

Manappuram Finance

BSE SENSEX 71,437
S&P CNX 21,453

CMP: INR173

TP: INR205 (+19%)

Buy



Stock Info

Bloomberg	MGFL IN
Equity Shares (m)	846
M.Cap.(INRb)/(USDb)	146.2 / 1.8
52-Week Range (INR)	177 / 101
1, 6, 12 Rel. Per (%)	3/21/31
12M Avg Val (INR M)	1567
Free float (%)	64.8

Financials Snapshot (INR b)

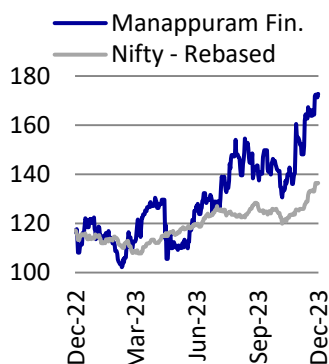
Y/E March	FY24E	FY25E	FY26E
NII	55.3	65.1	77.5
PPP	34.4	40.0	47.8
PAT	22.3	25.5	30.4
EPS (INR)	26.4	30.1	35.9
EPS Gr. (%)	48.8	14.1	19.3
BV/Sh. (INR)	137	163	194
Ratios (%)			
NIM	14.6	14.2	14.2
C/I ratio	42.6	42.5	41.6
Credit cost	5.1	4.9	4.9
RoA	21.1	20.1	20.1
RoE	14.2	13.0	13.7
Valuation			
P/E (x)	6.6	5.8	4.8
P/BV (x)	1.3	1.1	0.9

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	35.2	35.2	35.2
DII	12.3	10.7	12.2
FII	27.1	30.7	28.4
Others	25.5	23.4	24.3

FII Includes depository receipts

Stock performance (one-year)



Non-gold businesses appear promising if executed well

Guides for consolidated AUM CAGR of 20% and RoE of ~20%

- At its analyst/investor meet, MGFL's senior management team showcased the company's capabilities in its non-gold business including MFI, vehicle finance, home finance and MSME & allied products.
- Beyond its view/outlook on the gold business, MGFL presented a drill-down on each of its non-gold businesses, including 1) a peek into its sourcing, underwriting and collection processes, 2) how these businesses have successfully navigated Covid and have reverted to pre-Covid business indicators, and 3) readiness to now exhibit healthy AUM growth and profitability in non-gold businesses.

Key takeaways

- MGFL continued to guide for 8-10% YoY growth in gold loans. With the revival of economic activity for NBFC gold loan customers, it expects to revert to the a 10-12% gold loan growth trajectory after a few quarters.
- The company believes that maintaining gold loan yields of 21-22% is better than pursuing higher gold loan growth at lower yields. It can deliver a ~20% consolidated AUM CAGR and ~20% RoE without low-yielding gold loans.
- The JLG model in MFI is successful - collection to billing remained at ~100%. While there was some lag in collections in Asirvad, it has now come back to pre-Covid levels. Digital collections of ~14% in MFI is also encouraging.
- The management did not ascribe any credibility to media articles of Jio Finance looking to acquire a stake in MGFL or buying the promotor stake.
- MGFL has been pursuing a conscious strategy of diversification and de-risking the portfolio. It reiterated its target of achieving 50:50 AUM mix between gold and non-gold businesses in the near term. The company has decentralized underwriting and disbursement in its non-gold businesses and plans to leverage data analytics to arrive at informed credit decisions.

Gold Loans: Looking for a steady 8-10% growth at yields of 21-22%

- As of 1HFY24, Gold AUM stood at INR208b with a customer base of 2.5m.
- The company expects gold prices to be supported by geopolitical events and low interest rates in the US. Gold loan demand will become price-agnostic and MGFL can provide hassle-free gold loans. Elevated gold prices will lend another layer of comfort to the industry.
- Buoyancy in economic activity will spur gold loan demand. With the RBI clamping down on small-ticket unsecured loans, customers will turn to gold loans for their working capital and emergency needs. CY24 will be a better-than-expected year for the gold loan industry.

Microfinance: IPO-bound; asset quality and collections holding up well

- Despite rural distress, MFIs have not shown any deterioration in asset quality. The removal of spread caps is a win-win for lenders and customers.
- Among its peers, Asirvad was the first and fastest to get an AA- rating from credit rating agencies.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Well-diversified in terms of geographical spread. No district with >1%, No State with >10% concentration and AUM of no State should be >5% of estimated MFI market size of the state. **Top three states account for 37% of AUM for Asirvad (vs. 43% as of FY21).**
- Expertise in underwriting MFI customers is driven by a combination of traditional and alternate data. It evaluates a customer's standards of living, including the household appliances in the customer's house, and leverages score-based evaluation for disbursements.
- MGFL has a monthly collection model and physical visits by loan officers for cash collection. Daily collections are deposited by loan officers to the branch.

Vehicle Finance: Co-located with gold branches; managing delinquencies well

- The vehicle finance business had come to a grinding halt during Covid. Since then, there has been a de-centralization of decision-making, with this business clocking ~INR2.5-2.6b of monthly disbursements.
- The cheque bounce rate stood at ~22% (Sep'23) and has been consistently improving over the last few years. MAFIL also carries out post-disbursement checks and regular portfolio checks for early warning signals.
- 2W loans are completely automated and MGFL boasts a TAT of 12-15 minutes in this segment (which is comparable to the best in the industry). It has moved to e-agreements in 2W and will be rolling it out in all other VF products.
- Looking to aggressively tie-up with OEMs - Recently tied up with JCB which was looking to foray into the used equipment business.

