Edelweiss Capital Limited
Fourth Quarter Financial Year 2009 Results
Conference Call Transcript

25th May 2009, 4 pm IST

Moderator: Good evening ladies and gentlemen. Welcome to Edelweiss Q4FY09 conference call. I am Priyanka, the moderator for this conference. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the Q&A session will be conducted for participants connected in India. After that, the Q&A session will be conducted for participants connected to the international bridge. I would now like to hand over to Mr. Shailendra Maru. Thank you and over to you sir.

Mr. Shailendra Maru: Thank you Priyanka. I am Shailendra Maru, Head of Investor Relations for Edelweiss Capital. Good afternoon to all of you and thank you everyone for joining us today as we discuss Edelweiss Capital Limited's audited consolidated financial results for the year ended 31st March '09 as well as the fourth quarter results. We have with us Rashesh Shah, Chairman, Edelweiss Group; Rujan Panjwani, Head of Principal Businesses; and Deepak Mittal, the Chief Financial Officer.

Following the reading of safe harbor provision, I will first turn over the call to our Chairman, Rashesh, who will deliver his opening remarks. Thereafter Deepak will take you through an overview of our performance and financial model and then we will open the lines for Q&A. The press release and an investor presentation on FY09 results of Edelweiss are already available on our website www.edelcap.com.

Certain statements that may be made or discussed at the conference call may be forward looking statements based on the current expectations of the management of Edelweiss Capital Limited or any of its subsidiaries and associate companies. Actual results may vary significantly from the forward-looking statements contained in this conference call due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and government policies that may impact the business of Edelweiss as well as its ability to implement its strategy. Edelweiss has obtained all market data and other information from the sources believed to be reliable or are its internal estimates, though its accuracy, completeness or periodical updation cannot be guaranteed. Rashesh…

Mr. Rashesh Shah: Thank you Shailendra and hello to all of you. Thank you for joining on this concall. I assume that everybody has had a chance to look at the results and I will just briefly summarize the key results. We had total revenues of Rs.900.5 crores for FY09 as compared to Rs. 1088 crores for FY08. This means an approximate 18% fall in revenues. The profit after tax for the year has been Rs.186.4 crores, which for FY08 was Rs. 273 crores and we have a fully diluted EPS of Rs. 24.28 for this year as compared to Rs. 39.99 for the last year.

For Q4, we clocked total revenues of Rs. 183 crores and a profit after tax of Rs. 40.9 crores. The PBT margin for Q4 has been 37.1%, up from 36.5% for Q3 and for the year as a whole we have clocked 36.5% PBT margins. We have used the stability in the PBT margin as proxy to show our ability to manage fall in revenues and manage cost accordingly. For the year FY08, the PBT margin was 41%, but as quite a few of you may know, we were impacted on our treasury business by the change in the Securities Transaction Tax (STT) rules. We paid Rs. 72 crores STT for FY09 and if you convert that on a total revenue of Rs. 900 crores, this accounts for about 6% of the PBT margin. So, 41% has fallen to 36.5% which is largely accounted for by STT.

On the global environment, as you know, 2008 was an unprecedented year. It is a cliché now to use words like uncertainty, volatility, unprecedented etc. I don't think anybody in their current working career would have seen a year like that. There was extreme risk aversion, liquidity crunch, credit crunch. There was a scare about anybody and everybody in this world. Counterparty risks and a lot of other risks, which are not normally focused upon as much, came to light. Liquidity and cash flows started becoming very important. On the whole, I think India managed this fairly well, though around October there was a 4-5 week of scare in India also. But I think Indian capital market has been able to stand this test of time and obviously things have been improving after March and recent elections have given a lot more confidence in India's growth story. However, on the whole, I would call FY09 an unprecedented year.

