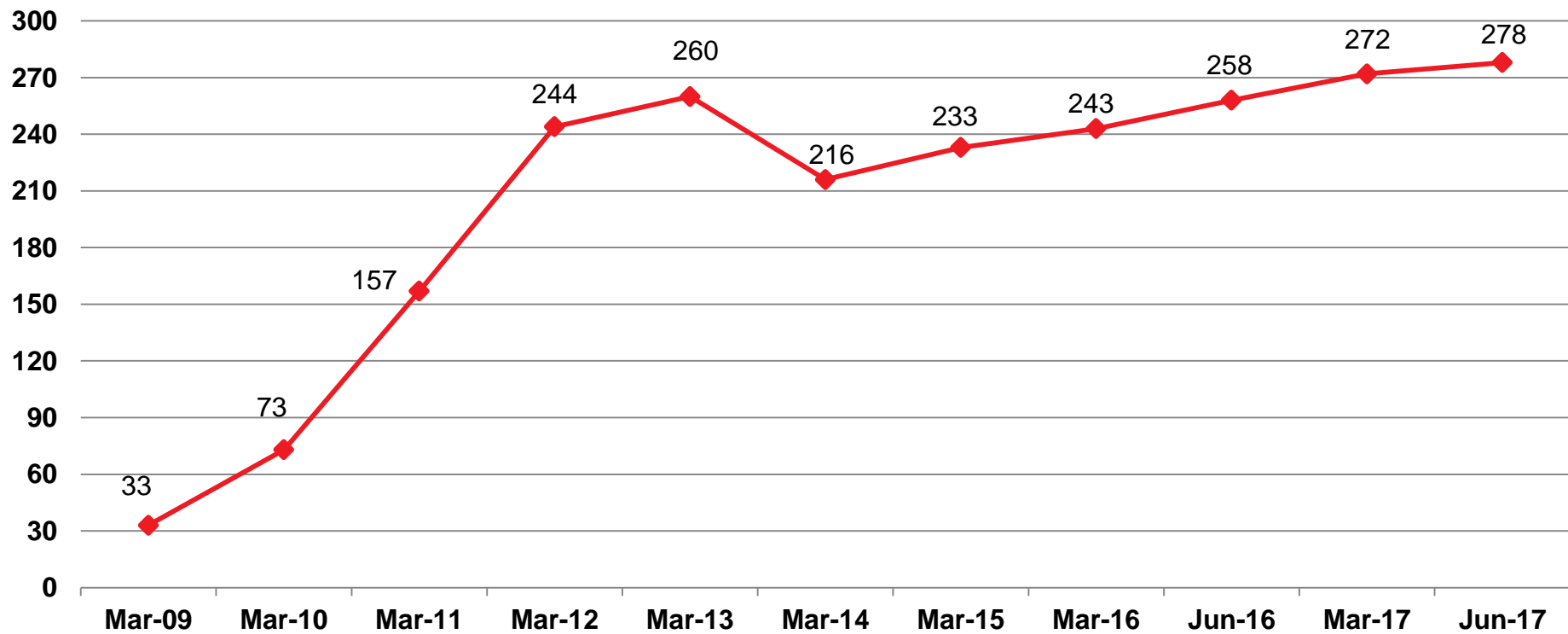
(₹ in million)

	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	YoY Growth (%)	FY 2017
<b>INCOME</b>					
Interest Income	13,758	16,995	12,752	8	56,546
Other Income	228	137	256	(2)	921
<b>Total</b>	<b>13,986</b>	<b>17,132</b>	<b>13,008</b>	<b>8</b>	<b>57,467</b>
<b>EXPENDITURE</b>					
Interest Expense	5,326	5,460	5,571	(4)	22,938
Personnel Expenses	1,773	1,801	1,849	(4)	7,280
Administrative & Other expenses	1,146	1,213	1,013	13	4,405
Provisions & Write Offs	66	2,430	176	(63)	2,816
Directors Remuneration	58	209	50	16	358
Depreciation	99	126	112	(12)	460
<b>Total</b>	<b>8,468</b>	<b>11,239</b>	<b>8,771</b>	<b>(3)</b>	<b>38,257</b>
<b>PROFIT</b>					
Profit Before Tax	5,518	5,893	4,237	30	19,210
Profit After Tax	3,511	3,217	2,703	30	11,798

## Gaining scale over the years

### Gold Loan Assets Under Management

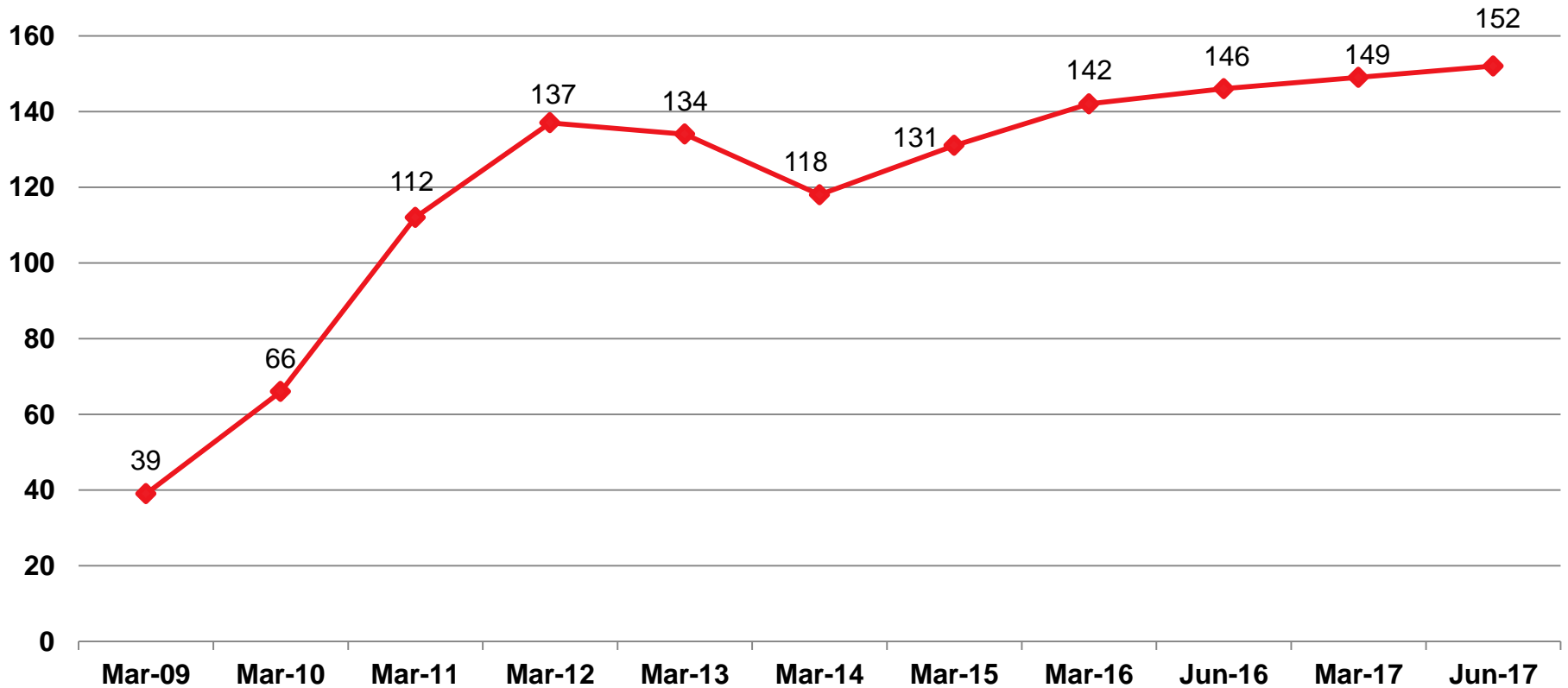
(₹ in billion)



## Carrying the trust of millions of our customers

### Gold jewellery kept as security

(In tonnes)



