Ref. No.: LIFL/SLC/2026-27/52
Date: November 18, 2026

To,
Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai – 400 001(Maharashtra)
Scrip Code: 544465

To,
Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai-400051(Maharashtra)
Symbol: LAXMIINDIA

Sub.: Transcript of Earnings Call with analysts and investors for the quarter and half year ended September 30, 2026

Dear Sir / Madam,

In continuation to our letters dated November 05, 2026 and November 13, 2026, we hereby inform you that pursuant to Regulations 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call with analysts and investors held on Friday, November 13, 2026, at 05:30 P.M. in relation to the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2026, has been uploaded on the website of the Company.

The same can be accessed at the following link:

https://lifc.co.in/uploads/Q2%20Earnings%20Call%20Transcript.17-11-2026.pdf

A copy of the transcript is annexed herewith.

This is for your information and appropriate dissemination.

Thanking you,

Yours faithfully,

For Laxmi India Finance Limited

SOURABH MISHRA
Digitally signed by SOURABH MISHRA
Date: 2026.11.18 13:24:42 +05'30'

Sourabh Mishra
Company Secretary & Chief Compliance Officer
M. No.: A51872

“Laxmi India Finance Limited

Q2 FY27 Earnings Conference Call”

November 13, 2026

MANAGEMENT: **MR. DEEPAK BAID – MANAGING DIRECTOR – LAXMI INDIA FINANCE LIMITED**
MR. GOPAL KRISHAN SAIN – CHIEF FINANCIAL OFFICER – LAXMI INDIA FINANCE LIMITED
MR. PIYUSH SOMANI – CHIEF TREASURY OFFICER – LAXMI INDIA FINANCE LIMITED
MR. KULDEEP SINGH – CHIEF BUSINESS OFFICER – LAXMI INDIA FINANCE LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Laxmi India Finance Limited Q2 FY27 Earnings Conference Call.

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 this conference call, please signal an operator by pressing star, then zero, on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Deepak Baid, Managing Director. Thank you, and over to you, sir.

Deepak Baid: Yeah. Thank you, ma'am. Good evening, everyone, and thank you for joining us for Laxmi India Finance Limited Quarter 2 and H1 FY27 earnings conference call. A warm welcome to all our investors, analysts, lending partners, and stakeholders. Joining me today are Mr. Gopal Krishan Sain, our Chief Finance Officer; Mr. Piyush Somani, our Chief Treasury Officer; and Mr. Kuldeep Singh, our Chief Business Officer.

Before we discuss the financial performance, I would like to share how we are looking at business at this stage of our journey. Over the years, Laxmi India Finance has grown by identifying opportunities in market where access to formal credit remains limited despite the presence of established business and enterprise with genuine financing requirements.

We started by building relationship with customers, understanding their businesses and developing a strong presence in our home market of Rajasthan. Gradually, we expanded into adjacent state, strengthening our product offerings and built the distribution and operating infrastructure needed to serve a much larger customer base.

Today, we cross INR1,840 crores in AUM and expanded our presence to more than 200 branches. We are entering an important phase in this journey. The opportunity ahead is no longer only about how much we can expand. It is also about how effectively we can use the platform we have already built. This is an important distinction for us.

We have invested in branches, people, technology, credit infrastructure, and institutional funding relationship over the past several years. As the business grows, our focus is increasingly on improving productivity, strengthening operating efficiency, and ensuring that every stage of expansion contributes to sustainable profitability.

And when I look at our performing during this first half year of 2027, I see encouraging progress in this direction. Our asset under management stood for INR1,844 crores as of September 30th, 2026, representing growth of approx 33% year-on-year. More importantly, the growth has been accompanied by an improvement in our earnings performance.

Net interest income increased by approx 35% year-on-year, while profit after tax, including other comprehensive income, grew by over 66% during the first half. Our return on asset improved to 3.18 compared with 2.56% in the corresponding period last year. For us, these numbers reflect the benefit of large earning asset base, improving funding economic, and operating investments we have made over time.

At the same time, we recognize that the business is still in a investment phase. New branches require time to mature, new markets require consistent execution, and credit quality must remain a priority as the portfolio expands. We are, therefore, approaching this phase with a clear focus of balancing growth with profitability and risk.

Let me brief discuss four areas that I believe are particularly important for our business going forward. The first is the opportunity with our core secured MSME franchising. India's smaller towns and semi-urban markets continue to have a large population of entrepreneurs and self-employed individuals who are underserved by conventional lending channels.

Many of these customers have established businesses, regular cross cash flows, and collateral, but may not always fit the standard credit assessment framework of large financial institutions. Our business model has been developed around understanding these customers' segment. We combine local market knowledge and relationship-driven sourcing with centralized underwriting, collateral assessments, and structured credit process.

This allows us to serve customers who require timely and appropriate financing while maintaining control over the quality of our lending decisions. Our secured MSME portfolio now stands at approx INR1,493 crores and continues to represent the largest part of our business. We believe this segment will remain central for to our growth strategy over the coming years.

