

## RATING RATIONALE

7 April 2026

### Manappuram Finance Limited

**Brickwork Ratings reaffirms the rating for the Non-Convertible Debentures of Rs. 20.48 crores (reduced from Rs. 60.25 crores due to redemption) of Manappuram Finance Limited, and withdraws the rating for the proposed Non-Convertible Debentures of Rs. 730.12 crores of Manappuram Finance Limited**

#### Particulars:

Instruments*	Amount (Rs Crs)		Tenure	Rating #	
	Previous	Present		Previous 11 April 2025	Present
Existing NCD**	60.25	<b>20.48</b>	Long Term	BWR AA/Stable (Reaffirmation)	<b>BWR AA/Stable (Reaffirmation)</b>
Proposed NCDs	730.12	<b>0.00</b>	Long Term	BWR AA/Stable (Reaffirmation)	<b>Withdrawn</b>
<b>Total</b>	790.37	<b>20.48</b>	<b>Rupees Twenty Crores and Forty Eight Lakhs Only.</b>		

#Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*Details of NCD mentioned in Annexure-II.

\*\*Of the aforesaid existing NCDs of Rs. 60.25 Crores, NCD amounting to Rs. 39.77 Crores [bearing ISIN INE522D07AP4] were redeemed in full at maturity in Nov 2025, as disclosed by the company and confirmed by the Debenture trustee.

**Note:** Withdrawal of Rating of Proposed NCDs is at the request of the company confirming its non utilisation and in compliance with BWR Rating Withdrawal Policy

#### **RATING ACTION/OUTLOOK: REAFFIRMATION/STABLE/WITHDRAWAL**

Brickwork Ratings (BWR) reaffirms the long term rating at BWR AA/Stable for the existing NCD issues of Rs. 20.48 Crores (reduced from Rs. 60.25 Crores) and withdraws the long-term rating for the Proposed NCDs amounting to Rs. 730.12 Crores of Manappuram Finance Limited (MAFIL or the Company), as tabulated above. BWR has principally relied on the company's audited financials up to FY25, unaudited financials of 9MFY26, publicly available information, and information/clarifications provided by the company.

The rating reaffirmation necessarily factors in the comfortable capitalization supported by improving profitability and strong liquidity, apart from experienced promoters and professional management, Manappuram group's established track record and its management information systems. The rating is, however, constrained by the inherent risks associated with the gold loan and non-gold loan portfolio, coupled with regional concentration risk and the impact of any weakening in the asset quality over its profitability which shall remain a key monitorable over the near to medium term.

The stable outlook indicates the sustainability of performance over the near term with the constant support from management.

BWR has also withdrawn the rating for these proposed NCDs at the Company's request. The Company has requested the withdrawal of the rating of the proposed unutilised NCDs of Rs. 730.12 Crores, confirming non-utilisation of BWR rating for raising any such security, and no amount is outstanding against the rated instrument. The Withdrawal of Rating adheres compliance with BWR Rating Withdrawal Policy

