

***Muthoot Finance***

**Financial Results Q1 FY 2019**

**June 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 profit & loss account (Q1-FY19)** 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 or exercising any available exemptions
- Figures of subsidiaries disclosed are not under IND-AS.



# CONSOLIDATED LOAN ASSETS \*

## Diversified Business of the Group \* (₹ in million)

	Q1 FY 19	Q1 FY 18	YoY Growth(%)	FY 2018
Consolidated Loan Assets of the Group *	343,157	295,004	16	321,591
Contribution of Subsidiaries in the Consolidated Gross Loan Assets of the Group* (%)	10	6	-	10

	Q1 FY 19	Q1 FY 18	YoY Growth(%)	FY 2018
Group* Branch Network	4,688	4,485	5	4,596

\* Muthoot Finance Ltd and its subsidiaries.

- 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

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**161 tonnes**

Gold jewellery kept as security

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**4,300+**

Pan-India branches

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**145,000+**

Retail investor base across debenture and subordinated debt portfolio

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**23,000+**

Team members

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**200,000+**

Customers served every day

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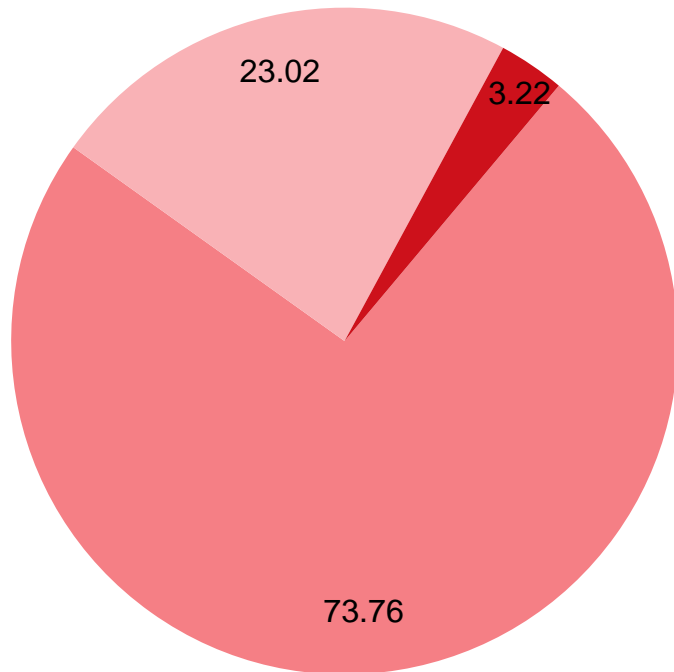
**₹ 309,966 mn**

Loan Assets Under Management

*(As of June 30, 2018)*

# SHAREHOLDING PATTERN

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



(%) Shareholding as on June 30, 2018

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

**NSE Ticker**

MUTHOOTFIN

**BSE Ticker**

533398

**Market Capitalisation**

(as on June 30, 2018)

₹ 151,835 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

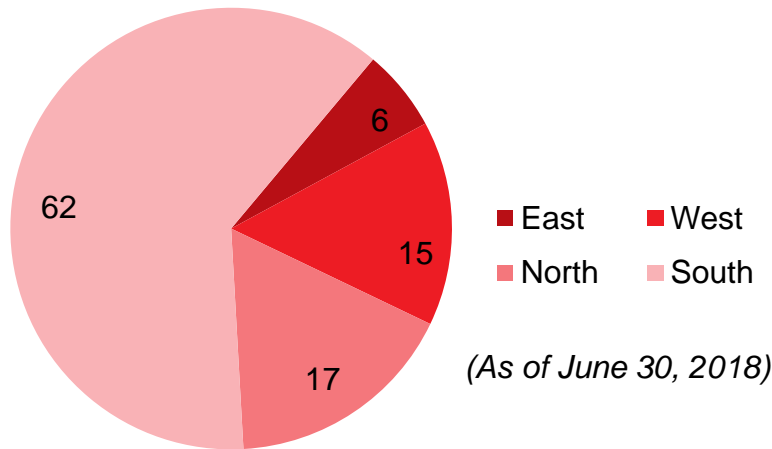




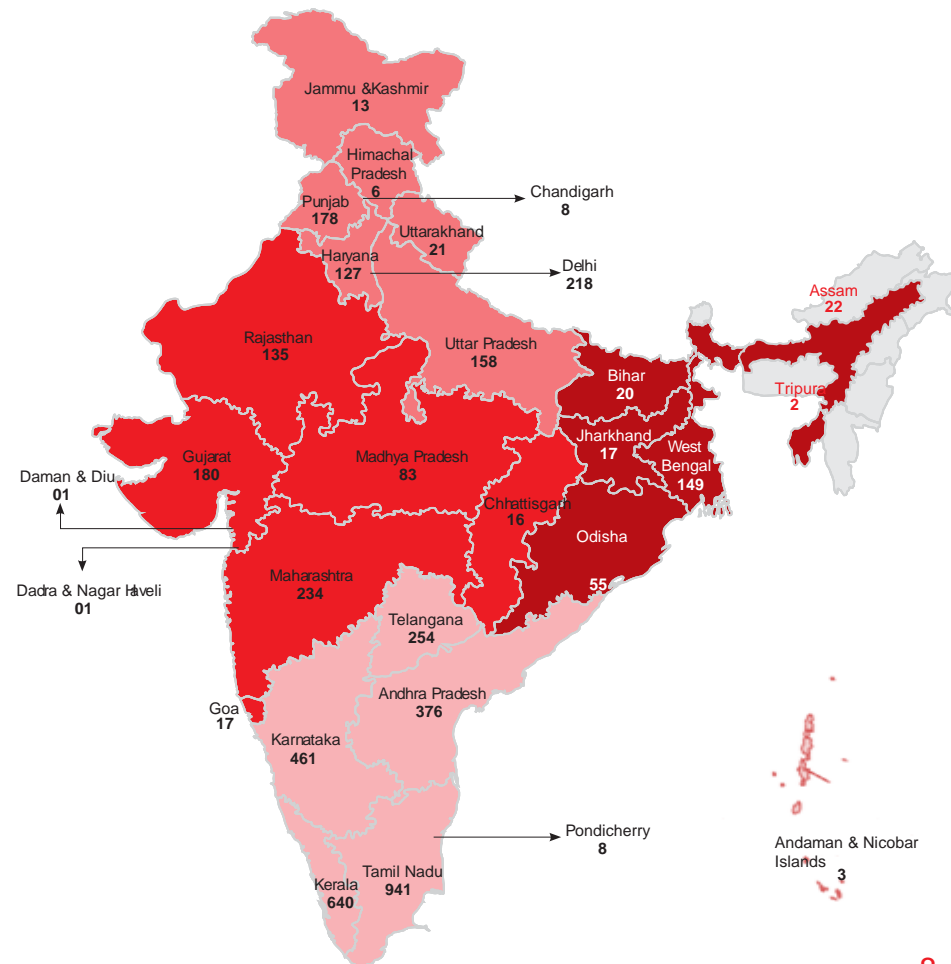
# GEOGRAPHICAL PRESENCE

## A strong presence of 4344 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

### Aadhaar based Electronic KYC



- Biometric KYC verification - Convenience
- No further KYC documents –Paperless
- Aadhar
- Almost whole branches covered now
- 28% of New KYCs through e-KYC in Mar'18
- e-Sign facility has been introduced in October'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)

- 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 4.91 lakhs downloads.
- Online Gold Loan (OGL) facility available to withdraw loan amount and renewal, apart from payments.
- Rs.309 crs payments received from 3.58 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)		
	Jun-18*	Mar-18	Mar-17
Share Capital	4001	4,000	3,995
Reserves & Surplus	79,070	73,604	61,169
<b>Total</b>	<b>83,071</b>	<b>77,604</b>	<b>65,164</b>

\*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)
<b>Opening Reserve &amp; Surplus as per Indian GAAP as at 1<sup>st</sup> April 2017</b>	<b>65,164</b>
<b>Adjustments:</b>	
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
<b>Opening Reserve &amp; Surplus as of 1<sup>st</sup> April 2017</b>	<b>65,019</b>

## Core focus continues to be gold loan

### Gross Loan Assets under management\*

	Jun-18	Mar- 18	Jun-17	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross loan assets under management	309,966	291,420	278,566	11	6

### Break-up of Gross Loan Assets under management

Gold Loans under management	305,621	288,484	277,750	10	6
Other loans	4,345	2,936	816	432	48

\*Principal Value of Loan assets



## LIABILITIES

## Stable sources of funding\*

	Jun-18	Mar-18	Jun-17	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	7,645	8,769	21,058	-64	-13
Secured Non-Convertible Debentures-Listed	70,966	43,842	55,359	28	62
Borrowings from Banks/FIs	109,713	111,836	93,049	18	-2
Subordinated Debt	5,701	7,388	13,423	-58	-23
Subordinated Debt -Listed	3,849	3,849	3,849	0	0
Commercial Paper	27,395	28,181	28,268	-3	-3
Other Loans	7,023	8,815	5,838	20	-20
<b>Total</b>	<b>232,292</b>	<b>212,680</b>	<b>220,844</b>	<b>5</b>	<b>9</b>

\*Principal Value of Borrowings



## REVENUE &amp; PROFIT

## Profit &amp; Loss Statement

(₹ in million)

	Q1 FY 2019*	Q1 FY 2018*	YoY Growth (%)	FY 2018**	FY 2017**
<b>INCOME</b>					
Interest Income	16,053	13,560	18	60,593	56,546
Other Income	277	213	30	1,839	921
<b>Total</b>	<b>16,330</b>	<b>13,773</b>	<b>19</b>	<b>62,432</b>	<b>57,467</b>
<b>EXPENDITURE</b>					
Interest Expense	5,016	5,121	(2)	19,399	22,938
Personnel Expenses	2,102	1,800	17	7,288	7,280
Administrative & Other expenses	1,478	1160	27	4,940	4,401
Provisions & Write Offs	26	106	(75)	2,397	2,816
Directors Remuneration	67	58	10	431	362
Depreciation	91	104	(13)	405	460
<b>Total</b>	<b>8,780</b>	<b>8,349</b>	<b>5</b>	<b>34,860</b>	<b>38,257</b>
<b>PROFIT</b>					
Profit Before Tax	7,550	5,424	39	27,571	19,210
Profit After Tax	4,916	3,449	43	17,203	11,798