Home Finance: Affordable HL in Tier 3/4 for self-employed non-professionals

- Customers are predominantly self-employed non-professionals (~77%) and salaried (20%). It also caters to informal salaried customers.
- Ticket sizes between INR100k to INR2.5m with average ticket size of INR600k
- The sourcing is typically done through MAFIL (Gold loan branches) and Asirvad (MFI branches). It has decentralized underwriting and disbursement, and customer selection is done through score cards.
- Risk is kept under control through lower LTV, lower loan ticket sizes, local understanding of profiles and properties, centralized credit monitoring and operational oversight.
- It has an in-house field collection team with ~94% NACH activated customers.

MSME and Allied: ATS around INR400-600k; strong scalability with cross-sell

- Across all the three sub-products of MSME, micro home finance and secured personal loans, the average tenor is 5-6 years, with credit costs below 0.5% and bounce rates around 4-6%.
- Cross-selling is done to existing gold loan customers having good track record (60-65% gold loan customers); Direct sourcing through its own employees with most of the leads generated through direct marketing activities.

- Sales executives are well trained in assessing the customer's cash flow, valuation of collateral, and verification of documents. Underwriting of loans is done based on the current cash flow of customers.
- After disbursement, 100% oversight is done by regional operations head, credit head, regional civil and legal oversights.

Valuation and View

- To mitigate the cyclicity in the gold loan segment, MGFL has been actively diversifying into non-gold segments, with the share of non-gold products in the company's AUM mix at 47% (vs. 37% YoY).
- MGFL presented its non-gold businesses have successfully navigated Covid and have reverted to pre-Covid business level. It also exhibited its readiness to deliver healthy AUM growth and profitability in its non-gold businesses.
- The management has stated that it will not pursue loan growth at the cost of a compression in spreads, which we believe will continue to be a driver for higher profitability. MGFL trades at 1.0x Sep'25E P/BV and we believe that there is a scope for a re-rating in valuation multiples for a franchise that can deliver a sustainable RoE of ~20%. Risk-reward for MGFL is favorable and **we maintain our BUY rating with a revised TP of INR205 (based on 1.2x Sep'25E consolidated BVPS).**

Highlights from the analyst meet

Outlook on the industry and growth guidance on Gold Loans - VP Nandakumar

- Discipline has reflected in steady and sustained loan growth a multitude of loyal customers.
- As on 1HFY24, Gold AUM stood at INR208b and a customer base of 2.5m.
- Well-capitalized with a CRAR of ~31% (standalone) as of Sep'23.
- The NBFC sector is at a crucial juncture now with total AUM of INR34t and the size is ~25% of the banking industry. It has emerged as a major provider of credit to end customers. Asset quality of NBFCs continues to be comfortable despite the exposure to the unsecured portfolio. Despite rural distress, MFIs have not shown any deterioration in asset quality. The removal of spread caps is a win-win for both the lenders and customers. Ticket sizes are not high and the hassle of a regular banking activity is avoided.
- MGFL's overall AUM saw a 5-year CAGR of 17.6% vs. industry growth rate of ~9%.
- Leadership position in the gold-jewelry backed loans - Significant quantum of liquid gold collateral
- Does not foresee a significant impact of RBI circular on higher risk weights on bank loans to NBFCs.
- ~60% of the Gold lending sector is dominated by informal players. Registered a CAGR of ~11% over the last five years.
- Gold loan yields at ~21.9% and gold loan branches are more in the South (63%), North (17%) and East and Western India (10% Each). Expect Gold loans to grow at 8-10% because of the inherent potential
- Online Gold Loans (OGL) rose from ~36% (FY19) to 59% (1HFY24)
- Gold prices are expected to find support from geo-politics and low US interest rates. Gold loan demand will become price-agnostic and MGFL can provide hassle-free gold loans.
- Elevated gold prices will lend another layer of comfort to the industry.
- Buoyancy in the economic activity will spur gold loan demand.
- With RBI clamping down on small-ticket unsecured loans, customers will turn to gold loan for their working capital and emergency needs.
- CY24 will be a better than expected year for the gold loan industry.

Vision for the company and plan for Non-Gold [MGFL: Getting ready for the Future]

- Dr. Sumita Nandan was earlier (2015-18) the CEO of the Online Gold Loans (OGL) for MGFL. A year ago, she was appointed the Executive Director.
- MGFL is poised for exciting growth as wonderful opportunity beckons the franchise.
- MGFL has been pursuing a conscious strategy of diversification and de-risk the portfolio.
- Reiterated its target of achieving 50:50 AUM mix between gold and non-gold businesses.

- MFI - 1HFY24 PAT of INR2.29b | NPA of 3% | Geographic spread of 88:12 between Rural and Urban. Capital adequacy stood at 24% as of Jun'23. Regulator dispensation of removing the spread caps has been a big enabler for MFIs.

