

**Muthoot Finance Limited**

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Ref: SEC/MFL/NSE/2013/ 582

Symbol:MUTHOOTFIN

October 31, 2013

Listing Department  
National Stock Exchange of India Ltd  
Exchange Plaza,  
Plot no.C/1, G Block,  
Bandra-Kurla Complex  
Bandra (E)

Dear Sir,

Re: Highlights of Performance-Quarter II ended September 30, 2013

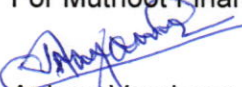
The Board of Directors of the Company at their meeting held today (31.10.2013) has announced the quarterly financial results for the quarter ended September 30, 2013. The following are few highlights of performance of the Company during the quarter:

| Particulars                                 | H1 – FY-14 | H1- FY-13 | %Growth(YoY) |
|---------------------------------------------|------------|-----------|--------------|
| Branch Network                              | 4229       | 3853      | 10%          |
| Gold Loan Outstanding(Rs Cr)                | 24051      | 23440     | 3%           |
| Credit Losses(Rs.Cr)                        | 7.92       | 3.25      | 144%         |
| % of Credit Losses on Gross Retail Loan AUM | 0.032%     | 0.014%    | 129%         |
| Average Gold Loan per Branch(Rs.Cr)         | 5.69       | 6.08      | -6%          |
| No.of Loan Accounts(in lakh)                | 62         | 59        | 5%           |

We also herewith enclose a copy of the Press Release proposed to be made in the leading newspapers across the country. Request you to kindly take on record the same and acknowledge the receipt.

Thank you

For Muthoot Finance Limited

  
Anjana Varghese  
Company Secretary



## Muthoot Finance Ltd

### Q2 FY 2014 Results

Retail Loan Assets Under Management at Rs.24401crs as at 30<sup>th</sup> September, 2013

Total Income for Q2 FY14 at Rs.1302crs

PAT for Q2 FY14 was at Rs.211crs, a QoQ increase of 9%

Branch Network of 4229 spread across 21 States and 4 Union Territories

#### Editors Synopsis

For the Quarter and Half year ended September 30 , 2013

|                               | Q2 FY<br>14 (Rs.<br>In Crs.) | Q1 FY<br>14 | QoQ<br>Chang<br>e | Q2 FY<br>14 (Rs.<br>In<br>Crs.) | Q2<br>FY 13<br>(Rs.<br>In<br>Crs.) | YoY<br>Chang<br>e | H1 FY<br>14 (Rs.<br>In Crs.) | H1 FY<br>13<br>(Rs.<br>In<br>Crs.) | YoY<br>Chang<br>e |
|-------------------------------|------------------------------|-------------|-------------------|---------------------------------|------------------------------------|-------------------|------------------------------|------------------------------------|-------------------|
| Total Income                  | 1302                         | 1286        | 1%                | 1302                            | 1316                               | -1%               | 2588                         | 2610                               | -1%               |
| Profit Before Tax             | 324                          | 293         | 11%               | 324                             | 398                                | -19%              | 617                          | 762                                | -19%              |
| Profit After Tax              | 211                          | 194         | 9%                | 211                             | 268                                | -21%              | 405                          | 514                                | -21%              |
| Earnings Per Share            | 5.67                         | 5.22        | 9%                | 5.67                            | 7.21                               | -21%              | 10.89                        | 13.83                              | -21%              |
| Book Value Per Share<br>(Rs.) | -                            | -           | -                 | -                               | -                                  | -                 | 107.72                       | 92.45                              | 17%               |

|                                   | H1 FY 14 | H1 FY 13 |
|-----------------------------------|----------|----------|
| Return on Average<br>Retail Loans | 3.17%    | 4.30%    |
| Return on Average<br>Equity       | 20.91%   | 32.31%   |

|                                                       | 30-sep-<br>13 | 30-sep-<br>12 |
|-------------------------------------------------------|---------------|---------------|
| Capital Adequacy Ratio                                | 21.80%        | 19.95%        |
| Share Capital &<br>Reserves(Networth)(Rs<br>. in Crs) | 4010          | 3440          |

Kochi, October 31, 2013:

Muthoot Finance Ltd, the largest gold financing company in India in terms of loan portfolio, registered a QoQ growth of 9% in its net profit to Rs.211crore for the quarter ended September 30 ,2013 as compared to Rs. 194crore of the quarter ended June 30,2013.

Commenting on the results M G George Muthoot, Chairman stated “ The performance of the Company during the quarter reinforces the inherent quality, strength and safety of business model of the Company. More

than the performance, it's the inclusiveness which the Company brings to the forefront through its 74 years of unblemished track record. During the quarter, we touched the lives of more than 60 lakh borrowers disbursing more than Rs.25000crs of which about 70% is in semi-urban and rural areas. During last six months, we disbursed 11 lakh foreign inward remittances for personal purposes amounting to Rs.2500crs through branches. We purchased foreign currencies worth Rs.136crs under AD-II franchisee model tie-up through our retail network. We could bring more than 3lakh lives under insurance cover in a span of three months with an average life cover Rs.1 lakh again supporting the inclusive nature of our business. The company has received RBI and FIPB approval for setting up of 9000 white Label ATMs in the country during the current quarter which will be rolled out soon."

Speaking on the occasion George Alexander Muthoot, Managing Director said "Regulatory uncertainty poses bigger challenge to large NBFCs in the sector and there is no level playing field with banks as well as unorganized sector. We continue to appraise the regulator the adverse impact of the regulations. While we recognize the fact there is need to bring better governance systems across the industry, larger institutions who have taken pain to popularize and played a major role to bring better standards in the business mode, should not be unduly squeezed. At this juncture, we intend to protect our business through better customer engagement including service and training to staff. Performance during the second quarter is a reflection of the strength of the business model and it has dispelled the uncertainties and fears about the business models. Borrowings cost remains high and is becoming stumbling block in reducing the lending rates. We hope banks will understand the social cause and rationalize its spreads over base rate for such high quality portfolio. Company is maintaining a higher standard asset provisioning of 0.35% against regulatory requirement of 0.25%. Considering the subdued share prices, Board has decided to compensate its shareholders by approving payment of interim dividend of 30% on face value of Rs.10/- per share."

#### Business Highlights:

| Particular                                         | H1-FY-14 | H1-FY-13 | % Growth(YoY) |
|----------------------------------------------------|----------|----------|---------------|
| Branch Network                                     | 4229     | 3853     | 10%           |
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| Credit Losses (Rs. Cr)                             | 7.92     | 3.25     | 144%          |
| % of Credit Losses on Gross Retail Loan AUM        | 0.032%   | 0.014%   | 129%          |
| Average Gold Loan per Branch(Rs. Cr)               | 5.69     | 6.08     | -6%           |
| No. of Loan Accounts (in lakh)                     | 62       | 59       | 5%            |
| Total Weight of Gold Jewellery pledged (in tonnes) | 132      | 127      | 4%            |
| Average Loan Ticket Size                           | 38846    | 40003    | -3%           |
| No. of employees                                   | 25684    | 24857    | 3%            |

#### About Muthoot Finance Ltd:

Muthoot Finance Limited is the largest gold financing company in India in terms of loan portfolio. The company is a "Systemically Important Non-deposit taking NBFC" headquartered in the southern Indian state of Kerala.

Operating history of Muthoot Finance has evolved over a period of 74 years since M George Muthoot (the father of our Promoters) founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887.

The company provides personal and business loans secured by gold jewellery, or Gold Loans, primarily to individuals who possess gold jewellery but could not access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements.

Company is listed on both National Stock Exchange and Bombay Stock Exchange.