

IPO ANALYSIS

Sector: Microfinance
Issue Price: INR 277 to INR 291
Issue Size: INR 960 Crores
Issue Opens/Closes: Dec 18 / Dec 20
IPO Basics
Promoters: Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John Muthoot, Remmy Thomas, Nina George and Muthoot Fincorp Limited
Selling Shareholders: Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John Muthoot, Remmy Thomas, Nina George and Greater Pacific Capital WIV Ltd
Lead Managers: Axis Capital, ICICI Securities, JM Financial, SBI Capital Markets
Registered Office: Mumbai
Registrar: KFin Technologies Ltd.
Listing: BSE and NSE

IPO Capital Structure

Fresh Issue	26,116,838 equity shares upto INR 760 Cr
Offer for Sale	6,872,849 equity shares upto INR 200 Cr
Total Issue as % of total capital (Post-Issue)	19.35%
Post Issue No. of Shares	170,474,809
Employee Reservation	361,010 equity shares upto INR 10 Cr
Employee Discount	INR 14 per share
Post Issue Market Cap	INR 4,759 – 4,961 Cr
Face Value	INR 10
Issue Route	Book Build Issue
<i>All values calculated at upper band</i>	

Financial Snapshot (INR in crs)

Y/E Mar	FY21	FY22	FY23
Equity Share Capital	114.17	133.33	140.20
Reserves	775.72	1,203.25	1,485.65
Net worth	889.89	1,336.58	1,625.85
Revenue from Ops	684.17	832.51	1,428.76
Growth (%)	-	21.68%	71.62%
Net Interest Income	384.84	492.35	879.75
Net Interest Margin (%)	8.24%	9.60%	11.60%
EBITDA	327.22	425.66	788.49
Net Profit	7.05	47.40	163.89
RONW (%)	0.79%	3.55%	10.08%
ROA (%)	0.15%	0.92%	2.16%
Gross NPA (%)	7.39%	6.26%	2.97%
Net NPA (%)	1.42%	1.55%	0.60%
CRAR (%)	22.55%	28.75%	21.87%
Basic EPS	0.62	4.15	14.19
Diluted EPS	0.62	3.97	11.98
NAV (INR)	77.94	97.74	112.63
P/E (Based on Upper Band)			24.29
Average Industry P/E			94.86
P/B (Based on Upper Band)			2.58

Shareholding Pattern

Holders	Pre-issue	Post Issue
Promoters	69.08%	55.47%
Public	30.92%	44.53%
Total	100.00%	100.00%

Particulars	Retail Category	NII bid between Rs 2 lakhs- Rs 10 lakhs	NII bid above Rs 10 lakhs
Minimum Bid Lot (Shares)	51	714	3,468
Minimum Bid Lot Amount (₹)	₹14,841	₹ 2,07,774	₹ 10,09,188
No of Applications for 1x	2,24,041	2,286	4,572

Muthoot Microfin Limited

Dec 18, 2023

Issue Highlights:

- The company, initially named 'Panchratna Stock and Investment Consultancy Services Private Limited' since April 6, 1992, obtained NBFC-MFI status from the RBI starting March 25, 2015.
- Muthoot Microfin Limited is a prominent microfinance institution in India, primarily focused on providing micro-loans to women in rural areas for income generation. As of March 31, 2023, it ranks as the 5th largest NBFC-MFI in India based on its gross loan portfolio. It holds the 3rd position among NBFC-MFIs in South India and is the largest in Kerala with a substantial market share.
- By September 30, 2023, the company's gross loan portfolio totaled ₹10,867.07 crore, serving 0.32 crore active customers through 1,340 branches across 339 districts in 18 states and union territories. Their business strategy emphasizes catering to underprivileged rural markets to ensure accessibility for customers.
- Their lending products cater to various needs of rural households, including income generation, livelihood solutions, life betterment, health, hygiene, and secured loans such as gold loans and Muthoot Small & Growing Business ("MSGB") loans. The majority of their loan portfolio (93.97%) focuses on income generating loans for women from lower-income households. They predominantly use a joint liability group model to provide credit exclusively to women, leveraging the belief that empowering these individuals economically can enhance their opportunities.
- The company has heavily incorporated technology into its operations, enhancing customer service, operational efficiency, and competitiveness. They've developed proprietary technology for credit scoring in collaboration with Equifax and introduced the "Mahila Mitra" application to facilitate digital payments. Plans for a Super App are underway to integrate various Muthoot Pappachan Group products onto a single platform.
- Furthermore, Muthoot Microfin has ventured into digital healthcare by setting up e-clinics across their branches, offering medical consultations and teleconsultations. They've also provided natural calamity insurance to a significant portion of their clients since May 2020.
- The Board, Promoters, and Senior Management team consist of seasoned professionals with substantial experience in microfinance and related industries. Notably, they have received investments from esteemed firms like Creation Investments India LLC and Greater Pacific Capital WIV Ltd.

