

## Q1 2021 Earnings Call

### Company Participants

V P. Nandakumar, Managing Director & Chief Executive Officer  
Bindu A.L, Chief Financial Officer  
Jeevandas Narayan, Managing Director, Housing Finance  
K. Senthil Kumar, Executive Vice President & Head of Commercial Vehicle  
Raja Vaidhyanathan, Managing Director, Ashirvad Microfinance Limited  
Salil Bawa, Head of Investor Relations  
Shweta Daptardar, Research Analyst

### Other Participants

Abhishek Murarka  
Alpesh Mehta  
Dhaval Gada  
Jiten Doshi  
Prateek Agrawal  
Shubham Agarwal  
Shubhranshu Mishra

### Presentation

### Operator

Ladies and gentlemen, good day and welcome to the Manappuram Finance Q1 FY'21 Earnings Conference Call. Hosted by Prabhudas Lilladher Private 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. (Operator Instructions) Please note that this conference is being recorded. I'll now hand the conference over to Miss Shweta Daptardar from Prabhudas Lilladher Private Limited. Thank you and over to you, ma'am.

### Shweta Daptardar

Thank you, Faizan. Good evening, all. Prabhudas Lilladher welcomes you to the Q1 FY '21 earnings conference call with Manappuram Finance.

Today, we have with us esteemed management team of the company, represented by Mr.V.P. Nandakumar, Managing Director and CEO; Ms.Bindu A. L., CFO; Mr.Raja Vaidhyanathan, Managing Director, Asirvad Microfinance Limited; Mr.Jeevandas Narayan, Managing Director, Manappuram Home Finance Limited; Mr.Senthil Kumar, Head, Vehicle and Equipment Finance; Mr.Salil Bawa, Head, Investor Relations.

I now hand over the conference call to Salil for further commentary. Thank you.

### Salil Bawa

Thank you, Shweta. Good evening, everyone, and thank you all for joining us on the Q1 FY '21 results. During the call, we will be referring to the Q1 FY '21 investor presentation, uploaded to the Exchange and also on our website.

Before we begin, I would like to state that some of the statements in today's discussions may be forward-looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available on the results document shared with you earlier.

With that, I would now like to invite Mr.Nandakumarji to begin the proceedings of the call. Thank you.

V P. Nandakumar

Thanks, Salil. Good evening, all of you, and thanks for joining the call. I hope you and family are fine.

As the world continues to grapple with an unprecedented pandemic, global economic prospects continue to remain uncertain. The COVID crisis in India also continues to worsen. Inevitably, this will result in multiple challenges across almost every sector of the economy and lead to weaker economic and consumer confidence. Governments and Central Bank have responded with a broad spectrum of counter measures. Economic activity has gradually improved, helped with the near-term by the calibrated unlocking of restrictions. The agriculture and rural picture appears to be relatively brighter with good sowing and the normal monsoon, limited COVID disruptions as well as rural-focused government stimulus. This would promote a gradual pickup in the economy. The rural economy seems to have been relatively isolated from the virus. Also, expectations of income boost going forward as summer crop is harvested.

Ministry of Home Affairs allowed NBFCs to open branches in green and orange zones from April 20, 2020. Over the next few weeks, we started reopening our branches after ensuring health and safety of our customers and employees. As of the end of June, our offices and branches are almost fully functional, barring those locations which are under lockdown as per state or district guidelines.

In response to the COVID-19 situation, we have fine-tuned our collections strategy and launched various initiatives to ensure we are well prepared and among the earliest to capitalize on the opportunities. We have used the initial weeks of lock down to significantly augment, expand our collections capacity model, so that when markets start to open, whether it is green, orange or red, we are ready to rapidly move and engage with our clients to collect efficiently and effectively across different businesses. We have also ramped up our digital collections infrastructure and capabilities, and we continue to maintain our strong positioning in online gold space. The digital channels helped us serve our customers during the COVID period. The company is comfortably placed in the matter of liquidity to meet its commitment. It has also implemented stringent cost control measures across the organization to conserve cash and to address an evolving situation resulting from the pandemic.

On the liquidity front, we continue to receive funds from all the routes. CP rollovers are continuing, and we are getting funds from our banks and AMC partners. The company's gold loan portfolio accounted for nearly 70% of the total portfolio, has a tenure of less than three months, where most of the company's borrowings are of long-term nature, providing a natural hedge against the short-term liquidity mismatches.

Coming to our Q1 results. The quarter had an impact of COVID-19 lockdown. Some of the key performance highlights for Q1 FY '21 are as follows: Our consolidated AUM has crossed INR25,346 crores. Consolidated AUM is up by 25.6% year-on-year and 0.5% quarter-on-quarter. Two, gold loan AUM grew by 33.4% on a year-on-year basis and 4.5% on a sequential basis. This growth was driven by a combination of increase in gold holdings, which grew by 1% year-on-year and the higher gold prices. Online gold loan customers and digital payments up by 1.2x Q-on-Q in Q1 FY '21. At the portfolio level, our average LTV is at 57% against the RBI limit of 75%, which means most of the customers have a lot of room to borrow more against their [inaudible].

