



“Manappuram Finance Limited
Q4 FY '26 Earnings Conference Call”

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MODERATOR: **MR. ABHIJIT TIBREWAL – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Manappuram Finance Q4 FY '26 Earnings Conference Call, hosted by Motilal Oswal Financial Services 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. Abhijit Tibrewal from Motilal Oswal Financial Services. Thank you, and over to you, sir.

Abhijit Tibrewal: Yes, thank you, Yousuf. Good evening, everyone. I am Abhijit Tibrewal from Motilal Oswal, and it is our pleasure to welcome you all to this earnings call. Thank you very much for joining us for the Manappuram Finance call to discuss their Q4 FY '26 earnings.

To discuss the company's earnings, I am pleased to welcome Mr. V.P. Nandakumar, Managing Director; Dr. Sumitha Nandan, Executive Director; Mr. Buvanesh Tharashankar, Group CFO; Ms. Bindu A.L., CFO; Mr. Manoj Pasangha, Co-CEO, Asirvad Microfinance; Dr. Roy Varghese, Co-CEO, Asirvad Microfinance; Mr. Rajesh Namboodiripad, CFO, Asirvad Microfinance; Mr. Kamal Parmar, Head, Vehicle and Equipment Finance; Mr. Rakesh Sharma, Co-CEO, Manappuram Home Finance; Mr. Suveen P.S., Co-CEO, Manappuram Home Finance; and Mr. Robin Karuvely, CFO, Manappuram Home Finance.

On behalf of Motilal Oswal, we thank the senior management and the Investor Relations team of Manappuram Finance for giving us this opportunity to host you today. I now invite Mr. Nandakumar for his opening remarks. With that, over to you, sir.

V.P. Nandakumar: Thank you, Abhijit. Good evening, everyone, and thank you for joining us for Manappuram Finance Q4 and Full Year FY '26 Earnings Call. I sincerely appreciate your continued engagement and support. Today, I'll briefly share our perspective on the operating environment, key highlights for the quarter and the year and our strategic direction as we enter FY '27.

Amidst geopolitical tensions, the fourth quarter of FY '26 marked a relatively stable operating environment for the NBFC sector. Though the macroeconomic indicators continue to show resilience, supported by speedy consumption trends, improving rural demand and stable credit growth, it is tempered by the headwinds arising from the geopolitical tensions, such as inflationary tendencies, lately firming up of interest rates, weakening of rupee, etcetera.

The lending landscape remained competitive with sustained focus on improvements in asset quality and prudent underwriting standards. The sector also continued to witness challenges in certain unsecured segments, particularly microfinance, albeit early signs of recovery. Gold prices remained supportive during the quarter, reinforcing demand for secured lending products such as gold loans, which continue to offer liquidity, flexibility and lower risk.

Against this backdrop, our approach remained consistent, protecting asset quality and ensuring sustainable growth. During the quarter, we also observed sustainable growth in our gold loan portfolio with AUM improving sequentially after a softer phase earlier in the year, while

competition remained elevated. Higher growth, higher economic activities, rural demand, shift in the consumer spending pattern has supported our gold loan disbursements.

Across segments, trends remain divergent. While gold loans is largely instrumental to our growth, microfinance is still in a recovery phase with a modest AUM expansion and improvements in asset quality. The housing finance business remains stable. The portfolio growth is muted. We remain focused on asset quality, operating efficiency and risk-adjusted growth.

We are taking a cautious stance in microfinance, aligning expansion with improvements in collections and borrower leverage, while continuing to scale other segments prudently. Looking ahead, we expect steady momentum in gold loans fueled by consumer demand. Along with this, our diversified portfolio will enable a balanced and resilient growth.

For Q4 FY '26, Manappuram Finance delivered a strong performance. Its growth anchored by our core gold loan business and supported by disciplined risk management across portfolios. Consolidated revenue for the quarter stood at INR2,614 crores reflecting y-o-y Q-o-Q growth of 10.7% and 11%, respectively. Profit after tax stood at INR405 crores.

For the full year FY '26, we reported revenue of INR9,509 crores, PAT of INR993 crores. Our capital position, liquidity buffers and provisioning coverage remains strong, providing resilience and flexibility as we move into the next financial year. Gold loan business, the core strength for gold loan segment continued to demonstrate strong momentum in Q4, reaffirming its role as the cornerstone of our business.

