Ref: UTI/AMC/CS/SE/2021-22/0141 **Date:** 12th November, 2021

National Stock Exchange of India Limited
Exchange Plaza Plot No. C/1
G Block Bandra Kurla Complex
Bandra (East) Mumbai – 400051
Scrip Symbol: UTIAMC

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400001
Scrip Code/Symbol: 543238/UTIAMC

Sub: Transcript of the Earnings Conference Call on financial results for the quarter and half year ended 30th September, 2021

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the earnings conference call on financial results for the quarter and half year ended 30th September, 2021.

The same has been uploaded on the website of the Company at www.utimf.com.

We request you to kindly take the aforementioned details on record and disseminate the same on your respective websites.

Thanking you,

For **UTI Asset Management Company Limited**

UTI ASSET MANAGEMENT COMPANY LIMITED MUMBAI

Arvind Patkar
Company Secretary and Compliance Officer

Encl.: As above

UTI Asset Management Company Limited
Q2 FY'22 & H1 FY'22 Earnings Conference Call
October 29, 2021

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY'22 and H1 FY'22 Conference Call of UTI Asset Management Company Limited. From the management, we have with us Mr. Imtaiyazur Rahman – CEO and Whole Time Director; Mr. Surojit Saha – Chief Financial Officer; Mr. Vinay Lakhotia – Head, Operations and Mr. Sandeep Samsi – Head, Investor Relations and Corporate Communications. 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 '*' then '0' on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Snighter Albuquerque. Thank you and over to you, Snighter.

Snighter Albuquerque: Thank you, Vikram. Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Please note disclaimer mentioning these risks and uncertainties are on the disclaimer slide of the investor presentation that has been shared with you earlier.

I will now hand over the conference to Mr. Imtaiyazur Rahman for his opening remarks. Thank you and over to you sir.

Imtaiyazur Rahman: Thank you very much and good afternoon to all of you. It is my great honor and privilege on my personal behalf, and on behalf of the team present here to welcome everyone to this call to discuss the financial and operating performance of our company for the second quarter of the financial year '21-22. I trust you and your family are safe and sound. I pray that you and your family remain safe and sound.

For the results, you must have gone through the 'Press Release' and 'Investor Presentation' available on our website as well as the website of the exchanges.

I will begin my comment with an update on our economy, moving on to the mutual fund industry, and then to the performance of UTI AMC. We began this fiscal with the high rising second wave of COVID-19 which the nation was able to overcome quickly. We are so pleased Mumbai reporting zero death due to COVID-19 earlier this month. The workplace is now moving back to the offices as we continue with our normal business activities. So far as Indian economy is concerned, the Indian economy has started to recover as domestic demand is gathering momentum while aggregate supply conditions are recouping with the revival of various sectors. Softer than expected food prices have eased the inflation. The progress in vaccination drive and normalization mobility is renewing the confidence in our economy and in our country. The Indian economy is expected to grow at 9.5% in the financial year '21-22. There was an upward revision of six bps with an expected growth for the Q2 of financial year '22, raising the number to 7.9%. The coming festive season is expected to further influence the momentum. Several studies and surveys on consumption and hiring trends reflects the positive outlook on the back of increase in public investment and incentives by the government to boost the economy.

The Indian capital markets - the movement in the benchmark indices clearly reflects the robust earnings recovery of the Indian capital markets. SENSEX rose by 12.7% while NIFTY rose by 12.1% during the quarter crossing the 60,000 milestone for SENSEX and 18,000 milestone mark for NIFTY. SENSEX stood at 59,306 at today closing and 17,671 is NIFTY, up by above 55% and 56% respectively from the corresponding number on September 30, 2020.

The Indian mutual fund industry is poised to grow. The quarterly average AUM for the mutual fund industry stood at Rs. 36.21 lakh crores as on September 30, 2021 growing by 9.14% as against Rs. 33.18 lakh crores as on June 30, 2021 and by 31.2% from Rs. 27.6 lakh crores as on September 30, 2020. The closing AUM of the industry as on September 30, 2021 was Rs. 36.74 lakh crores as against Rs. 33.67 lakh crores. The total number of folios for the industry as on September 30, 2021 also grew and stood at 11.17 crores, registering an increase of 8.84% during the quarter and 20% for the September 30, 2020. The SIP inflows crossed Rs.10,000 crores mark for the first time in September 2021 taking the SIP AUM of the industry to Rs.5.45 lakh crores, an increase of 12.6% over the last quarter. The SIP AUM stood at 14.8% of the overall mutual fund industry number. The total number of SIP account as on September 30, 2021 was 4.49 crores.