Our microfinance subsidiary, Asirvad Microfinance, they reported AUM of INR5,038 crores, an increase of 20% year-on-year and a decline of 8.4% year -- quarter-on-quarter. The strategy focused on quality going forward, we expect some short-term build in our microfinance portfolio after the moratorium. However, based on our experience in dealing with the episodes of stress in the segment, we are much more positive about the medium and long term. India's automobile sector has been facing a slowdown for the last one year or so, and our commercial vehicle finance business saw higher GNPA's, aggregated by the lockdown. Our

housing portfolio is literally small, and it has been steady in terms of asset quality. During the quarter, the company cautiously chose to reduce its own lending portfolio to NBFCs.

We do not expect any funding challenges to come in the way of our growth plans, and we are comfortably placed with our AUM, which we monitor very closely. Our overall OpEx to AUM has come down from 6.8% in Q4 FY '20 to 5.4% in Q1 FY '21. We have now set up a committee that will focus exclusively on optimizing costs and bring down the operating expenses further by looking at the areas besides the security costs. We are reporting a consolidated quarterly net profit of INR368 crores for Q1 FY '21. Thank you, and now it is over to our CFO, Ms.Bindu, for a detailed look at the numbers.

Bindu A.L

Thank you very much, sir. Thank you also attending the quarterly update call.

I will quickly take you through the impact of COVID. A good part of the quarter was lost to lockdown. And with public transport was not functioning in most of the parts, customer footfalls at the branches were low. Therefore, the growth came mostly from the existing customers who also benefited from the increased LTV, driven by the increased gold prices. Tonnage growth was muted during the quarter due to higher LTV and lower demand due to slowness in the economy. The company has taken several measures to deal with the impact of COVID, including liquidity management, reduction in operating cost and a focus on digital channels. We have ensured adequate liquidity across each entity within the group.

With respect to liquidity, cash and cash equivalents on hand on a consolidated basis was INR5,006 crores at the end of June, and undrawn bank line was INR1,019 crore. We consciously brought down our CP exposure to 9 percentage against 23 percentage an year ago. And this helped us in increasing the average duration of our liabilities to 452 days from 260 days an year ago. The company has made progress on its cost optimization initiatives, with OpEx ratio reducing from 6.76 percentage of AUM during the previous quarter to 5.35 percentage of AUM on stand-alone basis in the current quarter. Our focus on collection for the nongold businesses and the gold loan business growth. This has resulted in the new businesses, contributing 30 percentage of consolidated AUM and remaining 70 percentage from gold loan. There was no moratorium on gold loan book. And on an average, 26 percentage of nongold businesses were under moratorium in the stand-alone entity in phase 1.

Let me take you through the earnings update. Our consolidated AUM for Q1 was INR25,346 crores, up by 25.6 percentage year-on-year and 0.5 percentage Q-on-Q. Consolidated profit after tax was INR367.97 crores, grew by 37.9 percentage year-on-year. During the quarter, MTM valuation on derivative asset of dollar bonds resulted into a reduction of INR35 crore in other comprehensive income, and our exposure is fully hedged and no impact on P&L account. ROE, on a consolidated basis, was 25 percentage, and ROA was 4.8 percentage for the quarter ended June 2020.

Talking about the gold loan business, which constitutes 70 percentage of consolidated AUM. AUM increased by 33.4 percentage year-on-year and 4.5 percentage Q-on-Q. Gold holdings stood at 69.03 tonnes. Gold tonnage increased by one percentage year-on-year, but was down by 4.65 percentage Q-on-Q due to the lockdown and high LTV and the low economic activities. Gold loan's average ticket size and average duration were INR42,563 and 51 days, respectively. The total number of gold loan customers stood at 24.95 lakhs. The gold loan book at INR17,737 crores. Auctions during the quarter were INR1.04 crores. Most of the customers serviced their loans despite the lockdown, and the loan pending for auction was only INR97 crore as on date. Our weighted average LTV stands at INR2,571 per gram or 57 percentage of current gold price. Our gold loan disbursements during the quarter at INR68,390 crore compared to INR51,913 crore in Q4 FY '20. Online gold loan book accounts for 63 percentage of total gold loans compared to 48 percentage in Q4 FY '20.

About microfinance business, AUM stands at INR5,038 crores, and the business reported a small loss of INR2.6 crores due to higher provisioning. We have provided INR75 crore additional provision during Q1 FY '21 due to COVID, and cumulative COVID provision was

INR130 crores at the end of the quarter. Majority of MFI customers opted from moratorium in phase 1, April and May. In phase 2, our collection efficiency from MFI business was at 55 percentage in June, and we expect collection efficiency to be nearly 70 percentage in July. The company has a capital adequacy ratio of 26.9 percentage.

