Ref: Sec/SE/ 422 /16-17
10th August 2016

Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

National Stock Exchange of India Limited
5th Floor, Exchange Plaza
Bandra (East) ,
Mumbai – 400 051

Dear Sir/Madam,

Sub: Presentation on Financial Results made by the company
Ref: Our Letter No.Sec/SE/ 414 /16-17 dated 08th August 2016

Pursuant to Regulation 30(6) read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we are attaching herewith the presentation on financial results made on 09th August 2016 by the company to analyst or Institutional investors .

Request you to kindly take the same on your record.

Thanking you,
Yours Faithfully,

For Manappuram Finance Limited

Ramesh Periasamy
Company Secretary

MANAPPURAM FINANCE LIMITED

INVESTOR PRESENTATION
AUG 2016

GOLD LOAN
(LOAN AGAINST
GOLD)

MICROFINANCE

MORTGAGE &
HOUSING
FINANCE

MANAPPURAM
FINANCE LIMITED

MANAPPURAM FINANCE LIMITED
INVESTOR PRESENTATION
AUG 2016

DISCUSSION SUMMARY

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

DISCUSSION SUMMARY

- **QUARTERLY UPDATE**
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- **INDUSTRY OVERVIEW**
- **ANNEXURE**

QUARTERLY UPDATE:
Q1 FY17 - KEY RESULT HIGHLIGHTS

MANAPPURAM FINANCE LIMITED

- Closing AUM at Rs 130 bn up 13.8% q-q
- Net profit up by 22.7 % q-q at Rs 1,603.4 mn
- ROA at 4.69% and Spread at 15.91%
- EPS of Rs 7.6 per share, NAV per share Rs 34.7
- High capital adequacy of 22.3% (Tier 1 – 21.8%)
- Long term rating upgraded to AA- by CRISIL and ICRA
- Moved to 90 days NPA recognition. Standard Assets provision at 0.4

FINANCIAL DETAILS:
CONSOLIDATED PROFIT & LOSS STATEMENT

MANAPPURAM FINANCE LIMITED

Particulars (In Rs Mn)	Q1FY17	Q1FY16	YOY %	Q4FY16	QOQ %	FY16
Closing AUM (Rs in bn)	**130**	**101**	*28.8%*	**114**	*13.8%*	**114**
Interest income	7,433.4	5,376.1	*38.3%*	6,503.2	*14.3%*	23,490
Other Operating Income	27.9	14.3	*95.0%*	21.5	*29.5%*	112.7
Income from Operations	**7,461.3**	**5,390.4**	*38.4%*	**6,524.7**	*14.4%*	**23,602.3**
Finance expenses	2,649.5	2,360.6	*12.2%*	2,357.8	*12.4%*	9,473.9
Net interest income	**4,811.8**	**3,029.8**	*58.8%*	**4,166.9**	*15.5%*	**14,128.4**
Employee expenses	1,206.5	1,019.9	*18.3%*	1,115.0	*8.2%*	4,326.8
Other operating expenses	988.5	986.7	*0.2%*	965.4	*2.4%*	4,030.4
Pre provision profit	**2,616.8**	**1,023.2**	*155.7%*	**2,086.5**	*25.4%*	**5,771.2**
Provisions/Bad debts	159.0	123.6	*28.7%*	127.5	*24.6%*	423.4
Other Income	46.6	19.2	*143.2%*	30.8	*51.6%*	135.9
Profit before Tax	**2,504.5**	**918.8**	*172.6%*	**1,989.7**	*25.9%*	**5,483.8**
Tax	891.2	320.7	*177.9%*	684.0	*30.3%*	1,932.3
PAT before Minority Interest	**1,613.3**	**598.1**	*169.7%*	**1,305.8**	*23.5%*	**3,551.5**
Minority Interest	9.9	5.1	*91.6%*	(1.2)	*-934.7%*	17.9
PAT	**1,603.4**	**593.0**	*170.4%*	**1,307.0**	*22.7%*	**3,533.6**

FINANCIAL DETAILS:
CONSOLIDATED BALANCE SHEET

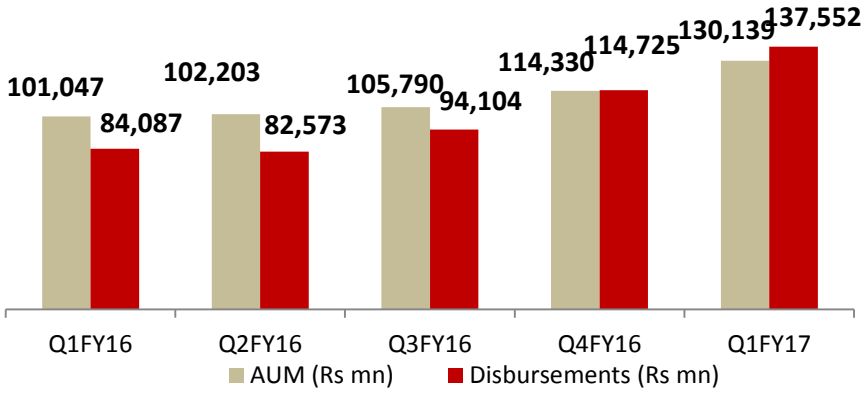
MANAPPURAM FINANCE LIMITED

Particulars (In Rs Mn)	Q1FY17	Q1FY16	YOY %	Q4FY16	QOQ %
Cash & Bank Balances	7,696.5	8,489.0	*-9.3%*	6,044.8	*27.3%*
Investments	50.6	535.2	*-90.5%*	490.6	*-89.7%*
Loans & Advances	129,638.1	101,320.1	*27.9%*	113,853.0	*13.9%*
Fixed Assets	1,921.3	1,760.9	*9.1%*	1,947.7	*-1.4%*
Other Assets	5,568.5	7,169.7	*-22.3%*	6,055.5	*-8.0%*
Total Assets	**144,874.9**	**119,275.1**	***21.5%***	**128,391.5**	***12.8%***
Share Capital	1,682.7	1,682.4	*0.0%*	1,682.4	*0.0%*
Reserves & Surplus	27,499.6	24,784.3	*11.0%*	25,898.0	*6.2%*
Borrowings	110,783.7	89,052.9	*24.4%*	96,379.3	*14.9%*
Other Liabilities & Provisions	4,687.0	3,549.9	*32.0%*	4,219.9	*11.1%*
Minority Interest	221.9	155.6	*42.6%*	212.0	*4.6%*
Preference Share Capital of Minority Interest	0.0	50.0	*-100.0%*	0.0	*-100.0%*
Total Liabilities	**144,874.9**	**119,275.1**	***21.5%***	**128,391.5**	***12.8%***

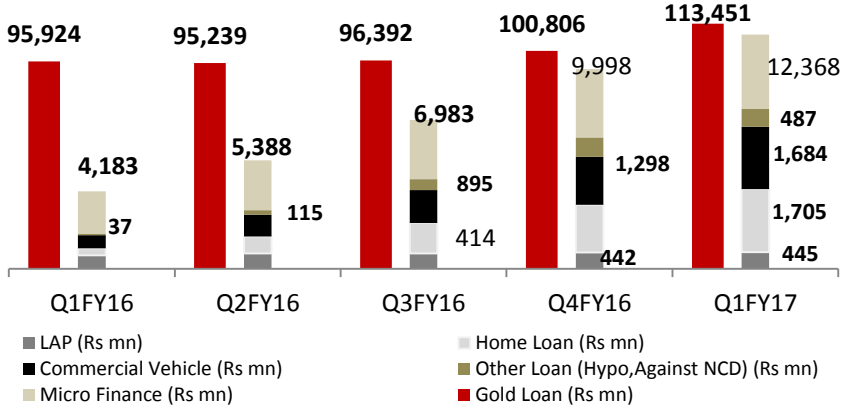
RESULT ANALYSIS:
AUM UPDATE

MANAPPURAM FINANCE LIMITED

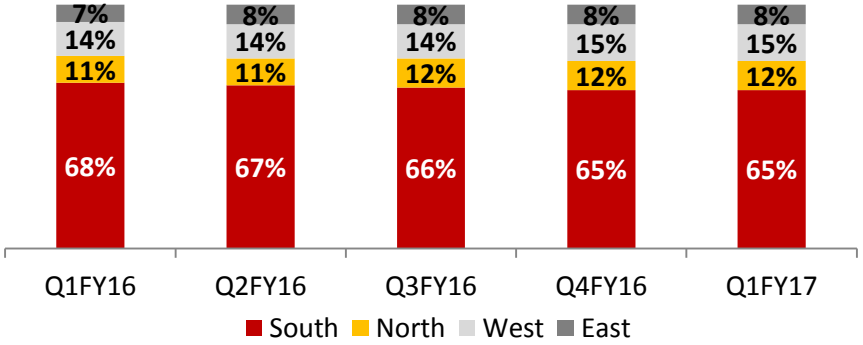
Consolidated AUM



AUM Break-up Product Wise



AUM Break-up Asset Region Wise



AUM Break-up Asset Region Wise

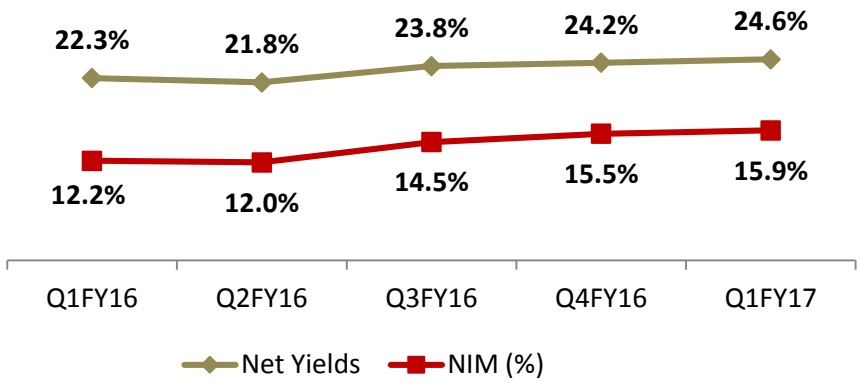
Key Highlights :