Also, as you know, we are a capital markets focused company. So, we are correlated a lot more with the activity in the capital market, though not with the direction of the capital market. So, though the market fell considerably in the last year, the capital market activity, capital raising and advisory activity, also fell and the broking commission volumes fell almost by half because the market values fell by half. So, on the whole, we have been impacted by that, and we have, given that, managed the year reasonably well. Along with low capital market activity in the last year, we also saw FII outflows from India, but post April we are starting to see a reversal of that. Even on investment banking, there were very few transactions getting closed and there were very few IPO deals in the whole year. We also saw asset management AUMs coming down. So, I think, by our calculation, for most of the segments of the capital markets arena, the market size shrank by between 40% to 50% in the year, whether it was broking or asset management or investment banking or everything else. So it was a fairly strong year from the point of view of an impact in terms of scale-down in the market size itself.

As regards reasons for impact on Edelweiss, there have been two - one the change in STT rules, which has affected our cost structure and the scaling down of the market size itself. Given these two things, we, in the last year, focused a lot on, what we call, cost, risk, and liquidity and we had spoken about this in the last couple of calls. We focused a lot more on managing costs, managing risk, and managing liquidity, because last year was that kind of year. So, we have managed to scale down cost, as you would have seen in the Q4 results also. Our headcount is now about 1300 people from a peak of 1800 people. We have been able to implement a lot of cost control measures on a number of other operating costs also and as a result of that, we have been able to achieve a stable pretax margin of 36-37% overall.

On the risk side, we have brought down our risks significantly. We have had no accidents on the risk side on the financing book in the last year. A number of the loans have been repaid. Our current collateral cover is at 2.8x and we have a current loan book of Rs. 550 crores on the financing side. Our gearing is very low. Our total balance sheet size is over Rs. 3,200 crores on 31st March 09, out of which about Rs. 2,500 crores is equity including the company's net worth and the minority investment into the group companies. So, we have a very small amount of, only about Rs. 750 crores of borrowing, which at the peak was almost about Rs. 1,800 crores. So, we have scaled down the borrowing part of the balance sheet. We have stayed liquid, on an overnight basis we had about Rs. 500-700 crores of cash on an everyday basis for the last 7-8 months.

We also invested in businesses. Out of the current 1300 employees that we have, almost 250 employees are engaged in businesses which are new businesses for our future, which have not yet started contributing to the current year's revenue. These are people engaged in the retail brokerage business, retail financial products distribution business, the asset management businesses and all that. Along with that, we also built a corporate bond business in the last year. Though equity markets haven't done well, the corporate bond market has done very well. We have been ranked second in terms of the short-term NCD placement. We have been also ranked second for commercial paper placement and 11th for Indian domestic bonds placements which are of more than one year duration. Even on the investment banking side, as you know, we have two parts of the investment banking business. We have the advisory part and we have the ECM part. ECM obviously has slowed down because of very low amount of capital raising activity, but on the advisory side we have advised about 8 or 9 transactions. We did one large M&A deal of Aegis Communications which acquired a company in Philippines for $ 250 million dollars. We were advisors to Aegis on this deal. We also raised capital for SKF Microfinance during the year. Ironically, we raised $ 75 million of private equity for them in October which was the worst month to raise money. So, overall, the advisory business has done well. In case of ECM, obviously the market scaled down completely.

Along with this, we have also invested in incremental growth in various parts of our businesses that we are in. We have launched our institutional research portal called www.edelresearch.com. All our research is now available in a very user-friendly manner including archiving, ability to carry out smart searches and various other features. We worked for almost a year in creating this portal. As I earlier said, we scaled up our corporate bond group. We have set up an institutional client group for coverage on relationship management. We are starting our retail brokerage. About 140 people are engaged in the retail broking and the retail financial products distribution business. We have held conferences all through the year including the one in March '09 in India. We are setting up a leadership center in Alibag, a 100-seater overnight stay capability leadership center called Fountainhead, which should be operational in second half of this year. So with these incremental improvements, I think it has been business as usual for us and we have invested for future growth. Almost 20% of our present employee strength is currently allocated for the future businesses that we are trying to grow.