Key Risks:

- The Indian microfinance sector faces inherent risks associated with its customer base, potentially leading to increased nonperforming assets and related provisions.
- The company is subject to certain constraints imposed by its financing arrangements, which might limit its operational flexibility and impact business strategies.
- The audit reports for the financial years 2021, 2022, and 2023 have emphasized specific matters and negative observations
- The company heavily relies on the recognition and reputation of the "Muthoot" brand. Failure to effectively utilize, maintain, and enhance awareness of this brand may hinder the company's ability to retain and grow its customer base.

Particulars	No. of shares at Lower Band (Cr.)	No. of shares at Upper Band (Cr.)	Issue Size Amount (Rs. Cr.)	% Of Issue
QIB	1.71	1.63	475.00	50.00%
NIB	0.51	0.49	142.50	15.00%
-NIB1 (Bid between ₹ 2 to 10 Lakhs)	0.34	0.33	95.00	-
-NIB2 (Bid above ₹ 10 Lakhs)	0.17	0.16	47.50	-
Retail	1.20	1.14	332.50	35.00%
Employee	0.04	0.14	10.00	-
Total	3.47	3.30	960.00	100.00%

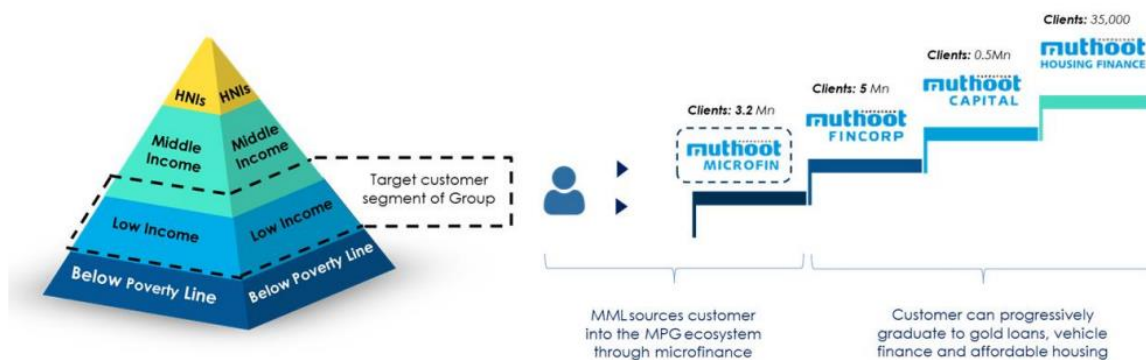
An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalization of Basis of Allotment	December 21, 2023
Refunds/un-blocking of ASBA Accounts	December 22, 2023
Credit of Equity Shares to DP Ac	December 22, 2023
Trading Commences	December 26, 2023

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND

Company Profile



Brief Biographies of Directors

Thomas Muthoot is one of the Promoters and the Managing Director of the Company. He is on the board of directors of several companies including Muthoot Capital Services Ltd, Muthoot Fincorp Ltd, Muthoot Housing Finance Co Ltd and Muthoot Hotels Pvt Ltd. He has over 37 years of experience in the field of financial services.

Thomas John Muthoot is one of the Promoters and a Non-Executive Director of the Company. He is on the board of directors of several companies including Muthoot Fincorp Ltd, Muthoot Capital Services Ltd, Muthoot Housing Finance Co Ltd and Muthoot Hotels Pvt Ltd. He has over 37 years of experience in the field of financial services.

Thomas George Muthoot is one of the Promoters and a Non-Executive Director of the Company. He is on the board of directors of several companies including Muthoot Fincorp Ltd, Muthoot Capital Services Ltd, Muthoot Housing Finance Co Ltd and Muthoot Hotels Pvt Ltd. He has over 37 years of experience in the field of financial services.

Akshaya Prasad is a Non-Executive Director on the Board. He is also on the board of directors of Enzen Global Solutions Pvt Ltd and a director of Greater Pacific Capital India Pvt Ltd. He was previously associated with Goldman Sachs (India) Securities Pvt Ltd. He has over 22 years of experience in the financial services sector.

John Tyler Day is a Non-Executive Director on the Board. He is currently associated with Creation Investment Capital Management LLC. He has over 12 years of experience in the field of financial services.

