April 30, 2025

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers,	Exchange Plaza, 5th Floor,
Dalal Street, Fort,	Plot No. C/1, G Block, Bandra Kurla Complex,
Mumbai 400 001	Bandra (East), Mumbai 400 051
BSE Scrip Code: 540767	**NSE Scrip Symbol: NAM-INDIA**

Dear Sir(s),

Sub.: Transcript of the earnings conference call for the quarter ended March 31, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter ended March 31, 2025, conducted after the meeting of Board of Directors held on April 28, 2025, for your information and records.

The above information is also available on the website of the Company:
https://mf.nipponindiaim.com/InvestorServices/pdfDocuments/Conference-Call-Transcript-for-Q4-FY-2025.pdf

Thanking you,

Yours faithfully,
For **Nippon Life India Asset Management Limited**

VALDE VARGHESE PONTHOKKEN
Digitally signed by VALDE VARGHESE PONTHOKKEN
Date: 2025.04.30 17:47:01 +05'30'

Valde Varghese
Company Secretary & Compliance Officer

Encl: A/a

Nippon Life India Asset Management Limited
4th Floor, Tower A, Peninsula Business Park, Ganapatrao Kadam Marg, Lower Parel (W), Mumbai - 400013 | CIN : L65910MH1995PLC220793
Tel: 022 6808 7000 | Fax: 022 6808 7097 | https://mf.nipponindiaim.com
Email: investorrelation@nipponindiaim.com

Nippon Life India Asset Management Limited
Q4 FY2025 Earnings Conference Call

April 28, 2025

MANAGEMENT:

- **Mr. Sundeep Sikka – Executive Director & CEO**
- **Mr. Parag Joglekar – Chief Financial Officer**
- **Mr. Saugata Chatterjee – Chief Business Officer**
- **Mr. Amol Bilagi – Deputy Chief Financial Officer**
- **Mr. Arpanarghya Saha – Chief Digital Officer**
- **Mr. Arun Sundaresan – Head of ETF**
- **Mr. Ashish Chugani – Head of AIF**
- **Mr. Aashwin Dugal – Deputy Head of AIF**
- **Mr. Shin Matsui-San - Nominee of Nippon Life Insurance, Japan**

Moderator: **Ms. Meghna Luthra – InCred Equities**

Moderator: Ladies and gentlemen, good day and welcome to Nippon Life India Asset Management Q4 and FY '25 Earnings Conference 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 '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Meghna Luthra from InCred Equities. Thank you and over to you, ma'am.

Meghna Luthra: Thank you and good evening, everyone. On behalf of InCred Equities, I welcome all to Nippon Life India Asset Management 4th quarter FY '25 Earnings Conference Call.

We have along with us Mr. Sundeep Sikka - Executive Director and CEO along with the Senior Management Team.

We are thankful to the Management for allowing us this opportunity.
I would now like to hand it over to Mr. Sundeep Sikka for his "Opening Remarks". Over to you, sir.

Sundeep Sikka: Good evening and welcome to our Q4 FY25 earnings conference call.
We have with us, Chief Financial Officer – Parag Joglekar, Chief Business Officer - Saugata Chatterjee, Deputy Chief Financial Officer - Amol Bilagi, Chief Digital Officer - Arpan Saha, Head ETF - Arun Sundaresan, Head AIF - Ashish Chugani, Deputy Head AIF - Aashwin Dugal and Shin Matsui-san, nominee from Nippon Life Insurance (Japan).

I would first like to share key highlights of our performance and post that I will hand-over to Parag, to speak in greater detail on the recent Industry trends as well as our performance, post which we will move on to QnA.

Coming to the Key Highlights:

1) I would like to start by mentioning that NAM India is among the fastest growing AMCs in the Top-10 AMCs on a 1, 2 and 3 year basis, and we also had the highest increase in AUM market share in the Industry on a 2 year basis.
2) Further, our Equity Net Sales market share and SIP market share both improved QoQ and remained well above our Equity AUM market share.
3) We achieved a high-single digit market share in terms of Equity Net Sales, while our SIP market share was >10% in March 2025.
4) SIP market share has effectively doubled in a span of 3 years from 5.15% in March 2022 to 10.16% in March 2025 and this should form a strong foundation for our future growth.
5) On the financial front, NAM India has achieved its highest ever Annual Profit After Tax at INR 12.86 bn (a growth of 16% YoY), as well as highest ever Operating Profit at INR 14.04 bn (a growth of 47% YoY).
6) We have a stated dividend policy to distribute 60-90% of our profits to shareholders. For FY25, the Board of Directors have declared a Dividend Payout of INR 18.00 per share i.e., ~91% of net profit – this includes proposed Final Dividend of INR 10.00 per share.
7) I would also like to address a recent cyber-attack on our IT infrastructure, which we notified to the exchanges on April 10, 2025. As a precautionary measure to prevent the spread of malware, all systems were isolated or powered down as soon as the threat alerts were received from monitoring systems.
8) All critical applications have now been restored. The fund management system was restored on next working day itself. The mobile app and website are also back to normal. During this period, customers were redirected to alternate channels which remained completely unaffected. Hence, there was minimal business impact due to this. We believe that company and investor data is fully safe and secure.
9) As mentioned in the past, we also continue to focus on our Non-MF businesses.

