IIFL Holdings Limited

Consolidated Financial Results – Q3FY16

Conference Call Transcript

February 01, 2016

MANAGEMENT:
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MR. R. VENKATARAMAN – MANAGING DIRECTOR, IIFL HOLDINGS LIMITED
MS. RAJASHREE NAMBIAR – ED & CEO, INDIA INFOLINE FINANCE LIMITED
MR. PRABODH AGARWAL – CFO, IIFL HOLDINGS LIMITED
MR. MILIND GANDHI – CFO, INDIA INFOLINE FINANCE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the conference call to discuss the consolidated financial results of IIFL Holdings Limited for the quarter ended December 31, 2015. 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. I now hand the conference over to Mr. Venkataraman – Managing Director, IIFL Holdings Limited, thank you and over to you sir.

R. Venkataraman: Thank you. Good afternoon everybody. On behalf of team IIFL I thank you for joining us on this call. I am accompanied by Mr. Nirmal Jain – our Group Chairman, Ms. Rajashree Nambiar – CEO of our NBFC Business which is India Infoline Finance Limited, Mr. Prabodh Agarwal – CFO of IIFL Holdings Limited and Mr. Milind Gandhi – CFO of India Infoline Finance Limited.

As you are aware, we are a diversified financial services company with multiple businesses carried on in various subsidiaries. In today's call, we would be referring to our consolidated numbers unless otherwise specifically stated as they provide the true and fair representation of our performance. Further, any of us may make some forward-looking statements based upon management's current expectations during the call. However, actual results may vary significantly therefore the accuracy or completeness of these expectations cannot be guaranteed.

During the month of January 2016, India has seen high outflow of foreign funds unprecedented since 2008. The turmoil in China, commodity price meltdown, lack of growth in advanced countries, conflicts in Middle East and so on had a cascading effect on equities not only in India but globally. In US, the Fed chose to keep interest rates unchanged at the FOMC meeting given the concerns over global economic outlook. Domestically speaking, the mood of Indian corporate earnings season continues to be sedate. Macroeconomic data in India shows a mixed bag. Steep decline in food prices provides respite to India being a net oil importer. Recovery in domestic investment cycle is still some time away. In spite of these headwinds, we believe India is well positioned to withstand volatility in global markets because of reduced external vulnerability and improving domestic business cycle. The next event being looked forward to by investors is the Union Budget to be announced in February.

Other updates – Dividend: IIFL Holdings Limited has declared an interim dividend of Rs. 4.25 per share which includes a special dividend of Rs. 1.25 per share to commemorate a decade of our listing. The special dividend is a token of our appreciation to all shareholders for their support and well wishes during the journey that has transformed IIFL to become one of India's leading financial services group.

Fairfax Group open offer: The open offer was successfully completed which enabled Fairfax Group to raise its stake. Currently the effective shareholding of Fairfax is 35.9%.

Strategic investment by General Atlantic in IIFL Wealth Limited: As you are aware General Atlantic, a leading global Private Equity firm entered into an agreement to make a strategic investment in IIFL Wealth. The final regulatory approval of this transaction is awaited.

Resignation of Mr. Sunil Kaul: Mr. Sunil Kaul, Non-Executive Director of IIFL Holdings has resigned from the Board of Directors in January due to personal reasons and other commitments. We place on record sincere appreciation of his contribution in our group.

Appointment of Mr. Prabodh Agarwal as Group CFO: Mr. Prabodh Agarwal has been appointed as Chief Financial Officer of IIFL Holdings and Group CFO effective January 29th. Mr. Agarwal joined India Infoline Limited way back in July 2007 as a part of our institutional equities and international operations based out of Singapore. He moved back to Mumbai and has been heading the Institutional Research team since then. He is a Chartered Accountant and has over two decades of work experience in financial services. Prior to IIFL he was associated with CLSA for over 10 years where he last served as Head of Research for Singapore Equities.

With this I would now hand over to Ms. Rajashree Nambiar for the update of NBFC Business.

