



Aptus Value Housing Finance India Limited

Q1 FY '24 Earnings Conference Call

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Dolat Capital



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MODERATOR: MS. MONA KHETAN – DOLAT CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to Aptus Value Housing Q1 FY '24 Results Conference Call, hosted by Dolat Capital.

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 this 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. Mona Khetan from Dolat Capital. Thank you, and over to you, ma'am.

Mona Khetan: Thank you, Yusuf. Good evening, everyone, and welcome to the earnings conference call of Aptus Value Housing Finance India Limited to discuss its Q1 FY '24 performance. We have with us the senior management from Aptus to share industry and business updates. I would now like to hand over to Mr. Anandan, Executive Chairman of Aptus for his opening comments, after which we can take up the Q&A. Thank you, and over to you, sir.

M. Anandan: Thank you. Ladies and gentlemen, good afternoon to all of you. I am Anandan, Executive Chairman of the company. I welcome you all to the conference call to discuss the company's performance for the quarter ended June '23. I have with me, Mr. P Balaji, MD, Mr. C T Manoharan, CBO and Mr. John Vijayan, CFO. The financial results and the investor presentations are available on the websites of the Stock exchanges as well as our company's. I hope everyone had a chance to look at it.

Aptus, as you are aware believes in growth with due importance in the quality of loan book with good financial metrics. Very happy to record that Aptus had a decent first quarter of FY '24. Sharp business focus, customer centricity, deep penetration in served markets along with appropriate tech support have enabled the company to achieve good growth.

Going forward, we will continue to focus on some of the key strategies, namely;

- Growing disbursements and loan book both in Housing Loan and Small Business Loans considering the large head room available in the low and middle income segment in tier 3 & 4 cities
- Increasing penetration in existing geographies by opening new branches and commencing operations contiguously in the States of Odisha and Maharashtra
- Strengthen analytics and digital adoption, about 14% of our business in Q1 FY 24 has come from construction eco system app, customer referral app and social media leads. Our focus shall be to increase the leads through these channels, in addition to the physical branch network.
- Continue to focus on productivity, collection efficiencies, opex and cost of funds.

Our net worth, as you know, stands at around Rs. 3,400 crores, indicating robust capital adequacy. This coupled with good support from NHB, Banks & DFIs on the borrowings side and with strong on ground demand for both home loans and small business loans gives us confidence to pursue strong growth in the year with sustained profitability.

I would now hand over the line to Mr. P Balaji, MD to discuss various business parameters. Thank you.

P. Balaji: Thank you, sir. Good afternoon friends. As on 30 June 2023, the total live customers were over 1,12,000 representing a growth of 27% year-on-year. Total number of branches were at 231.

Seven more branches have become operational as we speak. These branches are mostly in the states of AP and Karnataka. Employee count was 2,584.

Major performance highlights are

- AUM growth by 29% year-on-year to Rs. 7,123 crores
- Disbursements increased 23% year-on-year to Rs. 646 crores.
- Spread was at 13.29%.
- Opex to assets were at 2.55%.
- PAT at Rs. 142 crores had a growth of 20% year-on-year.
- ROA and ROE was at 8.21% and 16.93%, respectively.

Now coming to the asset quality, collection efficiencies dropped marginally to 99.52% in the quarter, which is somewhat seasonal as it is applicable to most of the NBFCs in the first quarter. This has resulted in increase of 30-plus DPD and GNPA marginally by around 0.37% and 0.14%, respectively. This will be improved and restored back to the collection levels of more than 100% in the ensuing quarters. GNPA was at 1.29% and Net NPA was at 0.97%. Provision coverage has been consistently maintained at 1.06% as on June 30, 2023. We are carrying a total provision of around Rs.76 crores, and this when computed as a percentage of NPA works out to a coverage of 82%. Outstanding restructuring book was minimal at 0.58% and the behaviour of this book is on par with our normal book.

Coming to the borrowings, we have well-diversified borrowings. Of the total borrowings, 60% are from banks, 28% from NHB, 9% from NCD issued to IFC, mutual funds and NBFCs and the balance in the form of securitization. We enjoy a rating of AA- both from ICRA and CARE. We have sufficient on-balance sheet liquidity of Rs. 897 crores, including an undrawn sanction of Rs. 400 crores from banks. As on June 30, 2023, our net worth was around Rs. 3,400 crores.

Thank you all. Now with these remarks, I open the floor for the question-and-answer session.

