

Ref: SEC/MFL/SE/2025/6144

May 17, 2025

National Stock Exchange of India Ltd.
Exchange Plaza
Plot No. C/1, G Block, Bandra - Kurla
Complex, Bandra (E), Mumbai - 400 051
Symbol: MUTHOOTFIN

Department of Corporate Services
BSE Limited
P.J. Tower, Dalal Street
Mumbai - 400 001
Scrip Code: 533398

NSE IFSC Limited (NSE IX)
Unit 1201, Brigade, International
Financial Center, 12th Floor, Building
No. 14-A, GIFT SEZ Gandhinagar,
Gujarat 382 355

Dear Sir/Madam,

Sub: Transcript of the Analyst call on Audited Financial Results (Consolidated and Standalone) for the quarter and year ended March 31, 2025.

In continuation of our letter dated May 08, 2025, and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the analyst call made on May 14, 2025, on the Audited Financial Results (Consolidated and Standalone) of the Company for the quarter and year ended March 31 2025, is available on the Company's website at <https://www.muthootfinance.com/analyst-call>

Thank You,
For **Muthoot Finance Limited**

Rajesh A
Company Secretary
ICSI Membership No. FCS 7106



“Muthoot Finance Ltd. Q4FY25 Earnings Conference Call”

May 14, 2025



MANAGEMENT: **MR. GEORGE ALEXANDER MUTHOOT – MANAGING DIRECTOR, MUTHOOT FINANCE LIMITED**
MR. ALEXANDER GEORGE – WHOLE-TIME DIRECTOR, MUTHOOT FINANCE LIMITED
MR. GEORGE M. ALEXANDER – WHOLE-TIME DIRECTOR, MUTHOOT FINANCE LIMITED
MR. GEORGE M. GEORGE – WHOLE-TIME DIRECTOR, MUTHOOT FINANCE LIMITED
MR. GEORGE M. JACOB – EXECUTIVE DIRECTOR, MUTHOOT FINANCE LIMITED
MR. EAPEN ALEXANDER – EXECUTIVE DIRECTOR, MUTHOOT FINANCE LIMITED
MR. K.R. BIJIMON – EXECUTIVE DIRECTOR, MUTHOOT FINANCE LIMITED
MR. OOMMEN K. MAMMEN – CHIEF FINANCIAL OFFICER, MUTHOOT FINANCE LIMITED
MODERATOR: **MS. RATI PANDIT – NIRMAL BANG EQUITIES**

Moderator: Ladies and Gentlemen, Good Day and Welcome to Muthoot Finance Limited Q4 & FY25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*”, then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rati Pandit from Nirmal Bang Equities. Thank you and over to you, ma'am.

Rati Pandit: Thank you, Anshul. A very good evening to everyone. On behalf of Nirmal Bang Institutional Equities, we welcome you all to the 4Q FY25 Earnings Conference Call of Muthoot Finance Limited.

We are pleased to host the Senior Management of the Company represented by Mr. George Alexander Muthoot – Managing Director; Mr. Alexander George – Whole-Time Director; Mr. George M Alexander – Whole-Time Director; Mr. George M. George – Whole-Time Director; Mr. George M. Jacob – Whole-Time Director; Mr. Eapen Alexander – Executive Director; Mr. K. R. Bijimon – Executive Director and Mr. Oommen K Mammen – Chief Financial Officer.

I now hand over the call to “M.D. Sir, Mr. George Alexander Muthoot for his Opening Remarks,” post which we can have the floor open for “Q&A.” Thank you and over to you sir.

George A Muthoot: Thank you and good evening to all. Today, Muthoot Finance held its Board Meeting for the Financial Year ‘24-25 as well as for Quarter 4 of last year. The board meeting has just got over and we have declared the Results, and I am sure it is available for you all.

I would like to speak of “Some of the Highlights of this Year's Performance”:

We have had the highest ever consolidated loan AUM of Rs.1,22,000 crores as on March and also the highest year-on-year growth in AUM of Rs.33,000 crores which is 37%. The consolidated profit after tax stands at Rs.5,352 in this year; it is up by 20% year-on-year. The standalone AUM stands at Rs.1,08,000 crores and the historic year-on-year growth in loan AUM of Rs.32,800 crores. The standalone profit after tax stands at Rs.5200 crores; it is up by 28% year-on-year.

Regarding the gold loan per se, the gold loan AUM of Muthoot Finance stands at Rs.1,02,956 crores which is certainly a historic moment for us since we have reached the Rs.1,00,000 crores market, and the highest year-on-year growth of gold loan of Rs.30,000 crores, which is again 41% of the previous year's growth.

Muthoot Finance has declared a dividend for the year, which is 260% on the face value, or Rs.26 per equity share.

During the year, the group opened 850 new branches. And S&P Global Rating has Upgraded Muthoot Finance Limited Long-Term Issuer Credit Rating from BB to BB+ with a stable outlook. Moody's Rating has also Upgraded the Long Term Issuer Rating of Muthoot Finance from BA2 to BA1 with a Stable Outlook.

