Manappuram Finance

Operator: Ladies and gentlemen, good day and welcome to the Manappuram Finance Ltd. Q2 FY27 earnings conference call, hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in 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 from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

Abhijit Tibrewal – Motilal Oswal Financial Services: Thank you, [unclear]. 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 Ltd. call to discuss Q2 FY27 earnings. To discuss the company's earnings, I am pleased to welcome Mr. V. P. Nandakumar, CMD; Dr. Sumitha Nandan, ED; Mr. Bhuvanesh Tharashankar, Group CFO and CFO; Mr. Manoj P. S., MD and CEO, Asirvad Microfinance; Mr. Amandeep Singh, CFO, Asirvad Microfinance; Mr. Rakesh Sharma, CEO, Manappuram Home Finance; Mr. Sreenivasan P. S., Deputy CEO, Manappuram Home Finance; and Mr. Robin Karuvelly, CFO, Manappuram Home Finance. On behalf of Motilal Oswal, we thank the senior management and the investor relations team of Manappuram Finance Ltd. for giving us this opportunity to host you today. I now invite Mr. Nandakumar for his opening remarks, after which we will open the floor for a Q&A. With that, over to you, sir.

V. P. Nandakumar – MD & CEO: Thank you. Good evening, everyone, and a warm welcome to the Manappuram Finance Ltd. Q2 FY27 analyst and investor call. I hope you all had a joyous Diwali, and I extend my wishes for the festive season. Thank you for taking the time to join us today. We sincerely appreciate your continuous trust and confidence in Manappuram Finance Ltd. It is a pleasure to connect with you once again to review our performance for Q2 FY27. The first half of this year is shaping our growth trajectory and sharing our priorities for the months ahead.

Operational environment: The Indian economy continues to demonstrate underlying strength through the second quarter of FY27, even as the global environment remains unsettled by geopolitical concerns, trade-related uncertainty, and fluctuations in commodity prices. Domestic activity is being supported by consumption, services, public infrastructure investment, and the gradual improvement in private-sector investment.

The gold market: The gold market had a distinct set of variables during the quarter. Domestic gold prices remained significantly higher than a year earlier, although they had moderated from the recent peak and remained volatile. World Gold Council data indicate that Indian gold demand by volume recovered significantly in the July-September quarter but remained lower year-on-year. In value terms, however, it remains much higher, reflecting elevated prices. For gold lenders, these developments have important implications. Although domestic gold prices have softened modestly in the first half of FY27 from their peak in the March quarter, they remain well above the year-ago level. This continues to support the value of eligible collateral and customers' access to secured finance. At the same time, the recent moderation and continued volatility reinforce the importance of prudent loan-to-value practices, accurate valuations, and robust risk management.

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Our Q2 FY27 performance should be seen in the context of the opportunities and operating conditions across our businesses. Our gold loan franchise remains the principal driver of the group's performance, accounting for {? 83% ?} of consolidated AUM, while our non-gold businesses are being managed with a focus on portfolio quality, operating discipline, and sustainable growth. During the quarter, consolidated net profit stood at {? 572 crores ?}. Our consolidated AUM was {? 43,303 crores ?}, up by {? 15.9% ?} year-on-year.

Operator: I am so sorry to interrupt you, Mr. Nandakumar. We are unable to hear you clearly, sir. Your voice is sounding muffled.

V. P. Nandakumar – MD & CEO: Am I clearly audible now?

Operator: It is still sounding muffled, sir.

V. P. Nandakumar – MD & CEO: Is it okay now?

Operator: If you are connected on a headset, can you connect—if you are connected on Bluetooth or anything, can you switch to handset mode?

V. P. Nandakumar – MD & CEO: Okay. [pause] How is it now?

Operator: Please go ahead, sir.

V. P. Nandakumar – MD & CEO: Is it okay now?

Operator: Yes, please go ahead.

V. P. Nandakumar – MD & CEO: Okay. So during the quarter, consolidated [inaudible]

Management: Assets under management stood at 17,303 crores, up by 16.1% year-on-year and up by 5.3% quarter-on-quarter. Consolidated revenue was 1,356 crores, up by 10.2% year-on-year. Profit after tax stood at 701 crores compared to 217 crores in the corresponding quarter of the previous year. On a quarter-on-quarter basis, PAT increased by 19.9% from 585 crores in FY27.

The performance reflected higher growth in gold loans. Our focus remains on ensuring that business growth translates into quality earnings. We continue to assess opportunities across our lending businesses with a clear emphasis on customer sustainability, prudent underwriting and collections, and the efficient use of capital. Our balance sheet and funding positions remain stable and are important enablers of our growth strategy. We continue to work with a diversified set of funding partners and maintain liquidity and capital buffers appropriate to the scale and nature of our operations.

