

Manappuram Finance Limited

Investor Presentation
January 2021

Gold Loans



Microfinance



Housing Finance



Vehicle Finance



MANAPPURAM
FINANCE LIMITED

Q3 FY21 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



AUM

Rs 276,425 Mn
(+ 2.7% QoQ)
(+14.7 % YoY)

Net Profit

Rs 4,831.9 Mn
(+19.2% QoQ)
(+16.6 % YoY)

Networth

Rs 68,696 Mn

ROA 6.1%

ROE 29.0%

Capital Adequacy #
25.8%

Borrowing Cost #
8.95%

GNPA #
1.26%

BV / Share Rs 81.2
****EPS Rs 22.9**

Dividend / Share
9M FY21: Rs 1.25
FY20: Rs 2.75

**Share of New
Businesses**
26.9%

Total Branches
4,622

No of Live Customers
5.11 mn

AUM: Assets Under Management, Net Profit: PAT

Calculated on standalone basis,

** Annualised EPS

Q3 FY21 RESULTS: KEY PERFORMANCE HIGHLIGHTS



Overall Highlights

- Consolidated AUM continues to grow steadily at +14.7% YoY and +2.7 % QoQ, with gold loan product driving growth
- Net income of Rs 483 cr in 3QFY21, which signifies 6.1% consolidated ROA, 29% consolidated ROE (v/s 5.1% RoA / 26% RoE in 2QFY21)
- Prudent capital structure with leverage being only 3.4x, and Tier 1 Capital Ratio of 25.8%

Gold Loan Business

- Gold Loan AUM up 24.4% YoY, 2.4% QoQ in Q3 FY21; Gold tonnage nearly flat QoQ
 - Growth in gold tonnage typically varies inversely with gold price, as the borrower's need for funds determines the amount of gold pledged with the Company
 - Company expects to grow gold loans in line with market growth
 - Yields on gold loans were stable

Liquidity

- Access to liquidity from all sources, with sequentially reducing cost of borrowing (CoF 18 bps lower on a QoQ basis, despite increasing tenor of liabilities)
- Raised fresh borrowing of Rs 1,925 cr in Q3 FY21 on Standalone basis through NCDs and bank loans
- No mismatch in ALM due to short tenor product (proportion of CPs as a % of total standalone company borrowings declined from 19.8% in 3QFY20 to 6.6% in 3QFY21)
- Fitch has restored our rating to BB – Stable from negative

Progress on Business Diversification

- Asirvad AUM at Rs 5,358 cr (up by +7.8% QoQ and +6.7% YoY)
- Non- gold loan disbursements during Q3 FY21 at Rs 1,519 cr (vs. Rs 1,467 cr in Q3 FY20)
- Collections efficiency across products is improving every month

Agenda



Section 1 **IMPACT OF COVID**

Section 2 **QUARTERLY FINANCIAL UPDATE**

Section 3 **COMPETITIVE STRENGTHS**

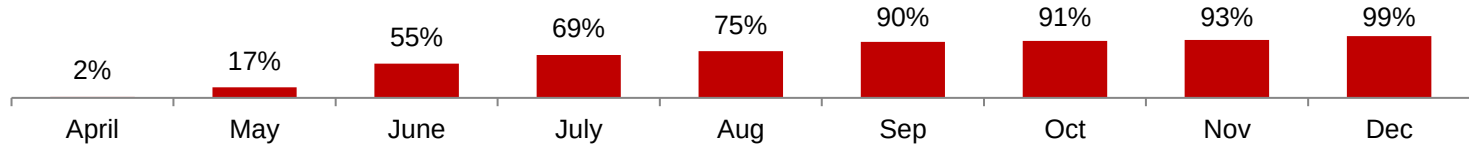
Section 4 **COMPANY OVERVIEW**

ANNEXURE

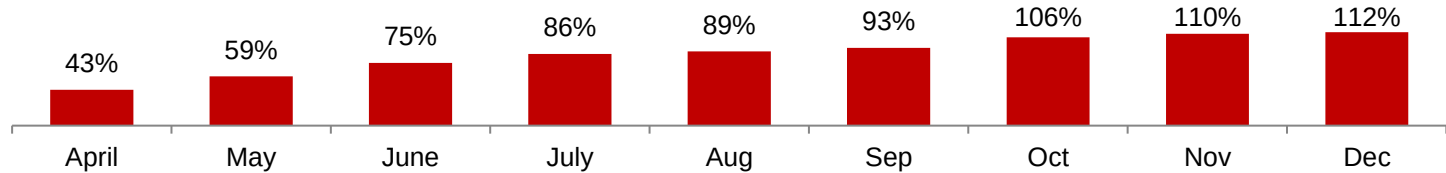
Collections⁽¹⁾ have returned to pre-COVID levels across all business lines



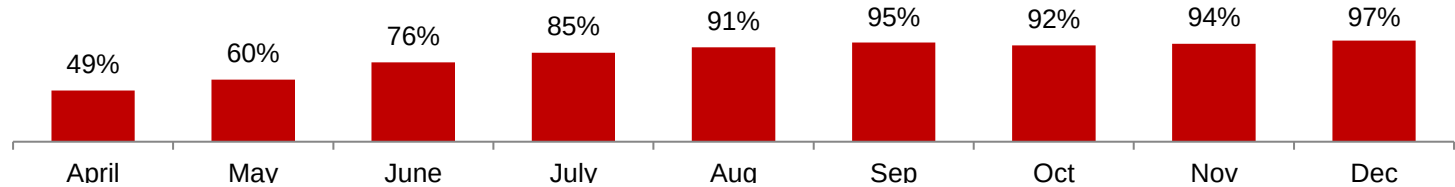
MFI (19.4% AUM)



Vehicle Loans (3.6% AUM)



Affordable Home Loans (2.3% AUM)



(1) Includes past dues

Agenda



Section 1 **IMPACT OF COVID**

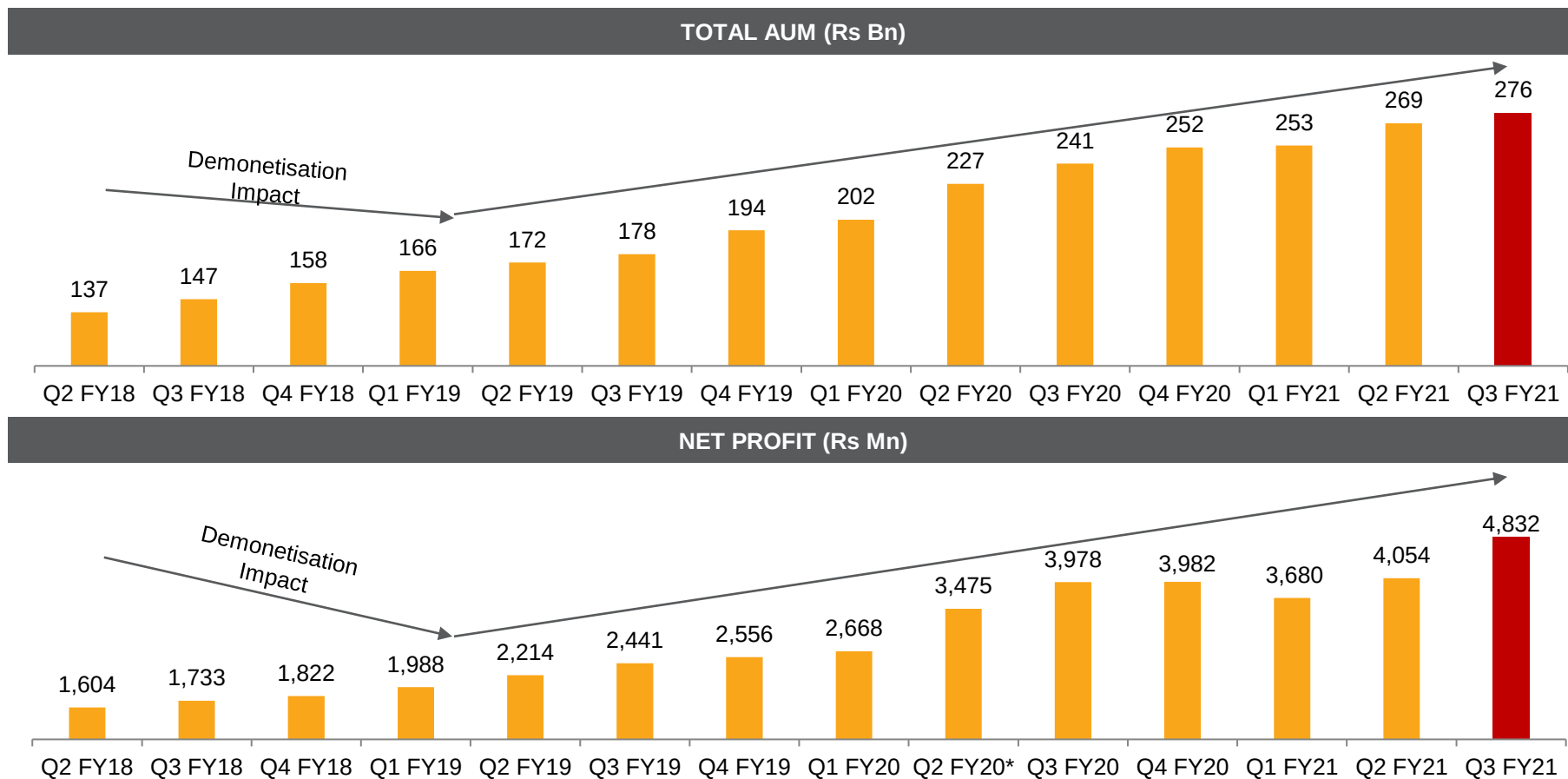
Section 2 **QUARTERLY FINANCIAL UPDATE**

Section 3 **COMPETITIVE STRENGTHS**

Section 4 **COMPANY OVERVIEW**

ANNEXURE

Q3 FY21 RESULTS: TREND IN AUM GROWTH & PROFITABILITY



* Adjusted Net Profit for Q2 FY 20– Rs 3,475 Mn after adjusting One time Tax and Int. on IT Refund benefit of Rs 601.5 Mn and Asirvad Re-instatement PAT of Rs 253.4 mn

