

Muthoot Finance

Financial Results Q2 FY 2018

September 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



29

States/Union territory presence

152 tonnes

Gold jewellery kept as security

4,200+

Pan-India branches

200,000+

Retail investor base across debenture and subordinated debt portfolio

22,000+

Team members

130,000+

Customers served every day

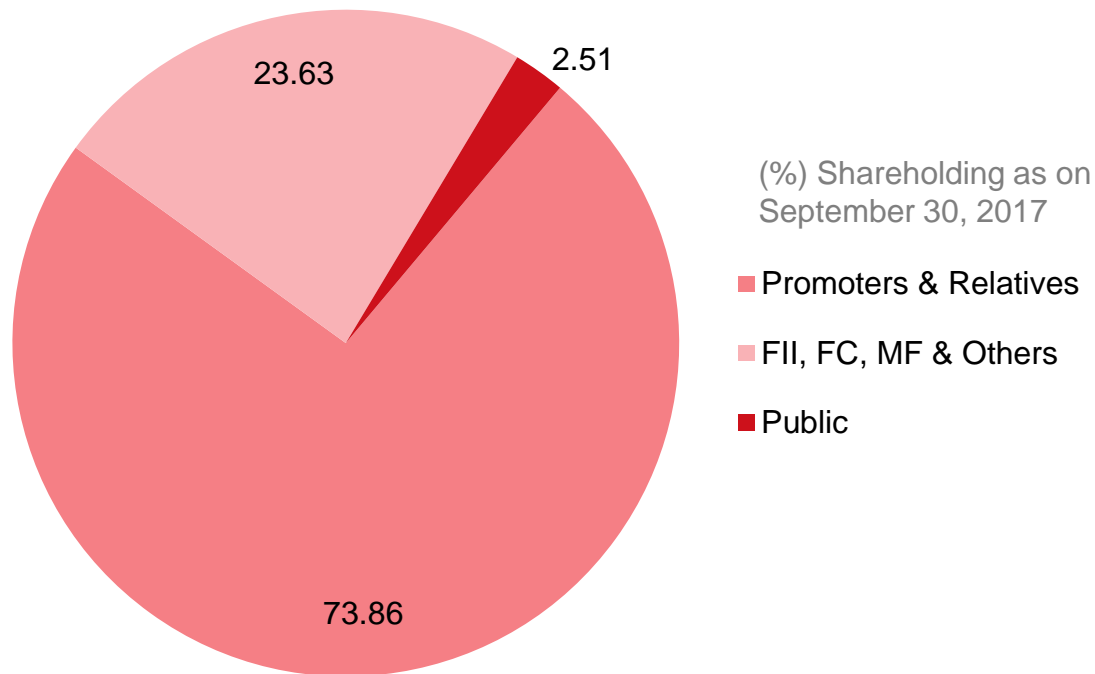
₹ 276,080 mn

Loan Assets Under Management

(As of September 30, 2017)

SHAREHOLDING PATTERN

Strong promoter interest in business with 74% stake



NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation

(as on September 30, 2017)

₹ 189,754 million

DIVIDEND PAYOUT



Muthoot Finance

Delivering consistent returns to stakeholders

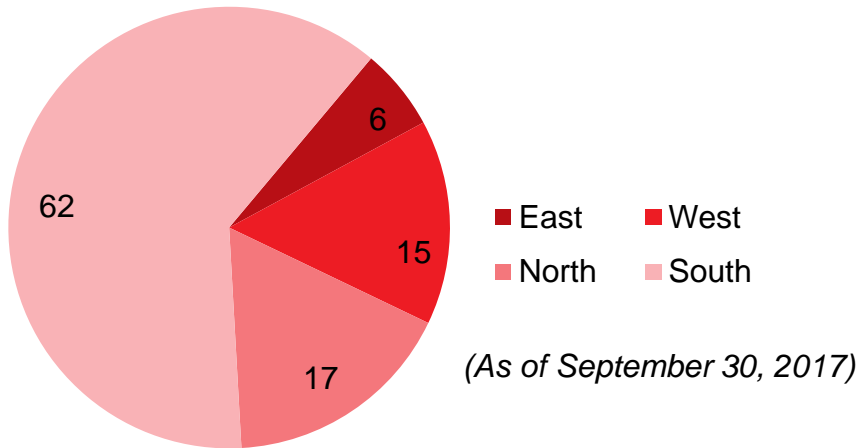
(%)

	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

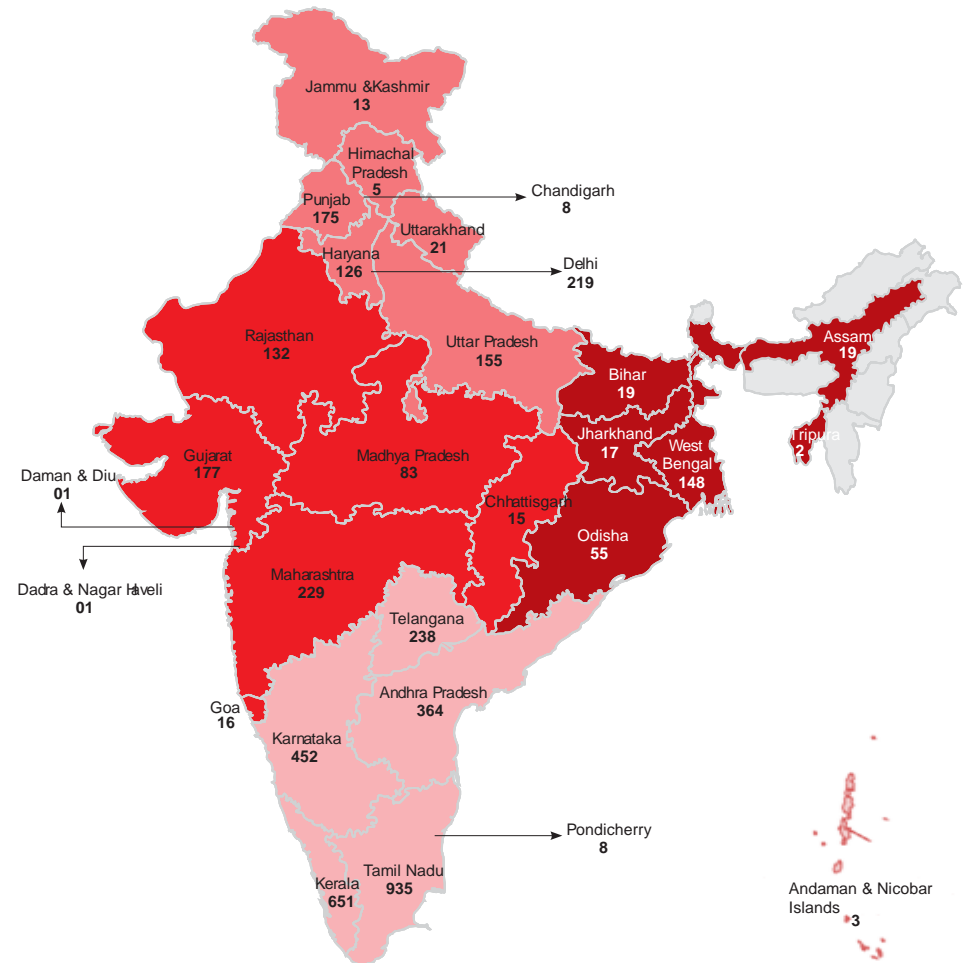
A strong presence of 4287 branches across India

(%) 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
- 4,185 branches covered now
- 86% of New KYCs through e-KYC
- 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)

- 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 has been launched in September'17.

iMuthoot App



Mobile App



- Launched in Nov'16 has about 2.50 lakhs downloads.
- Online Gold Loan (OGL) facility available to withdraw loan amount and renewal, apart from payments.
- Rs.136 crs payments received from 1.9 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 Nov'17.



Strong Capital Base

Networth

	Sep-17	Jun-17	Mar-17	Sep-16	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Share Capital	3,996	3,995	3,995	3,991	0	0
Reserves & Surplus	69,248	64,688	61,169	57,901	20	7
Total	73,244	68,683	65,164	61,892	18	7

Core focus continues to be gold loan

Gross Loan Assets under management

	Sep-17	Jun-17	Mar-17	Sep-16	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross loan assets under management	276,080	278,517	272,785	274,564	1	(1)
Break-up of Gross Loan Assets under management						
Gold Loans under management	275,338	277,750	272,199	273,980	0	(1)
Other loans	742	767	586	584	27	(3)

LIABILITIES



Muthoot Finance

Stable sources of funding

	Sep-17	Jun-17	Mar-17	Sep-16	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	16,288	21,058	25,190	32,692	(50)	(23)
Secured Non-Convertible Debentures- Listed	49,909	55,359	37,098	32,693	53	(10)
Borrowings from Banks/FIs	103,695	93,049	92,019	89,504	16	11
Subordinated Debt	11,026	13,423	15,458	20,298	(46)	(18)
Subordinated Debt -Listed	3,849	3,849	3,662	3,344	15	0
Commercial Paper	33,056	28,268	31,548	29,709	11	17
Other Loans	5,644	5,838	5,984	6,643	(15)	(3)
Total	223,467	220,844	210,959	214,883	4	1