Coming to vehicle finance business reported an AUM of INR1,270 crores, which is down by 5.5 percentage Q-on-Q and up by 3.5 percentage year-on-year. 37% of customers opted for moratorium in phase 1. Collection efficiency was 42 percentage, 58 percentage, in April and May, respectively. Collection efficiency expected at -- improved to 75 percentage in June. The home loan business had a total book of INR627.3 crore, which is down by 0.4 percentage Q-on-Q and up by 15.8 percentage year-on-year. It now operates from 47 branches and reported a profit of INR80 lakhs during Q1 FY '21. 32.4 percentage of housing finance book was under moratorium in phase 1.

Loan to NBFCs, our portfolio reduced by 15.5 percentage Q-on-Q to INR468 crores, in line with our cautious outlook. We did not disburse any loan during the quarter. Only two clients were under moratorium out of 49 borrowers, with total loan outstanding with these two customers being only INR6 crores. Loan to SME and others stood at INR205 crores. The total consolidated borrowings stood at INR23,980 crores. Our stand-alone average cost of fund has decreased by 7 basis points to 9.39 percentage from 9.46 percentage. In Q1, we have raised fresh borrowing of INR1,900 crores. As on date, the stand-alone entity, we are having nearly INR4,235 crore liquidity, out of which INR2,625 crores in the form of bank fixed deposits and INR1,610 crore as undrawn lines.

Provisions and write-offs of the stand-alone entity during the quarter at INR50 crores. We provided INR38 crore additional provision due to COVID-19. Our gross NPAs was 1.05 percentage as compared to 0.88 percentage at the end of Q4 FY '20, largely driven by the nongold businesses. Our capital position is strong, and the company is well capitalized with a capital adequacy ratio of 22.94 percentage. Company's consolidated network stands at INR6,036 crores. The book value per share stood at INR71.4.

Thank you. We can now go for the Q&A session.

Questions And Answers

Operator

Question And Answer

Thank you very much. We will now begin the question and answer session. (Operator Instructions) The first question is from the line of Shubhranshu Mishra from BOB Capital Markets. Please go ahead.

Q - Shubhranshu Mishra

Hi, thank you for the opportunity. I just wanted to check on the moratorium as of June for each of your businesses. If I can be updated on the same? The first question. Second is, if the same can be said about the collections? What are the collection trends in each of the businesses: vehicle finance, home finance and MFI as of maybe 15th of July and as of 30th of June? And if we have to look at the provisioning going forward for the vehicle finance, which is done on the stand-alone book and microfinance, how do we look at the provisioning going forward? These are the three questions.

A - V P. Nandakumar  
Mr.Raja?

A - Raja Vaidhyanathan

So on microfinance, the collections have increased significantly from the last month. In June, it was 55%. Now we are inching towards 70% as we speak as of yesterday. So the -- and still, the balance is on moratorium, which is -- ends on August 31. So we feel that once the moratorium is over, we'll slowly move back to the original levels of collection efficiency towards the last quarter of this year, which is well above 95% or so. So that's the -- on the microfinance thing.

On provisioning as Bindu had mentioned, we have already provided this quarter another INR 75 crores of COVID provisioning, and we did close to INR 55 crores last quarter. So we saw -- we have INR 130 crores of provisioning. This is over and above the standard provisions we have and the [mutual] provisioning we have. So as it stands and based on information available, we feel that we have adequately provided for the nonperforming, if any.

Q - Shubhranshu Mishra

What is the morat you said, sir? For -- as of?

A - Raja Vaidhyanathan

The moratorium in April was more than -- all of them took the moratorium in April. Then 85% was in May. Then, it came down to about 45% in June. And now as we speak, it is hovering between 25% or so -- 25% to 30% in July end.

Q - Shubhranshu Mishra

Thank you. The rest of the question?

A - V P. Nandakumar

Senthil?

A - K. Senthil Kumar

See, in terms of collection percentage, as Bindu had mentioned earlier, in the month of April, we had a collection efficiency of around 42%. And in the month of May, we had a collection efficiency of around 58%.

Q - Shubhranshu Mishra

This is for vehicle financial, sir?

A - K. Senthil Kumar

In June, our collection efficiency -- yes, this is vehicle finance.

Q - Shubhranshu Mishra

Right

A - K. Senthil Kumar

Yes. And in the month of June, we had efficiency of around 75%. And July, we hope to close around 85% is what the efficiency which we're planning. We had a -- sir had mentioned sometime back, we had early-mover advantage in terms of collections, where in spite of we having a lockdown in the month of April, I think we had started building our relationship with the customers once again. And we are also moved into a bit of digital platforms for collection. Though -- even though the physical movements were restricted, we were able to build on that initial momentum in a good way over the period of last two, three months.

And in terms of provisions, I think we're adequately provisioned. As of now, we have around INR 90 crores of provision of -- for vehicle finance as a whole. And I guess, I think we are provisioned -- I think we're adequately provisioned for the next quarter also.

Q - Shubhranshu Mishra  
Sure. And the same for --

A - V P. Nandakumar  
Mr.Jeevandas.

