"Muthoot Capital Services Limited Q1 FY23 Earnings Conference Call"

August 8, 2022

MANAGEMENT:	**MR. MADHU ALEXIOUSE – CHIEF OPERATING OFFICER**
	MR. VINOD PANICKER – CHIEF FINANCE OFFICER
MODERATOR:	**MS. VIDHI SHAH – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Muthoot Capital Q1 FY23 earnings conference call hosted by Antique Stock Broking.

As a reminder, all participants' 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 touch-tone 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, Ms. Shah.

Vidhi Shah: Good afternoon everyone. We have with us the management of Muthoot Capital Services Limited 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 hand over to Mr. Vinod Panicker for opening comments. Over to you, sir.

Vinod Panicker: Good afternoon everybody. Nice being on the call with all of you once again. We would want to present the financials of the first quarter of the current financial year. We have seen some bit of improvement in the current quarter compared to the previous quarter and we are very happy to present the financials to you. The current quarter had a total disbursement of about 328 crores versus 136 crores in the same quarter last year, but then that was a quarter when, for about roughly 2 to 2-1/2 months, we didn't have too much of business. Against, the immediately preceding quarter, we were slightly lower, but then in the immediately preceding quarter, there were other loans of roughly about 47 crores. Otherwise, retail loans were slightly higher than the immediately preceding quarter. Then it was about Rs 320 odd crores. This time, it is about 326 crores.

The AUM has started seeing an increase over the last two-three quarters. It is currently at about 2,082 crores versus 2,049 crores in the immediately preceding quarter and about 1,964 crores in the same quarter last year.

The interest income also has been more or less in line with the immediately preceding quarter. 1) It was about 108 crores in the immediately preceding quarter. Now, it is at about 106.4 crores versus about 98 crores in the same quarter last year. The current quarter has seen a lower income basis a couple of crores of reversals that we did. 2) The 107 crores in the immediately preceding quarter had roughly 2 crores of interest income from the deposit that we had placed with banks that was not there in the current quarter. Otherwise, on the business front, it was more or less equal after the immediately preceding quarter.

The finance expenses have been lower in the current quarter; it is about 32.7 crores versus about 32 crores in the immediately preceding quarter and close to 40 crores in the same quarter last year. Against the same quarter last year, it has a lot to do with the reduction in the utilization of roughly 170 odd crores versus the same quarter last year and some interest cost reduction which was passed on to the lenders too. It was roughly 7 crores overall. Reduction was about 6 crores due to lower utilization and about 1-1/2 crores due to interest rate reduction. In the immediately preceding quarter, it was slightly lower mainly on account of lower utilization of roughly about 68 crores, but the interest cost over the last quarter has gone up. That had an impact of about 17 odd lakhs and one day extra in the current quarter meant an increased cost of about roughly 34 lakhs.

All in all, it was lower bringing the net interest income to about 73.7 crores versus about 58 crores in the same quarter last year.

Operating expenses were at about 44.5 crores versus 27.2 crores in the same quarter last year. But in the same quarter last year, because of COVID, there was not so much of activities, lower sourcing cost, and definitely negligible collection cost because collection was also pretty bad in that quarter. Therefore, these were the two main differences.

Loan loss provision has been at about 9.4 crores, a combination of loss on sales of repossessed assets which was about 6.7 crores and some provisions. Basis the reduced NPA, there should have been a reduction of roughly about 4 crores, but we decided to make an additional provision of roughly 6 crores against the account that we have in the NPA basis, which we had a total cost of about roughly 9.4 crores versus 50 crores in the same quarter last year and 235 crores in the immediately preceding quarter, but then that was mainly because of two large provisioning's which we did to meet RBI norms, which led to the profit before tax to be at about 19.8 crores and profit after tax of about 14.3 crores versus a loss of 19.5 crores in the same quarter last year and a loss after tax of about 14.5 crores at the same time last year. Again, in the immediately preceding quarter, like I mentioned, because of the addition of provisions, we had reported a loss before tax of about 204 crores and a loss after tax of about 153 crores.

