FINANCE BUDDHA

FINBUD FINANCIAL SERVICES LIMITED

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CIN # U67190KA2012PLC064767 GST # 29AACCF0339C1Z1

9th December, 2025

To,
Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

Company Code : FINBUD
ISIN : INE0EDU01014

Sub: Transcript of Investor Conference Call held on December 03, 2025.

Dear Sir/ Madam,

In continuation of our earlier letter dated December 03, 2025 informing about the audio link of the Investor Conference Call and Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcript of Investor Conference call which was held on Wednesday, December 03, 2025 and concluded at 05:15 P.M.

The transcript may also be accessed on the website of the Company at https://d3gum1ht0lrpyf.cloudfront.net/Finbud_Transcript_Final_53acc116e7.pdf

Kindly consider this for your record and information.

Thanking you,
Yours faithfully,

For FINBUD FINANCIAL SERVICES LIMITED

VIVEKANANDA UDAYA BHANDARKAR
Digitally signed by VIVEKANANDA UDAYA BHANDARKAR
Date: 2025.12.09 16:34:02 +05'30'

Vivekananda Bhandarkar Udaya
Company Secretary & Compliance Officer
Membership No.: 52278
Encl. As above

"Finbud Financial Services Limited
Q2 and H1 FY26 Earnings Conference Call"
December 3, 2025

Raashi Khatri, Go India Advisors:
Thank you and good afternoon, everyone. We welcome you to Finbud Financial Services H1 FY26 earnings call. We have with us on the call today, Parth Pandey, whole time director, Vivek Bhatia, whole time director, and Parag Agarwal, who's the whole-time director and CFO. I must remind you that the discussion on today's call may include certain forward-looking statements and must be viewed in conjunction with the risks that the company may face. I now request Mr. Parag Agarwal to take us to the company's business and financial highlights, subsequent to which we will open the floor for Q&A. You can raise your hands to join the queue and unmute to ask your questions directly to the management. Thank you, and over to you, sir. Thanks.

Parag Agarwal, Whole time Director & CFO:
Thanks, Raashi. Good afternoon, everyone, and welcome to our first earnings call as a listed company. Since this is our maiden call, we'll take some time to quickly run you through our background, our company's background, our business model. Then we would touch upon our H1 financial performance and some flavour around how we see future business prospects for us. So quickly on the company background. So, we are a retail loan aggregation platform, helping customers get personal loan, business loan, and home loan through various lenders with whom we are empaneled. So, when Finbud was started in 2012, there were two, three key observations, challenges that we saw in the market at that time. One was that the borrowers wanted choice. They didn't want to be restricted to their own savings account bank or the salary account bank. Secondly, the market continues to be dominated by the agent network. So, these agents primarily had two requirements. One was to get access to all lenders and all retail products at one platform. And second was to have a faster working capital cycle. The third challenge that became an opportunity for us, as the banks were looking to aggressively scale up third-party distribution channels. It gives them a variable acquisition funnel along with a high-quality customer base. So, it was to address these challenges and observations that Finbud was started in 2012. Over the years, we have now built a vast agent network of 2,500 plus master agents which gives us a last mile connectivity of close to 50,000 plus last mile agents on a pan India basis. Today, we have the capability to service customers across 30 plus states and union territories across 19,000 pin codes. On top of that we have built a very extensive technology led API integrations on our digital funnel and we have built a solid data lake of close to 4.5crore + customers. Now, what differentiates us in this market is our ability to stitch this entire ecosystem together. This has a compounding effect on every application henceforth. So, the cycle starts with the agent network. The agent gets us

high intent, well-screened applications onto the platform. Even though the acquisition costs for this channel are higher, but that's the better or that's the foundation for our entire data lake. So, in the start of the cycle, we have the agent network which feeds our data lake. Now on top of this data lake sits our entire borrower behaviour layer which comprises of our data analytics, technology and marketing team. This layer builds a digital funnel which has a far more predictability outcome and intelligence led outcome rather than just an assumption led or a blind application with various banks and hoping for success. So, this is the data lake which feeds into our digital platform and as well as our cross-sell platform. Once the customer has come and we have the behavioural analysis onto the customer, that is how our digital business grows and along with that grows our entire cross-sell funnel. In a nutshell, this is our overall business model. Now coming to our half yearly performance, so we closed H1FY26 with a top line of 139 crores. That came at an EBITDA of around 6.5%, which is around 9 crores of EBITDA, and a PAT margin of 3.7%, which gave us a 5.1 crore PAT. We saw healthy growth along all these three fronts, growing at the range of 36 to 38% on all fronts. On an operational basis, we closed our first half on a disbursal of around 4,300 crores. We were able to add 350 master agents onto our existing agent network, which led our agent network closer to 3000 marks. And we continue to have very healthy agent versus digital mix, which is currently at agent led businesses at 86% and around 14% from the digital side. Now, on some of the strategic initiatives in first half. Firstly, were able to successfully start and expand our gold loan offerings. We started that initiative around seven, eight months back. And today, we are touching close to 50-crores of monthly disbursals of gold loan. Our primary partners on that are Muthoot and DBS. Secondly, was we have successfully scaled our wellness product. In the wellness product, we offer a prepaid wallet offering to our customers in partnership with a health tech platform called Alive. The customer can use this prepaid wallet to meet his out-of-pocket medical expenses like doctor consultation, pharmacy and diagnostic costs. On the wellness front, we were able to scale that up to 50 lakhs of premium per month with very high attachment rates on our digital business. And obviously, thanks to all our shareholders who showed trust and faith in the company, we were able to close our IPO proceedings of 71 crores with a healthy subscription of four plus times. So that's on our first half performance. We expect that we will be able to continue this growth momentum that we have seen in the first half, in the second half also. We are confident of closing the current financial year with a growth of almost 35% versus the last year, which would entail that we will be touching close to 9,700 crores of disbursals across all products put together. We are confident that we will be able to continue to have the same channel mix between agent and digital and we are also quite hopeful that the margin profile will continue to hold if not grow from here in the current financial year itself. That's on our current year's estimate that we see. On a long-term vision, we will be working towards becoming one of the leading financial aggregators which is backed by a multi-channel approach which has got both digital and offline. which has got rich behavioural and borrower-led intelligence platform rather than, as I said, just an assumption-led platform. And we would be in a position to create a super-agent app and ecosystem which is able to tie all of this and help us monetize our data that we have built over the last 10 plus years, which currently is at 4.5 crore plus customers. with very deep insights on to these customers such that our ability to cross-sell, our ability to have stickiness with the customer continues to increase. Having said that, I would now leave the floor open to further questions that any of the participants might have. Feel free to directly unmute yourself and ask your questions.

