



Aditya Birla Nuvo Limited

Transcript of Q1FY12 earnings call
held on August 16, 2011

Management Team :

- Mr. Sushil Agarwal – Whole time Director & CFO, ABNL
- Mr. Manoj Kedia – President & Dy. CFO, ABNL
- Senior Leadership Team, Aditya Birla Financial Services
- Senior Leadership Team, Fashion & Lifestyle business

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Moderator

Ladies and gentlemen good day and welcome to the Aditya Birla Nuvo Q1 FY12 results conference call. As a reminder for the duration of this conference all participant lines will be 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 telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Whole Time Director and CFO, Mr. Sushil Agarwal. Thank you and over to you sir.

Sushil Agarwal

Thanks. Good morning everybody. We welcome you to the earnings call of Aditya Birla Nuvo. With me I have on the call Pankaj Razdan, Deputy Chief Executive of Aditya Birla Financial Services and senior management team of our financial services business. Ashish Dikshit, President and S. Visvanathan, CFO of our Fashion and Lifestyle business and Manoj Kedia, President and Deputy CFO of Aditya Birla Nuvo.

Through this presentation we will cover Aditya Birla's Nuvo key highlights, business wise performance and financial result of Q1.

Profitable growth journey continues

ABNL achieved its highest ever consolidated EBITDA during the quarter and posted healthy earnings growth in all the businesses.

ABNL strengthened its market positioning across businesses:

- Birla Sun Life moved one step up to rank 5th amongst Private Life Insurers with market share of 8.8%
- Idea increased its market share from 13.3% to 13.6%
- Madura Fashion & Lifestyle outperformed the market growth driven by its brand leadership.
- Aditya Birla Minacs was named among top 5 emerging outsourcers in North America.

ABNL also achieved robust volume growth across its businesses:

- Idea's total minutes on network rose by 32% outperforming the sector growth
- Madura Fashion & Lifestyle achieved 39% growth in sales volume despite rise in apparel prices.
- Aditya Birla Minacs sold total contract value of USD 128 million
- Carbon Black and Textiles businesses also posted strong volume growth.

Consolidated earnings registered strong growth

ABNL's profitable growth was supported by strong earnings growth across all the businesses.

- Registering strong growth in earnings, ABNL's consolidated revenues grew by 24% to ₹ 4,767 Crore
- EBITDA surged by 45% to ₹ 808 Crore
- And Net Profit went up by 70% to ₹ 253 Crore.

Profitability stepping up quarter after quarter

- This is 10th consecutive quarter of strong rise in EBITDA
- Quarter after quarter profitability is stepping up.
- From ₹ 336 Crore in Q1 two years back, ABNL's EBITDA now stands at ₹ 808 Crore, which is two and a half times in two years.

Strengthening Balance Sheet year after year

- ABNL's balance sheet continues to get strengthened year after year
- Net debt other than working capital loans has reduced to about ₹ 1,830 Crore from ₹ 2,617 Crore in March 2010

- Its Net Debt to EBITDA has improved to 3.2 from 4.1 in March 2010 while Net debt to Equity has improved to 0.57 from 0.74 in March 2010.

Coming to business wise performance.

Aditya Birla Financial Services (ABFS)

With AUM of USD 20.5 billion, Aditya Birla Financial Services continues to strengthen its position as a large non bank player withstanding challenging sector dynamics

- It is one of the two non bank players which rank among top 7 companies in both Life insurance and Asset Management businesses
- Its revenue growth at 4% was moderated due to lower ULIP sales – an industry wide phenomenon post new guidelines
- However, earnings before tax grew about two and a half times to ₹ 177 Crore during the quarter

Birla Sun Life Insurance (BSLI)

- In Life Insurance, sector opportunities continue to remain attractive in the medium to long term.
- However, in the short term, life insurers are going through a transition phase
- As a result Private sectors new business de-grew by 39% due to subdued ULIP sales while Birla Sun Life Insurance reported 2nd lowest de-growth amongst top 7 private life insurers
- Its market share stands increased to 8.8%
- Its total premium income grew marginally to ₹ 1,183 Crore
- Driven by strong persistency at 83%, renewal premium surged by 29% to ₹ 860 Crore.
- Non ULIP contributed to 47% of new business vis-a-vis 8% in Q1 last year
- BSLI posted strong growth in bottom line. Earnings before tax grew from ₹ 9 Crore to ₹ 144 Crore due to growing in force book and lower new business strain.