Building on this franchisee, we are also preparing to launch a new product line under which we will offer credit lines to our customers. Many of our MSME borrowers have recurring working capital needs, and a revolving credit facilities let them draw and repay funds as their business require. We believe this will deepen our relationship with existing customers and open a new avenue of growth.

We will share more details of this product as it goes live. The second area is the evaluation of our distribution network. We ended September 2026 with 209 branches across six states compared with 164 branches a year ago. Over the last few years, we have made significant investments in establishing our presence beyond Rajasthan, particularly in Madhya Pradesh, Gujarat, Chhattisgarh, Uttar Pradesh, and Maharashtra.

As these branches mature, we expect an increasing contribution from the network already in place. We believe there is a meaningful potential to improve business volumes, customer acquisitions, and branch level profitability without a proportionate increase in operating infrastructure. This this is where our focus and productivity become particularly important.

We will continue to evaluate opportunities for new branches, but expansion will remain selective and aligned with our ability to replicate our underwriting, collection, and operating model. The third area is a strengthening of our financial position and institution relationship. For any growing NBFC, the ability to access capital at competitive rate is fundamental to long-term success.

We have made steady progress in diversifying our lender base, increasing access to bank funding, and improving our borrowing costs. Our average cost of borrowing has declined by 51

basis point year-to-year now to 10.59%. Our external credit rating has been upgraded from A- to A with stable outlook.

We believe these developments reflect the progresses made in strengthening our financial profile and building credibility with institutional lenders. As we scale, this will remain an important area of focus because a stronger liability franchise provides greater flexibility in pricing, liquidity management, and future business expansion.

The fourth area is technology. As the use of artificial intelligence, we have scaled across more than 200 branches and six states, strong controls and consistency processes become even more important, and we are using technology to strengthen both. At Laxmi India Finance, we have begun deploying AI-based solutions in many departments like sales, collection, HR, admin, credit.

These are early steps, but they reflect our intent to make AI as working part of our operating model, improving controls, collection efficiency, and productivity, while keeping our customer relationship at the center. Now, I would like to touch upon the asset quality. In the lending business, growth is meaningful only when the underlying portfolio continues to perform.

When we see sequentially improvement in our heading asset quality indicators, with gross NPA decline to 1.75 and net NPA improving to 0.49% as of September 2026. This is encouraging. Although, we remain conscious of the need of continued monitoring, particularly in certain parts of our vehicle financing portfolio.

Our credit and collection team remains focus on identifying stress early, maintaining close customer engagement, and strengthening underwriting standards where required. We will continue to take a calibrate approach to growth rather than a compromise on portfolio quality. Looking ahead, we remain constructive on the opportunity in our core market.

Our medium-term ambition continues to be AUM growth to approx 30% to 35% annually, supported by the expansion and naturalization of the branch network. For FY27, we expect to close this year with AUM of more than INR2,000 crores, representing a growth of around 25% and over 2026, with net interest income growth of around 35% to 40% and profit after tax growth of around 35% to 40%.

At the same time, our focus is on translating this growth into better operating efficiency, stronger profitability, and improved capital productivity. We are working towards our medium-term return on asset aspiration to 3.5% to 3.75%, while continuing to maintain prudential capital and risk management practice.

To summarize, the first half of 2027 has been encouraging, not simply because the business has grown, but because we have seen progress in several capabilities that has been determined in the quality of our growth in the year ahead. Our ambition is to build Laxmi India Finance into an institution that can serve more customers, operate more efficiently, and deliver sustainable return without losing the local understanding and customer relationship that have always been center of our business.

We believe we have attractive opportunity ahead for us, and our focus will remain on executing this opportunity with discipline. With that, I would not request Gopal to take you through the financial performance and explain key drivers behind our first half result. Gopal, over to you.

Gopal Krishan Sain: Thank you, Deepak sir, and good afternoon, everyone. I will take you through our financial performance for Q2 and H1 FY27. Rather than looking at the financial numbers individually, I would like to explain how the different elements of our business are contributing to profitability and how we are approaching financial efficiency as the balance sheet expands.

The first half of FY27 has seen healthy growth earnings, supported by three important factors: expansion in our loan portfolio, improvement in funding cost and larger income base against which we are absorbing our operating investments. Let me begin with the income statement. Net interest income increased to INR97 crores from INR72 crores in corresponding period last year, reflecting growth of approximately 35%.

This growth reflects the expansion in our earning assets, supported by improved funding economics. Our profit before tax for financial year '27 H1 increased to INR42.4 crores compared with INR25.5 crores in corresponding period last year, representing growth of approximately 66%. Profit after tax increased to INR31.7 crores from INR19.1 crores, also reflecting growth of approximately 66%.

Our operating expenses for H1 financial year '27 stood at INR62 crores, compared with INR49 crores in H1 financial year '26. The increase reflects our expanding branch network, employee base and investment in technology and operating infrastructure. These investments are necessary to support the growth of business. However, as we scale, we are focused on improving efficiency with these resources are utilized.