\* Under IND-AS

\*\*Under I-GAAP





## Reconciliation of IND-AS Migration

### I-GAAP and IND-AS Reconciliation

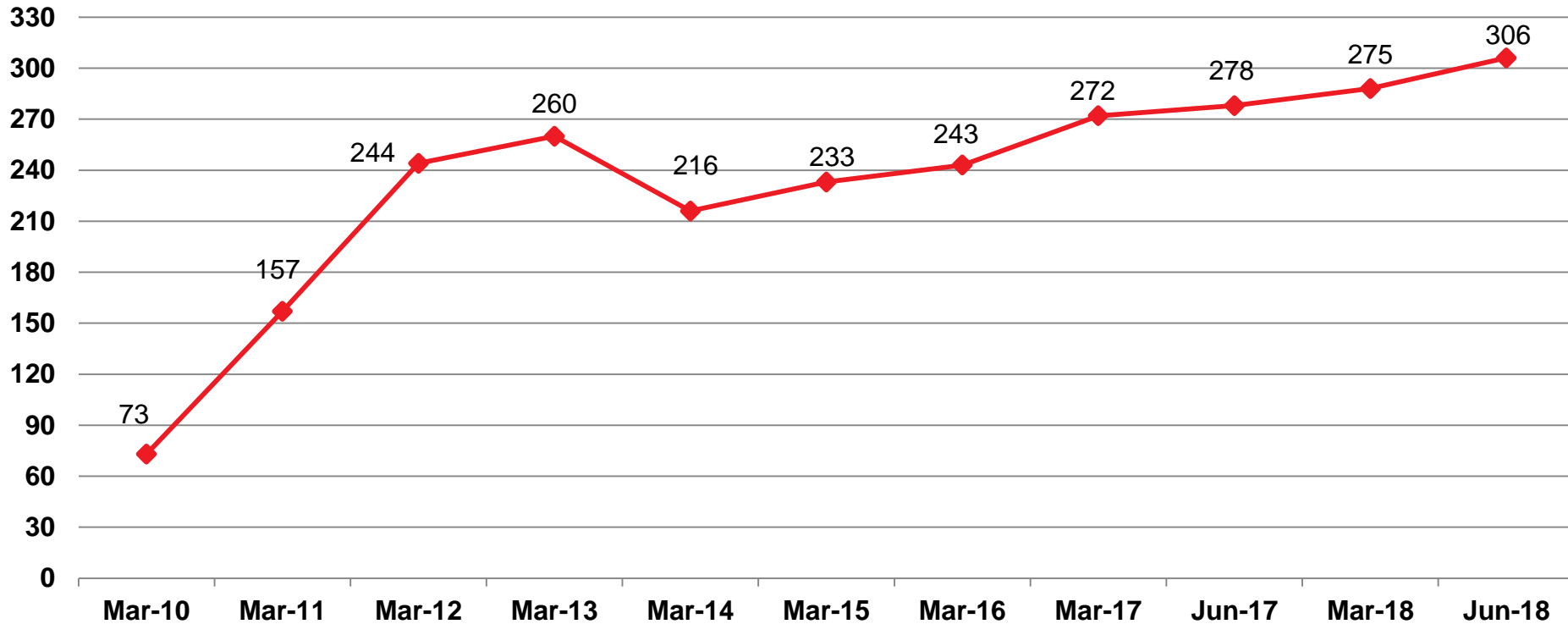
(₹ in million)

	Q1 FY 2018
<b>Net Profit after Tax reported under Previous GAAP</b>	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	(311)
Amortisation of net income under Effective Interest Rate method for Financial Assets	(20)
Amortisation of expenses under Effective Interest Rate method for Financial Liabilities	205
Reversal of derivative liability recognised on transition	59
Reclassification of Actuarial Gain/Loss to Other Comprehensive Income	(15)
Fair Valuation of Employee Stock Options	(13)
Tax adjustments on above items	33
<b>Net Profit after tax as under IND AS</b>	<b>3,449</b>
Other Comprehensive Income/Loss(Net of tax)	10
<b>Total Comprehensive Income(after tax) as reported under IND AS</b>	<b>3,459</b>

## Gaining scale over the years

### Gold Loan Assets Under Management

(₹ in billion)



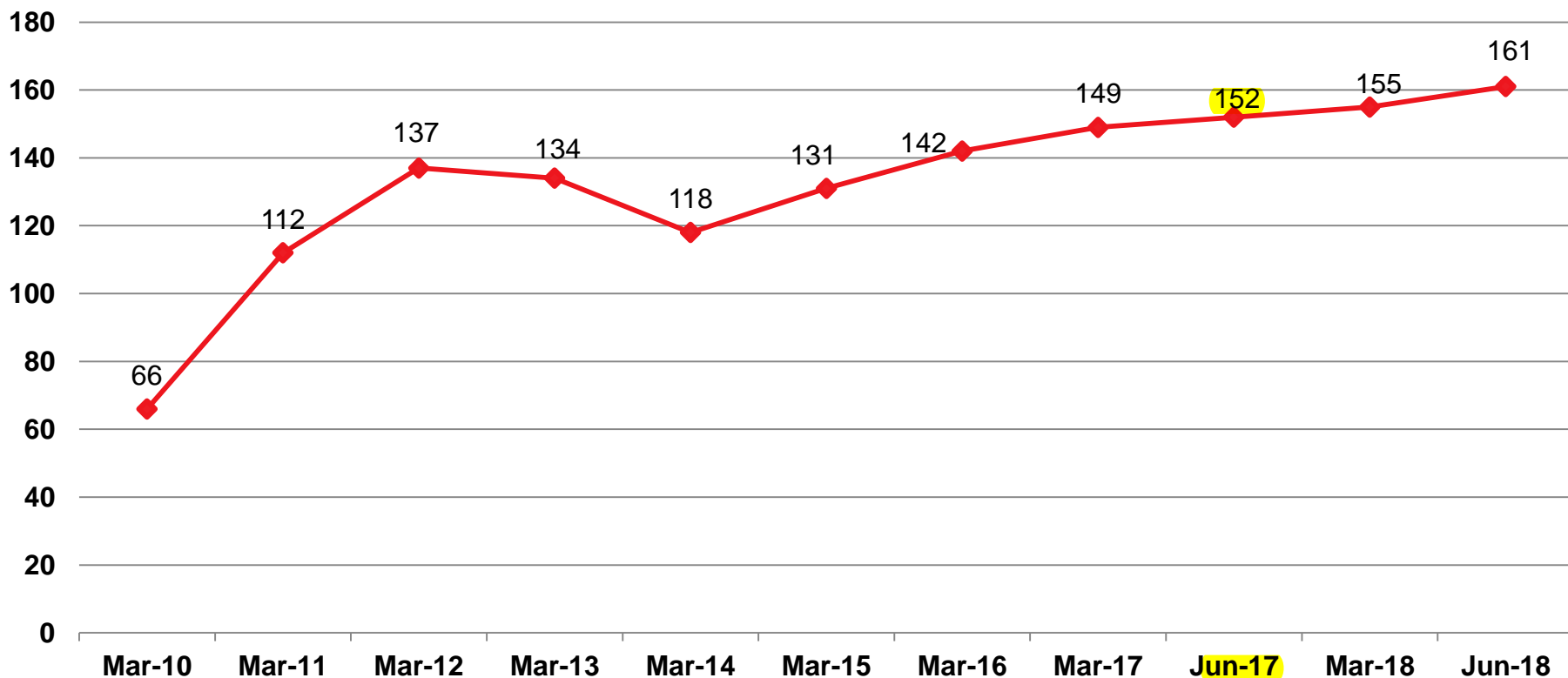


# GOLD HOLDING

Carrying the trust of millions of our customers

## Gold jewellery kept as security

(In tonnes)

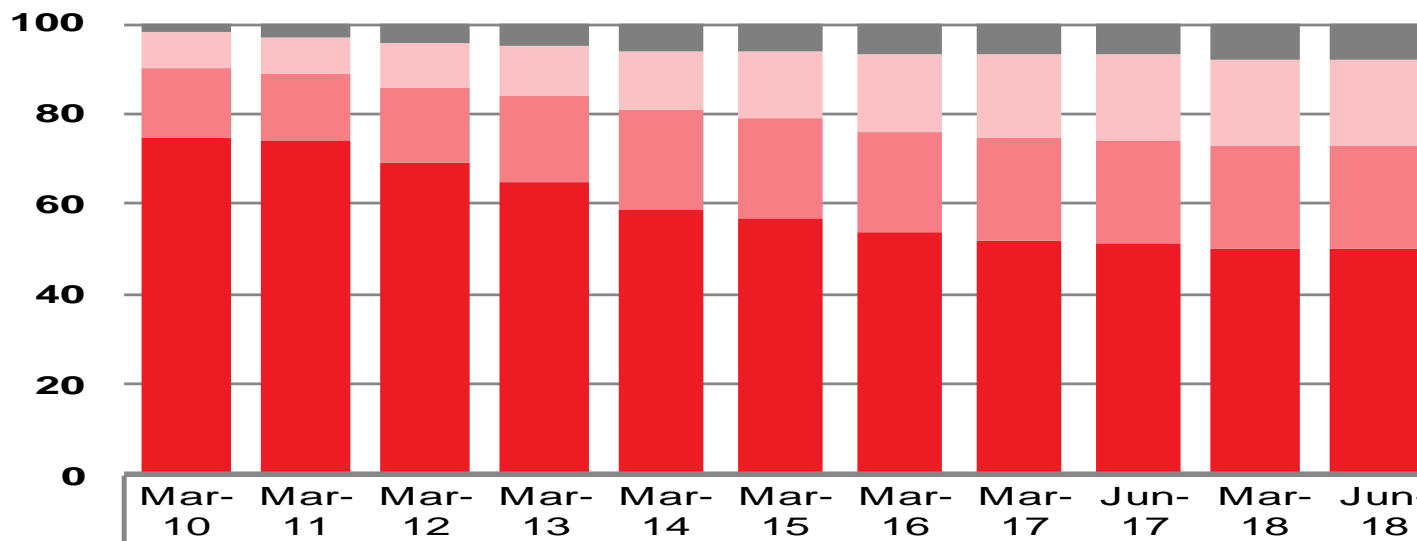




# GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO *Muthoot Finance*

## Diversified gold loan portfolio across India

(%)



