



**INVESTOR PRESENTATION
MARCH 2017**



**GOLD LOAN
(LOAN AGAINST
GOLD)**



MICROFINANCE



**MORTGAGE &
HOUSING
FINANCE**



**MANAPPURAM FINANCE LIMITED
INVESTOR PRESENTATION
MARCH 2017**



**MANAPPURAM
FINANCE LIMITED**

DISCUSSION SUMMARY

- **QUARTERLY UPDATE**
- **ABOUT US – COMPANY OVERVIEW**
- **UNDERSTANDING OUR EVOLUTION**
- **BUSINESS STRATEGY INITIATIVES**
- **TECHNOLOGY STRATEGY & KEY INITIATIVES**
- **INDUSTRY OVERVIEW**
- **ANNEXURE**

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QUARTERLY UPDATE: Q3 FY17 - KEY RESULT HIGHLIGHTS

Closing AUM at Rs 146 bn up 0.4 % q-q

Net profit up by 5.3% q-q at Rs 2,025.4 mn

ROA at 5.07% and NIM at 15.95%

EPS of Rs 9.63 per share, NAV per share Rs 38.15

High capital adequacy of 22.7% (Tier 1 – 22.3%)

FINANCIAL DETAILS: CONSOLIDATED PROFIT & LOSS STATEMENT

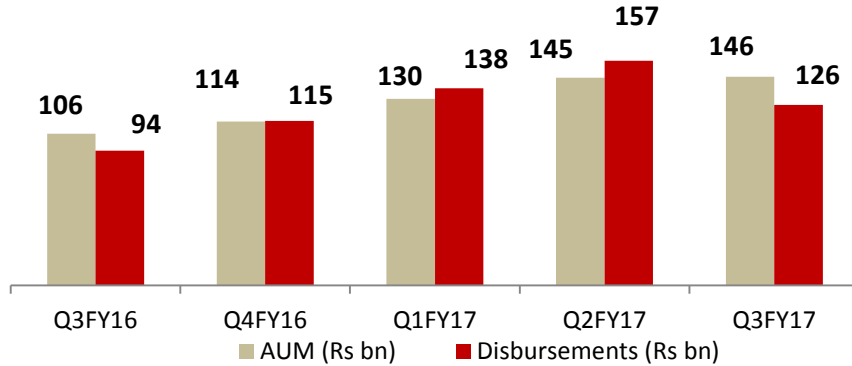
Particulars (In Rs Mn)	9MFY 17	9MFY 16	YOY %	Q3FY17	Q3FY16	YOY %	Q2FY17	QOQ %	FY16
Closing AUM (Rs in bn)	146	106	37.6%	146	106	37.6%	145	0.5%	114
Interest income	24,803.7	16,986.5	46.0%	8,977.3	6,130.0	46.4%	8,392.9	7.0%	23,490
Other Operating Income	85.3	91.2	-6.4%	27.8	32.0	-13.0%	29.6	-6.1%	112.7
Income from Operations	24,889.0	17,077.6	45.7%	9,005.1	6,162.0	46.1%	8,422.6	6.9%	23,602.3
Finance expenses	8,782.9	7,126.7	23.2%	3,174.2	2,345.2	35.4%	2,959.2	7.3%	9,473.9
Net interest income	16,106.1	9,950.9	61.9%	5,830.9	3,816.9	52.8%	5,463.4	6.7%	14,128.4
Employee expenses	3,760.4	3,186.6	18.0%	1,252.0	1,122.8	11.5%	1,311.7	-4.5%	4,326.8
Other operating expenses	3,208.4	3,054.3	5.0%	1,133.0	1,052.9	7.6%	1,087.0	4.2%	4,030.4
Pre provision profit	9,137.3	3,710.0	146.3%	3,445.9	1,641.1	110.0%	3,064.7	12.4%	5,771.2
Provisions/Bad debts	686.0	295.8	131.9%	351.7	96.6	264.0%	175.3	100.7%	423.4
Other Income	145.2	79.9	81.7%	46.8	29.7	57.7%	61.5	-23.9%	135.9
Profit before Tax	8,596.5	3,494.1	146.0%	3,141.0	1,574.2	99.5%	2,951.0	6.4%	5,483.8
Tax	3,011.6	1,248.3	141.3%	1,104.9	563.7	96.0%	1,015.5	8.8%	1,932.3
PAT before Minority Interest	5,584.9	2,245.8	148.7%	2,036.1	1,010.5	101.5%	1,935.5	5.2%	3,551.5
Minority Interest	32.2	19.1	68.6%	10.7	7.1	50.7%	11.5	-6.8%	17.9
PAT	5,552.7	2,226.7	149.4%	2,025.4	1,003.4	101.9%	1,924.0	5.3%	3,533.6

FINANCIAL DETAILS: CONSOLIDATED BALANCE SHEET

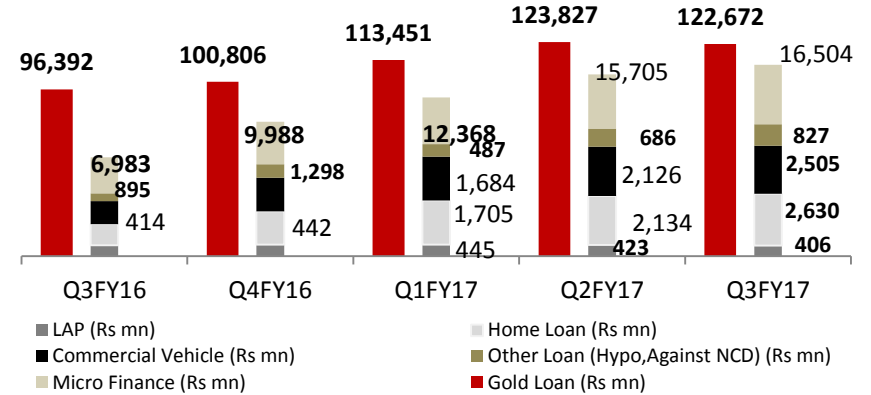
Particulars (In Rs Mn)	Q3FY17	Q3FY16	YOY %	Q2FY17	QOQ %
Cash & Bank Balances	5,845.3	6,847.6	-14.6%	6,285.9	-7.0%
Investments	554.8	66.0	740.3%	50.5	998.0%
Loans & Advances	145,546.2	106,053.1	37.2%	143,895.6	1.1%
Fixed Assets	1,844.0	1,916.7	-3.8%	1,866.0	-1.2%
Other Assets	7,183.0	5,900.2	21.7%	6,311.9	13.8%
Total Assets	160,973.3	120,783.6	33.3%	158,410.0	1.6%
Share Capital	1,683.2	1,682.4	0.0%	1,683.2	0.0%
Reserves & Surplus	30,422.4	25,503.0	19.3%	28,918.9	5.2%
Borrowings	122,110.1	89,394.4	36.6%	122,258.1	-0.1%
Other Liabilities & Provisions	6,513.4	3,984.4	63.5%	5,316.3	22.5%
Minority Interest	244.2	169.5	44.1%	233.5	4.6%
Preference Share Capital of Minority Interest	0.0	50.0	-100.0%	0.0	0.0%
Total Liabilities	160,973.3	120,783.6	33.3%	158,410.0	1.6%

RESULT ANALYSIS: AUM UPDATE

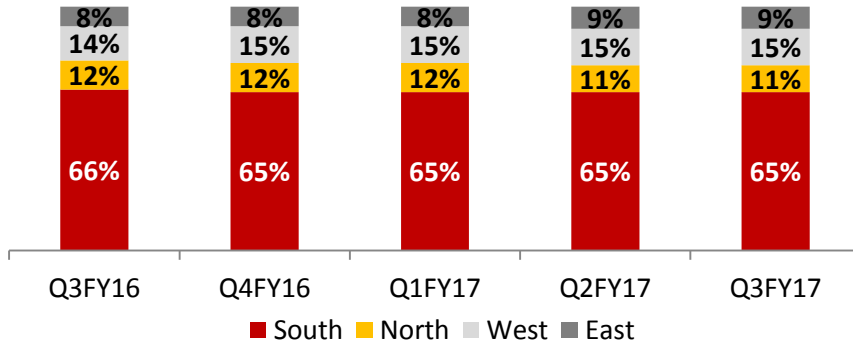
Consolidated AUM



AUM Break-up Product Wise



AUM Break-up Asset Region Wise



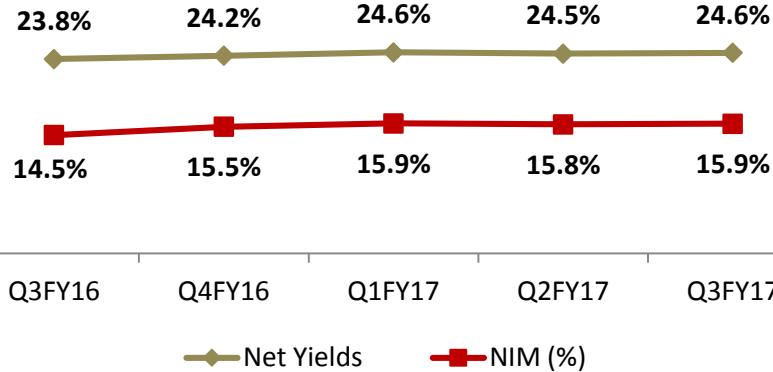
AUM Break-up Asset Region Wise

Key Highlights :

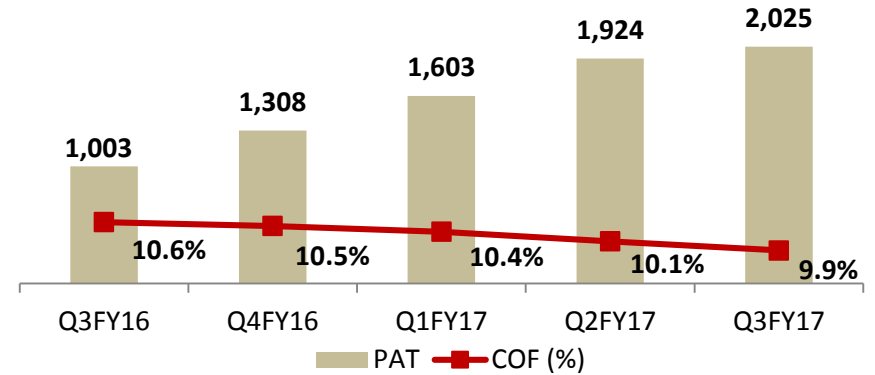
- Our Total AUM is at Rs 146 bn, increase of 0.4% QoQ.
- Share of new business at 16.0% of consolidated AUM.

