

Date: 9th November, 2017

To,  
The Manager,  
Listing Department,  
National Stock Exchange of India Limited,  
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Scrip Code : GEOJITFSL - EQ

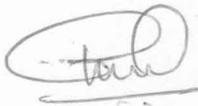
To,  
The Manager,  
Listing Department,  
Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.  
Ph. No.022 22721233  
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Dear Sir/Madam,

**Sub : Transcript of Analyst/ Institutional Investor Meetings**

Pursuant to Regulation 30 of SEBI ( Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith the transcript of the 2QFY2018 Earnings Conference Call held on October 26, 2017 at 10.30 A.M.

Thanking you,  
For **Geojit Financial Services Limited**



**Liju K Johnson**  
Company Secretary





“Geojit Financial Services Limited 2QFY2018  
Earnings Conference Call”

October 26, 2017



**ANALYST:**                    **MR. AADESH MEHTA – AMBIT CAPITAL**

**MANAGEMENT:**        **MR. C.J. GEORGE - MANAGING DIRECTOR -  
GEOJIT FINANCIAL SERVICES LIMITED  
MR. SATISH MENON - EXECUTIVE DIRECTOR -  
GEOJIT FINANCIAL SERVICES LIMITED  
MR. BALAKRISHNAN – MANAGING DIRECTOR -  
GEOJIT TECHNOLOGIES  
MR. SANJEEV RAJAN - CHIEF FINANCIAL  
OFFICER - GEOJIT FINANCIAL SERVICES  
LIMITED  
MR. LIJU K JOHNSON - COMPANY SECRETARY -  
GEOJIT FINANCIAL SERVICES LIMITED**

**Moderator:** Good day ladies and gentlemen and welcome to the 2QFY2018 Earnings Conference Call of Geojit Financial Services Limited hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aadesh Mehta from Ambit Capital. Thank you and over to you Mr. Mehta!

**Aadesh Mehta:** Good morning everyone. Thank you for joining us on the call today. We are pleased to host the Geojit Management for their 2Q results earnings call today. The Geojit Management is represented by Mr. C.J. George, Managing Director, Mr. Satish Menon, Executive Director, Mr. Balakrishnan, Managing Director of Geojit Technologies, Mr. Sanjeev Rajan, Chief Financial Officer, and Mr. Liju K Johnson, Company Secretary. So over to you gents, we will be grateful if you could just go through the results and then throw the door open for questions.

**Satish Menon:** Thank you Aadesh. Good evening to all of you. My name is Satish Menon. Before I start speaking on the results just a piece of information, a new Independent Director has joined on the board of Geojit. His name is Mr. R. K. Nair who was the ex-ED of SEBI and ex-member IRDA, so he has joined the board officially yesterday. So now Geojit Board out of seven people, four are independent directors. So that is the new addition to the board. Also, Sanjeev Rajan has joined as Chief Financial Officer. He joined a couple of weeks back. His appointment was ratified yesterday by the board. He is joining as the Chief Financial Officer of the company.

In terms of results, before I get into specifics, just wanted to inform that in terms of the long-term vision of the company in building mutual fund assets it is on track. We always wanted to be in a business where we help clients make money, so that was what we had decided a year and a half back to concentrate on building our assets on mutual fund that is on track.

To come into specific figures, I hope some of you would have seen the shareholder presentation, which was updated to our site yesterday night. The total income is for the quarter ended September 2017 was Rs87.44 crore, which is a growth of 8% over year-on-year and 4% over the preceding quarter and the profit after tax is Rs16.87 crore, which is a growth of 23% YoY and 4% over the preceding quarters.

If I split up the revenues product-wise equity-related income is up by 2% YoY and the same 2% compared to the previous quarter. Financial product distribution, which is 95% mutual

fund income, it is Rs10.41 crore, which is up by 113% over the last year and 22% over the preceding quarters.

Please note this 22% is after the impact of 3% additional GST. Actually, if it was service tax at 15% it would have been 25%.

