National Stock Exchange of India Ltd.
Exchange Plaza
Plot no. C/1, Block G,
Bandra- Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: MUTHOOTFIN

BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code: 533398

Dear Sir/Madam,

Sub: Intimation under Regulation 30, 51 (2), 56 (1) (c), and other applicable regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This is to inform you that Moody’s Investor Service has affirmed Muthoot Finance Limited's 'Ba2' Corporate Family Rating and its outlook changed to negative from stable.

Enclosing herewith the Press Release made by Moody’s Investor Service in this regard.

We request you to take the same on record.

Thanking You,

For Muthoot Finance Limited

Rajesh A
Company Secretary
Moody's
INVESTORS SERVICE
Rating Action: Moody's takes rating actions on three Indian NBFCs

13 Apr 2020

Singapore, April 13, 2020 -- Moody's Investors Service has taken rating actions on three Indian non-banking financial companies (NBFCs):

- Hero FinCorp Limited's local and foreign currency Baa3 issuer rating is placed under review for downgrade
- India Infoline Finance Limited's Ba3 Corporate Family Rating (CFR), (P)Ba3 foreign and local currency senior secured MTN program ratings, and Ba3 senior unsecured debt rating are placed under review for downgrade
- Muthoot Finance Limited's Ba2 CFR is affirmed and its outlook changed to negative from stable

A full list of affected ratings is provided at the end of this press release.

RATINGS RATIONALE

The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, volatile oil prices, and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets.

The Indian NBFC industry has been affected given disruptions to India's economic activity from the coronavirus outbreak, which will weaken these companies' credit profiles. Moody's regards the coronavirus outbreak as a social risk under its ESG framework, given the substantial implications for public health and safety.

Today's action reflects the impact on Hero FinCorp, India Infoline Finance and Muthoot of the breadth and severity of the shock, and the deterioration in credit quality it has triggered.

"We expect the asset quality of these three companies to deteriorate on the back of rising loan delinquencies and defaults, as some customers and businesses will struggle with payments given declining earnings due to the 21-day nationwide lockdown across India," says Alka Anbarasu, a Moody's Vice President and Senior Credit Officer.

Although Reserve Bank of India's (RBI) 3-month loan repayment moratorium will help borrowers without affecting NBFCs' asset quality classifications, it will also slow the pace at which loan balances are reduced, or even foreclosed on, which in turn will result in some loans performing more poorly than they otherwise would have.

However, the negative effects of the RBI's measures are likely to be significantly offset by the positive macroeconomic effects resulting from the stimulus due to the loan repayment moratorium, which is designed to boost consumer confidence and spending. The loan repayment moratorium may also support the value of the underlying loans, which would otherwise fall if all banks and NBFCs pursue strict repayment terms during times of economic stress, such as now. That said, the deeper and broader the economic slowdown in India's growth, the more these companies will face asset quality issues.

"Despite these risks, we expect Muthoot's asset quality to perform better than the other two companies given its focus on lending against gold jewelry, which is supported by highly liquid collateral, the value of which has appreciated in the past year," adds Anbarasu.

During the loan moratorium period, the liquidity of the three companies will worsen as loan collections decline. Furthermore, their modest balance sheet liquidity offers limited support if loan collections remain at materially lower levels once the moratorium is lifted.

While these companies have been able to attract new loans and roll forward maturing obligations from Indian banks, increasing risk aversion amongst Indian banks, especially after RBI imposed a moratorium on Yes Bank Limited (Caa1 positive, ca), as well as global financial sector volatility, will result in a more challenging funding environment.
Furthermore, in the case of India Infoline Finance, the moratorium on debt repayments can affect its ability to conduct loan assignments and securitization, which have been a source of immediate liquidity since the middle of 2018. Loan assignment refers to the outright sale of loans to banks. The other two companies have not conducted any loan assignments or securitizations.

The profitability of the three companies will also come under pressure because of lower revenues, higher credit charges and higher cost-to-income ratios as business activity declines.

