UTI Asset Management Company Ltd.

Ref: UTI/AMC/CS/SE/2021-22/111

Date: 4th August, 2021

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 results for the quarter ended 30th June, 2021

Dear Sir / Madam,

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

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

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

Thanking you,

For UTI Asset Management Company Limited

UTI ASSET MANAGEMENT COMPANY LIMITED MUMBAI

Arvind Patkar
Company Secretary and Compliance Officer

Encl.: As above

UTI Asset Management Company Limited
Q1 FY 2022 Earnings Conference Call
July 29, 2021

Moderator: Good day and welcome to the UTI Asset Management Company Limited Q1 FY22 Earnings Conference Call. We have with us today from the management - Mr. Imtaiyazur Rahman - CEO and Whole-Time Director; Mr. Surojit Saha – Chief Financial Officer; Mr. Vinay Lakhotia - Head Operations, and Mr. Sandeep Samsi – Head Investor Relations and Corporate Communications.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Imtaiyazur Rahman. Thank you and over to you, Sir.

Imtaiyazur Rahman: Thank you very much for the wonderful introduction and Good afternoon to all of you.

It is my great honour to welcome all of you, on my personal behalf, on behalf of my three distinguished colleagues, Mr. Surojit Saha, Mr. Vinay Lakhotia and Mr. Sandeep Samsi and the entire organisation to this call to discuss the financial and operating performance of our company for the first quarter of the Financial Year 2021-22. You may have gone through the press release and investor presentation. They are available on our website and the website of the exchanges. I trust that you and your families are safe.

The financial year 2021-22 began in the midst of severe COVID–19 wave 2. However, it is to the Nation's credit, that we were able to recover from the second wave.

On Indian economy, this quarter continued with the positive sentiments in industrial & commercial activities, barring the month of April, which was impacted due to various restrictions. RBI has projected a growth of 9.5% of GDP for FY2021-22, as against the contraction of 7.3% in FY 2020-21. With an 18% increase in the exports this quarter, RBI revised the GDP growth projection to 18.5% in this April-June quarter. The growth in the second quarter has also been revised to 7.9%. We believe that, the economy is expected to perform better in the second half of the year, with the fundamentals bouncing back.

Let me share with you, friends, on Indian capital market.

The benchmark indices – Sensex and Nifty rose 6.0% and 7.0% respectively during this quarter. The stock market rose to register two monthly gains, after closing lower in April, boosted by a number of factors like - decline in number of COVID-19 cases, easing of pandemic related restrictions, and better than expected earnings reported by companies in the previous quarter.

I am pleased to share with you about the growth in the Indian Mutual Fund industry. The Quarterly Average AUM of Indian Mutual Fund industry, for the quarter ended 30th June 2021 was Rs. 33,17,541 crores. The QAAUM Year on Year basis grew by 34.7% for the quarter ended June '21. The closing AUM as on 30th June 2021 was Rs. 33,66,876 crores as against Rs. 25,48,848 crores as on 30th June 2020, a Y-o-Y increase of 32%. During the quarter, all categories saw an increase in the AUM except for the Income Funds. The mutual fund industry added 12 lakh investors during this quarter as against the 20 lakh added in the entire year of FY 20-21. The number of mutual fund investors has increased to 2.39 crores as on 30th June 2021, indicating the robust growth of the industry. The number of folios rose by 4.84% in the April-June quarter. The number of outstanding folios in the industry on 30th June 2021 is at 10.26 crores. The buoyant equity market has proved to be lucrative for the retail investors and the major investments came in through SIPs. The SIP contributions went up to Rs. 9,156 crores in June 2021, registering a growth of 15.65% from June 2020. The SIP inflows for the quarter stood at Rs. 26,571 crores, an increase of 8.82% over Q1FY20-21. The rise in SIP accounts crossed the 4 crores mark serving as a testament to the fact that retail investors have developed more confidence in the mutual fund industry.

Friends, I am now pleased to share with you about the AUM and other details of UTI Mutual Fund. UTI AMC group AUM stood at Rs. 12 lakh crore as of June 30, 2021, as against Rs. 9.83 lakh crore as of June 2020, and Rs. 11.61 lakh crore as of March 2021, registering a growth of 22% during the 12 month period. Our QAAUM for the first quarter of FY2021-22 was Rs. 1,87,210 crores as against Rs. 1,82,853 crores for March 2021 and Rs. 1,33,631 crores for June 2020. The QAAUM grew by 40.1% from June 2020. UTI MF Quarterly Average AUM market share stood at 5.64%. The closing AUM as of 30th June 2021 stood at Rs. 1,93,940 crores, an increase of 9.7% approximately as against Rs. 1,76,797 crores as of 31st March 2021. The Closing AUM has shown a YOY growth of 35.1% from June 2020 to June 2021. UTI MF closing market share stood at 5.76% as of 30th June 2021. During this quarter, UTI MF was able to capture 10.24% of the overall industry net inflow as compared to 6% during the previous year. Keeping in line with the industry trend, all categories of funds except Income Funds, saw inflows during the quarter under discussion.