Gold loan AUM stood at INR50,953 crores, registering 99.1% year-on-year and 31.5% quarter-on-quarter. The segment continued to contribute the majority of our consolidated AUM and earnings. Asset quality in this portfolio remains robust, supported by conservative LTV norms, frequent monitoring and strong operational controls. Introduction of the new lending against gold collateral guidelines of the regulator has enabled us to broaden our product offering in a structured manner.

We have introduced consumption loans, catering to the household and personal financing needs and income generating loans designed for small business and livelihood purpose, allowing us to serve the differing needs of our borrower base more effectively. Each of these products operate within defined guardrails on LTV, tenure and customer eligibility.

These are new regulations requiring credit assessment of the borrowers will improve our customer due diligence, resulting in lower delinquencies, cross-selling of other products to our customers, thereby improving their wallet share. Co-lending partnerships have added a further origination channel, extending our reach to geographies where we have limited presence.

We also continue to invest in digital capability, analytics and process efficiencies, which are enhancing customer experience, improving turnaround time and driving productivity gains across our branch network. Asirvad Microfinance continue to operate in a cautious environment during Q4 FY '26. The strategic actions we initiated over the past few quarters, including tighter

underwriting, calibrated disbursements, strengthened collections and geographical optimization are beginning to yield gradual improvements.

We expect the business to stabilize progressively with a sharper focus on sustainable growth and improved risk-adjusted returns. Across vehicle finance, the MSME and the allied lending and affordable housing finance, we are pursuing a calibrated growth strategy that prioritizes risk-adjusted returns over volumes. Underwriting standards have been tightened, exposure in select segments have been moderated, and the collection infrastructure have been strengthened.

These segments witnessed a moderation in portfolio levels, reflecting a calibrated approach that prioritizes portfolio quality and profitability over aggressive expansion. Asset quality continues to remain the key focus area. Consolidated GNPA stood at 2.14%. Provision coverage ratio remained at 27.34%. While stress persists in certain portfolios, our secured book continues to perform strongly.

Our balance sheet remains healthy. Capital adequacy at 21.3%, well above the regulatory requirements. Strong equity position with diversified funding sources across banks, capital markets and securitization. We continue to maintain a conservative positioning stance and closely monitor early warning indications across businesses.

As we enter FY '27, our strategic priorities remain clear. Strengthened leadership in gold loans through scale, technology and customer-centric innovation. Accelerate stabilization of microfinance and other micro-lending segments with a strong focus on asset quality. We maintain balance sheet strength with a disciplined capital and liquidity management. Enhance operational efficiency through digital adoption and analytics. Continue proactive regulatory engagement and uphold best-in-class governance standards.

While near-term challenges persist in certain segments, we remain confident in the long-term structural opportunity in secured lending, particularly gold loans. With our strong brand, extensive distribution network and disciplined execution, we are well positioned to deliver sustainable growth. I would like to thank our employees for their dedication, our customers for their continued trust and our investors for their unwavering support.

We remain focused on building a resilient, future-ready franchise while delivering long-term value to all stakeholders. With that, I will now hand over the call to our Group CFO; Mr. Buvanesh Tharashankar, for detailed financial performance statement. After we will be happy to take your questions. Thank you.

Buvanesh Tharashankar: Thank you, Nandakumar. Good evening, everyone. Thank you for joining us for the discussion on our financial results for the last quarter and year ended March 31, 2026. Our consolidated AUM for Q4 '26 was INR63,798 crores, up 22.4% sequentially and higher by 48.3% year-on-year. Gold continued to be our key growth driver with an AUM of INR50,953 crores up 31.5% quarter-on-quarter and higher by 99.1% year-on-year, supported by the gold price and strong customer demand.

Gold loan business constitutes 80% of the consolidated AUM versus 59% in the prior year. Consolidated PAT before OCI and minority interests was INR405 crores for quarter 4, which

was up by almost 70% quarter-on-quarter. For FY '26, our consolidated PAT before OCI and minority interest was at INR993 crores, down 17.5% year-on-year. Coming to the standalone business. Our stand-alone AUM, MAFIL, for Q4 FY '26 was at INR55,952 crores, up 26.6% sequentially and 69.4% year-on-year. Gold loan AUM in stand-alone business was INR48,814 crores, up 31.4% quarter-on-quarter and higher by 98% year-on-year. Gold constitutes 87.2% of our stand-alone AUM versus 75% in the prior year.

