

**WE MAKE  
YOUR LIFE  
EASY**



 **MANAPPURAM  
FINANCE LIMITED**

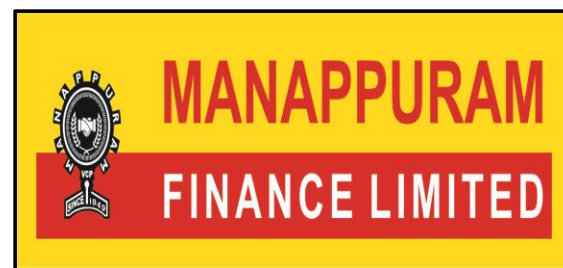
Make Life Easy

# **INVESTOR PRESENTATION**

**For the Quarter ended March 31, 2015**

# RESULT HIGHLIGHTS FOR FY15

- Closing AUM at Rs 95.93 bn up 17.5% q-q.
- Total operating income at Rs 19,864.2 mn
- Net profit up by 20.1 % y-y at Rs 2713.2 mn
- ROA at 2.42% and Spread at 12.49%.
- EPS of Rs 3.22 per share
- NAV per share Rs 31.30
- High capital adequacy of 25.64%



# CONSOLIDATED FINANCIAL HIGHLIGHTS

<i>Rs in Million</i>	FY15	FY14	Y-Y
Closing AUM	95,935	81,631	17.5%
Interest income	19,682.5	20,759.6	-5.2%
Other Operating Income	181.8	245.1	-25.8%
<b>Income from Operations</b>	<b>19,864.2</b>	<b>21,004.6</b>	-5.4%
Finance expenses	8,774.1	10,266.0	-14.5%
<b>Net interest income</b>	<b>11,090.1</b>	<b>10,738.6</b>	3.3%
Employee expenses	3,145.4	3,235.5	-2.8%
Other operating expenses	3,596.8	3,717.9	-3.3%
<b>Pre provision profit</b>	<b>4,347.9</b>	<b>3,785.3</b>	14.9%
Provisions/Bad debts	281.2	468.7	-40.0%
Other Income	70.1	113.7	-38.4%
<b>Profit before Tax</b>	<b>4,136.7</b>	<b>3,430.3</b>	20.6%
Tax	1,422.0	1,170.4	21.5%
<b>PAT before Minority Interest</b>	<b>2,714.8</b>	<b>2,259.8</b>	20.1%
<b>Minority Interest</b>	1.6	0.0	100.0%
<b>PAT for the year</b>	<b>2,713.2</b>	<b>2,259.8</b>	20.1%

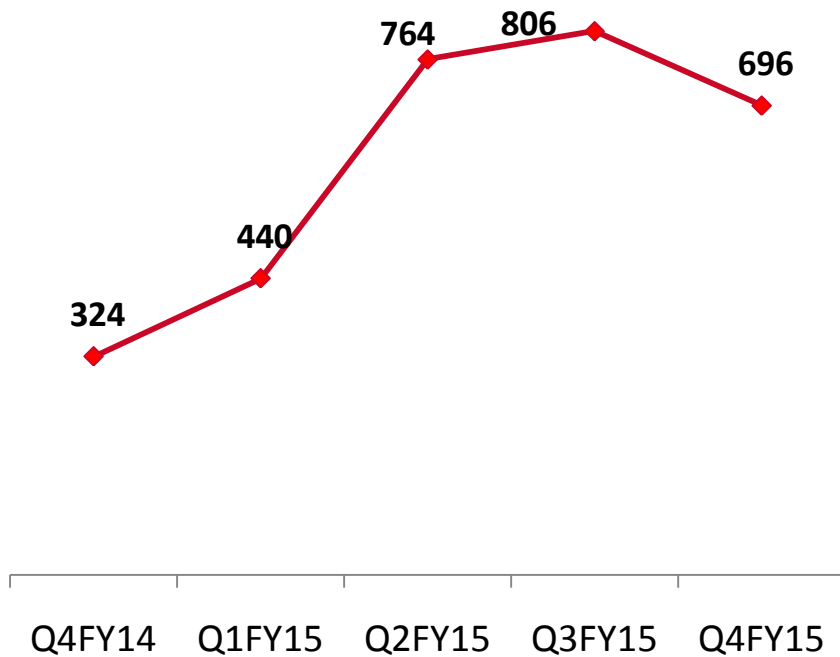
# CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES

Rs in Million	FY 15	FY 14	Y-Y
Cash and Bank Balances	7,926.3	8,444.7	-6.1%
Investments	2,168.7	7,956.1	-72.7%
Loans and Advances	96,221.4	82,419.7	16.7%
Fixed Assets	1,736.5	2,018.6	-14.0%
Other Assets	8,109.8	7,545.6	7.5%
<b>Total</b>	<b>116,162.7</b>	<b>108,384.6</b>	<b>7.2%</b>
Capital	1,682.4	1,682.4	0.0%
Reserves & Surplus	24,645.6	23,235.0	6.1%
Borrowings	86,319.6	77,954.2	4.1%
Other Liabilities & Provisions	3,311.3	5,513.0	20.4%
Minority Interest	153.9	0.0	100.0%
Pref. Share Capital of Minority Interest	50.0	0.0	100.0%
<b>Total</b>	<b>116,162.7</b>	<b>108,384.6</b>	<b>7.2%</b>

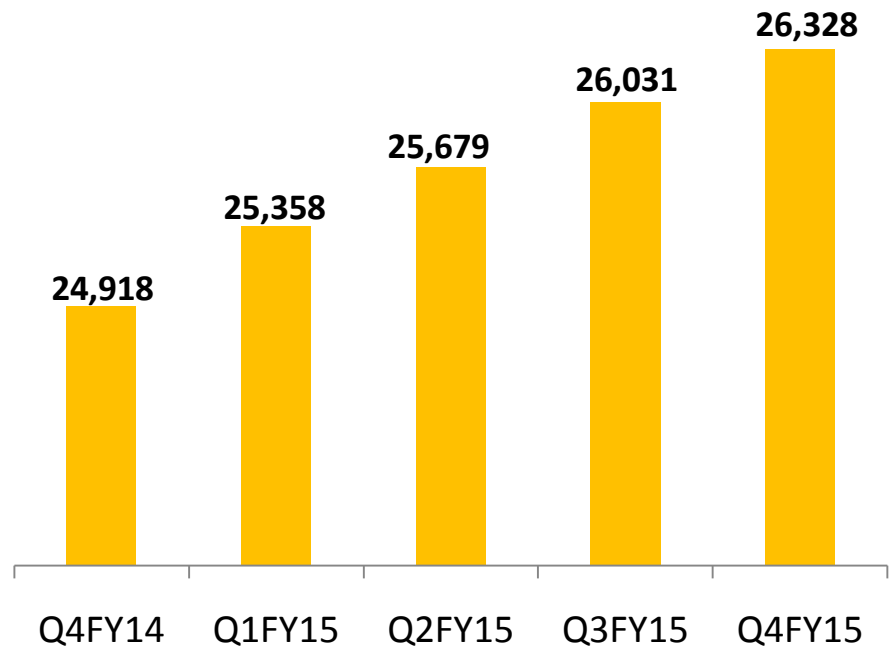
# PAT & NET WORTH

- Net Profit up by 20.1% Y-Y at Rs 2713.2 mn
- Company is well capitalized with high net worth of Rs 26.32 bn

