

No. CTL/DEB/20-21/Noting Certificate/2901

November 07, 2020

To Whomsoever It May Concern,

### **CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION**

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Catalyst Trusteeship Limited ("**Debenture Trustee**") hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("**Regulations**"), provided to us by **Manappuram Finance Ltd ("the Company")** for the Half year ended September 30, 2020.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

For **Catalyst Trusteeship Limited**



For CATALYST TRUSTEESHIP LIMITED  
Authorized Signatory

**Authorised Signatory**

*Encl: Results submitted by Company*





# MANAPPURAM FINANCE LIMITED

®

Make Life Easy

Ref: Sec/SE/385/2020-21  
November 06,2020

<b>BSE Limited</b> <b>Phiroze Jeejeebhoy Towers</b> <b>Dalal Street</b> <b>Mumbai- 400001</b> <b>Scrip Code: 531213</b>	<b>National Stock Exchange of India Limited</b> <b>5th Floor, Exchange Plaza</b> <b>Bandra (East)</b> <b>Mumbai – 400 051</b> <b>Scrip Code: MANAPPURAM</b>
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Dear Madam/Sir

**Sub: Unaudited Consolidated and Standalone Financial Results for the period ended September 30,2020**

Pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI(LODR)"), we enclose herewith the Unaudited Consolidated and Standalone Financial Results and Limited Review Report for the period ended September 30,2020. The figures were reviewed by Audit Committee on November 04, 2020 and approved by the Board of Directors on November 06, 2020.

We wish to inform you that the investor presentation and press release w.r.t Q2 FY20-21 results will be uploaded on the website of the Company and the same is available under the tab:

<https://www.manappuram.com/investors/quarterly-results.html>

We request you to please take the same on your record.

Thanking You.

**For Manappuram Finance Limited**

**Manoj Kumar V R**  
**Company Secretary**  
**Ph-+91 9946239999**

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

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

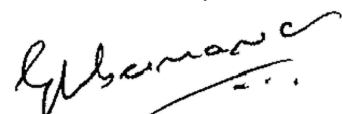
## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF MANAPPURAM FINANCE LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MANAPPURAM FINANCE LIMITED** ("the Company"), for the quarter and six months ended September 30, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 9 to the Statement in which the Company describes the continuing uncertainties arising from the COVID 19 pandemic.

Our conclusion on the Statement is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**G. K. Subramaniam**  
Partner  
(Membership No. 109839)  
UDIN: 20109839AAAAXC3598

Place: Mumbai  
Date: November 06, 2020

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020

(Rs. Crore, except per equity share data)

S. No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
A	Revenue from operations						
	(i) Interest income	1,274.78	1,222.22	1,037.18	2,497.00	1,981.83	4,288.66
	(ii) Dividend Income	-	-	-	-	-	5.02
	(iii) Fees and commission income	1.21	0.56	2.03	1.77	3.56	7.18
	(iv) Others	3.37	1.72	3.84	5.09	7.04	10.43
	<b>Total revenue from operations (A)</b>	<b>1,279.36</b>	<b>1,224.50</b>	<b>1,043.05</b>	<b>2,503.86</b>	<b>1,992.43</b>	<b>4,311.29</b>
B	Other income	14.64	1.40	34.24	16.04	35.37	40.89
	<b>Total income (A+B)</b>	<b>1,294.00</b>	<b>1,225.90</b>	<b>1,077.29</b>	<b>2,519.90</b>	<b>2,027.80</b>	<b>4,352.18</b>
C	Expenses						
	(i) Finance costs	442.34	432.58	338.90	874.92	642.78	1,391.20
	(ii) Fees and commission expense	4.54	3.72	5.86	8.26	11.24	23.66
	(iii) Impairment on financial instruments	38.25	50.08	13.91	88.33	32.49	84.85
	(iv) Employee benefits expenses	161.60	133.57	160.02	295.17	316.43	649.13
	(v) Depreciation and amortization	38.39	41.66	38.48	80.05	77.18	154.07
	(vi) Other expenses	65.02	69.44	92.57	134.46	184.82	369.27
	<b>Total expenses (C)</b>	<b>750.14</b>	<b>731.05</b>	<b>649.74</b>	<b>1,481.19</b>	<b>1,264.94</b>	<b>2,672.18</b>
D	Profit before tax (A+B-C)	543.86	494.85	427.55	1,038.71	762.86	1,680.00
E	Tax expense:						
	(i) Current tax	138.93	122.62	76.26	261.55	196.81	429.60
	(ii) Deferred tax	(0.63)	3.12	15.12	2.49	9.57	20.10
F	Profit for the period (D-E)	405.56	369.11	336.17	774.67	556.48	1,230.30
G	Other comprehensive income						
	A) (i) Items that will not be reclassified to profit or loss						
	- Actuarial gain / (losses) on post retirement benefit plans	1.94	(2.60)	(1.79)	(0.66)	(2.98)	(7.80)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.12	0.05	0.33	0.17	0.75	1.97
	<b>Subtotal (A)</b>	<b>2.06</b>	<b>(2.55)</b>	<b>(1.46)</b>	<b>(0.49)</b>	<b>(2.23)</b>	<b>(5.83)</b>
	B) (i) Items that will be reclassified to profit or loss						
	- Fair value changes on derivatives designated as cash flow hedges, net	5.80	(35.39)	-	(29.59)	-	0.54
	(ii) Income tax relating to items that will be reclassified to profit or loss	5.22	2.23	-	7.45	-	(0.14)
	<b>Subtotal (B)</b>	<b>11.02</b>	<b>(33.16)</b>	<b>-</b>	<b>(22.14)</b>	<b>-</b>	<b>0.40</b>
	<b>Total other comprehensive income (A + B) (G)</b>	<b>13.08</b>	<b>(35.71)</b>	<b>(1.46)</b>	<b>(22.63)</b>	<b>(2.23)</b>	<b>(5.43)</b>
H	Total comprehensive income for the period (F+G)	418.64	333.40	334.71	752.04	554.25	1,224.87
I	Paid-up equity share capital (Face value of Rs. 2/- per share)	169.23	169.04	168.65	169.23	168.65	169.00
J	Earnings per equity share (not annualised)						
	Basic (Rs.)	4.80	4.37	3.95	9.16	6.56	14.58
	Diluted (Rs.)	4.80	4.36	3.94	9.16	6.54	14.53



NOTES :

1 Statement of Assets and Liabilities

		(Rs. Crore)	
S.NO	Particulars	As at September 30, 2020	As at March 31, 2020
		Unaudited	Audited
I	<b>ASSETS</b>		
1	<b>Financial assets</b>		
	(a) Cash and cash equivalents	3,293.99	2,088.17
	(b) Bank balances other than above	162.95	156.80
	(c) Derivative financial instruments	-	137.00
	(d) Loans	21,544.95	19,358.96
	(e) Investments	923.55	931.09
	(f) Other financial assets	189.90	169.22
2	<b>Non-financial assets</b>		
	(a) Current tax assets (net)	43.61	79.75
	(b) Deferred tax assets (net)	67.59	62.47
	(c) Property, plant and equipment	293.31	317.69
	(d) Capital work-in-progress	2.37	2.85
	(e) Right of Use Asset	466.89	405.76
	(f) Other intangible assets	23.41	17.65
	(g) Other non-financial assets	70.44	75.15
	<b>Total assets</b>	<b>27,082.96</b>	<b>23,802.56</b>
II	<b>LIABILITIES AND EQUITY</b>		
	<b>LIABILITIES</b>		
1	<b>Financial liabilities</b>		
(a)	Derivative financial instruments	0.46	-
(a)	Payables		
	Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	170.09	150.41
	(II) Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
(b)	Debt securities	9,498.38	7,398.30
(c)	Borrowings (other than debt securities)	10,659.54	10,269.47
(d)	Subordinated liabilities	5.93	7.04
(e)	Lease Liability	493.62	433.90
(f)	Other financial liabilities	93.27	95.52
2	<b>Non-financial Liabilities</b>		
(a)	Provisions	44.76	58.51
(b)	Other non-financial liabilities	45.10	33.51
		<b>21,011.15</b>	<b>18,446.66</b>
3	<b>EQUITY</b>		
(a)	Equity share capital	169.23	169.00
(b)	Other equity	5,902.58	5,186.90
	<b>Total liabilities and equity</b>	<b>27,082.96</b>	<b>23,802.56</b>



2 Cash flow statement

		(Rs. Crore)	
S.NO	Particulars	Half Year Ended September 30, 2020	Half Year Ended September 30, 2019
		Unaudited	Unaudited
A.	<b>Cash flow from operating activities</b>		
	Net profit before tax	1,038.71	762.86
	Adjustments for:		
	Depreciation and amortization expense	80.05	77.18
	Impairment on financial instruments	45.72	17.73
	Lease Income on rent waiver	(10.03)	-
	Provision for litigation	0.09	0.55
	Provision for other assets	(0.64)	(0.16)
	Profit on sale of property, plant and equipment	(0.39)	(0.68)
	Stock compensation expense	(12.72)	(0.98)
	Finance Cost on Lease Liability	21.60	12.87
	Interest income from banks, investments and others	(40.39)	(14.74)
	<b>Operating Profit before working capital changes</b>	<b>1,122.00</b>	<b>854.63</b>
	<b>Changes in working capital and loans:</b>		
	Decrease / (increase) in non-financial assets	6.92	12.80
	Decrease / (increase) in loans	(2,232.08)	(2,369.44)
	Decrease / (increase) in other financial assets	(20.94)	1.48
	Increase / (decrease) in trade payables	19.68	20.27
	Increase / (decrease) in other financial liabilities	(2.25)	7.54
	Increase / (decrease) in provisions	(43.32)	(10.45)
	Increase / (decrease) in other non-financial liabilities	11.60	(31.47)
		<b>(2,260.39)</b>	<b>(2,369.27)</b>
	<b>Cash generated from operations</b>	<b>(1,138.39)</b>	<b>(1,514.64)</b>
	Net income tax (paid)	(225.40)	(116.69)
	<b>Net cash flows used in operating activities (A)</b>	<b>(1,363.79)</b>	<b>(1,631.33)</b>
B.	<b>Cash flow from investing activities</b>		
	Capital expenditure, including capital advances	(20.38)	(40.77)
	Proceeds from sale of property, plant and equipment	0.40	0.69
	(Purchase) / Sale of investments	7.78	40.51
	Interest received	37.06	11.58
	Bank balances not considered as cash and cash equivalents	(2.57)	(16.79)
	<b>Net cash flows from/(used in) investing activities (B)</b>	<b>22.29</b>	<b>(4.78)</b>
C.	<b>Cash flow from financing activities</b>		
	Debt securities issued (net)	2,100.08	296.74
	Borrowings (other than debt securities) issued (net)	525.87	2,380.85
	Subordinated liabilities issued (net)	(1.11)	(0.83)
	Proceeds from issue of equity shares	0.23	0.09
	Share premium on equity shares allotted	10.32	3.95
	Share application money received/(refunded)	(32.31)	11.64
	Dividend paid, including dividend distribution tax	-	(111.82)
	Payment of lease liabilities	(55.76)	(70.33)
	<b>Net cash flow from financing activities (C)</b>	<b>2,547.32</b>	<b>2,510.29</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,205.82</b>	<b>874.18</b>
	Cash and cash equivalents at the beginning of the year	2,088.17	293.45
	Cash and cash equivalents at the end of the half year	3,293.99	1,167.63



- 3 In compliance with the Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a limited review of unaudited financial results for the quarter and six months ended september 30, 2020 has been carried out by the statutory auditors and have issued unqualified review conclusion thereon.
- 4 The said financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with relevant Rules issued thereunder and other accounting principles generally accepted in India.
- 5 The Company operates mainly in the business of lending finance, accordingly there are no separate reportable segments as per IND AS 108 – Operating Segments.
- 6 The Board of Directors declared an interim dividend of Rs.0.60 per equity share having face value of Rs. 2/-each.
- 7 During the six months ended September 30, 2020, the Company allotted 11,54,365 shares, pursuant to exercise of stock option by eligible employees.
- 8 The Company has maintained requisite full asset cover by way of floating charge on book debts and other unencumbered assets of the Company on its Secured Listed Non-Convertible Debentures as at September 30, 2020.
- 9 The Code on Social Security, 2020 (the "Code") has been enacted. The date of coming into force of the various provisions of the Code is to be notified and the rules thereunder are yet to be announced. The potential impact of the change will be estimated and accounted in the period of notification.
- 10 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company had proposed a opt-in moratorium on the payment of principal instalments and/ or interest, as per the Board approved policy to certain eligible borrowers classified as standard, even if the said amounts were overdue as on February 29, 2020. For all such accounts where the moratorium was granted, the asset classification remained at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy).  
Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered all available internal and external information up to the date of approval of these financial results. Accordingly, the Company has made prudential estimate of provision for expected credit loss on financial assets as at September 30, 2020. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.  
The extent to which the COVID-19 pandemic will impact the Company's future results will depend on developments, including the final decision of the Honourable Supreme Court of India in relation to moratorium and other related matters, which cannot be predicted with certainty, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. The Company will continue to closely monitor any material changes to future economic conditions.
- 11 Previous period figures have been regrouped/reclassified, wherever necessary, to conform with the current period presentation.

By Order of the Board of Directors

V.P. Nandakumar  
Managing Director & CEO  
DIN: 00044512

Place : Valapad

Date : November 6, 2020



## **INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS**

### **TO THE BOARD OF DIRECTORS OF MANAPPURAM FINANCE LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **MANAPPURAM FINANCE LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and six months ended September 30, 2020 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
  - I. Manappuram Finance Limited (the Parent)
  - II. Manappuram Home Finance Limited (Wholly owned subsidiary)
  - III. Asirvad Microfinance Limited (Subsidiary)
  - IV. Manappuram Insurance Brokers Limited (Wholly owned subsidiary)
  - V. Manappuram Comptech and Consultants Limited (Subsidiary)
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of other auditors referred in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to Note 9 to the Statement in which the Group describes the continuing uncertainties arising from the COVID 19 pandemic.

Our conclusion on the Statement is not modified in respect of this matter.