Alok Prasad is a Non-Executive Independent Director on the Board. He is on the board of directors of several companies such as Gang-Jong Development Finance Pvt Ltd and Fincare Small Finance Bank Ltd. Previously, he was on the board of director of Citicorp Finance (India) Ltd and Citicorp Maruti Finance Ltd. He has over 34 years of experience in the field of finance.

Thai Salas Vijayan is a Non-Executive Independent Director on the Board. Previously, he has served as the chairman of Life Insurance of Corporation of India and the chairman of Insurance Regulatory and Development Authority of India. He is also on the board of directors of Kerala Infrastructure Fund Management Ltd and Shriram Properties Ltd.

Bhama Krishnamurthy is a Non-Executive Independent Director on the Board. She is on the board of directors of several companies such as Five-Star Business Finance Ltd and CSB Bank Ltd. Previously, she was on the board of Ashv Finance Ltd, Reliance payment Solutions Ltd, Reliance Industrial Infrastructure Ltd and IDBI Capital Markets and Securities Ltd. She was the chief general manager of SIDBI. She has an experience over 40 years in the field of financial services.

Pushpy Babu Muricken is a Non-Executive Independent Director on the Board. She is also on the Board of directors of Joyalukkas India Ltd. She has over 16 years of experience in in the field of finance.

Anand Raghavan is a Non-Executive Independent Director on the Board. He was previously associated with Ernst and Young and Sundaram Finance Ltd. He has over 30 years of experience in the field of finance.

Sadaf Sayeed is the Chief Executive Officer of the company. He has been associated with the Muthoot Pappachan Group for the last 12 years. He has over 22 years of experience in banking and financial sector.

Praveen T is the Chief Financial Officer of the company. He has been associated with the Muthoot Pappachan Group for 10 years.

Neethu Ajay is the Company Secretary and Chief Compliance Officer of the company. She has been associated with the company for over 9 years.

OBJECTS OF THE ISSUE

		(₹ In Cr)
Objects		Amount
▪ Augmenting the capital base to meet future capital requirements		[•]
▪ General Corporate Purposes		[•]
Total		[•]

OFFER DETAILS

Fresh Issue		No. of Shares	WACA per Equity Share (in ₹)
Fresh Issue	₹ 760 Cr	Upto 27,436,823~ - 26,116,838^ Equity Shares	—
The Offer for Sale by:	₹ 200 Cr	Upto 7,720,214~ - 6,872,849^ Equity Shares	
The Promoter Selling Shareholders:			
Thomas John Muthoot	₹ 16.363 Cr	Upto 590,722~ - 562,302^ Equity Shares	90.91
Thomas Muthoot	₹ 16.384 Cr	Upto 591,480~ - 563,024^ Equity Shares	90.74
Thomas George Muthoot	₹ 16.361 Cr	Upto 590,650~ - 562,234^ Equity Shares	90.93
Preethi John Muthoot	₹ 33.739 Cr	Upto 1,218,013~ - 1,159,415^ Equity Shares	150.00
Remmy Thomas	₹ 33.387 Cr	Upto 1,205,307~ - 1,147,320^ Equity Shares	150.00
Nina George	₹ 33.766 Cr	Upto 1,218,988~ - 1,160,343^ Equity Shares	150.00
The Investor Selling Shareholders:			
Greater Pacific Capital WIV Ltd	₹ 50.000 Cr	Upto 1,805,053~ - 1,718,212^ Equity Shares	165.40

(~ at Lower and ^ upper price band); # shares are rounded/adjusted to the nearest.

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Fresh Issue and Offer for Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	99,720,468	69.08%	5,154,637	94,565,831	55.47%
Total for Promoter and Promoter Group	99,720,468	69.08%	5,154,637	94,565,831	55.47%
Public – Investor Selling Shareholders	27,520,822	19.06%	1,718,212	25,802,610	15.14%
Public - Other	13,663,170	9.46%	26,116,838	46,652,858	27.37%
Total for Public Shareholders	41,183,992	28.53%	27,835,051	72,455,468	42.50%
Shares held by Employee Trust	3,453,511	2.39%	0	3,453,511	2.03%
Total Equity Share Capital	144,357,971	100.00%	32,989,688	170,474,809	100.00%

REVENUE FROM OPERATIONS

(in ₹ Cr)

