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August 19, 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 ended June 30, 2025.

In continuation of our letter dated August 05, 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 August 13, 2025, on the Unaudited Financial Results (Consolidated and Standalone) of the Company for the quarter ended June 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 18th of August 2025.

Thank You,
For **Muthoot Finance Limited**

Rajesh A
Company Secretary
ICSI Membership No. FCS 7106



“Muthoot Finance Limited
Q1 FY '26 Earnings Conference Call”
August 13, 2025



ElaraSecurities



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

MODERATOR: **MS. SHWETA DAPTARDAR – ELARA SECURITIES INDIA PRIVATE LIMITED**



*Muthoot Finance Ltd.
August 13, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to the Muthoot Finance Q1 FY '26 Earnings Conference Call, hosted by Elara Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Shweta Daptardar from Elara Securities India Private Limited. Thank you, and over to you, ma'am.

Shweta Daptardar: Thank you, Anushka. Good evening, everyone. On behalf of Elara Securities, we welcome you all to Q1 FY '26 earnings conference call of Muthoot Finance. From the esteemed management, we have with us today 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; 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 Muthoot: Thank you. Good evening to all. This is George Alexander Muthoot, Managing Director of Muthoot Finance. Today, we had our company's Board meeting for the Q1 '25-'26. We just -- the meeting just got over, and I am here to present the report for the Q1 performance of Muthoot Finance.

We had an impressive start to the year, and our stand-alone loan assets under management has reached a record of INR1,20,031 crores, driven by a robust 40% year-on year growth in gold loan of INR32,272 crores for the full year and a 10% quarter-on-quarter increase of INR10,238 crores.

This is a testament to our three-pronged strategy to focus on disbursements, operational efficiency and maintaining healthy margins. As a result, our stand-alone profit after tax for this quarter grew by 90% to reach INR2,046 crores.

These results reaffirm our leadership in the gold loan segment, supported by a pan-India branch network, strong brand equity and deeper customer engagement. We are encouraged by the growing acceptance of gold loan as a reliable, accessible, and inclusive form of credit.

Looking ahead, we are accelerating our efforts to digitally enable our gold loan offerings, making credit access faster, more seamless, and more inclusive. Our technology investments are already

enhancing our customer experience, reducing turnaround times, and strengthening operational efficiency.

The recent RBI guidelines on gold loans will bring greater transparency and further streamline the lending process. While the recent industry cuts create a favorable credit environment, with these supportive tailwinds and our continued focus on innovation and services, we are well positioned to sustain strong growth through financial year '25-'26 and beyond.

This year, we have seen -- we have crossed the market capitalization of INR1 trillion. We opened 22 branches and won many rewards and accolades. Their subsidiaries are also doing well. The Belstar Microfinance has opened 10 gold loan branches in Q1 to diversify the loan portfolio. It has maintained a Stage 3 loan asset at 4.4%, which is consistent with the industry peers. And Muthoot Home Finance, the loan AUM stands at INR3,096 crores versus INR2,100 crores in the last year same quarter, a 41% year-on-year growth.

Muthoot Money, the loan AUM at INR5,000 crores in Q2 versus INR1,657 crores in Q1, a growth of 202% year-on-year. Continued decline in NPA through physical collections witnessed consistently throughout the year. GNPA has increased to 0.96 in Q1, that's for Muthoot Money. The branch network also increased to 997 during this quarter.

Overall, this year has been quite good for Muthoot and I think all the other details are there in the slides and presentations we have given. I will halt now -- I will stop now and may be wait for your clarifications and questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Raghav from Ambit Capital.

Raghav: I have a few questions. One is, this quarter, the yields have expanded by 100 basis points sequentially. And I also noticed that there have been some significant NPA recoveries of about INR550 crores on a net basis. So my question is, was there any booking of income in the interest income line related to this NPA recovery, if yes, how much was it?

George Muthoot: This is your question. Any more questions?

Raghav: Yes. So the other question I had was the sequential addition in customers, I noticed that previously we were running or growing at about 2% in Q4 and Q3 on a quarter-on-quarter basis. This time, it has come down to 1.4%. So what will be your guidance going ahead? Those were my only 2 questions.

