

**August 07, 2025**

To, National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Scrip Symbol: MANBA	To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai- 400 001 Scrip Code: 544262
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**Sub: Transcript of conference call held in respect of the Financial Results for the quarter ended 30<sup>th</sup> June, 2025**

**Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations')**

Dear Sir / Madam,

In furtherance of our letter dated 30<sup>th</sup> July, 2025 for Analyst / Investor Earning Conference Call and in pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, enclosed herewith the transcript of the Earning Conference Call with the Investors and Analysts held on Tuesday 05<sup>th</sup> August, 2025 at 02.00 P.M. (IST) to discuss the operations and financial performance for the quarter ended on 30<sup>th</sup> June, 2025.

The transcript of the earning conference call will be available on the website of the Company at: [www.manbafinance.com](http://www.manbafinance.com)

You are requested to take the above on record.

Thanking You.

**For Manba Finance Limited**

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**Bhavisha Jain**  
**Company Secretary and Compliance Officer**

**Encl: As above**



**Manba Finance Limited**  
**Q1 FY26, Earnings Conference Call**

Event Date/Time: 05/08/2025, 14:00 Hrs.

Event Duration: 46 mins 11 secs

**CORPORATE PARTICIPANTS:**

**Mr. Manish Shah**

Managing Director

**Mr. Jay Mota**

Executive Director & CFO

**Tushar Pendharkar**

AVP, Ventura Securities - Equity Research

**Q & A Participants list:**

1	Nemin Doshi	Geojit PMS
2	Parth Jariwala	DAM Capital
3	Sudharsan Nachimuthu	Prosperity Wealth Management
4	Jai Chauhan	Trinetra Asset Managers
5	Mithun Shah	Individual Investor
6	Maitri Shah	Sapphire Capital

## **Moderator**

Ladies and gentlemen, good day, and welcome to the Manba Finance Limited Q1 FY26 Earnings Conference Call hosted by Ventura Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing \* and then 0 on your touch-tone phone. Please note that this conference is being recorded.

Before we begin, I would like to point out that this conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

I would now like to hand over the floor to Tushar from Ventura Securities. Thank you, and over to you, Tushar.

## **Tushar Pendharkar**

Thank you. Good day, ladies and gentlemen. On behalf of Ventura Securities, I welcome you all to the Manba Finance Limited Q1 FY26 Earnings Conference Call. The company is today represented by Mr. Manish Shah, Managing Director and Mr. Jay Mota, Executive Director and CFO of the company.

I would now like to hand over the call to Mr. Manish Shah for his opening remarks. Thank you, and over to you, sir.

## **Manish Shah**

Thank you, Tushar. Good afternoon, all, everyone and thank you for joining Manba Finance Limited Earnings Call today to discuss the performance for the first quarter of financial year 2026. I would also like to thank Ventura Securities for hosting this earnings call.

In the interest of some of the people who are new to the company, let me first start by giving a brief overview of the company and operational highlights, followed by our CFO, will brief you on the financial performance for the first quarter.

Manba Finance is an NBFC, a range of financial solutions including loans to new two-wheeler, three-wheeler, used cars, small business loan, top-up loan and used two-wheeler loans.

We are currently operating in 76 locations across 6 states, precisely Maharashtra, Gujarat, Rajasthan, MP, Chhattisgarh and UP. Our distribution network includes over 1250-plus dealers. We have secured funding from three public sector banks, nine private sector banks and 25 NBFCs. We also have a co-lending arrangement with Muthoot Capital Services. We have a total team size of 1,522 employees, out of which more than 700-plus employees are part of our sales team.

Our internal collection team ensures lowest NPA in the industry. The company commands one of the fastest turnaround times for loan sanctioning in the industry, with over 60% of loans sanctioned in 1 minute and 92% of the loans sanctioned on the same day.