In the Equity-oriented schemes, Multi-Cap, Flexi-Cap and Thematic Fund saw the highest inflow while ELSS and Value funds witnessed outflow during this quarter.

Debt-oriented schemes especially liquid and low duration funds had sharp outflows. Overall, the industry saw net outflow of Rs. 47,257 crores during the month of September.

Let me share with you about UTI Mutual Fund numbers. I am extremely pleased to bring to you a notice that UTI AMC has completed a year since its listing on the stock exchanges. In this past one year, our company has exhibited solid progress registering a consecutive quarter of growth in quarterly average AUM. And we remain committed to enhance our abilities to grow sustainably stronger. The total assets under management for UTI AMC as a group registered a growth of 5.1% over the last quarter and 21% over the previous year and stood at 12.63 lakh crores as on September 30, 2021, I repeat our group AUM as on September 30, 2021 is Rs.12.63 lakh crores as against Rs.12.01 lakh crores as on June 30, 2021.

The quarterly average AUM for the July to September quarter for domestic mutual fund was Rs.2.09 lakh crore as against Rs.1.87 lakh crore for the quarter ended June 2021. The quarterly average AUM grew by 11.6% over the last quarter and witnessed a year on year growth of 34.7%. UTI Mutual Fund quarterly average AUM market share stood at 5.77% of the mutual fund industry total quarterly average AUM for the quarter, an increase of 13 bps from the June quarter number. Our market share has gone up by 13 bps.

The equity quarterly average AUM as on September 30, 2021, stood at Rs.63,177 crores, an increase of 60.8% over Rs.39,291 crores as on September 30, 2020. The market share of equity AUM stood at 5.2% for UTI Mutual Fund. The quarterly average AUM for the Index and ETF recorded a growth of 73% from Rs.30,679 crores as of September 30, 2020 to Rs.53,046 crores as of September 30, 2021.

In the July to September quarter, UTI has added 2.94 lakh folios as compared to 1.03 lakh folios in the previous quarter. In the past one year, UTI has added 5.02 lakh folios taking the number of live folios to 1.14 crores as on September 30, 2021. The open-ended equity oriented schemes added 7.53 lakh folios while the close-ended schemes saw an exit of 1.92 lakh folios with a maturity of various closed debt schemes.

UTI was able to capture 8.3% market share of the gross sales in the industry with our net sales turning positive to Rs.7,774 crores. Our ETF and Index fund net inflows constitute around 13.4% of the industry during the September quarter, while the equity fund net inflow for the period stood at 9.9% of the industry net inflows.

The SIP inflows for the quarter ended September 20-21 stood at Rs.1,196 crores rising by 18.54% over the previous quarter and by 57.4% from the corresponding quarter in the financial year 2021. The number of SIP accounts rose by 47% since September 2020 with over 18.16 lakh live SIP folios in September 2021.

UTI SIP AUM for the quarter stood at Rs.17,389 crores, an increase of 12.02% as compared to the previous quarter at Rs.15,523 crores as on June 30, 2021 and 55.4% as compared to Rs.11,187 crores as on September 30, 2020.

Keeping up with our commitment to deeper and bigger access to beyond 30 cities, 23% of our monthly average AUM for September 2021 was contributed from beyond 30 cities, whereas industry stood at 16%. 107 out of our 166 UFCs or branch offices are in the city beyond 30 locations.

The closing AUM for UTI Mutual Fund stood at Rs.2.17 lakh crores as of September 30, 2021, registering a growth of 12.1% for the last quarter and 43.6% since September 2020. UTI Mutual Fund overall closing AUM market share was 5.92% of the mutual fund industry, registering an increase of 16 basis points from the previous quarter.

In August 2021, UTI Mutual Fund successfully launched the UTI Focused Equity Fund, an open-ended equity scheme investing in maximum 30 stocks across market capitalization to generate long-term capital appreciation. The fund managed by Mr. Sudhanshu Asthana endeavors to build a concentrated portfolio of the stocks with potential of long-term sustainable growth while tapping into transformational opportunities. UTI Focused Equity Fund mobilized almost Rs.2,540 crores during the NFO period and added 1.54 lakh folios.

