Muthoot Capital Services Limited
Q2 & H1 FY27 Earnings Conference Call
November 06, 2026

Management Team:

Mr. Mathews Markose – Chief Executive Officer
Mr. Ramandeep Gill – Chief Financial Officer

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Moderator: Good afternoon, ladies and gentlemen, and welcome to the Conference Call of Muthoot Capital Services Limited, arranged by Concept Investor Relations to discuss its Q2 and H1 FY27 Results.

Before we begin, let me mention a quick short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements made on the management's belief as well as assumptions made by the information currently available to the management.

Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's Earnings Call is purely to educate and bring awareness about the company's fundamental business and the financial quota under review. Let me now introduce you to the Management.

We have with us today Mr. Mathews-Markose – Chief Executive Officer, and Mr. Ramandeep Gill – Chief Financial Officer. Please note that this conference will be recorded. I would now like to hand the floor to Mr. Mattews-Markose – Chief Executive Officer.

Thank you and over to you, sir.

Mathews Markose: Thank you, Neerav. And good afternoon, ladies and gentlemen. Thank you for joining us for the Muthoot Capital Services Earnings Call for the 2nd Quarter and H1 for September ‘26.

Let me begin by wishing all our shareholders, investors, lenders, and business partners a very Happy Dhanteras and Diwali and a great festive season ahead.

Talking about the first half of the year, it's been a period of consolidation, strengthening of our institutional capabilities and building a stronger foundation for sustainable growth. But along with that, made meaningful progress across several important areas like asset quality, credit underwriting, diversification of our funding, and of course, as usual, on technology.

I wish to highlight some of the developments that we were able to achieve during the first half of the year. Firstly, our institutional strength and credit standing got a boost with the rating upgrade to AA from Brickwork’s. This reflects the company's improving financial performance, discipline, governance, and strengthening business fundamentals.

It's a very, very important milestone for us because it reimburses our ability to access diversified funding sources, including going PAN India for our FD product. As you are aware, we are deposit-taking NBFC, and we were restricted to accepting deposits from the state of Kerala alone. But with this AA rating and through the digital platform, we are now allowed to go PAN India, and we have already launched our Pan India FD campaign.

Secondly, on the business performance and growth, the vehicle finance industry has witnessed very healthy momentum in H1, though there were apprehensions about the war and increasing oil prices, etc., but the industry has beaten all odds and shown up 21% growth in the first half of the year. Two-wheeler segment has recorded about 16% growth, and both passenger as well as commercial vehicle has registered very healthy growth rate in H1. And against this industry backdrop, we achieved a cumulative disbursement in excess of Rs. 1,200 crores.

More details on the numbers will be given by CFO, Ramandeep. Our commercial vehicle and construction equipment disbursements increased significantly by over 100%, and so has been the case with our used car financing, though the base has been small, but we've been able to make very significant strides in both these businesses, and those continue to be our core area of focus. Going forward while two-wheeler will continue to be the warhorse.

Another milestone that we crossed in H1 was that our AUM crossed Rs. 3,500 crores as on September, reflecting a continued expansion of our core lending franchise. We are also consciously working towards a more diversified portfolio and channel mix by increasing the share of partners, getting into more OEMs by getting into preferred financial tie-ups, as well as increasing the product diversification. This is an important indicator of the improvement in our origination, quality, and collection effectiveness.

We have also strengthened our early warning mechanism, improving collection interventions and focusing on resolution of the existing stress portfolios. Moving forward, our asset quality and collection remains a very, very important priority for us, and we have made encouraging progress in strengthening our collection. Collection efficiency in all our buckets have improved, and the most heartening part is that our forward flow to NPA has reduced by 31% over the last year's same time.

In the last year, we had a forward flow of about 0.78%, which has come down to 0.5%, which is a very, very significant improvement. We have also made significant progress in strengthening our liability franchise. Our deposit book grew by over 100%, and largely because of the online intervention that we started in the beginning of this year.

And with us going PAN India, as I mentioned before, this will further add weight to that. On technology, we've been continuously investing, and with the help of AI, we've been able to bring in-house a lot of the scorecards, BREs that we were currently outsourcing to various vendors. What it has done is that our time to market has significantly improved.