Now, let me discuss some of the key operational highlights for the first quarter of financial year 2026. Our asset under management (AUM) stood at INR 1,415 crore, reflecting a robust YoY growth of 43%. We also achieved a record high disbursement of INR 165 crore in Q1 FY26, up from INR 130 crore in the Q1 FY25, which is almost a 27% growth.

This strong growth was driven by the continued expansion of our dealer network. We added 1,258 dealers at the quarter end, which has grown by 77% YoY. We have expanded to 76 locations. In other updates, we forged several new tie-ups during the quarter in both used two-wheeler and used four-wheeler segment, which is a new for the company. Additionally, we entered into business correspondence partnership with Prosperity, Fincooper and Omraj to further enhance our market reach.

The launch of new collection app has also significantly improved our collection efficiency. We are also proud to share that Manba Finance has now been qualified as a mid-layer RBI NBFC.

Now, I request our CFO and Executive Director, Mr. Jay Mota, to brief you on financial performance.

### **Jay Mota**

Thank you, Manish sir, and good afternoon everyone. Let me provide a brief overview of the financial performance for the first quarter of the financial year 2026. For the first quarter under review, our net interest income stood at INR 31 crore, reflecting a 38% YoY growth with the net interest margin of 12.43%. Profit after tax for the quarter was around INR 10 crore, which grew by 89% YoY.

The cost of borrowing currently stands at 11.05%. Our GNPA stood at 3.47% and NNPA was 2.64% as on June 30, 2025 while our capital adequacy ratio stands at 28.21%.

With this, we can now open the floor for the question-and-answer session. Thank you.

### **Moderator**

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press \* and 1 on the telephone keypad and wait for your turn to ask a question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. Ladies and gentlemen, if you have a question, please press \* and 1 on your telephone keypad. We will wait for a moment while the question queue assembles.

The first question comes from Nemin Doshi from Geojit PMS. Please go ahead.

### **Nemin Doshi**

Thanks for this opportunity. I have a couple of questions. Firstly, with respect to interest income, just going through your financials, it seems that there has been sequential decline in interest income from INR 65.5 crore to INR 63 crore. So, what explains this while our AUM has grown?

Secondly, what explains the steep increase in borrowing cost and other income for that matter for Q1?

**Jay Mota**

Yeah. Hello? Hi. Am I audible?

**Nemin Doshi**

Yes, sir.

**Jay Mota**

So, the decrease in the interest income is due to the change in the repo rate and everything. So, we have to also reduce the rate of interest to the customer. So, that's why there was a slight decrease, we can say, in the interest total income. Okay?

**Manish Shah**

Secondly, on the same line, from the January to tighten our credit, we have restricted our loan to value. And for that, we are offering a low rate of interest. So eventually, it is going to be helpful for better NPA. So, my gross income has been reduced. That is also one of the reasons.

**Nemin Doshi**

Okay. So sir, I believe most of our loans would be fixed in nature. So, this would be for the incremental loan that we have disbursed, right?

**Manish Shah**

Yes. So, this has started from January. And as we know that this is a very short-term loan. Average loan tenure is only 24 months only. So immediately, it starts reflecting QoQ.

**Nemin Doshi**

Okay. And what explains the increase in finance cost for that matter?

**Jay Mota**

So, increase in finance cost was due to we are keeping good liquidity with us right now, somewhere around INR 150 crore to INR 200 crore with us to strengthen our balance sheet. And second, normally, we used to do 2-3 PTC transaction, which gives us the lower rate of interest. But this month, we have not done this quarter. So, we are exploring the PTC transaction in coming quarter, Q2 or maybe Q3.

**Nemin Doshi**

Okay. So, what is our rate of interest for the new loans from Jan 1?

**Manish Shah**

So, our new loan interest to the customer where we are restricting LTV up to 75% that stands for IRR 18 to IRR 19 and between 75-85%, we are giving at IRR 20 to IRR 21. And the mix of the business in these two LTV categories is up to 75%, we are doing almost 60% of our loan.

**Nemin Doshi**

Okay. So, up to 60%. So largely, our yield would be in the range of 20-21%, right?

