"Manappuram Finance Limited

Q3 FY '26 Earnings Conference Call"

January 29, 2026

MANAGEMENT: **MR. VP NANDAKUMAR – CHAIRMAN AND MANAGING DIRECTOR – MANAPPURAM FINANCE LIMITED**
DR. SUMITHA NANDAN – EXECUTIVE DIRECTOR – MANAPPURAM FINANCE LIMITED
MR. DEEPAK REDDY – CHIEF EXECUTIVE OFFICER – MANAPPURAM FINANCE LIMITED
MS. BINDU A.L. – CHIEF FINANCIAL OFFICER – MANAPPURAM FINANCE LIMITED
MR. SUVEEN P.S. – CHIEF EXECUTIVE OFFICER – MANAPPURAM HOME FINANCE
MR. ROBIN KARUVELY – CHIEF FINANCIAL OFFICER – MANAPPURAM HOME FINANCE
MR. MANOJ PASANGHA – CO- CHIEF EXECUTIVE OFFICER – ASIRVAD MICROFINANCE LTD

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

Moderator: Ladies and gentlemen, good day and welcome to the Manappuram Finance Limited Q3 FY '26 Earnings 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 touchtone 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. Hi, very good evening to all of you. We have with us the entire management team of Manappuram today to discuss their Q3 results. So with us, we have V.P. Nandakumar, who is the Chairman and MD; Dr. Sumitha Nandan, who is an ED; Mr. Deepak Reddy, who is the CEO; Ms. Bindu AL, who is the CFO;

Moderator: Sorry to interrupt Sanket sir, your voice is not audible, slightly breaking.

Sanket Chheda: And Suveen P S CEO, Manappuram Home Finance and Mr. Robin Karuvely, CFO, Manappuram Home Finance, Mr. Manoj Pasangha – Co- CEO of Asirvad Microfinance Ltd. Without further ado, I'll hand the call over to Mr. V.P. Nandakumar for their opening remarks, after which we'll follow up with question and answers, which would be, say conveyed by Deepak Reddy sir and Sumitha Nandan ma'am also. So over to you, Nandakumar, sir, for your opening remarks.

V.P. Nandakumar: Thank you. Good evening, ladies and gentlemen. It's a pleasure to welcome you to Manappuram Finance Q3 FY '26 Earnings Conference Call. Firstly, I would like to thank our investors and analysts for their continued interest, engagement and valuable insights, which remain integral to our journey of building a resilient and sustainable financial institution.

Economic scenario, the Indian economy underpinned by strong domestic consumption has remained resilient amid global geopolitical uncertainties and imposition of tariff. Historically, high GST collection, PMI showing an expansion to you, strong vehicle sales, etcetera, reiterates the resilience of Indian economy.

Our economy is projected to grow at 7.2%, making it among the fastest-growing economies in the world. With government policies favourable for growth, NBFCs play a significant role in the growth story by ensuring financial inclusion and easy accessibility to funds. Manappuram is well positioned to ride the growth curve to its flagship product, gold loans and offering in MSMEs, Microfinance and Home Loans, mainly to cater to small businesses and individuals at the bottom of the pyramid operating environment.

The third quarter of FY '26 unfolded against a mixed operating backdrop of the NBFC sector. While macroeconomic indicators, particularly consumption demand and rural activity slowed gradually -- showed gradual improvement, the lending environment remains competitive and tightly regulated with heightened emphasis on asset quality, pricing discipline and regulatory compliance.

From a sectoral perspective, gold loans continue to demonstrate resilience, supported by favourable gold prices and steady demand for short tenure secured credit. At the same time, certain unsecured and semi-secured segments across the industry, notably microfinance continued to face challenges with borrower cash flows and collection efficiencies under close monitor.

Financial performance overview. For Q3 FY '26, Manappuram Finance delivered a stable and measured performance anchored by the strength of gold loan franchise and disciplined risk management across portfolios. On a consolidated basis, we have reported a console AUM of INR52,125 crores, up by 13.8% Q-o-Q and 17.9% Y-o-Y, driven primarily by expansion in gold loan AUM.

Our consolidated gold loan AUM for the quarter was INR38,754 crores, up by 23% Q-on-Q and by 58.2% Y-o-Y, supported by gold price and strong customer demand. Consolidated gold tonnage was 58.9 up by 3.2% Q-o-Q and up by 2.8% Y-o-Y. Console PAT for the quarter was INR239 crores, up by 9.8% Q-o-Q and down by 14.3% Y-o-Y. And 9 months ended console PAT standing at INR588 crores.

Importantly, when assessed through the lens of our core business, the underlying earnings profile remains healthy. Our liquidity buffers and provisioning coverage continue to provide both comfort and flexibility as we navigate near-term uncertainty standalone business performance.

Our standalone AUM stands at INR44,209 crores, up by 16.9% Q-o-Q and up by 36.3% Y-o-Y driven by gold loan business. Our standalone PAT was INR381 crores up by 1.3% Q-o-Q and down by 15.9% Y-o-Y. Our 9 months ended standalone PAT was standing at INR1,149 crores. Microfinance.

The Asirvad Microfinance continued to operate in a challenging environment during Q3 FY '26. While broader sector is showing early signs of stabilization, credit costs remained elevated, reflecting our cautious provisioning stance and conservative recognition of stress Asirvad AUM stands at INR6,091 crores, including gold loan AUM of INR1,610 crores, so it was down by 1.2% Q-on-Q and down by 39.2% year-on-year.

