



MANAPPURAM FINANCE LIMITED

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Investor Presentation

For the Quarter ended September 30, 2013

Result Highlights for Q2 FY14

- Net profit up 32% q-q to Rs 697.2 Mn
- Interim dividend of Rs 0.45 per share
- Total AUM stable at Rs 92 Bn
- Gross NPA declined to 1% from 1.52% in Q1 FY 14
- High capital adequacy of 26.01%
- Networth crosses Rs 25 Bn
- NIM stable at 11.78%
- EPS (annualised) of Rs2.92 NAV per share Rs 29.60



Financial Highlights-Key Numbers

<i>Rs in Million</i>	Q2 FY14	Q1 FY14	Q2 FY13	Q-Q	Y-Y
Interest income	5187.90	5785.00	6153.20	-10%	-16%
Other Operating Income	256.80	153.40	36.90	67%	596%
Total Income	5444.70	5938.40	6190.10	-8%	-12%
Finance expenses	2669.33	2856.00	2871.10	-7%	-7%
Net interest income	2518.57	2929.00	3282.10	-14%	-23%
Employee expenses	732.71	829.00	854.40	-12%	-14%
Other operating expenses	929.38	882.30	796.80	5%	17%
Pre provision profit	1113.28	1371.10	1667.80	-19%	-33%
Provisions	-72.74	268.51	27.90	-127%	-361%
Write offs	135.03	300.55	41.50	-55%	225%
Profit before Tax	1050.99	802.04	1597.40	31%	-34%
Tax	353.80	273.30	520.30	29%	-32%
Profit after Tax	697.19	528.74	1077.10	32%	-35%

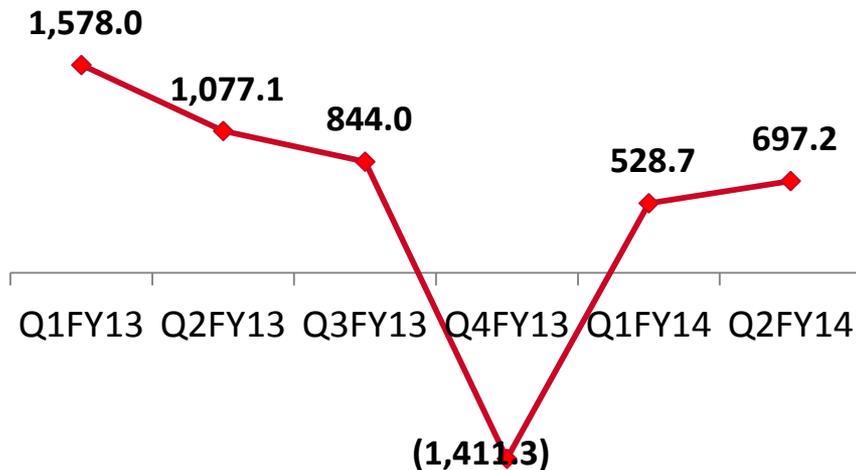
Statement of Assets & Liabilities

Rs in Million	Q2FY14	Q1FY14	Q2FY13	Q-Q	Y-Y
Cash and Bank Balances	7,213	6,963	7,556	4%	-5%
Investments	469	6,543	585	-93%	-20%
Loans and Advances	92,711	92,498	101,399	0%	-9%
Fixed Assets	2,202	2,325	2,404	-5%	-8%
Other Assets	8,954	8,175	12,730	10%	-30%
Total	111,549	116,504	124,674	-4%	-11%
Capital	1,682	1,682	1,682	0%	0%
Reserves & Surplus	23,530	23,277	24,783	1%	-5%
Borrowings	83,387	88,671	94,509	-6%	-12%
Other Liabilities & Provisions	2,950	2,874	3,700	3%	-20%
Total	111,549	116,504	124,674	-4%	-11%

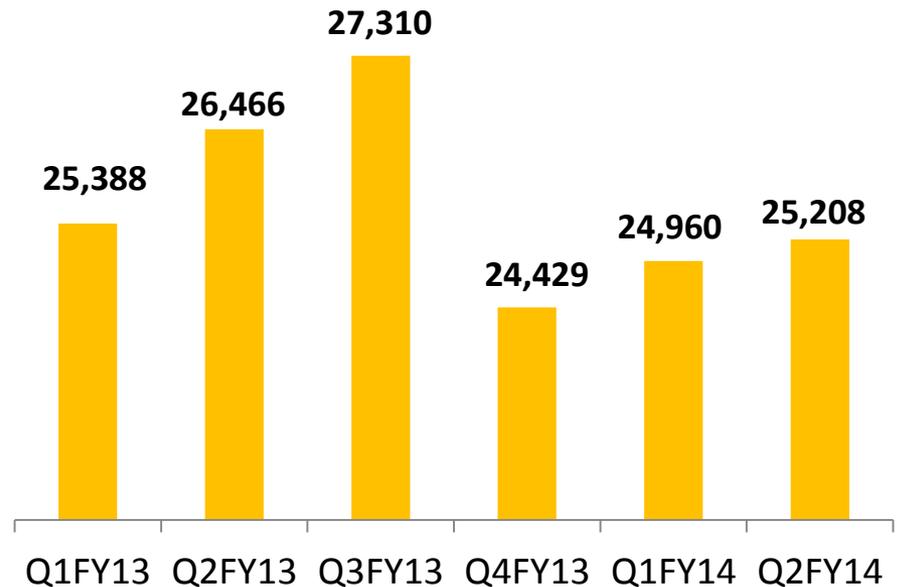
PAT & NET WORTH

- Profits return to normalcy with 32% Q-Q rise in Q2FY14 profits to Rs 697 Mn
- Company is very well capitalized with high net worth of Rs 25.21 Bn

PAT (Rs Mn)



