



“Muthoot Capital Services  
Q2 FY2021 Earnings Conference Call”

November 06, 2020



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*Muthoot Capital Finance Limited  
November 06, 2020*

**Moderator:** Ladies and gentlemen, good day, and welcome to Muthoot Capital Services Q2 FY2021 Earnings Conference Call, hosted by Antique Stock Broking. We have with us today the management from Muthoot Capital represented by Mr. Madhu Alexiouse, COO and Mr. Vinod Panicker, CFO. As a reminder all participant lines will be in the listen-only mode. 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 “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Bhavik Mehta from Antique Stock Broking Limited. Thank you and over to you Sir!

**Bhavik Mehta:** A very good afternoon to all of you and thank you for taking your time out and participating in the call. Muthoot Capital came out with its earnings results yesterday. The good thing that came good was that the disbursements have been started from this quarter and they have been continuing to strengthen their balance sheet with COVID related provision of around 3.7% of its AUM. So, without making any further time, I will ask Vinod Sir to take us through the financials and then to Madhu Sir to give us a brief outlook on what he sees ahead and what has been done. So, over to you Vinod Sir!

**Vinod Panicker:** Thanks a lot, Bhavik. Good morning everybody. Nice to be talking to all of you once again. Yesterday we had our Board meeting where we got our financials for the second quarter of the current financial year approved and this time while it was delayed for various reasons because of our own we just wanted to get things right before we actually present it to the Board or present to the investors, we were about 15 days later than the normal. Sorry for that, but maybe this is the quarter where we after a long time started disbursing and we did a total disbursement of about Rs 116 Crores we did some disbursements last quarter of about Rs 17 Crores that was the full quarter, but those were loans that was sourced much earlier.

This was in comparison to our Rs 488 Crores that we did in the same quarter last year. This took us to a total AUM of about 2235 on and off the books all put together about Rs 2269 Crores versus about roughly about Rs 2474 Crores at the end of last quarter and about Rs 2779 Crores that we were about a year back at the end of the same quarter last year.

This time the income which was generated was about Rs 144 Crores versus about Rs 131 Crores at the immediately preceding quarter and about Rs 145 Crores in the same quarter last year. In case of this income, may be higher than the same quarter last year and in the immediately preceding quarter because we had changed our method of accounting for this quarter, actually last quarter we had accounted basis the repayment schedules which we do

on a reducing balance method, but the RBI mandates that the income has to be recovered basis the total outstanding and therefore that was done in the current quarter. Last quarter also, if we had followed this same method, the income this quarter would have been flat.

On the finance cost, the costs came down by about 9% that was because of it was a combination of two factors; one is about Rs 180 Crores of utilization went down because the book has gone down as you can see and second is the interest rate going down, so maybe a 5 Crores reduction would be a combination of about Rs 4 Crores on account of utilization reduction, Rs 1 Crores on account of interest rate reduction. This is one line item where we see the costs coming down as we get into third and the fourth quarter, basis the benefits that we have seen in the month of September and in which I would say the entire benefit of that has now been captured in the current quarter.

Now with respect to net interest income of about Rs 96 Crores versus about Rs 78 Crores that we did in the immediate precedent quarter and about Rs 87 Crores that we did in the same quarter last year. Operating expenses at about Rs 36 Crores, which was slightly higher than the immediately preceding quarter more to do with in the last quarter a lot of collection or majority of the collections used to happen either through NACH or it used to happen through our own employees, whoever, even the sales guys who were actually not operating at the counters of the dealers but they were following up for the dues from the customers.

So then we did not have a cost when we started dealing with the collection agencies, now the cost has started moving up, which is seen in the Rs 36 Crores figure. Also, the disbursements drive that we started has seen some hit on account of the dealer incentive and other sourcing costs. Loan loss provision was at about Rs 38.5 Crores versus about Rs 33.5 Crores in the immediately preceding quarter and close to Rs 15.5 Crores in the same quarter last year. We have continued to be conservative like Bhavik said at the beginning, we look at this as an opportunity to continue to strengthen our balance sheet which we believe will give a lot of comfort to the investors rather than showing a huge bottomline at the end of each quarter, and then take a hit much later when things actually starts and DPD starts moving.