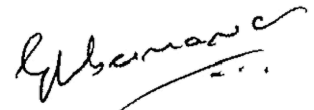


# Deloitte Haskins & Sells LLP

7. We did not review the interim financial results of one subsidiary included in the consolidated unaudited financial results, whose interim financial results reflect total assets of Rs. 5,349.02 crore as at September 30, 2020, total revenues of Rs. 256.34 crore and Rs. 522.07 for the quarter and six months ended September 30, 2020 respectively, total net loss after tax of Rs. 2.42 crore and Rs. 5.02 crore for the quarter and six months ended September 30, 2020 respectively and total comprehensive loss of Rs. 2.42 crore and Rs. 5.08 crore for the quarter and six months ended September 30, 2020 respectively and net cash flows of Rs. 204.76 crore for the six months ended September 30, 2020, as considered in the Statement. These interim financial results have been reviewed by other auditor whose report have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**G. K. Subramaniam**  
Partner  
(Membership No.109839)  
UDIN: 20109839AAAAXD9544

Place: Mumbai  
Date: November 06, 2020



STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER, 2020

(Rs. Crore, except per equity share data)

S.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>A</b>	<b>Revenue from operations</b>						
	(i) Interest income	1,547.25	1,475.77	1,279.53	3,023.02	2,449.88	5,280.48
	(ii) Dividend income	3.37	5.30	2.03	8.67	4.98	9.47
	(iii) Fees and commission income	8.78	3.26	16.50	12.04	28.81	30.77
	(iv) Net gain on fair value changes	4.16	23.46	38.71	27.62	38.71	125.91
	(v) Others	2.02	4.74	6.26	6.76	11.34	18.69
	<b>Total revenue from operations (A)</b>	<b>1,565.58</b>	<b>1,512.53</b>	<b>1,343.03</b>	<b>3,078.11</b>	<b>2,533.72</b>	<b>5,465.32</b>
<b>B</b>	<b>Other income</b>	12.33	3.94	47.10	16.27	57.21	85.87
	<b>Total income (A+B)</b>	<b>1,577.91</b>	<b>1,516.47</b>	<b>1,390.13</b>	<b>3,094.38</b>	<b>2,590.93</b>	<b>5,551.19</b>
<b>C</b>	<b>Expenses</b>						
	(i) Finance costs	570.95	566.83	447.96	1,137.78	853.77	1,832.23
	(ii) Fees and commission expense	4.54	3.72	5.86	8.26	11.24	23.66
	(iii) Impairment on financial instruments	108.02	145.27	29.19	253.29	63.32	237.62
	(iv) Employee benefits expenses	216.91	175.31	203.42	392.22	400.52	830.13
	(v) Depreciation and amortization	41.55	44.40	39.88	85.95	79.45	164.18
	(vi) Other expenses	91.53	88.65	115.52	180.18	227.19	456.08
	<b>Total expenses (C)</b>	<b>1,033.50</b>	<b>1,024.18</b>	<b>841.83</b>	<b>2,057.68</b>	<b>1,635.49</b>	<b>3,543.90</b>
<b>D</b>	<b>Profit before tax (A+B-C)</b>	<b>544.41</b>	<b>492.29</b>	<b>548.30</b>	<b>1,036.70</b>	<b>955.44</b>	<b>2,007.29</b>
<b>E</b>	<b>Tax expense:</b>						
	(i) Current tax	167.93	136.17	90.15	304.10	242.23	534.47
	(ii) Deferred tax	(28.96)	(11.85)	25.17	(40.81)	13.45	(7.48)
<b>F</b>	<b>Profit for the period (D-E)</b>	<b>405.44</b>	<b>367.97</b>	<b>432.98</b>	<b>773.41</b>	<b>699.76</b>	<b>1,480.30</b>
<b>G</b>	<b>Other comprehensive income</b>						
	<b>A) (i) Items that will not be reclassified to profit or loss</b>						
	- Actuarial gains / (losses) on post retirement benefit plans	1.88	(2.63)	(2.18)	(0.75)	(3.21)	(8.49)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.11	0.09	0.36	0.20	0.71	2.09
	<b>Subtotal (A)</b>	<b>1.99</b>	<b>(2.54)</b>	<b>(1.82)</b>	<b>(0.55)</b>	<b>(2.50)</b>	<b>(6.40)</b>
	<b>B) (i) Items that will be reclassified to profit or loss</b>						
	- Fair value changes on derivatives designated as cash flow hedges, net	5.80	(35.39)	-	(29.59)	-	0.54
	(ii) Income tax relating to items that will be reclassified to profit or loss	5.22	2.23	-	7.45	-	(0.14)
	<b>Subtotal (B)</b>	<b>11.02</b>	<b>(33.16)</b>	<b>-</b>	<b>(22.14)</b>	<b>-</b>	<b>0.40</b>
	<b>Total other comprehensive income (G)</b>	<b>13.01</b>	<b>(35.70)</b>	<b>(1.82)</b>	<b>(22.69)</b>	<b>(2.50)</b>	<b>(6.00)</b>
<b>H</b>	<b>Total comprehensive income for the period (F+G)</b>	<b>418.45</b>	<b>332.27</b>	<b>431.16</b>	<b>750.72</b>	<b>697.26</b>	<b>1,474.30</b>
<b>I</b>	<b>Net profit attributable to:</b>						
	Owners of parent	405.57	368.11	428.10	773.68	692.53	1,467.74
	Non-controlling interests	(0.13)	(0.14)	4.88	(0.27)	7.23	12.56
<b>J</b>	<b>Other comprehensive Income attributable to:</b>						
	Owners of parent	13.01	(35.70)	(1.82)	(22.69)	(2.51)	(5.99)
	Non-controlling interests	-	-	-	-	0.01	(0.01)
<b>K</b>	<b>Total comprehensive income attributable to:</b>						
	Owners of parent	418.58	332.41	426.28	750.99	690.02	1,461.75
	Non-controlling interests	(0.13)	(0.14)	4.88	(0.27)	7.24	12.55
<b>L</b>	<b>Paid-up equity share capital (Face value of Rs. 2/- per share)</b>	169.23	169.04	168.65	169.23	168.65	169.00
<b>M</b>	<b>Earnings per equity share (not annualised)</b>						
	Basic (Rs.)	4.80	4.35	3.16	9.15	7.80	17.54
	Diluted (Rs.)	4.79	4.35	3.15	9.15	7.77	17.49

SEGMENT WISE DETAILS ON UNAUDITED CONSOLIDATED BASIS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER, 2020

S.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	<b>Segment Revenue</b>						
	Gold loan & others	1,321.10	1,250.31	1,101.16	2,571.41	2,073.36	4,449.75
	Microfinance	256.81	266.16	288.97	522.97	517.57	1,101.44
	<b>Total Segment Revenue</b>	<b>1,577.91</b>	<b>1,516.47</b>	<b>1,390.13</b>	<b>3,094.38</b>	<b>2,590.93</b>	<b>5,551.19</b>
2	<b>Segment Results (Profit before Tax)</b>						
	Gold loan & others	547.33	496.47	433.94	1,043.80	772.98	1,696.99
	Microfinance	(2.92)	(4.18)	114.36	(7.10)	182.46	310.30
	<b>Total Segment Results</b>	<b>544.41</b>	<b>492.29</b>	<b>548.30</b>	<b>1,036.70</b>	<b>955.44</b>	<b>2,007.29</b>
3	<b>Segment Assets</b>						
	Gold loan & others	26,912.25	25,274.95	20,591.87	26,912.25	20,591.87	23,629.59
	Microfinance	5,349.02	6,145.06	4,625.41	5,349.02	4,625.41	5,912.45
	<b>Total Segment Assets</b>	<b>32,261.27</b>	<b>31,420.01</b>	<b>25,217.28</b>	<b>32,261.27</b>	<b>25,217.28</b>	<b>29,542.04</b>
4	<b>Segment Liabilities</b>						
	Gold loan & others	21,449.47	20,219.11	16,382.58	21,449.47	16,382.58	18,864.72
	Microfinance	4,314.65	5,104.78	3,685.35	4,314.65	3,685.35	4,872.93
	<b>Total Segment Liabilities</b>	<b>25,764.12</b>	<b>25,323.89</b>	<b>20,067.93</b>	<b>25,764.12</b>	<b>20,067.93</b>	<b>23,737.65</b>



## NOTES:

## 1 Statement of Assets and Liabilities

(Rs. Crore)

S.No	Particulars	As at 30 September 2020	As at 31 March 2020
		Unaudited	Audited
I	<b>ASSETS</b>		
1	<b>Financial assets</b>		
(a)	Cash and cash equivalent	4,300.24	3,293.08
(b)	Bank balance other than (a) above	399.61	352.87
(c)	Derivative financial instruments	-	137.00
(d)	Receivables		
(i)	Trade Receivables	2.51	2.48
(e)	Loans	26,061.88	24,297.08
(f)	Investments	61.47	90.08
(g)	Other financial assets	308.30	285.07
2	<b>Non-financial assets</b>		
(a)	Current tax assets (net)	43.83	96.16
(b)	Deferred tax assets (net)	149.81	101.36
(c)	Investment Property	0.09	0.09
(d)	Property, plant and equipment	300.68	327.22
(e)	Capital work-in-progress	3.91	3.46
(f)	Right of Use Asset	479.92	419.06
(g)	Goodwill	35.57	35.57
(h)	Other Intangible assets	27.07	20.70
(i)	Other non financial assets	86.38	80.76
	<b>Total assets</b>	<b>32,261.27</b>	<b>29,542.04</b>
II	<b>LIABILITIES AND EQUITY</b>		
	<b>Liabilities</b>		
1	<b>Financial Liabilities</b>		
(a)	Derivative financial instruments	0.46	-
(b)	Trade payables		
(i)	total outstanding dues of micro enterprises and small enterprises	-	-
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	202.54	173.66
	Other Payables		
(i)	total outstanding dues of micro enterprises and small enterprises	-	-
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(c)	Debt securities	10,430.44	8,089.35
(d)	Borrowings (other than debt securities)	14,178.46	14,366.92
(e)	Deposits	0.01	0.01
(f)	Subordinated liabilities	125.73	123.38
(g)	Lease Liability	500.63	448.65
(h)	Other financial liabilities	183.17	129.27
2	<b>Non-financial liabilities</b>		
(a)	Current tax liabilities	11.60	-
(b)	Provisions	52.40	64.49
(c)	Other non-financial liabilities	78.68	341.92
		<b>25,764.12</b>	<b>23,737.65</b>
3	<b>Equity</b>		
(a)	Equity share capital	169.23	169.00
(b)	Other equity	6,281.60	5,577.09
	Equity attributable to owners of the company	6,450.83	5,746.09
	Non controlling Interest	46.32	58.30
	<b>Total liabilities and equity</b>	<b>32,261.27</b>	<b>29,542.04</b>



2 Cash flow statement

(Rs. Crore)

S.No	Particulars	As at 30 September 2020	As at 30 September 2019
		Unaudited	Unaudited
A.	<b>Cash flow from operating activities</b>		
	Net profit before tax	1,036.70	955.42
	Adjustments for:		
	Depreciation and amortization expense	85.95	79.45
	Impairment on financial instruments	210.32	48.56
	Lease income on rent waiver	(10.32)	-
	Provision for litigation	0.09	0.55
	Provision for other assets	(0.64)	(0.19)
	Profit on sale of property, plant and equipment	(0.39)	(0.68)
	Dividend income	(8.67)	(4.98)
	Stock compensation expense	(12.72)	(1.17)
	Finance costs	22.38	13.03
	Interest income from banks, investments and others	(76.61)	(120.61)
	<b>Operating Profit before working capital changes</b>	<b>1,246.09</b>	<b>969.38</b>
	Changes in working capital:		
	Decrease / (increase) in non-financial assets	(8.38)	5.96
	Decrease / (increase) in loans	(1,975.35)	(3,235.89)
	Decrease / (increase) in other financial assets	(35.75)	(20.28)
	Increase / (decrease) in Deposits	-	(1.91)
	Increase / (decrease) in trade payables	28.87	21.71
	Decrease / (increase) in trade receivables	(0.04)	260.65
	Increase / (decrease) in other financial liabilities	53.90	26.23
	Increase / (decrease) in provisions	(41.87)	(9.12)
	Increase / (decrease) in other non-financial liabilities	(263.23)	(27.08)
	<b>Cash generated from operations</b>	<b>(2,241.85)</b>	<b>(2,979.73)</b>
	Net income tax (paid)	(995.76)	(2,010.35)
	<b>Net cash flows from/(used in) operating activities (A)</b>	<b>(1,235.92)</b>	<b>(2,189.70)</b>
B.	<b>Cash flow from investing activities</b>		
	Capital expenditure, including capital advances	(19.37)	(51.88)
	Acquisition of subsidiary	(21.79)	(0.15)
	Proceeds from sale of property, plant and equipment	0.40	0.86
	(Purchase) / Sale of investments	28.85	44.50
	Interest received	85.54	116.81
	Dividend received	8.67	4.98
	Bank balances not considered as cash and cash equivalents	(43.16)	(46.90)
	<b>Net cash flows from/(used in) investing activities (B)</b>	<b>39.14</b>	<b>68.22</b>
C.	<b>Cash flow from financing activities</b>		
	Debt securities issued (net)	2,341.09	68.80
	Borrowings other than debt securities issued (Net)	(52.65)	2,746.33
	Subordinated liabilities issued (Net)	2.35	4.67
	Proceeds from issue of equity shares	0.23	0.09
	Share premium on equity shares allotted	10.32	3.95
	Share application money received/(refunded)	(32.31)	11.64
	Dividend paid, including dividend distribution tax	-	(111.82)
	Payment of lease liabilities	(65.09)	(70.80)
	<b>Net cash flow from financing activities (C)</b>	<b>2,203.94</b>	<b>2,652.86</b>
	<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,007.16</b>	<b>531.38</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,293.08</b>	<b>840.38</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>4,300.24</b>	<b>1,371.76</b>



- 3 In compliance with Regulation 33 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, a limited review of unaudited consolidated financial results for the quarter and six months ended 30 September, 2020 has been carried out by the statutory auditors and have issued unqualified review conclusion thereon.
- 4 During the six months ended 30 September, 2020, the parent company allotted 11,54,365 shares, pursuant to exercise of stock option by eligible employees.
- 5 The Group has reported segment information as per Indian Accounting Standard 108 (Ind AS 108) on 'Operating Segments'. As per Ind AS 108, segments are identified based on management's evaluation of financial information for locating resources and assessing performance. Accordingly, the Group has identified two reportable segments. 1. Gold loan and others 2. Microfinance.
- 6 The Board of Directors declared an interim dividend of Rs. 0.60 per equity share having face value of Rs. 2/-each.
- 7 The Group has maintained requisite full asset cover by way of floating charge on book debts and other unencumbered assets of the Group on its Secured Listed Non Convertible Debentures as at 30 September, 2020.
- 8 The Code on Social Security, 2020 (the "Code") has been enacted. The date of coming into force of the various provisions of the Code is to be notified and the rules thereunder are yet to be announced. The potential impact of the change will be estimated and accounted in the period of notification.
- 9 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020 and in accordance therewith, the holding company and two of its subsidiaries had proposed an opt-in moratorium on the payment of principal instalments and/ or interest, as per the Board approved policy to certain eligible borrowers classified as standard, even if the said amounts were overdue as on 29 February 2020. For all such accounts where the moratorium was granted, the asset classification remained at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Group's policy). Further, the Group has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Group's management has considered all available internal and external information up to the date of approval of these financial results. Accordingly, the Group has made prudential estimate of provision for expected credit loss on financial assets as at 30 September 2020. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets.
- The extent to which the COVID-19 pandemic will impact the Group's future results will depend on developments, including the final decision of the Honourable Supreme Court of India in relation to moratorium and other related matters, which cannot be predicted with certainty, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group. The Group will continue to closely monitor any material changes to future economic conditions.
- 10 Pursuant to the regulatory guidance on Ind AS issued by RBI dated 13 March 2020 to promote consistent Ind AS implementation among NBFCs, in the financial year 2019-2020, one of our subsidiaries was required to change its policy on accounting for securitised assets and direct assignment transactions. In order to give effect to the same, the securitised assets which were hitherto, de-recognized in the books based on 'True Sale Criteria' prescribed by RBI, was re-recognised in the books along with interest income using effective interest rate as the subsidiary has not transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard No.109 (Ind AS 109), 'Financial Instruments'. Proceeds received from securitisation has been recognised as Borrowings (other than debt securities) and interest thereon has been recognised as Finance cost. Similarly, the gain on sale of assets arising from a direct assignment transactions, has been recognised on de-recognition as interest only strip.