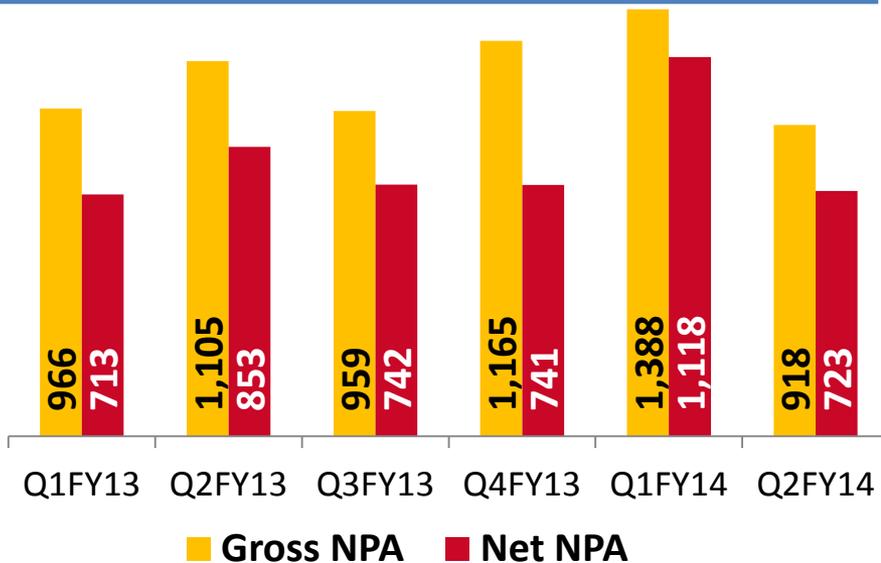
Net Worth (Rs Mn)



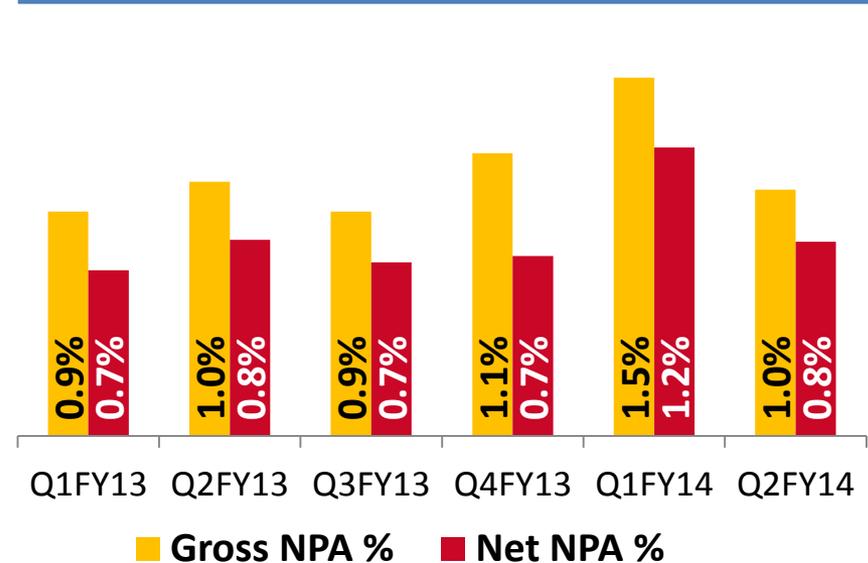
NPA

- Gross NPAs falls to 1% of AUM in Q2 due to auction of NPA accounts.
- Over 50% of Gross NPA is from regular customers who have paid over 50% of interest due
- NPAs on account of theft, spurious collateral etc. are only 0.12% of AUM

Gross NPA & Net NPA- GOLD (Mn)



