



IL&FS Investment Managers Limited

“IL&FS Investment Managers Analyst Call”

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**SPEAKERS: DR. ARCHANA HINGORANI – CEO, IIML
MR. MANOJ BORKAR – CFO, IIML**

Moderator: Ladies and gentlemen good day and welcome to the IL&FS investment managers analyst call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Dr. Archana Hingorani, thank you and over to you.

Archana Hingorani: Good afternoon everybody. Thank you for joining the call. This is essentially to brief all of you on the results for this fiscal. As you would have noticed in the announcement that was made earlier today, the total consolidated income for IIML stands at 201 crores with a PBT of 90 crores and a PAT of 69 crores. The PAT vis-à-vis the last year is less 6.5%.

Let me take you back to the numbers. The income has increased by about 11% that is primarily because of the increase in assets under management through the Saffron merger as well as our joint venture funds which have now started yielding better revenue profiles as well as profitability. In relation to the expenses, our expenses have increased 19%, as you know a large part of it is related to salaries. The previous fiscal, we had a salary growth for current employees of only 5% given the market conditions. This fiscal, we increased salary by 15% in order to take care of not having done it in the previous fiscal. Also with the addition of Saffron, we had additional employees so that is what you are seeing the expense line to look like largely emanating from that. We also had taken a loan to buy this merger in international market which has resulted in an interest obligation which was not there earlier. We do not have any debt earlier. In addition, we also because of the merger had to amortize based on Indian GAAP and if you take all of that into account, resulted in a profit of 69 crores. I must also add that when we started the fiscal, our expectation was that the markets would be able to cater to increase funds under management through organic growth also, but if you see in the last 6 months, it has been very turbulent especially for India in addition with all that is going on in terms of the issues related to corporate governance and other 2G related propaganda in the media. That has been pretty difficult to go out and convince investors to come in at a faster pace, but we have had some success.

Today we have launched 4 funds in the market. We have Tara IV in the market, we have the IL&FS Milestone joint venture for stabilized assets in the market, we also have a PIPE fund in the market, and the fourth one is our Middle Eastern Fund which is just getting into the market. So we already have 4 funds which we have seeded with large investors while there is interest which is quite slow. We expect results from some of these funds raises to start showing up in the second quarter of this fiscal. In addition as a focus area for this year, we are expecting to launch in the second and third quarter infrastructure funds versus the earlier growth funds that we have been focusing on and one will be a generic infrastructure fund focused on the Indian markets and another one could be a niche product that we would like to use the Yatra platform to raise on. So those are two additional funds that we will be focusing on this year such that we can have an

ability to at least raise another half a billion in terms of revenue generating funds under management for the year.

Management: We can take questions now.

Moderator: Thank you sir. Ladies and gentlemen we will now begin with the question and answer session. We have the first question from the line of Manoj Jethwa from Modern Shares & Stock Brokers. Please go ahead.

Manoj Jethwa: India is targeting GDP of something around more than 9%, but if I were to share some facts that for that 12th plan, we are planning for around \$1 trillion in the infrastructure spending doubling for the 11th plan, but if you see China on an average, one year they spent \$1 trillion and IMF already slowed down the growth projection and they reduced their target from 8.4 to 8.2%. So where do you see the infrastructure bottlenecks is there relating to the investments because without infrastructure, we cannot afford to have a growth of more than 8%. Can you share your views on that?

