# Transcript

## Conference Call of Muthoot Capital

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*Presentation Session*

***Moderator:*** Good evening ladies and gentlemen. I am Jithin, moderator for the conference call today. Welcome to Muthoot Capital Q1FY18 earnings conference call. We have with us today the management from Muthoot Capital represented by Mr. Madhu Alexiouse, COO, Mr. Vinod Kumar Panicker, CFO, Mr. R. Balakrishnan, General Manager, and Mr. Bimal, General Manager, North and East Operations. At this moment, all participants are in listen-only mode. Later, we will conduct a question and answer session. At that time if you have a question, please press * and 1 on your telephone keypad. Please note, this conference is recorded. Now I would like to hand over the floor to Mr. Digant Haria of Antique Stock Broking for opening remarks. Thank you and over to you sir.

***Digant Haria:*** A very good afternoon to all of you. Thanks for taking out time. Thanks to all participants and the management from Muthoot Capital. So, without wasting much time I will hand over the floor to Mr. Vinod Panicker who will take us through the financial performance for Q1FY18 and after that Mr. Madhu will take us through the operational performance and post that we will open the floor for question and answers. So, over to you Vinod sir.

***Vinod Panicker:*** Good afternoon my friends. First of all thanks a lot for taking interest in Muthoot Capital Services and our performance. I will spend a couple of minutes just to explain the financial numbers. This was an excellent quarter for us. We continued where we left over last year and we moved into the current year with robust numbers. The overall hypothecation loans disbursed was about 341 crores. Corporate loans of about 31 crores, leading to a total of 371 crores totally versus last year, preceding quarter of 423 crores, and immediately corresponding quarter of last year when we did about 256 crores versus last year the growth was about 45%. This led to the AUM going up from about 1203 crores on the books of the company to about 1313 at the end of June 2017. The overall loan book, I might say, over a year is 1559 crores, there is a, I would say, securitization of about 245 crores. This is corresponding to the previous year when we were about 1090. So versus the previous year, the growth was about 43% in the loan book. This lead to the interest income…before I get into the income part, let me state that while we are supposed to go through a three-month norm for reclamation of NPA, we have done that in the first quarter itself as we have been doing in the last two years. Before the numbers that I talk about, especially the revenue and the provision numbers may be different from what it was in the previous quarters or what it would be in the subsequent quarters.

The total income that we reported in the current quarter was about 79.7 crores, about 80 crores, a growth of about 24% versus the corresponding quarter previous year. Corresponding quarter of previous year also was the time when we actually moved from

150 days to 120 days or five months to four months norm. The interest expenditure was about 28 crores versus about 25.2 crores in the corresponding quarter last year and 25.8 crores that we had in April or March quarter, the immediately preceding quarter. The NIM was about 51.6 crores versus about 39 crores, showing a growth of about 32%. The operating expenses have gone up in line with the income and it is at about 33 crores versus 25 crores, a growth of about 32%. Loan lock provisioning, because it is movement from 4 months to 3 months, has shown a figure of 9.2 crores because it is not only the NPAs, it is also the standard item provisioning where we moved from a 0.3% provisioning to 0.4% provisioning. So that went up to about 9.2 crores versus 7 crores was of the corresponding quarter last year and 5.3 crores that was there in the March quarter, leading to a profit after tax of about 6.1 crore versus 4.5 crores in the corresponding quarter last year, a growth of about 36%.

On the basis of these numbers, the profit looks like being 64%, but if one looks at the fact that there is a reversal of about 2 crores of income on account of NPAs being considered, the profit comes to roughly 61-1/2% versus about 64.3% in the corresponding quarter last year. The loan loss provisioning is about 2.9%, which is on account of the ROA is about 1.9%, because of the hits we have taken both at the income stage and also at the provisioning stage versus 1.5% corresponding quarter last year and earnings per share of about 4.4. This 4.4 is including the 1:10 bonus that we had given so basis that it is about 4.4 versus 3.3 in the corresponding quarter last year. I now request Madhu to take over and inform you about the operations.