## PAT (Rs mn)



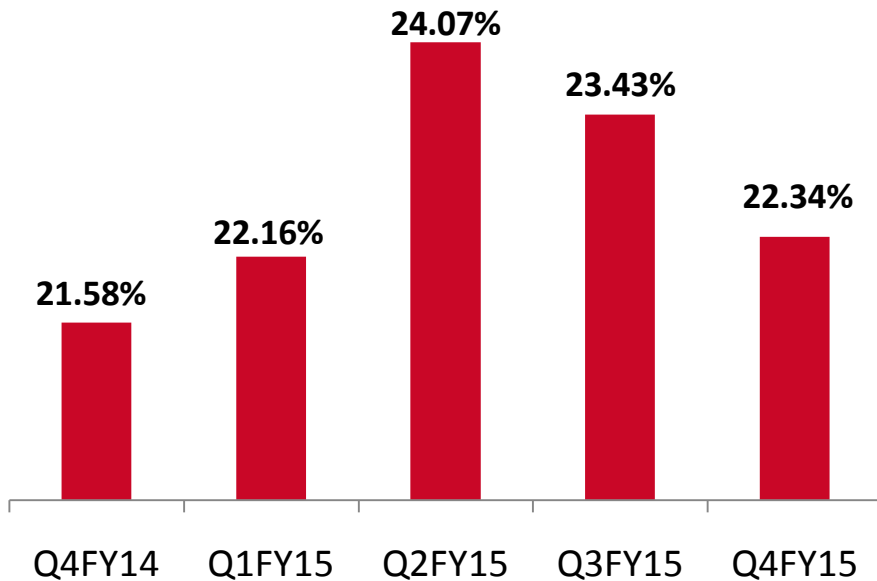
## Net Worth (Rs mn)



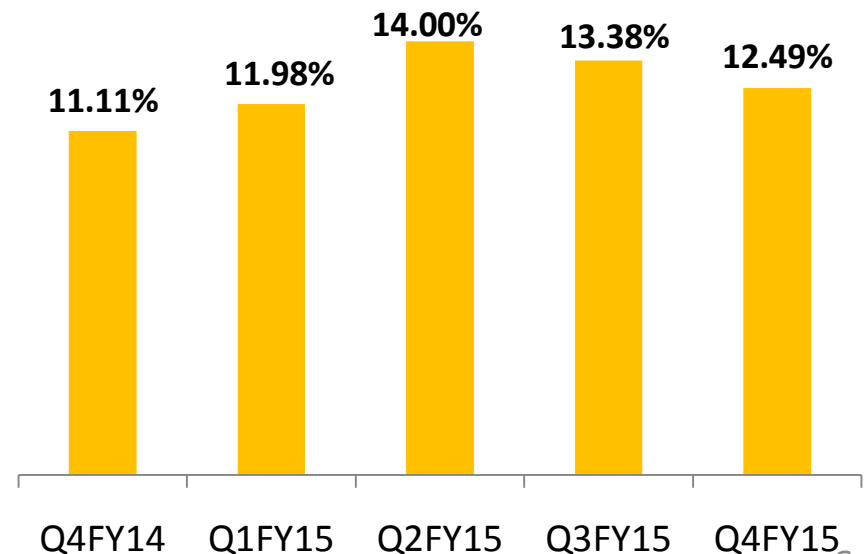
# YIELD AND SPREAD

- Gold Loan Net Yield at 22.34% in Q4 FY15 and up by 75 bps Y-Y
- Spreads are amongst the highest in the industry at 12.49%

## Net Yield (%)



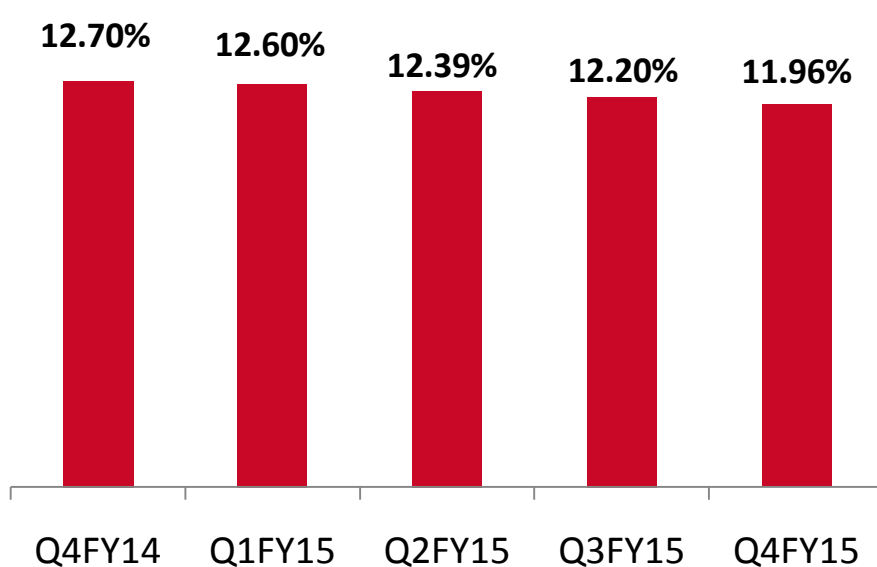
## Spread (%)



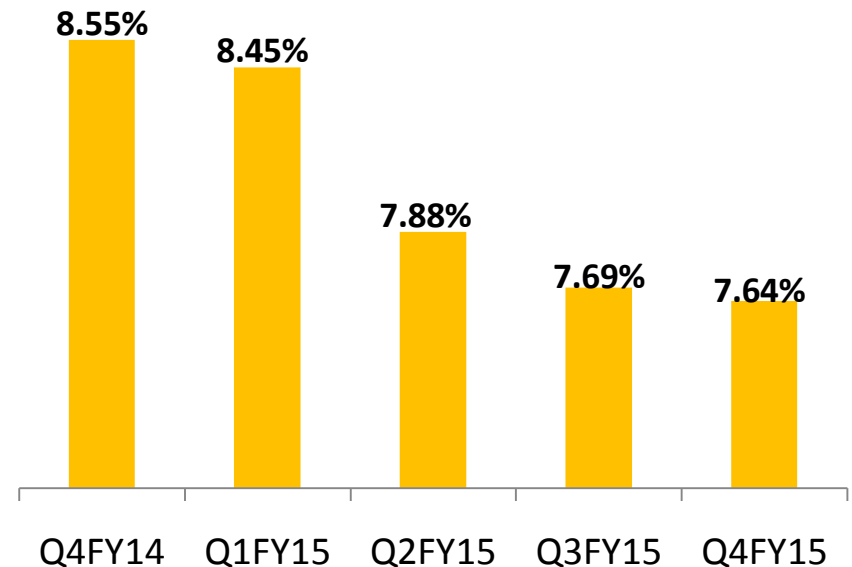
# COST OF FUNDS AND OPEX

- Cost of funds declined further 24 bps q-q due to raising of lower cost funds from banks and mutual funds.
- Opex as a percentage of AUM decreased marginally to 7.64 %

