

Manappuram Finance Limited

Investor Presentation
November 2017

Gold Loans



Microfinance



Housing Finance



Vehicle Finance



MANAPPURAM
FINANCE LIMITED



MANAPPURAM
FINANCE LIMITED

Quarterly Update

Company Overview

Business Strategy

Key Technology Initiatives

Annexure



Q2 FY18 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



AUM

Rs 137,232 Mn
(+ 2.6% QoQ)

Net Profit

Rs 1,603.7 Mn
(3.5 % QoQ)

Networth

Rs 35,748 Mn

ROA 4.3%

ROE 18.2%

Capital Adequacy *

28.7%

Borrowing Cost *

8.8%

GNPA *

1.2%

BV / Share Rs 42.46

EPS Rs 7.61

Dividend / Share

FY17: Rs 2.00

Share of New

Businesses

22.0%

Total Branches

4,148

No of Live Customers

3.5 mn

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

* Calculated on standalone basis

Q2 FY18 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (Rs Mn)	H1FY18	H1FY17	YOY	Q2 FY18	Q2 FY17	YOY %	Q1 FY18	QOQ %	FY17
Closing AUM (Rs Bn)	137	145	-5.3%	137	145	-5.3%	134	2.6%	137
Interest income	16,565.8	15,826.3	4.7%	8,289.2	8,392.9	-1.2%	8,276.6	0.2%	33,762.5
Other Operating Income	42.0	57.5	-27.0%	11.1	29.6	-62.5%	30.9	-64.0%	114.5
Income from Operations	16,607.8	15,883.8	4.6%	8,300.3	8,422.6	-1.5%	8,307.4	-0.1%	33,876.9
Finance expenses	5,020.6	5,608.7	-10.5%	2,457.6	2,959.2	-17.0%	2,563.1	-4.1%	11,687.1
Net interest income	11,587.2	10,275.1	12.8%	5,842.8	5,463.4	6.9%	5,744.4	1.7%	22,189.9
Employee expenses	2,948.1	2,519.9	17.0%	1,541.9	1,317.1	17.1%	1,406.2	9.7%	5,025.8
Other operating expenses	2,951.8	2,075.4	42.2%	1,519.8	1,087.0	39.8%	1,432.0	6.1%	4,627.0
Pre provision profit	5,687.3	5,679.8	0.1%	2,781.1	3,059.3	-9.1%	2,906.1	-4.3%	12,537.1
Provisions/Bad debts	1,267.2	334.2	279.1%	460.1	175.3	162.5%	807.1	-43.0%	1,092.1
Other Income	335.9	109.8	205.9%	97.7	67.0	45.8%	238.2	-59.0%	212.2
Profit before Tax	4,756.0	5,455.4	-12.8%	2,418.7	2,951.0	-18.0%	2,337.3	3.5%	11,657.2
Tax	1,637.4	1,906.7	-14.1%	823.9	1,015.5	-18.9%	813.5	1.3%	4,072.3
PAT before Minority Interest	3,118.7	3,548.7	-12.1%	1,594.8	1,935.5	-17.6%	1,523.8	4.7%	7,584.9
Minority Interest	(35.2)	21.4	-264.1%	(8.9)	11.5	-177.1%	(26.3)	-66.3%	26.4
PAT	3,153.8	3,527.2	-10.6%	1,603.7	1,924.0	-16.6%	1,550.1	3.5%	7,558.5

Q2 FY18 RESULTS: CONSOLIDATED BALANCE SHEET

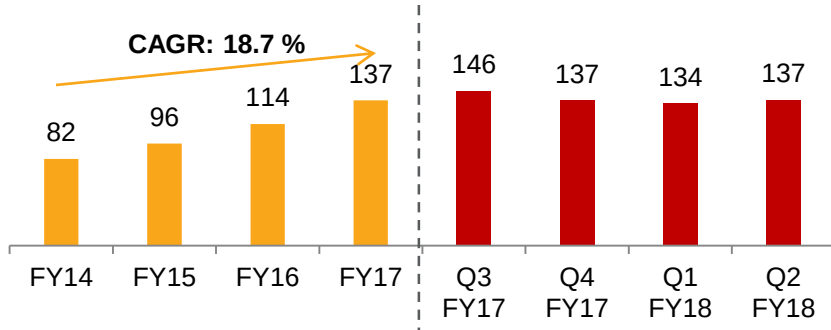


Particulars (Rs Mn)	Sep 2017	Sep 2016	YOY %	Jun 2017	QOQ %
Cash & Bank Balances	5,926.1	6,285.9	-5.7%	4,608.0	28.6%
Investments	50.5	50.5	0.0%	50.5	0.0%
Loans & Advances	137,007.8	143,895.6	-4.8%	134,497.4	1.9%
Fixed Assets	1,787.7	1,866.0	-4.2%	1,830.2	-2.3%
Other Assets	5,683.6	6,311.9	-10.0%	5,338.3	6.5%
Total Assets	150,455.8	158,410.0	-5.0%	146,324.4	2.8%
Share Capital	1,683.9	1,683.2	0.0%	1,683.9	0.0%
Reserves & Surplus	34,064.1	28,918.9	17.8%	32,974.1	3.3%
Borrowings	107,527.4	122,258.1	-12.0%	103,670.4	3.7%
Other Liabilities & Provisions	6,977.0	5,316.3	31.2%	7,783.8	-10.4%
Minority Interest	203.3	233.5	-12.9%	212.1	-4.2%
Total Liabilities	150,455.8	158,410.0	-5.0%	146,324.4	2.8%

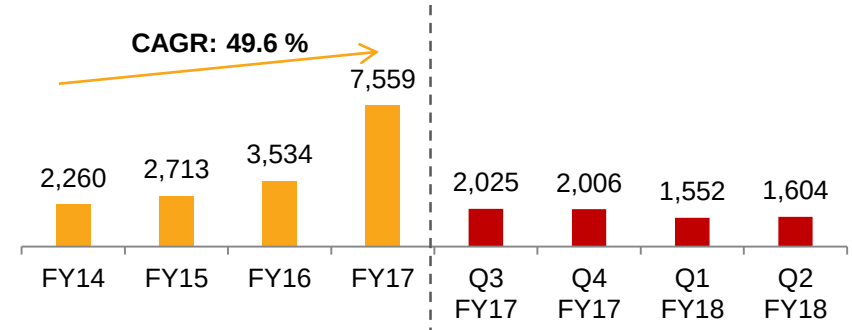
Q2 FY18 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



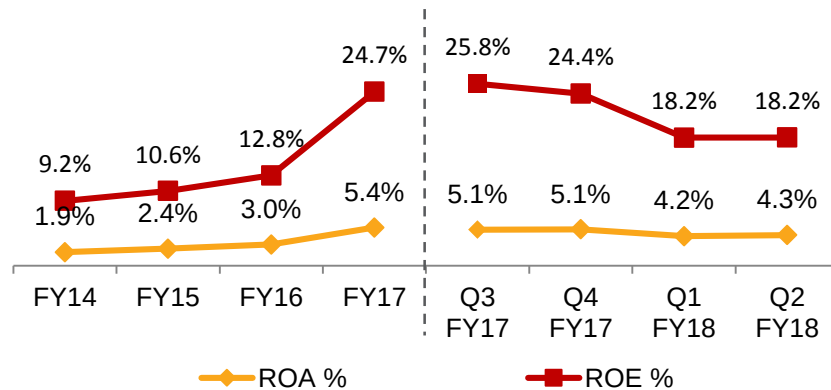
CONSOLIDATED AUM (Rs Bn)



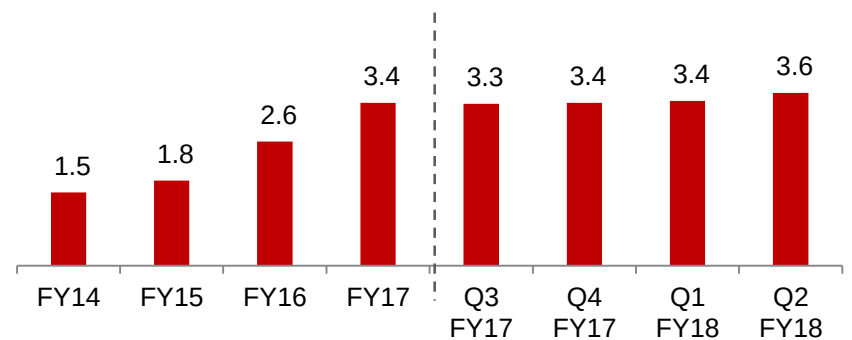
NET PROFIT (Rs Mn)



RETURN RATIOS %



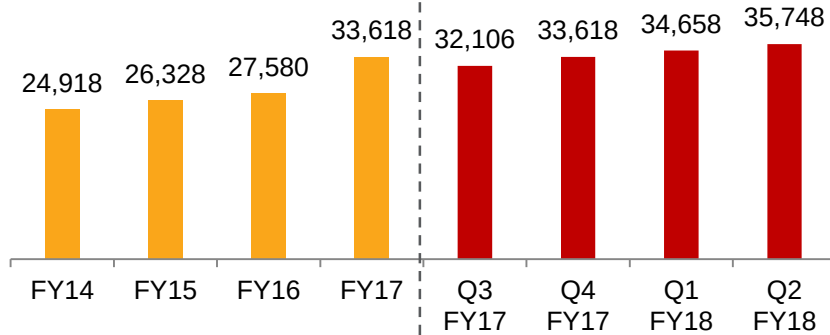
TOTAL CUSTOMER BASE (Mn)