Rajashree Nambiar: Thank you Venkat. The NBFC has registered another quarter of strong financial performance. Our quarter and AUM stands at INR 18,399 crores up 24% year-on-year and 9% over previous quarter. Total Loan Book stands at INR 17,266 crores up 25% YoY and 12% over the previous quarter. Profit After Taxation stands at INR 89 crores for the quarter up 15% YoY and 9% over previous quarter. The PAT growth comes on the back of Balance Sheet growth and strong cost discipline. Mortgages and CV have remained biggest drivers of Balance Sheet growth while Gold Loans have continued to remain subdued. Disciplined approach to cost management has prevented increase in overall costs despite a marginal rise in Employee Cost due to strategic headcount addition in our growth businesses. Consistent financial performance is being sustained through a well-diversified product suite comprising traditional businesses such as Home Loans, Loan Against Property, Commercial Vehicle Finance, Gold Loans and Medical Equipment Finance as well as new age businesses such as Digital Finance. Mortgage Loan Book has grown to INR 8,675 crores up 44% YoY and 11% over previous quarter driven by a progressively higher contribution from small ticket home loans. Commercial Vehicle Loan Book has grown to INR 1,479 crores up 100% YoY and 18% over previous quarter on the back of sustained growth in the SCV segment. We are making steady inroads into Digital Finance from analytic led preapproved campaigns with players like Flipkart and Snap Deal and gradually increasing the penetration. A set of new tie-ups with some prominent e-commerce players has been initiated. There has been continued progress on the digitization front with several initiatives launched this quarter including the first ever mobile app for NBFC customers. Further, our number of active mobile customers continues to increase. Gold Loan business is multiplying the percentage of disbursals on prepaid card. CV business has completely moved collections to tablet-based mode from this quarter. We are focused on digitizing end-to-end process covering application processing credit decisioning and collection. We made investments in setting up analytics capabilities, software and infrastructure and have started using analytics to control customer attrition and increased cross sell.

Our GNPA stands at 1.6% for the quarter, up from 1.4% in the last quarter. The increase is mainly due to one large one-off case and is not driven by any inherent shift in portfolio quality. NPA is expected to remain stable and improved in coming quarters through progressively enhanced collection efforts and greater digitization of our collection processes. Our Cost to Income ratio has improved to 44.2% from 46.7% in the previous quarter. We have merged and rationalized the branch footprint further this quarter with a view on profitability without compromising on our presence at select markets. Total number of branches now stands at 997, down from 1007 in the previous quarter. Calculated rationalization of Operating Expenses has provided room for adding necessary headcount support to front-line sales and key support functions.

Going forward, greater coverage of digitization will continue to improve our Cost to Income ratio.

Overall, our diversified product suite, well-controlled asset quality, robust cost management and a strong focus on digitization and analytics places us in a great position to sustain the pace of growth we have registered over the years.

With this, I now hand over to Prabodh Agarwal, our Group CFO for an overview of the financials.

Prabodh Agarwal: Thanks Rajashree. During the quarter, we achieved robust growth in our fund-based and financial products distribution businesses while capital market activities declined due to adverse market conditions. Now, fund-based activities contributes two-third of our bottom line, financial product distribution contributes between 22-25% and the balance comes from capital market business. The share of capital market business has declined over the last few years and more so in the last few quarters due to adverse market conditions and faster growth in other businesses. However, we believe that this segment has the potential to make higher contribution to the group profits in future when markets conditions improve.

Our consolidated net-worth is now nearly Rs. 3,000 crores on which we earned annualized ROE of 17.6% during the nine month period ended December 31, 2015. Our ROA of 2.4% also remains very respectable. You would have all seen the numbers but I just want to highlight a few key numbers for the nine-month period ended December 31, 2015 - **our Consolidated Income was INR 2,883 crores up 18% year-on-year. The Profit before Tax increased to INR 603 crores up 21% YoY and Net Profit was at INR 375 crores up 19% YoY**. For the quarter ended December 31, 2015 our Consolidated Income was INR 994 crores up 14% YoY and our PAT was at INR 127 crores up 13% YoY.

With that I would now open the floor for Q&A.

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

Digant Haria: My first question is there has been some restatement in the NBFC business especially between Interest Income and OPEX, if you could tell me what's happened and why is this restatement?

Milind Gandhi: There were certain expenditures for Gold and other loan asset classes which are being reclassified from Operating Expenses and setting off against the Interest Income. This is primarily due to the recurring nature of those costs and for appropriate confirmation or rather comparison, the same has been reclassified in earlier quarters too.