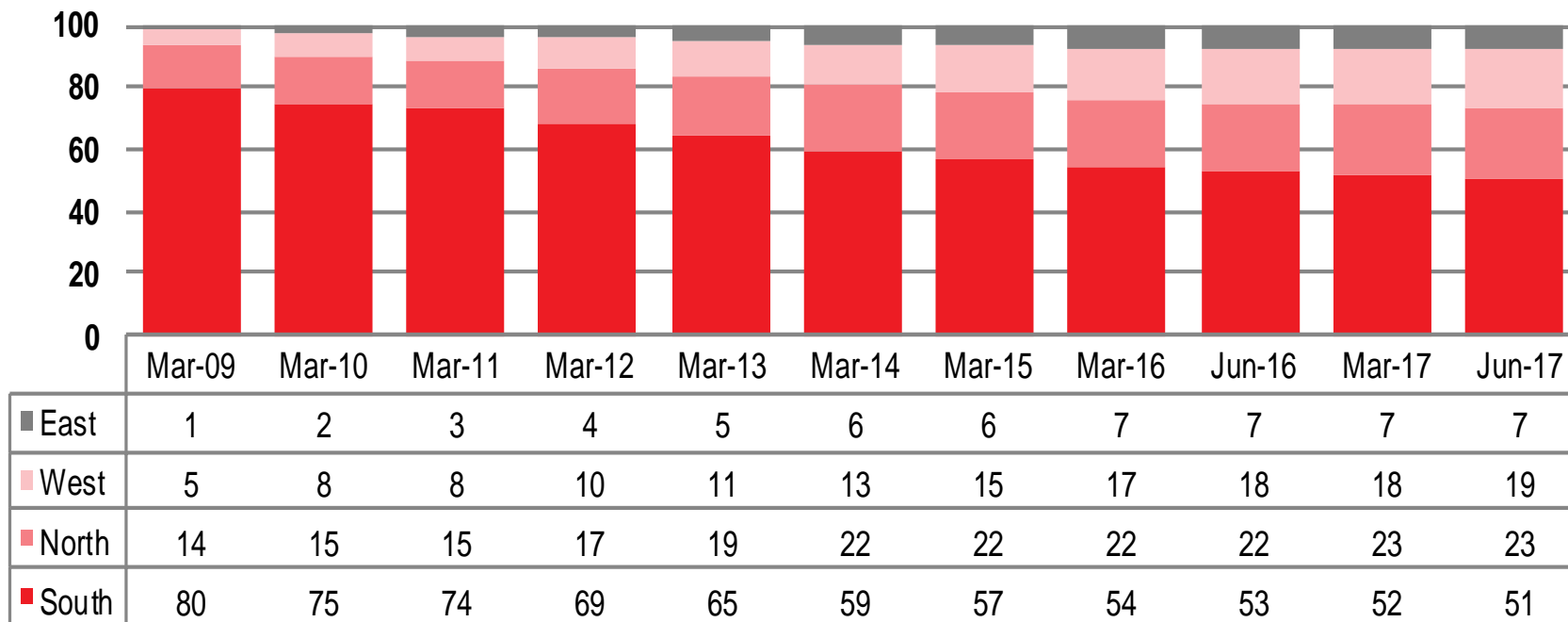
# GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



Muthoot Finance

## Diversified gold loan portfolio across India

(%)



## Gold Loan Assets Under Management

(₹ in billion)

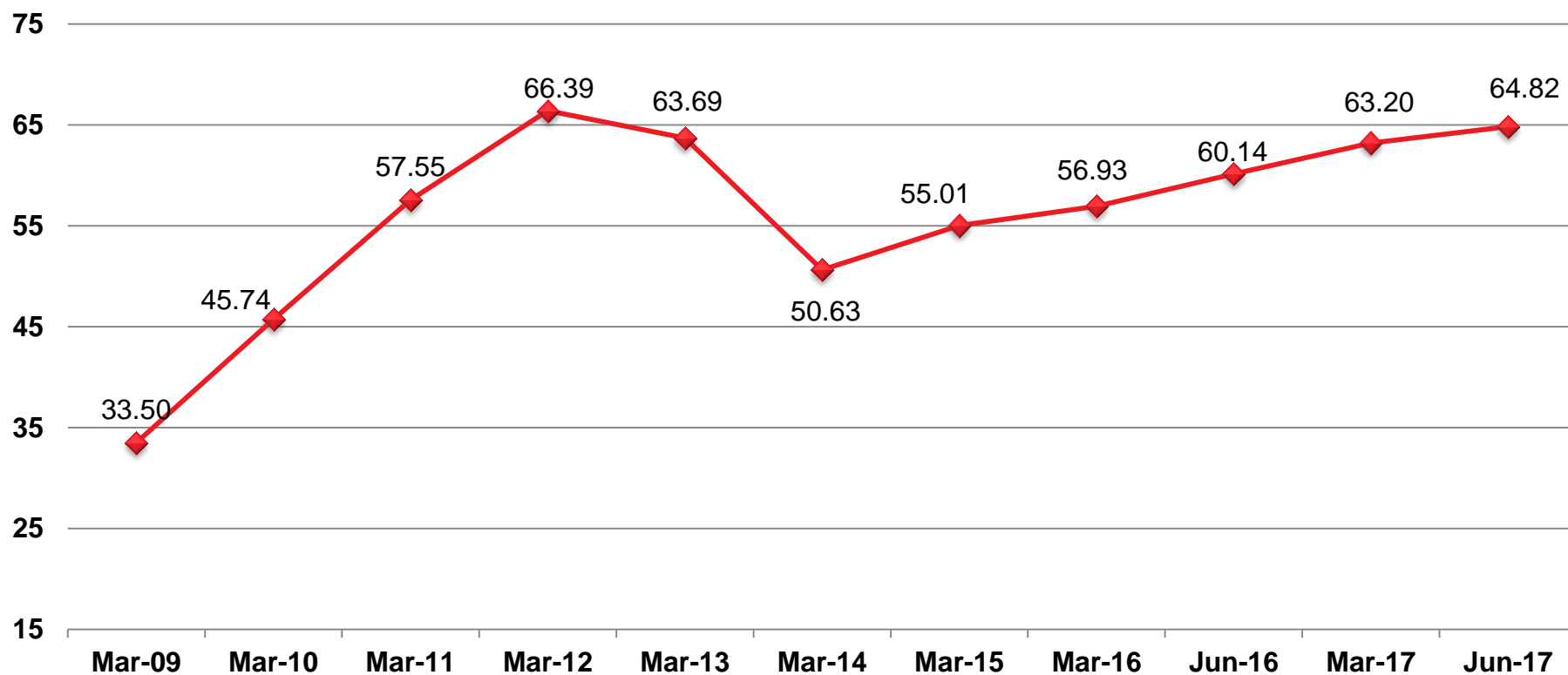
Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Jun-16	Mar-17	Jun-17
33	73	157	244	260	216	233	243	258	272	278



## Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

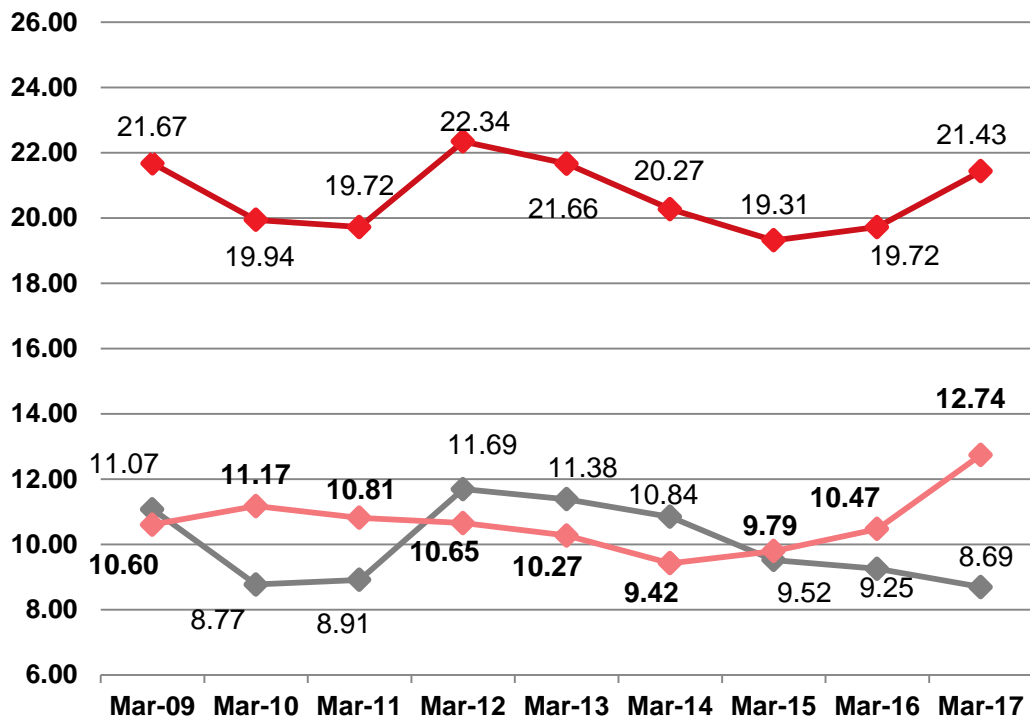
(₹ in million)