## Cost of Funds (%)

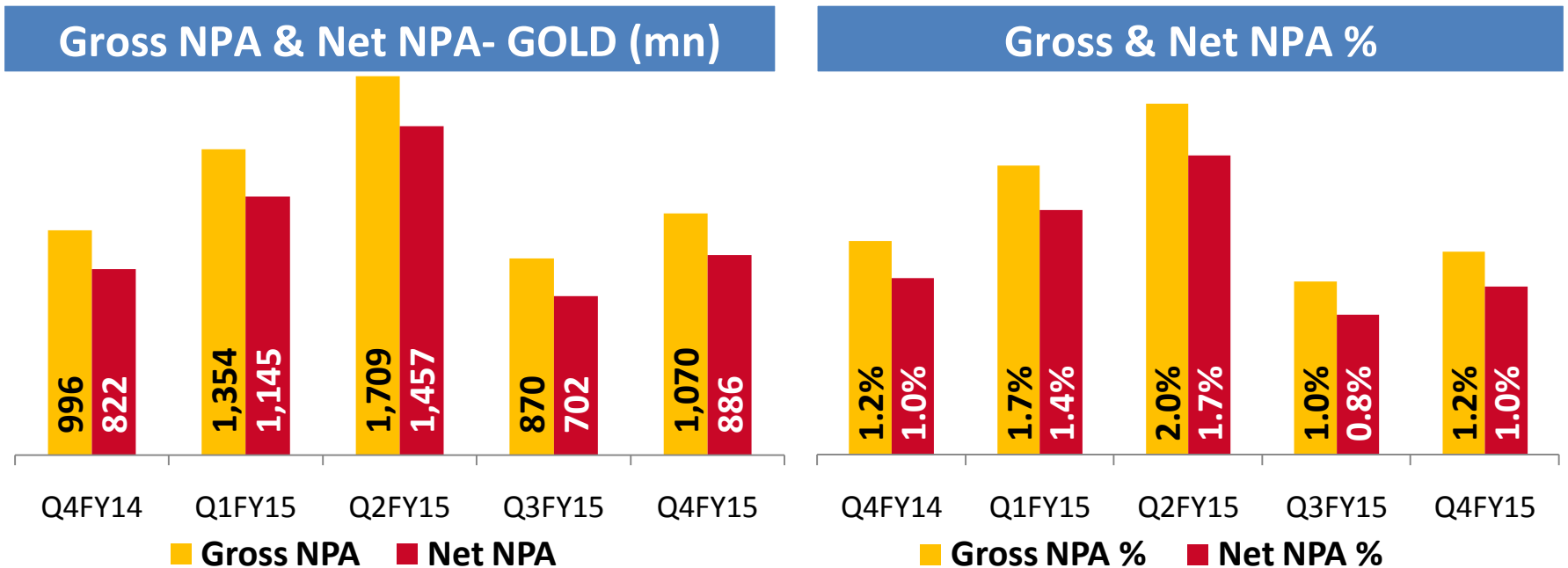


## OPEX to AUM (%)



# NPA

- Gross NPAs marginally increased to 1.2% of AUM in Q4 FY15
- Most of Gross NPA are from regular customers who have serviced over half of interest due
- NPAs on account of theft, spurious collateral etc. are only 0.08% of AUM

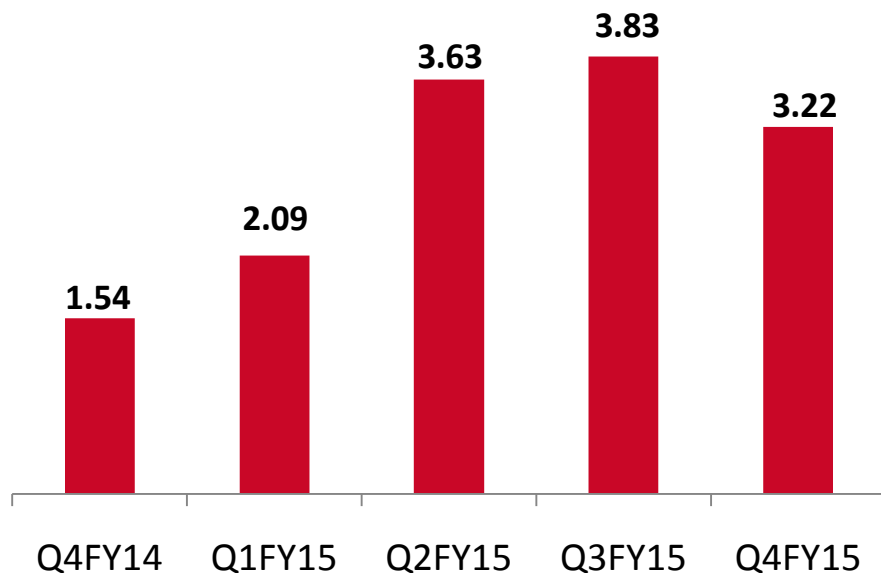




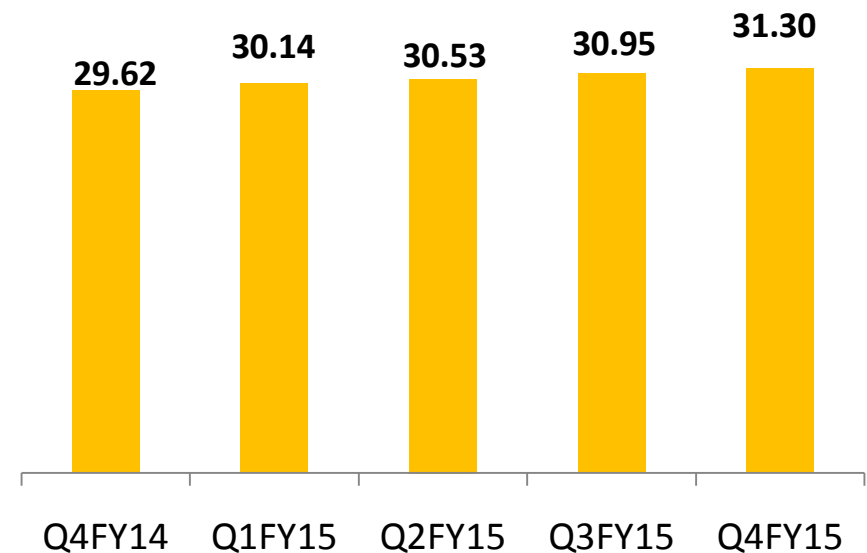
# EPS & BOOK VALUE PER SHARE

- Annualized EPS for the quarter is at Rs 3.22
- Company's book value per share is up to Rs 31.30

