

Muthoot Finance

Financial Results Q2 FY 2019

September 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/half yearly profit & loss account (Q1-FY19/Q2-FY 19 & H1-FY 19)** which have been subject to **limited review**, all other reporting and disclosure made in the presentation are based on management reports. The auditors have not reviewed any of those disclosures.
- The disclosures provided here are to **merely provide a summary of the performance** and for comparing key differences with previous accounting standards.
- There is **possibility of the financial results and the additional disclosures to be updated, modified or amended** because of adjustments which may be required to be made on account of introduction of new standards or its interpretation, receipt of guidelines or circulars from regulatory bodies and/or Reserve Bank of India and/or changes because or exercising any available exemptions
- Figures of subsidiaries disclosed are not under IND-AS.

**CONSOLIDATED LOAN ASSETS *****Diversified Business of the Group *** (₹ in million)

	Q2 FY 19	Q1 FY 19	Q2 FY 18	YoY Growth(%)	FY 2018
Consolidated Loan Assets** of the Group *	359,559	343,157	296,455	21	321,591
Contribution of Subsidiaries in the Consolidated Gross Loan Assets of the Group* (%)	10	10	7	-	10

	Q2 FY 19	Q1 FY 19	Q2 FY 18	YoY Growth(%)	FY 2018
Group* Branch Network	4,765	4,688	4,516	6	4,596

* Muthoot Finance Ltd and its subsidiaries.

** Principal amount of loan assets

- India's largest gold financing company (by loan portfolio)
- Trusted pan-India brand in the gold loans sector; revolutionised India's gold banking
- Our intervention has empowered millions of people across the social pyramid

Multiple service offerings

CORE SERVICE



Gold Loans

OTHER SERVICES



Money Transfer Services



White Label ATM



National Pension Scheme



Personal Loans



Collection Services



Wind Mill Power Generation

29

States/Union territory presence

168 tonnes

Gold jewellery kept as security

4,300+

Pan-India branches

135,000+

Retail investor base across debenture and subordinated debt portfolio

23,000+

Team members

200,000+

Customers served every day

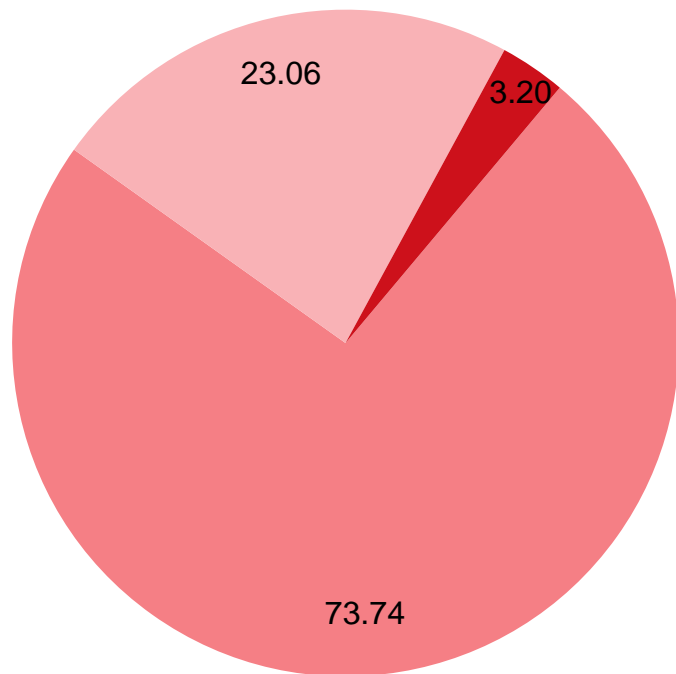
₹ 323,186 mn

Loan Assets Under Management

(As of September 30, 2018)

SHAREHOLDING PATTERN

Strong promoter interest in business with 74% stake



(%) Shareholding as on September 30, 2018

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

NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation

(as on September 30, 2018)

₹ 161,445 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

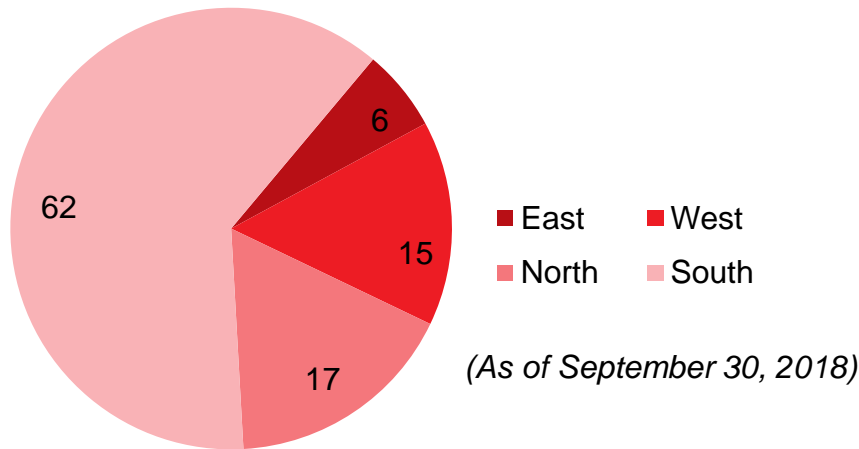
* On face value of ₹ 10 per equity share



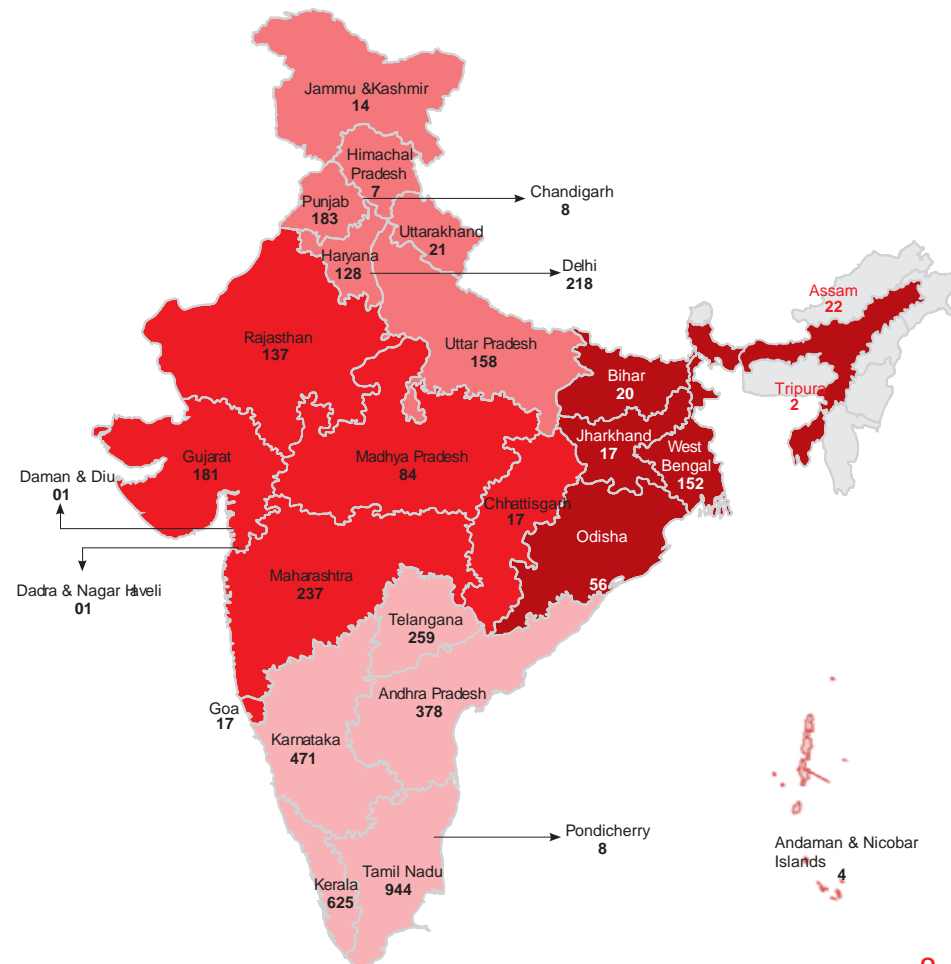
GEOGRAPHICAL PRESENCE

A strong presence of 4370 branches across India

(%) Branches region wise



State wise Branch Network



- Rural India accounts for about 65% of total gold stock in the country
- Large portion of the rural population has limited credit access
- Catering to under-served rural and semi-urban markets through strong presence

Digital convenience for new gen & Millennium Customer acquisition



Direct Credit Facility

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



PoS Terminals

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

Gold Cash Card (GCC) - DCB VISA



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

Online Gold Loan (OGL)

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

Muthoot Online



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

iMuthoot App



Mobile App



- Launched in Nov'16 has about 6.25 lakhs downloads.
- Online Gold Loan (OGL) facility available to withdraw loan amount and renewal, apart from payments.
- Rs.356 crs payments received from 4.48 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)

	Sep-18*	Jun-18*	Mar-18	Sep-17	Mar-17
Share Capital	4,002	4,001	4,000	3,996	3,995
Reserves & Surplus	83,903	79,070	73,604	69,248	61,169
Total	87,905	83,071	77,604	73,244	65,164

*Under IND- AS

*Under IND- AS



Migration to IND-AS- Initial Adjustment to Reserves

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

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

Core focus continues to be gold loan

Gross Loan Assets under management*

	Sep-18	Jun-18	Mar- 18	Sep-17	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross loan assets under management	323,186	309,966	291,420	276,132	17	4
Break-up of Gross Loan Assets under management						
Gold Loans under management	320,373	305,621	288,484	275,338	16	5
Other loans	2,812	4,345	2,936	794	254	(35)

*Principal amount of Loan assets



LIABILITIES

Stable sources of funding*

	Sep-18	Jun-18	Mar-18	Sep-17	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	7,034	7,645	8,769	16,288	(57)	(8)
Secured Non-Convertible Debentures- Listed	75,151	70,966	43,842	49,909	51	6
Borrowings from Banks/FIs	118,051	109,713	111,836	103,695	14	8
Subordinated Debt	2,999	5,701	7,388	11,026	(73)	(47)
Subordinated Debt -Listed	3,849	3,849	3,849	3,849	0	0
Commercial Paper	30,078	27,395	28,181	33,056	(9)	10
Other Loans	6,176	7,023	8,815	5,644	9	(12)
Total	243,337	232,292	212,680	223,467	9	5

