



# “Manappuram Finance Limited Q4 FY'25 Earnings Conference Call”

**May 09. 2025**



**MANAGEMENT:**    **MR. V. P. NANDAKUMAR - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, MANAPPURAM FINANCE LIMITED**  
**DR. SUMITHA NANDAN - EXECUTIVE DIRECTOR, MANAPPURAM FINANCE LIMITED**  
**MS. BINDU A. L. - CHIEF FINANCIAL OFFICER, MANAPPURAM FINANCE LIMITED**  
**MR. RAJU NARAYANAN - BUSINESS HEAD, MANAPPURAM FINANCE LIMITED**  
**MR. B. N. RAVEENDRA BABU - MANAGING DIRECTOR, ASIRVAD MICROFINANCE**  
**MR. RAJESH NAMBOODIRIPAD - CHIEF FINANCIAL OFFICER, ASIRVAD MICROFINANCE**  
**MR. KAMAL PARMAR - HEAD (VEHICLE & EQUIPMENT FINANCE), MANAPPURAM FINANCE LIMITED**  
**MR. SUVEEN P. S. - CHIEF EXECUTIVE OFFICER, MANAPPURAM HOME FINANCE**  
**MR. ROBIN KARUVELY - CHIEF FINANCIAL OFFICER, MANAPPURAM HOME FINANCE**

**MODERATOR:**    **MR. ABHIJIT TIBREWAL - MOTILAL OSWAL FINANCIAL SERVICES LTD.**

**Moderator:** Ladies and gentlemen, good day and welcome to the Manappuram Finance Q4 FY'25 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 '\*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Abhijit Tibrewal. Thank you and over to you, sir.

**Abhijit Tibrewal:** Yes. Thank you, Sasha. 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 Q4 FY'25 earnings.

To discuss the Company's Earnings, I am pleased to welcome Mr. V. P. Nandakumar – MD & CEO; Dr. Sumitha Nandan – Executive Director; Ms. Bindu A. L. – CFO; Mr. Raju Narayanan – Business Head; Mr. B. N. Raveendra Babu – MD, Asirvad Microfinance; Mr. Rajesh Namboodiripad – CFO, Asirvad Microfinance; Mr. Kamal Parmar – Head (Vehicle & Equipment Finance); Mr. Suveen P. S. – 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. Good evening, ladies and gentlemen. It's a distinct privilege to address you today at this Earnings Conference Call.

I am pleased to present a detailed account of our Financial and Operational Performance for the 4<sup>th</sup> Quarter and the Financial Year '24-'25. I appreciate your continued interest and support as we review our progress and strategic direction.

Let me begin by discussing our Financial Highlights:

For the FY'24-'25, Manappuram Finance reported a consolidated revenue of Rs. 10,041 crore representing a 12.51% year-on-year growth. For the quarter-ended March '25, our consolidated profit after tax, before OCI and minority interest, stood at a loss of Rs. 203 crore. And for the financial year, we recorded a profit of Rs. 1,204 crores. While excluding the microfinance subsidiary, Asirvad, the consolidated PAT for the quarter and the financial year stood at a profit of Rs. 423 crore and Rs. 1,843 crores respectively. The yearly performance had a growth of 5.9%.

In response to increased regulatory scrutiny, we are actively participating for the RBI's draft gold loan framework issued on 9<sup>th</sup> April 2025 and submitted a representation on the same. I have confidence that the RBI's draft guidelines on Gold Loans will not disrupt gold loan interest rate. They are largely aligned with the practices already in place across NBFCs. It will ensure a level playing field for all the entities. It may introduce additional procedures in the area such as customer verification and gold appraisals. But these are unlikely to present any significant operational level.

Moving to our Microfinance business:

The business reported an AUM of Rs. 7,207 crore. Although the microfinance sector is currently navigating challenges, that may take time to resolve. I believe it is a phase of recovery.

- We also implemented stringent rules over and above SRO guidelines resulted in a lower sourcing to sanction the rate of 34.0% in February '25 and 64.0% in September '25 from 64% in September '24.
- Disbursement enabled only in centers having a PAR lesser than 2%. Disbursement fully-enabled at branch level based on portfolio quality.
- Improving case load per FDA branch team to handle regular bucket collection and disbursements.
- Focus collection strategy by having separate team for hard bucket.
- 100% biometric verification of customers, ensuring a robust onboarding process and unique enhanced income scorecard.

Our vehicle and equipment finance AUM rose by 16.1% to Rs. 4,773 crores with an ROA of 1.2% year-on-year. MSME and Allied businesses booked a growth of 5.9% to Rs. 3,079 crores.