Software income is at Rs4.4 crore, which is down by 19% compared to the last year and up by 4% compared to the preceding quarter. Overall, income from operations is up by 9% YoY and 4% over the preceding quarter. If I further split into the income, pure brokerage, which is the primary activity, pure brokerage on year-on-year is up by 4%.

What has gone down is interest on overdue fees, which is down by 16%. It is primarily due to the fact that post-GST, we were supposed to charge GST on overdue fees. So that would have been a big burden for the client, so what we did is we reduced the interest rate by 4% to not to increase the burden on the client, so that is where the primary drop comes from in the operational income.

Mutual fund income I have already spoken about that is a major growth what we have seen 113% up YoY. We have reported Rs10.41-crore income from distribution compared to Rs4.88 crore in the year September 2017.

In terms of the SIP book, September-ending SIP book is Rs125.86 crore close to Rs126 crore compared to Rs111 crore to what we had in June 2017, which is split into 2, SIPs of Rs103 crore and the balance is STP. In terms of SIP account, we are at Rs241,000 SIP account; in terms of new SIP value collected, the gross value collected is Rs21.42 crore. We have seen some reduction / stoppage in the month of September that is why the net collection is only close to Rs15 crore. We have identified the problem and of course we are working towards to see that the net addition is equal to the gross addition going ahead.

In terms of AUM, end of September, we have Rs2,671 crore of mutual fund AUM of which Rs2,238 crore are equity arrears, which have seen 77% increase over the last 12 months. MF folios are up by 38%.

In terms of depository holding, we have close to Rs30,150 crore in the depository with us. Clients are 894,000. New clients recruited this quarter are around 22,980 clients compared to 15,000 in the first quarter compared to 12,700 a year back.

Officers remain at 514. Net addition of employees is close to around 100 over the last June quarter and around 150 over YoY. Our market share in SIP remains the same as 1.98. It was 1.98 in June..

In terms of the broking business, yields and equity have slightly increased compared to 1Q. Equity yields was 0.162 % in Q1, It is 0.163 % in Q2.

That is what I wanted to start as opening comments. We are open to Q&A.

**Moderator:** Thank you very much. We will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Saurabh Dhole from Trivantage Capital. Please go ahead.

**Saurabh Dhole:** Thanks for taking my question. Sir, during your initial remarks you mentioned something about increasing pressure on redemptions. I would just like to understand is this a very systemic phenomenon or is this something very unique to your portfolio right now?

**C.J. George:** It is actually unique to the portfolio. I must say because a year ago, May 2016 onwards only we started this aggressive business in distribution of SIPs, so we saw some STP also getting stopped. STP normally by nature is for a certain period only. It is unlike SIP, so 12 months is something we consider kind of an average time for STP to expire whereas SIPs will have higher longevity and also I must say that the some older SIPs, which we had done years back also would have redeemed. So we are just analysing that and trying to see that in the current quarter the stoppage will be much less.

**Saurabh Dhole:** How different are the fee arrangements in STP compared to an SIP?

**C.J. George:** Fee is the same.

**Saurabh Dhole:** Fee is the same and Sir my next question is on your balance sheet item on your standalone balance sheet, the long-term loans and advances seem to have grown to about Rs139 crore from Rs92 crore six months ago how can we see how exactly or why is it growing like so aggressively?

**C.J. George:** Can we answer this question after five minutes?

**Saurabh Dhole:** No problem.

**C.J. George:** Because we have not taken any outside loan. We will come back to you with the details.

**Saurabh Dhole:** Sir one more question, same on the balance sheet. There was an item 4B other current liabilities of about Rs218 crore, so what exactly are these liabilities?

**C.J. George:** This is to do with the settlement, but here again we will clarify you. The balance sheet questions we will clarify in five minutes time.

