



Max India Limited
Investor / Analyst Conference Call
May 30, 2013 at 4.00 p.m.

Moderator: Good afternoon ladies and gentlemen. I am Beulah, moderator for this conference. Welcome to the Q4FY13 Max India conference call. We have with us today Mr. Mohit Talwar, Deputy Managing Director, Max India. At this moment all participants are in listen only mode. Later, we will conduct a question and answer session. At that time if you have a question please press * and 1 on your telephone keypad. Please note this conference is recorded. I would now like to hand over the floor to Mr. Mohit Talwar.

Mohit Talwar: Yes, thank you. Good afternoon ladies and gentlemen and thank you for sparing time to be on this call. We are basically going to be discussing our performance for the financial year 2013 and I will give you a broad overview of how the group has done including the performance of the individual businesses and thereafter throw the floor open for questions. We will try and address all your questions and if there is something, which remains unanswered, we will definitely get back to you. Before I do that, I have with me my colleagues and let me just introduce them. There is Mr. Prashant Tripathy who is the CFO of our Life Insurance business, Max Life, Mr. Yogesh Sareen, who is the CFO of Max Healthcare, Rahul Ahuja, the Group Financial Controller for Max India, and then I have Anuj Vohra and Jatin Khanna who look after investor relations at Max India. So with that, let me begin with a high level strategic perspective on the group and a snap shot of the consolidated financial position of the group.

This year has been fairly significant for us with some notable developments and it began with a landmark transaction, which we completed in our Life Insurance business. We changed our JV partner. New York Life divested and Mitsui Sumitomo came in and picked up the 26% stake at a valuation, which was around 10,500 crore and in the process of that change, Max India, given that we had some rights we got an inflow of about Rs 800 crore. Thereafter we got into a transaction and unfortunately that could not be completed, which was on our plastics business. We had a non-binding term sheet, however that is not going through and I know that there would be some questions around that, so I just want to preempt it by saying that there were valuation differences and this business has gone through a bit of a struggle given the market conditions, and as a result of which, we did not go ahead with the transaction. Having said that, there are enough tailwinds in this business and we have now decided to add another line and that approval we got from the Board yesterday, but I would like to also mention that the equity component is not significant, we are working towards a situation where we would either go in for part monetization or full monetization and try and get that through a strategic investor. So that is on the plastic business.

We rewarded our share holders quite handsomely by declaring a special one-time dividend of 500% and we gave out Rs. 300 crore. And now I am happy to say that we are getting into consistent dividend mode where we have further announced a final



dividend of Rs.2.20 per share, which works out to about 110% dividend payout for the year, making an aggregate of Rs.12.20 per share or 610% during the year 2013.

There are a few more recent developments, which are going to take shape in the coming year. You all probably know that IFC Washington is an investor in Max Healthcare and they have a small equity stake of 2.3% and they also have some preferential shares. We have got an understanding as well as an approval from the board yesterday itself, wherein IFCs stake will increase from 2.3% to 7.5% in the healthcare company, and that is through a partial conversion of preferential shares into equity. Now, this transaction has been done, which places the value of Max Healthcare at about 2,000 crore pre-money and what this really means is that 1) this cleans up the balance sheet, and 2) it improves our debt equity ratio and it also brings in some amount of liquidity into the company because our other joint venture partner, which is Life Healthcare, will get diluted, and hence will be topping up to 26%. So encouraged by the potential of this business of specialty plastics, the Board also took a decision to add another line and that is something, which we will do, but the cash outflow from Max India is not going to be significant, it is going to be staggered and the endeavor is to bring in a strategic partner to actually fund that part of the equity.

Let's move on to the performance of the individual businesses. I will give overall highlights of the group. At a group level we have consolidated revenues in excess of about 10,000 crore. Our Life Insurance business continues to perform admirably despite the challenging regulatory environment and is now ideally positioned for growth with the alignment of its product suite and sales philosophy to the current regulatory agenda. As you would have probably read, Max Life has also paid out a maiden dividend of 183 crore to Max India in financial year '13 and at this point in time it is well capitalized with a solvency surplus of around 1,800 crore. Our Healthcare business is now at an inflection point with the profitability of our older Hospitals getting sizeable and exhibiting considerable growth and I will get to the specific numbers on that a little later. Our newer hospitals, and as you know, we had doubled our bed capacity last year, so these are in the process of getting stabilized over the next few years and that is how this is going to get us closer to our targeted ROE.

