

Muthoot Finance

14 May 2026

Operator: Ladies and gentlemen, good day and welcome to the Muthoot Finance Q4 FY26 earnings conference call, hosted by DAM Capital Advisors. 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 touchtone phone. I now hand the conference over to Sanket Chheda from DAM Capital Advisors. Thank you and over to you, sir.

Sanket Chheda – DAM Capital Advisors: Hi and a very good evening to all of you. We have with us the entire management team of Muthoot Finance today to discuss their Q4 results. I will hand the call over to Mr. George Alexander Muthoot for opening remarks, followed by a question and answer session. Over to you, sir.

Management: Thank you, Sanket. Welcome to the conference call of Muthoot Finance and its subsidiaries for Q4 and the full year FY26. We just concluded our board meeting today, which is why the results were uploaded only about an hour and a half ago. We apologize for the delay.

Coming to the business, I will start with the gold loan segment. We have achieved the highest-ever consolidated gold loan AUM for Muthoot Finance and its subsidiaries at 1,65,000 crores. This is historic growth, representing an increase of 57,000 crores or 54% over the last year. The consolidated AUM stands at 1,65,000 crores.

Looking at the standalone business, the gold loan AUM stands at 1,64,000 crores. We recorded our highest-ever standalone profit after tax of 10,134 crores, which is up 95% year-over-year. The consolidated AUM for Muthoot Finance and all its subsidiaries stands at 1,81,916 crores as of March, showing growth of 59,000 crores or 49% last year. Consolidated profit after tax stands at 10,607 crores, up 98% year-over-year.

A few other highlights: Muthoot Finance declared its highest dividend ever of 300% or 30 per share. This marks the 14th year of consistent dividend declarations since our IPO in 2011. During the year, the group opened 177 new branches. We also received multiple industry recognitions, being certified as India's most trusted financial services brand for the 10th consecutive year by the TRA Brand Trust Report 2026. Additionally, Muthoot Finance was certified as a Great Place to Work for the fifth year in a row.

Regarding our subsidiaries, there has been stable performance across the board. In Belstar Microfinance, as guided last year, we started venturing into the gold loan business and opened 81 gold loan branches to diversify the portfolio. The total number of branches, including microfinance, stands at 1,300. Collection efficiency in the microfinance segment increased by 0.69% to 99.85%, up from 99.16% last year. During the year, we disbursed 7,500 crores compared to 6,000 crores in the previous year.

At Muthoot Homefin, the loan AUM stands at 3,485 crores versus 2,900 crores last year, a growth of 17%. We disbursed 999 crores in loans last year. Interest income increased by 36% and profit after tax stood at 45 crores. GNPA stands at 2.63% and NNPA at 1.94%.

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Muthoot Money, which handles vehicle finance, has been running down that segment and shifting into gold loans. Its gold loan AUM stands at 9,794 crores versus 3,900 crores last year, representing growth of 151%. There was a share capital infusion of 1,000 crores by the parent, Muthoot Finance, bringing the capital base to 2,357 crores. Total income increased to 1,294 crores. The active customer base showed consistent growth from 2.74 lakhs last year to 4.6 lakhs this year. The credit rating was upgraded to AA+ stable from AA stable by CRISIL for long-term borrowings. Profit after tax was 338 crores this year versus 12 crores last year.

These are the main highlights. We are pleased to present these financials for the last year and thank our stakeholders, including customers, lenders, regulators, shareholders, bankers, and analysts for their guidance. I will stop here and wait for clarifications and questions from investors.

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 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. We will wait for a moment while the question queue assembles. The first question is from Shubham Gupta from Prosperity Wealth. Please go ahead.

Shubham Gupta – Prosperity Wealth: Hello?

Management: Yes, you are audible.

Shubham Gupta – Prosperity Wealth: I have two questions. First, what is the expected guidance for top-line revenue and margins for next year? Second, recently the RBI suggested not to buy gold; how will this impact the overall revenue for Muthoot Finance in the coming year?

