Ref. No.: UTI/AMC/CS/SE/2025-26/0539 **Date:** 6th May, 2025

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, 2025

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 forwarding the transcript of the earnings conference call held on Wednesday, the 30th April, 2025 at 1600 hrs IST on the financial performance of the Company for the quarter and financial year ended 31st March, 2025.

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 BHAGWAN DAS PATKAR
Digitally signed by ARVIND BHAGWAN DAS PATKAR
Date: 2025.05.06 13:59:47 +05'30'

Arvind Patkar
Company Secretary and Compliance Officer
Membership No.: ACS 21577

Encl: As above

UTI Asset Management Company Limited
Q4 FY'25 Earnings Conference Call
April 30, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the UTI Asset Management Company Limited Q4 and FY '25 Earnings Conference Call.

From the management, we have with us today Mr. Imtaiyazur Rahman – Managing Director and Chief Executive Officer; Mr. Vinay Lakhotia – Chief Financial Officer and Head Corporate Strategy; Mr. Surojit Saha – Group Financial Adviser; Mr. Vetri Subramaniam – Chief Investment Officer; and Mr. Sandeep Samsi – Head of Investor Relations, Marketing and Corporate Communications. We also have 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 conference call 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. Over to you, sir.

Imtaiyazur Rahman: Thank you. A very good evening to all of you. It is my great honor and privilege to represent UTI AMC as its Chief Executive Officer, and I would like to welcome you as well. I would like to inform you that during this call, we will apprise you about our financial and operational performance for 4th Quarter and year-ended March 31, 2025. I hope you have gone through the press release and investor presentation, which are available on UTI AMC's website.

I have with me my distinguished colleagues, and they are Mr. Vetri Subramaniam, Chief Investment Officer and the Chairman of the Management Committee of UTI AMC; Mr. Vinay Lakhotia, CFO of the company and Head of Strategy; Mr. Surojit Saha and Mr. Sandeep Samsi.

I now hand over to Mr. Vetri Subramaniam to talk about the macroeconomic view and industry-related update. Vetri, over to you.

Vetri Subramaniam: Thank you, Imtaiyaz. I will kick off with covering a little bit on macroeconomics and then dive into the mutual fund industry and a brief update on UTI AMC.

India's economic narrative continues to be a compelling one marked by a growth trajectory that has so far outpaced the majority of our emerging market peers. Despite geopolitical realignment, policy resets and economic shifts, India has remained quite resilient. The focus on macro prudential stability across fiscal and monetary policy domains means that India is well positioned to favorably navigate the stress in the global economy. The union budget for '25-'26 took a balanced approach by focusing on fiscal consolidation, moderate government borrowing and tax incentives.

A lower fiscal deficit of around 4.4% of GDP and controlled borrowing reflect prudent financial management, while tax relief measures aim to boost disposable income in the hands of households. The MPC has reduced the repo rate by 50 basis points and accompanied by RBI's monetary policy interventions in the market, liquidity has improved significantly. The shift to an accommodative stance during the MPC meeting in April 2025 points to a determined effort to support economic growth in India. India's direct exposure to current global trade tensions is relatively limited, but the interconnected nature of the world economy means that we must remain vigilant to broader shifts in global demand and potential indirect impacts.

The longer-term implications of this reset of geopolitics and trade flow are still evolving. The large opportunity for India is to seize this moment to deregulate, cut red tape, attract FDI and unleash animal spirits. Cost competitiveness and market size will remain key factors that drive investment decisions by businesses, both in India and elsewhere in the world. India is blessed with attractive demographics, abundant labor supply and the status of being the world's fifth largest economy.

I will now move on to cover the developments in the mutual fund industry during the year and the quarter. With this macroeconomic context and amidst volatility in Indian stock markets, mutual funds continue to grow, fueled by expanding retail participation. There has been robust growth of 32% in aggregate folio accounts, reaching an impressive ₹ 23.5 crores where equity funds dominated with ₹ 16.5 crores and ₹ 1.6 crores in hybrid funds as compared to ₹ 17.7 crores folios in March 2024. This underscores the broadening investor appetite for diverse asset allocation strategies. For the month of March 2025, monthly SIP contributions grew by 34.5% year-on-year to ₹ 25,926 crores.

For the full financial year, SIP assets have grown by 24.5% on a yearly basis, reaching nearly ₹ 13.35 lakh crores by the end of March 2025. Total assets under management witnessed a substantial leap of 23%, translating into total AUM of ₹ 65.7 lakh crores. This growth was propelled by fresh inflows and favorable mark-to-market gains, highlighting the inherent dynamism of our business. However, the latter half of the fiscal year presented a nuanced picture marked by a market correction that has led to a discernible moderation in the flow of funds into mutual funds. While overall equity inflows hit 11-month low in March 2025 as per AMFI, the industry marked its 49th consecutive month of positive inflows in open-ended equity schemes, underscoring the enduring confidence of retail investors.