***Madhu Alexiouse:*** So good afternoon to all of you and thanks for your time to join our call and to have this interaction. I would say that whatever we promised as we started this financial year, I think, we delivered in Q1. The most happy news is that in terms of our NPA, we were able to do much better than we thought we would be able to deliver. With taking a hit in Q1 itself on changing the NPA norms to 90 DPDs, May and June is the month where my fellow GMs are also there on the call, the total focus on collection really helped us to really roll back lot of NPAs below 90 DPD and that's why we are seeing a very robust NPA figures and throughout the year as we reach March '18 I think we would be able to deliver a very fantastic asset quality. Last time during the call I had said that asset quality is one very important parameter that we would chase passionately, that is the clear agenda of the organization also. While we grow the topline, to focus on asset quality, it should not dilute at any cost.

So coming to the business fees, in terms of our growth what you are seeing, the disbursement growth of almost 45%, the real dividend has started coming to us with the kind of expansion that we did last, let's say, six to eight months, the aggression that we have shown, especially in the non-South areas like North, East, and West also has shown a robust growth. The growth has really contributed to this and one of the factors that I had been telling that the focus on non-South would be on a higher side. The contribution of non-South to our business was close to 25% to 30%, which is a good figure to start with, and as we go throughout the year, this would improve. So the balancing of our portfolio is happening across the country. In terms of our network, last time I said that the network that Muthoot Fincorp Limited gives us, our flagship company, that is one of the unique thing in the industry, which we have been tapping it in a very profitable way. We have a very low cost sourcing through them. The business continued to be around in the range of around 20% to 25% on average through them, that also contributed to a quality sourcing and low cost sourcing for us. Most critical thing at this juncture, all our digitalization initiatives that we had taken, especially in the sales front is coming to a closure and by 15th of August; we would be having our end-to-end sales and disbursement process through the mobile itself. So all our counter sales executives they would be able to not only log in and take the approval through the mobile, which they are doing currently, they get approval through their mobile itself, the entire application processing would happen through the mobile, because of which we hope that we will have one of the best turnaround time at the counters, at the dealer counters, that would help us increase our logins. Every quarter we need around 1 lakh login, we are currently at around 85000 to 90000 logins on a quarterly basis, which is a good sign. So with the digital thing, once it is fully functional we will be able to improve our logins. So Q2 is a time when we would have full digitalization done and that would help us turn it around in a big way.

So overall I would say that whatever we had committed and whatever in terms of infrastructure changes, in terms of spreading out into geography, in terms of the support from our flagship company, what we said, it is happening. I think all these factors taken together; we were able to kind of deliver these numbers. I only want to tell that there would be very high focus on technology and digitalization and of course, asset quality.

Finally, in terms of market share, compared to Q1 last year, we improved our market share by 0.3% of the total sales of the two years. So Q1 generally two-wheeler sales are highest among all the four quarters and we were able to kind of improve our market share by 0.3%, that is a good thing that has happened. I think in terms of market share also, April, May, June, every month-on-month we have improved our market shares. So, as we go forward, I think, you can be rest assured that we will be one of the significant players in the market. Digant, over to you.

***Digant Haria:*** Yeah, I think, we can start the Q&A operator.

*Question and Answer Session*

***Moderator:*** Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, please press * and 1 for any questions.

Sir, we have got the first question coming from Ashutosh Garud from Reliance Wealth. Please proceed sir.

***Ashutosh Garud:*** If may be you have touched upon it in the initial remarks, but I just wanted to understand the profitability aspect, although on the topline front we are doing well, but if you can explain the higher other expenses and higher provisions for the quarter which went by.

