

Ref: SEC/MFL/SE/2025/6369

November 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, 12<sup>th</sup> 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 ended September 30, 2025.**

In continuation of our letter dated November 07, 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 November 13 2025, on the Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ended September 30, 2025, is available on the Company's website at <https://www.muthootfinance.com/analyst-call>

Transcript of Analyst Call was uploaded on the website at 05:00 PM on 18<sup>th</sup> of November 2025.

Thank You,  
For **Muthoot Finance Limited**

Rajesh A  
Company Secretary  
ICSI Membership No. FCS 7106



## “Muthoot Finance Limited Q2 FY'26 Earnings Conference Call”

**November 13, 2025**



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

**MODERATOR:** **MS. SHWETA DAPTARDAR – ELARA SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to Muthoot Finance Q2 FY'26 Earnings Conference Call hosted by Elara Securities.

As a reminder, all participant line will be in listen only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need any assistance during the 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. Shweta Daptardar from Elara Securities. Thank you and over to you ma'am.

**Shweta Daptardar:** Thank you, Shifa. Good evening, everyone. On behalf of Elara Securities, we welcome you all to Q2 FY'26 Earnings Conference Call of Muthoot Finance Limited.

From the esteemed Management, we have with us today Mr. George Alexander Muthoot – Managing Director, Mr. Alexander George – Whole-Time Director, Mr. George Alexander – Whole-Time Director, Mr. George M. George – Whole-Time Director; Mr. George Muthoot Jacob – Whole-Time Director. Mr. Eapen Alexander – Executive Director; Mr. K. R. Bijimon – Executive Director; Mr. Oommen K. Mammen – Chief Financial Officer.

We express our gratitude towards the Esteemed Management of Muthoot Finance to provide us the opportunity today to host this Conference Call.

Without further ado, I now hand over the call to Mr. George Alexander Muthoot – Managing Director for his opening remarks post which we can open the floor for Q&A. Thank you and over to you, sir.

**George A. Muthoot:** Good evening to all of you. This is George Alexander Muthoot – Managing Director. We have the members of the board also with me because today afternoon we had our board meeting for reviewing the Q2 performance of the Company.

And I am glad to say that Muthoot Finance consolidated loan assets under management group 42% year-on-year to Rs. 1,47,673 crores and as against Rs. 1,04,149 in the corresponding half-year of last year. During the half-year, consolidated loan assets under management grew by Rs. 25,000 crores, a growth of 21%. Consolidated profit after tax stood at Rs. 4,386 crores as against Rs. 2,517 crores last year, an increase of 74% year-on-year. Muthoot Finance, the portfolio in Muthoot Finance per se, the standalone profit of Muthoot Finance stood at Rs. 4,391 crores in the half-year as against Rs. 2,330 crores in the last half-year, an increase of 88%. The profit after tax for the Q2 financial year stood at Rs. 2,345 crores as against Rs. 1,251 crores in the Q2 of the last year, an increase of 87% year-on-year. Loan assets under management stood at Rs. 1,32,305 crores this half-year as compared to Rs. 90,197 in the preceding half-year of last year,

again registering a growth of 47% year-on-year. During Q2 financial year '26, Gold loan AUM increased by Rs. 11,723 crores registering a growth of 10%.

Now coming to the subsidiaries:

Muthoot Home Finance, the AUM stood at Rs. 3,247 crores, a total revenue for the half year stood at Rs. 222 crores as against Rs. 155 crores in the last year, a growth of 44%. Profit after tax stood at Rs. 10 crores. Stage 3 loan assets stood at 1.69% as of September 30, 2025.

Belstar Microfinance is a subsidiary again of Muthoot Finance where Muthoot Finance holds 66% stake. Loan AUM for the half-year stood at Rs. 7,717 and a total revenue stood at Rs. 840 crores. It incurred a loss of Rs. 160 crores during the half-year which is consistent with the adverse environment generally in the microfinance sector. However, the losses have narrowed down from Rs. 128 crores in Q1 to Rs. 32 crores in Q2. Stage 3 loans stood at Rs. 4.58 crores which is also consistent with industry peers. Consequent to the RBI allowing microfinance companies to have 40% non-microfinance loan portfolio, Belstar has opened 23 gold loan branches in the half-year to diversify the loan product portfolio.

Muthoot Insurance Brokers, an IRDA-registered company, has a revenue of Rs. 70 crores and it has achieved a profit after tax of Rs. 23 crores in the half-year. Asia Asset Finance is a listed subsidiary based in Sri Lanka where Muthoot Finance holds 72.9% of the stake, the loan portfolio stood at Sri Lankan Rs. 3,868 crores as against Rs. 2,600 crores in the last half-year, again an increase of 48% year-on-year. The total revenue also stood at Rs. 440 crores and an increase of 40% and the profit after tax of Sri Lankan Rs. 40 crores as against a profit of Rs. 30 crores last year.

