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BSE Limited

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Dalal Street Mumbai - 400 001
Scrip Code: 543374

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
Symbol: ABSLAMC

Dear Sir/ Ma'am,

Sub: Transcript of the Earnings Conference Call for the quarter ended June 30, 2024

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call on Unaudited Financial Results for the quarter ended June 30, 2024, held on Thursday, July 25, 2024.

The above information is also available on the website of Company at <https://mutualfund.adityabirlacapital.com/shareholders/financials>.

We request you to kindly take the aforesaid information on record.

Thanking you.

Yours sincerely,

For **Aditya Birla Sun Life AMC Limited**

Prateek Savla
Company Secretary and Compliance Officer
ACS 29500

Encl: as above

**Aditya Birla Sun Life
AMC Ltd.**



**“Aditya Birla Sun Life AMC Limited
Q1 FY25 Earnings Conference Call”**

Thursday, 25th July 2024

MANAGEMENT TEAM:

- **MR. A BALASUBRAMANIAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – ADITYA BIRLA SUN LIFE AMC LIMITED**
- **MR. PARAG JOGLEKAR – CHIEF FINANCIAL OFFICER – ADITYA BIRLA SUN LIFE AMC LIMITED**
- **MR. PRAKASH BHOGALE – HEAD, INVESTOR RELATIONS – ADITYA BIRLA SUN LIFE AMC LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Aditya Birla Sun Life Asset Management Q1 FY25 Earnings Call hosted by InCred Equities. 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 star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jignesh Shial from InCred Equities. Thank you and over to you, sir.

Jignesh Shial: Hi and good evening, everyone. On behalf of InCred Equities, I welcome all to Aditya Birla Sun Life AMC Q1 FY25 Earnings Conference Call. We have along with us Mr. A. Balasubramanian, Managing Director and CEO, Mr. Parag Joglekar, Chief Financial Officer, and Mr. Prakash Bhogale, Head-Investor Relations. We are thankful to the management for allowing us with this opportunity. And I would now like to hand it over to Mr. A. Balasubramanian, Managing Director, and CEO of Aditya Birla Sun Life AMC, for his opening remarks. Over to you, sir.

A. Balasubramanian: Thank you, Jignesh, for the introduction. Good evening, everyone, and thank you for joining us on today's investors call. I trust you all have had the chance to review our earnings presentation, which is available on both the stock exchange and our website.

Let me begin with the economic outlook and an update on the mutual fund industry first before I give an update on our quarter-one performance. The global economy has performed better than expected, even as uncertainty on the geopolitical front continues. There are looming political uncertainties with some critical elections yet to play out. The risk of recession appears to have decreased, and the global economy has shown resilience to higher interest rates as well.

The macroeconomic outlook for India remains broadly positive. The Indian economy grew by about 8.2% in FY24, higher than expectations with the RBI projecting the real GDP growth for FY25 anywhere between 7.2% to 7.5%. The key contributors to the economic growth include significant government spending on infrastructure, driving manufacturing sector and a strong domestic demand, as is known to all of us.

To reflect specifically on the union budget announced earlier this week, we feel it is in line with the vision of building a self-reliant Bharat, focusing on the critical drivers such as the MSME sector, agriculture, manufacturing and a strong impetus to job creation and skill development that can propel the country to the next level of growth.

The focus has been to keep the fundamentals strong, catalyse the pockets of opportunity, and not deflect from the fiscal glide path as well. The budget did not have any specific announcement for the mutual fund industry, except the marginal tinkering that has been done in the capital gain tax.

The increase in capital gain taxes may not dampen my belief is market sentiment or also have significant negative impact more than the market on the mutual fund industry. The rationale is

that the substantial wealth that has been created in the country over the recent years makes the additional tax burden relatively minor for most investors. Moreover, investors typically base their decisions on potential returns and economic growth rather than solely on tax considerations. And the Indian equity market has consistently outperformed global counterparts, reflecting the strong fundamentals of the Indian economy and the earnings potential of the companies across sectors.

There will be some earning consolidations going ahead, but with the country's strong structural drivers and economic fundamentals remaining intact, there will be continued participation in Indian equities. Given India's fiscal health, one can expect rating upgrades for the country, which will also be advantageous for the Indian bond market.

With respect to the mutual fund industry, as of 30th June 2024, the mutual fund industry Quarterly Average AUM reached ₹58.96 lakh crore as compared to ₹43 lakh crores last year around the same time, growing 37% on a year-on-year basis.

