

CMP: INR 228

Rating: ACCUMULATE

Target Price: INR 262

Stock Info

BSE	531213
NSE	MANAPPURAM
Bloomberg	MGFL IN
Reuters	MNFL.BO
Sector	BFSI
Face Value (INR)	2
Equity Capital (INR Cr)	169
Mkt Cap (INR Cr)	19,351
52w H/L (INR)	248/ 138
Avg Yearly Vol (in 000')	9,441

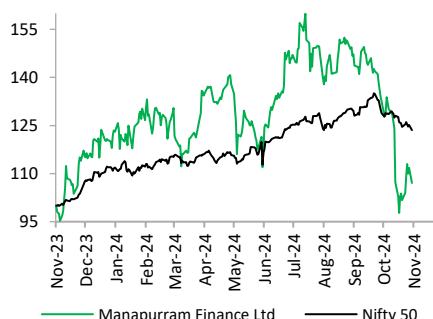
Shareholding Pattern %

(As on March, 2025)

Promoters	35.2
Public & Others	64.8

Stock Performance (%)	1m	6m	12m
Manappuram Finance	0.8	45.3	36.8
Nifty	7.2	-0.6	9.3

Manappuram Vs Nifty



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Manappuram Finance (MFL) reported below estimates performance during Q4FY25 with profit growth of -136.1% YoY and -173% QoQ at INR -2031.8 mn. AUM on consolidated basis increased by 2.3% YoY/ -2.7% QoQ to INR 4,30,340 mn. Gold loan AUM witnessed increase of 18.7% YoY/ 4.4% QoQ with yield at 21.7%. Asset quality of the company degraded in the standalone entity with GNPA/NNPA at 2.8%/ 2.5%. Microfinance book asset quality degraded substantially as GNPA in this book increased from 5.8% to 8.5% and NNPA remained flat at 2.5% QoQ.

Key Highlights:

- The consolidated net interest income (NII) was down 6.7% YoY and 10.4% QoQ, while standalone NII was down 3.5% QoQ. Gold loan yields were lower on sequential basis and was owing to focus on higher ticket segment. Operating expenses were higher as there was higher incentive given to employees to push for better collections. The profitability was impacted mainly on account of stress in micro finance segment.
- Operating profit increased by -26.8% YoY/ -26.6% QoQ to INR 6833.3 mn. Provisions increased by 389.4% YoY and by 65.7% QoQ to INR 9192.1 mn.
- Total AUM growth of 2.3% YoY/ -2.7% QoQ, was driven by growth in gold loan, housing, and Vehicle book.
- Gold loan portfolio witnessed a good growth :** Gold loan performance of the company has recorded a growth of 4.4% QoQ but has grown by 18.7% on a YoY basis. The company had ~26 lakh gold loan customers as on 31st March 2025, up 2.9% YoY. Auctions in gold loan segment for the quarter stood at INR 1.08 bn v/s INR 0.76 bn YoY. Management targets to grow the gold loan portfolio by 20% for FY26.
- Asirvad MFI performance impacted on account of increased provisions:** AUM in this business declined meaningfully by 31.1% YoY and 18.2% QoQ to INR 81.89 bn. The segment continued to witness stress as GNPA in jumped sharply to 8.5% from 5.8% QoQ. Around 10.8% of total customers have exposure to more than 4 other lenders. Cost of funds was largely stable on sequential basis. Capital adequacy ratio for the quarter declined to 20.9% v/s 23.3% QoQ and 22.8% YoY. 1+ DPD (days past due) in this business stands at ~20% mark.

Outlook and Valuation;

Manappuram Finance reported a decline in profitability, primarily driven by sustained stress in its microfinance portfolio. Additionally, yields from the gold loan segment moderated on a sequential basis, attributed to a strategic shift toward higher ticket loans and rate adjustments aimed at maintaining competitiveness. Looking ahead, we expect an improvement in loan growth and a gradual easing of stress in the microfinance segment. The company has guided for a return on equity (ROE) of approximately 18%. We have an Accumulate rating with a revised target price of INR 262, based on 1.3x FY27E ABVPS.