Rohan, Equirus:
Yes, yes. So, this is Rohan from Equirus. So good evening. So, I just want to understand the two channels that we have agent network of lead generation as well as online channel. If you could just help us run through the unit economics, what kind of sharing you do with Google network channel and how is it different from the online channel?

Parag Agarwal, Whole time Director & CFO:
Sure. So, on the agent channel, Rohan, that's our primary customer acquisition channel. That is the channel on which the entire data lake of ours is built. Considering that this also comes with a very high intent customer, pre-screened applications, and so on and so forth, over here, the acquisition costs are very high. Typically, in the agent channel out of say a 100-rupee revenue that we would be making, close to 90% of that goes back to the agent and 5% is our processing, platform and manpower cost. But the way we look at this channel is not as a margin story. The agent business gives us a very high predictability outcome in terms of our top line. Secondly, is we look at customer acquisition mode so if you were to compare this customer acquisition cost with the online players who tend to spend almost two times of their first time revenue on just the customer acquisition cost. At Finbud, we have spent over 95% of the revenue and it has also given us say a 5% of gross margin. Any online or digital player would have probably spent a lot of amounts to acquire this kind of a customer base with intent, with pre-screening and 3-4 very important cohorts of information. We have the demographic profile of the customer. We have the income profile of the customer. We also have the employment profile and finally we have his past bureau performance. So, considering all of this so our customer acquisition or rather our margins on the agent business must be looked at considering these values also value addition that has come along with the agent profile. So that's on our agent business which is say a 5% gross margin. On top of this data lake, sits our data analytics technology and the marketing funnel and the marketing layers. Our approach, as we have an insight into customers behaviour, his profile, and we do targeted marketing only on customers we think will be able to get a loan eventually. On our agent business, our approval ratios are say roughly around 40% than our digital channel because we have piece of information on which we are building further intelligence our approval rates tend to be close to 80%. Because of that the margin profile of the customer, cross-sell opportunity exists. So, all of that put together our digital business is roughly at a 15% margin profile business. So, 15% versus 5%, but this 5% is a customer acquisition including 5% margin also.

Rohan, Equirus:
Digital usage is 15% or 50 %?

Parag Agarwal, Whole time Director & CFO:
15%

Rohan, Equirus:
Okay. But so just trying to understand when the agent cost of 90% is not there in a digital channel, So, why are there low margins in digital channels?

Parth Pande, Whole time Director:
Let me take that question, Rohan. So, see, when we are talking about remarketing, there are three components of cost which are involved. One is the cost of remarketing to the consumer, because we need to understand that of all the borrowers who are on the platform, it's not that every customer is looking to borrow at all time, right? We have to build a lot of propensities in the backend to understand who are the potential customers that we can target to. There's a cost of acquisition or incremental retargeting cost to these consumers, which is the digital marketing cost, which is out of the 100 rupees of revenue generated on the digital channel, roughly around 25 rupees is the digital marketing cost, which is the incremental Cost of intent generation. Then there is an operations cost here, because a lot of customers come into the funnel. But there are a bunch of these customers who are looking for some kind of customer support, some kind of an operating layer, etc. Plus, there's obviously a large team supporting these customers from technology analytics and a digital marketing standpoint, which is essentially the manpower cost which is required to build this entire platform and run it successfully. That cost is around 30% of the total revenue generated. So, 55% roughly is the cost of the manpower required to run the digital channel, which includes the technology manpower, the analytics teams, the marketing teams and the sales support teams, etc. And 25 rupees would be the cost of customer generation. Incremental to that, there are obviously certain overhead costs, which are largely your technology platform costs, the cost of AWS hosting data, the cost of multiple third-party integrations that we have, the cost of accessing bureau data, the cost of a bunch of third-party tools that we integrate to ensure that the customers are able to see the conversion rates that we are talking about. I think the way to look at this entire piece is the digital business provides us a possibility of operating leverage. So essentially, if I was to hypothetically grow the digital channel multi-folds, my operating cost does not go up in the same proportion because the same set of people that I was talking about on the technology side or the data side or the marketing side have the ability to support a significantly larger growth on the digital side. And hence, I think over a period of time, the margin on the digital business could significantly increase or expand from here. But I think we have to also be cognizant of the fact that there are multiple elements to this entire thing. And we have to make significant number of investments to ensure that the data is enriched, updated, and the technology stack is always agile and has the ability of being able to work with multiple lenders. So today we have over 15 plus API integrations on the platform with lenders where we have the entire ecosystem being built out on that platform. So essentially, as the number of lenders on the platform and the sales opportunities keep increasing, you would see the margin profile on the digital business keeps increasing.

Rohan, Equirus: Sure. And so, with respect to the agent channel, what advantage do they get in working with you versus directly working with the agents?

Parth Pande, Whole time Director:
The biggest agent that we have probably say a monthly business of 20-25 crores. The average volume of all our agents will be around 5 Cr. Typically in our business the commissions from our lenders are all volume linked so more business you do with a particular lender the higher is the payouts and after a particular point in time it caps out. For eg for HDFC bank the commissions cap out at 40 crores per month and if agent which is there with us who does 20 crores of business with this, if he were to do business directly with a lender he will not be able to get the best commercials out of that lender so he does business through an aggregator like us so that his commercials his revenues can be far higher versus if he were to do it directly with a bank.

Typically, some of the traditional banks say they pay us 3%. If the agent was to do his 15 or 20 crores is his total business, so his single largest bank will probably not even be 10 crores. said, we are sharing 90% of our revenue with that agent. So, there's a huge commercial upside that he sees in working with a player like us. So, if he were to do business directly with a bank, he will be getting probably half of that payout.

