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 **MANAPPURAM  
FINANCE LIMITED**

Make Life Easy

# INVESTOR PRESENTATION

For the Quarter ended June 30, 2014

# RESULT HIGHLIGHTS FOR Q1 FY15

- Total operating income at Rs 4,529.6 mn – up 0.1% q-q
- Closing AUM at Rs 82.06 bn up 0.5% q-q.
- Net interest income(NII) up 5.1% q-q to Rs 2,450.3 mn
- Net profit up 36% q-q at Rs 440 mn
- Annualized EPS of Rs 2.09 per share for Q1
- NAV per share Rs 30.14
- High capital adequacy of 27.6%



# FINANCIAL HIGHLIGHTS-KEY NUMBERS

<i>Rs in Million</i>	Q1FY15	Q4FY14	Q1FY14	Q-Q	Y-Y
Interest income	4,529.6	4,526.3	5,785.1	0.1%	-21.7%
Other Operating Income	54.9	70.9	159.6	-22.6%	-65.6%
<b>Total Income</b>	<b>4,584.5</b>	<b>4,597.2</b>	<b>5,944.6</b>	<b>-0.3%</b>	<b>-22.9%</b>
Finance expenses	2,134.2	2,266.1	2,856.3	-5.8%	-25.3%
<b>Net interest income</b>	<b>2,450.3</b>	<b>2,331.1</b>	<b>3,088.4</b>	<b>5.1%</b>	<b>-20.7%</b>
Employee expenses	797.2	814.9	835.1	-2.2%	-4.5%
Other operating expenses	916.4	960.1	882.3	-4.6%	3.9%
<b>Pre provision profit</b>	<b>736.8</b>	<b>556.2</b>	<b>1,371.0</b>	<b>32.5%</b>	<b>46.3%</b>
Provisions/Bad debts	69.1	60.5	569.1	-14.3%	-87.9%
<b>Profit before Tax</b>	<b>667.6</b>	<b>495.7</b>	<b>801.9</b>	<b>34.7%</b>	<b>16.7%</b>
Tax	227.8	172.0	273.2	32.4%	16.6%
<b>Profit after Tax</b>	<b>439.8</b>	<b>323.7</b>	<b>528.7</b>	<b>35.9%</b>	<b>16.8%</b>

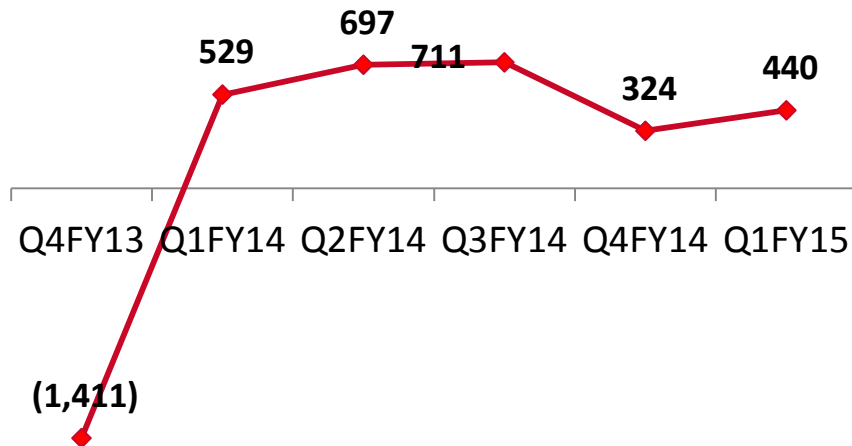
# STATEMENT OF ASSETS & LIABILITIES

Rs in Million	Jun 2014	Mar 2014	Jun 2013	Q-Q	Y-Y
<b>Cash and Bank Balances</b>	4,427.8	8,332.6	6,641.0	-46.9%	-33.3%
<b>Investments</b>	3,657.4	8,119.6	575.0	-55.0%	536.1%
<b>Loans and Advances</b>	82,804.7	82,419.6	108,515.0	0.5%	-23.7%
<b>Fixed Assets</b>	1,898.0	2,018.6	2,407.0	-6.0%	-21.1%
<b>Other Assets</b>	7,075.4	7,493.4	11,738.0	-5.6%	-39.7%
<b>Total</b>	<b>99,863.2</b>	<b>108,383.8</b>	<b>129,876.0</b>	<b>-7.9%</b>	<b>-23.1%</b>
<b>Capital</b>	1,682.4	1,682.4	1,682.4	0.0%	0.0%
<b>Reserves &amp; Surplus</b>	23,675.2	23,235.3	23,705.6	1.9%	-0.1%
<b>Borrowings</b>	70,885.9	77,954.2	100,070.0	-9.1%	-29.2%
<b>Other Liabilities &amp; Provisions</b>	3,619.8	5,511.9	4,418.0	-34.3%	-18.1%
<b>Total</b>	<b>99,863.2</b>	<b>108,383.8</b>	<b>129,876.0</b>	<b>-7.9%</b>	<b>-23.1%</b>

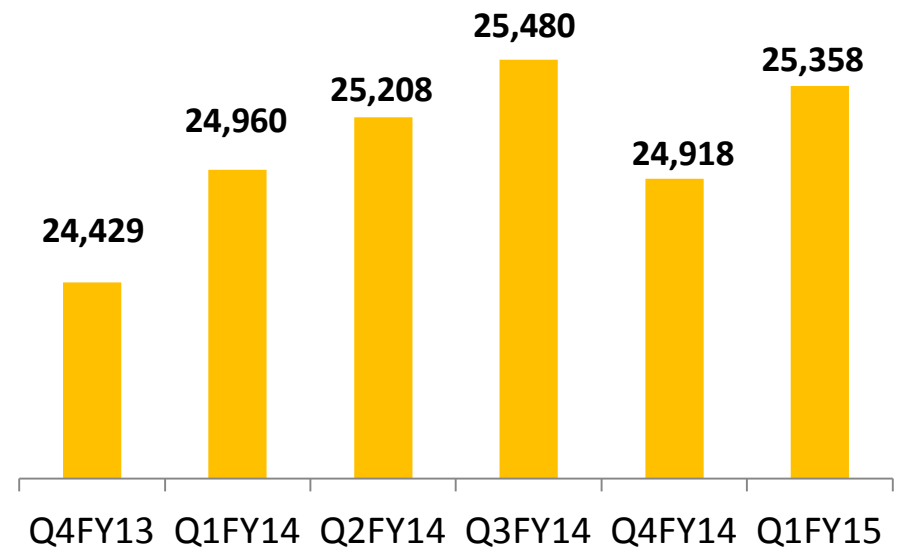
# PAT & NET WORTH

- Net Profit up 36.5% Q-Q at Rs 440 mn
- Company is well capitalized with high net worth of Rs 25.36 bn