- Balanced product mix and better expense management also contributed.
- No capital infusion was required during the quarter.
- Its AUM is up by 19% at about ₹ 20,000 Crore
- Birla Sun Life has reported an embedded value of ₹ 4,108 Crore as at 31st March 2011 compared to ₹ 3,816 Crore In last year.
- Its VNB margin has increased from 22.5% to 27.5%
- Going forward, BSLI will continue to focus on increasing market share while building profitable book

Birla Sun Life Asset Management (BSAMC)

- Coming to the Asset Management business
- The Industry's domestic Average AUM grew by 6% quarter on quarter.
- Birla Sun Life Asset Management achieved 3rd highest growth amongst top 5 players and garnered market share of 9.1%.
- Its total AUM grew by 6% quarter on quarter
- With Equity and alternate assets of about ₹ 15,349 Crore, BSAMC garnered 18% share in Industry's net equity sales
- BSAMC has highest number of funds with 5 star ratings in the industry reflecting superior investment performance
- Going forward, BSAMC will focus on increasing market share profitably

Other Financial Services

- In other Financial Services, Aditya Birla Finance's book size grew by 77% to about ₹ 2,000 Crore
- While revenue more than doubled in line with book size growth, rise in cost of funds put pressure on margins.
- Its focus continued to be on growing the book profitably while managing the risk optimally
- Aditya Birla Private Equity's 2nd fund called Sunrise Fund is targeting its first closure in August 2011
- In the broking and wealth management businesses, quarter on quarter losses has been contained.

Telecom : Idea Cellular

- In telecom business, Idea Cellular continues to outperform under highly challenging sector dynamics.
- Its revenue grew by 24% to ₹ 4,516 Crore while EBITDA rose by 35% to ₹ 1,225 Crore
- Robust rise of 32% in total MoUs drove earnings growth despite 6% decline in average revenue per minute
- Its net profit de-grew from ₹ 201 Crore to ₹ 177 Crore due to additional interest and amortisation expenses post roll out of 3G.
- Idea currently offers 3G services in 19 services areas including bilateral roaming arrangements for 10 service areas with leading quality operators
- Reflecting the strength of brand Idea it has highest active subscribers ratio in Industry at 92% and it is also the leading net subscribers gainer post launch of mobile number portability
- With Net debt to EBITDA at 2.4 and Net Debt to Equity of 0.9, Idea has strong balance sheet & steady cash profits to support future growth
- Going forward, Idea will continue to focus on increasing its revenue market share

Madura Fashion & Lifestyle

- Madura Fashion and Lifestyle business achieved 39% growth in revenues at ₹ 484 Crore while EBITDA grew by 27% to 24 Crore
- Volume growth has been robust at 39% even amidst rise in apparel prices. Apparel prices were increased to pass on rise in cotton prices and levy of excise duty.
- Stronger same store sales growth and expanded retail space supported 43% growth in retail channel
- It launched 70 exclusive Brand outlets to reach total of 948 EBOs spanning across 1.4 million sq. feet
- Going forward, Madura Fashion and Lifestyle will continue to leverage brand leadership and expanded retail space

IT-ITeS : Aditya Birla Minacs

- In the IT & ITeS business, Aditya Birla Minacs sold total contract value of USD 128 million and won 3 new logos
- In the direction of diversifying geographical presence, Aditya Birla Minacs added one more centre in Philippines with a capacity of 285 seats
- Its revenue went up by 21% at ₹ 471 Crore led by strong order book.
- About 800 headcounts were added during the quarter to support growth
- EBITDA was flat at ₹ 35 Crore due to rise in manpower expenses and ramp up costs for new contracts.
- Going forward, it continue to focus on augmenting capabilities and building strong order book

Manufacturing Businesses

- Combined revenue of manufacturing businesses, soared by 43% to about ₹ 1,400 Crore
- EBITDA rose by 21% to ₹ 208 Crore
- In the textiles business, strong volume growth in linen segment and improved realisation across all segments contributed to earnings growth.
- Expansion led 32% volume growth and higher power sales in the Carbon Black business also augmented earnings.
- Higher urea and agri-input sales in Agri-business also supported. In the first quarter of last year, the urea plant was under annual maintenance shut-down for 21 days.
- In the Rayon and Insulators businesses, higher input and fuel costs were partly set off by increase in realisation.
- Going forward, manufacturing businesses will lay thrust on margin enhancement by maximising operating efficiency and passing on the rise in input and fuel costs.
- Pursuing capacity expansion in the Carbon Black, Caustic soda and Insulators businesses will also be a key focus area

