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National Stock Exchange of India Limited

Exchange Plaza Plot No. C/1
G Block Bandra – Kurla Complex
Bandra East Mumbai – 400 051.

Scrip Symbol: UTIAMC

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001.

Scrip Code / Symbol: 543238 / UTIAMC

Sub: Transcript of the earnings conference call on financial performance of the Company for the quarter and financial year ended 31st March, 2024

Dear Sir / Madam,

Pursuant to Regulation 30 read with Schedule III Part A Para A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations) and as per the relevant SEBI Circulars we are disclosing the transcript of the earnings conference call held on Friday, the 26th April, 2024 at 1100 hrs IST on the financial performance of the Company for the quarter and financial year ended 31st March, 2024.

The transcript of the aforesaid earnings conference call is also available on the Company's website at www.utimf.com in compliance with Regulation 46 of the SEBI Listing Regulations.

Thanking you,

For UTI Asset Management Company Limited

Arvind Patkar

Company Secretary and Compliance Officer

Encl.: As above

UTI Asset Management Company Limited
Q4 & FY 2024 Earnings Call
26th April 2024

Moderator: Ladies and gentlemen, good day and welcome to the UTI Asset Management Company Limited Q4 & FY24 Earnings Conference Call. From the management, we have with us, Mr. Imtaiyazur Rahman, Managing Director & Chief Executive Officer; Mr. Vinay Lakhotia, Chief Financial Officer & Head - Corporate Strategy; Mr. Surojit Saha, Group Financial Advisor and Mr. Sandeep Samsi, Head - Investor Relations, Marketing and Corporate Communications. We also have an Investor Relations team from Adfactors PR.

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.

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 the disclaimer mentioning these risks and uncertainties are on the disclaimer slide of the investor presentation that has been shared earlier.

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

Imtaiyazur Rahman: Thank you very much. Good morning, and welcome to our earnings call for the fourth quarter and financial year ending 31st March 2024. We appreciate your presence today as we discuss our operational and financial achievements. You may have read our press release and investor presentation, which are available on our website and the website of stock exchanges.

The financial year 2024 has indeed been a stellar year for the capital market and for the investor community. The year brought in numerous opportunities following the phase of normalization in the financial year 2023. Throughout the year, we have witnessed a resilient surge in growth driven by robust positive sentiments towards consumer demand and substantial capital expenditure. Despite tight monetary conditions and a challenging geopolitical landscape, India has maintained its position as one of the fastest-growing economies, building upon the momentum gained in the previous fiscal year.

The latest South Asia Development Update by the World Bank, released in April 2024, projects India's growth to reach an impressive 7.5% in Financial Year 2024. This optimism is supported by the stellar Q3 GDP growth at 8.4%.

Other noteworthy developments were the increase in India's weightage in the MSCI Global Index to 18.2%, more than double what it was three years ago, and the inclusion of Indian bonds in the JPMorgan EM Bond Index, which is expected to take effect by the end of June in the current financial year.

In the mutual fund industry, we have observed a significant evolution in recent years. The equity market surge in FY24 has been instrumental in attracting net inflows of approximately ₹ 3.54 lakh crore, pushing assets under management to a commendable ₹ 53.4 lakh crore as of March 31, 2024. This surge of about 35% from last year has created substantial wealth creation opportunities for retail investors and has led to a notable increase in their count, according to the latest data from AMFI.

As per the March 2024, AMFI reports that more than 60% of assets, i.e., about ₹ 33.3 lakh crore, based on average AUM, are held by individual investors. Going by the composition, around 84% of individual investor assets, including HNI, are held in equity-oriented schemes.

Friends, if we speak about the geographical opportunities for mutual funds, only 18% of AUM is coming from B30 cities. Another interesting point is that the share of women investors in AUM was close to 23% as of February 2024.

This is an opportune time to bring in substantial investors from these cities into the mainstream financial ecosystem while reinforcing mutual fund industry's significance in the country's economic structure.