We have had 1.5 crores downloads in the iMuthoot App.

Muthoot Finance is the Only Pure Play Gold Loan NBFC in the Upper Layer NBFC's Classification Listed in the Reserve Bank of India for Three Years in a Row. We have received other recognitions, etc.,

Coming to the subsidiaries:

The Belstar Finance has opened 57 branches in the last year and the business has generated a profit after tax of Rs.46 crores in spite of the turbulent year for the microfinance sector.

Stage-III loan assets at 4.98% is in line with the peers.

Muthoot Home Finance's loan AUM stands at Rs.2,985 crores versus Rs.2,000 crores in the last year, a growth of 47%.

The loan disbursement of Rs.1,242 crores this year compares with Rs.815 crores of the previous year. The interest income also increased to Rs.273 crores from Rs.178 crores, and the profit after tax stood at Rs.39 crores for this year versus Rs.18 crores in the previous year.

The GNPA at 1.1% in the financial year versus 1.88% in the previous year and the NNPA at 0.46 versus 0.57 in the previous year.

Muthoot Money's loan AUM stands at Rs.3,903 crores versus Rs.1,100 crores last year, a growth of 248%. The branch network increased to 992 from 470 last year.

We are proud to announce that this year we crossed the historic milestone of 1,00,000 crore gold loan AUM reaching 102 lakh crores, and all other things which I said definitely has been good for the Company and we should see good performance in the continuing years also.

Sri Lanka Company has also done well; as on March, the total holding is at 9.6 crores equity shares representing 72% of the Company and the Company has also done well. The Company's profit has been quite good last year also and the AUM stands at LKR3,133 with the total revenue of -

Moderator: Sorry to interrupt, sir, there is a static in your voice.

George A Muthoot: In Asia Asset Finance, we hold 72% stake. The total revenue increased to Rs.9,059 crores.

For Belstar Microfinance Limited, the total revenue increased to Rs.2,125 crores as against Rs.1,851 crores in the previous year with a year-on-year increase of 15%. The loan AUM stands at Rs.7,970 crores and it achieved a net profit after tax of Rs.46 crores in the financial year.

Muthoot Insurance brokers also had a premium collection of Rs.589 crores and a profit after tax of Rs.166 crores for this year.

Asia Asset Finance has also done well. It has achieved a profit after tax of LKR44 crores in the last year.

Muthoot Money, which is also a wholly-owned subsidiary of Muthoot Finance, has a total revenue of Rs.432 crores as against Rs.126 crores in the previous year and it achieved a profit after tax of Rs.12 crores for this year.

I think with that I will conclude my opening remarks and leave the floor open for your questions and clarifications.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhijit from Motilal Oswal. Please go ahead.

Abhijit: Yes. Good evening, everyone, and thank you for taking my question. Sir, first of all, congratulations on a very strong year. So, my question also lies there. Obviously, the gold prices have helped during this year, but I mean not to take any credit away, but just trying to understand two very, very strong years, FY24 and FY25. How would you look at gold loan growth for this year and the next year? And the related question on gold loans is sir, what we have seen in this quarter is I think, I mean, the entire industry has done well and because of which there has been no aggressive competition or at least it is not reflecting in the yields. So just trying to understand, I mean, if you could just explain the competitive landscape as well, is there enough for everyone or is the pie itself become so big that everyone can comfortably chew at that and there is no need for I would say aggressive pricing at this stage?

George A Muthoot: So regarding your question on the next year guidance, year-on-year we have always been giving a guidance of 15%. I do not think we want to change that. We will continue to do the minimum growth guidance of 15% for this year also, but going forward after Quarter 2, we should think of maybe if there is any need to revising the guidance. So, we have been always guiding at 15%. Of course last year we have grown by 41% but that apart we from our side would like to give a very conservative guidance of 15%. Now, you yourself said the competitive landscape is there. But yes, I agree with you. Why it is increasing? It is increasing because more and more people are now looking at using the gold or monetizing their ornaments to take a gold loan. And that is what is attracting new players into this market, and I am sure many of the gold loan companies have grown business and also the bank. So the pie is increasing, nobody has grown, everybody has grown only, the banks have grown, NBFCs have grown. I think the market is widening. I agree with you.

Abhijit: Got it, sir. The other thing I wanted to understand is we would have all gone through the draft gold lending guidelines that came out. One of the key things which was highlighted in this gold lending guidelines was also the fact that LTV needs to be maintained at 75% throughout the tenure of the loan, which most of the NBFCs I would say we were not doing earlier because there was no regulatory requirement to do that. Now, if this draft guidelines actually translates into final guidelines, just trying to understand if we have had a chance to work on this, trying to understand what could disbursement LTVs look like going ahead if these draft guidelines actually translate into final guidelines?

