

Manappuram Finance Limited

Investor Presentation

Aug 2019

Gold Loans



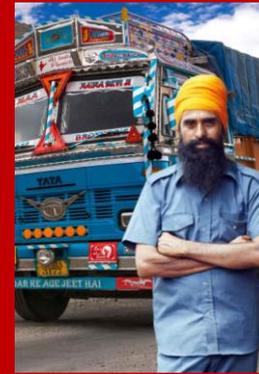
Microfinance



Housing Finance



Vehicle Finance



MANAPPURAM
FINANCE LIMITED



MANAPPURAM
FINANCE LIMITED

Quarterly Update

Company Overview

Business Strategy

Key Technology Initiatives

Annexure



Q1 FY20 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



AUM

Rs 201,859 Mn
(+ 3.8% QoQ)
(+21.5 % YoY)

Net Profit

Rs 2,689.1 Mn
(+5.2 % QoQ)
(+35.3 % YoY)

Networth

Rs 47,151.6 Mn

ROA 5.1%

ROE 23.28%

Capital Adequacy *

23.2%

Borrowing Cost *

9.34%

GNPA *

0.71%

BV / Share Rs 55.9

EPS Rs 12.76

Dividend / Share

Q1FY20: Rs 0.55
FY19: Rs 2.20

Share of New Businesses

34.2%
(+ 83 bps QoQ)
(+ 915 bps YoY)

Total Branches

4,380

No of Live Customers

4.46 mn

AUM: Assets Under Management, Net Profit: PAT after Minority Interest

* Calculated on standalone basis

Q1 FY20 RESULTS: KEY PERFORMANCE HIGHLIGHTS

Overall Highlights

- Delivered **strong performance with +21.5% YoY and +3.8 % QoQ consolidated AUM growth**
- Robust profitability with **5.1% consolidated ROA, 23% consolidated ROE** resulting in **+35.3 % YoY** and **+5.2% QoQ consolidated PAT growth**

Gold Loan Business

- **Gold Loan AUM up 6.6% YoY, 2.6% QoQ** in Q1 FY20; **Gold tonnage up 3.6% YoY** and 1.3% QoQ
 - Company expects to grow gold loans in line with market growth; expect substantial pick up in gold loans in Q2FY20
- Gross yields on gold loans were stable QoQ. Net yields improved as the quantum of rebates reduced during this quarter

Operating leverage

- In line with the guidance a few quarters ago, operating leverage has played out in the business
 - Security costs have halved to INR 15.6 Cr in Q1 FY20 from INR 35.4 Cr in Q1 FY19
 - As a result, C/I ratio in the standalone business has improved from 35.7% in Q1 FY19 to 30.8% in Q1 FY20

Progress on Business Diversification

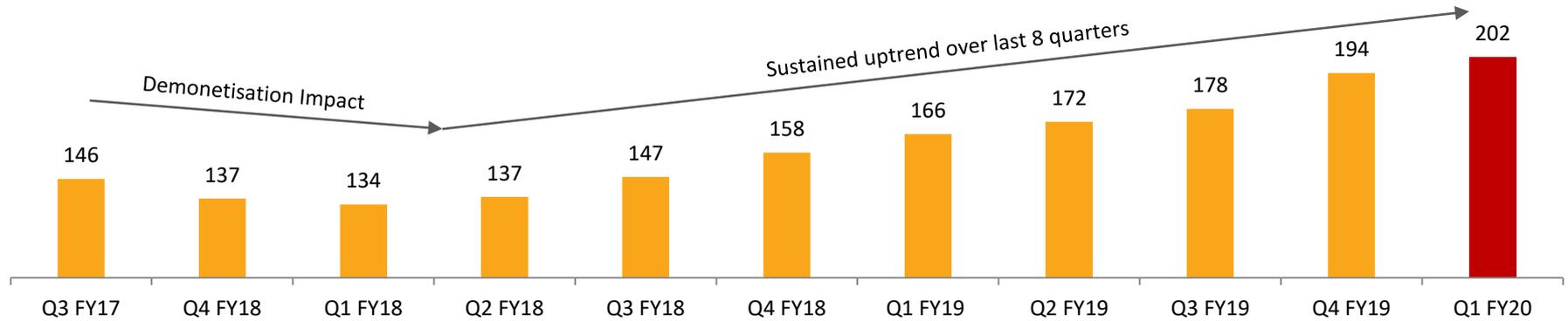
- Delivered robust growth in each of the new businesses, with stable or improving asset quality
- **Asirvad MFI** grew AUM by **+72.2 % YoY** and delivered **25.0% ROE in Q1 FY20**
 - Asirvad MFI is now among the lowest cost providers of microfinance loans in India
- **Vehicle & Equipment Finance** has stabilized with **70% YoY AUM growth** and has been steady in terms of asset quality
- **Housing finance** business has stabilized with **33% YoY AUM growth**

Liabilities

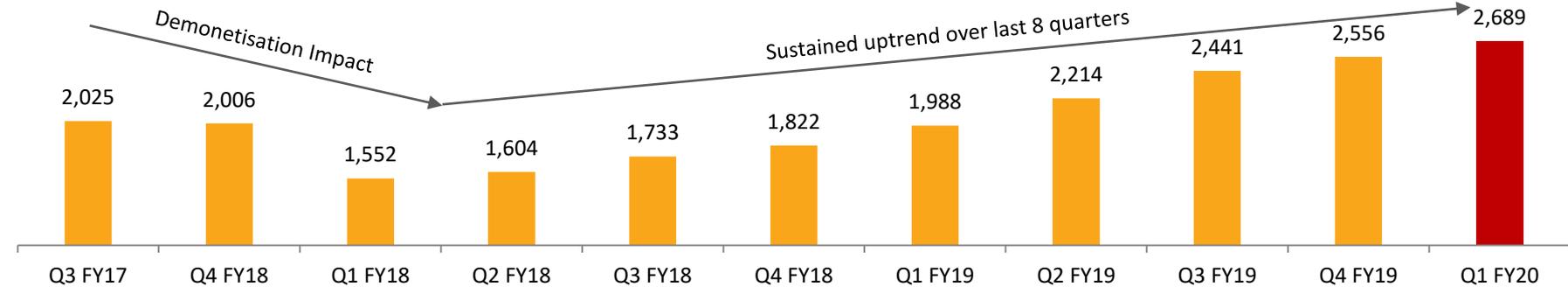
- Well matched ALM profile; Did not face any liquidity stress during Q1 FY20
- Diversified sources of funds; **Undrawn Banking lines Rs 10,700 Mn**
- Raised \$75mn of long term borrowings from IFC with 3 year tenor

Q1 FY20 RESULTS: STRONG UPTREND IN AUM GROWTH & PROFITABILITY

TOTAL AUM (Rs Bn)



NET PROFIT (Rs Mn)



Q1 FY20 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (Rs Mn)	Q1 FY20	Q1 FY19	YOY %	Q4 FY19	QOQ %	FY19
Closing AUM (Rs Bn)	202	166	21.5%	194	3.8%	194
Income from Operations	11,741.9	9,358.2	25.5%	10,848.6	8.2%	41,163.2
Finance expenses	3,799.8	2,943.2	29.1%	3,537.9	7.4%	13,194.4
Net interest income	7,942.2	6,415.0	23.8%	7,310.7	8.6%	27,968.8
Employee expenses	1,971.0	1,691.8	16.5%	1,939.9	1.6%	7,201.1
Other operating expenses	1,566.7	1,588.3	-1.4%	1,697.3	-7.7%	6,659.0
Pre provision profit	4,404.5	3,134.8	40.5%	3,673.4	19.9%	14,108.7
Provisions/Bad debts	365.3	154.6	136.2%	56.8	543.5%	461.0
Other Income	105.1	113.6	-7.5%	184.6	-43.1%	625.2
Profit before Tax	4,144.3	3,093.8	34.0%	3,801.3	9.0%	14,272.9
Tax	1,422.0	1,093.9	30.0%	1,217.9	16.8%	4,978.1
PAT before OCI	2,722.3	1,999.9	36.1%	2,583.4	5.4%	9,294.8
Other Comprehensive Income	(6.8)	5.6	-221.5%	(12.9)	-47.2%	(25.3)
Total Comprehensive Income	2,715.5	2,005.5	35.4%	2,570.5	5.6%	9,269.5
Minority Interest	26.4	17.7	49.0%	14.6	81.1%	70.9
PAT	2,689.1	1,987.8	35.3%	2,555.9	5.2%	9,198.7

Q1 FY20 RESULTS: CONSOLIDATED BALANCE SHEET

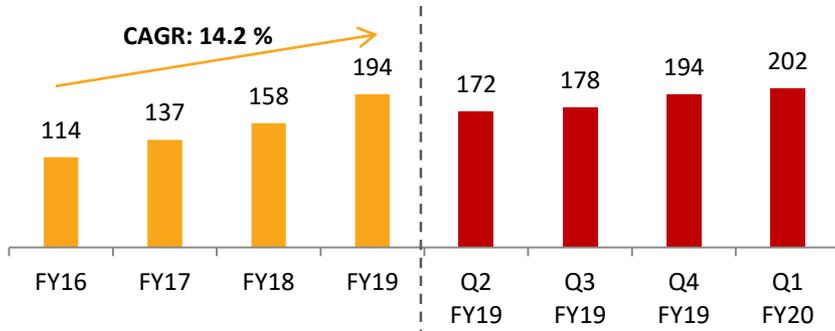


Particulars (Rs Mn)	June 2019	June 2018	YOY %	Mar 2019	QOQ %
Cash & Bank Balances	12,541.6	7,282.1	72.2%	11,642.0	7.7%
Investments	1,519.1	0.5	286522.8%	1,737.5	-12.6%
Loans & Advances	188,618.1	166,098.0	13.6%	178,119.1	5.9%
Fixed Assets	5,133.1	2,831.4	81.3%	3,674.8	39.7%
Other Assets	9,851.8	5,979.8	64.8%	9,366.6	5.2%
Total Assets	217,664	182,192	19.5%	204,540	6.4%
Share Capital	1,686.5	1,685.1	0.1%	1,685.6	0.1%
Reserves & Surplus	45,465.0	38,174.9	19.1%	43,560.9	4.4%
Borrowings	161,662.1	134,397.4	20.3%	152,953.2	5.7%
Other Liabilities & Provisions	8,392.3	7,628.2	10.0%	5,881.1	42.7%
Minority Interest	457.7	305.9	49.6%	459.2	-0.3%
Total Liabilities	217,664	182,192	19.5%	204,540	6.4%

