

Manappuram Finance Ltd.

HOLD

Sector: NBFC

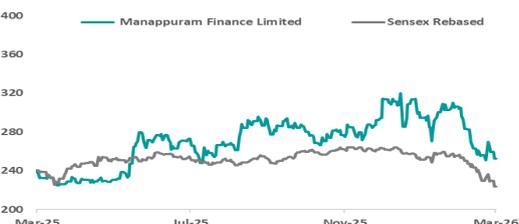
30th March 2026

Key Changes		Target 	Rating 	Earnings 	Target	Rs.274	
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.251
Small Cap	MGFL:IN	71,948	MANAPPURAM	531213	12 Months	Return	+9%

Data as of: 30-03-2026, 16.00 hrs

Company Data			
Market Cap (Rs.cr)	21,398		
52 Week High — Low (Rs.)	321-220		
Enterprise Value (Rs.cr)	57,225		
Outstanding Shares (cr)	84.6		
Free Float (%)	64.8		
Dividend Yield (%)	0.7		
6m average volume (cr)	0.5		
Beta	1.4		
Face value (Rs.)	2.0		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	35.2	35.2	35.2
FII's	29.7	30.2	28.8
MFs/Institutions	8.6	9.2	11.2
Public	26.4	25.4	24.8
Total	100.0	100.0	100.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-14.1%	-13.9%	5.1%
Absolute Sensex	-15.0%	-11.5%	-6.8%
Relative Return	0.9%	-2.5%	11.8%

over or under performance to benchmark index



Y.E March (Rs.cr)	FY26E	FY27E	FY28E
NII	5,373	6,692	7,921
Growth (%)	-13.7	24.5	18.4
NIM(%)	11.2	11.3	11.3
Provisions	1334	1227	1366
PAT Adjusted	1005	2008	2467
Growth (%)	-16.6	99.9	22.9
Adjusted EPS	12.0	23.9	29.4
Growth (%)	-16.06	99.88	22.88
BVPS	208.4	228.6	254.3
Adj BVPS	167.6	183.8	204.4
P/E	19.6	9.8	8.0
P/B	1.4	1.3	1.1
Adj. P/B	1.4	1.3	1.1
ROE(%)	6.7	10.9	12.2

Rebuilding Momentum After a Challenging Phase...

Manappuram Finance Ltd. (MGFL) is one of the leading gold loan NBFCs in India. MGFL has also diversified into other business segments like housing loans, vehicle loans and microfinance, with a branch network size of around 5,000 spread across the country.

- NII (Net Interest Income) fell 15% YoY to Rs.4,055cr in 9MFY26, primarily impacted by a portfolio shift towards lower-yield secured lending and a reduction in high-yield non-gold AUM.
- Gold loan AUM rose 58% YoY to Rs. 38,754cr in 9MFY26, supported by strong customer demand.
- In Q3, gold loan yields declined to 18.3% from 19.7% in Q2, reflecting the company's increased focus on high-ticket borrowers. Management expects yields to stabilize in the range of 18.0%–18.15% by the end of FY26.
- MFI AUM contracted 51% YoY to Rs. 4,460cr, Microfinance (Asirvad) reported a loss of Rs.592cr in 9MFY26, a significant deterioration from a loss of Rs.13cr in the corresponding period.
- Consolidated PAT declined by 14% YoY in Q3FY26, reflecting continued stress in the microfinance segment. However, profitability improved sequentially, with PAT rising to Rs.239cr in Q3FY26 from Rs.217cr in Q2FY26.

Outlook & Valuation

Bain Capital will invest Rs.4,385cr to acquire joint control and promoter status in Manappuram Finance, with all regulatory approvals, including from the RBI, now in place. Post the preferential allotment and open offer, Bain's stake is expected to range between 18% and 41.7%, while the existing promoters' holding will dilute to around 28.9%. The transaction is expected to close by March 31, 2026. The partnership with Bain Capital adds strategic depth, enhancing governance standards, capital flexibility, and execution capabilities as the company enters a stabilization phase. While the recovery is likely to be gradual, operating metrics are expected to improve over time. **Accordingly, we upgrade our rating to Hold, with a target price of Rs.274, based on 1.3 FY28E BVPS.**

Quarterly Financials Consol.

