

Muthoot Finance

Financial Results Q1 FY 2016

June 2015

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

138 tonnes

Gold jewellery kept as security

4,200+

Pan-India branches

500,000+

Retail investor base across debenture and subordinated debt portfolio

22,000+

Team members

80,000+

Customers served every day

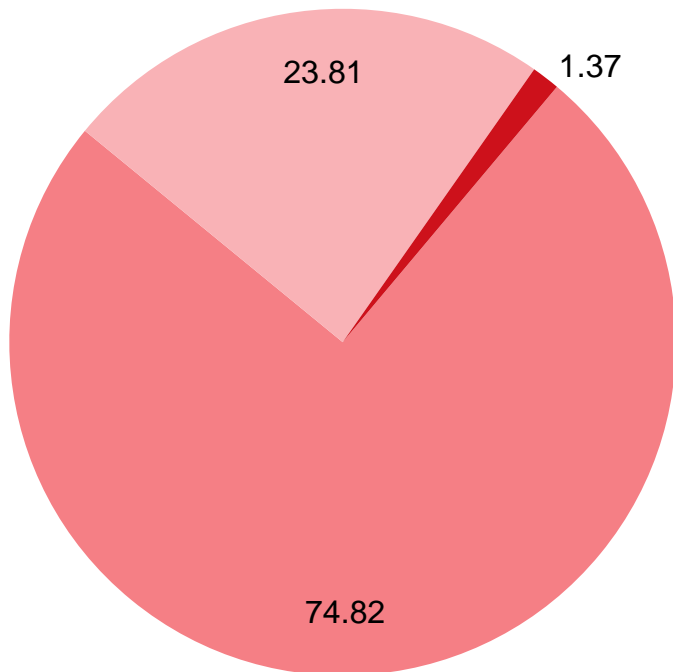
₹ 244,089 mn

Retail Loan Assets Under Management

(As of June 30, 2015)

SHAREHOLDING PATTERN

Strong promoter interest in business with 75% stake



(%) Shareholding as on June 30, 2015

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

NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation

(as on June 30, 2015)

₹ 80,416 million

DIVIDEND PAYOUT



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Delivering consistent returns to stakeholders

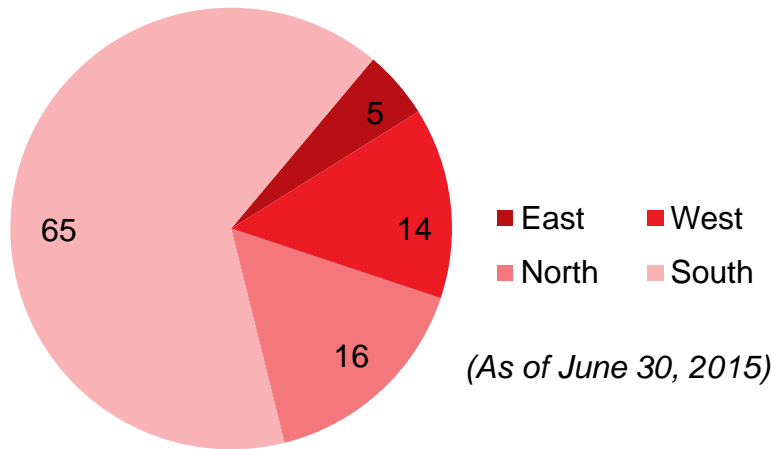
(%)

	FY 2015	FY 2014	FY 2013	FY 2012
Dividend (%)*	60	60	45	40
First Interim Dividend (%)	40	30	-	-
Second Interim Dividend (%)		20	-	-
Final Dividend (%)	20	10	45	40
Dividend Payout Ratio (%)	35.36	28.59	16.65	16.47

* On face value of ₹ 10 per equity share

A strong presence of 4242 branches across India

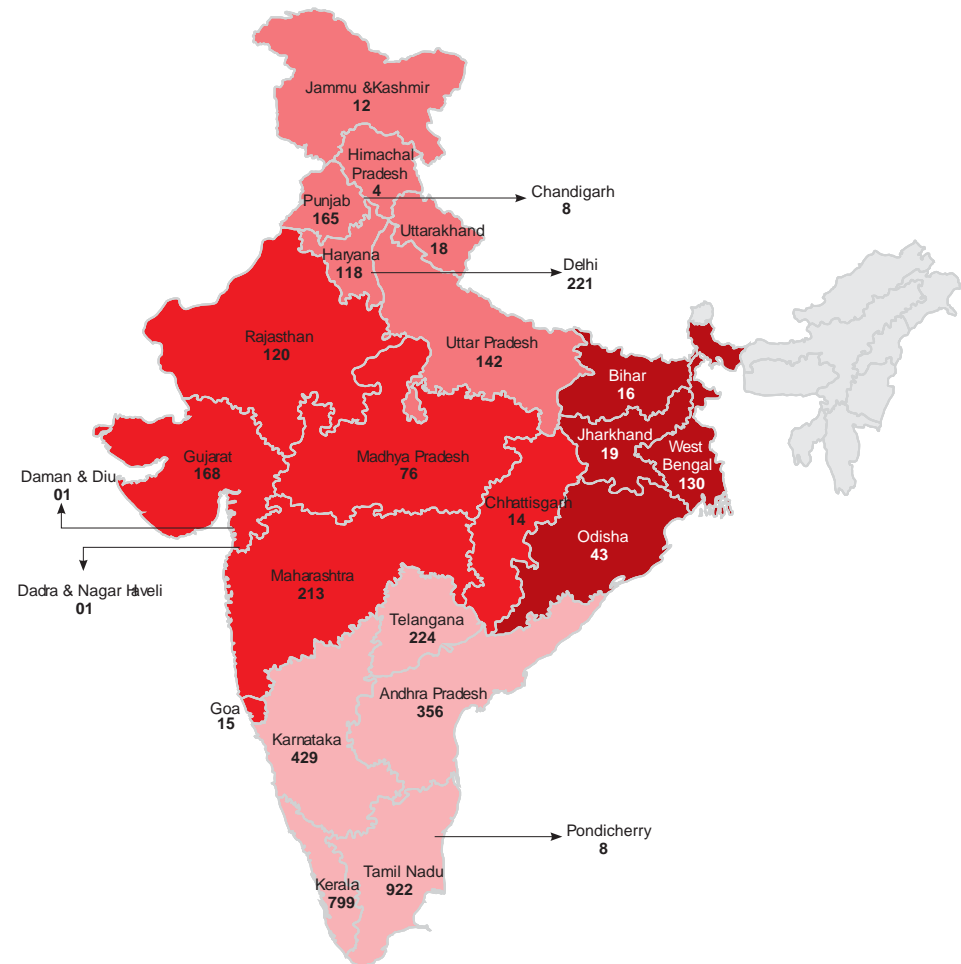
(%) Branches region wise



(As of June 30, 2015)

