"Muthoot Capital Services Q3 FY2022 Earnings Conference Call"

February 03, 2022

ANALYST: **MS. VIDHI SHAH – ANTIQUE STOCK BROKING**

MANAGEMENT: **MR. MADHU ALEXIOUSE - CHIEF OPERATING OFFICER – MUTHOOT CAPITAL SERVICES LTD**
MR. VINOD PANICKER - CHIEF FINANCE OFFICER - MUTHOOT CAPITAL SERVICES LTD

Moderator: Ladies and gentlemen, good day and welcome to the Muthoot Capital Services Limited Q3 FY2022 Post Results Conference Call hosted by Antique Stock Broking. 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 '*' then '0'on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Vidhi Shah from Antique Stock Broking. Thank you and over to you Madam!

Vidhi Shah: Thank you Lizaan. Good afternoon, everyone. We have with us the management team of Muthoot Capital which is represented by Mr. Madhu Alexiouse who is the Chief Operating Officer and Mr. Vinod Panicker who is the Chief Financial Officer. Without further ado I shall now handover to Mr. Vinod Panicker who will give us the opening remarks and the financial performance of that. Over to you Sir!

Vinod Panicker: Thanks a lot. Good afternoon, everybody. Nice being on a call with all of you once again. Yesterday we had our Board meeting and you are aware of the figures for the quarter ended December 2021 was approved by the Board and that is what we are going to present and then discuss about that.

During the last nine months, we have seen certain ups and downs to begin with in the first quarter , things improved in the second quarter and we believe that the things have improved or become much better in the third quarter and based on that we did disbursement of about Rs.333 Crores in the current quarter versus Rs.304 Crores that we did in the same quarter last year and I am talking about the retail loan, last year there was about Rs.20 Crores of some other loan, which was temporary short-term loan in the same quarter but regular repaying loans was about Rs.304 Crores.

In the immediately previous quarter we did about Rs.310 Crores against Rs.332 Crores and we are expecting fourth quarter to be significantly better than the third quarter in spite of having lost some bit of time in some of the locations due to the third wave. With Rs.332 Crores, we ended up with AUM of about Rs.2011 Crores, up from about Rs.1980 Crores that we had end of September quarter but down 9% of same quarter last year when we were at about Rs.2200 Crores which has reflected in the average AUM and therefore in the interest income also.

In the current quarter we had income of about Rs.93 Crores against Rs.99 Crores that we had in immediately preceding quarter and about Rs.120 Crores in the same quarter of last year, Rs.93 Crores being lower than the last two numbers that I have mentioned has got a couple of reasons , one is definitely the reduction of AUM versus the same quarter last year when I did say that there was a drop of about 10% in the AUM itself and about similar amount in the average AUM as well, but more significantly was income reversal of about Rs 8.7 Crores in the current quarter, which was essentially on account of the company treating the movement of accounts into 90 plus and then coming back into to less than 90 but not to 0 DPD , but the belief that the company has is while it is still below 90 and in the normal circumstances the accounting policy permits us to take income of that as per RBI direction we are not permitted to recognize any income on NPA and therefore whatever increase happened due to the 11th November circular we have reversed an income of our Rs.8.7 Crores . If that reversal was not there then we would have reported an income slightly better than the immediately preceding quarter while that is still lower than the same quarter last year.

On the finance expenses, we spent about Rs.36 Crores versus about Rs.45 Crores in the same quarter last year, the drop is about 20% which was mainly on two accounts, I would say, Rs.232 Crores reduction in the utilization of funds in the current quarter versus the same quarter last year which gave us the benefit of roughly about Rs.5.5 Crores and about Rs.2.5 Crores on account of reduction in the interest cost and from over 9.4% we have been able to bring it down to about roughly about 8.72% to 8.73% which has benefited or given us about a cost benefit of over Rs.2.5 Crores. Again immediately preceding quarter, we have been able to speak to the banks and been able to utilize funds of Rs.96 Crores lower than the immediately preceding quarter, which has given us the benefit of about Rs.2.5 Crores another Rs 50 lakhs of reduction is on account of the interest rate reduction that we got. Banks have been very supportive in fact they have stood by us during the last couple of years which has been very tiring for us and we are grateful to the banks and the other lenders who have actually stood by us during such time.