George A Muthoot: Okay. First of all, the draft guidelines have come. Everybody has gone through it. I am sure everybody has read it and also have got their own opinions on it. The last date for submitting the guidelines was yesterday. So we along with many others have given their suggestions. We should wait for the regulator to come up with the final guidelines. Having said that, our take on this or my take on this, our Company's take on this would be, I feel that there is a lot of things happening in the gold and gold loan market. Gold prices are shooting up; in the last one year, it has gone up by more than 50%. So that again the gold price and the jewellery price and the gold price is one factor of it. The second factor we have seen in the last one year, quite a few players have started coming into this. Most of the banks who are not very keen on this in the last one, two years have started becoming very keen. So there is a lot of activity in the gold loan sector from the NBFCs. Quite a few new players coming into this. New players coming into this has always attracted regulatory oversight or regulatory concern, so they -

Moderator: Sorry to interrupt, sir, but your audio is again cracking up.

George A Muthoot: The regulatory guidelines are definitely a reaction or action from the regulator when many new players start coming into this. So a good part of the new draft guidelines are to harmonize the processes which are to be followed by the NBFCs. So the old gold loan NBFCs like us have been

following all these things, but I am sure the regulator is not sure whether all the new players coming in are following or -

Moderator: Sir, sorry to interrupt again, but yes, again, it is breaking up.

George A Muthoot: So the new regulatory guidelines we feel or Muthoot feels is mainly coming from the RBI or the regulator, because new players are entering into the market and the gold price is also going up very fast, in fact, 50% in the last one year. This is certainly raising some red flags or maybe concerns with the regulator as to how this is going to pan out. A similar thing happened in 2012 when many new players started coming into this gold loan market and that time also the regulator came out with similar regulations which finally culminated in a guideline or a report from the K U B Rao Commission, which was again implemented and that implemented regulations is what is happening now. But what is happening is the new players who are coming may not be familiar with the processes, nuances of gold loan and that is what this regulation mainly tries to harmony. The second question is why the gold prices, etc., are going up and new players are also going up, whether the regulator should look at maybe tweaking the LTV, etc., So they have given some draft guidelines on that. There are a few pain points there especially with the LTV, etc., which is different for NBFCs and banks, which is acts as an association of gold loan companies. The association that is taken up with the Reserve Bank of India and certainly asked for a personal hearing also on this and we are yet to hear from them. Other than that, the regulations are quite good, quite useful for the sector, and I am sure with these regulations coming into place and the few concerns which we see being set right by the regulator, I think this is going to be a good time for the NBFC gold loans.

Abhijit: Noted, sir. This is useful and just one last follow-up. So in Muthoot Money, we started doing gold loans now and received good traction as well. Just trying to understand, is there anything differently we are doing in Muthoot Money or this is more an extension of the parent entity, Muthoot Finance?

George A Muthoot: No, Muthoot Money started as a function of hire purchase of used vehicles, four wheelers, two wheelers, etc., We had a portfolio of about Rs.600, 700 crores at one time three years back. Soon after that pandemic came and thereafter also we started seeing trust in that and finally we were not able to really jack up the business. Now we are slowly winding down that business and at that time when the business was coming down, we start of foraying into the gold loan, which was certainly the group's strength and today we are concentrating mainly on gold loan and the hire purchase portfolio is actually running down. You asked about the process. No, the process is the same because the management is the same but different set of CEOs, different set of branches, different set of people, but of course the Muthoot branch is there and the processes are same as Muthoot Finance.

- Abhijit:** Got it, sir. That is all from my side. Again, congratulations on a strong quarter and I wish you and your team the very best.
- Moderator:** Thank you. The next question is from the line of Harshit from Premji Invest. Please go ahead.
- Harshit:** So the first question was on the Stage-III and the credit cost. If you can help us breakthrough the Stage-III within the gold and in the non-gold loan portfolio?
- Management:** Stage-III on gold loan will be about Rs.3,400 crores, about Rs.300 crores will be non-gold.
- Harshit:** Understood. Understood, sir. Sir, I think the question was that when we look at this year's credit cost, I think it is slightly elevated versus the previous two years. And if you try to slightly break down, then 50% of the credit cost would be from non-gold loan if I am reading it correctly? Wanted to just get your thoughts that going forward, how should we look at this book? It is already 5% of the portfolio. Will the mix keep on increasing, and if yes, then how should we look at the credit cost or should we look at it that since these are the same customers for which we have gold loan, ultimately this money will be coming back, even though unsecured in nature, but that might not be the risk. And I will just ask the second question also, sir. On the branch piece, do we have any approvals right now or are we expecting any approvals for branch expansion? And other is on Muthoot Money. Why are not we expanding the branches much faster over there or are we restricted on branch expansion there also?
- Management:** Okay. So the first question is on ECL. Total impairment for the whole year is about Rs.766 crores, out of that Rs.130 crores will be about write-off, the remaining Rs.630-odd crores will be because of the incremental provisions required because of the growth in the loan book on stage 1 and stage 2 primarily on the gold loan.
- Harshit:** Okay. You are saying all the increase in provision is with respect to the gold loan itself?
- Management:** Yes, because we have not increased the non-gold in a significant manner. Probably we would have increased by about Rs.2,000 crores in the last one year. So primarily the impairment provisions has increased because of the increase in the gold loan because we have increased the total loans by about Rs.30,000 crores plus. So on that itself the ECL provisions would have gone up.
- Harshit:** Sir, my question was that because over there whatever Stage-III has happened in the non-gold loan, I remember in the last call you said that we provide 100% as soon as it slips to Stage-III. And if I go by that then of the Rs.760, 780 crores of impairment credit cost this year, my assumption was more that like around Rs.200, 300 crores has been from the new business. Is that right? Because I think the write-offs of Rs.130 crores are from new business you are saying, but beyond that another Rs.100, 150 crores would be provisions on the new business?