Vehicle and Equipment Finance

- AUM was INR31.4b as of Sep'23 with a YoY growth of ~67%. It delivered an AUM CAGR of 17% over the last 4 years.
- GNPA has declined from 6.7% (FY22) to 2.5% (Sep'23)
- Industry potential: Share of non-metro cities in used vehicle finance expected to rise from 48% to 55% (by FY25). Penetration of financing is lower and is dominated by NBFCs.
- Cheque bounce rate is 28%
- Infrastructure push from government will provide big push to CV sales - MGFL has ventured into EV financing

Home Loans - Affordable Housing

- AUM stood at INR13b and grew 66% YoY. It has 66 branches and it has delivered an AUM CAGR of ~16% over FY19-FY23.
- Asset quality has improved sharply from 6.4% to 1.8% (Sep'23)
- Decentralized disbursement and underwriting - Enhance focus of Tier 3 and Tier 4 cities to take advantage of PMAY-Grameen scheme.

MSME - Huge untapped potential

- AUM (incl. personal loans) stood at ~INR27b as of Sep'23.
- GNPA stands at 1.9% and delinquency is 2-3%. Cheque bounce rate at 5-6%.
- New products like Loans to nurses and doctors, teacher loans, loans to food processing units
- Actively explore tie-ups and co-lending arrangements.
- Only way to avoid disruption is to leverage technology - plans to use data analytics to arrive at informed credit decisions - putting to good use the valuable customer data.

Microfinance - BN Raveendra Babu - MD, Asirvad MFI

- Started in 2008 in Chennai - As part of diversification program, MAFIL acquired it in 2015 with AUM of INR3.5b
- Asirvad launched gold loan product in FY21 and Mr. Raveendra Babu was appointed as the MD in FY22
- Industry MFI AUM crossed INR3.5t as of Mar'23 and as per industry estimates, it will cross INR5.5t by 2026.
- Market share of ~7.7%
- Among its peers, it is the first and fastest to get an AA- rating from the credit rating agencies.
- Technology is the main contributor to this growth and advanced/scaled tech infrastructure of Asirvad is hosted in private cloud of Oracle.
- Technology software is home-grown and can be customized as per Asirvad's requirements.

- Automated all key processes and has analytics for portfolio analytics. It has technology to monitor the movement of FTUs.
- Asirvad has 1738 branches across 22 States and 4 UTs

Most Diversified in terms of geographical spread

- No district with >1% concentration in AUM
- No State with >10% concentration in AUM
- AUM of no State should be >5% of estimated MFI market size of the state.
- Top 3 States contribute 37% for Asirvad (vs. 43% as of FY21).

Prudent Risk management with crisis-tested underwriting and collection capabilities

Underwriting

- Expertise in underwriting MFI customers basis combination of traditional and alternate data
- Evaluate the customer's standard of living including the household appliances in the customer's house.
- Leverage score-based evaluation for customer disbursements.
- For new customers, the ticket size is capped at INR40k. For existing customers, it evaluates the past credit record to decide the ticket sizes.
- Disbursements around 15,000 loans per day and INR500m of loans disbursed every day.

Collections

- Model: Monthly collection model and physical visit by FDAs for cash collection. Daily collections deposited by FDAs to branch.
- Controls: Real time SMS acknowledgement post repayment by customers. Real time update of collections within the organization and movement of FDAs are geo-tagged. Sends automated reminders to the customers before the due date.
- Recovery: Intensive follow-ups by FDAs, Assistant BMs and BMs
- App allows part payments and pre-payments
- Digital collection capabilities: 13.8% of the total collections in FY23 came through digital channels.

Vehicle and Equipment business - Kamal Parmar

- Has been part of this franchise since the first loan was booked in Jan'15
- Things came to a grinding halt in Vehicle Finance during Covid
- Decentralization of decision-making
- Clocking INR2.5-2.6b of quarterly disbursements per month.
- VEF is co-located with the gold loan branches - it has been able to manage the delinquencies very well.
- Cheque bounce rate stood at ~22% (Sep'23) and has been consistently improving over the last few years.
- Total employees of 3,800+
- With rural and semi-urban India likely to grow in further years, it is well poised for strong growth
- 2W loans are completely automated and boasts a TAT of 12-15 min in 2W loans (which is comparable to the best in the industry).

- Looking to aggressively tie-up with OEMs - Recently tied up with JCB which is looking for a foray in used equipment business.
- Moved to e-agreements in 2W and will be rolling it out in all the other VF products.
- CRM division - this department takes care of the customer relationship from loan origination to closure.

Sourcing

- Direct Sourcing and through channel/dealers
- CAM is prepared by Credit Team and sanctioning is de-centralized to Regional and Branch levels

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Underwriting: CAM Verification process, Tele-verification, Reference Checks, Grading customers and deviation marking and opportunity recommended to the business team for final decision.

Collections: MAFIL also carries out post-disbursement checks and does regular portfolio checks so that all early warning signals are detected.

Business Heads

- Mr. Digbijay Bandyopadhyaya - CV & CE Business Head (ex Citigroup, GE Capital and Magma)
- Hemant Patil - Car Business Head (ex ICICI, Magma)
- Sathyanarayan Rao - Farm Equipment Business Head (ex ABN Amro and LTFH)
- Ajay Shelke - 2W Business Head (ex HDFC Bank and Hinduja Leyland)

MSME and Allied Businesses

- Started this segment in Jan'19. As of FY20, AUM grew to INR1.5b and asset quality stress surfaced because of COVID.
- FY21 - Cheque bounce of 20% and delinquency at 12%
- FY22 - AUM crossed ~INR8.7b - Merged non-performing divisions to 4 verticals - MSME, Micro Home Finance, Secured Personal loan and digital personal loan.
- MSME - FY23- AUM crossed INR9b and Credit Costs below 0.5% and bounce rate between 4-5%
- Micro Home Finance: Ticket Size of ~INR500K and credit costs below 0.5% and bounce rate between 3-4%
- Secured Personal Loans: Ticker Size of INR420K and credit costs below 0.5% and bounce rate between 5-6%

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Origination and Sourcing of loans: Predominantly through its own gold loan customers.