## KEY RATING DRIVERS

### Credit Strengths:-

- **Experienced management and long track record:** MAFIL, the flagship company of Manappuram Group founded by Late Shri V C Padmanabhan, is one of India's leading gold loan NBFCs engaged in providing finance against used household gold ornaments since the last three decades. Incorporated in 1992, the company was promoted by Mr. V. P. Nandakumar, who is the current Managing Director and Chief Executive Officer, whose family has been involved in the gold loan business since 1949. It has also ventured into housing loans, insurance brokerage and micro finance through its subsidiaries. MAFIL has a strong board consisting of experience in diverse fields and subject expertise.
- **Comfortable Capitalisation levels underpinned by solid internal capital generation, expected to be supported by marquee investors :** MAFIL's total capital to risk weighted assets ratio (CRAR) declined to 24.62% as on 31 Dec 2025 (29.88% as of 31 Dec 2024). The excess capital supported growth in AUM by 17.9%. The AUM stood at Rs. 52,125 crores as of 31 Dec 2025, from Rs. 44,217 Crores as of 31 Dec 2024. During the year, there was an increase in the impairment costs by 22.9% to Rs.1283 Crores as of 31 Dec 2025, from Rs.1044 Crores as of 31 Dec 2024. The Company incurred a loss of Rs.203 Crores in Q4FY25, resulting in decline in the networth to Rs.12432 Crores as of 31 Mar 2025 from Rs.12,776 Crores. Although the company has steadily increased its net worth with the generation and retention of net profits in the subsequent quarters. As of 31 Dec 2025, the net worth stood at Rs.12,915 Crores without any capital infusion during the year, while the gearing increased to 3.1x as of 31 Dec 2025 from less than 2.5x levels over the last five quarters. Capital infusion to the extent of maintaining the gearing at less than 2.5x shall be a credit positive.
- **Moderate profitability with ROA and ROE at 1.40% and 6.10%:** MAFIL's profit deteriorated by 58.19% y-o-y to Rs 588 Crs for 9M ended Dec 2025, resulting from the overall de-growth in total income by 10.54 y-o-y, primarily driven by interest income de-growth in microfinance (MFI) segment. The company's ability to maintain the yields and adopt cost control measures remains the key monitorables. MAFIL's loan book grew to Rs. 52,125 Crs in Dec 2025, driven by growth in the Gold loan book, MSME book and Housing loan book. However, there has been a de-growth under MFI loan book, Vehicle and Equipment finance and on-lending portfolio. The Company business growth was supported by an increase in borrowings during the year, and going forward an increase in cost of funds shall be monitorable for maintaining healthy profitability ratios.
- **Diversified funding profile aided by the company's focus to increase its non-bank borrowings** MAFIL benefits from its access to diversified sources of funding with Term loans (47% of total borrowings at 9M FY26), followed by working capital facilities (18%),

NCD (10%), ECB (16%) and Securitisation (0%). Cost of borrowings have slightly improved to 9.0% at Dec 31st 2025 due to its lower dependency on term loans and working capital facilities as on Dec 31st 2025.

**Credit Risks-:**

- **Modest Asset quality:** Asset quality reflected by GNPA and NNPA stood at 2.61% and 2.18% as at Dec 31st 2025 respectively from 2.96% and 2.56% respectively as at Sept 30th 2025 due to improved recoveries and tightened lending policies. The company maintains PCR of 16.89% as at Dec 31st 2025
- **Geographically concentrated portfolio:** The Gold loan book remains geographically concentrated in the south (63% of the total gold loan book at Q3FY26), followed by North (17%), East (10%) and West (10%), and will continue to remain the key monitorable.
- **Exposed to high competition, price risks and regulatory actions:** MAFIL holds the 2nd position in gold loans in India. It faces immense pressure from its competitors. It is susceptible to the inherent risk of price risk of gold loans. Nonetheless, we draw comfort from its conservative credit and risk management and timely auctions as and when the deviations are noted and maintain a healthy LTV. The company believes that restriction on cash disbursements above 20K, will not impact their gold loan disbursements as their clientele base specific to gold loans are majorly repeated gold loan customers.
- **Asset quality weakening to be monitorable:** The GNPA and NNPA under MFI segment has deteriorated and weakened to 4.90% and 1.80% as on Dec 31st 2025 respectively from 4.80% and 2.0% as on Sept 30th 2025. The asset quality is expected to improve in the standalone entity towards March 2026 due to expected auctions to be conducted by the entity, the same shall however remain monitorable under the MFI book.
- **Likely change in Management and controls with investors coming in:** Bain Capital, a leading global private investment firm, announced that it has entered into definitive agreements to acquire joint control in Manappuram Finance, a Kerala-based non-banking financial company and the 2nd largest gold financier in India through its affiliates i.e., BC Asia Investments XXV Limited and BC Asia Investments XIV Limited (Bain Capital) in partnership with the Existing Promoters who will continue to stay fully invested. Bain Capital's will acquire 18% stake on a fully diluted basis via preferential allotment of equity and warrants and an open offer of 26% from the secondary market. Hence, their stake will be between 18% to 41.7% depending on open offer uptake. Existing Promoters will hold a 28.9% stake in the company on a fully diluted basis post the investment. The first tranche from Bain Capital was received and infused as equity amounting to Rs. 2740 crores as on March 27th 2026 being 9% and the remaining 25% towards the preferential share allotment is expected over the next 18 months timeframe. The end use of these funds from Bain Capital will be for onward lending and the investment into subsidiaries, based on the agreement.  
The proposition of the new investor, Bain capital has been under consideration over the last one year, awaiting approvals at various stages. The Reserve Bank of India (RBI) has granted approval for Bain Capital to acquire joint control of Manappuram Finance Ltd and its subsidiaries (Asirvad Micro Finance and Manappuram Home Finance), pursuant to the acquisition of stake in MAFIL.