Digant Haria: So after this reclassification your Other Income has gone up from INR 15 crores last quarter to INR 44 crores this quarter, so what are the components of this Other Income and what's led to the rise? I know it's not a spike because the other quarters had higher income but, even after restatement it looks like a 200% spike.

Milind Gandhi: Nothing has been reclassified into Other Income. The Other Income is primarily fee based income which is derived from the change in the asset mix and products like Mortgage CV as compared to Gold which was there. The increase in the portion of the Other Income comes from Processing Fee and the Administration Fee. In addition, the income which is received through the insurance referrals has been classified here.

Digant Haria: Secondly, on this branch rationalization thing if you could elaborate a bit because I think overall, we have shut around 300-310 branches in the last 2 or 3 years. I remember at the peak we had 1,300-1,400 branches which did Gold loans. So, how are we going about doing this? Are we vacating certain areas and how does this impact our cost bit? I will rephrase it, what is the Cost to Income that we should look at now and is that rationalization exercise close to getting over?

Rajashree Nambiar: The branches that we have closed are part of our network optimization. Our Cost to Income Ratio has improved this quarter too and will improve further, but I want to explain to you that the network optimization is a standard BAU activity in the business. What we do essentially is that, we look at our branch footprint, profitability, branch performance and we take decisions, where we think it's sub-optimal in terms of profitability and productivity, then we sort of merge the branch while, we could also be opening branches. We also on a continual basis share extra space that we have and change the locations without shutting branches. So in short I would like to say that it is network optimization and going forward, while you will see an improvement on the Cost to Income Ratio of the business, it may not necessarily come from this shutting of more branches.

Nirmal Jain: I will just add, basically maybe the number of branches to be shut down will not be significant going forward, but if you look at our asset mix then the Gold has gone down to 15% and Mortgages have gone up significantly, so the Cost to Income Ratio should improve. If you look at the Gold Loan companies vis-à-vis the Mortgage Companies obviously the Cost to Income is very different, in our case its weighted average. So as the volumes grow and as the asset mix changes you will see Cost to Income coming down further.

Digant Haria: That explains why your margins are coming down because Gold was probably the highest interest rate product and now since that is coming down, margins are coming down but at the same time, your costs are also going down. So, is the mix margin versus cost almost over? Do you still have NIMs and OPEX to come down a little more?

Nirmal Jain: It's a good question. In case of home loan business, when you are originating the loans, you don't make any money in case of an NBFC like ours wherein the cost of funding will be close to what we lend at. In addition, RBI regulations require a seasoning of minimum one-year. Practically speaking, it becomes one-and-a-half years before you can sell down the asset. So in that transition phase, you basically have a bit of a negative carry because your NIM on the business which is growing faster is much lower as compared with the Gold Loan business. But if you take a longer term view, which is even evident in case of most of the housing finance companies ROE, if you can sell down the assets, your capital adequacy requirement is low so you can leverage more and keep the margin longer. Suppose after one-and-a-half years you shut down the asset then, typically for remaining 13-14 years, you have locked in the margin. So the business becomes more profitable over a medium to long-term. This is a transition phase that we have been passing through for last 2-3 quarters and might continue for some more quarters. So your point is valid and that is the reason why NIM has come down.

Sudhakar: This is Sudhakar here. My first question is again on your NBFC book. How do you see this business is growing over the next few quarters?

Nirmal Jain: Business will grow in line with the industry. There has been a very conscious change in the asset mix which we have been talking about in the last few analyst calls as well. We have consciously brought down the Gold Loan but as we have said earlier, Gold Loan as a product will continue. Other than that, Home Loan has been one of the thrust areas for our growth which we think that from a medium- to long-term perspective will become more profitable. Besides that, we are also focusing on certain digital foray. We have been one of the first few companies among NBFCs as well as banks to have completely automatic loan on e-commerce websites like Snap Deal or Flipkart. So over medium term, maybe if you take 2-3 years horizon, even that business can be significant. I think the volume growth will be in line with the industry or maybe we can target slightly more but the business mix will be fairly diversified as you can see how the business has been evolving.

Sudhakar: I see in the split that there is this Mortgage Corporate, what exactly do you do in this?

Nirmal Jain: These are large mortgage loans, typically builder loans and in the builder loan segment too, we are almost entirely focused on the residential segment. So, commercial loans will be very few. Most of these loans are residential projects all over the country.