According to data from AMFI, these equity flows contracted 14.4% on a month-on-month basis in March, settling at approximately ₹ 25,082 crores, and this does suggest some impact of market volatility on investor behavior. This month followed a significant 26.2% month-on-month decline that was registered in February 2025, indicating, as I said earlier, growing investor caution amidst heightened market volatility. We anticipate that the regulatory push for retail investors by simplifying rules and introducing ₹ 250 monthly SIP will further deepen equity market participation among a wide class of investors and also across a wide range of towns and smaller habitations.

I'll next move on to discuss some of the factors relating to UTI Asset Management Company. At UTI AMC, we recognize the powerful interplay of India's demographic shifts, rising digital adoption and evolving investment behavior. Our strategy is sharply focused on capitalizing on this transformation by expanding our presence across Tier-1 to Tier-4 cities, strengthening digital access through investor and partner platforms, backed by a robust investment framework like ScoreAlpha and GIMS, we remain committed to nurturing a culture of disciplined investing even as the economy progresses towards a $5 trillion milestone in terms of GDP. The UTI Group's total assets under management stood at ₹ 21.05 lakh crore as of March 31, 2025, reflecting a growth of 14% compared to ₹ 18.48 lakh crores at the end of the previous year.

Mutual fund quarterly average AUM was ₹ 3.4 lakh crores as against ₹ 2.91 lakh crore last year. We have added 9.52 lakh folios during the year to take the total count to 1.33 crore folios. During the year, UTI AMC strategically expanded its reach across India, targeting both the promising B30 and the established T30 cities. We further extended our physical presence into newer territories with a particular focus on Tier-2 and Tier-3 towns. Our established strength in beyond 30 cities remains a cornerstone, contributing nearly 22% to our monthly average AUM. This success stemmed from our sustained efforts in these regions to acquire new investors and cultivate enduring relationships.

Demonstrating this commitment, we inaugurated 68 new branches in Tier-2 and Tier-3 cities in financial year 2025 and this physical expansion has been carried out with net zero cost addition to UTI AMC by rationalizing space, reallocating people and modifying branch organizational structure. Technology played a vital role in our growth strategy, enabling both the expansion of our investor base and the enhancement of investor awareness. We are the first mutual fund house in India to implement Salesforce marketing automation tool for investors and MFDs and this will enable us to send personalized communication and engage in direct conversation. At the same time, our digital platform, UTI HART, has gained momentum, offering seamless accessibility and enhanced functionality for both investors and distributors.

Moving on, financial literacy and awareness campaigns were among the topmost priorities for UTI. We conducted investor education campaigns across various platforms to reach as many investors as possible. On-ground campaigns were conducted in association with leading publications in remote corners of Madhya Pradesh, Chhattisgarh, Rajasthan and Gujarat. More than 1,600 college students were engaged in a campaign called project FLY - Financial Literacy for Youth - through interactive classroom sessions to foster financial awareness. With over 890 investor awareness programs, we reached out to more than

72,000 prospective investors, including 291 programs for 12,000+ women investors with our various interventions.

Moving on, FY 2025 has seen a turnaround in our equity performance. 57% of our equity AUM is in the top two quartiles over a one-year period, and performance is even stronger over the three-month and six-month period ended March 2025. So obviously, these are still very short-term periods as regards to equity investments. Product innovation remains central to our AUM growth strategy. Amongst the NFOs we launched in FY 2025, UTI Quant Fund, which opened in February '25, saw good traction from our investors and partners alike. We also launched three smart beta, two thematic and one market cap-based index fund, further augmenting our offerings in passively managed space. Complementing our geographical and product expansion, we continue to strengthen our distribution network through dedicated training and workshops. Our fund management and product teams have been actively engaging with distributors nationwide, fostering stronger collaborations.

I will move on to talk about our global operations, which are conducted through UTI International. UTI International has established presence in key markets, including a new office that we have opened in New York, and is well placed to tap into the opportunities for international capital looking to be invested in India. We also progressed in upgrading our regulatory license in DIFC in Dubai to enhance our investment advisory capabilities in the Middle East. We are very proud of our subsidiary, UTI Pension Fund. This company crossed the milestone of ₹ 3.6 lakh crore AUM at this point of time. We would like to announce that the Competent Authorities of PFRDA have transferred all schemes of Max Life Pension Fund Management to UTI Pension Fund due to our strong fund performance. Our efforts in private sector NPS have been very encouraging with a growth of 61% in AUM over the previous year.