## Annualized EPS (Rs)



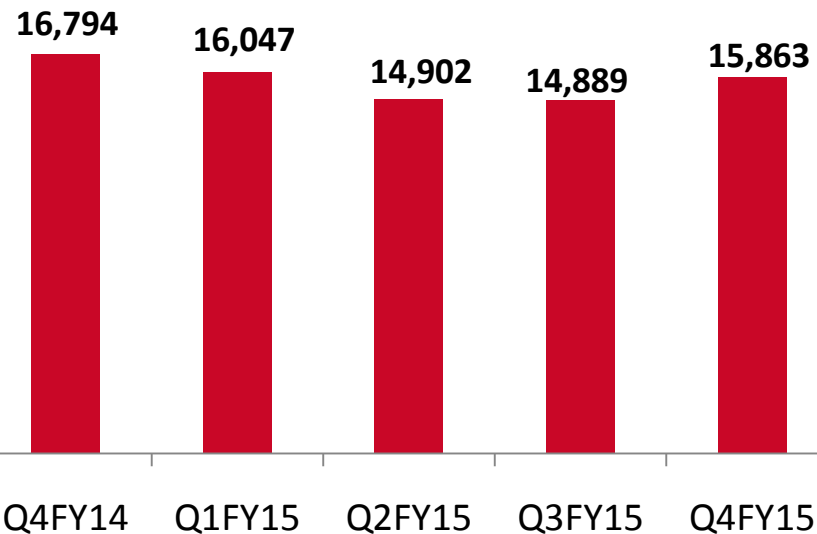
## Book Value per Share (Rs)



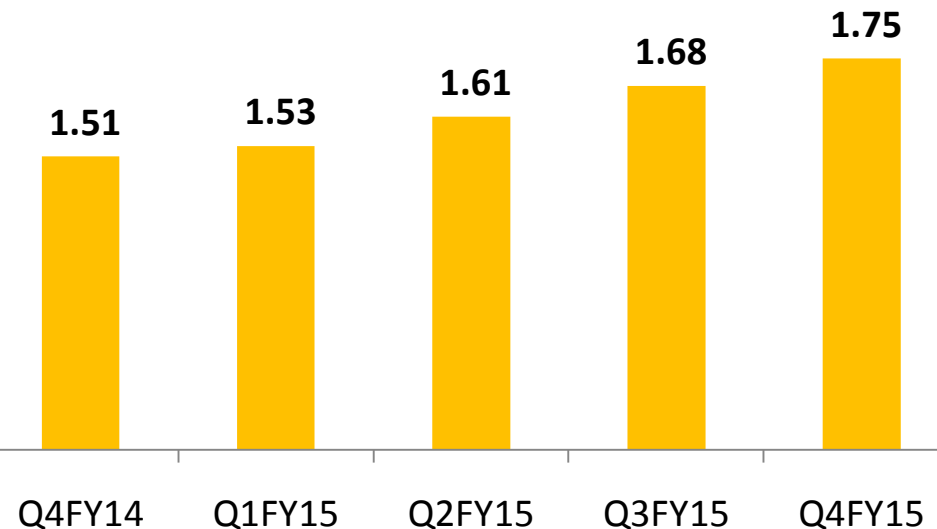
# BRANCHES AND CUSTOMERS

- Number of Employees increased to 15,863
- Number of live Gold Loan customers is 1.70 million – up by 4% q-q.
- Total Number of Gold Loan branches stable at 3,293

## Employees (Nos)



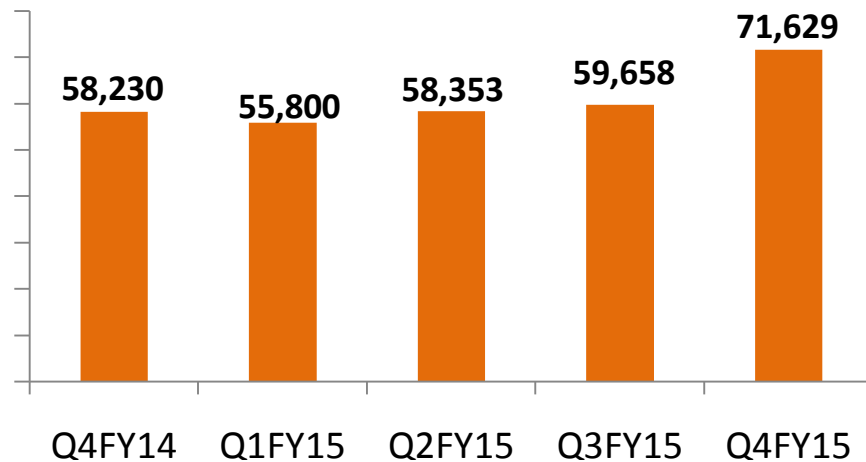
## No of Customers (mn)



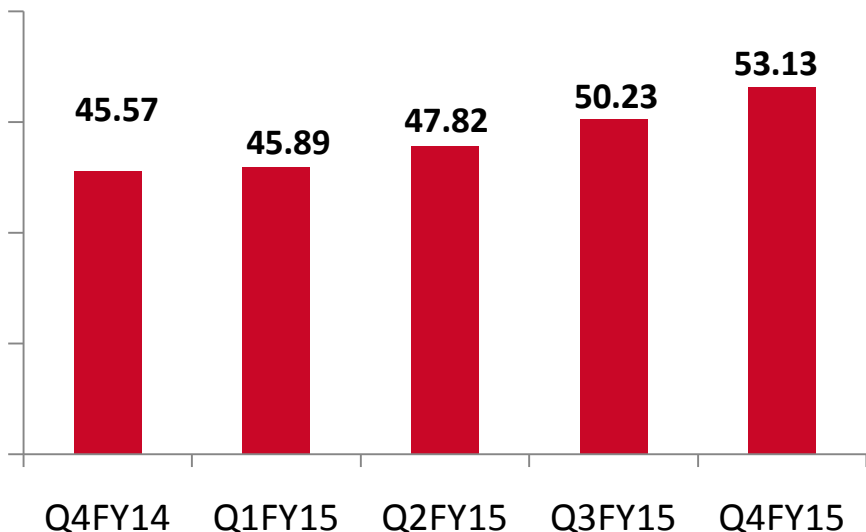
# GOLD HOLDING & AUM

- Disbursements in Q4 FY15 increased to Rs 71.63 bn
- Total AUM of Rs 92,693 mn – up 5.1% q-q
- The gold holdings increased to 53.13 tonnes – an increase of 5.8% q-q

