



“Manappuram Finance Limited Q2 FY19 Earnings Conference Call”

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**MODERATOR: MR. PRADEEP AGARWAL – PHILLIPCAPITAL (INDIA)
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Moderator: Good day, ladies and gentlemen and very warm welcome to the Manappuram Finance Limited Q2 FY19 Earnings Conference Call, hosted by PhillipCapital (India) Private Limited. 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. I now hand the conference over to Mr. Pradeep Agarwal from PhillipCapital. Thank you and over to you sir.

Pradeep Agarwal: Good evening, everyone and welcome to the Q2 FY19 earnings call for Manappuram Finance. To discuss the results, we have with us Mr. Nandakumar – M.D. & CEO; Ms. Bindu -- EVP Finance and other members from the senior management team.

I would now like to hand over the call to Mr. Nandakumar for his opening remarks. Over to you, sir.

V.P. Nandakumar: Thank you, Mr. Pradeep and ladies and gentlemen. Welcome to Manappuram’s Q2FY19 conference call. I am grateful to all of you for joining us today to discuss our results. We are pleased to announce that our second quarter performance represents further improvement over our Q1 results. The details of financial performance will be covered shortly by our EVP Finance, Mrs. Bindu.

Let me go through a few highlights of our performance. In our last con-call in August, to discuss the Q1 results, I had mentioned that growth was picking up pace aided by a normal monsoon and the rural economy getting back on track. That has largely been maintained, although the monsoon trends turned out somewhat below par. Our consolidated AUM stands at about Rs.17,190 crores, it means we have registered YoY consolidated AUM growth of over 25% with QoQ growth at 3.4%. We have also reported a steady growth in gold loan book, which nearly Rs.12,600 crores has grown by 1% QoQ and 17% YoY. Growth in gold loan portfolio for full year was backed by good growth in gold holdings which has increased by 2.1% QoQ and 12.7% YoY. Our total gold holding now stands at 67.4 tons, the highest level seen since 2012. Our consolidated PAT stands at about Rs.221 crores, up 40% YoY. Consolidated profit was given a boost by sustained turnaround of our microfinance subsidiary.

Asirvad Microfinance closed the quarter with an AUM of Rs.2,729 crores, recording an YoY growth of 39%. Asirvad also made profit after tax of Rs.29.4 crores and this was the top of the profits of Rs.28.75 crores in the preceding quarter.

The Microfinance industry in India has bounced back and the business is now stronger than ever before with a better technology focus. This year we expect a significant contribution to our profits from microfinance.

Let me also mention that our standalone profit at Rs.192.75 crores, is an increase of 12.3% QoQ and nearly 14% YoY. Rapid growth was seen in our Vehicle Loan division and Home Finance

subsidiary which closed the quarter with a combined AUM of Rs.1,265 crores, up 12% QoQ from Rs.1,124 crores earlier. Together, all our non-gold business now account for 26.7% of the consolidated AUM. In keeping with the recent trend of hardening interest rates, our average cost of borrowing increased marginally during the quarter, going up by 11 bips to 8.88%. In the preceding Q2, they have risen by 11 bps.

In other developments hardly a week past after our last concall on August 9th that many parts of Kerala were affected by heavy rainfall leading to severe floods. There were concerns in the market about the impact it would have on our business and on our asset quality. Nearly two months of past incident and today we can say that while there were some delays in collections, we have not seen any credit loss.

I may also make a mention of the current market concerns about NBFCs and their asset/liability management. How are we placed in this regard? Well, our predominant focus is on gold loans which accounts for 73% of our total loan book. In this business, the average loan gets repaid within 60-days. Microfinance accounts for about 16% of our book and here our experience is that average loan is repaid within 18-months. If nearly 90% of our book being short-term loans, there can be no cause for concern about asset/liability mismatches in our business.

Finally, to conclude, I would say that if our Q1 performance have given us a good base, our Q2 results have built further on that base. We remain on course to achieve good growth and profitability for the year. Thank you and now for a more detail report about the numbers it is over to our EVP -- Bindu.