RESULT ANALYSIS: PROFITABILITY ANALYSIS

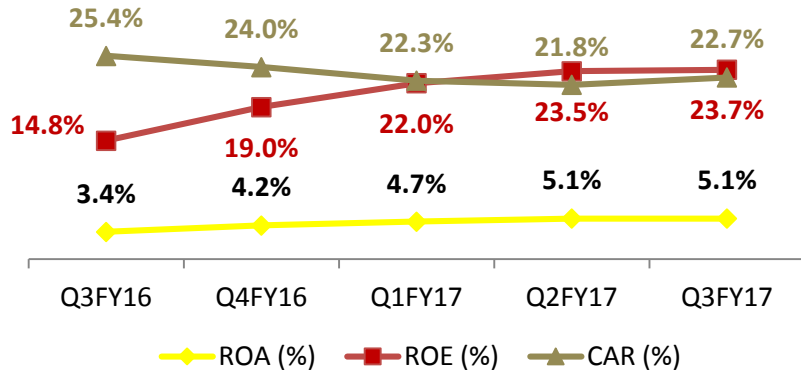
Yields & Spread Analysis



Cost of Funds & Profitability Analysis



Return Ratios & Capital Adequacy



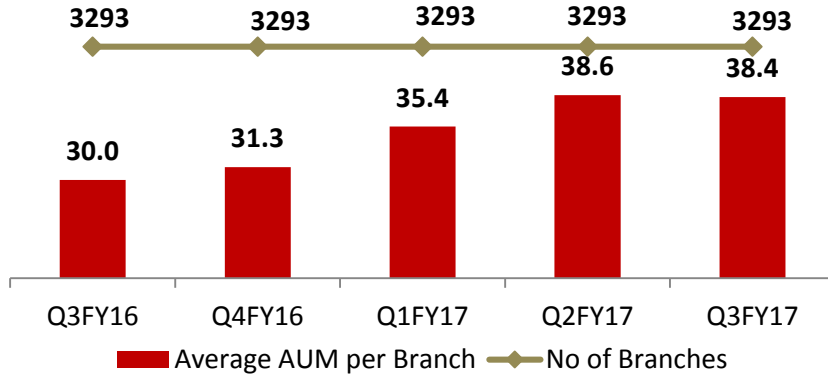
Highlights For the Quarter

Key Highlights :

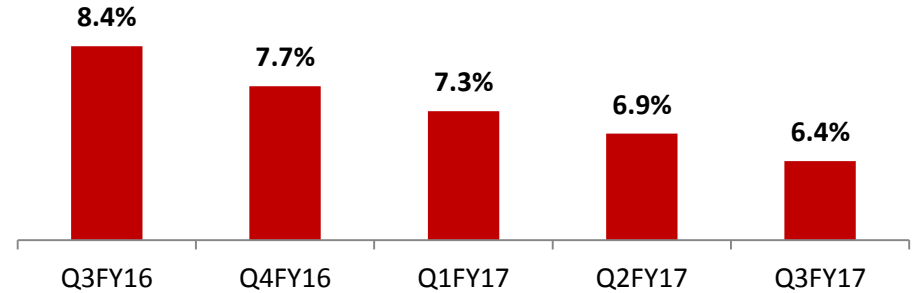
- Cost of funds declined further 24 bps q-q to 9.9% due to raising of lower cost funds from banks and mutual funds.
- Capital Adequacy is healthy at 22.7% (Tier 1 - 22.3%) compared to the minimum 15.0% stipulated by RBI for gold loan companies.

RESULT ANALYSIS: OPERATIONAL ANALYSIS

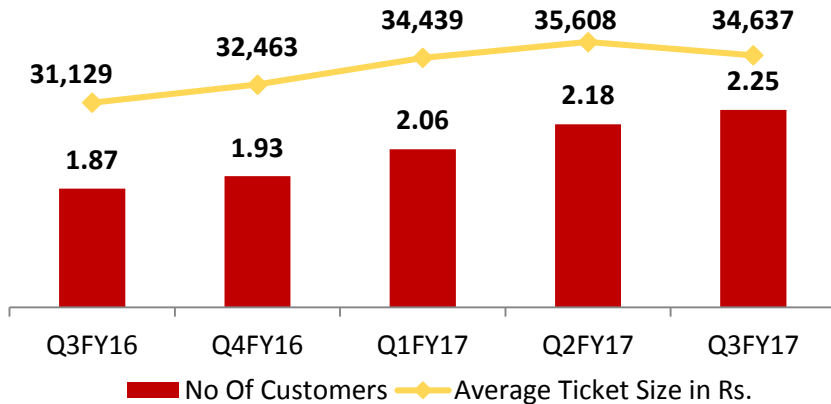
Productivity (Rs mn)



Opex to AUM (%)



Gold Loan Customer Base (mn) & Avg. Ticket Size



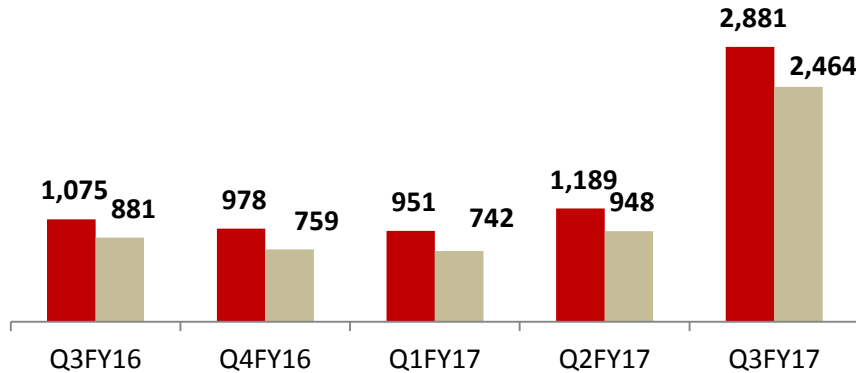
Highlights For the Quarter

Key Highlights :

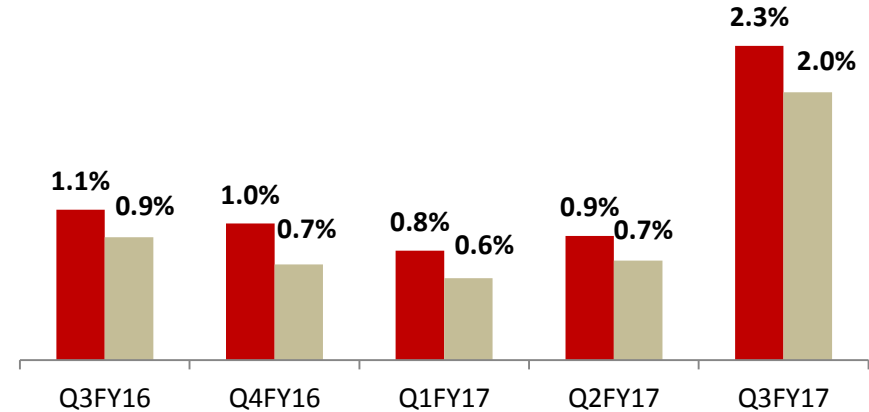
- Number of live gold loan customers is 2.25 million – up by 3.1% q-q
- Total number of gold loan branches stable at 3,293
- Average AUM/branch at Rs 38.4 mn.

RESULT ANALYSIS: ASSET QUALITY UPDATE

Gross NPA & Net NPA – Gold Loan (Rs mn)



Gross & Net NPA %



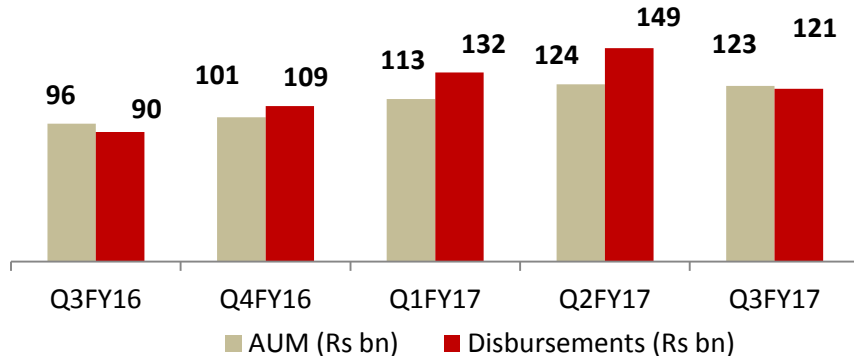
Highlights For the Quarter

Key Highlights :

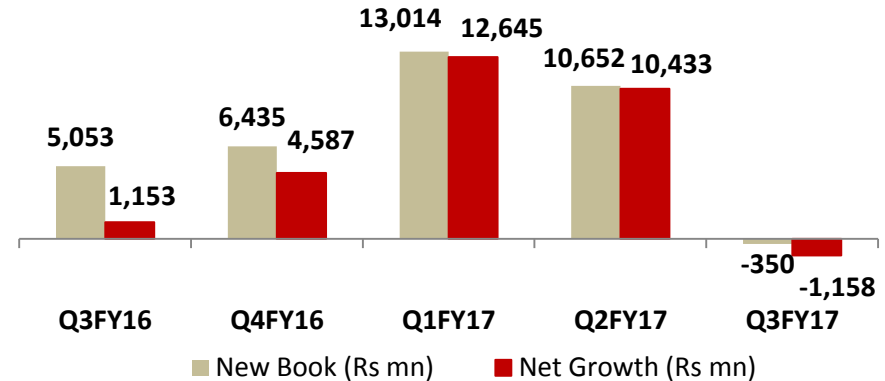
- Gross NPAs gone up to 2.3% of AUM.
- NPAs on account of theft, spurious collateral etc. are only 0.09% of AUM.