During the quarter, the mutual fund industry witnessed equity net sales of around ₹1,42,000 crores through new fund offerings and existing funds. In fact, the NFO collection in the Equity Fund was around ₹26,200 crores majorly coming from sectoral/thematic funds. The industry's SIP flows grew 44% year-on-year from ₹14,734 crores in June 2023 to ₹21,262 crores in June 2024. The total number of mutual fund folios stood at 19 crores with an increase of 28% year-on-year with a unique customer base of around 4.7 crores. The individual average AUM grew by 46% year-on-year from ₹25.67 lakh crore to ₹37.47 lakh crores and contributed 61% of the total AUM. B30 cities with an Average AUM of ₹11.13 lakh crores accounted for 18% of the total AUM.

For us at Aditya Birla Sun Life Mutual Fund, FY25 has a special meaning as it marks a milestone for our company as we celebrate 30 years as an asset management company and a key player in the Indian mutual fund industry. Anchored by our unwavering values, rich legacy, and exceptional team, we have built on our strong foundation and endeavour to be a formidable force in the industry. We have navigated market dynamics with agility and innovations, focused on our core strengths and made strategic moves to address areas of enhancement in order to build the business further.

The efforts have come together to build momentum, which was quite visible from the final quarter of last fiscal and has further gained pace as we move to the current quarter. This is reflected in the strong momentum of our AUM numbers and growth in SIP numbers, and a healthy retail growth. We posted the highest-ever quarterly profit and witnessed a substantial increase in investor's folios across various channels during the current quarter.

We had a successful NFO collection of Aditya Birla Sun Life Quant Fund mobilizing assets of around ₹2,400 crores. It is now one of the largest funds in this category. And for us, also, it was one of the highest collections we have had in the last so many numbers of years. We also witnessed improvement in contribution from B30 cities. We have not just seen an increased growth contribution of corporate through institutional sales, but also a rising trend in contributions through digital platforms and distributors in general.

Our business verticals in the alternative segment has also showcased healthy growth driven by AIF and PMS product launches and the AUM growth thereon. Passive business has also grown progressively through new product launches and scaling up the existing products. This progress is a result of building a robust sales ecosystem. Enhanced management at the relationship manager level, increased satisfaction with service effectiveness and positive sentiment towards fund performance and an improved digital experience, have all contributed to a positive sentiment and overall improvement in the AUM numbers.

Moving on to our business numbers, Overall Average Assets under Management including alternate assets, reached ₹3.68 lakh crores, reflecting a 19% year-on-year growth. Our Mutual Fund Quarterly Average AUM reached ₹3.53 lakh crores, with Equity quarterly average AUM about ₹1.62 lakh crores. SIP numbers during the quarter further moved up to crossed ₹1,300 crores mark, showing a 39% year-on-year increase, from ₹987 crores in June 2023 to ₹1,367 crores in June 2024. We added around 8.39 lakh new SIPs, mainly we have seen a 3x increase from the previous year. We have witnessed healthy growth in our investor's folio. Have added around 9 lakh new folios during the quarter bringing our total serviced folios to 94 lakhs. Our quarterly folio growth was 9% compared to the industry's 7% growth.

In the alternative segment, PMS/AIF remains our key focus area. But as part of our alternate business building exercise, we have strengthened our team and appointed a Head of Fixed Income Credit and aim to offer a variety of products including category II and category III Alternative Investment Funds and fundraising is underway for the ABSL India Special Opportunities Fund, which has been one of the growing funds in the PMS category, along with other several products that we have in the pipeline. By establishing our presence in GIFT City, we aim to manage and attract overseas investments into India to meet the growing needs of NRI and foreign investors. We are using GIFT City to launch a variety of innovative financial products, including a product which is ESG Engagement Fund for Sustainability, index-linked funds, and thematic funds. These products are designed to meet the evolving preferences of global investors and tap into niche markets.

We have launched and are currently under a fundraising plan for funds for ABSL Global Emerging Market Fund which invests in emerging markets. We have already touched the size of close to about ₹400 crores. We will soon be closing the fund in the next few months. ABSL Index Linked Fund that we are launching for inward remittance in India. At the same time, we are also launching a fund ABSL India Opportunities Fund for providing opportunity to NRI investors to invest in India. We are also preparing to launch funds in GIFT City including ABSL India ESG Engagement Fund. This I had highlighted in the past, the ESG Engagement Fund, but finally, we are seeing the seed capital coming in and this fund will take off in the next quarter in order to drive funds from the rest of the investors in India.

