

Muthoot Finance

Financial Results Q2 FY 2018

September 2017

MUTHOOT FINANCE LIMITED

SAFE HARBOUR STATEMENT

This presentation may include statements, which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

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MUTHOOT FINANCE: DRIVING INCLUSIVE GROWTH

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

Multiple service offerings

CORE SERVICE



Gold Loans

OTHER SERVICES



Money Transfer Services



Collection Services



White Label ATM



Wind Mill Power Generation



National Pension Scheme

MFIN - A GLIMPSE

29

States/Union territory presence

152 tonnes

Gold jewellery kept as security

4,200+

Pan-India branches

200,000+

Retail investor base across debenture and subordinated debt portfolio

22,000+

Team members

130,000+

Customers served every day

₹ 276,080 mn

Loan Assets Under Management

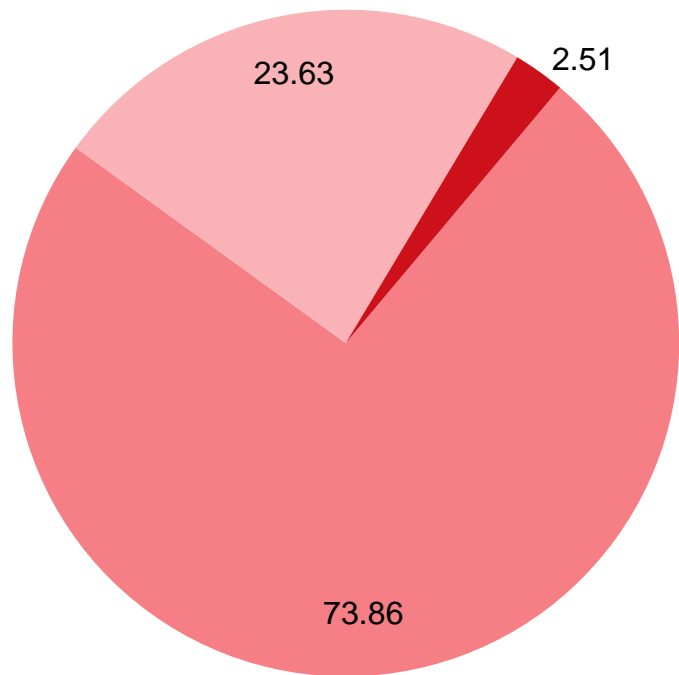
(As of September 30, 2017)

SHAREHOLDING PATTERN



Muthoot Finance

Strong promoter interest in business with 74% stake



(%) Shareholding as on September 30, 2017

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

NSE Ticker

MUTHOOTFIN

BSE Ticker

533398

Market Capitalisation
(as on September 30, 2017)

₹ 189,754 million

DIVIDEND PAYOUT



Muthoot Finance

Delivering consistent returns to stakeholders

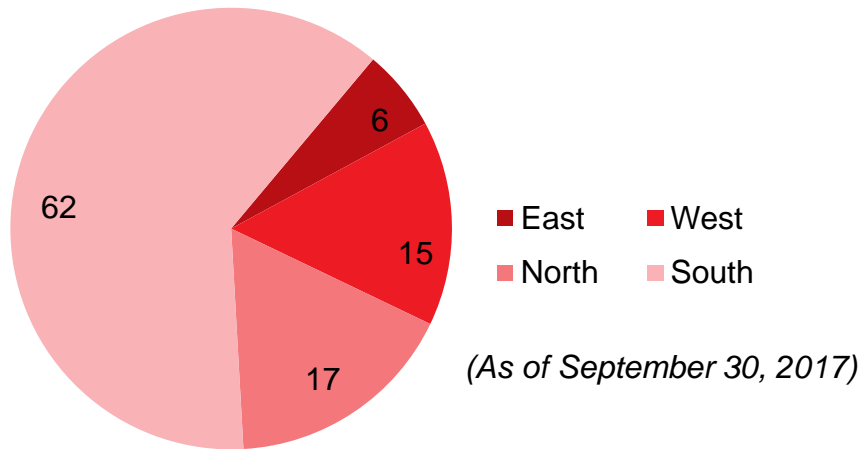
(%)

| | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|-----------------------------|---------|---------|---------|---------|---------|
| Dividend (%)* | 60 | 60 | 60 | 60 | 45 |
| First Interim Dividend (%) | 60 | 40 | 40 | 30 | - |
| Second Interim Dividend (%) | - | 20 | - | 20 | - |
| Final Dividend (%) | - | - | 20 | 10 | 45 |
| Dividend Payout Ratio (%) | 20.30 | 29.50 | 35.36 | 28.59 | 16.65 |

* On face value of ₹ 10 per equity share

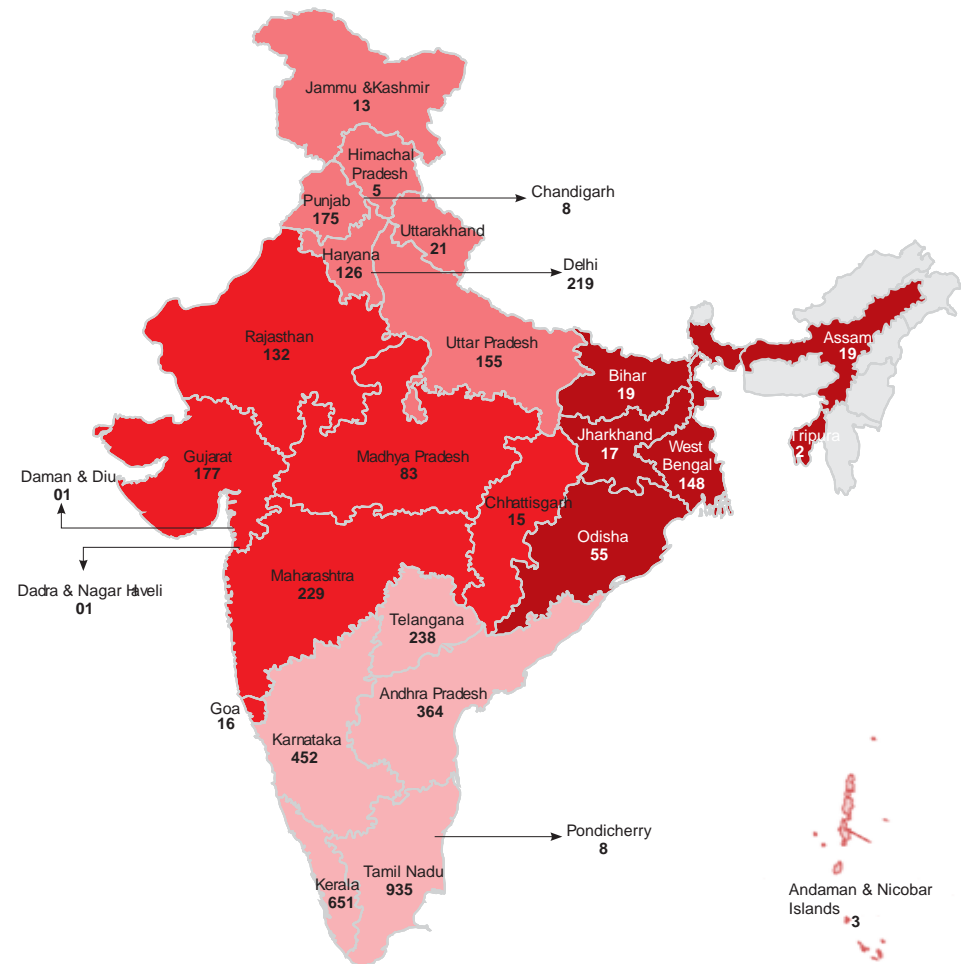
A strong presence of 4287 branches across India

(%) Branches region wise



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

State wise Branch Network



Digital convenience for new gen & Millennium Customer acquisition

Aadhaar based Electronic KYC



- Biometric KYC verification - Convenience
- No further KYC documents –Paperless
- Aadhar
- 4,185 branches covered now
- 86% of New KYCs through e-KYC
- e-Sign facility has been introduced in October'17.

Direct Credit Facility



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

Gold Cash Card (GCC) - DCB VISA



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

PoS Terminals



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

Online Gold Loan (OGL)

- 10% of our active Gold loan Customers are transacting Online

Muthoot Online



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

iMuthoot App



Mobile App



- Launched in Nov'16 has about 2.50 lakhs downloads.
- Online Gold Loan (OGL) facility available to withdraw loan amount and renewal, apart from payments.
- Rs.136 crs payments received from 1.9 lakhs successful transactions so far.
- Updated scheme details available with loan calculator.
- Google maps integrated for easy location of nearest branch and fix appointment.
- UPI & e-Sign facility will be introduced by Nov'17.