***Vinod Panicker:*** Hi Ashutosh, Vinod here. See, whereas on the other expenses there are operating expenses (not clear) into two parts, one is the employee cost, second is the other operating costs. On the employee cost, normally first quarter is the time when we actually have increments and other things, so compared to the immediate preceding quarter, there will be an increase, #1. #2, on the other operating expenses, the increase is about 1.3 crores, which is an increase of about 4% over the preceding quarter, which is in line with the overall AUM growth and overall revenue growth. See here one thing we should understand is, when we do disbursement, so there are certain costs, which come up, sourcing and other things. So, on these, as the volume of business grows and the AUM goes up, the cost increases. That is the case, the main one is the collection expenditure where the cost goes up when the volume goes up, and therefore the collection that needs to be done, that goes up. On the provisioning part, we had mentioned at the beginning, saying that we moved from a 4 month norm for recognition of NPA to a 3-month norm. So, when the norm is more stringent, the provisioning would be higher. So this is the hit, and it is not only on the additions, it is on the entire loan book that we had to take it. The standard provisioning also went up from 0.35% to 0.4%. So that is on the entire loan book. This would be a one-time hit and going forward, even if the NPAs don't go down, the provisioning, it will be negligible. Let me put it that way.

***Ashutosh Garud:*** So, what would be the provisions run rate in the coming quarters?

***Vinod Panicker:*** Sorry?

***Ashutosh Garud:*** The provision run rate, if you see Q-on-Q, the provisions have almost like gone up substantially because of the change in number to date, so if you can share sort of how this provisioning figure would look like in the coming quarters.

***Vinod Panicker:*** Over the next three quarters, we would want the NPA numbers to go down significantly, which is what I think Madhu said in his opening speech, saying that we would want the (not clear) to have better control over collections and things like that, which would effectively mean that the delinquencies and the NPAs don't go up or actually go down. What we have in mind, if that is what happens, we don't see any major provisioning. In fact if you see over the last eight quarters, it is only in the first quarter that there is huge provisioning. After that the provisioning goes down significantly. Now, it is in the 2.9% range, normally in the next Q2, let us say if the same numbers remain, the provisioning could be at about 1, 1-1/2%, versus the 2.9% that we told you is the loan loss provision for the current quarter.

***Ashutosh Garud:*** Okay. And if you can share some light on the Q-on-Q basis, we have done a similar kind on our topline trend, but on the financial cost front? If you see, it has been marginally higher. So if you can explain that?

***Vinod Panicker:*** If you see the loan book, our AUM has gone up by more than 100 crores. The loan book has gone up by 100 crores, the average AUM has gone up by roughly about 140 odd crores. And then the finance cost has gone up by about 3 crores. So that is about 2% or less than that in the quarter. So it is, whatever growth in the finance expense will happen, will happen in line with the AUMs. While we have cut down cost, my overall finance cost has come down from 10.5% to about 10.1, there is still, there is cost for I would say lending.

***Ashutosh Garud:*** Have you come out with your investor presentation this quarter?

***Vinod Panicker:*** Sorry?

***Ashutosh Garud:*** Previously I have seen your presentations for the quarterly earnings, I am not able to locate the same for this particular quarter, so I just wanted to see the….

***Vinod Panicker:*** We will be uploading it today.

***Ashutosh Garud:*** Okay. Thank you.

***Vinod Panicker:*** Thank you Ashutosh.

***Moderator:*** Thank you sir. Sir, the next question comes from Mr. Nietik Modi from OHM Group, please proceed.

***Nietik Modi:*** Yeah, hi. Thank you for the opportunity. I have few questions, #1, as a strategy, is the focus more rural or more urban? #2 is in the non-South areas, which are our focus states where we are trying to expand, #3, who are our competitors, specifically if you can mention in the states of Gujarat and Maharashtra? Yeah, if you could answer these questions please?

