Company Name: Manba Finance Ltd.

Quarter under review: Q4-FY26

Manba Finance Ltd. – Q4-FY26/FY26 Concall Highlights:

Manba Finance Ltd								
INR In Mn	Q4-FY26	Q3-FY26	Q-o-Q	Q4-FY25	Y-o-Y	FY26	FY25	Y-o-Y
Interest Income	924	862	7.2%	661	39.8%	3,135	2,378	31.8%
Net Interest Income	497	440	13.0%	371	34.3%	1,615	1,300	24.3%
Total Net Income	508	479	6.0%	390	30.3%	1,783	1,431	24.5%
PAT	111	131	-14.9%	80	38.7%	454	378	20.0%
Diluted EPS	2.21	2.60	-15.0%	1.60	38.1%	9.03	7.52	20.1%

Operational Highlights:

- AUM grew to INR 1,712 crore, reflecting healthy expansion driven by strong traction in the two-wheeler financing segment and deeper market penetration.
- Disbursements witnessed strong growth supported by expanding dealer network, addition of new branches, and increased market penetration across core geographies.
- We added approximately 28,500 new customers during the quarter, bringing its total live customer base to over 2.20 lakh.
- Expanded operational footprint to 130 locations across six states with a dealer network exceeding 1,500 partners, strengthening sourcing capabilities and customer reach.
- There has been a significant shift in the geographical mix; Maharashtra's contribution to the business decreased from 58% to 40%, while states like Gujarat (27%) and Rajasthan (15%) saw increased contribution.
- Added new dealers to the used two-wheeler ecosystem and entered into a strategic MOU with TVS Company to enhance collaboration in the three-wheeler financing segment.
- Manba Finance has officially started its MSME Loan Against Property (LAP) product, opening branches in Mumbai and Pune with an average ticket size of INR 5 lakh to 20 lakh.
- Over 95% of the loan book remained secured, led by two-wheeler loans and small business loans, supporting portfolio stability and lower credit risk.
- Gross NPA improved sequentially to 3.33% while Net NPA stood at 2.46%, with credit costs remaining stable at ~1%, reflecting strong underwriting and collection efficiency.
- Capital adequacy remained healthy at 24.46%, supported by diversified borrowing relationships across banks and NBFCs, providing ample growth headroom.
- Average borrowing cost declined to 10.64% from 10.80% last year, aided by improved credit profile and favorable funding environment.
- Improved ROA and ROE reflected stronger operating efficiency, disciplined growth strategy, and stable portfolio quality.

Key Questions & Answers discussed during the Concall:

- **What is the strategy regarding portfolio diversification and reducing dependence on two-wheeler financing?** We have already reduced our dependence on two-wheeler financing from nearly 97% three years ago to around 84% currently. Going forward, we are aggressively scaling businesses such as three-wheelers, used cars, small business loans, and MSME LAP. Over the next three years, we expect the portfolio mix to gradually shift towards nearly 65% two-wheelers and 35% contribution from other products, creating a more diversified and balanced loan book.

- **What are the plans for geographic expansion over the next few years?** We have significantly diversified our geographic mix over the last few years, with Maharashtra's contribution reducing from nearly 58% to around 40% currently. Gujarat and Rajasthan have emerged as meaningful contributors, while going forward our focus will be on scaling operations in UP and MP. We also plan to enter Karnataka in the near term, while markets such as West Bengal remain under active evaluation for future expansion opportunities.

- **How are you leveraging AI and technology across lending operations?** We have already started implementing AI-led initiatives across collections, customer profiling, and transaction monitoring. By analyzing repayment behavior patterns and seasonal trends, we are improving collection efficiency and optimizing customer engagement. We are also working on dynamic underwriting models where AI support will help lower transaction costs and improve risk-adjusted pricing for both customers and dealers.

- **What is the sustainable AUM growth outlook?** We continue to target annual AUM growth of nearly 25–30%, supported by product diversification, deeper geographic penetration, and expansion across new customer segments. With increasing scale across three-wheelers, used vehicles, and MSME products, we are well positioned to sustain strong growth momentum over the medium term.

- **How is the TVS partnership contributing to business growth?** Our all-India tie-up with TVS Motor has significantly strengthened our penetration in the three-wheeler segment. Within a short period, we have onboarded nearly 70 TVS three-wheeler dealers, which has improved sourcing volumes and dealer confidence. The partnership is also helping us expand our reach within the broader two-wheeler ecosystem through better dealer engagement and subvention support.

- **Why has increased provision coverage despite stable asset quality trends?** While our credit losses have remained controlled at around 1–1.25%, we believe this is the right time to further strengthen the balance sheet through higher provisioning. Given the healthy profitability profile, we have proactively increased PCR to create an additional buffer against unforeseen stress events or future macroeconomic uncertainties.

- **How is the company maintaining stable asset quality while entering newer geographies?** In newer geographies, we initially focus on acquiring higher-quality customers rather than chasing aggressive yields. Since collection infrastructure takes time to stabilize in new markets, we lend at relatively lower IRRs of around 18–19% compared to mature markets. This cautious approach has helped us maintain stable GNPA and NNPA levels despite ongoing expansion.

- **How is the borrowing cost trajectory evolving?** Our borrowing cost has reduced meaningfully over the last year from nearly 11.25% to around 10.5%, supported by securitization transactions and lower-cost institutional borrowings. While external conditions may limit sharp reductions in the near term, we continue engaging with lenders to further optimize funding costs over time

- **Are you witnessing any early signs of stress in vehicle financing due to macroeconomic challenges?** So far, we are not seeing any major stress trends in our core two-wheeler financing portfolio. Our borrowers primarily use vehicles for essential mobility purposes, and EMI obligations remain relatively affordable. However, we have become more selective in unsecured small business lending and have tightened credit filters for new customer onboarding as a precautionary measure.

- **How are you structuring used car financing business?** Used car financing operates through a completely separate setup with dedicated sourcing, underwriting, and collection teams. Since ticket sizes are materially larger compared to two-wheelers, the credit assessment framework and operating processes are significantly different. We continue to improve turnaround times while maintaining prudent underwriting standards.

- **What are the plans and timelines for the next round of equity fund raising?** We were initially targeting the second or third quarter, but given current geopolitical uncertainties and market volatility, we may push this to the third or fourth quarter. We are waiting for valuations to stabilize back to the INR 135-150 range before proceeding, as we aim to maintain a healthy debt-to-equity ratio, ideally below 4.

- **How are you managing the higher risks and potential for faster depreciation associated with EV financing?** Our EV 2W portfolio is performing exceptionally well, with NPAs under 1% after 3.5 years of operation. For the more challenging EV three-wheeler segment, we have signed MOUs with renowned OEMs who have agreed to take a 50% hit on the outstanding amount in the event of vehicle seizure or loss.

Key Participants:

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