Loss was INR156 crores in Q3 FY '26 versus INR168 crores in Q2 FY '26, which was improved by 6.9% sequentially and improved by 16.9% Y-o-Y. Net NPA stands at 1.8%. Our diversified lending business including vehicle finance and affordable housing finance moderated with a clear focus on asset quality and risk-adjusted returns rather than aggressive expansion.

Our liquidity -- our balance sheet remains robust with the capital adequacy comfortably above regulatory thresholds and ample liquidity on hand. Funding diversification remains a priority and our access to bank funding, market instruments and DCBs, providing stability in managing our cost of funds. Strategic priorities and outlook. Gold loan business continues to be a core growth engine for Manappuram Finance Limited, supported by favourable structural and regulatory tailwinds.

Industry-wide gold loan AUM is expected to scale sharply over the next two financial years, driven by elevated gold prices, a rising prevalence of secured credit and regulatory streamline.

Against this backdrop, we remain well positioned to capitalize on the next phase of sectorial growth. The Board has declared an interim dividend of INR0.50 for this quarter. With that, I now invite Mr. Deepak Reddy, CEO to provide business insights, following which we'll be pleased to take your questions. Thank you.

Deepak Reddy: Thank you, sir. Ladies and gentlemen, good evening and thank you all for joining this call. Last quarter, I laid out to you a set of what I call six priorities as we transform the business. As Mr. Nandakumar has shared our performances in the quarter, I thought I would give you an update of how we are progressing on our priorities and how confident we feel on things at this stage.

I'm happy to state that we are progressing well on all of them and I continue to remain very enthused about the possibilities. Also to reiterate what I had mentioned last quarter, you can expect me to give you a full strategic road map for the company and firm guidances from next financial onwards and as we close next year's operating plan.

On my priorities, I laid out my first priority was on accelerating gold, which our Chairman also talked about. We are making good progress. And you would have seen from our results, our AUM growth momentum has rebounded strongly. We continue to run multiple price sensitivity tests to determine the ideal scheme mix as we move into next financial year.

On gold, I talked about four sub-priorities. One was on improving our branch infrastructure. We are -- our new branch design is ready. We are in the final stages of negotiation with our vendor partners and we are getting ready to next year completely transform our branches, the experience for our customers and the controls we have in the way we work at our gold loan branches.

We talked about last quarter about building on our digital journeys and going paperless. We are making good progress here again and targeting to go paperless for most of our customer acquisition processes in the next one to two quarters. This will not just ensure better customer experience, but will help us improve our portfolio quality and controls also. I talked about introducing a new best-in-class AI security systems in our branches.

I'm happy to say that we have closed on our model and partners and we are now getting into the implementation phase from this month onwards. Co-lending is a big priority for the group, and I'm happy to say that just this week, we have gone live with co-lending, which will give significant return profile to our subsidiaries also.

My second priority was on our consolidate to grow strategy for our non-gold businesses. As seen from our results, we have to significantly improve on our credit performance and profitability here. Towards this, we have as of now significantly scaled down all these businesses and the geographies in which they operate, including for MSME and vehicle loans. We have additionally paused car loans, new and used and farm equipment loans.

Underwriting norms have been tightened and our collection infrastructure is gaining momentum. We are also working on stepping up our LOS platforms for MSME and vehicle loans to ensure our processes are more streamlined and controlled. We hope to go back to a growth mode from quarter 1 FY '27 onwards after strengthening our systems, processes, controls and teams.

My third priority was around organizational effectiveness. Our new organization structure is beginning to show effectiveness in terms of operating rigor and ownership, which was -- and ownership by the teams is something which is very dear to me. I must say I'm very enthused the teams are adapting very positively to this change, and this gives me great confidence in delivering our growth aspirations.

We are also shortly rolling out a very comprehensive set of changes to our people and HR practices, which I'm confident will further infuse and bring better business momentum and ownership to the organization. Simultaneously, we are mapping out all our processes currently towards making them simpler and more efficient.

Priority 4, I talked about infusing top talent. I had mentioned that we are onboarding a top-quality leadership team, a new group CFO, a Group Compliance Officer and a Group General Counsel have already joined us and actively leading the transformation efforts and that they are already making their presence felt in a very positive way.

We are in the process of also onboarding new group heads of technology, risk, internal audit, operations, HR and two group business heads. Some positions in levels below are also being actively staffed where required.

Priority 5 was getting ready for the medium to long-term, even as the long-term evolves. Towards this, we have kicked off an engagement with a very large firm towards determining our go-forward technology stack. This is expected to take a 2 to 3 years migration to fully evolve into a new age digital technology stack. We are also simultaneously working in determining various solutions that can be quickly plugged into even as a new stack goes live.

Our go-forward product strategy is also being worked on, and when we talk to you about our new strategic plan in quarter 1 of next year, we will share the same with you. On our subsidiaries, which is my next priority, building our subsidiaries, I must say that Asirvad is showing very encouraging signs, and I'm confident that we are at the tail end of the negative credit cycle.

Business volumes are showing good growth. Collections are improving and our new book performance is performing very well. Our new book today is approximately one-third of our portfolio. And as we get into, let's say, quarter 2 of next year, it will be approximately 57% to 60% of our portfolio, which will add to the overall performance.