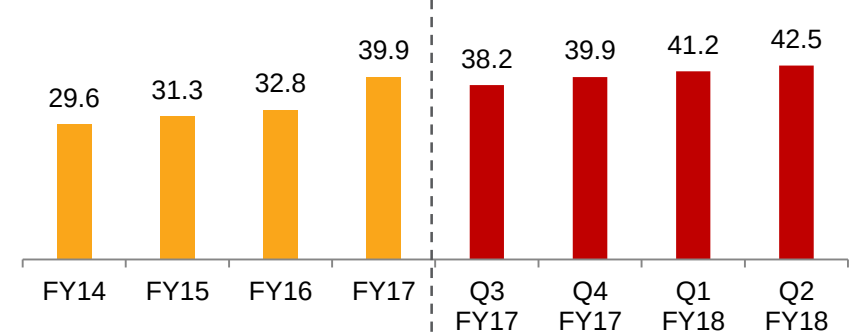
Q2 FY18 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



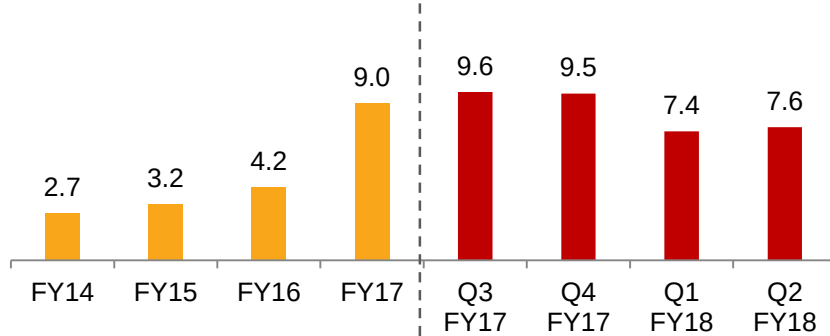
NETWORTH (Rs Mn)



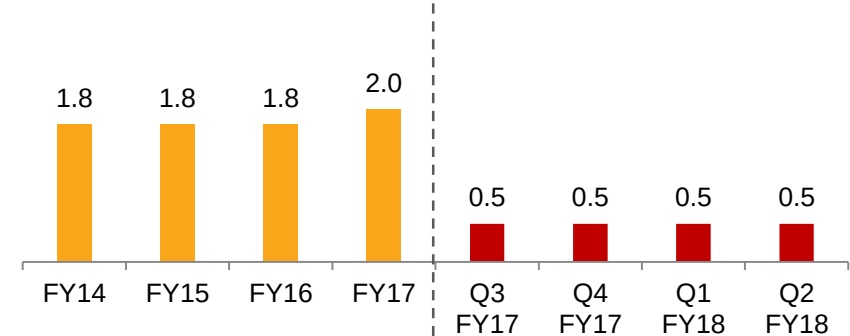
BOOK VALUE PER SHARE (Rs)



EARNINGS PER SHARE (Rs)



DIVIDEND PER SHARE (Rs)

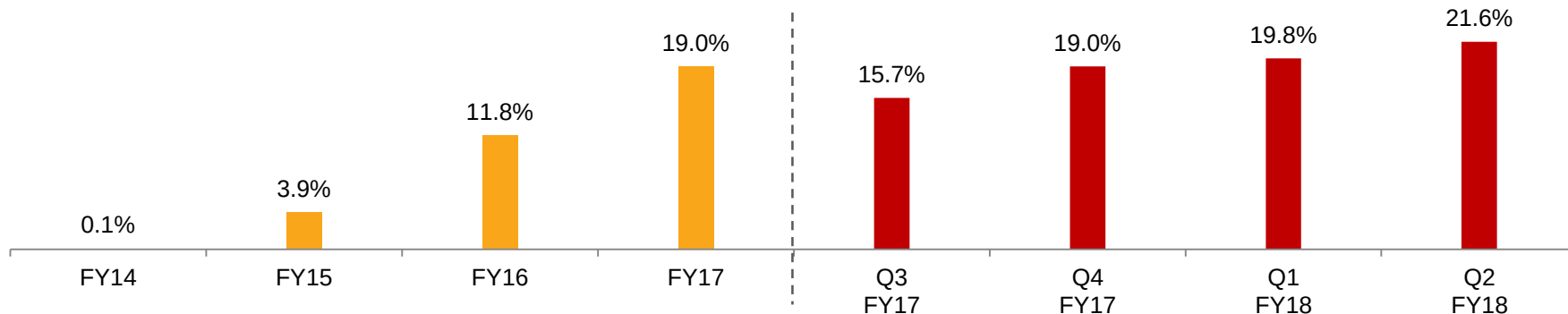


Q2 FY18 RESULTS: CONSOLIDATED AUM UPDATE

CONSOLIDATED AUM (Rs Mn)

Particulars (Rs Mn)	FY14	FY15	FY16	FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18
Gold Loans	81,552.4	92,244.8	100,806.0	111,245.3	122,672.0	111,245.3	107,273.1	107,609.1
Microfinance	0.0	3,220.0	9,988.0	17,959.4	16,504.0	17,959.4	18,271.2	19,645.8
Housing Finance	0.0	21.9	1,286.0	3,104.1	2,630.0	3,104.1	3,197.8	3,265.8
Vehicle Finance	0.0	153.7	1,297.7	3,058.3	2,505.0	3,058.3	3,437.4	4,190.9
Other Loans	78.3	295.0	952.0	1,204.8	1,233.0	1,204.8	1,619.0	2,520.5
Total	81,630.7	95,935.4	114,329.7	136,572.0	145,544.0	136,572.0	133,798.4	137,232.2

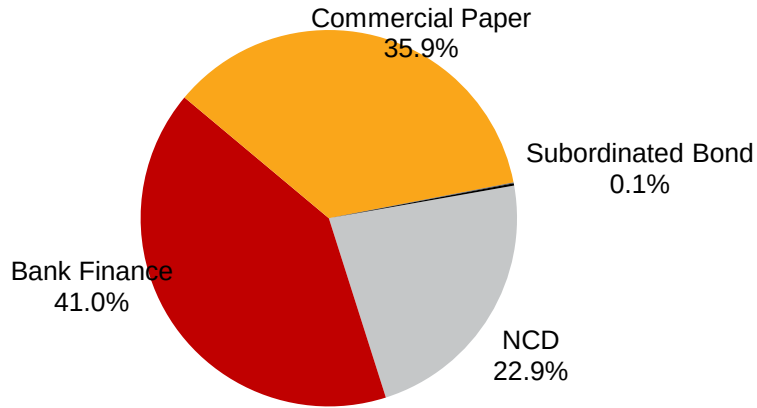
SHARE OF NEW BUSINESSES IN CONSOLIDATED AUM



Q2 FY18 RESULTS: MANAPPURAM FINANCE: BORROWING PROFILE



BORROWING AS ON SEP, 2017 = Rs 87,532 Mn



CREDIT RATING

Manappuram Finance:

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

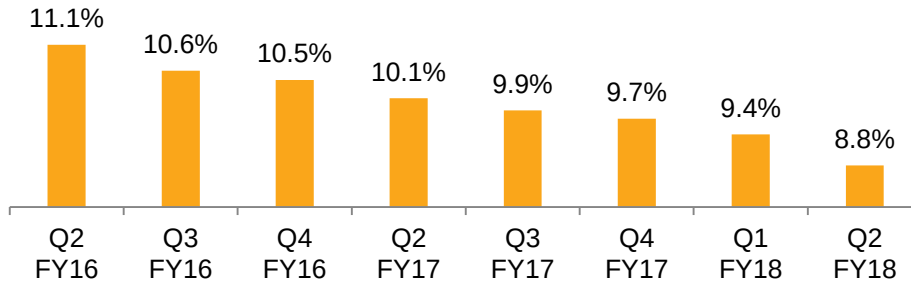
Asirvad Microfinance:

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

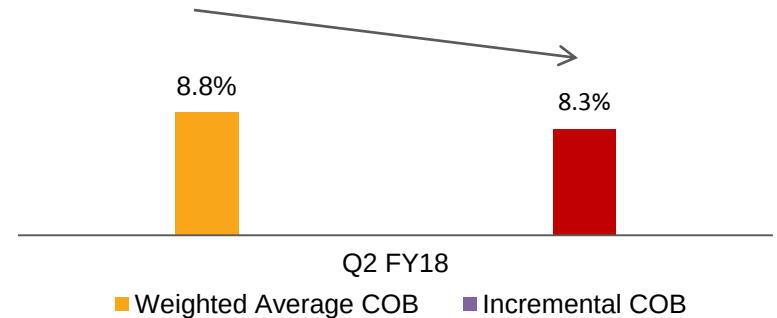
Housing Finance:

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

COST OF BORROWING %



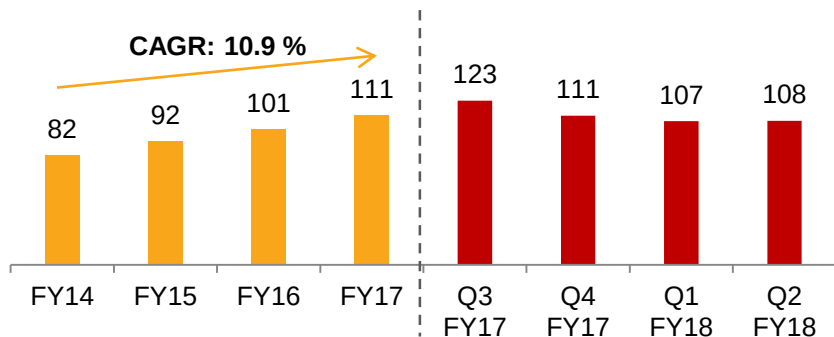
MARGINAL COST OF BORROWING



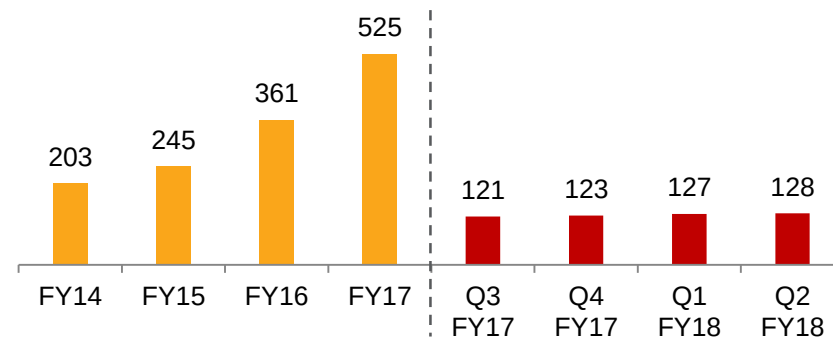
Q2 FY18 RESULTS: MANAPPURAM FINANCE: RESULT ANALYSIS



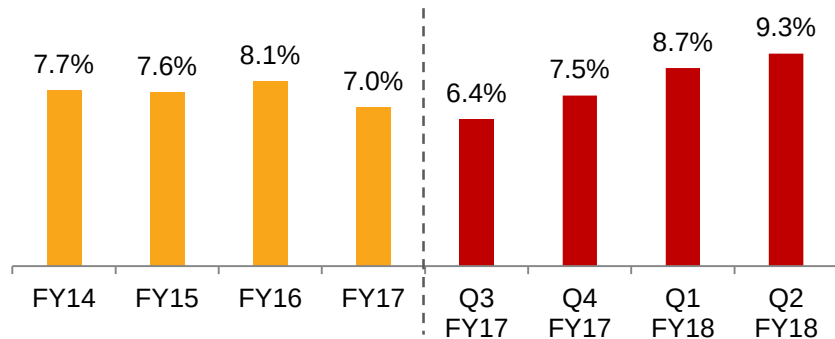
GOLD LOAN AUM (Rs Bn)



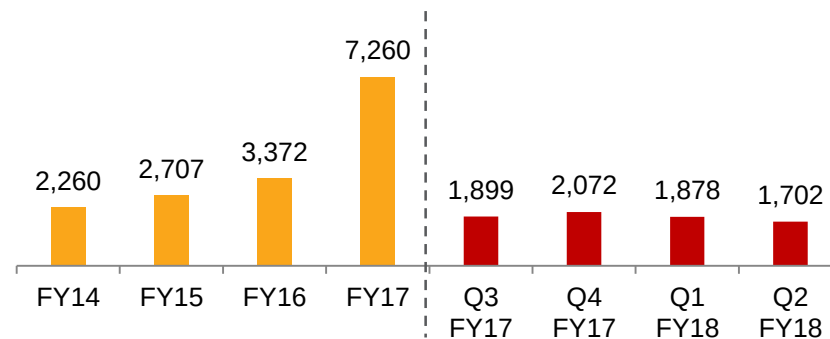
GOLD LOAN DISBURSEMENTS (Rs Bn)



OPEX TO AUM %



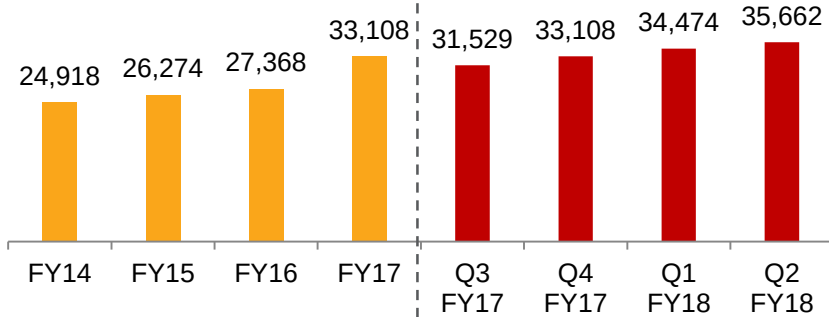
NET PROFIT (Rs Mn)



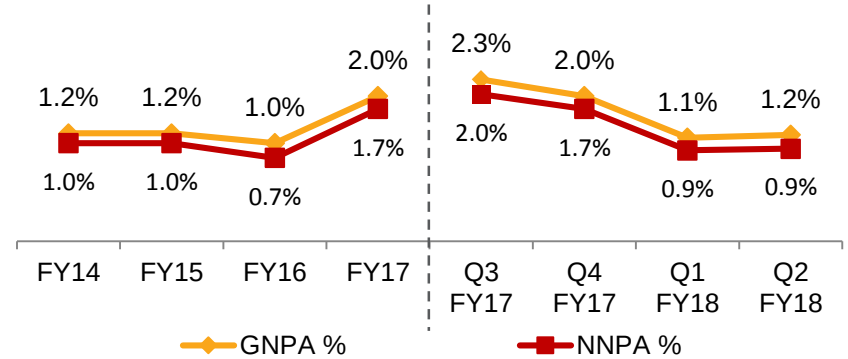
Q2 FY18 RESULTS: MANAPPURAM FINANCE: RESULT ANALYSIS



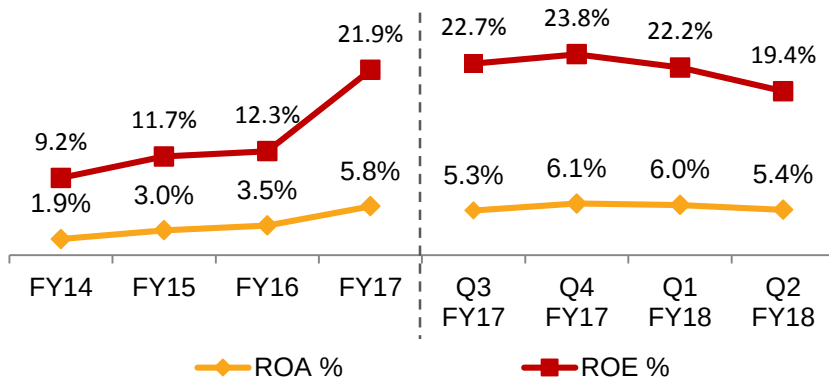
NETWORTH (Rs Mn)



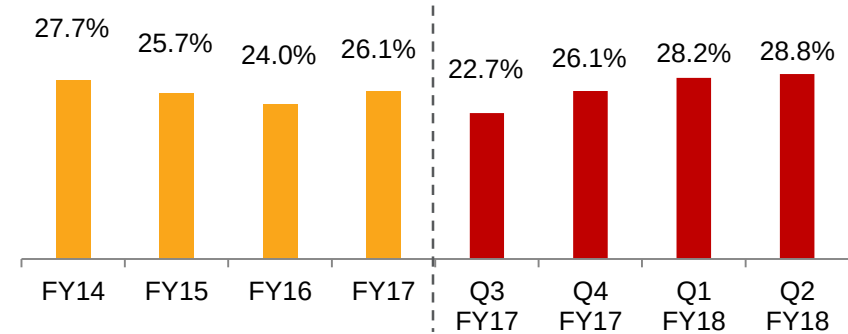
NPA ANALYSIS % *



RETURN RATIOS %



CAPITAL ADEQUACY RATIO %

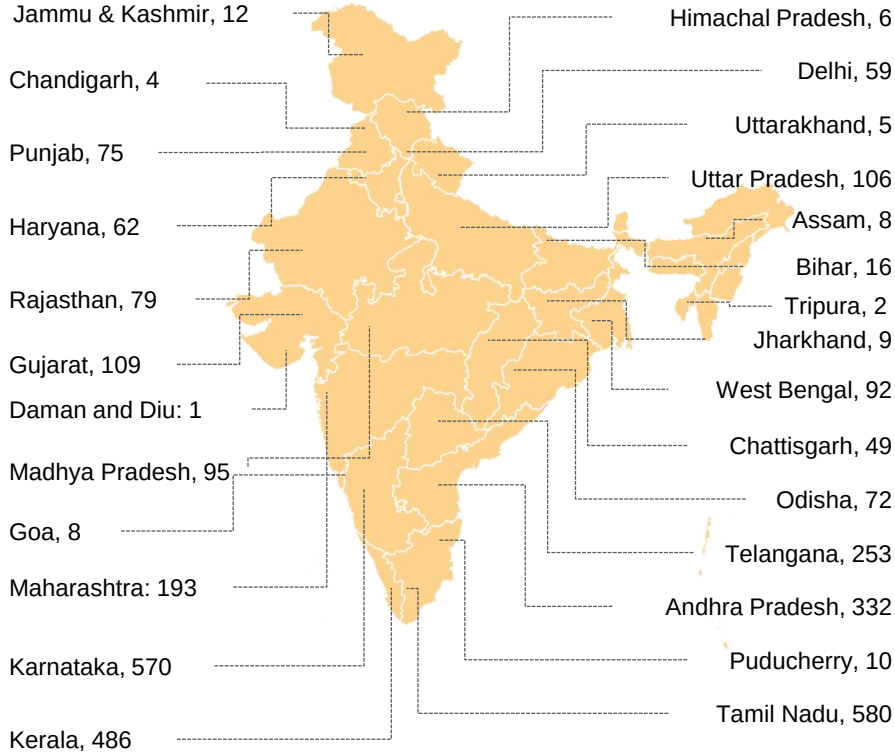


* NPA recognised at 90 Days
NPAs on account of theft, spurious collateral etc. are 0.09% of AUM