I am pleased to bring to your notice and you have already been informed that Mr. Vetri Subramaniam is our Chief Investment Officer and Mr. Ajay Tyagi is our Head of Equity. We have also added talent in our Fixed Income company and Mr. Anurag Mittal has joined us as a Fund Manager and Deputy Head of Fixed Income. We will continue to strengthen our team in the fixed income. In our endeavor to achieve faster growth, we have incorporated certain strategic refinement in our sales team to enable better focus and resource utilization.

During the quarter we witnessed a participation of 70 technologies startup forms in our flagship annual event, the UTI Mutual Fund Innovation Summit “Ignite” which provides them with an ideal platform to showcase their solutions and collaborate with UTI to solve the challenges we face. We selected two firms; “Dhee.ai” which helps to communicate better with the customer in their native language and “Bambu” for Robo Advisory for the event.

Let me share with you about our subsidiaries: The AUM of UTI International has increased by 112% from Rs.16,278 crores as on September 30, 2020 to Rs.34,576 crore as on September 30, 2021. Our international clients are spread across 37 countries, the top five countries being Japan, Switzerland, France, UK and Israel. These are primarily institutions, pension funds, insurance, banks and asset managers. One of our flagship funds, the India Dynamic Equity Fund, domiciled in Ireland has an AUM of USD 1.10 billion and is being widely recognized internationally. During the second quarter, UTI International has posted net profit of Rs.65 crores, a rise of 136% as compared to the corresponding quarter in the previous year.

UTI Retirement Solution Limited has been managing the NPS corpus for the government and non-government sector. As of September 2021, the AUM is Rs.1,86,716 crores and has a share of 27.98% of the industry AUM. During the second quarter, UTI Retirement Solutions has posted a net profit of Rs.11.41 crores, a rise of over 1,000% as compared to the corresponding quarter of the last year.

UTI Capital with the total AUM of Rs.1,136 crores, currently manages active debt fund like UTI Structured Debt Opportunities Fund which was launched in August 2017 and closed in May 2019, having AUM of Rs.404 crores now. And UTI's SDOF II which was launched in September 2020 having AUM of Rs.456 crores and is currently in fundraising stage as well as in the investing phase. IIDF having AUM of Rs.276 crores as on September 2021. During the second quarter, UTI Capital has posted a net profit of 40 lakhs, a fall of 18% as compared to the corresponding quarter of last year. We are building this company.

Let me share with you about the UTI AMC Financials as a group: UTI AMC has financially improved on the back of the strong net flows and cost control measures we have taken. During the second quarter the company posted a consolidated net profit of Rs.199 crores, a rise of 67% as compared to the corresponding quarter of the last year. The half yearly profit stood at Rs.354 crores. The operating profit margin as a percentage of AUM for the September quarter was 17 bps as against 16 bps for the Q2 of the previous financial year. Along with improvement in our operating profit margin, return on earnings of the company on a consolidated basis is 25.1% in Q2 of this fiscal year. The PAT margin stood at 52% during the same quarter. Networth of the company on consolidated basis is Rs.3,360 crores as of September 2021.

With this I would like to open the forum for Q&A, and I have with me my colleagues; Mr. Surojit Saha, CFO of the company; Mr. Vinay Lakhotia, Head of Operations and Mr. Sandeep Samsi, Head of Corporate Communications, Strategy and Investor Relations to take the discussions and conversations forward. I wish you and your family a very happy Diwali and thank you very much.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. We have a first question from the line of Kunal Thanvi from Banyan Tree Advisors. Please go ahead.

Kunal Thanvi : The first thing that I wanted to understand. We have been seeing this across the industry that even though there is improvement in the asset mix for the domestic mutual fund wherein the equity as a percentage of portfolio is increasing but still we are seeing pressure on the yields, the realizations are coming down for the industry and of course we have seen the same thing for UTI AMC as well. So can you help us understand what's happening there -- is it because of the increasing competitive intensity or is it that we have moved to a different slab in terms of the TER in our flagship equity schemes, can you please help us understand that?