Muthoot Money Limited, a wholly owned subsidiary of Muthoot Finance, is an RBI-registered non-banking finance company. Today, it extends loan against vehicle finance as also loan against gold loans. The loan portfolio for the half-year stood at Rs. 6,393 as against Rs. 2,491 crores, an increase of 63%. The total revenue increased to Rs. 501 crores as against Rs. 146 crores in the half-year, an increase of 244% year-on-year. Again, it achieved a profit after tax of Rs. 106 crores in this half-year compared to Rs. 5 crores in the previous year. We are delighted to report another strong quarter with standalone loan assets under management rising to Rs. 1,32,000 crores. The steady trajectory highlights the resilience of our business model and the continued trust of our customers. Standalone profit after tax increased Rs. 88% year-on-year to Rs. 4,391 crores for this half-year. In view of this performance, we are upgrading our financial year '26 gold loan growth guidance from 50% to 30%-35%. Favourable regulatory changes in the RBI for gold loan sector, higher gold price and tighter norms for unsecured credit are expected to boost gold loan demand. We will continue to expand our non-gold loan portfolio also, including microfinance. This non-gold loan portfolio is about 12%-15% of the consolidated loan board portfolio. The microfinance sector is showing renewed resilience following the implementation of regulatory guardrails and improved underwriting, auguring wealth for future performance.

We are accelerating our digital transformation to deliver faster, more seamless credit access for millions of customers worldwide.

With an enhanced branch network, a trusted brand and sustained investment in technology and innovation, Muthoot Finance is well positioned to deliver sustained growth throughout the financial year 2026 and beyond.

I think with this, I would like to conclude my short address. I would be delighted to give clarifications from any of the investors. Thank you.

**Moderator:** Thank you so much. We will now begin the question-and-answer session. We have a question from the line of Mr. Raghav from Ambit Capital. Please go ahead.

**Raghav:** Sir, Good evening and congrats on these results. I just have one question. I wanted some understanding on your yield. So it has moved up again in this quarter versus Q1. Last quarter, I remember you had some Rs. 350 crores to Rs. 400 crores of recovery benefit. What is that recovery benefit in this quarter that is leading to a yield expansion again quarter-on-quarter? Is it somewhere around Rs. 550 crores to Rs. 600 crores in this quarter? Is that estimate right? I just wanted some thoughts on this and then I have another question.

**Oommen K. Mammen:** So, Raghav, I think the reason why it has increased a bit is probably in the NPA bucket, there has been a liquidation of some old dues, especially in the light of increased gold price. So there we have been able to generate a better yield, which should be somewhere around Rs. 300 crores plus. So that should add to the additional yield interest income which has been generated. As you know, on NPA accounts, we do not recognize the interest. So that has come in as an additional yield. Rest is probably because of the churn in the book.

**Raghav:** Okay. And you also, I think last quarter you had mentioned there was some Rs. 150 crores that you were to receive from the ARC sale. Has that come in in this quarter?

**Oommen K. Mammen:** The connections from remaining portion of ARC is, this quarter it is small, very small.

**Raghav:** Okay. Understood. So you are saying the entire yield expansion that has come, which is from 19.56 to 19.99, that is entirely because of this Rs. 300 crores. Is that understanding right? Because the math doesn't seem to be adding up.

**Oommen K. Mammen:** The math doesn't seem to add up only about Rs. 300 crores because I think last quarter when you had this Rs. 350 crores-Rs. 400 crores, adjusted for that, the core yield was somewhere around 18%-18.5%. And hence the question that if this benefit is only restricted to Rs. 300 crores or is it more?

