

# Religare Enterprises Limited

## Q4 & FY2010 Investors/Analysts Conference Call

Thursday, April 29 2010 at 04:00 pm IST.

**Kishore Belai:** Good afternoon everyone and thank you for joining us on Religare Enterprises Limited Q4 and FY2010 results conference call. I am Kishore Belai, head of the investor relations at Religare.

We are joined today on this call by members of our senior management including Mr. Shachindra Nath, Group CEO and member of the Board of Directors of REL, Mr. Anil Saxena, Group CFO and member of the Board of REL, Mr. Gagan Randev, CEO, Religare Securities Limited, Mr. Kavi Arora, CEO, Religare Finvest Limited, our NBFC, and Mr. Sunil Garg, Head of Treasury.

Before we commence today, I wish to state that certain statements that may be made or discussed on the conference call may be forward-looking statements and we do not undertake to publicly update them. A statement in this regard is available on the second slide of the results presentation which was emailed to you earlier.

We will begin the call with opening remarks from Mr. Shachindra Nath on the Company's overall business and strategy, after which Mr. Anil Saxena will take you through an overview of our quarterly as well as full year financial performance. Thereafter, we will open the lines for a Q&A session. I now turn the call over to Mr. Shachindra Nath.

**Shachindra Nath:** Good afternoon everyone and I thank everyone for joining us on this call. It has been our endeavor to reflect the expanse of the financial services business to all stake holders and I sincerely hope that this call would help that process.

I trust you must have already gone through the Q4 and FY2010 press release and investor presentation, and would like to give you the highlights of the year gone by.

Let me begin with a quick review of our performance. Our Q4 FY2010 revenues grew 28% quarter-on-quarter to Rs. 5,283 million. PAT for the quarter stood at Rs. 317 million, an increase of 48% over the last quarter. For the full year revenues increased 40% to Rs. 16,719 million and profits after tax stood at Rs. 965 million versus a loss of Rs. 636 million in FY2009. As a group, our consolidated balance sheet size was Rs. 83 billion as at March 31, 2010, from Rs. 38 billion as on March 31, 2009.

These results are outcome of consistent performance by some of our established subsidiaries such as Religare Securities Limited, engaged in retail brokerage business, Religare Commodities Limited, engaged in retail commodities broking, Religare Finvest Limited engaged in capital market and asset financing business. Our newer business lines namely Religare Asset Management, Religare Macquarie Private Wealth, Religare Capital Market and its global subsidiary Religare Capital Markets UK, and AEGON Religare Life Insurance are moving very well along the expected strategic trajectory.

Our vision is to be the leading global financial services player from emerging markets, driven by innovation, focused on delivering exceptional value to our stake holders. To this end, after achieving relative scale in India, we are now focused on building boutique Multi- Asset Management Company globally and an emerging market Investment Bank. To support this

vision, we have in place a holding company structure. Religare Enterprises acts as the umbrella organization with underlying strong and independent growth businesses. All subsidiaries and business units have their own strategy which dovetails the group vision, and is led by a CEO. We regard this as an enabling infrastructure that will anchor growth for Religare.

I am pleased to report that during the quarter, we have achieved a full management structure including appointment of a CEO for our equity and commodity broking business at this point. We are keen to expand our presence where we can leverage our group expertise readily. On anvil is a health insurance business to be driven by Religare ground up. I am pleased to report that we are presently building the necessary management bandwidth. We are in the process of applying for an IRDA license and we expect this venture will become operational during the current calendar year.

In the international arena, I can proudly say that Religare has now positioned itself as a global financial services group with presence across Asia, Africa, Middle East, Europe, and America. In India as well, Religare is not only present in every major financial services business but has also emerged as a large and influential player in most of them. Religare is further looking at international opportunities to strengthen its presence globally in Investment Banking and Asset Management businesses.

As you may already know, we have announced a strategic investment Northgate Capital which is leading global private equity and venture capital fund of funds firm. The Board of Directors has approved a commitment of up to USD1 billion towards investment in diversified asset management companies globally. The Northgate acquisition is the first step in that direction.

Let me briefly take you through some of our key achievements during the year and more specifically in the last quarter.

In addition to North Gate acquisition, the company has hired an asset management team from KBC Financial Products, Japan, to set up a dedicated asset management sales and distribution platform in Japan. We have also received regulatory approval for an investment advisory license in Japan.

There has been a re-organization of the board at Religare to enhance operational focus of the company and help induct globally acclaimed individuals. You can expect some announcements in this regard over the coming months.

During the quarter, Religare successfully completed its right issue and raised Rs. 18.1 billion.

We have concluded senior level realignment at Religare Securities. We have further strengthened our Religare Capital Markets global management team with senior hires and are in the process of setting up research platform in India which will help us penetrate the institutional equity segment better.

McKenzie has been advising us on building a top notch emerging market Investment Bank. I am pleased to inform you that the blue print has been developed and we are moving along the envisioned path at great speed. We have already made some key hires in this respect. Manoj Singla and Suhas Harinarayanan have been hired as the co-heads of research, Rob Flynn has come on the board as CEO of Asia, Sutha Kandiah has been hired as the head of global ECM and Investment Banking. All of them bring enriching experience and high level of pedigree needed to shape our Investment Banking proposition.

For our Asset Management business, Religare Contra Fund and Religare Tax Plan were top performing funds with annual return of 92.44% and 87.08% respectively. Religare AMC in its first year of operation was able to garner 8% of the incremental market share. We have gone to launch innovative products like PSU fund, Credit Opportunities fund, MIP plus, only fund to have gold debt and equity allocations and web chat facilities and online trading on the client servicing side. Despite AMC having already gained critical size and broken even operationally, the action has now begun.

We inducted Mr. Adarsh Kishore on the board of AEGON Religare Life Insurance. Mr. Kishore is an IAS officer of 1969 batch and has held many important offices in government and with multilateral agencies. He is currently Non-Executive Chairman of Axis Bank. The strengthening of AEGON Religare Board is another step towards ensuring that we have the right governance structure in place to deal with the anticipated growth.

India's macroeconomic fundamentals are in place and headed in the right direction, whether it is the rising GDP, savings, the demographic dividend, our watchful regulators, financial services penetration in India will only continue to grow over the next few years. The second wave of penetration is expected from tier II cities onwards and players like Religare with pan India distribution network are poised to tap this growth.

Following our rights issue during the quarter under review, we are adequately capitalized for next phase of growth. Religare has followed a conscious strategy of scaling up lines of businesses by putting in place requisite process and systems, bringing in on board the right talent and showing the rapid traction and grasp of business.

To conclude, I would like to add that Religare today benefits from a balanced portfolio of existing leadership businesses and businesses that have an attractive addressable potential.

Now, I would like Mr. Anil Saxena to walk you through the financials.

**Anil Saxena:** Thank you Shachindra. Let me now briefly take you through the financial performance for the quarter ended March 31, 2010, and let me state that from the very beginning all the figures in my remarks are based on the consolidated performance of Religare Enterprises Limited.