Rohan, Equirus:
Just on the point that you said that a bank caps out a commission to an agent monthly. So, for us, as we scale, will that be a limitation? Like, how are you going to address that?

Parag Agarwal, Whole time Director & CFO:
So, see, we have today close to 100 plus lenders. And there are multiple products which are there with them. So, there's a personal loan & business loan. Within personal loan, they have a personal loan standard and a personal loan digital. Players like Bajaj, they have a different slab for metro cities and a different slab for non-metro cities. So, for the larger players, we have kind of capped out our commission percentages. We have capped out to answer your question. But since we keep on adding newer and newer lenders, there is always some lender, some product where for a player like us also, we have not been able to hit the highest slab. So, there is a potential to increase our revenues from those players. But for the large players, the HDFC and ICICI banks, our percentage commissions have peaked up.

Rohan, Equirus:
I have more questions, I will get back in queue.

Raashi Khatri, Go India Advisors:
Thanks. Chirag, you can go ahead and ask your question

Chirag Sundesha, JSW Group:
Sure. Sir, I wanted to understand more on the data monetization and your plans in the future. So, if you are capturing so much data and customers, will you eventually become an NBFC and underwrite loans? What is the thought process on that?

Parth Pande, Whole time Director:
Yeah, so I think Chirag, I think the entire game is largely around being able to build the data monetization layer, because that's where the real sort of the effect of what we have done really comes through, right. And, from an operating leverage perspective, that's where really the operating leverage starts kicking in, right. So, I think I would want to sort of answer this question in a way to kind of explain what is it that we are thinking about this and how are we thinking this evolve with time, right? So, one is obviously which is around increasing the products on the digital platform, right? So, because there are certain products like procurement loans, where we have sort of forayed into digital side. But there are a whole host of products that these consumers are consuming, which could be done digitally. And I think a case in point, I think what we made in our opening remarks, things like gold loans, for example, or we have created a health and wellness product, which gets embedded with our loans, etc. So, and I think in the coming quarters, or we will also see other products getting added to that kitty. So, we can expand horizontally, which is being able to offer more products to the same consumers on the platform, which again helps us increase the lifetime value of the customer. Into our data bank, we have then the ability of creating a bunch of product opportunities for the customer. And as the customer keeps

consuming these products, our lifetime value for the customer keeps going up. So that's, I think, the first part of the question, first part of the answer, rather. The second piece is really in our ability to also expand our conversion funnels. And I think that's where a part of the NBFC story sort of comes through. And I think we had mentioned, I think, in our, and it's part of our objects also, that we have a strategic NBFC within the group, where we would be sort of seeding that out of the proceeds of the IPO. And obviously, the NBFC is also looking at raising external capital along with the proceeds that we would be sort of seeding. But the idea there is that it helps us with funnel expansion, because there are today, you know, and I think the point being that if we have close to 9700 crores of dispersals that we're doing on the platform, The incoming funnel is multitudes of that, right? And the ability to then expand that funnel by being able to create interesting product opportunities, being able to plug leakages that we may have with lending ecosystem, or lending partners, the ability to sort of have a ability to kind of create opportunities of customers that today are dropping out because of inefficiencies that could lie within our ecosystem or the lender's ecosystem, that can get plugged via our NBFC layer. So, the NBFC layer is more a strategic value-unlocking opportunity for us, which helps us unlock value. So, I think from a data monetization perspective, I think there are two elements to this. We can do by creating new products on the platform. And right now, I think we're sort of discussing credit products, but over a period of time, there's an ability to foray into non-credit opportunities also. And I think we've been able to validate that through our health and wellness offering, which is essentially an OPD kind of a product that we are able to offer. And I think we are in the process of figuring out what are the other product categories that we could potentially enter in the coming years. So, one is obviously in terms of horizontal expansion, both in credit and non-credit, and then in terms of being able to optimize the funnel via the NBFC. So, I think those are the two ways in which you would see the data monetization play out. And honestly speaking, that's the flywheel that we're looking at sort of optimizing, because as you know, to just understand the business better as the agent ecosystem keeps growing, the data lakes keep increasing. And once the data lake is increasing, the digital opportunities keep increasing. And when we plug that with more products and better conversion, then the conversion rates and the funnel keep improving and the margins keep improving. So, I think it's a question of us being able to build this flywheel and rotate this flywheel at a very fast pace. That will ensure that we continue to grow with very, very robust sort of revenue growth as well as having an expanding margin profile.

Chirag Sundesha, JSW Group:
So, follow on to this is that currently have you like, do you have any book underwritten in your NBFC? That's the first part. And the second part is, is there any regulatory hurdle that you must face in terms of cross selling the data that you capture?

Parth Pande, Whole time Director:
We already have a licensed RBI-licensed NBFC. So, from a regulatory perspective, it's been there with us in the group for now over six years. So, it's not something which is new. And we have not so from a regulatory standpoint, I think we've completely cleared in terms of the NBFC at this point of time, the NBFC is obviously, you know, we build this company very frugally. And to be very honest, before the IPO. It's not that we have been able to put a lot of capital in the NBFC. Today, the capital in the NBFC is just enough to meet regulatory guidelines. But going forward, the plan is obviously to capitalize the NBFC. So currently, there is nothing underwritten in the NBFC. That assumption is correct, right?

Chirag Sundesha, JSW Group:
That's right. And there is no regulatory hurdle to cross sell the data or anything like that. Right, thank you very much.

Raashi Khatri, Go India Advisors:
Thank you so much. We can take the next question from Rahul Bhangadia. Rahul, would you like to unmute yourself and ask?

Rahul, Lucky Securities:
Thank you very much for giving me the chance. Congratulations, team, on a great set of numbers. Since we were discussing NBFC in the previous questions, just if you could give us a status on the fundraising, what is the status there?