SEGMENT WISE UPDATE: GOLD BUSINESS - AUM GROWTH ANALYSIS

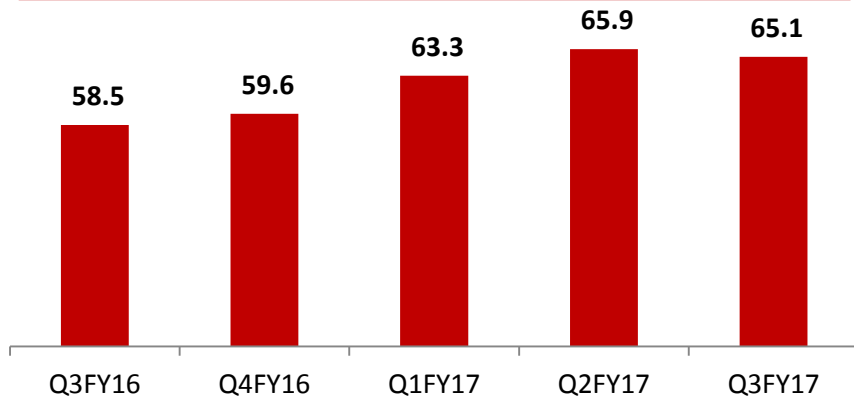
Gold Business - AUM & Disbursements



Net Growth



Gold Holding (tonnes)



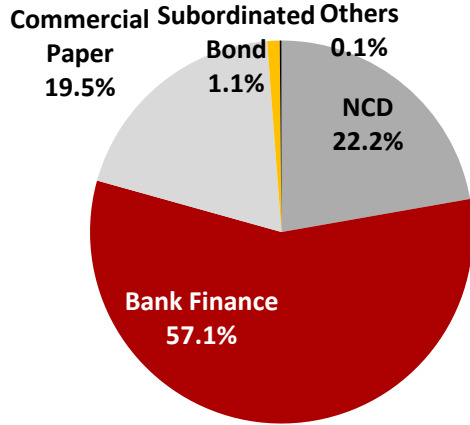
Highlights For the Quarter

Key Highlights :

- Disbursements in Q3 FY17 is Rs 121 bn
- Gold Loan AUM of Rs 123 bn
- Gold holdings at 65.1 tonnes – an increase of 11.4% y-y indicating that growth is driven by volume increase

QUARTERLY UPDATE: LIABILITY MIX

Borrowings as on Dec 31, 2016



Sources of Funds	Amount (Rs Mn)
NCD	27,149
Bank Finance	69,722
Commercial Paper	23,777
Subordinated Bond	1,284
Others	179
Total	122,110

Credit Rating

Credit rating history of 20 years (has investment grade rating since 1995). Long Term Rating upgraded to AA- (Stable) by CRISIL and ICRA in July, 2016

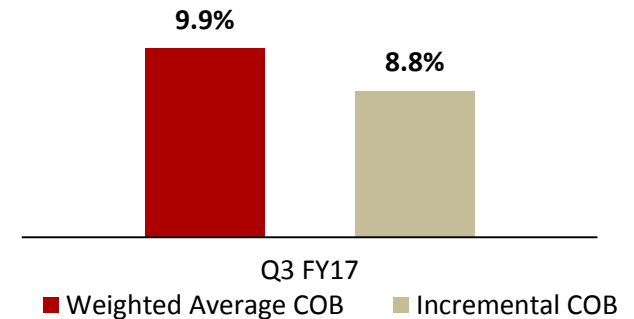
Long-term Debt Programme

CRISIL, CARE, ICRA, Brickwork | AA- (Stable)

Short-term Debt Raising Programme

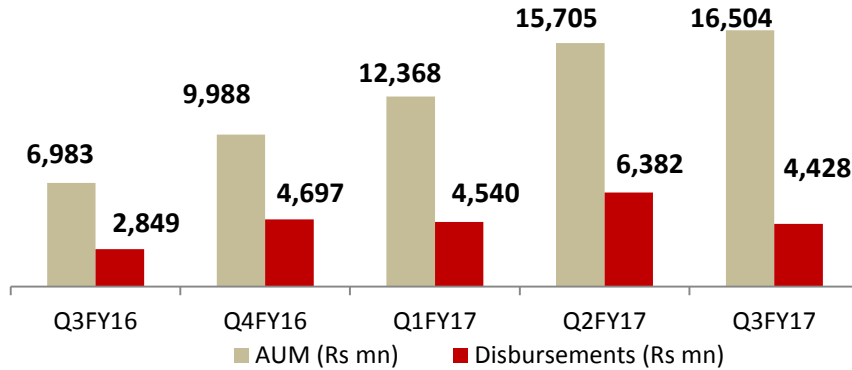
CRISIL, ICRA | A1+

Marginal Cost Of Funds V/S Weighted Average Cost Of Funds

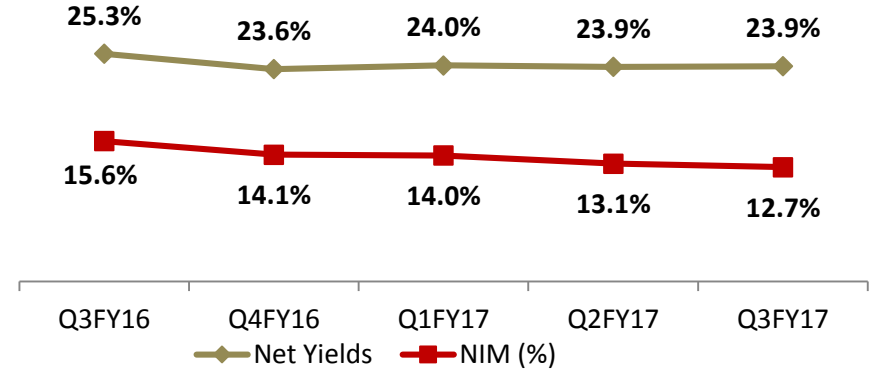


SUBSIDIARY INFORMATION: ASIRVAD MICROFINANCE – Q3 FY17 RESULT HIGHLIGHTS

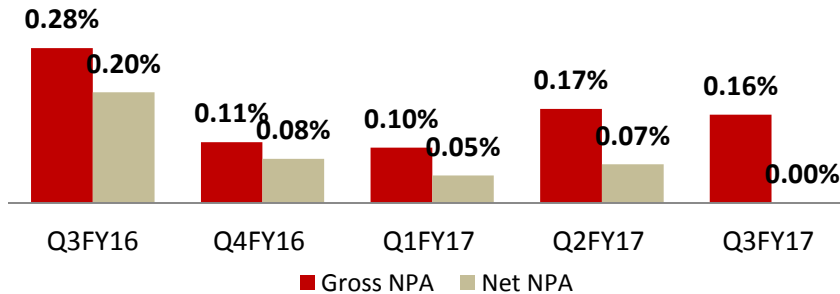
AUM



Yields & Spread Analysis



Gross & Net NPA %



Highlights For the Quarter

Key Highlights :

- Disbursements in Q3 FY17 is Rs 4,428 mn
- Microfinance AUM of Rs 16, 504 mn
- CRISIL upgraded to A+

SUBSIDIARY INFORMATION:

ASIRVAD MICROFINANCE – Q3 FY17 RESULT HIGHLIGHTS

Particulars (In Rs Mn)	9MFY 17	9MFY 16	YOY %	Q3FY17	Q3FY16	YOY %	Q2FY17	QOQ %	FY16
Interest income	2,161.59	825.77	161.8%	890.50	361.39	146.4%	684.88	30.0%	1,261.41
Other Operating Income	295.83	122.65	141.2%	98.81	44.36	122.7%	123.94	-20.3%	200.41
Income from Operations	2,457.42	948.43	159.1%	989.31	405.76	143.8%	808.82	0.22	1,461.82
Finance expenses	1,087.64	433.11	151.1%	453.28	182.40	148.5%	347.75	30.3%	674.99
Net interest income	1,369.78	515.32	165.8%	536.03	223.36	140.0%	461.07	16.3%	786.83
Employee expenses	467.36	179.98	159.7%	178.11	84.63	110.5%	169.77	4.9%	265.30
Other operating expenses	258.90	102.30	153.1%	108.60	47.84	127.0%	87.90	23.6%	159.68
Pre provision profit	643.53	233.04	176.2%	249.31	90.89	174.3%	203.40	22.6%	361.85
Provisions/Bad debts	125.87	43.34	190.4%	66.23	12.81	416.9%	36.65	80.7%	72.88
Other Income	140.64	55.10	155.2%	50.88	12.18	317.7%	60.40	-15.8%	73.74
Profit before Tax	658.30	244.80	168.9%	233.96	90.26	159.2%	227.15	3.0%	362.71
Tax	240.32	85.98	179.5%	94.56	30.98	205.2%	77.55	21.9%	123.12
PAT	417.98	158.82	163.2%	139.40	59.27	135.2%	149.60	-6.8%	239.58

Particulars (In Rs Mn)	Q3 FY17	Q3 FY16	YOY%	Q2 FY17	QOQ %
Closing AUM	16,503.93	6,981.90	136.4%	15,704.89	5.1%
Borrowings	14,387.10	3,254.50	342.1%	12,475.36	15.3%
Net Worth	2,718.50	1,259.00	115.9%	2,579.08	5.4%

Particulars	Q3FY17
Capital Adequacy (%)	21.4%
ROA (%)	3.5%
ROE (%)	21%
Average Ticket Size (Rs Lacs)	0.2
No. of Customers (Lacs)	10.7

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- ANNEXURE

COMPANY OVERVIEW: BRIEF OVERVIEW

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

- One of the largest listed players in the gold loan business with an AUM of Rs 122,672 mn as of Dec 2016.
- Established pan-India presence, with a strong distribution network of 3,880 branches spread across 23 states and 4 union territories, with a live customer base of ~2.25 million.
- Plans to utilise surplus capital to build or acquire new lending products relevant to the existing retail customer base.
- Addition of new synergistic product segments – Microfinance, Commercial vehicles, Mortgage & Housing Finance.