- **Our Total AUM is at Rs 130,139 mn, increase of 13.8% QoQ.**
- **Share of new business at 11.0% of consolidated AUM.**

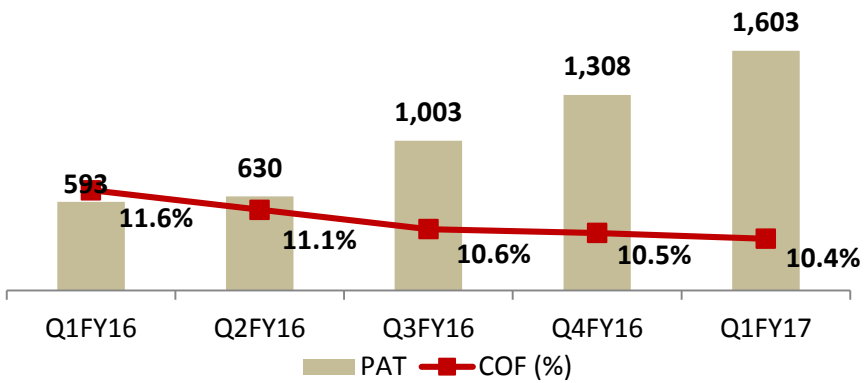
RESULT ANALYSIS: PROFITABILITY ANALYSIS

MANAPPURAM FINANCE LIMITED

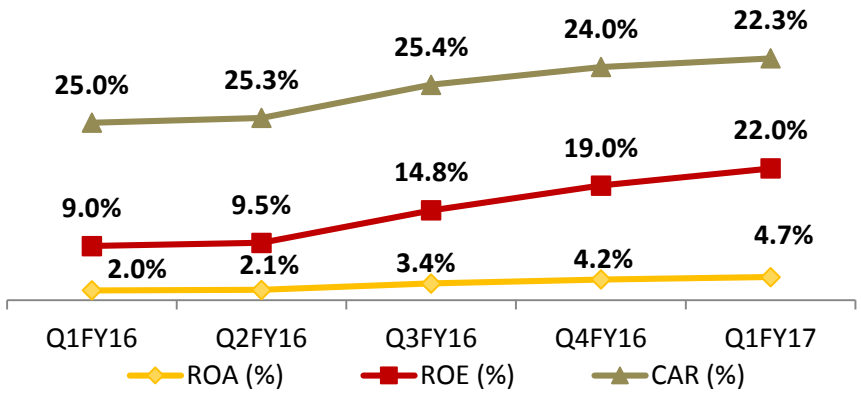
Yields & Spread Analysis



Cost of Funds & Profitability Analysis



Return Ratios & Capital Adequacy



Highlights For the Quarter

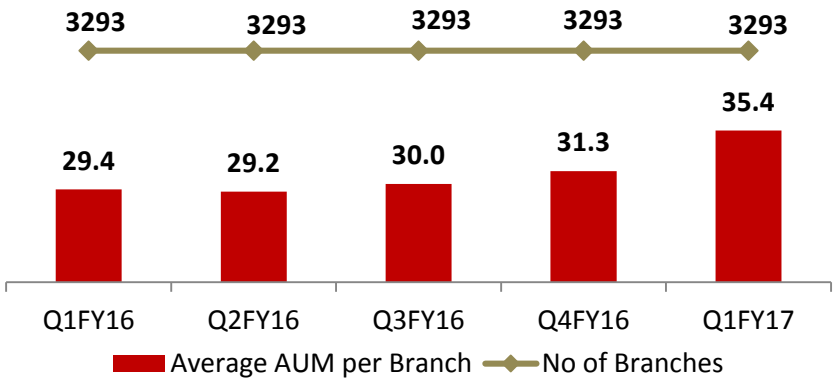
Key Highlights :

- **Cost of funds declined further 10 bps q-q to 10.3% due to raising of lower cost funds from banks and mutual funds.**
- **Capital Adequacy is healthy at 22.3% (Tier 1 - 21.9%) compared to the minimum 15.0% stipulated by RBI for gold loan companies.**

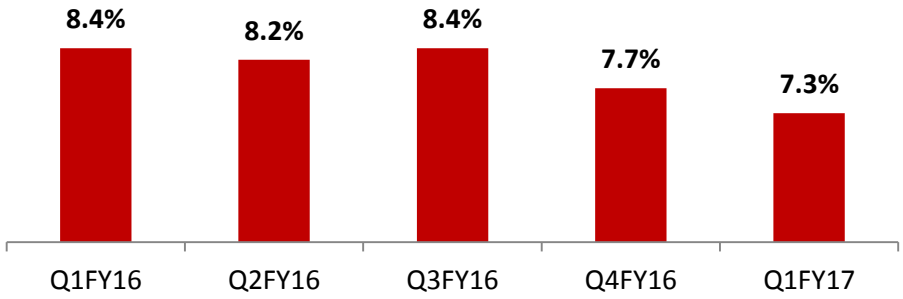
RESULT ANALYSIS:
OPERATIONAL ANALYSIS

MANAPPURAM FINANCE LIMITED

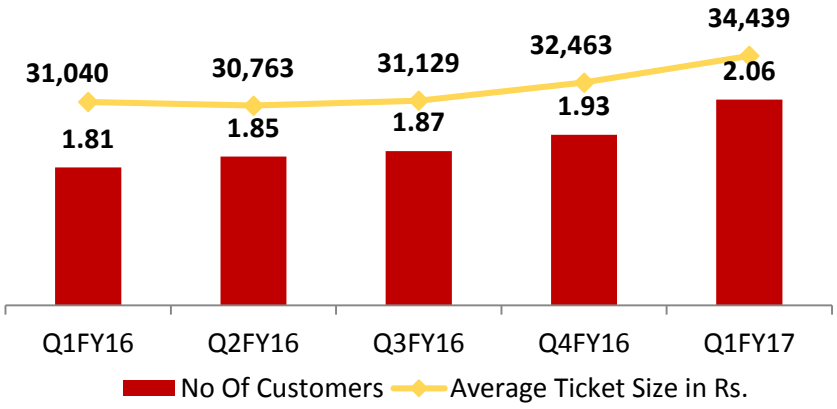
Productivity (Rs mn)



Opex to AUM (%)



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



Highlights For the Quarter

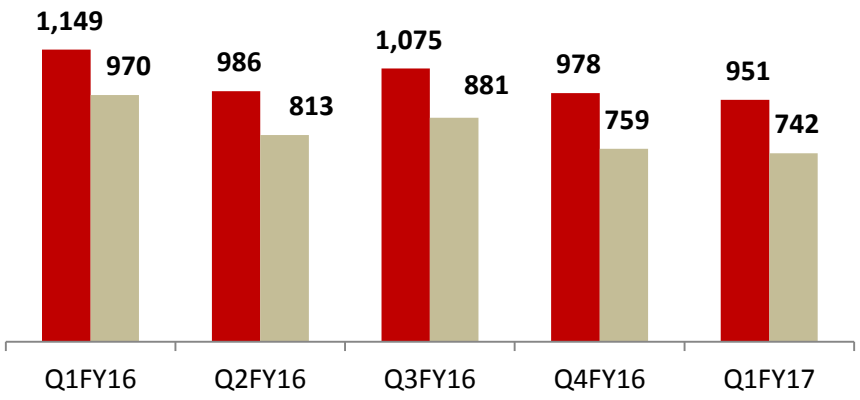
Key Highlights :

- **Number of live gold loan customers is 2.06 million – up by 6.7% q-q**
- **Total number of gold loan branches stable at 3,293**
- **Average AUM/branch increased to Rs 35.4 mn.**

