MONEYBOXX FINANCE LIMITED
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February 14, 2025

BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai-400 001
Scrip Code: 538446

Dear Sir/Madam,

Sub: Transcript of Investor Earnings Conference Call pertaining to Financial Results for the Quarter and nine months ended December 31, 2024

With reference to our intimations dated February 04, 2025, and February 11, 2025, with respect to Investor Earnings Conference Call and pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, please find attached the transcript of Investor Earning Conference Call held on February 11, 2025.

The aforesaid intimation is being made available on the Company's website at www.moneyboxxfinance.com

You are requested to kindly take the same on record and acknowledge the receipt.

Thanking You,

Yours faithfully,

For **MONEYBOXX FINANCE LIMITED**

Lalit Sharma
Digitally signed by Lalit Sharma
Date: 2025.02.14 19:37:29 +05'30'

Lalit Sharma
Company Secretary

"Moneyboxx Finance Limited

Q3 FY '25 Earnings Conference Call"

February 11, 2025

MANAGEMENT: **MR. DEEPAK AGGARWAL – CO-FOUNDER – MONEYBOXX FINANCE LIMITED**
MR. MAYUR MODI – CO-FOUNDER – MONEYBOXX FINANCE LIMITED
MR. VIRAL SHETH – FINANCIAL CONTROLLER – MONEYBOXX FINANCE LIMITED

MODERATOR: **MS. MAMTA NEHRA – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of Moneyboxx Finance Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Nehra from Orient Capital. Thank you, and over to you, ma'am.

Mamta Nehra: Thank you. Good afternoon, ladies and gentlemen. I welcome you to the Q3 FY '25 Earnings Call of Moneyboxx Finance Limited. To discuss this quarter's business performance, we have from the management, Mr. Mayur Modi, Co-Founder; Mr. Deepak Aggarwal, Co-Founder; Mr. Viral Sheth, Finance Controller.

Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to the investor presentation and other filings that can be found on the company's website and stock exchanges.

Without further ado, I would like to hand over the call to the management for their opening comments, and then we will open the floor for Q&A. Thank you, and over to you, sir.

Mayur Modi: Thank you so much, Mamta, and good afternoon, everyone. I'm Mayur Modi, and I'm pleased to welcome you all to the quarter 3 financial year '25 earnings call of Moneyboxx Finance Limited. Our financial results and the investor presentations have been uploaded on the company's website and exchange, and I hope you had a chance to review them.

Joining me today are Deepak Aggarwal, the Co-Founder; and Mr. Viral Sheth, Finance Controller. Before we actually dive down into the business updates, let me start with some macro updates. As we all know that the Indian economy continues to expand but at a slightly moderated pace.

The Reserve Bank of India forecasted India's GDP to grow at 6.7% in financial year '26 with quarterly estimates ranging between 6.5% to 7%. While this suggests some softness in domestic demand, which could affect the economic momentum in the near term. However, the agricultural activity remains very strong, supported by the healthy reservoir levels and the promising rabi prospects.

Moving on to the inflation trends. The headline inflation eased to 5.2% in December '24, coming down from a peak of 6.2% in October '24. This decline was primarily driven by lower food inflation, particularly in vegetables, which helped bring overall price pressures under control. And this led for the first time in 5 years, the Reserve Bank of India had to cut the repo rate by 25 basis points, bringing it down to 6.25%, aimed at supporting the growth.

The RBI governor has assured that India's structural growth drivers remain very robust, providing a very stable foundation for the long-term economic expansion. Now shifting the focus to the NBFC sector. Our stress test was recently conducted on the industry indicates a level of resilience with capital buffers remaining well above the regulatory requirements even under very adverse scenarios.

However, we must remain mindful of the global medium-term risks, including the geopolitical tensions, global trade barriers, the climate disruptions, the weakening urban demand and the weak export performance, all of which could have a potential spillover effect on the financial system.

While some uncertainties surround the NBFC sector, we are proactively responding by taking strategic steps. As a company, we are expanding our branch network, improving the operational efficiencies and enhancing our collection mechanisms. These efforts, we believe, will help us to adapt to changes and continue to grow.

