Operator: Ladies and gentlemen, good day and welcome to the Muthoot Finance Ltd. Q1 FY27 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 the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Sanket Chheda from DAM Capital. Thank you, and over to you, sir.

Sanket Chheda – DAM Capital: Hi. Very good afternoon to all of you. We are here to discuss the Muthoot Finance Ltd. Q1 results. For that, we have the entire management team with us, starting with Mr. George Alexander Muthoot, who is the Managing Director. We also have our four whole-time directors: Mr. E.P. Alexander, who is an Executive Director; Mr. K.R. Bijimon, who is an Executive Director; and Mr. Oommen, who is the CFO. Without further ado, I will hand the call over to the Managing Director, Mr. George Alexander Muthoot, for his opening remarks. We will follow that with a question-and-answer session. Over to you, sir.

George Alexander Muthoot – MD: Thank you, Sanket. Good afternoon, ladies and gentlemen. A very warm welcome to all of you joining us today for Muthoot Finance Ltd.'s earnings call to discuss our financial performance for the first quarter ended June 30, 2026. I hope all of you and your families are doing well. Joining me on the call today are members of our senior management team. Our chairman is there, the directors are also there, and the Joint Managing Directors are also there. COO Mr. Bijimon is also there, and CFO Mr. Oommen is also there.

Before I delve into the quarter's operational and financial highlights, I want to express my gratitude to our customers, employees, and stakeholders for their continued trust. We are honored that Muthoot Finance Ltd. continues to be recognized as India's number-one most trusted financial services brand for the 10th consecutive year, along with being certified as a Great Place to Work for 5 consecutive years. These accolades demonstrate the strength of our legacy and our commitment to sustainable, long-term stakeholder value.

I am delighted to report that FY27 has started on a strong note, continuing the robust momentum seen in the previous quarters. Our consolidated loan AUM expanded by 43% year-on-year, reaching 191,000 crores as of June 30, compared to 133,000 crores in June 2025. On a sequential basis, consolidated AUM grew by 5%. Consolidated profit after tax for Q1 FY27 delivered 43% year-on-year growth, coming in at 2,825 crores. Standalone AUM, or loan AUM, registered 43% year-on-year growth, reaching 172,000 crores. Standalone profit after tax reached 2,550 crores, recording growth of 25% year-on-year. Standalone income grew by 33% year-on-year to 7,603.

Our return metrics remained best-in-class, with standalone return on average assets of 6.09 and return on average equity of 26.6% during the quarter. Capital adequacy remains comfortably above the regulatory requirement at 20.3%. Our core gold loan business continues to demonstrate exceptional market demand and operating leverage. As I said, consolidated gold loan AUM rose to 175,000 crores and standalone gold loan AUM to 163,000 crores, representing a 44% year-on-year increase.

Regarding new customer acquisition, during FY27, we disbursed 8,937 crores in gold loans to more than 482,000 new customers. This reinforces our strong customer retention and expanding reach. The active customer base expanded to 65.77 lakhs in June, adding more than 163,000 active customers during the quarter, up from 64 lakhs in March 2026. Branch productivity and efficiency per branch improved significantly, with average gold loan AUM per branch increasing by 40% year-on-year to 32.47 crores per branch. Asset quality remains stellar. Credit losses on gross loans stood at an absolute minimum of 0.05%.

We expanded our physical presence during the quarter by adding 86 new branches across the group, taking our group branch network to 7,654. Our subsidiaries are also performing smoothly and accelerating our vision of building a diversified non-banking financial services business. Muthoot Money Limited witnessed exponential growth. Loan AUM grew by 111% year-on-year to 10,550 crores, driven primarily by the strong growth of its gold loan portfolio. Total revenue surged 137% year-on-year to 511 crores, and profit after tax increased by 366% to 172 crores. Asset quality improved further, with Stage 3 assets declining to 0.67%.

Belstar Microfinance showed a strong recovery in profitability, delivering profit after tax of 66 crores for this quarter, compared to a net loss in the corresponding quarter last year. Loan AUM stood at 7,842 crores as industry-wide stress moderated disbursement growth. Following the regulatory enablement allowing MFIs to expand their non-microfinance portfolio, Belstar opened 45 new gold loan branches in Q1 to diversify its product base. Muthoot Home Finance AUM grew by 13% year-on-year to 3,496 crores, and profit after tax stood at 4 crores, marking a 114% year-on-year increase. Asia Asset Finance, our Sri Lankan subsidiary, posted an impressive performance, with AUM expanding 51% year-on-year to Sri Lankan Rupee 5,270 crores and profit after tax surging 113% year-on-year to Sri Lankan Rupee 43 crores. Muthoot Insurance Brokers generated premium collections of 170 crores and achieved profit after tax of 17 crores.

To wrap up, we believe that the regulatory changes implemented from April 2026 in the gold loan industry are structural positives. They strengthen transparency and drive formalization, which favors established, trusted players like Muthoot Finance Ltd. While our primary gold loan business continues to perform solidly, our non-gold loan portfolios, spanning microfinance, housing, and business loans, are contributing steadily to our total assets. Coupled with our omnichannel digital framework, we are well-positioned to capitalize on India's structural growth opportunities in financial inclusion. Thank you once again for joining us today. I now open the floor for your questions and look forward to an engaging discussion. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Digant Haria from GreenEdge Wealth. Please proceed.

