

November 04, 2025

**National Stock Exchange of India
Limited,**
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai 400 051, India
NSE Symbol: MONEYBOXX

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001, India
Scrip Code: 538446

Dear Sir/Madam,

Sub: Transcript of Investor Earnings Conference Call pertaining to Financial Results for the Quarter and Half Year ended September 30, 2025

With reference to our intimations dated October 25, 2025, and October 31, 2025 with respect to Investor Earnings Conference Call and pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, please find attached the transcript of Investor Earning Conference Call held on October 31, 2025.

The aforesaid intimation is being made available on the Company's website at www.moneyboxxfinance.com

You are requested to kindly take the same on record and acknowledge the receipt.

Thanking You,

Yours faithfully,

For **MONEYBOXX FINANCE LIMITED**

Lalit Sharma
Company Secretary



“Moneyboxx Finance Limited Q2 FY-26 Earnings Conference Call”

October 31, 2025



**MANAGEMENT: MR. DEEPAK AGARWAL – COFOUNDER, MONEYBOXX
FINANCE
MR. MAYUR MODI – COFOUNDER, MONEYBOXX
FINANCE
MR. VIRAL SHETH – FINANCE CONTROLLER,
MONEYBOXX FINANCE**

Moderator: Ladies and gentlemen, good day, and welcome to Moneyboxx Finance Limited Q2 FY '26 Earnings Conference Call.

As a reminder, all participants' 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Deepak Agarwal from Moneyboxx Finance Limited. Thank you, and over to you, Mr. Deepak Agarwal.

Deepak Aggarwal: Thank you, and good afternoon, everyone. This is Deepak Agarwal, Co-Founder of Moneyboxx Finance, and I am delighted to welcome you all to the Q2 FY '26 Earnings Conference Call of Moneyboxx Finance.

Joining me on the call today are Mr. Mayur Modi – Co-Founder; and Mr. Viral Sheth, our Finance Controller. Before we dive into the details of our performance, I would like to begin by briefly touching upon the broader economic environment.

India's economy remains resilient and is on the growth trajectory with the Reserve Bank of India projecting GDP growth of 6.8% in FY '26, driven by gradual increase in domestic demand, rural recovery, a strong services sector and monetary easing. Despite U.S. tariffs and geopolitical uncertainty, India continues to do better than major economies.

Inflation shows encouraging signs with retail inflation easing to an 8-year low of 1.5% in September, marking 6th straight month below the RBI 4% target. The RBI has responded proactively, cutting the repo rate to 5.5% and lowering the cash reserve ratio by 100 basis points, shifting its policy stance from accommodative to neutral.

The rural economy is showing signs of revival, supported by surplus monsoon rains and improved agriculture prospects, which are expected to boost Kharif sowing and rural consumption.

This positive momentum has been further enforced by government major GST reforms implemented from September '22, which simplified tax structure to primary 2 rates of 5% and 18%, reducing taxes on over 400 items, including daily essentials, food items, Agri Equipments and consumer durables. Meanwhile, the NBFC sector is stabilizing, aided by RBI rollback of higher risk weights on bank lending and stronger governance across the sector.

Coming to Moneyboxx Finance:

At Moneyboxx Finance, our core mission is to support underserved, small and micro entrepreneurs. We have now strong pan-India presence with 163 branches across 12 states. Our

physical model, a mix of physical branches and digital support, has proven to be both scalable and efficient. We are backed today by 30 lenders, including 11 leading banks.

We are making strategic shifts in our core customer segment to strengthen and diversify our portfolio and reduce sector-specific risk exposure. The share of livestock-based disbursements has reduced from 64% in Q1 FY '25 to 37% in Q2 FY '26. This is a very significant shift as we focus more on non-livestock customers and upper-tier micro enterprises and also diversify our portfolio across business segments.

At the same time, there is a clear shift in our ticket size. Loans with average ticket size of INR 5 lakhs to INR 10 lakhs have grown fivefold to 60% from 19% in terms of disbursement. This reflects our move towards higher-value lending, aimed at improving revenue per loan and reaching a more stable credit-worthy customer base. These changes aligned with our goal of responsible long-term growth.