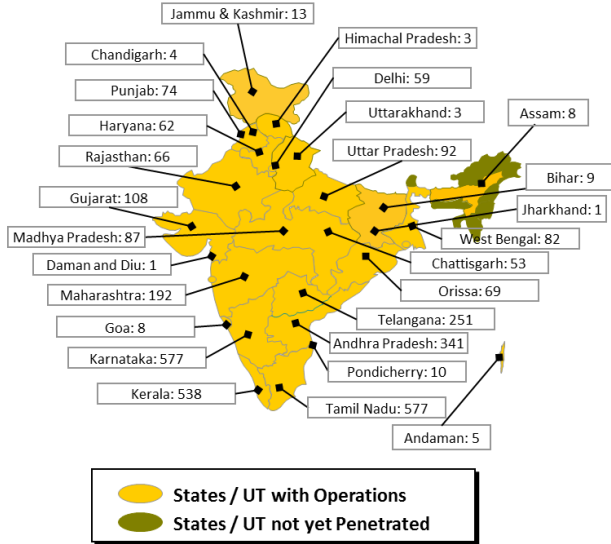
FINANCIAL PERFORMANCE

- Total AUM has grown from Rs 75,491 mn in FY11 to Rs 145,545 mn in Q3FY17.
- Disbursements have grown from Rs 84,087 mn in Q1FY16 to Rs 126,485 mn in Q3FY17.
- Capital Adequacy Ratio in Q3FY17 stood at 22.7%.
- Asset Quality: Gross NPA's – 2.3% & Net NPA's –2% in Q3FY17.
- Total Income from Operations, Net Interest Income and PAT in Q3FY17 are Rs 9,005 mn, Rs 5,831 mn & Rs 2,025 mn respectively. Return ratios: ROA – 5.06% in Q3FY17, ROE – 23.66% in Q3FY17.

HIGH CORPORATE GOVERNANCE STANDARDS

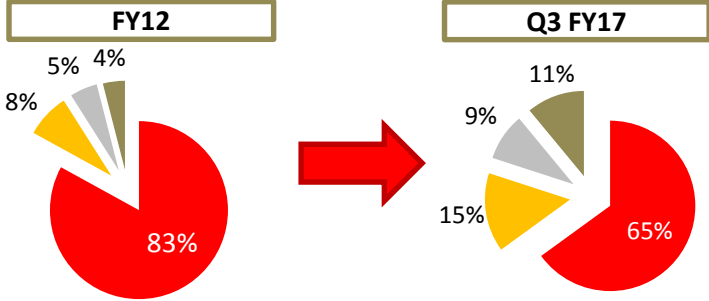
- Consistent dividends to shareholders – Paid dividend of Rs 1,514 mn in FY16, dividend payout of 44.9% of PAT.
- Reputed auditors such as KPMG as internal auditors and SR Batliboi & Associates as statutory auditors to ensure accurate financial reporting & transparency.
- Strong external professional 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, BSE & UTI.

COMPANY OVERVIEW: PAN INDIA PRESENCE & DISTRIBUTION NETWORK



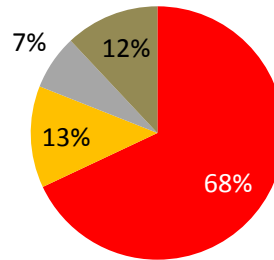
- Extensive Pan India presence through 3,293 branches spread across 23 States and 4 Union territories in India.
- Strong Presence in Rural & Semi Urban markets as more than 60% of the Gold is held in Rural India.
- Focus on diversified presence across India, South Region now constitutes 68% of the branch network as compared 76% in FY11.
- Widespread branch network has enabled AUM diversification with South now contributing 65% of the total AUM as compared to 87% in FY11.

AUM Break-up Evolving Into A More Pan India Player



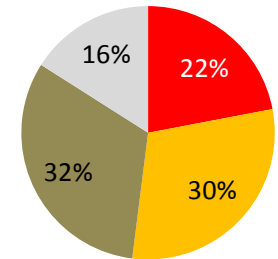
■ South ■ West ■ North ■ East ■ South ■ West ■ East ■ North

Region Wise Branch Network



■ South ■ North ■ East ■ West

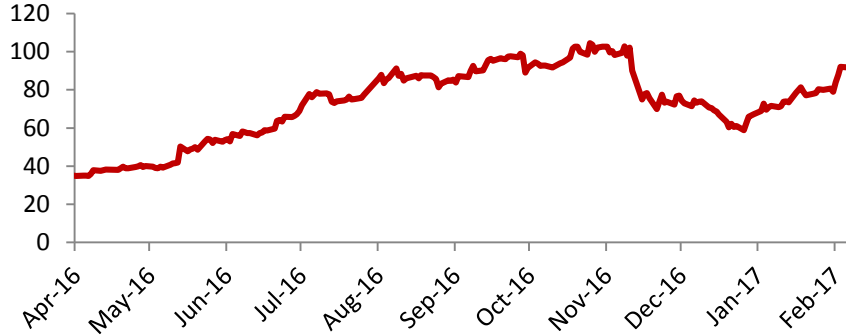
Rural Urban Mix



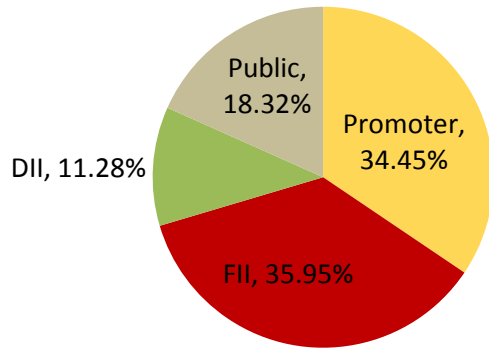
■ Rural ■ Urban ■ Semi Urban ■ Metro

COMPANY OVERVIEW: SHAREHOLDING SUMMARY

Share Price Performance



% Shareholding – December 31, 2016



Market Data

As on 17.03.2017

Market Capitalization (Rs mn)	77,875.7
Price (Rs)	92.5
No. of Shares Outstanding (mn)	841.6
Face Value (Rs)	2.0
52 Week High-Low (Rs)	106.7 – 33.8

Source – BSE

Key Institutional Investors at Dec 16

% Holding

Baring India Private Equity Fund	12.57%
WF Asian Reconnaissance Fund Ltd	4.99%
DSP Blackrock Microcap Fund	3.01%
Ashish Dhawan	2.00%
L&T Mutual Fund Trustee Ltd	1.85%
Mousseganesh Ltd	1.55%
Morgan Stanley Asia (Singapore)	1.15%
Dolly Khanna	1.13%

Source – BSE, Bloomberg

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



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

Mr. Alope Ghosal
CEO – Housing Finance



- Over 23 years experience with organizations such as Muthoot Housing Fin, IDBI Home Fin, Tata Home Fin etc.

Mr. Mohan Vizhakat
Group Chief Technology officer



- Associated with the Indian Government and leading companies of India and Middle East in Information Technology

Mr. Avik Saha
EVP- Data Analysis and Strategy



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

Mr. Raja Vaidhyanathan
Managing Director – MFI



- Erstwhile Promoter of Asirvad Microfinance
- IIT IIM Alumni with over 33 years of experience across industries

Mr. K Senthil Kumar
Head – Commercial Vehicle



- Over 19 years experience with organizations such as Fullerton India Credit, ABF Business, Indiabulls Financial Services etc.

Mr. M.A. Marshal Suresh
SVP – HR



- Over 30 years experience in HR and Operations. He has worked in VGN Group, Good Ocean Maritime, DP World, Polaris Software etc

COMPANY OVERVIEW:

CORPORATE GOVERNANCE – STRONG BOARD OF DIRECTORS

<p>Mr Jagdish Capoor CHAIRMAN, INDEPENDENT & NON-EXECUTIVE DIRECTOR</p>	<ul style="list-style-type: none">▪ 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.
<p>Mr. Shailesh J Mehta INDEPENDENT & NON-EXECUTIVE DIRECTOR</p>	<ul style="list-style-type: none">▪ 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
<p>Mr. E. A. Kshirsagar NOMINEE DIRECTOR</p>	<ul style="list-style-type: none">▪ 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
<p>Mr P. Manomohan INDEPENDENT & NON-EXECUTIVE DIRECTOR</p>	<ul style="list-style-type: none">▪ 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