Moderator: Thank you. We have our first question from the line of Ms. Mona Khetan from Dolat Capital. Please go ahead.

Mona Khetan: So firstly, going by the low credit cost in an environment where you're seeing slightly higher NPA level and stable PCR levels across your overall ECL versus the Stage 3 provision. Were there good recoveries during the quarter that helped the low credit cost?

P. Balaji: Actually, if you look at the provision increase as per our ECL table, it is around Rs. 4.5 crores. From Rs. 71 crores in March 2023, we have increased it to Rs. 75.51 crores. But if you look at the P&L debit it is around Rs. 2.5 crores, which means there is a good recovery from the ones which have been written-off earlier.

M. Anandan: Actually, just to add to what Balaji said, if you look at our pre-COVID year FY '19, FY '20, FY '21, we've always had a very low NPA and hence very low credit costs as well. Only in FY '22 and FY '23, our credit costs have gone up, that too not because of write offs but to strengthen

the PCR. Now with the PCR strengthened at around 1.06%, we currently carry a cumulative provision of about Rs. 75 crores.

So, going forward that way the high level of provision that was required on account of COVID and the consolidated increase in NPA, may not be required on the same level. So, in other words, while it is true that when compared to FY '23 or FY '22 first quarter credit cost is lower, going forward also this trend will be more around this level. In fact, in the pricing, we did provide credit cost of up to 0.5%. But actually, credit cost will be much lower than that.

Mona Khetan: Got it. And just referring to the rise in Stage 3 levels this quarter, so where could we end the year? Could we see a similar trend like last year where Stage 3 increased in Q1 but then moderated over the course of the year?

P. Balaji: I think that's what will happen. See if you look at our earlier NPA as of June '22, it was around 1.75%, it has reduced to 1.15% as of March '23. But we are starting this year with a much lower NPA as compared to June '22. But this, again, will be reduced and it will be brought down to at least to the levels of the last year, basically at least at 1.15%. But efforts are on to reduce it below that level as well.

Moderator: Thank you. Next question is from the line of Bhuvnesh Garg of Investec Capital. Please go ahead.

Bhuvnesh Garg: Congratulations for a good set of numbers. Sir, I have a question regarding our cost of fund. So, we have seen increase in cost of fund during the quarter. So how much further increase do you expect in cost of fund? And then how our NIM would play out in that scenario, in rising cost of fund?

P. Balaji: During the quarter, we've got sanctions worth Rs. 740 crores. Of that, we have drawn some and Rs. 400 crores is yet to be drawn. If you look at the various kind of interest rates what we have contracted with, basically in the housing finance company, we have contracted at around 8.1% to 8.2% of around Rs. 400 crores. These again are fixed interest rate loans for the entire tenor of the loans i.e. 5 years.

And for the NBFC, it is slightly more by at least 0.25% to 0.5% where we have raised money at around 8.4% or 8.5% in the NBFC to the extent of Rs. 240 crores. So, this is the level at which we are borrowing now, and we are negotiating hard with the funding agencies for getting this done. But obviously, we are getting in the range of 8.2% to 8.5%. But what will happen going forward is during the third quarter, NHB is likely to sanction more refinance. So that will be at a lesser rate of interest. With the result, the cost of borrowing is likely to remain for the year at around 8.3%.

M. Anandan: Just to add, the other part of the question in terms of NIM. It is true that our NIM slightly has come down in Q1 primarily because of the 250 basis points increase in repo rate by RBI, which has not been fully passed on to our customers. We have increased the interest rates for variable rate customers of Aptus constituting 23% of the portfolio by 50 bps in Nov 2022. We have not

gone for any increase at all on the other segment of the portfolio, we have really absorbed the increase.

We at Aptus believe that we would like to pass on the increase in interest rates only if there is a decrease in NIM. We do not want to increase the interest rates charged to the customers ahead of that. However, having waited for a reasonable time, we have decided to increase our interest rates for the Non HL portfolio and the Small Business Loan portfolio by 50bps with effect from August 01, 2023.

Bhuvnesh Garg: Sure, sir. And this 150 bps, when was this price hike taken? So, in which month it was taken?

M. Anandan: 50 basis points increase was done in November '22 and the current increase is going to happen from 1st of August, 2023.

Bhuvnesh Garg: 1st of August. Fine, sir. And secondly, sir, on our bounces if you can mention what was the bounce check for the quarter and how it has moved Q-o-Q or Y-o-Y?

