

Muthoot Finance

Financial Results Q3 FY 2015

December 2014

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

26

States/Union territory presence

123 tonnes

Gold jewellery kept as security

4,200+

Pan-India branches

500,000+

Retail investor base across debenture and subordinated debt portfolio

23,000+

Team members

80,000+

Customers served every day

₹ 220,882 mn

Retail Loan Assets Under Management

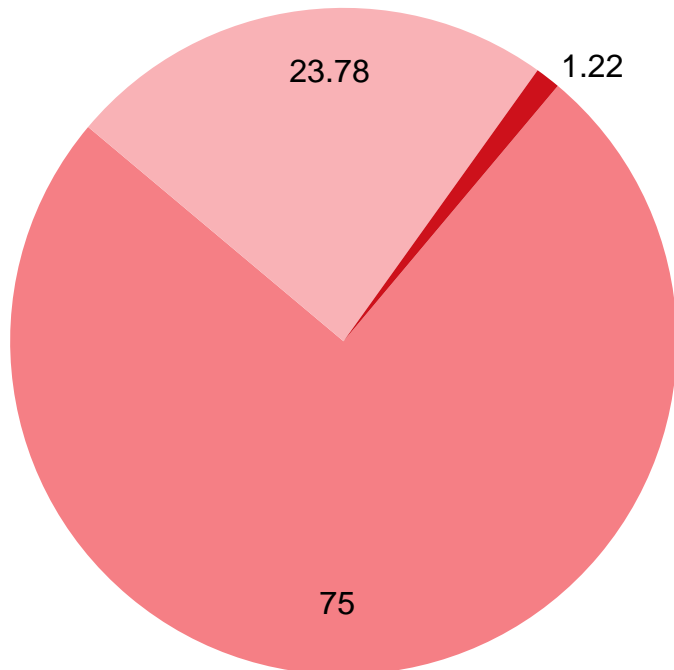
(As of December 31, 2014)

SHAREHOLDING PATTERN



Muthoot Finance

Strong promoter interest in business with 75% stake



(%) Shareholding as on December 31, 2014

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

NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation

(as on 31st December 2014)

₹ 76,375 million

DIVIDEND PAYOUT



Muthoot Finance

Delivering consistent returns to stakeholders

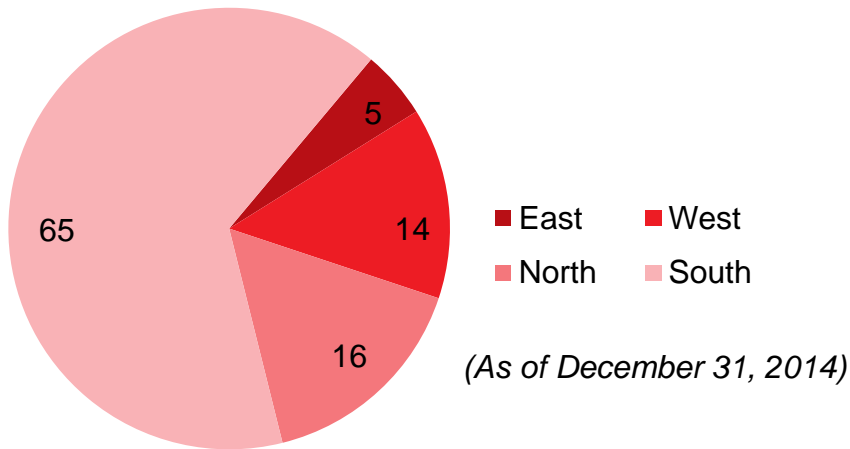
(%)

	FY 2015	FY 2014	FY 2013	FY 2012
Dividend (%)*		60	45	40
First Interim Dividend (%)	40	30	-	-
Second Interim Dividend (%)		20	-	-
Final Dividend (%)		10	45	40
Dividend Payout Ratio (%)		28.59	16.65	16.47

* On face value of ₹ 10 per equity share

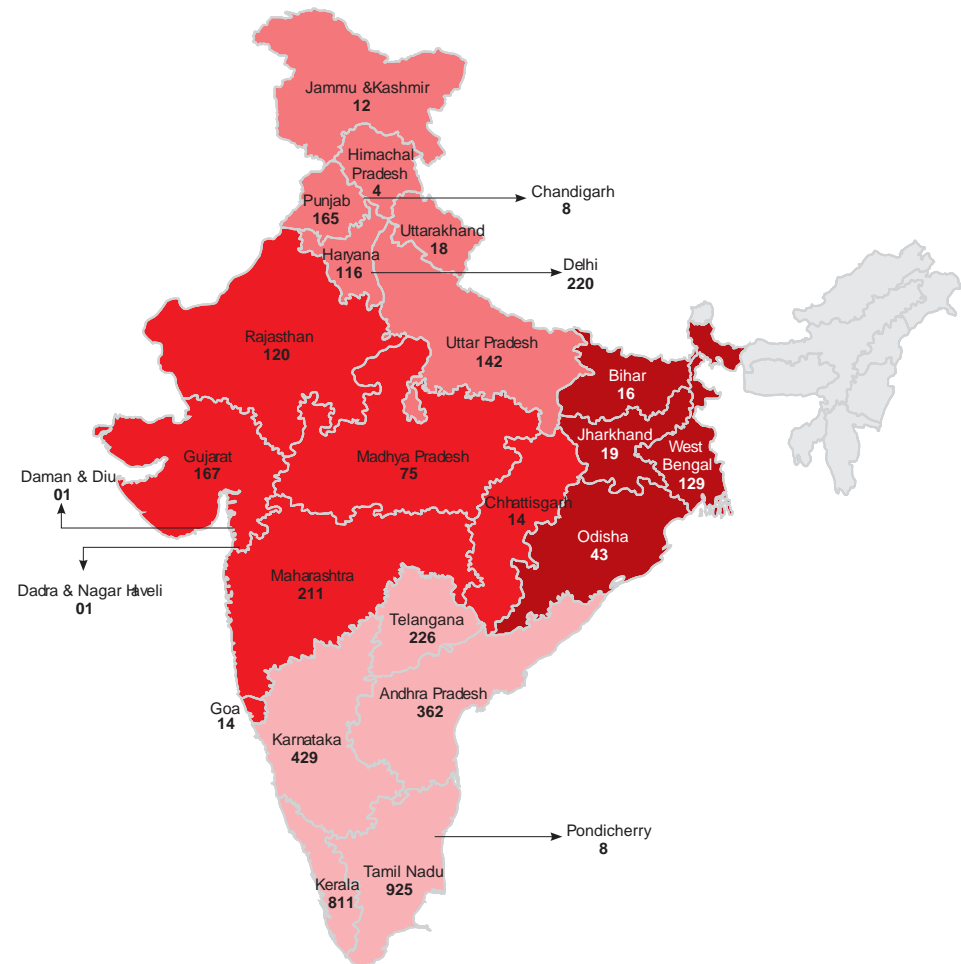
A strong presence of 4256 branches across India

