

Manappuram Finance Limited

Investor Presentation
July 2020

Gold Loans



Microfinance



Housing Finance



Vehicle Finance



MANAPPURAM
FINANCE LIMITED

Q1 FY21 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



AUM

Rs 253,458 Mn
(+ 0.5% QoQ)
(+25.6 % YoY)

Net Profit

Rs 3,679.7 Mn
(-7.6% QoQ)
(+37.9% YoY)

Networth

Rs 60,368 Mn

ROA 4.8%

ROE 25.0%

Capital Adequacy #
22.9%

Borrowing Cost #
9.39%

GNPA #
1.25%

BV / Share Rs 71.4
****EPS Rs 17.4**

Dividend / Share
FY20: Rs 2.75

**Share of New
Businesses**
30%

Total Branches
4,616

No of Live Customers
5.00 mn

AUM: Assets Under Management, Net Profit: PAT

** Annualised EPS

Calculated on standalone basis

Q1 FY21 RESULTS: KEY PERFORMANCE HIGHLIGHTS



Overall Highlights

- Consolidated AUM growth with +25.6% YoY and +0.5 % QoQ
- Profitability of Rs 368 cr with 4.8% consolidated ROA, 25% consolidated ROE in Q1FY21
- Prudent capital structure with leverage being only 4 times

Gold Loan Business

- Gold Loan AUM up 33.4% YoY, 4.5% QoQ in Q1 FY21; Gold tonnage up 1% YoY
 - Company expects to grow gold loans in line with market growth
 - Yields on gold loans were stable

Liquidity

- Access to liquidity from all sources
- Raised Fresh Borrowing of Rs 1,900 cr in Q1FY21 on Standalone basis through NCDs , CPs and Bank Loan
- No mismatch in ALM due to short tenor product (proportion of CPs as a % of total standalone company borrowings declined from 23% in 1QFY20 to 9% in 1QFY21). Borrowing costs declined sequentially by 7 bps, despite extension in average duration of borrowings

Progress on Business Diversification

- Asirvad AUM at Rs 5,038 cr
- Asirvad MFI is now among the lowest cost providers of microfinance loans in India. Asirvad proactively provided Rs.75 crs provision during Q1FY21 due to COVID-19 and have provided Rs 130 cr provision cumulatively so far.
- We have consciously moderated growth in other segments given slow macro. Collections efficiency is improving every month and the Company has re-doubled efforts on collections

Section 1 IMPACT OF COVID

Section 2 QUARTERLY FINANCIAL UPDATE

Section 3 COMPETITIVE STRENGTHS

Section 4 COMPANY OVERVIEW

ANNEXURE

Impact of Covid-19 on business

Operational update

- All branches and office buildings are disinfected at regular basis; sanitizers provided to employees at key locations
- Social Distancing is being maintained in all Branches and Office Buildings
- 90% of branches are operational

Product mix / underwriting

- Incremental focus on gold loans due to short tenor, liquid collateral and minimal credit risk
- Stricter underwriting norms with review and reset of geographical limits, margin on collateral and delegated powers with tighter portfolio review

Digitization

- Increased focus on digitization – online gold loan now accounts for 63% of gold AUM
- 94% of MFI customers digitally traced in the start of lockdown
- Online gold loan customers and digital payments up 1.2x QoQ in Q1FY21

Liquidity

- Excess cash and undrawn bank lines of INR 6,025 Cr as of June'20 (Consol)
- Raised Fresh Borrowing of INR 2,703 Cr of funds in Q1FY21 on Consol Basis and liquidity is comfortable

Opex

- Expect to achieve cost rationalization across businesses
- Leveraging technology to strengthen processes
- Set up a committee to monitor cost control

Moratorium Phase - I

- Gold Loan – NIL, VEF – 37%, Onlending to NBFCs – 1.6%, Home Fin – 32.4 % and Microfinance – In April 100% and May 85%. Collections efficiency for MFI improved to 55 % in June and is expected to reach 70% in July

Section 1 **IMPACT OF COVID**

Section 2 **QUARTERLY FINANCIAL UPDATE**

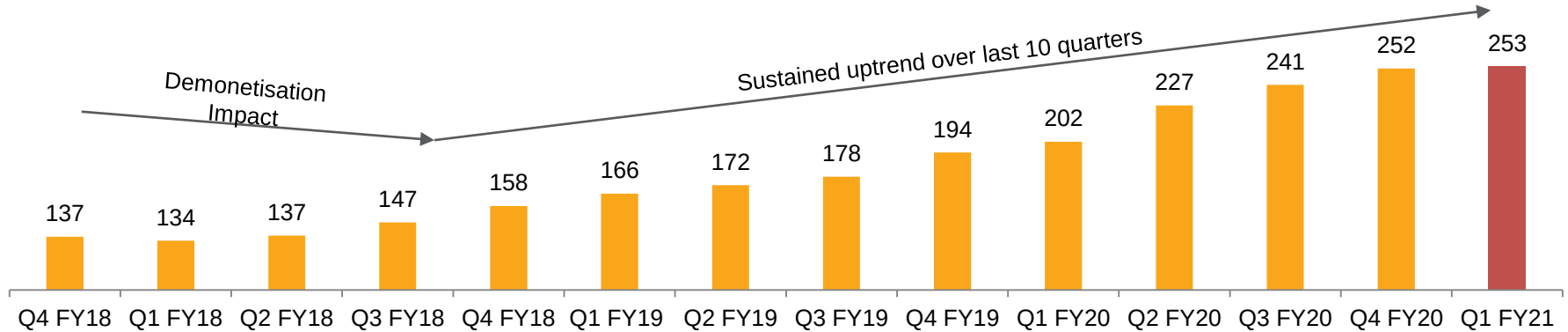
Section 3 **COMPETITIVE STRENGTHS**

Section 4 **COMPANY OVERVIEW**

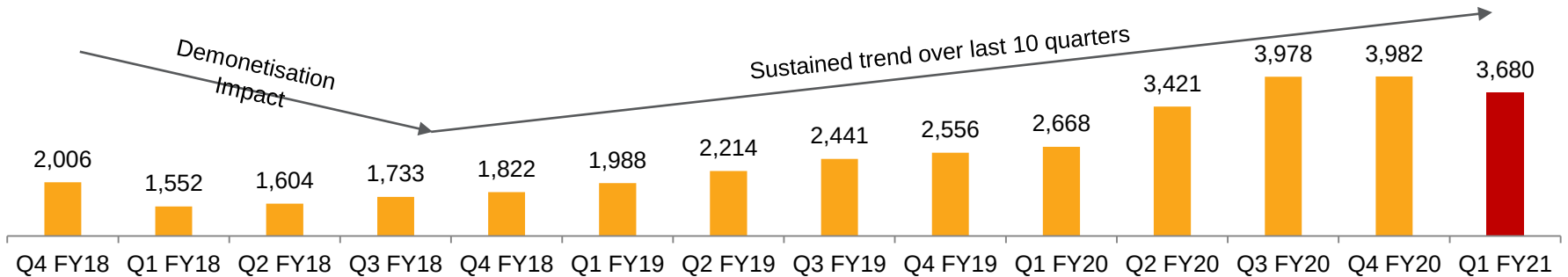
ANNEXURE

Q1 FY21 RESULTS: TREND IN AUM GROWTH & PROFITABILITY

TOTAL AUM (Rs Bn)



NET PROFIT (Rs Mn)



* Adjusted Net Profit for Q2 FY 20– Rs 3,421.3 Mn after adjusting One time benefit of Rs 601.5 Mn

Q1 FY21 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (Rs Mn)	Q1 FY21	Q1 FY20	YOY %	Q4 FY20	QOQ %	FY20
Closing AUM (Rs Bn)	253	202	25.6%	252	0.5%	252
Income from Operations	15,125.3	11,906.9	27.0%	16,053.2	-5.8%	54,653.2
Finance expenses	5,668.3	4,058.1	39.7%	5,808.0	-2.4%	18,322.3
Net interest income	9,457.0	7,848.8	20.5%	10,245.2	-7.7%	36,330.9
Employee expenses	1,753.1	1,971.0	-11.1%	2,173.3	-19.3%	8,301.3
Other operating expenses	1,367.7	1,566.2	-12.7%	1,633.3	-16.3%	6,439.2
Pre provision profit	6,336.2	4,311.6	47.0%	6,438.6	-1.6%	21,590.4
Provisions/Bad debts	1,452.7	341.3	325.6%	1,226.2	18.5%	2,376.1
Other Income	39.4	101.1	-61.0%	128.3	-69.3%	858.7
Profit before Tax	4,922.9	4,071.4	20.9%	5,340.7	-7.8%	20,073.0
Tax	1,243.2	1,403.6	-11.4%	1,358.7	-8.5%	5,269.9
PAT	3,679.7	2,667.8	37.9%	3,982.0	-7.6%	14,803.1

Q1 FY21 RESULTS: CONSOLIDATED BALANCE SHEET

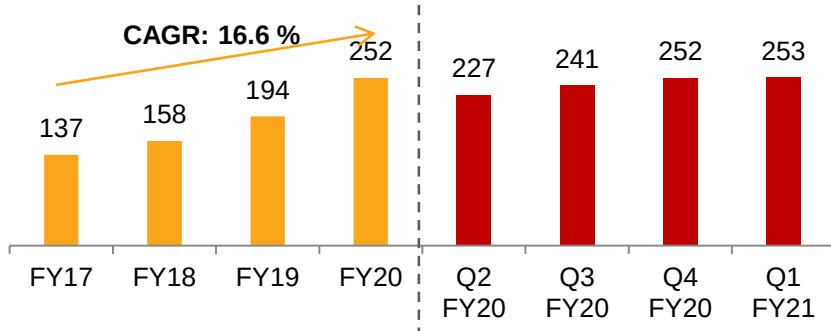


Particulars (Rs Mn)	Jun 2020	Jun 2019	YOY %	Mar 2020	QOQ %
Cash & Bank Balances	54,208.2	12,541.6	332.2%	36,459.4	48.7%
Investments	789.0	1,519.1	-48.1%	900.8	-12.4%
Loans & Advances	239,934.5	188,618.1	27.2%	237,802.1	0.9%
Fixed Assets	3,162.9	5,133.1	-38.4%	3,307.7	-4.4%
Other Assets	16,105.5	9,851.8	63.5%	16,950.2	-5.0%
Total Assets	314,200	217,664	44.4%	295,420	6.4%
Share Capital	1,690.3	1,686.5	0.2%	1,690.0	0.0%
Reserves & Surplus	58,677.4	45,465.0	29.1%	55,771.1	5.2%
Borrowings	239,802.6	161,662.1	48.3%	224,076.0	7.0%
Other Liabilities & Provisions	13,436.3	8,392.3	60.1%	13,300.3	1.0%
Minority Interest	593.5	457.7	29.7%	582.8	1.8%
Total Liabilities	314,200	217,664	44.4%	295,420	6.4%

