

# *Manappuram Finance Limited*

Investor Presentation  
May 2020

Gold Loans



Microfinance



Housing Finance



Vehicle Finance



**MANAPPURAM**  
**FINANCE LIMITED**



**MANAPPURAM**  
**FINANCE LIMITED**

## Quarterly Update

Company Overview

Business Strategy

Key Technology Initiatives

Annexure



# Q4 FY20 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



## AUM

Rs 252,252 Mn  
(+ 4.7% QoQ)  
(+29.8 % YoY)

## Net Profit

Rs 3,927.0 Mn  
( -1.3% QoQ)  
(+43% YoY)

## Networth

Rs 57,450.8 Mn

ROA 5.7%

ROE 28.2%

## Capital Adequacy #

23.4%

## Borrowing Cost #

9.46%

## GNPA #

0.88%

BV / Share Rs 68.0

\*\*EPS Rs 18.59

## Dividend / Share

FY20: Rs 2.20

## Share of New Businesses

32.7%

## Total Branches

4,622

## No of Live Customers

5.14 mn

AUM: Assets Under Management, Net Profit: PAT after Minority Interest

\*\* Annualised EPS

# Calculated on standalone basis

# Q4 FY20 RESULTS: KEY PERFORMANCE HIGHLIGHTS

## Overall Highlights

- Delivered **strong performance with +29.8% YoY and +4.7 % QoQ consolidated AUM growth**
- Robust profitability with **5.7% consolidated ROA, 28.2% consolidated ROE in Q4FY20**
- Prudent capital structure with leverage being only 3.8 times

## Gold Loan Business

- **Gold Loan AUM up 30.9% YoY, 4.5% QoQ** in Q4 FY20; **Gold tonnage up 7.2% 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 (all CPs rolled over, banks, NCDs, overseas borrowings)
- Raised Incremental Borrowing of Rs 3,979 cr in Q4FY20 through Domestic Bond Issuance, Overseas Bond and Bank Loan

## Progress on Business Diversification

- Delivered robust growth in each of the new businesses, with stable or improving asset quality
- **Asirvad MFI** grew AUM by **+43.3 % YoY** and delivered **25.5% ROE in FY20**
  - Asirvad MFI is now among the lowest cost providers of microfinance loans in India. Asirvad proactively provided Rs. 55 crs provision during Q4FY20 due to COVID-19
- Other business (Vehicle & equipment finance, Housing finance) continue to perform well. We have consciously moderated growth in these segments given slow macro.

# Impact of Covid-19 on business

## Employee Safety

- All resources handling critical tasks have been working from home; Internal and business meetings have moved to VC
- 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

## Product mix / underwriting

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

## Liquidity

- Excess cash and undrawn bank lines of INR 2,300 Cr as of Mar'20 (standalone)
- Received additional CP of INR 600 Cr in April 2020 and rollover of Rs 775 cr in May,2020 and ; Reduced CP from 24% to 11% (standalone)
- Raised INR 100 Cr through TLTRO scheme; additional bank lines worth INR 200 Cr sanctioned since 31 Mar'20 (standalone)
- Asirvad has undrawn bank lines of INR 1,760 Cr and INR 1,190 Cr cash balance as of Q4FY20; 100% of loans qualify for PSL
- Asirvad received moratorium from 21 banks accounting for 48% of Total Borrowing
- No negative ALM mismatch upto Aug'20 assuming no new incremental disbursements and no additional funding in Standalone Business

## Collections / credit cost

- Digital tracing of MFI customers 94%
- % digital collections for Manappuram is 72% and for Asirvad is 9%
- All MFI customers have been granted a moratorium
- Proactively provided provision 0.1% (Manappuram)/ 1% (Asirvad) , of AUM to build provision buffer in Q4FY20

## Opex

- Set up a committee to monitor cost control measures
- Hiring freeze with no increment for FY21
- Other opex initiatives

## Asirvad Portfolio Characteristics -

- **Asirvad Rural / Urban portfolio remain 60%/40%**
  - Covid -19 disruption at rural level is less
  - Urban locations are facing longer lockdowns
- **Asirvad clients borrowings leverage – moderate**
  - 92% of the clients – less than Rs 1.25 lakh
  - Only 3% of the clients are having loans more than 1.5 lakh
- **Asirvad clients occupation**
  - 49 % in Agri Allied – Not much affected by Covid -19
  - 43 % in small business and services – post lockdown, bounce back to normalcy will be faster

## Collection

- Launched Digipay for Online collection. By May-end we are targeting to reach 10%-15%
- Tied up with several digital platform providers.
- Engaging on a daily basis with our customers and educating use of digital platform for their convenience of payment.

# Q4 FY20 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (Rs Mn)	FY20	FY19	YoY %	Q4 FY20	Q4 FY19	YOY %	Q3 FY20	QOQ %
<b>Closing AUM (Rs Bn)</b>	<b>252</b>	<b>194</b>	<b>29.8%</b>	<b>252</b>	<b>194</b>	<b>29.8%</b>	<b>241</b>	<b>4.7%</b>
<b>Income from Operations</b>	54,653.2	41,795.1	30.8%	16,053.2	11,480.5	39.8%	13,990.2	14.7%
Finance expenses	18,322.3	13,449.4	36.2%	5,808.0	3,792.9	53.1%	4,465.4	30.1%
<b>Net interest income</b>	<b>36,330.9</b>	<b>28,345.7</b>	<b>28.2%</b>	<b>10,245.2</b>	<b>7,687.6</b>	<b>33.3%</b>	<b>9,524.8</b>	<b>7.6%</b>
Employee expenses	8,301.3	7,201.1	15.3%	2,173.3	1,930.5	12.6%	2,122.8	2.4%
Other operating expenses	6,439.2	6,656.7	-3.3%	1,633.3	1,704.4	-4.2%	1,619.5	0.9%
Pre provision profit	<b>21,590.4</b>	<b>14,487.9</b>	<b>49.0%</b>	<b>6,438.6</b>	<b>4,052.6</b>	<b>58.9%</b>	<b>5,782.5</b>	<b>11.3%</b>
Provisions/Bad debts	2,376.1	547.3	334.1%	1,226.2	143.2	756.5%	491.2	149.6%
Other Income	858.7	625.2	37.3%	128.3	184.6	-30.5%	152.3	-15.8%
<b>Profit before Tax</b>	<b>20,073.0</b>	<b>14,565.8</b>	<b>37.8%</b>	<b>5,340.7</b>	<b>4,094.1</b>	<b>30.4%</b>	<b>5,443.6</b>	<b>-1.9%</b>
Tax	5,269.9	5,080.4	3.7%	1,358.7	1,320.2	2.9%	1,421.3	-4.4%
PAT before OCI	<b>14,803.1</b>	<b>9,485.4</b>	<b>56.1%</b>	<b>3,982.0</b>	<b>2,773.9</b>	<b>43.6%</b>	<b>4,022.3</b>	<b>-1.0%</b>
Other Comprehensive Income	<b>(60.0)</b>	<b>(25.3)</b>	<b>137.2%</b>	<b>(22.7)</b>	<b>(12.9)</b>	<b>76.3%</b>	<b>(12.3)</b>	<b>84.6%</b>
Total Comprehensive Income	<b>14,743.1</b>	<b>9,460.1</b>	<b>55.8%</b>	<b>3,959.3</b>	<b>2,761.0</b>	<b>43.4%</b>	<b>4,010.0</b>	<b>-1.3%</b>
Minority Interest	125.6	70.7	77.7%	32.3	14.7	119.3%	31.6	2.2%
<b>PAT</b>	<b>14,617.5</b>	<b>9,389.4</b>	<b>55.7%</b>	<b>3,927.0</b>	<b>2,746.3</b>	<b>43.0%</b>	<b>3,978.4</b>	<b>-1.3%</b>

# Q4 FY20 RESULTS: CONSOLIDATED BALANCE SHEET



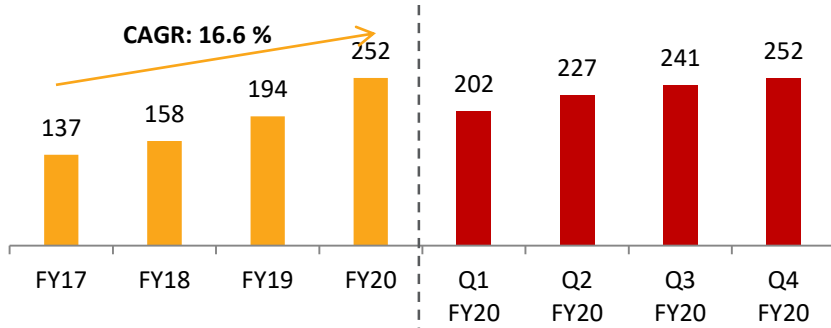
Particulars (Rs Mn)	Mar 2020	Mar 2019	YOY %	Dec 2019	QOQ %
Cash & Bank Balances	36,459.4	11,642.0	213.2%	21,959.9	66.0%
Investments	900.9	1,737.5	-48.2%	1,123.4	-19.8%
Loans & Advances	231,891.9	178,100.1	30.2%	221,898.8	4.5%
Fixed Assets	3,307.7	3,134.5	5.5%	3,609.7	-8.4%
Other Assets	16,950.1	9,842.7	72.2%	12,741.6	33.0%
<b>Total Assets</b>	<b>289,510</b>	<b>204,457</b>	<b>41.6%</b>	<b>261,333</b>	<b>10.8%</b>
Share Capital	1,690.0	1,685.6	0.3%	1,690.0	0.0%
Reserves & Surplus	55,760.9	43,780.4	27.4%	52,442.7	6.3%
Borrowings	218,167.2	152,972.4	42.6%	197,812.8	10.3%
Other Liabilities & Provisions	13,298.9	5,559.2	139.2%	8,837.2	50.5%
Minority Interest	593.1	459.2	29.2%	550.6	7.7%
<b>Total Liabilities</b>	<b>289,510</b>	<b>204,457</b>	<b>41.6%</b>	<b>261,333</b>	<b>10.8%</b>



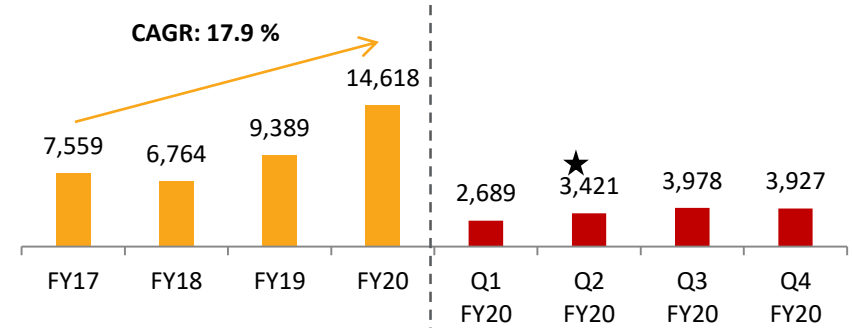
# Q4 FY20 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



