Ref: Sec/SE/156/2020-21
29-06-2020

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

Dear Sir/Madam,

Sub.: Correction due to typographical error in the Intimation regarding Change in Credit Rating

Ref: Sec/SE/153/2020-21

With reference to the above intimation (attached under), we would like to inform that, there was one typographical error occurred in the 'date' given in the said intimation.

Request you to read the date of intimation as 27.06 2020 instead of 27.05.2020.

kindly take the same on record.

For Manappuram Finance Limited

VILAKKITHALA RAMAN MANOJKUMAR

Digitally signed by VILAKKITHALA RAMAN MANOJKUMAR
DN: c=IN, o=Personal, postalCode=680581, st=KERALA, serialNumber=ec0b07b2d06a85987aa84d48d23761b1c13f03d66989437cb6348bc1a592cc87, cn=VILAKKITHALA RAMAN MANOJKUMAR
Date: 2020.06.29 11:47:20 +05'30'

Manojkumar V.R
Company Secretary
Ph:-9946239999

Ref: Sec/SE/153/2020-21
27-05-2020

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

Dear Sir/Madam,

Sub.: General Announcement - Change in Credit Rating

Pursuant to Regulation 30 and other applicable provisions of the Listing Regulations, we wish to inform you that international credit rating agency **S&P Global Ratings** has downgraded the Credit rating of Manappuram Finance Ltd to 'B+/Stable/B' ratings.

Ratings Actions are as follows: -

Rating Agency	Entity/Debt	To	FROM
S & P	Issuer Credit Rating	B+/Stable/B	BB-/Negative/B
	Senior Secured	B+	BB-

Request you to kindly take the same on record.

For Manappuram Finance Limited

VILAKKITHALA RAMAN MANOJKUMAR

Digitally signed by VILAKKITHALA RAMAN MANOJKUMAR
DN: c=IN, o=Personal, postalCode=680581, st=KERALA, serialNumber=ec0b07b2d06a85987aa84d48d23761b1c13f03d66989437cb6348bc1a592cc87, cn=VILAKKITHALA RAMAN MANOJKUMAR
Date: 2020.06.27 17:18:55 +05'30'

Manojkumar V.R
Company Secretary
Ph:-9946239999

S&P Global
Ratings

RatingsDirect®

Four Indian Finance Companies Downgraded On Weakening Economic Conditions Due To COVID-19; Ratings On Two Affirmed

Primary Credit Analysts:
Nikita Anand, Singapore + 65 6216 1050; nikita.anand@spglobal.com
Michael D Puli, Singapore (65) 6239-6324; michael.puli@spglobal.com
Amit Pandey, Singapore (65) 6239-6344; amit.pandey@spglobal.com

Secondary Contacts:
Deepali V Seth Chhabria, Mumbai (91) 22-3342-4186; deepali.seth@spglobal.com
Geeta Chugh, Mumbai (91) 22-3342-1910; geeta.chugh@spglobal.com

- We believe worsening operating conditions following COVID-19 have increased risks for financial institutions operating in India. We expect a recession to hurt the financial sector.
- We expect the asset quality of Indian finance companies to deteriorate, credit costs to rise, and profitability to decline over the next 12 months. Given the large acceptance of moratorium by borrowers, funding and liquidity problems could worsen for these companies.
- We are lowering our ratings on four nonbank finance companies (NBFCs) we rate in India: Shriram Transport Finance Co. Ltd. (STFC), Bajaj Finance Ltd., Manappuram Finance Ltd., and Power Finance Corp. Ltd. We are affirming our ratings on Muthoot Finance Ltd. and Hero FinCorp Ltd.
- We are placing our ratings on STFC on CreditWatch with negative implications. The outlook on Muthoot is negative, while it is stable for the other NBFCs.

