



MUTHOOT MICROFIN LIMITED

IPO NOTE

December 2023

Issue highlights

- Promoted by **Muthoot Pappachan Group, Muthoot Microfin Limited (“Muthoot Microfin”)** was incorporated on April 6, 1992. The RBI has granted NBFC-MFI status to the company with effect from March 25, 2015. Muthoot Microfin is a microfinance institution providing micro-loans to women customers (primarily for income generation purposes) with a focus on rural regions of India. Muthoot Microfin is the 5th largest NBFC-MFI in India in terms of gross loan portfolio as of March 31, 2023. They are also the 3rd largest amongst NBFC-MFIs in South India in terms of gross loan portfolio, the largest in Kerala in terms of MFI market share, and a key player in Tamil Nadu with an almost 16% market share.
- As of September 30, 2023, company’s gross loan portfolio amounted to ₹10,867.07 crore. Their business model helps in driving financial inclusion, as they serve customers who belong to low-income groups. As of September 30, 2023, they have 0.32 crore active customers, who are serviced by 12,297 employees across 1,340 branches in 339 districts in 18 states and union territories in India.
- Company’s loan products comprise:
 - **Group loans** for livelihood solutions such as income generating loans, Pragathi loans and individual loans;
 - **Life betterment solutions** including mobile phones loans, solar lighting product loans and household appliances product loans;
 - **Health and hygiene loans** such as sanitation improvement loans; and
 - **Secured loans** in the form of gold loans and the Muthoot Small & Growing Business (“MSGB”) loans.
- As of September 30, 2023, the gross loan portfolio of their income generating loans amounted to ₹10,211.87 crore, representing 93.97% of the total gross loan portfolio. They primarily adopt a joint liability group model which caters exclusively to women in lower income households and is premised on the fact that if such individuals are given access to credit, they may be able to identify new opportunities and supplement and grow their existing income.
- To expand their digital collections infrastructure, they launched a proprietary application, called “**Mahila Mitra**”, in 2021, which facilitates digital payment methods such as QR codes, websites, SMS-based links and voice-based payment methods. As of September 30, 2023, 0.15 crore customers have downloaded the *Mahila Mitra* application, and 0.25 crore customers have transacted digitally with them.
- Since December 2021, they have offered digital healthcare facilities to the customers through “e-clinics”. They collaborate with **M-Swasth Solutions Pvt Ltd**, to set up e-clinics across their branches. As of September 30, 2023, they have set up 460 e-clinics across 460 of their branches, representing 34.33% of their total branches. As of September 30, 2023, 14.40% of their customers have enrolled in their e-clinics, and they have facilitated 98,844 medical consultations and 65,878 teleconsultations. Further, to protect their customers from the risks of natural calamities, they have, since May 2020, also provided **natural calamity insurance** to their customers.

Brief Financial Details*

(₹ In Cr)

	As at Sep’ 30,		As at Mar’ 31,		
	2023(06)	2022(06)	2023(12)	2022(12)	2021(12)
Share Capital	140.20	140.20	140.20	133.33	114.17
Reserves	1,701.90	1,306.39	1,485.65	1,203.25	775.72
Net Worth as stated	1,842.10	1,446.58	1,625.85	1,336.58	889.89
Revenue from operations	1,042.33	604.74	1,428.76	832.51	684.17
Revenue Growth (%)	72.36%	-	71.62%	21.68%	-
EBITDA as stated	706.39	255.05	788.49	425.66	327.22
Profit before Tax	274.61	16.76	212.87	64.72	9.06
Net Profit for the period	205.26	12.47	163.89	47.40	7.05
EPS – Basic (₹)	17.57 [^]	1.09 [^]	14.19	4.15	0.62
EPS – Diluted (₹)	14.22 [^]	0.91 [^]	11.98	3.97	0.62
RONW (%)	11.14% [^]	0.86% [^]	10.08%	3.55%	0.79%
Net Asset Value- Basic (₹)	127.61	100.21	112.63	97.74	77.94

