



## **MANAPPURAM FINANCE LTD.**

**PRESS NOTE: May 15, 2013**

### **MANAPPURAM FINANCE NET PROFIT DECLINES**

**Thrissur, Kerala: May 15, 2013:**

Manappuram Finance Ltd., the Kerala based gold loan NBFC, declared its annual results today after a meeting of its Board of Directors.

Net profit for the financial year ended March 31, 2013 has fallen by 64.76% to Rs. 208.40 crores compared to Rs.591.46 crores for FY 2011-12.

The interim dividend of Rs 1.50 per share of face value of Rs 2/-, already declared during the year, has been recommended as the final dividend for the year ended 31 March 2013 subject to approval by the shareholders in the annual general meeting.

The company attributes the fall in profits to under recovery of interest amounting to Rs. 284.20 crores on a specific pool of its portfolio that was booked during Q3 of FY 2012. The company has also made additional provision amounting to Rs. 51.40 crores being the reversal of interest booked in FY-2012. The company has faced a higher incidence of defaults in this pool after it began realigning its portfolio under the new loan to value (LTV) regime brought into effect in March 2012. Consequently, auctions increased but the proceeds were inadequate to fully cover the accrued interest. Such provisioning is a prudential measure that considers the further fall in gold prices during April 2013. No further loss on this account is anticipated in the current fiscal year 2013-14 since a significant portion of the pool under stress has already been auctioned after March 2013.

Sharing the results with the media, Mr. V.P. Nandakumar, MD & CEO, said, "We believe the future of the gold loan industry remains bright and we are confident of returning to a positive growth trajectory this year. Our company has faced considerable stress last year on account of policy changes and market forces. However, this is a temporary phase unlikely to hold back the company or the industry beyond the short term."

Total gold loan disbursements during the year amounted to Rs. 20,516 crores (previous year Rs.31,698 crores). Operating income for the year was Rs. 2,217.31 crores compared to Rs. 2,615.55 crores for the previous year recording a negative growth of 15.22 percent. Profit before tax (PBT) fell to Rs. 306.50 crores compared to Rs. 877.20 crores in the previous year. Provision towards income tax stood at Rs.98 crores as against Rs. 285.75 crores the year before.



The company's Assets under Management (AUM) has declined to Rs.9,952 crores from Rs.11,630 crores recorded on March 31, 2012. The decline reflects the realignment of the LTV and the changes in the liability profile of the company.

Earnings per share (face value of Rs.2/-) amounts to Rs.2.48 while capital adequacy ratio has been maintained at a high level of 22.49 percent. The Net NPA position of the Company stood at 0.77 percent as of March 31, 2013.

In the current fiscal year, the Company has stepped up its interest collection efforts in view of the changed market scenario. Loan repayments in the current portfolio are at normal levels. Moreover, the company has launched a new initiative encouraging borrowers to remit periodical interest on gold loans. The company has expanded its nationwide branch network from 2908 branches to 3295 branches spread across 22 states and 4 UTs.

### Results at a glance

Particulars	Rs. in Crores	
	FY 2012-13	FY 2011-12
Income from operations	2217.31	2615.55
Profit before tax	306.50	877.20
Profit after tax	208.43	591.46
AUM	9956.0	11,630
Gold Loan Disbursed	20516	31,698
Number of Branches	3295	2908
Net NPA	0.77%	0.32%
Return on Assets	1.58%	4.88%
Return on Equity	7.91%	26.57%
Capital Adequacy Ratio	22.49	23.26%
Share Capital and Reserves (Rs. in crore)	2443	2,381