George Muthoot: The second question, I did not understand. What is this 2% and 1.4%?

- Raghav:** So if you look at your number of active customers in Q3 and Q4.
- George Muthoot:** Number of customers. Understood. So regarding the yield, the yield is 19.56% and usually our yield is 18.5%. This year -- this quarter, the yield has been better, as you exactly said, there has been an INR700 crores NPA reduction. And the interest accrued on that, which has come into the P&L is around INR300 crores.
- Number two, we have given some of our loans -- sold some of our loans to the ARC about a year back. And now today, all the principal has been received in the last quarters. So this quarter, we received INR100 crores from the ARC, which is fully towards the interest. So INR300 crores plus INR100, INR400 crores is the extra interest we have received this year, and that should account for the higher yield of 100 basis points more. And about the number of customers, just...
- Oommen Mammen:** So sequentially, I think the outstanding number of customers is, it has increased by about 1 percentage. We've been repeatedly saying that you should look at the new customer additions, which is actually the net outstanding number of new customers added is about 4.2...
- Raghav:** I'm still here. I could not listen to the management in the last 10 seconds.
- Moderator:** Sorry to interrupt. The line for the management has been disconnected. Please wait till I connect the management back. Ladies and gentlemen, the line for the management has been reconnected. Thank you. Raghav, you may proceed.
- Raghav:** Yes, I think the management was saying something...
- George Muthoot:** No. You heard about the interest yield, etcetera?
- Raghav:** Yes, yes. I heard the INR400 crores...
- George Muthoot:** So the next point was about the customer addition. The new customer addition in last quarter was -- last quarter, not this quarter, last quarter was 4.1 lakhs and this quarter, it is like 4.24 lakhs. So there is increase in the number of new customer additions. What you said is only the net growth in the customers. So new customers are coming and old customers are going out. So we are better off in the new customer addition. That's what I wanted to convey.
- Raghav:** Just one more follow-up question, if I remove this INR400 crores of exceptional income, right? And when I also look at -- so is there any competitive pressure because this -- after removing INR400 crores, the yields are somewhere around 18.15%, 18.2%, which is lower -- the run rate which you had in last week...

- George Muthoot:** INR400 crores is just an approximate number.
- Oommen Mammen:** Maybe INR300 crores to roughly around INR300 crores, INR350 crores.
- Raghav:** Understood. Okay. And generally, what is your sense in terms of competition, one of the other guys in gold loan space said that they want to reduce rates and be more [competitive 0:10:50] Are you seeing any such competitive activity on the ground?
- George Muthoot:** So the gold loan business is to the flavor of the market. So all competitions are trying to come there. So people come with different strategies. Muthoot has been a long player in this, a very old player in this. And we have our own strategies. And I don't think we need to respond to small strategy changes by others. We will go our way, as we are -- we have been in the market for such a long time. I don't think these things matter to us.
- Moderator:** We take the next question from the line of Mona Khetan from Dolat Capital.
- Mona Khetan:** Congratulations on a strong quarter. So just back on the...
- Moderator:** Sorry to interrupt, Ms. Mona. Your voice is breaking. Could you please fix that?
- Mona Khetan:** Any better?
- Moderator:** Much better.
- Mona Khetan:** Yes. So firstly, just confirm back on the yields. So except extra interest that you earned this quarter, is it fair to assume that your yields would have been similar in the same range as what you've been reporting?
- George Muthoot:** Yes, yes, correct. Yes. It would have been the same as what we were continuing in the last quarters. Yes, you are right.
- Mona Khetan:** Sure. Got it. And secondly, just touching on the final guidelines on gold loans. I understand they're far more relaxed versus the dark circular. But to take view as to what changes are you entertaining in terms of LTV once it comes into effect?
- George Muthoot:** So I think if you want to know my view on the new regulation, I feel it is quite gold loan business friendly. The new revised guidelines are quite gold loan business friendly. It's actually -- can you hear us?
- Mona Khetan:** Yes.