- **Adherence to regulatory compliance and guidelines:** The Reserve Bank of India had imposed business restrictions on Asirvad Micro Finance Ltd based on material supervisory concerns observed in the pricing policy of this entity in terms of their Weighted Average Lending Rate (WALR) and the interest spread charged over their cost of funds, which were found to be excessive. Furthermore, the pricing policy was also found to be inconsistent with the provisions laid down by the Fair Practices Code issued by the Reserve Bank. The business restrictions that were imposed by RBI vide their order dated October 17, 2024 on Asirvad Micro Finance Limited, a subsidiary, have been lifted vide their order dated January 08, 2025. The adherence to stipulated regulations and guidelines in all the Manappuram group of companies shall remain monitorable.

**ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA - CONSOLIDATED**

BWR has considered MAFIL’s consolidated financial profile, wherein the financial performance of MFL’s subsidiaries Asirvad Microfinance Limited, Manappuram Home Finance Limited, Manappuram Insurance Broker Limited and Manappuram Comptech and Consultants Limited, gets consolidated, and applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

**RATING SENSITIVITIES**

**Positives:**

- A substantial growth in the AUM and profitability, with sustained asset quality
- Strengthening of capitalisation levels with CRAR above 25% at consolidated levels on a sustained basis

**Negatives:**

- A substantial deterioration in asset quality with a GNPA ratio above 3.5% and capitalisation levels below 20%, on a sustained basis
- Lower-than-expected growth in the AUM and profitability,

**LIQUIDITY: STRONG**

The liquidity profile of MAFIL remained strong, with cash and bank balance of Rs. 4,631 Crs as on 31 Dec 2025 at a consolidated level. The LCR as of 31 Dec 2025 was at 206.27%. There were no negative cumulative mismatches in the ALM statement of the company as of 31 Dec 2025. The company’s borrowings increased during the year to support its business growth, and maintaining the current levels of healthy liquidity over the medium term shall remain monitorables.

**ABOUT THE ENTITY**

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Financial	Other Financial Services

Manappuram Finance Limited (‘MAFIL’ or ‘the Company’) is a public limited company domiciled in India and incorporated on 15 July 1992 in Thrissur, Kerala. Its shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange Limited. The Company is a Non-Banking Finance Company (‘NBFC’), which provides a wide range of fund-based and fee-based services, including gold loans, money exchange facilities etc. The Company is a systemically important non-deposit-taking NBFC (NBFC-ND). The Company is registered with the Reserve Bank of India (RBI). The Company is the parent company of Manappuram Home Finance Limited, Asirvad Microfinance Limited, Manappuram Insurance Brokers Limited and Manappuram Comptech and Consultants Limited.

**ESG Profile** - Not Applicable

**KEY FINANCIAL INDICATORS - (Consolidated) (in Rs Crs)**

Key Financial Indicators	Units	FY2023	FY 2024	FY 2025	9M FY 2026
Result Type		Audited	Audited	Audited	Unaudited
Consolidated AUM	Rs in Crs	35427.9	42,070	43,034	52,125
Gold loan Portfolio	Rs in Crs	19,041	20,671	24,658	37,144
Total Income / Revenue	Rs in Crs	6,750	8,920	10,075	6,899
Profit After Tax	Rs in Crs	1,500	2,197	1,204	588
Consolidated TNW	Crs	8,980	10,349	11,793	12,826

**KEY FINANCIAL INDICATORS - (Standalone -MAFIL) (in Rs Crs)**

Key Financial Indicators	Units	FY2023	FY 2024	FY 2025	9M FY 2026
Result Type		Audited	Audited	Audited	Unaudited
Total Income (Standalone)	Rs in Crs	4,827	5,855	6,914	5,490
PAT (Standalone)	Rs in Crs	1,266	1,658	1,783	1,149
Gross NPA (Standalone)	%	1.3	1.9	2.80	2.60
Net NPA (Standalone)	%	1.1	1.7	2.40	2.20
CRAR (Standalone)	%	31.7	30.6	31	25
Gearing (Standalone)	(x)	2.1	2.2	2.29	3.10

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED :**

Instrument ISIN	INE522D07AP4
Type	Debenture (listed)
Instrument Series	SERIES X
Coupon Basis	Zero Interest
Mode of Issue:	Public Issue
Secured or Unsecured	SECURED BY A FIRST RANKING PARI PASSU CHARGE BY WAY OF A MORTGAGE OVER THE COMPANY SPECIFIC IMMOVABLE PROPERTY.