Q3 FY21 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (Rs Mn)	9M FY21	9M FY20	YOY %	Q3 FY21	Q3 FY20	YOY %	Q2 FY21	QOQ %	FY20
Closing AUM (Rs Bn)	276	241	14.7%	276	241	14.7%	269	2.7%	252
Income from Operations	47,219.2	39,699.1	18.9%	16,438.1	14,361.9	14.5%	15,655.8	5.0%	54,653.2
Finance expenses	16,950.3	13,224.9	28.2%	5,572.5	4,687.2	18.9%	5,709.5	-2.4%	18,322.3
Net interest income	30,268.9	26,474.2	14.3%	10,865.6	9,674.7	12.3%	9,946.3	9.2%	36,330.9
Employee expenses	6,094.7	6,128.0	-0.5%	2,172.5	2,122.8	2.3%	2,169.1	0.2%	8,301.3
Other operating expenses	4,124.4	4,797.0	-14.0%	1,380.5	1,618.2	-14.7%	1,376.2	0.3%	6,439.2
Pre provision profit	20,049.8	15,549.2	28.9%	7,312.6	5,933.7	23.2%	6,401.0	14.2%	21,590.4
Provisions/Bad debts	3,334.9	1,113.4	199.5%	802.0	480.2	67.0%	1,080.2	-25.8%	2,376.1
Other Income	224.6	722.9	-68.9%	61.9	150.8	-59.0%	123.3	-49.8%	858.7
Profit before Tax	16,939.5	15,158.7	11.7%	6,572.5	5,604.3	17.3%	5,444.1	20.7%	20,073.0
Tax	4,373.5	4,018.5	8.8%	1,740.6	1,461.7	19.1%	1,389.7	25.3%	5,269.9
PAT	12,566.0	11,140.2	12.8%	4,831.9	4,142.6	16.6%	4,054.4	19.2%	14,803.1

Q3 FY21 RESULTS: CONSOLIDATED BALANCE SHEET

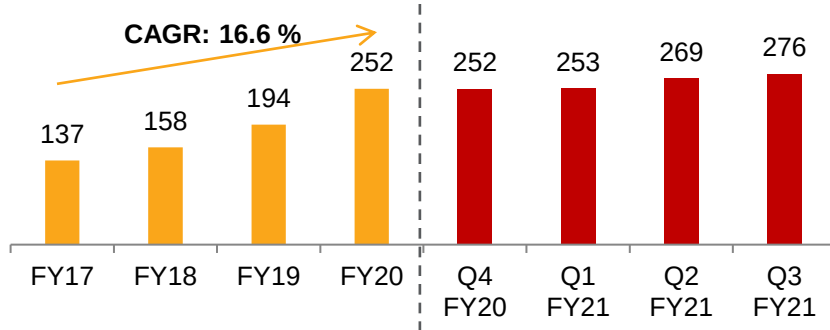


Particulars (Rs Mn)	Dec 2020	Dec 2019	Sep 2020
Cash & Bank Balances	27,236.1	21,959.9	46,998.6
Investments	3,475.5	1,123.4	614.7
Loans & Advances	2,68,926.5	2,21,898.8	2,60,618.8
Fixed Assets	3,020.8	3,609.7	3,046.7
Other Assets	11,699.1	12,741.6	11,333.8
Total Assets	3,14,358	2,61,333	3,22,613
Share Capital	1,692.4	1,690.0	1,692.3
Reserves & Surplus	67,004.1	52,442.7	62,816.0
Borrowings	2,33,743.8	1,97,812.8	2,47,346.5
Other Liabilities & Provisions	11,447.1	8,837.2	10,294.6
Minority Interest	470.6	550.6	463.2
Total Liabilities	3,14,358	2,61,333	3,22,613

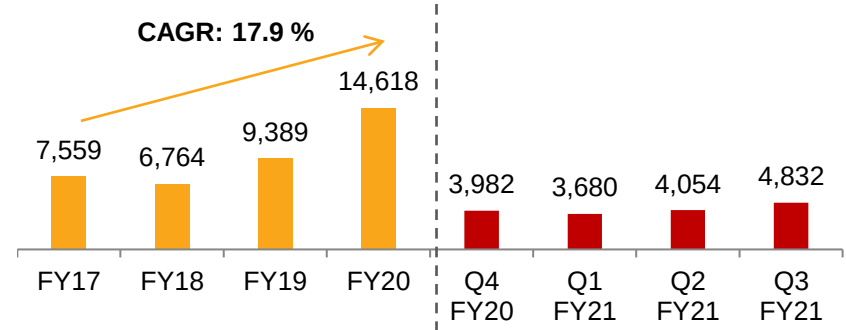
Q3 FY21 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



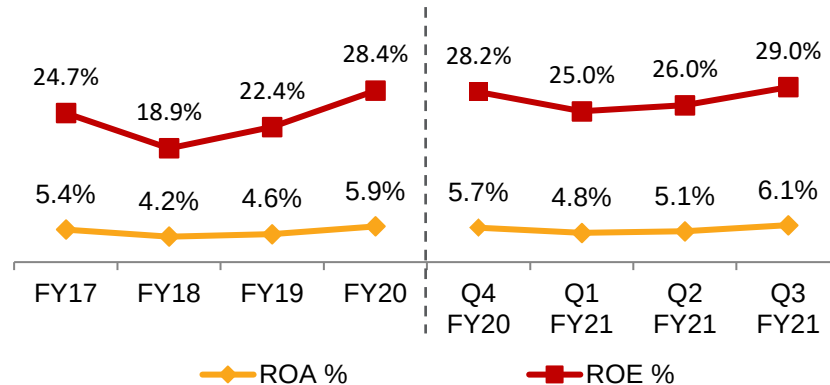
CONSOLIDATED AUM (Rs Bn)



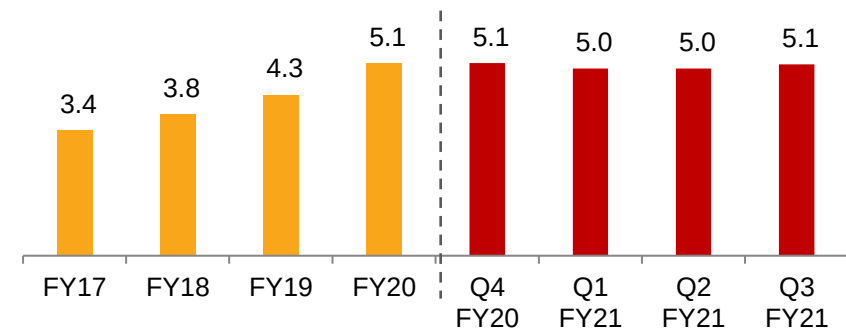
NET PROFIT (Rs Mn)



RETURN RATIOS %



TOTAL CUSTOMER BASE (Mn)

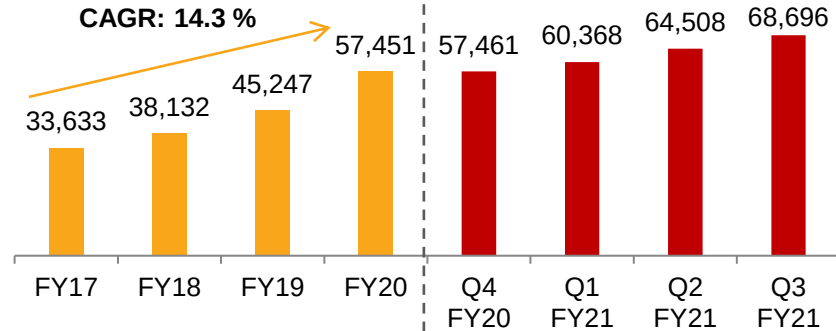


Only FY 17 nos as per IGAAP

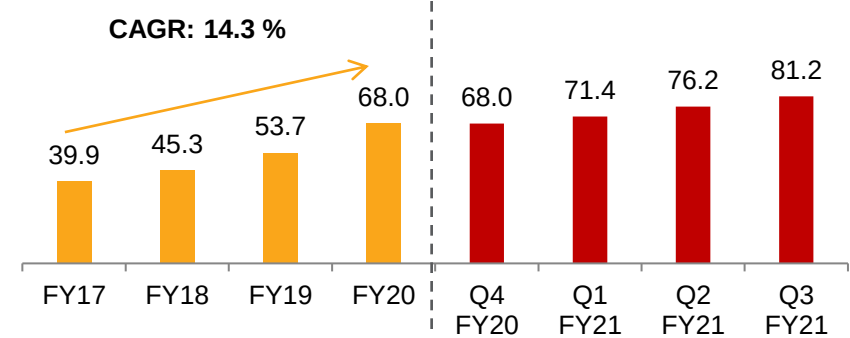
Q3 FY21 RESULTS: CONSOLIDATED RESULT HIGHLIGHTS



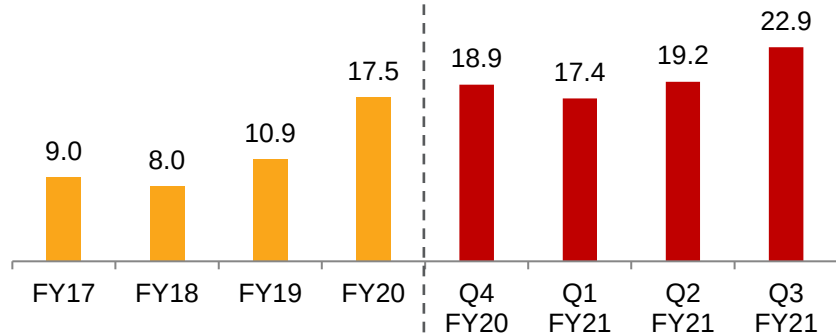
NETWORTH (Rs Mn)



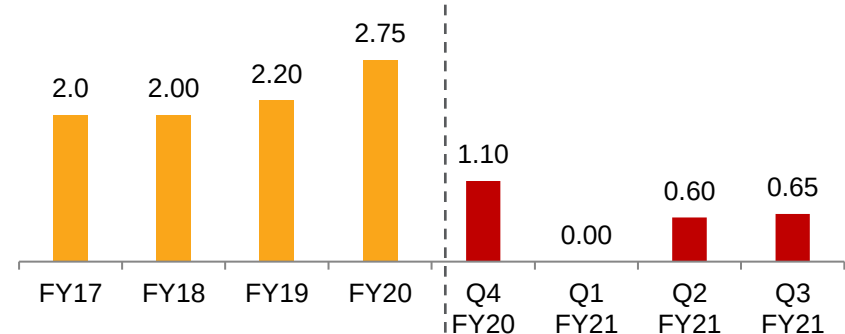
BOOK VALUE PER SHARE (Rs)