Basis this , the net interest income went to about Rs.57 Crores versus Rs.60 Crores in the immediately preceding quarter and Rs 76 Crores in the same quarter last year, the operating expenses was higher in the current quarter versus the immediately preceding quarter by about 3.5 Crores which was mainly on account of increased collection cost because of the specific emphasis on collection. The team has stepped up incentive given to the agencies for collection, all this leading to some bit of increase in the collection cost.

Most of the other costs have remained more or less same versus the same quarter last year.. On the loan loss provisioning there has been a significant decrease because of the reduced movement to S3 . now this I will explain to you all very clearly. I will need attention from all of you on this. Movement to S3 , Basis the old norm and basis which the provisioning under the ECL method went down significantly. Last time I remember telling all of you that we have made additional provision of Rs 10 Crores because obviously Q3 was after , coming back in Q2 immediately after the second wave. We wanted to ensure that things are going okay in Q3. There are no significant issues and therefore in the last quarter we kept an additional provision of Rs.10 Crores and this time we have ensured that we will just mark up the additional provision kept on the books.

This is besides what is demanded by IRAC norms. On the classification in terms of NPA after the IRAC norms and as per the Ind-AS, we have, for the purpose of reporting, reported a figure of about 28% in terms of IRAC norms for RBI purposes but if one goes by the older norm we are still similar to what we were in the last quarter and minor increase from our 19.8% to 20.4% , that has been the increase so while we have reported higher GNPA, in the other buckets , in which collections were received, permitted us to restrict the provisioning in the current quarter to about Rs 7 Crores.

We are happy to be showing positive bottomline after a negative for the last couple of quarter and we have reported PBT of Rs 6.1 Crores versus about Rs 18.5 Crores that we did at the same quarter last year but did a negative Rs 10.6 Crores in the immediately preceding quarter. On a nine month basis, we have been able to disburse at about Rs.779 Crores versus Rs.460 Crores that we did nine months last year and loan book of about Rs.2011 Crores versus about Rs.2199 Crores at the end of December last year.

Income generated was at about Rs.290 Crores versus about Rs.395 Crores the reduction of 25% being largely on account of two aspects, one is definitely the reduction in AUM by about 10%, average AUM by about 16% and the balance being on account of NPA which we still were not recovering, the income on those assets, and I have said that earlier also in my previous presentations also that on NPA we do not recognize the income. In current quarter I had mentioned that we did not recognize income even in the NPA accounts which are at less than 90 bucket.

On the finance expenses we were at about Rs 115 Crores in the current nine months versus about Rs 145 Crores in the nine month last year a drop of 20% largely on account of Rs.262 Crores of reduced utilization which possibly gave us a reduction of about Rs 19 Crores and further because of interest reduction it has given us a reduction of other 9.8 Crores to Rs.10 Crores.

Our operating expenses are more or less in line with what we had in the nine months last year, turning the cases. We had provision between slightly higher by about 6% but then broadly at the same level as last year nine months because when we reported a bottomline of about negative Rs.18 Crores versus a profit of Rs.43 Crores positive that we had for the nine months last year. I will possibly pause over here. I will request Madhu to talk a bit about the operations and then we will jointly address any queries that you all have.

Madhu Alexiouse: Thank you Vinod and good afternoon once again to all of you and thank you for joining this call. I will try to be as brief as possible so that we can have more Q&A time. Like Vinod mentioned after the second wave, we saw two-wheeler industry improving month-on-month in September and October , actually that is the time when the festive season happened but in the month of November and December we saw some kind of challenge both from demand side and the supply side and the average sale for these two months was about 10 lakh level but after the second wave as we reached October and September, there was a very clear-cut indication that there is demand in the market and the sales numbers were actually looking pretty good.