Particulars	6 months ended Sep 30,		For the Financial Year		
	2023	2022	2023	2022	2021
Interest Income	913.58	562.41	1,290.65	728.62	622.78
- Interest on loan portfolio [^]	608.02	505.24	1,031.33	639.92	566.03
- Interest on deposits from Banks [^]	12.63	7.08	17.85	12.60	15.40
- Interest on loan asset#	292.93	50.09	241.46	76.11	41.35
Fees and Commission Income	16.00	6.01	17.32	6.16	3.21
- Facilitation Fees	12.57	5.41	14.82	5.31	0.56
- Income from business correspondence services	3.43	0.60	2.50	0.85	2.65
Net Gain on fair value changes	108.41	32.10	111.54	91.03	40.93
- Gain on sale of loan assets recognized through P&L a/c	108.41	32.10	111.54	91.03	40.93
Income on Investments – Realised	3.81	3.52	8.34	5.83	17.00
Sale of services	0.54	0.70	0.93	0.86	0.25
Total	1,042.33	604.74	1,428.76	832.51	684.17

[^] measured at amortised cost, # measured at fair value

KEY FINANCIAL AND OPERATIONAL METRICS

The key financial and operational metrics as of or for the years

Particulars	6 months period ended Sep'30		As of/ for the year ended March 31,		
	2023	2022	2023	2022	2021
Gross Loan Portfolio (₹ Cr)	10,867.07	7,449.49	9,208.30	6,254.94	4,986.71
Period on period growth in Gross Loan Portfolio (%)	45.88%	55.54%	47.22%	25.43%	3.06%
Disbursements (₹ Cr)	5,181.58	3,486.52	8,104.47	4,646.96	2,636.77
Period on period growth in Disbursements (%)	48.62%	171.87%	74.40%	76.24%	(35.42)%
Number of Loans Disbursed (Cr)	0.12	0.11	0.21	0.14	0.08
Customers to whom loans were disbursed during the Period (Cr)	0.95	0.07	0.15	0.10	0.07
New Customers (Cr)	0.05	0.04	0.10	0.05	0.02
Active Customers (Cr)	0.32	0.24	0.28	0.21	0.19
Customers with Mahila Mitra app downloads (Cr)	0.15	0.11	0.12	0.09	0.00
Customers who Transacted Digitally with the Company (Cr)	0.25	0.08	0.17	0.05	0.01
Overall Digital Collection (₹ Cr)	951.53	248.80	1,095.54	168.30	30.86
Revenue from Operations (₹ Cr)	1,042.33	604.74	1,428.76	832.51	684.17
Net Interest Income (₹ Cr)	627.00	378.67	879.75	492.35	384.84
Net Interest Margin	12.39%	11.12%	11.60%	9.60%	8.24%
Pre-provision operating profit before Tax (₹ Cr)	337.36	180.09	436.19	175.87	141.28
Profit After Tax (₹ Cr)	205.26	12.47	163.89	47.40	7.05
Total comprehensive income for the year (₹ Cr)	211.18	27.33	203.31	79.72	(17.31)
Debt to equity (times)	4.21	3.62	3.99	2.99	3.39
ROA	2.21%	0.20%	2.16%	0.92%	0.15%
ROE	11.84%	0.90%	11.06%	4.26%	0.79%
Net Worth	1,842.10	1,446.58	1,625.85	1,336.58	889.89
Cost to Income ratio	46.61%	53.69%	51.39%	65.02%	64.41%
Average annual cost of borrowings	11.20%	10.54%	10.94%	10.44%	11.08%
Impairment allowance coverage ratio	86.42%	73.73%	80.32%	76.68%	81.32%
Capital to risk assets ratio (CRAR) (%)	20.46%	24.16%	21.87%	28.75%	22.55%
Insurance Premium collected (₹ Cr)	229.97	145.95	338.09	185.60	98.12
Life Insurance (₹ Cr)	164.31	106.97	244.03	138.31	77.24

