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Ladies and gentlemen, good day, and welcome to the Aditya Birla Capital Limited Q4 FY '20 Earnings Conference Call. (Operator Instructions) Please note that the conference is being recorded. I now hand the conference over to Mr. Ajay Srinivasan, Chief Executive, Aditya Birla Capital. Thank you, and over to you, sir.

Thank you. Good evening, and welcome to everyone to this call to discuss our Q4 and full year financial year '20 results.

I'm joined on this call by my colleagues, the CEOs of our various businesses, who will assist me in making this presentation and in taking any questions that you may have at the end. I hope you all have a copy of the presentation, and we're going to refer to page numbers from that presentation as we go through.

Starting with Slide 3. I want to start by saying it's really clear that we are living in unprecedented times with a global pandemic bringing India to a shutdown for over 2 months for the first time in our known history. We wanted to start, therefore, by giving you a sense of how we prepared for this scenario and how we are positioned to deal with some of the consequences of the environment we're seeing as we open up. There were broadly 4 pillars to our response to what we saw coming our way based on what we were seeing happening in China. The first pillar was to ensure our employee safety and ensuring we kept engaged with them throughout the lockdown. We provided all the necessary medical support to our employees and used the opportunity to drive digital learning very, very aggressively. The second pillar was ensuring business continuity through the lockdown. We were early to move to 100% work-from-home scenario and did this, in fact, a week before the lockdown was actually announced. That preparation prepared us to deal with the lockdown seamlessly. We've also been one of the earlier players to restart operations and almost 90% of our branches are now operational.

During the lockdown in the second half of March, April and May, our life insurance, health insurance, mutual funds, stock broking and insurance broking businesses were fully prepared to conduct business. In life insurance, for instance, we've grown our individual FYP by 10% over last May, even during the lockdown. Our health insurance business has grown 69% year-on-year in May after a strong April, where we grew by 63% year-on-year. Our mutual fund business processed almost 1 million transactions during the lockdown. And our general insurance broking business was settling claims, large number of claims and writing a record level of business in April and May.

The third pillar for us was about customer and distributor engagement, along with launching preapproved products, and using our customer connect to drive a service-to-sale model.

The fourth pillar was our tech readiness because this was almost the enabler and the foundation that allowed us to move most of our services to a digital platform and offer a bulk of our services to our customers digitally.

Let me now move on to Slide 4. This slide has the key highlights for FY '20. If I start on the top left, you can see that we've continued to maintain a consistent profit delivery as a result of our diversified business model. The consolidated Aditya Birla Capital FY '20 PAT grew by 6% year-on-year. In fact, the PAT, excluding the COVID provisions, would have grown by 15% year-on-year.

Our total active customer base has grown to 20 million, which makes it now a reasonably sized financial services -- retail financial services franchise. We raised INR 2,100 crores of equity capital in September 20 through a preferential allotment to our promoter, promoter group and marquee investors.

Our life insurance embedded value is over INR 5,188 crores with a return on EV of 13.2%. Our health insurance, which is now probably one of the fastest-growing health insurance companies in the industry, grew 76% year-on-year last year to end with INR 872 crores of GWP with a retail mix of 72%. Our asset management company continued to grow its profitable trajectory, with PAT growing by 10% year-on-year with an equity mix at 36% and with PBT-to-AAUM at 26 basis points.

Our NBFC NIM expanded year-on-year by 38 basis points to 5.29% led by our strategic focus on improving our retail and SME mix, which is now over 50%. Our preprovision operating profit grew 16% year-on-year, showing the underlying strength of our NBFC business. Our housing finance company, PAT, excluding the COVID provision, grew by 55% year-on-year and ROE just under 10%, with the retail mix strong at 95%. Our lending businesses raised long-term funds of over INR 15,000 crores in fiscal '20, a significant amount, given how much liquidity mattered to the sector. And we had our AAA rating reaffirmed for both our NBFC and our housing finance company.

And the ARC, our newest business, turned profitable in its first year of operation, with assets under management of about INR 2,800 crores.

Moving now to Slide 5. On a consolidated basis, our revenue in FY '20 was up by about 9% over FY '19, and our PAT was up by about 6% to INR 920 crores. On the right-hand side of this slide, you'll notice that we've seen good growth in our PAT across our businesses.

Our NBFCs even after the COVID-related provisions has delivered a very decent INR 821 crores of PAT. And our life company, which lost a vital 2 weeks in March, still delivered flat profits for the financial year. Other than these, all businesses have grown PAT handsomely, as you will see from the slide. We've already crystallized cost savings of about INR 110 crores for the next year and are targeting an additional INR 150 crores to INR 170 crores of savings across our platform.

Let me now move on to Slide 6, where I want to spend a bit of time on our digital approach and our digital assets before we get into the individual business sections.

In our view, digital was always a very important part of what we were doing. But with what's happened in the last few months, it has become a critical part of any strategy, including ours. Our digital preparedness not only helped us seamlessly navigate the lockdown, but we believe it positions us very well for the post lockdown world.

On this slide, I want to talk about our digital assets to onboard customers and distributors. As you will note, having digital assets in place allowed us to onboard all our customers and distributors digitally during the lockdown and allowed us to source the business digitally across our businesses, and this resulted in the numbers that I spoke to you earlier in April and May.

Slide 7 covers our digital assets for customer servicing, be it the website, our apps, our chat bots or indeed, WhatsApp. We have today 34 lakh customers registered for WhatsApp services with us. And in April alone, we did 4.6 lakh transactions on WhatsApp making this a very significant servicing channel for all our businesses.

94% of our services are now available on digital channels, which allows greater sales service by our customers whenever they choose and however they choose. The digital assets to onboard customers and distributors, the digital assets to transact and the assets to access service by our customers provide us an array of tools to reach out and serve our customers and distributors effectively across the length and breadth of the country. We believe that this will be a very key factor in the world we are now entering.

Let me now move on to Slide 8 and give you a sense of the new technologies we're looking at that will take us further down the digital path. We believe that more and more people would want to be served remotely in the world that we are now entering. We are, therefore, developing an integrated remote advising platform to enable audio and video calling, web chatting and co-browsing so that the entire presales and purchase experience can happen remotely in a single interaction. You can imagine that this will improve our productivity of both our salespeople and our advisers.