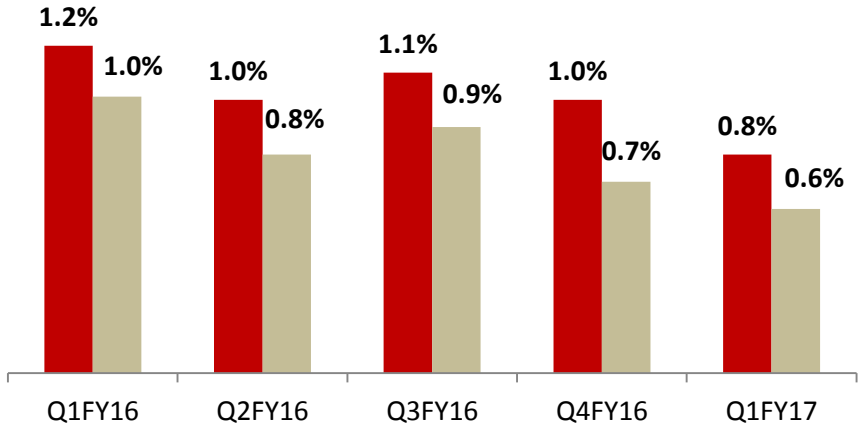
RESULT ANALYSIS:
ASSET QUALITY UPDATE

MANAPPURAM FINANCE LIMITED

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



Gross & Net NPA %



Highlights For the Quarter

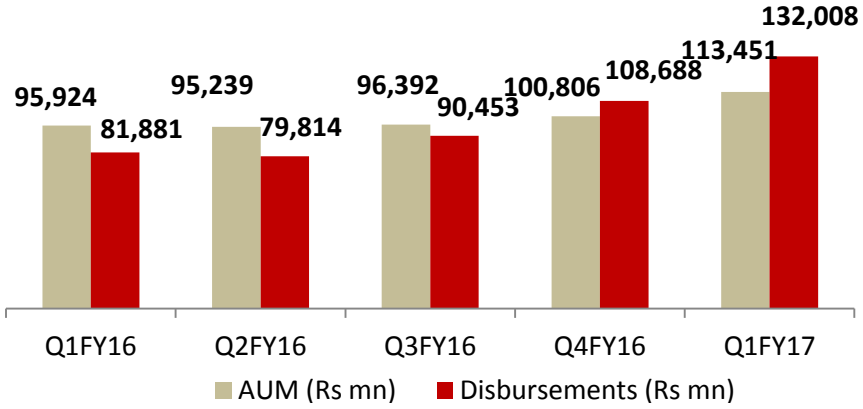
Key Highlights :

- Gross NPAs falls below 1.0% of AUM in Q1 FY16 despite shift to recognition at 90 days instead of 120 days as per RBI norms.
- NPAs on account of theft, spurious collateral etc. are only 0.10% of AUM.

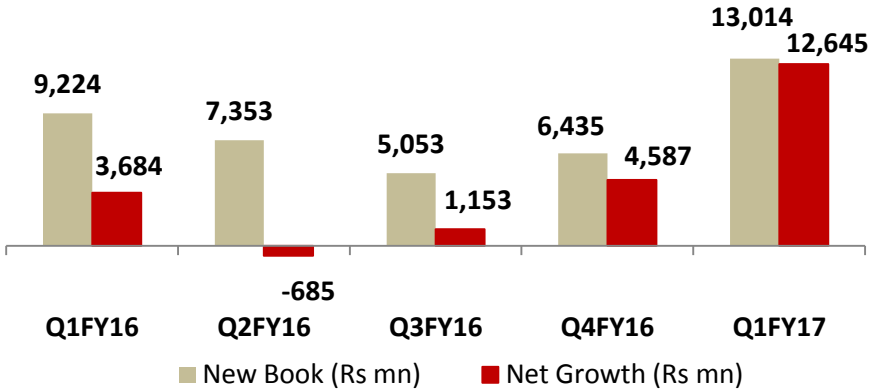
SEGMENT WISE UPDATE:
GOLD BUSINESS - AUM GROWTH ANALYSIS

MANAPPURAM FINANCE LIMITED

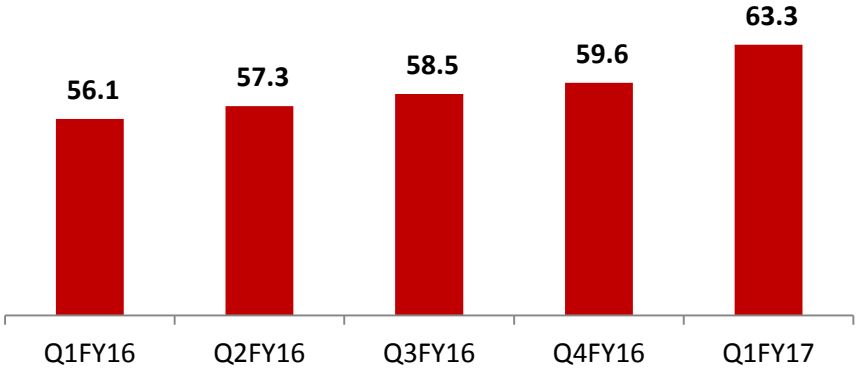
Gold Business - AUM & Disbursements



Net Growth



Gold Holding (tonnes)



Highlights For the Quarter

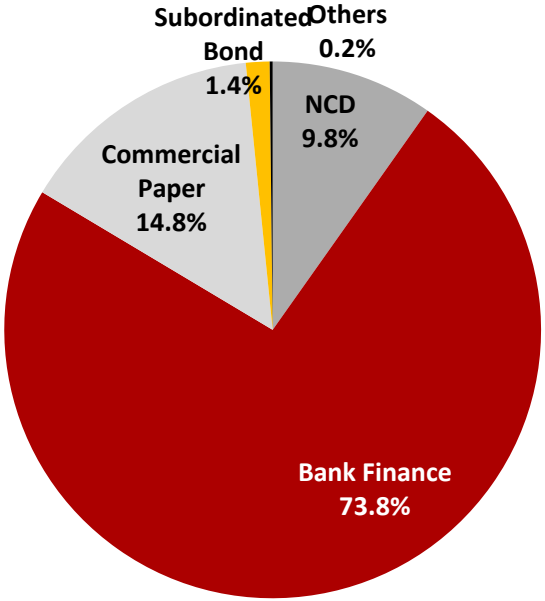
Key Highlights :

- Disbursements in Q1 FY17 is Rs 132,008 mn
- Gold Loan AUM of Rs 113,451 mn
- Gold holdings at 63.3 tonnes – an increase of 6.7% q-o-q and 13.8% y-y indicating that growth is driven by volume increase

QUARTERLY UPDATE: LIABILITY MIX

MANAPPURAM FINANCE LIMITED

Borrowings as on June 30, 2016



Sources of Funds	Amount (Rs Mn)
NCD	10,853
Bank Finance	81,729
Commercial Paper	16,429
Subordinated Bond	1,578
Others	195
Total	110,784

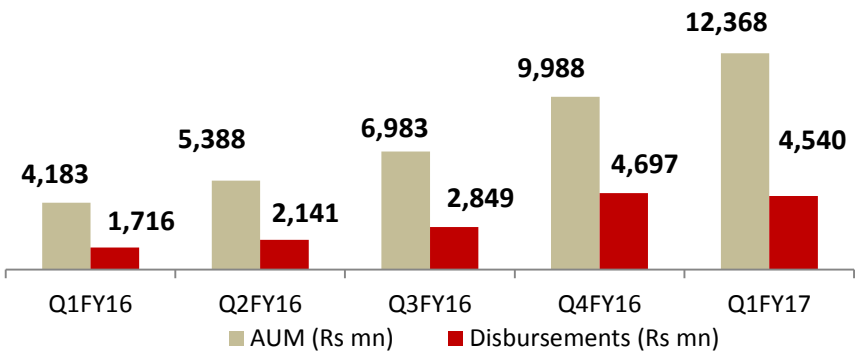
Credit Rating

Credit rating history of 20 years (has investment grade rating since 1995)

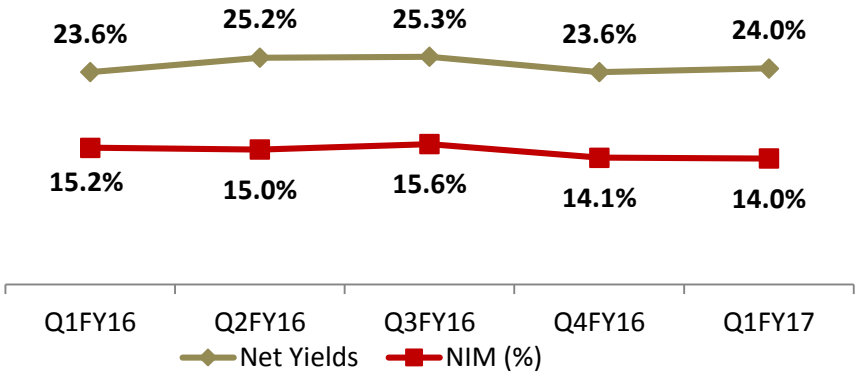
Long-term Debt Programme	
CRISIL,CARE,ICRA	AA- (Stable)
Short-term Debt Raising Programme	
CRISIL,ICRA	A1+