Accordingly, as per para 14 (b) of IND AS 8, the subsidiary has retrospectively changed the policy to reflect the above changes in the financial statements, thereby providing reliable and more relevant information about the Company's financial position, financial performance or cash flows. The impact of such change is as under :

Financial line item	(Rs. in Crore)	
	For the Half Year ended 30 September 2019	For the quarter ended 30 September 2019
	increase / (decrease)	increase / (decrease)
Interest Income	34.03	17.53
Net Gain on derecognition of Financial Instruments	38.71	38.71
Other income	(0.60)	(0.20)
Finance Cost	48.88	23.05
Provision and Other Losses	(2.54)	(0.14)
Other Expenses	(0.76)	(0.73)
Tax Expense	6.68	8.52
<b>Profit after Tax for the period</b>	<b>19.87</b>	<b>25.34</b>
Other Equity	41.83	25.34
Loans	934.35	-6.71
Other Financial assets	24.94	24.91
Deferred tax assets (net)	-18.48	-8.52
Other non financial assets	-0.13	0.43
Borrowings (other than debt security)	927.00	-14.15
Other Financial liabilities	-28.16	-1.08
<b>Impact on Basic Earnings per Share of Rs.2 each</b>	<b>0.23</b>	<b>0.30</b>
<b>Impact on Diluted Earnings per Share of Rs.2 each</b>	<b>0.23</b>	<b>0.30</b>





11 Previous period/year figures have been regrouped/reclassified, wherever necessary, to conform with the current period presentation.

12 Key standalone financial Information is given below:

(Rs. in Crore)

S.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Total Income	1,294.00	1,225.90	1,077.29	2,519.90	2,027.80	4,352.18
2	Profit before tax	543.86	494.85	427.55	1,038.71	762.86	1,680.00
3	Profit after tax	405.56	369.11	336.17	774.67	556.48	1,230.30
4	Total comprehensive Income	418.64	333.40	334.71	752.04	554.25	1,224.87

By order of the Board of Directors

V.P. Nandakumar  
Managing Director & CEO  
DIN: 00044512

Place : Valapad, Thrissur

Date: 06-11-2020





# MANAPPURAM<sup>®</sup> FINANCE LIMITED

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## Annexure –A

### 1. Credit rating and change in credit rating (if any);

Credit rating Agency	Type of Facility	March 31, 2020	September 30, 2020
Brickwork	Non-Convertible debentures	BWR AA+ (Stable)	BWR AA+ (Stable)
	Bank Loan Facility	BWR AA+ (Stable)	BWR AA+ (Stable)
CRISIL	Bank Loan Facility	CRISIL AA (Stable)	CRISIL AA (Stable)
	Non-Convertible Debenture	CRISIL AA (Stable)	CRISIL AA (Stable)
	Long Term Principal Protected MLD	NA	CRISIL PP - MLD Aar (Stable)
	Commercial Paper	CRISIL A1+	CRISIL A1+
	PCG DA	CRISIL AA (SO)	CRISIL AA (SO)
ICRA	Series A1 PTC	Provisional [ICRA] AAA (SO)	Provisional [ICRA] AAA (SO)
	Non-Convertible Debenture	Withdrawn	NA
CARE	Bank Loan Facility Long Term	CARE AA /Stable	CARE AA /Stable
	Bank Loan Facility Short Term	CARE A1+	CARE A1+
	Non-Convertible Debentures	CARE AA /Stable	CARE AA /Stable
	Commercial Paper	CARE A1+	CARE A1+
S&P	EMTN Programme and Senior Secured Notes	(BB-/Stable/B)	(B+/Stable/B)
FITCH	EMTN Programme and Senior Secured Notes	( BB-/Negative)	( BB-/Stable)

2. Debt-equity ratio:3.29 times (March 31,2020) 3.32 times (September 30,2020)



For Manappuram Finance Limited

V. P. Nandakumar  
Managing Director & CEO

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

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



3. Previous and next due date for the payment of interest or / repayment of principal of non-convertible debt securities and whether the same has been paid or not.

ISIN	Previous Interest Due Date	Whether interest paid	Maturity Date for the period	Whether Redemption Amount Paid	Next due date for Payment of Interest	Next due date for payment of Redemption amount	Type of Issue
INE522D07AD0	30th October 2019	Yes	NA	NA	30th October 2020	30th October 2020	Private
INE522D07552	20th March 2020	Yes	NA	NA	20th March 2021	20th March 2023	Private
INE522D07AE8	29th June 2020	Yes	NA	NA	29th June 2021	29th June 2021	Private
INE522D074F5	31st July 2020	Yes	NA	NA	31st July 2021	31st July 2021	Private
INE522D07BB2	27th Sept 2020	Yes	NA	NA	27th Sept 2021	27th Sept 2022	Private
INE522D07BC0	NA	NA	NA	NA	07th Nov 2020	07th Nov 2020	Private
INE522D07BD8	NA	NA	NA	NA	18th Nov 2020	18th Nov 2022	Private
INE522D07BE6	NA	NA	NA	NA	31st Dec 2020	31st Dec 2021	Private
INE522D07BG1	NA	NA	NA	NA	14th Feb 2021	14th Feb 2022	Private
INE522D07BF3	NA	NA	NA	NA	14th Feb 2021	14th Feb 2023	Private
INE522D07BH9	NA	NA	NA	NA	27th March 2021	27th March 2023	Private
INE522D07B17	NA	NA	NA	NA	08th May 2021	08th May 2023	Private
INE522D07834	NA	NA	NA	NA	NA	18th Jan 2021	Public



For Manappuram Finance Limited

V. P. Nandakumar  
Managing Director & CEO



INE522D07AG3	03rd Jan 2020	Yes	03rd Jan 2020	Yes	NA	NA	NA	Public
INE522D07AH1	29 <sup>th</sup> September 2020	Yes	NA	NA	29th October 2020	29th November 2021	Public	
INE522D07AI9	29 <sup>th</sup> September 2020	YES	NA	NA	29th October 2020	29th November 2023	Public	
INE522D07AJ7	29th November 2019	YES	29th November 2019	YES	28th November 2020	28th November 2020	Public	
INE522D07AK5	29th November 2019	YES	29th November 2019	YES	29th November 2020	29th November 2021	Public	
INE522D07AL3	29th November 2019	YES	29th November 2019	YES	29th November 2020	29th November 2023	Public	
INE522D07AM1	NA	NA	NA	NA	NA	28th November 2020	Public	
INE522D07AN9	NA	NA	NA	NA	NA	29th November 2021	Public	
INE522D07AO7	NA	NA	NA	NA	NA	29th November 2023	Public	
INE522D07AP4	NA	NA	NA	NA	NA	29th November 2025	Public	
INE522D07AV2	02nd September 2020	Yes	NA	NA	1st October 2020	06th March 2024	Public	
INE522D07AW0	06th March 2020	NA	NA	NA	06th March 2021	06th March 2022	Public	
INE522D07AX8	06th March 2020	NA	NA	NA	06th March 2021	06th March 2024	Public	

For Manappuram Finance Limited

V. P. Nandakumar  
Managing Director & CEO

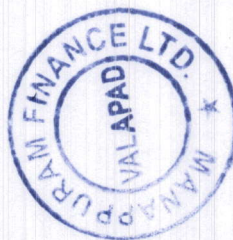


INE522D07AY6	NA	NA	NA	NA	NA	NA	06th March 2022	Public
INE522D07AZ3	NA	NA	NA	NA	NA	NA	06th March 2024	Public
INE522D07BA4	NA	NA	NA	NA	NA	NA	05th May 2026	Public
INE522D07AU4	02nd September 2020	Yes	NA	NA	NA	1st October 2020	06th March 2022	Public

2.

S.No	Particulars	(In Crores Except EPS and Debt Equity Ratio)	
		September 30, 2020	March 31, 2020
1	Debt-equity ratio	3.32 Times	3.29 Times
2	Capital redemption reserve	0.00	0.00
3	Debenture redemption reserve	0.00	0.00
4	Net worth	6071.81	5,355.90
5	Net profit after tax	774.66	1,224.86
6	Earnings per share	9.16	14.58

- All figures/ratios are based on Standalone Financials



For Manappuram Finance Limited

V. P. Nandakumar  
Managing Director & CEO



Commercial Paper (ISINs) matured during the period between 01st April 2020 to 30th September 2020

SL.NO.	ISIN	Maturity Date	Whether Redemption Amount Paid
1	INE522D14MC3	18-May-20	Paid on due date
2	INE522D14MD1	20-May-20	Paid on due date
3	INE522D14ME9	28-May-20	Paid on due date
4	INE522D14MJ8	29-May-20	Paid on due date
5	INE522D14MF6	1-Jun-20	Paid on due date
6	INE522D14MG4	10-Jun-20	Paid on due date
7	INE522D14MH2	12-Jun-20	Paid on due date
8	INE522D14MI0	15-Jun-20	Paid on due date
9	INE522D14MK6	20-Jul-20	Paid on due date
10	INE522D14ML4	22-Jul-20	Paid on due date
11	INE522D14MM2	27-Jul-20	Paid on due date
12	INE522D14MP5	10-Aug-20	Paid on due date
13	INE522D14MO8	14-Aug-20	Paid on due date
14	INE522D14MQ3	19-Aug-20	Paid on due date
15	INE522D14MR1	15-Sep-20	Paid on due date
16	INE522D14LI2	29-Sep-20	Paid on due date

For Manappuram Finance Limited

V. P. Nandakumar  
Managing Director & CEO







# MANAPPURAM FINANCE LIMITED


Make Life Easy

**Manappuram Finance Limited**  
**Security Cover Statement as at September 30, 2020**

S No.	Particulars	Rs. in million	Rs. in million	Ref	Issue Size	Security Cover
	Gold Loan balance					
1	Gross Gold loan balance	197,359.85				
2	Less: Provision made towards Gold loan balance	(827.96)	196,531.89	[A]		
	Interest accrued balance relating to above gold loan balance					
3	Gross Interest accrued balance	5,483.88				
4	Less: Provision made towards Interest accrued balance	(778.01)	4,705.87	[B]		
	VEF Loans (Rural and Semi Urban )and Onlending to MFT's for Refinance of Loan (Std.Assets)					
5			5,674.00	[C]		
	<b>Less:</b>					
5	Gold loan balance and Interest accrued balance exclusively charged for dues to banks [Annexure I]		(5,674.00)	[D]		
7	<b>Balance available as paripassu charge for Non Convertible Debentures (NCD) and US Dollar Bond issued by the Company</b>		<b>201,237.76</b>	<b>[E] = [A]+[B]+[C]-[D]</b>		
	Less: NCD Public Issue 100% coverage	(150.52)			150.52	1.00
	Less: NCD Public Issue 100% coverage	(2,342.23)			2,342.23	1.00
	Less: NCD Public Issue 100% coverage	(1,279.04)			1,279.04	1.00
	Less: Mahindra MF	(150.00)			150.00	1.00
	Less: ICICI Prudential	(2,000.00)			2,000.00	1.00
	Less: ICICI Prudential AMC	(2,000.00)			2,000.00	1.00
	Less: IDFC Bank Ltd	(833.33)			833.33	1.00
	Less: SBI Mutual Fund	(2,500.00)			2,500.00	1.00
	Less: Kotak Mahindra	(2,000.00)			2,000.00	1.00
	Less: NCD - Aditya Birla MF	(3,500.00)			3,500.00	1.00
	Less: NCD - Aditya Birla Finance	(1,000.00)			1,000.00	1.00
	Less:NCD - Morgan Stanley	(2,250.00)			2,250.00	1.00
	Less:NCD - Reliance	(2,000.00)			2,000.00	1.00
	Less:NCD - SBI	(2,000.00)			2,000.00	1.00
	Less:NCD -CENTRAL Bank	(2,500.00)			2,500.00	1.00
	Less:Indian Oil Corporation	(250.00)			250.00	1.00
	Less:Chaithanya Rural	(1,400.00)			1,400.00	1.00
	Less:IOB	(400.00)			400.00	1.00
	Less:MLD	(2,480.00)			2,480.00	1.00
	Less:Aditya Birla Sun Life	(2,500.00)			2,500.00	1.00
	Less:NCD - BOM	(750.00)			750.00	1.00
	Less: NCD - Navi Finserv	(1,300.00)			1,300.00	1.00
	Less:UCO	(1,000.00)			1,000.00	1.00
	Less:NCD -PNB	(1,000.00)			1,000.00	1.00
	Less:NCD -PSB	(500.00)			500.00	1.00
	Less: A K Capital	(750.00)			750.00	1.00
	Less:NCD -HDFC	(6,250.00)			6,250.00	1.00
	Less:NCD- Union Bank of India	(1,000.00)			1,000.00	1.00
	Less:Afco Investments Services Pvt Ltd	(250.00)			250.00	1.00
	Less:The Catholic Syrian Bank Ltd	(400.00)			400.00	1.00
	Less:Trust Capital	(350.00)			350.00	1.00
	Less:Morgan Stanley	(1,100.00)			1,000.00	1.10

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

**Registered & Corporate Office :** (CIN-L65910KL1992PLC006623) IV/470A (old) W638A(New), Manappuram House, Valapad, Thrissur, Kerala - 680 567, India