Let's move on to Q2 FY '26 Financial Performance:

I am pleased to share that our AUM grew by 16% year-on-year, reaching INR 892 crore. This is after the ARC, up from INR 769 crore in Q2 FY '25. This includes an on-book portfolio of INR 693 crores, which constitutes 78% of our AUM and a managed book of INR 199 crores, accounting for remaining 22%. On AUM wise states, MP continues to lead, accounting for 30.6% of our total AUM, followed closely by UP. We recorded disbursements of INR 115 crores, up 23% from previous quarter.

Moving ahead, we are strategically shifting our focus towards higher ticket loans of INR 5 lakhs and above. while enhancing our portfolio quality. So, you would actually see a reset which is happening in terms of when you see the ticket size, in terms of credit bureau score and the portfolio mix.

So, in Q2 FY '26, disbursement to customers with credit bureau score of 650 and above made up 72% of our disbursement versus the last year similar number of 50%. This shows our strong focus on improving overall credit quality by lending to safer, lower-risk borrowers.

Now speaking about our successful business transformation towards secured lending, I am happy to share that we have made a significant process in this strategic shift. Secured disbursement accounted for 69% of total disbursement in Q2 FY '26, which is a substantial rise from 43% in Q2 of last year. In fact, even 2/3 of the disbursement in the Unsecured segment is guaranteed through an FLDG program.

So, ideally, going forward, we are almost disbursing 90% of our loan disbursements have some sort of security, with 70% into mortgage loans. Our secured loan book now stands at 55% of the total AUM as of September '25, up from 32% in Q2 of last year. This shift represents deliberate and well-executed move to strengthen our secured portfolio.

We confidently target a secured lending share of 70% by March 2026, which we believe will play a critical role in ensuring more stable asset quality, long-term portfolio with stronger risk mitigation and reduced default rates.

Moving to our total income, which grew 10% year-on-year, reaching INR 55 crores in Q2, up from INR 50 crores in Q2 FY '25. Our profit after tax was INR 0.3 crores as compared to INR 2.3 crores. The dip is largely due to muted disbursement, but mainly also because of the higher credit cost versus last year.

Turning to cost efficiency:

Operating expenses as percentage of AUM stood at 12.7%, slightly lower than 12.8% FY '25. This is largely a feature of stable AUM. In fact, some decline in AUM versus FY '25. Cost optimization is still a key, and we are targeting to bring OPEX down below 10% over the next 2 years, supported by stronger AUM growth in coming quarters.

As I have always said, OPEX is more a combination of AUM. As AUM grows, you have a better distribution of fixed cost. So, in the initial years, you always have OPEX at a higher level and especially in the last 1.5 year or, say, 1 year, the growth has been muted on the AUM front.

Let's take a look at our lending and borrowing spreads:

Our average lending IRR stood at 26.4%, which is very decent compared to 29%. The decline is primarily driven due to the shift towards secured products.

On the borrowing side, we have made good progress. Our average borrowing IRR has reduced to 12.8% on the average balance sheet level. But incrementally, we are borrowing at 12.1%. In fact, the lowest pricing which we got is 10.5% as well, which is from one bank only, but then despite the credit cost, we are maintaining around 12% borrowing incremental rate.

Our average cost of funds stood at 12.8%. And as I said, incrementally stood at 12.1%. We expect our cost of funds to gradually decline and move into single digit in line with larger peers with favorable regulatory environment, improvement in our credit rating and increase in scale of operation.

Lastly, speaking about our returns on equity stood at 0.4% and return on assets at 0.1%. This is largely a feature of higher credit cost and very normalized AUM growth. So, as AUM grows and credit costs stabilize, we are expecting to see a significant jump in return on equity and return on assets.

In Q2 FY '26, our on-book gross NPA slightly rose to 3.26% and our on-book NPA increased to 1.66% versus Q1. This is a significant improvement, largely driven by ARC transaction and strengthening of the collection team. And we expect asset quality to improve as slippages normalize in coming quarter as the legacy portfolio of unsecured loans is coming down every

quarter. And also, we will see legal course of action improving the collection numbers in times to come.

Our provision coverage ratio remains steady at 50%, which reflects our cautious and balanced approach to risk management. Credit cost for H1 declined marginally to 3.02%, in line with the improvement in asset quality.