Coming to financial performance

Consolidated Revenue

- Revenue growth during the year was largely driven by volume growth across the businesses.
 - MoU growth in telecom business.
 - Expansion led volumes growth in carbon black business
 - Higher production in agri-business due to maintenance shut down last year
 - Buoyant volume growth in fashion & lifestyle and textiles businesses and
 - Order book conversion in IT-ITeS business
 - In Carbon black and Agri-business, pass on of rise in input prices is also reflected in higher revenue

Consolidated EBIT

- Profitability growth was largely driven by Life Insurance, Telecom and Manufacturing businesses.
- Led by volume growth, Carbon Black, Textiles and Agri-business augmented bottom-line
- In the IT-ITeS business, ramp costs for new contracts strained profitability for the quarter.
- In the fashion and lifestyle business, gain from volume growth was partly offset by higher discounting

Consolidated Profit and Loss

- Interest cost has increased largely on account of interest on 3G borrowings which is now being charged to profit and loss with the roll out of 3G services. This was being capitalised till last year.
- Depreciation also is higher on account of amortization of 3G spectrum fee with the roll out of 3G services.
- Consolidated net profit grew by 70% to ₹ 253 Crore.

Coming to consolidated mix – Financial Services and Telecom are the two major contributors to the top-line and bottom-line

As reflected in superior operating and financial performance, ABNL continues to take growth to a new high.

With this I come to the end of my presentation. We can now open lines for Q&A. Thanks

Moderator Thank you very much. We will now begin the question and answer session. The first question is from the line of Vivek Verma from RBS. Please go ahead.

Vivek Verma Can I get the movement in EV for the current financial year for FY11?

Amit Jain Since post new guidelines, industry as well as BSLI is going through a transition phase, we have decided that we need more time and data, before being able to take a decision on some of the assumptions, expense assumptions in particular. Hence we have not disclosed the movement in EV. We can further discuss offline.

Vivek Verma Has there been any change in the assumption compared to last year?

Amit Jain No, there has been no major change in assumptions.

Vivek Verma Blended margin looks very high as compared to what peers have been disclosing. Just wanted to understand if there is something specific to it?

Amit Jain You are looking at our blended margins for the full year which we have disclosed at 27.5%. Our exit margins, which is from the new products, stands at around 22-23%. So FY11 margins are a combination of margins from the policies issued till 31st Aug'10 and margins from new products that were launched from 1st Sep'10 as per new unit-linked guidelines. So our sense is that margins will stabilize in the range of 22%. One of the reasons why blended margins for FY11 tends to be higher than competition is that we have been focusing on longer-pay products with a blend of higher protection and guarantees. This gave us accretive margin if we compare to our peers in the industry.

- Vivek Verma** Thank you very much.
- Moderator** Thank you. The next question is from the line of Girish Achhipalia from Morgan Stanley. Please go ahead.
- Girish Achhipalia** A couple of questions on life insurance. Can we know what is the persistency assumption that we have used in the EV calculation currently?
- Amit Jain** The assumptions are in line with what we are experiencing in terms of persistency and you have access to our persistency experience from the quarterly disclosures. The actual persistency numbers till FY11 and for Q1FY12 are there on our website. So assumptions are very close to what we are experiencing.
- Girish Achhipalia** Secondly on NBAP margins. Can we get the number post overruns?
- Amit Jain** If you see, our entire product portfolio has undergone several changes in the last six months and we want to monitor our experience for at least one year and that may lead to some changes in assumptions, including our expense assumptions. Once we have the credible experience of new products in the next six to nine months, we plan to review our assumptions basis experience and will come back to you.
- Girish Achhipalia** Just a few questions on the garments margins. What is the strategy there because I thought we had already taken a price hike to offset input cost inflation, I think excise duty will not impact your margins but essentially what has happened in the quarter is a 39% revenue growth versus a 39% volume growth. So there is a lot more discounting happening. How should we see this going forward because we have taken so much of price hikes and nothing has flown to EBITDA?
- Ashish Dikshit** See what has happened is, at least for the 1st and the 2nd Quarter of the year, we are going through unprecedented raw material price rise driven by cotton price increases which were prevalent at the time when we did the buying for the first half of the year. That compounded by excise duty which, by the way, does effect margin because it's a straight cost of 4.5% of MRP, an additional cost

which has come into the system. This has taken time for us to stabilize and the higher input prices have not been fully passed on. This coupled with higher discounting has resulted in percentage margin to be slightly lower in the 1st Quarter. The margin pressure will be there to a certain extent in the 2nd Quarter also. With the recent reduction in cotton prices, we foresee that the second half of the year will be better from the margin percentage point of view than the first half.

