May 08, 2020

# Manappuram Finance Limited: ICRA withdraws rating for PTCs issued under securitisation transaction backed by two-wheeler loan pool

## Summary of Rated Instrument

| Trust Name | Instrument* | Initial amount (Rs. crore[1]) | Amount O/s after previous surveillance (Rs. crore) | Current Amount (Rs. crore) | Rating action |
|---|---|---|---|---|---|
| Vivriti Desmond 12 2019 | PTC Series A1 | 45.90 | NA | 0.00 | Provisional [ICRA]AAA (SO) Withdrawn |

**Instrument details are provided in Annexure I*

## Rationale

ICRA has withdrawn the rating for PTCs issued under two-wheeler loan receivables, originated by Manappuram Finance Limited ('MFL'), as tabulated above.

All the payouts to the investors in the above-mentioned instrument have been made and no further payments are due to the investors.

## Key rating drivers

## Credit strengths

- N.A.

## Credit challenges

- N.A.

## Description of key rating drivers highlighted above

N.A.

## Liquidity position

N.A

## Rating sensitivities

N.A

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[1] *100 lakh = 1 crore = 10 million*

## Key rating assumptions

N.A.

## Analytical approach

| Analytical Approach | Comments |
|---|---|
| Applicable Rating Methodologies | ICRA's Policy on Withdrawal and Suspension of Credit Rating |
| Parent/Group Support | Not Applicable |
| Consolidation / Standalone | Not Applicable |

## About the company

Thrissur (Kerala)-based Manappuram Finance Limited, the flagship company of the Manappuram Group, is a non-deposit taking, systemically important non-banking finance company (ND-NBFC-SI), which primarily lends against gold ornaments. As on March 31, 2019, it had 4,351 branches across India with a total employee base of 25,610. The company went public in August 1995. Over the years, the Group has diversified into other businesses such as home loans, microfinance, vehicle and equipment finance, SME finance and insurance broking. The overall assets under management (AUM) stood at Rs. 19,438 crore as on March 31, 2019, including gold loans (67%), microfinance (20%), vehicle and equipment finance (6%), housing (3%), and other businesses. The gold loan business is diversified across 3,372 branches in 28 states and Union Territories (UTs) while the microfinance business (Asirvad) is spread across 942 branches in 23 states and UTs. The vehicle and equipment finance business are spread across 168 branches in 21 states and the housing finance business is spread across 35 branches in 6 states. For FY2019, the consolidated profit after tax (PAT) was Rs. 920 crore on total income of Rs. 4,165 crore compared to PAT of Rs. 676 crore on total income of Rs. 3,476 crore for FY2018.

## Key financial indicators (audited)

| | Standalone | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | FY2018 | FY2019 | H1 FY2020 | FY2018 | FY2019 | H1 FY2020 |
| Total Income | 2,953 | 3,427 | 2,028 | 3,476 | 4,165 | 2,519 |
| Adjusted Profit after Tax** | 690 | 790 | 496 | 676 | 920 | 671 |
| Net Worth | 3,813 | 4,392 | 4,807 | 3,813 | 4,525 | 5,056 |
| Total Managed Portfolio | 12,481 | 15,005 | 17,392 | 15,244 | 17,812 | 21,032 |
| Total Managed Assets | 14,593 | 17,646 | 20,930 | 17,030 | 20,454 | 24,277 |
| | | | | | | |
| Return on Average Managed Assets (%) | 5.0% | 4.9% | 5.2% | 4.2% | 5.0% | 5.5% |
| Return on Average Net Worth (%) | 19.4% | 19.3% | 21.6% | 18.7% | 22.1% | 28.0% |
| | | | | | | |
| Gross NPA % | 0.7% | 0.6% | 0.6% | - | - | - |
| Net NPA % | 0.3% | 0.3% | 0.3% | - | - | - |
| Net NPA / Net Worth | 1.0% | 1.0% | 1.0% | - | - | - |
| | | | | | | |
| Gearing (reported; times) | 2.8 | 3.0 | 3.3 | 3.3 | 3.4 | 3.6 |
| % CRAR | 27.0% | 23.8% | 22.6% | - | - | - |

*Note: Amount in Rs. crore*
** Information available as per financial statements prepared under Ind-AS*
*** After minority interest and excluding a Rs. 60.15-crore one-time benefit arising from rent reversal after adopting Ind-AS 116*

*Source: MAFIL's financial statements, ICRA research*

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for last three years

| | Instrument | Current Rating (FY2021) | | | | Chronology of Rating History for the Past 3 Years | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Initial Rated Amount (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating | Date & Rating in FY2020 | Date & Rating in FY2019 | Date & Rating in FY2018 |
| | | | | | 08-May-20 | 03-Jan-20 | - | - |
| 1 | Vivriti Desmond 12 2019 | PTC Series A1 | 45.90 | 0.00 | Provisional [ICRA]AAA(SO) Withdrawn | Provisional [ICRA]AAA(SO) | - | - |

**Initial ratings assigned*

## Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

## Annexure I: Details of Instruments

| Trust Name | Instrument Name | Date of Issuance | Coupon Rate | Scheduled Maturity Date | Current amount o/s (Rs. crore[2]) | Current Rating |
|---|---|---|---|---|---|---|
| Vivriti Desmond 12 2019 | PTC Series A1 | December 2019 | 9.50% | March 2024 | 0.00 | Provisional [ICRA]AAA(SO) withdrawn |

[2] *100 lakh = 1 crore = 10 million*

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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