## PAT (Rs mn)

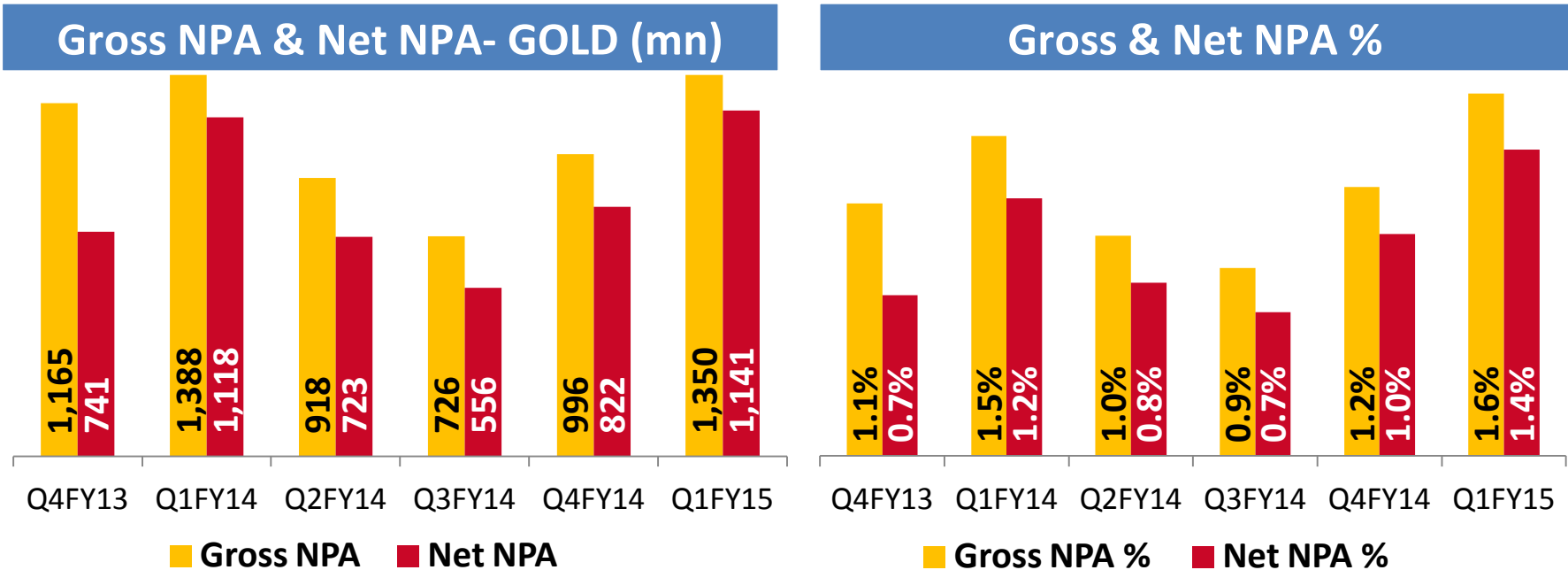


## Net Worth (Rs mn)



# NPA

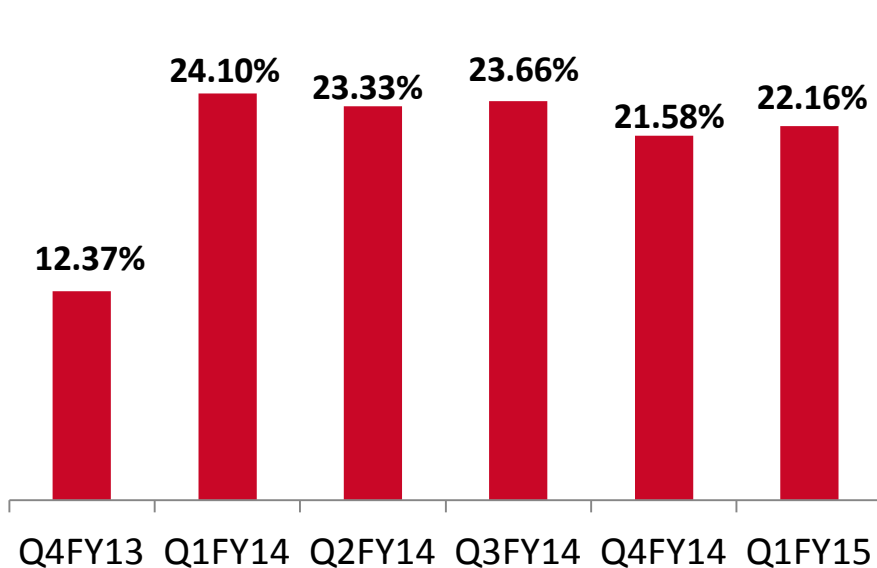
- Gross NPAs up to 1.6% of AUM in Q1
- Over 70% of Gross NPA is from regular customers who have serviced over half of interest due
- NPAs on account of theft, spurious collateral etc. are only 0.10% of AUM



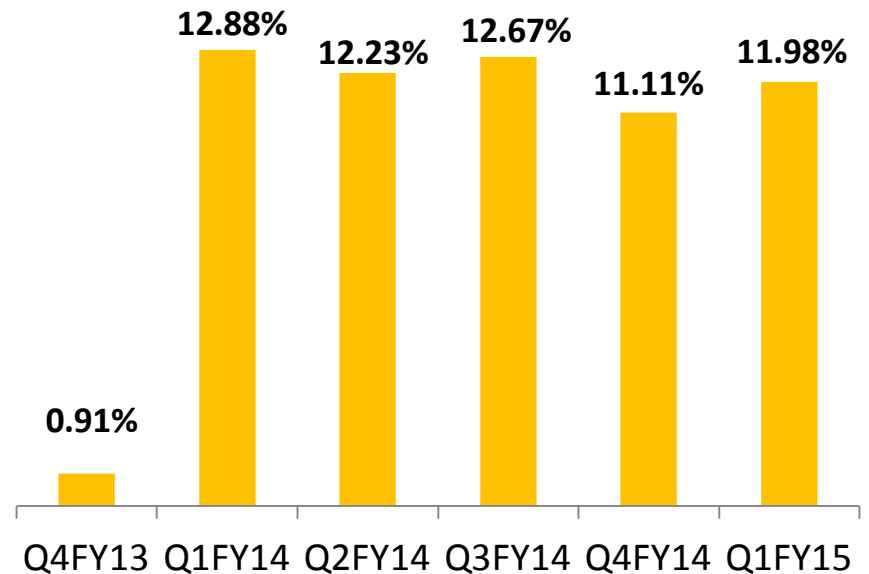
# YIELD AND SPREAD

- Net Yield increased to 22.2% in Q1 FY15
- Spreads are amongst the highest in the industry