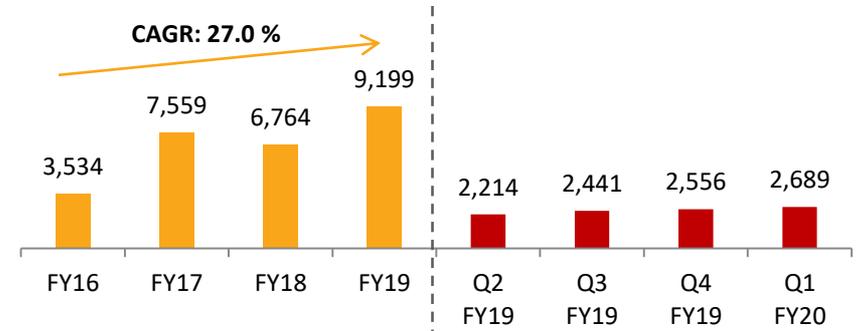
Q1 FY20 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



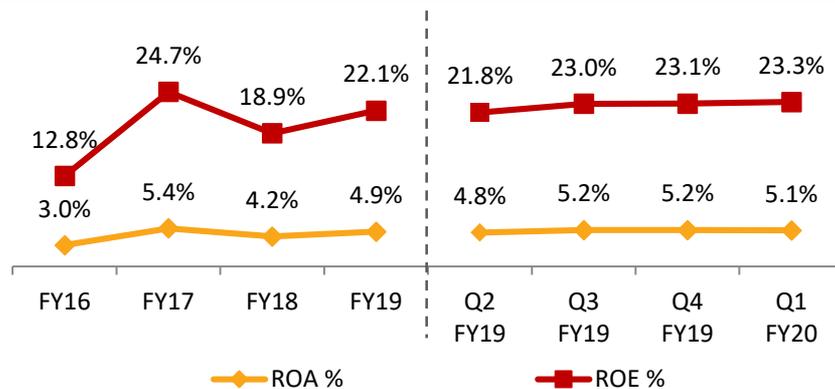
CONSOLIDATED AUM (Rs Bn)



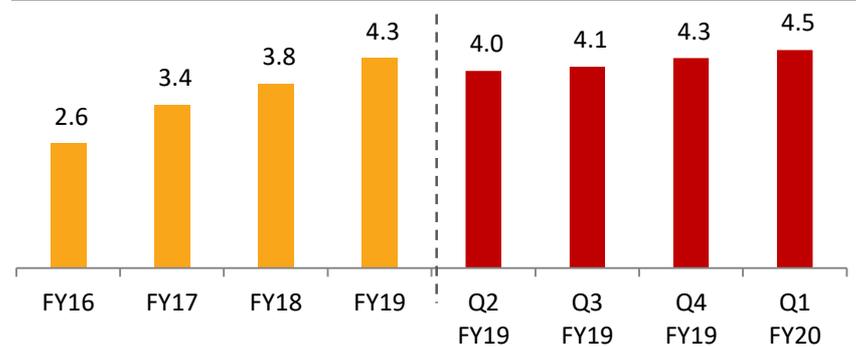
NET PROFIT (Rs Mn)



RETURN RATIOS %



TOTAL CUSTOMER BASE (Mn)

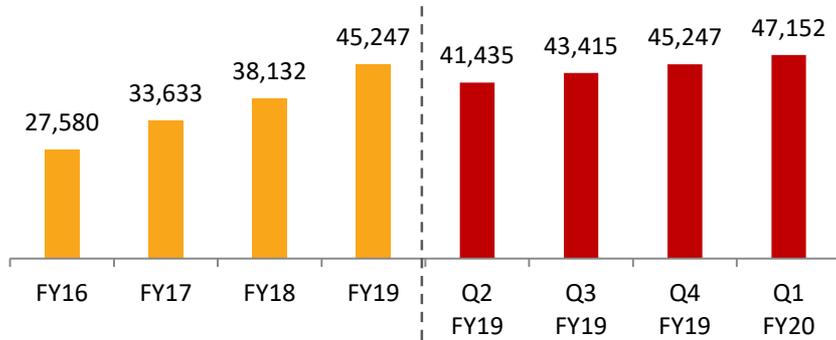


Only FY 16 & 17 nos as per IGAAP

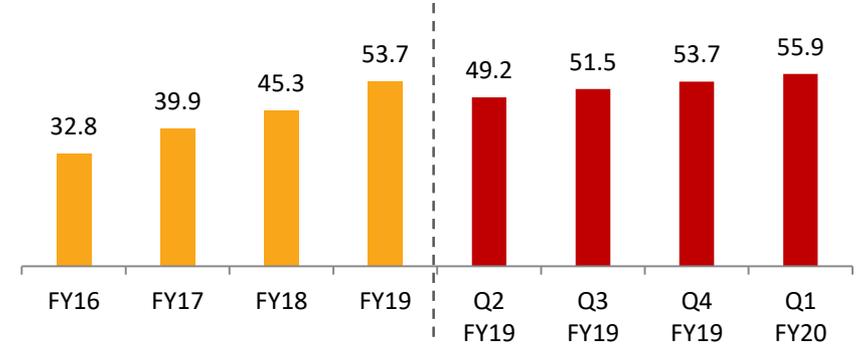
Q1 FY20 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



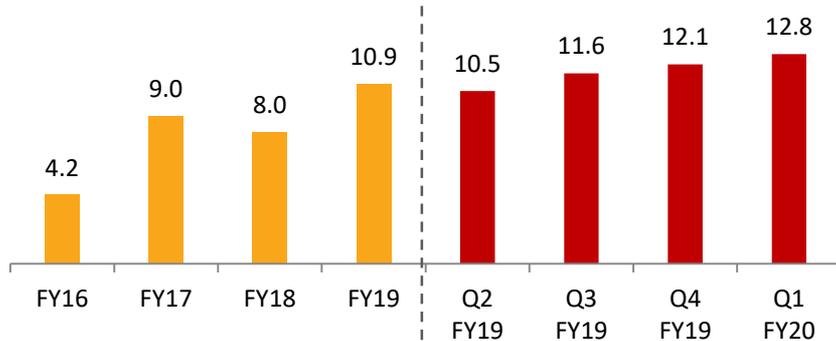
NETWORTH (Rs Mn)



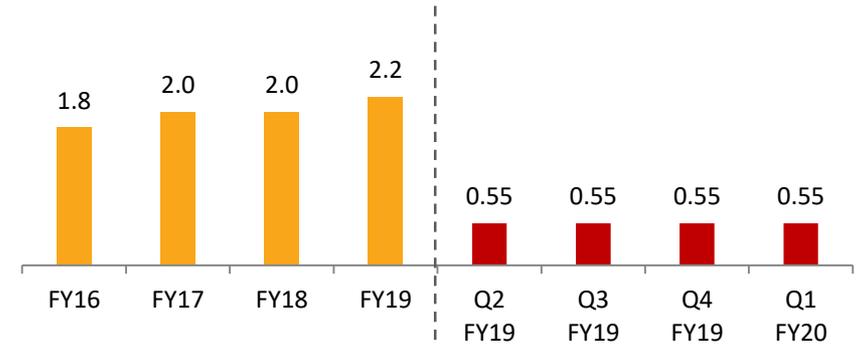
BOOK VALUE PER SHARE (Rs)



EARNINGS PER SHARE (Rs)



DIVIDEND PER SHARE (Rs)

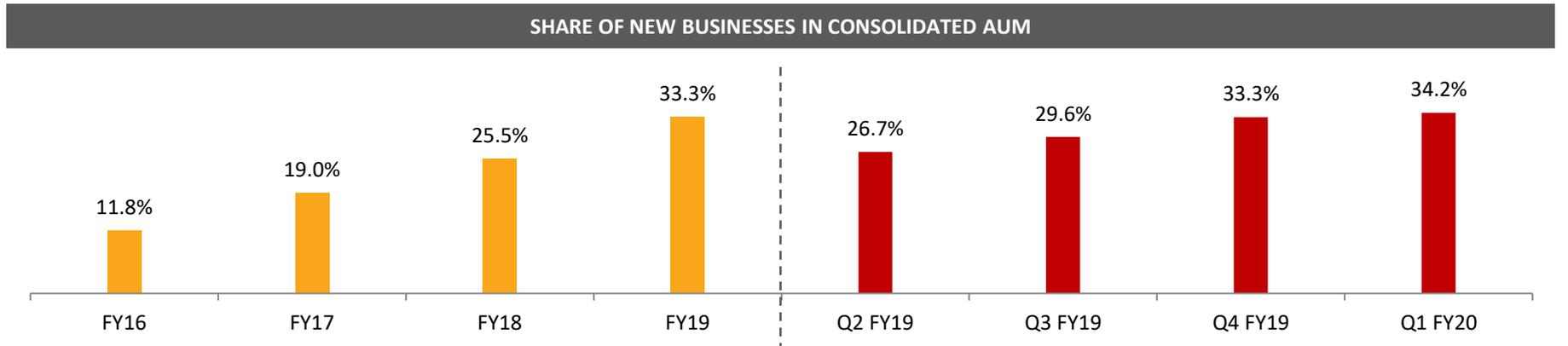


Only FY 16 & 17 nos as per IGAAP

Q1 FY20 RESULTS: CONSOLIDATED AUM UPDATE



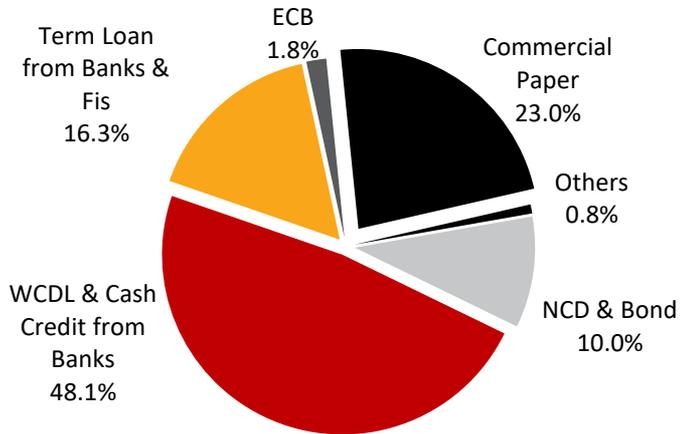
CONSOLIDATED AUM (Rs Mn)								
Particulars (Rs Mn)	FY16	FY17	FY18	FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Gold Loans	100,806.0	111,245.3	117,349.8	129,615.2	125,927.6	125,249.1	129,615.2	132,924.1
Microfinance	9,988.0	17,959.4	24,372.0	38,407.8	27,289.4	31,951.6	38,407.8	41,983.0
Housing Finance	1,286.0	3,104.1	3,746.6	5,187.6	4,477.9	4,780.0	5,187.6	5,416.6
Vehicle Finance	1,297.7	3,058.3	6,253.8	11,146.1	8,172.3	9,755.4	11,146.1	12,270.8
Other Loans	952.0	1,204.8	5,925.2	10,027.7	6,039.9	6,094.9	10,027.7	9,264.9
Total	114,329.7	136,572.0	157,647.5	194,384.4	171,907.2	177,830.6	194,384.4	201,859.4