Talking about collections:

Overall collection efficiency stood at 92.5%. Though there are some minor fluctuations, we have worked hard to improve our collection system to keep things stable and ensure better recovery. Hiring leadership at all levels and a strategic shift in manpower reflects enhanced organizational structuring to support business goals and operational efficiencies.

About the capital raise, we raised a total equity of INR 175.8 crores, of which about INR 84.72 crores need to come by March of 2026. We are very hopeful that this will be on track and will be received well before time. And current CRAR stands at 27.1%, which is again a healthy ratio.

Further, I am happy to announce that the Board has approved its second bonus issue, allotment of shares in the ratio of 1:1. So, we did a bonus issue like 6 years back, wherein for every 10 shares, we issued 1 bonus share. This time, it is 1:1.

We, as a Board believe that this is one way to reward shareholders, especially seeing that in the last 1 year, while the valuations have declined very significantly, our net worth remains on track.

So, in the last 1 year, when I see that, yes, the profit has been compromised, mainly due to provisioning, but we have remained profitable. Considering the environment at the lower end of MFI, we stood at a strong ground and taken very, very significant steps to change the portfolio where we saw that weakness is coming.

Our liability mix is now well diversified, 43% from debt capital market. This is one area where, again, Moneyboxx get a very good response. So, we are now very large retail base of lenders through NCDs, 28% each from BIs and banks. We also maintained a strong liquidity buffer of INR 97 crores as of September 30.

I would just like to mention here that in the last 5 transactions which we got INR 34 crores from SBI, then we got from RBL, Kotak, Suryoday and a INR 40 crore fundraise NCD from UB. So, the liquidity remains at strong levels, and there is a very strong support from lenders.

We successfully launched our proprietary Cattle AI solution in March '25, demonstrating our strong focus on deploying emerging technologies. This we expect is a very successful technology at ground level, and it will help us maintaining a strong portfolio in the future.

This cutting-edge technology is a major step in digitizing and automating cattle verification for secure gold lending. It helps us uniquely identify cattle, prevent duplicate funding and even predict the animal age through images captured right in the field.

What's more, our real-time app works even in offline environment, making it faster and more efficient for field teams and ensuring quicker loan approvals for our customers. This innovation not only enhances accuracy, but also strengthened risk controls and improve the overall lending experience. I personally believe that this is a very good tech, especially identify the key risk which were related to cattle funding.

As we move forward, we remain focused on navigating an evolving global and domestic environment. Strengthening collection efficiency is a key priority, supported by rural recovery and potential tailwinds like income tax exemptions that boost consumption.

Our strategy centered on growth on strong underwriting, increased secure lending, lender support, higher loan sizes, risk diversification, enhanced leadership team and a broader product portfolio is building a more resilient and balanced business model. These pillars are set to enhance asset quality, strengthen risk management and drive growth.

With this, we can now open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nisarg Vora from Riddhi Enterprise. Please go ahead.

Participant: Thank you for this opportunity. Sir, first of all, I wanted to understand the quality of our customers when we move to secured lending. And you also mentioned that in the past, we have had 50% of our customers above credit bureau score of 650. So, how has that behavior been in the past? And any guidance on the asset quality on the secured side in terms of credit cost?

Deepak Aggarwal: So, one, I would say is that at the overall level, our secured portfolio is doing much better than the unsecured portfolio, and especially the new book, which is getting made. So, initially, when we started secured lending, especially our customer base was very similar, which is MFI Plus-Plus.

The customer, although we took the property, but still our customer was carrying some MFI loans. Now what is happening with the new book, which is coming up, I would give you one number that in June last year, 50% of our borrower had 1 or 2 loans from MFI. Now that base in June 2025 has reduced to 29%.

So, what we wanted to say is that we are moving that customer quality in terms of one ticket size, in terms of the history, in terms of track record, the quality of collateral, the income scenario for the customer. So, that ways the quality is improving.

So, what we saw in last 1 and 1.5 years is that MFI suffered most after the guardrails or overleverage. And all the MFI you see have numbers which really suffered versus like 2 years back or last 1 year. But players who were like above those categories, secured category with INR 10 lakh and above they have still managed well reasonably in terms of delinquency.

