



## “Muthoot Finance Limited Q4 FY23 Earnings Conference Call”

**May 19, 2023**



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

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Muthoot Finance Q4 & FY23 Earnings Conference Call hosted by DAM Capital Advisors 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanket Chheda from DAM Capital Advisors Limited. Thank you and over to you, sir.

**Sanket Chheda:** Hi! and a very good evening to all of you. We are here with us to discuss the Muthoot Q4 Results. We have the entire Management Team with us, starting with George Alexander Muthoot, who is the Managing Director, then George Alexander and George Jacob who are whole-time directors, then Eapen Alexander and K R Bijimon, who is Executive Director and Oommen Mammen, who is the CFO of the company.

Without further ado, I will hand the call over to Mr. George Alexander Muthoot for the opening remarks, which will be followed by a questions and answers. Over to you sir.

**George A. Muthoot:** Thank you. Good evening. This is George Alexander – Muthoot's Managing Director. The Executive Directors of Muthoot Finance are also present here, along with the CFO and also the COO, Mr. K R Bijimon.

This quarter business has been good. We have the highest ever quarterly gold loan disbursement of Rs.51,850 crores, that's the highest ever gold loan disbursement. And we have an all-time high gold loan growth in any Q4 of 5,051 crores that is the highest. And we have an all-time high interest collection of any quarter of Rs.2,677 crores. That's also a very good performance.

There's an increase in the consolidated profit after tax, 8% QoQ at Rs.1,009 crores. Along with the subsidiaries, our total branches as on 31st March 2023 is 5,838 with an addition of 259 new branches opened during this year.

Muthoot Finance is also certified as a “Great Place to Work for the Second Year in a Row by Great Place to Work Institute.”

Muthoot Finance has also been certified as India's Most Trusted Financial Service Brand for the 7th Year in a row by TRA Brand Trust Report '23.”

In addition to Mr. Amitabh Bachchan, Muthoot Finance has also engaged Mrs. Madhuri Dixit as our Broad Ambassador in February 2023.

The consolidated AUM stands at Rs.71,497 crores, which is up by 10% quarter-on-quarter. The standalone AUM of gold loan stands at Rs.63,210 crores, which is also up 9% quarter-on-quarter. The standalone profit after tax stood at Rs.903 crores for this quarter.

We have also launched a few new products. One is the Small Business Loans which we have started. It is the backbone of the Indian economy accounting for a 90% of all business in the country. We have launched Small Business Loans to address the prevailing gap of credit access to MSME segment with an unsecured loan ticket size of up to Rs.10 lakhs. We have just started it. We have commenced operations in metros and we plan to expand it to Tier 2 and Tier 3 locations in Phase 2. We are doing it on an initial basis and we will see the progress how it is turning out and then go forward.

We have also started a Micro Personal Loan, a small personal loan as part of our initiatives to leverage the existing customer base and to position ourselves as a one-stop financial service provider.

We are now offering a Pre-Approved Personal Loan; we call it Micro Personal Loan to eligible customers. It is an EMI loan for 9 months to 12 months. The maximum loan is 1,00,000 and the entire loan journey is digital. The launch of this product has expanded our product range, increased our customers engagement progress and now cater to their diverse financial needs. This is one thing which was missing in Muthoot Finance that we have started the Micro Personal Loan, which is an EMI loan.

The growth has been revived in the subsidiaries. The home finance disbursement has started going up in this quarter and there's a significant jump of 53% in disbursement during this quarter of Rs.84 crores compared to Rs.33 crores in the previous quarter.

We plan to grow the disbursement 400% compared to financial year '23. Muthoot home finance was not growing much, but then 400% does look high, but definitely in absolute numbers it will not be that high but we plan to grow 400%.

We also plan to expand the home finance network by opening 26 new branches across states in this year.

The vehicle loan disbursement by Muthoot Money has also started well and in last month we have disbursed Rs.20 crores.