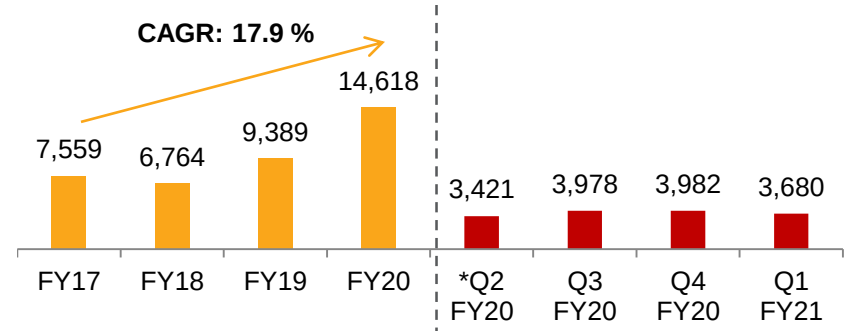
Q1 FY21 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



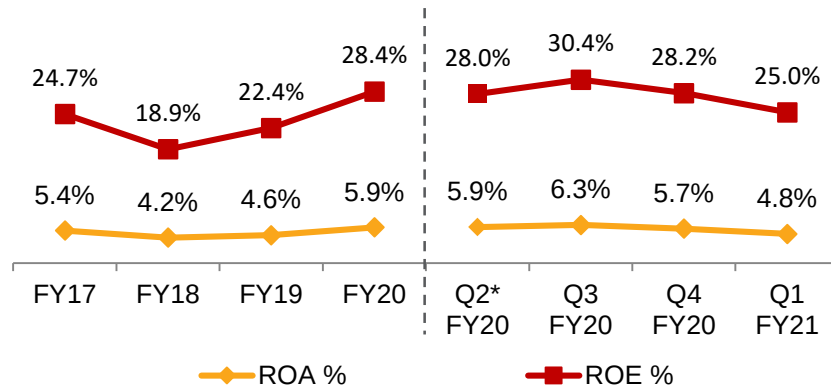
CONSOLIDATED AUM (Rs Bn)



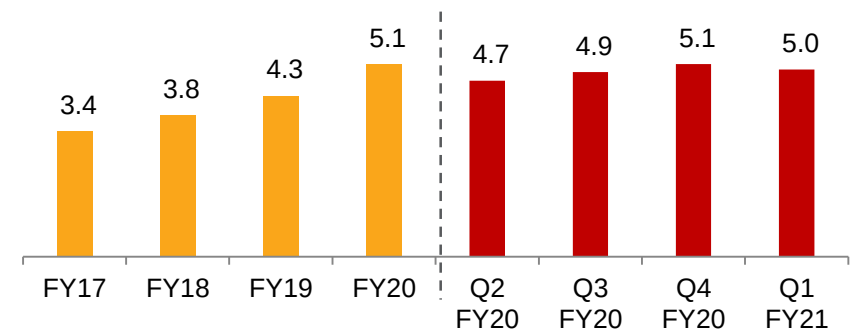
NET PROFIT (Rs Mn)



RETURN RATIOS %



TOTAL CUSTOMER BASE (Mn)



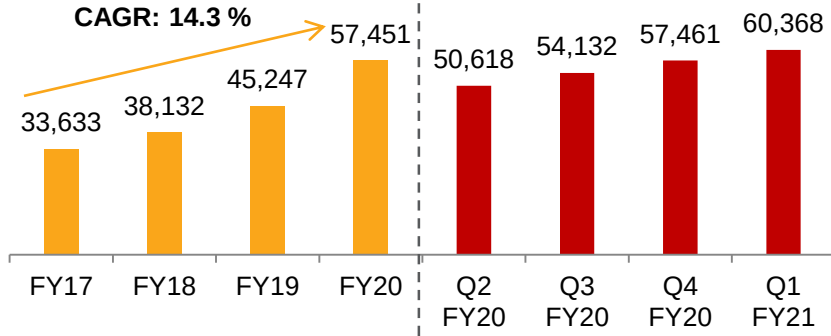
*Adjusted Net Profit for Q2 FY 20– Rs 3,421.3 Mn after adjusting One time benefit of Rs 601.5 Mn

Only FY 16 & 17 nos as per IGAAP

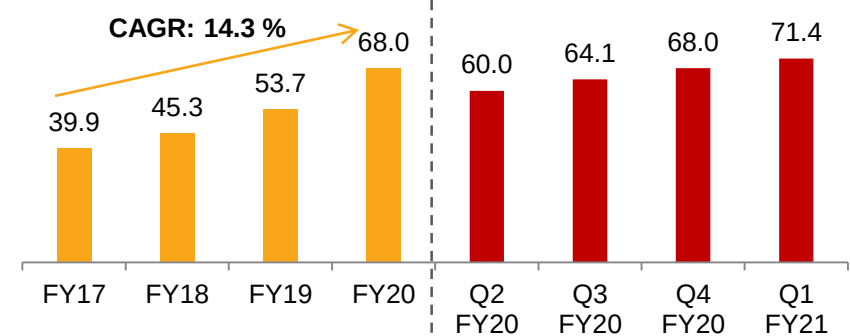
Q1 FY21 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



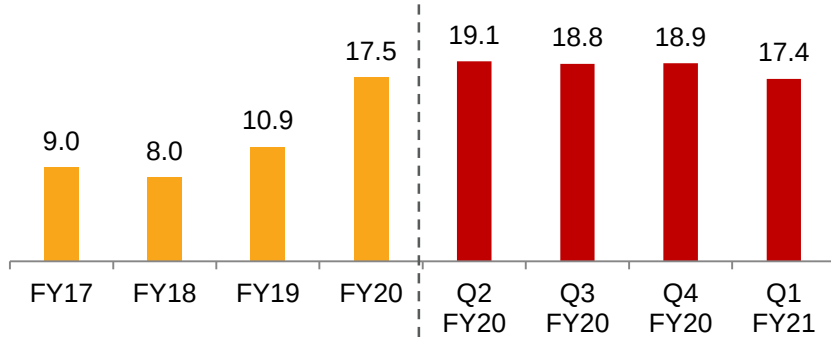
NETWORTH (Rs Mn)



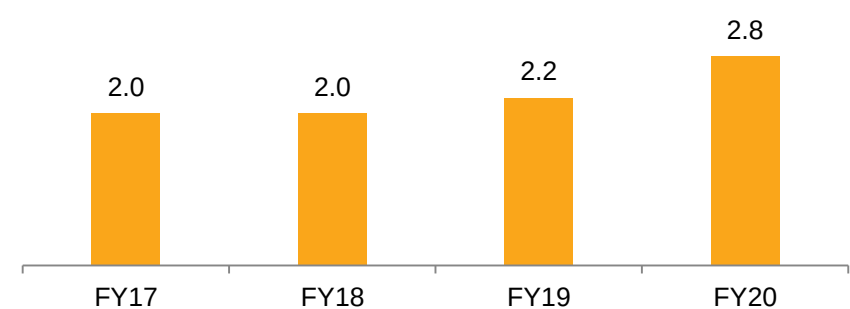
BOOK VALUE PER SHARE (Rs)



EARNINGS PER SHARE (Rs)



DIVIDEND PER SHARE (Rs)

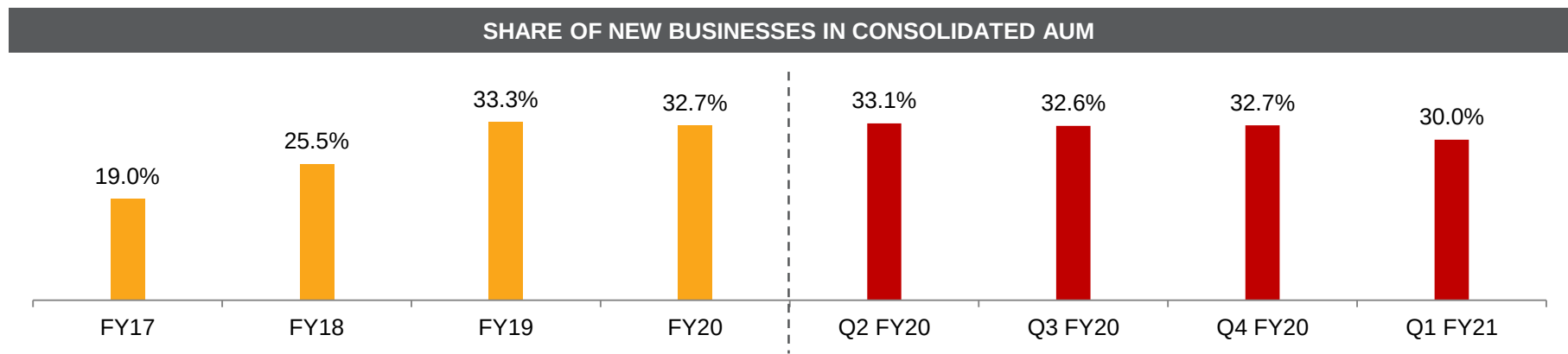


Only FY 16 & 17 nos as per IGAAP

Q1 FY21 RESULTS: CONSOLIDATED AUM UPDATE



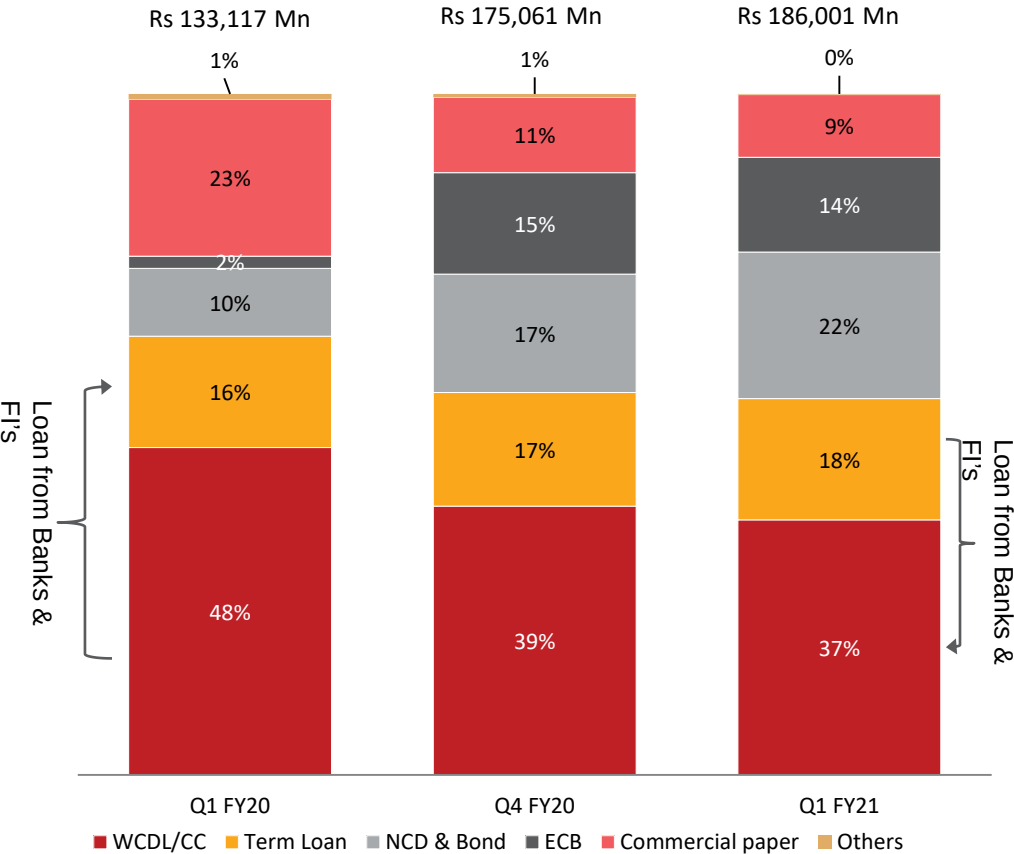
CONSOLIDATED AUM (Rs Mn)								
Particulars (Rs Mn)	FY17	FY18	FY19	FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Gold Loans	111,245.3	117,349.8	129,615.2	169,671.8	151,683.4	162,429.5	169,671.8	177,367.9
Microfinance	17,959.4	24,372.0	38,407.8	55,026.4	47,242.5	50,221.4	55,026.4	50,383.1
Housing Finance	3,104.1	3,746.6	5,187.6	6,296.1	5,679.3	6,012.3	6,296.1	6,273.3
Vehicle Finance	3,058.3	6,253.8	11,146.1	13,443.5	13,177.6	13,973.9	13,443.5	12,702.9
Other Loans	1,204.8	5,925.2	10,027.7	7,814.0	8,986.5	8,362.3	7,814.0	6,731.0
Total	136,572.0	157,647.5	194,384.4	252,251.7	226,769.3	240,999.4	252,251.7	253,458.3



