# "Computer Age Management Services Limited
# Q1 FY'25 Earnings Conference Call"

## August 05, 2024

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| **MANAGEMENT:** | **MR. ANUJ KUMAR – MANAGING DIRECTOR – COMPUTER AGE MANAGEMENT SERVICES LIMITED**<br>**MR. RAM CHARAN SR – CHIEF FINANCIAL OFFICER – COMPUTER AGE MANAGEMENT SERVICES LIMITED**<br>**MR. ANISH SAWLANI – HEAD, INVESTOR RELATIONS – COMPUTER AGE MANAGEMENT SERVICES LIMITED** |
| **MODERATOR:** | **MS. SHIVANI KARWAT – ORIENT CAPITAL** |

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 FY'25 Earnings Conference Call of Computer Age Management Services Limited hosted by Orient 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Shivani Karwat from Orient Capital. Thank you, and over to you, Ms. Karwat.

**Shivani Karwat:** Hi. Good morning, everyone. Welcome to the Q1 FY'25 Earnings Conference Call for Computer Age Management Services Limited. As mentioned today, from the management we have with us Mr. Anuj Kumar, Managing Director; Mr. Ram Charan SR, CFO; and Mr. Anish Sawlani, Head of Investor Relations.

Before we proceed to start the call, I would like to give a small disclaimer that this conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date. These statements are not guarantees of future performance and involve risks and uncertainties which are difficult to predict. A detailed disclaimer has also been published in the investor presentation, which was released to the Stock Exchange. I hope everybody had a chance to go through the presentation.

I will now hand over the call to Mr. Anuj Kumar, Managing Director. Thanks, everyone, and over to you, sir.

**Anuj Kumar:** Thank you, Shivani, and good morning, everyone. I'm pleased to welcome all of you to this earnings call of CAMS. We will discuss the financial results of the first quarter. As has been the usual practice, I will take you through a structured presentation, dwelling upon the highlights of the business, and then we'll hand over to Ram Charan, our CFO, to talk about the financials. All of this will take about 25 to 30 minutes, leaving us with about 30 minutes to go through Q&A.

So I am on the presentation on Chart 6. I trust all of you have had the opportunity to download this for yourselves. Very pleased to share with all of you another quarter of what I would call strong sustained performance from the company. Overall, revenues grew just short of 27%. You see a number of 26.8%.

While MF was expected to grow because all of us know that the underlying assets have risen handsomely in the past one year. So MF revenue grew by 26.3%. But I think the icing on the cake is the non-MF revenue, which is now firing across cylinders and that grew a short of 31% at 30.7%. As we maintain our focus on expanding the non-MF franchise, not through just efforts made in a single business line, but across businesses, you've seen those results.

And despite the fact that MF itself grew 26%, non-MF on a year-on-year basis expanded share to 13.3%, we still reaffirm our commitment to grow this, scale this to at least 20% in the next 3, 3.5 years. I believe we are on track. We'd like to grow this by about 2% every year. So about

0.5% every quarter. It also depends upon how fast MF grows, but that's notwithstanding. I think very pleased to share the growth with all of you.

All of this was done extremely efficiently. So EBITDA absolute numbers grew upwards of 36%. So revenue growth of 27%. EBITDA growth of 36.6%. EBITDA percentage at 45.4%. Now do keep in mind that this was the first quarter. Our expansion and employee cost and some other leases, etcetera, they get reset on 1st of April. So this was also the quarter traditionally where we eat a lot of that cost. We will drop that, and we still have 320 basis points up directionally in terms of EBITDA percentage year-on-year.

And then PAT grew just short of 42%. So revenue up 27%, absolute EBITDA up 36.6%, PAT almost 42%. Despite eating the annual inflationary cost that happened in the first quarter, all these results have been achieved. And again, in line with EBITDA percentage growth almost 300 basis points plus growth in PAT at 330 basis points. So all of this was just a compelling story of what's happened in the company in the quarter, and that this has taken some time and a lot of effort in the making, but very pleased to kind of share the progress report with you.

I'll flip to the next Chart, number 7. You know that we crossed the INR40 trillion or INR40 lakh crores milestone. This is an absolute AUM if I just take quarter-to-quarter, that's about a 35% growth. It's also a staggering 55%-plus growth in equity AUM. You know that traditionally, these numbers are in the 18% to 20% range, a very good year could be 25%. So we are talking about significant scale on top of the base.

Our market share in equity assets, I think, is very heartening. And again, like I keep saying, if there's one foundational metric in the market, you want to see, this is the metric, reached 66% in the quarter, ahead of what it was about a year back, 65%. So that's a significant leg up in terms of that number, with the overall equity market share. Equity net inflows, if you see crossed INR90,000 crores in the quarter, this was 70% of industry's equity net inflows. And of the INR1,27,000 crores, this was INR90,000 crores, so a strong number.

Within this new fund offerings, we were at a staggering 82% collection. So this is a number upwards of INR20,000 crores, upwards of 82% collection and just vindicates the overall direction in terms of the market share and market growth. On SIPs, which are, again, a foundational metric, we've grown to almost 90 lakh plus SIPs registered during the quarter. You know that this number was in the 40 lakh to 50 lakh range, later grew to 60 lakh. But 1 year back, it was about half this number. So we've grown almost 100% in SIP. Like we've said in the past, it still does not include any momentum, which could be built out by micro SIPs of these follow-ons, which may get some broad blessing at the regulatory and industry level in the coming days.

You would have seen that we also announced a strategic partnership with Google Cloud. This is to rebuild our RTA platform ground up. You've seen perhaps some of the PR or exchange releases, stuff on LinkedIn, etcetera, and our website that we are planning to completely build a brand new system. It will be very, very accretive from an efficiency perspective, accuracy, freedom from risk, all of that. But it also creates a very interesting possibilities of business expansion. The current platform, as you know, is several decades sold. So we build this, of course, it will take time, but I'm very excited personally and very close to the project just to drive this what could perhaps be one of the largest things I would have done in the last year.

If you see beyond mutual funds, CAMS KRA I think, is a compelling story, a compelling story, have posted over 100% revenue growth, never easy to do that in any set of circumstances. And I think 2 engines kind of propel in this. One is just natively MFs. Natively MFs have almost doubled the account of new investors coming in. And as that happens, the KRA see more business.