Management: Generally, we do not give guidance on margins and profit. When the AUM grows, there will definitely be profit growth as well. Regarding your second question about the government's stance on gold imports, they have suggested reducing imports and increased the tax from 6% to 15%.

Because we do not finance gold purchases, bullion, or bars, this does not affect Muthoot. We only finance household ornaments. There are reportedly about 25,000 to 30,000 tons of gold held by the Indian public. We believe there are good prospects for this business going forward, regardless of restrictions on new gold imports.

Shubham Gupta – Prosperity Wealth: Got it. Thank you for answering.

Operator: Thank you. The next question is from Rushabh Doshi from Nirmiti Investment Advisory LLP. Please go ahead.

Rushabh Doshi – Nirmiti Investment Advisory LLP: Hi, congratulations on a great set of numbers. I noticed you changed the presentation format. The previous presentation had a slide giving average monthly disbursements and collections for the quarter. Could you provide those numbers? Secondly, I notice yields have gone up again this quarter. Were there any NPA recoveries or ARC income booked?

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Management: Regarding disbursements, the number is similar to previous trends, though I do not have the exact figure right now. For your second question, there was auction income of approximately 50 crores and ARC-related income of around 35 crores, totaling 85 crores. Additionally, there was an increase in pricing during the last quarter.

Rushabh Doshi – Nirmiti Investment Advisory LLP: Could you share the disbursement number for the quarter? Was it around 18,000 crores?

Management: I don't have the exact numbers on hand, but it follows the trend of previous quarters.

Rushabh Doshi – Nirmiti Investment Advisory LLP: Okay, thank you.

Operator: Thank you. The next question is from Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal – Motilal Oswal: Good evening, sir. Thank you for taking my question. Could you help us understand how competitive intensity in the gold finance sector is trending? In the past, you explained that when gold prices rise, tonnage might come down, which we saw this quarter. However, smaller gold financing NBFCs are still seeing tonnage growth.

Additionally, we are now seeing AAA-rated NBFCs that are deep-pocketed and can raise liabilities at finer rates than us entering the market. They could eventually build the distribution muscle required for gold financing. Could you put these pieces together for us?

Management: Thank you. You essentially asked the question and provided the answers. Competition is present and new players are entering. I will repeat what I have said before: we are a specialized gold loan company. The new players, despite deep pockets or lower costs of funds, are not focused exclusively on gold loans. This is an operationally intensive and challenging business, which new players often realize only after some time.

Some opportunistic players may lose interest over time, while those who stay focused will perform. We do not see anyone taking away our business; we have been growing reasonably well. If you look at slide 19, you can see Muthoot Money, which started gold loans about 1.5 years ago. Its tonnage increased from 7 tons to 12 tons because it is a new player.

In Muthoot Finance, we are an established player with legacy accounts. The tonnage change is proportional to the churn of existing loans, which happens roughly every 4 months. When a loan is churned at a higher LTV because gold prices rose, the customer needs to pledge less gold for the same loan amount. For example, if a customer needed 10 grams for a 1 lakh loan last year, they might only need 6 grams today. That is why tonnage appears to be coming down.

Muthoot Money's tonnage and AUM grew significantly because it is a young company. For a large company like Muthoot Finance, it is harder to grow the customer count rapidly. We have lost about 15 lakh customers in the 0 to 30,000 ticket size range, but we added customers in the 50,000, 1 lakh, and 2 lakh ticket size segments. As money value changes, a customer who previously needed 10,000 may now require a much larger loan.

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Abhijit Tibrewal – Motilal Oswal: Got it, sir. My last question is on employee attrition. Given that other NBFCs are starting gold finance, they might try to hire people from Muthoot Finance. How are you looking at that?

Management: Thank you for calling us the best gold finance company. While some people move on, it is not alarming. Our numbers are steady. If someone leaves, we hire and train a new person. Some competitors think that by hiring a few Muthoot managers, they can successfully run a gold loan business. We will see where they stand in 2 or 3 years. We have not seen significant attrition and maintain a staff of approximately 30,000.