- 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

	Jun-15	Mar-15	Jun-14	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Share Capital	3,980	3,980	3,971	0	0
Reserves & Surplus	48,726	46,855	44,648	9	4
Total	52,706	50,835	48,619	8	4

Core focus continues to be gold loan

Gross retail loan assets under management

	Jun-15	Mar-15	Jun-14	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Gross retail loan assets under management	244,089	234,085	214,636	14	4

Break-up of Gross Retail Loan Assets under management

Gold Loans under management	243,605	233,499	213,054	14	4
Other loans	484	586	1,582	(69)	(17)

LIABILITIES



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Stable sources of funding

	Jun-15	Mar-15	Jun-14	Growth	Growth
	(₹ in million)	(₹ in million)	(₹ in million)	YoY (%)	QoQ (%)
Secured Non-Convertible Debentures (Muthoot Gold Bonds)	56,095	59,839	76,162	(26)	(6)
Secured Non-Convertible Debentures-Listed	32,757	30,656	25,068	31	7
Borrowings from Banks/FIs	77,851	72,418	54,596	43	8
Subordinated Debt	23,932	24,309	25,388	(6)	(2)
Subordinated Debt -Listed	2,518	2,229	1,174	114	13
Commercial Paper	6,855	0	90	7517	0
Other Loans	4,798	5,196	3,793	26	(8)
Total	204,806	194,647	186,271	10	5

REVENUE & PROFIT



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Profit & Loss Statement

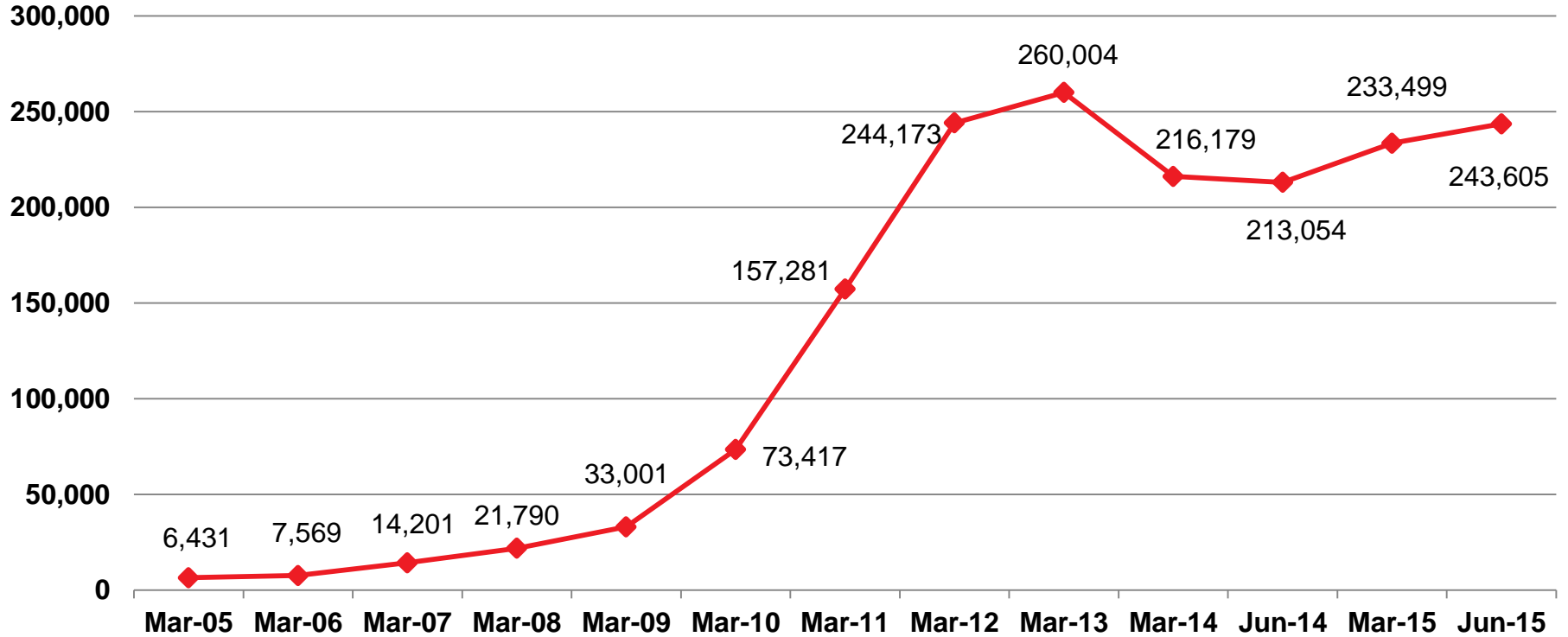
(₹ in million)

	Q1 FY 2016	Q4 FY 2015	Q1 FY 2015	YoY Growth(%)	FY 2015
INCOME					
Interest Income	11,280	10,872	10,802	4	42,703
Other Income	146	147	118	24	543
Total	11,426	11,019	10,920	5	43,246
EXPENDITURE					
Interest Expense	5,670	5,332	5,354	6	21,064
Personnel Expenses	1,607	1,577	1,523	6	6,304
Administrative & Other expenses	1,024	1,066	985	4	4,210
Provisions & Write Offs	106	216	80	33	371
Directors Remuneration	48	48	48	0	192
Depreciation	136	206	200	(32)	826
Total	8,591	8,445	8,190	5	32,967
PROFIT					
Profit Before Tax	2,835	2,573	2,730	4	10,278
Profit After Tax	1,832	1,652	1,802	2	6,705