10) In-line with this, to offer Japanese investors greater access to the Indian equity markets through the NISA scheme in Japan, we launched the 'Nippon India ETF Nifty 50 BeES GIFT' Fund which will feed into Nippon India ETF Nifty 50 Bees. This launch is in collaboration with our partner Nissay Asset Management Corporation, Japan (wholly owned by Nippon Life Insurance Company), which has launched Nissay India Equity Fund in Japan to feed into this GIFT Fund.
11) This comes after our first GIFT fund - Nippon India Large Cap Fund GIFT, which we launched in Jan-2025 to provide global investors access to our flagship Large Cap Fund.
12) Our future product pipeline includes – i) Long Short Equity Fund and ii) our second Fund of Funds which shall invest in India-focused venture capital funds.
13) Lastly, on the SIF front, we have appointed industry veteran Andrew Holland as the Head – New Asset Class. We believe that this offering presents significant growth potential going forward.
14) In conclusion, I would like to state that FY25 has been another strong year for NAM India and we are hopeful of sustaining this in the years to come.

Now I will hand over the call to Parag for further details on Industry trends and our performance.

Parag Joglekar: Thank you, Sundeep. Good evening, everybody.

Let me start off with the markets:

Equity markets in Q4 FY25 witnessed a drop from prior quarter levels. The NIFTY declined by 0.5% QoQ, while the NIFTY Mid & Small Cap indices declined by 9.6% & 14.9%, respectively. RBI cut the repo-rate by 25 bps to 6.25%, while the 10 Year G-Sec yield decreased by 18 bps QoQ to 6.58%.

On a YoY basis, the NIFTY grew 5.3%, while the Mid & Small Cap indices grew 7.6% and 5.4%, respectively.

Coming to data on the Mutual Fund industry:

1) Industry QAAUM grew by 24.6% YoY but declined 1.7% QoQ in Q4 FY25 to INR 67.4 trillion.
2) The share of Equity in overall AUM declined QoQ, ending at 60.0% for Q4 FY25, from 60.8% in Q3 FY25.

Now, moving to Industry flows:

1) The Equity category (excluding index funds and arbitrage funds) witnessed a gross inflow of INR 2.13 trillion and a net inflow of INR 1.04 trillion. Both gross and net inflows were lower QoQ.
2) Categories with the highest inflows were Sectoral/Thematic funds, Flexi Cap and Small Cap funds.
3) Moving on to SIP - Investments via the SIP route further increased, with the SIP contribution for the quarter being INR 783 bn, up 37% YoY and 2% QoQ.
4) Monthly SIP flows in Mar-2025 stood at INR 259 bn, only 2% below the all-time high of INR 265 bn achieved in Dec-2024.
5) The Fixed Income category i.e. (Debt + Liquid), witnessed a net outflow of INR 809 bn in the quarter.
6) The ETF category had a net inflow of INR 216 bn.

At the end of the quarter, unique investors in the Mutual Fund Industry increased to 54.2 mn i.e., an increase of 22% YoY.

Now moving to our business performance:

1) We closed the quarter with total assets under management of INR 6.54 trillion. This includes Mutual Funds, Managed Accounts, Offshore Funds and GIFT City.
2) Our Mutual Fund QAAUM grew 29.2% YoY to reach INR 5.57 trillion. We were the fastest growing AMC in the Top-10 in FY25 and had the highest increase in QAAUM market share on a 2 year basis among all AMCs.

I would now like to share a few key highlights for the quarter:

1) Starting with market share - Our market share increased 30 bps YoY to 8.26%.