(%) 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





Strong Capital Base

Networth

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Share Capital	3,971	3,971	3,971	3,717	3,717	7	0
Reserves & Surplus	46,116	44,531	44,648	38,929	37,496	23	4
Total	50,087	48,502	48,619	42,646	41,213	22	3

Core focus continues to be gold loan

Gross retail loan assets under management

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross retail loan assets under management	220,882	218,020	214,636	218,615	225,886	(2)	1

Break-up of Gross Retail Loan Assets under management

Gold Loans under management	220,117	216,971	213,054	216,179	222,628	(1)	1
Other loans	765	1,049	1,582	2,436	3,258	(77)	(27)

LIABILITIES



Muthoot Finance

Stable sources of funding

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	64,375	69,392	76,162	81,580	86,503	(26)	(7)
Secured Non-Convertible Debentures- Listed	32,569	30,832	25,068	24,735	22,247	46	6
Borrowings from Banks/FIs	60,299	63,036	54,596	58,033	65,947	(9)	(4)
Subordinated Debt	24,815	25,240	25,388	25,367	25,237	(2)	(2)
Subordinated Debt -Listed	2,229	1,842	1,174	980	542	311	21
Commercial Paper	4,005	90	90	90	0		4,350
Other Loans	5,017	3,920	3,793	4,054	3,627	38	28
Total	193,309	194,352	186,271	194,839	204,103	(5)	(1)

REVENUE & PROFIT



Muthoot Finance

Profit & Loss Statement

(₹ in million)

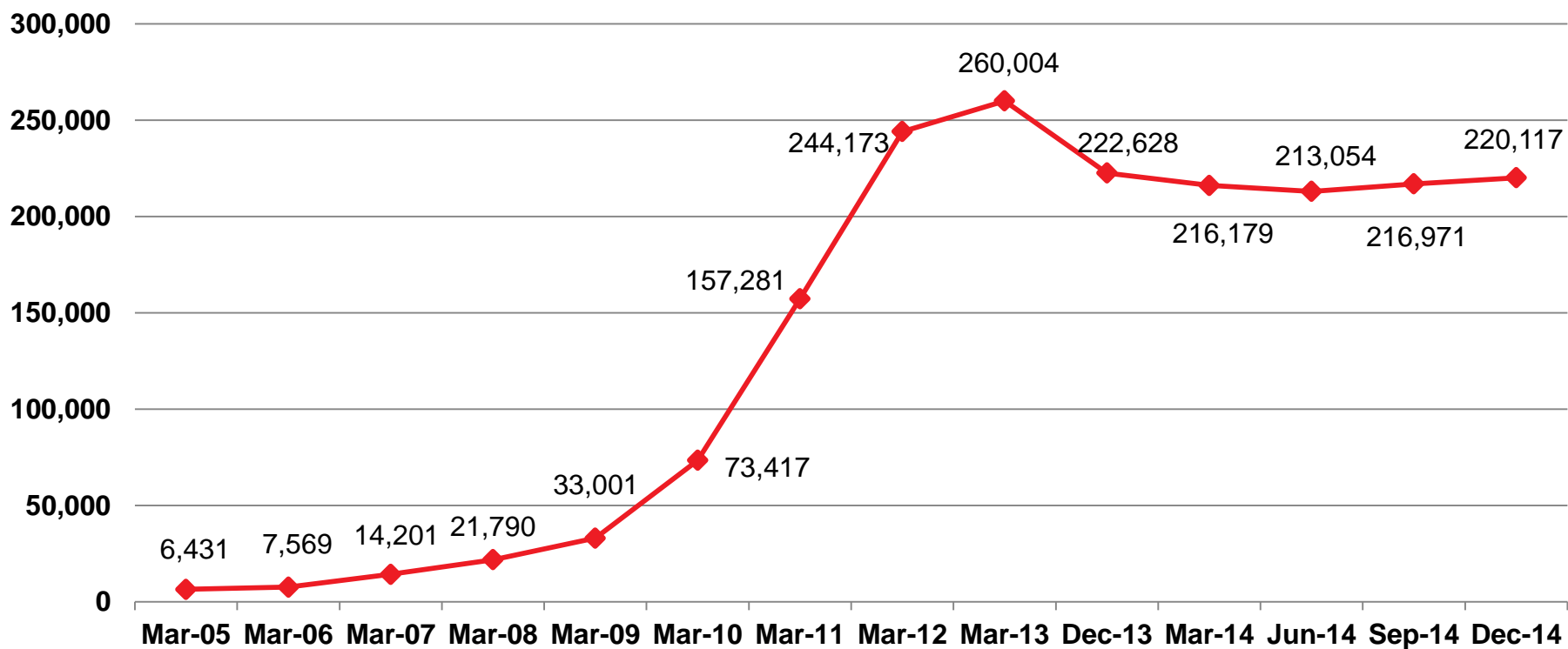
	9M FY 2015	9M FY 2014	YoY Growth(%)	Q3 FY 2015	Q3 FY 2014	YoY Growth(%)	Q2 FY 2015	Q1 FY 2015	QoQ Growth(%)	FY 2014
INCOME										
Interest Income	31,831	37,617	(15)	10,541	11,902	(11)	10,488	10,802	1	49,077
Other Income	397	266	49	152	105	45	127	118	20	397
Total	32,228	37,883	(15)	10,693	12,007	(11)	10,615	10,920	1	49,474
EXPENDITURE										
Interest Expense	15,731	20,594	(24)	5,292	6,277	(16)	5,085	5,354	4	26,260
Personnel Expenses	4,727	4,340	9	1,627	1,490	9	1,576	1,523	3	5,917
Administrative & Other expenses	3,145	3,051	3	1,102	996	11	1,059	985	4	4,259
Provisions & Write Offs	155	256	(39)	35	91	(62)	40	80	(13)	438
Directors Remuneration	144	144	0	48	48	0	48	48	0	192
Depreciation	620	346	79	212	123	72	208	200	2	472
Total	24,522	28,731	(15)	8,316	9,025	(8)	8,016	8,190	4	37,538
PROFIT										
Profit Before Tax	7,706	9,152	(16)	2,376	2,982	(20)	2,600	2,730	(9)	11,936
Profit After Tax	5,053	5,991	(16)	1,544	1,942	(20)	1,707	1,802	(10)	7,801