In the same way, the Flexi Cap Fund and Global Blue-chip Fund, a Fund of Fund is been created to attract NRI investors in India through the GIFT City. On the passive front, as of June 2024, our passive assets total approximately ₹29,900 crores. Our customer base has grown to about 7.53 lakh folios and have a diverse product portfolio of about 44 products. We at ABSLAMC are focused on driving growth in the passive segment. We have enhanced our

passive core team, by bringing in a Head of Passives with international experience, having worked with some of these funds in the U.S. which focused only on passive. We are also looking at further expanding our product offering to capture the opportunities in the thematic segment both with the passive route as well as the mutual fund route.

Moving on to financials, we at ABSLAMC are happy to inform you that we have achieved our highest-ever quarterly profit in Q1 of FY25. This has been driven by improvement in the asset mix, overall asset mix and a strong focus on cost management. Our total revenue is about ₹481 crores vs ₹389 crores in Q1 of FY24, up 24% Y-o-Y. Our profit after tax is at ₹232 crores vs ₹185 crores in Q1 FY24 up 26% Y-o-Y. The impact is also driven by the improvement in overall operating profit that we have witnessed during the current quarter, which is due to the mix of assets that are changing.

With this, I would like to conclude and open the floor for any questions that you may have. I will be joined by Parag Joglekar, who is our CFO and Prakash Bhogale who is our IR in charge to take any other questions that we may have.

Moderator: Thank you very much. The first question is from the line of Lalit Deo from Equirus Securities. Please go ahead, sir.

Lalit Deo: Congratulations on a good set of numbers. Sir, my first question is on the SIP flows. So, we have seen a good ramp-up in our SIP book as well as in registrations. So, could you highlight the channels from where we are receiving the increased interest with the same? And also I wanted to understand that this SIP flow also includes systematic transactions. So, could you just give us the breakup between the SIP and STP flows?

A. Balasubramanian: Thanks, Lalit. I think with respect to the the SIP flows, largely we are seeing the flows coming from one Mutual Fund Distribution (MFD) channel, which is our traditional channel, then the digital channel, and then come from the rest of the channels, including direct. We have seen contributions coming from all of them and I think the majority of the contributions have been coming from MFDs and digital channels.

With respect to the breakup, though I do not have that breakup. But predominantly large proportion of the flows for us are in the form of an SIP, less number of transactions coming to the STP. That again, we see that as one of the opportunities for us to push aggressively in terms of improving the overall number further to a higher level. But a large contribution coming from the SIP route.

Lalit Deo: Sure, sir. And sir, apart from the SIP, how has been our trend in the lump sum flows also on the equity side?

A. Balasubramanian: Lump sum flows, of course, we got reasonably good lump sum flows in our NFO that we did. Predominantly there we would have got roughly about ₹20 crores in the form of SIPs and the rest of the flows came through the lump sum. In the existing funds, there are few funds where we are seeing flows purely on the basis of the acceptance both in the large-cap category as well

as the thematic category. There, the lump-sum flows have been improving. But predominantly large flows have been coming through the SIPs.

Lalit Deo: Yes, sir. On the Opex side, despite launching the NFO in this quarter, our other Opex has remained broadly flat on a Q-o-Q basis. So, like for the next two years, how are we looking on the expenses side? And can you also give us guidance on the ESOP expenses for FY25 and FY26?

Parag Joglekar: So, the expenses, mainly we have been generally projecting that the expenses will grow in the inflation plus something. So maybe the cost of employees will be in the range of around 10%-12%. Other than that, other Opex will grow in the range of around 10%-12%, which is the administrative Opex. So that is what generally our target will be and that we will be tracking.

A. Balasubramanian: As Parag mentioned, Lalit, as far as the Opex is concerned, one, we, of course, continue to do branch expansion, we will keep that as one of the drives especially in the emerging markets, we are expanding further. Second, with respect to the people, whatever I have been communicating, most of the recruitment related at the senior level, they are more or less done. And we might still further strengthen the team in a few areas, especially in the direct as well as the alternate business. These two areas we will further build. And even offshore, since we are seeing some kind of momentum coming back, especially towards India as well as even we are also seeing some kind of green shoot as far as offshore business is concerned.

However, these are three areas where we may have to fill. Some people-related expenses we will have to take. But broadly, this is an approach that we will take. But as Parag mentioned, we will keep a close watch in terms of productivity. Therefore, increased productivity will keep the Opex under control.