Looking ahead to FY'26, we remain optimistic. We expect our gold AUM to grow strong, supporting digital onboarding and rural demand. In the backdrop of recent Indo-Pak tensions, the reminder of the critical role of national security plays in fostering a stable economic environment. Geopolitical developments of this nature remind us of broader environment in which we operate and the importance of national security. We express our deep respect and gratitude to the armed forces for their unwavering commitment to safeguard our sovereignty. I would like to express my heartfelt gratitude to all our stakeholders for their unwavering trust and continued support. As a company rooted in tradition, yet driven by innovation, we remain committed to empowering lives through responsible lending and customer-centric solutions.

With a clear vision, strong governance and shared purpose, we will continue to move forward, creating impact, building trust and driving inclusive growth.

Now, I invite our President & CFO, Mrs. Bindu A. L., for more comprehensive review of our financial performance. Thank you.

**Bindu A. L.:**

Thank you, sir. Good evening, ladies and gentlemen. Thank you all for joining us today.

**Coming to the key highlights:**

The gold loan portfolio remains our core strength, accounting for 59.5% of consolidated AUM compared to 55.4% in Q3 FY'25. Consolidated gold loan AUM stood at Rs. 25,586 crores up by 4.4% quarter-on-quarter and 18.7% year-on-year in spite of heightened competition.

We added 3.1 lakh new gold loan customers during the quarter bringing the total active customer base to 25.8 lakhs. Our average loan to value for gold loan is 57% compared to 60%.

Notably 82% of the gold loan book is now sourced through our online gold loan platform. Standalone profit after tax for the quarter was Rs. 414 crore vs. Rs. 453 crore in Q3 on account of lower yield in gold loan business which supported a better growth for the quarter. For the standalone full financial year profit was Rs. 1,783 crore reflecting a 7.6% YOY growth.

AUM for Asirvad including gold loan of Rs. 928 crore, stood at Rs. 8,189 crore which is down by 18.2% sequentially and 31.1% year-on-year. The Indian microfinance sector experienced considerable stress in Q4 FY'25 primarily due to increased borrower default from over leverage. Interventions by SRO and operational disruptions led to higher credit cost and negatively impacted the profitability. Asirvad posted a loss of Rs. 626 crore in Q4 FY'25 compared to Rs. 188 crore in Q3 FY'25. Net NPA at 2.46% which is Rs. 177 crore compared to Rs. 224 crore in Q3. CRAR at 21% for Asirvad entity.

Our vehicle finance AUM stood at Rs. 4,773 crore. During the quarter, business has declined by 6% but with a growth of 16.1% year-on-year. Considering the asset quality challenges especially from the two-wheeler and farm equipment business, we tightened the underwriting norms during the quarter. GNPA stood at 6.7%. The composition of vehicle finance reflected a well-diversified portfolio with commercial vehicles, larger share at 48%, followed by cars at 31%, two-wheeler at 15% and farm equipment 6%.

The home loan portfolio reached Rs. 1,824 crore, a growth of 2.6% Q-on-Q and 20.8% YOY growth. The business reported a profit of Rs. 23 crores during the year.

Loan to MSME at Rs. 3,079 crore with a disbursement of Rs. 366 crore. The lending to other NBFCs at Rs. 511 crore. The board has declared an interim dividend of 50 paise per share for this quarter. A capital position strong with a CRAR of 30.9% and the net worth at Rs. 12,432 crore.

Return on assets for the quarter 4.8% and our leverage remains conservative. Standalone GNPA 2.77% and compared to 2.46% in the previous quarter.

Liquidity or cash and cash equivalents Rs. 3,808 crores with an undrawn bank line of Rs. 2,306 crores. CP exposure low at 1% and during the quarter we have successfully raised Rs. 2,547 crore in term loans from banks.

Thank you once again for your continued support and confidence. We are now opened the floor for questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shreya Shivani from CLSA. Please go ahead.

**Shreya Shivani:** Yes, thank you for the opportunity. I have two questions. First is on the quarterly standalone performance. If you can help us understand with the movement in the net yield, it has declined sequentially. That is on the gold loan standalone book. That would be my first question. And my second question is, congratulations on your deal with Bain. So if you can help us understand your strategy around the subsidiary, we have seen documents on the exchanges which talk about how much of the proceeds from the funds will be directed towards subsidiaries. It's about 60%. So if you can help us understand what is the initial plan or how are we looking at the three different segments that we have and how will that scale up? Thank you.

**V.P. Nandakumar:** So, Ms. Shreya, I will take up the second part of the question first. The Bain capital, it is under the process of approval. We have submitted application to various regulatory authorities for approval and we are waiting for the approval. So, the capital 18%, 9% in the form of equity and 9% as the convertible warrants, totally 18% is coming into the parent company, Manappuram Finance. So, the capital requirement of the subsidiaries will be met from the parent company depending upon the need. So there is no specific amount. So whatever is required, as per our projected growth plan, so even when required, the capital will be infused from the parent. The second part of your question is quarterly standalone? That Bindu can update.