Belstar Microfinance has crossed 6,192 crores as lower AUM as of March, and the net worth crossed 1,000 crores, which is a historic landmark, and the revenue has also crossed 1,000 crores, a year-on-year growth of 42%. Collection efficiency continues to remain at 99% for regular account. The profit after tax of the company reported Rs.130 crores, which is again a year-on-year growth of Rs.189 crores.

Muthoot Finance has fulfilled its corporate social responsibility commitment with a spend of 101% during the financial year. We have spent a total of Rs.96 crores which is Rs.69 lakhs in excess of our statutory budget. The company has allocated more than Rs.100 crores for the next financial year with an emphasis on areas of environment, health and education to alleviate the poverty and uplift the financially deprived sections of the society.

We have declared an interim dividend for the financial year '23 of 220%, that is Rs.22 per equity share of 10, involving a payout of Rs.883 crores.

We have raised Rs.250 crores through the 30th public issue of secured redeemable NCD.

And we have also launched a new marketing campaign, “Kholiye Khunshion Ki Tijori”.

So this is the gist of the financial results of this year. I think now I would stop here and open the floor to questions and comments from the investors. Thank you.

**Moderator:** We will now begin the question-and-answer session. The first question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

**Abhijit Tibrewal:** I have two questions. Just want to understand from last quarter to this quarter, what has really changed that has helped us deliver such strong growth in gold loans -- is it predominantly I mean higher gold prices or is it also to do with some lowering of aggression that you are seeing from maybe banks, what is it that has helped you kind of deliver such strong gold loan growth during the quarter? And secondly, sir, if you could just explain why is there such a sharp jump in your employee expenses during the quarter versus last quarter for matter, the last quarter of the prior year?

**George A. Muthoot:** Gold loan growth for this quarter has been robust. A few things helped. We have actually started a great campaign for involving all our branches and staff to do more and more gold loan business. And I think that is paying dividends. Our brand ambassadors and our gold loan initiatives also are seeing results and that is what I also said last time. Secondly, the economic activity we feel has started picking up and the demand for loans and gold loans have increased in this quarter. As you definitely said, the higher gold price has also helped, but not to the extent of the growth, but definitely it has helped. And again, as I was saying last time also, I feel that gradually the competition or the excitement of the bags, etc., in gold loan is slowly waning because as time progresses the excitement of the bags, etc., to gold loan also is waning and that is also a fact. So that is one part of it, the gold price is another, but most important, the economic activities has picked up and we see gold demand and our branches have also started bringing in more and more business. To the second part of your question, we have increased more than 1,000 employees during this quarter, that must be one of the reasons for that. And overall, there is always a hike in the increment salary also comes in every year. We have not looked so much into this. There is no big aberrations we have seen in that.

**Abhijit Tibrewal:** Just one follow-up question here. Just wanted to understand given that we talked about a couple of things, higher gold prices helping, economic activity picking up, which is leading into better gold loan demand, and the margin excitement of banks gold loans winning, is it kind of giving you higher confidence of a better or let me put it this way, would you now start gold guiding for higher gold loan growth versus what you've been guiding in the last two quarters? And one more question on the sector. I just wanted to understand, once the contracted tenure gets over, a customer can repay the interest and then that gold loan can be rolled over based on the current market prices of gold prices, is that a common practice in the gold lending industry? And the

other related question here is have you had some conversations with the RBI around this practice?

**George A. Muthoot:**

Your question was whether we see better growth in the coming months. Yes, that's what we feel. And in the past several years, we've been guiding a growth of 15% and in the past year we were unable to do the 15%, we were able to do only about 7%. But I'm sure this year we should be doing in excess of 15% growth. So that's what we'll come back to the earlier 15%-plus growth this year. That is the first part of it. The second part you said that people coming after the period. So on the gold loan side, 90% of the loans get closed before 12 months. It's only less than 10%, which goes beyond the 12 months. Of that a few of them may come for that and because this is so fungible and easy, because there is no entry load, exit load, it is easy for the customer to go elsewhere and take the same loan etc., So, it is better practice for us to collect the interest and then renew the loan at that point of time. But there are very few people do that, most of them before 12 months, it is almost closed, because period is 3 months, 6 months, etc., our loan tenure is 12 months, so up to 12 months, more than 90%, 95% of the customers close their loan at that time.