SUBSIDIARY INFORMATION:
ASHIRWAD MICROFINANCE – Q1 FY17 RESULT HIGHLIGHTS

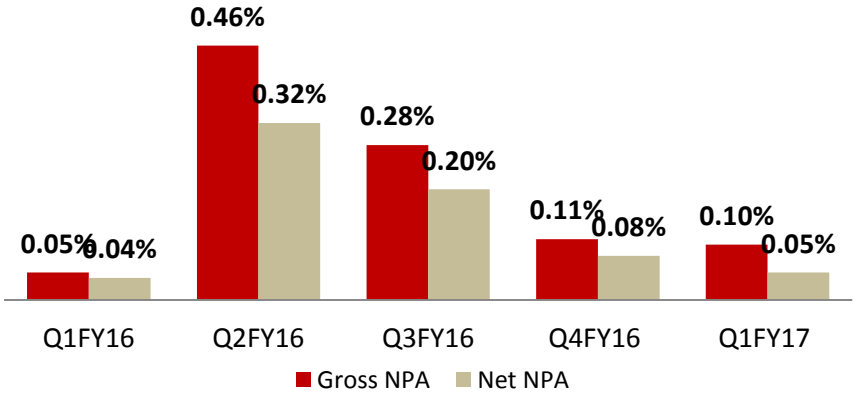
AUM



Yields & Spread Analysis



Gross & Net NPA %



Highlights For the Quarter

Key Highlights :

- Disbursements in Q1 FY16 is Rs 4,540 mn
- Microfinance AUM of Rs 12,368 mn

ASIRVAD MICROFINANCE PRIVATE LTD.
Subsidiary of MANAPPURAM FINANCE LTD.

SUBSIDIARY INFORMATION: ASHIRWAD MICROFINANCE – Q1 FY17 RESULT HIGHLIGHTS

MANAPPURAM FINANCE LIMITED

Particulars (In Rs Mn)	Q1FY17	Q1FY16	YOY %	Q4FY16	QOQ %	FY16
Income from Operations	**659.20**	**225.10**	***192.8%***	**513.40**	***28.4%***	**1,560.9**
Finance expenses	286.60	**50.80**	*464.2%*	241.90	*18.5%*	675.0
Net interest income	**372.60**	**174.30**	*113.8%*	**271.50**	*37.2%*	**885.9**
Employee expenses	119.50	**39.00**	*206.4%*	85.30	*40.1%*	265.3
Other operating expenses	62.40	**22.90**	*172.5%*	56.90	*9.7%*	257.9
Pre provision profit	**151.90**	**55.00**	***176.2%***	**120.10**	***26.5%***	**362.7**
Provisions/Bad debts	23.00	**12.20**	*88.5%*	39.20	*-41.3%*	123.1
PAT	**128.90**	**42.80**	***201.2%***	**80.90**	***59.3%***	**239.6**

Particulars (In Rs Mn)	Q1 FY17	Q1 FY16	YOY%	Q4 FY16	QOQ %
Closing AUM	12,368.00	4,183.00	*195.7%*	9,988.00	*23.8%*
Borrowings	9,352.00	3,393.67	*175.6%*	7,674.00	*21.9%*
Net Worth	2,429.00	1,145.56	*112.0%*	2,300.00	*5.6%*

Particulars	Q1FY17
Capital Adequacy (%)	20.0%
ROA (%)	4.5%
ROE (%)	21.2%
Average Ticket Size (Rs Lacs)	0.2
No. of Customers (Lacs)	6.2

DISCUSSION SUMMARY

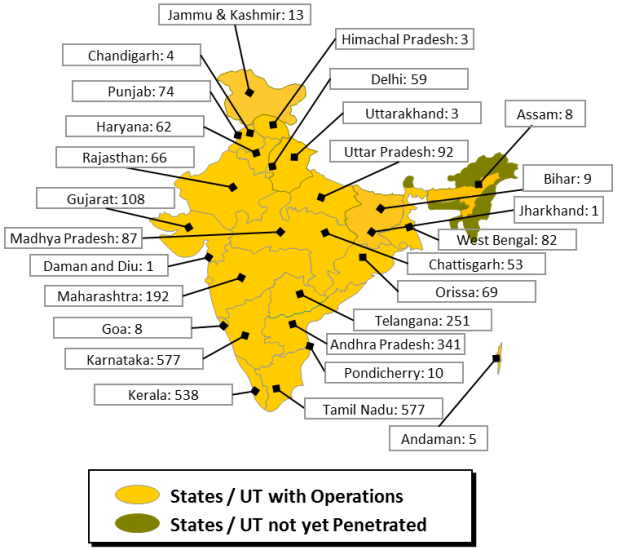
- QUARTERLY UPDATE
- ABOUT US – COMPANY OVERVIEW
- UNDERSTANDING OUR EVOLUTION
- BUSINESS STRATEGY INITIATIVES
- INDUSTRY OVERVIEW
- ANNEXURE

COMPANY OVERVIEW: BRIEF OVERVIEW

MANAPPURAM FINANCE LIMITED

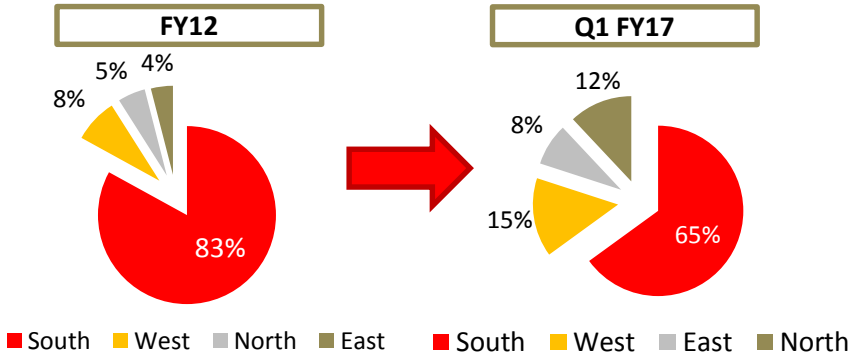
STRONG PEDIGREE	▪ Incorporated in 1992, the company has been one of India's leading gold loans NBFCs. ▪ Promoted by Mr. V.P. Nandakumar (current MD & CEO) whose family has been involved in gold loans since 1949.
BUSINESS OVERVIEW	▪ One of the largest listed players in the gold loan business with an AUM of Rs 1,13,451 mn as of June 2016. ▪ Established pan-India presence, with a strong distribution network of 3,588 branches spread across 23 states and 4 union territories, with a live customer base of ~2.06 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 1,30,139 mn in Q1FY17. ▪ Disbursements have grown from Rs 84,087 mn in Q1FY16 to Rs 1,37,552 mn in Q1FY17. ▪ Capital Adequacy Ratio in Q1FY17 stood at 22.3%. ▪ Asset Quality**:** Gross NPA's – 0.8% & Net NPA's –0.6% in Q1FY17. ▪ Total Income from Operations, Net Interest Income and PAT in Q1FY17 are Rs 7,461 mn, Rs 4,812 mn & Rs 1,603 mn respectively. Return ratios: ROA – 4.7% in Q1FY17, ROE – 21.98% in Q1FY17.
HIGH CORPORATE GOVERGANCE 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 Governer of RBI, Ex-Chairman of HDFC Bank, BSE & UTI.