Strong Capital Base

Networth

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

Core focus continues to be gold loan

Gross Loan Assets under management

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

LIABILITIES



Muthoot Finance

Stable sources of funding

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

REVENUE & PROFIT



Muthoot Finance

Profit & Loss Statement

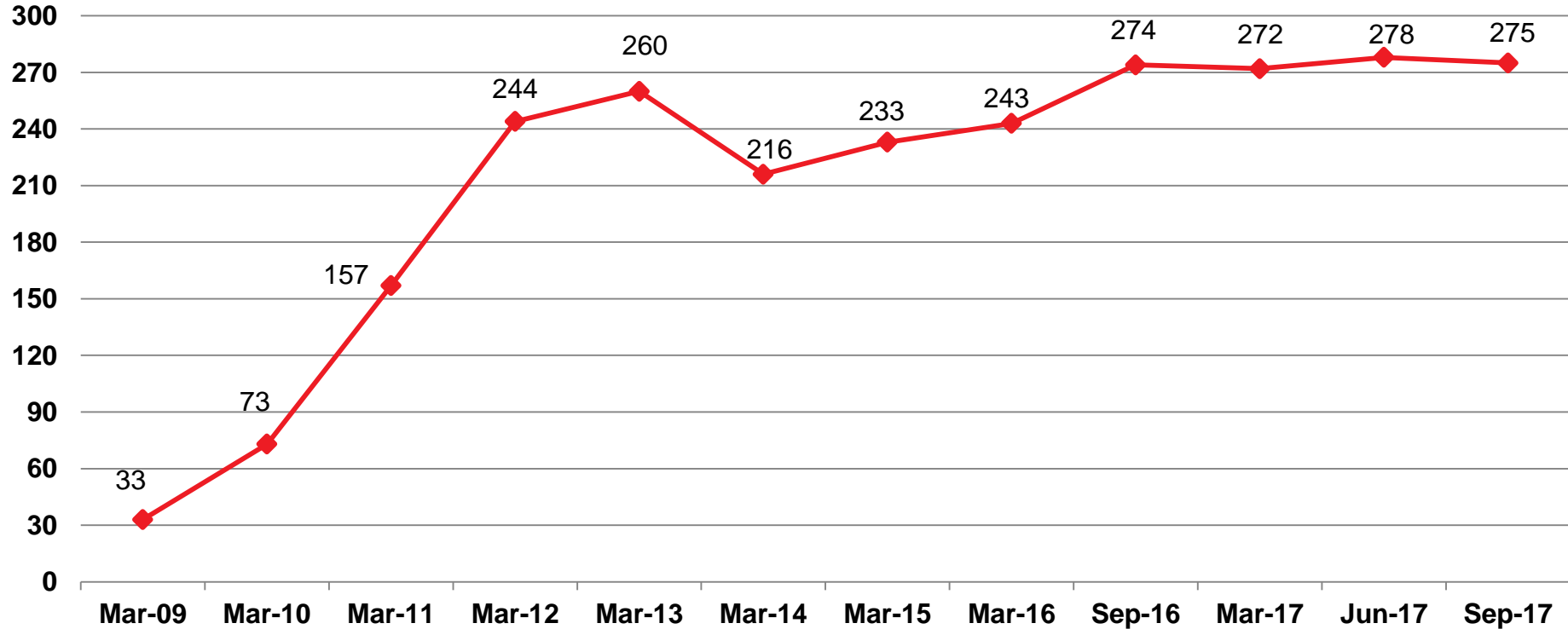
(₹ in million)

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

Gaining scale over the years

Gold Loan Assets Under Management

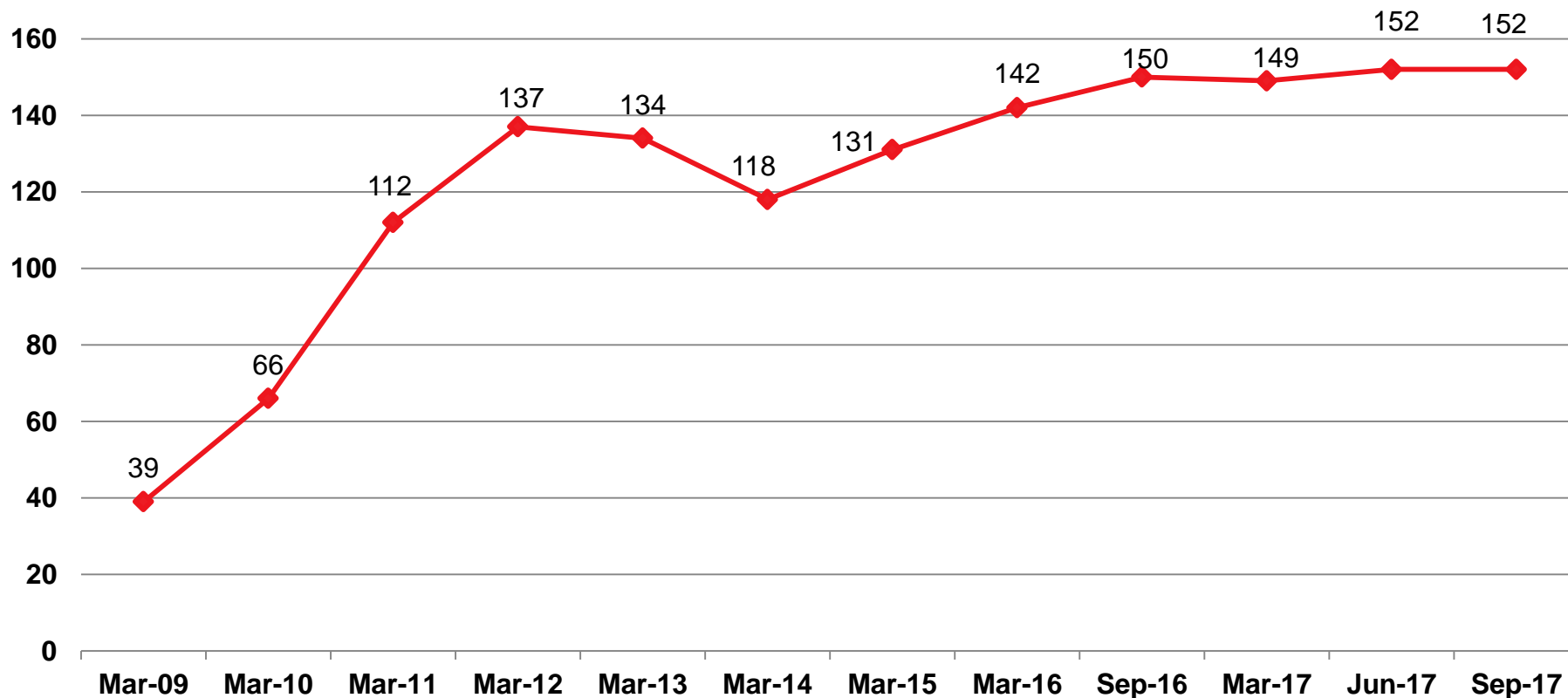
(₹ in billion)



Carrying the trust of millions of our customers

Gold jewellery kept as security

(In tonnes)



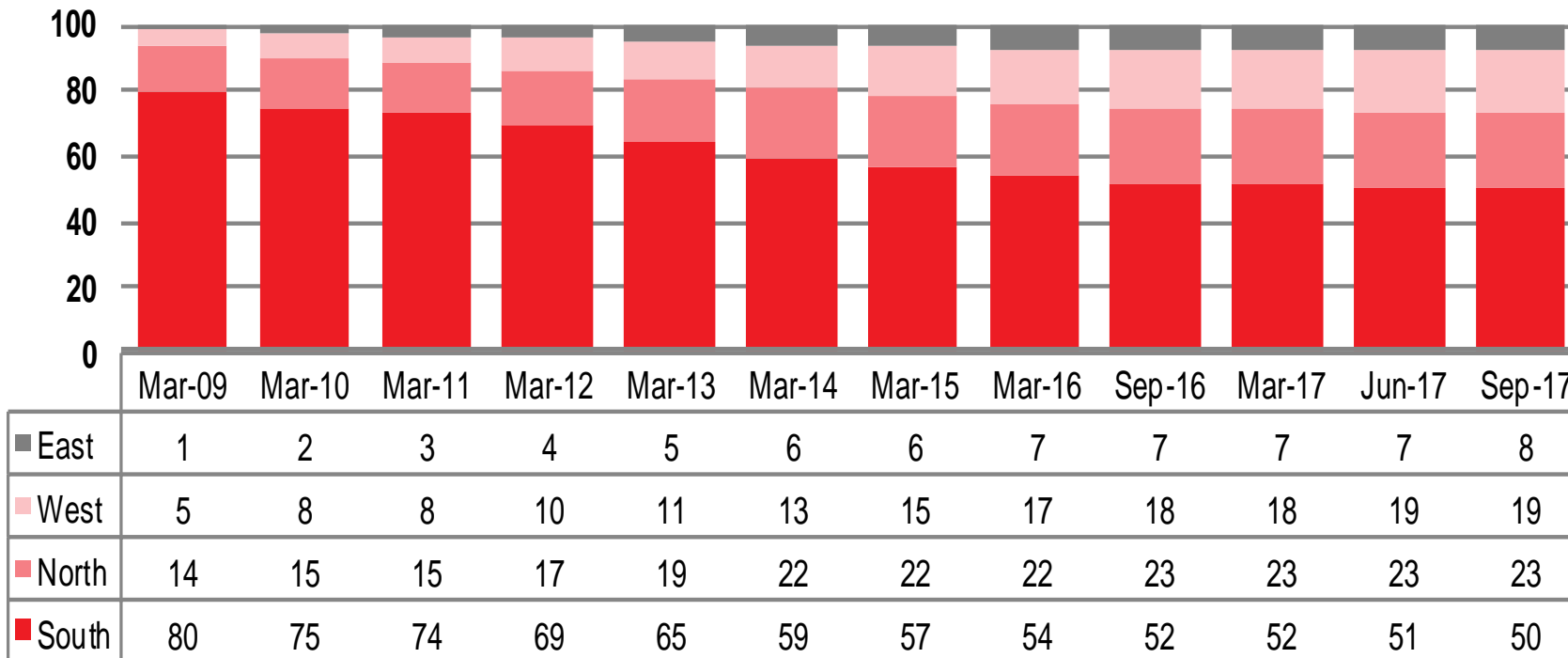
GEOGRAPHICAL SPREAD OF GOLD LOAN PORTFOLIO



Muthoot Finance

Diversified gold loan portfolio across India

(%)



