

Turning point

20 March 2025

The announcement of Bain Capital acquiring a controlling stake in Manappuram Finance (MGFL IN) earmarks a turning point for the second- biggest market leader in the gold financing space. While the long-standing overhang is behind, Bain's investment could catalyze a valuation re-rating for MGFL (acquisition at a premium), inviting investor confidence in MGFL's growth and governance prospects.

However, the wide valuation gap as against the market leader – MUTH at 2.4x FY27E P/ABF versus MGFL's 1.1x – may not narrow down much until MGFL corrects its structural deficiencies & meet competitive challenges. While the transaction is expected to unfurl fully by Q2-Q3FY26, we reckon kitchen-sinking for another two quarters before MGFL wends its way towards strength. For now, this development and thus, the move towards professional management and the recent price uptick (20% in the past three months) prompt us to raise our multiple to 1.3x FY27E P/ABV (from 1x) – So, we upgrade MGFL to Accumulate from Reduce.

Acquisition at significant premium reflects confidence in future growth: Bain Capital has committed to invest ~INR 43.85bn to acquire an 18% stake in MGFL on a fully diluted basis through a preferential allotment of equity shares and warrants at a price of INR 236 per share. A considerable 30% premium over the six-month average price is indicative of Bain's confidence in MGFL's growth potential. The deal structure also triggers a mandatory open offer, requiring Bain Capital to offer to purchase an additional 26% stake from public shareholders with the likelihood of an increase in Bain's total ownership to 41.7-46%. Subsequently, Bain Capital would have joint control alongside the existing promoter group, led by V.P. Nandakumar, who currently holds a 35.25% stake with his family.

Acquisition to enhance scalability and professionalization: The sizeable INR 43.85bn capital injection provides MGFL sufficient ammunition to bolster its balance sheet, business expansion and address asset quality concerns in its non-gold portfolio. The deal would also imply promoter/promoter family transitioning into non-executive roles, thus paving way for Bain to shape strategic direction, potentially enhancing operational efficiency, improving governance, and introducing professional management. Moreover, capitalizing on MGFL's core strength in gold lending (55% of overall AUM) and diversification into microfinance (via Asirvad Micro Finance), vehicle loans, housing finance, and MSME lending, Bain can scale the business with a new team. Besides, with MGFL's non-gold businesses having faced significant challenges (regulatory hurdles in the micro finance business), Bain's association could usher in stability and fine-tune operations.

Strategic inflection point – Upgrade to Accumulate: Bain Capital's acquisition of a controlling stake in MGFL marks a breakthrough, with a shift towards professional governance, thus potentially catalyzing a valuation uplift. Amongst a plethora of challenges – prior regulatory scrutiny etc. – the deal timing is notable. So, we raise the multiple to 1.3x FY27E P/ABV (from 1x) and **upgrade MGFL to Accumulate from Reduce**, with TP also raised to INR 250 (from INR 185). While execution is key & kitchen sinking a possibility, we refrain from tweaking our estimates. Factoring in existing prospects, we maintain FY26E-27E RoE at 17.5-17.9%, RoA at 4.2% & 15% loan CAGR.

Key financials

YE March	FY23	FY24	FY25E	FY26E	FY27E
NII (INR mn)	43,980	58,994	65,885	69,410	77,312
YoY (%)	10.8	34.1	11.7	5.3	11.4
PPOP (INR mn)	23,482	35,379	39,690	41,693	45,808
YoY (%)	3.5	50.7	12.2	5.0	9.9
PAT (INR mn)	14,960	21,887	19,572	23,439	27,848
YoY (%)	12.8	46.3	(10.6)	19.8	18.8
EPS (INR)	17.7	25.9	23.1	27.7	32.9
Core RoE (%)	16.6	20.7	16.9	17.9	17.6
RoA (%)	4.1	5.1	3.9	4.1	4.2
P/E (x)	12.3	8.4	9.4	7.9	6.6
P/ABV (x)	2.0	1.7	1.7	1.3	1.1

Note: Pricing as on 20 March 2025; Source: Company, Elara Securities Estimate

Rating: [Accumulate](#)

Target Price: [INR 250](#)

Upside: [15%](#)

CMP: [INR 218](#)