**Manish Shah**

20%, yeah.

**Nemin Doshi**

Okay. Going ahead, sir, how should we see this standing out given the interest rate that has happened and our loan book is more or less fixed in nature? It's a high-yielding book for us. So, how should the NIMs progress? Even on the credit cost front, what do you expect?

And do you see any asset quality issues, which is the reason why you have started offering lower LTV for that matter? Is that the case?

**Manish Shah**

So, our assets so far behaving very nicely. But the moment we all know from September, MFI and personal loan is affected. So, these are some of the customers who are also taking the personal loan and they keep serving both the EMIs here and there.

So, that's the reason we have reduced our LTV to once the customer is having a 20-25% of equity, there is a very rare chance that he will not serve this loan properly.

**Nemin Doshi**

Okay. Nothing to read into PCR. Will there be increase in provision coverage going ahead? Because we are at 20-25% whereas peers would be approximately 40-50% with respect to provision coverage. Any thoughts on that?

**Manish Shah**

Yeah. So, as far as my competitors are concerned, their credit loss is around 2.5-3%. And some is having a 4% and 5% also whereas my credit loss across in last couple of many years is not even more than 1% also. It is always less than 1%. So, my eventual credit loss is very less.

Still every YoY, we are increasing the PCR to strengthen our balance sheet because it has started the journey with 10%, then 13%. Then in FY23-24, we made it 16.5%; FY24-25, we made 20%. And last year, we made it 24%. And this year, we are targeting to make it 26% or 27%.

**Nemin Doshi**

Okay. Got it. Lastly, sir, your strategy around the next few years, how would you be, planning towards the growth with respect to your asset mix? Will it be more focused towards two-wheelers, three-wheelers or personal loans, which is high yielding segment for you?

Will that contribute given the fact that you are facing some of the asset quality issues over there? So, what would be the mix and the strategy around your AUM growth and mix for the couple of years going ahead?

**Manish Shah**

Yeah. So today, my two-wheeler contribution to the net total AUM is around 82%. Right? My top-up is around 7%. And additional 10% all other products are there, such as a three-wheeler, used car and small business loan.

So, over every year, our concentration on two-wheeler, of course, will remain major. But in a three years' time, we would like to bring it to 70% to our total book size, 65-70%. And balance sheet will grow with the EV financing, three-wheeler, used car. Personal loan and small business loan will always be very, very cautiously we will grow because that is the only unsecured loan companies into, which is today not even 4% of my total AUM.

**Nemin Doshi**

Okay. Sir, last question from my side.

**Manish Shah**

To further clarify that in the next 2-3 years also, the unsecured portfolio will remain under 10% only.

**Nemin Doshi**

Okay. Got it. So, lastly, is it fair to assume that your AUM growth will be, on a lower base, it would be 35-40% whereas your PAT growth, given the fact that you will be investing more towards the distribution and technology side, will that be on a lower end? Or that would exceed 35-40% given the operating leverage will come into play?

**Manish Shah**

So, as a philosophy, we want to grow by 30-35% only, not even 35-40% because this is a retail product. So, 30-35% if you grow, then only you will be able to focus and keep a proper bandwidth on the collection side.

**Nemin Doshi**

Okay. So, 30-35% both on AUM as well as on the PAT side, right?

**Manish Shah**

Yeah.

**Nemin Doshi**

And one last thing, sir, what explains the jump in other income? It's INR 2 crore for the quarter.

**Jay Mota**

So, that INR 2 crore is like maturity amount we have received from the LIC towards the key main policy we have taken in earlier year. So, it was INR 2 crore we have received upon the maturity in the company only.

**Nemin Doshi**

Okay. Thank you. Thank you so much and all the very best.

**Jay Mota**

Yeah. Thanks.

**Moderator**

Thank you. The next question comes from Parth Jariwala from DAM Capital. Please go ahead.

**Parth Jariwala**

Hello, sir. Thank you for the opportunity. So, I have two questions. The first question has been partly answered. So sir, in terms of our segments where we operate in, are you seeing any stress particular which could be a bigger going ahead considering we are into small business and vehicles and other players have also alluded to some stress in this segment?