Vinay Lakhotia: Yeah, you are right, Equity and hybrid fund has a composition of overall asset has actually increased in industry as well as for UTI. For UTI also, equity and hybrid fund as a composition of asset had increased by almost around 400 basis points during this half year. However, in terms of yield we have been able to maintain our weighted averaging margin number at 43 basis points, which has been charged over the last half year of 2020. Yes, I do agree there will be a some bit of pressure on the margin number going forward because as and when the newer asset is added to the AUM, which is yielding a slightly lower management fee, the overall yield will come down. Also, as you are aware, as and when the AUM of the fund goes up, the TER get reduces. So it might have a marginal impact on the overall AMC yield, but for the full financial year at least, we are confident that will be clocking a AMC margin yield of close to around 44-45 basis points, a similar number that we posted in last financial year.

Kunal Thanvi: Because of the size of the newer assets coming at a higher distribution cost, correct?

Vinay Lakhotia: Yes, but still we are taking a lot of steps including a reduction on commissions if needed and ensuring that the yield margins are being protected.

Kunal Thanvi: When we see this particular quarter, there's a rise in employee cost on a QoQ basis as well like we've done some Rs.100 crores in the employee cost. We understand there are two things happening; one of course is that we are hiring and making our investment team stronger than what it was before, but we have also been talking about reduction in the employee cost and employee bill for FY'22 was expected to be lower than say FY'21. So can you throw some light what's happening there and like how should one look at the employee cost for the entire year and say next two years as well?

Surojit Saha: I will go with the September '20 and September '21 figure, there is a difference of around Rs.6 crores if you see our figures, mainly because of two count. One is you must be aware that UTI has been outperforming the industry growth, like industry has grown by 31% and our AUM has grown by 35%. Even on quarter-on-quarter, we have done better, like industry by 9.02% and we are at 11.6%. Because of this we had to give some spot reward to some of our employees who have performed well; so Rs.2.29 crores we have expensed for spot reward and apart from that Rs.2.50 crores we have provided additional for variable pay which I said in the last quarter also, last year we made a payment of Rs.30 crores, this year we have provided Rs.35 crores, so there is additional expense of Rs.2.5 crores, that is together is Rs.4.79 crores. Rs.1 crore is due to the actuarial valuation that is because in the March also the interest rate at which we valued our actuarial was around 6.45 and this quarter is around 6.25, so there is an additional cost of around Rs.1 crore and the balance is due to the medical. So this is the main cause of the reason why there is a difference of Rs.6 crores in the employee cost.

Imtaiyazur Rahman: Kunal, you need to put the salary increase of our block and then you normalize it further. This is the salary increase which is around 7.5% for the industry and then we are managing our costs well. So there is a ESOP cost element here which is a non-cash item and also because of the incentive which we wanted to give to the people. And that is the reason we raised Rs.2,500 crores and earnings which will come out of that we will be able to offset that increased cost. So we are managing our employee cost well now.

Kunal Thanvi: From overall year basis like when I have to say compare FY'22 with FY'21 how should I look at it like on absolute basis we will see the same employee cost or we will still see a lower employee cost in FY'21 which we had talked about in the last conference call?

Imtaiyazur Rahman: See, the data which I've got in front of me, on the parameters which Surojit has explained to you the increase is only 3% right. Generally, the industry salary cost has gone up by 7.5%. So if we retain this number, it is far, far well under control right as we have now. We are not anticipating any further employee cost.

Moderator: We have next question from the line of Pritesh Chheda. Please go ahead.

Pritesh Chheda: Sir, I just wanted some clarification on the yield side. So obviously there is a mismatch in terms of the AUM added at the rate at which it got added and the revenue growth rate. So I couldn't catch your comment that as and when the fund starts maturing and the fund AUM starts going up, the yield would eventually come back to 44 basis points or 43 basis points whichever is the number versus the erosion that we have seen now. So if you could elaborate there a little bit? Second, on the cost front, we had this retirement also ongoing. So sum total of all if you could give us what will be the employee cost number for FY'22 that will be very helpful, relatively comparing what is the growth rate that we have vis-à-vis with the other companies?