Now let's move on to the main item, which is our quarter 3 financial year '25 performance. I am pleased to share that our assets under management recorded a 56% year-on-year growth, reaching INR837 crores in quarter 3 financial year '25, including our managed book of INR246 crores.

This steady growth has been driven by strategic expansion of our branch network. In terms of quarterly disbursements, we achieved INR168 crores for the quarter, representing an 8.3% year-on-year increase from INR155 crores disbursed in quarter 3 financial year '24. And the cumulative disbursements since start of the company in quarter 3 financial year '25 reached INR1,601 crores.

Moving on to our secured portfolio. We witnessed strong momentum in this segment. Currently, our incremental secured disbursement book constitutes 50% in quarter 3 financial year '25, up from 24% in quarter 3 last year and is expected to reach 60% by the end of financial year '25. Our secured loan book now makes up approximately 38% of the AUM as of quarter 3 financial year '25, rising from 17% in quarter 3 last year, and we remain on track to achieve our 40% target by March '25. In fact, we will definitely exceed this target.

This shift reflects our deliberate strategy to strengthen our asset quality, enhance the risk management and build a more resilient secured loan book. As of December 2024, we have significantly expanded our operations, growing from 86 branches in 8 states in December last year to 160 branches across 12 states.

A key milestone in our growth strategy has been our entry into new markets, including APC, which is Andhra Pradesh and Telangana, Karnataka and Tamil Nadu. We are also pleased to share that we have received continued support from our lending partners. During this quarter, we successfully onboarded 3 new lending partners.

They are Indian Overseas Bank, Bajaj Finance Limited and Nabkisan Finance Limited. And in January of this year, Suryoday Small Finance Bank was onboarded, bringing our total number of lending partners to 33 and banks to 12.

Now moving on to income. Our total income grew to 54.6% to INR51.8 crores in quarter 3, up from INR33.52 crores in quarter 3 last year, reflecting the steady expansion of our business and our operating expenses as a percentage of AUM remained stable at 12.6% for the 9 months ended financial year '25 compared to 12.7% as of financial year '24. We remain committed to optimizing costs while ensuring the sustainable growth.

Managing expenses efficiently is a key strategic priority of the management, and we continue to take steps to streamline the operations. Reducing operating expenses remains a key long-term objective, and we are on track to achieve our target of bringing the opex down to 10% by financial year '26.

In terms of yields and spreads, the company's current yield stands at approximately 27.9% for this quarter, while spreads were at 14.96%. Moving on to our profitability metrics. Our profit after tax (PAT) for the quarter 3 stood at INR0.2 crores and for the 9 months ended financial year '25 was at INR6.5 crores.

Our 9-month financial year '25 return on average AUM came in at 1.2%, while our return on average equity stood at 4%. As you may recall from our earlier discussions, we had highlighted that our ongoing branch expansion will lead to increase in opex, which has had a short-term impact on both our ROE and ROA.

Now talking about our net interest margins. They have remained stable at around 16.6% for this quarter. Our focus remains on improving the asset yields and maintaining disciplined cost management to further enhance our margins. During the quarter, our overall collection efficiencies, this is current and up to 30 DPD improved to 97.3% in December '24, up from 96.5% in September '24, while the collection efficiencies in the current and up to 90 DPD rose to 95.2% in December '24 compared to 94.5% in September '24, reflecting a very steady progress.

However, our credit cost as a percentage of average AUM increased to 4.7%, largely influenced by the industry-wide stress that we are seeing in the unsecured segment. That said, we remain very committed to proactive risk management and are very confident that our ongoing collection efforts will help bring the credit cost down in the upcoming quarters.

To enhance our collection efficiencies, we have taken a number of steps. We have significantly intensified our recovery efforts across all DPD buckets. Company's collection strategy of building out a separate collection function now with over 100 team members focusing on the collection, along with engagement of telecalling agencies, digital interventions, we have deployed SMS, IVR and bots and has intensified efforts on legal recourse for the recovery of dues is actually showing positive results.