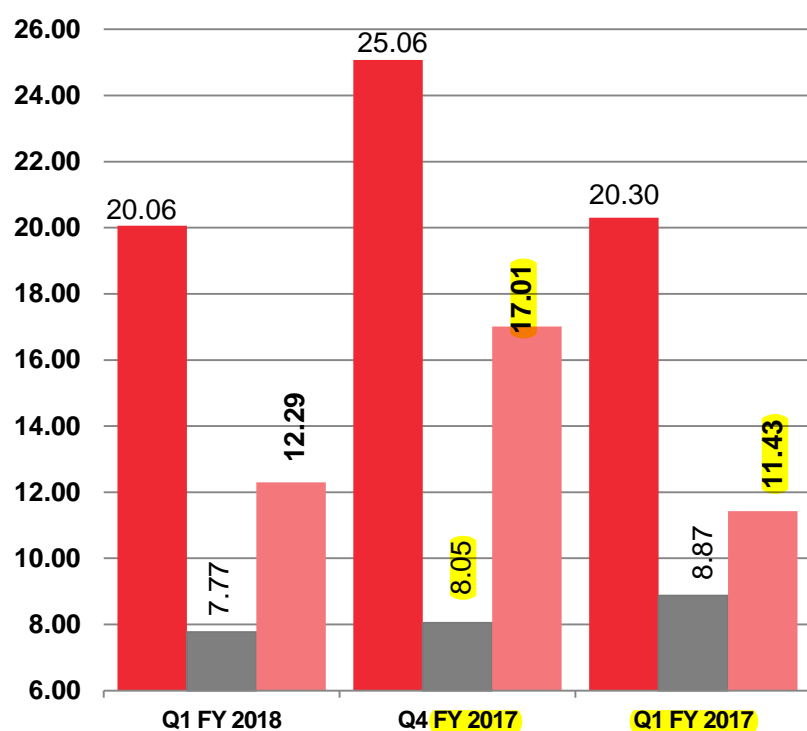


# YIELD ON LOAN ASSETS AND NIM

Yearly (%)



Quarterly (%)

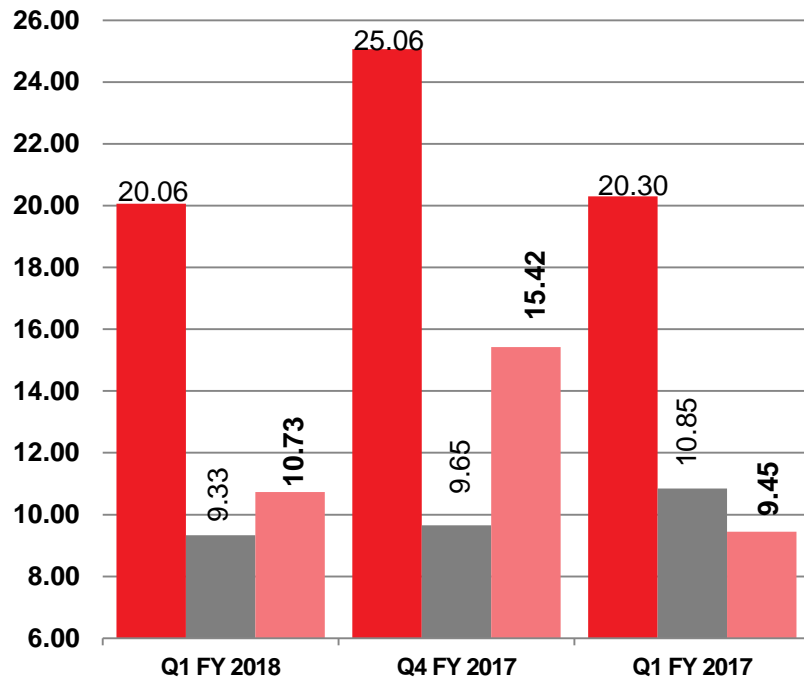
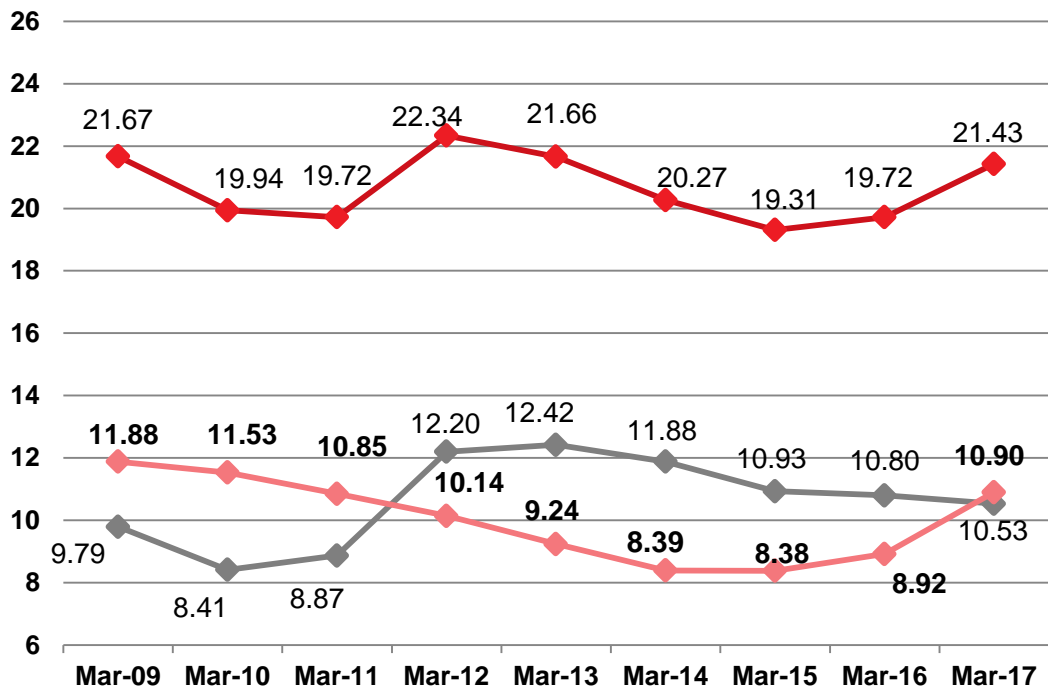


- Interest Income on Average Loan Assets
- Interest Expense on Average Loan Assets
- Net Interest Margin



# INTEREST SPREAD

Yearly (%)	Quarterly (%)
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- Interest Income on Average Loan Assets
- Interest Expenses on Average Outside Liabilities
- Interest Spread

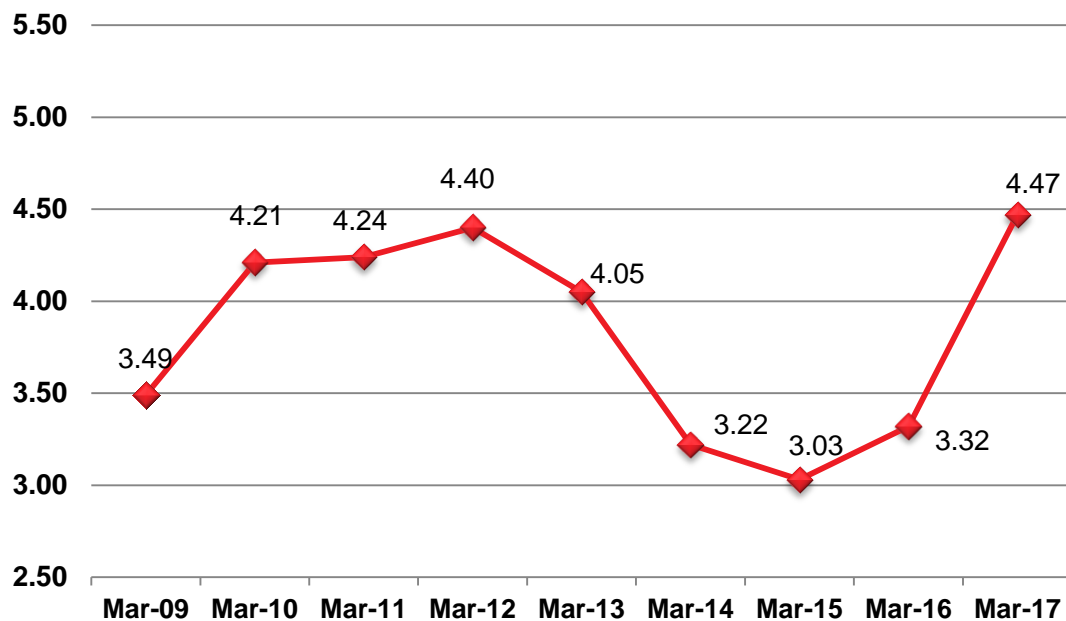


# RETURN ON AVERAGE LOAN ASSETS

## Attractive returns over the years

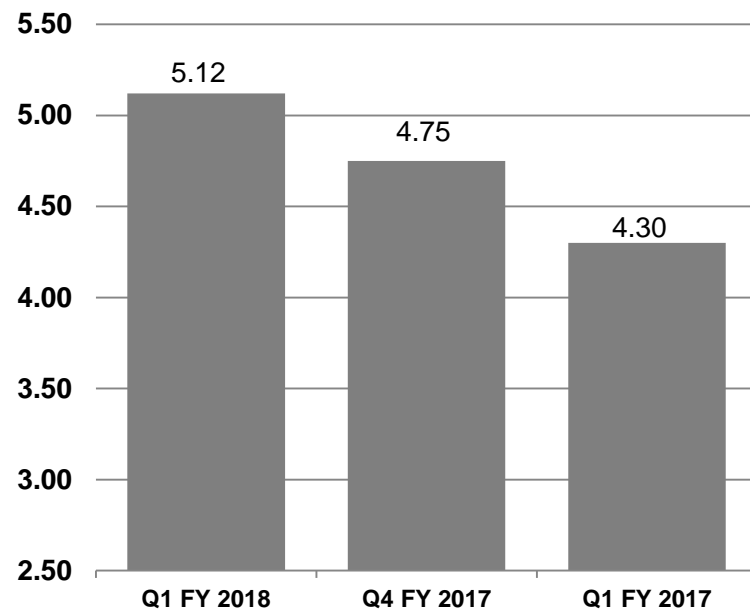
Yearly

(%)