Vinay Lakhotia: I will take the first question. What I said on the AUM side as the AUM size grows, the overall TER comes down. So as per SEBI formula, Rs.5,000 crores increase in the AUM lead to a reduction of TER by around five basis points. In case, if we are able to pass on the TER impact to the distributor, the margin doesn't get affected. So there is a bit of pressure on the margin as and when the AUM size grows and over the last one, one and a half years our AUM of equity and hybrid fund have been actually growing. There is some bit of margin pressure as far as the AMC yields are concerned. Secondly, the point was as and when the older asset get redeemed and is replenished with the newer asset, the yields are different on the older asset as compared to a newer asset, that's why there is always a bit of downward pressure impact on the AMC yield. But having said that in spite of these two factors, we have been able to protect our AMC yield as compared to last year; last year our weighted average AMC yield was at 43 basis points, but the current AMC yield for this particular half year ended is also 43 basis points. For the whole of the last financial year, the yield was somewhere in the range of around 44-45 basis points. We are confident that we will be able to maintain the same yield number in spite of downward pressures on the yield because of these two factors that I've already explained it to you.

Pritesh Chheda: If you could tell us on the newer funds what is the yield vis-à-vis the older AUM that we have?

Vinay Lakhotia: We are not giving any direction as far as the margin numbers are concerned, but generally the sharing ratio between the distributor and AMC is in the range of around 50% to 70% of the total distributable TER gets passed on to the distributor and the balance remain with the AMC, 50% on the lower end of the curve which is the individual financial advisor and 70% to a national distributor or to a bank.

Pritesh Chheda: So between the newer funds which have been launched, from the yield perspective what used to be 44 basis points, the newer funds are getting launched at what, 10 bps differential or a higher differential, if you could just tell that?

Vinay Lakhotia: Forty four basis points is the weighted average yield at UTI AMC level. And the newer fund as I told depending on the expense ratios of the fund and also depending on the kind of mobilization that we do. So, what I have stated you a number of 50% to 70% is the commission that gets passed on to the distributor of the total expense ratio and balance is retained with AMC.

Pritesh Chheda: I wanted to know what will be the absolute employee expense for this year versus what was spent last year?

Imtaiyazur Rahman: Yeah, consolidated basis was Rs.380 crores. This year should be in the same range, depending upon how you perform, right. So if the performance goes better, then there's more incentive but revenue will also be better. So the cost-income ratio will be the most important thing to see, right. It all depends upon the performance of the individuals as well, but should be the same range bound.

Pritesh Chheda: What is the variable portion in the employee cost?

Imtaiyazur Rahman: Estimated is Rs.35 crores for the full year.

Pritesh Chheda: My last question is post the IPO, now my guess is the lock-in for a lot of the banks would have got over in terms of their holdings and we know that T. Rowe Price has a differential holding structure in the asset management and a different holding in the Trustee company. Any progress or any changes or any developments there if you could help us understand?

Imtaiyazur Rahman: I am not aware of any changes. We have not received any communication. They are the sponsors and requirement of a sponsor is that 40% should be there with the sponsor. I have no comments to make on this and I have no information on this matter.

Pritesh Chheda: But have they increased their holding on the trust side in the 12 months?

Imtaiyazur Rahman: There is no increase in the shareholding in the trust company also, no changes in any shareholding by any one of them so far.

Moderator: We have next question from the line of Viraj from Securities Investment Management. Please go ahead.

Viraj: I just have three broader questions. First is on the employee cost. So just to get my understanding, right, you said that on an overall basis we may be flat in terms of employee cost compared to last year. Am I right in thinking that way? If I look at last year we had around Rs.31 crores of ESOP cost which this year would be somewhere close to 13, 15 crores, so in the first half also we have seen a drop in ESOP cost of around Rs.8, 9 crores already. Now I understand we are making some hire at the senior level and in terms of sales RM also in FY'21 as well. But if I just go back to our earlier communication, in terms of VRS or a certain number of people going into retirement and the understanding was that we will probably see some savings flowing through probably in Q2 or in second half. But based on your communication it seems that we don't see any of that savings. I am just trying to understand where is the disconnect here because improvement in employee cost efficiency and our productivity is one of the key levers in terms of growth and profit for us other than the AUM which we are focusing on?

Imtaiyazur Rahman: I don't feel the VRS is a point here for the discussion. What our team has shared with you earlier about the natural retirement of this one. So if you see the last year number it was Rs.380 crores as a consolidated number and if you take the average salary increase is 7.5-8% for any industry, it should be more than Rs.400 crores, right. We are giving an indication to you that it will be the range bound of the previous year. That gives the clear indications that there will be a potential saving. And as my team has also said that over the five years period, we are estimating a saving of 75 crores to 80 crores, and we stick to that, due to the natural attrition which is the retirement

Viraj: Two questions here: One is based on our natural retirement schedule when do we see bulk of the savings are coming to us, just trying to understand is in FY'23, '24, majority of that Rs.70, 75 crores where we must start seeing in? And second is we have already been giving a good amount of ESOPs and the idea earlier was that as those ESOPs also kick in the variable part or the performance incentive may also moderate, but based on what you are saying right now that is not going to be the case, so just trying to understand?