Bindu A.L.:

Thank you, sir. For the quarter ended September 2018, our consolidated AUM stood at Rs.17,191 crores, an increase of 3.4% QoQ and 25.3% YoY. Our total consolidated income from operations was Rs.1,014 crores, an increase of 8.4% QoQ and 21.9% YoY. The consolidated profit after tax after minority interest was Rs.221.4 crores compared with Rs.198.8 crores for Q1 FY19, an increase of 11.4% QoQ and 40% YoY. The standalone profit stood at Rs.192.75 crores compared with Rs.171.6 crores, which was up by 12% QoQ and 13.9% YoY. Our gold holdings was 67.4 tons as at the quarter end, the holding is up by 2.1% QoQ and up by 12.7% YoY. Our total number of gold loan customers stood at 24 lakhs. The gold loan book stands at Rs.12,593 crores which is up by 1% QoQ and up by 17% YoY. Auctions during the quarter was Rs.104 crores. As you are aware, we follow the policy of making regular auctions on overdue accounts. Our weighted average LTV stands at Rs.1,869 or 66% of current gold price. Our interest accrued was Rs.360.9 crores, that is 2.9% of the gold loan AUM and our gold loan disbursements during the quarter were Rs.18,337 crores compared to Rs.23,119 crores in Q1 FY19. The online gold loan book accounted for 36% of the total gold loan book compared to 37% in Q1 FY19.

Asirvad Microfinance had a closing AUM of Rs.2,729 crores, an increase of 11.9% QoQ and 38.9% YoY. For Q2 FY19, the company made a profit of Rs.29.4 crores compared to Rs.28.75 crores reported in Q1 FY19. The company made a provision of Rs.2.22 crores in Q2FY19 for doubtful loans. In IND AS transition, we have provided 100% provision for loans due over 90-

days. We have provided Rs.27.5 crores excess provision as compared to RBI prudential norms. 100% of disbursements were made in a non-cash manner. Asirvad had 15.82 lakhs customers, 893 branches, 4,615 employees. We are now present in 22 states and union territories. It is now the sixth largest NBFC MFI in the country. The company has a capital adequacy ratio of 19.08%. The Home Loan business had a total loan book of Rs.447.8 crores, which is up by 10.2% QoQ. It now operates from 35 branches. The Vehicles book stood at Rs.817.2 crores, which is up 13.6% QoQ and operate from 145 locations. The new businesses now account for more than 26.7% of consolidated AUM. Consolidated financing cost was Rs.317.32 crores and our average cost of borrowing during the quarter increased by 11 basis points to 8.88%. Our employee cost increased by 4.4% QoQ to Rs.177.29 crores. Our total consolidated headcount which now stood at 25,104, an increase of 1.6% QoQ. There is a 5.9% QoQ increase of administrative cost to Rs.147.9 crores. Depreciation cost increased to Rs.18.84 crores, an increase of 1.8% QoQ. The overall number of gold loan branches were at 3,330. Provisions and write-offs for the standalone entity during the quarter were Rs.10.98 crores. Our gross NPA was 0.67% for quarter ended Q2 FY2019. Loss of assets due to thefts, spurious gold, etc., only amounts to 0.4% of our AUM.

We continue to provide basis RBI prudential norms for the gold loan which are higher than IND AS requirements. The company's consolidated net worth stood at Rs.4,143 crores as on 30th September, 2018. The book value per share stood at Rs.49.16. The board has declared an interim dividend of 55 paise for the quarter. The capital adequacy as at the end of 30th September 2018 was 25.97%. The total consolidated borrowing stood at Rs.14,035 crores as on 30th September, 2018.

Now the floor is open for questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Manan Patel from Equirus Portfolio Management. Please go ahead.

Viraj: Hi, sir, this is Viraj here. Sir, just had a couple of questions. On the Gold loan, in the presentation, there is written that we have given some schemes which we have taken out and that is why our yields have improved by 80 basis points QoQ. Can you tell us what these interest waiver schemes were and now going forward will the yield remain at these levels considering that the competition has adopted far more aggressive interest rate pricing strategy?

V.P. Nandakumar: Gold loan, through some schemes we are offering some discounts. While discounts are continued in some of the schemes, some of the schemes there were some aggressive discounts, these were discontinued. That is the reason and we do not want to bring that back again. So, we understand that it is not going to affect our marketing. In an environment where the borrowing cost is increasing I feel like our action was timely.

Viraj: Sir, just you had highlighted that we have increased our marketing expenses. What would be the tune of that number?

