

Manappuram Finance Limited

Roadshow Presentation

November 2019



Gold Loans



Microfinance



Housing Finance



Vehicle Finance





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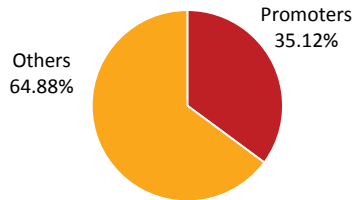
Manappuram — overview



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 4,491¹ branches across 22 states and 6 Union Territories. Loan assets of c.US\$3.2bn (INR226.7bn) (30th Sep 2019). Employee count: 26,392¹ (30th Sep 2019)
- FY19 consolidated revenue from operations of US\$583m (c.INR41.2bn) and consolidated profit for the year of US\$131m (c.INR9.2bn), H1FY20 consolidated revenue from operations of US\$348m (c.INR24.6bn) and consolidated profit for half year of US\$96m (c.INR6.8bn)
- Gold loan under management of US\$2.1bn (c.INR151.7bn) as of Sep 2019 with c.72 tonnes gold jewellery held as security for gold loans and 2.59m gold loans customer base
- Overall, gold loans and non-gold loans contributed c.67% and c.33% of the total AUM respectively as of Sep 30, 2019

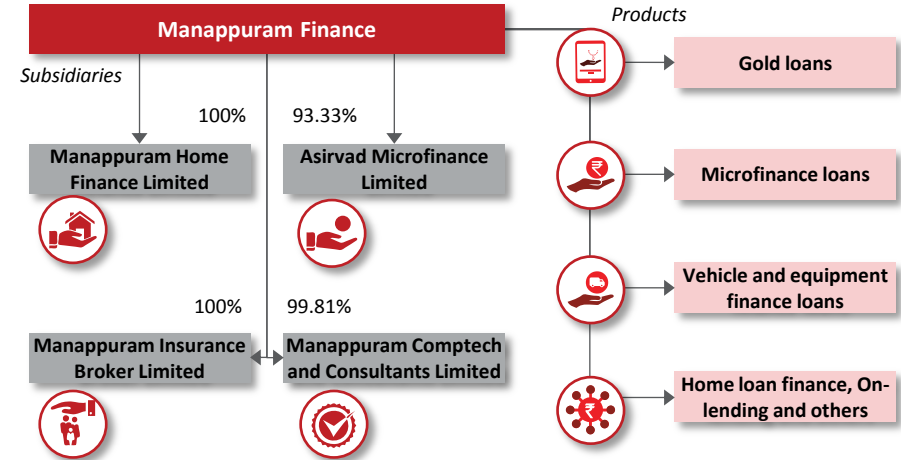
Shareholding (30th September 2019)



Top 10 shareholders (other than promoters)	%
Quinag Acquisition (FPI) Ltd.	9.936
Baring India Private Equity ²	8.776
Barclays Merchant Bank (Singapore) Ltd.	3.709
Fidelity Investment Trust	3.150
DSP Small Cap Fund and DSP MIDCAP	2.286
Duro One Investment Limited	2.281
L&T Mutual Fund Trustee Ltd.	1.329
Dolly Khanna	0.800
Emerging Markets Core Equity Portfolio	0.797
Dimensional Emerging Markets Value Fund	0.793

Source: Company information
 Note: Fx. INR/USD: 70.64
 1. On consolidated basis
 2. Includes Fund II and Fund III

Group structure



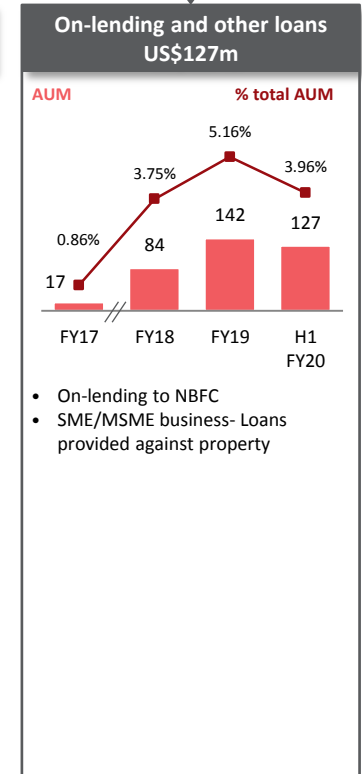
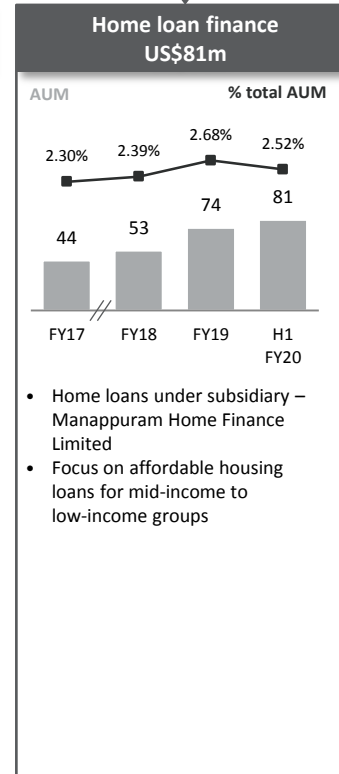
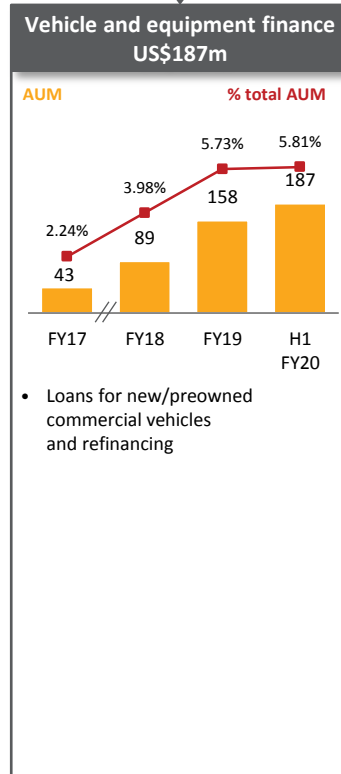
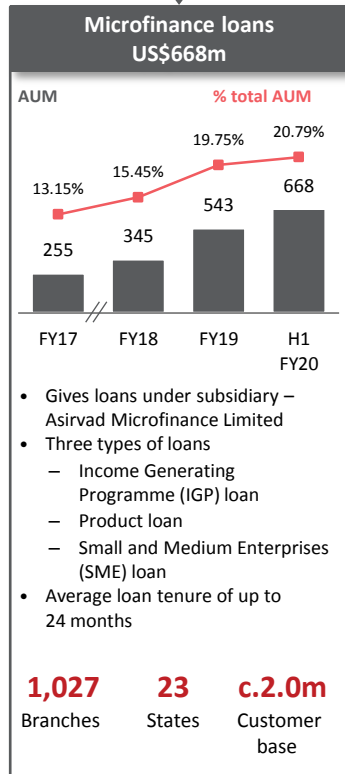
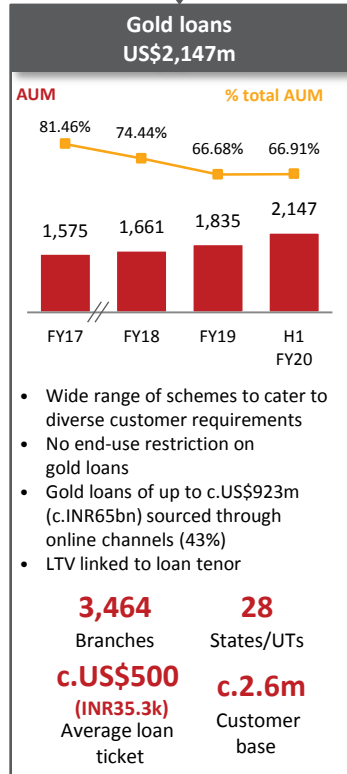
Corporate governance