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

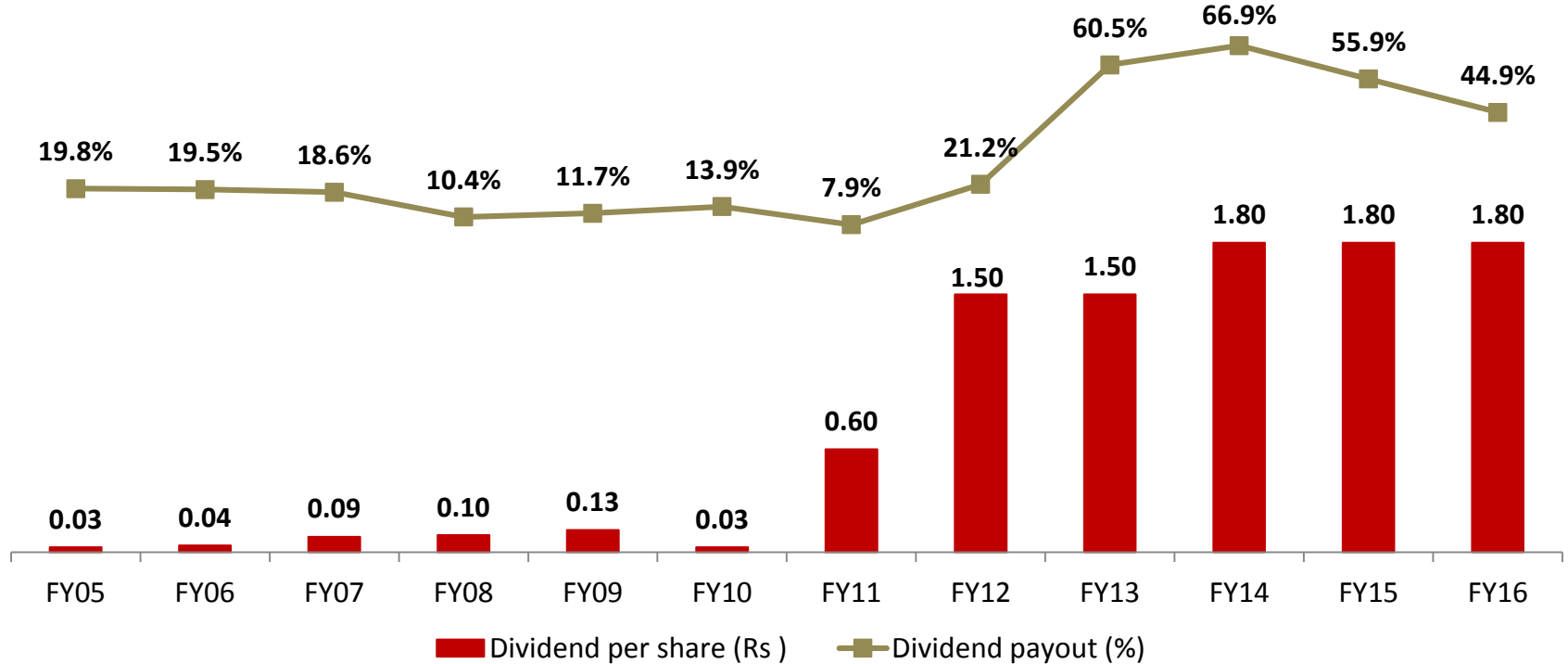
- Bachelor of Science from Mumbai University, Masters in Biochemistry from GS Medical College, Mumbai.
- She is Managing Director of Samanta Organics Pvt Ltd, Tarapur & Ashish Rang Udyog Pvt Ltd.
- She has served on the boards of HDFC Bank & HDFC Securities. Prior to this she was consultant bio-chemist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

Dividend Per Share & Dividend Pay Out as % of PAT over the last decade



Consistent Dividend Paying Record

COMPANY OVERVIEW: STRONG BRAND RECALL

- Strong Brand Equity built over the years. Have gained mileage from our celebrity endorsements in terms of enhanced visibility and growing business.
- Brand Manappuram is endorsed by well recognized film industry icons from all major regions of India.
- **Our brand ambassadors** - Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Akshay Kumar, Jeet, Sachin Khedekar And Uttam Mohanty.



COMPANY OVERVIEW: STRONG SYSTEMS AND INTERNAL PROCESSES

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 and ensuring System related recording and monitoring across all major verticals.
- Centralized technology for offsite surveillance of all branches (efficient monitoring and controlling)
- Scalability enables rapid branch roll-out.

Strong Internal Controls / Audit

- Constant review of Internal Controls, identification of Process gaps if any and its remediation.
- Regular internal audits covering Gold loan operations including Checking of Quality and quantity of gold, related Documentation. Also periodic management audits are being performed

Prevention of Fraud

- A Vigilance and Fraud Control team is place.
- 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

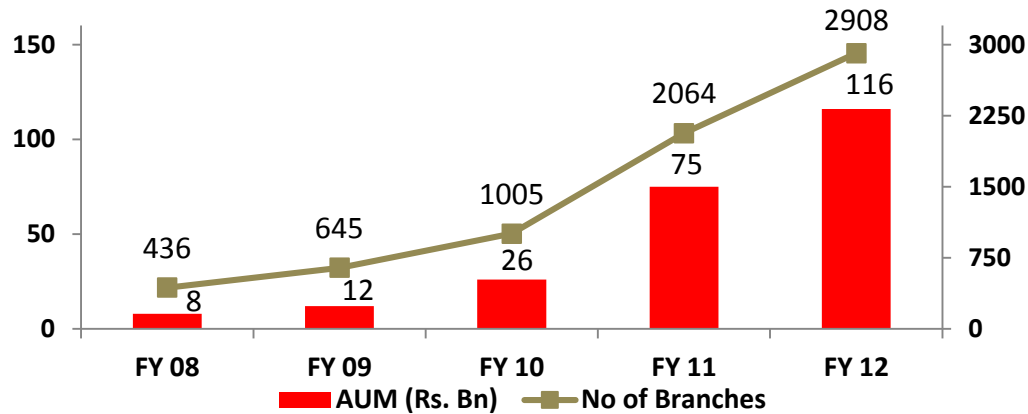
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UNDERSTANDING OUR EVOLUTION

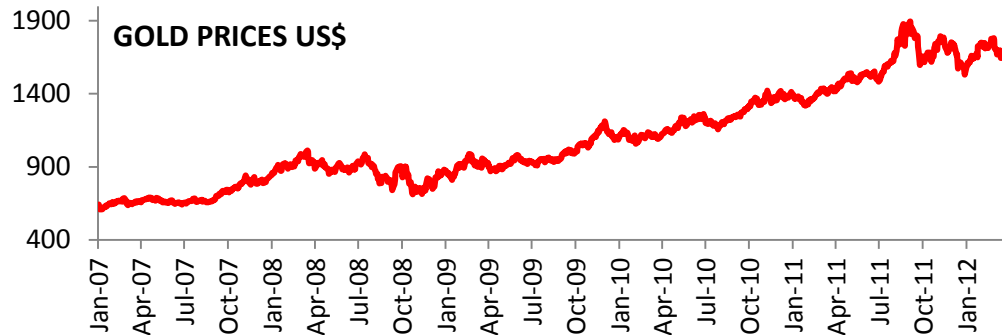
PHASE 1 – FY08- FY12

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....

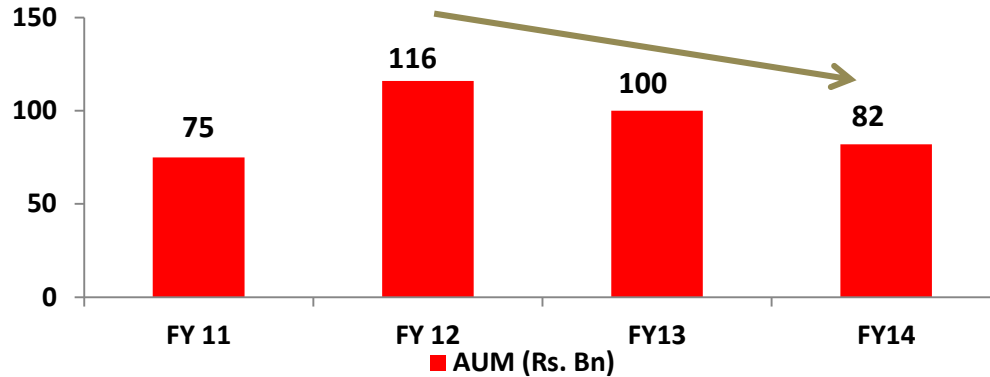


Company witnessed a CAGR of ~95% in AUM over FY08-12.
Branch Network grew by 7x over FY08-12.

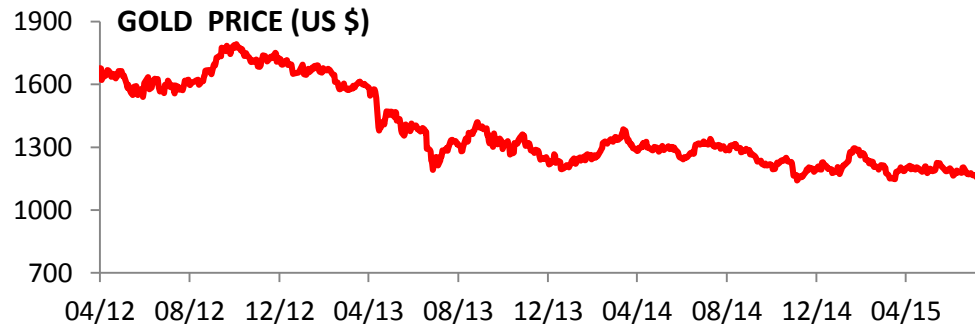
Strong Execution Capabilities and well defined Systems and processes.

Source - Bloomberg

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 upto Rs. 2.5 mn.

Fall in Gold Prices –

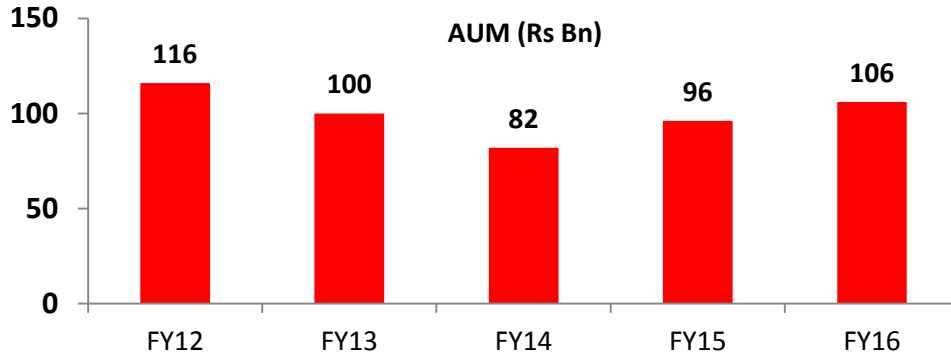
- Peak LTV was 85% for FY12 and Long Tenure portfolio.

Negative Operating Leverage resulted into fall in Return Ratios and Profitability.