- George Muthoot:** It gives more flexibility and actually more product offering to the customer in the new regulation. And up to INR2.5 lakhs, the LTV has been revised from 75% to 85%. So any company who wants to give even up to 85%, there is flexibility. That is what I said, it gives more flexibility and we can give more products to the customer also. And for your information, 85% of customers are below INR2.5 lakhs.
- Mona Khetan:** Okay. So because this -- so just two follow-ups here. Will it lead to movement towards higher ticket sizes because in the large ticket sizes, there is not much LTV, especially it is given for the income generating purpose? So does it lead to increase in ticket sizes across lenders, given the guideline?
- And also, for this sub INR2.5 lakh segment, does the effective LTV, which you said, alluding to 55% earlier, does the effective LTV, including the interest component, does that come down to, say, 65% versus the 75% which we had the cap we had earlier pre-guideline or what we have today...
- George Muthoot:** I'm not sure what is this 55% and 65%, etcetera. Today the maximum LTV, which can be given is 75%. What I said is up to INR2.5 lakhs, there is flexibility to go up to 85% LTV. That's what I meant. And about the bigger ticket customers, yes, bigger ticket customers are there now also. And not that every will take the 75% or 85%. They'll take only what they want. Sometimes it may be 60%, sometimes, it may be 70%. Sometimes, it may be 75%.
- Mona Khetan:** And will it also lead to like increased product offerings like more of pure multi-products, given that it may not have the inclusion of interest component?
- George Muthoot:** So as I said earlier, it gives us flexibility, and we can offer more products. Anyway, this is all kicking in only by next March.
- Mona Khetan:** Right, right. And just one last data-keeping question. What would be the share of the loans above INR5 lakhs, AUM mix above INR5 lakhs?
- George Muthoot:** So -- you mean the...
- Mona Khetan:** Yes, ticket size mix that you typically said, loan amount, AUM mix above INR5 lakhs ticket size?
- Oommen Mammen:** Loan amount above INR3 lakhs, I'm having. That is about 40%.
- Mona Khetan:** Okay. If you could -- during the call, if you could share at some point the above INR5 lakhs also, that will be very helpful.
- Oommen Mammen:** I don't have that information.

- George Muthoot:** That is not available here today.
- Moderator:** We take the next question from the line of Shreepal Doshi from Equirus.
- Shreepal Doshi:** My question was on ticket size. So incrementally, since the benefit of the newer regulation is for, let's say, less than INR2.5 lakhs ticket size, would we, as an organization, also focus more in the smaller ticket size versus earlier where we were active across all ticket sizes. Will that be a thought process?
- George Muthoot:** No, we have not thought about it because anyway we feel that we cater to all the type of customers, the small customer, the big customer, everybody, because through our branches, and through our -- what should I say, our legacy of operations, we have all these customers. So we have not talked about giving only to small customers or only to big customers, it cater to all and we have definitely have a mix of all these customers going forward. We haven't thought about that, sir.
- Shreepal Doshi:** Got it, sir. Sir, the second question was on the rate side. So I mean, since we are in a rate cut cycle already, will we pass on this benefit on the cost of fund side to the end customer? And also because as you also alluded that the competition has increased. So in all, are we looking to look at -- have some rate cuts going ahead?
- George Muthoot:** Yes. It is always -- we try to always maintain our spread and our yield -- spread and our yields. So our spread is about 9.5%. We try to maintain that always. And if going forward, our cost of fund is coming -- cost of borrowing is coming down, we certainly will pass it on to customers because we have been doing that all the way. So if there is a rate cut or cost of borrowing is coming down, we will pass it on to our customers.
- Shreepal Doshi:** Got it. Sir, one last question was on the NPA front, which has benefited us on the interest income side as well. So what really helped us to bring down this NPA by almost INR700 crores on a Q-on-Q basis, like what efforts or what measures have we taken that led to such a sharp reduction?
- George Muthoot:** It is not that we engage people to go and collect our money, etcetera. It is people coming forward. They wanted their gold back, they came forward. We gave them time to clear the loan. So what -- what was our NPA was just because we had given these customers time to redeem their gold instead of auctioning it. So in quick time -- some time, they came back, they took back their gold. So because of that, they were able to save the gold. That is what we see in this. It is not that we don't need to do any recovery measures, etcetera.
- Moderator:** We take the next question from the line of Kushagra Goel from CLSA.