Imtaiyazur Rahman: Most of the retirement will come from 2024, 2025 onwards, right, and in the next three four years will settle down. So far as the normalizations are concerned, variable pay or ESOP when we close the year we will give you a better picture on that. At this particular point of time we are only increasing the variable pay by some percentage, 30 to 35 crores and as you see the number, performance of the organization is very good which yourself have congratulated. So therefore we need to wait on the overall employee cost number. Whatever the indication which we are giving it to you I think we are very confident we will achieve the particular number.

Moderator: We have next question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: The first question is on the Retirement Solutions business. If I look at the AUM growth of the industry and the other two government players, on a closing basis sequentially it's been 10% for SBI and LIC but for UTI 6% and even if I look at from March ending perspective UTI is at 13% and the other two are at 17%. So what is the reason why we are underperforming in terms of AUM growth, is there any specific reason that we are getting a lower share of the incremental funds coming from the government organization?

Imtaiyazur Rahman: Yes, we are getting a lower number for this particular half year. Hopefully, this number will be reset in the next quarter onwards. There's no specific reason for that

Prayesh Jain: How would you say your yield will move on the international business front? I think we had indicated that the yield on the international or the offshore fund will move higher going ahead, but we don't see the traction in the numbers. So what is that can be expected on that side?

Imtaiyazur Rahman: I think yield has grown as we have given you the number in our presentation. If you see, the main fund, IDEF, the AUM has also grown. The real accrual will come from this on quarter-on-quarter basis which is the growth. Yield on AUM has grown and hence it will further grow and we are not incurring any additional cost there. However I must tell you is we are opening our office in Paris to mitigate the risk related to the BREXIT. But we are not adding new manpower there, cost will remain flattish and the revenue will be more, so it will be also EBITDA.

Prayesh Jain: Could you comment on how would you plan to grow your SIP book further, where you have seen a very strong term growth, any specific actions you're taking to ensure that the SIP growth is better?

Imtaiyazur Rahman: We are extremely focused to further grow on the SIP book. Our team is under the leadership of Mr. Peshotan Dastoor is deeply engaged in the sales team, we have got full-fledged strategy behind, we have tied up with all the banks, national distributors, MFDs across the country to grow the book and that is our key focus area.

Sandeep Samsi: Just to add some numbers, if you look at our SIP book numbers also, now our SIP count market share is close to 4%. We have also increased our SIP registrations now from 3.91% which we had last year to 4.32% in September. So as Mr. Rahman rightly pointed out that with the joining of Mr. Peshotan Dastoor as the Head of Sales and the focus that he is bringing in driving sales to SIP, we are very confident of improving our SIP book. If you look at my fintech participation also, I've got very good share which is coming from the fintech, be it PayTM or Groww or Kuvera, we have been improving our share and we are hopeful and confident that as I mentioned with the digital team, with the sales team in place I should be able to improve our SIP book from this fintech as well as overall SIP.

Priyesh Jain: Just on this fintech part, could you give us some numbers as to what is the industry size and what market share we have there?

Sandeep Samsi: If you look at the overall SIP count market that the industry has from Fintechs, it is around 42,00,000. As I mentioned that we are improving our share. We have a share which is as high as 20% and that's low as 0.19%. So overall we have a share which is close to around 2%, Prayesh.

Moderator: We have next question from the line of Sahej Mittal from HDFC Securities. Please go ahead.

Sahej Mittal: I had a couple of questions. So first was on the other expenses bit. So the last time we had 62-odd million of an expense from retirement solutions business. So is there some change in the reporting this quarter, why such sharp drop in other expenses given that the revenue from retirement solutions has seen a growth? The second was on the other income bit. So the other income seems on a higher side given that last quarter had some one-offs from sale of investment in Big Basket. So what could be the explanation over there? And the third is the tax rate has seen some sharp drop. So what's the current balance of tax losses in the foreign subsidiaries and what should be the full year tax rate look like and how long we can take this kind of lower tax rate?