- 5/9 Independent directors / total Board size
- c.65% Public shareholding
- 1 Promoter director on the Board
- 2 Private Equity players on board
- Big4 auditor—Deloitte

Manappuram — Product segment overview



Consolidated business AUM
US\$3,209m

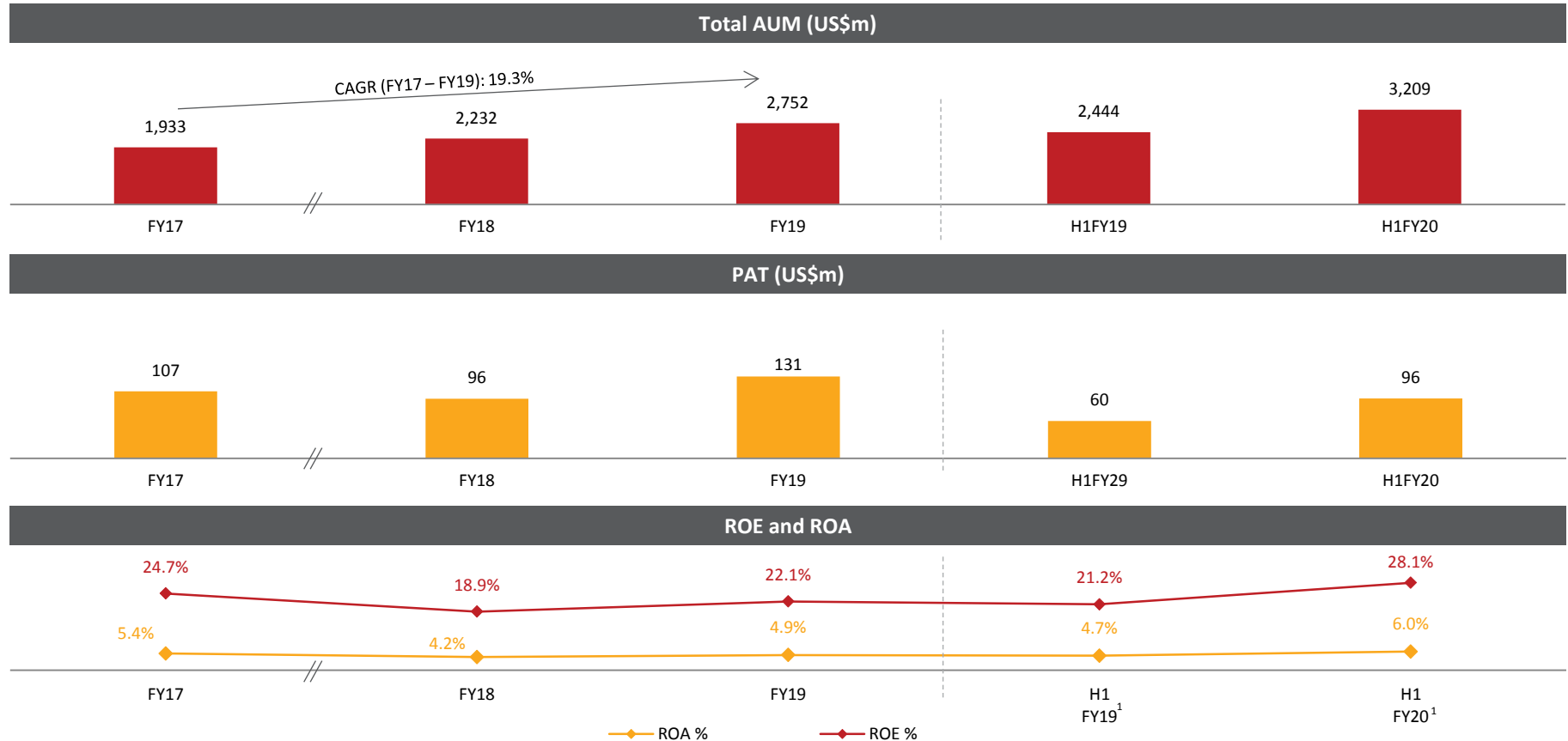


Note: Consolidated AUM includes securitized and direct assignment loan pool, FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS; Fx. INR/USD: 70.64

Manappuram — performance overview

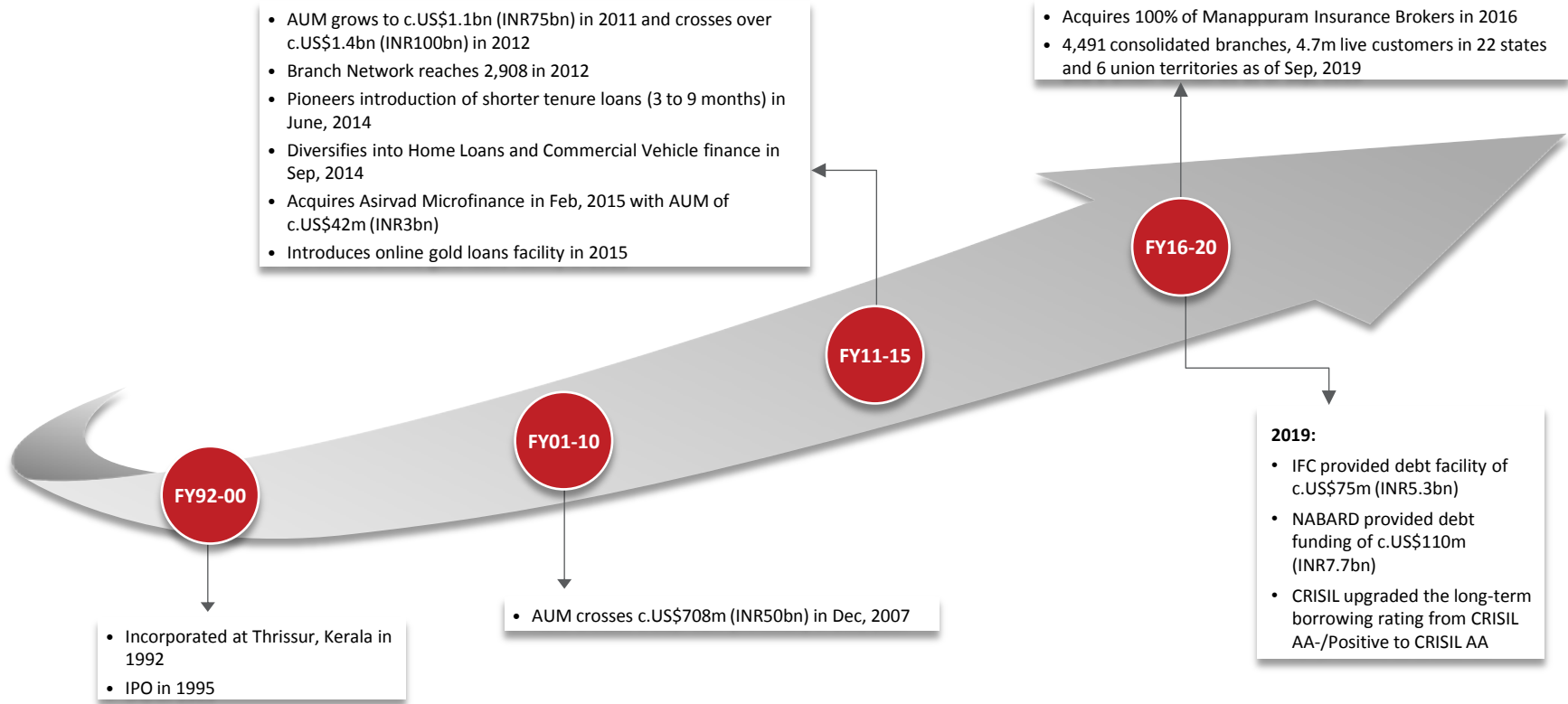


Strong financial performance with high return ratios



Note:
1. Consolidated financials, FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS; Fx. INR/USD: 70.64
H1 FY19 and H1 FY20 ROE and ROA have been annualized