SINGAPORE (S&P Global Ratings) June 26, 2020--S&P Global Ratings said today it has taken the following rating actions on Indian NBFCs:

RATINGS LIST

* * * * * * * * * * Shriram Transport Finance Co. Ltd. * * * * * * * * * *

Downgraded; CreditWatch/Outlook Action

	To	From
Shriram Transport Finance Co. Ltd.		
Issuer Credit Rating	BB-/Watch Neg/B	BB/Negative/B
Senior Secured	BB-/Watch Neg	BB

* * * * * * * * * * Bajaj Finance Ltd. * * * * * * * * * *

Downgraded; Outlook Action

	To	From
Bajaj Finance Ltd.		
Issuer Credit Rating	BB+/Stable/B	BBB-/Negative/A-3

* * * * * * * * * * * * * Manappuram Finance Ltd. * * * * * * * * * * * *

Downgraded

	To	From
Manappuram Finance Ltd.		
Issuer Credit Rating	B+/Stable/B	BB-/Negative/B
Senior Secured	B+	BB-

* * * * * * * * * * * * * * * * * * Power Finance Corp. Ltd. * * * * * * * * * * * * * * * * * *

Downgraded

	To	From
Power Finance Corp. Ltd.		
Issuer Credit Rating	BB+/Stable/--	BBB-/Negative/--
Senior Unsecured	BB+	BBB-

Ratings Withdrawn

	To	From
Power Finance Corp. Ltd.		
Issuer Credit Rating		
Foreign Currency	NR	BB+/Stable/NR
Local Currency	NR	BB+/Stable/--
Senior Unsecured	NR	BB+

* * * * * * * * * * * * * * Hero FinCorp Ltd. * * * * * * * * * * * * * *

Ratings Affirmed

Hero FinCorp Ltd.	
Issuer Credit Rating	BB+/Stable/B

* * * * * * * * * * * * * * Muthoot Finance Ltd. * * * * * * * * * * * * * *

Ratings Affirmed

Muthoot Finance Ltd.	
Issuer Credit Rating	BB/Negative/B
Senior Secured	BB

These rating actions reflect our view that Indian finance companies face increasing risks from challenging operating conditions stemming from the COVID-19 pandemic.

In our view, economic conditions have turned adverse for Indian banks due to COVID-19. Drastic efforts to curtail the spread of the coronavirus have resulted in a sharp economic contraction. The government's stimulus package, with a headline amount of 10% of GDP, has about 1.2% of direct stimulus measures, which is low relative to countries with similar economic impact from the pandemic. The remaining 8.8% of the package includes liquidity support measures and credit guarantees that will not directly support growth. We now forecast a 5.0% contraction in the economy in fiscal 2021.

Credit risks remain very high for finance companies in India, in our view. We expect the deterioration in NBFCs' asset quality to intensify as the economy slows amid the pandemic. We expect the microfinance segment to be the most affected by the lockdown and other measures in the fight against COVID-19. That is because the microfinance institutions primarily rely on cash collections, and many borrowers with weak credit profiles would have faced disruptions in income generation. Home loans are likely to be less affected because the majority of borrowers are salaried and collections are through auto debit instructions. However, affordable housing loans, which cater to the weaker economic strata, could face challenges. Other pockets of stress include loans to real estate developers, loans against property, loans against shares, and loans to the telecommunications, aviation, restaurant, or tourism-related sectors. Small and midsize enterprises are likely be more affected in this scenario. Steps taken by the government and the central bank should provide some respite. Some of these measures may also have the unintended consequence of delayed recognition of the problem loans in the country.

In our base case, the overall impact on finance companies will be more pronounced than on banks. That is because some finance companies lend to weaker customers and have high reliance on wholesale funding. These companies were already facing a trust deficit since the 2018 default of Infrastructure Leasing & Financial Services.

Finance companies also face accentuated liquidity risks. Cash flows are likely constrained as a large proportion of borrowers opt for the moratorium. Some companies provided a moratorium for more than 70% of their customers. The finance companies would therefore be dependent on liquid assets and refinancing to service upcoming debt maturities. Currently, most of the finance companies that we rate in India have sufficient liquidity, comprising liquid assets, undrawn lines from banks, and in some cases funding lines from group companies.