REVENUE & PROFIT



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Profit & Loss Statement

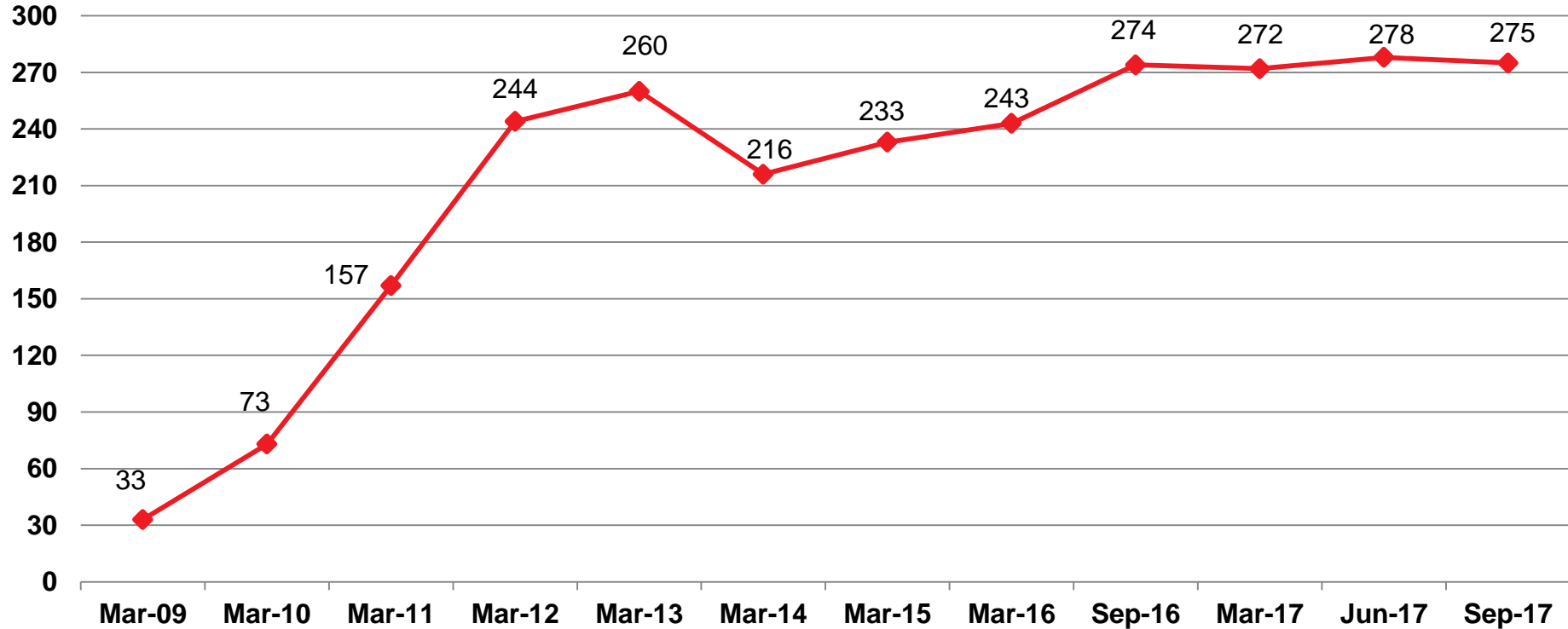
(₹ in million)

	H1 FY 2018	H1 FY 2017	YoY Growth (%)	Q2 FY 2018	Q2 FY 2017	YoY Growth (%)	Q1 FY 2018	QoQ Growth (%)	FY 2017
INCOME									
Interest Income	30,143	26,278	15	16,385	13,526	21	13,758	19	56,546
Other Income	542	592	(8)	314	336	(7)	228	38	921
Total	30,685	26,870	14	16,699	13,862	20	13,986	19	57,467
EXPENDITURE									
Interest Expense	10,215	11,508	(11)	4,889	5,937	(18)	5,326	(8)	22,938
Personnel Expenses	3,657	3,745	(2)	1,884	1,896	(1)	1,773	6	7,280
Administrative & Other expenses	2,220	2,092	6	1,074	1,079	0	1,146	(6)	4,405
Provisions & Write Offs	1,235	347	256	1,169	171	584	66	1,671	2,816
Directors Remuneration	115	99	16	57	49	16	58	(2)	358
Depreciation	198	218	(9)	100	106	(6)	99	2	460
Total	17,640	18,009	(2)	9,173	9,238	(1)	8,468	8	38,257
PROFIT									
Profit Before Tax	13,045	8,861	47	7,527	4,624	63	5,518	36	19,210
Profit After Tax	8,052	5,670	42	4,541	2,967	53	3,511	29	11,798

Gaining scale over the years

Gold Loan Assets Under Management

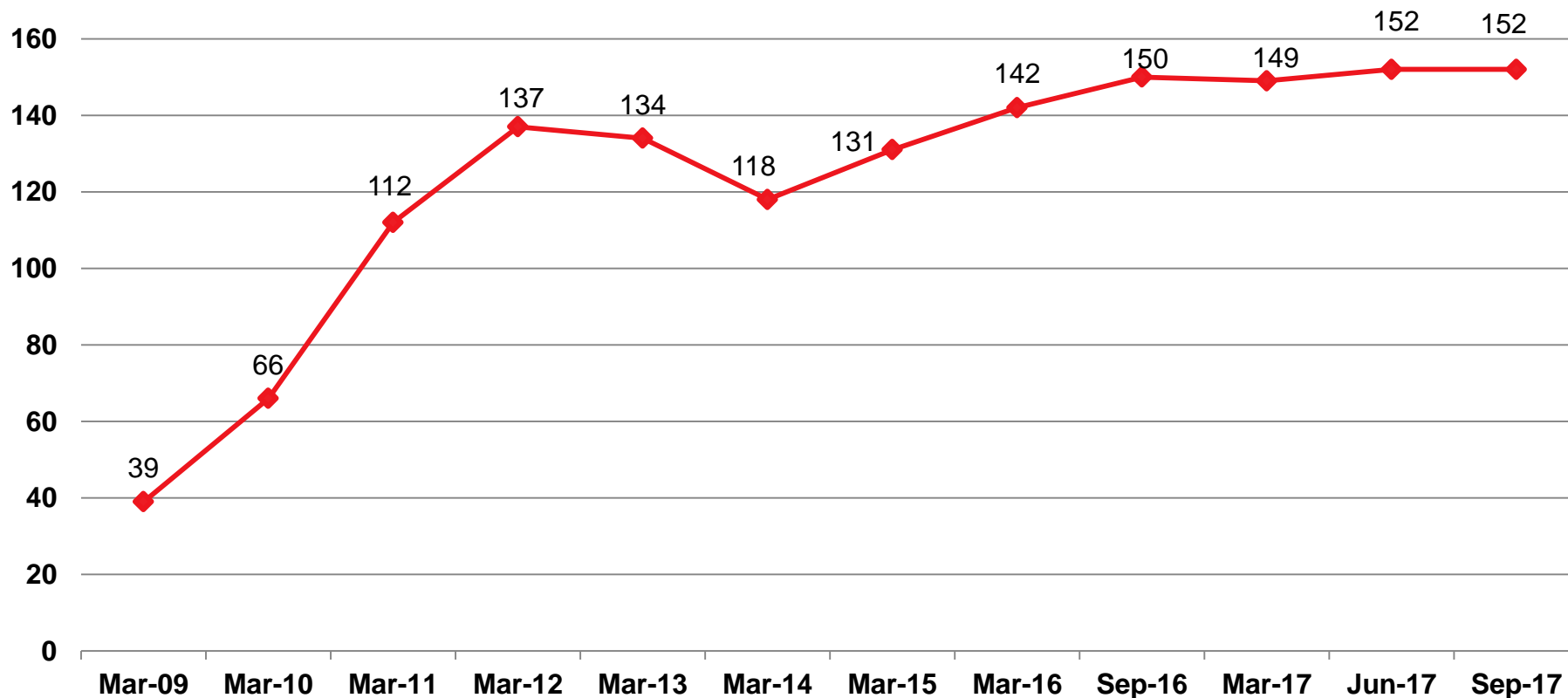
(₹ in billion)



Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



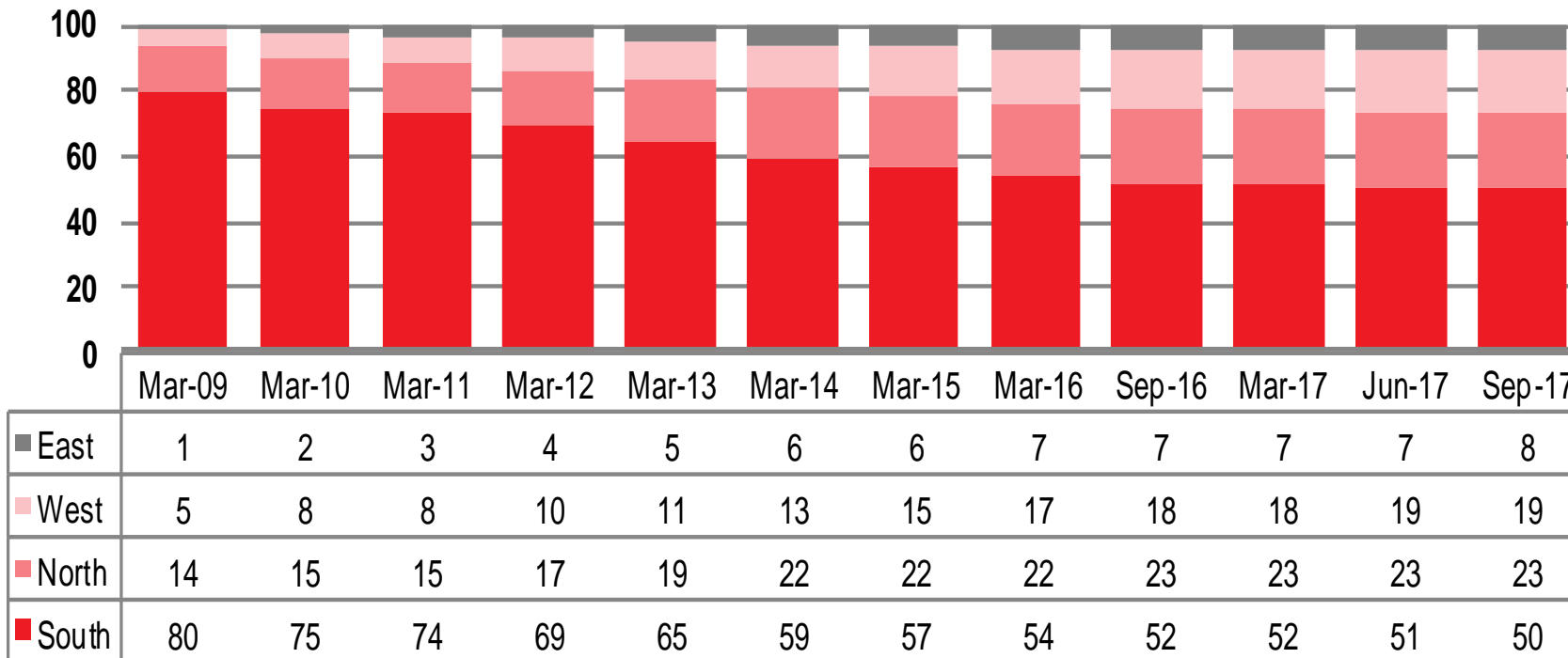
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