EARNINGS PER SHARE (Rs)



DIVIDEND PER SHARE (Rs)

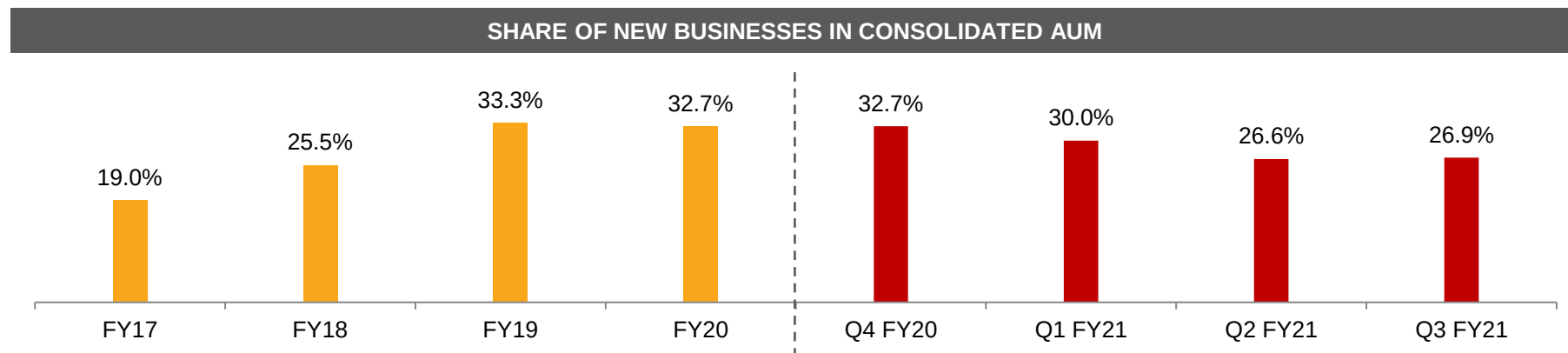


Only FY 17 nos as per IGAAP

Q3 FY21 RESULTS: CONSOLIDATED AUM UPDATE



CONSOLIDATED AUM (Rs Mn)								
Particulars (Rs Mn)	FY17	FY18	FY19	FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Gold Loans	111,245.3	117,349.8	129,615.2	169,671.8	169,671.8	177,367.9	1,97,360.2	2,02,115.8
Microfinance	17,959.4	24,372.0	38,407.8	55,026.4	55,026.4	50,383.1	49,710.3	53,577.1
Housing Finance	3,104.1	3,746.6	5,187.6	6,296.1	6,296.1	6,273.3	6,206.2	6,334.4
Vehicle Finance	3,058.3	6,253.8	11,146.1	13,443.5	13,443.5	12,702.9	10,622.8	9,880.4
Other Loans	1,204.8	5,925.2	10,027.7	7,814.0	7,814.0	6,731.0	5,127.8	4,517.0
Total	136,572.0	157,647.5	194,384.4	252,251.7	252,251.7	253,458.3	2,69,027.3	2,76,424.8

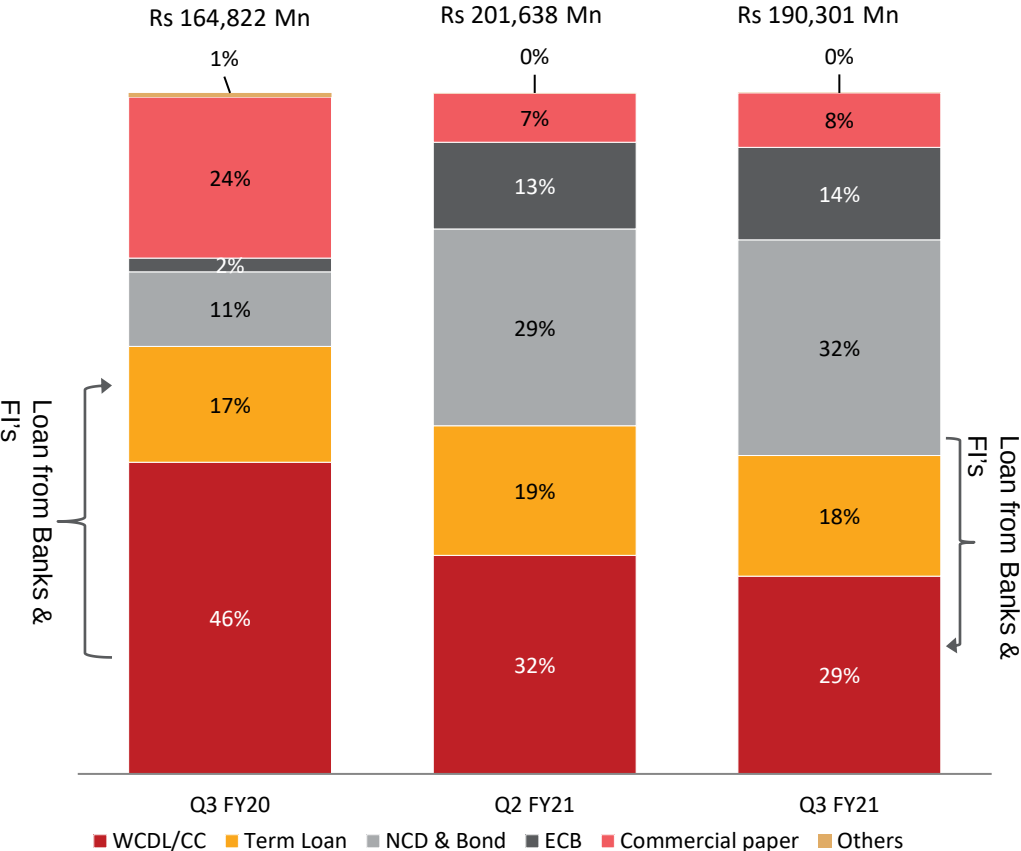


Q3 FY21 RESULTS:

MANAPPURAM FINANCE: BORROWING PROFILE



BORROWING AS ON 31st Dec, 2020 = Rs 190,301 Mn



CREDIT RATING

Manappuram Finance:

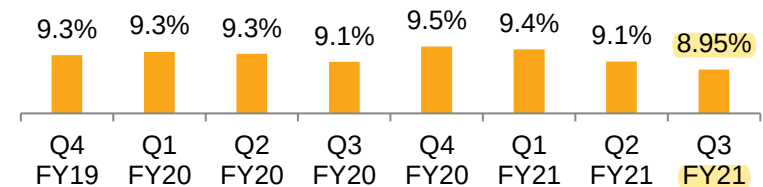
Domestic Rating :

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

International Rating :

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

COST OF BORROWING %

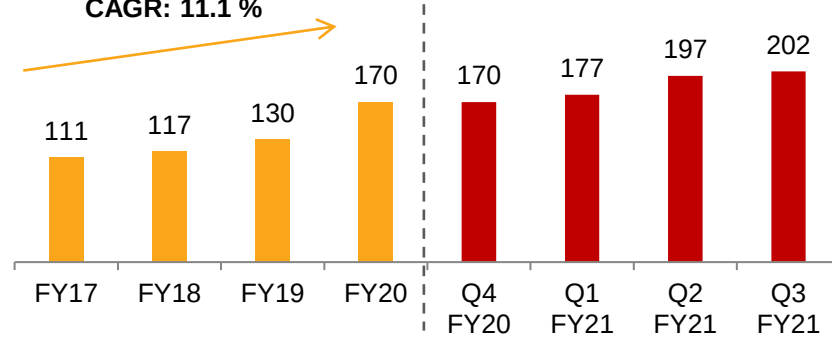


Q3 FY21 RESULTS: MANAPPURAM FINANCE: STANDALONE RESULT ANALYSIS

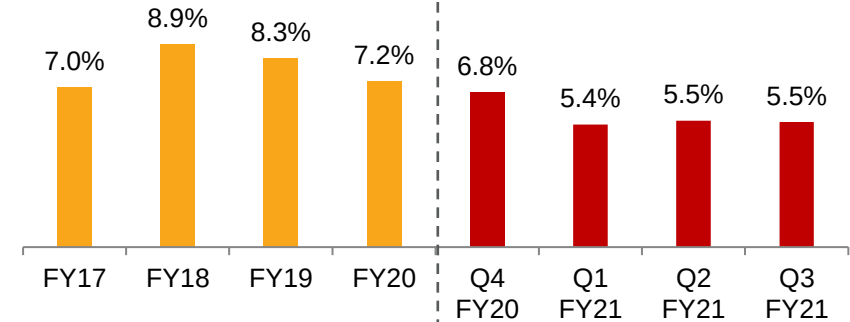


GOLD LOAN AUM (Rs Bn)

CAGR: 11.1 %

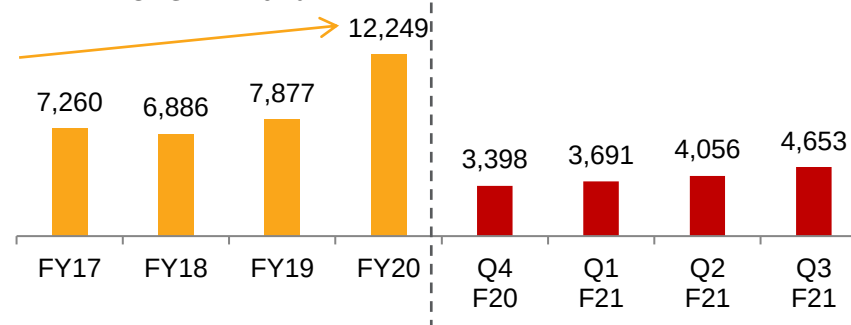


OPEX TO AUM %



NET PROFIT (Rs Mn)