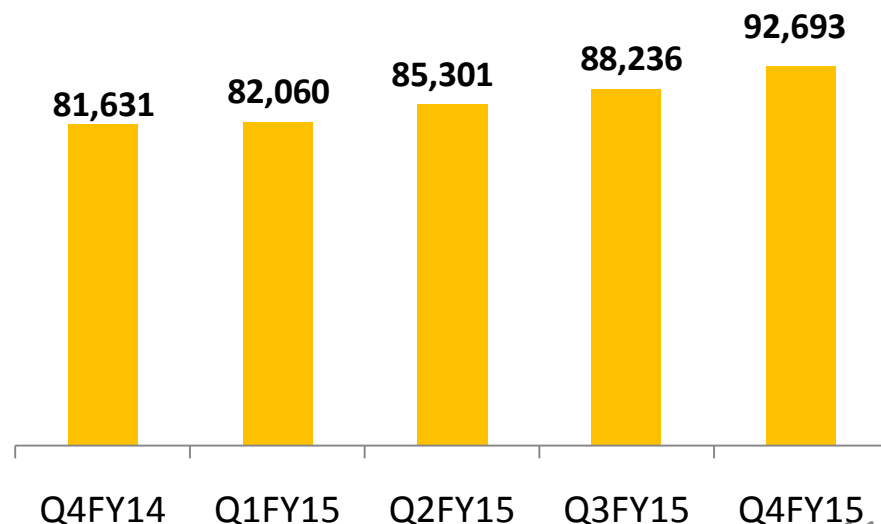
## Disbursement (mn)



## Gold Holding (tonnes)



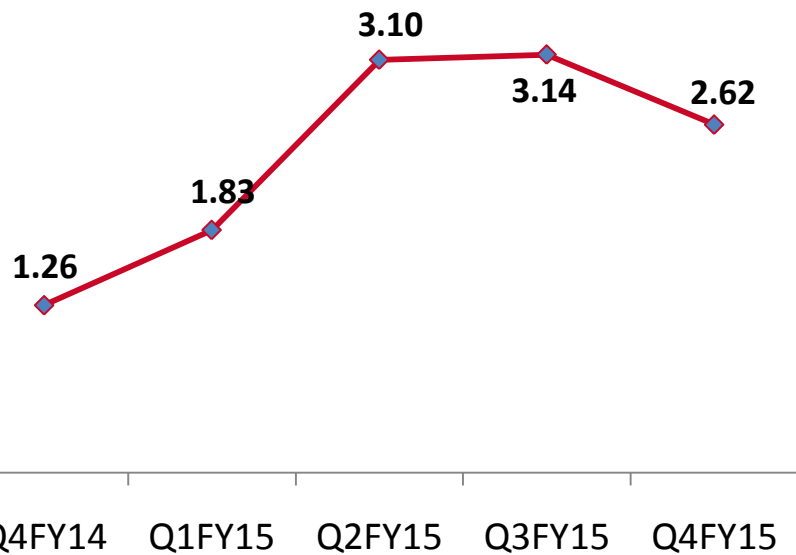
## AUM (mn)



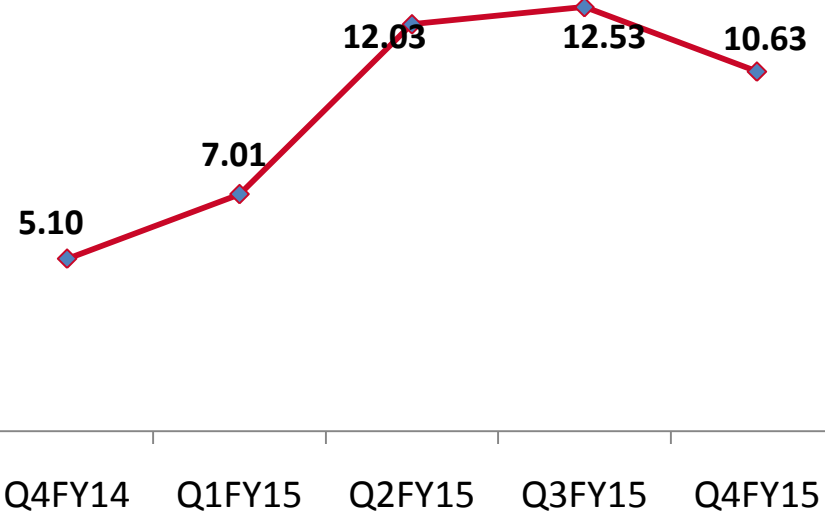
# ROA & ROE

- RoA & RoE has been decreased marginally in comparison with Q3FY15
- For Q4FY15 - RoA is 2.62% and RoE is 10.63%

## ROA (%)



## ROE (%)



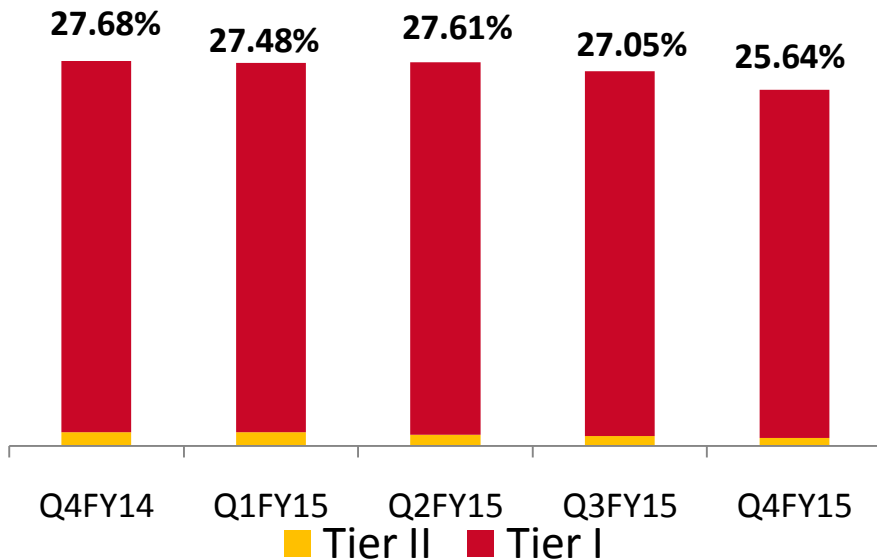
\* Quarterly Annualised

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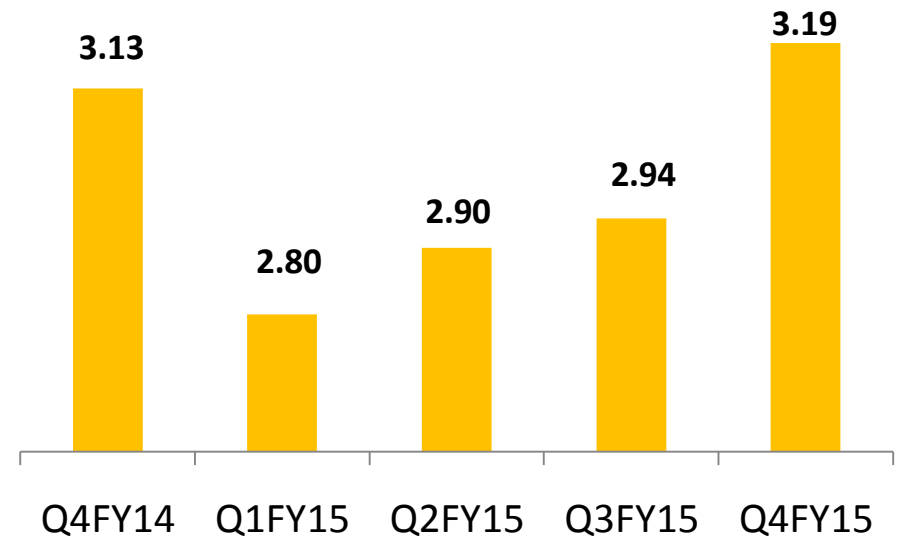
# CAPITAL ADEQUACY

- The total capital adequacy is healthy at 25.64% compared to the minimum 15% stipulate by RBI for gold loan companies
- The gearing levels are also comfortable at 3.19x leaving ample scope for increase in leverage.

