



Muthoot Finance Limited

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February 18, 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 Unaudited Financial Results (Consolidated and Standalone) for the quarter and nine months ended December 31, 2024.

In continuation of our letter dated February 07, 2025, and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, transcript of the analyst call made on February 12, 2025, on the Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter and nine months ended December 31, 2024, has been uploaded on the website of the Company within 5 working days of the conclusion of the call and is available at <https://www.muthootfinance.com/analyst-call>.

Thank You,
For **Muthoot Finance Limited**

Rajesh A
Company Secretary
ICSI Membership No. FCS 7106



“Muthoot Finance Limited
Q3 FY '25 Earnings Conference Call”

February 12, 2025



MANAGEMENT: **MR. GEORGE A. 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
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MR. GEORGE M. JACOB – WHOLE-TIME DIRECTOR – MUTHOOT FINANCE LIMITED
MR. EAPEN ALEXANDER – EXECUTIVE DIRECTOR – MUTHOOT FINANCE LIMITED
MR. K.R. BIJIMON – EXECUTIVE DIRECTOR – MUTHOOT FINANCE LIMITED
MR. OOMMEN MAMMEN – CHIEF FINANCIAL OFFICER – MUTHOOT FINANCE LIMITED

MODERATOR: **MR. SANKET CHHEDA – DAM CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Muthoot Finance Q3 FY '25 Earnings Conference Call. As a reminder, all participant lines will be in 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 Mr. Sanket Chheda from DAM Capital. Thank you, and over to you, sir.

Sanket Chheda: Yes. Hi, all. Thank you and very warm good evening. We have with us the entire senior management team of Muthoot Finance to discuss their Q3 results. From the management team, we have Mr. George Alexander Muthoot, who is the Managing Director; Mr. Alexander George, who is Whole-Time Director; George M. Alexander, Whole-Time Director; George M. George, Whole-Time Director; George M. Jacob, Whole-Time Director; and Mr. Eapen Alexander, who is the Executive Director; Mr. K.R. Bijimon, who is the Executive Director; and Mr. Oommen Mammen, who is the CFO.

Without further adieu, I will hand the call over to the MD sir for their opening remarks, post which we will follow up with the question and answers. So over to you, sir.

George Muthoot: Thank you, and good evening to all. I'm pleased to place before you the financial results of Muthoot Finance for the quarter ended 31st December 2024. We had a consolidated loan assets under management, which grew by 34% year-on-year to INR1,11,308 crores as of ninth month as against INR82,773 crores last year. During this quarter, the consolidated loan assets under management increased by INR7,159 crores, an increase of 7% quarter-on-quarter.

The consolidated profit after tax for the 9 months stood at INR3,908 crores as against INR3,285 crores last year, an increase of 19% year-on-year. The consolidated profit after tax for Q3 of this financial year increased by 21% year-on-year to INR1,392 crores as against INR1,145 crores in Q3 of last year.

We are pleased to record another strong quarter building on our robust performance trajectory. For Q3 financial year '25, our stand-alone assets under management witnessed a significant growth of INR26,305 crores driven by a robust 37% year-on-year growth on our core gold loan portfolio. During 9 months, the gold loans increased by INR21,660 crores, registering a growth of 29%. This was in tandem with the accelerated demand for gold loan, especially during the festive season.

Our stand-alone profit after tax for the 9 months grew by 23% year-on-year stands at INR3,693 crores. The surge in goal loan advances reflects not only the trust our customers place in us, but also the resilience of India's economic momentum.

Among our subsidiaries, we have witnessed growth in the housing finance arm disbursing INR880 crores in the 9 months, up from INR493 crores last year. We have tempered the disbursements in response to a challenge faced in the microfinance sector and all our focus continues to be on strengthening collections and enhancing quality of the loan book.

We are closely monitoring the industry situation, and we see this as a transitional issue and expect it to get resolved in the next couple of quarters. The expansion of our branch network and the increasing adoption of digital platforms will further strengthen customer engagement with a significant portion of transactions now being facilitated through digital channels.

I think I will leave it there. All the other details, etcetera, are there with you in the presentation. And I will now wait for the queries, questions from the team there.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Rajiv Mehta from Yes Securities.

Rajiv Mehta: Congrats on very strong numbers. Sir, my first question is on, I mean, the employee expenses were higher Q-on-Q and Y-on-Y by a significant extent but when I look at the employee base, it's flat. There is 0% growth in employee base. So, can you please elaborate on how this growth in employee costs have come about? Maybe if you can slightly elaborate about the variables, the incentives which was there or maybe any new plans or new schemes of variables or incentives, which was introduced for growth?