Our ETF & Index Funds net inflows constitute around 11.58% of the industry net inflows during quarter under consideration, while the Equity Funds net inflow for the period stood at 6.24% of the industry net inflows. In this period, UTI has added 1.03 lakh folios as compared to 1.13 lakh folios the company was able to add in the entire previous financial year. As of 30th June 2021, the live folios stood at 1.11 crores for UTI MF. The SIP accounts rose by 31% since June 2020 with over 15.82 lakh live SIP folios in June 2021. The SIP inflows for June 2021 were Rs. 348.43 crores, a growth of 45% from June 2020. The SIP inflows for the quarter stood at Rs. 1,009 crores, rising by 40% from the corresponding quarter in FY20-21. The SIP AUM increased by 55% from Rs. 9,985 crores in June 2020 to Rs. 15,523 crores in June 2021.

We believe that our investors have and will continue to have a lot of confidence in us.

Let me share with you some other details. As you are aware now, UTI AMC has elevated Mr. Vetri Subramaniam as the Chief Investment Officer of the company, and Mr. Ajay Tyagi as the Head of Equity. Both these elevations will be implemented and effective from August 1st, 2021. Please join me in wishing them all the best. I am pleased to inform you that we have appointed Mr. Peshotan Dastoor as Group President and Head of Sales. Mr. Dastoor joins us with over 27 years of valuable experience in the financial service sector. His expertise and experience will help our company further develop our distribution network. We have also on-boarded Mr. Sudhanshu Asthana as a fund manager. He brings in an experience of about 21 years in the financial market and over 16 years of experience in the fund management industry. His addition would bring an increased efficiency in our fund management capabilities. We are in the process of making our fixed income investment team more stronger. We are planning to have a comprehensive training and development program for our colleagues.

On governance, let me share with you, our Risk Management Committee of the Board will meet at least four times in a financial year. We are in the process of forming an ESG committee of the Board. We have appointed KPMG as the statutory auditor of the UTI AMC. We have also appointed E&Y as the statutory auditor of UTI Mutual Fund schemes. We have appointed a consultant to help us with our ESG initiatives.

It is our consistent endeavour to enhance focus on our distribution partners and drive efficiency. We have re-organized the Business Development Function of our Sales Team creating two distinct units. We are focusing on the Top 30 cities and revisiting our strategy in the Beyond 30 cities to deepen further, our presence. We are focusing on our Digital strategy and refreshing our Digital Assets like Website and Apps. We have launched WhatsApp for Distributors and launched Live Chat facility on website, WhatsApp, and Chatbot.

On COVID care, UTI AMC, initiated a vaccination drive for our employees and their families. We have also launched financial assistance program for supporting the children of those employees who have lost their lives during COVID. I am at pain to share with you that during this COVID-19 wave 2, we lost three of our distinguished colleagues. May their respective Soul Rest in Peace and God must give enough strength to their families to fight this loss.

I am confident, these initiatives would surely enhance our abilities to grow substantially and stronger.

As you may have seen from the presentations, UTI AMC's financials improved on the back of strong net flows and cost optimisation measures taken by us. The Company recorded consolidated net profit of Rs. 155 crores, a rise of 53% YOY, contributed by 63% rise in operating revenue. The operating profit margin as a percentage of AUM for the April-June quarter was 16 bps as against 12 bps for FY20-21. Along with improvement in our Operating Profit Margin, ROE of the company on a consolidated basis is 19.9% in Q1 FY22. The PAT Margin stands at 44% during the same period. Networth of the company on consolidated basis is Rs. 3,400 Crore as on June, 2021.

With this, we open the floor for addressing any queries you may have. I have with me my colleagues, Mr. Surojit Saha – CFO, Mr. Vinay Lakhotia – Head of Operations, and Mr. Sandeep Samsi – Head of Corporate Communication, Strategy & Investor Relations, to address any question that may come up.

Thank you.

Moderator: Thank you very much. We will now begin the question and answer session.

The first question is from the line of Viraj from Securities Investment Management. Please go ahead.