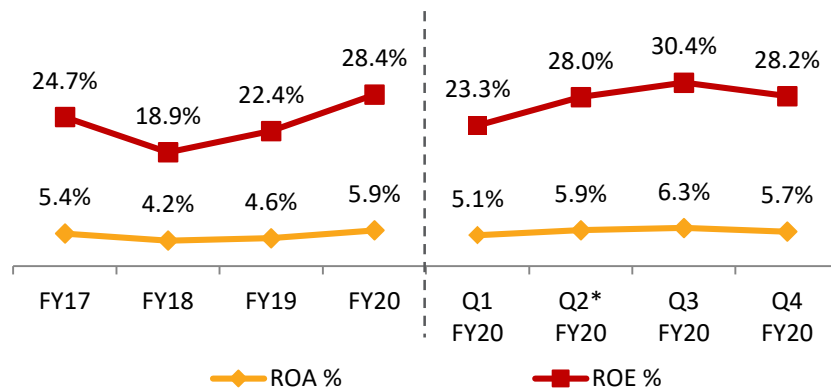
### CONSOLIDATED AUM (Rs Bn)



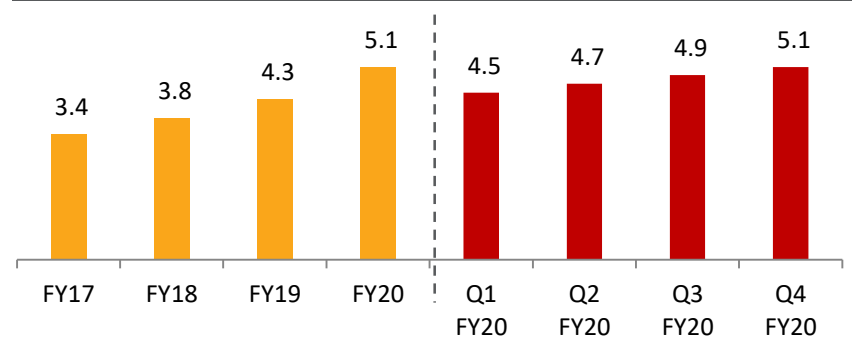
### NET PROFIT (Rs Mn)



### RETURN RATIOS %



### TOTAL CUSTOMER BASE (Mn)



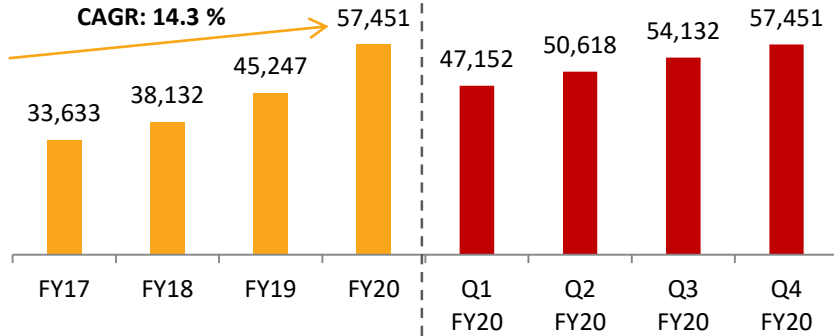
Only FY 16 & 17 nos as per IGAAP

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

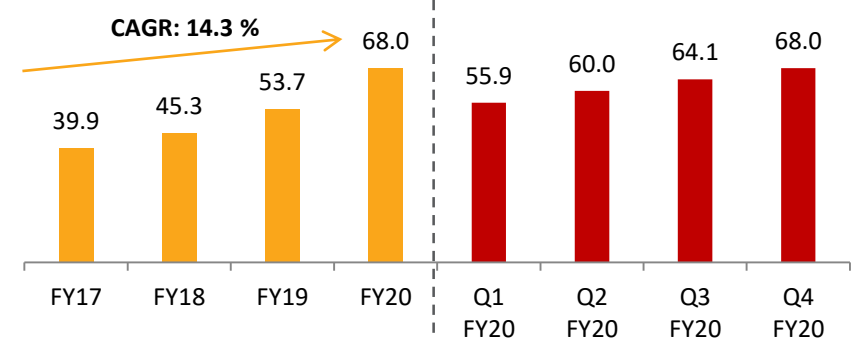
# Q4 FY20 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



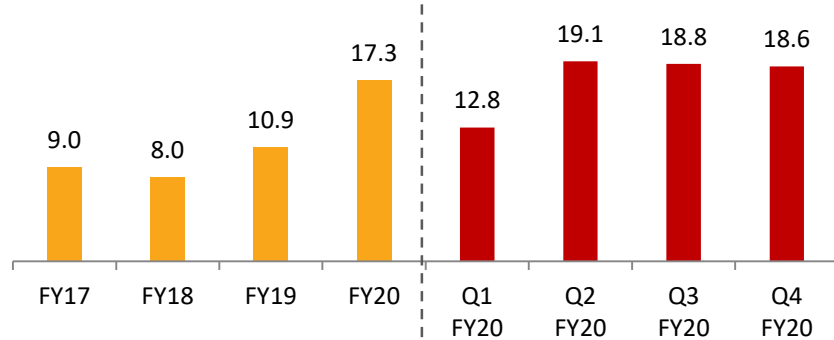
**NETWORTH (Rs Mn)**



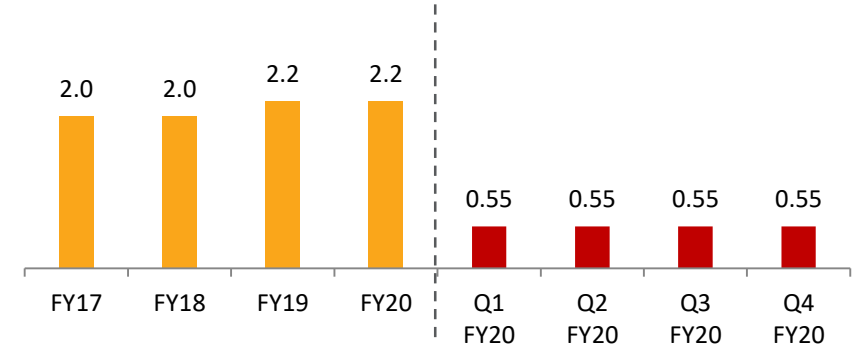
**BOOK VALUE PER SHARE (Rs)**



**EARNINGS PER SHARE (Rs)**



**DIVIDEND PER SHARE (Rs)**

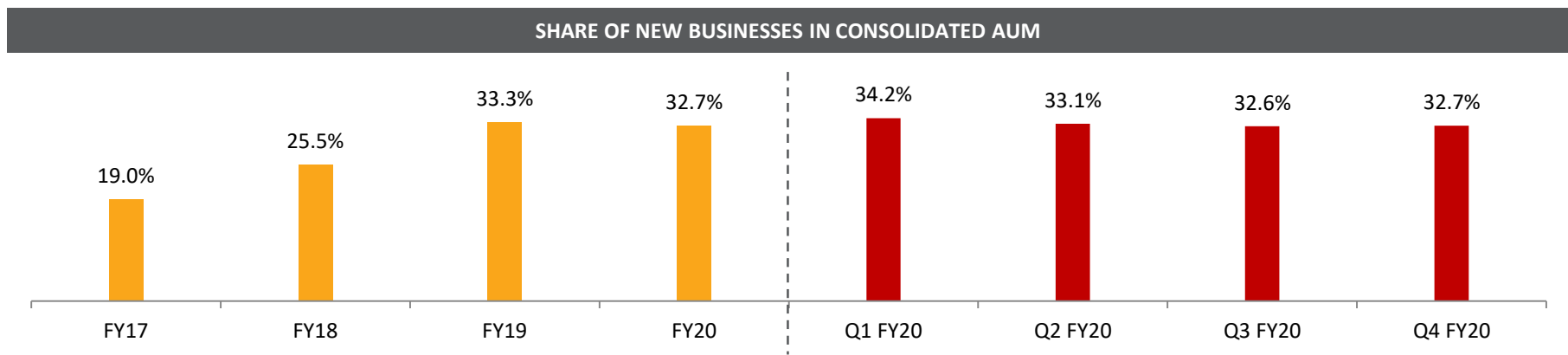


Only FY 16 & 17 nos as per IGAAP

# Q4 FY20 RESULTS: CONSOLIDATED AUM UPDATE



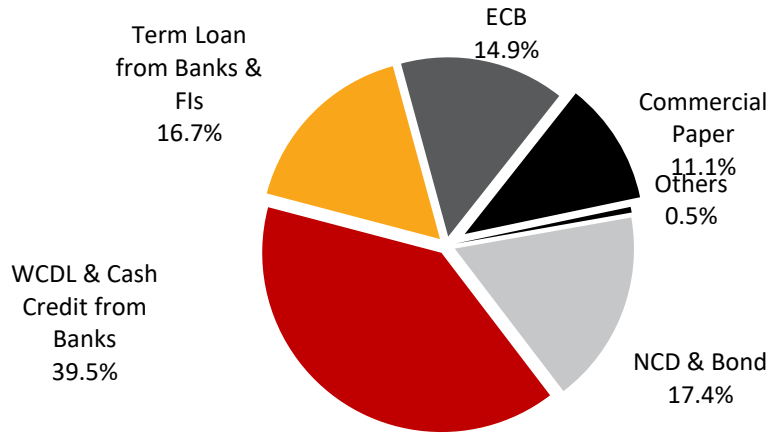
CONSOLIDATED AUM (Rs Mn)								
Particulars (Rs Mn)	FY17	FY18	FY19	FY20	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Gold Loans	111,245.3	117,349.8	129,615.2	169,671.8	132,924.1	151,683.4	162,429.5	169,671.8
Microfinance	17,959.4	24,372.0	38,407.8	55,026.4	41,983.0	47,242.5	50,221.4	55,026.4
Housing Finance	3,104.1	3,746.6	5,187.6	6,296.1	5,416.6	5,679.3	6,012.3	6,296.1
Vehicle Finance	3,058.3	6,253.8	11,146.1	13,443.5	12,270.8	13,177.6	13,973.9	13,443.5
Other Loans	1,204.8	5,925.2	10,027.7	7,814.0	9,264.9	8,986.5	8,362.3	7,814.0
<b>Total</b>	<b>136,572.0</b>	<b>157,647.5</b>	<b>194,384.4</b>	<b>252,251.7</b>	<b>201,859.4</b>	<b>226,769.3</b>	<b>240,999.4</b>	<b>252,251.7</b>



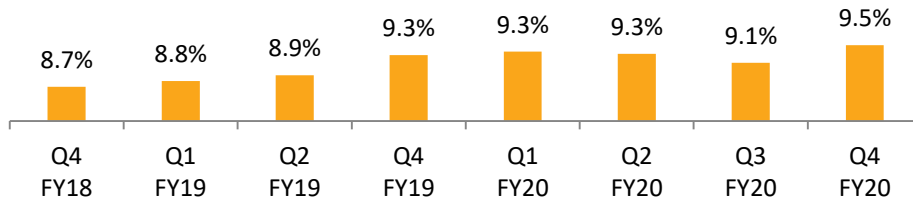
# Q4 FY20 RESULTS: MANAPPURAM FINANCE: BORROWING PROFILE