Abhijit Tibrewal – Motilal Oswal: Earlier, it was mentioned that higher interest income was partially due to pricing changes. Could you elaborate on that?

Management: Last quarter, we increased our rates by about 0.5% to 1% across certain loan types, which is why the yield has gone up.

Abhijit Tibrewal – Motilal Oswal: This is useful. Thank you and all the best.

Operator: Thank you. The next question is from Piran Engineer from CLSA. Please go ahead.

Piran Engineer – CLSA: Hi team, congratulations on the quarter. Regarding the yield improvement from 20.34% to 20.76%, does this include one-off interest recovery or is this core?

Management: It includes a few items. The auction income was 50 crores and the ARC income was 35 crores. There was also the impact of the yield increase during the quarter.

Piran Engineer – CLSA: Last quarter, there was a 500 crore interest write-back from GNPA recovery. Was that part of the 20.34% yield last quarter?

Management: Yes, that was in the previous quarter but not in this one.

Piran Engineer – CLSA: So adjusted for that, the yield improvement is very sharp.

Management: It improved by more than 100 bps. Because of the rise in gold prices, particularly in Q4, we were able to charge slightly higher rates for new disbursements.

Piran Engineer – CLSA: Now that we are earning a yield of 20.8%, is there a thought to cut yields to increase the customer count, which has gone down?

Management: We have the flexibility to reduce rates; we typically guide for a medium-term ROA of around 3.5%. We already offer various schemes with yields ranging from as low as 12% up to 23%. If we feel the need to step up the lower-yield portfolio to acquire customers, we will, but as of today, we don't see a pressing need.

Piran Engineer – CLSA: Understood. On slide 28, regarding the market price of gold ornaments listed at 2,634 billion for March 2026, is that as of March 31 or a monthly average?

Management: That is as of March 31. The price we used was 13,441 as of that specific date.

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Piran Engineer – CLSA: That is all from me. Thank you.

Operator: Thank you. The next question is from Rajiv Mehta from Yes Securities. Please go ahead.

Rajiv Mehta – Yes Securities: Hi, good evening and congratulations. Looking at customer metrics, while acquisitions and reactivations are better, the overall customer base declined by 2%. This suggests accelerated attrition. Are high-value customers moving to competitors for better rates, impacting both customer numbers and tonnage?

Management: As explained earlier, we lost about 5 lakh customers in the 0 to 10,000 bucket and another 8 lakh in the 10,000 to 30,000 bucket. However, since the total volume is maintained, it means we grew in the 50,000 to 2 lakh segments. Ultra-small loan customers may leave, but that doesn't significantly impact us. I don't think competitors are specifically targeting such small accounts. Medium and high-value customers are continuing to grow with Muthoot.

In a matured portfolio of our size, smaller ticket size customers closing loans will always outnumber the new higher ticket size customers being added in terms of head count. This is a natural phenomenon for a stabilized business. Again, compare this to Muthoot Money on slide 19, where AUM doubled and tonnage and customer count grew because it is a new entity.

Rajiv Mehta – Yes Securities: Regarding the yield, it moved sharply even without the interest recovery from last quarter. We also saw Stage 2 and Stage 3 assets increase this quarter. Why did we see that jump, and is it related to any specific geography or profile?

Management: The Stage 3 increase occurred primarily because the RBI advised us to move to borrower-wise classification. Previously, we classified at the individual loan level. By moving to borrower-wise classification, if a customer has one overdue loan, all their other loans are also classified as NPA, even if interest is being serviced on them.

Percentage-wise, the NPA is actually lower now at 2.34% compared to 3.35% in March 2025. Absolute amounts increased simply due to the change in classification logic. Because many of these accounts are still servicing interest, the actual interest reversals are much lower.

The LTV on this NPA bucket, including accrued interest, is only about 58%. This means the loans are 100% recoverable. It is an NPA from a regulatory standpoint, but the underlying collateral value far exceeds the principal and interest.