So, that's what we wanted to say, and the numbers are really good. So, the portfolio which we build in 6 states, South, Bihar and Gujarat, the delinquency level there is very, very marginal. Maybe a couple of clients and maybe you can count on fingers, that kind of number in the entire 6 states, which have moved to NPA, maybe 2 or 3 customers.

Participant: Got it, sir. And sir, my second question was, one thing I was not able to understand was that despite the ARC transaction, why have the credit costs been on the higher end for this quarter?

Deepak Aggarwal: Credit cost has declined a bit, but see, ARC is for the past portfolio. So, what we sold in ARC was in the NPA accounts or the write-off accounts. Credit cost relates to moving of incremental portfolio to NPA. So, if you have to compare, you look at we had a GNPA of 7-point-some percentage in Q1, which has now reduced to 3-point something. So, that GNPA has definitely reduced, because of the ARC transaction, but credit cost reflects the incremental flows.

Participant: Got it, sir. And sir, one last question was that with the increasing quality of our portfolio, it will be difficult to get more and more borrowers. So, does growth and profitability guidance change with the quality of portfolio?

Deepak Aggarwal: I don't think so, Nisarg. See, the market size is very, very large. So, the larger market in India is for the secured loans. But today, yes, market in general for all the lenders across the board is relatively tighter.

So, things will start improving, and we are seeing some clues. So, Q2 was better than Q1 and Q3 looks much better than Q2. So, things are improving month-on-month and quarter-on-quarter. But yes, it's not just because of secured lending. It also has to do with the environment. But I am saying that whether you see, I have to take names, whether you see Aptus, Aadhar, India Shelter, so these have been in the Secured segment or even banks, so they have been growing. So, it's not that market is not there.

Participant: Got it, sir. Yes. Thank you for this opportunity. One last request from all the shareholders was that if we could continue our initiative of the monthly disclosures that we had earlier for portfolio quality, that would be great. Thank you.

Deepak Aggarwal: Okay.

Moderator: Thank you. The next question is from the line of Nishi from Sapphire Capital. Please go ahead.

Nishi: So, I just had 2 questions. What is the targeted NIM for FY '26? Can you give a guidance on that?

Deepak Aggarwal: It will be in the similar range as in the H1, it will be in the 14% plus.

Nishi: Okay.

Deepak Aggarwal: So, around 14%, yes.

Nishi: Also, in the presentation it's mentioned that ROA is 0.1% in H1, but in your preamb mentioned that it's 0.4%. So, what is the ROA in H1 FY '26? And what is the guidance for ROA.

Deepak Aggarwal: 0.4%.

Nishi: In the presentation its mentioned 0.1%. Is that the...

Deepak Aggarwal: No, 0.1% is ROA in the presentation.

Nishi: Yes. So, ROA is 0.1% right?

Deepak Aggarwal: Yes.

Nishi: Okay. And for FY '26, what are we targeting? What is the targeted ROA?

Deepak Aggarwal: I think we are not really giving the guidance as of now here.

Nishi: Okay. Thank you so much.

Deepak Aggarwal: But numbers will be positively better in H2.

Nishi: Okay. Got it.

Moderator: Thank you. The next question is from the line of Sagar Singh, who is an individual investor. Please go ahead.

Sagar Singh: Thank you for the opportunity. I have been with you people for, I believe, 2 years now as a shareholder. I wanted to know what exactly is the growth strategy that we are following? So, are we thinking that we should reach a specific level of secured lending before we gear up? Or are we waiting for greater environment, better environment? What exactly are we looking at?

Deepak Aggarwal: So, yes, Sagar, in terms of strategy, what we are looking at is that as we have guided as well that in terms of secured lending, we are targeting a 70% AUM in secured lending for FY '26, then 80% by next year and say, 80%, 85%. So, largely, in terms of strategy, we will be a secured lender. That's one part.

In terms of business segments, we will be a diversified player over the next 2 years. So, while in the past, cattle loans had the majority, like 2/3 share, this will come down to below 40% in the next 2, 2.5 years. So, that's another thing.