Kushagra Goel: Congratulations on a good set of numbers. Most of my questions are already answered. Just one question. So your opex was also better this quarter. So can you give us some guidance on this, how you are looking at it going forward?

Oommen Mammen: See, opex, yes, we are better because the AUM is going up. Per branch business is also going up. Per branch business, which is much lower earlier, today is more than INR25 crores. So as the per branch business goes up, proportionately a part of the opex also will come down. Of course, there is inflation and other things to consider. But if any company wants to reduce the opex, they have to increase the per branch business. So if this time, the opex has come down, it is because we had an INR10,000 crores growth in the AUM.

Kushagra Goel: Right. Okay. So any particular guidance on this front or...?

George Muthoot: The opex here, it will be almost stable, almost stable. In absolute terms, it will go up only by the rate of inflation. It will only go up by the rate of inflation.

Moderator: We take the next question from the line of Mayank from Trust Mutual Fund.

Mayank: So you indicated that there were a good amount of repayments from the customers who are NPA or who are not able to repay. Can you give some color on the geographies where you are seeing the higher repayments, any specific customer segment, ticket sizes or industry?

Basically, I'm trying to understand is the rural segment is picking up, they are seeing -- you are seeing good opportunities in the rural industry -- sorry, rural customer is picking up or what is leading to the higher repayments?

George Muthoot: No, I don't think we have any debt on the -- it is a general feeling. We don't have granular data.

Oommen Mammen: So Mayank, we are too scattered across various geographies, and there is not much of a pattern which is emerging. In every geography, there is an NPA and you can't attribute any particular reason for that. And don't give too much importance for this NPA going up or NPA coming reduction. What you need to focus, I should have mentioned this in the earlier response.

See, though in gold loan business, you categorize loans as NPA and you reverse the interest accrual on those loans, you make an ECL provisions. The important thing is that later, it will come back. Interest -- the accrued income will come back and also the ECL provisions will get reversed. That is the importance you need to attach to NPAs in our gold loan book.

Moderator: We take the next question from the line of Kushan Parikh from Morgan Stanley.

Kushan Parikh: Just had a few data-keeping questions and a couple of queries as well. So just on the borrowing costs, we saw 11 basis points Q-o-Q benefit in 1Q. What would our incremental borrowing cost be now? And if you could also share the external benchmark linked rate borrowings? Just trying to understand how much benefit we can get on the borrowing cost in coming quarters.

And secondly, also on the ARC sale, we accrued about INR100 crores interest in 1Q. Is there more benefit in terms of interest accrual in coming quarters that we expect, if you could quantify that? Lastly, just a few data keeping questions. If you could share the AUM by ticket size as you usually do on the call and also the auction numbers for 1Q? Yes. That's from my side.

Oommen Mammen: Okay. So borrowing cost, I think there's -- as you said, there's 11 bps decline. So most of our loans are linked to the MCLR. As and when the MCLR comes down of the banks, it will come down. And we are expecting that to happen in next 3 to 6 months. We don't have anything linked to EBLR. So far, we have not got that privilege. But on the NCD market, we have been able to bring down our rates. Recently, we have done 2.5 year at around 7.85% -- so borrowing cost is coming down.

George Muthoot: And as a practice, when the borrowing cost really comes down, we always maintain our spread of 9.5%. And if there is -- the borrowing cost is coming down considerably, we pass it on to our customers. The second part is about the ARC. This quarter, we have received about INR100 crores in the -- from the ARC. Probably another INR100 crores, INR150 crores is yet to receive in the coming quarters. So what -- the principal has been fully realized. So another INR100 crores to INR150 crores may come in the coming quarters. Was there one more question?

Oommen Mammen: Ticket-wise above INR3 lakhs, as I said, it is 40%; between INR1 lakh to 3 lakh, it's 34%; and on less than INR1 lakh, it is 26%.

Kushan Parikh: Understood, sir. Just the last question on the auction for the quarter.

Oommen Mammen: Auction is roughly around INR13 crores, INR14 crores.

George Muthoot: It's about INR13 crores only.

Moderator: We take the next question from the line of Harshit from Premji.