- V.P. Nandakumar:** That will remain around Rs.5 to 6 crores per month.
- Viraj:** For the provisioning in Asirvad, in Kerala, have we taken RBI dispensation for lower provisioning this quarter?
- V.P. Nandakumar:** We have not taken any RBI dispensation of lower provisioning. We continue with our existing policy.
- Moderator:** Thank you. The next question is from the line of Nikhil Daga from Motilal Oswal. Please go ahead.
- Nikhil Daga:** My question is if you can throw some light on the acquisition of ISFC?
- V.P. Nandakumar:** Initially, RBI did not give the approval for the takeover, but we have represented to the RBI, we believe the outcome will be positive.
- Nikhil Daga:** Any timeline they have suggested or what is that?
- V.P. Nandakumar:** It is with the regulator, so we cannot fix any timeline, but we hope that we will hear from the regulator in another one month.
- Moderator:** Thank you. The next question is from the line of Sagar Shah from KSA Securities. Please go ahead.
- Sagar Shah:** So, my first question sir was actually I wanted to know that from our different businesses, you say vehicle finance, housing finance and micro finance, something like collective AUM, how much is it from Kerala sir?
- Bindu A.L.:** Rs.200 crores Microfinance, then Rs.30 crores Vehicle Finance and Rs.20 crores Housing Finance.
- V.P. Nandakumar:** It is below 6% and as I mentioned that portfolio, we do not expect any credit loss, only slight delay in repayment, that is not all, we have not taken the RBI dispensation.
- Sagar Shah:** So, you are not expecting any credit loss basically from either of the three subsidiaries you are saying?
- V.P. Nandakumar:** Absolutely.
- Sagar Shah:** My second question would be something from our borrowings actually. How much percentage in this year actually are our CPs actually maturing and what will be the amount?
- V.P. Nandakumar:** Out of consolidated total borrowing, 20% is from NCDs, out of that, more than 50% is from institutions which are medium to long-term and 10% from retail NCD, balance 55% is from the

banks and 25% of the CP, that is the distribution. Gold loan our tenure is only three months, out of that actually because of the premature closure, etc., the average life stands around 60-days. That is the tenure and we have very high capital adequacy of around 26%. So, as we are able to showcase that to the lenders they are happy in renewing that. So, far all CPs mature have been renewed. All bank finance contracts are terminated, have been renewed. So, we have not faced difficulty in getting the renewal so far.

- Sagar Shah:** But how much percentage of the CPs are maturing, any idea in this financial year?
- Bindu A.L.:** Average tenure of CPs were 60 to 90-days only, so the entire CP will be maturing in the financial year.
- V.P. Nandakumar:** Whatever is matured have been renewed.
- Sagar Shah:** That has already been renewed.
- V.P. Nandakumar:** Yes.
- Moderator:** Thank you. The next question is from the line of Digant Haria from Antique Stock Broking. Please go ahead.
- Digant Haria:** Just wanted to check on this gold loan growth. So, when we started the year, we were a little more optimistic on the gold loan growth but between Q1 and Q2, growth momentum seems to have slowed down a little bit. Because I understand Kerala floods would not have impacted pan India gold loan. So, what do you see on gold loans and the outlook for say the next six, nine months because other form of loans will become difficult to get, so maybe gold loans should be a beneficiary of the overall tightness which is there in the market?
- V.P. Nandakumar:** The gold loan growth between Q1 and Q2, the collateral growth was better, but because of the lower price of the commodities of gold, the AUM has grown slower than the actual growth of the commodity. So, if we take the commodity growth, we will be able to achieve a growth of around 10% to 12% during the current year. That is our expectation of gold loan growth overall. So, in the current situation when other loans are slowed down by the lenders, the prospects for gold loan should have been better, but so far we have not seen that.
- Digant Haria:** In terms of this microfinance loans, are we seeing a little bit of slowdown from the banks in terms of microfinance or are we exploring securitization as a route for especially our micro finance portfolio because as we understand that microfinance companies across India they are experiencing some bit of difficulty in terms of additional bank lines?
- Raja Vaidyanathan:** There are three types of microfinance companies, the large one with greater than 1000 crores, and the medium one of 500 to 1000 crores and small microfinance companies, so only the small and the medium microfinance companies are under pressure and not the large one. Most of the large ones have lot of sanctions on hand and undrawn sanctions and Asirvad in particular we

have about Rs.400 crores of sanction limit yet to be drawn. As we said securitization is also a route which we will take as and when the portfolio gets even. There is pressure in interest rate, but that is a pass through anyway for microfinance, but not on the quantum of fund.

Digant Haria: Have we taken any interest rate hike because I think the borrowing cost surely have the increased?

Raja Vaidyanathan: Yes, in the last 30 days there is about 25 bp or 50 bp increase, but that is managed because we operate on margin cap basis, cost plus 10%.

