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India | Equity Research | Results Update

Manappuram Finance

Gold Loan

Future prospects + valuations > history

We put Manappuram Finance (Manappuram) in this framework to upgrade the stock, from *Hold*, to **BUY**. We find future prospect promising with a new strategic direction for the business, which entails new management, lower MFI mix, better asset quality management and high growth and low yield in core gold business. This alone could be countered with the argument of a weak track record. For example, the company did try low yield in gold loans in FY22/FY23 when yields plummeted ~457bps between FY20–23; also, MFI has gone through a cycle with mix at highs of 26% in FY24 and lows of 13% in Q1FY26. However, looking at its overall attractive valuations (standalone valuations: ~1.7x FY27E P/B; the worst is behind for MFI), the equation tips in favour of Manappuram.

Additionally, history can also be seen through a different lens, wherein FY19–24 earnings CAGR has been 18.8% with average RoA/RoE of ~5%/21.8%.

Upgrade from Hold to BUY

Our SoTP-based target price for Manappuram stands at INR 305 (earlier INR 260), based on 1.7x (earlier 1.5x) P/B for standalone business, 1x (unchanged) P/B for MFI and 1x (earlier 1.1x) P/B for home finance/other business on FY27E BV. We factor in AUM growth of ~25%/15% in gold on a standalone basis (12.3% QoQ growth in Q1FY26), ~-15%/20% in MFI and 18%/16% for home finance business in FY26E/FY27E. We factor in AUM CAGR of ~16.2% on a consol. basis between FY26–27E. We model standalone 'NIM/opex/credit cost to AUM estimates at 12.3%/5.5%/0.7% for FY26E and 11.6%/5.2%/0.3% for FY27E. This leads to a standalone RoAE of ~13.7%/14.6% in FY26E/FY27E (RoAE at 17.2%/13.1% in FY25/Q1FY26). For Asirvad, we factor in RoAE of -21.9%/13.8% for FY26/27E (RoAE of -34.9%/-78% in FY25/Q1FY26). Consol. RoAE stands at 11.1%/15.7% for FY26E/FY27E. **Key risks:** Delay in proposed transaction, any adverse regulatory developments as seen in the past, increase in competitive intensity in gold and weakness in asset quality in non-gold segment.

Financial Summary

Y/E	March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)		55,889	62,250	57,271	63,756
PAT (Rs mn)		21,975	12,039	14,382	22,765
EPS (Rs)		26.0	14.2	17.0	26.9
% Chg YoY		46.5	(45.2)	19.5	58.3
P/E (x)		10.0	18.2	15.2	9.6
P/BV (x)		1.9	1.8	1.6	1.4
Dividend Yield (%)		1.3	1.5	1.5	1.8
RoA (%)		5.1	2.4	2.7	3.7
RoE (%)		20.7	10.0	11.1	15.7

Ansuman Deb

ansuman.deb@icicisecurities.com
+91 22 6807 7312

Shubham Prajapati

shubham.prajapati@icicisecurities.com

Sanil Desai

sanil.desai@icicisecurities.com

Market Data

Market Cap (INR)	219bn
Market Cap (USD)	2,497mn
Bloomberg Code	MGFL IN
Reuters Code	MNFL.BO
52-week Range (INR)	285 /138
Free Float (%)	65.0
ADTV-3M (mn) (USD)	18.7

Price Performance (%)	3m	6m	12m
Absolute	13.4	23.9	30.4
Relative to Sensex	14.0	21.3	29.1

ESG Score	2023	2024	Change
ESG score	74.4	77.2	2.8
Environment	55.6	55.9	0.3
Social	75.6	76.8	1.2
Governance	78.3	85.5	7.2

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

21-03-2025: [Company update](#)

14-08-2024: [Q1FY25 results review](#)

Strategy ahead includes product mix change and change in yields

- **Management proposes to increase gold loan portfolio at a consolidated level of 75% of total loan portfolios in a phased manner.** Gold:Non-gold is 65%:35% and gradually would reach 75%:25%. The intent is to increase secured to 90% and bring down the unsecured microfinance to below 10%.
- **Management is matching pricing gradually (lowering yields) with the markets and attracting higher ticket customers.** To attract more borrowers, the company has introduced various gold loan schemes at comprehensive prices to drive gold loan strategy.
- **Plan is to gradually expand gold loan business in subsidiaries.** First, management would try implement this in Asirvad, where there is opportunity for Asirvad's 1,100 non-gold branches. Later, after testing for success, the company may extend the gold loan business to other subsidiaries gradually. So, this way, management expects gold loan branches to grow to ~+5,000 towards the end of this year from 4,044 now.
- **Consolidation of other businesses and improvement in efficiency are stated objectives.** In affordable housing, average ticket size is ~INR 0.5mn and moving to an average ticket size of ~INR 0.8-1.5mn. Management believes the asset quality would improve along with employee productivity. Management remains confident that it would improve the profitability of gold loan, housing finance, as well as MSME. Management is moving out of risky segment and has already moved out of farm equipment. Similarly, in 2W, company has remodelled to automated underwriting system, so that cost is reduced; this has reduced disbursements, but should gradually pick up. Reduced number of people and improved asset quality will help business metrics.

Gold loan yield dropped as per strategy

- **Higher volumes, lower yields:** Management stated that it is a conscious strategy to bring down yields on par with leading players in the NBFC industry. As per their assessment, that is not going to impact gold loan income or profit during current year as depression in the yield will likely be compensated by growth. It could come down further to 18-19% with growth from 19%/23% YoY in FY25/Q1FY26. However, company is trying to protect budgeted income from gold loan and grow on the base of FY25. Company has started reducing the rates across the board gradually in a very calibrated manner. So, gradually there would be volume growth as well as increase in customer count, as communication to the customers takes a little time. First response comes from the existing customers and some high holding customers and slowly there would be better gold loan growth in the coming quarters. Management is planning and expecting the yields to be more or less on par with leading players in around four to six quarters.
- **Average gold loan yield for Q1FY26 was 20.7% (vs 22.2% in Q4FY25), a 250bps reduction.** Reduction shall be done on phased manner, to protect the projected income. Management is expecting some reduction in borrowing costs also; that would be passed on to the customers. So, even before expected period, rates shall be reduced.
- **Management is in discussion with banks for the opportunity for co-lending** and a few of the banks have come forward with a lot of enthusiasm. With revised guidelines, management remains very positive with regards to co-lending.

New CEO appointment shall structurally lift business expectations

- **Mr. Deepak Reddy appointed as new CEO.** He brings with him three decades of extensive experience in leading diverse business verticals and managing human capital across prominent financial institutions (was associated with Bajaj Finserv for 17 years). As CEO, he would be responsible for steering Manappuram Finance through the next phase of growth and innovation. This includes strengthening the company's core businesses of gold loans, vehicle loans, housing finance, and digital lending, while enhancing organisational culture, leadership depth, governance, and customer centricity.
- **Comment of CEO on question on his strategy:** *"Do I have some thoughts of what we need to do? Do I have some thinking around it? Is there a plan that's shaping in the mind, in my mind? The answer is yes, but it's definitely premature for me. You can be rest assured that when once I get a better feel of the company, I go further down, I travel, I meet people, and validate some of my hypothesis and what I want to do, we will share a strategy at the appropriate time. So, very strong thoughts and exciting thoughts, but I'm sorry, very, very premature for me to comment on that at this stage."*
- The board has decided to appoint Mr. V P Nandakumar as the Chairman, effective 28 Aug'25.