The third thing is that portfolio will move up above INR 3 lakhs. So, more and more, you would see that the secured lending will be all above INR 3 lakh. So, one is in terms of ticket size.

The fourth thing is that in terms of bureau score, you will see that this uptick will happen. Now already we have 72% of the base into 650 plus. It could move to 80% plus. And it will be more of a long-term funding. Other than the cattle loans, secured loans are largely for 10 years, so which gives us a lot of stickability and portfolio which stays on the book. So, that's one part in terms of strategy.

When it comes to, you are saying that whether we want to just first convert the portfolio and not grow. No, Sagar, that is not the strategy. But I am saying that market is such that by remaining selective, with RCU checks, with multiple things happening, it's the growth or the availability of transaction is not that large in the market for the time being and which happens. It happens every 5, 6 years. So, that is the time we are going through. But incrementally, things are improving.

So, while we are very significantly focused on the asset quality and changing the business structure, we have equal focus on improving the AUM. So, we are really trying hard to grow the portfolio as well.

And definitely, we are targeting over 25% growth to maybe 30% growth at least in the coming year as well in terms of AUM growth. So, 25% to 30% Y-o-Y growth will definitely happen. So, that remains the target. So, it's not that constant AUM. So, that's not the thing. I hope I have clarified.

Sagar Singh: Yes, as far as that is concerned, I stand clarified. What I also wanted to ask was when we will be receiving the warrant conversion. I am actually looking for equity raise in the next 2, 3 quarters?

Deepak Aggarwal: Yes. So, the most important part now is the warrant raise. So, we have to bring it before 12th of March. Definitely, our intention is to bring it much before that. So, you will see warrant starts coming in between December and February. So, that's the first target, because that's the INR 80 crore which is required, and that gives adequate comfort for this year AUM.

While doing that, talks will be on, in terms of, raising new funds. So, I am not sure about next 2 quarters, but definitely in next 12 months, we will be looking for a larger round.

Sagar Singh: Okay. And what is the AUM? What is the other target we are looking at by March '27?

Deepak Aggarwal: March '27, internally, what we are targeting is INR 1,800 crores plus.

Sagar Singh: Okay. And 80% of it is secured, right?

- Deepak Aggarwal:** 80% is secured. It could be even more, but minimum 80% secured. As I said that even now, 90% of the disbursement is in the secured category. 70% is going in the mortgage loan and another 20% going through FLDG guarantee by one of the foundations, where it is a 3.3% first loss fees guarantee.
- Sagar Singh:** Okay. Thank you for answering my questions. Sir, looking forward to meet next quarter again.
- Deepak Aggarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shekhar Gupta, who is an individual investor. Please go ahead.
- Shekhar Gupta:** I just wanted to understand, first of all, good to see the number declining in terms of provisions. Like what can we expect in the next 2 to 4 quarters on the credit cost or NPA?
- Deepak Aggarwal:** Thank you, Shekhar. Shekhar, so numbers are stabilizing definitely. As I said, that's the new portfolio, which we have built over the last 18 months is performing much, much better. And incrementally, costs will settle down. So, we still believe that credit cost for FY '26 will be in the range of 3%, 3.5% lower than the last year, but still in the 3-ish kind of range. And post that, it should start improving.
- We are seeing the numbers stabilizing definitely. And I think month-on-month, quarter-on-quarter numbers will improve. Also, because see, now the new book is more and more secured. So, the efficiency are anyway better, much better there. So, what all the negatives, whether it is overleveraged, so now you would see in all the reports that over-leverage has very, very significantly declined even in the MFI segment.
- And there is no negative news from the regulatory side. So, whether in terms of guardrail or any increase in risk weightage, so with GST declining. So, I think at least government has realized that India is not doing that great in terms at a ground level. So, they have also taken steps. So, ideally, there is no reason to believe that things will not improve from here.
- Shekhar Gupta:** Understood. Thank you. I have one more question. What's the plan on branch expansion? Like when did you see that resuming? And is there any guidance that you can give for the rest of the year?
- Deepak Aggarwal:** Shekhar, we don't have any plans to increase branches at current level, because see we already have a pan-India presence with 160 branches. So, what we are looking at now is very significantly in terms of controlling our OPEX, and get the number from these branches.
- So, today, when we see the disbursement, we are not happy with the branch productivity levels. So, these need to improve. So, steps are taken every month to improve one, the AUM numbers and also to improve the quality.