Q2 FY18 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE

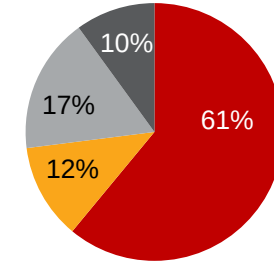


PAN INDIA PRESENCE



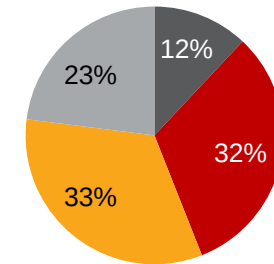
3,300 Branches as on Sep 2017

GOLD AUM - REGIONWISE BREAKUP



■ South ■ North ■ West ■ East

GOLD AUM - RURAL URBAN MIX

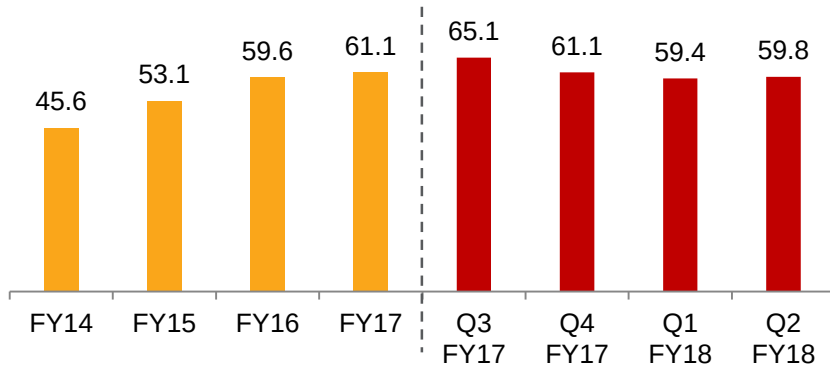


■ Rural ■ Semi-Urban ■ Urban ■ Metro

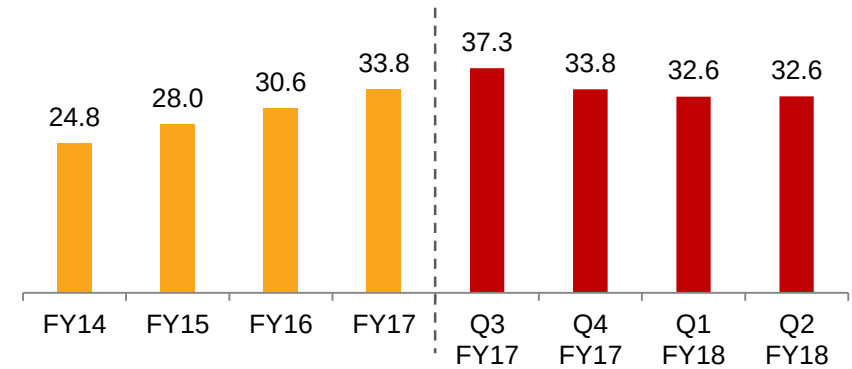
Q2 FY18 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE



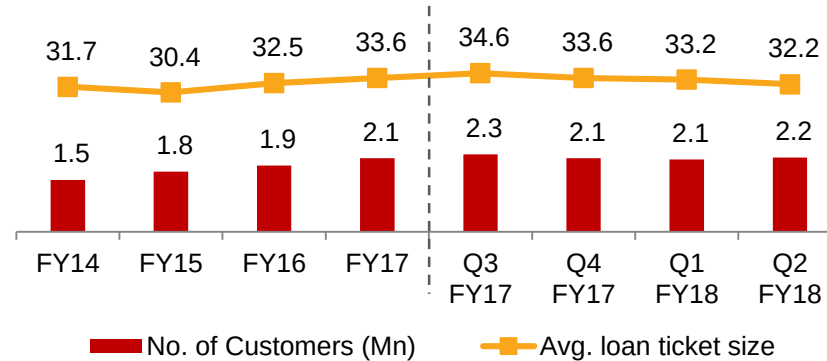
GOLD HOLDING (TONNES)



GOLD AUM PER BRANCH (Rs Mn)



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

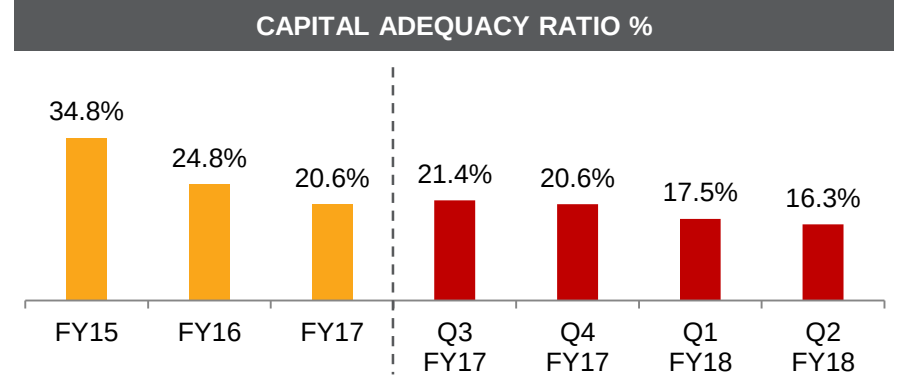
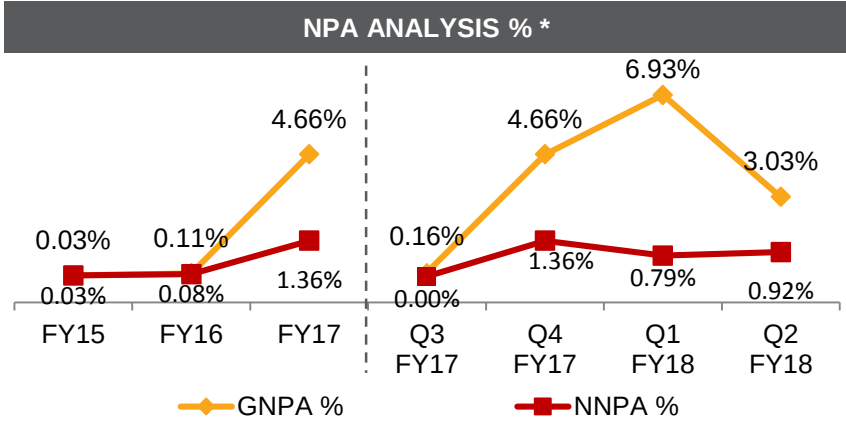
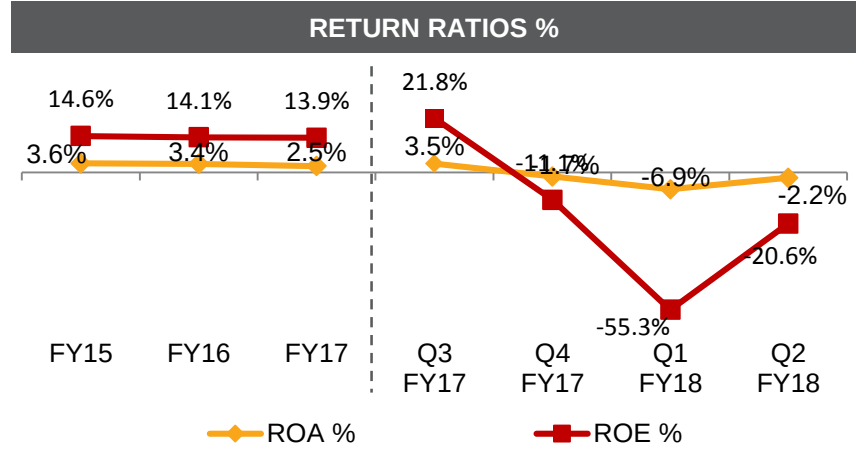
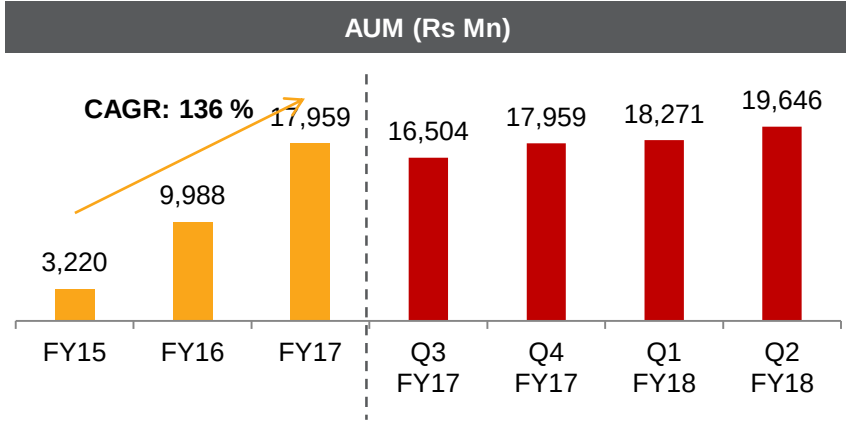