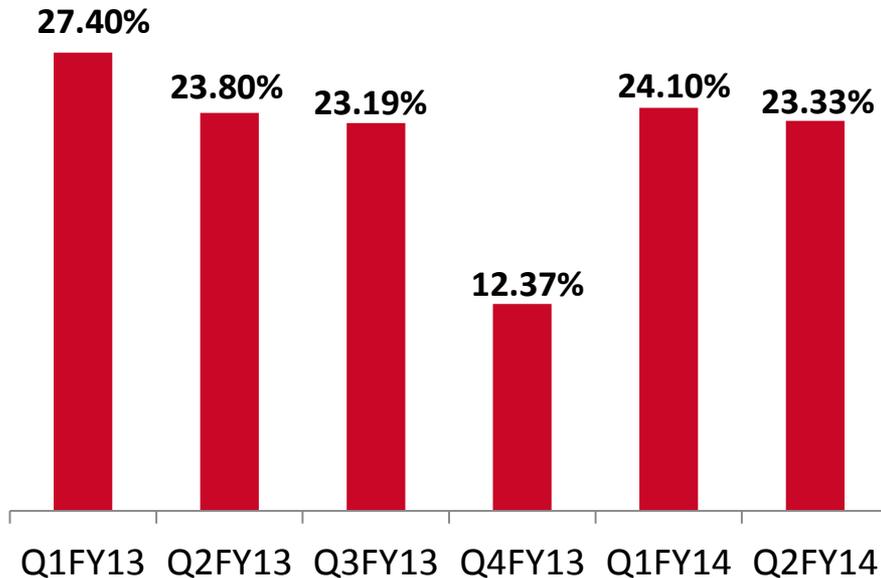
Gross & Net NPA %



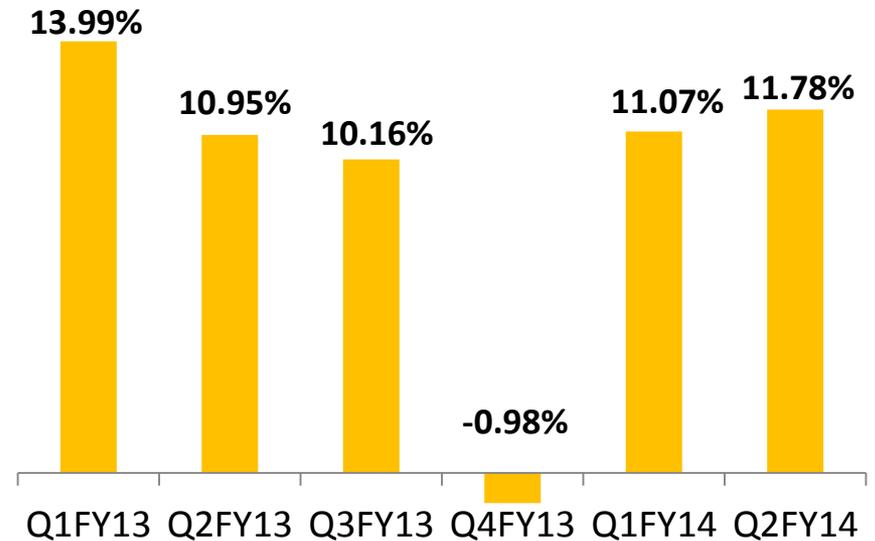
YIELD AND NIM

- Yield has fallen only marginally in Q2 as compared to Q1
- Net interest margin (NIM) is stable due to saving in interest cost in Q2
- NIMs are amongst the highest in the industry

YIELD (%)



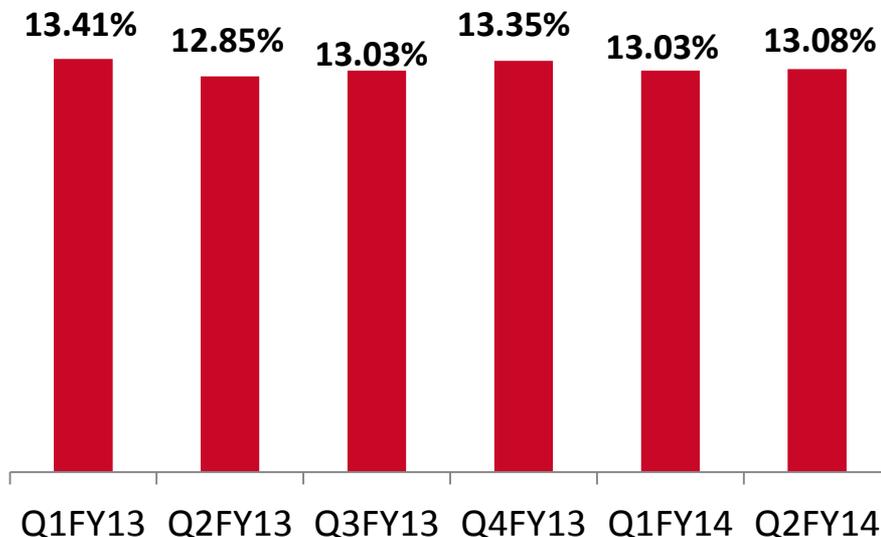
NIM (%)



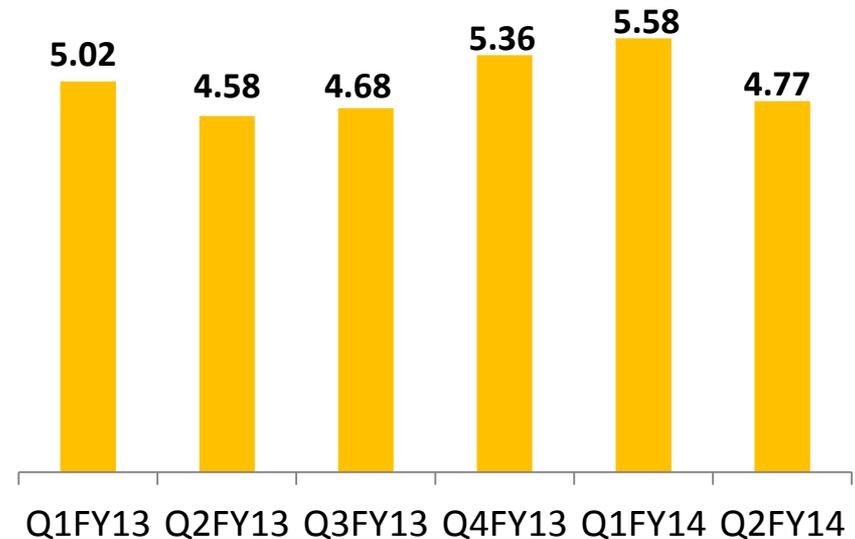
Cost of Funds and Cost to Income

- Cost of funds remain stable in the quarter
- Opex as a percentage AUM is down due to cost rationalization mainly in staff cost

Cost of Funds (%)



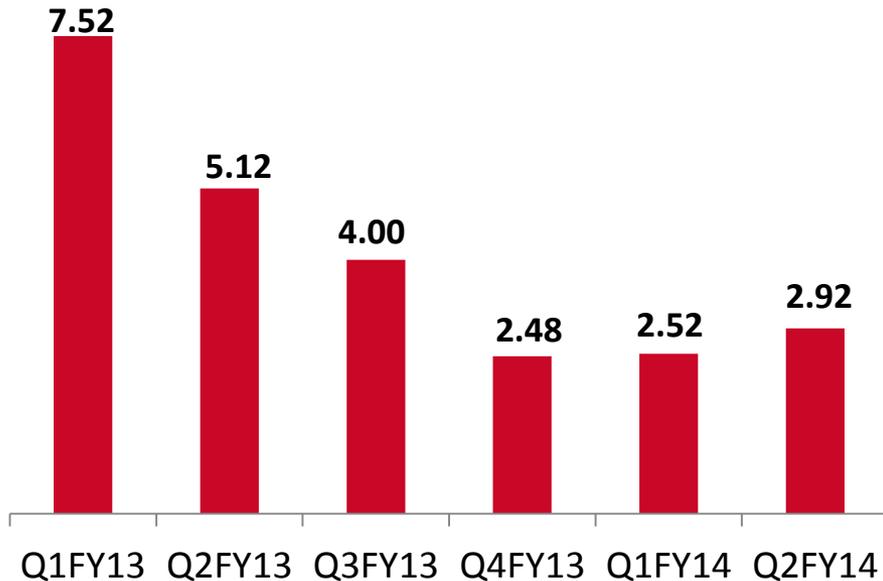
OPEX to AUM (%)