We are seeing NPA reducing. That was the only large issue that we had last year. We are seeing improvement on the ground in terms of customers coming back to the dealer points, and all these things together will help us I believe in getting back to where we were in the pre-COVID stage. God forbid if something of COVID comes up, that's the only challenge which we see. Otherwise, we don't see any operational challenges as such in the current financial year, and we are fairly hopeful that we will go back to the pre-COVID levels in terms of AUM, in terms of profitability, and we will, on a quarter-on-quarter basis, exhibit that before you.

I would now ask Madhu to give his comments before we hear from you and address the same.

Madhu Alexiouse: Good afternoon and thanks once again for joining us on this call. I will also briefly dwell around what is happening in the market and then probably in the Q&A, we can have a sharper discussion on any of the points that need to be clarified. I think from the industry perspective, what we have seen is that the wholesale that is happening for two-wheelers has kind of stabilized over the last four months. We have seen it is hovering around 35 lakhs per quarter. Q1 was about 36.66 lakhs, which was about 33.48 during Q4, and just a quarter before that, i.e., Q3 FY22, it was 35.8 lakhs which I believe is a very good sign because despite all the headwinds, I think it has reached a level where it is kind of stabilized. On a month-on-month basis, 12 lakh is something what is happening wholesale and the tough part of this year, i.e., monsoon is about to get over and our confidence on the growth of two-wheeler market is very high with the festive season like Vinayak Chaturthi is ahead, Onam is there next month, and of course, generally from Q2 onwards, the industry looks much better compared to previous quarters.

The retail numbers that was around 35.3 lakhs which was about 31.6 lakhs as far as Q4 FY22 is concerned. The retail registration numbers have been slightly inconsistent in trend; could be high petrol prices, inflation, and you people know much better about what is happening in the global market in terms of inflation, interest rates, and things like that. But, again, and this I keep on repeating that with the reopening of schools, colleges, and removal of work-from-home facility, all these are kind of improving…. and we saw that trend in Q4 as well in terms of better walk-ins at the dealer points. So, at the ground also, we see that there is a lot of movement as far as customer inquiry and walk-ins at the dealer points is concerned. So, we believe that retail sales is supposed to stabilize and grow in Q2 and the only thing that would pull back this is the fuel prices because these vehicles run on petrol. Besides that, we see very positive quarters ahead as far as sales is concerned.

From MCSL's perspective, I think Vinod dwelled also on that. We were about 293 crores which is about 37,000 units. Also, we have seen good contribution from our MFL branches. Close to 14% of business has come through the branches which is a very positive sign and we are seeing a huge support from that side whenever business is impacted. We also have analyzed our portfolio length and breadth of it and the portfolio after the first lockdown and after the second lockdown whatever business we have done after this, we are seeing a very robust portfolio - another confidence level as far as two-wheeler business is concerned. While the top line should definitely look up whatever corrective measures we have taken after the first lockdown and after the second lockdown and weighing that risk into our credit parameters to take care of COVID impact and things like that, we are confident that portfolio is going to behave in a robust way and that is what the data tells us.

Of course, I mentioned about festive season. We have already tied up with all the dealers that we had been doing business over the past many years when the festive season comes. Already the marketing activities are lined up. It is business as usual for us as it was during the pre-COVID levels. I have mentioned earlier also in terms of schemes, in terms of distribution, and reach and things like that, we are calibrated across the country. All the schemes to target specific segment of customers with good risk those are there in place which would help us to continue to have a good and robust portfolio.

Looking at the macroeconomic fundamentals, I think the MSP rise for Kharif crops announced by the government that should auger very well for rural sector. I think Q1 one of the factors for two-wheeler not picking up was the rural growth but I think that would get addressed with this particular issue. So, during the upcoming quarters, I think even the rural belt which was impacted should really look better. This is the overall picture that I thought I should share with all of you, and if there are any specific questions, we will address during the Q&A. Let me request Vidhi to kindly open up the call for the Q&A session.