Viraj: I just have three broader questions. First is on the employee cost. In the past calls when we talked about us looking to rationalize the cost and expecting somewhere around Rs. 65-70 crores of savings over the next two to three years. So, is it that the bulk of the savings we would expect it to be more back ended say in FY23 or FY24 and, we may not see much of a gain in FY22? The reason I am asking this is because, if I look at last year, we added somewhere, net employees count has increased my 100 employees and even in this quarter there has been an increase of employee cost by around four crores. So, just trying to understand how should we expect this to play out for us? And a related question here is, since we approved this 2007 ESOP plan at the AGM, is there any revision to the ESOP charges which we have been communicating earlier? So that is one.

Imtaiyazur Rahman: Vinay and Surojit, can you take the employees cost savings and increase in cost. Vinay, you take about saving of employee cost and Surojit you take about why it has increased and I will talk about the ESOPs related questions.

Surojit Saha: Yeah. If you go by the figure of Q1 FY21 and Q1 FY22, if you see the employee benefit expenses in Q1 FY21, it was Rs. 98 crores, and now this quarter it is Rs. 94 crores. So, actually the cost has decreased from Rs. 98 crores to Rs. 94 crores because of the ESOP expenses, which earlier we have said that last year FY 2021 it was Rs. 30 crores and this year the ESOP cost for ESOP which has been already allotted, it is Rs. 12 crores. So, accordingly we have seen a reduction in employee costs. But if you go by the quarter that is Q4 FY21 and Q1 FY22, the cost for Q4 is Rs. 74 crores against Rs. 94 crores. That is mainly because, if you remember in the last quarter in Q4, we have reduced the variable pay expenses. If you remember till December, we booked a variable pay expenses of Rs. 45 crores and actually according to the KRA in the March figure, what we booked in the books of accounts is Rs. 38 crores. In the last quarter, we have reversed Rs. 7 crores and this particular quarter we have utilized for variable pay Rs. 9 crores. So there is a net impact of Rs. 16 crores in that. Apart from that, our regular incremental annual increment cost of salary is around Rs. 4 crores. That is why if you compare with the Q4 FY21 and Q1 FY22, you will see a difference of Rs. 20 crores. At UTI, we are fully aware of the employee cost and we are taking all the steps to be within the cost which we have incurred in FY 2021. Overall cost of the group was around Rs. 380 crores.

Vinay Lakhotia: Viraj, Vinay here. Just to give the guidance on the saving on the employee costs on account of retirement. As indicated in our earlier calls as well, the savings of Rs. 65-70 crores will be over a period of next three years. It is not a back-ended thing or a front-ended thing but it is a non-linear progression over the next three years. Definitely, significant portion of this amount will be booked in this or the next year as well. So, all we can say it is a non-linear progression only and not a back-ended one at all.

Imtaiyazur Rahman: So, Viraj whatever the indications which we have given about the savings, indication is in the same line. So far as ESOP is concerned, this scheme was required to be ratified by shareholders, post listing. So therefore the shareholders have approved the ESOP scheme and there is only one change; and the change is that the exercise period - we have changed from three years to five years. That is the only change. We have issued the new ESOP grant which we have planned to issue, we have already issued rather, is at the market price. And therefore, I am not expecting any further costs to the P&L other than the defined ESOP cost. So, there will not be any substantial ESOP cost. The policy approval will not have any additional impact, let me put this way.

Moderator: The next question is from the line of Shubranshu Misra from Systematix. Please go ahead.

Shubranshu Misra: A couple of questions Sir. First is, what is the sourcing of our equity AUM from PNB, BOB and SBI? The second is, what is our NFO pipeline for the rest of the year? And if you can split it asset class wise as in equity and the other schemes. Third is on the ESG, Sir. Although you have given the number of women employees in the workforce, I want to specifically know how many women employees in senior management? These are my three questions.

Imtaiyazur Rahman: Sandeep, Can you take this question.

Sandeep Samsi: Yes. Thank you Subhranshu for the question. In PNB as well as BOB, we have a good share of market in gross sales as well as in the SIPs. However, as we had mentioned earlier that SBI is a work in progress. We are continuing to talk with them and to ensure that our funds are included in their selling list. So that is where we are with SBI, PNB and BOB. In terms of senior management, the women who are there in senior management, atleast there are four or five senior officials across the organisation, like we have Swati Kulkarni who is the senior fund manager on the equity side, we have Bhavna Tiwari who is at senior position in HR. In international business, we have a woman heading our London branch, Sandrine. So, we have a number of people in senior management who are women. And as you know, that, we have two directors who are on the AMC Board, who are women. We have a lady director on the Trustee Board, as well as in all our active subsidiaries we have at least one woman director.