## Yield (%)



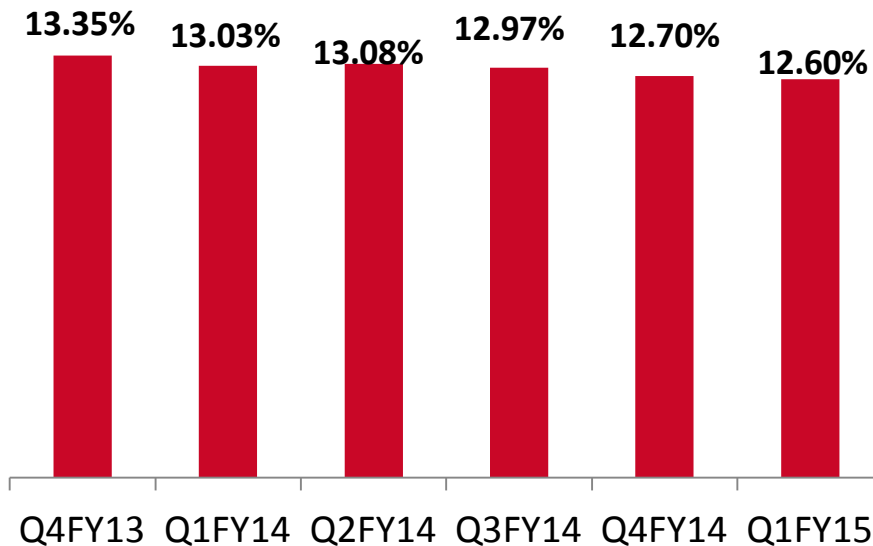
## Spread (%)



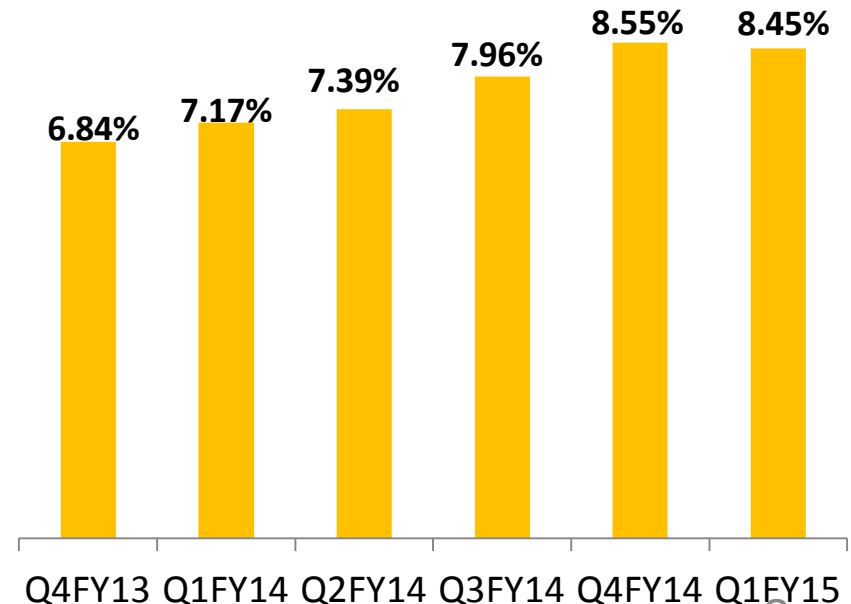
# COST OF FUNDS AND OPEX

- Cost of funds further declined 10 bps in the quarter due to lower borrowings and raising of lower cost funds from the money markets
- Opex as a percentage of AUM fell to 8.45%

## Cost of Funds (%)



## OPEX to AUM (%)

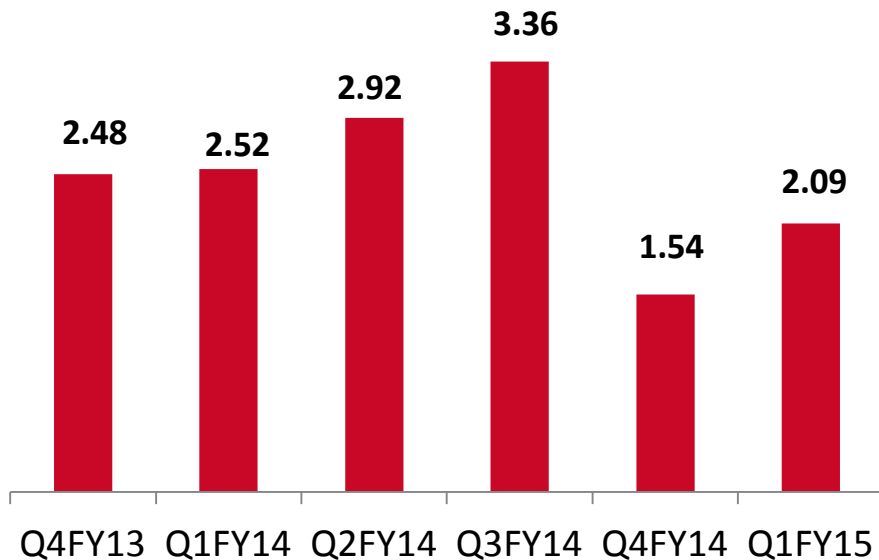




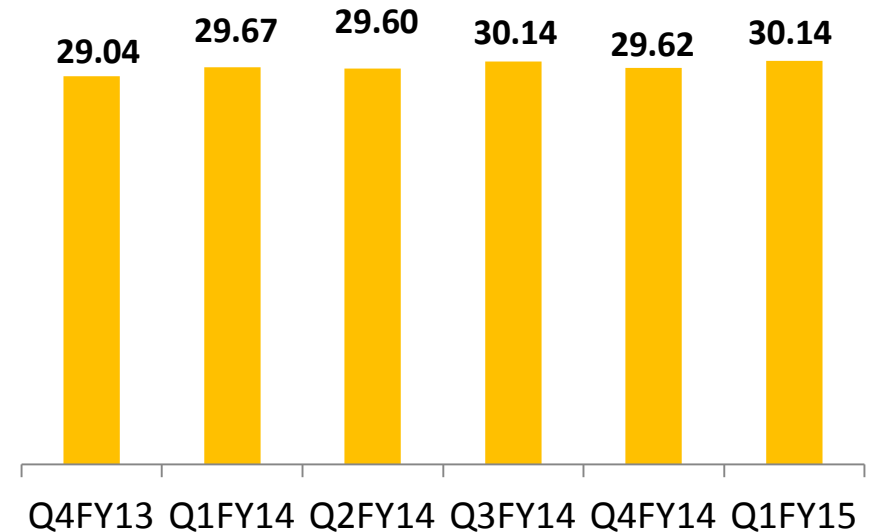
# EPS & BOOK VALUE PER SHARE

- Annualized EPS for the quarter is Rs 2.09 which is up 36% on Q4 FY14
- Company's book value per share is up to Rs 30.14