Gaining scale over the years

Gold Loan Assets Under Management

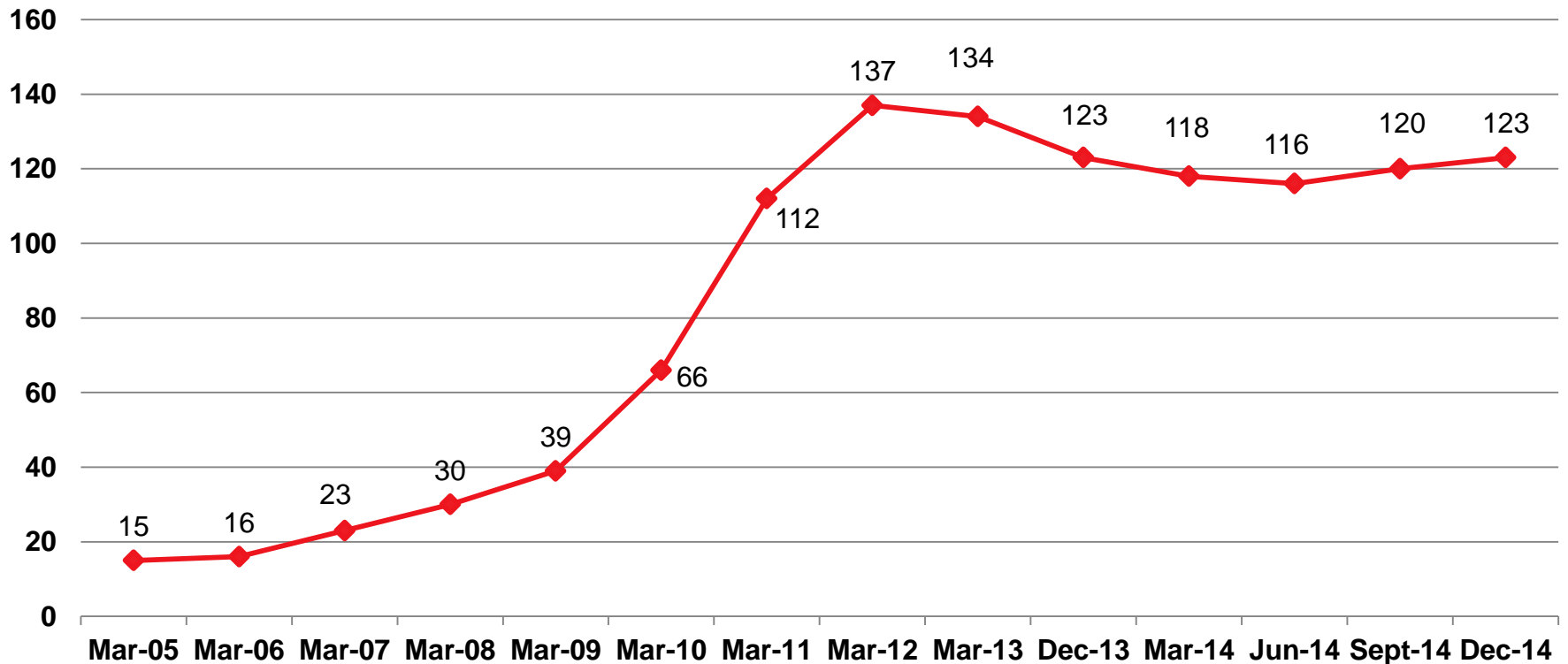
(₹ in million)



Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



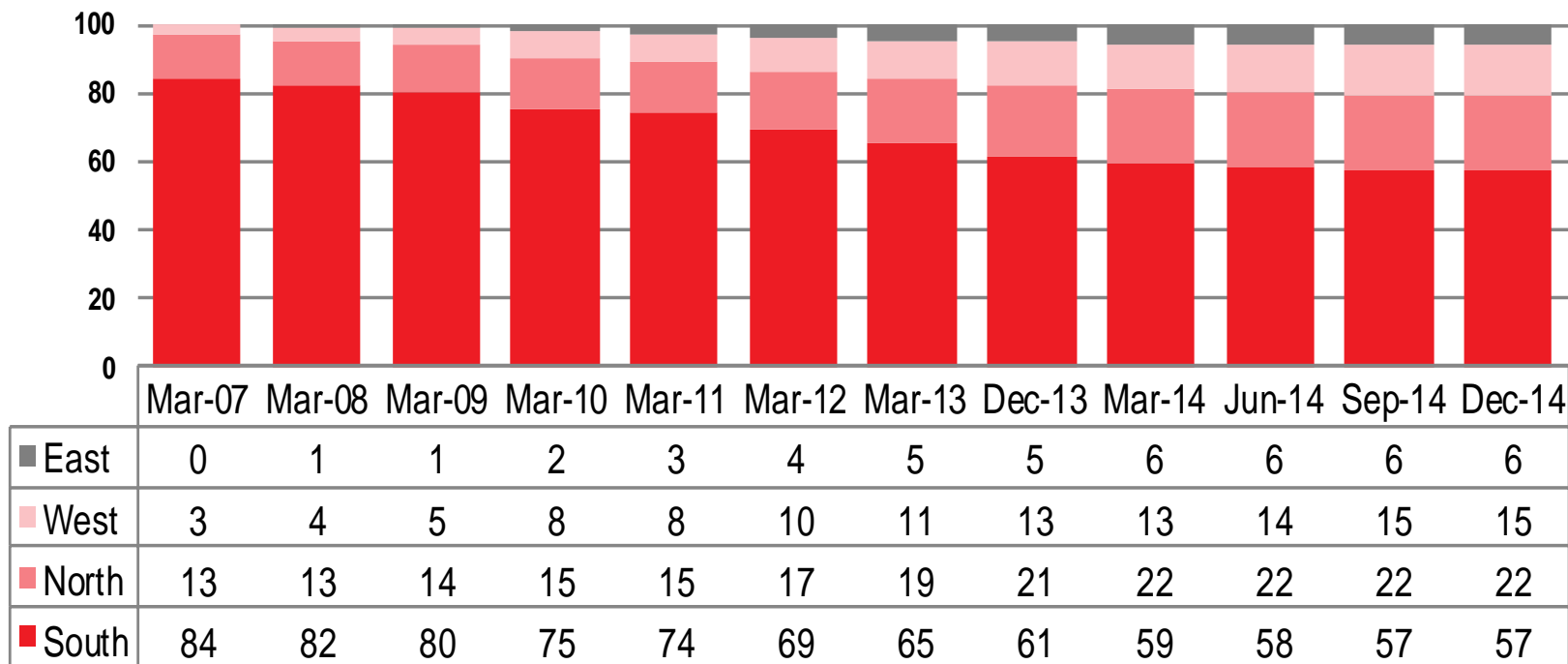
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



Muthoot Finance

Diversified gold loan portfolio across India

(%)