George Muthoot: Yes. I think there are two things. One, whenever business grows we pay incentives for the first half for the business growth. Second, during the last quarter it was the festival quarter, all the Onam bonus, Diwali bonus all are paid in that period, and that would have been the reason for the employee cost to go up. But again, it is in line with the usual trend.

Rajiv Mehta: And can you also comment on the growth outlook now because you have already achieved your full year guidance. We are already up 29% in the year. But what is the incremental growth outlook from a pure volume perspective? Of course, value-wise gold is going up, but from a volume perspective and from a competition perspective, do you remain very confident about delivering very similar performance in the coming quarters also?

George Muthoot: No, I wouldn't want to say exactly that. But certainly, there will be a growth in this quarter also. But I wouldn't want to commit a number to it. But anyway, we are glad that we were able to grow 29% in 9 months, we are glad to see a growth there. The next quarter also, we should see some growth, but I don't want to give a number to it.

Rajiv Mehta: And just one last thing I want to clarify, whether from January, have we made any changes in terms of any practices on the ground in any of the aspects because, see, there was a regulatory observation for all the gold loan players and 3 months were given for feedback. And I'm sure there would have been a to-and-fro discussion with the regulator. But post that, were there any conclusive feedback from the regulator, which we had to implement on the ground in January and February?

George Muthoot: Yes, you are right, there were some communication from the regulator. It is mostly hygiene checks which all banks and finance companies need to do, and we have given our comments to them. And to answer your question, we did not have to do any changes in the processes which we are doing. It is mostly a process-oriented and it is in line with what we are doing and there were no changes required in that.

- Rajiv Mehta:** So, no impact on growth as such from those changes?
- George Muthoot:** No.
- Moderator:** We take the next question from the line of Shreya Shivani from CLSA.
- Shreya Shivani:** Congratulations on a good set of numbers. Sir, I have two questions. First is on the borrowing profile. If you can give us a little bit of idea on the cost of fund rate movement that -- the trend in the cost of fund that we can expect in 4Q and the year to come by. I believe majority of our bank loans are MCLR linked. Is there some more colour you can give in terms of how much is 6 monthly MCLR or 1 year linked? And is any of our borrowing linked to repo rate?
- Sir, my second question is on the partnership. Your PPT talks about partnership with GPay and PhonePe. Can you help us understand how the business dynamics and the sharing of the economics of that partnership will take place? And how much -- I mean, yes, the economics, can you talk about the economics of this area?
- Management:** So, in terms of borrowings, we have the secured debentures, we have the bank borrowings, which constitute 56%, secured borrowings, NCDs constitute about 26 percentage. Now we have ventured into the ECB borrowings for the current year again. So that constitutes about 13 percentage. So, I think these are the 3 major avenues where NBFCs can do borrowing.
- In terms of borrowing costs, I think it's roughly around 9 percentage. Most of the limits are linked to MCLR and because we have a larger proportion of term loans, most of these term loans are going to reset annually. So very few loan limits are under the working capital limit. Majority is in the term loans. So that reset is going to happen annually. And loans linked to repo rate, it's very, very negligible.
- Shreya Shivani:** Got it, sir. Sir, what would be the landing cost on your ECBs? And this 9% you mentioned, is this incremental cost of borrowing?
- Management:** Yes, roughly around 9% will be the incremental costs.
- George Muthoot:** Yes. The next question you asked was about the Google Pay and PhonePe, yes, we have some arrangement with them. The arrangement is for lead generation, which will help us in gold loans, personal loans, LAP, etcetera. So, they are generating leads for us. And we just started it, it's going on.
- Shreya Shivani:** Okay, sir. So, it will be like distributors for you. You will pay this fees sort of a thing for generating leads for you, right?
- George Muthoot:** Yes, they're basically leads for us, yes.
- Moderator:** We take the next question from the line of Vaibhav Badjatya from Honesty and Integrity Investment.