The Edelweiss approach has been built on our strengths which include having high amount of cost flexibility because we do operate in a market where market size can shrink and expand very rapidly. So, your ability to scale down cost along with business volumes is an extremely important capability. The second thing is flexibility and liquidity in Balance Sheet. Hence, we focus a lot more on maintaining liquidity and maintaining capability on the balance sheet to be able to expand it when the opportunity is right. Obviously, risk management and keeping risk under control all through good times and bad times is an important part of our approach. Focusing on institution building is the culture of Edelweiss and we have now a large leadership pool of almost 80 people who have been trained in the last one year or so and who, we are happy, have gone through the harshness of the market in the last one year and have learnt and grown a lot. So, we have a fairly deep leadership bench which allows us to go after adjacent markets and the final aspect is constant focus on growth in adjacent markets.

We have seamlessly moved into the corporate bond business. We are expanding into the retail broking business. We are expanding into asset management business and we are keeping our anchor right on the existing businesses and I think we have maintained our market share in all the businesses. We have clocked overall as a broking firm, including our principal as well as the client broking business, about Rs.3,900 crores of average volume everyday for the last year, which is down from Rs.4,800 crores of the earlier year. This does make us one of the larger broking houses in the country.

On the alternative asset management, we are advising a fund called India Diversified Fund, which about a year ago had won the Eureka Hedges best arbitrage fund award in Asia, and now has recently won Asia Investors award for the best India fund. Even in our Indian asset management company we have launched a few products. We just closed an equity product for which almost 1,000 applications and about Rs. 11.5 crores of collection was received with zero marketing spend. We are just getting our products out in the market and we will step up on the marketing as and when we have a couple of years of performance on all these products.

Under our CSR arm called EdelGive, we have partnered with Kubera Partners for Social Innovation Awards and we have given awards to three NGOs in India who have impacted positively the status of girl child in the areas of health, education, nutrition and employability and it has been a huge success. We got almost close to 200 odd applications for that and we had a very high powered jury panel which identified three of the most deserving ones on this. We are very proud of this effort.

Overall, we believe Indian financial services sector will continue to offer growth. The key challenge is execution. When the markets are good, execution is easier. When the markets are bad, execution becomes about three to four times as hard and we have focused a lot more on that in the last year. The ability to focus on cost, risk, liquidity and constantly grow has been our ongoing approach which we will continue as we go forward. With this broad comment, I will hand it over to our CFO, Deepak Mittal to take you through details of the financials. Over to you Deepak.

Mr. Deepak Mittal: Thank you Rashesh. Thank you everyone for joining us on this conference call. I think most of you would have already gone through the numbers in some detail. I will quickly run through the numbers and throw a little bit of color from a business point of view on some of these numbers. Some of this will overlap with what Rashesh has already covered. But just to give you some context, when you are looking at financial year 09, I think two things stand out from a comparison point of view. One, of course, which Rashesh has spoken in some detail, is on the STT and the impact of STT on our profitability and the second thing is that both '08 and '09 were unprecedented in their own sense. While '08 saw a number of things coming together and coming right at the same point in time, '09 was just the reverse of that.

Just to go back to our quarter-on-quarter highlights, overall our revenues were down by 8% at INR 1,834 million and our profit after tax was up 7% at INR 409 million. The fee and commission income which includes revenues from broking, investment banking, asset management, and wealth management has come down from INR 476 million to INR 401 million. This has to be seen in light of the difficult operating environment which was witnessed in this quarter, especially equity capital market and significant slowdown in institutional volume in the secondary market. The treasury, arbitrage and trading income for the quarter was up to INR 508 million from INR 447 million for the previous quarter. As we have always conveyed, constant focus of this business is on preservation of capital and managing low risk returns on the capital base. The overall treasury book size would have averaged somewhere around INR 6 to 8 billion for this quarter.

The interest income for this quarter has come down from INR 927 million for the previous quarter to INR 780 million. Large part of this has been due to conscious reduction on the collateralized loan book and significant movement into the FDs base of the company. The financing book at the end of the quarter stood at around INR 5.5 billion vis-à-vis the last quarter number at INR 8 billion. On the risk side, this book has done reasonably well. Our average collateral cover on the loans was around 2.8x at the end of the year and as I said, we are constantly focused on keeping the risk on this book under control rather than focus on growing the book in the environment as was prevalent in the last quarter or two.

