"Nippon Life India Asset Management Limited Q3 FY2020 Earnings Conference Call

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Sameer Bhise: Good evening everyone and welcome Nippon Life India Asset Management Q3 FY2020 Call. From the management team we have Mr. Sundeep Sikka – CEO, Mr. Minoru Kimura - Board Member and Representative - Nippon Life, Mr. Prateek Jain - Chief Financial Officer, Mr. Saugata Chatterjee - Co-Chief Business Officer Distribution, Mr. Aashwin Dugal - Co-Chief Officer Institutional and Mr. Saha – Head of Digital Business. With this, I would like to transfer the call to Mr. Sundeep Sikka, CEO of the Company. Over to you, Sir! Thank you.

Sundeep Sikka: Good evening and welcome to our Q3 FY2020 earnings conference call.

This is the first full quarter post the change in ownership. We launched our new brand "Nippon India Mutual Fund" on 7th October 2019. Post rebranding, feedback from our customers and distributors has been positive and seen recovery across segments. We have done rebranding at over 300+ branches and partner locations.

Some of the initiatives undertaken are yielding results and we have started to see green shoots with return of institutional investors and HNIs started investing with us again. Over 170 new corporates, SME's have begun with us investing post the transition.

NIMF witnessed reversal of trend with AUM growth after 4 quarters of decline. Our Monthly Average Assets from a low on Sept 19 of Rs. 1.97 trillion rose to Rs 2.07 trillion. We will continue to build on this momentum in the coming quarters.

We continue to have one of the largest Retail AUM in the industry, at Rs. 546 billion, driven by strong on ground presence and a robust distribution network. Our endeavor is to include as many retail investors especially from B 30 locations. Our Retail AUM contribution to Total AUM is amongst the highest in the industry at 26%.

I am happy to share that for the quarter Profit before tax increased by 19% to Rs 1.94 billion. Net profit rose by 36% to Rs 1.49 billion.

Our SIP Count increased by 11% from 2.9 million to 3.3 million. The progress highlights our retail execution capabilities. The annualized SIP book is over Rs. 100 billion. Over 80% of the incremental SIPs have a tenure of over 5 years.

We continue to be amongst the leaders in the 'Beyond Top 30 cities' category. This category contributed AUM of Rs. 387 billion. Nearly 19% of total assets are sourced from these locations, as against 16% for the Industry.

We are the 2nd largest ETF player with a market share of 16% with an AUM of Rs. 264 billion. If we exclude the EPFO allocation which goes to two PSU owned mutual funds we would be the largest ETF player in the country.

On digital front, I am happy to share that Digital platform contributed to over 40% of our total new purchase transactions. Our investments in the digital ecosystem is yielding results and grew by 38% to 11 lakh transactions.

Nippon India Mutual Fund remains well diversified in terms of distribution, with no single distributor contributing to more than 5.3% of the total AUM. We have 76,000 distributors empaneled with us.

Let me share a brief update on the other businesses namely, International and Alternative Investments.

Last quarter we received Sovereign Wealth Fund Equity mandate of $ 500 mn. I am to happy to share that we have launched "Nippon India Digital Innovation AIF", a Fund of Fund (FoF) in the Technology / Venture Capital Space that was announced on June 19. We have received Commitments aggregating ~ $ 100 million from marquee investors.

In the Alternative Investment Space, I am happy to share that we have launched our first offshore Real Estate fund in Japan which is our second offshore mandate after Tech Fund.

To sum up we have multiple offerings in Japan across Traditional Equity, Fixed Income and alternate funds such as the Technology FOF, Real Estate Fund. Overall, we manage assets including commitments of over $ 700 mn.

I am happy to announce that the Board has declared interim dividend at Rs. 3 per share. As part of our Stated dividend policy to share 60% to 90% profits with Shareholders.

To conclude, post transition of the ownership, we have already seen signs of recovery with increase in investor flows, reflected in the sequential rise in AUMs. We are confident that we would recoup our lost share of business in the coming quarters. With our wide distribution network, retail strength and strong Parentage, will enable us to further capture the untapped opportunity of the Indian Asset Management Industry spanning across Mutual funds, ETF's, AIF's and global flows into India. With these comments, we are happy to take your Questions.

Moderator: Thank you. We have a first question is from the line of Sanjay Shah from Alphaline Wealth Advisors. Please go ahead.