As a result of all these focused initiatives we have observed a turnaround in collection efficiency from November 2024 onwards and a steady month-on-month improvement is there in collection efficiency. Our on-book gross NPA, which is Stage 3 assets rose to 5.6% in quarter 3 financial year '25, up from 2.78% in quarter 2 financial year '25. Likewise, our NPA increased from 1.41% in quarter 2 financial year '25 to 2.88% in quarter 3 financial year '25.

This decline in asset quality is in line with the broader industry-wide stress that we are witnessing in the unsecured loan segment. Our provision coverage ratio stood consistent at 50%, reflecting our prudent approach to risk management as we continue to build adequate buffers to safeguard against any potential future contingencies.

Further, the company strengthened its capital position by announcing an equity raise of INR175.8 crores out of which INR91.08 crores was received in September '24 and the balance INR84.72 crores is receivable by March 2026, which will provide adequate cushion for any further down trend.

With this fund raise, net worth increased from INR169 crores as of March 2024 to INR265 crores as of December 2024. And the expected capital infusion of INR84.72 crores on warrants conversion will increase the capital base to over INR350 crores. Capital adequacy remains healthy at 35.76% and the debt-equity ratio remains low at 1.78x as of December 31, 2024.

Moreover, the increasing focus on secured lending, 50% of disbursements in quarter 3 and 38% of AUM as of December '24 and the improving geographic diversification with presence in 12 states spread across India is expected to yield stability in asset quality going forward.

Looking ahead, as we anticipate further improvements in the coming quarters, driven by an expected uptick in rural demand as economic activity and cash flows in rural and semi-urban area continue to improve, we expect to see a positive impact on repayment behavior amongst our customers. Additionally, we are continuously refining our credit assessment and risk management frameworks to maintain a sustainable asset quality and ensure long-term portfolio health.

Thank you so much. I think now we can move on to Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Nisarg Vora from Vora Growth Capital.

Nisarg Vora: Sir, my first question was that I was concerned on the resignation of the internal auditor. So, could you please provide some clarification on the reason?

Deepak Aggarwal: Yes. So basically, as we clarified also on the BSE, so it's not Viral Sheth has resigned from the organization. He remains Finance Controller of the company. It is just that there was too much on his table, and we had a new hire in internal audit function. So, Saurabh will take care from here. So, it is just that he was preoccupied with many other things. That's the only reason.

Mayur Modi: It's just distribution of work. I think it's just that we hired a specific person for the internal auditor. In the interim, I think Viral was helping us with this function. And when we hired Saurabh, this function moved to him in terms of responsibilities.

Nisarg Vora: Got it, sir. And sir, I wanted to ask that how are we intensifying our collection efforts? Like how are you planning to prevent the 30 to 90 buckets from slipping? And how do we get the confidence that you'll be able to manage the situation in the future? I mean the growth that we are doing 100% or whatever will be sustainable and we'll be able to collect the money back when required?

Deepak Aggarwal: So, as we have already also given in our presentation, so there are multiple steps taken through all the buckets. So, as we said in 0 to 30, we were not doing other than the LRO collection, the relationship manager collecting, we have introduced a telecalling. We have introduced SMS bot IVR as an additional help in the 0 to 30. In 30 to 60 bucket we have introduced a new line of credit officers, which will collect in that level.

Even in the 60 to 90 bucket, branches will ensure the collection team is already now 100-plus people. So that impact, you will already see that on the Slide 14, which we have given that actually Slide 15, the turnaround has happened. And whether in the current bucket, it's a continuous decline and across 0 to 30 and up to 90 bucket.

So, improvement is seen now. And one initiative which we have taken is that to give investors monthly data point. So, we started with January. And every month, at least till it recovers to the February level, which we used to see we will be giving monthly updates on the collection.

So, we'll really on the ground, see that time is changing now in terms of whether client giving the payment in terms of the PPP with better crop season. So, situation is definitely improving. And we are strongly convinced that Max by not later than June, we will have the very similar number as we used to see last 1 year, 1 year back.

So at least in the 0 to 90 bucket, everything will be corrected within next 4 to 5 months. Result will be seen month-on-month, but I hope the complete reversal will happen in another 4 to 5 months.

