

***Muthoot Finance***

**Financial Results Q2 FY 2020**

**September 2019**

**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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## Diversified business of the Group

	Primary Business	Shareholding of holding company (%)
Muthoot Finance Ltd	Gold Loans	Holding Company
Muthoot Homefin (India) Ltd	Affordable Housing Finance	100.00
Belstar Microfinance Private Limited	Microfinance	70.01
Muthoot Money Limited	Vehicle Finance	100.00
Asia Asset Finance PLC	Listed Diversified NBFC in Sri Lanka	72.92
Muthoot Insurance Brokers Private Limited	Insurance Broking	100.00
Muthoot Asset Management Private Limited	-	100.00
Muthoot Trustee Private Limited	-	100.00

## Snapshot of performance

	H1 FY 2020	H1 FY 2019	Q1 FY 2020	FY 2019	YoY(%)
<b>Group Branch Network (Nos)</b>	5190	4765	5,092	5,020	9
<b>Consolidated Gross Loan Assets* of the Group (₹ in million)</b>	403,903	358,353	402,263	383,036	13
<b>Consolidated Profit of the Group (₹ in million)</b>	14,719	10,326	5,633	21,030	43
<b>Contribution in the Consolidated Gross Loan Assets* of the Group</b>					
Muthoot Finance (%)	87	90	88	88	(3)
Subsidiaries (%)	13	10	12	12	30
<b>Contribution in the Consolidated Profit of the Group</b>					
Muthoot Finance (%)	94	95	94	94	(1)
Subsidiaries (%)	6	5	6	6	20

\*Principal amount of Loan assets

## Gross Loan Assets\* of the Group

(₹ in millions)

	H1 FY 2020	H1 FY 2019	Q1 FY 2020	FY 2019	YoY (%)
Muthoot Finance Ltd	357,305	323,186	358,159	342,461	11
Muthoot Homefin (India) Ltd	20,975	17,753	19,875	19,075	18
Belstar Microfinance Private Limited	21,074	13,806	19,385	18,419	53
Muthoot Money Limited	4,263	658	3,927	3,107	548
Asia Asset Finance PLC	5,086	4,813	5,030	4,974	6
Less: Intra-Group Loan Assets	4,800	1,863	4,100	5,000	158
<b>Total</b>	<b>403,903</b>	<b>358,353</b>	<b>402,276</b>	<b>383,036</b>	<b>13</b>

*\*Principal amount of Loan assets*

## Standalone Profit of Group Companies

(₹ in millions)

	H1 FY 2020	H1 FY 2019	Q2 FY 2020	Q2 FY 2019	Q1 FY 2020	FY 2019
Muthoot Finance Ltd	13,880	9,754	8,579	4,838	5,300	19,721
Muthoot Homefin (India) Ltd	202	210	139	105	62	363
Muthoot Insurance Brokers Private Limited	65	61	39	37	27	150
Belstar Microfinance Private Limited	509	286	281	161	229	729
Muthoot Money Limited	32	(19)	32	(15)	(0.40)	3
Asia Asset Finance PLC	21	16	11	9	10	41
Muthoot Asset Management Private Limited	23	-	17	-	6	2
Muthoot Trustee Private Limited	0.01	-	0.18	-	(0.20)	-



## CONSOLIDATED FINANCIAL RESULTS

(₹ in millions)

Particulars	H1 FY 2020	H1 FY 2019	Q2 FY 2020	Q2 FY 2019	Q1 FY 2020	FY 2019
<b>Income</b>						
Interest Income	43,577	35,431	23,318	17,891	20,259	74,160
Service Charges	422	383	229	205	193	881
Sale of Services	105	133	51	68	54	230
Other Income	134	50	90	28	44	66
Income other than above	547	69	376	17	171	673
<b>Total Income</b>	<b>44,785</b>	<b>36,066</b>	<b>24,064</b>	<b>18,209</b>	<b>20,721</b>	<b>76,010</b>
<b>Expenses</b>						
Finance Cost	14,983	11,798	7,659	6,101	7,324	25,355
Impairment of Financial Instruments	688	221	523	112	165	679
Employee Benefit Expenses	5,466	4,730	2,769	2,335	2,697	10,133
Depreciation and Amortisation	258	230	135	122	123	517
Other Expenses	3,593	3,293	1,818	1,673	1,775	6,732
<b>Total Expenses</b>	<b>24,988</b>	<b>20,271</b>	<b>12,903</b>	<b>10,343</b>	<b>12,085</b>	<b>43,415</b>
<b>Profit before tax</b>	<b>19,797</b>	<b>15,794</b>	<b>11,160</b>	<b>7,865</b>	<b>8,636</b>	<b>32,595</b>
Tax expense	5,078	5,468	2,075	2,715	3,003	11,566
<b>Profit after Tax</b>	<b>14,719</b>	<b>10,326</b>	<b>9,085</b>	<b>5,151</b>	<b>5,633</b>	<b>21,030</b>
Earnings per share –Basic (₹)	36.34	25.81	22.46	12.99	13.88	51.92
Earnings per share –Diluted (₹)	36.27	25.74	22.42	12.95	13.85	51.82

**CONSOLIDATED BALANCE SHEET**

(₹ in millions)

Particulars	H1 FY 2020	Q1 FY 2020	FY 2019
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	24,828	10,867	20,057
Bank Balance other than above	3,379	3,366	1,978
Trade Receivables	246	219	217
Loans	405,631	406,018	387,225
Investments	2,158	2,255	2,111
Other Financial Assets	1,779	1,354	1,796
<b>Non-Financial Assets</b>			
Current Tax Assets(Net)	88	32	20
Deferred Tax Assets(Net)	331	404	369
Investment Property	156	155	157
Property ,Plant and Equipment	2,318	2,066	2,056
Capitla Work- In- Progress	211	253	228
Goodwill	300	300	300
Other Intangible Assets	79	76	80
Other Non Financial Assets	1,207	1,294	753
<b>Total- Assets</b>	<b>442,711</b>	<b>428,659</b>	<b>417,348</b>



**CONSOLIDATED BALANCE SHEET**

(₹ in millions)

Particulars	H1 FY 2020	Q1 FY 2020	FY 2019
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Trade Payables	1,448	1,305	1,664
Debt Securities	93,914	87,216	82,149
Borrowings(other than Debt securities)	220,938	221,108	211,314
Deposits	2,066	2,410	2,619
Subordinated Liabilities	4,070	4,577	5,193
Other Financial Liabilities	8,331	7,356	10,466
<b>Non-Financial Liabilities</b>			
Current Tax Liabilities(net)	28	1,904	612
Provisions	1,736	1,697	2,165
Deferred Tax Liabilities(net)	49	12	10
Other Non-Financial Liabilities	506	502	419
<b>EQUITY</b>			
<b>Equity attributable to equity owners of the company</b>	<b>108,047</b>	<b>99,075</b>	<b>99,312</b>
Non-Controlling Interest	1,578	1,497	1,424
<b>Total Liabilities and Equity</b>	<b>442,711</b>	<b>428,659</b>	<b>417,348</b>

- 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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**171 tonnes**

Gold jewellery kept as security

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**4,500+**

Pan-India branches

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**100,000+**

Retail investor base across debenture and subordinated debt portfolio

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**25,000+**

Team members

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**200,000+**

Customers served every day

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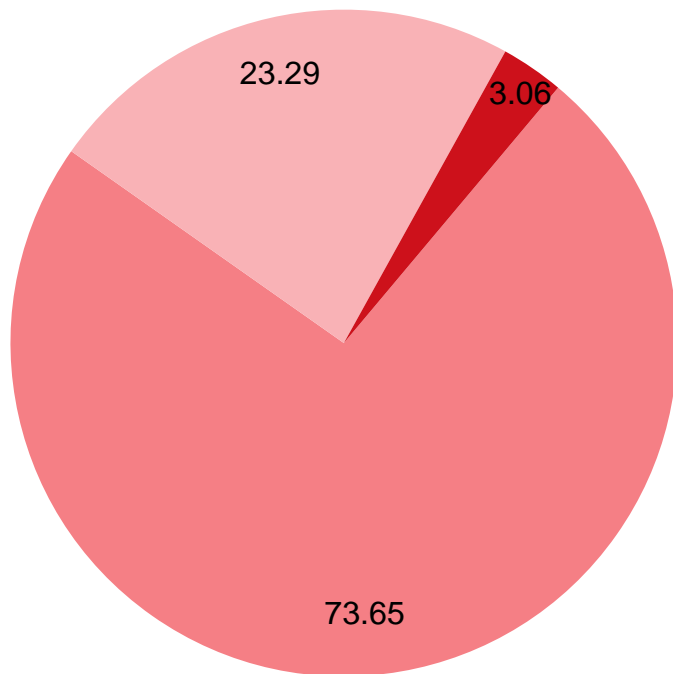
**₹ 357,305 mn**

Loan Assets Under Management

*(As of September 30, 2019)*

# SHAREHOLDING PATTERN

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



(%) Shareholding as on September 30, 2019

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

**NSE Ticker**

MUTHOOTFIN

**BSE Ticker**

533398

**Market Capitalisation**

(as on September 30, 2019)

₹ 270,855 million

# DIVIDEND PAYOUT

## Delivering consistent returns to stakeholders

(%)

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Dividend (%)*	120	100	60	60	60
First Interim Dividend (%)	120	100	60	40	40
Second Interim Dividend (%)	-	-	-	20	-
Final Dividend (%)	-	-	-	-	20
Dividend Payout Ratio (%)	24.36	22.48	20.30	29.50	35.36

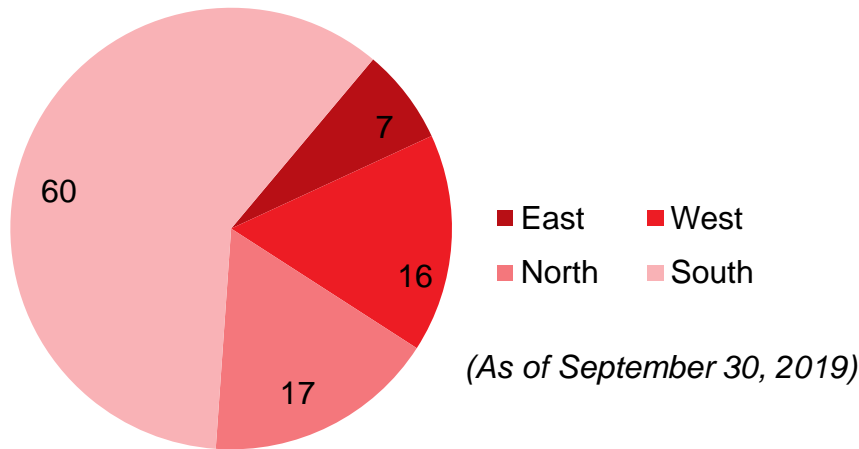
\* On face value of ₹ 10 per equity share



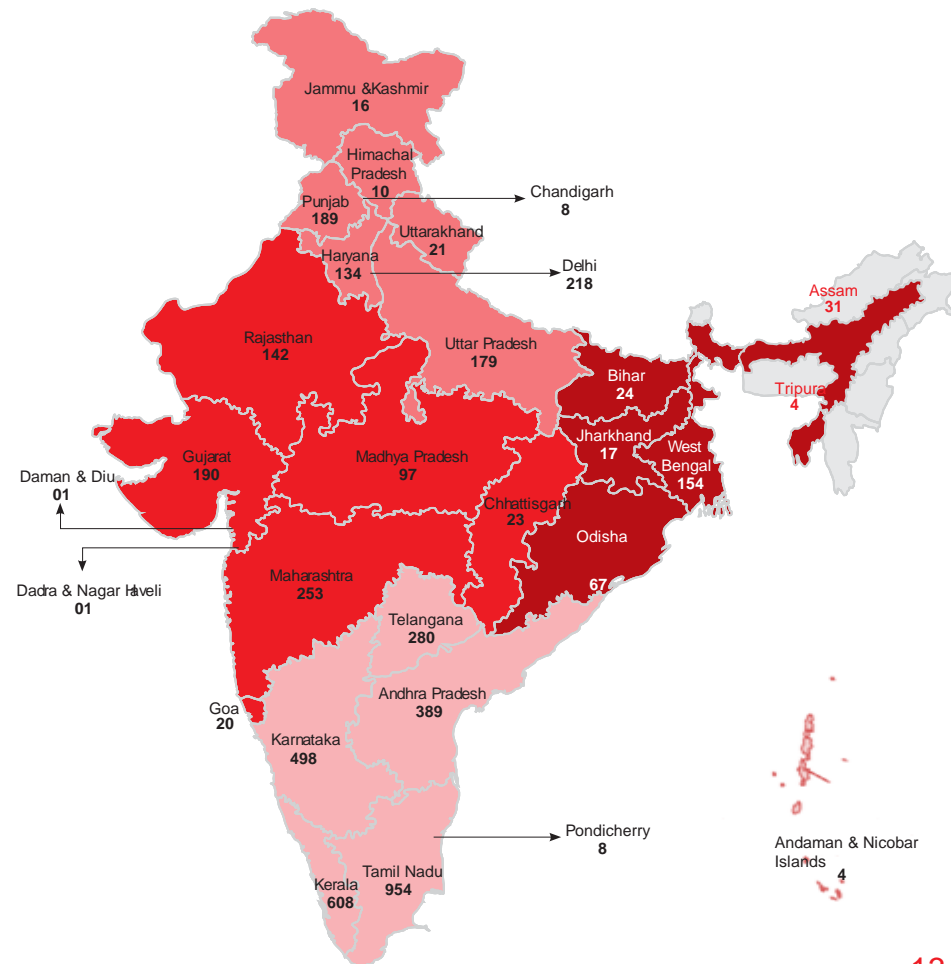
# GEOGRAPHICAL PRESENCE

## A strong presence of 4540 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)

- 17.5% 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 12.7 lakhs downloads.
- Online Gold Loan (OGL) facility available to withdraw loan amount and renewal, apart from payments.
- Rs.930 crs payments received from 11.84 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 Feb'19.
- Paytm Payment gateway has been introduced in June'19.
- e-Sign facility has been introduced in Jan'18.