Q1 FY21 RESULTS: MANAPPURAM FINANCE: BORROWING PROFILE



BORROWING AS ON 30th June, 2020 = Rs 186,001 Mn



CREDIT RATING

Manappuram Finance:

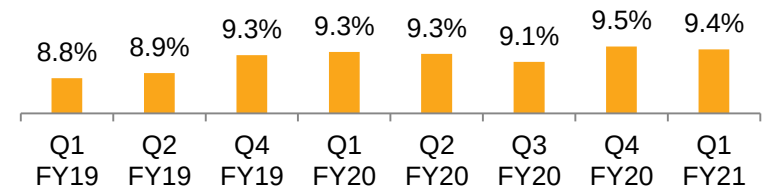
Domestic Rating :

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

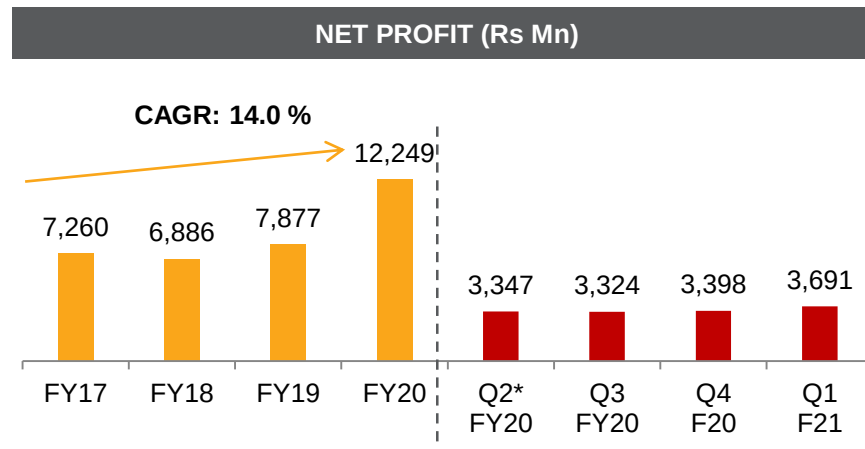
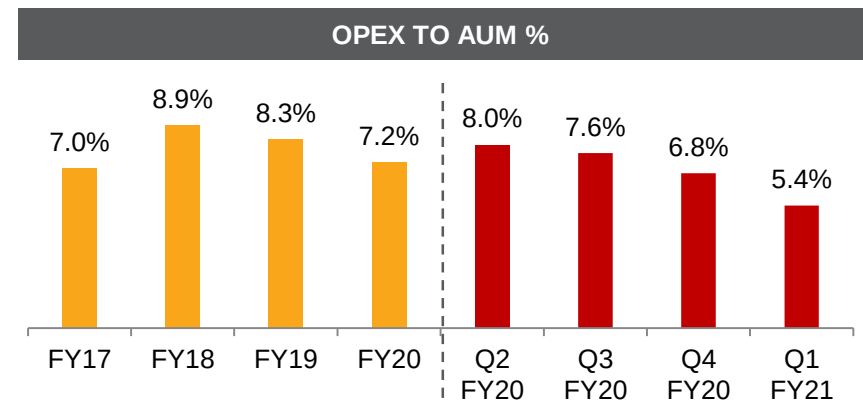
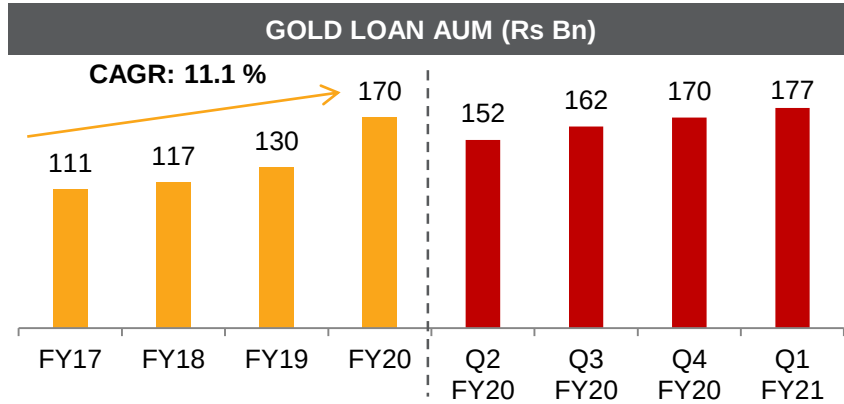
International Rating :

Long Term : B+ /Stable by S&P
 Short Term : B by S&P
 Long Term : BB – / Negative by Fitch

COST OF BORROWING %



Q1 FY21 RESULTS: MANAPPURAM FINANCE: STANDALONE RESULT ANALYSIS



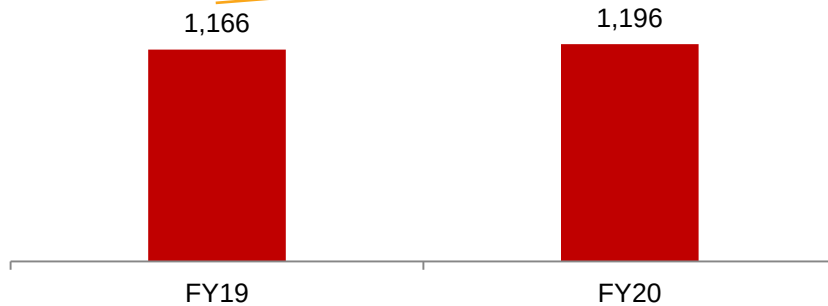
*Note – Q2 FY20 -Adjusted Net Profit Rs 2,813.8 mn adjusting One time benefit of Rs 533.4 Mn

Only FY 16 & 17 nos as per IGAAP

OPERATING COST LEVERAGE PLAYING OUT IN THE BUSINESS

OPEX GROWTH HAS TRAILED AUM GROWTH (Rs Cr)

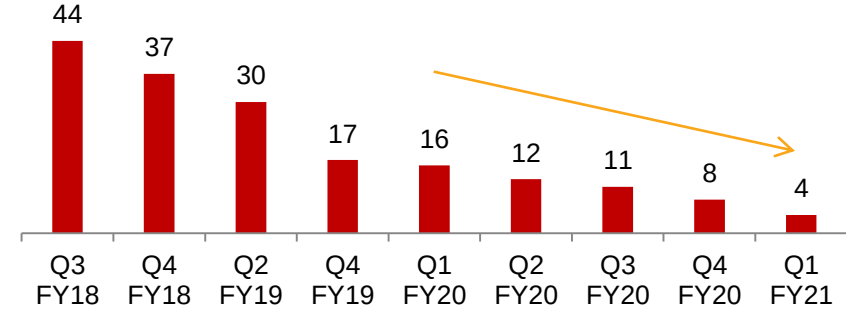
YoY growth: 2.6%
(vs. 26.6% standalone AUM
growth)



- Significant incremental operating leverage opportunity in the business as growth in opex expected to be lower vs. AUM growth

SIGNIFICANT RATIONALIZATION IN SECURITY COSTS (Rs Cr)

YoY decline: 72.8%

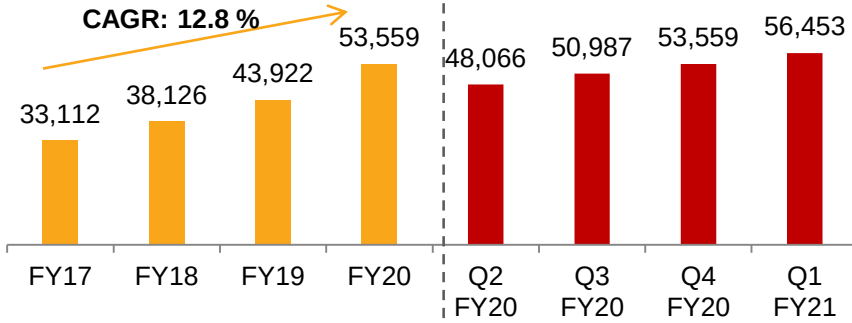


- Cellular vaults rolled out across 3,524 branches, resulting in rationalization of security costs in the business

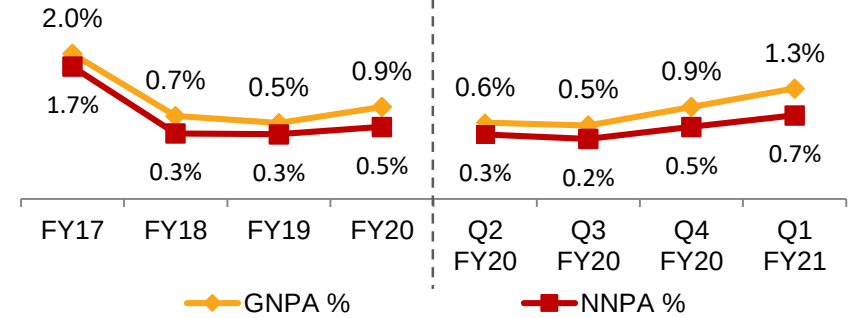
Q1 FY21 RESULTS: MANAPPURAM FINANCE: STANDALONE RESULT ANALYSIS



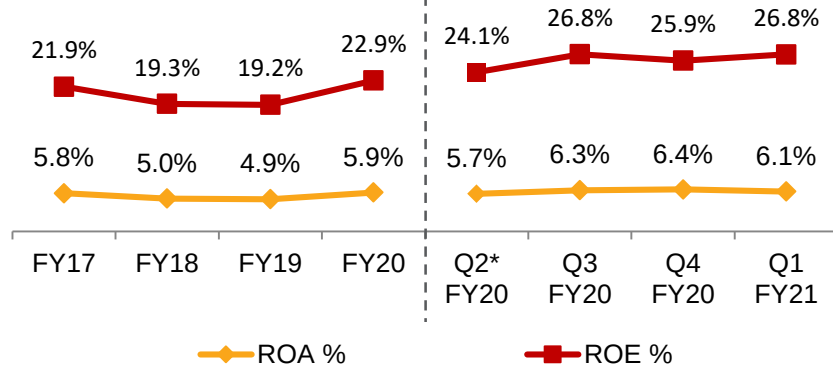
NETWORTH (Rs Mn)