At UTI, we are well positioned to harness the momentum from both B30 and T30 cities, leveraging the changing investor behaviour and improving financial literacy. UTI has been expanding its footprint into new locations across India, particularly in tier-2 and tier-3 towns. Our strength in beyond-30 cities remains steadfast, accounting for close to 21% of our AUM, with a total folio count of 40.87 lakh, which is 33% of our total folios. This success can be attributed to our consistent efforts in these towns for onboarding of new investors and fostering long-term relationships with them. During the year, UTI opened 29 new branches in the Tier-2 and Tier-3 cities, and we will continue to expand our presence in the smaller towns during the current fiscal as well by using the digital infrastructure.

Our strategic focus has been on enhancing supervisory efficiency within the sales function, introducing innovative sales models and roles, and expanding our product offerings for distribution at key counters. We have strengthened our engagement with our distribution partners, and during the year our fund management and product team travelled across the country and conducted 106 meetings. Of these, 43 meetings, were in the top 10 cities.

We have also reached out to potential investors conducting investor awareness programs across Bharat to raise awareness about Mutual Funds industry to the first-time investors and benefits of investing through SIPs in the mutual funds. As a part of this commitment to financial literacy, we partnered with Dainik Jagran to conduct investor awareness programs across 40 Tier-I, II and III cities. Our Mega IAP event in Varanasi in December 2023 garnered significant retail participation. We will continue to use IAPs to create investor awareness.

Our new and revamped website, catering to investors and distributors, offers enhanced accessibility and functionality. All digital assets of UTI Mutual Fund are now consolidated under our digital platform, 'UTI HART', indicating our

commitment to providing a delightful experience across all touch points. Leveraging on the digital network, we have hosted online sessions with our fund managers on the debt and equity market outlook.

We have undertaken a comprehensive renovation of our corporate office premises, focusing on ease of comfort and aesthetics to create an appealing working environment for our stakeholders.

Over the last year, we have strengthened our focus on sustainability and responsible investing, and ESG has been deeply embedded in our investment processes and operations. We have developed sector-specific ESG framework and are continuously building capabilities for value-driven investments. Continuing our commitment to environmental conservation, we have implemented cutting-edge processes such as biometric KYC and go-green options for selected after-sales services.

During the year, we launched UTI Balanced Advantage Fund in the month of July. The fund has an AUM of ₹ 2750 crore as of March 31st, 2024. This product launch has helped us complete our offering in the hybrid category of funds. Also, we now have five products under the smart beta category with total AUM of more than ₹ 5,500 crore. These smart beta products have helped us address the growing demand of such products in the market. Additionally, we have launched our two differentiated products, namely Nifty 5-year and 10-year G-Sec ETFs, during the year for institutional investors. While the AUM of these funds is small, we now have two products in the upcoming category.

On a group level, we are delighted to share with you

- UTI International obtained license from the French regulators for business operations in the European region through our Paris office. This will give us an on-ground presence in Continental Europe and create significant business opportunities in this market.
- Our retirement solution business has obtained a point-of-presence license from PFRDA and a NOC from SEBI. The POP license will allow UTI RSL to reach out to new pension fund investors and engage the

services of partners to grow the business. For our AIF business, we have received SEBI approval for starting operations in GIFT City in Gujarat. This will enable foreign investors to invest in our domestic AIF funds.

- UTI AMC and UTI Investment America Ltd. have been registered with the Securities Exchange Commission, USA, and we are planning to start our operations in the USA.
- The total AUM for UTI Group has increased by 19% to ₹ 18.48 lakh crore as of March 31st, 2024, compared to ₹ 15.56 lakh crore during the previous financial year. The domestic mutual fund business has witnessed a commendable 22% growth, reaching ₹ 2.91 lakh crore against ₹ 2.39 lakh crore last year.

For further insight into UTI Mutual Fund performance and other operational updates for Q4 & FY2024, I now invite my colleague, Mr. Sandeep Samsi, Head of Investor Relations, Marketing and Corporate Communications to provide more details.