Quarterly

(%)





# NON-PERFORMING ASSETS & BAD DEBTS

## Non-Performing Assets

(₹ in million)

	Jun-17	Mar-17	Jun-16
Gross Non-Performing Assets	6,279	5,621	5,618
Provision For Non-Performing Assets	1,019	1,019	1,019
Net Non-Performing Assets	5,260	4,602	4,599
% of Gross NPA on Gross Loan Assets	2.25	2.06	2.17
% of Net NPA on Gross Loan Assets	1.89	1.69	1.78

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

## Bad Debts

(₹ in million)

	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
Bad Debts Written Off	9	103	13	165

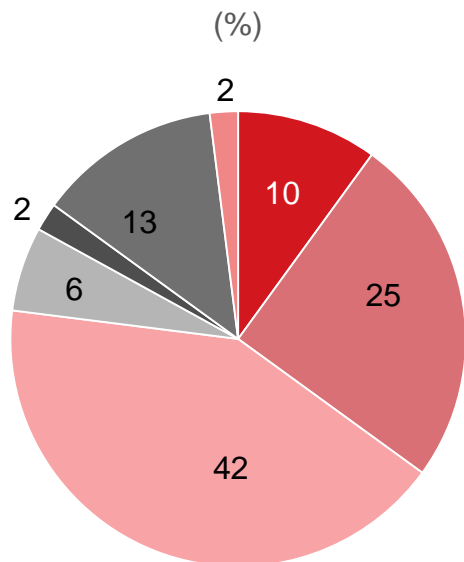
## Standard Asset Provision

	Jun-17	Mar-17	Jun-16
Provision (₹ in million)	2,722	2,685	2,530
% of Provision to Standard Assets *	1.00	1.01	1.00
Provision for Gold Price fluctuation risk (₹ in million) **	2,330	2,330	-
% of Provision to Standard Assets	0.86	0.87	-
<b>Total Standard Assets Provision</b>	<b>5,052</b>	<b>5,015</b>	<b>2,530</b>

\* Maintaining a higher standard asset provision of 1% as against the regulatory requirement of 0.35%

\*\* Maintaining additional standard asset provision of 0.86% for gold price fluctuation

## Maintaining a diversified funding profile



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 21,058 mn (10%)
- Secured Non-Convertible Debentures – Listed – ₹ 55,359 mn (25%)
- Borrowings from Banks/Fis - ₹ 93,049 mn (42%)
- Subordinated Debt – ₹ 13,423 mn (6%)
- Subordinated Debt – Listed - ₹ 3,849 mn (2%)
- Commercial Paper – ₹ 28,268 mn (13%)
- Other Loans – ₹ 5,838 mn (2%)

(As of June 30, 2017)

## Highest Rating among gold loan companies

### Short-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
<b>COMMERCIAL PAPER</b>			
CRISIL	40,000	CRISIL A1+	Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk
ICRA	2,000	ICRA A1+	Very strong degree of safety and lowest credit risk
<b>BANK LOANS</b>			
ICRA*	108,180	ICRA A1+	Very strong degree of safety and lowest credit risk

### Long-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
<b>SUBORDINATED DEBT</b>			
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
<b>NON CONVERTIBLE DEBENTURE</b>			
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
<b>BANK LOANS</b>			
ICRA*	93,370	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 ₹127,600 millions

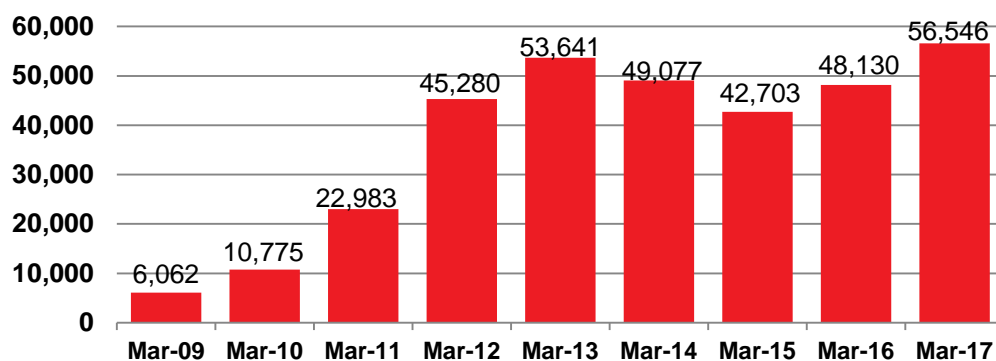


# BREAK-UP OF GROSS INCOME

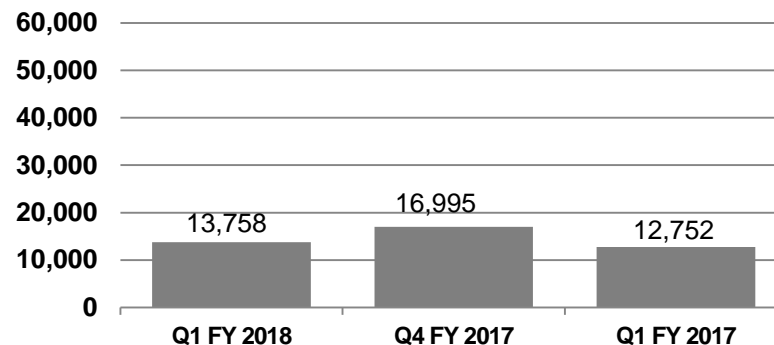
## Interest Income

(₹ in million)

### Yearly



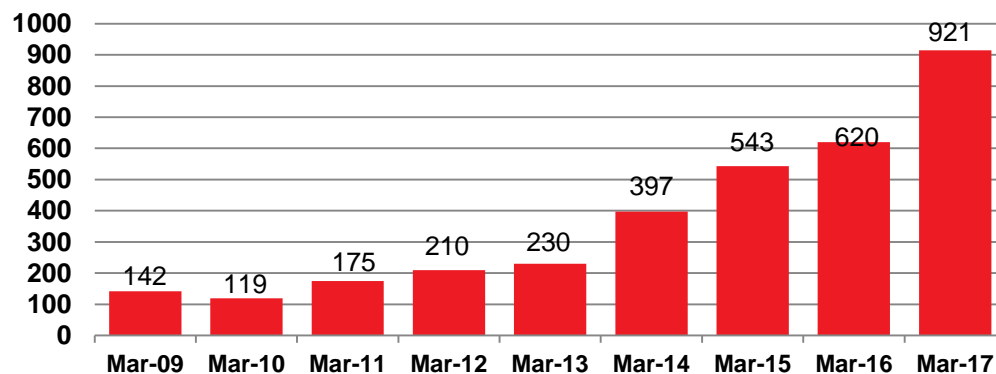
### Quarterly



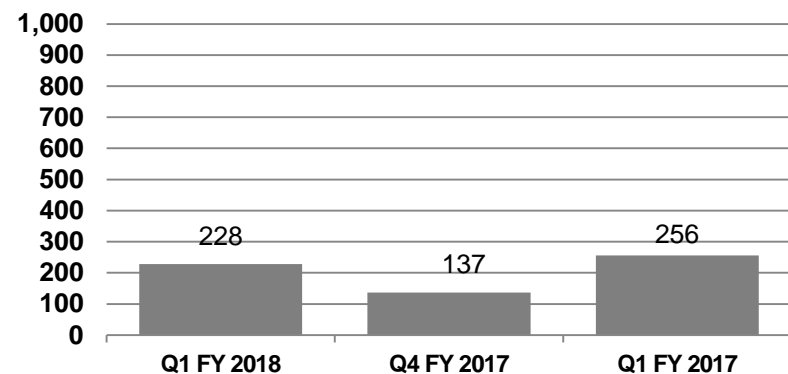
## Other Income

(₹ in million)