Second, to ensure higher adoption of our digital assets, we are building in voice bots, speech-to-text capability and multilingual capabilities, supported by AI and ML backed facial recognition and video KYC,

this could be a step change in customer experience, our geographic reach and our ability to onboard customers at scale.

I had last time discussed the work we were doing with several fintechs under the banner of what we call BizLabs. We have done some interesting pilots with some of these fintechs. In fact, we have one partnership that is building a real-time and omnichannel service to sales engine, which helps convert customer engagement to transactions. Another partnership is going to allow us to drive hyper-personalized next-best conversations to improve our cross-sell and up-sell outcomes. And finally, our cross-sell offer factory is working on building the next best offer using AI and ML. This is already in place across the board and is already starting to give us some results.

Let me now hand over to Rakesh Singh, the MD of our NBFC, who will now cover our 2 lending businesses.

Rakesh Kumar Singh, Aditya Birla Capital Limited - MD & CEO of Aditya Birla Finance Limited [3]

Go to Slide 10. And in this segment, I will take you through NBFC update and performance. As Ajay has already covered, employee, safety and BCP, so I will not cover that in detail. I want to highlight 3 focus areas for us in the last 2, 3 months. Our immediate priority was to ensure continuity to our customers, and we were able to respond to all our customer requests with no interruptions as we went to work-from-home in advance of the lockdown. Simultaneously, we were actively managing our portfolio to mitigate any risk arising out of this given situation, with a strong focus on collection. We were in touch with our customers during the lockdown through different tech platforms. Here, I want to call out the benefit of having a diversified and secured portfolio.

More than 80% of our portfolio is secured in nature. Even our unsecured MSME loans are covered under credit guarantee provided by SIDBI. So close to 75% of our MSME unsecured loans are covered under SIDBI CGTMSE.

Moving to Slide 11. I want to highlight that we have been driving retail and SME customer segments for the last 2 years. And they have now -- they now constitute more than 50% of our overall portfolio. Given the environment, we have been cautious on our growth. But if you look at we have executed well on our retail and MSME strategy. As a result of this, our margins have improved by 75 basis points over the last 2 years. If you see on the right-hand side of this slide, majority of the growth has come from retail.

Moving to Slide #12. We are building granularity across all customer segments. There is lot of data given on this slide, but I want to highlight the average ticket size of each segment. SME has come down from INR 7 crores to INR 5 crores. Retail average ticket size has come down from INR 12 lakhs to INR 4 lakhs. Large and mid corps has come down from INR 76 crores to INR 59 crores and last loan against security has come down from INR 54 crores to INR 35 crores.

We move to the next slide, Slide 13. Given the execution of our strategy, the core profitability has remained very strong. Our NII has grown by more than 20% compounded annual growth over the last 2 years. If we see in the absolute terms, we have added close to INR 800 crores to our NII in the last 2 years. While driving our retail and SME strategy, we have managed our cost very efficiently and reduced our cost-to-income by 230 basis points over the previous year. Our PPOP, pre provision operating profit has grown by 18% CAGR over the last 2 years. In absolute terms, we have added INR 500 crores over the last 2 years.

I'll move to the next Slide 14. I am talking about quality of book and provisions. We have improved our provision cover last quarter. And if we include the realizable security, we are quite well covered. We have shown segmental stage 3 and want to call out that there are few accounts in corporate segments, which are under resolution and have got delayed because of the lockdown. We are confident that these will get resolved post the lockdown. Additionally, we did an extensive review of our portfolio, given the environment and have provided INR 163 crores of incremental COVID provision. Our AUM under moratorium is at 33%.

I will move to Slide 15. As I mentioned earlier, we have a very comfortable ALM till March '21. We raised INR 11,700 crores of long-term money last year. And we have also raised additional INR 4,100 crores during the lockdown. Apart from this, we have INR 3,100 crores of sanctions, which we are underway for documentation. Under a stress case scenario also, which you see on the right-hand side, our liquidity is quite comfortable.

I move to the Slide 16, and I want to leave you with our key priorities for the year. We feel confident of our balance sheet and our liquidity position. We are actively working with our customers, clients and channel partners to kickstart the business in our chosen segments.

We are leveraging the government guarantee schemes and extending it to our MSME customers. We are looking at annualized cost saves of 8% to 9%. We will continue to strengthen our credit underwriting and collections in the current environment. The financial slides are there for you to just go through the details. And if there are any questions, we can take it later.

I will now move to the housing segment and move to Slide #19. It has been a very similar approach in our housing business as well. Priorities have been to ensure continuity for our customers and employee safety. We connected with 100% of our customer base through different tech platforms. On liquidity and balance sheet, we raised INR 400 crores of NCD during lockdown. Further, we got sanctions of more than INR 2,000 crores, including INR 228 crores from NHB. Similar to NBFC, we got a AAA rating reconfirmation last quarter by both ICRA and India Ratings. We have a very comfortable capital adequacy of 19%.

Now I move to Slide 20.

Operator [4]

Ladies and gentlemen, we lost the line of the speaker. (Operator Instructions) Ladies and gentlemen, thank you for patiently holding. We now have the line for the management reconnected. Over to you, sir.

Rakesh Kumar Singh, Aditya Birla Capital Limited - MD & CEO of Aditya Birla Finance Limited [5]

Thank you. Sorry for the interruption. I was on Slide 20 in the housing segment. And I was mentioning that in line with our strategy we have been driving retailisation and now close to 95% of our portfolio is retail. Also, we have been driving affordable housing, and we see that segment has been growing quite well, it has grown by more than 6x in the last 2 years, which can be seen on the right-hand side of the slide, majority of the growth has come from the affordable segment.

Moving to Slide 21. Our portfolio is quite diverse across products and geography. In line with the industry West is the largest market for us, and it has grown from 38% to 48 -- 42%. As we are driving affordable, a lot of our growth is coming from nonmetros. Average ticket size for our HL business has come down to INR 55 lakhs, and our affordable average ticket price is INR 13 lakhs. In the affordable segment, 62% of the portfolio comes from salaried segment.

Moving to Slide 22. We have delivered a very strong profit over the last 2 years. Our NII has grown by more than 30% CAGR over the last 2 years. It has grown from INR 192 crores to INR 328 crores. We have managed -- we have maintained margins in spite of cost of funds going up in the last 2 years and our corporate -- our construction finance portfolio coming down. Our cost-to-income ratio has improved significantly and has come down to 46% from 71% 2 years back. Our preprovision operating profit has almost grown 4x over the last 2 years, indeed a very strong profit performance.

