

Company Name: Manba Finance Ltd.

Key Management Participants :

Mr. Manish Shah – Managing Director
Mr. Jay Mota – Chief Financial Officer
Mrs. Bhavisha Jain – Company Secretary

11th Annual Valorem Conference Highlights :

- Assets Under Management grew by a strong 25% year-on-year, reaching approximately INR 1,631 crore in 9M-FY26, reflecting consistent momentum in loan disbursements across core segments.
- Net Interest Income rose sharply by 19% YoY while PAT grew by 15%, demonstrating improved spread management and a disciplined approach to cost and revenue optimization.
- The company successfully reduced its cost of borrowing from 10.80% to 10.12%, achieved through a diversified funding mix and a stronger credit profile, directly boosting net interest margins.
- The two-wheeler segment forms 82% of the total portfolio with an average yield of 22%, serving as the primary revenue engine and benefiting from deep dealer relationships and low bank competition in this borrower segment.
- With 85% of collections managed by its own staff rather than third-party agencies, the company maintains superior control over overdue interest and penal charge recovery, keeping opex at 6% versus the 9% industry average.
- The proprietary Rule Engine (PRE) evaluates applications across 7 key parameters including CIBIL scores and LTV ratios, enabling 70% of customers to receive loan approvals within minutes and significantly improving turnaround time and customer experience.
- The average Loan-to-Value ratio was proactively reduced from 83% to 77% after internal data revealed that loans with LTV above 90% carry a significantly higher probability of default, strengthening the overall underwriting discipline.
- The company stations its own trained staff across 1,100+ dealer locations in 6 states, completely eliminating reliance on Direct Sales Agents (DSAs) and ensuring better sourcing quality, reduced mis-selling risk, and tighter borrower vetting.
- The company maintains a robust Capital Risk-Weighted Assets Ratio (CRAR) of 39%, well above regulatory thresholds, with a leverage ratio of 3.7x, providing ample headroom for future balance sheet expansion without immediate need for external capital infusion.

Key Questions & Answers discussed during the Conference:

- **What factors led to the reduction in borrowing costs from 10.80% to 10.12%, and is there further scope for improvement?** The reduction was driven by diversified funding sources and stronger lender relationships, supported by a robust CRAR of 39%. This has enhanced our negotiating position, and further optimization is expected as the credit profile strengthens.

- **How sustainable is the company's ~20% market share in mature regions amid increasing competition?** The market share reflects strong dealer relationships and service quality, supported by a localized operating model. These factors provide a competitive advantage that supports sustainability
- **How comfortable is the company with asset quality given GNPA of 3.38% and relatively low provision coverage?** Despite GNPA of 3.38% and provision coverage of around 20%, asset quality is considered manageable given the borrower profile. We have tightened underwriting by reducing LTV and strengthened collections through its in-house model, supporting stability in NPAs.
- **What drove the decision to reduce average LTV from 83% to 77%, and what impact is expected?** The decision was based on data indicating higher default risk at elevated LTV levels. Lowering LTV improves borrower commitment and credit quality, which is expected to reduce NPAs, albeit with a marginal impact on disbursement growth.
- **How does the company plan to address concentration risk with 82% exposure to two-wheelers?** Two-wheelers remain the core growth driver due to attractive yields and limited competition from banks. We plan to gradually diversify into adjacent segments while leveraging our strong dealer network and underwriting expertise.
- **How scalable is the high-yield top-up loan segment, and what safeguards are in place?** Top-up loans are extended to existing customers with strong repayment histories, offering 26% yields with minimal sourcing costs. Strict eligibility criteria ensure that this segment remains low-risk while enhancing profitability.
- **What is the company's approach to underwriting and scaling in the used car financing segment?** We are entering the used car segment cautiously, leveraging its dealer network and credit expertise. The current focus is on refining underwriting models before scaling to ensure asset quality is maintained.
- **How will the company sustain its in-house collection model as it scales?** With 85% of collections handled internally, we benefit from better control and efficiency. Continued investment in training and infrastructure will be essential to maintain effectiveness as the portfolio grows.
- **How does the company ensure underwriting discipline with 70% automated approvals through its Rule Engine?** The Business Rule Engine uses key credit parameters to enable fast and consistent decision-making while reducing human bias. Continuous refinement using portfolio data ensures accuracy and robustness over time.
- **How does the company manage operational complexity across six states and 1,100+ dealer touchpoints?** We operate through 113 branches and direct dealer staffing, improving sourcing, underwriting, and collections. This model has delivered strong unit economics, with around 20% market share in mature markets.
- **What supports the company's confidence in scaling Uttar Pradesh to mature market levels?** Strong collection performance and a disciplined borrower base have exceeded expectations in Uttar Pradesh. The strategy of deepening presence in existing geographies reduces execution risk and supports scalable growth.



- **How flexible is the plan to raise INR 250 crore while maintaining promoter holding above 50%?** The strategy of deepening presence in existing geographies reduces execution risk and supports scalable growth. The capital raise is phased and not immediately required due to a strong CRAR of 39%. This provides flexibility to raise funds at favorable valuations while maintaining promoter alignment.
- **Is the company's balance sheet under-leveraged given CRAR of 39% and leverage of 3.7x?** The balance sheet is conservatively structured, providing significant headroom for growth. Leverage is expected to increase gradually as the loan book expands.

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