We used to have a lot of negative growth, which means our degrowth -- we used to have higher degrowth than AUM buildup. I'm happy to say that we have largely taken care of that and the degrowth as we end December is only 1% and will go into positive territory as we speak.

A lot of credit parameters, including the number of customers of ours who have more than three loans, customers of ours with more than 2 lakhs, etcetera, are showing extremely good and encouraging signs -- and business growth coming back even as we tighten our credit parameters is something that envisages me.

The organization is clearly being galvanized for strong growth and performance and portfolio performance in FY '27. Our housing finance company, as I had mentioned last quarter, is a strategic priority for us, and we have very strong plans for a housing finance company. A top-quality team is being put together for the same and should be in place by quarter 1 FY '27. Till then, you can expect low to moderate growth in the housing finance company.

I'm aware that these are fairly simple priorities that I have laid out for now. But I believe these will be the foundation of what is to come in the coming years. Thank you all for your continued support and for being a part of this transformation journey along with all of us.

Bindu A.L: Okay, now we can go for the Q&A session.

V.P. Nandakumar: Yes.

Moderator: The first question is from the line of Gao zhixuan , Schonfeld Please go ahead.

Zhixuan **:** Yes. thank you so much for the opportunity. The first question is on the gold AUM growth. I just want to understand, if we look at the gold customers, that's about 1% increase quarter-on-quarter. So the AUM growth is very good at 23%. So how should we think about how much of that is gold price driven? And how should we think about the gold AUM growth when the gold price starts moving up going forward?

Bindu A.L: The ticket size during the quarter, we have seen an increase, especially our strategy with a lower yield for a high-ticket customers. So the AUM growth is almost 22%, but the growth in number of customers is not that much because of our strategy by shifting to higher ticket borrowers.

Deepak Reddy: And if I would just add to what Bindu has stated, I mean, I think we must take into cognizance 2, 3 other facts also which come into play in the gold loan business. There is something called customer prudence also which comes into play because these are the jewels of the family and which are very auspicious in our country, right?

If you look at the LTVs, both weighted average and simple average LTVs of our portfolio, they remain the same prior to gold price increase and now. They all hover between 57% and 60%. So it's not that because the gold price is going up, our LTVs are going up.

But to your question, do you see significant risk? Now let's say, the price of gold falls significantly, then we have got a short temporary period of time, yes, there could be a small correction that we had, but that is always temporary. It has never been beyond at the most 3, 4 months and 2, 3 months at the most. So we are not -- we don't get too concerned about that.

I must say also, let me say, worst-case scenario, gold price comes down also. I would say that our company is very strongly poised to be able to manage the situation because we have an advantage in our online gold loan portfolio.

The online gold loan app, which most of our customers transact on, it's very easy for them to repay and make sure that LTV, regulatory LTVs are met. And they don't have to -- and our customers don't have to keep rushing to branches, which a lot of our competitors will have to do. So I think we are fairly strongly poised.

You know, even if there is a correction, it seems unlikely today, but you never know because the price has gone up, it shouldn't really be too much of a worry to us other than, as I said, 1, 2 months. We should be fine. Another thing I must state is gold loan as an asset class has got fully established in India today. Over the last 1-year, it is the largest retail asset lending class in India.

So gold loan is today a great product, not just for negative times in the economy, where normally in negative times in the economy is when the price of gold goes up. It's a great product for negative economic times. It's a great product even for normal economic times because customers are saying it's a fabulous product for them to take. It's easy to avail.

The repayment obligations are in their control how the product is structured. So -- and that's how we've already established as the largest retail lending class over the last 1-year. So largely on gold, I think we have a good story in the country.

Zhixuan**:** Yes. That's very clear. Thanks so much. And just on the yield perspective, how you think about the gold yield going forward? Should it go down further to 18% as we talked about earlier? Or how should we think about that?

V.P. Nandakumar: Yes. The yield will be similar to whatever is the yield in the market, which is being judged by leading gold loan players, we will be with that. We are already in that range. So we continue to be with the market. We were, I mean, to answer -- Yes, please go ahead.

Zhixuan**:** So it's 18.3% in terms of gold yield already in line with the market or your segment or because we are also on a shift to larger ticket size customer, right? So I just want to understand 1, 2 quarters down the road, how should we think about the gold yield?

Deepak Reddy: This is similar to the other leading players in the market. So we'll be maintaining, as I told, we'll be maintaining more or less the same rate as other leading players. So they also have these larger tickets. So the average will be like that. So we don't expect much change.

Zhixuan**:** Got it. Sorry, just one last question on the borrowings. If I'm not wrong, it seems that the borrowing has went up a lot this quarter much more than the loan growth. I just wonder, given that the Bain is expected to inject capital, why do we need to take so much borrowing this quarter?

Deepak Reddy: So, Bain approval is in the final stages with RBI. So we got some interim approval, but -- we have -- Bain has sought some clarifications in that regard, etcetera, etcetera. So -- and they have made some submissions also. That's why the final approval is yet to come through. So we expect the final approval to come through without much delay. Maybe we expect that to happen within another 1 month.

Zhixuan**:** Got it. Thank you so much. I will join back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Yes, hi, team. Congrats on the quarter. Just a couple of things on the opening comments. So Mr. Reddy, when you said that you all are conducting like price sensitivity tests to improve the scheme mix, can you just elaborate on what you mean by that?