Gold lending remains the foundation of our operations. Our long-standing presence in this business, with a legacy that goes back to 1959, has given us a deep understanding of customer needs, the nuances of gold appraisal, and the operational requirements of secured lending. During the quarter, our gold loan business continued to benefit from the relevance of gold-backed credit for customers seeking timely and convenient finance. Elevated domestic gold prices have increased the collateral value of household gold holdings. Beyond the price cycle, however, the demand rests on a structural need. For many households, small traders, and farmers, a gold loan is a

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trusted form of secured credit and a way to access liquidity without selling an asset of financial, emotional, or family significance.

Borrowing against household gold also continues to shift from informal sources to regulated lenders. Higher gold prices also require lenders to remain disciplined. Our emphasis is on responsible customer acquisition, appropriate loan-to-value levels, accurate appraisal, secure custody of pledged gold, and timely monitoring of accounts. We explain loan terms and auction procedures clearly to our customers. These practices protect our customers as well as the quality of our portfolio.

Competition is intensifying as banks and NBFCs widen their reach. Our response is to deepen our presence where we can serve customers best. We plan to add around 500 branches by March 27 to our existing consolidated network of 5,375 branches. Alongside this, we continue to strengthen the customer experience through technology and process improvements. We see further room to grow in the organized gold loan market by serving customers responsibly, improving service standards, and using technology to make access to credit more seamless. We are growing strongly, and we intend to keep that growth disciplined. We expect gold loan growth of 25% to 30% this year, supported by branch expansion and digital channels and governed by the same appraisal, loan-to-value, and custody standards.

A diversified lending business remains an important part of our long-term strategy. It allows us to serve customers across different borrowing needs and life stages while broadening the organization's sources of business and revenue. We are, however, mindful that each segment has its own risk characteristics and operating cycles. In microfinance, the sector has been working through stress over the past 2 years. Industry assessments have begun to point to improving collection trends and a gradual recovery in disbursements, although conditions are not uniform across regions and institutions.

Our response has been to strengthen borrower assessments, improve collection intensity, recalibrate customer acquisition, and focus on responsible lending practices. As of now, microfinance remained profitable during the quarter, and we continue to grow cautiously, guided by repayment behavior and portfolio quality. In microfinance, we have paused fresh disbursements. Our focus is on strengthening collections, protecting asset quality, and running down the existing book in an orderly manner. We will reassess the business in FY28.

Our housing finance and MSME lending businesses remain focused on customer segments whose repayment capacity we understand well. We are prioritizing disciplined underwriting, operating efficiency, and sustainable risk-adjusted returns over rapid balance-sheet expansion. Across these businesses, the objective is consistent: to strengthen the underlying portfolio, improve operating performance, and build franchises that can contribute meaningfully to the organization over the long term.

Asset quality remains central to the way we manage the organization. We continue to monitor portfolio performance at both the consolidated and business-segment levels, recognizing that the risk profile and recovery dynamics differ across products. As of September 30, 2026, standalone gross non-performing assets stood at 1.79%, net non-performing assets at 1.24%, and the provision coverage ratio at 31.3%. Our gold loan business, with the underlying collateral supported by

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disciplined appraisal, custody, and auction processes, remains an important risk mitigant for the portfolio. The average loan-to-value ratio stood at 64.5% at the quarter-end, which is within the regulatory limits. We remain appropriately focused on provisioning and the recognition of stress. Our approach is to address asset quality challenges in a timely manner rather than defer corrective action.

Management: Our capital adequacy stood at 22.3% as of September 30, 2026, compared with the applicable regulatory requirement of 15%. Our liquidity position remains adequate, supported by total available cash and liquid assets, committed and unutilized bank lines, and access to diversified funding channels. We continue to manage capital, liquidity, and funding costs carefully, ensuring that our growth plans remain aligned with our risk appetite and balance-sheet capacity.

Looking ahead, India's medium-to-long-term financial services opportunity remains significant. Rising formalization of credit, wider digital access, growing financial awareness, and the financing needs of households and small businesses provide a meaningful opportunity for responsible lenders. At the same time, the outlook will be shaped by inflation, interest rates and funding-cost conditions, overall domestic and global commodity prices, and the ability of borrowers to sustain repayment capacity.

We believe our established {? gold-on-franchise ?}, customer relationships, distribution capabilities, and experience in servicing unbanked customers provide a strong foundation. By combining these strengths with disciplined execution across our diversified businesses, we aim to build a more balanced and sustainable financial services platform.

Before I conclude, I would like to thank our employees for their commitment and hard work, our customers for placing their trust in us, our banking and lending partners for their continued support, and our shareholders for their confidence in Manappuram Finance Ltd. With that, I will hand over the call to our President and Group CFO, Mr. Bhupesh Tara Shankar, who will take you through the detailed financial and operational performance for the quarter. We will then be pleased to take your questions. Thank you.