**Bindu A. L.:** On the gold loan if you compare it with the previous quarter, we have seen a drop of almost 55 basis points in the income. That is the reason for the drop in profitability during the quarter.

**Shreya Shivani:** Sorry I didn't get that we have seen a drop in...?

**Bindu A. L.:** 55 basis points reduction in gold loan yield.

**Shreya Shivani:** So have we offered new product, new plans after our entire branch revision that we had done in last quarter, is that one of the reasons for the yields declining?

**Bindu A. L.:** So two reasons we are analyzing the interest sensitivity and in few branches we are making the adjustments in the yield by offering new products. The aim is to attract the slightly higher ticket borrowers also with comparable pricing. So we want to match with the market so that the growth rate will be better.

- Shreya Shivani:** Got it. So this has selectively happened over a few branches or widely happened across our entire system?
- Bindu A. L.:** Selective branches.
- Shreya Shivani:** And would the selective branches be in some particular geographies or any color on that?
- V.P. Nandakumar:** So we analyze the sensitivity. Accordingly, these are being done. It is not restricted to a particular geography. So wherever we see across India, wherever we see the interest sensitivity, there we implement the schemes to attract customers particularly targeting slightly higher ticket.
- Shreya Shivani:** Got it, sir. That is very useful. Thank you so much and all the best.
- Moderator:** Thank you very much. The next question is from the line of Shweta from Elara. Please go ahead.
- Shweta:** Thank you, sir, for the opportunity. Sir, a couple of questions. So you mentioned last quarter that you had resubmitted the application for branch openings and you had a very positive response from the senior officials of the RBI. So any progress there for gold loan branches?
- V.P. Nandakumar:** So we have submitted the application and as the Bain transaction is under process with RBI, RBI has told us to wait until the Bain transaction is over. In the meantime, what I want to highlight is there is a draft guideline in the public domain for comments from the RBI. In that, the draft guideline indicates that the branch opening prior permission will be taken away.
- Shweta:** Understood, sir. Ma'am, the second question is for you. So just taking cue from the previous question, so did I hear it right that the focus has been on higher ticket loans on the gold loan side, wherein the adjustment on yields happens. So if there was a focus on higher ticket gold loans, then what percentage share of gold AUMs have tenure of over 12 months and how are we fairing or any rejig in systems in line with the new norms which are put in the draft mode?
- Bindu A. L.:** So the higher ticket what we meant is around 5 lakh and above because where we felt that our pricing is not a competitive, so that is the reason we are adjusting the price in the geography where we felt it is not competitive and the new guidelines talk about 1 kg gold etc. which we don't have many customers. So we are not talking about the new guidelines. It is mostly between 5 lakh and above but majority of the customers below 50 lakh only.
- Shweta:** Ma'am, how about the tenure? What percentage of our book is beyond 12 months tenure?
- Bindu A. L.:** We don't have any loan contracts about 12 months. Gold loan, we have one year tenure.
- Shweta:** Okay. And ma'am, one last question. So in the MFI business, I mean, I definitely understand that a lot of work is going on from our end there. But two observations. One, so is Stage-3 now peaking out at around 8% odd that we have seen for this particular quarter? Also, why the OPEX to AUM had to increase over 400 bps sequentially when the fact that the book has de-grown on

MFI side, also the loan officer count is down. And I mean, I am sure collection efforts would have sort of staggered, I mean, would have stacked up more now. But that has also not reflected in the asset quality. So what is leading to continued spike and this meaningful spike now in Q4?

**Bindu A. L.:** We can say that the Q4 is the worst quarter and we are seeing some improvement and if you see the net NPA is Rs. 177 crore. So the coming quarters, in absolute number this will be less. Your question on OPEX, what we did is we had the cease-and-desist order, and we were recovering from that. We want our employees to focus more on collection otherwise our Rs. 8,000 crore money is with the borrowers. We need a lot of people for collection and we want to maintain the employee strength and that is the reason to compensate them for the drop in disbursement incentive. We increased the collection incentive that helped us at least to maintain the collection efficiency at this level. So the reason for OPEX is a slightly higher incentive to retain employees to improve the collection. I agree that OPEX has gone up and all these ratios are a function of AUM as the AUM drops these percentages the GNPA or the OPEX to AUM has gone up, but in absolute number it is not very high compared to previous net NPA of Rs. 224 crores this is Rs. 177 crores. So the provision coverage also increased.

**Shweta:** Fair point, ma'am and just a request to the whole team. We would greatly appreciate if there is a reasonable interval between announcement of results and conference calls which will allow us some time to review the financials. Thank you and all the best for your future endeavors.

**Bindu A. L.:** Yes. Sorry for that. We faced some technical issues in the last minute. Otherwise, we used to upload in our back. So sorry for that.