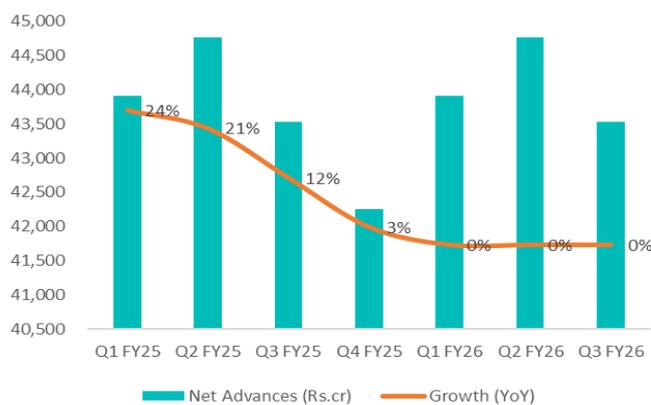
Rs. cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Net Interest Income (NII)	1,299	1,591	-18.4	1,376	-5.6	4,055	4,764	-14.9
Total Income	1,414	1,637	-13.7	1,415	-0.1	4,238	5,032	-15.8
Expenditure	757	707	7.1	744	1.7	2,250	2,087	7.8
Pre-Provision Profit	657	931	-29.4	671	-2.1	1,989	2,945	-32.5
Provision	354	555	-36.2	369	-4.1	1,283	1,044	22.9
PBT	303	376	-19.5	302	0.3	706	1,902	-62.9
Reported PAT	239	278	-14.3	217	9.8	588	1,407	-58.2
Adjusted PAT	239	278	-14.3	217	9.8	588	1,407	-58.2
Diluted EPS(Rs)	2.8	3.3	-14.3	2.6	9.8	6.9	16.6	-58.2



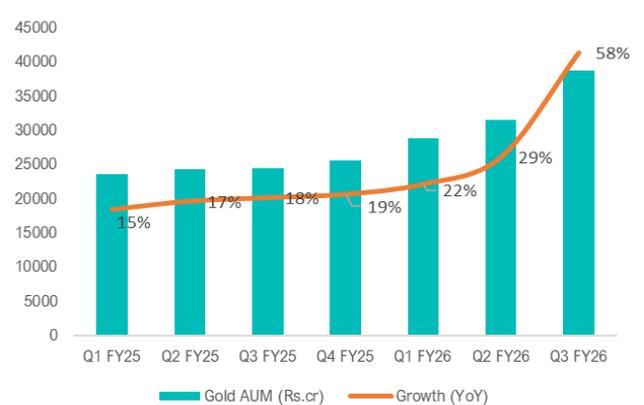
Key concall highlights

- Consolidated AUM reached Rs.52,125cr in Q3FY26, growing 13.8% QoQ and 17.9% YoY, primarily driven by gold loan expansion.
- Non-gold businesses, including MSME and vehicle loans, are expected to return to growth mode from Q1 FY27 onwards after strengthening systems and processes.
- A full strategic roadmap and firm guidance will be provided from the next financial year onwards, after closing next year's operating plan.
- Cost of funds trended lower, with standalone borrowing costs declining 30 bps QoQ, reflecting better liability management, although consolidated benefit was moderated due to microfinance borrowings.
- Microfinance (Asirvad) performance showed early signs of stabilization, with losses narrowing sequentially and new-book collection efficiency at 99.8%, while management expects credit costs to moderate further.
- Management guided for operating improvement ahead, targeting standalone ROA of 4.25–4.5% by 2H next year, driven by gold loan-led growth, tighter underwriting in non-gold businesses, cost optimization, and technology-led initiatives.

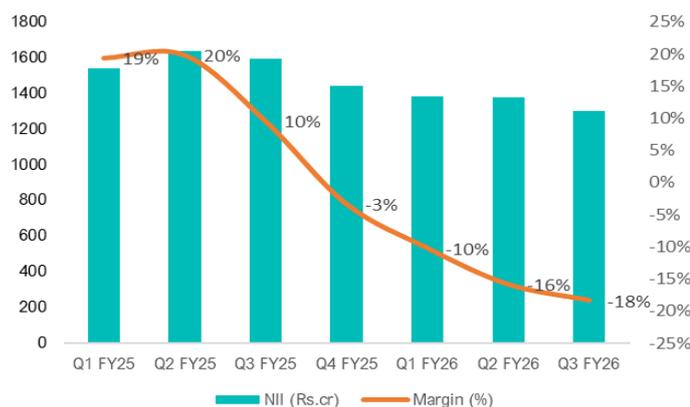
Net Advances



Gold AUM



Net Interest Income



PAT



Change in Estimates

Year / Rs cr.	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Interest Income (NII)	5,919	7,059	5,373	6,692	-9.2	-5.2
Net Interest Margin (%)	13.4	14.3	11.2	11.3	-216bps	-295bps
Pre-Provision Profit	3,093	3,844	2,691	3,940	-13.0	2.5
Adj. PAT	1,603	2,204	1,005	2,008	-37.3	-8.9
Diluted EPS (Rs)	17.1	26.2	12.0	23.9	-30.1	-8.8