*Principal amount of Borrowings



REVENUE & PROFIT

Profit & Loss Statement

(₹ in million)

	H1 FY 2019*	H1 FY 2018*	YoY Growth (%)	Q2 FY 2019*	Q2 FY 2018*	YoY Growth (%)	Q1 FY 2019*	FY 2018**
INCOME								
Interest Income	32,424	30,030	8	16,316	16,431	(1)	16,108	60,593
Other Income	407	362	13	185	188	(1)	222	1,839
Total	32,831	30,392	8	16,501	16,619	(1)	16,330	62,432
EXPENDITURE								
Interest Expense	10,369	10,054	3	5,354	4,933	9	5,016	19,399
Personnel Expenses	4,121	3,690	12	2,019	1,890	7	2,102	7,288
Administrative & Other expenses	2,962	2,207	34	1,484	1,066	39	1,478	4,940
Provisions & Write Offs	52	1,295	(96)	25	1,170	(98)	26	2,397
Directors Remuneration	134	115	17	67	57	18	67	431
Depreciation	191	210	(9)	100	106	(5)	91	405
Total	17,828	17,571	1	9,048	9,221	(2)	8,780	34,860
PROFIT								
Profit Before Tax	15,003	12,821	17	7,453	7,397	1	7,550	27,571
Profit After Tax	9,754	7,906	23	4,838	4,457	9	4,916	17,203

* Under IND-AS

** Under I-GAAP



Reconciliation of IND-AS Migration

I-GAAP and IND-AS Reconciliation

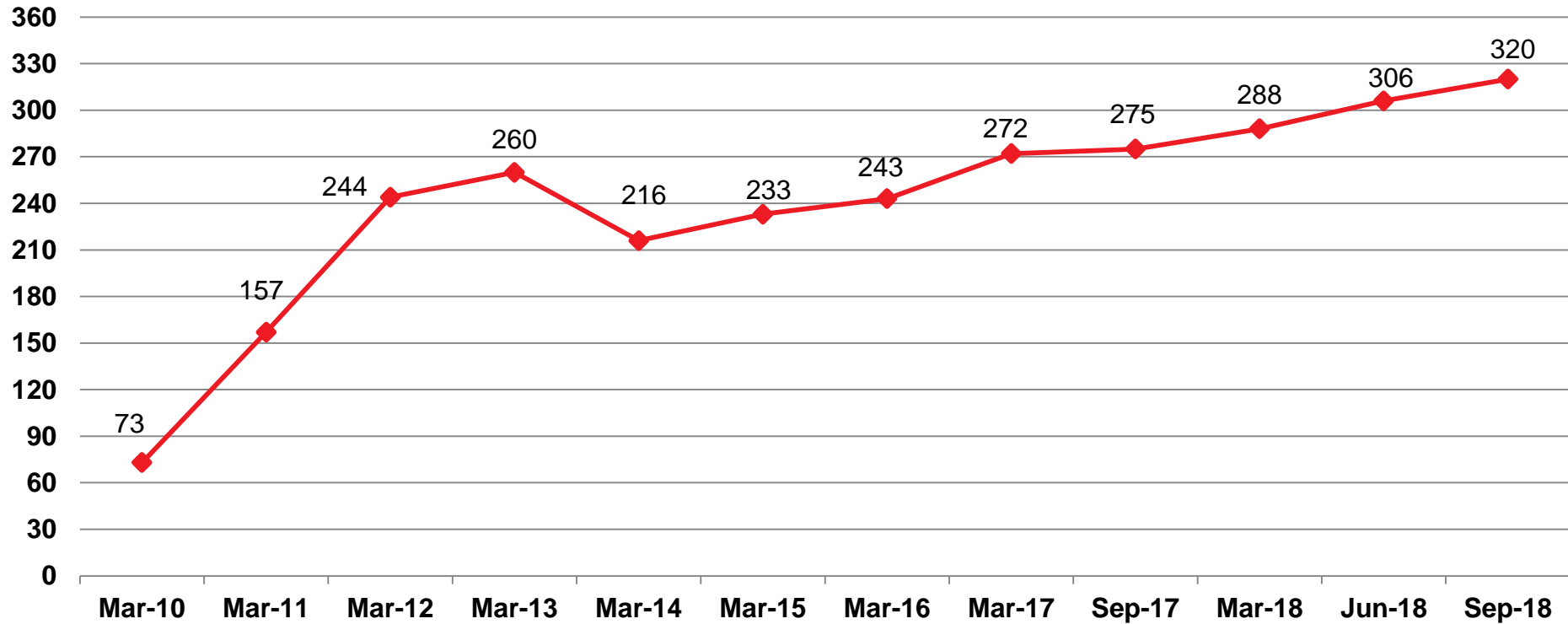
(₹ in million)

	H1 FY 2018	Q2 FY 2018	Q1 FY 2018
Net Profit after Tax reported under Previous GAAP	8,052	4,542	3,511
Adjustments increasing/(decreasing) net profit after tax as reported in the previous GAAP:			
Impact on application of Expected Credit Loss method for loan loss provisions and related adjustments as per IND AS 109	0	311	(311)
Amortisation of net income under Effective Interest Rate method for Financial Assets	(355)	(336)	(20)
Amortisation of expenses under Effective Interest Rate method for Financial Liabilities	43	(162)	205
Fair Value movement in Investments	62	62	
Reversal of derivative liability recognised on transition	59	0	59
Reclassification of Actuarial Gain/Loss to Other Comprehensive Income	(30)	(15)	(15)
Fair Valuation of Employee Stock Options	(3)	10	(13)
Tax adjustments on above items	77	45	33
Net Profit after tax as under IND AS	7,906	4,457	3,449
Other Comprehensive Income/Loss(Net of tax)	19	10	10
Total Comprehensive Income(after tax) as reported under IND AS	7,925	4,467	3,459

Gaining scale over the years

Gold Loan Assets Under Management

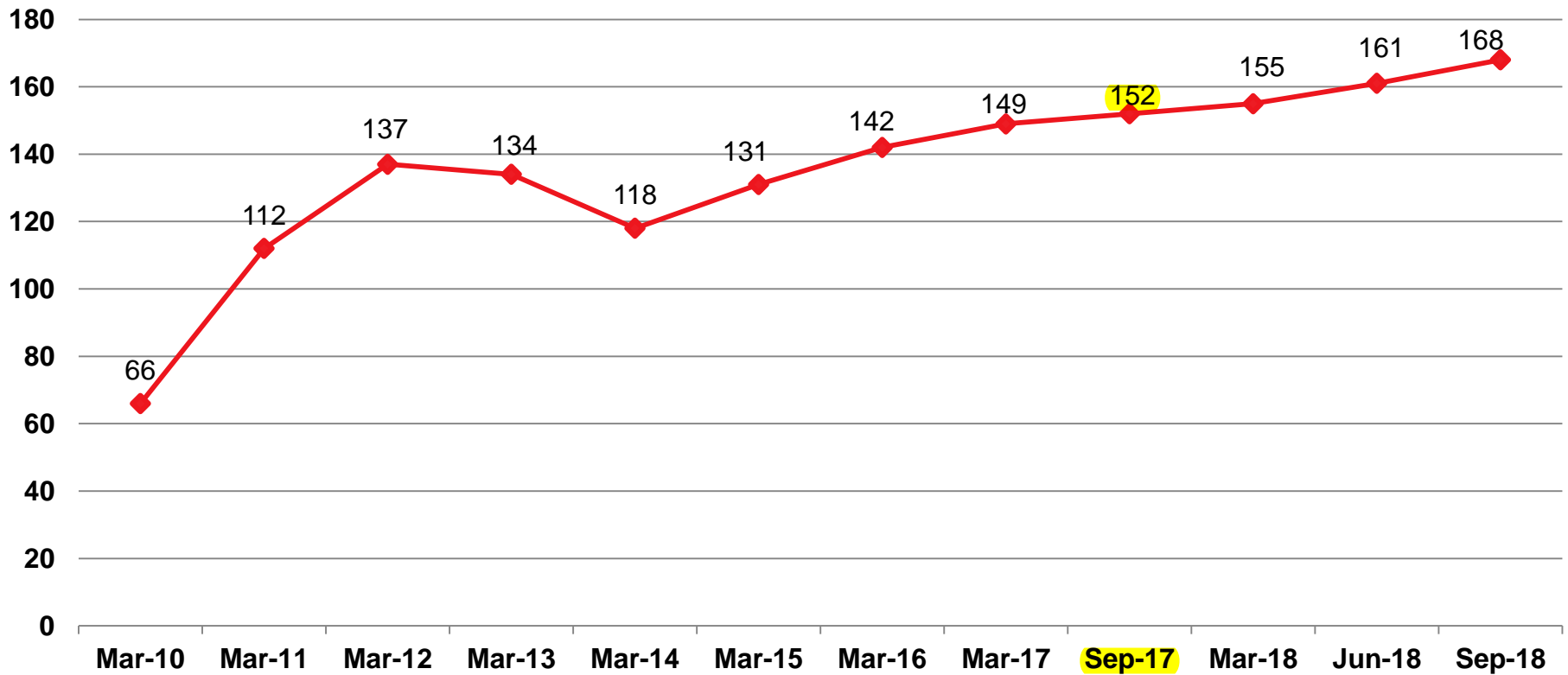
(₹ in billion)



Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)

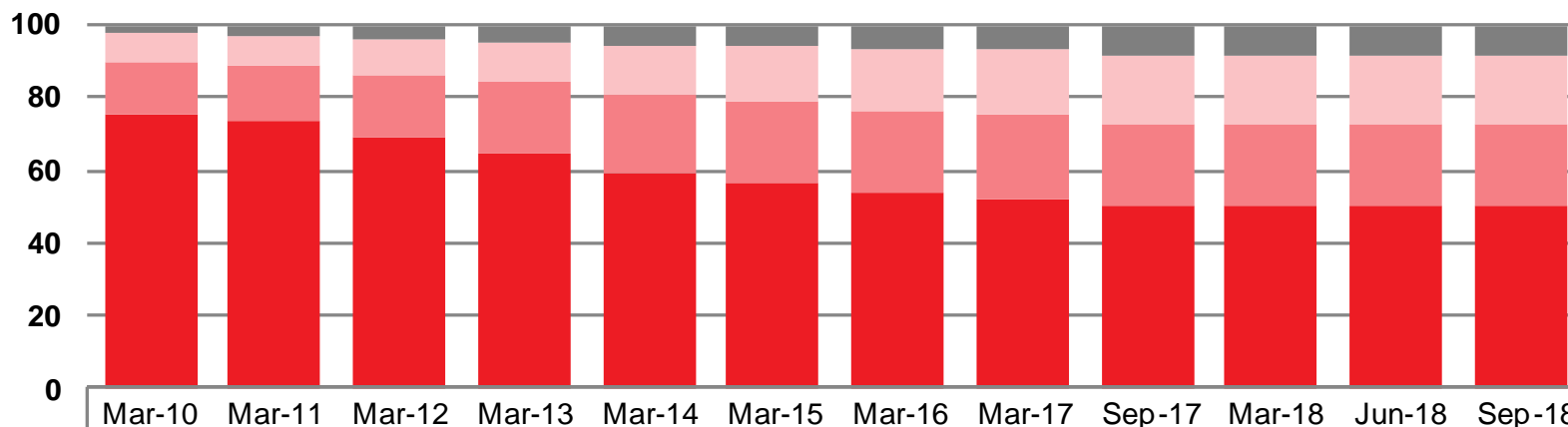




GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO *Muthoot Finance*

Diversified gold loan portfolio across India

(%)