We have made an additional provision, in fact, Bhavik mentioned about 3.7% on our overall books, the securitized portfolio is strictly speaking not a part of our liability on a 100% basis, we look at it as it being at a total book minus PTC transactions or securitized portfolio, and therefore we believe that the additional provisions that we have done is about 4.9% of our own book and this has led to the profits in the current quarter being at Rs 21.3 Crores before tax and Rs 15.7 Crores after tax.

On a half year basis, our disbursement was at about Rs 133 Crores versus about Rs 975 Crores which was down 86% for reasons well known to all of you. The book did go down by about 16% at about Rs 2235 and income at about Rs 274 Crores was 5% lower than the half-year ended last year.

Interest cost has gone down by about 12% or about nearly Rs 14 Crores, which will continue as we go forward into the third and the fourth quarter, leading to a more or less flat net interest income of about Rs 175 Crores this year compared to the six months in the last year also. The operating expenses are lower mainly because of first quarter being, like I had said, lot of collections costs not having been incurred and that has led to some bit of reduction. The disbursements not being there, there was no sourcing cost, which is seen in the lower cost of the operations.

The loan loss provision has actually more than doubled, from Rs 32 Crores to about Rs 72 Crores and the overall provisioning is at about Rs 72 Crores in the current year which is effectively 8.8% of our total book of our own book, I mean the total provision that we have, about Rs 196 Crores that we have on our book is about 8.8% of our total own book and the profit for the first half was at about Rs 29 Crores versus about Rs 27.6 Crores last year. Here one of the major reasons for the difference is that last year when we moved to a 30% tax regime and a 22% tax regime, there was some bit of write off which happened of the deferred tax, that is the reasons the profit last year was lower if that had not been there, we would have been at about 36-odd Crores last year, but then what we ended up reporting was about Rs 27 Crores to Rs 28 Crores.

On the opex to NIM in the current quarter was at about 38% versus 56% in the same quarter last year, return on average AUM is at about 2.7% and earnings per share for the first half is at about Rs.17.4. I now ask Madhu to talk about the operations and then we can address your queries.

**Madhu Alexiouse:**

Good noon once again. Short and sweet is that the industry has picked up well as far as October is concerned. In fact, September itself we were across the country, almost at 70%, 75% of our locations. Industry has also bounced back in a big way that we have seen in the month of October with the festive season, east market has also picked up very well on the expected lines.

In fact, we have not only activated all our centres, but we have activated all our products, besides two-wheeler we are into used cars, so all 20 centres we are active. We had started our relationship with Hero Two-Wheeler Electric. We had a tie up during the last auto expo, so we have started working on that as well. So, we are active across, as of now.

In fact, there was lot of activities along with the OEM. Lot of action happened on marketing and digital campaigns as we restarted our business in the month of September and in the month of October and as we go forward from marketing perspective, there would be lot of aggression in the market. We had looked at very specific segment of customers, which has also helped us go back to our core markets and start doing business there.

In fact, from the perspective of COVID, from the perspective of the things that is happening at the ground, we are very aware about those facts and still we feel that as we go forward, we do not see much of challenge as far as operations are concerned, whether it is business, or whether it is collections. From collection perspective, we were active across the country, without much of difficulty, we were able to reach to customers, but if the local transport starts, I think it would further improve the way we are working.

Financials are there in front of you and we will open this forum for Q&A. We would like to go into specifics once the question comes. Over to you Bhavik!

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Harsh Shah from Edelweiss. Please go ahead.

**Harsh Shah:** Thank you. I hope everything is good at your end. Sir, first question was in line with your opening commentary, you said that overall macro market is looking good, so we are also seeing two-wheeler companies giving out, means, all of them they have requested are much higher than what the street was expecting. So, will that percolate into our numbers going forward in Q3?