And the other thing is like we've said in the last 1.5 years that we've started getting into servicing brokerages, depository participants, at least those two segments. That's perhaps still between 10% to 15% of our revenue contribution. So hasn't really been the prime mover, is one of the 2 prime movers, but as we scale outside of the MF capability and franchise in KRA, I think, I believe there's still a steam to grow like this for some more time at least in this year.

So that's a very heartening story. On the alternative side, we reported a total of 36 wins. We got our first overseas fund, largely an inbound. People who would like to work with CAMS will figure out. So this is one of those where inbound calls have led to a contract, which has now got signed.

On CAMSPay, we posted a 44% revenue growth, again, led by the expanding count of SIPs, but also led by all the other stuff that CAMSPay has done. I think a very, very happening 44% growth. We've emerged as one of the top players in the country in BFSI for UPI AutoPay. Now that again position happened because we were the first to craft an offering for MFs and first to scale it. And then we continue to take it to other places inside the BFSI segment. Very pleased to share that with you.

On Rep, we had a great quarter. I still would not say that you should read a lot of revenue or profit contribution from insurance coming in yet. I think that all the market-led activities things started very good. For the first time ever, we opened 1 million electronic accounts for insurance, added 1 million policies. Our traditional run rate used to be about 0.5 million a year back. About a quarter or two back we scaled this to about 7 lakh to 8 lakh for the quarter, but hitting over 1 million, seeking to do the same hitting.

This quarter, Bima Central has gone live. 40,000-plus downloads, almost 150,000 unique active users coming with various requests to be performed both on the insurance account -- actually larger of the insurance account because from an insurer perspective, we have a small number integrated. As we scale this from now 1 or 2 insurance to about 7 to 8 by the end of the year.

I think Bima Central should see significant scale up and acceptance. Some of these transactions, et cetera, will be revenue accretive, the policies are. So it's -- insurance is still slower than what I would have thought. But again, at the base level, very good work happening done by the team. Account aggregator, I think another great emerging story what gives me a lot of happiness to share with you that we've expanded from two years ago, I reported a 2% to 3% market share. Last quarter, we would have spoken about the 13%, 15% market share. Customers look to ecosystem, continues to scale across offerings, including in the analytics led Amaze offering, which is largely the personal finance management and lending use cases.

Revenue is still in the range of INR1 crores to INR2 crores a quarter, so not a very significant number. But I think from a percentage growth perspective, does please me that's on the right track and doing well. So as you can see, as I said, look at this as multiple cylinders firing. Core MF grew at about 26% revenue. KRA at 100%, Pay in excess of 40%. Account Aggregator, we're not reporting percentage revenue, percentage growth will be upwards of 100% on a small base.

And this still then leaves insurance to kind of add to GIFT City. Right now, there's not a lot of lift in the insurance business yet. It will happen, let's say within this year. So very, very positive on the non-MF portfolio. We've said earlier that we'd like to scale MF 15%, non-MF 20%, non-MF to scale 31%. And I think for a quarter or 2, we could expect mid- to high 20s, maybe up to 30% growth from non- MF.

Some of this data you guys have seen, so I'm not going to spend a lot of time on this. I think one thing I'd certainly like to call is there are significant high win transaction volumes, which is, obviously, from a relevance perspective, very good for us. From a readiness perspective, both staff, officers, PCP, data centers, processing capacity, we've made the investments. We continue to make the investments. You're seeing almost a 50% growth in transaction volumes year-on-year, which talks about -- by itself talks about retailization because it's grown faster than assets have grown.

All the other numbers I've spoken about, I think the other number I'd like to call is that from a unique investor growth perspective, I call it a foundational metric because more unique investors you get in, more of the chance that they will come and register the first SIP, then the next and the next of bringing money, we did very well, 28% growth versus 20% of the industry overall. I think apart from that equity net sales, the fact that we're holding share at 71%, NFO, we were at 82%. Overall, equity even we expanded share, all of those are just good metrics to have an offer.

Move to the next. Chart 9, I think it's the stuff you know as this comes from this. I'll talk about the individual business. All alternatives on the back of healthy savings, both CAMS Alternatives and Fintuple have done well. New client acquisition, almost 36 new clients. This was a mix of people who want to do AIF for us. Also GIFT City, the onboarding platform, which is well served and well tracked, so essentially more of those offerings have all scaled as I spoke about the first overseas fund administration contract in GIFT.

Fintuple platform is doing well. It is already active with one of the large banks. The other banks are now. So the private sector banks are expressing interest to broaden this out and to adopt the same offering. So very hopeful of signing a couple of new contracts with Fintuple. They've also built an offering for pension fund managers and POP, largely from an onboarding perspective. And again, we're expecting to sign the first order shortly. Just keep your eyes close to this detail. But again, very pleased with the way the team itself scaled up that business.

Move to the next. On KRA, I think I've spoken. 100% revenue growth annually, can happen in subsequent quarters or Q-on-Q. Continue to sell. I think one of the things, which is good and which will add heft over a period of time that the fintechs are coming in large numbers to do business with us. Just broadly, I would say, it's not just a CAMS KRA phenomenon. It's a CAMS KRA payment account aggregator at least those three. And then we've now blended the onboarding journey, powering it through Think's Kwik ID. So I think that's become a compelling solution. 18 million plus, about 1.8 crores just short of 2 crores unique plans. We're expecting to cross that sometime in the calendar year.

On Rep, I did share with you that we crossed for the first time ever in our history, 1 million electronic accounts, 1 million new policies. We still haven't done a lot of marketing from a Bima Central perspective or an eIA perspective. So this has gone well. We are reporting a market share of 40%. This is kind of over between 35% to 40% as you know. Our traditional base was getting 0.5 million new policies. That's up a 1 million. We've done about just short of 8 lakh policies in the last quarter, expecting that we'll be able to hold this method.

Also what was very heartening was that one of the leading life insurers just migrated the entire in-force policy book to CAMSRep. These are those insurers who instead of going to their customers one by one by one and inducing them to open eIA. We just shake hands with them and say, why don't you open an AIF for everyone, and then they move the entire policy base. So obviously, those kind of deals we like to do. This one was unique that the entire in-force policy base has come to us. So it does impact market share and the healthy attractiveness of the product.