■ East	2	3	4	5	6	6	7	7	8	8	8	8
■ West	8	8	10	11	13	15	17	18	19	19	19	19
■ North	15	15	17	19	22	22	22	23	23	23	23	23
■ South	75	74	69	65	59	57	54	52	50	50	50	50

Gold Loan Assets Under Management

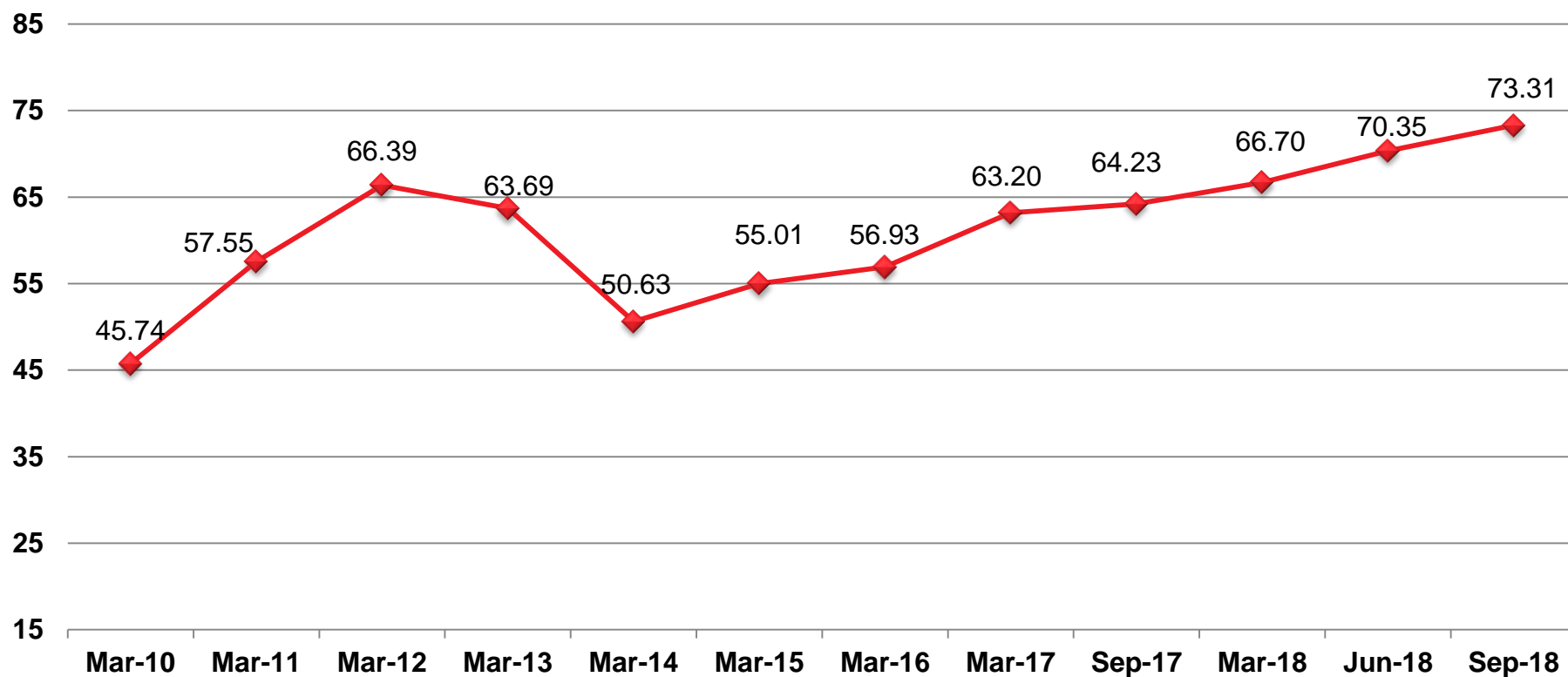
(₹ in billion)

Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Sep-17	Mar-18	Jun-18	Sep-18
73	157	244	260	216	233	243	272	275	288	306	320

Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

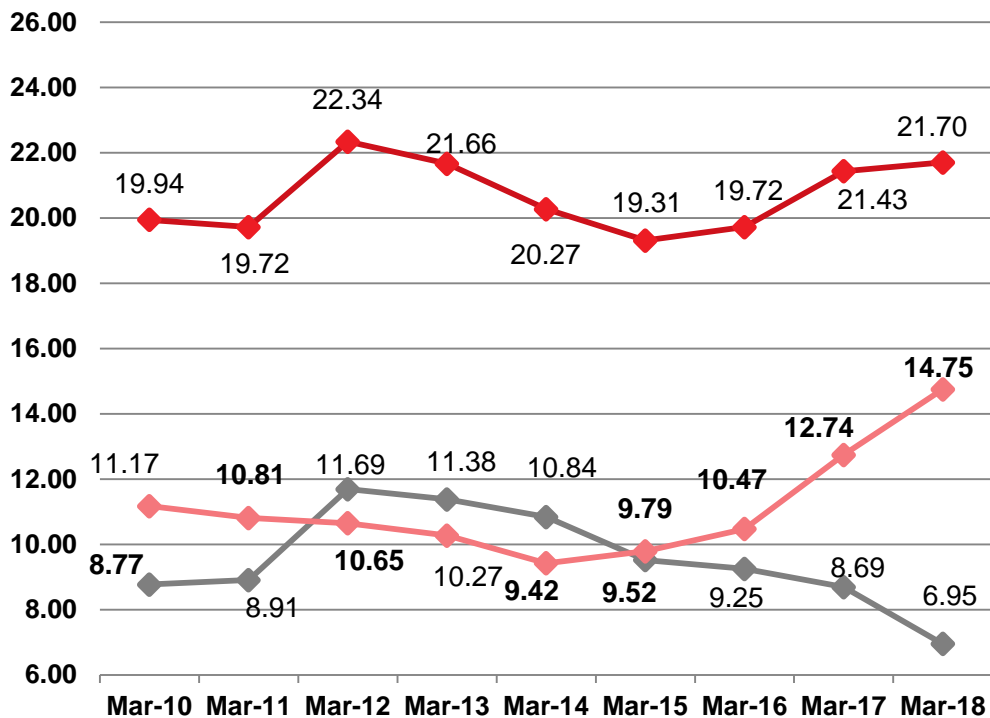
(₹ in million)



YIELD ON LOAN ASSETS AND NIM

Yearly*

(%)

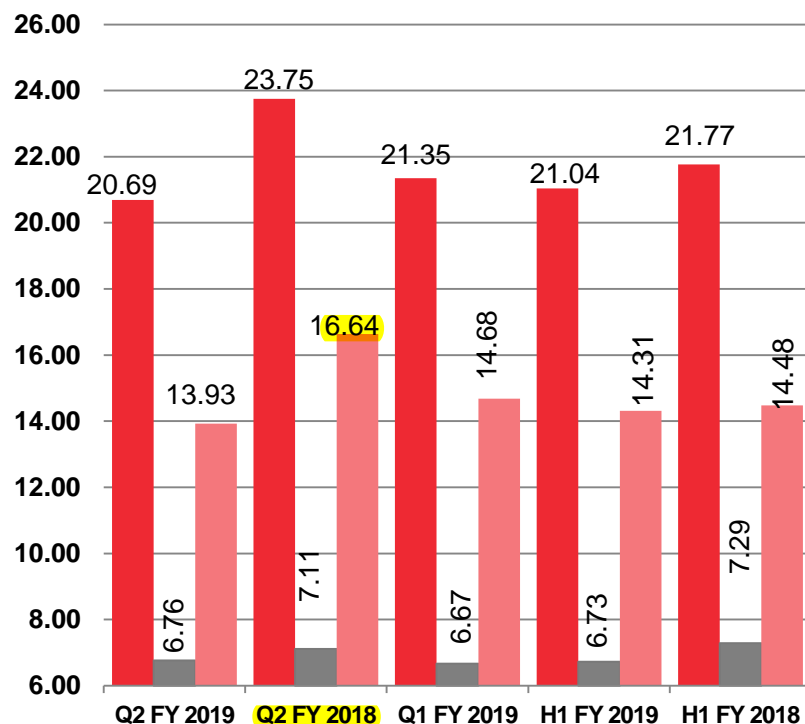


*Under I-GAAP

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

Quarterly**

(%)

