



**“Manappuram Finance Limited  
Q1 FY '26 Earnings Conference Call”**

**August 08, 2025**



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**MR. RAJU NARAYANAN – BUSINESS HEAD – MANAPPURAM FINANCE LIMITED**  
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**MR. ROBIN KARUVELY – CHIEF FINANCIAL OFFICER – MANNAPURAM HOME FINANCE**  
**DR. SHAILESH J. MEHTA – CHAIRMAN, INDEPENDENT DIRECTOR – MANNAPURAM HOME FINANCE**

**MODERATOR:** **MR. SANKET CHHEDA – DAM CAPITAL ADVISORS LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Manappuram Finance Q1 FY '26 Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanket Chheda from DAM Capital Advisors Limited. Thank you, and over to you, sir.

**Sanket Chheda:** Yes. Hello, and very good evening to all of you. We have with us the entire management team of Manappuram Finance to discuss their Q1 FY '26 results. Starting with Mr. V. P. Nandakumar, MD; Sumitha Nandan, ED; Mr. Deepak Reddy sir who has joined as CEO; Ms. Bindu A.L., who is the CFO; Raju Narayanan, Business Head; Dr. Roy Varghese, who is CEO of Asirvad Microfinance; Mr. Rajesh, who is CFO; Mr. Kamal Parmar, who is Head of Vehicle and Equipment Finance; Mr. Suveen P. S., who is the CEO, Manappuram Home Finance; Robin Karuvely, CFO, Manappuram Home Finance.

Without further ado, I will hand the call over to Mr. V. P. Nandakumar and then Mr. Deepak Reddy sir for their opening remarks. We'll follow that up with Q&A. Over to you, sir.

**V. P. Nandakumar:** Thank you. Good evening, ladies and gentlemen, and thank you for joining us on this earnings call. It is an honor to connect with you as we share a comprehensive overview of our financial and operational results for the first quarter of fiscal 2026. We value your ongoing engagement and support as we reflect our performance and outline our strategic priorities moving forward.

Today, we would also like to share a snapshot of the gold loan and microfinance industries in India and the Manappuram Finance standing in that. We will also address the effect of recent regulatory changes and macroeconomic headwinds on the industry.

At the outset, I would welcome Mr. Deepak Reddy as the new CEO of Manappuram Finance. He brings with him over 3 decades of extensive experience in leading diverse business verticals and managing human capital across prominent financial institutions.

As CEO, he will 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 organization culture, leadership governance and customer centricity.

Let me provide an overview of the macroeconomic scenario. Global growth is expected to remain steady at 3% in 2025, supported by easing inflation, a weaker U.S. dollar and fiscal support in major economies. However, macroeconomic risk persist in terms of unresolved trade tensions, geopolitical tensions, region conflict which would undermine the growth projection.

In India, economic activity in India is showing a trend, driven by a prudent recovery, urban spending and stronger credit transmission and is on track to meet the projected GDP growth of

2.5%. Inflation is to a 6 year low, until earlier RBI cut the rate and CRR in the last 2 months to boost liquidity and support consumption.

The recent U.S. tariff announcements on Indian imports is expected to pose limited GDP impact, but add to external uncertainty keeping INR under pressure until trade clarity come out. Given this backdrop, credit growth is expected to improve further as lower interest rates and better system liquidity for lending across retail, MSME and microfinance segment and we remain optimistic on the evolving macroeconomic scenario.

Let me start with an overview of our financial performance. Manappuram Finance on a standalone basis, recorded a revenue of INR1,744.5 crores marking a quarter-on-quarter growth of 0.2%. And standalone earned a PAT INR392.1 crores against a PAT of INR414.4 crores in Q4 FY '25.

The consolidated company revenue in Q1 stood at INR2,265 crores compared to INR2,329 crores of the previous quarter. Our consolidated profit after tax before other comprehensive income and minority interests for the quarter stood at INR132.5 crores, compared to the loss of INR203.2 crores of the previous quarter.

For Q1 FY '25,'26, the Board has declared an interim dividend of INR0.50. Profitability of the consolidated company impacted mainly on account of stress in the microfinance sector. Our gold loan business remains a core strength of our portfolio, delivering consistent margins and stability. We proposed to increase the gold loan portfolio at a consolidated level of 75% of total loan portfolio in a phased manner.

To attract more borrowers, we have introduced various gold loan schemes at comprehensive prices to drive our gold loan strategy. We also in the augment additional gold loan consolidated through Asirvad leveraging the relaxations in the qualifying asset criteria of MFI. The proportion of gold lending will increase further the share of our gold loan on the consolidated AUM as well as our interest income.