For the quarter, our stand-alone PAT before OCI and minority interest was at INR376 crores, marginally down 1.5% sequentially and were 9.4% year-on-year. Stand-alone PAT included impact of a onetime write-off on vehicle loans amounting to INR84 crores. For the year, our stand-alone PAT before OCI was INR1,525 crores, down 14.5% year-on-year. Stand-alone GNPA as on 31st March 2026 was at 1.81% versus 2.61% during the previous quarter and the credit cost in the stand-alone entity for the quarter was 1.2%.

Stand-alone borrowing cost has gone down by 17 bps in Q4 FY '26. Coming to the gold loan business. During the quarter, we were able to add 3.16 lakh new customers and outstanding number of customers stood at 25.2 lakhs. Tonnage grew by 3.82 tons in Q4. Our average gold loan LTV was at 57% in Q4 FY '26, and the online gold loan book accounts for 92% of our total gold loan book.

Coming to the microfinance business, positive trends emerging in Q4. There was a growth in the MFI AUM of INR176 crores during the quarter. Disbursements closed at INR1,086 crores versus INR680 crores in the prior quarter. And the new book constitutes approximately 55% of the MFI portfolio as of March end.

Asirvad AUMs stands at INR6,794 crores, which includes gold loan AUM of INR2,139 crores, up 11.9% quarter-on-quarter and down by about 17% year-on-year. PAT before OCI was at INR13 crores in Q4 FY '26 versus loss of INR156 crores in Q3 FY '26. Adjusted for one-offs, losses were flat quarter-on-quarter. GNPA is at 4.85% with net NPA at 1.6%, down sequentially versus the prior quarter. Asirvad CRAR currently stands at 20.2%.

Coming to the vehicle finance business. In vehicle finance business, we have reported an AUM of INR2,991 crores, it's down 16.8% quarter-on-quarter and 37.3% year-on-year. The Focus is to strengthen collections through several actions including having separate collections teams handling soft and hard buckets, focus on digital reminders, improve match clearance and focus on match bounce collections to improve current bucket resolutions.

Total GNPA showed a slight improvement sequentially. GNPA percentage AUM was at 10.4% versus 13.7% in the prior quarter. Loans to MSME and allied businesses stood at INR3,351 crores with a disbursement of INR254 crores in the current -- in Q4, and GNPA was at 7.1% versus 6.1% in the earlier quarter.

The home loan business with a total book of INR1,852 crores was down 2.6% quarter-on-quarter but higher year-on-year by about 1.5%. The Board has declared an interim dividend of INR0.50 for this quarter. The company is well capitalized with a capital adequacy ratio of 21.32%, and consolidated net worth stood at INR16,051 crores as at March 31, 2026. Book value per share stood at INR1.709. We can now go for the Q&A session. Thank you.

- Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Piran Engineer from CLSA.
- Piran Engineer:** My first question is for Bindu. Out of the INR215 crores stand-alone provision, how much of gold versus non-gold? Can you break that up, please?
- Bindu A.L.:** Okay. So I'll share the exact details separately, but majority of it is from non-gold only. In that, if you see the notes to accounts almost INR136 crores is the write-off of the vehicle finance book. So that has elevated the bad debts in this quarter.
- Piran Engineer:** Okay. You said INR136 crores write-off?
- Bindu A.L.:** INR136 crores.
- Piran Engineer:** Okay, because I think in the opening comments, I heard INR84 crores one-time write-off or was it INR84 crores is one-time and INR50 crores is business as usual? Is that the interpretation?
- Bindu A.L.:** Out of INR136 crores, INR84 crores is net of provision.
- Piran Engineer:** Okay, okay. Net of provision. Okay, understood. Secondly, when you all disclose your gold loan average ticket size of INR1.27 lakhs, that's on disbursements or on AUMs?
- Bindu A.L.:** AUMs.
- Piran Engineer:** AUM. Okay. Fair enough. And just thirdly, I wanted to understand this LTV thing. Now gold prices are up 8%- 9% Q-o-Q . Your tonnage growth is 6%- 7% Q-o-Q. So if my LTV is stable, AUM growth should be 14%- 15% Q-o-Q, not 30%. So what am I missing here? Has the LTV gone up? Or what's wrong in the calculation here.
- Bindu A.L.:** So the gold price increase is around 20% during the quarter and 8% -- 7% tonnage growth and the total growth is 31%.
- Piran Engineer:** Sorry, I think from, 31st December to 31st March, you are saying 20% gold loan growth.
- Bindu A.L.:** Gold price.
- Piran Engineer:** Gold price, yes. Are you taking an average of some periods?
- Bindu A.L.:** This is on an actual basis. Average, the actual gold loan price has gone up by 20%.
- Moderator:** Next question is from the line on Zhixuan Gao from Schonfeld.
- Zhixuan Gao:** I just wanted to understand how should we look at profitability versus growth? Because if I look at either Q-on-Q or year-on-year, our AUM on a stand-alone basis have grown materially and then the profit is down Q-on-Q and year-on-year. So despite a 70% year-on-year AUM growth, our profit is down year-over-year. How should we think about, the trade-off between growth and profitability going forward?