The above issue (ISIN INE522D07AP4) was raised on 29 Nov 2018. It was a zero-coupon secured and listed non-convertible debenture for a tenor of 7 years, **redeemed in full on completion of maturity on 29 Nov 2025.**

Instrument ISIN	INE522D07BA4
Type	Debenture (listed)
Coupon Basis	Zero Coupon
Instrument Series	SERIES VII
Mode of Issue:	Public Issue
Secured or Unsecured	SECURED BY A FIRST RANKING PARI PASSU CHARGE BY WAY OF A MORTGAGE OVER THE COMPANY PROPERTY.

The above issue (ISIN INE522D07BA4) was raised on 06 Mar 2019. It is a zero-coupon secured and listed non-convertible debenture for a tenor of 7 years 1 month 29 days, redeemable in full on completion of maturity on 05 May 2026.

**STATUS OF NON-COOPERATION WITH PREVIOUS CRA -** No non-cooperation with other CRA.

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]**

Sl. No.	Instrument / Facility	Current Rating 2026			Rating History		
		Type	Amount (Rs Crs)	Rating	2025	2024	2023
1.	NCD	Long Term	<b>20.48</b>	BWR AA/ Stable (Reaffirmation)	BWR AA/Stable (Reaffirmation) (Rs. 60.25 crores) 11-Apr-2025	BWR AA/ Stable (Reaffirmation) (Rs. 60.25 crores) 3-Jun-2024	Credit update 11 May 2023  BWR AA/ Stable (Downgrade) (Rs. 220.50 crores) 28 Mar 2023
2	NCD (PROPOSE D)	Long Term	<b>0.00</b>	Withdrawn	BWR AA/ Stable (Reaffirmation) (Rs. 730.12 crores) 11-Apr-2025	BWR AA/Stable (Reaffirmation) (Rs. 730.12 crores) 3-Jun-2024	Credit update 11 May 2023  BWR AA/ Stable (Downgrade) (Rs. 730.12 crores) 28 Mar 2023
	<b>TOTAL</b>		<b>20.48</b>	<b>Rupees Twenty Crores and Forty Eight Lakhs Only</b>			

**Note:** The proposed NCDs are withdrawn on non-utilisation as confirmed by the company.

Hyperlink/Reference to applicable Criteria/ policy

- [General Criteria](#)
- [NBFC criteria](#)
- [Approach to Financial Ratios](#)
- [Consolidation of companies](#)
- [Rating Withdrawal](#)

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**Manappuram Finance Limited**  
**ANNEXURE I**  
**Bank Loan facilities - NIL**

**ANNEXURE II**  
**INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS**

Instrument	Issue Date	Amount (Rs. Crs.)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity
NCD	29-Nov-18	0.00	Zero Coupon	29-Nov-25	INE522D07AP4	Simple
NCD	6-Mar-19	20.48	Zero Coupon	5-May-26	INE522D07BA4	Simple
<b>TOTAL</b>		<b>20.48</b>				
Proposed NCDs		0.00	Not raised	-	-	-
<b>TOTAL</b>		<b>20.48</b>	-	-	-	-

(Rupees Twenty Crores and Forty Eight Lakhs Only)

**Note:** The proposed NCDs are withdrawn at the request of the compan confirming its non utilistaion for raising NCDs and no amount outstanding against the rated NCDs.

**COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple**

For more information, visit <http://www.brickworkratings.com/download/ComplexityLevels.pdf>

**ANNEXURE III**  
**List of entities consolidated**

<b>Name of Entity</b>	<b>Extent of consolidation</b>	<b>Rationale for consolidation</b>
Asirvad Microfinance Ltd	98.56%	Subsidiary
Manappuram Home Finance Ltd	Full	Subsidiary
Manappuram Insurance Brokers Pvt Ltd	Full	Subsidiary
Manappuram Comptech and Consultants Limited	99.81%	Subsidiary

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