Deepak Reddy: Yes. So in the past, we used to be -- we have taken a strategy of pricing at the upper end of the market. Now over this year, we realized that we had to, as our Chairman said, we benchmark with competition, which is what we have done. And we are running various tests and that's a constant process, but we run it very closely here.

In terms of geographies, customers, locations, tiers and to check what the sensitivity levels are and which is what we have been doing to fine-tune it because we move from a position of being priced higher than market to a strategic call to be priced at market.

Piran Engineer: And so does this mean that in geography one, let's say, Tamil Nadu, hypothetically, you're offering a INR50,000 loan at 19%. And in Maharashtra, you'll offer it at 18% because the crowd in Maharashtra is different. That's the difference.

Deepak Reddy: Yes. I mean, competition is definitely there. Competitive factors, density of branches, how evolved the market is in the state, all of these go into pricing decisions. Typically, the early stage was South Indian states of, let's say, Kerala and Tamil Nadu, where density of competition about branches is very high, competition levels is very high. And then you'll take different pricing strategies for different locations. right?

And as I said, we are getting ready for -- we are already showing very strong growth. We are getting ready for much more significant growth. And there's a lot of tests that we're doing. But I think -- but the takeaway you can take back is from being priced above market, Manappuram, you can be expect to price at market going forward. We have shown that in the last quarter. And the results will come through. I mean you'll see leverage benefits to come through very strongly in the quarters to come.

Piran Engineer: Got it. So on a scale of 1 to 10, where are we in the journey of getting priced in line with peers? We are already at 10, is it?

Deepak Reddy: I mean that's a tough question to put a number. So I don't want to put a number. But you ask me, I would say around 8 or 8.5, I would say we are almost there.

Piran Engineer: Got it. And then secondly, you also mentioned a number of initiatives like transforming the branches next year to improve the customer experience. You're working with a consultancy firm to develop the tech stack. How should we like these are obviously very good initiatives for the long term and they're important. How do we think about how opex trends in that regard in FY '27 and maybe beyond?

Deepak Reddy: There will be some investments, a lot more capital investments that we are going to put in. But I don't think -- and we are in the process of making our budget for next year. I don't think you should be overly worried about that. I mean, of course, there will be some investments. But the initiatives will also result in cutting of opex where required, in optimizing of opex where required.

And also leverage benefits coming in as opex as a percentage, you should see all those leverages coming in. So I don't think you need to be overly worried about that. Let's say, the new structures we're putting in, new people putting in will have to pay for themselves in much higher productivity.

Piran Engineer: Understood. And just lastly, just repeating the same question of this one earlier, and this is probably to Bindu, but like borrowing growth being higher than loan growth, is it just simply back-ended because borrowings have grown like at 28%, 29%. I'm just talking stand-alone balance sheet. So is it just like an end of period phenomenon? Or was it like just throughout the quarter? And if it was throughout the quarter, then why was it so high?

Bindu A.L: It is end of the quarter only. And if you see our liquidity position, we have almost from INR1,500 crores to INR2,000 crores to INR4,000 crores as we were getting a lot of limits at the end of the quarter.

Piran Engineer: Okay. So just the end of period phenomenon?

Bindu A.L: Yes.

Moderator: The next question is from the line of Abhijit Tibrewal from Motilal.

Abhijit Tibrewal: Congratulations on a strong gold loan growth. Again, kind of circling back on the yields, our yields have actually declined from 19.7% last quarter to 18.3% this quarter. So I mean, while these are portfolio yields, what I'm trying to understand is what that essentially means is the gold loans that you would have done in this quarter would have been even lower yields, right?

Basically somewhere around 17%, 17.5%. And earlier when CEO sir said that maybe on a scale of 1 to 10, we are at 8%, 8.5%. So eventually, you expect these yields to stabilize around that 17.5% mark is it?

Deepak Reddy: No, we would expect the yields and the way the market is operating today, our expectation is in the range of 18%. But I mean that's where we expect it to be. Right, I mean the question is, let's say, I must say because we have a very unique and a very strong customer proposition in our online digital gold loan app, OGL app.

And so that -- as a result of that, our pricing transmission between onboarding and book yield is much faster than that of competition. So I view that as a positive thing both for customers and us. So our expectation is in the range of 18 up to maybe 18.15%, depending on how things go is my expectation as such.

Abhijit Tibrewal: Got it. So essentially, that also, I'm guessing would be done by the end of this year. And then from next year onwards, we should look at stable yields there?

Deepak Reddy: That's correct.

Abhijit Tibrewal: Got it. The other question I had was on this Bain transaction. I'm sure earlier in the call, Nandakumar sir commented on it saying that we received some kind of an interim approval and the final approval is expected to come through in the next 1 month. But sir, I'm just trying to understand, you remember also a media article that came out.

And then we also refuted it or we clarified on that on the stock exchanges. But at least -- I mean, that problem which was highlighted in that article of RBI not being okay with Bain having a majority stake in 2 NBFCs, has that part at least been addressed with the regulator?

Deepak Reddy: Yes, it is not majority stake, controlling interest. Controlling interest...

Abhijit Tibrewal: Right. I'm sorry Controlling interest in both the NBFCs.