Sudhakar: In your opening comments you mentioned that this quarter there was one account which has slipped is it in this segment?

Nirmal Jain: That is the capital market segment.

Sudhakar: Can you quantify the amount, how much was it?

Nirmal Jain: The incremental from that?

Sudhakar: Yes.

Nirmal Jain: Is around INR 70 crores.

Sudhakar: My other question is on your NPA classification. How many days do you use it right now, is it on 90 days?

Nirmal Jain: 150 days.

Sudhakar: What would be the NPA if you move to 120 days or 90 days?

Nirmal Jain: We are actually tightening our collections, so maybe from 1st April we will move to 120 or 90 days, maybe few basis points but won't be very significant.

Sudhakar: And provision is also on 150 days, right?

Nirmal Jain: Yes, provision is 150 days but our provision coverage will be more than the statutorily required coverage. As of now provision coverage is 85.3% of the total gross NPA.

Sudhakar: Just to clarify, your Mortgage would be on 90 days and all other assets would be on 120 days?

Nirmal Jain: Yes, you are right. The home loans and the residential projects funded through our HFC are on 90 days.

Sudhakar: My other question was on your Wealth Management business. Any updates on the General Atlantic deal, when would the money come in?

Nirmal Jain: I think there were 3 or 4 major statutory approvals; just one is remaining and I think that should come any day now. Thereafter, it may take about 10-15 days to get the money.

Sudhakar: Post deal I understand from your press release that you would own 54%, right?

Nirmal Jain: No, that will happen over 5 years when all the ESOPS are vested. Post deal, I don't think it will drop to that level. This is over 5 years when entire employee ESOPS are fully vested and exercised, it will drop to 54%.

Sudhakar: So what would be your IIFL stake next year, FY17?

Nirmal Jain: I won't know the precise number but I think it will around 65-70, somewhere between that.

Sudhakar: And INR 960 crores would flow into the company?

Nirmal Jain: It comes in 2 tranches so will be INR 300 crores and INR 600 crores.

Sudhakar: Can I have the break-up of this INR 86,000 crores of AUM which you have? How much is Mutual Fund and how much is Insurance?

Nirmal Jain: The assets are divided in discretionary, advisory and distribution assets but broadly it's similar to what has been the trend in the previous quarters.

Sudhakar: My last question was on your dividend. This quarter you have declared some dividend. Is there any stated dividend policy?

Nirmal Jain: Yes, we have a Board approved stated dividend policy. Typically, we have been giving away between 30-35% of profits as dividend. This year there has been little additional dividend to commemorate ten years' of listing. Otherwise, we have maintained dividend at Rs. 3 in the last two years and this year Rs. 1.25 is additional.

Moderator: The next question is from the line of Nischint Chawathe from Kotak Securities. Please go ahead.

Nischint Chawathe: What was the AP in the Insurance business?

Nirmal Jain: INR 36 crores.

Nischint Chawathe: I believe you have booked fairly high income on the Insurance distribution side this quarter. How do we look at that?

Nirmal Jain: The increase that you are seeing is a mix of everything.

Nischint Chawathe: The distribution income that you have reported is INR 197 crores and the topline of the Wealth Management business is INR 145 crores.

Nirmal Jain: That's right.

Nischint Chawathe: So the majority of the difference would be on the Insurance side? The point is that the difference is INR 51 crores as compared to the AP of INR 36 crores.

Nirmal Jain: Financial products distribution comprises significant part of wealth management income besides, income from insurance and mutual fund distribution, online marketing activity, realty & property advisory services. There will be some income booked overseas in our international subsidiaries which will also come in this.

Nischint Chawathe: On the Wealth Management business how do we model the expenses because Cost to Income ratio tends to be fairly volatile anywhere in the range of 45-70%, so what are the drivers of expenses over here?

Nirmal Jain: Wealth management business is driven by people. When we hire some senior bankers there may be some upfront cost of those people. As you know, we have been aggressively ramping up our team and building for growth so the cost may be a little volatile because of that. Secondly if you see the profit growth in third-quarter, it's slightly lower than the first two quarters. From 1st April onwards, you will see more symmetrical earnings. Last year in third, fourth quarter because of the upfront commission on mutual funds, the income was little lopsided. But this year, from 1st April, the upfront income has gone and is mostly trail based income so it's more evenly distributed. Therefore on quarter over quarter comparison, since last year's third and fourth quarter were lumpy quarters you will see lesser growth year-on-year while, this year, first and second quarters, there was significantly higher growth.