## Gold Loan Assets Under Management

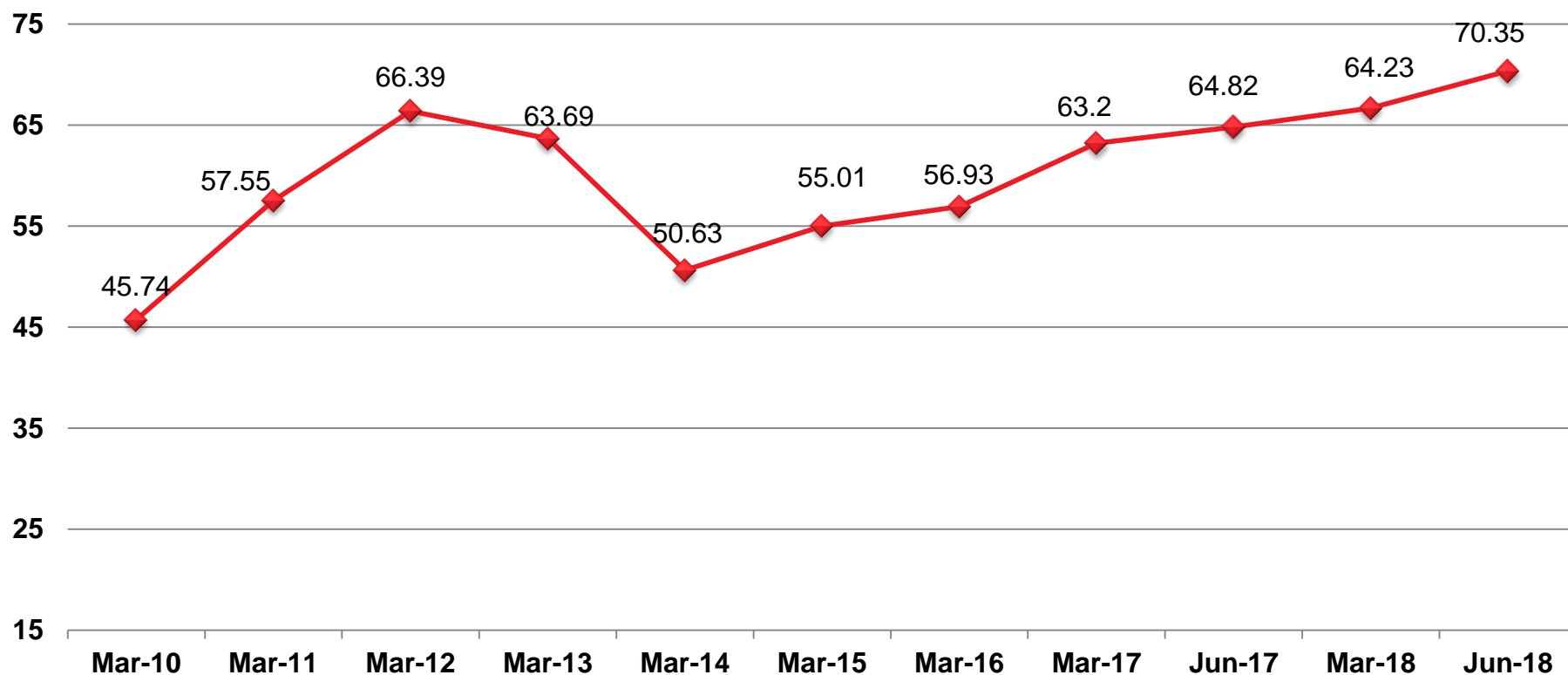
(₹ in billion)

Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Jun-17	Mar-18	Jun-18
73	157	244	260	216	233	243	272	278	288	306

## Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

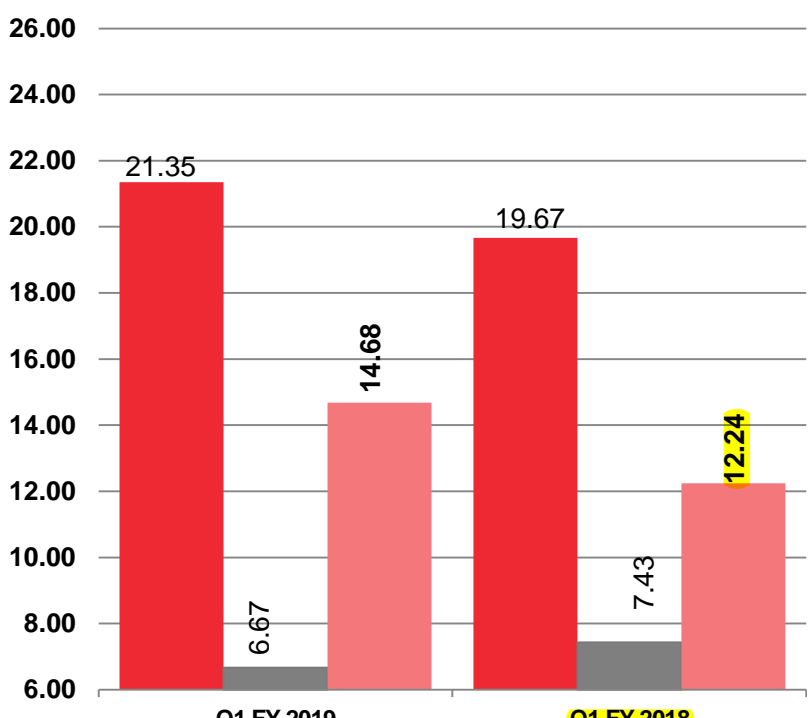
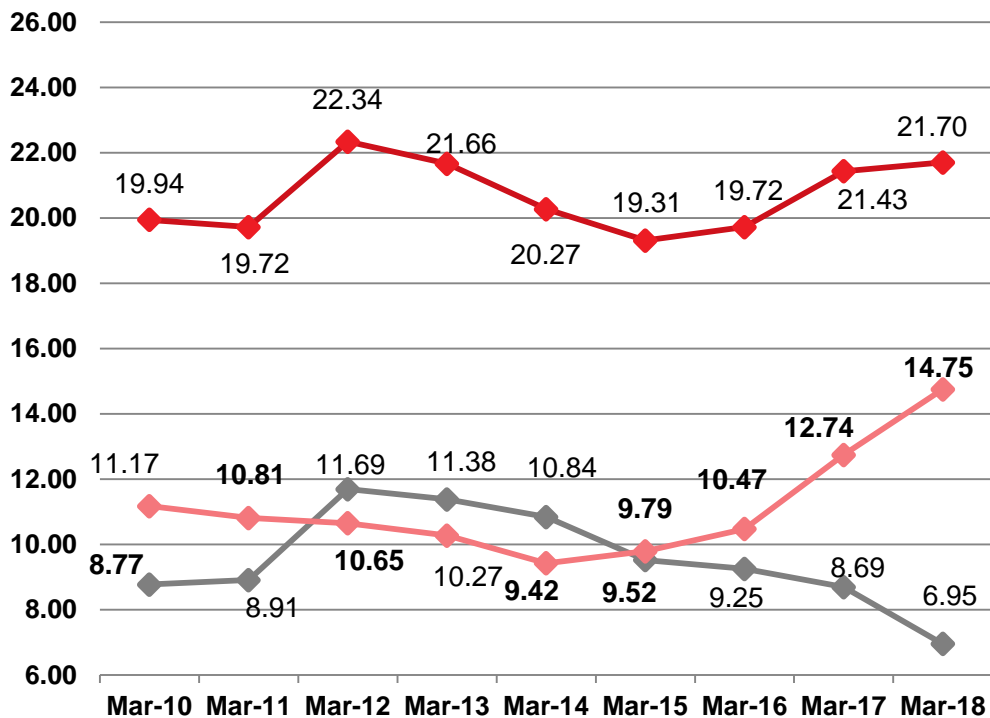
(₹ in million)