Sanjay Shah: Good evening gentlemen and thanks for the opportunity. Sir, what are the implications of the recent decision by the IRDA to cancel the pledge enforcement of Reliance General Insurance by NIMF? What is the total value of that pledged shares and do we expect any write off with regard to any Reliance subsidiaries?

Sundeep Sikka: I will not be able to discuss too much about this because this is regarding regulator and some legal process, Just like to highlight the fact that the amount in question is Rs 320 Crores and and this investment is in some of our schemes, it has already written down; however, from our perspective we will continue pursue whatever is required in the interest of unit holders.

Sanjay Shah: My next question is what is our current exposure of our Reliance Capital and are there any risk of write offs?

Sundeep Sikka: Everything is disclosed in the factsheet, the total exposure to Reliance Capital is INR 130 Crores only. All these are exposures are from the mutual fund schemes. The balance sheet of the AMC does not carry any kind of exposures.

Sanjay Shah: That is great. Thanks for clarity, Sir.

Moderator: Thank you. We have a next question from the line of Shubhranshu Mishra from Bank of Baroda Capital Markets. Please go ahead.

Shubhranshu Mishra: Sir, thanks for the opportunity. Two quick questions, first is, what is the expectation of the profit pool contribution from the offshore funds and the AIF funds, say with the one year or two-year perspective?

Prateek Jain: We put both consolidated as well as the standalone numbers, and current contribution from subsidiaries is in the range of about 10 Crores at the PAT level.

Shubhranshu Mishra: This is from offshore or AIF or for both of them?

Prateek Jain: This is for both the businesses.

Shubhranshu Mishra: How much for offshore and how much for AIF that is what I am trying to ask?

Prateek Jain: We do not disclose the breakup; however, that will be available in our annual balance sheet.

Shubhranshu Mishra: What is the expectation over the two-year perspective?

Prateek Jain: As mentioned in the past that our average realization from offshore businesses ranges between 30 basis point to about 50 basis point. We continue to operate those margins and again it all depends on the kind of mandate. As mentioned in the past that we have capabilities across categories in terms of equity, fixed income, alternate and ETF space

Sundeep Sikka: Every mandate will be different like the Tech fund which we have got has fee and carry.

Shubhranshu Mishra: Right and the second question is more to do with your AUM mix, so what are the top 20 IFAs contributing to your AUM and top three banks and the top three national distributors you can share that with us?

Sundeep Sikka: It will be difficult to give individual numbers however, more than 50% of our flows is coming from IFA's or distributors, who are catering to retail.

Shubhranshu Mishra: Again, what I am trying to get is at the concentration, so top 20, top 50, you would have a target?

Prateek Jain: IFA AUMs are given in the presentation slide number 16. Also, detailed breakup of what been contributed by banks, national distributors and IFAs.

Shubhranshu Mishra: Thank you.

Moderator: Thank you. We have a next question from the line of Rishabh Parekh from Sunidhi Securities. Please go ahead.

Rishabh Parekh: Just a couple of questions, one is the other income spike in this quarter to about Rs 57 Crores from a run rate of about Rs 30 Crores, what is this?

Prateek Jain: Last quarter we have seen a dip because of the decline in the equity market and certain mark downs in the fixed income space. Our investment is into our own mutual fund schemes and therefore, there were some mark-to-market adjustment to that effect. On year-on-year basis, the this amount of Rs 57 Crores is largely flat.

Rishabh Parekh: And this is the expected run rate going forward as well?

Prateek Jain: No, it depends on market conditions and this is subject to mark-to-market. Most of our investments is into our own mutual fund schemes and fixed deposits to that extent we are insulated. Therefore would not be able to predict.

Rishabh Parekh: Just had a question on your SIP book, there has been from Q1 onwards a marginal dip every quarter in the monthly average rate, it was started at Rs 860 crores Q1, now it has gone down to Rs 838 crores and this is despite an increase in the count, so basically it means that the average ticket size is going down, so if you can throw some more colour on your strategy around SIP book and plans going forward in terms of a monthly flow?

Sundeep Sikka: You are right average ticket size is going down by design as we believe smaller ticket size is stickier. Across the industry the new SIP's and termination ratio has been increasing. Over the last couple of years because of the equity markets seen a narrow rally, some of the schemes have not been able to deliver the expected returns due to which some of the SIP's have been terminated , but again we continue our focus on penetrating deep into India and getting SIP's .

Rishabh Parekh: So, this 80000 to 100000 SIP's monthly addition rate that is net or gross?