I will now talk about UTI Alternatives. Our first Structured Debt Opportunities Fund exited all investments profitably. Our investment operations in both GIFT City and Real Estate Opportunities Fund (ROF), and we are gradually attaining momentum in co-investment portfolio management services.

A broader word on all our subsidiaries. We would like to highlight that all our subsidiaries are well capitalized. They are aligned with our long-term vision.

We will continue to focus on launching adequate products to offer a complete suite of investment solutions, expand to areas with marginal access to mutual funds across the country, keep exploring and adopting best practices for a conducive work environment so that we can attract and retain the best talent. We wish to enhance our digital footprint and capabilities, and we will look to further strengthen our governance and risk management practices. Through these multifaceted efforts, UTI AMC is strategically positioned to sustain its growth trajectory and deliver value to all our stakeholders during the year.

Now I would like to hand over to Sandeep Samsi, Head of Marketing and Investor Relations, to share our performance in detail.

Sandeep Samsi: Thank you, sir. I will begin with UTI AMC's performance in the 4th Quarter and for the Financial Year '24-'25.

Starting with the mutual fund performance.

The quarterly average AUM as of March '25 was ₹ 3.4 lakh crores, a 16.8% growth year-on-year. Our market share of industry's gross sales for the 4th Quarter was 6.9%, while for the full financial year, it was 6.8%. Our equity quarterly average AUM for March 2025 stood at ₹ 90,863 crores, rising by 7.18% as compared to the quarter ended March '24. Our quarterly average AUM for the index and ETF funds stood at ₹ 1,41,492 crores, up by 23% in the 4th Quarter. ETFs and Index fund net inflow stood at ₹ 19,605 crores. We have added 9.52 lakh folios during the year, taking up the number of live folios to 1.33 crores as on 31st March 2025.

The net increase in folio numbers in the 4th Quarter was around 1.89 lakh. There has been a positive movement in equity and hybrid fund net sales for UTI during this year. We have moved from a negative of ₹ 4,230 crores of net sales for the last financial year to a positive net sales of ₹ 1,178 crores during this financial year. Our SIP AUM witnessed a growth of 22.26% over the corresponding quarter of last year, reaching to ₹ 37,591 crores as of March 2025. The SIP inflows for the 4th Quarter stood at ₹ 2,215 crores. The SIP gross inflows for UTI Mutual Fund witnessed a year-on-year growth of 24% with an average SIP ticket size being ₹ 3,239 for March 2025. For the full year, SIP inflows were ₹ 8,325 crores, higher by 23% compared to ₹ 6,767 crores in FY '24. The SIP folios in March '25 were 26.92 lakh, a 14% growth from March '24.

Coming to the contribution from B30 cities, 22% of our monthly average AUM for March '25 came from the B30 cities. For industry, the average stood at around 18%.

UTI AMC Financials: On a consolidated basis, for the full Financial Year '24-'25, core revenue from operations was ₹ 1,445 crores, up by 22% year-on-year. The core profit after tax for FY '24-'25 was ₹ 492 crores, up by 43% year-on-year and overall consolidated net profit was ₹ 731 crores, down by 5% year-on-year. During the 4th Quarter, the consolidated core revenue from operations stood at ₹ 360 crores, up by 13% year-on-year. The core profit after tax for the 4th Quarter was ₹ 98 crores, higher by 2% year-on-year.

On a stand-alone basis, for the full year FY '24-'25, the core revenue from operations was ₹ 1,180 crores, up by 24% year-on-year. The core profit after tax for FY '24-'25 was ₹ 447 crores, up by 52% year-on-year. The overall net profit was ₹ 653 crores, up by 9% year-on-year. During the 4th Quarter, the core revenue from operations stood at ₹ 296 crores, up by 15% year-on-year. The core profit after tax for the 4th Quarter was ₹ 108 crores, higher by 20% year-on-year.

On the digital assets, in the financial year 2025, as Vetri shared, we have partnered with Salesforce and gone live with their marketing automation tool to send customized communication to our investors. We are the first mutual fund in India to adopt Salesforce.

47.87% of our gross sales of equity and hybrid funds were mobilized through the digital platforms in quarter 4 of FY '25. After the complete revamp of our website and mobile app in FY '24, we benchmarked our digital assets with the industry and have made relevant upgradations to foster seamless experience to investors and partners.