Gold Loan Assets Under Management

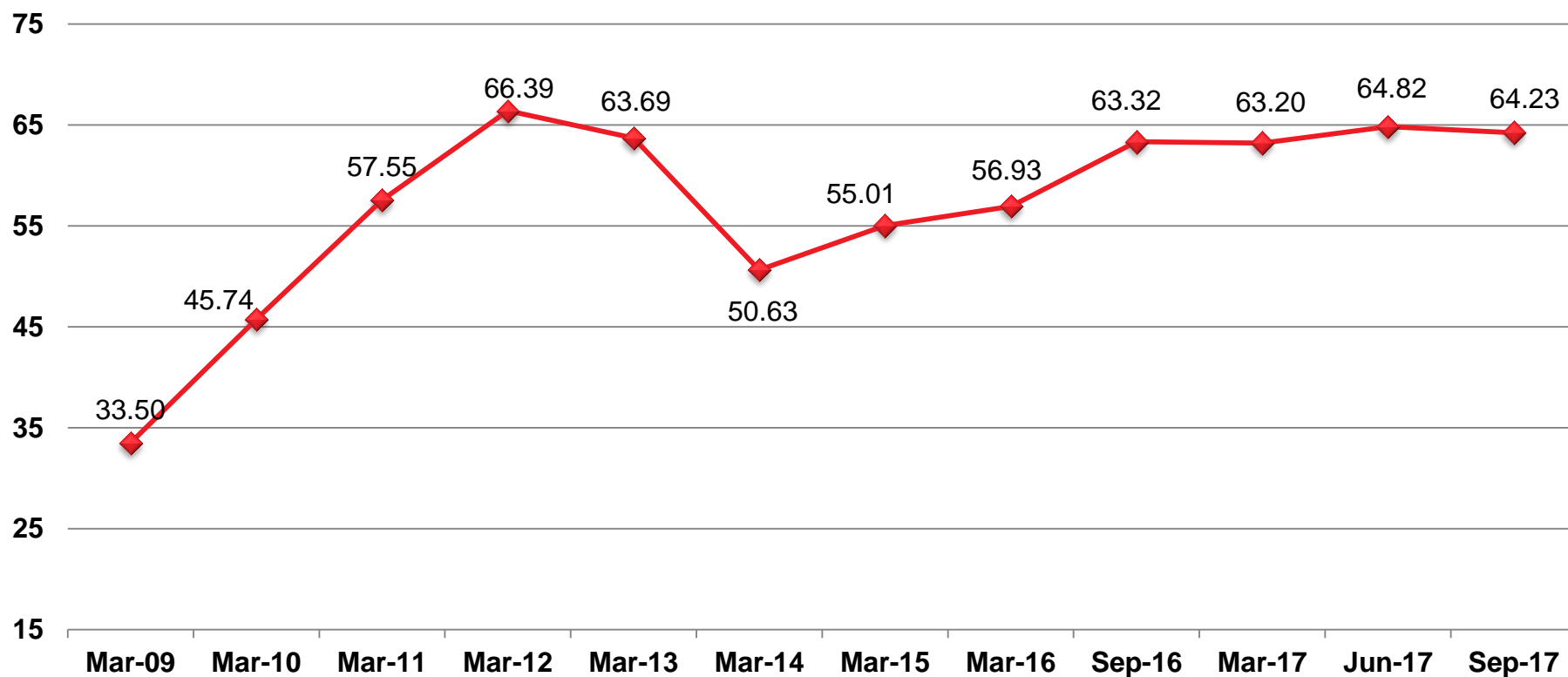
(₹ in billion)

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

Widening presence with increasing gold loan business per branch

Average Gold Loan Per Branch

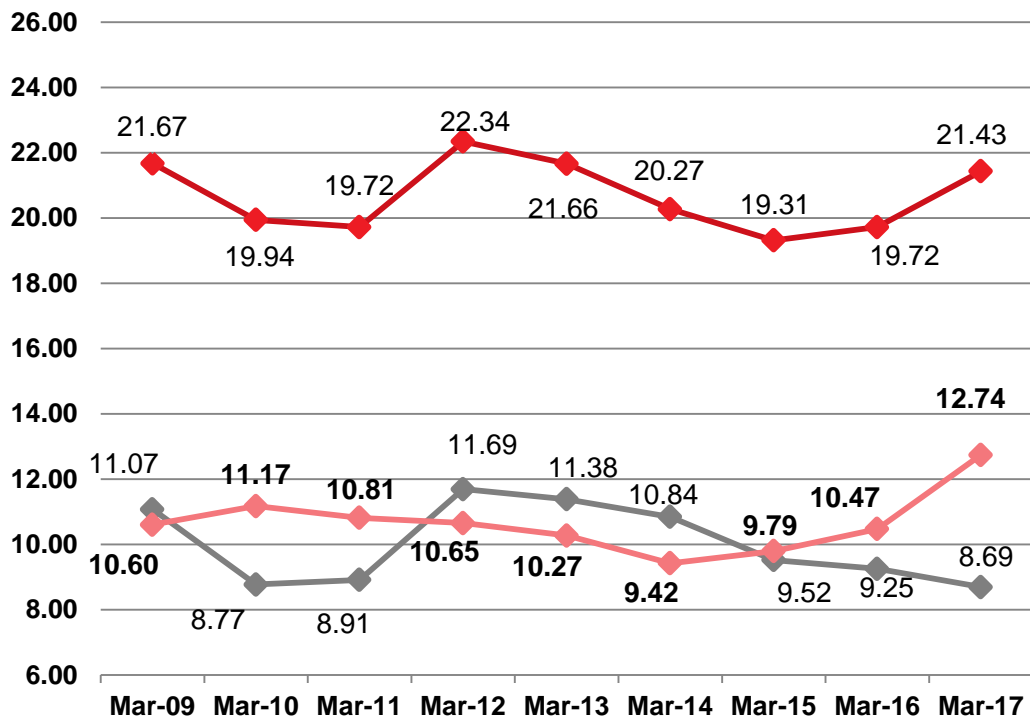
(₹ in million)



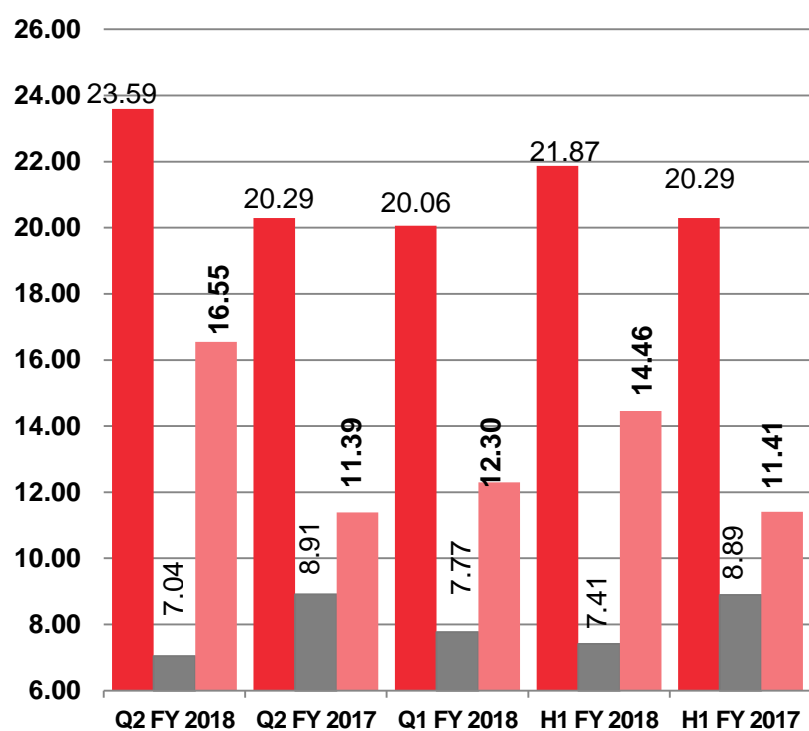


YIELD ON LOAN ASSETS AND NIM

Yearly (%)



Quarterly (%)

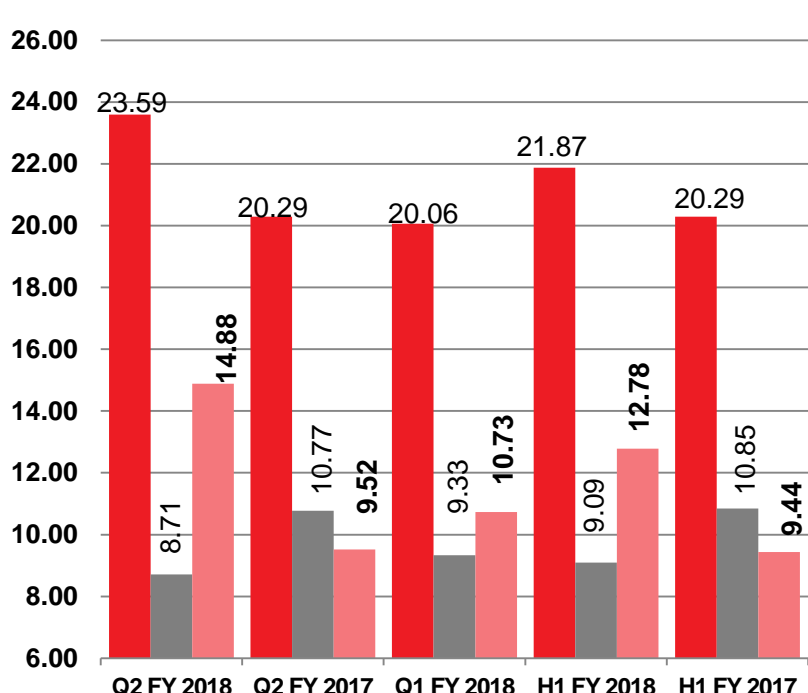
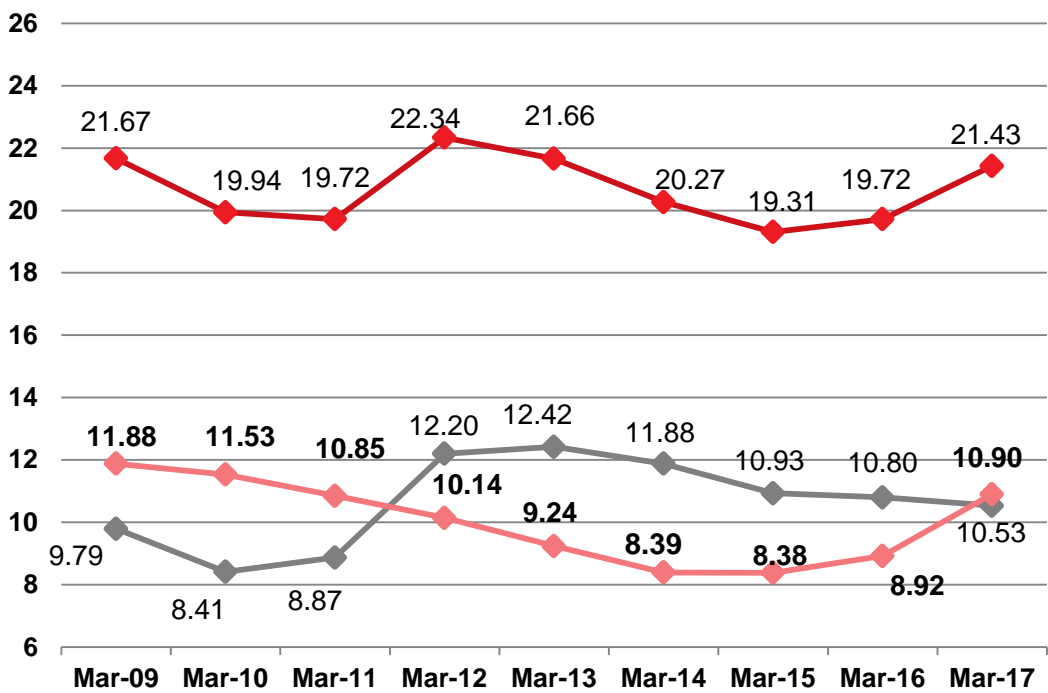