Deepak Reddy: Controlling interest. But that part of Bain is working out, something whereby this is addressed. So we are in discussion with RBI. And whatever RBI has told Bain is ready to go by that. So that will not create any problem with regard to promised investment in Manappuram as well as the joint control in Manappuram.

Abhijit Tibrewal: Got it, sir. So essentially, sir, I mean, if I understand this right, whatever the RBI suggested, Bain is happy to go ahead with that so that you can get a control in control in Manappuram?

Bindu A.L: Yes, whenever we get the information…

Deepak Reddy: So one thing is very clear, Bain is interested in Manappuram.

Abhijit Tibrewal: Got it, sir. And sir, last 2questions. One is we discussed about this customer -- number of customers earlier. But today, all I'm trying to understand is when we look at gold loan NBFCs, right, this thing around number of customers not growing lot tonnage, we understand, like you've explained to all of us in the past that when gold prices go up.

It is not important that the tonnage also goes up because customers are prudent and they borrow only as much as they want. So the fact that the gold loan customers are also not increasing at the industry level.

And despite that, if we are seeing gold loan growth, how should we read that? Is it like more number of gold loan players coming and which is where no one is seeing a gold loan customer growth? Or is it like these are the same set of customers who are taking gold loans, just that they're taking higher ticket sizes now, which is what is driving the gold loan industry growth?

Deepak Reddy: So if I can take this question. It's an interesting question. And I think I request you to view it from a perspective of growth cycle. So as I mentioned, in the past our pricing was slightly higher than that of competition. And at that time, we thought it was prudent and right thing to do. And as a result, there were some of our customers who for years were very loyal to us, some of them may have moved out of us.

Now the price loan growth -- the gold loan price has been going on for almost 1 year right now. This quarter, you would have seen a significant take-up rate and catch up with our growth rates, a big uptick in happening. That's the first part of the cycle. right? Now the second part of the cycle is once the business growth comes, branches being infused, right pricing that we have in the market.

Then the second cycle will now lead to much higher new customers also being acquired because the whole teams are getting galvanized. So I think what you're seeing last quarter growth of significant growth compared to our previous quarters is Step 1. Step 2, you will move into this. But we are fairly enthused at this stage.

Abhijit Tibrewal: Got it, sir. And then I just want to squeeze in one last question. While we have shared that our yields are now comparable to other prominent gold loan players and likewise, the margins and spreads are also comparable to the other gold loan players. But sir, this opex bit, right, I mean, if I look at our ROA thing right, versus the ROA thing of our peers. I think it is that opex, right, which is significantly lower for some of our peers, right?

So what is it that we are doing on the opex side? Is it just scale you think which will help you bring down the opex and then translate into better ROAs going forward and better ROEs as leverage comes? Or are there also other things that you are doing -- steps that you're taking for opex rationalization?

Deepak Reddy: I think the answer is in your question. It is all of it. It is both scale, which is very important, of course, but also a significant process improvement, which as a result, brings down our costs also are things that we are working on. So I mean, the answer was in your question, sir.

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

Rajiv Mehta: Congrats on stable numbers. My first question is on the non-gold portfolios. So how deep can this asset quality NPA recognition phase go in vehicle and equipment finance, in MSME, personal loan, housing finance because we are seeing spikes in the NPAs. So when do you -- at what levels can they peak out and by when they can peak-out?

And just to understand the credit cost impact incremental because of that, what is the current PCR that we are holding on the existing NPAs on each of these books? And would it be right to presume that you would want to address this in terms of provisions or recognition largely in Q4 itself? So that you can start FY '27 on a lighter note?

Bindu A.L: So on vehicle finance, if you see as the disbursement has slowdown, it is more on account of the residual impact. So the quarterly increase is only some INR40 crores in the vehicle finance book on which the provision currently we are doing ECL around 27%. So that is the provisions we are doing.

But at the same time, we are doing a current valuation of the assets and any kind of shortfall we are providing and about 730 days also, we are taking 100% write-off. Similarly, for MSME, all unsecured loans, the net NPA is 0, digital personal loan or the small portion of unsecured, we took 100 write-off.

And on the secured portfolio as the average LTV is very low and the ECL with a 5-year realization period is around 5%, 6%. But the asset in case of vehicle finance, comparatively easy to repossess and sell, we will see improvement. But of course, MSME will take more time and the customers are servicing the EMI with delay.

Rajiv Mehta: Okay. And in Asirvad, can you share the bucket collection trends? And if I were to look at your Stage 2 and the net NPL figures, would it be right to assume that the credit cost in Q4 itself will come meaningfully down from what it was in Q3?

Bindu A.L: Yes. So we have shared the details in Page 25 of IR PPT on Asirvad bucket-wise details. And if you see the Stage 2 as on 31st December is only 106. So the trend shows a drastic improvement in decline in NPA in Q4.

Rajiv Mehta: No, no, I was asking about ma'am the ex-bucket collection efficiency in Asirvad in recent months, how much that is? I know that we have a lesser amount of new portfolio, but how much is the leakage still happening?

Manoj Pasangha: Yes, Manoj here. So I'll just answer the ex-bucket efficiency. I would rather answer that question to address both the new book and the old book. In our collection efficiency in our new book is at 99.78%, which is about -- which is roughly translating to one-third of my book.

And how the CEO had mentioned earlier, in the next 2 quarters, we expect this to reverse in the sense that we should be looking at two-third of our book, our entire book running at similar collection efficiencies. So that is how robust it is currently. So that's on the ex-bucket.