Earlier, whenever we would want to make a change in any of our policies on the BREs front, it would attract a change request with the vendor, and the request would be placed to the vendor. There will be a commercial involved, and there would be an internal approval to be taken. And therefore, all of these would delay the time to market.

Now, on the entire two-wheeler piece, all the BREs and the scorecards have been moved in-house with our own data science team, and the risk separation has been much better than the scorecards built by the vendors earlier. So, I think it's a very, very significant milestone for us in that respect. This quarter, we will be also bringing in all the BREs and the scorecards for commercial vehicles and used cars also in-house.

And the timeline that we have taken internally is December for that. Looking ahead, our priorities for the second half are accelerating disbursement, improving productivity across our channels, including dealer and alternate channels, scaling our commercial vehicle construction equipment and used car businesses, and building our Pan-India FD franchise. At the same time, we will remain disciplined on credit quality, collections, operating costs, and capital efficiency.

We don't intend to pursue growth at the expense of asset quality. Our emphasis will always be on a profitable growth supported by stronger underwriting and better risk management. With that opening remark, I would like to hand over to Ramandeep Gill, our CFO, for taking you all through the financials. Thank you very much. Over to you, Ramandeep.

Ramandeep Gill: Thank you, sir. Good morning, all.

So, in this quarter, the company has done fresh business of Rs. 677 crores. We will do a detail as well, which has taken the company overall AUM to Rs. 3530 Cr.. With these 25%s, year-on-year growth has been achieved by the company. After doing the Rs. 3530 crores of AUM, the total balance sheet size of the company has reached to Rs. 4154 crores, making a total live customer base to 586,441. The company is operating with total borrowings of Rs. 3354 crores as of September end, with a borrowing cost, overall borrowing cost of 9.52%. In this quarter, the shareholders fund, we have reported at Rs. 683 crores and PAT of the company, over Rs. 4.11 crores. Now, with this coming to the asset quality, which we have reported, the GNPA has been reported as 4.61%, while the NNPA was 2.75%. The company has an unchanged PCR, which is 50% as compared to the previous three quarters.

In this quarter, as we said, the co-lending, which we are not doing from last year or so, the only active partner was Greece Finance, that has also been closed in Q1 itself. So, the balance of the entire Co-Lending Book has been dropped down to Rs. 382 crores, while it was Rs. 791 crores, same time in last year. So, this has been dropped by 52%.

This contribution for the AUM, the significant contribution has been done by Thule channel, wherein Rs. 122 crores has been contributed in this quarter, while the co-lending, as I said, has

been dropped down by Rs. 115 crores, which we are not yet of now. The second-best contribution came from the Rs. 70.23 crores is the growth, and then followed by my used car channel, which is approximately Rs. 40 crores. With this growth, the company portfolio has been evenly spread across various geographies, while the south is contributing approximately 40% of the total outstanding portfolio.

The remaining portfolio has been evenly spread in west-north and east locations. This asset quality, we said, on a book of two-wheeler standalone, which was Rs. 2,656 crores, the company has reported a GNPA of 135 crores, while for used car, which is having a book of Rs. 215 crores, the company is reporting a GNPA of approximately Rs. 4 crores. With construction, equipment and CV, the overall book outstanding is Rs. 350 crores.

On that, the GNPA of the company is close to Rs. 3 crores. With that, the total GNPA reported by the company comes to Rs. 145 crores, and then there is an up-money case, which we have reported 6 months back, which comes to Rs. 15 crores(check this number). So, the total GNPA comes to Rs. 160.11 crores. In this quarter, the% of my GNPA was 4.61%, as compared to the last quarter, it has gone up, but last quarter, we also did one ARC, and whereas in March quarter, it was Rs. 6.84 crores. While doing the apples-to-apples comparison, last year, the GNPA was 5.76%, and in this year, it was 4.61%. Now, we tried to analyze the asset quality of the organization, that's from where the asset quality is getting good, and from which sources we are not able to get the good asset quality.

