APOLLO FINVEST (INDIA) LTD.

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June 04, 2025

To,
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BSE Scrip Code: 512437

Sub: Transcript of Investors and Analysts Call/ Earnings Call for the Quarter ended March 31, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the earnings call held on May 29, 2025 for the Quarter ended March 31, 2025.

We request you to kindly take the same on record.

Thanking You,
For Apollo Finvest (India) Limited

MIKHIL RAMESH INNANI

Digitally signed by MIKHIL RAMESH INNANI
Date: 2025.06.04 17:24:36 +05'30'

Mikhil Innani
Managing Director & CEO
DIN: 02710749

Encl: As above

“Apollo Finvest (India) Limited

Q4 FY '25 Earnings Conference Call”

May 29, 2025

MANAGEMENT: **Mr. Mikhil Innani:** Managing Director & Chief Executive Director
Ms.Diksha Nangia: Whole Time Director & Chief Financial Officer
Ms.Disha Khemani: Company Secretary and Compliance Officer

Diksha Nangia	Good morning, Welcome everyone to the Earnings call of Q4 FY’25 of Apollo Finvest (India) Limited (“**Apollo**”). We shall start with a quick presentation. What we'll do is we've divided our presentation between Mikhil and me into 2 parts. I'll start with giving you the updates of what's happened this quarter. And then Mikhil will take it forward in terms of telling you about what's next for us and what's our strategy in general. So let's start with the industry updates, the first slide. The industry update always starts with the Reserve Bank of India (“**RBI**”). This quarter, in fact, not even this quarter, I would say, just a few days back RBI has come up with new digital lending guidelines. Not a lot is new in the guidelines. What they have done is on the May 08, 2025 they came with a circular which consolidates all previous circulars which have come in. So it's just to make things very simple and straightforward for digital lenders to understand. But just the key highlights of the guideline and for you to know how it impacts Apollo. One big thing which a lot of digital lenders are a little wary of currently is the NPA provisioning recognition which is being done. Even for the portfolio where you have digital lending cover or any guarantees, that has to be taken into consideration when you're provisioning for your loans. Our team is quite conservative in these matters, and thankfully, that has always been the case for Apollo. So our paths reflect the provisioning even on the FLDG cover that we have. So there again, no negative impact for Apollo. The other thing which the guideline is talking about in detail is due diligence of Lending Service Providers (“**LSPs**”). RBI expects the regulated entity to do a thorough due diligence on LSPs in matters pertaining to either fair disclosure and transparency. They want to make sure that the DLA, which is the digital lending app, is very fair and transparent to the customer. Fair practices are being followed. Whatever is in the agreement is duly communicated to the borrower in a very transparent manner, as far as APRs are concerned, or any

	collection practices, any such matters of when is the due date etc. We being the regulated entity, we're very particular in these terms. This is an app journey. The entire collection call recordings, we're using AI also to monitor and constantly keep listening to their calls from an AI standpoint, also using AI to do that. Other than that, sometimes we even go to the extent of physically sitting in their offices and doing a thorough check in terms of making sure that everything is proper. A lot of norms which are always there as far as DLG caps are concerned, like the 5% cap, they have reiterated in this circular. So in a nutshell, no big impacts for Apollo from the new guideline standpoint. There's also another draft framework from a co-lending standpoint that RBI has come up with for Apollo. Again, nothing much changes. This is just a draft circular, so we'll be waiting for the final guidelines to be announced there. But the initial verdict here is that not much impact to Apollo, because fortunately, we've been co-lending within the norms of what RBI has outlined in the circular. So yes, all good there from an industry update standpoint. Let me take you through Apollo's updates on the next slide. We'll start with the financial update. The highlight from a financial standpoint for Apollo is the AUM growth. In all our earnings calls or annual meeting calls, we've been highlighting that now that the guidelines are here, the entire industry knows how to move forward. So the path is very clear as far as growth is concerned. It's been a bit volatile in the past few years, but obviously with the guidelines being very clear, it's pretty straightforward. We know how to move forward, and that's reflecting in our AUM growth. We've grown 74% year on year. The next thing I would like to highlight here is our PAT, our profitability. For Apollo, profitability has always been the key. We've always been speaking about ROEs and profitability and how it's important for us to build a sustainable book. That's reflecting in the PAT that we've generated in this last financial year, as also our net profit margin. Thankfully, our PAT per employee looks great, because we're using tech to our advantage to make sure we're also operationally efficient. On the next slide, I'll take you through how our performance compares to the rest of the industry. Because we're evaluating all these digital lenders who we work with so closely, from a financial standpoint, we benchmarked as compared to the rest of the digital lending lenders out there, more specifically. One thing which I would like to bring your attention to here is the portfolio quality. If we look at the rest of the industry, the average 30