Parag Agarwal, Whole time Director & CFO:
So currently, this is something that we are still working on, Rahul. Nothing that we can share currently officially. Once we have some insight into the fundraising over there, we will definitely come back to you. In fact, moreover, before we do something formally over there, we would be coming back to the board for approval also. As of now, we have just started hiring the team over there in April, in May, June, actually. So as of now, some of the discussions that were there, that were primarily around, first, let's have the IPO out of our way. And then we will have those talks.

Rahul, Lucky Securities:
Second question would be, given your dispersals in about 4,050 crores in the first half. The turnover reflects an average yield of about 3.3%. That's a slight uptick from what you did in FY25. Where do you see this and how do you see this in the sense, does this go up, does it remain steady here, depending upon what composition you do. So just give us a sense here please.

Parag Agarwal, Whole time Director & CFO:
So this will see a slight uptick year on year as our digital mix increases. So over here for this average of 3.3%, rough numbers which are there is that on the digital front, our average revenues, our average commissions are at say 3.7%, 3.8% versus say 3.1%, 3.2% for the agent-led business. As our digital mix increases, this number will also continue to go up gradually. Also, as we said in our first question, that some of the fringe players with whom we have started business, with whom we have not yet scaled our volumes to the max level, that would also result in some flip in our agent-led or in the traditional lender-led commission rates. So, this 3.3% will possibly keep on increasing by 5 to 10 paisa every year.

Rahul, Lucky Securities:
So, you see that runway for the next, let's say what, 2-3 years, 0.3% going to 3.4%, 3.5% type of number?

Parag Agarwal, Whole time Director & CFO:
Yes, at least for the next 2-3 years, that should be there. As I said, as we keep increasing our digital mix, that will automatically keep going up.

Rahul, Lucky Securities:
Right. In the PPT, you given the personal loan side disbursements in the banking system last year, about 9 lakh crores, 8.8 trillion. What is the rate of growth now? It was a 20% CAGR before, but what is the rate of growth now in that disbursement TAM of yours?

Parag Agarwal, Whole time Director & CFO:
Because of certain RBI restrictions which were imposed on some of the digital players to stop, for example, the small ticket size loans, certain tightening, or the unofficial messages to slow down on the growth of the PL, that has had an impact on the overall growth rates of the industry. We believe that it would still be in the range of 13% to 15% for the overall industry put together. That's what we hear from our lending partners. But as I said, for us, we are just a tiny player in that overall market as of now. And hence, the canvas available for growth is quite large.

Rahul, Lucky Securities:
Yeah, sure. Even if it is a $10 trillion number this year, you are talking about less than 1% market share there. And a question on the balance sheet. There is a loans and advances number in the balance sheet number. If you could just give us, explain to us the nature of that loans and advances number. It's a big number in the balance sheet.

Parag Agarwal, Whole time Director & CFO:
So, these are typically the advances and that we would have given to our agents to help them grow their business. So, as we had initially said, the profile of our agents is on an average, they are doing say, whatever, five, six crores of business. So, they do not have access to any formal capital if they wanted to grow their business. We have historically seen through our capital support agents who had a 20–30-member team have grown to a 200-member team, and they have continued to be with us. For example, our Chennai partner has been there with us for the last 10 plus years. When he started off it was a 20-member team and today almost a 200 out member team. So, all this growth requires, they require capital for that and they do not have access to any external capital. So that is one of the key values add or one of the keys supports that they look at a player like us to help them grow their businesses. So that is predominantly our loans and advances that we give to our agents to grow their business.

Rahul, Lucky Securities:
Right, great. Thank you very much for answering those questions. Thank you very much.

Raashi Khatri, Go India Advisors:
Thanks Rahul. Right, so Pranav had put some questions in the chat. So, his first question was, how resilient is Finbud's growth model to potential RBI tightening on unsecured personal loans? I'll just go through all the questions. So, the second question was, what market share gains can Finbud realistically capture in tier 2 and 3 cities versus established players like MyMudra or Andromeda? And the third question was covered already by the management. But his question was, how might a 70% to 30% agent to digital shift impact the margins overall if the digital customer retention lags?

Parth Pande, Whole time Director:
Yeah, I think to answer your first question, see, this is a highly regulated industry. We go through regulatory changes pretty much all the time. I think in the last 12 months, I think there have been a bunch of regulatory changes that have happened on the unsecured lending side. The first being, I think last November, the risk weights on personal loans went up from 100%, the risk weights went to 125%. Secondly, I think there was a sort of a message that went out from the RBI to cap interest rates. I think they had also barred lending for a few NBFCs that were charging or overcharging interest rates. So, I think that went through. The third impact was obviously that there was a curb on the small ticket loan. The RBI kind of unofficially gave a direction that less than 50,000 pre-loans should the space of that should be slowed down. So, this is a business that goes through regulatory changes pretty much all the time. Even in the light of the regulatory changes that we faced over the last 12 months, we've been able to grow at 35%. The point Parag was kind of making that we are today only 1% or sub 1% of the market. Essentially, it's a very, very large opportunity that is available. So, I think from that perspective, I think we must be cognizant of the RBI sort of changes. But it doesn't take away from the size of the market and the fact that credit growth in India will continue to sort of grow. Because I think that's the nature of how consumption is moving. Consumption is largely being driven by credit. And hence, I think there would be with this continued sort of growth. So, I think that is one important thing to talk about. Also, I think from a regulatory standpoint, we continue to ensure that we are sort of in cognizance of any regulatory changes that happen. But the size of the market and just the great behaviour of consumers make us confident of the fact that we are resilient to any kind of changes that come our way.

Parag Agarwal, Whole time Director & CFO:
I'll just add one more point to what Parth was saying. We have mentioned that also in our presentation. You will see that our top five, so we have a diversified lender pool. Our top five customers account for roughly around 50%. And after that, it's a very long tail. And the top five customers who are there, our top five lenders, they are the largest banks and NBFCs in the country. So, it comprises of HDFC, ICICI, Bajaj. So, we have a fairly stable lender profile on whom we have grown it is not the new age fintechs on whom we have piggybacked and grown our business till now so that automatically you know to some extent insulates us from minor regulatory changes barring any shock which might be there that's a separate issue but some of these regulatory changes which are there are something that our long-standing large lenders are able to withstand and hence it does not have a very serious impact on us

Parth Pande, Whole time Director:
Yeah, I think Raashi I think the second question if you can just repeat that, so I think the first question was around the regulatory changes, what was the second question?