Sundeep Sikka: It is a gross.

Rishabh Parekh: This is gross and what would be the current run rate of cancellations approximately?

Sundeep Sikka: Last two months has been about 40% to 50%.

Rishabh Parekh: Thank you.

Moderator: Thank you. We have a next question from the line of Vikas Singrun who is a Shareholder. Please go ahead.

Vikas Singrun: Sir, my question regarding the AUMs size, if you look at quarter-on-quarter basis, it was mentioned in the note, which you have given to the BSE for the first time we have seen it has resulted in the AUM, but it is flattish, so what are the position going forward, we are talking about 2 lakh Crores of yield right now, so what kind of a growth rate do we expect in coming quarters?

Sundeep Sikka: From our perspective will not be able to give future guidance, We clearly believe loss of market share that happened was because of headwinds in the past. I am not trying to put a number that in this quarter we have grown by X should be taken as a new norm, but however we are positive, going forward the trend will be much better.

Vikas Singrun: My question is, if you look at the gross revenue from the last four quarters, this is going down because we are losing the market share as far as AUM is concerned, but if you look at bottomline, the EPS numbers every quarter, so we are quite steady and the trend is increasing, so probably because of the tax impact or are there any internal mix or some cost efficiencies being brought in?

Prateek Jain: Obviously, we have brought in cost efficiencies, but the revenue part is related to the regulatory change. In terms of the new regime, one that overall revenue charging has been reduced by the regulator and secondly, have to book certain expenses in the scheme, which we used to earlier book in the AMC and therefore, there is a decline in the revenue; however, profitability margin has been maintained.

Vikas Singrun: Thanks.

Moderator: Thank you. We have a next question from the line of Dhruv Shah from Ambika Fincap. Please go ahead.

Dhruv Shah: Congratulations on the decent set of numbers. In your last quarter you said that debt AUM would be going up from quarter-on-quarter basis, but if you see from September to December, we have seen a dip of 6.5%, so when do you see this stabilizing, the debt AUM I am talking about?

Sundeep Sikka: Overall, across the industry debt flows have been negative. In the fixed income category, we are clearly seeing a lot of people in the sidelines believe they are now turning positive about debt. Over the next few quarter expect people will starting moving into debt. From our perspective we believe that is a choice for the investor to make. Post the transition investors depending on whichever asset class, who were earlier ignoring us have started investing back.

Dhruv Shah: But, the dip is bit big right, 6.5% on quarter-on-quarter?

Sundeep Sikka: The credit fund, if you see across the industry, has seen an outflow, so I think the way I see it, it may take a quarter or so, more before the investor start coming back to the credit funds and the long duration funds.

Dhruv Shah: In your presentation, you have said around 170 institutions have tied up, so that does that mean that for the option or for Indian entities?

Sundeep Sikka: Over 170 new institutional investors have started investing back in fixed income category.

Dhruv Shah: So, they were there already and now they are again, they are the new ones?

Sundeep Sikka: Some could be new also, but there are over 170 new institutions who have come back after more than a year.

Dhruv Shah: My second question is on your direct AUM; how much will be your direct contribution to your AUM if you can share that?

Sundeep Sikka: Overall, about 45% because there is institutional money which comes direct, but the relevant will be the equity which is about 14%-15%.

Dhruv Shah: Thank you.

Moderator: Thank you. We have next question from the line of Keshav Binani from HDFC Securities. Please go ahead.

Keshav Binani: Sir, continuing the debt question, can you sort of quantify how much of the downfall in debt is because of the stressed exposures and you have taken a write off on those and how much could be because of outflows, a broad base sense if you could give us?

Sundeep Sikka: It will be difficult to put it this way firstly any papers wherein it is required to mark it down, it has been done. Will be very difficult to how much impact because of the mark down and how much is outflow overall, the AUM has come down substantially. We clearly expect things to change.

Keshav Binani: In continuation with that, now that the debt will grow obviously, so on that front what is your strategy. Will you be willing to pay probably higher distributor commissions to recoup a lost market share on the debt side obviously on the liquid side we are seeing inflows coming in and the AUM growth is pretty healthy quarter-on-quarter, but on the debt side, will you be willing to pay higher commission?

Sundeep Sikka: Our focus always is profitable growth. Our strategy does not allow to pay extra brokerage to get business. We are confident of getting back the allocation based on the strength of the product and distribution capabilties.