**Moderator:** Thank you very much. The next question is from the line of Shreepal Doshi from Equirus. Please go ahead.

**Shreepal Doshi:** Hi sir, thank you for viewing the opportunity. My question was, you made a comment in your early commentary that we have submitted some representation to the RBI. So could you please give some more detail as to what sort of representations have been made by us?

**V.P. Nandakumar:** The representations are made through our association. Primarily, on a level playing with the banks and that is to maintain the LTV at the 75% level. Then what is proposed in the draft that 75% shall include the interest component till the date of maturity. The major part of the representation is that, yes, maintain the LTV at the present level.

**Shreepal Doshi:** Got it. In our current book, what percent of our customers would be taking bullet repayment as an option in our gold book?

**V.P. Nandakumar:** In our case, 100% of the customers are taking bullet repayment.

**Shreepal Doshi:** Alright, I mean, and so during the quarter, the LTV has gone down for the gold business. So what explains that? Have we started, know, while it was just a draft circular, but have we started

taking some proactive actions or something like that? And therefore the reduction or what explains the reduction?

**V.P. Nandakumar:** It is not because of that. See, when the gold price goes up, the customer takes the money what he wants only. Just because the gold price has gone up, he will not avail more money. Why? Because people when they pledge have a clear visibility about the cash flow, the average life of the loans still remains around 4 to 5 months, and many customers redeem within 1 or 2 months' time. So they have the visibility and unless they have the visibility they will not borrow. So this is their family jewellery which is so close to their heart. So that's why even when the gold price goes up they borrow within their capacity. They feel like when the gold price goes up if they borrow more they will not be able to meet their commitment because one thing what should be understood here is, if he wants more, enjoy that and has no intention to repay better he can sell in the market and get more money, why should he come for pledge. So that's the reason why when the gold price goes up this is a huge phenomenon, it comes down and when the gold price goes down it goes up, LTV goes up.

**Shreepal Doshi:** Just one more question here, in link with the draft circular. So if it gets implemented in the current form, then what would be the disbursement LTV that we will have to maintain, or we will have to sort of start with because as you highlighted that 100% of our portfolio is a bullet repayment. So in that case, what would the LTV be at the time of disbursement that we will have to maintain?

**V.P. Nandakumar:** The interest component, whatever it is, still the maturity date, that also will have to be factored while computing our LTV and the cap is still maintained at 75%.

**Shreepal Doshi:** Got it.

**V.P. Nandakumar:** Including in.

**Shreepal Doshi:** Yes. Given that our gold yield closer to 22%, so if we do back calculation, would it be closer to 60% of an LTV?

**V.P. Nandakumar:** Right. Yes. That would be. We will design schemes which is convenient to the borrowers and we don't expect much disruption with the introduction of these and we believe that it will make the industry more robust etc. and there will be level playing field for the NBFCs and banks also will be more in line with this because most of the loans, even in the case of banks, are availed as bullet loans.

**Shreepal Doshi:** Got it. Just one more question on the microfinance side. So in that we do have recent exposure in states like Karnataka and Tamil Nadu where we have seen in the recent time the state government have taken some actions from bringing in different ordinance angles. So how are we seeing at ground level the collections being impacted in these 2 states, especially in Tamil Nadu which is very very recent?

**V.P. Nandakumar:** So, in both cases, ordinance made it amply clear that these are applicable to unregulated institutions. As we are regulated institutions, initially there are some hiccups. Other than that we are getting support even from the police as we are regulate once they understand we are a regulated entity working within the guidelines of RBI. So it's just that there are initially some challenges but gradually the market understands this, our target audience understands that and they cooperate with that.

**Shreepal Doshi:** Got it. Okay. Thank you so much for answering my questions. Good luck for the next quarter, sir.

**Moderator:** Thank you so much. The next question is from the line of Kushan Parikh from Morgan Stanley. Please go ahead.

**Kushan Parikh:** Thanks for taking my questions. So I have mainly two questions. So the first question is around the loan growth. Basically this quarter we have seen loan growth sequentially decline for most of the non-gold sectors. MFI is understandable, it gives the ongoing stress over there, but if you could just help us understand the sequential slowdown in the vehicle segment or the on lending segment or even the slowdown in growth in the HFCs. So some color around the slowdown and what the future outlook for the segments will look like and what direction the overall loan mix will take in the near to medium term as we transition to the main capital management? And the second question is around the Asirvad credit cost. If you could just help add some color to the credit cost in this quarter, I mean, how much of it was pertaining to write-offs and also if you could give some direction around incremental stress recognition that is left in the Asirvad loan book and also any additional provisioning requirements? So I mean, what direction should we think about credit costs going forward? So those are my two questions and a third data keeping question if you could just give the number of gold auction with this quarter?