Diversity, equity and inclusion initiatives are at the highest priority in UTI, and there is a continuous focus on building inclusive hiring practices and promoting gender diversity in leadership roles. A lot of impetus has been put on learning and development for the employees as well as for their well-being. Many trainings intervention across behavioral, functional and leadership domains have been imparted over the years. Support is being extended to the leadership team by way of structured coaching for strategic impact.

On sales and distribution, to augment our distribution network, we conducted an empanelment drive, which helped us in extending our MFD network with around 8,500 new partners in FY '25. Our Know Your Fund House engagement activities were executed with Pan-India MFDs, while many webinars were also conducted to upskill our partners.

Coming to our group companies, in addition to the highlights shared by Vetri on UTI Pension Fund earlier, we would like to share that UTI PFL has recorded a growth of 19% year-on-year in its AUM, reaching approximately ₹ 3.59 lakh crores as of March '25 and currently manages 24.86% of the NPS Industries' AUM. The profit after tax of UTI PFL for FY '25 is at ₹ 57 crores, an increase of 5% year-on-year. UTI PFL is now fully operational from 21 locations across the country. The management of funds under the default pattern of Unified Pension Scheme (UPS), and the Unified Pension Scheme Pool Corpus has been entrusted to UTI Pension Fund Limited, along with 2 other pension fund managers by PFRDA.

On UTI International - UTI International, which represents our international business has an AUM of ₹ 25,383 crores as of March '25. One of our flagship funds, India Dynamic Equity Fund (IDEF) domiciled in Ireland has an AUM of $805 million. The ESG-compliant J Safra Sarasin Responsible India fund has an AUM of $65.4 million. UTI India Innovation Fund, another Ireland-domiciled fund has an AUM of USD 47 million.

On UTI Alternatives Limited - UTI Alternatives Private Limited has a total AUM of ₹ 2,648 crores as of March '25, a 34% growth from March '24. It has a well-defined ESG policy and strategy and is committed to responsible investing. The UTI SDOF I has exited all investments profitably, while UTI SDOF II had a final close in May 2022 and has a net commitment of ₹ 239 crores and is currently in exit mode. The UTI SDOF III has a net commitment of ₹ 615 crores. Currently, it is in fundraising and investing stage. UTI Multi Opportunities Fund I is currently in investing stage and has net commitments of ₹ 1,599 crores. The UTI Real Estate Opportunities Fund I is currently fundraising and investing with a commitment of ₹ 145 crores. The UTI Credit Opportunities Fund I and UTI Asset Reconstruction Opportunities Fund are in investing stage. Three of the funds have received approval of IFSC under the UAPL branch office FME approval, and we have commenced operations with USD 200 million commitment.

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

Imtaiyazur Rahman: Thank you, Sandeep, for sharing the operational and financial updates of the company for the 4th Quarter and financial year 2025. I am also extremely pleased to inform you that UTI AMC has declared a dividend of ₹ 48 per share, including ₹ 22 as a special dividend for the Financial Year '24-'25. This is almost 94% of the stand-alone profit of the company, which is at ₹ 653 crores.

We would like to open the forum for question and answers. Thank you very much.

.**Moderator:** Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on the touchtone telephone. If you wish to withdraw yourself from the question queue, you may press "*" and "2". Participants are requested to please use handsets only while asking a question. Ladies and gentlemen, we will now wait for a moment while the question queue assembles. We have our first question from the line of Mohit Mangal from Centrum Broking. Please go ahead.

Mohit Mangal: My first question is in terms of net flows. I think we had a very good quarter with around 15-odd billion of net flows. But having said that, I think majority of them came from the Quant Fund that we launched in the quarter. So can you explain your strategy if you would launch new NFOs in Financial Year '26?

Vinay Lakhotia: So Mohit, we have recently got a regulatory approval to launch a multi-cap fund, and that fund is already open for subscription from 29th of April till 13th of May. Apart from multi-cap fund, we don't see any pipeline as far as the diversified equity is concerned. There will be some launches on the ETF and the index fund, depending on the appetite. But apart from that, on the diversified equity fund, we don't foresee any NFO launches.

Mohit Mangal: All right. My next question is towards the tax rate. So we saw a very high tax rate in Q4. What was the reason for that?

Vinay Lakhotia: Q4, I think overall tax rate, if you compare, it is because of a change in the deferred tax liability on account of the budgetary regulation change where the indexation benefit was withdrawn. Because of that, the taxation rate has increased by almost around 2.3%.

Mohit Mangal: Okay. But going forward, from '26 onwards, it will be normal tax rate, right?

Vinay Lakhotia: Yes, on a book rate, we see in the range of around 23% to 24%.