Nisarg Vora: Got it, sir. And sir, if you have access to the presentation, then on Slide 15 and Slide 16, there are 2 different measures of collection efficiency. So, could you just help me understand what is the difference there?

Deepak Aggarwal: What we are talking about the current bucket, when we talk about collection efficiency, it also includes the portfolio, which has already flowed into the next bucket, say, into the 90 bucket. So, for example, when I talk on the Slide 15, you have what is in the current bucket of 0 to 30 and up to 90.

But here, what we are talking is on the Slide 16, what we are talking is collection efficiency, which includes the clientele, which is 90 plus also. So, for example, when you already have a higher GNPA, so as you said, there is a 5% of the client, which has crossed 90 bucket. Now there, when that percentage becomes higher, the overall collection efficiency gets impacted, which is represented by Slide 16.

So, what the strategy is the immediate control, see the biggest problem, which happens when you see the result, you will see that our operating profit has doubled versus last year, but the profit hasn't. The gap is this NPA. So, if a client does not pay his 3 EMIs, it flows to NPA bucket. So, for example, for the last quarter, if I have people holding INR18 crores of loans who moved to 90-plus bucket, I have to take INR9 crores write-off on that as a provision, 50% provision, which is as per RBI guidelines.

Now that impacts the profitability very significantly. Those are not written off client, but provision has been made. Now as a strategy, what we are doing, first of all, and the impact has started coming in, that we have to completely return back to the older numbers wherein we have to stop the slippages from 0 to 30 to 30 to 60 and from 30 to 60 to 60 to 90 and then the further slippage.

So, first of all, remove the provision levels, which have been the spoil spot this year that client moving into NPA bucket. So that we want to stop where I'm saying that June target. But every month, we want to get it impacted very very significantly here and then collect the balance number, which is there. Obviously, for that also, there is a strategy and the work is going on. But yes, this NPA movement needs to stop for which a lot of steps have been taken.

Nisarg Vora: Got it, sir. And sir, that would act as a remedy, but like right now, roughly 1 in 10 customers of ours is not paying back. So, are there any changes in the underwriting process that we have? And how will it impact the growth further?

Deepak Aggarwal: So not like 1 in 10. So, you can say that, okay, 8 out of 100 is getting delayed, slipping over to next bucket from the current bucket. So definitely, but as you see in Slide 15, that slippage is getting solved. In April '24, it used to be 0.37. It peaked in July at 1.77%. Now it's coming down. So, I'm saying that these are only the steps which are reflecting that we are stopping it here.

And you will see that, that number changes even at a better level. And we have a very, very strong recovery mechanism in the next buckets in 30 to 60 and 60 to 90. So, the slippages, we will take it back to a normal level.

Nisarg Vora: Got it, sir. And sir, my last question was that, currently, if I look at our collection efficiency for secured loans, it is still worse than like Q1 when the stress started. So, like why are the numbers on secured getting a little worse for us? And like is secured in this case really secured? Like what happens in case of slippages and secured? And what are the actions that we take?

Deepak Aggarwal: No, secured is definitely secured. So, it is as secured as you see in the competition. It is just that a little bit impact of clientele getting impacted for a period of time because of which has been earlier also said that election heat wave steps and these clientele got more impacted than others. We had this portfolio, which is a livestock portfolio and the main income, maybe the 70%, 80% of income was from the milk, but there was this, as we always maintained that all our cattle customers have a secondary income, which in a large part is Agri income as well.

So that also got impacted. And there, that's where you see because of the slippage is a little more versus maybe a similar comparable because that Agri profile was there in our customer base. But that does not mean the profile of customer is similar to MFI. There was that Agri income. So, I mean, when an MFI will do maybe with 2 to 3 cattle, where we have like 5 to 6 cattle and above, but then income got impacted and so does the blips which you see.

But that secured is secured and people will pay up. And you will start seeing this because on the ground, we have started feeling that level that people now versus November and December now they are saying that some of them have started paying and some of them are saying that because of the crop season, they will pay up, and they will clear their dues.