Key corporate milestones



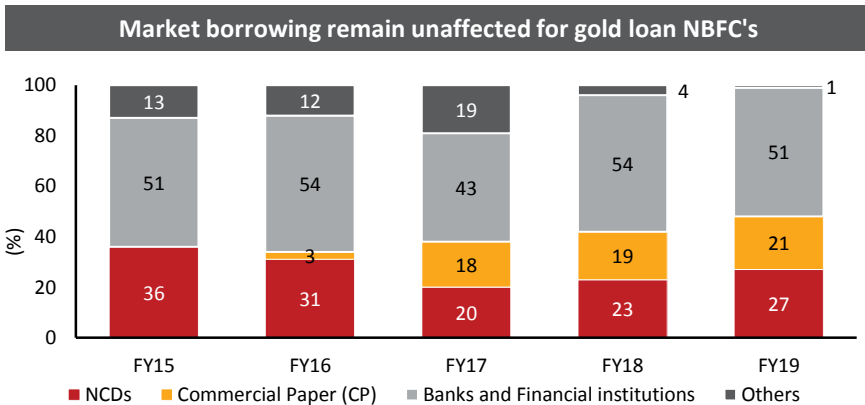
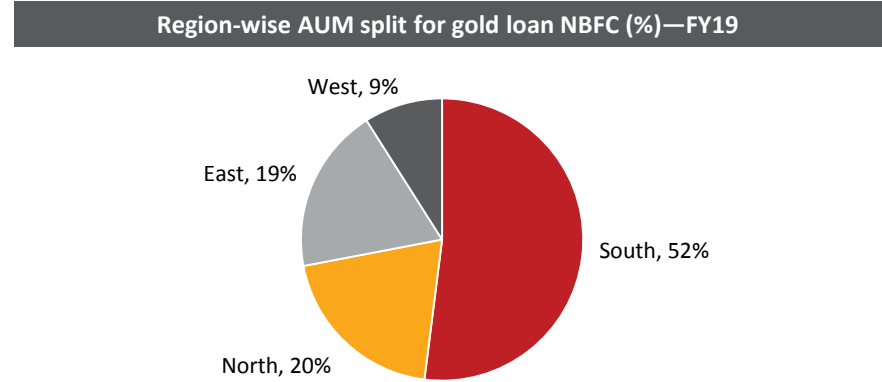
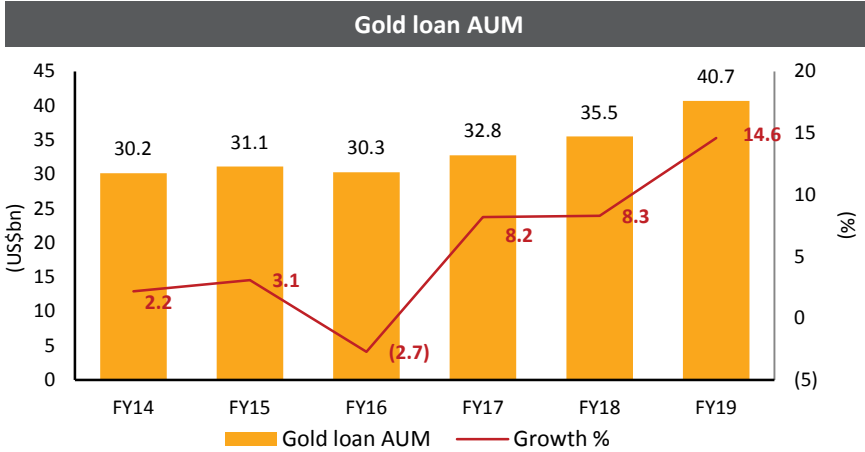
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Competitive strengths



1 Favourable industry dynamics underpin stability and sustainable growth potential— Gold loan

Gold NBFCs would benefit with the continuing shift from unorganized to organized gold loan market

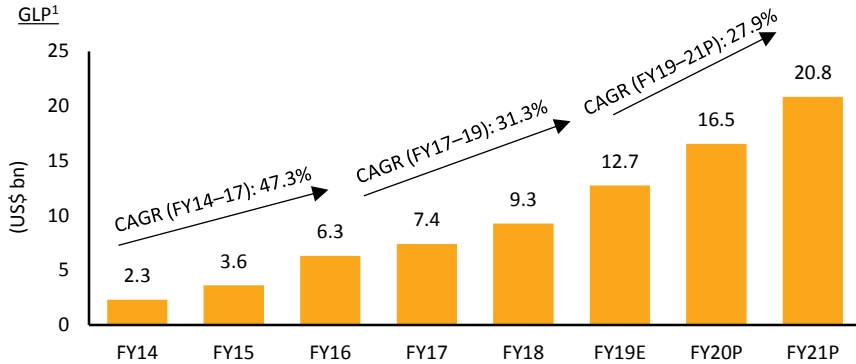


- ### Growth drivers
- 1 Strong collateral, higher interest rate, lower cost, better return on investment
 - 2 Product diversification that compensates for lower off-take of auto, home loans
 - 3 Scope for cross-selling opportunities in future, including other gold-based products
 - 4 Opportunity to capture under-penetrated, untapped markets

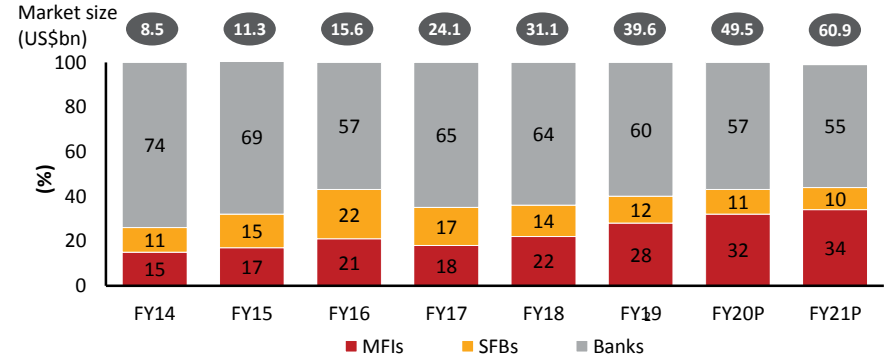
Source: Crisil Research
 Note: Fx. INR/USD: 70.64

1 Favourable industry dynamics underpin stability and sustainable growth potential— Microfinance

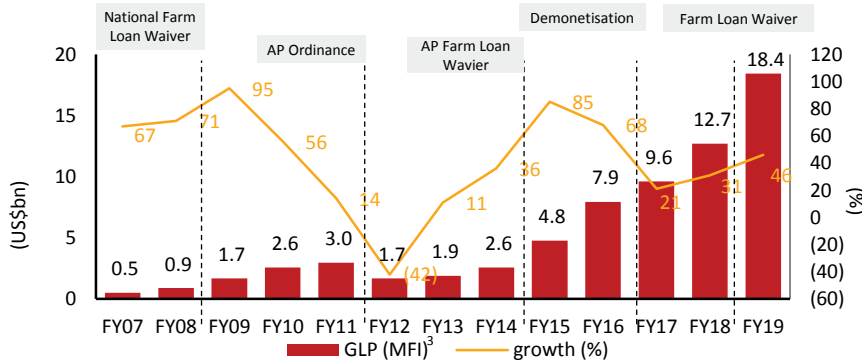
Growth pace remains strong despite headwinds faced by the sector