Digant Haria: So, we have not increased our end lending rates in the microfinance?

Raja Vaidyanathan: We have not done so far, but again we have not completely drawn on the increased rate and that as a percentage total borrowing is very-very less.

Moderator: Next question is from the line Jaiprakash Toshniwal from India First Life Insurance. Please go ahead.

Jaiprakash Toshniwal: Just want to ask two questions: One is we have other loan book which is Rs.603 crores and large part of I believe it is for smaller NBFCs. Can you share some more detail on this, are we seeing any issues out here?

V.P. Nandakumar: Yes, we have lending book of nearly Rs.560 crores now, so this lending to companies, out of that around 20% is to microfinance companies, the balance to commercial vehicle finance companies and some to SME finance companies. So, this is the distribution. So, our microfinance companies they have the regular collections coming and commercial vehicle finance companies also are coming. So, far, they have not reported any problem in their ALM, some of these companies have to slow down their disbursals, but I think they are comfortable to manage their ALM.

Jaiprakash Toshniwal: On the Asirvad Finance business, the overall borrowing of Rs.2,344 crores can we get a breakup in terms of banks and how much we are financing that and how much is from CP out there?

Raja Vaidyanathan: In Asirvad as of 30th September we do not have any CP, banks are 30%, NBFCs are about 16% and securitization is about 10%. We have got NCDs from the areas of finance and other things about 30%. We do not have any CP.

Jaiprakash Toshniwal: How much would be from Manappuram?

Raja Vaidyanathan: We have no borrowing from Manappuram.

Moderator: Thank you. The next question is from the line of Venkat Subramanian from Organic Capital. Please go ahead.

Venkat Subramanian: I have two questions: the technology portion of your business which is probably becoming very critical now because I heard you say almost about 35-40% of our disbursements are online and also analytics going forward will start playing a large role given actually the increased levels of disbursement. How large is our technology team and what is our level of investment in technology?

V.P. Nandakumar: Our technology consists of our team and we also outsource these two other companies. In gold loan, our technology is developed in-house and in other areas like commercial vehicles, etc., etc, these are some nucleus finone. Microfinance, other platform which they use which is in advanced platform. Analytics also we use some of these platform. So, our IT infrastructure is managed by IBM, so the total cost is around Rs.40 crores at a group level.

Venkat Subramanian: Would you say for the level of operation that we currently run, that would probably going forward look little insufficient sir?

V.P. Nandakumar: Commensurate with our growth diversification, we make sure that we are operating on a platform which is adequate. So, I think at a percentage level, it could be maintained at this level. So, we are growing, so commensurate with that there will be some increase in that amount, which has not been quantified.

Venkat Subramanian: My second question sir is regarding MFI. As an industry veteran, what would be your own take on where microfinance currently is because different industry players have different levels of growth and we are probably slightly higher in the median and we are fairly new. So, given that are you worried and what in your opinion is state of micro finance business in India?

V.P. Nandakumar: Our microfinance company is the sixth largest microfinance company in the country. Currently, our portfolio is over Rs.2900 crores. So, one big risk in this business is the geopolitical. So, ever since we invested in Asirvad Microfinance, we have made sure that the geographical concentration is reduced. At that point of time the company was small, the AUM was below Rs.300 crores and it had a concentration of over 80% in Tamil Nadu. The company's operations are distributed across 21-states in the country and this is going on expanding to other states also. So, the Tamil Nadu portfolio has come down to below 30% now and by the year end it is our target to bring it to around 25%. So, in other states it is around 10% or below. Also, the demonetization is one of the very rare issues which has had its shadow and we have lost some amount. So, going forward we are managing our geopolitical risk and also the customers are also getting more and more educated with the more and more awareness about the other impacts on if they default like their chances of getting another loan becomes difficult, more and more information about credit bureaus, etc., The customer again defaulting is coming down. So, I believe that in the Microfinance business with the distribution across the country and also concentration risk is reduced and the customer getting educated more and more with transparency, with greater operational efficiency and technology in place, the risk in Microfinance business is coming down.

Venkat Subramanian: We set out a couple of years ago wanting our non-gold finance business to constitute something close to about 25% of our overall book, we are almost there now. So, going forward, what is your vision... where do you want gold loan to be in overall loan book?

V.P. Nandakumar: In the next 10-years, we want that to be 50% of gold loan and 50% of other businesses, so we are on the track.

Moderator: Thank you. Next question is from the line of Pranav Tendulkar from Rare Enterprises. Please go ahead.