If you look at the total cost for the quarter, they are down from INR 1,261 million to INR 1,154 million, an 8 to 9% drop and largely related to some of the cost control measure which we have started from the end of second quarter this year.

We will quickly compare the year FY09 whole year vis-à-vis FY08. Rashesh has already spoken, our revenues at an overall level are down 17% and profit after tax is down 32% over the previous year, but as I said, two parts to look at this, (a) of course, is the difficult operating environment in this year and the second is the impact of STT. If you take out the impact of STT, the fall in profit would almost be in line with the fall in revenues and which would pretty much mean that we would have averaged the same PBT margin of around 41% if we exclude the STT impact. For the full year, our fee and commission income is down to INR 2,441 million. This compares to INR 4,438 million in the previous year. The treasury, arbitrage and trading income is down to INR 2,512 million versus INR 3,493 million. The main reason for this income to come down is, of course, (a) the significant reduction in the treasury book size, partly because over the year we had a larger loan book than last year, which is reflected in the higher interest income, and (b) reduction in the leverage which we will talk about when we discuss our balance sheet. The interest income for the year has increased to INR 3,315 million from INR 2,171 million.

If I look at the cost for the whole year, our total cost base last year was INR 6,422 million and that has come down to INR 5,715 million. If you look at it on a full year basis, our costs are down almost 11% and if you add back the STT impact, the costs are almost down by about 20% on a full year basis. This has largely been achieved through a constant focus on costs in the second half of the year, which if you remember after the second quarter conference call is what we had communicated to the investors. So, if you look at the numbers for both the quarter as well as for the full year, what we have been able to demonstrate is a flexible cost structure, which we have always communicated and which is what has allowed us to achieve a pretax margin of 36.5%. And lastly, I just want to cover the balance sheet on an overall basis. Our total group net worth including minority interest now stands over INR 25 billion and the total balance sheet size is about INR 33 billion, which effectively means a gearing of as low as 0.3 times. It is also important, at this point to mention that on the asset side, we have bank FDs which total almost INR 13 billion as of 31st March '09. With this, I would like to conclude the opening remarks and open the bridge for the questions.

Moderator: Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, please press *1 now. First in line, we have Mr. Ashwini Kumar Agarwal from JM Financial Mutual Fund. Over to you sir.

Mr. Ashwini Kumar Agarwal: Sir, I would just like to know what is the breakup of revenue from investment banking and broking.

Mr. Rashesh Shah: Usually when you look at fee, commission income, the broking has been approximately between 50% and 60% on an average and the balance is split between investment banking and asset management.

Mr. Ashwini Kumar Agarwal: Okay, investment and AMC the rest. And sir, can you tell your gross margin in the broking business, gross margin and the net margin?

Mr. Rashesh Shah: I am sorry we do not split the margins that way.

Mr. Ashwini Kumar Agarwal: Okay sir. I will come back to you for later questions sir.

Mr. Rashesh Shah: Thanks.

Moderator: Thank you very much sir. Next in line, we have Mr. Kumar from DBS Bank. Over to you sir.

Mr. Sanjeet Kumar: Hi, this is Sanjeet from DBS Bank. This is a query to Rashesh. Rashesh, if you can answer, I just want to check the recent events for the past few months have definitely impacted your short-term strategy. Does it impact your medium-term business plan as well, such as something like your NBFC business or asset management business? Have you been forced to relook at your business plan on a medium or long term basis?

Mr. Rashesh Shah: No. As I was earlier explaining, even all through the last year, we did continue to invest into our asset management and retail brokerage business. These were the two growth areas and the corporate bond business that we have invested in. We are continuing to invest in that and our key challenge was not just the environment. It was also the execution capacity and all that that we had internally. So, we are continuing with that. Our strategy still remains the same. I think we are fairly optimistic, but we don’t know whether it is a V recovery or a U shaped recovery. It keeps on changing all the time, but we are investing for the next three to five years into growth areas which are into adjacent markets and for that, we need capital, we need people, and we need growth opportunities and all three of them we have identified and spoken about and we are continuing to invest in that.