COMPANY OVERVIEW:
PAN INDIA PRESENCE & DISTRIBUTION NETWORK

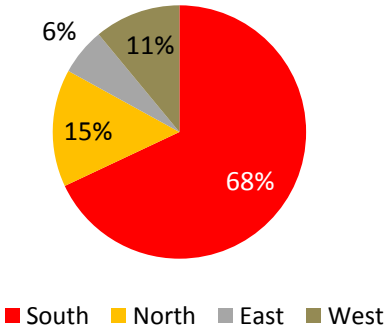


- **Extensive Pan India presence through 3,293 branches spread across 23 States and 4 Union territories in India.**
- **Strong Presence in Rural & Semi Urban markets as more than 60% of the Gold is held in Rural India.**
- **Focus on diversified presence across India, South Region now constitutes 68% 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.**

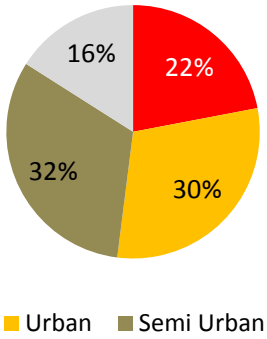
AUM Break-up Evolving Into A More Pan India Player



Region Wise Branch Network

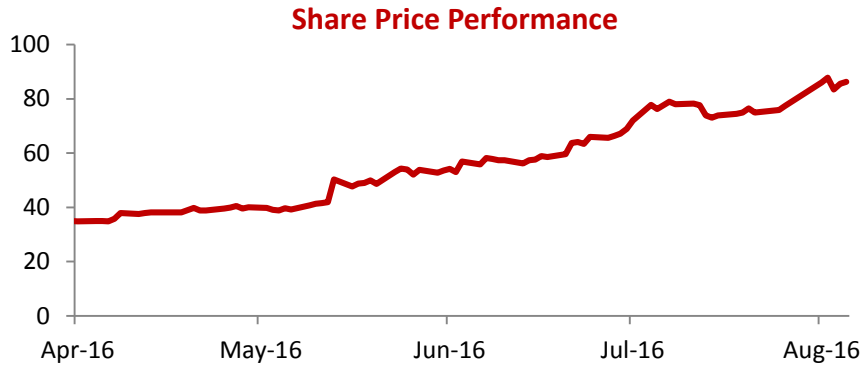


Rural Urban Mix



COMPANY OVERVIEW: SHAREHOLDING SUMMARY

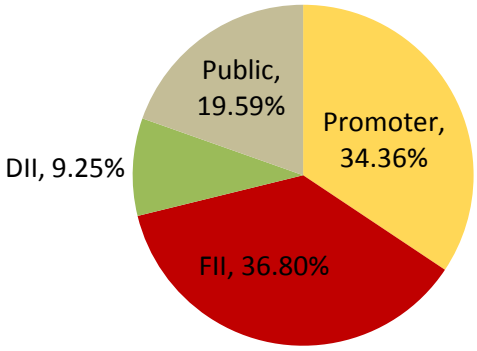
MANAPPURAM FINANCE LIMITED



Market Data	As on 05.08.2016
Market Capitalization (Rs mn)	72,564.84
Price (Rs)	86.25
No. of Shares Outstanding (mn)	841.3
Face Value (Rs)	2.0
Avg. Trading Volume (Rs mn)	367.67
Avg. Trading Volume (mn shares)	5.85
52 Week High-Low (Rs)	87.85-19.8

Source – BSE

% Shareholding – June 2016



Source – Company

Key Institutional Investors at June 16	% Holding
Baring India Private Equity Fund	12.57%
Goldman Sachs (Singapore)	1.03%
WF Asian Reconnaissance Fund Ltd	4.53%
Ashish Dhawan	2.91%
DSP Blackrock Microcap Fund	3.06%
Morgan Stanley Asia (Singapore)	1.97%
Meryll Lynch Capital Markets	1.21%
BRIC II Mauritius Trading	1.54%
Mousseganesh Ltd	1.32%

Source – BSE, Bloomberg

COMPANY OVERVIEW:
EXPERIENCED MANAGEMENT TEAM

MANAPPURAM FINANCE LIMITED

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. Aloke 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. Romin Farooq
CEO – Insurance

- Over 20 years experience in Business Administration, Business Development, Claims and Key Management

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

MANAPPURAM FINANCE LIMITED

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.
Mr. 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 Pradeep Saxena **NOMINEE DIRECTOR**	▪ He is a Fellow of the Institute of Financial Services, London and Masters in Management Sciences, from University of Bombay. ▪ He has worked in Senior Management Positions of various International Banks. ▪ At present he is engaged in the areas of Financial Services, Heavy Industry , Information Technology and Education

COMPANY OVERVIEW:
CORPORATE GOVERNANCE – STRONG BOARD OF DIRECTORS

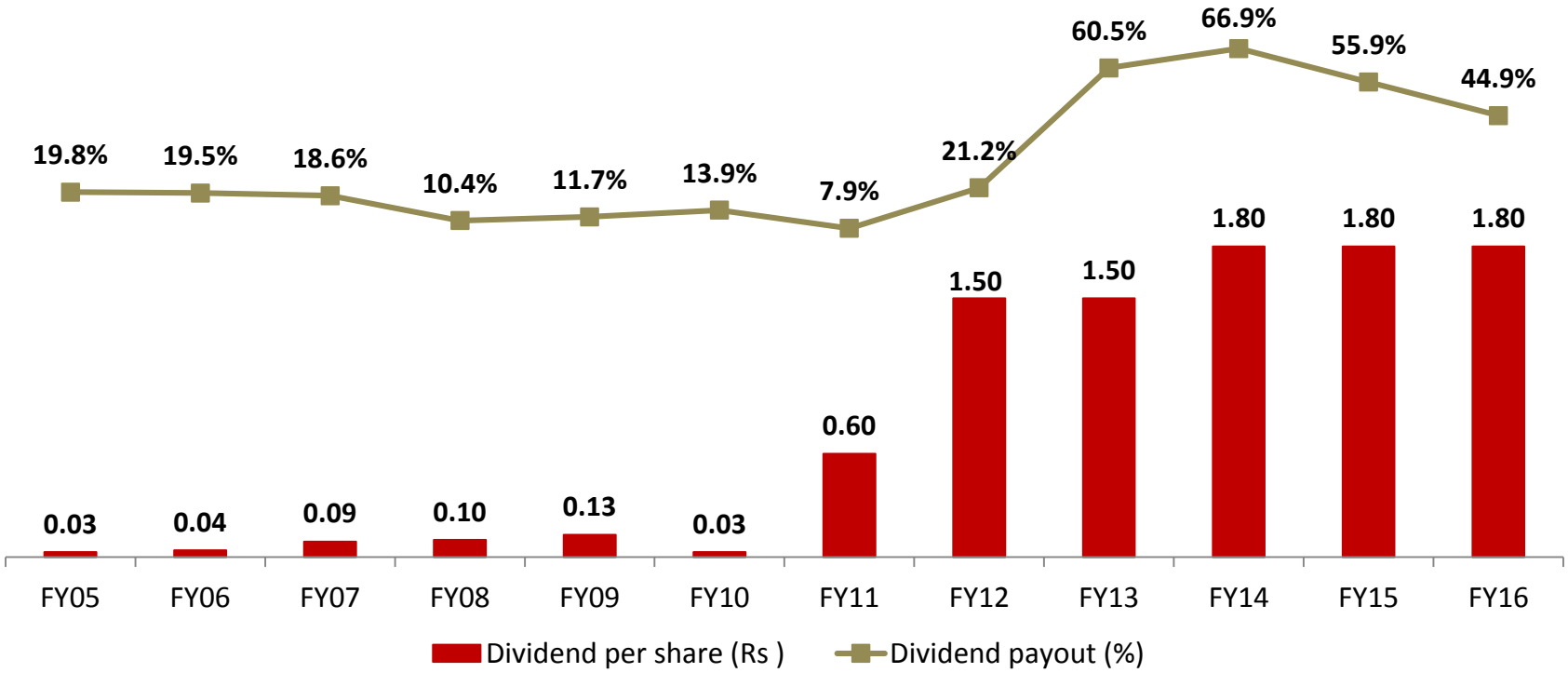
MANAPPURAM FINANCE LIMITED

Mr P. Manomohanan **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
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

MANAPPURAM FINANCE LIMITED

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



Consistent Dividend Paying Record

COMPANY OVERVIEW: STRONG BRAND RECALL

MANAPPURAM FINANCE LIMITED

- 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, Mithun Chakraborty, Sachin Khedekar And Uttam Mohanty.

COMPANY OVERVIEW:
STRONG SYSTEMS AND INTERNAL PROCESSES

MANAPPURAM FINANCE LIMITED

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

MANAPPURAM FINANCE

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

COMPANY OVERVIEW:
TECHNOLOGY INNOVATIONS STRENGTHENS BUSINESS PROCESSES & SCALABILITY

MANAPPURAM FINANCE LIMITED

Company has set up the Manappuram Centre of Excellence and Innovation (MaCE Inn) at Bengaluru. Recently felicitated as the winner of KMA NASSCOM IT Innovations award for 2014-15.

