

## KEYTAKEAWAYS FROM ANNUAL REPORT 2015-16

### A FUTURE WITH GOLD, AND BEYOND GOLD

Having reached the pinnacles of the gold loans business, it was time for us to re-invent ourself as a multi faceted top-notch NBFC. Over the last two years, we took a bold decision to re-compose our business that would de-risk our concentration from our gold loan book and give us new growth drivers to build upon. We decided to diversify our business and add new asset classes that were complementary to our mainstay gold loans business. Today, Manappuram Finance is re-constituted to engage in four key business segments – Gold Loans, Microfinance, Housing Loans and Commercial Vehicle (CV) Loans.

Having established our presence in these new areas in FY2015, we spent FY2016 focusing on developing our business ecosystems, building teams with domain specific experience and setting up the right marketing channels and product configurations. Today, we are systems-ready to grow each of our businesses aggressively, without compromising on asset quality. In the field of Microfinance, we have already made a robust entry through our subsidiary Asirvad Microfinance, which has grown extremely well in FY2016, with assets under management more than trebling.

Our confidence comes from the depth of our geographical reach, a top-notch product portfolio, best-in-class technology, rapidly expanding distribution network, motivated workforce and a highly capable management team. We look forward to leverage our brand equity and in-depth understanding of semi-urban and rural markets, to build further on our proven successes.

### MD & CEO's letter to Shareholders

With the stable regulatory regime, and with gold prices holding firm, gold loan NBFCs are poised for healthy growth.

Going forward, Aadhar and Jan Dhan will hasten the shift of business in rural areas from the unorganised to the organised sector. Banks and NBFCs stand to benefit.

In percentage terms, new businesses now contribute ~12 percent of our total AUM. Importantly, based on these trends, we are well on track to having new businesses contribute 25 percent of total AUM by FY2018.

In February 2015, we acquired Asirvad Microfinance Pvt. Ltd. with AUM a little short of Rs.300 crore. Today, just a year after it became our subsidiary, the company's AUM has tripled to Rs.1,000 crore. I believe our acquisition of Asirvad is worthy of analysis by India's premier management institutions as a case study.

Commercial vehicle loans and mortgage based finance (housing loans and loans against property) have contributed about Rs. 300 crore to the total business as compared to about Rs. 45 crore in the preceding fiscal year.

**PERFORMANCE OF THE COMPANY:** Manappuram Finance has reported outstanding results for the fiscal year 2015-16. Consolidated net profit increased by 30.2 percent to Rs.353.36 crore in March 31, 2016, as compared to Rs 271.31 crore in FY 2014-15. Total Income from

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Operations also reported a growth of 18.8 per cent to Rs 2,360.23 crore, as compared to Rs.1,986.42 crore during same period last year. The number of live gold loan customers surged to 19.32 lacs at the close of FY 2015-16, against 17.47 lacs the year before. Total gold holdings increased to 59.61 tonnes during FY2015-16 as compared to 53.13 tonnes a year ago. It is a fact worth noting that the quantum of gold we hold as security has increased consistently over each quarter, for the last two years, and this indicates the depth of recovery in the market.

Branch Distribution: 15% North, 6% East, 10% West, 69% South.

Our Capital Adequacy Ratio in FY16 stood at 24.0 %, far ahead of statutory Capital requirements, giving us ample capacity to grow our loan book size in the foreseeable future.

**Key Financial Indicators:** Manappuram's Gross NPA's stood at 1.0% and its Net NPA's was a low 0.7% in FY16. The Total Income from Operations, Net Interest Income and PAT in FY16 were ` 23,602 mn, ` 14,128 mn & ` 3,534 mn respectively. The Company produced an ROA of 3.0% in FY16, with an ROE of 12.8% for the same period.

As a company that always tagged its gold loans as "Make Life Easy", we have now gone a step further – by making loans even more simpler with Online Gold Loans. We now hope to extend the concept even further by launching a co-branded debit card – one that will allow the customer to withdraw the loan amount from an ATM anywhere across India.

Our aim is to become the next big disruptor in the financial technology space, transforming conventional perceptions about gold loans. We wish to radically alter the day-to-day processes of gold loans.

NBFC's grew better than banks in FY2016, as loan growth remained lacklustre while NPL (nonperforming loan) formation and credit costs continued to rise.

In the financial year FY2016, NBFC's with core focus on the Gold Loan segment have seen healthy volume growth and loan book growth.

The splendid growth achieved by microfinance companies in recent years have been supported by key positive developments that have taken place in the system including regulatory actions taken by the RBI.

Manappuram Finance Limited has an evolving and robust risk management model of proven effectiveness, aligned with regulatory standards and international best practices, and proportional to the scale and complexity of its activities.

With economic growth is expected to sustain at ~7.5% as per IMF, the outlook for FY2017 is positive. This growth rate would make India the fastest growing major economy in 2017, placing India as an outlier within the global economic landscape.

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**Disclosures with respect to Remuneration:**
**Independent, Non-Executive Directors: -**

SI No	Name of Directors	Commission	Sitting Fee	ESOS
1	Mr. Jagdish Capoor	36,00,000.00	4,00,000.00	Nil
2	Mr. P.Manomohan	21,60,000.00	5,15,000.00	Nil
3	Mr. Shailesh J Mehta	36,00,000.00	6,15,000.00	Nil
4	Mr. V.R.Rajiven	18,00,000.00	7,20,000.00	Nil
5	Adv. V.R.Ramachandran	14,40,000.00	3,45,000.00	Nil
6	Dr. Amla Samanta	Nil	3,35,000.00	Nil

Name of the Entity	Net Assets, i.e Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit and Loss	Amount
Manappuram Finance Limited	99.10%	27,331.95	94.10%	3,341.97
Manappuram Home Finance Private Limited	-0.16%	(44.29)	-1.11%	(39.39)
Manappuram Insurance Brokers Private Limited	0.02%	6.59	0.19%	6.59
Asirvad Microfinance Private Limited	1.04%	286.11	6.32%	224.51
Minority Interest in subsidiary			0.50%	17.90