### Yearly



### Quarterly

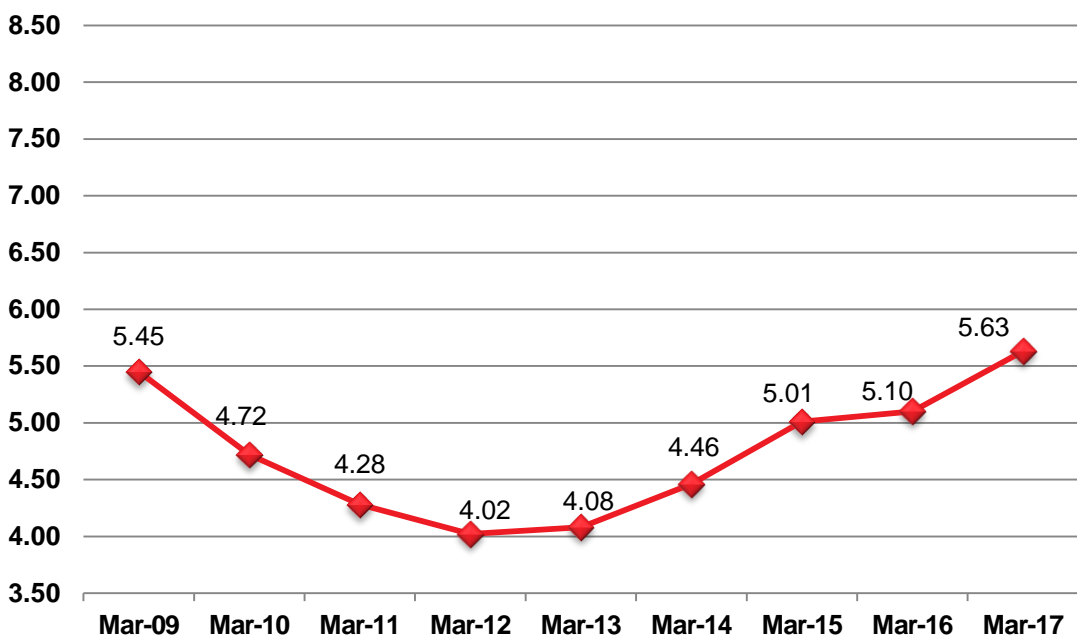




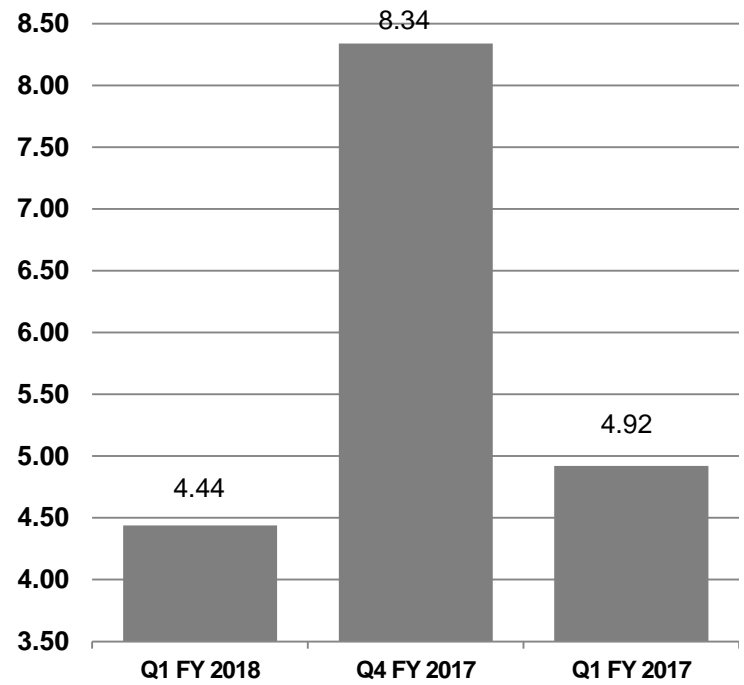
# OPERATING EXPENSES TO AVERAGE LOAN ASSETS

## Operational efficiency over the years

Yearly (%)



Quarterly (%)





# BREAK-UP OF OPERATING EXPENSES

Yearly

(₹ in Millions)

Quarterly

(₹ in Million)

	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017
Personnel Expenses	7,280	6,418	6,304	5,917	5,453	4,145	2,209	1,169	677	1,773	1,801	1,849
Rent	1,808	1,713	1,650	1,542	1,309	1,042	603	290	131	503	463	434
Advertisement	531	626	651	702	579	866	647	331	208	176	164	118
Postage, Telegram and Telephone	372	378	371	364	243	184	115	72	27	105	75	80
Traveling and Conveyance	186	187	212	190	175	168	114	67	42	42	47	47
Printing and Stationery	129	144	160	185	168	155	111	69	44	29	32	33
Repairs and Maintenance	362	290	281	272	256	341	211	96	62	86	78	91
Legal and Professional Charges	124	93	189	216	86	60	114	34	16	36	20	28
Business Promotion Expense	201	149	140	279	332	267	119	45	25	9	92	35
Directors Remuneration	358	196	192	192	192	192	192	192	121	58	209	50
Depreciation and Amortisation Expenses	482	575	841	475	454	329	180	149	99	104	133	117
Others	839	1,014	733	731	550	380	229	165	165	183	335	156
Provision For Standard & NPA Assets	2,647	1,223	180	214	765	351	323	21	7	37	2,330	162
<b>Total</b>	<b>15,319</b>	<b>13,006</b>	<b>11,904</b>	<b>11,279</b>	<b>10,562</b>	<b>8,480</b>	<b>5,165</b>	<b>2,701</b>	<b>1,625</b>	<b>3,141</b>	<b>5,779</b>	<b>3,200</b>



# BREAK-UP OF OPERATING EXPENSES

Yearly (%)      Quarterly (%)

	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017
Personnel Expenses	48	49	53	52	52	49	43	43	42	56	31	58
Rent	12	13	14	14	12	12	12	11	8	16	8	13
Advertisement	3	5	5	6	5	10	13	12	13	6	3	4
Postage, Telegram and Telephone	2	3	3	3	2	2	2	3	2	3	1	2
Traveling and Conveyance	1	1	2	2	2	2	2	2	3	1	1	1
Printing and Stationery	1	1	1	2	2	2	2	3	3	1	1	1
Repairs and Maintenance	2	2	2	2	2	4	4	4	4	3	1	3
Legal and Professional Charges	1	1	2	2	1	1	2	1	1	1	0	1
Business Promotion Expense	1	1	1	2	3	3	2	2	2	1	2	1
Directors Remuneration	2	2	2	2	2	2	4	7	7	2	4	2
Depreciation and Amortisation Expenses	3	4	7	4	4	4	3	6	6	3	2	4
Others	5	8	6	6	5	4	4	6	10	6	6	5
Provision For Standard & NPA Assets	17	9	2	2	7	4	6	1	0	1	40	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

# PROFITABILITY RATIOS



Muthoot Finance

Yearly

(%)

Quarterly

(%)

(Based on Income)	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017
Interest expense to Gross Income	39.92	46.31	48.71	53.08	52.34	52.10	44.83	43.49	49.94	38.08	31.87	42.83
Selling, general and administrative expenses to Net Income	34.88	41.36	48.26	44.66	35.89	35.48	36.32	41.00	48.91	34.38	27.61	39.16
Provisions & Write Offs to Net Income	8.16	6.20	1.67	1.89	3.49	1.93	2.68	0.44	0.23	0.76	20.82	2.37
Operational expenses to Net Income	43.03	47.56	49.93	46.55	39.37	37.41	38.99	41.44	49.13	35.14	48.43	41.52
OPBDT / Net Income	56.97	52.44	50.06	53.45	60.62	62.59	61.00	58.56	50.87	64.85	51.57	58.48
Depreciation to Net Income	1.33	2.13	3.72	2.03	1.76	1.50	1.42	2.42	3.16	1.13	1.08	1.51
OPBT / Net Income	55.63	50.31	46.34	51.42	58.86	61.09	59.58	56.14	47.71	63.72	50.49	56.97
PBT / Net Income	55.63	50.31	46.34	51.42	58.86	61.09	59.58	56.14	47.71	63.72	50.49	56.97
PAT / Net Income	34.17	30.93	30.23	33.60	39.11	40.93	38.68	36.97	31.46	40.54	27.56	36.35

# PROFITABILITY RATIOS



Muthoot Finance

(Based on Average Loan Assets)	Yearly (%)									Quarterly (%)		
	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017
Interest income to avg. loan assets	21.43	19.72	19.30	20.27	21.66	22.34	19.72	19.94	21.67	20.06	25.06	20.30
Interest expense to avg. loan assets	8.69	9.25	9.52	10.84	11.38	11.69	8.91	8.77	11.07	7.77	8.05	8.87
Net Interest Margin	12.74	10.47	9.78	9.42	10.27	10.65	10.81	11.17	10.60	12.29	17.01	11.43
Other income to avg. Loan assets	0.35	0.25	0.25	0.16	0.09	0.10	0.15	0.22	0.51	0.33	0.21	0.41
Net Income Including Other Income	13.09	10.72	10.03	9.59	10.37	10.75	10.96	11.39	11.10	12.62	17.22	11.84
Selling, general and administrative expenses to avg. loan assets	4.56	4.43	4.84	4.28	3.72	3.81	3.98	4.66	5.43	4.34	4.76	4.64
Provisions and write offs to avg. loan assets	1.07	0.67	0.17	0.18	0.36	0.21	0.29	0.05	0.02	0.10	3.58	0.28
PBDT to avg. loan assets	7.45	5.62	5.02	5.12	6.28	6.73	6.69	6.67	5.65	8.18	8.88	6.93
Depreciation to avg. loan assets	0.17	0.23	0.37	0.20	0.18	0.16	0.16	0.28	0.35	0.14	0.18	0.18
PBT to avg. loan assets	7.28	5.39	4.65	4.93	6.10	6.57	6.53	6.39	5.30	8.04	8.70	6.75
Tax to avg. loan assets	2.81	2.08	1.62	1.71	2.05	2.17	2.29	2.18	1.80	2.92	3.95	2.44
PAT to avg. loan assets	4.47	3.32	3.03	3.22	4.05	4.40	4.24	4.21	3.49	5.12	4.75	4.30
Cash Profit to avg. loan assets	4.65	3.54	3.40	3.42	4.24	4.56	4.40	4.49	3.85	5.26	4.93	4.48