## Capital Adequacy Tier I & Tier II



## Debt Equity Ratio (x)

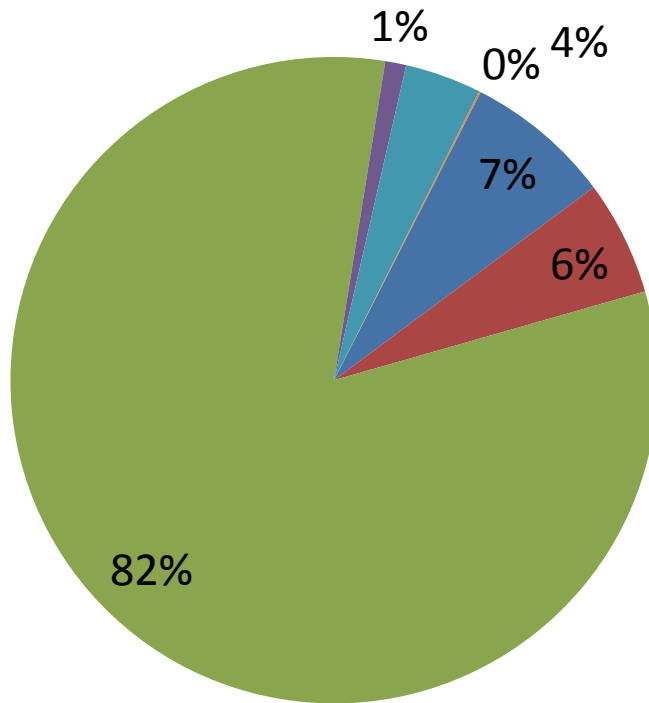


# NEW BUSINESSES

- Completed acquisition of Asirvad Microfinance Pvt. Ltd- closing AUM of Rs 322 Cr
- Mortgage and Commercial Vehicle finance businesses growing steadily - closing AUM of Rs 27.2 cr and Rs 15.4cr respectively
- Each new business has dedicated and operating teams with extensive and relevant industry experience
- New businesses expected to contribute upto 25% of total AUM in three years.

# LIABILITY MIX

Borrowings as on March 31, 2015 was Rs.86,320 million.

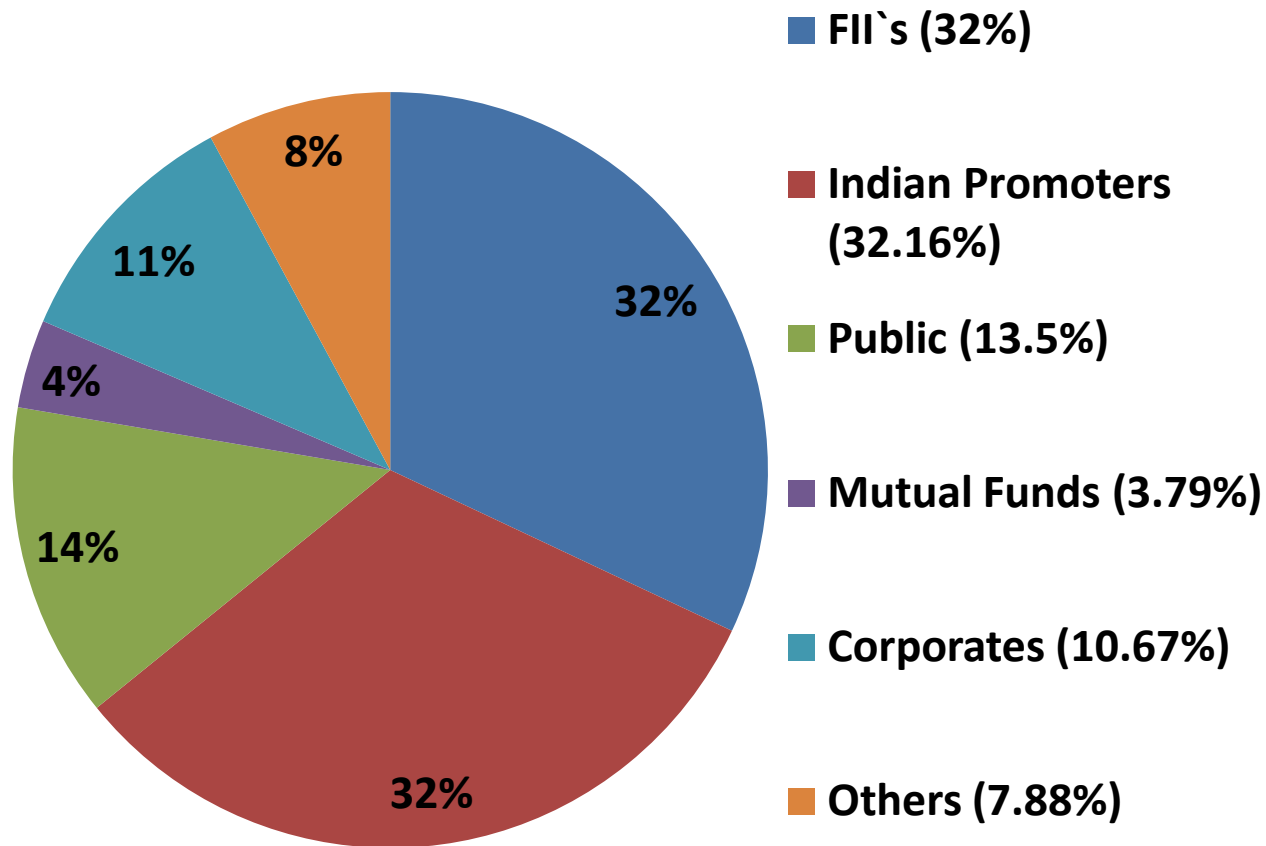


- NCDs Listed
- Bank Finance
- Subordinated Bond
- NCDs Unlisted
- Commercial Paper
- Others

Particulars	Amount (mn)
NCDs Listed	6,330
NCDs Unlisted	4,954
Bank Finance	70,754
Commercial Paper	906
Subordinated Bond	3,300
Others	75
<b>TOTAL</b>	<b>86,320</b>