- Management:** So I do not know what do you intend by the new business because like in the last call we had mentioned about the personal loan business, where we have done through our branches, there is a rise in the NPA problem because of some weakness in terms of collections, etc., So because of that there is an increase in that. So that would have certainly factored in the increase in the ECL provision. That is one thing. And second thing is the write-off, that is Rs.130 crores. You asked me what was the gold loan NPA last year. Last year was about Rs.2,400 crores out of Rs.2,484 crores, this year out of total Rs.3,700 crores the gold loan book is Rs.3,350-odd crores and the balance Rs.350-odd crores is because of the non-gold business. So there is an increase of around Rs.250 crores in non-gold business which we would have included the impairment which I had explained in the last quarterly call that there is a specific increase in the NPA in the branch based personal loan business. So that is more of a one-off kind of impact where we are stabilizing the collection mechanism, etc.,
- George A Muthoot:** On your second question about the branches, we already have a approval for 115 branches which we are going to open this year. So branch opening will do either in Muthoot Money or in Muthoot Finance. It is happening in the normal course. It is not that we are starved of branch, the branches are growing and the business also is growing. So branch opening is not an issue for us.
- Harshit:** Got it. Just one clarification. On consolidation we have option to open 115 more branches?
- George A Muthoot:** Once we open this Muthoot Finance branch, we will think of the Muthoot Money branches also.
- Harshit:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Shreya Shivani from CLSA. Please go ahead.
- Shreya Shivani:** Yes. Thank you for the opportunity. My first question is again on the asset quality. Just wanted to understand that for the quarter if I take Rs.74 crores of write-off and if I just balance with the provisions and the gross you have given there seems to be some upgrades and recoveries that have happened in the quarter. Can you help us understand about that? And also what is the auction number for the quarter, for the year and for 4th Quarter '24 and for 'FY24 as well, if you can share that number?
- Management:** So in December end the Stage-III portfolio on gold loan was Rs.3,700-plus crores. This has come down to Rs.3,347 crores. In December total NPA was Rs.4,117 crores, in March it has come down to Rs.3,700 crores. So to the extent of around Rs.400 crores has happened mainly it is in the gold loan book. In terms of auctions, we had auctioned about Rs.461 crores during last full year.
- Shreya Shivani:** This Rs.461 crores is in FY25. What was in FY24? Okay that I can get from the annual report. Yes, that is fine. Just wanted to check sometimes the auction number that you mentioned on the con calls

and when we check with the annual report, it tends to not match. So does it not include the interest outstanding, what is the difference in the number that you have given in the con call?

Management: The number which we always talk about in the con-call is the principal amount of loans. In the RBI reporting in the annual report, it is talking about the realized price and the total dues.

Shreya Shivani: Sorry, could you do in the annual report what do you talk about?

Management: The total dues and the auction realization.

George A Muthoot: Principal plus interest.

Shreya Shivani: Okay, sir, this is useful. Thank you so much.

Moderator: Thank you. The next question is from the line of Shweta from Elara Capital. Please go ahead.

Shweta: Thank you, sir for the opportunity and congratulations on a good quarter. Sir, my question pertains to the draft norms only and two sets of questions there. One is if the draft norms were to go in similar state through, then will we see change in business mix or shift more towards non-gold lending, is the business mix changing or even outside these draft norms implementation do we have any strategy, plans or thought process for business mix tilting now towards non-gold? That is question #1. Question #2, so while you have explained that these drafts norms more from the regulatory and competition and overall landscape perspective, I want to understand more from Muthoot Finance business model perspective? So just to deep dive slightly more into especially the LTV norms wherein... so we were also just talking about principal plus interest, so now the new LTV calculation will be on principal plus interest plus there are requirements of internal limits on gold loan portfolios to manage risk, which might potentially constrain your gold loan volumes plus there now have to be a clear bifurcation on consumption versus income generation loans and there will be stricter sort of monitoring across periods. So if we put together these kinds of restrictions and draft norm implementation were to happen in current state of affairs, then do we see any interim impact on disbursements and this is outside of what is happening on the gold price action and therefore so do you see any changes in your practices or a need for customer awareness? Yes, those are my two questions. Thank you.