Archana Hingorani: Sure, thank you Manoj for your comment. Clearly while there has been reduction in GDP estimates as well as the fact that we made significant amount of infrastructure, there is no doubt in all the minds of international investors including the ones that we talked to that India is the destination. Now yes, would we like the infrastructure development to be faster, the answer of course is yes, but even in the constraints that we have been operating, the growth really happened in the last 4 to 5 years, but if you look at our investments which date back to even 15 years ago when all these constraints were even far greater, I think the scope for investment remains considerably attractive especially given- I cannot speak for other infrastructure oriented companies, but if you look at our background and our parentage, we have been able to really focus on picking up very good infrastructure assets and the returns have been more than commensurate vis-à-vis our expectation. Normally in an infrastructure project, you do not expect anything beyond 20-25% given that it's an annuity type long-term revenue profile, but if you look at the returns that have happened and I think that is credit to India's growth as well as the fact that it is an emerging market and demand is so far exceeding supply. The behavior of infrastructure investments is very similar to growth investments. So while your comment is valid that we are slow, but if you were to really dissect the industry, I think both the roads and power today provide opportunities for consolidation because there are so many in the market as well as opportunities for new growth. You are seeing new projects come out in the road sector. In the power sector, you have to pick your own projects. So even if you were to do that, I think there is significant ability to create investment opportunities. A similar story I would think should also hold true, I would say the sunrise sectors in the infrastructure space which is primarily the waste management piece as well as the logistic piece. Again over there, along side municipality that has started giving out all kind of contracts on a BOT basis, there has been significant amount of development.

So if you were to actually delve into each of the sub sectors, I think there is significant activity. I stopped looking at the numbers that is required for India a while ago. At some point in time, it was only \$200 billion, and then it became \$500. Today we are talking about trillion and above and I think the number is irrelevant. The point is that there is enough capital available for this country to do infrastructure and I think there are enough opportunities if you structure them right to invest in the country. So comparing ourselves with China, I think probably its a lost cause because they are in a different environment. It is not a democracy. They can do things much faster than us and full credit to them for being able to reach where they are, but given the way we are structured while it is slow and we would like it to be far better than this. I still think that there are amazing opportunities in the infrastructure space in the country today.

Manoj Jethwa:

Another two-three questions. Now Indian government is trying to make use of more than \$3 billion of forex that we are have and we are planning in line like sovereign wealth funds. So are we really backward, are we very slow in starting our own sovereign wealth funds which we are trying with which we could have done it some 5 years back, we are trying for infrastructure development. Government of India is trying to come out with \$50 billion fund. Could you share some views on that?

Archana Hingorani:

As far as India is concerned, one of the biggest constraints we are an equity starved country primarily because if you notice the rules under the pension schemes, pension schemes of individuals like you and me are not allowed to invest in equity markets unlike the rest of the world. So if you look at the LP base that invests in India, a significant portion is linked to pension funds that have money under their management which they are trying to deploy across the world. That same privilege does not exist in India, although there have been some regulatory changes we had. There is no ability to fund infrastructure or any other growth in the country through that resource. Given that severe constraint, that is the reason you have such a huge amount of FDI pouring into the country. So we can create that sovereign wealth fund of \$50 billion or whatever anybody has been talking about, but it is still a long way away because setting it up is one thing, getting savvy and trying to invest it into the right projects is another thing. So yes it will help if there is an additional amount of capital available through that route, but it has been talked about for quite sometime and really trying to implement it. It is not like if you approve the pension fund tomorrow, you will suddenly have a whole new window which will very quickly bring in money, it will have to be structured, everybody needs to decide what kinds of allocation need to be done etc. So I think we are a fair bit away from that and in that context, yes we do not have sovereign wealth fund, but the way I look at it sovereign wealth funds are normally created in situations and economies where those sovereign wealth funds go out and invest outside the country largely than inside the country. So for us, if it happens great then we will be able to use our money internally.

Manoj Jethwa:

And one significant question which I want to ask you is regarding the power. As you say, the laws are very archaic and all that. For the 11th plan, we had planned for our own 78,000 MW, now we have scaled down to 62,000. Now it is become very difficult to achieve even 52,000

MW whereas in China, the same 78,000 MW they are doing it in one year. So where is the problem, do we allow more sovereign wealth funds like in Norway or Abu Dhabi sovereign wealth funds or should we allow more private equity to play a bigger role because infrastructure is need of the hour especially power, roads, and logistics and all that. So could you please share your views regarding the private equity investment in infrastructure sector like power and roads?