Q1 FY20 RESULTS: MANAPPURAM FINANCE: BORROWING PROFILE



BORROWING AS ON 30th June, 2019 = Rs 133,117 Mn



CREDIT RATING

Manappuram Finance:

Long Term: AA- (Positive) by CRISIL
 Long Term: AA- (Stable) by ICRA
 Long Term: AA+ (Stable) by Bricwork
 Long Term: AA (Stable) by CARE
 Short Term: A1+ by CARE
 Commercial Paper : A1+ by CRISIL, CARE

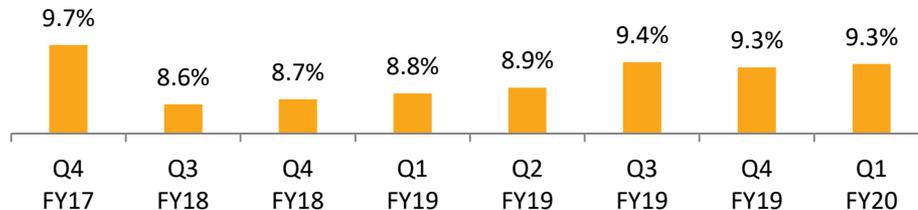
Asirvad Microfinance:

Long Term: A+ (Positive) by CRISIL,
 Long Term : A+ (Stable) by CARE
 Short Term: A1+ by CRISIL

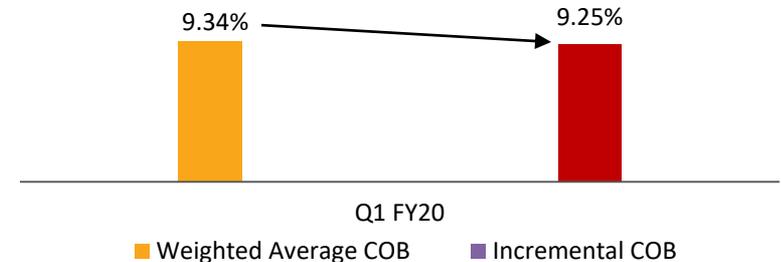
Housing Finance:

Long Term: A+ (Positive) by CRISIL
 Short Term: A1+ by CRISIL
 Long Term: AA- (Stable) by CARE

COST OF BORROWING %



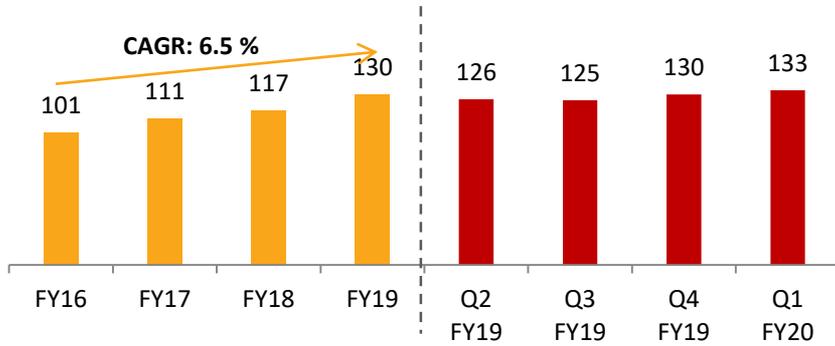
MARGINAL COST OF BORROWING



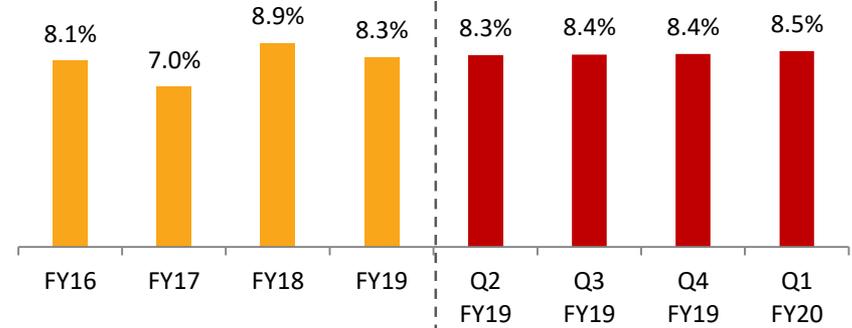
Q1 FY20 RESULTS: MANAPPURAM FINANCE: RESULT ANALYSIS



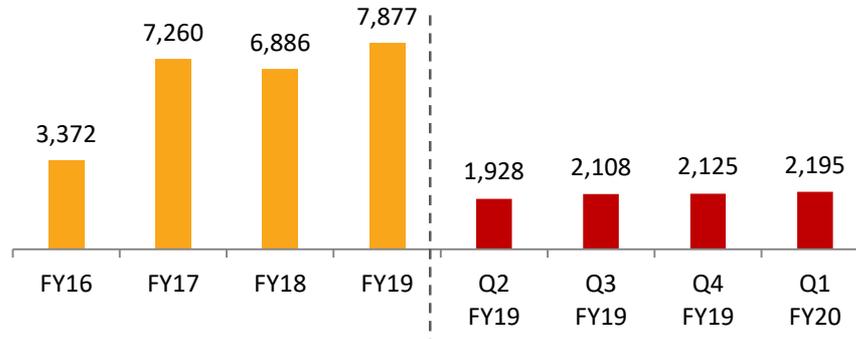
GOLD LOAN AUM (Rs Bn)



OPEX TO AUM %



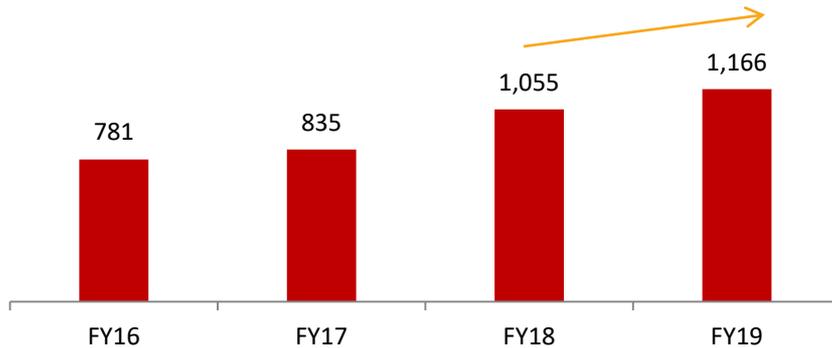
NET PROFIT (Rs Mn)



Only FY 16 & 17 nos as per IGAAP

OPEX GROWTH HAS TRAILED AUM GROWTH

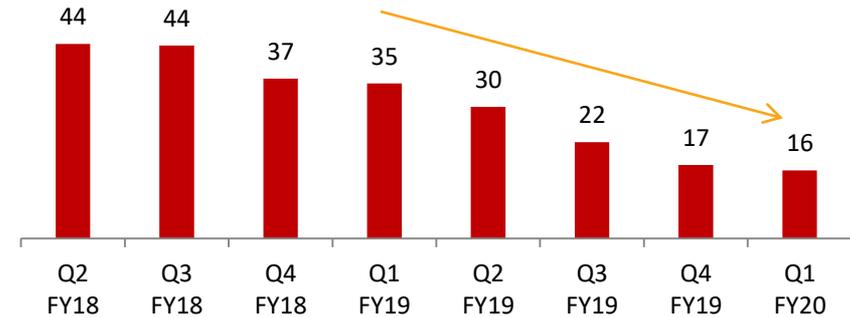
YoY growth: 10%
(vs. 16.6% standalone AUM growth)



- Significant incremental operating leverage opportunity in the business as growth in opex expected to be lower vs. AUM growth

SIGNIFICANT RATIONALIZATION IN SECURITY COSTS

YoY decline: 56.0%

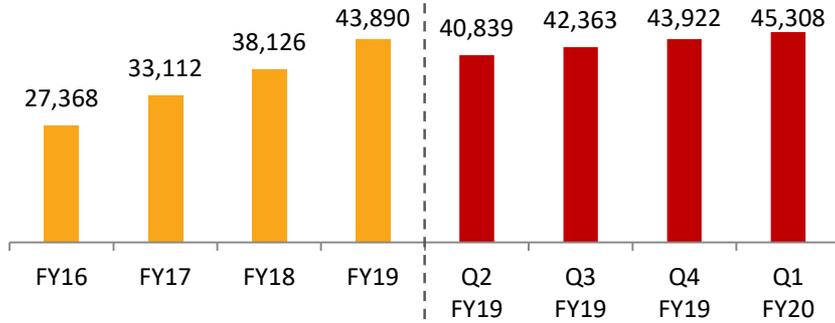


- Cellular vaults rolled out across 3,330 branches, resulting in rationalization of security costs in the business

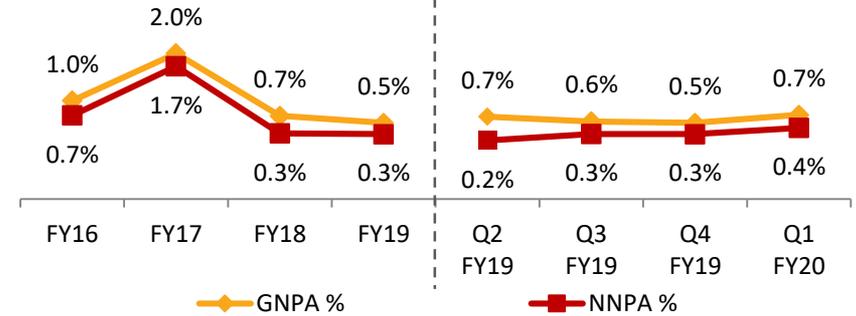
Q1 FY20 RESULTS: MANAPPURAM FINANCE: RESULT ANALYSIS



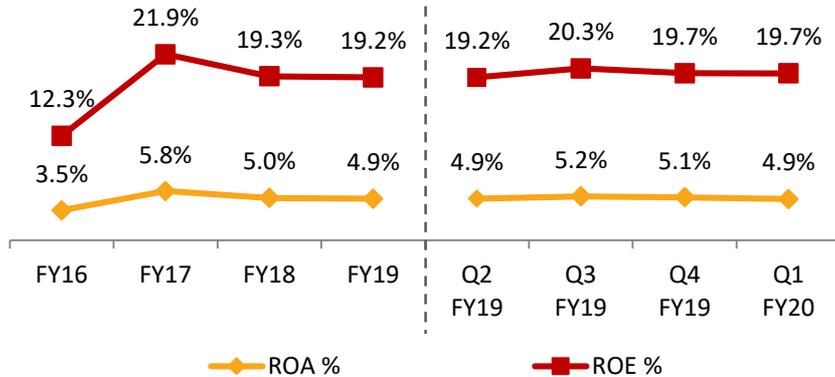
NETWORTH (Rs Mn)