Lalit Deo: Sure Sir. Thank you Sir.

Moderator: The next question is from the line of Dipanjan Ghosh from Citi. Please go ahead, sir.

Dipanjan Ghosh: Good evening, Sir. Firstly, you can give some colour on the net flow movement for your equity assets, excluding the sectoral funds. I mean, you have a large chunk of sectoral funds. And obviously, the industry has seen strong momentum in that. But if I were to see the net flow movement, excluding the sectoral funds, how that would be? And from a quarter-on-quarter perspective, how has the trend been in terms of market share on that particular chunk of the business, ex of sectoral funds?

Second, you mentioned that you had growth in other Opex and per cost, employees will be around the 10%-12% ballpark number. Sir, is this for FY25 or do you expect this to remain a steady state guidance going ahead also? Lastly, three bookkeeping questions. You can give your ESOP expense for the quarter, and employees for the quarter. Yes, that was the last question.

A. Balasubramanian: Yes. With respect to your first question in terms of flows, largely, of course, net sales between the thematic funds that I just mentioned, that is something PSU Equity Fund, Pure Value Fund as well as on the Quant fund that we have raised. As far as the diversity equity fund is concerned, predominantly the flows are more into the main categories such as large-cap and flexi cap kind of funds. But again, the large component of the flows, I would say, is coming to the thematic funds as it stands today.

But overall, though, of course, net sales numbers generally, we do not disclose it. But otherwise, broadly, the trend has been improving. But however, the market share is a function of significant money that has come into the industry, especially in the current quarter, which I mentioned about ₹1,42,000 crores and also the differential product performing differently, depending upon where you have a large presence. And given the fact that a certain segment in the market has been giving a significant outperformance, in that segment, we as a fund house do not have a dominant presence.

To the extent that we have seen the market share improvement is not coming as much as we would have desired to be, but however various steps that are being taken, such as the successful closure of one NFO, the successful push in terms of SIPs with a clear target to take higher numbers. And there is one area where I'm seeing an improvement in terms of addition is the new customer additions.. Now our share has been improving. And the same way on the SIP new addition as well and compared to the industry, I am seeing an uptick as well as an increase in the gross volume as a percentage, which is a reflection of productivity.

All these things my believe is would eventually lead to improvement in the market share, not necessarily a significant move unless we see very large flows coming in a few of the NFOs. Of course, we do gun for it. But given the operating model that we have, I think these are some of the steps that we are taking in should help in terms of moving up in the overall contribution of the growth.

With respect to the Opex, I'll ask Parag to give a sense and ESOP.

Parag Joglekar: So Dipanjan, the ESOP cost is in the range of around ₹3-odd crores which is already a part of the employee benefit cost. The Opex, guidance is more or less 10% to 12%. That is what we are looking at over the period. As Bala also mentioned, there may be some recruitment and there may be some activity on branch expansion will happen. But we will try to keep a close watch on the overall expenses to ensure that it is under control.

Prakash Bhogale: And number of employees as of June is 1,520.

Dipanjan Ghosh: Okay. So, Parag sir, just a follow-up question is the guidance of cost, is it for FY25 or in terms of, let us say, when the market kind of stabilizes a bit in FY26 or FY27, assuming it stabilizes, what sort of flexibility do you have in terms of them because obviously, you will be adding employees. I mean if I understand correctly, last quarter you added around 70 employees.

So suddenly if markets were to stabilize, what sort of ability would you have to control your overhead? Just wanted to get some sense on that. And just one more question if I can chip in,

you can give some understanding of your yields on equity for fresh versus back book and how the payouts are shaping up?

Parag Joglekar: Especially on expenses, some of the expenses are variable, obviously. But the majority of expenses will be fixed like employee salaries, rentals and all that stuff. But there are expenses which are variable in nature. And depending on the growth of the overall AUM and overall business, that can be tweaked to a certain extent. But the majority will be on the fixed side of the expenses. On yield, equity is in the range of around 68 bps. And new, generally, depending on a scheme to scheme, but we generally share around 65% of our DTR with the distributors. So, the yield on the new will be lower than the overall yield on the old stock.

Dipanjan Ghosh: Got it Sir. Thank You and all the best.

Moderator: The next question is from the line of Devesh Agarwal, IIFL Securities. Please go ahead, sir.