Gaining scale over the years

Gold Loan Assets Under Management

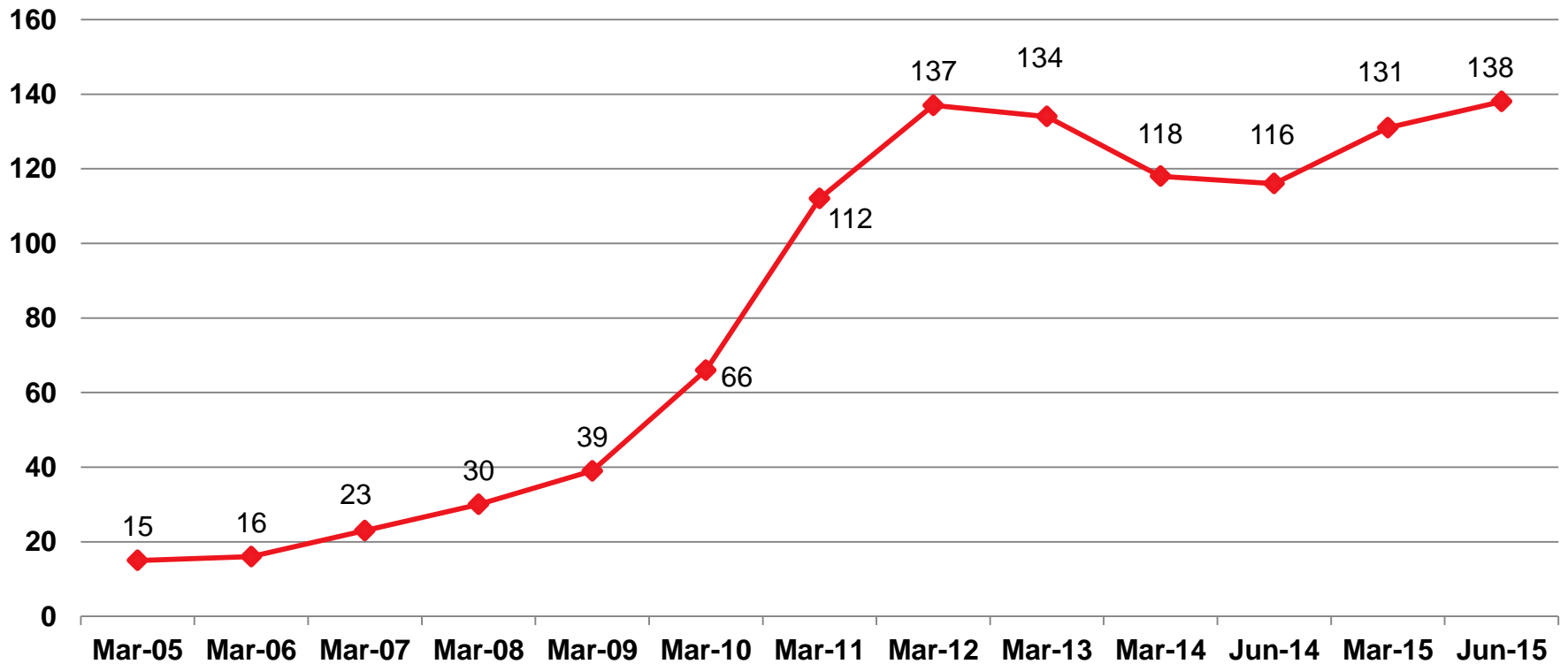
(₹ in million)



Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



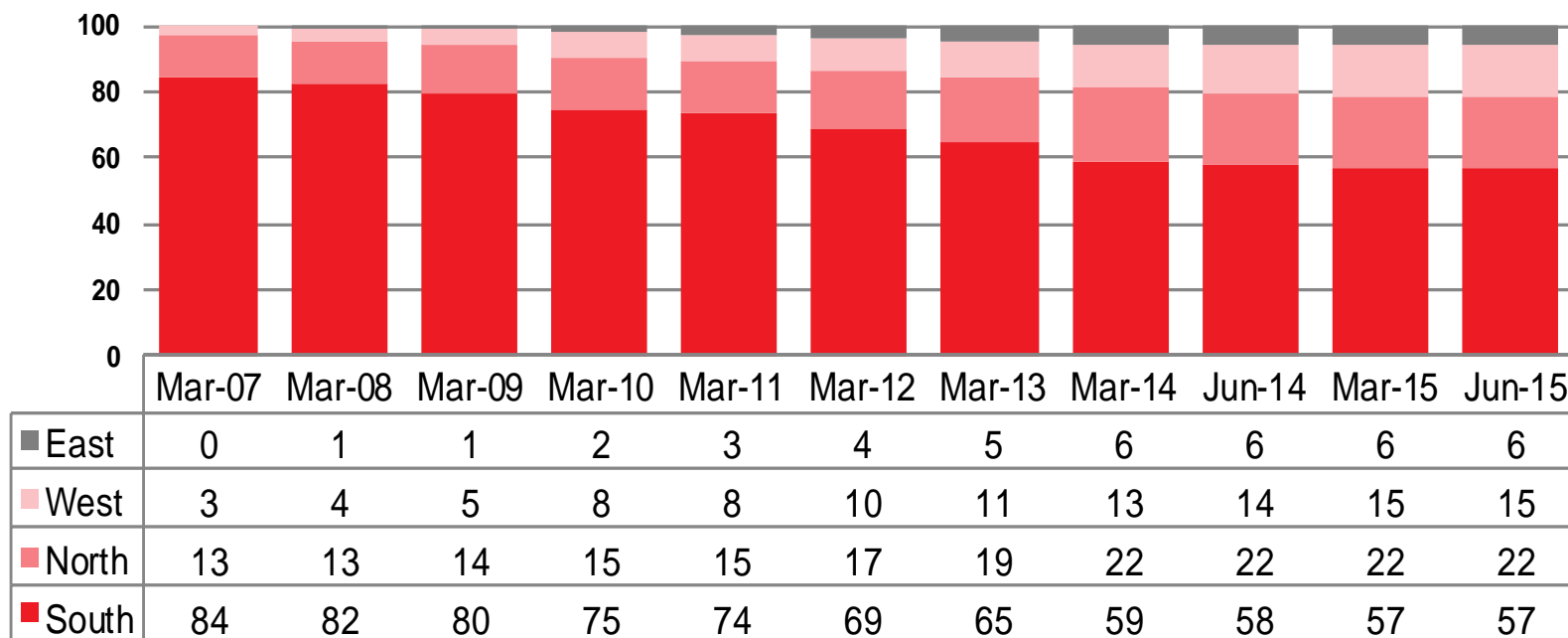
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



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Diversified gold loan portfolio across India

(%)



Gold Loan Assets Under Management

(₹ in million)