Girish Achhipalia Just on the CapEx plans, is there any change because we do not have the slide here. I think probably it is an annual thing. What is the status on carbon black? I remember last time we have not included the capacity expansion plans of 85,000 TPA each at two locations, but we reiterate our plans to set up more capacity. Is there any change for CapEx that we have already guided for in the last quarter?

Sushil Agarwal No, there is no change in the capex plan which was provided earlier in the last quarter. In that capex plan, proposed carbon black expansion at two locations is not included, as we will zero in the plan based on the demand prospects in the carbon black space.

Girish Achhipalia But that is still not included in your CapEx assumptions, right?

Sushil Agarwal That's right. It's not included yet.

Girish Achhipalia Thank you.

Moderator Thank you. The next question is from the line of Priya Rohira from Enam Securities. Please go ahead.

Priya Rohira Two questions from my side. One is on the BPO side, what has been the effect of salary hikes? Was it absorbed in Q1? And is it possible to share vertical break-up of the BPO business. And then a follow-up question on the carbon black business.

Sushil Agarwal Priya, in the BPO business there is a rise in manpower cost which could not be fully passed on. If you compare the overall revenue growth vis-a-vis margins, definitely margins are lower since Minacs is ramping up for new clients and revenue from these will reflect in

coming quarters. Ramp up costs which includes training, hiring of people and facilities cost have put pressure on the margin in this quarter. And regarding the vertical split we can share it offline.

Priya Rohira On the carbon black business, is it possible for you to share the outlook how you see it three to four quarter down the line and then on the fashion and lifestyle business, how many of the EBOs would be in the investment phase currently and how do you see margins trending two to three years down the line?

Sushil Agarwal In the carbon black business, increase in input cost, which moves in line with crude oil prices, has put pressure on margins. Since in this business, input cost is passed on with a time lag, you will see variation in margins on a quarterly basis. And on your question with regard to fashion and lifestyle, can I request Ashish to take that up please?

Ashish Dikshit We are adding close to 200 – 250 stores this year which is close to the count that we added last year and somewhat close to what we added the year before. Typically it takes about a year to two years for the stores to come to the right level of profitability in the business. And as the number of stores that we are adding becomes a smaller percentage of the existing base, the impact of that on overall profitability keeps coming down. More quantitatively you would note that our operating margins in the domestic branded apparel segment this quarter has been close to around 7%, we expect this to get closer to double-digit for the full year. And based on the expansion plan and the organic growth that we are foreseeing, our endeavor will be to see a percentage point added to that kind of margin.

Priya Rohira That is very helpful and wish you all the best.

Moderator Thank you. The next question is from the line of Nitesh Goenka from Microsec Capital. Please go ahead.

Nitesh Goenka My question would be around the insulator business. The insulator business has not done pretty well this quarter. Is there any particular reason for that?

- Sushil Agarwal** In the insulators business, some of our dispatches got deferred to the next quarter because the underlined project of our buyer has also shifted, but that was one of the reasons. Second thing is that the 1st Quarter is always a low dispatch quarter seasonally. So these are the two major reasons, why the margins were lower in the first quarter.
- Nitesh Goenka** One more question related to the life insurance business. There has been a change in valuation of liability in respect of life insurance policies and investment. There has been a profit this year as against a loss in last year. Can we have the reason to this?
- Amit Jain** Nitesh, profits were there in the last year last quarter also and the reason for significant increase in profits is our rising inforce book and growth in renewals. As our inforce book is largely composed of the ULIP business where the liabilities are a pass-through, the profits are not influenced by change in valuation liabilities. Profitability has primarily been the result of 1) growth in the inforce book; 2) New products launched post changes in the guidelines that have relatively lower new business strain and 3) Increasing traditional product mix, as it now contributes to around 47% of new business, where new business strain is again lower. So these are the three broad reasons which have led to robust growth in profits.
- Nitesh Goenka** Can we expect these three reasons to be stagnant going forward?
- Amit Jain** Yes, these three reasons will continue as our renewal premium continues to register robust growth and as we strive to maintain a balanced product mix. Also, maintaining our inforce book by ensuring growth in new customers as well as retaining our existing customers is one of our key strategic intents.
- Nitesh Goenka** I would also like to know about the EV movement which was asked earlier. If we can take that offline?
- Amit Jain** Yeah, that we can do separately.
- Nitesh Goenka** Thank you.