**Moderator:**

The next question is from the line of Rahul Shah from Shah Associates. Please go ahead.

**Rahul Shah:**

My first question is, you said in the previous con calls and also in the TV interviews that Muthoot Finance is a very operational intensive business. So, can you tell me what exactly do you mean by that? And how exactly the fintech players and the banks, whether they are small banks or big banks not able to compete with that model of yours? How operational intensive is it?

**George A. Muthoot:**

I didn't say about Muthoot Finance, I said about gold loan business. Gold loan business of Muthoot Finance is operationally intensive business because first the gold has to physically come to the branch, it has to be physically weighed, checked and also assess, that is again no second alternative for that. And second, this has to be checked or of course etc., has to be collected. Rather more than all the other usual photos, KYC, etc., we just physically pack it, check it and keep it in the store room. We have to also look at the safety of the store room and the gold ornaments. When the customer comes back to release it, we have to release it in good stead. A loan is given maybe 10 minutes, 15 minutes, 20 minutes time. When we give it back, we give it in 3, 4 minutes time. There is also a line layer safety security system which we have in our branches to store and take care of the gold because we have had earlier very many attempts at break-in robbery, the quality, etc., and all this attracts all these elements who try to steal these things, that is one part of it. So we have to take care of that. Not only anybody who does that, has to take care of that. The second is again the staff. The staff also has to be very careful because this is gold and cash which is very attractive for maybe even for the staff also to do some sort of malpractice, that also has to be here. So we have a team of more than 1,000 physical inspectors or auditors who visit branches frequently, maybe once in a week, once in two weeks, depending on the size of the branch, once in a month to. randomly check, test check, the gold package there, numbers, quality. So this is operationally very challenging because we have to return the gold to the customer. Actually, the customer has to have big trust in a gold loan companies to hand over Rs.100 gold and take Rs.60 or Rs.70 loan from us. He is actually depositing Rs.100 and taking only Rs.60. So the trust is also very important. So all this requires quite a lot of operational

challenges and that over the years we have been able to train our staff also for even checking of the gold, assessing of the gold. We don't employ outsiders. That's what I meant when I meant by all these operationally challenging. When somebody thinks of this looks easy, but operationally this is intensive, that's what I meant.

**Rahul Shah:** Is there AUM dependent on gold prices totally or there are some other factors as well and how do you plan to utilize those factors to grow that? And secondly, where do you see your company in the next five to 10 years both in terms of number of branches and also profitability, specifically for the gold loan segment?

**George A. Muthoot:** I think I answered part of that in the first question. There are quite a few things. Gold price is also a part of it because somebody can get more money on the existing gold. That is gold price also one part of it. But that may be only a small part of it. The most important part is somebody should definitely need the money and we should be available in that place to do the loan. Somebody should need a loan amount and he should have the gold with him and he should have the mental framework to pledge his gold and take money, not something else. So if all these things come together, then the business is there. And your question about growth. That also I gave a guidance, that we have been growing 15% in the gold loan business over the years, except for last year, which is a difficult year for us for very many reasons which I have explained earlier. But now I think we are again back on the 15%-plus growth path and I'm sure we should be able to do that not only one year, in the more years to come. So 15% is something which we would always be targeting. Shortly, we should be opening about 150, 200 branches every year, that is something which we look at the need and necessity for branches in each area and then go about with that. And the profitability, yes, when the business also grows, we should see profit also going up proportionately at least.

**Moderator:** The next question is from the line of Nitesh from Investec. Please go ahead.

**Nitesh:** What are the incremental yields that we have bought in this quarter on the gold loan business? And is there an impact of penal interest circular that we foresee on our business? And second part of the question is on digital lending that we are starting. Can you talk about how are we filtering the customers who are eligible for these personal loans, how do we plan to scale the collection infrastructure for that?