Strong growth in gold loan with 12% QoQ

- **AUM growth is driven by demand and not gold price.** LTV remains ~58%. So, when gold price goes up, people simply would not borrow, because gold price has gone up. This is because while borrowing, they have the clarity about the cash flow, which can redeem the gold within a couple of months' time. So, if it fits into their cash flow only then they borrow. When gold price goes up, the security they bring in as collateral, that quantity reduces. And when the price goes down, just the opposite happens. Actually, price has a strong bearing with regard to AUM growth.
- **The opportunities in unsecured borrowing have come down, which is helping gold lending growth.** With more players coming in, including banks, the popularity of gold loan is also increasing. Customers from middle/upper-middle class also started using gold loan to meet their business and other requirements.
- **Growth is mainly coming from INR 0.1mn+ ticket size.** During Q1FY26, company added 0.35mn new customers mostly in higher ticket size while small ticket size customers has seen reduction.
- **Gold loan ticket size details**
 - Up to INR 0.1mn, 36.5%.
 - INR 0.1mn to INR 0.2mn, 21.3%.
 - INR 0.2mn to INR 0.5mn, 23.1%.
 - Above INR 0.5mn, 19.1% (vs 15% in Q4FY25). Plan is to reach 30% in-line with peers.

Q1FY26 business highlights

- **Consolidated AUM for Q1FY26 was INR 443bn, up 3% QoQ and down 1.4% YoY. The decline is on account of the challenges in Asirvad Microfinance.** Consolidated AUM, excluding Asirvad, was INR 376bn, up 7.9% QoQ/15.3% YoY.
- Gold/ MFI/HFC/vehicle/others contributed 65%/12.5%/4.3%/10.1%/8% in Q1FY26 vs 59.5%/16.7%/4.2%/11.1%/8.5% in FY25 vs 51.1%/26.2%/3.6%/9.8%/9.4% in FY24 and (increase in gold mix is notable due MFI stress).
- Gold loan AUM increased by 12.6%/21.8% QoQ/YoY to INR 288bn while gold holding decreased to 56.9te in Q1FY26 from 59.6te in Q4FY25. LTV stood at 57% vs 60% Q1FY25.
- Consolidated revenue declined 3.1% QoQ, total opex was flattish, while credit cost was down 39% QoQ, resulting in PAT of INR 1.3bn, translating to 1.1%/4.3% (annualised) RoA/RoE in Q1FY26 vs negative 1.6%/6.4% in Q4FY25. Excluding Asirvad losses, PAT consolidated PAT stands at INR 4bn, QoQ/YoY decline is 5%/19.2%.

Standalone PAT declined 5.4% QoQ to INR 3.9bn with growth of 0.8% in revenue QoQ (lower yields QoQ) while interest expenses were up at 5.8% QoQ (cost of fund stable at 9.2%). NII was down 2% QoQ in Q1FY26 with yield declining on a sequential basis to 20.5% in Q1FY26 from 21.7% in Q4FY25. Cost of funds remained flattish at 9.2% in Q1FY26. Opex to AUM decreased to 5.8% in Q1FY26, from 6.1% in Q4FY25. PPOP declined by 5.1% QoQ to INR 6bn, mainly because of lower NIMs. Credit cost decreased at 0.8% in Q1FY26 vs. 1% in Q4FY25. Annualised RoA/RoE was 3.8%/13.1% in Q1FY26 vs 4.2%/14.2% in Q4FY25.

Asirvad (MFI) worst is over

- AUM for Asirvad including gold loans of INR 11.11bn stood at INR 67.05bn which is down by 18% QoQ and 45% YoY. The microfinance sector experienced a considerable stress primarily due to the increased borrower defaults from over-leverage and led to higher credit costs which negatively impacted the profitability. Asirvad posted a loss of INR 2.67bn in Q1 compared to a loss of INR 6.24bn in Q4FY25. The Net NPA is at 1.4% that is INR 0.84bn compared to INR 1.77bn in Q4FY25 and the CRAR is at 23.6%. In last earning call, management stated that worst is over in MFI. Management is hoping things will improve and towards Q4FY26 should turn green.
- **Steps taken towards credit rationalization and risk aptitude**
 - Credit rules aligned with SRO guidelines resulted in a sourcing to sanction average rate of 46.5 % in Q1- FY2026 compared with 38.4 % in Q4-FY2025 & 64.0 % in Sep 2024
 - Micro focus - New client disbursement enabled only in centres having nil PAR
 - Repeat Disbursement enabled only for customers paying promptly
 - Targeted approach for customer retention – Bureau washed scheme for repeat loans
 - Focused collection strategy by having separate team for hard bucket
 - 100% biometric verification of customers ensuring a robust onboarding process and unique enhanced Income Scorecard
- Asirvad has ~1,600 branches and out of that 500 branches are exclusively gold loan branches and remaining 1,100 branches are offering microfinance. This infrastructure also can be upgraded and utilised for gold lending through gold co-lending platform. Asirvad has a large expanded network and very large customer base and community connects.

Vehicle finance strategy also involves careful business selection and increasing ticket size

- Vehicle finance AUM at INR 44.92bn declined 5.9% QoQ and up 1.1% YoY. Considering asset quality challenges, especially from the two-wheeler and farm segments, company has tightened underwriting. With low disbursement, GNPA increased to 9.2%, as on Jun'25.
- With regard to portfolio, company had challenges in some of the segments like farm equipment and exited. Similarly, in 2W also, company has re-modelled to an automated underwriting system, so that the cost is reduced but this has brought down disbursal which would gradually pick up.
- Renewed strategy is to focus on slightly larger tickets, both on used commercial vehicle as well as used car sector. Average ticket size remains around INR 0.6-0.7mn and intends that to be taken to around INR 1mn plus and attract customers of a relatively higher profile.

Home Loan remains steady

- Home loan portfolio reached INR 19.01bn, up 4.3% QoQ and 19.8% YoY. This business operates from 89 branches and reported profit of INR 70mn during Q1FY26 with GNPA of 2.87%.

MSME and allied loan also being reoriented towards profitable growth

- Loans to MSME and allied sector stood at INR 31.05bn with a disbursement of INR 30.46bn.
- In MSME, ~5% portfolio was unsecured which created major challenges. This quarter, company did some ARC, which also has a bearing on the profitability. But now they have consolidated many things and more focus is on the asset quality. The company is re-processing the business to take the average ticket size from current level of INR0.5mn to around INR 0.8-0.9mn this year which should lead to business improvement.

Cost of borrowing should reduce ahead

- During the quarter, company has seen a minor decline in the cost of borrowing by 2bps.
- Banks are marginally reducing MCLR, which is beneficial, but at the same time, there is change in mix of borrowing, as banks also want to have long-term facilities. So, the short-term mix is coming down (it is only 26% and working capital demand/CP is ~4%.) So, in coming quarters, management expects reduction in MCLR to give benefit and capital coming in can also help better negotiations with the bank.

Company optimistic on possible expansion in gold loan branches

- As per management, for gold loan companies, there is a restriction in opening branches beyond 1,000. Company has submitted application for opening branches to RBI, but now the Bain transaction is being processed by the RBI. So, until this transaction is over, they typically would not take up these things. Management is expecting RBI approval to be received probably by next month and without much delay, they expect new branch applications also to be sanctioned.

Bain deal progressing smoothly

- Regarding Bain deal, it is progressing smoothly as expected. CCI approval is already in place. Management is expecting exchanges' approval in a fortnight and central bank approval in a month.