***Madhu Alexiouse:*** On rural, urban, I think, we were more on the tier 3 and tier 4 cities, and this was predominantly because of the network that is the flagship company. At the same time, our customer segment that we focus is the lowest in the pyramid, that is the low income group customers. So, traditionally we were in tier 3 and tier 4 cities, but last three, four months we changed our strategy and we are now entering into tier 2 and tier 1 cities and including metros. So the metros that we have launched our business includes Bangalore, it includes Chennai; we would be in Mumbai very soon. We are already there in Delhi. So we are almost everywhere as far as metro and A cities are concerned. We are launching businesses in Jodhpur, Udaipur, Rajasthan; we are already there in Jaipur. We would be in significant part of Ahmedabad very soon, Surat and Rajkot and those areas. So, the strategy is to go everywhere across the country and I said that, in the last call if you were there, I said that today we believe in digital infrastructure rather than the physical infrastructure. Our team is able to do the business from any part because that is where we are investing in. So, I would say, that we would be balancing urban and rural, urban definitely next six months we will be there across the country. States, you specifically asked about Gujarat. So almost all competitors are there; including HDFC Capital first, Sriram City Union is there, L&T Finance is there, Hinduja Leyland Finance is there, IndusInd, everyone is there in Ahmedabad and Maharashtra. As I said that one of our key is sourcing business happens through our Fincorp branches, which is our flagship company. We have a very good business traction in these two states; almost 50% of my business is in Gujarat, the MFL branches, the Fincorp branches. So we are very well settled there in terms of our branch businesses, we are entering lot of dealership. Recently we launched a business in Pune. So we are getting into…everywhere where we have a stiff competition, even there we are entering. So I think I have been able to answer almost most of the part of the question that you were trying to understand from me. If there is anything that I am missing, please let me know.

***Nietik Modi:*** Sure. Sir wouldn't getting into metros and urban areas be not as profitable as the rural areas?

***Madhu Alexiouse:*** See, in metro and urban there is a huge competition among the financiers, especially at the dealer points, and like you rightly said, it is very difficult to make money there. Our capability is more through the network of branches that we have got, through our flagship company. Let's take Bangalore, Bangalore we have almost 160 plus branches, our own branches. Pune we have got around 25 to 30 branches. Mumbai we have similar number of branches. So, we believe that the sourcing capabilities that we have got in the market, we would be able to source business through our own channels, our own network. And, of course, we will be going to dealers also for some level of business. So, overall on an own sourcing and dealer sourcing, we would be able to balance that and make our money. Independently if we go through dealer, it would be very difficult to make money, because already there is a huge competition among all the financiers, because their main source of business is from the dealers. So we are not totally dependent on dealers.

***Nietik Modi:*** Okay. Also sir, just to understand from two-wheeler vehicle financing business, is it fair to say that if technically it may become an NPA within 90 days, but you can expect that NPA to become good within a 12-month period or maybe a maximum of 18-months period, sorry, 12 months to 18 months period?

***Madhu Alexiouse:*** See, in two-wheeler business, instalment ticket size is so low that when it goes to higher buckets, the reward that the collection agency expects from you to convert bad into good is very high, so it doesn't become viable. So, the focus has to be on the lower bucket and that is what we are doing. We will try focus on lower bucket, control the roll forwards in the zero bucket, control the roll forwards from 61 to 90 DPD towards the higher ones, and we have focused very aggressively on rollback between 90 to 180. Those 90 days is where we put our maximum effort to roll back defaulting accounts and what then flows further, are the cases, which are more to do with legal and things like that. So, rolling back high DPD contracts is possible, but it is costly. So, it depends on your collection strategy, where is your focus. So I say very aggressive in less than 90 DPDs, we believe in ensuring that maximum collection happens through the clearance of check and NACH and things like that, and then whatever flows out between 90 and 180, try to convert those customers, roll it back or repossess or settle. So that is the strategy we are having. You said that within 18 months it can become good? It can become good, but the cost is very high on that. So the focus is not 18 months, but 91 DPD to 180 DPD try to convert back, roll it back.

***Nietik Modi:*** Okay fine, thank you very much sir.

***Moderator:*** Thank you sir. Sir, the next question comes from Mr. Paras from Capital Portfolio Advisors. Please proceed sir.