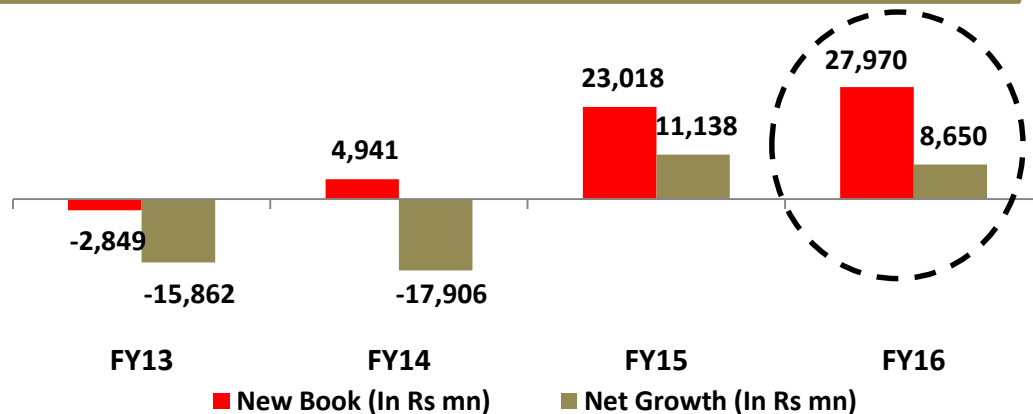
UNDERSTANDING OUR EVOLUTION

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

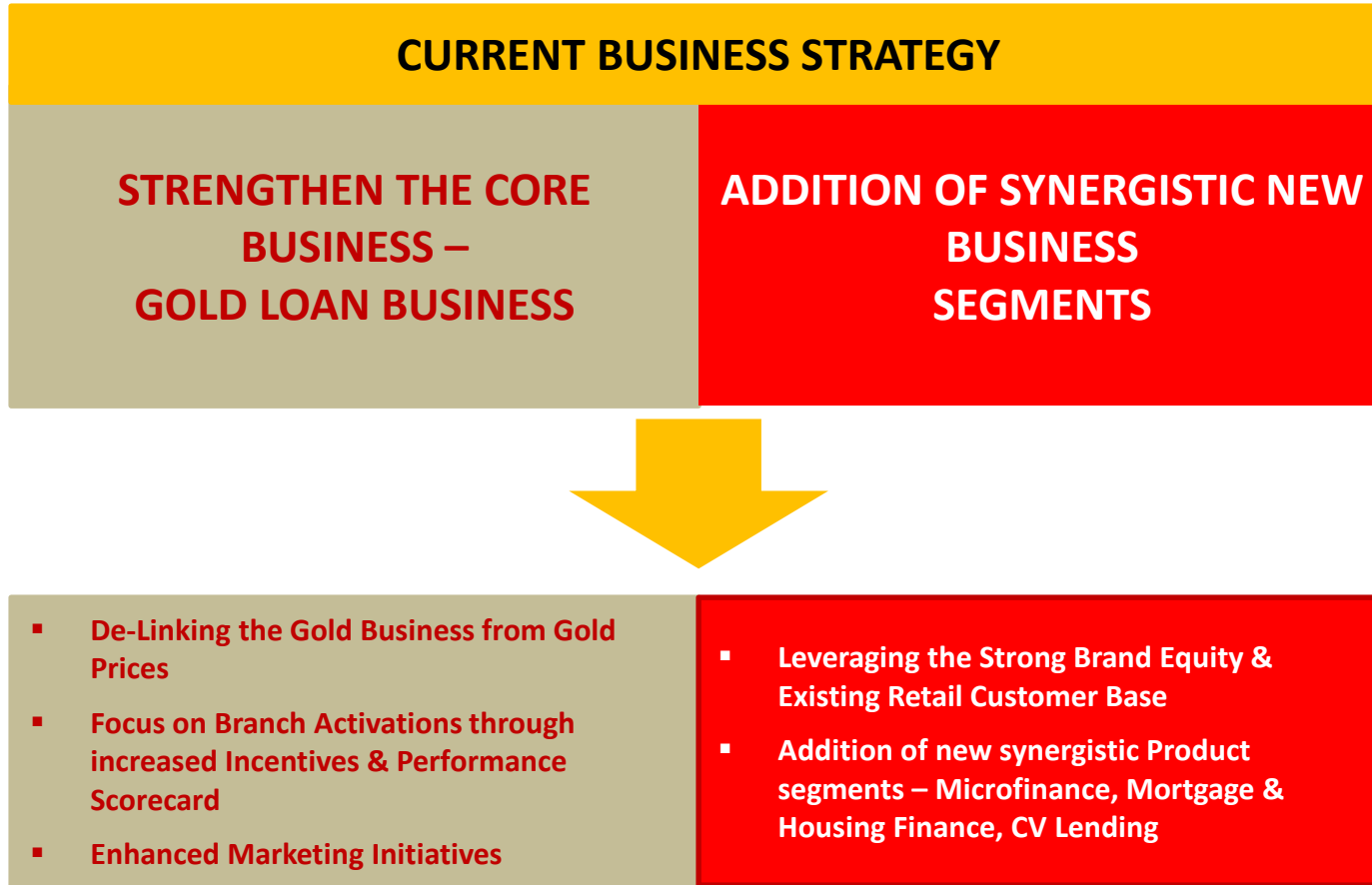
June – 2014 : De-Linking to Gold Prices –

- 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.

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BUSINESS STRATEGY: GOLD LOAN BUSINESS – DE-LINKED FROM GOLD PRICES

Earlier Scenario - 12 month Long Tenure Product	12 months – Single Product Offering				Additional 2 month for Auction
Gold value	100				If the Customer does not pay or close the Loan, then there is likely loss of interest for 2 months during Auction
LTV	75%				
Gold Loan	75				
Interest Rate	24%				
Interest Cost*	21				
Total Principal + Interest*	96				



- 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				If the Customer does not pay or close the Loan, there is a ample margin of safety to recover Principal as well as Interest. Also, Linkage to Gold prices is Negligible.
Gold value	100	100	100	100				
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				

#Includes interest outgo during 2 months of auctioning period

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

BUSINESS STRATEGY: GOLD LOAN BUSINESS – REACHING OUT TO THE CUSTOMER

Strategic initiatives to drive business performance -

- 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.



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).**

BUSINESS STRATEGY: DIVERSIFY INTO SYNERGISTIC PRODUCT SEGMENTS

**EACH NEW BUSINESS HAS A DEDICATED BUSINESS HEAD AND A SEPARATE OPERATING TEAM WITH
EXTENSIVE AND RELEVANT INDUSTRY EXPERIENCE.**

NEW BUSINESSES EXPECTED TO CONTRIBUTE UPTO 20 - 25% OF TOTAL AUM IN THREE YEARS.

MICROFINANCE

- Acquired a majority stake (85%) in Asirvad Microfinance Private Limited, one of the leading microfinance institutions in Tamil Nadu in February 2015.
- Eight-year old NBFC – MFI with operations in Tamil Nadu, Kerala and Karnataka.
- Current Loan Portfolio stood at Rs 16,504 mn as on Dec 31, 2016.
- Credit Rating Improved from BBB- to A+ by CRISIL
- Focus on Low Income Borrower.
- To expand into other states leveraging Manappuram's Network.

AFFORDABLE HOUSING

- Started commercial operations in January 2015.
- Current loan portfolio stood at Rs 2,630 mn as on Dec 31, 2016.
- Focus on Affordable Housing for Mid to Low income Group.
- To open more branches in urban and semi-urban locations in South and West of India.
- Rated A+ by CRISIL

COMMERCIAL VEHICLES

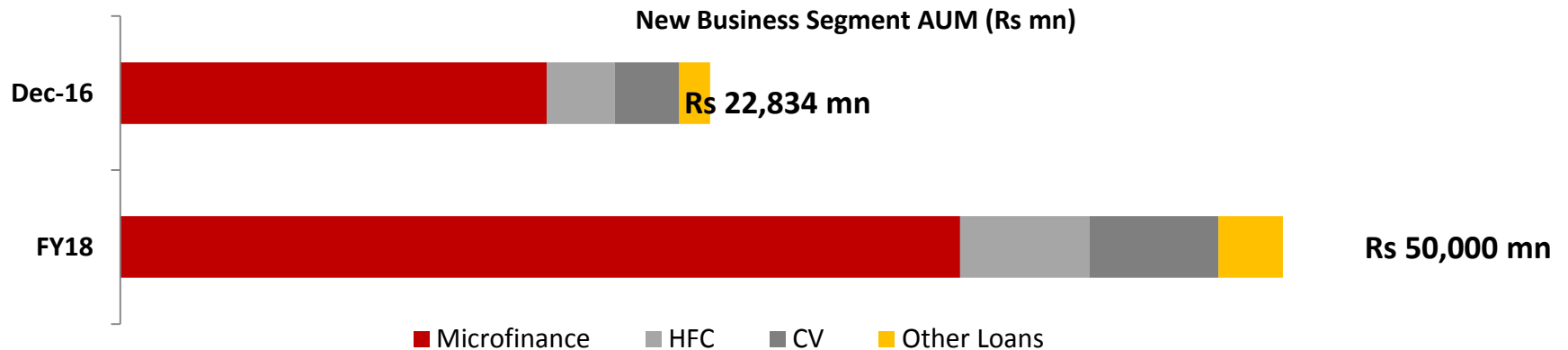
- Launched loans for commercial vehicles, selectively in Southern and Western India.
- Current loan portfolio stood at Rs 2,505 mn as on Dec 31, 2016.
- Focus on Underserved Category of Customers who do not have access to Formal Banking system.
- To open more branches in Rural and semi-urban locations.