We could see more differentiation in liquidity available to finance companies, with stronger NBFCs benefitting from a flight to quality. Liquidity stress could be high for wholesale lenders with large exposure to property developers, companies without a strong parent, or companies with perceived weak governance.

SHRIRAM TRANSPORT FINANCE CO. LTD.
(Primary credit analyst: Nikita Anand)

We downgraded STFC and placed the ratings on CreditWatch because we believe challenging operating conditions in the Indian financial sector will lead to asset quality and liquidity stress for the company over the next 12 months. STFC's dominant market position as India's largest commercial vehicle financier and its strong capitalization continue to support the ratings. STFC's plan to raise Indian rupee (INR) 15 billion through a rights issue over the next 30-40 days will bolster its capital position.

STFC's collection of loans is hit because a very large proportion of its borrowers are under moratorium. Moreover, refinancing has been slow as creditors remain risk averse. The company has also had very few securitization transactions--its key resource-raising avenue--due to investors' concerns over collection efficiency on the pools. That said, STFC has recently completed a sizable securitization transaction of Indian rupee (INR) 16 billion.

STFC has applied for a three-month moratorium on its upcoming bank loan repayments to build liquidity. Based on the legal opinion shared by the company, we understand the moratorium on bank loans may not trigger an event of default (EOD) on its U.S. dollar bonds.

STFC has unencumbered liquid assets (cash, bank balances, and liquid investments) of INR20 billion and unutilized bank lines of INR54 billion, compared with its INR43 billion liabilities due over July-September 2020. The company plans to draw down on unutilized bank lines comprising cash credit facilities and sanctioned securitization transactions to manage its upcoming repayments. STFC's collections have strengthened over the past two months, reflected in higher scheduled collections from borrowers (by value) of 50% in June 2020 compared with 30% in May 2020. We expect a further improvement in the coming months as cash flows of road transport operators (the company's key borrowers) increase owing to the phased reopening of the Indian economy. We believe fund raising and higher collections will alleviate pressure on STFC's liquidity.

We expect to resolve the CreditWatch over the next three to six months.

We could lower the rating by multiple notches over the next few months if STFC's liquidity dwindles, challenging the company's ability to service its upcoming debt obligations.

We will affirm the rating if STFC demonstrates sustained access to resources and augments liquidity to sufficiently meet its obligations for the next 12 months. The company's ability to improve its collections and raise necessary external funds will be key credit factors.

BAJAJ FINANCE LTD.
(Primary credit analyst: Nikita Anand)

We lowered our ratings on Bajaj Finance to reflect weaker operating conditions faced by Indian financial institutions. In our base case, we believe the company's asset quality and credit costs will deteriorate over the next 12 months.

We do not factor any extraordinary support from the Bajaj group into our rating on Bajaj Finance because the group entities are regulated or listed entities. They are therefore restricted in their ability to support Bajaj Finance in the case of an extraordinary event.

Our ratings factor in a potential weakening in asset quality and an increase in credit costs.

The stable outlook on Bajaj Finance reflects our view that the company will maintain its strong market position and healthy capital levels over the next 12-18 months. We also believe the company's liquidity and funding profile will remain adequate over the period.

We may downgrade the company if the deterioration in its asset quality is significantly higher than our expectation.

We believe stress in the wider Bajaj group could spill over to Bajaj Finance. This is due to the benefits to the company's market position and funding access from the common brand name. Although this is not our base case, we would lower the rating on Bajaj Finance if the group credit profile weakens substantially. This may happen if the credit profile of either Bajaj Finance's sister company Bajaj Auto Ltd. or ultimate parent, Bajaj Holdings and Investments Ltd. deteriorates significantly.

We may raise the ratings on Bajaj Finance if the company's capital, which is already strong with the risk-adjusted capital (RAC) ratio of 13.5%, improves such that RAC ratio stays above 15%. That said, we view this as unlikely in the next 12-18 months.

MANAPPURAM FINANCE LTD.
(Primary credit analyst: Michael Puli)

We downgraded Manappuram to reflect the heightened risks associated with economic conditions in India and their high impact on the microfinance segment. That said, the gold-backed loan business has held up relatively well under these conditions.