Revenues for the quarter increased to Rs. 5,283 million that is an increase of 28% over last quarter. For the full year, revenues increased to Rs. 16,719 million as compared to Rs. 11,945 million last year reflecting year-on-year growth of almost 40%.

Let me now give you the segmental revenue. Broking revenue stood at Rs. 1,093 million during the quarter as compared to Rs. 1,190 million in the corresponding period last quarter. Equity broking market shares for the quarter stood at 3.41% as compared to 3.62% in the previous quarter. The blended yield declined marginally from 4.77 bps to 4.70 bps. This is largely on account of lower delivery volumes during the quarter.

For the year, revenues from the Broking segment came to Rs. 4,599 million as compared to Rs. 2,950 million in FY2009, showing a growth of 59%. Broking market share grew to 3.74% from 3.59% last year. Religare continues to be the leading player in commodities broking and we improved our market share to 4.91% this quarter as compared to 4.42% in Q3 FY2010.

Revenues from the asset financing segment stood at Rs. 528.9 million in Q4 FY2010. The asset financing book size as at March 31, 2010, was at Rs. 17.66 billion as compared to Rs. 12.19

billion as at December 31, 2009. Religare holds 79% of its asset financing book in the form of secured assets and we have a very strong risk management mechanism in place. Just to share with you, during the quarter we securitized a relatively young but high quality portfolio totaling Rs. 967 million from the commercial asset book with a leading private sector bank. No upfront income was credited for this transaction in FY10 financials. Income from this transaction will be realized over the period of the portfolio.

Continuing with our stringent risk management policies, we introduced floating provision on standard assets and during this last financial year we have created a provision of Rs. 90.7 million. This is over and above RBI provisioning norms.

Moving on our Asset Management revenue increased by 9.9% to Rs. 166 million during the quarter as against Rs. 151 million in Q3 2010. Our AUM for the mutual fund at the end of the quarter increased to Rs. 134 billion. Our PMS AUM stood at Rs. 2.1 billion. Our AMC business was PAT positive last quarter due to an improvement in our top line and rationalization in the cost. Asset management revenues were at Rs. 596 million for FY2010 as against Rs. 39 million in FY2009.

Wealth management revenues showed growth and stood at Rs. 111 million as compared to Rs. 104 million in Q3 FY2010. We have added around 336 new clients last quarter with AUM now standing at Rs. 8.01 billion excluding group business. Revenues from wealth management segment increased over 400% to Rs. 300 million as compared to last year.

The Investment Banking/Financial Advisory segment generated revenue of Rs. 1,406 million for the quarter over Rs. 52 million in Q4 FY2009. We advised Fortis Hospital in the acquisition of 23.9% stake in Parkway Holdings Limited from the TPG Capital for the transaction valued at approximately USD 685 million. Our Investment Banking/Financial Advisory revenue stood at Rs. 2,646 million for the year. Going into the next year, we see a healthy pipeline of IB deals.

Our AEGON Religare Life Insurance revenues stood at Rs. 876 million in Q4 2010 as compared to Rs. 466 million in the previous quarter, an increase of 88%. Revenues from AEGON Religare Life Insurance for the year stood at Rs. 1,835 million as compared to Rs. 384 million last year. Total number of policies sold as on 31st March 2010 was 74,134 with over 62,000 unique customers.

At the consolidated level, EBITDA for the quarter enhanced to Rs. 1,708 million from Rs. 1,455 million showing a 17% increase growth quarter-on-quarter. Profit before tax for Q4 FY2010 was at Rs. 558 million as compared to Rs. 492.1 million in Q3 FY2010. Consolidated net profit for the period under review stood at Rs. 317 million as compared to Rs. 215 million in Q3 FY2010, an increase of 48%.

For the year EBITDA increased 57% to Rs. 5,458 million for the year. PBT for the year stood at Rs. 1,972 million as compared to a loss of Rs. 140 million over last year. PAT stood at Rs. 965 million for the year versus a loss of Rs. 636 million last year.

Our endeavor at Religare is to build a one-stop shop for a gamut of financial products. Religare has established itself as not only a leading local player but is also in the process of establishing itself as a budding global financial company. Our focus at Religare is to grow in each and every business segment and become a full fledged global financial services firm.

With this I wind up the opening remarks. Shachindra, our senior management and myself would be glad to answer any queries that you may have.

**Operator:** First in line, we have a question from Mr. Vipul Garg from Kotak Mahindra Bank. You may go ahead please.

**Vipul Garg:** Thank you for the opportunity. Actually, you have just discussed that you are doing very prudential things for NPS and provisioning thing. Now, if we see Finvest part, there were write offs of Rs. 23 odd crore in FY2009, then there were some assets, etc., also acquired under some settlement. So, what is your position for FY2010 now?

**Kavi Arora:** First point regarding the provisions and the prudent norms that you just spoke about, I will reiterate that we do upfront provisioning for good assets as well as on assets which are substandard, that is on the provisioning side. On actual write offs, there was a write off from our erstwhile unsecured portfolio of personal loans which we stopped acquiring new business in September 2008, and the outlook for the next year on the same is already wound down to about 80 crore out of the total book of 2,000 crore now, and so there is very little left out of that which will come in this year.

**Vipul Garg:** So, write offs were done during FY2010?

**Anil Saxena:** It is Rs. 45 crore on account of the personal loan portfolio.

**Vipul Garg:** Rs. 45 crore write off you have done and now personal loan book stands at Rs. 80 crore.

**Kavi Arora:** Yes, that is right.

**Anil Saxena:** Just to add here you see this write off is more from a prudential provisioning perspective. We have not stopped recovery process and just to share with you we have seen a very good traction as far as the portfolio which we have provided and written off in our books earlier. So, we are very hopeful that even we will be able to recover a majority portion of whatever we are providing in the books of account.

**Vipul Garg:** Any recoveries for write offs done earlier?

**Kavi Arora:** Yes, of course, we have now a monthly run rate of about Rs. 1 crore to Rs. 1.2 crore per month which is recovered out of the written off portfolio earlier.

**Vipul Garg:** Okay. So, during FY2010, it was about Rs. 12 to Rs. 14 crore of recoveries.

**Kavi Arora:** I am talking about the current run rate, so average would be about Rs. 60 lakhs a month.

**Vipul Garg:** Not for the whole year. Okay. And then the total loan book for Finvest is Rs. 4,083 crore, out of that LAS is Rs. 1,015 crore and asset finance is Rs. 1,766 crore. What is the balance portion?

**Anil Saxena:** Balance are actually strategically parked for the short-term funding and as and when there is a requirement we reduce that funding and deploy it in the normal loan against mortgages or loan against share assets spending.