George A Muthoot: Very lengthy questions. You give most of the answers in the questions also. So the draft guidelines is still the draft guideline. We have to wait for the final guidelines, that is #1. The guideline mainly talks about the processes which have to be harmonized, that is the #2. The only thing which we as an association of gold loan companies would like to bring to the attention of the regulator is that the LTV which is being tweaked would not be in the interest of the customer because if the NBFCs are placed at a disadvantage, most of the customers may go back to the money (inaudible) 32:21. So in

the last 20-30 years, with lot of effort, NBFCs have been able to bring the customers from the unorganized sector into the organized sector through the NBFCs and as a result of that the sector has become corporatized and because of that banks are also finding it easy and good portfolio till then. So with lot of efforts these people have come from the unorganized sector. But if the NBFCs are limited through tweaks in the LTV as suggested in the draft guidelines, it will take back these customers to the unorganized sector which I do not think would be in the interest of the country, interest of the regulator. So we have definitely flagged this to the regulator and our association of gold loan companies have given representation on this aspect to them. All the other aspects are quite good as strengthening the sector especially in respect of new players coming into this sector, process, etc., harmonization and clarity for the new sectors also, interest also is good. So this we have taken up with the regulator and let us hear from the regulator what is their views, not to disturb the sector and probably take back the customers to the unorganized sector. We have given our representation. So we will wait for the final guidelines.

- Shweta:** The second question was change in business mix or maybe more a tilt towards non-gold?
- George A Muthoot:** No, we have not thought about that as yet. We have a plan. Our core business is gold loan. We will continue to do gold loan.
- Shweta:** Fair point. Very helpful. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Rajiv Mehta from Yes Securities. Please go ahead.
- Rajiv Mehta:** Yes, hi, sir, good evening. Just two things. Sir, when I look at your quarterly run rate of new customer acquisition and even the existing customer reactivation, in the last two quarters, the run rate seemed to have fallen versus what it was in the first two quarters of the year. There can be some seasonality. As you pointed out that there is increasing competition because of increase in gold prices and many players are entering the industry, are we seeing some pressure in terms of customer acquisition, your old customer reactivation which is why we need to step up on the A&P spend, business promotion expenditure, maybe even employee variables in that case. So is it slightly becoming a trade-off between keeping growth high and giving away some cost?
- Management:** I think new customer additions in the last four quarters was around 4.5, 4.3, 4.17. Any material -
- Management:** We are increasing by about 4,00,000 new customers; new customers are increasing.
- Rajiv Mehta:** Yes, they are increasing, but the rate at which they were increasing in the first two quarters, that seems to have slightly come down?

- Management:** That is only marginal, no. See, when somebody comes and takes a loan, sometimes the customer might be borrowing for Rs.10,000, and sometimes he might be coming and taking Rs.2,00,000 also.
- George A Muthoot:** There is good growth in the new customer acquisition quarter-on-quarter, but of course as you say, the first quarter, second quarter, third quarter, almost four quarters every quarter we should have done four and plus extra at least we are able to do that with the higher base, we are quite happy with that.
- Rajiv Mehta:** No, the second part of my question was whether to keep up with this current run rate of new customer acquisition, do you feel the need to step up the OPEX in terms of A&P spend, business promotional expenditure, maybe your employee variables, do you see that scenario or you would want to reserve your comment because you want to also see whether what kind of draft guidelines come into play?
- George A Muthoot:** No, not because of the guidelines. So we definitely would like to always like to increase our customer base. We have regular marketing activities. We have regular campaigns, etc., going and that is bringing us business. You should understand that gold loan is a very, very short period loan and we have to be very, very quick to get newer and newer customers, otherwise active customer base will not increase. So, as customers take back their gold, we get new customers. So we have campaigns, etc., which constantly we run. There is nothing cutting back on that or maybe nothing to do extraordinary also now.
- Rajiv Mehta:** Okay. And can you share sales too for Belstar and what is the collection efficiency trend?
- Management:** I can come back later.
- Rajiv Mehta:** Sure, sure. Sure. Thank you and best of luck.
- Moderator:** Thank you. The next question is from the line of Nidhesh Jain from Investec. Please go ahead.
- Nidhesh Jain:** Thanks for the opportunity, sir. Sir, on the yields, how should we think about next year given that competitive intensity is increasing, at the same time interest rates are also likely to decline, so how do you see yields panning out next year and interest spread panning out next year? And also if you can share what is the incremental yield for Q4 FY25 on the gold loan business?
- George A Muthoot:** Yes. Our interest spread has always been in the range of 9% to 10% and we would continue to maintain that. If the cost of borrowing comes down after a quarter or so, we will reduce our yield. If the cost of borrowing is going up, we will increase our yield. But we will try to maintain our spread at between 9% and 10%. That is what we have been always doing that and we continue to do that. So if the cost comes down, we will pass on the benefit to customers. If the cost of borrowing goes

up, for some time, we will try to absorb it. After that we will have to increase. So I think the interest spread would be constant.