Muthoot Finance

Diversified gold loan portfolio across India

(%)



Gold Loan Assets Under Management

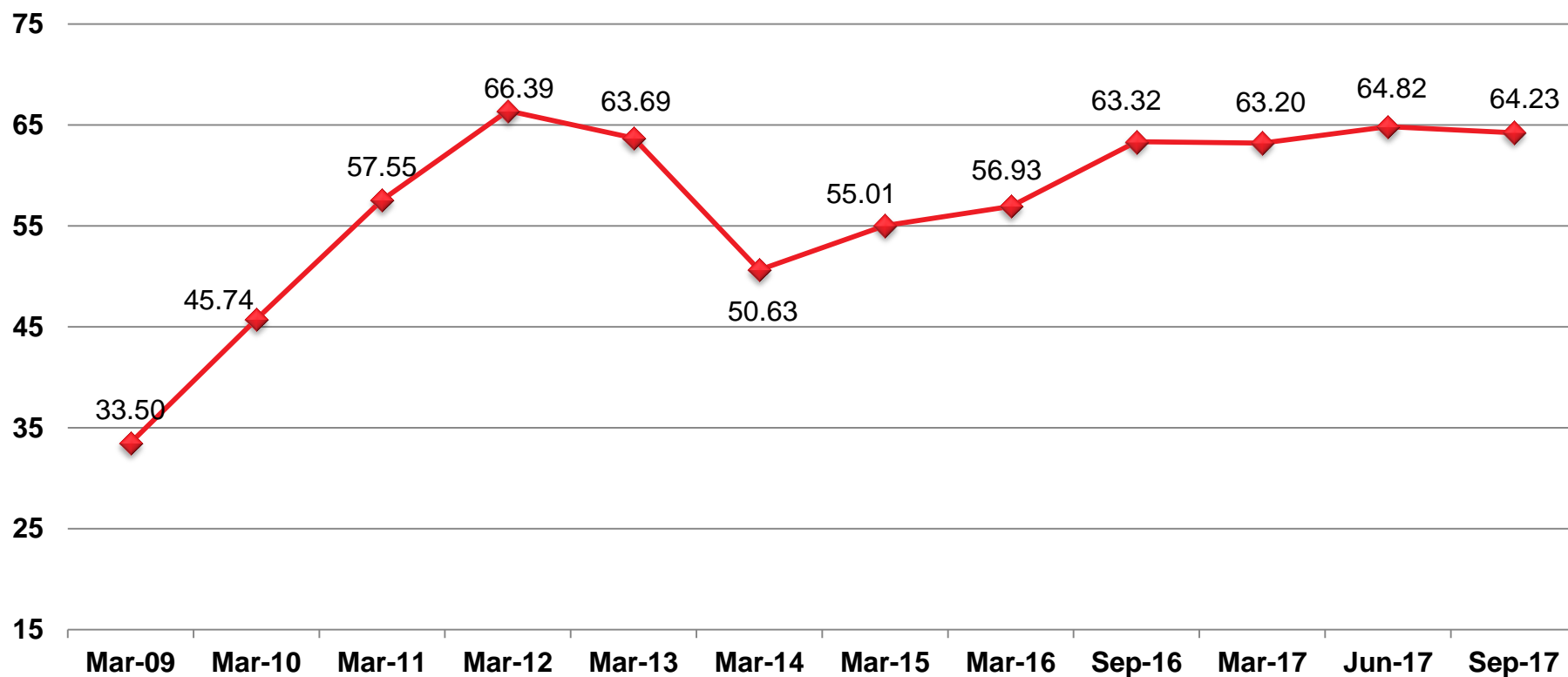
(₹ in billion)

Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16	Mar-17	Jun-17	Sep-17
33	73	157	244	260	216	233	243	274	272	278	275

Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

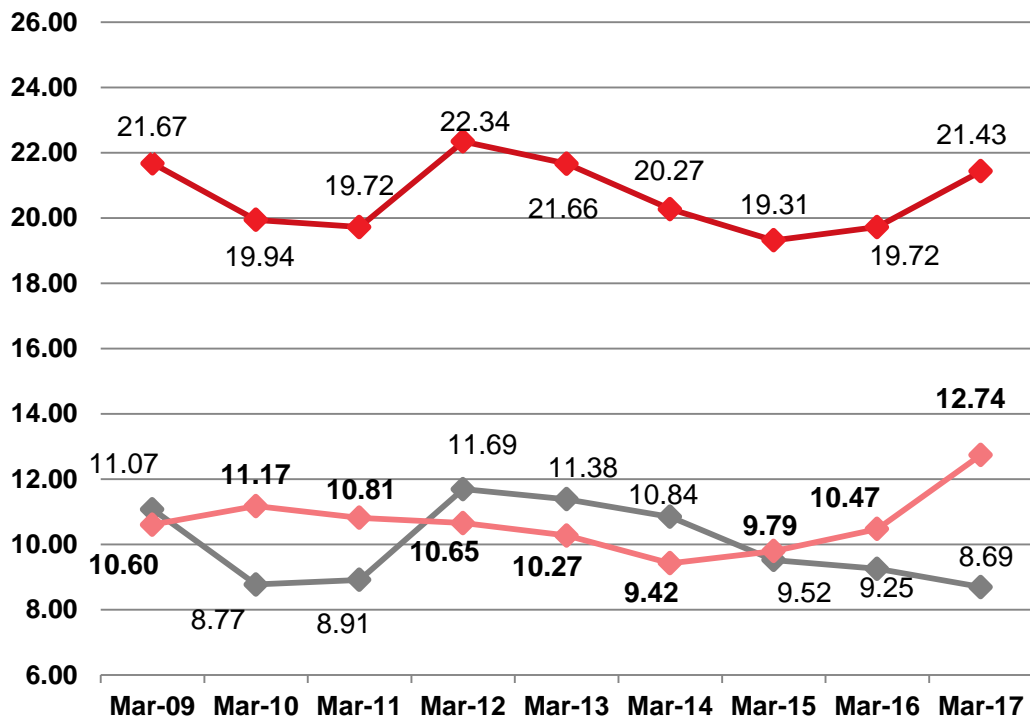
(₹ in million)



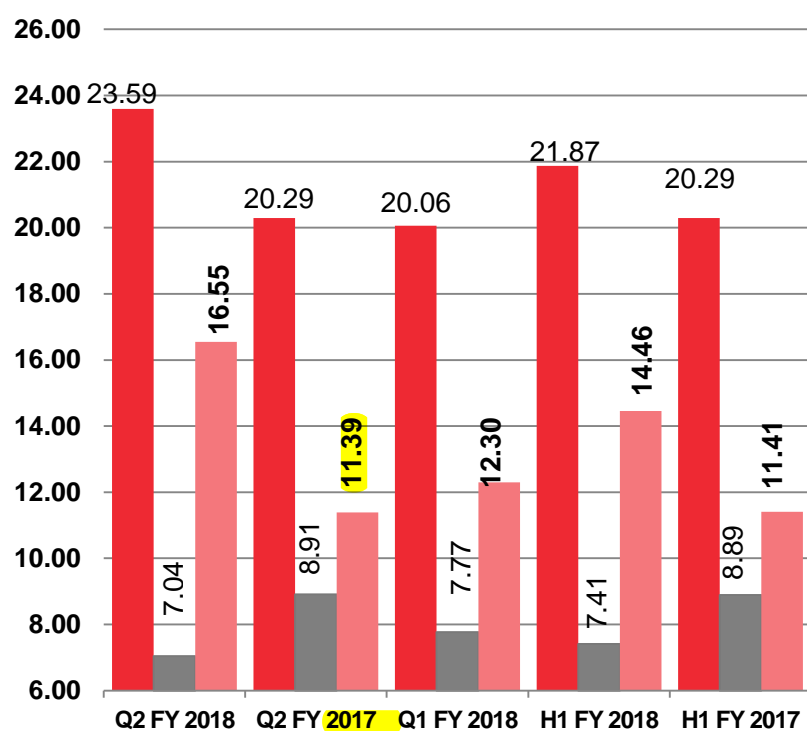


YIELD ON LOAN ASSETS AND NIM

Yearly (%)



Quarterly (%)