Network enabled eLocker systems

- Developed a network-enabled keyless eLocker system for the storage of gold.
- These can be operated remotely in an automated mode by centrally managed software applications.
- The automated operation will include opening, closing, auditing and remote monitoring of such lockers and gold assets.
- **Key Impact –**
  - **Enhanced Security**
  - Reduces the size of existing branches to small gold loan kiosks with built-in eLockers and manned by just two employees. **Significant reduction in operating expenses.**

Technology enabled new offerings such as gold depository & on-line gold loan services

ON-LINE GOLD LOAN SERVICES

- Customers who have availed the gold depository services will automatically become eligible for gold loan, up to the LTV limits.
- **Customers can apply for the Loan from anywhere online. Loan within permissible limits of LTV can be disbursed to a customer's bank account or eWallet card online, almost instantly, 24/7.**
- **Substantial reduction in Transactional and Operational cost.**

GOLD DEPOSITORY SERVICES

- The depository centres will allow the customers to handover the custody of their gold assets primarily for safekeeping.
- The highly secured gold depository centres will be built around an array of keyless eLockers within a strong room.
- **Customers can view their assets online through remote IR cameras, placed inside eLockers.**

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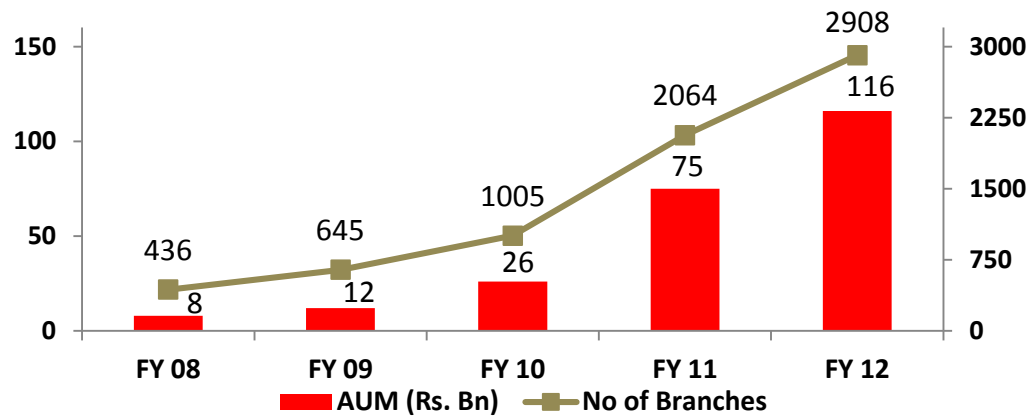
UNDERSTANDING OUR EVOLUTION
PHASE 1 – FY08- FY12

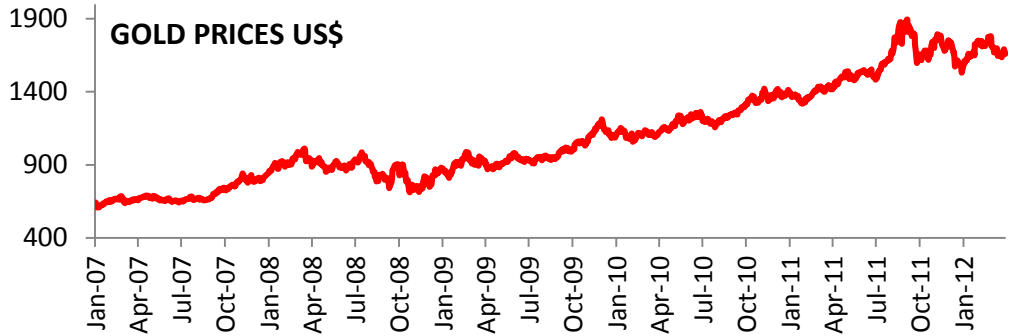
MANAPPURAM FINANCE LIMITED

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….



Source - Bloomberg

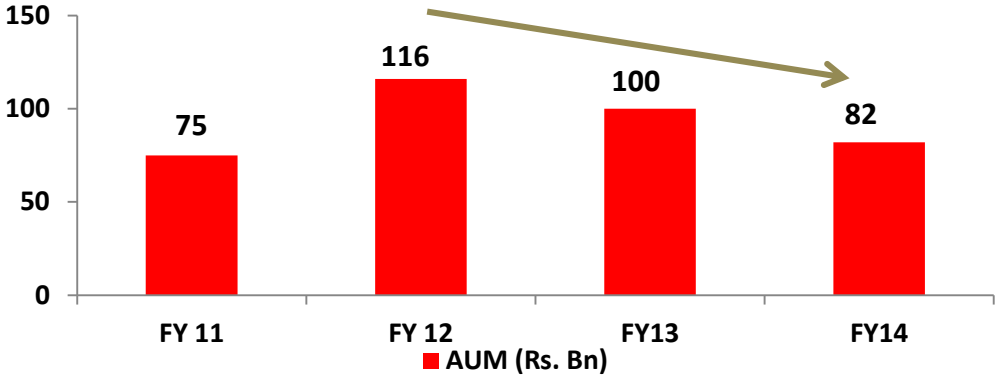
Company witnessed a CAGR of ~95% in AUM over FY08-12.
Branch Network grew by 7x over FY08-12.

Strong Execution Capabilities and well defined Systems and processes.

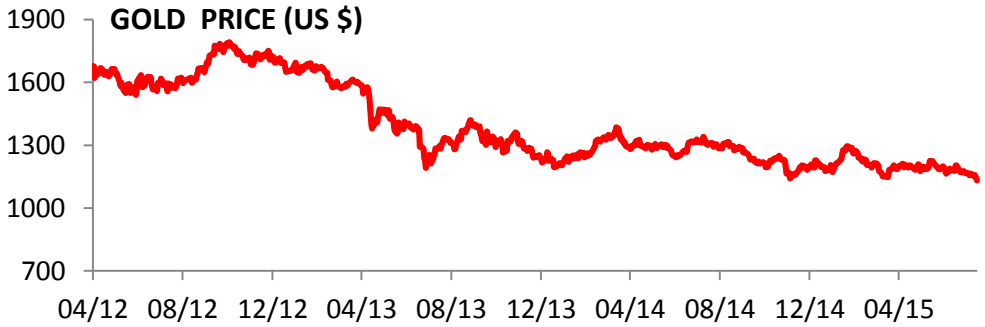
UNDERSTANDING OUR EVOLUTION
PHASE 2 – FY12- FY14

MANAPPURAM FINANCE LIMITED

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 –

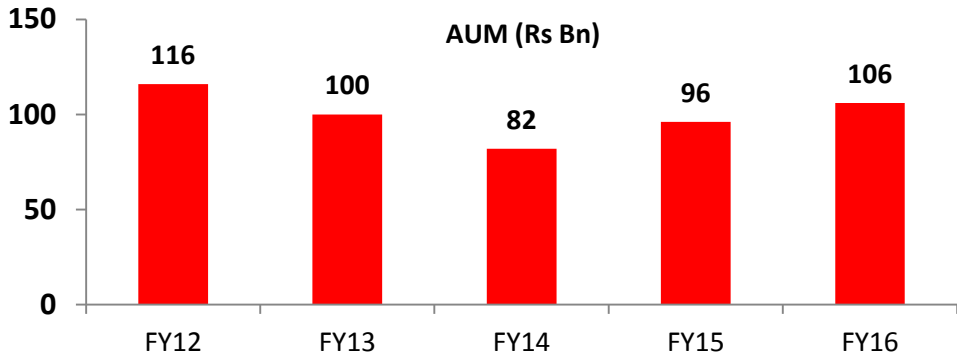
- Peak LTV was 85% for FY12 and Long Tenure portfolio.

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

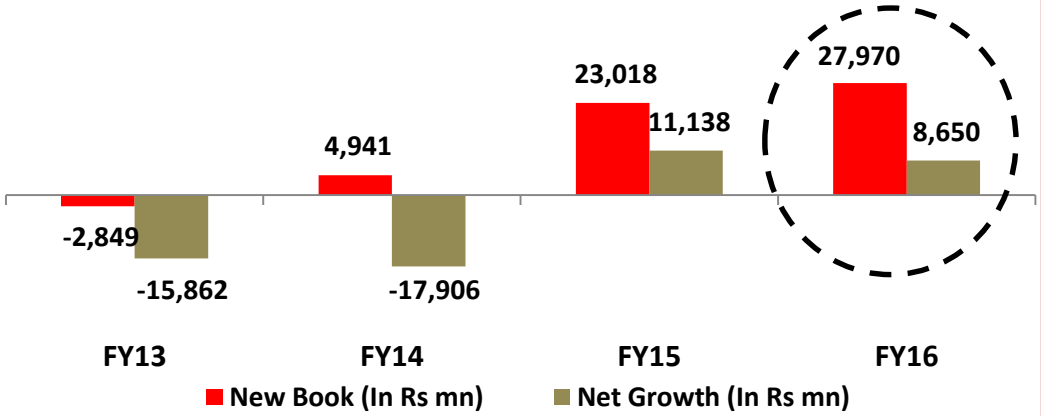
UNDERSTANDING OUR EVOLUTION
PHASE 3 – FY15 ONWARDS

MANAPPURAM FINANCE LIMITED

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 – KEY HIGHLIGHTS

MANAPPURAM FINANCE LIMITED

CURRENT BUSINESS STRATEGY

STRENGTHEN THE CORE BUSINESS – GOLD LOAN BUSINESS	ADDITION OF SYNERGISTIC NEW BUSINESS SEGMENTS
▪ De-Linking the Gold Business from Gold Prices ▪ Focus on Branch Activations through increased Incentives & Performance Scorecard ▪ Enhanced Marketing Initiatives	▪ Leveraging the Strong Brand Equity & Existing Retail Customer Base ▪ Addition of new synergistic Product segments – Microfinance, Mortgage & Housing Finance, CV Lending

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

MANAPPURAM FINANCE LIMITED

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

***Product Allocation is a dynamic process and varies depending upon market conditions**

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

MANAPPURAM FINANCE LIMITED

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

MANAPPURAM FINANCE LIMITED

CAPITAL AVAILABILITY

- Current Capital Adequacy at 22.3% compared to the minimum 15% as stipulated by the RBI.
- Gearing levels at ~3.8x leaving ample scope for increase in leverage.