Harshit: Firstly, congratulations, sir for an exceptional set of numbers. Just one question, sir. On the NPA side, if you can help that the breakup between the gold loan and the non-gold loan piece within the stand-alone business. I think last year, you mentioned it was around INR300 crores was roughly the Stage 3 for the non-gold loan business. If you can help with that number? And second, sir, I think that piece is also growing at a pretty fast pace itself. It's now 5.7%. Any view on what is the mix you

want to keep on the non-gold loan piece over there and any asset quality trends you are seeing over there?

George Muthoot: Our non-gold loan business is about 13% to 14%. I think we would like to keep it 15% to 20% going forward also. But our first preference, first priority will be the gold loan. So we'll try to do the gold loan. If we take out the microfinance, our non-gold loan portfolio is only about 5%.

Harshit: Right. Got it. And sir, on that -- on the stand-alone book itself, the -- what would the Stage 3 in the non-gold loan book? You mentioned this number around INR300 crores last time.

George Muthoot: I don't have the numbers.

Oommen Mammen: I think on non-gold, I think the NPAs have come down by about INR30 crores. So that also has helped them reversing the ECL provision by about INR30 crores because in non-gold, we make 100% provision.

Harshit: Okay. Over there, we have also seen some recovery in this quarter. Understood.

Moderator: We take next question from the line of Abhijit from Motilal Oswal.

Abhijit: Sir, first one is a clarification. Earlier during the call, you suggested that INR100 crores recoveries from ARC and about INR300 crores interest income write-backs from NPA recoveries. And then later during the call, cumulatively, this could be INR300 crores, INR350 crores.

For the benefit of all of us, if you could just give us the exact numbers, how much was the interest income write-back from NPA recoveries instead of we all making our own assumptions, that would be very useful? So if you could just address that before I can start asking my other questions.

Oommen Mammen: Abhijit, no, we don't exactly track the collections from NPA. But roughly, if you collect INR700 crores, maybe 35% to 40% is the recovery on those loans. So that is why we have given around INR300 crores. ARC amount is exact amount, around INR100 crores.

Abhijit: Okay. This is helpful. Okay. Sir, next, I wanted to understand that if I look at the NPA recoveries almost INR600 crores, INR610 crores on a net basis, they have declined, while the gold loan auctions were just about INR13 crores, what you shared. So when we say recoveries, this is more in the nature of customers coming back and repaying us, right? In a quarter, almost INR600 crores worth of loans where customers have come back and repaid when they were NPAs. Is this understanding correct?

George Muthoot: You are correct. But again, just don't consider this NPA as a default customer, etcetera, as a wilful default or something like that. The customer who has not been able to pay during the loan period.

We just gave him more time so that he has given opportunity to take it back, and he used this opportunity. Let us not see more than that this is somebody whom we had to go and collect it or he is not -- because this gold is here. He will come and collect it, take back the gold from us. So that is why he has come. So it is not that we need to go and collect it, etcetera. We gave him some time, and he utilized that time to maybe take it back. That's it.

Abhijit:

And sir lastly, in terms of 2 subparts to this question, one is while AUM growth was very strong, tonnage has not really gone up too much, maybe a 0.5% Q-o-Q growth in tonnage. Is it primarily because of the gold price increase that we saw during the first quarter, because your LTVs have also largely been in the same ballpark, not too much of increase in the LTV. That is one.

And other one is now in terms of Muthoot Money, you shared in your opening remarks, 997 branches. So will we be applying to the RBI for opening new branches because it is just 3 branches short of 1,000 branches where we need RBI approval? And secondly, sir, INR5,000 crores of AUM and Muthoot Money, is it all gold loans? Or do we have other products as well, the old products that we used to do in Muthoot Money earlier?

George Muthoot:

We'll start with Muthoot Money, the last question. Muthoot Money, we had a vehicle portfolio of about INR600 crores. Now it has rundown, it's about INR150 crores, less than INR150 crores only. So if the INR5,000 crores is there, the balance is all gold loan. So about the branches, we just opened the branches. We are just waiting for the branches to maybe mature. And once it matures and we feel that we need more branches, we will go to the RBI. The other question was about the AUM growth...