In Q3 FY2021 against total sale of about 48 lakhs Q3 FY2022 the industry sales were about 36 lakhs so that is the level of drop that has happened. As I mentioned there is both demand and supply side pressure. Key thing is that we believe this average 10 lakh sale is actually bottoming out and we firmly believe that from here this bottom level of average 10 lakh it should definitely see an uptick as we go through the Q4 in the next year.

Third wave definitely had its own impact but it was at manageable level. It was not a very severe one and besides a few lockdowns here and there and things are back to normal now and hence we have a very great hope about Q4. The point that I am trying to mention here is that the auto industry rated problems that we have been hearing starting from four-wheelers and then the two-wheeler pressure, I think the time has come when actually it would bottom out, cars are definitely looking slightly better but two-wheeler also would bounce back.

I had been mentioning earlier that India is the largest two wheeler market and two-wheeler is the primary mode of transport for the common man and this market is still unpenetrated in India we have about 102 wheelers for every thousand people whereas internationally it is much more when you compare to Thailand and Indonesia and we feel that the potential of this is at least twice at least 200 per thousand is what the potential in India is double the market that we are talking today and I feel that with the emphasis on infra through Gati Shakti which got announced a couple of days back during the Union Budget I think that is one very strong initiative that would push the transportation industry to the next level and from our perspective I think the MSP that the government has declared that would really enhance the cash flow of the customer which is the need of the hour.

Tier three, tier four centers in rural areas , I feel that the cash flow levels and the income level should definitely improve there and the two-wheeler industry should start looking up the point that I am trying to make and I mentioned earlier is there a bottoming out w and there are various signals and initiatives that would really make this up.

From MCSL perspective if you look at the overall disbursement that we have done in Q3 about Rs.332 Crores, this is the highest we have done after the COVID pandemic started and we have seen disbursements improving quarter-on-quarter, team had been able to reactivate all the business and collection touch points both and it has improved substantially after the second lockdown. We are moving towards business as usual, active touch points from where we do business and collections both and as a result, our market share also improved compared to last year Q3 which was about 0.93% and this Q3 it is about 1.19% and I have been telling always to the investor community and analyst community that our target is 1.5 to 1.65 so we are moving towards that long way to go but definitely we can see a positive uptick there.

Besides now we would start subsuming our expansion plans which we had kept in abeyance. We had informed you, we will keep it in abeyance for some time and we will start pursuing that as we enter into the Q4 in the next financial year. From collection perspective also we are seeing improvement across all buckets. It is there in the presentation as well, how the collection efficiencies are improving and bucket zero efficiency in two wheeler industries above 93%-94% we are consistently at 96% that is a very good sign at the same time a lot of action has happened in the ground in terms of customer connect programs wherever after the second wave and then when we were allowed to travel, meet and touch base with customers very well planned, customer connect programs has been rolled out.

These are all measurable action plan which is monitored on a number basis, on a resolution basis, that has got rolled out. I think from the perspective that all the handicap that we had after the COVID related pandemic, I think those are raining out. We hope to see only positive things happening as we go forward. Of course Q4 is generally a good quarter for us and so we believe that whatever plus we have done in Q3 will continue in Q4 as well. We can discuss more during the Q&A session.

This is all from my side right now but any specific questions we will take it up during the Q&A. Over to you Vidhi!

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Akhil from RoboCapital. Please go ahead.

Akhil: Sir in the previous concall you had mentioned the target for disbursements would be around 1900 and right now currently obviously it will be tough to reach that target so for FY2023 I just want to know would you have a similar target then in disbursements?

Madhu Alexiouse: I can give you an indicative answer on this Akhil. Our Q1 was a total washout due to the lockdowns, but I can give you indicative number in the sense that during the last year we did around about 1 lakh unit and this year we expect to grow by about 50% from last year so we are looking at 1.5 lakh unit this year given the industry as of now and if industry really bounces back then we can look at slightly higher number as well.

Vinod Panicker: In terms of absolute numbers last year we ended up about Rs.750 Crores and this year if the things are good, we would be close to about Rs 800 Crores right now hopefully we end the year as Rs 1200 Crores to Rs 1300 Crores which is possibly slightly more than 50% higher than what we did last year and even 2019-2020 where the last month was actually washed out we did about Rs 1800 Crores I think that should be possible once we go in the next FY2023.