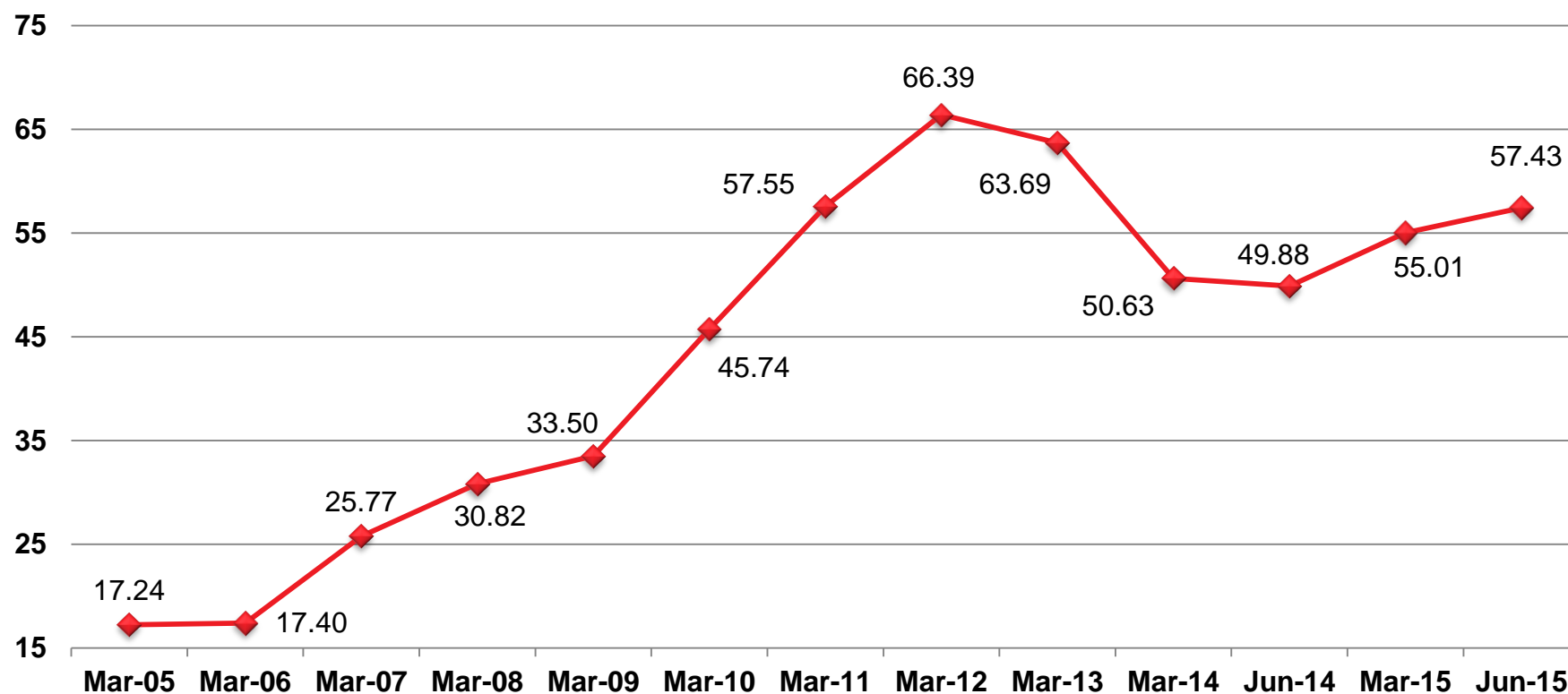
Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Jun-14	Mar-15	Jun-15
14,201	21,790	33,001	73,417	157,281	244,173	260,004	216,179	213,054	233,499	243,605



Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

(₹ in million)



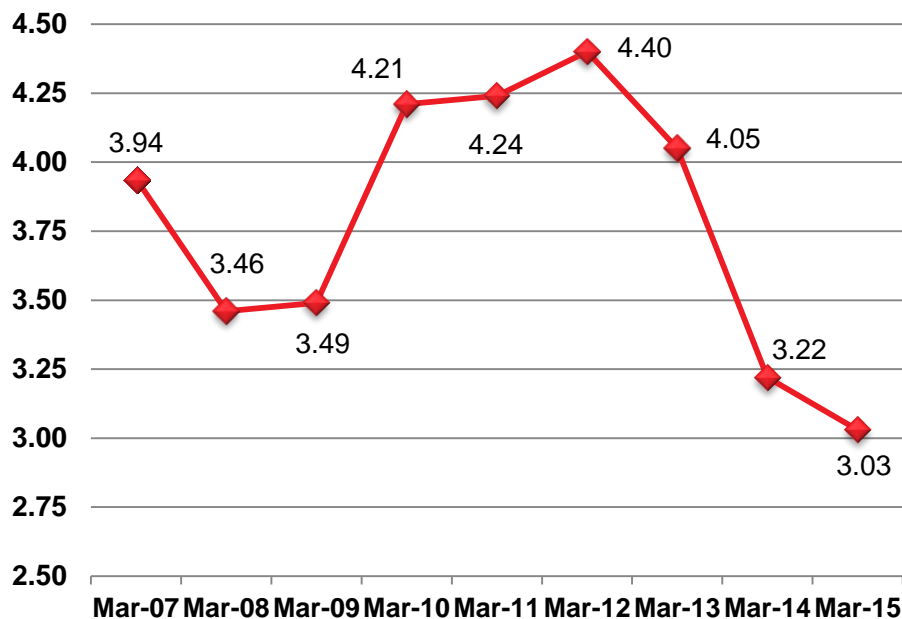


RETURN ON AVERAGE RETAIL LOAN ASSET

Attractive returns over the years

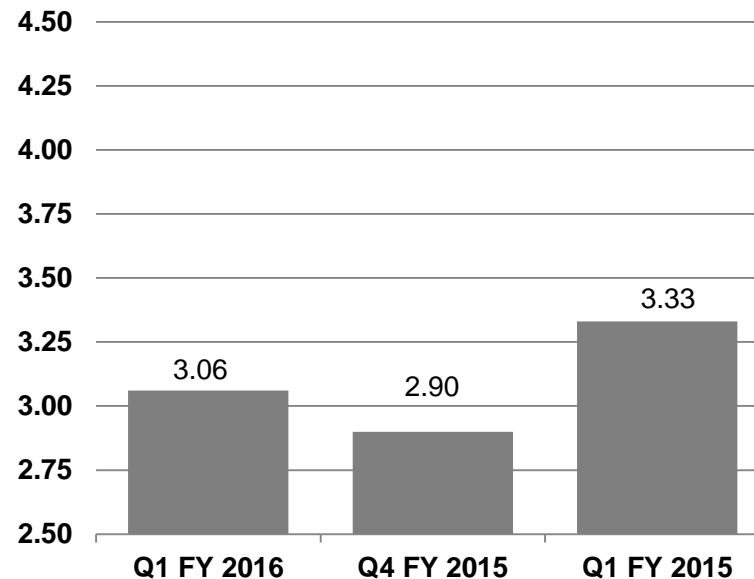
Yearly

(%)



Quarterly

(%)





NON-PERFORMING ASSETS & BAD DEBTS

Non-Performing Assets

(₹ in million)