Mohit Mangal: 23% to 24%. Okay. Lastly, in terms of yields, how should we see that going forward? And if you could spell the yield for equity, debt and liquid for the quarter?

Vinay Lakhotia: So as far as the book yield is concerned, equity and hybrid fund, our book yield is close to around 75 basis points. Equity and Index fund is around 5 to 6 basis points. Cash around 9 to 10, and income fund for around 22 to 23 basis points. So the weighted average yield is around 34 basis points. Going forward, we expect maybe a dilution of max to max 1 or 2 basis points in yield, mainly because of the higher proportion of ETF AUM that we have. And we continue to receive very high inflows on the ETF and the index fund. Because of that, there might be an equity dilution of around 1 to 2 basis points.

Moderator: Thank you. We have our next question from the line of Parth Agarwal from Bastion Research. Please go ahead.

Parth Agarwal: I have a question regarding the Opex cost, which has increased significantly this quarter. Is it attributed to only NFOs? Or is there any other reason?

Vinay Lakhotia: It's not actually NFO. Just to highlight that over the last 15 months, we have opened more than 91 branches. Some of those branches were opened in the previous quarter. Some of those renovation expenses to open these offices have come into this quarter. On an aggregate basis, if you see, in spite of opening of 91 branches over the full financial year, on a year-on-year basis, the overall other expenses have increased by just around 6%. We have been able to rationalize the cost on many other aspects. And in spite of the number of branches increasing from 164 to 255 as on 31st March, the operating expenses are well under control.

Parth Agarwal: So can I expect this ₹ 90 crores of run rate to continue in the FY '26 as well in subsequent quarters? Or is there a possibility of it getting normalized?

Vinay Lakhotia: No, I think, 7% to 8% inflation increase on these numbers, you can assume.

Parth Agarwal: These number means FY '25 numbers or quarter 4 FY '25 numbers?

Vinay Lakhotia: No, the overall FY '25 number.

Moderator: Thank you. We have our next question from the line of Lalit Deo from Equirus Securities. Please go ahead.

Lalit Deo: Sir, just 2 questions. Firstly, on the international side. So we have seen some decline in the AUM side of it. So is it majorly on account of the M-to-M losses? And how should we look ahead for FY '26 and FY '27 in the international business?

Vinay Lakhotia: So the major decline, yes, both on a quarter-on-quarter basis as well as on a year-on-year basis has been a mark-to-market impact in 2 of our main fund - UTI Innovation Fund and UTI Dynamic Equity Fund. With respect to the outlook, I think Vetri, you may take up.

Vetri Subramaniam: Yes, I think we are continuing to see good engagement from institutional investors showing interest in India. So hard to give any guidance on exactly what the numbers will be, but I think we are quite encouraged by the trend of conversation we are having with global investors who are looking for investment products, which can allow them to participate in Indian equity markets.

Lalit Deo: Sure, sir. And sir, on the employee side, so we have seen some additions in the employees in this particular quarter. And also on the employee expenses, like on the stand-alone side, we have seen some decline for this whole FY '25 on an annual basis. So how should one read into it for FY '26 in terms of cost as well as new headcount additions?

Vinay Lakhotia: The guidance that we have given in an earlier call as well, at least for the stand-alone entity, for FY '25, '26, we don't foresee our employee cost rising more than 300 basis points over FY '25 number in spite of annual wage hike of 7% to 8% in this particular year. On a consolidated basis, this number could be around 150 to 200 basis points more, primarily because we are investing heavily in all the 3 subsidiaries. UTI International, as Sandeep rightly pointed out, we have expanded our presence in Europe as well as U.S.A. So there might be some additional headcount recruitment over there.

UTI Pension Fund, we are expanding our POP business. There also, the headcount of employees in the FY 24-25 has increased by almost around 40, and we expect a similar run rate to continue. So on a consolidated level, the employee cost on FY '24- '25 number could increase by around 400 to 500 basis points. But on a stand-alone, we believe that it should be in the range of around 250 to 300 basis points. And this projection number does not include any additional ESOPs, which may be granted by NRC in this particular financial year.

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

Prayesh Jain: Just a couple of questions. Firstly, our fund performance seems to have improved in the last few months. When do you think we should start seeing some improvement in market share on the equity side? We still -- on a quarterly basis, we still have seen a decline in market share, right? Or this was just about steady market share, so when do we see an improvement in market share on equity plus hybrid?

Vetri Subramaniam: This is Vetri here. So good question. As I said earlier, for the full year, almost 57% of the equity hybrid AUM is in quartile 1, quartile 2. And when you look at it sequentially, it sort of keeps improving as you get closer to the end of the year. In our experience, normally, you need at least a 12-month strong number to start turning the corner, which I think we saw in the last two quarters, we started to see that inflection point. And the strongest numbers typically show up 18 months, 24 months into the cycle because remember, for many people, including gatekeepers who approve products, typically, the 3-year number of performance is what actually plays a very critical role in their filtering.