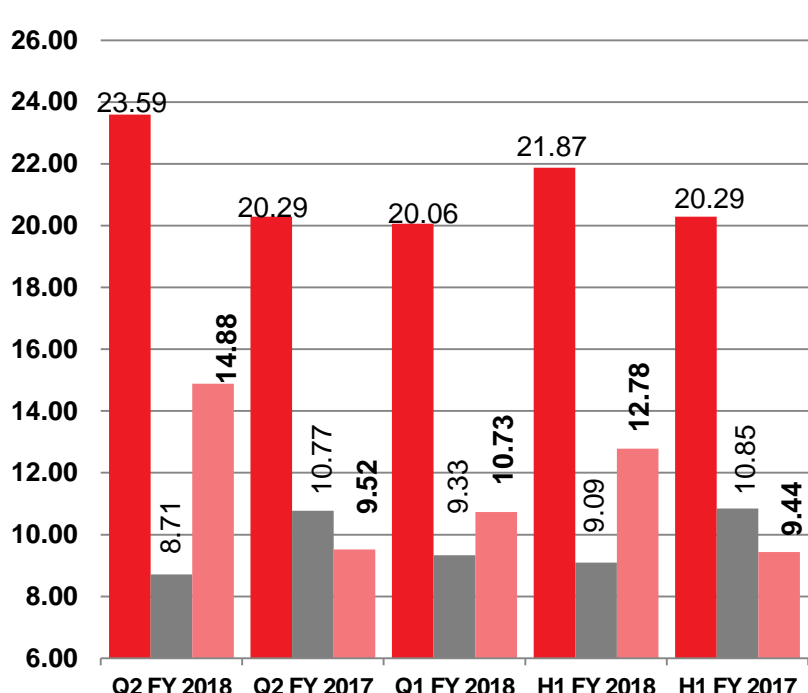
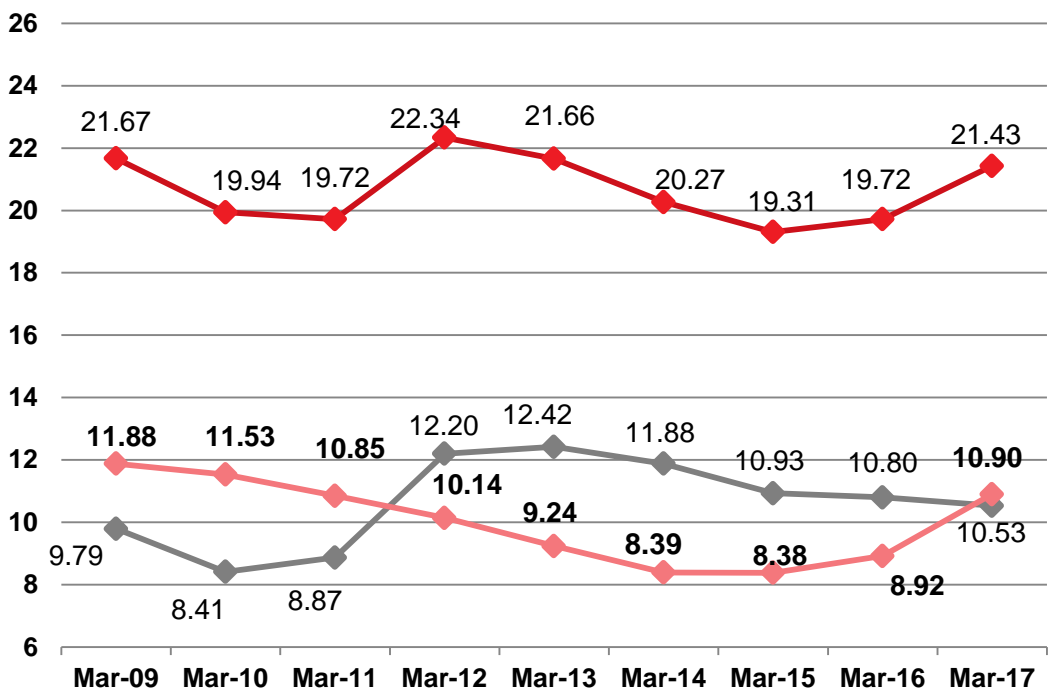


- Interest Income on Average Loan Assets
- Interest Expense on Average Loan Assets
- Net Interest Margin



INTEREST SPREAD

Yearly (%)	Quarterly (%)
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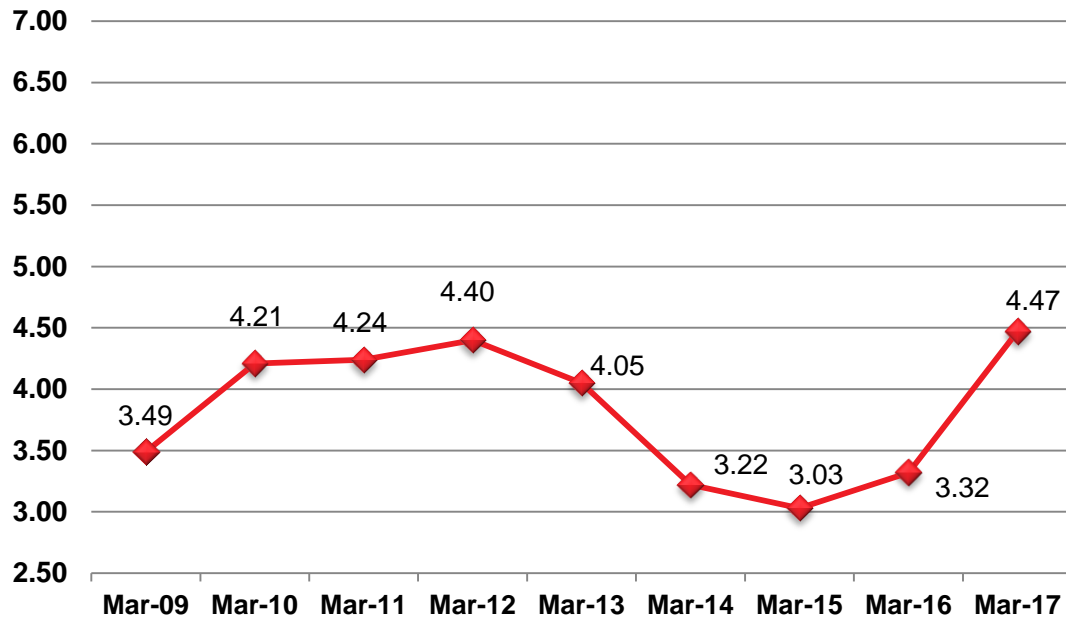


- Interest Income on Average Loan Assets
- Interest Expenses on Average Outside Liabilities
- Interest Spread

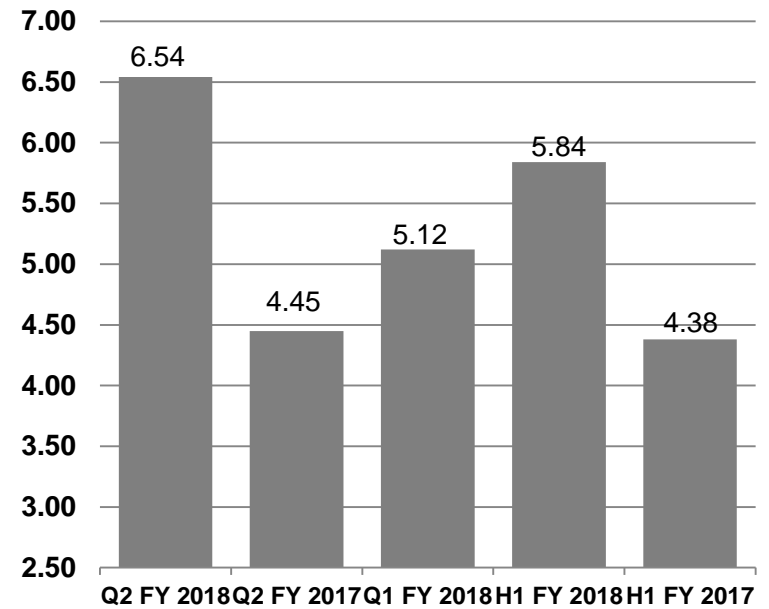
RETURN ON AVERAGE LOAN ASSETS

Attractive returns over the years

Yearly (%)



Quarterly (%)





NON-PERFORMING ASSETS & BAD DEBTS

Non-Performing Assets

(₹ in million)

	Sep-17	Jun-17	Mar-17	Sep-16
Gross Non-Performing Assets	12,593	6,279	5,621	6,016
Provision For Non-Performing Assets	1,571	1,019	1,019	1,019
Net Non-Performing Assets	11,021	5,260	4,602	4,997
% of Gross NPA on Gross Loan Assets	4.56	2.25	2.06	2.19
% of Net NPA on Gross Loan Assets	3.99	1.89	1.69	1.82

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

Bad Debts

(₹ in million)

	Q2 FY 2018	Q1 FY 2017	Q1 FY 2018	H1 FY 2018	H1 FY 2017	FY 2017
Bad Debts Written Off	63	13	9	72	26	165

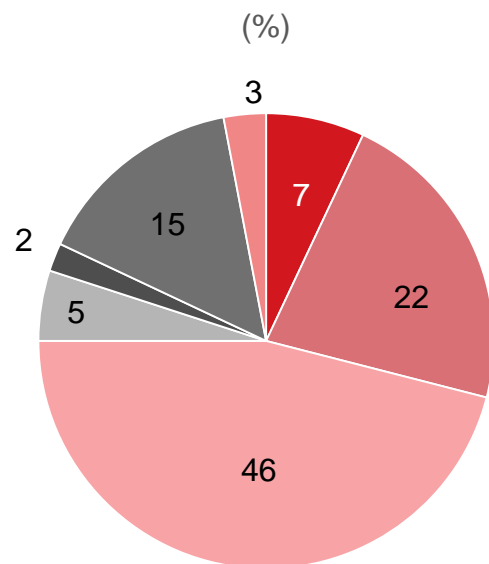
Standard Asset Provision

	Sep-17	Jun-17	Mar-17	Sep-16
Provision (₹ in million)	3,295	2,722	2,685	2,685
% of Provision to Standard Assets *	1.25	1.00	1.01	1.00
Provision for Gold Price fluctuation risk (₹ in million) **	2,330	2,330	2,330	-
% of Provision to Standard Assets	0.88	0.86	0.87	-
Total Standard Assets Provision	5,625	5,052	5,015	-

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

** Maintaining additional standard asset provision of 0.88% for gold price fluctuation

Maintaining a diversified funding profile



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 16,288 mn (7%)
- Secured Non-Convertible Debentures – Listed – ₹ 49,909 mn (22%)
- Borrowings from Banks/Fis - ₹ 103,695 mn (46%)
- Subordinated Debt – ₹ 11,026 mn (5%)
- Subordinated Debt – Listed - ₹ 3,849 mn (2%)
- Commercial Paper – ₹ 33,056 mn (15%)
- Other Loans – ₹ 5,644 mn (3%)

(As of September 30, 2017)

Highest Rating among gold loan companies

Short-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
COMMERCIAL PAPER			
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
BANK LOANS			
ICRA*	125,630	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	5,000	CRISIL AA/(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	2,000	ICRA AA(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
BANK LOANS			
ICRA*	99,370	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 ₹135,150 millions

