



“Muthoot Capital Services Limited Conference Call”

August 27, 2018



MANAGEMENT: MR. VINODKUMAR PANICKER – CHIEF FINANCIAL OFFICER

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MODERATOR: MR. DIGANT HARIA – ANTIQUE STOCK BROKING



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Moderator: Ladies and gentlemen, good day and welcome to Muthoot Capital Conference Call, hosted by Antique Stock Broking, to discuss about business operations of Muthoot Capital in light of Kerala Floods. We have with us today the Management from Muthoot Capital represented by Mr. Madhu Alexiouse – COO and Mr. Vinodkumar Panicker – CFO. 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. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Digant Haria from Antique Stock Broking. Thank you and over to you, sir.

Digant Haria: Good afternoon to all of you. Thanks for taking out this time. As all of us are aware that Kerala received record rainfall in last 100 years, with that it brought about its own share of difficulties and to some extent destruction, so I think without spending much time I think I will hand it over to the management who will first take us through what has happened in state of Kerala? Second, what are the efforts that have been taken by various groups, including the Muthoot Group and Muthoot Capital during these floods? And third, what is more likely the business impact and how they see the demand and collections and everything shaping up in the coming months. Over to you, Madhu sir.

Madhu Alexiouse: Good noon to all of you. At the outset, thank you very much for taking your time out to attend this con-call. Like Digant said, we will take you through our entire activities that we have been doing and our assessment of what kind of damage this is making, we will give you a clear picture shortly. I will ask Vinod to start with the discussion and as we go forward we will address as many queries as possible.

Vinodkumar Panicker: Nice speaking to you guys once again. The intention, as all of you are aware, is to discuss about the situation prevailing in Kerala and the impact of the recent nature's fury that has had on the state and its impact on our business. We understand that the investors are perturbed and tensed and the intention of doing this call is to give a detailed assessment on where we are on the ground and explain everything that we would be doing as we go forward. We had purposely stayed away from making any comments in the last ten days because we thought that the ideal way to speak to all of you would be after making assessment ourselves and then coming to you. That was one of the reason, second reason being that the senior management in the Muthoot Pappachan Group was involved in various coordinating activities, amidst to begin with at the rescue stage and then for release stag and now most of them are involved in some bit of work in rehabilitation state, which would be in the sense to provide basic necessity, even cleaning households and so on and so forth. Now with about more than 95% of our employees back in office and back on their seats and our employees having been spread across the state therefore we represent the state as a whole, we feel that this is the right time to talk about what



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is the status of business as a whole. I will request Madhu to maybe detail on the efforts that we have taken so far, then I will talk about the business.

Madhu Alexiouse:

Good noon, once again. First of all, at the outset, let me thank almighty that we are back to action. While I talk, almost 100% of our team is as of now safe, they are back to action, Muthoot Pappachan Group employees about 17,000 plus employees across the country, and in Kerala we have about 5,000 employees. And all of them are safe and almost 95% plus people are back to action. This is the Onam time, last three days and today is Onam time and so people are back to their villages and things like that. From tomorrow onwards we expect to be 100% attendance in our offices. It was a catastrophe which the people have not seen the kind of devastation that has happened. And as a group we felt that the right way of engaging, the positive way of engaging is to do whatever best possible for the state. And 15th of August is the time when things deteriorated and our entire senior management got into rescue operations, although we are not experts in that but coordination with district authorities, NDRF authorities, coordinating with people who are stranded on their roofs and stranded in their houses surrounded by flood, making them out of that, coordinating with navy, air force, that is the thing we did and focused on ensuring that each and every person known to us, whether it is our employees, customers or anyone who came to us we were able to coordinate and rescue them at that point in time. Once rescue was done it was important that what kind of help we can give in relief camps, our company volunteers almost 100 – 150 of them from Trivandrum, from Cochin, from various other parts of the state started working for relief operations, we supplied almost 2.5 to 3 days we supplied three times food to these relief camps, our own employees were involved in community kitchen and they prepared the food, whether it is rice, dal, eggs, breakfast, whatever it is, they worked 24/7 and ensured they serve most of the relief camps, including arranging for supplies which were very short in Kerala, basic dress materials, hygiene related items, everything was kind of coordinated and provided during the relief camp. Once the water receded that was around 21st, we got into helping people go back to their homes. There were teams made which went to the houses of these people, cleaned their houses, we provided lot of technological support in terms of providing them high pressure water pumps, providing all the safety equipments to clean their homes, and it continued last entire week. We had about five to six teams which were working across these places, going to houses and cleaning their houses. And today as we talk we are thinking about how we can positively help these people rehabilitate them back to their houses that are destroyed, houses that are not livable, we are kind of looking into village after village and seeing what best we can do, we have team working on that. So, just to cut short, it is something, the catastrophe that was there, the devastation that was there, we felt that we had a very huge responsibility to play as Muthoot Pappachan Group. These are the customers who have dealt with us generation to generation, people in Kerala have dealt with us generation to generation, we are a household name, people respect us, we respect the people in the state. And so we thought that we had a very large role to play in this particular destruction that had happened and we will continue to engage positively on this. The work is not over, work is going on and it would continue and as