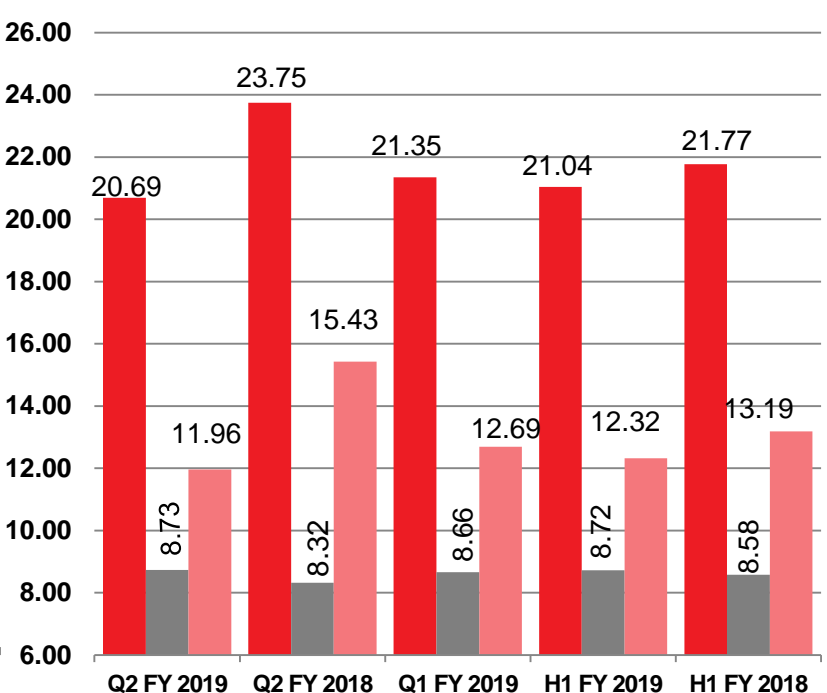
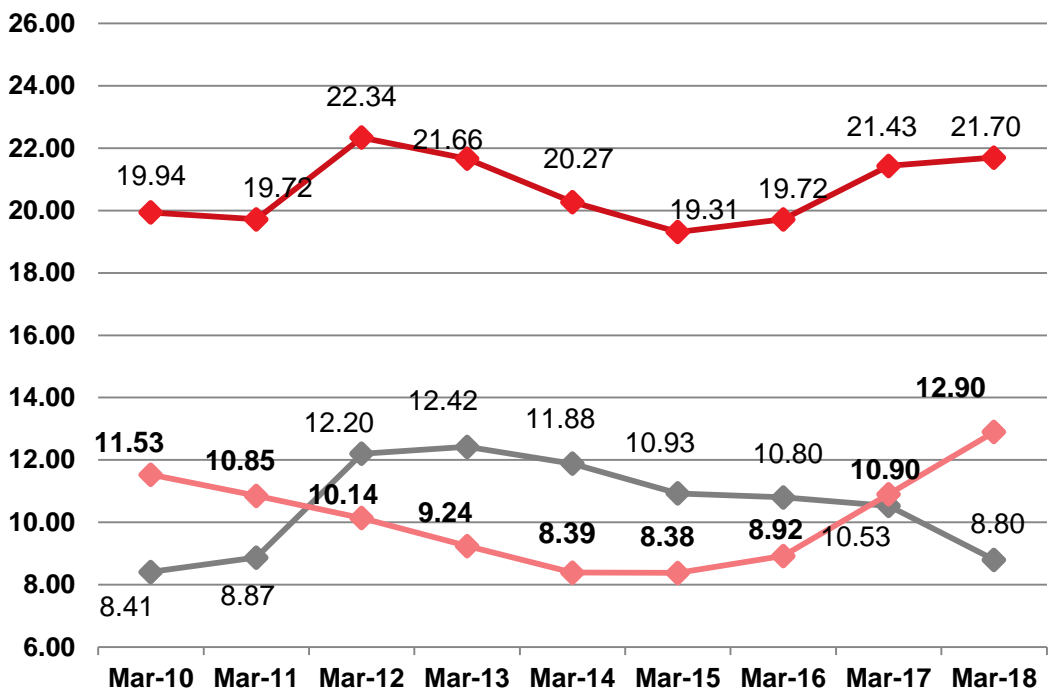


**Under IND -AS



INTEREST SPREAD

Yearly* (%) **Quarterly**** (%)



*Under I-GAAP

**Under IND-AS

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

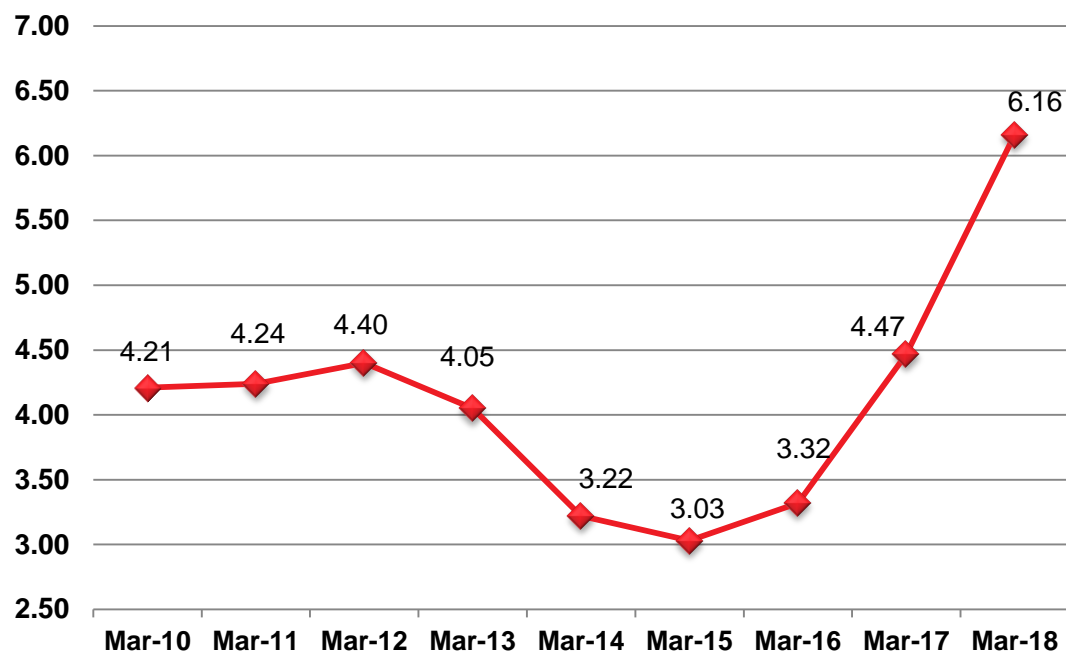


RETURN ON AVERAGE LOAN ASSETS

Attractive returns over the years

Yearly*

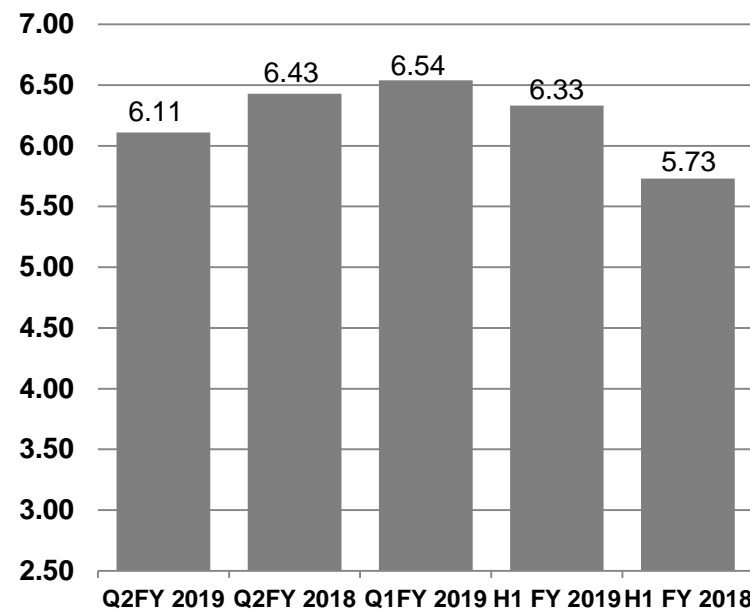
(%)



*Under I-GAAP

Quarterly**

(%)



**Under IND-AS

STAGE III LOAN ASSETS & ECL PROVISION



Muthoot Finance

IND AS

(₹ in million)

	Sep-18	Jun-18	Mar-18	Sep-17	Mar-17
Stage III Loan Asset	6,169	8,835	12,872	19,353	7,612
% Stage III Asset on Gross Loan Asset	1.91	2.85	4.42	7.01	2.79
ECL Provision	5,795	5,892	6,089	6,673	5,278
ECL Provision as % of Gross Loan Assets	1.79	1.90	2.09	2.42	1.94
Provisions outstanding in books	8,096	8,096	8,096	7,197	6,035

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

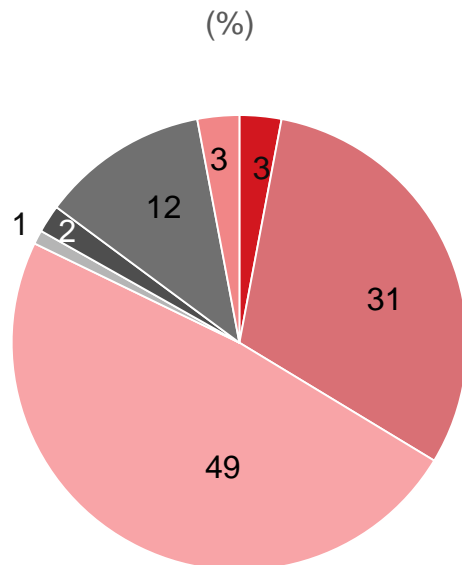
(₹ in million)

	Q2 FY 19*	Q1 FY 19*	Q2 FY 18**	H1 FY 19*	H1 FY 18**	FY 18**
Bad Debts Written Off	26	26	9	52	72	316

* Under IND-AS

**As per I-GAAP

Maintaining a diversified funding profile*



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 7,034 mn (3%)
- Secured Non-Convertible Debentures – Listed – ₹ 75,151 mn (31%)
- Borrowings from Banks/Fis - ₹ 118,051 mn (49%)
- Subordinated Debt – ₹ 2,999 mn (1%)
- Subordinated Debt – Listed - ₹ 3,849 mn (2%)
- Commercial Paper – ₹ 30,078 mn (12%)
- Other Loans – ₹ 6,176 mn (3%)

**Principal amount of Borrowings*

(As of September 30, 2018)



CREDIT RATINGS

Highest Rating among gold loan companies

Short-term Rating

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

Long-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
SUBORDINATED DEBT			
CRISIL	1,000	CRISIL AA/(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	1,000	ICRA AA(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
NON CONVERTIBLE DEBENTURE			
CRISIL	20,000	CRISIL AA/(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	20,000	ICRA AA(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
BANK LOANS			
ICRA*	101,620	ICRA AA(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk

*Within the overall rating of ₹141,150 millions

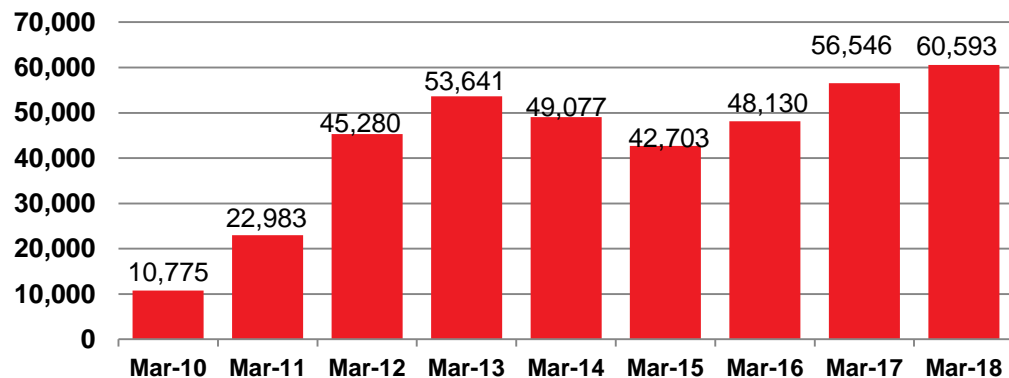


BREAK-UP OF GROSS INCOME

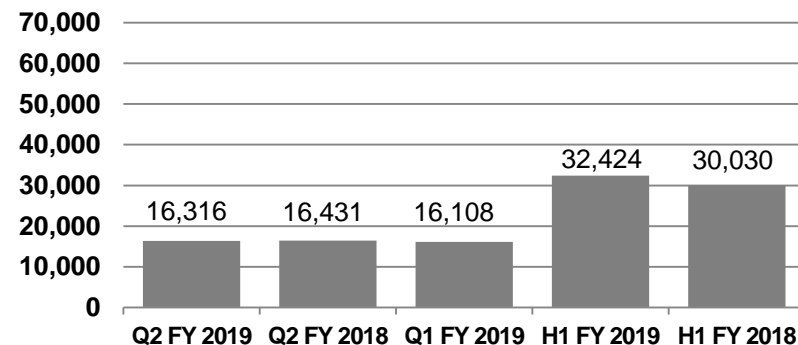
Interest Income

(₹ in million)

Yearly*



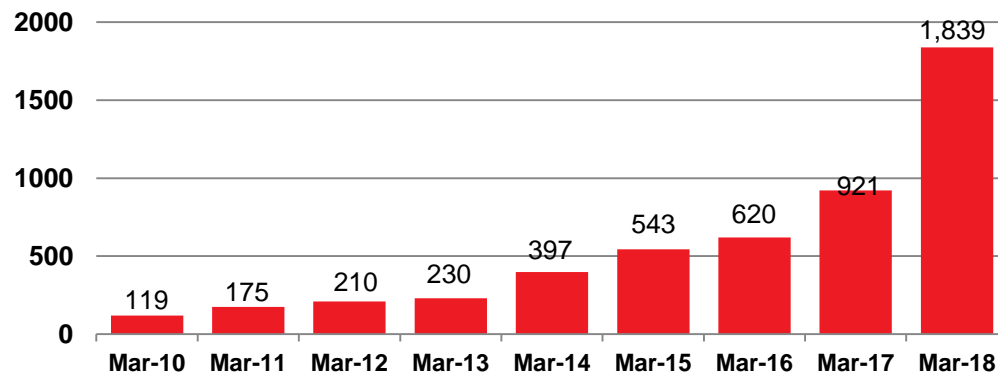
Quarterly**



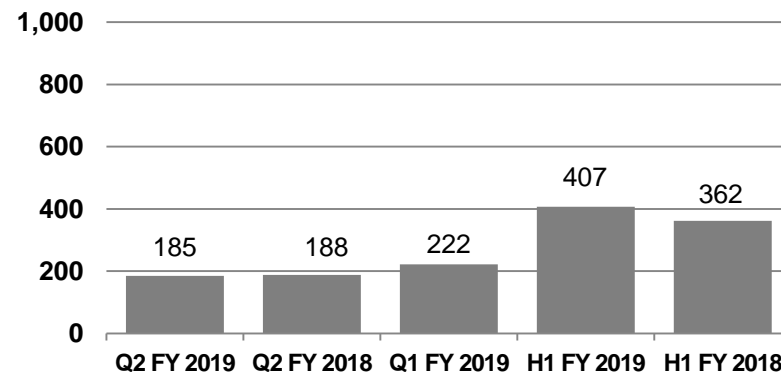
Other Income

(₹ in million)

Yearly*



Quarterly**



*Under I-GAAP

**Under IND-AS

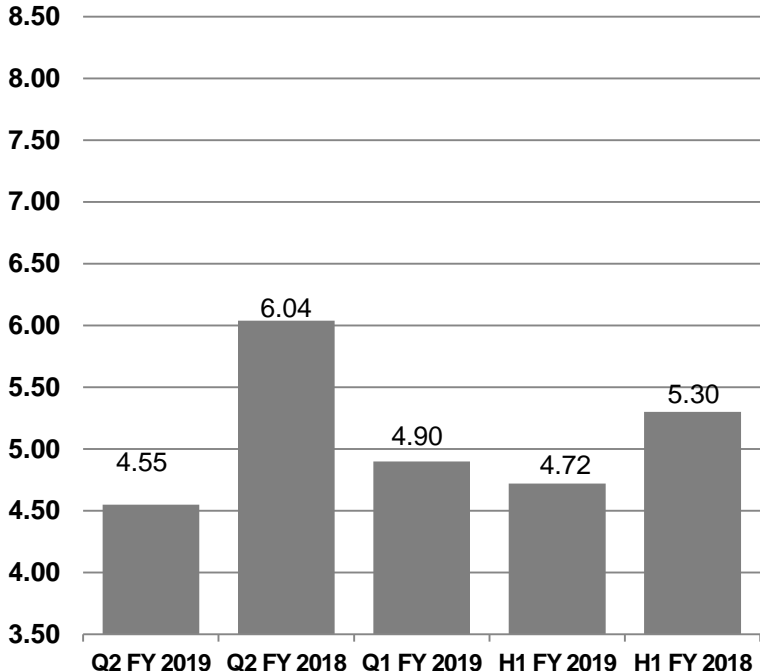
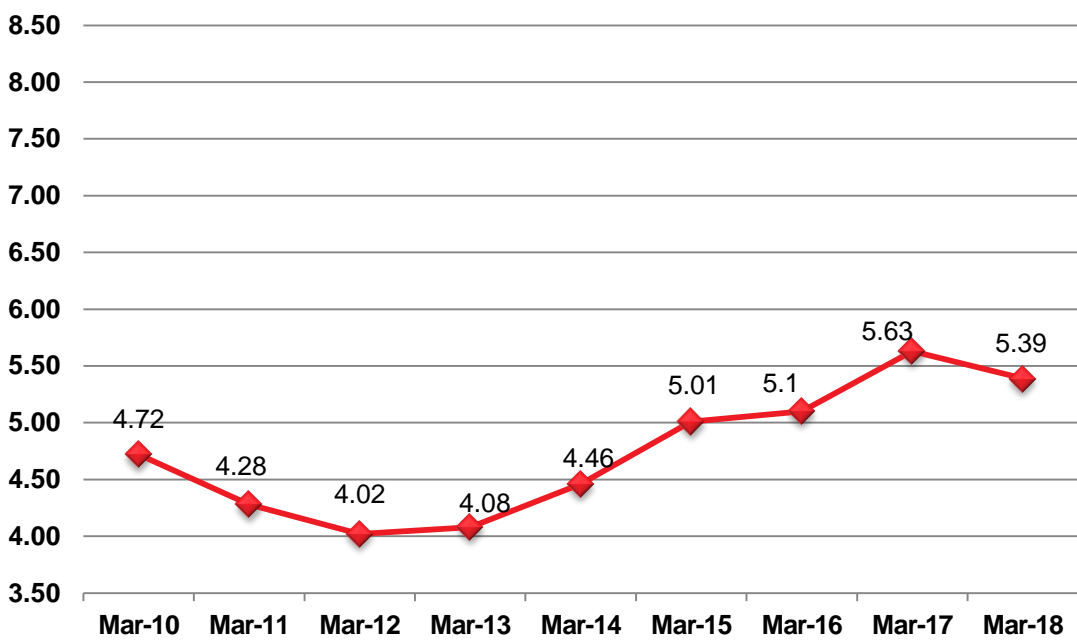


OPERATING EXPENSES TO AVERAGE LOAN ASSETS

Operational efficiency over the years

Yearly* (%)

Quarterly** (%)



*Under I-GAAP

**Under IND AS



BREAK-UP OF OPERATING EXPENSES

Yearly*	(₹ in million)								Quarterly**					(₹ in Million)	
	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Q2 FY 2019	Q2 FY 2018	Q1 FY 2019	H1 FY 2019	H1 FY 2018		
Personnel Expenses	7,288	7,280	6,418	6,304	5,917	5,453	4,145	2,209	2,019	1,890	2,102	4,120	3,690		
Rent	1,913	1,808	1,713	1,650	1,542	1,309	1,042	603	493	425	475	968	928		
Advertisement	720	531	626	651	702	579	866	647	282	64	308	590	240		
Postage, Telegram and Telephone	404	372	378	371	364	243	184	115	82	122	87	169	227		
Traveling and Conveyance	182	186	187	212	190	175	168	114	65	44	51	116	86		
Printing and Stationery	136	129	144	160	185	168	155	111	36	32	34	70	61		
Repairs and Maintenance	362	362	290	281	272	256	341	211	58	83	84	142	151		
Legal and Professional Charges	153	124	93	189	216	86	60	114	59	66	46	105	102		
Business Promotion Expense	209	201	149	140	279	332	267	119	128	38	97	225	47		
Directors Remuneration	431	362	196	192	192	192	192	192	67	57	67	134	115		
Depreciation and Amortisation Expenses	438	482	575	841	475	454	329	180	100	106	91	191	210		
Others	1,165	835	1,014	733	731	550	380	229	307	1,363	322	629	1,660		
Provision For Standard & NPA Assets	2,061	2,647	1,223	180	214	765	351	323	0	0	0	0	0		
Total	15,462	15,319	13,006	11,904	11,279	10,562	8,480	5,165	3,696	4,290	3,764	7,460	7,517		