We continue to strengthen our governance structure to ensure compliances with the regulations and provide better customer satisfaction. Along with increasing the share of gold loan in the portfolio, we plan to grow our housing loans, secure the MSME lending business and commercial vehicle and auto loan portfolios in a prudent manner within an overall ceiling of 90%.

Gradual decline of microfinance portfolio in the consolidated company will be reduced to 10%. Our statutory and regulatory guidelines are favorable for the sustenance and growth of NBFCs in general. The recent regulatory guidelines on gold loan is expected to provide a level playing field for all regulated entities. The latest harmonized RBI guidelines on co-lending will bring in harmony between the banks and the NBFCs who are operating at a grassroot level.

Moreover, Manappuram Finance now has started leveraging Bain Capital's extensive expertise in financial services within India. Alongside our impressive platform, the Bain Capital Investment will be aimed at facilitating the growth of all our non-banking financial services business. Dr. Shailesh J. Mehta, Chairman, Independent Director, will be completing 2 terms as

per the provisions of the Company's Act 2013 and SEBI Listing Regulations effective of 27 August, 2025. Accordingly, Board at today's meeting decided to appoint Mr. V. P. Nandakumar, MD, as the Chairman with effect from August 28, 2025.

Now I invite Mr. Deepak Reddy, CEO, to say a few words and thereafter Ms. Bindu A. L., President and CFO, to provide a more comprehensive review of our financial performance, including detailed segment analysis of the quality metrics and key financial pursuits.

Thank you for your attention, and we look forward to addressing your questions during Q&A session. Thank you.

**Deepak Reddy:**

Thank you, Chairman, and good evening to all of you. It's indeed a privilege to be speaking to you all and thank you for joining this call. It's been only a few days since I joined the Company and hence it will be premature for me to comment on company's performance, current or go forward strategy or to give any sort of guidance. You can expect that from me in the quarters to come.

Having said that, I must state that I feel privileged to lead the company into its next phase of evolution and growth. This feeling has only grown stronger since I formally joined the company last Friday. I'm very excited and confident of future performance and possibilities of the company.

At this stage, I can only state that you can expect me to run a transparent and forward-looking company that is growth-oriented and with a strong culture of risk prudence, operating rigor and managed by strong and enthusiastic teams.

Thank you all very much, and I look forward to interacting with all of you going forward and also looking forward to all your support. Thank you. And once again, thank you for joining this call.

**Bindu A. L.:**

Thank you, sir. Good evening, ladies and gentlemen. Coming to the key highlights of our operational performance across the businesses. Gold loan portfolio remains our core strength, accounting for 65% of consolidated AUM compared to 59.5% in Q4 FY '25. Consolidated AUM stood at INR2,802 crores, Q-on-Q growth of 12.6% and 21.8% Y-o-Y in spite of heightened competition.

We added 3.58 lakh new customers during the quarter, bringing the total active customer base to 25.9 lakhs. Average LTV at 57% and 85% of the loan book now sourced through online gold loan platform. Our standalone PAT for the quarter was INR392 crores versus INR414 crores on account of lower income mainly from the non-gold businesses. AUM for Asirvad including gold loans of INR1,111 crores stood at INR6,705 crores, which is down by 18% sequentially and 45% Y-o-Y.

As you are aware, the microfinance sector experienced a considerable stress primarily due to the increased borrower defaults from over leverage and led to higher credit costs. This negatively impacted the profitability. Asirvad posted a loss of INR267 crores in Q1 compared to a loss of

INR624 crores in Q4 FY '25. The net NPA at 1.4% that is INR84 crores compared to INR177 crores in Q4 and the CRAR at 23.6%.

Our vehicle finance AUM at INR4,492 crores, which represents a decline of 5.9% Q-on-Q and up by 1.1 percentage Y-o-Y. Considering the asset quality challenges, especially from the 2-wheeler and farm segment, we tightened the underwriting with low disbursement, the GNPA increased to 9.2% as on 30 June 2025.

The home loan portfolio reached INR1,901 crores, reflecting a growth of 4.3% Q-on-Q and 19.8% Y-o-Y increase. This business operates from 89 branches and reported a profit of INR7 crores during the quarter with a GNPA of 2.87%.

Loans to MSME and allied sectors stood at INR3,105 crores with a disbursement of INR346 crores. For Q1 FY 2026, our consolidated AUM stood at INR44,304 crores, reflecting a sequential growth of 3% and 1.4% decline on a Y-o-Y basis. Consolidated PAT INR132 crores, an increase of 165% over the previous quarter and a decline of 76% Y-o-Y. Capital position remains strong at CRAR of 28.7% and the net worth at INR12,504 crores.