A - Jeevandas Narayan  
Good evening, all the participants. On the three critical points you raised, I'll come to collections first. April, our collection on the book was 50% plus; May, it was 60% plus; and in June, we closed about 76%. This month, we already crossed 77%, and we hope to touch 85% plus as far as the collection efficiency is concerned. And as far as the provisioning is concerned, the provision done in the -- we also followed a policy in line with the parent of very aggressive provisioning due to the COVID uncertainty. So the first quarter provision is much higher than the entire provision for the last financial year.

Coming to the third point of moratorium. In the first phase, as the group CFO also mentioned in her presentation, this was around 32.83 but this was not for all three months. Many of them were for two months, many of them are -- some of them were for one month and a few of them there for three months. And thereof also, collections have started happening after that date in the moratorium accounts.

A - V P. Nandakumar  
So. Yeah. These are on the entire collections. Percentage is based on the entire portfolio, including moratorium portfolio.

Q - Shubhranshu Mishra  
Right.

A - V P. Nandakumar  
Yeah. So moratorium portfolio is not separated. Whatever collection percentage is reported is on the entire portfolio.

A - Jeevandas Narayan  
Yes. And if you assure that, these percentages will look much higher.

Q - Shubhranshu Mishra  
Sure. And just one data-keeping question. What would the accrued interest as of the first quarter?

A - Bindu A.L  
INR 492 crore. That is 2.7 percentage on AUM.

Q - Shubhranshu Mishra  
Thank you, ma'am.

Operator

Thank you. The next question is from the line of Prateek Agrawal from ASK Investment Managers. Please go ahead.

Q - Prateek Agrawal  
Yeah, hi. I have a few questions. But before that, just to clarify, you are saying you are well provided for after this quarter and from next quarter, you should expect provision to be usual and not enhanced?

A - Bindu A.L

See, there are uncertainties as -- even the business has explained. I think we will have a better picture after the second phase of moratorium only. Still many customers in MFI was talking about the moratorium. So there are uncertainties. And the issue is not yet settled. So for the time being, based on the collection efficiency, we believe that this provision is enough.

Q - Prateek Agrawal

Okay. So for housing finance and vehicle finance, what percentage of GNPA has been provided for separately?

A - Bindu A.L

So vehicle, if we take the -- 10%. And housing at 5%.

Q - Prateek Agrawal

Yeah. Yes. So that is GNPA. How much of that has been provided for? So what is NNPA for both the business?

A - Bindu A.L

So that is --

A - Jeevandas Narayan

Should I answer that?

A - Bindu A.L

Yeah.

A - Jeevandas Narayan

Hi, Prateek. see, the gross NPA was 5.1 and the net NPA as of 30th June is 3.9.

Q - Prateek Agrawal

5.1 and 3.9, For?

A - Jeevandas Narayan

For the housing finance.

Q - Prateek Agrawal

Okay. And for vehicle, sir?

A - K. Senthil Kumar

For vehicle finance, the net NPA will be around 4%. We have provided around 6%.

Q - Prateek Agrawal

Okay. Understood. Thirdly, has this growth in gold tonnage restarted?

A - V P. Nandakumar

Yeah. The growth -- yes, tonnage has come down during the first quarter. It has come down by 4.3%, tonnage. Whereas -- yes, we have grown in volume by, let's say, around 4.3% during the first quarter. The reason is, see, when the average life of the loan is around 50 days. And there are many customers who come repeatedly during the same month for five days, 10 days, et cetera, et cetera. If he avails INR 10,000, when he comes for the second time, he brings a lower quantity of gold only because his requirement is only INR 10,000. The impression that when the gold price goes up, the people borrow more is wrong. Because for them, this is very bottom, gold is so much sentimentally attached to the family. So when they borrow, they make sure they have to redeem within a short time, and they borrow only that much.

So that's why when the gold price goes up, the tonnage growth is less. When the gold price goes up unusually high, there used to be some tonnage degrowth also. So opposite will happen when the gold price goes down.

Q - Prateek Agrawal

Understood. I was asking Q2 trend has now after the Q1 now that moratoriums are economy is opening up. Are you seeing increasing gold tonnage again or even protect to now the, it too early to look at more commitment.

A - V P. Nandakumar

No, no. See, the demand -- the overall demand is less by around, yes, 25 -- 20%, 25% is down. The demand is down by 25%. Another thing, see, around 10% of the branches are only working partially. They are not able to because a lot of disruptions here and there et cetera, et cetera. So that's why we are not able to get good growth. And another thing, we used to get seasonal growth like, yes, academic seasons, et cetera, et cetera.

So since the academic seasons have not really started, schools and colleges have not reopened, so that demand is also less. And there other functions are not happening, marriages are not happening. All these are affecting the demand. So when the lockdown is completely lifted across the country, the demands will definitely pick up.

Q - Prateek Agrawal

Sure, sir. Sir, lastly, in Asirvad, have we stopped lending or we are continuing to lend?

A - V P. Nandakumar

Mr.Raja?