- Vaibhav Badjatya:** Sir, in one of the earlier con calls you specified for the microfinance business, you require customers to come to your branches to pay installment versus other companies having field agents who go and collect. So, why do you think that this approach is better? And where does it reflect in terms of either reducing regulatory risk or better credit cost? How this approach is better?
- George Muthoot:** See, a good part of our business in the microfinance is from SHG model but from the...
- Management:** SHG.
- George Muthoot:** SHG model, so they have a connect to the customers even before they take the loan. So that is one of the main advantages or differentiators of this. The second is again, the loans, the customers have to come to the branch to pay the money. And that is our model. I think it definitely helped us. I wouldn't want to compare it to the other models, but definitely it has helped us and probably it is standing us in good stead now.
- Management:** It also gives a feel like bank like environment when they are able to come to the branch and doing the transactions with.
- George Muthoot:** That's what they've been doing.
- Vaibhav Badjatya:** Okay. Got it. And sir, lastly, on many con calls, you have always guided for 4% to 5% long-term ROA. Currently, we are doing much better than that for sure. But for a long-term basis, you've always guided for mostly 4%, but even if you achieve 4% to 5% on a long-term basis, and your leverage is always less than 3%. So that implies that your ROE will always be around 12%, 13% if we get to our guidance that you always give. So how do you think about the leverage? And because we keep generating lot of profits, keep accumulating this and leverage keeps on reducing which depress. So, I just want to understand what are your thoughts on that.
- Management:** Last December, it was 2.24...
- Moderator:** Sorry to interrupt, sir. We are losing your audio.
- Management:** So, leverage has increased in the last 1 year. Last year, it was 2.24. Now it is 2.75x leverage. So, it improves along with the borrowing though we are generating capital. I think sooner or later, we should be we should be seeing a better leverage and better utilization of the capital.
- Vaibhav Badjatya:** But any thoughts on, trying to give more dividends to the shareholders and trying to improve ROE through that?
- George Muthoot:** We had a Board meeting today. Such discussions were not there. But I think the business is also performing well. So, we feel that maybe, no decisions have been taken anyway but keeping more money in the company definitely helps, I suppose.
- Moderator:** We take the next question from the line of Mona Khetan from Dolat Capital.

- Mona Khetan:** Congratulations on a strong quarter. Sir, firstly, if I have to look at NPA in the stand-alone book, how much would be the non-gold segments versus the gold? If you could help me with that. It was about INR190 crores last quarter, the non-gold NPA.
- George Muthoot:** So, what was your question? I didn't understand the question. The NPA, the Stage III for this year is 4.22% versus 4.3% in just immediate quarter. So, repeat the question, I didn't understand the question.
- Mona Khetan:** So, this includes gold, PL and some SME book as well, right? So, I'm just trying to understand how much is from the non-gold segment versus the gold. I think it was INR190 crores, as you highlighted last quarter. Where does it stand for this quarter?
- Management:** Around INR300 crores.
- Mona Khetan:** So, we are seeing a significant rise in this segment. It mainly comes from PL. So, could we expect this to be the peak? Or what is the thought process here in the PL NPA or the non-gold NPA in the standalone book?
- Management:** Non-gold, I think this will be the peak, of course. As and when you grow the book, naturally, the absolute amount could increase. But with the current non-gold portfolio, I think this should be the peak.
- Mona Khetan:** Okay. And how about the ARC sale? What is the outstanding? And when could we expect, if at all, any benefit to come in, in the other income?
- Management:** So, it has already started coming in, in terms of booking the income. So, we have already received the principal amount on second-tier assets. We have already started booking income based on the collections coming from the residual portfolio.
- George Muthoot:** Probably in this quarter or next quarter, we should see it fully coming back.
- Mona Khetan:** Okay. So, the outstanding is nil. All the loans have been sold by the ARC.
- Management:** No. So, the loans some more portions are there. What I said is that the security receipts, the value has come down nil, so we are able to book income from further collections.
- George Muthoot:** Hereafter the collections which come will be booked as income in Muthoot Finance.
- Mona Khetan:** Got it, got it. So, something substantial could come in the interim quarters, and there were some small component this quarter as well?
- George Muthoot:** Yes, yes. You're right, you're right.
- Mona Khetan:** Okay. And just finally, on the branches, what kind of approval we have for this year for additional branches?

George Muthoot: We had approvals. I think we are, again, given papers for approval, I think it should come this quarter or so.

Mona Khetan: So right now, we don't have any RBI approval for FY '25 branches. Is that a fair understanding?

Management: So, this year, we focused on expansion of branch network in our wholly owned subsidiary, Muthoot Money. So, we have added almost close to about 800 branches during the year. And now we have transformed Muthoot Money from a pure vehicle finance company to a gold loan company. So, because now we fear that vehicle finance business is too competitive, and the margins are lower. So, we transformed that company into a vehicle loan company. So, we focused on adding...

George Muthoot: Into a gold loan company.

Management: A gold loan company. We have focused on building the network in that company. So currently, it has close to 1,000 branches.

George Muthoot: 950.

Mona Khetan: But the approval for this year from Muthoot Finance, the stand-alone business, it's not yet there from RBI?

George Muthoot: Yes. We completed opening of the last approval last quarter. This quarter, there were no pending approvals.

Moderator: We take the next question from the line of Shweta from Elara.

Shweta: Congratulations on a good quarter. So, I have two questions. One, so the fresh loans to new customers, the quantum has actually remained steady quarter-on-quarter and rather come down from the beginning of the fiscal year.