	Jun-15	Mar-15	Jun-14
Gross Non-Performing Assets	5,195	5,117	3,968
Provision For Non-Performing Assets	752	725	725
Net Non-Performing Assets	4,443	4,392	3,243
% of Gross NPA on Gross Retail Loans	2.13	2.19	1.85
% of Net NPA on Gross Retail Loans	1.82	1.88	1.51

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

Bad Debts

(₹ in million)

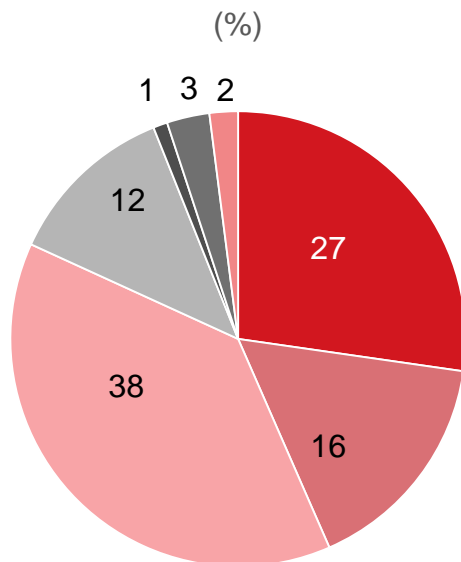
	Q1 FY 2016	Q4 FY 2015	Q1 FY 2015	FY 2015
Bad Debts Written Off	30	69	80	192

Standard Asset Provision

	Jun-15	Mar-15	Jun-14
Provision (₹ in million)	1,194	1,145	965
% of Provision to Standard Assets	0.50	0.50	0.46

Maintaining a higher standard asset provision of 0.50% as against the regulatory requirement of 0.25%

Maintaining a diversified funding profile



- Secured Non-Convertible Debentures (Muthoot Gold Bonds) – ₹ 56,095 mn (27%)
- Secured Non-Convertible Debentures – Listed – ₹ 32,757 mn (16%)
- Borrowings from Banks/Fis - ₹ 77,851 mn (38%)
- Subordinated Debt – ₹ 23,932 mn (12%)
- Subordinated Debt – Listed - ₹ 2,518 mn (1%)
- Commercial Paper – ₹ 6,855 mn (3%)
- Other Loans – ₹ 4,798 mn (2%)

(As of June 30, 2015)

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*	82,220	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*	76,500	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 ₹11,1340 millions

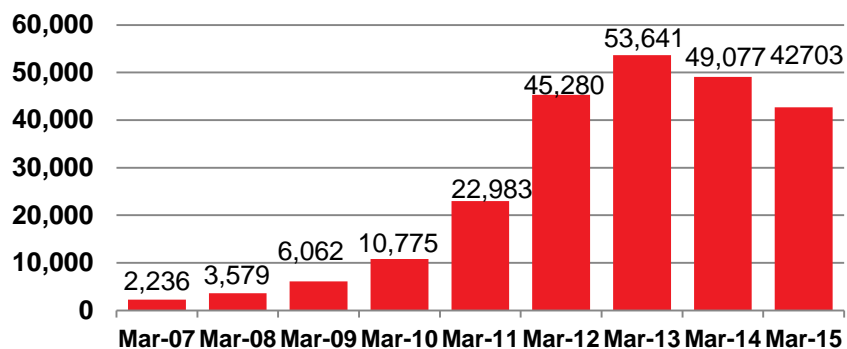


BREAK-UP OF GROSS INCOME

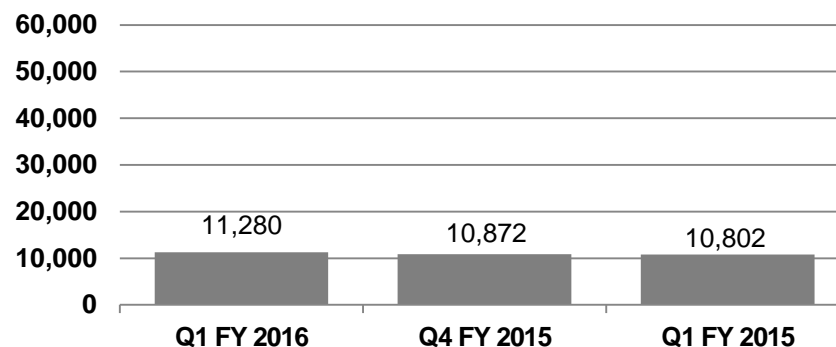
Interest Income

(₹ in million)

Yearly



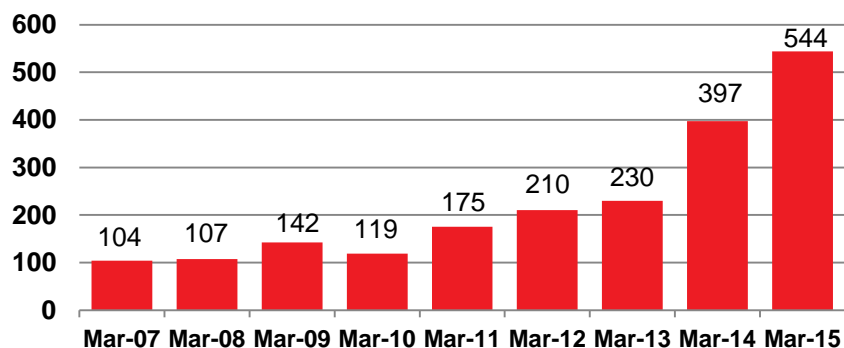
Quarterly



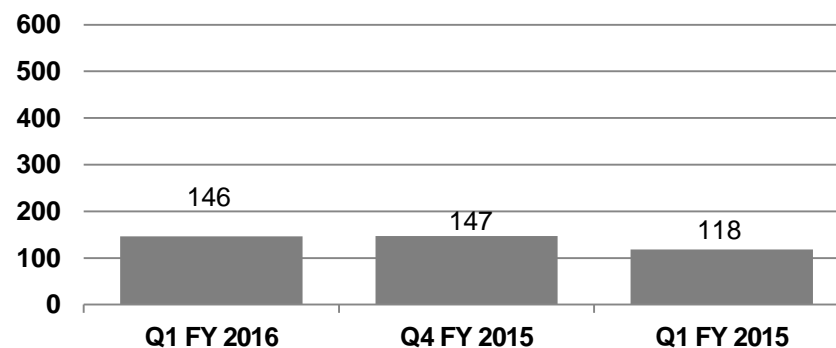
Other Income

(₹ in million)