Sandeep Samsi:

Thank you, Sir. I will first take you through UTI's performance during the fourth quarter and financial year ended March 31st, 2024.

UTI MF PERFORMANCE

- UTI was able to capture a market share of 6.84% of the gross sales of the industry during this quarter and market share of 7.79% of the gross sales for FY24.
- Our Equity QAAUM for the quarter ended March 2024 stood at ₹ 84,777 crore, rising by 20% as compared to the quarter ended March 2023.
- QAAUM for Index & ETFs stood at ₹ 1,15,448 crore, up by 39% in the fourth quarter commensurate with growth in the overall passive investment. ETFs and index funds net inflows stood at ₹ 11,682 crore.
- UTI added 1.92 lakh folios taking up the number of live folios to 1.24 crore as on 31st March 2024.
- Our SIP AUM witnessed growth of 42.95% over the corresponding quarter of the last year, reaching to ₹ 30,747 crore as of March 2024.

- The SIP inflows for the fourth quarter stood at ₹ 1,772 crore. The SIP gross inflows for UTI MF witnessed a year-on-year growth of 5% with an average SIP ticket size of ₹ 3,164.4 crore for March 2024.
- For the full year, the SIP inflows were ₹ 6,767 crore, higher by 5% compared to ₹ 6,463 crore in FY23.

UTI AMC FINANCIALS

On Consolidated basis

- During the fourth quarter, the company posted a consolidated net profit of ₹ 163 crore, higher by 90% YoY and down by 12% QoQ while the consolidated revenue from operations for the fourth quarter stood at ₹ 416 crore, up by 38% YoY.
- Consolidated core PAT for the fourth quarter is ₹ 96 crore up by 68% YoY and 22% QoQ.
- For the full year, the consolidated net profit was ₹ 766 crore, Higher by 75% YoY and consolidated revenue from operations was ₹ 1,737 crore, up by 37% YoY.
- For the full year, the consolidated core PAT was ₹ 345 crore, up by 8% YoY and the core revenue for the same period is ₹ 1,182 crore, which is up 5% YoY.

On stand-alone basis

- The PAT of UTI AMC Ltd. for Q4 FY24 is ₹ 151 crore, reflecting a growth of 54% YoY and 1% QoQ and core PAT for Q4 FY24 is ₹ 91 crore, up by 71% YoY and 40% QoQ.
- The PAT of UTI AMC Ltd. for FY24 is ₹ 601 crore, higher by 41% YoY.
- Core PAT of UTI AMC Ltd. for FY24 is ₹ 293 crore, up by 6% YoY.

UTI Retirement Solutions Ltd.

- Our 100% owned subsidiary, UTI Retirement Solutions Ltd., has recorded a growth of 25.74% YoY in its AUM, reaching ₹ 3.03 lakh crore in Q4 FY24, and currently manages 25.8% of the NPS industry AUM.

- The PAT of UTI RSL for the full year is ₹ 54 crore, an increase of 16% YoY basis.

UTI International

- UTI International, which represents our international business interest, has an AUM of ₹ 27,645 crore as of March 31st, 2024, up by 27.4% YoY.
- Our international clients are across more than 35 countries. These are primarily institutions, pensions, insurance, banks, and asset managers.
- One of our flagship funds, the India Dynamic Equity Fund (IDEF), domiciled in Ireland, has an AUM of USD 951.77 million.
- UK International's J Safra Sarasin Responsible India Fund, an ESG-compliant India fund, has an AUM of USD 74.66 million.
- UTI India Innovation Fund, launched last year, has an AUM of USD 41.33 million.

UTI Alternatives Pvt. Ltd.