Moving to margin, our net interest margin improved to 11.28% in H1 financial year '27 compared with 10.88% in the corresponding period last year. Our average portfolio yield stood at 21.59%, while our average cost of borrowing declined to 10.59%. The improvement in borrowing cost has been important contributor to our margin performance. Our profitability ratio, our return on assets improved to 3.18% compared with 2.56% in H1 financial year '26.

Our return on equity stood at 13.16% compared with 11% in corresponding period last year. While we are encouraged by this improvement, we recognize that there is further opportunity to improve capital productivity as the business scales. The company equity base was significantly strengthened following the IPO and we are progressively deploying the capital to support loan book expansion.

Our AUM increased to INR1,843 crores compared with INR1,386 crores in September '25. Our net worth stood at INR499 crores, while our capital adequacy ratio was 22.95%, including Tier 1 capital adequacy of 22.54%. Our gross debt-equity ratio stood at 3.31 times compared with 2.87 times in March '26. As the business expands, we are carefully evaluating the balance sheet balance between capital development and leverage.

Turning to assets quality. We have seen sequential improvement in our NPA ratio. Gross NPA declined to 1.75% and net NPA 0.49% in September '26. Our provision coverage ratio stood at

approximately 72%. In terms of stage-wise assets, stage 1 loans stood at INR1,664 crores, stage 2 loans at INR48 crores, and stage 3 loans at INR30 crores. Our overall credit cost for H1 financial year '27 stood at INR 7.82 crores, equivalent to 0.96% of average gross loan.

We continue to closely monitor for performance of vehicle finance portfolio. Our approach is to maintain appropriate provisioning and continuously assess the recoverability of stressed exposure. On liquidity, we maintained a balance of INR 292 crores at the end of September '26. Our ALM profile continued to reflect cumulative surplus across the reported maturity buckets. This provides an important buffer as we pursue our growth plans.

Looking ahead, our financial priorities are centered on improving the efficiency of the balance sheet. We see opportunity to enhance profitability through a combination of continued portfolio growth and funding cost optimization. We recognize that these come outcomes will depend on how efficiently we manage margins, operating leverage, credit cost. Overall, we believe our H1 performance demonstrates progress towards a more scalable earning models, while also highlighting the areas where we continue to focus on improvement.

At this point, I would like to highlight the provisioning made for the Up Money direct assignment transaction, which we had already communicated during our earlier earning calls. We had made a provision of 60% of financial year 25-26, which was duly charged to P&L. Further during H1 financial year 26-27, we have made an additional provision of 30%, amounting to approximately INR6 crores, which has also been charged to the P&L.

Accordingly, we have cumulatively provided for 90% of the exposure as of the date. If we exclude the impact of this specific transaction, our adjusted PAT stand at INR36.34 crores, representing a robust 91% year-on-year growth.

On this adjusted basis, our key financial indicator will also reflect an improvement. Our ROA would be 3.65%, ROE 15.01%, gross GNPA 0.61% and credit cost 0.24%. This clearly demonstrate the underlying strength of our business performance, profitability and assets quality, after excluding the impact of the specific transaction.

With that, I would now request Mr. Piyush to discuss how our funding strategy is evolving and opportunity we see on the liability side. Piyush, now over to you.

Piyush Somani: Thank you, Gopal, and good afternoon, everyone. I would like to discuss an important aspect of our business that has been evolving steadily over the past few years, our ability to access funding from a broader range of institutions and increasingly competitive sources. For an NBFC, the liability side of the balance sheet is just as important as the asset side. The cost, tenure, and availability of funding directly influence our ability to compete, manage liquidity, and generate sustainable returns.

As our business has grown, our treasury strategy has evolved from primarily ensuring adequate availability of funds to build a more diversified, cost-efficient, and resilient funding structure. And we have continued to make progress in this directions during the first half of FY27. Our average cost of borrowing stood at 10.59% as of September 30, 2026, compared with 11.10% a year ago. This represent a reduction of 51 basis points year-on-year.

On a sequential basis, the cost of borrowing improved from 10.66% in June 2026 to 10.59% in September 2026. This improvement has been supported by a combination of strong banking relationships, competitive pricing on incremental facilities, and continued negotiation with our existing lenders.

During H1 FY27, we have raised approximately INR 611 crores through various borrowing arrangements. An important part of our strategy has been to deepen relationship with public sector and private sector banks.

We also added ICICI Bank and City Union Bank as a new lending partner during the first half. These relationships are important because they expanded our access to the funding and provide opportunities to optimize both pricing and maturity structures. Another development during the quarter was mobilization of INR100 crores through an NCDs transaction. We believe access to the capital market instrument provide an additional source of funding flexibility and reduces dependence on a single category of lenders.