# SHARE HOLDING PATTERN

Total Outstanding Share Capital as on 31<sup>st</sup> March, 2015 is Rs 1,682.4 Million (841.2 Million shares of Rs 2 each)

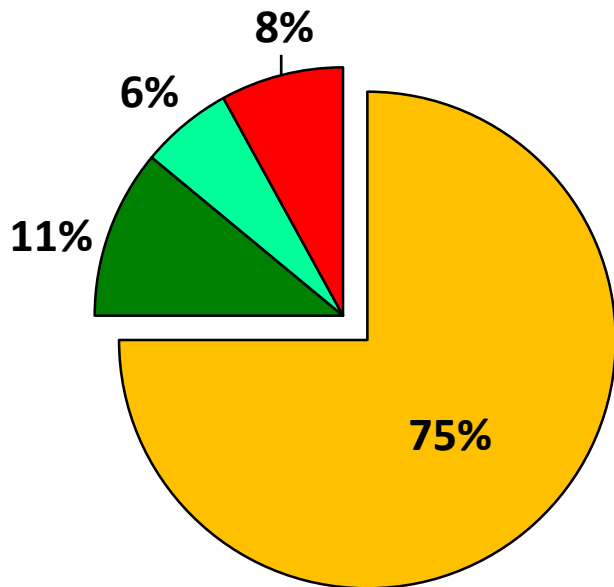




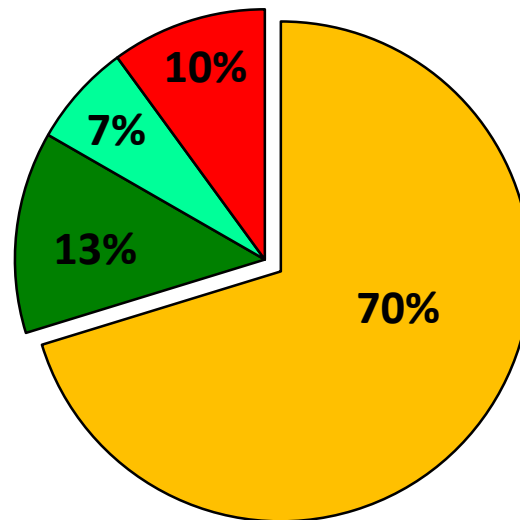
# Loan Portfolio Zone wise

Gold loan outstanding as of March 31, 2014 was Rs. 92,244 million.

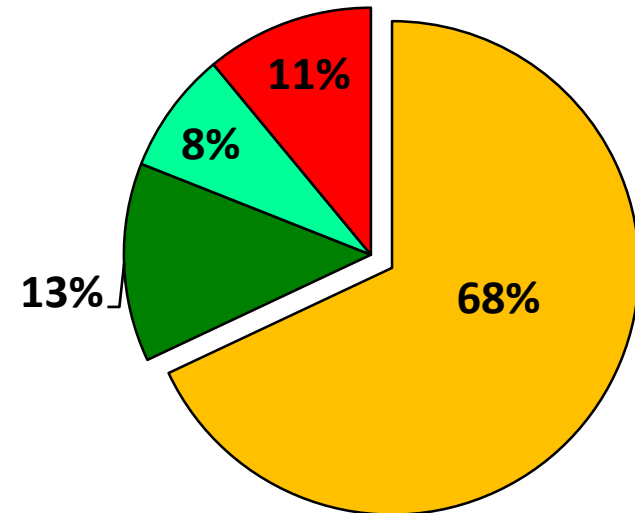
**As on 31.03.13**  
**GL OS – Rs. 99,300 million**



**As on 31.03.14**  
**GL OS – Rs. 81,552 million**



**As on 31.03.15**  
**GL OS – Rs. 92,244 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. 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 24 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.

# SENIOR MANAGEMENT TEAM



**Mr. Somasajeevan TK**  
*EVP - HR*

- Industry experience of over 25 years
- Worked with leading Indian and multinational organizations such as Polaris, Mcdonalds.



**Mr. Arun Raman**  
*EVP – Head Operations*

- Industry experience of over 21years
- Holds Bachelor of Engineering in Computer Science and MBA from IIM
- Worked with AHLI Bank, ICICI Bank, HSBC, CITI Bank, SBI Capital Markets and Emirates Bank group



**Mr. Mohan Vizhakat**  
*Chief Technology officer*

- Holds a masters degree in Information Technology
- Has been associated with the Govt. of India and leading business groups and companies in India and Middle East in the field of Information Technology.

# SENIOR MANAGEMENT TEAM



- Holds masters degree in commerce
- Has 23 years of experience with leading finance companies such as LIC Housing Finance Ltd., TATA Home Finance Ltd., IDBI Home Finance, etc.

**Mr. Alope Ghosal**  
*CEO – Housing Finance*



- Industry Experience of over 27 years reputed Banks and Corporations in the functional area of Retail banking, Trade Finance, working Capital funding and Micro Credit lending
- Worked with leading organizations such as SMILE Microfinance, Belstar, SIDBI, HSBC and UBI.

**Mr. R Raghavender Anand**  
*National Head – Micro  
finance*



- Experience of over 19 years in the area of Business Development, Credit & Risk and Profit Centre operations
- Worked with leading organizations such as Fullerton, HDFC, Indiabulls, and Citicorp Finance.

**Mr. K Senthil Kumar**  
*National Head – Commercial  
Vehicle finance*

# 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
- Pledges frequently checked by an internal audit team at 45 day to confirm quality and quantity of gold, KYC and other documents

## Prevention of Fraud

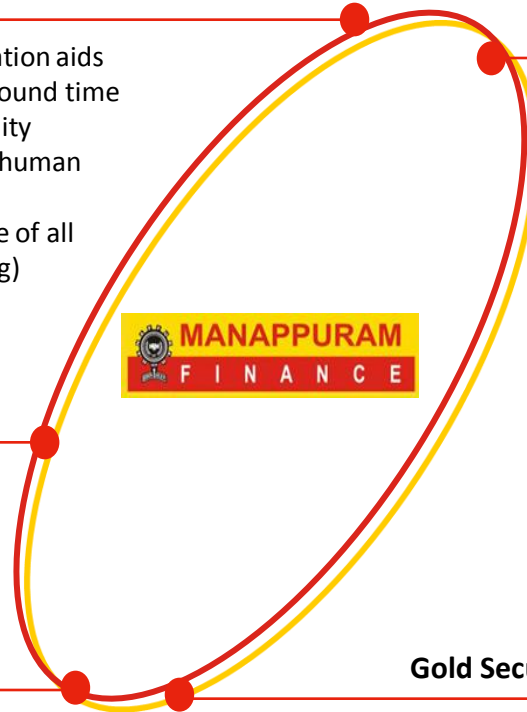
- Strict KYC compliance
- Employee profiling, Employee tracking and regular rotation of staff across departments and branches