- UTI Alternatives Private Limited has a total AUM of ₹ 1,974 crore. It has a well-defined ESG policy and strategy in place. It currently manages the following Active Debt Funds:
 - UTI Structured Debt Opportunities Fund (UTI SDOF) I, for which we received SEBI approval in August 2017 and which closed in May 2019, has an AUM of ₹ 132 crore. Currently, the fund is in exit mode.
 - UTI SDOF II has an AUM of ₹ 519 crore, and the fund is currently in the investing stage. We had received SEBI approval in February 2021.
 - UTI Multi Opportunity Fund I has an AUM of ₹ 763 crore. Currently, the fund is in the investing stage.
 - UTI SDOF III, for which we received SEBI approval in April 2022, has an AUM of ₹ 433 crore. The fund is currently in fundraising as well as an investing stage.
 - UTI Real Estate Opportunities Fund I is currently fundraising and investing with commitments of ₹ 127 crore.
 - UTI Alternatives got a Co-Investment Portfolio Manager (CPM) license in August 2022.

- We have received SEBI approvals for two more funds – UTI Credit Opportunities Fund I and UTI Asset Reconstruction Opportunities Fund which will be launching at appropriate times.

We have launched a new and revamped website for our investors and distributors, and with this, we have completed the revamp of all our Digital Assets be it our Website, Mobile App, & Contact Center for both investors and distributors. Accompanied by multiple new features and seamless journey, we have also introduced robo-advisory capabilities that shall cover goal planning and management, innovative calculators, risk analyzer, etc.

We have launched a 3-in-1 self-service Digital KYC process riding on Aadhaar, DigiLocker, and eSign, and also extended the same for biometric-based KYC through UTI MF offices. We now have a scalable and robust architectural design to cater to nearly 0.6 million transactions per day riding on micro-services architecture. To ensure the enterprise assets are accessed securely through a trusted network and device, we have successfully rolled out the Virtual Desktop Infrastructure (VDI).

I would now request the Managing Director and CEO for his concluding remarks.

Imtaiyazur Rahman: We will go for Q&A now.

Moderator: Sure, sir. Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Swarnabha Mukherjee from B&K Securities. Please go ahead.

Swarnabha Mukherjee: I have three questions from my side. The first one is on the standalone business. There is an expansion of yields that we see. I just wanted to understand the levers of the trend. Is it only because of a higher mix of equity, or is there anything else to lead to that? That would be the first thing, sir.

The second is on the SIP flows. The run rate has improved in the current quarter. How are you seeing that as we have moved into Q1 FY25? And I just wanted to understand from your side how the flow share would be across the

distribution channels, the direct vis-à-vis the other intermediate channels, and what kind of engagement you might be having to drive this.

And thirdly, on the expenses part, sir, if you could highlight what led to the increase in the sequential increase in the employee benefits expense and also if there could be any additional expense from the Paris office side in the consolidated entity? Other expenses have remained fairly steady over the years. Any comments on that? How big could the impact be?

Vinay Lakhotia:

I'll take the question on the yield as well as on the expenses side, and Sandeep will take on the SIPs and the marketplace. On the yield, there has been a yield improvement across all categories of the funds, apart from equity and hybrid. We are seeing this improvement in cash and arbitrage funds around 2 bps.

In the income fund also, around 1.5 bps of yield improvement is there. On the equity and hybrid funds, the yield improvement is close to around 5 bps, primarily because of two factors. First of all, normally we estimate the commissions, basis our understanding of the business mobilization. The actual payout could be more or less. As you are aware, any scheme expenses cannot be charged to AMC, so if there is any underestimation or overestimation of commission, the differential is adjusted in the management fee. There has been some increase in the management fee on account of overestimation of commission.

Secondly, as you are aware, the B30 accrual commission was stopped by SEBI in February 2023. Whatever business we mobilized until February '23, the commission was required to be paid for a one-year additional trail commission. Since the accrual has stopped for those businesses, that impacted our yield in the first three quarters for equity and hybrid funds. And in fourth quarter, since we are not required to pay any commission as the one-year period has already ended, that has also improved our AMC yield under the equity and hybrid category of the fund.

Coming to the expenses, there has been an increase in the employee cost by close to ~10%, both on a sequential as well as on a year-on-year basis. It is

primarily because of two factors. One is the one-time expense on account of gratuity. Because of actuarial valuation, it increased was by around ₹ 5.5 crore. Also, the insurance cost also has marginally gone up by ₹ 2.5 crore during this quarter.