Yearly



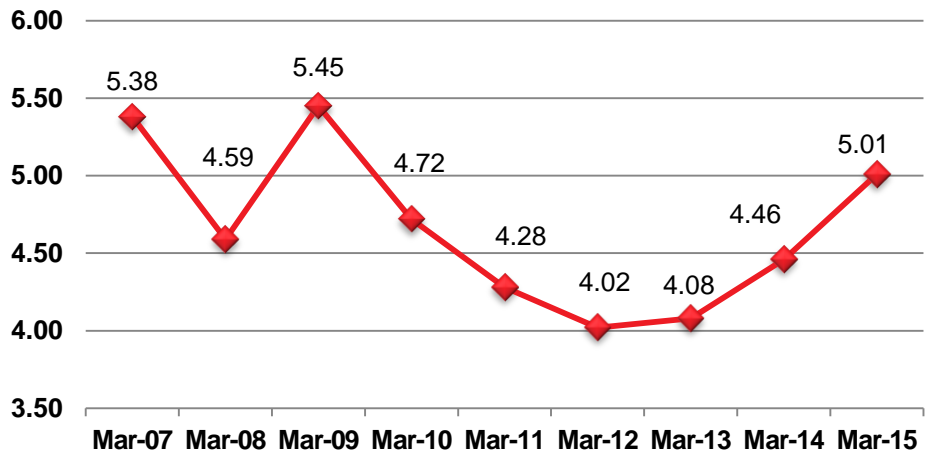
Quarterly



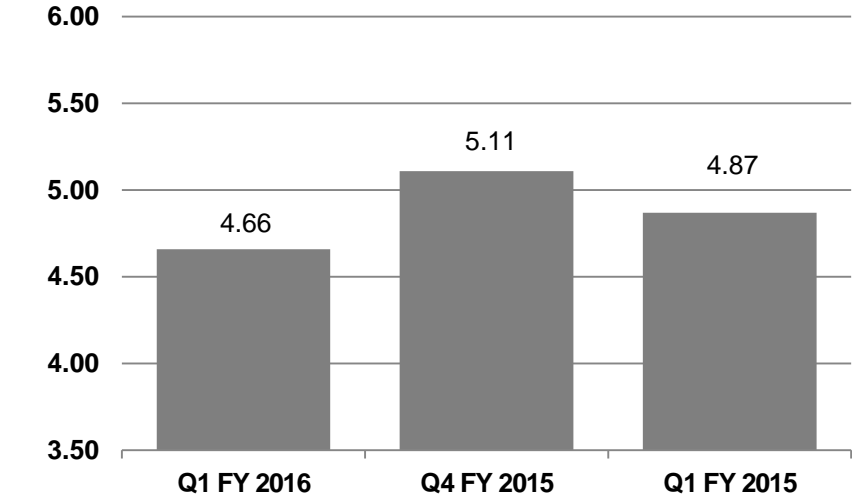
OPERATING EXPENSES TO AVERAGE RETAIL LOANS

Operational efficiency over the years

Yearly (%)



Quarterly (%)



**BREAK-UP OF OPERATING EXPENSES**

	Yearly							Quarterly		
	₹ in Millions							₹ in Million		
	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09	Q1 FY 2016	Q4 FY 2015	Q1 FY 2015
Personnel Expenses	6,304	5,917	5,453	4,145	2,209	1,169	677	1,607	1,577	1,523
Rent	1,650	1,542	1,309	1,042	603	290	131	415	424	402
Advertisement	651	702	579	866	647	331	208	168	157	153
Postage, Telegram and Telephone	371	364	243	184	115	72	27	84	94	91
Traveling and Conveyance	212	190	175	168	114	67	42	47	50	50
Printing and Stationery	160	185	168	155	111	69	44	38	48	33
Repairs and Maintenance	281	272	256	341	211	96	62	74	92	60
Legal and Professional Charges	189	216	86	60	114	34	16	40	27	65
Business Promotion Expense	140	279	332	267	119	45	25	22	55	15
Directors Remuneration	192	192	192	192	192	192	121	48	48	48
Depreciation and Ammortisation Expenses	841	475	454	329	180	149	99	140	209	203
Others	733	731	550	380	229	165	165	162	184	193
Provision For Standard & NPA Assets	180	214	765	351	323	21	7	76	148	0
Total	11,904	11,279	10,562	8,480	5,165	2,701	1,625	2,921	3,113	2,836

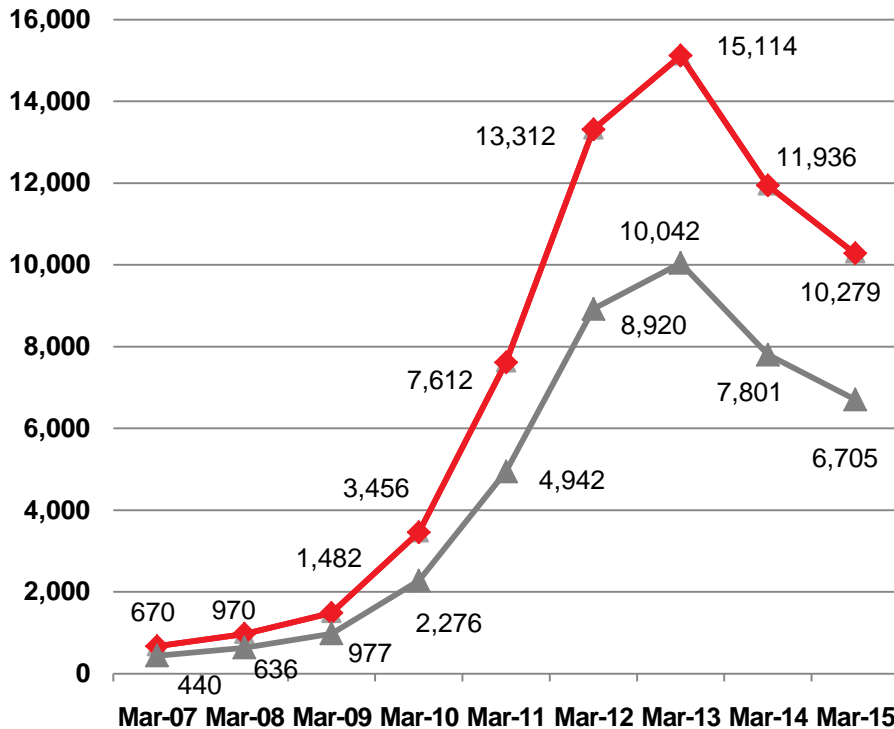
Efforts getting rewarded

Profitability at a glance

(₹ in million)