Akhil: Could you give us any guidance on credit cost what would be like in FY2023?

Vinod Panicker: In the current quarter, cost was about 3.99% for the current quarter, we expect the number to come down as we go forward, the cost will be in the range of our 3.54% so I expect it to be that 3.5% range on a consistent basis next year . I am expecting it to be a normal year, none of this lockdowns will be there then I would safely say that we should go back to the previous normal of about 2.5% to 3% might be closer to 3.5%.

Akhil: Okay and my last question just regarding what is the current ticket size?

Vinod Panicker: Average ticket size was about 79%, LTV was 79%. The ticket size is Rs 76k.

Akhil: In Rupee how much Sir?

Madhu Alexiouse: Rs.76000 and in percentage terms it is 79%, LTV is 79% in the current quarter.

Akhil: Okay thank you Sir.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon, Sir. Sir in terms of your gross NPA, we were expecting that I am comparing like-to-like still this quarter could have been a quarter where gross NPA number, could have actually come down so any reasons why the gross NPA number continues to sort of inch up on our like to like basis?

Vinod Panicker: On a like-to-like basis, Sarvesh we did say it was 19.8% versus 20.4% is because of the increase that we saw in the month of November, November was a month where we did have issues on the ground, because in several parts of the country, mainly in the Southern India and then NPA has actually shot up in the month of November. The team actually recovered and brought it down to the closer to the October levels after that in the month of December but then the month of November was definitely a month which actually created issues for us.

Sarvesh Gupta: So what is the expectation like for the closing of this year and for next year?

Vinod Panicker: I will first talk about the current year, may be in the current year, on an old norm basis, we are reporting that Rs 387 Crores odd of NPA, we expect the number to go down further say anything in the range of about Rs.325 Crores to Rs.330 Crores by the end of the year. The last time when we had a call and we had a figure of Rs.360 Crores, we seriously expected the number to come to about Rs.310 Crores but I believe that while the teams have taken much stringent target I would say that Rs 325 crores is something which we would want to commit on saying that is what we will try and achieve by the end of this year. Next year we expect things to go back to normal then maybe even when the book grows up significantly the overall absolute NPA should start coming down and then we should start maybe talking about a gross NPA this is, based on the old norm of about 10%- 12%.

Sarvesh Gupta: In normal terms you would have probably been at 5%-6% right?

Vinod Panicker: We are in the range of about 4%-4.5% gross NPA level and net NPA was much lower than that but why I am telling the figure of 10% is something for the next year also mainly because, while we are expecting things to be normal, we expect some bit of turbulence and some bit of I would say corrections, which would be needed on the ground, which could possibly get into the first quarter or the second quarter, so I would safely say that even at the AUM level, I am saying that next year disbursement I am saying that we want to be at FY2020 level which is about Rs 1800 Crores and because the business, that is there the book that does not grow faster because of the lower tenure loans and that would effectively mean that the percentage will remain reasonably elevated; but it should be significantly better, our NPA significantly lower than what we are seeing in the current year or even at the end of this current quarter. We are confident of seeing some bit of benefit or reduction in next quarter itself in the fourth quarter.

Sarvesh Gupta: Just a couple of quarters back I guess we were still at 10%-12% so I think from there one and a half years down the line if you have the same number it does look like your NPAs would be sticky as for me?

Vinod Panicker: I fully subscribe to what you are saying; June 2021 the NPA, was about 17%, there have been some bit of increase largely due to AUM not growing and definitely some bit of absolute numbers also getting added but we should in the fourth quarter be able to grow at Rs.325 Crores, we should be in 15%, 16% range at the end of current year itself.

Sarvesh Gupta: But March 2021 to March 2023 you expect to remain at the same percentage of gross NPA. From March 2021 to March 2023 you expect to remain at the same level of gross NPA in terms of percentage?

Vinod Panicker: Yes, this kind of growth of NPA that we saw in the first quarter and second quarter and some bit of it third quarter also, so bringing it down would be herculean task and that is the reason why we will be in the 10% to 12% range by March 2023?