Raashi Khatri, Go India Advisors:
The second question was about what market share gains can Finbud realistically capture in tier 2 and tier 3 cities versus established players like My Mudra and Andromeda?

Parth Pande, Whole time Director:
I think that's where the digital model becomes interesting, right? Because I think it is not dependent on geographical presence. I think the biggest challenge that pure offline players face is essentially the hurdle of starting a new geography, hiring people, training people, onboarding partners in a particular market. Today, our digital model allows us to operate across the country. Today, as we speak, we can service over 19,000 pin codes. So that is roughly, I think India at this point of time, I think has 22,000 plus pin codes. So, we are already sort of having the ability to kind of do that across 90,000 pin codes. And I think what we are seeing is a large part of a digital business is growing out of the presence in the tier 2, tier 3, tier 4 cities. Because I think that's where there is a large unmet demand of credit. And those customers, because there is not so much of physical infrastructure available or not many lenders who may have physical sort of presence available, But the digital model allows us to service these customers. So, a lot of the fintech partnerships that we have, or a lot of the NBFCs, which are more digital in nature, today we have the ability to service customers in remote areas. And I think that's where the differentiation with pure play traditional offline distributors also come into the picture. because they are kind of limited by the ability to kind of have a service in a particular physical presence, which today our digital model can leapfrog. And we don't have that dependency. And I think that's where the ability to service tier two, tier three, tier four markets come into the picture.

Raashi Khatri, Go India Advisors:
Right, and his third question was how might a shift from 70% to 30% agent to digital model will impact the overall margins if digital customer retention lags?

Parth Pande, Whole time Director:
I think Parag already mentioned the margin profile between the digital and the agent business, right. And I think I also kind of spoke about our ability to increase monetization by having more products on the platform, which ultimately will lead to improving digital markets. And I think the point about the super app that we spoke about would also help us in increasing the agent margin. So, I think going forward, I think the change in mix would have a significantly large impact on the margins. Because once you see that mix changing from currently around 85%, 15%, or if it's 14% that we are at, to 70%/ 30%, the incremental digital contribution is coming at a far better margin profile. That's one. Secondly, I think that all the new products that we are looking at adding on the platform obviously increases the overall margin on the digital business as well. And thirdly, I think the ability to kind of create this super app kind of an ecosystem for the agents, where we are not only providing them access to lenders, but a variety of other solutions that we are looking at building for the agent will help us increase the margin on the agent ecosystem as well. So, I think the combination of all these three parameters coming along would only ensure that with this mix being sort of achieved, the margin profile looks significantly different than where we are at right now.

Raashi Khatri, Go India Advisors:
Thank you. Ishan, would you like to unmute yourself and ask your question?

Ishan, Individual Investor:

Thank you, sir.
My question was, your FY30 ideas of 1,000 to 7-10% margin, does that include your NBFC business as well? So, have you forecasted for it? Or is that an add-on to this number? Yeah, the NBFC will be an add-on.

Parth Pande, Whole time Director:
I think what we are projecting on the on the sort of standalone 2030 are standalone financials for the distribution business.

Ishan, Individual Investor:
Okay, and when do we expect this NBFC to fall back, be operational and start contributing to the business? So I think we are already sort of undertaking the process. I think it'll take us maybe in, I think maybe between three to six months, I would assume for us to get everything operationalized. It's also that we would have to sort of seek certain regulatory and board approvals, etc. So, we're in the process of doing all of that. So, I think a realistic timeline, I think would be in between three to six months from now.

Ishan, Individual Investor:
Thank you.

Raashi Khatri, Go India Advisors:
Right, so the next question we have in the chat is from Omkar. So, he's saying whether NBFC will remain subsidiary of Finbud till the next 3-4 years?

Parag Agarwal, Whole time Director & CFO:
So that would depend to a large extent what is the fundraising plan and how much of that they are able to execute. As you would all appreciate that it's a, NBFC is a capital-intensive business. And what is the book that we are able to build over there? On top of that, what is the market acceptance of that? How much capital we are able to raise over there? That is what will eventually result in whether it continues to be a subsidiary or will become a significant minority shareholder over there.

Raashi Khatri, Go India Advisors:
Right. Thank you, sir. His next question is the presentation has provided guidance only on loan aggregation business. So, please provide certain guidance for the NBFC too. And his next question is, as per his understanding, NBFC profitability can be much higher than loan aggregation business.

Parag Agarwal, Whole time Director & CFO:
So, as I just said that, you know, we currently do not have a visibility as to on a long-term basis, whether that NBFC would continue to be our subsidiary or whether we will be at less than majority over there. Hence, in our presentation, we have talked about only the parent company's standalone business performance. And as Parth said, currently, we are in the process of just setting up the operation. We are in the process of hiring the team. As of now, we do not have any capital over there to lend itself. So, we are just setting up the team, building the product, building the technology platform, doing integrations. So, it's a very, very early stage as of now to give any

projections for the NBFC. Because it would also be dependent on the capital available over there. So, once we have a little bit more clarity in it in the next three to six months, we will share some colour around that also.

Raashi Khatri, Go India Advisors:
Thank you, sir. Pushkar, you can unmute yourself and ask your question.

Pushkar Jain, Mili Capital:
Yeah, hi, sir. So, but I thought we had raised some funds in the IPO also for the NBFC, right? So, is it just for team building and that for now? Or what are the funds, ultimate use of those funds?

Parag Agarwal, Whole time Director & CFO:
So as Parth said, that we will eventually be, not eventually, we are already trying to raise funds in the NBFC. And as part of that fundraising effort, the 15 crores that has been marked in our RHP is earmarked towards the LTCV, towards our subsidiary. So that's part of the overall fundraising that the NBFC will be doing.

Pushkar Jain, Mili Capital:
Right, right. So, these 15 crores will also be invested at the valuation at which other investors would come in?