Exhibit 1: Q1FY26 standalone result review

Income statement (INR mn)	Q1FY26	Q1FY25	%Change YoY	Q4FY25	%Change QoQ
Net Interest income	11,044	10,718	3.0%	11,264	-2.0%
Add: Other income	-47	65	-171.9%	58	-180.3%
Total net income	10,997	10,783	2.0%	11,322	-2.9%
Less: Operating expenses	5,023	4,517	11.2%	5,027	-0.1%
-Employees benefit expenses	3,109	2,769	12.3%	3,077	1.1%
-Depreciation and Amrt	552	488	13.3%	503	9.8%
-Other expenses	1,362	1,261	8.0%	1,447	-5.9%
Pre-provisioning profit	5,974	6,266	-4.7%	6,295	-5.1%
Less: Provisions and write offs	717	533	34.5%	793	-9.6%
PBT	5,257	5,733	-8.3%	5,503	-4.5%
Less: Taxes	1,336	1,525	-12.4%	1,359	-1.7%
PAT	3,921	4,208	-6.8%	4,143	-5.4%

Balance sheet key items (INR mn)					
AUM	3,56,990	3,10,347	15.0%	3,30,210	8.1%
Net worth	1,21,160	1,07,031	13.2%	1,17,928	2.7%
Borrowings	3,01,680	2,65,464	13.6%	2,70,459	11.5%

Asset Quality					
GNPA (INR mn)	10,709	6,207	72.5%	9,246	15.8%
Gross stage-3	3.0%	2.0%	100 bps	2.8%	20 bps
Net stage-3	2.6%	1.7%	90 bps	2.5%	10 bps
Credit cost (annualised)	0.8%	0.7%	12 bps	1.0%	-14 bps

Key Ratios (annualised)					
Yield on AUM	20.5%	21.8%	-130 bps	21.7%	-120 bps
Cost of funds	9.2%	9.0%	20 bps	9.2%	0 bps
NIMs on AUM	12.9%	14.4%	-151 bps	13.8%	-92 bps
Cost to income	45.7%	41.9%	378 bps	44.4%	128 bps
Opex to AUM	5.8%	6.1%	-21 bps	6.1%	-30 bps
RoA	3.8%	4.8%	-100 bps	4.2%	-40 bps
RoE	13.1%	16.7%	-360 bps	14.2%	-110 bps
CAR	29.0%	30.0%	-100 bps	31.0%	-200 bps

Source: I-Sec research, Company data

Exhibit 2: Standalone Dupont

Dupont (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Interest Income	17.9	17.9	18.1	18.1	17.5	17.5	18.0	17.3	16.4
Interest Expense	5.6	5.6	5.9	5.9	5.9	6.0	6.3	6.1	6.0
Net Interest Income	12.2	12.3	12.2	12.2	11.6	11.5	11.7	11.2	10.3
Other Income	0.5	0.7	0.5	0.1	0.1	0.2	0.1	0.1	-0.0
Total Net Income	12.8	12.9	12.8	12.3	11.7	11.7	11.8	11.3	10.3
Operating Expenses	5.5	5.3	5.3	5.3	4.9	4.7	4.9	5.0	4.7
Pre Provision Operating Profit	7.2	7.6	7.5	7.1	6.8	7.0	6.9	6.3	5.6
Provisions	0.3	0.4	0.3	0.3	0.6	0.5	0.8	0.8	0.7
PBT	6.9	7.2	7.1	6.8	6.2	6.5	6.2	5.5	4.9
Tax	1.8	1.8	1.9	1.6	1.6	1.7	1.6	1.4	1.3
Reported PAT	5.2	5.3	5.2	5.2	4.5	4.8	4.6	4.1	3.7
Leverage (avg. assets/avg. equity)	3.2	3.3	3.3	3.3	3.5	3.6	3.5	3.4	3.6
RoE	16.7	17.7	17.5	16.8	16.0	17.4	16.0	14.2	13.1

Source: I-Sec research, Company data

Exhibit 3: Key standalone parameters

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Gold AUM (INR mn)	2,06,032	2,08,085	2,07,579	2,15,611	2,36,473	2,43,651	2,45,043	2,55,860	2,88,020
Gold Holdings (Tonnage)	59.3	59.4	58.2	58.8	59.6	59.7	57.3	56.4	56.9
No of gold loan branches	3,507	3,507	3,507	3,507	3,507	3,507	3,507	3,507	3,507
No of gold loan Customers (mn)	2.40	2.50	2.50	2.51	2.60	2.66	2.60	2.58	2.59

Source: I-Sec research, Company data

Exhibit 4: Q1FY26 consolidated result review

Income statement (INR mn)	Q1FY26	Q1FY25	%Change YoY	Q4FY25	%Change QoQ
Net Interest income	13,804	15,548	-11.2%	14,108	-2.2%
Add: Other income	293	1,088	-73.1%	230	27.5%
Total net income	14,097	16,636	-15.3%	14,338	-1.7%
Less: Operating expenses	7,488	6,823	9.7%	7,505	-0.2%
-Employees benefit expenses	4,744	4,464	6.3%	5,000	-5.1%
-Depreciation and Amrt	748	644	16.2%	659	13.4%
-Other expenses	1,996	1,715	16.4%	1,846	8.1%
Pre-provisioning profit	6,609	9,814	-32.7%	6,833	-3.3%
Less: Provisions and write offs	5,594	2,286	144.7%	9,192	-39.1%
PBT	1,015	7,528	-86.5%	-2,359	-143.0%
Less: Taxes	-310	1,963	-115.8%	-327	-5.4%
PAT	1,325	5,565	-76.2%	-2,032	-165.2%

Balance sheet key items (INR mn)					
AUM	4,43,040	4,49,323	-1.4%	4,30,340	3.0%
Loan assets on balance sheet	4,37,130	4,39,132	-0.5%	4,22,520	3.5%
Net worth	1,25,040	1,20,207	4.0%	1,24,320	0.6%
Borrowings	3,74,000	3,84,634	-2.8%	3,54,040	5.6%

Asset Quality					
Gross stage-3	2.9%	2.9%	0 bps	2.4%	50 bps
Net stage-3	4.4%	3.0%	140 bps	8.5%	-410 bps
Credit cost (annualised)	5.1%	2.1%	302 bps	8.4%	-331 bps

Key Ratios (annualised)					
Yield on AUM	20.5%	22.1%	-162 bps	21.1%	-67 bps
Cost of funds	9.2%	9.3%	-11 bps	9.4%	-20 bps
NIMs on AUM	12.6%	14.3%	-166 bps	12.9%	-30 bps
Cost to income	53.1%	41.0%	1210 bps	52.3%	77 bps
Opex to AUM	6.9%	6.3%	58 bps	6.9%	-3 bps
RoA	1.1%	4.5%	-340 bps	-1.6%	270 bps
RoE	4.3%	18.8%	-1450 bps	-6.4%	1070 bps