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a group we feel that we are obliged, and we would give the best possible help and support as we go forward. As I said initially, while I am talking that almost 100% people of our group are safe, and more than 95% people are attending offices. Let me tell you that all our offices are also safe, Muthoot Fincorp has almost 890 branches, around that they have branches across state, about 25 branches have some problem related to electricity, connectivity, things like that, otherwise all the branches are up and running. I only want to highlight the fact that the kind of resilience that the state has, the resilience that the customer has, resilience that our team has had been overwhelming and that is one of the reasons while I talk to you this state is back to almost normal, this state is back to action and we are seeing that a lot of businesses are up and running. And we had been able to make a fair assessment of how it has impacted us, Vinod would take you through that. I only want to tell that this is a situation where there is no text book or there is no strategy written, but whatever as a group we felt was right we did it and all our team helped us. Through this call I am also saluting my team, entire Muthoot Pappachan Group team for giving relentless support throughout the time. And the time is not over, we still have a long way to go and I think we will bounce back very soon I am handing over to Vinod.

Vinodkumar Panicker:

Friends, actually while we were trying to assess the impact on the business we tried to look at where we are. And as we have just put some points, maybe later on when you have your queries we will keep on responding to additional points which may come across. We are not a Kerala centric company any more, only about maybe 38% - 39% of our overall loan book is in Kerala, but in the last four months disbursement in Kerala was about 33% of the total disbursements that we had. As we are talking now we are already foraying into several other states, the latest addition being Jharkhand, Assam an even looking at Andaman. So, if we look at the full year maybe a larger chunk would come from non-south and definitely non-Kerala kind of states.

End of July Kerala had a book of roughly 940-odd crores and you would have seen in various media reports that two of the districts were the districts which were affected the maximum, one was Idukki and second was Wyanad. On an overall Kerala basis these two districts form our loan book perspective is roughly about 7.9% or let us say 8%, which on an overall AUM is roughly coming to about 3.1%, I am just trying to put some numbers into perspective, maybe we will elaborate on that as we go ahead.

There are four districts where there has been no impact at all, Trivandrum, Kollam, Kannur and Kasaragod which together constitute about 36% of our loan book in Kerala and about 14% - 14.5% loan book across the country. The rest of the districts had some bit of destruction in some location, but major part of the district was okay. Now let us talk about Ernakulum, while there has been so much mention about Ernakulum, the specific two places like Aluva, Paravur and things like that there were issues.



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Now, specifically when you talk about Cochin city where we are stationed, every day we were in office and there was no issues in the city. Now these districts where in some parts there were issues, some parts there were no issues that constitutes about 56% of the total loan book of Kerala. And even if we assume 15% to 20% of our locations having issues we are talking about 7% to 8% of the total Kerala book and roughly 2.5% to 3% of the total all India book. So, what we are now talking about? We are talking about 6% to 7% is the total impact, 6% - 7% of the total overall book which has seen some bit of impact which would be temporary in nature.