Apart from that, there has been an increase in employee expenses of UTI International. As Mr. Rahman rightly pointed out, we are expanding our business in the international fund, both in the European market as well as in the North American market. Because of that, we have seen increased employee expenses. For UTI International, there has been a slight increase in employee expenses of close to ₹ 3 crore on QoQ basis. The other expenses are almost flat, and we believe that this run rate should continue going forward as well.

Swarnabha Mukherjee: Sir, a quick follow-up on the yield part. I wanted to just ask that, as you mentioned, this quarter we are seeing some overestimation of commission, possibly in the previous quarter, right? This is my understanding, correct?

Vinay Lakhotia: Yes.

Swarnabha Mukherjee: So, from Q1 FY25, how should we look at it? Will it go back to the earlier range?

Vinay Lakhotia: We are continuing with the same rate. So, almost 76 bps will be there for equity and hybrid funds. So, we start the year with the same rate.

Swarnabha Mukherjee: Okay. And for the other categories, the increases that you highlighted, should we take that into account going forward?

Vinay Lakhotia: Yes.

Swarnabha Mukherjee: Understood.

Sandeep Samsi: Swarnabha, on the SIP inflows, as we mentioned, we have seen improved inflows and we are further taking a number of steps to further improve our inflows in this category. One is the kind of effort that we are taking with our

distribution partners across the country. Even more so in the smaller cities, where we are seeing significant traction for our funds. What we are trying to do is try to pitch new products. We have different product categories that we launched, like the Balanced Advantage Fund, which we launched last year. We are also targeting the new generation of investors who look at more of these index funds.

That has also helped us to improve our SIPs. These are the steps that we are taking and we will continue further to take these steps. On the direct versus the distribution mix, it is similar to what it was in the previous quarter, Equity and hybrid, which is the right parameter to look at it because the distribution plays an important role in the distribution of equity and hybrid funds; that ratio remains similar. 30% is direct, while 60% to 70% comes from the MFD.

Imtaiyazur Rahman: We are extremely focused on enhancing our engagement with our distributors. We have a very deep relationship with the banks as a channel for distribution. We are further enhancing our relationship with the top thousand distributors across the length and breadth of the country. As far as the Paris office is concerned, we are not expecting any further expenses to be incurred.

Swarnabha Mukherjee: Just one clarification, sir, on the distribution mix that you mentioned. That is for the flow. Would that be a correct assumption?

Sandeep Samsi: That is for the AUM, but for the flows as well, it is very similar.

Moderator: Thank you. We'll move on to the next question, which is from the line of Lalit Deo from Equirus Securities. Please go ahead.

Lalit Deo: Sir, the first question is, as you mentioned on the yields, can you repeat the numbers on the cash and arbitrage, and as you mentioned on the debt stream, what were the yields and how much expense for the group?

Vinay Lakhotia: So, cash and arbitrage, yields have improved from 9 to 11 bps, and on the fixed income from 21 to 22 bps.

- Lalit Deo:** On the flow side, while we are taking steps to increase our flows across channels, but then on the net sales side, and on the equity side, we are still seeing some pressure on redemption. Right? Could you highlight what the gross sales were during the quarter in the equity and hybrid category?
- Vinay Lakhotia:** So, gross sales for Q4 FY24 were ₹ 2,981 crore in equity and hybrid category.
- Lalit Deo:** Lastly, any new product pipeline or any new product you are looking to launch in FY25?
- Sandeep Samsi:** Yes. We are planning to launch a Multi Cap Fund during the year, and we are also looking to further innovate in the passively managed space as well as thematic funds. We have, of course, continuous efforts to launch new products, and as and when the market cycle and timing is right, we will launch new products.
- Moderator:** Thank you. We will take the next question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.
- Prayesh Jain:** Just firstly on the yield front, the improvement in the equity and hybrid category you said it was 5 bps. Am I correct in saying that maybe on a sequential basis?
- Vinay Lakhotia:** Yes.
- Prayesh Jain:** So, out of that, how much of that would have come from the B30 because that would have been only for one month, right?
- Vinay Lakhotia:** No. That particular payout impacted our margins for three quarters. It is not possible to give a breakup of how much is because of the commission saving and how much is on account of B30.
- Prayesh Jain:** Because until February, you would have paid the commission, and it is from March that the commission would not have paid. That is the reason I was coming from that point that whether the rates that you have mentioned are the exit rates, so the 5 bps are on an end-to-end basis or on an average basis?