Several other contracts were added. And I think Bima Central is now active, which means it has like I said, 40,000 app downloads, almost 7,000 people coming to do transactions. Although the number of integrations, it's still small as we expand integration, it will still take place in the October, November, December time frame. It takes some time to do the integration. So we are expecting a significant leg up in terms of number of transactions that we do there.

Move to the next. On payments, like I said, it's the product offerings are fortified quite well. We spoke about payment aggregation being a core business, adding payment gateway to that. And like we've said, in a niche manner, trying to open the educational segment as another addition to NBFC. Of course, we will remain a bit confined to scale and profitable niches in the payments business. The revenue up 44% annually. Very heartening at 21% quarter-on-quarter. I think digital payments and UPI in particular, scaled very well. UPI is also becoming -- the AutoPay is becoming popular instrument for payments of SIPs and regular insurance premium payment. So that part is done by.

I think across the board, we continue to add clients, like I said, fintechs, non-fintech, housing finance companies, all of that. And you will remember in Feb-March, we had announced the deal with LIC for authentication services. This is something that we alone are doing, and this has gone live and will continue to scale over the times to come. So payment, I think, just got the act right in terms of basic work. And while our stated position is to grow not MF upward of 20%, I think there is a possibility to continue growing at least for the rest of -- both pay and

KRA in the range that we have reported and they could continue to fuel non – MF growth in the year.

Next. On finserv, again, very pleased to share with you that we continue to add FIU users. We, of course, on the F&O segment for the first to start the use case. But across people wanting to do the personal finance management use case, both RIAs and now you will see mutual funds. So our first couple of deals are actually signed with large mutual funds.

You will see active participation from them in showing your portfolios on the website, doing some models and product comparisons. I suppose around the 16% market share of customers successfully linked to the ecosystem, and then the data deliveries have crossed now 1.25 lakh per day, it's almost 1.5 lakh. And on the Bank Statement Analyzer platform, we continue to scale up with new signings, largely NBFCs right now people in the lending space.

Revenue growth looks at a spirit on a very small base. We would like to have similar numbers as we scale. So we will talk about revenues, I think starting next quarter in a more meaningful way, but very happy with them. NPS, I think, has been a slower portfolio for us. We got our first corporate client, by the way. So we got the first corporate client and got several thousand corporate subscribers that added to the numbers.

We're also now becoming -- just given the style of offering and the automation becoming more popular with the PoPs, so trying to get the non-corporate business, the retail business from the PoPs. And of course, onboarding fintech. So we reported -- continued to report a 2 position in eNPS and just under 7% market share. So that part is going okay, slower than what we thought, but happy with the progress.

Think360 has as you see, we penetrated LIC through payments. Now Think has been enabled as a fintech enabler. We launched a product called Affluens360, which is the data analytics, the market-led data analytics platform for mutual funds. We won the first mandate. We continue to scale the TSP++ part of account aggregator made and sold by Think.

So the GST analyzer, the bank statement analyzer and the personal finance management, all these three use cases are built by them. And then Kwik ID continues to expand. You know that we are operational with some of the largest PSU banks. So we continue to expand both banking and NBFC clientele and Kwik ID is now becoming a standard kind of front-end module for all the KYC ones that we do across the group.

So I will pause here and again, just reiterate, it's been immensely satisfying for me and for us as management team to bring forth these kind of results. Like I said, this is segment after segment after segment, which has performed. Of course, it's taken us more than 3 years to get here. We made the investments and things like account aggregator and things like Bima Central and started building the payment gateway platform, MF Central, those kind of things and NPS.

We started in all honestness back in '20, '21, '22 over time when we were scaling cost and scaling investments. But today, we have sales teams very, very comparable and sometimes better products. A lot of times better products than fintech competition, which means classier, the journeys are smarter. The buyer just prefers us over others, not just in the traditional MF or MF led segment, but in several of the newer segments.

And we also believe that riding on tech product superiority, all of the controls posture, and the technological fitness of the group that we can continue sharing similar numbers with you, of course, MF did support growth through the very large -- both the revenue growth and the AUM growth, but very satisfying for us as a management team to share these results with you.

I'll pause here and kind of hand this over to Ram Charan. He'll speak to you about the financials.

**Ram Charan SR:** Thank you, Anuj. Let's just take five minutes to go through the broad numbers. So most of it will be a reiteration of what Anuj said in the earlier slides in terms of growth and profitability. Our revenue grew 27% year-on-year, almost. It was on the back of the growth of the assets. The assets as you would have seen, has hit the INR40 trillion for the first time, INR40 lakh crores. So on the back of growth -- that is almost 35% year-on-year, we grew the revenue of 27%. On a quarter-on-quarter basis, the revenue growth was 6.7%. The assets actually grew in tandem with that.

So it's almost INR70 crores revenue increase on a comparable year-on-year basis. And most of it is coming from the asset growth, which is the mutual fund revenue. And on a quarter-on-quarter basis, we grew by 7%, which is almost INR21 crores increase in revenue.

The asset-based revenue again, mostly in tandem with the growth in assets that you saw, grew 27% year-on-year. INR242 crores is the number and 7.7% quarter-on-quarter. Again, the quarter-on-quarter number is almost in line with the growth in assets, and we see that the yields, which we have guided earlier, would stabilize over a period of the last few quarters.

You've seen that play out actually, and the leads have been largely stable with the quarter-on-quarter depletion being less than 1%, right? it's 0.7% depletion in yields. And we also had said that there's not going to be a disproportionate reduction in price or price discounts. And kind of the last few quarters have been in line with what we have guided.

And of course, the equity mix is helping us in terms of the yields not depleting and being stable because the equity mix currently is upwards of 3%, which is kind of helping us in the overall mix perspective. The non-asset-based revenue grew by 24%, almost year-on-year, which is largely driven by increase in transaction revenue. Transaction revenue is almost 40% of the non-asset-based revenue. Both transaction revenue and our application revenue and our call center revenue, all of it grew more than 20%. In fact, the transaction revenue grew more than 30% and call center grew more than 30%.

So all that is contributing to a healthy growth of 23.4% on a non-asset-based revenue. The non-MF revenue, Anuj was mentioning that the heartening part of the entire picture of non-MF revenue growth is outpacing that of the mutual funds for the second consecutive quarter. So the non-MF revenue grew by 31% year-on-year, driven largely by a very impressive growth that we are seeing in both Pay as well as in KRA.