Our Health Insurance business is tracking very well, it has been growing at about 100% and there are some regulatory tailwinds, which would help us in terms of the bancassurance channel and we see a huge opportunity in the Health Insurance space. We incubated a new business, Senior Living, for which our marketing launch has already taken place last week and the construction activity at our Dehradun community has now been initiated.

So overall we believe that our businesses will sustain the growth and profitability trends in the forthcoming quarters and on this note I would like to move on to our consolidated performance snapshot and the performance of our key businesses.

Max India at a consolidated level, operating revenue for the year was Rs. 8,180 crore, which was 7% year-on-year growth. Full year PBT stands at almost Rs. 1,000 crore, it is 991 to be precise. It is driven largely by the one off income of about Rs. 800 crore, which we got from the stake sale. And as far as the treasury corpus is concerned, it is sufficient, which is around Rs. 360 crore as the financial year end.



In terms of the individual businesses, let me start with the Life insurance business, APE at 1,513 crore has improved marginally from 1,506 crore in previous year and this is despite the regulatory intervention on the tax front, which dragged down our performance in the first quarter. Non-PAR and unit linked proportion in sales increased from 21% in financial year '12 to 26% in financial year '13 resulting in NBM improving to 21.8% and VNB growing by 27% to 213 crore. We maintain our position at #4 with a private market share of 8.5%. Renewal premium grew by 6% to 4,739 crore and our conservation ratio of 81% is best in industry as per the latest available information with us. Our cost management initiatives have continued to bear results with the operating expense ratio improving to 18.6% from 19.4% in the previous year. Pertinent to note that our expense ratios are 4th lowest amongst all private sector insurers. Our cost ratios have improved to 28.5% from 30.4% and all of the above resulted in our PBT increasing by 3% to 475 crore. So the pre-dividend embedded value as at March end is at over 4,000 crore, 4,058 crore to be precise and it has grown over 10 percent year-on-year. The size of our AUM increased 19% to 20,458 crore. In the financial year '14, we will focus on building current agency to platinum standards, increasing and building new revenue opportunities, there will be increased focus on employees and we will continue to optimize on costs and hopefully it should be a period where we will be seeing consistent dividend flows coming through.

Let me move on to the Healthcare business, Max Healthcare's network of hospitals achieved revenues of around 1,150 crore and that showed a growth of about 40% year-on-year. Our contribution margin improved from 59.6% in '12 to 61.2% in financial year '13. EBITDA for financial year '12 improved six-fold to 71 crore versus 12 crore in the previous year on the back of a healthy improvement in margins from our existing hospitals, which recorded EBITDA margins of approximately 12%. As I mentioned earlier, this business is now at an inflection point with the profitability of our older hospitals showing considerable growth, which along with stabilization of our new hospitals in the next two years will allow us to get closer to our targeted ROE. Some other key parameters I would like to touch upon. Average revenue per occupied bed has increased 7%, to 25,126. Average occupancy across facilities has improved to 70% from 68% and the average length of stay stood at about 3.5 days. Our current registered patient days is over 1.7 million patients with over 3.25 patient transactions per month in quarter 4. We have a network of 2,000 doctors, which includes about 1,100, which are on our rolls.

Let me move on to the Health Insurance business. Max Bupa has continued well on its growth trajectory with its GWP growing at over 100% and is now at 207 crore versus 97 crore in the previous year. Over 460,000 lives have been covered during the year with the overall number of lives covered, crossing 1.2 million and this is quite spectacular considering it is only the third year of operation. Max Bupa has a market share of 12% in the SAHI category, which is a standalone health insurance category. We have 21 offices and tie ups with more than 1,900 hospitals. Overall our claim ratios are very healthy at 58%. The business is tracking as per plan and we expect to break even in the financial year '16. Against a planned peak capital commitment of 700 crore, 504 crore has already been invested till March '13 and Max India share is 74% of that. Max Bupa has also obtained approval from the regulators for selling Group Personal Accident Insurance that has been launched in May 2013. I had mentioned earlier about the bancassurance opportunities being opened up and we are very excited about that because that is really a different ballgame now because this is a new category, that the



banks are allowed to sell insurance of SAHI players and there are only four players, as you all know.