2) Our Equity market share increased by 10 bps YoY to 6.86%. Excluding Arbitrage, Equity market share increased by 22 bps YoY to 6.92%.
3) The share of Equity AUM in our overall AUM decreased by 1.3% QoQ to 49.8% for Q4 FY25.
4) We achieved a high single-digit market share in net sales in the Equity + Hybrid segment in Q4 FY25. However, excluding NFOs our market share would be in double digits.
5) We continue to have the largest investor base in the Mutual Fund industry, with 20.8 mn unique investors. We are humbled to have over 1 in 3 mutual fund investors invest with us.
6) During the quarter, we also completed the NFO of the Nippon India Active Momentum Fund. As at the end of the quarter, the AUM in this fund stood at INR 1.2 bn.

I would also like to touch upon some important aspects of our Systematic Book:

1) I am happy to share that there has been continued momentum in our systematic flows, which has led to an increase in market share.
2) SIP market share increased by 17 bps to 10.16% over Dec-2024 to Mar-2025.
3) Our monthly systematic book rose by 37% YoY to INR 31.8 bn for Mar-2025. This resulted in an annualized systematic book of INR 382 bn.

Moving on briefly to the ETF Segment:

1) We continue to be one of the largest ETF players with AUM of INR 1.54 trillion and a market share of 19.07%, which increased by 236 bps YoY.
2) Our share in the industry's ETF folios is 53%. We also have 53% share of ETF volumes on the NSE and the BSE. Our ETFs' average daily volumes, across key funds, remain far higher than the rest of the Industry.

Moving on to our digital franchise:

1) Digital purchase transactions rose to 3.54 million in Q4 FY25, up 49% YoY. Digital Business contributed 74% of the total new purchase transactions Q4 FY25.
2) For FY25, Digital purchase transactions stood at 14.4 million – a two-fold increase compared to FY24.
3) By harnessing the power of digital innovation and executing a well-crafted strategy, NIMF has breached an inflection point, achieving accelerated growth, enhanced efficiency, and a distinct, competitive edge. NIMF's best-in-class digital assets, strong digital distribution framework and efficient campaign management strategies reinforce its leadership in the online space.

Now, I would like to briefly update you on our subsidiaries - namely the AIF & Singapore subsidiaries:

1) Starting off with AIF - Under, Nippon India AIF, we offer Category II and Category III AIFs and have raised cumulative commitments of INR 74.1 bn across various schemes.
2) FY25 marked our highest ever incremental annual fund raise of INR 13 bn, which is 2.2x of commitments raised in FY24.
3) During the quarter, we launched our 10th Fund under our Long-Only Equity series. Fundraising is currently underway for two of our Listed Equity AIFs, Performing Credit AIF, and Direct VC Fund.
4) Fund deployment across all the strategies was robust in Q4 FY25, with 8 active investments in Performing Credit, and full deployment in our Tech/VC FoF, across 14 funds, with underlying exposure to 380+ companies.
5) The teams across all functions have been strengthened as well.
6) On the Offshore front - We continued to witness good equity inflows in the quarter from various international geographies. Offshore AUM grew 13% YoY to INR 152 bn with our UCITS Equity Fund reaching an AUM of ~USD 483 mn.
7) We continue to expand our footprint in the Japanese Institutional and Retail space in conjunction with Nissay Asset Management Corporation, Japan.

8) We also continue to expand our footprint in new geographies in the European region.

Now on to our Financial Performance:

1) For Q4 FY25, Revenue stood at INR 5.67 bn, up 21% YoY.
2) Other Income stood at INR 0.23 bn, down 75% YoY and up 50% QoQ.
3) Operating Expenses stood at INR 2.12 bn, up 14% YoY and flat QoQ.
4) Excluding the impact of ESOPs, Operating Expenses grew 8% YoY for Q4 and 16% YoY for FY25 which was in-line with our guidance - driven mainly by investments in talent, non-MF businesses and technology infrastructure.
5) Operating Profit stood at INR 3.55 bn, up 26% YoY.
6) Profit After Tax stood at INR 2.99 bn - down 13% YoY and up 1% QoQ.
7) For FY25, Operating Profit grew by 47% YoY to INR 14.04 bn and Profit After Tax grew by 16% YoY to INR 12.86 bn. Profit After Tax is impacted by lower Other Income and a Higher Tax Rate YoY.
8) As Sundeep mentioned earlier, for FY25, the Board of Directors have declared a Dividend Payout of INR 18.00 per share i.e., ~91% of net profit – this includes proposed Final Dividend of INR 10.00 per share.
9) Lastly, the Board of Directors in their meeting today, have approved the following, based on the recommendation of the Nomination and Remuneration Committee:

- Grant of 4,16,972 stock units under the 'Nippon Life India Asset Management Limited –Performance linked Stock Unit Scheme 2023' ("PSU 2023") at INR 10.00 per stock unit.
- Grant of 17,23,149 stock options under the 'Nippon Life India Asset Management Limited – Employee Stock Option Scheme 2023' ("ESOP 2023") at INR 577.79 per stock option.