Now, while we have been speaking to individuals at different points of time, one of the things that we have seen people mentioning about is the vehicle would be totally destroyed, the borrower loses interest in the vehicle, so obviously his interest in repaying goes away. So, we tried to do an assessment of that as well. We are the beneficiaries, the asset is hypothecated to us so we are the beneficiary as far as the insurance policy goes. Roughly 68% of the AUM of the Rs. 940 crores which we mentioned about is in less than one year category. So, obviously when a vehicle moves out of the showroom the first thing that he needs to ensure is that the vehicle is insured. So, 68% goes without fail that the vehicle would be insured. Now of the balance 32% even if we assume for a minute our assumption is the entire 100% would be insured even in the second year, let us assume about 50% is insured what we are talking about is an overall risk of about 10% to 12% on an overall book in Kerala. So, what we are saying is, god forbid if there is an issue, 68% there is no issue at all because it is fully insured, the balance out 32% even if it is 50% - 60% of the fellows are having insurance, it is only the balance which would impact which would be overall 10% - 12% of the Kerala book. Now that is the worst case scenario.

But in today's scenario when we are talking about borrower who depends on a credit score and any default or delinquency impacts it badly, we do not see a reason for the customer to default and we would find him coming forward and finding a solution to ensure that the payment is made. Madhu did mention about the 890 branches of Fincorp, that is another way of showing that while the mention about massive destruction across the state, the figures tell their own tale. Out of the 890-odd Fincorp branches that we are paying is roughly about 25 branches where the impact is and would be up and running in the next few days. Our own logins, if you look at that as the basis, is substantial, in fact Kerala logins on Friday, that is the last working day that we had was about 413 numbers, we have chased about 24% of the all India logins that we had on that day.

My colleague have actually been to most of the dealers and we did touch with most of the dealers. And as per the assessment it is only about 10-12 dealers who have now started the operation, most of the others have actually started operations are accepting and there are customer walk-ins in most of the dealer points. While we are saying that there could be impact, we are saying that the impact could be 30 day, 45 day kind of impact and then things will be



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back to normal. In fact on Friday we were ourselves on the ground and when we were visiting some of our employees who are said to have been affected, we were seeing that the markets are as usual, there is crowd in the market, there are people buying, in fact my colleagues tell me that there are lot of customers walking to dealer points and buying vehicles which is what makes us feel that whatever impact is there that is a temporary one and as we go forward it will get corrected over the next 30 to 45 days.

Now the impact on us like we feel is because lot of volume comes during Onam, and specifically on **(Inaudible) 18:57.3** which was on 17th of August which is the first day of the month. So, no doubt we have actually not been able to get the kind of volumes that we expected on that day. But then like we said at the beginning of the discussion that today we are no longer a Kerala centric entity. We have Ganesh Chaturthi coming, we have Dussehra coming, Diwali coming and Christmas which would be coming and that time we are sure that there would not be too much of issues. While there would be some bit of impact, and at the cost of repetition, I am saying while there would be some bit of impact both in disbursement and collection, we do not see it to be a long-term kind of issue.

That is on the disbursement part. Now when we look specifically on the collection bit, the way we look at it is Muthoot is an household name, I think this is something which Madhu mentioned some time back, Muthoot is an household name and people treat Muthoot differently from what they treat the other financers. So, obviously while they could be impacted, the kind of relation that they have with the group is not necessarily for one product at one point of time, they look at a life cycle, they say that no today I have started with microfinance, tomorrow I am getting into a two wheeler, I might get into a gold loan. So, over a period of time I will be working with Muthoot for all my needs. So, there is no reason for somebody to default when it comes to repayment. So, while there would be issues initially over the next 30 to 45 days, in some cases in some localities, over a period of time all will start paying up. We did see some bit of turbulence even post demonetization when people did not have cash with them, but then we bounced back in our two to three months time.

Madhu Alexiouse:

To add to this what Vinod had been telling, Muthoot had been household name and they were like personal bankers for these customers. And these customers are the customers who are permanent resident of Kerala and they had been dealing with us from generation to generation, I mean it could be second or third generation of the customer that is dealing with us. So, the kind of product as a group we offer to the customer is not restricted to only two wheelers, there are other products that these customers need and repeatedly they come back to us for their requirement, whether it is a housing loan or whether it is a SME kind of product or plain gold loan that is offered across the table in five minutes. So, they deal with us from a very broad perspective with lot of trust and with lot of thoughtful exposure with us. And even when we in the industry it was not there with everyone, the cash mode of repayment which we used to offer up till demonetization, even before that the customer used to come to our office and pay