**BORROWING AS ON 31<sup>st</sup> Mar, 2020 = Rs 175,061 Mn**



**COST OF BORROWING %**



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

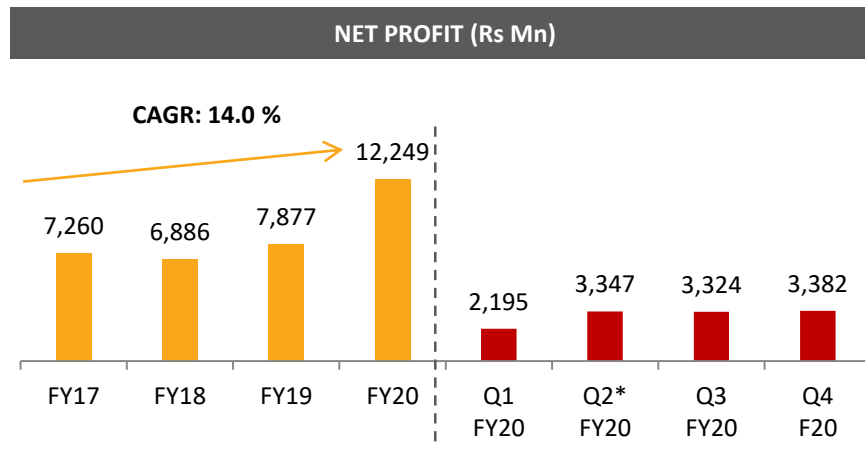
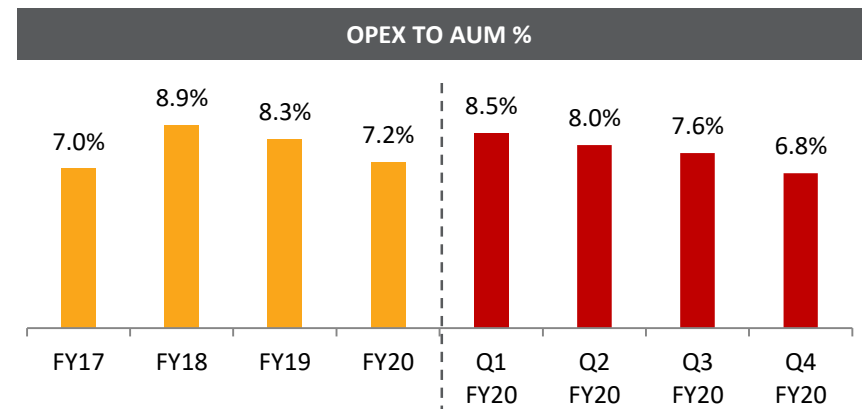
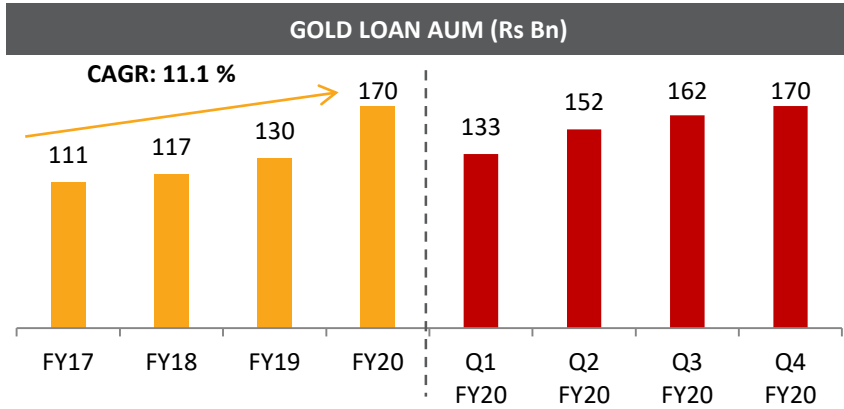
**Asirvad Microfinance:**

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

**Housing Finance:**

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

# Q4 FY20 RESULTS: MANAPPURAM FINANCE: STANDALONE RESULT ANALYSIS

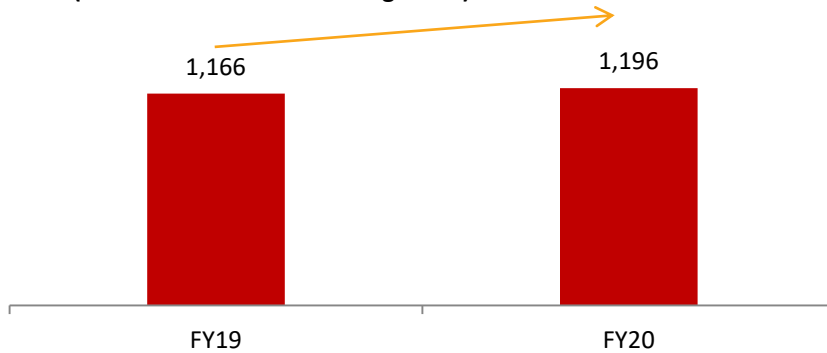


\*Note – Q2 FY20 -Adjusted Net Profit Rs 2,813.8 mn adjusting One time benefit of Rs 533.4 Mn

Only FY 16 & 17 nos as per IGAAP

## OPEX GROWTH HAS TRAILED AUM GROWTH (Rs Cr)

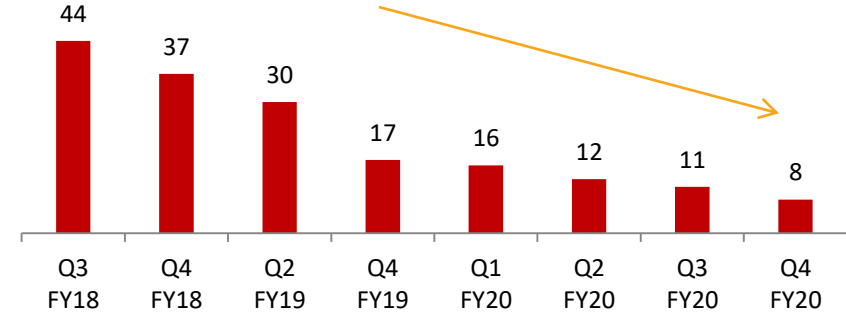
YoY growth: 2.6%  
(vs. 26.6% standalone AUM growth)



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

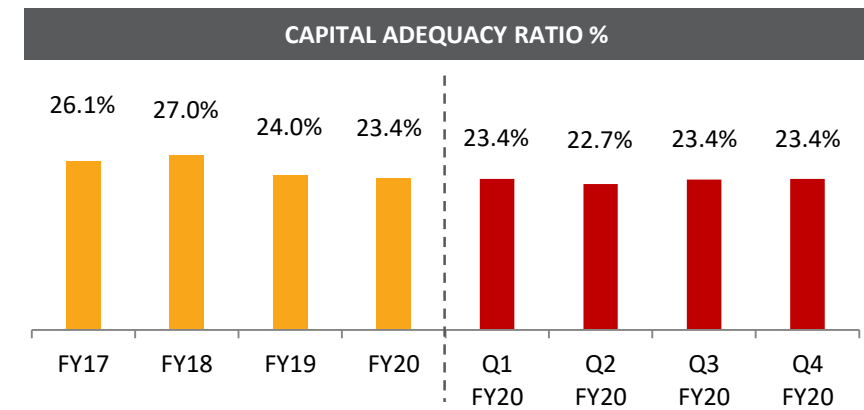
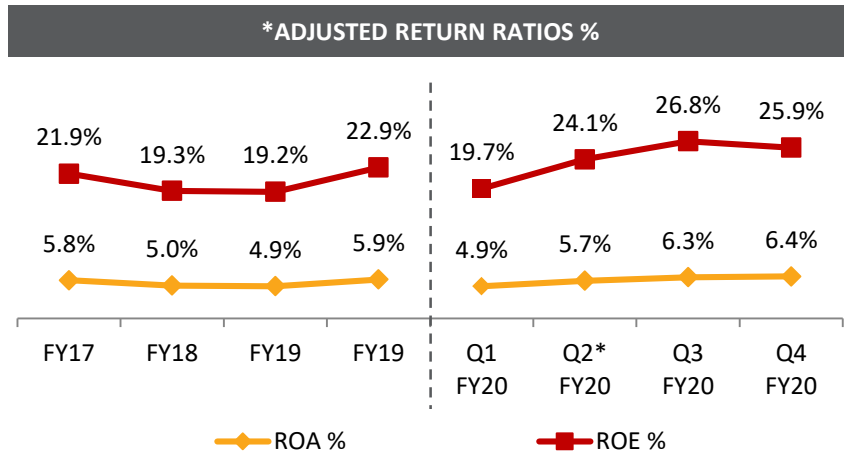
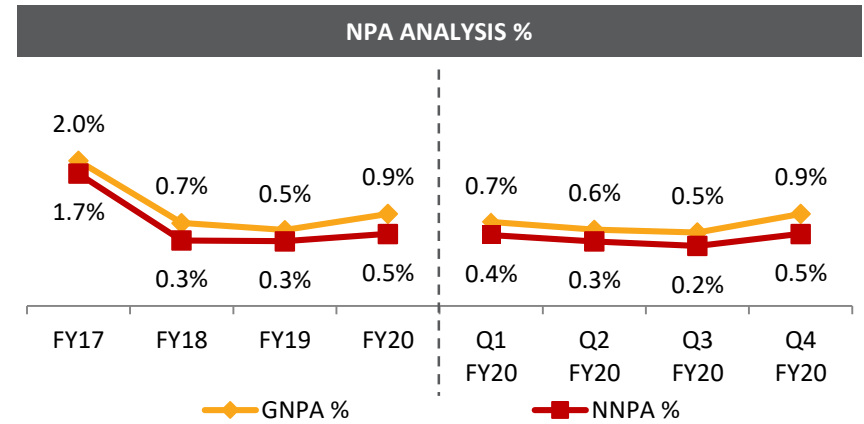
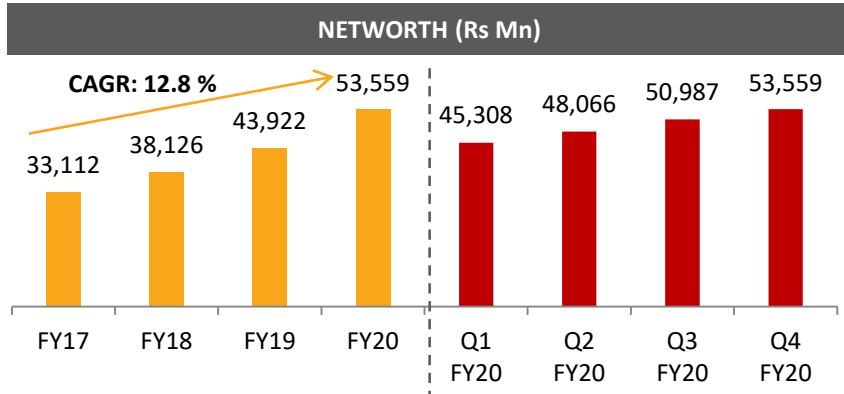
## SIGNIFICANT RATIONALIZATION IN SECURITY COSTS (Rs Cr)

YoY decline: 53.9%



- Cellular vaults rolled out across 3,520 branches, resulting in rationalization of security costs in the business