	PAR numbers for Apollo are around 2.86%. And even the NPA numbers on an average in the industry range to around 2.4%, and for us, it's less than a percent. The reason we're able to maintain these really low numbers is because, like we mentioned earlier, we get to cherry-pick the good loans from everyone's book. That's one factor, and the other is the way in which we've structured our exposure to digital lending. With companies where we feel it's probably too soon, or we're just starting to build a relationship, we have the whole term loan structure, and with term loans, you have the cushion of the entire company's equity also available with you. From a retail book standpoint, we have the FLDG buffer which also protects us. All of these things in place help Apollo maintain a good quality book, and yet continue to have exposure to digital lending companies or the portfolio directly. So yes, this is how Apollo performs vis-a-vis the rest of the industry. Let me talk about the next slide, where we will take you through growth and scale. As I said, our AUM over the last two financial years has been growing quarter on quarter. Just to let you know what to expect in the future, you're seeing substantial growth because we have clarity now from a digital lending guideline standpoint. The industry has gotten a lot more streamlined, with level playing rules for everybody out there. One thing noteworthy for our shareholders to know is that Apollo believes in sustainable growth. So for us, it's important that we grow, provided we have a strong foundation. We believe in the motto that slow and steady wins the race when it comes to digital lending, because we've seen a lot of people come and go, and we know for a fact that with Apollo, whatever we build is going to be sustainable and strong. So yes, that's going to be the expectation going forward as well. This is where we end the updates. We'll be more than happy to take any Q&A that you have as far as the updates are concerned. I'll allow Mikhil to explain more to you on what's the strategy going forward and in general what to expect.
Mikhil Innani	Thanks, Diksha, for all the updates. Hi guys, good to see you again. I want to talk about where we are today, how we've reached here, why we are doing what we're doing, and where I see this going. The first thing I want to talk about, which is very apparent from our numbers, is that there has been a higher weightage towards term loans as compared to the previous quarter. If you see today, we almost have a 60/40 split, where there's a 60% weightage towards term loans and almost a 40% weightage towards retail loans. Let's talk about how we have reached here and how we are evaluating term loans a little bit. Because one of the things which is very important as a shareholder is, if you're doing term loans, how are you evaluating these companies thoroughly? One of the things you kind of realized is

	the way you kind of analyze companies which are traditional companies versus digital lending NBFCs, it's quite different. One of the things that we've recognized quite a lot is that it's very important to understand incentives inside a company, especially of those people who are running the company. What I mean by this is that a lot of loans in this space are fairly short-term in nature. By short-term, I mean most people in the digital lending ecosystem do loans to customers which are probably sub-12 months, and maybe there's a smaller percentage of FinTechs doing loans which are less than a couple of years. So one of the things which we really examine inside a company is what are the incentives of the management team? Is it driven by long-term incentives which are usually connected to equity, or is it to do more on the lines of near-term results which can obviously impact their compensation in any format. So this becomes an important kind of signal for us, especially because the signals that we are getting from RBI are more towards having sensible APRs and not taking advantage of borrowers. So this is a factor which we very closely look at. One of the things we've recognized is that in this space, if you have tremendously high APRs, it doesn't even matter how good your collections frankly are because it ends up becoming an excel sheet game where almost anybody can end up making money. But the issue that we recognize over there is the fact that it may end up being a short-lived journey, because the sense that we get constantly from RBI is that they don't want this space to end up becoming digital loan sharks essentially. So this is something which we look at very, very closely. Of course, any company when you're looking at from a financial services perspective, you can't escape looking at their numbers as well. Obviously the usual suspects are mentioned over here, but one of the ones I would like to highlight is debt to equity. This space what we've recognized is a fairly new space. By new space, I mean, it is a space which the RBI constantly comes up with new guidelines. One of the things you must have recognized is that we've started this earnings call with updates from the authority, so it's a space which is ever evolving. So one of the things that we are very cautious of is having exposures inside companies which have very high debt to equity. What's different about this space is that maybe in a traditional lending company, a debt to equity of maybe 4 or 5 may not seem excessively high. But what we've observed in this space is that debt to equity anywhere upwards of 2.5 in this space starts to look very, very heavy for the company, because a regulatory change may make their book incredibly volatile, and they may not be able to manage their debt