Nidhesh Jain: Sure, sure. And sir, yields are broadly similar for Q4 also, the Q4, the incremental yields that the loans that were in Q4?

George A Muthoot: 18.5% is what has been for the all the quarters.

Nidhesh Jain: Okay. And the second data keeping question is on Belstar. If you can share par zero plus as of March '25 for Belstar?

Management: Yes, I will come back on the Belstar numbers.

Nidhesh Jain: Sure. Sure. That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: Yes, hi. So getting on to the draft regulations, based on your assessment, if you have to look at it here maybe on the LTV side, have you done any analysis in terms of where actually we would have been breaching this norms of interest accrual plus the principal at 75%-odd given the draft guidelines, are there, no doubt it is still draft, but any internal assessment being done? And given your experience, is it like customers take a particular value of money whatever they need, and they would be more willing to come and pledge the gold further rather than lowering the quantum of money required, would that be the case based on your experience over so many years? And the second question again is on the operational part of it, maybe in terms of the customer assessment, which I do not think we have done till date, maybe in terms of analyzing the repayment capability of the customers and even the documents with respect to the end use of the gold loans. So operationally, how would these things pan out -- would it be more like mere documentation and the self-declaration that would be required or we would have a separate procedure to assess the customers as well?

George A Muthoot: The first question is about the draft guidelines whether we have done a calculation on the impact assessment. I do not think there is something great in that. And I would also like to say that as of date, our loan-to-value when the current price is only less than 62%. So today also, all the borrowers have not borrowed the whole 75%, they have all borrowed only 62%, so -

Kunal Shah: That is not the question was. Maybe average is 62%, but if we look at it maybe any particular proportion of customers who would be -?

- Management:** Somebody who was getting Rs.75 earlier, under the new guidelines, he will be able to get only Rs.55, and there will not be any standardization in the industry, no. Somebody who is lending at 20%, it will be at 55, somebody who is lending at 10, it will be 65. Finally, the consumers are going to get affected, he will not be clear where he will get an appropriate value for his ornament.
- George A Muthoot:** That is what we have put up to the regulator. We have raised these concerns. Let us wait for that.
- Kunal Shah:** So looking at our yield, we believe like it should settle somewhere around 55% to 60%-odd is what eventually it would settle at maybe if you have to land on an incremental basis?
- Management:** Let the final guidelines come and then we will take a call. Anyway, you know what is the impact, right. Let us wait and see in which direction it goes.
- George A Muthoot:** On your third question, understand. yes, day-by-day the compliance and operational costs are going up, not only for us, for all NBFCs, not only gold loan NBFCs, any NBFC. So operational costs, compliance cost will go up. So we like to comply with that or compliance cost will go up. That is all. What else can we do?
- Kunal Shah:** No, my question was, would it be like the self-declaration from the customer that suppose if we have to require the customer assessment we will just take that this is the income which they are having or this is the end use or we will be deploying people to keep the evidence of it?
- George A Muthoot:** Sir, let the regulations come. Whatever it is, we will have to comply. Only the compliance cost will go up. That is all. We will have to comply. So we will cross that bridge at that time. Whatever it is, it will be compliant. We will wait for the final regulations, but the point is all this will add to compliance cost. That is all.
- Kunal Shah:** Yes, got it. Got it. Yes, thanks and all the best.
- Management:** So there was a question on Stage-II in Belstar. Belstar the Stage-II percentage is 3.17 and NPA in Stage-III is 4.98 percentage.
- Moderator:** Thank you. The next question is from the line of Shubhranshu Mishra from PhillipCapital. Please go ahead.
- Shubhranshu Mishra:** Hi, thanks for this opportunity. The first one is on Muthoot Money. In terms of the branch expansion, we are just short of 1,000 beyond which we might require regulatory approval. So I just want to understand what kind of gold loans we are doing? What is the total gold loan capacity in each of the branches that we have built out? What is the AUM per branch here? What kind of teams have we built in at Muthoot Money? And if the regulator might look at this saying that, look, you

do not get regulatory approval and you have increased branches here. Can there be some kind of a regulatory oversight or action on Muthoot Money increasing branches rapidly? So the second question is the data keeping question. What is the accrued interest? And what will be the AUM split less than 1 lakh to 3 lakhs and more than 3 lakhs.

Management: Muthoot Money gold loan AUM is Rs.3,500 crores.

George A Muthoot: I think we explained all in details earlier also why we started the hire purchase and we started the gold loan. It was around 980 or 990 branches and the AUM is Rs.3,700 crores. So because these are young branches, per branch basis business should be going up year-on-year. So we do not see any regulatory concerns in this. So that is the first part of it.

Management: Interest accrued is Rs.1,740 crores. Ticket size break up above 3 lakhs is 38%, 1 lakh to 3 lakhs is 35% and 50,000 to 1 lakh is 15% and the balance below 50,000 is 13%.