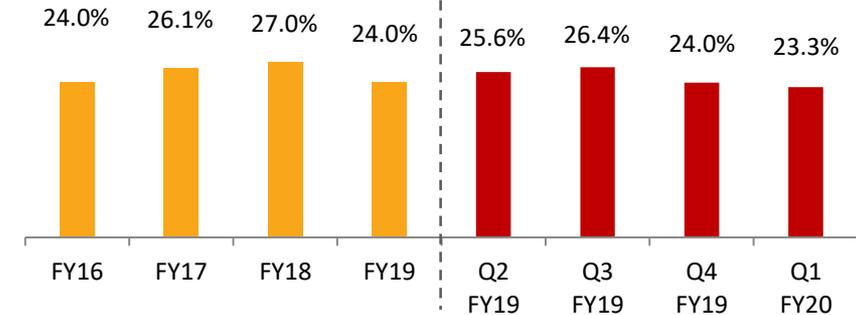
NPA ANALYSIS %



RETURN RATIOS %



CAPITAL ADEQUACY RATIO %

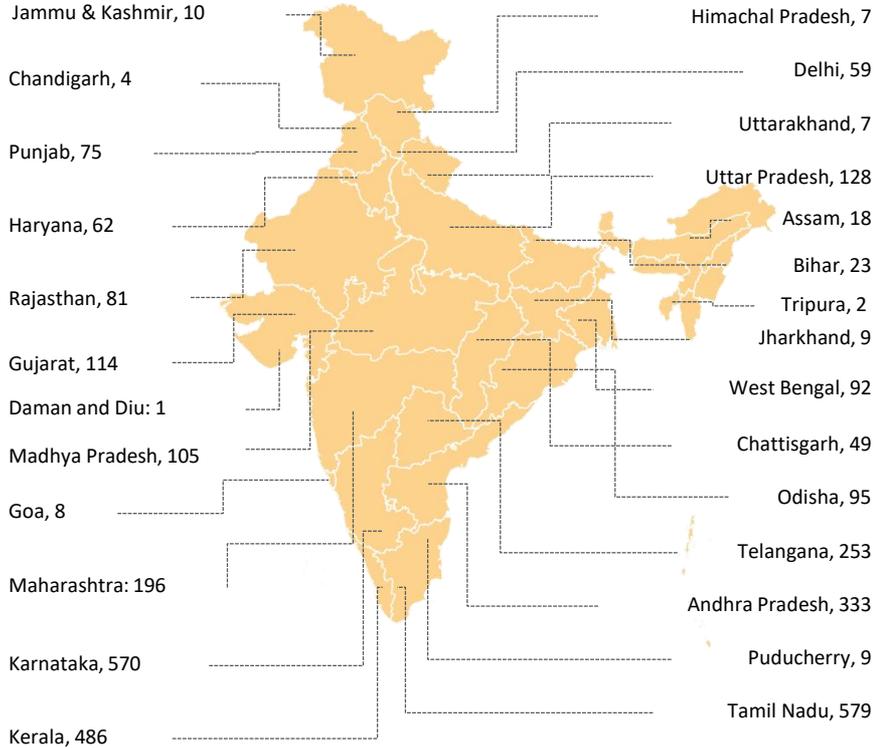


Only FY 16 & 17 nos as per IGAAP
NPAs on account of theft, spurious collateral etc. are 0.05% of AUM

Q1 FY20 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE

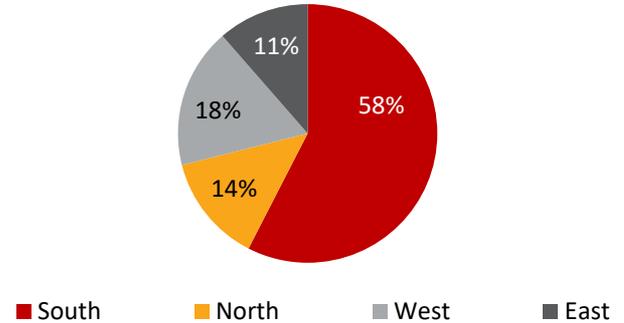


PAN INDIA PRESENCE

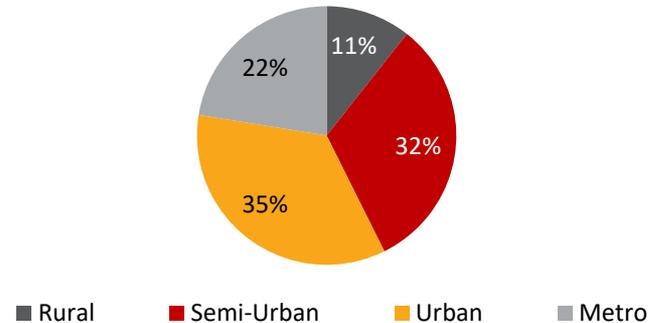


3,380 Branches as on June 2019

GOLD AUM - REGIONWISE BREAKUP



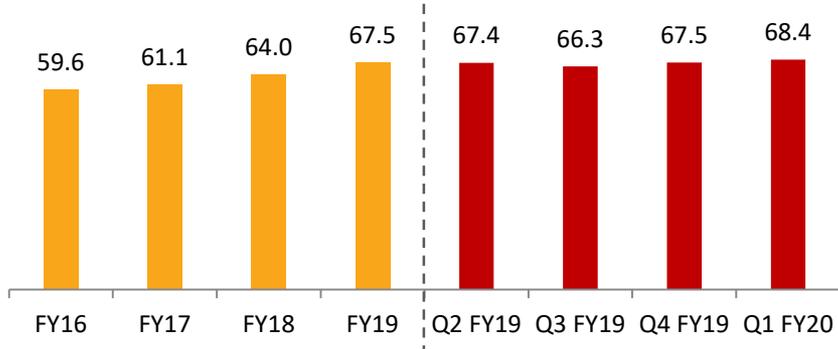
GOLD AUM – RURAL URBAN MIX



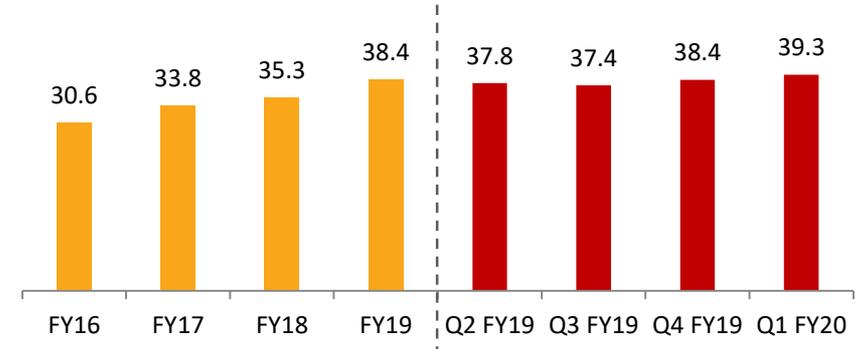
Q1 FY20 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE



GOLD HOLDING (TONNES)



GOLD AUM PER BRANCH (Rs Mn)



CUSTOMER BASE (Mn) & AVG. LOAN TICKET SIZE (Rs '000)



Q1 FY20 RESULTS: ONLINE GOLD LOAN: BUSINESS UPDATE



ONLINE GOLD LOAN – KEY FEATURES

- Manappuram became the first player to launch its Online Gold Loan (OGL) in September 2015
- This facility enables customers who have access to an internet-enabled device to avail a gold loan anytime, from anywhere in the world
- The loan proceeds are instantaneously transferred to customers bank account. Later, when the loan is repaid, the gold will continue to remain with the Manappuram branch for instant sanction of future loans whenever the need arises
- Customer doesn't need to visit branch after handing over the gold in our branches. All the transactions customer can do online at their convenience.
- Online APP are available in different regional languages for ease of customers.

The advantages of OGL to a customer are:

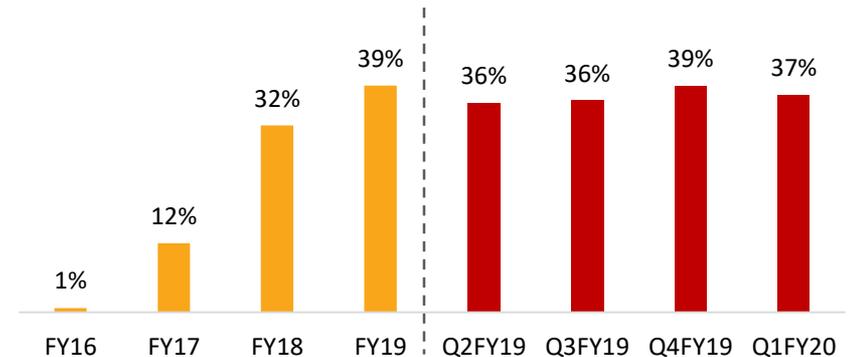
- Easy documentation, instant approval, convenient 24x7 online repayment
- Hassle-free, paper-less transactions online

This OGL portfolio which is an important focus area for the company now accounts for ~40% of the total gold loan book compared to 1% in FY16.