Bhupesh Tara Shankar – President & Group CFO: Good evening, ladies and gentlemen. This is Bhupesh. Thank you for joining us for our discussion on our financial results for the second quarter and half year ended September 30, 2026.

Our consolidated AUM for Q2 FY27 was 73,303 crores, up 5.3% sequentially and 60.1% year-on-year. Gold loans continue to be our key growth driver, with an AUM of 60,640 crores, up 6.4% quarter-on-quarter and 92.5% year-on-year, supported by strong customer demand. The gold loan business constitutes 83% of consolidated AUM versus 82% in Q1 of this year and 69% last year.

For Q2, consolidated PAT before OCI and minority interest was 701 crores, up 20% sequentially and 223% year-on-year. We closed the first half of the year with consolidated PAT before OCI and minority interest of 1,286 crores, up 268% year-on-year.

Coming to the standalone businesses, our standalone AUM for MFSL at the end of Q2 was 63,733 crores, up 4.5% sequentially and 68.5% year-on-year. Gold loan AUM in the standalone business

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was 58,097 crores, up 6.3% quarter-on-quarter and 92.2% year-on-year. Gold loans constitute 91% of our standalone AUM versus 90% in the prior quarter and 80% in the prior year.

For the quarter, our standalone PAT before OCI and minority interest was 665 crores, up 20% sequentially and 77% year-on-year. For the first half of the year, our standalone PAT was 1,217 crores, up 58.4% year-on-year. Our standalone GNPA as of September 30 was 1.79% versus 1.56% during the previous quarter. Credit cost for the standalone entity was 1.4%. Standalone borrowing cost went down by 2 bps in the second quarter.

Coming to the gold loan business, strong momentum in customer acquisition continued, and we were able to add 3.15 lakh new customers. Our outstanding number of customers was 27.2 lakhs, an increase of 2.9% quarter-on-quarter and 11.7% year-on-year. Our average gold loan LTV remained stable at 64.5% in Q2 versus 65.6% in Q1. The online gold loan book constitutes about 91% of the total gold loan book.

Coming to the microfinance business, Asirvad AUM stands at 7,919 crores, and this includes gold AUM of 2,508 crores, which is up 10% quarter-on-quarter and 28.5% year-on-year. For the quarter, MFI disbursements were at 1,461 crores versus 1,055 crores in the prior quarter. The proportion of the new MFI book has gone up to 79% versus 68% in Q1 and 23% in Q2 of last year. PAT before OCI was 32 crores in Q2 FY27 versus 21 crores in Q1 and a loss of 168 crores in Q2 of last year. For the first half, Asirvad PAT was 53 crores versus a loss of 436 crores in the first half of last year. Net NPA is at 1.1% versus 1.4% in Q1 FY27. Asirvad CRAR as of September 30 stood at 29.2%.

Coming to the vehicle finance business, we reported an AUM of 2,169 crores, which was down 15.3% sequentially and about 46.5% year-on-year. The focus is on collections, with GNPA standing at 16.9% versus 13.4% in the prior quarter. In loans to MSME and allied businesses, AUM was at 3,361 crores, with disbursements of 238 crores versus 191 crores disbursed in the prior quarter. GNPA in Q2 was at 6.4% versus 5.9% in the prior quarter.

Management: The home loan business had a total business book of 1,814 crores, which declined marginally quarter-on-quarter by about 1.7% and was down 4.5% year-on-year. In Q2, disbursements were 121 crores versus 103 crores in the prior quarter. The Board has declared an interim dividend of 1 rupee for this quarter. Our capital position is strong, and our capital adequacy is at 22.36%. Consolidated net worth stood at 17,298 crores as of September 30, 2026, with book value per share at 184.2. We can now proceed to the question-and-answer session.

Operator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Gaurav Gupta from Capital Farming Consultants. Please go ahead.

Gaurav Gupta – Capital Farming Consultants: Hi. I hope I am audible.

Operator: Yes, you are. Please go ahead.

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Gaurav Gupta – Capital Farming Consultants: Thank you very much. I have a couple of questions. My first question is that there has been commentary from a couple of your peers, especially NBFCs in the gold loan segment, that there has been some increase in delinquencies among those who have been borrowing gold loans. If you can share some color on your customers, how are the delinquencies, and whether there has been some increase in the tendency not to repay in the 30-plus or 60-plus buckets. That is the first question.

The second question is that in our last call, management also said that we are targeting somewhere around 500 branches to open during FY27. But what we have observed in the first 6 months ending September 30 is that the number of branches added during the first 6 months is hardly 100, or I would say even less than 100. Considering that just 70 branches have been added in the first 6 months, are we still guiding that we will achieve 500 branches during FY27, or are we downsizing that guidance?