Source: RHP *Restated Summary, [^] not annualised

Issue Details

Fresh Issue of Equity shares aggregating upto ₹760 Crore and Offer for sale of Equity Shares aggregating upto ₹200 Cr

Issue size: ₹ 960 Cr

Face value: ₹ 10/- per share

Employee Reservation: Shares aggregating upto ₹ 10 Cr

Price band: ₹ 277 – 291

Bid Lot: 51 Shares and in multiple thereof

Employee Discount: ₹ 14/- per share

Post Issue Implied Market Cap =

₹ 4,759 – 4,961 Cr

BRLMs: Axis Capital, ICICI Securities, JM Financial, SBI Capital Markers

Registrar: KFin Technologies Ltd.

Issue opens on: Monday, 18th Dec’2023

Issue closes on: Wednesday, 20th Dec’2023

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	21-12-2023
Refunds/Unblocking ASBA Fund	22-12-2023
Credit of equity shares to DP A/c	22-12-2023
Trading commences	26-12-2023

Issue break-up

	No. of Shares		₹ In Cr	% of Issue
	@Lower	@Upper		
QIB	17,148,012	16,323,021	475.00	50%
NIB	5,144,404	4,896,907	142.50	15%
-NIB2	3,429,602	3,264,604	95.00	-
-NIB1	1,714,802	1,632,303	47.50	-
RET	12,003,610	11,426,116	332.50	35%
EMP	380,228	361,010	10.00	-
Total	34,676,254	33,007,054	960.00	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	51 Shares	714 Shares	3,468 Shares
Minimum Bid Lot Amount (₹)	₹ 14,841 [^]	₹ 2,07,774 [^]	₹ 10,09,188 [^]
Appl for 1x	224,041 Applications	2,286 Applications	4,572 Applications

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue [^]	Post issue#
144,357,971	171,794,794	170,474,809

[^]@Lower price Band #@ Upper Price Band

Shareholding (%)

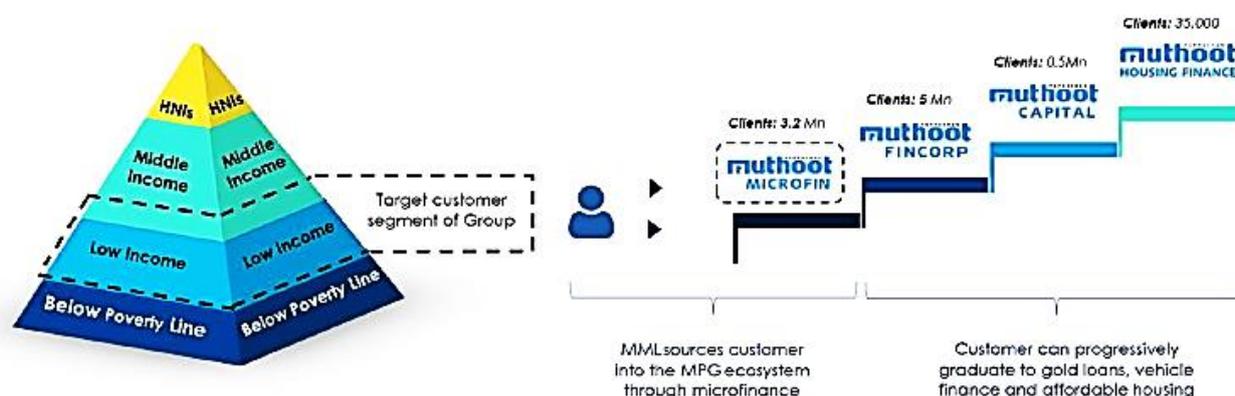
	Pre-Issue	Post-Issue
Promoters	69.08%	55.47%
Public – Other Selling S/h	19.06%	15.14%
Public – Other	9.46%	27.37%
Shares held by Employee Trust	2.39%	2.03%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as ‘Panchratna Stock and Investment Consultancy Services Private Limited’ on April 6, 1992 at Mumbai. The RBI has granted NBFC-MFI status to the company with effect from March 25, 2015. Thomas John Muthoot, Thomas Muthoot, Thomas George Muthoot, Preethi John Muthoot, Remmy Thomas, Nina George and Muthoot Fincorp Ltd (“MFL”) are the Promoters of the company. Currently the Promoters, collectively, hold 99,720,468 Equity Shares in the company, representing 69.08% of the issued, subscribed, and paid-up equity share capital of the company, on a fully diluted basis.