Financial Metrics

Particulars	6 months period ended Sep'30		As of/ for the year ended March 31,		
	2023	2022	2023	2022	2021
Gross loan portfolio (₹ Cr)	10,867.07	7,449.49	9,208.30	6,254.94	4,986.71
Gross loan portfolio growth (%)	45.88%	55.54%	47.22%	25.43%	3.06%
Total loan portfolio (₹ Cr)	8,728.88	5,580.71	7,198.70	4,619.73	3,504.58
Total loan portfolio growth (%)	56.41%	54.13%	55.83%	31.82%	27.32%
Assigned loans (₹ Cr)	1,924.85	1,589.57	1,772.75	1,670.16	1,501.87
Ratio of assigned loan to gross loan portfolio (%)	17.71%	21.34%	19.25%	26.70%	30.12%
Restructured portfolio (₹ Cr)	56.32	259.69	122.72	386.27	Na
Ratio of restructured portfolio to total loan portfolio (%)	0.65%	4.65%	1.70%	8.36%	Na
Average annual gross loan portfolio (₹ Cr)	10,037.68	6,852.21	7,731.62	5,620.83	4,912.64
Average monthly gross loan portfolio (₹ Cr)	10,117.05	6,811.99	7,582.13	5,126.30	4,672.91
Average annual total loan portfolio (₹ Cr)	7,963.89	5,100.22	5,909.21	4,062.15	3,128.61
Average monthly total loan portfolio (₹ Cr)	8,114.64	5,101.59	5,808.72	3,887.99	3,007.41
Number of loans disbursed (Cr)	0.12	0.11	0.21	0.14	0.08
Disbursements (₹ Cr)	5,181.58	3,486.52	8,104.47	4,646.96	2,636.77
Disbursement growth (%)	48.62%	171.87%	74.40%	76.24%	(35.42)%
Active loan accounts (Cr)	0.39	0.32	0.33	0.27	0.23
Number of active customers (Cr)	0.32	0.24	0.28	0.21	0.19
Number of active customers growth (%)	32.96%	30.71%	35.23%	10.52%	1.44%
Ratio of disbursements to the number of loans disbursed (₹)	42,344.65	32,440.41	38,482.83	34,359.82	34,594.02
Ratio of gross loan portfolio to the number of active customers (₹)	34,028.92	31,016.15	33,205.46	30,500.79	26,874.83

Particulars	6 months period ended Sep'30		As of/ for the year ended March 31,		
	2023	2022	2023	2022	2021
Revenue from Operations (₹ Cr)	1,042.33	604.74	1,428.76	832.51	684.17
Revenue from Operations growth (%)	72.36%	65.40%	71.62%	21.68%	(20.47)%
Interest Income (₹ Cr)	913.58	562.41	1,290.65	728.62	622.78
Finance Costs (₹ Cr)	415.33	226.08	549.01	340.16	299.33
Net Interest Income (₹ Cr)	627.00	378.67	879.75	492.35	384.84
Net Interest Margins (%)	12.39%	11.12%	11.60%	9.60%	8.24%
Operating expenses (₹ Cr)	294.56	208.80	461.15	326.91	255.68
Cost to Income ratio (%)	46.61%	53.69%	51.39%	65.02%	64.41%
Impairment on financial instruments (₹ Cr)	62.75	163.32	223.32	111.15	132.22
Credit cost (based on average monthly gross loan portfolio) (%)	0.62%	2.40%	2.95%	2.17%	2.83%
Credit loss ratio (%)	0.32%	2.05%	1.81%	1.31%	2.00%
Pre-provision operating profit before Tax (₹ Cr)	337.36	180.09	436.19	175.87	141.28
Pre-provision operating profit before Tax growth (%)	87.33%	181.80%	148.01%	24.49%	(51.57)%
Profit after Tax (₹ Cr)	205.26	12.47	163.89	47.40	7.05
Profit after Tax growth (%)	1,546.54%	62.06%	245.77%	571.97%	(61.26)%
Total comprehensive income for the year (₹ Cr)	211.18	27.33	203.31	79.72	(17.31)
Net Worth (₹ Cr)	1,842.10	1,446.58	1,625.85	1,336.58	889.89
Average annual Net Worth (₹ Cr)	1,733.97	1,391.58	1,481.21	1,113.23	898.44
Total Assets (₹ Cr)	10,031.30	7,019.09	8,529.20	5,591.46	4,183.85
Annual average total assets (₹Cr)	9,280.25	6,305.27	7,060.33	4,887.65	4,137.03
Total borrowings (₹ Cr)	7,746.11	5,230.72	6,493.18	3,996.61	3,015.66

Annual average borrowings (₹ Cr)	7,119.64	4,613.66	5,244.89	3,506.13	2,968.51
Monthly average borrowings (₹ Cr)	7,009.64	4,213.67	4,943.03	3,131.38	2,623.17
Return on average gross loan portfolio (%)	2.03%	0.18%	2.16%	0.92%	0.15%
Return on annual average equity (%)	11.84%	0.90%	11.06%	4.26%	0.79%
Annual average borrowings / annual average Net Worth (times)	41.11	3.32	3.54	3.15	3.30
Net Asset Value per Equity share	127.61	100.21	139.15	117.07	77.94
Book value per share (₹)	131.39	103.18	115.97	100.24	77.94
Gross NPA ratio (%)	2.37%	3.26%	2.97%	6.26%	7.39%
Net NPA ratio (%)	0.33%	0.88%	0.60%	1.55%	1.42%
Debt to equity (times)	4.21	3.62	3.99	2.99	3.39

Capital Adequacy

(₹ In Cr, except %)

