Reliance Capital Limited
Q3 FY13 Earnings Conference Call
29th January, 2013

SPEAKERS: Management of Reliance Capital

Moderator: Ladies and gentlemen good day and welcome to the Q3 FY'13 Earning Conference Call of Reliance Capital Conference Call hosted by Edelweiss Securities Limited. As a reminder for the duration of this conference, all participants' lines are in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Kunal Shah. Thank you and over to you Sir.

Kunal Shah: Thank you. Good evening all of you this is Kunal Shah from Edelweiss Securities. We have with us Mr. Sam Ghosh, CEO of Reliance Capital along with other senior management team members to discuss the third quarter of fiscal year 2013 earnings. Without much ado would like to hand it over to you Sir.

Sam Ghosh: Good evening to all of you and welcome to our Q3 Earnings conference call. We have the CEOs from our businesses with us; Sundeep Sikka from Reliance Capital Asset Management, Vikrant Gugnani from Broking and Distribution, K. V. Srinivasan from Reliance Commercial Finance, Rakesh Jain from Reliance General Insurance and Malay Ghosh from Life Insurance as well as our CFO, Amit Bapna. Also, we have Anup Rau, CEO for Reliance Life Insurance. He joined us this month from HDFC Life Insurance where he was responsible for the agency and bancassurance channels and played an instrumental role in key initiatives such as verticalization of channels transformation of the agency channel and diversification of channel mix. Prior to HDFC Life, he was the National Head for Bancassurance Alliance and International Businesses at ICICI Prudential Life Insurance. Once IRDA approval is received for Anup Rau, Malay will be an Independent Director on the Board of Reliance Life Insurance.

On the Q3 results, let me present a brief summary of our consolidated results and an update on each of our businesses, and after that we will take questions. I hope all of you have received our results. The results and related documentation have been uploaded on our website. The total income from operations for the quarter increased by 7% to Rs. 17 billion, driven by increase in the topline of General Insurance, Commercial Finance and Reliance Capital Asset Management. The consolidated net profit for the quarter stood at Rs. 1 billion, a growth of 68% as against the corresponding previous period. The net worth of Reliance Capital increased by 50% to Rs. 118 billion at the end of the quarter. Our net debt to equity ratio improved by 27% from 2.27 to 1.65 at the end of December 2012. As discussed in our last interaction, Reliance General Insurance achieved a profit of Rs. 156 million in Q3 as against a loss of Rs. 344 million in the corresponding previous period.

At Reliance Capital, we have continued our focus on improving the operating performance of our co-businesses and ensuring higher contribution from them towards the earnings mix of Reliance Capital.

In asset management, our mutual fund average assets on the management were at Rs. 906 billion and we continued to maintain a market share of 12%. As a result of our focus on untapped retail opportunity across asset classes, we have been able to increase the share of retail debt to 33% of the overall debt of AUMs. The number of SIP and STP accounts at 1.4 million, is the highest in industry. The retail gold fund has Rs. 30 billion in AUM and maintaining a healthy market share of 25% in the gold fund category. In Life Insurance this quarter, we achieved a profit of Rs. 402 million against the profit of Rs. 101 million for Q3 FY'12. In Commercial Finance, the total income for the quarter increased by 5% to Rs. 5 billion. The profit before tax rose by 29% to Rs. 841 million as against Rs. 651 million, driven by increase in NIMs to 4.2% and improved cost efficiency. As discussed in the previous call we have been able to achieve increased yield of 14.2% in this quarter. Nearly 100% of our book continues to be secured at the end of this quarter. We have given detailed financials and operating parameters for each of our major businesses in our presentation and review report. I will now go through the main highlights in each business

Reliance Capital Asset Management manages Rs.1.6 trillion of assets across the mutual fund, pension fund, manager account and Hedge funds. Reliance Capital Asset Management is the largest asset manager in India. Reliance Mutual Fund is amongst the top few mutual funds in India and has maintained its market share at 12%. The average assets under management of the Reliance Mutual Fund were over Rs. 906 billion as at December 31, 2012. As mentioned before, in Asset Management, we continued focus on the underpenetrated retail opportunity. In systematic investments plans and systematic transfer plans, we continue to have the highest number of accounts in the industry. For the quarter ended December 31, 2012, the asset management business generated income of Rs. 2 billion, an increase of 47% driven by higher mutual fund AUM and a profit before tax at Rs. 583 million down 17% on increased marketing expenses, purely due to the upfront cost of retail debt. The profits from this buildup will come in the coming quarters.