# EQUITY

## Strong Capital Base

### Networth

(₹ in millions)

	Sep-19	Jun-19	Mar-19	Sep-18
Equity Share Capital	4,007	4,007	4,007	4,002
Other Equity	101,979	93,425	93,921	83,903
<b>Total</b>	<b>105,986</b>	<b>97,432</b>	<b>97,928</b>	<b>87,905</b>

## Core focus continues to be gold loan

### Gross Loan Assets under management\*

	Sep-19	Jun-19	Mar- 19	Sep-18	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
<b>Gross loan assets under management</b>	<b>357,305</b>	358,159	342,461	323,186	11	0
<b>Break-up of Gross Loan Assets under management</b>						
Gold Loans under management	<b>349,419</b>	351,708	335,853	320,373	9	(1)
Other loans	7,886	6,451	6,608	2,812	180	22

\*Principal amount of Loan assets

# LIABILITIES

## Stable sources of funding\*

	Sep-19	Jun-19	Mar-19	Sep-18	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	3,869	4,254	5,351	7,034	(45)	(9)
Secured Non-Convertible Debentures-Listed	86,492	79,134	75,147	75,151	15	9
Borrowings from Banks/FIs	133,732	137,773	131,043	118,051	13	(3)
Subordinated Debt	96	246	597	2,999	(97)	(61)
Subordinated Debt -Listed	3,639	3,849	3,849	3,849	(5)	(5)
Commercial Paper	48,916	48,153	47,525	30,078	63	2
Other Loans	8,033	8,076	5,711	6,176	30	(1)
<b>Total</b>	<b>284,777</b>	<b>281,485</b>	<b>269,223</b>	<b>243,338</b>	<b>17</b>	<b>1</b>

\*Principal amount of Borrowings



# REVENUE & PROFIT

## Statement of Profit & Loss

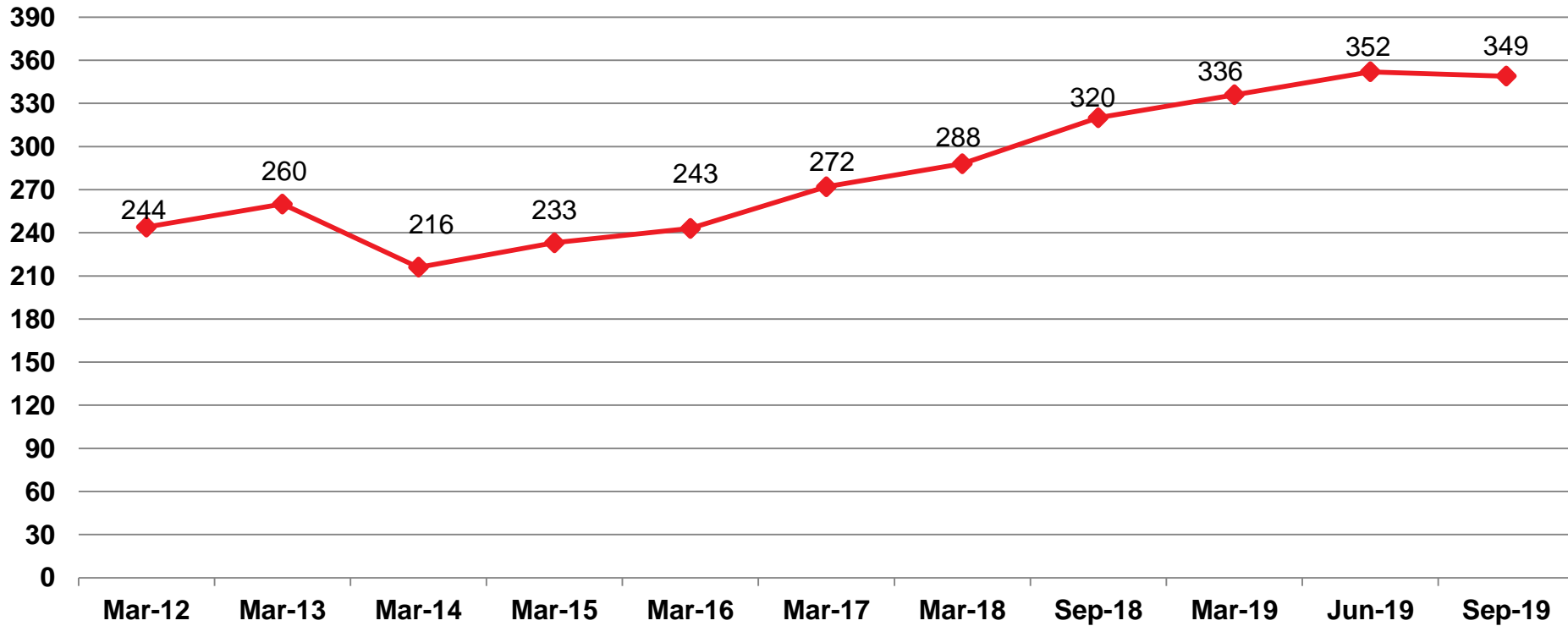
(₹ in millions)

	H1 FY 2020	H1 FY 2019	YoY Growth (%)	Q2 FY 2020	Q2 FY 2019	YoY Growth (%)	Q1 FY 2020	FY 2019
<b>INCOME</b>								
Interest Income	39,331	32,424	21	21,057	16,316	29	18,274	67,570
Other than Interest Income	661	407	62	348	185	88	313	1,236
<b>Total</b>	<b>39,992</b>	<b>32,831</b>	<b>22</b>	<b>21,405</b>	<b>16,501</b>	<b>30</b>	<b>18,587</b>	<b>68,806</b>
<b>EXPENSES</b>								
Finance Cost	13,115	10,369	26	6,699	5,353	25	6,416	22,368
Employee benefit Expense	4,470	4,120	8	2,250	2,019	11	2,220	8,414
Administrative & Other expenses	3,120	2,962	5	1,539	1,484	4	1,581	5,998
Impairment on Financial Instruments	298	52	472	265	25	960	33	275
Directors Remuneration	151	134	13	76	67	13	75	561
Depreciation & Amortisation	199	191	4	103	100	3	96	421
<b>Total</b>	<b>21,353</b>	<b>17,828</b>	<b>20</b>	<b>10,932</b>	<b>9,048</b>	<b>21</b>	<b>10,421</b>	<b>38,037</b>
<b>PROFIT</b>								
Profit Before Tax	18,639	15,003	24	10,473	7,453	41	8,166	30,768
Profit After Tax	13,880	9,754	42	8,580	4,838	77	5,300	19,721

## Gaining scale over the years

### Gold Loan Assets Under Management\*

(₹ in billions)

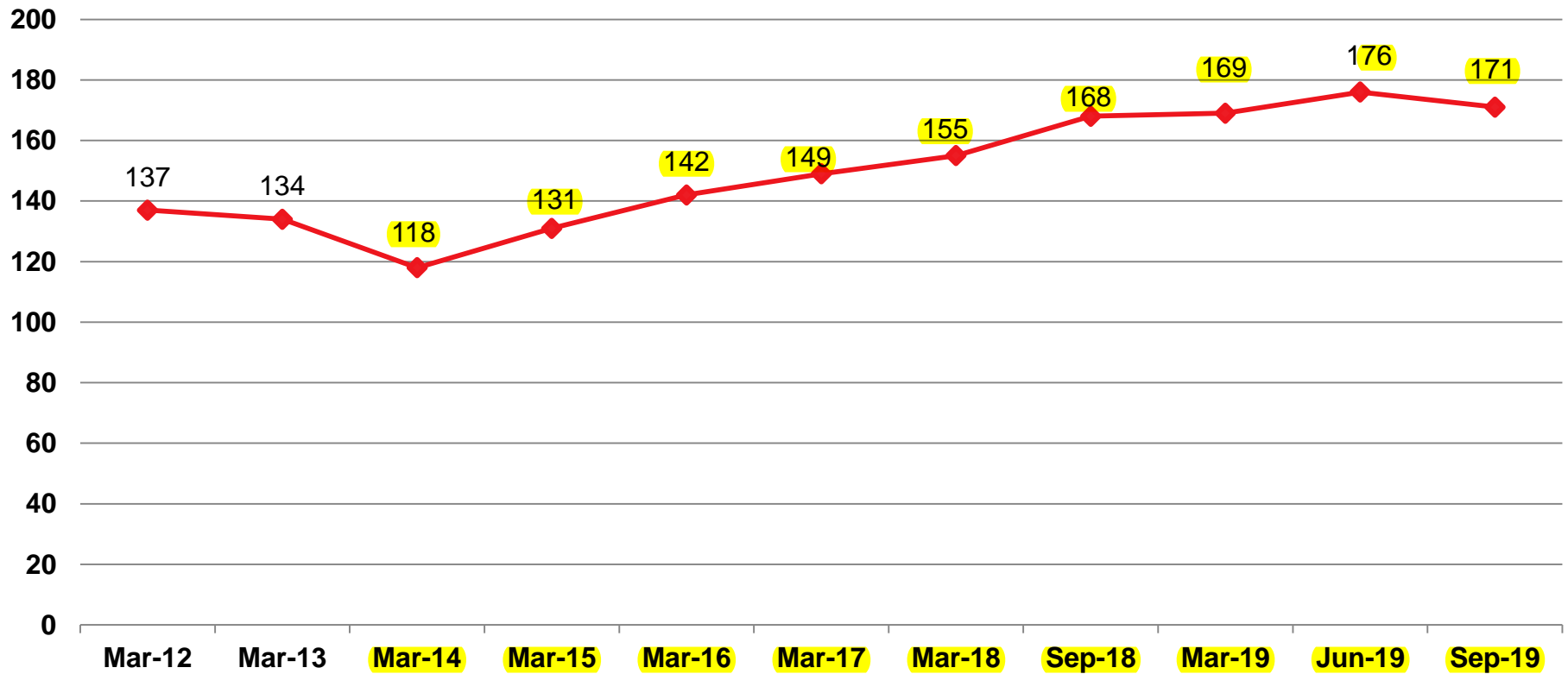


\*Principal amount of gold Loan assets

## Carrying the trust of millions of our customers

### Gold jewellery kept as security

(In tonnes)