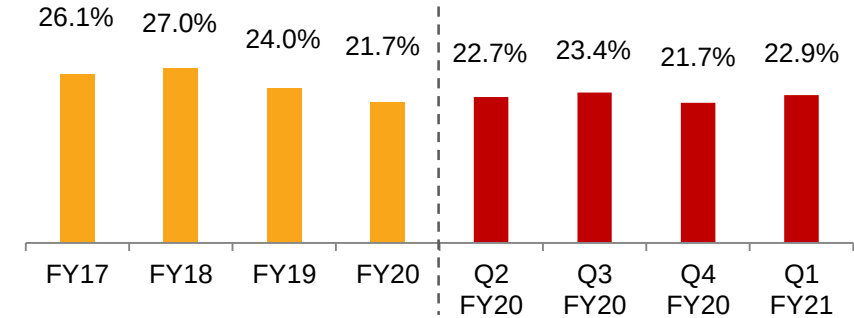
NPA ANALYSIS %



*ADJUSTED RETURN RATIOS %



CAPITAL ADEQUACY RATIO %



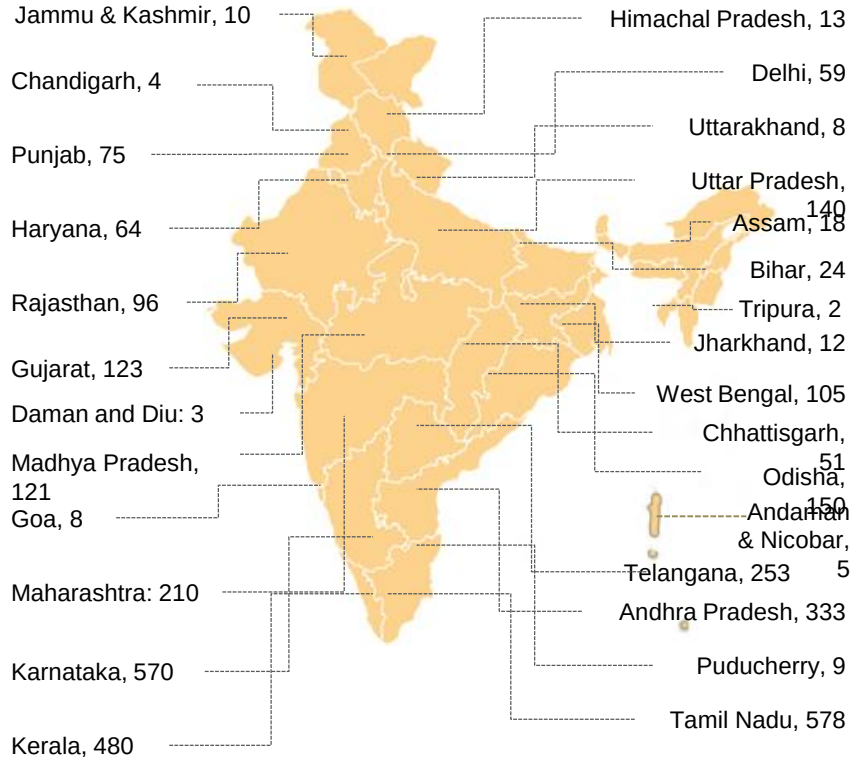
* Adjusted PAT for Q2 FY 20– Rs 3,421.3 Mn after adjusting One time benefit of Rs 601.5 Mn,

Only FY 16 & 17 nos as per IGAAP
NPAs on account of theft, spurious collateral etc. are 0.04% of AUM

Q1 FY21 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE

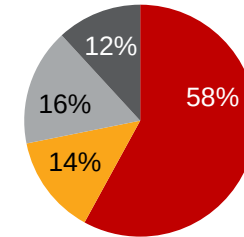


PAN INDIA PRESENCE



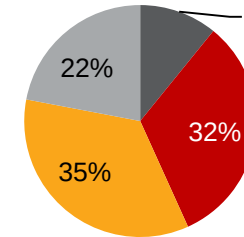
3,524 Branches as on 30th June 2020

GOLD AUM - REGIONWISE BREAKUP



■ South ■ North ■ West ■ East

GOLD AUM - RURAL URBAN MIX

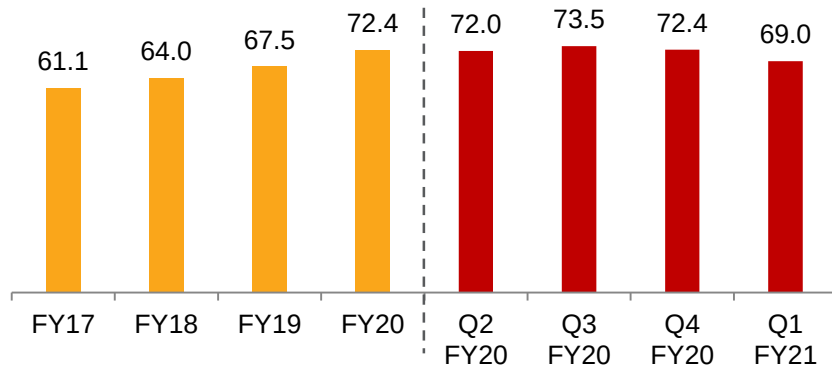


■ Rural ■ Semi-Urban ■ Urban ■ Metro

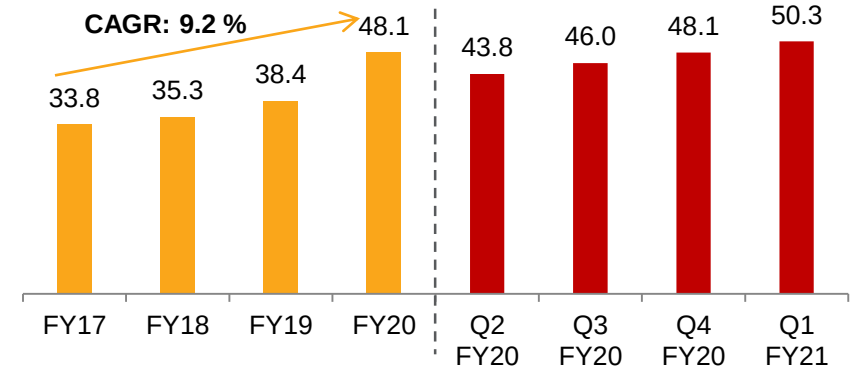
Q1 FY21 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE



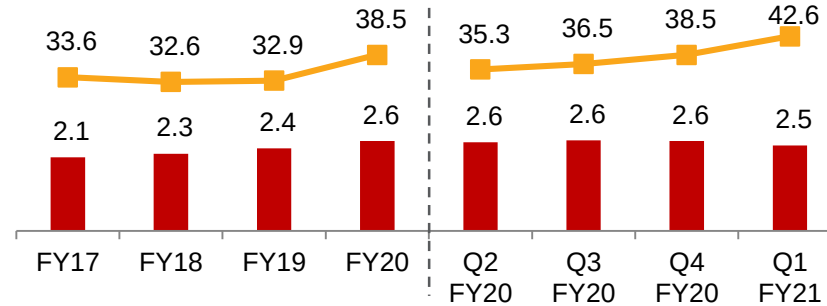
GOLD HOLDING (TONNES)



GOLD AUM PER BRANCH (Rs Mn)



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



■ No. of Customers (Mn)

—■ Avg. loan ticket size

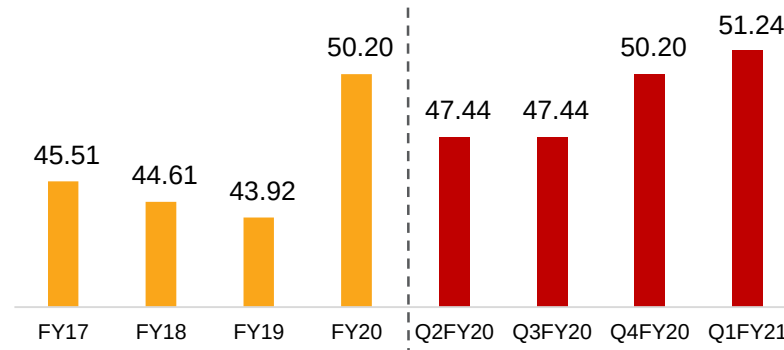
Q1 FY21 RESULTS: ONLINE GOLD LOAN: BUSINESS UPDATE



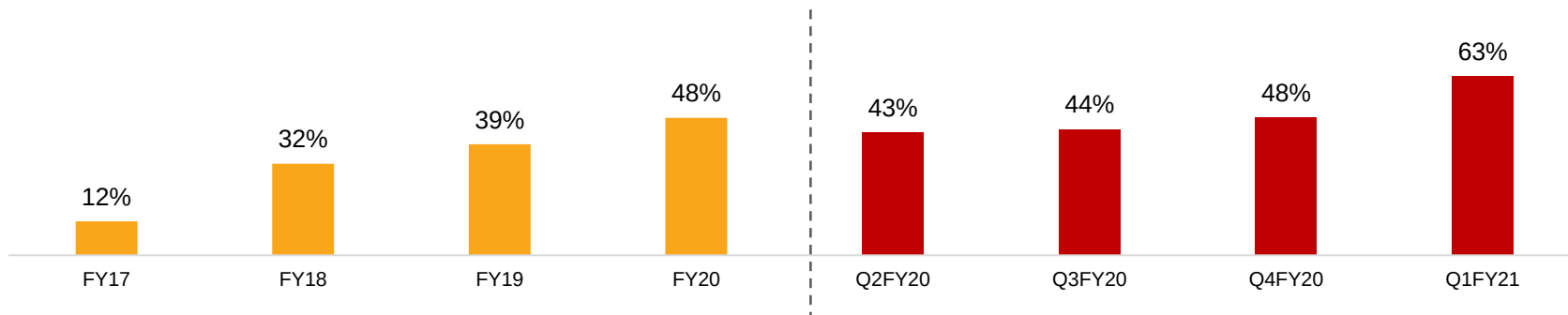
ONLINE GOLD LOANS SUPERIOR FOR CUSTOMERS

- First NBFC to launch Online Gold Loan (OGL) in September 2015
- Facility enables customers to avail a gold loan anytime, from anywhere in the world against gold stored in Manappuram branch
- Instant fund transfer upto pre-approved limits; Gold is retained in the branch post repayment of loan
- Online APP are available in different regional languages for ease of customers
- Easy documentation, instant approval, convenient 24x7 online repayment
- Hassle-free, paper-less transactions online

AVERAGE TICKET SIZE (Rs '000)