- Vinay Lakhotia:** It is on an end-to-end basis.
- Prayesh Jain:** End-to-end. So, this can sustain basically whatever you are mentioning.
- Vinay Lakhotia:** Yes.
- Prayesh Jain:** And secondly, sir, there is an improvement in the yields on the international side as well, right? Again, for the sustainability of the same, could you just help us understand the same?
- Vinay Lakhotia:** Yes. In international business, we are investing heavily and are in the process of launching a few funds as well so we believe that on international front the yield should actually improve. This is an area we are investing heavily in, so we are promoting two new products over there, India Innovation Fund as well as Private Credit Real Estate Fund. Both of these funds have a slightly better margin, so we do believe that overall revenue as well as the margin number should improve for UTI International as well going forward.
- Prayesh Jain:** Sir, we have seen very high volatility in this yield internationally; for example, in Q4 FY23, it was 0.57%. It has now continuously declined until Q3 FY24, and now we have seen some improvement. What was the reason for this continuous decline and now a recovery? Is the mix changing, or what is driving this improvement in yields after four quarters of consistent decline?
- Vinay Lakhotia:** There was a slight asset mix changes as well. During September quarter, we have witnessed some of the redemption in our flagship fund which are the IDEF category and significant inflows have come into our fixed income fund. That brought volatility into the yield number. But we are focusing very heavily on the equity category of the fund and going forward, we believe that overall margin number should improve.
- Prayesh Jain:** And sir, from an expenses standpoint, how should we look at employee expenses for next year?
- Vinay Lakhotia:** Very similar to whatever the growth rate has been there for the current year, maybe on a standalone basis, the increase could be around 2%-3%. On a

consolidated basis, the increase could be slightly higher because we are investing in all three lines of business. For UTI International, I have already mentioned. UTI Alternative is also we are strengthening our team since we are launching two or three new funds over there. And for UTI RSL also, we are expanding our team to grow our private pension business as well as POP business. So, on a consolidated basis, the number could be 100 and 150 bps higher than the standalone number.

Prayesh Jain: And last question on the tax rate. Could you guide for FY25? What would be the tax rate?

Vinay Lakhotia: I think it should be in the range of 22%-23%.

Moderator: Thank you. The next question is from the line of Mohit Mangal from BOB Capital. Please go ahead.

Mohit Mangal: I have three questions. First, on the dividend, I think you have given a special dividend. Going forward, should we expect the same 55%–60% dividend payout ratio?

Imtaiyazur Rahman: As far as dividend is concerned, we have a policy that we always pay a minimum 50% dividend to our investors. Last year, we paid around 66%. This year, 66% or 67% we have maintained for the current financial year, and we have given an additional dividend and 100% of our profit we have distributed to our investors.

Mohit Mangal: Next, in terms of the flow, apart from the equity, we saw liquid also seeing net outflows this quarter. What are the major reasons for that?

Imtaiyazur Rahman: For liquid funds, most of the banks go for the exit and therefore there was an outflow. It comes back on the first or second day of the next financial year. So, it is a quarter on quarter problem, and which all AMCs face.

Mohit Mangal: In terms of the live folios, I think we grew from like 1.22 crore to 1.24 crore. I think any strategy over there, if we could increase the live folios, I mean, any

particular strategy, that's basically been stable for the last two quarters. Any strategy where we can increase the live folios?