The company is a part of the Muthoot Pappachan Group (“MPG”), a business conglomerate with presence across financial services, automotive, hospitality, real estate, information technology infrastructure, precious metals and alternate energy sectors. The Muthoot Pappachan Group has a history of over 50 years in the financial services business. They are the 2nd largest company under the Muthoot Pappachan Group, in terms of AUM for the FY2023. MFL, the flagship company of the Muthoot Pappachan Group, currently holds 59.29% of the pre- Offer Equity Share capital in the company, on a fully diluted basis. Their relationship with the Muthoot Pappachan Group provides them with brand recall and significant marketing and operational benefits. Further, there are significant synergies between the financial services business of the group and their micro-finance business. The target customer segment of the Muthoot Pappachan Group is low-income customers, as depicted in the image below:



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

Objects	Amount
• Augmenting the capital base to meet future capital requirements	[•]
• General Corporate Purposes	[•]
Total	[•]

(₹ In Cr)

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%

BUSINESS OVERVIEW

Muthoot Microfin Limited (“**Muthoot Microfin**”) is a microfinance institution providing micro-loans to women customers (primarily for income generation purposes) with a focus on rural regions of India. Muthoot Microfin is the 5th largest NBFC-MFI in India in terms of gross loan portfolio as of March 31, 2023. They are also the 3rd largest amongst NBFC-MFIs in South India in terms of gross loan portfolio, the largest in Kerala in terms of MFI market share, and a key player in Tamil Nadu with an almost 16% market share, as of March 31, 2023.

As of September 30, 2023, company’s gross loan portfolio amounted to ₹10,867.07 crore. Their business model helps in driving financial inclusion, as they serve customers who belong to low-income groups. As of September 30, 2023, they have 0.32 crore active customers, who are serviced by 12,297 employees across 1,340 branches in 339 districts in 18 states and union territories in India. They have built their branch network with an emphasis on under-served rural markets with growth potential, in order to ensure ease of access to customers. Their branches are connected to their IT networks and are primarily located in commercial spaces which are easily accessible by their customers.

Company’s wide range of lending products are aimed at catering to the life cycle needs of rural households. They primarily provide loans for income generating purposes to women customers living in rural areas.

Company’s loan products comprise:

- **Group loans** for livelihood solutions such as income generating loans, Pragathi loans (which are interim loans made to existing customers for working capital and income generating activities) and individual loans;
- **Life betterment solutions** including mobile phones loans, solar lighting product loans and household appliances product loans;
- **Health and hygiene loans** such as sanitation improvement loans; and
- **Secured loans** in the form of gold loans and the Muthoot Small & Growing Business (“**MSGB**”) loans.

As of September 30, 2023, the gross loan portfolio of their income generating loans amounted to ₹10,211.87 crore, representing 93.97% of the total gross loan portfolio. They primarily adopt a joint liability group model which caters exclusively to women in lower income households and is premised on the fact that if such individuals are given access to credit, they may be able to identify new opportunities and supplement and grow their existing income. The history of the Muthoot Pappachan Group in working with customers at the bottom of the economic pyramid helps them better address the needs of women in rural households and design lending products to cater to their requirements.

Over the past few years, Muthoot Microfin has significantly implemented the use of technology across their microfinance operations. They have an in-house information technology team that has built their technology platform into a business tool, which helps them in achieving and maintaining high levels of customer service, enhancing operational efficiency, and creating competitive advantages for their organization. To improve their underwriting capabilities using technology, they have developed a unique credit score card along with Equifax to evaluate the creditworthiness of customers by assigning individual credit scores to their customers.

Further, to expand their digital collections infrastructure, they launched a proprietary application, called “**Mahila Mitra**”, in 2021, which facilitates digital payment methods such as QR codes, websites, SMS-based links and voice-based payment methods.