- Raghav:** So roughly around Rs. 300 crores. And the yield should be somewhere between 18.5 to 18.75, Somewhere around that range.
- Oommen K. Mammen:** Understood. Perfect. That was all from my side. Thanks for answering that. Thank you.
- Moderator:** Thank you. Next question is from Piran from CLSA. Please go ahead.
- Piran:** Hi, sir and team. Many congratulations on the strong quarter. Just going back to Raghav's question on the yield movement. So if I reduce 300 crores-350 crores from last quarter and this quarter's interest income, that interest income has still grown 14% versus loan growth of 10%. So are our fresh disbursement yields going up in the last few months?
- Oommen K. Mammen:** Interest income is going up because the portfolio also has gone up.
- Piran:** Portfolio is up 10%. Interest income is up 14%. If I adjust for the Rs. 300 crores.
- George A. Muthoot:** So the non-portfolio, so we have a bouquet of products for yield, etc. So high yield, low yield. It occasionally, it sometimes happens that in some quarters, the higher yield portfolio the offtake may be higher. That is simply that. Not that such a lot of retail loans. Some of it happens like that. So it only means that during the quarter or just before the last quarter, more high yielding loans would have been disbursed. That is it.
- Piran:** Okay. So we should not read too much into it. It sounds like that.
- George A. Muthoot:** Exactly. That is what I think. That is what Oommen was also trying to say.
- Piran:** Okay. Now I understand. Sir, also in your opening remarks, you mentioned about favourable regulatory tailwinds. I think you are referring to the LTV, you can give at a higher LTV for lower ticket loans. Have you started doing that for loans less than 2.5 lakhs?
- George A. Muthoot:** What I meant by regulatory tailwinds is mainly the clarifications, the what is the clarifications and what should I say, confusions being set at rest by the RBI. I think that is what I meant by the regulatory tailwinds. Of course, we have not started the new, what should I say, less than 2.5 lakh loans and 85% etc. We have not started, sir.
- Piran:** But we intend to start before April 1<sup>st</sup>? Or you will just wait for the market to do and then we follow?
- George A. Muthoot:** We will take some decisions. I think usually we do and others follow.
- Piran:** Okay. Fair enough. So just lastly, on cost of funds, how much more benefit can we expect to see over the next 2-3 quarters?

- Management:** I think it has started. Cost of borrowing has started declining. I think last quarter it was 8.88, this quarter I think it is 8.78. So I think it should come down. I think banks MCLR also started declining. So we should see that. I know domestic NCD market also, the rates have started falling. So I think we should see the, I think the peak level of interest has already reached and I think it started declining. So we should get benefit in the coming quarters.
- Piran:** So like 30-40 bps sounds reasonable? Like 8.78 becoming 8.0?
- Oommen K. Mammen:** Probably by the end of the year. Not end of the year, it is another 2 quarters, right? We should see some decline. Maybe another 15-20 basis point decline should happen from first quarter of next year.
- Piran:** Okay. So that answers my questions. I will get back in the queue and congrats once again.
- Moderator:** Thank you. Next question is from Maruk from Nuvama. Please go ahead.
- Maruk:** Hello, congratulations. I have two questions. One is on yield. So do you have any plans to cut your yields given that competition is at very varying levels of yield? There are gold finance companies such as you which are at 18%-20% and then there are SFBs and other NBFCs at around 15 and then banks are lending at lower. Maybe they are all different segments. But are there competitive pressures enough to suggest a yield drop or it will just take the, it will just track the interest rate cuts?
- Oommen K. Mammen:** So Maruk, see our lowest interest rate will be around 10%. Our highest rate will be around 21%. We keep tweaking with these schemes depending upon how the business scenario is. So that's why sometimes the rates go up, sometimes the rates come down. But we generally try to remain somewhere around 18.5 kind of a level because we try to cater to different segments depending upon how the market is. So to answer your questions, we have low rate products. We have not done any across the board reduction interest rates.
- George A. Muthoot:** And competition from all the banks and NBFCs which you mentioned, they are there for the last several years. So there is nothing new, nothing new. Banks are there, SFBs are there, NBFCs are there, nothing new. So we try to give the best for the customer and probably see that we grow our portfolio also side by side. If the rate is too high, etc, people may not come. If it is too low, our yield may come down. So we do a balance.
- Maruk:** Okay, sir. Thank you. Thanks a lot.
- Moderator:** Thank you. Next question is from Abhijit from Motilal Oswal. Please go ahead.
- Abhijit:** Thank you for taking my question, sir. I mean, while you've already answered, right, that competitive intensity has remained for the last many years and despite that, they've done so well.

I'm just trying to understand, especially in southern India, where we kind of keep hearing that there are other NBFCs who've entered into gold loans and who've poached employees from Muthoot. So I'm just trying to understand, despite so many NBFCs now announcing their foray into gold loans and now starting to build teams in gold loans, it still is not really prompting you to rethink your strategy in any way, right?

**George A. Muthoot:**

So, thank you. I think there is competition always. This is not the first time others are also planning to enter. There was again, I remember in 2011-12, there was again a rush of all NBFCs and non-NBFCs also wanting to enter the gold loan sector. After some time, after a year or two, most of them lost interest. So at this point of time, there are people coming in. But focused players, people who are focused, we were also focused at that time. We are focused today also. We are focused on gold loans. I think there is always space for us and we did not take any knee-jerk reactions when such things, some people come. No need for any knee-jerk reactions. We are there. We have branches. We have our customers and those customers definitely value the service and the products which we give, I think. To answer your point, no need to take any knee-jerk reactions to some people saying that and people poaching from Muthoot always has been there. But anyway, people think that by poaching a few managers or some senior managers from Muthoot, they can start a gold loan. But they will start. But afterwards, they will find that the operations, the challenges in the operations will catch up with them. We will wait and see. So one point, one word, there is no need to take any hasty or knee-jerk reactions. People will come and go. But we have been there, focused on this.