Shubranshu Misra: If you could specify how much are we sourcing from PNB and BOB and what is your NFO pipeline?

Vinay Lakhotia: No, I don't think Shubranshu at individual relationship level we will be able to disclose any number.

Sandeep Samsi: And in the pipeline, we have an approval which is there for our Focused Equity Fund, which we will be launching shortly. We have got the SEBI approval for that, and we also have a SEBI approval for a Multi Cap fund. So, these are the two approvals that we have received from SEBI.

Moderator: Thank you. The next question is from the line of Madhukar Ladha from Elara Capital. Please go ahead.

Madhukar Ladha: I was expecting a slightly higher reduction in employee expenses. So, while you quantified the deviation, but shouldn't the number of employees also have reduced from quarter-over-quarter and even year-over-year, and there should have been some savings in that account also? Can you help me with the number of employees and maybe any explanation on that? Second our other expenses, have seemed to have risen, both on a year-over-year basis and even on a quarter-on-quarter basis. So, is there some element as a result of the higher pension - the fees that we are not allowed to collect due to the PFRDA changed regulations? Is there any expense also related to that, which has sort of increased? So, I wanted to check on that. And third our other income has improved substantially. So, maybe you could help explain that a little bit. And finally, if you could give me a closing AUMs in each category. That would be my final question. Thank you.

Sandeep Samsi: Yes. So, Madhukar as of 30th June we have a total of 1,457 employees out of which 1,413 are UTI AMC employees and 44 work with the subsidiary.

Surojit Saha: Madhukar in respect of the retirement; I think I spoke in the last call also. See total fees which we receive from PFRDA now will be 5 bps. So what you see as the income of retirement in the presentation, which we have already shared, that is the 5 bps and 1.5 bps is the PFRDA fees which we have to pay, that comes in the administration expenses.

Madhukar Ladha: So that is what is causing the increase in expenses?

Surojit Saha: Yeah, exactly. Basically Rs. 21.80 crores is the sale of service and the Rs. 6.5 crore is the administration expenses, which includes Rs 6.23 crore which is paid to PFRDA.

Madhukar Ladha: And what was the number last year?

Surojit Saha: Yeah, last year PFRDA fees was Rs. 1.5 crores and the total amount was Rs. 4.5 crores.

Imtaiyazur Rahman: Madhukar on the employee cost you need to see in the first quarter there are various employee benefit expenses and therefore based on the actual valuation, this needs to be charged in the Quarter 1 itself. But these are not charged in the Quarter 2 and Quarter 3. There are other expenses which will come there, but employee cost is an area where we have got a key focus. We are working on this and this has got my personal attention. As Vinay has pointed out, we are also developing a bench of the bright people so that when the retirement happens, we should not be left with less resources. Last year, we hired large number of people, the year before we hired larger number of folks from the campus to mitigate the risk of loss of human resources. But it has got our attention. We are witnessing the savings.

Vinay Lakhotia: In terms of closing AUM as on 30th June 2021, was Rs. 1,93,940 crores, a 35% increase vis-à-vis 30th June 2020. A break-up of that, Equity AUM is Rs. 58,050 crores, Hybrid Rs. 24,696 crores. So total Equity and Hybrid put together is Rs. 82,747 crores. ETF and Index funds constituting roughly around Rs. 47,942 crores. Income Funds Rs. 20,680 crores and Liquid Funds constitute around Rs. 42,572 crores.

Madhukar Ladha: And the other income part.

Surojit Saha: Madhukar, the other income, if you see, we have some investments in the venture fund – Ascent Fund 3. So, they have exited from one of the investment - Big Basket, for which, we have received a profit of around Rs. 24 crores. And, still they have 1.73% stake in the company, and they have other investments also. And the Ascent Fund 3, will be closing around 30/06/2022. So, we expect over the period some more exits and some more other income may flow in.

Madhukar Ladha: So that fund stills owns about 1.73% in Big Basket, that is what you said, right?

Surojit Saha: Yeah.

Moderator: Thank you. The next question is from the line of Kapil Agarwal from ITUS Capital. Please go ahead.

Kapil Agarwal: So I wanted to understand your revenue as a percentage of your AUM has increased. What is the reason behind this during this particular quarter?