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take the first question from the line of Uttam Purohit from Perfect Research. Please go ahead.

Uttam Purohit: I might have missed some initial comments. Can you please tell me if our disbursements have been reduced sequentially? Can you throw some light there?

Vinod Panicker: The disbursements we said that in the immediately preceding quarter, the retail disbursements were about 321 crores. In the current quarter, it is about 326 crores. Overall disbursement in the immediately preceding quarter was about 368 crores. In the current quarter, it is about 327 crores. In the current quarter, the disbursements on the retail front is broadly in line with that it was in the immediately preceding quarter. March quarter being a quarter where there is a lot of activities happen. Normally, in the first quarter, we don't see too much of disbursement, but it is in the second quarter when we have Onam and then the other festivals which come up where we would expect a much larger jump in the disbursements.

Uttam Purohit: Sir, since we are backtracked in terms of ROE and ROA at an incremental trend, can you throw some light on our long-term targets to achieve let us say in three-four years?

Vinod Panicker: I would possibly take the current year and then talk about the next year. In three-four years, so many things would keep changing on a rapid basis. In fact, last year we were done in by the two RBI circulars which came up. But definitely, we intend to be where we were in March '19 in terms of AUM by the end of this current financial year, which was at about something like 2,750 odd crores. We are certainly confident that we should be closer to that by the end of this current financial year. And we expect to be in the 3,400-3,500-crore range in terms of AUM by the end of FY24. I would say that's the AUM target that we have with us. We have currently tried to do our estimation for two years at a time, the four years we felt was a bit too much because so many things keep changing on a rapid basis and we didn't want to take the risk of committing or giving any figure for more than two years now.

Uttam Purohit: So, our expected AUM for the FY23 end would be 3,400 or 3,500 odd crores, right?

Vinod Panicker: FY23, I said was about 2,750. I said it would be in line with my FY19 numbers.

Uttam Purohit: What about strategies to keep the NPA in check going forward? Any chances to reduce it further?

Vinod Panicker: The intention is to reduce the NPA on a month-on-month basis. Because we have adhered to the 12th November circular where the NPA moves out of NPA and becomes a standard account only if the entire installments are collected, the reduction from the NPA and becoming a standard is a much tougher job today. I will explain that to you how. Earlier, if an account was in the 90+, collecting one installment was good enough to take that guy out of NPA. Today, that one installment doesn't suffice. You need to actually collect at least four installments to take that guy out of NPA. While the collections from these accounts, the soft NPA - we use the terminology soft NPA of accounts which are in less than 90 DPD category - from those, we are getting collections on a month-on-month basis. In fact, one of the slides that we have put up on the website is a movement on quarter-on-quarter basis of the NPA for the last five quarters. And you would see that in the last two quarters ever since we actually recognized less than 90 also as NPA, you will see the collections on those accounts are significant. From 8-9 crores which was getting collected without the account moving out of NPA, the last two quarters have seen a collection of 36 and 32 crores, respectively. Still that account is not going out of NPA because the regulation says that you have to collect all the four installments. So, the overall number of NPAs going down will happen, but then it will happen in, I would say, a slow manner. But then on an overall basis, the portfolio quality will keep on improving and then we are talking about out of the 502 crores of NPA that we have reported at the end of the quarter, there is about 128 crores of soft NPA, you talked 149 crores at the end of March, 128 crores where the account is less than **90 days overdue**. While we have to call it as NPA because the regulations demand so, we need to give consideration to the fact that these are less than 90 DPD and who are paying on a month-on-month basis.

Moderator: We have the next question from the line of Jatin K from RA. Please go ahead.

Jatin K: Sir, my first question would be on the credit cost. In our income statement, we have put an impairment on financial instruments that is 9,40,00,000, and in the PPT, we are saying out of this, 6 crores is kind of one-off. Can you please explain what is this 6 crores and what is our plan for credit cost for FY23?