	Less:MLD -2	(1,500.00)			1,500.00	1.00
	Less:MLD 3	(1,000.00)			1,000.00	1.00
	Less:UCO Bank	(500.00)			500.00	1.00
	Less :NCD - SBI	(6,250.00)			5,000.00	1.25
	Less: NCD - CSEB PF 110% coverage	(33.00)	(57,468.12)	[F]	30.00	1.10
8	US Dollar Bond - 1st Tranche (\$ 300 million)		(21,288.00)	[G]		
9	<b>Balance available as paripassu charge for Banks &amp; FIs</b>		<b>122,481.64</b>	[H] = [E]-[F]-[G]		
	Less: Banks with Paripassu charge on Receivables [Annexure 2]		(11,138.00)	[I]		
			111,343.64	[J] = [H] - [I]		
10	<b>Add: Other Assets</b>					
	Cash and Bank balances	30,367.02				
	Other Assets	910.75				
	Loans & Advances except as mentioned in [C]	9,719.51				
			40,997.28	[K]		
			<b>152,340.92</b>	[L] = [J]+[K]		
11	<b>Less: Liabilities of other paripassu charge holders</b>					
	Banks with Paripassu charge on Current Assets [Annexure 3]		(125,662.00)	[M]		
	Retail NCD		(42.31)	[N]	42.31	1.00
12	<b>Excess Security available</b>		<b>26,636.61</b>	[O]=[L]-[M]-[N]		
For Manappuram Finance Ltd						
 V P Naraynakumar MD & CEO						



ANNEXURE-I

(Rs In Million)

LIST OF BANKS WITH SPECIFIC CHARGE

Sl No	Bank Name	Margin/ Coverage	Sanctioned limit	Present Limit	Net Receivables
1	NABARD	20%	7,700	4,538	5,674

ANNEXURE-II

LIST OF BANKS WITH PARIPASSU CHARGE ON RECEIVABLES

Sl No	Bank Name	Margin/ Coverage	Sanctioned Limit	Present Limit	DP Required
1	HDFC BANK	20%	6,510	6,510	8,138
2	INTERNATIONAL FINANCE CORPORATIO	25%	2,400	2,400	3,000
	<b>TOTAL</b>		<b>8,910</b>	<b>8,910</b>	<b>11,138</b>

ANNEXURE-III

LIST OF BANKS WITH PARIPASSU CHARGE ON CURRENT ASSETS INCLUDING RECEIVABLES

Sl No	Bank Name	Margin/ Coverage	Sanctioned Limit	Present Limit	DP Required
1	UNION BANK (E-ANDHRA BANK)	20%	6,000	4,666	5,599
2	IDBI BANK	20%	4,500	4,500	5,625
3	KOTAK MAHINDRA BANK	15%	4,000	3,500	4,118
4	SOUTH INDIAN BANK	15%	1,000	1,000	1,176
5	CANARA BANK(E-SYNDICATE BANK)	20%	7,500	7,500	9,375
6	UNION BANK OF INDIA	25%	6,000	6,000	8,000
7	CATHOLIC SYRIAN BANK	10%	750	375	417
8	PNB(E-ORIENTAL BANK OF COMMERCE	25%	4,000	3,500	4,667
9	AXIS BANK	25%	7,750	7,386	9,849
10	ICICI BANK	15%	7,500	500	588
11	PUNJAB NATIONAL BANK	25%	15,000	15,000	20,000
12	FEDERAL BANK	20%	3,400	3,400	4,250
13	STATE BANK OF INDIA	25%	18,030	13,750	18,334
14	KARNATAKA BANK	10%	1,000	909	1,010
15	BANK OF BARODA (VIJAYA BANK)	20%	2,000	2,000	2,500
16	RBL Bank	15%	2,476	2,350	2,765
17	CANARA BANK	20%	1,000	1,000	1,250
18	WOORI BANK	10%	500	375	412
19	QATAR NATIONAL BANK	20%	230	230	276
20	BAJAJ FINANCE LTD	10%	3,000	1,875	2,128
21	INDIAN BANK	15%	2,000	2,000	2,353
22	UNION BANK (E-CORPORATION BANK)	20%	5,000	5,000	6,250
23	DHANLAXMI BANK	10%	340	340	378
24	INDUSIND BANK	15%	4,000	4,000	4,600
25	KARUR VYSYA BANK	10%	1,000	1,000	1,100
26	SBI LIFE INSURANCE COMPANY LIMITED	10%	1,000	667	733
27	UCO BANK	10%	3,000	2,495	2,745
28	YES BANK	15%	2,000	500	575
29	INDIAN BANK(E-ALLAHABAD BANK)	11%	2,000	2,000	2,214
30	PNB(E-UNITED BANK)	25%	500	500	625
31	CENTRAL BANK OF INDIA	20%	2,500	1,458	1,750
	<b>TOTAL</b>		<b>118,976</b>	<b>99,776</b>	<b>125,662</b>

Debenture with Specific Charge

Sl No	Arranger Name	Issue Outstanding	Net Receivables	Coverage Required
	<b>Total</b>			



# MOHANDAS & ASSOCIATES

CHARTERED ACCOUNTANTS

IIIrd Floor, "Sree Residency"

Press Club Road, Thrissur - 1.

☎ : 0487 - 2333124, 2321290

Email : ma.auditors@gmail.com

Our Ref.

## TO WHOMSOEVER IT MAY CONCERN

This is to certify that from the records and other relevant documents examined by us and as per the information and explanations given to us, the excess security available as on 30.09.2020 of **MANAPPURAM FINANCE LIMITED**, Valapad (P.O), Thrissur Dt., Kerala, Pin - 680 567, amounting to ₹ 26,636.61 millions. These are free from any encumbrance and eligible for determination of security cover. The working of the security calculation is given below.

S No.	Particulars	Rs. in millions	Rs. in millions	Ref	Issue Size	Security Cover
	Gold Loan balance					
1	Gross Gold loan balance	1,97,359.85				
2	Less: Provision made towards Gold loan balance	(827.96)	1,96,531.89	[A]		
	Interest accrued balance relating to above gold loan balance					
3	Gross Interest accrued balance	5,483.88				
4	Less: Provision made towards Interest accrued balance	(778.01)	4,705.87	[B]		
5	VEF Loans (Rural and Semi Urban )and Onlending to MFI's for Refinance of Loan (Std.Assets)		5,674.00	[C]		
5	<u>Less:</u> Gold loan balance and Interest accrued balance exclusively charged for dues to banks [Annexure 1]		(5,674.00)	[D]		
7	<b>Balance available as paripassu charge for Non Convertible Debentures (NCD) and US Dollar Bond issued by the Company</b>		2,01,237.76	[E] = [A]+[B]+[C]-[D]		
	Less: NCD Public Issue 100% coverage	(150.52)			150.52	1.00
	Less: NCD Public Issue 100% coverage	(2,342.23)			2,342.23	1.00
	Less: NCD Public Issue 100% coverage	(1,279.04)			1,279.04	1.00
	Less: Mahindra MF	(150.00)			150.00	1.00
	Less: ICICI Prudential	(2,000.00)			2,000.00	1.00
	Less: ICICI Prudential AMC	(2,000.00)			2,000.00	1.00
	Less: IDFC Bank Ltd	(833.33)			833.33	1.00
	Less: SBI Mutual Fund	(2,500.00)			2,500.00	1.00
	Less: Kotak Mahindra	(2,000.00)			2,000.00	1.00
	Less: NCD - Aditya Birla MF	(3,500.00)			3,500.00	1.00
	Less: NCD - Aditya Birla Finance	(1,000.00)			1,000.00	1.00
	Less:NCD - Morgan Stanley	(2,250.00)			2,250.00	1.00
	Less:NCD - Reliance	(2,000.00)			2,000.00	1.00
	Less:NCD - SBI	(2,000.00)			2,000.00	1.00
	Less:NCD -CENTRAL Bank	(2,500.00)			2,500.00	1.00
	Less:Indian Oil Corporation	(250.00)			250.00	1.00
	Less:Chaithanya Rural	(1,400.00)			1,400.00	1.00
	Less:IOB	(400.00)			400.00	1.00
	Less:MLD	(2,480.00)			2,480.00	1.00
	Less:Aditya Birla Sun Life	(2,500.00)			2,500.00	1.00
	Less:NCD - BOM	(750.00)			750.00	1.00



Cont'd.....2



	Less: NCD - Navi Finserv	(1,300.00)			1,300.00	1.00
	Less:UCO	(1,000.00)			1,000.00	1.00
	Less:NCD -PNB	(1,000.00)			1,000.00	1.00
	Less:NCD -PSB	(500.00)			500.00	1.00
	Less: A K Capital	(750.00)			750.00	1.00
	Less:NCD -HDFC	(6,250.00)			6,250.00	1.00
	Less:NCD- Union Bank of India	(1,000.00)			1,000.00	1.00
	Less:Afco Investments Services Pvt Ltd	(250.00)			250.00	1.00
	Less:The Catholic Syrian Bank Ltd	(400.00)			400.00	1.00
	Less:Trust Capital	(350.00)			350.00	1.00
	Less:Morgan Stanley	(1,100.00)			1,000.00	1.10
	Less:MLD -2	(1,500.00)			1,500.00	1.00
	Less:MLD 3	(1,000.00)			1,000.00	1.00
	Less:UCO Bank	(500.00)			500.00	1.00
	Less :NCD - SBI	(6,250.00)			5,000.00	1.25
	Less: NCD - CSEB PF 110% coverage	(33.00)	(57,468.12)	[F]	30.00	1.10
8	US Dollar Bond - 1st Tranche (\$ 300 million)		(21,288.00)	[G]		
9	<b>Balance available as paripassu charge for Banks &amp; FIs</b>		<b>1,22,481.64</b>	[H] = [E]-[F]-[G]		
	Less: Banks with Paripassu charge on Receivables [Annexure 2]		(11,138.00)	[I]		
			<b>1,11,343.64</b>	[J] = [H] - [I]		
10	<b>Add: Other Assets</b>					
	Cash and Bank balances	30,367.02				
	Other Assets	910.75				
	Loans & Advances except as mentioned in [C]	9,719.51				
			40,997.28	[K]		
			<b>1,52,340.92</b>	[L] = [J]+[K]		
11	<b>Less: Liabilities of other paripassu charge holders</b>					
	Banks with Paripassu charge on Current Assets [Annexure 3]		(1,25,662.00)	[M]		
	Retail NCD		(42.31)	[N]	42.31	1.00
12	<b>Excess Security available</b>		<b>26,636.61</b>	[O]=[L]-[M]-[N]		

THRISSUR

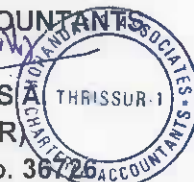
DATED 30th OCTOBER, 2020

**For MOHANDAS & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**
**MOHANDAS**  
**(PARTNER)**

Membership No. 36726

ICAI Firm Registration No. 02116S

UDIN : 20036726AAAA007951





Our Ref.

# MOHANDAS & ASSOCIATES

CHARTERED ACCOUNTANTS

IIIrd Floor, "Sree Residency"

Press Club Road, Thrissur - 1.

☎ : 0487 - 2333124, 2321290

Email : ma.auditors@gmail.com

## TO WHOMSOEVER IT MAY CONCERN

This is to certify that from the records and other relevant documents examined by us and as per the information and explanations given to us, **MANAPPURAM FINANCE LIMITED**, Valapad (P.O), Thrissur Dt., Kerala, Pin - 680 567, holds unencumbered gold loan receivables as on **30.09.2020** amounting to ₹. **26,636.61 millions**. The working of the security given against gold loan receivables are appended to it.

Particulars	Amount Rs. in Millions	
<b>Receivables outstanding as on 30.09.2020</b>	1,97,359.85	
Less: NPA Loans	827.96	
<b>Add : Interest Receivable on gold loan (Net of NPA)</b>	4,705.87	2,01,237.76
VEF Loans (Rural and Semi Urban )and Onlending to MFI's for Refinance of Loan (Std.Assets)		5,674.00
<b>Less:-</b>		
Charges on Specific receivables for Banks (As per Annexure-I)	5,674.00	
Debenture with specific charge	-	5,674.00
<b>Security available after specific charges</b>		<b>2,01,237.76</b>
<b>Less: Paripassu charge holders (Banks and Institutional NCD)</b>		
Banks with Paripassu Charge on Receivables (Annexure-II)	11,138.00	
NCD Public Issue	3,771.79	
US Dollar Bond	21,288.00	
NCD From Private Placement with margin	53,696.33	89,894.12
<b>Balance available as paripassu charge for Banks &amp; FIs</b>		<b>1,11,343.64</b>
Banks with Paripassu Charge on Current Assets (Annexure-III)		1,25,662.00
<b>Balance Receivable available</b>		<b>(14,318.36)</b>
<b>Add: Other Current Assets, loans and Advances</b>		
Other Current Assets (Excluding interest accrued on gold loan)	910.75	
Cash & Bank -Other than Cash Collateral deposits with Bank	30,367.02	
Loans & Advances except provided for refinance facility	9,719.51	
		40,997.28
<b>Security available to other Paripassu holders</b>		<b>26,678.92</b>
<b>Less:</b>		
Debenture - Retail NCD		42.31
<b>Excess Security held by the Company as on 30.09.2020</b>		<b>26,636.61</b>

For MOHANDAS & ASSOCIATES  
CHARTERED ACCOUNTANTS

MOHANDAS & ASSOCIATES  
(PARTNER)

Membership No. 36726

ICAI Firm Registration No. 02116S

UDIN: 20036726AAAA007951

THRISSUR

DATED 30th OCTOBER, 2020

**ANNEXURE-I**
**LIST OF BANKS WITH SPECIFIC CHARGE**

(Rs In Millions)

SI No	Bank Name	Margin/ Coverage	Sanctioned limit	Present Limit	Net Receivables
1	NABARD	20%	7,700	4,538	5,674

**ANNEXURE-II**
**LIST OF BANKS WITH PARIPASSU CHARGE ON RECEIVABLES**

SI No	Bank Name	Margin/ Coverage	Sanctioned Limit	Present Limit	DP Required
1	HDFC BANK	20%	6,510	6,510	8,138
2	INTERNATIONAL FINANCE CORPORATIO	25%	2,400	2,400	3,000
	<b>TOTAL</b>		<b>8,910</b>	<b>8,910</b>	<b>11,138</b>

