



# MANAPPURAM FINANCE LIMITED

Make Life Easy

Sec/SE/625/2019-20

Date: November 28, 2019

<b>1. National Stock Exchange of India Ltd.</b> Exchange Plaza Bandra (E), Mumbai – 400051 Tel: 2659 8235/8452 Fax No.: 2659 8237-38 <b>NSE Symbol: MANAPPURAM</b>	<b>2. BSE Limited</b> Corporate Relationship Dept. Dalal Street, Mumbai – 400001 Tel: 2272 1233/8058 Extn- 8013 Fax No. 2272 2037/2039/ 2041/2061 <b>Scrip Code No. 531213</b>
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**Sub: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”)**

**Ref: Sec/SE/ 535 /19-20 Outcome of Board Meeting held on 06th November 2019, Sec/SE/604/2019-20 dated 26<sup>th</sup> November 2019 & Sec/SE/607/2019-20 dated 27<sup>th</sup> November 2019**

Dear Sir/Madam,

Pursuant to Regulation 30 and other applicable provisions of the Listing Regulations and in continuation to the above referred intimations we wish to inform you that on 27<sup>th</sup> November 2019 **international credit rating agencies** viz Fitch Ratings and S&P has assigned the following ratings to the Company for the proposed issue of debt instruments in the form of US dollar denominated senior notes bonds (the “Notes”) by the establishment of a Euro medium term note programme(“EMTN Programme”):

<b>Rating Agency</b>	<b>Type</b>	<b>Rating</b>	<b>remarks</b>
S&P Global Ratings	Issuer Rating	'BB-' Long Term and 'B' Short Term with 'Stable' Outlook	New rating
Fitch Ratings	Long Term Foreign Currency Issuer Default Rating  Long Term Local Currency Issuer Default Rating	BB – Stable (Double B Minus Stable)	New rating

Kindly take the above disclosure on your record.

Yours faithfully,

**For Manappuram Finance Limited**

**Manoj Kumar VR,  
Company Secretary**

**India's First Listed and Highest Credit Rated Gold Loan Company**

Registered & Corporate Office : (CIN-L65910KL1992PLC006623) IV/470A (old) W638A(New), Manappuram House, Valapad, Thrissur, Kerala - 680 567, India  
Tel : 0487 - 3050100, 3050108 Fax : 0487 - 2399298 E mail : mail@manappuram.com Website : www.manappuram.com

Research Update:

# Manappuram Finance Ltd. Assigned 'BB-/B' Ratings; Outlook Stable

November 27, 2019

## Overview

- Manappuram is a well-known and sizable lender against gold jewelry and ornaments, although its business is small and concentrated. It maintains significant capitalization and strong profitability, tempered by rapid growth in relatively new sectors and operational risks inherent in its business.
- The India-based company's funding is predominantly short-term wholesale and it relies on strong short-term cash flows and committed bank lines to meet these commitments.
- On Nov. 27, 2019, S&P Global Ratings assigned its 'BB-' long-term and 'B' short-term issuer credit ratings to Manappuram.
- The stable outlook on Manappuram reflects our view that the company will largely maintain its financial profile over the next 12 months, despite a challenging environment.

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## Rating Action

On Nov. 27, 2019, S&P Global Ratings assigned its 'BB-' long-term issuer credit rating to Manappuram Finance Ltd. The outlook is stable. We also assigned our 'B' short-term issuer credit rating to the India-based finance company.

## Rationale

The rating on Manappuram reflects the company's exposure to economic risk in India, its only market. We believe Indian finance companies face greater operating risk than banks because they usually have no access to central bank funding, and have less onerous regulations--notwithstanding some regulations on capital adequacy, asset quality, and asset-liability management. Gold financing companies are subjected to additional regulations such as loan-to-value restrictions and higher capital for lending against gold. Several finance companies in India have created strong niches, domain expertise, and economies of scale to support revenue stability and mitigate competitive pressure. Our starting point for rating financial companies in India is therefore 'bb'.