# Q4 FY20 RESULTS: MANAPPURAM FINANCE: STANDALONE RESULT ANALYSIS



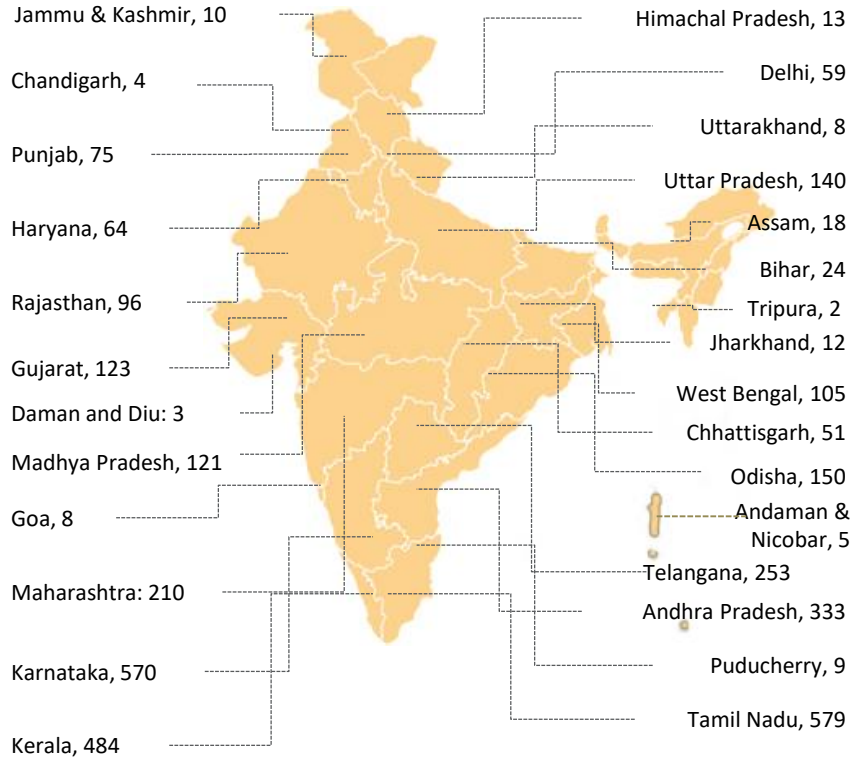
\* Adjusted Net Profit for Q2 FY20– Rs 3,421.3 Mn after adjusting One time benefit of Rs 601.5 Mn

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

# Q4 FY20 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE

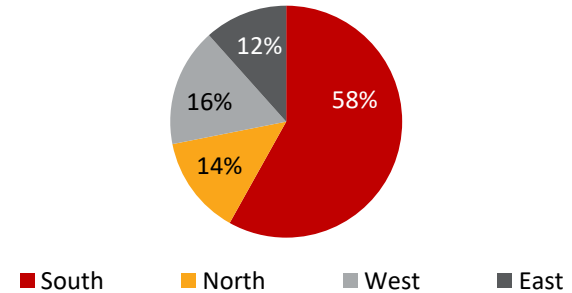


## PAN INDIA PRESENCE

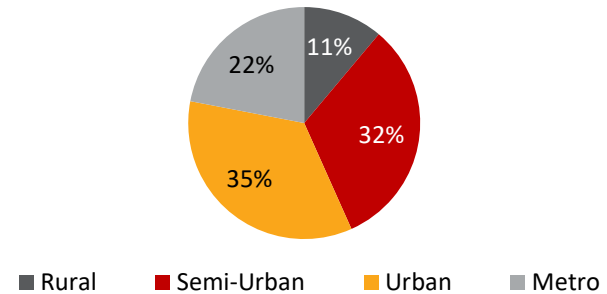


**3,529 Branches as on 31st March 2020**

## GOLD AUM - REGIONWISE BREAKUP

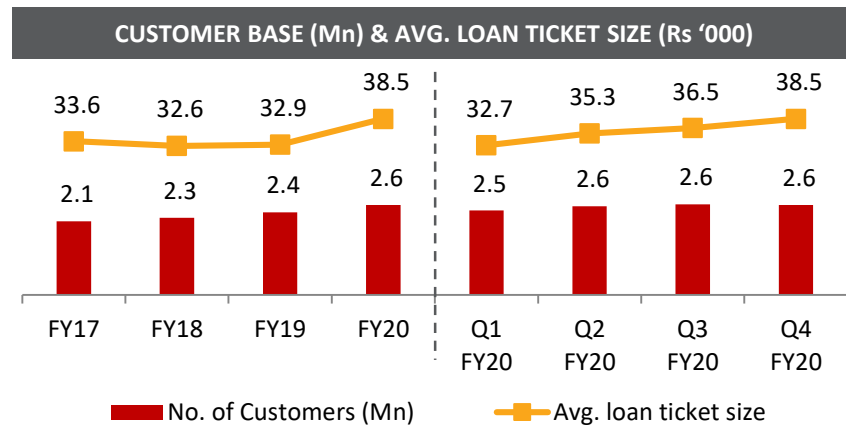
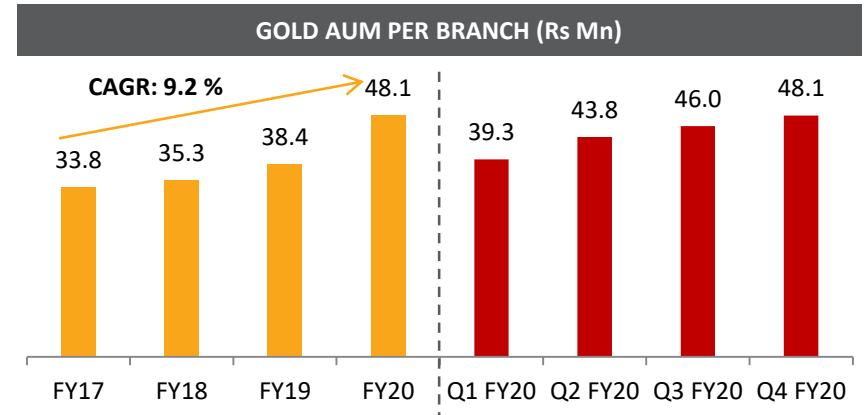
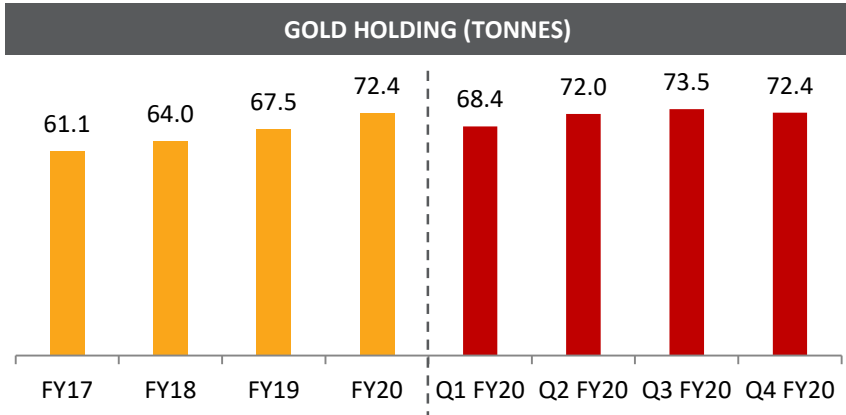


## GOLD AUM – RURAL URBAN MIX





# Q4 FY20 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE



# Q4 FY20 RESULTS: ONLINE GOLD LOAN: BUSINESS UPDATE



## ONLINE GOLD LOAN – KEY FEATURES

- Manappuram became the first player to launch its Online Gold Loan (OGL) in September 2015
- This facility enables customers who have access to an internet-enabled device to avail a gold loan anytime, from anywhere in the world
- The loan proceeds are instantaneously transferred to customers bank account. Later, when the loan is repaid, the gold will continue to remain with the Manappuram branch for instant sanction of future loans whenever the need arises
- Customer doesn't need to visit branch after handing over the gold in our branches. All the transactions customer can do online at their convenience.
- Online APP are available in different regional languages for ease of customers.

### The advantages of OGL to a customer are:

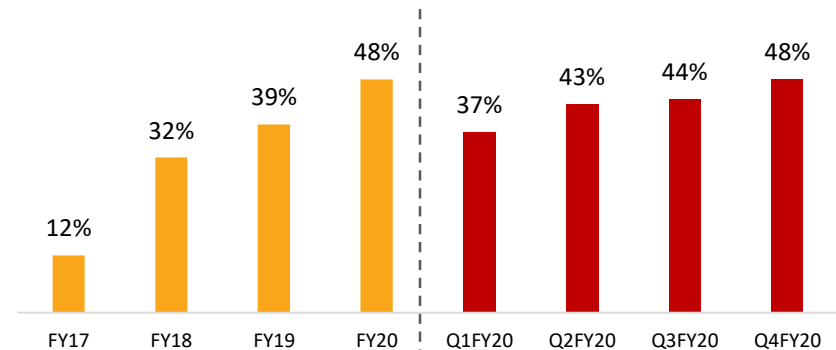
- Easy documentation, instant approval, convenient 24x7 online repayment
- Hassle-free, paper-less transactions online

This OGL portfolio which is an important focus area for the company now accounts for ~43% of the total gold loan book compared to 1% in FY16.