- Saurabh Dhole:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Digant Haria of Antique Stock Broking. Please go ahead.
- Digant Haria:** Sir now it has almost been six-to-nine months that we have witnessed very good growth in our SIP book and we also had plans to hire around 400 to 500 more people to do it, so just wanted to know that what are the new things, which we have learnt in the last nine months in terms of your employees doing a SIP business and in terms of individual distributor or IFA is doing an SIP business like do you see a risk there that once your employee becomes successful or if he has a lot of loyal clients that he may think of moving out and then what do we do to ensure that these things are minimised?
- C.J. George:** I must tell you that right from the beginning of the on-boarding of a client, we have an effort to institutionalize the relationship, so this is happening through the customer care center as well as the back office report that we send to the client, so there is an active relationship building exercise between the institution and the customer, which is outside the purview of the branch employees. In the last 12 months probably there was one case of somebody starting to become an IFA, but other than that there is nothing visible at the moment, but I must tell you with regard to the number of people employed you asked this question we hired around 120 people during the period, but this 120 people were deployed in our B2B partnership banks. As a strategy, we had decided to scale up the B2B relationship in order to effectively compete in the long-term with the bank brokerage businesses where they have three-in-one accounts, so these seven banks with whom we have B2B relationships, we are providing the same feel and look of a three-in-one account and that is where we have deployed people. We have not deployed the additional incremental people in this SIP distribution business.
- Digant Haria:** In terms of new business acquisition that once a new employee is on board like if you can just help us understand how much time does he take to a build decent SIP book so that at least his costs are taken care of?
- Satish Menon:** First three months go in training. The next three months go in handholding. So actually he starts getting some SIP only after the six months. For him to be productive it will take at least from that six months to the next six months.
- Digant Haria:** Fine and then last question is have you seen increased aggression from IFAs as well or new IFA springing out just to do this mutual fund or financial product distribution business?

- Satish Menon:** I do not think so. From what we have seen in statistics over the last couple of years, we have seen the share of IFAs has gone down actually. So if you see banks and NCDs they have actually increased their market share and the share of IFAs in the total equity AUM of mutual funds have gone down. So, we do not see much competition coming from IFAs in this segment. Also, we need to understand that the regulator SEBI is moving towards different kind of distribution crevices. If you see the discussion paper where they want advisory separate and execution separate, I am not sure how these IFAs will be able to cope, but if I will go back to my old statement if I remember right the statistics, I think Aadesh would be able to may be add more on the statistics. The share of IFAs in the total mutual fund equity has gone down.
- Digant Haria:** All right Sir. Thank you. I will come back in the queue Sir if I have more questions.
- Balakrishnan:** I must also add one point here, it is also interestingly becoming a question of very efficient back office in terms of technology platforms, etc., it will need significant investments, so IFAs probably at least the geography where we are very strong we are not finding any significant pressure from IFAs at the moment.
- Digant Haria:** Fine. Thank you.
- Moderator:** Thank you. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.
- Dhruvesh Sanghvi:** Sir Congratulations overall in terms of the overall progress that we had in the last two years on the mutual fund distribution. Sir one part on that IFA point, which I think Digant was mentioning though we are saying that the IFA share has gone down probably out of the statistics, but at least in the people in our community or in the community of our business and we belong to a similar kind of business territory, we see a lot of aggression and stupendous growth from individualised IFAs, so maybe that the overall smaller guys are going down, but there are many individuals or small organisations moving very fast and what is the kind of size that we have and the kind of aspirations we have, we are not able to gain market share, so when can we start gaining market share ahead?
- C J George:** Let me tell you that you are right in this market expansion is happening thanks to AMFI, which is advertising heavily and as you said many people getting into this IFA business and then although the volumes are not still very, very noteworthy, but I must tell you that the market pie is still very small. There is a long way to go for everybody in this market because the shift of physical assets into financial assets and also within equities the shifts from direct equities to mutual fund, so both are happening. I think it is positive only. When the market withstands everybody takes advantage and we are of the view that we will be in

a better position to take advantage of it. In another one-month's time, we will come out with a new technology platform through mobile. Balakrishnan will be able to give details of the product that we are planning to launch by the November 1, 2017. So Balakrishnan can you.