Particulars	As at Sep' 30,		Financial Year ended March 31,		
	2023	2022	2023	2022	2021
Tier I Capital	1,540.35	1,225.30	1,363.84	1,133.66	725.30
Tier II Capital	-	-	Nil	15.01	25.03
Total Capital	1,540.35	1,225.30	1,363.84	1,148.67	750.34
Total Risk Weighted Assets and contingents	7,527.42	5,071.64	6,235.82	3,994.77	3,326.91
Capital Adequacy Ratio					
Tier I Capital Ratio (%)	20.46%	24.16%	21.87%	28.38%	21.80%
Tier II Capital Ratio (%)	0.00%	0.00%	0.00%	0.38%	0.75%
CRAR (%)	20.46%	24.16%	21.87%	28.75%	22.55%

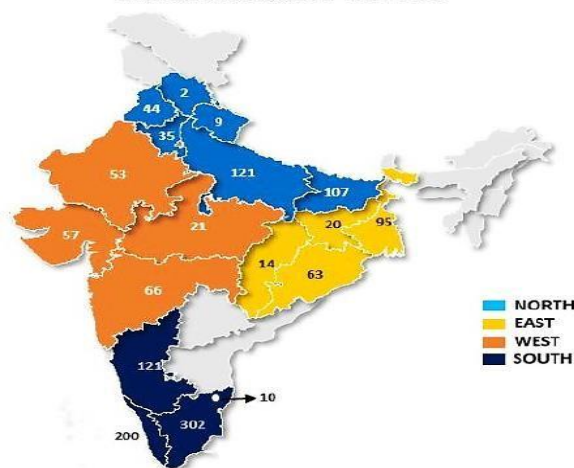
BRANCH NETWORK

Muthoot Microfin has 0.32 crore active customers, who are served by the 1,340 branches across 339 districts in 18 states and union territories in India, as of Sept' 30, 2023.

While their operations have historically been concentrated in South India, they have in recent years expanded into North, West and East India and have a total of 707 branches across North, West and East India as of Sept' 30, 2023, representing 52.76% of their total branches as of Sept' 30, 2023.

As of Sept' 30, 2023, they had 10,159 branch managers, credit managers and relationship officers, including trainees, who comprised 82.61% of their total workforce. As of Sept' 30, 2023, each of their relationship officers on average managed 426 customers.

Branch Distribution H1 FY'24



Region-wise details

(₹ in Cr, unless otherwise stated)

Region	As at Sep'30				As at March 31,					
	2023		2022		2023		2022		2021	
	Gross loan portfolio	% of Gross loan portfolio	Gross loan portfolio	% of Gross loan portfolio	Gross loan portfolio	% of Gross loan portfolio	Gross loan portfolio	% of Gross loan portfolio	Gross loan portfolio	% of Gross loan portfolio
Loans Outstanding by Regions										
Urban	475.11	4.37%	330.87	4.44%	491.08	5.33%	291.97	4.67%	246.67	4.95%
Rural	10,391.99	95.63%	7,118.62	95.56%	8,717.22	94.67%	5,962.98	95.33%	4,740.04	95.05%
Total	10,867.07	100.00%	7,449.49	100.00%	9,208.30	100.00%	6,254.94	100.00%	4,986.71	100.00%
Disbursements by Regions										
Urban	213.93	4.13%	230.99	6.63%	537.05	6.63%	440.27	9.47%	147.48	5.59%
Rural	4,967.65	95.87%	3,255.53	93.37%	7,567.43	93.37%	4,206.70	90.53%	2,489.28	94.41%
Total	5,181.58	100.00%	3,486.52	100.00%	8,104.47	100.00%	4,646.96	100.00%	2,636.77	100.00%

Active Customers by Regions

Urban	0.01	3.42%	0.01	3.56%	0.01	3.95%	0.01	4.00%	0.01	3.67%
Rural	0.31	96.58%	0.23	96.44%	0.27	96.05%	0.20	96.00%	0.18	96.33%
Total	0.32	100.00%	0.24	100.00%	0.28	100.00%	0.21	100.00%	0.19	100.00%

Financial and Operational Metrics for Mature States and Other States:

	Mature States					Other States Across the Rest of India				
	As of or for the 6 months ended Sep'30,		As of or for the Financial Year Ended March 31,			As of or for the 6 months ended Sep'30,		As of or for the Financial Year Ended March 31,		
	2023	2022	2023	2022	2021	2023	2022	2023	2022	2021
Number of branches	633	503	576	468	412	707	505	596	437	343
Number of districts	79	77	78	72	65	260	228	243	209	184
Average number of branches per district	8.01	6.53	7.38	6.50	6.34	2.72	2.21	2.45	2.09	1.86
Gross loan portfolio (₹ Cr)	5,690.87	4,498.14	5,153.03	4,053.79	3,326.47	5,176.20	2,951.35	4,055.27	2,201.15	1,660.24
Gross loan portfolio growth (%)	26.52%	38.76%	27.12%	21.86%	2.25%	75.38%	90.69%	84.23%	32.58%	13.93%
Gross loan portfolio per branch (₹ Cr)	8.99	8.94	8.95	8.66	8.07	7.32	5.84	6.80	5.04	4.84
Disbursements (₹ Cr)	2,552.41	1,929.07	4,338.18	2,915.19	1,669.09	2,629.17	1,557.46	3,766.30	1,731.78	967.68
Disbursement growth (%)	32.31%	123.40%	48.81%	74.66%	(37.69)%	68.81%	271.78%	117.48%	78.96%	(31.08)%
Disbursements per branch (₹ Cr)	4.03	3.84	7.53	6.23	4.05	3.72	3.08	6.32	3.96	2.82
Collection Efficiency (%)	98.60%	92.46%	94.85%	83.11%	66.06%	99.24%	95.93%	97.42%	90.84%	70.81%
Active Customers (Cr)	0.16	0.14	0.15	0.12	0.12	0.16	0.10	0.13	0.08	0.07
Active Customers per branch	2,514	2,702	2,568	2,630	2,866	2,266	2,065	2,171	1,877	1,967
New customers to total customers to whom loans were disbursed (%)	34.69%	33.54%	55.60%	34.07%	19.19%	62.74%	46.10%	75.76%	57.94%	44.88%
Employees	6,077	4,995	5,213	4,704	4,188	6,220	4,155	5,014	3,474	2,658
Loan officers	3,545	2,956	3,045	2,788	2,754	3,948	2,692	3,229	2,206	1,798
Gross loan portfolio per loan officer (₹ Cr)	1.61	1.52	1.69	1.45	1.21	1.31	1.10	1.26	1.00	0.92
Disbursement per loan officer (₹ Cr)	0.72	0.65	1.43	1.05	0.61	0.67	0.58	1.17	0.79	0.54
Active customers per loan officer	449	460	486	441	429	406	387	401	372	375

COMPETITIVE STRENGTHS

Market Leadership and Nationwide Presence: Muthoot Microfin operates as a prominent microfinance institution catering primarily to women customers in rural areas across 339 districts in 18 states and union territories in India. Their gross loan portfolio in top states like Kerala, Karnataka, and Tamil Nadu accounts for over half (51.36%) of their total portfolio.

Rural Focused Operations and Commitment to Community Welfare: The company is deeply committed to understanding the financial needs of rural customers. Their digital capabilities enable seamless online processes, paperless transactions, and provide access to financial literacy resources, promoting engagement and social welfare.

Synergy with Muthoot Pappachan Group and Brand Recognition: As part of the Muthoot Pappachan Group, they benefit from the conglomerate's extensive experience in financial services and diverse sector presence. The group's combined financial services cater to a vast customer base of 0.87 crore individuals.

Robust Risk Management Framework: Their risk management policies focus on credit, operational, and financial risk. Using technology, they streamline processes for accurate information, conduct due diligence before branching into new locations, and adopt conservative financial policies.

Efficient Operating Model and Technology Integration: Muthoot Microfin utilizes a streamlined operating model and technology-driven systems managed by a 102-member IT team. These systems support their operations, data security, and technological infrastructure.

Diversified Capital Sources and Cost-effective Funding: Having secured an A+/Stable credit rating from CRISIL, they access cost-effective funding from various sources and engage in direct assignment transactions leveraging their loan portfolio.

Experienced Management and Strong Governance: The company is led by a board, promoters, and senior management team comprising seasoned professionals with an average experience of over 16 years. A majority of their senior management has extensive tenure within the Muthoot Pappachan Group, supported by key investors such as Creation Investments India LLC and Greater Pacific Capital WIV Ltd.

KEY BUSINESS STRATEGIES

Geographical Expansion and Branch Network Growth: The company, historically concentrated in South India, has expanded into North, West, and East India with 707 branches, representing 52.76% of their total branches as of September 30, 2023. Their aim is to further grow branches in underpenetrated states like Uttar Pradesh, Bihar, Rajasthan, and Punjab. Strategic acquisitions are also on the radar for expanding into new geographies.

Continued Investment in Information Technology: Emphasizing customer service, operational efficiency, and cost optimization, the company plans to enhance and invest in technology to support their expansion efforts. They aim to utilize technology and automation across various business processes, including sourcing, underwriting, disbursement, and collection.