A - Raja Vaidhyanathan

Yes. We have not lent for the first quarter. In July, we have started. I think in July, we should do about INR 70 crores to INR 75 crores of disbursement. And slowly, we are lending only to our own customers now. We are not taking new customers. Customers who have completed one or two cycles, only to them we are lending. We are lending cautiously. We started only in July. In the first quarter, we had not lent to any the customers.

Q - Prateek Agrawal

Okay. Understood. Just one more thing. What is this net gain on fair value change? So this was high in quarter four and dropped by INR 100 crores in quarter 1. Is this on some mutual fund investments?

A - Bindu A.L

Yes.

A - Raja Vaidhyanathan

No. This is the -- okay, Bindu, you want to explain.

A - Bindu A.L

Yes. If you are talking about the other comprehensive income, there is a debit of INR 35 crores due to our MTM valuation of the dollar bonds.

Q - Prateek Agrawal

Okay. Understood. Thank you. That's all for myself. Thank you.

Operator

The next question is from the line of the Dhaval Gada from DSP Investment Managers. Please go ahead.



Q - Dhaval Gada

Yeah, Just a few questions. First, sir, on the microfinance business. What percentage of the customers have not paid you even one installment over the last four months? So that is the first question.

Second question relates to the vehicle finance portfolio. So you said that you expect -- seems to be 85%. So when do you see normalcy return? And what is the current moratorium percentage? Moratorium was 37%, where are we today?

And the third bit is related to the housing portfolio. Again, you mentioned about 85% kind of collection expectation. When should we expect the normalcy to return? And what is the current moratorium percentage as of whatever last date you have alluded. And lastly, on borrowing side, what is the duration change of the borrowing portfolio now versus maybe December period? Just trying to understand the delta increase in duration of the borrowings vis-à-vis the change in cost? Thanks.

A - V P. Nandakumar  
Mr.Raja?

A - Raja Vaidhyanathan

Yes. On the question on unpaid customers, we had -- so we have a borrowing base of 24 lakhs now. And out of which, in April, nearly 58,000 paid, and in May, about 4.3 lakh people paid, and 13.7 lakhs paid in June. And as we speak, in July, about 17 lakhs people have paid till yesterday. So we have about 6 lakh to 7 lakh people, who have not paid. But again, moratorium is still on. And this is -- these are the people, who are coming under the 20 -- I said in the beginning that we still have about 25% of moratorium going. So these are the customers who are falling under that. So we have collected from nearly 17 lakh customers so far. So the balance is the one.

Q - Dhaval Gada

Is this June or July, sir? Sorry, I missed that. It is July, you said 17 lakhs?

A - Raja Vaidhyanathan  
July 7. June was 13.7 lakh.

Q - Dhaval Gada

13.7 lakhs. Okay. Okay. Got it. And you expect normalcy to return by what point?

A - Raja Vaidhyanathan

We will expect after August 31, I think September is a key month for us. By, I think, end of September, the second quarter, though, I mean Q3 for October, December, I think we should be complete -- will be back to normalcy in most of the places.

Q - Dhaval Gada

And the reason the rest of the customers are not paying today is because of income or because of the lockdown?

A - Raja Vaidhyanathan

Yes. I will tell you. The reason is, still, there are -- we are present in about 316 districts. In 54 districts, still, there is an impact of all this restrictive movements, lockdowns. About 26,000 centers out of two lakh centers, we are still unable to really collect the money. These are the reasons mainly. Let's say, it's not the intention of the customers.

A - V P. Nandakumar

Okay. Senthil, about moratorium.

A - K. Senthil Kumar

Yes, sir. In the phase 1, in vehicle finance, we had around 37% of the customers, who had opted for moratorium. In phase 2, though, we have been getting requests, we have been convincing the customers as to not to avail of moratorium. So as of now, we don't have much -- many customers in moratorium. I don't see any customers in moratorium as of now. Probably we'll have to see as to how things develop over a period of next 1.5 months.

We've been convincing customers. We're not talking to them about the interest rate charged in terms of moratorium, and we've been convincing them to pay them. And in terms of collection, as you said, yes, we have -- we're expecting around 85% of collection efficiency in July. And this, probably, we progressively expect to go up by 5%, 10% by end of this quarter -- by September.

And I feel to -- for normalcy to return to pre-COVID levels, probably, we expect only in the last quarter, I feel that the normalcy will return. There's a lot of uncertainty as of now. Though the vehicles have started flying, if -- I don't think the utilization is 100% as of now. Probably, the utilization is around 60%, 60%, 65% is what as of now. So probably it might take three, four months or four, five months for normalcy to return.

So collections are expected to be normal to the pre-COVID levels in the last quarter.

Q - Dhaval Gada

Sir, sorry, just one technical question. If you were to achieve 85% in the month of July and 10% is NPA, so the balance is the only [full] or this 85% excludes NPAs?

A - K. Senthil Kumar

No. See, this 85% would be excluding NPAs because I think that's a different ball game altogether.

Q - Dhaval Gada

Understood. Understood. And the same question on unique customers, who have not paid so far, that is 15% --

A - Bindu A.L

Yes, Senthil the 85 percentage which you talked about is on the total billing, this includes the NPA billing also, right?