So, with that, the first thing, the entire business that has been sourced in this quarter, so this is the first quarter in the last 48 months, wherein the company has sourced the entire business through its MCSLs. Only, and there is no contribution by any partner, through co-lending or through co-oploan. In this, when we tried to analyze from which channel the asset quality has gone up, from the dealer channel, which is the topmost channel of the organization, and it's contributing Rs 2,453 Cr. to the overall AUM of the company, this channel is contributing 4.56% as the GNPA, while the group relationship, which is contributing Rs. 422 crores, this channel, it is contributing 5.70% as my GNPA, and while other channels put together, it is contributing around 0.34%. While as compared to the four-wheelers, for my CV portfolio, on a total portfolio of construction finance, this CV and CE, my total outstanding book is Rs. 356 crores, on that, the GNPA comes to 0.35%, while for my used car, the portfolio outstanding was Rs. 215 crores, on that, the GNPA is 1.31% only. The company has taken a receipt from the instalments, which has been received by the company, comes to Rs. 703 crores for the quarter. Out of those instalments, Rs. 295 crores, which is 42%, comes from bank and electronic mode, while Rs. 285 crores, which constitutes 41% of those instalments, comes through NACH, and remaining has come in the form of cash.

So, 83% of the instalments comes through bank, electronic board or NACH. While depriving the financial of the company for Q2, we have seen that, yes, the impairment expense for this

quarter comes to Rs. 21.44 crores. I have also shared a slide with the investor that it will be the first quarter where then what we have planned for impairment was Rs. 7 crores higher.

But the forward flow of the company was significantly lower in this quarter, which comes to 0.50% on my total standard AUM, as compared to 0.85%, same time in last year, and 0.67% in Q1. So, this forward flow means that the fresh NPA for the companies are significantly going down. The only thing is the recovery from the old NPA, which the company is making strategies to work and so that our overall impairment cost, at least for the upcoming quarter, should go down.

On the average rate of the company, the company is operating at a PBT ROA 1.04%, while the profit after tax ROA is 0.75%. In this quarter, the company has also done two days as well. That has also been reported as a note number four to the results that we have shared.

The overall borrowing cost of the company in this quarter has gone down, specifically the bank loans which has gone down by 0.61%, and the other costing are gone down by 0.15%. Incrementally, the company has borrowed Rs. 1,003 crores in this quarter. That is contributed by bank loans, Rs. 200 crores, NCDs Rs. 400 crores. The PTC and the securitization of Rs. 353 crores and fresh fixed deposit is Rs. 85 crores. This is the first quarter wherein the fixed deposit in fresh collection has come to more than Rs. 350 crores as compared to the previous quarter, which was in range of 18%. Total deposit book, we have reported at Rs. 155 crores, marking a year-on-year growth of approximately 250% in the fixed deposits book.

The company has also filed the structural liquidity and the ALM to the RBI**.** And in both the statements, we are not finding cumulative mismatch under any stage or any bucket. The liquidity position for the upcoming months where in October, we have done a business of Rs. 306 crores while we expect the same, and that was the highest ever for October.

And this is the first time the company has been able to scale up to Rs. 300 crores in a month. In November and going forward, we are expecting Rs. 400 plus 400 crores of the fresh business. With that, the fund planning of the company has already been done. Whatever is the new funding is required and that those high plans have already been blocked. On the overall yield for the investments with the collateral deposits and the unencumbered deposits with the bank, the company is yielding a 6.79% while maintaining a liquidity of 148%. So that's it from my side over to you for the questions.

Moderator: Thank you very much. We now begin the question-and-answer session. First question is from line of Harshil from Finn Optical. Please go ahead.

Harshil: Hello, sir. Congratulations, sir, to the team on a good set of numbers. Hello. So, my question is our own retail book has grown by like 25% year-on-year and disbursement were up to 21% this quater, sir. So what is driving this growth and what we are targeting by the end of FY27?

Mathews Markose: So, thanks, Harshil. I will take that question, Raman. The changes that we have made in our, as I mentioned in my opening remarks, we have revamped our credit underwriting now by bringing in an origination scorecard which was completely built in house from our data science team. And that has resulted in our approval rates going up significantly. Our approval rates are hovering around 45% to 50% which was much lower than the industry.

Moderator: So sorry to interrupt. Harshil, can you please mute your line from your side?