CAGR: 14.0 %

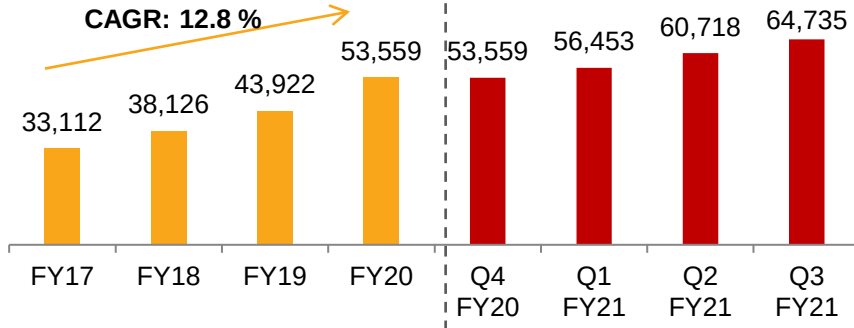


Only FY 17 nos as per IGAAP

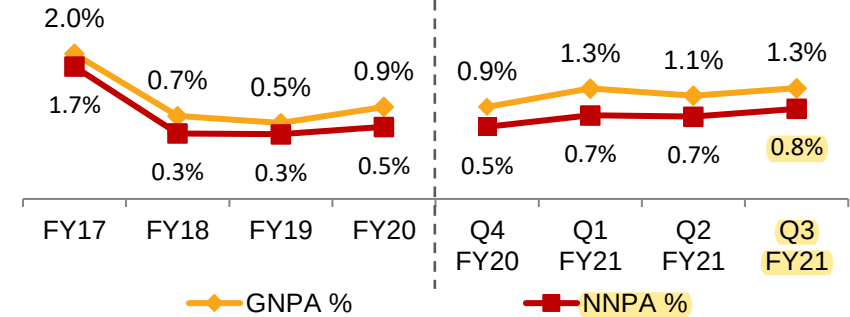
Q3 FY21 RESULTS: MANAPPURAM FINANCE: STANDALONE RESULT ANALYSIS



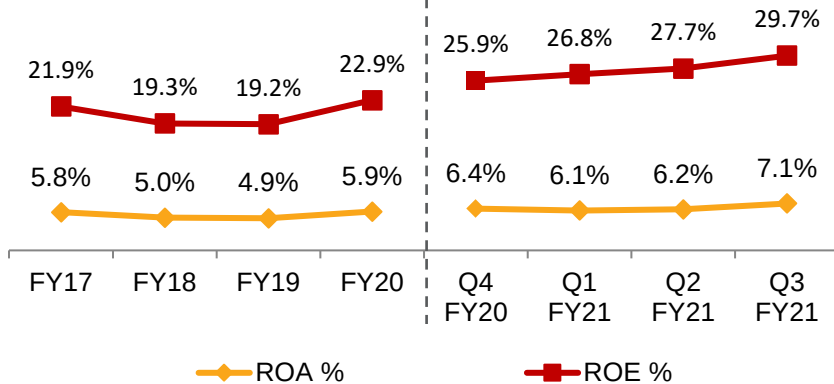
NETWORTH (Rs Mn)



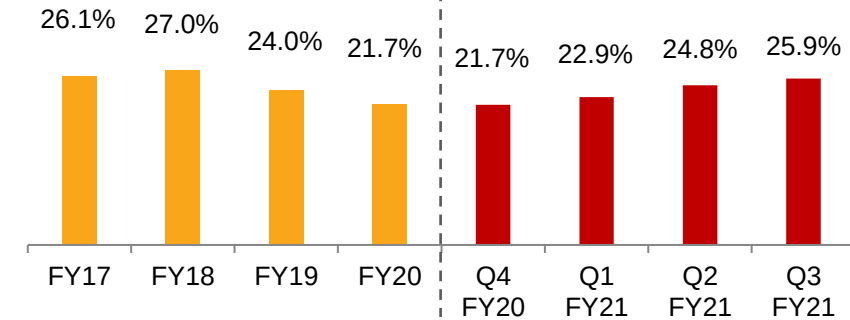
NPA ANALYSIS %



ADJUSTED RETURN RATIOS %



CAPITAL ADEQUACY RATIO %

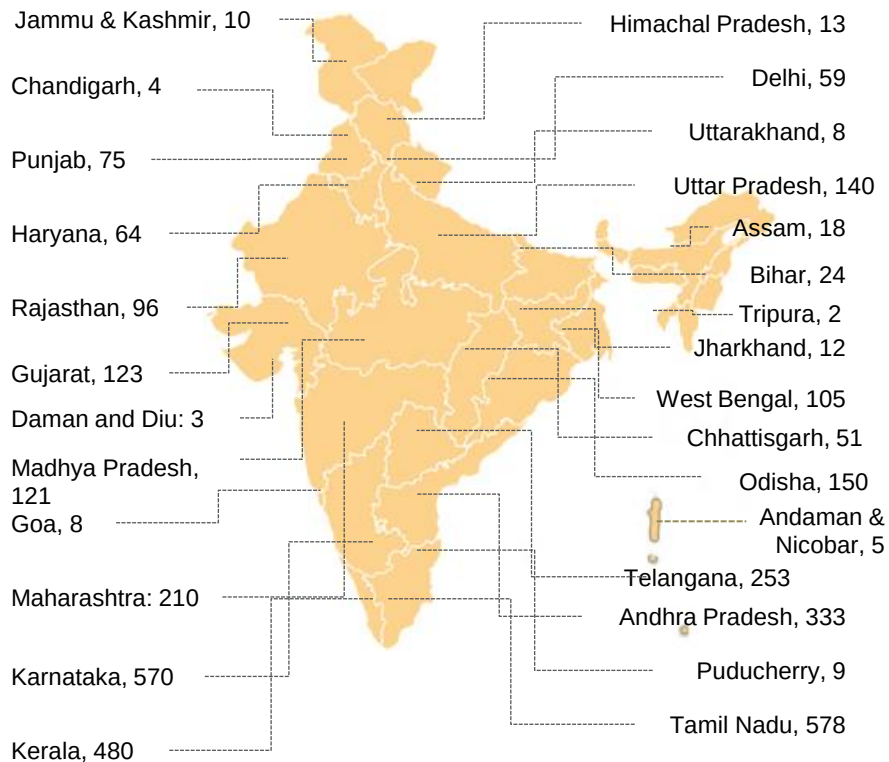


Only FY 17 nos as per IGAAP
NPAs on account of theft, spurious collateral etc. are 0.03% of AUM

Q3 FY21 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE

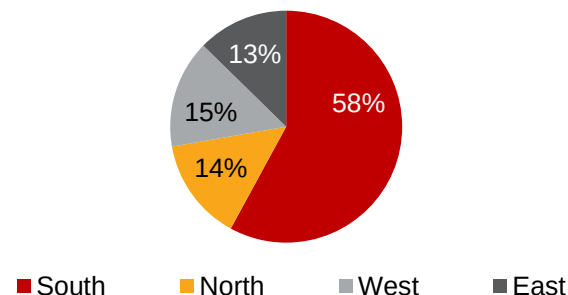


PAN INDIA PRESENCE

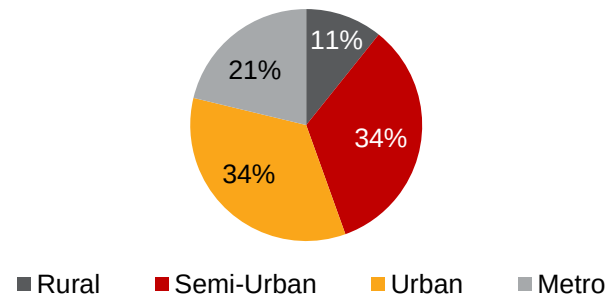


3,524 Branches as on 31st Dec 2020

GOLD AUM - REGIONWISE BREAKUP



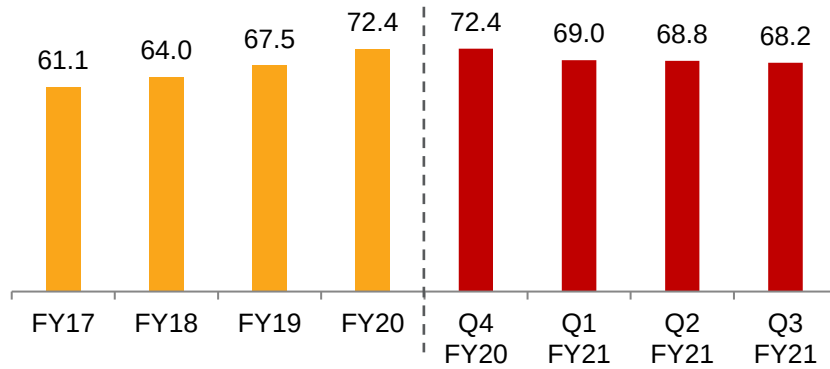
GOLD AUM - RURAL URBAN MIX



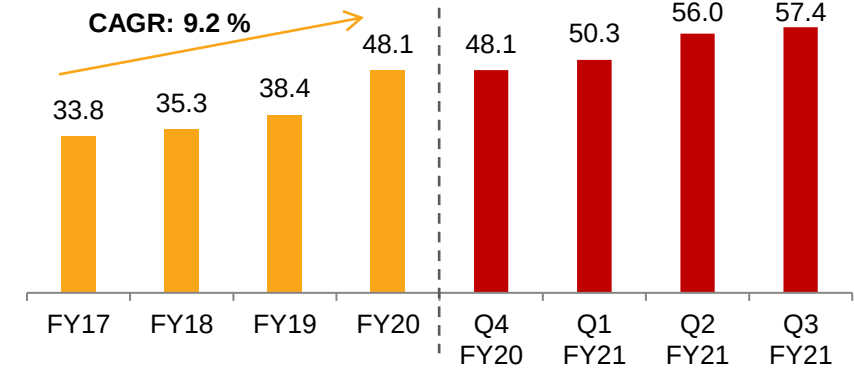
Q3 FY21 RESULTS: MANAPPURAM FINANCE: GOLD AUM UPDATE