Utilizing Branch Network for Portfolio Growth: Leveraging the existing branch network, Muthoot Microfin plans to expand its gross loan portfolio. By offering additional financing products like gold loans, individual loans, bicycles, and home appliances to customers with good repayment records, they aim to strengthen customer relationships and boost retention through cross-selling opportunities.

Diversification of Funding Sources: With a history of stable credit and improving credit ratings, the company aims to diversify its borrowing sources to access cost-effective debt financing. This strategy includes reducing the average cost of borrowings, diversifying borrowings, and scaling up business operations to enhance access to funds.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	Consolidated/ Standalone	Face Value	Total Income for Fiscal 2023 (₹ Cr)	EPS		NAV	P/E	PB	RoNW (%)
				(Basic)	(Diluted)				
Muthoot Microfin Ltd	Restated	10	1,446.34	14.19	11.66	112.63	24.29	2.58	10.08%
Equitas Small Finance Bank Ltd	Consolidated	10	4,831.46	4.71	4.67	46.44	20.29	2.04	11.12%
Ujjivan Small Finance Bank Ltd	Consolidated	10	4,754.19	5.88	5.87	20.25	9.33	2.70	27.79%
CreditAccess Grameen Limited	Consolidated	10	3,550.79	52.04	51.82	326.89	32.47	5.15	16.18%
Spandana Sphoorty Financial Ltd	Consolidated	10	1,477.03	1.74	1.74	436.58	551.18	2.20	0.40%
Bandhan Bank Ltd	Consolidated	10	18,373.25	13.62	13.62	121.58	15.59	1.75	11.21%
Suryoday Small Finance Bank Ltd	Consolidated	10	1,281.10	7.32	7.32	149.28	21.73	1.07	4.90%
Fusion Micro Finance Ltd	Consolidated	10	1,799.97	43.29	43.13	230.74	13.46	2.52	16.67%

Source: RHP ~P/E Ratio, and P/B Ratio is calculated as closing share price as at November 24, 2023 at BSE. P/E and P/B ratio of Muthoot Microfin Ltd is based on upper band

Key Performance Indicators:

KPIs	6 months period ended Sep'30		As of/ for the year ended March 31,		
	2023	2022	2023	2022	2021
Operations					
Number of branches	1,340	1,008	1,172	905	755
Number of districts	339	305	321	281	249
Assets under management (in ₹ Cr)	10,867.07	7,449.49	9,208.30	6,254.94	4,986.71
Assets under management growth (%)	45.88%	55.54%	47.22%	25.43%	3.06%
Disbursements (in ₹ Cr)	5,181.58	3,486.52	8,104.47	4,646.96	2,636.77
Disbursement growth (%)	48.62%	171.87%	74.40%	76.24%	(35.42)%
Productivity					
Disbursement per branch (₹ Cr)	3.87	3.46	6.92	5.14	3.49
Assets under management per loan officer (₹ Cr)	1.45	1.32	1.47	1.25	1.10
Capital					
Net worth (in ₹ Cr)	1,842.10	1,446.58	1,625.85	1,336.58	889.89
Total capital ratio (CRAR) (%)	20.46%	24.16%	21.87%	28.75%	22.55%
Tier-1 capital ratio (%)	20.46%	24.16%	21.87%	28.38%	21.80%
Cost of funds (%)	11.20%	10.54%	10.94%	10.44%	11.08%
Leverage or debt to equity ratio	4.21	3.62	3.99	2.99	3.39%
Profitability					
Net profit (in ₹ Cr)	205.26	12.47	163.89	47.40	7.05
Annual average yield on gross outstanding loan portfolio (%)	22.94%	22.05%	21.84%	17.94%	19.91%
Net interest margin (%)	12.39%	11.12%	11.60%	9.60%	8.24%
Credit cost ratio (%)	1.24%	4.80%	2.95%	2.17%	2.83%
Opex (%)	5.82%	6.13%	6.08%	6.38%	5.47%
Cost to income ratio (%)	46.61%	53.69%	51.39%	65.02%	64.41%
Return on average gross outstanding loan portfolio (%)	2.03%	0.18%	2.16%	0.92%	0.15%
Return on average equity (%)	11.84%	0.90%	11.06%	4.26%	0.79%
Insurance					
Insurance premium collected (₹ Cr)	229.97	145.95	338.09	185.60	98.12
Life insurance (₹ Cr)	164.31	106.97	244.03	138.31	77.24
Medical insurance (₹ Cr)	30.49	30.43	59.83	38.75	17.54
Natural calamity insurance (₹ Cr)	35.18	8.55	34.24	8.54	3.34

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