Mathews Markose: So, with the implementation of that, our approval rates have gone up to in excess of 70% closer to 75%. And that has resulted in us gaining more market share in the last couple of months. And as CFO mentioned in his presentation, the October numbers have been very encouraging. Though overall retail in October vis-a-vis last year, October was about 32% down. So last year, October, there was a overall sale of about 30 lakh units of vehicles which has come down to 20 lakh units. One of the reasons for that is also because last year, both the festive occasions of Navratri and Diwali and Dhanteras came in the same month.

And therefore, October was an inflated number. This year, we expect that number to happen in November. However, on a lower base of 20 lakhs, our overall disbursements have gone up significantly higher. And that is because of the interventions that we have brought in our BREs and our origination scorecard. On the question of AUM, we have crossed INR3,500 crores, and we would expect anywhere to end or exit the year closer to a Rs. 4,200 crores range. That's our focus there.

Harshil: Okay, sir. So, and our two-wheeler yield has gone up from 20% to 22% over the past year. What has helped you to this pricing and can you maintain this level going forward?

Mathews Markose: So, actually, our internal MCSL yield has always been around the 21.5% to 22% mark. But what was pulling down the overall yield was that we had a significant share of co-lending all this while. And as again, as mentioned by the CFO during his presentation, we have taken a conscious decision to stop co-lending business overall. And that book has become reduced by over 50%. And that's the reason why the higher yield is reflecting in our books. So, whatever is our MCSL book, that is more or less reflecting in our overall yield. Whereas earlier, the co-lending share, which was at a lower yield, would pull the overall yield down. So, we will be able to sustain this yield going forward.

Harshil: Okay, sir. And, sir, one last question on for much of Commercial Vehicle isbursements, do like 62% end-used car loan, do 36% this quater. How big do you want these segments to become in your overall book over the next two years?

Mathews Markose: For the next 2 years, car and CV should occupy more than 50% or closer to 60% of the overall book. That's the focus for us. Because these two are larger, ticket-sized loans, longer tenure

loans, which will help us build our AUM faster. And, of course, at a risk level, much slower riskier as a product compared to a two-wheeler loan.

Harshil: Okay, sir, thank you. Thank you, happy Diwali to you all.

Mathews Markose: Thank you, happy Diwali to you, too.

Moderator: Thank you. Next question is from the line of Bhavesh Jain an Individual Investor. Please go ahead.

Bhavesh Jain: Thank you so much, sir, for giving me the opportunity to ask the question. So, our first question is, our public deposits have grown drastically. It's reflecting a strong traction in our deposit mobilization. So, how do you envision the growth in the upcoming quarter and years?

Mathews Markose: So, there are two reasons for the public deposit to grow. One is, of course, as I mentioned, that we've got a rating upgrade to AA, which enables us to go PAN India. Well, that's been a very recent change, but during the beginning of the year, we launched our online FD platform. So, that made us much more accessible to the customers. Earlier, a customer would have to walk into a branch of ours to place an FD. And there also, we were not soliciting FD from all the branches because we had restriction of doing it really in Kerala. So, branches were not exactly sourcing location. FD were booked in only in the head office. And those kinds of restrictions used to keep our overall access to customers restricted. But now with us going online, having a full end-to-end journey on our website with a video KYC on all the accessibility has increased. And of course, our rates are better compared to banks and other NBFCs, which has helped us grow. And we will continue to focus on this product because this helps us diversify our liability franchise and also have more control because this is a very, very granular deposit.

Our average ticket size here is only about lesser than Rs. 5 lakhs. And that will help us. And even it comes at a much lower cost than our current borrowing rate. So, we'll continue to focus on this. And I'm sure with this, that going PAN India, we should be able to really grow this book fast.

Bhavesh Jain: So, got the clarity on public deposit. So, my next question is on bank borrowing cost. It does also come from a basis point. So, how much more can it come then? And can you guide us going forward for the upcoming quarters?