Surojit Saha: Firstly, I would like to clarify even in the investor presentation we have given a note below line if you see that GST inter branch invoicing has been eliminated from both other income and other expenses being contra in nature and impact has been given in each of the slides. If you remember this we assured in the last quarter also and this was a requirement from your colleagues and everybody that we need to adjust this GST as a contra we show in other expenses as well as in other income. So this we have rectified in this particular quarter and we have given a proper note in the investors presentation.

Sahej Mittal: So even the other expenses have dropped from Rs.50 crores to Rs.38 crores even after this…?

Surojit Saha: If you see half yearly the other expenses has gone up from Rs.58 crores to Rs.96 crores expenses in H1 FY'21-22. This is mainly because of four reasons: One is already it was there in the last quarter that PLI RPLI brokerage charges, it is Rs.7.5 crores and Rs.9 crores trail fees for UTI International which is in tandem with the growth of AUM and Rs.10 crores is the PFRDA charges which we need to pay, if you remember five bps is the total fees, out of that 3.5 is the income from UTI Retirement and 1.5 is being paid to PFRDA charges, that is Rs.10 crores and another Rs.10 crores is because of the digital initiative - Bloomberg and Cloud and the NFO expenses. So this is the difference between that Rs.58 crore in half year '21 and half year '22 it's 96 crores, Rs.38 crores difference is there. And in respect of your other income that is M2M and sale of investment, again, Ascent India Fund which we have investment in it, Robosoft, there was an exit, we got a good amount of money from that and apart from that Rs.558 crores of FMPs that got matured during this quarter. So that also has added to our income.

Sahej Mittal: Could you quantify the number if there was an exit in this quarter as well?

Surojit Saha: Gain from Robosoft exit is around Rs.28 crores. In respect of the taxes, this Rs.558 crores as well as this Ascent investment, there was a deferred tax reversal of around Rs.12 crores. Our deferred tax which has come in the capital gains tax, but there was Ascent Fund, Rs.5 crores loss which got adjusted, so effective tax rate has become 14% on a half year basis. Last year it was 18%.

Sahej Mittal: What does the NFO pipeline look like for the UTI AMC?

Imtaiyazur Rahman: We are planning to launch two more funds at an appropriate time.

Sahej Mittal: Any on the active equity side?

Sandeep Samsi: Yeah, so we have a SEBI approval for launching a UTI Multi Cap Fund which will be on the active side and we will be launching it at an appropriate time. Apart from that we have plans to launch some of the other passive fund for which we have got approval.

Moderator: We have next question from the line of Aman Shah from Jeetay Investment. Please go ahead.

Aman Shah: My question is if we see our market share in active equity plus hybrid equity, it is around 5%-5.5% while passive equity is around 13.5%, at the same time the we have a lot of flows coming from the passive side which leaves our market share in passive at 13% constant. So just was curious like how have the things evolved over the past where active market share is 5% while passive equity market share is 13%?

Vinay Lakhotia: That's because of the ETF allocation that we received under from EPFO, which they are investing into our NIFTY ETF Fund where we received allocation. Both the SBI Mutual Fund and UTI Mutual Fund received the allocation. Because of that, we do have a predominantly higher share under the ETF category of the fund.

Aman Shah: My second question was in UTI Retirement Solutions. Our AUM has increased from some Rs.140,000 crores to Rs.180,000 crores, while the sale of services has increased a lot more from single digit crore to Rs.40-odd crores. Can you please explain?

Surojit Saha: I told you that out of the five bps we are keeping 3.5 bps and 1.5 bps being paid to the PFRDA charges. So, straightaway there is a 7x jump on the fees. So it is totally based on the AUM but we have garnered and it depends on when that allocation and money has come to us.

Moderator: We have next question from the line of Lakshmi Narayanan from ICICI Mutual Fund. Please go ahead.

Lakshmi Narayanan: Couple of questions. On the international piece, there is a good jump in the AUM, it's almost doubled. So just want to understand what led to the jump? You also mentioned that some fund has been launched. So just want to understand whether this base can be sustained or it will improve as we exit FY'22?

Imtaiyazur Rahman: We have launched some structured product and it was the reason the AUM has gone up and from the last quarter the AUM of IDEF have gone up by almost $250,000 that is another reason for that and it is likely to sustain.