Archana Hingorani: Manoj I believe that you are hogging all the questions. So I am happy to answer your question on power, separately I will come back to it, but let us give other people a chance.

Manoj Jethwa: Okay. Thanks a lot ma'am.

Moderator: Thank you. The next question is from the line of Ashi Anand from Kotak India Focus Fund. Please go ahead.

Ashi Anand: Just few questions. You had spoken earlier for real estate yield fund is that IL&FS Milestone JV or that is a separate fund?

Archana Hingorani: No, that is correct, it is a same fund.

Ashi Anand: That is the same fund right. So what is the targeted raise out there?

Archana Hingorani: 400.

Ashi Anand: 400 is the targeted rate and what would kind of fee structure be?

Archana Hingorani: The fee structure would be 1.25 because it is a yield product. It would not be 2% variety

Ashi Anand: So 1.25, but is there carry or no carry on it?

Archana Hingorani: Of course there will be carry.

Ashi Anand: The normal 20% or?

Archana Hingorani: Yes.

Ashi Anand: The 20% carry and you mentioned a PIPE fund, what are your targets for this, interesting to know?

Archana Hingorani: I am sure you would like to know that since you are in similar field. We had stopped marketing it in February and March and we should be full-fledged in the market in the next one month or so. Target is 300 million.

- Ashi Anand:** The target is 300 million and this will be doing money into companies or would you also be taking mandate to do secondary market transactions on this fund?
- Archana Hingorani:** While we will have the flexibility, I think primarily 90% of the capitals will flow into the company.
- Ashi Anand:** And you mentioned a Middle Eastern fund?
- Archana Hingorani:** That is right, may be you have not attended the calls earlier, but I think a couple of calls ago we had talked about the fact that since we now have a beach head in the Middle East, we wanted to try and see if we can expand our infrastructure skills which we already possessed and marry them with the local demand for infrastructure and create a fund around it. Now given what has happened in Middle East because I have taken a little bit of a back seat earlier, but we are now seeing traction and demand as well as ability to go out and talk to the large investors including sovereign wealth funds. The last 1.5 years, we have spent in that region trying to create relationships and I think at that point in time where we can now go in and open those doors for creating a fund in that area. So we have launched that one also.
- Ashi Anand:** And you will invest in Middle East?
- Archana Hingorani:** That will focus on investing in the infrastructure sector in Middle East that is correct.
- Ashi Anand:** Are we in a way looking at going reasonable at least for now could we start off with as could we also look at the private equity fund in Asia, Middle East what is the longer-term strategy?
- Archana Hingorani:** I think it is a bit ambitious to say that that is what we are trying to do. Right now I think we are trying to spread out into regional areas only because we have the infrastructure expertise and those areas do not necessarily have them especially something like the Middle East does not have in-house resident well-defined infrastructure capabilities. So they hire everybody from outside, but we are seeing more and more of BOT type of contracts come out from that region and given that we as the IL&FS group has significant knowledge expertise and ability to take a transaction from a simple land stage to all the way to actually operating it. We feel that is the first area in which we should also extend a private equity skill. So 5 years down the road if it is successful, yes we could become a regional player, but the aspiration right now is only to extend the infrastructure ability.
- Ashi Anand:** So it is more infra strategy for now?
- Archana Hingorani:** Yes.
- Ashi Anand:** Perfect and just in terms of exits, what is your outlook on Leverage India Fund and Real Estate Fund one in terms of being actually at least returning all capital. Do you see that happening within FY12 or could it kind of spill over into FY13?