Sarvesh Gupta: Typically in your business after how many months you are reasonably sure that this loan is lost? So why not write it off at least from your books if that be the case?

Vinod Panicker: This is something which we can always consider, but I would say that while the business is fixed, we could see that option may be which we do not do ,we normally try and answer it and keep it under the radar of everybody so that collection team goes into it.

Sarvesh Gupta: So the question was let us say after three months or six months if the customer is not paying then in general what is your lead in those cases?

Vinod Panicker: The current ECL norm that is in place is basis the kind of a structure that we have seen over the last three to four years. How the customer moves from one bucket to another where he was at the beginning of the year and where he has gone to at the end of the year , basis that ,we have factored in that even in S3 we are capturing a percentage as high as about 48% currently because we believe that is the kind of customer that we deal with, and that is why our provisionings are also higher than what even the IRAC norms are determined. Basis IRAC we would have possibly been reporting about annual Rs.50 Crores of provisioning whereas now we are reporting close to Rs.265 Crores of provisioning that is because we believe that the customers that we deal with are customers who need who might let us say , default and therefore provisioning should be adequate so while we do not remove from the books, we are ensuring that we use proper treatment in the books to ensure that there are no inflated positive bottom-lines. .

Madhu Alexiouse: I will add a bit here. See once the COVID had hit, and they were lockdown, I think these customers are not intentional defaulter customers out of circumstances they could not pay and they landed in 90 plus DPD. These are the customers and there are many customers in 90 plus who will keep on paying one installment or two installments or one and a half installments and they will keep on having some kind of relationship with the company. They would make part payment though it may not come out of NPA but still there would be a relationship with the customer in the sense that he is not able to get four installments, the five installments together and in the second lockdown that was more prominent . Around March we thought we will come out of it but after that suddenly again there was a jump in the NPA so our approach had been to collect as much as possible from customers rather than going very aggressive and do repossession and things like that, as these are the customers who are not regular defaulters like pre-COVID, there used to be set of customers who default I mean that was intentional the vehicle may not be available and things like that but here is a set of customers who have very good set of their business model, they will be small shop owners and things like that, out of circumstances their cash flow is impacted so we have to balance both in the sense that while there is a segment of customers where you need to go aggressive and do the collection there is a set of customer and you need to have a relationship where they continuously pay your installments and come out of the problem so we have to balance both , it is not that we will straightaway write them off but we will wait and this was a different circumstances everyone experienced for the first time and so we have also learnt over the time that these are the customers whom we need to keep on collecting the money and secondly we feel that if we go all out repossess then sell it there could a repo loss as well, so it is better to collect the money and bring down PoS levels and ensure that account is active and we keep on getting the money rather than customer totally vanishing or not paying at all and then we have to get into a very serious kind of recourse like repossession or legal and things like that.

Vinod Panicker: May be, as what Madhu said that, Sarvesh, in slide 26 which we have uploaded, if you look at, we have mentioned that Rs 9.2 Crores has been collected in Q3 but the account has not moved out of NPA, now that is actually 21,400 customers; so maybe add to what Madhu is saying, please see it is not that the customer does not want to pay, it is possible that he does not have the wherewithal to pay fully, so the 21000 customers, they actually come and pay in the current quarter I would say that we will continue to do so, if we write it off in the books, we will not be able to have complete focus that is one thing and second is, we have taken ourselves an aggressive target, we have actually come up with attractive waiver schemes and other things, so that the collection happens on the ground, we have seen a robust collection in the month of December, we have seen very good collection in the month of January. We are expecting the same trend to be achieve that or even better or much better in the month of February and March because now things are stable, it was some cases where guys were down with COVID and things like that and they were possibly held up for five or six days, is not the case now, things are opening up and we are confident that the numbers will go down and that is why I was saying that the absolute terms will go down.

Sarvesh Gupta: Thank you and all the best.

Moderator: Thank you. The next question is in the line of Vinay Jadwani, an Investor. Please go ahead.