Share of MFIs in the overall book expected to improve further



Microfinance industry has shown resilience to major shocks



Growth drivers & future outlook

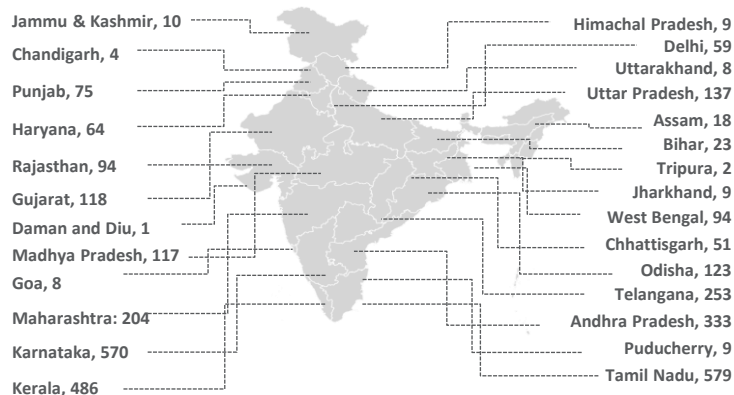
- Overall GLP growth expected to be driven by NBFC-MFIs, amid flush funding availability from the banking sector and through securitisation
- Growth for these players expected to be further supported by strong incremental lending to those customers turned away by SFBs

Source: MFIN, CRISIL Research, Fx. INR/USD: 70.64Notes:

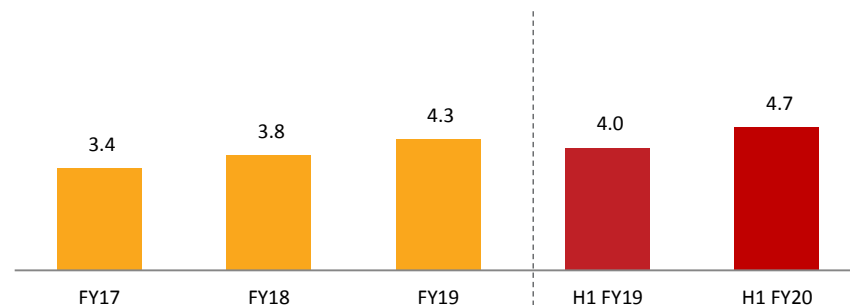
- GLP includes NBFC-MFIs and all 8 MFI turned SFBs; Bharat Financial Inclusion Ltd, which has merged with IndusInd Bank, is excluded from the analysis; Data excludes values for NBFCs such as L&T Finance and Fullerton
- Banks includes loans given out under both SHG and JLG models; Bharat Finance is included in Banks; MFIs comprise of NBFC-MFIs, NBFCs, and non-profit MFIs P: Projected
- Data includes values for NBFCs, NBFC-MFIs, non-profit MFIs, SFBs, and Bharat Financial Inclusion

2 Retail focused NBFC, with collateral based lending

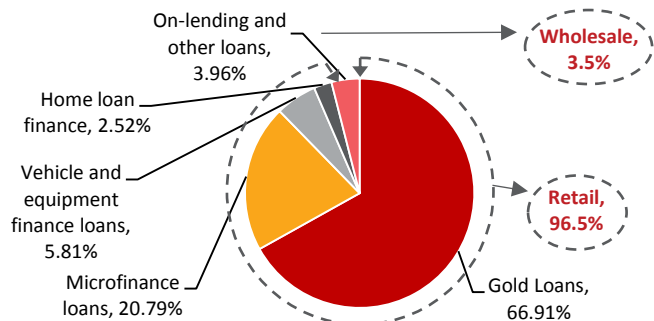
Pan India presence¹



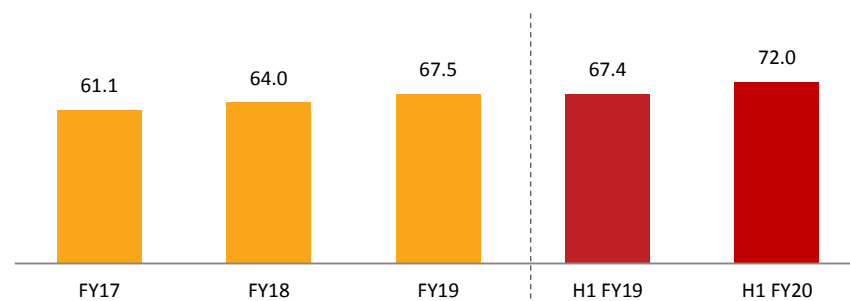
Consolidated customer base (m)



AUM mix (H1 FY20)



Gold collateral (tonnes)



Note:

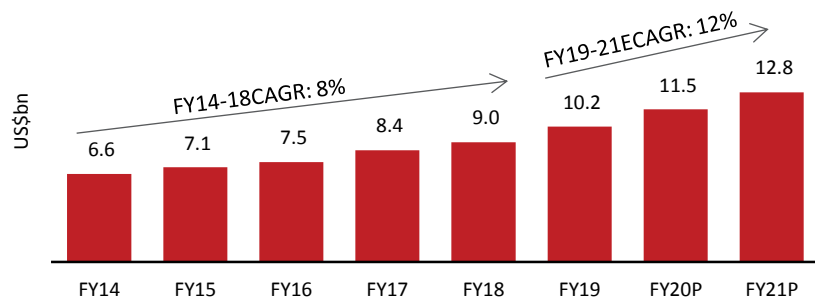
1 3,464 branches of standalone entity as of Sep 2019

3 Well entrenched player in the gold loan NBFC market

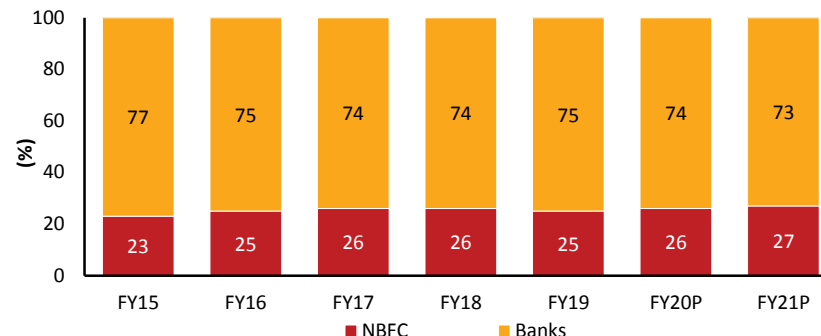


Manappuram has an estimated market share of c.18% among the gold loan NBFCs

NBFC gold loan AUM (US\$bn)

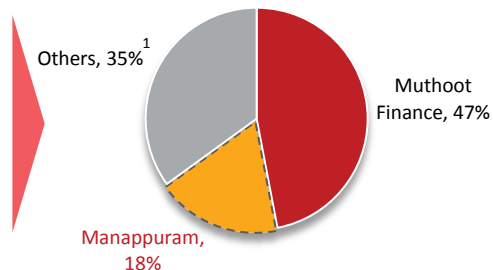


Share of banks & non-banks in gold financing



Market share among gold financing NBFC (%)—FY19

Gold AUM	FY19
Total NBFC	c.US\$10.2bn
Manappuram	c.US\$1.8bn
Muthoot	c.US\$4.8bn



Key differentiators of NBFCs vs. Banks

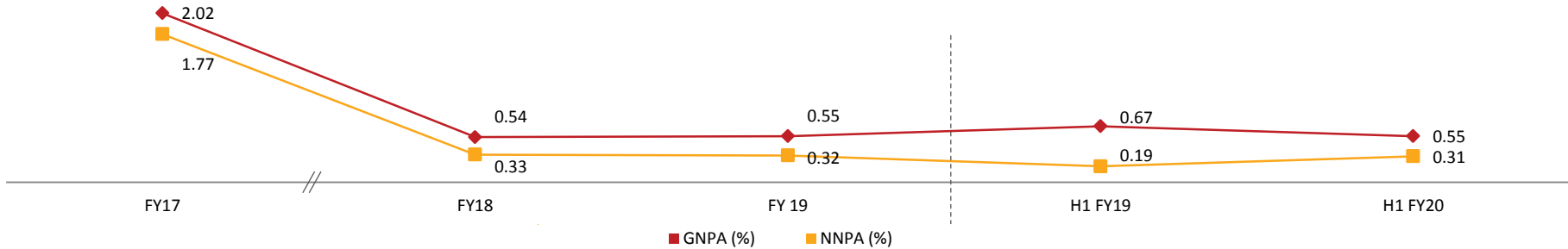
- 1 Less documentation enabling shorter processing time
- 2 Adequate systems for quick disbursal
- 3 Flexible repayment options
- 4 Greater accessibility—ability to serve non-bankable customers