**Management:** So the yield for the quarter is 18.48 and in Q3 it was 18.22. I think we have been more or less able to stabilize the teaser loans which were there in the past. I think going forward it should remain around these levels. As far as the penal charges circular, I think still it is in draft form. Let's you on the final circular. So at the end of the day if we need to raise a particular amount of revenue, we have to raise it, whether as charges or as interest. So we'll take a call at that point of time.

**Nitesh:** On digital lending, if you can share how we are filtering the customers who are eligible for these loans and also share the collection strategy in case of bounce and overdue?

**George A. Muthoot:** We don't do any digital lending. We lend only to the customers who come to our branch. So who are our existing customers we give them a personal loan based on this course, etc., we give an EMI loan. And collection strategy is the usual collection thing, nothing different about it.

**Management:** For faster processing, digital capabilities are useful for our existing customers.

**George A. Muthoot:** Locating customers and probably giving them the disbursal.

**Moderator:** The next question is from the line of Nikhil Nyati from Equirus Securities. Please go ahead.

**Nikhil Nyati:** Sir, I just have one question regarding the new players that are coming into the market. They have high OPEX, but their low base absorb the OPEX. And I just wanted to know your view how do they gain businesses? Through channel checks, we have understood that they are reducing the interest rates to gain business. Have you come across any instances wherein have you lost the business to these people?

**George A. Muthoot:** Newer NBFCs coming up with the lower interest, etcetera. Probably banks come up and offer lower interest, etc., But I don't know about the newer NBFCs coming and offering the competitive rate of interest. As you said, OPEX definitely is there. I don't know how they are accounting for these OPEX, whether they are accounting on a pro rata basis also, which I'm not sure. So the firstly there is OPEX. NBFCs which have come and probably give very low rates of gold loans. I'm not aware of such companies, sir.

**Nikhil Nyati:** The next question is just a data-keeping question. Can you give the AUM break up with regards to the ticket size between zero to 1 lakh, 1 lakh to 2 lakhs and above 2 lakhs?

**George A. Muthoot:** I think the average ticket size is about Rs.70,000.

**Management:** Right now I don't have this information. We can provide you later.

**Moderator:** The next question is from the line of Nischint Chawathe from Kotak Institutional Equities. Please go ahead.

**Nischint Chawathe:** Can you mention the quantum of auctions done in this quarter?

**Management:** Still auction is very low; I think it's around Rs.27 crores.

**Nischint Chawathe:** Third quarter?

**Management:** Rs.223 crores.

**Nischint Chawathe:** And there has been a fair amount of pile up of NPAs. So do you expect large blocks of option in the first or second quarter, would you write-off some now?

**George A. Muthoot:** These NPAs because they have crossed the 12 months plus 3 months period, but then many of these customers who are there in this have paid part interest, etc., and they have also requested

for some more time for us. So in the money for all these loans we don't expect any interest loss in these accounts.

- Management:** We have roughly around 7 and a half tons of gold as far as these NPAs assets are concerned.
- Nischint Chawathe:** So there may not be any large block of auctions?
- George A. Muthoot:** No, no, no.
- Nischint Chawathe:** And the other thing was on the cost front. Would you say that on the cost basis, how much of it could be sort of one-off and how much of it could be sustainable going forward?
- Management:** I think this quarter is slightly higher because when you have a higher growth, we pay higher amount of incentives to the employees, that is one thing. On the directors remuneration also there is an annual performance incentive which is booked. So otherwise I think it should more or less remain, somewhere around 3.5 percentage at least for some more time.
- Nischint Chawathe:** Anything that you envisage in terms of increase in cost of funds?
- Management:** So, I think the borrowing cost is going up. I think most of the banks SLRs are around 8.5 percentage, The cost of borrowing should move in that direction unless we start seeing reversal. I think in the last few days or more a week we are seeing some sort of softening of the rate. But till that happens in a major way I think you should move more towards 8.5 percentage in next few quarters.
- George A. Muthoot:** Even if the interest cost goes up by 20, 30 bps, we should be able to pass it on to our loan customers because if the cost of funds is increasing for us, it will increase for everybody in the market. So, the borrowers also will understand. So I don't think we've not had any difficulty in passing on such incremental borrowing cost to our customers.
- Nischint Chawathe:** I think you mentioned the trajectory of business in the last one and a half months has also been strong.
- George A. Muthoot:** Thanks.
- Moderator:** The next question is from the line of Rajiv Mehta from YES Securities. Please go ahead.
- Rajiv Mehta:** Sir, while you talk about competitive intensity from banks for the margin slightly waning, so far we have not seen any reflection of hitting your customer metrics. So when you look at the number of new customers acquired or even reactivation of old customers or even additional loan on additional collateral to existing customers, that metric has been moving pretty slowly and very stable. How do we see this metrics kind of improving in the future and what can drive more customer acquisition, more customer activation, what efforts we will put for that?
- George A. Muthoot:** We have been putting quite a few marketing initiatives. We are doing lot of outside market activities or so, that is definitely bringing in customers. So you should definitely understand this