Digant Haria – GreenEdge Wealth: Hi. Thank you for the opportunity. My question is that we have seen a very sharp drop in the yield this quarter, almost something like 300 bps. A lot of other players that have reported have not really seen a yield drop at all. I wanted to know whether this is based on the new strategy that we are targeting to compete with banks, or what the reason is. This 300 bps seems a little high, and it is not as if competition suddenly increased in the last 3 months. I would appreciate some comments here, sir.

George Alexander Muthoot – MD: Thank you. The yield in Q4 was 20.76%, and this quarter it is 17.93%. I agree that there is a drop in the yield. This is due to a variety of reasons. We have probably also reduced our interest rates in this quarter. The yield has declined because we are giving loans at lower rates as well. Higher rates are also there, and low rates are also there. So, probably, in this quarter, some of the lower-rate loans would have taken more precedence.

Number two, last year, in the third and fourth quarters, when we saw a yield of 20% and so on, it was actually a very good year in which our recoveries were also very good. A lot of loans were also renewed. There were a lot of renewals and rollovers last year, and the interest collections were also very good. That is also one of the reasons for the higher yield.

As a steady state, 18% plus or minus, maybe 18% to 18.5%, should be the normal yield that we should be looking at going forward. What we have now is 18%, or 17.93%. Going forward this year also, it should be around 18%. I think that is a decent yield. What we got last year should be considered a one-time windfall. Anyway, we were able to cash in on that and we have received the benefit of it.

Going forward, with the new strategies to grow the gold loan book, there was a concerted and determined effort to bring down the yield as well. We have brought down the yield, but the AUMs will keep rising hereafter.

Digant Haria – GreenEdge Wealth: Okay, sir. Thank you. That was a very detailed explanation. My second question is regarding this year. Gold prices are volatile, and we have these new guidelines with 75%, 80%, and 85% LTV across the life of the loans. I have 2 questions here. One is your opening guidance for FY27. You generally give 15%. What guidance would you like to give on the AUM side this year? Second, this gold loan product has generally been a product where customers do not like to pay monthly interest. It has been more of a bullet product for as long as the 15 or 16 years that I have tracked it. At the branches, are we able to drive any change? Do we need to drive any change? Also, Stage 1 and Stage 2 loans may actually increase because of this regulation, not due to anything related to the business. I would like your thoughts on these 2 things, sir.

George Alexander Muthoot – MD: I think you are right in saying that there have been regulatory changes. In the first 2 months, April and the latter half of May, we were actually bringing in the new product, training our staff for the new product, and introducing the new rates and schemes, including the 75%, 80%, and 85% schemes.

As you rightly said, we need to retrain our staff and customers to think about paying at least once in a quarter. If not monthly, they should pay once in a quarter. After some time, we are seeing a good response from the customers. Not everybody is paying monthly, but if not monthly, they are paying every 2 or 3 months. That is what we are trying to implement, and I am sure it will do well.

After May, we have seen very good traction in AUM growth. I do not want to give any guidance on that, but we will revise the guidance in the next quarter. While reviewing the next quarter, we will revise the guidance. AUM should keep growing, and, as I said, the yield should also be in the range of 18%. That is what I think it should be in the coming quarters.

Operator: Thank you. The next question is from the line of Piran Engineer from CLSA. Please proceed.

Piran Engineer – CLSA: Hi, sir. Congratulations on the quarter, and thank you for taking my question. Firstly, regarding the yield drop, I wanted to understand whether there are any interest recoveries or one-offs in this interest income number. In the last couple of quarters, our top line was very—

Management: You are right. There were a lot of old loans on which we were able to recover a lot of interest. That happened in the last 2 or 3 quarters. I think those are behind us now.

Piran Engineer – CLSA: So, this is a clean interest income number, and we are looking to increase this slightly, as you said, to 18% or 18.5%.

Management: I did not say that we are going to increase it, but I think it should settle at that level. It should settle at 18% to 18.5%.

Piran Engineer – CLSA: Understood. In terms of disbursement LTV, now that the new norms are out, how has our average disbursement LTV changed with these new norms for the entire disbursement done this quarter?

Management: A certain, very positive percentage of customers are interested in the 85% option, which is for loans below 2.5 lakhs. However, the majority of them still continue to take 75%. That range is still the disbursement rate. It is not that everybody is taking 85%; only some people are.

The advantage is that we can offer a bouquet of products and choices to the customer. Somebody wants to pay monthly interest, and somebody wants to pay yearly interest. A yearly-interest scheme is also available. However, the LTV will be reduced because you have to factor in the next interest payment and the interest dues for the next 12 months.

There are many combinations, and people have more choice. That is why I said it took April and May for us to bring out good schemes. I am sure the schemes have now taken place, and we are seeing good traction. To answer your question, the originating LTV has really not gone up. That was your question, I suppose.

Piran Engineer – CLSA: Let me give an example. If somebody wants a 12-month loan of 2 lakh rupees, at what LTV will you give it? Will it be the same if the customer wants a bullet loan versus an EMI loan?