Vinay Lakhotia: So, revenue the percentage yield is roughly around 44 basis points. It is slightly higher as compared to last June quarter number because as you are aware last June quarter, there was a significant drop in the equity and hybrid AUM because of market depreciation, which impacted our overall yield. But if you compare vis-à-vis with the last quarter, we are almost on the similar range of around 44 to 45 basis points as far as the AMC yield is concerned. So, if you compare year-on-year, there is an increase in the yield because of the increase in the AUM of equity and hybrid funds.

Kapil Agarwal: And going forward what is the rough split that you suggest?

Vinay Lakhotia: I think from a full year guidance perspective the revenue yields as a percentage of AUM should be in the range of around 43 to 44 basis points only.

Moderator: Thank you. The next question is from the line of Aditya Jain from Citi Group. Please go ahead.

Aditya Jain: So just to confirm on the NPS. The cost, the sharing with PFRDA is Rs. 6.23 crores is what you mentioned. So the Rs. 6.23 crores is the sharing with the PFRDA. Is there also some impact, which comes in the staff cost, because of the new contracts with PFRDA, or is it predominantly in other expense?

Surojit Saha: See, there will be some impact, not a material impact, but there will be some impact because PFRDA has norms, different norms that the Retirement company as an institution, as an entity should have its own compliance officer, own dealer, own fund manager and own risk management. So based on that we have already put in place the personnel in different positions. There will be a cost for that, but it will not be material.

Aditya Jain: Thank you. On the tax rate, I think it is at about 18% at a consolidated level. So could you just explain what all is driving this? I understand the international locations are taxed differently. So, going forward, what is the right tax rate that we should take?

Surojit Saha: Yeah, you are absolutely correct. I think for another two to three years, we will be having an effective tax rate of 18 to 19% on a group level.

Moderator: Thank you. The next question is from the line of Mr. Kunal Thanvi from Banyan Tree Advisors. Please go ahead.

Kunal Thanvi: My first question was on the digital side of the business. Like we had in the presentation talked about the internship of the new customers, 30% from the digital side. So just to understand more about, what kind of tools, what kind of strategy we have implemented in the digital side of the business in order to get the integration with the third party, aggregators who are gaining market share, and also within UTI, what are the new tools that we have implemented in terms of data analytics and cross selling the existing products? If you can explain a bit in detail, it would be great actually.

Sandeep Samsi: Thank you. Kunal, we have focused, and as Mr. Rahman has also said in his opening remarks, we are focusing on the digital growth of the business and we are refreshing our digital apps, as you know, these digital assets tend to get old very quickly. We are looking to refresh both, our app as well as our website to make it friendlier to the investor and for easing their transaction journey. We have also started a number of new initiatives. Some of them, I can share and some of these are Work in Progress and may not be able to share in this call and maybe we can share in the next call. We have started, WhatsApp for our distributors, live chat bots and a live interaction with our investors and distributors through our website, as well as our app. All these are to help in the assisted journey that the investor takes and sometimes, there are certain steps where the investor wants to know something more and some help is required. That is where these live chats come into help. So, backed by Call Centre and backed by our data analysis, we are able to help investors. We are seeing increasing traction, as can be seen from the presentation, you can see that the number of digital transactions have been increasing. And, this quarter we have witnessed about Rs 17 lakh transactions. So, all the digital effort that we are taking on helping us to get, more investors in the digital mode. Of course, we continue to partner with our distributors, providing them apps like our Buddy app, as well as our website, which is enabled for the distribution partners to help their investors come through those apps.

Imtaiyazur Rahman: So Kunal, if I can add one point. We are the only AMC in the Country and I don’t know about other organisations, to have a Board level Digital Transformation Committee, and this committee is helping us and guiding us to take our digital initiatives forward. We have built a very good team. I will continue to invest in the team and in the asset.

Kunal Thanvi: Sure. Just a follow-up on that. When you also say that you have formed the digital transformation committee, can you throw some light on how do we leverage, the digital aggregators in the country? Like how do those things they are, very aggressive in terms of like acquiring new customers. How, how does that journey of acquiring customers from that aggregators to making the customer or UTI Mutual Fund customer, plays out?

Sandeep Samsi: Yeah. So Kunal, generally most of the aggregators, as you would know, they are Registered Investment Advisors. They are not distributors per se, who are selling; they advise, rather than distributing the product. So, we are partnering with most of the RIAs of Fintechs who are coming to the business. The most recent one has been PhonePay, where we have successfully integrated our APIs with them. And now all our schemes are live on them. As you would know that, there are various Fintechs, which are doing very well, like GROWW, PayTM Money, ET Money etc. So, all these are where we are marketing our products, we are highlighting our fund managers, highlighting our schemes to these investors, so that the good performance of our schemes as well as the fund managers are exposed on this channel or on this Fintech platform.