- Interest Income on Average Loan Assets
- Interest Expense on Average Loan Assets
- Net Interest Margin



INTEREST SPREAD

| | |
|------------|---------------|
| Yearly (%) | Quarterly (%) |
|------------|---------------|



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

RETURN ON AVERAGE LOAN ASSETS

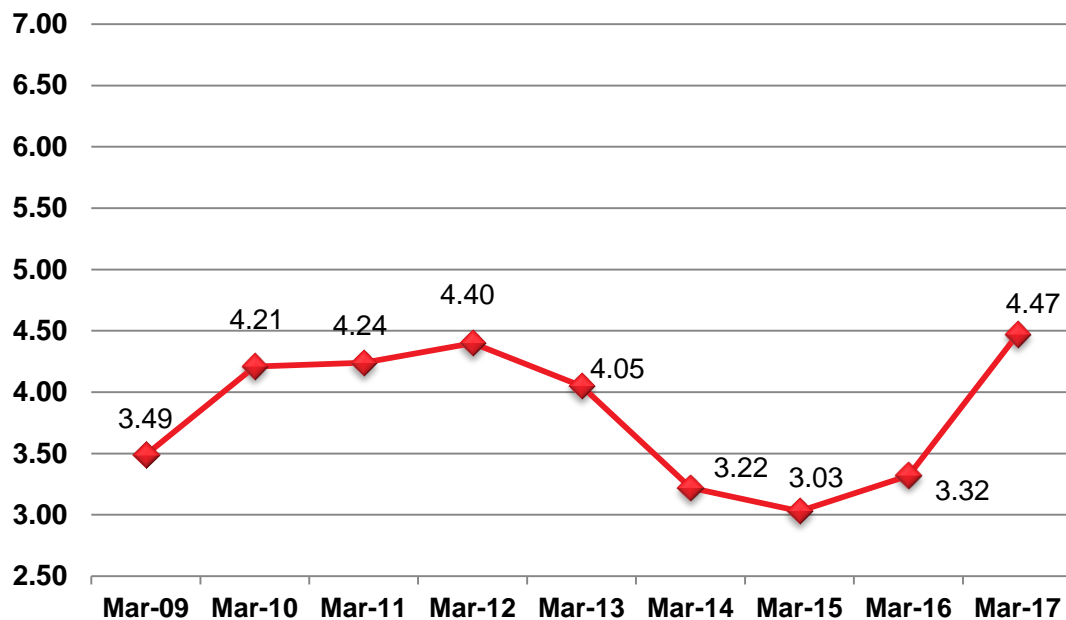


Muthoot Finance

Attractive returns over the years

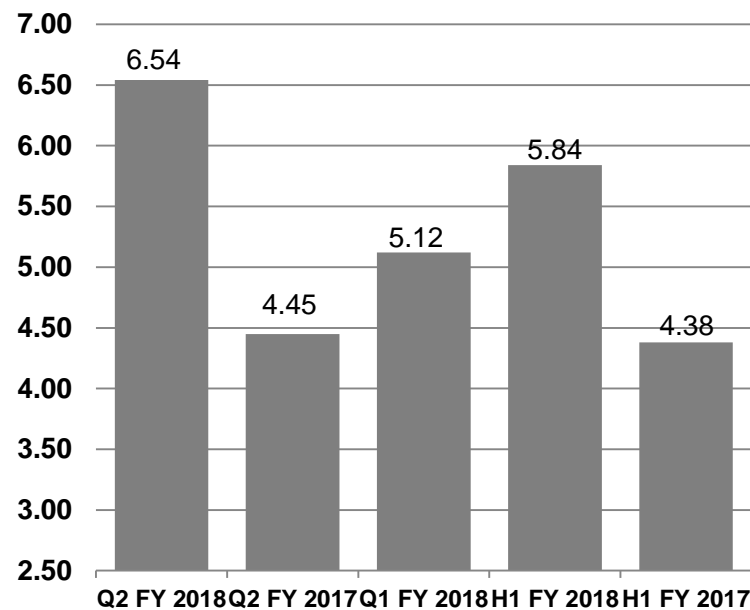
Yearly

(%)



Quarterly

(%)





NON-PERFORMING ASSETS & BAD DEBTS

Non-Performing Assets

(₹ in million)

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

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

Bad Debts

(₹ in million)

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

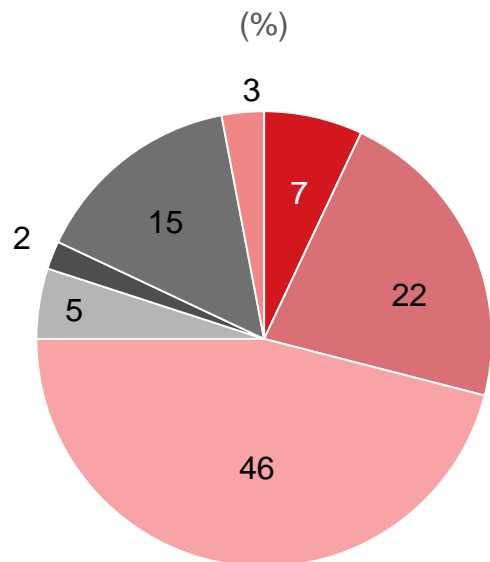
Standard Asset Provision

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

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

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

Maintaining a diversified funding profile



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

(As of September 30, 2017)

Highest Rating among gold loan companies

Short-term Rating

| | Amt of rating (₹ in million) | Rating | Indicates |
|-------------------------|---------------------------------|------------|---|
| COMMERCIAL PAPER | | | |
| CRISIL | 40,000 | CRISIL A1+ | Very strong degree of safety with regard to timely payment of financial obligation and carry lowest credit risk |
| ICRA | 40,000 | ICRA A1+ | Very strong degree of safety and lowest credit risk |
| BANK LOANS | | | |
| ICRA* | 125,630 | ICRA A1+ | Very strong degree of safety and lowest credit risk |

Long-term Rating

| | Amt of rating (₹ in million) | Rating | Indicates |
|----------------------------------|---------------------------------|--------------------|---|
| SUBORDINATED DEBT | | | |
| CRISIL | 1,000 | CRISIL AA/(Stable) | High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |
| ICRA | 1,000 | ICRA AA(Stable) | High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |
| NON CONVERTIBLE DEBENTURE | | | |
| CRISIL | 5,000 | CRISIL AA/(Stable) | High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |
| ICRA | 2,000 | ICRA AA(Stable) | High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |
| BANK LOANS | | | |
| ICRA* | 99,370 | ICRA AA(Stable) | High Degree of safety with regard to timely servicing of financial obligations and carry very low credit risk |

*Within the overall rating of ₹135,150 millions

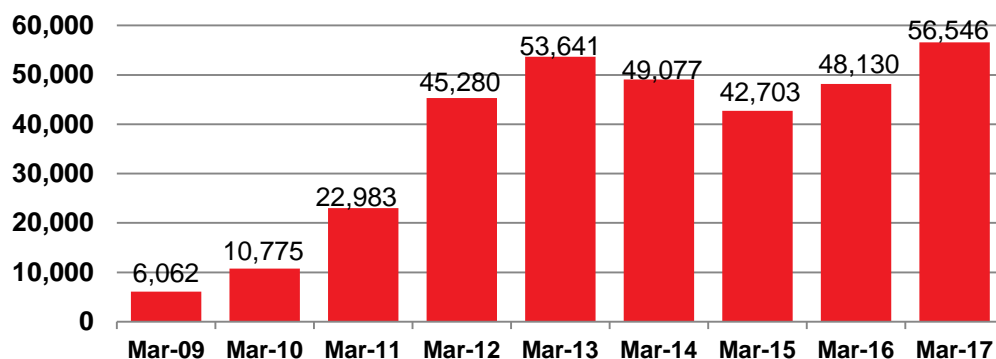


BREAK-UP OF GROSS INCOME

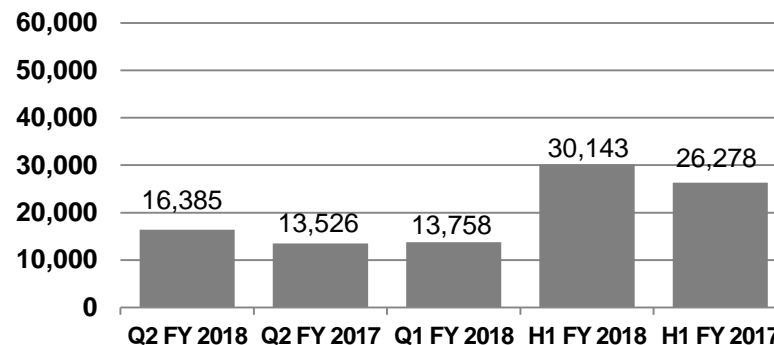
Interest Income

(₹ in million)