	effectively. So this is something that we've recognized after looking at data from across the industry. Of course, it's very important for us as to who are on their cap table, both from an investor perspective, from an equity investor perspective, but most importantly, from a debt perspective. The lens that a debt investor applies to a company is very different to a lens which an equity investor looks at a company. An equity investor looks more, maybe slightly long term. A debt lender looks more short to medium term. Given the space is fairly compact in the ecosystem, the prominent lenders in the ecosystem would probably not be more than 5 or 6. So today, we have associations with them all in some format or the other. So it allows us to get a lot of feedback about the companies that we're evaluating both from a perspective that if you're on the cap table, what do you like about it? And if you're not on the cap table, what was the reason for exclusion? Because it's very rare that there would be a company now in this space which is of decent size, and it wouldn't have been evaluated by some debt investor or the other. Portfolio performance is incredibly important. Here our goal is to understand the kind of product the company is doing. And across the benchmarks that we've seen across the industry, what is their performance relative to the others? Because unit economics are dictated by portfolio performance to a large degree combined with their performance as compared to the rest of the industry helps us understand what grading do we give this company. Are they outperforming the industry, or are they underperforming, or are they remain same as the rest? So this is a very important kind of metric which helps us understand this. Now, I want to talk a little bit about why we have gone about and done these kind of term loans. One of the things this has helped us to establish a fairly large distribution. This distribution is incredibly important because it helps us now go to the next stage. One of the changes in strategy that Apollo has essentially done is that in the past, we tended to partner with early-stage FinTech companies, because there were many, many companies back then, and at the same point in time, we felt the industry isn't mature enough. Today, we feel there is a sense of maturity setting in inside the industry, where it's become easier for us to evaluate companies and put in that upfront investment of time, analysis of various forms of diligence. This is what we can do because we are exposing a term loan to them. Had we only been doing a BC Co-Lending partnership with them, it's not possible to do that level of diligence, because the opposite company may not be willing to share the kind of information that we require.

	But given that we now are first collaborating with them in the form of a short-term term loan, which may be 4 months, 6 months, or maybe maximum 12 months in duration, it allows us to get a lot of thorough diligence done. Once we like what we see, then we end up doing co-lending and BC partnerships with them. When we do these partnerships, they are sizable partnerships now. There has been one big change. In the past, when we used to do BC Co-Lending partnerships, we used to end up doing multiple partnerships, but they would always start small. Now the goal is to end up doing maybe fewer of these partnerships, but commit a significant amount of capital because we've done our diligence, and after looking at all the numbers, we are incredibly positive about these companies. So if I project our AUM a little bit into the future, our expectation is it to be more towards retail, which is 70% towards retail and 30% towards your term loan book, because that will always be to discover new partners potentially, and 70% will be more towards the partners that we have done our diligence on and we've really liked what we've seen. One thing I want to also talk about as the next step is what are some of the tools from a technology perspective which have allowed us to do all the things that I've spoken about right now. The very first thing which you must have noticed a theme in the conversation that we're having today is to talk about industry benchmarks. Given our distribution strategy, we've basically been able to get real-time data inputs from, I would say, the top 10 to 15 players in the industry, which really helps us in the following ways. One, it helps us to understand what is going on in the industry in terms of what are the numerical benchmarks inside the industry, as to what are the defaults that people are seeing in what kind of product, which products are performing better, which pockets of loans are performing better, which geographies are performing better, which PIN codes are performing better. All of this information helps us in two ways. One is obviously to do and have an internal ranking of all the companies that we're evaluating. And second, all of this feeds into our credit algorithm, because usually the credit algorithm which is built by people is focused more towards the data that they see on their own loans. Given that we're establishing a fairly large distribution when it comes to data inputs, we are able to take industry level data and feed that into our credit algorithm, which, along with the data that we are also seeing on our own loans, allows us to be a little bit more proactive and better when it comes to dynamically changing our allocations in the products that we have higher exposure to, or companies that we may have a higher exposure to in terms of co-lending or BC.