With this, I would like to conclude my remarks and open the floor for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Hi, good evening everyone. Just a few questions. How do you see the SIP trajectory for the industry and for Nippon as such going ahead, we have been hearing a lot of closures and the incremental account openings have been weaker, how do you see the trend in this space, say over the medium term? Second is, you mentioned about the expenses being in line with your guidance, how do you see our expenses in FY '26 and it would be great if you could split up the employee cost into what kind of ESOP expenses we could see going ahead? And lastly on the Offshore business, I see a drop in sequentially in your managed assets from about 16,700 odd crores to about INR 15,200 odd crores sequentially. Is it only mark-to-market or has there been some outflows? How should we see this and do you see Offshore given that Japan you have recently launched a new scheme? Do you see this contributing meaningfully over say next 3-5 years and those would be my 3 questions?

Sundeep Sikka: So let me start by the last part of the question and then I will request Saugata to answer on SIP and Parag on expenses. Firstly, offshore, whatever you are seeing is just the mark-to-market reduction, nothing else. Point number 2, we are very excited about the launch of the new scheme that we have launched in Japan, which is under the NISA scheme, which access to Japanese investors to invest into India. NISA scheme is a scheme which is the government of Japan is promoting our Japanese retail investors to invest outside of Japan and we benefit given our Japanese parentage. We see ourselves to be a great beneficiary of this. We will not be able to give a futuristic number what it can contribute, but for sure directionally over the next 1 or 2 years, Japanese retail money coming into India will become big and you will see us playing a bigger role in that. Saugata, if you could answer on SIP, please.

Saugata Chatterjee: With regard to SIP, what we are seeing in the last say, 3 months, this quarter gone by, of course at an industry level, you have seen the SIP book has started now sort of becoming flattish. It happens whenever there is market volatility. We are seeing some higher percentage of stoppages which are happening at an industry. Those are temporary phenomena which we feel will go by as the market corrects and more education starts happening from an industry perspective. But when it comes to our business, what we are seeing that in this particular last quarter, our flows have been much better than the industry flows.

Our net flows actually in case of, in SIPs, the net book growth, what we are seeing is much better than the industry trend and our stoppages are also much better than the industry trend. So what can happen from here on, though the overall volume has come down, time has come to diversify the SIP book into multiple categories, which will probably give a better experience to the investor as they go ahead and that is our endeavor. As a team, we are trying to even if the volumes go down, we will be more focused on diversifying the SIP book into multiple categories and build products around SIP which will give more stability to the SIP book as we go ahead from here on.

Parag Joglekar: So good evening, Prayesh. On the cost side, we will keep on investing in the future. So we are expecting a cost increase roughly in the range of around 15% ex of ESOP. Employee cost will be also in the similar range maybe 14% ex of ESOP. And ESOP expense for the current quarter is around INR 11 crores and for the full year is in the range of around INR 43 crores.

Prayesh Jain: Just a couple of bookkeeping questions. For the full year, what kind of ESOP cost should we build for FY '26? Secondly, could you give us the yields across the asset classes? And lastly, the tax rate has been significantly lower in this quarter. What were the reasons and how should we kind of model for FY '26? Those would be my questions?

Parag Joglekar: So the ESOP cost will be in the range of around INR 48-INR 49 crores next year. Yields - equity is 57 basis points, debt remains 25. Liquid is in the range of around 10-12 basis points and ETF remained 15 basis points. Total yield, blended yield is around 37 basis. The tax rate is slightly lower due to some of the assessment got over and we got some reversal on that. Otherwise, the tax rate should remain in the normally 24%-25% which is normal tax rate.

Prayesh Jain: Got it, sir. Thank you and all the best.

Moderator: Thank you. We have our next question from the line of Kushagra Goel from CLSA. Please go ahead.

Kushagra Goel: Hi, sir. Thank you for taking my question. Just one question sir, in your balance sheet number, the property, plant and equipment assets have increased quite a bit. You just wanted to understand what was that? That is all?

Parag Joglekar: So around last quarter, we purchased a corporate office in Parel area. So that is what the cost which we incurred and that has been capitalized in that.

Kushagra Goel: Got it. Thank you.