**Shachindra Nath:** That is where we also see a huge amount of opportunity. Over a period of last one and half years after Kavi has joined as CEO and has brought in his entire management team

and risk team, we see a great opportunity in terms of our NBFC business wherein we can pick up the bulk asset from the market. So, we have been scouting the market over a period of last six seven months, wherein if we can get a healthy mortgage book, because there are lot of banks and there are lots of players who have inability to continue with their books because they have liquidity pressure on to them. So, if we get any such, while the book is being ramped up aggressively and cautiously, but we would seek opportunity of taking over any book which we come across.

**Vipul Garg:** But that amount I think is substantial, Rs. 1,297 crore of loan book; so what exactly it is?

**Anil Saxena:** Vipul, at times this is part as ICDs or other strategic loans which we have given. So, these are very short term loans which are given and recovered over a period of time.

**Vipul Garg:** Okay, fine. Thanks.

**Operator:** Thank you sir. Our next question comes from Kaitav Shah from Anand Rathi Securities Pvt. Ltd. You may go ahead please.

**Kaitav Shah:** My question is more related to your strategy, I mean with having so much funds in hand what does Religare plan to do over the next two three years, a broader vision, it is not more about numbers or anything just where the focus lies and what are the broad long-term plans?

**Shachindra Nath:** Very good question, thank you. We can broadly divide this in three parts. On domestic front, our businesses can be broadly divided in two segments, our businesses which are in investment mode. So, our Life Insurance business, Asset Management, probably for an year our Private Wealth business are businesses in investment mode, and then our businesses which are very cash generating, cash flowing, cash positive business. So, our entire pool of retail brokerage business and non-banking finance business which is again two sub parts of our mortgage asset financing business and capital market financing. So, a part of availability of this capital for domestic would be to fund the long-term growth businesses and part of this would be utilized in terms of growing the asset side itself. While on the retail brokerage side, we will continue to expand the market and we have an aggressive plan. Last year we looked at opportunities of doing inorganic growth on retail brokerage, but I do not think those opportunities are available any more. So, we will continue to grow our market share on the retail broking side, but on the NBFC side, we would emerge probably by end of this year as a leading non-banking finance company which would have largely would be secured asset portfolio of a substantial size.

Globally, some portion of this balance sheet would be utilized towards building our global asset management businesses. So, we have a broad vision of going global in two ways. One, to build an emerging market Investment Bank wherein we have done detail amount of work with McKenzie and we found that that emerging market throws in a extremely good opportunity to build an integrated play on both equity capital market, M&A, and on the institutional broker-dealer platform. So, that is part one business, it would take some three years' time to build that business and make it substantially profitable, but it is in our long-term strategy to build the global brand for Religare and also become substantially influential financial services player. Second is to build this boutique Multi-Asset Management Company which would be largely done through inorganic route. So, in that process we have created a US hold-co and we are going to acquire multi class boutique Asset Management Company. So, in that series we have acquired Northgate Capital which is a \$3 billion private equity fund of fund. Probably on a bimonthly

basis, you would see few transactions coming up in every product line. So, whether it is distressed debt, long only, emerging market long only fund, fixed income businesses, alternative asset class. So our objective is to roll out a global asset management play which is by aggregating boutique asset management company and roll over distribution on top of them. Most of these firms which we are now targeting and which we have learned by experience or by bidding for some of the large Asset Management companies in the world is that these companies need brand and these companies need global distribution which they cannot on their own provide. So, our balance sheet and our emerging market presence can help build them scaling up from there they are and each of them then would be able to compete with the best in class and best in size in the world, and in that process we have just set up our Japan distribution team where we have scaled up a full fledged Japan sales distribution asset management team and you see the same going forward will align with our Investment Banking but you will see this happening in most of the markets and that would be a very value and profit accretive business for us as well. I hope this gives you a broader overview.

**Kaitav Shah:** Yes, a just further question on this that what target in terms of ROEs or I mean how would you measure your growth in which parameters.

**Shachindra Nath:** You can look at it as value accretive. So at this point in time...ROE is the function of the business in size and scale which we would create, but at this point of time you should look at us in terms of the underlying value being created in each of our businesses. If you look at our pure brokerage business itself, our retail equity broking, commodity broking, and capital market finance, which is part of a larger umbrella of retail brokerage business would have done roughly around Rs. 200 odd crore of total bottom line. So, the underlying value if you compare it to any market multiple has been created and we are focused on building that, and also then simultaneously growing our asset financing business which can increase our ROE and you can see a substantial jump from there. Scaling up business organically especially into businesses like Asset Finances are difficult because you do not want to distribute money rather you want to lend money. So, most of the financial services players in the past have been very unsuccessful when from lending they have become distributor of money. So, we do not want to end up in that, in pressure of ROE we do not want to become that, and over a period of one or two years you would see that we will create a healthy growth of our asset financing business, and if there comes an opportunity we will acquire assets as well. Kavi, if you want to add on that.

**Kavi Arora:** In fact, already in the last one year, we have seen a very healthy growth organically and you know just an indicator that Q4 disbursements stood at 76% growth over the Q3 in last year, which has indicated that how much growth that we can provide in the current financial year which has just started. So, organically there is absolutely rock solid plan on ground which is already there, you know, the majority of the locations which is about 24 to 25 locations in the country. So, organic machinery is absolutely in place and growing. We will fuel this on one side and as Shachindra just mentioned, if there are opportunities we will look at you know assets or portfolio acquisition which strategically fit into our growth strategy overall in the asset finance side.

**Shachindra Nath:** Purely on the NBFC side, on the capital market business and as well as on the asset financing businesses, this year organically we would target the range of Rs. 5,000 to 6,000 crore of asset financing and Rs. 3,000 to Rs. 4,000 crore of capital market financing. Traditionally, we have done purely retail margin finance business, given the fact that there is a very strong institutional equity research platform coming in play and our investment banking is being beefed up and there is a high quality manpower coming up, our ability to do bulk financing or wholesale financing on the equity side given the fact that we would have a better

metrics in terms of evaluation of the company and do promoter financing is also now that capability is placed, so we will play a meaningful role in that segment as well.

**Kaitav Shah:** Okay, right. Just one more question on your Insurance business. Like just your views quick takes on like what is the future lies for private sector companies with the tussle between IRDA and SEBI?

**Shachindra Nath:** Well, on a macro level, I think it is a short term phenomenon. Every market across the globe at some point of time undergoes a big transitional change and I think so you are seeing the same change happening in India. Obviously, it has come as surprise and it has come far quicker than what people have expected, but businesses always tend to believe that there will be no problem in future. So, to an extent has come as a shock, it would allow people to react and innovate in terms of thinking how they want to structure their business, but our belief is that whatever would be the outcome it would be healthy for the industry. The market size is very-very huge, both on the life insurance side and as well as on the asset management side. Our focus is mainly towards asset management and life insurance and these would be two predominant sectors of growth for private sector players and the opportunity to create high value business from both of them is very high.

**Kaitav Shah:** Okay. That is it from me, thanks.

**Operator:** Thank you sir. Next in line, we have a question from Mr. Venkatesh Sanjeevi from ICICI Prudential. You can go ahead, please.