Q2 FY18 RESULTS: ASIRVAD MICROFINANCE: KEY HIGHLIGHTS



Particulars (Rs Mn)	H1 FY18	H1 FY17	YOY%	Q2 FY18	Q2 FY17	YOY %	Q2 FY18	QOQ %	FY17
Closing AUM	19,645.8	15,591.2	26.0%	19,645.8	15,591.2	26.0%	18,271.2	7.5%	17,959.4
Interest income	1,839.6	1,261.9	45.8%	922.1	710.4	29.8%	917.5	0.5%	3,059.2
Other Operating Income	156.9	194.3	-19.2%	91.5	88.0	4.0%	65.4	39.9%	369.0
Income from Operations	1,996.5	1,456.2	37.1%	1,013.6	798.4	27.0%	982.9	3.1%	3,428.2
Finance expenses	1,017.1	635.1	60.1%	519.0	349.6	48.5%	498.1	4.2%	1,542.2
Net interest income	979.4	821.1	19.3%	494.6	448.8	10.2%	484.8	2.0%	1,886.0
Employee expenses	466.4	288.9	61.4%	244.0	169.5	44.0%	222.4	9.8%	650.9
Other operating expenses	238.0	150.4	58.2%	121.4	88.0	38.0%	116.5	4.2%	395.3
Pre provision profit	275.0	381.7	-28.0%	129.2	191.4	-32.5%	145.9	-11.4%	839.3
Provisions/Bad debts	1,103.3	57.2	1830.4%	381.7	34.2	1017.1%	721.5	-47.1%	522.2
Other Income	126.4	92.2	37.1%	77.0	61.3	25.7%	49.4	56.0%	206.0
Profit before Tax	-701.9	416.7	-268.4%	-175.5	218.4	-180.3%	-526.3	-66.7%	523.1
Tax	-244.8	143.1	-271.0%	-60.0	74.9	-180.1%	-184.8	-67.5%	179.7
PAT	-457.1	273.6	-267.1%	-115.5	143.5	-180.5%	-341.4	-66.2%	343.4
Borrowings	17,615.5	12,475.4	41.2%	17,615.5	12,475.4	41.2%	15,925.8	10.6%	15,927.0
Networth	2,186.8	2,574.1	-15.0%	2,186.8	2,574.1	-15.0%	2,302.4	-5.0%	2,643.8

Q2 FY18 RESULTS: ASIRVAD MICROFINANCE: RESULT ANALYSIS

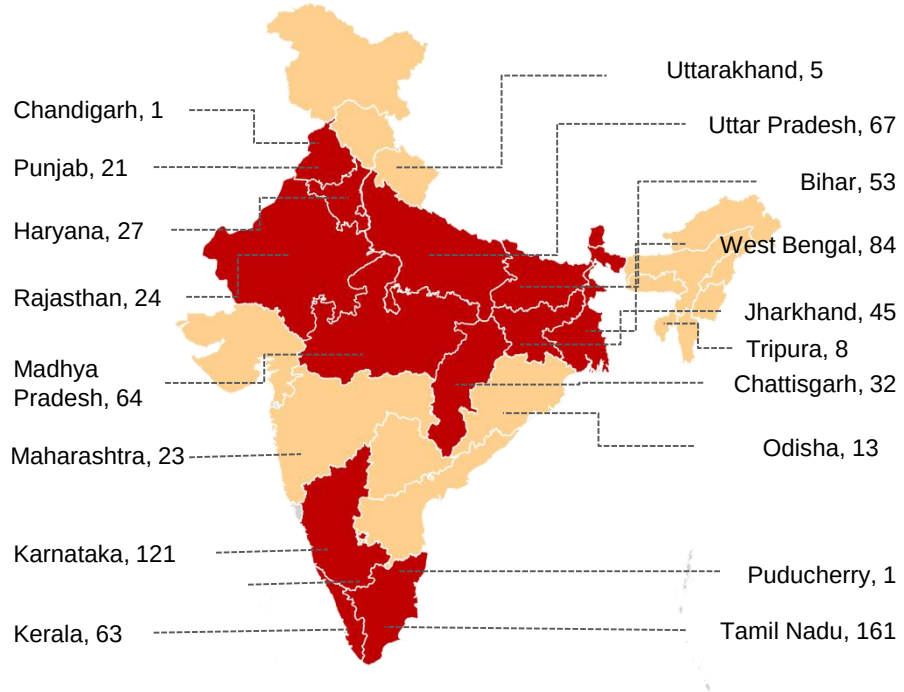


* NPA recognised at 90 Days

Q2 FY18 RESULTS: ASIRVAD MICROFINANCE: AUM UPDATE



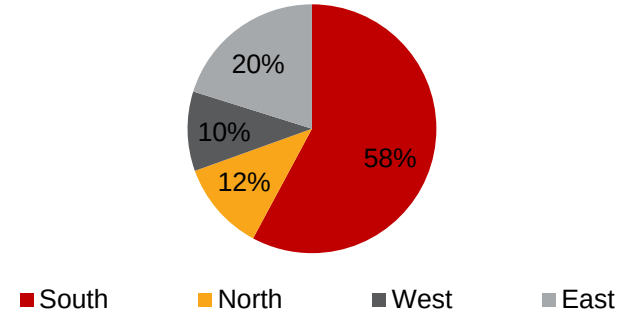
PAN INDIA PRESENCE



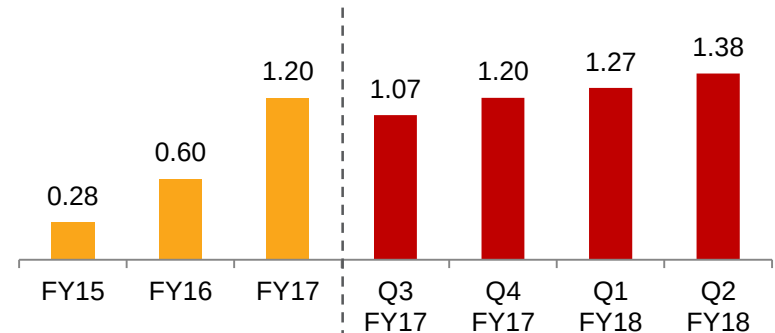
813 Branches

1.3 mn Customers

MFI AUM - REGIONWISE BREAKUP



CUSTOMER BASE (Mn)



Q2 FY18 RESULTS: HOUSING FINANCE: BUSINESS UPDATE



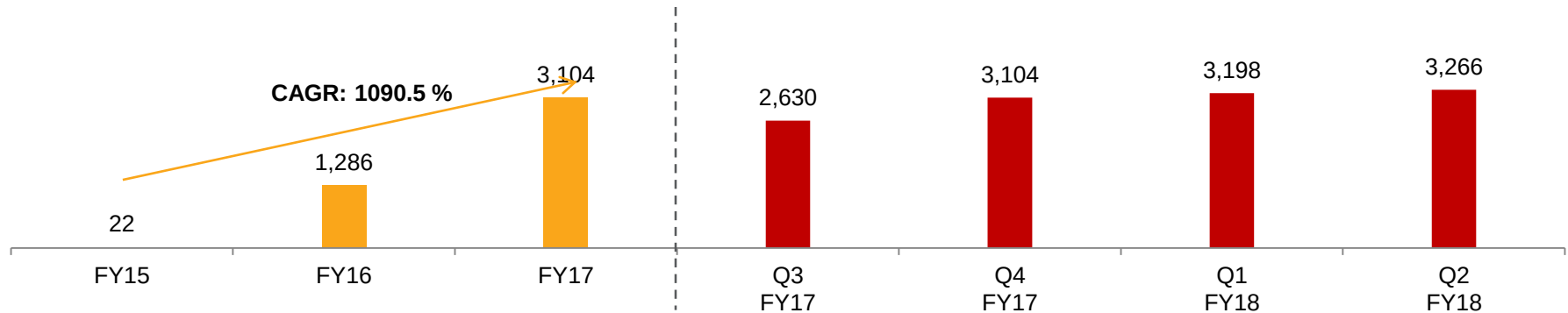
AFFORDABLE HOUSING

- 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+/Stable (Long Term) & A1+ (Short Term) by CRISIL

HOUSING FINANCE METRICS

AUM (Rs Mn) – Sep 2017	3,266
Branch Network	35
Number of States	6
Average Ticket Size (Rs mn)	1.09
Average Yield (%)	15.2%

AUM (Rs Mn)



Q2 FY18 RESULTS: VEHICLE FINANCE: BUSINESS UPDATE



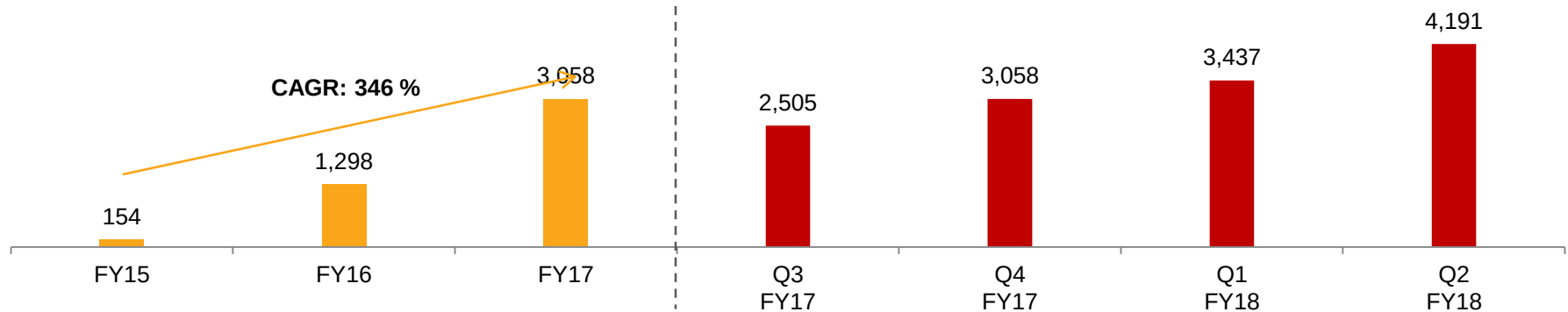
VEHICLE FINANCE

- 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 Southern and Western India.
- Focus on Underserved Category of Customers who do not have access to Formal Banking system.