Rajiv Mehta – Yes Securities: So if I subtract the 50 crore auction and 35 crore ARC one-offs, the reported yields should be largely sustainable?

Management: Yes, though pricing can always be tweaked based on demand and gold price movements.

Rajiv Mehta – Yes Securities: Thank you.

Operator: Thank you. The next question is from Sanskar from Iraaya Capital. Please go ahead.

Sanskar – Iraaya Capital: Hi. You mentioned operational challenges for newer players. Based on your experience, could you provide some examples of these challenges?

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Management: These are the nuts and bolts of the business that new players will eventually discover for themselves. I would prefer not to go into detail; we'll let them understand it through experience over the next year or two.

Sanskar – Iraaya Capital: Understood. Regarding AUM growth, could you share your guidance?

Management: In the first quarter, we consistently provide a guidance of 15%. We have done this for the last 10 years. We will see how Q2 and Q3 pan out before potentially revising it.

Operator: Thank you. The next question is from Jyoti Khatri from Ambit Wealth. Please go ahead.

Jyoti Khatri – Ambit Wealth: Thank you for taking my question. To confirm, the increase in Stage 1, 2, and 3 was due to borrower-wise classification, and otherwise, the on-ground asset quality is stable?

Management: Yes, 100%. Our audit team ensures stability. Any impairments are written off immediately. The current Stage 3 assets represent only 58% of the market value of the gold pledged.

Jyoti Khatri – Ambit Wealth: How do you anticipate AUM growth for the standalone and consolidated entities next fiscal year?

Management: For standalone Muthoot Finance, the guidance remains at 15%. We will re-evaluate after Q1 or Q2.

Operator: Thank you. The next question is from Nischint Chawathe from Kotak. Please go ahead.

Nischint Chawathe – Kotak: Hi, thank you. Any guidance on branch expansion for the coming year?

Management: Last year we opened about 170 branches. This year we expect to open 200 to 300 branches at the Muthoot Finance level.

Nischint Chawathe – Kotak: And for the subsidiaries?

Management: In Belstar, our microfinance company, we plan to open about 200 gold loan branches. For Muthoot Money, we are waiting for branches to mature before looking at aggressive expansion.

Nischint Chawathe – Kotak: So roughly 200 for Muthoot Finance and 200 gold branches for Belstar. Regarding the Stage 2 increase, was that also due to borrower classification?

Management: Yes, primarily. As disbursements increase and we reach the end of the 12-month bullet repayment cycles, you naturally see corresponding movements between stages.

Nischint Chawathe – Kotak: Is the expansion in non-gold loans, which is up 3,000 crores in a year, comprised of unsecured loans?

Management: We have about 4,000 crores in unsecured personal loans and salaried personal loans. This is mainly a cross-sell to our existing gold loan customer base.

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Nischint Chawathe – Kotak: Finally, on yields, you previously maintained that 18% to 18.5% was normalized, but we are now at 20%. Is 20% the new normal?

Management: Borrowing costs are trending upward. Consequently, we may not be able to reduce rates much. We expect to maintain yields around this current level to offset rising borrowing costs.

Operator: Thank you. The next question is from Vikram Subramanian from Marshall Wace. Please go ahead.

Vikram Subramanian – Marshall Wace: Hi, congratulations on the numbers. Regarding the yield, for the past few quarters we had one-offs between 300 to 600 crores. You previously said sustainable yield was 18.5%. Is that now closer to 20.5%?

Management: Since our loans are very short-term, we don't fixate on a single number. We have a comfortable margin and this quarter generated a consolidated ROA of around 7.5%. We don't want to commit to specific yields because we might take different calls based on competition and customer acquisition at any time.

Vikram Subramanian – Marshall Wace: But the price increase you took recently has not been reversed as of mid-May?

Management: We prefer not to disclose our immediate pricing strategy in a highly competitive market. We play it by ear and remain dynamic to ensure both growth and profitability.