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installments and MCSL Kerala portfolio used to be one of the best portfolios across the industry. So, even while there is a cash repayment, customer had the thought that they will come back to branches and pay that amount. And that is why they deal with us on a continuous basis. So, we have firm reasons to believe that these customers would continue their routine repayments with us and those who are affected, like Vinod said, we believe that 15 to 30 days or maybe 45 days is something when they would bounce back. It is also pertinent to mention that these are the customers whom we reach out directly, and in earlier calls I have been telling that the collection model that MCSL follows is that we have our own internal team, so our internal team is able to create that customer stickiness while doing the collection. So, it is the right time actually and this is going to very strongly help us by going to the customer and collecting with lot of understanding, it should not be a hardcore collection with the customer at this point in time. But when a person goes and talks to him and he is able to have that human face to go and collect, it would be a very good positive point for us, that is what we feel. And that is why we feel that there are firm reasons that our portfolio, our collection may not be impacted as much as it could be for any other banks or financial institutions. I listed out the reasons how the customers deal with us, the kind of stickiness they maintain with us.

On assessment of NPAs, we would like to take it. We have made some assessment on how this is going to impact our NPAs, I will hand it over to Vinod to take us through his calculation on the whole thing.

Vinodkumar Panicker: See, on the NPA bit what we looked at was at end of June we had reported an NPA of roughly about Rs. 102 crores, of which about Rs. 25 crores was from Kerala. We expect the Kerala number, maybe to begin with, in the current quarter to increase by roughly Rs. 18 crores to Rs. 20 crores, but hope to cover it up partially from the other states, because majority of outstanding is in other states, so that is the location that we will try and cover it up from, and end up with maybe an additional NPA of maybe about Rs. 10 crores to Rs. 12 crores, which will not be significantly big hit on the P&L. Now let us look at it this way on what will happen to the NPAs which come up in the next 30 to 45 days, we are fairly confident that over the next one to two quarters all of them will get cleared like it happened post demonetization. And over the next one to two quarters it will bring us back on track and we had certain estimates for the full year and our commitment has always been that we would be in 4.5% or less than 5% kind of range when we talk about NPAs. We are confident that we be within that as we end the year.

Madhu Alexiouse: So, Digant, we will open up the call for any queries. We will try to address those queries.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Digant Haria from Antique Stock Broking. Please go ahead.



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Digant Haria: Sir, more than a question it is just a small token announcement which I would like to make. It is very encouraging to see the kind of efforts this group has been taking. So, Antique Stock Broking, as a group, we have decided that coming Monday, that is 3rd of September whatever broking revenues we make, one third of that will be donated to the Muthoot Pappachan foundation for the relief and rescue work which the group has been taking. Say that was just a small token which we as investors and analysts and everyone could show, so just that from our side. I think Raymond, we can take the next question.

Moderator: Thank you. Our next question is from the line of Dhaval Gada from Sundaram Mutual Fund. Please go ahead.

Dhaval Gada: I know it is initial days on that front, in terms of estimates, just wanted to understand, how are you seeing on the delinquency front first in terms of par numbers, typically we used to run between 13% to 15% DPD, how that has sort of trended? Some color on that front that would be useful.

Vinodkumar Panicker: See, it would be premature to talk about the 30 plus and things like that, so what we tried to do was we tried to look at the harder buckets, that was in 30 to 60 and 60 to 90, and we looked at it district wise just to see where we would end up at the end of this quarter. And that is where we came up with this number saying that no, Kerala could grow up by about Rs. 20-odd crores, Rs. 18 crores to Rs. 20 crores which we will try and cover up. Here is one thing which I would want you to understand is, in the month of July roughly 40% of collection in Kerala came through NSI and as we look at August numbers it is roughly 50% - 52% which has come through NSI. So, I am saying that those kind of collections will keep on happening and it is the other collection that it comes by cash where people walk in and pay, a lot of it will happen on it soon, some of it would need to be followed up. It is on the follow-up only that in the next 10 - 15 days there would be some bit of slowness or there would need to be some bit of slowness, because you cannot possibly go and ask people for money, especially in areas where they have gone through some bit of trauma. But other places collections are starting and it will start the way it was normally happening.