Yearly



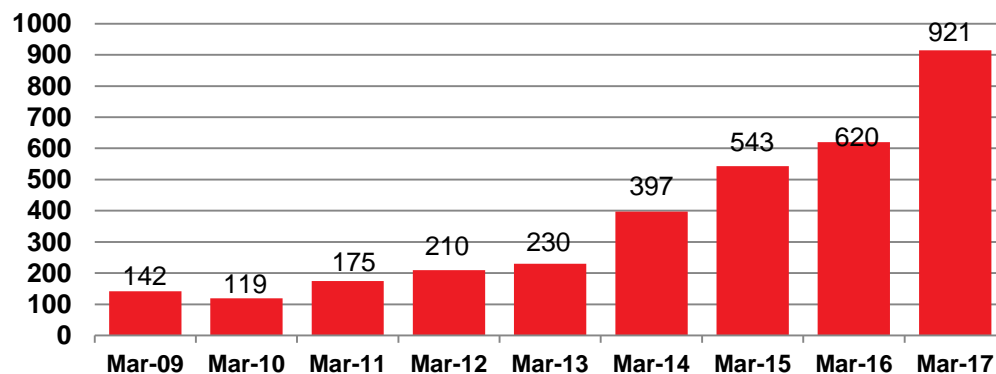
Quarterly



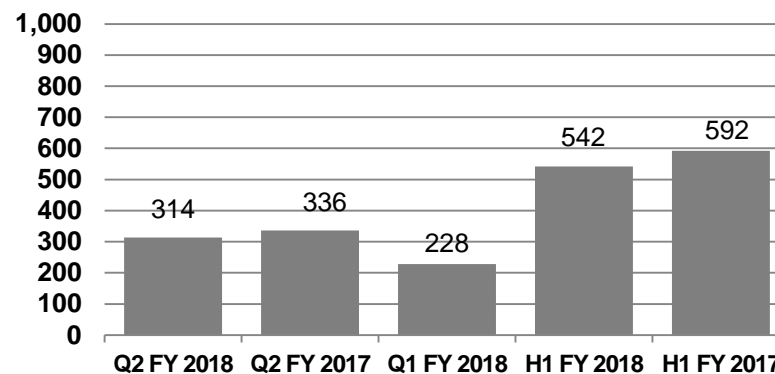
Other Income

(₹ in million)

Yearly



Quarterly

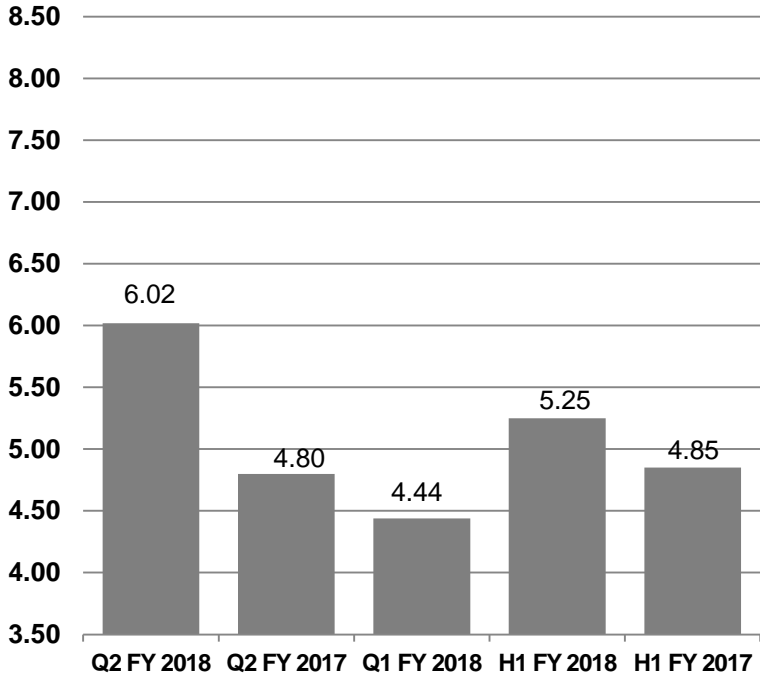
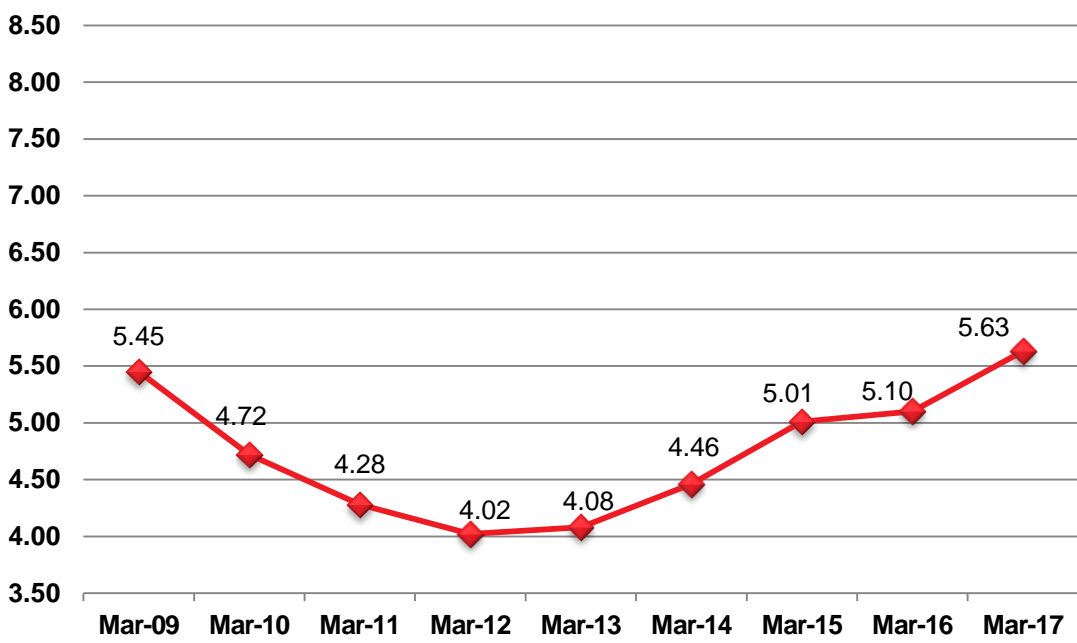


OPERATING EXPENSES TO AVERAGE LOAN ASSETS

Operational efficiency over the years

Yearly (%)

Quarterly (%)



**BREAK-UP OF OPERATING EXPENSES**

| | Yearly (₹ in Millions) | | | | | | | | Quarterly (₹ in Million) | | | | |
|--|---------------------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|-----------------------------|--------------|--------------|--------------|--------------|
| | Mar-17 | Mar-16 | Mar-15 | Mar-14 | Mar-13 | Mar-12 | Mar-11 | Mar-10 | Q2 FY 2018 | Q1 FY 2017 | Q1 FY 2018 | H1 FY 2018 | H1 FY 2017 |
| Personnel Expenses | 7,280 | 6,418 | 6,304 | 5,917 | 5,453 | 4,145 | 2,209 | 1,169 | 1,884 | 1,896 | 1,773 | 3,657 | 3,745 |
| Rent | 1,808 | 1,713 | 1,650 | 1,542 | 1,309 | 1,042 | 603 | 290 | 425 | 452 | 503 | 928 | 886 |
| Advertisement | 531 | 626 | 651 | 702 | 579 | 866 | 647 | 331 | 64 | 134 | 176 | 240 | 252 |
| Postage, Telegram and Telephone | 372 | 378 | 371 | 364 | 243 | 184 | 115 | 72 | 122 | 116 | 105 | 227 | 196 |
| Traveling and Conveyance | 186 | 187 | 212 | 190 | 175 | 168 | 114 | 67 | 44 | 46 | 42 | 86 | 93 |
| Printing and Stationery | 129 | 144 | 160 | 185 | 168 | 155 | 111 | 69 | 32 | 31 | 29 | 61 | 64 |
| Repairs and Maintenance | 362 | 290 | 281 | 272 | 256 | 341 | 211 | 96 | 111 | 93 | 86 | 197 | 184 |
| Legal and Professional Charges | 124 | 93 | 189 | 216 | 86 | 60 | 114 | 34 | 51 | 25 | 36 | 87 | 53 |
| Business Promotion Expense | 201 | 149 | 140 | 279 | 332 | 267 | 119 | 45 | 38 | 29 | 9 | 47 | 64 |
| Directors Remuneration | 358 | 196 | 192 | 192 | 192 | 192 | 192 | 192 | 57 | 49 | 58 | 115 | 99 |
| Depreciation and Amortisation Expenses | 482 | 575 | 841 | 475 | 454 | 329 | 180 | 149 | 94 | 111 | 104 | 198 | 228 |
| Others | 839 | 1,014 | 733 | 731 | 550 | 380 | 229 | 165 | 163 | 134 | 183 | 346 | 290 |
| Provision For Standard & NPA Assets | 2,647 | 1,223 | 180 | 214 | 765 | 351 | 323 | 21 | 1,199 | 185 | 37 | 1,236 | 347 |
| Total | 15,319 | 13,006 | 11,904 | 11,279 | 10,562 | 8,480 | 5,165 | 2,701 | 4,284 | 3,301 | 3,141 | 7,425 | 6,501 |

BREAK-UP OF OPERATING EXPENSES



Muthoot Finance

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

PROFITABILITY RATIOS



Muthoot Finance

Yearly

(%)

Quarterly

(%)