Source: CRISIL Research
 Note: Fx. INR/USD: 70.64

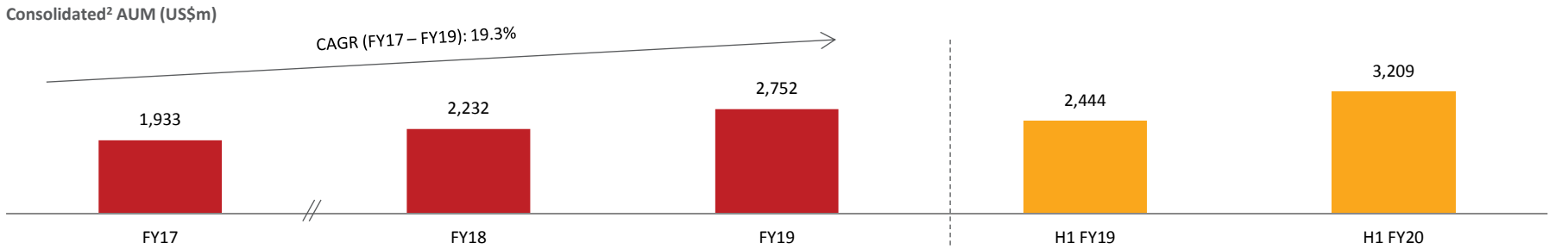
1. Includes 15% market share of Muthoot Fincorp

4 Long business vintage — track record across multiple business cycles

Manappuram has focused equally on asset quality...¹



... as much as on asset growth



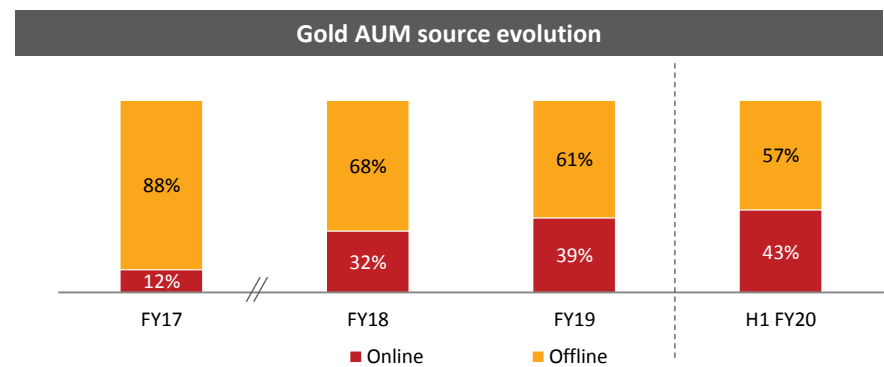
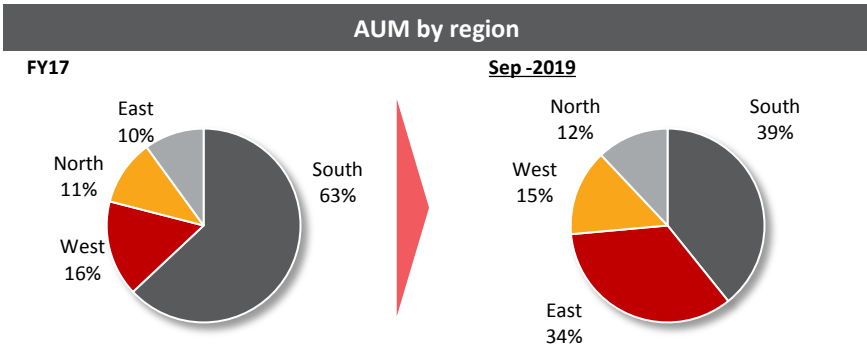
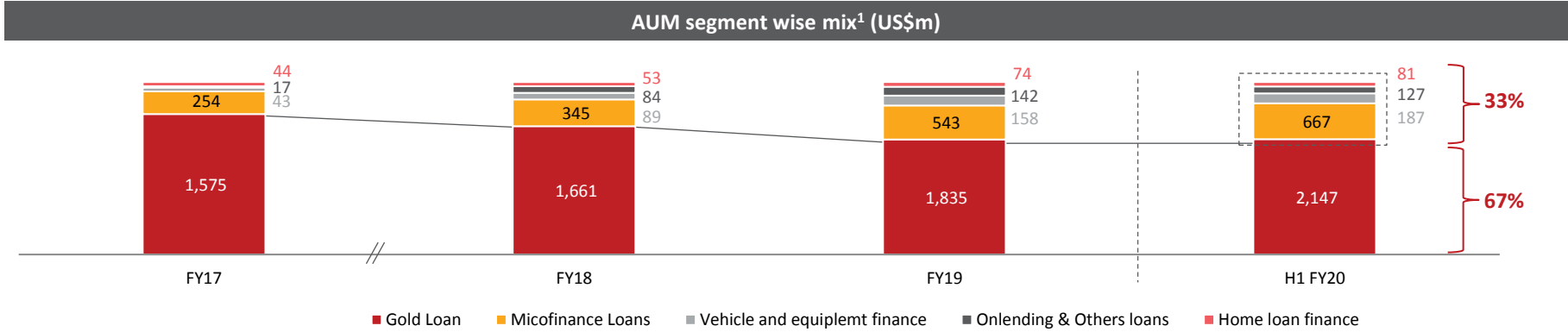
Notes: FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS; Fx. INR/USD: 70.64

1. Standalone GNPA and NNPA ratios
2. Consolidated AUM includes securitized and direct assignment loan pool

4 Business model focused diversification of loan products, geographies and sourcing



Manappuram has achieved loan diversification by venturing into the non-gold segments as part of its strategy to minimize its business risk profile – Non-gold segment constitutes 33% of overall loan book



Manappuram is focused on being a pan-India player with balanced regional mix

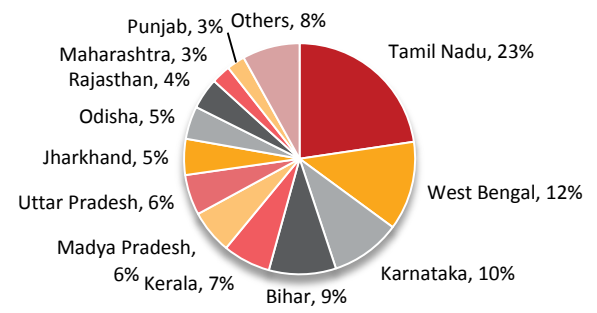
Over 43% of the Gold AUM has been sourced online and this is expected to increase going forward

Notes: FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS; Fx. INR/USD: 70.64
 1. Consolidated AUM includes securitized and direct assignment loan pool

Successful diversification into microfinance and establishment of a low-risk, high yield business model



Excluding legacy state¹ of Tamil Nadu, state-wise and district-wise portfolio exposure is limited to c.12% and c.1% respectively as of 30 September 2019