Devesh Agarwal: Good afternoon Sir. Thank you for the opportunity. My first question is the tax changes that have been made in the Budget, how do you think this would impact the inflows into the mutual funds of different categories? And do you see that post-March'25 the AUM that is there on the debt schemes can that see a churn to others schemes?

A. Balasubramanian: Yes, I think the way we have seen tax changes as far as the equity is concerned has no negative impact. The increase in the capital gain tax should not have much impact as well as on the flows concerned because largely the flows have been coming keeping in mind the longer-term investment needs of people.

Therefore, plus again being pushed through the SIPs for all coming to goal-based investing. Therefore, I don't see as far as equity is concerned -- unless we see the equity market turn volatile therefore is a slowdown. But nothing related to the budget I would say. As far as fixed income is concerned it's status quo. Nothing major, though we have been expecting some steps will be taken to promote fixed income schemes in order to develop bond market on one side as well as create alternate products for significant equity flows that have come as a cushion.

But I have not seen it, but it does not have any negative impact. But at the same time, there are certain asset classes are now coming into the long-term capital gain tax such as REITs and InvIT, gold which is now attract equity taxation. I think these are some of the products that potentially could emerge, may not be necessarily immediately, but can potentially emerge including hybrid products could potentially emerge to get the retail investors as part of our onboarding exercise. That is something internally we see could be an opportunity. As for the fixed income concerns as the expectation of interest rates starts setting in, which I think we would probably see they are coming in, and the equity market volatility if it fits in then we'll see the fixed income flows also would begin. But at the same time what we are doing is within the fixed income space well of course in the mutual fund space we continue to keep our dominant position.

We are also building our product offering on the alternate side with the fixed income-oriented schemes with higher yield, and return expectations than your traditional investment

expectation in the alternate space by way of credit opportunities fund as well as real estate yield fund. These are the two that we are doing mainly to cater to the HNIs and family office needs.

Devesh Agarwal: Right sir. And the same cost, a recent consultation paper that SEBI has floated in terms of a new category of investment which is the ₹10 lakh and above. What are our thoughts on that?

A. Balasubramanian: If there is something new there is a segment of people who otherwise play in the market directly using the options in the market, or the F&O fund market can potentially the new product can be created by a mutual fund. This will take some time, but definitely, it's something innovation is coming in which SEBI has been thinking about such kind of product with any merit to be part of the mutual fund. Having a scenario if this comes and of course, we will have to build capability in terms of using the derivative market to have this kind of product and also help in reaching out retail investors. It is something, there is a space, but needs to be dedicated, the way we have done for other products for one to get higher participation there.

But as it comes to the fund house, the way we have been building capability in various other product segments, we will do a similar one as well. But right now, too early to take a call in terms of what is the real impact that one can visualize on this, but this kind of product will become one of the customer acquisition tools so that eventually they become part and parcel of the main mutual fund scheme.

Devesh Agarwal: Right sir. Even I was saying it on similar lines. So, for this scheme if at all this comes to mutual funds, would we need to have a completely different distribution channel that can kind of force such high per-client AUM?

A. Balasubramanian: Not necessarily, I think. I think ultimately one of the areas, the MF industry has beautifully adapted and articulated this asset allocation model. And it is like the way we are now seeing thematic funds also now drawing the attention of investors as part of asset allocation. I think it will fall in the same approach so to speak.

Devesh Agarwal: Right sir. And sir, can you also share the yields on your debt and liquid funds?

A. Balasubramanian: Sure. Parag.

Parag Joglekar: Debt is in the range of around 25-26 basis and liquid is in the range of around 12-13 basis.

Devesh Agarwal: Perfect sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Kunal from Carnelian Asset Management. Please go ahead.

Kunal: Thank you for the opportunity. I had questions about our scheme returns. So basically, we are seeing improvement in 1-year returns across our main equity schemes. If you can help elaborate, more on the series and what you have done on the investment team side, how do we add and in our interactions with distributors now since 1-year scheme performance has improved? How do you see the traction also building upon that, that would be really helpful.

A. Balasubramanian:

Thanks, Kunal. The way we have done is one I think if you have to look at the investment side. One is the new additions that we have made to the team and the second is the existing team members who have been extremely passionate about managing funds and therefore create success. So, as we speak today about 65% of funds have been in the Q1, and Q2 performance funds across the various categories.

And second is the way I look at vis-a-vis the competition how we are also in the peer group, how we are also performing in relation to this. As you rightly pointed out the performance improvement was not just coming in 1-year. Now it is even coming in the longer term. That is something has been being one of the mandate investment teams is working on.