- Decentralized underwriting and disbursement for lower size loans at the branch level
- At least 2 levels of assessment by Sales Executive and Branch Credit Head.
- Sales executives are well trained in assessing the cashflow of customers, collateral valuation and document verification.

Ensuring Asset Quality

- Post disbursement ,100% oversight done by Regional Operations Head, Credit Head, Regional CIVIL and Legal oversights
- Multiple layers of audit and control

Customer Service Collection

- In-house local collection team; RM assigned to each customer immediately on loan disbursal and same officers continue through the tenor.

MSME Management Team

- Ratheesh PM - Business Head - Micro Home Finance
- Vijaykumar KB - Business Head - MSME
- VIPIN TS - Business Head - Secured Loan Division

Manappuram Home Finance

- 2014 - Acquired a company named Milestone and renamed it as Manappuram Home Finance
- Customers are predominantly self-employed non-professionals (~77%) and informal salaried (20%).
- Ticket Sizes between INR500K to INR2.5m
- Decentralized underwriting and disbursement - Selection of customer through score-cards.
- Sourcing through MAFIL (Gold loan branches) and Asirvad (MF branches)
- Risk control mechanism: Lower LTV, lower loan ticket sizes

Q&A discussion

- Gold loans can be segmented into 1) Small ticket up to INR50K-60K for short tenor and 2) High ticket gold loans.
- Guided for Gold AUM CAGR of 8-10%
- Acquiring 4000 gold loan customers per day and with a gold AUM CAGR of 8-10%, it can maintain gold loan yields between 21-22%
- For higher ticket sizes and longer tenors, the customer goes to the bank but for lower ticket sizes and short-tenors, a customer will take gold loan from an NBFC.
- Believes that maintaining gold loan yields of 21-22% is better than pursuing gold loan growth at lower yields. It can deliver ~20% consolidated AUM CAGR with ~20% RoE without doing lower-yielding gold loan business.
- Post Covid, activities of NBFC gold loan customers have declined - this segment has now revived and it expects to move to the trajectory of 10-12% gold loan growth within the next few quarters.
- JLG model in MFI is still successful - Collection to billing remained at ~100% - Asset quality has been good - there has been some lag in collections and it has now come back to pre-Covid levels - Digital collections of ~14% in MFI is encouraging and all disbursements are made to the bank accounts.
- Filed DRHP for Asirvad which normally gets cleared within 100 days - Expects that it can go public by mid-Feb'24.
- **No credibility to media articles of Jio Finance looking to acquire a stake in MGFL or buying the promotor stake.**

- To stem attrition, it provides training modules to its employees. Loss on account of wrong gold appraisal has been below 0.1% since inception. MGFL is able to maintain asset quality despite ~40% attrition at the field level.

Performance for 1HFY24

- Gold contributes ~53% and non-gold businesses form ~47% of the AUM mix
- Asirvad MFI AUM stood at INR110b as of Sep'23
- Last year there was a jump in the employee cost because of investments in building non-gold businesses.
- Standalone CRAR of 30.7% | RoA of 5.4% | GNPA/NNPA of 1.6%/1.35% | Credit costs of 0.34%
- Credit costs for MSME and allied businesses is 0.5% only but including digital personal loans it is 1.98%
- Manappuram Insurance Brokers reported a 1HFY24 PAT of INR176m
- Liability availability is not an issue - majority of the sanctions are from the banks - To leverage the costs, it will be using slightly higher WCDL, but with the recent RBI circular, it is evaluating the response from lenders.
- TC Susheel Kumar (Retired as the MD of LIC) was recently appointed to the Board of Directors.

Story in charts

Exhibit 1: AUM CAGR of ~20% over FY23-26E

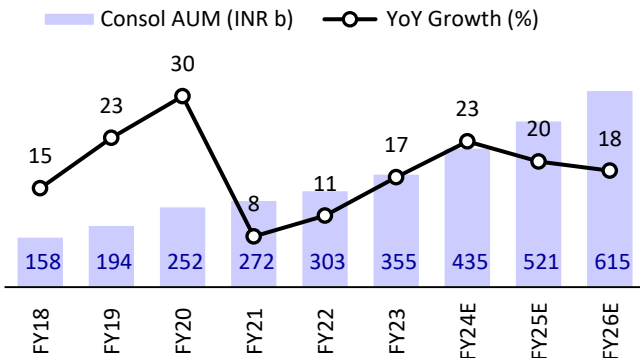


Exhibit 2: Share of non-Gold loans expected to increase to ~58% by FY26

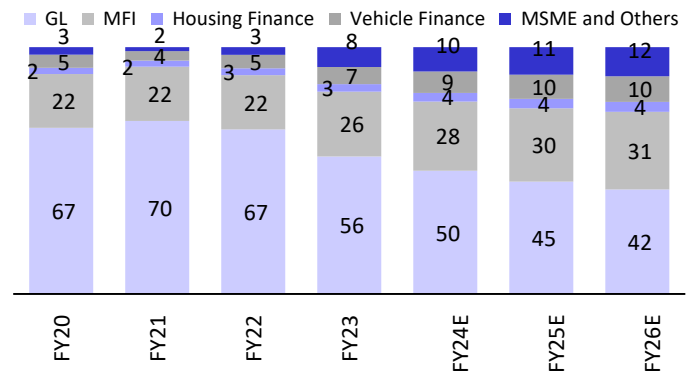


Exhibit 3: Spreads expected to normalize at ~12.6%...