Small ticket size further limits credit risk

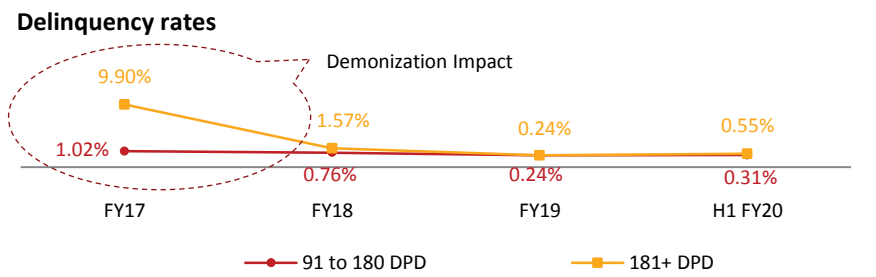
- 1 Per customer exposure limited to c.US\$328 (INR23,145) as of 30 September 2019 in comparison with RBI's per customer cap of US\$1,770 (INR1.25lakhs) in rural areas
- 2 Loan ticket size is gradually increased considering customer repayment profile

Asirvad has stringent customer onboarding process

- 1 In-house field development officers engage with local customers, JLGs and have access to local customer knowledge
- 2 Customer credit information is obtained from 2 credit depositories and shared with 4 credit bureau repositories
- 3 Extensive 3-days process to ensure customer is not over-leveraged and not borrowing from more than 2 MFIs
- 4 Group tests are conducted to ensure JLGs understand the T&C's

Efficient collection strategy ensures low delinquencies

- 1 Regular interaction between JLGs and the field officer
- 2 Monthly collection cycle



Note: Fx. INR/USD: 70.64

1 At the time of Manappuram's acquisition of Asirvad Micro Finance, Asirvad was majorly present in Tamil Nadu, Kerala and Karnataka

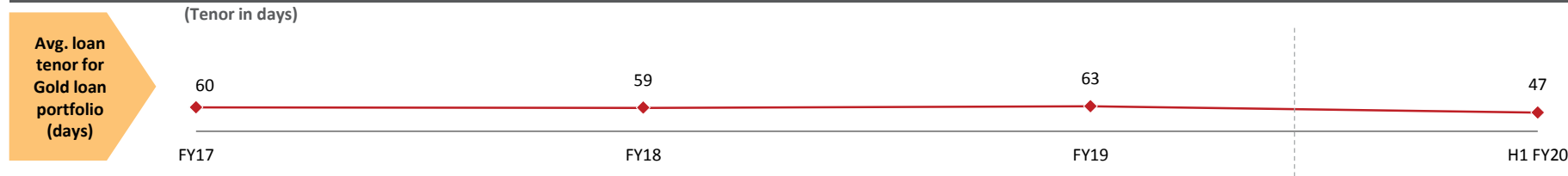
4 Well incorporated strategy of delinking gold business from gold prices reflected in lower LTV and average loan tenor



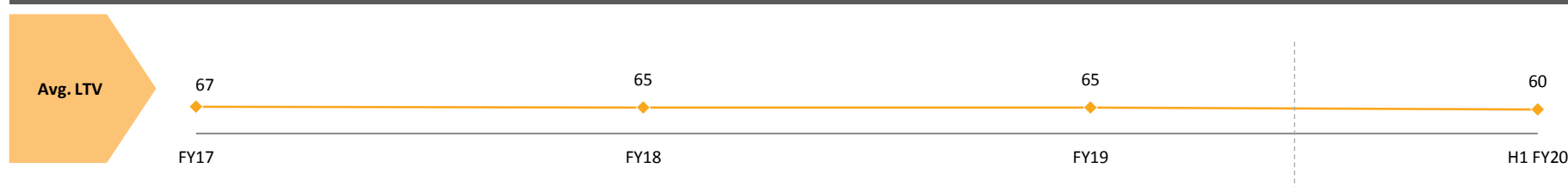
Manappuram has strong expertise in the gold loan business, and is proactively managing the risk exposure in this segment

	Earlier scenario– 12 month long tenure product	Current revised scenario–3 months short tenure products
Gold value	100	100
LTV (%)	75	75
Gold loan	75	75
Interest rate (%)	24	24
Interest cost ¹	21	7.5
Total principal + interest¹	96	82.5

Average loan tenor over the years



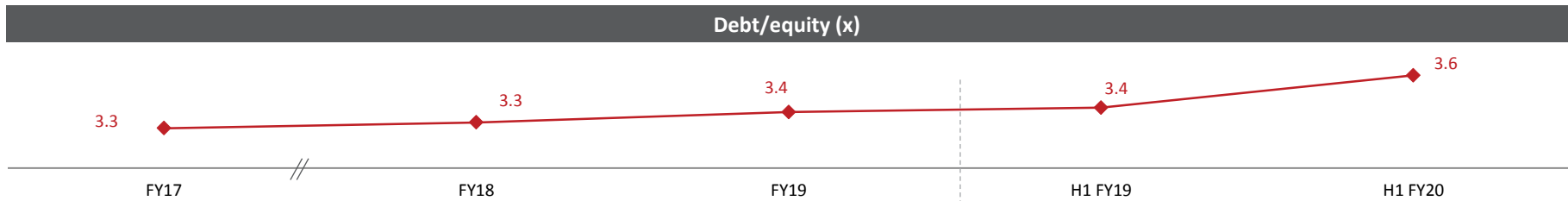
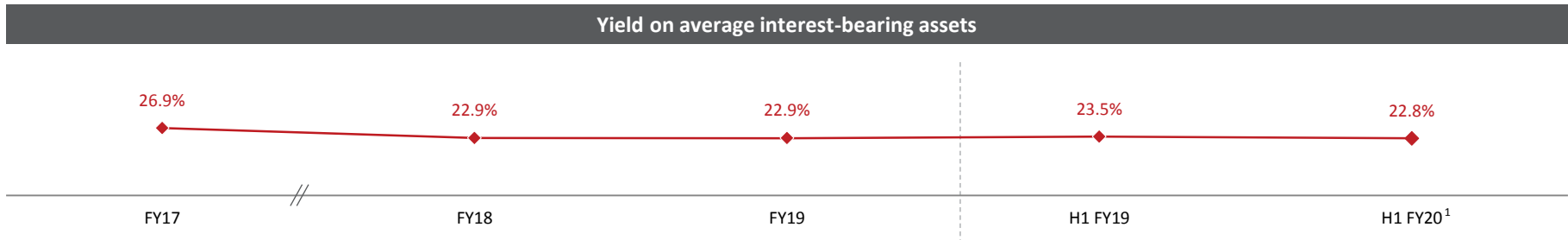
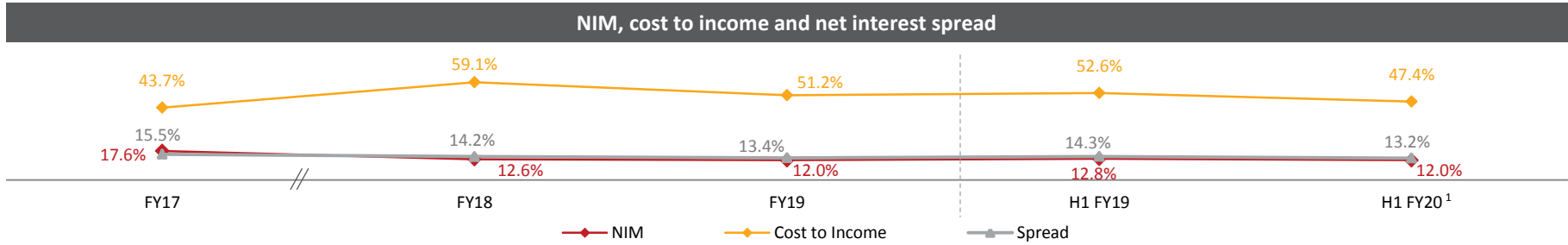
Average LTV over the years