Pranav Tendulkar: I have three questions: Mr. Nandakumar, what is your vision in terms of where could we gather more juice from the existing customers or the extensive branch network that we have in terms of gathering risk-free income like health insurance or life insurance or vehicle insurance that we are seeing or any other products like mutual fund, etc., because you have branches more than actually Axis Bank branches throughout India, I understand that there is a difference between the customer profile but still there are so many customers and those customers might have the lowest financial product penetration? Second is that I understand you are geographically well diversified in micro finance book. But next year is going to be our central election and then there is no geographical diversification can help you. if every political party says, I am going to give farmer loan waiver. So, why not pedal down and lower the acceleration of this book for time being and again accelerated after the central government elections are over in next year? Third question is what are our thoughts of cross-selling to our existing loan customers other loans, so I am saying you are distinctly using gold loan branches to sell vehicle loans, that I understand but there are many other loans and many other demand that a customer undergoes through his lifecycle of value migration, so can you just highlight your thoughts and investments and teams that you are building to tap into this demand?

V.P. Nandakumar: About gold loan, now we are slowly moving to a branchless model also through using technology. Now, we have a product called Online Gold Loan or OGL where the customer can park in his gold in any of our branches even if a customer from a distant place can park his gold like parking in a locker of the bank and he may not pay any locker charges. He gets a drawing power based on the LTV. The customers need not avail the LTV then, he can avail even as lower amount, but after that from anywhere in the world 24x7 he can avail the loan and service the loan through his bank account and withdraw the money wherever necessary through his ATM using his debit card. So, his debit card in fact we are converting that as a credit card, effectively a credit card. So, this is expected to attract a new set of borrowers. It is becoming a lifestyle product now. So, we are hopeful that this will attract more and more customers for the gold loan. The second is about the fee-based product. We are into insurance distribution. We have insurance broking subsidiary and we get in income of over Rs.10 crores now. But with more branches and customers and new products we are very confident of scaling that business. We may enter into distribution of other products also so that our fee-based income also grows. So, regarding MFI business, election year there will be promises. Now the political parties also realize the futility of such promises. So, now Microfinance business itself is very large. The

political parties cannot irresponsibly resort to those things. In the election year even the customers understand. MFI loans are not included in the waiver. MFI loans are only the loans granted by bank, not by NBFCs. Now the customer understands and the customer understands the need for the prompt repayment also which will help him in his cash flow, so the risk is coming down. We do not intend to slow down the disbursal on account of the next year being the election year. We plan to continue with our sales pace and we are confident that even in remote areas this can crop in, but it will not affect overall business. Regarding cross-selling, we have nearly live customer base of around 4.5 million now both in our gold loan as well as microfinance. We plan to cross-sell the related products. In our two wheeler business we are able to cross-sell, in vehicle finance also we are able to cross-sell, in our housing finance is an affordable housing, we are able to cross-sell to our customers these products. Going forward also we will come out with some products like Micro SME, etc., which are of secure nature, secured against the lender property of the Micro SME customers. So, we will take all the opportunity to cross-sell so that it has got positive impact on our profitability.

Pranav Tendulkar: So, could you start sharing some data regarding that in the presentation like how many branches are selling which insurance product or what is the split of other income and can you track it internally at least so that it becomes very effective because I see a huge opportunity there?

V.P. Nandakumar: In future presentations, we will present that also.

Moderator: The next question is from the line of Meghna Luthra from Daiwa Capital. Please go ahead.

Meghna Luthra: What is the disbursement number for the quarter?

V.P. Nandakumar: Rs.18,337 crores.

Moderator: Thank you. The next question is from the line of Aditya Yadav from Transient Capital. Please go ahead.

Aditya Yadav: Sir, although I understand you are very well placed from the ALM match perspective, but I was just wondering going forward let us say 12 months forward or so, do you see a shift in the funding profile from CP towards more of bank borrowing of course it is a short, so do you see any change over there or would you like to maintain CPs as one-fourth of your borrowing side?

V.P. Nandakumar: Our ALM mismatch is positive, you understood and the lenders also understood our positive cash flow. So, we do not face problem in maintaining this liability profile, so it will be continued.

Aditya Yadav: Secondly, if we see average AUM per branch on the gold finance side, our numbers on an average have been a bit lower than the competition that is what my understanding has been, so what will be the reasons for the same?

V.P. Nandakumar: It is because of the historical effect, the competition are for a longer time.