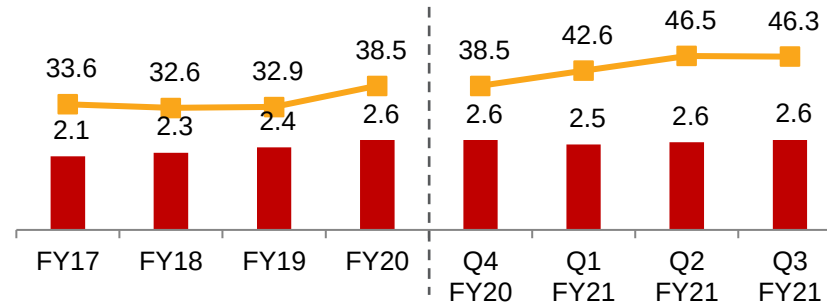
GOLD HOLDING (TONNES)



GOLD AUM PER BRANCH (Rs Mn)



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



■ No. of Customers (Mn)

—■— Avg. loan ticket size

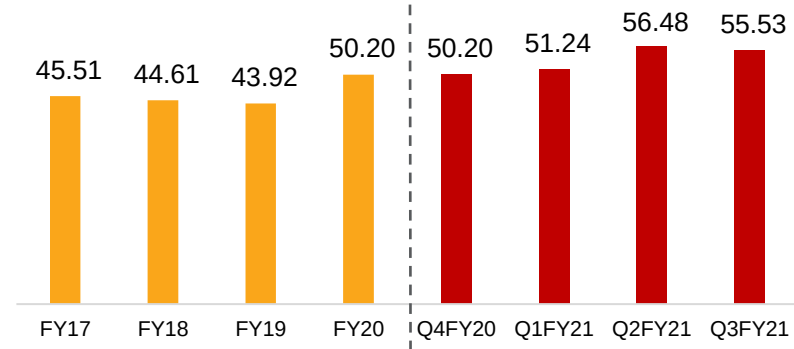
Q3 FY21 RESULTS: ONLINE GOLD LOAN: BUSINESS UPDATE



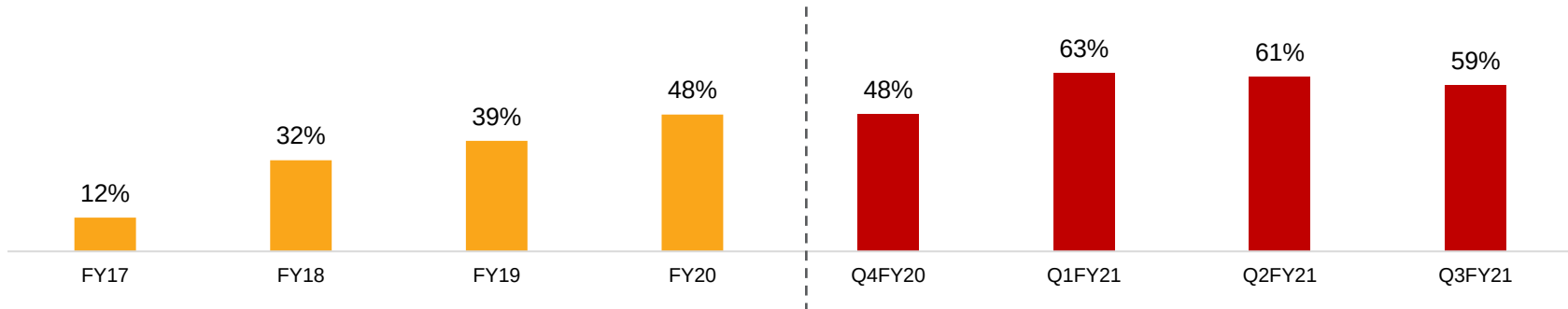
ONLINE GOLD LOANS SUPERIOR FOR CUSTOMERS

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

AVERAGE TICKET SIZE (Rs '000)



% SHARE of OGL IN THE OVERALL GOLD AUM



Q3 FY21 RESULTS: ASIRVAD MICROFINANCE: KEY HIGHLIGHTS

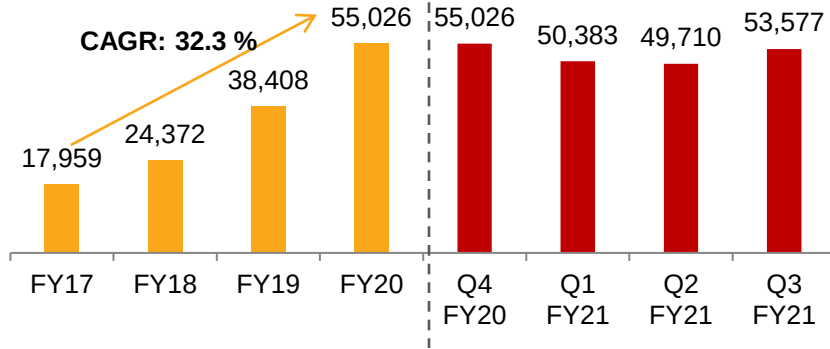


Particulars (Rs Mn)	9M FY21	9M FY20	YOY %	Q3 FY21	Q3 FY20	YOY %	Q2 FY21	QOQ %	FY20
Closing AUM	53,577.1	50,221.4	6.7%	53,577.1	50,221.4	6.7%	49,710.3	7.8%	55,026.4
Income from Operations	7,742.8	7,724.4	0.2%	2,558.8	2,773.7	-7.7%	2,550.5	0.3%	10,550.6
Finance expenses	3,515.0	3,013.1	16.7%	1,096.1	1,035.7	5.8%	1,180.4	-7.1%	4,094.4
Net interest income	4,227.8	4,711.3	-10.3%	1,462.7	1,738.0	-15.8%	1,370.1	6.8%	6,456.2
Employee expenses	1,365.6	1,056.4	29.3%	520.1	363.8	43.0%	480.8	8.2%	1,501.6
Other operating expenses	753.3	611.6	23.2%	282.4	218.1	29.5%	277.2	1.9%	841.7
Pre provision profit	2,108.9	3,043.3	-30.7%	660.3	1,156.2	-42.9%	612.1	7.9%	4,112.9
Provisions/Bad debts	2,049.4	616.7	232.3%	484.1	329.0	47.1%	658.9	-26.5%	1,473.8
Other Income	191.3	356.9	-46.4%	145.5	131.8	10.4%	17.6	728.7%	463.8
Profit before Tax	250.8	2,783.5	-91.0%	321.7	959.0	-66.5%	(29.2)	1201.9%	3,103.0
Tax	123.2	716.5	-82.8%	144.0	246.9	-41.7%	(5.0)	2995.9%	749.7
PAT	127.6	2,067.0	-93.8%	177.8	712.1	-75.0%	(24.2)	833.7%	2,353.3
Borrowings	39,278.3	37,344.0	5.2%	39,278.3	37,344.0	5.2%	41,518.7	-5.4%	45,006.5
Networth	10,521.4	10,113.3	4.0%	10,521.4	10,113.3	4.0%	10,343.7	1.7%	10,395.2

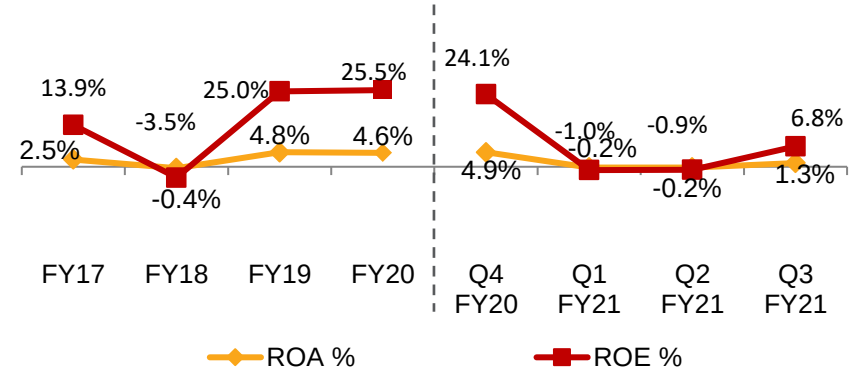
Q3 FY21 RESULTS: ASIRVAD MICROFINANCE: RESULT ANALYSIS



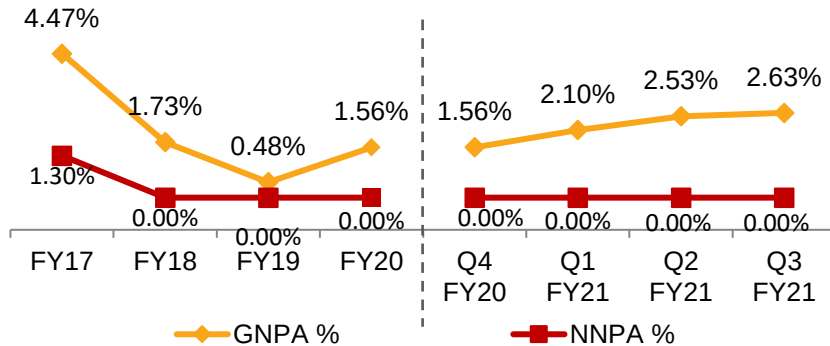
AUM (Rs Mn)