***Paras:*** Could you just explain as to what did you see in the market place, you know, what's the impact on two-wheelers, you know, before…

***Madhu Alexiouse:*** Can you be a bit louder, I am sorry I am not able to hear you. If you can speak a bit louder.

***Paras:*** Can you hear me now?

***Madhu Alexiouse:*** Yeah, yeah, please.

***Paras:*** So if you can just explain what has been the impact before GST was launched and what is the kind of impact that you see right now and the outlook on provisions.

***Madhu Alexiouse:*** I couldn't quite get you; can you please come back again?

***Paras:*** Yeah, I just wanted to know what was the impact of GST on two-wheelers and how do you see the outlook going forward?

***Madhu Alexiouse:*** I would say that, I don't think we have seen any impact of GST. In fact in two-wheelers there is a benefit of about 2% and otherwise… there were some supply issue during the month end, but otherwise I think it is business as usual. So I would say that absolutely there is no impact.

***Paras:*** So, do you see growth accelerating after some kind of hiccups in the last few months?

***Madhu Alexiouse:*** I think two-wheeler industry is growing on expected lines, a 9% growth versus Q1 last year. I think the sale was around 49 lakhs for the Q1 and it was about 45 lakhs last year Q1. So, it is in line, it is in sync with what we thought it should be. So I don't see any hiccup was there even in Q1.

***Paras:*** Okay, thank you very much.

***Moderator:*** Thank you sir. Sir, the next question comes from Mr. Digant Haria from Antique Stock Broking. Please proceed sir. Hello sir, Digant, you can proceed with your question.

***Bhavik:*** This is Bhavik here. Sir, could you just explain us how do you feel of the economy right now, that is cash flow of the farmers have been increasing, how do you see this trigger help the two-wheeler case and that eventually will help the company.

***Vinod Panicker:*** Bhavik, can you repeat your question please?

***Bhavik:*** Yes sir, sure.

***Vinod Panicker:*** Your voice is not very clear.

***Bhavik:*** Can you hear me now sir.

***Vinod Panicker:*** Yeah, definitely.

***Bhavik:*** Yeah, sir I was asking the rural economy is, we had a pretty good monsoon so the rural economy is going to be very strong. The cash flow is going to improve of the farmers, so how is this going to help our company, could you give us some light on this.

***Madhu Alexiouse:*** Okay. I think, it is a good observation. In terms of business from rural, I mean, that is the key area that we are there. In terms of our market share, let's say if we take Karnataka, rest of Karnataka we are #1. If we take Kerala we are already #1 there.  Rest of Tamil Nadu, in Chennai, we are almost #1 or 2, that position keeps changing.  So, rural, drive is definitely one of the reasons why we are showing this growth of 40% or 45%.  Say, if you take Rajasthan, we do more business outside Jaipur than Jaipur.  So overall strategy had been that wherever we are strongly present in tier 3 or tier 2 or tier 4 cities, that has been, and would continue a significant contributor to this business.  What has helped us is that, these sectors used to be more of a (audio break) sectors and we used to get instalments in cash, which has now changed drastically with lot of, you know, government initiatives on Jan Dhan and digital banking and things like that.  Now, we have rural customers who pay us through NACH.  So, it is actually helping us in lot of ways.  So, I would say that given our technology capability, given the government's focus on rural digitalization, given the banking habit that is improving in the rural areas, that area is going to be a significant contributor to our business, there is no doubt about it.

***Participant:*** That will be all from my side.

***Moderator:*** Thank you sir.  Sir, the next question comes from Mr. Pranav Mehta from Value Quest.  Please proceed sir.

***Pranav Mehta:*** Good afternoon sir and congrats on a great set of numbers.

***Vinod Panicker:*** Thanks Pranav.

***Pranav Mehta:*** My question was…

***Madhu Alexiouse:*** Can you speak a bit louder please?

***Pranav Mehta:*** Yeah.  Sir, few questions from my side.  First of all, can you tell us what was the net NPA number this quarter?