- Bindu A.L.:** If you see the P&L, the NIM improved during the quarter. But the main impact is on account of higher provisions, especially from the non-gold portfolio. That impacts profitability. Otherwise, if we adjust this one-time write-off, our profit would have been INR430 crores.
- Zhixuan Gao:** And on the Asirvad, this quarter our credit cost is almost a minimum. How should we think about the credit cost for FY '27?
- Management:** Yes. So the credit cost has improved primarily on account of enhanced collection efficiencies, and it's also been complemented with an increase in our book. As in the opening remarks, you would have heard that the rundown is reduced from how it was going in the previous 3 quarters, last quarter will increase our book and simultaneously increased our collection efficiencies. That way we've had our credit cost in control.
- Bindu A.L.:** And to add...
- Zhixuan Gao:** How should we think about FY '27? Because I don't know whether the fourth quarter credit cost is your sustainable level because it's almost close to...
- Management:** Yes, completely sustainable.
- Zhixuan Gao:** Okay. And I just want to understand, why there are positive ECL revision change in the fourth quarter for Asirvad, given that generally in the industry, we see negative ECL revision model change because of the tough environment in the trailing 12 months?
- Buvanesh Tharashankar:** So I'll take that. So Asirvad Q4 profit of INR 13 crore I mean the provision was about, INR9 crores was largely on account of certain MTM credits that we got on the security receipts. And the change in terms of the ECL provisioning that we took on the new pool. Because the new pool is performing significantly better than our best performing cohorts that we had in our portfolio. And basically, therefore, we took a write-back on the provisions, especially on the new pool. So the impact of the MTM change and the ECL contributed to a much lower provisioning in the fourth quarter.
- Zhixuan Gao:** How much is the MTM change plus ECL provision altogether?
- Buvanesh Tharashankar:** So MTM plus the ECL change on a pretax basis is about INR128 crores. Post-tax, it would be about INR96 crores. So sequentially, if you look at quarter 3 versus quarter 4, and given that there was some noise in Q3 as well, adjusted PAT for Asirvad Q3 versus Q4 was approximately around INR100 crores loss sequentially Q-on-Q.
- Zhixuan Gao:** That's very clear. And sir, just one last question on that. On the previous quarter, third quarter slide, your impairment of financial instruments or the provision cost on Asirvad was INR214 crores, sorry INR217 crores. It seems to become INR249 crores on the slide for the fourth quarter. Just want to understand the difference?
- Bindu A.L.:** Yes, we will get back to you.
- Zhixuan Gao:** Thank you so much.