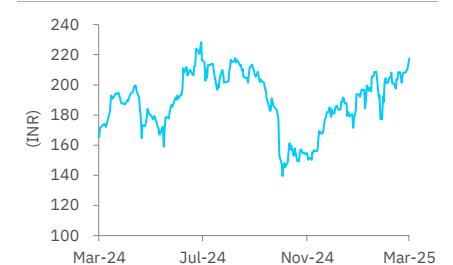
As on 20 March 2025

Key data

	MGFL IN
Bloomberg	MGFL IN
Reuters Code	MNFL.NS
Shares outstanding (mn)	846
Market cap (INR bn/USD mn)	184/2,132
Enterprise Value (INR bn/USD mn)	0/0
Avg daily volume 3M (INR mn/USD mn)	2,422/28
52 week high/low	230/138
Free float (%)	65

Note: as on 20 March 2025; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4	Q1	Q2	Q3
	FY24	FY25	FY25	FY25
Promoter	35.2	35.2	35.3	35.3
% Pledged	-	-	-	-
FII	32.0	33.0	30.4	27.0
DII	9.6	9.4	11.0	7.9
Others	23.2	22.4	23.3	29.8

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(1.7)	(10.1)	6.2
Manappuram Finance	20.1	5.8	30.6
NSE Midcap	(10.1)	(15.1)	11.4
NSE Smallcap	(15.3)	(18.0)	8.7

Shweta Daptardar

Diversified Financials, Non-Banking
Financial Services
+91 22 6164 8559
shweta.daptardar@elaracapital.com



Associates
Devarshi Raj

Financials (YE March)

Income statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
NII	43,980	58,994	65,885	69,410	77,312
Other income	1,641	1,550	2,166	2,403	2,505
Gross Income	45,622	60,544	68,051	71,812	79,817
Operating expenses	22,140	25,165	28,361	30,119	34,009
PPOP	23,482	35,379	39,690	41,693	45,808
Provisions	3,071	5,783	12,405	9,619	7,932
PBT	20,411	29,595	27,286	32,075	37,876
Tax	5,409	7,620	6,854	8,057	9,515
PAT	15,002	21,975	20,432	24,018	28,362
Minority interest	42	88	859	579	514
PAT and minority interest	14,960	21,887	19,572	23,439	27,848
Balance Sheet (INR bn)	FY23	FY24	FY25E	FY26E	FY27E
Capital	1,693	1,693	1,693	1,693	1,693
Reserves and Surplus	94,959	114,077	114,744	143,702	169,455
Net worth	96,652	115,770	116,437	145,395	171,148
Borrowings	230,486	336,535	324,999	376,607	445,192
Other liabilities	67,903	15,174	94,277	96,150	105,883
Total Liabilities	395,041	467,479	535,712	618,152	722,223
Fixed assets	11,104	4,737	4,880	5,026	5,178
Loans	341,945	409,476	474,925	554,359	644,190
Investments	5,340	7,263	7,062	7,421	8,639
Cash and bank balances	30,351	31,812	32,973	33,303	41,629
Other assets	6,301	14,191	15,872	18,042	22,588
Total Assets	395,041	467,479	535,712	618,152	722,223
Per Share data & Valuation Ratios	FY23	FY24	FY25E	FY26E	FY27E
EPS- (INR)	17.7	25.9	23.1	27.7	32.9
BV (INR)	114.0	136.4	137.2	171.4	201.9
ABV- (INR)	107.3	129.5	129.8	162.6	192.6
P/E- (x)	12.3	8.4	9.4	7.9	6.6
P/ABV-(x)	2.0	1.7	1.7	1.3	1.1
Yield and Cost (%)					
Yield on advances	18.4	24.3	22.6	21.9	21.8
Cost of Funds	10.4	10.6	10.5	10.3	10.4
Net Interest Margin (%)	13.4	15.0	14.5	13.5	12.9
Asset Quality (%)					
Gross NPA	3.6	3.2	2.9	2.8	2.8
Net NPA	1.6	1.4	1.3	1.3	1.2
% coverage of NPA	55.7	56.9	53.5	52.1	56.5
credit cost (calc)					
Capital Adequacy (x)					
Tier 1	30.0	27.3	24.8	23.8	17.7
CAR	30.1	27.5	25.0	24.1	18.0
Growth Rates (%)					
Loan growth	18.0	19.7	16.0	16.7	16.2
Earnings growth	13.1	46.5	(7.0)	17.6	18.1
Business Ratios					
RoAA (%)	4.1	5.1	3.9	4.1	4.2
Core RoE (%)	16.6	20.7	16.9	17.9	17.6
Dividend Yield (%)	1.6	1.6	1.6	1.6	1.6
Leverage (x)	4.1	4.1	4.3	4.4	4.2