Gold Loan Assets Under Management

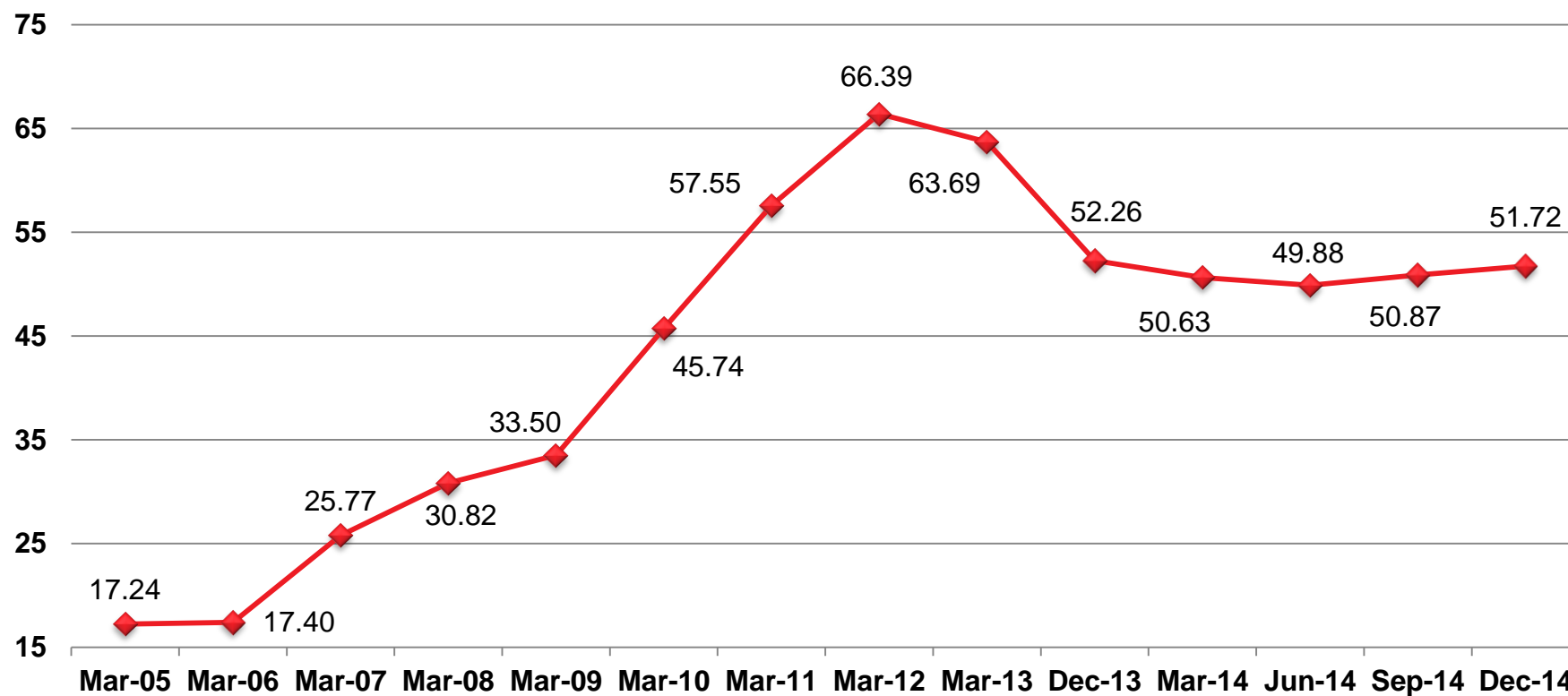
(₹ in million)

Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
14,201	21,790	33,001	73,417	157,281	244,173	260,004	222,628	216,179	213,054	216,971	220,117

Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

(₹ in million)



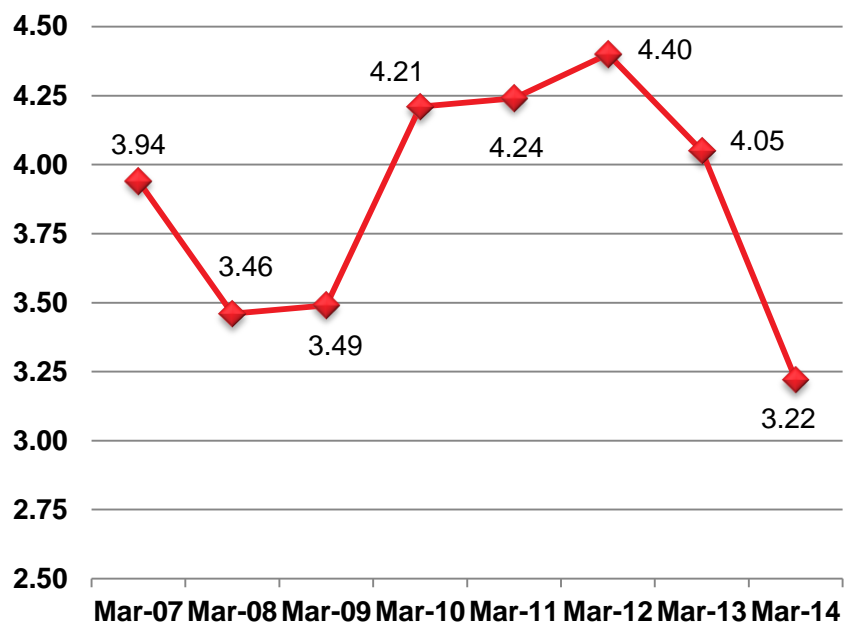


RETURN ON AVERAGE RETAIL LOAN ASSET

Attractive returns over the years

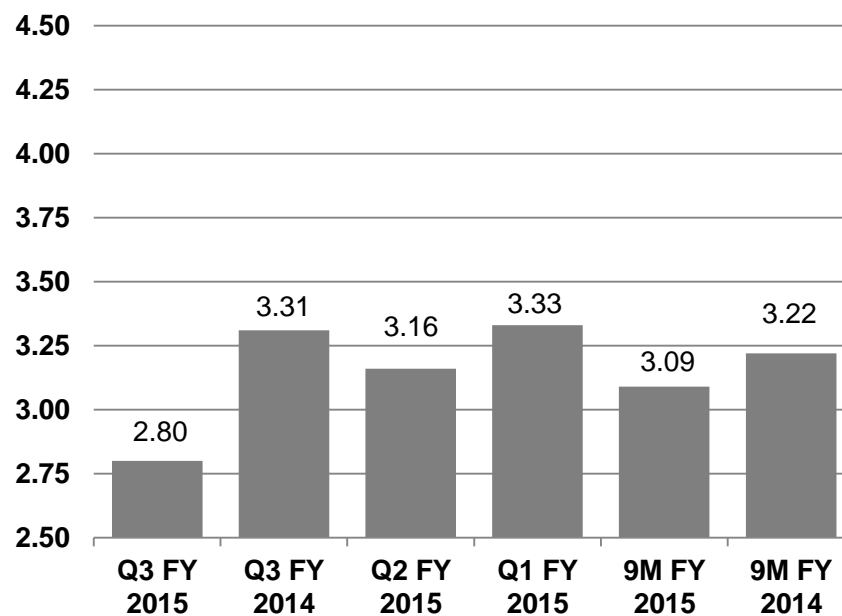
Yearly

(%)



Quarterly

(%)





NON-PERFORMING ASSETS & BAD DEBTS

Non-Performing Assets

(₹ in million)