So, I really hope that things will balance out soon. Over and above, we are also making it a more diversified portfolio like in South, our cattle portfolio will be like only 20%. So overall, on a company level, you will see that shift of portfolio slightly towards non-cattle and largely towards the larger customer. Because the earlier our ticket size, which you see in the average ticket size as well, which is even in secured, it is around INR3 lakh, INR3.2 lakh.

But now we are doing more and more deals, which are like INR5 lakhs, INR6 lakh, in some cases, even going up to INR10 lakhs. So even the profile of customer is changing, which will have a good impact over a period of time. To answer your question specifically, that secured thing, you will see the movement. The impact is because of the portion of portfolio, the portfolio mix, but this will soon get corrected.

Moderator: Next question is from Saloni Shah from SKS Investment.

Saloni Shah: My question is the share of secured lending in Moneyboxx' portfolio has increased to 38% of the AUM with a target of reaching approximately 5% by March '25. So, what are the factors driving this strategic shift towards the secured lending? And how do you anticipate it impacting the overall profitability and risk management?

Deepak Aggarwal: The first question was you are saying that what are the drivers for secured lending? The biggest driver is the management call that we want to become a secured lender largely. So historically also, we have committed the same number, same thing that we started more as an unsecured lender, but the basic concept was there that we will fund only people having a self-occupied residential property, right, and they are natives of that place.

So, since the inception, there was this policy that as our cost of borrowing comes down, we started with 20% in first year and now we borrow at 12%. And as the tenure increases, we will build book, which is more secured. So, there are multiple factors. Although our yield is a bit lower.

But then once you see in terms of opex, when you have a 5 to 6-to-7-year kind of funding, your opex comes down very significantly. So, what you will see the impact that as we bring down the secured book because the maturity period is longer, the opex incurred is lower there. So that's one.

On the delinquency front, it will definitely be lower. In any cycle, if unsecured is 3%, secured will be like 1.5%. I think you can safely assume it will be like half of credit cost versus an unsecured loan. Then your borrowing cost also decreases. As you grow in larger size, it's easier to get borrowing from banks, etcetera, when you are more of a secured lender. So definitely, these are the drivers.

And yes, initially, there is some pain every time when you make a conversion and you shift from, say, unsecured to secured, you have to take some tough calls. You have to let go some of the book, which could have been built in unsecured, but that's the way you do it. So today, out of 12, 6 states only do secured business in our case.

And majority of branches are only doing secured business. So that's the strategy-wise, which is driving. And in terms of your query with respect to profitability leave aside the short-term blip. But on the long haul, as you know when your opex decreases, once you see our P&L, what are the main factors.

One is the opex you have to reduce, the borrowing cost you have to reduce. Credit cost is a new dragon here, which we have seen. But you can bring the opex down with secured lending, you can bring the cost of borrowing down with secured lending. And obviously, credit cost also gets impacted. So, profitability over a long term is good. I would not say it is bad in unsecured, but when you are growing and when you grow large, secured lending definitely helps.

Saloni Shah: Okay, sir. And sir, my second question is given the recent stress in the unsecured loan segment, what changes have been made to the underwriting process to mitigate the risk? And what is the expected trend for the credit cost in the coming quarters? And when do we anticipate a return to the normalized level?

Deepak Aggarwal: In terms of -- see, what is happening is, one is that there are multiple things which are happening. One is you will notice that there is a very fast movement towards secured. So, we were like 17% last year December. Now we are 38%. We were 24% year-end in terms of secured. Now we are saying that 44%, 45%. Next year, we should cross 65% in secured, maybe even more. And so, one is that you see the trajectory.

One is when you said unsecured, the shift towards secured. The second is even in terms of clientele, how we are communicating with the team that we have to shift, make a shift towards more of a micro where we were saying that in the context from rural to rural and semi-urban and from just micro to small.

So, the kind of clientele we have started entering people with people owning creta are now, if I talk about January, we saw people owning creta becoming our client. So that shift is coming because in some cases, we are doing INR12 lakhs and INR15 lakhs as well. So that clientele is changing.