## Annualized EPS (Rs)



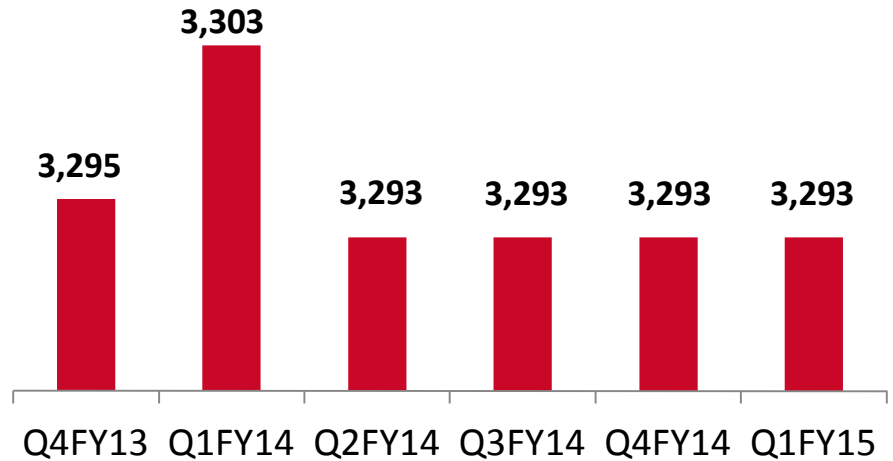
## Book Value per Share (Rs)



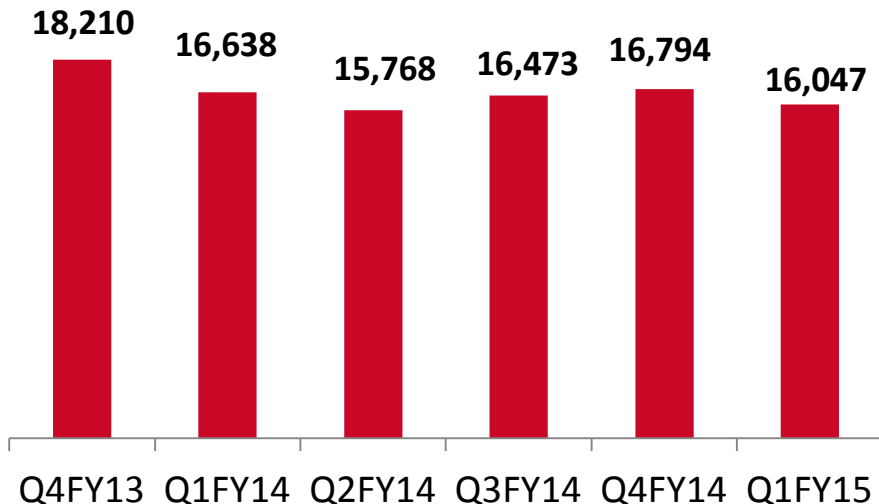
# BRANCHES AND CUSTOMERS

- Number of Employees reduced to 16,047
- Number of live customers is 1.54 million – up by 1.7% q-q.

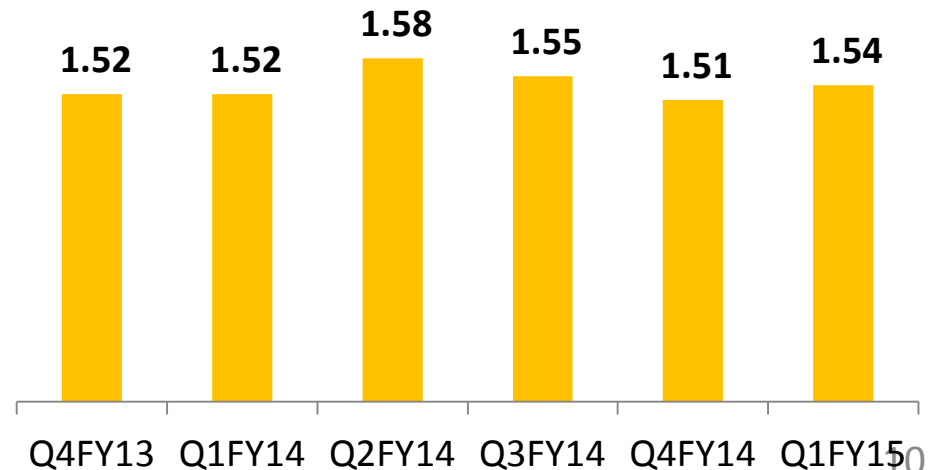
## Branches (Nos)



## Employees (Nos)



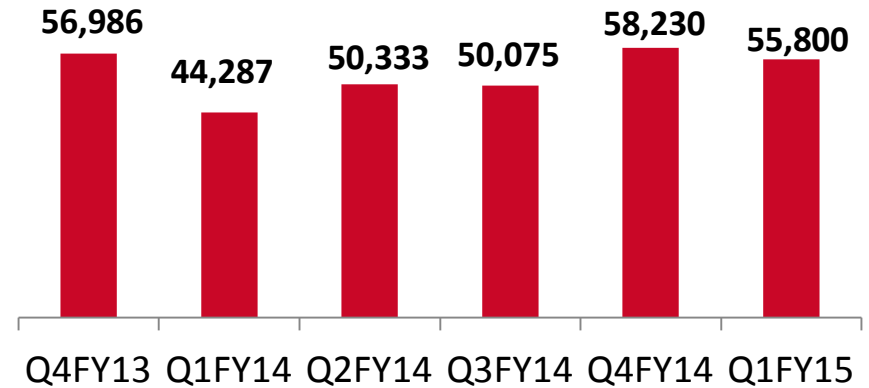
## No of Customers (mn)