**ANNEXURE-III**
**LIST OF BANKS WITH PARIPASSU CHARGE ON CURRENT ASSETS INCLUDING RECEIVABLES**

SI No	Bank Name	Margin/ Coverage	Sanctioned Limit	Present Limit	DP Required
1	UNION BANK (E-ANDHRA BANK)	20%	6,000	4,666	5,599
2	IDBI BANK	20%	4,500	4,500	5,625
3	KOTAK MAHINDRA BANK	15%	4,000	3,500	4,118
4	SOUTH INDIAN BANK	15%	1,000	1,000	1,176
5	CANARA BANK(E-SYNDICATE BANK)	20%	7,500	7,500	9,375
6	UNION BANK OF INDIA	25%	6,000	6,000	8,000
7	CATHOLIC SYRIAN BANK	10%	750	375	417
8	PNB(E-ORIENTAL BANK OF COMMERCE)	25%	4,000	3,500	4,667
9	AXIS BANK	25%	7,750	7,386	9,849
10	ICICI BANK	15%	7,500	500	588
11	PUNJAB NATIONAL BANK	25%	15,000	15,000	20,000
12	FEDERAL BANK	20%	3,400	3,400	4,250
13	STATE BANK OF INDIA	25%	18,030	13,750	18,334
14	KARNATAKA BANK	10%	1,000	909	1,010
15	BANK OF BARODA (VIJAYA BANK)	20%	2,000	2,000	2,500
16	RBL Bank	15%	2,476	2,350	2,765
17	CANARA BANK	20%	1,000	1,000	1,250
18	WOORI BANK	10%	500	375	412
19	QATAR NATIONAL BANK	20%	230	230	276
20	BAJAJ FINANCE LTD	10%	3,000	1,875	2,128
21	INDIAN BANK	15%	2,000	2,000	2,353
22	UNION BANK (E-CORPORATION BANK)	20%	5,000	5,000	6,250
23	DHANLAXMI BANK	10%	340	340	378
24	INDUSIND BANK	15%	4,000	4,000	4,600
25	KARUR VYSYA BANK	10%	1,000	1,000	1,100
26	SBI LIFE INSURANCE COMPANY LIMITED	10%	1,000	667	733
27	UCO BANK	10%	3,000	2,495	2,745
28	YES BANK	15%	2,000	500	575
29	INDIAN BANK(E-ALLAHABAD BANK)	11%	2,000	2,000	2,214
30	PNB(E-UNITED BANK)	25%	500	500	625
31	CENTRAL BANK OF INDIA	20%	2,500	1,458	1,750
	<b>TOTAL</b>		<b>1,18,976</b>	<b>99,776</b>	<b>1,25,662</b>

**Debenture with Specific Charge**

SI No	Arranger Name	Issue Outstanding	Net Receivables	Coverage Required
	<b>Total</b>	-	-	





# MANAPPURAM<sup>®</sup> FINANCE LIMITED

Make Life Easy

## CERTIFICATE

This is to certify that all the Precious Metals including but not limited to Gold, Silver, Bullion, Bars, Coins, Ornaments and Articles, Precious Gems and/or Stones and Money, including foreign currencies, whether the Insured's own or pledged assets in their care, custody and control, lying or kept at various branches of the Company across India are adequately Insured.

For Manappuram Finance Limited,

**Manoj Kumar V.R.**  
Company Secretary & Compliance Officer



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

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





# MANAPPURAM<sup>®</sup> FINANCE LIMITED

Make Life Easy

**Investors complaints status for the quarter ended 30.09.2020**

SI No:	Nature of Security	Complaints Pending at the Beginning of the Quarter Ended 30.09.2020	Complaints Received During the Quarter Ended 30.09.2020	Complaints Disposed and resolved at the end of the Quarter 30.09.2020	Complaints Unresolved at the end of the Quarter 30.09.2020
1	Equity	0	0	0	0
2	Privately Placed Debenture-Retail	0	0	0	0
3	Private Placement Debenture Institutional	0	0	0	0
4	Public Issue NCD	3	5	8	0
5	Complaints Registered With Scores	1	1	1	1
6	Unsecured Subordinated Bond	0	2	2	0
	Total	4	8	11	1

Manoj Kumar V R  
Company Secretary

06.10.2020  
Valapad

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

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



## RATING RATIONALE

3 Dec 2019

### Manappuram Finance Ltd

**Brickwork Ratings Reaffirms BWR AA+ (Stable) ratings for the Bank Loan Facilities and Non-Convertible Debentures aggregating to ₹ 8,003 Crores of Manappuram Finance Ltd. (hereafter referred to as “MFL” or the Company)**

#### Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Jan 2019)	Present
Fund based	7000	7000	Long Term	BWR AA+ Stable	BWR AA+ Stable
NCD	1003	1003	Long Term		
Total	8003	8003	INR Eight Thousand and Three Crores Only		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

## RATING ACTION / OUTLOOK

The rating reaffirmation factors the experience and track record of “Manappuram” group and established brand, considerable increase in consolidated AUM over the past 5 years, significant improvement in the standalone earning indicators, diversified funding profile, comfortable capitalization & gearing level, adequate liquidity position, the Company's strategic initiatives to strengthen the core gold loan business while simultaneously diversifying into other synergistic areas and the continuous evolution in technology.

The rating continues to derive strength from the experienced & professional management of the Company on a consolidated level, established track record of promoters and brand image of Manappuram in financial sector. The rating is however constrained by the inherent risks associated with NBFCs and geographical concentration risk.

Outlook: Stable - BWR believes the MFL's business and Credit risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term.

## KEY RATING DRIVERS

### Credit Strengths:

- Established track record of the group:** Manappuram Finance Ltd, flagship company of the “Manappuram” group founded by Late Shri V C Padmanabhan, is one of India’s leading gold loans NBFCs engaged in providing finance against used household gold ornaments since last 3 decades. Incorporated in 1992, the Company is promoted by Mr. V.P. Nandakumar (current MD & CEO) whose family has been involved in gold loan business since 1949. It has also ventured into housing loans, insurance broking and micro finance through its subsidiaries.
- Sizeable AUM with diversified portfolio:** MFL’s consolidated assets under management has consistently grown in the past 5 years from Rs 9,594 crs in FY15 to Rs 19,438 Crs in FY19 witnessing a CAGR of ~15%. AUM has further grown to Rs 22,677 crs as on 30 Sep 2019. AUM is well diversified with Gold Loans constitutes 66.90%, Microfinance - 20.80%, Housing - 2.68% , Vehicle finance - 5.81% and Corporate loan & Others constituting 4.80% of Consolidated AUM as on 30 Sep 2019. Gold loan portfolio has also grown to Rs 17,392 Crs in H1FY20 when compared to 12.962 Crs in FY19.
- Strong and Sustained Asset Quality:** MFL has always maintained a healthy asset quality due to the adoption of stringent lending policies, technologically advanced loan processing tools, adequate risk management policies in place and focus on improving collection efficiency. On a standalone basis, as on 30 Sep 2019, the GNPA & NNPA stood at 0.55% & 0.31% respectively (Gross NPA of 0.55% & Net NPA of 0.32% as on 31st Mar 2019) which is the lowest in the Gold Loan Industry.
- Comfortable capital adequacy:** MFLs has maintained adequate capital adequacy which stood at 22.70% as on 30 Sep 2019 which is well above the minimum prescribed levels of 15% by the regulators.
- Consistent Improvement in Earnings Profile:** On a consolidated basis, for FY19, the company has reported Net Income of Operations of Rs 2796.88 Crs and PAT of Rs 929.50 Crs when compared to Rs 2390.31 Crs and Rs 676.48 Crs respectively for FY18 witnessing a YoY growth of 17.03%. For H1FY20, the company has reported Net Income of Operations of Rs 1656.09 Crs and PAT of Rs 679.88 Crs when compared to Rs 1330.51 & PAT of Rs 423.99 Crs.

On a standalone basis, for FY19, the company has reported Net Income of Operations of Rs 2400.43 Crs and PAT of Rs 790.45 Crs when compared to Rs 2132.40 Crs and Rs 689.60 Crs respectively for FY18 witnessing a YoY growth of 12.57%. For H1FY20, the

company has reported Net Income of Operations of Rs 1518.92 Crs and PAT of Rs 556.48 Crs when compared to Rs 1148.20 & PAT of Rs 364.97 Crs.

- **Adequate risk management & management information systems in place:** MFL has put in place adequate risk management systems. Branch employees have been trained to appraise gold jewelry provided as security against loan by prospective borrowers. The company has implemented systems for ensuring the gold security and reducing the custodial risks, including highly secured vaults with dual control and insurance of gold. All the branches are monitored by surveillance cameras. The core gold loan application software, which was developed in-house by MFLs team, is used by the branches and is linked to the financial software. Furthermore, all the branches are inter-connected which helps the company to extract various reports for monitoring all the branches on a day-to-day basis. The presence of adequate Information Technology and MIS ensures smooth functioning of operations and helps the senior management in exercising effective control of its operations.

#### **Credit Risks:**

- **Inherent risks associated with NBFCs:** Being a gold loan finance company, MFL is exposed to inherent risks such as price fluctuation of Gold, operational risks, and severe competition. Since the Company operates under highly regulated environment, it is also exposed to policy changes.
- **Geographical and Product concentration risk:** MFLs loan portfolio is largely concentrated with ~58% of total loans to southern states of India and ~65% of the loans are gold loans which exposes the company to geographical and product concentration risks. MFL has diversified in to into other synergistic products like Commercial Vehicle loans, MFI loans through its subsidiary “Asirvad Microfinance Pvt Ltd”, Housing loans through its subsidiary “Manappuram Home Finance Pvt Ltd” and Insurance broking under its subsidiary “Manappuram Insurance Broker Pvt Ltd” however, these portfolios are still at nascent stages.

#### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

BWR has taken into consideration both the standalone and consolidated financial profile of MFL (wherein the financial performances of MFLs subsidiaries, Asirvad Microfinance Pvt Ltd, Manappuram Home Finance Pvt Ltd and Manappuram Insurance Broker Pvt Ltd gets consolidated) and applied and applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### **RATING SENSITIVITIES**



**Positive:** Substantial increase in AUM and profitability with sustained asset quality will be key rating positives

**Negative:** Deterioration in asset quality by more than 2%, increase in gearing levels above 5x and lower than expected profitability will be key rating sensitivities.

### **LIQUIDITY POSITION: Strong**

Asset Liability Maturity profile demonstrates adequate liquidity with no cumulative mismatches across various buckets. This is due to longer tenure of the borrowings as compared to that of loans disbursed which is of short term in nature. The company also maintains undrawn bank lines in excess of Rs 1200 Crs and Cash & Bank balances of Rs 13,676 Crs as on 31 Oct 2019 which provided additional liquidity cushion.

### **COMPANY PROFILE**

Manappuram Finance Limited, formerly Manappuram General Finance and Leasing Limited, is the Group's flagship Company and was established in 1992 in Thrissur (Kerala). It is a Systemically Important -Non-Deposit taking NBFC and is mainly engaged in providing retail advances against Household Used Gold Jewellery. Manappuram is promoted by Mr. V P Nandakumar whose family has been involved in gold loans since 1949. Promoter & Promoter Group has a holding of 35.12 % as of 30 Sep 2019. It is listed on both NSE and BSE.

Mr. V P Nandakumar is the Managing Director and CEO of Manappuram Finance Limited. Mr. Jagdish Capoor is the Chairman and Independent/ Non-Executive Director on the Board of MFL. Besides him, the Board has six more Independent/ Non-Executive Directors and one Nominee Director who are eminent people with vast experience in the financial sector. The Company has a team of well-qualified and experienced professionals looking after credit, risk, marketing, audit and other support functions.

MFL is the flagship company of the group mainly engaged in providing Loan against gold and has diversified into other synergistic products like Commercial Vehicle loans, MFI loans through its subsidiary "Asirvad Microfinance Pvt Ltd", Housing loans through its subsidiary "Manappuram Home Finance Pvt Ltd" and Insurance broking under its subsidiary "Manappuram Insurance Broker Pvt Ltd". It has established pan-India presence, with a strong distribution network of 4,490 branches spread across 24 states and 4 union territories as of Sep 30 2019.

### KEY FINANCIAL INDICATORS (in ₹ Cr) (Standlaone)

Key Parameters	Units	FY17	FY18	FY19
Result Type		Audited	Audited	Audited
Consolidated AUM	Rs in Crs	13,657	15,765	19,438
Gold Loan Portfolio	Rs in Crs	11,125	11,735	12,962
Net Income from Operations	Rs in Crs	2004.46	2132.40	2400.43
PAT	Rs in Crs	726.03	689.60	790.45
GNPA	%	2.02	0.70	0.55
NNPA	%	1.72	0.32	0.32
CRAR	%	26.12	26.98	23.65
TNW	Rs in Crs	3,308	3,808	4,375
Gearing	Times	3.28	2.69	2.91

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: Nil**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Nil**

### RATING HISTORY

Sl. No.	Instrument/ Facility	Current Rating (Aug 2018)			Rating History			
		Type	Amount (RsCrs)	Rating	Jan 2019	Aug 2018	June 2018	Jul 2017
1.	NCD	Long Term	1000	BWR AA+ (Stable)	BWR AA+ (Stable)	BWR AA+ (Stable)	-	-
2.	NCD	Long Term	3				BWR AA (Stable)	BWR AA (Stable)
3	BLR	Long Term	7000			-	-	-



## COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)

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## Manappuram Finance Ltd

### ANNEXURE I

#### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1	Andhra Bank	Term Loan	400	120	520
		Cash Credit	73.12	-	73.12
2	Federal Bank	Term Loan	245	-	245
		Cash Credit	1.99	-	1.99
3	HDFC Bank	Term Loan	581.65	-	581.65
4	IDBI Bank	Term Loan	270	-	270

		Cash Credit	33.16	-	33.16
5	Karnataka Bank	Term Loan	100	-	100
6	Orinetal Bank of Commerce	Term Loan	320	-	320
		Cash Credit	1.99	-	1.99
7	Punjab National Bank	Term Loan	950	-	950
		Cash Credit	14.02	-	14.02
8	South Indian Bank	Cash Credit	4.86	-	4.86
9	State Bank of India	Term Loan	1000	-	1000
		Cash Credit	428.34	-	428.34
10	IndusInd Bank	Term Loan	400	-	400
11	Syndicate Bank	Term Loan	500	-	500
12	Bank of Baroda	Term Loan	150	-	150
		Cash Credit	7.83	-	7.83
13	Catholic Syrian Bank	Term Loan	56.25	-	56.25
14	UCO Bank	Term Loan	100	-	100
15	QNB	Term Loan	23	-	23
16	Canara Bank	Term Loan	95	-	95
		Cash Credit	2.30	-	2.30
17	Shinhan Bank	Term Loan	1.06	-	1.06
18	Indian Bank	Term Loan	200	-	200
19	Corporation Bank	Term Loan	500	-	500
20	Dhanlaxmi Bank	Term Loan	33	-	33

		Cash Credit	1	-	1
21	Woori Bank	Term Loan	50	-	50
22	Bajaj Finance Ltd	Term Loan	106.25	-	106.25
23	Yes Bank	Cash Credit	200	-	200
<b>Total Sanctioned</b>					6,969.82
<b>Total Proposed</b>					30.18
<b>Total Amount rated</b>					7,000