(Based on Income)

| | Mar-17 | Mar-16 | Mar-15 | Mar-14 | Mar-13 | Mar-12 | Mar-11 | Mar-10 | Q2 FY 2018 | Q2 FY 2017 | Q1 FY 2018 | H1 FY 2018 | H1 FY 2017 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|------------|------------|------------|------------|------------|
| Interest expense to Gross Income | 39.92 | 46.31 | 48.71 | 53.08 | 52.34 | 52.10 | 44.83 | 43.49 | 29.28 | 42.83 | 38.08 | 33.29 | 42.83 |
| Selling, general and administrative expenses to Net Income | 34.88 | 41.36 | 48.26 | 44.66 | 35.89 | 35.48 | 36.32 | 41.00 | 25.53 | 38.16 | 34.38 | 29.27 | 38.64 |
| Provisions & Write Offs to Net Income | 8.16 | 6.20 | 1.67 | 1.89 | 3.49 | 1.93 | 2.68 | 0.44 | 9.90 | 2.16 | 0.76 | 6.03 | 2.26 |
| Operational expenses to Net Income | 43.03 | 47.56 | 49.93 | 46.55 | 39.37 | 37.41 | 38.99 | 41.44 | 35.43 | 40.32 | 35.14 | 35.31 | 40.90 |
| OPBDT / Net Income | 56.97 | 52.44 | 50.06 | 53.45 | 60.62 | 62.59 | 61.00 | 58.56 | 64.58 | 59.68 | 64.85 | 64.69 | 59.10 |
| Depreciation to Net Income | 1.33 | 2.13 | 3.72 | 2.03 | 1.76 | 1.50 | 1.42 | 2.42 | 0.85 | 1.34 | 1.13 | 0.97 | 1.42 |
| OPBT / Net Income | 55.63 | 50.31 | 46.34 | 51.42 | 58.86 | 61.09 | 59.58 | 56.14 | 63.73 | 58.35 | 63.72 | 63.73 | 57.68 |
| PBT / Net Income | 55.63 | 50.31 | 46.34 | 51.42 | 58.86 | 61.09 | 59.58 | 56.14 | 63.73 | 58.35 | 63.72 | 63.73 | 57.68 |
| PAT / Net Income | 34.17 | 30.93 | 30.23 | 33.60 | 39.11 | 40.93 | 38.68 | 36.97 | 38.45 | 37.44 | 40.54 | 39.34 | 36.91 |

PROFITABILITY RATIOS



Muthoot Finance

| (Based on Average Loan Assets) | Yearly (%) | | | | | | | | Quarterly (%) | | | | |
|--|------------|--------|--------|--------|--------|--------|--------|--------|---------------|------------|------------|------------|------------|
| | Mar-17 | Mar-16 | Mar-15 | Mar-14 | Mar-13 | Mar-12 | Mar-11 | Mar-10 | Q2 FY 2018 | Q2 FY 2017 | Q1 FY 2018 | H1 FY 2018 | H1 FY 2017 |
| Interest income to avg. loan assets | 21.43 | 19.72 | 19.30 | 20.27 | 21.66 | 22.34 | 19.72 | 19.94 | 23.59 | 20.29 | 20.06 | 21.87 | 20.29 |
| Interest expense to avg. loan assets | 8.69 | 9.25 | 9.52 | 10.84 | 11.38 | 11.69 | 8.91 | 8.77 | 7.04 | 8.91 | 7.77 | 7.41 | 8.89 |
| Net Interest Margin | 12.74 | 10.47 | 9.78 | 9.42 | 10.27 | 10.65 | 10.81 | 11.17 | 16.55 | 11.38 | 12.29 | 14.46 | 11.40 |
| Other income to avg. Loan assets | 0.35 | 0.25 | 0.25 | 0.16 | 0.09 | 0.10 | 0.15 | 0.22 | 0.45 | 0.51 | 0.33 | 0.39 | 0.46 |
| Net Income Including Other Income | 13.09 | 10.72 | 10.03 | 9.59 | 10.37 | 10.75 | 10.96 | 11.39 | 17.00 | 11.89 | 12.62 | 14.85 | 11.86 |
| Selling, general and administrative expenses to avg. loan assets | 4.56 | 4.43 | 4.84 | 4.28 | 3.72 | 3.81 | 3.98 | 4.66 | 4.34 | 4.54 | 4.34 | 4.35 | 4.58 |
| Provisions and write offs to avg. loan assets | 1.07 | 0.67 | 0.17 | 0.18 | 0.36 | 0.21 | 0.29 | 0.05 | 1.68 | 0.26 | 0.10 | 0.90 | 0.27 |
| PBDT to avg. loan assets | 7.45 | 5.62 | 5.02 | 5.12 | 6.28 | 6.73 | 6.69 | 6.67 | 10.98 | 7.10 | 8.18 | 9.61 | 7.01 |
| Depreciation to avg. loan assets | 0.17 | 0.23 | 0.37 | 0.20 | 0.18 | 0.16 | 0.16 | 0.28 | 0.14 | 0.16 | 0.14 | 0.14 | 0.17 |
| PBT to avg. loan assets | 7.28 | 5.39 | 4.65 | 4.93 | 6.10 | 6.57 | 6.53 | 6.39 | 10.84 | 6.94 | 8.04 | 9.46 | 6.84 |
| Tax to avg. loan assets | 2.81 | 2.08 | 1.62 | 1.71 | 2.05 | 2.17 | 2.29 | 2.18 | 4.30 | 2.49 | 2.92 | 3.62 | 2.46 |
| PAT to avg. loan assets | 4.47 | 3.32 | 3.03 | 3.22 | 4.05 | 4.40 | 4.24 | 4.21 | 6.54 | 4.45 | 5.12 | 5.84 | 4.38 |
| Cash Profit to avg. loan assets | 4.65 | 3.54 | 3.40 | 3.42 | 4.24 | 4.56 | 4.40 | 4.49 | 6.68 | 4.61 | 5.26 | 5.98 | 4.55 |



PROFITABILITY

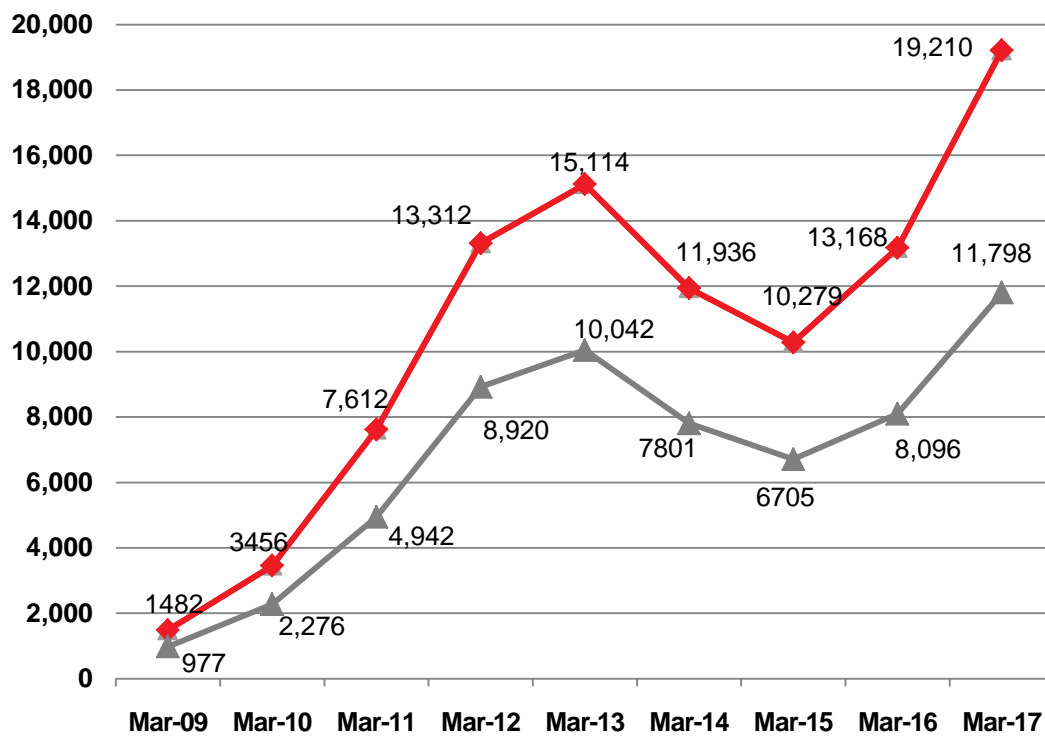
Efforts getting rewarded

Profitability at a glance

(₹ in million)