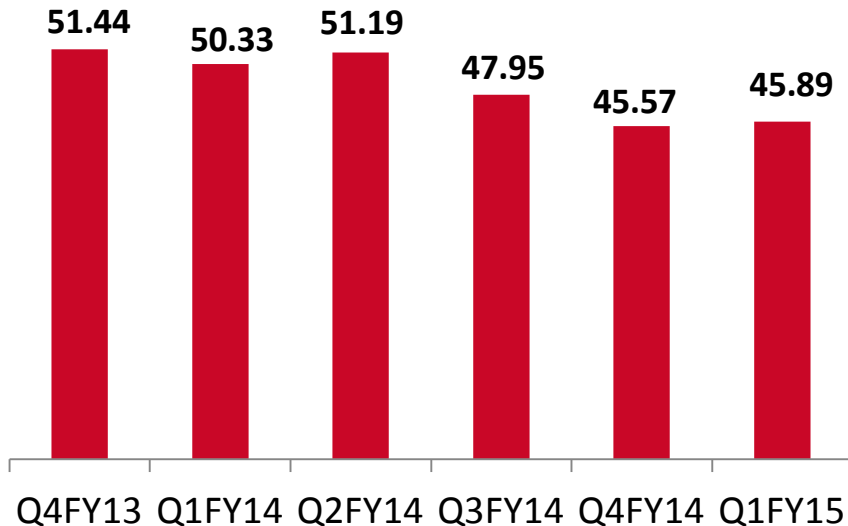
# GOLD HOLDING & AUM

- Disbursements in Q1 FY15 declined to Rs 55.80 bn
- Closing Gold AUM of Rs 81,975 mn – up 0.5% q-q
- The gold holdings increased to 45.89 tonnes.

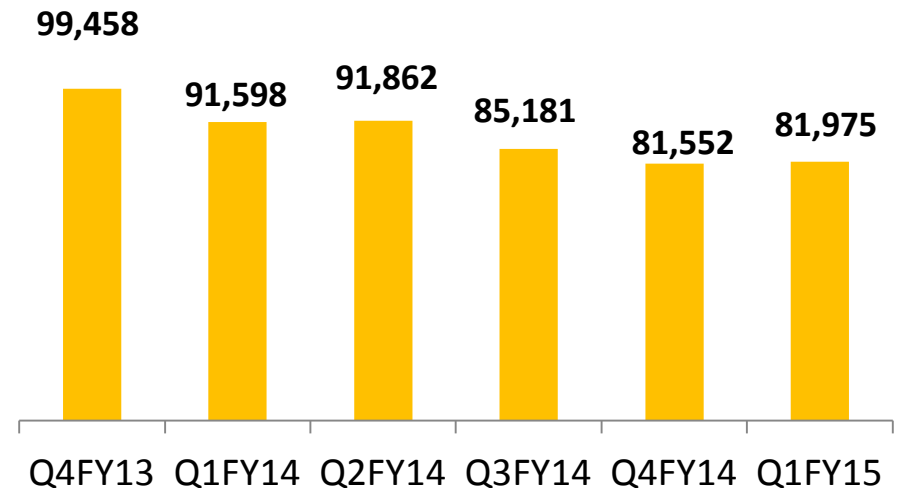
## Disbursement (mn)



## Gold Holding (tonnes)



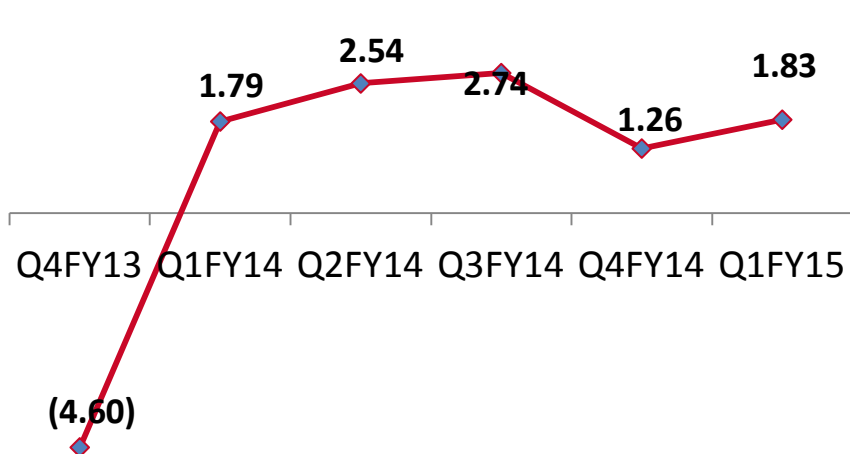
## Gold AUM (mn)