**Venkatesh Sanjeevi:** I have a couple of questions. On the equity brokerage business, could you just throw some light on the competitive scenario going on right now and if I just look at the presentation, I think you made a Rs. 75 crore PAT for the full year and I think for nine months it was Rs. 68 crore, so I think Q4 the profitability has come down drastically. So, if you can just throw some light on that.

**Shachindra Nath:** Gagan, our new- CEO for our Religare Securities business and also responsible for commodity and capital market finance business would throw light on the competitive scenario in the market place and probably after that Anil can throw some light in terms of your comment on the profitability.

**Gagan Randev:** Venkatesh, just to give you a brief background I think you know in the last quarter there has been a little bit of slowdown in terms of the retail brokerage size especially on the cash segment. You know if you observe what has happened in Q4, you have really had a growth on the option side, but if you look at the pure trading volumes on the cash segment and future segment, they have both come down. Now, typically, we have been very-very strong on the retail side with the combined market share, you know cash and F&O, of about 5.2%. If we were to look at market share on just a cash segment, we have a market share of about 8.4%. On F&O it is about 4.1%. So, I think the challenge that you have probably seen in Q4 has been predominantly on account of trading on the cash segment going down, but I think there are several initiatives that we have really planned internally which should really help us de-risk going forward because if you look at the market overall, I think there is a little bit of market fatigue especially when it comes to the retail investor. I think the market was trading in a band or waiting to breakout one way or the other, but we have planned a lot of initiatives and if you would like I can take you through some of them. I think, Shachindra, really touched upon the fact that we have traditionally been a leverage led broking house. So, we have used margin funding, lending against share, etc., as a means of getting clients to trade and generating broking revenues. There have been some fundamental shifts in the company which are going to help us

poise to grow in a different light. He mentioned about the fact that with the focus on research with us hiring two co-heads of research who are really industry experts, we are going to see research led broking really embark going forward in the next six months or a year.

I come from banking background and in banking obviously you know there is a huge focus on client profitability which is led through segmentation, cross selling, etc. So, we hope to use that to basically make sure that the large client base that we have and with the large number of clients that we acquire, we are one able to activate more clients, number two generate more profit, you know generate a higher amount of profitability from these clients, etc., and at the same time we have a large share of business partners. I think that is segment of the business that we want to really grow because it comes at very little incremental cost. In this business especially after what has happened in the last couple of years, you would need to be careful that you do not end up building a large cost base. So, business partners is going to be focus for us where we are going to grow this and at the same time we are going to beef this up by making sure that we provide better support to our business partners through the form of better analytics, better business intelligence, and helping them to also make sure they have better client activation and profitability rates. So, these are definitely some of those items that we are focusing on and you know Anil would be able to take you through what has happened on the financials.

**Anil Saxena:** Venkatesh, you are right in your observation and Gagan has tried to explain you the reason behind that is that the volume coming down in the Q4. At the same time there was the impact of bonus provisioning which was provided in this quarter. We have done for the entire Company and these results are after providing bonuses for all the sales and everybody including operations guys.

**Venkatesh Sanjeevi:** But we do not provide it equally over the quarters, we do all the provisions in Q4, right?

**Anil Saxena:** No, I agree with you but at the same time you see markets have been such a volatile over a period of time that the provisioning is much larger this quarter. Keeping in line with the challenges which means the recovery that has seen in the index is there in the minds of otherwise also. We do not want to increase the fixed cost of the company and that is why we have provided much larger bonuses.

**Shachindra Nath:** Venkatesh, a policy which we follow as of today and take your point in terms of the quarterly provisioning for bonus, but the policy we follow, the ground sales people are all paid variable pay, so which means that that is linked to the business but the management staff, which is zonal manager and above, back office operation, risk compliance, and legal are all appraised on an annual basis. You can measure the performance and the number coming out of them only at the year end. So it is very difficult to judge what would be the bonus provision, but I think so we might be looking at creating a consistent policy of provisioning the bonus.

**Venkatesh Sanjeevi:** So, basically the fall in profitability is only because of bonus provision, nothing else, no other one offs or anything in Q4.

**Anil Saxena:** Nothing else.

**Venkatesh Sanjeevi:** Right, okay. And on the life insurance business, what percentage of premium coming through ULIP?

**Shachindra Nath:** ULIP was contributing almost 80% of the total premium and recently we have introduced the other conventional products also.

**Anil Saxena:** Venkatesh, I think we have launched an industry innovative item which is an online term policy. We have been hugely very successful. I think these are some of the innovations would take care of the challenges faced by the industry itself. We have seen a huge response to our item which is an online term policy and we will try to focus more and see how does that evolve.

**Venkatesh Sanjeevi:** The total capital invested in business is about Rs. 200 crore, right, in life insurance.

**Shachindra Nath:** Yes, that is our share.

**Venkatesh Sanjeevi:** Is it increasing over the near future? Would you need to invest more in this?

**Shachindra Nath:** Yes, obviously, it will be increasing over a period of time.

**Venkatesh Sanjeevi:** Yes, do you have an estimate for the next one year, how much you would be investing in this?

**Anil Saxena:** No projection as such but the only thing is minimum we expect that Rs. 200 crore is something which we will be investing. At the same time we are planning to tie up the finances so that it does not put load, although we are, you might be aware that we have disclosed in last results also that all our investment in the insurance company JV is fully protected with the bank guarantee from the AEGON side, and whatever capital we are putting in along with the minimum IRR is protected. But at the same time we are trying to arrange financials so that it is funded and it is not out of the otherwise earning capital of the company.

**Venkatesh Sanjeevi:** Right, okay. And the consolidated balance sheet which is I think about Rs. 870 crore as investments, of this how much will be the investment in subsidiaries?

**Shachindra Nath:** Out of the total 8,300 balance sheet, what is the subsidiary investment?

**Sunil Garg:** Yes, the total investment into the subsidiary company would be standing somewhere in the range of Rs. 2,600 crore.

**Venkatesh Sanjeevi:** Sir, but where does this figure? because I think in the consolidated balance sheet, the investment number is about Rs. 873 crore.

**Sunil Garg:** No, what you are looking investment into the subsidiary companies, Religare Enterprise's standalone balance sheet. So, there definitely this investment would be Rs. 2,600 crore.

**Venkatesh Sanjeevi:** Okay, in the standalone, Rs. 2,600 crore is the total investment.

**Sunil Garg:** That is the asset side and basically on the liability side we are having the capital and net worth is over that which is fully deployed in the subsidiaries. The differential figure is nothing but the leverage that we have done to do this business. The total balance sheet size is Rs. 8,258 crore.

**Venkatesh Sanjeevi:** Right, got it, Thank you so much.

**Operator:** Thank you sir. Next in line, we have a question from Ms. Bexcy Kuriakose, from L & T Capital Mutual Fund. You can go ahead, please.

**Bexcy Kuriakose:** Yes, I have two questions which have been partly answered, but you mentioned about further capital infusion in the insurance business. Which of your other businesses would also require capital infusion in the coming year and in what range would you see. And my second question is with respect to Religare Finvest, what are the kinds of growth plans you have for the next fiscal and what kind of borrowing numbers would you be seeing to carry forward these growth plans?