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

5 Consistently strong financial performance and growth on the back of financial discipline

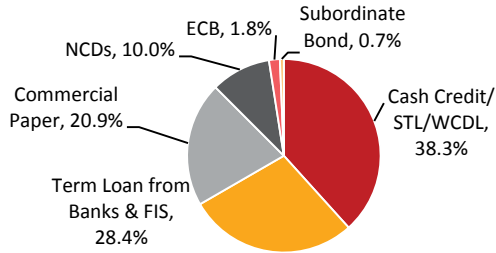
Manappuram has been able to demonstrate sustainable profitability



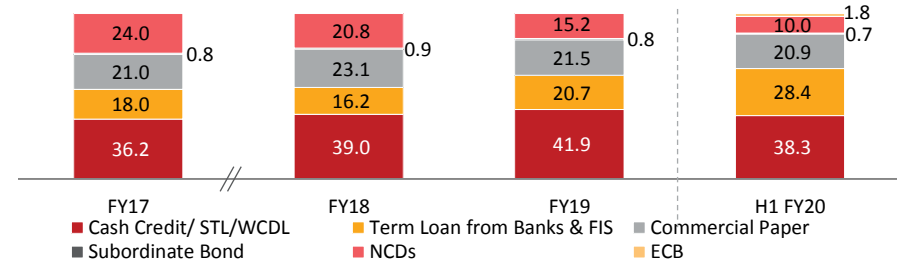
Note: FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS; Consolidated financials
1. NIM, Spread and Yield on average interest-bearing assets have been annualized

6 Access to wide range of funding sources

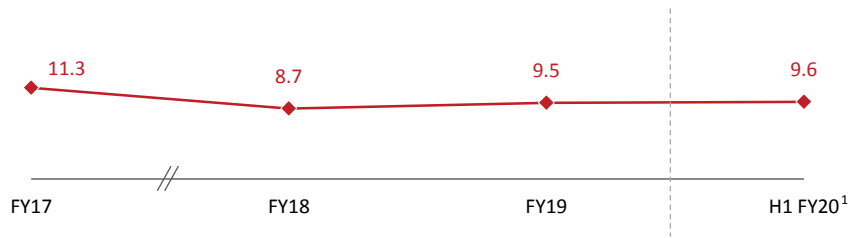
Consolidated borrowing mix (H1 FY20)



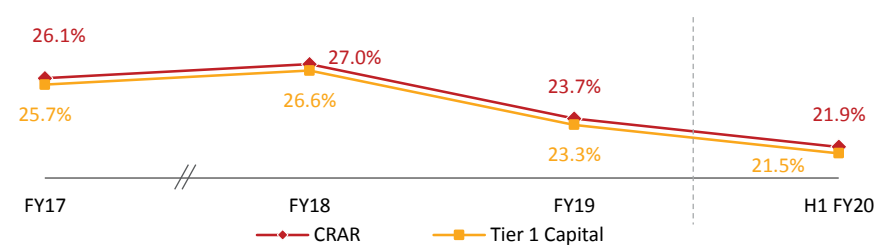
Consolidate borrowing mix evolution (%)



Consolidated Cost of borrowing (%)



Consolidated CRAR & Tier 1 Capital



Domestic credit rating:

Agency	Rating	Nature of securities
CRISIL	AA (Stable)	Non-Convertible Debentures aggregating to c.US\$390m (INR27,575 million) and Non-Convertible Debentures aggregating to c.US\$99m (INR7,000.00 million)
CRISIL	A1+	Commercial Paper aggregating to c.US\$566m (INR40,000.00 million)
CARE	AA (Stable)	Long Term Bank Facilities aggregating to c.US\$862m (INR60,873.80 million)
CARE	A1+	Short Term Bank Facilities aggregating to c.US\$412m (INR29,126.20 million)
CARE	AA (Stable)	Non-Convertible Debentures aggregating to US\$156m (INR11,000.00 million)
CARE	A1+	Commercial Paper aggregating to c.US\$566m (INR40,000.00 million)
ICRA	AA- (Stable)	Non-Convertible Debentures aggregating to c.US\$38m (INR2,701.20 million)
Brickwork	AA+ (Stable)	Non-Convertible Debentures aggregating to c.US\$142m (INR10,030.00 million); Bank Loan Facilities aggregating to c.US\$991m (INR70,000.00 million)

Note: FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS, Fx. INR/USD: 70.64

1. Cost of borrowing for H1 FY20 has been annualized

7 Robust gold appraisal & safety systems with structured employee training

Extensive gold appraisal system

- 1 Conducts tested methods for gold appraisals using in-house staff
 - Nitric acid test
 - Touchstone test
 - Hallmark checking
 - Sound test
- 2 Independent appraisal carried out by different sets official before disbursements are made depending on the ticket size of the loan
- 3 Branch heads independently verify loans where the net weight of gold exceeds 20 grams
- 4 Lending only against household and used jewelry limiting risk of low quality gold or spurious gold jewellery
- 5 For loans above c.US\$14k (INR1m), the head office conducts detailed field level verification of profile of the customers and approves the limits of loan sanctions

In-house training capabilities

- 1 Provides training to employees through various skill advancement and educational programmes
- 2 Employees are trained to verify the purity of gold ornaments and checks to identify spurious gold
 - Trained to compute weight of the other materials like stones in ornaments to arrive at net value
- 3 Currently has 32 regional training centres and 2 apex training centres- Manappuram School of Training
- 4 Online e-Learning tool accessible by employees for self development
- 5 Additionally, deploys various other methods of training including job rotation, case studies, role play, distance learning, class room training etc.

Monitoring and safety systems

- 1 Internal audit and risk management teams continuously monitor pledged gold
- 2 All branches are subject to audit inspections from time to time
 - Also involves quality check on the inventory
- 3 Inventory control procedures involve physical security checks and checks on the quality of pledged gold
- 4 Branch head and assistant branch head are joint custodians of the gold stored in strong rooms and vaults
 - Strong rooms and vaults can only open if two keys are inserted at the same time
- 5 Gold is kept in cellular model shelves; safes are of BB class from reputed agencies and strong rooms are reinforced concrete cement structures built as per industry standards



Key managerial personal



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

Mr. V. P. Nandakumar
Managing Director and CEO



- Masters degree in commerce
- Director since July 1992

Mr. B.N. Raveendra Babu
Executive Director



- 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

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



- 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



- 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



- 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 (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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MANAPPURAM
FINANCE LIMITED

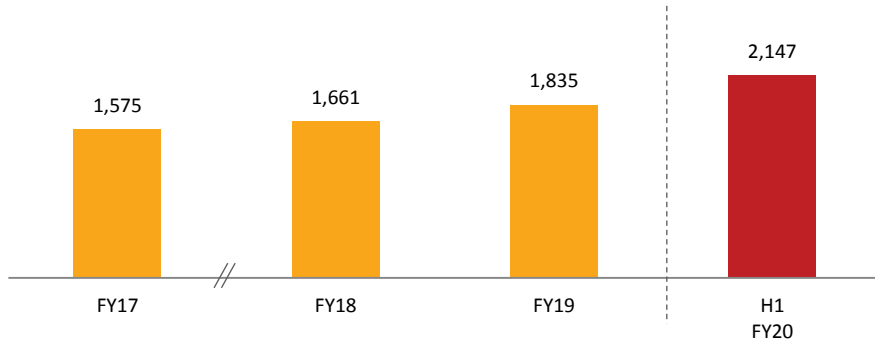


Gold loan — overview

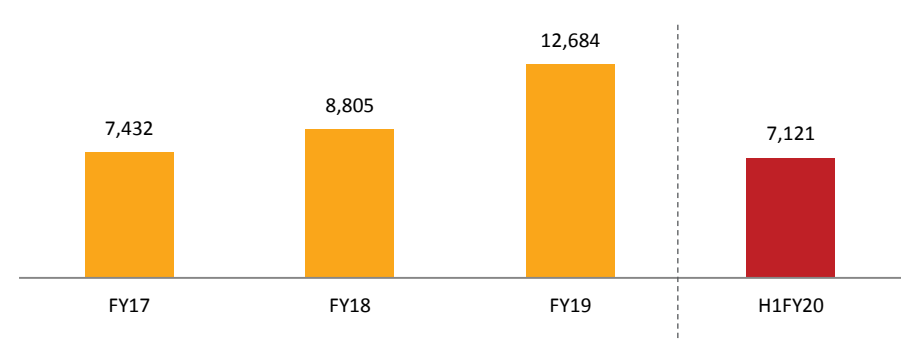
Gold loan segment: financial and operational summary