## ONLINE GOLD LOAN METRICS

AUM (Rs Mn) – Q4FY20	81,785.2
Average Ticket Size (Rs '000)	50,235.0

## % SHARE of OGL IN THE OVERALL GOLD AUM



# Q4 FY20 RESULTS:

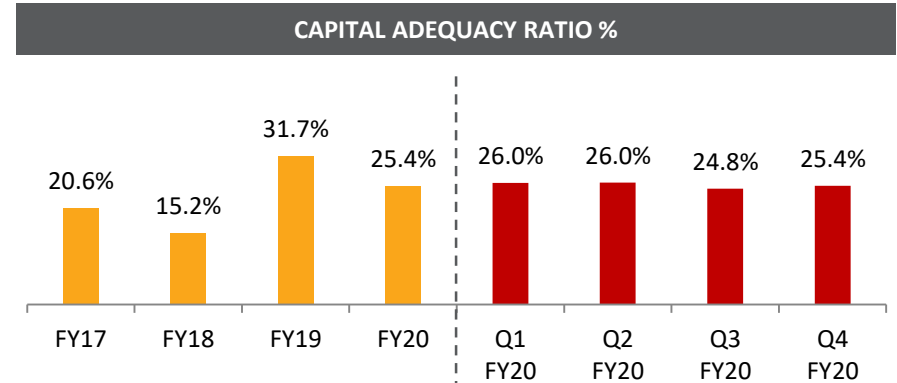
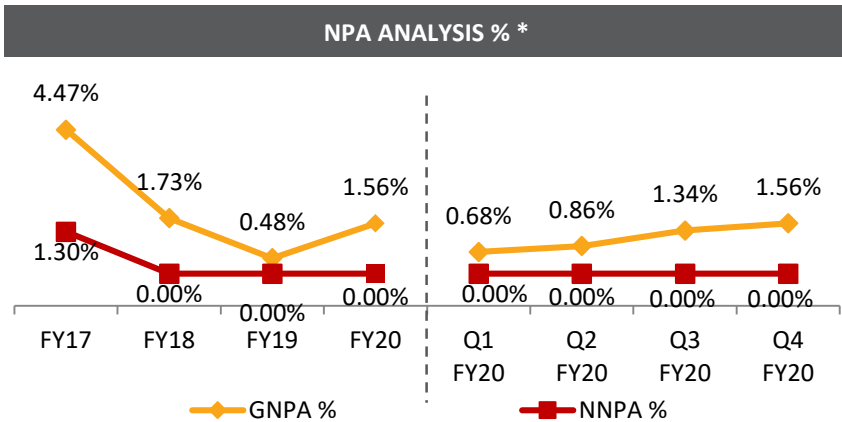
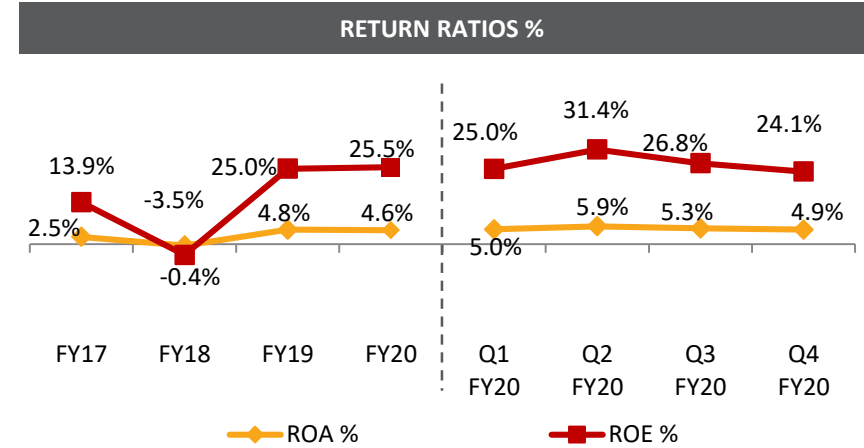
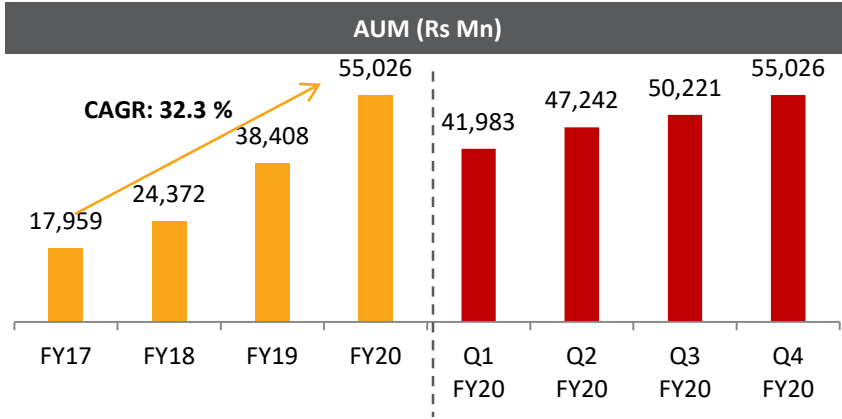
## ASIRVAD MICROFINANCE: KEY HIGHLIGHTS



Particulars (Rs Mn)	FY20	FY19	YOY %	Q4 FY20	Q4 FY19	YOY %	Q3 FY20	QOQ %
<b>Closing AUM</b>	55,026.4	38,407.8	43.3%	55,026.4	38,407.8	43.3%	50,221.4	9.6%
<b>Income from Operations</b>	<b>10,550.6</b>	<b>6,869.0</b>	<b>53.6%</b>	<b>3,925.3</b>	<b>2,336.4</b>	<b>68.0%</b>	<b>2,402.0</b>	<b>63.4%</b>
Finance expenses	4,094.4	2,989.5	37.0%	1,792.0	1,002.6	78.7%	813.9	120.2%
<b>Net interest income</b>	<b>6,456.2</b>	<b>3,879.6</b>	<b>66.4%</b>	<b>2,133.3</b>	<b>1,333.8</b>	<b>59.9%</b>	<b>1,588.1</b>	<b>34.3%</b>
Employee expenses	1,501.6	1,134.8	32.3%	445.1	296.5	50.2%	363.8	22.4%
Other operating expenses	841.7	689.0	22.2%	221.2	200.3	10.5%	219.3	0.9%
<b>Pre provision profit</b>	<b>4,112.9</b>	<b>2,055.8</b>	<b>100.1%</b>	<b>1,467.0</b>	<b>837.1</b>	<b>75.3%</b>	<b>1,005.0</b>	<b>46.0%</b>
Provisions/Bad debts	1,473.8	284.2	418.6%	820.6	128.6	538.2%	340.1	141.3%
Other Income	463.8	535.4	-13.4%	99.5	201.3	-50.6%	133.3	-25.4%
<b>Profit before Tax</b>	<b>3,103.0</b>	<b>2,307.0</b>	<b>34.5%</b>	<b>745.9</b>	<b>909.8</b>	<b>-18.0%</b>	<b>798.2</b>	<b>-6.6%</b>
Tax	749.7	790.6	-5.2%	140.6	307.6	-54.3%	206.4	-31.9%
<b>PAT before OCI</b>	<b>2,353.3</b>	<b>1,516.4</b>	<b>55.2%</b>	<b>605.3</b>	<b>602.1</b>	<b>0.5%</b>	<b>591.8</b>	<b>2.3%</b>
Other Comprehensive Income	<b>(2.3)</b>	<b>2.1</b>	-	<b>(4.5)</b>	<b>(0.0)</b>	-	<b>0.8</b>	-
<b>PAT</b>	<b>2,351.0</b>	<b>1,518.5</b>	<b>54.8%</b>	<b>600.8</b>	<b>602.1</b>	<b>-0.2%</b>	<b>592.6</b>	<b>1.4%</b>
<b>Borrowings</b>	45,006.5	34,180.5	31.7%	45,006.5	34,180.5	31.7%	28,851.1	56.0%
<b>Networth</b>	10,395.2	8,044.2	29.2%	10,395.2	8,044.2	29.2%	9,574.7	8.6%

\*Asirvad has provided additional provision of Rs 55 cr for COVID -19 in Q4FY20 and 16 Crs in Q3 FY20 due to unrest in Managalore district in Karnataka

# Q4 FY20 RESULTS: ASIRVAD MICROFINANCE: RESULT ANALYSIS



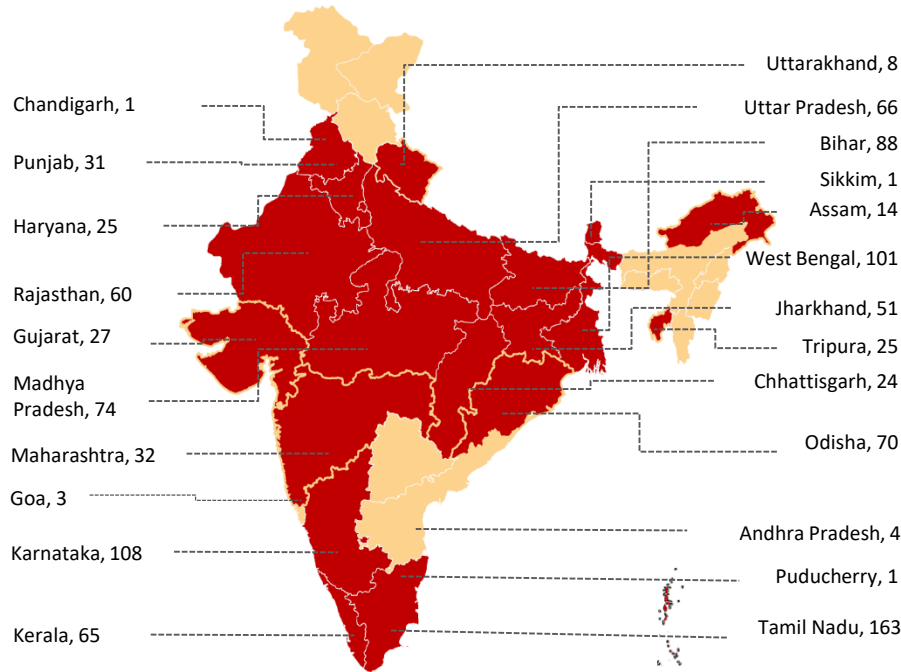
\* NPA recognised at 90 Days

Only FY 16 & 17 nos as per IGAAP

# Q4 FY20 RESULTS: ASIRVAD MICROFINANCE: AUM UPDATE

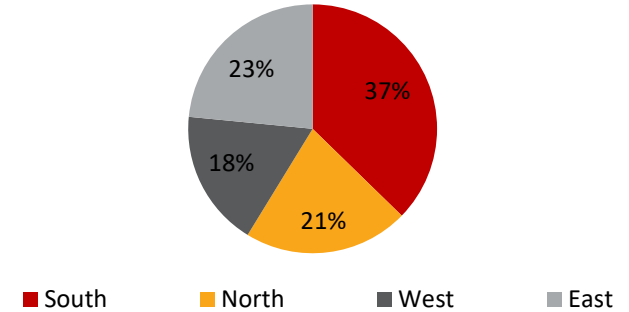


## PAN INDIA PRESENCE

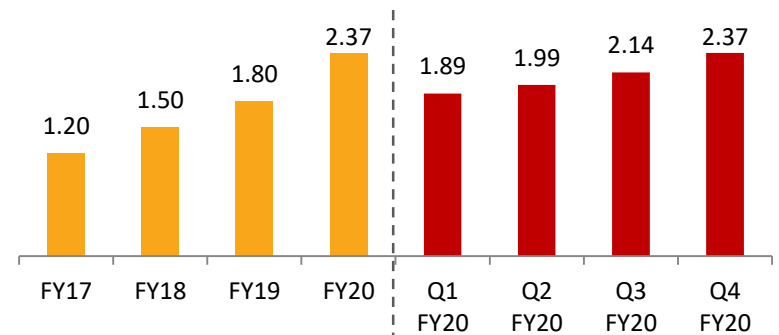


1042 Branches

## MFI AUM - REGIONWISE BREAKUP



## CUSTOMER BASE (Mn)



# Q4 FY20 RESULTS: HOUSING FINANCE: BUSINESS UPDATE



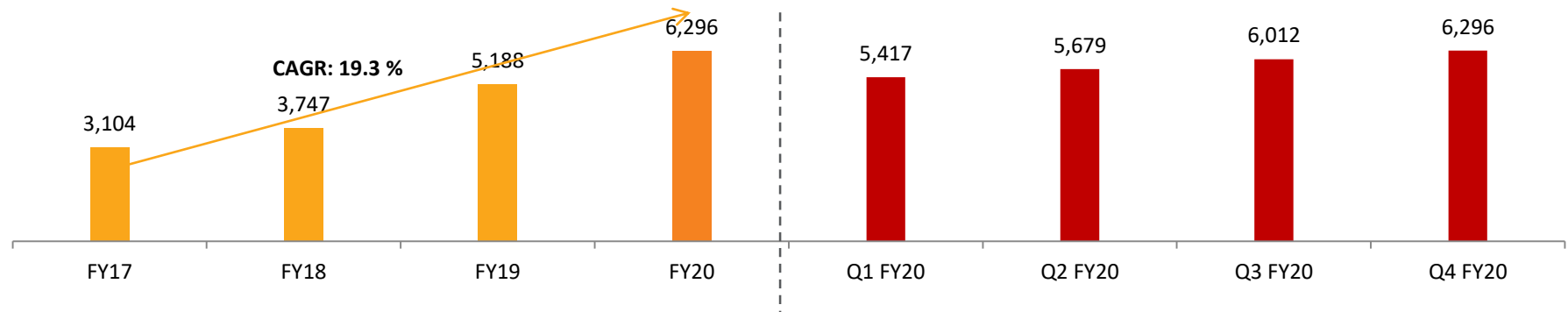
## AFFORDABLE HOUSING

- Started commercial operations in January 2015.
- Focus on Affordable Housing for Mid to Low income Group.
- Focus on South and West of India.
- Rated AA - /Stable (Long Term) & A1+ (Short Term) by CRISIL
- Rated AA – (Stable) (Long Term) by CARE