The AIF and Rep(28.00) revenue growth is a little muted, but you've heard the plans that we have for both, especially with the Rep with the Bima Central going live only in April and more and more integration is happening. We expect that the revenue growth will be more substantial going forward.

Our overall as a non-MF bucket, we grew impressively to almost 31% year-on-year, which is higher than what we grew from a mutual fund perspective. So from a revenue perspective, order on growth we are seeing, very satisfactory quarter, excellent quarter in terms of growth of numbers in both MF and non-MF segment.

If you come to the profitability, excellent quarter in terms of profitability. We had -- we have completed the quarter with a INR150-plus crores EBITDA for the first time, which is a 45.4% quarter. You will also understand that April is the time when most of the company goes through its annual salary increment(28.50).

Traditionally, the impact of the increment has been upwards of 2 percentage of revenue. So even eating that cost, we are able to kind of come to an operating EBITDA of 45.4%, which come back with the 46.1% in the last quarter. So what generally is a 200 basis point drop is that only 0.7% drop in operating EBITDA.

It's kind of highlighting the cost competency as well as operating leverage that we enjoy in the business. So overall, a very good performance from an operating EBITDA perspective. In line with that, the PBT is at INR134 crores or 41% year-on-year and PAT has gone almost 42% year-on-year with a healthy rate of 32% in terms of margins.

So overall, return on net worth is again continues to be very impressive at 44.4% and we ended the quarter with a cash and cash equivalent of INR718 crores. The INR718 crores is before the disposal of the final dividend, which was INR81 crores we have done in the last month, very healthy cash and cash equivalent closing at around INR718 crores. And the Board was pleased to declare an interim dividend of INR11 per share in its last meeting.

So from a profitability perspective, we have seen -- could climb up in the operating leverage. In fact, on an incremental basis, the EBITDA grew almost 58% of incremental revenue versus incremental cost. So we had a tight leash of the cost, too, given that the salary increment is almost like more than 2% of the revenue, we have managed to retain the cost at reasonable levels and the margins at a very nice level for the current quarter.

The remaining comparative trends are given in the presentation for you to have a look. We've all seen an increase in the trend in terms of profitability, in terms of growth, in terms of PBT and PAT. All this pointing to a good year coming forward given that asset is continuing to build.

With this, I kind of conclude this financial part of the presentation and hand it back to the moderator and open it up for any questions.

**Moderator:** The first question is from the line of Prayesh Jain from Motilal Oswal.

**Prayesh Jain:** Congrats on great set of numbers. Sir, firstly, on this, the cloud thing that you are implementing, what are the kind of costs that will be involved? What will be the time line period and -- so this is basically the entire RTA platform that you are moving to cloud. So what -- so are the customers on board with this?

**Ram Charan SR:** So, Prayesh, the cloud is a multiyear project. It's a reengineering of the entire platform to make it future ready. It's the architecture of the platform. It's expected to be a longer project. The entire project would get completed in four to five years. However, there's a module-based approach that we are taking, which means that we will not wait for the entire five years to go live with the entire platform. It will be a staggard phase-wise implementation that we are doing, which will also give us enough time for us to test it out.

Yes, the customers have been communicated and they are largely on board. We have communicated to all the stakeholders. However, this is something that will take some time to be implemented. Even the first module will go like probably only a year from now, and the entire thing would take four to five years. As you know, there's a very complex architecture project. And we are very cognizant of the fact that it needs to be future ready.

From a cost perspective, we have done the numbers and we do not expect the significant on a net basis post the reductions that we get from the existing resources that we are deploying from an IT perspective. We do not expect, at any point of time, the not impact margin to be more than 0.5%. It could be higher in the initial one or two years closer to 0.5%. But going forward, because of the rationalization that is going to happen on the various resources that we are using for this platform, we expect that from the fourth or fifth year, this will become, in fact, very positive to us from an overall margin perspective.

And even in the interim, I know it is not going to be a significant impact at most in a given year, you could have a 0.5% impact on profitability. Those are the numbers that we have worked on. We are confident of kind of living up to those numbers.

**Prayesh Jain:** Got that. Secondly, on just a very basic question. With the markets correcting the way they are today, possibly and if there is further correction, your yields move back, right? The telescopic structure, if the AUMs correct below the threshold levels, you get a higher reset, right?

**Anuj Kumar:** That's correct, Prayesh. Although it gives us no joy that the fees going up. But yes, on lower assets, we charge higher just like on higher assets, we charge slightly lower.

**Prayesh Jain:** Okay, got it. And from an expense perspective, how do we see this year panning out, so employee cost that has come -- should we maintain that kind of run rate? And also on the opex, if I look, the run rate has gone up significantly from -- as compared to last 3 or 4 quarters, it's been moving higher. How should we look at this? And where is the bulk of it going the incremental opex where is it going?

**Ram Charan SR:** So I'll just break it up into two, which is the employee cost and then the operating expenses and other expenses. From an employee cost perspective, as we mentioned in the earlier part of the presentation that this is the quarter in which you see the employee cost going up because of appraisal. Overall, on year-on-year, it's gone up by almost INR18 crores, if I'm not mistaken, out of which most of it is -- almost INR8 crores of it is because of the increment that came. And part of it is because of hiring that we have done. We have invested a lot on talent. There's a fuel program where we've invested by getting in people from IIM, IITs almost 45 people are there. They're new gen leaders who are going to take this company to the next level. So we continue to invest in talent. .

However, from a run rate perspective, if you were to kind of model it in, I would say the current base cost will hold good. There could be an increment of probably a couple of crores coming in the current quarter because of some part of the management gets this increment effective from July but apart from that, we expect that the employee cost would not go up significantly for the rest of the year. It will be the base that you could go up. If at all, there is an increase that happens, it will be largely driven by some investment in talent, which I think we have got on board in the early part of the year.

So barring a couple of crores increase because of the usual increases in manpower over the next quarter, I don't think there can be significant increase towards the base cost, what you are seeing in the first quarter. The other part of it, yes, there have been -- you would see that almost like all put together INR10 crores- INR11 crores of increase of expenses. I think INR12 crores of increase in expenses year-on-year happened on operating and other expenses. See part of it is driven by the variable part of the cost.

For example, you see the CAMS space growing 40%. And most of the variable costs are incurred, which is what we paid to the sponsor bank for its charges, et cetera, that will go on currently. Similarly, there is this data entry cost, which goes up because there is a higher cost from a NFOs and firms perspective.