Let me move on to Specialty films. The last financial year has been a challenging one for the plastic packaging industry, as such. Besides increase in supply arising out of bunching of new capacity addition in the domestic market, there was pressure on global demand due to a slowdown in Europe. Consequently there has been constant pressure on pricing, which was further accelerated by irrational and predatory pricing by some of our select competitors. As a result, while volumes and revenues both grew marginally, constrained by the capacity, profitability took a hit, with EBITDAs declining to 43 crore as against 77 crore in the previous year. And consequently profit was at 4 crore for the year as against 38 crore and that really is the reason why you will find that the performance has come down if you will adjust for the one-off. Having said that, we are encouraged by the following factors, the domestic demand is now growing steadily in the range of 15% to 17%, the operating rates will exceed 90% in financial year '15, there is an uptick in price, which we noticed in March this year after it has kind of bottomed out in January, February, and that's is being shown in our monthly run rate. The share of high margin product sale is gradually increasing and the longer term prospects for this industry are positive. The lifestyle changes and FDI in retailing are likely to be the key drivers for that.

So, if I were to sum up, the group is fairly liquid, it has a healthy treasury corpus of about 400 crore, it is adequately capitalized for all its current and other future capital needs, we should continue to see dividend flows and rewarding our shareholders as we have done during the year. We are well placed for growth in both our insurance businesses given our product suite and strategic choices, we are well in line with the recent regulatory developments, which are unfolding. Our healthcare business is at an inflection point where significant upside can be expected over the next two years. And I must say that there is adequate capital in the businesses at the Max India level and unless we do a massive acquisition of sorts, I don't foresee any dilution taking place at the Max India level. With that I will hand you back to the moderator please.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request you may do so by pressing * and 1 again. First question comes from Rajeev Varma from Bank of America Merrill Lynch.

Rajeev Varma: I just wanted to know your outlook on the insurance business especially given the regulatory changes that we are anticipating from September onwards? How do you see growth panning out? And also, your margins have obviously done very well; do you foresee a huge expansion, I mean is that really sustainable?

Prashant Tripathy: This is Prashant Tripathy, the CFO of Max Life Insurance. On your first question we expect that the regulatory changes, which are expected to happen by October 1st, will have implications, however not as severe as what was in 2010. We expect this change to be more administrative in nature and we are in the process of getting our products approved. About half of our products have been filed and the balance will get filed in the month of June-July and we expect that we will have approvals by 1st of October. Equally there are plans made around training, IT changes, and the marketing approach, which will be required to launch these products. As far as

possible, we have tried to keep the nature of the products similar to the existing products, so that the agents and the distributor could learn those products. At this stage considering that we will have a six months of sales in the current regime and the balance six months in the changed regime, we are targeting a double digit growth rate on new sales this year. And we are preparing ourselves as much as possible to be ready for a product changeover. We would like to also highlight that with respect to many other competitors we are better placed because the regulations which have come through are not going to eliminate a very large product category as far as we are concerned, so that's our position. On our outlook for next year we are going with a very positive mindset to drive growth in our business. The margin expectation as we spoke about, yes I confirm that we have had a good margin year, predominantly driven by a lot of work that we did in our non-par category as well as change and align the channel mix to the product that we are selling. We will expect that margin to come down. We have been advising for some time now that our stable margin was more between 17 and 18 in FY 13 and as a result of our changeover it will come to the range of about 15.

Mohit Talwar: Rajeev does that address your question?

Rajeev Varma: Yes. Actually somewhere I missed the part...so I guess you were saying that it would come down to about 15 or 16 is it? I think that kind of answers the question. I just also want to understand, do these changes have an impact on Max Bupa?

Mohit Talwar: No, in fact on Max Bupa, there is some good news on the regulatory front. I talked about the bank insurance, as you know that earlier health insurance was a category in the general insurance space, so one bank one insurance company, now they have actually allowed a different, a third set of category only for health insurance, so that really opens up all the banks for us and we have already started discussions with different banks, whether it is the nationalized, private sector or foreign bank to try and see how we can get that arrangement going, and one of the reasons why we didn't declare a higher dividend is because we wanted to conserve some amount of cash given that we see a huge play on the bancassurance side for the health insurance business.

Rajeev Varma: Right, okay. Thanks.

Moderator: Next question is from Jatin Mamtani from Barclays.

Jatin Mamtani: Thanks for taking my question, I might have missed a little bit on the margins, but let me just spend some time on that. On the margin expansion this year, it could be led by 2 or 3 factors and I just wanted to understand how much of it is a) due to the channel mix changing towards the bank channel, how much of it is due to the product mix and maybe if you could explain that how much of it is the remaining which is without channel and without product mix changing, if it was business as usual and my second question was on the post overrun margins, if you could share the post overrun margin now and how is that going to play out over the next 2, 3 years?