Second is the Quant fund NFOs also when we did our complete roadshow across the country did have a positive impact. One is communicating what we have done and what is being done and the investment team both from a team processes and whatever step that has been taken by the investment team to deliver successful investment performance that is being well appreciated.

And the second in terms of communication on the same thing is also being done effectively by identifying four or five products that can get scaled up for us given the fact we have a longer-term track record in terms of performance, existence, long-term track record, people have made presumably good money in each of those schemes. How do we get that communication done effectively to increase the level of engagement?

And the last, of course, is the capital retail focussed that they have brought in, in terms of increasing the productivity of every RM in every location. That's also being monitored very closely. The SIP improvements that we are seeing, new customer acquisition we are seeing an improvement always an outcome of the increased efforts that are being put in by the team on the retail side.

And the process has begun and with respect to investment wherever the gaps are there in terms of individuals having the capability to manage certain segments of the market cap that also we identified we will probably have somebody onboard for the mid-and small-cap category where we felt probably have to further strengthen our team, that also we have taken steps to get somebody onboard.

So those are some of the things that are also being appreciated internally as well as by the sales team so that they can embrace the changes and have a little bit of better engagement at the marketplace. And that's something I see as a change and second, we also had all India employees meet, being the 30th year, just to reenergize the team, communicate very clearly in terms of what we are doing and how we are planning to do. And so that entire team members embrace the changes that we are bringing in order to go to the next level of growth. We are also, of course, being appreciated by the entire employee force, that is something we had to do to ensure that the strength of the ABSLAMC, is built over a period of time, and is understood by people. At the same time, the plan that we have to grow to the size is also being adapted by people across the board so that we get the contribution coming from every employee from every location.

Kunal: Got it. All right. That is helpful. Also, if I understand correctly, we have made a few changes in the sales team as well and hired a few people over there as well. If you could help a little bit understanding how is that panning out? And if you want to share the new hires what's the focus engagement? Any changes out there also could help.

And one more question to this. I am not too sure how meaningful it will be in the total scheme of things. But we were also talking about cross-selling within the ABG Group itself, right, at the parent level. So, are you seeing any traction there? How is that panning out? And if at all, it will be very meaningful in terms of ABSL AMC in the overall scheme of things.

A. Balasubramanian: With respect to the sales, of course, we did some reorganizing generally in terms of more people movement. That is something we did with the external person coming in with experience in managing on the wealth side as well as customer connect. And that is something is done. And of course, incremental changes more would be at the support function. We have created presumably good strength in terms of our digital platform and the product and business development side.

We have identified a few areas of opportunities to further strengthen. One such opportunity we have been driving is emerging market opportunities. When we set it up about a few years back, we saw a significant contribution coming from the deeper parts of the location, where we had a specific focus. The team was driving it with 100% energy going only towards building that business. That's something we have reset it up as we have been factored.

Second, direct sales. While we have about a 35-member team, we, of course, have also been thinking of an exclusive, sharper focus that we can bring by having people who would drive it with 100% rigor and start to reach the thing. And third is within the institutional business, we've been extremely successful in building our institutional business to have a higher market share. The institutional business team is always highly capable of reaching out to the family offices as well as ultra HNIs. That's something, again, we have filled up as a separate target that they should take in order to further expand the relation that we have in the institutional business. Therefore, we'll be able to leverage that benefit. That's something we are doing on, a few other changes that we are looking at them.

Definitely, it's working quite well in terms of having a sharper focus on execution. And last but not least, the NRI one segment where having created space in the GIFT City as well as created a presence in Dubai and other ucit platforms we created. We also feel that we can bring in a more sharper exhibition focused on NRI customer acquisition. Through it will be too early from an output expectation point of view. But definitely, we can expertise that in that area could also help in getting NRI customers as we start setting up a fund of funds in GIFT City. That's something we do work in terms of expansion of the business there. With respect to the other question, the second question was on the?

Kunal: Selling within the ABG Group.

A. Balasubramanian: Yes. On the cross-sell, and upsell, there are two opportunities. One, of course, is PIFA and the second is ABCD. We have within the existing team the special drive that given to the PIFA.

In fact, we are seeing traction coming in that, I'm seeing month-on-month the number showing an improvement on the basis of two things: one, a clear target setting both on customer base as well as the AUM growth coming from PIFA. Second is the leads that come from the rest of the businesses, in the direct customer business, and looking at that conversion ratio from the individual AMC business point of view.

