

News monitored for: Baring Private Equity Partners

Baring India to stay invested in Muthoot, Manappuram Finance

P-E firm not deterred by slide in share price of gold loan companies

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Private equity firm Baring India is not looking to offload or sell its equity holdings in Muthoot Finance and Manappuram Finance for now, Munish Dayal, a partner with this firm, has said.

This is despite the recent sharp slide in the stock prices of these two gold loan companies, following the slump in international gold prices.

While Muthoot Finance saw its share price slump by about 37 per cent this past week, Manappuram Finance share price declined 19 per cent.

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STILL GLEAMING

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ing India was not "jittery" in the wake of the slide in equity prices of these two companies.

The private equity firm will, as a long-term investor, keep its faith on the two listed gold loan companies, he said, adding that the investment horizon of the fund concerned was usually for a five-year period.

Baring India had invested in Muthoot Finance even prior to the initial public offering (IPO) that hit the market in April 2011.

"We are long-term investors. There may be some short-term pain for gold loan companies in the next two-three quarters. But, in the long term, both these listed companies will emerge even stronger in this industry," Dayal told *Business Line*.

GOLD PRICES

The recent slump in international gold prices notwithstanding, demand for gold jewellery is only on the rise in India. The biggest plunge in

three decades only led to more buying from investors and jewellers. Many consumers in India were advancing their purchases to take advantage of the price crash.

International gold price had fallen 13 per cent in the two days until April 15, the biggest drop in 33 years.

Prices are down 4.6 per cent this week on the back of concerns that European Governments may follow Cyprus in selling gold reserves.

Gold prices are hovering around \$1,411 an ounce and are down 27 per cent from a peak \$1,921 reached in September 2011.

India and China accounted for more than half the world's gold demand in 2012, according to the London-based World Gold Council.

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