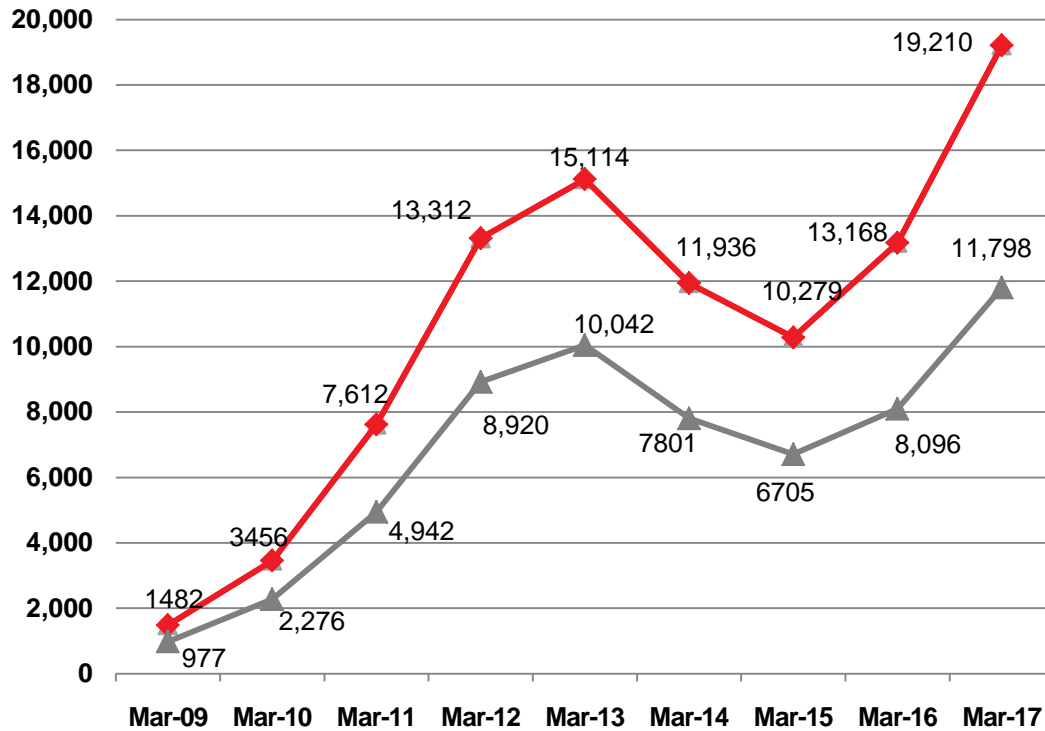
## Efforts getting rewarded

### Profitability at a glance

(₹ in million)

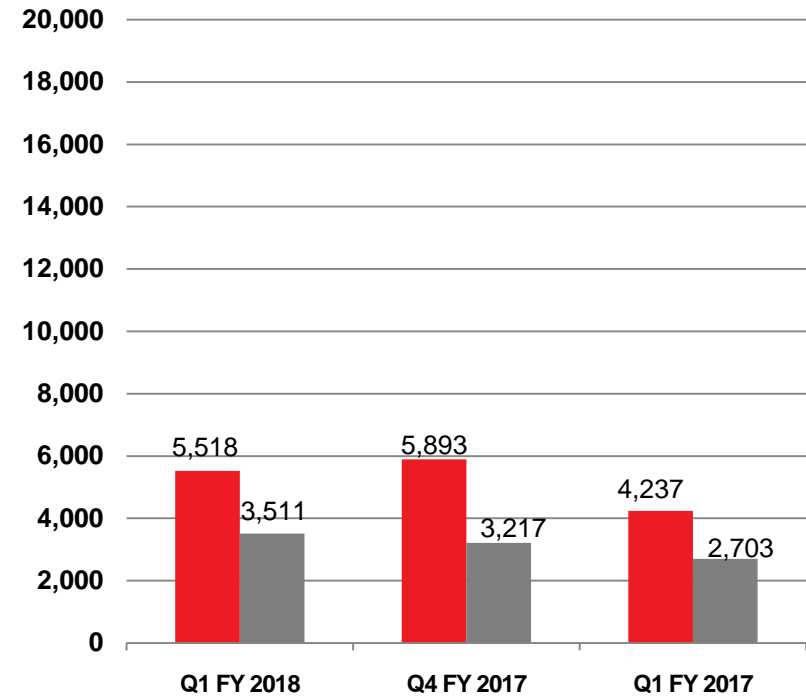
#### Yearly

◆ PBT ▲ PAT



#### Quarterly

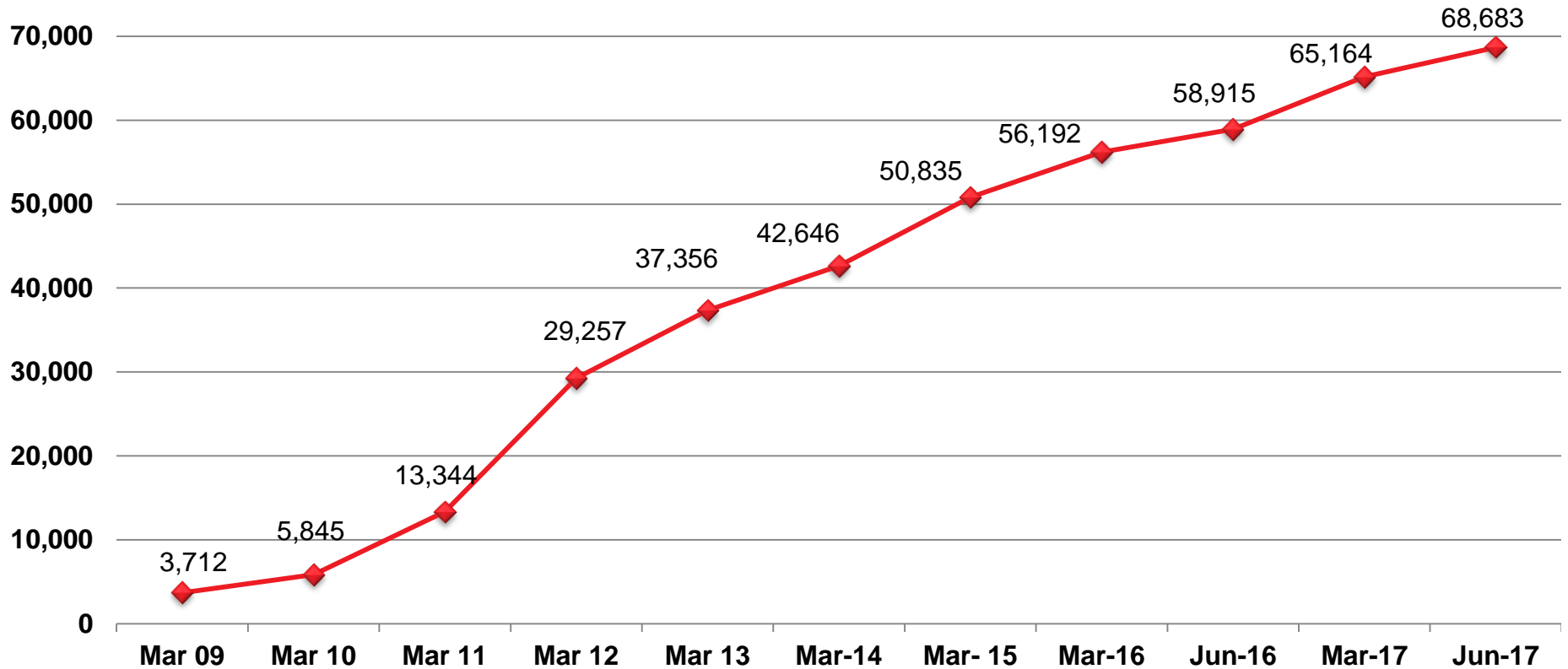
■ PBT ■ PAT



## Steady capital position

### Share Capital and Reserves & Surplus

(₹ in million)