Parag Agarwal, Whole time Director & CFO:
Yes, yes.
Pushkar Jain, Mili Capital:
And we can get a realistic update on that in three to six months.

Parth Pande, Whole time Director:
That's right. So, this money is currently earmarked. I think.

Pushkar Jain, Mili Capital:
Thank you so much.

Raashi Khatri, Go India Advisors:
Thank you. Right. So the next question in the chat is from Bongoni. So, they're saying the congratulations on great results. So, his question is, where do we see the company down the line in the next three to five years in terms of market share and revenue guidance?

Parth Pande, Whole time Director:
I think, we've kind of touched upon that in the narrative as well as in the presentation that we've given out., We are very confident that we can continue to compound over the next three to five years at the current CAGR growth rates, if not better than that. So, I think that I think is the first sort of large level point that I would want to make. We are operating in a fairly large market and a fairly evolved sort of industry, right, which continues to grow, I think from that perspective, being able to sort of hit the projections that we have spoken about, which is, and I think we've also been able to demonstrate that now, that over the sort of the existence of the company and even in the first half of the year's results and I think we have also kind of mentioned that even in the second half of the year, this year we continue to hope to have the same kind of sort of growth rates right. So, I think from a compounding perspective I think we are confident that over the next

three to five years we would continue to grow and the rates that we have mentioned. I think in our presentation that we have put out, there is a sort of a long-term FY30 number that we have mentioned as well, and which kind of is an outcome of being able to compound at the growth rates that we are currently operating at.

Raashi Khatri, Go India Advisors:
Right, so he takes us to the next question from Venkata. So, he mentioned 1000 crore revenue by 2030 in the investor presentation. And he's asking whether this is doable. And he's asking, could you also explain on the market size and growth and the possibility to achieve this? And what are the major risks that are involved?

Parth Pande, Whole time Director:
We have mentioned a number that's already there and I given the logic as well which is compounding at the CAGR to hit that number. I think we're very confident of being able to get there. I think we have demonstrated you know that growth rate consistently and I think we are confident given the way that the business model is built out and the execution capability that we have within the team, we would be able to hit those numbers, you know, that we projected. So, I think the confidence is high. In terms of opportunity, obviously, the credit markets are very, very large, right? Just to give you a case in point, the monthly dispersal on unsecured loans is one lakh crores, right? That's just the monthly dispersal numbers that are there, right? And in terms of book size, if we see the overall credit industry in terms of just unsecured loans is upwards of 15 lakh crores. I think that number on secured loans is even larger. So, the market is very large, and we currently have a less than 1% market share. So, I think from just having a sort of a very minor market share itself, there's a possibility of creating a very large company. And as the market share keeps increasing and as we keep penetrating new products and sort of new opportunities, you know, the ability to continuously grow at the rate growth rates that we have spoken about and hit the large sort of outcomes that we are looking at chasing, I think becomes a realistic possibility. In terms of challenges, there are obviously macro level challenges that because I think in terms of credit markets, the macro challenges, you know, sort of impact lending industries very closely, right? Because typically, the slowdown in credit largely happens when there is some amount of macro changes. Right. And also, other challenges are more regulatory in nature, which I touched upon earlier. So, these would be a large two sort of challenges to watch out for. But in terms of just the sheer size of the market or the business model that we have built, or the multiple lenders that we have on the platform, or the kind of customer base that we have created and the incremental opportunities that we can sort of unlock using that, I think the opportunities are manifold.

Raashi Khatri, Go India Advisors:
Thank you. So, his next couple of questions are, so what are the scale of economics can be achieved with PAT margins, 10% or above? And he's also asking, so any other products we are planning, like the UPI tech platform, mutual fund distribution, health insurance?

Parth Pande, Whole time Director:
Yeah, so I think, yeah, so I think we've, I think foraying into other financial services product would be the most natural extension for us to kind of look at, right? But I think the first step of really product expansion would be within the credit ecosystem. Because today there are a bunch of other credit products which we do not cater to. And I think we've started sort of creating some of those opportunities via the data engine that we have created. The narrative around gold loan that

Parag was talking about was one of the initiatives that we undertook. And I think we've seen very high, very quick and very early success out of that. And I think now we are in the process of now sort of growing that franchise, adding more lenders, et cetera, to make that a significant contributor to business. I think we've also seen success in the health and wellness product that we have crafted. And we're seeing attached rates, which are now north of 50% on the digital audience that we are sort of bringing on the table. I think also we are looking at other products on the credit side, which could be created for these customers. I think that also increases the lifetime value on the platform. So, I think the first expansion would happen within the credit ecosystem itself. The next logical extension is obviously to think about other financial products, because a lot of the customers who we cater to on the credit side are obviously consuming other products as well. But we want to have a more data and analytics led approach to solving that rather than a distribution or pure distribution-based approach. I think that's where the real value on the data lake that we have created starts coming through. These solutions are getting worked on by our data teams in terms of building propensities. Building customer behavior models, understanding what kind of products our consumers consume. And we are trying to build that graph of customers so that we can potentially profile our customers on potentially on a particular axis and then think of the various products that the customers could consume on the other axis. And then over a period of time, look at opportunities which are large enough and adjacent enough where we could potentially foray to. So, I think to answer his question, yes, there would be adjacencies that we would look at. There would be new lines of diversification that we would look at. But I think in terms of the operating model to completely play out on those products, a three-to-five-year horizon is the right time.

Raashi Khatri, Go India Advisors:
Thank you, sir. So the next question from Omkar and Hinglaj was, can we compare Finbud with Paisa Bazaar on various operational metrics? And how different is the business model from policy bazaar?