Management: No, that is different. In the case of a bullet payment, if it is for 12 months, you have to reduce the interest accrual. If it is less than 2.5 lakhs, it would be 85% minus the interest accrual.

Management: The customer may get approximately 77% or so.

Management: If it is a monthly interest payment, the customer will get 85%, 80%, or 75%.

Piran Engineer – CLSA: Given that most of our customers do not pay interest regularly and pay it only from time to time, do we assume that all the loans are bullet loans and then apply 85% minus the interest accrual?

Management: Piran, we now have all the schemes available. That is what the MD was saying: it will take some time for the employees and customers to settle into the particular arrangements. We are mostly seeing customers taking approximately 75%.

Management: Customers can pay monthly interest, once in 3 months, once in 9 months, or once in 12 months. We have different schemes. However, LTV will be different under the different schemes. If somebody is prepared to pay monthly interest and the loan is below 2.5 lakhs, the customer can get the full 85%.

Piran Engineer – CLSA: Understood. What would be the difference in the interest rate between a monthly-interest loan and a bullet loan as of today?

Management: It is not linked to interest in that manner. Just because a customer has agreed to pay monthly or is paying only once in 12 months, there is no interest-rate difference. However, the schemes have different interest rates. It is not based on the repayment promise of 1 month, 3 months, or 12 months.

Piran Engineer – CLSA: Understood. Lastly, this quarter we have turned around in terms of customer growth. Customer growth had declined in the last 2 quarters. What factors led to this pickup in customer count or tonnage growth this quarter?

Management: Newer customers are definitely coming in. However, tonnage growth is actually driven by the gold price, as I have always said. When the gold price falls, tonnage goes up because the customer has to bring more gold. If the price is high, the customer brings a smaller quantity of gold. That is what I have been trying to explain for the last 4 quarters, but I think people will now start understanding it.

If the gold price falls, tonnage will keep increasing because, if somebody wants 1 lakh rupees, earlier they needed to give 10 grams, whereas now they have to give 12 grams. It is as simple as that.

Piran Engineer – CLSA: Understood. That is all from my end. Thank you, and I wish you all the best.

Operator: Thank you. The next question is from the line of Shripal Doshi from Equirus. Please proceed.

Shripal Doshi – Equirus: Hi, sir. Thank you for giving me the opportunity. My question is about the product side. Are we still continuing with the vanilla gold loan product, or have we also launched new products on the income-generating segment?

Management: As our MD was saying, we have different products, including a monthly-interest product, an income-generating product, and products for loans of less than 2.5 lakhs. Today, there is a bouquet of products, and customers have a lot of choice.

Management: We have not launched income-generating loans merely to take advantage of LTV. That may not be the correct approach unless we are able to assess the repayment capacity as well as the end use of the loan. Otherwise, it may lead to problems. Many companies have started doing this, I believe, and we will also be starting it soon in the correct manner.

Just because somebody says that a loan is income-generating, we cannot give an income-generating loan. We have to assess the repayment capacity and other factors before giving the loan. If we bypass that, we will run into problems.

Shripal Doshi – Equirus: So, basically, we will plan to launch that product, evaluate the end use, and assess the income. In that case, would we also comfortably give a higher LTV, or would we prudently manage it below 85%?

Management: We can also give a higher LTV; there is no problem. We assess the customer. If the customer wants 85% LTV and the loan is less than 2.5 lakhs, we take that risk because we expect that perhaps 2%, 3%, or 5% of the portfolio will be in that category, so it does not matter.

Shripal Doshi – Equirus: Understood. My second question is on the tenor. You highlighted the calculation to the previous participant, but have we brought down the tenor to, for example, 3 months or 6 months for our gold loan product?

Management: We have a 3-month product, a monthly-interest product, and 6-month, 9-month, and 12-month products. People can choose and take whichever one they want. However, when a customer chooses a longer-term bullet repayment, the LTV has to be recalculated at a lower level. That is all.

Shripal Doshi – Equirus: Understood. In that case, are we seeing more interest for shorter tenors, and is that why there is an increase in GST as well, because it is all interlinked from a recognition standpoint?

Management: No. Our interest calculations are not based on that, and interest rates are not based on the tenor in that manner. That is not because of the tenor. Interest rates are based on many other factors, which I do not want to discuss here now.

Shripal Doshi – Equirus: Understood. I will take it offline. Thank you so much for answering my questions.

Operator: Thank you. The next question is from the line of Prasanna Rana from Aviva Life Insurance. Please proceed.

Prasanna Rana – Aviva Life Insurance: Good afternoon. Thank you for the opportunity. I wanted to check whether a rating upgrade is in the offing. Are there any discussions with the rating agencies regarding an upgrade?

Management: First of all, thank you for attending the call on a Saturday. We work, but I am happy that people with families are also working. To answer your question, I think the CFO will answer it.

Management: I am glad that you asked. I hope analysts from Crisil and Icra are also on the call and listening to this. They may answer. We always have hopes and expectations, but, as the MD said, it is with Icra and the rating agencies. They should probably see good things happening now.

Prasanna Rana – Aviva Life Insurance: Thank you. So, no discussions have happened, or are you saying that management may have had discussions with the agencies regarding this? Can we expect something sometime in the future?