**Balakrishnan:** For mutual fund actually, we will have a comprehensive platform right from on-boarding and KYC management and transaction, then portfolio statements, and related information, including our recommendations on mutual funds, analysis of various schemes, etc. This will be available on web and mobile. We have already released for friends and families small group and for the end masses, we will be releasing in the beginning of November.

**Satish Menon:** Just to continue, in FY2015 IFAs had 150% share in the non-direct AUM, in FY2016 it became 48% and FY2017 it became 47%. So, we agree that whole market has expanded, IFAs have not been able to actually retain their market share. What we have seen is apart from national distributors like us we have seen even banks getting very aggressive in this segment.

**C J George:** Actually the market-share growth, question, it is also because we have seen aggressive expansion of this business by banks and for them it is relatively easy to sell products. Now when the lending margins are down we are seeing significant attempts from the banks in terms of distribution of SIPs, etc., so that is perhaps one of the reasons why the market share was relatively stagnant.

**Dhruvesh Sanghvi:** One last additional question there. In terms of attrition, can you throw some light in the number way or who would be the right question to ask in the sales team attrition?

**Satish Menon:** You are talking about employee attrition?

**Dhruvesh Sanghvi:** Yes, but on sales side?

**C J George:** On the sales side, we are seeing attrition of around 40%.

**Dhruvesh Sanghvi:** When we say the added x number it is a net addition, so we added as it much more.

**C J George:** Correct and I must also tell you that this attrition happens during the first year, so we are also taking some corrective steps in terms of taking the candidates through somewhat stringent aptitude test etc., so that attrition can be brought down, but after first year we are not seeing significant attrition. Thanks to the kind of incentive scheme we have designed for this sales business.

**Dhruvesh Sanghvi:** Thank you.

- Moderator:** Thank you. The next question is a follow-up from the line of Digant Haria from Antique Stock Broking. Please go ahead.
- Digant Haria:** Sorry my question is again a little bit of repeat of what I asked that you mentioned that attrition on the mutual fund sales side is close to 40%. So in the last one year generally what has happened to the SIPs, which have been originated by these employees who have left do the SIPs go away with them or what portion of them continue with us?
- Satish Menon:** Most of them continue with us, even if the SIP's stop, the AUM continues with us. So what we had seen roughly if I remember right 10% of our book is from people who have resigned.
- Digant Haria:** Even on the current book, which is Rs1,200 crore.
- Satish Menon:** I meant the SIP book.
- Digant Haria:** Right.
- Satish Menon:** We would like to retain people so over a period they increase their productivity.
- Digant Haria:** Right and in the data that you mentioned that the share of IFAs, FY2017 share was 37% right?
- Satish Menon:** 47%, last year it was 48%, the year before it was 50%, the year FY2014 it was 52%.
- Digant Haria:** What is your experience and George Sir just mentioned that we have a full product suite, which we give to our mutual fund clients they can view their portfolio on-boarding process is much easier. So how is this particular thing for the customer in terms of other players like I understand IFAs cannot give all of this to their customers, but what do most of these large banks like do they have similar platforms or their platforms are little better than us?
- C J George:** Currently, what we are seeing is banks are using their relationship with the depositors and then shifting some of the deposits into SIPs and mutual funds this is what we said.
- Satish Menon:** From what I understand on the reporting side. We have seen our competitors report structures and all those things, they are quite good. We will not say that we have reached that level as of now, but with this comprehensive launch next month and ongoing work which is happening, I think it will be better than our competitors in some time, but as of now we have the people like NJ and all, but they have a different style of business but they have comprehensive reports, but our reporting will include apart from the back office reporting in terms of what we have bought, what is the gain, benchmarked to the

benchmark, we will have otherwise into this portfolio report. So in sometime I think we should be better than what is available in the market.