Mr. Sanjeet Kumar: Anything on your NBFC business, how promising you think that business would be in future?

Mr. Rashesh Shah: If you broadly look at NBFC business in India, you can classify them in two parts, collateralized loans and non-collateralized loans and in collateralized also, you can have liquid collateral and non-liquid collateral like real estate and homes etc. We have focused on the liquid collateralized loan market which is approximately a Rs. 25,000 to 30,000 crore market. We do think that there is a good quality Rs. 1,000 crore business that we can go after. We don't have any desire to make this a Rs. 5,000 to 7,000 crore book on that product only. We are working on two-three other products in the adjacent market that we will start in the NBFC, but we do believe between Rs. 1,000 to 2,000 crores of good quality liquid collateral financing business is available in the markets at all points of time.

Mr. Sanjeet Kumar: Okay. Thanks Rashesh.

Moderator: Next in line, we have Ms. Devyanshi from Dawnay Day. Over to you ma'am.

Devyanshi: Hello sir. Sir, I just wanted to know the yield on your loan book.

Mr. Rashesh Shah: Our loan book has yielded between 16.5 to 17% on an average in the last year.

Devyanshi: Okay. And sir, your interest income as a percentage of total income has increased over the past one year, so is there a conscious strategy behind it?

Mr. Rashesh Shah: Yeah, as I earlier explained, somewhere in the second half we scaled down our arbitrage book and started also scaling down the financing book and staying more liquid. A lot of that liquid cash is bank deposits that we use from time to time for the broking business because we need to post collateral with the exchanges. We have kept between Rs. 300 to 500 crores of extra liquid cash on hand all through this second half as a cautious strategy. But for FY09 interest income has gone up due to higher average balances in loan book and FDs compared to previous year.

Devyanshi: Okay sir, that's it from my side. Thanks.

Moderator: Next in line, we have Mr. Manish from Citigroup. Over to you sir.

Mr. Manish: Hi Rashesh and Deepak. Just wanted to check with you guys, you know, in the last couple of months these results were relevant to, the world as we know and the capital market segment has changed pretty rapidly. So, looking forward, going from here, which are the segments you think can grow immediately at a relatively faster pace and what are the segments you would be basically cautious in terms of growing from the current levels and, apart from the capital market activity levels which are difficult to look at, at this point of time.

Mr. Rashesh Shah: As you can see on Agency side, the revenues are up almost 30% to 40% across the board recently. So, there is a fairly big kick-up in that and as I said, we are able to maintain market share and grow with that. I think investment banking has started to come back. Advisory was a good business last year. I think now even the capital raising is coming back. So, there would be opportunities on that also. This month is also a good month for arbitrage as you can see spreads have gone up a lot as optimism is coming back. The open interest has gone up. Open interest is a good proxy for the size of the arbitrage market in India.

So, as you remember, our idea was that with the current organic businesses that we have, there is a huge scale up opportunity when the markets come back, but we are also looking at adjacent markets. So we have invested in retail which we will launch in the next three months. There will be growth opportunities on that in future. The ones we would go slightly carefully would be still on the financing business because we are very committed to only picking up high quality business. We will also be slightly careful in growing areas like the HNI, the private banking and the wealth management business because we do believe that the large part of the wealth management business has been geared towards selling expensive mutual funds and NFOs and unless the market starts moving towards an advisory business, which we think is a three-four year trend, I feel very rapid growth in that is counterproductive.

Mr. Manish: What do you think on the asset management side, do you think that growth there can come back pretty fast or that would be more medium term focus?