Moderator: Thank you. We have our next question from the line of Abhijeet Sakhare from Kotak Securities. Please go ahead.

Abhijeet Sakhare: Hi. Good evening, everyone. My first question is for Saugata, across your top 3-4 funds which attract highest share of flows, can you comment how recent performance trends would have impacted those numbers. Any stabilization or dip that you are witnessing there or continues to remain very strong? That is the first question, please?

Saugata Chatterjee: So whatever has happened in the market for the last one or two quarters, there is no direct linkage of that the performance on the flow of the business. We clearly believe the Indian investors overall; it is not only for us. Short-term performance dips in one or two quarters do not make any difference. We continue to see the same inflows in the top 5 funds and the trend has been the same for the last 4 or 5 quarters.

Abhijeet Sakhare: Got it. And then sir, secondly, just to follow up, like we used to have very strong Small Cap, Mid-Cap franchise and over the last 12 months, we have tried to divert flows into some of the other larger categories as well, how has been the experience in terms of being able to create the accounts in those categories as against lump sum and the point of view here is that just to get a better handle on stability of flows in for the newer flows that we have been getting in the last 6-12 months?

Saugata Chatterjee: Well, then it is not that we had a strong franchise. We continue to have a strong franchise in Small and Mid-Cap. That is part number one. The idea of have been diverting the funds to other schemes, it is a part of it. The idea is to keep getting allocation across categories. I don't think so it is a cost one as to other, from our perspective the way we see is from a long term point of view, we need to be basically across the three or four bigger categories in the industry, whether it is Small Cap, whether it is Large Cap, Flexi Cap, we want to be in the top 3 or top 5. So it is a planned strategy to get a market share across all big categories.

Abhijeet Sakhare: Got that and just a number question, if you could give the breakup of other income between debt and equity gains?

Parag Joglekar: Abhijeet, we don't disclose that.

Abhijeet Sakhare: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Raghvesh from JM Financials. Please go ahead. Mr. Raghvesh, are you there?

Raghvesh: Yes. Hi, sir. Congrats on the strong set of numbers. So getting back to limit set in the Mid and Small Cap funds, so we have restricted the set limits in these funds. So given the markets have been weak in these segments and have corrected, are we considering opening it up to more investors in the near future and secondly, our market kind of follow up on that, our SIP market share is already at 10.2 even when we have restricted some of the inflows. How do we look at that? Had we not restricted and what would be your sustainable number if I am looking at it from a FY '27 point of view?

Sundeep Sikka: As we have mentioned in the past, we see this business from a long-term point of view and it should be sustainable. It is not about QoQ. So for sure, at this point of time, we have not taken any view to remove the Cap or to take more money into Small Cap. As and when we do it, we will make it public, but the only thing I can share, having said that if that is the question that you had, has we not stopped, could this 10.1 or 10 plus could have been more? It is speculative thing, very difficult to comment on it. We believe by doing that and getting in flows into all other schemes. We are making the foundation even stronger.

Raghvesh: And sir, just a follow up. Have we considered where are we on the entire distribution payout restructuring that we had done in the last couple of quarters? What percentage of our AUMs has been replaced in terms of distributor commissions and what more we are looking to do in the near future?

Saugata Chatterjee: Yes. So 45%-50% of our existing equity book has been repriced and we need to stabilize this as we go ahead from here on. And as business dynamics evolve from here on, we will see how we can look at further opportunities, but as of now, I think the majority of the major part of the AUM has been repriced.

Raghvesh: Thank you, sir.

Moderator: Thank you. We have our next question from the line of Mohit Mangal from Centrum Broking. Please go ahead.

Mohit Mangal: Yes. Thanks for the opportunity and congratulations on a good set of numbers. So first is in terms of investor segment wise breakup of AUM, so we are actually looking at last 3-4 year’s data and I looked retail plus HNI going forward and say Corporate which was around 50% odd of the total AUM now is around 39%-40% odd. So going forward as per your analysis, do you think this corporate number will sink further and retail plus HNI will grow from here?

Sundeep Sikka: Our focus continues on retail. The retail will continue when we believe when that is where the biggest opportunity is. So all of the efforts across the Company, across branches, across our digital properties and ecosystem continue to be in retail and HNI. That does not mean we will not focus on corporate, but corporate is not something which you can directly control. But we clearly believe that going forward both when it comes to equity, 90% plus of the business will be from retail and HNI.

Mohit Mangal: Understood. Next is in terms of the number of employees, I think we added about 160 odd employees in the last one year. Going forward, do you think this number of 1,165 will grow with the same run rate?