- Archana Hingorani:** So first of all I think we had a pretty good year of exits.
- Ashi Anand:** I know, many congratulations on that.
- Archana Hingorani:** We have got 15 exits, but that also meant your funds under management are coming down. Of course then thinking about if you finish a fund, you can raise new funds, it is all linked to each other. So we have had a fairly good year, had it not been for the last quarter fall in listed market, I think we may have had a few more, but having said that I think 15 is a good number across all our funds and on the LIF, we will be in a position to have return 100% capital this year for sure, very close to it. On the Real Estate Fund, we had just about started to give money back. So I doubt that this will be the year that you will get 100% capital perhaps the more towards end of FY2013.
- Ashi Anand:** End of FY13, we should be at 100% capital?
- Archana Hingorani:** We should try and do that. Real estate especially with the last 4-5 months, A drag not only in terms of finding new investments, but even the exits because of the debt situation being so poor that not everybody has been able to put their projects on track. So there has been some slowness in terms of our ability to increase sales as well as get the exits out, but we have been one of the very few who have been able to succeed in doing some partial exits, but they have been good exits. So I expect that this year you will see a whole lot more come out of that, but it is a huge fund, it is \$525 million. So I do not expect to be able to generate all that money in one year.
- Ashi Anand:** Absolutely and the obvious follow-up is therefore potential carry from LIF in FY13 and potential carry from Real Estate Fund I in FY14?
- Archana Hingorani:** I think you will see some trickle of carry from LIF in this fiscal perhaps towards the end of this fiscal, but it all depends on how the exits go because we were really quite positive 4 months back that we would have had a little bit more so that would have probably hastened the carry process, but given what has happened we do not want to sell sub optimal prices in any case. So we will watch the market, but there is a significant line up of exits for LIF this year.
- Ashi Anand:** Two quick financial questions. The employee cost in Q3 was 15 crores and that has come down to 10 crores in Q4. I just wanted to understand was there any specific thing in Q3 that led us to such a high employee cost?
- Manoj Borkar:** Basically Q3 had the Saffron amalgamation wherein the effect of 5 months was reflected in that quarter. That is the aberration but going forward this will be what is there in the Q4 number.
- Ashi Anand:** So Q4 analyzes basically on the steady state AUM is what I should be looking at?
- Manoj Borkar:** Yes.

- Ashi Anand:** And just in terms of amortization, over how many quarters are we looking at amortizing the Saffron merger?
- Manoj Borkar:** As per the accounting standard, it is on the benefit period and the benefit period of the fund is the life of the fund as per whatever the underlying fund documents are. So it is the remaining life for the respective funds. It will be over a longer period as we had mentioned even last time. So on an average it will be at least next 10 to 12 years.
- Ashi Anand:** For the next 10 to 12 years and it will be a similar kind of quantum?
- Manoj Borkar:** Yes.
- Ashi Anand:** Excellent and what is the repayment of the debt that we have taken?
- Manoj Borkar:** The debt is for a 3-year period and it is a quarterly repayment. It has already started effective the March quarter.
- Ashi Anand:** Thanks a lot Archana and Manoj, appreciated.
- Moderator:** Thank you. The next question is from the line of Rama Krishna from HSBC. Please go ahead.
- Rama Krishna:** I missed out the earlier part, if you can please mention the AUM as of now after the exits that you had during this year?
- Archana Hingorani:** If you look at the AUM that we started with a net AUM of 2.8 billion at the beginning of FY2011 and I am just trying to divide the profits so that we can exactly figure out the AUM, but if you look at it, it should now be around 2.6 billion of earning AUM.
- Rama Krishna:** 2.6 billion, this adjusted for the exits?
- Archana Hingorani:** That is correct.
- Rama Krishna:** And all of these are earning?
- Archana Hingorani:** Yes.
- Rama Krishna:** Okay thank you.
- Moderator:** Thank you. The next question is from the line of Anuj Anandwala from Parag Parekh Financial. Please go ahead.
- Anuj Anandwala:** Would it be possible for you to tell me what kind of top-line and bottom-line are we getting from Saffron for the quarter?