**Satish Menon:** There were two questions on the balance sheet. I would like to answer these questions. The margins that are given to Stock Exchanges that is what is gone up as which is in the heading of long-term loan that is given for the clearing purpose and the client balance is on the liability, client balances in the stock exchanges have come down that is the reason there is a change in the balance sheet debt. Otherwise we do not have any loan; we do not have any borrowings.

**Digant Haria:** Last question from my side is on the broking business, I think our entire focus is on this mutual fund distribution business and maybe that is the reason why last September quarter versus this September quarter we have not grown and I remember you are mentioning that most of your clients are not very, very heavy volume guys so in a very good market may be you would not get as good volumes but in a bad market you may not lose an equal amount of volume. So do these things hold that we will still have some steady growth coming in our broking business or we are completely defocusing from there and lot of energy spend more on the mutual fund distribution business?

**C J George:** Interesting question. Let me tell you that there is particularly no induced offline trading in the business today, because people use their efforts for selling mutual funds and SIPs through an advisory mode rather than selling research that kind of induced trading has come down. We hope so because we are seeing the reduction in the business particularly in the offline trading so that is something that we had expected and we are not absolutely disappointed about that. I must also tell you that if you look at the yield that we get from a trade and the yield that we get from the mutual fund investments, we are not seriously disappointed. The only problem is because we get around 9 times as good as nine trades income from mutual fund investment, but the difference is that for the mutual fund income, we get over a period of time every month we will get whereas in the case of trading sometime say in a month people trade may be three trades, four trades, five trades etc., so we are not unduly worried about this. The main reason for that also I must tell you that our clients every single client who invested in SIP has made money, so we are building a community of happy investors and we are seeing that that itself from the ground level these clients are referring new clients and we are actually not at all disappointed about it.

**Digant Haria:** Got it and when you say that there is no specially induced offline trading, so is it fair to assume that almost 2,600-2,700 of our employees, almost all of them are in some of the other capacity involved in selling of mutual funds, sales guys would do most of the effort, but even the guys not in this sales, do they also make effort to sell mutual funds?

- Satish Menon:** Everybody in the organisation is doing SIP out of this 2,600 people, 600 people are sitting in the head office. They are also doing SIP, balance 2,000 people who sit in the field actually majority of the business come from the branch manager and dealers who are not full-fledged sales people.
- C.J. George:** We are explaining the company's vision among all the employees, that is we are building a business, we are creating wealth for our clients, and so they are referring their friends, relatives, and kind of it. Many employees do not have selling SIPs as their target,.. but they are all involved one way the other in joining this objective to shift in the company focus.
- Digant Haria:** Okay. Just you said that the attrition rate in sales target is 40%, so what is the attrition rate in the other part, which is the non-sales team, because I think they have undergone a lot of change in terms of companies, which are in day-to-day activities. So what is the attrition rate like in that other 2,300-2,400 employees who are not there?
- C J George:** I would say that after the first year, the attrition is around 15%. So, first year we see the higher attrition due to variety of reasons but after first year the attrition is slightly less than 15 %.
- Digant Haria:** All right. That is good to hear Sir. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Shivam Mehta from CWC Advisors. Please go ahead.
- Shivam Mehta:** Good morning. Thanks for taking my question. The first thing I needed a little bit of understanding about the reduction on the interest rate that you have done in the equity revenue line item. This is related to the GST coming in and that has what has been system level pass through for all your competitors will charge the same rate going forward. So why is the company taking it on?
- Satish Menon:** You are correct actually GST is a pass through. If GST is levied we can pass it on to the client, but you must understand that the GST charge of 18% would have been over our interest rate of 22% .In the scenario of reducing interest rates, we have not reduced interest rates for sometime and last one-year interest rates have not reduced, we have not given that advantage through the clients. So if you were supposed to charge 22% plus GST, it would have been 25% plus, we thought it would have been exorbitant for clients. So we took a conscious decision that we will reduce the rate to 18% and charge GST so for a client it does not make much of a difference, it will be 21.6% compared to 22%. The whole fact came in that if we had passed on the burden of GST on the client it could have been close to 25%, which we thought it was a little bit unfair to the clients.