BUSINESS STRATEGY: NEW PRODUCT SEGEMENT PROFILE

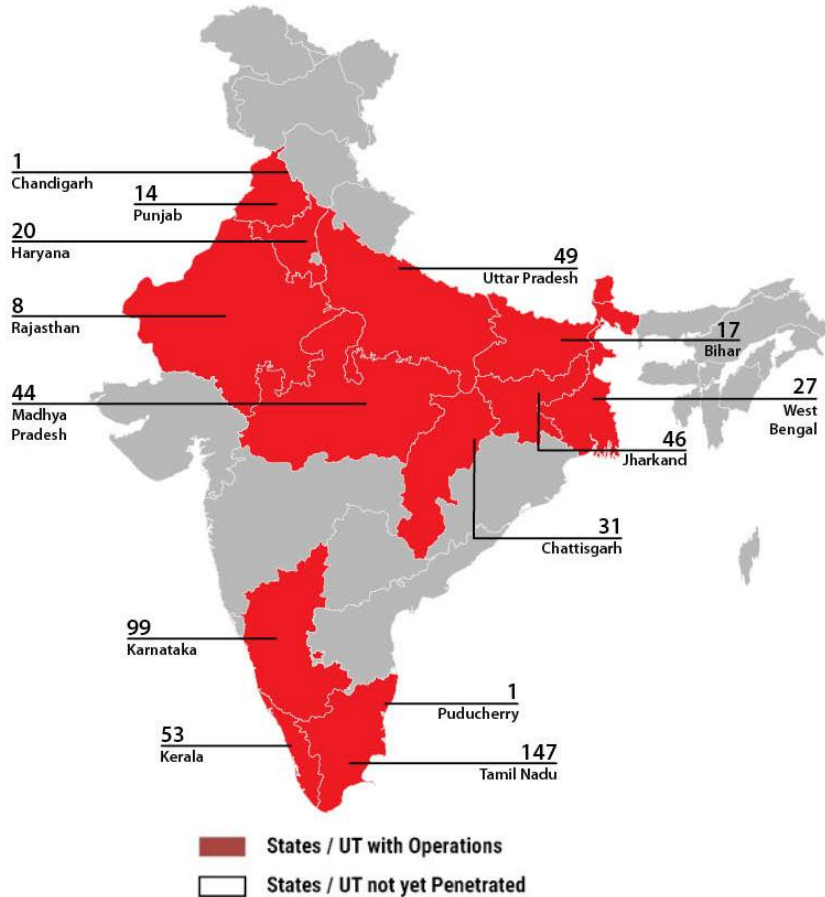
Particulars (As of Dec 2016)	Microfinance	Housing Finance	CV
AUM (Rs mn)	16,504	2,630	2,505
Branch Network	697	34	46 *
Number of States	15	6	9
Average Ticket Size (Rs lacs)	0.2	12.7	5.87
Average Yield (%)	25.0%	15.3%	18.9%

* CV Branches are co-located with the Gold Loan Branches

Share of New Business in Consolidated AUM expected to increase from 12.0% to ~25% over the next 2-3 years

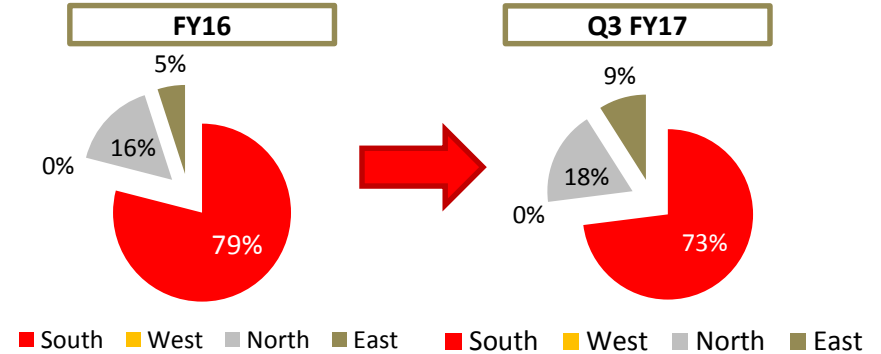


BUSINESS STRATEGY: ASIRVAD MICROFINANCE – GROGRAPHICAL PRESENCE



- Having presence through 697 branches spread across 15 States and 2 Union territories in India.
- Branch network has enabled AUM diversification with South now contributing 73% of the total AUM as compared to 79% in FY16.

AUM Break-up Evolving Into A More Pan India Player



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TECHNOLOGY STRATEGY OVERVIEW: EXPLORING NEW AGE GOLD LOAN BASED FINTECH BUSINESS OPPORTUNITIES

INNOVATE (STRATEGIC)

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

Eg - OGL, Mobility project, NetLockers etc

DIFFERENTIATE (TACTICAL)

Business differentiators like Online Payment Portals, eKYC, Mobility Solutions, Digital Wallets, Video Conferencing, IP Phones, MPLS, MPS.

RUN (OPERATE)

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

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

GOLD LOANS - IT/FINTECH BUSINESS STRATEGY

Future Gold Loan based FinTech business opportunities under development:

B2C Self Service Platforms:

- Online gold Loan and e-commerce based credit ecosystem.
 - Marketing strategies like online gold loan for healthcare , online gold loan wallets/pre-paid-cards, extending credit on-the-fly facility to the masses, etc.

B2E Enterprise Mobility Platforms:

- The “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:

- The “NetLocker concept” which enables business models like value added gold depository centre plus online gold loan, static and mobile gold loan kiosks etc.

WEB APPLICATION

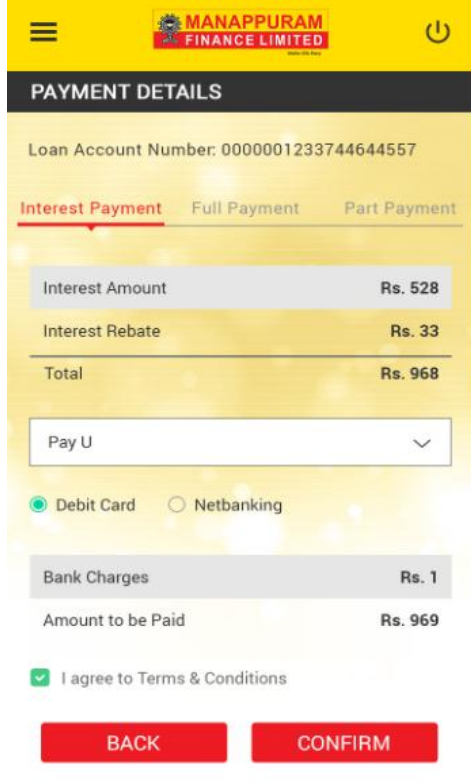
- **Web platform based**
- **Successfully executed 67,569 transactions valued Rs. 2,277 million**

MOBILE APPLICATION

- **Mobile APP based**
- **Successfully executed 43,300 transactions valued Rs. 1,695 million**

SMS BASED APPLICATION

- **SMS based**



MANAPPURAM FINANCE LIMITED

PAYMENT DETAILS

Loan Account Number: 0000001233744644557

Interest Payment Full Payment Part Payment

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

Pay U

Debit Card Netbanking

Bank Charges	Rs. 1
Amount to be Paid	Rs. 969

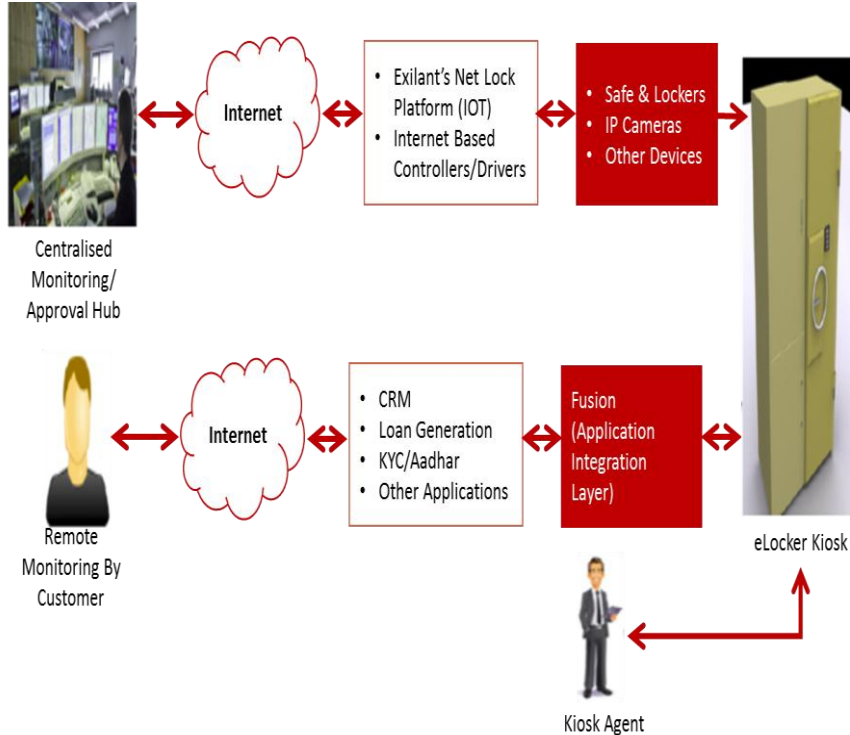
I agree to Terms & Conditions

BACK **CONFIRM**

Online Transaction – Image Snapshot

TECHNOLOGY INITIATIVES: TECHNOLOGICAL INNOVATIONS TO ENHANCE VALUE PROPOSITION

CENTRALIZED IOT BASED KEYLESS ELOCKERS



OGL – Online gold loan

TIE-UPS WITH E-COMMERCE PLATFORMS



These payment platforms have been integrated with our Online Payment System enabling the customer to make Gold loan payments through (mRuepee wallet/ITZ Cash outlets/m-pesa wallet/Paytm Outlets)

- *Open more touch points (mRuepee/ITZ Cash/m-pesa/Paytm Outlets)*
- *Tie-up with Paytm can open up new opportunities like Loan to Paytm vendors/OGL through Paytm wallet/enabling OGL in Paytm Payment Gateway.*
- *Tie-up with m-pesa opens up opportunities for gold loan disbursement through m-pesa wallet and here cash out is possible from m-pesa outlets*

ADD VALUE – BRAND POSITIONING/COLLECTION/LEAD GENERATION/CUSTOMER EXPERIENCE/OPEX COST REDUCTION

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

MAJOR BUSINESS DIFFERENTIATORS COMPLETED RECENTLY

TIE UP WITH PAYTM/ M-PESA/M RUPEE/ITZ CASH

VALUE ADD – Brand positioning/Collection/Lead Generation/Customer Experience/Opex Cost Reduction

TIE UP WITH RIA AGENCIES FOR EASY FOREIGN MONEY TRANSFER

Enables Foreign Money Transfer through Ria Agencies

I REFER MOBILE APPLICATION

Digital Platform for Customer Acquisition

AUTOMATIC GENERATION OF GOLD LOAN PAWN TICKETS

VALUE ADD – Cost reduction due to reduction in printing & distribution cost

AUTOMATIC IMPS/NEFT/RTGS GOLD LOAN PAYMENT SYSTEM

Removal of manual intervention for Bank payments to gold loan customers and enabling payment by 24X7