Sandeep Samsi: Yes. We are trying to increase our live folios, as we mentioned that we have invested in our digital assets. We have also invested in our partnership, as Mr. Rahman mentioned that we are deepening our relationship with the top thousand mutual fund distributors across the country. We are trying to increase our presence both digitally as well as physically on the ground. Through the SIP flows and partnerships, we are looking to increase the number of folios that we have. Currently, we have 1.24 crore of live folios, and we are confident that we will be able to add more SIP folios as well as normal folios to our accounts.

Moderator: Thank you. We'll take the next question from the line of Abhijeet Sakhare from Kotak Securities. Please go ahead.

Abhijeet Sakhare: The first question is a clarification on the balance sheet. What we noticed was that there was a movement between September and March from property, plants, and equipment to investment property. So, if you could just explain that, please?

Vinay Lakhotia: We own UTI Tower. In UTI Tower, we have leased out three floors to NIIF Ltd., and as per the accounting standard, if any of the property is leased out, it needs to be reclassified from building to investment property. So, it is just a reclassification of an asset; the overall property remains the same.

Abhijeet Sakhare: Sir, the second question going back to yields. If you could just help us, like sequentially, what has been the movement in overall equity and hybrid funds? Is this 5 basis point movement from quarter start to quarter end?

Vinay Lakhotia: Yes, 5 basis point is the movement on a sequential quarter basis.

Abhijeet Sakhare: And the last question is that on the flows, like the general slowdown on outflows, can you just give some color around, whether it is like 1 or 2 large funds that are driving it and whether the rest of the smaller funds are actually

seeing some level of inflows, or whether this behaviour is more or less spread across all the top 5-6 funds? Something on that will be helpful.

Sandeep Samsi:

Yes, Abhijeet, if you see, we have good performance both in our hybrid funds as well as income funds. Also, in our passive funds, we have the lowest tracking error in the industry, and this has helped us to build traction. In our equity fund, some of our larger schemes had a quality growth bias, and we are confident about their ability to perform over a full market cycle. Our value-oriented strategies have shown good performance, and we are able to capitalize on the performance in terms of market share for these funds. We have also fine-tuned our go-to-market strategy for the overall equity funds.

As you would know, we have a strong position in B30 cities, and we remain focused on growing our share in these cities. As I already mentioned, we have also revamped our digital assets, and we are getting good traction on these digital assets. And again, we have plans to launch funds across multi-cap fund, passively managed space and thematic funds. So, these are all the efforts that we are taking to improve the performance and market share of equity funds.

Moderator:

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

Dipanjan Ghosh:

Firstly, a data-keeping question, can you spell out the ESOP expense for the quarter and year for the stand-alone and consolidated entities? Secondly, on your equity outflows that you have seen during the quarter and year. If you can give some color on if there is a dominance of any particular channel or particular geography, be it B30 or any customer type, like HNI, where you are seeing relatively more outflows, some color on the quality of the outflows and also on the fresh gross sales, that are you seeing in the equity and hybrid category?

And lastly, if I look at your other expense number, given that you'll be launching a plethora of funds next year, be it multi-cap or on the passive side or also on the thematic side, how should one think of NFO related expenses in your other expense going into FY25-26? Those are my questions.

Vinay Lakhotia: For ESOP, I will provide you with the full year number. On the AMC, the ESOP cost was around ₹ 13.14 crore. At a consolidated level, it's around ₹ 16.8 crore. And for the next year, as of now, if you don't issue any further ESOP, the next-year cost will be ₹ 4.5 crore on the AMC and roughly around ₹ 5 crore at the consolidated level.

As far as NFO is concerned, in terms of thematic or an index fund, we don't foresee much of that expenses on the NFO side because those will be soft launches. The multi-cap fund, as and when we launch, there could be some amount of one-time advertisement expenses being charged. But we are cognizant of the cost and that number will not be that sizable.

Sandeep Samsi: On the equity flows, we had seen some redemptions from the banks and the national distributors. But equally, there are other products that are doing well and we have seen inflows coming from the same channel. So, net-net, it is similar.