Reliance Life Insurance continues to be among the leading private sector life insurance players in terms of new business premium with a private sector market share of 5%. The total premium for the quarter was over Rs. 9 billion and the regular premium was Rs. 6 billion. The new business premium was over Rs. 3 billion. Nearly 80% of the new individual business premium has been contributed by traditional products. Our focus continues to be medium and smaller towns and cities addressing the under and uninsured opportunity in spite of that we have been able to increase our average ticket size to over Rs. 15,000 from Rs. 14,000 in Q2 FY'13.

Our strategy continues to increase the ticket size as well as maintain our position amongst the top private sector insurers. Reliance Life Insurance sold over 200,000 individual policies in the quarter ended December 31, 2012, a sequential increase of over 6% and one of the highest in the private sector. Over 5 million individual life policies are in force as on December 31, 2012. The profit before tax for the quarter was Rs. 402 million, an increase of 296% over Q3 FY'12. Additionally, surplus rising from the non-participating business amounted to Rs. 868 million for this quarter. This will be part of profit in the last quarter of the current financial year. The declared results of Reliance Capital include consolidation of 38% stake in Reliance Life Insurance. Reliance Life Insurance managed Rs. 194 billion of Assets as on December 31, 2012 an increase of 17%. The distribution network stood at 1,230 offices across India and the number of agents was over 109,000.

Reliance Commercial Finance is amongst leading lenders in the non-banking finance space. The disbursements for the quarter increased by 16% to Rs. 23 billion. This is notable, as we have continued our focus on secured yet high margin business. The assets under management grew by 4% year-on-year to Rs. 160 billion. The outstanding loan book was Rs. 138 billion, a year-on-year decrease of 3%. The business securitized loans of Rs. 10 billion in the quarter. Our focus continues to be on the secured asset lending in niche segments of home loans and loans against property, business loans, loans for commercial vehicles and construction equipment, infrastructure financing. At the end of the quarter, nearly 100% of the book was secured as against 99% at the end of previous corresponding period. The total income for the quarter increased by 5% to over Rs. 5 billion. The profit before tax rose by 29% to Rs. 841 million as against to Rs. 651 million, driven by higher yields and improvement in operating expenses. The net interest margin was 4.2%, an increase of 20 basis points. The cost to income ratio dropped to 14%, a reduction of nearly 170 basis points over Q3 of last year. I am confident that with the stability in the interest rates and reprising of assets we will continue to see consistent movement in NIMs and profits. The gross NPLs were at Rs.3 billion, this translates to 1.9% of AUM. The coverage ratio including write offs at the end of December 2012 stood at 66%, while excluding write offs, the ratio was at 28%.

Reliance Securities is amongst leading equity broking houses in India whilst Quant Capital caters to the wholesale client segment. The focus in Reliance Securities is on its key business verticals of equity and commodity broking, wealth management and investment banking. In the broking verticals the equity broking accounts increased by 4% to over 709,000 and the average daily equities turnover stood at Rs. 23 billion. The number of commodity broking accounts increased sequentially by 3% to over 38,600 and the daily average commodity's turnover for over Rs. 8 billion. In wealth management, the assets under management stood at Rs. 8 billion, an increase of 59% and for the quarter broking business revenues decreased by 8% to Rs. 631 million. Profit for the quarter rose by 65% to Rs. 96 million.

Reliance Money is amongst the leading distributors of financial products and services in India with a distribution network of over 6,500 outlets. Reliance Money sold over 551 kilograms of gold in the quarter. Reliance Money remains the largest private sector partner for Western Union Money Transfer in India and handled over 570,000 money transfer transactions during the quarter. The business achieved revenue of Rs. 356 million for the quarter up by 6%. It had a loss of Rs. 4 million for the quarter due to expansion in the physical presence over the last two quarters. Number of customer touch points rose by nearly 700 during this period.