Vinod Panicker: Historically, pre-COVID when we were doing a reasonably good business and good collection, our credit cost used to be in the range of 2.25%. In the current quarter, we are expecting substantial amount of reversals which would happen from the soft NPA which is something which I mentioned which currently end of June is about 128 crores. In the current quarter, the reduction in the soft NPA was up to the tune of about 21 crores. We are hoping that over the next three quarters, major part of that 128 crores go away because the collection against that is much easier than the harder NPAs because 90+ and therefore I would say in the current quarter when our cost is at about 2.29%, if what we are planning, that actually gets fulfilled, I would say we could possibly see the net credit cost - net of all the reversals - to be in the range of about 1% also or maybe lower.

Jatin K: So, only 1% credit cost for this year, net of the reversals?

Vinod Panicker: Yes, that's our target, that's our plan. And we are also fairly hopeful that we will work towards it and achieve it.

Jatin K: Sir, on slide #3 in the PPT, you are saying total sanction in hand as on 1Q FY23 is 1,550 crores. What is this sanctions on hand?

Vinod Panicker: It's a combination of all the facilities that have been sanctioned by various lenders and it is a combination of what comes to us by way of WCDL, CC, MTD, term loan, all put together. It is the total sanctions that we have on hand, about 1,550 crores.

Jatin K: This is the money we have taken from the financial institutions?

Vinod Panicker: We have got sanctions from them. We would have taken some of it, some of it we would have not taken. It is a combination of both.

Jatin K: What is our disbursement target for this year?

Vinod Panicker: We hope to be at the figure that we were at least in FY20 which was about 1,750. It should be around 1,750, that's our target.

Jatin K: So, you are saying 1,750 crore disbursements, 2,700 crore AUM, and only 1% credit cost for this year?

Vinod Panicker: Yes, I also said that 1% is basis the reversals that we are hoping for in the current quarter, the reversals was in the range of, I would say, about 20 odd crores and we have made a provision of close to 80%. A lot of it that would get reversed in the current quarter depending on how the NPA numbers come down.

Jatin K: Our net NPA now is 5.2%, right? What is our target for net NPA by the end of this year?

Vinod Panicker: The net NPA at about 5.2% has a lot to do with the provisioning that we need to do and the comfort that we can give to the lenders. I would say that the lenders would be comfortable if we are at about 4%. So, we will work towards that. In the past, our net NPAs have been lower. It has been in the 2.5% to 3% range. But I am sure if net NPAs reach at about 4%, we could give a lot of comfort to the lenders, and currently, the intention is to give comfort to the lenders.

Jatin K: We reported 15 crores of net profit after tax in this quarter. Any guidance you would like to give on that front also for the full year given all our targets?

Vinod Panicker: I would possibly wait for the second quarter because this is possibly the biggest quarter that we have because Onam season is in this quarter. We would be more comfortable giving a guidance and we do have a budget and basis that I told you that we are looking at a book of about 2,750 or so and disbursement of about 1,750 or so. Basis that, my assumption is we should be in the range of where we were in the pre-COVID level in terms of guidance to the bottom line.

Moderator: We have the next question from the line of Rishikesh from RoboCapital. Please go ahead.

Rishikesh Oza: Sir, my first question is, since you have given us the strong disbursement target this year ranging around 1,700-1,800 crores which we saw in pre-COVID levels also - around 2019 - but during that period, the two-wheeler sales were upward of 2 crores that year. So, I wanted to know what is the basis for such a strong guidance? Are we seeing a robust two-wheeler sales that you are seeing happening in this year or what? Can you please explain?

Vinod Panicker: On the guidance of two-wheeler sales, I think Madhu will possibly talk about it, but then at that time, you need to understand that the vehicle cost was in the range of 75,000. Today, we are talking about the vehicle cost in the range of about 1,00,000. I think that itself has increased the cost.