The third question is specifically on some operational aspects. Of late, we have been observing as analysts and shareholders that some senior management personnel who joined our organization post the Bain Capital deal have resigned. Any commentary or guidance on management stability would be helpful, because that matters a lot when you are expanding your book and giving confidence to the investor community. Those are my 3 questions. Thank you very much.

Management: [pause] Regarding delinquency, first of all, you should note that our average LTV remains around 65%, perhaps the lowest in the industry. Our Stage 3 is only 1% in gold loans. We are the players who have experience over the last 4 decades in handling gold in different scenarios, including declining gold prices, and managing it efficiently. I understand that some other players may be new to the industry, whereas we are not new to the industry. We are established players in the gold segment.

Regarding our branch opening, even though we have opened nearly 100 branches so far, work on another 250 branches is in full swing, and we expect them to be opened in another couple of months. We are very confident about reaching 500 branches with regard to branch opening.

Regarding the operational aspect of the CEO, the earlier CEO resigned for personal reasons. The new CEO is expected to take charge, the recruitment is already complete, and he is expected to take charge from January 1. The CTO resigned because of serious health issues. Other than that, there is no attrition among the new recruits. There is great stability with regard to new recruits who are at senior levels. For the CTO position also, we are closing in on some good candidates with reputable backgrounds in the industry and experience in IT transformation. Is any more clarity required?

Gaurav Gupta – Capital Farming Consultants: Thank you. Just a follow-up. Regarding the cost of borrowing, management has done a tremendous job. While the repo rate has been increased by 25 basis points, we are able to see that 3 basis points have been saved in the cost of borrowing. Would you like to give some guidance on the trajectory going forward? Can we expect further savings on the cost of borrowing?

Second, any guidance on the possible or tentative AUM when we close FY27? Any guidance on the possible AUM?

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Management: [pause] I will answer the second part, and I will leave the first part to the CFO. We have given guidance that we are expecting AUM growth of nearly {? 20% ?}, 30% for the current year. We have been talking about 25% to 30%. We are expecting growth of around 30% for the current year.

Bhuvanesh – CFO: Hi, Gaurav. On the cost of borrowing, you rightly noted that despite difficult, choppy, and volatile market conditions, we have been able to hold to the Q1 levels and perhaps shave off a couple of bps. Having said that, given the environment and the expected rate increases, from an overall Q4 exit perspective, you could probably expect my cost of borrowing to move more toward the 9% range. That is in line with what was communicated in the Q1 call as well. We are maintaining that guidance: in terms of the exit cost of borrowing, it will probably increase by about 25 to 30 basis points.

Gaurav Gupta – Capital Farming Consultants: Thank you very much.

Operator: Thank you. The next question is from the line of Rajiv Mehta from YES Securities. Please go ahead.

Rajiv Mehta – YES Securities: Hi, good evening. Congratulations on very good numbers. Firstly, can you give us some breakup of the gold loan portfolio between bullet loans, monthly interest-servicing loans, and EMI loans, if any? Secondly, can you also give some disclosure about how Stage 2 loans have moved quarter-on-quarter in the standalone gold loan business?

Management: [pause] Broadly, the book continues to be mostly the longer-tenure book. The EMI and shorter-tenure book is a smaller component of our overall portfolio. That is where we stand. In terms of staging, regarding the increase in Stage 2, we are looking at [trails off]

Management: A single-digit percentage of overall AUM. That is where we stand.

Rajiv Mehta – YES Securities: Okay. With the long-tenure book, does that imply that these are bullet loans where the interest is not actually due on a regular basis?

Management: There may not be a contractual due date, but based on the behavior of the customers, we have seen that almost 60% to 65% of our customers pay interest promptly, even though there is no scheduled payment as such. That is a behavior we have observed in the past, and we do not see any change in that behavior going forward as well.

Rajiv Mehta – YES Securities: Regarding the Stage 2 spike being a material number, how do we plan to address this? How do we ensure that customers do not move forward into other buckets and are able to roll back or regularize whatever they have missed, whether the loan is of shorter tenure or the interest has been missed by them in the interim?

Management: We send notices and contact the customers so that, when the notices are received, they come and remit the interest and bring the LTV back to the current level. This is the practice that has been followed, and this is nothing new.

Rajiv Mehta – YES Securities: Okay.

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Management: The content of the auction is very, very low.

Rajiv Mehta – YES Securities: Okay. Lastly, on gold loan growth, you said 25% to 30% growth. If you look at the first half, the portfolio has grown by 19%, and currently the quarter-on-quarter growth run rate is 5% to 6%. Are we seeing that 5% to 6% growth rate at the AUM level continuing even in October-November, and would that be the level of growth for the year?

Management: There are fluctuations in accordance with seasonal fluctuations. Some quarters used to be very good, while growth in other quarters used to be moderate at the rate of 5% to 6%. The first quarter used to be good, and so on. As I said, we are expecting 30% growth in gold loan AUM this year.