And we have all our businesses barring MF is on the cloud. So this is an entirely cloud-based model, opex based model we have for our Pay business, for our Rep business, for our account aggregator, ESP, CRA, everything is on cloud. So there will be some proportional increase that happened.

The only comfort I will give you is that generally, our variable cost is operating expense including the OP. And if you see out of the INR8.5 crores increase, almost INR3 crores in OP expense, which has got a corresponding revenue line item.

Keeping that aside, our growth in operating expenses is generally tactic on -- generally correlates with the revenue very even. It's around 7% to 8% of revenue is my operating expense. And that relationship has been that in this quarter too. So we don't see any disproportionate increase there.

The absolute number, yes, you will see it going up because of the year will you increase on these particular verticals that we spoke about, which is the cloud-based verticals as well as the NFOs as well as the expenses that pertain to CAMSPay.

Apart from that, it's largely in line with the overall trend that we are seeing. The fixed expenses, yes, this time, there was a few crores -- I think more than INR3 crores of increase on a quarter-on-quarter basis -- sorry, on a year-on-year basis. Mainly, this was also the year in which -- month in which we kind of do some leases renewal,we do increase in the insurance claim, insurance facility for our employees, and some such travel, etcetera, or CSR expenses. So that's seen this increase.

Broadly, I do not expect this base to be altered drastically in the coming months. The 12%, including OP and 7% to 8% other than OP correlation with the revenue will exist for the operating expenses. And the fixed expenses barring some 5% increase here and there, I don't think the base is going to change drastically.

**Anuj Kumar:** Sorry, the only thing I would add to this is that just remember that we are also in a very competitive talent market. In that competitive talent market, this year, we chose to give right-sized increment to what we've done because it's a workforce, which has several options.

And like Ram Charan said, we are now in our quest to modernize and transform the company. We're getting top-tier talent from the IITs, from the IIMs, we are now for the re-architecture program, we've hired doctors, people who applied for patents with those set of profiles coming from Indian Institute of Science and IITs.

All of that is foundational because when you get people of that kind, you can -- I mean the one man will do 5 people's work, but you have to pay them the money. So the expansion in labor cost, I think, was well anticipated. It was in preparation for the future. The good thing is that all of that has happened in the first quarter. A lot of it has happened in the first quarter.

I wouldn't say all, but maybe about 70%, 75% of that expansion is already in the books. So you're seeing the results post that. The productivity from this workforce, the failings in the market and the wins, et cetera, will follow. But I think it's just fantastically right thing for us to do which is what we've done.

**Moderator:** The next question is from the line of Abhijeet Sakhare from Kotak Securities.

**Abhijeet Sakhare:** Anuj, you mentioned about your excitement around the new business opportunities this new platform can create. So if you can elaborate on that, please? And a related question is that, generally, we viewed the RTA business as a business model, which has fairly stable fixed cost but with Google coming onboard, does it significantly variabilize your cost? And how does that -- what does that mean in terms of what you charge to your clients and how clients also look at your profit margins? That's the first question.

**Anuj Kumar:** So on the first part, I think of very interesting possibilities emerging from the platform rebuild because, like I said, the current platform is a few decades old. Our ability to bring in components of taxation, charges, currency, data management, querying the data, insights and reporting will become significantly superior. Why would it become significantly superior because today for everything, I have to create a server bank in-house. And then on these things, I may have the payload for a day or two or three every month, but I still have to build it, and it still cannot match the finesse and the scale of what you can do on the cloud.

So one is just the heft offered by the cloud from a computing scalability perspective. And if we need temporary capability, that can be easily bought for a few days or hours, weeks in a month. But the second is given the fact that we are rebuilding and reimagining everything from ground up, I think a lot of components that we had bolted on from outside.

So think of WhatsApp communication, for example, you got to bolt it from outside. But if you're natively building a platform, all of this can be just part of the base, which is how we are thinking of it and imagining it. So that's point number one.

Point number two, at the levels of scale that we are seeing, so 8 years back, when I joined the company, we used to register 3 lakh SIPs. In a month, we registered 30 lakh SIPs, and I don't know whether this will scale 3 or 5 times. So some time, just given the volumes and the retailization, you've seen that the transactions are growing ahead of assets. That's just 1 metric of retailization.

We want the capacity model, which can scale up as we need. And beyond the point, building your own data sciences and scaling your own data centers is a job that most people have stopped doing globally, right? It's a specialized job, you either go into a co-located data center built by a global major or you just think of cloud computing.

We've done at the colo centers for the last five years. We've decided to now go into the cloud instance and like Ram Charan said, every other business, although you can argue they are small and none of them is even 5% the size of the mutual fund business. But uniformly across payments, insurance, CRA, account aggregator, MF Central, all of them are on the cloud. So we have enough experience in the group.

Does this change anything as far as the charging model is concerned? The answer is no. Because the charging models are neither predicated or operating model nor on the model of the cost. So from a slightly capex-heavy model, this will march into a more opex kind of model over the coming years, but I think as far as the marketplace is concerned, their belief and agreement is that we will be significantly more efficient, faster, more contemporary and modern and our capability to both ingest technology and deliver outcomes consistent with that.

So like I said, when you bring a set of IT graduates, postgraduates and doctorates who have applied for patents, it's our desire that we will deepen that effort, right? So to usher in that era into our operations, obviously, we had to do something different, which is what we are doing and I don't think from a marketplace perspective, this is going to materially alter the charging capability on the start.

**Ram Charan SR:** Just to add, Abhijeet, if anything -- and we spent a lot of time on the drawing board with this strategy. If anything, I think it gives us some flexibility of cost management, right, in terms of making this cost variable. So I think we have what it takes to kind of monitor that on a continuous basis. Obviously, cloud is a different animal altogether. So I think from a cost perspective, we do have -- we will at least get flexibility on managing the cost as we go forward.

**Abhijeet Sakhare:** The second one is on the alternatives. Just wanted to get some sense how is that market evolving in terms of pricing? If you could with some examples around the large deals that you've done, whether these are the project level pricing or license type of deals or there are some AUM-linked pricing, if you could explain that will be very helpful.