Book value per share stood at INR147.7, ROA of 3.8% on the standalone AUM and the leverage remains conservative at 2.5x. Standalone GNPA at 3%. And the liquidity position as on 30th June, INR4,047 crores with undrawn bank lines of INR3,220 crores. During the quarter, we have seen a minor decline in the cost of borrowings by 2 basis points.

Thank you. Thank you once again for your continued support and confidence.

**Moderator:** Thank you very much. We will now begin the question and answer session. We have first question from the line of Digant Haria from GreenEdge Wealth.

**Digant Haria:** The first question is that in the gold loan space, we have seen good growth Q-o-Q. But I see that our yields have dropped from, say, 22% to, say, 20.5%. So is this like a conscious strategy? Or is it because of competition? Or if you can just give some idea on what's happened here?

**V. P. Nandakumar:** It's a conscious strategy to bring it on par with leading players in the NBFC industry slowly. So that is yielding results. And that is not as per our assessment that is not going to impact our gold loan income during the current year because of the depression yield. Depression yield will be compensated by the growth. So in the coming quarters, it will be reflected in the results.

**Digant Haria:** Got it. And just like we are at 20.5%, maybe 200 bps more versus competition, we are higher. So you're saying that we'll eventually reach that 18%, 19%, which the general market, right?

**V. P. Nandakumar:** Definitely, with the growth slowly, we are bringing down we are trying to protect our budgeted income from gold loan also parallelly.

**Digant Haria:** Right, okay. Sir, and second is on the microfinance. Have we seen the worst or maybe 1 or 2 more quarters of pain because some states are doing okay, some states are still not doing okay.

- V. P. Nandakumar:** In the last con call, last quarter also, I told you the worst is over. Now things are coming back. And we are hoping things will improve towards the last quarter, should turn green that is our expectation.
- Digant Haria:** Okay. So losses would be dropped in Asirvad, right, from next quarter or like losses in microfinance, sir, losses in microfinance.
- V. P. Nandakumar:** It will come down, definitely. It is coming down.
- Moderator:** The next question is from the line of Shreya Shivani from CLSA.
- Shreya Shivani:** I have 3 questions. My first question is on the gold loan book. So we had indicated in the last quarter itself that we are cutting rates so that we can acquire more customers, particularly in the high ticket size. Now the customer count growth has been fairly limited.
- Majority of the AUM growth has come from higher ticket size. So have we just cut lending rates in the higher ticket size or is it across bucket cutting rates, is it not helping us acquire more customers? Because one would have expected the volume growth also to be contributing to the overall AUM growth. That's my first question.
- My second question is on the MFI book, Asirvad book. So I understand we've been -- we want to make this book 10% of our overall mix and all that. But somehow your customer count for the past 2 quarters has been revised downwards. Can you help us understand that what has been the reason for that?
- And my third question is obviously on what -- on the deal, what all approvals are left? Any update that you can give us on that would be useful?
- V. P. Nandakumar:** First question about gold loan, the customer growth because we have started reducing the rates. We plan to reduce across the board gradually in a very calibrated manner. So gradually, you will see the volume growth also, customer count also, because communication in the community takes little time. So the first response comes from the existing customers and some high holding customers. So slowly, you will see this action resulting in better loan growth in the coming quarters.
- Regarding MFI book, yes, we are strictly following the guardrail set by SROs. Initially, we have improved our systems and systems completely in place, computer systems, it took some time. So gradually, the business is increasing and we are very tight in underwriting as I have mentioned.
- Regarding the Bain deal, it is progressing smoothly as expected. CCI approval is already we got and next, we are expecting the NSE/BSE approval, we expect maybe through in fortnight. So also the most important approval from the principal regulator RBI that is expected within another one month. Everything is going smoothly.