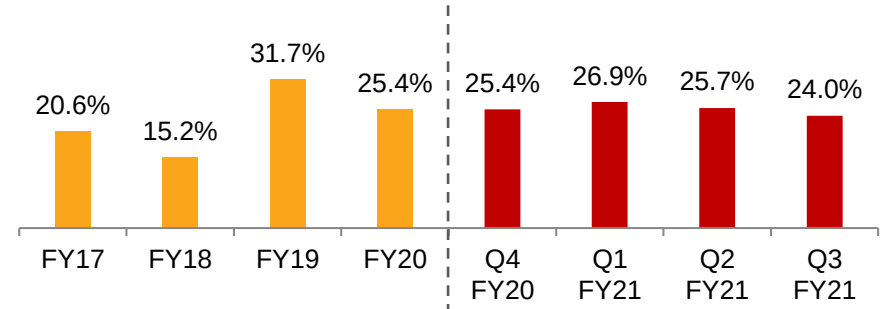
RETURN RATIOS %



NPA ANALYSIS % *



CAPITAL ADEQUACY RATIO %



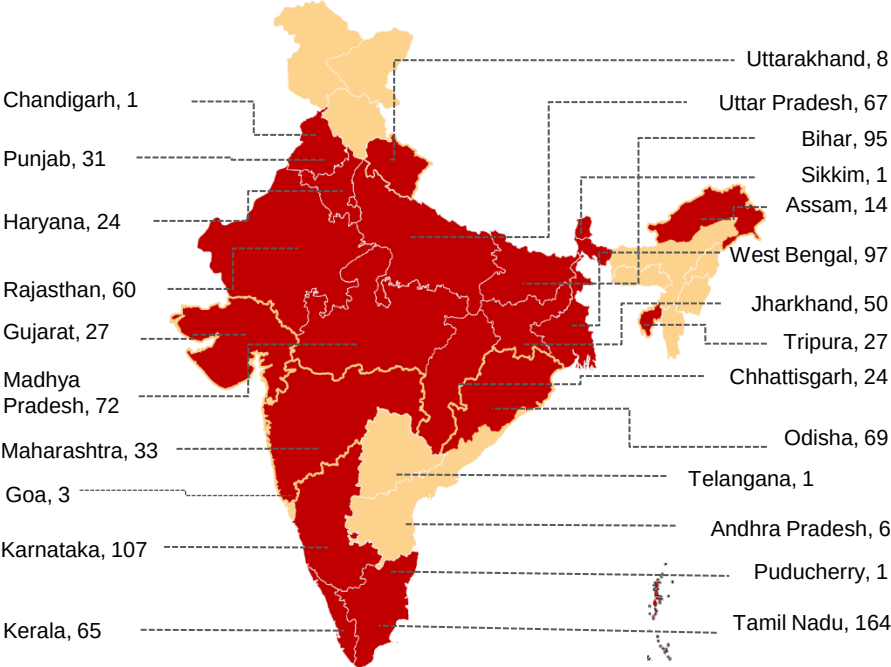
* NPA recognised at 90 Days

Only FY 16 & 17 nos as per IGAAP

Q3 FY21 RESULTS: ASIRVAD MICROFINANCE: AUM UPDATE

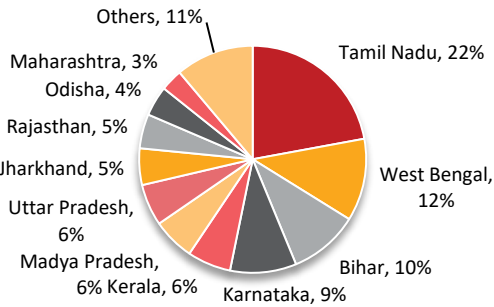


PAN INDIA PRESENCE

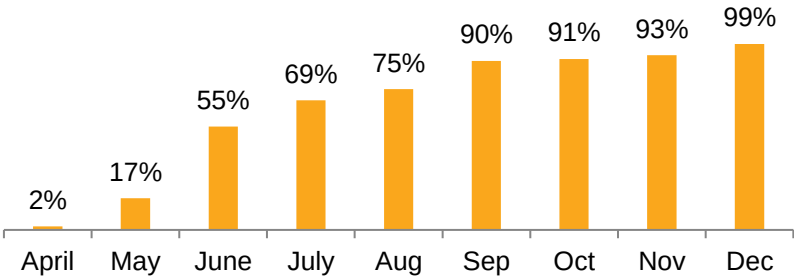


1047 Branches, No of Customer 2.3 mn

MFI AUM - STATEWISE BREAKUP



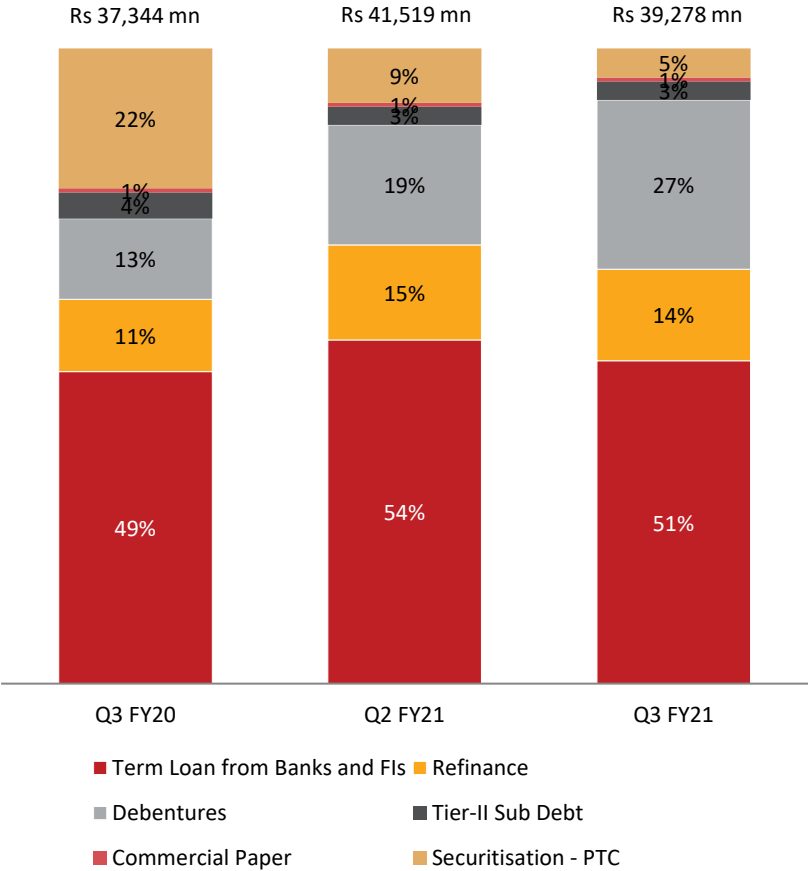
OVERALL COLLECTION EFFICIENCY



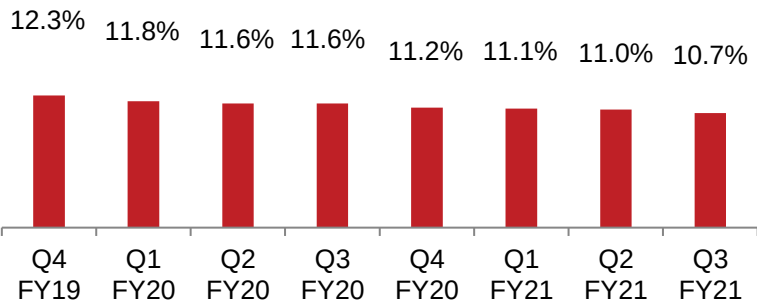
Q3 FY21 RESULTS: ASIRVAD MICROFINANCE: LIABILITIES OVERVIEW



BORROWING MIX



COST OF FUNDS



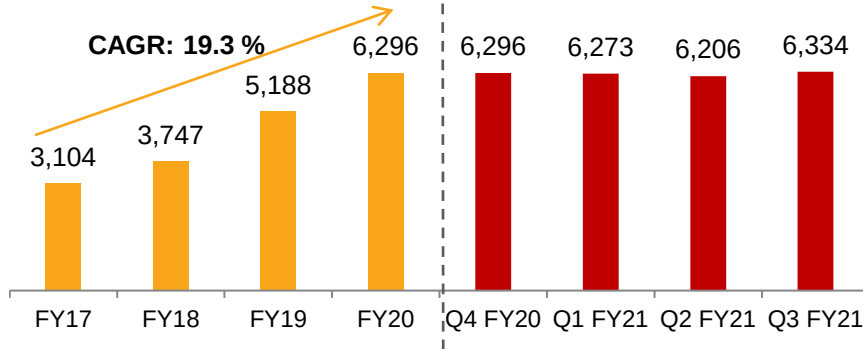
CREDIT RATING

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

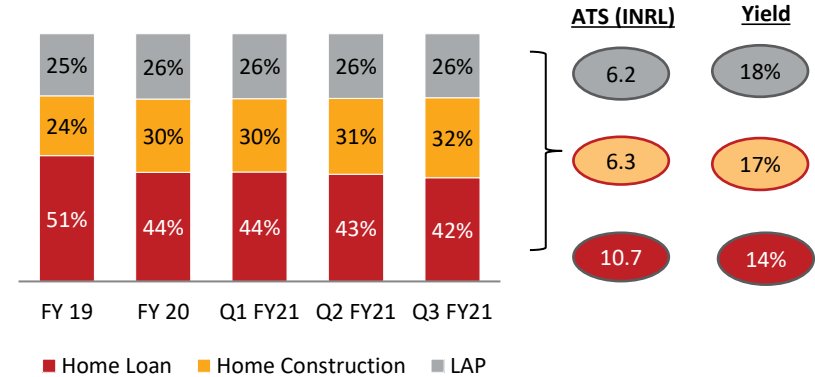
Q3 FY21 RESULTS: HOUSING FINANCE: BUSINESS UPDATE



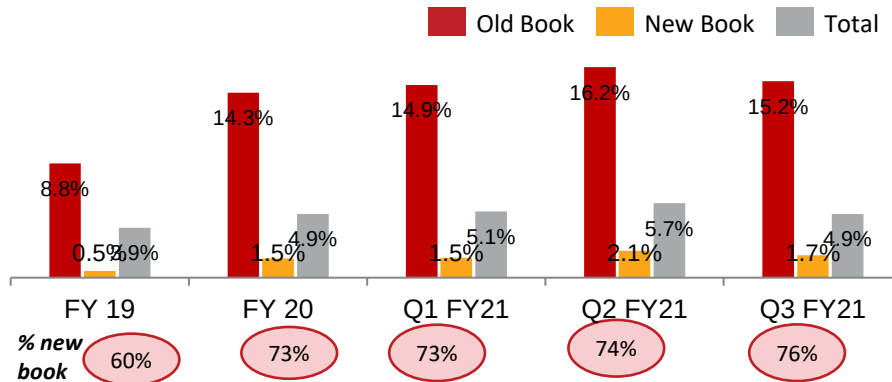
AUM EVOLUTION (Rs Mn)



AUM MIX (%)