**Shachindra Nath:** Okay. Two parts to your question. First part I would answer and we have our CEO of our Finvest business is also here; he can answer and give you some guidance on that. With respect to your first question in that what would be the investment in this year's fiscal. There are largely three drivers of our capital consuming businesses. Our life insurance business wherein we expect a range of Rs. 150-200 crore of fresh investment. Then the second business is we are now starting up our health insurance business and we expect to be operational by somewhere near year-end and if that happens then we will capitalize the business by roughly around Rs. 170 odd crore. And third business is our capital market investment banking business which would consume a substantial amount of capital anything ranging from Rs. 100 crore to Rs. 200 crore depending upon that how investment banking business while it consumes business in its initial year, but simultaneously, there are opportunities also to do large transactions. So, if there are large transactions which happen during while we are in the investment phase, then the capital consumption would get reduced as it would be in that range. Kavi can answer the second question.

**Kavi Arora:** Though Shachindra just touched about the growth plans, let me reiterate. We are a Rs. 2,000 crore book as of today purely the business that we run across three asset classes that we spoke about mortgage, SME loans, and commercial assets. This business we are looking at acquiring five and half to six thousand crore of assets during this fiscal that has just started and we expect you know this growth rate within the same geographies to persist even next year and we are looking at a robust business of Rs. 12,000 crore to 15,000 crore asset book size by FY2013.

**Shachindra Nath:** Gagan can give you a perspective on our second non banking finance business which is our capital market finance.

**Gagan Randev:** Yes, hi, you know on the capital market funding business, again we look to grow aggressively on that side and we talked about our strategy to go up to you know concentrate on the promoter funding segment. So, I think on that business we look at going from about a Rs. 1000 odd crore today to about the Rs.2500-3000 crore mass might be at the end of the year. So, you are probably going to see an augmentation of about Rs.1,500 to 2,000 crore on that side of the business also during this financial year.

**Shachindra Nath:** And just to add on to that what I have said earlier as well, is that traditionally in previous year we have largely been away from the wholesale capital market financing market and predominantly because our risk matrices were largely driven out of liquidity and execution capability of liquidating the portfolios given the fact that there is a very strong institutional research platform and investment banking platform coming in play. The integrated play of investment banking, research, and capital market finance allows us to do wholesale bulk financing which is largely called as promoter financing.

**Gagan Randev:** And just add to what Shachindra Nath has said, we also have in place now a team actually lead by an industry veteran who is actually going to be driving this business forward for us. So, pretty much, you know, we also have the contours of people who have the requisite industry and credit risk perspective which will allow us to actually ramp up on this business pretty rapidly.

**Becxy Kurikose:** Thank you sir.

**Operator:** Thank you madam. Next in line we have question from Mr. Ashish Kacholia from Lucky Securities. You may go ahead please.

**Ashish Kacholia:** My question pertains to your financial advisory services business. Could you just tell me what is this financial advisory services comprise of?

**Shachindra Nath:** This is our Investment Banking business.

**Ashish Kacholia:** Okay. So, just wanted to get a sense from the P&L of this for the year you have got revenues of Rs. 265 crore and negative segmental number of Rs. 264 crore, but in the fourth quarter you have got a Rs. 140 crore top line and about Rs. 33 crore contribution. Just wanted to get a sense on what kind of margins should we look at from the segment.

**Shachindra Nath:** So, as we have been trying to explain our, we are building out an investment banking business which would be expanding for whole of the emerging market. We have, the team is led by Martin who sits in London and head of global investment banking. Along with McKenzie we have rolled out a business plan which on our first phase, we are rolling out investment banking in India, Indonesia, Malaysia, Singapore, and Hong Kong. And then in phase II we will go Russia, China, Brazil, and South Africa. The reason for expanding in emerging market investment bank is our belief is that the country-specific investment banks are likely to suffer over a period of time because they do not allow or provide cross border equity and M&A advisory services which are very critical going forward because the markets are now connecting with each other on a very fast growing basis. Entrepreneurs and companies are doing inbound and outbound transaction. And in that belief we are expanding this business, it is very people intensive, high caliber people need to be brought on the board. So, in initial phase, it would require some amount of investment, but as you have seen in the last quarter, while we will continue to do that, but simultaneously our efforts would be to do leading industry transactions and some of that to begin with are supported which we get from the group companies. But each of such transaction their normal execution period can start from three months to nine months. The last quarter revenue which you are seeing is the result of our advisory transaction on Parkway deal with Fortis which we have been involved for almost eight months. So, it is an eight months effort which is getting reflected in the fourth quarter. So, we are engaged and would remain engaged in similar transaction over a period of time but predictability of their conclusion and sometime their failure is very difficult.

**Ashish Kacholia:** Okay, are you willing to give guidance for the revenue from this line for the next year?

**Shachindra Nath:** I think so you should presume this business would remain in investment mode, I think globally no investment banks could give guidance in terms of their revenue numbers because it is the complicated business which is related to the market, the whole situation of how people are willing to do transaction and also investors' appetite of doing the transaction. Our Investment Bank currently does all activity which does M&A advisory on the

real estate infrastructure side, healthcare, and financial services, financial technology. We have in India institutional desk, we are setting up other desks. So, it will be difficult or not be fair to give you a guidance in terms of that business.

**Ashish Kacholia:** Okay. And in terms of the broking related business, you built up a pretty large business in a very quick time. Is this all Rs. 725 crore, all comes from India only?

**Shachindra Nath:** Yes.

**Ashish Kacholia:** Okay. And market share you mentioned as about 3.5%?

**Shachindra Nath:** Yes, but this is the, so the way our brokerage is constructed, we have two subsidiaries, Religare Capital Markets Limited and Religare Securities Limited. We have four memberships; we have two memberships in Religare Securities Limited and two memberships in Religare Capital Markets. So, our retail brokerage and our institutional brokerage are two separate segregated line of activity. Unfortunately, the market data which you see today is of the consolidated market. Our revenue of our institutional brokerage is very-very small. So, if you look at the consolidated percentage of the market share we are doing roughly around 3.74% of the consolidated market. We have the data in terms of the pure retail to retail market also which is roughly 5.2 %.

**Ashish Kacholia:** Okay and what is this in terms of basis points, what is your actual brokerage yield?

**Shachindra Nath:** 4.77 bps is the complete yield currently.

**Ashish Kacholia:** Okay. And how much would that have been last year?

**Gagan Randev:** It was similar. We have not...on our overall average has been pretty flat for us because you know since we are very highly concentrated on the cash side; it has actually helped us to protect our margins.

**Ashish Kacholia:** Okay. And going forward, do you see any change in this number, 4.77 bps?

**Gagan Randev:** I expect it to be marginally lower not substantially lower since we are going to be predominantly focused on the cash side, I think lot of the initiatives that I have mentioned are probably going to help attract a lot of new clients, and typically the new clients would probably lower trading volumes, help you protect your yields. So, typically, I do not expect too much of a change going forward in the current financial year.