**V.P. Nandakumar:** So loan growth in gold loan is good. It is going strong. The other sectors like vehicle finance, some of the areas like tractors and equipment, we slowdown that. And we thought of tightening our operating norms, etc. So consciously we took a call to slow down during the last quarter and this quarter everything is reinstated with new underwriting norms. HFC also it is like that. So these segments will grow going forward. It will be, the growth should be more healthy. That's why we took a pause. But those will be compensated with a growth in gold loan. That is what you see. Asirvad credit cost, you can share that.

**Bindu A. L.:** Yes. So when the guardrails implemented from August onwards, we have seen a higher delinquency. And those cases lifted to NPA in Q4. So these are the flows that happened during Q3 and slipped to Q4 as NPA. But now we have seen stability in the flows, and we expect these numbers to come down in the coming quarters. The write-off number for the quarter Rs. 565 crores and the auction during the quarter Rs. 108 crores.

**Kushan Parikh:** Thanks, that was helpful. If you could just give some guidance around the credit costs at Asirvad going forward as well. I mean should we expect that what else, I mean the 4Q credit costs are

sufficient and incrementally we should see significantly lower credit costs or there is still some still stress recognition left that would come into spillover into Q1 as well?

**Bindu A. L.:** The credit cost number at the disbursement is very slow. The credit cost number will be, the percentage will be high but in absolute number this will be much less.

**Kushan Parikh:** Understood. Okay. That's all from my side. Thank you.

**Moderator:** Thank you very much. The next question is from the line of Rajiv Mehta from YES Securities. Please go ahead.

**Rajiv Mehta:** Hi, good evening. Sir, when was this pricing moderation done in gold loans, which was done selectively in certain locations? Which month? And post that, have you experienced any increase in growth in terms of AUM? Because when I look at the customer base in Q4, your customer base is actually flat to negative growth. So if you can tell us when was it done and whether is there any improvement in terms of new customer addition? It's not because you are chasing high value customer, so maybe not exactly in the customer count, but actually in terms of disbursement number on a monthly basis, is that picking up and how much it is picking up? And are you also further thinking of taking it further ahead in terms of reduction of portfolio yield or lending rates to spur growth?

**V.P. Nandakumar:** So we are targeting slightly higher tickets also it is with our interest rate reduction in that segment definitely, that segment is growing. So this leads to a growth in AUM, and we expect good growth in gold AUM in the coming month.

**Bindu A. L.:** We started the pilot in Q3 very few branches. Seeing the result from those branches we extended mainly in February. So the high-ticket customers we are able to acquire that is the reason the number of customers we could in therefore, but the average ticket size has gone up.

**Raju Narayanan:** for 5 lakhs also from 14% level it went up to 16% and above.

**Bindu A. L.:** Above 5 lakhs we increased to 16% from the earlier level of 14%.

**Rajiv Mehta:** Okay. And so when you are talking about, expecting growth in gold loan portfolio, you are obviously factoring in whatever impact has to come from the implementation of draft guideline. And so what is the, I mean, any range in the growth number, if we put any range for the growth number for the current year and if you can also comment simultaneously on the composition intensity from banks and from peers, because I think one year back you were calling out at the competition from the banks is kind of stabilizing or receding, but what is it now? If you could quantify the growth number for the gold portfolio?

**V.P. Nandakumar:** We expect a growth of over 20% during the current year.

**Rajiv Mehta:** And sir, any comment in competitive intensity?

**V.P. Nandakumar:** Yes, see the competition is always there but still we expect a good growth of over 20% during the current Financial Year.

**Rajiv Mehta:** Okay. And just one last thing I want to check. Sir, if the draft guidelines were to get implemented and you said that it will not have any significant impact on on-the-ground practices and maybe even on growth. But you know, it talks about certain things which the industry was not doing in the past in terms of LTV monitoring on a more concurrent basis which may kind of mean that you will have to collect interest from the borrower more regularly so that the LTV is not breached. And hence, it may also mean that you will have to change your product structure in that case, maybe charge a lesser yield since the accrued interest portion will be lesser now. So why do you say that the guideline is implemented in the current form and shape will not be significantly disruptive when there are lot of things which may need to change on the ground?

**V.P. Nandakumar:** Many of the things are already implemented by the industry, particularly by major players. This LTV, the monitoring on a continual basis and this policy around how to do that is already framed by the board and it is already in practice now. See the gold industry is also growing as is seen from the growth in gold from the banking industry. So it is growing very fast, and we hope we will also enjoy the benefit of that growth of gold on portfolio as a whole. So there is a lot of migration taking place from the unorganized sector and we are seeing that.

**Rajiv Mehta:** Okay. Thank you so much for answering my questions and best of luck.

**V.P. Nandakumar:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Pradeep Agarwal from B&K Securities. Please go ahead.