## Research Update: Manappuram Finance Ltd. Assigned 'BB-/B' Ratings; Outlook Stable

Manappuram is a nonbank finance company that focuses on lending against gold across India. The loan portfolio is heavily skewed toward loans against gold jewelry and ornaments (67%; bullions and coins are not allowed by regulation), supplemented by microfinance (20%) and other lending. About 40% of the company's lending against gold is conducted online. Similar to other finance companies in India, Manappuram is looking to capitalize on growth opportunities beyond its core competency. These include insurance broking, microfinance, as well as auto, affordable housing, and small and midsize enterprise (SME) loans. The company is focused on servicing customers of similar socioeconomic backgrounds who do not have readily available financing from other formal lenders.

Total loans of about Indian rupee (INR) 194 billion (US\$2.8 billion) make Manappuram commensurate with peers such as Hero FinCorp Ltd. at INR197 billion (US\$2.8 billion) and Muthoot Finance Ltd. at INR383 billion (US\$5.3 billion). However, it is small compared with peers such as Bajaj Finance Ltd. at INR1,125 billion (US\$16.1 billion) and Shriram Transport Finance Co. Ltd. at INR1,045 billion (US\$14.9 billion).

Despite an estimated market share of about 5% of total gold lending, it is still a relatively well-known brand in India. While its closest specialized gold lender peers are Muthoot Finance (12%) and Muthoot Fincorp (5%), there remains huge competition from banks and unregulated financiers in this highly fragmented market. We note that the main nonbank finance companies hold relatively large market shares in gold lending. The competitive landscape is even more intense in nongold lending, in our view.

Similar to other nonbank financial institutions (NBFIs) in India, Manappuram leverages its core business' balance sheet and strong cash flows to expand organically and inorganically (e.g. Asirvad Microfinance Ltd.). Investments into sectors such as affordable housing do offer some diversification, but the company's long-term success in these sectors remains to be seen, given the influx of other new competitors. In our view, these nongold businesses pose greater credit risk and business cycle fluctuations than loans against gold. The company is making investments in technology to improve the oversight and controls for these businesses.

Manappuram's current managing director and CEO, Shri. V.P. Nandakumar, and his wife are the main promoters with about a third of outstanding shares. Apax Partners LLP's 10% shareholding is the largest single holding outside of the promoters, granting it a seat on the board, with Baring Private Equity Partners India Ltd. maintaining the only other material single holding of 9%. In our view, the promoter's stake and position as the head of the company grant him significant influence over the company and its strategic direction. This is somewhat tempered by the sizable voting block of foreign portfolio investors, including Apax's seat on the board.

In our view, Manappuram's management has the necessary skills and experience to ensure the long-term sustainability of the gold loan business. The acquisition of companies and management who have the skills and experience in running nongold lending businesses temper the risks of greenfield expansion.

We forecast Manappuram will sustain an extremely high risk-adjusted capital (RAC) ratio at over 30% for the next 12 to 18 months. The RAC ratio was 30.8% as of March 31, 2019. We expect the high-return gold and microfinance portfolios to help sustain capitalization despite rapid growth. We forecast the RAC will remain between 31%-35% over the next two years.

Our RAC ratio takes into account 70% of the value of collateral held against gold loans, which is in line with our criteria but is different to the Reserve Bank of India's (RBI) zero collateral offset. While we could follow the RBI's treatment, we believe that our 30% haircut sufficiently captures the potential price risk. If we were to remove the benefit of gold collateral, our RAC ratio would be 15.2%.

## Research Update: Manappuram Finance Ltd. Assigned 'BB-/B' Ratings; Outlook Stable

Our key forecast assumptions are:

- Loan growth of 20% in fiscal 2020, tempering to 17% fiscal 2021, driven by rapid growth in the nongold business (including home finance);
- Slight deterioration in net interest margin, as the proportion of lower-yielding nongold loans grows;
- Slight increase in nonperforming loans due to general economic pressure and rapid growth in the nongold lending business that will take time to mature could lead to higher NPLs in the medium term;
- No capital raisings; and
- Dividend payout ratio of 25%.