Financial Summary

Y/E Mar (INR Cr)	FY23	FY24	FY25	FY26E	FY27E
NII	4496	5982	6466	7560	8703
PAT	1500	2197	1204	2624	3030
Networth	9645	11548	12432	14737	17405
Adj BVPS (Rs)	108	130	140	166	197
EPS (Rs)	18	26	14	31	36
P/E (x)	13	9	16	7	6
P/Adj BV (x)	2.1	1.8	1.6	1.4	1.2

Exhibit 1: Q4FY25 result Snapshot

Particulars (in Mn)	Q4FY25	Q3FY25	Q4FY24	YoY	QoQ
Net interest income	14643.5	16343.8	15806.0	-7.4%	-10.4%
Other Income	35.2	29.1	24.5	43.7%	21.0%
Net Operating income	14678.7	16372.9	15830.5	-7.3%	-10.3%
Operating expenses	7845.4	7066.1	6497.1	20.8%	11.0%
<i>cost-Income ratio (%)</i>	<i>534.5</i>	<i>431.6</i>	<i>410.4</i>	0.0%	<i>0.00</i>
Operating Profit	6833.3	9306.8	9333.4	-26.8%	-26.6%
Provisions	9192.1	5546.2	1878.2	389.4%	65.7%
PBT	-2358.8	3760.6	7455.2	-131.6%	-162.7%
Tax	-327.0	976.0	1820.3	-118.0%	-133.5%
PAT (Before MI)	-2031.8	2784.6	5634.9	-136.1%	-173.0%
Asset Quality					
GNPA (%)	2.8	2.5	1.9	90bps	30bps
NNPA (%)	2.5	2.3	1.7	80bps	20bps
Return Ratios					
ROA (%)	-25.0	-6.8	3.4	-2840bps	-1820bps
ROE (%)	-137.1	-33.6	19.4	-15650bps	-10350bps
AUM	4,30,340	4,42,170	4,20,700	2.3%	-2.7%
-Gold loans	2,55,860	2,45,040	2,15,610	18.7%	4.4%
-Microfinance	72,070	91,330	1,09,390	-34.1%	-21.1%
-Housing loans	18,240	17,780	15,097	20.8%	2.6%
-Vehicle loans	47,730	50,850	41,109	16.1%	-6.1%
-Other loans	36,440	37,170	39,494	-7.7%	-2.0%

Exhibit 2: Key Conference call highlights**Guidance**

- The company expects gold loan business to grow ~20% mark in FY26.
- The contribution of the MFI segment to the overall consolidated book is expected to decline in FY26.
- Asset quality in micro finance business is expected to improve gradually.
- ROE is targeted to be around 18% mark.

Highlights

- The consolidated net interest income (NII) was down 6.7% YoY and 10.4% QoQ, while standalone NII was down 3.5% QoQ.
- Gold loan yields were lower on sequential basis and was owing to focus on higher ticket segment.
- Operating expenses were higher as there was higher incentive given to employees to push for better collections.
- The profitability was impacted mainly on account of stress in micro finance segment.

GOLD

- AUM (Assets under management) standalone was up 19.3% YoY to INR 246.58 bn.
- Loan to Value (LTV) stood at 57% for the quarter v/s 60% QoQ.
- The company had ~26 lakh gold loan customers as on 31st March 2025, up 2.9% YoY.
- Auctions in gold loan segment for the quarter stood at INR 1.08 bn v/s INR 0.76 bn YoY.
- Online segment mode forms 82% of total gold loan book versus 57% a year ago.
- Average ticket size in this segment has increased to INR 67,800 v/s INR 64,300 QoQ and INR 58,500 YoY.

ASIRVAD MICROFINANCE

- AUM in this business declined meaningfully by 31.1% YoY and 18.2% QoQ to INR 81.89 bn.
- The segment continued to witness stress as GNPA in jumped sharply to 8.5% from 5.8% QoQ.
- Around 10.8% of total customers have exposure to more than 4 other lenders.
- Cost of funds was largely stable on sequential basis.
- Capital adequacy ratio for the quarter declined to 20.9% v/s 23.3% QoQ and 22.8% YoY.
- 1+ DPD (days past due) in this business stands at ~20% mark.

HOUSING FINANCE

- AUM growth came in at 20.8% YoY for the quarter to INR 18.24 bn.
- Home loans formed 68% of total AUM while LAP (loan against property) formed 32%.
- Average ticket size (ATS) in home loans is at INR 6 lakh and yield on the same is at 17.8%.
- GNPA in this business has declined to 2.4% v/s 3.9% QoQ.