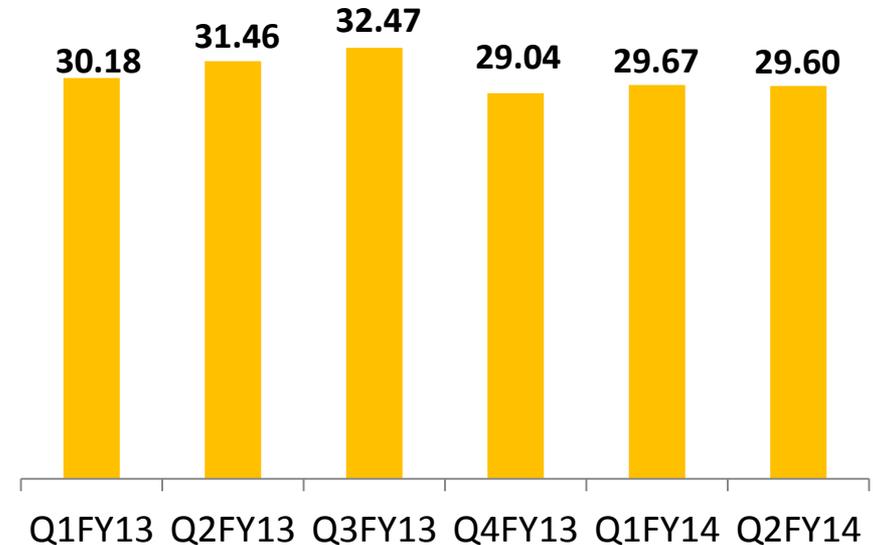
EPS & Book Value per Share

- Annualized EPS for the quarter is Rs 2.92 which is up 16% on Q1
- Company's book value per share is Rs 29.60 which has been stable

Annualized EPS (Rs)



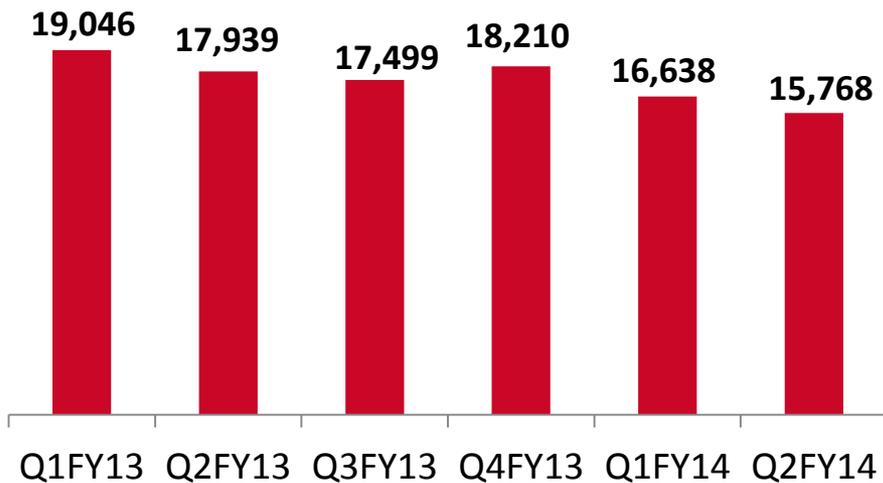
Book Value per Share (Rs)



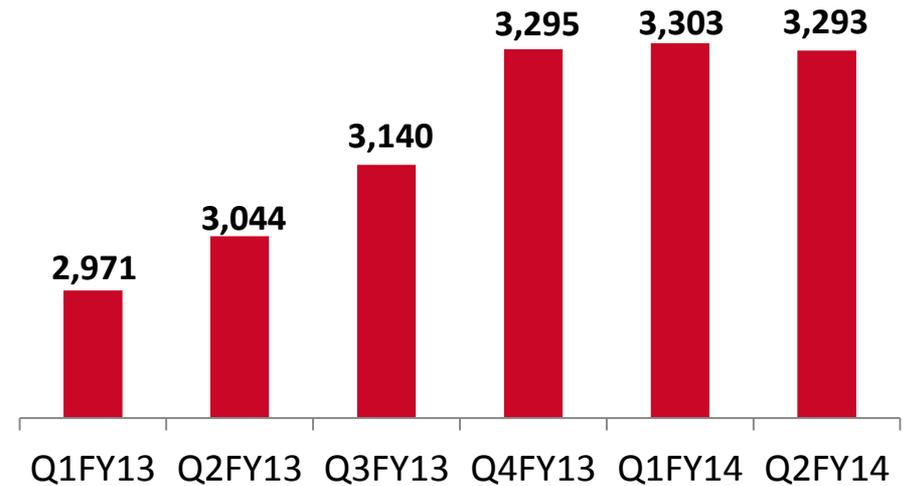
Branches and Customers

- Number of Employees is down by 5.2%
- Number of Branches have declined marginally.
- Number of live customers is up 4% to 1.58 million.

