



PRESS RELEASE DATED 07 FEBRUARY, 2013

MANAPPURAM REPORTS TOUGH QUARTER, SIGNALS REVERSAL

Thrissur (Kerala): Manappuram Finance Limited has declared its third quarter results. Net profit for the quarter ended December 31, 2012 decreased by 48% to Rs. 84.38 crores, compared to Rs. 161.37 crores for Q3 of previous year. Cumulative net profit for the nine months ended December 31, 2012 was down by 14% at Rs. 349.86 crores, as against Rs.404.50 crores reported for the nine months up to December 31, 2011.

Operating income for the quarter fell to 586.20 crores compared to Rs. 721.37 crores reported for Q3 of the previous year. Profit before tax (PBT) for the quarter stood at Rs. 124.57 crores (Rs.239.54 crores) while provision for income tax was at Rs. 40.19 crores (Rs.78.17 crores).

Releasing the results to the media, Mr. V.P. Nandakumar, MD & CEO, said, “The Company had faced greater stress on account of its high LTV led growth and the subsequent realignment necessitated by regulatory changes. However, we are confident that with the positive report of the KUB Rao Committee, and renewed willingness on the part of the banking sector, mutual funds and institutional investors to fund gold loans, the outlook from now on would be positive.”

The company attributes the decline in profits to the fall in yield following the realignment of the lending rates in line with lower LTV norms. Moreover, the company has introduced lower yielding gold loan products in order to restart growth in disbursements.

On a sequential basis, the company registered a marginal fall of 3% in its gold loans AUM to 10,378 crores compared to Rs.10,665 crores for Q2 of current year. However, aggregate gold loans disbursed during the quarter amounted to Rs.5,702 crores, representing a growth of 11% over the Rs.5,148 crores disbursed during Q2 of this year. The Net NPA level has come down to 0.77% from 0.86% in Q2 of this year with the thrust on recovery.

The company has achieved significant savings in its operating expenses which have come down to 5.03% of average assets as compared to 6.27% for comparable quarter of last year. Besides, in a major revamp of its manpower deployment, the number of employees per branch has been brought down—without retrenchments, by reallocation to new branches— to 5.57 as against 7.90 prevailing at the end of Q3 of the previous year. The measures signify the company’s commitment to improve operating efficiency.

Tier I capital of the company has improved to 23% in comparison to 19% for Q3 of last year. The company has opened 96 new branches during the quarter taking its national network to 3140 branches across 26 states and UTs.

Results at a glance

Particulars	Rs. in Crores		% growth
	Q3 2012-13	Q3 2011-12	
Income from operations	586.20	721.37	(-) 19%
Profit before tax	124.57	239.54	(-) 48%
Profit after tax	84.38	161.37	(-) 48%
AUM	10,393	12,358	(-) 16%
Gold Loans Disbursed	5,703	10,372	(-) 45%
Net Worth	2,731	2,341	17%
Number of Branches	3,140	2,738	15%