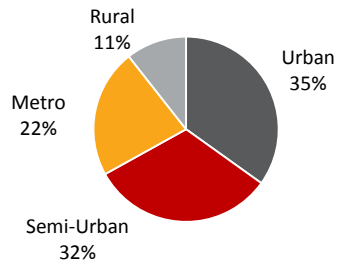
Gold loan AUM (US\$m)



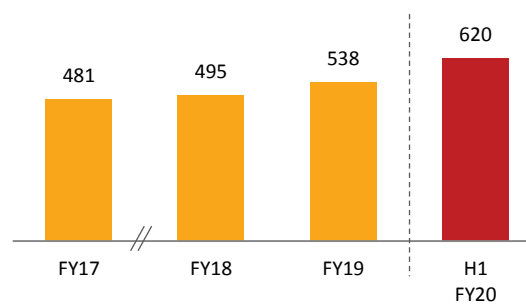
Disbursements (US\$m)



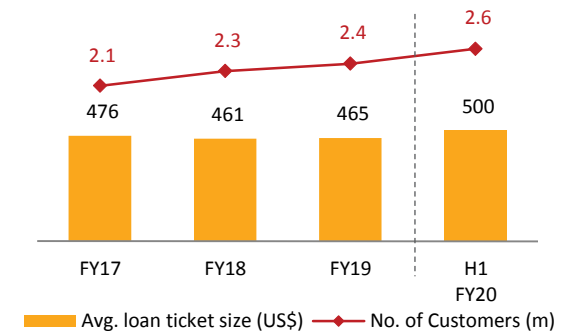
Gold AUM presence (H1 FY20)



Gold AUM per branch (US\$'000)



Customer base & avg. loan ticket size



Note: FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS; Fx. INR/USD: 70.64



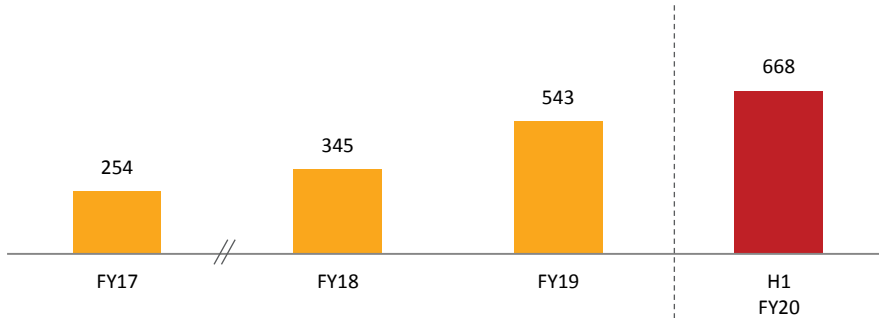
MANAPPURAM
FINANCE LIMITED

Micro finance — overview

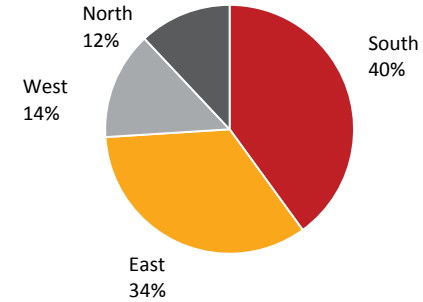


Microfinance: financial summary

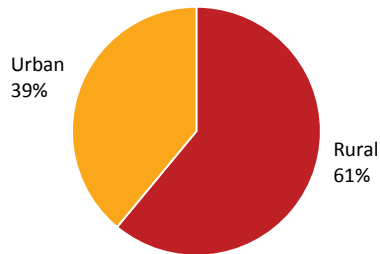
AUM (US\$m)



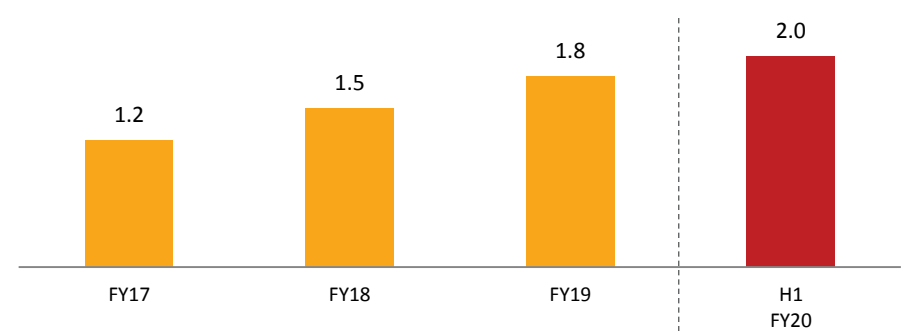
MFI AUM – region wise breakup (H1 FY20)



MFI disbursements region wise (H1 FY20)



Customer base (m)



Note: FY17 is as per IGAAP and FY18, FY19 and H1FY20 are as per IndAS; Fx. INR/USD: 70.64

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Consolidated profit & loss statement



Particulars (US\$m)	FY 17	FY 18	FY 19	H1 FY 19	H1 FY 20
Closing AUM	1,933	2,232	2,752	2,444	3,209
Income from operations	479	484	583	276	348
Finance expenses	165	146	187	87	114
Net interest income	314	338	396	189	234
Employee expenses	71	89	102	49	57
Other operating expenses	66	86	94	46	45
Pre provision profit	177	164	200	94	133
Provisions/Bad debts	15	25	7	4	9
Other income	3	8	9	3	8
Profit before tax	165	147	202	93	131
Tax	58	51	70	33	35
PAT before OCI	107	96	132	60	96
Other comprehensive income	-	(0)	(0)	(0)	(0)
PAT after OCI	107	96	131	60	96

Note: FY17 is as per IGAAP and H1FY19, FY18, FY19 and H1FY20 are as per IndAS; Ex. INR/USD: 70.64

Consolidated balance sheet



Particulars (US\$m)	FY 17	FY 18	FY 19	H1 FY 19	H1 FY 20
Cash & Bank balances	83	103	165	104	244
Investments	1	1	25	7	18
Loans & Advances	1,898	2,158	2,522	2,371	2,977
Fixed assets	26	44	52	43	73
Other assets	113	106	133	126	124
Total assets	2,121	2,411	2,896	2,650	3,437
Share capital	24	24	24	24	24
Reserves & Surplus	452	516	617	563	693
Borrowings	1,526	1,785	2,165	1,987	2,597
Other liabilities & provisions	116	82	83	72	116
Minority interest	3	4	6	5	6
Total liabilities	2,121	2,411	2,896	2,650	3,437

Note: FY17 is as per IGAAP and H1FY19, FY18, FY19 and H1FY20 are as per IndAS; Fx. INR/USD: 70.64

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