# YIELD ON LOAN ASSETS AND NIM

**Yearly\*** (%)

**Quarterly\*\*** (%)



\*Under I-GAAP

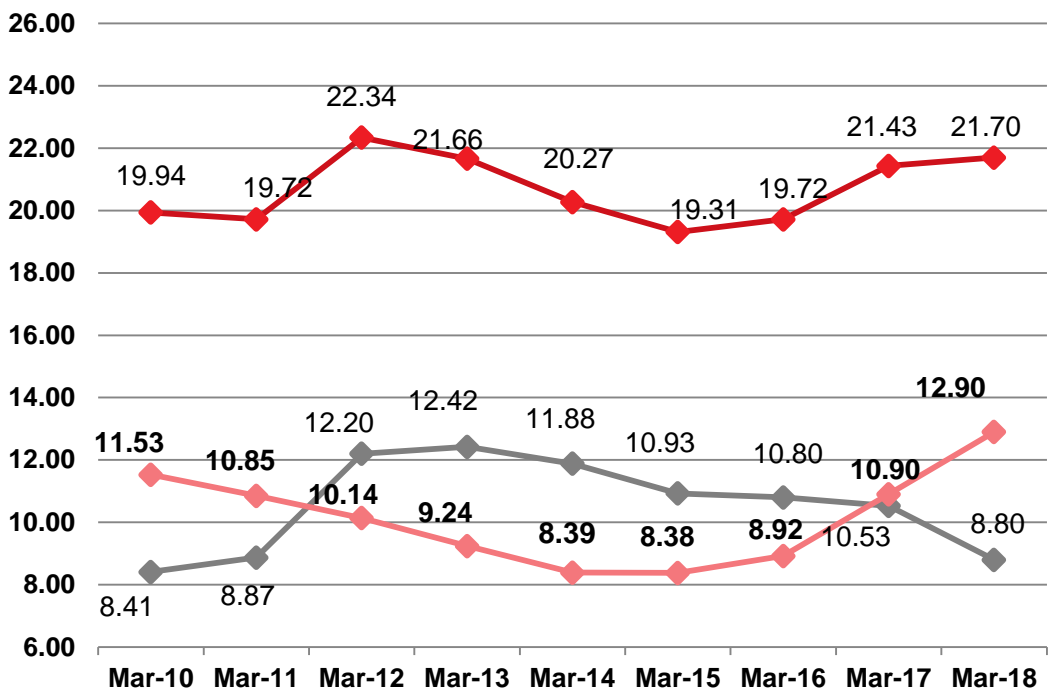
\*\*Under IND -AS

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



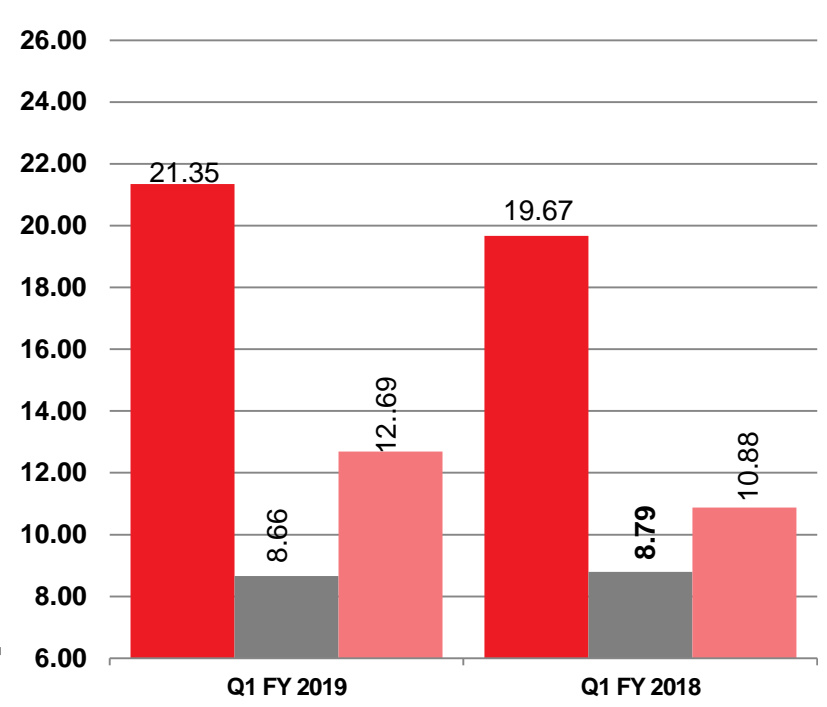
# INTEREST SPREAD

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

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



\*\*Under IND-AS

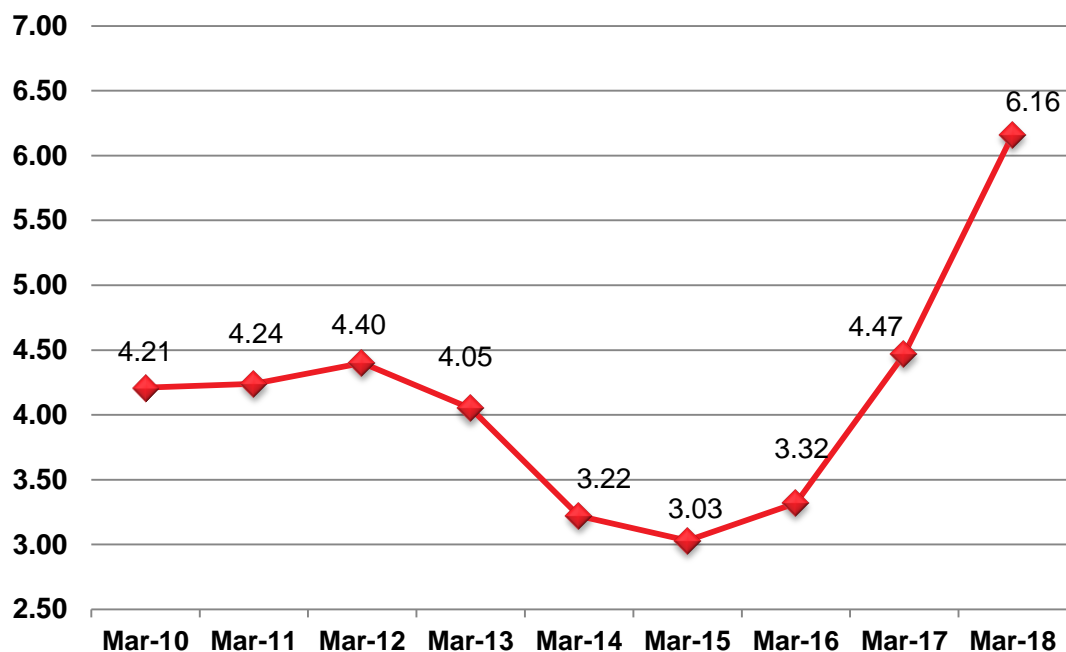


# RETURN ON AVERAGE LOAN ASSETS

## Attractive returns over the years

Yearly\*

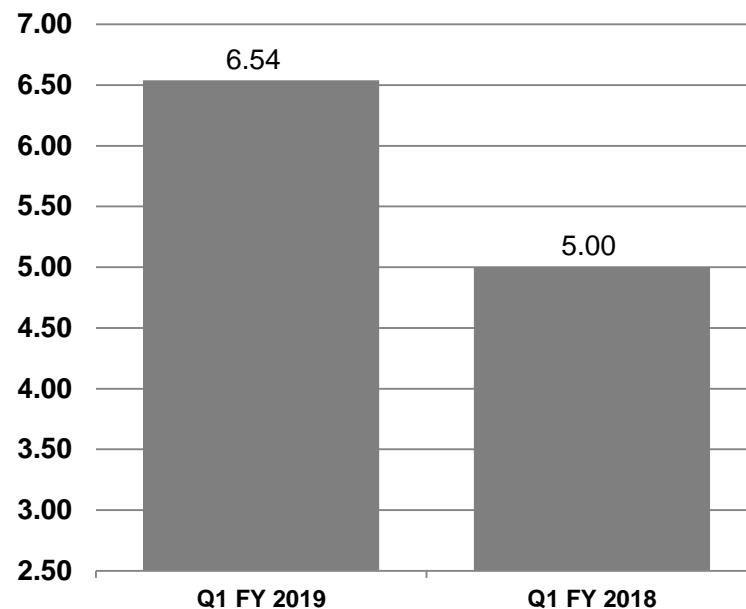
(%)



\*Under I-GAAP

Quarterly\*\*

(%)



\*\*Under IND-AS



# NON-PERFORMING ASSETS



Muthoot Finance

## I-GAAP

(₹ in million)

	Jun-18	Mar-18	Jun-17	Mar-17
Gross Non-Performing Assets*	14,128	20,329	6,279	5,621
% of Gross NPA on Gross Loan Assets	4.56	6.98	2.25	2.06

\*Includes Borrower wise classification of Rs 5,238 million in Jun'18 & Rs 7,424 million in Mar'18 which otherwise could be classified as standard loans

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

## IND AS

(₹ in million)

	Jun-18	Mar-18	Jun-17	Mar-17
Stage III Loan Asset	8,835	12,872	14,320	7,612
% Stage III Asset on Gross Loan Asset	2.85	4.42	5.14	2.79
ECL Provision	5,892	6,089	6,131	5,278
ECL Provision as % of Gross Loan Assets	1.90	2.09	2.20	1.94
Provisions outstanding in books	8,096	8,096	6,071	6,035



# NON-PERFORMING ASSETS

## Provisioning Norms

Stage	Description	Provision Mechanism
Stage 1	0-30 days past due	PD*LGD*Stage 1 Asset
Stage 2	> 30 to <= 90 past due	PD*LGD*Stage 2 Asset
Stage 3	> 90 days past due	LGD * EAD of Stage 3 Asset

*PD-Probability of default*

*LGD-Loss given default*

*EAD-Exposure at Default*

## Bad Debts

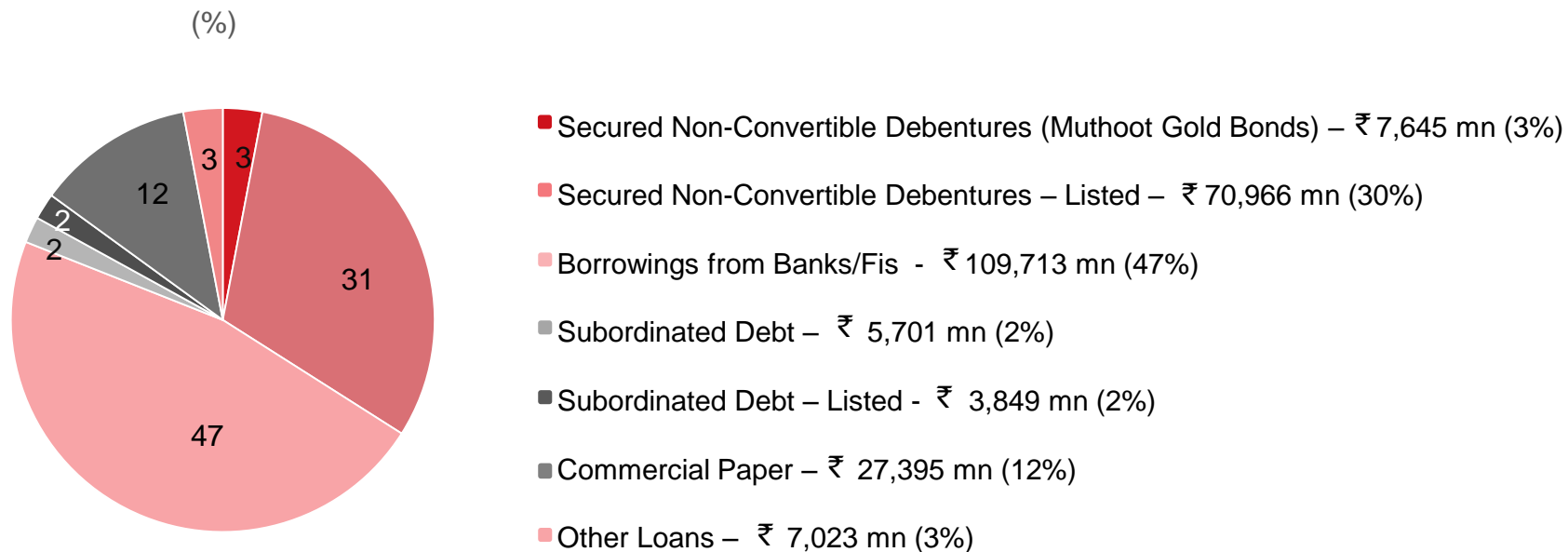
(₹ in million)