Now I understand that the tonnage growth largely would have been attributable to the gold price, the underlying gold price hike. So how do you see actually the organic growth, either from the customer addition or productivity gains through branch network expansion will come through in the next or forthcoming quarters? That's question number one.

Question number two, the banks and Ministry have been highlighting about rising GNPA's in the gold lending segment. Now I completely understand it's a highly recoverable asset, and you have strategy in place.

But given the fact that you also side customers and sort of take time for auctioning processes, how do you see the gold loan NPA picture going forward? And are there any anomalies as part of lending practices of banks are concerned wherein Muthoot has remained sacrosanct?

George Muthoot: So many questions, anyway. So, the first question was about the customer...

- Management:** New customer.
- George Muthoot:** New customer. There has been substantial new customer addition this quarter also. So, I don't know from where you get there was a reduction...
- Management:** No, it's not a pure gold price function. If you look at Slide number 44, you can see that the new customers have significantly increased each and every quarter. Say first quarter, we added 4.57 lakhs, second quarter 4.34 lakhs, third quarter 4.17 lakhs. Now all these disbursements adds up to almost like INR15,000 crores. So that is a significant improvement.
- And now our customer addition net basis, during this 9 months, number of loan accounts has increased from 87 lakhs to 99 lakhs, almost 1 crores loan accounts. Net customer base has increased from 56 lakhs to 62 lakhs. So, there is a significant improvement. It is not a pure gold price play in this. When the price of the underlying commodity goes up, we cannot expect people to bring in more and more jewellery.
- George Muthoot:** If they want INR2 lakh, they'll bring only jewellery worth INR2 lakh at today's price. So, every loan, the old loan when it gets closed, there the proportion, the LTV there should be much lesser. So, 20 grams will go when the same amount is taken, another customer, he needs to bring only 18 grams. That's the difference.
- Management:** Can you repeat your second question?
- Shweta:** Yes. So, there has been anomalies as far as gold lending NPAs are concerned for banks and even Ministry has been highlighting that from now and then. I mean, I understand it's a highly recoverable asset and GNPA might not be the right parameter to judge a business like yours, but still, how are we sacrosanct vis-à-vis the anomalies that banks are facing on the gold -- in the gold lending segment?
- George Muthoot:** If you avoid the discussions to bank, I will tell you what we do. As a stated policy, we would like to give more time to the customer. We wouldn't like to auction his gold just at the drop of a hat. So just because it has become NPA, we don't auction the gold.
- If the customer comes back, comes to us and request the branch for some more time, maybe 2 months, 3 months, etcetera, if we see that we are in the money, we will rather give the customer more time than auction his gold just because it is an NPA. That is our stated policy. And that is what we do, and that is why customers flock back to us again for their next loan.
- So, they feel that we are not very harsh in this auction business. So probably, we have 4.2% of our NPA but it is 100% principal, and interest is safe there or it is secured in our book. So, we don't mind keeping a part of it as an NPA, of course, because knowing very well that it will never translate into a loan loss for us.
- So, over the last decades, because of an NPA, we never had a loan loss. So that is why we try to adjust or to accommodate the customer as far as possible. So, in the next 2, 3 months, many

of them will pay interest or will close the account, etcetera. But then we are saving an auction. We're actually helping the customer not to auction his gold. That is our policy.

So, we would like to keep this NPA also around this 4.2%, 4.3%, that level going forward also. If things are better, we would like to bring it down also, but we wouldn't be concerned even if it is 4.2% or 4.3%.

Shweta: So that is well understood. Second part of the question was there were certain anomalies as far as gold lending customer base is concerned, especially for banks. How is our customer base and underwriting sacrosanct vis-à-vis the anomalies that have been observed for banks in the gold lending segment?

George Muthoot: I don't know what are the anomalies seen in the bank. If you can say the anomaly, then I'll say whether anomaly is there with us.

Shweta: So, there have been observations on LTV transparency and renewal of loans without the closure of existing loans, plus Ministry have also highlighted rising GNPA's in the gold lending segment. So, I understood the Muthoot part, but I'm just talking more because you are the industry veteran. So, talking more from the industry perspective on how this customer segment is behaving vis-à-vis gold financials versus bank-led gold loan customers?

George Muthoot: Gold loan is one of the best products which a customer can get today. It is not a loan which is increasing its leverage. It is the best loan, which is available today, where customers are not able to get personal loans, they're not able to get a microfinance loan, they are not able to get other types of loans, the easiest is gold and people are generally very happy taking a loan in gold and the customers don't get into a debt trap also.