Rajiv Mehta – YES Securities: Okay, thank you, sir. That is all from my side.

Management: Thank you.

Operator: Thank you. The next question is from the line of Gaurav Khandelwal from JP Morgan. Please go ahead.

Gaurav Khandelwal – JP Morgan: Hi, good evening. Thank you for taking my questions. My first question is on Stage 2 of gold loans, and I am sorry if I missed it. Can you tell us about the Stage 2 gold loans and where you expect them to settle? Some details on that, please.

Management: [pause] On Stage 2 and Stage 3, while we have seen a bit of a spike, compared to the peer group we are much lower than what our peers are operating at. Having said that, there are a couple of things that I would like to note here. It is largely behavioral. In April, we had the changed regulations that came into effect, and we had a set of new products that were launched, which were the shorter-tenure and EMI-based products. These products are something that the customers have never experienced before. They are used to the traditional 1-year kind of loan, which is traditionally a bullet payment. That is the behavior they are used to.

In terms of the spike, what we have typically seen is that correcting this requires increasing customer contact and educating customers about the difference between the traditional product and the new products that have been launched. What we have seen in terms of early results is quite encouraging. Regarding the spike we have seen in Stage 2, a large number of these customers have come back and paid either in full or in part, thereby regularizing the amounts outstanding, which means that we do not need to follow the auction route. I think this is a phenomenon that should normalize, probably in the next couple of quarters, and reach a more normal level as customers become accustomed to these products. Having said that, we are monitoring the overall levels for any stress, but thus far we are quite comfortable with what we are seeing, and we will continue to maintain the intensity of reaching out to customers and collecting from them.

Gaurav Khandelwal – JP Morgan: Understood, thank you. My follow-up question is on competition. Can you share your thoughts on how competition is evolving? Over the next 6 to 12 months, do you anticipate the possibility of yields moving lower because of competition?

Management: Sorry, I did not get that.

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Gaurav Khandelwal – JP Morgan: The competition.

Management: [pause] Competition exists for any attractive product. Our strength is the knowledge we have gained over decades of managing different situations, including price risk. Many newcomers may not have that capability. Regarding pricing, our pricing remains one of the lowest in the industry. We are therefore able to increase customer acquisition and tonnage. Even in a scenario where prices have fallen compared to the previous quarter, our new customer acquisition has remained very high. Our total customer base has gone up by 11% year-on-year, and quarter-on-quarter our customer base is also growing by more than 3%. Tonnage is also increasing. In spite of the competition, we are able to grow, and we are confident of withstanding the competition.

Gaurav Khandelwal – JP Morgan: Thank you. Those are all my questions.

Operator: Thank you. The next question is from the line of Teheran Engineer from Citic International. Please go ahead.

Teheran Engineer – Citic International: Hi, sir. Congratulations on the quarter. Just 2 questions. First, regarding your provisioning of 220 crores on a standalone basis, how much is gold versus non-gold?

Management: I think it would be largely driven by gold, and we also have some prudent management overlays that we have taken and built into the numbers.

Teheran Engineer – Citic International: Can you quantify the non-gold portion?

Management: Yes, we can. We will get back to you on that and quantify it.

Teheran Engineer – Citic International: Understood. Secondly, how should we think about the trend in opex going forward? You have contained it quite well, but at some point you will have to open 500 branches, add more people, and incentivize your employees. How should we think about opex growth?

Management: Our online gold loan, or OGL, is around 91%. Our existing branches are also growing without adding more people. With more OGL and technology in place, we have actually reduced the number of employees in branches without affecting customer service. Our ability to shift customers to online gold loans is really helping us. When we add 500 branches, we do not expect employee costs to increase significantly because we are in the process of rationalizing field employees. We do not expect that. Opex to AUM will come down even in spite of opening 500 branches. Employee cost to AUM will come down.

Teheran Engineer – Citic International: Understood. That is all from my side. Thank you, and I wish you all the best.

Operator: Thank you. The next question is from the line of Srishti Sarda from Oaklane Capital. Please go ahead.

Srishti Sarda – Oaklane Capital: Hello, sir. Am I audible?

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Operator: Yes, you are.

Srishti Sarda – Oaklane Capital: Sir, I wanted to know the split between gold and non-gold in GNPA, and can you quantify the Stage 2 number?

Management: I will take Stage 2 first. On Stage 2, I would say it is between low and mid-single digits. That is where we stand on Stage 2. [long pause] [off-mic discussion] {? Bondo? ?} {? Kondo? ?}

Management: Gold GNPA is about 1.04% for the quarter.

Management: This is out of the overall total of 1.79%.

Srishti Sarda – Oaklane Capital: Okay, sir.

Srishti Sarda – Oaklane Capital: One more follow-up. Can you also quantify the Stage 2 number for Q2 FY26, if possible?