What we have achieved very, very significantly is the quality distribution, which are available in the numbers, the kind of portfolio, which is coming now. But at the same time, yes, numbers need to increase. I think branch extension is not needed at this point of time. So, we really need to at least consistently double our disbursement to, say, INR 100 crore monthly level before planning for the next expansion. So, it will only happen next year.

Mayur Modi:

So, Mayur here, I will just add to this bit. See, I think we have enough distribution already. I think the operating leverage has to start kicking in before we plan any further branch expansion. Now the existing branch network can fully support both the AUM growth for this year and to a large extent next year as well.

So, I think we have built in that capacity already. I think the focus is making sure that operating leverage kicks in, we sweat the assets more. We make sure that each branch contributes the business that is expected out of them. I think that's the focus, and Deepak already mentioned that this will also help us contain the OPEX. So, I don't think so growth is a problem with the existing branch network, just to highlight that.

Shekhar Gupta:

Understood. Thanks.

Moderator:

Thank you. The next question is from the line of Amit Maheshwari, who is a shareholder. Please go ahead.

Amit Maheshwari:

Yes. Sir, my basic question is that if you can spend some time on the profile of customers in the Secured segment that lending these days compared? And how are they different from the cattle owners that were there for the last 3, 4 years that the team has been doing?

And additionally, you have mentioned that the loans are being given for the tenure of 10 years, right, if I am not mistaken. So, how are we just relying on a credit score of 650? How are we ensuring the repayments and the ability of a customer to repay such loans over such a long duration?

Deepak Aggarwal:

Okay. Thank you. So, when we do cattle loans, we still do for 5 years. So, even if they are like 40 cattle and it's a large customer, the loan tenure will be 5 to 6 years only, even in the secured cases.

When I say 10 years, so that's what the market norm is for this customer. So, earlier, when we were lending at an average ticket size of INR 3 lakhs, if you see even by March '25, INR 3 lakhs, INR 3.5 lakh, now the customer is very different. When we are lending at INR 15 lakh, INR 20 lakh, these are not just pure assessment-based customers. You will have a customer where we are giving, say, INR 25 lakhs, and we are getting a security sometimes of, which is as high as worth INR 1.5 crore. Business is strong. Customer has all the GST records. Customer has good banking habit. There is an ITR to see. And the business is very stable.

So, some of the profiles I could give you is, say, customer having an inventory of INR 50 lakhs, INR 60 lakhs in the hardware shop or building material supplies or a grain dealer with INR 30 lakhs, INR 40 lakhs of inventory or a Raymond shop owner serving gents, females and kids, a large showroom.

So, these are the customers who have very good and multiple income profile and very stable businesses. They have good track record of repayments. And the house is good. So, mortgaging a property worth most of the time more than INR 40 lakhs, INR 50 lakhs.

So, for these customers, you have to take that call, because that's the way market is. And it really works in any lending for institution, because that's where your portfolio stays. When you do unsecured loan, it comes sooner, but every month portfolio declines very significantly. This is what does not happen when you build a large 10-year book.

So, you have a very strong security as well there. When you are giving 10-year loan, so it's a city house, RCC structure, worth INR 40 lakhs, INR 50 lakhs. So, there's a strong collateral present there and a settled business.

Mayur Modi:

Yes. Just to add again, Mayur here. Just to add, see these are door-to-door that we are talking about. The behavioral tenor is much, much less. Even let's say, even if you have to do a comparison, even for a housing loan, let's say, all the housing finance companies, whilst the door-to-door could be 15, 20, 25 years and it is 8 years on an average. So, here also, what we are saying is behaviorally, it is going to be much, much lower tenure. Whilst the door-to-door, we could be giving between 7, 8, 10 years. But behaviorally, it is not more than 3 to 5 years is what we feel.

Amit Maheshwari:

Okay, sir. Sir, in extension to that, are we looking at expanding the secured line of products beyond property? And the IRR guidance as well, see secured loans, the rate of interest is lower compared to an unsecured, by a significant margin, right? So, will the rates on the IRR, because at the end the NIMs have to be maintained as well. So, what will be the impact of this transition?