% SHARE of OGL IN THE OVERALL GOLD AUM



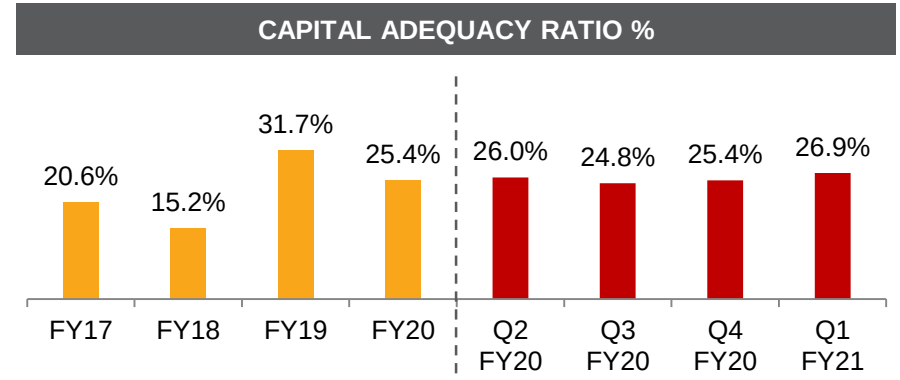
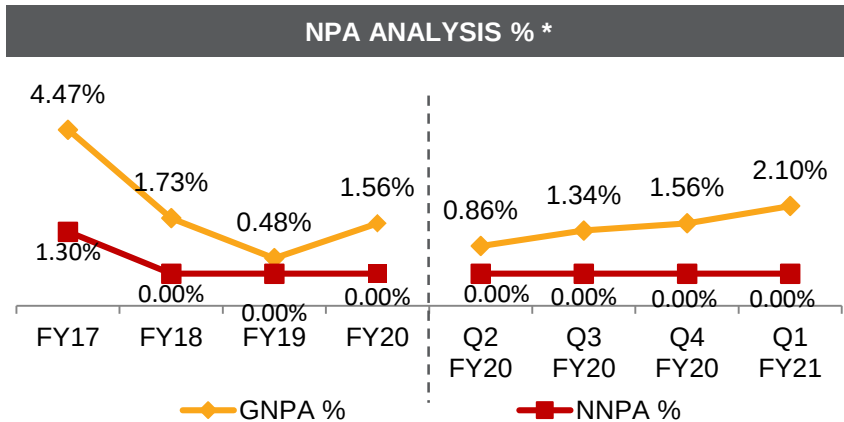
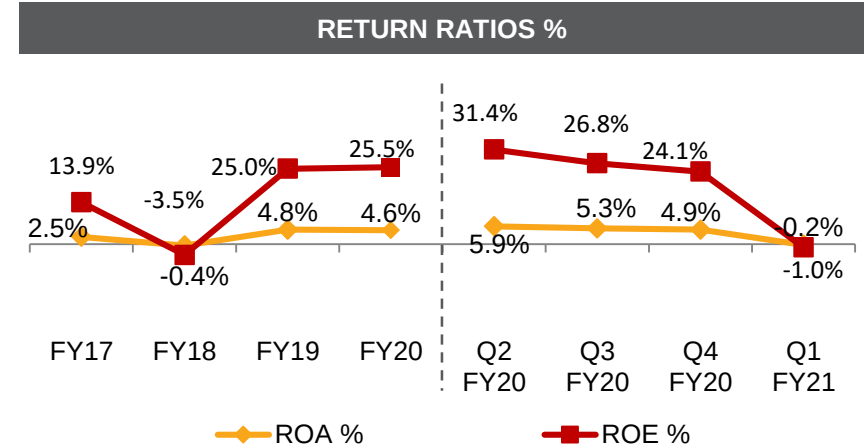
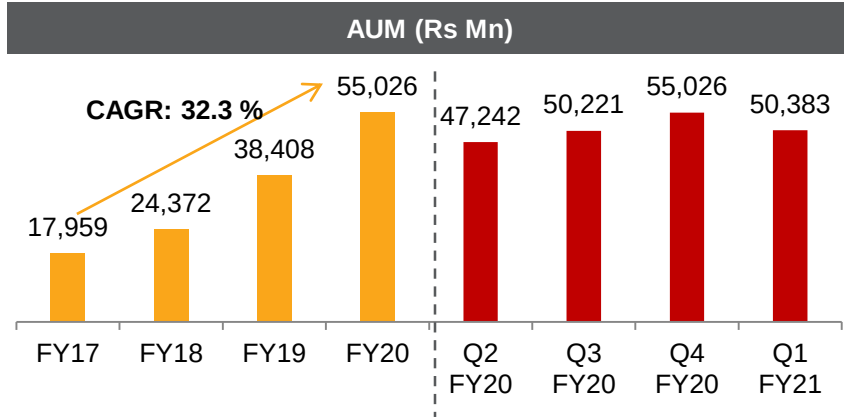
Q1 FY21 RESULTS: ASIRVAD MICROFINANCE: KEY HIGHLIGHTS



Particulars (Rs Mn)	Q1 FY21	Q1 FY20	YOY %	Q4 FY20	QOQ %	FY20
Closing AUM	50,383.1	41,983.0	20.0%	55,026.4	-8.4%	55,026.4
Income from Operations	2,633.4	2,032.1	29.6%	3,925.3	-32.9%	10,550.6
Finance expenses	1,238.5	691.1	79.2%	1,792.0	-30.9%	4,094.4
Net interest income	1,394.9	1,341.0	4.0%	2,133.3	-34.6%	6,456.2
Employee expenses	364.7	334.6	9.0%	445.1	-18.1%	1,501.6
Other operating expenses	193.7	178.5	8.5%	221.2	-12.4%	841.7
Pre provision profit	836.5	827.9	1.0%	1,467.0	-43.0%	4,112.9
Provisions/Bad debts	906.5	166.8	443.4%	820.6	10.5%	1,473.8
Other Income	28.2	93.0	-69.7%	99.5	-71.7%	463.8
Profit before Tax	(41.8)	754.1	-105.5%	745.9	-105.6%	3,103.0
Tax	(15.8)	260.8	-106.1%	140.6	-111.3%	749.7
PAT	(25.9)	493.3	-105.3%	605.3	-104.3%	2,353.3
Borrowings	49,790.9	25,655.0	94.1%	45,006.5	10.6%	45,006.5
Networth	10,402.8	8,319.0	25.0%	10,395.2	0.1%	10,395.2

*Asirvad has provided additional provision of Rs 75 cr for COVID -19 in Q1FY21 and Rs 55 Crs in Q4 FY20