TURNAROUND IN BUSINESS WITH IMPROVING ASSET QUALITY



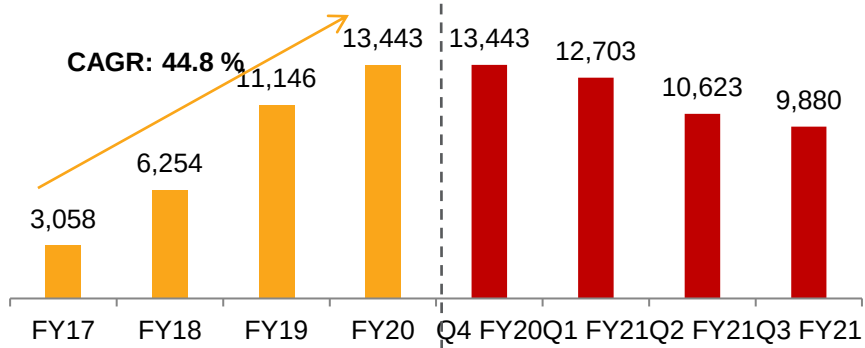
OPERATING OVERVIEW

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

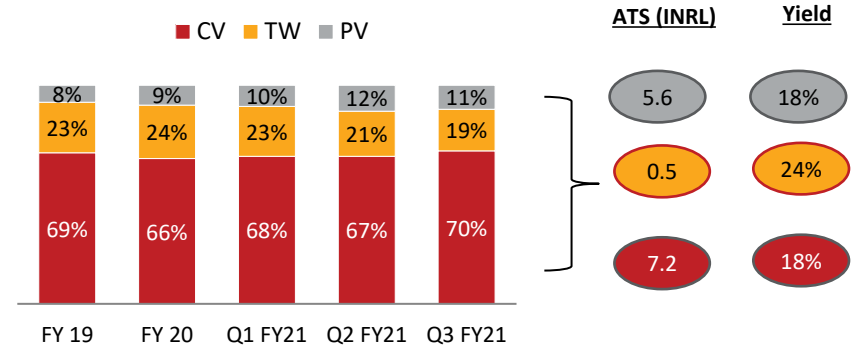
Q3 FY21 RESULTS: VEHICLE AND EQUIPMENT FINANCE: BUSINESS UPDATE



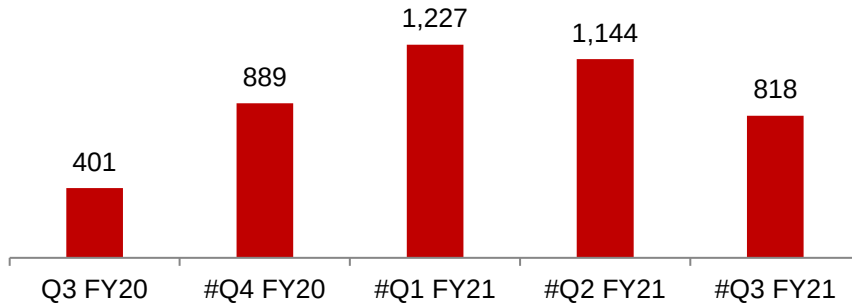
AUM EVOLUTION (Rs Mn)



AUM MIX (%)



GNPA Amount (Rs Mn)



Post Covid

OPERATING OVERVIEW

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

Agenda



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Section 2 **QUARTERLY FINANCIAL UPDATE**

Section 3 **COMPETITIVE STRENGTHS**

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Competitive strengths

1

Superior process and product innovation

2

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

3

Prudent liabilities strategy

4

Well governed with independent board and deep management bench

1 Superior process and product innovation

Strong operational risk management sets Manappuram apart



COMPLEX APPRAISAL PROCESS

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



HIGH BRANCH LEVEL SECURITY

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



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

STRICT CUSTODIAL RISK MANAGEMENT

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

Manappuram has strong focus on processes and compliance successfully replicating processes across 3,524 gold loan branches

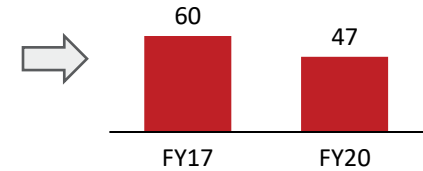
1 Superior process and product innovation

Innovated 3 month product resulting in lower credit losses

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

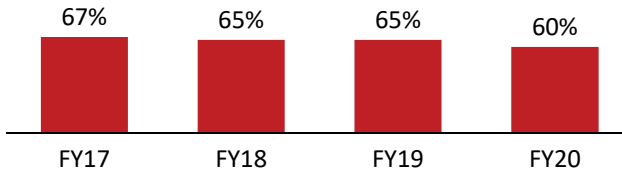
	12 month tenor	3 month tenor
Gold value	100	100
LTV (%)	75	75
Gold loan	75	75
Interest rate (%)	24	24
Interest cost¹	21	7.5
Total principal + interest¹	96	82.5

Actual loan tenor (days)

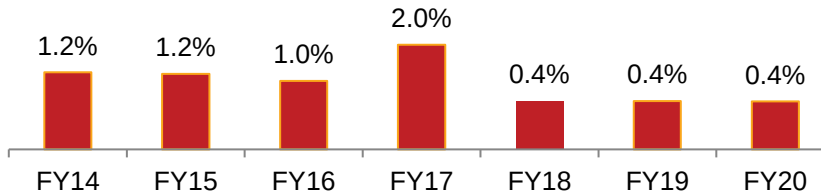


Conservative approach to LTV with 75% cap on each loan

Average LTV



Resulting in low credit loss in gold product



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

Note:

1 Includes interest outgo during 2 months of auctioning period

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

Operational Risk

Geographic concentration

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

Branch and Division level

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

Employee level

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

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

Credit Risk

Geography selection

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

Customer diligence

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



Financial Risk

Borrowings

- Borrowing committee working under the supervision of the Board to **effectively manage**:
 - Borrowing cost and Draw-downs
 - Lender dependence caps

- **Big4 firms** as internal and statutory auditors

Treasury and Liquidity

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

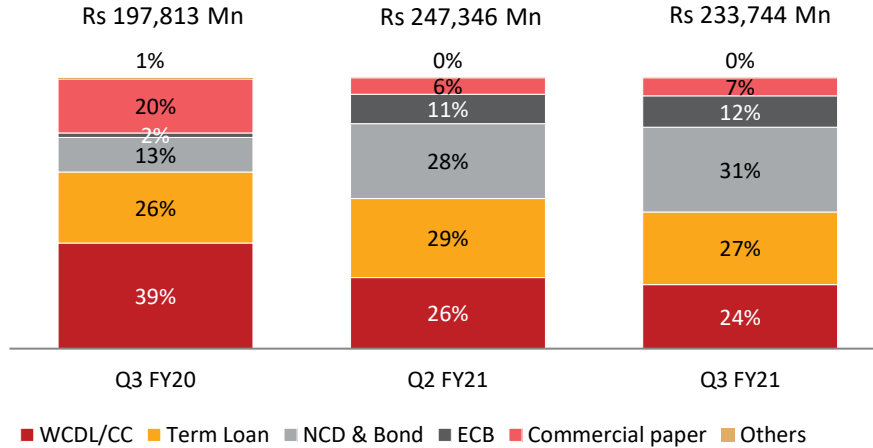
Political Risk

- **Engagement activity** with the members and society including financial literacy and awareness programs
- **Active engagement** with State level **SROs**
- Continuous interest **rate reduction**

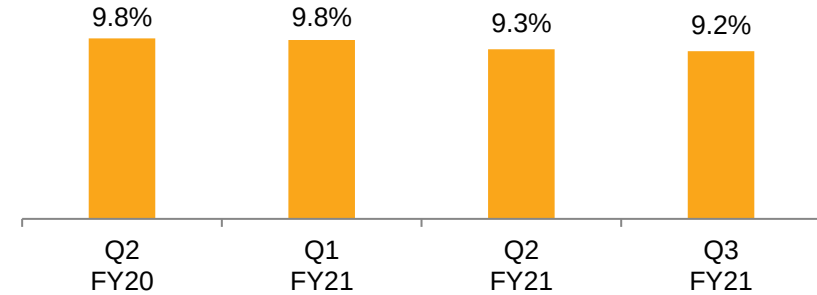
- Robust **customer grievance redressal** mechanism
 - Toll-free help lines and tele-calling services
 - Monitoring of timely resolution of customer grievances

3 Prudent Liabilities strategy with reducing CoF

Access to diversified sources of funding (Consolidated)



Cost of borrowing (Consol)



- ✓ Proportion of CPs has reduced from 20% to 7%
- ✓ Received rating upgrade from CRISIL to AA in Sep 2019
- ✓ Raised \$300m of MTN by issuing a listed bond in Jan 2020
- ✓ Rated B+ by S&P and BB - Fitch
- ✓ Subsidiary credit rating of CRISIL AA- for Asirvad and HFC

Well governed with independent board and deep management bench



MANAPPURAM
FINANCE LIMITED

Key managerial personal



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

Mr. V. P. Nandakumar
Managing Director and CEO



- Fellow member of the Institute of Chartered Accountants of India
- 21 years of work experience in various capacities

Mrs. Bindu A L
CFO



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

Mr. Manoj Kumar VR
Company Secretary



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

Mr. Raja Vaidhyathan
MD - MFI



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

Mr. Jeevandas Narayan
MD - Housing Finance



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

Mr. Senthil Kumar
Head - Vehicle and Equipment Finance

Board of Directors



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

Mr. Jagdish Capoor
Independent and Non-Executive Chairman



- Masters degree in commerce
- Director since July 1992

Mr. B.N. Raveendra Babu
Non Executive Director



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

Mr. P. Manomohan
Independent and Non-Executive Director



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

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



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

Mr. Gautam Narayan
Non-Executive Director



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

Sutapa Banerjee
Independent and Non-Executive Director



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

Dr. Shailesh J Mehta
Independent and Non-Executive Director



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

Mr. Harshan Kollara
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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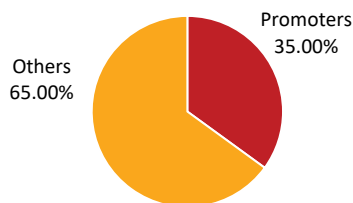
Company Overview



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 4,622 branches across 22 states and 6 Union Territories. Loan assets of INR252bn and employee count of 27,721 as of March 2020
- Gold loan under management of INR170bn as of FY20 with 72 tonnes gold jewellery held as security for gold loans and 2.6m gold loans customer base
- Gold loans constitutes c.67% of the consolidated loan book as of FY20
- Company vision to provide full range of credit services across India