COMPLIANCE RATING & COMPLIANCE PORTAL

Enables Rating of branches based on compliance related parameters and development of a Portal for compliance related functions

BC TIE UP WITH YES BANK FOR DOMESTIC MONEY TRANSFER

Enables a new business line for getting fee based income through BC Arrangement with Yes Bank

CIBIL & EQUIFAX REPORTING

Developed an automatic reporting of Gold loan records as per CIBIL & Equifax Formats

ONLINE INWARD PAYMENT SYSTEM TIE UP WITH “PAYU”

Enables the customers to make Gold Loan payments through online

OPTIMIZED INTEREST ACCRUAL 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

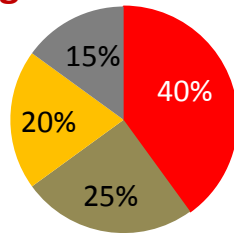
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**India possesses over ~20,000 tonnes of gold worth more than US\$ 800 bn.
Organized gold loan sector penetration is Just 3% !**

- 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 THE 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

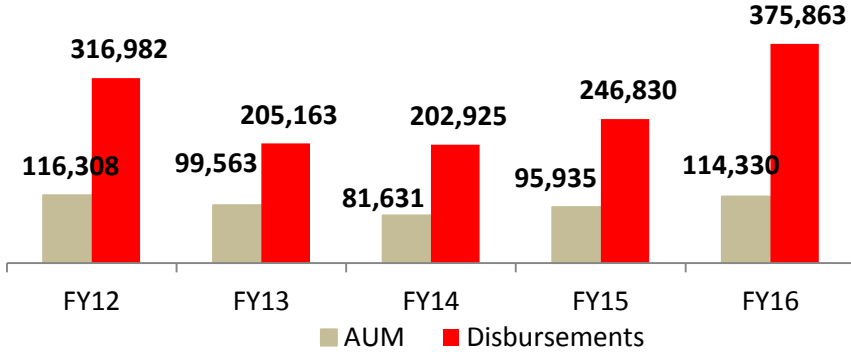
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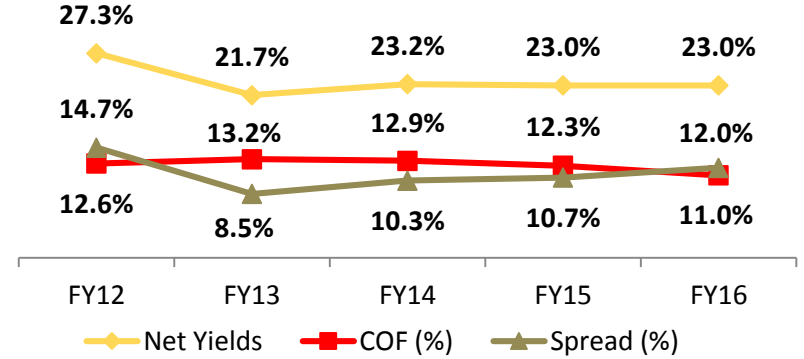
COMPANY OVERVIEW: FINANCIAL SUMMARY

AUM & Disbursements

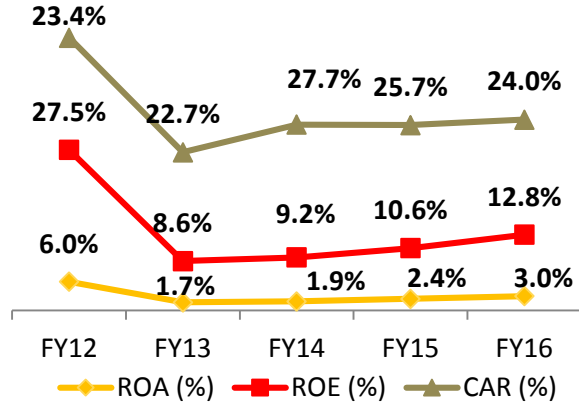
CAGR: Disbursements – 4.4%



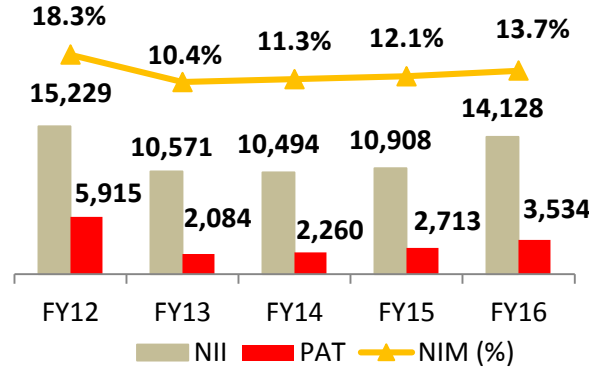
Yields, Cost of Funds & Spread Analysis



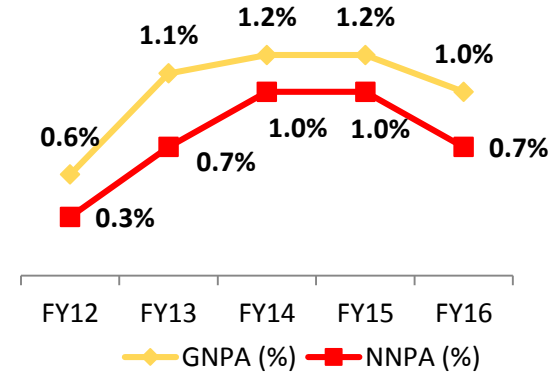
Return Ratios & Capital Adequacy



NII & Profitability Analysis



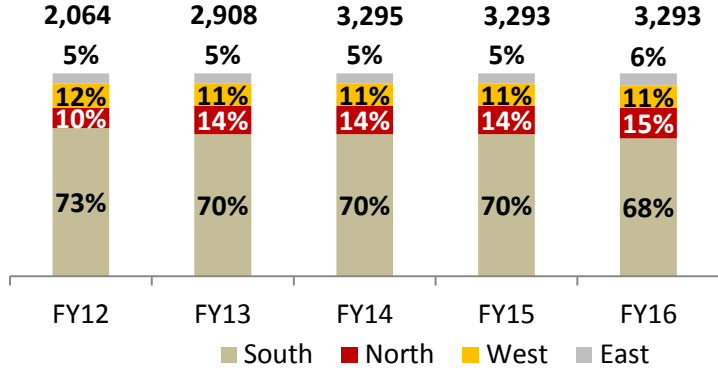
Asset Quality



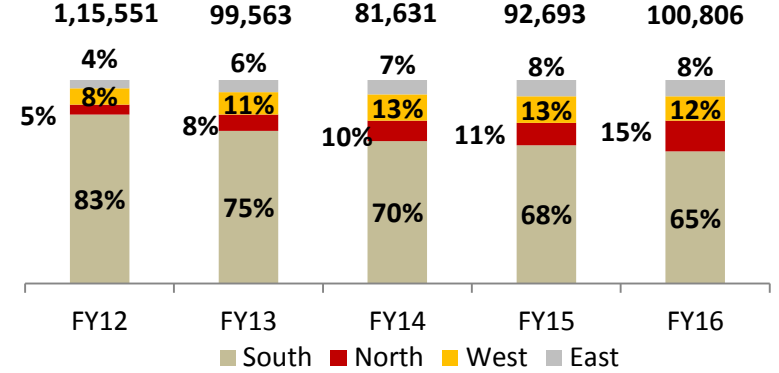
COMPANY OVERVIEW: OPERATIONAL SUMMARY

Branch Distribution

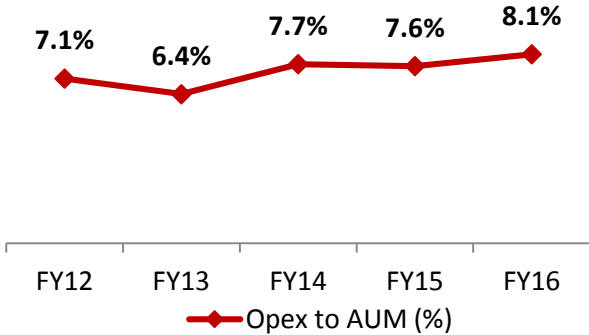
CAGR: Branch Addition – 3.2%



AUM Break-up (Region Wise)

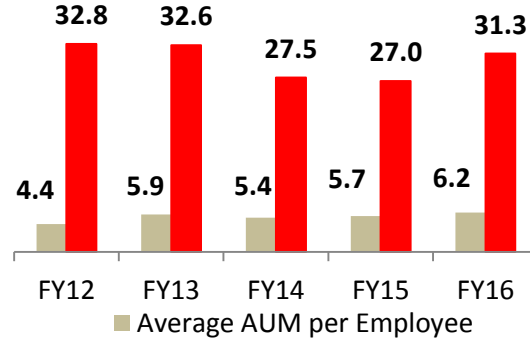


Operational Efficiency



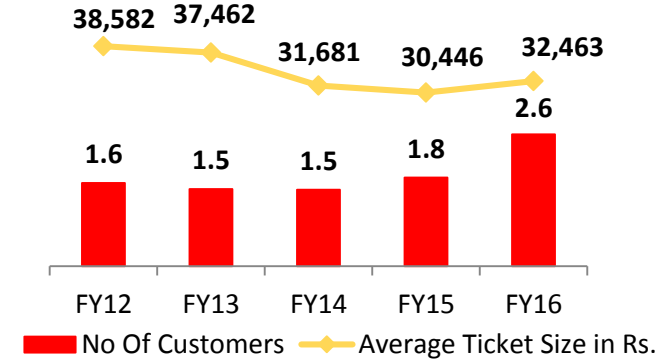
Productivity (Rs mn)

CAGR: AUM/employee - 9.2%



Customer Base (mn) & Avg. Ticket Size

CAGR: Customer Addition – 11.7%





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Group Chief Financial Officer

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