**Abhijit:**

Got it, sir. And sir, there has been a related question again on the same thing, that even despite so many other large NBFCs entering to gold loans, no one is, at this point in time, introducing any teaser rate schemes just to entice customers. So given how years have been, what I'm trying to understand is the pricing discipline in gold loans is still very much there, right? Everyone is able to grow without really having to do too much on yields and pricing.

**George A. Muthoot:**

I think you put the question, you answered it also. So I think I should agree with that only.

**Abhijit:**

All right, sir. And then the last question again I had is, sir, I mean, while you explained that there were some one-offs in interest income in the first quarter, second quarter, right? And which is why maybe the yields are higher. But from a second half perspective, if you could help us understand what are the recoveries which are expected either from NPA resolutions or from the ARC transaction that we had in the first quarter called out that maybe another 100 crores-150 crores we are expecting. So what are the recoveries which are expected, which will reflect in interest income in the second half? And then what are the blended steady-state yields which we should expect going forward?

**George A. Muthoot:**

I think yield is what Oommen also mentioned, 18.5, that is the rate which we would plus or minus 0.5% is what we would be expecting, maybe 18%-18.5%, that should be the steady state. Occasionally some of these comes because as Oommen said, when there is a churn in the NPA,



the gold loan NPAs with a lot of interest embedded in them gets replaced by a new NPA with much lesser interest. So all the interest which we had actually derecognized will become recognized. So when this churn happens, some of these things happen. So our NPA as of this quarter is I think little less than Rs. 3,000 crores and I think it is continued to be there that is because we give more time to the customers to take the loan. That is the NPA. Regarding the ARC, yes, some of it people have come and taken back their gold and now the gold price is also high. So probably more and more people may come and take back their gold. In fact, in the ARC also, all the customers who are able to take back the gold are very, very happy because we did not auction their gold. So again, there are some little bit, a little ARC is left and we are definitely in the money. So we are not hard pressed to auction it quickly and when they come, they will be able to take it back. So answering the question, the yield should be in the 18-18.5 range going forward also. This of course, occasionally this churn in the NPA etc happens and some extra interest come in.

**Abhijit:** Got it. And Oommen sir, if you could just answer that question, what are the expected recoveries in the second half?

**George A. Muthoot:** Expected recoveries means what is, there is no particular customer whom we should, it is just such a lot of small loan portfolios. So it is just the people coming and taking back their gold. There is no one big customer or some big loans which has to be recovered. There is nothing like that in this. In the gold loan, it is all average 50,000 and 1 lakh loans. They come, they close and they go, that's all.

**Abhijit:** Got it, sir. This is useful and thank you so much for patiently answering all my questions and I wish you and your team the very best.

**Moderator:** Thank you. Next question is from Love Sharma from JP Morgan. Please go ahead.

**Love Sharma:** Hi, thank you management for taking the question. Three questions from me, if you can help me with that. So first one, I think on the ECB side, the dollar bond borrowings, of course, they have grown to quite decent portion of the overall funding, about 15% now. If you could just share some insight to where you think your target or any steady state number you have in mind as a percentage of your funding for the ECB borrowings. Second question would be around the new RBI guidelines. If you can share what has been the changes since they have been implemented in October. And I believe some of those measures would likely be implemented from April onwards. But just to get a sense of what you expect in terms of changes, in terms of growth, competitive scenario, or anything else which you could highlight. And just lastly, I think you made some announcement around this particular case about some retail investors having some complaints or some issues. If you could just share where that case is or what is the, any quantifiable impact you could see there, if at all. That's it from me. Thank you.