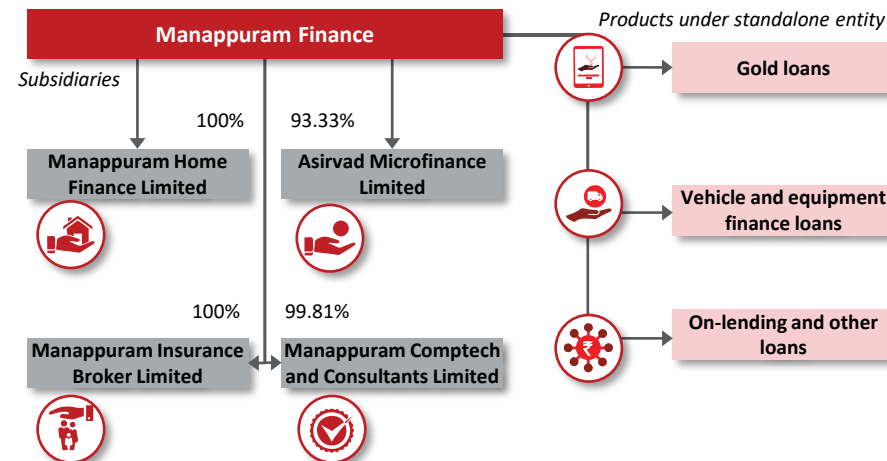
Shareholding (31st Dec 2020)



Top Shareholders holding more than 1% (other than promoters)	%
Quinag Acquisition (FPI) Ltd.	9.90
DSP Small Cap Fund	5.56
Fidelity Investment Trust	3.70
Baring India Private Equity ¹	3.38
Barclays Merchant Bank (Singapore) Ltd.	2.29
Duro One Investment Limited	2.26
BNP Paribas Arbitrage	1.35
L&T Mutual Fund Trustee Ltd.	1.25
Govt. Pension Fund Global	1.11
Vanguard Total International Stock Index Fund	1.08

1. Includes Fund II and Fund III

Group structure



Corporate governance



1992-2000

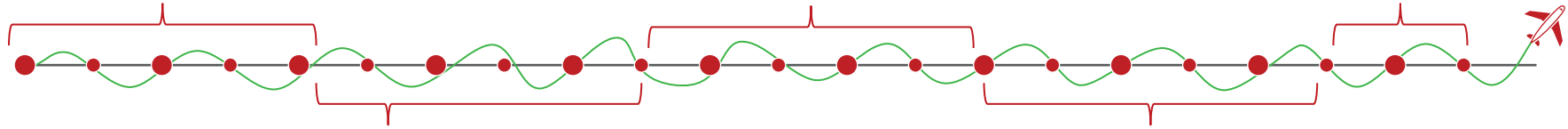
- Incorporated at Thrissur
- First public issue of shares for INR17.5m with listing on Bombay, Madras and Cochin stock exchanges
- RBI permits accepting public deposits
- Major policy change sees MFL shifting its focus to gold loans

2006-2010

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

2016-2019

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



2001-2005

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

2011-2015

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

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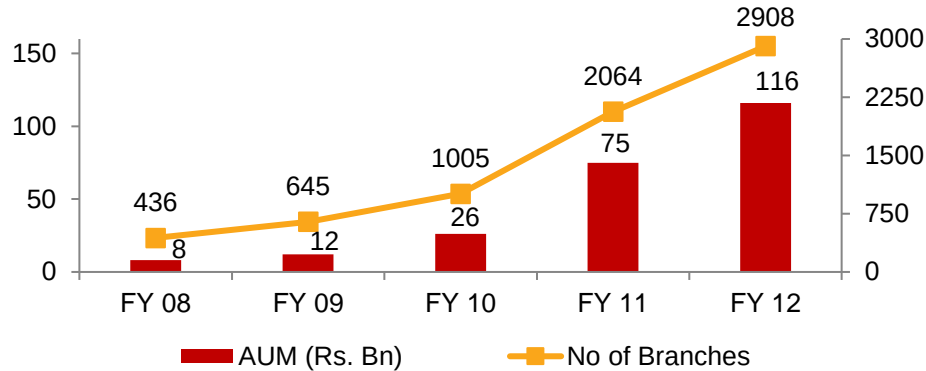
Section 4 COMPANY OVERVIEW

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UNDERSTANDING OUR EVOLUTION

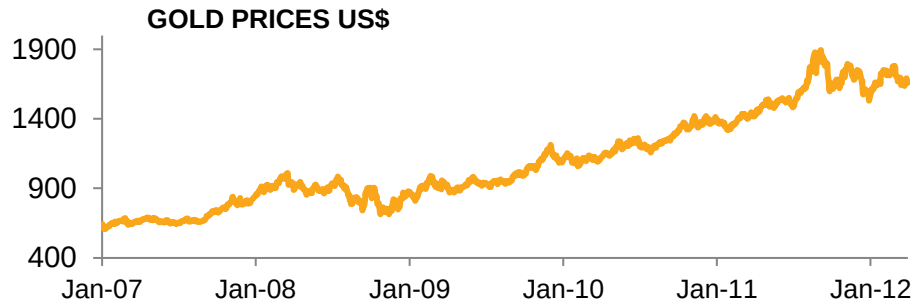
PHASE 1: FY08 - FY12

STRONG GROWTH WITNESSED....



- Higher Loan To Value (LTV) up to 85%
- Lower Cost of Funds due to Eligibility under Priority Sector Lending
- Supported by Buoyant Economic Growth
- Long Tenure Products supported by Rising Gold Prices
- **Strong Competitive Positioning** - Better LTV, Lower interest rate compared to Moneylenders, Prompt Disbursement, Convenience of Place/time

SUPPORTED BY RISING GOLD PRICES....



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

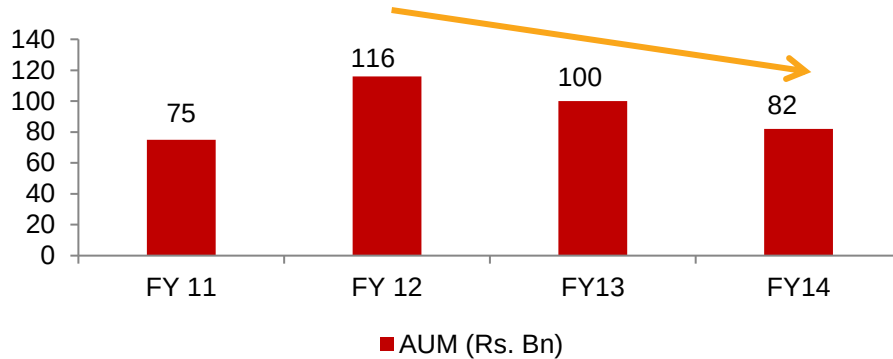
Branch Network grew by 7x over FY08 - FY12.

Strong Execution Capabilities and well defined systems and processes.

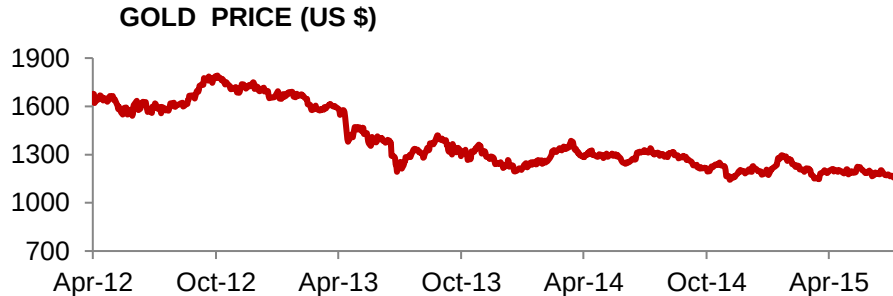
UNDERSTANDING OUR EVOLUTION

PHASE 2: FY12 - FY14

REGULATORY OVERHANG IMPACT....



ALONG WITH FALLING GOLD PRICES....



Source - Bloomberg

Regulatory Changes by RBI-

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

Fall in Gold Prices –

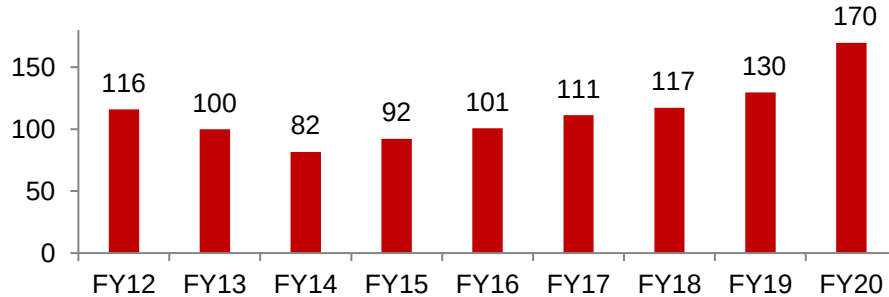
- Peak LTV was 85% for FY12 and Long Tenure portfolio.

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

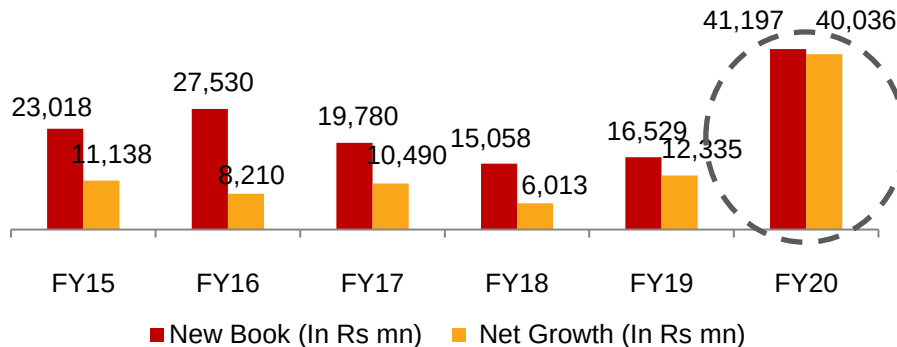
UNDERSTANDING OUR EVOLUTION

PHASE 3: FY15 ONWARDS

ON A REVIVAL PATH.....



WITNESSING THE GROWTH BACK...



Note - * Net Growth = New Book - Auction

Sept – 2013 : Regulatory Changes by RBI-

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

Jan-2014 : Reaching out to the Customers

- Through enhanced Marketing and Branch Activation Initiatives

June – 2014 : De-Linking to Gold Prices –

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

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



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CFO

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