**Shachindra Nath:** What market if you see our few last financial year result and year before that, what is very interesting to note that our average margin financing book, which was in the range of anything Rs. 1,500 to Rs. 2,000 crore, in fact it has gone peak it has gone up to Rs. 4,000 crore is now averaged at only Rs. 1,000 odd crore. So, we have brought down the potential risk of the margin financing to a very lower end. So, from that peak book of Rs. 4,000 crore we are now at the average of Rs. 1,000 crore but in terms of our gross number and our yield and our bottom line we have protected that. So, to our mind we have substantially increased our market expand but without risking the business too much.

**Ashish Kacholia:** Okay. And this margin finance revenues that you are mentioning here, they come under the investment and finance head?

**Gagan Randev:** Yes, investment and finance segment.

**Ashish Kacholia:** So, they would not come under the broking as they are actually.

**Shachindra Nath:** If you see our results presentation, we have given you segregated company-wise numbers as well.

**Ashish Kacholia:** Thank you very much sir. All the very best.

**Operator:** Thank you sir. Next in line we have question from Ms. Anita Gandhi from Arihant Capital Markets Ltd. You may go ahead please.

**Anita Gandhi:** Yes, good evening. I would like to know when are you expecting insurance business to break even. I have a couple of more questions. Have you got some data on what is the profitability per employee? And the last question is that you have mentioned that you have a good market share in commodity business, but if we look at the contribution to the bottom line, it is pretty less. So, from that angle, I would like you to throw some light on it.

**Shachindra Nath:** So, I will take your questions one by one. So, in terms of your question of the break even of the insurance business. Traditionally industry and the industry leading players have broken even in the tenth year and some of them even more than that, but I think one of the advantages of starting late in any business is that you learn from the mistakes committed by others. It think through the earlier models of high distribution cost driven insurance business model are not going to succeed and that is why we are creating a healthy mix of using Religare's distribution channel, attracting banks as our bancassurance partner, and going direct into the market place. In terms of where we have recently done even in our second or third year of our business, we have done a review of our entire insurance business, engaged BCG to do that for us, and some of the guidance came from them and what we are implementing, we expect that our business should break even in the seventh to eighth year of its operation. So, that was question one. The question two, why our commodity business which is India's leading commodity broker business contributes in terms of percentage contributes so less. The answer to that is that, the market itself is very-very small. So, irrespective that why we are leaders but the market side does not allow this business to contribute more than that.

**Gagan Randev:** If I can add to also what Shachindra Nath is saying, this is a very new business for us. You know in the last financial year, we actually put on 20,000 new clients which means actually is a doubling of the number of clients we had on the commodity side. Now, typically in a year when you acquire so many new clients and when your base is small, your cost of acquisition actually comes in also into that business and you start deriving profits. So, while we are currently at about a market share of about 4.9%, we really expect to start seeing the full benefit of what we acquired last year in the current financial year. So, going forward definitely the profitability, the kind of contribution that this business makes overall, you would start seeing that increasing substantially.

**Anil Saxena:** Yes, this is Anil here, as rightly focused by both of my colleagues, you see ultimately there are two choices. One is look at profitabilities, second is to look at growth. If we stop growing, if we stop opening new accounts, obviously the profitability will be much higher, but with a view to expand, and you understand the commodities market per se in India is very-very shallow, it is hardly a market. There also our volumes are pretty high and please note that this is all client trading, there is no prop trading here as compared to others who might be having volumes equivalent to us or may be higher than us but most of that is led by the prop

trading. So, that is the reason that you are right from a profitability perspective, the contribution to the bottom line is pretty small, but we believe that this business can grow much faster.

**Shachindra Nath:** In terms of your last question of profitability per employee, so far as for a large expanded very diversified financial services business like Religare, it is very difficult to calculate overall profit built per person, but just for your advantage, in terms of some of our retail business which is especially our retail equity business and distribution businesses, we try to monitor business on per person productivity which is a multiple to their fixed cost to the company.

**Anita Gandhi:** You had mentioned that 7 to 8 years of operation, I just want to know which financial year it will be as far as insurance business is concerned.

**Anil Saxena:** We started in 2008, so eight years from now 2015-2016.

**Shachindra Nath:** You should look at 2015 or 2016, but simultaneously if you look at our results, you will notice that because there is a capital protection with a compounded IRR of 12% and with all upside to our benefit. We do not consolidated the losses of the life insurance business to our balance sheet.

**Anita Gandhi:** Yes. Thank you.

**Operator:** Thank you madam. Next in line we have question from Mr. Ashish Sharma from Enam Asset Management. You may go ahead please.

**Ashish Sharma:** Yes, good evening everyone. Just one data point. What will the cash and bank balance in the consolidated balance sheet?

**Anil Saxena:** On an average Ashish we carry a Rs. 1,000 crore kind of positive cash balance which is deployed in the mutual fund. Basically, it is a pure cash arbitration which is being offered.

**Ashish Sharma:** So, it will be closer to the last year levels of Rs. 1,200 to Rs. 1,250 crore?

**Anil Saxena:** Should be around that level.

**Sunil Garg:** Yes, this is on a consolidated balance sheet. Currently there is a cash and bank balance of Rs. 1,945 crore which includes a substantial portion in the form of margin which we give to the stock exchange.

**Ashish Sharma:** Yes, sir.

**Shachindra Nath:** By way of fixed deposits.

**Anil Saxena:** But to answer your question, cash and bank balance which is purely liquid is in the range of 1,000 crore plus.

**Ashish Sharma:** Sure. And what is the yield on these deposits you would be making?

**Anil Saxena:** See, these are very short term money which we borrow and try to let us put in the best possible way, whether it is mutual fund investment or bank deposit; we just try to clear the cost arbitrage.

**Ashish Sharma:** Okay, sir. And just one question on your employee cost, I mean your employee cost for 2010 has seen a sharp jump. I assume you were in expansion phase, but do we expect that from here on the employee cost will not see such a sharp rise.

**Shachindra Nath:** The consolidated balance sheet numbers are not true reflection of our businesses. Our strategy has been that the businesses which are healthy and profitable, we continue to grow them from their current level but some of the businesses which are going in investment phase; there will be a new cost incremental would come up. For example, if we look at our non-banking finance business, last year we have substantially invested in terms of creating the base infrastructure. So, while Kavi is here, along with he has three heads of businesses which are again as SBU level heads, we have head of RACE, head of operation, and a wholesome machinery of risk operation collection, was established during the whole year. So, there is a substantial costs has come because of that. But now we do not see that cost going up and only incremental revenue and top line would come in. Same is our strategy for our retail brokerage business, but in some of our new business, even for our Asset Management we do not see if there is an incremental cost going on or for a Religare Macquarie. But if you look at our Investment Banking platform, there will be a substantial jump in terms of new cost. So, if you look at business by business, this strategy would come up very clearly that we do not want to increase wherein we have already become healthy and mature businesses, rather we just want to improve productivity and profitability, but simultaneously we do not want to sacrifice the new business creation opportunity.