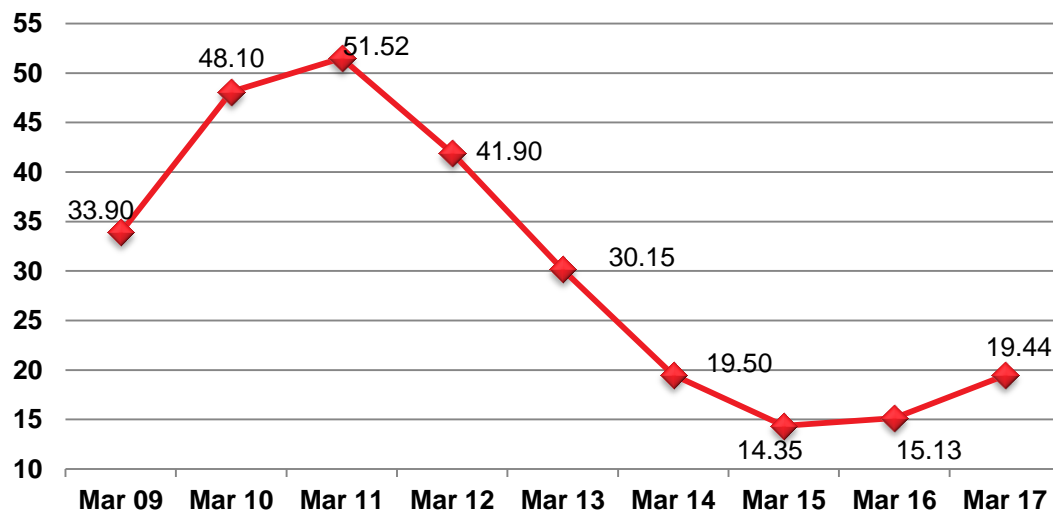
# RETURN ON EQUITY

## Stable shareholder value creation

### Return on Average Equity

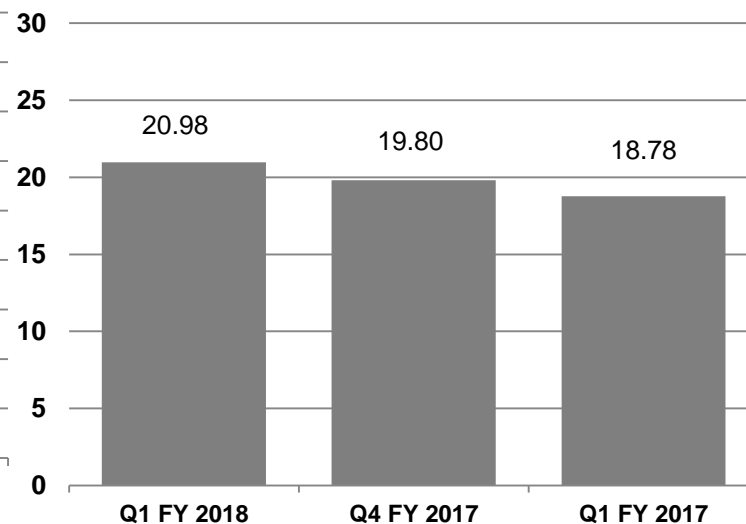
Yearly

(%)



Quarterly

(%)







## Maintaining capital well above the statutory requirement

### Capital Adequacy Ratio

(%)

	Jun-17	Mar-17	Jun-16
Capital Adequacy Ratio	25.61	24.88	24.27
Tier-I	22.65	21.78	21.03
Tier-II	2.96	3.10	3.24



# MARKET VALUE RATIO

## Equity market valuation ratios indicate potential for upside

	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
Earnings per share (₹)				
- Basic	8.79	8.06	6.77	29.56
- Diluted	8.76	8.13	6.71	29.45

	Jun-17	Mar-17	Jun-16
Book Value per share (₹)	171.76	162.98	147.51
Market price per share (₹)*	455.15	368.95	293.05
Price to Earnings ratio**	14.41	12.48	13.01
Price to Book Value ratio	2.65	2.26	1.99

\*Source: [www.nseindia.com](http://www.nseindia.com)

\*\*Based on trailing 12 months EPS

# CAPITALISATION RATIOS



Muthoot Finance

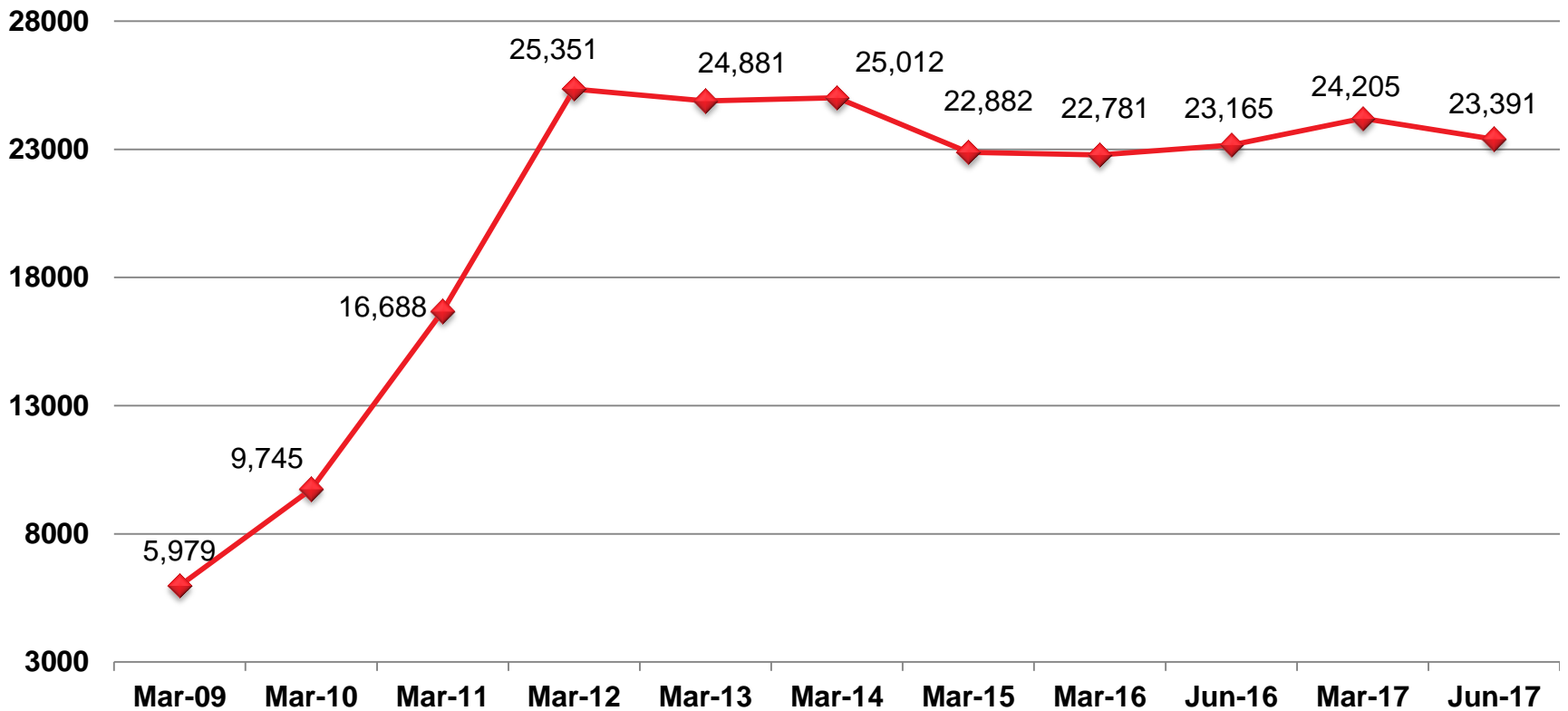
## Headroom for further leveraging

(₹ In million)

	<b>Jun-17</b>	<b>Mar-17</b>	<b>Jun-16</b>
Outside Liabilities	249,141	241,966	226,641
Cash & Bank Balances	21,063	15,343	12,481
Tangible Networth	68,626	65,104	58,862
Capital Gearing	3.32	3.48	3.64

## 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 June 30, 2017, total holding in AAF stood at 503 million equity shares representing 60% of their total capital. The loan portfolio stands at LKR 9.08 bn as on June 30,2017

**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 17 branches across Sri Lanka.

**The company formerly known as Finance and Land Sales has been in operation for over 46 years, evolving to serve the growing needs of people of Sri Lanka.**