Madhu Alexiouse: So, add to this, as I mentioned during my discussion, we have a unique collection model where our own employees are involved in collections. And this is where the engagement would start with the customer. Right now, our entire team is visiting all the customers, meeting them, talking to them if they need any help and we are assessing which customer is badly impacted, which is not impacted. And this would lay the foundation of what kind of collection pressure that we will have to maintain in the field. And currently what we feel is that it is not more than 10 days that all these customers would be back to action and we feel that our collection executives who are there in the field would be able to kind of have human faith and collect that Rs. 2,500 or Rs. 3,000 from the customer without much difficulty, that is our internal assessment.



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Dhaval Gada: The second question was just on growth, you gave some flavor on that front, how you are coping up with non-Kerala business. But since you are there, would you agree that for normalcy to return in terms of business it may take three to four months from this point, would that be a correct assessment or you think it could happen faster or slower, just some color on that front on the Kerala business?

Madhu Alexiouse: I will give you a broad perspective. As a business strategy the growth from Kerala we had kept it at a minimal level this particular year, but growth from non-Kerala states where the thing which we focused actually, and rest of India growth is about 40% as of now, and on that non-south growth is almost 100%. So, your question one piece is that how our budget makes up with rest of India sales and we are very much there, market share improving there. And on how the Kerala bounces back, it has already bounced back, like in our initial discussion we said and Vinod said that almost all dealerships are back to action except for 10 or 15 dealers who are in the remote areas like Rani or some areas, they may take some time to come back to normal. But by the month end entire dealer fraternity would be in action, and specially unaffected areas where we have about 40% of our book like Trivandrum, Kollum, Kalicut, Kannur, **0:33:50.6** already dealers are up and running and they are doing the sales. So, we are talking about next 10 – 15 days where things should come back to normal as far as disbursements are concerned.

Vinodkumar Panicker: And also, I would not want to give any numbers right now, but also in the last five working days the disbursements are equal to or more than what it was in the last.....

Moderator: Thank you. Our next question is from the line of Kashyap Jhaveri from Emkay Global. Please go ahead.

Kashyap Jhaveri: I think those remarks on insurance claims were quite thoughtful. I have two questions, as the collection of Kerala book continues to get back to normalcy, within that period do you believe that there is going to be any more expenses on the collection agency payout which now has stabilized between Rs. 9.5 crores to Rs. 10 crores, do you believe that that route is something which we are going to use more and the expenses could rise there? And second question is on your NPL number, did I hear correctly when you mentioned that your FY19 target on the gross NPA number stays intact?

Vinodkumar Panicker: No, you heard it right, overall NPA numbers which we said would in the 4.5% - 5% range would remain intact and we will ensure that it remains intact. Now, to answer your first question was on the collection cost, the collection cost I think it has now stabilized, let us say for a month or two there could be some bit of spike, that would again come down because if older amounts need to be collected there would need to be some bit of extra expenditure, so let us assume for a minute that that would be there. But then it is temporary and it would be short lived, it will not continue, because we understand that OPEX as a percentage of NIM has to be



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taken care of. And there is certain commitment on that also, so we will ensure that that happens.

Madhu Alexiouse: Just to add one more point, Kashyap, I said we have our internal collection team as well, so significant piece is collected through them as well. And plus, we have lot of tele calling teams which call the customers, talks to them and make them go to the branches and pay. Now a customer app we have launched in which we have provided online payment facilities, so all these initiatives would help us to reduce lot of logistic cost and it would reduce the pressure from paying so much to agency. So, we have a very good thought out strategy and it is manageable, like Vinod said it is a very temporary phenomena and post September things should be much better.

Kashyap Jhaveri: Just one more question on the data as well as the paper side, any damages to that data at our branches or at HO level?

Madhu Alexiouse: There is zero damage across the group.

Moderator: Thank you. Our next question is from the line of Rajeev Pathak from GC Investments. Please go ahead.

Rajeev Pathak: Sir, on the question of the AUM in the affected districts which is like 15% of your Kerla book, so around roughly Rs. 140 crores. On this under IndAS will you be required to make an accelerated provision because on this you will not have any precedence of what will be a credit loss in case of such a event. And would there be an income recognition hit also on this kind of a portfolio?