Management: We engage with them very clearly. Every 6 months, we engage with them, open our hearts to them, and show them everything. However, it also takes time for them to become comfortable and do this.

Prasanna Rana – Aviva Life Insurance: Understood, sir. Thank you.

Operator: Thank you. The next question is from the line of K Shivakumar from ICICI Pension Fund. Please proceed.

K Shivakumar – ICICI Pension Fund: Thank you for the opportunity. Good afternoon, sir. My question is regarding increasing competition in the segment. We have seen competition from the banks, and we have dealt with that in the past. However, increasingly, most of the major NBFCs are also focusing on the gold loan segment. Will there be any change in our strategy in terms of interest rates or the way we expand the branch network to deal with increasing competition from other NBFCs?

Management: The total NBFC gold loan business today is only 4 lakh crores. Total bank gold loans are 16 lakh crores. There is a significant difference between 16 lakh crores and 4 lakh crores.

We do not have a separate strategy for any particular NBFC. With all the competition, whether from banks or NBFCs, we will provide the same good customer service and quick service. Customers generally feel that Muthoot Finance Ltd. is the right place to come for a gold loan. That has been our brand and our strength.

Muthoot has always been at the forefront of marketing the concept of gold loans. People definitely refer to that and feel that Muthoot is there. Competition will come, but there is no special strategy for competition. We will do our best, our customer service will be the best, and we will do everything that is necessary.

However, as I was saying in the beginning, we may see some yield compression. We had earlier reported yields of around 20%, but we have said that they will be around 18% plus. That is still a decent yield for us because we have a legacy book and a legacy portfolio.

The new players coming in will have to contend with low-interest-rate schemes. To compete with banks and others, they will have to do so. However, because we have a legacy portfolio and legacy customers, we have some advantages.

As the quarters go by, we will see that the fittest will survive and the non-focused players will leave. That is what we have seen earlier as well. People who are not fully focused or fully committed to this business and have started a gold loan business merely for the sake of starting one will not, in my opinion, be able to sustain it.

However, somebody who is fully committed to gold loans, like Muthoot, will probably have an opportunity. Let us wait for the next few quarters to see what happens.

K Shivakumar – ICICI Pension Fund: Understood, sir. In terms of geographical focus, the South is still 49% of your total AUM. Going forward, how much scope for growth do you see in more recent areas such as Eastern India and Northern India? Do you still see scope for growth there, or do you think—

Management: This is what we can do regarding the pace of growth in those geographies. Thank you.

Management: The gold loan business is growing everywhere. The business started much earlier in the South, perhaps a few decades earlier, so people in the South are more familiar with gold and more comfortable with gold loans. That comfort is generally catching up in the other states as well, including the North, East, and West.

In terms of geographical locations and starting loans, we are present everywhere. There is no place where we are not present. It is only a question of whether we want to add more branches in a particular place. For example, if we want to add more branches in Lucknow, we will add more branches in Lucknow, or in Jaipur, Delhi, Jalandhar, and so on.

We have branches and regional offices there. Wherever we see a business opportunity, we have an ear to the ground because we have marketing and sales personnel as well as field personnel working in all these places. They know where the potential is, and then we open branches there. There is no geography that we have left out.

As you said, the South is more concentrated because the business is also larger in the South. If you look at the statistics for gold loans, 70% of the gold loan business comes from the South, even for banks. Only 30% comes from all the other regions. The South had a head start in the gold loan business, whether for banks or NBFCs, and that continues. However, there is more potential in both areas.

To answer your question, we will open branches wherever there is potential or wherever we see scope to acquire more new business.

K Shivakumar – ICICI Pension Fund: Understood, sir. One last question, if I may add. What is your plan for Belstar? Even after so many years, I think we are still below its potential. We are currently at {? 7,800 crores ?}. Now that we are seeing the microfinance segment stabilize across the country, will you start becoming more aggressive in terms of loan growth there? Thank you.

Management: To answer your first question, we will not be aggressive in microfinance. That is the first question and the first answer. Second, we would like to have a very calibrated, less risky portfolio. We have trained the Belstar team and given them instructions to do microfinance only with selected, good-quality customers, not just for the sake of growth.

In microfinance, one quarter you will see it doing well, the next quarter you will see something else happening, and after 3 quarters you will see something else. It is a cyclical business.

We have been trying to take advantage of, or use, the facility allowing 40% of other loans by doing gold loans there as well. Today, more than 100 branches have been opened, and perhaps another 50 will be opened in the next 3 months exclusively for gold loans. They have started, and they are doing well.

We will have a mix of secured and unsecured lending. As a policy, we would like secured lending to remain important. For unsecured lending, or microfinance, we would like to lend only to better-quality customers, not for the sake of AUM. We do not want to show anybody that we need to generate a large amount of AUM. If it is low, it is low.

K Shivakumar – ICICI Pension Fund: Understood, sir. Thank you. That is all from my side.

Operator: Thank you. The next question is from the line of Raghav Garg from Ambit Capital. Please proceed.