**Madhu Alexiouse:** For the month we were around 15000 units like what we were in the month of Q2. The industry how it has moved is in the month of August itself, actually it has overtaken the numbers of previous year, previous year August was about 15 lakh and this year 15 lakh vehicles got sold, September was around 17 lakhs last year and this year it was about 18 lakhs and last year it was 18 lakhs in the month of October and we are seeing about 20 lakh sales. So, from market perspective we have confidence that Q3 should be a normal quarter. We have always aspired for market share where we say that from the financing, we will do around 4.5% to 4.75% market share we have always aspired. As of now we are at about 15000 and I mentioned in my earlier comment that we are active at around 75% of our locations and close to 60% of our branches are active right now who have started sourcing the business. As we go forward, long-term number that we foresee is about let us say 17000 to 18000 during the festive season and we should be able to continue this run rate. So, from industry perspective, and from a market share perspective I think around Q4 what I said, market share of about 4.5% to 4.75% of the financed vehicles in the country; we will be

able to achieve those numbers. I am not quoting specific numbers because around December is where we would be able to estimate how the Q4 is going to be; how COVID has worked out during the Q3. There are lots of other variables that we need to assess next couple of months. So, I can give you a broader view that this is the market share, and this is how industry is going to be.

**Harsh Shah:** Has you also seen a large influx of financing happening in two-wheelers because of some very high amount of deals that have been pushed by many large NBFCs and even banks, so financing as a percentage of total market has it gone up in the past few months?

**Madhu Alexiouse:** I think financing has got shrunk by at least 2% to 3%. That is the initial feedback we are having and I am ready to believe those figures because of the logistics reasons, a lot of NBFCs and banks still follow traditional model whereby they operate through branches and things like that, so there are logistical issues still at the ground. We were expecting it to be about 37%, 38% which is at about 35% as per our internal estimates.

**Harsh Shah:** Sir, just one last question in your presentation you have mentioned that you have also created provisioning for one corporate account where there was fraud detected. So, can you quantify is it a big account that will impact us?

**Vinod Panicker:** The total amount was Rs 4.5 Crores; we have provided 100% on that.

**Harsh Shah:** Any chance of recovery in that account going forward?

**Vinod Panicker:** A combination of about 36 lenders plus two or three sub debt lenders plus one ECB lender, all of them are following up, so I am saying that obviously the intention is to recover everything, but we thought it was prudent on our part to make provision which we did. It is because it is just 20 days since this has come to light. It has come in the current quarter, but we thought it prudent to provide in the last quarter itself.

**Harsh Shah:** Sir, just one last question on asset quality. Even we have seen many of the geographies that we have expanded has given a very good growth but that has also come at the cost of high delinquency. For example, even in the western region so what is assuming things normalizes in Q3 and Q4 how or what kind of improvement are we looking into our asset quality specifically in those specific regions, non-south regions basically?

**Madhu Alexiouse:** In the west in fact, we have mentioned earlier as well that we had some legacy issues and we had slowed down then we had put a new team in place. Unfortunately, after the lockdown and even now we have not been able to restart business the way we wanted to

restart there. There are a lot of issues there, especially in Maharashtra we find that still there are areas where logistically it is difficult to do the collections and things like that, it would take some more time; even Mumbai we are not able to move around because of lack of local transport, I think once the logistics improves then the business would start inching up. On the portfolio perspective, we are not much worried because we would be able to roll it back once things are normal. I think from quality perspective, you have across the country there are going to be challenges, but the key thing is whether we are present everywhere with our team for collections and that is what I mentioned that entire collection team is now active, and from September 1, they have been there in the field, collection numbers are improving from the efficiency perspective, we have been maintaining 95% plus, minus despite all the logistics issues. So, as of now we are not much worried about whether west is what percentage or south is what percentage. It is about ensuring that your entire infrastructure is there to collect the money and as things ease out and when I say ease out, I am specifically talking about logistics and I am talking about collections as logistics, I think, things would start looking better. In fact, it would improve the customers' cash flow as well, lot of customers have displaced, they are available, they want to come back and they will pay, so lot of ground realities are there, which we need to consider and we need to cooperate with the customer during such difficult times and I think next two to three months we will be able to address from overall perspective, overall quality perspective and specific to west I told you that there are still transport related issues, which I think improves as we go forward.

**Harsh Shah:** Thank you Sir. Thank you that is it from my side. Sir, thank you very much the detailed presentation. This is one of the best presentations that I have seen recently.

**Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

**Sarvesh Gupta:** Thank you for taking my questions. Sir, if we look at Q2 of FY2020 which was also not a very good time to do this business you were taking around 2% sort of provisions from S1 and S2 and now that has gone up because of the COVID related provisions. So, if I look at your slide where you have given bifurcation of S1 and S2 and everything basically you have 350 Crores sort of a problem right now which is including S3 and other loans which are standard assets. Against that 350 Crores we roughly have around 200 Crores odd, but we also need to provide more for S1 and S2 given the situation. So, what are these numbers as on October and what would be the right sort of provision number on S1 and S2 given your understanding of the market. So, I am trying to get to hole in the balance sheet of the provisions that you have already made and I want to know the provision number, which is appropriate for your standard assets given the situation right now?

**Vinod Panicker:** I would be very happy if you try and show from where this Rs 350 Crores has come and maybe I would want to possibly do a call with you separately and take you through our base case and understand your basis because we believe that we have always been prudent and we have always been conservative in terms of provisioning and whatever provisioning we have done it is by and far I would say is covering a large percentage of what is likely impact and then we talk about a provision figure that is basis two, three factors; because obviously what we do is based on an ECL method, which is basis certain past historical data that you create the provisioning, apart from that you work out, saying that if things start moving, the DPD unfortunately has frozen and therefore we do not know what is the mindset of the customers and basis that you cannot possibly make a provision, so we try and do what is the best basis for the same. Our belief is that what we have provided for including the standard and including the S3 is a reasonable provision for the kind of situation that we are in. It is roughly about 8.8% of our total book, which we believe is more than adequate to ward off any worries for future. But maybe separately offline I can take it with you and convince you that what we are putting up is appropriate and I would not agree with your statement that there is a hole in the balance sheet.

**Sarvesh Gupta:** So, can you give me the number for October ending for the same. So, S3 NPA?

**Vinod Panicker:** It is too early Sarvesh. You will appreciate that October ended on Saturday and Sunday, 1 to 5 we will expect. Because of the board, we were more tied up with that so numbers October numbers would not be available to share as so early.

**Sarvesh Gupta:** I will take it maybe I will have a call separately to understand.

**Vinod Panicker:** We are available on call.

**Sarvesh Gupta:** I will do that. Second question is on the other group companies' business if you can shed some light during this pandemic, I believe most of it is gold loan should do well, but on your group companies at the promoter level how are they kind of coping with the COVID scenario?

**Vinod Panicker:** We normally do not discuss the other group companies on this call, because this is a company registered separately. It is a separate legal entity and it has its own professional team handling it. The only common thing is the promoters are the same, number one but here there are a lot of other investors also, 37% held by other entities and individuals. So, we normally do not discuss the other group companies, but your knowledge is as good as ours. Because obviously we are far more tuned to the current company, we know that gold company will do well, which is possibly the largest and the flagship company of the group.

There is MFI, there is housing finance company, so whatever happens to the other in the sector obviously that will be happening to this.

**Sarvesh Gupta:**

Finally, on the Kerala, I think Kerala has been sort of a laggard in terms of COVID scenario itself in India. The numbers I think now after Maharashtra probably they are number two in active cases and all that. So, given that are you seeing somewhat of a subdued from a market share perspective with respect to the other companies because your home market is sort of more affected at least for the numbers, just the headline numbers and if you can throw some light on the ground realities of what is happening because the other parts of India are considerably less affected as of now?

**Madhu Alexiouse:**

I think it is too early to do an analysis like this because every state is having their own problems, every state has a different kind of sales trajectory, a state which has done well now how they are going to perform next month, no one can predict. If someone can predict, it would be the basis or the postulates that they are using would be a question mark. So, I am saying that it is too early to really tell which state is going to bounce back, how and how the stability in the state is going to be.

**Sarvesh Gupta:**

But till now let us say in the last three four months, are trends in Kerala different from the overall market is my question in terms of collection and disbursements and new vehicles sales?