ONLINE GOLD LOAN METRICS

AUM (Rs Mn) – Q1FY20	49,647.6
Average Ticket Size (Rs '000)	43.9

% SHARE of OGL IN THE OVERALL GOLD AUM



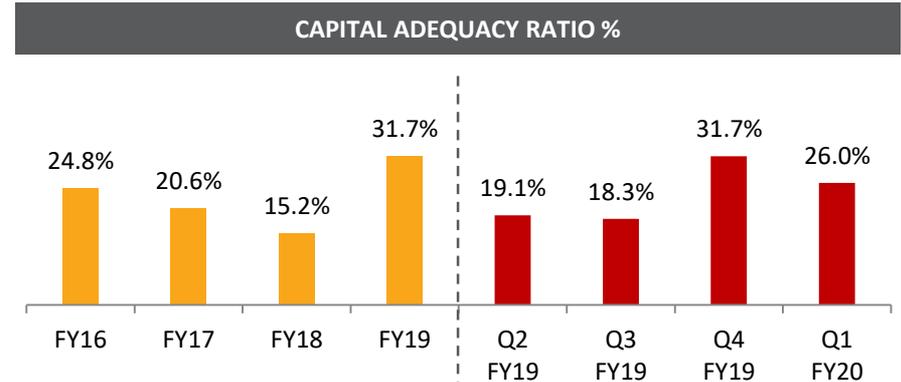
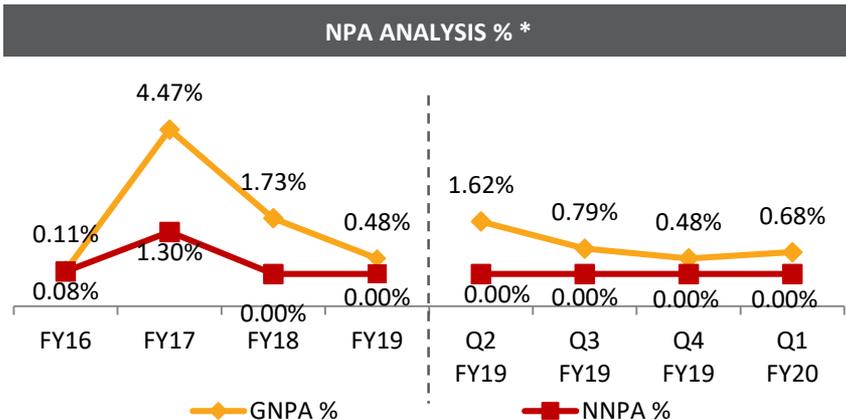
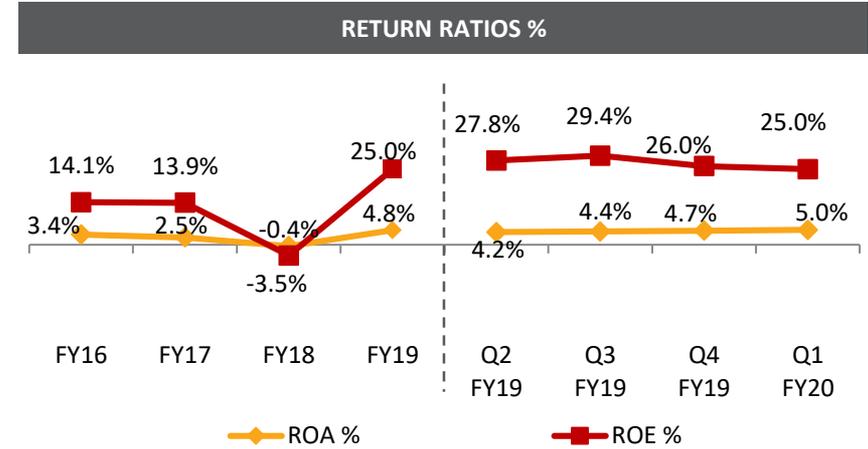
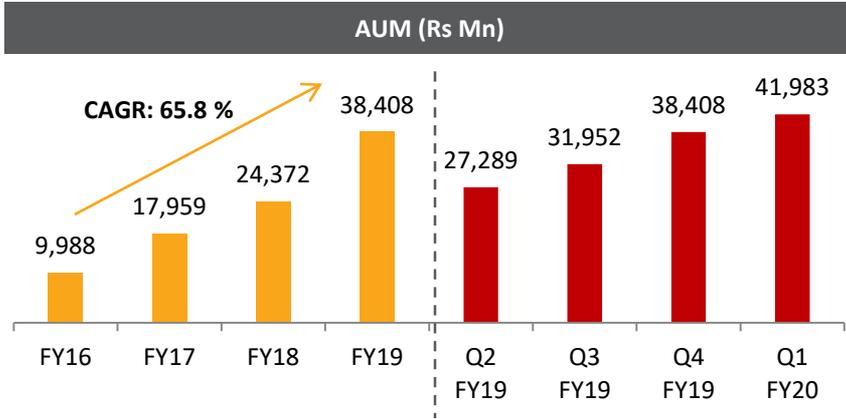
Q1 FY20 RESULTS:

ASIRVAD MICROFINANCE: KEY HIGHLIGHTS



Particulars (Rs Mn)	Q1 FY20	Q1 FY19	YOY %	Q4 FY19	QOQ %	FY19
Closing AUM	41,983.0	24,379.4	72.2%	38,407.8	9.3%	38,407.8
Income from Operations	2,002.6	1,385.4	44.6%	1,687.0	18.7%	6,181.8
Finance expenses	691.1	600.7	15.1%	747.6	-7.6%	2,734.5
Net interest income	1,311.5	784.7	67.1%	939.4	39.6%	3,447.3
Employee expenses	334.6	262.3	27.6%	296.5	12.9%	1,134.8
Other operating expenses	178.5	151.4	17.9%	202.6	-11.9%	691.3
Pre provision profit	798.4	371.0	115.2%	440.3	81.3%	1,621.2
Provisions/Bad debts	166.8	34.2	387.9%	42.2	295.6%	197.8
Other Income	122.5	96.1	27.5%	218.7	-44.0%	590.7
Profit before Tax	754.1	432.9	74.2%	616.9	22.2%	2,014.1
Tax	260.8	147.1	-77.3%	205.3	-27.1%	688.3
PAT before OCI	493.3	285.8	72.6%	411.6	19.8%	1,325.8
Other Comprehensive Income	1.0	1.7	42.4%	(2.4)	100.0%	2.1
PAT	494.2	287.5	71.9%	409.2	20.8%	1,328.0
Borrowings	25,655.0	20,870.3	22.9%	22,157.9	15.8%	22,157.9
Networth	8,319.0	4,076.3	104.1%	7,824.6	6.3%	7,824.6

Q1 FY20 RESULTS: ASIRVAD MICROFINANCE: RESULT ANALYSIS



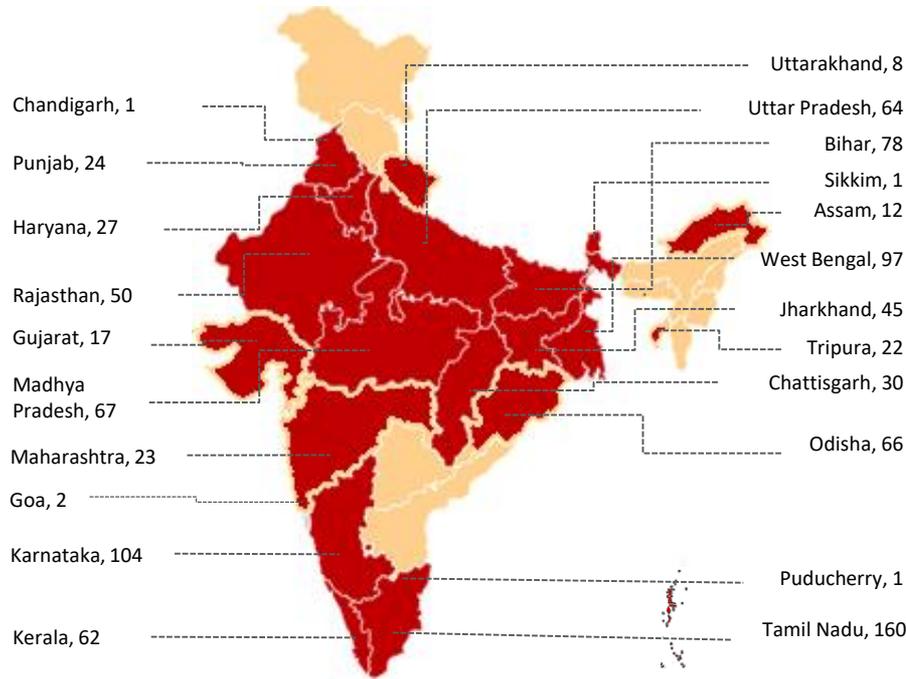
* NPA recognised at 90 Days

Only FY 16 & 17 nos as per IGAAP

Q1 FY20 RESULTS: ASIRVAD MICROFINANCE: AUM UPDATE



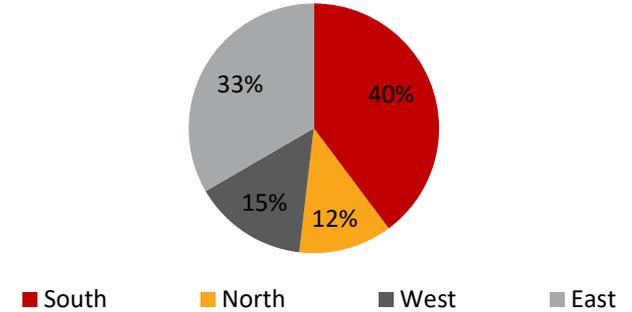
PAN INDIA PRESENCE



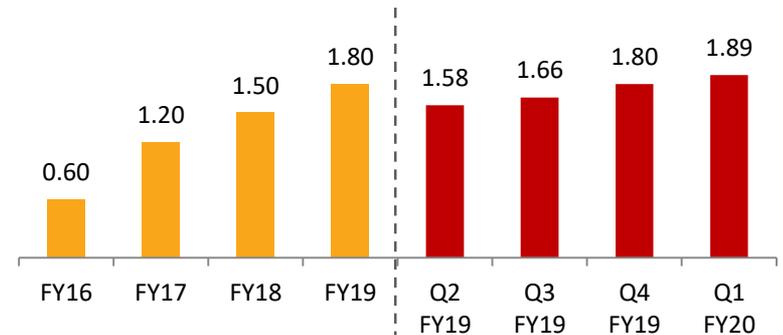
961 Branches

1.89 mn Customers

MFI AUM - REGIONWISE BREAKUP



CUSTOMER BASE (Mn)



Q1 FY20 RESULTS: HOUSING FINANCE: BUSINESS UPDATE



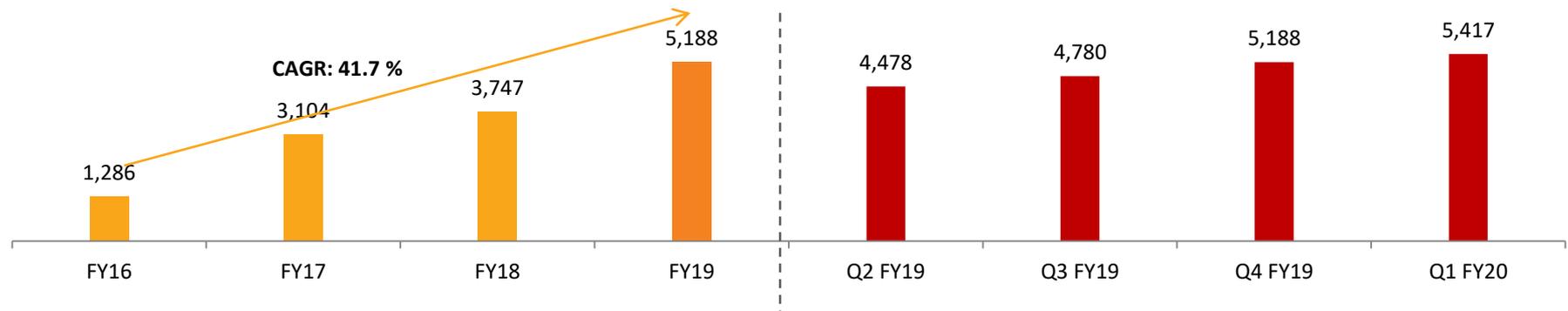
AFFORDABLE HOUSING

- Started commercial operations in January 2015.
- Focus on Affordable Housing for Mid to Low income Group.
- Focus on South and West of India.
- Rated A+/Positive (Long Term) & A1+ (Short Term) by CRISIL
- Rated AA – (Stable) (Long Term) by CARE