	Next, this is something which Apollo, of course, has been building for multiple years, but I wanted to take this opportunity today to talk a little bit more about this, because we've made a few interesting updates as well. We spoke last time about Senti, which is essentially an AI tool which Apollo has built on its own proprietary data, which allows us to monitor all calls which are going to customers and understanding the tone and anything which is potentially non-compliant, it immediately flags it. This is incredibly important, especially in a partnership model, where we have to monitor multiple partners and the various call centers that they're employing to ensure that our borrowers get an ethical and good experience. Now we've gone one step further, which is what's the best way to be extremely cost-efficient and at the same point in time, be 100% compliant when talking to customers. It's AI calling essentially. When you have voice bots doing the calls, you can be assured that number one, the calls will be done in a highly compliant manner. The conversations that they will have with customers are ones which are incredibly polite and nice, and they will never get frustrated. One of the largest feedbacks we've noticed from call centers is because of the large call volumes which happen, a human being who's making these calls and constantly trying to do collections, it can be a frustrating endeavour. And human beings finally can let emotion show. So one of the beautiful things that we're finding out about some early tests that we're doing with our AI voice calling is that it's always in a good mood. It's always maintaining protocol. It's following the script. And it's essentially always making sure it's compliant. And obviously it never gets tired, and it's almost 10 times cheaper. So there are a lot of interesting ingredients that we are noticing which can be a replacement to the call centers which typically people end up using from a collection standpoint. From a collection channels perspective, there's a lot of work that we are doing in exposing multiple channels to the customer in order to make a repayment. Usually people would have to go to the app to make a repayment. Now, we're exploring channels such as WhatsApp, even potentially apps like Paytm or apps like Google Pay, where they will see notifications about an EMI which is due, or the loan amount which is due, and just by simply using UPI, they can make the repayment back. It's more than just figuring out the right channels. It's also figuring out the right time in which to ping the customer to maintain the balance of convenience, and at the same point in time getting them to actually pay this loan back. Finally, given the level of distribution that we've established, and the diligence that we have done across the industry, we've also recognized