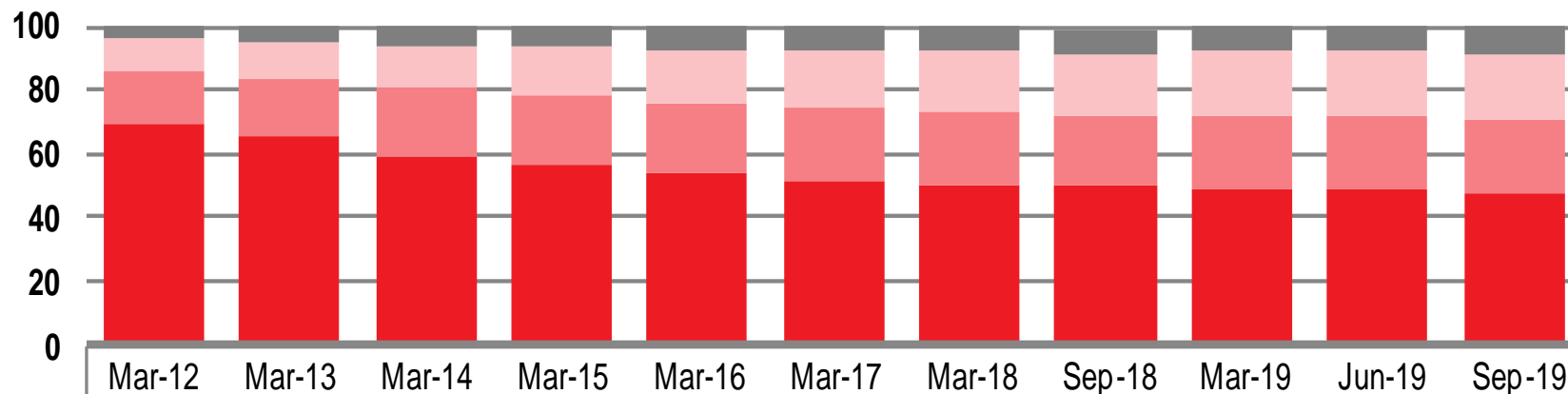




# GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO *Muthoot Finance*

## Diversified gold loan portfolio across India

(%)



■ East	4	5	6	6	7	7	8	8	8	8	9
■ West	10	11	13	15	17	18	19	19	20	20	20
■ North	17	19	22	22	22	23	23	22	23	23	23
■ South	69	65	59	57	54	52	50	50	49	49	48

## Gold Loan Assets Under Management \*

(₹ in billions)

Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Sep-18	Mar-19	Jun-19	Sep-19
244	260	216	233	243	272	288	320	336	352	349

\*Principal amount of Gold Loan Assets

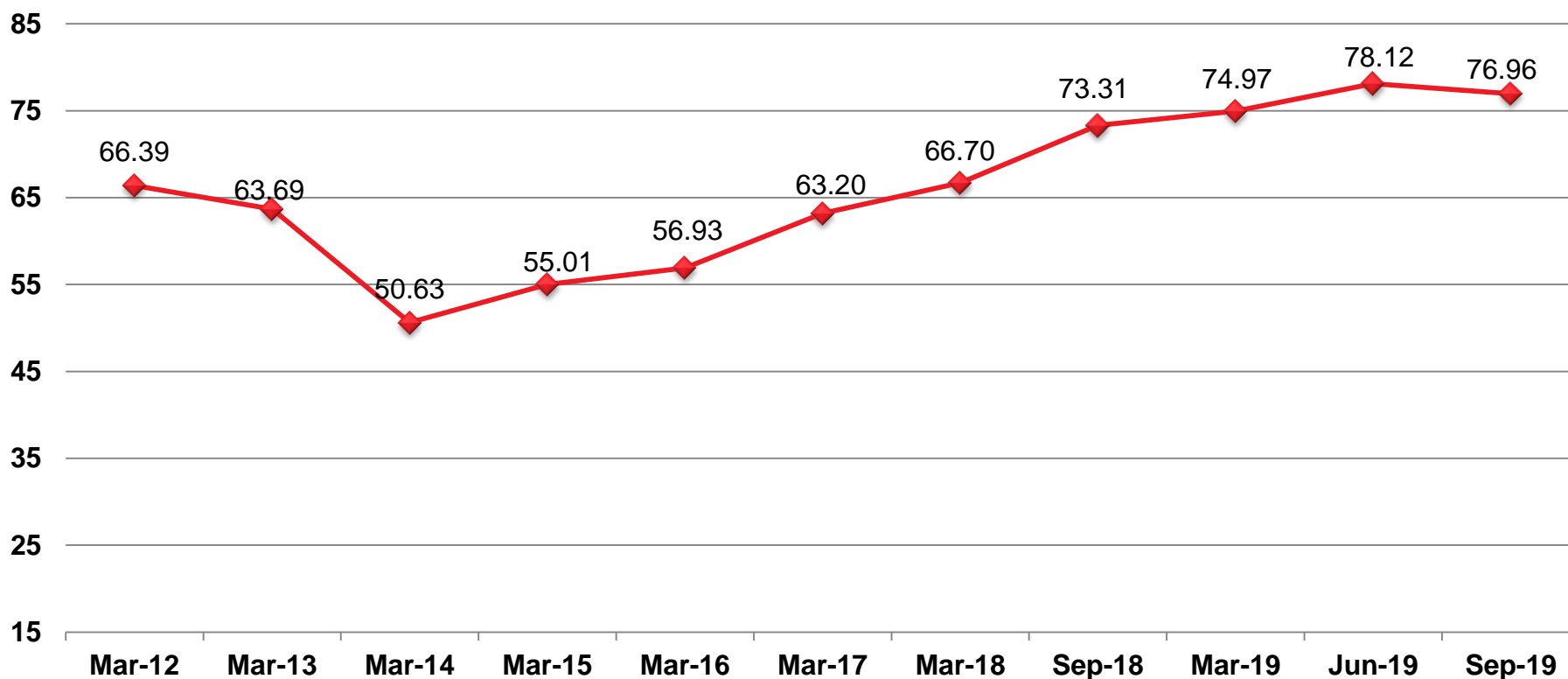


# PRODUCTIVITY

## Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch \*

(₹ in millions)

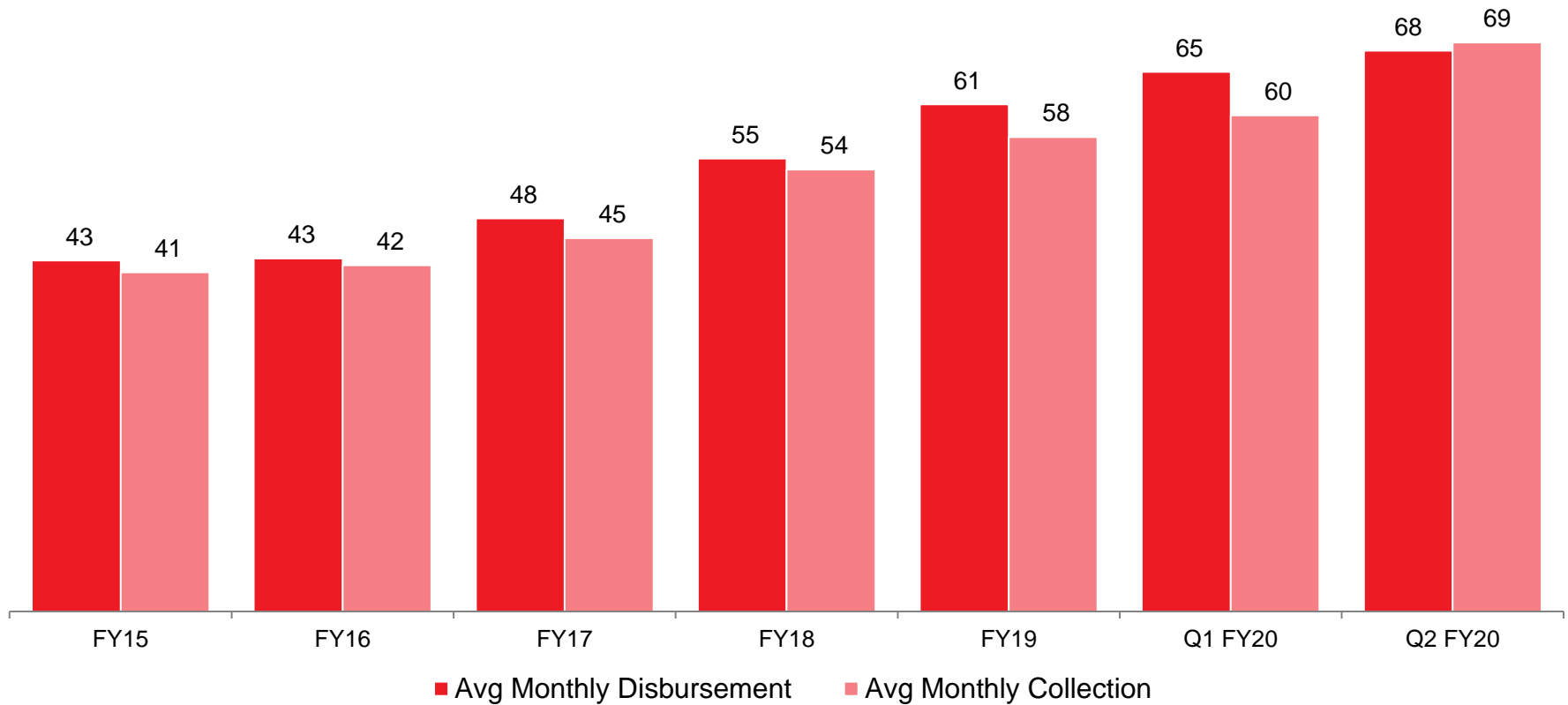


\*Principal amount of Gold Loan Assets



## Disbursements and Collections

(₹ in billions)

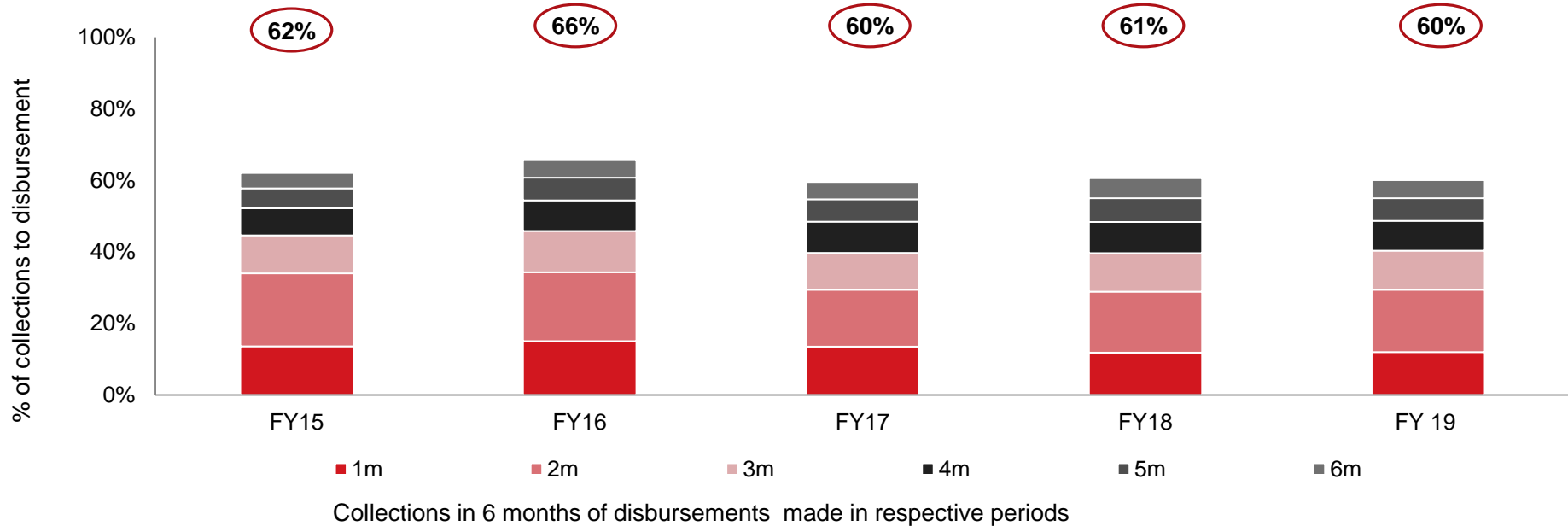


- Strong level of disbursements and collections



# HIGHLY LIQUID PORTFOLIO (2/2)

## Efficient Collection



- A high proportion of gold loan is repaid within first 6 months



# SAFETY OF OUR GOLD LOAN PORTFOLIO

## Lender's Perspective & Borrower's Perspective

	Sep-19	Jun-19	Mar-19	Mar-18	Mar-17	Mar-16	Mar-15
Gold Loan assets (₹ in Billions)	349	352	336	288	272	243	233
Quantity of Gold content in Ornaments held as Security (Tonnes)	171	176	169	155	149	142	131
Gold Price/gm (₹)	3,452	3,126	2,910	2,824	2,725	2,670	2,470
<b>Lender's Perspective</b>							
Market Price of Gold Content in Ornaments (₹ in Billions)	590	550	492	438	406	379	324
Margin of safety on loans	41%	36%	32%	34%	33%	36%	28%
<b>Borrower's Perspective</b>							
Market Value of Gold Ornaments (₹ in Billions) with 20% additional value towards making charges etc	708	660	590	526	487	455	389
Equity of Borrower in the Gold Ornaments net of loans availed	51%	47%	43%	45%	44%	47%	40%