- Moderator:** Next question is from the line of Shreepal Doshi from Equirus Securities. Please proceed.
- Shreepal Doshi:** Hi, sir. Thank you for giving me the opportunity and congrats on a good quarter. My question firstly was on the MFI portfolio. So, in that segment, what is the current bucket collection efficiency and also wanted to understand what is the ECL 1, 2, and 3? While we do give gross stage 1, 2, 3 for that franchise, but also wanted to know the ECL 1, 2, 3 percentages?
- Management:** For the Stage 1, the ECL is at 1.47%. For Stage 2, it is 19.24%. And for Stage 3, it is 68.50%.
- Shreepal Doshi:** Okay, got it. And what is the current bucket collection efficiency for the franchise or for the microfinance portfolio?
- Management:** So, overall, for both the new book and the old book put together, it stands at 95%. That's for the old and the new book put together. If you look at the new book collection efficiency alone, which in the opening remarks, it was said it was at 59%, which is the current old book, we have an astounding percentage of 99.41%, which is the collection efficiency in the new book.
- Shreepal Doshi:** In new book, you said it's closer to 59% of the portfolio.
- Buvanesh Tharashankar:** That is right. Yes, new book is 59% and old book is 41%.
- Shreepal Doshi:** Got it. Got it, sir. The other question, sir, was on the gold portfolio. So in that now we have this LTV monitoring as a new regulation, as a requirement of the new regulation. So what are the changes have been made to either to that guideline?
- Bindu A.L.:** The new regulation applicable from April 1, 2026, and we are adhering to the regulation, based on ticket size interest accrued for the contracted period will also be added. That will be the loan amount, and there are two types of loans, consumption loans and income generating. And there will be a credit assessment in case of high-value borrowers. So we have implemented this since April 1, 2026.
- Shreepal Doshi:** And for the customer who is highlighting that he will be making a bullet repayment. In that case, what is the LTV that we are sort of giving at the time of disbursement?
- Bindu A.L.:** There has been a reduction in the LTV because under the new regulation, we have to factor the interest accrued. And it is option to choose the tenure, if his preference is a better LTV, he can choose shorter tenure products also.
- Shreepal Doshi:** Sorry, he can choose, the last point?
- Bindu A.L.:** Sir, 3-month scheme or 6-month scheme is also available.
- Shreepal Doshi:** Okay. Got it. And what is the incremental yield for the gold business? Because we continue to see that the net yield for the portfolio or for the stand-alone business has been coming off. So have we further taken change in price strategy downward?
- Bindu A.L.:** The last quarter, there was a dip, almost 100 basis points. But with that, I think it is the bottom. And this quarter, it will be similar or slightly better.

- Shreepal Doshi:** All right. So incrementally, we have not taken any policy, any price strategy change, but at a book level that is where we are in terms of reduction?
- Bindu A.L.:** Yes.
- Shreepal Doshi:** Got it. Thank you, ma'am. Thank you so much for answering my question and good luck for the next quarter.
- Moderator:** Thank you. Next question is from the line of Rohit Ahuja from Lotuslion Venture. Please go ahead.
- Rohit Ahuja:** Hi, sir. Thanks for the opportunity. Sir, could you clarify what's the quarterly profit or loss number for Asirvad?
- Bindu A.L.:** In Q3, Asirvad reported INR156 crores loss and Q4 it is INR13 crores profit. I think the onetime adjustments or bonus are already explained. The new portfolio behavior is much better and the ECL is adjusted accordingly. And there was a write-back from the ARC evaluation. So, against INR249 crores Q3 impairment of financial instruments this quarter stands at INR9 crores. So that helped us to report a profit of INR13 crores for Asirvad in Q4.
- Rohit Ahuja:** Okay. And if you could help us understand how much of this improvement is driven by structural factors like new book mix and collection efficiency versus any one-off reversals? How confident you are in sustaining profitability on this over the next few quarters?
- Bindu A.L.:** Yes. As I explained, I'll just once again, give you a brief, I think this question will come up again. Our new book stands at 59% of our overall book and our old book is at 41%. The overall collection efficiency for the total book stands at 95%. And if I were to look at the old book separately and the new book separately in my ex-bucket for the old book, which is 41%. In the old book itself in ex-bucket is 98.65%. And in the new book, which is 59%, my ex-bucket collection efficiency stands at 99.83%.
- If I were to take the overall collection efficiency from a new book, and the reason I want to talk about this new book again is because as I'm talking to you at every quarter, my increase in the new book is going to go, such that by the beginning of the third quarter, I would have got rid of almost the entire set of old book, say, for about 10%, which might be remaining.
- So from the third quarter, you're looking at an entire pristine book governed and timing with the MFIN guardrails and the collection efficiencies standing about 99.4% in the overall new book, this will reflect something similar in the entire book first 2 quarters as well.
- So these are things which is going to be helping us in ensuring that our profits can be maintained, whilst ensuring that our disbursements also keep moving up. Our disbursements both in MFI and our AUM increase in gold, because that's something which we tend to forget quite often because we have also a very good performing gold loan book in the Asirvad books. More than INR2,000 crores of my book is actually gold as well.