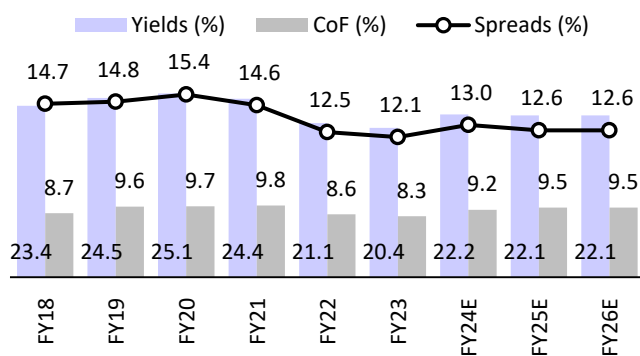


Exhibit 4: ...leading to NIM of ~14.2% over FY25/26E

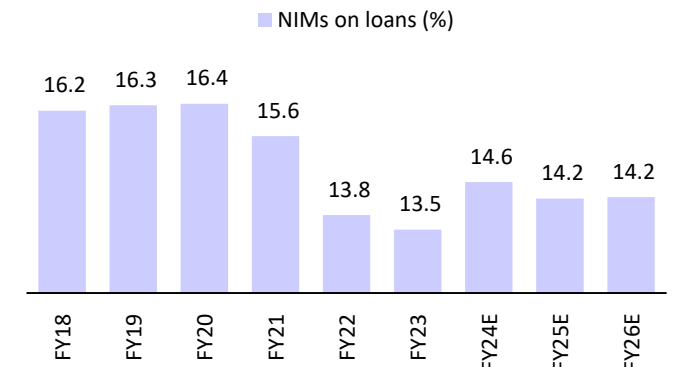


Exhibit 5: CIR to moderate to 42% in FY26

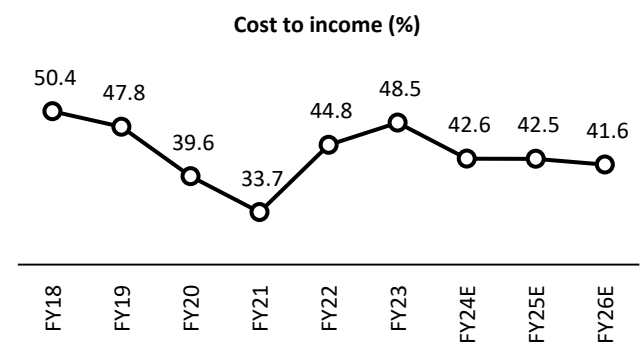


Exhibit 6: Consol. credit costs expected to increase to ~1.2% in FY25/FY26

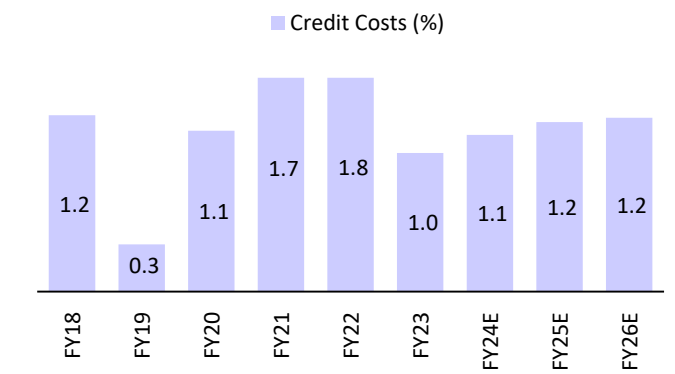


Exhibit 7: Profitability expected to improve gradually...

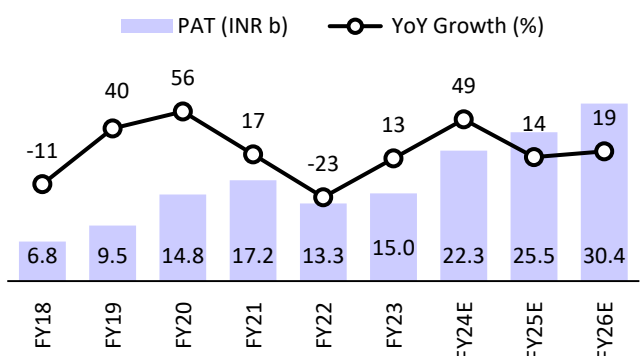
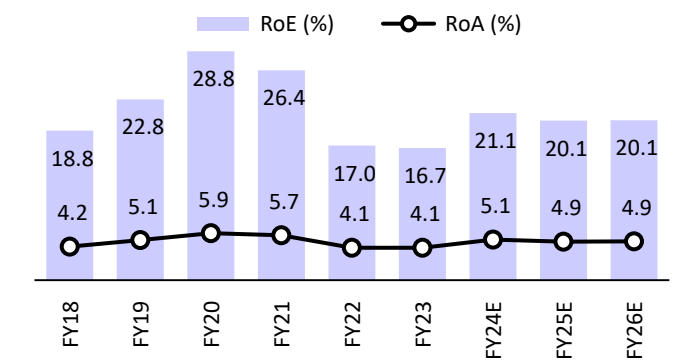