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
Gross Non-Performing Assets	4,103	4,549	3,968	4,160	4,492
Provision For Non-Performing Assets	725	725	725	725	725
Net Non-Performing Assets	3,378	3,824	3,243	3,435	3,767
% of Gross NPA on Gross Retail Loans	1.86	2.09	1.85	1.90	1.99
% of Net NPA on Gross Retail Loans	1.53	1.75	1.51	1.57	1.67

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

Bad Debts

(₹ in million)

	Q3 FY 2015	Q3 FY 2014	Q2 FY 2015	Q1 FY 2015	9M FY 2015	9M FY 2014	FY 2014
Bad Debts Written Off	20	43	23	80	123	122	224

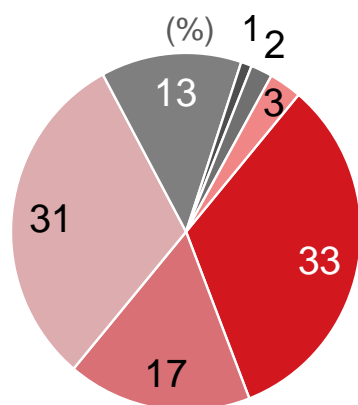
Real loss to business due to various operational risks. However loss is quite negligible compared to the profits

Standard Asset Provision

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
Provision (₹ in million)	997	982	965	965	886
% of Provision to Standard Assets	0.46	0.46	0.46	0.45	0.40

Maintaining a higher standard asset provision of 0.46% as against the regulatory requirement of 0.25%

Maintaining a diversified funding profile



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) - ₹ 64,375 mn (33%)
- Secured Non-Convertible Debentures -Listed - ₹ 32,569 mn (17%)
- Borrowings from Banks/FIs - ₹ 60,299 mn (31%)
- Subordinated Debt - ₹ 24,815 mn (13%)
- Subordinated Debt - Listed - ₹ 2,229 mn (1%)
- Commercial Paper- ₹ 4,005 mn (2%)
- Other Loans - ₹ 5,017 mn (3%)

(As of December 31, 2014)

Highest Rating among gold loan companies

Short-term Rating

	Amt of rating (₹ in million)	Rating	Indicates
COMMERCIAL PAPER			
CRISIL	40,000	CRISIL A1+	Degree of safety with regard to timely payment of interest & principal on the instrument is very strong
ICRA	2,000	ICRA A1+	Lowest credit risk & Stronger credit quality
BANK LOANS			
ICRA	57,120	ICRA A1+	Lowest credit risk & Stronger credit quality

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	67,360	ICRA AA-(Stable)	High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk

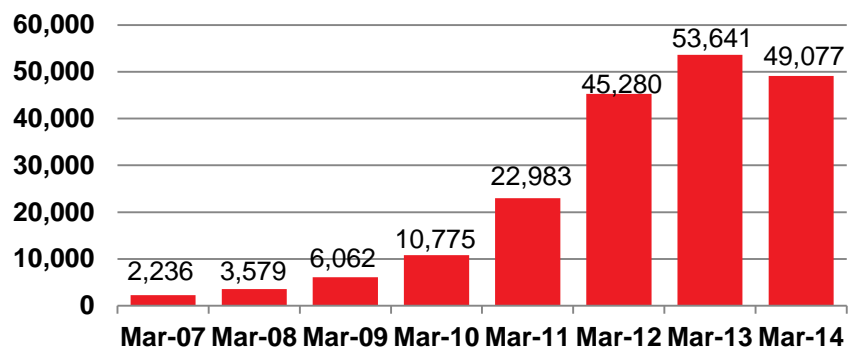


BREAK-UP OF GROSS INCOME

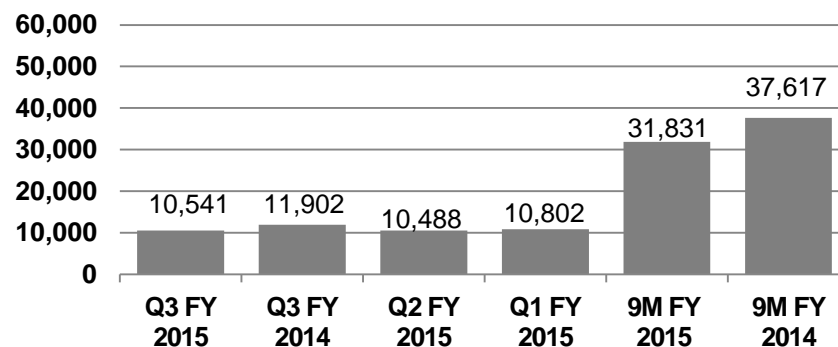
Interest Income

(₹ in million)

Yearly



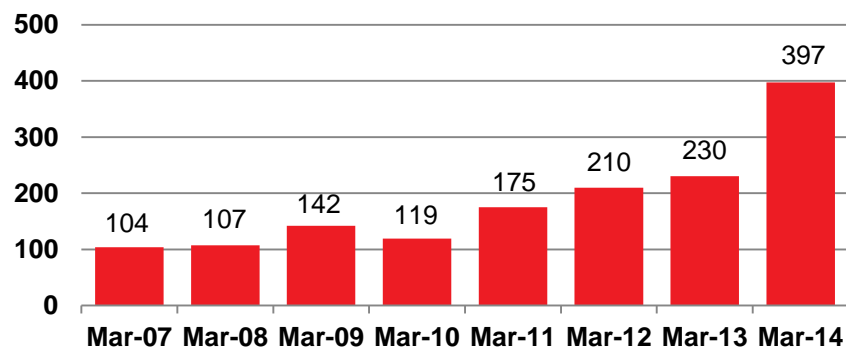
Quarterly



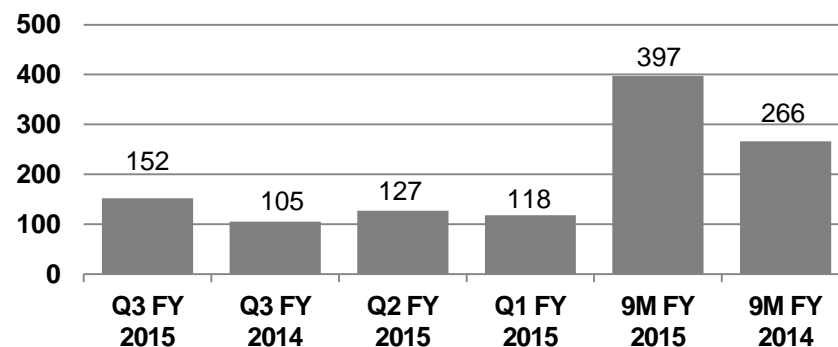
Other Income

(₹ in million)