Your last query in terms of normal I really strongly believe that by June, we will resolve the forward movement towards 90, so we will be back to our normal thing with month-on-month improvement the way we used to be in February and March last year in terms of before 90 portfolios.

And what has moved, we will take very, very significant steps to recover that also. That process has already started. It will take some time. Maybe it will take 1 full year because it has already moved. But I really hope that with the new changes which we have bought in the collection process, things will get better and better.

Moderator: Next question is from Devang Mehta from SKB Capital.

Devang Mehta: So, I have a couple of questions. So, my first question is like Moneyboxx has rapidly expanded its branch network from 100 to 160 within the past 9 months, right? So, can you elaborate on the strategy behind this aggressive expansion and its anticipated impact on the business growth?

Mayur Modi: So basically, the strategy is in line with what the way we started that we will expand at least 60 branches, maybe 3 or 4 more will come in this financial year. But what has happened here is that we are now a pan-India franchise. So, with adding 4 South states, so now we have presence across India, largely, you can say. So that was one part.

Second is also because we have given our targets in terms of growth rate. This year has been exception because you know how the market is doing. So maybe for this year, I'm saying that anywhere between 25% to 35% growth rate this year. But it has made us ready for the time when market picks up.

So that's the key thing. That's the way it will help because we have a pan-India presence, diversification between number of branches, number of states, diversification between product portfolio because it is different in South versus in North. So, across the board, we are diversifying. And it will definitely help in the expansion in terms of AUM.

Devang Mehta: Okay. So, sir, do you like face any challenges in scaling the operation in the new regions like mostly outside the India?

Mayur Modi: No, no. Outside India, we don't have a strategy. See, for these kinds of loans, you really have to dig really deep whether you want to go abroad because Indian market at present is so large that you will not like to consider extension abroad. I mean in nearby countries, it's not like in Indonesia, the market is very big. It's not the case.

I think at our stage, definitely, the opportunity is far larger in India. I think what we have to focus is that we should reach a single-digit opex level, single-digit borrowing cost level and improve our ratings, improve our size. So that's the strategy. So International, definitely, we are not thinking at this point of time.

Devang Mehta: Okay. Okay, sir. Got it. And sir, last question is like how do you plan to optimize the branch productivity considering the AUM per branch for vintage branches is INR13.8 crores?

Mayur Modi: So that's what the work we will do, especially in coming years. This year has been bad. Otherwise, definitely, it would have been better. But now the focus will increase a lot in terms of making optimum AUM level at each of the branch. So, I think now we have a very right team, in terms of senior management, we have covered a very large part, the CRO, the compliance, the HR head.

At all levels, we have people who are 20 to 25 years of work. We have collection head also joining this month. So, I think the team is there. I mean the people side is very much there. Now we have products as well. So now we are able to do up to INR15 lakhs. So that's the reason I believe that we will be really able to optimize now the branch productivity.

Moderator: Next question is from Sahil Vora from M&S Associates.

Sahil Vora: I just had a few questions. My first question is the collection efficiency has shown a notable improvement since November 2024. Could you elaborate on the key factors driving this recovery? And what specific measures are in place to maintain or further enhance collection efficiency in the coming quarter?

Deepak Aggarwal: So, Sahil, we started, as we have spoken even in our last presentation that till 31st of August, we had 0 collection, anything which is specifically focused on collection. So, from September onwards, we started people who were not doing good in sales. We brought them to collection team, about 47 people.

Now month-on-month, currently, we have 60 people in the on-field collection and which are also held by about 35 vet doctors who are also helping us in cattle vet cases. So almost a team of 100 people. And every month, we are getting new people. I mean we are introducing new people who are like very collection-oriented.

So that's on-ground team. Then we never had telecalling. So across now all buckets, starting from February. So, starting from January, we had 30-plus bucket coverage. Starting from February 1 week, all buckets are covered through SMS, IVR and telecalling as additional support. And then now we are also making dedicated effort in terms of central team helping the branch staff and collection with specific allocation of each bucket to each specific team.