A - K. Senthil Kumar

Yes, yes, you're right. I'm sorry, yes, I missed a bit. Yes, it includes the moratorium portfolio. It includes the total entire billing for the month.

A - V P. Nandakumar

So 85% collection is on the entire portfolio.

Q - Dhaval Gada

Understood, sir. So 85% on the entire portfolio, 10% is hard bucket, which is NPA and then the balance is in between, correct?

A - K. Senthil Kumar

Yes. You're right.

Q - Dhaval Gada

Understood, sir. Okay.

A - K. Senthil Kumar

And in terms of customers who have not paid, in terms of absolute numbers, we have a 2-wheeler portfolio, so the numbers are looking slightly large. We have around 12% of our customer base who've

not yet -- who've not paid in the last three months, but out of which we have around -- like we have around 30% of our customers -- 35% of our customers who availed the moratorium. So I don't expect a huge challenge in this, probably in the next 15, 20 days, one month, I'm sure we'll be able to collect the EMIs from them. We don't have a second phase of moratorium, so I think we'll be able to convince them to pay the EMIs.

Q - Dhaval Gada

Sir, this 12% by volume will be value wise what -- how much? Value wise?

A - K. Senthil Kumar

This -- yes, value-wise, it will come to something around INR 200 crores. Yes.

Q - Dhaval Gada

Okay. Okay. Got it. Got it. Yes. And this housing -- yes.

A - Jeevandas Narayan

Yes. Should I answer for the housing part, sir?

A - V P. Nandakumar

Yes. Please.

A - Jeevandas Narayan

See, there are three things you asked. First one was about, I think, the not collected three months stuff, which we are actually separately tracking as well. So in fact, at the beginning of the month around, it was 18.5%. And through constant tracking, this has come down to 11% as of now, okay? In terms of -- that means in terms of value, we've collected around 36% and in terms of number of customers, around 40%. That is as far as the pool where three months EMI could not be collected.

Secondly, you mentioned about the return to normalcy. Now I would look at it in two ways. One is, of course, as far as the income generation is concerned because SENP segment, depending on the start of the business, some localized district-wise, wherever businesses are closed on account of lockdowns and all that, those challenges will continue, and it will depend that, to a large extent on when normalcy gets restored at these places. But nevertheless, our people are moving.

And second challenge is mostly in terms of actually going and collecting because of the restrictions on movements in many places. There, what we have done is over a period of time, we have introduced some payment apps and we are trying to digitize. Because earlier, pre-COVID days, our check bounce being around 12%, 13%, 87% of the people used to be collected to match clearances or checks.

But now it has come down on account of this. That's why the collection efficiency needs to be improved in terms of either digitization or movement. So on the ground, because already we have -- last month, we crossed 77%, we expect to do 85%. Going forward, I think it will only be further improvement from these points.

A - Bindu A.L

See on the borrowing profile, up to Q3 of last year, our liability tenure was around to 260, 270 days. Q4 of last year, we did a lot of fundraise, long-term fundraise. That has helped us in improving the liabilities. So as on 30 June, it is at 452 days and as on 31 March, it was 448 days. So from 23 percentage of CP level, we have come down to 9 percentage CP.

So the borrowing costs, Q3, we were at 9.12%, and there was an increase of 34 basis points in Q4 and during the quarter, it has come down by 7 basis points.

Q - Dhaval Gada

Understood. Thank you ma'am. And all the best.

A - Bindu A.L  
Thank you.

Operator  
(Operator Instructions) The next question is from the line of Jiten Doshi from ENAM Asset Management. Please go ahead.

Q - Jiten Doshi  
Good evening, sir and congratulations on putting up good results in a very challenging environment. My question pertains to a little bit in the medium-to-long term, what do you think is the sustainable growth rate? And what are your thought processes after this witnessing this behavior of your clients, how are you looking at remodeling the business across all your segments?

A - V P. Nandakumar  
See, in the medium- to long-term growth expectation is around a CAGR of 20%. That's the expectation on a consolidated portfolio. But this year, yes, I don't expect more than 10%, 12%. Because I feel, yes, gold loan, we may grow by 10%, 12%, but that will be the growth. The growth will be mostly from gold loan. The other segments, even though the disbursals of loan could have already started, it will be very slow. There will be a decline in the portfolio because of the recovery. So on a sustainable basis, on a medium-to-long term, this is what we were able to achieve also. And achieving normalcy, we hope that we'll be able to maintain the growth rate of 20%.

Q - Jiten Doshi  
And this is my second question pertains to --

A - V P. Nandakumar  
With regard to modeling, yes, see, modeling also, yes, I hope towards the end of this year, around, say, yes, 78% to 80% will be gold loan in the consolidated portfolio. That is what I hope, yes, judging from the current growth plan. This is my expectation. But -- yes, but the situation is back to normal, yes, the other segments also will grow healthy. So our overall objective of diversifying the portfolio, there may not be much change. That means around 20% of the consol in the long term could be against mortgages, which includes home loans. So all micro credit only in the sense that even our focus is more on micro housing.