- Shreya Shivani:** Got it, sir. This is very useful. Just a follow-up, the MFI customer count you said because you have upgraded your computer system, that's why there has been an update to the earlier count. Is that the reason -- is that what you...?
- V. P. Nandakumar:** Yes.
- Moderator:** The next question is from the line of Kushan Parikh from Morgan Stanley.
- Kushan Parikh:** So just to harp on the previous participant's question. We have -- in the past, we have not seen for ourselves or for the industry that cutting prices -- cutting lending rates has helped gold loan growth. Just wanted to understand why are we more confident of getting growth by cutting yields this time around?
- And secondly, if you could just share the gold loan yields for 1Q and the gold loan auctions as well. And lastly, if you could provide some guidance towards the trajectory of credit cost moderation and accrual, that would be helpful? Yes. Those are the questions from my side.
- V. P. Nandakumar:** So gold loan cutting price, we have been doing consistently. So we want to map that to the market along with the leading players in the NBFC industry. So we are doing it gradually, as I said, in a calibrated manner ensuring that the projected income from gold loan is also achieved with even though the yield reduction is there.
- So it is done in a phased manner, piloting at various places and seeing success, it is slowly getting expanded. To give wider publicity, we are using social media and better CRMs, etcetera. So the results will be available in the coming quarters. The NPAs are showing reduction as you see in that. The tempo is getting slowly improved. So also quality disbursements with stringent underwriting using the SRO guidelines, etcetera, that is already implemented.
- So the collections are improving slowly. So you will see the better results in the coming quarters and we hope towards the end of this year, the last quarter, we'll be able to turn around. And to share some...
- Bindu A. L.:** Auctions during the quarter, INR51 crores.
- Kushan Parikh:** And the gold loan yield for the quarter?
- Bindu A. L.:** 20.7%. Average yield of 20.7%.
- Moderator:** The next question is from the line of Abhijit Tibrewal from Motilal Oswal.
- Abhijit Tibrewal:** Bindu ma'am, you just said gold loan yields of 20.7% in 1Q. If you could also remind us what was the yield in the fourth quarter? And the related question here, so while Nandakumar sir said that the idea is to bring down the gold lending rates to be on par with the leading gold NBFC players, right?
- So I think today, the leading gold NBFC players are all at around 17.5%, 18%. So are we saying that over a period of time, our gold loan yields will also gravitate towards 18%? If the answer

is, yes, over what period, over how many quarters can we expect this gold loan yield to gravitate towards that 18%?

**V. P. Nandakumar:** So we are planning to bring similar to the market in a phased manner. So in around 6 quarters we are planning and we are expecting the yield reduction matching the growth will not impact our budgeted income from the gold loan with the current year. So that's why I repeatedly telling this is done in a very calibrated manner.

What is the impact on the projected income and actual income realized income, what is it going to be? On the basis of that, the reduction is happening slowly. So I hope in 4 to 6 quarters, we'll bring that more or less on par with the leading player.

**Abhijit Tibrewal:** Got it. And sir, just a related question -- yes, ma'am, please go ahead.

**Bindu A. L.:** Last quarter, the yield was 22.2% this quarter, 20.7%.

**Abhijit Tibrewal:** Got it. So, ma'am, almost 2.5% have been shaved off in one quarter. And then why should it take 4 to 6 more quarters for us to get towards 18%? 150 basis points have been shaved off.

**Deepak Reddy:** That's what I told. On the one side, we have some projections for the year with regard to gold loan income. So we are able to assess whether we are in the right direction to achieve that budgeted income, accordingly we reduce. And compared to that, we expect the reduction in borrowing cost. So that also will be passed on to the customers. So that even before the expected period, we'll be able to match our rates with the yielding price.

**Abhijit Tibrewal:** Got it, sir. Got it. And then sir, I mean, given that we've already seen a very strong first quarter, now internally, what are we targeting for the full year gold loan growth?

**V. P. Nandakumar:** We feel like this year will be better than the previous year.

**Abhijit Tibrewal:** Got it, sir. And then I had one question for Deepak sir. Sir, you already spelled out in your opening remarks that you don't want to be speaking about the strategy going forward given that it's early. But sir, given that whenever leaders like you join the company, I'm sure they have something in mind with regards to how they want to shape the company. So one thing very clearly, right, what we have articulated as a strategy already is over a period of time, we want to bring our gold lending rates on par with the leading gold NBFC players.

And to that end, what I assume is even if that would mean the margins and the ROEs are lower, we want to bring higher leverage on the balance sheet so that we can maybe deliver the same ROEs. So just trying to understand, sir, from you, what is it that you have in mind? Are there people that you'll be looking to onboard in your leadership team, people who will be reporting into you? And just at an overall level, right, I mean, how are you thinking about the company going forward?

**Deepak Reddy:** Okay. Thanks for your question. I'm going to duck the question, and I'll tell you why. 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 my mind? The answer is yes. But it's definitely premature for me. This is 5 days experience in the company to state at this August forum what exact strategy going forward.

You can be rest assured that 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. Very strong thoughts and exciting thoughts, but I'm sorry, very, very premature for me to comment on that at this stage.

**Abhijit Tibrewal:**

Sure, sir. I understand that. And lastly, one question for Bindu ma'am. Ma'am, you said that this quarter, the cost of borrowings declined by 2 basis points Q-o-Q. Just trying to understand how is our liability mix positioned, particularly on the bank borrowing side. So do you expect that in the coming quarters, right, second quarter, third quarter, when banks start passing on MCLR cuts, that's where our cost of borrowings will start benefiting? Or how should we think about it? And also a related question, while the portfolio cost of borrowings are down 2 basis points Q-o-Q, where are we stacking up on the incremental cost of borrow?