**Ashish Sharma:** Fine. And just one last question, your outlook for the equity brokerage business, I mean I assume as you would have seen the Q4 volumes mix. I mean we have 80% F&O and 20% cash. Now, what is your mix on the outlook on the overall equity brokerage business. Do you expect the same mix to continue and what will be the focus, will it be profitable growth or it will be just capturing market share?

**Gagan Randev:** I think I covered some of this in my earlier answer, but you know just to clarify again, I think the fact is that in the market we are probably going to see an increasing trend of options trading, etc., futures and options and reduced incidence of cash trading. We however said that we are planning a lot of initiatives which are going to increase the total pool size of customers who are trading with us. So, we are going to see a substantial increasing in our overall top line. We also, thanks to our focus on cash, are actually predicting that we should be able to hold our yield pretty close to where they are, so even if they dip, they are only going to dip marginally. Of course, you know, if futures or options are also going to be a big growth area, we are going to concentrate on it, but you are right, the focus for us is increased market share, but at the same time we are going to ensure that the business that we do makes money for us. So, it is going to be profitable growth for us.

**Ashish Sharma:** All the best for you next year. Thank you.

**Operator:** Thank you sir. Next in line we have question from Ms. Mahima Jain from Guggenheim Capital Management Asia Pvt. Ltd. You may go ahead please.

**Mahima Jain:** Good afternoon. I have two set of questions. One is regarding your strategy for the private equity business. And second is. What is the current competitive landscape in the wealth management industry in India?

**Shachindra Nath:** Okay. To answer your first question, roughly around 15 months back, when we wanted to diversify post our capital infusion and when we had this opportunity of getting

the capital, we looked into the space of creating business on to the alternative space. We appointed Bain Consultants to do a large study for us in terms of finding out where the market is headed to and what are the opportunities in that area. In that what we have found that the competitive landscape for a country specific private equity business in India, is not a very profitable or conducive especially for a very diversified financial services firm like Religare, and then we decided that we would launch a private equity fund of fund. While that, with that we acquired the entire Evolve India's team which was the India's first private equity fund of fund, but it so happened that our experience with getting engaged with some large global asset management transaction, we have now established our global asset management strategy where in at this point of time, we are not going to start any organic private equity, direct private equity business, rather we are focused in acquiring multi- boutique global asset management businesses in US and in Europe and add asset management platform in Asia, and then roll out distribution on top of them which is a strategy we have been in play with big large companies like AIG in US, Netwest, or Halbis, and we think that our emerging market presence would create a new proposition for these companies. Does that answer your question on private equity?

**Mahima Jain:** Yes, just a follow on that one. Did you mention that you acquired Evolve fund of fund?

**Shachindra Nath:** No we did not acquire the Evolve fund of fund. We acquired the India team which was managing Evolve India fund. So, Paresh Thakkar and their entire seven people team members joined us because the fund was already fully invested and closed. Now some portion of that team is now part of Northgate which we have acquired recently and Paresh looks after the global M&A piece of the acquisition which we are running.

In terms of your second question, with respect to the competitive landscape of the private wealth business. The private wealth business remains very-very competitive. As you would have seen because of the changes which are happening into the asset management industry, most of the private banking businesses in India especially by bank have been driven by the mutual fund distribution. So, there was no advisory led private wealth business, rather more distribution led private wealth business. When we did a joint venture with Macquarie from the day one and it was few years back, we were very clear that there has to be an advisory led private wealth business which needs to be created, and because of that, we did that joint venture, we took a PMS license under that business and have softly launched our advisory led business and now we see that we have years ahead in terms of our competitors in capturing that market. The market has to be in next probably two to three quarters have to mature and clients would start paying for good quality advice and our private wealth business should be a beneficiary of that. Second, we have looked at opportunity of acquiring talent, whether they come in pieces or whether they come in bulk. So, while we had already a team of roughly around 175 odd people, there was an opportunity to acquire a team of roughly around 65 people from ABN Amro Wealth Management which the team is coming in place. Gradually they are joining which would ramp up and create Religare Macquarie private wealth as one of the largest private wealth player into the market place. Given the disorientation within the banks, for the private wealth business and we think so that we have an opportunity to capture a large market share.

**Mahima Jain:** Okay. So, in that regard what is the kind of segment of HNIs that you are targeting?

**Shachindra Nath:** So, we will divide this market largely in three parts, which is a million dollar above, million dollars to 100,000, so we largely play in between USD 250,000 to million dollar customer. We have a specialized segment which looks after the million dollar plus, but I think

so, that space we would like to leave largely for global players and the model it does not make money to a very large extent and it is a very risky model because very-very few people depend on model. So the growth of the market place, the enterprise in India and the professional rich tab, the richness of the professional talent would give us a very large market share and we are focused on that market.

**Mahima Jain:** Okay, thank you.

**Operator:** Thank you madam. Next in line we have question from Mr. Kumaresh Ramakrishnan from Deutsche Asset Management (India) Pvt Ltd. You can go ahead, please.

**Kumaresh Ramakrishnan:** Yes, good afternoon to all of you. This one pertains to the assets financing business. You just indicated that you know you plan to acquire something like four to five thousand crore of assets in FY2011. Now I just wanted to understand the breakup of this four to five thousand crore because you have SME commercial assets and mortgages, what could be the share of mortgages within this business and the other part is how do you plan to address the ALM issue because if you are planning the buy or build up the mortgage business, how will you handle the ALM issue here?

**Kavi Arora:** With regards to the mix of the assets that we acquire, in fact 50% of our business is mortgage and about 30 to 32% is commercial assets and the balance 18% as we call is the SME loan. Now the important point to understand this mortgage business is home equity and this is not home loans, right. The dynamics in the two businesses are very different, both from, your part of your question which I will let Sunil answer, which is regarding the funding of that book and thus the ALM. While the home loan book's average age or the asset in the book is about 11 to 12 years because the loans go from 15 to 20 years and sometimes 25 years as well. Here most of the loans are between 5 to 7 years and the average age of the asset on the book is about 6 to 7 years, it is not more than that. You would do some loans until up till ten years but primarily since these are home equity, they do not you know really go beyond five years. So, that is one part of it. The overall mix that we said is about 80 to 85% in secured assets and the balance 15% unsecured, thus you can see the mortgage obviously is secured, the commercial asset is completely secured through the asset that you purchase, and with an SME you have both secured and unsecured parts, that is largely the breakup, and we will continue to you know continue with the same kind of buildup with the same kind of proportions of the businesses and overall acquisition volumes. Also, while let Sunil answer the rest of the part, we also have you know tested our model to securitize our assets and see which is, so from a balance sheet perspective we did not really need to do that, but we have securitized a set of Rs. 96 crore of assets on commercial assets to kind of get the back-end and I will test the back end and get the whole model and process working and test it in the market and we have one of the largest private sector bank buy those AAA assets that we have put out in commercial assets which will kind of show a strength of what we have been able to achieve so far. Sunil, if you can answer rest of the part.