Not each and every individual, but many of the platforms, many of the gatekeepers and distributors typically tend to look at 3 years. So we would expect that during the course of this year, we'll certainly be well into the 18-month, 24-month period, there should be a significant improvement in those numbers. And anecdotally, we already know that some of the products have received new approvals at different national and banking partners. So all of that will contribute, we hope, to a gain in market share during the course of this year.

Prayesh Jain: Any indications on your existing schemes apart from NFOs, what has been the flow trajectory, whether it's been positive and what will be a flow market share except NFO?

Sandeep Samsi: Sandeep here. We have seen good traction on our hybrid funds also, and that is reflected in the net sales that we have seen in our hybrid funds. That is one positive, which is there beyond the sales which are coming in our equity NFOs. Also, our large and mid-cap has seen good traction in the last financial year. So these are some of the funds which have done well for us in the last year.

Vetri Subramaniam: And just to add to what Sandeep said, Vetri here again. For a while now, our focus has been largely on trying to get investors to look at the hybrid solutions for a variety of reasons, our view on valuation, our view on the best way to navigate volatility and also sort of make the investor journey smoother. That's been a big focus. And I would say a significant part of the traction we have seen in turning around flows during the course of this year has actually come from the hybrid funds.

Prayesh Jain: Generally, with fund performance, you need to have your sales force on the ground really gaining traction and initiatives by the company should be. So any new initiatives on the sales front that you guys will be taking to capitalize on this improvement in fund performance?

Imtaiyazur Rahman: No. See, so far as the sales is concerned, as Vinay mentioned, we have opened large number of offices. Our interactions with all channels of distributions like Bank as a distributor or national distributors or MFD, very intense conversation we are having. And we have seen the inflow in the previous year, the last financial year, in almost in all our equity schemes. So backed by the very good performance, our track record, consistency in the team and very able, now sales team on the ground with our great relationship, we are quite confident that going forward, our sales number will be quite better.

Prayesh Jain: Just a clarification on the employee cost front, what you mentioned was the stand-alone employee cost would go up by 3% Y-o-Y. And on a consolidated basis, it would go up by 5%. Is that the right way to understand?

Vinay Lakhotia: Correct.

Moderator: Thank you. We have our next question from the line of Dipanjan Ghosh from Citigroup. Please go ahead.

Dipanjan Ghosh: Just a few questions from my side. First, on the SIP flow number, just for you guys, can you just kind of split it between different channels or a ballpark qualitative understanding of that? And second, on these lines, when the market has seen some marginal dip in the SIP number, be it in terms of gross flows or new registrations, how has been the trend for you across channel partnerships or customer cohorts? If you can give some color on that? And the second question, when I look at -- and this is not for the quarter, but annually, when I look at your RTA payouts, they're significantly higher than what I look at it for peers. I just wanted to understand, is there some other additional work that the RTAs are doing for you? And can there be some headroom on that part over the next 2 to 3 years?

Vinay Lakhotia: RTA payout, you are seeing on the AMC financials?

Dipanjan Ghosh: Yes. On the AMC financials.

Dipanjan Ghosh: On the scheme financials, basically, when I do the bottom-up from the scheme accounts?

Vinay Lakhotia: So scheme financials, I think all these rates are pretty much standardized across industry players. So whatever dissection you do across categories, I think we are pretty much in line with the industry players.

Dipanjan Ghosh: Okay. Maybe I will take that offline.

Sandeep Samsi: On the SIP flows, we have seen marginal, but continuous increase in our monthly SIP inflows throughout the Financial Year '25. Our SIP gross sales and folio account on a year-on-year basis have also grown by around 23% and 14%, respectively. So we still have some comfort level there. Our focus right now is on the on-ground activation for education around the long-term investment in SIPs. If you look at the share by the channel, the highest share in SIP flows was from the MFD channel, which is about 51%, followed by direct and RIA channels, which are in the range of 15% to 20%. If you look at the 4 quarters, the contribution of the direct channel to SIP flows remained at around 17% to 18%. And in absolute number, there has been a continuous increase quarter-on-quarter basis. We have similar trends in other channels. So for UTI, there hasn't been really a slowdown in the SIP numbers.