**Ram Charan SR:** So the pricing, see if you do have a close-ended fund and given the number of investors is not going to be more than 1,000 at any point of time, the preference for the market, and I know you're hearing a different thing from the competition, but the preference for the market very clearly has been to do this pricing based on a number of investors, right?

Barring open-ended funds or Cat III funds where there could be upside in the terms of assets under management. We see a marked preference, in fact, a condition that the pricing would be determined by the number of customers. So the deals that are being closed, are slab-based but the slab is not determined by the assets under management, but determined by the number of customers onboarded.

Like, for example, 0 to 100 could have INR80,000, INR90,000 or INR1 lakh per fund. So it is always per fund customer-based generally, our customer base kind of pricing that we are seeing in the market. And that's been the trend in the last few quarters, in fact, large -- more than a year, for sure. And we don't see the fund managers being open to some other pricing module for such kind of funds. That's the experience that we have had in this sector.

**Moderator:** The next question is from the line of Devesh Agarwal from IIFL Securities.

**Devesh Agarwal:** Congratulations on a great set of numbers. I just wanted to dwell a little bit more on the non-MF business and continuing with the alternate question. So as you also acknowledged that this quarter, the growth was slightly subdued. So just wanted to understand, are there any onetime implementation fee that we generally have and that can lead to quarter-on-quarter volatility? That is one.

Second is basis your revenue model where you said it will be on the number of investors. Do you get any benefit if additional capital is drawn from the existing set of clients? And lastly, what is the expected growth for this particular segment that you think you can achieve?

**Ram Charan SR:** So Devesh, I'll try and answer your question. If I do miss out, please do alert me. See, on the growth yes, obviously we -- from a growth perspective, it's a decent growth year-on-year. We did get to 12% to 13% growth, but probably we would have liked it to be a few percentage points more than that. The nature of the industry, and we have been saying this. This is a sell kind of an industry, right, which is that the funds unlike in mutual funds, will have a life and the life will end and the fund will shut right and then we'll have to be replenished. We'll have to replenish and we'll have to grow 20% more than that.

So the dynamics are a little different when compared to MF in this particular industry. And so there will be some period in between where you will see funds shutting down in terms of their life being over, not shutting down -- I think their life being over and liquidated and the new funds coming in, and there is the lag between the two. So this will play out for some time. And we do not see this drastically reversing in the next few quarters, too. So that's the outlook. Outlook is that we will try and kind of optimize the growth, but I don't think we will see a 25% growth in AUM over the next couple of quarters for sure, we will kind of maximize it and get it as close to 15% to 20% as we can. So that's the endeavor internally at least.

From a billing perspective, we do not -- barring the few funds and less than 20% of our funds are priced based on AUM, barring the few funds that creates additional capital, I think the initial cost is built on. The way you look at it is while we don't see the yields as the basis of billing.

The effective yields actually remain stable, which is that whether you bill it based on the number of investors, in a particular fund or based on the AUM, the effective bps or yield always stays between this 1.25% to 1.5% kind of a thing of the RTA business, right? I think that remains stable throughout and the way we price and the way we implement may be different, but the yields remains kind of stable on this business with respect to how we bill it. That's been our experience.

**Anuj Kumar:** The only one thing I will add, Devesh, to this is that as a group, we don't like to over-engineer pricing. And that means that we are used to long-term annuity. We are happy with long-term annuity. If there is an opportunity to break INR100 of long-term annuity and get INR80 of upfront price now, we don't do that because that just creates all kinds of lumpiness and trouble for you to understand and for me to explain. So we never do that. I mean, you've been watching our results for the last 4 years. For the next 10 years, you will see that we do not, as a principle, create any lumpiness ever, even if it is in our control.

**Ram Charan SR:** Sorry, I missed that question, sorry, which is that no, it is not skewed because of onetime implementation fee. Our model does not ask for a disproportionately higher implementation, just to add to what Anuj said.

**Devesh Agarwal:** Perfect, sir. That's very clear. Secondly, sir, on account aggregator. All those very heartening to see on a sequential basis, we are gaining market share. But in terms of volumes and revenues, your expectation, say, for the year FY'26, some sense if you can give us on that?

**Anuj Kumar:** So Devesh, what has happened there is, frankly, things are ahead of where I expected them to be. That's the first statement I would make. It's a great market where users are using this for several purposes. That's -- so it's a market where the user uses things and he is willing to pay. Where is he using? He would ask for a bank statement, which I would give from my e-mail, etcetera and send in the password. He is using account aggregator for that.

Like we said, the asset managers will not start showing you your portfolio live on their website. They're going to pay for that. And there are multiple use cases including what Think is building, which is producing a credit promo, which I sell for INR20, which a bank will take a week to make. So that's a fantastic thing, which has happened.

Quarterly revenue, like I said, is still in the INR1 crores to INR1.5 crores range. So we will be lucky to close the year at about INR7 crores to INR8 crores. That's the first time. We are telling you the numbers because they were less than meaningful earlier.

In FY'26, we will certainly target to be double digit. I mean I'll be happy if I can get to INR15 crores, it will be tough. But the INR11 crores, INR12 crores number looks entirely possible from account aggregator as a family. At that level, we will be at a breakeven. We may make some margin on the overall product.

We've kept up the market share, which is a great thing. So the only thing we don't like about the market is that pricing is significantly lower just competitive price. It is not that the buyer is asking for it, the buyer is getting a lot of value. But the sellers are scraping the price at some time that has to end.

What started as INR10 per piece product sell to INR1, and at times we sell for less than INR1. If it stabilizes INR1 too, I think it's a great business to make if it stabilizes to INR0.20, then it's not a great business. So pricing will perhaps recover where this goes. But broadly, apart from pricing on every other aspect, I'm very, very pleased with what the people do.

**Devesh Agarwal:** Very helpful, sir. Sir, one last question. On the non-MF side, you said this will be like a 20% of your top line by FY'27. So just wanted to know, given the strong growth that we are seeing on the domestic MF side, one, is there any rethink on this number? And secondly, how important would be the inorganic opportunity to achieve this number? That will be the last one from my side.

**Anuj Kumar:** So Devesh, you've seen the company closely. It's our endeavour that every year, we should have a 2% [inaudible 0:52:45]. Non-MF, if it is 13.5%, should go to 15.5% this time next year, which means I should be able to take 0.5% of growth and move it to non-MF as it is contribution to revenue. Now that model, when we thought of we were confident of growing non-MF let's say, 21%- 22%. We expected MF to grow 13%, 14%, 15%. It looks possible in paper to do that. When MF grows 26%, then non-MF has to grow 35% to 40%. Never easy. This quarter, we were at 31%. Like Ram said, second successive quarter, we may repeat this in the current quarter too.