Nischint Chawathe: When you said fairly higher employee expenses when you are hiring senior personnel this is essentially either sign up bonuses or these are like fixed assured bonuses?

Nirmal Jain: Yes. Also, the salary cost goes up with this and there may be recruitment expenses.

Nischint Chawathe: But are we more of less kind of done with the assured bonuses and these things or should something like this continue in the future as well?

Nirmal Jain: In this quarter, there is a bit of spike in operating cost and income. But more or less, I think we are done with that. Now the size has become larger so incrementally, it should not swing the balance in this manner.

Nischint Chawathe: The second question was on the NPA on the Capital Market side you said the number is INR 70 crores.

Nirmal Jain: Incremental, yes.

Nischint Chawathe: This is the Capital Market account which slipped into the NPA, I guess?

Nirmal Jain: That's right.

Nischint Chawathe: What was the growth in the Retail Broking business on a YoY basis? I am just looking at purely the Retail vertical.

Nirmal Jain: You are looking at Retail and Institutional separately?

Nischint Chawathe: I am just looking at the Retail business. There has been a lot of discussion around how Retail participation is happening in the markets and how people react when markets?

Nirmal Jain: In retail broking, there has been a decline of 5-6%.

Nischint Chawathe: Broking income?

Nirmal Jain: Yes. But decline is relatively higher in Institutional business but even in retail segment, there has been a bit of de-growth.

Nischint Chawathe: What would be the share of let’s say top 15 customers in the Retail Broking business?

Nirmal Jain: Not significant.

Nischint Chawathe: I am assuming that the INR 70 crores account which would have slipped, is it a kind of loan against property or is it your normal customer?

Nirmal Jain: This is a very old account. This is a company, which originally is a 2010-11 account.

Nischint Chawathe: What would be the loss given default over here, since you already have the collateral?

Nirmal Jain: It’s very difficult to assess.

Nischint Chawathe: Because it would possibly be not very liquid, I guess.

Nirmal Jain: It is in negotiation. We cannot make any speculation here. But we are working on it with legal team as well as promoters so let's see. If we are able to resolve it in the next one or two quarters then I think it will be clear.

Nischint Chawathe: On the NBFC side, what would be the proportion of CIBIL customers now?

Nirmal Jain: More than 95%.

Nischint Chawathe: That would have kind of decreased or increased?

Nirmal Jain: It’s increasing actually. The CIBIL is really becoming popular.

Nischint Chawathe: Given the fact that CIBIL customer is something which is very easily approachable to banks would you not want to kind of go down the tier and look at more non-CIBIL customers

Nirmal Jain: One small correction in this, when I say more than 95%, its non-Gold Loan businesses. Secondly, even if CIBIL customer can go to a bank, it is not cut-and-dried in terms of taking the CIBIL score and giving a loan. Within CIBIL score, there are many parameters that we work on. Many times what happens is suppose you are a customer and you have not done anything but you have got small credit card default which maybe a dispute. So, CIBIL number has to be looked at with multiple perspectives. Moreover, this notion that banks are more competitive vis-à-vis NBFC may not be correct now because if you look at interest rate at which NBFC’s and banks’ lend to retail, I think more or less it’s similar, so we compete with them on rates also. The entire notion of low-cost funding for banks and their ability to lend lower is not really working out the same way in the market. Today NBFCs compete with bank on LAP, home loans and at absolutely their rates.

Nischint Chawathe: On the Mortgage side you mentioned that you are doing small ticket Home Loans, so just curious what ticket size are we talking about?

Rajashree Nambiar: We are onboarding Home Loans currently at a ticket size of INR 28 lakhs on the portfolio.

Nirmal Jain: That is on the average side and when you are saying that you are looking at lower ticket as in what would the numbers be like a quarter back or what is incrementally that you are trying to do?

Rajashree Nambiar: We have reached more than 1,000 dockets a month and in terms of ticket size, progressively, it's moved down to 28 lakhs. On the portfolio basis, if you take the LAP, we are down to about INR 47 lakhs which was closer to INR 60-70 lakhs a year back.

Nirmal Jain: So the range of the Home Loans will be from 10 lakhs to 50 lakhs.