Management: Stage 2 would have been much lower. If you look at gold, the other portfolios have been undergoing changes. Overall MAFIL had BEF and other products that are in wind-down mode. From a gold perspective, it was much lower. It was probably less than 0.5% at the same time last year. That is what I would say.

Srishti Sarda – Oaklane Capital: Okay, sir. Thank you.

Operator: Thank you. The next question is from the line of Subhranshu Mishra from Phillip Capital. Please go ahead.

Subhranshu Mishra – Phillip Capital: Hi, good evening. The first question is around the EMI products. If we do EMI products, the yield has to be mitigating versus a bullet loan, where the interest is accrued at the end of the tenor. How is it at a similar kind of yield? Can you please elaborate on that?

Second, a data-keeping question: if you can quantify the auctions this quarter, what is the gold price per gram in rupees, and what is the accrued interest as a percentage of AUM? Thank you.

Management: The gross yield on the [inaudible] EMI and bullet payments combined [hesitates] will remain somewhere around 17.5% to 18.5%. That is the expectation. Yield will remain somewhere within that range.

Management: Regarding the auction, yes, Subhranshu, you can... The auction amount is nearly 100 crores in this quarter. The gold price we took—the gold price in Q2 was 13,526 rupees.

Subhranshu Mishra – Phillip Capital: What is the accrued interest as a percentage of AUM?

Management: It is more or less the same as in Q1. We will come back—we will come back on that number.

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Subhranshu Mishra – Phillip Capital: If I can squeeze in one last question. When we speak to various competitors, whether banks or other NBFCs, they say that we have started a price war in various markets, at least 5 to 6 states, where we are offering very low teaser rates, less than 1% per month, which would basically be a cumulative or effective interest rate of around 12% to 13% on an annualized basis.

Can we speak about that and how competition is affecting us? Is that a strategy going forward as well, or is that something the new promoters are asking us to do? What is the idea behind all of this? If you can speak on this and clarify it, that would be helpful. Thank you.

Management: We are not engaging in competition or a price war. We want to remain one of the attractive lenders for consumers. We are keeping our rates among the lowest in the industry to ensure that our customers are retained, that we are able to acquire customers, and that we make them long-term repeat customers.

As a long-term strategy, we feel that this will make our business model much more sustainable. Whatever guidance we have given to the market regarding our ROA and ROE, we will stick to that. We said that ROA would be somewhere between 3.5% and 4%, and ROE between 15% and 18%. We will stick to that.

Subhranshu Mishra – Phillip Capital: What is the Board-approved policy for loan pricing? Do we have a minimum and a floor and ceiling? Is there a Board-approved policy on that?

Management: Yes, we have a Board-approved policy, and we follow the Board-approved policy. This changes from time to time in accordance with the market rate and other factors. It is taken to the Board and receives Board approval. It is all market-related.

Subhranshu Mishra – Phillip Capital: Thank you so much. I will come back in the queue. Best of luck for the ensuing quarters.

Operator: Thank you. The next question is from the line of Sanket from DAM Capital. Please go ahead.

Sanket – DAM Capital: I heard you saying that Stage 2 is in the lower single digits, but it would be helpful if you could put a number to it. We have seen a sharp increase in Stage 2 for other peers, hence the question. It would be very helpful if you could spell out the number.

Management: Stage 2 is about 5% or thereabouts. This is on gold AUM.

Sanket – DAM Capital: I see. The other thing we have seen in the presentation is that this quarter you have reclassified some ARC loss on ARC sale to provisions. How much would that amount be?

Management: That is about 14 crores. It is a very small amount.

Sanket – DAM Capital: Besides that, have we created any overlay since profitability was strong?

Management: Yes, we have taken some prudent management overlays over and above the ECL provisioning. However, that is dynamic, and we will decide based on the environment. We considered it prudent to build some management overlays given the strong momentum.

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Sanket – DAM Capital: How much would the overlay quantum be for this quarter?

Management: We will get back to you on that number.

Sanket – DAM Capital: Thank you.

Operator: Thank you. The next question is from the line of Sameer Bhise from Diamond Asia. Please go ahead.

Sameer Bhise – Diamond Asia: Hi, thank you for the opportunity, and congratulations on the quarter. I wanted to ask how you are thinking about gold loan growth, especially given the way prices have moved. Assuming prices stay around the current level by next quarter, we will be at a meaningfully lower price on a year-on-year basis. How should one think about growth for the year and perhaps the next couple of quarters? Can you give us a sense?

Management: We told the market from the very beginning that we are expecting growth of 25% to 30%. We will stick to that. We expect to achieve around 30% growth in the current year. We are also able to acquire customers. Customer acquisition has improved, and collateral has also improved. This momentum will continue.

Sameer Bhise – Diamond Asia: Can we have the Stage 2 number for Q1 FY27 as well, for the gold business?

Management: In the gold business, it was close to 50 basis points.