- Moderator** Thank you. The next question is from the line of Anubhav Adlakha from Merrill Lynch. Please go ahead.
- Anubhav Adlakha** Just a few questions on the life insurance business first. Your non-ULIP portfolio contributes to 47% of the new business. Going forward what is the expected mix for this year?
- Sushil Agarwal** Our target will be to maintain it at around 50-50.
- Anubhav Adlakha** IRDA just came out with a circular that there would be no guarantees on pension products going forward. So do you have any plans of launching a pension products based on new guidelines?
- Amit Jain** We are working on product designs. Most likely we will come up with one or two new products in the near future.
- Anubhav Adlakha** Secondly, as of now in the industry because of lower new business trend, most of the insurance companies are showing profits and once the growth starts to pick up, do you expect the profits to come down substantially or would you be able to maintain such profit levels?
- Amit Jain** One of the things which we always have said that growth in new business does impact the statutory profitability. But Post new-linked guidelines, the new ULIPs as well as increasing contribution of traditional products have resulted in lower new business strain. Hence, it is less likely that we will see a major change in statutory profits due to increasing growth rates.
- Anubhav Adlakha** One more thing, the EV movement should we talk here or should we take it offline?
- Sushil Agarwal** We can do it offline.
- Anubhav Adlakha** One last question, what is the allocation of equities in the financial services business?
- Rajiv** This is Rajiv. Sorry we just wanted to know the allocation to the consumer finance to get an idea of your leverage?

- Sushil Agarwal** Our leverage in the NBFC business is around 3.5 times presently. The NBFC business has net worth in excess of ₹ 500 Crore and we have a book size of about ₹ 2,000 Crore presently.
- Anubhav Adlakha** Thank you.
- Moderator** Thank you. The next question is from the line of Manit Varaiya from Vallum Capital. Please go ahead.
- Manit Varaiya** My question is with regards to the telecom segment and with regards to the CapEx guidance of ₹ 4,000 Crore for FY12 which we have mentioned. How and when should we see the payback for this investment and what are the steps taken for the payback for the investment?
- Sushil Agarwal** The 3G related CapEx which has been planned, is expected to take 2-3 years before it adds to the profitability of the business, as initially 3G will also be used for voice application. Data usage is growing rapidly but still it needs time to become sizeable.
- Manit Varaiya** I wanted an idea about the payback period for this investment, some kind of timeline if you can provide? And what are the key steps that the company has taken for its deployment?
- Sushil Agarwal** You see some of these CapEx which is planned around 3G, obviously has a few years payback.
- Manit Varaiya** What will the total capital employed in the telecom as of date proportionately?
- Sushil Agarwal** ₹ 24,500 Crore is the total capital employed of Idea Cellular. ABNL's share is 25.35% so around ₹ 6200 Crore is consolidated in ABNL's balance sheet.
- Manit Varaiya** With regards to the insurance segment what will be the new business premium and weighted average premium for this quarter?
- Sushil Agarwal** New business premium is ₹ 322 Crore and average ticket size is ₹ 16,500 per policy.

- Manit Varaiya** What were the corresponding figures for Q1 last year?
- Sushil Agarwal** New business premium was ₹ 473 Crore and average ticket size was ₹ 10,800 per policy.
- Manit Varaiya** Lastly with regards to the garments segment, we have seen a lot of stores additions, around 70 stores were added during the quarter, but the PBIT margins are low? What can be the sustainable level of margins for the garment business?
- Sushil Agarwal** Ashish has already articulated that we are in the process of adding 200 – 250 stores during this year as we did in the last year. Margins are presently under stress because increase in input cost has not been fully passed on and there has been industry wide higher discounting. Second half of the year is expected to be better in terms of margin with the recent reduction in cotton prices. Going forward we are targeting double digit of EBITDA margin.
- Manit Varaiya** Thanks a lot.
- Moderator** Thank you. The next question is from the line of Sandeep Nanda from Bharti Axa. Please go ahead.
- Sandeep Nanda** I wanted to understand what are your plans in fertilizer going forward? Secondly, what would be the impact of the new government urea policy?
- Sushil Agarwal** New urea policy would only be positive. The group of ministers has recommended this policy whereby the Government is planning to bring urea under Nutrient based subsidy policy. In the first year, there could be a 10% increase in the urea prices. This coupled with proposal to lift the ceiling on production of neem coated , which is currently capped at 35% of total production, will benefit the business. Neem coated urea fetches higher realisation by about 5%. We would believe that all efficient plants would be beneficiaries due to this new policy. And so far Indo-Gulf is concerned, we expect an annual benefit of around ₹ 75 Crore to ₹ 100 Crore in a deregulated market. Regarding expansion plan in the fertilizer business, we are awaiting for clarity from government on gas pricing and availability.