Sundeep Sikka: Not really. We were flat for the last couple of years prior to FY25, so maybe next year we may add about 75-100.

Mohit Mangal: So that the run rate will come down?

Sundeep Sikka: Yes.

Mohit Mangal: Thanks and wish you all the best.

Sundeep Sikka: Thank you.

Moderator: Thank you. We have our next question from the line of Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: Good evening, everyone. Thank you for taking my question and actually congratulations for a great set of numbers. So just two questions. First, I think you mentioned earlier that we have not participated in the new Thematic/Sectoral sort of fund launches and still we have managed a high single digit market share in net sales and if we exclude the NFO money, then our market share is actually in double digits. So is there any rethink in this strategy and going forward, should we see new fund launches from you and why are we not sort of doing that? Some thought process around that because it definitely helps us build scale and they are losing out on that additional flow that we could get? Second, just on your staff cost, maybe I missed this because the line has kept disconnecting today for some reason, the ESOP costs, what are the ESOP costs in this year and how should we think about ESOP costs going into next year and what would be sort of your expense guidance on an overall basis over the next couple of years? That will help me. Thanks.

Sundeep Sikka: So Madhukar, I will take the first question on the NFO, then I will request Parag to give you answer on the ESOP cost. So let me clarify first, our strategy over the last 2-3 years has been not to launch new big mega NFOs / Thematic funds and it is by design. Well, on the passive side, we will continue launching wherever there are new themes, where let the investor take the decision whenever he wants to enter in the particular theme in passive funds, but for NFOs, we have our internal view that launching Mega NFOs gives the short-term kick, gives a short-term AUM, but for the long-term stability point of view, if you do a deep dive into these numbers, a lot of this AUM gets shifted from Scheme A to scheme B within the same AMC or from other schemes of other AMCs. And our historical data shows us that NFO investors typically are not very sticky. We believe continue scaling up our existing products, get investors who come because of the track record of the scheme rather than coming because of the hope of returns, so that is the big strategy and also what we want is NFOs many time distracts the Company, distracts the sales team, everyone starts working on it. We continue focusing, as I mentioned in the past, on building a strong foundation which is scalable in long run. Immediate short NFOs doing INR 5,000-INR 10,000 crores for the scale and size that we have, it is very easy, but it requires a lot of conviction to say that we are not going to be participating in short-term gain but continue really gaining money from a long-term point of view. So that is the answer on the NFO's. Having said that, One more thing I would like to touch is since you asked are we losing out a big pool of money? The answer is no. If you see the investor pool, our investor base continues to grow faster than the industry and that is a reflection of the fact that investors actually prefer schemes with long-term track record. Selling NFOs with the hope of return is short term may be a good strategy, but from a long-term point of view, we ourselves are not convinced.

Parag Joglekar: Madhukar, the cost on the ESOP in the current year, the expense is around INR 43 crores, in current quarter is around INR 11 crores. Next year, we are expecting something in the range of around INR 48-INR 49 crore with both the ESOP schemes. Our guidance for expenses growth is around 15% for next year ex of ESOP.

Madhukar Ladha: That is on overall cost?

Parag Joglekar: Yes.

Madhukar Ladha: 15% growth on overall costs, is it so?

Parag Joglekar: Yes.

Madhukar Ladha: Thank you and great performance, excellent performance and all the best for the future.

Sundeep Sikka: Thank you, Madhukar.

Moderator: Thank you. We have our next question from the line of Abhijeet Sakhare from Kotak Securities. Please go ahead.

Abhijeet Sakhare: Thanks for the follow up. I have a question on yield. So if I recall correctly, I think last quarter as well, our equity yields were about 57 odd basis points and if that number is correct, how has the recent commission cuts impacted the overall yields, given that the equity AUMs are also down QoQ?

Parag Joglekar: So Abhijeet, the overall impact on the yield basis may not be very great. It will be part of the overall yield and this 57 last quarter maybe on the basis points in decimals might have changed. So the overall yields remain more or less in the line. There may be some decimal changes.

Abhijeet Sakhare: Understood. And that the entire commission cut is all in the base, right? There is no more pending impact will be taken, right?

Parag Joglekar: No.

Abhijeet Sakhare: Alright. Thank you so much.

Moderator: Thank you. We have a follow-up question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Just a couple of years back or a year back, we had 70% volume share on exchanges in terms of ETF, now down to 53%, is there anything to read into it? I know it is still a very meaningful market share, but the drop has also been quite meaningful, anything to read into it and how do you kind of into protect this? That would be my first question right now, yes?