Manappuram's earnings and cash flow are superior to most NBFIs, and similar to peers such as Muthoot Finance. Net interest margins of over 15% lead to a sustained return on average assets of above 4%, which is well above those of Hero FinCorp (about 1.5%) and even Bajaj Finance (about 3.5%). The nature of Manappuram's gold business is bridge financing for low- to middle-income customers, who are willing to pay effective annual interest rates of about 22%. These high rates of interest, coupled with some incentives for early and regular repayments, result in a high short-term cash flow. The high operating earnings and cash allow Manappuram to support its periphery lending business to increase the stickiness of its customer base. Furthermore, capitalization supports high growth in these investments without external equity raisings. Industrywide complaints are predominantly regarding exorbitant interest rates charged, which creates a risk that the RBI may set interest rate caps, although we view this as low risk.

In our view, collateral-based lending requires a relatively low level of credit risk management sophistication. Manappuram does not assess its customers' ability to repay its loans against gold--it is purely collateral-based lending. The company has the ability to also demand that its customers repay their loans early if the value of their gold falls, although this has never been exercised. We understand that gold jewelry and ornaments hold some sentimental value to customers, which alleviates the propensity for willful defaulters based on the price of gold. Incentives for early and regular repayment of loans also reduce the risk of a price correction (e.g. April 2013). Further, the small-ticket/high-volume nature of the loans results in high customer diversification.

Gold collateral is Manappuram's key risk mitigant. Regulatory restrictions that cap lending against loan-to-value ratios at 75% provide plenty of buffer for the finance company to protect its principal and generate significant interest over three-month loan tenors (87% gold loans). This buffer is enhanced with internal haircuts to the valuation of collateral. Loss--given defaults on gold loans--are negligible compared to auto and SME loans, and are more associated with interest rather than principal losses. Price risk over longer tenors is evident in the maximum deterioration in gold price since 2000 was 12% month-on-month, 20% over three months, and 23% annually. These may be tempered by fluctuations in the exchange rate, although the correlation is high at 94%.

Given the sentimental value of gold jewelry, we believe reputational damage could occur if the company is seen as taking advantage of customers who are unable to repay. This reputational risk extends to the legal clause that Manappuram can demand early loan repayment, and as such can be difficult to trigger this clause. The company also faces the risk of regulatory tightening, similar to that experienced in 2012 when the central bank clamped down on loan-to-value ratios and rolled out new requirements for auctioning gold. While there is a high degree of customer granularity, the concentration of customers in the south of India remains high at about 60% of

loans against gold.

The nature of lending against gold exposes Manappuram to high operational risk, in our view. Theft and fraud are the main risks associated with the valuation and storage of gold collateral.

Manappuram has undertaken a number of actions to minimize this risk. Two employees check the purity of gold via nitric acid, color, sound, and smell tests. There are regular unscheduled audits to check pledges and financial risks, while vigilance officers establish physical security. We understand that the losses associated with fraud are small as a percentage of gross lending. About 40% of these losses are written off, 30% recovered from docking staff compensation, 20% provisioned, 5% from recovery, and only 5% from insurers.

Expansion into new business lines over the past five years is supportive of business diversification, by product and geography. With the exception of demonetization's impact on microfinancing, Manappuram has yet to experience a full credit cycle in these nongold loans. When coupled with plans for rapid expansion, this poses a heightened risk of asset quality issues. This is reinforced by particular growth areas such as strong competition in auto loans (e.g. Shriram Transport) or distress of more experienced lenders (e.g. affordable housing).

While Manappuram has hired staff who have experience in these segments, we believe the company's lending experience using cash flow analysis for underwriting is limited. We understand risk management resourcing is split according to assets under management of the respective business lines. In our view, nongold lending risk management practices will likely mature over time, although we believe there could be hiccups in asset quality over the next few years.

Manappuram has recently been issued a notice from the Securities and Exchange Board of India (Sebi) for selective disclosure about large losses incurred in 2013, which it shared with an analyst of a broking company. The company has subsequently amended its Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

In 2018, the RBI's Hyderabad Office rejected Manappuram's attempt to acquire Indian School Finance Co. Pte. Ltd. We understand that this was a one-off event and the regulators do not have any material outstanding concerns about the quality of governance and information produced by Manappuram.