**Madhu Alexiouse:**

From sales perspective industry perspective, when the moratorium ended that time the Onam festival got over in Kerala. The benefits that other states would get is when the moratorium has ended and almost one month is over, the festival season is starting so you will see a better sales in other states, but is it linked to COVID across the country, linkage to COVID is similar, there is no difference, but only the festive factors is something which is propelling certain states and otherwise I do not think there is any other factors that a sale is increasing in some states because COVID is low or social distancing norm is not there, or things like that. It is not like that. For example, east has done very well in the month of October, and it is no different from any other state. Similarly, this time north would do well in the month of October because of Diwali. I told about west. We have kind of kept slow there, because of various logistics reasons. So, every state has their own problem. COVID is a base scenario where it has actually pulled down the entire industry but definitely what we are seeing as a plus is about pent up demand that was there, second with the economy slightly improving people have some cash flows basis which and lack of public transport they need a two wheeler and third and very most important in the month of October and November we should link it more to festive season than anything else. We will have to wait till December to really see how COVID plus economy is propelling the sales.

**Vinod Panicker:** Also Sarvesh one more thing which you need to know and which we would want to point out is that the Q2 when we actually started disbursement on Q2 and the south volumes was at about 75% versus 70% of last year which effectively means that south is doing well than the other parts of India, number one. Number two is, because we are much stronger in Kerala, Kerala has not been impacted.

**Sarvesh Gupta:** I will get on a separate call to understand some of the numbers.

**Moderator:** Thank you. The next question is from the line of Rajiv P from GeeCee Holding from GeeCee Holdings. Please go ahead.

**Rajiv P:** Just two questions; one is on the collection efficiencies, where you have reached 95%. So, I think the non-hypo book when do you think will be crossing the 100% so that we start clearing the backlog also?

**Vinod Panicker:** Normal times we were doing about 92% odd as a percentage. If you look at the figures in the previous months 37% becoming 54%, becoming 71% I think you will draw your own conclusions that you are currently, we are on a cumulative basis it could be close to 75%. So, it would happen over a period of time, maybe crossing 100% could be no doubt a tough task, but I am saying that at 95%, 97% itself we should be able to start collecting from the others also the people who did not pay during the moratorium times.

**Rajiv P:** On the AUM front I think Madhu indicated October itself could be like a 15000 on the volumes, which would mean roughly 90 Crores, 95 Crores per month on the disbursement. So, if you can clock 270 Crores, 300 Crores of disbursements a quarter and I think roughly that will be the amount that you will end up collecting, with an improved efficiency? Is that the right way to think?

**Madhu Alexiouse:** At least that much.

**Rajiv P:** So, from Q3 maybe there is an inflection point when your AUM reduction will stop? There is a chance that Q3 AUM reduction may not be there, maybe slight to slight positive.

**Madhu Alexiouse:** Yes. That is true.

**Rajiv P:** Thanks a lot. All the best.

**Moderator:** Thank you. The next question is from the line of Akhilesh Kumar from Addpro Tech. Please go ahead.

**Akhilesh Kumar:** Thank you for giving me the opportunity. I joined late if you have already answered maybe you can skip on that question. You told that for the last maybe a quarter we have been trying to explore the new markets in consumer durables during festival times how far we have progressed. Like say we can expand that thing to some other parts of the country.

**Madhu Alexiouse:** We have just come back on our core product. I think we must stabilize our current core product and then we look at what are the new that we wanted to get into. Definitely it would happen, maybe deferred by a quarter is something I can say right now and once we are 100% as far as two-wheelers and used cars is concerned, I think we will be able to take this whatever new initiatives which was held back, we will be able to start that. Project wise we are ready for that. The only thing is that right now we want to ensure that core products are back to normal. There is lot of action happening on collections in the sense that to reach out to customers and a lot of other technology support is happening because of which you know we feel that during this quarter we should stabilize as far as core business is concerned and post that all the new initiatives. So Q4 is something which I would be able to give you some update on any of the new initiatives that we would have booked earlier.

**Akhilesh Kumar:** As a product in that direction, we have already done, any encouraging sign was there, or you have not started itself.

**Madhu Alexiouse:** We have. As I said, every new stuff is about pilot. Pilot is something which I would not like to discuss in a call like this and I said that Q4 will come back to you because current situation is not a normal situation where I can produced and tell the trajectory, right now it is about how core business is back to action.

**Akhilesh Kumar:** Earlier like say in the lockdown quarter last two quarters we took up a marketing for parent company Muthoot Fincorp of gold loan. Are we going to go ahead continue that in the future as well?