As of September 30, 2023, 0.15 crore customers have downloaded the *Mahila Mitra* application, and 0.25 crore customers have transacted digitally with them. They are also in the process of developing a *Super App* along with the Muthoot Pappachan Group, which they plan to use to integrate their *Mahila Mitra* application with all of the Muthoot Pappachan Group’s products and databases on to a single platform.

In addition, with the aim to cater to the healthcare needs and priorities of their customers, they have, since December 2021, offered digital healthcare facilities to the customers through “e-clinics”. They collaborate with **M-Swasth Solutions Pvt Ltd**, a technology driven digital healthcare service provider, to set up these e-clinics across their branches. As of September 30, 2023, they have set up 460 e-clinics across 460 of their branches, representing 34.33% of their total branches. As of September 30, 2023, 14.40% of their customers have enrolled in their e-clinics, and they have facilitated 98,844 medical consultations and 65,878 teleconsultations. Further, to protect their customers from the risks of natural calamities, they have, since May 2020, also provided **natural calamity insurance** to their customers to whom they disburse loans across their branches in India. As of September 30, 2023, they have provided 23.23% of their clients with natural calamity insurance.

Company’s Board, Promoters and Senior Management comprise experienced professionals, industry experts and management professionals, supported by a qualified and motivated pool of employees. Their Senior Management team has members who

have significant experience in microfinance and various lending businesses as well as across major functions related to their business.

Further, they are supported by the marquee investors, namely **Creation Investments India LLC** and **Greater Pacific Capital WIV Ltd**, which have been invested in the company since 2016 and 2021, respectively, and collectively hold 28.07% of the issued, subscribed and paid-up pre-Offer Equity Share capital of the company on a fully diluted basis.

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

Particulars	6 months period ended Sep'30		As of/ for the year ended March 31,		
	2023	2022	2023	2022	2021
	Net Asset Value per Equity share	127.61	100.21	139.15	117.07
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%

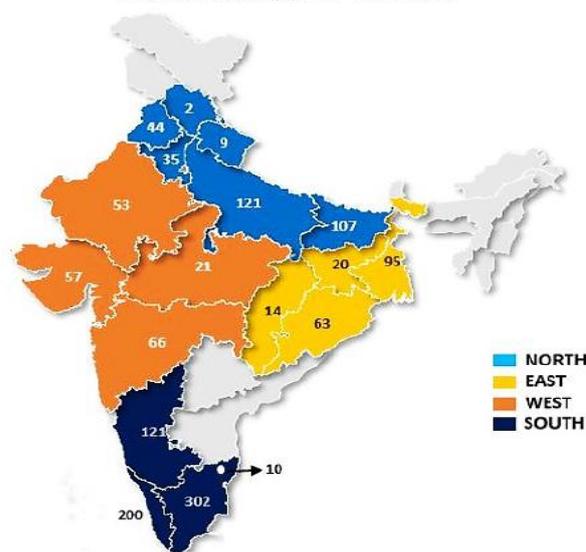
BRANCH NETWORK

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 with a pan-India presence**

Muthoot Microfin is a microfinance institution providing micro-loans to women customers (primarily for income generation purposes) with a focus on rural regions of India. They have a well-diversified portfolio across 339 districts in 18 states and union territories in India, as of September 30, 2023. As of September 30, 2023, their gross loan portfolio in their Top-3 states, namely Kerala, Karnataka and Tamil Nadu, together accounted for 51.36% of their total gross loan portfolio.

- **Rural focused operations, with a commitment towards health and social welfare of the customers**

Company's connection with their rural customers has been largely driven by their focus on continuously improving their understanding of the financial needs of the rural customer segment and commitment to consistent engagement with the communities they serve. Further, their digital capabilities, which facilitate online onboarding, paperless loan processing, seamless cashless disbursements, cashless collections, timely query resolution and access to online financial literacy resources.