## HOUSING FINANCE METRICS

AUM (Rs Mn) – Mar 2020	6,296.1
Branch Network	47
Number of States	9
Average Ticket Size (Rs mn)	0.8
Average Yield (%)	15.2%
GNPA %	4.9%

## AUM (Rs Mn)



# Q4 FY20 RESULTS: VEHICLE AND EQUIPMENT FINANCE: BUSINESS UPDATE



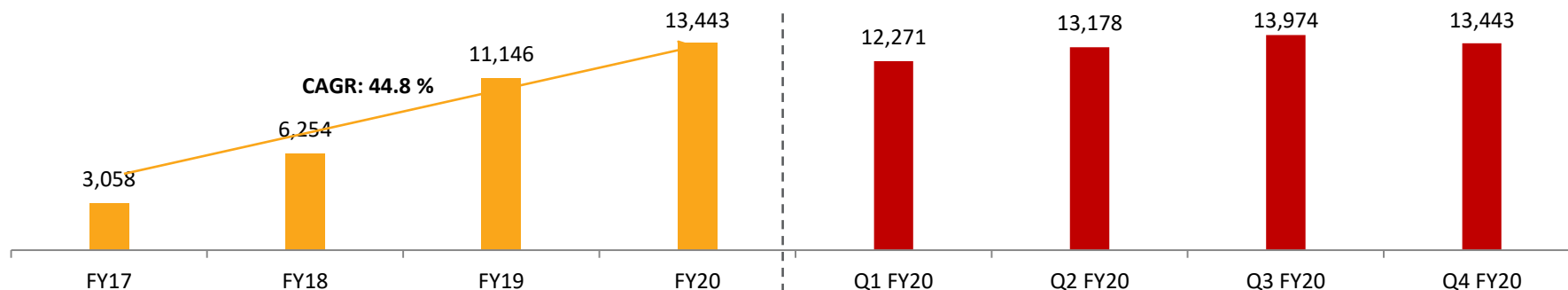
## VEHICLE AND EQUIPMENT FINANCE

- Started commercial operations in January 2015.
- The operations are a part of Manappuram Finance Ltd and are carried out from existing gold loan branches
- Selectively entered in all parts of India except North-east.
- Focus on Underserved Category of Customers who do not have access to Formal Banking system.

## VEHICLE AND EQUIPMENT FINANCE METRICS

AUM (Rs Mn) – Mar 2020	13,443.5
Branch Network	222
Number of States	22
Average Ticket Size (Rs mn)*	0.77
Average Yield (%)	19.7%

## AUM (Rs Mn)



\* Only Commercial Vehicle



**MANAPPURAM**  
**FINANCE LIMITED**



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# COMPANY OVERVIEW: BRIEF PROFILE



## STRONG PEDIGREE

- Incorporated in 1992, the company has been one of India's leading gold loans NBFCs.
- Promoted by Mr. V.P. Nandakumar (current MD & CEO) whose family has been involved in gold loans since 1949.

## BUSINESS OVERVIEW

- Focus on utilising surplus capital to build or acquire new lending products relevant to the existing retail customer base.
- Addition of new synergistic product segments – Microfinance (MFI), Commercial vehicles (CV), Mortgage & Housing Finance.
- Consolidated AUM of Rs 252 Bn as on Mar-2020
- Established pan-India presence

## FINANCIAL OVERVIEW

- Total AUM has grown from Rs 75.5 Bn in FY20 to Rs 252 Bn in FY20 at CAGR of 11%.
- Standalone Capital Adequacy Ratio in FY20 stood at 23.4%.
- Net Interest Income of Rs 36,330.9 Mn and PAT of Rs 14,619.8 Mn in FY20 grown at CAGR of 20.8 % and 32.8% respectively over last 5 years.
- Return ratios: ROA – 5.7% in FY20, ROE – 28.0 % in FY20.

## HIGH CORPORATE GOVERNANCE STANDARDS

- Consistent dividends to shareholders.
- Reputed auditors such as KPMG as internal auditors and Deloitte Haskins & Sells LLP as statutory auditors to ensure accurate financial reporting & transparency.
- Strong external professional representation on the Board with 6 of the 10 directors being independent. Board is chaired by Mr. Jagdish Capoor – Ex-Deputy Governor of RBI, Ex-Chairman of HDFC Bank.

# COMPANY OVERVIEW: STRONG BRAND RECALL

- Strong brand equity built over the years.
- Celebrity endorsements have led to enhanced visibility and growing business.
- Brand 'Manappuram' is endorsed by well recognized film industry icons across India .
- Our brand ambassadors - Venkatesh, Mohan Lal, Puneeth Rajkumar, Vikram, Akshay Kumar, Jeet, Sachin Khedekar And Uttam Mohanty.



# COMPANY OVERVIEW: EXPERIENCED MANAGEMENT TEAM

**Mr. V. P. Nandakumar**  
*Managing Director & CEO*

- Chief Promoter of Manappuram Group
- Certified Associate of Indian Institute of Bankers



**Mr. B.N. Raveendra Babu**  
*Executive Director*

- Director since July 1992
- Worked in a senior role with Blue Marine International in U.A.E



**Mrs. Bindu A L**  
*CFO*

- Chartered Accountant with Over 20 years experience in the area of Finance and Accounts



**Mr. Raja Vaidhyathan**  
*Managing Director – MFI*

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



**Mr. Jeevandas Narayan**  
*Managing Director – Housing Finance*

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



**Mr. K Senthil Kumar**  
*Head – Commercial Vehicle*

- Over 21 years experience with organizations such as Fullerton India, Citi Bank, HDFC Bank etc.



**Mrs. Puneet Kaur Kohli**  
*SVP - CTO*

- Over 22 years experience with organizations such as Bajaj Capital, Motricity, Bharti Airtel, Accenture, Duncan Industries, ITC Hotel



# COMPANY OVERVIEW: CORPORATE GOVERNANCE – STRONG BOARD OF DIRECTORS



**MANAPPURAM**  
FINANCE LIMITED

**Mr. Jagdish Capoor**  
**CHAIRMAN, INDEPENDENT & NON-EXECUTIVE DIRECTOR**

- Former Chairman of HDFC Bank, former Deputy Governor of Reserve Bank of India, former Chairman of UTI and BSE Ltd
- Currently, he is on the Board of Indian Hotels Company Limited, Assets Care Enterprise Limited, Indian Institute of Management, LIC Pension Fund Limited and is the Chairman of Quantum Trustee Company Private Limited.

**Mr P. Manomohan**  
**INDEPENDENT & NON-EXECUTIVE DIRECTOR**

- Bachelor of Commerce from Kerala University, Diploma in Industrial finance from Indian Institute of Bankers and also a Certified Associate of the Indian Institute of Bankers
- Has over 38 years of work experience in the RBI and in the regulatory aspects of NBFCs

**Mr V. R. Ramchandran**  
**INDEPENDENT & NON-EXECUTIVE DIRECTOR**

- He holds a Bachelor of Science from the Calicut University and a Bachelor degree in law from the Kerala University.
- He has over 32 years of work experience and is a civil lawyer enrolled with the Thrissur Bar Association.

**Sutapa Banerjee**  
**INDEPENDENT & NON-EXECUTIVE DIRECTOR**

- Advance leadership Fellow at Harvard University, Gold medallist in Economics from XLRI School of Management in India.
- She is Managing Director of Shiva Cement Ltd, JSW Cements Ltd, JSW Holdings Ltd , North East Small Finance Bank Ltd. etc.
- She was earlier associated with ABN AMRO and ANZ Grindlays and Indian Investment Bank (Ambit)

# COMPANY OVERVIEW: CORPORATE GOVERNANCE – STRONG BOARD OF DIRECTORS



**Mr Gautam Narayan**  
**NON INDEPENDENT &**  
**NON-EXECUTIVE DIRECTOR**

- He is a Chartered Accountant with additional qualification in management Post Graduate Diploma in Management from IIM Ahemadabad.
- He is a partner at Apax Partners.

**Mr Abhijit Sen**  
**ADDITIONAL DIRECTOR**

- He holds B-Tech (Hons) from IIT, Kharagpur and Post- Graduate Diploma from IIM, Kolkata
- External Advisor to E & Y
- Board member- India First Life Insurance, Kalyani Forge, Trent Ltd and Ujjivan Micro-Finance
- Served as CFO with Citi India for 18 years

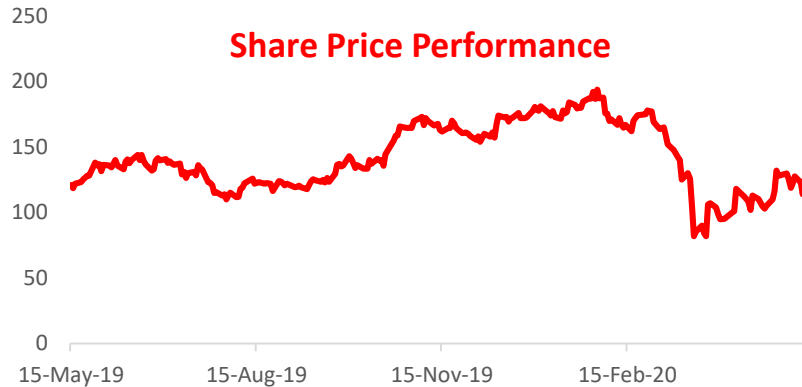
**Mr. Harshan Kollara**  
**ADDITIONAL DIRECTOR**

- He holds a Masters (Economics) from Bombay University.
- Board member-Fast Encash Money Transfer (UK), Abans Global Ltd (UK), Value Finance Corporation Ltd (UK), Morgan Harvey Services Ltd (UK)
- Severed as Executive Director in Federal bank Ltd, Vice President and Regional Head in Union bank of California and EVP & head, international banking in ICICI bank Ltd

**Dr. Shailesh J Mehta**  
**INDEPENDENT &**  
**NON-EXECUTIVE DIRECTOR**

- Bachelor of Technology in mechanical engineering from IIT Mumbai, MSc in Operations Research from Case Western Reserve University and PhD degree in Operation Research and Human Letters from California State University and in Computer Science and Operations Research from Case Western Reserve University.
- Over 38 years of experience, was President of Granite Hill Capital Ventures, Chairman and CEO of Providian Financial Corporation, operating general partner of West Bridge Capital, President and COO of Capital Holding and Executive Vice President of Key Corp

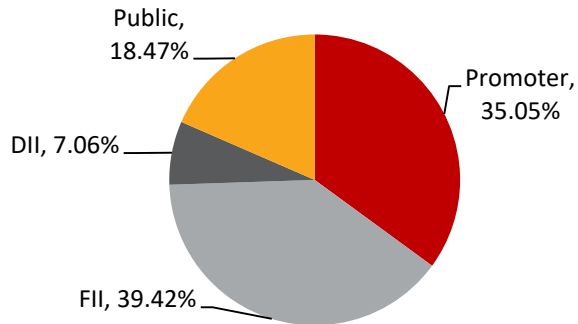
# COMPANY OVERVIEW: SHAREHOLDING STRUCTURE