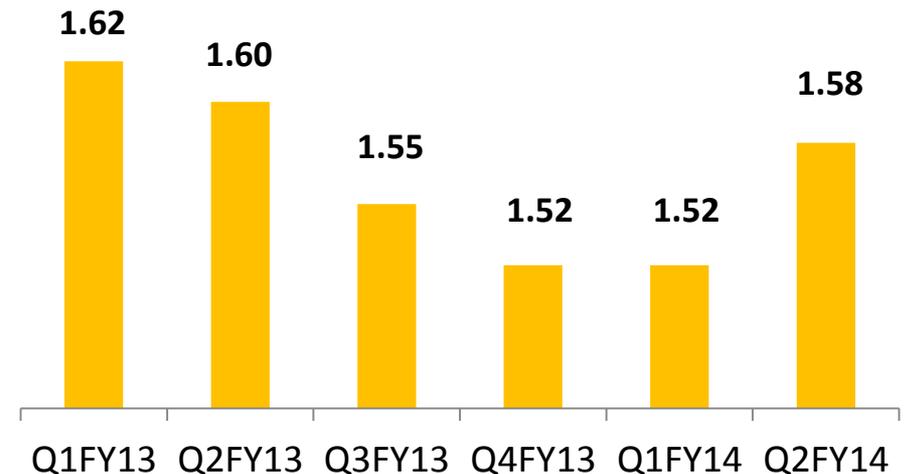
Employees (Nos)



Branches (Nos)



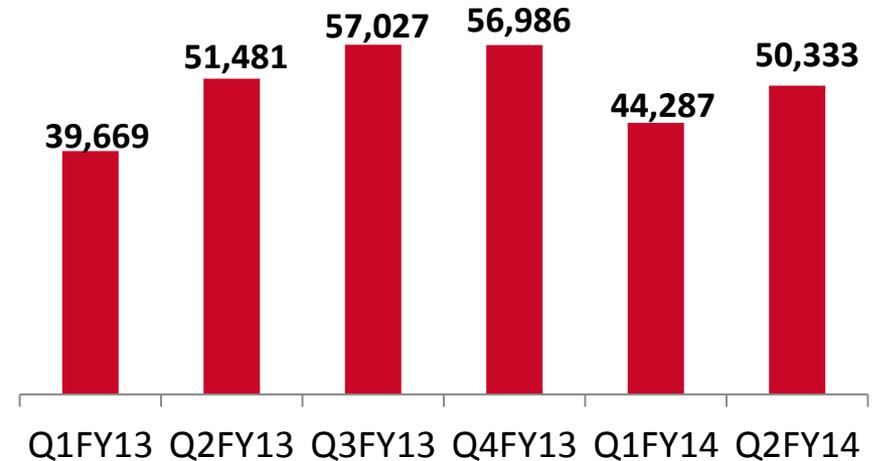
No of Customers (Mn)



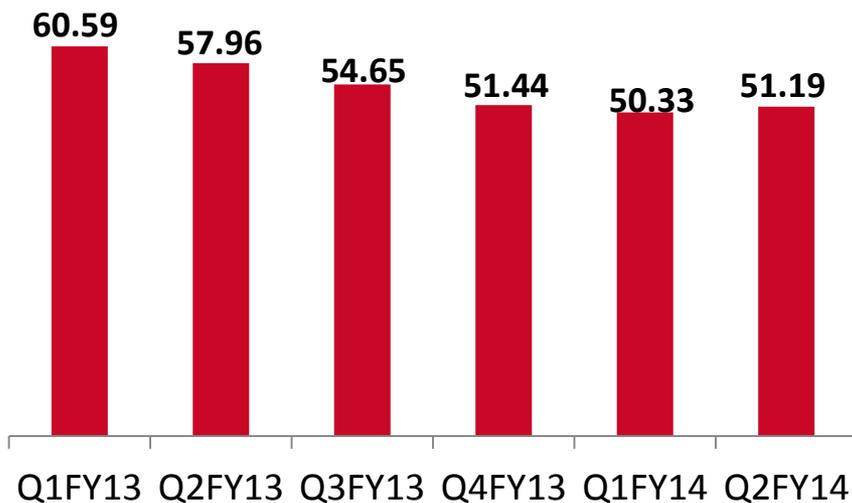
Gold Holding & AUM

- The book size has been stable at Rs 92 Bn in Q2
- The gold holding has risen indicating steady demand for our loan products in Q2
- Disbursements in Q2 increased to Rs 50 Bn.

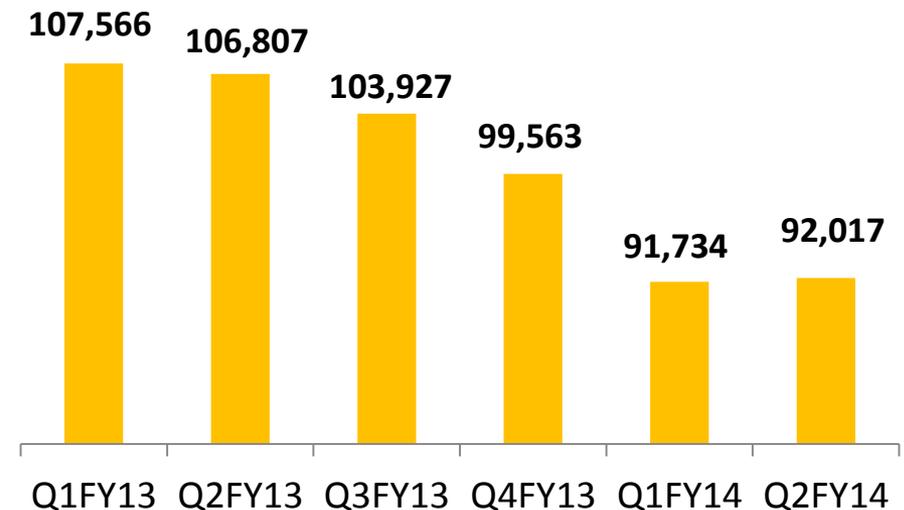
Disbursement (Mn)



Gold Holding (Tonne)