Surojit Saha: The IDEF figure in '20 was Rs.2,672 crores which has gone up to Rs.8,090 crores. And apart from that our JSS Fund also is a new fund which has come in this particular half year, that itself is around 1,200 crores. Apart from that other Phoenix fund also we have gathered a lot of money in that; it's around Rs.10,000 crores. It's a different deposit fund like we have debt fund. So there also we got a big corpus. So overall from 16,200 crores, it has gone up to Rs.34,500 crores.

Lakshmi Narayanan: What interventions we do to increase this, was it a scheme or that relationship which we struck, which is number one? The second is that from here when we actually look at for the full year any other schemes are going to be launched on the international front?

Imtaiyazur Rahman: We are planning to launch two funds during the second half in International side also. We are confident that we will maintain the momentum. It's all about the team; we have got a very solid team to take it forward.

Lakshmi Narayanan: If I just look at your debt portfolio over the last six or nine months if I just exclude the money market fund and the liquid fund, it's broadly around 30,000 - 31,000 crores, it has actually broadly stabilized while the FMP rundown has not actually created a material difference in your non-liquid, non-money market fund. So just want to understand your plan, do you intend to increase it from here, why it's being quite stagnant on the debt front side if I just exclude the money market and liquid fund and gilt which are low yield products?

Vinay Lakhotia: On the open ended income category of the fund, the inflows has been positive now on a quarter-on-quarter basis both for Q1 as well as Q2. Infact, on the half yearly basis the inflows from open ended income category has been positive to the extent of Rs.883 crores. We have seen some bit of redemption under the close ended funds because of a low interest rate environment, there have not been a rollover of a fixed maturity products where we have seen redemption close to around 6,500 crores, but we are pretty confident that because of the uptick in performance of some of our flagship income category fund like UTI Treasury Advantage Fund, Short Term Income Fund, the inflows should be robust enough in next few quarters as well and we should be able to increase our market share going forward.

Moderator: We take the last question from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Can you share some details on the distribution channel specifically on the banking side that we have been trying to take market share higher on that front because our scheme performance has been very good, so is there any development or any progress on that in this first half?

Imtaiyazur Rahman: As far as our equity funds are concerned, 61 out of 70 guided architecture platforms our funds are there in the banks and national distributors. So far our fixed income funds are concerned, 37 out of 70 guided architecture platforms, our funds are there. It gives a clear indication that our relationship with the banks and our very consistent performance is helping us to grow our share of wallet with the bank and the national distributors.

Nidhesh Jain: Secondly, on the fintech side you mentioned your market share is 2% of Rs.42,000 crores that is lower than your overall market share of close to 5.8%.

Imtaiyazur Rahman: Sandeep, what are we doing to catch it up?

Sandeep Samsi: I would like to just correct myself. See, what I was talking about is the industry count, the total number of industry count is around 42,65,000, and of that SIP count we have a share of around 1.9% to close to 2%. So that's what I was trying to hint at, at that point in time. So as Mr. Rahman said that we are taking initiatives to improve our market share in the SIP as we had earlier enlisted, and with the fintechs coming in strongly and their improvement and the kind of tie-up that we have, we are hopeful that we should be able to grow our market share and I had shared some numbers earlier which also suggests that we are seeing an uptick in these kind of sales that we are getting from the fintech players.

Nidhesh Jain: 2% market share is an overall SIP industry or is it SIP fintech industry?

Sandeep Samsi: SIP fintech industry. If I look at my overall count share, it's around 4%, while I'm talking about the fintech industry it's around 1.92%.

Nidhesh Jain: Because your fund performance has been very good. So ideally your market share should be higher. There is no involvement of a distributor there. If the funds are performing well, then automatically your market share should increase in the fintech segment.

Sandeep Samsi: Yeah, I agree with you, Nidhesh.

Imtaiyazur Rahman: We are looking to achieve that growth.

Moderator: That was the last question. I now like to hand the conference over to you for closing comments. Mr. Rahman, thank you.

Imtaiyazur Rahman: Thank you very much to all of you for your participation and for your support. In UTI management, me and my team will be fully committed to take care of the interest of all the stakeholders, we are fully committed to continue to be a professionally managed company and we are there to support our partners, our MFDs and distributors and we are here to create the wealth for our investors and thank you very much, wish all of you a very Happy Diwali.

Moderator: Ladies and gentlemen, on behalf of UTI Asset Management Company Limited that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.