- Shivam Mehta:** Does it mean that before you took this rate reduction we were ahead of the peers who were in the business?
- Satish Menon:** We understand everybody charges 18% to 20%.
- Shivam Mehta:** The other question was that about this new 125 people allocated to this B2B with the bank. So just to understand that how does this tie into the focus that we have on promoting SIP over plain acuity brokerage because if it is a three-in-one account it looks like brokerage client?
- C J George:** Yes, three-in-one account is brokerage account because three-in-one account is one area where we are seeing competition, so we wanted to effectively compete with those banks through our B2B partners. We have revenue sharing and we do MF through the exchange platform only. Currently this quarter what we are seeing is we are doing around Rs35 lakh, Rs40 lakh gross brokerage per month. We are also doing, mutual fund distribution and SIP, but only through the exchange platform, so that is the business we thought we should first allocate our sales people to take strengthen our B2B relationship. So this number of people that we are deploying once these people reach full productivity we will further increase the people.
- Shivam Mehta:** Okay, effectively once these people understand the whole selling process, they will be brought back to sell SIP to your captive pool, is that correct?
- Satish Menon:** Yes, they have already started selling. In a small way they have already started selling. Only thing is we cannot sell offline SIPs on mutual fund. But we have actually a reach up to around 10,000 bank branches if we take all the branches put together, so that is why we are seeing a great potential in building that business and building that platform effectively.
- Shivam Mehta:** Okay and the last question was when we spoke last quarter there was slight discussion about adding another product into your selling portfolio, any update on that side?
- Satish Menon:** Not yet, we are doing some senior hiring and probably by next quarter we will be able to talk to you on this.
- Moderator:** Thank you. The next question is from the line of Manjeet Buaria from Solidarity Investments. Please go ahead.
- Manjeet Buaria:** Thanks for taking my question. My first question was on the SIP book we have today. I wanted to understand from the prospect of how concentrated it is in terms of different fund

houses, people have subscribed to the SIPs for, is it like top-three fund houses like 80% of your SIP book how does it work?

**Satish Menon:** In terms of distribution of SIP, it is an open architectural model. We sell mutual funds for all AMC which are empanelled with us, but we have certain rigorous screening process where the top 10 or 11 AMCs we are slightly more aggressive. In terms of spread over all this AMC top 10 AMCs would be contributing close to 85% to 90% of SIP book and the largest would be below 20%.

**Manjeet Buaria:** Okay and so just one question in the community where friends and all refer each other as you mentioned so is it like different people in the same pool would have different SIPs and then they compare their performance and how does it work like or it is purely a push product from your sales people, you need to buy this?

**Satish Menon:** Can you repeat that question?

**Manjeet Buaria:** I just wanted to understand is this selling a purely function of what the sales person can convince someone to buy or they also benchmark themselves to the peers in terms of if somebody has ICICI mutual fund and was referred him as HDFC and then they compare their performance so just wanted to get a sense on that?

**Satish Menon:** We understood the question. We come out with a monthly magazine. That is research product where we recommend. Our sales people are supposed to sell only from that magazine. Every month there are six and seven large-cap funds, 6-7 mid-cap, 6-7 small-cap funds balance on etc., so this is a recommended list of funds, which we do, which of course does not change month-on-month it is done through rigorous screening studying and this recommendation comes at every month and our sales people also supposed to sell only from this set of funds.

**Manjeet Buaria:** Two more questions, one is when you mentioned that banks are getting more aggressive in this space, so I just wanted to get a sense given the consumers wallet is finite, their bank balance is finite in some sense as far as investable surplus goods I mean how do you guys think about it right because bank would be deeper relationship probably with these guys over the years so how does one think about this competition?