As of September 2026, banks accounted for approximately 65% of overall borrowing mix. Just to give a perspective on the rate hike cycle, is that around 80% to 87% of our borrowings is either fixed or MCLR linked, majority being linked to 6-month to 12-month MCLR. So, there will not be an immediate rise in the borrowing cost on that part of the borrowing. Even on the repo rate based borrowings, we take a reset every 3 months. So, we also get some time to readjust our borrowings there also.

Another important development that has been there, that is upgradation in our external credit rating from A- to A with a stable outlook. We view that this is an important milestone in the evolution of our liability franchise. A strong credit profile help us engage with a wider pool of institutional lenders and create opportunities for better funding terms as relationship matures. We have also actively working with our existing lenders to reduce our pricing on the outstanding facilities.

Our incremental cost of borrowing over the past 12 months stood at approximately 10.42%. compared with the blended cost of 10.59%. We believe this provide an opportunity for further optimization as existing liabilities mature or becomes eligible for repricing. We also had approximately around INR117 crores of undrawn facilities available at the end of the quarter.

Our ALM profile continued to reflect cumulative surpluses across the reported maturity buckets. We believe maintaining this liquidity and maturity discipline is essential, particularly as our lending portfolio continue to expand. Looking ahead, our treasury strategy will focus on the three major areas.

First, deepening relationship with the existing banking partners and selectively onboarding new lenders. Secondly, evaluating alternative funding instruments, including capital market issuances and direct assignment opportunities wherever the commercially appropriate.

And thirdly, continuously optimizing our liability maturity profile and funding cost while maintaining sufficient liquidity buffer. We believe the progress made in our funding profile over the past several quarters is creating a strong platform for the next growth of business.

With that, I will request Kuldeep to share his perspective on the business, over the distribution network and the opportunity we are pursuing. Kuldeep, over to you.

Kuldeep Singh: Thank you, Piyush, and good evening, everyone. I would like to brief discuss how we are approaching the next phase of growth with key focus on making our existing distribution network increasingly productive. Today we have presence at six states with 209 branches, serving more than 45,500 customers. This network is one of the key asset and going forward our focus will be not only to expand in a selective, but also to generate greater business with infrastructure already in place.

Our model remains focused on relationship led, secured lending, MSME, traders, self-employed, borrowers, and other customers in semi-urban and underserved markets. Our local market understanding, physical verification structures, credit process continue to be important strengths of the business.

During H1 FY27, we disbursed approximately INR 506 crores compared with the last year H1, INR 311 crores, which is around 63% growth approximately. Q2 disbursement stood at approximately INR274 crores compared with the INR231 crores in Q1. Secured MSME lending remains our core focus. As of September 2026, MSME AUM stood at approximately INR 1,493 crores or around 81% of the total AUM.

We continue to see opportunities across small traders, shop owners, service providers, and self-employed borrowers. Our branch network has gone from 164 branches in September 2025 to 209 branches in September '26. Rajasthan is remain our largest market, while newer markets such as Uttar Pradesh, Maharashtra provide further opportunities as branches mature in these states. If I calculate the numbers, there is a 45 branches we have opened in the last financial year. So if we precise it, there is a branch opening in every week.

A key priority now is improving branch level productivity with branches typically reaching break-even within 7 to 9 months. The branches opened over the past 12 to 24 months are matured now and support incremental AUM growth and operating leverage. Technology will also play increasingly important role. We are using digital process across sourcing, onboarding, underwriting, servicing, and collections, helping us improving turnaround time, standardize the process, and manage a larger network more efficiently.

Looking ahead, our strategy remains centered around three priorities. Deepening our secured MSME franchise, improving productivity across the existing branch network, and selectively expanding into markets where our underwriting and collection capabilities can be effectively replicated. Our objective is not simply to grow number of branches or the size of the portfolio, but to ensure that every branch and customer relationship contributes to building a stronger and more profitable

With that, I would request the moderator to open the floor for questions and answers. Thank you.

Moderator: Thank you very much. The first question is from the line of Deepesh Sancheti from Maanya Finance. Please proceed.

Deepesh Sancheti: Hi, am I audible?

Management: Yeah.

Moderator: Yes, sir.

Deepesh Sancheti: Okay. Since you mentioned that your branch network has improved from 164 to 219, what is the break-even of a new branch?

Management: So, as I explained that around 9 months is the break-even where we calculate the branch expenses like operational capital expenditure.

Deepesh Sancheti: I'm saying what is the AUM at which the…

Management: AUM, typically at around INR 1.5 crores to INR2 crores is the AUM because we have divided our branch into three categories. So, category one, two, and three. Category one is having around INR2 crores of AUM break-even, category two is having around in INR1.75 crores and category three is at around INR1.5 crores of AUM.

Deepesh Sancheti: Okay. So, basically, I can say safely say that INR1.75 crores of AUM, the branch should break-even?

Management: Yeah, where the regular expenses of branch as well as the income of branch can set off each other.