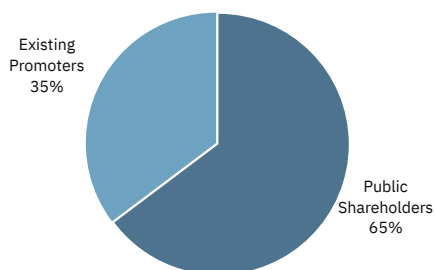
Note: Pricing as on 20 March 2025; Source: Company, Elara Securities Estimate

Exhibit 1: Pro-forma shareholding pattern

Particulars	Number of shares	Price per share (INR)	Amount (INR mn)	% stake
Preferential issue – Equity shares	92,901,373	236	21,920	9.00
Open offer – 26% stake	244,227,387	236	57,640	23.70
Preferential issue – Warrants	92,901,373	236	21,920	9.00

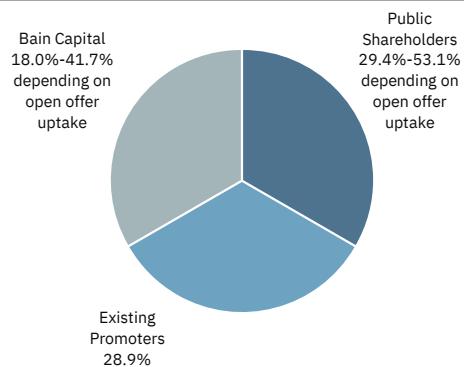
Source: Company, Elara Securities Research

Exhibit 2: Pre-transaction shareholding pattern



Source: Company, Elara Securities Research

Exhibit 3: Post-transaction on fully diluted basis



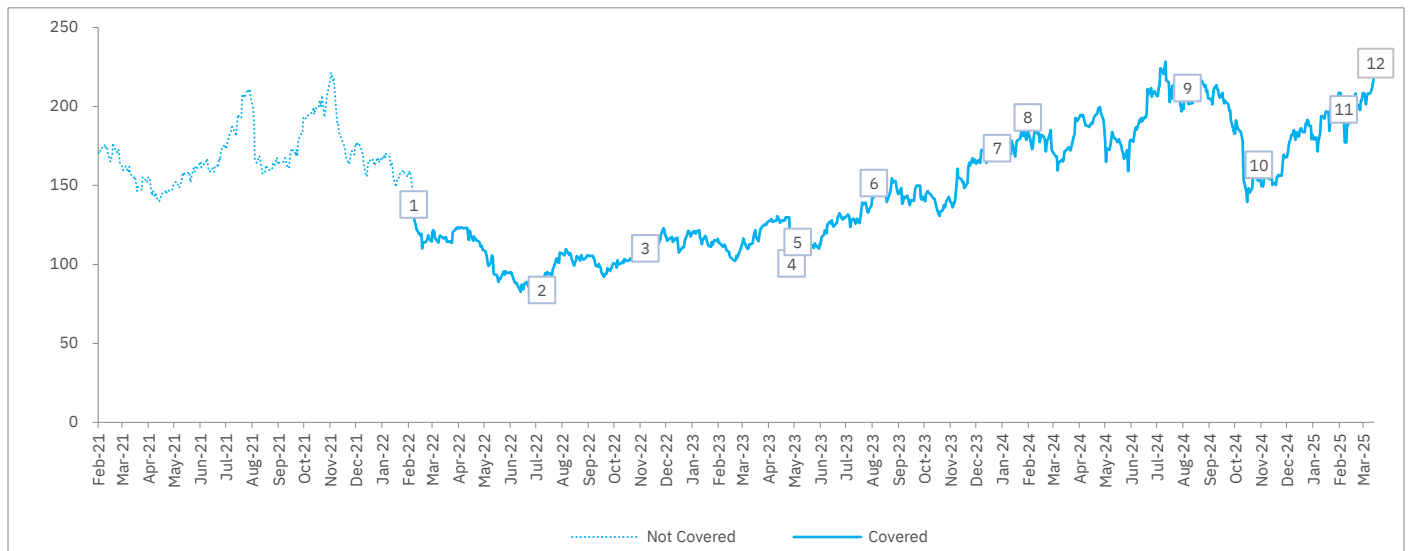
Source: Company, Elara Securities Research

