

## Performance highlights

### Progressing quarter on quarter

- 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
- Increased focus on digitisation – online gold loan accounts for 63% of gold AUM
- 94% of MFI customers digitally traced at the beginning of lockdown
- Online gold loan customers and digital payments up 1.2x q-o-q
- Raised fresh borrowing of ₹ 2,703 crore of funds in Q1 on a consolidated basis and liquidity is comfortable
- Asirvad Micro Finance Limited now among the lowest cost providers of microfinance loans in India. Asirvad proactively provided ₹ 75 crore provision during Q1 to alleviate COVID-19 and provided ₹ 130 crore provision cumulatively so far
- 90% branches operational, with social distancing and sanitization measures being followed by all employees

**Q1**



**Q2**

- Online gold loan now accounts for 61% of gold AUM
- Online gold loan customers and digital payments up 1.5x q-o-q
- Raised fresh borrowing of ₹ 2,904 crore of funds in Q2 on a consolidated basis and liquidity is comfortable
- Asirvad AUM at ₹ 4,971 crore (down by 1.3% q-o-q), given cautious approach to new disbursements
- Asirvad proactively provided ₹ 66 crore provision during Q2 due to COVID-19 and provided ₹ 196 crore provision cumulatively so far (3.9% of AUM)
- Collection efficiency improving every month [Vehicle Equipment Finance (VEF) and Housing Finance Company (HFC) collections efficiency in September 20 were 93% and 95%, respectively] and we have redoubled our collection efforts
- 100% branches operational, with social distancing and sanitisation measures being followed by all employees



## Q3

- Consolidated AUM continues to grow steadily at +14.7% y-o-y and +2.7% q-o-q, with gold loan product driving growth
- Prudent capital structure with leverage being only 3.4x and Tier I capital ratio being 25.8%
- Access to liquidity from all sources, with sequentially reducing cost of borrowing
- Raised fresh borrowing of ₹ 1,925 crore in Q3 on a standalone basis through NCDs and bank loans
- Fitch restored the Company's rating to BB Stable from negative
- Asirvad AUM at ₹ 5,985 crore
- Non gold loan disbursements during Q3 at ₹ 1,519 crore (versus ₹ 1,467 crore in Q3 FY 2020)

## Q4

- Given the 3-month average contracted loan duration for Manappuram Finance, a significant proportion of loans disbursed at the time of peak gold price in Q2 were due for repayment during Q4
- Despite significant volatility in gold prices, we were able to arrest gross non-performing assets (GNPA) in the gold loan portfolio to less than 2%. Auctions during the quarter were ₹ 404 crore compared to ₹ 8 crore during the nine-month period ended December 20
- Added significantly to the gold loan marketing team to continue growing the portfolio after the second wave of COVID-19 abates
- Tier I ratio of 29%; strong support received from all financing partners
- Collection efficiency in vehicle finance improved significantly during the quarter, leading to some release of historical provisions
- Our HFC business continues to be stable



# Business review

## Steadfast performance across all segments

### 1. Gold loan business

- Continued to record strong growth and profitability
- Average loan ticket size increased to ₹ 44,600 in FY 2021 compared to ₹ 38,500 in FY 2020
- Share of Online Gold Loans (OGL) in gold loan AUM up to 54% from 48% a year back
- Gold AUM per branch was ₹ 54.2 million in FY 2021, up by 12.6% compared to ₹ 48.1 million in FY 2020
- Loan-to-value (LTV) is 71% compared to 59% in FY 2020
- Low interest rate sensitivity given small ticket size, short tenor and convenience of product
- Significant operating expense leverage as new branches mature
- Undertook various cost rationalisation initiatives, such as introduction of cellular vaults, which has resulted in ₹ 521 million average opex saving annually