- **Brand recall and synergies with the Muthoot Pappachan Group**

The company is part of the Muthoot Pappachan Group, a business conglomerate with presence across financial services, automotive, real estate, healthcare, information technology, precious metals, and alternate energy sectors. The Muthoot Pappachan Group has a history of over 50 years in the financial services business. They are the 2nd largest company under the Muthoot Pappachan Group, in terms of AUM for the FY2023, The financial services companies within the Muthoot Pappachan Group together service 0.87 crore unique customers, as of September 30, 2023.

- **Robust risk management framework leading to healthy portfolio quality**

The company has implemented well-defined key risk management policies which primarily focus on addressing credit risk, operational risk, and financial risk. The key elements of their risk management framework are:

- **Credit Risk:** The company seeks to ensure effective appraisal, disbursement, collection and delinquency management resulting from streamlined approval and administrative procedures. They use technology across their business processes in order to ensure accuracy and authenticity of information.
- **Operational Risk:** Before establishing a branch in a new location, the company conducts due diligence and market surveys to understand key details relating to the new location, including, among others, economic activity, target market growth potential and extent of microfinance services already provided.
- **Financial Risk:** The company adopt conservative policies aimed at ensuring there is no asset liability mismatch, liquidity risk or interest risk.

- **Streamlined operating model with effective use of technology**

The company has designed a streamlined and scalable operating model and developed technology-led systems and solutions for their operations. As at September 30, 2023, they had 102 members in their information technology team, who are responsible for, among other things, developing and maintaining their in-house information technology systems, data security systems, and technological infrastructure and applications.

- **Access to diversified sources of capital and effective cost of funds**

The company received an upgraded credit rating of A+/Stable by CRISIL on October 19, 2022, which was reaffirmed on January 19, 2023. They have historically secured, and seek to continue to secure, cost effective funding through a variety of Sources. They also leverage on their loan portfolio in order to enter into direct assignment transactions with banks.

- **Experienced and Professional Management, with Strong Corporate Governance**

Company's Board, Promoters and Senior Management is composed of experienced professional, industry experts and management professionals. Senior Management team consists of qualified, seasoned professionals with an average experience of over 16 years across a variety of sectors. Their Senior Management team comprise a majority of members who have been associated with the Muthoot Pappachan Group for over 10 years. Further, they are also supported by their marquee investors, Creation Investments India LLC and Greater Pacific Capital WIV Ltd.

KEY BUSINESS STRATEGIES

- **Expand the geographical footprint and sourcing platform across India**

Company's operations have historically been concentrated in South India. They have in recent years expanded into North, East and West India and have a total of 707 branches across North, West and East India as of September 30, 2023, representing 52.76% of their total branches as of September 30, 2023. They intend to grow their branches in 4 key states: Uttar Pradesh, Bihar, Rajasthan, and Punjab, which are underpenetrated or moderately penetrated states. Additionally, they will also evaluate strategic acquisitions on an opportunistic basis as a means of inorganic growth to expand into new geographies.

- **Continue to Enhance Information Technology with a Focus on Customer Service, Operational Efficiency and Cost Optimization**

As the company continues to expand their geographic reach and scale of operations, they intend to further develop and invest in their technology to support their growth, improve the quality of their services, and achieve superior turnaround time in their operations. They endeavour to use technology and automation across the business processes, including, among others, sourcing, underwriting, disbursement, and collection.

- **Leverage the existing branch network to expand the customer base and gross loan portfolio**

The company endeavour to leverage their existing branch network to further increase their gross loan portfolio. As part of the growth strategy, they have commenced the offering of additional financing products such as gold loans, individual loans, bicycles and home appliances to customers who have a positive repayment record with them. Additional products and cross-selling opportunities also help strengthen their relationship with the customers and enable higher customer retention.

- **Diversifying the Sources of Funds**

The company has been able to access cost-effective debt financing and reduce their average cost of borrowings over the years due to their stable credit history and improving credit ratings, diversification of borrowings and enhancement of the scale of their business.

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	[•]	[•]	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

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

AXIS CAPITAL LIMITED

Axis House, 1st Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.

Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

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Muthoot Microfin Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the RHP with the RoC and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of Securities and Exchange Board of India at www.sebi.gov.in, on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com as well as on the websites of the BRLMs, Axis Capital Limited at www.axiscapital.co.in. Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

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