So we will hold on to our prediction. We will hold on to 20% 3 years from now. While this is not the objective why we would do an acquisition, the acquisition will lead this to as an end result, we will not do it just to claim diversification.

I think like we've said, there are interesting opportunities like we've always said that while insurance as a part of our portfolio, isn't yet doing what it should do, but it does not mean it cannot do. So that's one area where you could see us make a move. Payments is another area. And of course, alternatives remains the third. So you will see us do something. Will that scale up our ambition? I think it will help your ambition to get to 20% in about 3 years' timeframe. That is the way I would look at it.

**Moderator:** The next question is from the line of Supratim Datta from Ambit.

**Supratim Datta:** My first question was on this transition to cloud. Just wanted to understand what could happen to the data centers that you currently owned and operate? So is there a thought process that these data centers will be done away with and hence, there will be some capital that will be speeded up. And what would happen with that capital in that case? So that's the first question.

And the second question would be on the AIF side. Now I understand the growth -- when we then look at the AUM growth quarter-over-quarter that has also been weaker, just wanted to understand from a competition perspective, given this is a multi-tiers market, are you seeing anything different from competitors when it comes to pricing or when it comes to aggressiveness. Just wanted to understand that. Those are the 2 questions.

**Anuj Kumar:** Sure. Thanks, Supratim. So on the first one, think of it this way that gradually, like in any other cloud implementation, we will slow down our investments in data centers. And over a period of time, we will migrate the payloads to cloud. Can I migrate a payload today? The answer is no. What can I migrate a year from now? I think a lot of our, for example, analytics, reporting, all of that can move in a year. Even after we migrate to the cloud, statute will require me to have a copy of the data on-prem. So I cannot get rid of all the data centers.

We have 3 instances. We are setting up an ad-hoc firm which is a fourth. So of the 4, you will still see 1 continuing. For our core MF business, we will need to have a copy of the applications. I mean fit to perform and our database on-prem itself. But broadly, think of it this way to like any other implementation over a period of time, success -- successively every year. You will see our investments come down. You will see us migrate payload to the cloud still we are fully done, let's say, in a five-year timeframe. So that's the first thing to expect.

From an efficiency perspective, like I said, it creates scalability much better. You know that there are months beginning and month-end payloads in our MF business for which we create 2x capacity. Where do we create it? I created in three data centers. So my baseline would be 80 units. My spike maybe 100. I create 200 units of capacity in three different instances across the board.

That scaling and the optimization of that scaling will become a lot -- I mean it will become easier in the cloud format because once I can predict that I will have greater payload between the 1st to 5th of every month and between the 20th and 30th; theoretically, I'll be able to manage capacity let cost better, then I would do at 2x level in 3 data centers because once I buy a server or storage or a switch, I just have it and I pay for it fully. I can't do part use of it. So that's how the entire thing will play out.

On AIF, like Ram said, our expectation in line with the non-MF portfolio is to scale that business over 20%. This quarter was more like the mid-teens. Not that we could not scale revenue. I think the gross scaling was all in place because we have the oldest portfolio in the country, and this is a closed-ended business, which means no fund will remain for less than or more than 10 years.

So any fund which started, let's say, in 2014, '15, '16, '17, one of those will come to an end in 2024. When it comes to an end, of course, the provider would have launched another fund at some time, but we'll take this monies and then pay them back. That impact of falloff was a little more in this quarter, in the first quarter; may also be a little more in the next quarter. Otherwise, I mean, so that perhaps explains best 20% minus, 15% growth, 5% is on account of that.

Are we seeing any other dynamics from a competitiveness perspective? Nothing specifically. It's a market, which has already seen some price down. So we're expecting prices will stay here, but will further price down happen, not expecting that to happen.

**Ram Charan SR:** And our reading is that we have not -- from a domestic RTA perspective, we've not lost market share. Obviously it's very difficult to make out from published numbers of competition on what exactly is the win ratio of the share in the domestic RTA as such. But based on our market intelligence and our computation, I don't think from a domestic RTA perspective we have lost share as such.

**Supratim Datta:** Got it. And sir, one follow-up to your commentary on the data center that was very helpful. Just wanted to understand, currently, you own three of the data centers, right? And so when you slow down the investments and at 1.5 years down the line, you will be migrating all the data to cloud, then these three data centers will become redundant. So would there be a scope that we will be selling off these data centers anywhere maybe say four or five years out?

**Anuj Kumar:** So I don't think I got your question completely. If you think there will be some salvage value of the stuff in the data center, some small stuff will be there. But I mean don't count it on any projections that's not the myriad amount of money. Was that the question? Or the question what makes sense?

**Supratim Datta:** Yes. I'm just trying to understand that what happens with those data centers when you might -- once you migrate to cloud completely.

**Anuj Kumar:** So two of them are sitting inside our premises in our buildings. Obviously, that space will be used for something else. One is in colo center which obviously is bound by a contract. We will decide which one to retain. One, like I said, we will have to retain. Give the significant salvage value of the hardware, the answers don't even count it. I mean there may be something, but we don't want to bring any focus to that number saying that's the P&L and answer for us.

**Ram Charan SR:** Just to add to what Anuj already mentioned is relevant for this question, which is the investments going forward in hardware will be moderated depending on our progress in their ER, right? So that could be an impact that will play out as we go forward.

**Moderator:** The next question is from the line of Sanketh Godha of Spark Institutional Equities Private Limited.

**Sanketh Godha:** I have a few questions. So first question is that if I look at our KRA business, the number of KYC records seems to have not grown in last week quarter, it's been stagnating at 1.8 crores accounts. So I just wanted to understand, do you see this number going up or you continue to mine these number of records to deliver the revenue growth going ahead?

And the second question was with respect to non-MF asset-based revenue which seems to have grown a little lower compared to the overall asset-based MF growth, which is around INR45-odd crores if I do the math. Just wanted to understand that how do you see the trajectory of this number to play out going ahead. And the next one is on Think360. This piece has declined both on quarter-on-quarter and year-on-year. Anything to read there? How do you see these numbers to play out?