Q1 FY21 RESULTS: ASIRVAD MICROFINANCE: RESULT ANALYSIS



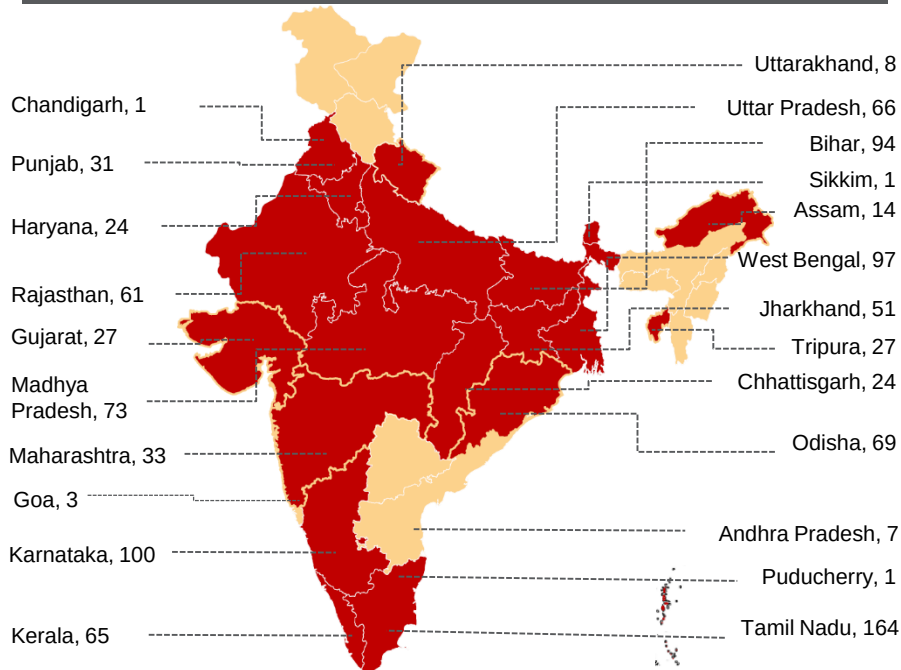
* NPA recognised at 90 Days

Only FY 16 & 17 nos as per IGAAP

Q1 FY21 RESULTS: ASIRVAD MICROFINANCE: AUM UPDATE

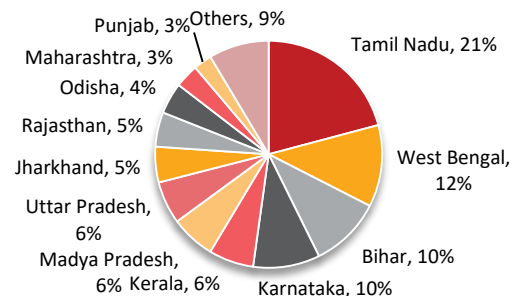


PAN INDIA PRESENCE

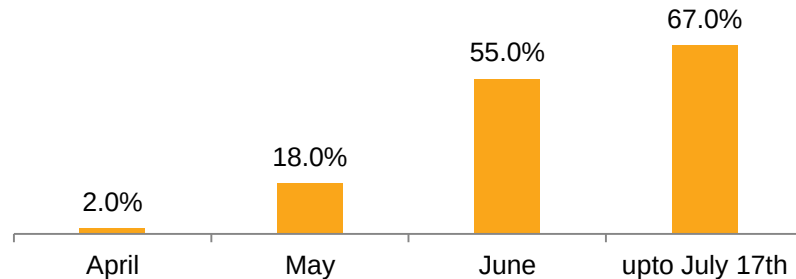


1041 Branches, No of Customer 2.3 mn

MFI AUM - STATEWISE BREAKUP



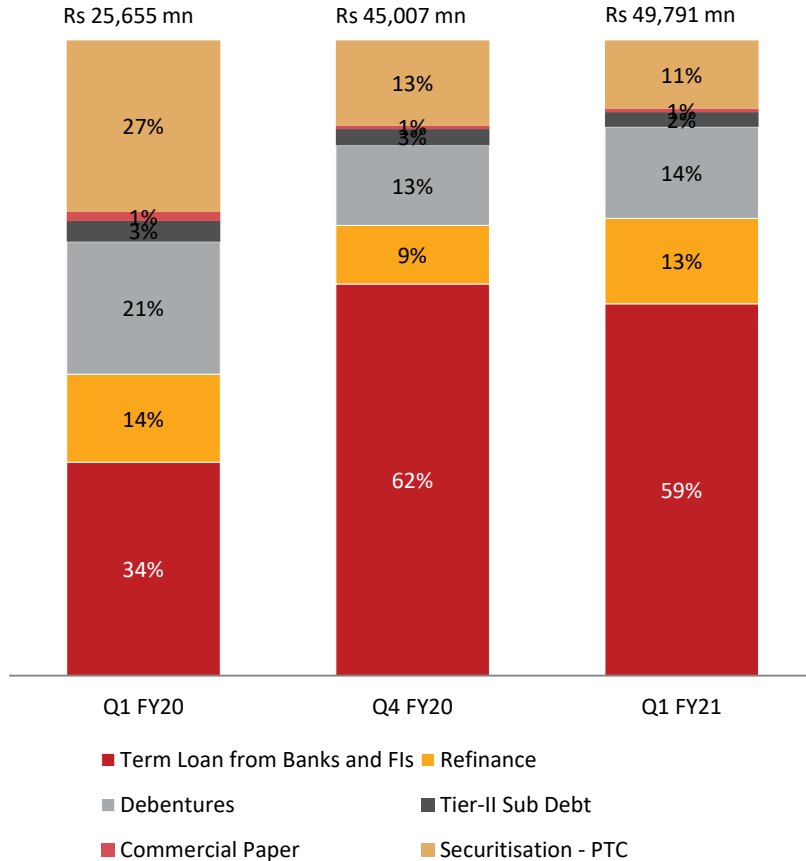
OVERALL COLLECTION EFFICIENCY



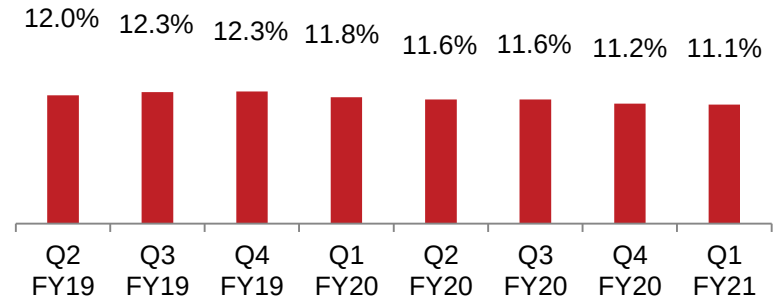
Q1 FY21 RESULTS: ASIRVAD MICROFINANCE: LIABILITIES OVERVIEW



BORROWING MIX



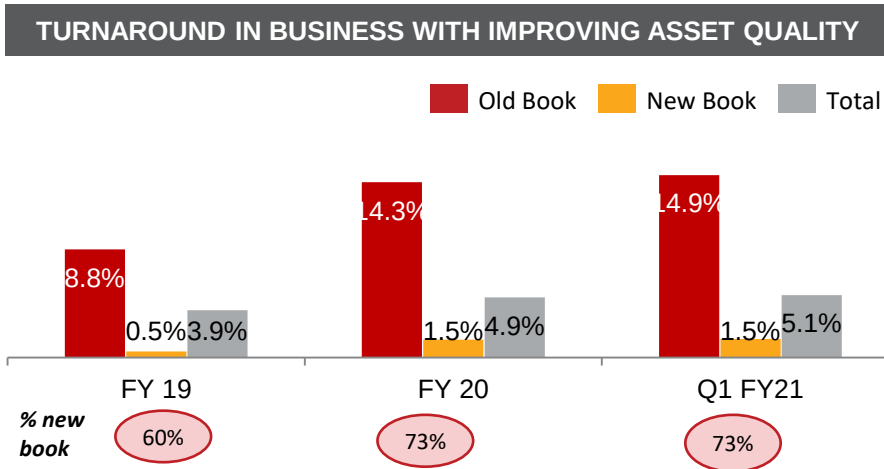
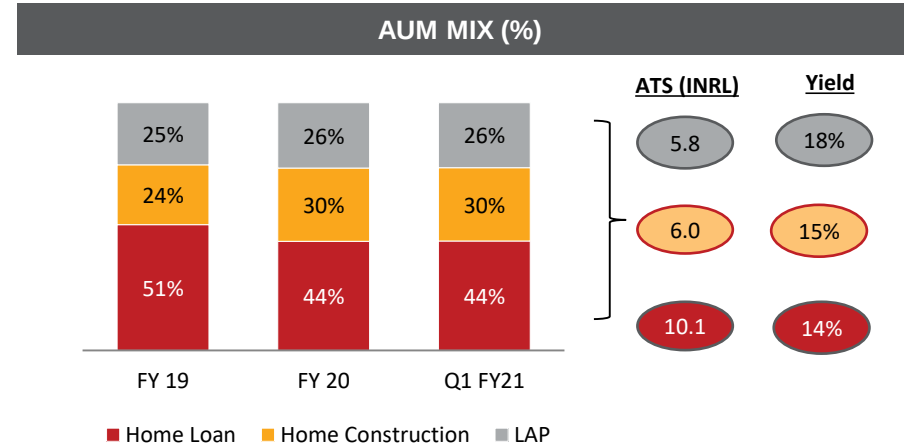
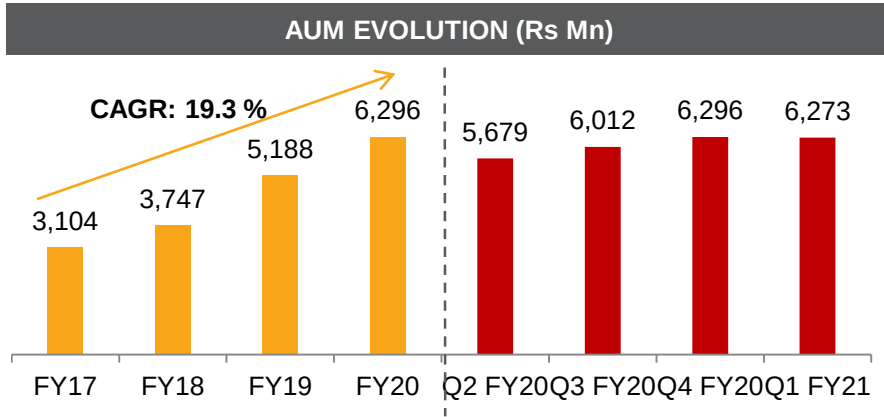
COST OF FUNDS



CREDIT RATING

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

Q1 FY21 RESULTS: HOUSING FINANCE: BUSINESS UPDATE

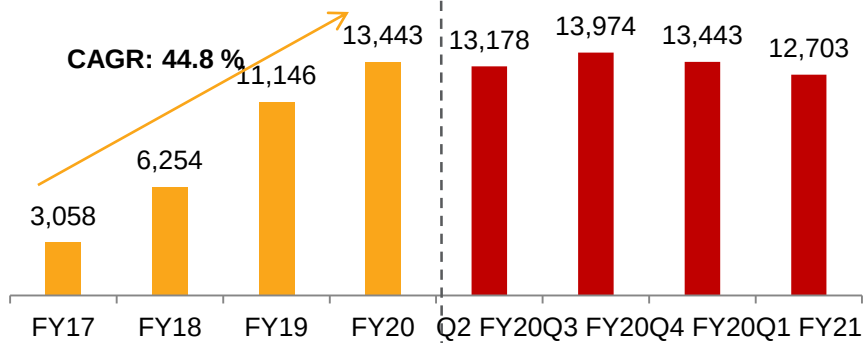


- ### OPERATING OVERVIEW
- Started commercial operations in January 2015
 - Focus on Affordable Housing for Mid to Low income self-employed customers (80% self-employed)
 - Focus on South and West India, 47 branches; 75% self sourced business
 - Rated AA - /Stable (Long Term) & A1+ (Short Term) by CRISIL
 - Rated AA - (Stable) (Long Term) by CARE

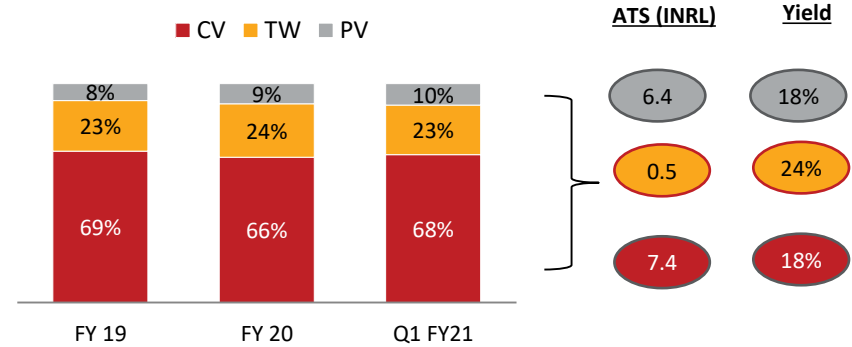
Q1 FY21 RESULTS: VEHICLE AND EQUIPMENT FINANCE: BUSINESS UPDATE



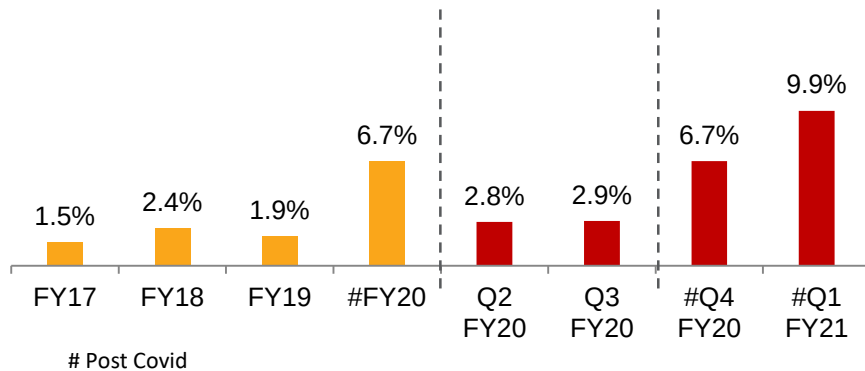
AUM EVOLUTION (Rs Mn)



AUM MIX (%)



GNPA ANALYSIS %



OPERATING OVERVIEW

- Started commercial operations in January 2015.
- The operations are a part of Manappuram Finance Ltd and are carried out from existing gold loan branches (222 branches)
- Focus on light and small commercial vehicles in Semi urban and rural locations
- Moving customers into digital payment platforms for better operational efficiency

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Competitive strengths



MANAPPURAM
FINANCE LIMITED

1

Superior process and product innovation

2

Pan India MFI business with granular asset base and strong risk practices

3

Prudent liabilities strategy

4

Well governed with independent board and deep management bench



MANAPPURAM
FINANCE LIMITED

1 Superior process and product innovation

Strong operational risk management sets Manappuram apart



COMPLEX APPRAISAL PROCESS

- **Complex appraisal process** accounting for type of ornament, gem stones, purity etc.
- In-house expertise across branches to weigh and appraise ornaments
- Higher value ornaments require **branch head approval** (>20g of gold)
- Typically **3-4 rounds of appraisal** done by employees with TAT of <10 minutes



HIGH BRANCH LEVEL SECURITY

- Pioneer in installing **cellular vaults** across all branches



- Robust branch security infrastructure including CCTV cameras, **panic switches, motion sensors**, alarm systems, vibration sensor etc

STRICT CUSTODIAL RISK MANAGEMENT

- **100% insurance** for gold held in branches
- Employee rotation through transfer / promotions on 1-2 year basis
- Vaults have dual keys with joint custodians
- **Surprise audit** by internal vigilance team
- Internal **analytics based fraud alert system**
- **Regular auction** policy for overdue gold loans