Exhibit 8: ...leading to an RoA of ~5% in FY25/FY26



Source: MOFSL, Company

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Exhibit 9: Cut our FY25/FY26 EPS estimates by 2% each to factor in increase in borrowing costs because of RBI increase in risk weights

INR B	Old Est.			New Est.			% change		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
NII	55.5	65.8	78.4	55.3	65.1	77.5	-0.4	-1.2	-1.2
Other Income	4.6	4.5	4.3	4.6	4.5	4.3	0.0	0.0	0.0
Total Income	60.1	70.3	82.7	59.9	69.5	81.8	-0.4	-1.1	-1.1
Operating Expenses	25.5	29.6	34.0	25.5	29.6	34.0	0.0	0.0	0.0
Operating Profits	34.6	40.7	48.7	34.4	40.0	47.8	-0.6	-1.9	-1.9
Provisions	4.2	5.5	6.7	4.2	5.5	6.7	0.0	0.0	0.0
PBT	30.5	35.3	42.1	30.2	34.5	41.2	-0.7	-2.2	-2.2
Tax	8.0	9.2	11.0	7.9	9.0	10.8	-0.7	-2.2	-2.2
PAT	22.5	26.0	31.0	22.3	25.5	30.4	-0.7	-2.2	-2.2
Loans	418	500	591	418	500	591	0.0	0.0	0.0
Borrowings	348	416	488	348	416	488			
RoA (%)	5.1	5.0	5.0	5.1	4.9	4.9			
RoE (%)	21.2	20.5	20.5	21.1	20.1	20.1			

Source: MOFSL, Company

Exhibit 10: Consolidated Operational Overview

Particulars	2QFY24	Q1FY24	QoQ (%)	2QFY23	YoY (%)
Gold AUM (INR b)	208	206	1.0	192	8.3
Gold Tonnage	59	59	-	63	-6.3
Gold Branches	4,044	4,039	0.1	3,897	3.8
Gold Customers (m)	3	2	4.2	2	4.2
Non-Gold AUM (INR b)	181	165	9.7	115	57.4
Non-gold branches	1,242	1,242	-	1,245	-0.2
MFI Customers (m)	3.6	3.4	5.9	3	33.3
VEF/ SME Customers (m)	0.4	0.4	-	0	100.0

Source: MOFSL, Company

Exhibit 11: Business-wise parameters and asset quality

Business Wise Parameters and AQ (1HFY24)	AUM (INR b)	PAT (INR m)	CRAR (%)	ROA (%)	GNPA (%)	NNPA (%)	Credit cost (%)
Standalone	267	8,008	30.7	5.3	1.6	1.4	0.3
Gold Loan	200			7.4	1.4	1.3	0.1
VEF	31			1.5	2.6	2.1	0.7
On-lending	9			5.8	0.5	-	-0.0
MSME and others	26			2.3	1.9	1.0	2.0
Subsidiaries							
Asirvad	109	2,295	24.5	-	3.0	1.4	-
HFC	13	77	28.3	1.3	1.8	1.2	1.6
Manappuram Insurance	NA	176	NA	NA	NA	NA	NA
MACOM	NA	42	NA	NA	NA	NA	NA
Consolidated	389	10,380	NA	5.3	1.9	1.4	1.3

Source: MOFSL, Company

Exhibit 12: Vehicle and Equipment Finance Indicators

Manappuram VEF	(2QFY24)
Live Account	1,77,795
Live Customer Count	1,75,212
Disbursement (INR b)	7.6
AUM (INR b)	31.4
CV	16.9
AUTO	7.6
TW	5.3
FE	1.6
Branch	280
NPA (%)	2.5
Delinquency (%)	11.7
Cheque bounce (%)	21.9
IRR	18.5
Total Employees	3,873

Source: MOFSL, Company

Exhibit 13: MSME and Allied Business Indicators

MSME and Allied Business	(2QFY24)
AUM (INR b)	26.4
GNPA	1.9
Secured business GNPA	1.3
Secured business credit cost	0.5

Source: MOFSL, Company

Exhibit 14: Products and key indicators within MSME and Allied Business segment

Particular	MSME	Micro HF	Secured PL
Customer Segment	Self-employed business individuals who primarily include traders, Farmers, Manufacturers & Service providers.	Self-employed non-professionals, salaried employees, government employees	Self-employed professionals & Non Professionals, Salaried employees & government employees
Loan Tenure (Years)	5-6	5-6	5
ATS (INR m)	0.6	0.5	0.4
AUM (INR b)	9.0	9.0	5.0
Credit cost	0.5	0.5	0.5
Bounce (%)	4-5	3-4	5-6
Average LTV (%)	32	33	35
Average Customer Income Monthly ('000)	58	43	31
Average EMI (INR)	15	13	12
EMI to Income Ratio (%)	26	30	38

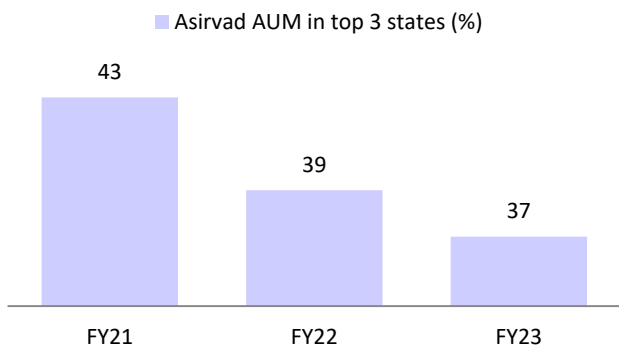
Source: MOFSL, Company

Exhibit 15: Manappuram Home Finance Business Indicators

Manappuram Home Finance	(2QFY24)
AUM (INR b)	13.1
Disbursements (INR b)	1.7
Customers	23,308
Employees	1,555
LTV	47.4
AUM on Employees (INR m)	8.4
ATS (INR m)	0.6
Yield	17.6
ROA	1.4