HOUSING FINANCE METRICS

AUM (Rs Mn) – Jun 2019	5,416.6
Branch Network	35
Number of States	6
Average Ticket Size (Rs mn)	1
Average Yield (%)	14.8%
GNPA %	4.6%

AUM (Rs Mn)



Q1 FY20 RESULTS: VEHICLE AND EQUIPMENT FINANCE: BUSINESS UPDATE



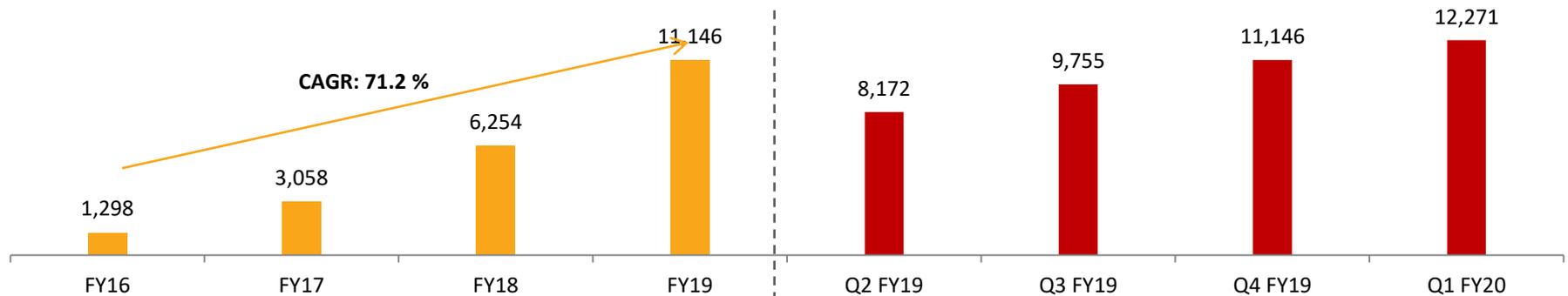
VEHICLE AND EQUIPMENT FINANCE

- Started commercial operations in January 2015.
- The operations are a part of Manappuram Finance Ltd and are carried out from existing gold loan branches
- Selectively entered in all parts of India except North-east.
- Focus on Underserved Category of Customers who do not have access to Formal Banking system.

VEHICLE AND EQUIPMENT FINANCE METRICS

AUM (Rs Mn) – Jun 2019	12,270.8
Branch Network	198
Number of States	21
Average Ticket Size (Rs mn)*	0.74
Average Yield (%)	19.7%
GNPA %	2.5%

AUM (Rs Mn)



* Only Commercial Vehicle



MANAPPURAM
FINANCE LIMITED



Quarterly Update

Company Overview

Business Strategy

Key Technology Initiatives

Annexure

COMPANY OVERVIEW: BRIEF PROFILE



STRONG PEDIGREE

- Incorporated in 1992, the company has been one of India's leading gold loans NBFCs.
- Promoted by Mr. V.P. Nandakumar (current MD & CEO) whose family has been involved in gold loans since 1949.

BUSINESS OVERVIEW

- Focus on utilising surplus capital to build or acquire new lending products relevant to the existing retail customer base.
- Addition of new synergistic product segments – Microfinance (MFI), Commercial vehicles (CV), Mortgage & Housing Finance.
- Consolidated AUM of Rs 194 Bn as on Mar-2019
- Established pan-India presence

FINANCIAL OVERVIEW

- Total AUM has grown from Rs 75.5 Bn in FY11 to Rs 194 Bn in FY19 at CAGR of 11%.
- Standalone Capital Adequacy Ratio in FY19 stood at 24.0%.
- Net Interest Income of Rs 27,968.8 Mn and PAT of Rs 9,198.7 Mn in FY19 grown at CAGR of 20.3 % and 27.6 % respectively over last 5 years.
- Return ratios: ROA – 4.9% in FY19, ROE – 22.0 % in FY19.

HIGH CORPORATE GOVERNANCE STANDARDS

- Consistent dividends to shareholders.
- Reputed auditors such as KPMG as internal auditors and Deloitte Haskins & Sells LLP as statutory auditors to ensure accurate financial reporting & transparency.
- Strong external professional representation on the Board with 6 of the 10 directors being independent. Board is chaired by Mr. Jagdish Capoor – Ex-Deputy Governor of RBI, Ex-Chairman of HDFC Bank.

COMPANY OVERVIEW: STRONG BRAND RECALL

- Strong brand equity built over the years.
- Celebrity endorsements have led to enhanced visibility and growing business.
- Brand 'Manappuram' is endorsed by well recognized film industry icons across India .
- Our brand ambassadors - Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Akshay Kumar, Jeet, Sachin Khedekar And Uttam Mohanty.



COMPANY OVERVIEW: EXPERIENCED MANAGEMENT TEAM

Mr. V. P. Nandakumar
Managing Director & CEO

- Chief Promoter of Manappuram Group
- Certified Associate of Indian Institute of Bankers



Mr. B.N. Raveendra Babu
Executive Director

- Director since July 1992
- Worked in a senior role with Blue Marine International in U.A.E



Mrs. Bindu A L
CFO

- Chartered Accountant with Over 20 years experience in the area of Finance and Accounts



Mr. Raja Vaidhyathan
Managing Director – MFI

- Erstwhile Promoter of Asirvad Microfinance
- IIT IIM Alumni with over 33 years of experience across industries



Mr. Jeevandas Narayan
Managing Director – Housing Finance

- Erstwhile MD of State Bank of Travancore
- Over 37 years of experience in the financial services industry



Mr. K Senthil Kumar
Head – Commercial Vehicle

- Over 21 years experience with organizations such as Fullerton India, Citi Bank, HDFC Bank etc.



Mrs. Puneet Kaur Kohli
SVP - CTO

- Over 22 years experience with organizations such as Bajaj Capital, Motricity, Bharti Airtel, Accenture, Duncan Industries, ITC Hotel



COMPANY OVERVIEW: CORPORATE GOVERNANCE – STRONG BOARD OF DIRECTORS



Mr. Jagdish Capoor
CHAIRMAN, INDEPENDENT & NON-EXECUTIVE DIRECTOR

- Former Chairman of HDFC Bank, former Deputy Governor of Reserve Bank of India, former Chairman of UTI and BSE Ltd
- Currently, he is on the Board of Indian Hotels Company Limited, Assets Care Enterprise Limited, Indian Institute of Management, LIC Pension Fund Limited and is the Chairman of Quantum Trustee Company Private Limited.

Mr. E. A. Kshirsagar
NOMINEE DIRECTOR

- He is a Fellow of the Institute of Chartered Accountants in England & Wales
- He was associated with the Management Consultancy division of A F Ferguson for over three decades and retired in 2004 as the Senior Partner

Mr P. Manomohan
INDEPENDENT & NON-EXECUTIVE DIRECTOR

- Bachelor of Commerce from Kerala University, Diploma in Industrial finance from Indian Institute of Bankers and also a Certified Associate of the Indian Institute of Bankers
- Has over 38 years of work experience in the RBI and in the regulatory aspects of NBFCs

Mr. Rajiven V. R.
INDEPENDENT & NON-EXECUTIVE DIRECTOR

- He is a retired IPS officer.
- He holds a Bachelor of Science degree and has completed his LLB from Govt. Law College, Trivandrum
- Shri Rajiven brings to the Board a wealth of experience in areas like Leadership and Staff management, Strategic Management, Financial Control / Budgeting, Team Development etc.

COMPANY OVERVIEW: CORPORATE GOVERNANCE – STRONG BOARD OF DIRECTORS



Sutapa Banerjee
INDEPENDENT &
NON-EXECUTIVE DIRECTOR

- Advance leadership Fellow at Harvard University, Gold medallist in Economics from XLRI School of Management in India.
- She is Managing Director of Shiva Cement Ltd, JSW Cements Ltd, JSW Holdings Ltd , North East Small Finance Bank Ltd. etc.
- She was earlier associated with ABN AMRO and ANZ Grindlays and Indian Investment Bank (Ambit)

Mr V. R. Ramchandran
INDEPENDENT &
NON-EXECUTIVE DIRECTOR

- He holds a Bachelor of Science from the Calicut University and a Bachelor degree in law from the Kerala University.
- He has over 32 years of work experience and is a civil lawyer enrolled with the Thrissur Bar Association.

Mr Gautam Narayan
NON INDEPENDENT &
NON-EXECUTIVE DIRECTOR

- He is a Chartered Accountant with additional qualification in management Post Graduate Diploma in Management from IIM Ahemadabad.
- He is a partner at Apax Partners.

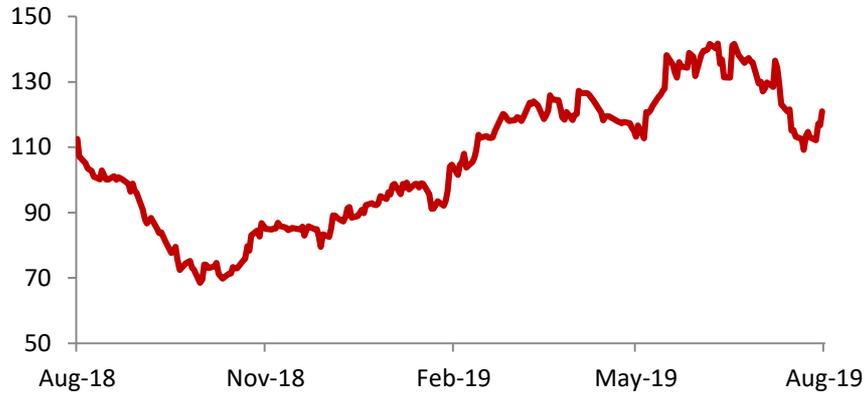
Mr Abhijit Sen
ADDITIONAL DIRECTOR

- He holds B-Tech (Hons) from IIT, Kharagpur and Post- Graduate Diploma from IIM, Kolkata
- External Advisor to E & Y
- Board member- India First Life Insurance, Kalyani Forge, Trent Ltd and Ujjivan Micro-Finance
- Served as CFO with Citi India for 18 years

COMPANY OVERVIEW: SHAREHOLDING STRUCTURE



Share Price Performance



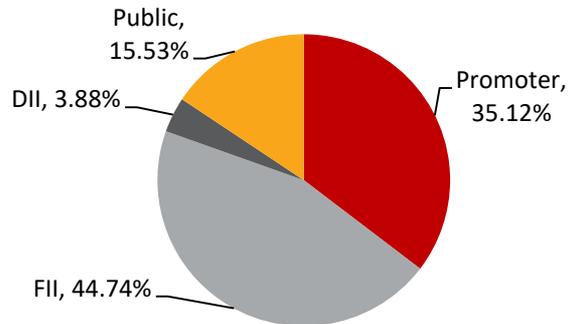
MARKET DATA

AS ON 09.08.2019

Market Capitalization (Rs Mn)	1,05,028
Price (Rs)	124.6
No. of Shares Outstanding (Mn)	843.2
Face Value (Rs)	2.0
Avg. Qtrly Trading Volume (Rs Mn)	618.4
Avg. Qtrly Trading Volume (Mn shares)	4.74
52 Week High-Low (Rs)	144.90 – 66.40