**Sunil Garg:** You see so far we had in the past our balance sheet is largely is leveraged to the short-term side and when we say short term also it is a one year borrowing, but having said that also we have in the past issued long-term bonds as well as we kept on borrowing from the banking channel which is three to five years kind of borrowing. So, we do not find any challenge in raising long-term resources going forward too and we plan to, just average maturity profile of the largely this portfolio as Kavi mentioned this would be ranging from four to five years and we would be able to borrow long-term money also from the banking channel as well as we plan to come out with the long-term bonds also to fund this book.

**Kumaresh Ramakrishnan:** Okay. These assets that you have on this home equity, I mean are these on a floating rate basis, or would they be on a fixed.

**Shachindra Nath:** No, 100% of the book in home equity is floating.

**Kumaresh Ramakrishnan:** Yes, okay. So, you are passing on some of the risk through that method.

**Kavi Arora:** Absolutely, so you can see overall book 50% of our book is completely variable.

**Kumaresh Ramakrishnan:** Okay. Thank you.

**Operator:** Thank you sir. Next in line we have a question from Ms. Kajal Jain from ICICI Direct. You may go ahead please.

**Kajal Jain:** Just wanted to ask a few questions on, of your branches how many are owned and how many franchisee, the Religare Securities.

**Gagan Randev:** Okay, in Religare Securities, we currently have 1,747 in all of which about 413 are owned branches and the rest are franchisees.

**Kajal Jain:** Okay. And since you have a large franchisee model, what will be your sub-brokerage you must be parting with?

**Anil Saxena:** Yes, Kajal this is Anil here. The sub-brokerage that we pass is in the range of almost 60% of the gross revenue.

**Kajal Jain:** And whatever you have reported as your broking income is inclusive of this or exclusive of this?

**Anil Saxena:** Yes, as per accounting standards, we have to show the gross number and the brokerage or the commission which we pass on to the sub-broker is shown as an expense item.

**Shachindra Nath:** But the total percentage of top line from these partners is 24%.

**Kajal Jain:** Sir, of your total turnover, 23% is contributed wherein.

**Shachindra Nath:** Yes.

**Kajal Jain:** Okay. And sir, if I can get your top line break up, like income from operations. We have only broking line as a separate item that you have disclosed.

**Shachindra Nath:** If you see the presentation which has been circulated, we have the P&L for each of our subsidiaries, that would give a very clear picture in terms of from where these top line are coming from.

**Kajal Jain:** I am just asking about individual Religare Securities income from operations breakup. But that would be a largely brokerage income. In retail brokerage, it is only broking income which comes. There are two main components and we can give the breakup otherwise that there are two main items, the brokerage income, interest charged from the clients who have delayed payment, so delayed payment charges.

**Shachindra Nath:** Yes, in the presentation we have given both actually.

**Anil Saxena:** Both we have given actually.

**Kajal Jain:** Okay. And one thing loan book breakup you have given. What are the yields on the LAS side?

**Anil Saxena:** That also we have given in the lass side, it should be in the range of around 16%. Other yields we have already in the presentation.

**Kajal Jain:** And so your yield of 4.7 bps is including your brokerage which you have not parted.

**Kavi Arora:** Yes, it is the gross.

**Kajal Jain:** Yes, it is gross. And sir, of your cash balance, what you have stated in Rs. 1,945 crore correct for the year.

**Anil Saxena:** Not for the year, as on date.

**Kajal Jain:** As on date, your Rs. 1,000 crore is cash and rest all is for margin and exchange.

**Sunil Garg:** I do not have the exact number, but I told the other gentleman that on an average we maintain thousand crore plus-minus as cash, and there are approximately Rs. 900 to Rs. 1,000 crore of FDs which are there as towards margin.

**Kajal Jain:** Okay. I just wanted to know of your assets on a normal turnover basis, how much of your money is generally ploughed for exchange, margin for exchange?

**Anil Saxena:** On an average we have something like Rs. 60 odd 100 crore of base capital deposited with exchange, and there is no client money or client shares deposited there.

**Kajal Jain:** Okay. And you also set some targets of Rs. 5,000 to 6,000 crore on asset financing for this year and Rs. 3,000 crore on lass. Do you think it is achievable?

**Kavi Arora:** Absolutely, we are 100% confident that it is very much achievable.

**Kajal Jain:** And in that case your top line will consist more of an interest income than your broking?

**Shachindra Nath:** Yes, on a consolidated basis, you are right.

**Anil Saxena:** Until the time other businesses start kicking in like investment banking, institutional broking, or may be other line of business like asset management. As Shachindra Nath said earlier, these are the various businesses which are in development mode and which are now getting full fledged returns of the business.

**Shachindra Nath:** Yes. But Kajal that has been a shift which we have been trying to do for roughly around one and half years given our strong balance sheet position like any other large financial services company, with a major component of our income would be the balance sheet income itself.

**Kajal Jain:** Okay. This Religare Securities you stated is purely retail.

**Shachindra Nath:** Yes.

**Kajal Jain:** So, in which head or do you classify or give your Religare Institutional?

**Anil Saxena:** Religare Institutional right now it is shown here because it is a very-very negligible part. So, if I explain you in percentage terms, it is very negligible.

**Shachindra Nath:** Yes, but on consolidated basis obviously it gets consolidated in one head itself.

**Kajal Jain:** But Religare Securities does not house that.

**Shachindra Nath:** No, because as we have explained earlier, we have a separate membership for institutional business that gets captured there.

**Kajal Jain:** They are in the Religare Securities itself.

**Shachindra Nath:** In Religare Capital Markets.

**Kajal Jain:** Okay, thank you.

**Operator:** Sir, we have one follow on question from Kumaresh Ramakrishnan from Deutsche Asset Management (India) Pvt Ltd. You may go ahead please.

**Kumaresh Ramakrishnan:** Yes, just one bit of small information. On the broking side, if you can just give me an idea about how big you see you know the fee pool for the institutional broking segment

**Shachindra Nath:** Palak do we have the number? You want to know the market size of the fee pool?

**Kumaresh Ramakrishnan:** I mean for the institutional broking segment.

**Shachindra Nath:** Kumaresh can we send this information on a separate email to you?

**Kumaresh Ramakrishnan:** Sure, okay.

**Operator:** Thank you sir. At this time, there are no further questions from the participants. I would like to hand the floor back to the speakers now. Over to you sir.

**Shachindra Nath:** Thank you very much for attending this call. We would be over a period of next few earnings calls, we will be bringing this news of all of our other businesses itself, so that most of our investors and other stake holders can get in depth perspective of respective businesses, so that the entire expanse of Religare consolidated financial services business becomes more clearer to all of you. If you have any further queries with respect to our earnings or about the company, please feel free to ask us and we will be happy to answer that. Thank you very much.

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