Nischint Chawathe: And 28 lakhs is where your average is.

Nirmal Jain: Yes, last quarter incrementally.

Nischint Chawathe: Which was possibly 60 lakhs a year back?

Rajashree Nambiar: Home loans would have been about 30 to 33 lakhs. The point really is that, when we say we have increased our throughput, Home Loan dockets is almost 2.5X of what it was same time last year.

Nischint Chawathe: On the CV side, which segment are you looking at? Is it like the last fleet operator or SRTO or which one?

Rajashree Nambiar: On the CV, we actually cater to quite a large segment. We fund first-time borrowers as well as large fleet operators though our large fleet operators would be less than 10% of the new units that we book.

Nischint Chawathe: So your average yield in this segment would be?

Nirmal Jain: So between the used and the new; the new on-boarding would be around 14-14.5 and the used would be around 17-18.

Nischint Chawathe: What would be the Employee Expenses in the third quarter in the NBFC business?

Milind Gandhi: Employee Cost for the quarter ended December 31, 2015 is around INR 69 crores.

Nischint Chawathe: And this is exactly similar to INR 67 crores that you reported?

Milind Gandhi: Yes.

Nischint Chawathe: So this will mean that Operating Expenses would be around INR 52 crores, is that right?

Nirmal Jain: It is INR 62 crores.

Nischint Chawathe: So are these exactly like-to-like numbers, there is no re-grouping in this?

Nirmal Jain: Yes.

Moderator: The next question is from the line of Shiv Kumar from Unifi Capital. Please go ahead.

Shiv Kumar: This new sub-segment which you have disclosed in this quarter, the 13% to Mortgage Corporate, can you give us some sense on the kind of loans, are these builder loans to companies or are these projects specific loans?

Nirmal Jain: This is not a new segment. These are builder loans primarily.

Shiv Kumar: So are you comfortable with this kind of loan book on your Balance Sheet given the stress that we witness in the real estate sector right now?

Nirmal Jain: We have had mortgage corporate loans for 7 years. In fact, as a percentage, this has significantly declined now. We are fairly comfortable because all are builder loans are geographical dispersed so we are not in a one concentrated area in Mumbai or Gurgaon where there are problems. Our builder loan portfolio has performed very well for the last 7-8 years.

Shiv Kumar: What will be the NPA number for this particular segment? Is there any stress which you are witnessing from this segment?

Nirmal Jain: Not significantly, it's less than 1%.

Rajashree Nambiar: Its 0.5 gmp**.**

Shiv Kumar: One question on the NBFC consolidated numbers. The interest income growth was well below the loan book growth. Can I attribute the entire disconnect to the change in the loan mix or is there any factor which I missing? The loan book grew by 25% year-on-year but the interest income went up only by 10%.

Nirmal Jain: Yes, that right. And also the capital market loan book spike was towards the end of the quarter.

Shiv Kumar: Going forward, how do these three businesses pan out because General Atlantic is coming in at IIFL Wealth, so do you see a plan wherein maybe strategically you might be looking at de-emerging the businesses individually?

Nirmal Jain: We don't have to really de-merge the business. Almost entirely, our loan against shares portfolio is HNI loans so that will incrementally get booked in the Wealth or its subsidiary NBFC; the structure will evolve after we get the money. The capital market portfolio right now is INR 3,500 crores and that is typically for a shorter tenor, so if you book it incrementally within 3 to 6 months, the entire portfolio will shift there.

Shiv Kumar: And the incremental money which you are receiving from General Atlantic would only be deployed at the IIFL Wealth level it won't be just for other segments, can I say that?

Nirmal Jain: Absolutely right, it will be entirely for IIFL Wealth and that money is not going out anywhere to any other company.

Moderator: The next question is from the line of Rishinder Goswami from Locus Investment. Please go ahead.

Rishinder Goswami: Net-worth on the consol NBFC you have reported at INR 2,391 crores. Does this include the non-redeemable preferred shares as well?

Milind Gandhi: Yes, it does include the INR 325 crores of non-redeemable preferred shares.

Moderator: Thank you. Sir, we don't have anyone in the question queue.

R. Venkataraman: Thank you for participating in the conference call. If anybody has any more queries, please feel free to send it to our Investor Relations department. Thank you so much and have a nice day.

Moderator: Thank you. On behalf of the IIFL Group, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.