Dipanjan Ghosh: Just if I can squeeze in one question on the yield part, if I understand correctly, there was some overestimation of commissions, and when the actual cash flows were compared with the estimations, you reported yield improvement. So, theoretically speaking, when you start from April 1 or if you look at Q1 FY25, it should be on a normalized basis, on the correct estimation basis. So, should 35 bps, or whatever blended yield you have kind of booked in the standalone business for Q4 FY24, be the right benchmark to start with?

Vinay Lakhotia: Yes, the 34 bps is the right benchmark, and this yield estimation and comparison is being done on a quarterly basis itself. But we need to be cognizant of the fact that no scheme expenses can be charged to AMC.

So, normally, it has to be on a conservative basis. If any upside is there, it gets adjusted in quarter four. But 34 bps is the right number to start at the beginning of the financial year.

Moderator: Thank you. The next question is from the line of Pratham Shah from PD Exports. Please go ahead.

Pratham Shah: Yes. Good morning. I had a question regarding the stake sale of PNB, Bank of Baroda, and SBI. There were some reports that they wanted to sell their stake. So, is there any progress on that?

Imtaiyazur Rahman: No, we don't know anything about that, and we can't offer any comments on this. This is their matter, the shareholders' matter. And we, as management, have no role to play in this.

Moderator: Thank you. The next question is from the line of Ajay Jain from Makarand Invest. Please go ahead.

Ajay Jain: Wonderful figures, sir. Congratulations on that. While going through your investor presentation, slide #38, which is the consolidated statement of P&L, can you please throw some light on net gain on fair value changes? Because in FY23, it was ₹ 99 crore, and in FY24, it is ₹ 500 crore. I presume it has something to do with the market valuations of shares or the investments that you have made. But can you please let us know? Because the figure is a huge difference. Going forward, what do you feel of the same?

My second question is on the sale of services. We have 5% growth right from FY23, ₹ 1,131 crore to ₹ 1,182 crore. Going forward, what do you feel of this?

Vinay Lakhotia: So, I'll take the question of net gain on fair value changes. So, as you are aware in the investor presentation we have mentioned, we have a total consolidated investment of around ₹ 3,833 crore. Out of that, almost around ₹ 737 crore is invested in the hybrid category funds of UTI, ₹ 709 crore is invested in the equity category, and almost ₹ 557 crore is invested in the equity/hybrid schemes of UTI International. These are equity-oriented schemes, and as you are aware, the market during the last financial year has given a return in excess of ~29%, I am saying for the NIFTY.

So, because of that, there has been a mark-to-market appreciation, which has significantly increased the fair value change number. On the management fees, yes, the 5% growth is there, and we are hopeful that with the growth in the AUM, especially in the equity and hybrid categories, we should be

witnessing a positive growth in the management fees as well during the next financial year.

Ajay Jain: Sir, do you feel it would be greater than the current 5% growth?

Imtaiyazur Rahman: Yes, we believe in that. Yes, we are quite confident.

Ajay Jain: And as I understand, the second, fair value change is basically the market improvement in the investments, equity investments, which you've done. Sir, just how do you feel about going forward with this particular assignment? This is the major income that we are earning, and it makes a lot of changes to the profit and loss account. So, what are your views on it going forward, sir?

Imtaiyazur Rahman: See, we can't give any forward-looking views on the market appreciation. We will give you quarter-on-quarter details when it comes. Please wait for some more quarters.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Imtaiyazur Rahman for closing comments. Over to you, sir.

Imtaiyazur Rahman: Thank you very much for joining this call. I wish all of you a great financial year and a nice weekend. Thank you so much. Thanks, Sandeep, Vinay, and Surojit, for joining me. Thank you.

Vinay Lakhotia: Thank you.

Sandeep Samsi: Thank you, everyone.

Moderator: Thank you, members of the management. Ladies and gentlemen, thank you for joining the call. In case of any queries, feel free to connect with the Adfactors Investor Relations team. Once again, thank you for joining us. You may now disconnect your lines. Thank you.