***Vinod Panicker:*** Net NPA is 4.79% on the gross book.

***Pranav Mehta:*** Okay sir.  And sir we have seen your gross NPA increasing to 97 crores this quarter.  So, by the end of the year where do you see this number settling?

***Vinod Panicker:*** We are gunning for a much lower percentage in terms of NPA, which is, if you see the last eight to 10 quarters, you would have seen, except for the quarter that we actually changed the norm and only during the demonetization quarter, is the time when we have seen a spike.  That is why if you see quarter-on-quarter, there is a drop, and we should expect the same kind of trend to continue in the current year also.  We don't want to put any numbers right now, but you should expect the same trend to be there.

***Pranav Mehta:*** Okay sir.  And sir the second question was on the operating costs.  So, as you mentioned earlier, you have pretty aggressive expansion plans this year and you plan to enter the metros and 2 tier 1 tier cities also.  So we just wanted to understand what kind of impact will it have on our cost.  So, will the cost increase in line with the loan book growth or how do you see that number moving?

***Vinod Panicker:*** See Pranav, let me point it out this way, when Madhu made his comments, he mentioned about we using the MFL branches to a large extent. So while we will have our own people at the supervisory and some amount of people at the dealership levels; specifically, number will be coming from the Fincorp branches where my cost is purely variable. That is #1. #2 is while in the existing areas volumes will start going up, so when new areas will come up, lots of it will happen through the Fincorp branches, and some will happen through our own employees. The existing areas will deliver larger numbers, which is what we have seen in the first quarter compared to the corresponding quarter last year, which will effectively bring down the cost as a percentage. In fact you should currently without considering the reversal of unrealized income on account of higher NPAs recognized in this quarter, we are saying that assets is about 61% versus about 64% that was in the corresponding quarter last year. You should see a significant drop in that % as we go along in the next three quarters.

***Madhu Alexiouse:*** I will add to this for the benefit of all. I had stressed upon digitalization fees. Our entire loan application process and up till the disbursement process, it would be totally on the mobile of the counter sales executives; which means that my processing cost would depend on the number of cases that I do and lot of my fixed costs, irrespective of what business I do, which I am incurring today, would depend on the number of business I do. So, some of my fixed costs is getting converted into variable costs depending on the business I do. So digitalization would help me in two ways, one the productivity of my current counter sales executives would go up significantly, point #1. Point #2, the turnaround would improve drastically. I hope that every quarter we should be able to cross more than 1 lakh login as we go forward. And digitalization itself, for the entire process from application processing till the disbursement, would actually remove lot of manual intervention. As a result, my investment on manpower would not be proportional to the increase in business that I am looking forward for. My infrastructure cost would be minimal. My boy can actually log in a business standing on the highway and he would be able to close a deal there. So I really literally I need zero infrastructure to process my loans. So these are the game changing things that we will incorporate. I said, we are investing heavily on technology, and this is the way forward for the group. I mean, not only for Muthoot Capital, but for the Muthoot Pappachan Group this is the way forward and this is how we will rein in cost, at the same time go wherever we want to do business, wherever we feel market is good we would be able to reach there without any additional investment, without any additional investment on infrastructure and manpower.

***Pranav Mehta:*** Okay sir. Sir thanks for that explanation and the final question from my side is sir, can you just give an update on your fund raising plans and the timelines that you see now going forward?

***Vinod Panicker:*** We will come back on that very shortly Pranav.

***Pranav Mehta:*** Alright. Okay, thanks a lot.

***Moderator:*** Thank you sir. Sir, the next question is coming from Mr. Rajiv Pathak from GC Investments. Please proceed sir.

***Rajiv Pathak:*** Just a couple of questions. One is, see we have seen a lot of sales happening pre GST in June, the fag end of June. So, just to get a sense, how much did we participate in that? And in July how are you seeing the momentum?