Source – : BSE, Trading volume and Value is BSE & NSE combined

% SHAREHOLDING – JUN 19



KEY INSTITUTIONAL INVESTORS AT JUN 19

% HOLDING

Quinag Acquisition (FPI) Ltd	9.94%
Baring India Private Equity Fund	8.78%
Barclays Merchant Bank Singapore Ltd	3.71%
Fidelity Investment Trust	3.47%
DSP Blackrock Microcap Fund	2.11%
Duro one Investments Ltd	2.18%

Source – BSE



MANAPPURAM
FINANCE LIMITED

Quarterly Update

Company Overview

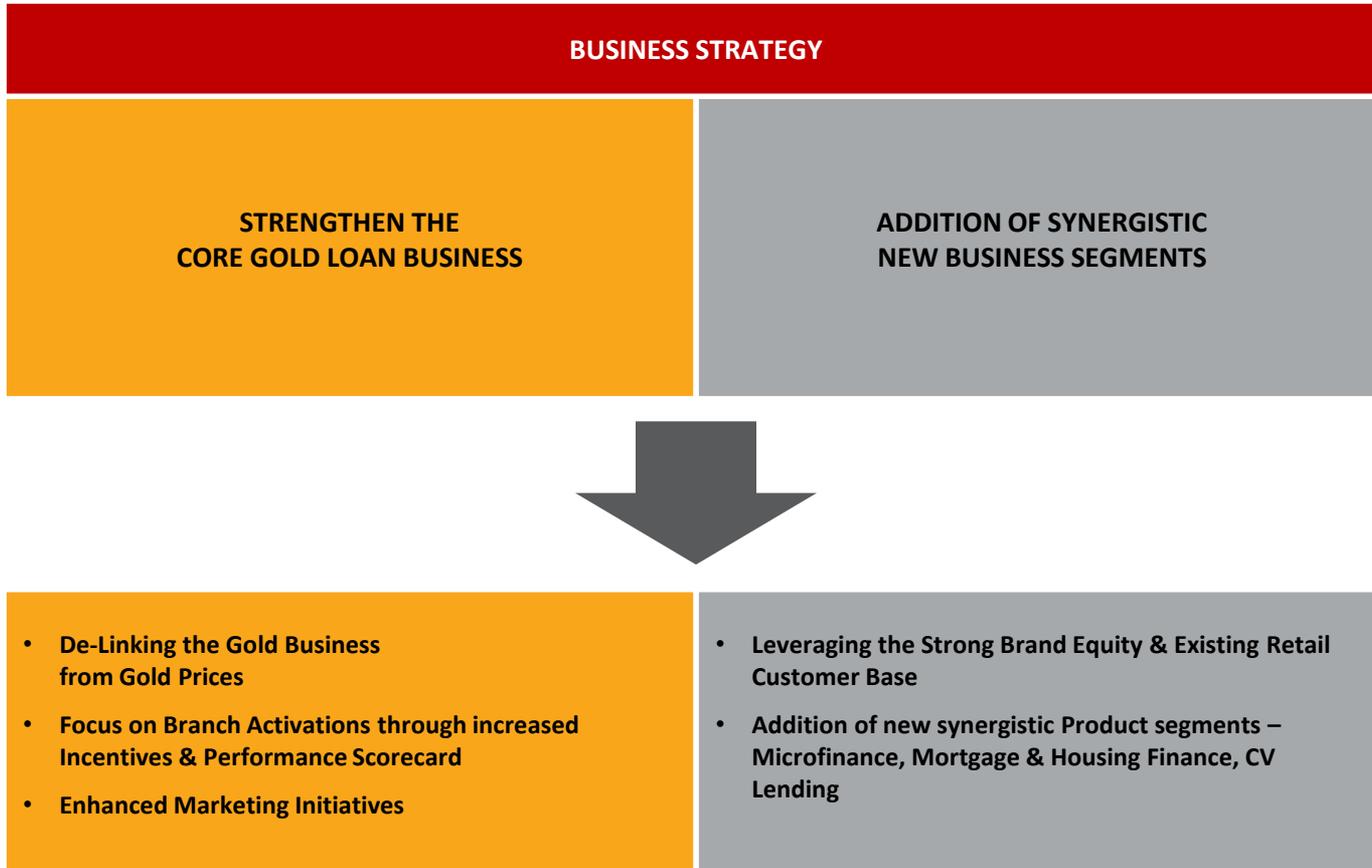
Business Strategy

Key Technology Initiatives

Annexure



BUSINESS STRATEGY: KEY HIGHLIGHTS



BUSINESS STRATEGY: DE-LINKING GOLD BUSINESS FROM GOLD PRICES

Earlier Scenario – 12 month Long Tenure Product		12 months – Single Product Offering	Additional 2 month for Auction
Gold value	100		
LTV	75%		
Gold Loan	75		
Interest Rate	24%		
Interest Cost*	21		
Total Principal + Interest*	96		

If the Customer does not pay or close the Loan, then there is likely loss of interest for 2 months during Auction



- Recalibrated the product structure to de-Link from gold price fluctuation.
- Loan to value (LTV) ratio is now linked to the tenure of the loan. Therefore, the maximum permissible LTV of 75% would be available on loans of shorter tenure rather than one year as was the standard practice earlier.

Current Revised Scenario – 3 to 6 month Short Tenure Products	3 months	6 months	9 months	12 months	Additional 2 month for Auction
	3 Month Scenario	6 Month Scenario	9 Month Scenario	12 Month Scenario	
Gold value	100	100	100	100	If the Customer does not pay or close the Loan, there is ample margin of safety to recover Principal as well as Interest. Also, Linkage to Gold prices is Negligible.
LTV	75%	70%	65%	60%	
Gold Loan	75	70	65	60	
Interest Rate	24%	24%	24%	24%	
Interest cost *	7.5	11.2	14.3	16.8	
Total Principal + Interest *	82.5	81.2	79.3	76.8	

* Includes interest outgo during 2 months of auctioning period

BUSINESS STRATEGY: GOLD LOAN BUSINESS – REACHING OUT TO THE CUSTOMER

Increased marketing initiatives across branches and key markets

Significantly enhanced our marketing spend with growing BTL and ATL activities

Increased incentives and branch activations

Initiative to track branch level performance scorecard

**STRATEGIC
INITIATIVES TO DRIVE
BUSINESS
PERFORMANCE**



BUSINESS STRATEGY: INTRODUCING NEW SYNERGISTIC PRODUCT SEGMENTS



RATIONALE FOR STRATEGY TO DIVERSIFY INTO SYNERGISTIC PRODUCT SEGMENTS -

- Strategy to Utilise surplus capital to build or acquire new lending products relevant to the existing retail customer base.
- To leverage the strong retail customer base, retail branch network and the strong Manappuram Brand Equity build over the years.
- To Leverage our operational capability to process large volume, small ticket lending transactions with semi-urban and rural customers.
- Focus to enhance the revenue mix and improve structural return on equity (RoE).



MANAPPURAM
FINANCE LIMITED



Quarterly Update

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Annexure



KEY TECHNOLOGY INITIATIVES: EXPLORING NEW AGE FINTECH BUSINESS OPPORTUNITIES

INNOVATE (STRATEGIC)

Innovative projects to make us ready and relevant to face future challenges / Changes. E.g. - SGL, Whatsup OGL Mobility platforms, Digital PL Loans, Digital Scorecards, OGL Digital Cards, Kiosks, BA Portal, VAS Portal

DIFFERENTIATE (TACTICAL)

Business differentiators like CRM, MDM UPI, AEPS, RPA Solutions & Adoption of New technologies i.e. IOT, Blockchain, AI/ML Ent. Apps like AML, AFS, GRC, LMS and Infra Solutions SD WAN Usage of public cloud, DMS and Digital Work Flows

RUN (OPERATE)

Improved SLA Based Support for IT Services , Replacement of PCs to Mobile devices with MDM, Setting Up of Outsourced Information Security Organization, Involvement of Professional Network Integrators better connectivity

KEY TECHNOLOGY INITIATIVES: INNOVATIVE BUSINESS PROPOSITIONS



- **Offline Apps:** B2C & B2B Apps that can work without internet connectivity
- **Mobility Apps:** Restructured Apps that can work without any device, browser, platform dependency
- **OGL Digital Cards & Wallets:** This may open up opportunity for vertical integration with merchants
- **Digital Personal Loans:** Paper less digital loans with built in scorecards with quicker TAT for disbursing Loans
- **VAS Portal & Kiosks:** Portal that can provide Value added services to Customers including provision of Self operated Kiosks
- **BA/BC/Agent/Franchisee Portals:** Portals that allow to Business Associates/Business correspondents/ Agents/Franchisees to offer MAFIL Group product and services to customers
- **Online Lending Market Place:** Cater/Offer or avail MAFIL Group services through online

KEY TECHNOLOGY INITIATIVES:

IMPLEMENTATION OF NEW TECHNOLOGIES - STAYING AHEAD OF THE CURVE



MANAPPURAM
FINANCE LIMITED

AEPS

Aadhaar Enabled Payment System

CRM

*(a) Solution for Customer 360 view
(b) Lead Management (c)
Campaign Management (d)
Customer Service Management*

AFS

*(a) Suspicious/ Fraudulent Transaction
Monitoring
(b) Real time case Management*

UPI

*(a) Enabling UPI solution for Collection
(b) Bank Account confirmation (c) Enabling
additional disbursement solution (d) Support
for multi-bank transfer facility*

IOT

*IOT based Solution for
/Strengthening e Security*

LMS

*(a) Learning through mobile Platform
(b) development of curriculum for continuous
learning exercise (c) Integrated platform
Training Result Assessment*

RPA

*Bring RPA solution to do
improved/efficient/cost-effective
process automation*

**DMS &
Digital
Work
Flows**

*(a) Centralized DMS System for
management of Images (b)
Implementation of digital work flows*

AML

*(a) Solution for customer Risk Profiling,
(b) Transaction
Monitoring*

MDM

*(a) Single Source of data (b) Data
Governance (c) Source for HR/Sales/
Market/Customer Analytics (d) building
Cross Sell/Up Sell opportunities*

**Block
chain**

*E Auction Solution by using blockchain
technology*

GRC

*(a) Platform for category wise enterprise
risk Reporting (b) Platform for
Measurement & treatment of Enterprise
Risk (c) Tracking Governance, Risk &
compliance*