Vinodkumar Panicker: See, IndAS is applicable next year for us. And we are fairly confident that this would be worst case scenario it would be a one quarter wonder, it would not go beyond the quarter and IndAS would be next year. Number two, income recognition would be for the NPA part and then whatever is the NPA which we felt would increase by roughly about Rs. 20 crores in the short-term. We feel that that will get covered up by the end of the year. So, while in the interim we would possibly de-recognize that income which was accounted, by the end of the year that should come back into the books.

Rajeev Pathak: So, you will de-recognize majorly only on that Rs. 20 crores – Rs. 22 crores, rest everything stays intact. And the provision on that you will make it over the next three or four quarters, or how do you want to plan it out?

Vinodkumar Panicker: See, we have been fairly conservative in provisioning, in fact as of end of June we had roughly Rs. 7.5 crores extra provision in the books that we provided over last two, three quarters. So, I am saying that no, if recognition comes of a provisioning we will book the entire thing upfront.



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- Moderator:** Thank you. Our next question is from the line of Pranav Mehta from Value Quest. Please go ahead.
- Pranav Mehta:** Sir, just wanted to understand how this insurance thing would work? Because the assets are hypothecated to us, so in case of any claim will we directly receive the money or our borrower will first receive it and we will have to collect it from him. Just wanted to understand how this cash flow will work?
- Vinodkumar Panicker:** This insurance bit is because we are the beneficiary and the asset is hypothecated to us the money would come to us when such a claim is made. And we keep the money due to us and the balance we hand over to the borrower. We do get these kind of claims but then they are very few in number, here the number could be slightly more.
- Madhu Alexiouse:** So, as per the insurance regulation if the vehicle is hypothecated to any financier the first claim goes to the financier and then whatever is left out goes to the customer, that is paid by the financier to the customer, any excess from his outstanding. So, that is as per the regulation.
- Pranav Mehta:** So, we mentioned that we maintain our FY19 targets as far as NPA is concerned, but in terms of growth overall for full year do we more or less to what we had budgeted at the start of the year or will there be any downward revision that?
- Vinodkumar Panicker:** As I said earlier, and I mentioned about the specific growth figures, how rest of India is doing, how rest of south is doing, as of now we are very confident of the growth that we have kind of given as a guidance. This is not impacting more than let's say a month's time, whatever has happened in Kerala. So, more or less we will continue with our growth guidance.
- Madhu Alexiouse:** We stand by our targets that we had given at the beginning of the year.
- Moderator:** Thank you. Our next question is from the line of Jatin K from GS Investments. Please go ahead.
- Jatin K:** My first question would be, there is a lot of damage so our banks and financial institutions in Kerala approaching RBI for some moratorium of one to two months for other customers?
- Madhu Alexiouse:** Could you repeat your question please?
- Jatin K:** My question is, whether banks and financial institutions in the state of Kerala are approaching the regulator for deferment of EMI payment for one to two months, I mean this generally happens when such things happen?



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Madhu Alexiouse: I am sure they would go, but I believe it is too early I would say, it only about 8 – 10 days now. I am sure most of them would have made up their mind to do that, but it is too early I would say to make a comment on that. Let us wait and see how things happen.

Jatin K: And sir in call you said that there would be additional NPA of around Rs. 20 crores, that I guess would happen after a quarter, because I guess we follow 90 day past due, so this will happen in after Q3 or after Q2 you all will be showing the additional provision NPA number?

Madhu Alexiouse: No, this is a continuous process, every month if something is beyond 90 there would be something between 60 and 90, something between 30 and 160. So, everything will go forward. So, when we said that there could be a Rs. 20 crores kind of increase which would get partly offset by the reduction in rest of the state, we talked about September. We also said that over the next couple of quarters that would get covered up.

Moderator: Thank you. Our next question is from the line of G. Vivek from GS Investments. Please go ahead.

G. Vivek: Sir, just wanted to know about the experience which we had with such mishap say for example in Chennai floods and how did we cope-up with it? And these two wheelers, do they get totally damaged or some little bit of expenditure they can be back to normal, vis-à-vis cars which gets damaged totally in floods?

Madhu Alexiouse: We had no effect during Chennai floods, this is about three years back, I think October 15th.

G. Vivek: So, we did not have any exposure in terms of customers or sort of we had it but we were able to tackle it nicely?