Manappuram is highly exposed to short-term wholesale funding and maintains a thin stock of liquid assets, relying on strong short-term cash inflows and a slowdown in new lending to bolster liquidity if needed. Tempering this risk is that assets and liabilities are cumulatively matched funded. In our view, these dynamics place the company at higher risk compared with finance company peers with more long-term stable funding profiles.

Manappuram's funding is reliant on mutual funds and banks, mostly short-term and repayable on demand. Similar to the sector, costs remain elevated at up to 9.6% p.a. for shorter tenors since late 2018. Manappuram was able to raise commercial paper from six large mutual funds, although only one new short-term bank limit was obtained in late 2018. Over the first six months of 2019, Manappuram raised about INR 14 billion in new lines (mostly term loans) from about 12 creditors. In addition to these creditors was the National Bank for Agriculture and Rural Development (NABARD), which in March 2019 refinanced its INR7 billion term loan for five years. In our view, Manappuram has been able to navigate current tightness in funding markets, particularly with no material negative press on the company.

Cash credit, overdraft, and working capital liabilities account for about 40% of Manappuram's liabilities and are repayable on demand. We understand that these on-demand repayment clauses have never been triggered. However, when coupled with predominantly 60- to 90-day commercial paper accounting for another 21% of liabilities, we view this as a risk to funding stability. Even on a business-as-usual basis, Manappuram has to continually roll over commercial paper and other

## Research Update: Manappuram Finance Ltd. Assigned 'BB-/B' Ratings; Outlook Stable

short-term funding, which leaves it at risk of a misstep. Reducing the risk of unexpected creditor withdrawal is Manappuram's high capitalization and expected reduction in the use of commercial paper as a percentage of total borrowings.

The microfinance portfolio has tended to be two-thirds funded by term loans, with the rest coming from debentures and securitization. This portfolio lends itself to long-term funding, given 95% of loans have a tenor of two years. The housing loan portfolio is predominantly funded via term loan facilities from a number of banks, with an intragroup working capital loan of about 30% of total liens. Manappuram is looking to raise three-year senior secured loans, which we expect will fund long-term housing and microfinance loans.

Manappuram's cash and equivalents covered about 50% of its borrowing repayments over one month, which--when including its undrawn but committed banking lines--increases to about 107%. Offsetting this is the strong cash flow of loan repayments, which are mostly within three months. Hence, we assess the company's liquidity as adequate. If there are disruptions to customer repayments, we believe the company will dramatically slow new originations to stockpile cash and meet its upcoming commitments. In our view, this is the primary mechanism for the company to survive a liquidity stress. Even if the company would be willing to recall customer loans in spite of reputational risks, and end up selling their respective gold collateral, it would take at least four weeks to auction and monetize the items. This illiquidity and associated reputational risk means we do not count this option in our stress scenario. Overall, we believe the company's strong short-term cash inflows and potential management actions to significantly reduce new lending provides it with sufficient liquidity to survive a stress scenario for 12 months.

## Outlook

Our stable outlook reflects continuation of Manappuram's business franchise, capitalization, risk profile, and asset-liability mix over the next 12 months--despite the challenging environment.

## Downside scenario

The most likely downside scenario would be a material deterioration in the asset quality of its nongold businesses or--less likely in our view--changes to the gold business' operating environment (e.g. regulatory changes).

## Upside scenario

The most likely upside scenario would be a structural improvement to the stability of its funding profile. Longer-term funding would reduce the rollover risk associated with short-term wholesale funding, in our view.