P. Balaji: See, bounces at the time of COVID, was at around 26% to 27%. But after that, we have been experiencing a bounce rate of around 20%. This has been consistent across quarters. Considering the segment of our customers, we believe these bounce rates of around 20% will be there. Again, this 20% bounce is not because the customers don't have the ability to pay their EMIs, but they have weak banking habits. Even out of this 20% bounces, 85% of that 20% is getting collected by way of digital means either by way of Bharat Bill Pay or through UPI payments, which means only 5% of our total collection is by way of cash.

Bhuvnesh Garg: Got it. And sir, about our credit cost guidance. So, if I heard it correctly, so you said that the credit cost that we talked for the quarter, it will remain at the same level for -- going forward. Is that -- is my understanding correct, sir?

M. Anandan: Yes.

Bhuvnesh Garg: Only 15 bps then, for the quarter we had around 15bps-16 bps credit cost?

P. Balaji: See, we are having a provision coverage of 1.06%, which in value terms is around Rs.76 crores. As per the ECL model, the provision that is required to be made is only around Rs.42 crores. The additional Rs. 34 crores represents the management overlay which we are carrying in our books. So, this 1.06% is likely to be maintained on the incremental book as well and whatever is the differential, that debit will come into the P&L account.

M. Anandan: Also, in respect of our level of the NPA, not only NPA but even the 60-90 is also fairly at a lower level. And while there is scope for improvement in our soft bank collection in terms of 0-30 or 30-60. But 60-90 and the NPA levels have really come down reasonably and we are also putting up intense collection efforts to improve that further. So, going forward, our credit costs will be around that. It might possibly go up to maybe 0.25% or 25 basis points. That's about it.

Bhuvnesh Garg: Got it. Very fair. Thank you and all the best, sir.

- Moderator:** Thank you. Next question is from the line of Renish from ICICI. Please go ahead.
- Renish:** Yes. Hi. Congrats on a good set of numbers. Again, just a follow-up on the price hike. So, if I heard you correct, we are increasing our rates by 150 basis points from August 1?
- P. Balaji:** Not 150. It is 50 basis points.
- M Anandan:** 50 basis points only, not 150.
- Renish:** Okay. It is 50 basis points from 01st August?
- P. Balaji:** Yes, Renish, from 01st August 2023.
- Renish:** Got it. And sir, secondly, again, on the ECL provisioning in the light of P&L credit cost. So, this quarter, it was 15 basis points. So, for rest of the three quarters, you are expecting this to remain at 25 basis points, is it right ?
- P. Balaji:** Yes. It will be around that.
- Renish:** For the rest of the three quarters, right?
- P. Balaji:** Yes.
- Renish:** And on the full year basis, what is our AUM growth guidance, sir, for '24?
- P. Balaji:** We have been guiding the market at 30% loan book growth. That will be there.
- Renish:** Okay. And with similar AUM mix?
- M. Anandan:** First quarter, while our disbursements are slightly lower, around 23% or so, but our loan book has grown even in the first quarter by about 29%. So, for the full year, we are confident of around 30% plus going forward.
- Renish:** Got it. And AUM mix, I believe, will remain same? Or will there be any change?
- P. Balaji:** If you look at the total consolidated book, 59% is home loan and in HFC around 57% of the total assets is in Housing Loans which we need to bring it up to 60% by March 2024. So, to that extent, there will be a small change in the housing loan to the other loans. But again, if you look at on a consolidated basis, we have an NBFC, where there is actually no limit for doing that business. So, to that extent, it will get evened out.
- Renish:** Got it. And since there will be only a percentage point of increase in the home loan, the book mix change will not have any impact on the yields, right?
- P. Balaji:** Yes, it will not.
- Renish:** Got it. Okay. That's it from my side. Thank and best of luck, sir.