- Oommen K. Mammen:** ECB borrowings is around 16%. Ideally, we should have a stable source of funding. If it is a stable source of funding, it should constitute around 25%-30%. But on ECB borrowings, now we have focused only so far on bonds. There is also a larger ECB loan market, which probably we will be keen to look at it.
- George A. Muthoot:** Regulatory changes. Regulatory, actually, it's all clarifications. There's not much changes happening. And we have not started implementing the new regulations. It is coming, kicking in only from 1<sup>st</sup> of April next year. So, I think there is nothing now to be done on that. So, we have not made any changes. There is no big changes necessitated from this regulatory guidelines. The only thing is that the new loans, which we are permitted to do, loans up to Rs. 2,50,000 with 85% LTV, etc., that we will consider from next April. The board will have to take a decision or the credit department will have to take a decision on that.
- Oommen K. Mammen:** The last point, I think we have already filed an exchange filing, which is quite detailed. So, we don't have anything to add more than that.
- Love Sharma:** Is it possible to give any quantifiable amount, how much of the retail investors are, what kind of losses being incurred, etc.?
- Oommen K. Mammen:** Love, please go through that exchange filing. This has nothing to do with Muthoot Finance, no loss incurred by the investors.
- Love Sharma:** Okay. Thank you.
- Moderator:** Thank you. Next question is from Shreya from Nomura. Please go ahead.
- Shreya:** Yes. Thank you for the opportunity. Congratulations on a great set of numbers. I have two questions. I wanted to understand our average ticket size is now more than Rs. 1,17,000. I wanted to understand at what point or at what ticket size will this start plateauing, because obviously at the higher end, your competition from banks will become aggressive, maybe beyond Rs. 2 lakhs or Rs. 2.5 lakhs or Rs. 1.5 lakhs. If you can help us understand beyond what ticket size do you feel for your book you see far higher competition from the banks? My second question is on the number of customers. Obviously, there was a very strong growth in the number of customers in the slide that you've given of customers coming back with fresh collateral, etc. But in this quarter, that number seems to have plateaued a little bit or declined in certain segments. It seems a little counterintuitive because we thought that a lot of customers who are not getting MSME loans, not getting MFI loans would still be coming to you all. Has there been some slowdown in the number of people walking into your branches? Those are my two questions. Thank you.
- George A. Muthoot:** Regarding the competition from banks, average ticket size, etc., there is space and room for everybody today. As you said in the last line, more and more people are now thinking of gold loan. More and more people are now comfortable to take a gold loan with their jewelry. So, we

don't see competition that somebody is taking away our customers or we are taking bank customers or banking. There is space for everybody. The total business is really growing. Today, the banks have a huge gold loan portfolio. They have a portfolio of about 30 trillion and the NBFCs have a portfolio of little less than 3 trillion. So, there is a lot of business being done by the banks. And people may go to banks, may come to NBFCs. My point is, it is not that somebody is taking our business and we are taking somebody else's business. There is business for everybody.

**Oommen K. Mammen:** See, Shreya, the number we are showing, it is actually the incremental number of new customers. So, every quarter, if you are able to bring in 4 lakh plus new customers, that is a big thing. What you are thinking is probably the outstanding number of new customers.

**Shreya:** Sorry, I lost that. So, understood. I get the part that it is an addition of new customers and every quarter, it has been a wonderful journey.

**Oommen K. Mammen:** So, answering Shreya's question on number of customers, every quarter we are adding a new set of customers, which is around 4.2 lakhs. Sometimes, there could be small variations. Sometimes, it could be higher than previous quarter. But the important thing is that every quarter, we are adding a similar number of new customers and we are making fresh disbursement to those customers.

**Shreya:** Got it. So, that answers my question. Thank you and all the best.

**Moderator:** Thank you very much. Next question is from Sameer from Dymon Asia. Please go ahead.

**Sameer:** Thanks for the opportunity. So, just to kind of harp on this point of competition, while I agree that Muthoot has been there across cycle and probably one of the most long-standing players, I just wanted to pick your brains on the fact that this time, the new competition is AAA rated, especially from the NBFC side, large NBFCs who are AAA rated want to scale this product. Also, more invested in technology. So, how are we trying to stay at the forefront in the product as well as do you see any risk to say pricing or yields? That's my question.

**George A. Muthoot:** So, I think I had answered a similar question earlier also. There are people coming AAA or AA or whatever A rating, etc. with deep pockets, maybe coming into the business. But then we have been focused on this business. We are focused on gold loan or branches are also focused on gold loan. And we have seen similar people coming in probably after some time losing interest also. But whatever it is, people come to a sector when they see a lot of growth potential. So, it definitely answers one question, there is growth potential in the gold loan sector. Now, whether somebody is coming and taking away our business, that question, I don't think it has happened, it is happening. And till now, we have not seen anything like that. So, we will see, we will wait and see what is happening in the market and we can always make changes if necessary. But to me, if you ask me, I don't think we need to do anything, any knee-jerk reactions today.