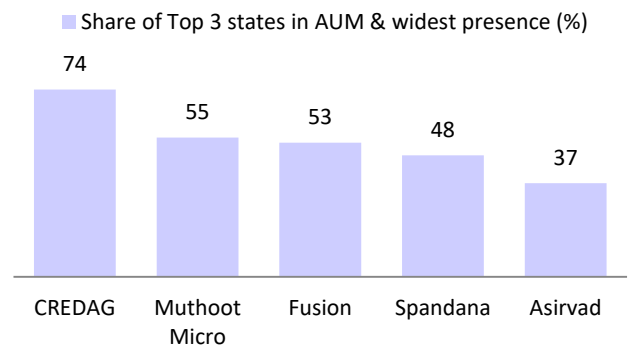
Source: MOFSL, Company

Exhibit 16: Asirvad has reduced its geographical concentration (%)



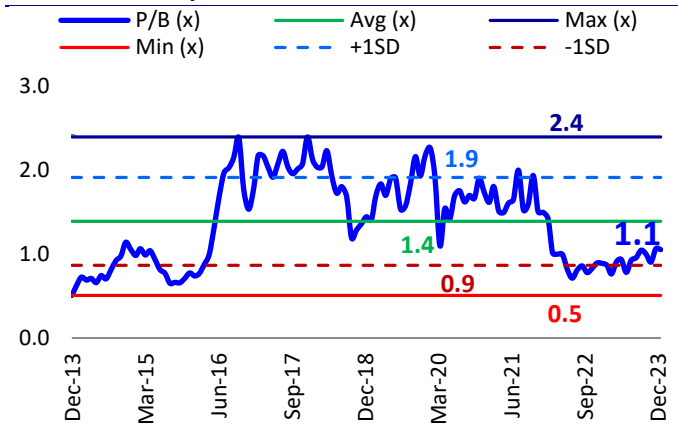
Source: MOFSL, Company

Exhibit 17: Share of top 3 states in AUM for Asirvad lower relative to peers (%)



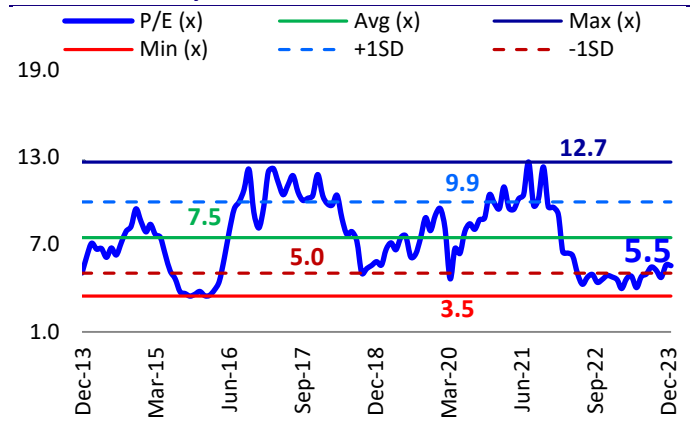
Source: MOFSL, Company

Exhibit 18: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 19: One-year forward P/E ratio



Source: MOFSL, Company

Financials and valuations

INCOME STATEMENT										(INR M)
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	33,762	33,540	40,461	52,805	61,896	58,397	64,404	84,443	1,01,380	1,20,469
Interest Expense	11,687	10,304	13,449	18,322	22,190	20,114	21,878	29,117	36,316	42,961
Net Interest Income	22,075	23,235	27,012	34,483	39,706	38,284	42,526	55,326	65,064	77,507
Change (%)	57.5	5.3	16.3	27.7	15.1	-3.6	11.1	30.1	17.6	19.1
Other operating income	92	668	1,334	1,848	1,410	2,213	2,436	3,775	3,586	3,406
Total Income	22,167	23,903	28,346	36,331	41,116	40,496	44,963	59,101	68,649	80,914
Change (%)	56.9	7.8	18.6	28.2	13.2	-1.5	11.0	31.4	16.2	17.9
Other income	235	584	625	859	441	653	659	824	865	908
Net Income	22,402	24,487	28,971	37,190	41,557	41,149	45,622	59,924	69,515	81,822
Change (%)	57.0	9.3	18.3	28.4	11.7	-1.0	10.9	31.4	16.0	17.7
Operating Expenses	9,653	12,345	13,858	14,741	13,996	18,453	22,140	25,498	29,554	34,010
Operating Profits	12,749	12,142	15,113	22,449	27,561	22,697	23,482	34,426	39,961	47,812
Change (%)	115.8	-4.8	24.5	48.5	22.8	-17.6	3.5	46.6	16.1	19.6
Provisions	1,092	1,773	547	2,376	4,401	4,862	3,071	4,178	5,459	6,650
PBT	11,657	10,369	14,566	20,073	23,160	17,835	20,410	30,248	34,502	41,162
Tax	4,072	3,609	5,080	5,270	5,911	4,548	5,409	7,925	9,040	10,784
Tax Rate (%)	34.9	34.8	34.9	26.3	25.5	25.5	26.5	26.2	26.2	26.2
PAT	7,585	6,760	9,486	14,803	17,250	13,287	15,002	22,323	25,463	30,377
Change (%)	113.6	-10.9	40.3	56.1	16.5	-23.0	12.9	48.8	14.1	19.3
Dividend (Excl Tax)	1,263	1,684	1,812	2,372	1,777	2,539	2,539	3,170	3,310	4,162