	a few best-in-class collection agencies across India who are already working with some of the best FinTechs in the ecosystem today, and we've onboarded them with Apollo, so that whenever we need to go to whichever part of the country, we do have the best-in-class collection agencies which have already seen good results for the rest of the industry onboarded with us. So these are a few of the updates that I wanted to share. Now I wanted to pause and allow you guys some time to ask us any questions you want to. With that, I'll pause the presentation. Thanks.
Disha	Thank you, Mikhil and Diksha, for giving such an insightful presentation. Myself, Disha Khemani, Company Secretary and Compliance Officer of Apollo Finvest (India) Limited. We will now open the floor for questions. If you have a question, I would request you to please raise your hand so that I can make you the speaker, and you can unmute yourself and share it with the group.
Investor	Good morning, sir. My question is when will we have our growth engine back? I mean, we have done a lot of partnerships, but when will we get some amount of co-lending with any deadline about the timeline by which we will get our business back as usual?
Mikhil Innani	Yeah, of course, as you mentioned, there has already been a lot of movement in the co-lending space. And in my opinion over the last year or so, we have seen a lot of positive movement in the AUM. I think we've grown almost 75% over the last one year. We do expect good progress to be coming as well in the quarters ahead, and there are some interesting partners that we've taken exposure on from a term loan perspective that we now will be converting to BC co-lending partnerships as well. So I think in the coming quarters, hopefully, we'll be able to share more light on which those partners are. But we're already seeing positive movement over there where we already have some partners live, and I think we're expecting more as well in the coming quarters, and that's what we've kind of given a guidance of also as well. You should expect that a good portion of our book ends up becoming retail loans, flipping from currently being in the mode of basically term loans, which was largely just to establish the distribution with the right people.
Investor	And sir, we have done term loan partnership with our partners. Can you please explain what is the name that we charge to them?
Mikhil Innani	Sure. So typically, our cost of capital is fairly varied. It goes anywhere between 10 to 13-14%. From a blended perspective, our cost of capital must be sub 12% at this point in time. And typically when we do the term loan, from an (Extended Internal Rate of Return) XIRR perspective, everything is usually 16-17% and upwards. So that's typically what the cost structures look like for us.

Investor	That means we are just earning on. If we are giving around 100 crore rupees loan, we are earning around 3 crore or 4 crore rupees annually. That's what I get it.
Mikhil Innani	Yes, I mean, your assumption is that all the money is debt, which isn't true. Our debt to equity right now is fairly low. It's only 0.4%. So our (Net Interest Margin) NIMs end up becoming much higher.
Investor	Okay. Any other partnership that will be fruitful for our portfolio, because we have done partnership. But we are not growing substantially as we are growing previously.
Mikhil Innani	So I think, very honestly, our perspective here is slightly different. In my view for our growth, we always look at two things, One is AUM. We want to grow sustainably. If I think where we are at, I think our AUM has jumped almost 75%. We've been long enough in the industry to recognize that there is no price to go fast over here. This isn't a space where being the biggest necessarily means being the best. In financial services, our focus has always been to the side of caution. We've always indicated over the last few quarters that we see a good space now to grow. And I think the numbers have told that. We've grown almost 75% AUM-wise in the last quarter. But just to give caution to the rest of the investors as well, our goal really isn't to grow for growth's sake. We'll always see the right opportunity, and whenever we see the right opportunity, that is when we will end up growing. We don't want to be a company which is growing a thousand percent, etc., because the reality is that whenever we've seen companies in the ecosystem do that, it's not led to good results. And what I mean by that is, it's usually been at negative ROE or ROE is less than FD rates, which isn't something that we are comfortable as a company doing. One of the things that we're incredibly proud of is that, if you see our record over the last 8 years, despite it being a very young industry, our ROEs have always been in double digits. So that has always been and always will be the focus of the company going forward as well.
Investor	Last 2 questions, there is a dip in AUM quarter on quarter-wise. And also you have said that term loan 2.0, you will be bringing some term loan 2.0. Can you give me some highlights about that? What you mean by term loan 2.0?
Mikhil Innani	So, I think that gave you a few hints about how we are going about and doing term loans. And when it comes to AUM, I think, it's a function of general business. We don't really look at it as quarter on quarter that we must increase the AUM. I think it's gone from some 85 to 83, if I have the numbers correctly, so I don't look at it as a meaningful dip either way. Our thought process is more across looking at the year. So when I look at across the year, I think I do see that there's a significant jump. And again, our goal isn't to grow AUM quarter on quarter, just for the sake of the numbers looking better than the previous quarter.
Investor	Thank you, sir
Disha	So let's move to next question.