Reliance General Insurance is amongst the leading private sector general insurance companies in India in terms of gross premium with the private sector market share of 7%. The gross written premium for the quarter stood at Rs. 5 billion, an increase of 21%. As mentioned in the previous quarter's call, the business achieved a profit of Rs. 156 million in the quarter ended December 31, 2012 as against a loss of Rs. 344 million in the corresponding previous period. The combined ratio including third party stood at 112% for the quarter as compared to 130% for the Q3 FY'12. Our focus in this business is to write for profitable business and improve the combined ratio further. The company continues to optimize this product portfolio mix and has increased its commercial lines of business. During the quarter the general insurance business realized a gross written premium of Rs. 879 million from its commercial lines of business, a year-on-year increase of 6%. There was no capital infusion in the business in Q3. The total capital invested till date is Rs. 17 billion.

In conclusion I would like to reiterate that all major businesses are on track in terms of improving operating efficiencies and focusing on increasing their profits. I am very confident and certain their barring extraordinary circumstances, Reliance Capital's strategy of focusing on profitable growth will results in a sustainable ROE in the range of 16% to 18% from its businesses over the next two years.

Thank you very much. We can now take the questions.

Moderator: Thank you very much Sir. We are going to take our first question from the line of Ritesh Nambiar from UTI Mutual Fund. Please go ahead.

Ritesh Nambiar: Good evening of all you. I just wanted some color on the credit cost, or the rise in gross NPLs in commercial finance the segment has contributed and do you expect this run rate to increase or flatten near these levels?

Sam Ghosh: Between the Q2 and Q3, the increase was roughly around 50-odd crores, of which almost 45 Crores was contributed only by two cases. Now, we have already solved one case so therefore I do not see this as a trend at all. It is basically caused by few cases which are identified and which we will take care off. I would expect to maintain these numbers going forward and possibly even better it.

Ritesh Nambiar: Okay. Just one color on maintaining your margins or enhancing your margins your focus going ahead would be to have a diversified pool or you would focus on two or three key regions like LAP?

Sam Ghosh: LAP certainly is a leading product, as far as we are concerned. Three main drivers that have been on and even going forward will be, are obviously the LAP business, our commercial vehicle side and the third one will be our SME lending. So these are the three main areas. Now we are also trying to rejig our home loan portfolio to make it more profitable. So these will be the basic broad areas.

Ritesh Nambiar: Just on the AMC business, the sharp rise is totally on account of the rise in the margins or the income I mean to say or some other income is also contributing for the same?

Sam Ghosh: The topline is because of the change in the accounting policy, basically post SEBI regulation where the fungibility of expenses is allowed so the entire thing is taken as in AMC as revenue, so it is because of that. So, you will see this change if you were to have an apple-to-apple comparison for next three quarters you will have something like this when you comparable with the previous quarter but three quarters from now then I think it will be likewise in a company.

Ritesh Nambiar: Thanks.

Moderator: Thank you. We are going to take a next question from the line of Vikesh Gandhi from Bank of America. Please go ahead.

Vikesh Gandhi: Good evening sir. On your AMC business, your average AUMS have obviously risen, but profitability continues to be under pressure. So what are we looking at in that business, from a medium-term point of view?

Sam Ghosh: Broadly if we were to look at it the two things are happening is definitely the AUM has gone up and the biggest thing, which does not get reflected in the AUM, is the quality of the AUM. So, at this point of time, liquid is at an all time low. If we were to look at high yielding products whether it is equity and retail debt, which is roughly about 33% of our portfolio and about another 30% is equity. We clearly believe that we will keep investing in the business. We have seen a lot of regulatory changes happening where from a regulatory point of view also there will be lot of focus in smaller cities and towns wherein the regulator has also given some additional income, that is additional revenue for business being generated from B15. We will keep investing in these smaller cities and towns and we are already seeing results even at a transaction level. We have seen over the last six months the business that is coming from the B15 cities, is at all time high for us. It has gone up from 34% and has already touched nearly 40%. So we believe the future lies in beyond 15 cities and we will keep investing. Most of the higher expenses that you are seeing, are on account of acquisition fee, but their assets that are gathered from three to four quarters from now you will also start seeing the revenue coming on that.

Vikesh Gandhi: Sure. And can I also have of your total AUM what could be the equity and the debt component?

Sam Ghosh: At this point of time 28,000 Crores as I talk today actually 28,000 Crores is equity and balance is debt.

Vikesh Gandhi: You are talking about the entire 1.8 trillion of AUM, right?

Sam Ghosh: 1.6…I am talking of the mutual fund part. See if we were to talking the total 90,000 is mutual fund, 60,000 is EPFO and 10,000 is offshore money that we manage. So, out of this in India, 30,000 crores is equity roughly and in the offshore about 200 million will be equity, the balance everything is debt.