Source: I-Sec research, Company data

Exhibit 5: Consolidated Dupont

Dupont (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Interest Income	19.4	19.4	19.8	19.9	19.5	19.5	19.4	18.4	17.8
Interest Expense	6.5	6.5	6.7	6.8	6.9	6.9	7.1	7.1	6.8
Net Interest Income	12.9	12.8	13.1	13.1	12.6	12.5	12.3	11.2	11.0
Other Income	1.2	1.2	1.1	0.8	0.9	0.7	0.4	0.2	0.2
Total Net Income	14.1	14.1	14.2	13.9	13.5	13.3	12.6	11.4	11.2
Operating Expenses	6.1	5.9	5.8	5.7	5.5	5.3	5.5	6.0	6.0
Pre Provision Operating Profit	8.0	8.2	8.4	8.2	7.9	7.9	7.2	5.4	5.3
Provisions	1.2	1.1	1.3	1.6	1.9	2.0	4.3	7.3	4.5
PBT	6.8	7.1	7.1	6.5	6.1	5.9	2.9	-1.9	0.8
Tax	1.8	1.8	1.9	1.6	1.6	1.5	0.8	-0.3	-0.2
Reported PAT	5.0	5.3	5.2	4.9	4.5	4.4	2.2	-1.6	1.1
Leverage (avg. assets/avg. equity)	4.0	4.1	4.1	4.0	4.2	4.3	4.1	4.0	4.0
RoE	20.2	21.7	21.3	19.9	18.9	18.6	8.8	-6.4	4.2

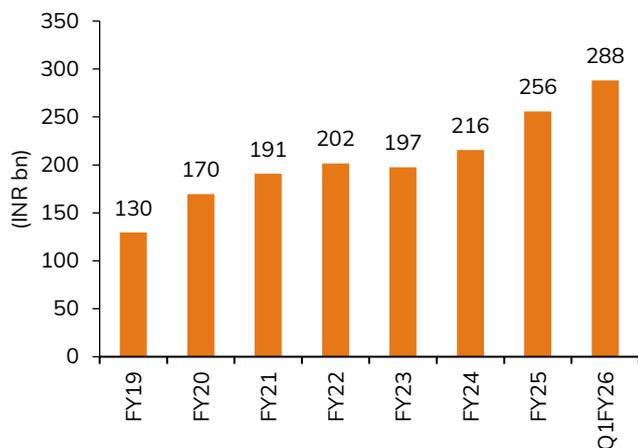
Source: I-Sec research, Company data

Exhibit 6: Consolidated AUM mix

Mix (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Consol AUM (INR mn)	3,70,606	3,89,507	4,03,852	4,20,696	4,49,323	4,57,163	4,42,174	4,30,340	4,43,040
Gold	55.6%	53.4%	51.4%	51.3%	52.6%	53.3%	55.4%	59.5%	65.0%
MFI	25.1%	25.9%	26.5%	26.0%	25.0%	24.0%	20.7%	16.7%	12.5%
HFC	3.2%	3.4%	3.5%	3.6%	3.5%	3.7%	4.0%	4.2%	4.3%
VEF	7.5%	8.1%	8.9%	9.8%	10.1%	10.6%	11.5%	11.1%	10.1%
On-lending	2.2%	2.4%	2.5%	2.3%	2.0%	1.8%	1.5%	1.2%	0.9%
MSME & Allied	6.4%	6.9%	7.2%	7.0%	6.7%	6.6%	6.9%	7.3%	7.1%
Manappuram Finance -SA	69.4%	68.5%	67.9%	68.2%	69.1%	69.7%	73.3%	76.7%	80.6%
Gold	53.4%	51.3%	49.3%	49.2%	50.3%	50.7%	53.6%	57.3%	62.5%
Non-gold	16.0%	17.2%	18.6%	19.0%	18.8%	19.0%	19.8%	19.4%	18.1%
- VEF	7.5%	8.1%	8.9%	9.8%	10.1%	10.6%	11.5%	11.1%	10.1%
- On-lending	2.2%	2.4%	2.5%	2.3%	2.0%	1.8%	1.5%	1.2%	0.9%
- MSME & Allied	6.4%	6.9%	7.2%	7.0%	6.7%	6.6%	6.9%	7.3%	7.1%
Asirvad AUM	27.4%	28.1%	28.6%	28.2%	27.4%	26.6%	22.6%	19.0%	15.1%
Gold	2.2%	2.1%	2.1%	2.0%	2.3%	2.5%	1.8%	2.2%	2.5%
Non-gold	25.2%	26.0%	26.5%	26.2%	25.1%	24.0%	20.8%	16.9%	12.6%
Manappuram Home AUM	2.4%	2.4%	2.5%	2.6%	2.7%	2.9%	3.2%	3.5%	3.6%