Raghav Garg – Ambit Capital: Good afternoon, sir, and thank you for the opportunity. I have 2 questions. First, I was going through your last quarter's transcript, dated May 14, and at that time you had indicated that you did not see the need to lower your yields from 20%. For your yields to drop by 300 basis points quarter-on-quarter, the yields from mid-May to June would have had to be lower than 18%. Is that understanding correct? If yes, can you tell me what the average yield was for June or perhaps July? That is my first question.

Management: Raghav, there are a couple of things. As the MD said, last year was an extraordinary year in which we saw gold prices increasing and top-ups happening. We were able to make most of the recovery collections without needing to give discounts to customers or auction large amounts of gold under recovery. That is one factor.

There were also NPA accounts on which we were able to collect the full income. Third, regarding the ARC investment receipts, because the entire principal recovery had happened, the remaining amount was coming into the P&L.

Specifically, in the third and fourth quarters, we saw a large number of renewals, especially because the new regulatory regime was taking effect from April 1. We also encouraged these customers to roll over their loans and take top-ups.

As you know, we follow a rebate structure for most of the loans. Many of these loans, because of their ability to roll over, are currently at a lower yield structure. They will probably increase as they migrate to higher levels. That is an important factor that has also affected the yield.

As the MD said, we made some reductions in the first quarter. Lastly, we took some advantage of the increase in gold prices in the fourth quarter. Those incomes are not present in the first quarter.

Raghav Garg – Ambit Capital: I was just asking how much the reductions have been. A related question is whether you can give the yields for June, considering that all of April and half of May were at a 20% yield. If you could help us with the yield in June, that would be very helpful.

Management: We do not have a bifurcation for June. You need to understand what led to this. These are the reasons why the yield came down. We do not have an exact breakup showing what was due to June or what the interest income was in June.

Raghav Garg – Ambit Capital: Sure. My second question is on the cost of borrowing. How much more do you think it can increase from here, or will it settle at this level? It is up by about 7 bps quarter-on-quarter.

Management: I am not expecting any reduction in the cost of borrowing. It will mostly remain at these levels. Depending on RBI policies, it might increase. It all depends on how the RBI revises the benchmark rates.

Raghav Garg – Ambit Capital: Understood. Perhaps another 5, 7, or 10 bps—any ballpark number?

Management: It does not matter much in our business, where we are generating an ROA of more than 5%.

Raghav Garg – Ambit Capital: Of course. Thanks a lot for all those answers.

Operator: Thank you. Ladies and gentlemen, in the interest of time and fairness to others, we request you to restrict yourself to 2 questions per participant and rejoin the question queue. Thank you again. The next question is from the line of Rajiv Mehta from Yes Securities. Please proceed.

Rajiv Mehta – Yes Securities: Hi. Good evening. You said that there is no interest-rate difference between a customer paying quarterly, semi-annually, or annually, and you said that pricing will vary across schemes. What do you mean by schemes, and what is the pricing range across schemes? On a monthly or annual basis, what are the different lending rates or structures that we are offering, and what is the price range currently through the branches?

Management: Rajiv, many of the things you are asking about are available on our website, but I do not want to go into the granular details of how we collect payments in a public forum like this. That is what I wanted to say.

Rajiv Mehta – Yes Securities: Just one clarification. The customer may pay interest quarterly, semi-annually, or annually, but the principal payment comes at the end of the loan term, right? The loan term remains 12 months.

Management: We have 12-month loans, 9-month loans, and 3-month loans. We also have monthly-interest loans.

Management: We also have EMI loans.

Management: We have EMIs as well. EMI loans are also available. However—

Rajiv Mehta – Yes Securities: Were these recently introduced, or were they always available?

Management: All these products were introduced from April 1.

Rajiv Mehta – Yes Securities: April 1, okay. Lastly, to focus again on volume growth, assuming that gold prices are stable, I can see a good pickup in customer acquisition and old-customer reactivation. What is driving this? How are you driving the branches to acquire more customers and retain old customers? I am sure there will also be considerable pressure from competitors to take over your customers. How are we driving our branches to ensure good volume growth in a year when gold prices could be largely stable?

Management: Most of these are internal strategies. We have strategies to retain our customers and strategies to acquire customers. Again, we will have to demonstrate that only through our performance, and I am sure you will see that going forward as well.

You saw gold prices coming down while AUM continued to increase. Therefore, business growth is not a function of the gold price. The business is growing because there is a need for funding. I have been saying this for the last several quarters, but people sometimes refuse to understand it.

It is not that, just because the gold price is high, I am going to borrow a large amount of money. I will borrow only if I feel that I can repay it; otherwise, I will sell the gold. If somebody borrows instead of selling the gold, it means that the person wants to repay the loan.

We have our strategies for all these matters, including competition. I am sure that in the next quarters you will see good growth in AUM as well.

Rajiv Mehta – Yes Securities: Understood. Thank you very much, sir.

Operator: Thank you. Ladies and gentlemen, in the interest of time and fairness to others, we request you to restrict yourself to 2 questions per participant and rejoin the question queue. The next question is from the line of Nibesh Jain from Investec. Please proceed.

Nibesh Jain – Investec: Hi. Thanks for the opportunity. My first question is on LTV. What is our LTV as of June, including accrued interest?