Vinay Jadwani: My queries regarding the dividend policy, a few years back the company changed the dividend policy for the sake that it would retain the dividends for reinvestment for future growth but other companies other finance companies even the parent company, Muthoot Finance they also are growing and even growing more than the Mutual Capital actually and they are still paying dividends also so when is the company considering it this year is a washout here for sure but in future is there timeline when we can see the change in dividend policy since the growth pattern, is not growing actually now and for that sake only the company changed the dividend policy so would like to know more about the dividend policy in future course?

Vinod Panicker: Vinay, first and foremost is Muthoot Finance is not our parent company; it is not part of group also. Muthoot Finance is Red Muthoot and we are Muthoot Pappachan group, we are the Blue Muthoot. Definitely they are making profits and they are giving dividend; we had actually changed this policy sometime after 2016 where we thought that let us retain the funds for future growth and that is the time when we after 2016 as per my memory we have not given any dividend. We hope to start this once we get better times and maybe when we see growth in the AUM and in the profitability, definitely we do not want to change our practice In our case 62.5% is held by the promoters, so obviously they would also be keen to take it back, but in the interest of the company it was decided that we will not look at any dividend distribution right now. I am sure when things improve, we will definitely start looking maybe this year like I admit is a washout but definitely better times will come and maybe we will be in a position to change our policy.

Vinay Jadwani: Thank you.

Moderator: Thank you. The next question is from the line of Vidhi Shah from Antique Stock Broking. Please go ahead.

Vidhi Shah: Sir actually you mentioned that you would like your GNPA by year end to be around Rs.325 Crores so which means that you will see a recovery at least reduction of NPAs at least to the tune of Rs.200 Crores so how do we see these recoveries such a sharp recovery coming in Q4 like I understand it is a strong quarter but still how do we see such a sharp recovery coming in?

Vinod Panicker: I mentioned that the reduction to Rs.325 Crores is basically the old norm. I am repeating that when I am talking about NPA right now or the target that we have given on the ground is for the current year at least. We will need to change this because the RBI circular of 12th November is a recent and then converting the guy on the ground who is not able to pay even one installment to convert him and make him pay four installment or something which cannot happen. When I had mentioned Rs.325 Crores I had very clearly said that it is basically the old norms so last year effectively based on old norm , we will go from about Rs.387 Crores to about Rs.325 Crores which we would reduce by about Rs 60 to 65 Crores. So for which we feel that there would be specific benefit given agencies and there is an all round effort on the ground to ensure that the collections happen.

Vidhi Shah: Sir as per the old norm the NPA number that you mentioned around Rs.380 Crores so do we see any customers or who have still not paid a single EMI in that case or in all the customers who are in the stage three assets all customers are at least paying one EMI or is there any customer or percentage of customers where they have not been a single EMI as yet and they are still under GNPA?

Vinod Panicker: There will be, Madam. there would be some amount of customers, where people have not paid a single EMI . If I look at only last Q3 full year figures by disbursement, I will definitely have something like 1000 + cases where people who have not paid a single EMI but then that is pretty common that they take the money and when the first installment comes 45 days later possibly something else has happened because of which this issue has come.

Madhu Alexiouse: Just to add to Vinod, Vidhi, among all the NBFCs and banks who do lending and especially retail lending they attract the non-starters and first EMI, second EMI, third EMI, femi, semi-temi and after the pandemic as told during the calls also we have kind of slightly tightened our credit norms as well. So non-starter and SST we call it, SST norms those are the things we did not change and current portfolio behaves in a similar way what it was pre-pandemic so just to assure that because of pandemic and there are problems in the market

,first lockdown came in , second came in , and if there is a third wave , we have taken care in terms of our credit delivery in terms of portfolio management to ensure that portfolio behaves like pre-pandemic so existing portfolio would have gone into slightly problem in terms of repayments and things like that but whatever new business we have done, we have ensured it behaves like pre-pandemic so just to tell you that from non-starter perspective, from the portfolio management perspective, from the early delinquency team has kind of contained that control that. That is within the permissible limit of the organization.

Vidhi Shah: Lastly Sir our borrowings have been reducing so do we see any fund raising in the next couple of quarters and if yes then will that lead to increasing of cost of funds?