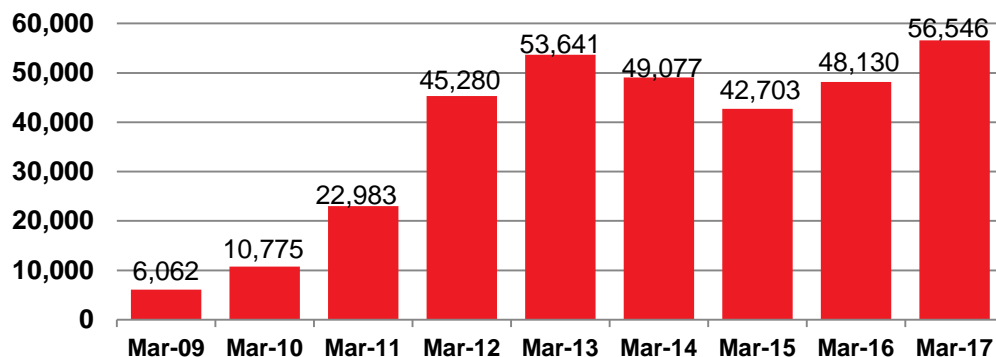


BREAK-UP OF GROSS INCOME

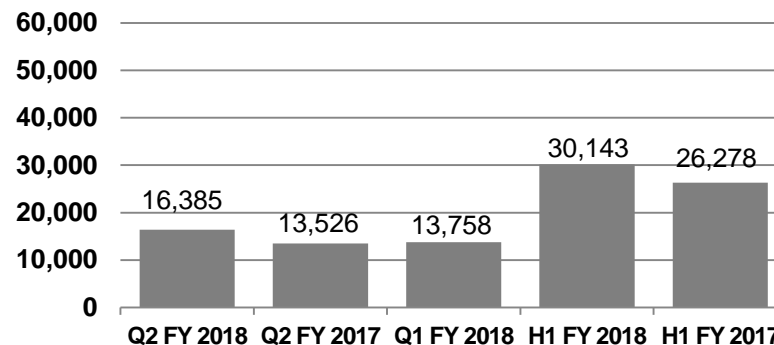
Interest Income

(₹ in million)

Yearly



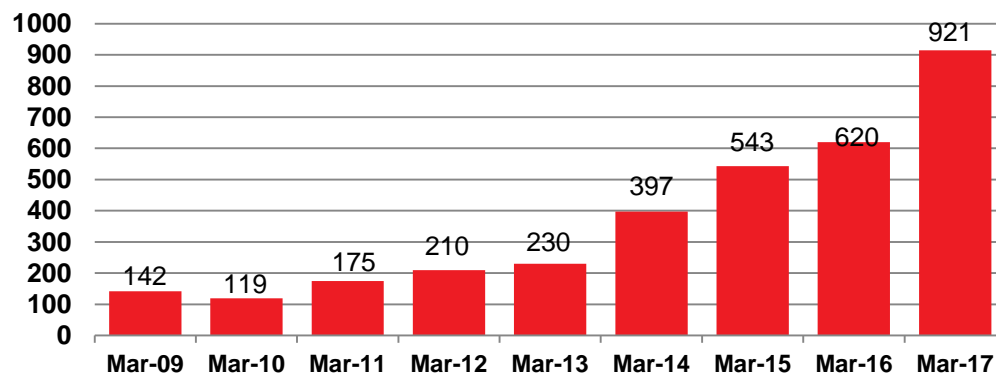
Quarterly



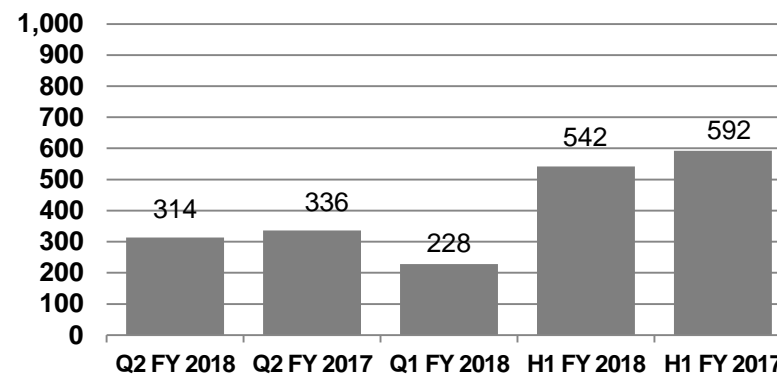
Other Income

(₹ in million)

Yearly



Quarterly

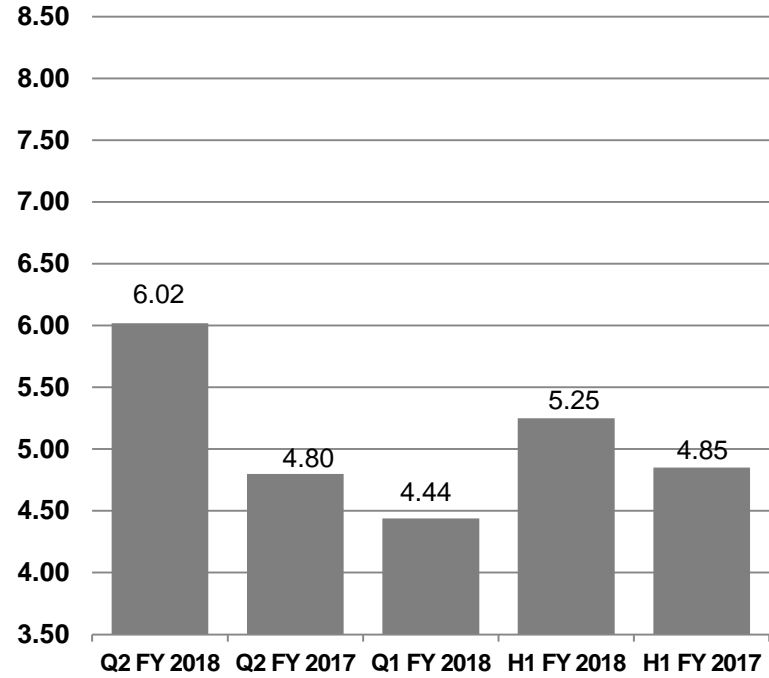
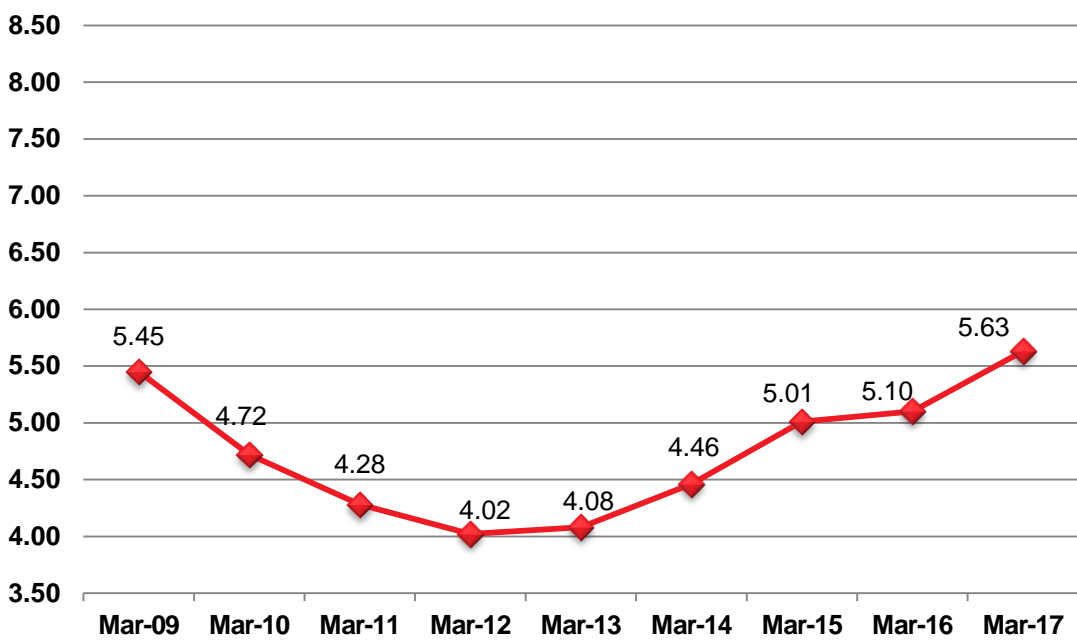


OPERATING EXPENSES TO AVERAGE LOAN ASSETS

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	Q2 FY 2018	Q1 FY 2017	Q1 FY 2018	H1 FY 2018	H1 FY 2017
Personnel Expenses	7,280	6,418	6,304	5,917	5,453	4,145	2,209	1,169	1,884	1,896	1,773	3,657	3,745
Rent	1,808	1,713	1,650	1,542	1,309	1,042	603	290	425	452	503	928	886
Advertisement	531	626	651	702	579	866	647	331	64	134	176	240	252
Postage, Telegram and Telephone	372	378	371	364	243	184	115	72	122	116	105	227	196
Traveling and Conveyance	186	187	212	190	175	168	114	67	44	46	42	86	93
Printing and Stationery	129	144	160	185	168	155	111	69	32	31	29	61	64
Repairs and Maintenance	362	290	281	272	256	341	211	96	111	93	86	197	184
Legal and Professional Charges	124	93	189	216	86	60	114	34	51	25	36	87	53
Business Promotion Expense	201	149	140	279	332	267	119	45	38	29	9	47	64
Directors Remuneration	358	196	192	192	192	192	192	192	57	49	58	115	99
Depreciation and Amortisation Expenses	482	575	841	475	454	329	180	149	94	111	104	198	228
Others	839	1,014	733	731	550	380	229	165	163	134	183	346	290
Provision For Standard & NPA Assets	2,647	1,223	180	214	765	351	323	21	1,199	185	37	1,236	347
Total	15,319	13,006	11,904	11,279	10,562	8,480	5,165	2,701	4,284	3,301	3,141	7,425	6,501