So, I think those things have started happening from mid of last month. And that's why I really believe that results will really improve from here. Some have happened of the last 3 months effort. And now we really have the team across all buckets. So, things will get better and better. So, every month, we are enhancing the collection efforts.

Sahil Vora: Okay. Got it. Sir, furthermore, with legal actions being initiated for delinquent accounts, could you provide an update on their effectiveness? Have these measures resulted in a meaningful reduction in overdue accounts? And how do you assess their overall impact on the asset quality and future provisioning requirement?

Deepak Aggarwal: Specifically on the legal action, it is not -- I would say, too early. One is with notices, with just notices, there is impact on collection, which happens. With respect to going legal see, last year, we only filed 10 cases, which was in H1. And in those actually 9 cases, in those 9 cases, in 4 cases, there is arrest warrant, which is already there.

This quarter, we are doing about 170 filings in terms of legal. So that step will take some time. But I think that gives an indication to people that the company is no longer -- it's not silent about delinquencies. Earlier because the flow was so less that we thought we can go easy with it. But I think as the credit cycle has shown us that we had to have a very particularly strong strategy for each bucket, which is a good part which has happened out of this credit cycle that now we have a particular strategy on how to collect from each bucket.

And it is improving month-on-month. I'm not saying we have done 100% of it. Maybe we have reached 50% of it. But in next 3, 4 months, everything which we have planned will be on track.

Moderator: Next question is from Yash Matre from Cruise Capital.

Yash Matre: My first question would be, there is a noticeable increase in both the gross NPA and net NPA levels in the recent quarter. So, could you just help us out with the detailed analysis on the key factors of why this is continuous?

Deepak Aggarwal: The key is the flow. It's simple that the clientele, which moved to 90-plus bucket got increased. So last quarter, we had INR18 crores worth of clientele, which moved to 90-plus bucket. And that's why the INR9 crores of INR9.14 crores of provisioning, which has happened in this quarter.

So, as I said that if you see the charts, we just gave the chart that's why that earlier in the X bucket, we had -- so if there are like 200 clients, only 1 client will slip. It was that good. That out of 200, not even 1 client will slip to the next bucket, which in July reduced to 1.77. So more than 3.5 clients moving. Now that has come down to 1.

So, we are saying that out of 200 from 1 to 2, it's still double that last year number, what used to happen in February and March. So now the strategy that way is that stop the slippage at first level and then be very, very aggressive in collecting into 30 to 60 and 60 to 90 bucket. Last month, we saw a 30% dip in terms of number of clients moving to 90-plus.

So, I mean, last won't be this month, which would have moved into 90-plus in February. So, the initiatives we took for half of month in January gave us very significant result for the slippages in February. So, I think those things will improve. As I said, that I've explained which is also given on Slide 15 that the collection efficiency dipped in this bucket. And because in the last 6 years, this was the first time, say, after 5.5 years, is the first time.

We have not seen this even during COVID. So that dip we saw for the first time, but I think corrective actions are in place, so things will improve. And even generally, market is improving. I'm saying one is the collection part, but even generally, the market is showing signs of improvement now. Clientele are there.

The important part is that we are not a digital lender that we cannot reach these clients or we can reach them only through digital modes where our branches, these clients are there. I mean it's not that they have responded. We have funded the guys who were natives of that place. They are there, they are reachable. Not even like 2% of the people are live or not even 1% or not even 0.5%, where we can say that clients don't exist now.

They are all there at their home. There are some problems, someone has a medical problem, someone has some other problem. But I think they are not really saying that they will not pay. In some cases, they might not have money to pay right away, but it's not that they are not accepting that they have to pay. So, I think once the rigorous follow-up is there, they will pay.

Moderator: Thank you very much. We'll take that as the last question. I would now like to hand the conference over to Ms. Mamta Nehra for closing comments.

Mamta Nehra: Hello. Thank you. I would like to thank the management for taking this time out for the conference call today, and thanks to all the participants. If you have any queries, please feel free to contact us. We are Orient Capital, Investor Relations Advisor to Moneyboxx Finance Limited. Thank you so much.

Moderator: Thank you very much. On behalf of Moneyboxx Finance Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.