	Q1 FY 19*	Q1 FY 18**	FY 18**	FY 17**
Bad Debts Written Off	26	9	316	165

\* Under IND-AS

\*\*As per I-GAAP

## Maintaining a diversified funding profile\*



*\*Principal Value of Borrowings*

*(As of June 30, 2018)*



# CREDIT RATINGS

## 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	40,000	ICRA A1+	Very strong degree of safety and lowest credit risk
<b>BANK LOANS</b>			
ICRA*	132,130	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	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
<b>BANK LOANS</b>			
ICRA*	100,370	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 ₹141,150 millions



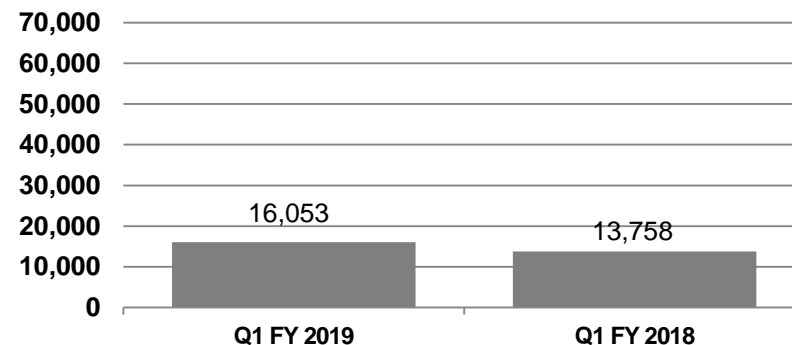
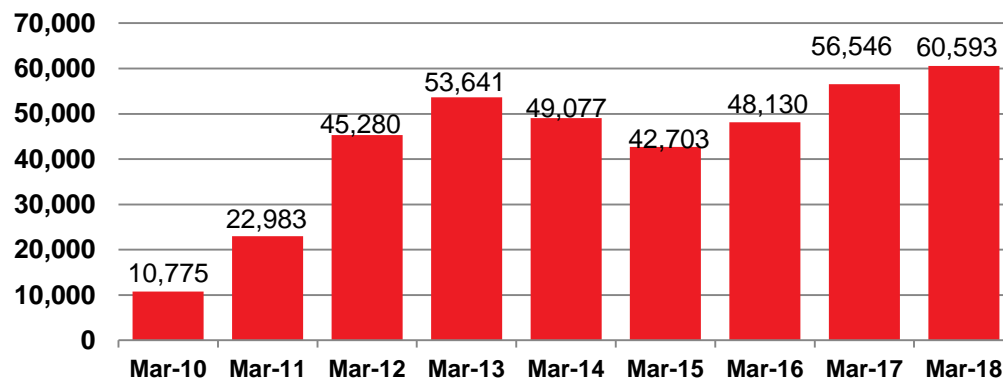
# BREAK-UP OF GROSS INCOME

## Interest Income

(₹ in million)

Yearly\*

Quarterly\*\*

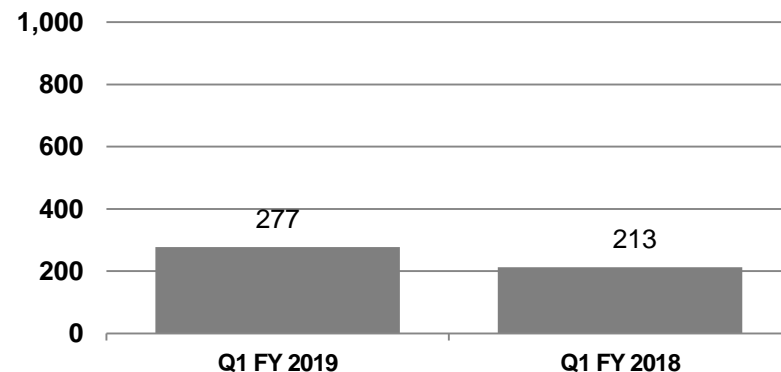
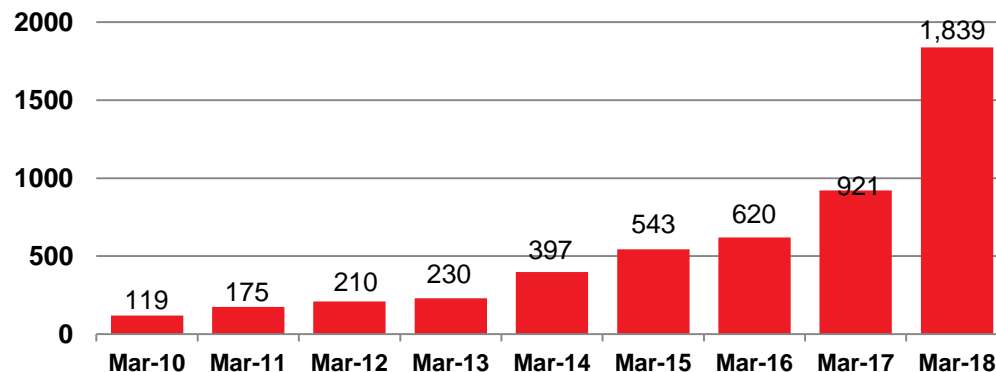


## Other Income

(₹ in million)

Yearly\*

Quarterly\*\*



\*Under I-GAAP

\*\*Under IND-AS

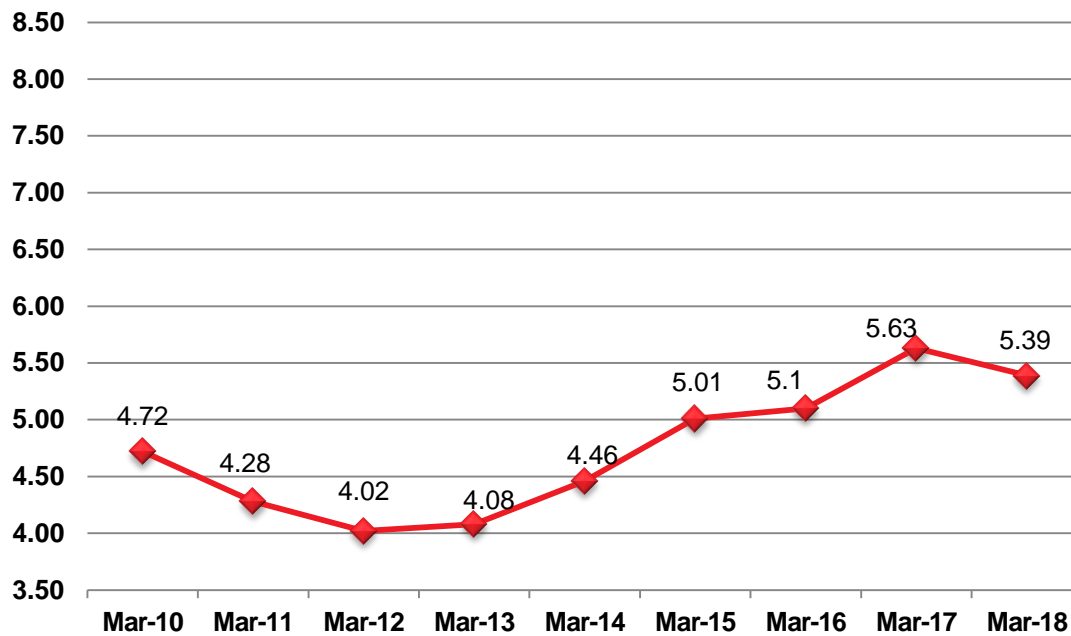


# OPERATING EXPENSES TO AVERAGE LOAN ASSETS

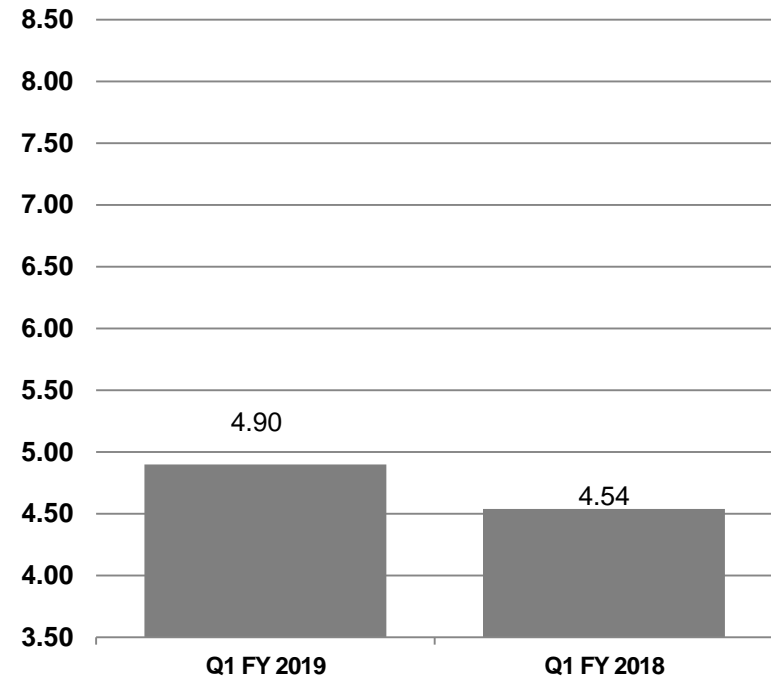
## Operational efficiency over the years

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	Q1 FY 2019	Q1 FY 2018
Personnel Expenses	7,288	7,280	6,418	6,304	5,917	5,453	4,145	2,209	2,102	1,800
Rent	1,913	1,808	1,713	1,650	1,542	1,309	1,042	603	475	503
Advertisement	720	531	626	651	702	579	866	647	308	176
Postage, Telegram and Telephone	404	372	378	371	364	243	184	115	87	105
Traveling and Conveyance	182	186	187	212	190	175	168	114	51	42
Printing and Stationery	136	129	144	160	185	168	155	111	34	29
Repairs and Maintenance	362	362	290	281	272	256	341	211	84	68
Legal and Professional Charges	153	124	93	189	216	86	60	114	46	36
Business Promotion Expense	209	201	149	140	279	332	267	119	97	9
Directors Remuneration	431	362	196	192	192	192	192	192	67	58
Depreciation and Amortisation Expenses	438	482	575	841	475	454	329	180	91	104
Others	1,165	835	1,014	733	731	550	380	229	322	297
Provision For Standard & NPA Assets	2,061	2,647	1,223	180	214	765	351	323	0	0
<b>Total</b>	<b>15,462</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>3,764</b>	<b>3,227</b>