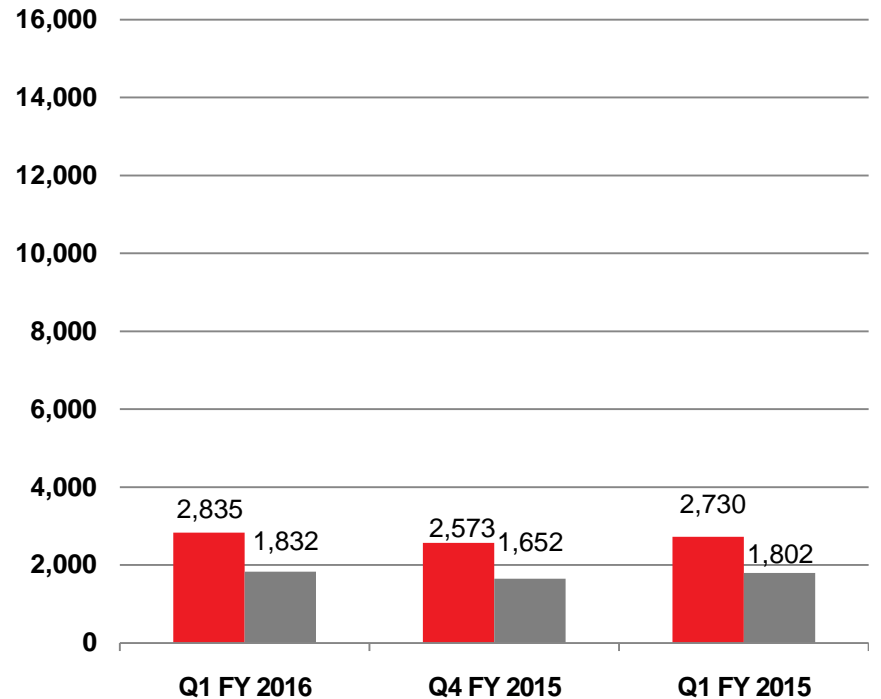
Yearly

◆ PBT ▲ PAT



Quarterly

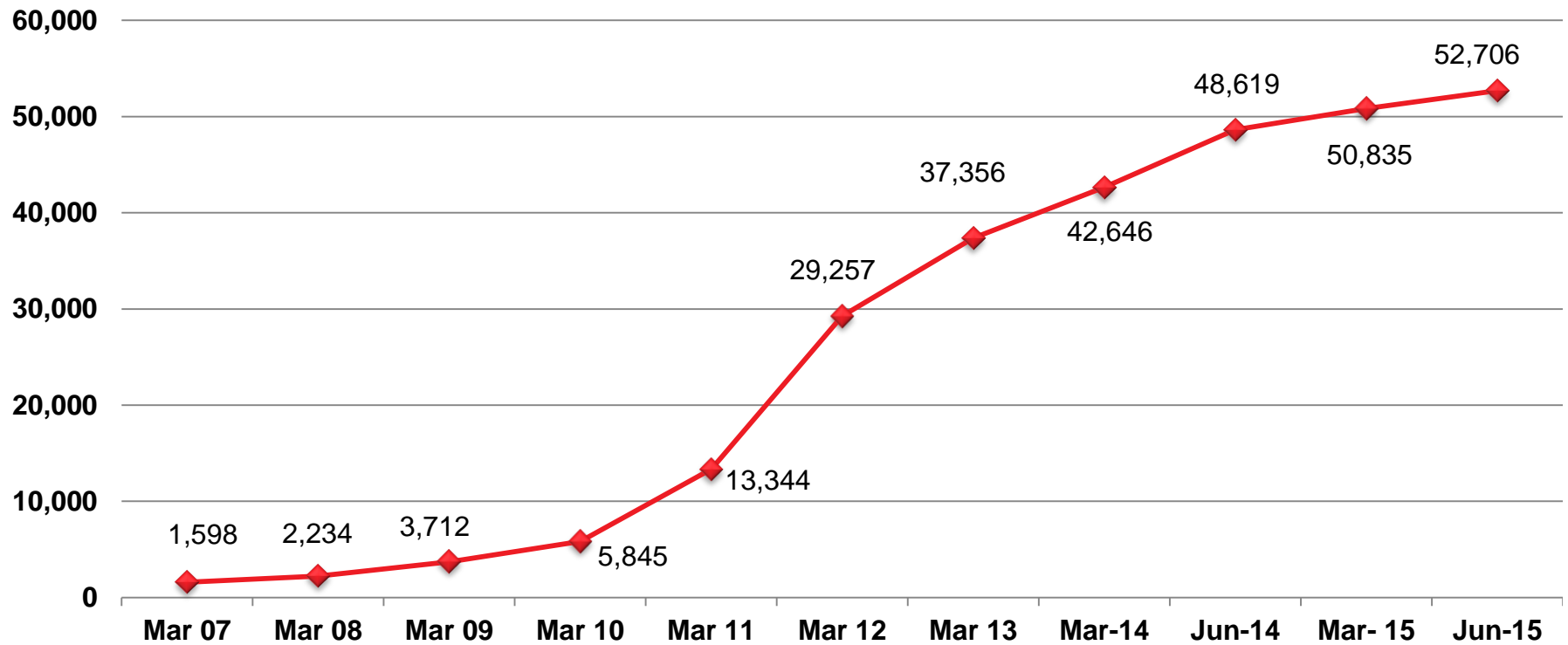
■ PBT ■ PAT



Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)