VEHICLE AND EQUIPMENT FINANCE

- AUM in this segment increased by 16.1% YoY but was down by 6.1% QoQ to INR 47.73 bn.
- Passenger vehicle loans formed 31% of total AUM mix.
- GNPA in this business increased to 6.7% v/s 5.2%, especially due to rising stress in 2-wheelers.

MSME AND ALLIED BUSINESS

- AUM growth in MSME vertical was modest at 5.9% YoY to INR 30.79 bn.
- GNPA in this business also increased by ~100 bps QoQ to 5.1%.

Key Financials

Income Statement

Year/Ended March (INR.Cr)	FY23	FY24	FY25	FY26E	FY27E
Interest Income	6684	8848	10041	11203	12763
Interest Expenses	2188	2866	3575	3643	4061
Net Interest Income	4496	5982	6466	7560	8703
Other Income	66	72	34	38	43
Net Operating Income	4562	6054	6500	7598	8746
Operating Expenses	2521	3095	4835	4091	4696
- Staff Cost	1469	1597	1842	2261	2588
- Other Operating Exp.	848	1251	2725	1457	1642
- Depreciation	204	246	267	374	466
Pre-provisioning profits	2041	2960	1666	3507	4050
Provisions	0.0	0.0	0.0	0.0	0.0
Profit Before Taxes	2041	2960	1666	3507	4050
Taxes	541	762	462	883	1019
Profit After Taxes	1500	2197	1204	2624	3030
% Growth	13%	46%	-45%	118%	15%

Balance Sheet

Year/Ended March (INR.Cr)	FY23	FY24	FY25	FY26E	FY27E
LIABILITIES					
Share Capital	169	169	169	169	169
Reserves & Surplus	9476	11379	12263	14568	17236
Shareholders Fund	9645	11548	12432	14737	17405
Minority interest	20	29	17	24	33
Borrowings	28483	33653	35404	42368	46874
Other liabilities & provisions	1356	1517	1353	1900	2008
Total Liabilities	39504	46748	49206	59029	66320
ASSETS					
Fixed Assets	1110	1117	1145	2018	2492
Investments	534	726	788	1173	1525
Advances	34195	40948	42252	52645	60108
Cash and Bank Balances	3033	3181	3808	2150	970
Other assets	632	775	1213	1043	1225
Total Assets	39504	46748	49206	59029	66320

Ratio Analysis

Year/Ended March	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Net Interest Income	11.0%	33.1%	8.1%	16.9%	15.1%
Net Operating Income	10.9%	32.7%	7.4%	16.9%	15.1%
Pre-provisioning Profit	14.4%	45.0%	-43.7%	110.5%	15.5%
PAT	12.9%	46.5%	-45.2%	118.0%	15.5%
Advances	18.0%	19.7%	3.2%	24.6%	14.2%
Borrowings	18.1%	18.2%	5.2%	19.7%	10.6%
Spreads (%)					
Yield on Advances	19.5%	21.8%	21.9%	21.3%	21.3%
Borrowing Cost	8.3%	9.2%	9.9%	9.0%	9.1%
Spreads	11.3%	12.6%	12.0%	12.3%	12.2%
NIMs	12.9%	14.4%	13.9%	14.2%	14.3%
Asset Quality					
Gross NPAs	2.2%	2.1%	2.0%	1.9%	1.9%
Net NPAs	1.5%	1.4%	1.4%	1.4%	1.3%
Provision Coverage Ratio	32.7%	33.1%	31.8%	30.3%	28.8%
Return Ratios					
RoE	16.6%	20.7%	10.0%	19.3%	18.8%
RoA	4.1%	5.1%	2.5%	4.8%	4.8%
Per Share Data					
EPS (Rs.)	17.8	26.0	14.2	31.1	35.9
Book Value	114.5	137.1	147.6	174.9	206.6
Adjusted Book Value	108.3	130.0	139.8	166.2	196.9
Valuations					
P/E (X)	12.9	8.8	16.1	7.4	6.4
P/BV (X)	2.0	1.7	1.6	1.3	1.1
P/ABV (X)	2.1	1.8	1.6	1.4	1.2

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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