is a very short term product, the average tenure of 3 to 4 to 5 months is very short. So customers come in, customers go, new customers come, existing customers come back again, so it is not that we get a lot of new, new customers to this. New customers have been added this year. New courses have been added, that also happens. So I think as an ongoing process we will be doing more and more initiatives to get more business from more new customers also. Also, existing customers can also bring in more of their loans because what we have seen is every customer has more than one loan probably with us or somebody else getting more of his existing gold loan business from other institutions also, is very good. So the existing customer can be giving us more and more business also.

**Rajiv Mehta:** And so do we internally track that what percentage of customers which went to competition in the last couple of years because of their heightened activity are coming back to us?

**George A. Muthoot:** These are small loans. We don't know how to keep a track of somebody who has gone to another bank and you come back to tell us that you have gone to another bank, because it is not a takeover, etc., He had a loan with us, he closed it, took the next loan from probably another bank and the 3rd loan instead of going to that bank probably he must have come to us. So very difficult to keep the track because it's not related to some property, etc., So if there's a property, we would have known, this property was pledged to that bank and now it has come to us. So this is fungible gold loan. It is only the impression we get from our field team in the branch that people whether they have gone elsewhere, etc., It's the impression we get from us. Every customer even if he goes elsewhere, he comes, closes her loan and then goes to the next bank. So we would not know where the customer is going.

**Rajiv Mehta:** Any change in the product level interest rate in recent months, including April and May?

**George A. Muthoot:** No, I think we constantly do tweaking of the products region wise, geography wise, etc., to cater to different sectors and different demands. So that is an ongoing process. Not very viral changes though. We are not thinking of any ultra loan services, etc., But of course we always offer different rates; so maybe a 12% loan is always there, 14% is there, 18% is there, 19% loan is there, all these loans are there. So from a consolidated or a blended yield is what we are looking at. So what Mr. Umang said earlier, we have about 18% yield, that is what is a blended yield.

**Moderator:** The next question is from the line of Shweta Daptardar from Elara Capital. Please go ahead.

**Shweta Daptardar:** I have a couple of questions. The first one being while the teaser loan portfolio is behind and they have been migrated to higher interest rates. So have they been migrated say from 7%, 8%-odd to directly 18%, 19%-plus?

**George A. Muthoot:** There's no migrations, etc., In the teaser rates like loan gets closed. When he comes for the new loan, they have to take the new loan at the new rates. New rates can be 12%, 18%, 15%. Not that somebody has been migrated from 6% to 18%, no-no. We would have stopped that scheme and the customer has to redeem that loan and probably when he comes for the next loan, he'll have to jump in at this new existing rates only.