Parth Pande, Whole time Director:
So, I think, you know, Paisa Bazaar is a pure digital sort of a distribution platform. We are a digital distribution platform. So, we today have the ability of straddling both the physical ecosystem and the digital ecosystem. I think the first differentiating factor is really on the cost of acquisition. So, pure vanilla first loan customer acquisition costs on digital loans tend to be very expensive. and hence Paisa Bazaar for the longest time has had a sort of a cash burn model where they have spent monies on acquiring customers via platforms like Google and Meta to get high quality customers coming onto the platform. And that tends be a cash burn model and that's why pure digital aggregators tend to burn a lot of cash to acquire a customer base. Now we have kind of differentiated sort of a physical network to build the same quality of customer base, if not better, because it comes via a pre-screening route via the agent. But today we have over 45 million customers sitting on the data lake, where we have all these pieces of information, which any other digital aggregator has access to. So, I think from that perspective, we've been able to build a competing model with the fraction of spends that some of the digital players have been able to do. So, I think that's the first point that I would want to make. Secondly, in terms of the DNA as well, I think it's very difficult to, you know, for an organization to straddle a physical distribution-led DNA and combine that with the scale and sort of approach that you need to build a digital business, right? And I think that's where a lot of the players have kind of tried but have not been able to succeed. I think even if you look at the narrative that Paisa Bazaar had I think over the years, they have also kind of spoken about foraying into the offline world, because that's very,

very large. And how customers operate or where the banks operate, there's a significant number of customers who still are choosing like physical channels or agent channels to kind of get service done, right. This kind of hybrid approach is where the differentiation really comes in. And I'm honestly speaking, to be able to execute a sort of a business strategy which straddles the complexities of building physical distribution, along with being able to build, you know, capabilities on the technology data marketing side are fairly complex. And I think we are kind of being able to successfully execute that. And I think that's where the differentiation comes in. And for us, the agent business is essentially a feeder business, right? So, as it keeps feeding into the data lake, the opportunities then to monetize keeps increasing. And that's where the sort of the symbiotic nature or the flywheel that I was talking about really comes into play. So, I think that's where the differentiation is. So in terms of line of business, of course, Paisa Bazaar and Finbud are at the same line of business, which is distributing credit products. But the approach to building the business is very different.

Raashi Khatri, Go India Advisors:
Thank you, sir. Rahul, you can ask your question.

Rahul, Lucky Securities:
Yeah, thank you for giving me a chance again. Just, you know, as you grow, let's say 35 to 40% over the next four to five years, does the composition of your lead or you know, as you mentioned right now in the presentation, the top five lenders account for 70% does that composition change dramatically or broadly you're going to take away those guys are not going to grow at that rate definitely. So, but are you going to take enough market share from within their scheme of things to keep their contribution like this or this kind of going to change?

Parth Pande, Whole time Director:
Rahul, the lender pool would largely be dictated by the market, right? So I think I would want to make a case in point of HDFC Bank here, right? So, I think for the longest time, HDFC had only a physical model with us, and we were sort of operating via the physical network with HDFC Bank. I think the last 18 months, HDFC has started focusing a lot more on their own digital business, right? And essentially opening the digital channels out. And I think we have gone and partnered with HDFC and I think it's become one of the largest players with HDFC Bank over the last 18 months in their digital ecosystem as well. So, I think where we see this opportunity evolve is I think also there's a significant amount of digitization that is also happening in the traditional lending ecosystem. And today, if you honestly ask me, most of these lenders are running a dual model. So, whether it's an HDFC bank, whether it's a Bajaj, whether it's an Aditya Birla Capital, whether it's a Tata Capital, whether it's an L&T Finance, all these large names, we have a partnership both on the physical front as well as on the digital front. So, I think that's where we are seeing a lot of sort of the market sort of move. And within their organizations also, I think they have like competing challenger models that are getting built. And we, given the hybrid nature of our distribution, have then the unique position of being able to participate with lenders like these across both these forms of distribution. So I think, I would think the lender pool would remain largely a consistent, I mean, a reflection of the market share that some of these lenders have. But I think the differentiation that we have is the ability to kind of straddle the different channels that the banks are operating on. Also, I think from a relationship perspective, Rahul, the relationship only becomes stronger, right? Because if I have the ability of serving HDFC Bank, both on the physical front as well as the digital front, now my ability to kind of become important for HDFC

Bank also keeps increasing. because now I'm no longer a monoline sort of a partner with them. I'm a sort of a multi-fold partner with them.

Rahul, Lucky Securities: And just some more understanding here, you have a database of let's say four and a half crore customers with you right now. Bajaj Finance talks about, let's say a customer base of 11 crore customers last week, kind of got an update from them. Broadly, is there a broad overlap between these two numbers? And should we look at, let's say, 10-11 crore is your possible customer profile as well?

Parth Pande, Whole time Director:
So, I think, let me just put this number in context of bureau data, Rahul, which is the best way to understand the market, right? So there are 40 crore people on the bureau. If I was to remove people who are on the agri-side or micro finance loans, etc., and see where FinBud, may not be a future participant, that number shrinks to around 25 crores, right. So, I think in terms of income generating population, which is there on the credit bureau, which is essentially a customer having at least one financial product, right? Because I think today, we are not a platform which is looking at solving new credit customers, for example, students who are looking at borrowing credit, etc. We are going after a customer set, which is already on the bureau and have financial products, and understand what it takes to build a great profile. So, 25 crore people are on the credit bureau. So that's the total size, right? Of course, there are segments which Bajaj may be operating in, but there will be segments that even Bajaj may not be operating in. Hence, the number would be 11 crores, potentially, that would go up further, there would be a significant overlap between the business that we operate and the numbers that Bajaj is talking about. Another point to mention, I would want to make Rahul is that we are rather over-indexed on the salaried population, right? I think some of the other lenders are obviously a larger distribution between salaried and self-employed borrowers. I think given the nature of products that we are working on and the platform that we have created, we have more salaried borrowers on the platform than self-employed customers. Therefore, the overlap on the salary population will be very large, as we are all playing in the same data pool.

Rahul, Lucky Securities:
And just one final question here, with your target of, let's say, 35,000 crore disbursement, what kind of numbers are we looking at on the master agent side? Does that go proportionately or not so much? It would not go exactly proportion, because obviously the existing guys would also grow. But it would have to be more linear also.

Parth Pande, Whole time Director:
It will be linear along with the growth in our overall disbursal volumes.

Rahul, Lucky Securities:
OK, that's all. Thank you. Thank you so much.