Shubhranshu Mishra: Sure. What is the AUM per branch at Muthoot Money now?

Management: Rs.3,500 crores.

Shubhranshu Mishra: And what is the maximum level it can go to?

Management: You know what is the average in Muthoot Finance, right?

George A Muthoot: So it can go up to that level.

Management: It can go higher also. There is no difference between branches of Muthoot Money, I mean the operational team is different.

Shubhranshu Mishra: Understood, understood. This is very helpful. Thank you so much sir.

Management: Yes. Management is different, operations team is different.

Moderator: Thank you. The next question is from the line of Mona Khetan from Dolat Capital. Please go ahead.

Mona Khetan: Yes, hi, sir. Good evening. Firstly on the other income, it is a lot higher this quarter. So, any particular thing that is driving it? Non-interest income.

Management: Not really. Maybe some -

- Mona Khetan:** Is it driven by the ARC?
- Management:** Yes, the ARC is there then the investments in mutual funds, etc., will give fair value changes, that is all.
- Mona Khetan:** So is that transaction complete, I mean, are the entire recoveries from the ARC sales now reflected in the P&L in our case?
- Management:** No, no. Some more, some more is outstanding.
- Mona Khetan:** Okay. And coming to Muthoot Money, what is the gold AUM of this Rs.3,700 crores though and what was the same last year if you could highlight?
- George A Muthoot:** Last year it was Rs.7,000 crores, today it is Rs.3,700 crores.
- Mona Khetan:** So the entire AUM consists of gold loan only?
- George A Muthoot:** No, no, there was AUM hypothesis which was about Rs.500 crores as I speak, it is running down and probably today it is about Rs.150 crores.
- Mona Khetan:** Okay. So Rs.500 crores last year and Rs.150 crores as on March end is the non-gold portfolio in the Muthoot Money book.
- George A Muthoot:** Yes, yes.
- Mona Khetan:** Got it. Thanks so much. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Varun from Kotak Securities. Please go ahead.
- Varun:** Hi, sir. I just had two questions. First one was with regard to our different products at different LTVs. So what is the yield difference that we offer to the borrower for the different LTVs like the 75% versus 65% and 50%? And the other question was with regard to Belstar's collections in Tamil Nadu. We have a large portfolio over there. Are we seeing any impact of the new bill or act that has been passed in the Tamil Nadu assembly?
- Management:** So yield difference, we have schemes right from 10% to 22%. So there is no hard and fast rule. It operates in different geographies, in different schemes, etc., There is no particular principle being followed. It is mainly dependent on the schemes which have been decided to run. The second thing is on the impact on Belstar. I think that ordinance will have -

- George A Muthoot:** Started in Karnataka. Now it is in Tamil Nadu.
- Management:** No, there will be no impact in the initial stages, then it becomes applicable to everybody in the sector. So we will have to wait and see.
- George A Muthoot:** Technically, act is not applicable to NBFC, MFI. So it is actually exempted technically, but then it is only the perception, people on the ground may feel this is applicable for everybody and people may delay payments. But after some time it has to come. As per the act, both in Tamil Nadu and in Karnataka, the regulated NBFCs, MFIs are exempt, but ground level is always a problem.
- Varun:** Yes. So I was just asking about the collection trend in April, is there any change of this?
- George A Muthoot:** Initially, there will be some hiccups. After sometime it has to straighten out. Today, there is a hiccup.
- Moderator:** Thank you. The next question is from the line of Harshit from Premji Invest. Please go ahead.
- Harshit:** Hi, sir. Thank you for the follow-up. This is just on cost of funds. We look at a sequential year cost of funds increase, but I am assuming that the rate cut narrative has started building up. So just wanted to get some sense on the trajectory of cost of funds and the quantum, broad guidance if you can give?
- Management:** Post-March we are seeing a significant drop in the borrowing cost. So, I think now we should get the benefit of that fall in interest cost unless there is a reversal of the trend.
- Harshit:** Okay. Got it. Got it. Got it. And so some bit of spread improvement we should probably see from next quarter onwards as -?
- Management:** The same thing I used to mention. When there is an increase, no, say 50 basis points increase and all does not make much of a difference in our return of assets. The same thing. When there is a decrease in cost of borrowing, it is not going to make a significant change in our return on assets; 5, 5.5% return on asset is not going to make a material impact.
- Harshit:** Okay, sir. And if I can just clarify one more time. I was not clear on this part. Our restriction of 115 approval in both Muthoot Money and Muthoot Finance.
- George A Muthoot:** 115 permission given for branches for Muthoot Finance.