So those ups in my business in both gold and MFI will continue to help us in ensuring that our profits are maintained. With regards to our liquidity to ensure fund flows there because now the problem is not about building a book, the problem is also not about ensuring our collection efficiencies, proof of the pudding you've seen it already. Liquidity is by and large something which the industry will be talking about.

When recently announced CGFMU scheme, we have banks chasing us, asking us how much do you want us to lend to you in that particular CGFMU scheme. So at this moment, we are poised for choice. We will be choosing 2, 3 banks that we will want to ensure our liquidity is taking care of as well.

Rohit Ahuja: Sir, last follow-up on this. So, do we expect on a consolidated basis, our ROEs improving to 13% to 14% over the next 2 years?

Bindu A.L.: If you look at the way the business is going, I wouldn't be able to give you a spot-on answer for that, but the trends definitely show good results.

V.P. Nandakumar: So we are expecting the consolidated ROE to improve because gold, we are, reducing our opex. it was the last 1 year has come down by 2 percentage opex to AUM. So the borrowing costs, yes, at this stage is, as you have heard, last quarter it has come down by 17 basis points. And so we don't expect much increase in the overall borrowing costs and the yield is expected to remain at this level of also 17.5%,- 18%.

So the NIM, we expect to be maintained at this level will definitely improve the profitability. And gold continue to grow at more or less at the pace of better than last year now. So we expect to stabilize somewhere around 13% to 16% in the next 1 or 2 years' time.

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

Rajiv Mehta: Sir, any thoughts or any steps taken to pull back the gold loan yield because I think we have seen a consistent fall in this quarter also we saw further fall. So have we taken any corrective actions in terms of slightly adjusting pricing from March, April onwards? And second is the mix of the gold loan book in terms of ticket size.

Can we control the mix so that we don't have further dilution of the yield? Can we have that control over how the incremental growth will compound in terms of the ticket size mix? So I'm just wanted to understand how the yield will play out based on the action that you're taking on the ground?

V.P. Nandakumar: We expect the yield to remain between the 17.5% - 18%. We believe that it will not go down. So the strategies are taken, shaped in such a way to maintain at this level. It will not go down.

Rajiv Mehta: Because you are getting a lot of growth from the higher ticket sizes at the lower rate. So if you don't control that growth on the ground or if you don't rate increase the rate, how would the yield stay at the current level?

V.P. Nandakumar: We are targeting the lower ticket size also, so it is improving. So the trends are even in the coming quarters, we'll see that trend redeems at this level. And what I can tell you what our expectation is the yield to somewhere stabilizing between the 17.5% to 18%.

Rajiv Mehta: And on the asset quality in the non-gold businesses, just wanted to understand where are we in terms of the cleanup cycle? And are we seeing structural improvements, especially in the vehicle finance book, if I were to remove the write-off of INR136 crores and still there the reduction of gross NPA.

So I mean, so can you just give some color about over and above write-off the NPA reduction that you have seen? Have you taken control of NPA resolution? Have the flows stopped in the intermediate buckets into NPA? Can you give that confidence?

And second is also in case of housing, we have seen a reduction in NPAs. Is there any structural factor there? And third is MSME and allied portfolios, we've seen an NPA increase. So how are we controlling the situation there? And would you need to do some write-off 1x in the coming quarters in MSME and allied portfolio just like what we did in vehicle finance in this quarter?

Buvanesh Tharashankar: I'll take that. So as far as vehicles are concerned, we have taken the 1x write-off in this quarter. There are a number of steps that we have taken in the vehicle finance business in terms of focusing on collections. So one is in terms of the enhancements of the teams into soft bucket and hard bucket.

There is -- as I covered earlier also, there is a lot of focus on the digital route, especially on the follow-ups on the match collections and in terms of focus on the match bounce cases. So there's a lot of focus around that. Due to all these actions, which were initiated sometime in Q3 of last year, we've seen a sustained improved trend. We see both in terms of the collection efficiencies and the collections on the match bounce cases going up from 75% to 90%.

So overall, as you've said, adjusting for the write-off also, there is a marginal decline as far as the GNPA is concerned by about INR51 crores. So as far as flow into NPA is concerned, what we have observed in the last few months is broadly flat. Our NPA, GNPA is broadly flat in terms of the overall stock.

Yes, from a percentage standpoint, obviously, there is amplification because my overall AUM is coming down. But the stock of NPA is essentially flat. There are further actions that we will take and that will kind of play itself out in the coming quarters. So that's as far as the vehicle finance is concerned. On the home portfolio, Rakesh?