Exhibit 4: Valuations - Multiple tweaked higher to 1.3x PABV FY27E

Fair price – EVA (INR)	152
Fair price – P/ABV (x)	348
Average of the two (INR)	250
Target P/ABV (x)	1.3
Target P/E (x)	6.6
Current price, INR	218
Upside (%)	15

Note: Pricing as on 20 March 2025; Source: Elara Securities Estimate

Coverage History



	Date	Rating	Target Price	Closing Price
4	5-May-2023	Reduce	INR 110	INR 106
5	12-May-2023	Reduce	INR 117	INR 110
6	10-Aug-2023	Reduce	INR 140	INR 146
7	2-Jan-2024	Accumulate	INR 200	INR 169
8	7-Feb-2024	Accumulate	INR 210	INR 190
9	13-Aug-2024	Accumulate	INR 233	INR 207
10	5-Nov-2024	Accumulate	INR 185	INR 159
11	13-Feb-2025	Reduce	INR 185	INR 194
12	20-Mar-2025	Accumulate	INR 250	INR 218

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

Disclosures & Confidentiality for non U.S. Investors

The Note is based on our estimates and is being provided to you (herein referred to as the "Recipient") only for information purposes. The sole purpose of this Note is to provide preliminary information on the business activities of the company and the projected financial statements in order to assist the recipient in understanding / evaluating the Proposal. Nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. Nevertheless, Elara Securities (India) Private Limited or any of its affiliates is committed to provide independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Elara Securities (India) Private Limited or any of its affiliates have not independently verified all the information given in this Note and expressly disclaim all liability for any errors and/or omissions, representations or warranties, expressed or implied as contained in this Note. The user assumes the entire risk of any use made of this information. Elara Securities (India) Private Limited or any of its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for or solicit investment banking or other business from any company referred to in this Note. Each of these entities functions as a separate, distinct and independent of each other. This Note is strictly confidential and is being furnished to you solely for your information. This Note should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This Note is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Elara Securities (India) Private Limited or any of its affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. Upon request, the Recipient will promptly return all material received from the company and/or the Advisors without retaining any copies thereof. The Information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This Information is subject to change without any prior notice. Elara Securities (India) Private Limited or any of its affiliates reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Elara Securities (India) Private Limited is under no obligation to update or keep the information current. Neither Elara Securities (India) Private Limited nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. This Note should not be deemed an indication of the state of affairs of the company nor shall it constitute an indication that there has been no change in the business or state of affairs of the company since the date of publication of this Note. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Elara Securities (India) Private Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Any clarifications / queries on the proposal as well as any future communication regarding the proposal should be addressed to Elara Securities (India) Private Limited. It is important to note that any dispute with respect to this research report, would not have access to stock exchange investor redressal forum or arbitration mechanism.

Elara Securities (India) Private Limited was incorporated in July 2007 as a subsidiary of Elara Capital (India) Private Limited.

Elara Securities (India) Private Limited is a SEBI registered Stock Broker in the Capital Market and Futures & Options Segments of National Stock Exchange of India Limited [NSE], in the Capital Market Segment of BSE Limited [BSE] and a Depository Participant registered with Central Depository Services (India) Limited [CDSL].

Elara Securities (India) Private Limited's business, amongst other things, is to undertake all associated activities relating to its broking business.

The activities of Elara Securities (India) Private Limited were neither suspended nor has it defaulted with any stock exchange authority with whom it is registered in last five years. However, during the routine course of inspection and based on observations, the exchanges have issued adverse letters or levied minor penalties on Elara Securities (India) Private Limited for minor operational deviations in certain cases. Elara Securities (India) Private Limited has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has the certificate of registration been cancelled by SEBI at any point of time.

Elara Securities (India) Private Limited offers research services primarily to institutional investors and their employees, directors, fund managers, advisors who are registered or proposed to be registered.

Details of Associates of Elara Securities (India) Private Limited are available on group company website www.elaracapital.com

Elara Securities (India) Private Limited is maintaining arms-length relationship with its associate entities.