Prashant Tripathy: Right Jatin, that's a very good question. From the 17.8 that we were last year our margin has jumped up to 21.8, which is about absolute 400 basis points increase. It is being predominantly driven by 2 or 3 factors. There is an index linked cost design called GMIP which is more than half of this particular increase about 2.3 absolute percentage and then there is some bit of business mix change driven predominantly

because of higher share of group business that has started to rise, so those two are the key reasons why it has gone up. You know taking your question forward in terms of what will be the outlook and how it will change as we move along, I think the GMI space because the index linked cost designs are going to go away, will be out of our kitty and we will work hard towards replacing it with a guaranteed product design. Needless to say the margin on guaranteed designs on non-par will be lower than GMIP and that is the reason why our outlook is around 15% in margin number. However, we will continuously work towards and we have plans in place to drive overall penetration of protection by launching a new channel which is internet based, the margins will be healthy as well as improving the overall penetration for protection amongst our other channels and both of these put together will help us protect margins as much as possible. On your question on overruns, the overruns have come down to about 15 crore, that was 102 crore last year and we are very close to the finishing line in terms of closing the gap and it has come to a level where it no longer bothers us. So, we just need to keep monitoring, work a little bit harder, but we are working towards that growth and as we get the growth the overall pressure on overruns will continue to come down. As we increase our non-par share to drive margins, there could be a bit of a more pressure on overruns, but it is going to be less than 50 crore, which we are very confident of. So, the net-net answer is, it is at such a low level that it is close to breaking even and it is not going to go out of bounds and out of reach now.

Jatin Mamtani: I understand, thank you very much.

Moderator: Ladies and gentlemen, if you have a question please press * and 1 on your telephone keypad. Ladies and gentlemen please press * and 1 for your questions. Next question is from Riddhi Daftary from Sabre Capital.

Riddhi Daftary: I just wanted to know what is the debt level at the Max Healthcare side.

Yogesh Sareen: The debt levels are around 600 crore in the Max Healthcare side.

Riddhi Daftary: Okay and when are the new hospitals expected to be EBITDA positive?

Yogesh Sareen: Of the three hospitals that we launched last year and one of them even this year, two of them are already in breakeven stage, in quarter four they have broken even at a unit EBITDA level, that means before the common cost allocation to them and typically it takes 12 to 16 months to breakeven, so these two who had broken even in the 11th month and we do expect that the other two hospitals should breakeven by 16 to 17 months of their start which means the close of this year.

Riddhi Daftary: Okay fine, thank you.

Moderator: Next question is from Kaushal Patel from India Nivesh Securities.

Kaushal Patel: I have a question related to insurance business, I would like to know that what is the commission ratio and then I would like to know that distribution mix, what was the distribution mix and what will it be going forward?

Prashant Tripathy: Right, typically if you look at commission as a percentage on totality, I think it will be close to around 9%. Commission has to be seen as first year



commission and the renewal commission. I will get you the exact number, but generally our commission is between 20%, 21% for the first year and close to about anywhere between 3% to 4% for renewal commission, weighted average of that comes to about 9%. The distribution mix, with lot of effort that we have put in, we have managed to balance out our distribution quite well, and we are very happy with our overall distribution structure because we have a very strong agency channel that contributes anywhere between 32% to 33%. Our internal customer advisor or direct team contributes about 3%, so both of it put together contribute about 35%. Our bank channels, both Yes Bank and Axis bank put together is contributing about 50% and the balance 15% actually comes through third party distribution channels predominantly led by two very strong relationships, one with Amsure and the other one with Peerless.

Kaushal Patel: Okay, thank you.

Moderator: Next question is from Rajeev Varma again from Bank of America Merrill Lynch.

Rajeev Varma: I just wanted to verify, I think you had mentioned somewhere that you are looking to increase dividend payouts on an ongoing basis now from the insurance side, just want to confirm is that correct and should we expect that to be significantly higher as we go forward?

Mohit Talwar: I don't think I said we are going to be increasing dividend, what I said is that we should be expecting to receive dividend on a consistent basis.

Rajeev Varma: Okay, thanks.

Moderator: Next question is from Subramaniam PS from Sundaram Mutual Fund.