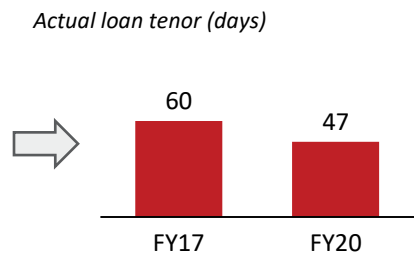
Manappuram has strong focus on processes and compliance successfully replicating processes across 3,529 gold loan branches

1 Superior process and product innovation

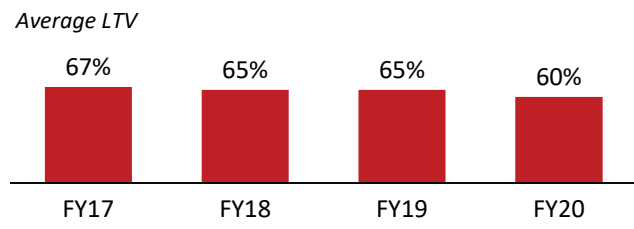
Innovated 3 month product resulting in lower credit losses

3 month product de-risks impact from fluctuation in price of gold

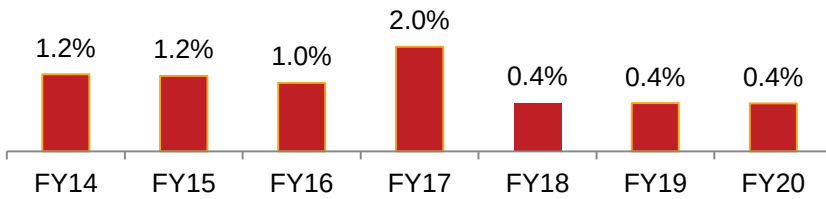
	12 month tenor	3 month tenor
Gold value	100	100
LTV (%)	75	75
Gold loan	75	75
Interest rate (%)	24	24
Interest cost¹	21	7.5
Total principal + interest¹	96	82.5



Conservative approach to LTV with 75% cap on each loan



Resulting in low credit loss in gold product



Short tenor ensures recoverability of principal and interest resulting in limited deviation between gross and net yields

Note:
1 Includes interest outgo during 2 months of auctioning period

2 Pan India MFI business with granular asset base and strong risk practices

Operational Risk

Geographic concentration

- **Portfolio outstanding** related caps at state and district level
- MFI industry **market share** cap of 5% for a state

Branch and Division level

- **Monthly internal audits** at all branches (including centers) and divisions
- Assignment & monitoring of **compliance scores** based on audit
- **100% loan documents verified**
- **Fraud prevention** and **early detection**

Employee level

- **Mandatory rotation** for all employees at branch and divisional level
- **Geo-tagging** of center meeting location
- **Live data entry** of collections through tablets and SMS to customers
- **Restricted span of control** for higher supervision

- ✓ Lower ATS vs. industry
- ✓ No top-up loans during demonetization
- ✓ No top-up loans during Covid crisis
- ✓ Borrower limits more stringent vs. MFIN

Credit Risk

Geography selection

- Comprehensive **risk score card** based branch expansion
- Risk score card assesses:
 - Industry presence
 - PAR performance
 - Local issues (political, prone to drought/floods)

Customer diligence

- Stringent **CGT and GRT**
- **CB check** conducted for each potential customer
- **100% loan utilization check** post disbursement
- Selective monitoring of customers more vulnerable to default



Financial Risk

Borrowings

- Borrowing committee working under the supervision of the Board to **effectively manage**:
 - Borrowing cost and Draw-downs
 - Lender dependence caps
- **Big4 firms** as internal and statutory auditors

Treasury and Liquidity

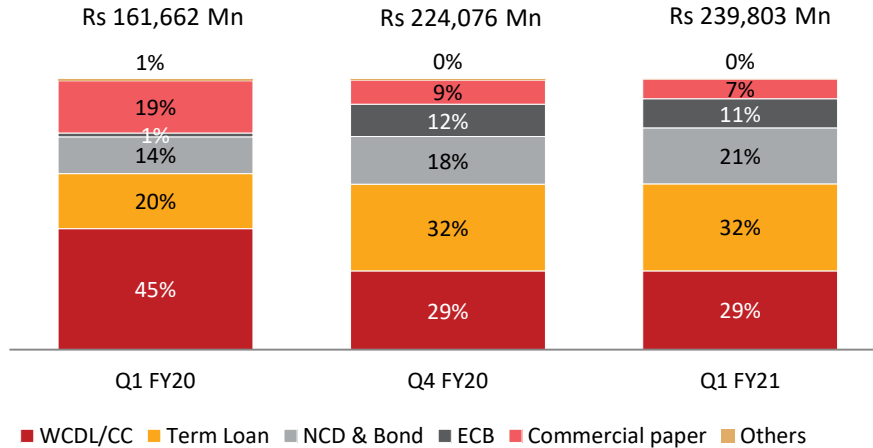
- **Active treasury management**
 - Selecting short term savings instruments for excess Funds
 - Prudent ALM management
- **Sufficient liquidity**

Political Risk

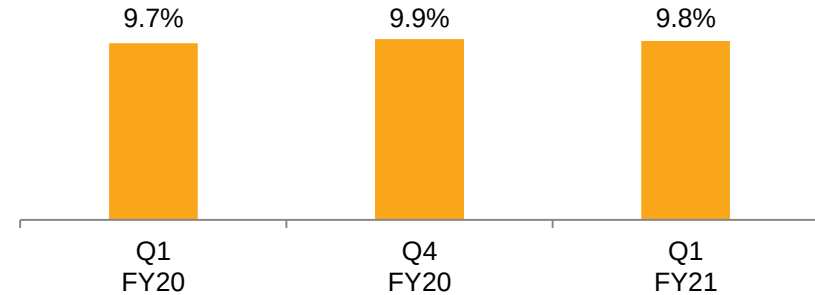
- **Engagement activity** with the members and society including financial literacy and awareness programs
- **Active engagement** with State level **SROs**
- Continuous interest **rate reduction**
- Robust **customer grievance redressal** mechanism
 - Toll-free help lines and tele-calling services
 - Monitoring of timely resolution of customer grievances

3 Prudent Liabilities strategy with CoF

Access to diversified sources of funding (Consolidated)



Cost of borrowing (Consol)



- ✓ Proportion of CPs has reduced from 19% to 7%
- ✓ Received rating upgrade from CRISIL to AA in Sep 2019
- ✓ Raised \$300m of MTN by issuing a listed bond in Jan 2020
- ✓ Rated B+ by S&P and BB - Fitch
- ✓ Subsidiary credit rating of CRISIL AA- for Asirvad and HFC

Well governed with independent board and deep management bench



Key managerial personal



- Postgraduate in Science
- Managing committee member of ASSOCHAM and FICCI

Mr. V. P. Nandakumar
Managing Director and CEO



- Fellow member of the Institute of Chartered Accountants of India
- Managing finances of Manappuram for 21 years

Mrs. Bindu A L
CFO



- Fellow member of the Institute of Company Secretaries of India
- 14 years of experience as a Company Secretary

Mr. Manoj Kumar VR
Company Secretary



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

Mr. Raja Vaidhyathan
MD - MFI



- Erstwhile MD of State Bank of Travancore
- Over 37 years of experience in the financial services industry

Mr. Jeevandas Narayan
MD – Housing Finance



- Over 24 years experience with organizations such as Fullerton India, HDFC Bank, Citicorp etc.

Mr. Senthil Kumar
Head – Vehicle and Equipment Finance

Board of Directors



- Former Chairman: HDFC Bank, Unit Trust of India & Bombay Stock Exchange, Deputy Governor: Reserve Bank of India
- 40 years of work experience in banking and finance

Mr. Jagdish Capoor
Independent and Non-Executive Chairman



- Masters degree in commerce
- Director since July 1992

Mr. B.N. Raveendra Babu
Non Executive Director



- B.Com Kerala University, Diploma in Industrial finance, Certified Associate of the Indian Institute of Bankers
- Over 42 years work ex in RBI, NBFCs regulations

Mr. P. Manomohan
Independent and Non-Executive Director



- B. Sc.: Calicut University , B.A. LLB : Kerala University
- 36 years of work experience , civil lawyer enrolled with the Thrissur Bar Association

Mr V. R. Ramchandran
Independent and Non-Executive Director



- Chartered Accountant with a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad
- Partner at Apax Partners LLP

Mr. Gautam Narayan
Non-Executive Director



- Gold medallist in Economics from XLRI School of Management
- 24 years in financial services industry in ANZ Grindlays Bank, ABN AMRO Bank

Sutapa Banerjee
Independent and Non-Executive Director



- B-tech in ME from IIT-B, MSc in Operations, PhD degree in Operation Research
- Over 38 years of experience, was President of Granite Hill Capital Ventures

Dr. Shailesh J Mehta
Independent and Non-Executive Director



- He holds a Masters in Economics from Bombay University.
- Board member-Fast Encash Money Transfer (UK), Abans Global Ltd (UK)

Mr. Harshan Kollara
Addl. Director



- B-Tech (Hons) from Indian Institute of Technology, Kharagpur , Post Graduate Diploma in Management from Indian Institute of Management, Kolkata
- Senior Advisor to E&Y
- Previously CFO Citibank, Indian subcontinent

Mr. Abhijit Sen
Independent and Non-Executive Director

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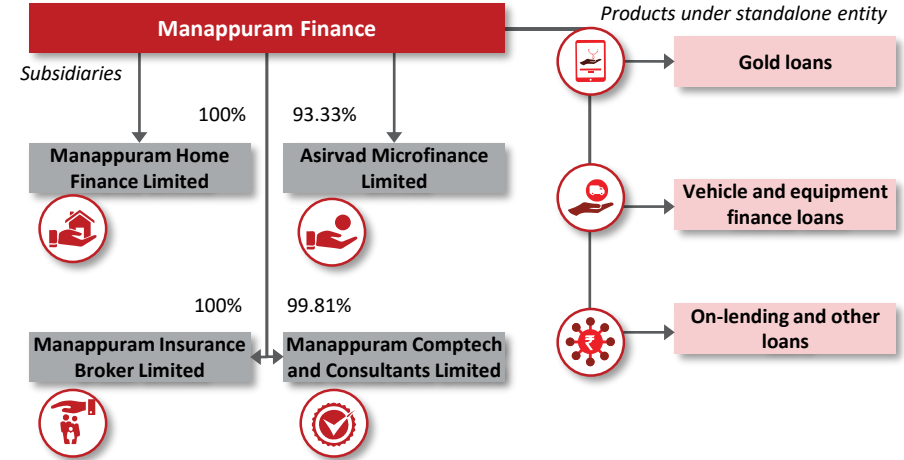
Section 4 **COMPANY OVERVIEW**

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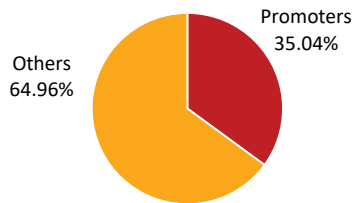
Leading diversified NBFC in India