## Asset Evaluation & Appraisal Risk

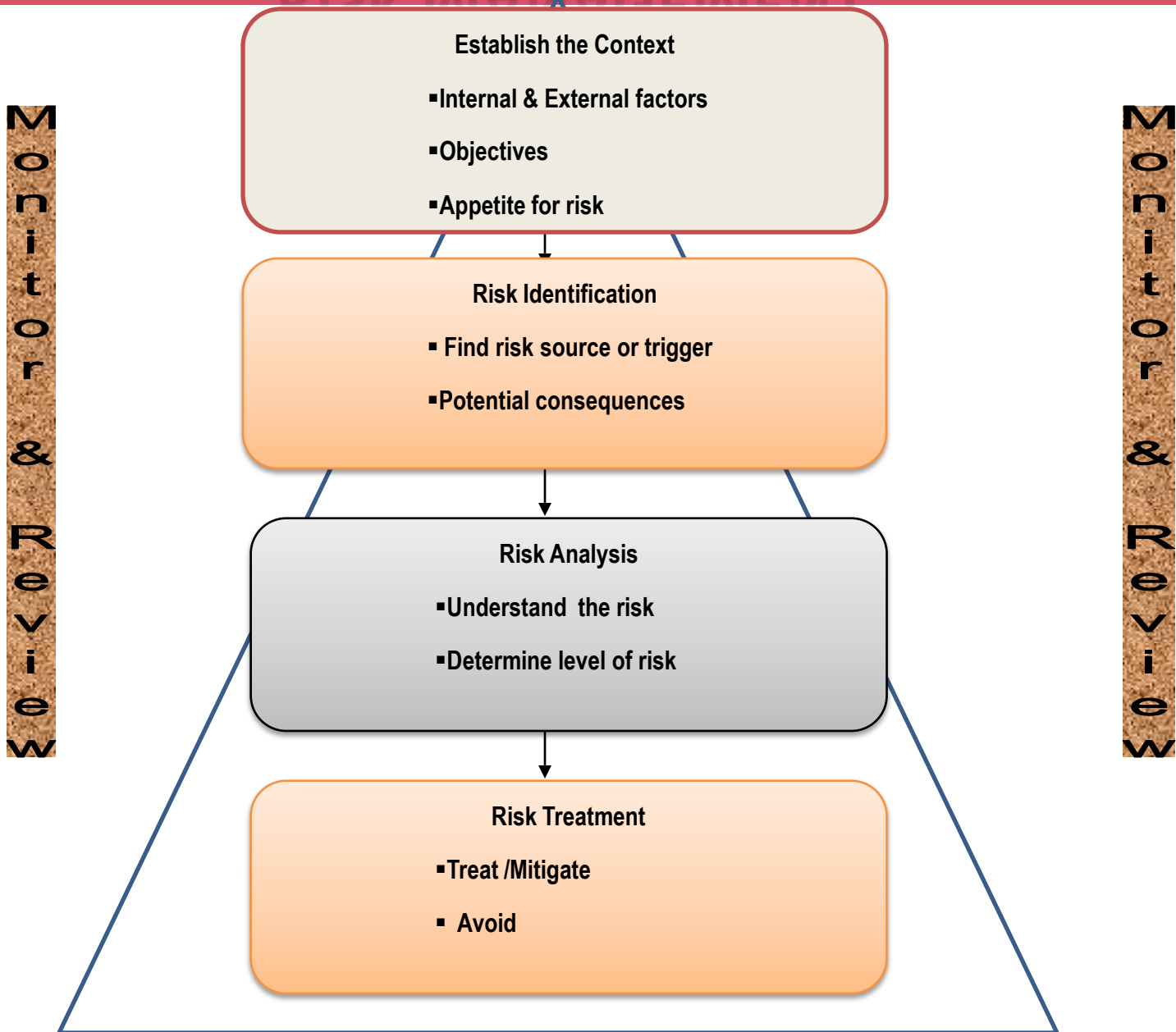
- Decades of experience provide a competitive advantage in terms of ability to evaluate the gold
- Only household used jewellery encouraged as security (emotional factor is key)
- Employees are regularly trained in gold appraisal methods
- Several tests for checking spurious gold including touchstone 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



# RISK MANAGEMENT

Appraisal



Alert Verifications



Routine Inspections



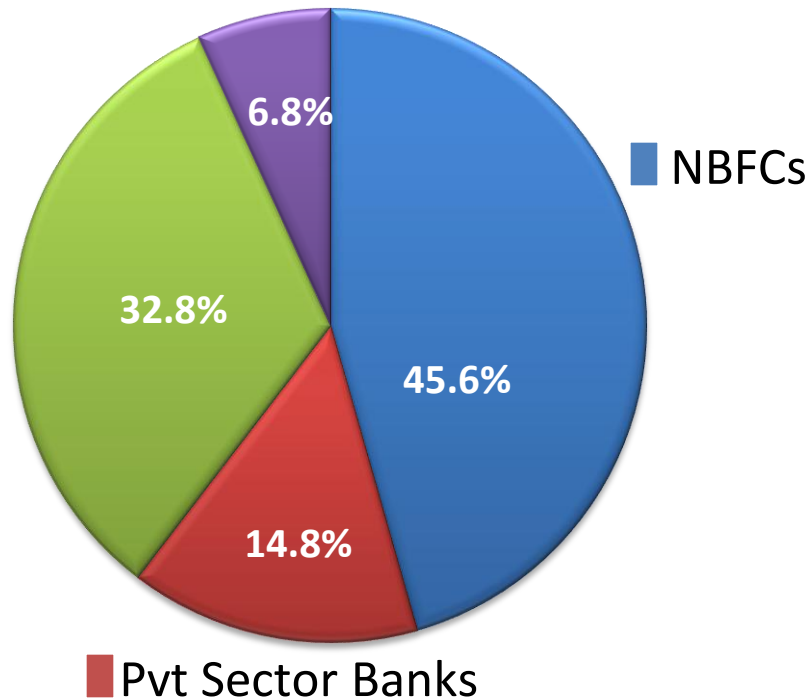
Vigilance

- **Post Sanction drilldown** – Risk prone loans are identified under different parameters and alerting for early detection.
- **Risk based classification of loans and customers**- Customers and Loans are classified in different risk buckets considering risk factors like profession, track record, lending rate, nature of collateral, current performance etc.
- **Regulatory Risk – KYC & AML** - Continuous check of regulatory guidelines, system controls, spreading awareness etc.
- **Loan Policy (Customer Profiling; Credit Check)** – High Value customers are profiled to confirm address, profession, reference check, credit worthiness etc.
- **Portfolio Monitoring** – Periodical analysis of portfolio performance in respect of interest servicing, collateral coverage, credit concentration, possible delinquencies etc.
- **Periodic Audit and Inspection** – Inspection for entire gold inventory at 45 day interval to confirm quality and quantity of gold, KYC and other documents etc.
- **Security** – Robust physical and electronic securities are put in place after factoring risk perception viz., branch location, business level, instances of uncertain events etc.

# GOLD LOANS: NBFCS RETAIN NICHE POSITIONING

## Share of Organized Market(%)

■ Co operative 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

Source: IMAcS





**Make Life Easy**

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