So, this is something which needs to be encouraged. So, some banks have started wrong practices, it is not there in Muthoot. We are doing what is definitely required and what is in the line and that is what Muthoot stands for. That is why you see that we have the largest gold loan portfolio among all the other NBFCs also.

So, the practices which we do are definitely good and definitely in line with what the customer needs, and that is what we'll be looking at. What banks do, what they don't do is not for me to comment or what the Ministry said also, not for me to comment.

Moderator: The next question is from the line of Kamal Mulchandani from Investec Capital Services.

Kamal Mulchandani: Sir, firstly, on the gold loan part, could you give some colour like what is the policy on the loan rollover by Muthoot? Like do we net off the loan or like the customer pays the loan completely at the maturity and then we like give a 100% new loan to the customer? So, what is the policy over rollover?

George Muthoot: Any loan which is given as a new loan, or a renewal is only done at the current LTV. If the current LTV is 75%, it is done only at 75%. So that is the loan policy we have, and that is what we have been doing till now also.

- Kamal Mulchandani:** Sir, so supposedly on the maturity date, if the value of the gold has increased, and I can avail further loan basis new gold price, so will I be required to repay my earlier loan or you could give an additional amount over and above like whatever the difference in the LTV is? So how do we do that?
- George Muthoot:** No, if the customer requests for that, we can definitely do that as long as it is within the LTV.
- Kamal Mulchandani:** Okay, sir. Sir, on the MFI part, can you please help us what is the par zero number?
- George Muthoot:** I'll just check. We'll get that number.
- Management:** We'll get that to you later. We'll get it.
- Kamal Mulchandani:** Okay. Sure. And do we have some colour over what is happening in Karnataka and what is the percentage of portfolio in Karnataka? And are we facing some issues in collection with the government uncertainty going around?
- George Muthoot:** No, I don't think there is any problem as yet. Of course, there are some talks about Karnataka bringing some rule, etcetera. And there is also some talk about somebody overriding that rule, staying that rule also. That's all there, but I think nothing specific for us there in Karnataka. And the portfolio in Karnataka, I don't know the exact number, is very small also.
- Kamal Mulchandani:** Got it. It would be great if you could just provide us the par zero number.
- George Muthoot:** Yes, yes.
- Moderator:** The next question is from the line of Abhijit Tibrewal from Motilal Oswal.
- Abhijit Tibrewal:** Firstly, congratulations on a good quarter. We need your help in understanding...
- Moderator:** Sorry to interrupt, sir. Sir, your voice is sounding very muffled, sir. Are you connected on your earphones? I would request you to please switch to your handset, sir.
- Abhijit Tibrewal:** Is it better now?
- Moderator:** Yes, sir. Please go ahead.
- Abhijit Tibrewal:** Yes. Sir, what I was saying is we need your help in understanding some of the regulatory developments that some of the other gold loan players, including NBFCs and small finance banks who've spoken about these developments in this quarter.
- Sir, first thing is, I mean, what some of the other gold loan players are saying is the regulator is asking that LTV instead of being capped at 75% at the time of disbursements should remain at 75% during the entire tenure of the loan and what this means is that at the time of disbursement, the LTV that one can give out will actually be lower depending on what will be the accrued interest during the tenure of the loan.

And the second thing, sir, I mean, when RBI had come out with guidelines, they had also shown or talked about something around, I would say, a renewal or rollover of gold loans at the time of maturity. Just trying to understand is the RBI now asking that you start making some additional provisions if you are rolling over loans at the time of maturity. So, if you can just help us understand these two developments, if any, on the regulatory side, that will be very useful.

George Muthoot: There are actually no two developments on this. RBI has always been saying these things, but there are no new developments on this, and we are doing business as usual.

Abhijit Tibrewal: Got it, sir. And sir, just one last thing. While a lot of discussion has already happened on the level of GNPA's and when you will eventually want to auction the loan, all those points are very well received. I'm just trying to understand, given that now we are in the fourth quarter, we'll be closing the March numbers, is there a certain level of GNPA that you will want to be at, right? And because of which you might want to look at some auctioning in the fourth quarter?

George Muthoot: Auction is not restricted to fourth quarter or third quarter, etcetera. Auction is something which we do always. So definitely, whenever we need to do auctions, we will do auctions also. So, if the GNPA, the customers are not forthcoming, and we feel that they are not going to take back the gold and they are not going to close the loan, we will have to do auction. But that's our very last, last, last resort. So, if there is something to be done this quarter, we'll definitely do it. But we will try to see that our GNPA, etcetera, is within this 4.3%, 4.2%, etcetera.

Management: So, there was a question on what is our microfinance exposure in Karnataka. That is about INR900 crores. And par zero is INR7,850 crores, that is about 90.5% of the total portfolio.