BREAK-UP OF OPERATING EXPENSES



Muthoot Finance

	Yearly								Quarterly				
									(%)				
	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Q2 FY 2018	Q2 FY 2017	Q1 FY 2018	H1 FY 2018	H1 FY 2017
Personnel Expenses	48	49	53	52	52	49	43	43	44	57	56	49	58
Rent	12	13	14	14	12	12	12	11	10	14	16	12	14
Advertisement	3	5	5	6	5	10	13	12	1	4	6	3	4
Postage, Telegram and Telephone	2	3	3	3	2	2	2	3	3	4	3	3	3
Traveling and Conveyance	1	1	2	2	2	2	2	2	1	1	1	1	1
Printing and Stationery	1	1	1	2	2	2	2	3	1	1	1	1	1
Repairs and Maintenance	2	2	2	2	2	4	4	4	3	3	3	3	3
Legal and Professional Charges	1	1	2	2	1	1	2	1	1	1	1	1	1
Business Promotion Expense	1	1	1	2	3	3	2	2	1	1	0	1	1
Directors Remuneration	2	2	2	2	2	2	4	7	1	1	2	2	2
Depreciation and Amortisation Expenses	3	4	7	4	4	4	3	6	2	3	3	3	4
Others	5	8	6	6	5	4	4	6	4	4	6	5	4
Provision For Standard & NPA Assets	17	9	2	2	7	4	6	1	28	6	1	17	5
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

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	Q2 FY 2018	Q2 FY 2017	Q1 FY 2018	H1 FY 2018	H1 FY 2017
Interest expense to Gross Income	39.92	46.31	48.71	53.08	52.34	52.10	44.83	43.49	29.28	42.83	38.08	33.29	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	25.53	38.16	34.38	29.27	38.64
Provisions & Write Offs to Net Income	8.16	6.20	1.67	1.89	3.49	1.93	2.68	0.44	9.90	2.16	0.76	6.03	2.26
Operational expenses to Net Income	43.03	47.56	49.93	46.55	39.37	37.41	38.99	41.44	35.43	40.32	35.14	35.31	40.90
OPBDT / Net Income	56.97	52.44	50.06	53.45	60.62	62.59	61.00	58.56	64.58	59.68	64.85	64.69	59.10
Depreciation to Net Income	1.33	2.13	3.72	2.03	1.76	1.50	1.42	2.42	0.85	1.34	1.13	0.97	1.42
OPBT / Net Income	55.63	50.31	46.34	51.42	58.86	61.09	59.58	56.14	63.73	58.35	63.72	63.73	57.68
PBT / Net Income	55.63	50.31	46.34	51.42	58.86	61.09	59.58	56.14	63.73	58.35	63.72	63.73	57.68
PAT / Net Income	34.17	30.93	30.23	33.60	39.11	40.93	38.68	36.97	38.45	37.44	40.54	39.34	36.91

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	Q2 FY 2018	Q2 FY 2017	Q1 FY 2018	H1 FY 2018	H1 FY 2017
Interest income to avg. loan assets	21.43	19.72	19.30	20.27	21.66	22.34	19.72	19.94	23.59	20.29	20.06	21.87	20.29
Interest expense to avg. loan assets	8.69	9.25	9.52	10.84	11.38	11.69	8.91	8.77	7.04	8.91	7.77	7.41	8.89
Net Interest Margin	12.74	10.47	9.78	9.42	10.27	10.65	10.81	11.17	16.55	11.38	12.29	14.46	11.40
Other income to avg. Loan assets	0.35	0.25	0.25	0.16	0.09	0.10	0.15	0.22	0.45	0.51	0.33	0.39	0.46
Net Income Including Other Income	13.09	10.72	10.03	9.59	10.37	10.75	10.96	11.39	17.00	11.89	12.62	14.85	11.86
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	4.34	4.54	4.34	4.35	4.58
Provisions and write offs to avg. loan assets	1.07	0.67	0.17	0.18	0.36	0.21	0.29	0.05	1.68	0.26	0.10	0.90	0.27
PBDT to avg. loan assets	7.45	5.62	5.02	5.12	6.28	6.73	6.69	6.67	10.98	7.10	8.18	9.61	7.01
Depreciation to avg. loan assets	0.17	0.23	0.37	0.20	0.18	0.16	0.16	0.28	0.14	0.16	0.14	0.14	0.17
PBT to avg. loan assets	7.28	5.39	4.65	4.93	6.10	6.57	6.53	6.39	10.84	6.94	8.04	9.46	6.84
Tax to avg. loan assets	2.81	2.08	1.62	1.71	2.05	2.17	2.29	2.18	4.30	2.49	2.92	3.62	2.46
PAT to avg. loan assets	4.47	3.32	3.03	3.22	4.05	4.40	4.24	4.21	6.54	4.45	5.12	5.84	4.38
Cash Profit to avg. loan assets	4.65	3.54	3.40	3.42	4.24	4.56	4.40	4.49	6.68	4.61	5.26	5.98	4.55



PROFITABILITY

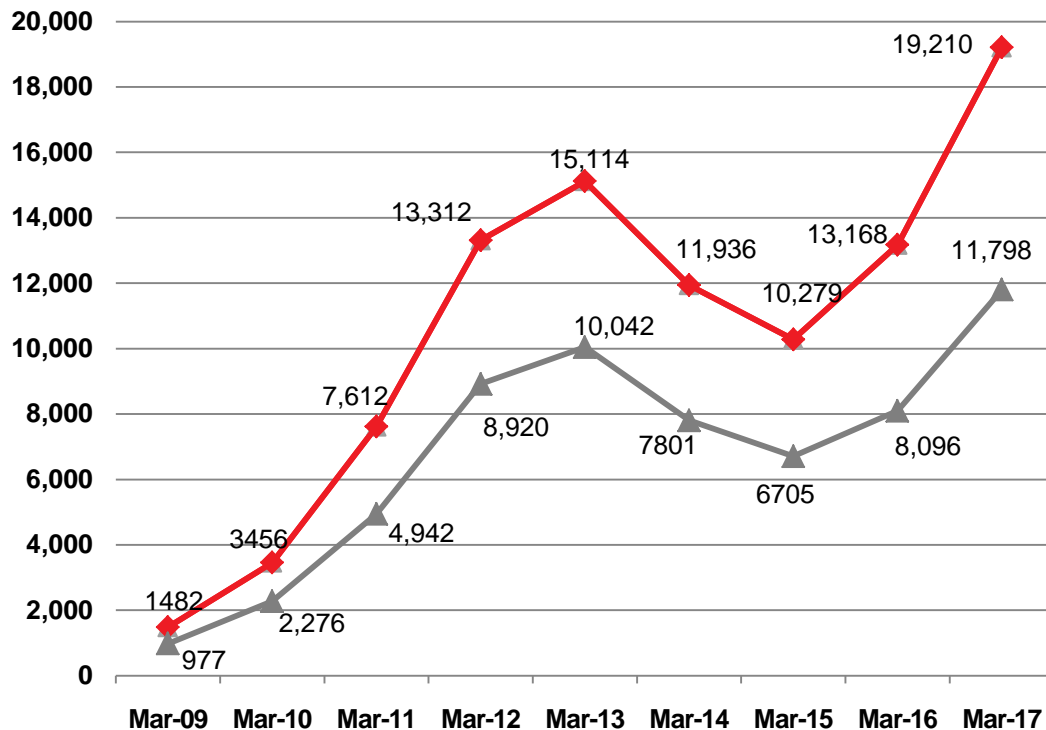
Efforts getting rewarded

Profitability at a glance

(₹ in million)