Rakesh Sharma: We continue to monitor the portfolio closely leveraging on early warning systems, data analytics. We have identified stress accounts sooner, and we are taking corrective steps to curtail that. We have intensified recovery efforts through dedicated team. We have also hired collection agencies in few locations and faster legal escalation, structured 1x settlement in difficult accounts wherever it's appropriate. We expect slippages to moderate over coming quarters with a gradual improvement in overall efficiency and asset quality.

Rajiv Mehta: Similar action in allied portfolio?

Buvanesh Tharashankar: So on the MSME and allied portfolio also, similar kind of actions are being initiated. We will see the results, the improvement in the numbers in the subsequent quarters. Again, in terms of enhanced collections team, there's a lot of focus in the non-gold portfolio with regards to the enhancement of the collection team and leveraging of the digital means to improve connection efficiencies. But the trends will play out. Early reads on these trends are very encouraging. They're moving in the right direction. So we will see sequential improvement as we see in the coming quarters.

Rajiv Mehta: So then, I mean, if I were to look at this quarter's absolute credit cost, I mean, you had a benefit and you had a one time impact of INR84 crores because of the write-off in the vehicle finance portfolio. But you also have the benefit of as a write-backs and some other kind of write-backs in the Asirvad portfolio, which is about INR120-odd crores.

But if I were to eliminate both, then would it mean that the current run rate of credit cost should be maintained, right, in Q1, Q2? And then of course, the growth of the book will obviously have its impact. But otherwise, it's a collection and recovery effort basis, the current run rate of credit costs should be maintained.

V.P. Nandakumar: See, the way I would look at it, I mean, it depends on whether you're looking at consol or standalone MAFIL...

Rajiv Mehta: No, consol net it of a number, yes, of all the one-offs.

V.P. Nandakumar: I think for Q4 consol number if you look at yes, there were credit costs that we got on the Asirvad side. Offset by the build on the onetime write-off on the vehicle finance, largely cancelled out each other. So if you were to back out these 2 elements, adjusted PAT, we still had an improvement in our adjusted PAT by approximately INR50 crores quarter-on-quarter. And that was largely on account of the volume growth that we saw on MAFIL volume.

Coming quarters one thing, what as Manoj had just alluded on in terms of the improved numbers and the change in the portfolio mix on old versus new on MAFIL. We will see continued improvement on the Asirvad portfolio. And we will see continued improvement in the non-gold portfolios as well. So overall, if you see sequentially, I think the cost of credit we will see an improvement in the subsequent quarters. And that will basically help in terms of accretion as far as PAT is concerned.

Moderator: Next question is from the line of Kamal from Jeffries.

Kamal: I just wanted to confirm that, is there any restatement done in the interest income line? Because if I'm comparing the same with release of December, I can see some INR100 crores restatement done for Q3. So could you please advise on the same?

V.P. Nandakumar: Bindu?

Bindu A.L.: So you're talking about the consol financials?

Kamal: Yes, consol financials. So in the Q4 release, I'm able to see the interest income as INR2,304 crores. But in the last quarter's release, it's roughly INR2,244 crores. So there is some difference which I'm able to see. So is there some restatement being done?

Bindu A.L.: Yes. I will share the exact details offline, but there is some regrouping.

Kamal: Okay. And secondly, if you could just guide on the overall consol AUM growth, which we are planning for FY '27. And how much would be driven by different segments like how much should we expect from gold loan? And how should we see the Asirvad AUM growth for FY '27?

V.P. Nandakumar: We are seeing good opportunities to grow gold loan because now with the new regulation, 2 types of products, consumption loan as well as income generating gold loan. Income generating gold loans are targeted towards MSMEs etcetera. Which give a good opportunity where there is no LTV cap for good customers with good underwriting, higher score etcetera, certain underwriting score etcetera.

We'll be able to offer slightly higher LTV. Another scope for this year would be to expand our branch network. We planned because recently the regulation has removed the requirement of prior approval for regulatory approval for opening new branches that has been removed now. So we plan to open some 500 to 550 branches in gold loan during this year. So that's how places have been identified where the group prospects are good.

So this also will be a boost for the gold loan growth. Regarding our other portfolios already the CEO has already explained the growth in the microfinance already it has been mentioned by Manoj. The quality disbursements with guardrails, it is steadily improving. Where the asset quality collection for this new book is steadily increasing, which has come to now 59% in another 1 quarter.