Moderator: We take the next question from the line of Shreepal Doshi from Equirus.

Shreepal Doshi: The first question, sir, was again on the regulatory front. So has there been any communication with the regulator on the bullet repayment as a product and the regulator has, in a way, highlighted to have EMI as a product in the gold loan category as well. So, is there any communication or has there been any discussion on this particular aspect?

George Muthoot: No, sir. No.

Shreepal Doshi: Okay, okay. And then secondly, just, I mean, touching again on the earlier participant's question on 75% LTV throughout the tenor and at the time of disbursement. So, we are following the policy of the 75% LTV at the time of disbursement and then we do not really look at how it is moving throughout the tenure?

George Muthoot: No, we have not made any change there, and we have not heard anything for the regulator also.

Shreepal Doshi: Got it, sir. Sir, the third question was on the instant personal loan category. So there, as you highlighted from INR190 crores, I mean, the non-gold NPA has increased to almost INR300

crores. So, is it predominantly coming from this particular like segment? Or is it some other segment also?

George Muthoot: [inaudible 0:35:47].

Moderator: Sorry to interrupt, sir. We are losing your audio. We are not able to hear you clearly.

George Muthoot: That INR300 crores is from personal loans, from business loans, from LAP and instant PL, all put together. And the portfolio has also grown, sir.

Shreepal Doshi: Okay, okay. So, sir, how is this instant personal loan portfolio in terms of GNPA, particularly for the segment and credit cost here, sir?

George Muthoot: It is, I think, quite good, quite nice because it is given to customers who are known to Muthoot already.

Management: So, this would be predominantly...

Management: And it is already 100% provided for, all NPA accounts on the non-gold, we are providing 100 percentage.

Shreepal Doshi: So just one aspect there. So, this instant PL would be to our captive gold customers only, right?

George Muthoot: Not captive gold customers, customers who have had business with Muthoot.

Shreepal Doshi: All right, all right. And sir, just last question. What would be the auction during the quarter?

Management: Around INR60 crores.

George Muthoot: INR60 crores.

Shreepal Doshi: And for 9 months, sir, like the whole 9-month FY '25?

George Muthoot: We'll get back to you. Not a big number I suppose.

Moderator: We take the next question from the line of Raghav Garg from Ambit Capital.

Raghav Garg: Sir, one of my questions have been answered. My other question is, what is the interest accrued outstanding as of December on the books?

Management: INR1,851 crores.

Raghav Garg: Sorry, INR1,851 crores. Is that correct?

Management: Correct.

Raghav Garg: Okay, I'm not able to hear you properly. I'm sorry.

- Moderator:** I'm sorry to interrupt you, sir. We are losing your audio. Participants, please stay connected. I will reconnect the management line. We have the line for the management reconnected. Please go ahead, sir.
- Raghav Garg:** Sir, my other question was I wanted to understand your rationale behind transforming Muthoot Money into gold loan business. Why is it that you cannot absorb those branches into the stand-alone business? Why do you have to do it as a separate business even though the nature of the business is same as a standalone entity or a parent entity?
- Management:** That's why it's called transformation. Earlier, we were doing vehicle loan business with our subsidiary.
- George Muthoot:** It was doing vehicle loan business initially. That vehicle loan portfolio is running down, it's still some vehicle loans are still there. So, it was not making money. So that is why we started the gold loan business. That's why we started the gold loan business.
- Raghav Garg:** Okay. So, do you plan to absorb this entity at some point in the future into the parent entity?
- George Muthoot:** That's a decision for the Board to take. I think we will not respond to that at all.
- Raghav Garg:** Understood. And do you see any regulatory risk here? Because I think for gold loan branch expansion, you have to take the RBI's approval. Will that apply in this case as well, in the case of Muthoot Money once you transform it completely?
- Management:** So Muthoot Money, once it crosses 1,000 transactions, regulations will apply.
- Management:** Earlier, there was a question on auctions. So, the 9 month auctions is around INR382 crores.
- George Muthoot:** INR382 crores is the full year's auction, 9 months. Somebody has asked for it.
- Moderator:** We take the next question from the line of Umang Shah from Kotak Mutual Fund.
- Umang Shah:** Sir, I just wanted one clarification. So, the non-gold loan portfolio where these customers who are -- is it fair to assume all of these are like active Muthoot customers? Or these could possibly be customers who have been Muthoot customers in the past?
- George Muthoot:** There are customers of Muthoot, there are non-customers of Muthoot also. It's a mix. It's not that they are fully customers of existing or past customers. There are entirely new customers just who had no business with Muthoot Finance also are coming there.
- Umang Shah:** Sure. And sir, typically, out of this INR4,500 crores worth of loans, what proportion of loans or customers would also have active gold loan at this point of time with us?
- George Muthoot:** We wouldn't have looked at that number. We wouldn't have looked because it is not on active gold loan customer, we are giving the loan. We're giving the loan based on the underwriting for the personal loan. Gold loan is not a criteria there at all.