That was the first question. And sir, secondly, while you have given an AUM growth guidance of 30-35%, how do we think of a long term strategy in terms of profitability for next 2-3 years? So, see, in one of our calls, we had mentioned that our PAT would be touching INR 100 crore by FY27. So, are we on track for this? Or how to think about this, sir?

Those are the two questions.

**Manish Shah**

Yeah. So as far as stress, your first patient is concerned. As I've already told you that we have been closely monitoring, watching the entire bouncing of EMI and credit loss and all. And that's the reason we have reduced our LTV to almost 8-10%, which we were doing till December 31, 2024. So in two-wheeler, controlling the LTV that is the biggest weapon to control your credit loss.



So, that's we are clearly able to manage. And we have some of the states which we have just started just in last 2 and 2-1/2 years, which is UP, MP and Chhattisgarh, there is a huge scope of expansion with restriction on the credit parameters.

So, as far as stress asset is concerned or on NPA side it is concerned, it will be well taken. And this story, the way we have performed in the past, that will continue for the future.

As far as your second question is concerned, that FY27, we will reach around INR 100 crore. Yes. Because see, the way we are growing from FY23 to FY24, FY24 to FY25 and now every year, 30-35%, we are talking about the growth, but the eventual impact in the PAT will be more because we are leveraging our infrastructure cost, we are leveraging our senior employees who have joined in 1-1/2 to 2 years.

And then the moment they will reach at one level of AUM, that cost will be leveraged. So, reaching profitability of INR 85 crore to INR 100 crore FY27 should not be an issue.

**Parth Jariwala**

Got it, sir. Thank you so much.

**Manish Shah**

Yeah.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad.

The next question comes from Sudharsan Nachimuthu from Prosperity Wealth Management. Please go ahead.

**Sudharsan Nachimuthu**

Hello, sir. Thank you for the opportunity. My question is on the asset quality trend. I believe during our last call, we mentioned we might be providing stage 1 and 2 assets going from now. So, if possible, from next presentation, those details included would be helpful.

And for this, can you just comment on what are the current numbers of stage 1 and stage 2?

**Jay Mota**

Yes. Hello?

**Manish Shah**

So, first of all, that day also, if you just see, we have told that every half yearly, that means on September result, with the presentation only we are going to give you stage 1 and stage 2 numbers. But for your

knowledge, what is the unit number for the June that can be we can really share with our IR agencies and we'll definitely share this number with the Valorem.

**Sudharsan Nachimuthu**

Right. Thank you. That would be helpful. And on the yield trend, you did mention from January, you have reduced the yields and your customer quality has gone up. So, taking the full year into account, what would be the closing NIMs for the year?

**Manish Shah**

So, my NIM will remain what has been shown around 12.43, it will remain almost similar to that only maybe because the way we reduce on an LTV ground at the same time, we have started the small business loan that is also a little bit growing and that we are lending almost at 22-24 IRR. So, as a mix of everything, this will support.

**Sudharsan Nachimuthu**

Okay. Thank you. And regarding branch [inaudible 00:21:34], you did mention your operating leverage will pay out. So, if you can just sort of give us a number, wherein what is your AUM of branch, which is two years older and AUM of branch, which is six months older. Is there any metric you guys are tracking? That would be helpful.

**Manish Shah**

So, out of INR 1,400 crore, almost the branches which are in Maharashtra, Gujarat and Rajasthan, they all are almost four-year plus, our presence is there more than four years. So, this is all are matured branches and the AUM totaling to Maharashtra, Gujarat and Rajasthan out of this INR 1,400 crore is around INR 1,150 crore.

**Sudharsan Nachimuthu**

Okay. And regarding customer breakup in terms of OEs, is there any possibility of giving us how much is from your TVS and how much is from Hero?