I will move to Slide 23. Coming to portfolio quality and provisions, our provision cover is very healthy at 32%, with an LTV of 59% at the portfolio level. Similar to NBFC, we did an extensive assessment of the portfolio and have provided 20% of our overall provision as COVID provision. Close to 30% of our affordable home loans are backed by mortgage guarantees and 1/3 of the mortgage -- the customers who have taken moratorium are covered under this mortgage guarantee. We have a very small construction finance portfolio where the average ticket size is INR 9 crores.

Moving to Slide 24. On the liabilities, we are very, very well positioned. We have a comfortable ALM till March '21. We raised INR 3,100 crores of long-term funds. We have got reconfirmation of AAA rating, liability maturity including interest, if you see on the right-hand side is quite comfortable looking at even a stress case cash flow analysis, which we have done.

I want to move to Slide 25. And on Slide 25, the business has created a value-accretive growth over the last 3 years. PAT has grown by 3x, return on assets has improved from 0.4% to 1%, and ROE has improved to

10%.

In terms of -- moving to Slide 26, our way forward, we feel strongly positioned because of our balance sheet and the liquidity position. We are actively working with our customers, channel partners to kickstart the business whenever the normalization happens. We will look to resume growth in the chosen segment, as I mentioned earlier, and we are looking at an annualized cost save of 8% to 9% in this business as well.

I will move to Slide 27, and will leave you with the slide to, if you have any questions, we can take that later. Now I will hand over to Bala, who is the MD and CEO of our asset management business. Over to you, Bala.

A. Balasubramanian, Aditya Birla Capital Limited - CEO & MD of Aditya Birla Sun Life AMC Limited [6]

Thanks, Rakesh, and good evening to everyone. From the AMC business point of view, the focus for the last 2 months during the lockdown period remained focused in reaching out to customers and distributors through various digital platforms during the lockdown period. We identified 3 priority areas, and they are as follows, as mentioned on Slide #29. We did have our first flagship annual event, which is annual conference, on a virtual platform, reaching out to more than 40,000 distributors and investors across the country. You take pride by being the first one in the industry in doing such large format investment conference using digital platform. The whole event was centered around discussing our investment outlook going forward and showcasing our own investment team capability. The second priority was to manage liquidity and related risk across our portfolio both in fixed income and equity, and we did manage well during the lockdown period. And third, operational efficiency was further improved by making all transactions come to digital platforms. We also initiated service-to-sales model in reaching out to the customers directly during this period. Lastly, while employee safety was taken care, we also rolled out sales enablement tools to all our sales employees to increase their productivity in the days to come.

While we maintained the overall folio at about 7.2 million, due to digital penetration, we also managed to increase our transactions as personal total transaction with the rest of the physical versus digital platform during the same period.

At the same time, I'm also happy to share with you that during the period of April and May, we did receive about INR 1,300 crores of inflows into our equity fund collectively.

If I go on to the Slide #30. I did want to give you quickly about the last 5 years how we have built our AMC franchisee in building our retail, increasing the geographical penetration. Let me spend some time and give you the numbers before I come to the -- this quarter number in the last slide.

Slide #30. I just referred about the -- how we built our leadership position. You can see from the slide, our equity assets moved from INR 33,000 crores (sic) [INR 30,844 crores] in the year 2016 to about INR 90,000 crores as of FY '20 March.

Our net assets too grew from INR 1,02,000 crores to INR 1,61,000 crores. In fact, the folio grew by 17% over 5 years, whereas we grew by about 25%, again the industry of 17%, we grew by about 25% of folios. As a result of this, the overall equity component of our total assets under management moved from 23% to 36%.

I move on to Slide #31. If you look at this slide, our efforts to build sustainable business model reflects on our retail growth across different parameters over the last 5 years. They are more in the nature of adding customer base and folios, improve our retail market share, build sustainable growth through SIP, build our retail AAUM continuously, both in equity and fixed income and overall penetrate into the B-30 location. In the overall folio additions we were the highest among the top 5 AMCs. We have the second highest growth among top 5 AMCs in increasing equity AAUM, overall retail AAUM and B-30 market share AAUM growth.

In the next few slides, I'll highlight about some more details on how we've built our retail market share both at the AAUM level and expanding our reach to B-30 market. If you look at Slide #32, our equity growth over a 5-year period was 35% as against 30% of the industry. We were at INR 27,000 crores of assets in the year FY '15, which had moved to INR 90,000 crores as of March 2020. This growth was the second highest among the top 5 AMCs in the country. If we have to look at our overall contribution of equity, as a percentage of total assets under management moved by 17% from FY '15 number, much better than our competing funds. As a result of this we could create leadership in every fund category with a clear vision to build scale in each of the categories defined by the industry.

And we go to Slide #33, I'd like to highlight further on retail expansion. We have the second highest growth among top 5 AMCs both in retail market share and B-30 contribution. In fact, our asset mix from both retail and B-30 in the total assets improved by 9% and 4% in absolute numbers since 2015. We could achieve these numbers through constant drive in building our customers, increasing our geographical footprint, increasing our presence in deeper parts of the location.

In the Slide #34, if you see our traditional channel continued to drive our business growth. Despite not having any bank-backed distribution support, we kept our growth high for the last 5 years through the traditional channel. And in fact, our engagement ISPs are highest through various means and in driving the business growth.

Our overall moto of having presence across key markets and ISPs remains. While we continue our traditional way of building our business, we also made big progress in providing more service and sales through various digital initiatives. Our transaction through digital platforms both owned assets and partner assets have shown significant improvement, wherein the transaction volume has moved up from 57% in year 2018 to 97% as of March-April 2020 is through the digital platform.

And during the lockdown, our existing assets in digital assets, such as FINGO partner app for distributors, Active Account App for onboarding customers in our liquid funds has seen a surge in volume. Our distributor advisor channel such as PhonePe, Grow app, and Paytm have also seen surge in volume for our ANP business app. Many initiatives under the umbrella digital platform have been rolled out such as Micro SIP, 1 Click SIP product to our existing customers on the back of analytical tools by offering next best offer among others. We are seeing good success of these initiatives during this period. We continue to keep our effort in making the AMC digital way of running the business by initiating a conference call hopefully in the months to come that influences the volume and reduces the cost.