**Sameer:** Sure, sir. Thank you and all the best.

**Moderator:** Thank you. Next question is from Harshit from Premji Invest. Please go ahead.

**Harshit:** Hi, sir. I had a few questions. First, I'll put it all together itself. One is on the LTV piece itself. So, this time, I think we have consciously or probably, because of the market factors, we have kept the LTVs much lower than what it was running till last quarter. It's right now about around 57% versus 60 to 61% we had earlier. So, I wanted to get your thoughts that is it a conscious decision from our end, given the heated prices right now? And the second question was, sir, on the branches, that we saw a very good branch addition this quarter. If you can throw some light on the targets and what are the limits which we have unused at this point of time. And on the one last question is that when I look at the Stage 3 reduction, last quarter, it was Rs. 700 crore, this year, it was around Rs. 100 crore. Despite that, our interest income recovery this time seemed very strong. So, just wanted to double check that the Rs. 350 crore odd number which you said last quarter was regarding probably the Rs. 600 crore of stage 3 reduction. But this time that number was only Rs. 100 crore, yet the number was very strong. So, if you can give some color on where, how should we look at the yields?

**George A. Muthoot:** So, about the branches, yes, we have been opening branches regularly. We have, we again give a request to RBI for permission to open branches. As soon as that permission is received, we will keep on opening branches. We had about 100, 200 branches every year. And probably this year also, we will look at that number or a similar number of new branches this year also. Regarding the NPA, I think Oommen had clarified earlier in the first or second call that it is because of the churn in the old NPA accounts. So, the old NPA accounts which were really old and had lots of embedded interest which was derecognized earlier, when it became, when it was got renewed or closed, closed interest, a big chunk of that interest came. And the new NPAs which came did not have that much of accrued interest. So, that is the reason for that.

**Oommen K. Mammen:** And on the LTV, the 43% you see is the average LTV. So, our portfolio will have old loans which is because of the increase in the gold price. Currently, if you look at, it will be at a lower value. So, it is merely because of average LTV. Otherwise, we are lending at 75% of the gold price as per RBI norms.

**Harshit:** But you are saying that probably the older customers who we have let at, so, where obviously the LTVs are lower, they have not come and taken extra money on the same.

**Oommen K. Mammen:** Correct. So, whenever they need, they will come and take an additional money if they need it. If they need, they will come. If they do not need, they will not come.

**Harshit:** The reason I asked is that if I look at from 1Q to 2Q, the drop was actually a bit sharp. So, that 38 moving from 4 to 43 was actually a lot sharp.

- Oommen K. Mammen:** So, in the second quarter, there is an increase in gold price.
- George A. Muthoot:** The gold price increase is all, purely dependent on the gold price increase. When the gold price goes up, the LTV also comes down.
- Harshit:** Typically, by when, sir, in your experience, does the customer come and take relatively higher amount or take some of the gold back?
- Oommen K. Mammen:** See, if you look at daily disbursement, we give maximum 75% LTV. The average will be still somewhere around 70%-71%. Not all customers will go for 75%. Now later, the same customers, when the gold price increases, their LTV will come down from 70 to say 65, 60, depending upon the increase in the gold price.
- Harshit:** No, sir, I understood that. But I am saying that behaviorally, what have you seen that that customer typically in 3 to 4 months again, we should see either the LTV moderation, the customer taking more money or taking some of the gold back?
- Oommen K. Mammen:** That depends on the need of the customer.
- George A. Muthoot:** I think there is one thing which people should really understand. It is not that somebody has pledged a gold and he will take all the maximum loan every time. He actually wants the gold back. So, he will take only an amount which he feels he will be able to repay. If not one month, two months, three months. If he feels that he will not be able to repay that loan, he will not take it on the gold. Because if he really wanted the full money, he would have actually sold the gold and got all the 100% instead of coming to a financier and taking only 75%. So, he is a person who needs temporary money and he feels that after one month, two months, three months, etc., he will be able to take it back. And he will take loans only up to the amount which he feels he will be able to repay. Otherwise, he will lose the gold. So, those are people how, somebody will not come just because the gold price has gone up. He will come if he really needs the money.
- Harshit:** Perfect. Thank you, sir. All the best.
- Moderator:** Thank you. Next question is from Rajiv Mehta from YES Security. You may go ahead.
- Rajiv Mehta:** Hi, good evening. Thank you for taking my question and congratulations on very strong profitability. Sir, my question is we are earning very strong ROA/ROE right now. So, where do we plan to reinvest for maintaining our customer base growth and our market share? So, if not cutting the yields, then would it be in advertisement and marketing or would it be in more employee incentives? Can you share some thoughts on your growth strategy going ahead to ensure that we keep on growing our customer base?
- George A. Muthoot:** You want us to spend all the money?