**Madhu Alexiouse:** Cross sell is happening. So cross sell is an initiative whereby we keep on trying new products, which is in line with our customer requirements. For example, gold loan was one of the things which we thought during the financial distress, if we can facilitate that customer reaching a branch and they are able to conclude the deal they will be getting some financial help. So, we started with that approach, cross sell as well as the initiative is something which we will keep on experimenting. So as far as gold loans are concerned, we will continue with that, but as a core product goes up, earlier gold loan, whatever numbers used to happen, it may come down depending on how strong the core product is growing so, while we will continue but it may not be with the same intensity that it was during the Q1 and Q2.

- Akhilesh Kumar:** The forecast will not be there entirely but in sidelines we think you can resume?
- Madhu Alexiouse:** As the cross initiative it would be there.
- Akhilesh Kumar:** The eastern side, I think you have few branches and you guys are seeing a good growth there, like Jharkhand, West Bengal, Bihar, are you still trying to see better sales opportunity, increasing...?
- Madhu Alexiouse:** In east we are not there in Jharkhand or Bihar. We are in West Bengal, Odisha and a small piece of Assam. But going into other states was part of our expansion plan which in earlier calls I have said that all expansion plan we have held back because of pandemic, which around Q4 we will review. We have all the aspirations to get into these markets and grow our numbers there and we feel that we have all the USP that is needed to grow in those markets. We know that market very well. We should be able to do that. As of now we are not there, but we aspire to be there very soon.
- Akhilesh Kumar:** Thank you. Does Fincorp have presence there in all the states in the eastern side?
- Madhu Alexiouse:** They are getting into it. They have got the approval from RBI. They will also shortly get into those. We are already there.
- Akhilesh Kumar:** Thank you. That is, it from my side.
- Moderator:** Thank you. The next question is from the line of Kislav Upadhyay from Abacus. Please go ahead.
- Kislav Upadhyay:** I had a question on collection. This 95% collection does it include arrears from the previous months.
- Vinod Panicker:** It would include arrears from the previous months; more importantly the billing is without considering moratorium. So, let us say if you are saying x number of people who have opted for moratorium, we have included their dues also as part of the billing.
- Kislav Upadhyay:** There would be some customers who have not paid any installment to us since March?
- Vinod Panicker:** Yes.
- Kislav Upadhyay:** What would that number be and in terms of AUM how much that would be?
- Vinod Panicker:** That would be roughly about 42000 odd customers and AUM is about 192 Crores.



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**Kislay Upadhyay:** Sir, on the interest rate, I know that our utilization of borrowings has been lower as our AUM has gone down, have we raised any refinanced at lower interest rates in the past three months?

**Vinod Panicker:** You will see from about 9.88% it has come to about 9.67%. So, a lot of benefits came to us at the fag end of September so the entire benefit is not seen in the quarter, next quarter would be significantly better in terms of interest cost. You will see the number coming down in the next couple of quarters.

**Kislay Upadhyay:** Could you mention the rates of few refinance deals that you have done in the last three four months?

**Vinod Panicker:** That is something which we were doing at about 10, we are now possibly done at about 9.4%. That kind of range, when I am saying refinancing, I am talking about the WCDL and all, when they rollover we do it at that rate. Now for example, one transaction was there, which was a forex loan which was at about including LTV it was about 8.9%, I think, now it has come to some 7.97%. So, I am saying that and that is a big chunk about 70-odd Crores. So, I am saying those kinds of things may not often remember each item, but broadly whichever number, rollover has happened, there has been a reduction in the rate, by Rs 60 Crores order got rolled over. I think we have put it somewhere in one of our slides by Rs 60-odd Crores.

**Kislay Upadhyay:** Sir, finally it seems like we are holding enough provisioning and hopefully we will not need as much. In what circumstances and what would be the drivers which would make us to write back. When can we expect the write back of these provisions to our books to our P&L?

**Vinod Panicker:** Let us both pray together that things improve on the ground.

**Kislay Upadhyay:** What I wanted to ask is will Q3 see a write back in case we can achieve?

**Vinod Panicker:** No. I do not see things improving in the next two months, definitely no. Now let us pray for Q4 or first quarter of next year.