Vikram Subramanian – Marshall Wace: Understood. Regarding the reduction in loan count and active customers, are there specific efforts to stop this, or do you expect it to course-correct over the long term?

Management: As a large, mature company, the liquidation of many smaller ticket size accounts has a headlines-level impact on customer count. However, we are simultaneously creating more high-ticket size customers. This is why we pointed to Muthoot Money on slide 19; it shows how a new portfolio grows versus a mature one.

Operator: Thank you. The next question is from Shripal Doshi from Equirus. Please go ahead.

Shripal Doshi – Equirus: Hi, thank you. What was the interest accrual number for the quarter? Also, why scale gold loans in subsidiaries when Muthoot Finance no longer requires RBI approval for branch expansion?

Management: That is a policy decision for the board and individual companies. The interest accrual for the quarter is 963 crores.

Shripal Doshi – Equirus: What is the branch overlap between Muthoot Finance and Muthoot Money?

Management: We have locations where Muthoot Finance and several competitors are in the same building. Whenever we open a branch, competitors often move in next door. Muthoot Money opens branches where it sees opportunity, regardless of whether a Muthoot Finance or a competitor is nearby.

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Shripal Doshi – Equirus: Regarding the new RBI framework, from April 1 we must monitor LTVs more closely. What changes have you made to operations at the branch level?

Management: We have maintained LTV at regulated rates for over a decade. The new options for 80% or 85% LTV give us more room to tailor products. We have updated our software and rolled out new products in line with these regulations.

Shripal Doshi – Equirus: If you took a rate increase, would disbursement LTVs have declined sequentially?

Management: The new regulations allow two structures. For bullet repayments, you must account for interest accrual within the cap. For EMI structures, you can go up to 85% for certain customers. We are adjusting our strategies to stay within the regulations while protecting our margins.

Operator: Thank you. The next question is from Sheel Kumar Shah from Samiksha Capital. Please go ahead.

Sheel Kumar Shah – Samiksha Capital: What is our average gold loan LTV today and what range do you consider comfortable for risk management?

Management: Our average LTV today is 57%. Given that RBI allows up to 85%, we do not see significant risk at those levels. Historically, over the last 10 years, we have typically given up to 75%.

Operator: Thank you. The next question is from Rakesh Kumar from Voluntiers. Please go ahead.

Rakesh Kumar – Voluntiers: Looking at slide 19, the AUM per loan account went up by nearly 49% year-over-year for both Muthoot Finance and Muthoot Money. Is this solely due to rising gold prices or is there another reason for such a sharp rise?

Management: This is common across the industry. Loans churn every 3 to 4 months. If a customer who needed 1 lakh last year returns today, the higher gold price means they can get that same 1 lakh by pledging much less gold—perhaps only 5 grams instead of 10.

Rakesh Kumar – Voluntiers: But why take such a large loan? Is there a genuine need?

Management: Customers borrow because they have working capital requirements. Muthoot Money is attracting new, higher-ticket size customers, which elevates the average. In Muthoot Finance, ticket sizes of 3 lakhs and above now make up 32% of the book.

A borrower part with nearly 50% of their jewelry's value, including margins and making charges, only when they have a genuine need. Average ticket sizes have grown from 15,000 years ago to about 1.5 lakhs today due to both the rising price of gold and broader credit needs.

Rakesh Kumar – Voluntiers: The growth looks very high given the current inflation and credit ecosystem.

Management: This is short-term funding. Someone might borrow and then repay in two weeks, only to return a month later. It's a revolving credit need for small businesses and households.

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Operator: Thank you. This concludes the question and answer session. I hand the conference back to management for closing comments.

Management: We are happy with the volume of queries today. We are grateful to the investor and analyst community; your questions keep us on our toes. As a company, we aim to grow the book and deliver results that benefit our customers, staff, and shareholders. We assure you that the management team will continue to work to protect the interests of all stakeholders. Thank you and goodbye.

Operator: Thank you. On behalf of DAM Capital Advisors, that concludes this conference. You may now disconnect.

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