**Ram Charan SR:** Yes. So Sanketh, so I will take the second question, which is the non-asset-based revenue, and Anuj will probably give you details on the remaining. See, non-asset based revenue, as you know, consists of transaction fee. It consists of the call center revenue, consists of our application fee that we charge for our software tools like MFDEx and [inaudible 1:02:48], etcetera, and the OP, right? So it generally does not move in tandem with, and that's why we have a separate tandem with asset-based fee. What we have seen in this bucket is, and obviously this is not a single kind of driver for all these things. But what we have seen in this bucket is transaction fee, which is almost like 40% of the non-asset based revenue has grown more than 30%, which is again a reflection of what's happening in the market in terms of transaction growth as well as NFOs that are coming.

And our application fee, which is the software license fee that we charge for the various [inaudible 1:03:22] that the customers use has also grown by more than 21%. And the call center has grown by more than 33%. What will kind of bring it down will be the OP. And obviously, OP cannot be linked as such to the asset right? That will be fourth quarter in which generally the OP expenses are much more -- if there's the regulatory guidance that the SMSs and emails are much more if there is a risk score meter that need to be sent in bulk, if there is some nomination -- communication.

So a lot of drivers are there for OP, it's very difficult to kind of tie it up to 1 metric. But the overall from a transaction growth perspective, we are seeing it's in tandem with the assets growth, which is more than 30%. And the call center is also growing well, given that people are adding agents from an inbound and outbound perspective. So I do not think that you can map it to the asset-based revenue but given the transaction is 40% of the overall bucket, healthy growth in transactions, as you see, would translate into a higher non-asset based revenue, but it cannot be mapped on to the asset-based revenue.

**Sanketh Godha:** Sir, if you can break down that INR45-odd crores into OP and the core revenue kind of thing, that would be useful.

**Ram Charan SR:** Yes, yes. So from the INR45 crores, recoverable is more than INR11.2 crores because the OP is more than INR11.2 crores, and your transaction based revenue was almost INR18 crores and application revenue is almost INR8.5 crores. Call center is around INR7.5 crores.

**Sanketh Godha:** Perfect. Okay. Got it. And on Think360, if you can add, yes.

**Anuj Kumar:** So your first question was on the KRA. On KRA what had happened was -- you are right, there was a onetime cleanup that happened across the industry. As you know, among the participating KRA, one single individual can occur only in one place over the years, over the last 13 years of the occurrence of the KRA, they discovered that there were some individual records, which were in more than monthly. Once that cleanup happened, you see the current number, but you've noticed it right? That is the way it had happened. Now we have a constant base, and you should be able to see a growth on top of it.

**Sanketh Godha:** You expect this 1.8 crores accounts to grow only because of MF or sir, basically, I just wanted to understand, you've got onetime jump from 1 crores to 1.8 crores. So this 1.8 crores to go further up, what would lead to it in that sense? Basically, it will be MF story only or you will go beyond MF to drive the KYC business?

**Anuj Kumar:** Like we've said that we are now actively engaged with the rest of the market, brokerages and depository participants to sell KYC services and the KRA services to them. That is perhaps 10% revenue contributor right now. It isn't that large, but it has helped. We still haven't got one of the top 4 or 5 brokerages. We actually have one but not the other. We are actively pursuing the larger accounts should be able to report something in the rest of the year, and you will find that even if we get a fraction of those volumes, that could be a large contributory number. However, what has contributed right now is also a 2x lift in new clients coming into MF.

CAMS service funds used to see 3 to 4 lakh new and the PAN is an individual, not known to CAMS service funds 3 lakh to 4 lakh a month. That number is almost doubled, right? So when you see that number from 4 lakh is almost between 7 and 8 lakhs, a large part of the fillip has come from CAMS service funds, we started actively selling to non-CAMS service funds, the KRA services about 2 years back. Part of the growth is from them, but that's small, that will not be more than 5%, 6% and 10% revenue contribution would have come from us selling to brokerages and depository participants. So that's how you can add up the 100% growth and most of these clients are sustainable.

**Sanketh Godha:** And on Think360?

**Anuj Kumar:** On Think360, you're right. The scale up hasn't been -- not much scale up has happened in the first year. One of the large reasons is that Algo360, which was kind of a precursor to account aggregator. We were expecting that for some time, there will be a market for both the products, both for Algo and the account aggregator. Now we have seen that the account aggregator market is definitely showing the preference for AA kind of offering, not so much for the algo offering. So we are continuing to engage with the market itself. At some time, that question had to come on whether we keep selling the core or we start selling the value-added services under the brand Aamaze.

I think we've seen some of that impact. Also, one of the large -- although it's not a major contributor, but one of the large U.S.-based analytics contract had -- hasn't seen the scale up it needed. We are now not actively selling in the U.S. We are largely focusing on the Indian market that has come from the U.S., we will service them, but we're not actively selling yet. So that explains what's happened at Think.

**Sanketh Godha:** Got it. And maybe just one thing. You said the non-MF business, which is around 13.3%, will go to 15% by same quarter next year. So is it fair to assume that the heavy lifting has to be largely done by two businesses, which is CAMSPay and CAMS KRA. That's a fair assumption to make because AI probably will grow mostly in line with the MF business, given it is limited to a number of investors rather than AUM based.

**Anuj Kumar:** So again, no, you're getting it right. I would say from a percentage contribution basis, although I don't state the AA percentage revenue contribution, because I have the highest. It is even more than KRA. So from a percentage revenue contribution driving the 13.3% to 15.3% or whatever number we get to, I think it's clear to me that in the next year -- next four quarters, between KRA payments and account aggregator, all three of them should contribute and should contribute ahead of the market.

In the case of alternatives, we have said that we are aiming for a 20% plus growth, at some time, maybe a quarter from now, we should come back to that. So that's really the sum total of what will contribute to non-MF. If there is any acquisition opportunity of this is adding on top of this. But right now, this is within the art of the possible.

**Moderator:** Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to Mr. Ram Charan sir, for closing comments.

**Ram Charan SR:** Thank you, Deepika, and thank you for all the participants for your continued interest and participation in this call. If you have any further questions, please feel free to contact Anish Sawlani or Orient Capital IR, and we'll be happy to get in touch with you and clarify your doubts. Thank you once again.

**Moderator:** On behalf of Computer Age Management Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.