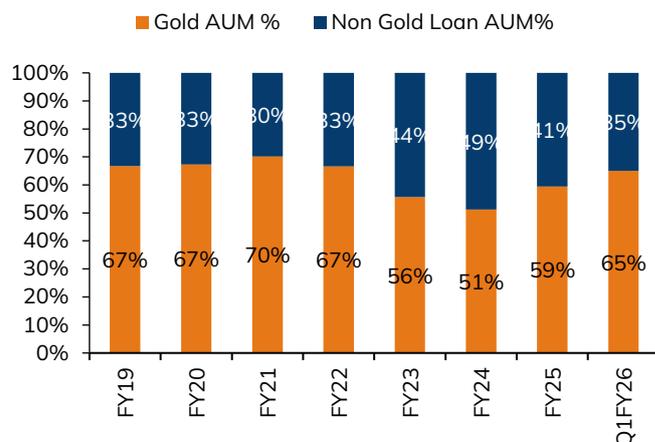
Source: I-Sec research, Company data

Exhibit 7: Manappuram’s gold AUM



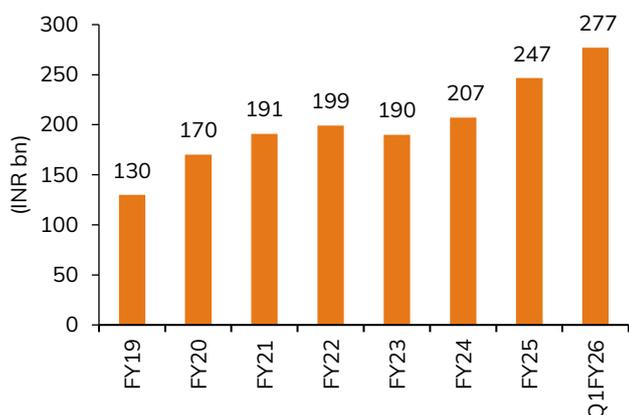
Source: Company data, I-Sec research

Exhibit 8: Gold AUM as a % of total AUM is increased in Q1FY26



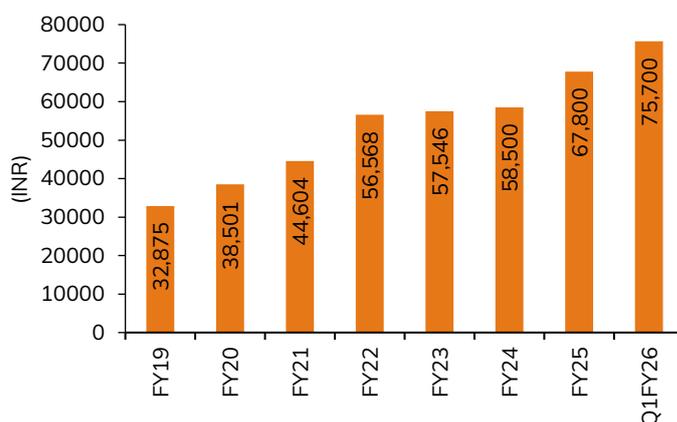
Source: Company data, I-Sec research

Exhibit 9: Manappuram’s standalone gold loan AUM



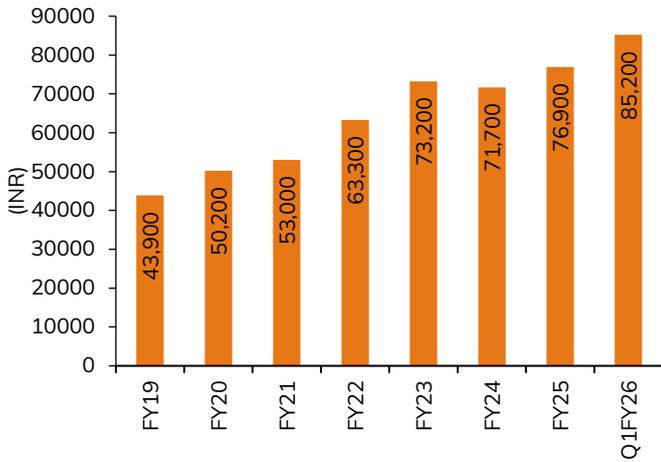
Source: Company data, I-Sec research

Exhibit 10: Average ticket size of gold loans increased



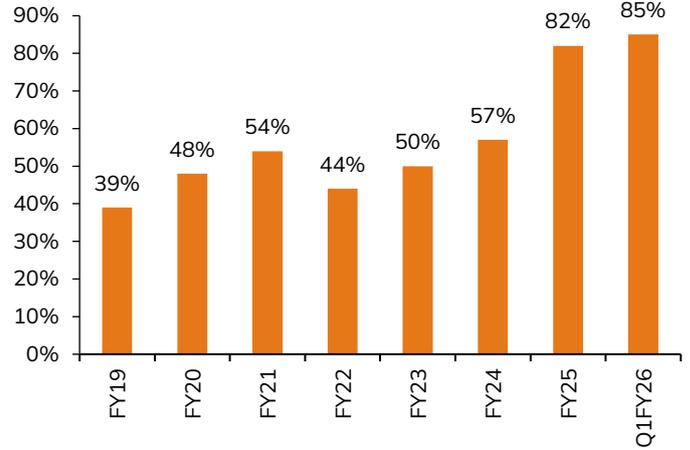
Source: Company data, I-Sec research

Exhibit 11: Average ticket size for online gold loans increased



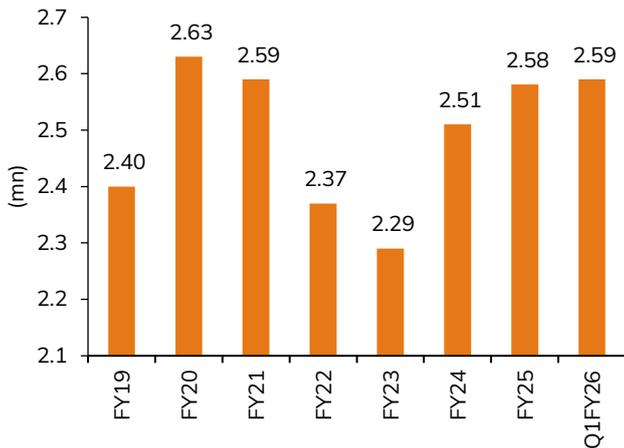
Source: Company data, I-Sec research

Exhibit 12: Share of online gold loans is increasing in overall gold AUM



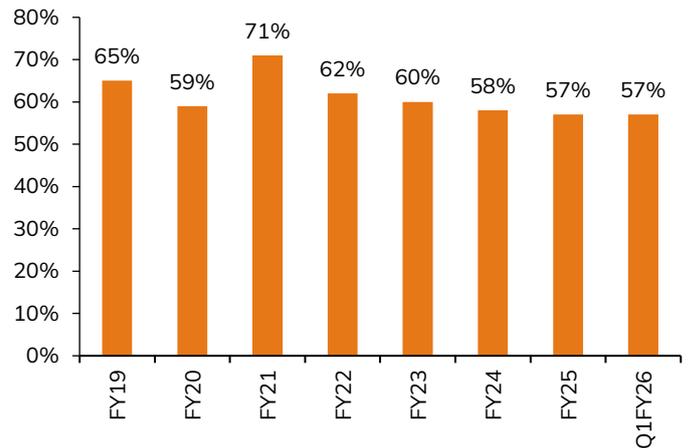
Source: Company data, I-Sec research

Exhibit 13: Customer base has declined for last 3 years and is now steadily increasing...



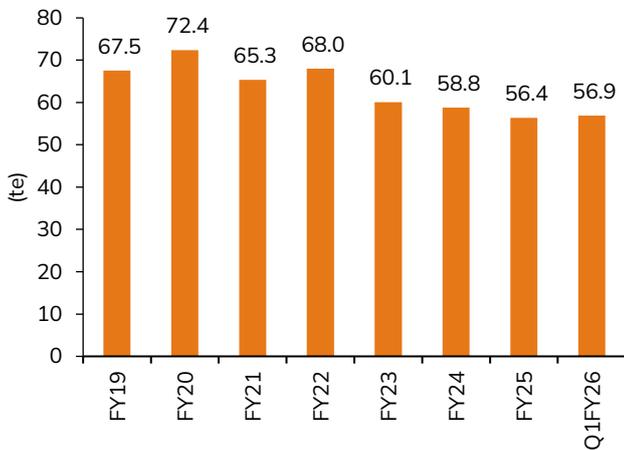
Source: Company data, I-Sec research

Exhibit 14: LTV for gold loans reduced with increase in gold price; stable in Q1FY26