Coming to Slide #35, the financial performance, our focus in building retail, our equity assets have resulted in PBT to AAUM as basis point improving to 26 basis points from 20 basis points in the year 2018. In the same way our PAT has moved up from 19% -- by 19% over 2 years and 32% over 5 years to about INR 494 crores for the year ending FY 2020.

And considering sales as an outcome, ROA has moved up from -- moved to 38% as the business continues to generate free cash flow. In the last slide I did mention about the overall number of AMCs, having seen 5 years lower growth across different parameters last year was a tough year for us, in general for the industry, last year was a year of consolidation, no doubt, and overall assets under management remained flat, it was one of the year among the last 10 years where we went through a flat growth. Having set our overall commitment to maintain leadership position and increase our retail customer base remained the core area of focus as we move forward. With this I will stop and hand it over to Mayank, who is the MD and CEO of the Health Insurance -- sorry, Kamlesh of Birla Sun Life Insurance.

Kamlesh Rao, Aditya Birla Capital Limited - CEO & MD of Aditya Birla Sun Life Insurance Company Ltd [7]

Thanks, Bala.

I'm referring to Slide #38. I think business resilience in the last 60 to 75 days has been tested to the fullest and firms have been truly tested for their ability to reach customers and distributors fully digitally. So if you refer Slide 38, on the right-hand side, I think our April volumes were better than the industry. Industry degrew by 40% and ABSLI by 25%. Happy to say that in the month of May among the few guys who actually grew over their last year's numbers by 10%, and our estimate that the industry would have degrown by 25% to 30%, making us YTD May among the few players whose last year's numbers and this year's numbers are pretty close. On the group business, we actually grew from INR 123 crores to INR 252 crores, close to double, and we continue managing the mix here from an overall profitability point of view.

Our overall claim settlement ratio last year was higher than the previous year. And in spite of the last 15 days of lockdown, we were able to settle more than 1,000 claims digitally. So overall while safety was key during the first 60 days of lockdown, post easing about 85% of our branches are fully operational in May with higher safety and sanitization standards.

Moving to Slide #29 (sic) [Slide #39] we have had a robust growth in our individual business. Compared to last year, we are flat, and that accounted for the loss in the business in the last 15 days of March, but if you look at our 2-year CAGR as against an industry growth of 11%, ABSLI has grown by 27%. In fact, pre-COVID

till February 2020, we were growing at about 10% year-on-year. On the renewal side, on Slide #39, we've had a healthy growth, 2-year CAGR of 16%, pre-COVID till February we were at 21%. And as I talked, in the month of May, we've been able to get our renewal premium collections to pre-COVID levels, thanks to all the digital infrastructure that we put in place in March, April and May.

Moving on to Slide #40, is the focus on the right mix in our business. If you look at all 3 years, the stable mix between 1/3 on the ULIP side and 2/3 on the traditional side. And whilst the growth that you see on the non-par of the business over the 3 years, 100% of our expected maturity benefits of our guarantee portfolio are hedged, which minimizes the risk on interest rate on the balance sheet side of the business. If you look at both gross VNB and Net VNB, and we've given you a picture of the G-Sec moving from 7% gross level to about 6% you see it moving this year, last year, March. We've been able to maintain a healthy gross margin in the range of 33% to 34% to gross margin, maintained despite falling interest rates. On the Net VNB side over the last few years, 4.3% went up to 9.8%, and we were well on our way pre-COVID to take it to 11% to 12%, but the loss of business in March. In spite of that, we've been able to keep the Net VNB margins at 6.9% levels.

If we move to Slide 41, sourcing mix which almost all of our distribution strategy is pretty healthy now at roughly 50/50 Banca versus Proprietary which used to be at some point of time skewed towards Proprietary. And we have a large access to distribution, largest number of Banca tie-ups at 8 and access to close to 10,000 branches. And similarly our own infrastructure of Proprietary with more than close to 400 branches and more than 82,000 agents. On the right hand side of Slide 41, is the same mix of our business, and we focus more on Proprietary if you look at versus Partnership, both have had reasonable growth, YTD we were growing at 14% and 6% on both these channels. On the Proprietary side, please note that the mix of the business while managed well on both sides, the protection part of our business in the Proprietary business is healthy at about 11% overall, generating not only this value and volume, but both mix done well on the Proprietary side of the business.

Slide 42 is a picture of the digital journey of our customer experience. So the headline is at the bottom where the Self Service ratio has gone up to 63% this year compared to 52% last year. But in the month of March, itself, it's gone to 72%, and we hope to take the number up from here. And diversely across distribution, our various portals, customer distributors, our contact center as well as the chat bot and the WhatsApp applications that we put in place.

Moving to Slide 43 is the focus on quality of the business. You see a good growth on the 13-month collections and persistency moving from 78% to 83% and that actually flows through all the years, including the 61st month at 49% and with a healthy mix of 50%, 50% on Banca and Proprietary, we see this getting better over the next few years to come. Our surrender as a percentage of AUM through both our measures that we put and a lot of analytic models that we used here have seen degrowth from 13.7% levels to 8%. On the right-hand side you see AUM picture, steady growth over 2 years at 6% in spite of the correction that happened in the month of March of this year at INR 41,000 crore levels. And our OpEx in spite of losing the peak volume in the last 2 weeks of March, we've been able to maintain that at 15.9% of the premium levels, and we continue our focus to make sure that we managed to bring it down year after year.

Slide #44 is the growth on MCEV. We moved from INR 4,900 crores to closer to INR 5,200 crores this year with an ROEV of 13.2%, and the sensitivity table is on the right-hand side, bulk of which is on interest rates, and we've still been able to manage our Gross VNB margins with fluctuating G-Sec rates.

On Slide #45 is the overall financial numbers, which we've spoken about. The PAT (sic) [PBT] is flat from INR 131 crores we've still been able to maintain at INR 137 crores, and we can have questions and answers at the end.

With this, I'll hand it over to Mayank, who is the MD and CEO of our health insurance business.