Abhijit:

AUM growth and tonnage.

George Muthoot:

Tonnage, yes, yes. This is a very interesting subject. I think people need to realize something also on this. See, our loans are actually only very short term, 3 months, 4 months, etcetera. A person who had given 100 grams of gold and taken maybe exact INR5 lakhs of money 3 months back. Next time when he or his friend comes for INR5 lakhs, he need not give [100 grams 0:32:45] because LTV has gone up. He needs to give only 90 grams. So the same -- I can't ask the customer to give me 100 grams because every day the LTV is going up. So he takes that -- because the new customers are coming, they come at a lower tonnage. That's the difference. You can't...

Oommen Mammen:

They need to tender a lower amount of gold than what was 6 months back. So you can't expect tonnage at all points of time to increase. But you need to see what is the average LTV on the book. Even now the average LTV on the book is 63%.

George Muthoot:

That's what we also say.

- Oommen Mammen:** Going by what you mentioned, it should always be at 75% because that is the maximum LTV, which itself shows that not every customer is going to take the full LTV. But new customers, because we are giving the 75% LTV, they will tender only a lower quantity of gold.
- George Muthoot:** That is why because if the gold price is going up, the LTV will definitely -- the tonnage will come down. If the gold price is coming down and people need the same amount of money, they will bring more gold or tonnage will go up.
- Abhijit:** Got it. Sir, this is well understood. This is well understood.
- George Muthoot:** Just one more point? All 3 answered.
- Abhijit:** No, all are being answered. Just a quick clarification on what you answered. So right now, we are doing gold loans from the stand-alone entity, which is Muthoot Finance and Muthoot Money. And going forward, there are plans to start gold loans in Belstar as well.
- Oommen Mammen:** We have already started.
- George Muthoot:** We have already started.
- Oommen Mammen:** How many branches we have for gold loan now? As of date, it is 15.
- Abhijit:** 15 and the plans to add 10 more.
- Oommen Mammen:** No, no, no. Last quarter 10. As of date 15.
- George Muthoot:** 50 more they're planning to add immediately.
- Moderator:** We take the next question from the line of Rajiv Mehta from Yes Securities.
- Rajiv Mehta:** Most of my questions are answered. But just 2 things. Sir, in the stand-alone company, the employee cost is moving in line with the AUM growth for the last 3 quarters. So can we expect some operating leverage? Or are most of the employee costs are related to the value growth and hence, as a proportion of overall AUM, it's all moving in the same line?
- George Muthoot:** Employee cost, there is always an increment, etcetera, to employees, simply even bonus, incentives, etcetera. Of course, Muthoot pays handsome incentives to the staff also, but employee costs also definitely will go up because there is always a yearly increment, yearly bonus, yearly incentives. So I think it is moving in tandem only.

- Rajiv Mehta:** Yes. It was just an observation because last 3 quarters, it's been growing in line with the AUM and the AUM has grown really well. So the incentives of the schemes that we run for the employees, is it linked to value growth itself? Or is it more linked to the number of customers, volume numbers?
- George Muthoot:** I don't think -- we don't look into the granular reasons for the increase in employee costs, etcetera. We have to pay the employees reasonably well. Otherwise, they will run away. So we pay them well, they'll do a good job. That's what we try to do. We haven't looked at the correlation between the total AUM and the employee cost anyway. Now that you have said it, we look for it in the next quarters.
- Rajiv Mehta:** And sir, how should we look at this customer acquisition run rate? Because it's been pretty healthy, but last 3 quarters, it's been pretty steady only. And see, on one side, you are saying that competition is coming, but we are not very bothered by it. And on the other side, the gold loan demand is also increasing. So if the gold loan demand is increasing and if the competition is not impacting us, ideally, we should see this customer acquisition run rate, customer reactivation run rate go up to the next level. Do we see that happening?
- George Muthoot:** SO, I think that is what we tell our branch people also to have more customers. Anyway, we always tell them, we get some, but sometimes we are not able to get all the customers. Anyway, we are reasonably happy with the run rate and the growth rate, etcetera.
- Rajiv Mehta:** Yes. And just lastly, how do you expect the provisioning cycle to play out in Belstar and can you give some collection trends?
- Oommen Mammen:** Collections are improving. Actually, we have better collection. And I'm sure that by Q3, they would be able to come back to the -- maybe starting some profit. Collections are improving. Actually, especially the advances given from November '24 onwards, we have a very good collection percentage.
- George Muthoot:** External collection percentage under the new loans, which have come in the last 6 months.
- Oommen Mammen:** Almost 99.8%.
- George Muthoot:** 99.8%.
- Moderator:** We take the next question from the line of Rushabh Doshi from Nirmitti Investment Advisers LLP.
- Rushabh Doshi:** Congrats on a great set of numbers. So like since we are growing very fast, another effect is that we are consuming a lot of capital. So I see our CRAR close to around 22%. So when would we go for a fundraise because I believe it's been 10 years since we've done our last fundraise. And also like would you be preferring a rights issue or you would prefer a QIP or something like that?