Management: It will be around 65% or 66%.

Management: {? 66.46 ?}, I think.

Management: 66%.

Nibesh Jain – Investec: This includes accrued interest as well, right?

Management: Yes.

Nibesh Jain – Investec: What gives you confidence that our yields will stabilize at 18%? In one quarter, we have seen a decline of 300 basis points in yields. I believe that the entire book would not have come up for renewal in one quarter. A large part of the book, say 40%-50%, will still come up for renewal in the coming quarters. What gives you confidence that yields will stabilize at 18% when the old book, which is at, let us say, 22%, comes up for renewal? Also, what were the incremental yields in Q1? When we disbursed loans, what were the incremental yields on those loans?

Management: As I said, generally the yield will be 18%-18.5%. Incremental yields are a basket of yields. We have higher yields as well as lower yields. What gives me confidence is my experience over the last 35 years in this company with gold loans. That experience gives me an understanding of what will happen and what the relevant factors will be. That is what I am referring to here.

Management: Nibesh, as I said earlier, there was a very large amount of renewals in the fourth quarter. You do not need to be too concerned about the new scenario because we are mostly rolling out shorter-end schemes. Since they are shorter-end schemes, we can always reprice them at shorter intervals. We have that flexibility, and based on that, we are fairly confident about a yield range of 18% to 18.5%.

Nibesh Jain - Investec: If you can share the data on incremental yields on gold loans for Q1, that would be helpful.

Management: The yield this quarter was {? 17.93 ?}, the last quarter was {? 19.56 ?}, the quarter before that was {? 20.76 ?}, and the quarter before that was {? 20.16 ?}. The current yield structure for the gold loan schemes, as the MD said, is available on the website. We have a number of products and the pricing for each of them.

Nibesh Jain - Investec: My last question is: what percentage of disbursements are happening at 85% LTV? Please give us a ballpark number.

Management: It is very low, perhaps 5% or so.

Management: 4%-5%.

Management: 4%. Again, the answer is the same. Everyone does not borrow just because a particular LTV is available. Customers borrow only to the extent that they feel they will be able to repay. Otherwise, they would sell the gold. Would it not be better to sell the gold than to take a loan at 75%, 70%, or 85% LTV? Regarding 85%, it has just started, and it is perhaps 3%-4%.

Nibesh Jain - Investec: Thank you. That is all from my side.

Operator: Thank you. The next question is from the line of Gaurav Khandelwal from JP Morgan. Please proceed.

Gaurav Khandelwal - JP Morgan: Hi. Good evening. Thanks for taking my questions. I am relatively new to the company, so I am trying to understand this. In the last 20 years, the mix of loans in the South region has come down from 84% to almost 50% now. Where do you see this going in—

Gaurav Khandelwal - JP Morgan: —the next 5-10 years? I would also like your views on whether you think the penetration rate of gold loans in Southern India is high, and therefore there is a need to shift to the North, East, West, or any other region outside the South, or whether it is simply a function of getting more business in other regions. I wanted your thoughts on that, sir.

Management: I think I answered that question earlier as well. The concept of gold loans was present much earlier in the South than in North India. People in the South were aware of gold loans and started using gold loans as a product a few decades earlier. Corporate gold loans also started much earlier. That is why there was a head start in South India.

However, the North, East, and West are definitely catching up. Again, credit should go to Muthoot for marketing the concept of gold loans outside the South. We were pioneers in this and introduced gold loans as a business loan proposition to North India. Today, North India also has a substantial business.

There is potential there. South India accounts for only one-fourth of India, while three-fourths is the North, East, and West, so there is always potential there. We will not stop opening branches in South India because South India still has a lot of gold loan potential and there is scope to serve more people.

North India is definitely less penetrated. It needs more concept selling in newer places. When concept selling improves, the North, East, and West will also start doing better.

Gaurav Khandelwal – JP Morgan: Understood. Is it fair to say that in the next 5-10 years there is a possibility that the 50% South mix could decline to perhaps 40% or even lower?

Management: How does this 50% South mix matter? The North, East, and West are a larger geography, whereas the South is only one-fourth of the country. It is not that the absolute loan amount in the South has declined. The loan amount has grown, but the North, East, and West have grown more significantly.

Again, it is a matter of the concept. When people start accepting gold loans as a concept, the business will pick up in North India as well.

Gaurav Khandelwal – JP Morgan: Understood. My second question is: what is it about regulation or competition that worries you most about the business? Banks have always been present, and you have competed with them for many decades. What are the top 1 or 2 things at the top of your mind that concern you about the business?

Management: There is no single person or single thing that keeps us worried. We simply need to do better and better. We need to stay one step ahead of everybody in the competition. More than being one step ahead, we need to continue earning the trust of our customers. This is a trust-based business. We should continue to retain the customers' trust; then everything else is temporary and everything else becomes simple.

Gaurav Khandelwal – JP Morgan: Understood. Thank you very much. Those were all my questions.

Operator: Thank you. The next question is from the line of Kushan Parikh from Morgan Stanley. Please proceed.