Yearly



Quarterly



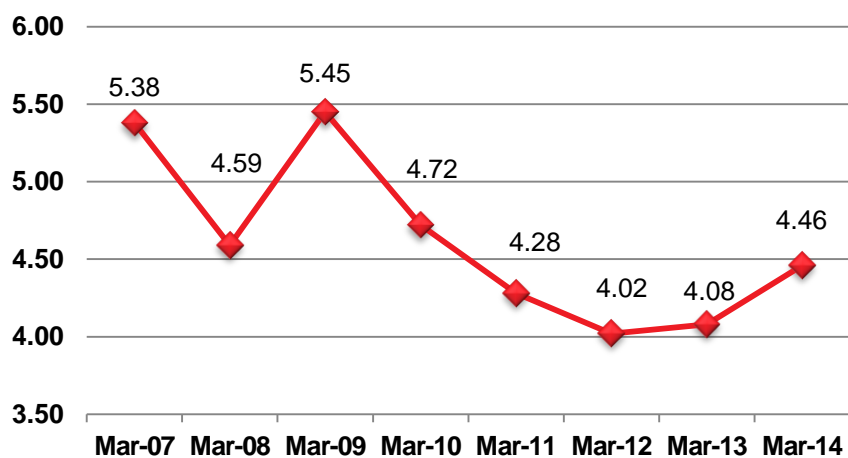


OPERATING EXPENSES TO AVERAGE RETAIL LOANS

Operational efficiency over the years

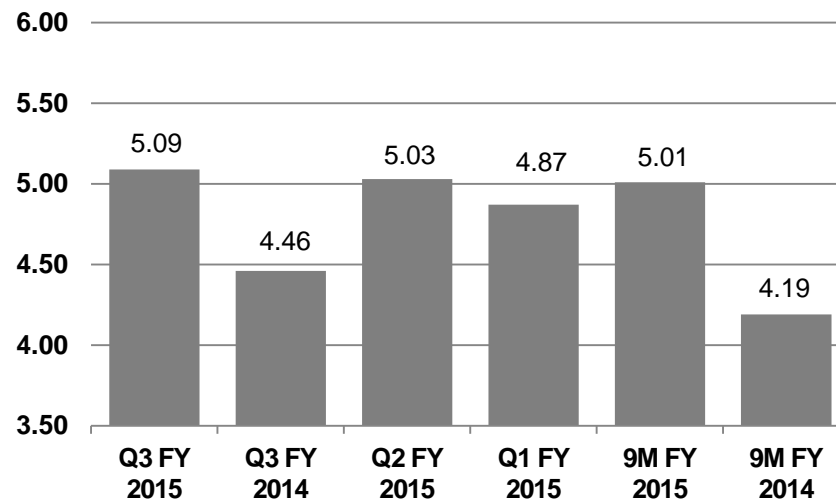
Yearly

(%)



Quarterly

(%)





BREAK-UP OF OPERATING EXPENSES

	Yearly						Quarterly					
	₹ in Millions)						₹ in Million)					
	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q3 FY 2015	Q3 FY 2014	Q2 FY 2015	Q1 FY 2015	9M FY 2015	9M FY 2014
Personnel Expenses	5,917	5,453	4,145	2,209	1,169	677	1,627	1,490	1,577	1,523	4,727	4,340
Rent	1,542	1,309	1,042	603	290	131	412	393	412	402	1,226	1,132
Advertisement	702	579	866	647	331	208	197	117	144	153	494	482
Postage, Telegram and Telephone	364	243	184	115	72	27	85	99	101	91	277	262
Traveling and Conveyance	190	175	168	114	67	42	55	42	57	50	162	138
Printing and Stationery	185	168	155	111	69	44	39	39	40	33	112	122
Repairs and Maintenance	272	256	341	211	96	62	75	52	63	60	198	208
Legal and Professional Charges	216	86	60	114	34	16	23	42	74	65	162	115
Business Promotion Expense	279	332	267	119	45	25	54	72	16	15	85	194
Directors Remuneration	192	192	192	192	192	121	48	48	48	48	144	144
Depreciation and Ammortisation Expenses	475	454	329	180	149	99	217	123	212	203	632	346
Others	731	550	380	229	165	165	177	184	170	193	540	520
Provision For Standard & NPA Assets	214	765	351	323	21	7	15	47	17	0	32	134
Total	11,279	10,562	8,480	5,165	2,701	1,625	3,024	2,748	2,931	2,836	8,791	8,137

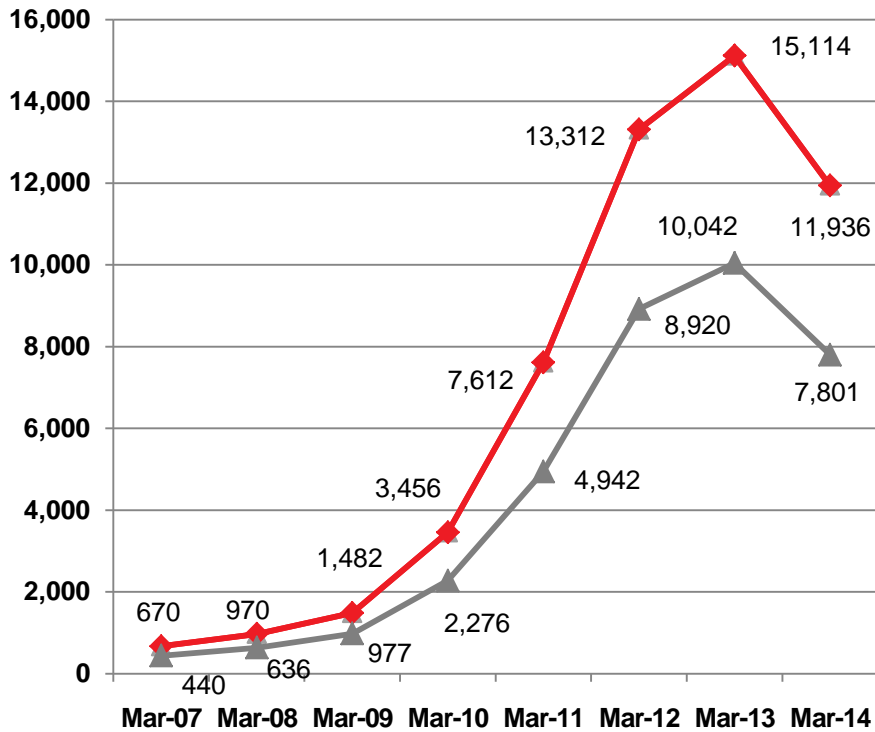
Efforts getting rewarded

Profitability at a glance

(₹ in million)