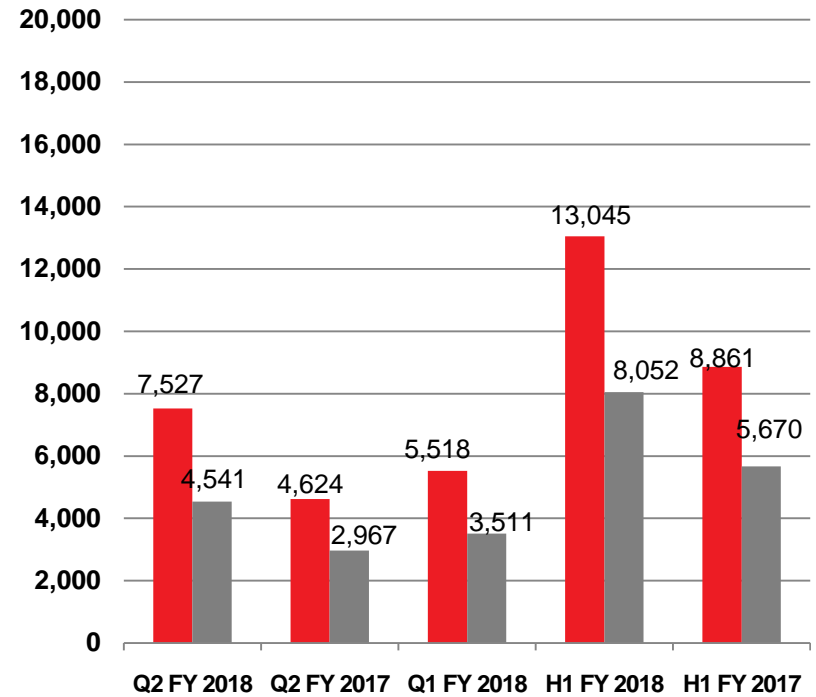
Yearly

◆ PBT ▲ PAT



Quarterly

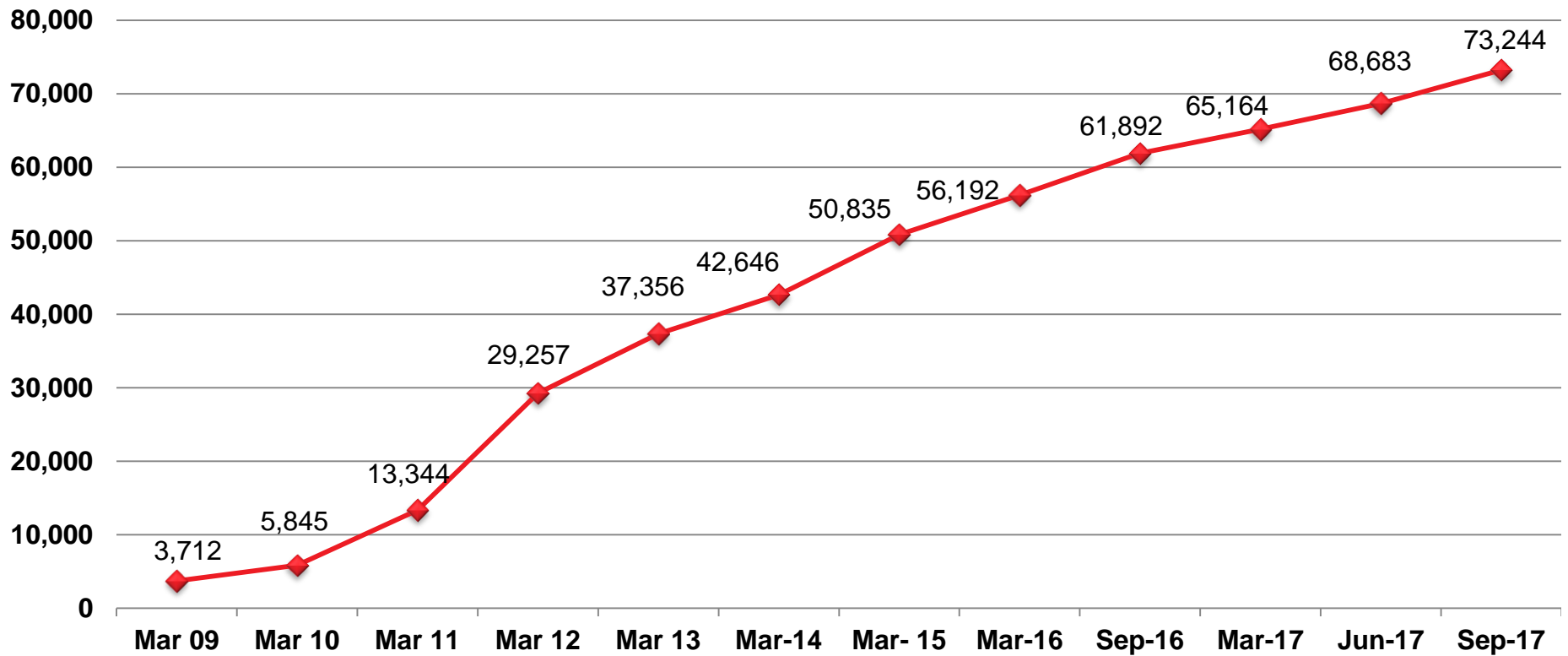
■ PBT ■ PAT



Steady capital position

Share Capital and Reserves & Surplus

(₹ in million)



RETURN ON EQUITY



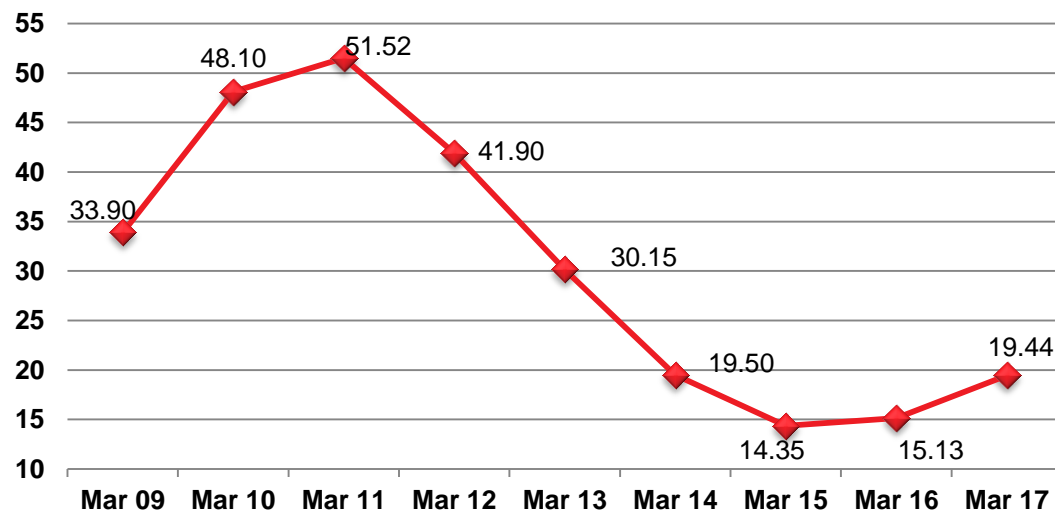
Muthoot Finance

Stable shareholder value creation

Return on Average Equity

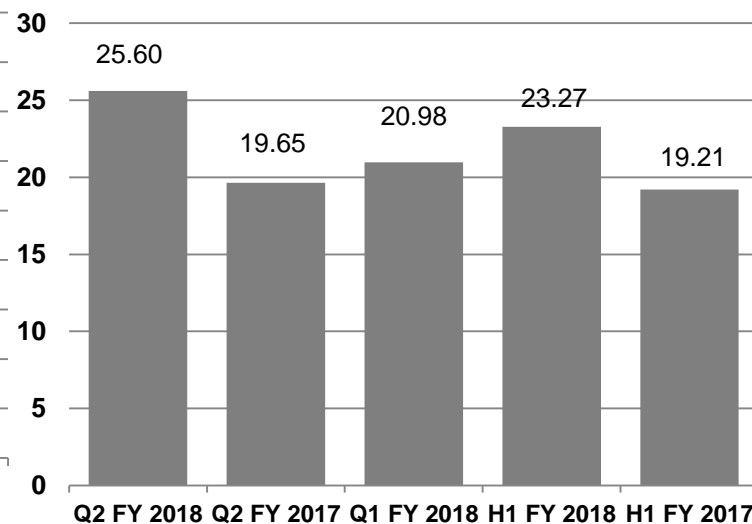
Yearly

(%)



Quarterly

(%)





Maintaining capital well above the statutory requirement

Capital Adequacy Ratio

(%)

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



MARKET VALUE RATIO

Equity market valuation ratios indicate potential for upside

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

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

*Source: www.nseindia.com

**Based on trailing 12 months EPS

CAPITALISATION RATIOS



Muthoot Finance

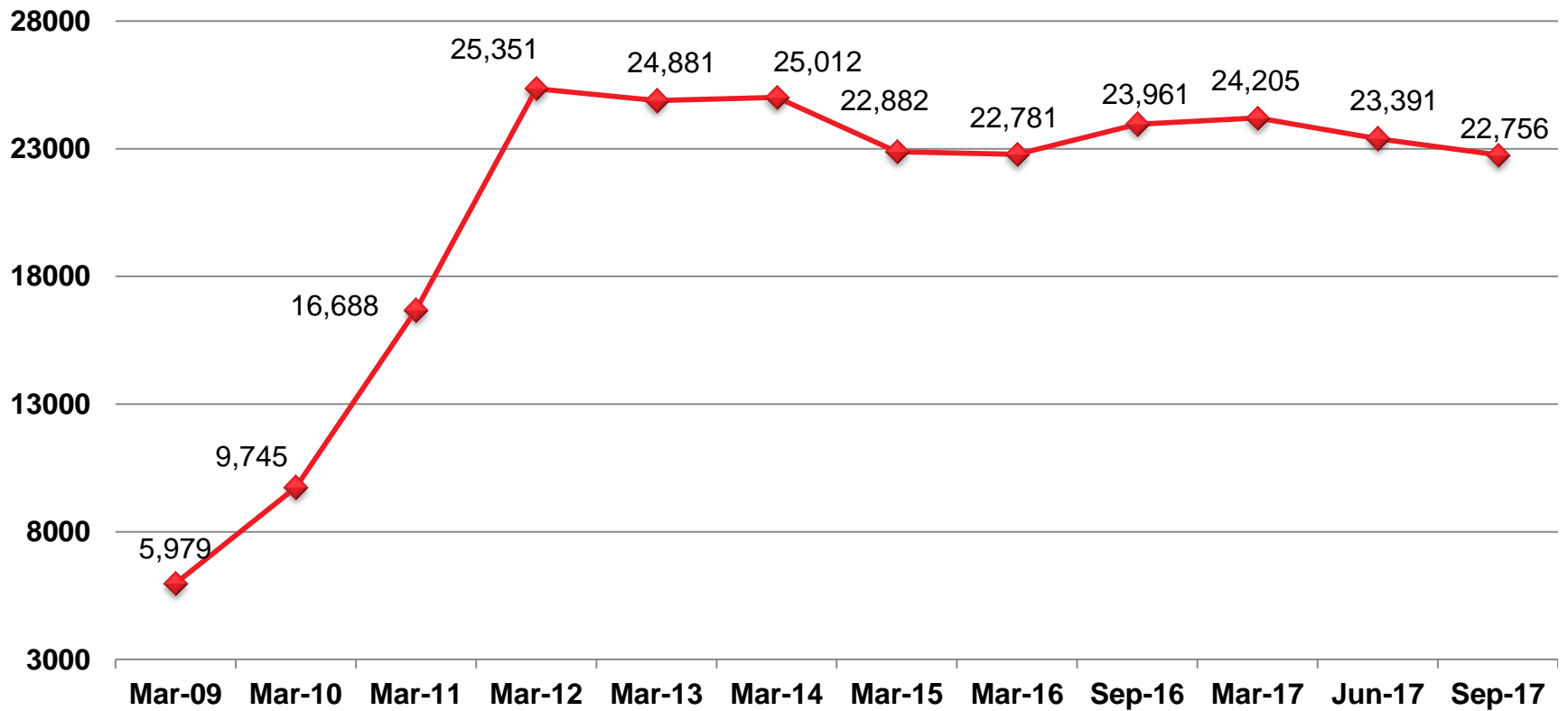
Headroom for further leveraging

(₹ In million)

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

Groomed human capital over the years to meet growing business requirements

(No. of Employees)





ASIA ASSET

FINANCE PLC

The unconventional finance company

ASIA ASSET FINANCE PLC – AN OVERVIEW



Asia Asset Finance PLC, (AAF) Colombo, Sri Lanka became a foreign subsidiary of Muthoot Finance on December 31, 2014 . As on Sep 30, 2017, total holding in AAF stood at 503 million equity shares representing 60% of their total capital. The loan portfolio stands at LKR 9.49 bn as on Sep 30,2017

AAF is a Registered Financial Company based in Sri Lanka a fully licensed, deposit-taking institution registered with the Central Bank of Sri Lanka and listed in the Colombo Stock Exchange

AAF is in lending business since 1970. At present the company is involved in Retail Finance, Hire Purchase & Business Loans and has 17 branches across Sri Lanka.