Subramaniam PS: Yes, my question was on the change in the regulations and its impact on the overall business growth, I wanted to understand how much of this impact you think is because customers would not want to have the products in the new form and how much of it is because companies are taking time to align themselves with the new kind of norms?

Prashant Tripathy: Thank you, very good question. I think the latter is right, because the entire thing of all the regulatory changes, are around increasing the value proposition for the customers. So, if you look at the overall exercise that regulator has done predominantly around PAR designs etc is going to be favorable to the customers because it increases certain benefits to the customers. There are certain other designs which regulator felt were more risky for the customers, they have requested the life insurance companies to take these away (NAV Guaranteed). Now these changes are very different from the changes which were done in ULIP design where fundamentally the overall economics of the product was changed hence very severely impacting the distributor compensation. In these series of changes our expectation is that it is not going to impact the distributor compensation and hence we believe that the impact that could come through in sales growth may be short lived and as soon as the companies prepare themselves with the new product design approved by IRDA the overall industry will be back on track as it is today.

Subramaniam PS: So I think if I understand you right you are saying it is not as bad as the people are making it out to be in terms of sales not picking up, it could be a normal year in terms of overall growth?

Prashant Tripathy: I expect that whenever these regulatory changes are impacted there will be a period when companies will have to work hard towards doing a few things, a) Getting the product designed and getting it approved by regulator, b) Launching them in the field leading to training of agents as well as sales staff and making sure that the entire sales rhythm comes back with new product designs. Typically these changes could have impact on overall sales for a window and to me that could be about a quarter; however it is not going to systematically change the overall pattern of the industry in terms of what this industry faced in 2010.

Subramaniam PS: My other question is on your bancassurance partners, you just said that you have partnered with Yes Bank and Axis Bank, I just wanted to know what would be the mix between Yes Bank and Axis Bank, how much is it that you get and you have a similar share transfer agreement with Yes that you had entered into with Axis as well?

Prashant Tripathy: I think majority of the sales that come from bancassurance actually comes from Axis Bank; however in the same breath let me explain that the Yes Bank relationship slowly is becoming more and more attractive and has shown potential because of their focus on retail and currently while about 85% to 90% of our share of bancassurance comes from Axis Bank we hope that slowly Yes Bank will pick up and will start to occupy a higher share of our business. At this stage we have a relationship which is equity based with Axis Bank. With Yes Bank we have a relationship which is about seven years old and which has worked quite well. We are in the process of working out with them to agree the way forward and we are very hopeful that we will get into something which is as extensive and as attractive for both the partners; it may not be in equity space at this stage.

Mohit Talwar: If I may add, the arrangement with Axis is equity based and they hold 3% of the stock. The corporate agency arrangement is for 10 years, so it is long term; it is equity linked and fairly sticky.

Subramaniam PS: Just to clarify you said this partnership with Yes Bank is seven years old or you are saying the residual period is for seven more years?

Prashant Tripathy: No, it is seven years old.

Subramaniam PS: Okay and when is this expiring?

Prashant Tripathy: Generally these relationships come for renewal every three years, we have renewed it couple of times and these things are as a part of the business.

Subramaniam PS: Okay, fine, thanks for the answers. All the best.

Moderator: Thank you, next question is from Aditya Singhania from Enam Holdings.

Aditya Singhania: I had two question, just wanted to understand in the Embedded value disclosure this negative 193 crore of other operating variance and the second

question is, if you could just give us the exact capital structure of the healthcare business now and your residual stake just to confirm would be now at 66%?

Mohit Talwar: Yes, that's correct to answer your second question, that's the right answer.

Aditya Singhania: And what is the capital structure now, debt you mentioned is Rs. 600 crore odd and equity, net worth?

Aditya Singhania: 1.4 debt to 1 equity...

Mohit Talwar: Yes, this is pre conversion.

Jatin Khanna: As for the post conversion, debt to equity will be for every Rs. 1 of debt we have Rs.1.30p of equity invested into the business.

Aditya Singhania: So roughly 800 crore of equity.

Jatin Khanna: About 865 crore to be precise and this will go up by another 155 because of 115 crore of IFC preference share getting converted plus another 40 crore of Life Healthcare investment coming in. The debt, if you were to count IFC preference share as debt, will be 865 crore, which will come down by 115 crore because of the IFC conversion.

Aditya Singhania: Sorry, I got a bit confused.