Arun Sundaresan: Arun here. So first of all, you will appreciate that if you look at other numbers like net sales for example and even this current volume is way higher when compared to our current market share. But the volume per se, it is part of the pie, right, with more players coming and that as a percentage might look a little on the lower side and in some categories, we are consciously not present, for example, some of the smart beta, etc., where the liquidity can be on the lower side, which could impact investors negatively, we may have decided not to launch ETFs at this point in time. That also could affect margins at the periphery. But having said that, this number fairly is a high number and within that some categories like for example NIFTY, we command 73% of the volume. Much of the net sales also happens in categories like NIFTY, Gold and Silver where particularly our volumes are fairly high and much higher than our current market share.

Prayesh Jain: Got that. And a broader question on the debt side, we are heading in, we have already seen one rate cut and possibly we will see more rate cuts going ahead. The debt segment well, how do you see the trends there? Do you think that it can revive, and you can see significant inflows there going ahead? How should we kind of look at this segment as such?

Saugata Chatterjee: Yes, I think you have analyzed it, right? What we are seeing in the last 2 months, the liquidity in the Mutual Fund industry has gone up in expectation of a moderate rate scenario. And also we have to also remember the fact that a lot of these FDs, which the banks had mobilized in the last couple of years, are now coming from maturity. The rollovers will be at a lower yield and hence the mutual fund schemes start becoming the first code of call for investors and we are seeing in the month of April and in the month of March, there was a good flow into the shorter end and the medium duration products and hence if the soft rate regime continues, which we feel will be the scenario as we go ahead, there will be sort of inflow into these categories for sure.

Prayesh Jain: Just one last question on the offshore business, what kind of yields we make on the offshore business and how is the trajectory there?

Parag Joglekar: Around 6-100 basis points, depending on the product.

Sundeep Sikka: And also like we mentioned earlier, we have our digital fund, again which you mentioned which is a venture fund which comes under our AIF subsidiary. For that also there comes a carry to come into play after a certain time but that is still a long time away.

Prayesh Jain: Any other geographies that you are looking to grow the offshore business apart from Japan in the near future?

Sundeep Sikka: From our perspective, we continue leveraging the global network of Nippon Life. Till now, if you see where most of our business that is coming, international business is coming – you can look at slide in the presentation, whether it is coming through DWS, whether it is from the GENKAI which is Japan, BBLAM which is Bangkok Life Asset Management and Cathay, which is Taiwan. All these are companies where Nippon Life has strategic interest. So we will continue. We don't want to reinvent the wheel and neither we have the direct capability. We do not want to go out anywhere in the world and start afresh. So we will piggyback on Nippon Life network, but what you will see Japan will continue to be our core.

Prayesh Jain: Got that. Thank you.

Moderator: Thank you. We have our next question from the line of Gaurav Jani from Prabhudas Lilladher. Please go ahead.

Gaurav Jani: Thank you for taking my question. Firstly, I wanted to check on blended yields and the related equity yields and distribute the pay offs given that we had already rationalized commissions for the few funds since with effect from February 1st, would there be any benefit through the next quarter, what is your assessment on that?

Parag Joglekar: So the blended is around 37 basis, the equity yield is 57 basis and the cut which has happened in the current quarter which is already part of the yields and this will continue.

Gaurav Jani: So I was asking on a net basis, would that benefit also in the next quarter or all the benefit is included?

Parag Joglekar: Yes. So it is already part of this and so that will continue.

Amol Bilagi: So Gaurav, just to add to that the blended yield is also affected by the AUM mix. So if the ETF business grows at a faster pace, then the yield will show a decline on blended basis. But as we have been guiding in the past, we expect 2-3 basis points blended yield decline YoY going forward as well.

Gaurav Jani: And lastly, on ESOP, right. So I believe there was a fresh issue because I guess the ESOP trajectory that we originally estimated there is an increase in that. So can you just tell out as to what would be the cost in 26 and 27 put together?

Parag Joglekar: In the current year, it was around INR 43 crores. Next year, we are expecting in the range of around INR 48-INR 49 crores.

Gaurav Jani: And FY '27?

Parag Joglekar: FY '27 will be lower than the number because it will go down. So Gaurav, I don't have a number right now. I will let you know offline.

Gaurav Jani: Sure. Thanks a lot. That is it.

Moderator: Thank you. We have our next question from the line of Krishna Mundra from NJ Invest. Please go ahead.