Vikesh Gandhi: Thank you Sir.

Moderator: Thank you. We are going to take our next question from the line of Kajal Gandhi from ICICI Direct. Please go ahead.

Kajal Gandhi: Good evening Sir. Sir wanted to know if on that same thing if we can get a comparable number on revenue for this quarter?

Sam Ghosh: For which quarter?

Kajal Gandhi: For Q3 AMC. Because you have done, as per regulations, some changes in the expense. So, in that case, topline, what will be comparable revenue for this quarter?

Sam Ghosh: We do not have the exact numbers right now. We will give it to you offline.

Kajal Gandhi: Sir, I wanted to know in your standalone business reporting what portion of the commercial finance is there?

Sam Ghosh: Other than the home loans everything it will come which is if you leave out 21% of the commercial finance book roughly around 2,500 Crores if you leave out the rest of it will be standalone.

Kajal Gandhi: Sir, in that case of your 84 crores PBT, which you are showing in commercial finance nearly 76 crores is coming from book other than home standalone is reported is 70 crores PBT?

Sam Ghosh: You are right.

Kajal Gandhi: And when you say home loan it is home loan plus LAP or its only home loan?

Sam Ghosh: Home loan is home loan. LAP is LAP.

Kajal Gandhi: Okay so it is only the housing finance portion, which is 18% of the book?

Sam Ghosh: Yes.

Kajal Gandhi: Sir, on the general insurance front, since third party losses were booked in the last quarter, you are putting this quarter profit. So we should expect the same thing in next quarter also?

Sam Ghosh: We are confident that we will able to sustain the performance and the endeavor is to improve way forward.

Kajal Gandhi: So what kind of combined ratio are you looking for this year and forward?

Sam Ghosh: I think we are attempting to come close to 100%, but it is a journey. It is difficult to predict for the immediate quarter but we are certainly moving towards the aim of achieving 100%.

Kajal Gandhi: Sir but FY’14 it would not be possible?

Sam Ghosh: I do not think we can give you so precise figure right now.

Kajal Gandhi: Thank you.

Moderator: Thank you. We are going to take our next question from the line of Anubhav Adlakha from Merill Lynch. Please go ahead.

Anubhav Adlakha: Just couple of questions on the insurance business side. How are the margins faring on the Life Insurance side if you could just throw some color on it?

Malay Ghosh: If you remember it was about 15.59 as on March 31, 2012. Our product mix has been slightly tilted towards traditional and though in the last quarter the ULIPS are likely to go up a little. I hope that we will be able to maintain it at the same level or if it declines it will not decline below 15%.

Anubhav Adlakha: And on the general insurance side what would be a combined ratio if we exclude the third party losses?

Sam Ghosh: I think the combined ratio will be about 108.

Anubhav Adlakha: As of now its 112 so not much of a provision is left basically?

Sam Ghosh: There is nothing for this current year.

Anubhav Adlakha: So are we done with all this third party insurance?

Sam Ghosh: The next year will be the last year for taking the last bit of transitional liability which is about 63 Crores.

Anubhav Adlakha: Okay so that will impact our profitability basically for the last time?

Sam Ghosh: That is next financial year.

Anubhav Adlakha: This quarter nothing has to come through everything is taking care off?

Sam Ghosh: Yes.

Anubhav Adlakha: Thank you so much.

Moderator: Thank you. We are going to take a follow up question from the line of Vikesh Gandhi from Bank of America. Please go ahead.

Vikesh Gandhi: Just on your consumer finance business probably last year you were like something closer to 8%-9% ROEs, what is the outlook on that in terms of taking up the return ratios and secondly, we always has to carry this corporate loans on the standalone balance sheet. What would be that number and who are that loans typically given to?

Sam Ghosh: Let me answer the first part of the question the rest of it. Amit will take the rest. Now if you look at the first nine months performance we have been more or less on the same asset base we have been showing some 30% increase in the profitability if you look at the first nine months so if you simply do the multiplication it will come to somewhere close to about 13% or so. So that is where we are.

Amit Bapna: On the corporate lending side we have couple of larger ticket size lending and there are various listed as well as unlisted corporates.

Vikesh Gandhi: Okay what would be that amount?