- Management:** In Muthoot Money we just completed 1,000 branches, we allow it to grow because it has a long way to go with the 1,000 branches and probably at a later stage we can always seek approvals from RBI.
- Harshit:** Fair point. Fair point. Understood, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Bhavesh Kawani from Svan Investments. Please go ahead.
- Bhavesh Kawani:** Thank you for the opportunity. First one was on the standalone P&L where we have seen provisions going up materially and in a scenario where gold prices are favorable one just want to understand the reasoning behind that? And if you can provide some sense that whether the provisions that we hold today that will be sufficient to kind of handle a possible correction in gold price or we will continue to provide significantly in '26 as well. The second one sir was on Belstar. If it is possible to share some par zero data for the last couple of months that would be helpful?
- Management:** So on the first question on provisioning, see, provisioning is based on IND AS 109. So there we consider the historical losses, etc., and based on that we make provisions. We believe that there will be adequate provisions but whether there could be a very large provision, that is not the way in which we are looking at gold prices. So from that perspective, I think we feel that the provisions are adequate.
- George A Muthoot:** On Belstar collection, monthly we do not have, as on date we have.
- Management:** I mentioned earlier Stage-II percentage on Belstar as on March 31st is 3.17%, Stage-III is 4.98%.
- Bhavesh Kawani:** Any numbers you can share for par zero level, sir?
- Management:** No, I do not have the par zero level numbers right now.
- Bhavesh Kawani:** Sir, going back to your response on provisions, for '24 the provisions translated to something like 30 basis points, whereas for '25 full year it translates to around 80 basis points and you mentioned that we are following the sale method, so what are those key changes in the sale assumptions which led to this kind of increase?
- Management:** So I think I earlier gave the breakup of ECL provision. Out of Rs.766 crores of ECL provision, Rs.130 crores is because of the write-offs and the remaining is because of the increase in ECL provisions as well as increase in NPAs of the non-gold book. So increase in provisions because of the non-gold book is about Rs.200 crores, the remaining is because of the increase in the loan book.

- Bhavesh Kawani:** Wonderful, sir. That helps.
- Moderator:** Thank you. The next question is from the line of Nikhil S John from GYR Capital Advisors. Please go ahead.
- Nikhil S John:** Thank you for the opportunity. Congratulations on crossing Rs.1 lakh crore milestone. So my first question will be with gold loan AUM of 41% year-on-year and interest income rising 56%, is any structural like margin expansion in the FY26 especially with operating leverage kicking in some 850 new branches now build in?
- George A Muthoot:** That is your question. So I think we have said that our interest spread for all quarters it has been 9.5%. If our borrowing cost comes down, we will reduce our yield, but of course maintaining the interest spread. Operating cost, yes, it cannot come down because per branch business is going up. But as you know inflation is also there; so everything will go up, the rent will go up, salaries will go up, on one side that will go up, but then that is compensated by more per branch. So I think operating cost, etc., would also remain almost the same.
- Nikhil S John:** Is there any internal benchmark that you have set to improve this metric further before adding more branches?
- George A Muthoot:** Benchmark? I did not understand the question. Please -
- Nikhil S John:** Any internal benchmarks or KPIs that you have implemented in every branch should be followed?
- George A Muthoot:** We ask them to do more per branch. I think that is the benchmark we give to the branches. Individual branch business should go up. That is the benchmark.
- Nikhil S John:** Okay. Thank you. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Jino Thomas from Ind Invest. Please go ahead.
- Jino Thomas:** Hi, good evening, sir. Congratulations for a great performance. Sir, I am very happy to see slide number 20 to 25. Probably I myself have spoken about this a couple of quarters back and request you to give some color on this analytics initiatives centralized, many, many. innovations coming there in the Company maybe on for cross sell cost efficiency, etc., it would be the objective. It would be great help if you can give some color on that?
- George A Muthoot:** These are all steps we are taking to improve the performance of the branch so more customers coming to the branch. So steps we have already taken, some of them are in process, some of them have already been implemented. I am sure going forward these steps should certainly give more

customer footfalls in the branch and definitely improve the business. So everything almost what we said is self-explanatory that we have done. I do not want to go into each detail because I do not have each detail etc. but understand that these are the things which we have been implementing for the last one or two years, it is just that we just put it on paper now. So these are all meant to get more customers to the branch.

Jino Thomas:

Okay. Thank you so much, sir. Wish you all the very best for FY26 and henceforth.

Moderator:

Thank you. Ladies and gentlemen, in the interest of time, this would be our last question. I would now like to hand the conference over to the management for closing comments.

George A Muthoot:

Thank you. We had a good interaction with all the investors and our supporters. Sorry, that there was some disruption in the connection. I think it was mainly because there is some problem in the Airtel total network in Tamil Nadu and Kerala. But I think we took a second alternative, and it has gone well. We are happy that we were able to report good numbers, and we are again happy that we are able to support our customers and also our investors. We will continue to do that going forward, continue to work in the best interest of all our stakeholders, including our borrowers, lenders, our investors and be confident that Muthoot will stand by all its values and principles and see that we grow from strength-to-strength so that all our stakeholders are benefited. Thank you. Goodbye from Muthoot Group here.

Moderator:

Thank you. On behalf of Muthoot Finance Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.