**Total Rupees Seven Thousand Crores only.**

**Manappuram Finance Ltd**  
**ANNEXURE II**  
**INSTRUMENT (NCD) DETAILS**

<b>Instrument</b>	<b>Issue Date</b>	<b>Amount (Rs in Cr)</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>ISIN Particulars</b>
NCD	20-Mar-2023	3.00	13%	20-Mar-2023	INE522D07552
	29-Nov-18	27.80	Zero Coupon	3-Jan-20	INE522D07AG3
	29-Nov-18	27.44	9.60%	29-Nov-21	INE522D07AH1
	29-Nov-18	57.42	10%	29-Nov-23	INE522D07AI9
	29-Nov-18	11.37	9.85%	28-Nov-20	INE522D07AJ7
	29-Nov-18	21.75	10%	29-Nov-21	INE522D07AK5
	29-Nov-18	30.00	10.40%	29-Nov-23	INE522D07AL3
	29-Nov-18	12.28	Zero Coupon	28-Nov-20	INE522D07AM1

	29-Nov-18	19.39	Zero Coupon	29-Nov-21	INE522D07AN9
	29-Nov-18	14.80	Zero Coupon	29-Nov-23	INE522D07AO7
	29-Nov-18	39.77	Zero Coupon	29-Nov-25	INE522D07AP4
	6-Mar-19	15.31	9.35%	6-Mar-22	INE522D07AU4
	6-Mar-19	28.50	9.75%	6-Mar-24	INE522D07AV2
	6-Mar-19	16.60	9.75%	6-Mar-22	INE522D07AW0
	6-Mar-19	20.54	10.15%	6-Mar-24	INE522D07AX8
	6-Mar-19	17.47	Zero Coupon	6-Mar-22	INE522D07AY6
	6-Mar-19	8.99	Zero Coupon	6-Mar-24	INE522D07AZ3
	6-Mar-19	20.48	Zero Coupon	5-May-26	INE522D07BA4

**Manappuram Finance Ltd**  
**ANNEXURE III**

**List of entities consolidated**

<b>Name of Entity</b>	<b>% ownership</b>	<b>Extent of consolidation</b>	<b>Rationale for consolidation</b>
Asirvad Microfinance Ltd	93.33%	Full	Subsidiary
Manappuram Home Finance Ltd	100%	Full	Subsidiary
Manappuram Insurance Brokers Pvt Ltd	100%	Full	Subsidiary





**For print and digital media** The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**About Brickwork Ratings** :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons

**Manappuram Finance Limited**  
September 09, 2020

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	6,044.39	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Short-term Bank Facilities	2,955.61	CARE A1+ (A One Plus)	Reaffirmed
<b>Total Bank Facilities</b>	9,000.00 (Rs. Nine thousand crore only)		
Non-Convertible Debentures – IV	100.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures – V	972.20	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures – VI	1,050.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures – VII	500.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures – VIII	100.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures – IX	250.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures - X	125.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Commercial Paper	4,000.00	CARE A1+ (A One Plus)	Reaffirmed
<b>Total Instrument</b>	7,097.20 (Rs. Seven thousand ninety seven crore and twenty lakh only)		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the bank facilities and debt instruments of Manappuram Finance Limited (MAFIL) factor in long track record of operations and the established market position of MAFIL as one of the leading players in the gold loan industry in India, experienced promoters & management team, healthy profitability indicators, good asset quality, comfortable capitalisation levels, diversified resource profile and adequate risk management & management information systems in place.

The ratings are, however, constrained by product concentration on a single asset class, exposure to price of gold and geographical concentration of the loan portfolio. The ratings also take note of limited track record in the vehicle & corporate loan portfolio.

**Rating Sensitivities****Positive Factors: Factors that could, individually or collectively, lead to positive rating action/upgrade**

- Increase in the scale of operations with improvement in geographical & product diversification along with stable asset quality

**Negative Factors: Factors that could, individually or collectively, lead to negative rating action/downgrade**

- Weakening of asset quality parameters
- Weakening of capital adequacy levels

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

**Detailed description of the key rating drivers****Key Rating Strengths*****Long track record and established market position***

MAFIL has an established track record of operations for more than 25 years in the gold loan financing segment and has consequently established a strong brand image in the market. MAFIL is the second-largest gold loan NBFC in India. The company's consistent efforts in advertising and branding strategy have increased its brand recall significantly amongst customers. As on March 31, 2020, MAFIL had 3,529 branches spread across India with AUM of Rs.19,093 crore.

***Experienced promoters and management team***

The promoters have been in the gold loan business for more than six decades. The business was founded by Mr V. C. Padmanabhan in 1949 and in 1986, Mr V. P. Nandakumar took over the business. Later in 1992, MAFIL was incorporated to expand the group's presence in gold loan business by opening branches pan India with 3,529 branches as on March 31, 2020. The day-to-day operations are looked after by a team of professionals overseen by the Board which comprises majority of independent directors with extensive experience in the NBFC sector. Mr Jagdish Capoor (former Deputy Governor, RBI and former Chairman of HDFC Bank) who had joined the Board in July 2010, has been the Chairman since May 2012.

***Healthy profitability***

Overall portfolio grew by 26% during FY20 (refers to the period April 01 to March 31) aided by relatively high growth majorly in Gold Loan Segment. Gold loan portfolio grew by 31% during FY20; on tonnage basis, gold holding (pledged) grew by 7.2% from 67.5 tonnes as on March 31, 2019 to 72.4 tonnes as on March 31, 2020. Vehicle finance portfolio witnessed a growth of 19% and NBFCs loan book de-grew by 37% in FY20 as the company decided to reduce this loan book.

NIM has seen slight moderation from 14.48% in FY19 to 13.54% in FY20, mainly on the account of increase in the cost of borrowings from 9.03% in FY19 to 9.35% in FY20. Yield on advances has also increased from 24.10% in FY19 to 24.78% in FY20.

Operating expenses to average total assets decreased from 7.14% in FY19 to 5.68% in FY20 mainly with decrease in security expenses. The company has rolled out cellular security vaults in about 3,524 branches, resulting in decrease in security expenses; security costs declined to Rs.47 crore in FY20 from Rs.104 crore in FY19. PPOP increased from Rs.1,244 crore in FY19 to Rs.1,765 crore during FY20. With credit costs remaining lower at 0.41% in FY20 (PY: 0.16%) and reduction in corporate taxes, ROTA has increased to 5.96% in FY20 from 4.93% in FY19.

***Good Asset Quality in gold loan business continues; Vehicle Finance asset quality witnessed moderation in FY20***

Due to shorter tenure, secured nature of the gold loans and timely auction, MAFIL was able to maintain asset quality of gold loan book at comfortable levels. MAFIL reported GNPA and NNPA of 0.88% and 0.47% as on March 31, 2020 as against GNPA and NNPA of 0.55% and 0.32% as on March 31, 2019. Net NPA to Net worth stood at 2.65% as on March 31, 2020, as against 1.12% as on March 31, 2019. GNPA in vehicle finance book stood at 6.7% on account of industry-wide impact and absence of collection in last few days of March due to outbreak of Covid-19. As on June 30, 2020, GNPA and NNPA stood at 1.25% and 0.70%. The company has also made increased provisions for the Vehicle finance portfolio during FY20 and Q1FY21.

The company has limited track record & low seasoning in new segments and performance through different economic cycles is yet to be established in these segments.

***Comfortable capitalization level***

The capitalization level continues to be comfortable aided by healthy internal accruals over the last few years. CAR and Tier 1 CAR as on March 31, 2020, stood at 21.74% and 21.41% as against 23.91% and 23.53% as on March 31, 2019. Overall gearing as on March 31, 2020 stood at 3.32 times as against 2.96 times as on March 31, 2019. CAR is likely to remain comfortable over the medium term. CAR as on June 30, 2020, stood at 22.90%.

***Adequate risk management & management information systems in place***

MAFIL has put in place adequate risk management systems. Branch employees have been trained to appraise gold jewellery provided as security against loan by prospective borrowers. The company has implemented systems for ensuring the gold security and reducing the custodial risks, including highly secured vaults with

dual control and insurance of gold. All the branches are monitored by surveillance cameras. The core gold loan application software, which was developed in-house by MAFIL team, is used by the branches and is linked to the financial software. Furthermore, all the branches are inter-connected which helps the company to extract various reports for monitoring all the branches on a day-to-day basis. It is worthwhile to note that MAFIL has developed app-based (web & mobile) application for re-pledge and closure of gold loans. The presence of adequate Information Technology and MIS ensures smooth functioning of operations and helps the senior management in exercising effective control of its operations.

***Diversified resource profile***

MAFIL has fairly diversified funding profile with access towards funding from banks and market instruments like NCDs and Commercial paper. As on March 31, 2020, the company's funding profile consisted of CC/WCDL from banks at 39% of total borrowings (PY: 50%) of overall funding mix, followed by NCDs at 17% (PY: 12%), term loans from banks at 17% (PY: 12%), ECBs at 15% (PY: Nil) and commercial paper at 11% (PY: 25%). During FY20, there has been increase in the long-term borrowings in the form of NCDs, ECBs and term loans from banks and reduction in short-term borrowings.

**Key Rating Weaknesses*****Product concentration of gold loans notwithstanding increase in share of non-gold loan segments in the past four years***

As on March 31, 2020, gold loans constituted around 89% of the portfolio as against 86% as on March 31 2019. As a part of diversification strategy, during FY15, MAFIL has ventured into vehicle finance and other segments. The vehicle finance portfolio stood at Rs.1,347 crore as on March 31, 2020, as against Rs.1,129 crore as on March 31, 2019, and vehicle finance portfolio stood at Rs.1,259 crore as on June 30, 2020. The company also built corporate loan portfolio wherein it lends only to NBFCs. MAFIL performs due diligence on these companies on regular basis. In addition to in-house team, it also uses the service of well-established third party for due diligence.

MAFIL has presence in microfinance and housing finance segments through its subsidiaries, namely, Asirvad Microfinance Limited (AMFL; rated 'CARE A+; Stable') and Manappuram Home Finance Private Limited (MHFL; rated 'CARE AA-; Stable'). MHFL is a wholly-owned subsidiary of MAFIL, whereas MAFIL holds 93.33% in AMFL as on March 31, 2020. MAFIL has been infusing equity into the subsidiaries on need basis. As on March 31, 2020, AMFL and MHFL has AUM of Rs.5,503 crore and Rs.630 crore, respectively. On consolidated basis, non-gold loan business accounted for 33% of the portfolio as on March 31, 2020 (PY: 34%).

***Geographical concentration***

MAFIL has pan-India presence with its 3,529 branches as on March 31, 2020. Over the past few years, the gold loans portfolio as a percentage of AUM in South India has been decreasing continuously. As on March 31, 2020, southern states constituted around 58% of the total portfolio (PY: 58%).

***Liquidity: Adequate***

The liquidity profile of MAFIL remained adequate with no cumulative mismatch in any of the time brackets in ALM as on March 31, 2020, due to shorter tenure of loan and relatively longer tenure of the borrowings. As on June 30, 2020, the company had cash and liquid investments of about Rs.3,287 crore. As on August 20, 2020, the company also had un-availed lines of around Rs.2,215 crore (including unutilised CC/WCDL of Rs.2,152 crore), and the company has not availed moratorium from any of the lenders.

**Analytical approach:**

Standalone considering the likely support to subsidiaries.

**Applicable Criteria**

[Criteria on assigning Outlook and Credit watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[CARE's Rating Methodology for Non-Banking Finance Companies \(NBFCs\)](#)

[Rating Methodology: Factoring Linkages in Ratings](#)



### About the Company

Manappuram Finance Limited (MAFIL) is an NBFC registered with RBI as non-deposit accepting loan company, headquartered in Valapad, Kerala. MAFIL is promoted by Mr V.P. Nandakumar in 1992 and as on March 31, 2020, the promoters' stake in MAFIL stood at 35.04%. The other major stake holders of MAFIL are Quinag Acquisition (Fpi) Ltd (9.91%), DSP Small cap Fund (5.23%), Baring India Private Equity (3.59%), Barclays Merchant Bank (2.92%) and the rest is held by FIIs.

The company offers loan against used jewellery/ gold ornaments and it constitutes around 90% of AUM as on June 30, 2020. During FY15, the company has ventured into vehicle financing and it constitutes 6% of AUM as on June 30, 2020. Rest of the AUM consists majorly of corporate NBFC loans and it stood at 3% as on June 30, 2020, respectively. The company has AUM of Rs.19,093 crore as on March 31, 2020 and has AUM of Rs.19,680 crore as on June 30, 2020.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total income	3427	4352
PAT	790	1230
Interest coverage (times)	2.17	2.19
Total Assets	17563	23722
Net NPA (%)	0.32	0.88
ROTA (%)	4.93	5.96

A:Audited

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

Not Applicable

**Rating History for last three years:** Please refer Annexure-2

### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	June 2023	1769.39	CARE AA; Stable
Fund-based - ST-Working Capital Demand loan	-	-	-	-	2955.61	CARE A1+
Fund-based - LT-Cash Credit	-	-	-	-	4275.00	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AH1	Nov 29, 2018	9.60%	Nov 29, 2021	27.44	CARE AA; Stable
Debentures-Non Convertible Debentures-V	NE522D07AI9	Nov 29, 2018	10.00%	Nov 29, 2023	57.42	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AJ7	Nov 29, 2018	9.85%	Nov 28, 2020	11.37	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AK5	Nov 29, 2018	10.00%	Nov 29, 2021	21.75	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AL3	Nov 29, 2018	10.40%	Nov 29, 2023	30.00	CARE AA; Stable

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures-V	INE522D07AM1	Nov 29, 2018	Zero Coupon	Nov 28, 2020	12.28	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AN9	Nov 29, 2018	Zero Coupon	Nov 29, 2021	19.39	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AO7	Nov 29, 2018	Zero Coupon	Nov 29, 2023	14.80	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AP4	Nov 29, 2018	Zero Coupon	Nov 29, 2025	39.77	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AU4	Mar 06, 2019	9.35%	Mar 06, 2022	15.31	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AV2	Mar 06, 2019	9.75%	Mar 06, 2024	28.50	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AW0	Mar 06, 2019	9.75%	Mar 06, 2022	16.60	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AX8	Mar 06, 2019	10.15%	Mar 06, 2024	20.54	CARE AA; Stable
Debentures-Non Convertible Debentures-V	NE522D07AY6	Mar 06, 2019	Zero Coupon	Mar 06, 2022	17.47	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07AZ3	Mar 06, 2019	Zero Coupon	Mar 06, 2024	8.99	CARE AA; Stable
Debentures-Non Convertible Debentures-V	INE522D07BA4	Mar 06, 2019	Zero Coupon	May 05, 2026	20.48	CARE AA; Stable
Debentures-Non Convertible Debentures-V (Proposed)	-	-	-	-	610.08	CARE AA; Stable
Debentures-Non Convertible Debentures IV & VI	INE522D07BF3	Feb 14, 2020	9.25%	Feb 14, 2023	425.00	CARE AA; Stable
Debentures-Non Convertible Debentures - VI	INE522D07BG1	Feb 14, 2020	9.25%	Feb 14, 2022	725.00	CARE AA; Stable
Debentures-Non Convertible Debentures-VII	INE522D07B17	May 08, 2020	9.00%	May 08, 2023	100.00	CARE AA; Stable
Debentures-Non Convertible Debentures VII & VIII	INE522D07BJ5	Jun 01, 2020	9.10%	Jun 01, 2023	500.00	CARE AA; Stable