**Bindu A. L.:**

So on the cost of borrowing, what you said is exactly what we have seen in the banking system. So we are seeing slowly banks are reducing the MCLR, which is beneficial. But at the same time, the mix of borrowing, we are trying to have -- or the banks also want to have long-term facilities.

So the short-term mix is coming down. It is only 26% you see. Working capital demand on CP is around 4%, etcetera. So in the coming quarters, we can see the reduction in the MCLR rates, which will give us benefit. And I think with the capital coming in, all those things, we can see a better negotiation with the banks.

**Moderator:**

The next question is from the line of Pratik Kothari from Unique PMS.

**Pratik Kothari:**

Welcome to Mr. Deepak Reddy in the company. So my first question on MFI. I mean we have gone through this cycle multiple times in the past. So has anything changed structurally or on ground that we intend to now cap this at 10-odd percent? I mean we have seen the ebbs and flows multiple times. So why this change now?

**V. P. Nandakumar:**

So the change in the underwriting policy. So with the change in regulation, we have been following the assessment policy and other regulatory guidelines. Now, - post this scenario of bad performance of MFI, the SROs have come forward and are doing some guardrail. So we are strictly following that. Then other than that, we have not done anything. So we see a lot of opportunity there because MFI with the new underwriting standards, we feel like the asset quality will remain high. It may go to somewhere near to pre-COVID asset quality.

And secondly, where we see opportunity there is gold loan. We are in discussion with banks for the opportunity for co-lending and a few of the banks have come forward with a lot of enthusiasm. And now the revised guidelines, as I mentioned earlier, has come, which are very positive with regard to lending. So that gives the company a wonderful opportunity to grow gold loan. And so this will definitely reshape the company in the coming quarters.

- Pratik Kothari:** Correct. And sir, second clarification on the gold. What you are saying is it's to attract the high ticket 5 lakh plus customers to whom we have to give lower yields. It's not for those 50,000 ticket size where we have lower yields.
- V. P. Nandakumar:** We are gradually introducing across the board all tickets. Our idea is to be customer friendly with regard to pricing in comparison with the market.
- Pratik Kothari:** Right. So this 5 lakh plus share, which I think last quarter, we had said was 15%, 16%. So where is it now? And I mean, where are we benchmarking this to, say, 4, 6 quarters out?
- V. P. Nandakumar:** We are benchmarking with other players. So as I have been telling this is done in a phased manner, in a calibrated manner. And on the one side, we want to ensure that the budgeted income is achieved and we are able to achieve leverage our capital better. So the pricing depends on the market conditions. So we see some stability there amongst the top 3, 4 players. So gradually, as I mentioned earlier, we plan to reach that level.
- Pratik Kothari:** So where have we reached and what is the plan for 6 quarters? I mean this INR5 lakh plus ticket size, what is the mix in our portfolio right now? And what does it have to be? What does this 2, 3 other players have it at?
- Raju Narayanan:** Now it is 19%, as I mentioned, 15% in the last quarter.
- Pratik Kothari:** Yes. And the peers that we want to achieve, this is what, 25%, 30%?
- Raju Narayanan:** Yes. From the market, we came to know that they are at 30% level.
- V. P. Nandakumar:** These are not publicly listed.
- Pratik Kothari:** Fair. And sir, you said we -- our plan is to match the budgeted numbers for this year. So on the gold loan side, this was on the revenue or on the profit?
- V. P. Nandakumar:** On the revenue as well as profit.
- Pratik Kothari:** Fair enough. Sure. And sir, last, if you can comment on our vehicle and MSME. I mean the NPAs there have shot up through the roof. I mean we have kind of curtailed lending also there at least the quarter-on-quarter, the growth is not coming or there's a degrowth. So if you can some comments there, I mean, what kind of pain we are seeing where in the cycle are we?
- V. P. Nandakumar:** In MSME, we had around 5% portfolio, which was unsecured. So the major challenge has come from that in MSME. And another thing, this quarter, we did some ARC that also has been bearing on the profitability. But now we have consolidated many things and we are hopeful of bringing down the opex also by 2% towards the end of this year gradually.
- So the more focus is on asset quality. And so we are refocusing our business to take the average ticket size, which is currently around INR5 lakhs to around INR8 lakhs, INR9 lakhs towards the end of this year. We have revised strategy for that and we hope that this will improve, this strategy will improve performance.

With regard to vehicle portfolio, we had challenges in some of the segments we were in, like farm equipment's, which we thought it is not our cup of tea, so we exited. Similarly, in 2 wheeler also, we have remodeled to an automated underwriting system so that the people cost is reduced. So this has brought down our disbursal, but it will gradually pick up.