## Ratings Score Snapshot

Issuer Credit Rating: BB-/Stable/B

Stand-alone credit profile: bb-

Anchor: bb

- Entity-Specific Anchor Adjustment: 0
- Business Position: Moderate (-1)

## Research Update: Manappuram Finance Ltd. Assigned 'BB-/B' Ratings; Outlook Stable

- Capital, Leverage & Earnings: Very Strong (+2)
- Risk Position: Moderate (-1)
- Funding & Liquidity: Moderate & Adequate (-1)
- Comparable Rating Analysis: 0

External Influence: 0

- Government Influence: 0
- Group Influence: 0
- Guarantee or other external influence: 0
- Ratings Above the sovereign: 0

## Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | General: Nonbank Financial Institutions Rating Methodology, Dec. 9, 2014
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Ratings List

### New Rating

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#### Manappuram Finance Limited

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Issuer Credit Rating BB-/Stable/B

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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.



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# Manappuram Finance Ltd.'s US\$750 Million Secured Euro MTN Program And Proposed Senior Notes Rated 'BB-'

November 27, 2019

SINGAPORE (S&P Global Ratings) Nov. 27, 2019--S&P Global Ratings today assigned its 'BB-' long-term rating on Manappuram Finance Ltd.'s US\$750 million secured euro medium-term note (MTN) program. At the same time, we assigned our 'BB-' long-term issue rating to a proposed issue of U.S.-dollar-denominated three-year senior secured notes under the MTN.

Manappuram plans to use the proceeds from the proposed issuance for onward lending, general corporate purposes, refinancing, and other activities. Notes issued from the program will constitute direct, general, and unconditional obligations of the India-based financing firm.

The rating on the program and proposed notes is the same as our long-term issuer credit rating on Manappuram (BB-/Stable/B), reflecting the program's equal ranking in right of payment with all of the company's secured obligations. The notes will be secured against all current assets, book-debts, loans, advances, and receivables, including gold-loan receivables, and the associated benefits, rights, titles, interest, claims, and demands. The company must maintain a minimum security coverage ratio of at least 1.0x (excluding stage three/nonperforming assets).

The rating on the proposed notes is subject to our review of the final issuance documentation.

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## Related Criteria

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- Criteria | Financial Institutions | General: Issue Credit Rating Methodology For Nonbank Financial Institutions And Nonbank Financial Services Companies, Dec. 9, 2014
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- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011

**Manappuram Finance Ltd.'s US\$750 Million Secured Euro MTN Program And Proposed Senior Notes Rated 'BB-'**

- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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## Fitch Assigns Manappuram Finance 'BB-' Rating; Rates USD750 Million MTN Programme

Fitch Ratings - Taipei - 27 November 2019:

Fitch Ratings has assigned India-based Manappuram Finance Limited (MFIN) Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDR) of 'BB-'. The Outlook is Stable. Fitch has also assigned MFIN's USD750 million medium-term note (MTN) programme a 'BB-' rating.

MFIN plans to issue US dollar notes under the MTN programme. The notes will be secured by MFIN collateral and at all times rank pari passu and without any preference among themselves. Collateral includes all of the issuer's standard assets, stage-1 assets and stage-2 assets, and excludes all non-performing assets or stage-3 assets. The notes are also subject to maintenance-based covenants that require MFIN to ensure the security coverage ratio at equal or greater to 1.0x at all times.

MFIN has applied to have the MTN programme listed on the Singapore Exchange. The issuer will use the net proceeds of the notes for onward lending and general corporate purposes in accordance with approvals granted by the Reserve Bank of India and directions on external commercial borrowings.

### Key Rating Drivers

#### IDRS

MFIN's Long Term IDR is driven by its Standalone Credit Profile. The ratings take into account MFIN's moderate franchise in the niche segment of gold-backed financing, its low credit losses and satisfactory leverage. This is counterbalanced by elevated key person risk, a track record of shortcomings in governance and operational management, and growing risk appetite, as evidenced by its evolving business model.

MFIN primarily caters to borrowers in rural and semi-urban geographies. The company has been pursuing higher growth in other segments in the last four years, which Fitch believes is mainly due to strict regulatory norms on various operational policies that have hindered growth for MFIN in gold loan segment, despite it having been in the gold loans business since decades. It has led the company to venture towards riskier segments such as rural microfinance loans, auto loans, and low cost rural housing, where MFIN is largely expected to be the price-taker due to well-established competition.