Imtaiyazur Rahman: Kunal, we're developing API, to basically to get connected with them. And we work very closely with all those Fintech companies.

Kunal Thanvi: Sure. That is really helpful. Thanks. Just last, if I can squeeze on was on the UK International like in terms of profitability how should one look at it from say three to five years perspective?

Imtaiyazur Rahman: Yes, extremely profitable business. We have our IDEF fund has an allocated as well as disclosed number is around $800 million. We are distributing very aggressively our fund. We also have a plan to launch three funds, which we will let you know the details in the next quarter.

And that is the main focus area for us. So, for me as a CEO, I have to grow both international business and the domestic business and build a very strong retirement business further for the private sector employees and the AIF business. So I've given you the full picture of UTI.

Kunal Thanvi: Sure. That's really helpful. But what I wanted to understand was from a profitability in the terms of contribution to the overall profits. Like how should one look at it more? What could it be say three- to-five years time on what is something that we should expect?

Imtaiyazur Rahman: Today, its AUM is like one of the bigger AMC in the country. I would not be in a position to give you any forward-looking number, but this company is going to be highly profitable.

Kunal Thanvi: Sure, that is helpful. Thank you so much.

Imtaiyazur Rahman: Thank you.

Moderator: Thank you. The next question is from the line of Susmit Patodia from Motilal Asset Management, please go ahead.

Susmit Patodia: I have two quick questions. First is any update on the case, between the Officer Association and the UTI AMC?

Imtaiyazur Rahman: Which case are you talking about?

Susmit Patodia: The Rs. 500 Crore case.

Imtaiyazur Rahman: Is it regarding the pension one?

Susmit Patodia: Yes, sir. The old case pertaining to pension issue of former employees.

Imtaiyazur Rahman: As you know the matter is sub-judice and therefore it is not appropriate for me to speak on that, the details which we have given in the DRHP and RHP is the complete document to follow and read. And the status quo is maintained there so far.

Susmit Patodia: Yeah. So, okay. So, there's not been any new dates or anything, correct? That's what I wanted to ask.

Imtaiyazur Rahman: No.

Susmit Patodia: And the second thing, sir is so there might be the increase dividend payout by 5-6 percentage points in FY21, over FY20. Why isn't the board or the management thinking of a more aggressive policy because majority of the free cash is being kept in liquid and in income funds where the post-tax need is very, very minuscule? Any thoughts on that?

Imtaiyazur Rahman: First of all, I didn't get your name.

Susmit Patodia: My name is Susmit Patodia from Motilal Asset Management Company.

Imtaiyazur Rahman: First of all, you should be very happy that we increased the dividend from Rs. 7 to Rs. 17. Rise of 250%. And we have the very definite policy that minimum of 50% of the profit will be declared as dividend. And this year it was 61%, Right. I understand, we don't need much cash to run our business, we have profitable business. But we also need to retain some cash because we are the only professionally management company in the country; promoter-less. And as we go along, we will see based on the requirement of the company and the Board will review the policy and do the appropriate thing. But our dividend policy is generally in line with the other peers in the industry.

Susmit Patodia: Right and the last question sir is, the IPO will complete its one year in two months. Any discussions that some of the large shareholders are having with respect to their intent. Now that the one-year lock-in will be over in a couple of months.

Imtaiyazur Rahman: Not to the best of my knowledge and belief.

Susmit Patodia: Okay. Sure, sir Thank you very, very much. And all the best for the next.

Imtaiyazur Rahman: Thank you so much.

Moderator: Thank you. The next question is from the line of Gaurav Jani from Centrum Broking Limited, please go ahead.

Gaurav Jani: Just one question Sir if you could just elaborate on the UTI Retirement Solution business as to how we look at the flows and how do you look at the asset mix Is it similar to that we have on the UTI MF book? Thanks.

Sandeep Samsi: So, basically what you're talking about Gaurav is the types of schemes, which are there. So, there are different schemes and the investor has an option to choose the scheme in which he wants to invest. Basically, there are three categories. One is the equity portion, Second is the corporate debt, and third is the government security. So, an investor makes a choice of the mix that he wants to have. There are certain caps and there is also an automatic choice where the allotment keeps on changing as your age increases. So that is basically what you're mentioning. Secondly, on the flows which you're talking about, the government flows, the flows which come from the government sector are much higher than compared to private sector. But as the CEO also mentioned, that it has his personal attention, and we are looking to get more and more clients on the private sector, especially institutions which, for their employees, can tie up with UTI Retirement Solutions for the pension need. Then that money will come into the NPS directly.