That said, capital remains a key credit strength for the three companies. Moody's expects the companies' capital reserves to largely remain stable, or decline modestly, as the companies look to conserve liquidity and avoid expanding balance sheets, until funding conditions normalize.

**FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS**

**Hero FinCorp:**

Given the review for downgrade, an upgrade is unlikely for Hero FinCorp in the near term. However, the outlook could return to stable if the company's asset quality and profitability remain stable over the next few quarters. A substantial capital raise that improves the company's loss absorbing buffer can also help stabilize the rating.

Moody's could downgrade the company's ratings if (1) there is a material deterioration in its asset quality, which leads to more pressure on its profitability, and/or (2) its funding and liquidity profile deteriorates.

Hero FinCorp's Baa3 issuer ratings is three notches higher than its standalone assessment of ba3, reflecting Moody's assumption of a very high likelihood of support from its key shareholder, Hero MotoCorp Limited (HMCL), in times of need. Any change to Moody's expectation of support from HMCL will also lead to pressure on Hero FinCorp's rating.

**Muthoot:**

Given the negative outlook, an upgrade is unlikely for Muthoot Finance in the near term. However, the outlook could return to stable if the company's solvency and liquidity remain stable over the next few quarters. Muthoot's ratings could be downgraded if the company's funding and liquidity profile materially deteriorates during the next 12-18 months.

**India Infoline Finance:**

Given the review for downgrade, an upgrade is unlikely for India Infoline Finance in the near term. However, the outlook could return to stable if the company's solvency and liquidity remain stable over the next few quarters.

Moody's could downgrade India Infoline Finance's ratings if (1) there is a material deterioration in its asset quality, which leads to more pressure on its profitability, and/or (2) its funding and liquidity profile deteriorates.


Headquartered in New Delhi, Hero FinCorp Limited reported total assets of INR 229 billion at 30 September 2019.

Headquartered in Mumbai, India Infoline Finance Limited reported total assets of INR 312 billion at 31 December 2019.

Headquartered in Kochi, Muthoot Finance Limited reported total assets of INR 498 billion at 31 December 2019.

**LIST OF AFFECTED RATINGS:**

On Review for Downgrade:

..Issuer: Hero FinCorp Limited

....Issuer Rating (Foreign Currency and Local Currency), Placed on Review for Downgrade, currently Baa3
..Issuer: India Infoline Finance Limited
....Corporate Family Rating, Placed on Review for Downgrade, currently Ba3
....Senior Secured Medium-Term Note Program (Foreign Currency and Local Currency), Placed on Review for Downgrade, currently (P)Ba3
....Senior Secured Regular Bond/Debenture (Foreign Currency), Placed on Review for Downgrade, currently Ba3

Affirmations:
..Issuer: Muthoot Finance Limited
....Corporate Family Rating, Affirmed at Ba2

Outlook Actions:
..Issuer: Hero FinCorp Limited
....Outlook, changed to Rating Under Review from Negative
..Issuer: India Infoline Finance Limited
....Outlook, changed to Rating Under Review from Stable
..Issuer: Muthoot Finance Limited
....Outlook, changed to Negative from Stable

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entities or their designated agents and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.
Moody’s general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

At least one ESG consideration was material to the credit rating outcome announced and described above.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody’s affiliates outside the EU and is endorsed by Moody’s Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody’s office that issued the credit rating is available on www.moodys.com.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody’s legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Alka Anbarasu
VP - Senior Credit Officer
Financial Institutions Group
Moody’s Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Graeme Knowd
MD - Banking
Financial Institutions Group
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Releasing Office:
Moody’s Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

© 2020 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY’S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY’S INVESTORS SERVICE, INC. AND/OR ITS CREDIT RATINGS AFFILIATES ARE MOODY’S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY’S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY’S INVESTORS SERVICE DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE MOODY’S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY’S INVESTORS SERVICE CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT
LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS (“ASSESSMENTS”), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY’S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLIShes ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY’S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided “AS IS” without warranty of any kind. MOODY’S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY’S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY’S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY’S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY’S.

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY’S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.
NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from $1,000 to approximately $2,700,000. MCO and Moody's investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.