Q - Jiten Doshi  
Sure. And sir, one of the things we are seeing and witnessing --

Operator  
Mr.Doshi, sorry to interrupt you, this the operator, may we request that you return to the question queue?

Q - Jiten Doshi  
Sir, my first question has not been answered. I'm still on the first one. So where is the question of returning to the call my dear?

A - V P. Nandakumar  
Yes. So the second part would be -- is a major part of 15% will be secured against vehicles, et cetera, et cetera. So major part of the portfolio will be secured in the nongold also. So at the consolidated level, the unsecured microfinance portfolio will not be growing more than 15%.

Q - Jiten Doshi  
Sure. Okay. Thank you, sir. Wishing you all the best and thank you.

Operator

Thank you. The next question is from the line of Shubham Agarwal from Morgan Stanley. Please go ahead.

Q - Shubham Agarwal

Thank you for taking my question. I had two quick questions. A, could you tell us about the progression of the ex-gold moratorium part in different -- broken down by categories, though? What microfinance was like in April? And how it progressed? What vehicle finance was like, and so on? And this B, you mentioned that your operating expense, as a percentage of assets, has come down. I guess there was no operating leverage in this quarter because some branches must not be functional. So could you please break that down for us? And just give us your more medium-term outlook on where you see this number trending? Thank you.

A - V P. Nandakumar

Yes. Okay. So yes, Mr.Raja? Microfinance.

A - Raja Vaidhyanathan

Yes. So on microfinance, we had already explained this last. On the moratorium, the moratorium is coming down drastically from a level of 95%, 98%. Now we are down to about 20%, 25%. And we feel once the August is over, even though this is not going to be there. So it is clearly on a declining trend and in line with our expectations.

A - Bindu A.L

Yes. And in terms of vehicle finance, as I said earlier, we have around 37% of our portfolio customers are opted for moratorium in the first phase. It's -- we don't have any customers as of now who has opted for moratorium. We've been convincing customers to pay up the EMIs.

Q - Shubham Agarwal

So which means 6% that is really is almost all microfinance.

A - V P. Nandakumar

Yes. HOC, HOC. Mr.Jeevandas?

A - Jeevandas Narayan

Yes, sir. See, as far the moratorium is concerned, as I mentioned earlier, the 32.83% was the moratorium book. And in fact, as I mentioned, all these customers are not those who have opted for 3-month moratorium. There are some in this category who have opted for two months, some for three months. In fact, a very small portion of this only opted for three months. And in June, we had to -- we had extended to another 5% customers moratorium. So in this also, the collections have started happening now. And going forward, we believe this will only improve with the more relaxations and the COVID scenario trying to create a new normal and things like that happening and things --normalcy returning (inaudible) in various centers, the collections in these accounts will only improve going forward.

A - V P. Nandakumar

Yes. Regarding OpEx to AUM, it has come down from 6.8% in Q4 to, yes, 5.4% in Q1 FY '21. The major attributes are there was reduction -- we got some waivers in the rental in many cases. And also, the employee cost also was less -- was lower during this lockdown period. So about the sustainability at this level, we are expecting growth in gold loan. So then because of this online gold loan, there are no - there is no additional manpower requirement at the gold loan branches. With more growth in the AUM, I think it will come down from 6.8% in Q4. Towards the end of this year, I believe that it will stabilize somewhere around 6%.

Q - Shubham Agarwal

Thank you.

Operator

Thank you. The next question is from the line of Alpesh Mehta from Motilal Oswal. Please go ahead.

Q - Alpesh Mehta

Hi, good evening. And congrats for the good set of numbers. First question is, as far as your collection efficiency is concerned, how do you define that as a numerator and denominator? It's just a month billing or the collection for the previous months are also included into the --

A - V P. Nandakumar

So what we have told about 70% and 85% collection, et cetera, is on the entire portfolio, which including portfolio under moratorium or NPA, everything.

Q - Alpesh Mehta

Yes. I get that point. It's just that assuming for the June month, you had INR 100 to be collected from a June month billing perspective, but in the numerator, do you also include the payments received for the April and May month as well for calculating the percentages?

A - V P. Nandakumar

No. You want the separate monthly billing collection and the arrear collection, is what you intend to ask?

Q - Alpesh Mehta

Yes, yes. Basically, my point was, are the arrear collections also included while reporting the collections?

A - V P. Nandakumar

Yes. Month-on-month, I can tell you. April, yes, in home finance, it was -- the billing collection during the month was 48%. And yes, total -- and with overdue collection, it was 49%. Yes. And May, it was -- billing collection during the month of May was 56%. And another 4% was against overdue. So the total comes to around 60%. So June billing collection was 70%. And yes, against overdue, it was 6%, totally, 76%. And Q1 against billing, that collection during the three months of billing, it was 58% and 4% was arrear collection, overdue collection, and total collection is 62%. In the month of May, there's two dates, yes, the collection is 70% against the monthly billing in July, July. And the overdue is 3%. So 73% of which, during the last few days, we hope it will touch the overall 80% to 85% -- around 85%. That's the thing.