**Manish Shah**

Yeah. So, we are actively lending in the four brands, Honda, Hero, TVS and Suzuki. Our Hero is around 35%, Honda is around 28%, TVS is around 18% and the balance is Suzuki, which is 10-12%.

**Sudharsan Nachimuthu**

Okay. And is it safe to assume a chunk of these loans would be scooter loans?

**Manish Shah**

Pardon? Scooter and motorcycles, you are talking?

**Sudharsan Nachimuthu**

Yeah. So, is it majority of scooters or is it scooters and motorcycles?

**Manish Shah**

60-65% is scooter and balance is motorcycle.

**Sudharsan Nachimuthu**

Right. And can you please confirm if your co-lending arrangement with Muthoot is still going on?

**Manish Shah**

Yeah. So, as we have a very better capital adequacy ratio and leverage we have available, so now from May 1, we have stopped dispersing new disbursement from Muthoot Capital arrangement. Only whatever we have done in past that we are serving.

**Sudharsan Nachimuthu**

Right. And so, the AUM which you mentioned, how much of it is on your book? And what is the Muthoot or other co-lending share?

**Jay Mota**

So, out of INR 1,415 crore, INR 1,280 crore is on book. And with Muthoot, it's somewhere around INR 130 crore and balance INR 30 crore is from DA transaction.

**Sudharsan Nachimuthu**

Right. Okay. And on the cost of borrowing trends, so sequentially, we have seen an increase, and you did mention this and explained through your PTC transaction not happening in this quarter. But however, we see that there is an NCD issuance in Q1, which was at 11-11.3% coupons.

So, can you just confirm what is the bank borrowing cost versus your NCD cost?

**Jay Mota**

So, bank borrowing is right now below 11%.

**Sudharsan Nachimuthu**

Okay. And is there any particular reason we opted for NCD rather than getting into banks? Because NCD is fixed for two years and given the [inaudible 00:25:00] and possibility of it coming in another this MPC?

**Manish Shah**

No. So NCD, there are two-three things. One is bullet payment. Secondly, it is through NCD because now from last three of our issuance, we are giving retail NCD that is INR 10,000. So, we want more and more people to remain in touch with Manba.

And now, almost 8,000 NCD holders are there who are watching closely Manba Finance, along with my almost 20,000 shareholders.

So, this is the whole idea of issuing more NCD. And so, later maybe six months to one year down, we would like to come with the NCD debt IPO also. So that in a way what we have observed that reducing rate from bank, it always depends upon the repo and all. But as far as NCD is concerned, it is mixed of your performance as well as the repo reduction.

So, that's the reason we are more focusing nowadays on the NCD.

**Sudharsan Nachimuthu**

Okay. And the reason 50 bps cut, is it fully forwarded on to you by the banks?

**Manish Shah**

Can you speak little loudly, please?

**Sudharsan Nachimuthu**

My question is the reason 50 bps cut, does the bank have passed it to you?

**Jay Mota**

No, no. It will be passed now onwards because just repo rate has been reduced on June 5. So, they will be passing on whatever reduction is there, it will be in coming quarters.

**Sudharsan Nachimuthu**

Right. Okay. Thank you very much. That's it from my end. I will join back the queue.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad.

The next question comes from Jay Chauhan from Trinetra Asset Management. Please go ahead.

**Jay Chauhan**

Good afternoon and thank you for the opportunity. Am I audible?

**Manish Shah**

Yeah.

**Jay Chauhan**

So sir, most of my questions have been answered, but just one question I have, which is currently your borrowings include banks, NBFC, NCDs. Given your strong capital position, growth plans, are you exploring any new funding avenues like ECBs or bonds or any alternative funding sources?

**Manish Shah**

So see, as a policy, no, we keep exploring new funds and new banks, new avenues. So, if you see three years before, we were doing only CC term loans, then we started PTC, then we started DA, direct assignment, then we started co-lending, now a lot of aggressive in the NCD.

At the same time, we are already discussing one or two aggregator who are very resourceful in ECB transactions. But it is difficult to say when and where it is going to be clicked, but yes, we are exploring.