- Shweta Daptardar:** Secondly, as far as growth is concerned, so firstly commendable growth on the gold loan side, but just because you mentioned that it cannot be completely attributed to gold price, right? Of course you gave other reasons, but historically if I go back and see that Q4 is always a seasonally strong quarter. So, is there a seasonality and if so, what is that thing which is driving the seasonality every fourth quarter of the year? And then if the answer is yes, then how do you see quarter-on-quarter gold loan momentum for next two quarters?
- George A. Muthoot:** On the fourth quarter, yes, we agree that it's a good quarter. This year's fourth quarter has been a historical high, that's what we said, historical high of the fourth quarter. So compared to any other fourth quarter, this was the high, that is the first part of it. Second, we have given a guidance of 15% plus this full year. So probably we should be able to do in the next year. So every quarter we should see better. It's not that every quarter can be the highest quarter. So we'll see that we get the 15% overall yearly growth.
- Shweta Daptardar:** We have also seen tonnage improvement in this particular quarter. You also mentioned that there are customers who open and close the account, there are renewals happening. So what is the reason for tonnage improvement at a time when competitive intensities have been still clearing up?
- George A. Muthoot:** When the gold loan growth happens, tonnage also has to go up. It is not directly proportional to the growth, because the gold price is also a factor. But then you are seeing a gold loan growth in this quarter. So definitely the tonnage also has to go up.
- Moderator:** The next question is from the line of Bunty Chawla from IDBI. Please go ahead.
- Bunty Chawla:** Firstly, sorry, I have joined late if you have already shared that number. Branch expansion for this year and RBI approval for number of branches, what is the number?
- George A. Muthoot:** We had an approval for 150 branches and this quarter we opened 67 branches and I think 150 is complete. So on ongoing basis we will be opening more branches.
- Bunty Chawla:** So for this FY24, what is the target of branch opening?
- George A. Muthoot:** Maybe 100, 150 branches we should be opening every year.
- Bunty Chawla:** Secondly, sir, what is the increase in the average ticket size on a QoQ basis?
- George A. Muthoot:** Now it is 17.
- Bunty Chawla:** So what was the growth on a QoQ basis?
- Management:** So December it was 70,000, March it is 75,940.
- Bunty Chawla:** 5,000 increase. Lastly, in previous question on the higher expenses you said. So what should be the normal run rate we should carry for this quarter or full year '24 if you can highlight on that?

- George A. Muthoot:** We expect next full year to grow by 15%.
- Bunty Chawla:** No, sir, on OPEX part as for previous question you said, for example if directors remuneration was higher during this quarter, so for full year FY24, what should be the expected OPEX we should consider?
- Management:** So that's what I am saying in an earlier question. So we are expecting around 3.5 percentage.
- Moderator:** The next question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.
- Abhijit Tibrewal:** Just one thing which bothered me a little bit, just want to understand this or clarify this. I recall maybe a quarter or two quarters back there were articles in media where it was often talked that banks at the margin were giving out personal gold loans in the garb of agricultural gold loans, which qualify for PSL. So have you seen some change there or are those practices still continuing? I don't know if I vaguely recall we've been highlighted these practices to the regulator. So have you heard anything from the regulator or have these practices now stopped?
- George A. Muthoot:** As you say, we have highlighted it to the regulator. We hope or expect that they would have taken some action but anyway we have not got any confirmations from the regulator regarding this. We have only said and we don't expect them to get back to us directly on this also. We have raised our concern to the regulator. That's it.
- Abhijit Tibrewal:** But sir are these practices still going on or have they stopped?
- Management:** We should say we lost interest in that.
- Moderator:** The next question is from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.
- Vaibhav Badjatya:** Can you give me the total absolute amount of penal interest that is recognized for the full FY23 and FY22?
- Management:** Sorry, can you repeat your question?
- Vaibhav Badjatya:** Absolute amount of penal interest for FY23 and FY22.
- Management:** We don't have breakup of interest. So everything we recognize as an interest.
- Vaibhav Badjatya:** But for the loans that become overdue, you will be charging some, additional charge, right. I just want that additional number in terms of absolute amount.
- Management:** I don't have the absolute numbers. To give an indication, so normally our rates becomes after 12 months and there is a 2% additional penal interest which is charged on those overdue loans. So you need to link it to the fact that most of the loans gets closed before 12 months.
- George A. Muthoot:** 90% to 95% of the loans get closed before 12 months.