Madhu Alexiouse: We did have customers, but then if you ask me whether it was impact relating to flood, answer is no.

G. Vivek: And what about damages to two wheelers, are these not serious and can it be put back to normal with small amount of money being spent on them?

Madhu Alexiouse: So, what happens is if the vehicle is submerged and if he is able to take to a mechanic without starting the vehicle, maximum cost he has to incur is about Rs. 250 on changing the spark plug and the mechanic can make it in a workable condition. And that is what is happening now and a lot of insurance companies, including us, we have sent directions through SMS, through WhatsApp to all our customers in Kerala how to handle the situation in terms of once the vehicle is submerged, how to handle it and where the mechanic is. And we have also opened insurance help desk where customer can approach the toll free numbers and they will be guided to go to the insurance company, inform about the claim and if possible get the claim as well. So, all these things have been taken care, it is more of a operational stuff, it is more of a



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communication that needs to go to customer which is happening from almost a week ago we started this campaign. Once the water started receding we started informing customers how to handle their assets.

G. Vivek: Sir, how long will we expect things to be back to normal growth which we are doing so far before the flooding?

Madhu Alexiouse: See, as I said earlier, it is not more than 30 days that Kerala should bounce back as far as disbursements are concerned. We saw very good walk in before this, let's say 12th or 13th or 14th, that was the time when the peak level of walk in was there at the dealerships and the logins were on the high. It is on 15th when the floods started and things started going down and now it is coming back to like Vinod mentioned almost 400 – 450 logins we are getting every day. Expectation was 1000, we are already at 450 and this 450 is from the area which is not impacted. So, 50% of my business today what I am expecting is coming from areas which is not impacted like Trivandrum, Kollam, Kasaragod, Kannur and certain parts of Calicut. So, these are the areas where we started getting business, almost 50% we have bounced back. Other areas while they come to normal and people come back to their work and most of the customers are salaried as well, I think things would improve. So, I am taking 30 days, before that I hope it should be back to normal.

G. Vivek: And last question was about the opportunity size, how is it both in Kerala and non-Kerala right now for us?

Vinodkumar Panicker: Opportunity is tremendous, you are talking about the growth of the business, right?

G. Vivek: Yes, business potential.

Vinodkumar Panicker: Potential is huge, in fact I think in most of our previous discussions we have been mentioning about it. Potential is huge and we are looking at huge growth. In fact, we had given certain guidelines vis-à-vis full year numbers and we are confident that we will ensure that overall growth if huge.

Madhu Alexiouse: So, just to give you a flavor, the peak months are starting from September 3rd week onwards, and till December is a peak month and of course October and November is going to be very high, given the Diwali, Dussera that is going to be there, Dhanteras is going to be there. So, the opportunity for the financial year, the significant piece happens from second or third week of September and till let's say January is the time when maximum sale happens. And we are just in the cusp of that particular time and we are also getting prepared for that, the big numbers, the big walk ins, the big log-ins that is going to come to us, volumes how we are going to handle. So, everything is now getting worked out. And definitely you will see that September onwards the numbers to be on very high.



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Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to the management for closing comments.

Madhu Alexiouse: Just to mention one last thing before we actually sign off, there are certain guidelines which RBI has prescribed for taking care of situations like this. We are in the process of seeing that how do we take benefit of it and definitely if there are any opportunities we will definitely take benefit of that so that if there are any assets which are affected or any receivables which are affected they are treated in accordance with RBI guidelines. So, as we go along I think we maybe do a more detailed kind of working and then put it up maybe at the time of next board when we speak or meet again to discuss the Q2 financials. Thank you Vinod.

And just to conclude, I just wanted to draw your attention to bigger picture that we have been telling about how MCSL plans to foray into other products, how we are becoming multi-channel organization, how digital processes are playing into our operating leverage. There are a lot of things we have mentioned in our earlier calls and let me just tell you that there is a much bigger picture to take care of as we go forward. And as a team my entire senior management team here, our promoters are 100% confident that we would delivery what we are promising we will deliver the guidance that we had given during the start of the year. And we will have as good a year as possible as we have promised. Over to you Digant. And thank you very much, everyone, for being on the call.

Moderator: Thank you very much. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.