Mayank Bathwal, Aditya Birla Capital Limited - CEO of Aditya Birla Health Insurance Company Limited [8]

Thank you, Kamlesh. As we look at our -- the performance of our health insurance business, let me just give you a summary of what happened last year. Last year, we had 3 key objectives. The first one being increasing our retail mix of business and growing that much ahead of the industry growth rate. The second one being that having taken a call to work towards breakeven by last quarter of FY '22, the combined ratio trending had to be such that we were on track for that. And the third one was to deepen our differentiation

in the health first business model that has actually helped us grow much faster than the industry. On all 3 counts, we have done extremely well, as you would see from Slide 47. On the retail side, we grew 95%, taking the mix to about 72% of our overall portfolio, which grew 76%, well ahead of the overall GI industry rate of 11% and SAHI growth rate of 27%. In addition, I think what was also pleasing was that we were able to take the coverage of life to about 8.3 million people covered under ABHI policy, ahead of 2.3 million in the previous year. Now this has been possible because of 4 key pillars that I'd like to talk to you about in the next few slides, the first one being very strong and very diversified distribution channel. Second, being very, very large and comprehensive products to it. We're basically creating products for all. Ability to provide the delivery to customers across physical and, most importantly, digital channels which becomes extremely relevant today and therefore creating large digital assets. And the fourth one being how do you continue to enhance the value through our health first model from a very, very comprehensive customer engagement model.

Talking about the last 2 months when the entire industry was grappling with the impact of COVID health insurance industry had an opportunity because it became extremely relevant for consumers now more than ever. In these times when digital was important, being able to reach out to customers with the right product through the right channel, and most importantly giving them a sense that we had their help also and focus. We were able to demonstrate that through a very, very powerful performance where in the first 2 months of this year we have grown 71%. And for the data that is available for the month of April, where we grew 66%.

The overall industry, GI industry actually degrew by about 11% and the SAHI grew by about 6%, 7%. So vis-a-vis that we actually had 66% growth.

Now moving to Slide 48, where I talk to you about our distribution channels, we are a very well diversified multichannel business with Banca first approach, where 64% of our business actually came from very, very large and diversified bank partnerships where we have a leading number of banks working with us, HDFC and Axis included, which came into partnership last year.

We have a very large agency as well, about 25,000 agents, and we are now covering across the length and breadth of the country through the large and diversified distribution channel that we have. What we've also done is to make sure that our distribution folks are fully equipped with digital assets to be able to sell to customers even in these times and which is evident from the sales that I told you about in the previous slides, and which is also reflected in the fact that 97% of our business is fully digitally enabled end-to-end with no paper involved.

Moving to Slide 49. I'm just taking the -- our digital capabilities one step ahead. As I said, distribution fully enabled across the entire life cycle, but the same is also true for our customer life cycle from acquisition to servicing, claims management, retention and most importantly, engagement which is actually the fulcrum of our business model where we are able to engage with customers through their healthy life cycle and not just on the basis of transactions, which typically happen in a traditional health insurance business. And for that, we have built large and very diversified additional assets across very active and I would say, industry-leading active health app. We are able to reach out to customers on WhatsApp, leveraging the ADC level, WhatsApp for business capability and chatbot. And in addition, our app actually provides a complete health and wellness ecosystem to our customers, to meet their entire healthy life cycle needs.

On the product front, as I said, our whole focus has been to become relevant for all customers and provide all categories of products. We actually were able to bring in the younger customer base of less than 35 years old, which is 65% of India's population.

So our incentivized wellness product, which is why our average age is 5 years younger than industry. But at the same time, also offer products to the senior citizens through benefits like chronic care management, et cetera. Last year, we also created a new category of product through -- starting with the Policybazaar platform where we are offering now INR 1 crore base to the super top-up product, which has become a category in itself. We are one of the players now replicating that whole offering. And we also started offering bite size and modular offerings across our digital ecosystem, which now becomes very handy because we can reach customers across their digital journey.

In addition, because our health first model is all about engaging with customers to help them improve their health, and we have large set of health data for our customers because we do engage with customers for their health assessment, health checkups, et cetera, which is much larger than the industry. We now have a large pool of health data.

Based on that, we're now stratifying our customers from low to high-risk and then intervening and engaging with them for very specific health needs of their and we want to scale up that to create a very large moat for our business. The impact of that is very well reflected in the fact that customers who engage with us on these journeys have been retained at a level of 20% higher than the average and 6% lower claims. So even if we maintain this difference, this can create large financial benefits in years to come.

Lastly, on Slide 52, if you see, we have been able to grow our revenue in the last 3 years by 3.6x. And at the same time, customer base 8.3x. Now this has happened in just the third year of our business. At the same time, we have kept a very close eye on the profitability with our claims ratios trending down year after year. Our retail claims ratio is actually -- was at about 45% last year. And our overall combined ratio trending well to 134%, well in line with our objective of breakeven by last quarter FY '22.

Now moving to the last slide, Slide 53. The only number I'd like you to highlight is -- to highlight to you is 117% Q4 exit combined ratio, which should clearly give you more confidence on the fact that this business is moving towards breakeven at the defined time line. So with that, I'd like to hand over to back to Ajay for the next section.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [9]

Thank you, Mayank. And I'm now down to the last slide of the presentation, I want to move to Slide 55, which shows the contribution of our other financial services businesses. Over the last year, we've actually optimized our portfolio to reduce the drag of businesses that didn't make economic sense to us anymore. Our profits from these businesses have hence gone up from a loss of INR 16 crores in FY '19 to a profit of INR 58 crores in FY '20. This is largely contributed by 3 businesses. Our general insurance broking business has grown its PBT by over 50% to INR 42 crores.

Our securities broking business has grown its PBT by 18%. And our ARC platform, which is in partnership with Varde, has an AUM of INR 2,800 crores and has turned profitable in the very first year of its operations. During the year, we demerged the transaction business of Aditya Birla MyUniverse into the wealth management business at Aditya Birla Finance, where we think there's a lot of synergy value.

So before I open up for questions, let me just say that ABC has seen several economic cycles, and we believe our diversified model allows us to ride through these cycles. Since March, we have seen unprecedented challenges of a magnitude we've never seen before. And we aren't through by -- through it -- in it by any means. But our performance in our businesses for last year and in the second half of March through April and May demonstrates, in our view, our adaptability, the strength of our diversification strategy, our continued focus on engaging with our customers and partners, our enabling digital technology, the strength of our brand and, finally, the effort and determination of our people across our businesses and across the country.

I'd like to now stop and happy to take any questions from you.

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Questions and Answers

Operator [1]

(Operator Instructions) The first question is from the line of Manoj Bahety from Camelian Capital.