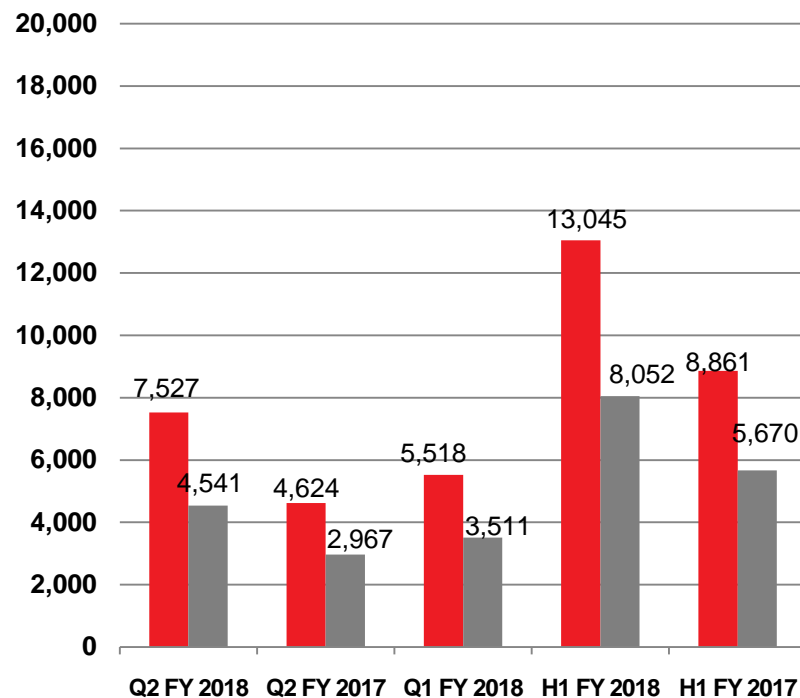
Yearly

◆ PBT ▲ PAT



Quarterly

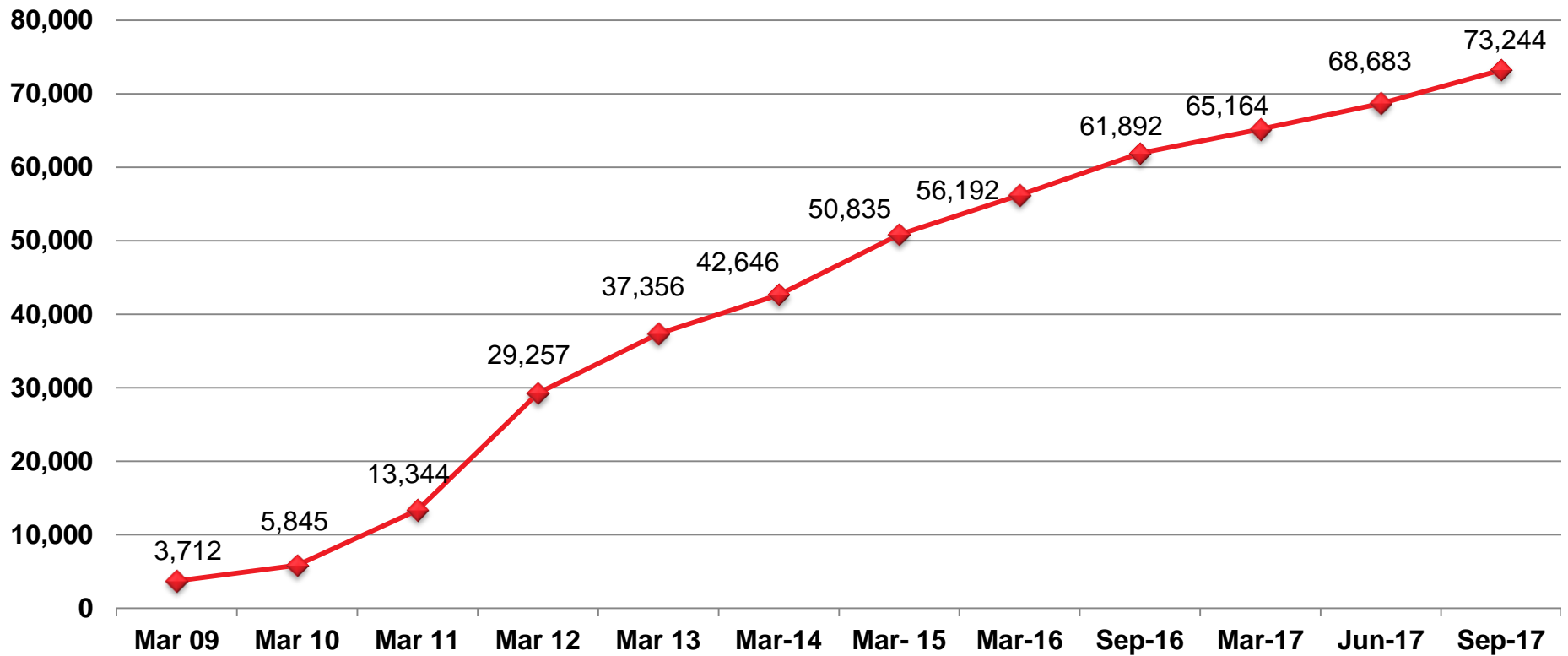
■ PBT ■ PAT



Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



RETURN ON EQUITY



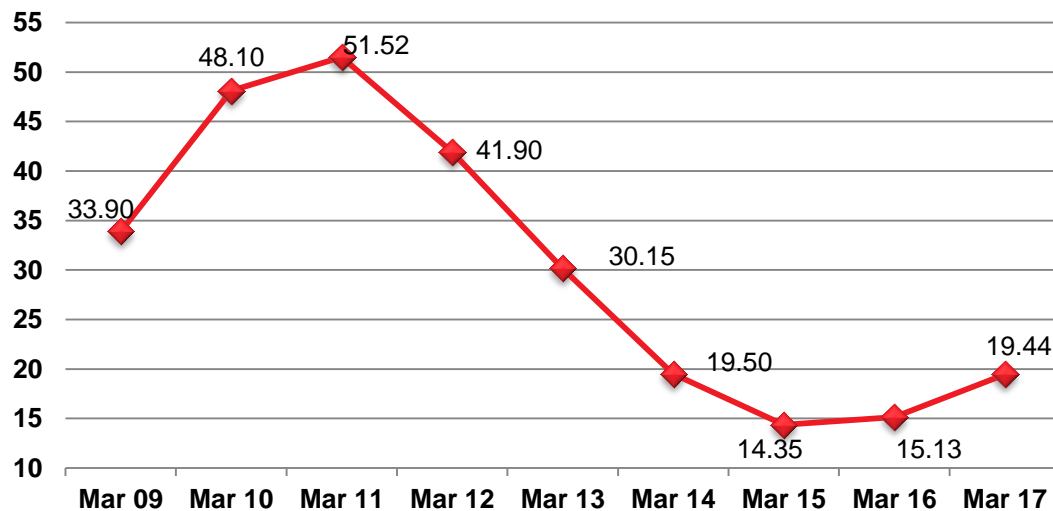
Muthoot Finance

Stable shareholder value creation

Return on Average Equity

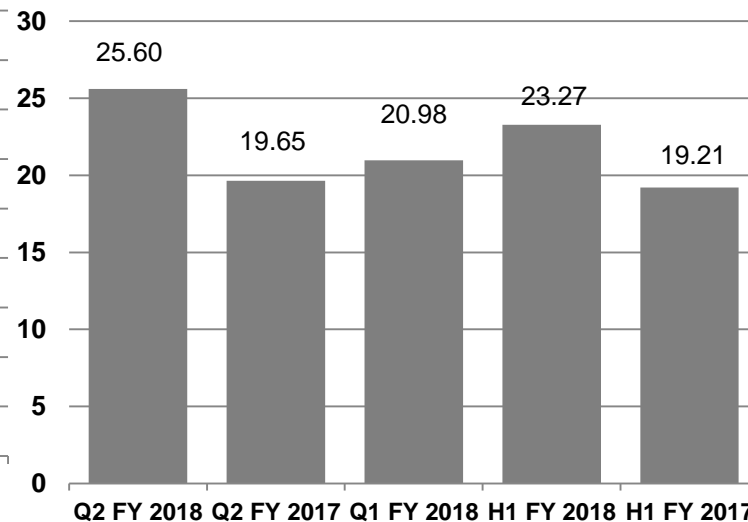
Yearly

(%)



Quarterly

(%)





Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Sep-17	Jun-17	Mar-17	Sep-16
Capital Adequacy Ratio	26.49	25.61	24.88	23.67
Tier-I	23.64	22.65	21.78	20.95
Tier-II	2.85	2.96	3.10	2.72



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q2 FY 2018	Q2 FY 2017	Q1 FY 2018	H1 FY 2018	H1 FY 2017	FY 2017
Earnings per share (₹)						
- Basic	11.36	7.44	8.79	20.15	14.21	29.56
- Diluted	11.27	7.38	8.76	20.03	14.09	29.45

	Sep-17	Jun-17	Mar-17	Sep-16
Book Value per share (₹)	183.16	171.76	162.98	154.97
Market price per share (₹)*	474.90	455.15	368.95	348.80
Price to Earnings ratio**	13.38	14.41	12.48	13.64
Price to Book Value ratio	2.59	2.65	2.26	2.25

*Source: www.nseindia.com

**Based on trailing 12 months EPS

CAPITALISATION RATIOS



Muthoot Finance

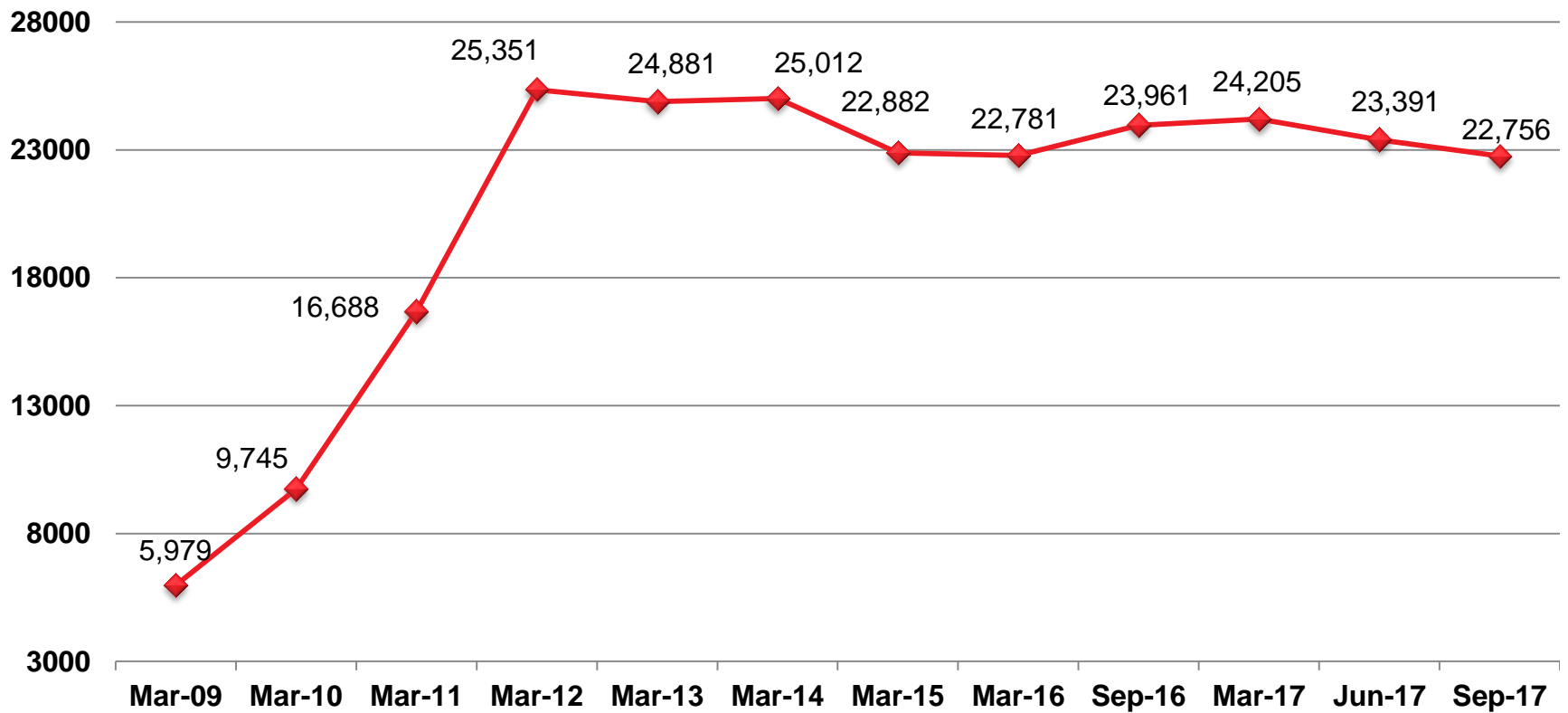
Headroom for further leveraging

(₹ In million)

	Sep-17	Jun-17	Mar-17	Sep-16
Outside Liabilities	251,228	249,141	241,966	243,582
Cash & Bank Balances	19,649	21,063	15,343	16,181
Tangible Networth	73,243	68,626	65,104	61,839
Capital Gearing	3.16	3.32	3.48	3.68

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 Sep 30, 2017, total holding in AAF stood at 503 million equity shares representing 60% of their total capital. The loan portfolio stands at LKR 9.49 bn as on Sep 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.