Having said that, even the balance of the one-third, which is the old book, we are seeing a collection efficiency increase about 2% quarter-on-quarter, which establishes the fact that we have not let the old book slip away. So we have put together a collection team from within the loan officers spread across our branches where they're dedicated to focus on this so-called old book and the hard book. That should take care of our collection efficiencies.

Rajiv Mehta: Okay. Clear. Just one last one on cost of borrowing. Your standalone cost of borrowing has declined by 30 basis points Q-on-Q, but the consol only declined by 10 basis points. And when I look at Asirvad also, the cost of borrowing is actually flat. If you can just reconcile this?

Bindu A.L: Yes. So almost 85% of the borrowings standalone at INR880 crores. And the balance Asirvad is around 12% of consol borrowing at INR1020 crores and home finance at INR950 crores. So the weighted average is coming to INR898 crores.

Rajiv Mehta: But ma'am, that has actually declined only by 10 basis points because the stand-alone cost of borrowing has actually come down by 30 basis points and Asirvad is flat. So I was thinking that the delta improvement in consol level should have been higher than that?

Bindu A.L: So one reason is towards quarter end, we have done a lot of borrowing. So we will reconcile and get back to you.

Moderator: The next question is from the line of Gao zhixuan , Schonfeld Zhixuan**:** Just some follow-up questions. Number one is on the consolidated statements. Under the revenue, the others line, which was INR27 crores last quarter. In the December quarter, it jumped to INR79 crores, almost INR80 crores. Just wondering what's that about? Is there any one-off in there?

Bindu A.L: Can you repeat the question?

Deepak Reddy: Could you repeat your question, please? We just missed you in between.

Zhixuan**:** Yes. In the other revenue, if I look at the financial statements consolidated under the others under revenue from operations, there's a INR79 crores revenue over there, which was INR27 crores in the September quarter. Just want to understand why the large jump and any one-off in there?

Deepak Reddy: INR27 crores.

Bindu A.L: We will share offline if that is okay.

Korn: Okay. Sure. And lastly, on the standalone ROA, which is something about 3% right now. It's 1 years to 2 years, how should we think about this ROA going forward since our yield is just continue to stay here. How should we think about our trajectory on the standalone business?

Bindu A.L: ROA going forward?

V.P. Nandakumar: Yes. We hope to maintain and improve upon ROA because per branch business is growing. So this year also, we have seen growth, and we expect that momentum to continue. So there will be a huge volume push in the branches. So the opex ,i.e, the HR cost, etc., will not have much impact. We don't expect much increase in the borrowing cost. So the ROA there will be…

Deepak Reddy: I would say, yes, we should definitely be looking at 4.25% to 4.5%.

Bindu A.L: Yes.

Zhixuan**:** 4.25% to 4.5% standalone ROA.

Bindu A.L: Yes.

Deepak Reddy: Yes.

Bindu A.L: The credit cost...

Zhixuan**:** So that means...

Bindu A.L: Credit cost issues in the non-gold books will also come down. So that will...

Manoj Pasangha: I mean, is it where we want to be? I mean the specific answer is no. But as I said, we have a non-gold book of vehicle loan MSME, which is, of course, there will be some amount of impairment that we will see for 1, 2 quarters. So that's why we are factoring this when you talk to 4.25% to 4.5%.

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

Gaurav: So a couple of questions. First question is to Mr. Deepak, you mentioned that you are also working on co-lending, right? And this week only you had made it live. So just a clarification on that. Is it the co-lending agreement with the Asirvad that has been done? Because I think on the website of Asirvad, something like that has been displayed that co-lending agreement…

Deepak Reddy: We are working with multiple partners right now, and Asirvad is one of them. And all 3 partners that we are working on, hopefully, the minimum of 3 partners should go live over the next 2 weeks, I would say, or 3 weeks at the most.

Gaurav: That's great. Second, I was referring this Slide number 9 of our presentation, right? So gold loan, everyone in India who is taking financial sector now is aware that gold loan is booming, right, as an industry. But for us as a company, right, every other segment where we are operating, whether it is vehicle finance, right, equipment finance, MSME lending or even housing finance, our NPA level, GNPA level, right, in housing finance, we are approximately 5%. vehicle finance, we are approximately 14%. MSME now we are touching around 6%, right?

Where things are going wrong because such an elevated level of GNPA, right, coming from a lender like who is focused on gold loan, right, who knows that asset quality must be pristine. So where things have went wrong, have we analyzed that part while we have done the old the course correction in the last 2 quarters, 3 quarters or something -- some kind of accountability has been set up? Or how you would like to assure that whatever the balance assets we have, they are now remain in the pristine quality and not some other surprises which we might expect in a quarter or 2 down the line? Yes, that was my second question.

Deepak Reddy: So you could see our -- the importance and seriousness of our thinking. In the fact, when I laid out my priorities, my first priority was accelerate gold. And my second priority was to follow up consolidate gold -- consolidate and growth strategy for non-gold, right? That's the order of the priorities to tell you how seriously we are taking it. I don't think we don't have to dwell on a post-mortem of what went right, what went wrong. It's a learning.

We have obviously studied our entire model from acquisition to underwriting, to risk, to systems. We are taking that all into cognizance, and that's what we are strengthening -- till that's fully in place. That's why I told you MSME and vehicle loans, you will not see much growth even in the current quarter. It's only as we get into next year, you will start seeing growth, and we will correct it.