Investor	Very good morning. I just wanted to understand. What's the plan for the next financial year. And are there any changes in the business plan specifically to increase the AUM.
Mikhil Innani	Yeah, definitely. I think the plan for the next year, as we mentioned in the presentation, is a lot of the last couple of quarters has gone into establishing distribution via term loans, and of course, that has been reflected in the numbers as well. Today there's a 60/40 split in favor of term loans. But what that's helped us do is understand the industry deeply in terms of what are the kind of numbers which are going on in the industry which allows Apollo to do two things. One is obviously evaluate the company that we are looking at a little bit more deeply. And second, also figure out who is actually outperforming the industry and who is underperforming. Now that we know which are the companies out there which are doing well, and potentially outperforming in the industry, I think now, in the coming quarter and in the quarters ahead as well, our plan is going to be to double down on these companies in the form of retail loans. So you will see the split hopefully changing to 70/30, where 70% over the next few quarters will end up being more retail, and 30% will be on the side of term loans. And once we establish this kind of ratio, our growth engines will also start going in that direction, where we will utilize the capital that we will raise more and more towards doing the retail book rather than term loans. I think, the cycle that we are starting to see already is that the more good partners you work with, the more capital you are able to deploy. The books also perform better and the better the books perform we are able to raise capital at the right rates, and also raise a lot of capital in order to continue the cycle of deploying capital with good partners. So I think that's the cycle that we're establishing and finding good partners, deploying a lot of capital with them, ensuring the book is high quality which ends up attracting good debt capital which allows the whole cycle to continue. So this is the cycle that we're trying to set up.
Investor	Hi, Mikhil, thank you for the presentation, it was really helpful. I just have one question that in last 6 months we have seen a huge dip in the industry, So I wanted to know your views about it. And do you think there will be like some betterment in the situation in the coming financial year?
Mikhil Innani	Yeah, absolutely. In the industry we have seen some degree of slowdown, and I think it's been a combination of regulatory scrutiny as well. From the RBI perspective, a few months back they had increased the risk weightages for unsecured books, which led essentially from a top-down perspective less capital to be available. So certain banks and NBFCs, as a response to RBI increasing the risk weightages in the unsecured space, ended up focusing a lot more in the secured space.

	Largely the digital lending industry obviously lives in the unsecured space. So when there is a lack of capital in the ecosystem, it leads to a bit of slowdown and potentially slowdowns can result in further issues inside the industry. Because loans stop churning, and when loans stop churning it's potentially possible that the distress can end up reaching customers as well. Across the industry, one of the trends that we did observe is that certain loan books of partners ended up having higher levels of defaults and stress than before. Apollo is fortunate enough that our numbers really didn't change much to be honest. But this was a change that we did observe. Over the last couple of months or so, we are seeing shoots of recovery where now there is maybe a little bit of RBI relaxation towards the unsecured space as well, because potentially, I think it contracted more than their intended targets. So, hopefully, over the next few quarters we should start seeing some degree of rebound as well.
Investor	Thanks, Mikhil, that's good to know.
Disha	We have one question in our Q&A i.e. If the AUM is 500 crores in 3 to 4 years, possibly, are we working with any legacy DFI which needs digital hand holding.
Mikhil Innani	We are working with any kind of legacy companies today? The answer is no. Our focus is more towards vertical integration where Apollo ends up building tech largely for itself, or only for the potential partners it does co-lending or BC lending with. The reason is, we strongly believe that tech is a secret source for us, and we don't want to potentially outsource it or give it to any other lender, and honestly help them. We know that in the industry, especially in the legacy companies, tech ends up being an Achilles' heel and getting them to adopt our tech will distract us from our mission of making Apollo really the destination. Our philosophy is more on the lines of that, if you like what Apollo is doing, and if you believe that digital lending is going to be great over the next 10 years or so, the way to enter the space of digital lending is via Apollo. And you can take an exposure in Apollo in the form of debt. So that's what we encourage legacy companies to do, that if you like what we're doing, you like the results that we produced. We've had proof in the pudding; we've been doing this for 8 years and consistently delivered great ROEs with a risk-controlled book. So there is a lot of attraction from traditional lenders as well, who want to get into the digital lending ecosystem, but the path that we encourage them to always use is going via Apollo Finvest in the form of taking direct exposure in us. So that is usually the thought process that we have for them.
Disha	We don't have more questions. Thank you for joining us today and for your continued support and interest in Apollo, have a great day.
Mikhil Innani	Thank you!!