Manoj Bahety, Carnelian Asset Management LLP - Co-Founder [2]

My first question is on our SME and retail portfolio. SME, when I look at like our LRD is almost 23% of around INR 12,700 crore loan book. And currently, when most of your customers may be having like force majeure clause, which may be impacting their cash flows, just wanted to get -- understand from you the

kind of pain you are seeing in this? And secondly, on the retail side, if you can help me understand the kind of stress and moratorium on the unsecured part of the book, which is around 51% of our loan book on the retail side?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [3]

Yes, I'll hand it over to Rakesh in a minute, Manoj, but I just want to confirm that 21% is of INR 12,700 crores. So the LRD book is 21% of INR 12,000 crores. And the unsecured bill also that we're talking, this is both unsecured retail as well as unsecured business loans. That is 51%, and it's 51% of INR 8,800 crores. So Rakesh has also spoken about the guarantee scheme we have. That pretty much covers most of our business loan element. So really what that leaves is a small amount of retail unsecured loans that we're actually exposed to and the LRD. So we haven't at least seen any major stress in each of these 2 segments, but Rakesh can add to that.

Rakesh Kumar Singh, Aditya Birla Capital Limited - MD & CEO of Aditya Birla Finance Limited [4]

Just on the retail, let me just start with retail. 43% of our customers in retail have opted for moratorium. And so -- and if you look at or Ajay mentioned that our MSME unsecured business loans, as which we call it, 75% of that is covered under CGTSME (sic) [CGTMSE] guarantee. So that means 75% of our principal is guaranteed under the scheme. So in a way, this is also quite secured, yes? So -- and if you look at our retail portfolio, performance has been quite stable and quite -- because we're not seeing any stress or anything like that at this point in time. Yes, we will have to wait and see how the moratorium gets -- when the moratorium gets over. But for the customers who have not opted for moratorium, I think performance has been quite decent.

And on the LRD, as Ajay mentioned, over the last year or so, we had brought down the -- wherever we looked at our LRD and which we saw some bit of risk, we had brought it down. And today, majority of our customers are, let's see, our category A and they are very, very sound, and we have reached out to all of them. And at this point in time, we don't see any stress coming from that portfolio as well. But as we live in uncertain times, we'll have to wait and see how things go. And -- but at this point in time, our portfolio is under control.

Manoj Bahety, Carnelian Asset Management LLP - Co-Founder [5]

Sir, I have 1 more question, particularly on our provision coverage side. Don't you think this 33% of provision coverage in current uncertain times, it is on the lower side, though it has gone up from 29% to 33%? So any comments on that?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [6]

Yes. So Manoj, we've discussed this many times before. I think that's why we've added a table at the bottom to show you the security cover we have. But then I think you have to always look at a provision cover along with the security cover that you have. And if you look at the table at the bottom, you'll see the quantum of security that we have against each segment and each level of asset. So we believe actually this provision cover is very adequate given the security cover that we have.

Operator [7]

Next question is from the line of Piran Engineer from Motilal Oswal.

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [8]

Congrats on the quarter. I have a couple of questions on your NBFC segment. We've seen that the GNPL ratio has been increasing over the past few quarters. Could you just talk about -- a bit about which sectors you're seeing that are stressed and maybe give some color on the corporate book, for example, what percentage is BB and below or some credit rating mix something about the cost of book?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [9]

So we've given most of the detail on Slide 14, Mr. Engineer. I'm not sure what exactly you're looking at. We have a very diversified portfolio across sectors. So in that sense, no particular sector will get -- we're that exposed to. Our whole model has always been a diversified model. In the large and mid corp, as Rakesh mentioned, we have a couple of cases that have been pending resolution. So in fact, we -- had it not been for the lockdown, we were hoping that resolution would have happened by this time. But we're still hopeful that as soon as lockdown lifts, we should get these resolutions done, and you should see those numbers coming down.

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [10]

Okay. So the 5% NPL is just maybe a handful of cases?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [11]

Yes.

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [12]

Okay. Okay. And can you give us some flavor on the credit rating mix of the corporate book?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [13]

So for most of our large corporate book, it would be slightly less than -- it would be around AA, I think, but we haven't done that recently. So I don't want to confirm that, but it would be high-quality book in general.

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [14]

Okay. Fair enough. Sir, secondly, can you talk about your funding mix now? Because I don't think I could see that on your slide.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [15]

Yes. So you're looking at funding mix by source or...?

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [16]

Yes, by source.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [17]

Yes. So in fact, one of the things we've done is we've now moved bulk of our funding to long-term sources. So about 95% of our funding is now long-term sources of funding. Short-term borrowings are only 5%, which also reflects on Slide 15 where you look at our ALM. And Sanjay, maybe you can give the borrowing mix as well.

Unidentified Company Representative, [18]

Yes. So in terms of our borrowing mix, 89% is long term. The [giving rate] commercial paper has come down to only 5%. We have term loan, okay, which would be close to 40%; NCD would be about 38%. And then we have (inaudible), which is another 4%. So -- and also, we have added ECB, okay, as a new funding source. So between rupee and foreign currency, ECB put together, we have 6%, okay, coming from this.

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [19]

Got it. Got it. And sir, lastly, in your loans to accounts side, saw that you've reclassified stage 2 from 60 to 90 days to now 30 to 90 days. Have I read it right?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [20]

Sanjay, do you want to take that?

Unidentified Company Representative, [21]

Sure. This is on housing?

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [22]

Sir, I'm reading Note 9 of your accounts. I was under the impression that NBFC had to classify all accounts between 31 and 89 days over to a stage 2? But reading it, it sounds like, it used to be only 60 to 89 days earlier?

Unidentified Company Representative, [23]

So yes, it was. And as per the circular, which the RBI has also come, it says until the time you have rebuttable logic, then you can have a different stage 2. And if you look at all our data, which proves that our stage 2, the flows which goes beyond 70 days, we have been able to pull it back -- 60 days, we have been able to pull it back. So that was the reason why it was, but we have moved it to now stage 2 is 30 days to 89 days now.

Piran Engineer, Motilal Oswal Securities Limited, Research Division - Research Analyst [24]

Understood. Okay. Perfect.

Operator [25]

The next question is from the line of (inaudible) Chakravarthy from (inaudible) Advisors.