Amit Bapna: That would be in the range of around 3,500.

Vikesh Gandhi: I believe this number have gone up right from last year?

Amit Bapna: No, it is similar.

Vikesh Gandhi: This would be large ticket I understand but what kind of loans would these be like are they term loans?

Amit Bapna: They are kind of term loans.

Vikesh Gandhi: Thank you.

Moderator: Thank you. We are going to take our next question from the line of Suruchi Chaudhary from Edelweiss. Please go ahead.

Suruchi Chaudhary: Sir, this first question pertains to securitization. Now, seeing that the home loan and the LAP, the home loan book has dropped QoQ, is the securitization done mainly from this pool?

Sam Ghosh: No. In fact we did do some amount of securitization in the home loans but not in this quarter. The 1 billion that we have done has been in the LAP book. So what we have done is that we have not really grown the home loan book because we are trying to remodel the business so therefore we have not grown it in a conscious way.

Suruchi Chaudhary: So then on the securitization of LAP book also, are we seeing good advantage on the cost of funds?

Sam Ghosh: Absolutely.

Suruchi Chaudhary: Roughly how much? 150-200 basis points?

Sam Ghosh: roughly yes.

Suruchi Chaudhary: Okay. All right, sir. Also, sir, in terms of your employee costs on a consolidated basis, so QoQ there was a sharp drop. So is this mainly because of, say, maybe a one-time half-yearly bonus that happened in Q2? Or are there other measures also to bring down the employee costs?

Sam Ghosh: If you look at Q3 versus Q3 it is flat so it was one-time bonus at variable in Q2.

Suruchi Chaudhary: But even on the annual basis it stayed flat so those kinds of benefits on employee cost staying steady?

Sam Ghosh: Yes.

Suruchi Chaudhary: In terms of the equity investments that we are holding what could be the market value and the book value of the same?

Sam Ghosh: So we have listed equities at roughly 1,200 crores and the market value is similar because we had booked all our losses and made provisions in the last quarter.

Suruchi Chaudhary: Right. And, sir, the quantum of inter-corporate loans that we have now?

Sam Ghosh: Roughly 3,500.

Suruchi Chaudhary: Thank you so much Sir.

Moderator: Thank you. We are going to take our next question from the line of Mansi Sajeja from SBI Mutual Fund. Please go ahead.

Mansi Sajeja: Sir what is the total borrowing as on December 31, 2012. The gross borrowing figure and if you can just throw some light on the breakup of it versus banks, NCDs and others?

Sam Ghosh: Yes it is roughly 20,000 Crores of borrowing so half of it is bank borrowings, of the balance half we have 6,500 NCDs, and roughly 3,000 Crores of CP.

Mansi Sajeja: Would you be able to share ALM details at least in the first four five buckets was there any mismatch up to one year?

Sam Ghosh: There are no mismatches. We are well within the RBI hard limits. We can share it with you separately.

Mansi Sajeja: Thank you so much.

Moderator: We are going to take our next question from the line of Kajal Gandhi from ICICI Direct. Please go ahead.

Kajal Gandhi: Sir if you can share more on your broking and distribution? breakup of the volume number which has been given into Quant and retail, because expenses have come down, and there is stability in profit in the Broking side, but Distribution we are suffering from last two quarters' losses.

Sam Ghosh: On the Distribution, let me take the Distribution question first. We have added a significant amount of footprint on Distribution, so there is an expense on infrastructure as well as on headcount. We have increased our footprint on almost 700 locations and added on, which were coming in the last two quarters. So that is as we said if you remember in Q1 we said we did significantly. That has been the focus, and hence that impact is direct, but you will see there is the first one in topline will start continue to grow, as you see on this. On the Broking business, yes, costs have now been kept well under control. And, despite lacklustre markets, we continue to get new customers on board. And the business is stable, and we are hopeful that as markets pickup, and as retail investors come back in, we will see an exponential growth.

Kajal Gandhi: Any number target you are looking at in broking?

Sam Ghosh: I think if you have seen over the last two years there is been a quarter-on-quarter growth we hope to maintain that quarter on quarter growth on a significant profitability to come in over the period.

Kajal Gandhi: So what will be the amount of capital that has gone into broking and distribution business?

Sam Ghosh: Roughly 250 crores.

Kajal Gandhi: Both put together?

Sam Ghosh: Yes and it has been there since last 5-6 years.