- Manoj Borkar:** For the Saffron in the current year financial, there is 8-month financials which have been incorporated since the effective date of the merger was from August. So on the top-line; it is roughly around 23 crores that have gotten added on the top-line and on a net basis after removing the amortization part of it, roughly around 3 crores is added to the bottom-line.
- Anuj Anandwala:** And going ahead, how do you look at this sir?
- Manoj Borkar:** Going ahead, standalone Saffron will definitely try to see synergies and try to reduce the cost because that is one area which we will definitely be going forward doing it, but the amortization is what will definitely be the same going forward. It will be more or less in the same proportion barring some cost saving that we have planned for after the synergies with the Saffron Group.
- Anuj Anandwala:** And the debt you said is the repayment of 3 years?
- Manoj Borkar:** 3 years.
- Anuj Anandwala:** Thanks a lot and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Ami Shah from LKP Securities. Please go ahead.
- Ami Shah:** I think Tara IV was sometime launched in December, what is the status of the fund and how much are we raising and how much have we done till now?
- Archana Hingorani:** Tara IV started in December; please remember that all funds take 9 to 15 months to raise. So we have been out for 2 to 3 months. December meaning it was a holiday time. We tried to seize the market. So really full-fledged marketing started in January. We have soft-circled investors to the tune of about 45 million. This has not been announced close as yet because documentation is going on and there are some other investors that are also targeted so that we can have about 75 million close hopefully by June quarter. The target raise is 300.
- Ami Shah:** And even the Middle East Fund that we are looking at would be approximately in the range of 300 to 400?
- Archana Hingorani:** Yes, it will be about 400 million.
- Ami Shah:** Most of these funds will attain their final closure by around say Q3 of the year?
- Archana Hingorani:** I think the better way of looking at it is that we have 4 funds in the market. We will add another 2 during the year and we expect to be able to generate fee on half a billion, although the target raise if you put all of them together will exceed a billion, but since money will be coming in different parts of the year, it will be safe to say about half of billion of funds under management will add on to the revenue base.

- Ami Shah:** And ma'am, the infra fund that we are planning, would it be as large as what we probably did in JV with Stan Chart or you look forward to a small fund?
- Archana Hingorani:** I think probably 500 would be the right size for that.
- Ami Shah:** And Manoj sir you just said that debt is for 3 years, I think the quarterly payment that has been started in the March quarter, is it what you mentioned?
- Manoj Borkar:** Yes.
- Ami Shah:** And one more thing that I missed out, I actually got disconnected about the LIF fund, when will the carry start and what is the approx quantum that we are expecting?
- Archana Hingorani:** Sorry if you missed that answer, we did it a little earlier. We expect a lot of exits this year. I was explaining that we should have completed return of full capital very-very shortly. We have also been able to return overall about 6 to 7% and as soon as we hit the 8% threshold that is when carry starts kicking in for this particular fund. We expect that to happen sometime in Q4 of this fiscal as to the amount it will all depend on how each of these investments do so that is a little bit of a question mark right now.
- Ami Shah:** And 13 is a good year to see some carry?
- Archana Hingorani:** I am saying FY2012 is a good year to see very little carry, yes and FY13 should be a good year to see some more carry correct.
- Ami Shah:** That is it ma'am. Thank you.
- Moderator:** Thank you. The next question is from the line of Jigar Walia from OHM Group. Please go ahead.
- Jigar Walia:** One question is in terms of what is the strategy if we have to repatriate our earnings back from overseas. So we have a good payout ratio, but that is on standalone?
- Manoj:** We have a plan considering that in this budget, there is a tax break which has been given for the dividends from offshore subsidiaries. So definitely we will try and capitalize on that such that there is adequate build up of profit on a standalone basis to pay more dividend. But we will evaluate it based on the tax considerations more than anything else.
- Jigar Walia:** Thanks, that was from my side.
- Moderator:** Thank you. The next question is from the line of Shalabh Agarwal from Franklin Templeton. Please go ahead.