- M. Anandan:** Thank you, Renish.
- Moderator:** Thank you. We have our next question from the line of Ms. Mona Khetan. Please go ahead.
- Mona Khetan:** Yes, sir, I just have a few additional questions. So firstly, on the loan mix, if you look at the loan mix slide, the SBL book, which is about Rs. 1,260 crores, it grew by 29% Q-on-Q, the NBFC book, which is I'm assuming largely constitutes of SBL. Yet, if I look at the share of the same in the consol mix, it's about 21%. So just wanted to understand, I'm assuming the entire NBFC book is SBL loans only. Is that correct?
- P. Balaji:** From this quarter onwards, we have commenced booking non-housing loans, which are close to the nature of Small Business Loans in the NBFC as well, which is the main reason for higher growth in NBFC. If you look at the non-housing loans per se, there are two categories. One is the quasi-home loans and the other one is, actually the LAP, which is more like a small business loan. We have also started booking this loan in the NBFC.
- So, to that extent, these loans which were earlier booked in the HFC is getting booked under the NBFC. That's the reason for a 29% increase in the loan book considering the lower base effect.
- Mona Khetan:** Okay. So essentially, the growth in LAP was pretty substantial, which comes under quasi-HL.
- P. Balaji:** Yes.
- Mona Khetan:** In the consolidated profile?
- P. Balaji:** Yes.
- Mona Khetan:** Okay. And so where would be the One plus DPD for us as on June?
- P. Balaji:** As of March, it was around 8%, right? Now it has gone up to 8.5% because this 0.3% plus 0.14% has got into this.
- Mona Khetan:** 8.5%. Okay. And just to reconfirm the rise in PLR in your case. So, the price hike in all has been about 100 bps, 50 bps in November and 50 bps in 1, August.
- M. Anandan:** Actually, in all we have made an increase of 50 basis points only. Out of 23% of the portfolio, we have implemented the 50-basis point increase from November '22. On the remaining portfolio, we are now increasing by another 50 basis points effective August 01, 2023. So, it is an increase of 50 basis points only.
- Mona Khetan:** Okay. So, in all, there'll be only 50 bps for the overall book, the pending 70%- 80% of the book will be inculcated in the 50 bps.
- M. Anandan:** Right, yes.

- Mona Khetan:** Okay. Now that's really clear. Got it, sir. So just one final thing. You touched upon this regulation around HFC having 60% of assets, which needs to be towards individual housing loan. So, are we already meeting this target, which is required by end of FY '24?
- P. Balaji:** Yes. As of June, we are at around 57% in the housing finance alone, which needs to increase to 60% and which is easily achievable. We are working towards that to get this done.
- Mona Khetan:** Got it, sir. I will move back to the queue. Thank you.
- Moderator:** Thank you. Next question is from the line of Rajeev from YES Securities. Please go ahead.
- Rajeev:** Yes, sir. This is Rajeev. Congratulations on healthy numbers. Sir, reconfirm me, have we taken 50 bps rate hike even for SBL?
- P. Balaji:** Yes.
- Rajeev:** Okay. And in terms of geographic mix, when I calculate growth rates -- incremental growth rates, Telangana has seems to have witnessed some slowdown in this quarter. Would that be right, sir? And any reason for that?
- M. Anandan:** No, actually. If you really look at the loan book, we had very strong disbursements in Andhra, followed by Telangana, Karnataka and then Tamil Nadu in that order.
- Actually, going forward, we are really expecting very good growth in Telangana. Currently, we have 35 branches, and we are planning to add another 15 branches in Telangana. In Telangana, the loan book as on the first quarter of FY '23 was about Rs. 703 crores. In the first quarter of FY '24, the loan book in Telangana was at Rs. 1,003 crores representing an increase of 43% (Y-o-Y).
- Rajeev:** Got it, okay. And sir, my question is for Mr. Anandan. So, sir, how do you see your association with the company going ahead because your term is getting over as an Executive Chairman in December '24. So, how would your association with the company be, how actively -- any more position can you be involved with the operation of the company?
- M. Anandan:** I'll answer this in two parts. One is that whether I will be in executive responsibilities from now that is as on date to December '24. That's a little over one year and four months. So, I will be in the executive position very much. During this period, I'll be focusing more in terms of the future strategies and more in terms of how do we really take this company forward from the current level of Rs. 7,000 crores loan book to let's say, Rs. 15,000 crores and further to Rs. 25,000 crores.
- My main focus will be on strategizing expansion plan, strengthening the organisation for the next level of growth, managing HR challenges, bringing in new IT initiatives etc at the macro level.

Regarding my role after December '24, the Board will deliberate and take a decision, maybe at least six months prior to December '24 and at least three months to six months before that, we will explain to all concerned on what will be my role after December '24.

Rajeev: Got it. But sir, post December '24, by virtue of your shareholding and being a founder, you can remain on the Board, right?

P. Balaji: He will remain on the Board.

M. Anandan: You know, my intention is to remain on the board, okay? The Board has to decide whether they want me to be continue on the Board, or not. Also, as per recent SEBI guidelines, there's nothing like non-retiring Directors. Everybody has to really get re-elected every five years, including the Promoters.