Deepak Aggarwal:

So, to answer your first question, now we have started also doing salaried LAP. So, earlier, while it was only business loans, now we also do loans to customers who have mix of salaried income and some business income. So, that is one profile which is added, and it's a large space.

Coming to your second question, in terms of lowering of yields, I think it is absolutely fine. You see the track record. When you charge, yes, in unsecured, you have higher yield, but then you have higher OPEX as well, because on an average, a 2-year loan on your book stays for 9 months. So, 12 months is anyway is the average period of outstanding. But then you have behavioral tenure, which brings it down to 9 months. So, there, the OPEX is high.

Now consider when you have a 10-year loan, a INR 15 lakh loan, the OPEX is also less. So, one, is when you have an entire book of secured lending, your equity levels will be high, because

that's the way it works with the secured portfolio, you keep your equity levels also high, because of the larger tenure. Second, your cost of borrowing declines and your credit cost declines.

So, all in all, if you see over a longer period of time, people you will see whether banks are lending at 12%, they also make a strong ROE. And even all the lenders which are working on an average yield levels of say, if you see some of the better FFBs or large housing finance companies, so IRR is around 14%, 15% average, but they can still make a 15% to 20% ROE. So, in terms of ROA, it's a combination of equity you have, the credit cost and especially the OPEX.

So, the largest thing which you have when you do large funding, you grow your AUM, your OPEX keeps coming down. So, for us, it is more than 12% now. You will see a company which is INR 5,000 crore AUM will have a 6% OPEX.

At INR 10,000 crores, they may have like 4.5%, 5 kind. If you are INR 20,000 crore book, you will have around 3% kind. So, OPEX keep coming down. So, that's not a bigger problem. Lower yield is just fine.

And then even the kind of funding we are doing, as you see now, even with 50% kind of book, which is into secured, our yields are good at 25%. And even with some decline, it is just fine, because OPEX and lowering of the borrowing cost takes control of it.

- Amit Maheshwari:** Correct sir. Wish you all the best. Thank you, sir.
- Deepak Aggarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Anand Kumar, who is an individual investor. Please go ahead.
- Anand Kumar:** Yes. Thanks for taking my question. There are a few questions. The first one is, how is our collection efficiency for the secured lending?
- Deepak Aggarwal:** So, as you will notice in the presentation, the collection efficiency is about 96% in the secured.
- Anand Kumar:** Yes. But the slower rate it should be like 98% to 99%. Isn't that the case?
- Deepak Aggarwal:** I agree. I agree. So, one thing here is that, as again, I said that when we started secured lending, the customer base was still similar, as I started the presentation with saying that has given some pain, but still, I am saying it's much better. So, in the new states, our collection efficiency is close to 100%. The 6 new states, it's 99.5%, more than that.
- Yes, historically, what we have done, there is some pain. which is there. But still, it's much better than the unsecured. So, it's a combination of 96% versus 91%, and hopefully, things will improve going forward.