**Jay Chauhan**

Right, sir. Understood. That's it from my side, sir. All my questions have been answered. Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad.

The next question comes from Mithun Shah, an individual investor. Please go ahead.

**Mithun Shah**

Good afternoon, sir, and thank you for my question. First question is on industry growth as we are building 35% type of a growth in our business. What is the expectation for two-wheeler industry growth over next two years we are building in our assessment?

**Manish Shah**

So, two-wheeler this year it seems around 10-12%. And as discussing with a lot of OEMs, their prediction for the next year also in the same range versus how we will be able to achieve 30-35% growth because there are a lot of newly operated states in our book, which is UP, MP and Chhattisgarh. And lot of geographies, it is untouched so far. So for us, reaching out to 35% growth AUM should not be a problem.

At the same time, we have introduced now a couple of products also. Now, the company is not only dependent on the two-wheeler, now we are also in the EV financing, three-wheeler, used car, small business loan and top-up. So, it's a bouquet of products now and reaching 30-35% growth should not be a challenge for company.

**Mithun Shah**

This 10-12% growth you are assuming for vehicle numbers or in terms of revenue or prices of the vehicle?

**Manish Shah**

So, this is what I've told you, is about the vehicle numbers, but effectively, it will give us a growth of almost 14-15% because every year, there is a price increment of 4-5% in the vehicle cost.

**Mithun Shah**

Okay. And in case, if the situation may be slightly challenging because of all this global turmoil and all US tariff-related impact on Indian economy, in case industry grows by 5-6% two-wheeler industry, still we'll be able to do 25-30% growth because of the expansion into new geographies?

**Manish Shah**

Yes. So, this is how we are measuring QoQ. The moment we understood that in this quarter also, we see the Honda and Hero both have de-grown, okay? So, we have immediately taken a step and added eight more locations in the UP and that will be effective from August 15 operationally. And I think that will cover up the gaps, which has been happening in the industry.

**Mithun Shah**

The second question on replacement side or like a resale vehicle financing. As we have seen across automobile segments, passenger vehicle, two-wheelers and even three-wheelers in the last 4-5 years, there has been a very strong growth on the OEM side.

So generally, we observed that in subsequent 2-3 years, there is a higher growth for the replacement as around 4-5 years is the replacement cycle for two-wheelers or even in case of passenger vehicle, 6-7 years.

So, what is our target for this part of the financing? And where do you see an overall pie in the 2-3 years down the line? And what is the strategy we are doing to increase the dependence rather than only on the two-wheeler OEMs?

**Manish Shah**

So, we are talking about the other products. Right? Other than two-wheeler?

**Mithun Shah**

Other than OEMs, you initially highlighted the second-hand passenger vehicle financing and all.

**Manish Shah**

So, used two-wheeler also, we have been very aggressive. We are very active in this. And same with the used car also because the moment we started and we are getting a very good response in the NCD at 11%. So now, we are in a position to lend at 16-17 IRR with the used car, which was previously not possible for the company for the cost of borrowing. So, that is also increasing.

Used two-wheeler, there is a lot of professional and organized players have started opening up the showrooms and branches in the used two-wheeler and it is becoming little mature product. So, now on that side also, company is focusing.

As I mentioned in my opening remarks also that we have started business correspondence, so already three partners have started disbursement in this quarter and in the coming quarter, four more are joining. So, that also we have taken as a backup plan to reach our AUM targets.

### **Mithun Shah**

Okay. And last question on your strategic profitability target of about INR 85 crore to INR 100 crore in next two years or maybe in three years. So, can you give more detail in terms of this 30-35% growth in terms of how much would be the industry underlying growth as you highlighted about 10-12%?

And how much would be from the network expansion? How much can be from the market share gain or any other non-two-wheeler segment growth-related indication to reach this INR 85 crore to INR 100 crore target, including 35% top-line growth and bottom-line growth even higher than that. If you can give more detail on this.