Now our renewed strategy is focus on the slightly larger tickets, both on the used commercial vehicles as well as used car segment. So this is our strategy, and there also the average ticket size remains around INR6 lakhs, INR7 lakhs, and we intend that to be taken to around INR10 lakhs plus and attract customers of a relatively higher profile.

**Moderator:** The next question is from the line of Rajiv Mehta from Yes Securities.

**Rajiv Mehta:** Sir, my first question is on the gold loan industry itself. So sir, are we seeing that the competition here again, is going up in the market now post the RBI guideline and the clarity from the regulator about the regulations? Are we seeing that more players coming into the market, the existing players intensifying their strategy and game?

And on the other side, are we also seeing that the demand for gold loan is suddenly rising across ticket sizes because the other avenues of loans are not freely available, so much available as before. So how do you assess the demand and supply side of the gold loan market playing out?

And whether lowering the yield then in that case should get us the desired volume growth because I think value growth is right now, but if the gold price were to stabilize in the future, does lowering the yield will give us the desired volume growth? And what will be that desired volume growth that we would want to be at?

**V. P. Nandakumar:** So the smaller ticket size that is below INR1 lakhs, there because of the regulatory changes like transferring money into bank, etcetera, etcetera, is showing some negativity there and these small borrowers borrowing up to INR10,000, INR20,000, INR50,000, there is a tendency for going to the unorganized sector borrowers, money lenders.

But more and more customers are coming from the higher ticket size. So now with the new regulation concerning gold loan, it has definitely created a level playing field. There are opportunities there.

And of course, there's opportunities for borrowing the unsecured loans. That is coming down, which has actually is positive for gold loan. Regarding competition, any business which is attractive will have the competition. But the thing is for any new player to create any infra like us or some leading players.

There's so many employees very well trained who can assess the purity by the near feel and touch and also the security infrastructure, creation of large security infrastructure across India would take time. I'm not saying that it is impossible, it is possible, but it takes time. And that's where we stand to gain with our pricing strategy and other strategy in the gold loan market.

**Rajiv Mehta:** So, sir, if, say for example, if the gold prices stabilizes and with this pricing strategy that we are executing, what kind of growth we can maintain?

- V. P. Nandakumar:** So, it will be on par with the markets. On par with the markets, yes, when we grow with the larger ticket size, we need to understand the attitude of such customers who are of a better profile. So we need to reset our infrastructure, everything. So, parallelly we are doing all these. So the momentum, which we will be seeing in the large players with regards to the gold loan growth, we have are confident of achieving that level.
- Rajiv Mehta:** Okay. And just a few data points on Asirvad.
- Moderator:** Sorry to interrupt. May I request you to please follow up the queue, as there are several participants waiting. The next question is from the line of Abhijit Tibrewal from Motilal Oswal.
- Abhijit Tibrewal:** First thing is Raju sir, every earnings call, you share the split of gold loans by ticket size. If you could just help us with that?
- Raju Narayanan:** Up to INR1 lakh 36.5%. INR1 lakh to INR2 lakh, 21.3%. INR2 lakh to INR5 lakh, 23.1%. Above INR5 lakh, 19.1%.
- Abhijit Tibrewal:** Above INR5 lakh, what did you say?
- Raju Narayanan:** 19.1%.
- Abhijit Tibrewal:** 19.1%. Right. The second question that I had was for Bindu, ma'am. Last quarter also, you had guided that the peak is now behind. And in this quarter also, we saw credit costs coming down in microfinance. So while a couple of participants have already asked this, but for the benefit of all of us, if you could just guide on maybe the full year credit cost in microfinance in this year that you are expecting?
- Bindu A. L.:** So what we have seen Q4, that was the highest credit cost, and it is almost half in this quarter. I think as already mentioned by sir, last quarter, we are expecting a profit from the microfinance business. So in the coming quarters, we will see at least 30% reduction from the credit cost to what we reported in Q1.
- Abhijit Tibrewal:** Got it. This is useful. And lastly, ma'am, in the standalone notes to accounts, I was seeing that we have done a assignment transaction and ARC transaction in the quarter. So if you could just help us understand this assignment transaction was in which product and likewise, the ARC transaction, which pool of NPAs have been sold?
- Bindu A. L.:** So the ARC and the DA, we are done in MSME secured book. So the DA transaction, which is coming at a better pricing. So the net income is only INR5 crores from that. So we did INR150 crores, INR160 crores DA and ARC is INR50 crores again from the secured book. As these are small ticket loans, NBFCs can get this RCC proceedings started with the ARC sale. So the idea is to have a more rigorous follow-up with the borrowers to collect the money through surface fee proceeding.
- Abhijit Tibrewal:** Got it. And last question for Nandakumar, sir. Sir, earlier during this call, you said that we are in discussion with banks for opportunities in co-lending. I just wanted to clarify the opportunities that you're talking about, you're talking about co-lending opportunities in gold loans, right?