\* Above calculations are made on overall portfolio and excludes interest accrued on loans

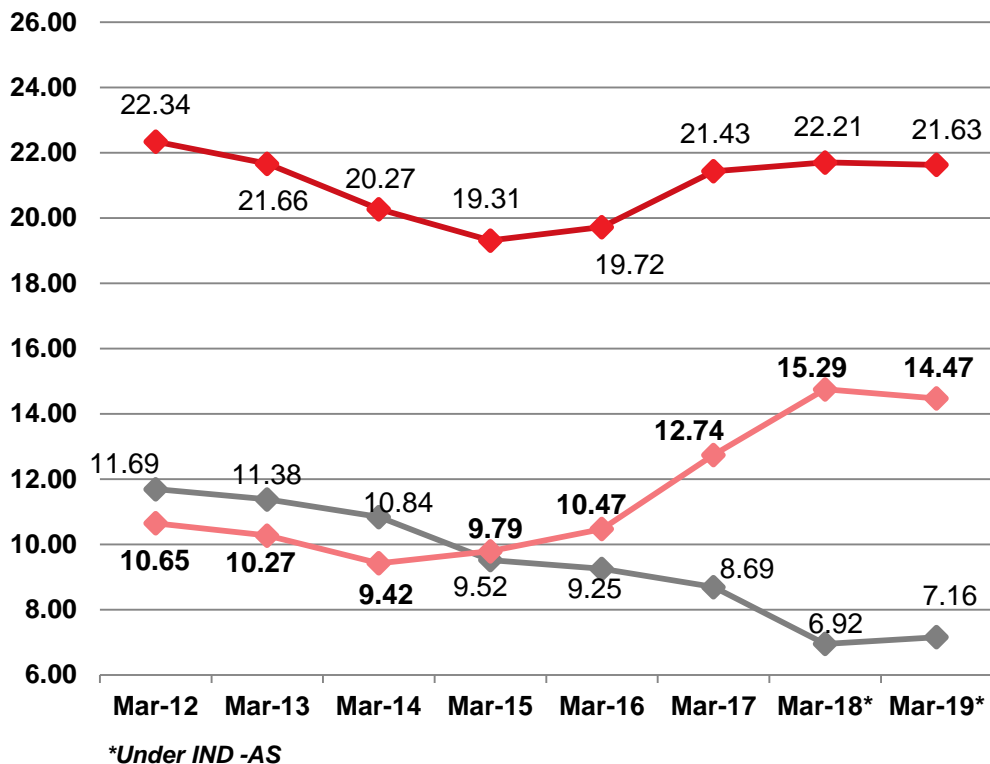
# YIELD ON LOAN ASSETS AND NIM

Yearly

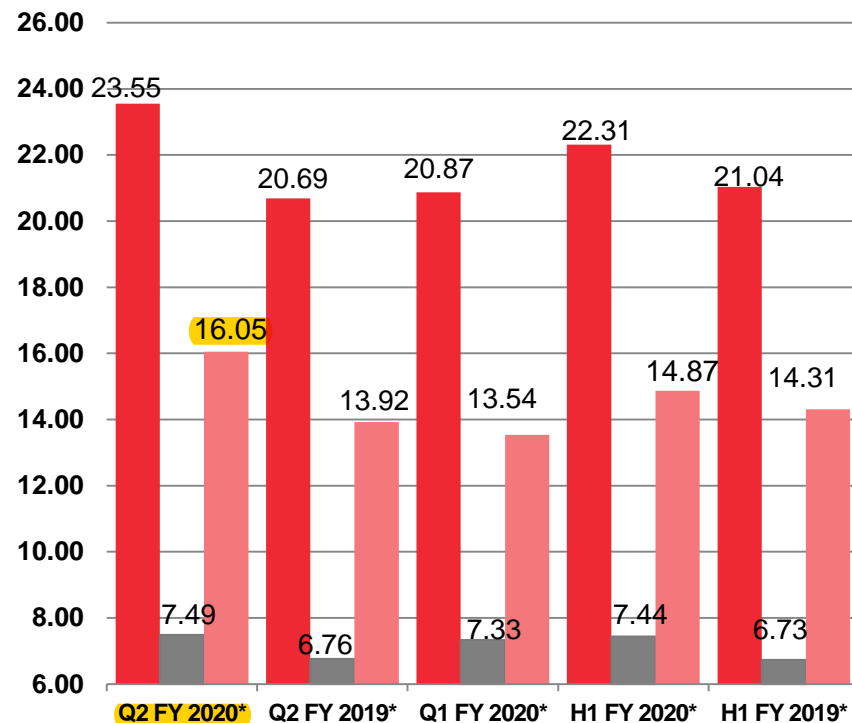
(%)

Quarterly

(%)



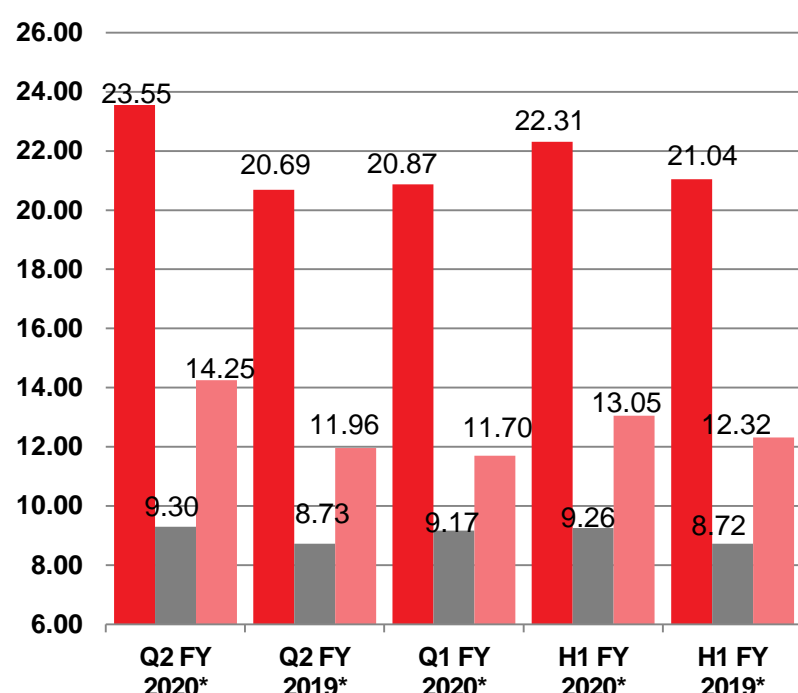
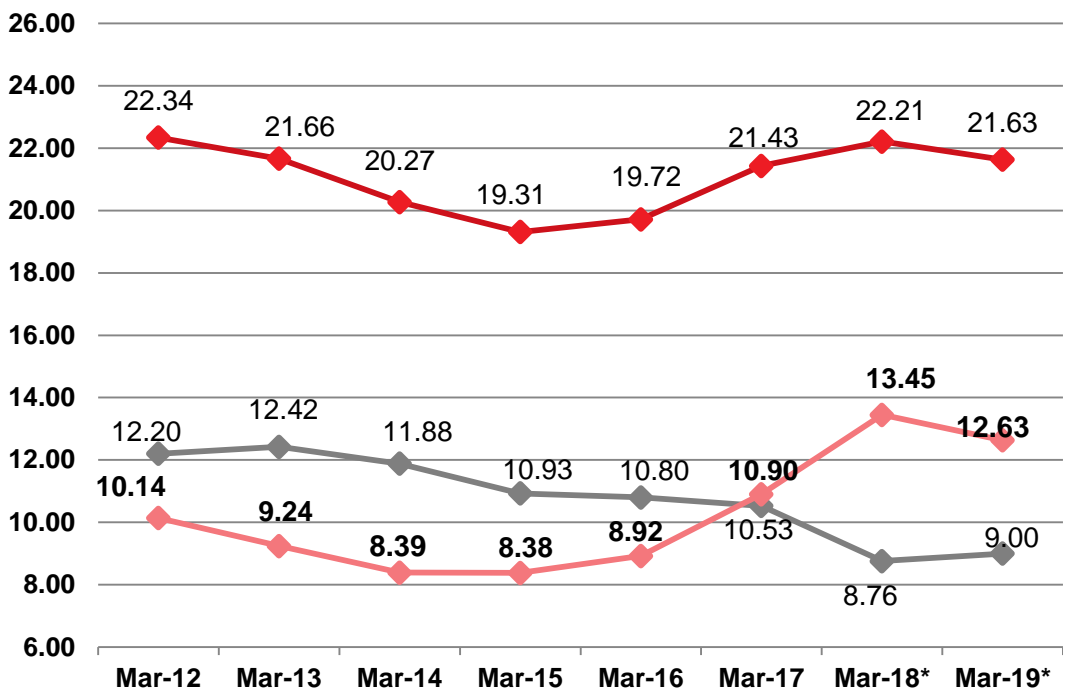
- Interest Income on Average Loan Assets
- Interest Expense on Average Loan Assets
- Net Interest Margin





# INTEREST SPREAD

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



\*Under IND-AS

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

# RETURN ON AVERAGE LOAN ASSETS



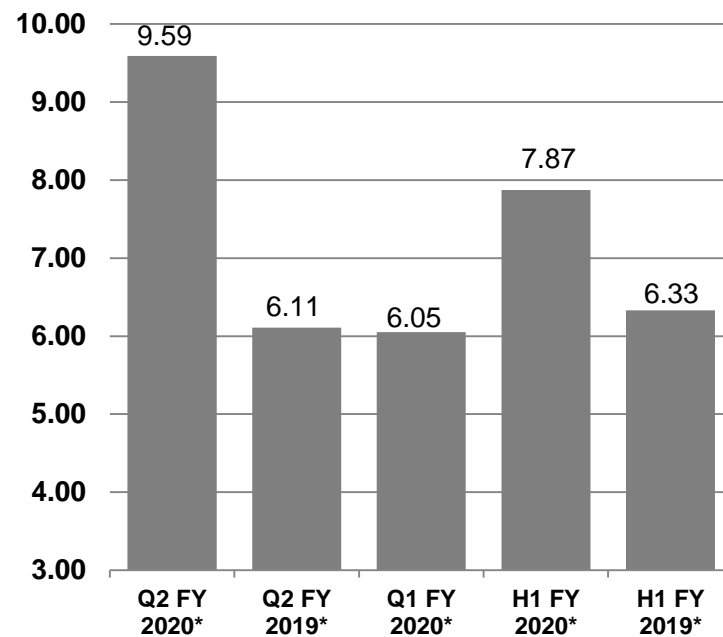
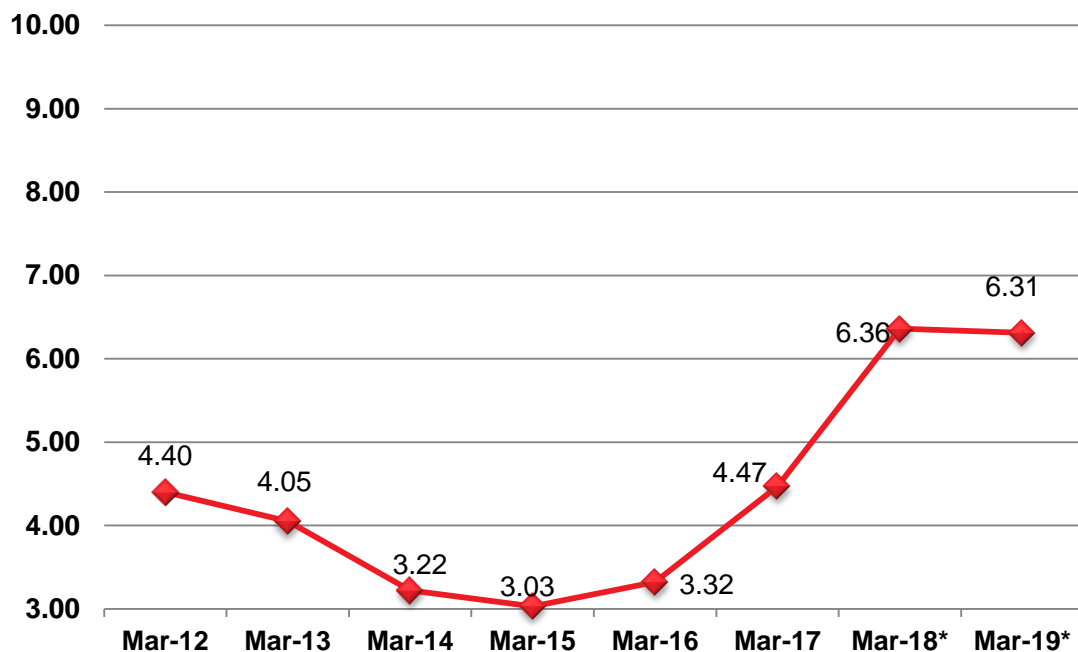
## Attractive returns over the years