Consolidated Financials

Profit & Loss

Y.E March (Rs.cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Interest Income	8,465	9,800	8,891	10,967	13,061
Interest Expense	2,866	3,575	3,517	4,275	5,140
Net Int. Income	5,599	6,225	5,373	6,692	7,921
% Change	31.7	11.2	-13.7	24.5	18.4
Non Int. Income	455	275	231	395	470
Operating Income	6,054	6,500	5,604	7,086	8,391
% Change	32.7	7.4	-13.8	26.4	18.4
Operating Exp.	2,517	2,872	2,913	3,146	3,691
Pre Prov. Profit	3,538	3,628	2,691	3,940	4,700
Prov. & Conting.	578	1,963	1,334	1,227	1,366
PBT	2,959	1,666	1,358	2,714	3,334
% Change	45.0	-43.7	-18.5	99.9	22.9
Tax	762	462	353	706	867
Tax Rate	25.7	27.7	26.0	26.0	26.0
Reported PAT	2,197	1,204	1,005	2,008	2,467
Adj*	0	0	0	0	0
Adj. PAT	2,197	1,204	1,005	2,008	2,467
% Change	46.5	-45.2	-16.6	99.9	22.9
No. of shares (cr)	84	84	84	84	84
EPS (Rs)	26.0	14.2	12.0	23.9	29.4
% Change	46.5	-45.2	-16.1	99.9	22.9

Balance Sheet

Y.E March (Rs.cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	2,550	1,620	1,039	716	28
Loans & Advances	40,948	42,252	53,347	64,573	75,867
Investments	726	788	1,061	1,153	1,161
Gross Fixed Assets	925	1,055	1,188	1,322	1,430
Net Fixed Assets	440	506	615	637	623
Other Assets	2,084	4,039	4,949	5,902	6,863
Total Assets	46,748	49,205	61,011	72,981	84,542
Deposits	0	0	0	0	0
Borrowings	33,653	35,404	41,807	51,725	60,771
Other Liabilities	1,546	1,368	1,696	2,053	2,413
Equity Capital	169	169	168	168	168
Reserves & Surplus	11,379	12,263	17,340	19,035	21,190
Shareholder's Funds	11,548	12,432	17,508	19,203	21,358
Total Liabilities	46,748	49,205	61,011	72,981	84,542
BVPS (Rs)	137	147	208	229	254
% Change	19.7	7.7	41.6	9.7	11.2
Adj. BVPS (Rs)	131	138	168	184	204
% Change	18.6	5.7	21.2	9.7	11.2

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitability & Return					
Interest yield (%)	22.5	23.6	18.6	18.6	18.6
Cost of funds (%)	9.2	10.4	9.1	9.1	9.1
Spread(%)	13.3	13.2	9.5	9.5	9.5
NIM (%)	14.9	15.0	11.2	11.3	11.3
ROE (%)	20.7	10.0	6.7	10.9	12.2
ROA(%)	5.1	2.5	1.8	3.0	3.1
Business Growth					
Gold Loan AUM (%)	8.9	19.0	60.0	25.0	20.0
Total AUM (%)	18.7	2.3	26.5	21.0	17.5
Operating Ratios					
Cost to Income (%)	41.6	44.2	52.0	44.4	44.0
Cost to AUM (%)	6.0	6.7	5.4	4.8	4.8
Asset Quality					
GNPA (%)	2.2	3.5	3.4	2.5	2.3
NNPA (%)	1.0	1.8	1.4	1.4	1.3
Capital Adequacy					
CAR (%)	30.6	30.6	32.2	29.1	27.6
Valuation					
P/E (x)	7.2	13.2	19.6	9.8	8.0
P/B (x)	1.4	1.3	1.4	1.3	1.1
Adj. P/B (x)	1.4	1.4	1.4	1.3	1.1



Recommendation Summary (last 3 years)



Dates	Rating	Target
18.May.23	Buy	136
01.Mar.24	Buy	215
06.Dec.24	Sell	152
05.Mar.25	Accumulate	222
04.Jun.25	Hold	253
10.Sep.25	Reduce	260
30.Mar.26	Hold	274

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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