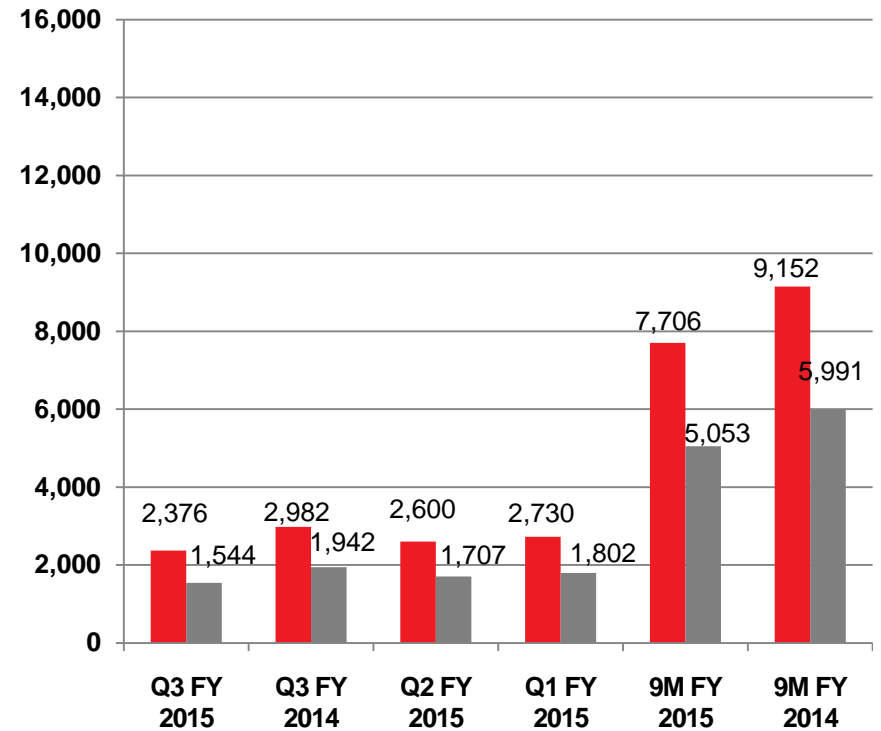
Yearly

◆ PBT ▲ PAT



Quarterly

■ PBT ■ PAT

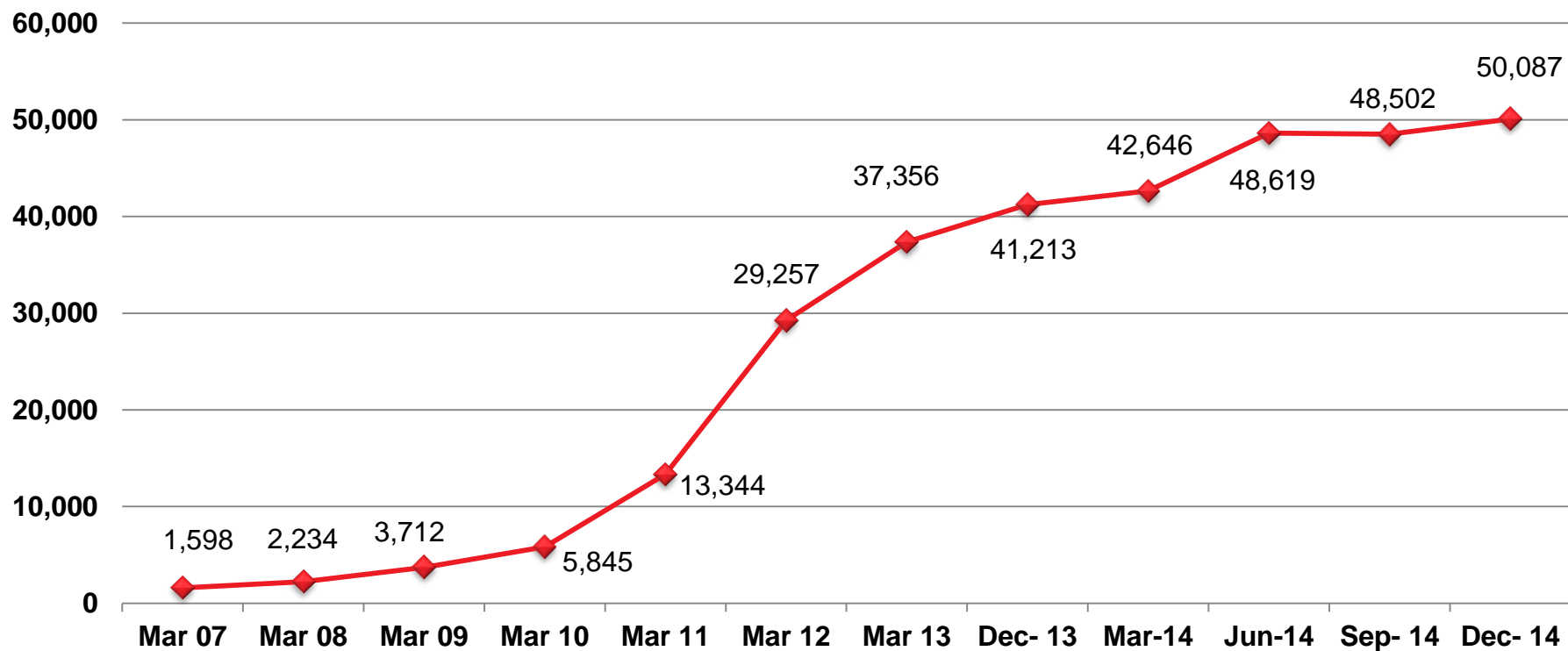




Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)