Deepesh Sancheti: Right. Okay. And now, the industry reports has said that that there is stress loans in tractors, commercial vehicles and rural MSME portfolios. It cannot be ruled out. That's what the report says. About 81% of our AUM is in MSME in semi urban and rural towns. How much of that is rural first of all, and how is the collection efficiencies in those branches? And are you seeing any stress right now?

Management: See, for stress and collection details, I will hand over to Mr. Sanjay, who will be who is handling the collection part. But as far as the comparison between MSME segment in the rural segment as well, so there is a bit difference between the unsecured and the secured part. So, our is actually a secured part, which is always having a edge over the unsecured if you are compare about the microfinance industry, where the loans are unsecured.

So, typically there might be a stress over there, but yes, there's a improvement in microfinance industry also. There is a improvement in the credit rate rating of the industry. ICRA has recently announced the from negative to stable. So, there is a improvement in terms of the overall collection efficiency.

Over to Sanjay for our collection efficiency about the numbers, please.

Management: Yeah. Hi, Deepesh. This is Sanjay. Overall collection efficiency is improved compared to September ‘25 as in September ‘25, overall collection efficiency was 93, but now in September ‘26, we are close more than 98%. So, we don't see any stress in our portfolio as we are having

borrowers with the multiple income source. We are not dependent only on single income source. That is the reason our portfolio is not currently not in stress and performing well.

Deepesh Sancheti: And how is the collection efficiency?

Management: Collection efficiency overall in September 2026 take INR6 26 is 98.68% precisely.

Deepesh Sancheti: 98.68%. Also how do you deal with evergreening of accounts?

Management: See, we don't do the evergreening of the accounts.

Deepesh Sancheti: You don't do, but there is a tendency of the employees or the branch ends to perform. There is there tends to be a evergreening of accounts. How does the bank sitting in its head office, I mean sorry, how does this how does the company sitting in its head office manage evergreening of accounts, that there is no evergreening of accounts. What checks and balances do you have? That is what I want to understand.

Management: So, we have the robust underwriting process where we are every case pass through the LOS, and LOS is having a dedupe system. So, whenever there is a repeat customers coming into the into the LOS, so there is a dedupe system where the credit manager can fetch the existing detail of the customers. So, where it can be covered and straight forward it can be said no.

Deepesh Sancheti: No, no. What about same family members. How does that…

Management: So actually, we are taking the complete family member into the deal. And in rural and semi-urban areas, what is happening the family is having a one property. So, we are already take taken their property into our into security as the against our loan. So, there is a very few chances where the other member will come. But if other member will come the that also can be fetched out through dedupe facility.

Deepesh Sancheti: So, you're not using any technology as such for avoiding this? Is it right?

Management: Yeah. What are you saying? Can you repeat

Deepesh Sancheti: Are you using any particular technology for that?

Management: Yes, yes. That's a technology only. So, there is a dedupe system. This actually works like whenever there is a repeat number mobile number whenever there is a repeat KYC, it can fetch out the existing details. So that is a system only. That is an entirely automated system.

Deepesh Sancheti: Right. Okay. And also, your yield has fallen about 59 basis points. And the borrowing fell 51 basis points. Yet, the NIM rose 40 bps. What drove the NIM gain?

Management: So, the cost of borrowing has also reduced from as compared to the last financial year. And vis-a-vis the NIM also have increased from the last financial year. That is the reason.

Deepesh Sancheti: Okay. Where do you see the cost of borrowing going, especially with the RBI increasing rates? And especially after this recent rate increase, what has what is the average cost of borrowing gone to in this as of today, we if we talk it?

Management: Yeah. Hi, this side Piyush. So, as of now, I can say that the cost of borrowing is not increased post that repo rate has been increased by 25 bps. Because since my opening speech where I had addressed that around 80% to 87% of our borrowing is either fixed or MCLR-based. So, 6 months to 12 months MCLR-based, it is linked. Only a minuscule portfolio that is INR200 crores or INR213 14 crores that is 13% of my entire borrowing is linked to a repo, where the reset is on 3 months' basis. So, on a holistic view or on an overall view overall view of the borrowings, as of now, it will not inch up.

Deepesh Sancheti: Okay. And just my last question is that how much of your AUM is actually on fixed rate of interest, and how much is on floating? The reason I'm asking is that if there is any violent increase in your cost of borrowing, how can you pass on to the customers? Is that is my main concern.

Management: So, firstly, our entire portfolio is on fixed rate of interest. Secondly, in case of any rate increases, then definitely, we will be passing on subsequent disbursements only. That is the only option that we are having then.

Deepesh Sancheti: Right. Fine. I'll fall back in the queue if there's any other questions. Thank you so much, guys.

Management: Yeah. Thanks. Thank you.

Moderator: Thank you. The next question is from the line of Yash Gautam from Lakshya Capital. Please go ahead.

Yash Gautam: Hi, thanks for the opportunity. I just had two questions. First, on your Slide 11, I think it has been mentioned that our capital adequacy ratio would have been higher with FDs instead of corporate bonds. So, why are we taking this lcredit risk on our liquidity buffer and what is exactly the rating profile of these bonds, if I may ask?