Mr. Rashesh Shah: We are already in the market with a couple of products from domestic AMC. We are focusing a lot more on the offshore asset management for AUM gathering and Indian asset management for just starting the products and launching them because we do believe that in the onshore asset management building track record and building your products is very important. We are currently investing on that on the Indian side. But I don't think we will see a rapid growth on Indian asset management side. On the offshore side, we do think the market is opening but since a lot of offshore asset management is institutional capital raising, there is a 6 to 8-month investment phase that we go through before we start gathering AUM.

Mr. Manish: Just one more on the broking side, last quarter we had a discussion that the mix of the market volumes have changed more in terms of favoring F&O, so that was driving down some of the blended average yield. Has that trend reversed now in the last few days or do you see that trend continuing, so that average blended yields might not be as high as they were last year?

Mr. Rashesh Shah: If I look at the last quarter, I think they are the same as they were in the earlier quarter. I do believe in the last maybe three-four weeks, though I haven't actually looked at the data on that to be honest with you, there has been a lot of buying in the mid caps and the blocks. So, there might be a slight increase in the cash side of the market, but my impression is that they won't change significantly.

Mr. Manish: Okay. Just one final question, in terms of your net worth, could you give us without the minority interest, how much is the net worth?

Mr. Deepak Mittal: Rs. 2,115 crores.

Mr. Manish: Thank you so much.

Moderator: Thank you very much sir. Next in line, we have Ms. Kajal Jain from ICICI Direct. Over to you ma'am.

Ms. Kajal Jain: Hello, good evening sir. Sir, I wanted to know the latest number of branches or outlets that you have and of that, what would be owned?

Mr. Rashesh Shah: We don't have a large retail business as of now and the branches we have are what we call integrated offices which are not just meant for the broking business alone, but they are for broking and investment banking and other businesses. So, we have about 4 integrated offices in the metros outside of Bombay. We have branches in another 18 locations, out of which I would think not more than 3 would be franchisees. We have very few franchisees.

Ms. Kajal Jain: Okay. Sir, but going forward since you are looking at launching retail in full swing, what will be the target number of outlets, franchisees that you are looking?

Mr. Rashesh Shah: I would not want to make any forward-looking statement on that, but I think the idea would be to grow the business. Our target is not how many branches, our target will be that we want to get X amount of business and for that if we have to expand into branches we will obviously do that.

Ms. Kajal Jain: Okay. And sir, what will be your margins, last quarter it was around 6 to 6.5 basis points, so have we maintained that?

Mr. Rashesh Shah: As I said earlier, we haven't seen any significant change in yield. It is between 6 and 6.5 bps.

Ms. Kajal Jain: Okay. Thank you sir.

Moderator: Thank you very much ma'am. Next in line, we have Mr. Rajesh from Geojit. Over to you sir.

Mr. Rajesh: I just wanted to know about your retail expansion plan on the broking as well as financial distribution of products, it will be on a branch model or are you looking for a franchisee model?

Mr. Rashesh Shah: I think it will be a combination of that. As I said, we are officially starting it only by the end of this quarter. So, we will make a formal announcement later, but it will be more of a combination of branch and franchisee model.

Mr. Rajesh: And I have two more questions sir, like what kind of result or revenues are we expecting from these two businesses, new business model?

Mr. Rashesh Shah: See, we are not comfortable making any forward-looking statement. We obviously have internal targets.

Mr. Rajesh: Okay.

Mr. Rashesh Shah: But I think by our estimate the retail broking commission market is a Rs. 10,000 crore kind of a market by our internal estimates and the idea would be to get a good market share in that. So, we will just execute on that and allow people to see how much market share we have.

Mr. Rajesh: Okay. Are we still investing on the technology and manpower on these two businesses or is it currently on hold?

Mr. Rashesh Shah: No, no, no, we have been investing. In the last year, our retail group has expanded from 20 people at the start to about 140 people now.

Mr. Rajesh: Okay. And how about technology?

Mr. Rashesh Shah: Technology also we are investing.

Mr. Rajesh: Right sir, thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Pranav Gokhale from Religare AMC. Over to you sir.