Keshav Binani: The second question I had was in the staff cost, so on the staff cost number if you see it has declined about 5% Q-o-Q and even the staff numbers have come down from 1100 to 1050, but the branches have not come down, who are these people who have no more employed with us and how are we cutting down the staff cost?

Prateek Jain: We had mentioned in the past that we will keep working on the efficiency and automation. There has been some normal attrition, which we have not been replacing. Because of automation have been rebadging the people, we will continue to focus on those efficiencies.

Keshav Binani: These people largely can be eluded to back office sort of these are not the sales person, can we assume?

Prateek Jain: Frontline sales force cannot be replaced, so what we are talking about the efficiencies and automation are predominantly in the back office.

Keshav Binani: Those are my questions. Thank you and all the best.

Moderator: Thank you, Sir. We have a next question from the line of Bismith Nayak from RW Investment Advisors. Please go ahead.

Bismith Nayak: Good evening, Sir. My question is regarding the ETFs, so what is the mix of institution and retail contribution to ETFs and what does the current inflows, are they with respect to current inflows, are they more towards retail are coming from more retail side or institutional side?

Sundeep Sikka: ETF as category we have roughly about 9 lakh investors in ETF; However, from a AUM point of view, majority of the ETF AUM typically comes from institutions and HNIs. I think it is more because they are more savvy, very difficult to put a number to it, how much is the retail AUM in it. We are seeing one thing very clearly that over a period of time on a regular basis more retail investors are also coming into ETFs. Also, like to highlight the fact, for ETF business one of the most important thing is basically liquidity on the exchanges, happy to share with you that we have 76% market share of volumes both of NSE and BSE.

Bismith Nayak: Continuing on that, can we say that the current ETF retail investors are they coming from top 30 cities?

Sundeep Sikka: Again, that data is never available because it comes through exchange and it will be very difficult for us to give the data, but my hunch is that we are seeing several investors are coming from across the country.

Bismith Nayak: One last question, what would be your blended margins for equity debt, liquid and ETFs separately?

Prateek Jain: Right now, the standalone basis if you see our net realization is about 55-basis point and on the consolidated basis is about 59-basis point.

Bismith Nayak: Separately can you share it for equity funds, debt funds?

Prateek Jain: We do not give this breakup. This will be available in our annual results.

Bismith Nayak: Just one more question, the 170 new investors that have been activated this quarter, so their inflows will be more towards debt or more towards equity?

Sundeep Sikka: Majority will be towards the fixed income.

Bismith Nayak: Thank you. That is all from me.

Moderator: Thank you. We have next question from the line of Jignesh Shial from Emkay Global. Please go ahead.

Jignesh Shial: Thanks for giving the opportunity to ask the question. Just two questions quickly, one now since the transformation you have done the Reliance is out, how has been your overall experience on the corporate debt side and are we seeing that synergies are being as a brand, how is that helpful, if you give me some number size that would be helpful and number two, the international funds that we have freed up, but can you give me what kind of fund is it and how bit can it be gradually, your OFS funds you have and international funds, these are my two questions?

Sundeep Sikka: To your first question, post the transformation on October 7, 2019, we changed the brand of the company, it was changed from Reliance Mutual Fund to Nippon India Mutual Fund. Overall, feedback had been very positive. As expected whenever a change like this happens it typically starts with the corporate treasury, which start moving fast, they normally take decision first then comes the HNIs then the retail, so it is going as planned. Nippon Life representatives has been very proactively engaging in India and from Asia been visiting a lot institutional investors across the country and this has been given a lot of comfort to the investors. In fact over 170 investors, which have come many of them have met Nippon Life representatives. Coming to your second question, regarding international mandates are concerned as mentioned earlier, last quarter we got mandate from Sovereign Wealth Fund was the equity mandate of a USD $500 billion, in Japan we have launched the technology fund, which is a USD $100 million. We have also launched another real estate fund and just started fund raising there. Also, we already have three other funds in Japan, two bond funds and one equity fund, which have total all three put together have AUM of over USD $ 700 million, it is distributed by 18 different distributors in Japan and all this has been done with the support of Nippon Life Insurance in Japan.

Jignesh Shial: We expect this number to grew rapidly over a period time and three years down the line can we expect this to multiply or a little faster growth in this particular line item at this point of time?

Sundeep Sikka: It will be very difficult to give a future guidance; however, this will always be a function of capital flows coming into India. I think we are in a very strong position compared to any other asset managers in India because of the parentage of Nippon Life.