Yearly

(%)

Quarterly

(%)



\*Under IND-AS

# IMPAIRMENT OF LOAN ASSETS



Muthoot Finance

## Stage III Loans Assets and ECL Provision

(₹ in millions)

	Sep-19	Jun-19	Mar-19	Sep-18
Stage III Loan Asset	12,267	11,474	9,326	6,169
% Stage III Asset on Gross Loan Asset	3.43	3.20	2.72	1.91
ECL Provision	7,014	6,896	6,359	5,795
ECL Provision as % of Gross Loan Assets	1.96	1.93	1.86	1.79
Excess Provision outstanding in books	1,201	1,199	1,737	2,300

## Staging Criteria

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

PD-Probability of default

LGD-Loss given default

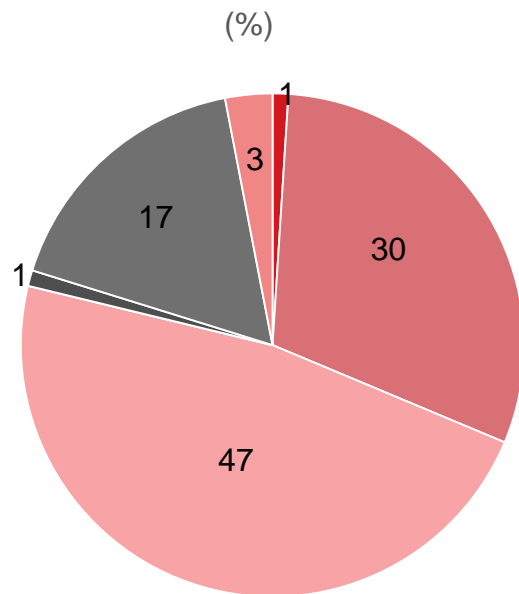
EAD-Exposure at Default

## Bad Debts

(₹ in millions)

	Q2 FY 2020	Q2FY 2019	Q1 FY 2020	H1 FY 2020	H1 FY 2019	FY 2019
Bad Debts Written Off	141	26	25	166	52	259
% of Bad Debts written off to Gross Loan Assets	0.04	0.01	0.01	0.05	0.02	0.08

## Maintaining a diversified funding profile\*



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 3,869 mn (1%)
- Secured Non-Convertible Debentures – Listed – ₹ 86,492 mn (30%)
- Borrowings from Banks/Fis - ₹ 133,732 mn (47%)
- Subordinated Debt – ₹ 96 mn (0%)
- Subordinated Debt – Listed - ₹ 3,639 mn (1%)
- Commercial Paper – ₹ 48,916 mn (17%)
- Other Loans – ₹ 8,033 mn (3%)

*\*Principal amount of Borrowings*

*(As of September 30, 2019)*





# DOMESTIC CREDIT RATINGS

## Highest Rating among gold loan companies

### Short-term Rating

	Rating	Indicates
<b>COMMERCIAL PAPER</b>		
CRISIL	CRISIL A1+	Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk
ICRA	ICRA A1+	Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk
<b>BANK LOANS</b>		
ICRA*	ICRA A1+	Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk

### Long-term Rating

	Rating	Indicates
<b>SUBORDINATED DEBT</b>		
CRISIL	CRISIL AA/(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	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	CRISIL AA/(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk
ICRA	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*	ICRA AA(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk

# INTERNATIONAL CREDIT RATINGS

## Long-term Rating

Rating Agencies	Rating	Indicates
FITCH RATINGS	BB+(Stable)	An elevated vulnerability to default risk, particularly in the event of adverse change in business or economic condition over time, however, business or financial flexibility exists that supports the servicing of financial commitments.
S&P GLOBAL	BB(Stable)	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
MOODY'S INVESTORS SERVICE	Ba2/(Stable)	Obligations are judged to be speculative and are subject to substantial credit risk. The modifier 2 indicates a midrange ranking



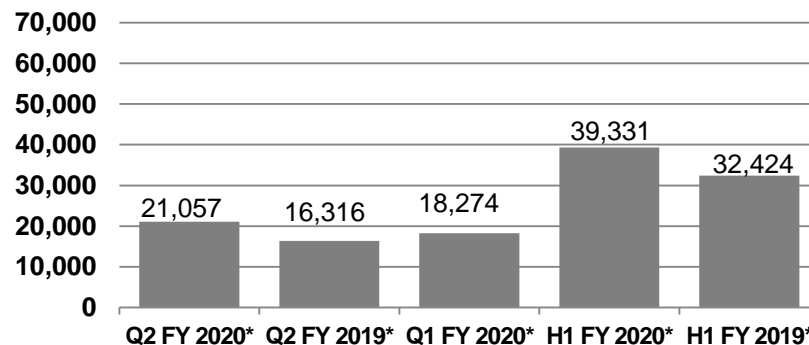
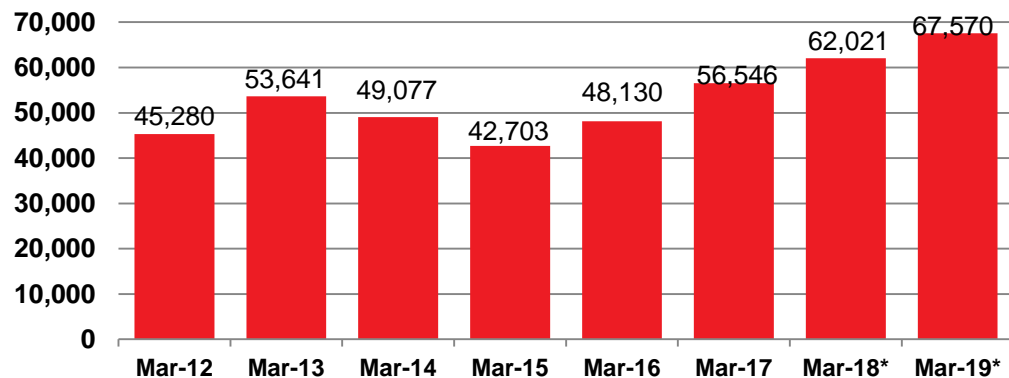
# BREAK-UP OF TOTAL INCOME

## Interest Income

(₹ in millions)

### Yearly

### Quarterly

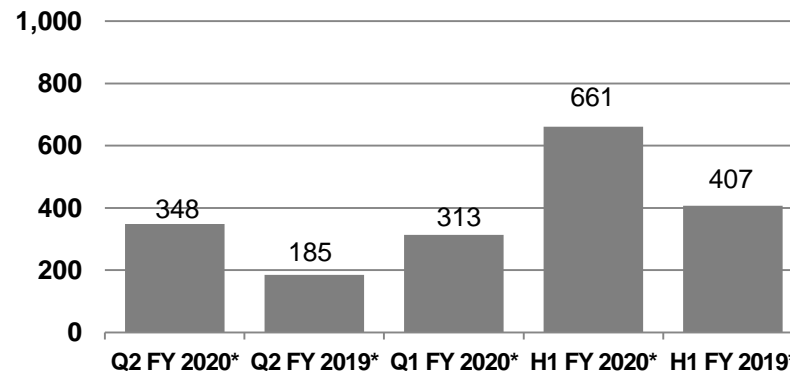
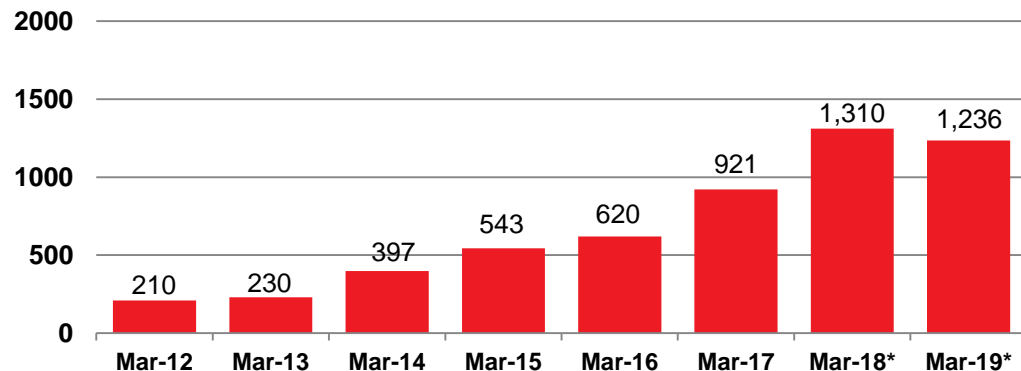


## Other Than Interest Income

(₹ in millions)

### Yearly

### Quarterly



\*Under IND-AS

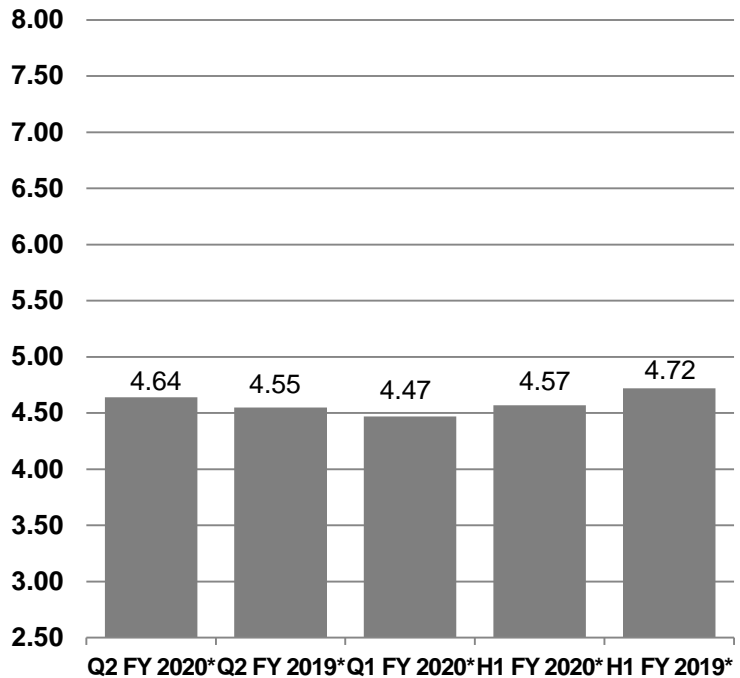
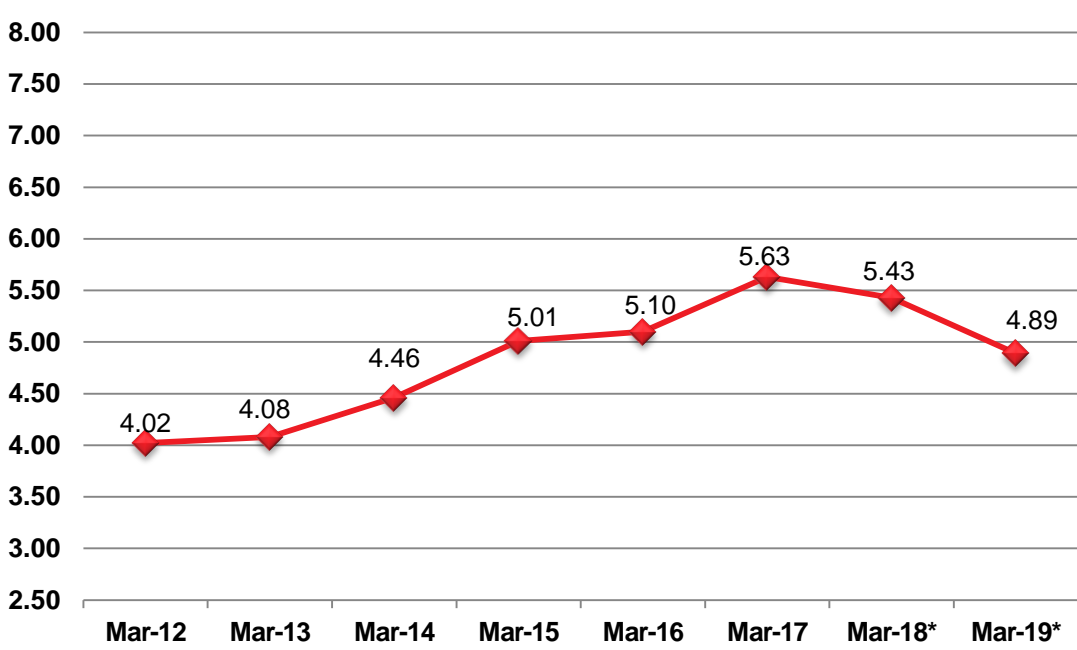