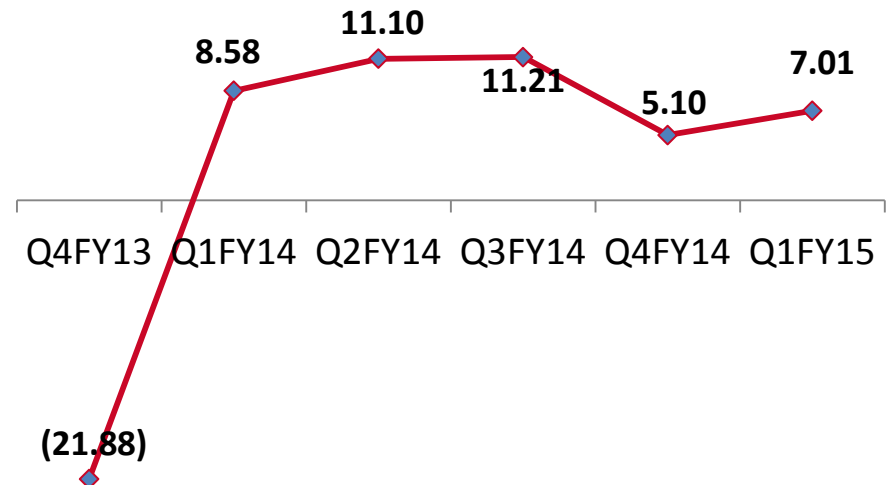
# ROA & ROE

- ROA and ROE have shown improvement in Q1 FY15 compare to Q4 FY 14

## ROA (%)



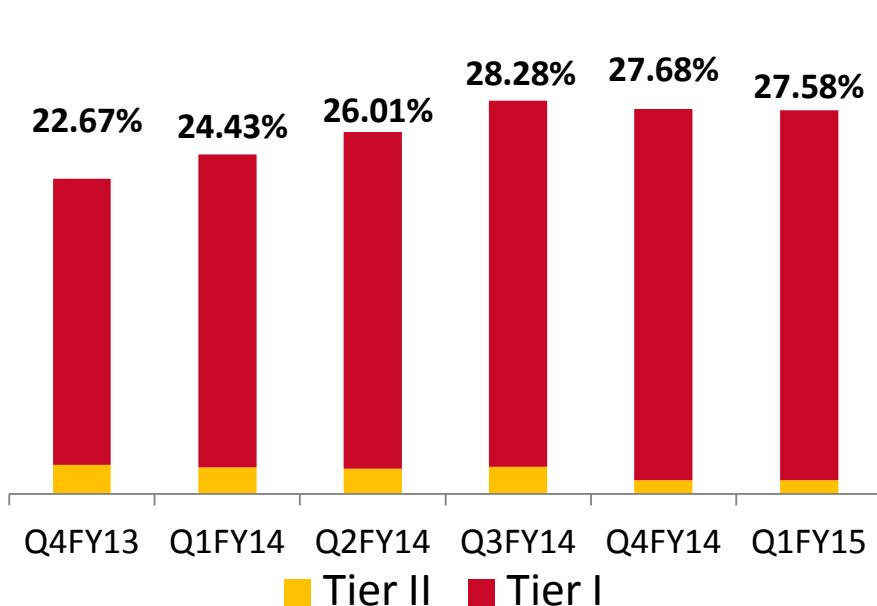
## ROE (%)



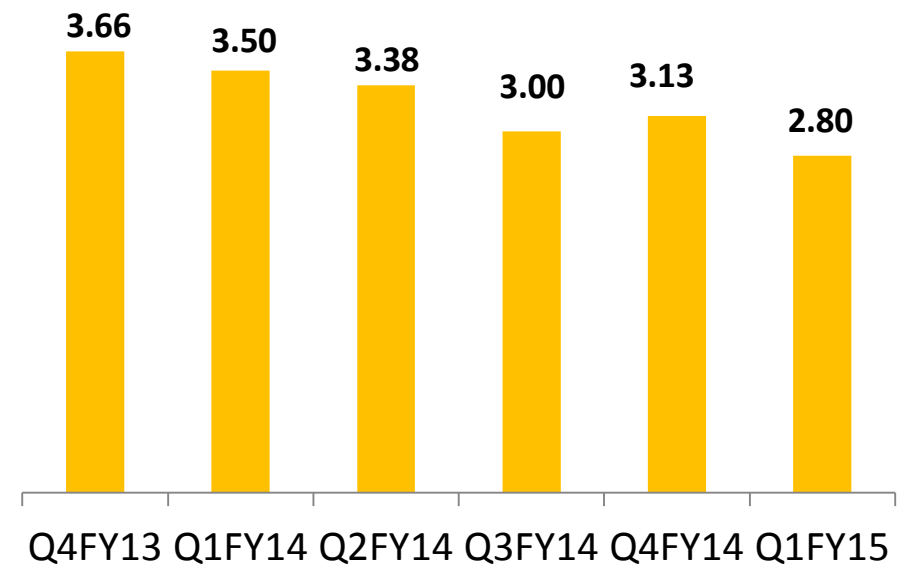
# CAPITAL ADEQUACY

- The total capital adequacy is healthy at 27.58% compared to the minimum 15% stipulate by RBI for gold loan companies
- The gearing levels are also comfortable at 2.80x leaving ample scope for increase in leverage.