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

Abhijeet Sakhare: I have a couple of data questions. So when I look at the UTI International financials, there is a sharp drop in investment and other income line from ₹ 112 crores to ₹ 31 crores. I wanted to understand if all of this is due to the mark-to-market impact only. And this is in context of the breakup of your own investments, right? When I look at that number, it's close to about ₹ 600 crores. So in that context, that decline in investment and other income seems to be a pretty sharp drop. So some clarification there, please.

Vinay Lakhotia: Yes. So out of that ₹ 600 crores, only ₹ 450 crores is actually invested into equity funds, majorly into UTI Innovation Fund and Dynamic Equity fund. And ₹ 108 crores is actually a sovereign ETF fund and Balance Fund. You don't have any mark-to-market issue as far as the ETF is concerned. But both on Innovation Fund and Dynamic Equity fund, you need to appreciate that apart from the market impact, there is also a currency impact. Currency has fallen sharply over the last year & so and especially in the last quarter. It's actually a dual impact of market depreciation as well as the currency impact. So the entire impact in the investment income is primarily because of mark-to-market impact in UTI Innovation Fund, Dynamic Fund and UTI Balance Fund, which the company has invested as a seed capital investment into these funds.

Abhijeet Sakhare: And second, again, on the international business, is it possible to share what is the staff count just for this entity?

Vinay Lakhotia: Standalone or quarterly basis?

Abhijeet Sakhare: The number of people in the international business. Number of employees.

Vinay Lakhotia: 30. It's close to around 30.

Abhijeet Sakhare: Okay. Got it. And sir, just last one on the yields. You mentioned it's about 75 basis points. But now given that we are expecting flows to recover, going ahead, do you expect any drop in realizations in the equity side?

Vinay Lakhotia: Yes, some dilution could happen. We have also rationalized some of the distributor commissions, older AUM, which had been impacting our margin over the last 4 to 5 years and market has corrected. So that rationalization we have already carried out. We believe that rationalization will cushion some of the decline in the yield that may happen because of fresh inflows under equity and hybrid fund.

Abhijeet Sakhare: Got that. And again, on this point, sir, is it possible to quantify what would be the amount of savings because of the commission cuts? And are they already fully reflected in the numbers?

Vinay Lakhotia: No, these are not reflected. This is implemented from this particular quarter. This will be visible in the next quarter in earnings. Difficult to quantify, but the only guidance that we want to provide is that this will provide some cushion in equity yield dilution going forward.

Moderator: Thank you. We have our next question from the line of Krunal Shah from Enam Investments. Please go ahead.

Krunal Shah: So my first question is regarding the UTI Retirement and UTI International business. So if I see the operating expense of these 2 businesses, it has gone from ₹ 135 crores in FY '22 to around ₹ 221 crores in FY '25. So that's a sharp jump. Simultaneously, the revenue has not increased too much. So just one point I want to understand is where will this cost stabilize? And what is the kind of return that we're expecting from these costs that we're incurring?

Vinay Lakhotia: So I will take these 2 questions separately. On UTI International, some of these operating expenses have increased because of our branch expansion in Europe and U.S.A., where there have been a onetime establishment cost as well, including the very high compliance cost. Those expenses are already being factored into. We believe that for FY '25 '26, this should grow at a similar run rate only.

In terms of monetizing when these expenses will actually result in revenue, I think, we are already in discussion with a few of the partners. And once the fresh inflows come, this investment will actually justify.

With respect to UTI Pension, I think, you need to understand that out of 3 basis points that we are earning from PFRDA, 1.5 basis point is paid back to PFRDA as marketing activity. So this 1.5 basis points that we are paying back to PFRDA is actually coming as an other expenses, and these expenses keep on increasing in line with the AUM movement. So since UTI Pension has seen almost 18% to 20% increase in the AUM, that has resulted into increase in other expenses. Also, we are expanding our geographical presence for UTI Pension Fund. We have already opened 41 branches, which are part of UTI branches only. Because of that, at a UTI Pension level, some of these Opex costs are on a slightly higher side. But this particular business generates revenue. As you can see, almost around ₹ 55 crores to ₹ 56 crores of profit is being contributed by this particular entity at a consolidated level. I hope I answered the question.

Krunal Shah: Yes. To some extent, yes. So just one point on UTI Retirement. So our share of the business in terms of the AUM has gone down from like 25.8% to 25%. But my understanding was that you are supposed to get a fixed amount every time from PFRDA in terms of AUM flow. So why our share has declined in that case?

Imtaiyazur Rahman: No, there are 2 type of allocation. One is for the public sector employees, another which we grow and market from the private sector. From the public sector, this generally is defined in the beginning of the year for the full year. But so far as the market is concerned, it depends upon our marketing and the sales capability.