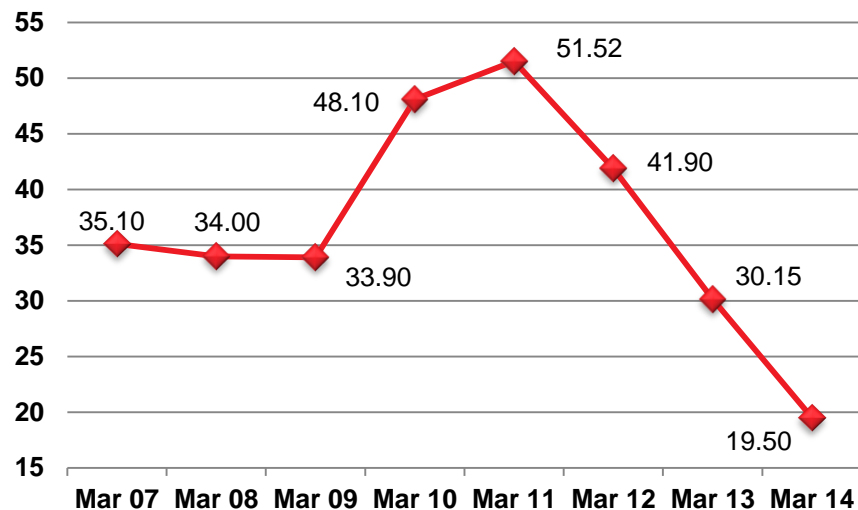
RETURN ON EQUITY

Stable shareholder value creation

Return on Average Equity

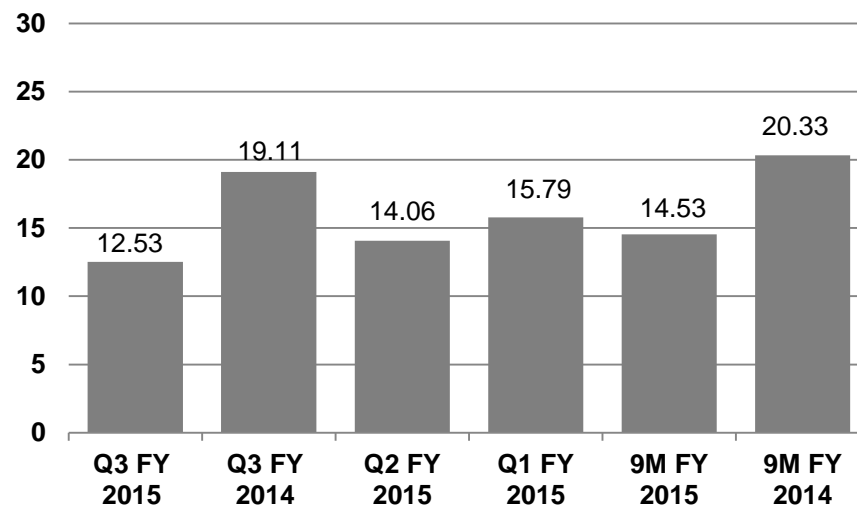
Yearly

(%)



Quarterly

(%)





Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Dec-14	Sept-14	Jun-14	Mar-14	Dec-13
Capital Adequacy Ratio	26.26	26.30	26.79	24.69	23.76
Tier-I	20.74	20.32	20.45	18.01	17.00
Tier-II	5.52	5.98	6.34	6.68	6.76



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q3 FY 2015	Q2 FY 2015	Q1 FY 2015	FY 2014	Q3 FY 2014
Earnings per share (₹)					
- Basic	3.88	4.30	4.63	20.99	5.23
- Diluted	3.85	4.25	4.60	20.99	5.23
	Dec-14	Sept-14	Jun-14	Mar-14	Dec-13
Book Value per share (₹)	126.00	122.00	122.29	114.73	110.70
Market price per share (₹)*	192.35	204.40	188.30	172.00	107.95
Price to Earnings ratio**	10.88	10.76	9.24	8.19	4.90
Price to Book Value ratio	1.53	1.68	1.54	1.50	0.98

*Source: www.nseindia.com

**Based on trailing 12 months EPS

CAPITALISATION RATIOS



Muthoot Finance

Headroom for further leveraging

(₹ In million)

	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13
Outside Liabilities	213,848	215,741	206,005	213,293	222,261
Cash & Bank Balances	26,572	28,849	18,289	20,489	19,286
Tangible Networth	50,029	48,442	48,556	42,579	41,148
Capital Gearing	3.74	3.86	3.87	4.53	4.93

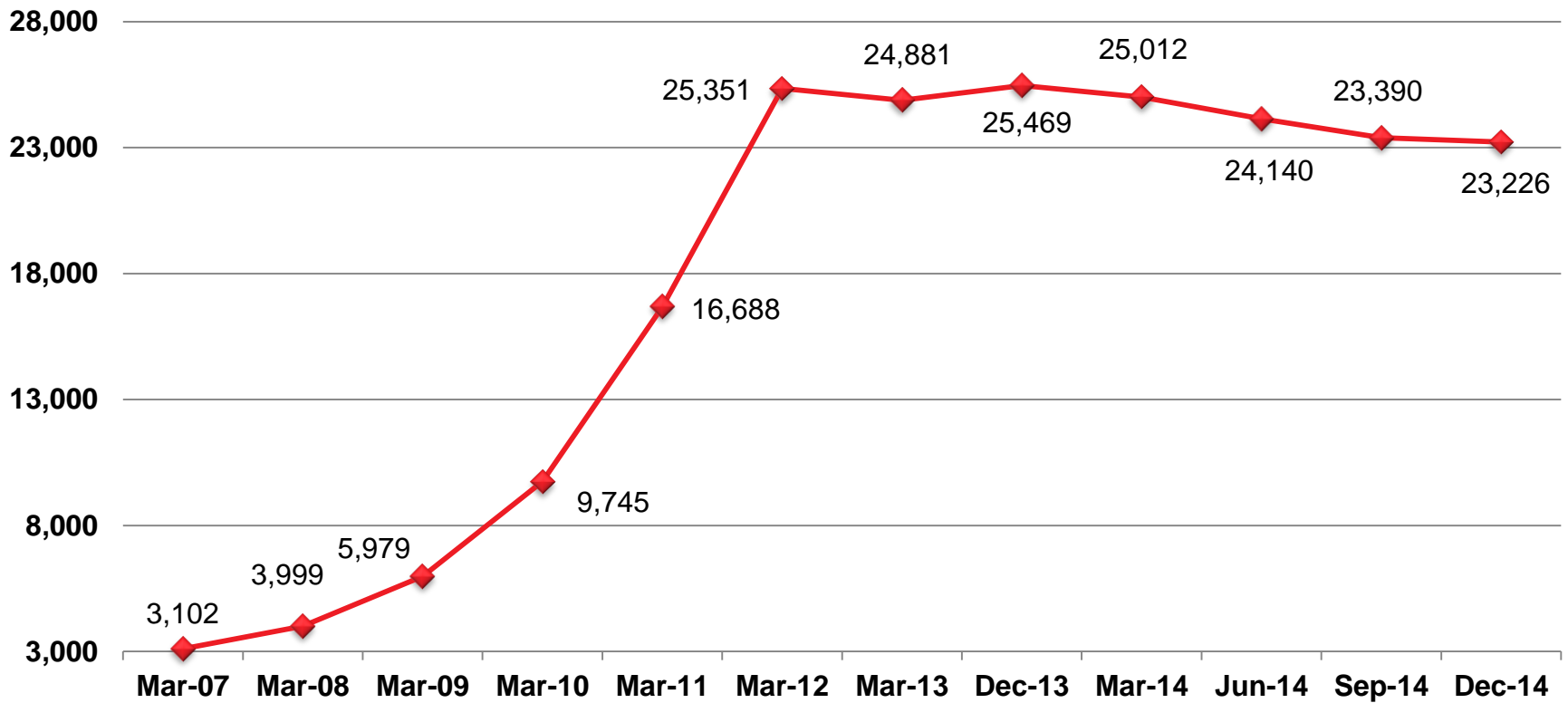
TEAM STRENGTH

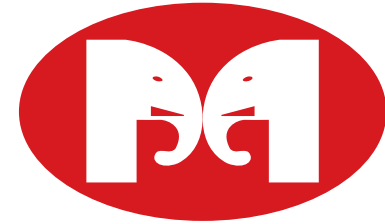


Muthoot Finance

Groomed human capital over the years to meet growing business requirements

(No. of Employees)





Muthoot Finance

REGISTERED OFFICE

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