- Moderator:** The next question is from the line of Shubhranshu Mishra from PhillipCapital. Please go ahead.
- Shubhranshu Mishra:** Two questions. The first one is, what is the net customer addition we have seen in the last two odd years because of the competitive intensity, first part? Second is the competition also from various other NBFCs and fintechs, which are into small ticket personal loans as well as small ticket business loans? And the third question is what is the total payout to Mr. Amitabh Bachchan and Mrs. Madhuri Dixit annually for brand promotions?
- Management:** There is slide in our presentation. So if you look at, there is a customer addition of 3.3 lakhs during this quarter, and overall if you look at the total customers, number of customers have increased from 52.33 lakhs to 53.23 lakhs. So that is a net increase in the customer addition and also the new customer addition numbers we have given. So the point you need to see is that we have a large customer base and every quarter we have been able to add around 3, 3.5 lakhs new customers. So we have a large customer base. Lot of them have availed the loan and a lot of them currently not availed which we try to tap them on a regular basis. That's what we give always the information about fresh loans to inactive customers.
- George A. Muthoot:** Those customers were a personal loan with us. This is a very short period loan, it gets turned every three months, fur months. What was your second question, sir?
- Shubhranshu Mishra:** Are we facing competition from other NBFCs and fintechs in small ticket business loans and small personal loans?
- George A. Muthoot:** People who take gold loan definitely will also be taking some other loans also. So it is not that because somebody is getting a small tickets loan, etc., he is substituting it for a gold loan or substituting for that. I don't think we have never faced such a situation, sir. About Amitabh Bachchan, etc., I think we pay some decent money to them sir.
- Shubhranshu Mishra:** What is that as a part of the OPEX, so that's what I'm trying to get?
- George A. Muthoot:** I think we pay some decent money. I think that's better there.
- Management:** That's a confidential information.
- Moderator:** The next question is from the line of Pavan Kumar from Ratnatraya Capital. Please go ahead.
- Pavan Kumar:** Sir, can you comment about whether the NIMs have stabilized... should we assume that the current levels are at stabilized levels? And also, any comment on the cost of funding going forward?
- George A. Muthoot:** Yes, I think we have always been. telling about 10%. I think we will try to keep that spread at 10% maybe plus or minus 5.5% is what we would like to keep. I think it should stabilize at that level sir.
- Pavan Kumar:** Currently, the spreads for this particular quarter are around 10.44. We are saying that 10% should be normalized levels for the next year?

- George A. Muthoot:** Around that 10% should be something which we should be able to do.
- Moderator:** The next question is from the line of Manan Tijoriwala from ICICI Prudential AMC. Please go ahead.
- Manan Tijoriwala:** Just two questions. One is how much is the accrued interest? And second, what is the proportion of this personal loan book that we are making, what will be the average ticket size and where do you see this proportion being in the near to medium term on the standalone book?
- Management:** Interest accrued is Rs.1,843 crores.
- George A. Muthoot:** The personal loans are given to salaried customers. The average ticket size is about Rs.4 lakhs. And the personal loan book should be in the range of about Rs.500 crores as of 31<sup>st</sup> March.
- Manan Tijoriwala:** How much do you intend to grow it in the near-term?
- Management:** We started this business almost seven, eight years back and we have been very careful in terms of understanding this business. Though we have been running this business for last eight years, we have done only so far Rs.544 crores. So going forward also we'll do a calibrated growth. We understand that this is an unsecured loan. So there is a careful policy around the personal loan business.
- Moderator:** That was the last question. I would now like to hand the conference over to the management for closing comments.
- George A. Muthoot:** Thank you, investors. You have always been a support to us. You have always given us confidence. We have always brought us to do better and better and from our side we will definitely ensure that we'll do the best and we take care of all our stakeholders including the investors. That's an assurance from Muthoot. So good day.
- Management:** Thank you, Sanket. Thank you, DAM Capital for arranging the call for us.
- Moderator:** Ladies and gentlemen, on behalf of DAM Capital Advisors Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.