***Vinod Panicker:*** Rajiv, hi. In June end, you are saying that there were some amounts of sales happening maybe at a lower cost and other things because GST was coming in, is that your query?

***Rajiv Pathak:*** Yeah, previously. Previously there was lot of volume that happened in the last week, 10 days, we believe that most of that would have been catered to by the captive financers, so just wanted to get a sense how did we participate in that volume demand that happened in the last 10 days.

***Vinod Panicker:*** We participated only normal business, Rajiv, let me put it that way.

***Madhu Alexiouse:*** I think we should look it differently. During the last week there was a supply constraint in fact, there was lot of supply constraints, and some of the manufacturers absorbed (audio break) they were able to give the post GST cost even before the GST cost launched. So there is a mixed feedback in the market. It is very difficult to really determine who sold at what price, but during the fag end of the month there was a supply constraint as well, because manufacturer was ready to kind of take that cost on their head.

***Rajiv Pathak:*** So then how was July, how did that pan out?

***Madhu Alexiouse:*** July is in line with supplies. There is no shortage of vehicle and things like that. So, it is normal as of now. We are not seeing any kind of slowdown as far as numbers are concerned. The trend that was there for the first three months of the quarter of the year is continuing.

***Rajiv Pathak:*** Okay. And now that you are doing the digital piece, so what is the turnaround time that we have come down to?

***Madhu Alexiouse:*** The ideal turnaround time that we are looking for approval is 5 to 10 minutes, may be 5 minutes and disbursement would be less than maximum…let's say a customer is able to kind of complete all the documentation then and there, let's say not more than one hour. Even without digitalization, today there are lot of Microfin, our Fincorp branches; there our turnaround on disbursement is not more than one hour.

***Rajiv Pathak:*** Okay. So even now it is one hour turnaround time, not more.

***Madhu Alexiouse:*** Without digital also, but those for high volume branches.

***Rajiv Pathak:*** Okay. And so the normal branches and dealers would be how much, right now?

***Madhu Alexiouse:*** Dealers, see, approval happens within 15 to 20 minutes and the post sanction process, it depends on the customer and dealer when he is able to actually complete that documentation fees. So if the documentation and everything is available to us, on the go, then it is not more than 2 to 3 hours.

***Rajiv Pathak:*** Okay. And on your yield and the cost part, so I believe you had some interest reversal. So, excluding that, how would your yield on hypothecation loan look like?

***Vinod Panicker:*** Net of that, it was…give me a second, net of that it was about 24.3, so I think, that is, if the reversal is not there, then I think we should look at about 25.3 to 25.5, in that range, that would be the yield.

***Rajiv Pathak:*** For hypothecation. Okay. And our bank borrowings are they linked to MCLR or some of them are still linked to base rate?

***Vinod Panicker:*** Most of them are into MCLR, in fact, most of them are into MCLR, and many of it are pending reset because it is in the September and December quarter that most of them are due for reset.

***Rajiv Pathak:*** Hello?

***Vinod Panicker:*** I said most of them are still in MCLR, but not all of them have been converted because some of them are due for reset in September quarter, some are due in December quarter.

***Rajiv Pathak:*** Okay, so you are saying that, that will get reset to MCLR in September.

***Vinod Panicker:*** No, it is already on MCLR, now the reset is due….annual phenomena. Some of them are for one year.

***Rajiv Pathak:*** Okay. Okay, thanks a lot guys and all the best.

***Moderator:*** Thank you sir. There are no further questions for today. Now, I would like to hand over the floor to Mr. Digant Haria for closing comments. Sir, over to you sir.

***Digant Haria:*** Yes. Thank you all for joining the call and taking out time and a special thanks to the management for taking this opportunity to address and answer the questions. So thanks all of you and have a wonderful evening.

***Vinod Panicker:*** Thank you so much.

***Madhu Alexiouse:*** Thanks to all.

***Moderator:*** Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening.

***Note:***
1.This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.