- Umang Shah:** Sure. But it's a possibility that they might also have a gold loan, which is probably active?
- George Muthoot:** Definitely, definitely. Somebody who has taken a personal loan from other NBFCs also will have a gold loan with Muthoot probably. So, I don't...
- Moderator:** The next question is from the line of Shubhramshu Mishra from PhillipCapital.
- Shubhramshu Mishra:** I just wanted to understand the total number of customers we bank on a monthly basis. Of them, the number of customers who have got two gold loans with us, the number of customers who've got three gold loans and the number of customers who've got four plus gold loans with us.
- Management:** Shubhramshu, your voice was not clear. Can you repeat?
- George Muthoot:** Can you repeat that once more?
- Shubhramshu Mishra:** I hope my voice is clear now. I wanted to understand the total number of customers we bank on a monthly basis, the number of match accounts we bank on a monthly basis. The second part of this, how many customers have two gold loans with us, how many customers have three gold loans with us and how many customers have four-plus gold loans with us?
- Management:** So, Shubhramshu, there is a slide, Slide number 44, which talks about the customers, new customers we onboard. Now you can take that as a number of new customers onboarded, because the other portfolio is negligible. So, you can simply ignore those non-gold customers getting added.
- Shubhramshu Mishra:** No, no, I'm not asking for non-gold customers. I'm asking for the number of gold loan customers we bank on a monthly basis.
- Management:** So, I don't have the monthly numbers. Quarterly, it is around -- roughly around 4.1 lakh or 4.3 lakh customers.
- Shubhramshu Mishra:** Okay. Of these, how many customers would have two gold loans, three gold loans and four-plus gold loans?
- George Muthoot:** That number, we don't have. customers with two gold loan, customers with three gold loans, customers with four gold loans, we don't have data on that, sir.
- Management:** So, if you simply add 1 crores by 60 lakhs, every customer will have about 1.25, 1.3. So simply divide. Are there more questions?
- Shubhramshu Mishra:** No, there are no more questions. I'll take this offline.
- Moderator:** Next question is from the line of Bhaskar Basu from Jefferies.
- Bhaskar Basu:** I just had one question. When I look at your ALM for the last couple of years, almost 40% of your borrowings ex-NCDs mature in the first 6 months and around another 30% in the

remaining 6 months. So almost 70% matures. And just wanted to clarify, I mean, there was a question earlier also. These are all 1 year MCLR linked? Or do you have shorter MCLR as well because these seem to be shorter maturity loans?

Management: So no, I think I answered this question earlier. We have roughly around 20% of the bank loans, which are short term, rest are all long-term loans. So, this short term loans, the reset happens on maturity. Long-term loans, mostly it is annual reset.

Bhaskar Basu: Yes. But every year, almost like 70% matures within the year, so which is why when you say long-term loans, what would be the tenure for these loans?

Management: No. So, when you look at the ALM, you might be seeing the installments also because term loans are quarterly installments, there's no reset happening. That's why that payment is shown in the ALM statement.

Bhaskar Basu: Okay. So basically, 20% is shorter tenure?

Management: 20% is shorter tenure. The rest will be term loans where the reset happens annually, whatever is the residual balance outstanding as on that date.

Moderator: The next question is from the line of Aditya Vikram from DigitalBeat.

Aditya Vikram: So, sir, you had revised the guidance last quarter. Are we sticking to the same guidance for this year as well? Apologies if you have already answered this.

Management: Yes. So last quarter, we revised the guidance from 15% to 25 percentage for the whole year. But in the third quarter, we overachieved it. We have reached 29 percentage. Suddenly, we are not, again, raising the number. Certainly, we are expecting growth to happen in the fourth quarter.

Aditya Vikram: Okay. So just a follow-up. Somewhere in your presentation, I read that you have written that there is a cautious approach. So, is that only for microfinance business? Or that is for the entire -- at a consolidated level?

George Muthoot: Yes, mainly for the microfinance business.

Aditya Vikram: Okay. My second question, sir, then is your GNPA and net NPA has come down primarily because, of course, the AUM has increased. But on a net basis, do you see any stress overall in the economy? Or do you think that we are sticking to the numbers which we have?

George Muthoot: There definitely can be stress in the economy. That's what I am hearing. We don't see any stress but I'm reading everywhere there is stress in the economy. But then that is helping in the gold loan business because people are not getting money elsewhere, they're coming for gold loan. That's what we can understand.