And have we taken specific questions that you asked, have we seen why, what went wrong? Obviously, yes, because the starting point was if it is high, why is it high? What do we have to do to control it? What are the controls we have to put in place, what are the systems we have to put in place what are the different processes and credit policies, underwriting policies, risk policies, all of these have been taken into consideration, that's what we're working on. And that's why I said it will be a slow take-up.

It is not -- these businesses are not something that we are going to overnight accelerate. We will get our process in place. We'll be comfortable with it. And of course, then we will grow them. These are -- we intend to grow these businesses. But when we are confident that we have learned from the past and our go forward is strong.

Gaurav: That's great. If you allow me one question. Within this, just a follow-up on this. Can you give some clarity what percentage of within this GNPA segment across the products that we have, what would be the percentage of customers, those who are defaulting in each of these categories, right?

One customer who is defaulting in HFC housing finance also and to whom we have given the vehicle finance also to whom we have given the MSME loan for their business purpose also, right, or microfinance loan also. So are there any certain set of customers in percentage terms who are defaulting in more than 2, 3 categories? Or these are exclusively a different set of customers, no correlation over there?

Deepak Reddy: No. So you're talking about customer level NPAs of customers across the group. I mean they're very, very miniscule. Oh sorry, I don't have the exact number with me offhand, but that's something that we look into very closely. And those are things which are monitored also very closely by us. It's very miniscule. I mean the -- and our customer level NPA policy takes that into consideration.

Gaurav: Yes. Great. My last question. I have asked in my couple of interactions also in last con calls on branch expansion, right, specifically on the gold loan side. So is it like there is something which is stopping RBI to give us branch expansion approval? Or is it related to Bain transaction once that is done by RBI, then only the RBI will give us approval for branch expansion? Or we are not going to the RBI for seeking approval for branch as of now. So what exactly is the road block or short stopper, which is not giving us an opportunity to expand the branches, specifically for the gold?

Deepak Reddy: I think I explained that the point in our previous earnings calls also. This is, of course -- I mean, I can't speak on behalf of the RBI why they're giving or not giving, that's not what I can speak about. But I believe this also because there's a very significant transaction with a new co-promoter coming on. And I think that's the first priority, which probably the regulator is also looking at.

We don't see any reason why we will not get approval shortly. We hope to. We have put up our proposals to RBI, which we hope will be favourably decided upon. And any specific reason that you think that we have, why we are not getting anything? The answer is absolutely not, nothing like that.

Moderator: The next question is from the line of Shubhranshu Mishra from Phillip Capital.

Shubhranshu Mishra: Hi Deepak. Good to hear your voice here at Manappuram. Given the fact that you're pretty much outlining to change the organization at various levels, one, if we can maybe in the medium term, 2 to 3 years from now? Second is you also spoke about LOS, LMS transformation. So which are the tech partners we are looking at to have this changed? Would this have different kind of LOS LMS for various kinds of asset classes that we would be working on? The third part is, are we rationalizing the manpower or having a different orientation for the manpower if that would be the concern.

Deepak Reddy: Good to hear your voice too. Two, 3 questions. One on -- I mean a lot of your questions, I must say, came a little gabbled to us. I hope I'm answering the questions right. One was, of course, on the strategy, which you told us and Shubhranshu, my request is please bear with us for -- as we move into FY '27 when we'll share our well thought through strategy.

I request you to bear with us. On our tech architecture, what it is going to be will be premature at this stage because that's the journey we have just started with multiple tech partners. The whole study is going on because we have to take into consideration multiple factors. One is what is the market today.

Two, what is the market expected to be in 3 years, 4 years. And so we have to build a tech platform, not just for today, we have to build a tech platform that is going to last us for the next 10 years. And with the advancements which are happening out here, the solutions are quite complicated to make. It's not just plain cookie cutter, but we are working towards that -- to put that in place.

We're working with multiple partners. It's not one partner. Specific to your question on LOS, LMS, will different products have different LOSs, LMSs. I think that's an output of our entire exercise, then we will know. But all I can assure you is whatever it is, each individual product will have individual workflows customized for themselves.

It will not be one standard workflow that we will use for all -- I mean, for all products. We will have strong LOSs for different asset classes, which are also figurative of how our competitors also use it with a forward-looking lens also. And manpower was your next question. I think that's a constant one, right?

You will always have options to optimize technology will come in. Can you optimize manpower? All that is, yes. But will the absolute manpower come down? Obviously, no. Because if you're going to talk about our AUM continuing to be INR50,000 and then we are putting in technology and then people will come down. I don't think we are looking at that.

We are looking at a very, very strong future for the company where our AUM and our growth is going to be multiples of what we are today. So I don't think there's too much to read into this at this stage. It will be steady state, well thought through, well calibrated. And we'll take the long-term approach. It will not be a short-term approach. It will be a medium- to long-term approach that we take.

Shubhranshu Mishra: One last question,. Bain Capital also holds a controlling stake in Tyger Capital , which was erstwhile Adani Capital Okay, do Manappuram Finance to have that controlling…

Moderator: Sorry to interrupt, your voice is not audible properly.

Shubhranshu Mishra: So Bain Capital holds a controlling stake in Tyger Capital, which was erstwhile Adani Capital. Is it possible to have that company merged into Manappuram so that they continue to hold a controlling stake in that entity as such?