# OPERATING EXPENSES TO AVERAGE LOAN ASSETS

## Operational efficiency over the years

Yearly (%)

Quarterly (%)



\*Under IND AS



# BREAK-UP OF OPERATING EXPENSES

Yearly	(₹ in million)								Quarterly					(₹ in millions)	
	Mar-19*	Mar-18*	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Q2 FY 2020*	Q2 FY 2019*	Q1 FY 2020*	H1 FY 2020*	H1 FY 2019*		
Employee Benefit Expenses	8,414	7,393	7,280	6,418	6,304	5,917	5,453	4,145	2,251	2,019	2,219	4,470	4,120		
Rent	1,974	1,913	1,808	1,713	1,650	1,542	1,309	1,042	533	493	527	1,060	968		
Advertisement & Publicity	1,056	720	531	626	651	702	579	866	211	282	216	427	590		
Communication Costs	368	404	372	378	371	364	243	184	81	82	92	173	169		
Traveling and Conveyance	240	182	186	187	212	190	175	168	80	65	57	137	116		
Printing and Stationery	153	136	129	144	160	185	168	155	43	36	40	83	70		
Repairs and Maintenance	280	304	362	290	281	272	256	341	81	58	66	147	142		
Legal and Professional Charges	203	154	124	93	189	216	86	60	84	59	55	139	105		
Business Promotion Expenses	481	209	201	149	140	279	332	267	134	128	264	398	225		
Directors Remuneration	561	431	362	196	192	192	192	192	75	67	76	151	134		
Depreciation and Amortisation Expenses	421	439	482	575	841	475	454	329	103	100	96	199	191		
Others	1,519	3,286	835	1,014	733	731	550	380	557	307	297	854	629		
Provision For Standard & NPA Assets	0	0	2,647	1,223	180	214	765	351	0	0	0	0	0		
<b>Total</b>	<b>15,670</b>	<b>15,571</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>4,233</b>	<b>3,696</b>	<b>4,005</b>	<b>8,238</b>	<b>7,459</b>		



# BREAK-UP OF OPERATING EXPENSES

	Yearly (%)								Quarterly (%)				
	Mar-19*	Mar-18*	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Q2 FY 2020*	Q2 FY 2019*	Q1 FY 2020*	H1 FY 2020*	H1 FY 2019*
Employee Benefit Expenses	54	47	48	49	53	52	52	49	53	55	55	54	56
Rent	13	12	12	13	14	14	12	12	13	13	13	13	13
Advertisement & Publicity	7	5	3	5	5	6	5	10	5	8	5	5	8
Communication Costs	2	3	2	3	3	3	2	2	2	2	2	2	2
Traveling and Conveyance	2	1	1	1	2	2	2	2	2	2	1	2	1
Printing and Stationery	1	1	1	1	1	2	2	2	1	1	1	1	1
Repairs and Maintenance	2	2	2	2	2	2	2	4	2	2	2	2	2
Legal and Professional Charges	1	1	1	1	2	2	1	1	2	2	1	2	1
Business Promotion Expenses	3	1	1	1	1	2	3	3	3	3	7	5	3
Directors Remuneration	4	3	2	2	2	2	2	2	2	2	2	2	2
Depreciation and Amortisation Expenses	3	3	3	4	7	4	4	4	2	3	2	2	2
Others	10	21	5	8	6	6	5	4	13	8	7	10	9
Provision For Standard & NPA Assets	0	0	17	9	2	2	7	4	0	0	0	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>	<b>100</b>	<b>100</b>	<b>100</b>

\*Under IND-AS



# PROFITABILITY RATIOS

Yearly	Yearly								Quarterly				
									Quarterly				
(Based on Income)	Mar-19*	Mar-18*	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Q2 FY 2020*	Q2 FY 2019*	Q1 FY 2020*	H1 FY 2020*	H1 FY 2019*
Interest expense to Gross Income	32.51	30.50	39.92	46.31	48.71	53.08	52.34	52.10	31.30	32.44	34.52	32.79	31.58
Selling, general and administrative expenses to Net Income	32.24	28.93	34.88	41.36	48.26	44.66	35.89	35.48	26.28	32.02	31.85	28.80	32.13
Provisions & Write Offs to Net Income	0.59	5.44	8.16	6.20	1.67	1.89	3.49	1.93	1.80	0.22	0.27	1.11	0.23
Operational expenses to Net Income	32.84	34.38	43.03	47.56	49.93	46.55	39.37	37.41	28.08	32.25	32.12	29.91	32.36
OPBDT / Net Income	67.16	65.62	56.97	52.44	50.06	53.45	60.62	62.59	71.92	67.75	67.88	70.09	67.64
Depreciation to Net Income	0.90	1.00	1.33	2.13	3.72	2.03	1.76	1.50	0.70	0.90	0.79	0.74	0.85
OPBT / Net Income	66.26	64.63	55.63	50.31	46.34	51.42	58.86	61.09	71.22	66.86	67.09	69.35	66.79
PBT / Net Income	66.26	64.63	55.63	50.31	46.34	51.42	58.86	61.09	71.22	66.86	67.09	69.35	66.79
PAT / Net Income	42.47	40.38	34.17	30.93	30.23	33.60	39.11	40.93	58.34	43.40	43.55	51.64	43.42

\*Under IND-AS



# PROFITABILITY RATIOS

Yearly (Based on Average Loan Assets)	Yearly (%)								Quarterly (%)				
	Mar-19*	Mar-18*	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Q2 FY 2020*	Q2 FY 2019*	Q1 FY 2020*	H1 FY 2020*	H1 FY 2019*
Interest income to avg. loan assets	21.63	22.21	21.43	19.72	19.30	20.27	21.66	22.34	23.55	20.69	20.87	22.31	21.04
Interest expense to avg. loan assets	7.16	6.92	8.69	9.25	9.52	10.84	11.38	11.69	7.49	6.76	7.33	7.44	6.73
Net Interest Margin	14.47	15.29	12.74	10.47	9.78	9.42	10.27	10.65	16.05	13.92	13.54	14.87	14.31
Other income to avg. Loan assets	0.40	0.47	0.35	0.25	0.25	0.16	0.09	0.10	0.39	0.16	0.36	0.37	0.26
Net Income Including Other Income	14.87	15.76	13.09	10.72	10.03	9.59	10.37	10.75	16.44	14.09	13.90	15.24	14.58
Selling, general and administrative expenses to avg. loan assets	4.81	5.32	4.56	4.43	4.84	4.28	3.72	3.81	4.34	4.52	4.43	4.40	4.69
Provisions and write offs to avg. loan assets	0.08	0.11	1.07	0.67	0.17	0.18	0.36	0.21	0.30	0.03	0.04	0.17	0.03
PBDT to avg. loan assets	9.98	10.33	7.45	5.62	5.02	5.12	6.28	6.73	11.81	9.53	9.43	10.68	9.85
Depreciation to avg. loan assets	0.12	0.15	0.17	0.23	0.37	0.20	0.18	0.16	0.10	0.12	0.11	0.11	0.11
PBT to avg. loan assets	9.85	10.19	7.28	5.39	4.65	4.93	6.10	6.57	11.71	9.42	9.32	10.57	9.74
Tax to avg. loan assets	3.54	3.82	2.81	2.08	1.62	1.71	2.05	2.17	2.12	3.30	3.27	2.70	3.41
PAT to avg. loan assets	6.31	6.36	4.47	3.32	3.03	3.22	4.05	4.40	9.59	6.11	6.05	7.87	6.33
Cash Profit to avg. loan assets	6.44	6.51	4.65	3.54	3.40	3.42	4.24	4.56	9.69	6.23	6.16	7.98	6.44

\*Under IND-AS





# PROFITABILITY

## Efforts getting rewarded

### Profitability at a glance

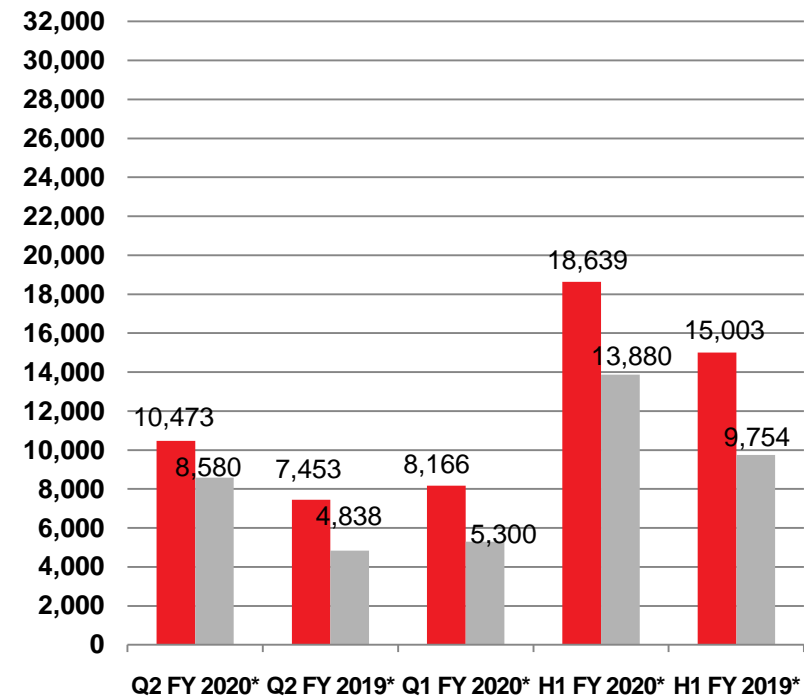
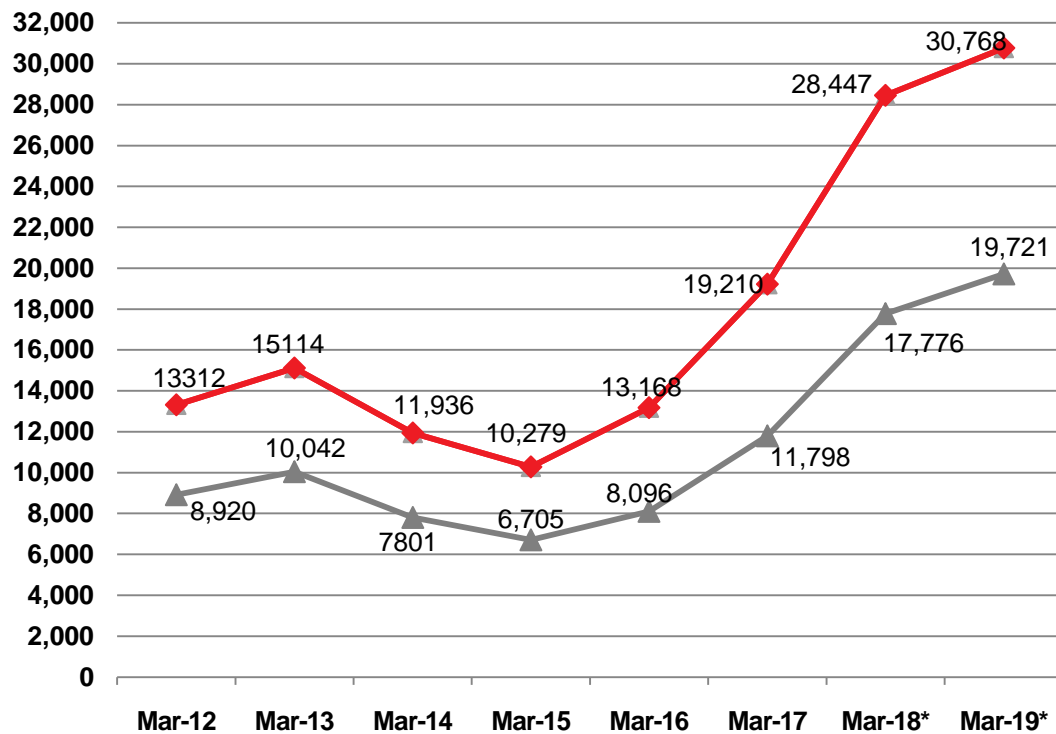
(₹ in millions)