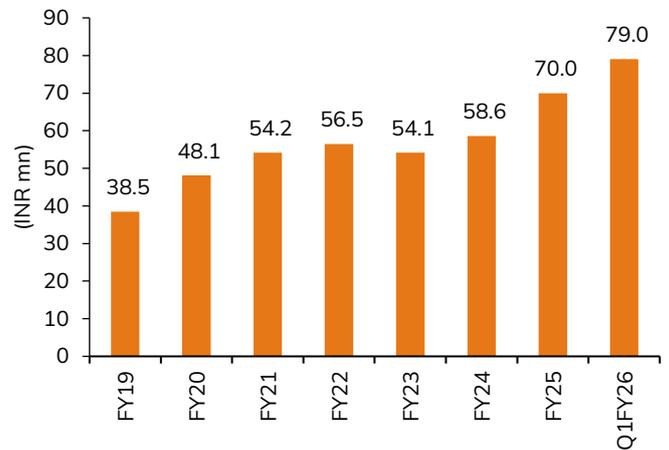
Source: Company data, I-Sec research

Exhibit 15: Gold holdings have declined FY23 onwards, now stabilizing



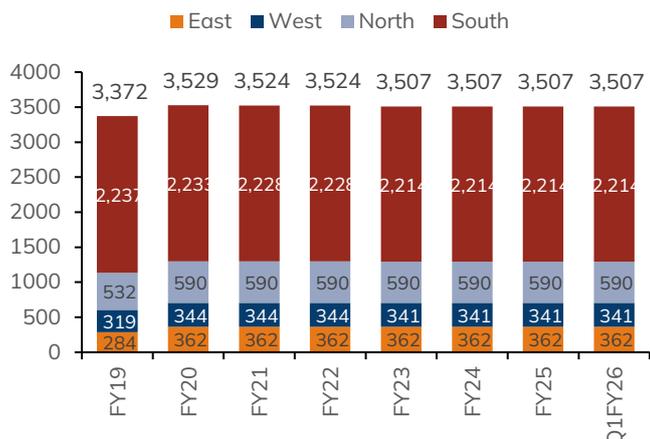
Source: Company data, I-Sec research

Exhibit 16: AUM per branch increased in Q1FY26



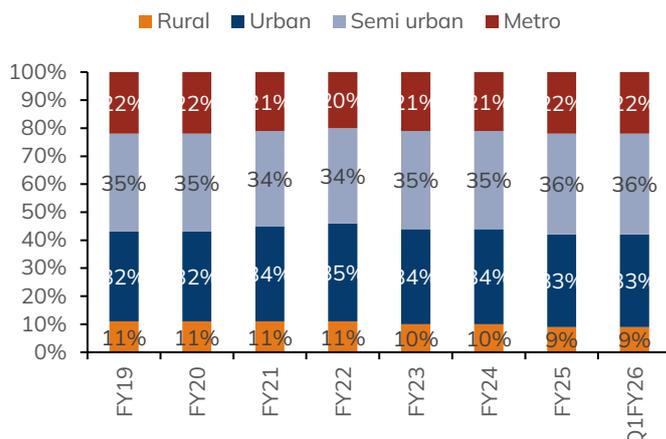
Source: Company data, I-Sec research

Exhibit 17: Branch distribution for gold loan business; no increase in branches for last three years



Source: Company data, I-Sec research

Exhibit 18: Rural-urban mix for gold loan branches (%) remains same



Source: Company data, I-Sec research

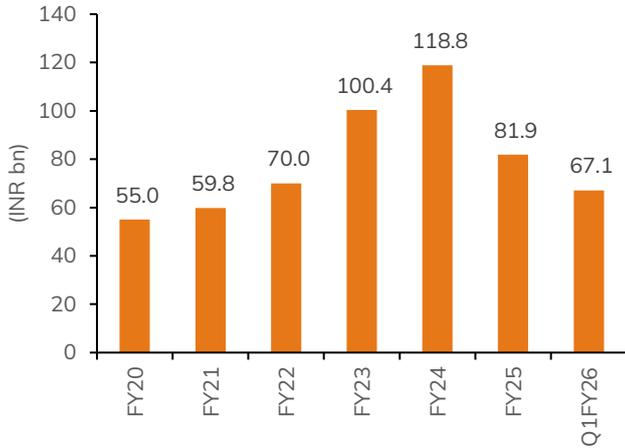
Asirvad Microfinance

Exhibit 19: Q1FY26 result review- Asirvad

INR mn	Q1FY26	Q1FY25	%Change YoY	Q4FY25	%Change QoQ
Income from operations	4,220	7,530	-44.0%	5,110	-17.4%
Finance expense	1,740	2,730	-36.3%	2,170	-19.8%
Net operating income	2,480	4,800	-48.3%	2,940	-15.6%
Employee expense	1,340	1,443	-7.1%	1,630	-17.8%
Other operating expense	690	524	31.7%	770	-10.4%
Pre-provision profit	440	2,833	-84.5%	530	-17.0%
Provisions/Bad debts	4,830	1,715	181.6%	8,490	-43.1%
Other income	20	222	-91.0%	20	0.0%
PBT	-4,370	1,340	-426.1%	-7,940	-45.0%
Tax	-1,690	339	-598.5%	-1,680	0.6%
PAT	-2,690	1,000	-369.0%	-6,260	-57.0%
Key Ratios					
Yield on AUM	22.7%	24.9%	-224 bps	22.5%	20 bps
Cost of funds	11.0%	10.6%	38 bps	11.0%	-2 bps
NIM to AUM	13.3%	15.9%	-256 bps	12.9%	39 bps
Cost to income	82.2%	41.0%	4120 bps	81.9%	27 bps
Opex to AUM	10.9%	6.5%	439 bps	10.5%	35 bps
GNPA	4.4%	3.0%	140 bps	8.5%	-410 bps
NNPA	1.4%	1.4%	0 bps	2.5%	-110 bps
Credit Cost	25.9%	5.7%	2027 bps	37.3%	-1137 bps
RoAA (reported)	-13.0%	3.1%	-1610 bps	-25.0%	1200 bps
RoE (reported)	-78.0%	18.2%	-9624 bps	-137.1%	5906 bps
CAR	23.6%	21.8%	180 bps	20.9%	270 bps

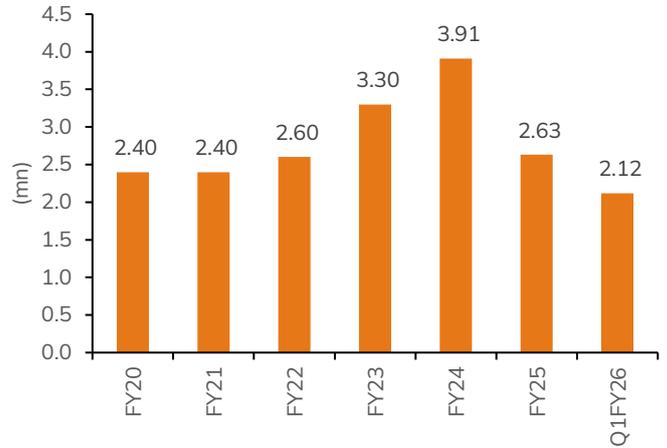
Source: I-Sec research, Company data

Exhibit 20: MFI AUM has decreased



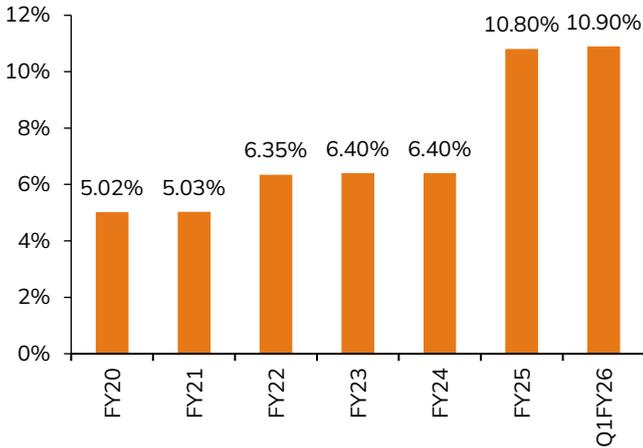
Source: Company data, I-Sec research

Exhibit 21: Number of borrowers has decreased



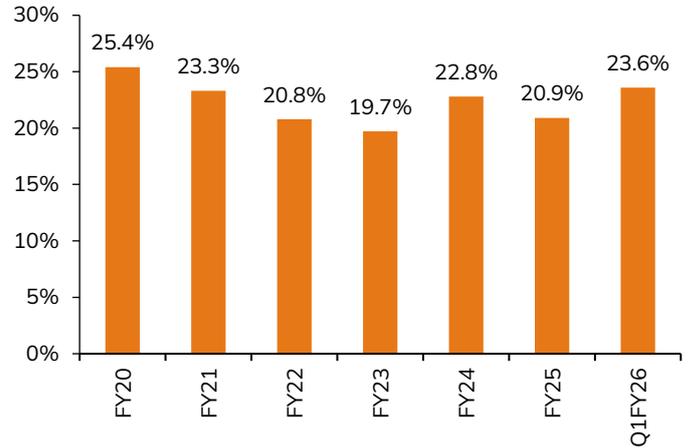
Source: Company data, I-Sec research

Exhibit 22: Opex by AUM for Asirvad MFI (%)