Jignesh Shial: You answered to Rishabh saying that overall SIP reductions have been higher, but the ticket size have been lower and this I am saying, so if brand Reliance moving away, is there any impact, which you are paying it up, which needs to be countered gradually or nothing like and it is more or less industry that you are also witnessing as a part?

Sundeep Sikka: These terminations have nothing to do with the brand its more an industry phenomenon. Majority of the SIP came in the industry started from 2015-2016 onwards and last two to three years some of the investors have not been able get the desired returns because at that time expectation was high. As mentioned earlier across the industry the termination ratio is all time high at about 50% to 60%. So, I will attribute it to the flow of industry and capital markets rather than brand

Jignesh Shial: The interim dividend has been declared, we stick to the same policy 80%-90% of the profit should be distributed as dividend that is something you were discussing?

Sundeep Sikka: We have stated dividend policy for the last five years, 60% to 90% of the profits will be distributed as dividend, we have been doing this for the last five years, and today interim dividend, which has been approved by the Board is on those lines.

Jignesh Shial: Lastly the question to Prateek is this the tax rate we should assume the same or there are still some pieces left on the tax rate part?

Prateek Jain: Last quarter there was tax adjustments to be done and after that now the rate is close to about 24% odd, which is the new corporate tax rate.

Jignesh Shial: So, we should keep this right, 24% would be your effective tax rate for the next year also?

Sundeep Sikka: That is right.

Jignesh Shial: Thanks a lot and all the best.

Moderator: Thank you. We have a next question from the line of Ritwik Seth from One-up Financial. Please go ahead.

Ritwik Seth: Good evening Sir. Couple of questions, firstly on the employee cost, we have seen some kind of reduction quarter-on-quarter for the first time in last eight quarters, so is there something to read on because you have been saying that employee costs should be peaking out in the previous calls, so it looks like that so, can you throw some light on this?

Prateek Jain: Ritwik, in terms of the overall getting the operating efficiencies and using lot of automations, there has been some decline in the workforce mostly on the back office side, also due to the various ESOPs and other provisions, which actually tapered down in a telescopic manner, the employee cost on a run rate basis will taper down.

Ritwik Seth: On the ESOP part, till when should we expect the expenses to get recognized in the P&L?

Prateek Jain: Typically, what happens the first year when it is granted, the cost is highest and then it keeps going down and the first three years is that were maximum cost is and then it become negligible.

Ritwik Seth: So, I believe that only some portion of it is left and going forward it should taper down drastically, is that understanding is right?

Prateek Jain: Yes, broadly that is correct.

Ritwik Seth: And, what is the cash position as of December 2019?

Prateek Jain: What do you mean by cash position?

Ritwik Seth: Net cash on the AMCs or balance sheet?

Prateek Jain: No, if you see our overall financial assets are in the range of INR 2000 specific run rate odd 50 Crores and predominantly those have been invested into immediately realizable securities, which include mutual fund, fixed deposits, etc.

Ritwik Seth: So, that is about to Rs 2650 you said?

Prateek Jain: Yes, the entire net worth of the company has been invested predominantly into immediately realizable assets now. We have no ICDs per se, the borrowing ICD to our own subsidiary it is about odd 50 Crores.

Ritwik Seth: Yes, just wanted that figure. Great and all the best, thank you.

Moderator: Thank you. We have next question from the line of Rishabh Parekh from Sunidhi Securities. Please go ahead.

Rishabh Parekh: Sundeep, just taking of on your international funds, so you just give a breakup of the AUM across all your international funds and you mentioned that you had over 700 million across two fixed incomes and one equity fund in Japan, so this I am assuming would be advisory in nature as suppose to manage, am I correct?

Sundeep Sikka: Yes, what happens is we have a subsidiary in Singapore, so from an RNAM point of view we will be, so it is a mix of managed and advisory, for us it will remain same, from India it will be the advisory.

Rishabh Parekh: Thank you.

Moderator: Thank you. We have a next question from the line of Sanjay Shah from Alphaline Wealth Advisors. Please go ahead.

Sanjay Shah: Sir, will it be possible to have some words from the new management and how they look the opportunity years ahead may be two to three years ahead from now and what are the verticals or areas where they see huge opportunity and where they would like to grow from here?