MARKET DATA	AS ON 13.05.2020
Market Capitalization (Rs Mn)	1,02,604.40
Price (Rs)	121.40
No. of Shares Outstanding (Mn)	844.99
Face Value (Rs)	2.0
Avg. Qtrly Trading Volume (Rs Mn)	635.19
Avg. Qtrly Trading Volume (Mn shares)	4.3
52 Week High-Low (Rs)	194.60 – 75.60

Source – : BSE, Trading volume and Value is BSE & NSE combined (Jan – March 2020) per day

## % SHAREHOLDING – MAR 20



## KEY INSTITUTIONAL INVESTORS AT MAR 20

KEY INSTITUTIONAL INVESTORS AT MAR 20	% HOLDING
Quinag Acquisition (FPI) Ltd	9.92%
Baring India Private Equity Fund	3.85%
Barclays Merchant Bank Singapore Ltd	3.70%
Fidelity Investment Trust	3.43%
DSP Small Cap Fund	3.40%
L&T Mutual Fund Trustee Ltd – L&T	2.92%

Source – BSE



**MANAPPURAM**  
**FINANCE LIMITED**

Quarterly Update

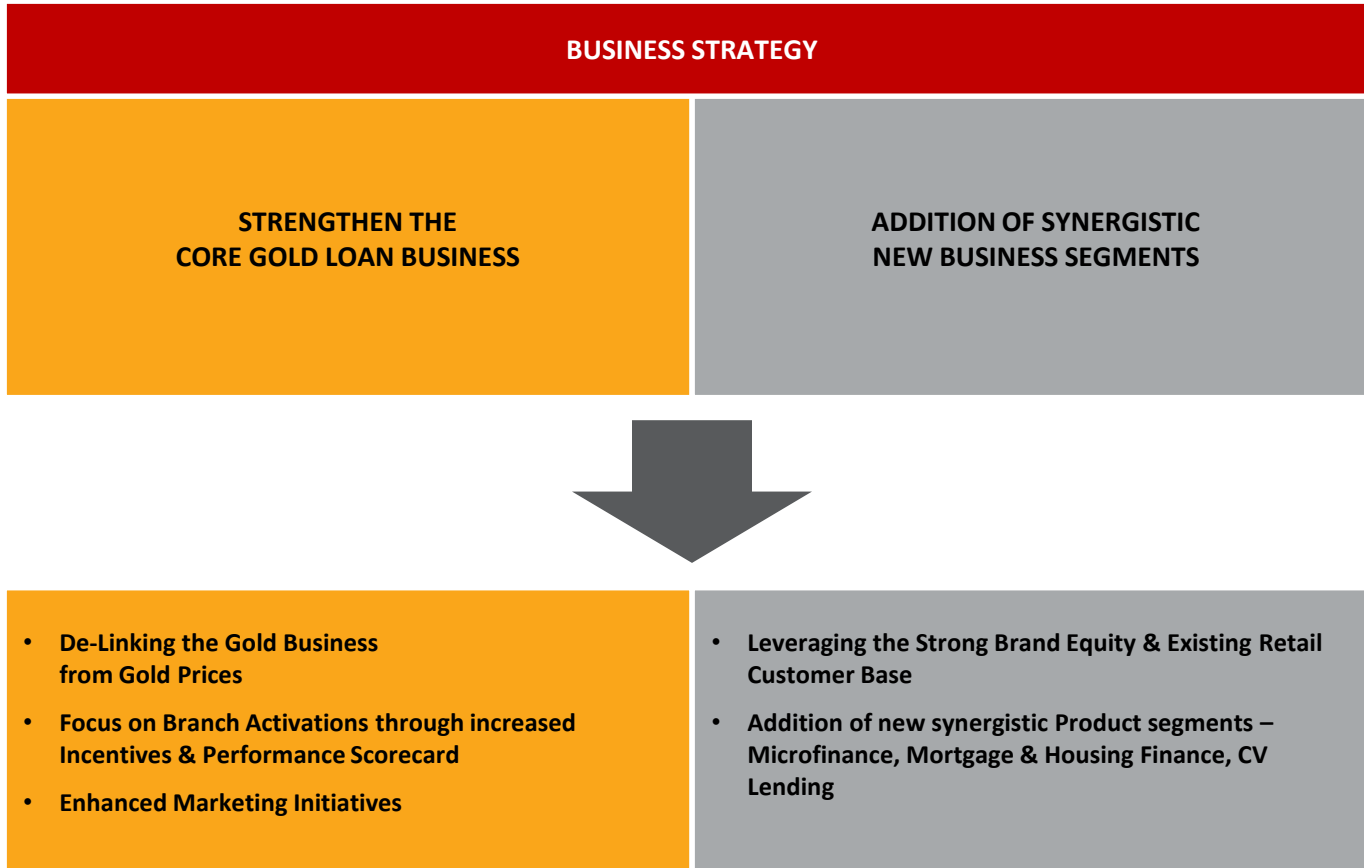
Company Overview

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# BUSINESS STRATEGY: KEY HIGHLIGHTS





# BUSINESS STRATEGY: DE-LINKING GOLD BUSINESS FROM GOLD PRICES

Earlier Scenario – 12 month Long Tenure Product		12 months – Single Product Offering	Additional 2 month for Auction
Gold value	100		
LTV	75%		
<b>Gold Loan</b>	<b>75</b>		
Interest Rate	24%		
<b>Interest Cost*</b>	<b>21</b>		
<b>Total Principal + Interest*</b>	<b>96</b>		

If the Customer does not pay or close the Loan, then there is likely loss of interest for 2 months during Auction



- Recalibrated the product structure to de-Link from gold price fluctuation.
- Loan to value (LTV) ratio is now linked to the tenure of the loan. Therefore, the maximum permissible LTV of 75% would be available on loans of shorter tenure rather than one year as was the standard practice earlier.

Current Revised Scenario – 3 to 6 month Short Tenure Products	3 months	6 months	9 months	12 months	Additional 2 month for Auction
	3 Month Scenario	6 Month Scenario	9 Month Scenario	12 Month Scenario	
Gold value	100	100	100	100	
LTV	75%	70%	65%	60%	
<b>Gold Loan</b>	<b>75</b>	<b>70</b>	<b>65</b>	<b>60</b>	
Interest Rate	24%	24%	24%	24%	
<b>Interest cost *</b>	<b>7.5</b>	<b>11.2</b>	<b>14.3</b>	<b>16.8</b>	
<b>Total Principal + Interest *</b>	<b>82.5</b>	<b>81.2</b>	<b>79.3</b>	<b>76.8</b>	

If the Customer does not pay or close the Loan, there is ample margin of safety to recover Principal as well as Interest.

Also, Linkage to Gold prices is Negligible.

\* Includes interest outgo during 2 months of auctioning period

# BUSINESS STRATEGY: GOLD LOAN BUSINESS – REACHING OUT TO THE CUSTOMER

Increased marketing initiatives across branches and key markets

Significantly enhanced our marketing spend with growing BTL and ATL activities

Increased incentives and branch activations

Initiative to track branch level performance scorecard

**STRATEGIC  
INITIATIVES TO DRIVE  
BUSINESS  
PERFORMANCE**



# BUSINESS STRATEGY: INTRODUCING NEW SYNERGISTIC PRODUCT SEGMENTS



## RATIONALE FOR STRATEGY TO DIVERSIFY INTO SYNERGISTIC PRODUCT SEGMENTS -

- Strategy to Utilise surplus capital to build or acquire new lending products relevant to the existing retail customer base.
- To leverage the strong retail customer base, retail branch network and the strong Manappuram Brand Equity build over the years.
- To Leverage our operational capability to process large volume, small ticket lending transactions with semi-urban and rural customers.
- Focus to enhance the revenue mix and improve structural return on equity (RoE).

- Geographic concentrations norms - District wise, State wise and along with Industry heat map analysis.
- Disbursement Related Caps - Branches categorised based on performance for fresh disbursements for existing customer and acquisition of new customer.
- Portfolio Outstanding Caps for a District - Threshold on AUM exposure vrs own as well as with Industry .
- Robust risk tool based pincode/district data analytics for branch expansion and disbursement decision making.
- Introduction of E- On boarding of customers through TAB & paperless documentations.
- Ensuring Quality and Robustness of group formation process, regularity of meetings and attendance.
- 100% cashless disbursement through bank account and de-dup check & mobile no verification with OTP based loan approval process.
- Geotagging of centres , members , field officer movements for better monitoring
- 100% movement tracking of cash collections / same day reconciliation of MIS with bank account
- Integrated system enforced defined controls across process chain.

- PAR management: State of the art Analytics/MIS - center-wise, customer wise, branch wise and bucket wise data analyzed on daily basis and reported across various senior levels for better monitoring and supervisory control.
- Dashboard for Field level Managers in TAB for ensuring better monitoring.
- Automation of timely due date reminders, acknowledgement of cash collection through SMS in addressing potential employee frauds.
- Internal Audit pro-active focus on collections and overdue centres.
- Currently exploring avenues for cashless collection options.
- Leverage existing time tested vintage customer base.
- Well defined metrics for cash management and diverse resources for ensuring liquidity controls and Interest rate management.
- Calibrated and indiscriminative approach to geographies in managing political risk.
- Robust customer grievance redressal mechanism
- Responsible lending with fair pricing and geo sensitive approach.



**MANAPPURAM**  
**FINANCE LIMITED**



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# KEY TECHNOLOGY INITIATIVES: EXPLORING NEW AGE FINTECH BUSINESS OPPORTUNITIES

## INNOVATE (STRATEGIC)

Innovative projects to make us ready and relevant to face future challenges / Changes. E.g. - SGL, Whatsup OGL Mobility platforms, Digital PL Loans, Digital Scorecards, OGL Digital Cards, Kiosks, BA Portal, VAS Portal

## DIFFERENTIATE (TACTICAL)

Business differentiators like CRM, MDM UPI, RPA & Adoption of New technologies i.e. IOT, Blockchain, AI/ML Ent. Apps like AML, GRC, Unified LOS/LMS and Infra Solutions SD WAN Usage of public cloud, DMS and Digital Work Flows and Learning Management System

## RUN (OPERATE)

Moving to Private Cloud for Consolidating Group IT Infrastructure, Improved SLA Based Support for IT Services, Replacement of PCs to Mobile devices with MDM, Setting Up of Outsourced Information Security Organization, Involvement of Professional Network Integrators better connectivity

# KEY TECHNOLOGY INITIATIVES: INNOVATIVE BUSINESS PROPOSITIONS



- **Apps:** B2C & B2B Apps that can work with or without internet connectivity
- **Mobility Apps:** Restructured Apps that can work without any device, browser, platform dependency
- **OGL Digital Cards & Wallets:** This may open up opportunity for vertical integration with merchants
- **Digital Personal Loans:** Paper less digital loans with built in scorecards with quicker TAT for disbursing Loans
- **VAS Portal & Kiosks:** Portal that can provide Value added services to Customers including provision of Self operated Kiosks
- **BA/BC/Agent/Franchisee Portals:** Portals that allow to Business Associates/Business correspondents/ Agents/Franchisees to offer MAFIL Group product and services to customers
- **Online Lending Market Place:** Cater/Offer or avail MAFIL Group services through online