**V. P. Nandakumar:** Yes, yes. In Asirvad has around 1,600 branches, out of that 500 branches are exclusively gold loan branches. Then that 1,100 branches are offering microfinance. This infrastructure also can be upgraded and utilized for gold lending also through co-lending. So that is a relaxed -- this qualifying asset criteria, we'll be able to mobilize a good amount of gold loans there also. Asirvad has a large network or expanded network and very large customer base and community connect. That situation can be taken advantage.

**Moderator:** The next question is from the line of Gaurav from Capital Farming Consultants.

**Gaurav:** Yes. So my first question is on gold loan AUM on our standalone entity, parent level, Manappuram Finance, yes. So on quarter-on-quarter basis versus Q4 of FY '25, our AUM has increased by almost double-digit, that is 12%. Whereas in tonnage, growth is hardly there, just 1%. Number of customers also almost flat, just 0.4%. So, if you can give some colors on that, what exactly were the factors which helped the company to grow this AUM by 12%?

**V. P. Nandakumar:** See, our LTV remains around 57%. So, when the gold price goes up, so that people simply won't borrow because the gold price has gone up. Because while borrowing, they have the clarity about the inflow of cash, cash flow, thereby they can redeem within 4, 5 months' time. So if it fits into their cash flow, only they borrow. So what actually happens is when the gold price goes up, the security they bring the collateral, that quantity they reduce.

And when the price goes down, just the opposite happens. Actually, price has somewhat bearing with regard to the AUM growth. AUM growth is driven by the demand. The opportunity is because the unsecured borrowing, the opportunities have come down. So there is an opportunity for gold lending too.

And also now with more players coming in and the banks also like another advantage is the popularity of this gold loan is also increasing. That's why the customers from the middle class and upper middle class also use -- started using that to meet their business requirements and other requirements.

**Gaurav:** Sorry, but within this, just a follow-up because I'm unable to digest that, just because the price of the gold has moved up and that has helped the AUM growth by just 12 percentage, whereas the number of customer has remained flat. So, CFO, ma'am, can help me understand if the number of customers, gold customers has remained almost flat, somewhere around INR26 lakhs, right?

So, within that, what percentage of customers were new to Manappuram in Q1 of FY '26, in terms of percentage, right? And what were our existing customers to whom the loan was renewed because if I recollected correctly that we have a short term tenure gold loan, which we extend maybe 3 months or 6 months, right? So, what percentage of our customers within this was new customer to Manappuram?

**V. P. Nandakumar:** Before that, I told you one thing is a smaller ticket size because of regulatory challenges these customers have, there is a tendency to move to pawnbroker that's up to INR1 lakh. So the growth is coming mainly from INR1 lakh plus. So this segment is growing and it will grow that's why

the number of customers, even though the number of customers remain at that level, we are able to get growth because of that, not because of the price has gone up.

**Bindu A. L.:**

So during the quarter, we added 3.5 lakh new customers. And the reason for less number of customer addition in the outstanding because the customers mostly we were able to attract in the high-ticket segment. So the small ticket customers, we have seen a reduction. So that is the reason net outstanding number of customers has not changed much, but we were able to add 3.5 lakh new customers. Any other data points we can take offline, if that is fine.

**Gaurav:**

My second question is our gold loan branches are stagnant at 4,044, whether it is Q-o-Q basis or Y-o-Y basis. So is there any regulatory restriction in opening the gold loan branches or we are not keen in expanding the gold loan branches across the length and depth of the country?

**V. P. Nandakumar:**

For gold loan companies, there is a restriction in opening branches beyond 1,000. The restriction is we need to seek prior approval from RBI for every branch. We have submitted application for opening branches, and we hope to get it soon. But now the BAIN transaction is under the processing by the RBI. So until this transition is over, they don't take up these things. So we are expecting the RBI approval to be received probably by the next month. And without much delay, we expect the new branch applications also to be sanctioned.

**Moderator:**

The next question is from the line of Aagam from Aagam Investments.

**Aagam:**

Question. I mean -- can you give color again, I mean, on the non-gold portfolio, especially on the MSME side and the vehicle finance, I mean for last few quarters, we have been not growing much and the asset quality has also been worsening. So what is the thought process here going ahead? How are we shaping our book AUM here? And when can we see, let's say, growth firing across all our consol level book going ahead? So if you can throw color on all of it.