- Aditya Yadav:** We have a relatively newer branch network, is that sir?
- V.P. Nandakumar:** Yes, the yield on the portfolio is better.
- Aditya Yadav:** So, for the 10-15% kind of gold loan growth we are seeing, we are not looking to add much more branches in coming one year or two years let us say?
- V.P. Nandakumar:** May be we add some 100 branches in a year.
- Aditya Yadav:** Mature branch, what would be AUM look like?
- V.P. Nandakumar:** Yes, for us there is no mature branch. The reason is even if the gold loan is somewhat matured, we have come out with other products like vehicle loan, two wheeler loans, affordable housing, etc., where the potential is still open.
- Aditya Yadav:** Sir, at what AUM level do we see the operating cost breakeven at a branch level or that sort of idea if you can give?
- V.P. Nandakumar:** We will bring it down to 5% over a period of time.
- Aditya Yadav:** I meant at a branch level, at what absolute AUM level let us say Rs.2 crores or Rs.3 crores what level do you see breakeven?
- V.P. Nandakumar:** The breakeven level will be around Rs.1.5 crores.
- Moderator:** Thank you. The next question is from the line of Manvardhan from lauren Advisory. Please go ahead.
- Manvardhan:** My first question is pertaining to Asirvad. So, what is the proportion of loans in Asirvad which is secured because I believe post demonetization, once there was a challenge faced by the industry. So, has the management taken approach that they were moving towards secured loan in Asirvad, so at the present stage what part of the AUM of Asirvad is a secured lending book?
- S.V. Raja Vaidyanathan:** We are still predominantly only a microfinance company. We are all looking at moving towards secured lending, but all NBFC, MFIs have a leeway of only 15% unqualified asset, qualified asset as the microfinance loans which are unsecured and unqualified asset of 15%, this can be in any other line of business. So, we have done our preliminary loans in Tamil Nadu and we want to move across India in the coming year. So, on launched basis across the India when we will also have a large Rs.500 crores of SME portfolio in about 18 months to 24 months.
- Manvardhan:** So, that would be approximately 25% of your book?

S.V. Raja Vaidyanathan: No, it will be much lesser because I said we cannot exceed 15% itself, then we will not be a microfinance company, we have to hive off to another company, so it has to be within this, if we are Rs.5,000 crores, we can do Rs.750 crores maximum.

Manvardhan: The sort of the metric that I was kind of referring to was even on the microfinance side, sort of there was a transition towards secured microfinance?

S.V. Raja Vaidyanathan: No, once it is secured, it is not called microfinance by RBI.

Manvardhan: My second question was with regards to ongoing NCD issue. What is the traction that the management is seeing and what has the response been like?

V.P. Nandakumar: The response has been average, we are able to mobilize an amount somewhere near the issue size now so far. So, we do not have any problem in successfully selling the issue.

Moderator: Next question is from the line of Kaushik Ravichandran, an individual investor. Please go ahead.

Kaushik Ravichandran: Actually I have two questions: One is like what will be the borrowing cost are you expecting going forward for say like one year? My second question is security cost, actually this Rs.35 crores, how it will be going forward for next one or two quarters?

V.P. Nandakumar: The borrowing cost is currently at 8.88%. I hope in the coming months the pressure will get reduced. So, even then we are expecting that to go by another 60 to 70 basis points more, that is our expectation. The reason is because of our positive ALM, we are able to get our borrowing renewed without much escalation cost. The security cost is coming down with our new storage system and electronic security in place, it is coming down by Rs.5 crores QoQ, the physical securities are reduced, etc., So, we are expecting that to come down by Rs.5 crores QoQ and it may be stabilized around Rs.75 crores which has gone up to Rs.140 crores, it will come down to Rs.75 crores during the next three to four quarters.

Kaushik Ravichandran: Sir, my next question will be like are you planning to list this microfinance business separately from Manappuram Finance?

V.P. Nandakumar: We have not fixed any timeline, at appropriate time, we may resort to do that.

Moderator: As there are no further questions, I now hand the conference over to Mr. Pradeep Agarwal for closing comments.

Pradeep Agarwal: Thanks Ali. On behalf of PhillipCapital I would like to thank Mr. Nandakumar and the entire senior management team of Manappuram Finance and thank all the participants for joining us on the call today. Thank you and Wish You All A Very Happy Diwali.

V.P. Nandakumar: Thank you.



*Manappuram Finance Limited
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Moderator: Ladies and gentlemen, on behalf of PhillipCapital that concludes today's conference call today.
Thank you for joining us. You may now disconnect your lines.