Madhu Alexiouse: The key here is that - I mentioned during my opening call as well - in terms of distribution and in terms of the branch network that we have through our Muthoot FinCorp branches, close to 3,500 odd branches are there. I think all this distribution network would really contribute to this journey. While the two-wheeler sales during the pre-COVID, let us say 2019, was 2+ crores, and whether the industry would have the same numbers, we really don't know, but from COVID levels, definitely we are seeing there is a huge improvement, and what we believe is that wherever we were present and the good markets or strong markets where we were, actually we had been gaining grounds in those locations. Very clearly, when we had budgeted, we have looked at, at the dealer point level, at the location level, and at the PIN code level, we have budgeted this time because we know that the industry may not be like what it was earlier, but definitely, it would be growing from whatever it was at a very low level during the COVID times. We have that understanding that the industry would be under pressure, but definitely, we have the opportunity to go across all the places and especially non-South locations. Some 2018-19, we were very gung-ho that we would be able to penetrate in those markets. We were successful also, but after the COVID, we had to consolidate our position, which we believe that we will very strongly grow in these areas as well. Our unfinished agenda which was around 2019 and end of 2020, I think that is something what we will pursue this year and that should enable us to get our numbers that we are seeking to. In terms of our Muthoot FinCorp branches, that is a big opportunity that we have. We can grow that back like at 2018-19 levels. That’s the confidence and the kind of support that we get from our flagship company. We have worked on a lot of initiatives how we generate business from there. These things taken together should really help us grow our numbers and there is no gainsaying the fact that we are looking at a slightly higher market share than what we were earlier and action is towards that.

Another important thing is we are mostly in Tier-3 and Tier-4 rural centers and we are confident that even that sector should really grow well. The last couple of years we saw that those areas were also going down, but we are very confident it would bounce back this particular year and we are seeing positive signs in those markets. So, market by market and location by location when we analyze and we are confident that these are the numbers that we should be chasing. And irrespective of how the industry goes, and I am confident that industry should bounce back now except for the fuel prices and inflation impacting the people's pocket, but definitely - I keep on repeating this - this is the basic commuting thing for our country. And if you look at the penetration, this is about not more than 100 two-wheelers for every 1,000 people which is very low compared to the other developing countries. We should look at twice, like 200 two-wheelers per 1,000 people. That is the level that India can reach. And when that happens, are we there or not? It's a basic commuting and even today the most cost economic transportation for most of the population of the country, and especially in the Tier-3 and Tier-4. That's the opportunity that is there, the opportunity is huge. And I think past is past. We have every confidence in the future of this product.

Rishikesh Oza: Sir, one more question I have. Can you provide us the slippages number for this quarter and what they were in pre-COVID Q1?

Vinod Panicker: In slide #26, we have given the slippages. Slippages in the current quarter were about 56.91 crores. In fact, the caveat is that the number includes the accounts which would have possibly gone beyond 90 come below 90 but not gone to zero, that's about 56.91 crores which is about 20% lower than the immediately preceding quarter which was at about 68 crores, and the quarter before that, it was at about 61.72 crores. The quarter before that, it was 69.59 crores. Just to give you a feel of the last four quarters, including the current quarter.

Moderator: We have the next question from the line of Naveen Jain from 3N International. Please go ahead.

Naveen Jain: I want to know for three years, what are we targeting as a growth target like 50% per annum? Any growth targets?

Vinod Panicker: I think I answered my friend Jatin sometime back. I will repeat it once again. We said that we would possibly want to talk about two years right now. And I said that we hope to end the current year at about 2,750 or so where we were at the end of March '19 and roughly about 3,400 or so by the end of March '22. That's what I had said. We have not said three years, I have said only two years. I think he asked for four years, we said we will currently speak about two years at a time.

Naveen Jain: My next question is, are the collection efficiencies improving?

Vinod Panicker: Yes, collection efficiencies have improved significantly. In fact, hypothecation loan collection has been in the range of 100% plus against the monthly dues and it continues to be so in the current quarter as well. The current quarter means July-September quarter.

Naveen Jain: 90+ collections, what is the figure?

Vinod Panicker: 90+ collections is improving. In fact, of the Rs. 100 that are collected, roughly about Rs. 11 is collected from 90+ in the current quarter and in the immediately preceding quarter also. It used to be significantly lower before that; actually, 3% were the collections. So, I would say, it has improved and we expect that collections to improve further.