Gaurav Jani: So could you quantify the flow that we could sort of predict. I mean you know that are kind of sustainable in the retirement.

Surojit Saha: Gaurav we won't be able to quantify the flow, but there is a method by which the flow gets allocated which is based on the last year's return. Based on that it gets allocated, somebody's return is 10 and somebody's return is 11 and 12. Suppose, UTI's return is 12. Then, it will be 12 by 33 into the corpus they want to distribute. The flow gets distributed based on the return of the last year.

Gaurav Jani: And sir, you just mentioned on the three main segments, if you could just quantify the mix, how much of that is Equity, how much is G-Secs, how much is Debt and whatever is remaining?

Sandeep Samsi: You want the assets, which are under management in each of these categories?

Gaurav Jani: Yes, or at least the percentage mix.

Sandeep Samsi: I have to get that, I don't have it off hand Gaurav.

Surojit Saha: Gaurav, offline I will give it to you.

Gaurav Jani: Sure. Well, no worries. Thank you.

Moderator: Thank you. The next question is from the line of Prayesh Jain from Yes securities, please go ahead.

Prayesh Jain: A couple of questions. Firstly, on the UTI International business. If I look at the P&L Statements, there's a big element of mark to market. Could you explain what is that and the significance sources on the other income? So, what is that?

Surojit Saha: Yeah Prayesh, I think you must be knowing last year also, UTI International has a seed investment in one of the schemes that is India Dynamic Equity Fund. And that fund over the years has been doing very well. And they had invested in the year 2015-16. So, according to the market NAV, they have a mark-to-mark gain, which last June 20, was around Rs 37 crores. And this year it is around Rs 21 crores.

Prayesh Jain: Okay. Could you tell the quantum of the investment?

Surojit Saha: Yeah, initial investment was around $25 million and that NAV went up to $41 million. And then the last year, if you remember around March, they have redeemed around $8 million. So, now it's still around the $34 million is outstanding as of today, mark to market wise.

Prayesh Jain: Ok. And this question on the employee cost. On a run-rate basis, it will be a good number to be assumed that for the next three quarters the total amount that you have reported minus the variable pay. Would be a good number to assume?

Surojit Saha: Yeah, as of now we are very confident that we'll be able to maintain this run-rate.

Prayesh Jain: Ok. That is the right number, the total amount minus the variable pay.

Surojit Saha: Yes**.**

Prayesh Jain: Alright, Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers, please go ahead.

Pritesh Chheda: Yeah. So just a follow up on that question. So if you could just comment the absolute employee cost for the year. What it should be after accounting and whatever retirement plus salary increases, and the variable costs? It would be good if you could give for the full year. The full year last year was Rs. 380 Crores.

Surojit Saha: Yes, that is what I think I answered in one of the first questions which was there. All our efforts are on and we are vigilant on the employee cost and we will try our best to maintain our employee cost.

Pritesh Chheda: Okay. All right. This part is all right, the retirement and the increment the salary heads.

Surojit Saha: Yes, We have factored already.

Pritesh Chheda: My, other question is that any change in the holding at the trustee level?

Imtaiyazur Rahman: No further changes., Last year the T Rowe Price holdings went up to 51.5%, after that there's no change.

Pritesh Chheda: So, There's no change between last year and as on date?

Imtaiyazur Rahman: That’s correct.

Pritesh Chheda: Okay. And my last question on the expense side. So, the other expenses which we see at amount Rs 50 crores to 55 Crores is there any variable element in this, 50 to 55 Crores?

Surojit Saha: There is no variable element as such but one item but I would like to mention, since you are asking this question. The PMS which handles the Rural Post Office Linked Insurance plan and the PLI that is Post-office Linked Insurance plan there is an Investment Board in Delhi, who directs us how much and what should be our equity percentage and what should be our debt percentage. Accordingly, they have taken a call in the first quarter that the equity exposure should be reduced from 18% to 13%. Because of that, there was a brokerage cost of around Rs. 6.88 crores, which will not be a recurring in nature, which has come in the first quarter.

Pritesh Chheda: So then about 48 crores to 50 Crore is a more realistic number, which we should take incrementally.

Surojit Saha: Yes.

Pritesh Chheda: Okay. Thank you very much, sir. Thank you.

Moderator: Thank you. The next question is from the line of Shubranshu Mishra from the Systematics Group. Please go ahead.