+

- STRONG BRAND EQUITY
- EXISTING RETAIL CUSTOMER BASE
- PAN INDIA DISTRIBUTION PRESENCE
- RELATIONSHIPS WITH LENDERS

→

ADDITION ON NEW SYNERGISTIC PRODUCT SEGMENTS –

- MICROFINANCE
- MORTGAGE & HOUSING
- COMMERCIAL VEHICLES

RATIONALE FOR STARTEGY 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

MANAPPURAM FINANCE LIMITED

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 SEGMENT

- 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 12,368 mn as on June 30, 2016.
- Credit Rating Improved from BBB- to A-.
- Focus on Low Income Borrower.
- To expand into other states leveraging Manappuram's Network.

HOUSING SEGMENT

- Started commercial operations in January 2015.
- Current loan portfolio stood at Rs 1,705 mn as on June 30, 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.

COMMERCIAL VEHICLES SEGMENT

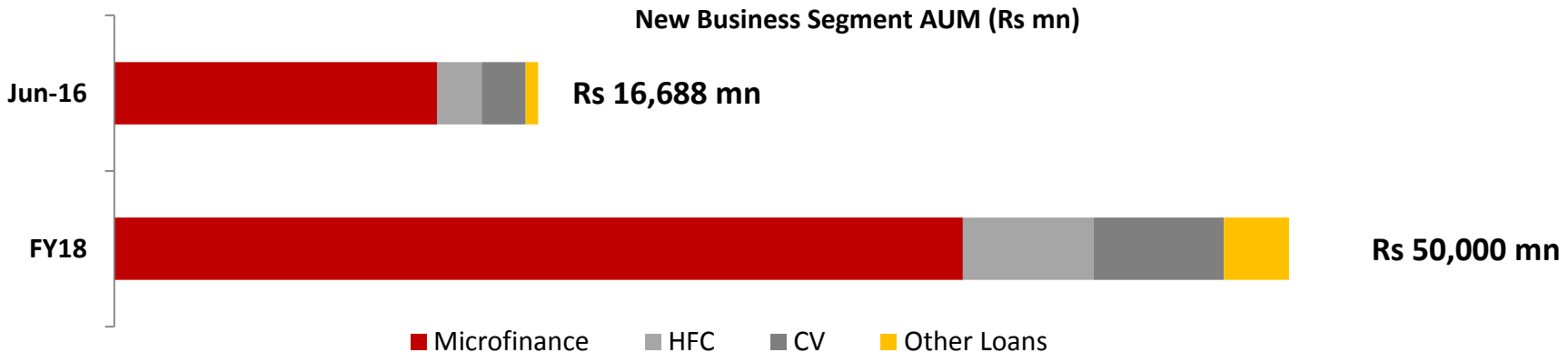
- Launched loans for commercial vehicles, selectively in Southern and Western India.
- Current loan portfolio stood at Rs 1,684 mn as on June 30, 2016.
- Focus on Underserved Category of Customers who do not have access to Formal Banking system.
- To open more branches in Rural and semi-urban locations.

BUSINESS STRATEGY:
NEW PRODUCT SEGEMENT PROFILE

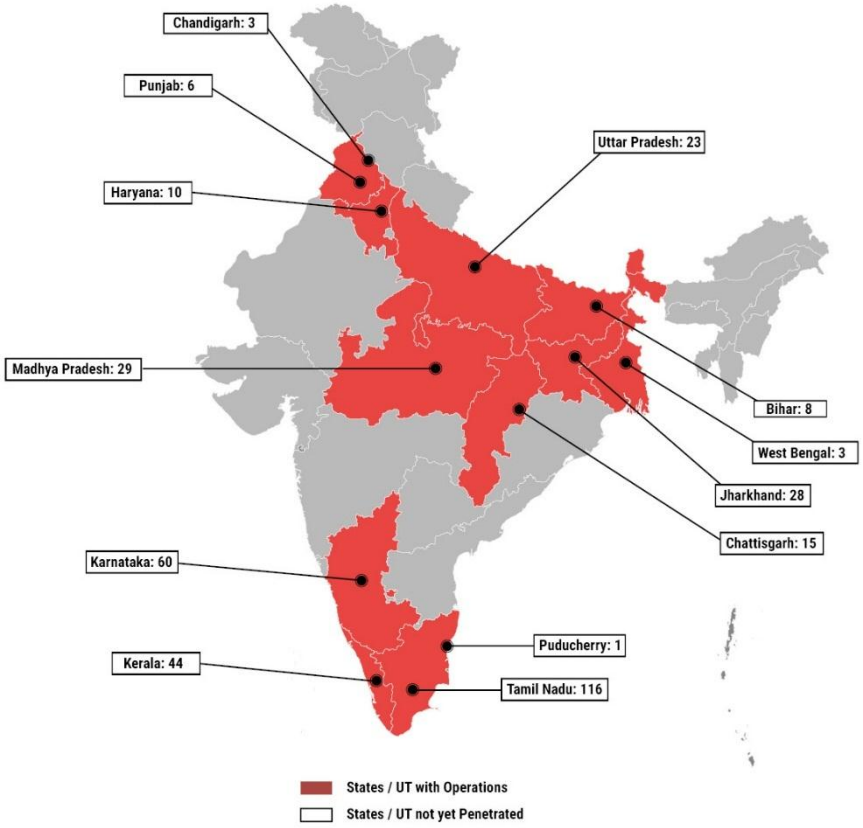
Particulars (As of June 2016)	Microfinance	Housing Finance	CV
AUM (Rs mn)	12,368	1,705	1,684
Branch Network	428	26	37 *
Number of States	13	5	9
Average Ticket Size (Rs lacs)	0.2	14.41	5.24
Average Yield (%)	24.0%	14.5%	19.0%

* 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

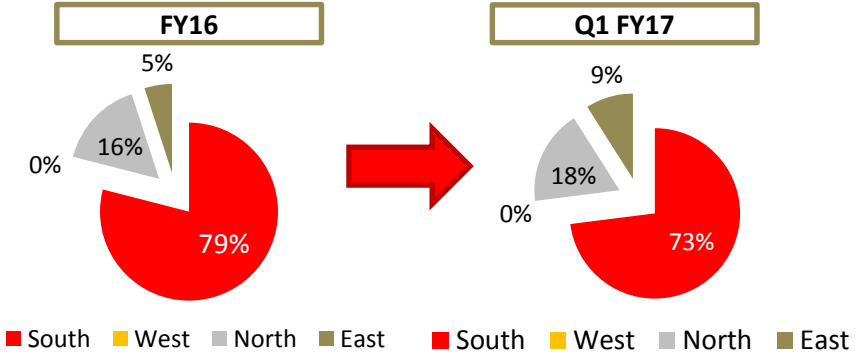


BUSINESS STRATEGY:
ASHIRWAD MICROFINANCE – GROPRAPHICAL PRESENCE



- **Having presence through 428 branches spread across 11 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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INDUSTRY OVERVIEW: INDIA GOLD MARKET

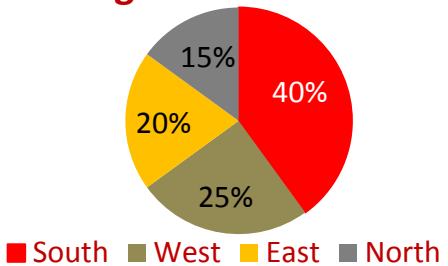
MANAPPURAM FINANCE LIMITED

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



- 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.