### **Manish Shah**

Yes. So, I will give you a couple of reply to this. One is there is a natural growth where we are already mature. For example, we are in business over 4-5 years. So, almost all the geography we already explored. So there, our growth will be restricted to 10-12% only. It will be always in the pattern with how industry is growing.

But at the same time, there are three states we have not reached even 20% of the market. So that way, every year, we'll keep on adding more locations. As far as market share is concerned, in the area where we perform more than four years, historically, our market share ranges between 14-18%. And all these three new areas where our market share is only 3-4%.

So, there is a huge potential availability there. So all this data, which clearly shows that till FY28-29, only with this, if we don't expand any more state, still we will be able to reach out the 30-35% as far as vehicle portfolio is concerned.

Small business loan, we started the journey before 15 months only with the Mumbai as a branch, then it was a good performance, we started Nasik, Pune, now Ahmedabad and now in October, we are starting from Jaipur also. So, that product is also gradually growing.

Of course, the scenario for the unsecured is little tight. So, we are going very, very conservative and very precautionary approach we have applied. So, still there is a huge potential in that product also. So,

reaching out 30-35% is not a challenge. And now as I told you, because of this, this is a big element to reach out INR 85 crore to INR100 crore profitability.

At the same time, it will leverage my present infrastructure, it will leverage my all-senior professionals who have been joined. For example, UP, where we have taken a very senior person of the industry with the 20 years of experience. Now, with the zero development, their cost was huge. Now today, almost every month on month, UP is disbursing INR 6 crore to INR 7 crore.

So gradually, in a year and two years, his cost will be leveraged. So, putting all these parameters and what we are assuming that to pass on to customer is a 50% of what we are getting, what we are going to get benefit from a reduction in our cost.

Fourthly, we are also in a process of two rating agencies where my appraisal is there in the month of August, and we are very positive on getting A-minus. So that also will be a very, very helpful reductions further 50 points to 1% rate of interest.

So, all to put together, reaching our target numbers will not be tough.

**Mithun Shah**

Understood, sir. Thanks a lot and all the best.

**Manish Shah**

Thank you.

**Moderator**

Thank you. We have a follow-up question from Sudharsan Nachimuthu from Prosperity Wealth Management. Please go ahead.

**Sudharsan Nachimuthu**

Hello, sir. Can you please comment more on your small business loans, what kind of customers you are looking at, what would be the end use of the same and how was the sourcing and collections team for them?

**Manish Shah**

So, first of all, we have an entire relationship manager team who does a cold call, who visits the shops and all, and they discuss with the potential customers and borrowers and then they collect the data point. We are not sourcing a single business from any of the DSA. We have our own team. Mostly, these are the small shopkeepers, traders who are mainly into Kirana shop or a mobile shop or like that and their presence in the business should be minimum of 3-5 years.

We also see that there is already line given by 3-4 other lenders. We will also earmark that if one of this lender is there, then there is a more probability of getting sanctioned this loan. So, these are the few parameters and completely digital process. But for this, we check the entire thing, 6 months complete



bank statement, average balance, then what is his cash flow, what is the balance cash flow remaining for the repayment of the EMI.

So, these are the very, very robust system we are utilizing, and we are not in absolutely any kind of hurry. And gradually, we are performing after 18 months with the disbursement of almost INR 75 crore, our NPA stands only 2%.

**Sudharsan Nachimuthu**

Right. And what would be the outstanding AUM for SBL?

**Manish Shah**

INR 60 crore.

**Sudharsan Nachimuthu**

Right. And you did mention you would be looking at other players' exposure. So is there any possibility of BT in this segment?

**Manish Shah**

Pardon?

**Sudharsan Nachimuthu**

Is there any possibility of business transfer from other players to you?

**Manish Shah**

No. So, we are just seeing doing a business correspondence with some of the player, but that we are doing only in the vehicle loans.

**Sudharsan Nachimuthu**

Okay. Got it. And, so you are seeing for your 30-35% AUM and 12.5% NIM guidance for the year, right?