*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	Q2 FY 2019	Q2 FY 2018	Q1 FY 2019	H1 FY 2019	H1 FY 2018
Personnel Expenses	47	48	49	53	52	52	49	43	55	44	56	55	49
Rent	12	12	13	14	14	12	12	12	13	10	13	13	12
Advertisement	5	3	5	5	6	5	10	13	8	1	8	8	3
Postage, Telegram and Telephone	3	2	3	3	3	2	2	2	2	3	2	2	3
Traveling and Conveyance	1	1	1	2	2	2	2	2	2	1	1	2	1
Printing and Stationery	1	1	1	1	2	2	2	2	1	1	1	1	1
Repairs and Maintenance	2	2	2	2	2	2	4	4	2	2	2	2	2
Legal and Professional Charges	1	1	1	2	2	1	1	2	2	2	1	1	1
Business Promotion Expense	1	1	1	1	2	3	3	2	3	1	3	3	1
Directors Remuneration	3	2	2	2	2	2	2	4	2	1	2	2	2
Depreciation and Amortisation Expenses	3	3	4	7	4	4	4	3	3	2	2	3	3
Others	8	5	8	6	6	5	4	4	8	32	9	8	22
Provision For Standard & NPA Assets	13	17	9	2	2	7	4	6	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

*Under I- GAAP

**Under IND-AS



PROFITABILITY RATIOS

Yearly* (Based on Income)	Yearly* (%)								Quarterly** (%)				
	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Q2 FY 2019	Q2 FY 2018	Q1 FY 2019	H1 FY 2019	H1 FY 2018
Interest expense to Gross Income	31.07	39.92	46.31	48.71	53.08	52.34	52.10	44.83	32.44	29.68	30.72	31.58	33.08
Selling, general and administrative expenses to Net Income	29.42	34.88	41.36	48.26	44.66	35.89	35.48	36.32	32.02	25.78	32.23	32.13	29.56
Provisions & Write Offs to Net Income	5.57	8.16	6.20	1.67	1.89	3.49	1.93	2.68	0.23	10.01	0.23	0.23	6.37
Operational expenses to Net Income	34.99	43.03	47.56	49.93	46.55	39.37	37.41	38.99	32.24	35.79	32.46	32.36	35.93
OPBDT / Net Income	65.01	56.97	52.44	50.06	53.45	60.62	62.59	61.00	67.76	64.21	67.54	67.64	64.07
Depreciation to Net Income	0.94	1.33	2.13	3.72	2.03	1.76	1.50	1.42	0.90	0.91	0.80	0.85	1.03
OPBT / Net Income	64.07	55.63	50.31	46.34	51.42	58.86	61.09	59.58	66.86	63.30	66.73	66.79	63.04
PBT / Net Income	64.07	55.63	50.31	46.34	51.42	58.86	61.09	59.58	66.86	63.30	66.73	66.79	63.04
PAT / Net Income	39.98	34.17	30.93	30.23	33.60	39.11	40.93	38.68	43.40	38.14	43.45	43.42	38.87

*Under I-GAAP

**Under IND-AS



PROFITABILITY RATIOS

Yearly* (Based on Average Loan Assets)	Yearly* (%)								Quarterly** (%)				
	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Q2 FY 2019	Q2 FY 2018	Q1 FY 2019	H1 FY 2019	H1 FY 2018
Interest income to avg. loan assets	21.70	21.43	19.72	19.30	20.27	21.66	22.34	19.72	20.69	23.75	21.35	21.04	21.77
Interest expense to avg. loan assets	6.95	8.69	9.25	9.52	10.84	11.38	11.69	8.91	6.76	7.11	6.67	6.73	7.29
Net Interest Margin	14.75	12.74	10.47	9.78	9.42	10.27	10.65	10.81	13.92	16.64	14.68	14.31	14.48
Other income to avg. Loan assets	0.66	0.35	0.25	0.25	0.16	0.09	0.10	0.15	0.16	0.21	0.37	0.26	0.26
Net Income Including Other Income	15.41	13.09	10.72	10.03	9.59	10.37	10.75	10.96	14.09	16.85	15.05	14.58	14.75
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	4.52	5.95	4.86	4.69	5.25
Provisions and write offs to avg. loan assets	0.86	1.07	0.67	0.17	0.18	0.36	0.21	0.29	0.03	0.09	0.04	0.03	0.05
PBDT to avg. loan assets	10.02	7.45	5.62	5.02	5.12	6.28	6.73	6.69	9.53	10.81	10.15	9.85	9.44
Depreciation to avg. loan assets	0.15	0.17	0.23	0.37	0.20	0.18	0.16	0.16	0.12	0.14	0.11	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	9.42	10.67	10.04	9.74	9.30
Tax to avg. loan assets	3.71	2.81	2.08	1.62	1.71	2.05	2.17	2.29	3.30	4.24	3.50	3.41	3.56
PAT to avg. loan assets	6.16	4.47	3.32	3.03	3.22	4.05	4.40	4.24	6.11	6.43	6.54	6.33	5.73
Cash Profit to avg. loan assets	6.30	4.65	3.54	3.40	3.42	4.24	4.56	4.40	6.23	6.57	6.65	6.44	5.88

*Under I-GAAP

**Under IND-AS

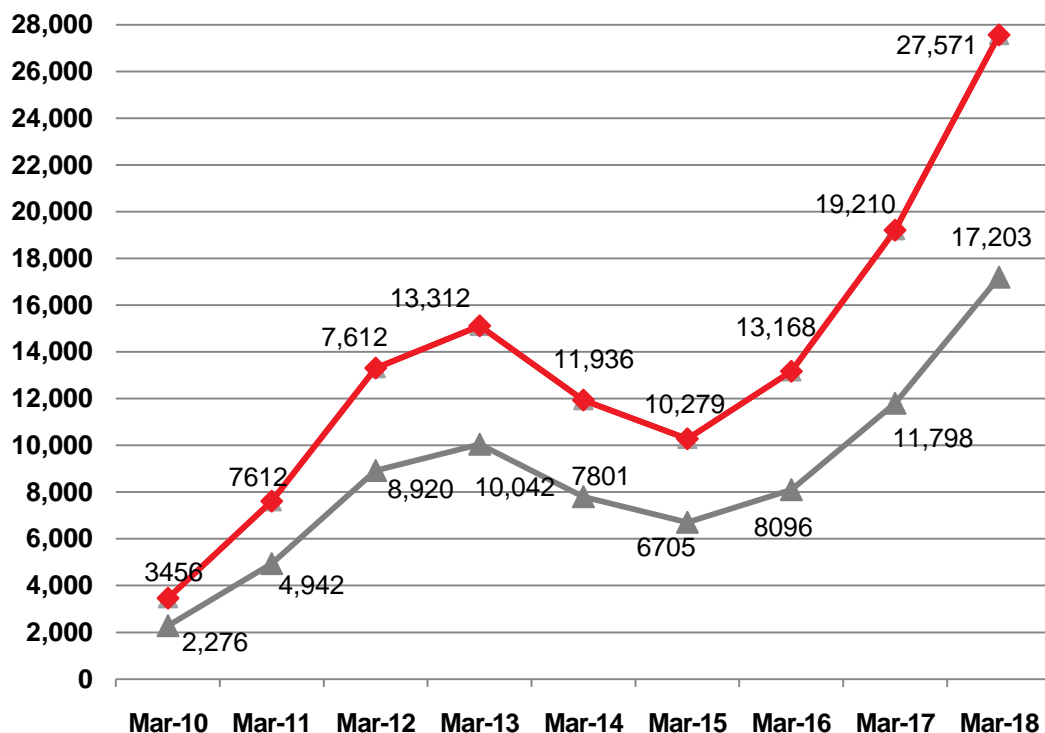
Efforts getting rewarded

Profitability at a glance

(₹ in million)