Deepak Reddy: They are working out -- already working out some strategy whereby their interest and what assurance as far as Manappuram is protected.

Shubhranshu Mishra: So are we are open to that merger.

Deepak Reddy: Shubranshu will be -- and our Chairman rightly said, will -- what are the options that they're looking at? Will it be taken? I think that is completely not. That's a question you should -- you should probably ask to Bain Capital. I don't think it is premature. And you've seen us holding statements on this whole transaction. There are certain questions asked, which we have given responses to and we are awaiting clarification.

Moderator: The next question is from the line of Prithviraj Patil from Investec.

Prithviraj Patil: So I had 2 questions. One, I wanted the option number for the quarter, the gold option number. And the second was what is the incremental yield on the gold loan?

Bindu A.L: Actually is around INR32 crores during the quarter. The yield currently stands around 18%.

Shubhranshu Mishra: Hello?

Bindu A.L: Auction is around INR32 crores during the quarter. Our current yield stands at 18%.

Shubhranshu Mishra: Hello?

Bindu A.L: Can you hear us?

Shubhranshu Mishra: Yes. So I just wanted the auction number and the incremental yield on gold?

Bindu A.L: So auction is around INR32 crores during the quarter and our current yield at 18% on gold loan book.

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

Pratik Kothari: Sir, one on opex again. So if we go back 3 years, 4 years at similar branch productivity of about INR10 crores, INR11 crores where we are right now, the larger peer, Muthoot used to be materially lower than where we are. So if you can just highlight where is this mismatch? We are in the 5s, they were in the 3s at similar productivity, and I'm going back 4 years now. So if you can just highlight where is that mismatch? What can we do to improve between us?

Deepak Reddy: So Mr. Pratik, I think I've laid out the various actions we are taking towards this. And as we roll out our strategy, as we roll out our operating plan for next year also. I think you'll have visibility going back 4 years, 5 years and comparing with competitors who did what, who did well, I don't think we want to do this on a call.

Pratik Kothari: No because do we agree there's a mismatch and we want to work on that, but this is how our business is structured and this stays as it is?

Deepak Reddy: No, we have answered that question, right? We have very strong aspirations of growth of the company. And when we lay out a strategy, you will see it for us. I mean, obviously, we are obviously not happy and we will never be happy with where we are.

Our whole orientation will be always that we have to do better than what we are wherever we are at whatever stage we are, and that's our orientation. There is a lot of work to do, which we are working on, and the results will follow and we'll share with you the plan. As we get into next quarter, we'll share the plan with you.

Bindu A.L: Almost of the per branch AUM.

Deepak Reddy: And you would have seen, I mean, even already you would have seen our per branch AUM from the beginning of the year to this year, we were a little behind. We know why we're behind. We have also explained to the reasons because we also followed a different pricing strategy as one of them, one of important things. We have taken those actions, and you will see that we are here to be a dominant player in the market in which we will be.

Prithviraj Patil: Correct. And this 4.25%, 4.5% stand-alone ROE, I mean, what time line did we give for that?

Deepak Reddy: As we go into the second half of next year.

Moderator: The next question is from the line of Bharat Singh, an Individual Investor.

Bharat Singh: I have one question. This -- like in Asirvad Finance, there is some impairment losses. We are booking like each quarter, we see the losses. So these losses is complete losses or in the later quarter, they will be cover up?

Bindu A.L: Yes. So the collection efforts are going on for the NPA book also. But you have seen that in MFI, once it is 90 DPD, the collection is very difficult. But a lot of effort is going on. We are taking the collection agencies also to improve the collection. But as the quality of book is improving, we will see a reduced credit cost in the coming quarters.

Deepak Reddy: Yes, we should see reduced credit costs. And we have taken some impairment this time even on ASC book as a prudent measure, even though we did have to some small amounts. But -- and as I mentioned, the outlook is looking strong, sir.

Bharat Singh: Okay. My next question one is, like now Bain Capital, they are acquiring controlling stake in the company. So it will be from the promoter will be shifted to the Bain Capital. And also when this transaction will happen, there will be open offer. But as I read that this open offer will be -- was priced at INR236. But now price for the stock has already increased way higher. So when this open offer will come, there is a chance that Bain Capital will get more stake in the company?

Bindu A.L: These details are already given.

Deepak Reddy: See promoters are not selling the stake. This is…

Bharat Singh: Okay.

Deepak Reddy: Yes. This is entirely primary, right? So this is already -- it is told to the market about the plan of 9% equity now once the approval is received, then 9% through convertible warrants, which will be converted into equity in another 18 months. So they will have 18% stake. And the present promoters will have more than 28% stake, it will continue. So it will be -- the Bain is -- it will be a case of joint promoters, existing promoters along with Bain as a joint promoter.

Moderator: As that was the last question for the day. I would now hand the conference over to Mr. V.P. Nandakumar for closing comments. Over to you, sir.

V.P. Nandakumar: So thank you so much for your active participation as usual. Now this time, I hope you could hear more about the new CEO strategy also. I hope that will definitely help you to understand what the company will be in the coming 1 or 2 years' time. So thank you so much for the questions.

Bindu A.L: Thank you.

Deepak Reddy: Thank you. Thank you all. Thank you very much, and thank you for your continued support.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.