- Shalabh Agarwal:** On the Saffron side, you mentioned that 23 crores was the top-line and 3 crores was the bottom line, this is after the amortization?
- Manoj:** Yes.
- Shalabh Agarwal:** So the amortization was around 9 crores, so if we adjust to amortization then it was the cash profit should have been close to around 12-13 crores, right?
- Manoj Borkar:** That is right.
- Shalabh Agarwal:** And sir secondly I wanted to check on the funds that we are returning back that is the Leverage India Fund and the Reality Fund. How much is still left to be return which we expect to do in FY12 and FY13?
- Archana Hingorani:** I think on the Reality Fund, as it varied answered that we have cleared a significant amount as I mentioned it is \$525 million fund. Right now, we have done total exits which should not exceed more than as of March 2011; it should have been around \$50 million. So there is a fair amount to go. So it will take at least the next 2 years to be able to do that. As regarding LIF as I mentioned, they are very-very close to completing 100% of capital which should happen as soon as the next exit is completed which is in the work.
- Manoj Borkar:** Roughly around 400 million to be returned, 40 crores to be returned in terms of capital.
- Archana Hingorani:** For \$153 million fund LIF, 40 crores is roughly around 8 to 10 million USD.
- Shalabh Agarwal:** So that has left to be returned.
- Archana Hingorani:** So that is what I am saying whenever the next exit happens, 100% of capital would have been returned.
- Shalabh Agarwal:** And lastly on the tax rate as a corporate, are we under the full tax rate or how does it work ma'am?
- Archana Hingorani:** In India, of course we are under the full tax rate, but as far as the foreign subsidiary goes, it is based on the local tax rate of 3%.
- Shalabh Agarwal:** That is why the consolidated tax will always be around 24-25%.
- Manoj Borkar:** Effective rate would be around that.
- Shalabh Agarwal:** Okay thank you sir, thank you ma'am for taking my questions and all the very best.

- Moderator:** Thank you. The next question is a followup from the line of Rama Krishna from HSBC. Please go ahead.
- Rama Krishna:** 2.6 billion is inclusive of Saffron?
- Manoj Borkar:** Yes.
- Rama Krishna:** Thanks, I am through.
- Moderator:** Thank you. The next question is a followup from the line of Ami Shah from LKP Securities. Please go ahead.
- Ami Shah:** Ma'am just a little bit on the PIPE fund that we spoke about, just wanted to understand that what actually got us into, we have been looking at pipe laying or pipe manufacturing or what kind of investments are we looking at?
- Archana Hingorani:** Sorry Ami it is my fault I called it a PIPE fund which is nomenclature. It basically means private investments in listed companies. So that is why we called it PIPE fund it is an acronym, my apologies that I said it that way because that is what it is called in financial jargon. So basically it is a fund that is targeted at companies that are already listed, but do not have the capability to grow themselves to the next level are not able to easily access additional capital even though they are listed and require private equity like support. So those are the companies that will be focused on through the PIPE fund.
- Ami Shah:** Thank you madam.
- Moderator:** Thank you. The next question is a followup from the line of Jigar Walia from OHM Group. Please go ahead.
- Jigar Walia:** Ma'am a followup on PIPE, any sector that we have in mind for PIPE?
- Archana Hingorani:** Actually let me explain a little bit, over the years, we have done PIPEs and we find significant opportunities in them, but the people who want to look at PIPEs are a whole lot different from people who wanted to do private equity. Many large LPs are not comfortable with everyday mark up to their investment and while there are significant opportunities there are other investors who are quite okay to do that. So instead of doing it in the fund that we already have, we used to normally do somewhere between 10 to 15% of the portfolio in PIPEs earlier. We have decided that we will just do it separately so that we can cater to the investor requirements rather than mixing it up. So to answer your question, it is a generic PIPE fund. It will look at all kind of opportunities.
- Jigar Walia:** Ma'am just one more followup on the earlier question of repatriation, the tax break which is now permitted, does it allow repatriation of old profits say probably which was gone into reserves?