Sundeep Sikka: I will share with you my thoughts and then Kimura from Nippon Life will also give his thoughts. From our point of view our focus will remain on profitable growth. We clearly believe that today in spite of the fact that asset management industry has 27 lakhs Crores but still it is roughly 2% to 3% of the population is invested, we see a lot of scope here. Clearly asset management industry is also about scale. As the scale goes up the fixed costs does not go up and we have a very good strong distribution platform and believe that all the changes that are happening we will gain this proportionately in future. Having said that also, I would like to also highlight while there are exciting times in India we see asset management company and mutual fund as enormous potential. For us we see assets in different verticals, on one side a great opportunity in mutual funds with our strong distribution reach and track record we will try to capitalize on that. On the other side ETF, which is again we started over three to four years back, we are in a very dominant position and as markets mature we will see some institutional investors moving to ETF, we see a very big opportunity there. Similarly, we have been building expertise and capabilities in alternative space. The fact what I mentioned about real-estate fund, which has been launched in Japan and the technology fund, we see these opportunities also getting bigger and as the flow into capital markets costs keep increasing, we will try to leverage Nippon Life global network. Broadly if I were to put it simply as from a long-term vision point of view today 90% of the business of the company comes from only mutual fund. Going forward we believe the mutual fund business and the revenue that we get from it itself has the potential for multiple many times over the next 5-10 years. At the same time, it is our endeavor as a percentage to keep decreasing contribution from the mutual fund business in the overall profits and other businesses revenues to increase so that will be our thought. I will request Minoru Kimura, Head of Asia Pacific Nippon Life also to share the vision what is the company.

Minoru Kimura: Thank you very much. the comments on direction of the company helps the growth in the Indian market that is top priority. At the same time, we are trying to help the development of international business and alternative business because we are continuously focusing on the profit oriented and try to satisfy the business line. In the long-term as Sundeep mentioned we see good strength in Indian market and at the same time try to diversify into international business. That is my thought and vision for the company.

Sanjay Shah: Thanks for clearing the vision. Appreciate and good luck to you.

Moderator: Thank you. We have next question from the line of Devang Mehta from Elixir Equities. Please go ahead.

Devang Mehta: Congratulations on a good set of financials. My question is regarding the top management considering that there was uncertainty as far as ownership and other aspects, can you give an overview as to how all the top fund managers and the sales team the same or there has been a churn over there?

Sundeep Sikka: The entire top management team is the same and remains committed from our point of view. This question has been asked many times let me reiterate Nippon Life is not a new shareholder, Nippon Life has been working with the management team for last seven years. Nippon Life Insurance Japan would not have increased the stake of the company without the management team, so the management team is totally committed to the company and has long-term plans to continue with company and there is no attrition or any change.

Devang Mehta: Thank you and all the best, Sir.

Moderator: Thank you. We have next question from the line of Lalitabh Shrivastawa from Sharekhan. Please go ahead.

Lalitabh Shrivastawa: Thanks for having my question. I do not know whether this question was asked earlier or not, I got disconnected. You correctly said that your balance sheet has around odd Rs 2650 Crores invested and immediately liquid instruments, so on a normalized level can you please share, is this the normal level of liquid investments that you maintain on your balance sheet or basically what is the normal level to that? That is the question. Thank you.

Sundeep Sikka: Basically, we have a negative working capital requirement, the entire of this money which is capital as well as the networth of the company is deployed, in our mutual fund schemes both on the fixed income as well as our equity Side. Also, part of the money into fixed deposit as required by the SEBI LODR requirements.

Lalitabh Shrivastawa: Secondly, if I just go through your results, around Rs 165 Crores from the IPO proceeds are headlined under inorganic and strategic investment, so any plans on that aspect if you can share? Thank you.

Sundeep Sikka: We will be not able to comment on that, but we remain open to inorganic opportunity if it is agreeable to shareholders.

Lalitabh Shrivastawa: Thank you and all the best.

Moderator: Thank you. We have next question from the line of Suraj Navandar from Prithvi Finmart. Please go ahead.

Suraj Navandar: Sir, there has been a significant drop in fees and commission expenses if we look year-on-year from 72 Crores to 12 Crores, if you could please explain that?

Prateek Jain: I mentioned earlier as well that these expenses were earlier allowed by the regulator and subsequent to the October 22,2018 circular , there has been a ban on any kind of upfront commission, whatever number is here is actually the amortization of the past amount, which we have paid for our close ended schemes that is getting amortized and over the period this line will not be appearing in the P&L.

Suraj Navandar: Thank you, Sir.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments. Over to you!

Sundeep Sikka: Thank you very much.