Fitch views these products as not core to MFIN, and they could be a source of future risk with higher growth implying growing risk appetite in less familiar businesses. The share of non-gold loan products has increased to 34% of total assets under management (FY15: 3%) on a consolidated

basis in a fairly short period, and is likely to substantially increase in the medium term. In MFIN's primary segment of gold-financing, the collateral is gold jewellery, which is liquid in nature and has benefited from tighter regulations since 2013 that aim to ensure propriety in loan-to-value standards. However, operational risk is still high in gold-backed financing due to its decentralised branch led disbursement approach.

MFIN's intrinsic creditworthiness is also weighed down by heightened key man risk and weak governance practices which elevate regulatory risk for the business. The regulatory observations in terms of certain business and governance practices are significant and although MFIN has been working to address them, Fitch believes that more needs to be done to avert any risk of regulatory intervention on management and business. Fitch expects MFIN to continue to streamline its operational processes in order to ensure full regulatory compliance, as well as put in practice the succession plan drawn up by management to address the key person risk associated with the founding shareholder who is also the managing director.

MFIN's business model benefits from a high net interest margin (14.7% in FY19), which is reflected in high profitability as blended credit costs are moderate. Healthy internal capital generation results in moderate debt to tangible equity (3.4x at end-March 2019), while current core capitalisation seems fairly commensurate with the risk. However, an increasing share of commercial vehicle loans, rural housing loans and microfinance, which typically have higher credit costs, may result in greater profit volatility. Newer businesses would also need higher capital to support growth, which will test the company's ability to maintain leverage at adequate levels.

MFIN is wholesale-funded like most other Indian NBFIs, and the funding profile is relatively concentrated as banks form 65% of total borrowings, despite an incrementally more diversified funding base over the last few years. The company started accessing commercial paper (CP) in FY17 on the back of improved market access and lower interest rates. The share of funding from CP had increased to 19% by FY19. MFIN has a reasonably well matched asset liability profile, which is supported by the low tenor of gold loans, although higher growth in long tenor products would change the asset-liability profile in the medium to long term. Unutilised credit lines provide an additional liquidity buffer against any unforeseen liquidity stress.

#### MTN Programme

MFIN's MTN programme is rated at the same level as the company's Long-Term Foreign-Currency IDR, in accordance with Fitch's rating criteria.

Fitch regards the secured notes that may be issued under the MTN programme as an obligation whose non-payment would best reflect uncured failure as most of MFIN's debt is secured. The company can issue unsecured debt in the overseas market, but this debt is likely to constitute a small portion of its funding and thus cannot be viewed as its primary financial obligation.

There is no assurance that notes issued under the programme will be assigned a rating.

## **RATING SENSITIVITIES**

### IDRS

The rating would be negatively sensitive to business disruptions or curtailed funding access due to adverse events arising from governance or operational risk aspects. The rating would also be sensitive to an increased risk appetite due to aggressive growth in non-gold lending segments or to rising leverage beyond 5x. Fitch believes that the ratings have limited upside potential in the near term. The company's ability to address the potential regulatory and governance risks and manage the evolving business risks will be important before Fitch can consider an upgrade.

#### MTN Programme

The rating of the MTN programme will move in tandem with MFIN's Long-Term IDR.

#### ESG Considerations

MFIN's governance structure is scored '5' out of '5' and customer welfare is scored '4' out of '5' on Fitch's environmental, social and governance (ESG) scale. It reflects our assessment that weak governance practices and regulatory observations relating to business operations elevate regulatory risk for the business and therefore highly affect the long term ratings.

#### RATING ACTIONS

ENTITY/DEBT	RATING		
Manappuram Finance Limited	LT IDR BB- ● New Rating		
	LC LT IDR BB- ● New Rating		
senior secured	LT BB- New Rating		

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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## **Applicable Criteria**

Country-Specific Treatment of Recovery Ratings Criteria (pub. 18 Jan 2019)  
Exposure Draft: Non-Bank Financial Institutions Rating Criteria (pub. 15 Nov 2019)

## **Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form  
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