Unidentified Analyst, [26]

My question was again with respect to the NBFC business set. My first question is with respect to Slide 14. And I let -- you mentioned about the security part of it and that will be the provisions are good enough. So like, if you could just give me some ideas to what covers the security and the major chunk of the 80% security that you were talking about, is it cash flow based? Or is that -- was that also includes the property, et cetera?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [27]

No, the security will always be hard insecurity. It won't be cash flow. It will be property in bulk of the cases. The cash flow we referred to was the basis of our underwriting because to us, that's the first line of defense. Your first line of defense for any lending has to be that there's adequate cash flow to service the debt. Then obviously, you look for additional levels of security over and above that.

Unidentified Analyst, [28]

All right. So all the security which is basically [1,748] is basically properly only?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [29]

That's right.

Unidentified Analyst, [30]

My next question is with respect to Slide 15 and the stress test that you have given. So in that aspect, my question is with respect to how much of the INR 13,495 crores is actually classified as 50% of your expected collection? And how much of that is undrawn line and basically sanctions? So if you could just give me the split of that INR 13,495 crores which -- how you...

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [31]

No, we don't have that split available right now, but you can assume. I mean we have obviously -- for our ALM, we have a full -- we have a full table of what our collections are. We've stressed that by 50%, added our undrawn line and sanctions, and that adds up to the total.

Unidentified Analyst, [32]

All right. My next question is like for basic question with respect to the loan book. So as you've seen a 9% change in your NBFC loan book in FY '20 and you stress on, say, proceeding cautiously. So if you could just provide a little color on what your future expectation with respect to the loan book in both the NBFC business as well as the HFC business will be? Like would you expect to say -- remain flattish over FY '21? Or would you say like improved disbursements if and when the situation improves?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [33]

It's difficult to call the way the shape of the economy is going to pan out over this year. You guys are in the markets and economy as well. You know what's happening. So obviously, we can't make a statement without knowing the shape of recovery and the timing of recovery. But Rakesh has already covered in his 2 sections in terms of what areas we'll be looking at to grow. And I can just ask him to repeat that for you.

So Rakesh, if you can just talk about where we will be looking to grow in both the housing and NBFC.

Rakesh Kumar Singh, Aditya Birla Capital Limited - MD & CEO of Aditya Birla Finance Limited [34]

Yes. So Ajay, I just want to add that, yes, the current situation and the environment is uncertain and that's the reason we are not in a position to say that, yes, what percentage growth we are looking. But we believe in the long-term secular retail opportunity in India. And that might have been pushed by some time, but we clearly believe that it will come back, and we will again start back in terms of the growth. And just to mention a few segments, I think, we are looking at retail, secured business, we are looking at salaried segment to really start the business in the retail segment, clearly. And for housing, we are looking at affordable segment, especially where the end-use customer is buying and that's the segment which we are looking in the housing segment. So these are the 2 preferred segments in the near term.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [35]

But just to add, Mr. Chakravathy, I think one of the things is that having liquidity, and that's one of the reasons why we've been showing this liquidity. I think we are very well placed in terms of liquidity to be able to capitalize on any opportunity in the market. So while we don't know how things will pan out, as things open up, we are completely ready from a liquidity perspective, at least to capitalize on the opportunity.

Operator [36]

The next question is from the line of [Rahul Agarwal from CMD Enterprises].

Unidentified Analyst, [37]

I just wanted to ask, are there any plans from the company side? I'm not asking in the short-term period, obviously, we know that we are facing unprecedented times. But in the time horizon of the next 1 or 2 years, can an investor expect some sort of dividend policy from the company?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [38]

So we are still in the growth phase. So some of our businesses still require capital to grow. Our health insurance business is still growing. You've seen some of the businesses and the growth plans we have. I think, obviously, our intent would be to make sure we can pay a dividend to investors, but we can only do that when our businesses have got to a stage where they have free cash flow that we can distribute. So I don't know whether that's 1 or 2 years, but that's definitely part of our plan.

Operator [39]

(Operator Instructions) The next question is from the (inaudible) from [AB Capital].

Unidentified Analyst, [40]

So I wanted to know like since our listing days in 2015, when we quoted at INR 250, and our share price has declined 1/5th of that value. So how do you plan in future that we again create such kind of future value for our company? And you -- as you know, like, the share price will obviously reflect the true value of the company. So I would be really grateful if you have any comments on these.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [41]

Yes. No. So firstly, we listed our company in 2017, not in 2015.

Unidentified Analyst, [42]

Yes, sorry. I'm sorry for that.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [43]

Yes. It's important to know the date. I think a few months after we listed, we had the IL&FS crisis. A few months after that, we've had domestic crisis, and now we've had COVID. So I think in the 2.5 years that we've been listed, we've probably seen things that we've never seen in our history. We've never seen a AAA company defaulting in the history of India in the time that IL&FS has defaulted.

We've never ever had a situation like COVID ever before. So I think we are living in slightly different circumstances. And that just means sometimes things take a little longer to happen. I think we are focusing on delivering returns and business. And I think if you look at our results quarter-on-quarter, even this quarter, which has been an exceedingly tough quarter, we've still managed to grow. And for the year, our profit after tax is up 6%. I've already talked to you about April and May when most businesses were shut. Our life insurance business was growing, our health insurance business has been growing at healthy rates and so on and so forth. So as a management team, we are really focused very strongly on delivering results and delivering the business that we know we can do. The stock price is not entirely in our control, unfortunately.

Operator [44]

(Operator Instructions) The next question is from the line of (inaudible) from Investec.

Unidentified Analyst, [45]

Just a couple of questions from my side. If I look at the life insurance business on Slide 14, we have a share of protection is around 6%. So just wanted to understand (technical difficulty) protection, 6%? Or is there any further -- what is the breakup of that? Number two, regarding the renewals, can you throw some light how are the renewal rates for the month of April and May for us and the protection growth in the last 2 months?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [46]

Sorry, you broke a little bit. So the 6%, what is your question on the 6%?

Unidentified Analyst, [47]

So is the 6% protection a individual protection or what is your breakup?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [48]

It is individual.

Unidentified Analyst, [49]

Individual?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [50]

Yes.

Unidentified Analyst, [51]

So how do we see the growth in the -- in FY '21 for the protection business?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [52]

Yes. So Kamlesh, can you just take that?