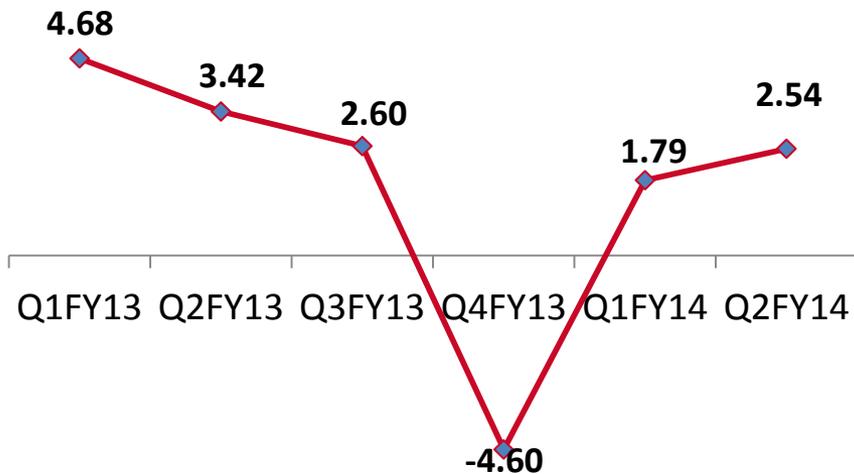
AUM (Mn)



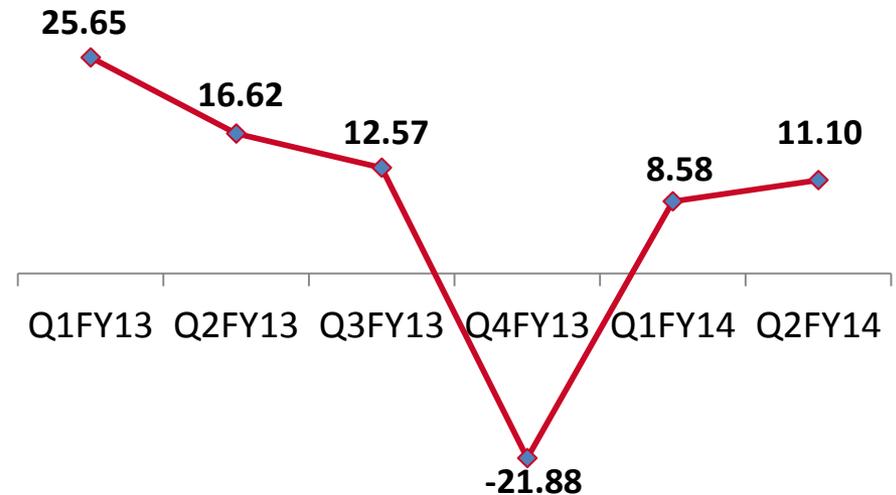
ROA & ROE

- ROA and ROE has recovered substantially in Q2

ROA (%)



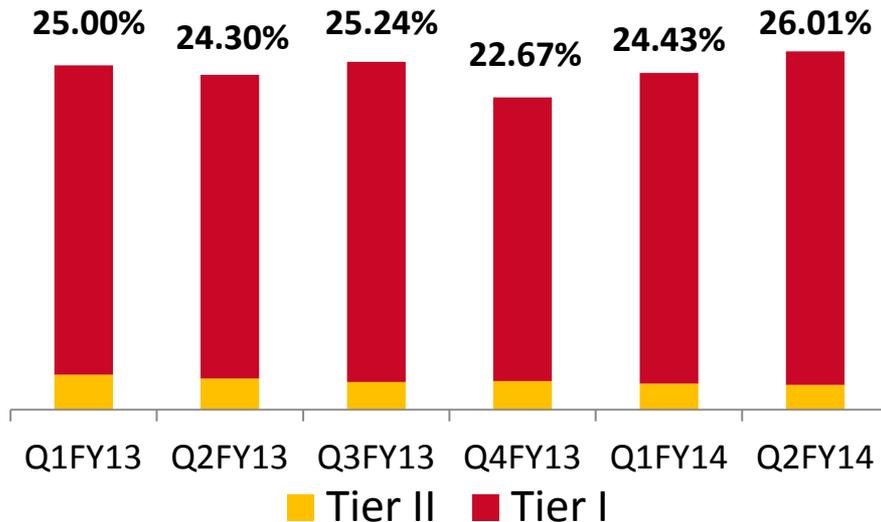
ROE (%)



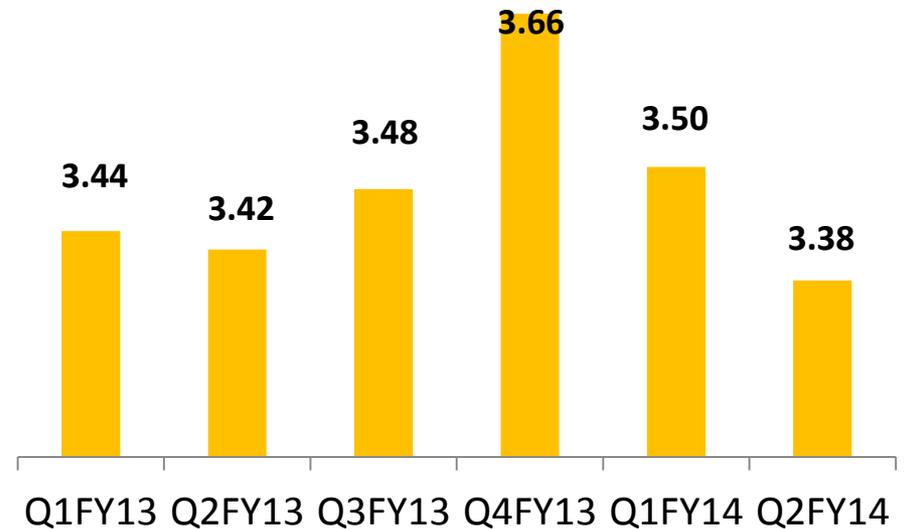
Capital Adequacy

- The total capital adequacy is healthy at 26.01% compared to the minimum 15% stipulate by RBI for gold loan companies
- The gearing levels are also comfortable at 3.38x leaving ample scope for increase in leverage.