### 2. Asirvad Micro Finance



- AUM stood at ₹ 59,846 million compared to ₹ 55,026 million in FY 2020
- Collection efficiencies (CE) have improved and returned to pre-COVID levels; they stood at 94% in FY 2021 compared to 98% in FY 2020
- Number of borrowers stayed the same at 2.4 million
- Had added ~900 loan officers last year which helped enhance collection efficiency and increase borrower retention
- Return ratios were impacted during the year; however, the management maintained its optimism stating it at 20% RoE due to the resilient nature of the businesses
- One of the lowest cost microfinance lenders in India



### 3. Housing finance

- AUM grew 5.8% y-o-y to ₹ 6,663 million; the AUM mix comprises 38% home loan, 36% home construction and 27% loan against property (LAP)
- Focus on affordable housing for mid to low-income self-employed customers, with ~75% customers being self-employed
- One of the key beneficiaries from the Government of India's push for 'housing for all'
- Increased penetration in Tier III and Tier IV towns
- Increased emphasis on direct sourcing through ground-level marketing
- Decentralised underwriting and disbursement for lower ticket size loans
- Compliance with policy parameters via ground-level credit audit and centralised credit monitoring
- Riding on the parent's brand equity and pan India presence for scaling up the business



### 4. Vehicle and equipment finance



- AUM stood at ₹ 10,526 million, down by 21.7% y-o-y
- The portfolio mix largely skewed towards commercial vehicles at 70%, two-wheelers at 20%, and passenger vehicles at 10%
- Increased penetration in rural and semi-urban locations
- Covering 3,000+ co-located gold loan branches for collection and marketing distribution
- Digital lending platform and automated approval process in two-wheeler loans
- Digital loan agreement signing with e-stamping to save cost
- Dedicated team for used business with lower ticket size and higher yield
- Brand tie-ups with manufacturers for better reach

## 5. Other businesses



### MSME

Average loan ticket size increased to ₹ 2.01 lakh in FY 2021 compared to ₹ 1.24 lakh in FY 2020

AUM stood at ₹ 650 million in FY 2021 as compared to ₹ 490 million in FY 2020

6,866 satisfied customers

### Manappuram Comptech and Consultants

Gross income of the company increased by 124% and reached ₹ 227.28 million compared to ₹ 101.35 million in FY 2020. PAT increased by 78% and reached ₹ 31.46 million compared to ₹ 17.70 million in FY 2020

Major income received from Cloud Services, IT Service (Sale and Support), IP Camera Monitoring Services, etc.

The Cloud Income service reported a revenue of ₹ 106 million

Sold products valued at ₹ 45.72 million against ₹ 33.03 million during the previous year

Major IT software delivered during the year for gold loan, door step gold loan, loan management system, customer payment app, mobile punching, etc.

Successfully completed ISO Certification

### Manappuram Insurance Brokers Limited

During the year, the Company provided services of health insurance, motor insurance, life insurance, personal accident insurance, COVID Insurance and other general insurance services to the public and revenue earned from broking operations was ₹ 92.49 million

Gross income of the Company for the year ended March 31, 2021 decreased to ₹ 99.00 million as compared to ₹ 150.24 million for the year ended March 31, 2020 due to Pandemic and profit after tax for the year ended March 31, 2021 was ₹ 29.032 million as compared to ₹ 73.29 million for the year ended March 31, 2020

Company was able to settle claim very efficiently and had provided very effective services during the pandemic situation in claim settlement. The claim settlement ratio for the FY 2021 stood at 93.50%

Company engaged more than 7,000 point of sales agents pan India which helped in penetration of insurance business. In the retail channel also Company managed to issue more life insurance policies

Company has also moved to the online platform of Masuraksha, an ISNP platform of Manappuram Insurance Brokers Limited which has made possible issuance of insurance policy in just few clicks. Customer can compare quotations of multiple insurance companies on real time basis and choose the best product for themselves

MAIBRO has also set up a very strong Customer service team which assist customer for renewal claims and grievances of customer. All customer requests are addressed in a very efficient manner as per decided timeline