Kamlesh Rao, Aditya Birla Capital Limited - CEO & MD of Aditya Birla Sun Life Insurance Company Ltd [53]

So in the month of April that 6% is up to 10%. On the general trend, it's moving upward on the protection side. However, the reinsurance premiums actually have gone up significantly in the month of March and April for a lot of players. So protection will become roughly as at the same level as we progress. So we'll have to see how that stands out. But for us, in the month of April, we were at 10% on the protection.

Unidentified Analyst, [54]

Okay. Okay. And you expect similar kind of trend for the full year?

Unidentified Company Representative, [55]

Yes. Like I said, the trend from the market is moving towards the protection side of the business, but we have to keep in mind that the -- because the reinsurance rates have changed, protection is going to become costlier by 32% to 40% and that we have to see how customers will absorb and the trend will continue or no. We'll know that over the next 3 to 6 months' time.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [56]

And you had a question on renewal, right, Mr. (inaudible)?

Unidentified Analyst, [57]

Yes.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [58]

What was the question, if you can repeat that?

Unidentified Analyst, [59]

So if you look at the top players, the renewal rate -- they have highlighted in the month of April the renewal rates have declined around 40% to 50%. So I just want to have color how is our renewal rate for April and May? Just wanted to have some color on that.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [60]

I think Kamlesh mentioned it, but he'll repeat that just now.

Kamlesh Rao, Aditya Birla Capital Limited - CEO & MD of Aditya Birla Sun Life Insurance Company Ltd [61]

So renewal rates in April actually has the benefit of the fact that people got a grace period because that got extended and, therefore, reflected. For a lot of players, it was slightly lesser. We were still at about 81%. Like I mentioned in the presentation, in May, actually, our collections have actually come to our pre-COVID levels. So we've been able to bring it back to pre-COVID levels of normalcy as far as the renewal collections are concerned. And grace period also expired on May. There is no further grace period as on May 31.

Unidentified Analyst, [62]

Okay. Great, sir. Sir, just last question from my side. On the similar -- you have mentioned that the -- if -- without COVID-19 impact, the VNB -- net VNB margin would have been 11% to 12% versus 6.9% what we have reported. So what was the major driver for this? Is it the expenses?

Kamlesh Rao, Aditya Birla Capital Limited - CEO & MD of Aditya Birla Sun Life Insurance Company Ltd [63]

We lost in March, 2 weeks of March because of the shutdown, the sales we lost. Had we done that amount of sales, we were -- we had signaled to the market that we were expecting net VNB this year to be 11% to 12%. We were fully on track for that even up to February, until 15th of March. The closure -- virtual shutdown from middle of March has basically -- has led to that gap.

Operator [64]

The next question is from the line of [Rajneesh Mohan] from Master Capital.

Unidentified Analyst, [65]

Just -- I have one question I wanted to ask about, is there any plan for demergers of the business like insurance, AMC and NBFC in another 1 to 2 years? Because if you see -- if I see the overall different companies, I see the market -- and the current market cap, I mean there's a lot of value if businesses are demerged for the shareholders.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [66]

Yes. So you're right. And I think this question we were asked at last quarter as well. And like I had mentioned at that time, I think we are looking at various options that will make sure that the full value of the company is reflected and those options are currently underway.

Unidentified Analyst, [67]

So is it immediate or like 1 year? Or do you still want to grow the businesses towards the size and then do it?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [68]

So if I had certainty, I would tell you both what we are doing and when we're doing it. I think the fact that I'm telling you that we're looking at it means we are looking at it.

Operator [69]

The next question is from the line of Alpesh Mehta from Motilal Oswal.

Alpesh Mehta, Motilal Oswal Securities Limited, Research Division - Deputy Head of Research of BFSI & Banking Analyst [70]

Just one question on the AMC business. Has there been any mark-to-market opportunity in the other income, which would have impacted the profitability for the quarter?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [71]

Bala?

A. Balasubramanian, Aditya Birla Capital Limited - CEO & MD of Aditya Birla Sun Life AMC Limited [72]

Yes, roughly about INR 20-odd crores on the treasury investment that has been made out of surplus cash of AMC. Mark-to-market was about INR 20-odd crores. Yes, we have compulsory investment in each of the schemes including equity and fixed income schemes. Again, as we moved into April and May with the market coming back, some of the [payments] will come back as well.

Alpesh Mehta, Motilal Oswal Securities Limited, Research Division - Deputy Head of Research of BFSI & Banking Analyst [73]

Perfect. And in the stand-alone business, there is a dividend income, I guess it's flown from the AMC business to the stand-alone?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [74]

Yes. Yes. AMC and our general insurance broking business, both pay dividend.

Operator [75]

The next question is from the line of [Shravan Bohra], an individual investor.

Unidentified Participant, [76]

Thanks for the opportunity. I just wanted to ask a simple question on our asset management business. With the growing competition and from banking platform based AMCs, what is our long-term strategy to fight that competition as we see that growth, specifically during last 1, 1.5 years has slowed a bit?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [77]

It's a good question, but I think the asset management business in many ways is a fairly democratic business because there is a wide variety of funds and performance is quite well known. So I think beyond the point in time, all distributors ultimately have to offer products that meet different needs and that perform. And I think, therefore, just ownership of a channel doesn't necessarily mean that you will get the ability to sell products through that channel. So I do think that as long as we continue to perform and deliver attractive returns -- you already have huge scale. We've been in this business 25 years. We are now running INR 2.7 lakh crores of AUM. I think the -- as long as you're delivering decent products with good performance, I think the opportunity to grow will continue to remain.

Unidentified Participant, [78]

And just a small question on moratorium book. Like as the lockdown is getting lifted, are we seeing people coming back and paying? Or people making use of the second moratorium that has been provided?

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [79]

So it's early days, it's only 5 days in, but I think we're already seeing the trend that people are starting to pay back. And I think as the lockdown lifts, we expect that, that will come down slightly more because when you look -- we have SMEs and we have self-employed customers, all of them are waiting for their business to start so that they can start servicing their debt as well. So I think as the economy opens up, we will start seeing that coming down.

Operator [80]

Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to Mr. Ajay Srinivasan for closing comments.

Ajay Srinivasan, Aditya Birla Capital Limited - CEO [81]

So I just want to thank everyone for joining this call and listening to our story and asking the questions. I wish you all a very good weekend, and thank you very much again.

Operator [82]

Thank you. On behalf of Aditya Birla Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.