- Incorporated in 1992, Manappuram is Non-Banking Financial Company (NBFC) offering a diversified product portfolio including gold loans, microfinance loans, vehicle and equipment finance, home loan finance, on-lending and insurance brokerage business
- Currently has 4,622 branches across 22 states and 6 Union Territories. Loan assets of INR252bn and employee count of 27,721 as of March 2020
- Gold loan under management of INR170bn as of FY20 with 72 tonnes gold jewellery held as security for gold loans and 2.6m gold loans customer base
- Gold loans constitutes c.67% of the consolidated loan book as of FY20
- Company vision to provide full range of credit services across India

Group structure



Shareholding (30th June 2020)



Top Shareholders holding more than 1% (other than promoters)	%
Quinag Acquisition (FPI) Ltd.	9.91
DSP Small Cap Fund	5.23
Fidelity Investment Trust	3.48
Baring India Private Equity ¹	3.59
Barclays Merchant Bank (Singapore) Ltd.	2.92
Duro One Investment Limited	2.77
L&T Mutual Fund Trustee Ltd.	2.13
BNP Paribas Arbitrage	1.18

1. Includes Fund II and Fund III

Corporate governance



1992-2000

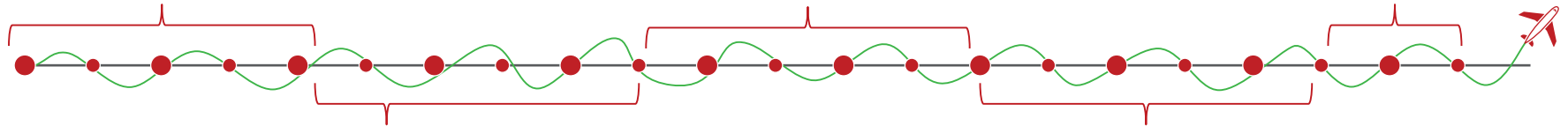
- Incorporated at Thrissur
- First public issue of shares for INR17.5m with listing on Bombay, Madras and Cochin stock exchanges
- RBI permits accepting public deposits
- Major policy change sees MFL shifting its focus to gold loans

2006-2010

- Fullerton India/Temasek sanctions credit limit of INR500m, enhances the limit to INR4.8bn within a year
- Receives FII from Sequoia Capital and Hudson Equity Holdings investing INR700m
- Total business volumes of INR10bn in 2008
- Total business volumes cross INR50bn in 2010
- Raises INR2.5bn through QIP
- Opens its 1001st branch at Thrissur town

2016-2019

- Acquires 100% ownership of Manappuram Insurance Brokers
- Reaches 4.5m live customers; diversifies to total of 24 states and 4 union territories with 4,380 branches
- Commercial vehicles business achieves INR10bn AUM; Microfinance business enters the North Eastern region; introduces OGL mobile application



2001-2005

- Commences forex business with moneychanger's licence from the RBI
- Declares rights issue in 2003
- Attracts institutional funding for the first time, when ICICI Bank sanctions working capital facility of INR250m under a 'bilateral assignment'

2011-2015

- AUM grows to INR75bn in 2011 and crosses over INR100bn in 2012
- Branch Network reaches 2,908, with more than 850 branches added in 2012
- Pioneers introduction of shorter tenure loans (3 to 9 months) with lower LTV for longer tenure loans based on RBI stipulation on LTV
- Acquires ownership of Milestone Home Finance Private Limited from Jaypee Hotels
- Diversifies into Home Loans and Commercial Vehicle finance
- Acquires Asirvad Microfinance
- Introduces online gold loan (OGL) in October becoming the first in the industry to do so in 2015

Agenda



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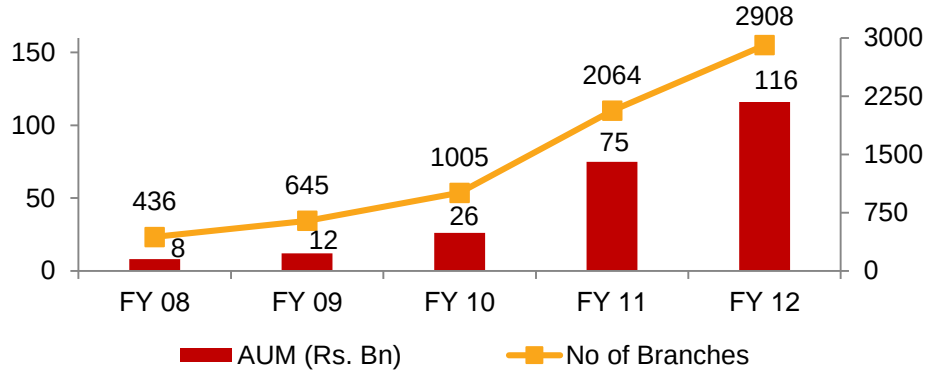
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UNDERSTANDING OUR EVOLUTION

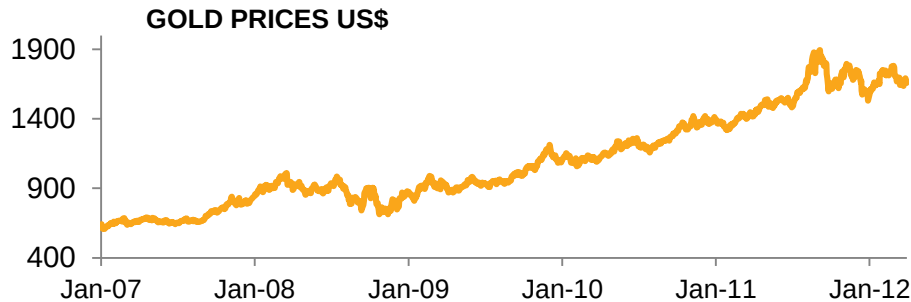
PHASE 1: FY08 - FY12

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 CAGR of ~95% in AUM over FY08 - FY12.

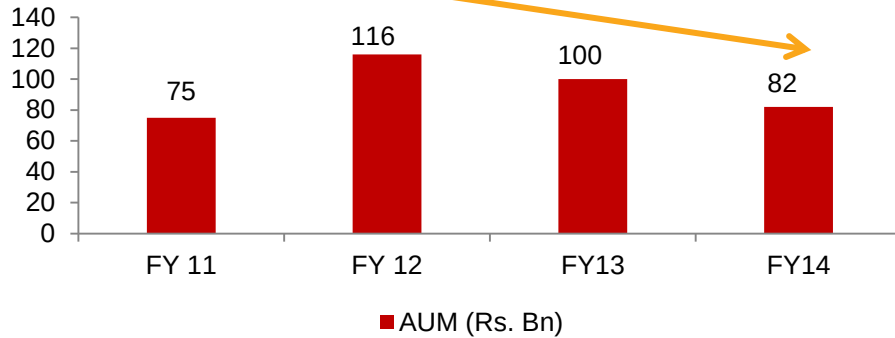
Branch Network grew by 7x over FY08 - FY12.

Strong Execution Capabilities and well defined systems and processes.

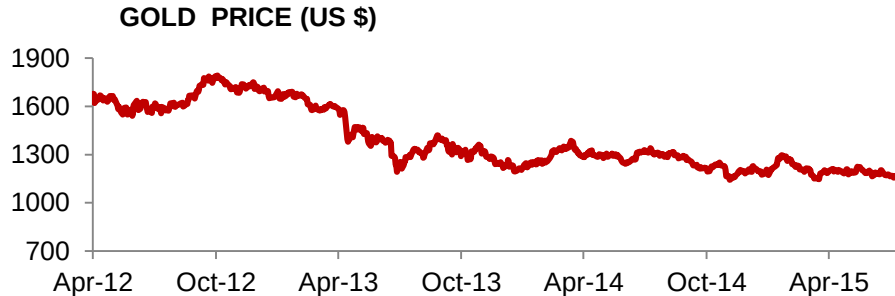
UNDERSTANDING OUR EVOLUTION

PHASE 2: FY12 - FY14

REGULATORY OVERHANG IMPACT....



ALONG WITH FALLING GOLD PRICES....



Source - Bloomberg

Regulatory Changes by RBI-

- **Mar - 2012 : Removal of Priority Sector Lending Status**
– led to Higher Borrowing Cost.
- **Mar - 2012 : Cap on LTV to not exceed more than 60%**
 - Weakened the Competitive positioning vis-à-vis Banks and Moneylenders.
 - Higher LTV Focused customers moved to Moneylenders whereas Interest Rate sensitive customers moved to Banks.
- Cap on Maximum Borrowing up to Rs. 2.5 Mn.

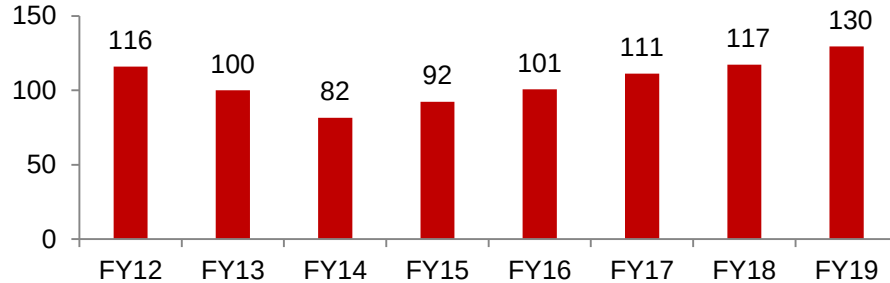
Fall in Gold Prices –

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

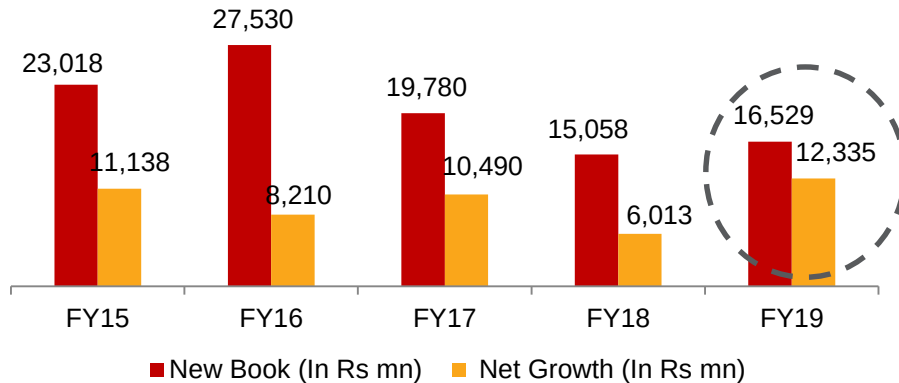
UNDERSTANDING OUR EVOLUTION

PHASE 3: FY15 ONWARDS

ON A REVIVAL PATH.....



WITNESSING THE GROWTH BACK...



Note - * Net Growth = New Book - Auction

Sept – 2013 : Regulatory Changes by RBI-

- Increased the loan-to-value (LTV) ratio for gold loans to 75 per cent -
 - Resulting into Level Playing Field for NBFCs vis-a-vis the commercial banks .

Jan-2014 : Reaching out to the Customers

- Through enhanced Marketing and Branch Activation Initiatives

June – 2014 : De-Linking to Gold Prices –

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

Positive Operating Leverage to kick in which would result into better Return Ratios and Profitability.



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