Management: So, basically, they are above A minus. So, put together, I can say that major of the bonds have been parked in AA category,

Yash Gautam: Okay.

Management: AA- minus to AA.

Yash Gautam: Got it. And in our Slide 13 14, sorry. Our ALM shows surplus in sort of every time sort of bracket. But I just wanted to ask how much of the next 12 months' borrowing has been already sanctioned, and is there any concentration among our top lenders?

Management: So, basically, it's a positive signal that the ALM is positive in all the buckets. Secondly, I can say for the next 3 months, 4 months, we are piled up with the undrawn lines. Though we are having a liquidity of INR292 crores as on September with an undrawn sanction of INR117 crores. There are couple of sanctions and the direct assignment transaction so far, that is an in-

principle sanctioned in the subsequent, I can say, 2 months only. That is October and November, as well. And we are decently placed with -- I can say the liability franchisee. Because we are having a lender base of 53 lenders. Around 29 banks are there, put together. So, we are decently placed in respect of the liability. Yes.

Yash Gautam: Okay. That was all from my side. Thank you.

Moderator: Thanks. Thank you. The next question is from the line of Rishabh Bora from AB Advisors. Please proceed.

Rishabh Bora: Hello, sir. Am I audible?

Management: Yeah, you are audible.

Rishabh Bora: Yes. Sir, my first question is, disbursements rose 63% but AUM grew only 33%. How much of the book is repaying or closing early?

Management: So, basically so there are, I can say, on a month on month basis, there is a prepayment, on an annual basis there is a prepayment of around 14% of our opening book. That is one. Secondly, our average loan book is somewhere around 48 to 52 months.

Rishabh Bora: Okay. Got it. So, yeah, I have couple of questions, but I'll come back in queue. You can move on to the next.

Management: Sure, sure.

Moderator: Thank you. The next question is from the line of Paras from Purpleone Vertex Ventures. Please proceed.

Paras: Yeah, thank you, sir, for this opportunity. So, your Q2 PAT was 15.4 versus your Q1 in about 16.6, despite continued AUM growth. You know, what explains this sequential decline? And I guess you've lowered your, you're know, PAT growth guidance to 35% to 40% for FY27. What is your expectation for PAT growth in FY28 now, sir?

Management: Can you please pardon your question?

Paras: Sir, your Q2 PAT was lower than Q1 PAT despite continued AUM growth. What explains the sequential decline?

Management: Sir, the main reason regarding it, Up Money additional provisioning, in Q1 we have, we offer provisioning only 10% and in Q2, we additionally provide provisioning 20%, that is why sequential basis our PAT will be showing 7% decrease.

Paras: Okay, and sir, what is your growth guidance for, I mean, PAT growth guidance for FY27 and FY28 fresh? Because I guess initially your FY27 PAT growth guidance was about 40% to 45%. So, what is the revised now? I guess it's 35% to 40% for FY27. And for FY28, if any?

Management: Yeah, yes. So, we are not revising it. So, we will, because seeing the business and seeing the market, we believe we will be achieving the target, the guidance what we have given on the disbursement side and PAT side and all. Because this Up Money instance has happened once a year back. So, but we are seeing that market is now getting better, and we are expecting some collection also on Up Money side also. So, we believe the guidance will be, we will perform what we have, some, we have.

Paras: Sir, what is your guidance for FY27 and FY28, PAT growth?

Management: Same, similarly what we have given around, almost 40% growth.

Paras: That's for FY27 and FY28 if any?

Management: FY28, we'll be giving it later on, but yes, company is growing and AUM is growing, so of course, the PAT will also grow similarly.

Paras: Right. Sir, you have already provided 90% against the Up Money, you know, assignment exposure, how much money has actually been recovered in cash so far and how much remains outstanding? And what is the expected time line for recovery?

Management: So, total INR19 crores was the total quantum, sir. We have made a 90% provision. Now, 10% is only left, that is 1.90. And the, so 1.90 is only left, and rest all we have done payment.

Paras: No, but how much money has been actually recovered in cash so far?

Management: No. So, we have done a transaction of this, this transaction was of around INR26 crores. So from, INR26 crores INR19 crores got defaulted. Remaining INR7 crores we have received earlier.

Paras: Okay, so 19.6 has defaulted basically.

Management: Yeah, exactly. You want to add anything Gopal? Yeah.

Paras: And 10% is pending because you have provided 90%?

Management: Yeah.

Paras: Okay, and there are no further basically such exposures in the portfolio as of now?

Management: No.

Management: So, this was also a DA purchase, so this was very unexpected. You can say, in India this I, I believe no DA transaction has got default like this. There is a slightly 1%, 2% or 3% NPA that is there, but this is exceptional and I believe many NBFCs and banks have got this lost their money in this Up Money. This exceptional, you can say exceptional case.