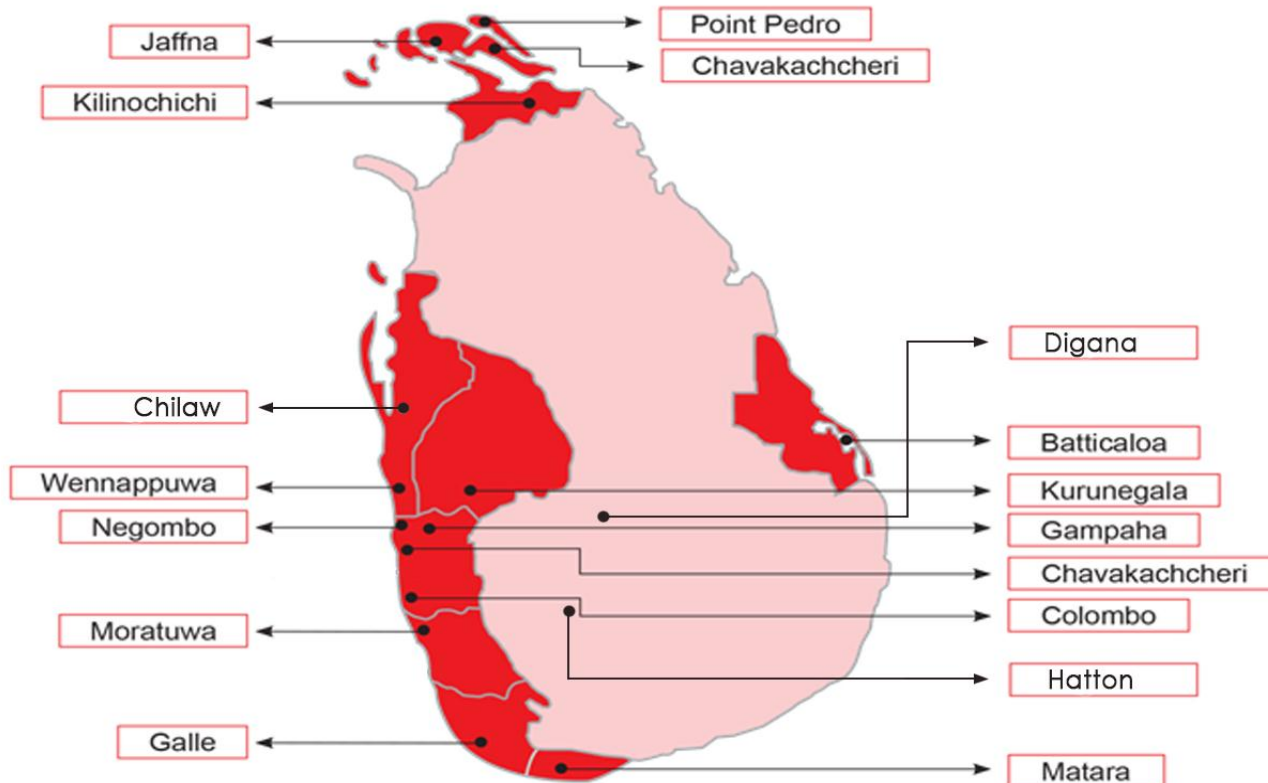
# PRODUCTS



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

# BRANCH NETWORK

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





## Key Financial Parameters

(LKR in millions)

Particulars	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
LKR / INR	0.41706	0.42113	0.44908	0.42113
Number of branches	17	15	15	15
Number of Employees	449	448	393	448
Loan Portfolio (LKR)	9,082	8,662	7,421	8,662
Capital Adequacy Ratio (%)	21	19	21	19
Total Revenue (LKR)	593	585	454	2,131
Total Expense (LKR)	520	493	387	1,815
Profit Before Tax (LKR)	73	92	67	316
Profit After Tax (LKR)	57	86	56	278
Share Holders Funds (LKR)	1,735	1,737	1,518	1,737
Total Outside Liabilities (LKR)	8,828	8,290	7,477	8,290
Total Assets (LKR)	10,563	10,027	8,995	10,027



***Muthoot Homefin***

# MUTHOOT HOMEFIN – AN OVERVIEW



**Muthoot Homefin**



**Muthoot Finance**



Muthoot Homefin (India) Limited is a Housing Finance Company registered with The National Housing Bank (NHB). It is a subsidiary of Muthoot Finance Limited . As on June 30, 2017, Muthoot Finance holds 88.27% 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 operates on a 'Hub and Spoke' model, with the centralised processing at Corporate Office at Mumbai. MHIL has operations in Kerala, Maharashtra, Gujarat, Rajasthan and Madhya Pradesh.

**As on June 30, 2017, it has a loan portfolio of Rs.5.96 bn.**

ICRA assigned Long Term Debt Rating of ICRA AA-(Stable) for its Bank limits in Q2 FY 17 .Recently ICRA assigned Short Term Debt Rating of ICRA A1+ for its Commercial Paper.

**Business Performance**

(₹ in millions)

Particulars	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
Number of branches	11	9	2	9
Number of Sales Offices	110	110	39	110
Number of Employees	135	111	49	111
Loan Portfolio (₹)	5,957	4,408	441	4,408
Capital Adequacy Ratio (%)	27	36	177	36
Total Revenue (₹)	192	135	14	242
Total Expense (₹)	131	96	19	189
Profit Before Tax (₹)	61	39	(5)	53
Profit After Tax (₹)	37	21	(4)	29
Share Holders Funds (₹)	918	882	564	882
Total Outside Liabilities (₹)	5,954	3,624	3	3,624
Total Assets (₹)	6,872	4,506	567	4,506



## Business Performance

(%)

Particulars	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
Yield on Advances	12.67	13.05	9.75	12.74
Interest Spread	3.55	3.66	-	3.31
Return on Assets (ROA)	3.08	3.26	(4.64)	2.42
Return on Equity (ROE)	16.36	9.82	(3.10)	3.64

**Disbursements**  
**Rs 1,584 mn**  
**11x YoY**

**Loan Book**  
**Rs 5,957 mn**  
**14x YoY**

**Presence in**  
**5 states**  
**29 locations**

**Debt Equity 5.28x**  
**CRAR 26.87%**



**Muthoot Homefin**



**Muthoot Finance**

## Financial Highlights

- Disbursements in Q1 FY 2018: Rs 1,584 mn. Loan Book as on June 30, 2017: Rs 5,957 mn
- Average Ticket Size in FY 2017: Rs.1.0 mn
- Business Presence: Maharashtra, Gujarat, Rajasthan, Madhya Pradesh and Kerala, Presence in 29 locations
- ROA for Q1 FY 2018: 3.08%, ROE for Q1 FY 2018: 16.36%
- Average cost of borrowings of 9.12% for Q1 FY 2018. Capital Adequacy Ratio: 26.87%, Debt Equity Ratio: 5.28
- Average Yield: 12.67%, Interest Spread: 3.55%
- Credit ratings are ICRA AA- (stable) for long term bank borrowings ,and ICRA A1+ for short term borrowings (CP program).
- Maintaining strict risk & underwriting parameters has kept the asset quality under control.

## Growth Drivers

- Deepening our network further in existing states & expanding into Karnataka, Telengana, AP and Haryana states
- Increasing the leverage from 5.28x currently will help to improve the ROE
- 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 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) which indicates low risk will help in lower cost of funds
- Debt/Equity ratio at 5.28 times as on June 30, 2017, 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 Finance**



# MUTHOOT INSURANCE – AN OVERVIEW



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

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

During Q1 FY 18, it has insured more than 216,000 lives with a First year premium collection of Rs.16 Crs, whereas in Q1 FY 17, its First year premium collection was Rs.10 Crs insuring more than 136,000 lives. During FY 17, it has insured more than 566,000 lives with a First year premium collection of Rs. 70 Crs under Traditional ,Term and Health products..

The same was 459,000 lives with a First year premium collection of Rs.49 Crs in FY16.





## Key Business Parameters

(₹ in millions)

Particulars	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
Premium Collection (₹)	157	259	102	697
Number of Policies	216,301	176,929	136,212	566,282

## Key Financial Parameters

(₹ in millions)

	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
Total Revenue (₹)	25	46	15	116
Total Expense (₹)	6	7	6	28
Profit Before Tax (₹)	19	39	9	88
Profit After Tax (₹)	12	22	6	60
Share Holders Funds (₹)	183	171	117	171
Earnings per share (₹)	24.81	50.86	12.27	120.33

# OUR SUBSIDIARY



***Muthoot Finance***



**BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED**

**A Subsidiary of Muthoot Finance Limited**

# BELSTAR INVESTMENT AND FINANCE – AN OVERVIEW



*Muthoot Finance*



As of June 2017 , Muthoot Finance holds 64.60% 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 eight 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.

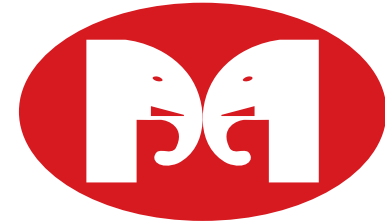
As of June 30, 2017, BIFPL operations are spread over six states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha and Pondicherry). It has 172 branches, with 31 controlling regional offices and employs 1240 staff. Its loan portfolio has grown from INR 0.20 mn in March 2009 to INR 5,668 mn in March 2017. As on June 30, 2017, it has a loan portfolio of INR 6,285 mn.



## Key Financial Parameters

(₹ in millions)

Particulars	Q1 FY 2018	Q4 FY 2017	Q1 FY 2017	FY 2017
Number of branches	172	155	94	155
Number of Employees	1,240	1,093	705	1,093
Loan Portfolio (₹)	6,285	5,668	2,872	5,668
Capital Adequacy Ratio (%)	20	17	16	17
Total Revenue (₹)	419	332	178	1,034
Total Expense (₹)	339	275	145	874
Profit Before Tax (₹)	80	57	33	160
Profit After Tax (₹)	52	37	22	104
Shareholders Funds (₹)	956	903	421	903
Total Outside Liabilities (₹)	6,982	6,726	3,120	6,726
Total Assets (₹)	7,938	7,629	3,541	7,629



# ***Muthoot Finance***

## **REGISTERED OFFICE**

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Kerala – 682 018. India

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**CIN:** L65910KL1997PLC011300

**RBI Reg No:** N 16.00167

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[www.muthootfinance.com](http://www.muthootfinance.com)