Raashi Khatri, Go India Advisors:
Thank you. Pratham, you can go ahead and ask your question.

Pratham, Orbitsi:
Thank you so much for the opportunity. So, my question is, what is our current monthly disbursal run rate?

Parag Agarwal, Whole time Director & CFO:
So, as we said, we are targeting around 9,700 crores in this current financial year. So, we are roughly in the 800-850 crore monthly disbursal now.

Pratham, Orbitsi:
So, if you could answer, what was the disbursal we did in the month of November? If you could answer that.

Parag Agarwal, Whole time Director & CFO:
We are still in the process of collating that data.
The month end has just happened. So maybe in our next update, we'll be able to give that. But the 9,700-crore projection that we have given, that is assuming what we did in September and the gradual organic growth that would happen. But we are confident of achieving that number.

Pratham, Orbitsi:
My second question is, as we see credit growth is again beginning to pick up after bottling up out about six months ago and now with RBI entering a rate-cutting cycle, both macro indicators seem supportive for our business. Given this improving environment, how do we see the growth trajectory for our disclosures going forward?

Parag Agarwal, Whole time Director & CFO:
So, over a long term, we have said that, you know, we will be wanting to grow from whatever our current run rate to 1000 crores. So, on a long-term basis, that's roughly a 35% CAGR that we see over the next five years. Obviously, in the initial years, that number will be higher than that, and would probably tend to taper towards the end of that five-year period, such that the average CAGR is roughly around 35.1%.

Pratham, Orbitsi:
Thank you so much for that. Thank you.

Raashi Khatri, Go India Advisors:
So, the next question we have in the chat is from Rohan. So, he's asking that since a bulk of our revenue comes from personal loans, can you highlight what has been the portfolio performance in terms of credit costs for lenders, NPAs in the portfolio originated by you for them? And he's asking that once dispersed, if the account returns NPA, do you play a role in the collections?

Parth Pande, Whole time Director:
Yeah, so I think let me answer the second question first. We are an acquiring platform, right? We do not play any role in the underwriting of the loan. And hence, we have no sort of obligation from a collection standpoint. So, I think from a purely one-time transactional business, it's purely an acquiring platform. Our partnership with banks and NBFC's is more on the acquiring side. And our role is limited to being able to bring in high quality borrowers for them. So I think that from a portfolio performance perspective, you know, so while I think the point here is that, you know, while there is not a direct economic bearing on the business model in terms of quality of portfolio,

And hence, this information is not shared by the lenders across the board for all the loans that we originate. But I think we also kind of keep doing these backtracking of these customers to understand how our portfolios are performing with some of the lenders, because I think that gives us, you know, sort of long-term goodwill with these guys, unfortunately, doesn't translate into any kind of an economic benefit. But I think I would want to make the case in point of HDFC Bank, because they are our largest partners. We have seen that our portfolios perform significantly better than even HDFC Bank's own portfolio. So, I think they sort of have a quarterly update that they share with us in terms of the customers that we have originated. And I think the last updates that we have received from them, our portfolios are doing better than even HDFC's own portfolio. One of the things that we continuously keep prodding or pushing our lending partners is to give us higher outcomes based on portfolio performance. But unfortunately, given the nature of business and given the fact that it's an acquiring platform, it's a one-time fee model. So, while there is no upside in terms of portfolio quality, there is no downside in terms of, you know, sort of losses or collections, etc as well.

Raashi Khatri, Go India Advisors:
So the question asked by Venkata and Hinglaj have already been covered. So, I will skip to the question from Shamal. So he's asking that My Mudra operates with a business mix of approximately 15% digital and 85% physical and records a PAT margin of around 10%. They also maintain a loan portfolio distribution similar to ours with a comparable personal loan to MSME loan ratio. Despite this, Finbud's PAT margins remain significantly lower, and could we analyse the key factors contributing to this profitability gap given the similarity in the business model and the loan mix?

Parag Agarwal, Whole time Director & CFO:
So honestly, this is a question which keeps coming back to us from various players. Our reply is that we do not have an insight on how they are showing such a higher margin. On a day-to-day business encountering perspective we know that the margins which are so currently for both them and for us the overall margin profile is fairly dictated by the agent segment margins because that accounts for 85% of both our businesses. on the agent business the margins are very competitive it is almost market determined to the extent that over there if there is a five to ten paisa difference also the agent tends to shift so the margin profile that what we have is something that is completely market determined competitive natures are there in every market whether we tier one tier two or beat the metro. Hence, I would not know how they are able to show such high margins. We have seen in the market that 90% of the revenue that we share with My Mudra We see there also payout sheets which there are floating in the market. They also tend to give 90% of their revenues, share 90% of their revenues with their agent. So in spite of that, how they are able to show that margin profile, we would be not able to comment on that

Parth Pande, Whole time Director:
I think I think one point just to add to what Parag was saying that even if you look at the financial performance of very large platforms like Andromeda or my money mantra right who each of these guys have been around for over two or decade and you look at their financials which are available publicly through MCA information.

In a best case scenario, their margin profile on the agent business is comparable if not a little lower than ours. So, I think I would just want to sort of add to that because in terms of sheer and like Andromeda, I think from last year was around a 1500 crore revenue company, right? So even at that scape, the margin profile is similar, if not a little lower than us. So, I think that's all the large players are in our vicinity. Obviously, we should also appreciate that my Mudra is one third our size. So, at a lower base, maybe that is possible.

Raashi Khatri, Go India Advisors:
Thank you so much. Omkar has just made a comment that requests you to provide monthly performance updates. Yeah, we will make sure to do that, Omkar. Thank you so much, everyone, for joining the Maiden Earnings Call for Finbud. Thank you so much. Okay, Sharmil has said thank you for the detailed clarification for addressing our concerns. Your insights are truly appreciated, and we look forward to further improvements and collaboration. Thank you so much Sharmil for the comment. And if you have any further questions, feel free to contact us at Go India Advisors or if you'd like a further meeting, with the management of Finbud, we can get that. But thank you so much, everyone and all the management. Thank you very much. And we will close the earnings call now. Thank you.