- Rajiv Mehta:** I think, sir, for maintaining growth at the customer level of 10%-12% we would appreciate that if something has to be reinvested, it happens.
- George A. Muthoot:** So, I think we have given a higher guidance this time. So, we are expecting the business to grow maybe 30%-35%. So, we need all the cash with us.
- Rajiv Mehta:** No, but that is a value growth. So, I am talking about more customer level growth of 8%-10% being maintained despite more number of years during the industry.
- Oommen K. Mammen:** So, our major expenditures are on employees as well as on advertisement. So, that is where we are going to spend the amount.
- Rajiv Mehta:** Okay, because I have seen in this quarter that your A&P spend has actually increased in this quarter and your even employee cost has been growing well, which is a good thing. So, these are clearly the two areas where you will keep on reinvesting for growth.
- George A. Muthoot:** Yes, I think this is a bonus season. So, Onam bonus etc. payments come, incentives are paid. Of course, increments are also paid. I am not sure that may be one of the reasons. Of course, we are adding people also. The branch business is growing. We are adding some people also here and there. I do not know the exact numbers. This is general ballpark.
- Oommen K. Mammen:** You can see the numbers, expense numbers break up in the presentation.
- Rajiv Mehta:** I know. I have already seen. And on Belstar, I mean, the losses have come down. And now even the book has stopped regrowing. So, what is the outlook on growth and profitability in the next 3-4 quarters? How quickly can we come back to that 15%-20% growth, 3%-4% ROA. What is the assessment basis, the current loan stages, the current collection efficiency? How quickly can we come back to normalcy?
- George A. Muthoot:** So, I think probably next 2 quarters will also be quarters for consolidation. Probably, we may not see big growth there. But then consolidation and maybe making the portfolio better quality would be the focus for the next 2 quarters. Probably after that, after 2 or 3 quarters, we should see business growing also. But again, it will always be on a calibrated scale only. Not something which is, what should we say, very high-powered growth etc. may not be there. So, it will take 2 quarters for it to stabilize. Maybe this quarter, the loss has come down. Probably by next 2 quarters, we should see a zero loss etc. And then probably we will slowly see business also going up.
- Rajiv Mehta:** Okay. Thank you and best of luck, sir.
- Moderator:** Thank you very much. Next question is from Shreepal Doshi from Equirus. Please go ahead.

- Shreepal Doshi:** Hi, sir. Congrats on a good set of numbers. My question was pertaining to the ARC transaction. So, what is the quantum left that can flow in the second half from the ARC transaction that we have done earlier?
- Oommen K. Mammen:** Another Rs. 90 crores is left. So, that should come. We are not very aggressive in terms of the recovery efforts.
- George A. Muthoot:** No, we are in the money. If you want to know we are definitely in the money and the principal and interest definitely will come. We can expect something more than Rs. 90 crores also, maybe Rs. 30 crores-Rs. 40 crores more also from that.
- Shreepal Doshi:** Okay. Got it. The second question was pertaining to the auction during the quarter and what would be the loan book split in terms of below Rs. 2.5 lakh to Rs. 5 lakh and above Rs. 5 lakh ticket size?
- Oommen K. Mammen:** Auctions is just Rs. 10 crores or something.
- George A. Muthoot:** Rs. 10 crores, very miniscule because the gold price is there. So, nobody would like to sell it for auction.
- Oommen K. Mammen:** It is just 5 crores.
- George A. Muthoot:** 5 crores.
- Shreepal Doshi:** And the loan book split in terms of the ticket size below 2.5, 2.5 to 5 lakh and above 5 lakh?
- Oommen K. Mammen:** So, above 3 lakh is 44%. 1 lakh to 3 lakh is 33%.
- Shreepal Doshi:** Okay. So, the last question was pertaining to the NPA resolution that we saw during the quarter. So, just wanted to understand like at a blended level on this Rs. 3,000 crore of NPA pool that we have, what would be the overall interest outstanding? Is it fair to assume that it will be more than 30% sort of a number?
- George A. Muthoot:** Probably there.
- Shreepal Doshi:** Okay. I mean, sir, if you could give some, let's say, closer specific number that will be very helpful.
- Oommen K. Mammen:** No, you can take approximately 30%, one and a half years. If it is more than one and a half years, it could be higher also.
- Shreepal Doshi:** Because one of the earlier participants said that the reduction was just Rs. 100 crores. But the benefit on the interest income has been pretty lumpy at Rs. 350 crores. So?