MAJOR BUSINESS DIFFERENTIATORS

ENTERPRISE LEVEL APPS



MANAPPURAM
FINANCE LIMITED



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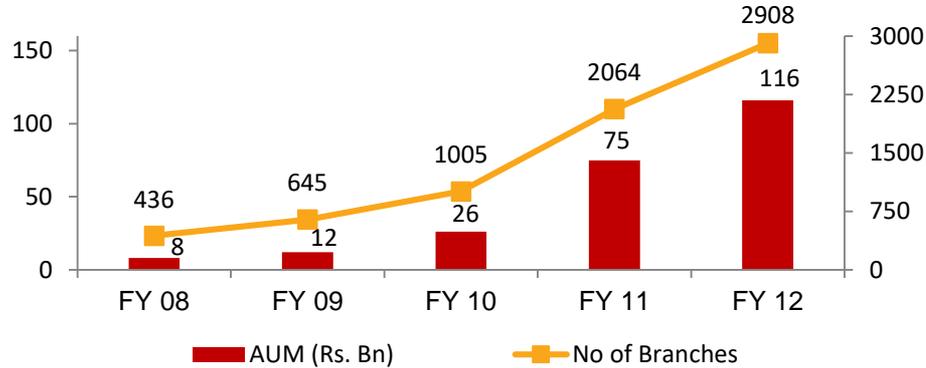


UNDERSTANDING OUR EVOLUTION

PHASE 1: FY08 - FY12

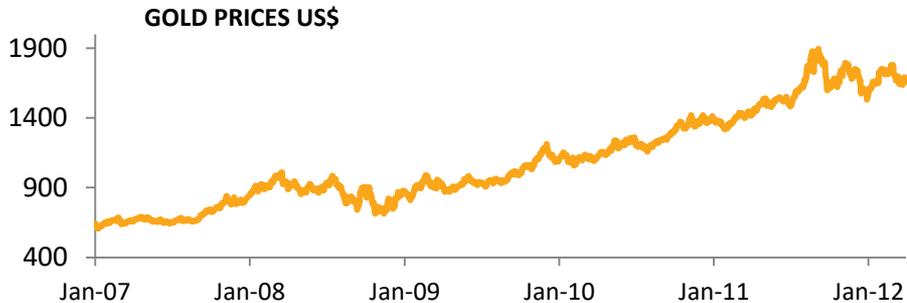


STRONG GROWTH WITNESSED....



- Higher Loan To Value (LTV) up to 85%
- Lower Cost of Funds due to Eligibility under Priority Sector Lending
- Supported by Buoyant Economic Growth
- Long Tenure Products supported by Rising Gold Prices
- **Strong Competitive Positioning** - Better LTV, Lower interest rate compared to Moneylenders, Prompt Disbursement, Convenience of Place/time

SUPPORTED BY RISING GOLD PRICES....



Company witnessed CAGR of ~95% in AUM over FY08 - FY12.

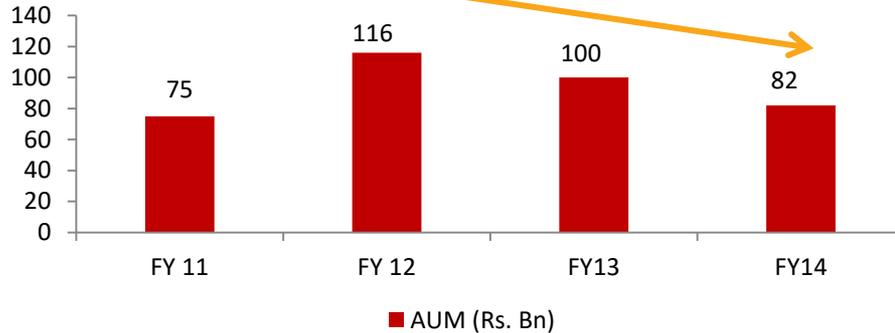
Branch Network grew by 7x over FY08 - FY12.

Strong Execution Capabilities and well defined systems and processes.

UNDERSTANDING OUR EVOLUTION

PHASE 2: FY12 - FY14

REGULATORY OVERHANG IMPACT....



ALONG WITH FALLING GOLD PRICES....



Source - Bloomberg

Regulatory Changes by RBI-

- **Mar - 2012 : Removal of Priority Sector Lending Status** – led to Higher Borrowing Cost.
- **Mar - 2012 : Cap on LTV to not exceed more than 60%** -
 - Weakened the Competitive positioning vis-à-vis Banks and Moneylenders.
 - Higher LTV Focused customers moved to Moneylenders whereas Interest Rate sensitive customers moved to Banks.
- Cap on Maximum Borrowing up to Rs. 2.5 Mn.

Fall in Gold Prices –

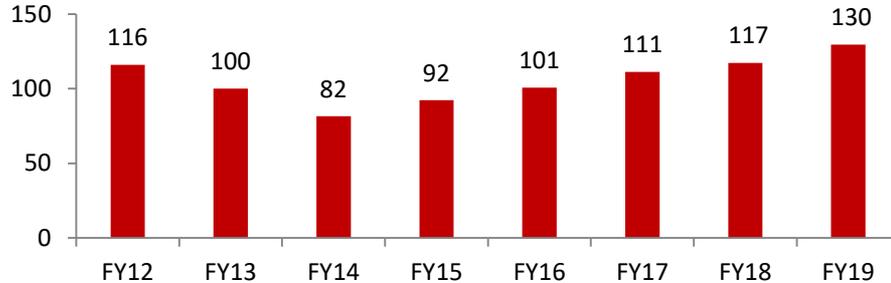
- Peak LTV was 85% for FY12 and Long Tenure portfolio.

Negative Operating Leverage resulted into fall in Return Ratios and Profitability.

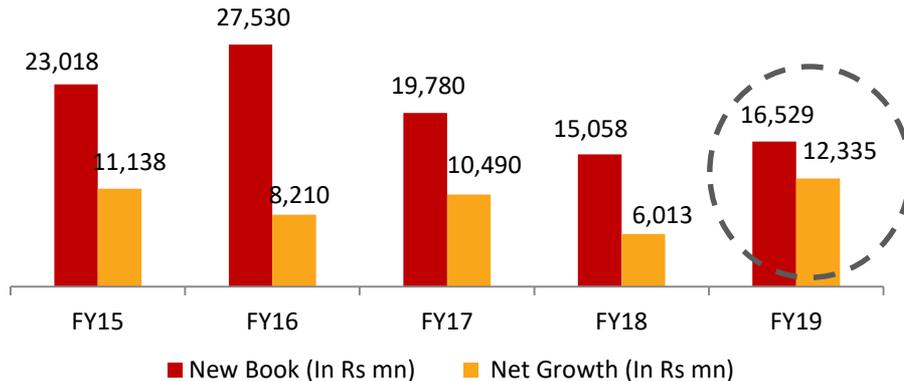
UNDERSTANDING OUR EVOLUTION

PHASE 3: FY15 ONWARDS

ON A REVIVAL PATH.....



WITNESSING THE GROWTH BACK...



Note - * Net Growth = New Book - Auction

Sept – 2013 : Regulatory Changes by RBI-

- Increased the loan-to-value (LTV) ratio for gold loans to 75 per cent -
 - Resulting into Level Playing Field for NBFCs vis-a-vis the commercial banks .

Jan-2014 : Reaching out to the Customers

- Through enhanced Marketing and Branch Activation Initiatives

June – 2014 : De-Linking to Gold Prices –

- Shift from Long Tenure products to short Tenure products (3 to 9 Months)
- Recalibrated loan to value (LTV) ratio to link it to the tenure of the loan.
 - Maximum permissible LTV of 75% to be available on loans of shorter tenure rather than one year.

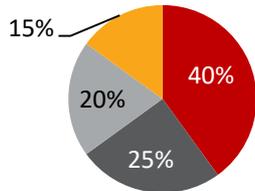
Positive Operating Leverage to kick in which would result into better Return Ratios and Profitability.

India possesses over ~20,000 tonnes of gold worth more than US\$ 800 bn.

Organized gold loan sector penetration is Just 3% !

- India is the largest consumer of gold jewellery in the world - Together with China, it makes up over half the global consumer demand for gold.

Region wise Share



■ South ■ West ■ East ■ North

- Southern India has been the largest market accounting for approximately 40% of the gold demand, followed by the western region at approximately 25% of India's annual gold demand.

- Further, Rural India is estimated to hold around 65% of total gold stock. For Rural India gold is the virtually the bank account of the people - As historically gold has been an good hedge against inflation & since it is fairly liquid, a lot of savings are in the form of gold.

INDUSTRY OVERVIEW: KEY DRIVERS FOR GOLD LOAN MARKET



ADVANTAGE CONSUMER

- Idle gold can be monetized for productive purposes.
- Prompt Disbursement - Faster turnaround time.
- Minimal Documentation - No major documentation requirement.
- Flexible repayment options available.

ADVANTAGE LENDER

- Collateral / Security is with the lender – No requirement to reposes.
- No Liquidity Issues – Gold is one of the most liquid asset class.
- No Asset Liability Mismatch – Loan assets are for 3 to 6 months whereas liabilities are for 1 year and above.
- One of the lowest NPA segment

LEADING TO A WIN-WIN SITUATION FOR ALL STAKEHOLDERS

INDUSTRY OVERVIEW: COMPETITIVE ADVANTAGE - GOLD LOAN NBFC'S



Parameter	Gold loan NBFC's	Banks	Moneylenders
LTV	Up to 75%	Lower LTV than NBFC's	Higher than 75%
Processing Fees	No / Minimal Processing Fees	Processing charges are much higher compared to NBFC's	No Processing Fees
Interest Charges	~18% to 26% p.a	~12% to 15% p.a	Usually in the range of 36% to 60% p.a.
Penetration	Highly Penetrated	Not highly penetrated. Selective Branches	Highly Penetrated
Mode of Disbursal	Cash/Cheque (Disbursals More than Rs. 0.1 mn in Cheque)	Cheque	Cash
Working Hours	Open Beyond Banking Hours	Typical Banking Hours	Open Beyond Banking Hours
Regulated	Regulated by RBI	Regulated by RBI	Not Regulated
Fixed Office place for conducting transactions	Proper Branch with dedicated staff for gold loans	Proper Branch	No fixed place for conducting business
Customer Service	High – Gold Loan is a Core Focus	Non Core	Core Focus
Documentation Requirement	Minimal Documentation, ID Proof	Entire KYC Compliance	Minimal Documentation
Repayment Structure / Flexibility	Flexible Re-Payment Options. Borrowers can pay both the Interest and Principal at the closure. No Pre-Payment Charges.	EMI compulsorily consists of interest and principal. Pre-Payment Penalty is Charged.	-
Turnaround Time	10 minutes	1-2 hours	10 minutes

NBFC's RETAIN NICHE POSITIONING



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