Vinod Panicker: Madam, in fact in times when business has not grown, we had spoken to some of our lenders and requested permission for not drawing the sanctioned amount, basis that the utilization has reduced, but definitely with the disbursements expected to go up in the current quarter also and we are also speaking to some of the lenders, we are speaking to some of the other investors who would want to come for other transactions we are definitely going to look at raising at least about Rs.300 Crores in the current quarter , some of it will be for the current quarter utilization and is some of it for the next quarter.

Vidhi Shah: Okay but this shall not see any increasing cost of funds despite we are raising funds in the current quarter in the next quarter but there will not be any increase in cost of funds and which is right?

Madhu Alexiouse: We intend to utilize whatever a lot of it in the book, and there are discussions in the current quarter so if the cost of funds go up definitely we will see an uptick in the revenue which will compensate or more than compensate for the cost.

Vidhi Shah: Madhu Sir, a question especially to you, how do we see the non-two wheeler portfolio doing like how is the strategy working out there and is there any further updates on the non-two-wheeler segment that we have been growing?

Madhu Alexiouse: Non-two wheeler book is about Rs.24 Crores as of now and it the NPAs and collections have remained within the permissible limits. During last few calls we had said that expansion and things like that we have kept in abeyance. We wanted to wait and see how the things plan out and I had mentioned during my initial call that now we are looking at expanding whatever we had put in abeyance and used cars is something which would definitely budget it as we go forward. So from the perspective that how the portfolio is behaving it is within the permissible limits that we have done. Are we looking at growing this? Yes we are looking at growing this and we will come back to the investor community, to analyst community once we are ready with our next year's budget and we will give a very clear step action plan on the centers that we are going to operate and which are the markets that will operate, give us some more time maybe a quarter's time and we will be able to update on that.

Vidhi Shah: Sure Sir. Thank you.

Moderator: Thank you. As there are no further questions, I now have the conference over to Ms. Vidhi Shah for a closing comment.

Vidhi Shah: Thank you everyone for participating in the call. Madhu Sir will you like to conclude for the call?

Madhu Alexiouse: Thanks once again to all of you for taking your time to connect with us. I think I have mentioned during my initial discussion as well that two-wheeler industry definitely is going through the challenging times and I mentioned about both demand side and supply side issues are there, but at the same time what gives us confidence about this market is that how it actually bounced back after the second wave and we saw at the end of Q2 and starting off Q3 numbers touching about 15 lakhs and then we have seen a dip in November and December we feel that this is the bottoming out of this industry and there are very positive signals from the ground in the sense that how the customers cash flow is improving, how the business is improving and with the movement of people I think and as the schools and colleges open up, economy opens up more we have all the reasons to believe that Q4 onwards things should look much better. What was till September and October , we have actually been able to grow compared to last year. Last year was a very low base although but I think that we have all our aggregates in place, all our action in place to really make it back to what we were at the pre-pandemic level. Vinod mentioned about we want to reach somewhere what we were in 2020 that is definitely a striking reach for us. We will definitely reach there and also to assure that in terms of all the initiatives that we have been telling that we have put in abeyance is something that we will definitely open up and as we go forward you will see uptick in all those initiatives as well. May I ask Vinod also to add his concluding remarks? Vinod Please!

Vinod Panicker: Thanks Vidhi. Thanks everybody else for being on the call with us. We are definitely happy in the current quarter that we have been able to report to a positive bottomline in spite of us having made additional provision basis the new norm for close Rs.9 Crores but we are expecting the fourth quarter to be significantly better than the third quarter and maybe going forward seems to be better or the pre-COVID levels, maybe 2019-20 levels, maybe from the next financial year onwards. We are thankful for all the support that we have got from all of you. We request for your continued support and anybody else has any queries on anything that they have seen in the presentations or something the presentation that does not talk about, please feel free to call us and speak to anyone of us. We are always ready to answer any queries that you have. Thanks once again.

Moderator: Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking that concludes this conference. Thank you all for joining us. You may now disconnect your lines.