Ramandeep Gill: Sure. So, bank borrowing cost has gone down. We have seen that 0.61% reduction we have already taken. Now, with this rating upgrade, I am expecting another 0.25 to 0.30%. I market these days behaving in a way where we are not expecting some cost to go down. Still, we'll put all our efforts and that our target is extremely simple. That whatever is the next funding that we'll receive from the bank, it has to be lower than the previous funding which we have received. So, with that target, I am expecting another 0.10 to come down by March-end.

Bhavesh Jain: Got it, sir. Thank you so much, sir. Happy Diwali to Muthoot Capital team.

Ramandeep Gill: Happy Diwali to you.

Mathews Markose: Happy Diwali to you, Bhavesh. Thank you.

Moderator: Thank you. Next question is from the line of Amit from RoboCapital. Please go ahead.

Amit: Thank you. Actually, I was looking to get NII numbers quarter on quarter and year on year and compare that to the growth of loan book. And I was trying to...Sorry, I joined the call late, but I was trying to find the same in the presentation. I couldn't find it.

Ramandeep Gill: So, in the quarterly financial parameters, you can see that there is a fourth row which is saying NII that we have shared. So, last year, same time, I'll just read it out for you.

Amit: Last year, sorry to interrupt you, sir, I don't see any P&L in the presentation, where I can compare quarter on quarter, year on year for all line.

Ramandeep Gill: Sir, it is there. The information parameter is there. So, I'll say it to you. No problem, sir. So, it is the last quarter. It is Rs. 72.15 crores. While in this quarter, it comes from Rs. 94.46 crores. So, there is an increase in the NII by 16.80 crores. That is the change.

Amit: Okay, and how was it last year? Same quarter last year?

Ramandeep Gill: Same quarter last year, it was Rs. 72.15 crores. AndQ1, it was Rs. 77.66 crores.

Amit: And now to 94?

Ramandeep Gill: 94.46. I'll tell you, this is because of two things, why it is increasing. Number one, we did one DA transaction as well. So, that upfront interest of around Rs. 14 crores is there in this transaction. So, if you may mark it down, it will be around Rs. 80.46 crores. Still around 11-12% higher than what we have reported in the last year, same time.

Amit: Right, sir. I think the NII is not growing in tandem in line with the advances of the loan book growth. Is that fair to say and how? And when can we see the same type of NIA growth, suppose the loan book is growing at 25%, we would like to see NIA growing at 25%.

Ramandeep Gill: Sir, just one thing if loan book is growing by this pace, NIA can't grow like this. I'll tell you why. Because the loan book is a function of the sourcing plus there are repayments as well. For example, a two-year loan for a two-wheeler. Okay? So, today, if I do Rs. 200 crores for a two-wheeler business, Rs. 150 crores would be my repayment. So, around that Rs. 150 crores, I will not get any sort of interest income. I will be only receiving Rs. 50 crores as an incremental sourcing. On that, only I will be able to receive the incremental interest income. Okay? So,

maybe that is the reason wherein my NII might not...And then another reason, sir, as you have seen, finance cost is going down quarter-on-quarter. Okay. And the interest income and the yields. In last quarter, if you see Q2 of last year, my co-lending portion was around 25% of the entire book. So, the blended yield was only 18.5%. Now, as an incremental portion, it's almost zero now. And then the total holding of the co-lending books comes from 8 to 9%. So, I am expecting even if you see the blended yield has also gone up by 2%. So, maybe when the effect of the entire book will go down because that book is sourced at around 12 to 12.5%. So, maybe the effect of the entire book will go down in the upcoming two, three quarters.

And then we will be able to see pure increase in the two-wheeler business from the MTSL. On contrary, what has the impact of that two-wheeler business increase on my interest income? So, I think at that point in time, you will be able to see the interest income proportionately growing with my two-wheeler book. I hope that will answer your question.

Amit: Yes, sir, correct. So, let me clarify for next year. So, let's say we are at Rs. 80 crores now. And if you take it on the run rate basis, we may end up the year at, say, Rs. 335 crores of run rate for NII. Now, how do you see the loan book growth for FY28? Suppose the loan book...We finish the year at, say, Rs. 4,000, 4,200 crores range. How do you see the loan book for FY28? Okay,% terms. And then how do you see the impact on NIA?