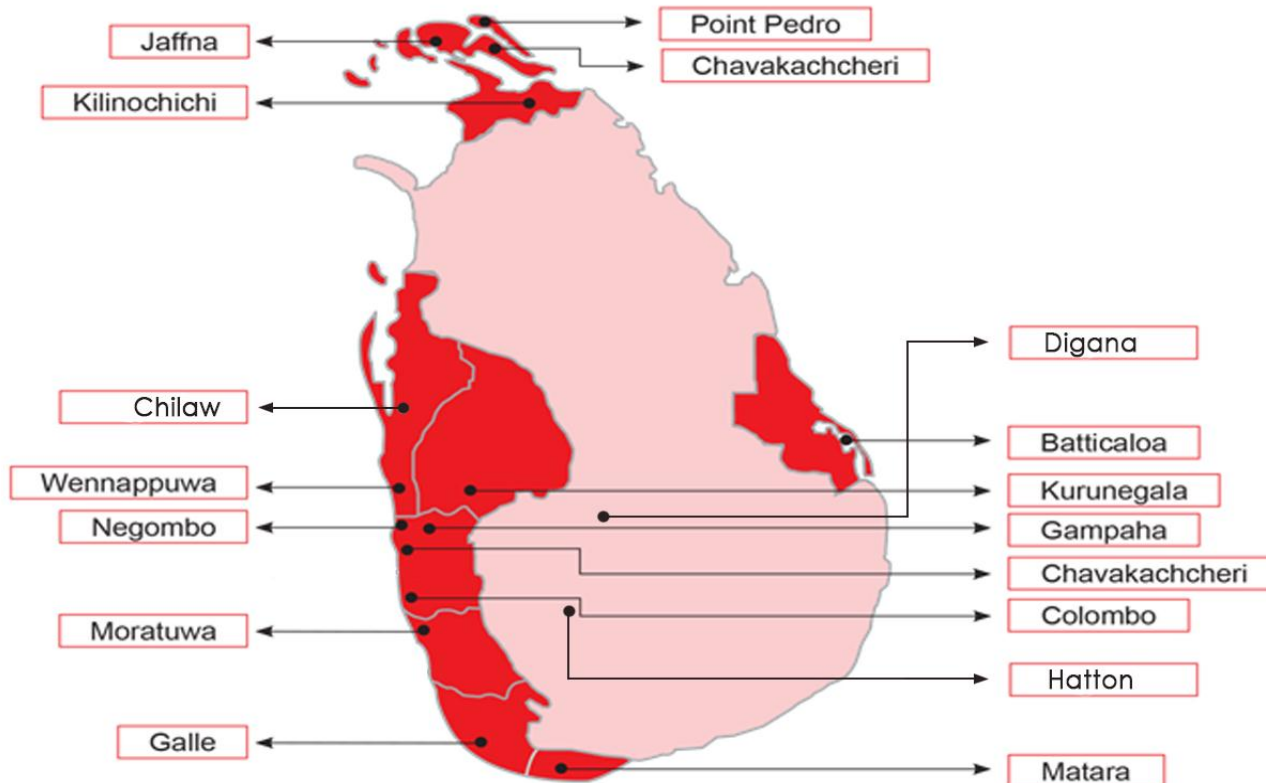
PRODUCTS



- 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	H1 FY 2018	Q2 FY 2018	Q1 FY 2018	Q2 FY 2017	FY 2017
LKR / INR	0.42313	0.42313	0.41706	0.44498	0.42113
Number of branches	17	17	17	15	15
Number of Employees	481	481	449	410	448
Loan AUM (LKR)	9,494	9,494	9,082	8,053	8,662
Capital Adequacy Ratio (%)	20	20	21	20	19
Total Revenue (LKR)	1,231	638	593	519	2,131
Total Expense (LKR)	1,101	582	520	452	1,815
Profit Before Tax (LKR)	130	57	73	67	316
Profit After Tax (LKR)	96	40	56	57	278
Share Holders Funds (LKR)	1,775	1,775	1,735	1,575	1,737
Total Outside Liabilities (LKR)	9,396	9,396	8,828	8,147	8,290
Total Assets (LKR)	11,170	11,170	10,563	9,722	10,027





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 and Madhya Pradesh.

As on Sep 30, 2017, it has a loan portfolio of Rs.8.30 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.

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

Business Performance

(₹ in millions)

Particulars	H1 FY 2018	Q2 FY 2018	Q1 FY 2018	Q2 FY 2017	FY 2017
Number of branches	14	14	11	8	9
Number of Sales Offices	110	110	110	39	110
Number of Employees	167	167	135	77	111
Loan AUM (₹)	8,296	8,296	5,957	946	4,408
Capital Adequacy Ratio (%)	44	44	27	115	36
Total Revenue (₹)	448	256	192	31	242
Total Expense (₹)	311	180	131	28	189
Profit Before Tax (₹)	137	76	61	3	53
Profit After Tax (₹)	82	45	37	3	29
Share Holders Funds (₹)	1,963	1,963	918	851	882
Total Outside Liabilities (₹)	7,594	7,594	5,954	341	3,624
Total Assets (₹)	9,557	9,557	6,872	1,192	4,506

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

Business Performance

Particulars	Q2 FY 2018	Q1 FY 2018	Q2 FY 2017	FY 2017
Disbursement (₹)	2,461	1,584	513	4,158
Borrowings (₹)	6,346	4,850	91	2,178
Debt Equity Ratio (%)	3.23	5.27	0.11	2.47
Yield on Advances (%)	12.23	12.67	11.94	12.74
Interest Spread (%)	3.70	3.55	2.25	3.31
NIM (%)	5.62	6.38	10.81	9.34
Cost to Income Ratio (%)	28	29	86.07	61
Return on Assets (ROA) (%)	2.72	3.08	1.75	2.42
Return on Equity (ROE) (%)	12.44	16.36	1.42	3.64
GNPA (%)	0.50	0.11	-	-
NNPA (%)	0.43	0.09	-	-
Number of Customers	8,406	5,680	650	4,024



Financial Highlights

- Disbursements in H1 FY 2018: Rs 4,053 mn. Loan Book as on Sep 30, 2017: Rs 8,296 mn
- Average Ticket Size in H1 FY 2018: Rs.1.0 mn
- Business Presence: Maharashtra, Gujarat, Rajasthan, Madhya Pradesh and Kerala, Presence in 29 locations
- ROA for Q2 FY 2018: 2.72%, ROE for Q2 FY 2018: 12.44%
- Average cost of borrowings of 8.53% for Q2 FY 2018. Capital Adequacy Ratio: 43.72%, Debt Equity Ratio: 3.23
- Average Yield: 12.23%, Interest Spread: 3.70%
- Received PMAY subsidy of Rs 7.22 mn for 34 cases in H1 FY 2018 and further claimed Rs 5.0 mn for 24 cases.
- Credit ratings is ICRA AA- (stable) for long term bank borrowings A1+ for short term borrowings (CP program) and CRISIL AA-(stable) for long term bank borrowings.

Growth Drivers

- Deepening our network further in existing states & expanding into Karnataka, Telengana, AP and Haryana state
- Increasing the leverage from 3.23x 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) which indicates low risk will help in lower cost of funds
- Debt/Equity ratio at 3.23 times as on Sep 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 the 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





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 Q2 FY 18, it has insured more than 216,000 lives with a First year premium collection of Rs.22 Crs, whereas in Q2 FY 17, its First year premium collection was Rs.19 Crs insuring more than 139,000 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	H1 FY 2018	Q2 FY 2018	Q1 FY 2018	Q2 FY 2017	FY 2017
Premium Collection (₹)	37	216	157	189	697
Number of Policies	432,729	216,428	216,301	139,008	566,282

Key Financial Parameters

(₹ in millions)

	H1 FY 2018	Q2 FY 2018	Q1 FY 2018	Q2 FY 2017	FY 2017
Total Revenue (₹)	63	38	25	28	116
Total Expense (₹)	15	9	6	9	28
Profit Before Tax (₹)	49	30	19	19	88
Profit After Tax (₹)	32	20	12	15	60
Share Holders Funds (₹)	203	203	183	131	171
Earnings per share (₹)	65	40.67	24.81	29.76	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 Sep 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.

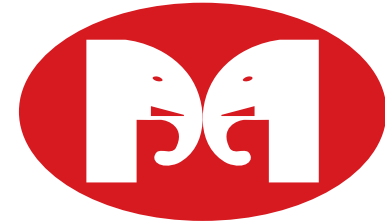
As of Sep 30, 2017, BIFPL operations are spread over seven states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha ,Pondicherry and Chattisgarh). It has 198 branches, with 32 controlling regional offices and employs 1383 staff. Its loan portfolio has grown from INR 0.20 mn in March 2009 to INR 5,668 mn in March 2017.As on Sep 30,2017, it has a gross loan portfolio of INR 7,968 mn.



Key Financial Parameters

(₹ in millions)

Particulars	H1 FY 2018	Q2 FY 2018	Q1 FY 2018	Q2 FY 2017	FY 2017
Number of branches	198	198	172	103	155
Number of Employees	1,383	1,383	1,240	828	1,093
Gross Loan AUM (₹)	7,968	7,968	6,652	3,986	5,759
Capital Adequacy Ratio (%)	17	17	20	21	17
Total Revenue (₹)	901	482	419	230	1,034
Total Expense (₹)	721	381	339	196	874
Profit Before Tax (₹)	180	101	80	34	160
Profit After Tax (₹)	118	66	52	22	104
Shareholders Funds (₹)	1,009	1,009	956	843	903
Total Outside Liabilities (₹)	8,147	8,147	6,982	3,836	6,726
Total Assets (₹)	9,156	9,156	7,938	4,679	7,629



Muthoot Finance

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