Shubranshu Mishra: What is the market share, in our equity and hybrid flow? We have given the number but what is the market share? That's first question sir and the second is what the total tech cost per annum and what's going to be the run-rate going forward.

Vinay Lakhotia: For quarterly market share for the Equity and Hybrid funds put together for June quarter was 5.33%

Shubranshu Mishra: But also, that is on the stock. I'm talking about this flow sir; you have given the flow as well, on this flow what is the market share?

Vinay Lakhotia: The flow should be roughly in the range of around 4.2%, on the net flows that I am saying.

Shubranshu Mishra: Yes, that is around equity and hybrid. It should be around 4%.

Vinay Lakhotia: Yes.

Shubranshu Mishra: And what is the tech cost that we are going in FY22 and what should we be the run-rate that we should be modeling?

Vinay Lakhotia: You are asking tax costs?

Shubranshu Mishra: Technology cost.

Surojit Saha: Yeah, Technology cost. Yeah, what we the factor around the run-rate basis for the running cost it will be around 18 crore, which has been factored and obviously another 10 crore we have a budget on respect of the CAPEX.

Shubranshu Mishra: Okay. So that is only for FY22? So, we are having the run rate of 18 crores right?

Surojit Saha: Yeah, exactly.

Shubranshu Mishra: Sure, Thank you so much.

Moderator: Thank you. The next question is from the line of Viraj from Securities Investment Management. Please go ahead.

Viraj: I Just have two questions. First is that the international business. Just trying to understand on the profitability front. If you look at last one year, you have seen doubling of our AUM and despite that, our overall profit, I mean we are almost close to breakeven at all operating level. So just trying to understand, should one look at profitability and is it subject to further scale in AUM and then only will see any profitability or do we see any costs, which is there in the financials, which is kind of one-off in nature and hence the business should also be profitable. So just trying to understand on this. So that's one and second is on the employee cost, as you said earlier to the other participants you said it is for the increment or what the normal run-rate should be. But if you look at we have been giving ESOPs for last two, three years. So even the increment intensity in coming years should also gradually reduce I mean considerably reduced, is that the right thinking? Thank you

Imtaiyazur Rahman: Going forward, ESOP will not be given to all employees. It will be given to the select employees. So therefore, other employees will definitely get yearly increase. And on UTI International profit, I don't believe there's any one-time expenses. There is only all the costs of employees and the administrative expenses, the legal fees, which we have to incur to continuously launch their schemes. And as I mentioned earlier that this company, is a profitable company, solid profitable company, and we will continue to book good profit.

Viraj: Sir, because just to follow on this, because if I look at the operational level, I understand you had a much lower AUM and first half of FY21. But even if I look at Q1 22, despite such a healthy growth in AUM, at an EBITDA level, you are not making any money. So whatever growth and fee income we are seeing is more than offset by the jump in expenses. So I'm just trying to understand, you know, how, what will actually drive the profit, since we're expecting a substantial profit in future, what will drive it is that higher scale or better yield.

Imtaiyazur Rahman: It is a higher scale.

Viraj: Okay.

Imtaiyazur Rahman: It is a growth in the AUM, higher scale.

Viraj: Okay. And the expenses in which has seen a similar jump. one of the major drivers there?

Surojit Saha: Yeah. You must be seeing that from Rs. 15,726 Crores it has gone up to Rs. 30,498 crores. And there is a jump on the sale of service and revenue from Rs. 12 crore to Rs. 26 crore. Basically, the trail fees is being paid in the international market is around 45 bps. So because of the trail commission, which has been paid, which is factored in that admin and other expenses, you see a substantial jump over there. So basically, when this money stays with us for a longer period, because this money has come in during the May-June period. So once it stays with us for a longer period, we will see a much better revenue jump in UK international, apart from scale.

Viraj: Okay. And is there a carry element in the performance here?

Surojit Saha: No, there was no carry element there.

Viraj: Okay. Thank you very much. And good luck.

Moderator: Thank you very much. Ladies and Gentlemen, I now hand the conference over to Mr. Imtaiyazur Rahman for closing comments.

Imtaiyazur Rahman: Thank you friends for your participation to this our call. And I can't thank you enough for asking all relevant questions. I would like to assure you and everybody that we will continue to work hard and it will be our endeavour to be fully compliant, to do the things which is in the interest of the investors and all the stake holders. And thank you very much for joining this conference. Thank you. Stay safe and stay careful. Bye.

Moderator: Thank you very much on behalf of UTI- Management Company Limited that concludes this conference. Thank you for joining us, you may now disconnect your lines.