#### Yearly

◆ PBT ▲ PAT

#### Quarterly

■ PBT ■ PAT

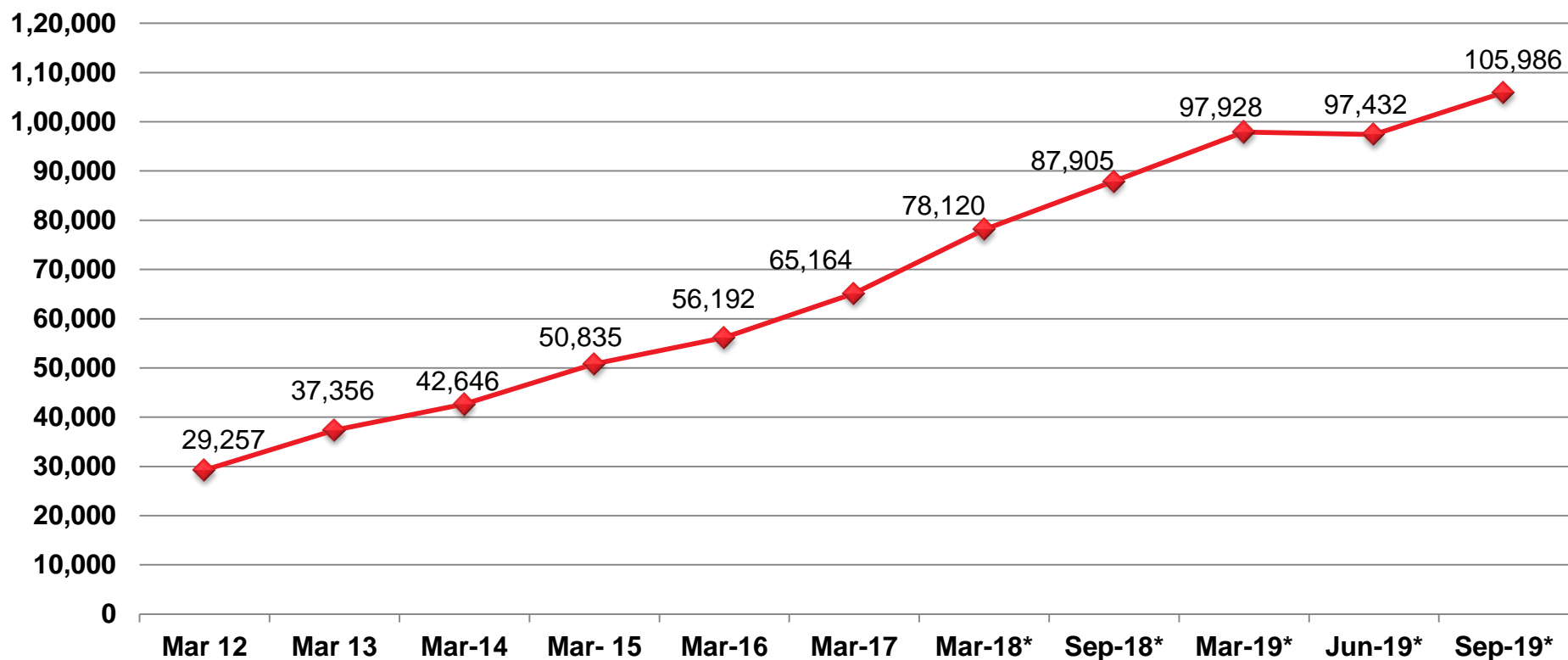


\*Under IND-AS

## Steady capital position

### Share Capital and Reserves & Surplus

(₹ in millions)



\*Under IND-AS



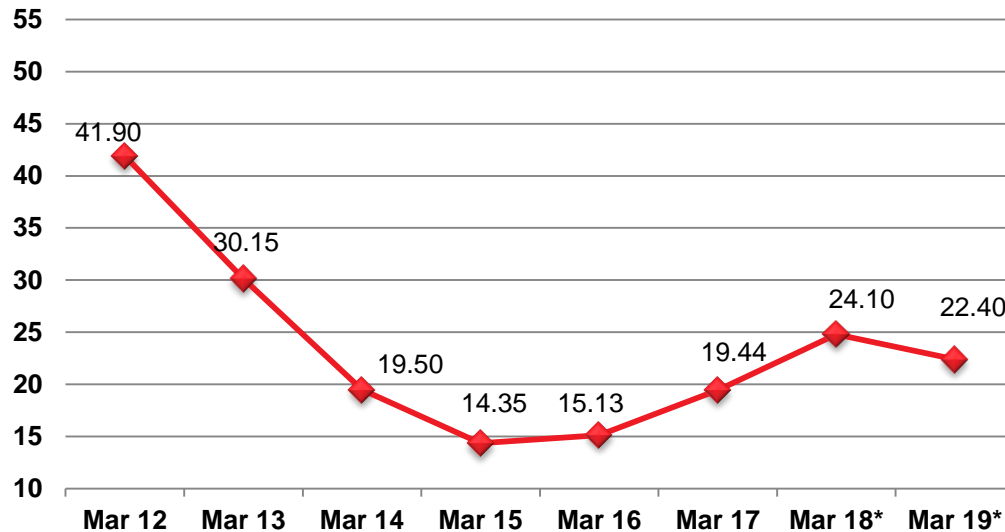
# RETURN ON EQUITY

## Stable shareholder value creation

### Return on Average Equity

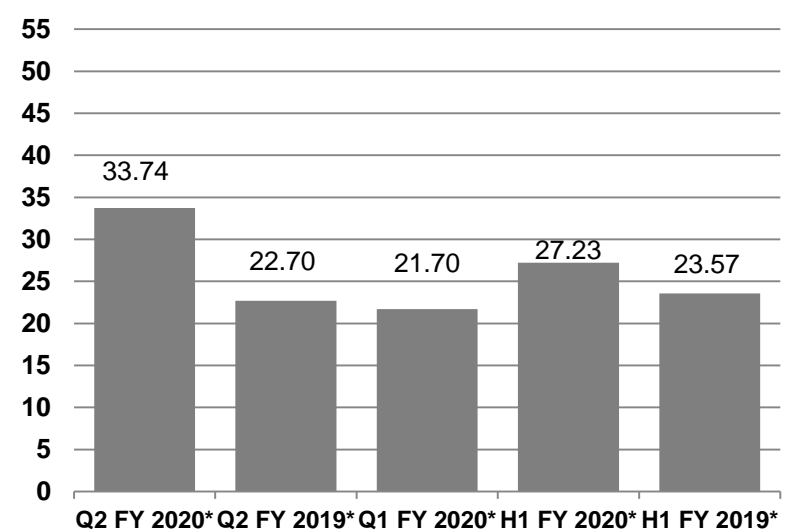
Yearly

(%)



Quarterly

(%)



\*Under IND-AS

## Maintaining capital well above the statutory requirement

### Capital Adequacy Ratio

(%)

	Sep-19	Jun-19	Mar-19	Sep-18
Capital Adequacy Ratio	27.11	24.72	26.05	25.92
Tier-I	26.74	24.33	25.61	25.32
Tier-II	0.37	0.39	0.44	0.60



# MARKET VALUE RATIO

## Equity market valuation ratios indicate potential for upside

	Q2 FY 2020	Q2 FY 2019	Q1 FY 2020	H1 FY 2020	H1 FY 2019	FY 2019
Earnings per share (₹)						
- Basic	21.41	12.09	13.23	34.64	24.38	49.27
- Diluted	21.37	12.07	13.20	34.57	24.31	49.18

	Sep-19	Jun-19	Mar-19	Sep-18
Book Value per share (₹)	264.48	243.02	244.27	219.65
Market price per share (₹)**	675.90	644.8	615.6	403.40
Price to Earnings ratio***	11.35	12.84	12.49	8.53
Price to Book Value ratio	2.56	2.65	2.52	1.84

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

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



# CAPITALISATION RATIOS

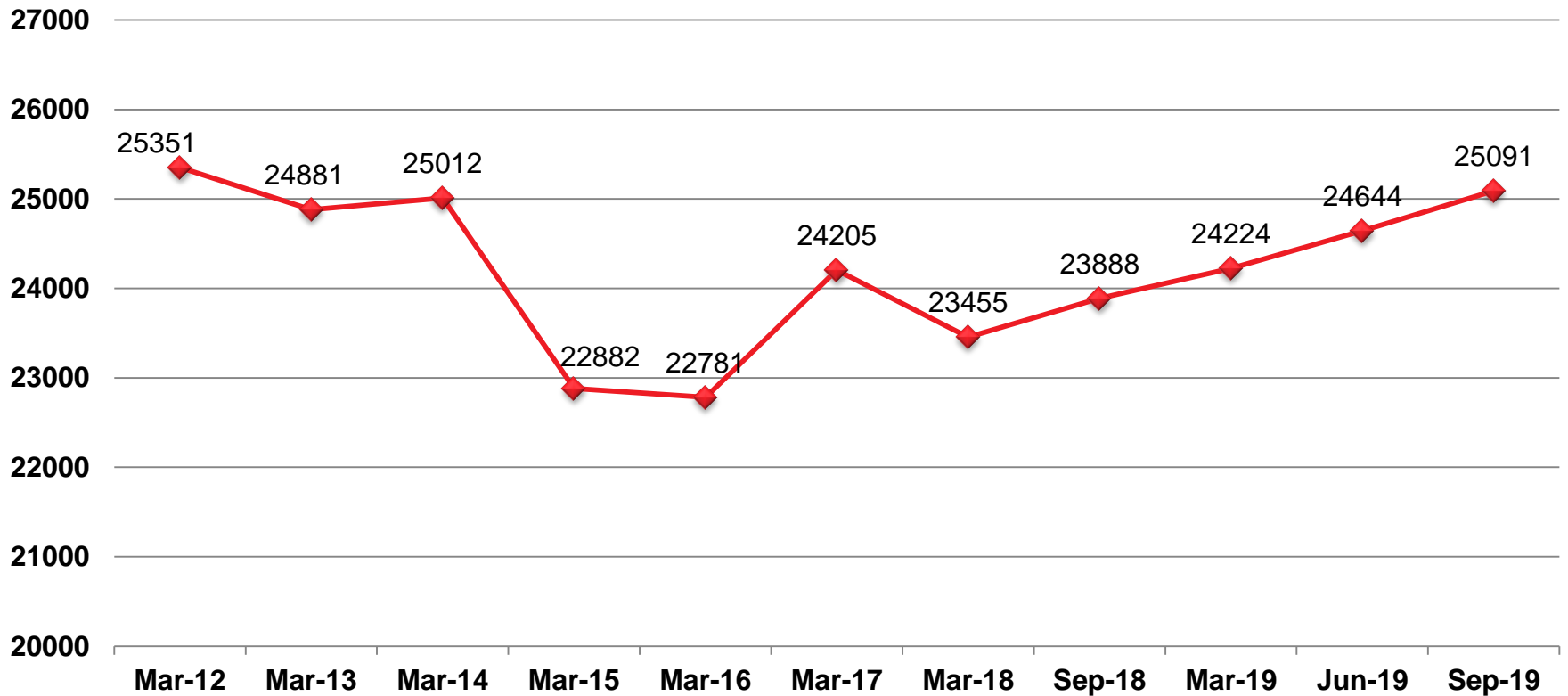
## Headroom for further leveraging

(₹ In millions)

	<b>Sep-19</b>	<b>Jun-19</b>	<b>Mar-19</b>	<b>Sep-18</b>
Outside Liabilities	295,139	292,619	282,759	258,102
Cash & Bank Balances	23,064	10,829	17,355	4,520
Tangible Networth	105,934	97,376	97,868	87,836
Capital Gearing	2.57	2.89	2.71	2.89

## 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, 2019, total holding in AAF stood at 90 million equity shares representing 72.92% of their total capital. The loan portfolio stands at LKR 13,143 million as on September 30, 2019

**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 25 branches across Sri Lanka.

**The company formerly known as Finance and Land Sales has been in operation for over 48 years, evolving to serve the growing needs of people of Sri Lanka.**