Rajeev: Got it. So, your intention is clear. Then ,the Board will decide. Got it. Yes. And just lastly on the distribution expansion plan. If you can just kind of elaborate how many branches, where the branches will be added in the next couple of years?

C. T. Manoharan: As of March '23, we had 231 branches. And as of today, we have added another seven till now, that is 231 plus seven, we are at 238 now. And by September, we will be adding another 10 more and also another ten before the end of the financial year. So, by end of March 2024, we'll have around 260 plus branches. Either in this quarter or third quarter, we will be entering Maharashtra and we'll be trying to expand in a systematic manner in that state also. We have already done that in Odisha. Now, we have two branches in Odisha, which will go up to five or six. So as far as distribution network is concerned, we will get to 260 plus branches by March '24.

M. Anandan So, in addition to physical distribution, lot of efforts and investment is going on in terms of people and money investment on the digital side and how to strengthen our customer app, our ecosystem app and also improving leads through the other social media networks. This enhancement is particularly focusing not only the new customers, but we would want to focus on our existing customer base, which has already crossed over 1,10,000. Also, we see a lot of opportunity to mobilize business through our existing customers as well in addition to the branch network, both in existing states and the newer states.

Moderator: Thank you very much. Next question is from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: Yes. So firstly, with respect to this 23% of the floating portfolio is where we had revised the lending rates by 50 bps in November '22. And on the balance, 77-odd percent of the fixed rate portfolio. Now lending rate is revised by 50-odd basis points from 1st of August. So, is that understanding correct?

P. Balaji: Yes. See, 23% of the variable rate belong to the housing portfolio. That we have changed this 0.5% for all the live customers in November '22. Now what we are changing is basically the non-housing loan and the small business loan for all the incremental customers because these

are fixed rate loans. 50 basis points increase is for both the non-housing loan and the small business loans.

Kunal Shah: Yes. So, this incremental which is there, that's not for the 77%. In fact, it is only for the non-housing and the SBL because I think maybe what we highlighted was for the balance. We have increased it. But so, it is only for the non-housing and SBL is where...

P. Balaji: Yes,

Kunal Shah: Okay. Got that. And when we revised this 23%, okay, by 50-odd basis points and the kind of yield expansion over last four-odd quarters of almost like, say, 20-odd basis points. But there is no big change in the portfolio. Actually, when we look at it, almost like the portfolio is also steady across maybe home loans, LAP, small business loans. So then maybe what would have led to this kind of increase of 20-odd basis points in the yields. And now with this 50-bps kind of an increase, how should we see the overall yield moment, yes?

M. Anandan: See, basically, as Balaji was explaining, on the overall basis, our HL is about 58% on a consolidated basis and 42% will be the non-HL. So, the entire non-HL of 42%, will go for the 50-basis point increase, effective 1st of August. Now of the 58% of home loan, we have already revised -- variable part of the home loans, 23% of the total portfolio we have revised it from November'22 and for the balance, constituting fixed rate portfolio of the Housing Loans, there is no increase in interest rates being charged.

Kunal Shah: Yes. Got that. So that when we look at it, maybe 23% and 50-odd basis points, that should ideally have at the 10 basis points, 12 basis points of the positive impact on yields. Okay. So that's where I'm coming from. So, there is almost like 20-odd basis points increase.

P. Balaji: The increase of this 20 bps has come because of the small change in the product mix. If you look at our September portfolio mix, the small business loan was, I think, 19%. This has gone up to 21% as of now. So, there is a small change in the product mix towards loan which are giving us higher yield and has contributed to this 20 bps increase in yields.

Kunal Shah: Okay. And how much would be the balance transfer for us in the pre-closure?

P. Balaji: We have around 8% of the of our average loan book which is getting pre closed. Of that, almost 70% is out of own source, i.e. own funds from the customers. The balance, 30%, which is around 2.3% or so, is getting transferred to either small finance banks or some other NBFCs as loan transfers.

Kunal Shah: Okay. So compared to 3% odd, it's now down to 2.3% or so.

M. Anandan: Yes.

Kunal Shah: Okay. And one last question on opex. So where do we see? Would it come back to 2.75%

M. Anandan: Actually, our opex has been pretty good right from 3.67% in FY'19, 3.26% in FY'20, 2.70% in FY'21, 2.53% in FY'22 and 2.75% in FY'23. Going forward, this will be between 2.5% to 2.6%. We want to be one of the most cost efficient company and fundamentally, we believe in a very high level of productivity of our people. This is not because of low salary as our attrition levels are not higher than others.