**Pradeep Agarwal:** Yes, hi sir. My question pertains to the draft guidelines. So, while the industry and you have been offering around 12 months tenure products and if that is implemented in the current form, I believe the impact on LTV is the highest. So are we evaluating to reduce the tenure for newer products so that the impact on LTV remains less? And if we do not do so, do you see that the industry might do that and can impact business for us?

**V.P. Nandakumar:** We had short tenure schemes in the past and have successfully implemented that. So, we are waiting for the guidelines to come. Accordingly, we will act. We will not have much problem in offering loans of different tenures.

**Pradeep Agarwal:** So in the past, if you can share the experience when we reduced the tenure, does that give some challenge to customers in terms of convenience what it has versus a 12-month product? Or is it indifferent?

**V.P. Nandakumar:** So those who wanted one year will offer a one-year loan. That is the lower LTV. So from 2013 onwards, till 2023, we were offering loans of tenure of 3 months.

- Pradeep Agarwal:** So will that have an impact on our yields?
- V.P. Nandakumar:** I don't expect.
- Pradeep Agarwal:** Okay. That's it from my side. Thank you so much.
- Moderator:** Thank you very much. The next question is from the line of Bhaskar Basu from Jefferies. Please go ahead.
- Bhasker Basu:** Thank you. I just have a couple of questions. I think a few of them were answered. So firstly, on the gold loan, while we have seen some dip this quarter, what is the outlook in terms of how much further dip we expect next year? And given that in the context of additional growth, how should we think about the NII growth with a lower margin and better growth? That's my question number one.
- V.P. Nandakumar:** So we expect the yield to come down because more and more competition yield to come down, we expect the borrowing cost also will go down gradually along with the yield and by targeting growth to cover whatever is the loss in the yield, we expect to maintain the ROE.
- Bhasker Basu:** When your yield comes down, your margin comes down, your ROE gets impacted, right?
- V.P. Nandakumar:** We will leverage our capital. Leverage our capital more to maintain ROE.
- Bhasker Basu:** Okay. Secondly, on the new draft circular and I think there was some discussion around it. So are you looking at products which kind of have more interest payment upfront, more regular interest payment versus the bullet payments? Secondly, and also from an operational standpoint, some of the things like end-use monitoring, customer verification, are these things already being implemented or are waiting for the guideline to come in? And how do you see that impacting costs?
- V.P. Nandakumar:** So these are already in place. Customer verification and all the LTV monitoring these are already in place.
- Bhasker Basu:** End use monitoring as well which is now also part of the.
- V.P. Nandakumar:** End use also we have policy around that, I don't think it will affect the business. The customer is pledging loan for a purpose only and that is the end use. See, we are offering mainly consumption loans. Then regarding the products, we let the guidelines come, in order to ensure the results. We have the steady business. We will offer the products to customers accordingly to meet their requirements.
- Bhasker Basu:** And on the liability side, how should we think about cost of fund, going forward? What is the piece of utilizing? How much of it is linked to MCLR? And if you assume the 50 bps rate cut, when can we start to see some benefits?

**Bindu A. L.:** See the cost of borrowing, one is the mix of borrowing. So in our case with the bond and the larger amount of term loans, the tenure has gone up That is that is what happened during this year. And the other thing with the repo reduction is slowly banks started reducing the MCLR. So we have some benefit coming in the beginning of the '25-'26 year. So April we have seen some benefit coming in. CPs also started getting. So we are seeing a reduction in cost of borrowings. So the Q1 FY'26, we will see some benefit.

**Bhasker Basu:** Is it possible to quantify in the context of correction we have seen so far and any broad guidance around it?

**Bindu A. L.:** I will not be able to quantify.

**V.P. Nandakumar:** Current, there is some fluidity with regard to the environment in the country now. So any prediction at this moment may not be right.

**Bhasker Basu:** Understood. And the last question is on the vehicle finance, we have seen a meaningful increase in NPLs. So what's really happening there and what is the thought process going forward?

**V.P. Nandakumar:** So we have taken some strategic steps in this regard. So which segment we should go, which segment we should not be there, etc. And also, we have strengthened our underwriting machinery as well as our collection methods. So with these, hope the situation will improve very fast.

**Bhasker Basu:** But just to understand where is the stretch, which segment? Is there any specific product there?

**V.P. Nandakumar:** One is tractors and farm equipment. Then some of them is, we have seen a higher delinquency level which we will avoid now.

**Bhasker Basu:** Okay, thanks. That's all from my side.

**Moderator:** Thank you very much. The next question is from the line of Heli from Pi Square Investments. Please go ahead.

**Hailey:** Hi, good evening sir. I just wanted to understand the status on the open offer that Bain Capital has and certain regulations or certain set of new regulations that we need to comply with and its effect on our current ongoing business, gold and non-gold?