Ramandeep Gill: I understand, sir. So, if you see the book now, if you see the investor slides, the third slide says that the loan book mix. So, right now, if you see on a loan book of Rs. 3500 crores, that portfolio of corporate loan, or I will say portfolio of the loans which are yielding lower, comes to approximately Rs. 400 crores. Now, that Rs. 400 crores effect will go down.

Say, for example, it will go down as Rs. 200 crores in next three quarters. Now, next financial year, when you see the opening book as Rs. 4,200 crores, on that Rs. 4,200 crores, you will be receiving pure interest income, which is the higher yield of the interest income of --and if you pay it, it's much of the financial year, of last financial year.

Amit: Sir, after you said off, we lost your audio. Can you repeat that one sentence again, please?

Ramandeep Gill: Sorry, sorry, I'll just take it up now. So, in the upper two quarters, say, now the overall AUM of Rs. 3,500 crores, okay, of that the lower yielding AUM contains around Rs. 400 crores, approximately. Now, that Rs. 400 crores will get down, say, in approximately four quarters.

So, by March, that Rs. 400 crores would be outstanding as Rs. 200 crores in the entire book. So, with Rs. 4,200 crores of the total outstanding, the Rs. 200 crores would be my lower yielding, and Rs. 4,000 crores would be my higher yielding interest. If you compare that with my March 2026, now, what happened in March 2026? My AUM, which I have closed at around Rs. 2,600 crores, of that Rs. 800 crores was my lower yielding, which compromise of my

corporate loan and my co-lending. So, it was around 40%. Now, that will be gone down to 7 to 8% in March 2027.

So, going forward, I will be earning the higher interest of that Rs. 2,000 crores of income. So, maybe in next financial year, we can see that the growth of the NII would be much higher than what we have seen in this year. So, I hope I am able to answer your question mathematically.

Moderator: Thank you. Amit, I will request you to come back for a follow-up question. Next question is from the line of Divya Jain from Sapphire Capital. Please go ahead.

Divya Jain: Hello, sir, am I audible

Moderator: Yes, Divya, your voice is breaking a little bit.

Divya Jain: What kind of duty in credit or do we expect for this year and next year?

Ramandeep Gill: One second. Divya didn't hear you properly.

Moderator: Sir, sorry to interrupt.

Ramandeep Gill: At a PBT ROA of 1% and the next 6 months, so now the season has been started for the company from October onwards. So, we are expecting whatever we have sourced in the past six months, that will be multiplied by two. And then so as the jump can be seen in the interest income.

Also, the parameter for asset quality has been arrested by the company as I have said that the forward flow of the company to the NPA has gone down to 0.50%, while it was 0.87% in last year and 0.67 in my Q1. So, with that, the impairment cost is going down quarter-on-quarter. Right now, we can see that as of H1, Rs. 28 crores was my total impairment cost.

Now, that cost, I will not say that it will become Rs. 256 crores as an additional cost. It will not be like that. So, we want to arrest that cost and it has to be up 2% as we close our March 2027 results.

Moderator: Divya, we are unable to hear you. There is no response. We move on to the next participant. Next question is from Kshitij Verma from Rest Assured Wealth Advisors. Please go ahead.

Kshitij Verma: Yes, hi, good afternoon. Am I audible?

Ramandeep Gill: Yes, Kshitij, you are audible.

Kshitij Verma: Yes, sir, previously we had mentioned a few calls the way that the ultimate goal of the company is sometime to get a 4%-4.5% ROA, blended ROA type returns. So, my understanding was I

wanted to understand if we take our net yield of, say, 12% we will be able to manage the OPEX and NPA within 6% to 7% because currently it's looking like a very difficult light part to that type of NPA.

Mathews Markose: Yes, you are right that our goal is about 4% and we stick to that number. Currently, what is happening is that we have two new businesses, which is in an investment phase, which is used car and CV. Both the businesses stand alone, don't make profit because it's investment time that we are adding man power there, we are putting credit, collection, sales, infrastructure there.

And therefore, it is a burning cash, both these businesses. Also, we have made a lot of investment in IT, which is why today the entire heavy lifting is being done by a two-wheeler business. Gradually, as these two businesses grow, we expect a CV to break even by the end of this year and car to break even by the first quarter of next year. And that's when we will see the actual impact on the ROA.