Sameer Bhise – Diamond Asia: Thank you.

Operator: Thank you. The next question is from the line of Deep Vakil from Bandhan AMC. Please go ahead.

Deep Vakil – Bandhan AMC: Congratulations on a good set of numbers. Am I audible?

Management: Yes.

Deep Vakil – Bandhan AMC: We had some regulations regarding the classification of loans as income-generating and consumption loans. If it is income-generating, we had to undertake cash-flow-based underwriting. Do we have any color on that? What is the proportion of IGGL versus consumption loans in our book? What underwriting practices do we follow?

Management: For income-generating gold loans, we underwrite the customer. We look at the customer's cash flow and other borrowings. On the basis of cash flow, we consider this to be cash-flow-based lending. That practice, other than for bullet loans, is very different, and we have already trained our employees. Munish can provide the numbers.

Deep Vakil – Bandhan AMC: Can you give any proportion of our overall gold loan book that is IGGL and consumption loans? Some ratio or percentage?

Management: Income-generating loans are a very small component of our overall gold loan base.

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Deep Vakil – Bandhan AMC: So it is primarily consumption loans?

Management: Yes, basically. IGGL, or income-generating gold loans, are growing slowly because we are introducing them in a phased manner and training our employees to assess cash flows. You will see a gradual increase in IGGL disbursements going forward.

Deep Vakil – Bandhan AMC: Do we conduct any analysis regarding the impact of a certain percentage fall in gold prices on our LTV? Also, some participants asked about the gold price in rupees. Can you please repeat that number?

Management: At the beginning itself, in the opening remarks, I also spoke about our average LTV. Today, the LTV in our books is around 65%. If you look at published data for other lenders, most of them have much higher LTVs than ours. That shows our prudent practices in managing LTV.

Management: The gold price mentioned earlier is {? 13,526 ?}.

Operator: Thank you. The next question is from the line of Nidesh Jain from Investec. Please go ahead.

Nidesh Jain – Investec: Hi, thank you for the opportunity. The first question is on the distribution of LTV. What percentage of our gold loan book would be above 80% LTV?

Management: Munish, do you have that number?

Munish: We will have to get back to you on that.

Nidesh Jain – Investec: The second question is what percentage of our book is bullet loans and what percentage is non-bullet?

Management: A large component, the majority of our book, is largely bullet. Given that these schemes were recently introduced in the first quarter, they are a smaller component. Both IGGL and EMI-based loans are much smaller components. The majority consists of bullet schemes.

Nidesh Jain – Investec: So should we take the majority as 90%? Should we assume 90% plus?

Management: Yes, 90% bullet.

Nidesh Jain – Investec: The last question is on auctions. What is the quantum of auctions we have conducted in this quarter and in the first half?

Management: It is 100 crores in this quarter.

Nidesh Jain – Investec: And for the first half?

Management: [pause] The first half is nearly 20 crores only. So the total is approximately {? 125 ?}.

Nidesh Jain – Investec: Regarding the monthly scheme, will we continue to see the share of monthly schemes going up, or how do you see that playing out?

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Management: It is gradual. As I mentioned, it will be gradual. We are training our employees, and this has been done in a phased manner. It will gradually improve.

Nidesh Jain – Investec: If you can give some color on the share of monthly schemes in incremental disbursements, that would be useful.

Management: Currently, it is less than 10%, around 8% to 10%, for the monthly or quarterly payment category. As mentioned earlier, it is gradual because we are explaining the details and educating both customers and employees. It will move gradually.

Nidesh Jain – Investec: So even in incremental disbursements, the share is around 10%?

Management: That level only. The majority are bullet loans.

Nidesh Jain – Investec: Thank you, sir. That is all from my side.

Operator: Thank you. The next question is from the line of Gaurav from MLP. Please go ahead.

Gaurav – MLP: Thank you for taking my question. I have a couple of questions. First, can you quantify the overlay created in this quarter? Provisions seem to have gone up sequentially, so I wanted to understand the overlay or discretionary element of provisions.

Management: In terms of the overlay, of the 1.79% cost that we are seeing, you can say that about 70 to 80 basis points would be the overlay.

Gaurav – MLP: Understood. The second question is regarding Stage 2. Stage 2 is currently at 5%. By the end of this year, do you expect this to normalize? By normalize, I mean that in Q1 we were at about 50 basis points, give or take. Do you expect this to self-cure over the next couple of quarters?

Management: The early indications we are seeing right now are encouraging in terms of collections from customers. However, as I said, these are early indications and are largely attributable to customers becoming accustomed to this type of product. As of now, because it is something very new, it is difficult to predict what the normalized trend would be in a particular quarter.

Gaurav – MLP: It has already started trending down. Is that a fair statement to make, say, in October or November?