Against -- yes, CV, the details are like this. Yes. Against the billing election, April, 33%, and the overdue collection was 3%. So the total was 36%. May, 44% was the billing collection for May and overdue was 10%, around total 54%. In June, it was 63% billing collection and 9% overdue, it is 72%. So total quarter, 46% is the billing collection, then 7% is the overdue, total 53%. Up to 26th of July, it is, yes, 53% is the billing collection. And 11% is the arrear collection, amounting a percentage of 64%. We expect that to come to around nearly the 80% -- 80% to 85% in the last two days, around 85%. That's the rate. So this is the collection.

Q - Alpesh Mehta

And if you can also throw light on the MSI book in terms of collection.

A - V P. Nandakumar

Yes. MFI, also, I can tell you, is -- against billing in April, the collections -- so yes, there was only 2.32% against overdue. May collection also, it was 17%, which includes billing plus overdue. And in June, against billing, it was 44% and against overdue, it was 4%. So it is 48%. And Q1 total because most of the portfolio is under moratorium, so Q1 the total -- against the billing, we have collected 15% and arrear collection, another 8% totaling to around 23%. July scenario 50% is a billing collection and yes, so far overdue collection is

5.8%. So it is improving, too, and we hope it would touch around 70%. This is the billing plus overdue collection scenario.

Q - Alpesh Mehta  
And last question.

Operator  
This is the operator maybe request that you return to the question queue for follow-up questions, we have participants waiting for their turn.

Q - Alpesh Mehta  
Okay, no problem.

Operator  
Thank you. The next question is from the line of Abhishek Murarka from IIFL. Please go ahead.

Q - Abhishek Murarka  
Hi, so good evening. Thank you for taking my question. So sir to updates on each of the two sectors gold loan and NFI sewing go Lon. Do you see a lot of progression from let's say banks and , they're in deep seas in your in your area of operation? That was the reason for the (technical difficulty).

Operator  
Sorry to interrupt you Mr.Murarka, your line -- the audios breaking, sir, from your line.

A - V P. Nandakumar  
So can I answer?

Q - Abhishek Murarka  
Yes.

A - V P. Nandakumar  
Yeah, Gold loan, I don't see any aggression from the peers as well as the banks. I don't see that. But I see a slowness in the demand. Because the sectors we are catering to, like, requirement for education during the academic seasons, then, yes, and other -- used for other festivals, et cetera, et cetera as the demand -- the overall demand has come down and around 10% of our branches are -- still have not started full functioning. That slackness is there. Otherwise, there is no -- I don't see any aggression.

Q - Abhishek Murarka  
Are you seeing your competitors disbursing a lot or acquiring new customers? Or generally, they are also following the same strategy of disbursing to their own customers? If you could share some light on -- shed some light on that?

(Multiple Speakers)

A - Jeevandas Narayan  
Yes. On MFI, I will tell you. Okay, sir. You want to answer it --

A - V P. Nandakumar  
It is similar in gold loan. I don't see aggression. See, when you look at the portfolio growth, you should also look at the ENB. We have maintained there our NPA in gold loan it around half a result.

Q - Abhishek Murarka  
Right.

A - V P. Nandakumar  
Yeah, which you should appreciate.

Q - Abhishek Murarka  
Of course. And sir, on MFI?

A - Raja Vaidhyanathan  
So on MFI, most of the competition is following the same -- more of the same pattern. But there are some MFIs who are giving what are called this emergency loans and top-up loans more for adjusting the interest, moratorium interest and the EMIs. And Asirvad has never done that earlier, and we don't do that. We are just giving the loans -- direct loans to our own customers. INR 100 crores of the total disbursement in the sector last month in the whole of June. So it is a -- I think, which means that nobody is really disbursing. Only now, I think this quarter, the July and August, we have started, the larger MFIs have started, and we are already cautiously doing this.

Q - Abhishek Murarka  
This INR100 cores is what, sir? INR100 cores for who?

A - Raja Vaidhyanathan  
Total disbursement by all the MFIs put together was the -- total disbursement was in June.

Q - Abhishek Murarka  
In which market?

A - Raja Vaidhyanathan  
All India market.

Q - Abhishek Murarka  
This is all India. Okay. Okay. So that's just INR 100 crores.

A - Raja Vaidhyanathan  
Yes, yes. Very less. Which is not the original loan, which is more as a top-up loans and emergency loans and so forth.

Q - Abhishek Murarka  
Got it. Thank you, sir. All the best.

Operator  
Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to Miss Shweta Daptardar for closing comments.

A - Shweta Daptardar  
Thank you, Faizan. On behalf of Prabhudas Lilladher, I thank Manappuram Finance management for the opportunity. Thank you all.

A - V P. Nandakumar  
Thank you.

A - Raja Vaidhyanathan  
Thank you.

A - K. Senthil Kumar  
Thank you. Thanks a lot.



Operator

Thank you. On behalf of Prabhudas Lilladher Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.