Kshitij Verma: Thank you so much for that, just one more question. So recently, there was a presentation being done on account aggregators, where they had mentioned a slide where loans were sourced via accounts aggregator versus non-accounts aggregator. And for our product lines, the NPA ratios experience there was much better because of much higher data touch points. So what is the management's opinion on this? Should we in future look at A seriously, or we will rely on our own data sets and our own points? That was my last question.

Mathews Markose: So, we are already using account aggregator for almost a year now. And in fact, on the two-wheeler business, we have almost 40%-45% hits from the account aggregator. And on car and CV, we have an excess of 65% hit. So, it's a mandate, every customer, we put him through the account aggregator mode. But the failure rates are higher on a two-wheeler profile. And therefore, we have been able to reach about 40%, which also I think is a very good number compared to the industry.

Many two-wheeler players don't use account aggregator. Car and CV, we already reached 65%. So, we will be using account aggregator for quite some time or at least a year now. Does that answer your question?

Kshitij Verma: Yes, yes, sir. Thank you so much. Happy Diwali to you.

Mathews Markose: Thank you. Happy Diwali to you too.

Moderator: Thank you, Kshitij. Next question is from line of Rahul Sahu, an Individual Investor. Please go ahead.

Rahul Sahu: Hello, am I audible?

Moderator: Yes, Rahul.

Mathews Markose: Yes, go ahead.

Rahul Sahu: HI, sir. My name is Rahul. And I just have a couple of questions. As of today, ARC pool has already seen about 77% of security receipt reviews. So, are the recoveries coming better than expected and could this lead to any write-backs in the coming quarters?

Mathews Markose: Yes, you are right. The recoveries are much better than expected. And ride-back, Raman, you want to take that on the write-back…

Ramandeep Gill: Yes.

Mathews Markose: At what point then, you will be ready for a write-back?

Ramandeep Gill: So, we are expecting this Phoenix pool to get recovered. Honestly, as of September of next year, it would be 100% recovered. Then when I said recover, which means the original pool size was Rs. 235 crores of that, my security receipt was only Rs. 102 crores. So, the balance sheet will always say Rs. 102 crores. On that, Rs. 102 crores will be able to recover the Phoenix.

Now the remaining pool between Rs. 102 crores and Rs. 235 crores that we originally sold, whatever recoveries that will come only to MCSL. And if you see the trend, the recoveries from this pool, even for last 6 months, 7 months, it is around Rs. 2 crores-Rs. 2.5 crores itself. So, which means that in next year also, we want to continue the same momentum. And these customers also exist. So, which means that it will be required, which we're doing also. So yes, by next year, after next year, September 27, we are expecting a good amount of chunk from all three ARCs.

First, yes, ARC 1 will get close. Then ARC 2, next financial year, I'm expecting it will also reach to somewhere close to 80%, 85% of repayment.

Rahul Sahu: Okay, one more question. You now have over around Rs. 5.8 lakh live retail loans across 20-degree states. So which new states or region do you see as the biggest growth opportunity going forward?

Mathews Markose: So, we would want to go deeper into the existing states as of now, because there's still a lot of hope there. We still are hovering around a 2.5% to 3% market share in two-wheelers. And much smaller in other two businesses. So, we still have hope to go more deeper into the existing states. We will consolidate our positions there and then look for any further expansion. I think we are adequately covered as of now.

Rahul Sahu: Oh, this is awesome. Thank you, happy Diwali.

Mathews Markose: Happy Diwali to you too.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as a last question. I would now like to hand the conference over to Mr. Mathews Markose for closing comments.

Mathews Markose: So, thank you everyone for joining this call. Once again, as we go into the festive season, let me take this opportunity to wish all of you and your loved ones a very happy Dhanteras and a happy Diwali and lot of prosperity ahead. Thank you for showing your confidence in Muthoot Capital Services and request you to continue to stay invested and from the management side, we are working hard to ensure that your company does well in all the parameters and really becomes a North Star.

Thank you very much for joining us today. And once again, festive wishes to all of you. Thank you.

Moderator: Thank you very much. On behalf of Muthoot Capital Services Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines. Thank you.