VEHICLE FINANCE METRICS

AUM (Rs Mn) – Sep 2017	4,191
Branch Network	59
Number of States	10
Average Ticket Size (Rs mn)	0.67
Average Yield (%)	17.7%
GNPA %	1.9%

AUM (Rs Mn)





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 137 Bn as on Mar-2017
- Established pan-India presence

FINANCIAL OVERVIEW

- Total AUM has grown from Rs 75.5 Bn in FY11 to Rs 137 Bn in FY17 at CAGR of 10%.
- Standalone Capital Adequacy Ratio in FY17 stood at 26.1%.
- Net Interest Income of Rs 22,189.9 Mn and PAT of Rs 7,558.5 Mn in FY17 grown at CAGR of 7 % and 5 % respectively over last 5 years.
- Return ratios: ROA – 5.4% in FY17, ROE – 24.7 % in FY17.

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



Mr. Kapil Krishan
Group Chief Financial Officer

- 27 years experience with organizations such as CRISIL, HSBC, Standard Chartered, Hewitt Associates, India Infoline



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. Subhash Samant
CEO– Housing Finance

- Over 21 years experience with organizations such as L&T Housing, DHFL, ICICI Bank, GIC Housing



Mr. K Senthil Kumar
Head – Commercial Vehicle

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



Mr. Avik Saha
EVP- Data Analysis and Strategy

- Over 20 years experience with organizations such as TCS, Wipro, Microsoft and Oracle consulting



Mr. Kamalakar Sai Palavalasa
EVP- Insurance

- Over 24 years experience with organizations such as Genosar, IndiaFirst, Reliance and Birla Insurance Company



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.

Dr. Shailesh J Mehta
INDEPENDENT &
NON-EXECUTIVE DIRECTOR

- Bachelor of Technology in mechanical engineering from IIT Mumbai, MSc in Operations Research from Case Western Reserve University and PhD degree in Operation Research and Human Letters from California State University and in Computer Science and Operations Research from Case Western Reserve University.
- Over 38 years of experience, was President of Granite Hill Capital Ventures, Chairman and CEO of Providian Financial Corporation, operating general partner of West Bridge Capital, President and COO of Capital Holding and Executive Vice President of Key Corp

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

COMPANY OVERVIEW: CORPORATE GOVERNANCE – STRONG BOARD OF DIRECTORS



MANAPPURAM
FINANCE LIMITED

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

- 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.

Dr. Amla Samanta
INDEPENDENT &
NON-EXECUTIVE DIRECTOR

- Bachelor of Science from Mumbai University, Masters in Biochemistry from GS Medical College, Mumbai.
- She is Managing Director of Samanta Organics Pvt Ltd, Tarapur & Ashish Rang Udyog Pvt Ltd.
- She has served on the boards of HDFC Bank & HDFC Securities. Prior to this she was consultant bio-chemist at Lilavati Hospital

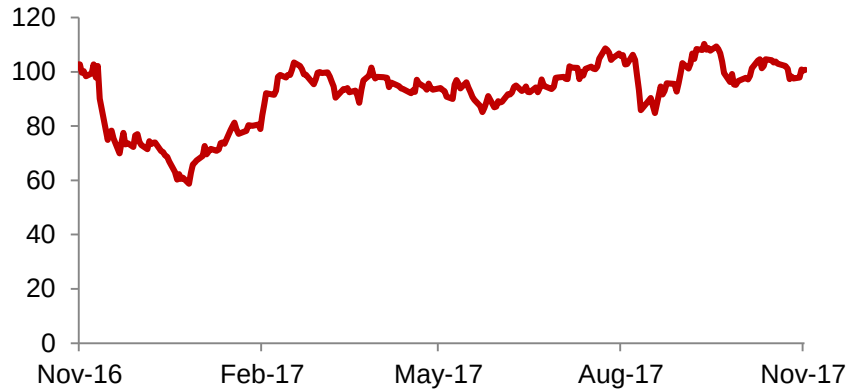
Mr V. R. Ramchandran
INDEPENDENT &
NON-EXECUTIVE DIRECTOR

- 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.

COMPANY OVERVIEW: SHAREHOLDING STRUCTURE



Share Price Performance



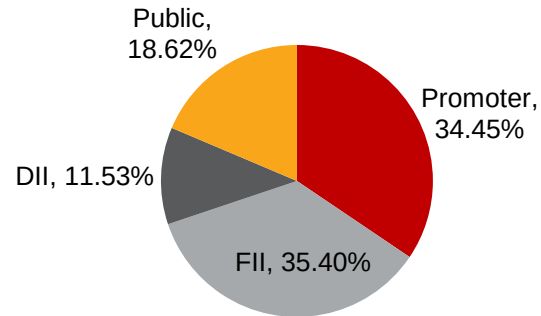
MARKET DATA

AS ON 06.11.2017

Market Capitalization (Rs Mn)	85,170
Price (Rs)	101.5
No. of Shares Outstanding (Mn)	841.6
Face Value (Rs)	2.0
Avg. Trading Volume (Rs Mn)	420
Avg. Trading Volume (Mn shares)	6.2
52 Week High-Low (Rs)	112.5-57.8

Source – BSE, NSE

% SHAREHOLDING – Sep 30, 2017



KEY INSTITUTIONAL INVESTORS AT SEP 17

% HOLDING

Baring India Private Equity Fund	8.79%
Quinag Acquisition (FPI) Ltd	5.18%
WF Asian Reconnaissance Fund Ltd	4.14%
Barclays Merchant Bank Singapore Ltd	3.77%
DSP Blackrock Microcap Fund	3.03%
Mousseganesh Ltd	1.39%
Dolly Khanna	1.13%

Source – BSE



MANAPPURAM
FINANCE LIMITED

Quarterly Update

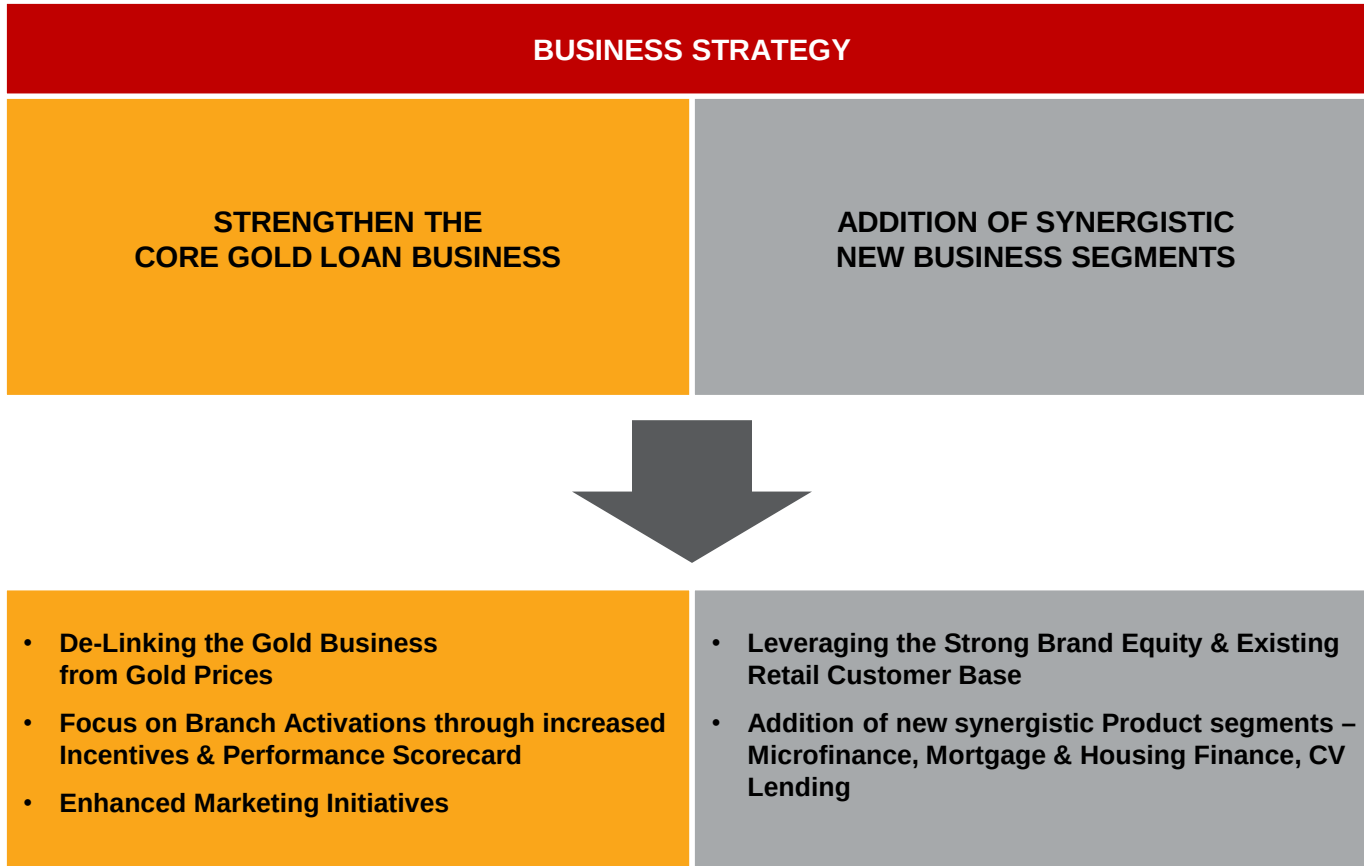
Company Overview

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	

Currently the company is giving only 3 months loan in view of the rise in gold prices