**V.P. Nandakumar:** That process is underway. So, many regulators from CCI, then RBI, SEBI then IRDA, there are multiple regulators here. That process is fully on. Our lawyers and bankers are taking care of it. And we don't expect any hassle with regard to that other than the natural time it takes, usual time it takes. So, we will expect that to close everything before the end of this year, well before that.

**Hailey:** Sorry, what is the timeline expected?

**V.P. Nandakumar:** Yes, that's what, well before the end of this year.

- Hailey:** Alright. Okay, thank you.
- Moderator:** Thank you very much. The next question is from the line of Bunty Chawla from IDBI. Please go ahead.
- Bunty Chawla:** Thank you for giving me the opportunity. Most of my questions have been answered. One thing, now how one should see the MFI portfolio going forward in an overall pie? And as you said, AUM growth for the gold loan portfolio for FY26 will be 20% growth. So on an overall AUM growth on a consolidated basis, how one should see that number?
- V.P. Nandakumar:** So I expect the MFI portfolio to go down to somewhere around 10% towards the end of this year in the consolidated book.
- Bunty Chawla:** And overall AUM growth on a consolidated basis?
- V.P. Nandakumar:** I expect that to be around 20%.
- Bunty Chawla:** Okay. And lastly, how one should see the ROA on a consol basis as we have, so this quarter will be one of in terms of losses, but on a FY'26 basis, ROA number for the full year on a consol basis?
- V.P. Nandakumar:** So we are more than ROA, we are focusing on ROE. It has slightly gone down because of the microfinance portfolio. The share of that is coming down and the new lending we are using the guard rails. So the disbursals in MFI is down. So our target is to reach around 18% and we hope in a few quarters from now we will reach a level of 18% ROE.
- Bunty Chawla:** Thank you very much for that.
- Moderator:** Thank you very much. The next question is from the line of Shubham from ISEC. Please go ahead.
- Shubham:** Hello. Thanks for the opportunity. I have mainly two questions. First is on Bain's capital infusion. So it is going to be in gold loan business or it's also going to be allocated to other subsidiaries business also? So that is my first question. And the second one is regarding Asirvad. So this year, this quarter's losses are mainly because of the high provisioning. So this is all factored in this quarter or going forward also there is going to be provisioning also happening in Asirvad?
- V.P. Nandakumar:** So, the Bain Capital infusion is into the parent company Manappuram Finance. It is not specifically for gold loan but our target is more to grow gold loan and secured loans particularly gold loan and secured MSME including affordable housing. This is our priority and we don't ignore vehicle finance. The idea is we want to run the company in the longer term with almost 90% in secure lending. That's the idea. So regarding the provisioning in Asirvad the indication is this will come down in the coming quarters.

- Shubham:** So capital infusion is mostly for the secured business, right?
- V.P. Nandakumar:** That is our joint decision. Let us focus more on secured business.
- Shubham:** Okay. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Vivek Gautam from GS Investment. Please go ahead.
- Vivek Gautam:** This quarter, is the worst over for our microfinance and gold loan business? Was it sort of a kitchen sink quarter and the future would improve from here? But numbers should also improve from here?
- V.P. Nandakumar:** Yes, so microfinance what signals is the worst time is over. The gold loan business is seeing a robust growth. Last quarter also we have grown and this quarter also we expect a robust growth and we hope that to continue to have the robust growth throughout this year.
- Vivek Gautam:** The same stands too for other loan businesses also, vehicle housing and other things also?
- V.P. Nandakumar:** Yes, housing also. All the secured business we expect reasonable growth.
- Vivek Gautam:** The second thing was about this bank capital experience in managing the non-banking finance companies, loan companies in India and abroad. If you can some highlight their specialization and how would they add value to our business?
- V.P. Nandakumar:** They were investors in Axis Bank in the past. Then L&T finance. Now they run Tyger Finance, formerly Adani Finance. Then 360 One Wealth Assets they managed. They have the experience both in India as well as global. So, with that experience and our knowledge about gold loan, we see some blend that we expect that to be good for the company.
- Vivek Gautam:** Yes, sir. Thanks a lot. And sir, I saw a machine in China, ATM software machine, wherein the gold loans they were disbursing on the basis of jewellery also and everything in one go. So it's some sort of risk of the technological disruption to our gold loan business? So that manual intervention is required or something?
- V.P. Nandakumar:** We don't expect that in the immediate future. Because I don't know in five years or ten years time what will come. Because, these involve multiple technologies like metallurgy, many other technologies to be blended here. Many have tried in the past. See, in a jewellery this can be done because whenever they purchase something, they have the time to verify each pieces etc. etc. and whatever is available even in the jewellery that the testing can be only very superficial. So thickly coated ornaments, it is very difficult. It has to be actually broken for verification testing etc. In a long industry long industry this cannot be broken often. So I don't think in the present situation anybody has that. So it is very difficult and that is a disadvantage as far as NBFCs are concerned. They have people across all the branches who have the capability to assess the purity

to a higher degree of accuracy by the mere feel and touch of the ornament. That is our strength. And I believe that that will continue to be your strength. It will happen.