**Manish Shah**

Team size you are talking?

**Sudharsan Nachimuthu**

No. The guidance of 30-35%, you are sticking to it and NIM would be around 12.5% for the year?

**Manish Shah**

Yeah.

**Sudharsan Nachimuthu**

Coming to the OpEx, so it's around 5.5% to the AUM. So, what would be the trajectory in which it will be going for the year? And what is the steady state OpEx to AUM number that one can use?

**Manish Shah**

Yeah. OpEx will definitely will become better and better the way we will be able to get more and more business from the last in a couple of years joined states such as UP, MP and Chhattisgarh because the OpEx today it is in the range of 8-9% because of the size of the AUM, which keeps on reducing every month on month.

So, that will be slightly better situation in the OpEx in coming days.

**Sudharsan Nachimuthu**

Right. So, if you can us a number of your OpEx on your Maharashtra, Gujarat and Rajasthan?

**Manish Shah**

Forward numbers, no, I would like to restrict in such a detail. Okay?

**Sudharsan Nachimuthu**

Not the forward-looking statement. I'm asking what will be the OpEx for your matured branches and their AUM. So, you did mention your Maharashtra, Gujarat and Rajasthan.

**Manish Shah**

You're talking about today's scenario, right?

**Sudharsan Nachimuthu**

Yeah.

**Manish Shah**

Okay. So, today's scenario, the branches, which have already covered four years of operations, their OpEx is around 4%. And the branches which are in the below three years, their OpEx is around 7-7.5%.

**Sudharsan Nachimuthu**

Right. Understood. That is from my end. Thank you very much.

**Moderator**

Thank you. Ladies and gentlemen, if you have a question, please press \* and 1 on your telephone keypad. Ladies and gentlemen, if you have a question, please press \* and 1 on your telephone keypad.

The question comes from Maitri Shah from Sapphire Capital. Please go ahead.

**Maitri Shah**

Hello?

**Manish Shah**

Yeah.

**Maitri Shah**

Hello. Just one clarification. So, previous participant asked that will we reach INR 100 crore PAT in FY27. So is that understanding correct?

**Manish Shah**

So, we have not told about INR 100 crore. I told about in the range of INR 85 to INR 100. So, that because we are expecting a 30-35% YoY, which will support my PAT. Secondly, we are leveraging our OpEx by utilizing all of our senior professionals. Thirdly, we are expecting almost 1-1.5% reduction in the cost of borrowing.

So, overall impact will come to that level and we are pretty sure that we will reach these numbers.

**Maitri Shah**

And our small business finance currently has an AUM of INR 60 crore. How do we plan on increasing the AUM size in the next 2 or 3 years?

**Manish Shah**

Yeah. So, it's a very good product performing well so far in 18 months' journey, almost disbursed INR 75 crore, AUM stands for INR 60 crore with NPA of 2%. But as I told you that the company for next 2-3 years wants to remain unsecured business in below 10%. So, we will not go very, very aggressively for this product.

But yes, very strongly and on a selective area, we'll keep on starting and leveraging our branch for the same product.

**Maitri Shah**

Okay. Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have a question, please press \* and 1 on your telephone keypad.  
Ladies and gentlemen, if you have a question, please press \* and 1 on your telephone keypad.

There are no further questions. Now, I hand over the floor to Mr. Manish Shah for closing comments.

**Manish Shah**

Yes, thanks. So, thank you all for participating in this earnings con call. I hope we have been able to answer your questions satisfactory. If you have any further question or would like to know more about the company, please reach out to our IR managers at Valorem Advisors. And I think they will come back to us and we would like to give more data and more clarification on your doubts or any questions.

We once again thank Ventura Securities for hosting this earning call. And thank you, thank you very much.

**Moderator**

Thank you, sir. Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation. You may disconnect your lines now. Thank you and have a good day.

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- Note:**
1. This document has been edited to improve readability
  2. Blanks in this transcript represent inaudible or incomprehensible words.