Source – WGC – World Gold Council, ICRA

INDUSTRY OVERVIEW:
KEY DRIVERS FOR GOLD LOAN MARKET

MANAPPURAM FINANCE LIMITED

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

MANAPPURAM FINANCE LIMITED

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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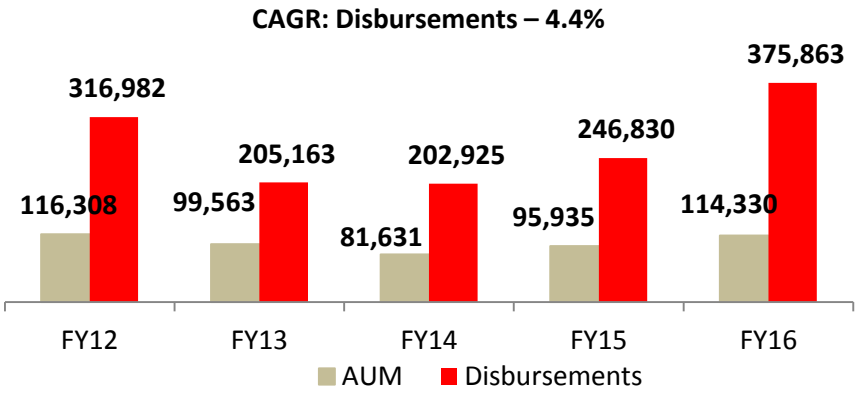
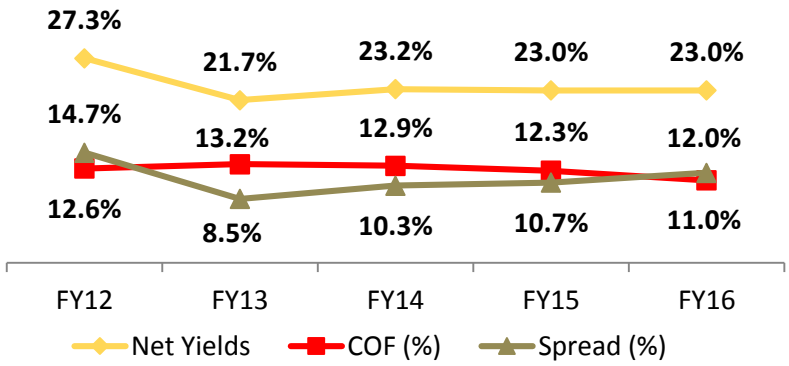
COMPANY OVERVIEW: FINANCIAL SUMMARY

MANAPPURAM FINANCE LIMITED

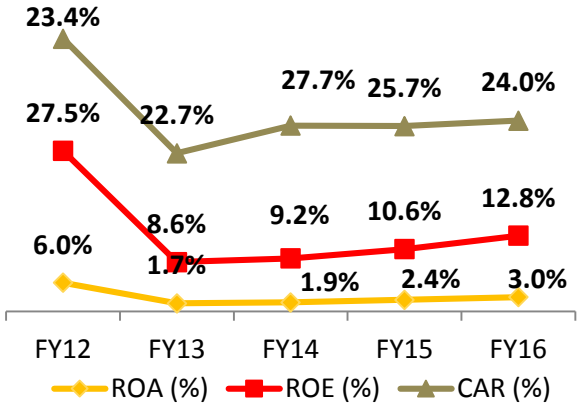
AUM & Disbursements



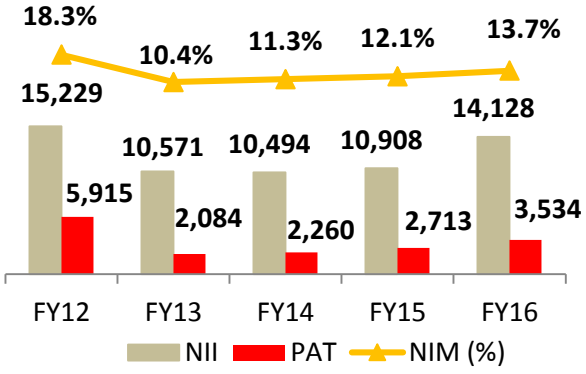
Yields, Cost of Funds & Spread Analysis



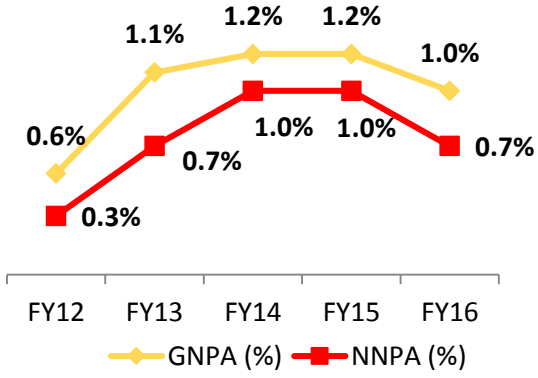
Return Ratios & Capital Adequacy



NII & Profitability Analysis



Asset Quality

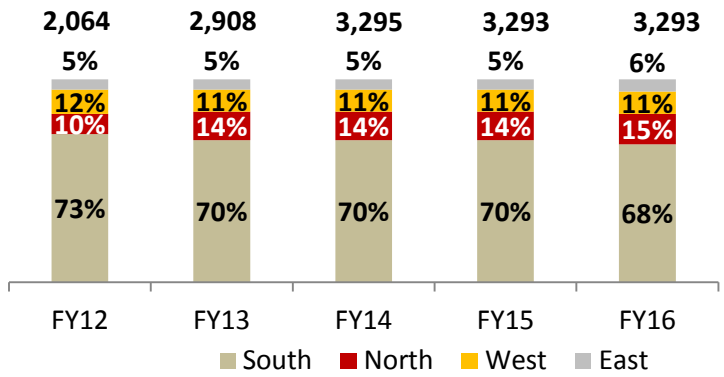


COMPANY OVERVIEW: OPERATIONAL SUMMARY

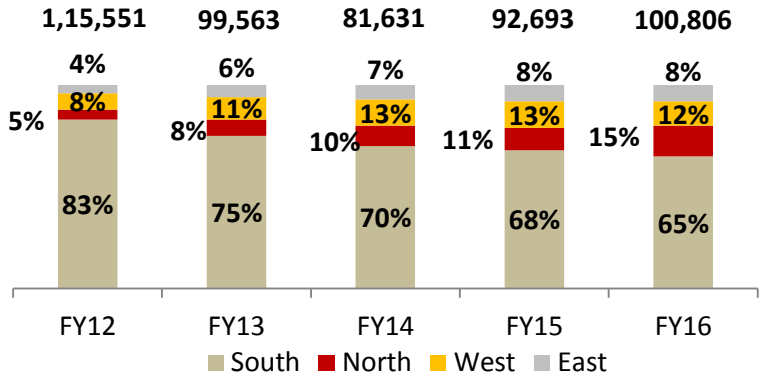
MANAPPURAM FINANCE LIMITED

Branch Distribution

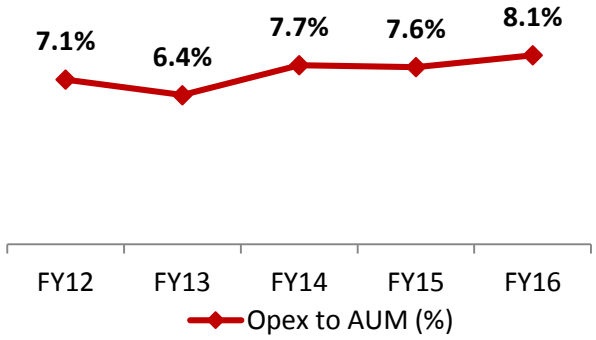
CAGR: Branch Addition – 3.2%



AUM Break-up (Region Wise)

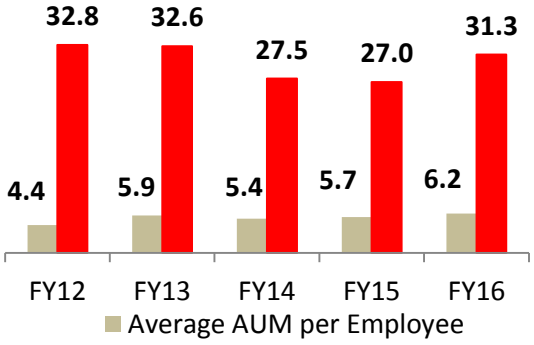


Operational Efficiency



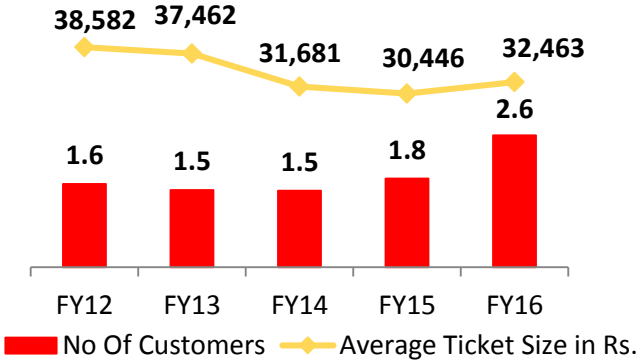
Productivity (Rs mn)

CAGR: AUM/employee - 9.2%



Customer Base (mn) & Avg. Ticket Size

CAGR: Customer Addition – 11.7%



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