Kushan Parikh – Morgan Stanley: Thank you for taking my questions. I have a couple of data-point questions. Could you provide us the loan mix by ticket size as well as the auction number for the quarter? My second question is on your branch addition plans. I see that we added about 60 branches at the standalone level in the first quarter. Could you lay out your branch addition plans for the standalone business for the full year, as well as for Muthoot Money? Those are my questions.

Management: Ticket sizes above 3 lakhs account for 38%, and ticket sizes from 1 lakh to 3 lakhs account for 35%. We opened 85 branches. Probably, this year we should be opening another 500-600 branches overall in the group.

Kushan Parikh – Morgan Stanley: Specifically for standalone, could you tell us, sir?

Management: Standalone Muthoot Finance Ltd.?

Kushan Parikh – Morgan Stanley: Yes, Muthoot Finance Ltd.

Management: Perhaps 200-250 branches.

Kushan Parikh – Morgan Stanley: Understood. That is all from my side. Thank you.

Operator: Thank you. The next question is from the line of Bharat Shah from {? BCS Capital ?} Idea Private Limited. Please proceed.

Bharat Shah – BCS Capital: Thank you. Clearly, competitive conditions have become far more intense than you might have felt only a few months ago. Yields have come down, and the architecture of the products has changed dramatically at our end. All of this seems to suggest that competitive conditions have probably been more intense than you had budgeted for.

When I look at the last quarter's numbers, we reported {? 3,400 crores ?} of net profit, while our asset base grew from the previous quarter from {? 182,000 crore ?} to {? 191,000 crore ?}, but profits came down by almost 16%-17%. The profit for this quarter is equal to what we reported in the December quarter, at around {? 2,825 ?} crores.

Am I to understand that the current year overall is likely to be somewhat of a washout in terms of performance, meaning that achieving any meaningful growth in the bottom line in the current year looks unlikely? I do not mean washout in any other sense, but meaningful growth in the bottom line appears unlikely as I see it.

Management: You have given both the question and the answer. Do you need any answer from me? You stated the question and gave the answer.

Bharat Shah – BCS Capital: I want confirmation as to whether I am thinking correctly.

Management: Do not use the word "washout." The company has made a profit of {? 2,500 ?}, which is almost equivalent to a 6% ROA. How many companies in India are generating that kind of ROA? It is still a good performance.

In the initial question, we explained in detail what led to the comparative quarter-on-quarter profit. Compared with last year, there has certainly been an increase of almost 25% in profits.

We explained the reasons leading to a quarter-on-quarter decline because last year was an extraordinary year and an extraordinary quarter. We also explained that renewals took place in the last quarter, with a particularly large number of renewals. This resulted in loans remaining at a lower slab for a major portion of the quarter and for a shorter duration, leading to lower interest income.

Those extraordinary incomes will not be present in the current year. We are therefore fairly comfortable with an interest yield of around 18%–18.5%, which can generate a good, decent ROA.

Bharat Shah – BCS Capital: Let me correct myself. I used the completely wrong word, "washout," and quickly corrected it. I meant washout in the sense of achieving growth.

Over the 20 years that I have observed Muthoot Finance Ltd., year after year, it has consistently produced meaningful growth in the range of 15%–20%. Given the sharp drop in the yield, the current year probably may not produce any meaningful growth in the bottom line.

In that sense, I used the word. I stand corrected. I did not mean washout in any other sense. I meant that absolute profitability probably may not grow by even a single digit in the current year, which is below—

Management: Bharat sir, we do not give any profit guidance. We generally give guidance for AUM growth because profits are secondary for us. Loan growth is the primary factor for us. We believe that profits will follow.

We have given a guidance of 15%, considering that we had good growth last year. We also expect some revision after the half-yearly results. Let us review the growth numbers achieved until the end of September and then give revised guidance if needed.

Bharat Shah – BCS Capital: You are saying 15% from the June base—

Management: From the March number.

Bharat Shah – BCS Capital: From March 2026, 15% would be roughly {? 210,000 crore ?} or higher.

Management: I do not know all those figures, sir. We had {? 150,000 ?}; 15% means almost 17,000–18,000.

Bharat Shah – BCS Capital: I mean that our asset base was {? 182,000 crore ?} as of March 2026.

Management: I am talking about the consolidated figure.

Bharat Shah – BCS Capital: Understood. In any case, 15% is 15%.

Management: Okay.

Bharat Shah – BCS Capital: This means that, given the expense characteristics and cost of funds that you have already clarified, the pattern in the quarters ahead will replicate, based on the size of the business attained, something similar to what we saw in June. Would that be a fair assumption?

Management: As I said, we do not generally provide profit guidance. We provide growth guidance. Let us see how that develops.

Bharat Shah – BCS Capital: Thank you.

Operator: Thank you. The next question is from the line of Abhijit Tibrewal from Motilal Oswal. Please proceed.

Abhijit Tibrewal – Motilal Oswal: Good evening, sirs, and thank you for taking my question. As you would have seen, all the participants on the call today have spent the last few quarters trying to understand what is really happening with yields and how much of the interest income we reported was due to recoveries.

Over the last 3 or 4 quarters, we have all been trying to understand the expansion in yields. You have already explained that there were recoveries in the previous quarters and renewals in the last quarter, which is why the loans are sitting at a lower rate under the rebate structure that you follow.