Krunal Shah: Okay. So this is, sir, in relation to the private sector, wherein we have not had the same share as in the government business. Is my understanding correct, sir?

Imtaiyazur Rahman: Yes, You're right.

Krunal Shah: Okay. Okay. And one last question. So we incurred a Capex of around ₹ 50 crores in FY '26. Could you just help me understand on what expenses this Capex was incurred?

Vinay Lakhotia: As highlighted earlier, we opened 91 branches over the last 15 months. Major part of these Capex relates to those offices. Plus, in FY24 we have upgraded our IT infrastructure. There are some Capex costs relating to IT infrastructure as well.

Krunal Shah: Okay. So from next year onwards, will this cost go down significantly now, the Capex amount?

Vinay Lakhotia: Yes, the Capex amount should go down. I don't think we will be opening such high number of offices in FY '26. But on the Pension Fund, since we are expanding POP business, there might be some Capex cost on the pension fund business.

Moderator: Thank you. We have our next question from the line of Vineet Nandwani from NJ India Investments. Please go ahead.

Vineet Nandwani : I just had 2 questions. So first one is that can you elaborate on the net gain on fair value changes. So like weren't there M-to-M gains on the debt investments in this quarter?

Vinay Lakhotia: So this quarter, the major impact in M-to-M investment is actually coming from UTI International, where we have a mark-to-market impact of close to around ₹ 65 crores. As I highlighted earlier, mainly in 2 of our funds, UTI Innovation Fund and UTI Dynamic Fund. On the AMC balance sheet, I think the impact is just around ₹ 2 crores. But at a consolidated level, the major impact is actually coming from UTI International.

Vineet Nandwani : Okay, sir. And sir, just for Q4 FY '25, can you help me understand how is the core PAT being calculated from the PAT attributable to the owners of the company?

Vinay Lakhotia: Yes, core PAT is your management fees minus the total expenses excluding minority interest. It does not include your investment income.

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

Gaurav Jani: The first question, on performance. I just want to understand as to how do we plan to sort of sustain the strong performance over a longer period of time, given the fact that historically, we have seen some larger AMCs with episodes of strong performance followed by some deterioration.

Vetri Subramaniam: Sure. So Vetri here, I will reply to that. So one of the things that we've been conscious about for a while now, I would say, is that while we run with one investment process on the equity side, we run schemes, which are actually quite different from each other in terms of their positioning. And when I say positioning, not just the SEBI grid, but literally from a style perspective in terms of their positioning. And one of the reasons why we do that is to be able to always at any point of time, irrespective of what the market season or market cycle is, you have differentiated strategies, which for investors who are looking at what's doing well in terms of the tables, wherever their choice of looking at fund ratings are, there is always some UTI product, which is appearing over there.

Our thought process over there is to always segment the market in terms of saying whatever be the cycle of the market, these are the strategies, which could be aligned with what is doing well in the market, which could be products you would wish to look at. But from a communication aspect, what we also do is based on our fund management view, have a clearly articulated go-to-market strategy, which positions the funds which are backed by performance at that point of time, and simultaneously talk about the funds where we think the cycle might turn favorable in the future.

Because what we have seen over a period of time is that as the market gets more evolved, we are seeing distribution partners, advisory partners approach the business very differently. One, they want funds, which will run strictly as per the mandate. So once they understand the positioning, they understand the cyclicality. But they also want guidance from us in terms of where we think funds with current weak performance could turn around. So this is part of our template now of saying how do we sort of de-risk the business model, de-risk it by having diverse strategies and talk the language of performance and opportunity in the marketplace at all points of time.

Gaurav Jani: Understood. That helps. The second question is to Vinay sir, just a clarification. You mentioned equity yields could sort of contract by about 1 to 2 basis points in the next year, right?

Vinay Lakhotia: No, I said overall yield of 34 basis points, that might contract because of the growth in the ETF and the index business.

Gaurav Jani: Okay. So you mentioned the overall yields and not specifically equity?

Vinay Lakhotia: Yes.

Moderator: Thank you. We have our last question from the line of Apoorv from Whitestone Advisors. Please go ahead.

Apoorv : Sir, my only question is regarding the -- is there any specific reason for Q4 to be weak as compared to Q3 other than the M-to-M thing, right?

Vinay Lakhotia: No, I don't think that. Even the operating income has actually held up. Apart from mark-to-market depreciation, there have been no impact as such.

Moderator: This was the last question for today, and I now hand the conference over to Mr. Rahman for closing comments. Over to you, sir.

Imtaiyazur Rahman: Thank you very much, and thanks -- I would like to thank all of you for your participation. Thank you.

Vetri Subramaniam: Thank you.

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