Moderator: We have the next question from the line of Vidhi. Please go ahead.

Vidhi Shah: Sir, just wanted to understand whether did we see some 20 crores of reversal in provisions this quarter?

Vinod Panicker: I said that soft NPA went down by about 20 crores.

Vidhi Shah: And we see that 128 crores of NPA going down?

Vinod Panicker: What has moved out of NPA is about 21 odd crores that moved out of NPA in the current quarter, 9 crores additionally went down by way of sale of repossessed assets. So, all put together roughly 30 crores actually went down in terms of NPA and another 31-32 crores went down by way of collection, but the account continued to be in the NPA. That means, you would have collected the money partially but not the full amount. In one of the queries, I had actually mentioned that ever since the soft NPA became NPA, there is a challenge because you can’t collect all the four EMIs. So, that continues to be an NPA.

Vidhi Shah: The breakup of 9 crores of provisions that we have made, if you can give a breakup of that?

Vinod Panicker: Madam, can we share that after this call?

Vidhi Shah: Sir, secondly, on the cost to income ratio, do we expect this to be around 60% for the year or do we expect it to come down?

Vinod Panicker: We expect this to come down because we expect the incomes to go up. Therefore, the net interest income should be higher, and therefore, this cost includes a lot of fixed costs and therefore we expect it to come down. In normal years, we were in the 52% to 53% kind of range. So, we should possibly go back to that level of 50% to 52%, let me put it that way, as we improve. When the top line improves, we expect that to go down.

Vidhi Shah: Sir, what is the outstanding restructured book now?

Vinod Panicker: Madam, I would not want to call it as a restructured book. While the book that we restructured, today the value of that is 85 crores. 130 crores was restructured, today the value is 85 crores, but then, after 1st of August 2021, they have no longer restructured because we had given it to a small portion of our customers and that too we had given it only for a period of four months. So, from 1st of August 2021, they were a part of my regular book. Unlike many of the entities who gave restructuring up to 31st of March 2022, we didn't follow that. We gave only a payment holiday for a period of four months - April, May, June, and July of last year. If something had to happen on those accounts, it would have happened by October-November last year itself.

The value of that is 85 crores against the 130-131 crores that we had restructured, but I would not call it as a restructured book.

Vidhi Shah: So, you mean to say this is mainly a part of the Stage 1 and Stage 2 assets. Is that correct?

Vinod Panicker: It would be S1, S2, and S3, all the three put together. Roughly about 35% has gone to Stage 3. But then, they are reported that way. And it is a part of my total…. When I am saying my NPA is X %, it includes this also.

Vidhi Shah: So, we don't expect any slippages from the restructured book but going ahead?

Vinod Panicker: No, ma'am. I am repeating it's not a restructured book but my regular book, and whatever will happen to the others, it will happen to this also.

Vidhi Shah: Sir, going ahead, you said that in this quarter, we saw soft NPA, has been some 20 crores, where it got reversed in this quarter. Do we expect this number to improve going ahead? Since we are expecting a lot of reversals in provisions, do we expect this number to be mainly seen in Q2 or Q3?

Vinod Panicker: Ma'am, this would be a continuous process and we expect it to keep on reducing on a quarter-on-quarter basis over the next two to three quarters because some of it will possibly go back to zero; a lot of it will get collected in the normal book; because we said that in the last two quarters, the collections on these accounts have been 36 crores and 32 crores, respectively. That collection will keep coming. Amounts will become due and that will keep coming. And that will make sure we have collected and because of the quality of those accounts where people are delaying but not defaulting - I would say not paying - they are not that kind of character. So, payments will keep coming up and that will reduce the size of the book of the soft NPA.

Vidhi Shah: Sir, can you share the market share number on retail sales for this quarter? In March quarter, it was 1.18%. What will be that number in this quarter?

Madhu Alexiouse: It is in the range of about 1.1%

Vidhi Shah: So, has it decreased slightly quarter on quarter?