Paras: Right. Sir, H1 FY27 impairment expenses have increased by 81% odd, and the absolute stage 3 loan balance has risen from INR12 crores to about INR30 crores. So, you know, what is driving this increase and you know what is your expected full year FY27 credit cost?

Management: Our impairment is increasing despite of our GNPA is improving. That is I mean our collection efficiency is stable, so there is no particular increment in stage 3, stage 3 is moderate. Okay? And we are increasing our impairment cost due to default of the, Up Money transaction. That is why our impairment cost is high. And secondly, for, further guidance it is difficult to anticipate a particular number because it depends on several factor, the NPA number, behaviour pattern of the collection efficiency, and the portfolio. But we can range bound it. It would be, float between 1% to 1.25% in coming quarters and entire year.

Paras: So, for the full year FY27 credit cost would be?

Management: 1% to 1.25%.

Paras: Okay. Okay, sir. And sir just last query at my end. You are credit, you know, sorry capital adequacy ratio has declined to 22.95 and debt to equity has increased to 3.31. And you know, previously, you had indicated, you know, potential INR300 crores, INR350 crores capital raise when leverage reaches 4, 4.5. So, are you expecting any, equity dilution and what level of AUM growth can you sustain without raising fresh equity?

Management: So, so firstly the CRAR position is, is there. Where the liquidity which is considered into the picture is INR292 crores is there. We have put in into the bonds where the risk weighted is 100. So that's why the CRAR has been reduced for that portion.

Grossing of that, if in case that it has the amount has not been put in into the bonds, it has been put in into the FD then the CRAR ratio will stood to 26.92. I can say 27% will be the CRAR portion firstly. Secondly, I can say from 27% of CRAR, we can go for another one, 1.5 year from here. And Q1 of FY28 we can predict that the, subsequent round of equity, we can see so.

Paras: Okay, so until Q1, so what level of AUM growth can you sustain without raising fresh equity? I mean, in terms of quantum?

Management: So, we can maintain a growth of around 25% to 30% year-on-year.

Paras: 25% to 30% without raising fresh equity?

Management: Yes. Post that, we will once we will be attaining a leverage of let's say 4.5 to 4.75, any which ways, we will be raising of funds, subsequently through preferential of FPOs.

Paras: Right, sir. And sir, if I may be allowed just last quick slip in. About, you know, 80% of your AUM is concentrated in MSME lending and significant proportion of the borrowers are first-time borrowers. Now, you know, since you target about 25% to 35% AUM growth, how will you maintain the underwriting standards? I mean, what are the again, you know, the current collection efficiency and, you know, early stage delinquency and vintage wise credit

performance? Because, you know, most of your, yeah, borrowers are first-time borrowers. So, how are you ensuring, you know, please?

Management: Yes, definitely significant amount is a first-time borrower. But, earlier also I have quoted that the secured part is actually, having edge over the unsecured, portion. As far as the underwriting standard has, is concerned, so, this growth has been started since last three years and before that, we were actually generating the resources.

So, we have complete on-boarding on the digital on-boarding where we are the customer information, customer KYC, customer banking, everything is being, being verified through the through the applications, through integration. Then, after there is a BRE model which runs and gives the credit score. Then, after there will be a manual intervention of the credit manager and senior person because the underwriting processes centrally located.

So, we have National Credit Manager who is taking care the underwriting portion. He will be He's deciding the cases, as well as there is a complete deviation matrix. So, while even whenever we are moving to newer state newer location, we always go with the local policies, local processes, local what kind of property papers we are getting in Maharashtra, what kind of property papers we are getting in MP, in Gujarat.

So, we have we have touched upon the local flavour where what kind of property, what kind of security we are getting, and then after we are preparing the policies. So, as of now I can say we are 100% fool-proof resource availability we are having with the complete digital process, as well as now we have moved to the e-signing of the agreement. So, the complete digital process as well as the human intervention, structured credit with policy, I can say we can move to any we can scale to any level.

Paras: Right. Sir you know as one of earlier yeah. Yeah, please go ahead.

Management: To add with Kuldeep, so I would like to say we are taking the complete family in the deal. So that is also very interesting policy what we are having is that so that everyone in the family is liable to pay. And we are taking -- and generally in a rural and urban areas where we have a presence there we have a joint families system.

So people are they are working hands they have a number of working hands who all are contributes towards a EMI. So that is a very interesting. And last is business purpose. So, we are giving a loan for a business extension and business purpose. So that makes us a comfortable for a repayment on time and all, maintaining the book portfolio.

Paras: Right sir. Sir, what proportion of your book is secured?

Management: So, 81% is the secured. Otherwise, the rest is also vehicle and everything is secured. Around 2%, 2% to 3% is unsecured.

Management: Overall, 87%, 89% is almost it's a secured.

Paras: About 89%?

Management: Yeah.

Paras: Okay. And sir as just you know one of the participants previous asked on ever-greening of loans, now you know from the head office, how what is the control mechanism you to you have in place, you know, in terms of ensuring or you know that you don't face any ever-greening at the branch level because these are rural, regional branches? So, what control mechanism do you have in place, as you're growing now?