BALANCE SHEET

Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	1,684	1,685	1,686	1,690	1,693	1,693	1,693	1,693	1,693	1,693
Reserves & Surplus	31,949	36,447	43,561	55,771	71,382	81,991	94,756	1,13,909	1,36,062	1,62,277
Networth (Post OCI)	33,633	38,132	45,247	57,461	73,074	83,683	96,449	1,15,602	1,37,754	1,63,970
Non-Controlling Interest	212	292	459	583	472	161	203	228	253	278
Borrowings	1,09,867	1,26,071	1,52,972	2,25,735	2,27,163	2,41,185	2,84,830	3,48,146	4,16,410	4,88,034
Change (%)	14.0	14.7	21.3	47.6	0.6	6.2	18.1	22.2	19.6	17.2
Other liabilities	6,120	5,802	5,862	11,572	12,669	13,076	13,559	14,915	16,407	18,048
Change (%)	45.0	-5.2	1.0	97.4	9.5	3.2	3.7	10.0	10.0	10.0
Total Liabilities	1,49,832	1,70,296	2,04,540	2,95,351	3,13,378	3,38,106	3,95,041	4,78,892	5,70,824	6,70,330
Loans	1,34,057	1,52,439	1,78,119	2,42,971	2,65,076	2,89,710	3,41,945	4,17,775	4,99,692	5,90,522
Change (%)	17.7	13.7	16.8	36.4	9.1	9.3	18.0	22.2	19.6	18.2
Investments	49	49	1,738	905	3,380	4,207	5,340	5,874	6,462	7,108
Change (%)	-90.0	0.4	3,428.0	-47.9	273.6	24.5	26.9	10.0	10.0	10.0
Goodwill	356	356	356	356	356	356	356	356	356	356
Net Fixed Assets	1,869	2,746	3,319	7,705	8,980	10,295	10,748	11,823	13,006	14,306
Other assets	13,501	14,707	21,009	43,414	35,586	33,538	36,652	43,063	51,310	58,039
Total Assets	1,49,832	1,70,296	2,04,540	2,95,351	3,13,378	3,38,106	3,95,041	4,78,892	5,70,824	6,70,330

E: MOSL Estimates

Financials and valuations

RATIOS

Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Spreads Analysis (%)										
Avg Yield on loans	27.2	23.4	24.5	25.1	24.4	21.1	20.4	22.2	22.1	22.1
Avg Cost of funds	11.3	8.7	9.6	9.7	9.8	8.6	8.3	9.2	9.5	9.5
Spreads	15.9	14.7	14.8	15.4	14.6	12.5	12.1	13.0	12.6	12.6
Net Interest Margins	17.8	16.2	16.3	16.4	15.6	13.8	13.5	14.6	14.2	14.2
Profitability Ratios (%)										
RoAE	24.8	18.8	22.8	28.8	26.4	17.0	16.7	21.1	20.1	20.1
RoAA	5.5	4.2	5.1	5.9	5.7	4.1	4.1	5.1	4.9	4.9
Cost to Income	43.1	50.4	47.8	39.6	33.7	44.8	48.5	42.6	42.5	41.6
Empl. Cost/Op. Exps.	52.1	50.7	52.0	56.3	60.2	61.0	66.4	67.4	68.6	69.8
Asset Quality										
GNPL (INR m)	2,338	695	826	1,677	3,951	6,623	3,211	5,849	6,996	8,267
GNPL ratio (%)	2.0	0.5	0.5	0.9	1.9	2.9	1.3	1.4	1.4	1.4
NNPL (INR m)	1,972	427	481	1,092	2,092	5,674	2,554	3,802	4,547	5,374
NNPL ratio (%)	1.7	0.3	0.3	0.6	0.8	2.0	0.7	0.9	0.9	0.9
PCR (%)	15.6	38.5	41.7	34.9	47.1	14.3	20.4	35.0	35.0	35.0
Valuations										
Book Value (INR)	40	45	54	68	86	99	114	137	163	194
Price-BV (x)	4.3	3.8	3.2	2.5	2.0	1.7	1.5	1.3	1.1	0.9
EPS (INR)	9.0	8.0	11.3	17.5	20.4	15.7	17.7	26.4	30.1	35.9
Change YoY (%)	113.4	-10.9	40.3	55.7	16.3	-23.0	12.9	48.8	14.1	19.3
Price-Earnings (x)	19.2	21.6	15.4	9.9	8.5	11.0	9.8	6.6	5.8	4.8
Dividend	1.5	2.0	2.1	2.8	2.1	3.0	3.0	3.7	3.9	4.9
Dividend Payout (%)	20.0	30.0	23.0	19.3	10.3	19.1	16.9	14.2	13.0	13.7
Dividend Yield (%)	0.9	1.2	1.2	1.6	1.2	1.7	1.7	2.2	2.3	2.8

E: MOSL Estimates

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