Jatin Khanna: If you were to add IFC preference share as debt, total debt as at year end would be 865 which will go down to 750 cr and equity will go up to 865 plus another 155 which is about 1,020.

Aditya Singhania: Okay, so after the conversion of IFC as well as the infusion by Life Healthcare the debt will be 750 and equity will be 1,020?

Jatin Khanna: Yes, correct.

Aditya Singhania: Okay and on the first one thing?

Jatin Khanna: Yes, but 750 also has IFCs preference shares of about 115 crore, which we are considering as debt.

Aditya Singhania: So that you are saying is converted.

Mohit Talwar: No, half is converted the other half will ride out till 2015.

Aditya Singhania: And at that point also it may convert.

Mohit Talwar: Yes, let us see, we don't know, but net-net the debt equity ratio is very healthy.

Aditya Singhania: Sure and just if I may ask a follow up on the healthcare, is there a guidance you are giving on the sort of targeted EBITDA margins or the ROE that you spoke about for the entire business?

Mohit Talwar: I would love to give a guidance, but I am kind of constrained to do so. What I can tell you is that typically in a steady state, well run hospitals EBITDA margins could be around the 20% range.

Aditya Singhania: And typically in what year of operation would you expect that?

Mohit Talwar: Five Six years or so.

Aditya Singhania: Okay, alright.

Mohit Talwar: So from that you can kind of gauge that our gestated hospitals, which are the existing ones, the sort of numbers they are making and of course as Yogesh mentioned we opened four new hospitals last year, so that still has some way to go.

Aditya Singhania: I believe you have almost 2,000 total beds, but your operational beds appears to be about 1,350, so I don't understand the segment well, but when will it increase to the 2,000 level, or what is the route there?

Yogesh Sareen: While we built up around 2,000 beds, we open the beds as required because lot of costs in hospitals are around beds. If you open a bed then you have the air-conditioning cost, you have the housekeeping cost, you have all the operating costs etc, so you generally don't open all the beds, and open the beds as required. For example, in our new hospitals we would have opened only 40% of the beds which are actually built up.

Aditya Singhania: So over how much time does it typically open up?

Yogesh Sareen: Generally you will take up to three years to open all the beds in a new hospital, but at the same time, we as part of our management action create more beds, so you will always see a growth of occupancies in the years to come and for that purposes we will move out offices and add more beds even in these hospitals. So, it is a continuous game that you have to have some beds ready for taking the growth and to that extent I would say you will generally be having 5% to 10% beds always un open.

Aditya Singhania: Right, thank you. Just on the life insurance question.....

Prashant Tripathy: Yes, so I will give you a breakdown of the operating variances which you asked, you would see this year a negative variance of 193 crore, this is predominantly being driven by some of the changes that we had to do on our assumptions. There are two large assumptions that we went for, one is a positive variance. Overall mortality assumptions that we have used for business has given about close to 93 crore positive; however we have trued up our overall assumptions on lapsation and it is the fleeting book of the ULIP where we have found that for the period 5, 6, 7 and beyond the assumptions that we were using were lower than what we found. We have taken a conservative assumption now so that the overall assumptions are trued up to what the current reality is, that has given us a 290 of negative, so this is the net

number that we have put together. It was the one one-off adjustment that we had to make which is driven by the principle of transparency ensuring that the current EV is reflective of the overall health of the books. If the overall performance in future is better than the assumption, which we hope, maybe we will get an upside, but we just wanted to make sure that at this current space we are reconciled to the reality that we are seeing. In the same breath, let me highlight that the overall surrenders in the ULIP book has become a big problem, though we are the leader in the industry and our overall surrenders as the percentage of total premium is only 30% and on the league table we are the best. We have had to make this change to reflect whatever we are seeing as trends on actual performance versus what was due in our books.

Aditya Singhania: Right, thank you.

Mohit Talwar: In a nutshell, if you really look at this as a kind of a provision, we wanted to clear it up this year itself, so you might see that number being radically lower going forward.

Aditya Singhania: Yes, thanks.

Moderator: Ladies and gentlemen, if you have a question please press * and 1 on your telephone keypad.

There are no further questions. Now I hand over the floor to Mr. Mohit Talwar for closing comments.

Mohit Talwar: So I would like to just thank everyone for being on this call and if there any other questions which kind of strikes you all, please get back to us and we will see you the next time around.

Moderator: Ladies and gentlemen, this concludes your conference for today. We would like to inform that the replay of this conference call will be available till 3rd June 2013. We thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now.