**C J George:** Okay let me tell you in the past also couple of decades, when the interest rate was too low we saw this phenomenon of banks becoming very aggressive in selling distribution etc., so I do not think it is something very serious, not at the moment because it is a question of lending margins and credit demand etc., so this is probably in a collateral issue coming out of very low interest rate and very low credit demand if that was your question.

**Manjeet Buaria:** Okay fair enough. My final question is in last one and one-and-a-half years since you have started building the mutual fund distribution business the markets have been quite good and people have obviously made money, but how do you guys prepare in terms of down cycle in terms of stopping redemptions? You do not know markets would not move out one direction of this so how is the structure shoot to kind of block that redemption kind of phase?

**C J George:** Let me tell you that when we started the distribution of this SIPs in a big way we had then analysis of previous five years data and that was basically down market also, so in SIPs we are able to convince people that when the market goes down it is beneficial for the SIP investor so they finally make money, so we have research reports, we have data with us to show that in a market that is declining it is beneficial for them not to stop, not to redeem, but to continue with that. So there is a certain amount of knowledge requirement to sell to our clients so I do not think it is a major issue. The clients will be benefiting if the market also goes down in between, it is a risk volatility management issue, and the returns will be higher if they continue their investment in SIP so we educate the clients in this fashion.

**Manjeet Buaria:** So it will be purely trying and educating them at that point of time?

**C J George:** Because we have data, 22 years data if you take you had cycles, end of 2001 and then 2007 and then subsequent significant market decline, but the person who continued their SIP made maximum returns in the market so we have the data, we have the analysis, which we show to the clients.

**Manjeet Buaria:** Sir I understand that. I understand the data for support this hypothesis obviously because you are buying in the markets, which are lower, but my question is noted psychological question for these guys, they do not really look at it that statistically or with that rationality when markets are going down?

**C.J. George:** I can tell you our experience. The lump sum investor get nervous where SIP investor it is relatively less because every month it is small amount going, but lump sum investor we have seen like equity investors, we have seen this kind of slight nervousness, but SIP investors it is by and large much less and there are investors who are not even bothered to look at monthly market movements etc. There will be an impact but it is mostly to do with the lump sum investors and mutual funds.

**Manjeet Buaria:** And it is a small part of our book today right?

**C.J. George:** What is coming at the moment is primarily in SIP, but there are lump sum people sitting in our old AUM at the moment. Currently we are all focusing on SIP and number of clients.

- Manjeet Buaria:** Thank you and I will get back in the queue.
- Moderator:** Thank you. We have got a follow-up question from the line of Manjeet Buaria from Solidarity Investments. Please go ahead.
- Manjeet Buaria:** Sir one more question I wanted to understand this AMFI advertisement, which are done, AMFI basically is a group of mutual funds, which have come together. So, today we are educating about benefits of mutual fund investment, what stops them from in couple of years or may be four or five years educating people on direct investments?
- Satish Menon:** They have already started doing that. In some of ads, which I saw last week, there were talking about direct investment also so today if we understand right, in SIP, direct is less than 10% of the total and I am sure that will grow but the potential in this market for SIP is much much more than what is being seen today.
- C.J. George:** I must state one point here if you look at the last 22 years, we are saying the best performing fund that is delivering plus 30% and the worst performing fund delivering around 11% to 12% so if you look at differential that shows there is a role to play by an advisor so that is where we are really banking. We are showing this to people. So they understand that direct mutual fund purchase means they are actually taking a risk also so there is a requirement for these people to get an advice. I must also add that this, financially-educated and technology-savvy people might go direct way but there will be large section of the society who are investors who are having investable surplus, but they will need help to identify the right kind of mutual fund scheme.
- Manjeet Buaria:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question and I now hand the conference over to Mr. Aadesh Mehta for closing comments.
- Aadesh Mehta:** Thank you everyone on behalf of Ambit Capital. I would like to thank management of Geojit Financial Services and to all the participants for being a part of this call. Thank you and have a nice day.
- Satish Menon:** Thank you.
- Moderator:** Thank you on behalf of Ambit Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.