**Vivek Gautam:** Last query is on the gold loan prices. Due to this, the gold loan prices are expected to remain high only as most of the countries like China, Russia have started investing in gold only instead of the treasuries of US government and Western government post Ukraine war. And because of that, because the Ukraine and the Western government sees those treasury bond, investment made by Russia, as such the prices of gold are expected to remain high only?

**V.P. Nandakumar:** I don't take a call while lending. there is a prescribed LTV fixing model. Even the regulation has mandated that. We go by that. We don't take any prospective view about gold prices. But personally I believe that the chances of the gold price are only for going up. That's my personal thought. That's all.

**Vivek Gautam:** Okay, thank you, sir.

**V.P. Nandakumar:** Welcome.

**Moderator:** Thank you so much. The next question is from the line of Mona Khetan from Dolat Capital. Please go ahead.

**Mona Khetan:** Yes, hi sir. Good evening. Firstly on growth, you mentioned that you are looking for a consol AUM growth of about 20%. So do we expect vehicle SME, housing portfolios to pick up materially and given the underwriting changes you have undergone or there could be some more, you know, consolidation in these books before growth picks up?

**V.P. Nandakumar:** That consolidation phase is already achieved. Now we are targeting growth. Gold we are expecting growth. The other segments also we expect that to grow around 20%.

**Mona Khetan:** Sure. And could I know the Stage-3 PCR in vehicle and MSME book in your case? Provision coverage?

**Bindu A. L.:** Provision coverage for the secured book is around 10%. For the unsecured, we are writing-off beyond 90 bps.

**Mona Khetan:** So 10% is for the entire standalone book if I am correct, right?

**Bindu A. L.:** No. See, gold loan provision will be very less because we are following the LGD, the historical data shows a low LGD for gold loan that is around 3%-4% only for gold loan business. For the MSME and vehicle finance also based on the historical data we are creating LGD.

**Mona Khetan:** And we have not really increased our coverage during this quarter to that extent. It remains in the same line as last quarter or so in MSME, vehicle etc.?

- Bindu A. L.:** March '25 numbers recalculated. The LGD model we will compute annually. So March '24 numbers and March '25 numbers there is some change but in vehicle finance as soon as the vehicle is repossessed and sold, actual loss will be written off only the NPAs we are creating the provision but all write-off also factored in LGD computation.
- Mona Khetan:** Sure. So if you could just share the Stage-3 PCR for vehicle and MSME if it is handy at your end?
- Bindu A. L.:** So it's around 20% for vehicle finance. No, no, I will come back to you.
- Mona Khetan:** Sure. And just finally, on the Asirvad book, 1 plus DPD, where does it stand?
- Bindu A. L.:** It is given in the presentation, 1 plus DPD. That is 30 plus I think.
- V.P. Nandakumar:** 30 plus.
- Rajesh:** 30 plus is 17.22%.
- Mona Khetan:** Right, what will be 1 plus?
- V.P. Nandakumar:** 1 plus.
- Rajesh:** 1 plus is 20%.
- Mona Khetan:** Thank you. If you could just share the PCR on MSME, vehicles? Thanks so much. That's all from my side.
- Moderator:** Thank you very much. The last question is from the line of Deepak Sharma, an Individual Investor. Please go ahead.
- Deepak Sharma:** Alright. Thank you for the opportunity. That's my question from the impairment. Can you give some hint about the age bracket of persons or demographic where this impairment has been done?
- V.P. Nandakumar:** You are asking about?
- Deepak Sharma:** The impairment part.
- V.P. Nandakumar:** Which segment, the MFI or some vehicle or which portfolio?
- Deepak Sharma:** Customer, mainly the average ticket size. The average ticket size, average age bracket and the demography.
- V.P. Nandakumar:** Impairment, right?

- Deepak Sharma:** The impairment from its geography. Rajesh can answer.
- V.P. Nandakumar:** That is the MFI?
- Management:** We will share the data.
- V.P. Nandakumar:** Basically it is mainly West Bengal, Bihar, then Karnataka we had some recent issue in Tamil Nadu, these are Tamil Nadu and Karnataka are slowly improving. So, these are the places where we see maximum impairment.
- Deepak Sharma:** Okay, thank you.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to Management for closing comments.
- V.P. Nandakumar:** Thank you for the active participation and we look forward for your support. Thank you.
- Moderator:** On behalf of Motilal Oswal Financial Services Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.