Krishna Mundra: Thanks for the opportunity. On the SIP side, I just wanted to know your perspective like can we assume that going forward given the direct tax limits being increased to 12 lakhs for individuals and 12,75,000 for salaried individuals, more disposable income coming in the hands of individuals, basically more of salaried individuals, so will that disposable income can it come into mutual funds through SIP or majorly this will go into consumer discretionary segments. Just wanted to know your analysis from the past basically when such limits were raised.

Sundeep Sikka: So it is very difficult to have a direct correlation between when analyzing the disposable income increases, whether that will directly flow into consumption or into Mutual Funds. Clearly, we see that the awareness about Mutual Funds is increasing. The culture to invest in SIPs is increasing and whatever is going to be the disposable income when it increases in your hand, you will see a part of that coming. Surely, part of that will be coming into SIP. Will that entire amount come, I think it is very difficult to predict, but definitely Mutual Fund industry and players like us who are very active in retail SIP is very important for us will benefit from this taxation change.

Krishna Mundra: Thank you.

Moderator: Thank you. We have our next question from the line of Sayeed Jeffrey from Ajanta Capital. Please go ahead.

Sayeed Jeffrey: Yes. Good evening, gentlemen. Thanks for the opportunity. I just had a couple of book-keeping questions. Now, could you just share the net inflow members for the equity and the ETF segment for the fourth quarter and for the full year?

Parag Joglekar: We don't disclose the net sales number specifically for us. Industry number, we have mentioned as a part of our speech and part of our deck. We are roughly in the higher single digit or just about double digit in net sales.

Sayeed Jeffrey: I missed that.

Parag Joglekar: So our net sales are higher single digit and ex of NFO higher double digit.

Sayeed Jeffrey: Would you give out the closing AUM sequence for the segments?

Parag Joglekar: So the closing overall around INR 5,54,000 crores. For Equity, it is around INR 2,76,000 crores. ETF, it is 1,65,000. Liquid is around 33,000 and debt is around 80,500.

Sayeed Jeffrey: Sir, just last question. On the SIP book, now, sir in terms of the mix of this SIP book, what proportion would be towards the Small and Mid-Cap sir, any flavor if you can just give?

Sundeep Sikka: So for us the top 5 funds are 80% of the funds. We do not give the breakup by scheme.

Sayeed Jeffrey: And for the last quarter or so? Has there been any change in that? Because I see the book has been relatively stable, but has there been a change in that book over the last 3 months?

Sundeep Sikka: Broadly been the same. There is nothing significant to report.

Sayeed Jeffrey: Alright, sir. Thank you so much for this.

Moderator: Thank you. We have our next question from the line of Bhavin Pande from Trust Platus Wealth Managers. Please go ahead.

Bhavin Pande: Hi, good evening. Congratulations team on a wonderful set of numbers and a wonderful FY '25. I just wanted to touch upon the structuring of passive products in ETF is the whole purpose just to minimize the basis risk or we also look at expanding our offering for an investor could have a repertoire of products. It should also enhance returns from a diversification perspective.

Sundeep Sikka: Your voice was not clear, could you repeat that please?

Bhavin Pande: Sure, I hope I am clear now.

Sundeep Sikka: This is much better, yes.

Bhavin Pande: So when we look at the structuring of products in the ETF and passive bucket, so the sole purpose is it just to minimize the basis risk or we look at expanding our offerings in a way where an investor would have a repertoire of products which would enhance returns as well?

Sundeep Sikka: From our point of view, we need to offer different type of funds, different styles, different categories of funds and passives to the investors and let the investor make a decision. We do not do it with the intent what is good for us? We do not want to do it with the intent that the investor will make a better return. The reason why we do not do active funds big NFOs out there our strategy is very different, but for passives, our approach is to keep launching products, keep them available on the shelf and let the investor with the help of it, the advisor decide which one he wants to invest.

Bhavin Pande: And any conscious effort is there to minimize the tracking error?

Sundeep Sikka: The tracking error. No, it is a conscious. There is a lot of science and art behind it. It is definitely that is the core of the whole business. As we have mentioned in past, ultimately many times when the markets are not matured, investors feel that the only thing that matters is the expense, but in reality, the liquidity and the tracking error are the two most important things and our majority of our focus is to keep have lower tracking error and higher liquidity. So the impact cost for the investor is not there.

Bhavin Pande: That was helpful. Thank you, Mr. Sikka. Congrats to you, Parag and the entire team for a wonderful year.

Sundeep Sikka: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints that would be our last question, and I now hand the conference over to the management for closing comments.

Parag Joglekar: So thank you all for joining the conference call and wishing you a happy new financial year. Thank you.

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