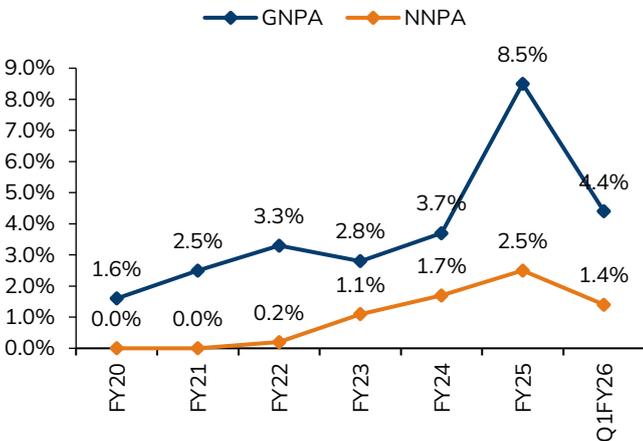
Source: Company data, I-Sec research

Exhibit 23: Capital adequacy ratio for Asirvad



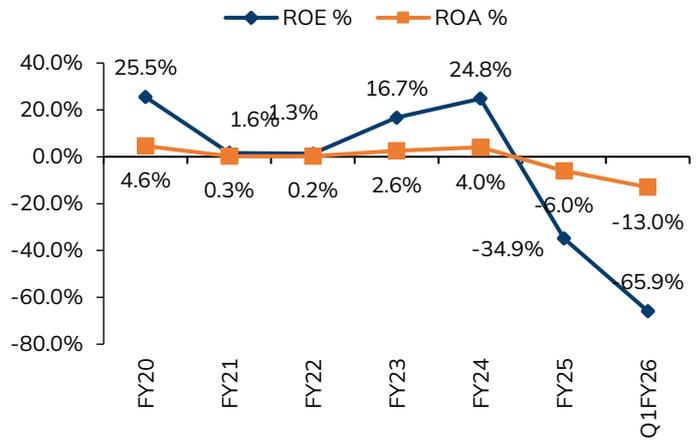
Source: Company data, I-Sec research

Exhibit 24: GNPA and NNPA trend of MFI (%) deteriorating



Source: Company data, I-Sec research

Exhibit 25: RoE & RoA for MFI business impacted by higher credit cost



Source: Company data, I-Sec research

Exhibit 26: Key highlight for Home finance business

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Branches	66	65	65	65	95	94	89	89	89
AUM Mix (INR mn)	12,026	13,049	14,153	15,097	15,874	16,916	17,784	18,240	19,010
Home Loan	66%	69%	70%	69%	72%	71%	71%	68%	67%
Home Construction	-	-	-	-	-	-	-	-	-
LAP	34%	31%	30%	31%	28%	29%	29%	32%	33%
Average yield of Home Finance									
-Home Loan	16%	17%	17%	17%	17%	18%	18%	18%	18%
-Home Construction	-	-	-	-	-	-	-	-	-
-LAP	18%	18%	19%	20%	21%	19%	20%	20%	20%
Average ticket size									
-Home Loan (INR mn)	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
-Home Construction (INR mn)	-	-	-	-	-	-	-	-	-
-LAP (INR mn)	0.6	0.6	0.4	0.5	0.6	0.6	0.6	0.6	0.6
Gross stage-3	2.8%	1.8%	2.7%	2.4%	2.9%	3.3%	3.9%	2.4%	2.9%

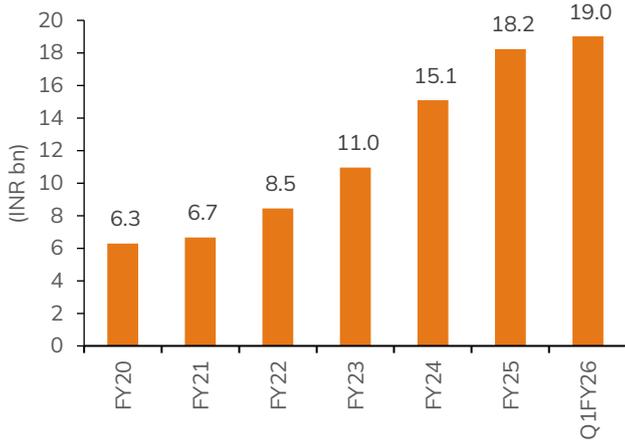
Source: I-Sec research, Company data

Exhibit 27: key highlights for Vehicle Finance Business

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Branches (co-located with gold-finance)	283	280	283	283	380	528	528	528	482
AUM Mix (INR Mn)	27,792	31,432	35,974	41,109	45,413	48,482	50,854	47,730	44,920
CV (commercial vehicle)	59%	58%	58%	57%	56%	55%	54%	54%	54%
TW (2 wheelers)	18%	17%	17%	17%	16%	16%	15%	15%	14%
PV (passenger vehicle)	24%	25%	25%	26%	28%	30%	31%	31%	32%
Average yield (%) of vehicle finance									
-CV (%)	18%	18%	18%	18%	18%	18%	16%	17%	17%
-TW (%)	21%	21%	21%	22%	22%	22%	22%	22%	21%
-PV (%)	18%	18%	18%	18%	18%	18%	18%	18%	18%
Average ticket size									
-CV (INR mn)	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	1.0
-TW (INR mn)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
-PV (INR mn)	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5

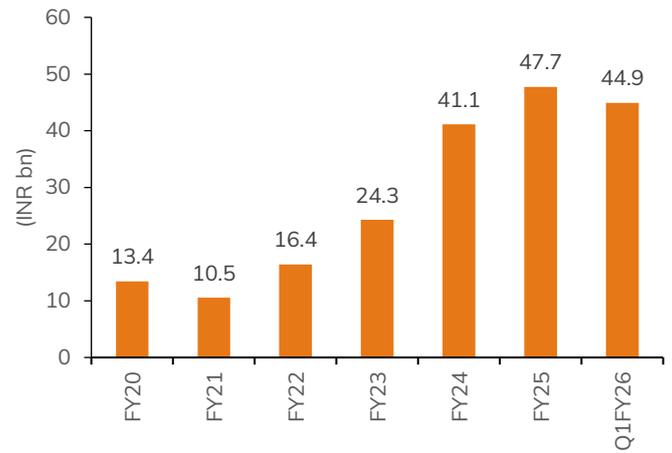
Source: I-Sec research, Company data

Exhibit 28: Housing finance AUM



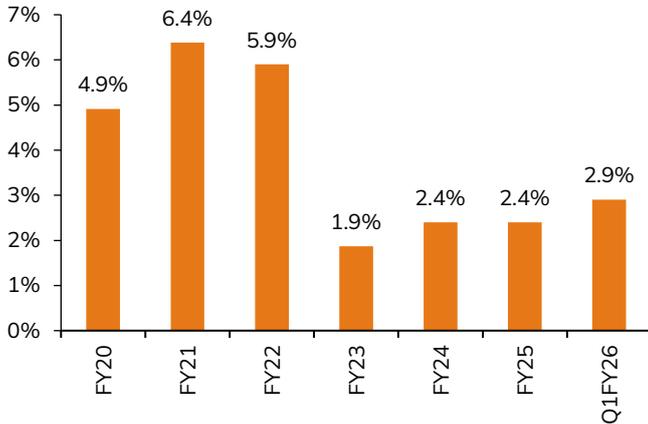
Source: Company data, I-Sec research

Exhibit 29: Vehicle finance AUM (INR bn)



Source: Company data, I-Sec research

Exhibit 30: Housing finance GNPA (%)