- Manoj Borkar:** It will basically be allowed more as a dividend payment on the offshore entity which will get tax rate only at 15% as opposed to maximum marginal rate that currently is being charged.
- Jigar Walia:** Thanks a lot.
- Moderator:** Thank you. The next question is a followup from the line of Manoj Jethwa from Modern Shares & Stock Brokers. Please go ahead.
- Manoj Jethwa:** Madam just one followup question on the power sector. Madam as far as the CERC norm is concerned, wherever this PPA is being signed, so the post equity, utilities companies can earn only around 15% there is a cap. Now the coal prices are increasing and it is hovering around \$110 to \$130. How do you see to invest in the future projects, it is from case to case basis or what are the stated internal norms for the company to invest in the power projects?
- Archana Hingorani:** Manoj, I am not too sure that the 16% return is actually relevant any more. This was what the power policy was when it started in the early years and that was one of the reasons that did not well at all and the new policy that came out in mid 2004-05, the revised policy came out and that is the reason you saw the proliferation of so many power plants is that it is not linked to 16% return, it is linked to demand and supply and your ability to give it to the power grid. Obviously if you have a PPA, you have a fixed price contracts. So obviously you are cutting down your risks, but you are also cutting down your profits, but if you look at the models that most people follow. They normally try to sell 70% of their output to PPAs and 30% is on merchant so that you can sell it to the grid directly and take advantage of the higher price. So that is the combination that we have seen in most of the projects that come to us for investment. So if you take that into account in the fact that it is a power deficit country, there is significant ability to earn returns on that model.
- Manoj Jethwa:** But could you share some views on your merchant power because right now the prices are also tapering off ma'am, it is hovering something around 4.2 to 4.5?
- Archana Hingorani:** It depends on which area it is in Manoj. It is not necessary that all merchant is at 4.2-4.5, we have also seen instant.....
- Manoj Jethwa:** It is already tapering off ma'am.
- Archana Hingorani:** I am not denying that it is not tapering off, but I am saying that while it is tapering off, it is also to do with the fact that the power is deficient in certain areas. So for example if you can sell of the grid from a plant in the South to Karnataka, you would probably get a better rate. So it all depends on which state you are selling to. They are willing to pay a higher rate because they do not have the same kind of ability to cater to their internal requirements. So it is really project specific and linked to each one of them and while I will agree with you that the trend is towards

going down, there is still a huge difference between what you can get through the PPA route versus the merchant route.

Manoj Jethwa: What is the AUM you are targeting over the period of 5 years down the line ma'am?

Archana Hingorani: I am sorry that will be very difficult to guess, but if you take a trend of what we are trying to do, till we are trying to focus on building additional AUM of about a billion over the course of the next 12 to 18 months. If you take that as a trend because please remember that AUM under management can keep going up, but on the flip side it is also going down. So the idea is to be able to maintain a level of net AUM under management as well as give it a slight growth so that the growth continues. So I can tell you that may be 5 years down the line, I can say that I have \$7 billion under management, but the right question to ask will be what is the net AUM under management? So the model that private equity hinges on which is that you need to first deploy in a particular strategy all the money or at least 70 to 80% before you can go back. That sort of curtails you from continuous growth because no investor wants you to keep on raising more and more money in the same strategy and not focus on what they have given you the money for. So necessarily the private equity fund management model is a step function model. You saw significant abnormal growth into the two fiscal before which was we raised real Estate Fund-I, we raised Tara, the Real Estate Fund-II and we raised Standard Chartered and now you have to deploy all of these funds in order to be able to raise the next level. We are almost there in terms of deployment. Therefore this year you are seeing a whole flow of new funds come out. So very difficult to answer your question and say what is going to be my gross AUM under management, but the focus area is to be able to raise a clutch of funds at any point in time such that you are adding net AUM which is accretive rather than only resulting in funds exiting.

Manoj Jethwa: Thanks a lot ma'am. All the best for your future endeavors ma'am.

Moderator: Thank you. Sir, there are no further questions at this time. Would you like to make any closing comments?

Archana Hingorani: Yes thank you. Thank you all for having joined us on this call and if there is anything in particular you would like to know further, please feel free to call either me, Manoj, or Sanjay. Thank you.

Moderator: Ladies and gentlemen that ends your conference call for today. Thank you for joining us and you may now disconnect your lines.