Management: So, as I already told that the complete on-boarding journey is digital and we are taking the complete family members, so if one person is already on loan and definitely the family will also be on loan. Any other person from the family will come, then there's a ready process which is also automated.

Any KYC entered repeat KYC entered into the system, it will be a pop-up for the credit manager. He will he can analyse the past history, past relationship with us. And then after if there's a kind of ever-greening is there, then he can he will definitely decline that loan. Automated that loan will be declined.

Paras: Understood sir. Fair enough. Thank you so much, sir.

Management: Thank you, sir.

Moderator: Thank you. The next question is from the line of Rishabh Bora from AB Advisors. Please proceed.

Rishabh Bora: Hello sir. So, I have some more questions. So, first is ROA is 3.18% and ROE is 13.16% against target of 3.5% to 3.75% and 13.5% to 14% respectively. What is the time line and what lever moves it most?

Management: See we are working on it. So, we are coming at some more product also. The as we are growing so our branches are also getting mature. So, I believe coming by this year we should touch to somewhere around 3.50 what we have given on earning calls. So, by this financial year we should be nearby the this number.

Rishabh Bora: Okay, okay. So that's it, that's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Janardhan, an Individual Investor. Please go ahead.

Janardhan: Hello. Thank you for the opportunity. My question is how does the promoter group sees its ownership evolving over the next five to ten years? Is the intention to maintain a meaningful ownership stake as the company grows? And what is management's philosophy regarding related party transactions and protecting minority shareholder interests?

Management: See promoter is having almost 60%, 61% shareholding overall right now. And company and the as this NBFC is a capital oriented business, so as and when capital required, promoter is ready to get funds and infuse funds and to raise fund from the market.

So at that time, of course, promoter is also ready to infuse more his own capital as and when required and he can get some more capital from the market side also. So, I believe meaning, overall, we are getting a good returns, good return on net worth.

So promoter is interested in putting more money in future also when whenever the fund raise happens. And ready to dilute also at because this is a capital oriented business, so both the side it promoter is open.

Janardhan: Yeah. And the second question is while the company has, you know, growth ambitions, how does management define its risk appetite as in the lending businesses, it's pretty easy to grow, but it's pretty, you know, it's kind of hard to manage the risk.

So are there any loan segments, geographies, customer categories where the company would consciously avoid expanding even if the opportunity offers attractive growth? And what are the circumstances that would make management deliberately slow down disbursements to protect the balance sheet? Yeah.

Management: See, this risk is always there in lending business, you are right. But yes, managing that risk, focusing on that risk and evaluating that risk on timely basis, which is very important and healthy for the growth. So, we have a complete risk team with us who evaluate who keep on evaluating on early delinquency on pin code meaning that so deeply we evaluate that the pins pin code side also we evaluate our customer position the customer delinquency early if any early delinquency signals, so he wants to forward it to the credit team, the sales team.

So, that is what we are we are having. Plus, we have a robust system, who is giving us an auto generated mails where the delinquency is moving ahead or where the early delinquency is moving ahead. So, that early warning systems we start getting it from the things and from the system side.

And third is that see this is very natural that sometimes when you open some branches, you open you have you the you're not able to get a proper business, you're not able to get a quality business, then you have to wind up also. So, we have taken such calls also that we have wind up as a few branches also in a year where we're not getting the good performance or the credit quality and all.

So, it is a like we are very cautious on a portfolio side and you can see the numbers also. So, we don't mind that getting a back also, sometimes where the business is not adequate. So this is an ongoing process in a lending business and here we are taking care of this early delinquency and all side. So, that is way we are protecting ourselves for future. You want to add anything, Kuldeep?

Management: Yeah, I want to add into it. While opening the branches, going to the new territory, there's a robust mechanism where credit, risk, and collection takes cumulative decision to open any branch, any territory. Even they find out what are the negative places, what are the negative profiles where no-go rules are applicable and what are the negative PIN codes in fact. Even after if any case in if in any case if there's a wrong decision to open a branch, we take decision immediately and we close down that branch definitely.

Janardhan: Yeah. That's helpful, management. Thank you so much and all the best for the future. Thank you.

Management: Thank you, sir.

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

Management: Thank you. Thank you everyone for your questions and for the engaging discussion today. We appreciate that time you have taken understand our business, our performance and the priorities we are pursuing. Before we conclude, I would like to leave you with one thought. For us, the objective is not simply to become the larger NBFC. It is to become a better and strong NBFC with every with every stage of growth.

We believe the combination of our experienced team, established distribution network, improving institutional relationship, and technology-enabled operating model position us well to pursue this ambition. I would like to thank our employees, customers, lending partners, shareholders for their continued trust and support. And once again, thank you to all the investors and analysts who have joined us today. We look forward to sharing further progress with you in the coming quarters. Thank you and have a wonderful day. And a Happy Diwali to all.

Moderator: Thank you very much. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you, everyone.