* 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

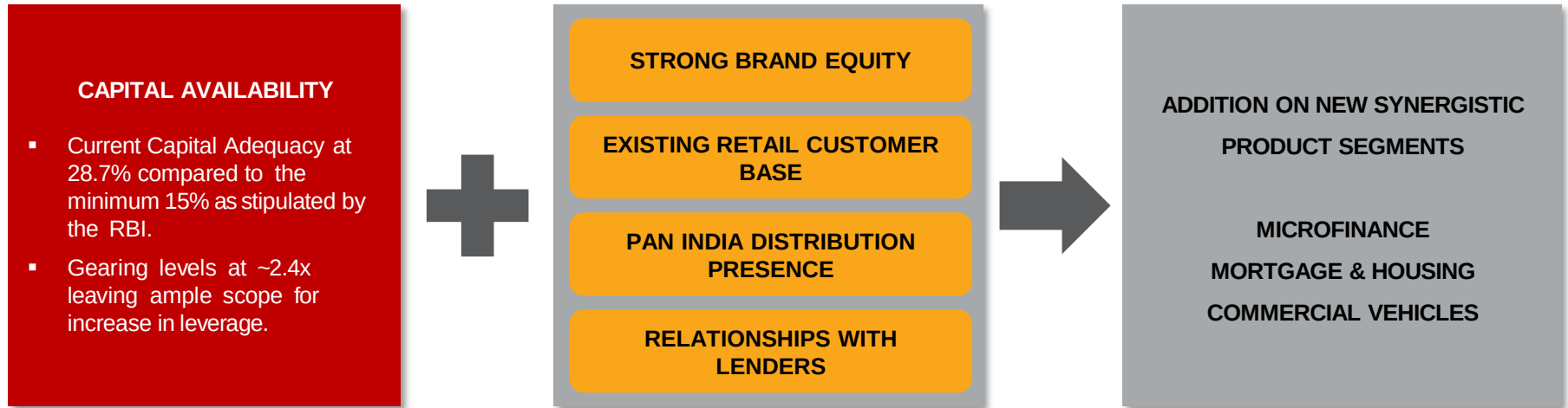
Increased incentives and branch activations

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



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KEY TECHNOLOGY INITIATIVES:

EXPLORING NEW AGE GOLD LOAN BASED FINTECH BUSINESS OPPORTUNITIES



MANAPPURAM
FINANCE LIMITED

INNOVATE (STRATEGIC)

Out of the box innovative projects to make us ready and relevant to face future challenges / changes.

E.g. - OGL,SGL, Mobility platforms, OGL Credit eWallet, Net Lockers etc.

DIFFERENTIATE (TACTICAL)

Business differentiators like Online Payment Portals, eKYC, Mobility Solutions, Digital Wallets, Gold loan disbursement solutions, Video Conferencing, IP Phones, MPLS, MPS

RUN (OPERATE)

IT platform support through IBM, .Net module coding, spares and procurement, AMCs, PC refresh, Vendor Management etc.

KEY TECHNOLOGY INITIATIVES: EXPLORING NEW AGE GOLD LOAN BASED FINTECH BUSINESS OPPORTUNITIES

GOLD LOANS - IT/FINTECH BUSINESS STRATEGY

B2C Self Service Platforms:

- Online gold Loan and e-commerce based credit ecosystem, and SGL (SMS based Gold Loan) facility for customers who find it difficult to access internet.

B2E Enterprise Mobility Platforms:

- "Branch on Mobile (BoM) concept" which enables on-field gold loan transactions beyond the brick and mortar branches by employees / agents / franchisees

High-tech IoT based network enabled Keyless Gold Storage Technologies:

OGL Credit eWallet (OCW):

- This may open up opportunity for vertical integration with merchant outlets and help promote the concept of Online Gold Loans at the point of service consumption by the customers

Branch Gold Loan Payment Portal:

- This may open up opportunity for vertical integration with payment channels like IMT, Paytm, Banks pre-paid Cards, EKYC – based Savings Bank Accounts

Internal Credit Rating platform:

- This will enable us to develop our own credit scores of the potential customers based on Gold Loan related data

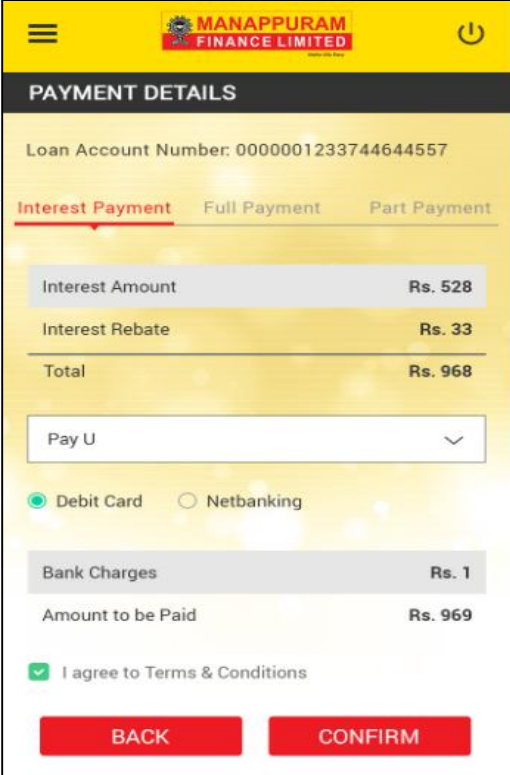
WEB APPLICATION

- Web platform based
- Successfully executed 2,131,702 transactions valued Rs 15,674 trillion

MOBILE APPLICATION

- Mobile APP based
- Successfully executed 615,036 transactions valued Rs 4359 trillion

SMS BASED APPLICATION



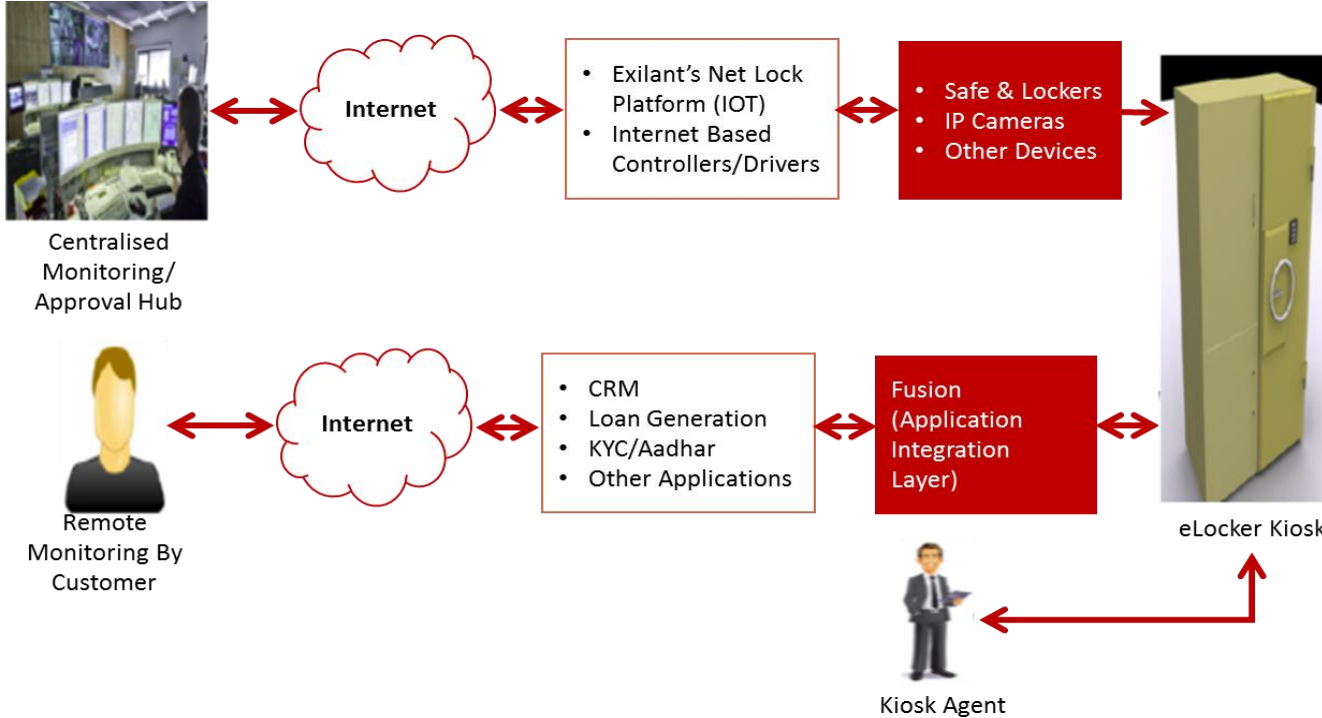
The screenshot displays the 'PAYMENT DETAILS' screen of the Manappuram Finance Limited mobile application. At the top, the app's logo and name are visible. Below the title, the 'Loan Account Number' is shown as 0000001233744644557. There are three tabs: 'Interest Payment' (selected), 'Full Payment', and 'Part Payment'. A table lists the following items:

Item	Amount
Interest Amount	Rs. 528
Interest Rebate	Rs. 33
Total	Rs. 968

Below the table, there is a 'Pay U' dropdown menu, radio buttons for 'Debit Card' (selected) and 'Netbanking', and a 'Bank Charges' section showing 'Rs. 1'. The 'Amount to be Paid' is 'Rs. 969'. At the bottom, there is a checked box for 'I agree to Terms & Conditions' and two buttons: 'BACK' and 'CONFIRM'.