- Anand Kumar:** Okay. And whenever a secured customer doesn't pay, what options are we taking to recover that?
- Deepak Aggarwal:** So, we are going legal. So, earlier, we were not going legal. So, I will just give you a very, very small sample example. For the first time, we started taking legal course of action in June 2024, where as a sample, we filed just 10 cases, which were unsecured write-off customers. And out of those 10 customers, when after a year, they reached bailable warrant stage, we recovered money from 2 borrowers, principal plus interest and recovering 35% of the principal write-off, just from 2 customers. So, even non bailable, they will reach in December, which was like 18 months.
- Even if 5 customers pay, we will be able to recover 100% of the cost, which was written-off, just with 5, 6 customers. So, I am saying, yes, Indian legal system is slow, but we have realized that if we go legal with 100% of the cases, results will come and recovery will happen. And when it is a secured category, so one, I would say, even section 138 is extremely effective. The only thing is it is time taking. When it comes to secured with SARFAESI and all the recovery will be much higher.
- At the end of the day, we have the collateral and customer 1 year, 1.5 year, 2 years later, he will have to pay. Otherwise, anyway after the ARC, we can go SARFAESI. So, the process will be faster than section 138. So, we are really hopeful that it's a pain for a year or so, but money will start coming in as we go legal, which is not the case with MFI customer, because cases are not filed there.
- Anand Kumar:** Exactly. That's one of the reasons why I wanted to ask it. Thanks for clarifying this one. Second question, right, on the warrants. I think U.S. promoters, you have a significant portion of the so-called pending warrants. Is that right?
- Deepak Aggarwal:** Correct. It's largely by promoters only.
- Anand Kumar:** Okay, good. And then I think earlier in the call, you mentioned that between December and February, you wanted to convert the entire warrants to equity. Is that correct data point which I am taking out?
- Deepak Aggarwal:** Right. Right.
- Anand Kumar:** See because most of these warrants are significantly out of money, right? The price is almost half.
- Deepak Aggarwal:** I would not say price is half. I would not say price is half, because see, INR 76 per share is already paid up. So, it is paid right, it's a sunk cost. So, real comparison is between INR 225 and INR 160. So, that's the real comparison. So, that's the difference. And ultimately, you have to take a call as a promoter that there is an amount which is committed, so it has to come.

Anand Kumar: So, we can count this, so far based on the current data that the promoters will go with warrant conversion.

Deepak Aggarwal: You should count on this. You should count on this. And hopefully, it's not much time left. It's about a 4-month period.

Anand Kumar: Yes, exactly. That's very good. See it really gives good confidence of the promoters and for the investors also. The last question, Deepak, right, is you mentioned that Q3, you are definitely seeing business to be much better than Q2. Can you give some indicative trends of how the log-ins are in the first month of Q3 compared to Q2?

Deepak Aggarwal: Log-ins are similar, but see, we have.

Mayur Modi: I can take that.

Deepak Aggarwal: Yes, Mayur.

Mayur Modi: So, see, there are 2 things to log-ins. I think we have done a couple of changes in the way business is getting sourced. From October, we have added some log-in fees to the unsecured pool, because we wanted to filter out the bad log-ins there at the source itself. So, that has really helped. September, our log-in to disbursement ratio was only 15%, 20%. October, we are clocking 40%. So, that's double of what we were doing in September.

So, the conversion ratios have really improved whilst because of the fact that we have added some log-in fee to the unsecured, then the count of log-ins probably have come down, but the conversion is much, much better. The sanctions on much lower log-ins is much better than last month. There is an uptick in sanctions with, with let's say, 20%, 25% lesser log-ins. So, what we are really trying to do is make sure that the feet on street source is better, there is better efficiency in terms of conversion of those log-ins, sanctions and then disbursements.

So, 40% is, I think, more or less the threshold what everybody looks for in a secured book. I think we have reached that in a month's time. We were struggling with 15% to 20%, but we have reached 40%. Our endeavor to take this to 50% in the next month, which is coming month, November.

So, that is where the whole focus is, I would say, improve the quality of log-ins, whilst the other difference which has also happened is the average log-in value has also increased. Whilst earlier, we were having very few cases, which were logged in for more than INR 10 lakhs, I think we have seen an increasing trend where people are logging in for values more than 7 lakh, 8 lakh, 10 lakh. We are getting log-ins for 15 lakh, 20 lakh, INR 25 lakhs, good log-ins. So, I see a very positive trend there, in terms of log-ins and conversion.

Anand Kumar: Thanks Mayur, and thanks Deepak for answering all the questions.

Mayur Modi: Thank you.

Moderator: Thank you. There are no further questions. I would now like to hand the conference over to Mr. Deepak Agarwal for closing comments.

Deepak Aggarwal: So, thank you, everyone, for joining in. And we really hope, and thank you all for standing by us. In the last year, everyone knows that times have not been great, but things are improving, and we really hope that with each quarter, things will get better and better. And we really hope that at the ground level, the country is recovering, government is taking steps. So, let's hope things do play out well in the future.

Thank you, everyone, for joining in.

Mayur Modi: Thank you, guys.

Moderator: On behalf of Moneyboxx Finance Limited, that concludes this conference. Thank you for joining us, you may now disconnect your lines. Thank you.