- Oommen K. Mammen:** So, I think we are repeating again on this. So, when there is a churn, you recover the earlier NPA accounts, the new loans get matted. So, the thing is that because gold prices have been high, some of these customers might renew the loan, or maybe take out the NPA accounts to sell the gold. The newer accounts, because there is a churn, which is happening at a higher level, the interest dues will be lower. So, when you collect on the old loans, you get a higher income, but the new NPAs might be, the interest dues will be lower. It will be somewhere around 30%-35%. We don't have the exact number.
- Shreepal Doshi:** Right. Got it. Just the last question was pertaining to the business strategy. So, we have gold business being done under three companies now. What is the thought process going ahead? Will we continue with this structure or there could be some change there?
- Oommen K. Mammen:** We will continue with this structure.
- Shreepal Doshi:** Got it. Thank you for answering my question and good luck for the next one.
- Moderator:** Thank you. Next question is from Mona from Dolat Capital. Please go ahead.
- Mona:** Hi, good evening and congratulations on a good set of numbers. So, firstly, if I look at your stage three levels on the standalone book, which come down sharply over the last 2 to 3 quarters to about 2.25%, what would be the target if any for the end of year at your end on the NPA level, given the kind of price we have and given that people are coming back to repay the NPAs?
- George A. Muthoot:** So, actually, we support our customers who ask for more time. So, when a customer comes and says he wants one month more, two months more, three months more, or four months more to take back the loan, we see, we look whether we are in the money, are we a loser. If we are in the money, we don't mind giving him more time for that. That is how these things remain as an NPA. As and when they get the money, they'll take it back. So, no hard and fast rule that we should, but a very high NPA number in our books always has some doubts on people. Although it is fully secured, we will not lose any money. But nevertheless, people will ask so many questions. Why is your NPA higher, etc. For a gold loan company, NPA is not an issue. It should not actually be an issue. We should not compare the NPA of a gold loan business to maybe the NPA of a personal loan or such other loans, where NPAs result in loan loss. No NPA till now has ever resulted in a loan loss or interest loss for any gold loan company, including Muthoot. So, when we hold something as an NPA, it is only to see that the customer doesn't lose his gold through auction. It's only to support the customer. Otherwise, we don't need to keep an NPA. We don't need to keep it. So, we do it so that customers will not lose their gold because it is a precious ornament for them. That is the reason for the NPA. So, finally, we don't have a target for NPA. We only see whether we can maybe the gold within the money, we will retain it in our books.



- Mona:** But given the environment, is it fair to say that the NPA levels will continue to decline by 30-40 bps like we have seen in the last two quarters?
- George A. Muthoot:** I think it's around 2% to 3% will remain in that level only.
- Mona:** Okay. And secondly, what would be our incremental cost of borrowing from banks as of today?
- Oommen K. Mammen:** I think most of the banks MCLR, 1-year MCLR is around 8.65 to 8.75, 8.8. That will be the, because we are taking term loans, it's all linked with 1-year MCLR.
- Mona:** Okay. And what percentage of your book is linked to MCLR? The borrowings are linked to MCLR?
- Oommen K. Mammen:** All borrowings are linked to MCLR. All bank borrowings are linked to MCLR.
- Mona:** Noted. And just finally, so under Belstar, you recently opened 23 branches in H1. Is that the total gold loan branch count you have under Belstar?
- George A. Muthoot:** As of September, it is that much. We are still opening more branches. The plan is to open about 150 branches by this year.
- Mona:** Sure. So, at this point of time, the gold loan AUM under Belstar is not meaningful, is a fair assumption?
- George A. Muthoot:** Yes. Not meaningful. Correct.
- Mona:** Sure. Noted. Thanks so much and all the best.
- Moderator:** Thank you. Next question is from Buntty Chawla from ASK. Please go ahead.
- Buntty Chawla:** Thank you, sir. Thank you for giving me the opportunity and congrats on a good set of numbers. Just one data point if you can share, sorry if I am repetitive. Can you share the auction number for this quarter as well as Q1 FY'26?
- Oommen K. Mammen:** This quarter it's 5 crores.
- George A. Muthoot:** Q2 is Rs. 5 crores.
- Oommen K. Mammen:** Q1 is 13.
- Moderator:** Ladies and gentlemen, in the interest of time. That was the last question for today. I now hand the conference over to management for closing comments.

**George A. Muthoot:** This is again George Alexander, Managing Director here. We had our head office team here. Many of the directors including our Executive Director Mr. K. R. Bijimon and the CFO Mr. Oommen. All the other directors are also here and we are happy about the results and we are also pleased that we had a good set of deliberations and I am sure we would have answered many of your clarified many of your questions etc. From our side, we will try our best to perform as well in the coming months and coming years also so that we deliver best results to all our stakeholders, whether it is the investors, the bankers or our customers and our employees. So, on that note of good performance which we are sure for the next years, I would like to hang up. Thank you.

**Moderator:** On behalf of Elara Securities that concludes this conference call. Thank you for joining us. You may now disconnect your line.