In fact, it is lower. And our salary levels are favourable as compared to competitors. While our salary levels are good, we ensure that, they perform. So, it's more performance related or productivity related which we emphasize. So, our opex will always be efficient and comparable, and it will be around 2.6%, at that level.

Kunal Shah: Yes. So still compared to FY '23, maybe 15 bps decline is something which we can anticipate?

M. Anandan: Yes. But if you really look at FY '22, it is only 2.53%. So, in fact, FY '21, it was 2.7%.

Balaji P: Kunal, if you're expecting 2.55% for the rest of the year, I think it might not be there because we are adding branches, which is around 30 to 35 branches. And to that extent, the salary costs and other costs will be there, and we are also investing a good amount of money in the technology. So, it can land between 2.6% to 2.65%.

Kunal Shah: Okay. Got it. Thanks. Thanks a lot.

Moderator: Thank you. The next question is from the line of Pranav Gupta from Aionios Alpha Investment Managers. Please go ahead.

Pranav Gupta: Yes. Hi, good afternoon. Most of my questions have been answered. Just a couple of questions. So one is on the optimum leverage that we think that the business can run at. Currently, obviously, our margins are seeing benefit from the capital that is there in the books. And over a period of time, we will see the leverage go up. But when we interact with rating agencies, what is the leverage that they are comfortable with a business like us? That's the first question.

P . Balaji If you look at the leverage currently on the total balance sheet size, it is around 2.5. If you look at the debt-to-equity, it is around 1.5 times. So, we are comfortable, and also based on the discussions with the rating agencies, normally, they are comfortable with 5x to 6x, which means debt-to-equity will be between 4.5 to 5. These are the levels which we would like to maintain .

Moderator: Thank you. Next question is from the line of Varun, an Individual Investor. Please go ahead.

Varun: Hi, good evening. So just to type over the conversation that you were having with the previous caller. I hope that you guys are not planning to artificially bump up the ROE by distributing dividends as you guys said in the last year, solely because, given the size of the company, the loan book and the growth potential that the company has, dividends actually do not seem justified, right? It's better that the company invest the money back in the business rather than distributing it to the shareholders? So, what is...

M. Anandan: Sorry, we are very clear. As a Company, we will have a very clear dividend policy and with certain purpose. And dividend, as you know, will only be part of the profit of the company. Substantial profit will be left in the form of retained earnings for the company to support the company's growth. So definitely, we are not going for 100% pay out to ensure our ROE.

So, in other words, we will have a clear path on the policy for declaring dividends and also on the profits to be kept as retained earnings to support growth.

Varun: Yes. But that is contradicting what you guys did last year, right, where the EPS was Rs.10 and you guys paid out Rs. 4 a dividend, which is 40% payout. And given this stage the company is in; a 40% dividend payout seems exorbitantly high?

M. Anandan: No, it is your view. We have considered all aspects in the Board before declaring dividend. So just watch for a year or two years more, then our given policy will be lot clearer.

Varun: But you understand from an investor's point of view, right? Even from a tax point of view, is not efficient for the investments because dividend for us are being taxed at marginal rate, which is 30%. We'd rather have our money invested. So, we invest in a small-cap company like yours because we want to see that growth rather than you distributing the dividends to us and we're paying 30% tax on that. So, it just seems a very inefficient way of rewarding the investors.

M. Anandan: We are aware of the taxation. We know what is the tax rate on dividend. We know what is the tax rate on capital appreciation. We have experienced people on the Board who guides us in taking these decisions and be rest assured that we will be very responsible in terms of declaration of dividends.

Varun: Okay. Thank you. That's it from my end.

Moderator: Thank you very much. Ladies and gentlemen, this was the last question for the day. I would now like to hand the conference over to Ms. Mona Khetan for the closing comments.

Mona Khetan: Thank you, everyone, for joining us today. Thank you to the management for providing us with the opportunity to host this call. Over to you, sir, for any closing comments you may have.

M. Anandan: Thank you, Mona.

Balaji P: Thank you Yusuf and thank you, Mona, for organizing this call. I would like to pay my gratitude to all the analysts and investor friends, who have taken time out of the busy schedule to listen to us today. Please feel free to contact either me or Sanin or Mr. Anandan as well, for any doubts you have on the company or any information you require. Thanks once again.

Moderator: Thank you very much. On behalf of Dolat Capital, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.