\*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		Q1 FY 2019	Q1 FY 2018
Personnel Expenses	47	48	49	53	52	52	49	43		56	56
Rent	12	12	13	14	14	12	12	12		13	16
Advertisement	5	3	5	5	6	5	10	13		8	5
Postage, Telegram and Telephone	3	2	3	3	3	2	2	2		2	3
Traveling and Conveyance	1	1	1	2	2	2	2	2		1	1
Printing and Stationery	1	1	1	1	2	2	2	2		1	1
Repairs and Maintenance	2	2	2	2	2	2	4	4		2	2
Legal and Professional Charges	1	1	1	2	2	1	1	2		1	1
Business Promotion Expense	1	1	1	1	2	3	3	2		3	0
Directors Remuneration	3	2	2	2	2	2	2	4		2	2
Depreciation and Amortisation Expenses	3	3	4	7	4	4	4	3		2	3
Others	8	5	8	6	6	5	4	4		9	9
Provision For Standard & NPA Assets	13	17	9	2	2	7	4	6		0	0
<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>

\*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	Q1 FY 2019	Q1 FY 2018
<b>(Based on Income)</b>										
Interest expense to Gross Income	31.07	39.92	46.31	48.71	53.08	52.34	52.10	44.83	30.72	37.18
Selling, general and administrative expenses to Net Income	29.42	34.88	41.36	48.26	44.66	35.89	35.48	36.32	32.23	34.88
Provisions & Write Offs to Net Income	5.57	8.16	6.20	1.67	1.89	3.49	1.93	2.68	0.23	1.23
Operational expenses to Net Income	34.99	43.03	47.56	49.93	46.55	39.37	37.41	38.99	32.46	36.11
OPBDT / Net Income	65.01	56.97	52.44	50.06	53.45	60.62	62.59	61.00	67.54	63.89
Depreciation to Net Income	0.94	1.33	2.13	3.72	2.03	1.76	1.50	1.42	0.80	1.20
OPBT / Net Income	64.07	55.63	50.31	46.34	51.42	58.86	61.09	59.58	66.73	62.69
PBT / Net Income	64.07	55.63	50.31	46.34	51.42	58.86	61.09	59.58	66.73	62.69
PAT / Net Income	39.98	34.17	30.93	30.23	33.60	39.11	40.93	38.68	43.45	39.86

\*Under I-GAAP

\*\*Under IND-AS



# PROFITABILITY RATIOS

Yearly*	(%)								Quarterly**	(%)
(Based on Average Loan Assets)	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Q1 FY 2018	Q1 FY 2018
Interest income to avg. loan assets	21.70	21.43	19.72	19.30	20.27	21.66	22.34	19.72	21.35	19.67
Interest expense to avg. loan assets	6.95	8.69	9.25	9.52	10.84	11.38	11.69	8.91	6.67	7.43
Net Interest Margin	14.75	12.74	10.47	9.78	9.42	10.27	10.65	10.81	14.68	12.24
Other income to avg. Loan assets	0.66	0.35	0.25	0.25	0.16	0.09	0.10	0.15	0.37	0.31
Net Income Including Other Income	15.41	13.09	10.72	10.03	9.59	10.37	10.75	10.96	15.05	12.55
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	4.86	4.39
Provisions and write offs to avg. loan assets	0.86	1.07	0.67	0.17	0.18	0.36	0.21	0.29	0.04	0.15
PBDT to avg. loan assets	10.02	7.45	5.62	5.02	5.12	6.28	6.73	6.69	10.15	8.01
Depreciation to avg. loan assets	0.15	0.17	0.23	0.37	0.20	0.18	0.16	0.16	0.11	0.14
PBT to avg. loan assets	9.87	7.28	5.39	4.65	4.93	6.10	6.57	6.53	10.04	7.87
Tax to avg. loan assets	3.71	2.81	2.08	1.62	1.71	2.05	2.17	2.29	3.50	2.87
PAT to avg. loan assets	6.16	4.47	3.32	3.03	3.22	4.05	4.40	4.24	6.54	5.00
Cash Profit to avg. loan assets	6.30	4.65	3.54	3.40	3.42	4.24	4.56	4.40	6.65	5.15

\*Under I-GAAP

\*\*Under IND-AS

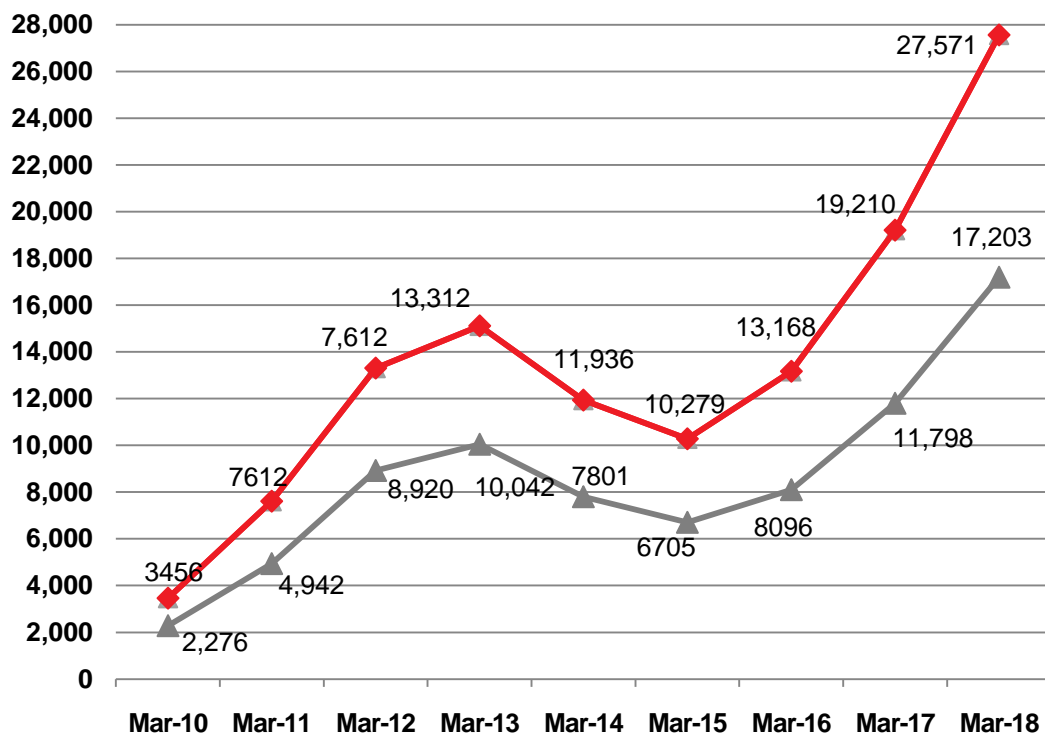
## Efforts getting rewarded

### Profitability at a glance

(₹ in million)