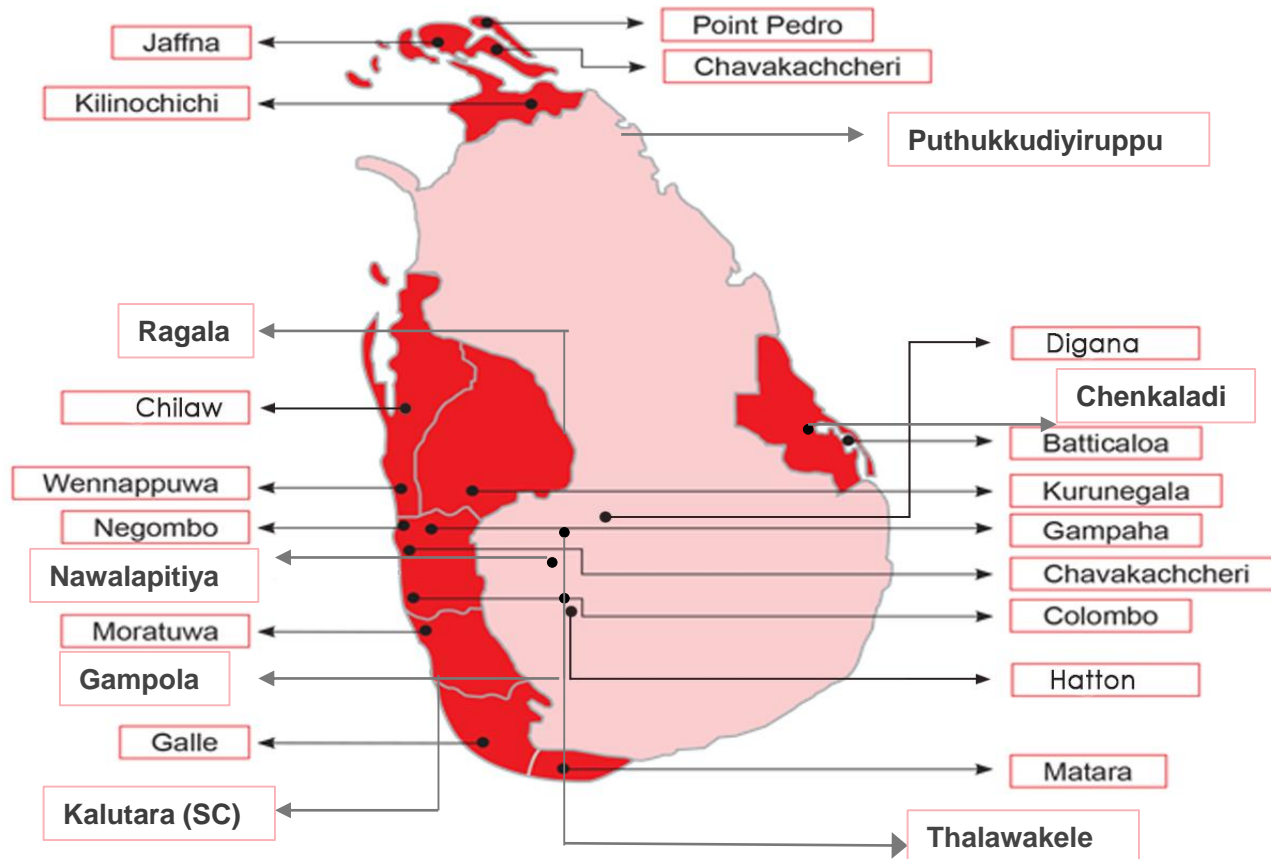
# PRODUCTS



- 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 2020	H1 FY 2019	Q2 FY 2020	Q1 FY 2020	Q2 FY 2019	FY 2019
INR/LKR	0.387005	0.428340	0.387005	0.389803	0.428340	0.395775
Number of branches	25	17	25	24	17	23
Number of Employees	549	493	549	559	493	553
Loan AUM (LKR)	13,143	11,237	13,143	12,904	11,237	12,569
Capital Adequacy Ratio (%)	21	21	21	21	21	19
Total Revenue (LKR)	1,655	1,380	857	798	693	2,869
Total Expense (LKR)	1,592	1,319	822	770	664	2,775
Profit Before Tax (LKR)	63	61	35	28	29	94
Profit After Tax (LKR)	54	38	29	25	22	101
Shareholders Funds (LKR)	2,158	1,897	2,158	2,129	1,897	1,953
Total Outside Liabilities (LKR)	12,340	10,511	12,340	12,237	10,511	11,946
Total Assets (LKR)	14,498	12,408	14,498	14,366	12,408	13,899

**OUR SUBSIDIARY**





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, Delhi, Tamil Nadu, Chattisgarh and Pondicherry.

**As on September 30, 2019, it has a loan portfolio of Rs.20,975 million.**

ICRA assigned Long Term Debt Rating of ICRA AA-(Stable) for its Bank limits and 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 2020	H1 FY 2019	Q2 FY 2020	Q1 FY 2020	Q2 FY 2019	FY 2019
Number of branches	103	73	103	101	73	96
Number of Sales Offices	132	132	132	132	132	132
Number of Employees	407	287	407	401	287	382
Loan AUM (₹)	20,975	17,754	20,975	19,875	17,754	19,075
Capital Adequacy Ratio (%)	45	45	45	45	45	47
Total Revenue (₹)	1,523	1,038	908	616	553	2,257
Total Expense (₹)	1,242	749	716	526	414	1,746
Profit Before Tax (₹)	282	291	192	90	139	511
Profit After Tax (₹)	202	209	139	62	105	363
Shareholders Funds (₹)	4,143	3,789	4,143	4,004	3,789	3,942
Total Outside Liabilities (₹)	17,142	14,065	17,142	16,173	14,065	15,530
Total Assets (₹)	21,285	17,854	21,285	20,177	17,854	19,472

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

## Business Performance

(₹ in millions)

Particulars	H1 FY 2020	H1 FY 2019	Q2 FY 2020	Q1 FY 2020	Q2 FY 2019	FY 2019
Disbursement (₹)	2,543	3,754	1,449	1,094	1,894	6,543
Borrowings (₹)	16,960	13,984	16,960	16,022	13,984	15,420
Debt Equity Ratio (%)	4.09	3.69	4.09	3.99	3.69	3.91
Yield on Advances (%)	12.78	12.07	12.85	12.70	12.09	12.22
Interest Spread (%)	3.37	3.44	3.26	3.36	3.39	3.36
NIM (%)	5.41	5.24	5.42	5.40	5.07	5.35
Cost to Income Ratio (%)	33.67	19.82	37.08	28.68	21.04	26.10
Return on Assets (ROA) (%)	2.04	2.84	2.75	1.29	2.35	2.22
Return on Equity (ROE) (%)	9.97	19.86	13.67	6.28	17.31	14.11
Stage III Loan Assets	219	138	219	160	138	142
% Stage III asset on Gross Loan Asset	1.10	0.78	1.10	0.81	0.78	0.74
Stage III ECL Provision	192	26	192	56	26	22
ECL Provision	272	96	272	134	96	37
ECL Provision as a % of Gross Loan Asset	1.36	0.54	1.36	0.68	0.54	0.19
Number of Customers	24,177	20,237	24,177	23,621	20,237	23,466





## Financial Highlights

- Disbursements in H1 FY 2020: Rs 2,543 mn. Loan Book as on September 30, 2019: Rs 19,975 mn
- Direct assignment of Rs 1000 mn done in H1 FY 2020
- Average Ticket Size in H1 FY 2020: Rs.1.05 mn
- Business Presence: Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Kerala, Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Haryana, Chandigarh, Delhi, Punjab, Tamil Nadu, Chattisgarh and Pondicherry Presence in 103 locations
- ROA for H1 FY 2020: 2.04%, ROE for H1 FY 2020: 9.97%
- **Average cost of borrowings of 9.41% for H1 FY 2020.** Capital Adequacy Ratio: 45.66%, Debt Equity Ratio: 4.09
- Average Yield: 12.78%, Interest Spread: 3.37%

## Growth Drivers

- Increasing the leverage from 4.09x 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 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 4.09 times as on September 30, 2019, 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 FY20, it has insured more than 7,18,000 lives with a First year premium collection of Rs.461 million  
During Q2 FY19, it has insured more than 5,40,000 lives with a First year premium collection of Rs.477 million under Traditional ,Term and Health products..

**Key Business Parameters**

(₹ in millions)

Particulars	H1 FY 2020	H1 FY 2019	Q2 FY 2020	Q1 FY 2020	Q2 FY 2019	FY 2019
Premium Collection (₹)	1,315	1,164	709	606	670	2,676
Number of Policies	11,67,009	9,98,786	7,25,805	4,41,204	5,48,410	22,40,560

**Key Financial Parameters**

(₹ in millions)

Particulars	H1 FY 2020	H1 FY 2019	Q2 FY 2020	Q1 FY 2020	Q2 FY 2019	FY 2019
Total Revenue (₹)	109	105	56	54	64	251
Total Expense (₹)	23	18	9	14	10	36
Profit Before Tax (₹)	86	88	46	40	54	215
Profit After Tax (₹)	65	61	39	27	37	150
Shareholders Funds (₹)	492	337	492	453	337	427
Earnings per share (₹)	87	81	52	35	49	201

## OUR SUBSIDIARY



BELSTAR MICROFINANCE PRIVATE LIMITED

# BELSTAR MICROFINANCE – AN OVERVIEW



As of September 2019 , Muthoot Finance holds 70.01% in BMPL . BMPL 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.

BMPL 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 ten years of its operations, BMPL primarily relied on taking over the existing groups formed by Hand in Hand India . BMPL predominantly follows the SHG model of lending. Effective January 2015, BMPL started working in JLG model of lending in Pune district, Maharashtra.

As of September 30, 2019, BMPL operations are spread over 11 states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha ,Pondicherry ,Chattisgarh, Gujarat, Rajasthan, Bihar and Uttar Pradesh. It has 498 branches, with 99 controlling regional offices and employs 3837 staffs. Its gross loan portfolio has grown from INR 0.20 mn in March 2009 to INR 21,074 mn in September 2019

**Key Financial Parameters**

(₹ in millions)

Particulars	H1 FY 2020	H1 FY 2019	Q2 FY 2020	Q1 FY 2020	Q2 FY 2019	FY 2019
Number of Branches	498	305	498	441	305	400
Number of Employees	3,837	2,305	3,837	3,309	2,305	2,876
Gross Loan AUM (₹)	21,074	13,806	21,074	19,385	13,806	18,419
Capital Adequacy Ratio (%)	24	23	24	23	24	26
Total Revenue (₹)	2,348	1,575	1,270	1,078	836	3,681
Total Expense (₹)	1,656	1,189	887	769	628	2,650
Profit Before Tax (₹)	693	386	383	310	207	1,031
Profit After Tax (₹)	509	286	281	229	161	729
Stage III Loan Assets	213	134	213	224	134	211
% Stage III asset on Gross Loan Asset	1.02	0.97	1.02	1.16	0.97	1.15
Stage III ECL Provision	191	110	191	203	110	188
ECL Provision	301	155	300	296	155	264
ECL Provision as a % of Gross Loan Asset	1.45	1.13	1.45	1.49	1.13	1.37
Shareholders Funds (₹)	4,509	2,850	4,509	4,243	2,850	4,002
Total Outside Liabilities (₹)	17,586	13,409	17,586	15,655	13,409	16,437
Total Assets (₹)	22,095	16,259	22,095	19,898	16,259	20,439

## OUR SUBSIDIARY





# MUTHOOT MONEY– AN OVERVIEW



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

As on 30<sup>th</sup> September, 2019 it has a total loan portfolio of Rs.4,263 million.



## Key Financial Parameters

(₹ in millions)

Particulars	H1 FY 2020	Q2 FY 2020	Q1 FY 2020	FY 2019
Number of branches	24	24	24	21
Number of Employees	277	277	245	247
Gross Loan AUM (₹)	4,263	4,263	3,927	3,107
Capital Adequacy Ratio(%)	24	24	26	32
Total Revenue (₹)	311	169	142	156
Total Expense (₹)	258	126	132	149
Profit Before Tax (₹)	54	43	9	7
Profit After Tax (₹)	32	32	(0.40)	3
Stage III Loan Assets	38	38	12	-
% Stage III asset on Gross Loan Asset	0.90	0.90	0.30	-
Stage III ECL Provision	9.57	9.57	12	-
ECL Provision	51.66	51.66	48	15
ECL Provision as a % of Gross Loan Asset	1.21	1.21	1.24	0.47
Shareholders Funds (₹)	1,067	1,067	1,035	1,035
Total Outside Liabilities (₹)	3,455	3,455	3,116	2,317
Total Assets (₹)	4,522	4,522	4,151	3,352

## OTHER SUBSIDIARIES

### MUTHOOT ASSET MANAGEMENT PRIVATE LIMITED

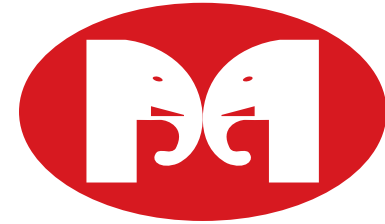
(₹ In millions)

	H1 FY 2020	Q2 FY 2020	Q1 FY 2020	FY 2019
Networth	1,025	1,025	1,008	512

### MUTHOOT TRUSTEE PRIVATE LIMITED

(₹ In millions)

	H1 FY 2020	Q2 FY 2020	Q1 FY 2020	FY 2019
Networth	10	10	10	1



# ***Muthoot Finance***

## **REGISTERED OFFICE**

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**CIN:** L65910KL1997PLC011300

**RBI Reg No:** N 16.00167

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