Our stable outlook reflects our view that Manappuram's core gold-backed loan portfolio will continue to offer stability against an incremental deterioration in the company's microfinance portfolio. Further, Manappuram's capitalization buffer and earnings remains strong, with the company able to continue to access funding markets. As a result, we believe Manappuram can absorb any extraordinary losses from the microfinance portfolio over the next 12-18 months.

We could downgrade Manappuram if it sees a higher increase in write-offs than we expect, particularly in microfinance loans, relative to peers. Significant difficulty in the company's rollover of its funding would also lead to a lower rating.

We see an upside scenario as unlikely for Manappuram over the next 12 months. We would upgrade the company if we believe its funding profile has become more stable. Increased access to longer-term funding would reduce the rollover risk associated with short-term wholesale funding, in our view.

POWER FINANCE CORP. LTD. (PFC)
(Primary credit analyst: Michael Puli)

We lowered our ratings on PFC to reflect the weakening general economic conditions in India. The power sector was severely hit by COVID-19 due to decline in manufacturing demand and additional collection challenges for distribution companies that were already structurally weak. In our view, the government's INR900 billion package to help distribution companies provides only a temporary liquidity solution and doesn't address fundamental issues with the creditworthiness of the sector. Our ratings on PFC benefit from the oligopolistic nature of the consolidated group, which accounts for 40%-50% of loans to the power sector, and its government ownership. We subsequently withdrew the ratings on PFC at the company's request.

Our stable outlook prior to the withdrawal already considered the economic headwinds faced by India's financial sector. Our base case is that the government's linkages (including ownership) with PFC will not dilute over the next 12-18 months.

HERO FINCORP LTD.
(Primary credit analyst: Michael Puli)

We affirmed our ratings on Hero FinCorp because we expect the company to continue to benefit from its association with a financially stronger group, Hero MotoCorp Ltd. This support offsets our view that Hero FinCorp's stand-alone creditworthiness could deteriorate in line with the operating conditions in India over the next 12-18 months.

The stable outlook reflects our view that Hero FinCorp is likely to remain strategically important and supported by the stronger group. We expect support (including equity injections) will continue over the next 18 months to maintain the finance company's capitalization.

We would lower the ratings on Hero FinCorp if the company's risk-adjusted capitalization deteriorates and stays below 10%.

Although unlikely, we would also downgrade Hero FinCorp if its linkages to the wider group diminish or if the group credit profile weakens. The group credit profile could weaken if:

- We see risks around Hero MotoCorp's ability to manage economic headwinds over the next 12 months; or
- In a remote scenario, the group's financial policies turn sharply and become very aggressive, resulting in a substantial increase in debt on a sustained basis.

We would raise the ratings on Hero FinCorp if the company and the wider group's credit profile improves. We see this as unlikely over the next 12 months.

MUTHOOT FINANCE LTD.
(Primary credit analyst: Michael Puli)

We affirmed our ratings on Muthoot because we believe the company's business franchise, asset quality, and access to funding at competitive rates have not been as severely hit as for other finance companies.

The negative outlook reflects our view that Muthoot is still subject to heightened economic risks affecting India's financial system over the next 12-18 months.

We would lower the ratings on Muthoot if the challenging operating environment translates into funding challenges for the company and affect its ability to roll over its short-term funding. We could also downgrade the company if its credit costs increase substantially relative to peers', which we view as unlikely.

We would revise the outlook to stable if we believe Muthoot can face up to the challenging operating environment without any major hit to its asset quality. Increased stability in Muthoot's funding profile would also result in a stable outlook. That's because greater access to longer-term funding would reduce the rollover risk associated with short-term wholesale funding.

RELATED CRITERIA

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Financial Institutions | General: Issue Credit Rating Methodology For Nonbank Financial Institutions And Nonbank Financial Services Companies, Dec. 9, 2014
- Criteria | Financial Institutions | General: Nonbank Financial Institutions Rating Methodology, Dec. 9, 2014
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.