Madhu Alexiouse: It would fluctuate a bit. What we are looking at is on the higher market share, but during the Q1, we will recalibrate, re-budget, and certain locations we will go slow and certain locations we will go high. So, it would fluctuate compared to Q4, but definitely, as we go forward, the market share projected or budgeted is much higher.

Vidhi Shah: Sir, in this quarter apart from Kerala, which geographies did really well for us? Which geographies saw a better growth coming in?

Madhu Alexiouse: Karnataka is another state where we did well. Andhra Pradesh we have done well. East had been kind of normal business as usual. North a lot of locations we have restarted which we had slowed down. We have restarted and recalibrated all our distribution network there.

Vidhi Shah: Sir, what will be the touchpoints pre-COVID level which we were at and now where is that number currently?

Madhu Alexiouse: I think there is no impact on touchpoints as far as Q4 and Q1 are concerned. The decision is, which are the areas where we will grow more and where we will taper down depending on how that area's portfolio is behaving. There is absolutely no impact as far as touchpoints are concerned. In fact, when I said that during the festive, we have gone back to dealer points and kind of already taken a lot of commitments from them. It is a fact that already we are there and we need to have the proposition in place where during the festive season, we get the maximum counter share. So, there is no impact on touchpoints. The only thing is that which one you want to grow and which one you want to kind of keep on as business as usual and be there in that area.

Vidhi Shah: Sir, can you give any update on the co-lending arrangement that we are looking out for?

Vinod Panicker: We are in the process of finalizing it. We will communicate that once we conclude on it.

Moderator: We have the next question from the line of Uttam Purohit from Perfect Research. Please go ahead.

Uttam Purohit: Sir, it's just a follow-up question. As we said, our retail disbursements have been in line with Q4, can you tell me why our other disbursements are lower?

Vinod Panicker: We are pursuing that in the second quarter because even when we budgeted it, we didn't factor anything in that. We had budgeted it in the second quarter because in the first quarter, we tried to do the regular…. That is not our regular line of business. That is normally about 5% to 8% of our total disbursements. So, we normally don't do it and that is the reason it was not budgeted also and we didn't do it also. You will see that in the second quarter.

Moderator: That was the last question. I now hand it over to the management for closing comments.

Vinod Panicker: Dear friends, thanks for being on the call with us once again this time. Definitely, times were very challenging in the last couple of years. With God's grace, while we had bruises across our body, I think we have still survived, and then in the current quarter if there are any indications of things to come, definitely we will possibly turn the corner and I am fairly confident that numbers will keep on improving quarter on quarter from here. We have gone through turbulent times, and while God has been there with us, we are happy that all of you have been with us as well and that is what has been the most important thing for us because we do things which we feel is right, and if we continuously get support from all of you, it actually makes us do things better. We are confident that the second, third, and fourth quarters will be even better than the first quarter. We request for your continued support, and with God's grace, we are fairly confident that we will do very well in the next three quarters and other quarters to come thereafter. Thank you very much.

Madhu Alexiouse: Thanks for joining this call. And I think Vinod summed it very wonderfully. The tough times really teach us lessons which probably we would not have imagined during the pre-COVID levels, and today, we have a lot of learnings how to handle the situation when such black swan event happens, and we have kind of corrected and doing a lot of corrections in the way we do business so that we are profitable, and one of the quarters was Q1. And I think as we go forward, we have mentioned in our commentary as well that we have only good things to see ahead, and the market also is supporting that way. At the same time, I think it is about how the support is around us; our ecosystem - from our lenders, from our vendors, and from our promoters themselves, their support and help, and of course our entire team which is intact which drives this business. I think from all sides, there had been a very positive and motivating contribution from them. The only thing is that now as we get into the real action, I think…. As a team, we are confident that we should bounce back and we had been telling that pre-COVID level is something what we want to benchmark and we are confident that we will be able to deliver that. And of course, our human capital is one of the greatest assets and they have proved every time to us that during tough times, they can really bounce back and show that super performance. With that, let me close my commentary. Thank you very much and thanks once again for joining us.

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