## Capital Adequacy Tier I & Tier II

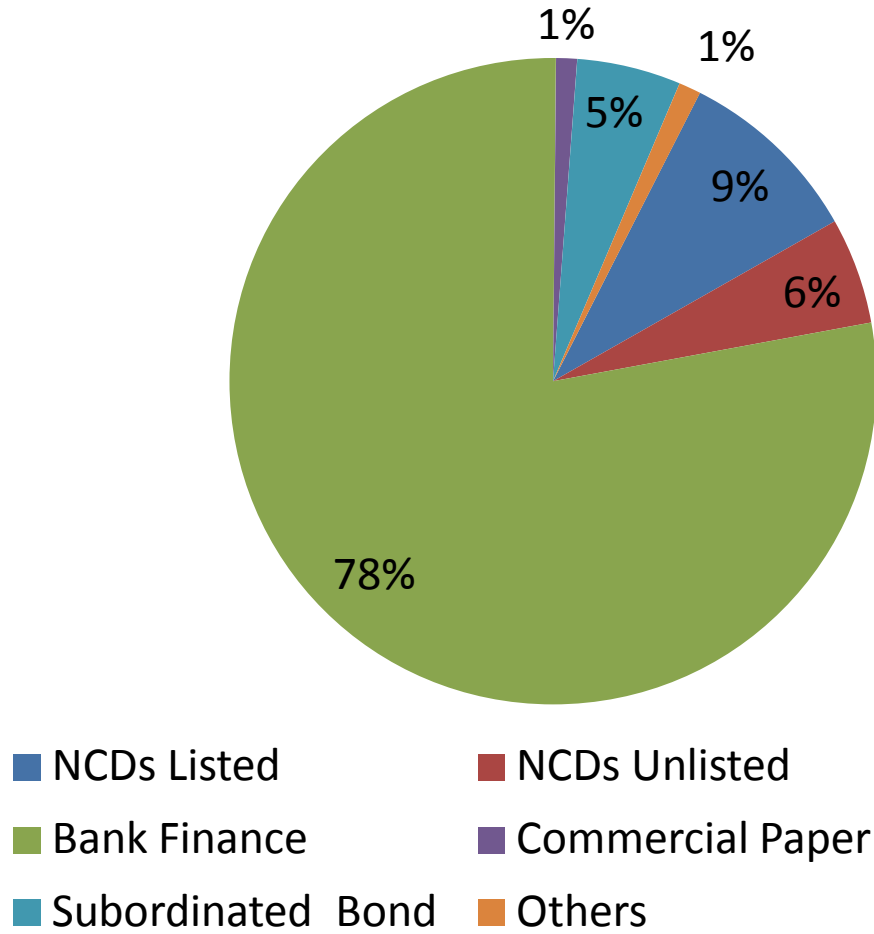


## Debt Equity Ratio (x)



# LIABILITY MIX

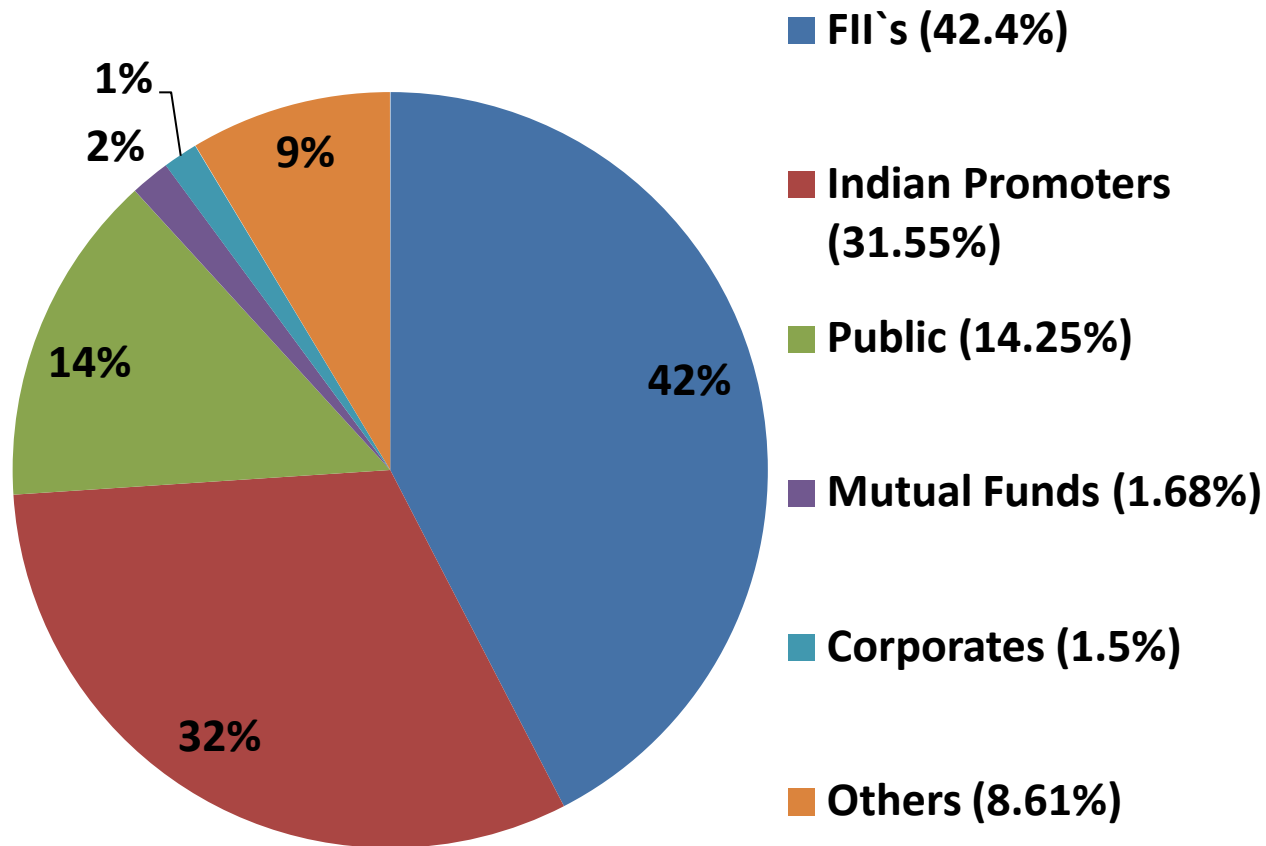
Borrowings as on June 30, 2014 was Rs. 70,886 million.



Particulars	Amount (mn)
NCDs Listed	6,583
NCDs Unlisted	3,771
Bank Finance	55,323
Commercial Paper	743
Subordinated Bond	3,686
Others	781
<b>TOTAL</b>	<b>70,886</b>

# SHARE HOLDING PATTERN

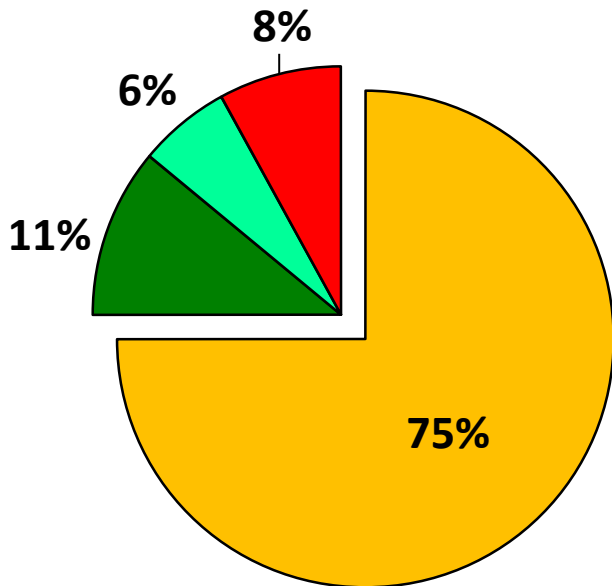
Total Outstanding Share Capital as on 30th June 2014 is Rs 1,682.4 Million (841.2 Million shares of Rs 2 each)



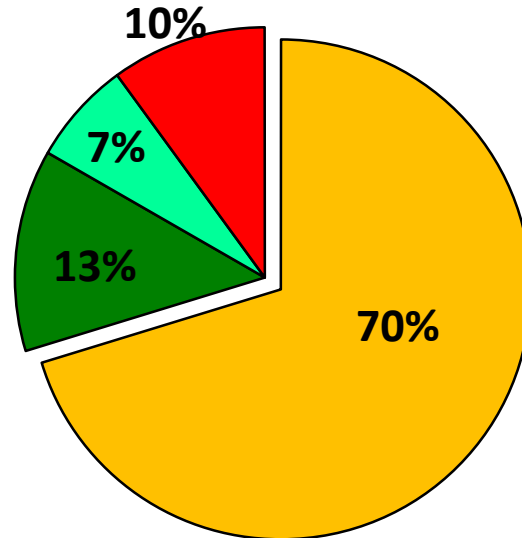
# Loan Portfolio Zone wise

Gold loan outstanding as of June 30, 2014 was Rs. 81,975 million.