We are the largest gold loan company, with a market capitalization of almost 1.25 trillion. It is therefore a fair request when we ask what the clean gold loan yields were for the last 2 quarters and what the clean gold loan yield is this quarter. If you could articulate that for everyone on the call, it would be useful.

Management: We gave the yield as 17.93% this quarter. Last quarter it was 19.56%, the quarter before that it was 20.76%, and the quarter before that it was 20.16%. That is the yield. This year, the yield is 17.93%, so this is the yield for the quarter.

Abhijit Tibrewal – Motilal Oswal: Do all the numbers you just mentioned include recoveries, or are these clean gold loan yields without any recoveries?

Management: These are all with recoveries. I did not understand what you mean by recovery.

Abhijit Tibrewal – Motilal Oswal: I mean recoveries from NPA loans where you were able to recover the overdue interest.

Management: In the context of NPAs, recoveries happen when rollovers take place. If the loans are at a higher slab, those recoveries are included. ARC receipts, whatever is over and above the relevant amount, are included. Income from auctions is also included in the yield. Top-up charges that we collect are also included.

Those kinds of situations were not present in the first quarter. Additionally, we fine-tuned some of the rate structures in light of the new regime. To that extent, there could also be some impact. In a steady state, we expect an 18%-18.5% yield.

Abhijit Tibrewal – Motilal Oswal: This is where I am finding it difficult to understand. Despite whatever recoveries we had over the last few quarters, how can yields decline by 200-300 basis points in a single quarter?

Management: What you need to understand is that these are not long-term fixed-rate contracts. These are all short-term contracts. It depends on the fact that we are dealing with 100,000 customers a day, so these kinds of—

Management: These loan cycles are very short, and, added to that, these kinds of fluctuations impact the yields. As I said, profit is secondary for us; loan growth and how we take care of customers are important. To that extent, we follow different policies at different points in time, which have an impact on the yield. However, we believe that an 18% yield is maintainable.

Abhijit Tibrewal – Motilal Oswal: Understood. My last question is to understand whether, given the high competitive intensity, we are now planning to compete more aggressively. The MD mentioned a few of the—

[inaudible] Sir, we cannot hear you.

Management: Please repeat the question. There was a break in between.

Abhijit Tibrewal – Motilal Oswal: Hello?

Management: Is it better now? We can hear you now. Please repeat your last question.

Abhijit Tibrewal – Motilal Oswal: Yes, sir. I am trying to understand whether we are now acknowledging the high competitive intensity. Over the last couple of quarters, we have been asking about this. Given the changes you have made to the interest-rate structure, are you planning to compete aggressively now?

I heard the MD say that we should see who the fittest are to survive and wait for a few more quarters. Can we reach a point in the next 2 or 3 quarters where every gold loan lender in the country starts cutting rates on gold loans? You will remember the period between December 2022 and June 2023, when our yields also declined by about 350 basis points. Can we reach a point in the next couple of quarters if everyone starts competing aggressively?

Management: It is quite possible. There could be a situation where everyone drops their rates. There is certainly a possibility. However, we have our benchmark, and even at these rates we have been able to generate growth of almost 6% this quarter, which is approximately 9,000 crores of growth.

Abhijit Tibrewal – Motilal Oswal: Thank you for that. Lastly, this is a data-keeping question. You had shared the mix of gold loans by ticket size. My line was not clear, so could you repeat that for Q1 and Q4, along with the auction number?

Management: Above 3 lakhs, it is—[inaudible] Hello? Please give me a second.

Abhijit Tibrewal – Motilal Oswal: Yes, sure, sir.

Management: For March {? 25 ?}, it is 38% above 3 lakhs, and 1 lakh to 3 lakhs is 35%. For June, I do not have—This was the number you mentioned for March {? 26 ?}? Sorry, just a second.

Abhijit Tibrewal – Motilal Oswal: Yes, sir.

Management: Sorry, I think for June {? 26 ?}, above 3 lakhs is 69%, and 1 lakh to 3 lakhs is 22%. Sorry, the earlier number given was wrong.

Abhijit Tibrewal – Motilal Oswal: This is for June {? 26 ?}, sir. What is the figure for March {? 26 ?}?

Management: March {? 26 ?}—let me check. March {? 26 ?} is 51%. Above 3 lakhs is 51%, and 1 lakh to 3 lakhs is 30%.

Abhijit Tibrewal – Motilal Oswal: Understood. What is the auction number?

Management: Negligible. This quarter, it is around {? 52 lakhs ?}. It is negligible.

Abhijit Tibrewal – Motilal Oswal: Understood. That is all from my side. Thank you very much for answering all my questions, and I wish you and the team at Muthoot Finance Ltd. all the best.

Management: Thank you.

Operator: Thank you. That was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you, sir.

Management: Thank you. Thank you, well-wishers and investors, for attending the call today on a Saturday evening. We wish you all the best. From our side, we will ensure that the company runs well, conducts adequate business, generates adequate profit, and keeps all stakeholders happy.

That is our job, and we will continue to do it, certainly with the blessings of everyone, including you, the analysts, who generally give us good guidance and information. We appreciate that. Goodbye from the management team, and good day to all of you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.