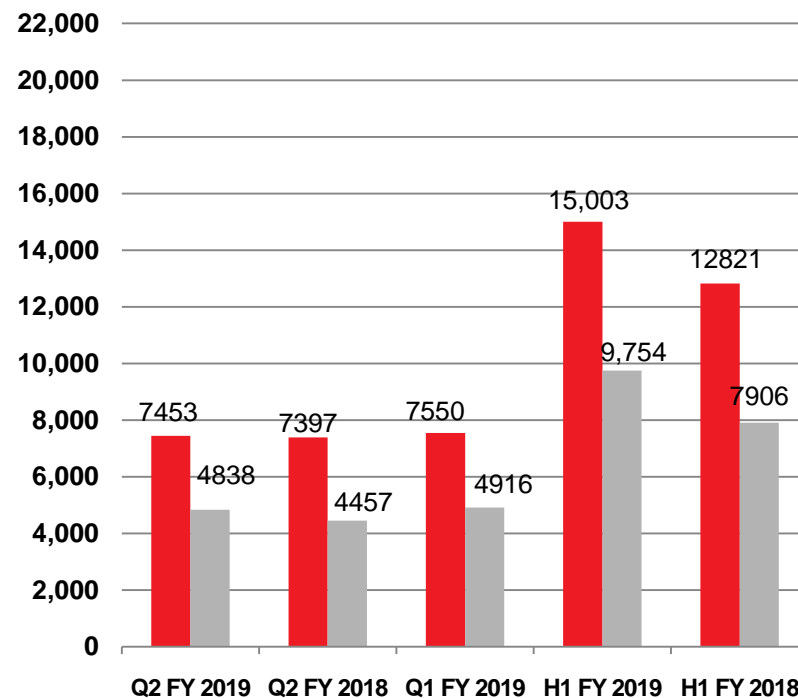
Yearly*

◆ PBT ▲ PAT



Quarterly**

■ PBT ■ PAT



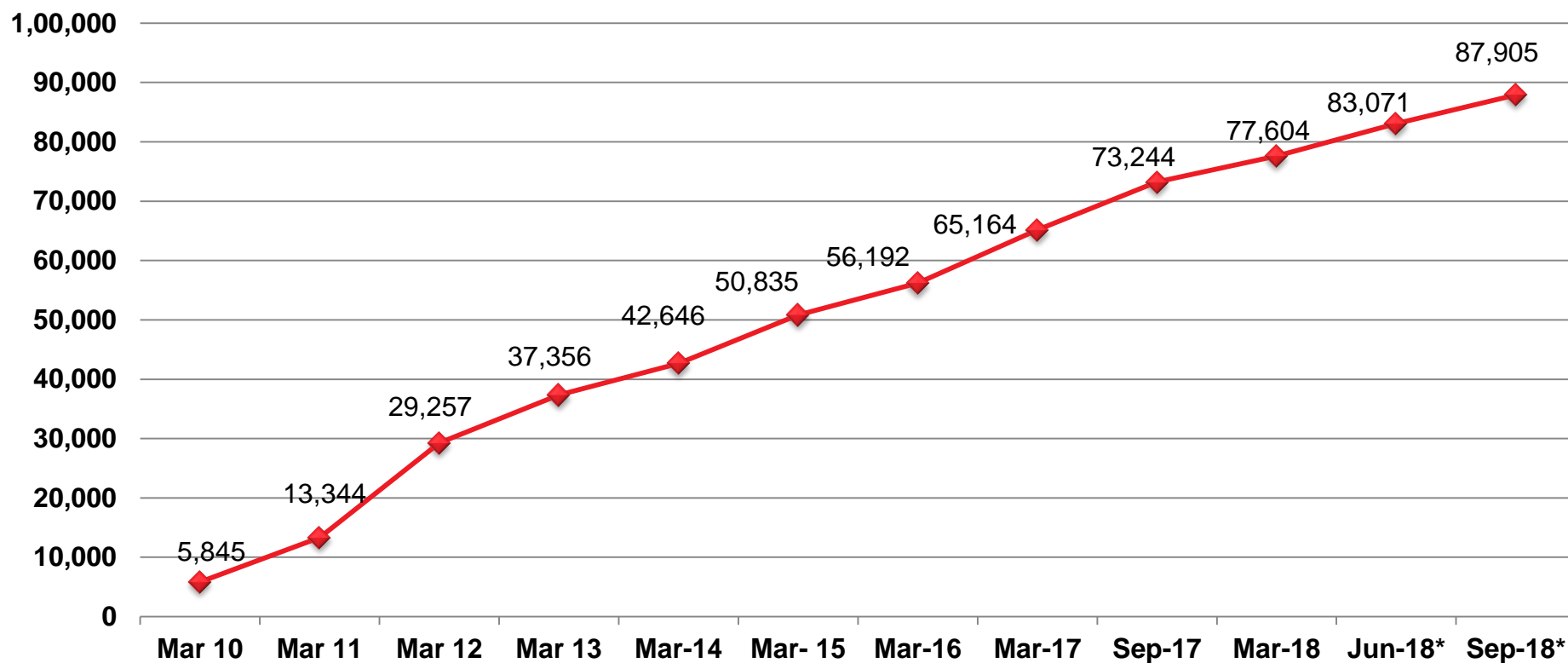
*Under I-GAAP

**Under IND-AS

Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



*Under IND-AS



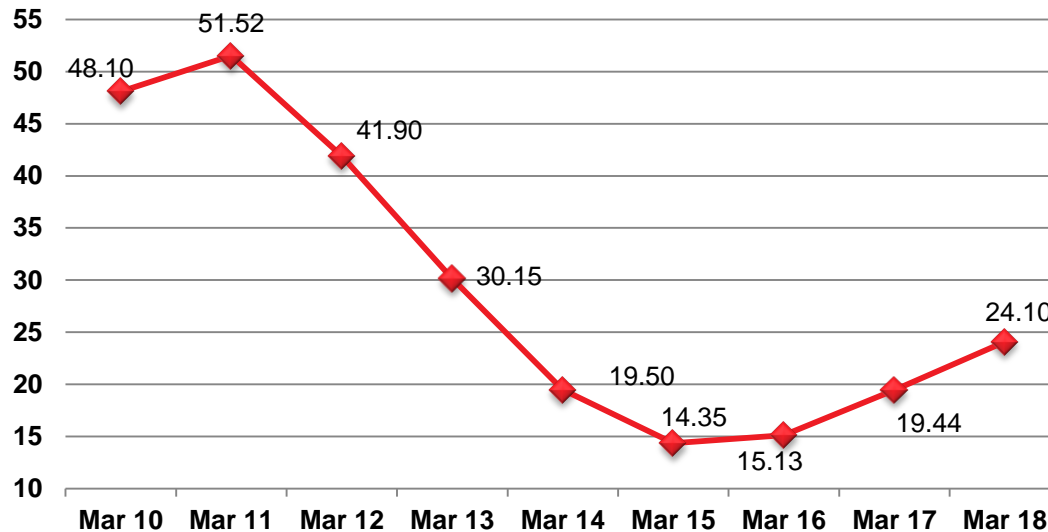
RETURN ON EQUITY

Stable shareholder value creation

Return on Average Equity

Yearly*

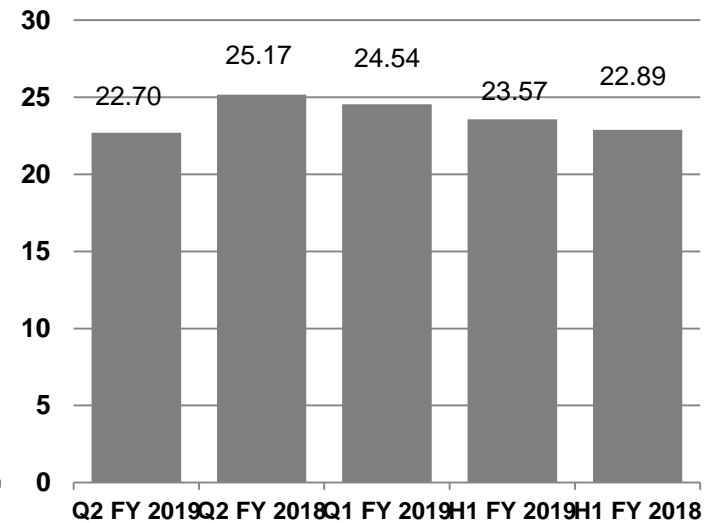
(%)



*Under I-GAAP

Quarterly**

(%)



**Under IND-AS

Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Sep-18*	Jun-18*	Mar-18	Sep-17
Capital Adequacy Ratio	25.92	26.44	26.59	26.49
Tier-I	25.32	24.78	24.75	23.64
Tier-II	0.60	1.66	1.84	2.85

*Under IND-AS



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q2 FY 2019*	Q2 FY 2018*	Q1 FY 2019*	H1 FY 2019	H1 FY 2018	FY 2018
Earnings per share (₹)						
- Basic	12.09	11.16	12.29	24.38	19.79	43.04
- Diluted	12.07	11.10	12.24	24.31	19.70	42.85

*Under IND-AS

	Sep-18	Jun-18	Mar-18	Mar-17
Book Value per share (₹)	219.48	207.44	193.79	162.98
Market price per share (₹)**	403.40	379.50	407.45	368.95
Price to Earnings ratio***	8.53	8.15	9.47	12.48
Price to Book Value ratio	1.84	1.84	2.10	2.26

**Source: www.nseindia.com

***Based on trailing 12 months EPS

CAPITALISATION RATIOS

Headroom for further leveraging

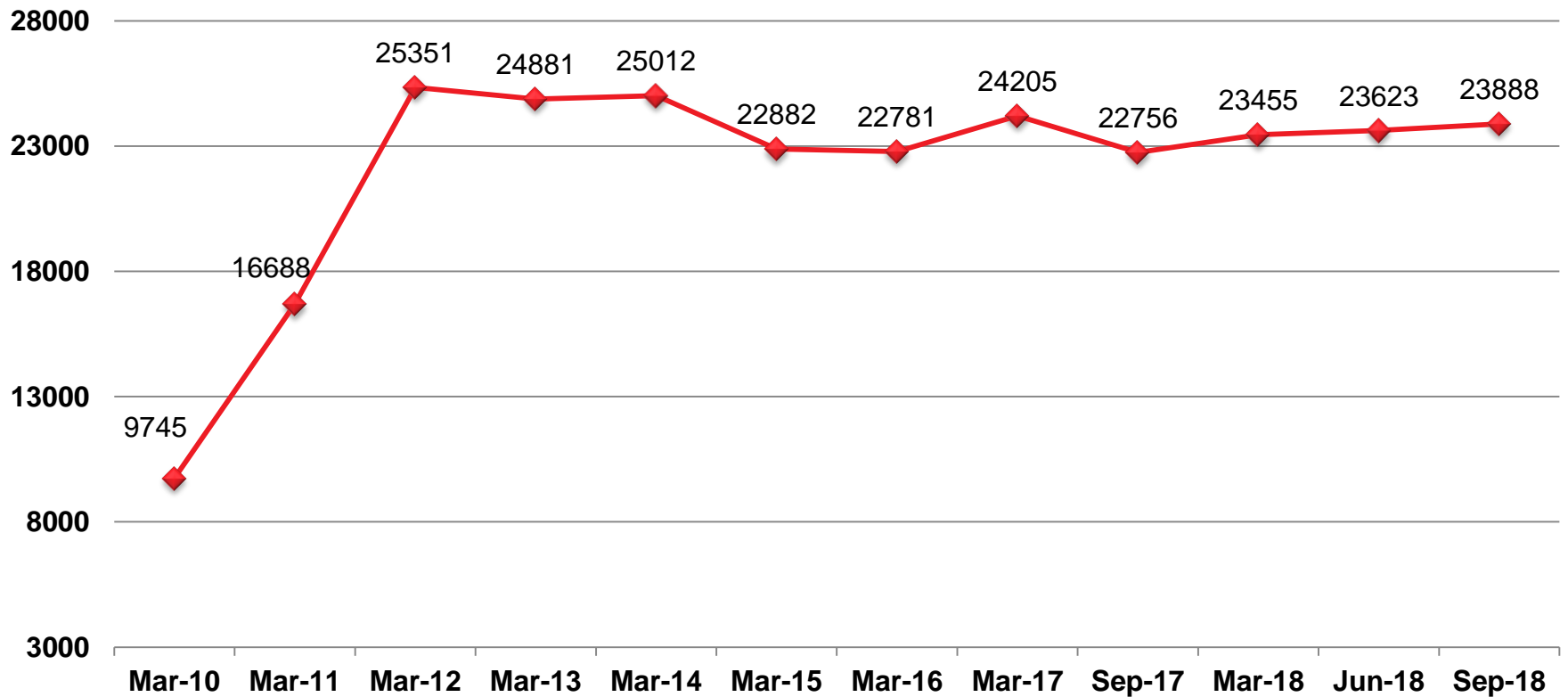
(₹ In million)

	Sep-18*	Jun-18*	Mar-18	Sep-17
Outside Liabilities	258,102	254,559	2,36,212	251,228
Cash & Bank Balances	4,520	8,009	4,870	19,649
Tangible Networth	87,836	82,996	77,522	73,243
Capital Gearing	2.89	2.97	2.98	3.16

*Under IND-AS

Groomed human capital over the years to meet growing business requirements

(No. of Employees)





ASIA ASSET

FINANCE PLC

The unconventional finance company

ASIA ASSET FINANCE PLC – AN OVERVIEW



Asia Asset Finance PLC, (AAF) Colombo, Sri Lanka became a foreign subsidiary of Muthoot Finance on December 31, 2014 . As on September 30, 2018, total holding in AAF stood at 503 million equity shares representing 60% of their total capital. The loan portfolio stands at LKR 11.24 bn as on Sep 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.