**Kislay Upadhyay:** Thank you. That is, it from my side. All the best.

**Moderator:** Thank you. The next question is from the line of Abhijit Vora from Sundaram Mutual Fund. Please go ahead.

**Abhijit Vora:** Thanks for taking my question. Sir, my first question is I wanted a clarity on fresh line you have given the moratorium customers, the percentage of total customers, in September there was no moratorium. I just wanted to clarify what is the definition, number of customers on slide 9?

**Vinod Panicker:** See, moratorium is not there, I agree with you this is the RBI Circular, but there has been a freeze which has been put by the Supreme Court on the DPD movement, so when we are talking about that they are talking about cases where people have not paid actually some installment. I think we have put that in the slide very clearly that even if the customer has not paid for one month we are calling it as moratorium and maybe the response which I gave to our friend Kislay is just before your query has been that answered. We said that 42000 odd people have not paid a single installment which is not having paid up seventh installment. So, effectively the people who additionally opted for moratorium in the month of September would be about 42000 people out of the 6.5 lakh customers base that we have.

**Abhijit Vora:** This corresponds to 192 Crores, that is what you mentioned of AUM in March?

**Vinod Panicker:** AUM is Rs 192 Crores.

**Abhijit Vora:** That is all my question. I will get back in the queue.

**Moderator:** Thank you. The next question is from the line of Ashish Soodh from Vishuddh Capital. Please go ahead.

**Ashish Soodh:** Thank you for the opportunity. I have two, three questions. First one is while doing the provisioning what is the LGD number that we have assumed in the model? Can you share the same?

**Vinod Panicker:** 51% to 52%, Ashish.

**Ashish Soodh:** My second question is can you share the stage II loans number as on September 30? Can you share the number of loans which are stage II as a percentage of total loan book as on September 30, 2020?

**Vinod Panicker:** I think we can get connected offline and then I can share whatever else you want because as of now I may not be able to share. What you are effectively asking is for the breakup between stage I and stage II.

**Ashish Soodh:** Correct.



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- Vinod Panicker:** I would need some time to take it out and give it to you, but maybe we can connect offline.
- Ashish Soodh:** Thanks. These are my questions.
- Moderator:** Thank you. The next question is from the line of Ratish Varier from Sundaram Mutual Fund. Please go ahead.
- Ratish Varier:** Thank you for the opportunity. I had one question. I joined in late. Sorry if you have answered that, I will take it offline. If you can just throw how many of our customers would have paid during moratorium etc., how many of our customers now would have paid their installments at different stages if you can just run through that will be helpful?
- Vinod Panicker:** Ratish I think it is there in one of the slides there we have showed, the number of people who have paid on each month basis. April it was 215000, in September it was 453000. It is slide #7. Just look at it, if you have any doubt, you can always get connected offline.
- Ratish Varier:** Sir, how many of our customers would have paid now all the installments, if I ask it like that?
- Vinod Panicker:** At least one installment pending was something like 54% and balance 46% I would say.
- Ratish Varier:** Around 46% of the customers have paid all the installments, put it that way.
- Vinod Panicker:** Correct.
- Ratish Varier:** That is, it from my side. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Nidhesh Jain from Investec Capital. Please go ahead.
- Nidhesh Jain:** Thanks for the opportunity. You said the 42000 customers have not paid single EMI, but data is till September or October?
- Vinod Panicker:** September.
- Nidhesh Jain:** What will be the number as of October?
- Vinod Panicker:** We would need to revert on that. I replied on that to somebody else saying that we were all tied up with our boards yesterday.



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- Nidhesh Jain:** That is, it from my side. Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference back to the management for their closing comments. Mr. Bhavik Mehta your line is also unmuted. You may please go ahead if you have any closing remarks.
- Bhavik Mehta:** Thank you all for participating in the call. Thank you to the management for taking the time out and making us understand the earnings that have gone down. Thank you everyone.
- Madhu Alexiouse:** Thank you everybody.
- Vinod Panicker:** Thank you everybody. Thank you very much Bhavik.
- Moderator:** Thank you. On behalf of Antique Stock Broking that concludes today's conference call. Thank you all for joining us. You may now disconnect your lines.