- Oommen Mammen:** I think we are very comfort with the capital even with the growth plan, we'll be very comfortable even after declaring dividend.
- Rushabh Doshi:** Okay. And my second question was that like in the annual report, I noticed that we've been adding some debt mutual funds. So like was this kind of a one-off opportunity? Or we are going to build on that?
- Oommen Mammen:** What was that? Debt mutual fund?
- Rushabh Doshi:** In the annual report, we have around INR1,800 crores of debt mutual fund. So like was this kind of one-off investment because, I guess, there was a good yield opportunity at that time.
- Oommen Mammen:** Temporary parking of funds. Our core business is lending. So as and when we require the money, we will redeem all those investments and utilize for lending it.
- George Muthoot:** It's only a temporary of excess fund, sir.
- Moderator:** We take the next question from the line of Abhijit from Motilal Oswal.
- Abhijit:** Thanks for the follow-up. So this just one data point I needed. What is the split of gold loans where the ticket size is less than INR50,000 and also earlier during the call, I remember MD sir saying that the AUM split, which is the number of customers where the ticket size is less than INR2.5 lakhs is 85%. So while you have already shared the split of gold loans basis the AUM by value, if you could also share some cut basis the number of customers based on the ticket size of gold loans?
- Oommen Mammen:** So based on number of customers, AUM -- number of customers -- 85% of the customers is below INR2.5 lakhs, and about 15% is about INR2.5 lakhs.
- George Muthoot:** You want to know 50,000? That is granular numbers. Today INR50,000 is not worth much. Give us a minute. Let's see if we have it.
- Oommen Mammen:** Loans less than INR50,000, it's probably about 11-odd percent.
- George Muthoot:** 11%.
- Moderator:** We take the next question from the line of Shreepal Doshi from Equirus.
- Shreepal Doshi:** Thank you for giving me one opportunity once again. The question was on this delinquent customers. So basically, I think closer to 65,000, 70,000 accounts would have repaid or would have turned -- basically repaid the interest component from being part of the NPA pool because INR700 crores has

been reversed, right? So just wanted to understand like once they have repaid the entire interest, are they further eligible for fresh loans as per our policy?

Oommen Mammen: They have not renewed. They've taken back the gold. They've closed the loan and taken back.

Shreepal Doshi: Sorry, I couldn't understand that portion.

George Muthoot: The customers who out of the NPA, it is not that they have paid the interest. We collected the interest collected the principal and returned back the gold to them.

Shreepal Doshi: Okay. So we've -- they've also collected the gold?

George Muthoot: Yes. We got the principal, interest they collected. We need to collect the gold, that they have taken back the gold, sir.

Moderator: Ladies and gentlemen, due to time constraints, we take that as the last question. I would like to hand the conference over to the management for closing comments.

George Muthoot: Thank you. Thank you. We value all the suggestions, comments, and questions from our valued investors. We, from Muthoot, we are happy that you all participated in this. And we, from our side, assure you that the company and the management will do all our best to see that the interest of all our stakeholders are protected, whether it is the investors, whether it is the banks who lend us money, whether our customers, whether our employees, and we will put in all our efforts to see better and better results in the next quarters. So thank you and wishing you all a good Independence Day. Thank you. Jai Hind.

Moderator: On behalf of Elara Securities India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.