KEY TECHNOLOGY INITIATIVES: TECHNOLOGICAL INNOVATIONS TO ENHANCE VALUE PROPOSITION

CENTRALIZED IOT BASED KEYLESS ELOCKERS



TIE-UP WITH E-COMMERCE PLATFORMS



**FOCUS ON BRAND POSITIONING, IMPROVED COLLECTION,
EFFECTIVE LEAD GENERATION, SUPERIOR CUSTOMER EXPERIENCE, OPEX COST REDUCTION**

KEY TECHNOLOGY INITIATIVES: IMPLEMENTATION OF NEW TECHNOLOGIES - STAYING AHEAD OF THE CURVE

MAJOR BUSINESS DIFFERENTIATORS COMPLETED RECENTLY

TIE-UP WITH PAYTM, M-PESA, M-RUPEE, ITZCASH

Brand positioning,
Collection,
Lead Generation, Customer
Experience,
Opex. Reduction

I-REFER MOBILE APPLICATION

Digital Platform for Customer
Acquisition

AUTOMATIC IMPS / NEFT / RTGS GOLD LOAN PAYMENT SYSTEM

Removal of manual
intervention and enabling
24X7 payments - – Tie up
with ICICI Bank, Kotak
Mahindra Bank, Axis bank,
SBI & Yes bank

BC TIE-UP WITH YES BANK FOR DOMESTIC MONEY TRANSFER

Scope for fee based income
through BC arrangement
with Yes Bank

ONLINE INWARD PAYMENT SYSTEM TIE UP WITH “PAYU”

Enables the customers to
make online Gold Loan
payments through PGs (Pay
U, Bill Desk, HFDC), Wallets
(Paytm, Mrupee, mpesa)

MONEY TRANSFER PLATFORM – USING PPI LICENSE

Enables domestic money
transfer facility using MAFIL
PPI license

INVENTORY MODULE - IMPLEMENTATION

Reduced TAT for Re-pledge
process / OGL conversion &
reduction in Sticker and Gold
packing cost

COMPLIANCE RATING & COMPLIANCE PORTAL

Enables rating of branches
and development of a Portal
for compliance related
functions

PRE –PAID CARDS ISSUE FOR MONEY TRANSFER (CASH OUT)

Issuance of co branded pre
paid debit cards that enable
cash out facility within
Domestic Money Transfer

OPTIMIZED INTEREST ACCURAL SYSTEM

Developed an error free
Interest accrual system for
MIS reporting

MANAPPURAM FINANCE FELICITATED AS WINNER OF “KMA NASSCOM IT INNOVATIONS AWARD 2014” IN 2015



MANAPPURAM
FINANCE LIMITED



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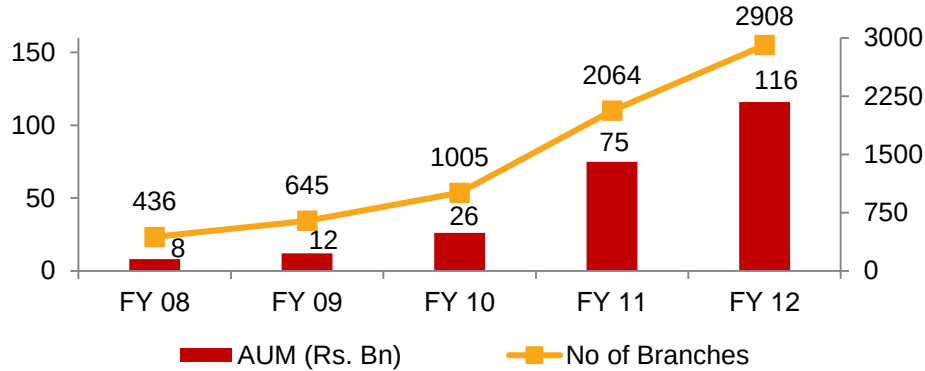
Annexure



UNDERSTANDING OUR EVOLUTION

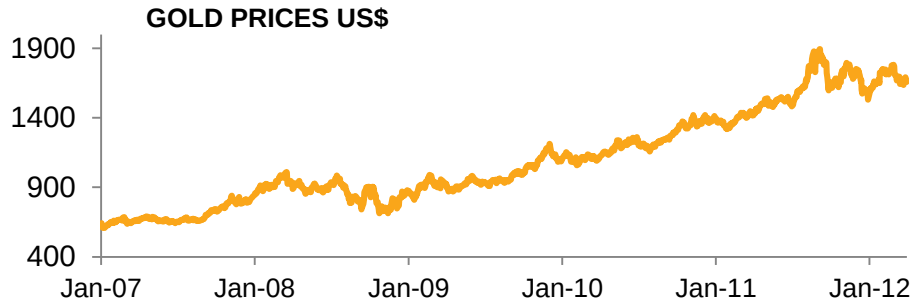
PHASE 1: FY08 - FY12

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.

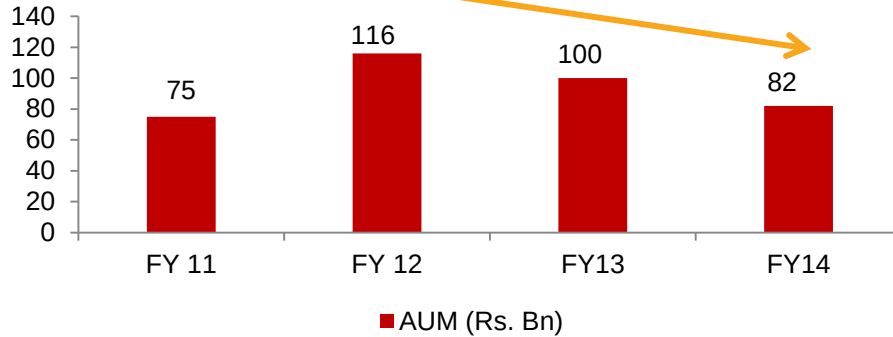
Branch Network grew by 7x over FY08 - FY12.

Strong Execution Capabilities and well defined systems and processes.

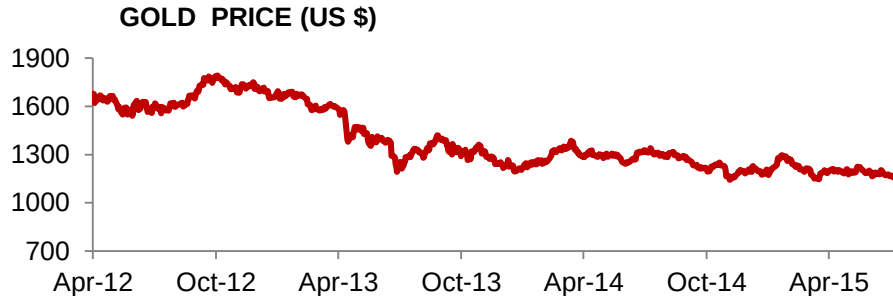
UNDERSTANDING OUR EVOLUTION

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.

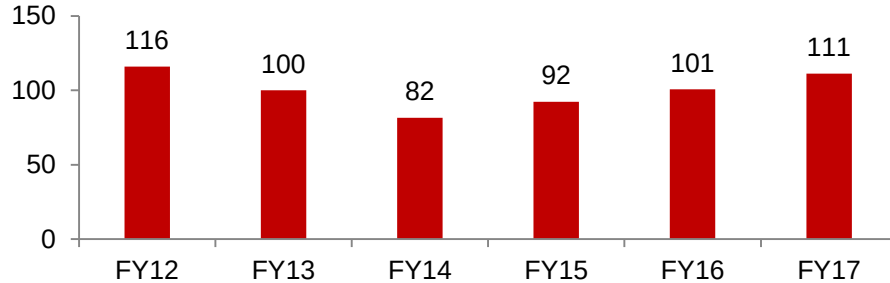
Fall in Gold Prices –

- Peak LTV was 85% for FY12 and Long Tenure portfolio.
- Negative Operating Leverage resulted into fall in Return Ratios and Profitability.**

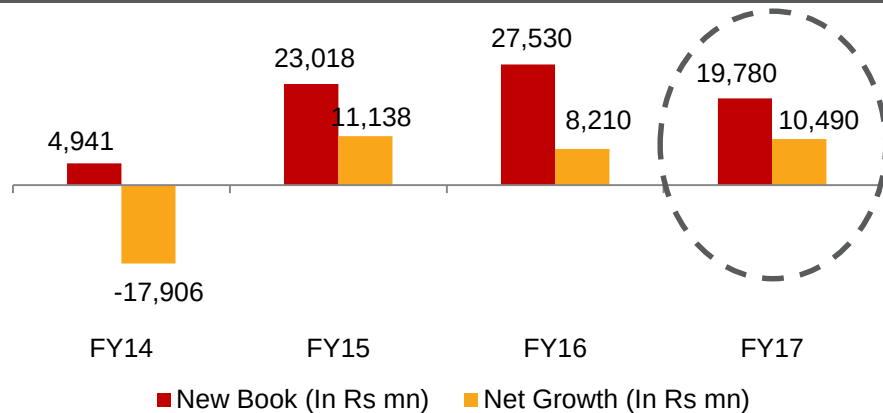
UNDERSTANDING OUR EVOLUTION

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 –

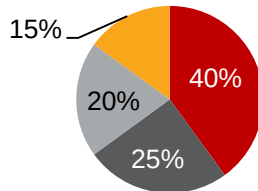
- Shift from Long Tenure products to short Tenure products (3 to 9 Months)
- Recalibrated loan to value (LTV) ratio to link it to the tenure of the loan.
 - Maximum permissible LTV of 75% to be available on loans of shorter tenure rather than one year.

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 24% 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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