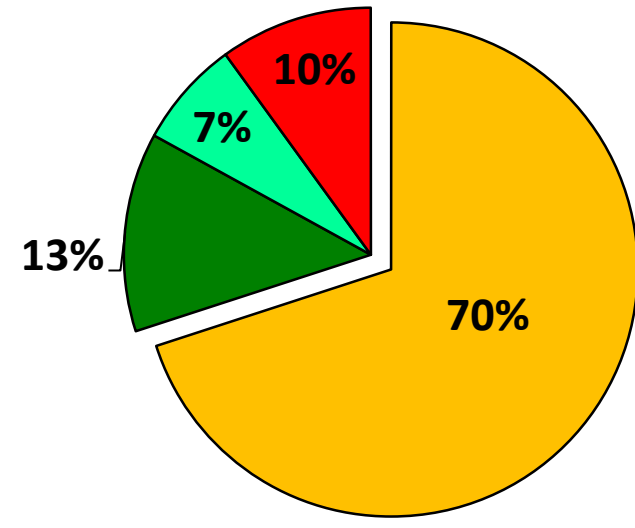
**As on 31.03.13**  
**GL OS – Rs. 99,300 million**



**As on 31.03.14**  
**GL OS – Rs. 81,552 million**



**As on 30.06.14**  
**GL OS – Rs. 81,975 million**



■ South ■ West ■ East ■ North



# SENIOR MANAGEMENT TEAM



**Mr. V. P. Nandakumar**  
*Managing Director & CEO*

- Chief Promoter of the Manappuram Group of Companies
- Holds a masters degree in science from Calicut University and is also a Certified Associate of Indian Institute of Bankers
- Has been associated with the banking industry in various capacities. He is the Chairman of the Equipment Leasing Association (India) and the Kerala Non-Banking Finance Companies Welfare Association



**Mr. I. Unnikrishnan**  
*Executive Director & Dy CEO*

- Holds a bachelors degree in commerce from Calicut University and is a fellow member of the Institute of Chartered Accountants of India
- He has experience in rendering advisory services relating to NBFCs. He has in the past worked with HAWA-MK Electrical Limited
- He has been the Director of Manappuram since October 11, 2001



**Mr. B.N. Raveendra Babu**  
*Executive Director*

- Holds masters degree in commerce from Calicut University and completed Inter from Institute of Certified Management Accountants
- Has worked in a senior position in the Finance and Accounts Department of Blue Marine International at the U.A.E
- He has been the Director of Manappuram since July 15, 1992



**Mr. Kapil Krishan**  
*Chief Financial Officer*

- Experience of over 23 years in finance.
- Worked with leading Indian and multinational organizations such as CRISIL, HSBC, Standard Chartered Bank, Hewitt Associates and India Infoline.
- Experienced in all CFO functions including debt and equity markets, treasury management, investor relations, ERP implementation etc.

# STRONG INTERNAL PROCESS

## In-house IT Infrastructure

- Availability of accurate and real-time information aids in faster decision making and reduced turnaround time resulting in improved loan disbursement facility
- Significant automation at front end reducing human intervention
- Centralized technology for offsite surveillance of all branches (efficient monitoring and controlling)
- Scalability enables rapid branch roll-out
- State of art Disaster Recovery Centre

## Strong Internal Controls / Audit

- Stringent collateral approval process
- Routine inspections and vigilance teams
- Pledges frequently checked by an internal audit team on a well defined periodical basis

## Prevention of Fraud

- Strict KYC compliance
- Employee profiling, Employee tracking and regular rotation of staff across departments and branches



## Asset Evaluation & Appraisal Risk

- Decades of experience provide a competitive advantage in terms of ability to evaluate the gold
- Only household used jewellery encouraged as security (emotional factor is key)
- Employees are regularly trained in gold appraisal methods
- Several tests for checking spurious gold including touchstone test, nitric acid test, sound test and checking for hallmark
- Three level appraisal of gold

## Gold Security & Custodial Risk

- Post verification gold transferred to highly secured Vaults which have RCC structures or Burglary proof safes of reputed brands
- Gold stored under joint custody (Dual Custody)
- Premises located above ground floor, with 24x7 CCTV camera and burglar alarm system
- Insurance of gold against burglary

# RISK MANAGEMENT

Appraisal



Alert Verifications



Routine Inspections



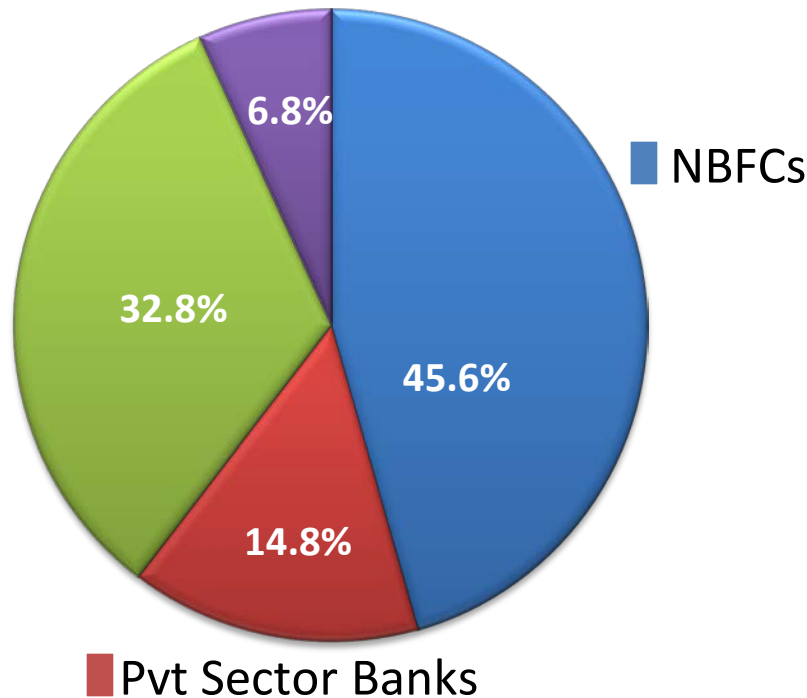
Vigilance

- **System of Online Alerts** - based on potential / perceived risk factors on the daily disbursements and outstanding loans
- **Risk based classification** - disbursements classified into 4 risk categories and monitored
- **Trend analysis** of pledges of spurious and low quality pledges and initiating appropriate remedial measures
- **Confirmation of mobile number** – generation of Unique Identification Number through SMS at time of pledge to confirm mobile number and facilitate future tracking
- **Confirmation of photos** – photo of each customer is recorded in the system for future follow up
- **Large Value Borrowers** - Field verification / address verification of large borrowers as well as profiling of such customers
- **Periodic Internal audits / inspections**
  - Inspection for entire gold inventory at 60 day interval to confirm quality and quantity of gold
  - Audit every calendar months to confirm packet count, tareweight of each pledge, KYC and other documents
- **Tracking KYC compliance** - to improve adherence to laid down policies

# GOLD LOANS: NBFCS RETAIN NICHE POSITIONING

## Share of Organized Market(%)

■ Co operative Banks



FY 2012

- Targeting Non-bankable customers
- Easy Access due to Greater Penetration
- High Comfort Level: Transparency & Trust
- Better Operating Cost Structures vis-à-vis Banks
- Quick approvals and disbursals
- Flexibility in Terms of Loans
- Presence of expert valuers
- Robust control systems

Source: IMAcS



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