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures - IX	INE522D07BK3	Jun 12, 2020	8.75%	Dec 12, 2021	250.00	CARE AA; Stable
Debentures-Non Convertible Debentures - X	INE522D07BN7	Jul 09, 2020	9.50%	Jul 09, 2030	125.00	CARE AA; Stable
Commercial Paper		-	-	7 days to 1 year	4000.00	CARE A1+

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (05-Jul-19)	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)
2.	Fund-based - LT-Term Loan	LT	1769.39	CARE AA; Stable	1)CARE AA; Stable (28-Apr-20)	1)CARE AA; Stable (10-Sep-19) 2)CARE AA; Stable (05-Jul-19) 3)CARE AA; Stable (19-Jun-19)	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)
3.	Fund-based - ST-Working Capital Demand loan	ST	2955.61	CARE A1+	1)CARE A1+ (28-Apr-20)	1)CARE A1+ (10-Sep-19) 2)CARE A1+ (05-Jul-19) 3)CARE A1+ (19-Jun-19)	1)CARE A1+ (06-Jul-18)	1)CARE A1+ (14-Aug-17)
4.	Fund-based - LT-Cash Credit	LT	4275.00	CARE AA; Stable	1)CARE AA; Stable (28-Apr-20)	1)CARE AA; Stable (10-Sep-19) 2)CARE AA; Stable (05-Jul-19) 3)CARE AA; Stable (19-Jun-19)	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)
5.	Debentures-Non Convertible	LT	-	-	-	1)Withdrawn (05-Jul-19)	1)CARE AA;	1)CARE AA;

	Debentures						Stable (06-Jul-18)	Stable (14-Aug-17)
6.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (05-Jul-19)	1)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (14-Aug-17)
7.	Commercial Paper	ST	4000.00	CARE A1+	-	1)CARE A1+ (10-Sep-19) 2)CARE A1+ (05-Jul-19)	1)CARE A1+ (06-Jul-18)	1)CARE A1+ (11-Sep-17)
8.	Debentures-Non Convertible Debentures	LT	100.00	CARE AA; Stable	1)CARE AA; Stable (13-Aug-20)	1)CARE AA; Stable (05-Jul-19)	1)CARE AA; Stable (06-Jul-18)	-
9.	Debentures-Non Convertible Debentures	LT	972.20	CARE AA; Stable	1)CARE AA; Stable (13-Aug-20)	1)CARE AA; Stable (05-Jul-19)	1)CARE AA; Stable (21-Aug-18)	-
10.	Debentures-Non Convertible Debentures	LT	1050.00	CARE AA; Stable	-	1)CARE AA; Stable (11-Feb-20)	-	-
11.	Debentures-Non Convertible Debentures	LT	500.00	CARE AA; Stable	1)CARE AA; Stable (30-Apr-20)	-	-	-
12.	Debentures-Non Convertible Debentures	LT	100.00	CARE AA; Stable	1)CARE AA; Stable (28-May-20)	-	-	-
13.	Debentures-Non Convertible Debentures	LT	250.00	CARE AA; Stable	1)CARE AA; Stable (10-Jun-20)	-	-	-
14.	Debentures-Non Convertible Debentures	LT	125.00	CARE AA; Stable	1)CARE AA; Stable (08-Jul-20)	-	-	-



**Annexure 3: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Commercial Paper	Simple
2.	Debentures-Non Convertible Debentures	Simple
3.	Fund-based - LT-Cash Credit	Simple
4.	Fund-based - LT-Term Loan	Simple
5.	Fund-based - ST-Working Capital Demand loan	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

# Ratings



## Rating Rationale

September 30, 2020 | Mumbai

### Manappuram Finance Limited

'CRISIL AA/Stable' assigned to NCD

#### Rating Action

Total Bank Loan Facilities Rated	Rs.5000 Crore
Long Term Rating	CRISIL AA/Stable (Reaffirmed)
Short Term Rating	CRISIL A1+ (Reaffirmed)

Rs.1500 Crore Non Convertible Debentures	CRISIL AA/Stable (Assigned)
Rs.300 Crore Non Convertible Debentures	CRISIL AA/Stable (Reaffirmed)
Rs.700 Crore Non Convertible Debentures	CRISIL AA/Stable (Reaffirmed)
Rs.500 Crore Non Convertible Debentures	CRISIL AA/Stable (Reaffirmed)
Rs.200 Crore Non Convertible Debentures	CRISIL AA/Stable (Reaffirmed)
Rs.350 Crore Non Convertible Debentures	CRISIL AA/Stable (Reaffirmed)
Non Convertible Debentures Aggregating Rs.1165.05 Crore	CRISIL AA/Stable (Reaffirmed)
Rs.250 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAr/Stable (Reaffirmed)
Rs.250 Crore Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAr/Stable (Reaffirmed)
Rs.4000 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL has assigned its 'CRISIL AA/Stable' rating to Rs 1500 crore non-convertible debentures of Manappuram Finance Limited (MAFIL; part of the Manappuram group). CRISIL has also reaffirmed its ratings on the bank facilities and other debt instruments at 'CRISIL AA/CRISIL PP-MLD AAr/Stable/CRISIL A1+'.

The ratings continue to factor in MAFIL's healthy asset quality, steady gold loan business and diversity in other asset classes, and strong profitability and return on assets. MAFIL has maintained healthy asset quality over the years, as reflected in quarter-end gross non-performing assets (GNPAs) of 0.5-1% for the gold loan portfolio over the past eight quarters, backed by strong collection efficiency. MAFIL has maintained steady asset quality at the consolidated level while diversifying its business into other asset classes. At the consolidated level, the GNPAs were 1.19% as on March 31, 2020 and 1.25% for the quarter ended June 30, 2020.

The non-gold loan portfolio (microfinance, vehicle finance and housing finance) accounted for around 30% of the total portfolio as on June 30, 2020 (33% as on March 31, 2020), against 19% as on March 31, 2017. Furthermore, all these businesses were profitable in fiscal 2020. The overall profitability has remained strong with consolidated return on managed assets (RoMA) of 5.6% during fiscal 2020.

While a larger proportion of borrowing comprised funding lines from banks and financial institutions (55%), the company's resource profile was diversified across avenues such as NCDs and subordinated debt (22%), commercial paper (CP; 9%), and external commercial borrowing (ECBs; 14%) as on June 30, 2020.

In the non-gold finance portfolio, the microfinance business accounted for Rs 5,038 crore as on June 30, 2020. The other two segments, vehicle finance and housing finance, had assets under management (AUM) of Rs 1,270 crore and Rs 627 crore as on June 30, 2020, respectively. The continuous broad basing of non-gold asset classes beginning 2015 has reduced the risk of monoline business and associated growth challenges.

The ratings continue to reflect the company's established market position in the gold finance business, which accounts for around 70% of the loan portfolio. The ratings also factor in sound capitalisation, reflected in consolidated networth of Rs 6,037 crore and low gearing of 4.0 times as on June 30, 2020. Profitability remains strong driven by high gross spreads and low credit cost, while the funding profile is expected to remain stable. These strengths are partially offset by high operating cost in the gold and microfinance businesses, geographical concentration of operations and the associated risks, and potential challenges associated with the non-gold product segments.

The nationwide lockdown to contain the spread of Covid-19 will have a near-term impact on disbursements and collections of non-banking financial companies (NBFCs). While the lockdown has been lifted, any delay in return to normalcy will put pressure on collections and asset quality. Additionally, any change in the payment discipline of borrowers can affect delinquency levels. However, for MAFIL, around 70% of the consolidated loan book is in the gold segment. Moreover, within the gold segment, the portfolio loan to value (LTV) is comfortable due to higher gold prices. Hence, timely auction will ensure that credit losses are negligible even if the company faces delinquencies. For the balance 30% of the portfolio, asset quality performance will be a key monitorable, especially in the microfinance segment.

On the liability side, the Reserve Bank of India (RBI) had announced regulatory measures under the Covid-19 - Regulatory Package, whereby lenders were permitted to grant moratorium on bank loans which was further extended by three months till August 31, 2020. However, MAFIL had not availed the moratorium from any of its lenders.

In terms of liquidity, the company's liquidity position remains strong with liquid balance of Rs 3,989 crore as on September 15, 2020 (including cash and liquid investments of Rs 1,856 crore and unutilized CC/WCDL limit of Rs 2133 crore). Liquidity cover for debt obligations arising over September and October 2020, without factoring in any roll over or incremental collections continues to remain adequate at over 1 time. However, the company has been able to roll over/ raise facilities and has also received other sanctions over the last 5 months.

#### Analytical Approach

For arriving at the ratings, CRISIL has combined the business and financial risk profiles of MAFIL and its subsidiaries, Asirvad Microfinance Ltd (Asirvad), Manappuram Home Finance Ltd (MAHOFIN) and Manappuram Insurance Brokers Pvt Ltd. This is because all the companies, collectively referred to as the Manappuram group, have significant financial, managerial and operational linkages.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

#### Key Rating Drivers & Detailed Description

##### Strengths:

##### \*Established market position in the gold finance business

The family of the promoter, Mr V P Nandakumar, has been in the gold-loan business for more than 60 years. Based on this industry experience, the company has designed an appropriate assessment and underwriting methodology. Assessing the purity of gold, fixing the sum that can be lent against a gram of gold, and determining appropriate LTV ratios are critical aspects in the assessment process. The company has a strong brand and reputation in south India (particularly Kerala and Tamil Nadu). Reputation and trust play a significant role in this segment as these give the customer an assurance of getting back personal gold ornaments once the loan is repaid. After shifting towards shorter tenure gold loans of three months in 2015 to de-risk the portfolio from sharp fluctuations in gold prices, the company has witnessed stability in business with an increase in customer base and gold holdings. The company has also seen an increase in the re-pledging of gold by existing customers, indicating higher customer retention. Delinquencies have also reduced leading to fewer auctions.

**\* Sound capitalisation**

The consolidated networth was Rs 6,037 crore and gearing was 4.0 times as on June 30, 2020. Large accretion to networth and moderation in gold loan growth in the past two fiscals resulted in a healthy standalone capital adequacy ratio of 22.9% as on June 30, 2020. Lower asset-side risk (security of gold, which is liquid and is in the lender's possession) also supports capitalisation. AUM in the gold loan segment is expected to grow at a steady rate over the medium term. Other segments (microfinance, housing finance and vehicle finance) have a relatively small scale. CRISIL understands that the group intends to cap its capital allocation to the microfinance segment at 10% due to the unsecured nature of business, and therefore, will look for external investors for the segment in the medium term. Therefore, despite continuation of rapid growth in the microfinance segment, the consolidated gearing is not expected to exceed 5 times over the medium term, though this will remain a key rating monitorable.

**\* Strong profitability driven by high gross spreads and low credit cost**

Profitability has remained strong with a consolidated RoMA of 4.6% for the quarter ended June 30, 2020 (5.6% during fiscal 2020), driven by the large profit generated by the gold loan and MFI businesses. The gold loan segment reported profit of Rs 1,180 crore in fiscal 2020, up from Rs 768 crore in fiscal 2019. The profitability has been sustained due to steady reduction in operating expenses and sustained focus on collection. The microfinance segment reported a profit of Rs 235 crore during fiscal 2020 against Rs 132 crore in fiscal 2019. The home finance segment, in its fourth year of operations, achieved breakeven with a profit of Rs 3 crore in fiscal 2019 (Rs 11 crore in fiscal 2020). For the quarter ended June 30, 2021, gold loan segment reported profit of Rs 369 crore while microfinance segment reported marginal loss of Rs 2.6 crore due to special covid-19 provisioning of Rs 75 crore provided during the quarter.

The consolidated yield increased to 23.9% during Q1 fiscal 2021 (23.4% in fiscal 2020) from 21.7% in fiscal 2018 aided by the microfinance and home loan portfolio. Operating cost reduced due to the benefits of operating leverage in fiscal 2020 with a year-on-year portfolio growth of 30% in fiscal 2020 against 23% a year earlier. Ability to maintain yields and limit operating cost will be critical for stability in profitability. Furthermore, in wake of Covid-19, the company is expected to have higher overdues during the first quarter of fiscal 2021 especially in the microfinance segment. Therefore, ability to restrict credit costs in both gold and non-gold finance segments will remain a key rating monitorable.

**\* Stable funding profile**

As on March 31, 2020, the company's consolidated borrowing (including off balance sheet funding through securitisation and ECBs) from banks (public and private) and financial institutions stood at around 63%; significantly higher compared to 12% as on March 31, 2019. During the same period, the share of CP has reduced significantly to 7.2% as compared to 21.45% a year ago. Because of its legacy and highly secured asset class, MAFIL was able to roll over existing bank lines/CP and continue to raise fresh funds from diversified sources. Between April 1 and September 15, 2020, the company raised fresh borrowing around Rs 3,198 crore that included Rs 665 crore through term loans/WCDL, Rs 2,533 crore through private placement of NCDs out of which Rs 600 crore and Rs 615 crore under TLTRO and Partial guarantee schemes respectively. The standalone cost of borrowing (yearly average) was 9.1% during fiscal 2020 (8.8% during fiscal 2019). The consolidated cost of borrowing (yearly average) increased to 9.9% during fiscal 2020 (9.5% in fiscal 2019). For the quarter ended June 30, 2020, the consolidated cost of borrowing stood at 9.9%.

**Weaknesses****\* High operating cost in the gold and microfinance businesses**

The nature of the gold loan business results in high operating cost. With a large network of 4,616 branches as on June 30, 2020, the company incurs substantial branch operating cost as proximity to the customer plays a key role in gold loan financing. Additionally, the company incurs high security cost to ensure the safety of the gold ornaments. To reduce cost per branch, the company is taking steps to increase the gold AUM per branch, which has improved consistently over the years. Though still low at Rs 5.5 crore per branch in Q1 fiscal 2021 (Rs 4.8 crore per branch in fiscal 2020), it has increased from Rs 3.8 crore per branch in fiscal 2019. The company has taken steps to shift customers towards online gold loans to reduce the staff cost at branches. The online gold loan proportion increased to 63% of the gold AUM in Q1 fiscal 2021 (48% of the gold loan AUM in fiscal 2020) from 39% in fiscal 2019.