Aditya Vikram: Okay. So, what is your net increase for like-to-like basis between the quarters in the AUM, the NPA side?

- Management:** So, on the NPAs, September quarter, it was INR3,880 crores. December, it is INR4,117 crores. So, there is an increase of around INR230 crores quarter-on-quarter.
- Aditya Vikram:** And what was September to July quarter? Sorry, if you can answer that one. September to June, apologies.
- Management:** June, it was INR3,353 crores, that is about INR530 crores increase. We're expecting the NPA numbers to come down by March. In gold loan business...
- Moderator:** I'm sorry, sir, we are unable to hear you clearly.
- George Muthoot:** In gold loan business, these NPA numbers don't matter. Now it may be lesser also...
- Moderator:** Sir, I'm sorry to interrupt. We are not able to hear you.
- George Muthoot:** Okay, there is not much answer required there also. The question is over.
- Moderator:** We take the next question from the line of Kushan Parikh from Morgan Stanley.
- Kushan Parikh:** I had three questions. The first on the loan growth guidance. We understand your guidance for F '25 but if you could also refresh your guidance for F '26 in terms of loan growth? My second question is around the credit cost. On the credit cost, basically, we are looking for maybe stable or slightly better asset quality GNPA in the next quarter. Does that mean that credit costs for fourth quarter will remain broadly in the same range as 2Q and 3Q?
- And if you could also, I mean given the non-gold portfolio is growing faster at the standalone level, if you could give some credit card guidance going forward as well for the stand-alone book. And lastly, just one data keeping question, if you could give the loan book split by ticket size for the gold loan?
- George Muthoot:** Let's try it one by one. The guidance for 2026, as usual, we are giving only the usual 15% guidance for 2026 also. We will revisit it after next quarter. So that is the first part of the question. The second was the credit cost, if you are saying credit cost or GNPA, credit cost is...
- Management:** So, credit cost primarily comes from, one, the loan growth. If there is a loan growth, we have to mark 1% with the current ECL provision percent, 1% credit cost.
- George Muthoot:** Can you hear?
- Kushan Parikh:** Yes, I'm listening.
- Management:** Yes. So, 1% provisioning we have to do. Any NPA increase, roughly around 10% provisioning we have to do. So, to the extent, percent increase will happen to the extent of NPA reduction happening, we'll get some benefit on credit cost.
- Kushan Parikh:** Understood. That's quite clear. And going forward, is the share of non-gold loans rising in the stand-alone book? If you could give some guidance around that. I mean, do we provide a

higher percentage to the standard assets for the non-gold loan book versus the gold loan book?
Or it's the same 1%?

Management: So, we provide a higher.

George Muthoot: Non-gold loan book today is INR4,500 crores something and the gold loan book is INR92,000 crores. So both will be growing. So, it is not that one is growing faster than the other, both will be growing.

Kushan Parikh: Understood, understood. And sir, on the last question of the loan book split.

Management: So up to INR1 lakh, it is 30%. INR1 lakh to INR3 lakh, it is 32 percentage and above INR3 lakhs is the rest. I think it's around 34 percentage.

Moderator: We take the next question from the line of Anuj Singla from Bank of America.

Anuj Singla: Sir, on the ECL which you've given on Slide #48, just one question. We have seen an improvement in Stage 2 and 3 on a sequential basis. But when I look at the total ECL, it's gone up by around 8 basis points on a Q-on-Q basis. So, my assessment is that the PCR you have increased the coverage across various stages. Can you verify that? And also give us some sense of what is driving this.

Management: Yes. So, we explained this earlier. So, in terms of non-gold portfolio, the NPA book, we make a 100% provision. So, in the instant PL loans, there is a slight increase in the NPA. So that is the reason why that portion has increased.

Anuj Singla: Okay. So, the composition of the GNPA's now has significantly higher non-gold portfolio? That is what you're saying and that is why the PCR has gone up?

Management: The non-gold NPA is only around INR300 crores out of INR4,117 crores.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question for today. I would now like to hand the conference over to the management for closing comments.

George Muthoot: Yes. We are quite happy that we had some lively discussions here. As usual, we remain committed to the company. We remain committed to serving the interest of all our stakeholders, the investors, the lenders, the regulators and definitely, our customers. So, we will do all what is required to see that every -- all our stakeholders are adequately looked after, and we stay committed to grow, to do good and quality business in coming days also.

Again, once again, thanking you all for a lively participation. We look forward to in the next quarter to meeting you again. Thank you, and goodbye.

Management: Thank you. Thank you, Sanket.

Moderator: Thank you, members of the management. On behalf of DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.