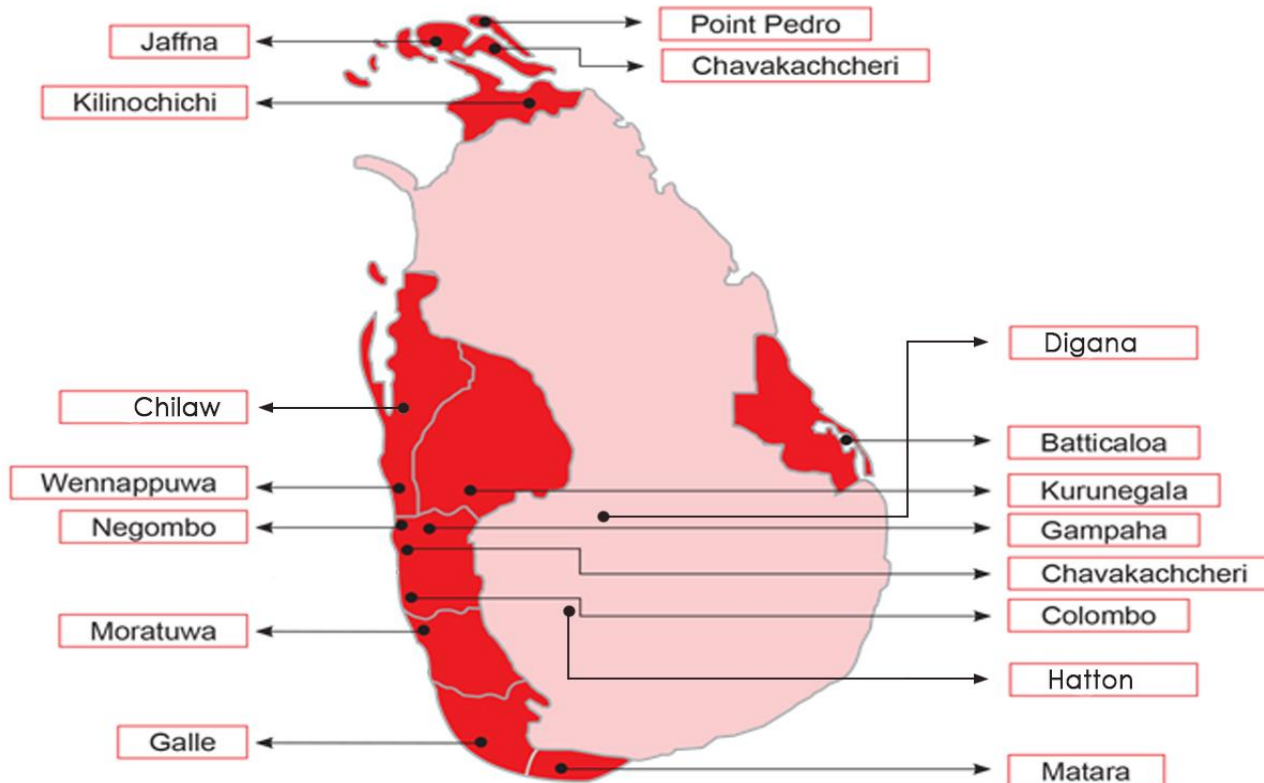
PRODUCTS



- 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	H1 FY 2019	Q2 FY 2019	Q1 FY 2019	Q2 FY 2018	FY 2018
LKR / INR	0.42833	0.42833	0.43263	0.42758	0.41551
Number of branches	17	17	17	17	17
Number of Employees	493	493	493	481	489
Loan AUM (LKR)	11,237	11,237	10,680	9,494	9,950
Capital Adequacy Ratio (%)	21	21	22	20	20
Total Revenue (LKR)	1,380	693	687	638	2,572
Total Expense (LKR)	1,319	664	655	582	2,350
Profit Before Tax (LKR)	61	29	32	57	222
Profit After Tax (LKR)	38	22	16	40	178
Share Holders Funds (LKR)	1,897	1,897	1,875	1,775	1,859
Total Outside Liabilities (LKR)	10,511	10,511	10,151	9,396	9,869
Total Assets (LKR)	12,408	12,408	12,026	11,170	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 September 30, 2018, it has a loan portfolio of Rs.18 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.CRISIL Upgraded long term rating from AA-(Stable) to AA (Stable).

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

Business Performance

(₹ in millions)

Particulars	H1 FY 2019	Q2 FY 2019	Q1 FY 2019	Q2 FY 2018	FY 2018
Number of branches	73	73	70	14	19
Number of Sales Offices	132	132	132	110	121
Number of Employees	288	288	243	167	221
Loan AUM (₹)	17,753	17,753	16,210	8,296	14,648
Capital Adequacy Ratio (%)	45	45	28	44	28
Total Revenue (₹)	1,059	562	497	256	1259
Total Expense (₹)	748	412	335	180	840
Profit Before Tax (₹)	311	149	162	76	419
Profit After Tax (₹)	209	99	111	45	278
Share Holders Funds (₹)	3,869	3,869	2,270	1,963	2,160
Total Outside Liabilities (₹)	14,198	14,198	14,683	7,594	13,709
Total Assets (₹)	18,067	18,067	16,953	9,557	15,869

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

Business Performance

(₹ in millions)

Particulars	H1 FY 2019	Q2 FY 2019	Q1 FY 2019	Q2 FY 2018	FY 2018
Disbursement (₹)	3,755	1,894	1,861	2,460	10,814
Borrowings (₹)	13,994	13,994	14,394	6,346	13,477
Debt Equity Ratio (%)	3.62	3.62	6.34	3.23	6.24
Yield on Advances (%)	12.07	12.09	12.09	12.23	12.27
Interest Spread (%)	3.44	3.39	3.53	3.51	3.51
NIM (%)	5.24	5.07	5.49	5.62	6.01
Cost to Income Ratio (%)	19.38	20.61	17.99	28.46	26.23
Return on Assets (ROA) (%)	2.63	2.35	2.97	2.72	3.42
Return on Equity (ROE) (%)	18.45	17.31	20.03	12.44	17.26
GNPA (%)	0.78	0.78	0.51	0.50	0.42
NNPA (%)	0.63	0.63	0.43	0.43	0.36
Number of Customers	20,237	20,237	18,287	8,406	15,908



Financial Highlights

- Disbursements in H1 FY 2019: Rs 3,755 mn. Loan Book as on September 30, 2018: Rs 17,754 mn
- Average Ticket Size in H1 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 H1 FY 2019: 2.63%, ROE : 18.45%
- Average cost of borrowings of 8.63% for H1 FY 2019. Capital Adequacy Ratio: 44.90%, Debt Equity Ratio: 3.62
- Average Yield: 12.07%, Interest Spread: 3.44%
- Capital Infusion of INR 1,500 mn done in the month of September 2018

Growth Drivers

- Increasing the leverage from 3.62x currently will help to improve the ROE
- CRISIL Upgraded long term rating from AA-(Stable) to AA (Stable). This will help in reducing cost of funds
- Strong liquidity in Group's balance sheet, along with its free cash flows to fund the capital requirements
- Established corporate brand name among borrower segment, superior customer servicing capabilities and effective loan recovery mechanisms
- Tier II / III cities focused distribution network with a in-house sales team along with cross-sale to the existing gold loans customers of the group

Profitability

- Long Term Rating from ICRA of AA- (stable)/ CRISIL AA (stable) which indicates low risk will help in lower cost of funds. Short Term Rating : ICRA A1+ / CARE A1+
- Debt/Equity ratio at 3.62 times as on September 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 Q2 FY 19, it has insured more than 5,40,000 lives with a First year premium collection of Rs.67 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	H1 FY 2019	Q2 FY 2019	Q1 FY 2019	Q2 FY 2018	FY 2018
Premium Collection (₹)	1,164	670	495	216	1006
Number of Policies	9,98,786	5,48,410	4,50,376	2,16,428	8,41,476

Key Financial Parameters

(₹ in millions)

Particulars	H1 FY 2019	Q2 FY 2019	Q1 FY 2019	Q2 FY 2018	FY 2018
Total Revenue (₹)	106	64	42	38	181
Total Expense (₹)	18	10	8	9	32
Profit Before Tax (₹)	88	54	34	30	149
Profit After Tax (₹)	61	37	24	20	105
Share Holders Funds (₹)	337	337	300	203	276
Earnings per share (₹)	49	49	32	40.67	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 Sep 2018 , Muthoot Finance holds 65.89% 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.

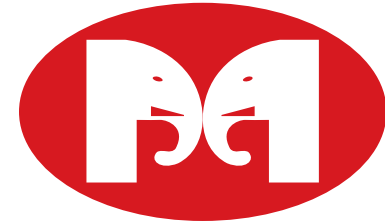
As of Sep 30, 2018, BIFPL operations are spread over nine states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha ,Pondicherry ,Chattisgarh, Gujarat and Rajasthan). It has 305 branches, with 50 controlling regional offices and employs 2305 staffs. Its gross loan portfolio has grown from INR 0.20 mn in March 2009 to INR 13,806 mn in Sep 2018



Key Financial Parameters

(₹ in millions)

Particulars	H1 FY 2019	Q2 FY 2019	Q1 FY 2019	Q2 FY 2018	FY 2018
Number of branches	305	305	257	198	235
Number of Employees	2,305	2,305	2,046	1,383	1,783
Gross Loan AUM (₹)	13,806	13,806	12,361	7,968	11,371
Capital Adequacy Ratio (%)	24	24	15	17	18
Total Revenue (₹)	1,604	854	749	482	2,189
Total Expense (₹)	1,162	616	546	381	1,693
Profit Before Tax (₹)	442	238	204	101	496
Profit After Tax (₹)	314	169	145	66	337
Gross NPA (%)	0.88	0.88	0.83	0.24	0.76
Net NPA (%)	0.44	0.44	0.45	0.06	0.30
Shareholders Funds (₹)	3,383	3,383	1,920	1,009	1,595
Total Outside Liabilities (₹)	12,067	12,067	11,599	8,147	11,825
Total Assets (₹)	15,449	15,449	13,519	9,156	13,420



Muthoot Finance

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