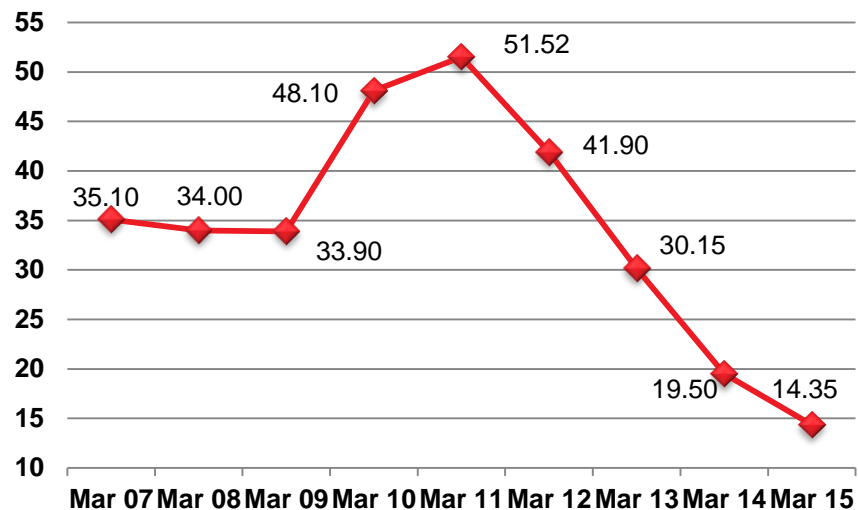
RETURN ON EQUITY

Stable shareholder value creation

Return on Average Equity

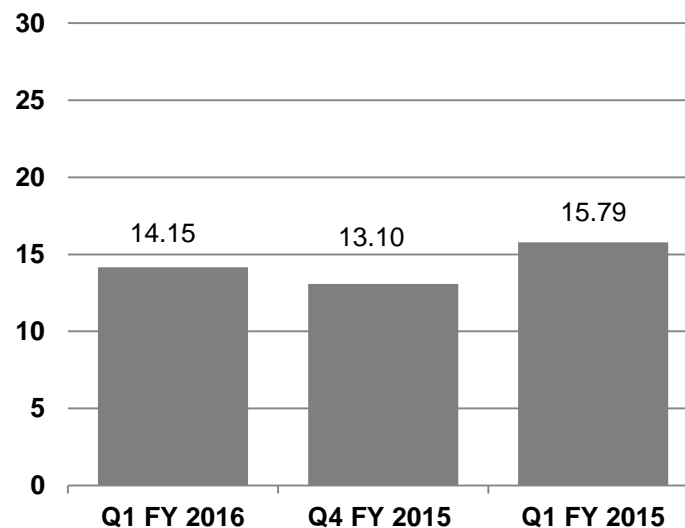
Yearly

(%)



Quarterly

(%)





Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

	Jun-15	Mar-15	Jun-14
Capital Adequacy Ratio	24.15	24.78	26.79
Tier-I	19.76	19.96	20.45
Tier-II	4.38	4.82	6.34



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

	Q1 FY 2016	Q4 FY 2015	Q1 FY 2015	FY 2015
Earnings per share (₹)				
- Basic	4.60	4.16	4.63	16.97
- Diluted	4.56	4.10	4.60	16.80

	Jun-15	Mar-15	Jun-14
Book Value per share (₹)	132.29	127.59	122.29
Market price per share (₹)*	202.05	207.05	188.30
Price to Earnings ratio**	11.93	12.20	9.24
Price to Book Value ratio	1.53	1.62	1.54

*Source: www.nseindia.com

**Based on trailing 12 months EPS

CAPITALISATION RATIOS



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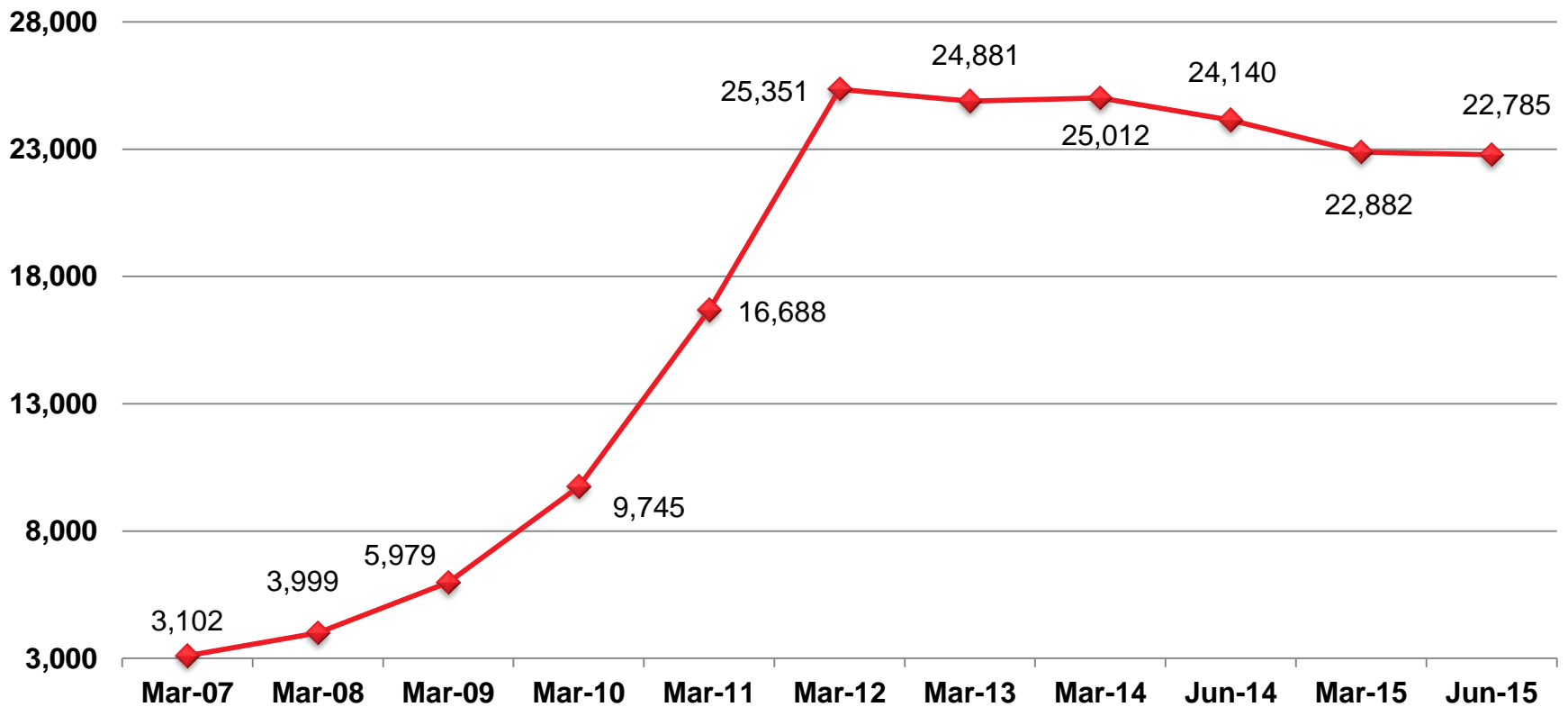
Headroom for further leveraging

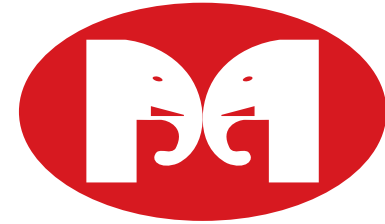
(₹ In million)

	Jun-15	Mar-15	Jun-14
Outside Liabilities	229,251	216,857	206,005
Cash & Bank Balances	19,657	17,366	18,289
Tangible Networth	52,653	50,775	48,556
Capital Gearing	3.98	3.93	3.87

Groomed human capital over the years to meet growing business requirements

(No. of Employees)





Muthoot Finance

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