What we have seen, is some of the attraction in terms of conversion of that into our AMC customers. At the same time, the ABCD which is the one digital platform super app that has been created by ABC. Also, we are seeing some of the product positions that we have. In fact, we are seeing visibly good traction coming on our Quant fund NFO that we did and a similar promotion is also being done in some of our existing products. So as the traction increases on ABCD app, we are seeing increased participation coming in that. So, I can only say that we have a number on a month-on-month basis and we review each month, we are seeing an improvement, which itself a sign that you can contribute in addition to the push that we are giving at the AMC level.

Kunal: Got it. Cool. I mean, wishing you all the best and also congratulations on your reappointment, sir.

A. Balasubramanian: Thanks, Kunal.

Moderator: The next question is from the line of Abhijeet from Kotak Securities.

Abhijeet: Hi, Good evening everyone. My first question, I wanted to clarify the equity yield, I missed that number. Was it 68 basis points or 60 basis points?

Parag Joglekar: 68 basis, Abhijeet.

Abhijeet: And then just on this point, again, like how do you see the distribution commissions evolving given that some of the players have talked about some scope for rationalization? So, in that scenario, what would be our thought process given that we are now in the process of getting some of the existing larger funds to capture a higher share of flows? How would we deal with a situation like that?

A. Balasubramanian: The approach we are taking, Abhijeet, we have two agendas in front of us. One of course builds a scale further. And second, is to improve the overall customer business strategy with respect to equity. So therefore, for us, we can't go to the other extreme, while paying too much, given the fact we also have a responsibility to deliver reasonably good profit. At the same time, we also cannot go down. They take a call that we have completely rationalized it and focused on improving the profitability. I think we'll take that middle part at this point of time. And that's the course we have been taking as a fund house given the fact that we need to, one, work with distribution partners very closely to ensure both of us grow.

And second, we also build our direct channel, and other channel partners, including RIA channel partners where potentially the money could come where the cost of acquisition could be relatively low. But at the same time keeping in mind the overall aspiration that we have.

We will probably take that middle path. And whenever, of course, we have to give a specific drive which may need some spending we will have to do, also we'll undertake it given the fact that funding it could be seen as an investment. And therefore, in the longer term, it benefits that call also. We have been taking, you would have seen in this quarter, we did give an advertisement of some of our funds. But we did feel that while we are doing a lot of things right with respect to improving overall AMC growth. I mean we also spend the money on the brand building that also we have undertaken as some of the exercise there. Therefore, that's an approach we'll take, Abhijeet.

Abhijeet Sakhare: And a question on flows. So outside of thematic funds, would it be fair to say that on a net basis, let's say, the overall trajectory is improving month-on-month in terms of net flows that we are getting across some of the larger 5- 6 mainstream categories?

A. Balasubramanian: Yes, definitely, we are seeing improvement, Abhijeet. Of course, we still have to do a lot more to be satisfied. so the improvement is coming no doubt. But definitely, the trend is changing in terms of customer acquisition and of course, there is gross sales improvement, net sales improvement on few schemes.

SIP number improvement. So, all these things I think will keep on improving and therefore it led to higher net sales on our quarter-on-quarter with that's what we aim for. But definitely, the trend is changing, which is what we keep driving the team from a larger creation of success point of view.

Abhijeet Sakhare: Got it. And lastly, sir, you mentioned a few fund categories amongst the thematic ones. So, I remember value is one that you mentioned apart from Quant which is an NFO. Are there any other major thematic categories where you are getting good flows?

A. Balasubramanian: See Digital India Fund has been a rock star for us, done very well, PSU Equity Fund, we are seeing good flows. We are seeing good traction on that. Banking and Financial service Fund has done extremely well. Even GenNext fund where we've been officially going and telling that consumption theme could be the one area. We are even seeing some flows on the manufacturing front though the flow is not as big as what you see in the NFO segment but we are seeing some flows in that.

Abhijeet Sakhare: And sorry, one last thing. Are there any other fund launches in the pipeline?

A. Balasubramanian: We already have 2 approvals. One approved we already have, is the Innovation Fund approval that we already have. We have one fund approval for a defence fund on the index side which we intend to launch very soon. And we have a few pipeline products for immediate launches. At the same time, we also have some products that have taken approval from the Board, which will be filed with the SEBI very soon. And so that we can have one or two least products additional to help us raise funds, while of course, pushing the existing products on the other side. So that's the current pipeline.