Kajal Gandhi: And one more thing I had asked on the breakup of average daily volumes which you have shared 2,800 crores what is the breakup into Quant and retail?

Sam Ghosh: 60% would be the retail volume and roughly about 40% would be the institution. I am giving you a ballpark I could be 2%-3% here or there.

Kajal Gandhi: Thank you.

Moderator: Thank you. We are going to take our next question from the line of Santhosh Singh from Espirito Santo. Please go ahead.

Santhosh Singh: Hello sir just couple of questions one starting on the Life Insurance side. If you look at your total profit, which is realized for the quarter that is on the cash basis that has moved up from 30 to 40 and on the surplus line it is surplus on non-part line it has moved down so what could be the reason because what leads to the higher realization of profit because I do not think that the shareholder equity has improved that much so what is leading to this higher realization of surplus and what is leading to lower surplus on the non par lines?

Sam Ghosh: Yes. It is about reserving and about guarantees that you have put in. In non-participating business the profit surplus comes out of the reserving requirements of various years of business and that would be the reason at this juncture.

Santhosh Singh: That is what I trying to understand sir has there been any negative movement on the reserving side because we talking about 18 Crores of negative movement so that was mainly around reserving so has there been any reserving movement negative movements or is it just the market movement?

Sam Ghosh: I think I take it offline because I will be able to give you the proper answer.

Santhosh Singh: The second one on the commercial finance side just very simple one what sort of growth rate are we looking as the future going forward on the commercial finance book?

Sam Ghosh: First nine months we have grown it about roughly around 10% or so I think from an AUM perspective it will broadly reflect the overall credit growth in the market, which is likely to be around 15% to 16%.

Santhosh Singh: And which are the lines you are expecting which can lead to this growth?

Sam Ghosh: As I said earlier three main lines we are looking at one is mortgages; the other one is the commercial vehicles and the third one is SME line. These are the three flagships.

Santhosh Singh: That is it from my side.

Moderator: Thank you. We are going to take a next question from the line of Vinod Rajamani from HSBC. Please go ahead.

Vinoth Rajamani: Good evening all. I had a question pertaining to the life insurance business. The number of agents has fallen to 109,000 so that would be a bit of rationalization of the number of agents and so on. Is it expected to fall further going forward?

Sam Ghosh: Yes it will fall further. It is likely to be around 100,000 at the end of this year.

Vinoth Rajamani: Thank you so much.

Moderator: Thank you. As there are no further questions at this time, I would like to hand over the conference over to Mr. Kunal Shah. Please go ahead Sir.

Kunal Shah: Few questions from my side sir. Just on the business may be if you look at it this time no major one offs in any of the business so in terms of the mix in earnings or the contribution the way we look at it say 50%-60% driven by consumer finance 15% - 20% from AMC how do we see the mix may be two to three years down the line in terms of say how much of the businesses contributing to the earnings?

Sam Ghosh: I think by next year I hope that life insurance should be contributing much more. They should be 30-35% of the profits. General insurance should be around 15%-20% and commercial finance obviously the next and finally our asset management company so this should be about 15% - 20% each. Broking distribution may take another 12-18 months to get to about 10%.

Kunal Shah: On the commercial finance side on the NPLs definitely you have highlighted that there have been two accounts but may be any major stress we are looking out there in any of the segments or do we expect it to sustain again somewhere around 1.5 and not closer towards the 2% or so?

Sam Ghosh: I think we should be able to sustain it at either the present levels or slightly lower. I cannot see too much stress coming across in any one particular sector. I mean it is a bit of a cycle in one quarter you will have one sector going up and the other sector coming down so I cannot see any chronic issue in any of the portfolios.

Kunal Shah: On the commercial vehicle side may be some of the banks and NBFCs have started highlighting this stress out that so that is one of the growth factors, which you highlighted as far as commercial finance growth is concerned so what is your view on that particular space and how are we different?

Sam Ghosh: Our portfolio is holding up pretty well and on the gross NPAs on that side is not more than one percent so I think we are quite okay on that.

Kunal Shah: Thanks a lot to the entire senior management team of Reliance Capital for taking your time out and clarifying the results of Q3 FY'13. All the best for the coming quarter. Thank you all the participants for participating in the call. Have a pleasant evening.

Moderator: Thank you. On behalf of Edelweiss Securities Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.