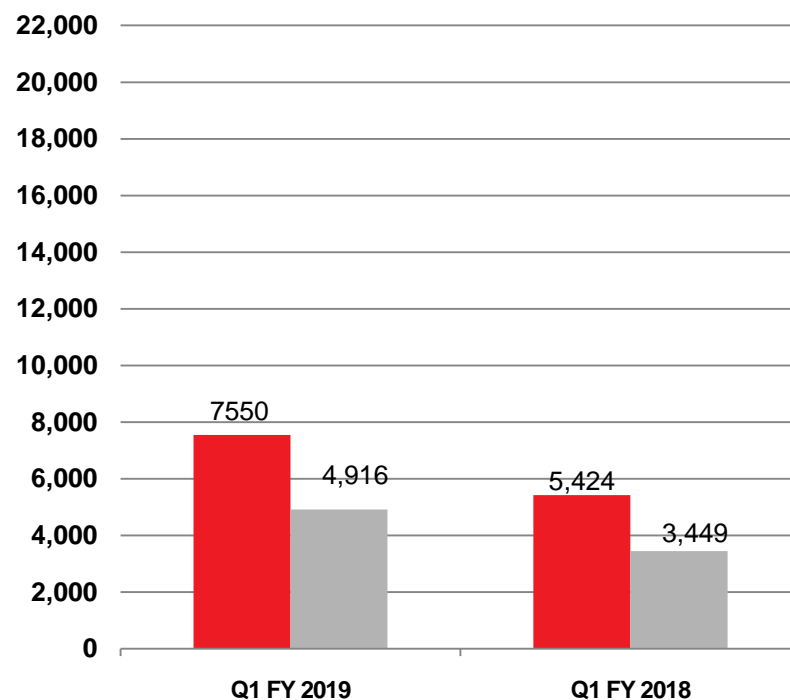
#### Yearly\*

◆ PBT ▲ PAT



#### Quarterly\*\*

■ PBT ■ PAT



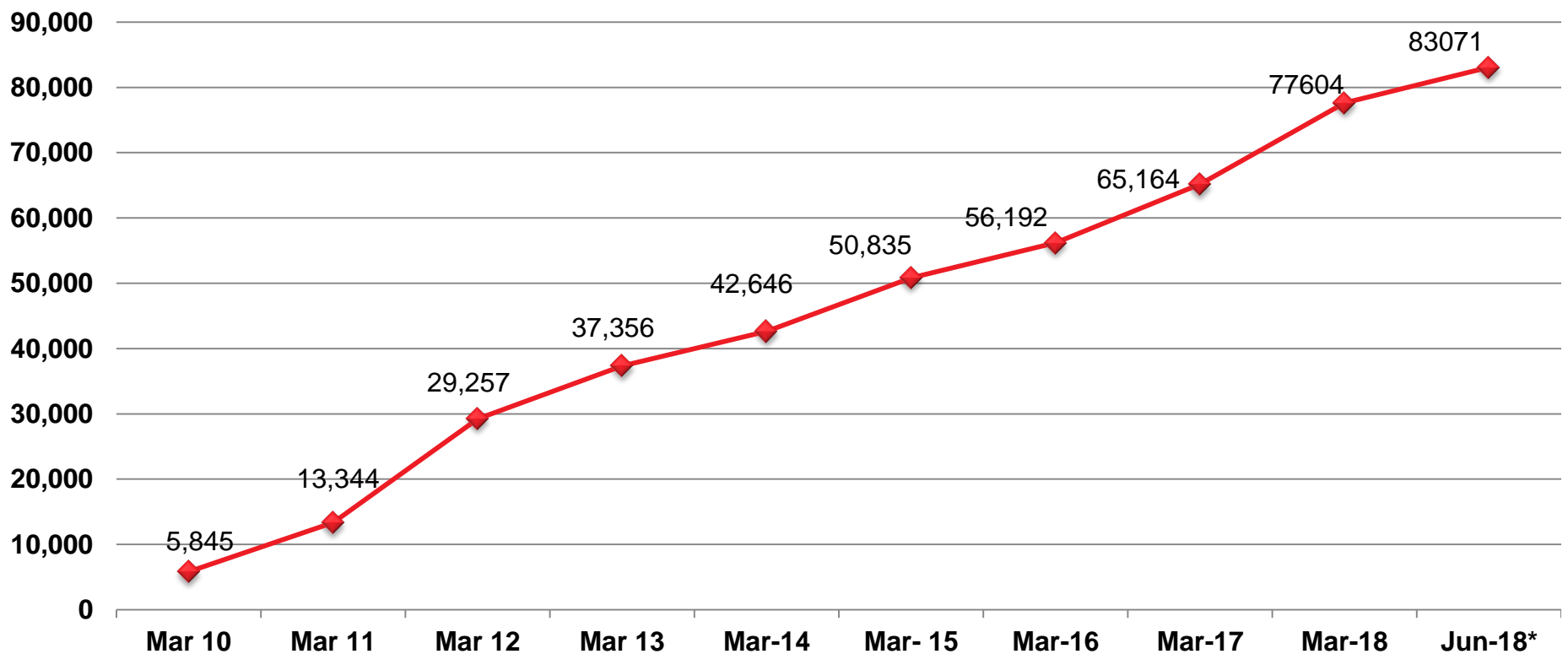
\*Under I-GAAP

\*\*Under IND-AS

## Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



\*Under IND-AS



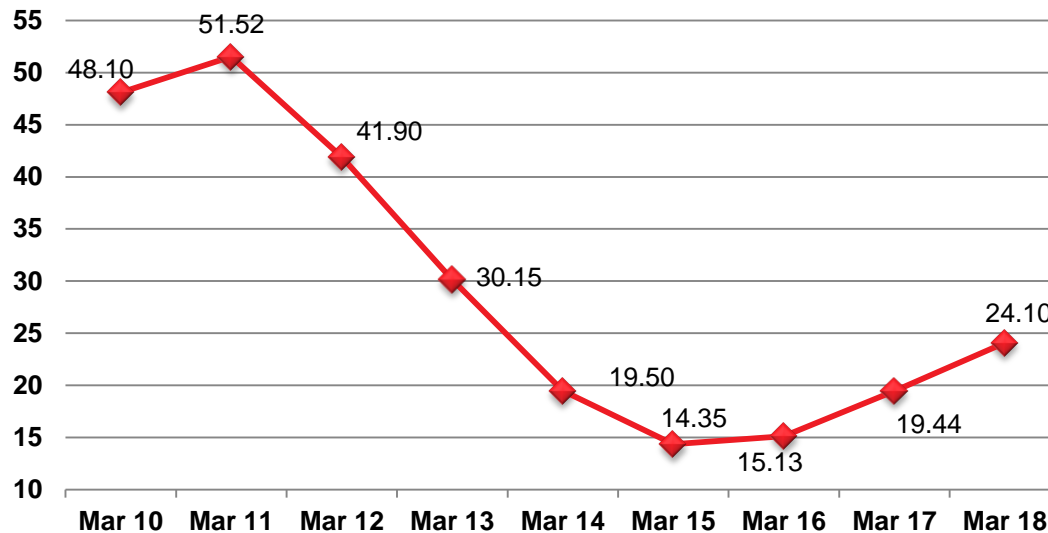
# RETURN ON EQUITY

## Stable shareholder value creation

### Return on Average Equity

Yearly\*

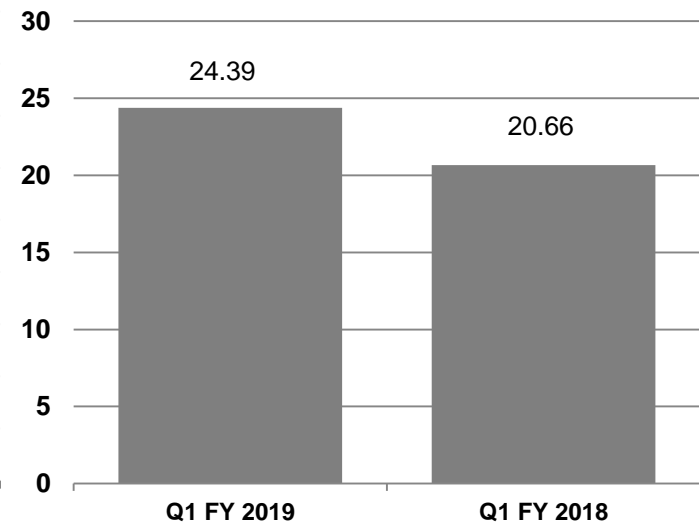
(%)



\*Under I-GAAP

Quarterly\*\*

(%)



\*\*Under IND-AS

## Maintaining capital well above the statutory requirement

### Capital Adequacy Ratio

(%)

	<b>Jun-18*</b>	<b>Mar-18</b>	<b>Jun-17</b>	<b>Mar-17</b>
Capital Adequacy Ratio	26.44	26.59	25.61	24.88
Tier-I	24.78	24.75	22.65	21.78
Tier-II	1.66	1.84	2.96	3.10

*\*Under IND-AS*



# MARKET VALUE RATIO

## Equity market valuation ratios indicate potential for upside

	Q1 FY 2019*	FY 2018	FY 2017
Earnings per share (₹)			
- Basic	12.29	43.04	29.56
- Diluted	12.24	42.85	29.45

\*Under IND-AS

	Jun-18	Mar-18	Mar-17
Book Value per share (₹)	206.31	193.79	162.98
Market price per share (₹)**	379.50	407.45	368.95
Price to Earnings ratio***	8.15	9.47	12.48
Price to Book Value ratio	1.84	2.10	2.26

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

\*\*\*Based on trailing 12 months EPS



# CAPITALISATION RATIOS

## Headroom for further leveraging

(₹ In million)

	<b>Jun-18*</b>	<b>Mar-18</b>	<b>Jun-17</b>	<b>Mar-17</b>
Outside Liabilities	254,559	2,36,212	249,141	241,966
Cash & Bank Balances	8,009	4,870	21,063	15,343
Tangible Networth	82,996	77,522	68,626	65,104
Capital Gearing	2.97	2.98	3.32	3.48

\*Under IND-AS

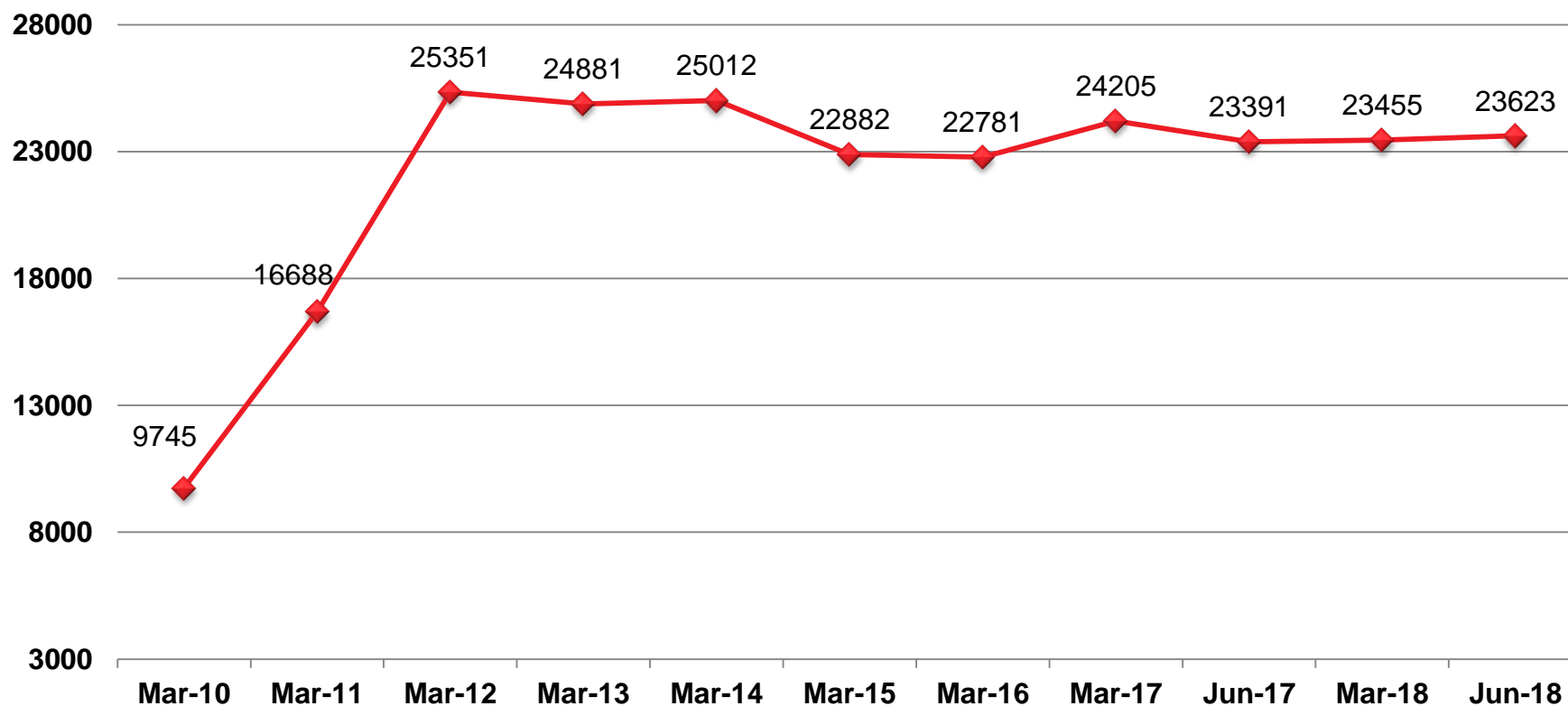




# TEAM STRENGTH

**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, 2018, total holding in AAF stood at 503 million equity shares representing 60% of their total capital. The loan portfolio stands at LKR 10.68 bn as on June 30,2018