Yes. Of course, we also have a product pipeline for our GIFT City both for outward remittance as well as inward remittance. For outdoor remittance, we already started one fund. The one

that already started is coming to a closure by September end, where we already done about ₹400 crores from the LRS side. That fund will give me about 40 to 50 basis points of additional revenue. And when this stops, we have actually one more product which we are launching it, which is a global blue-chip fund that is something which we have already taken approval from IFSC. That's something we are launching for both LRS as well as for ODI investment that can happen to the overseas investment. And the one fund of fund that we are creating for Indian flows, that's something again, we are pushing in addition to what we are doing on the domestic side. All the products are meant for both HNIs and Retail. Therefore, it could have an above rub off effect on either side.

Abhijeet Sakhare:

Got it, sir. Thanks a lot, and all the best.

Moderator:

Thank you. The next question is from the line of Dipanjan Ghosh, Citi. Please go ahead.

Dipanjan Ghosh:

Sorry, just one more question from my side. If you can give the SIP flows for the quarter.

A. Balasubramanian:

For the month, it's 1367.

Dipanjan Ghosh:

Would we have the data for the quarter by any chance?

A. Balasubramanian:

Yes, Sure.

Prakash Bhogale:

It's around 3,700, Dipanjan.

Dipanjan Ghosh:

Yes, sure. I got. So, sir just on that, if I do back calculation it seems for April and May, your SIP flow market share is around 5.7%, which is obviously lower than your March exit. So normally, what we are seeing again for Jan and February your SIP flow market share was around 5.7%. So just towards the last month of the period, it seems that the SIP market share is kind of jumping in the last 2 quarters. That's the trend we have seen. So how should one read into this?

A. Balasubramanian:

We look at it from 2 angles. One is the registration of SIPs from a customer base which is coming where the average ticket size would be roughly about ₹3,000 - ₹3,200 kind of thing, where we are seeing continuous improvement. And second, within that, new customer acquisitions, which I mentioned about the online platform, where new customer acquisitions also come through that MFD platform, that is something we see as one. These two components are the one that is a focus in terms of building it up.

I think clearly, within the SIP on an incremental registration basis compared to the competition the new customer acquisitions, now the share comes to close about 8.5%-9%, that's the kind of number we are seeing. I think we have to look at it from a combination point of view. I think 1 or 2 quarters of such improvement ultimately will make it more sustainable from an overall momentum perspective.

Dipanjan Ghosh:

And sir, just on Abhijeet's question, you mentioned that your trends in thematic funds have been on an improving trajectory. But the gross sales number for the industry had also jumped multifold in the last few months on an absolute basis. But if I just look at relative basis rather

than absolute because, I mean, the industry is doing, I'm assuming absolute basis everything is going up for every manufacturer. But if I just look at it relative to peers, would you say that your ex-thematic funds are kind of improving in terms of trend relatively rather than on an absolute basis?

A. Balasubramanian: Yes, the trend is definitely showing an improvement. Only with respect to thematic, you must also keep in mind all the NFOs that have come into the market are thematic. And we have a fund house having created a presence for the last so many numbers of years. 30-year-old players have got plus or minus as well. And we have a presence in the thematic. We do get the rub-off effect as thematic funds come into the market. Definitely, NFO collections have been far higher in the thematic category compared to the earlier days.

So, to the extent, that you may probably see the flows in thematic, while it is good lower than percentage to the industry gross sales will be lower. But I think the way I look at it is a trend change. I think, what's most important is the trend change that we witnessed in all parameters that we are looking at building is something, which is encouraging.

Dipanjan Ghosh: Got it. Thank you and all the best.

Moderator: Thank you. Ladies and gentlemen this will be the last question. The next question is from the line of Lalit Deo from Equirus Securities. Please go ahead.

Lalit Deo: Sir, just one data-keeping question. Could you also give the SIP AUM as of June end?

Prakash Bhogale: It is ₹77,000 crore Lalit.

Lalit Deo: Thank you so much.

Moderator: Thank you very much. Ladies and gentlemen, I would now like to hand the conference over to the management for closing comments.

A. Balasubramanian: Thank you, everyone, for joining. And with this, we conclude our Q1 FY25 earnings call. Do feel free to reach out to IR Head, Mr. Prakash Bhogale for any query that you may have. Thank you.

Moderator: Thank you, sir. On behalf of InCred Equities that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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