The company formerly known as Finance and Land Sales has been in operation for over 46 years, evolving to serve the growing needs of people of Sri Lanka.

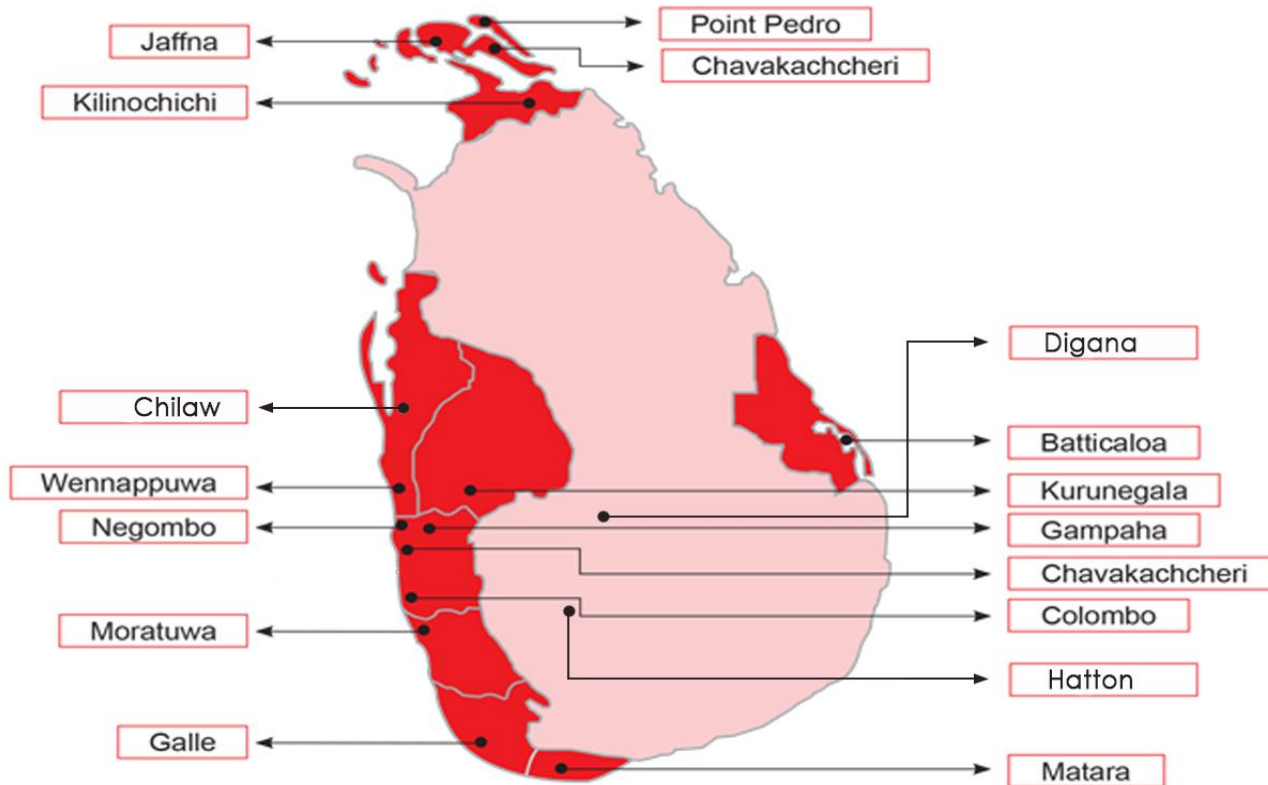
PRODUCTS



- Fixed Deposits
- Leasing
- Business Loan
- Personal Loan
- Group Personal Loan
- Corporate Loans
- Mortgage Loans
- Factoring
- Short Term Loans
- Micro Finance
- Loan against Gold Jewellery

BRANCH NETWORK

AAF has operations in various parts of Sri Lanka providing the best services and easy access to clients



Key Financial Parameters

(LKR in millions)

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





Muthoot Homefin (India) Limited is a Housing Finance Company registered with The National Housing Bank (NHB). It became a wholly owned subsidiary of Muthoot Finance Ltd in Aug'17.

MHIL focuses on extending affordable housing finance and targets customers in Economically Weaker Sections (EWS) and Lower Income Groups (LIG) in Tier II & Tier III locations.

It operates on a 'Hub and Spoke' model, with the centralised processing at Corporate Office at Mumbai. MHIL has operations in Kerala, Maharashtra, Gujarat, Rajasthan and Madhya Pradesh.

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

ICRA assigned Long Term Debt Rating of ICRA AA-(Stable) for its Bank limits in Q2 FY 17 .Recently ICRA assigned Short Term Debt Rating of ICRA A1+ for its Commercial Paper.

**Business Performance**

(₹ in millions)

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

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

Business Performance

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



Financial Highlights

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

Growth Drivers

- Deepening our network further in existing states & expanding into Karnataka, Telengana, AP and Haryana state
- Increasing the leverage from 3.23x currently will help to improve the ROE
- Strong liquidity in Group's balance sheet, along with its free cash flows to fund the capital requirements
- Established corporate brand name among borrower segment, superior customer servicing capabilities and effective loan recovery mechanisms
- Tier II / III cities focused distribution network with a in-house sales team along with cross-sale to the existing gold loans customers of the group

Profitability

- Long Term Rating from ICRA of AA- (stable) which indicates low risk will help in lower cost of funds
- Debt/Equity ratio at 3.23 times as on Sep 30, 2017, indicates ample scope for financial leverage to increase ROE
- Infrastructure sharing with the parent (Muthoot Finance) helps reduce overall Opex

Opportunities

- Our focus segment, "affordable housing finance" is the centered around the Government initiative of "Housing for All" by 2022
- Government promoted schemes such as PMAY-CLSS will benefit the end consumers.
- Huge shortfall for housing units in EWS / LIG segment in India
- Attraction of builders to the construction of affordable housing due to Infrastructure status given in Union Budget
- Increase in affordability driven by sustained GDP growth rate and stable property prices.
- Decrease in average members per household and emergence of nuclear families
- Increase in workforce to be driven by expected bulge in working age population
- Increasing urbanization led by rural-urban migration and reclassification of rural towns





MUTHOOT INSURANCE – AN OVERVIEW



MIBPL became a wholly owned subsidiary of Muthoot Finance Ltd in Sep 2016. MIBPL is an unlisted private limited company holding a licence to act as Direct Broker from IRDA since 2013.

It is actively distributing both life and non-life insurance products of various insurance companies.

During Q2 FY 18, it has insured more than 216,000 lives with a First year premium collection of Rs.22 Crs, whereas in Q2 FY 17, its First year premium collection was Rs.19 Crs insuring more than 139,000 lives.

During FY 17, it has insured more than 566,000 lives with a First year premium collection of Rs. 70 Crs under Traditional ,Term and Health products..

The same was 459,000 lives with a First year premium collection of Rs.49 Crs in FY16.

**Key Business Parameters**

(₹ in millions)

| Particulars | H1 FY 2018 | Q2 FY 2018 | Q1 FY 2018 | Q2 FY 2017 | FY 2017 |
|------------------------|------------|------------|------------|------------|---------|
| Premium Collection (₹) | 37 | 216 | 157 | 189 | 697 |
| Number of Policies | 432,729 | 216,428 | 216,301 | 139,008 | 566,282 |

Key Financial Parameters

(₹ in millions)

| | H1 FY 2018 | Q2 FY 2018 | Q1 FY 2018 | Q2 FY 2017 | FY 2017 |
|-------------------------|------------|------------|------------|------------|---------|
| Total Revenue (₹) | 63 | 38 | 25 | 28 | 116 |
| Total Expense (₹) | 15 | 9 | 6 | 9 | 28 |
| Profit Before Tax (₹) | 49 | 30 | 19 | 19 | 88 |
| Profit After Tax (₹) | 32 | 20 | 12 | 15 | 60 |
| Share Holders Funds (₹) | 203 | 203 | 183 | 131 | 171 |
| Earnings per share (₹) | 65 | 40.67 | 24.81 | 29.76 | 120.33 |

OUR SUBSIDIARY



Muthoot Finance



BELSTAR INVESTMENT AND FINANCE PRIVATE LIMITED

A Subsidiary of Muthoot Finance Limited

BELSTAR INVESTMENT AND FINANCE – AN OVERVIEW



Muthoot Finance



As of Sep 2017 , Muthoot Finance holds 64.60% in BIFPL . BIFPL was incorporated on January 1988 at Bangalore and the Company was registered with the RBI in March 2001 as a Non- Banking Finance Company. The Company was reclassified as “NBFC-MFI” by RBI effective from 11th December 2013.

BIFPL was acquired by the ‘Hand in Hand’ group in September 2008 to provide scalable microfinance services to entrepreneurs nurtured by ‘Hand in Hand’s’ Self Help Group (SHG) program. The Company commenced its first lending operations at Haveri District of Karnataka in March 2009 to 3 SHGs, 22 members for INR 0.20 mn.

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

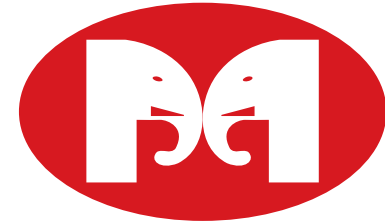
As of Sep 30, 2017, BIFPL operations are spread over seven states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra, Kerala, Odisha ,Pondicherry and Chattisgarh). It has 198 branches, with 32 controlling regional offices and employs 1383 staff. Its loan portfolio has grown from INR 0.20 mn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



Key Financial Parameters

(₹ in millions)

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



Muthoot Finance

REGISTERED OFFICE

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