**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 17 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.**

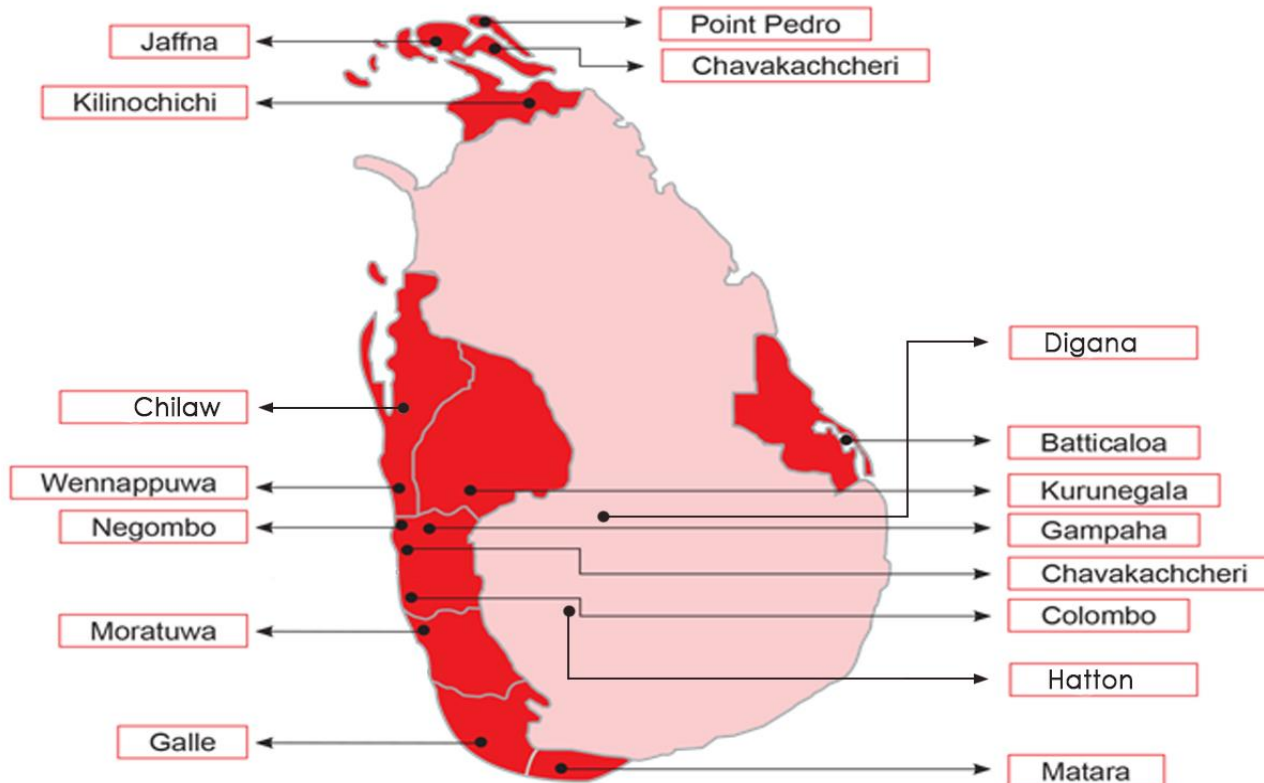
# PRODUCTS



- 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	Q1 FY 2019	Q4 FY 2018	Q1 FY 2018	FY 2018
LKR / INR	0.43263	0.41551	0.41706	0.41551
Number of branches	17	17	17	17
Number of Employees	493	489	449	489
Loan AUM (LKR)	10,680	9,950	9,082	9,950
Capital Adequacy Ratio (%)	22	20	21	20
Total Revenue (LKR)	687	683	593	2,572
Total Expense (LKR)	655	618	520	2,350
Profit Before Tax (LKR)	32	65	73	222
Profit After Tax (LKR)	16	55	57	178
Share Holders Funds (LKR)	1,875	1,859	1,735	1,859
Total Outside Liabilities (LKR)	10,151	9,869	8,828	9,869
Total Assets (LKR)	12,026	11,728	10,563	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 June 30, 2018, it has a loan portfolio of Rs.16 bn.*

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.



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

## Business Performance

(₹ in millions)

Particulars	Q1 FY 2019	Q4 FY 2018	Q1 FY 2018	FY 2018
Number of branches	15	19	11	19
Number of Sales Offices	132	121	110	121
Number of Employees	243	221	135	221
Loan AUM (₹)	16,210	14,648	5,957	14,648
Capital Adequacy Ratio (%)	28	28	27	28
Total Revenue (₹)	497	452	192	1259
Total Expense (₹)	335	299	131	840
Profit Before Tax (₹)	162	153	61	419
Profit After Tax (₹)	111	116	37	278
Share Holders Funds (₹)	2,270	2,160	918	2,160
Total Outside Liabilities (₹)	14,683	13,709	5,953	13,709
Total Assets (₹)	16,953	15,869	6,872	15,869

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

## Business Performance

(₹ in millions)

Particulars	Q1 FY 2019	Q4 FY 2018	Q1 FY 2018	FY 2018
Disbursement (₹)	1,861	3,879	1,584	10,814
Borrowings (₹)	14,394	13,477	4,845	13,477
Debt Equity Ratio (%)	6.34	6.24	5.27	6.24
Yield on Advances (%)	12.09	12.16	12.67	12.27
Interest Spread (%)	3.53	3.58	3.35	3.51
NIM (%)	5.49	5.85	6.38	6.01
Cost to Income Ratio (%)	17.99	25.39	28.93	26.23
Return on Assets (ROA) (%)	2.97	3.97	3.08	3.42
Return on Equity (ROE) (%)	20.03	22.10	16.36	17.26
GNPA (%)	0.51	0.42	0.11	0.42
NNPA (%)	0.43	0.36	0.09	0.36
Number of Customers	18,287	15,908	5,680	15,908



## Financial Highlights

- Disbursements in Q1 FY 2019: Rs 1,861 mn. Loan Book as on Jun 30, 2018: Rs 16,210 mn
- Average Ticket Size in Q1 FY 2019: Rs.0.95 mn
- Business Presence: Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Kerala, Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Haryana and Chandigarh, Presence in 70 locations
- ROA for Q1 FY 2019: 2.97%, ROE : 20.03%
- Average cost of borrowings of 8.56% for Q1 FY 2019. Capital Adequacy Ratio: 28.37%, Debt Equity Ratio: 6.34
- Average Yield: 12.09%, Interest Spread: 3.50%
- Received PMAY subsidy of Rs 37.80 mn for 162 cases in FY 2018 and further claimed Rs 90 mn for 400 cases.
- Received sanction for NHB Refinance for Rs 250 mn.

## Growth Drivers

- Increasing the leverage from 6.34x 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 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 6.34 times as on June 30, 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 Q1 FY 19, it has insured more than 4,50,000 lives with a First year premium collection of Rs.49 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	Q1 FY 2019	Q4 FY 2018	Q1 FY 2018	FY 2018
Premium Collection (₹)	495	415	157	1006
Number of Policies	4,50,376	2,05,070	2,16,301	8,41,476

## Key Financial Parameters

(₹ in millions)

Particulars	Q1 FY 2019	Q4 FY 2018	Q1 FY 2018	FY 2018
Total Revenue (₹)	42	72	25	181
Total Expense (₹)	8	9	6	32
Profit Before Tax (₹)	34	63	19	149
Profit After Tax (₹)	24	44	12	105
Share Holders Funds (₹)	300	276	183	276
Earnings per share (₹)	32	96	25	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 June 2018 , Muthoot Finance holds 71.16% in BIFPL . BIFPL was incorporated on January 1988 at Bangalore and the Company was registered with the RBI in March 2001 as a Non- Banking Finance Company. The Company was reclassified as “NBFC-MFI” by RBI effective from 11th December 2013.

BIFPL was acquired by the ‘Hand in Hand’ group in September 2008 to provide scalable microfinance services to entrepreneurs nurtured by ‘Hand in Hand’s’ Self Help Group (SHG) program. The Company commenced its first lending operations at Haveri District of Karnataka in March 2009 to 3 SHGs, 22 members for INR 0.20 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.

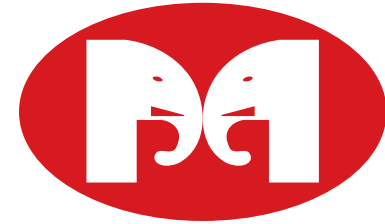
As of June 30, 2018, BIFPL operations are spread over nine states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha ,Pondicherry ,Chattisgarh, Gujarat and Rajasthan). It has 257 branches, with 48 controlling regional offices and employs 2046 staffs. Its gross loan portfolio has grown from INR 0.20 mn in March 2009 to INR 12,361 mn in June 2018



**Key Financial Parameters**

(₹ in millions)

Particulars	Q1 FY 2019	Q4 FY 2018	Q1 FY 2018	FY 2018
Number of branches	257	235	172	235
Number of Employees	2,046	1,783	1,240	1,783
Gross Loan AUM (₹)	12,361	11,371	6,652	11,371
Capital Adequacy Ratio (%)	15	18	20	18
Total Revenue (₹)	749	692	419	2,189
Total Expense (₹)	546	525	339	1,693
Profit Before Tax (₹)	204	167	80	496
Profit After Tax (₹)	145	122	52	337
Gross NPA (%)	0.83	0.76	0.17	0.76
Net NPA (%)	0.45	0.30	0.04	0.30
Shareholders Funds (₹)	1,920	1,595	956	1,595
Total Outside Liabilities (₹)	11,599	11,825	6,982	11,825
Total Assets (₹)	13,519	13,420	7,938	13,420



# ***Muthoot Finance***

## **REGISTERED OFFICE**

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**CIN:** L65910KL1997PLC011300

**RBI Reg No:** N 16.00167

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