Management: The early indications are that, from the levels we saw in September, we have been able to collect a fair amount. However, this is something where, on a rolling basis, we will also see some inflow into Stage 2. Where it will normalize and what the normal trend will be is a little difficult to predict at this stage.

Gaurav – MLP: Understood. One data-keeping question on the overall management overlay over and above ECL: how much overlay are we carrying on our books cumulatively?

Management: We will get back to you regarding the overall amount of overlay we are carrying. We continue to maintain prudent overlays in our financials. It is almost akin to a countercyclical buffer, given the overall conditions we are seeing.

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Gaurav – MLP: Is this something we created earlier as well, or is it something we started only last quarter and this quarter? Is this something we have been carrying for the legacy book as well?

Management: It is something that we assess every quarter. It is not necessarily a {? FY27 ?} phenomenon. There are overlays that we have taken in the past, and we will continue to assess the situation and create prudent buffers where required.

Gaurav – MLP: Understood. The last question is on Asirvad. This time we saw AUM growth of 10% sequentially. Going forward, the second half is typically always better in MFI. Can we assume that the growth rate will pick up in the second half from here?

Madhusudan: This is Madhusudan here. The answer is that we want to make it very clear that the focus is not going to be growth-focused. We are going to continue with a very calibrated method of growing. If circumstances [cut off]

Management: Allow us to proceed with absolutely no compromise on underwriting. If growth happens in spite of our strict underwriting norms, so be it. However, we are not looking to deliberately pursue or prioritize growth.

Gaurav – MLP: Understood. Is there anything that you are targeting next year or this year? I understand it will be calibrated, but for next year, what kind of growth should we pencil in for Asirvad?

Management: The way we are building the book now, I think there has been a very positive trend from Q4 of last year to Q1 of this year and Q2 of this year. Our top line has been growing, and the running down of our book is now a thing of the past. Going by this trend, I think we are looking at steady growth at the same kind of growth rates that we have seen over the last 2 quarters. I see no difference in the next year as well.

Gaurav – MLP: Perfect. Thank you so much for answering all my questions. That is all from my side, and all the best.

Operator: Thank you. The next question is from the line of Vedant Sardar from Nirmal Bang Securities. Please go ahead.

Vedant Sardar – Nirmal Bang Securities: Am I audible?

Management: Yes, you are.

Vedant Sardar – Nirmal Bang Securities: Hello, am I audible?

Management: Yes, you are. Yes.

Vedant Sardar – Nirmal Bang Securities: Thank you for the opportunity. My question is regarding yields. We are saying that, with respect to competition, we are providing attractive rates and will always provide attractive rates compared with the industry. What is your view on yields? Over the next 2 to 3 years, where do you see gold loan yields settling?

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Management: We expect that to be somewhere in the range of around 17% over 3 years, but it all depends on the borrowing cost, how the borrowing cost moves, and other policies. Accordingly, there can be a change. It could be 18% or even higher because many external factors also influence it.

Vedant Sardar – Nirmal Bang Securities: Borrowing cost is one factor. I am asking with respect to competitive intensity, considering that other participants are also competing.

Management: I believe settlements are around 18% now among the top players.

Vedant Sardar – Nirmal Bang Securities: You see a yield of 17% to 18%?

Management: Yes.

Vedant Sardar – Nirmal Bang Securities: Thank you for your answer, sir.

Operator: Thank you. The next question is from the line of Bhaskar Basu from Jefferies. Please go ahead.

Bhaskar Basu – Jefferies: Thank you for taking my call. I had one question regarding the shorter-tenure gold loan products that you are offering. Across players, we have seen an increase in Stage 2 and so on. What is the thought process? Would you like to continue pushing this product, or would you like to revert to the traditional bullet product? Is there any thought process around it? We understand that a few players have actually stopped offering this product.

Management: We are also slowly moving from 3-month and 6-month products to 1-year products. We lend these short-term products only after assessing the customer. Short-term products will come down, and more of the portfolio will move to 1-year products.

Bhaskar Basu – Jefferies: To be clear, you are essentially trying to move back to the earlier traditional bullet product?

Management: For customers who are very clear about their short-term requirements, we will continue with that. For others who have no certainty about short-term redemption, we will move to 1-year-plus products. We do not induce customers to avail short-term loans.

Bhaskar Basu – Jefferies: Because the collection intensity and related requirements are much higher in this segment, which is what some other players are realizing.

Management: [overlap]

Bhaskar Basu – Jefferies: Thank you. That is all from my—

Management: In the case of short-term products, managing the price risk will be better. At the same time, we should also put customer preferences first and provide options to the customer.

Bhaskar Basu – Jefferies: Thank you.

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Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments.

Management: Thank you very much for your active participation. If there are any further questions, management is available. Thank you.

Operator: Thank you. Ladies and gentlemen, on behalf of Motilal Oswal Financial Services Limited and Manappuram Finance Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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