- Sandeep Nanda** Thank you.
- Moderator** Thank you. The next question is a follow-up from the line of Manit Varaiya from Vallum Capital. Please go ahead.
- Manit Varaiya** Just one small query, while going through the presentation, I could not find the capital employed for the IT and ITES segment? Can you please provide me the capital employed for this segment?
- Sushil Agarwal** It is around ₹ 1,300 Crore.
- Manit Varaiya** So this would be for the whole IT-ITES segment?
- Sushil Agarwal** That is right.
- Manit Varaiya** Thanks a lot.
- Moderator** Thank you. The next question is from the line of Rishab Bothra from B&K Securities. Please go ahead.
- Rishab Bothra** I have a few queries per se like is there any possibility of stake sale in retail business considering the FDI opening for multi brand retailing?
- Sushil Agarwal** Presently, our aim in the garments business is to grow and scale it up to reach a size. From funding point of view also ABNL has a strong balance sheet. As you have seen year after year there has been a reduction in the company's debt level and ABNL has a very comfortable leveraging ratios. FDI does give some opportunity and we are not averse of evaluating it.
- Rishab Bothra** Basically there was some news flow that Apex partner is looking at and we are close to the deal, so just wanted a thought process from you side?
- Sushil Agarwal** Private equity players keep on evaluating various opportunities around various companies and various businesses. So that is my response at the moment.

- Rishab Bothra** Regards to Idea, any plans to reduce our stakes from current levels of 25% to fund the expansion plans, the CapEx plans which you mentioned or we will be doing it internally?
- Sushil Agarwal** No, we do not have any plan to reduce our stake in Idea. Idea will be able to fund its requirement as it has a strong balance sheet.
- Rishab Bothra** Another thing was in the private equity business we have invested in four companies. Could you name them or the sector name and the fund allocation and what is the timeframe we intend to keep those investments?
- Sushil Agarwal** We have invested in Anupam Industries – a leading manufacturer of industrial and construction cranes, Bombay Stock Exchange, Credit Analysis & Research Ltd. – a leading credit rating agency, and GEI Industrial Systems - a leader in heat transfer technology for more than 40 years.
- Rishab Bothra** The holding period would be roughly five year plus?
- Sushil Agarwal** Yeah, broadly around that period.
- Rishab Bothra** Thanks a lot, my queries are answered.
- Moderator** Thank you. The next question is from the line of Subramaniam from Sundaram Mutual Fund. Please go ahead.
- Subramaniam** Just wanted to understand in your insurance business what kind of fees would you be earning on ULIP products and non-ULIP products, if you could give some rough sense?
- Amit Jain** ULIP the range is between 1 to 1.3% which is mandated by IRDA depending on the debt equity profile fund. On the non-ULIP it is not fee driven essentially. It is driven by implicit guarantees which you give depending on how much money you make on the portfolio then you apportion your expenses and you make profits.
- Subramaniam** In terms of claims that you have been paying on the non-ULIPs, how have that behaved?

- Amit Jain** Claims have been in line with what we have priced in our assumptions. So we are not seeing any adverse claims on the non-ULIP or the ULIP side.
- Subramanium** Thanks a lot.
- Moderator** Thank you. In case of any investor queries please contact Mr. Romi Talwar from Aditya Birla Nuvo Limited or Mr. Saket Shah of Aditya Birla Group. As there are no further questions I would now like to hand the floor over to Mr. Sushil Agarwal for closing comments.
- Sushil Agarwal** Thank you everybody for participating in this 1st Quarter call. Thanks again.
- Moderator** Thank you very much sir. On behalf of Aditya Birla Nuvo, that concludes this conference. Thank you for joining us. You may now disconnect your lines.