Capital Adequacy Tier I & Tier II

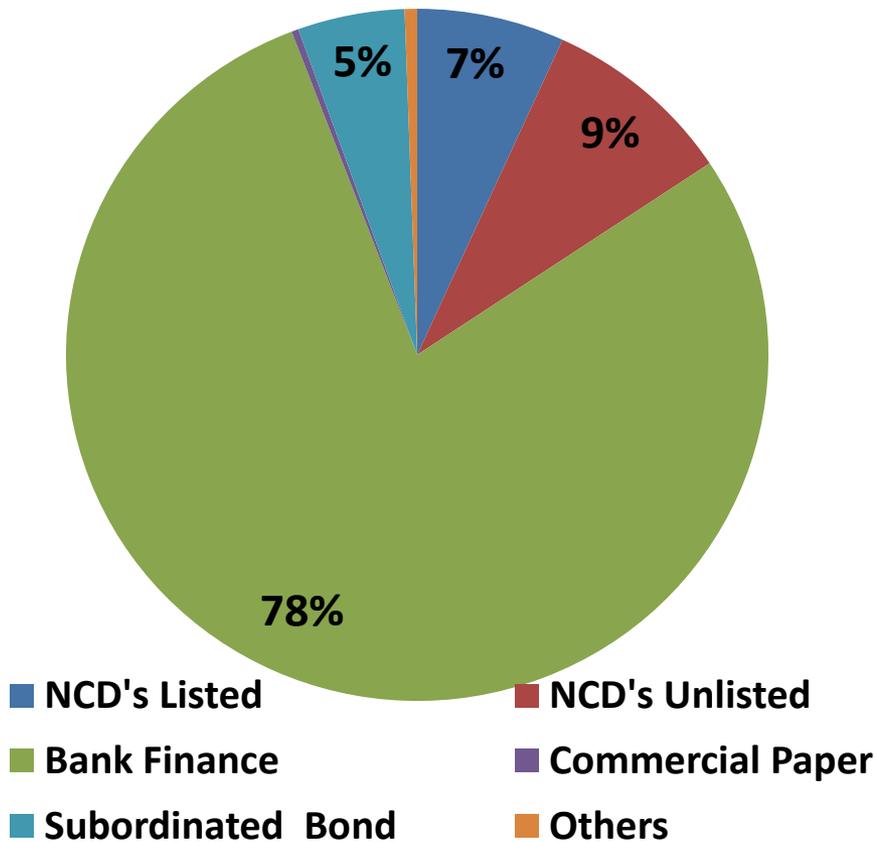


Debt Equity Ratio (x)



Liability Mix

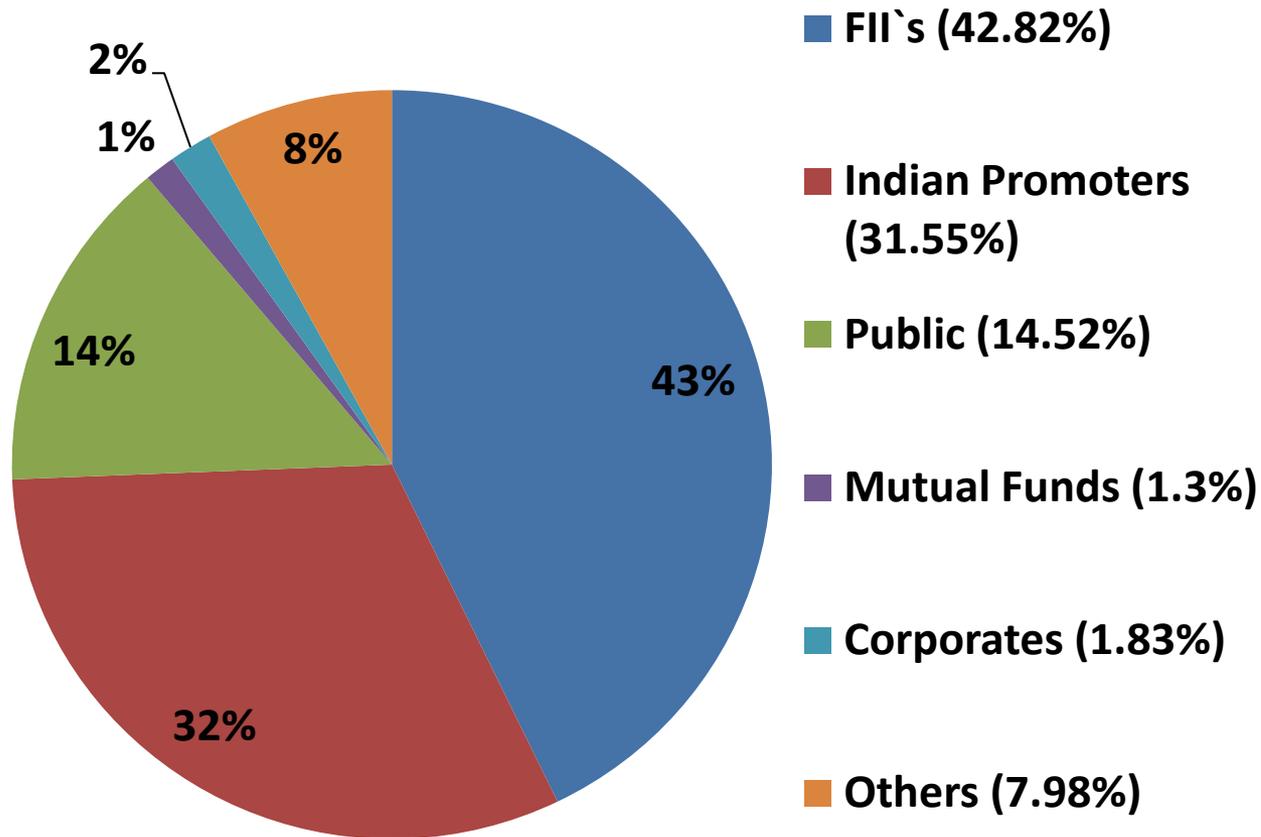
Borrowings as on September 30, 2013 was Rs. 83,387 million.