# KEY TECHNOLOGY INITIATIVES:

## IMPLEMENTATION OF NEW TECHNOLOGIES - STAYING AHEAD OF THE CURVE



### AI/ML

- (a) Support for Score card development
- (b) Helps Process Analytics
- (c) Helps relevant business operations Risk assessment

### CRM

- (a) Solution for Customer 360 view
- (b) Lead Management (c) Campaign Management (d) Customer Service Management

### Unified LOS & LMS

- (a) Customisable and scalable LOS and LMS System
- (b) Support Cross Selling & Up selling

### UPI

- (a) Enabling UPI solution for Collection
- (b) Bank Account confirmation (c) Enabling additional disbursement solution (d) Support for multi-bank transfer facility

### IOT

- IOT based Solution for /Strengthening robust automation systems

### LMS

- (a) Learning through mobile Platform
- (b) development of curriculum for continuous learning exercise (c) Integrated platform Training Result Assessment

### RPA

- Bring RPA solution to do improved/efficient/cost-effective process automation

### DMS & Digital Work Flows

- (a) Centralized DMSSystem for management of Images (b) Implementation of digital work flows

### AML

- (a) Solution for customer Risk Profiling, (b) Transaction Monitoring (c) supports regulatory requirements

### M DM

- (a) Single Source of data (b) Data Governance (c) Source for HR/Sales/ Market/Customer Analytics (d) building Cross Sell/Up Sell opportunities

### Block chain

- E Auction and other business cases by using blockchain technology

### GRC

- (a) Platform for category wise enterprise risk Reporting (b) Platform for Measurement & treatment of Enterprise Risk (c) Tracking Governance, Risk & compliance

MAJOR BUSINESS DIFFERENTIATORS

ENTERPRISE LEVEL APPS



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**FINANCE LIMITED**



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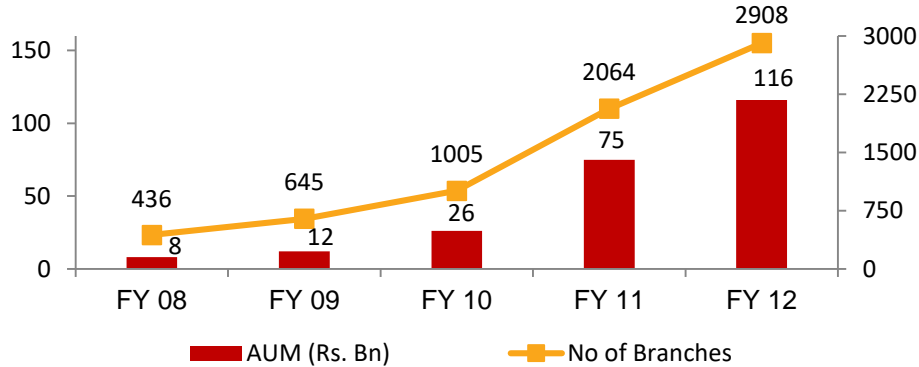


# UNDERSTANDING OUR EVOLUTION

## PHASE 1: FY08 - FY12

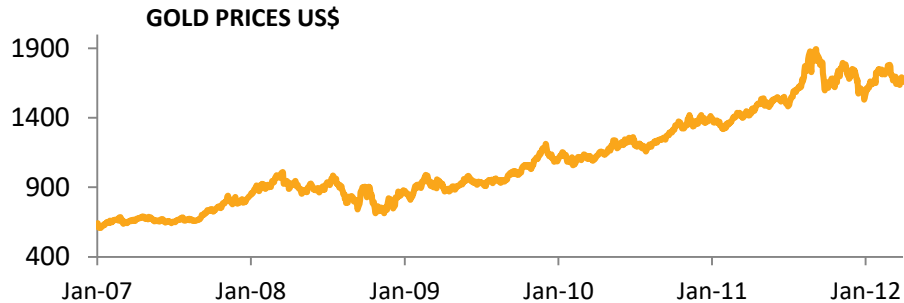


### STRONG GROWTH WITNESSED....



- 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....

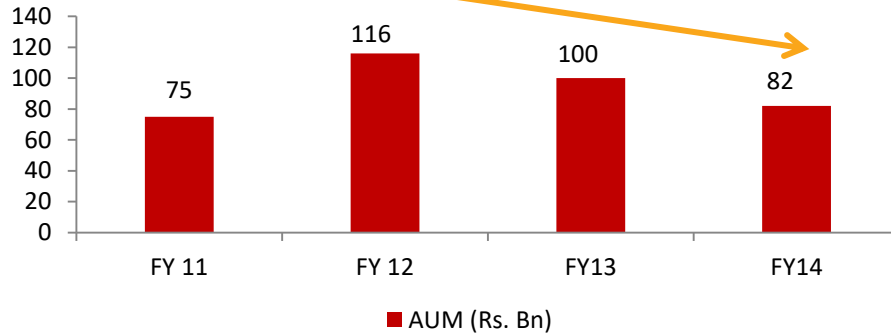


Company witnessed CAGR of ~95% in AUM over FY08 - FY12.

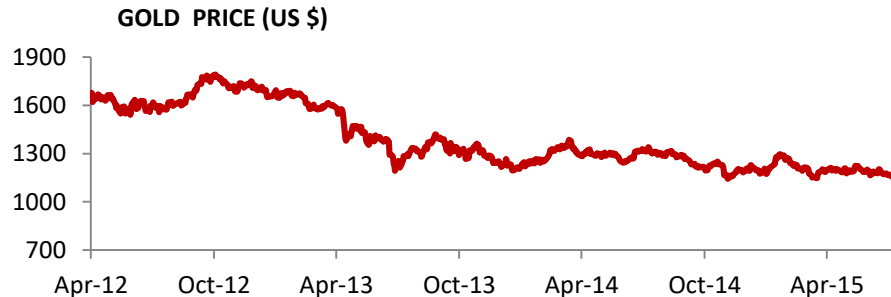
Branch Network grew by 7x over FY08 - FY12.

Strong Execution Capabilities and well defined systems and processes.

### 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 –

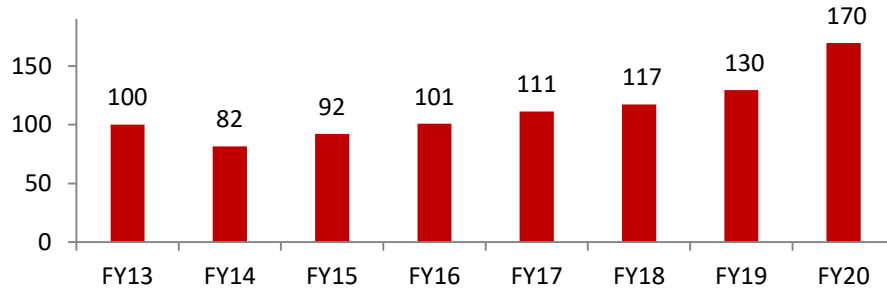
- Peak LTV was 85% for FY12 and Long Tenure portfolio.

**Negative Operating Leverage resulted into fall in Return Ratios and Profitability.**

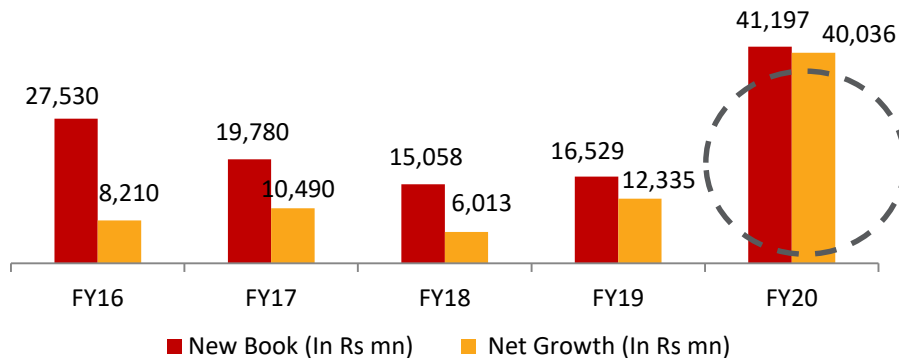
# UNDERSTANDING OUR EVOLUTION

## 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.

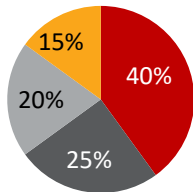
**Positive Operating Leverage to kick in which would result into better Return Ratios and Profitability.**

India possesses over ~20,000 tonnes of gold worth more than US\$ 800 bn.

Organized gold loan sector penetration is Just 3% !

- India is the largest consumer of gold jewellery in the world - Together with China, it makes up over half the global consumer demand for gold.

Region wise Share



■ South ■ West ■ East ■ North

- Southern India has been the largest market accounting for approximately 40% of the gold demand, followed by the western region at approximately 25% of India's annual gold demand.

- Further, Rural India is estimated to hold around 65% of total gold stock. For Rural India gold is the virtually the bank account of the people - As historically gold has been an good hedge against inflation & since it is fairly liquid, a lot of savings are in the form of gold.

# INDUSTRY OVERVIEW: KEY DRIVERS FOR GOLD LOAN MARKET



## ADVANTAGE CONSUMER

- Idle gold can be monetized for productive purposes.
- Prompt Disbursement - Faster turnaround time.
- Minimal Documentation - No major documentation requirement.
- Flexible repayment options available.

## ADVANTAGE LENDER

- Collateral / Security is with the lender – No requirement to reposes.
- No Liquidity Issues – Gold is one of the most liquid asset class.
- No Asset Liability Mismatch – Loan assets are for 3 to 6 months whereas liabilities are for 1 year and above.
- One of the lowest NPA segment

**LEADING TO A WIN-WIN SITUATION FOR ALL STAKEHOLDERS**

# INDUSTRY OVERVIEW: COMPETITIVE ADVANTAGE - GOLD LOAN NBFC'S



Parameter	Gold loan NBFC's	Banks	Moneylenders
<b>LTV</b>	Up to 75%	Lower LTV than NBFC's	Higher than 75%
<b>Processing Fees</b>	No / Minimal Processing Fees	Processing charges are much higher compared to NBFC's	No Processing Fees
<b>Interest Charges</b>	~18% to 26% p.a	~12% to 15% p.a	Usually in the range of 36% to 60% p.a.
<b>Penetration</b>	Highly Penetrated	Not highly penetrated. Selective Branches	Highly Penetrated
<b>Mode of Disbursal</b>	Cash/Cheque (Disbursals More than Rs. 0.1 mn in Cheque)	Cheque	Cash
<b>Working Hours</b>	Open Beyond Banking Hours	Typical Banking Hours	Open Beyond Banking Hours
<b>Regulated</b>	Regulated by RBI	Regulated by RBI	Not Regulated
<b>Fixed Office place for conducting transactions</b>	Proper Branch with dedicated staff for gold loans	Proper Branch	No fixed place for conducting business
<b>Customer Service</b>	High – Gold Loan is a Core Focus	Non Core	Core Focus
<b>Documentation Requirement</b>	Minimal Documentation, ID Proof	Entire KYC Compliance	Minimal Documentation
<b>Repayment Structure / Flexibility</b>	Flexible Re-Payment Options. Borrowers can pay both the Interest and Principal at the closure. No Pre-Payment Charges.	EMI compulsorily consists of interest and principal. Pre-Payment Penalty is Charged.	-
<b>Turnaround Time</b>	10 minutes	1-2 hours	10 minutes

**NBFC's RETAIN NICHE POSITIONING**





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