Research Analyst or his/her relative(s) may have financial interest in the subject company. Elara Securities (India) Private Limited does not have any financial interest in the subject company, whereas its associate entities may have financial interest. Research Analyst or his/her relative does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Elara Securities (India) Private Limited does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Associate entities of Elara Securities (India) Private Limited may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relative or Elara Securities (India) Private Limited or its associate entities does not have any other material conflict of interest at the time of publication of the Research Report. Artificial Intelligence (AI) tools may have been used only for compilation or collating publicly available research data or internally generated research data during the information gathering and/or summarizing the final report.

Research Analyst or his/her relative(s) has not served as an officer, director or employee of the subject company.

Research analyst or Elara Securities (India) Private Limited have not received any compensation from the subject company in the past twelve months. Associate entities of Elara Securities (India) Private Limited may have received compensation from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities have not managed or co-managed public offering of securities for the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company or third party in connection with the Research Report in the past twelve months.

Disclaimer & Standard warning

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Disclaimer for non U.S. Investors

The information contained in this note is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Disclosures for U.S. Investors

The research analyst did not receive compensation from Manappuram Finance Limited.

Elara Capital Inc.'s affiliate did not manage an offering for Manappuram Finance Limited.

Elara Capital Inc.'s affiliate did not receive compensation from Manappuram Finance Limited in the last 12 months.

Elara Capital Inc.'s affiliate does not expect to receive compensation from Manappuram Finance Limited in the next 3 months.

Disclaimer for U.S. Investors

This material is based upon information that we consider to be reliable, but Elara Capital Inc. does not warrant its completeness, accuracy or adequacy and it should not be relied upon as such.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only correct as of the stated date of their issue. Prices, values or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Certain statements in this report, including any financial projections, may constitute "forward-looking statements." These "forward-looking statements" are not guarantees of future performance and are based on numerous current assumptions that are subject to significant uncertainties and contingencies. Actual future performance could differ materially from these "forward-looking statements" and financial information.

India
Elara Securities (India) Private Limited
 One International Center, Tower 3,
 21st Floor, Senapati Bapat Marg,
 Elphinstone Road (West)
 Mumbai – 400 013, India
 Tel : +91 22 6164 8500

Europe
Elara Capital Plc.
 6th Floor, The Grove,
 248A Marylebone Road,
 London, NW1 6JZ,
 United Kingdom
 Tel : +44 20 7486 9733

USA
Elara Securities Inc.
 230 Park Avenue, Suite 2415,
 New York, NY 10169, USA
 Tel: +1 212 430 5870
 Fax: +1 212 208 2501

Asia / Pacific
Elara Capital (Asia) Pte.Ltd.
 One Marina Boulevard,
 Level 20,
 Singapore 018989
 Tel : +65 6978 4047



Managing Director

Harendra Kumar | harendra.kumar@elaracapital.com | +91 22 6164 8571



Head of Research

Dr Bino Pathiparampil | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

Sales Team



India

Hitesh Danak - hitesh.danak@elaracapital.com - +91 22 6164 8543
Ashok Agarwal - ashok.agarwal@elaracapital.com - +91 22 6164 8558



India, APAC & Australia

Sudhanshu Rajpal - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508
Joshua Saldanha - joshua.saldanha@elaracapital.com - +91 22 6164 8541
Shraddha Shrikhande - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567



India & UK

Prashin Lalvani - prashin.lalvani@elaracapital.com - +91 22 6164 8544



India & US

Karan Rathod - karan.rathod@elaracapital.com - +91 22 6164 8570



Corporate Access, Conference & Events

Anita Nazareth - anita.nazareth@elaracapital.com - +91 22 6164 8520
Tina D'souza - tina.dsouza@elaracapital.com - +91 22 6164 8595

Access our reports on Bloomberg: Type **RESP ESEC <GO>**

Also available on **Thomson & Reuters**

Elara Securities (India) Private Limited

Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500
 CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933
 Member of BSE Limited and National Stock Exchange of India Limited | SEBI REGN. NO.: INZ000238236
 Member of Central Depository Services (India) Limited | SEBI REGN. NO.: IN-DP-370-2018
 Investor Grievance Email ID: investor.grievances@elaracapital.com - Tel. +91 22 6164 8509
 Compliance Officer: Mr. Anand Rao - Email ID: anand.rao@elaracapital.com - Tel. +91 22 6164 8509