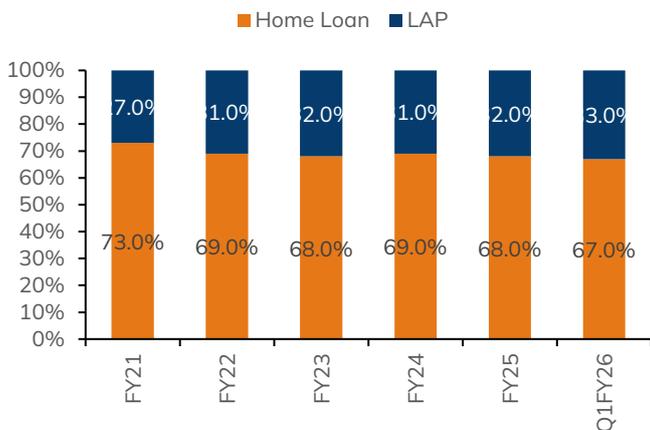
Source: Company data, I-Sec research

Exhibit 31: Vehicle finance GNPA (%)



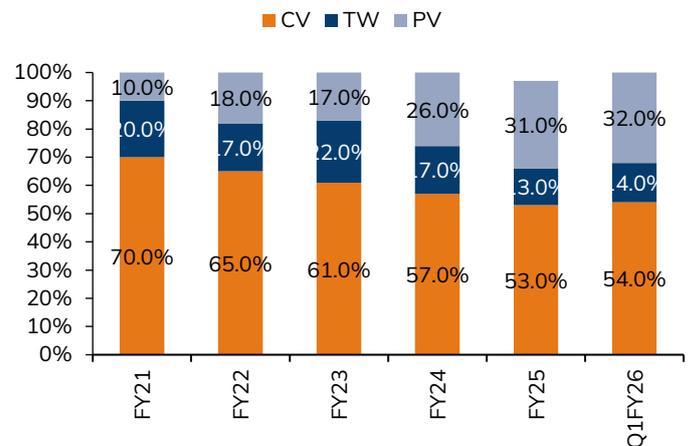
Source: Company data, I-Sec research

Exhibit 32: AUM mix – housing finance (%)



Source: Company data, I-Sec research

Exhibit 33: AUM mix – vehicle finance (%)



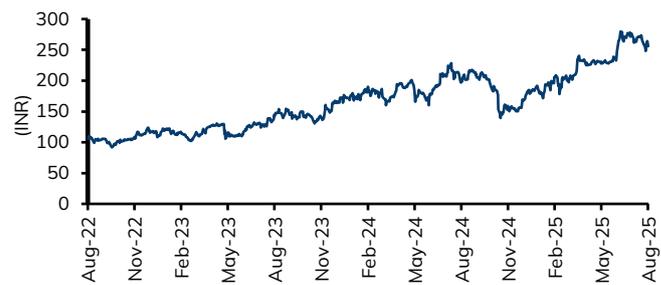
Source: Company data, I-Sec research

Exhibit 34: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	35.3	35.3	35.3
Institutional investors	34.9	36.4	38.4
MFs and others	6.9	6.6	6.8
FIs/Banks	0.0	0.0	0.0
Insurance	0.4	0.6	0.9
FIIIs	27.6	29.2	30.7
Others	29.9	28.3	26.3

Source: Bloomberg, I-Sec research

Exhibit 35: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 36: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	84,546	97,997	90,096	1,00,055
Net gain on fair value changes	-	-	-	-
Interest Expenses	(28,657)	(35,747)	(32,825)	(36,299)
Net Interest Income (NII)	55,889	62,250	57,271	63,756
Other Income	721	342	375	406
Total Income (net of interest expenses)	60,544	65,002	58,269	65,173
Employee benefit expenses	(15,973)	(18,418)	(18,140)	(18,576)
Depreciation and amortization	(2,465)	(2,674)	(2,033)	(2,327)
Fee and commission expenses	-	-	-	-
Other operating expenses	(6,728)	(7,626)	(8,156)	(9,413)
Total Operating Expense	(25,165)	(28,718)	(28,329)	(30,316)
Pre Provisioning Profits (PPoP)	35,379	36,285	29,940	34,856
Provisions and write offs	(5,783)	(19,628)	(10,545)	(4,181)
Profit before tax (PBT)	29,595	16,657	19,395	30,675
Total tax expenses	(7,620)	(4,618)	(5,013)	(7,911)
Profit after tax (PAT)	21,975	12,039	14,382	22,765

Source Company data, I-Sec research

Exhibit 37: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Valuations				
EPS	26	14	17	27
BVPS	136	147	160	182
Yields, Interest income & spreads (%)				
Yield on AUM	22	23	19	18
Cost of funding	9	10	9	9
NIM on AUM	14	15	12	12
Other income on AUM	1.2	0.6	0.2	0.3
Operating efficiency (%)				
Cost to income	41.6	44.2	48.6	46.5
Opex to AUM	6.5	6.7	6.1	5.6
AUM per branch (INR Mn)	81.8	94.2	110.2	119.0
Asset Quality (%)				
GNPA	1.9	2.8	2.2	1.8
NNPA	1.6	2.5	1.8	1.5
Credit cost on AUM	0.4	0.9	0.7	0.3
Profitability (%)				
ROAA	5.1	2.5	2.8	4.0
ROE	20.7	10.0	11.1	15.7

Source Company data, I-Sec research

Exhibit 38: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	1,693	1,693	1,693	1,693
Reserves & surplus	1,13,788	1,22,629	1,33,765	1,52,605
Shareholders' funds	1,15,481	1,24,322	1,35,457	1,54,298
Borrowings	3,36,535	3,54,040	3,77,293	4,37,525
Provisions & Other Liabilities	15,175	13,518	13,797	15,602
Deferred tax liabilities (net)	-	-	-	-
Current Liabilities and short-term provisions	-	-	-	-
Total Liabilities and Stakeholder's Equity	4,67,479	4,92,047	5,26,786	6,07,778
Cash and balance with RBI	31,813	38,077	54,310	58,192
Fixed assets	5,091	10,983	8,090	9,700
Loans	4,09,491	4,22,516	4,39,942	5,11,532
Investments	7,263	7,877	4,481	4,402
Deferred tax assets (net)	2,015	3,754	4,758	5,892
Current Assets including cash and bank	-	-	-	-
Other Assets	11,450	8,485	14,849	17,704
Total Assets	4,67,479	4,92,047	5,26,786	6,07,778

Source Company data, I-Sec research

Exhibit 39: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Gross AUM (INR Mn)	4,20,691	4,30,340	5,02,096	5,81,106
Interest Income (%)	19.6	20.4	17.7	17.6
Interest Expense (%)	6.6	7.5	6.4	6.4
Net Interest Income (%)	13.0	13.0	11.2	11.2
Other Income (%)	1.1	0.6	0.2	0.2
Total Net Income (%)	14.0	13.5	11.4	11.5
Operating Expenses (%)	5.8	6.0	5.6	5.3
Pre Provision Operating Profit (%)	8.2	7.6	5.9	6.1
Provisions (%)	1.3	4.1	2.1	0.7
PBT (%)	6.9	3.5	3.8	5.4
Tax (%)	1.8	1.0	1.0	1.4
Reported PAT (%)	5.1	2.5	2.8	4.0
Leverage (average assets/average equity)	4.1	4.0	3.9	3.9
RoE (%)	20.7	10.0	11.1	15.7

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