On a standalone basis, the operating cost reduced to 5.7% in fiscal 2020 from 7.2% in fiscal 2019. The company has been taking steps to cross-sell other asset segments and use the existing branch network to reduce operating cost. As a result, the consolidated operating cost reduced to 5.6% in fiscal 2020 from 7.0% in fiscal 2019. In the microfinance business, the AUM per branch, though low at around Rs 5.3 crore as on March 31, 2020, has increased from Rs 2.6 crore as on March 31, 2017. The operating cost is expected to benefit from operating leverage as the portfolio scales up.

**\* Geographical concentration in operations and the associated risks**

Operations have significant regional concentration compared to large asset-financing NBFCs; South India accounted for 58% of total AUM as on June 30, 2020. Moreover, there is susceptibility to regulatory risks related to revenue concentration in a single asset class (gold-loan financing), which accounts for 83% of revenue. Though the company has ventured into the vehicle finance, affordable housing finance and microfinance segments, these accounted for 30% of the total portfolio and around 17% of revenue as on June 30, 2020. In view of the large gold loan book (70% of the total portfolio) and the presence of the gold loan business mainly in South India, revenue is likely to remain concentrated geographically and in terms of asset class over the medium term.

**\* Potential challenges associated with non-gold loan segments**

The non-gold segments accounted for 30% of the overall portfolio as on June 30, 2020 (33% as on March 31, 2020). While the company has managed to grow these businesses and increase the segmental share over the past two years, potential challenges linked to seasoning of the loan book and asset quality remain. The profitability of the microfinance segment was significantly affected by increased credit cost during fiscal 2018 in the aftermath of demonetisation. Also, the housing finance portfolio is not well seasoned. A portion of the vehicle finance portfolio has witnessed a full seasoning cycle and has seen some stability. However, given that the vehicle finance segment has entered new asset classes such as two-wheeler finance, asset quality as the portfolio scales up will remain a key monitorable. The collection efficiency in the microfinance and housing finance portfolios corrected in fiscal 2019. Nevertheless, managing the asset quality and credit cost over the long run will be critical.

With respect to the impact of Covid-19, most of the smaller segments that the company operates in—micro, small and medium enterprise (MSME) finance, home loans and micro finance—could witness challenges, especially in the salaried and self-employed segment, wherein income streams of borrowers is likely to be affected given the challenging macroeconomic environment. Collections across most of these segments dropped in April and May. However, the group is taking steps to improve collections in the non-gold businesses by engaging and reaching out to the borrowers. From a longer-term perspective, as growth within these segments has been limited so far, their asset quality and profitability will be key monitorables.

Gold loan companies run the risk of applicability of Kerala Money Lenders Act, 1958, for NBFCs in Kerala. The applicability of the Act is contingent on the decision of the Supreme Court. If applied, lending rates could be impacted and operating expenditure will increase due to the requirement to register each branch with local authorities in Kerala. As 7% of the gold loan portfolio and 15% of the company's branches are in Kerala, this remains a key rating monitorable.

**Liquidity Strong**

The company's liquidity remains strong, with liquid balance of Rs 3,989 crore as on September 15, 2020 (including cash and liquid investments of Rs 1,856 crore and unutilized CC/WCDL limit of Rs 2133 crore). Liquidity cover for debt obligations arising over September and October 2020, without factoring in any roll over or incremental collections continues to remain adequate at over 1 time. However, the company has been able to roll over/raise facilities and has also received other sanctions over the last 5 months. MAFIL has not availed of the moratorium from any of its lenders under RBI's Covid-19 Regulatory Package.

**Outlook: Stable**

CRISIL believes MAFIL's capitalisation and asset quality will remain strong supported by its gold loan business. The strong earnings will also provide support as the company diversifies into other asset classes and scales up its non-gold business.

**Rating Sensitivity Factors****Upward factors**

- \* Diversification into non-gold secured asset classes and increase in their AUM share to over 40% without impairing asset quality
- \* Demonstrated ability to profitably scale up the housing and vehicle finance businesses significantly on standalone basis while maintaining asset quality

**Downward factors**

- \* Increase in consolidated gearing to over 5 times
- \* Steep decline in interest collection in the gold loan business or deterioration in asset quality or profitability in the non-gold loan segments.

**About the Company**

Incorporated in July 1992 and promoted by Mr V P Nandakumar, MAFIL is the flagship company of the Manappuram group. It is a non-deposit-taking NBFC that provides finance against personal gold ornaments. It had 4,380 branches across India as on March 31, 2019. The company went public in August 1995, with shares listed on the stock exchanges of Chennai, Kochi and Mumbai (Bombay Stock Exchange and National Stock Exchange). Over the past three years, the Manappuram group has diversified into other businesses such

as microfinance, vehicle finance, loans against property and affordable housing finance. It also entered the insurance broking business.

The overall AUM of Rs 25,346 crore as on June 30, 2020, includes gold loan (70%), microfinance (20%), commercial vehicle finance (5%), housing (2%) and lending to other NBFCs (3%). The gold loan portfolio is diversified across 28 states and Union Territories, while the microfinance, commercial vehicle and housing finance portfolios are diversified across 23, 22 and 9 states, respectively.

For fiscal 2020, consolidated profit after tax (PAT) was Rs 1,480 crore on total income of Rs 5,551 crore, against a PAT of Rs 948 crore on total income of Rs 4242 crore for fiscal 2019. For Q1 fiscal 2021, company reported consolidated PAT was Rs 368 crore on total income of Rs 1,516 crore.

#### Key Financial Indicators of MFL - Consolidated

As on/for the period ended		June-2020	March-2020	March-2019
Total managed assets#	Rs crore	32,786	30,987	22,115
Total income	Rs crore	1,516	5,551	4242
Profit after tax	Rs crore	368	1,480	948
Gross NPA@	%	1.25	0.9	0.5
Adjusted gearing#	Times	4.0	3.8	3.3
Return on managed assets#	%	4.6	5.6	4.7

#Including off balance sheet assets,  
@Standalone

**Any other information:** Not applicable

#### Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments and are included (where applicable) in the Annexure -- Details of Instrument in this Rating Rationale. For more details on the CRISIL complexity levels, please visit [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels).

#### Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating
NA	Non-Convertible Debentures^	NA	NA	NA	1500	Simple	CRISIL AA/Stable
NA	Non-Convertible Debentures^	NA	NA	NA	300	Simple	CRISIL AA/Stable
INE522D07BV0	Non-Convertible Debentures^	30-Sep-20	7.35%	30-Mar-22	50	Simple	CRISIL AA/Stable
INE522D07BU2	Long Term Principal Protected Market Linked Debentures	07-Sep-20	8.10%	07-Mar-23	100	Highly complex	CRISIL PP-MLD AAr/Stable
INE522D07BT4	Long Term Principal Protected Market Linked Debentures	20-Aug-20	8.45%	06-Feb-23	150	Highly complex	CRISIL PP-MLD AAr/Stable
INE522D07BS6	Non-Convertible Debentures	19-Aug-20	8.35%	18-Feb-22	100	Simple	CRISIL AA/Stable
INE522D07BQ0	Non-Convertible Debentures	31-Jul-20	8.35%	31-Jan-22	335	Simple	CRISIL AA/Stable
INE522D07BP2	Non-Convertible Debentures	21-Jul-20	8.50%	21-Jul-22	250	Simple	CRISIL AA/Stable
NA	Long Term Principal Protected Market Linked Debentures^	NA	NA	NA	2	Highly complex	CRISIL PP-MLD AAr/Stable
INE522D07BO5	Long Term Principal Protected Market Linked Debentures	16-Jul-20	9.00%	24-Jun-22	70	Highly complex	CRISIL PP-MLD AAr/Stable
INE522D07BO5	Long Term Principal Protected Market Linked Debentures	10-Jul-20	9.00%	24-Jun-22	178	Highly complex	CRISIL PP-MLD AAr/Stable
INE522D07BM9	Non-Convertible Debentures	09-Jul-20	8.75%	09-Jan-22	225	Simple	CRISIL AA/Stable
INE522D07BL1	Non-Convertible Debentures	23-Jun-20	8.75%	23-Dec-21	150	Simple	CRISIL AA/Stable
INE522D07BH9	Non-Convertible Debentures	27-Mar-20	9.25%	27-Mar-23	200	Simple	CRISIL AA/Stable
INE522D07BE6	Non-Convertible Debentures	31-Dec-19	9.75%	31-Dec-21	350	Simple	CRISIL AA/Stable
INE522D07BN7	Non-Convertible Debentures	09-Jul-20	9.50%	09-Jul-30	125	Simple	CRISIL AA/Stable
INE522D07BB2	Non-Convertible Debentures	27-Sep-19	10.50%	27-Sep-22	215	Simple	CRISIL AA/Stable
INE522D07BC0	Non-Convertible Debentures	07-Nov-19	9.75%	07-Nov-22	250	Simple	CRISIL AA/Stable
INE522D07BD8	Non-Convertible Debentures	18-Nov-19	9.75%	18-Nov-22	200	Simple	CRISIL AA/Stable
INE522D07AF5	Non-Convertible Debentures	31-Jul-18	9.50%	31-Jul-21	50.5	Simple	CRISIL AA/Stable
INE522D07AE8	Non-Convertible Debentures	29-Jun-18	9.50%	29-Jun-21	199.5	Simple	CRISIL AA/Stable
INE522D07AD0	Non-Convertible Debentures	30-Oct-17	9%	30-Oct-20	200	Simple	CRISIL AA/Stable
INE522D07834	Non-Convertible Debentures	18-Oct-14	Zero Coupon	18-Jan-21	15.1	Simple	CRISIL AA/Stable
NA	Commercial Paper	NA	NA	7-365 days	4000	Simple	CRISIL A1+
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	6.25	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	28-Jun-21	50	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	08-Jul-21	87.5	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	30-Sep-22	400	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	22-Mar-22	225	NA	CRISIL AA/Stable
NA	Term Loan	NA	NA	28-Jan-22	56.25	NA	CRISIL AA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	3495	NA	CRISIL AA/Stable
NA	Cash Credit/ Overdraft facility	NA	NA	NA	660	NA	CRISIL AA/Stable
NA	Bank Guarantee	NA	NA	NA	20	NA	CRISIL A1+

^Yet to be issued

#### Annexure - List of Entities Consolidated

Entity consolidated	Extent of consolidation	Rationale for consolidation
Asirvad Microfinance Ltd	Full	Subsidiary
Manappuram Home Finance Ltd	Full	Subsidiary
Manappuram Insurance Brokers Pvt Ltd	Full	Subsidiary

#### Annexure - Rating History for last 3 Years

Instrument	Type	Current		2020 (History)		2019		2018		2017		Start of 2017
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Commercial Paper	ST	4000.00	CRISIL A1+	14-08-20	CRISIL A1+	24-12-19	CRISIL A1+	17-08-18	CRISIL A1+	08-12-17	CRISIL A1+	--
				11-08-20	CRISIL A1+	19-09-19	CRISIL A1+	20-07-18	CRISIL A1+			
				13-07-20	CRISIL A1+	10-09-19	CRISIL A1+	06-07-18	CRISIL A1+			
				06-07-20	CRISIL A1+	30-08-19	CRISIL A1+	28-06-18	CRISIL A1+			



				16-06-20	CRISIL A1+							
				19-03-20	CRISIL A1+							
				08-01-20	CRISIL A1+							
Long Term Principal Protected Market Linked Debentures	LT	500.00 30-09-20	CRISIL PP-MLD AA/Stable	14-08-20	CRISIL PP-MLD AA/Stable		--		--		--	--
				11-08-20	CRISIL PP-MLD AA/Stable							
				13-07-20	CRISIL PP-MLD AA/Stable							
				06-07-20	CRISIL PP-MLD AA/Stable							
Non Convertible Debentures	LT	4715.05 30-09-20	CRISIL AA/Stable	14-08-20	CRISIL AA/Stable	24-12-19	CRISIL AA/Stable	17-08-18	CRISIL AA-/Positive	08-12-17	CRISIL AA-/Stable	CRISIL AA-/Stable
				11-08-20	CRISIL AA/Stable	19-09-19	CRISIL AA/Stable	20-07-18	CRISIL AA-/Stable	25-10-17	CRISIL AA-/Stable	
				13-07-20	CRISIL AA/Stable	10-09-19	CRISIL AA/Stable	06-07-18	CRISIL AA-/Stable	04-10-17	CRISIL AA-/Stable	
				06-07-20	CRISIL AA/Stable	30-08-19	CRISIL AA/Stable	28-06-18	CRISIL AA-/Stable			
				16-06-20	CRISIL AA/Stable							
				19-03-20	CRISIL AA/Stable							
				08-01-20	CRISIL AA/Stable							
Short Term Debt	ST									25-10-17	CRISIL A1+	CRISIL A1+
										04-10-17	CRISIL A1+	
Fund-based Bank Facilities	LT/ST	4980.00	CRISIL AA/Stable	14-08-20	CRISIL AA/Stable	30-08-19	Withdrawal	17-08-18	CRISIL AA-/Positive	08-12-17	CRISIL AA-/Stable	CRISIL AA-/Stable
				11-08-20	CRISIL AA/Stable			20-07-18	CRISIL AA-/Stable	25-10-17	CRISIL AA-/Stable	
				13-07-20	CRISIL AA/Stable			06-07-18	CRISIL AA-/Stable	04-10-17	CRISIL AA-/Stable	
				06-07-20	CRISIL AA/Stable			28-06-18	CRISIL AA-/Stable			
				16-06-20	CRISIL AA/Stable							
				19-03-20	CRISIL AA/Stable							
				08-01-20	CRISIL AA/Stable							
Non Fund-based Bank Facilities	LT/ST	20.00	CRISIL A1+	14-08-20	CRISIL A1+		--		--		--	--
				11-08-20	CRISIL A1+							
				13-07-20	CRISIL A1+							
				06-07-20	CRISIL A1+							
				16-06-20	CRISIL A1+							
				19-03-20	CRISIL A1+							
				08-01-20	CRISIL A1+							

All amounts are in Rs.Cr.

## Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	20	CRISIL A1+	Bank Guarantee	20	CRISIL A1+
Cash Credit/ Overdraft facility	660	CRISIL AA/Stable	Cash Credit/ Overdraft facility	660	CRISIL AA/Stable
Proposed Long Term Bank Loan Facility	6.25	CRISIL AA/Stable	Proposed Long Term Bank Loan Facility	6.25	CRISIL AA/Stable
Term Loan	818.75	CRISIL AA/Stable	Term Loan	818.75	CRISIL AA/Stable
Working Capital Demand Loan	3495	CRISIL AA/Stable	Working Capital Demand Loan	3495	CRISIL AA/Stable
Total	5000	--	Total	5000	--

## Links to related criteria

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)[Rating Criteria for Finance Companies](#)[CRISILs Criteria for Consolidation](#)[CRISILs Criteria for rating short term debt](#)

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