Particulars	Amount (Mn)
NCD's Listed	5,662
NCD's Unlisted	7,400
Bank Finance	65,470
Commercial Paper	266
Subordinated Bond	4,109
Others	479
TOTAL	83,387

Share Holding Pattern

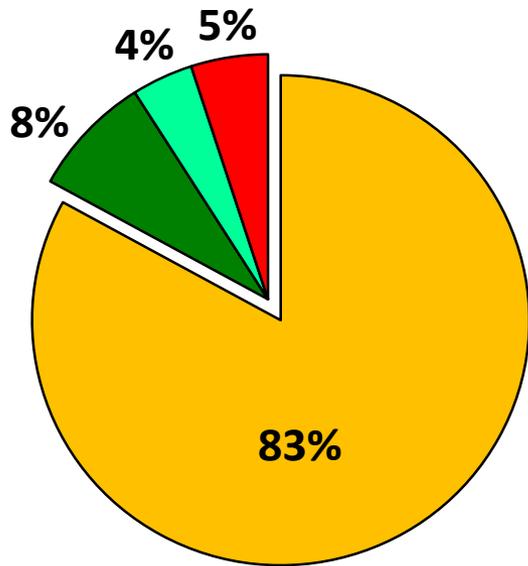
Total Outstanding Share Capital as on 30th September 2013 is Rs 1,682.4 Million (841.2 Million shares of Rs 2 each)



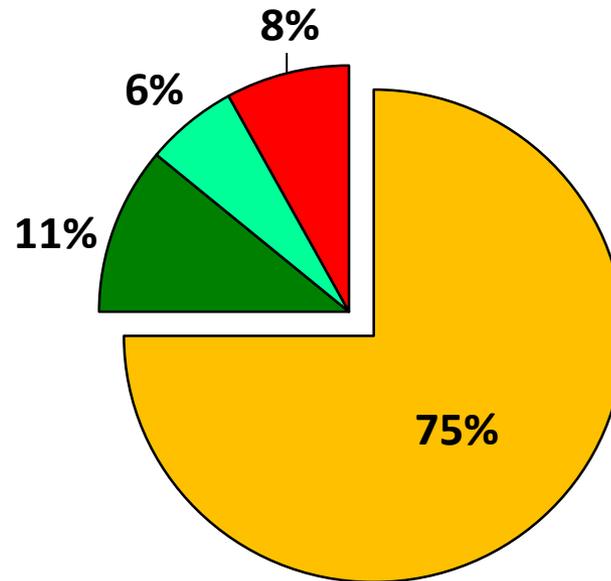
Loan Portfolio Zone wise

Gold loan outstanding as of Sep 30, 2013 was Rs. 91,890 million. South India loans to total loans has decreased to 73% in Sep 2013 from 83% in Mar 2013.

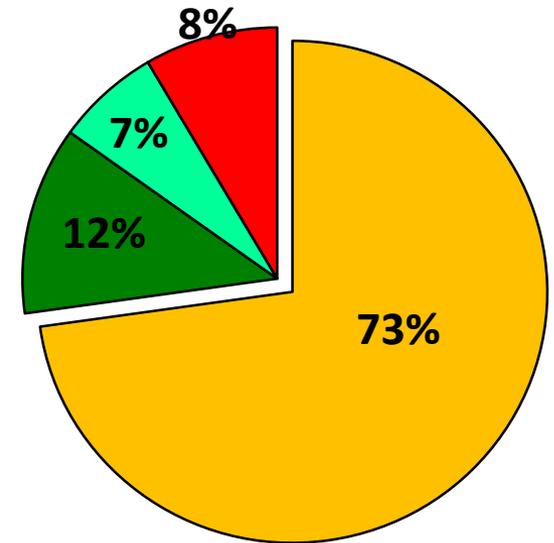
As on 31.03.12
GL OS – Rs. 115,330 million



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



As on 30.09.13
GL OS – Rs. 91,890 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



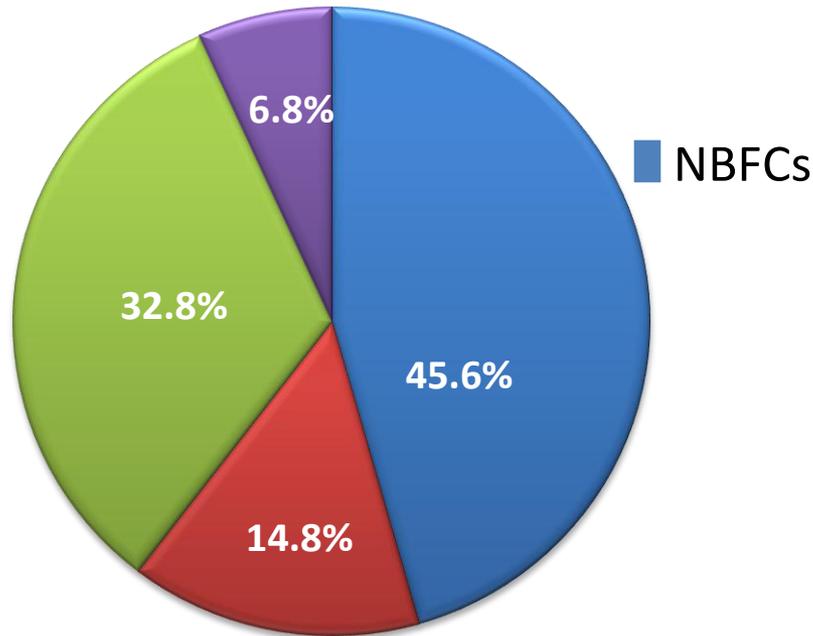
Vigilance

- **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



■ Public Sector Banks

■ NBFCs

■ Pvt Sector 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



Make Life Easy

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