**V. P. Nandakumar:**

So we are re-strategizing our business plans. Now Bain Capital also have joined. Their knowledge in the industry also would help. So the growth strategy is to use the opportunities to grow gold loan. As I mentioned, we are matching the pricing gradually with the market and attracting high ticket customers like others. The second, using co-lending models. We gradually plan to expand the gold loan business in our subsidiaries also.

First, we are trying to do it in Asirvad in non-gold. Asirvad non-gold branches. There are 1,100 branches. Later after testing the success, we may extend the gold loan business to other subsidiaries also gradually. So this way, we expect our branches to grow our gold loan branches to grow to around 5,000 plus towards the end of this year.

So that opportunity for growth, as I said, pricing matching the market plus geographical expansion of this business through our non-gold branches through quality. These are the opportunities we see. The other businesses are in a consolidation phase. One in affordable housing, etcetera, the average ticket size is around INR5 lakhs. So we are moving to around average ticket size of around INR8 lakh to INR15 lakhs with improved underwriting.

So that when the business is refocused, we believe the asset quality will improve also the employee productivity. So we have developed a definite plan to improve the productivity month-

on-month. And we are confident that it will improve the profitability of this housing finance as well as MSME.

Vehicles, we have -- we are again consolidating in the sense that we are moving out of the risky segments like we have already moved out of farm equipment and bringing down the opex in 2-wheeler by automated underwriting systems, etcetera. So that reduced number of people and also the asset quality is improved because the underwriting is automated.

So this way, the non-gold businesses are on a consolidated phase. And we are confident that these are going to be the opportunities on both the infrastructure as well as business. These are going to be the opportunities going forward.

**Aagam:** Okay. So broadly going ahead, the more focus will be on the gold loan side?

**V. P. Nandakumar:** That's what's planned. That doesn't mean that we are ignoring the other sectors, but we are re-strategizing. As I told you ticket size to move up from INR5 lakhs to INR10 lakhs because then the employee productivity will improve. So the opex can be brought down. Then the asset quality will be naturally better because the underwriting standards are better.

Then another thing, one challenge we face is even with the takeover, the small houses where they borrowed around INR4 lakhs, INR5 lakhs, the saleability is very low. There the saleability as well as the people fear of losing that price that also will be better.

So this way, by improving the ticket size, improving the asset quality, bringing more -- improving our automated underwriting systems using various technologies, dedicated various technologies. These are in place.

**Aagam:** Share in mainly the 35% AUM non-gold is there, should this number go down below 20%, how should I look at this?

**V. P. Nandakumar:** Is expected to go down. And gold expected to overtake.

**Aagam:** So currently 80-20 is share?

**Bindu A. L.:** Now it is 65-35, gradually will reach to 75-25.

**Aagam:** 25% will be the rest. So that would be majorly microfinance and housing or...?

**V. P. Nandakumar:** In my opening remarks, already I mentioned we intend to increase our secured book to 90% and bring down the unsecured microfinance to below 10% of consol AUM.

**Aagam:** Okay. And in terms of the Asirvad, in terms of write-off and impairment are we done with this quarter or there is yet some loss to be provided for?

**Bindu A. L.:** So the provisions are based on the slippages during the quarter. So based on the slippage, 70% is the provision coverage ratio. Continuously, we are monitoring the collections and based on the slippages, we have to create a provision. But the maximum effort is going for collection.

- Aagam:** So are we there in terms of meeting the previous levels in terms of collection efficiency and credit cost?
- Bindu A. L.:** I couldn't get that.
- Aagam:** So when things were good. So are we there? Are we reaching those times and trying to that?
- Bindu A. L.:** So we started disbursements with the tightened underwriting norms. But as the disbursement is lesser than the rundown, the book is running down. And wherever collections are showing better, we are focusing more on the disbursement in those states. In difficult places, we are focusing more on the senders where the collection is better.
- Moderator:** The next question is from the line of Kushan Parikh from Morgan Stanley.
- Kushan Parikh:** Just a data keeping question. You shared the mix by ticket size for this quarter. Could you share the same for 4Q FY '25?
- Raju Narayanan:** Up to INR1 lakh 14.2%. INR1 lakh to INR2 lakh, 21.75%. Up to INR5 lakh, 22%. Above INR5 lakh, 16%.
- Moderator:** That was the last question for the day. I now hand the conference over to the management for closing comments.
- V. P. Nandakumar:** So thank you for the active participation and questions, which were all very relevant. And we look forward for interacting with you. Whoever wants to have the data, we are ready to share with you. Thank you so much.
- Moderator:** On behalf of DAM Capital Advisors, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.