Mr. Pranav Gokhale: Good evening sir. Can I just have some numbers in terms of your employees at the start of the year and maybe Q3 and Q4 total?

Mr. Shailendra Maru: We had about 1600 employees on 31st March 08 and that went up to over 1800 in September 08 and currently as on March 09, we are down to 1300.

Mr. Pranav Gokhale: And as regards the employee cost, if we look at it, is it just pure cost which has gone down as such per employee or is it the number of employees, both have factored as regards to the lower cost? My question is more from the sense of understanding how variable is the cost element now?

Mr. Rashesh Shah: See, we have always espoused a combined structure in terms of salary that is fixed, then there is a variable bonus, and then there are stock options, especially for senior people. So, this variable part of the bonus is a function of how well the company has done, how well the group has done, and how well the individual has done. So, obviously the variable component for this year has gone down, but we still paid the variable bonus to people, people who have done well. So, on an average, I would say in a good year, we expect to pay about 40% to 50% of our compensation cost as variable. It can go up to 100% in a very good year. It can go down to 20% in a very bad year.

Mr. Pranav Gokhale: Just in terms of your overall share of broking, could you please share a number as a total business?

Mr. Deepak Mittal: We have already shared the total volume numbers in the presentation as well as on the call. The number for the year for us on an average daily turnover basis is around Rs. 3,950 crores.

Mr. Pranav Gokhale: Okay. Thanks.

Moderator: Thank you very much sir. Next in line, we have Mr. Mehul Parikh from JM Financial. Over to you sir.

Mr. Mehul Parikh: Good evening sir. I just wanted to know in this fee and commission income, would you be able to share the numbers for the institutional clients and the other HNI clients?

Mr. Rashesh Shah: We don’t split them up this way.

Mr. Mehul Parikh: Okay. So, as per what was said earlier, 50% to 60% would be broking. So, if we take Rs. 40 crores as the number for this quarter’s fee and commission income, and take a 55% average, so around Rs. 22 crores would be the broking part, institutional and retail both?

Mr. Deepak Mittal: As Rashesh said, it fluctuates on a quarter-on-quarter basis, between 50 to 60%.

Mr. Mehul Parikh: Okay.

Mr. Shailendra Maru: Priyanka, we can switch over to the international bridge now.

Moderator: Sure sir. At this moment, I would like to hand over the proceedings to the international moderator to conduct the Q&A for participants connected to the international bridge. Thank you and over to you Zaina.

International Moderator: Thank you Priyanka. We will now begin the question and answer session for participants connected to the international bridge. Please press 01 to ask a question. At this moment, there are no questions from international participants. I would hand over the proceedings back to Priyanka. Over to you ma'am.

Mr. Shailendra Maru: Priyanka, we can take possibly one or two more questions from domestic bridge if there, otherwise we can close the call.

Moderator: Sure sir. Next in line, we have a follow up question from Ms. Kajal Jain from ICICI Direct. Over to you ma'am.

Ms. Kajal Jain: Sir just wanted to know if we can get the breakup of the interest income side as given in the annual report, what is from loan and what is from FD and other components?

Mr. Rashesh Shah: We don't have it now, but we can send it to you. Shailendra will organize it for you.

Ms. Kajal Jain: Okay, thank you sir. Sir, and just one thing, on the commodity trading, how much was that component in trading and arbitrage income?

Mr. Rashesh Shah: Commodity is still relatively smaller for us, but it is growing as the commodity prices have been going up, but it would be relatively smaller.

Ms. Kajal Jain: Okay, fine sir. Thank you.

Moderator: Thank you very much ma'am. At this moment, there are no further questions from participants. I would like to hand over the floor back to Mr. Shailendra Maru for final remarks. Over to you sir.

Mr. Shailendra Maru: Thank you Priyanka and thank you everyone for joining the call. In case you have any further questions, please feel free to contact us directly or drop me an email at shailendra.maru@edelcap.com. Have a great day ahead. Thank you very much.

Moderator: Thank you very much sir. Ladies and gentlemen, thank you for choosing WebEx's conferencing service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.