Manoj's expectation is that frankly is 75%. In that the collection efficiency stands above 99% and hope to maintain that with the guardrails, etcetera. There's definitely new scope for improving that. As Rakesh also said, some actions have taken for shifting from the micro home to the larger ticket affordable housing.

The teams have been onboarded for businesses with the shift in the focus area of lending, where the asset quality suspected to be good. So with all these, we expect the overall consol AUM to grow at a reasonably good level. We expect that to be maintained more than during the current year with regard to volume. That is our expectation.

Kamal: I'll take the details of the restatement offline, from you.

Bindu A.L.: Sure.

Moderator: Next question is from the line of Hardik Dara from Growmore Credit Advisors.

Hardik Dara: Just wanted to understand going forward guidance in terms of AUM growth, AUM mix? And what are the ROA. ROA profiles that we are targeting for the next 2 years?

V.P. Nandakumar: So that is already a step forward, with the opportunities with our new gold lending norms, etcetera, new products are coming in. So we will place our products. We are opening new branches also. About microfinance also, the asset quality is steadily improving. Their gold loan portfolio is also improving. We are also targeting more and more quality. Similarly, with the product shift, etcetera, home finance also is suspected to fare well.

So as I said, this year's volume growth in gold loan growth is expected to be more than what we have achieved during last year. And for other products also as our new phase has come new leadership has taken the charge. So who have the expertise for quite a long number of years in leading large companies, etcetera. So we expect that growth to be good. We don't give any number, but we expect that to be good.

Hardik Dara: And sir, any number for the FY '28 ROA, ROE that we are targeting?

V.P. Nandakumar: We are targeting over 15% for ROE.

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

Prithviraj Patil: I just had one question. I just wanted to know the Auction number for this particular quarter?

V.P. Nandakumar: About INR29 crores.

Bindu A.L.: INR15 crores during the quarter.

Moderator: Next question is from the line of Agam from Aagam Investments

Agam: Sir, you mentioned 1 point that new leadership has come in, so can you talk about that? Which areas as we have new persons have come in? And also, the second question is on the status of Deepak Reddy. is planning to join in earlier? Or how is it if you can just on that also, so two things?

V.P. Nandakumar: Deepak Reddy is undergoing treatment in Singapore. So yes, we are not sure when he will join, but his health is improving. But we are not able to say when the exact time of his joining. So, regarding the leadership team, new leadership, etcetera, in Microfinance, Manoj Pasangha has taken the charge as the CEO.

Similarly in Home Finance Mr. Rakesh Sharma has taken the charge. So, they have long experience in running large portfolios, etcetera. The actions taken by Manoj is the positive results are already evident. And he has taken the charge three months back. In the next 1 year, you can expect dramatic change, similarly –Rakesh Sharma in leading Manappuram Home Finance.

Agam: Okay. And anyone else? Are we also considering if Deepak Reddy's replacement if his joining will be delayed further?

V.P. Nandakumar: At the Group level, Buvanesh has joined as a Group CFO. Similarly, Ashish has joined as the Group CCO. There is a Sanjay Nambiar as the Group Legal Counsel. Then Srikanth as the COO. And we expect some more leadership to join for the positions of Head of Internal Audit and

Head of Risk, etcetera. Collection Head has joined in Manappuram Home Finance. And CTO also have joined. So, these are all senior leadership who has proven their terminal capabilities, leadership in their previous organizations.

Agam: Okay. And just last question. If Deepak Reddy appointment gets comeback gets delayed, so are we looking at anyone else fulfilling the role or something like that? Just to break it through.

V.P. Nandakumar: No, we will wait for his return and see his health is improving. And also, he will be able to take up the charge. We are hopeful that he'll be in the healthy situation to take the charge of the company.

Moderator: Thank you. Next question is from the line of Yash Bhandari from Neo Markets. The line from the current questioner have got disconnected. Ladies and gentlemen, with that, we will end the question-and-answer session. I now hand the conference over to the management for the closing comments.

V. P. Nandakumar: Thank you for your questions. I hope we have answered your questions. If any clarification, any details required, so we are available. Thank you.

Moderator: Thank you sir. On behalf of Manappuram Finance and Motilal Oswal Financial Services Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.