Ref: UTI/AMC/CS/SE/2020-21/043

Date: 8th February, 2021

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

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip Code/Symbol: 543238/UTIAMC

Sub: Transcript of the Earnings Conference Call on Financial Results for the quarter and nine months ended 31st December, 2020

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the earnings conference call on financial results for the quarter and nine months ended 31st December, 2020.

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

We request you to disseminate the above information 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
Q3 & 9M FY21 Earnings Conference Call
January 30, 2021

Moderator: Good day and welcome to the UTI Asset Management Company Limited Q3 and 9M FY21 earnings conference call. From the management, we have with us Mr. Imtaiyazur Rahman – CEO and Whole-time Director, Mr. Surojit Saha – Chief Financial Officer, Mr. Vinay Lakhotia – Head Operations and Mr. Sandeep Samsi – Head Investor Relations and Corporate Communications. As a reminder, all participants' 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 Mr. Imtaiyazur Rahman for the opening remarks. Thank you and over to you, sir.

Imtaiyazur Rahman: Good morning friends and thank you very much Ms. Rutuja for the introduction. Friends, it is my great honor to welcome all of you on this Saturday morning for the Q3FY21 earnings conference call of UTI AMC. I have with me, my colleagues, Mr. Surojit Saha – CFO of the company, Mr. Vinay Lakhotia – Head of Operations and Mr. Sandeep Samsi – Head of Investor Relations.

I am sure you must have gone through the press release and investor presentation for the quarter which are available on our website and on exchanges website. Friends, the financial year 2021 is truly turning out to be a unique one. If the first six months were about human dignity, mankind's battle with pandemic and discovering a new way of life, the third and fourth quarters are about getting up and bouncing back with vigor. As Indians gradually start working from office with more and more people getting access to vaccine for Corona Virus, we believe that the light at the end of tunnel is visible and is likely to bring normalcy to our human life and indeed in our business.

Let me share with you about our Indian economy. The growth trajectory has picked up pace in this quarter. This is evident from recent RBI study which shows that real GDP is expected to break into the positive territory in the third quarter. The Central Bank is optimistic as there is significant amount of growth seen in core sectors. The 27-indicators of economic activity have shown positive growth trends. As per the RBI study, the Indian economy will clock a growth rate of 14.2% in the first half of FY21-22. There is a strong belief that the country will now be able to skip the second wave of COVID19. This is expected to catalyze economic activities further which can provide tailwind for India's economic growth. India's real GDP is expected to grow by 11.5% in FY2022 based on IMF estimate, making it one of the world's fastest growing economy.

Let me share with you about the mutual fund industry, a brief overview of our industry, trends and developments. The mutual fund industry, I am happy to share, for the first time crossed the figure of INR 30 lakh crores of Monthly Average AUM for the month of December 2020. The Monthly Average AUM for the industry grew to INR 30.96 lakh crores for the month of December 2020, a jump of 13.6% on year-on-year basis and 11.6% on quarter-on-quarter basis. The Monthly Average AUM of equity funds including the hybrid funds grew by 8.5% on a year-on-year basis and by 12.9% on a quarter-on-quarter basis, taking it to INR 12.52 lakh crores as of December 2020.

Let me now turn to the investment pattern observed in the last quarter. During the quarter ended December 2020, the industry witnessed a net inflow of INR 1.29 lakh crores. However, the equity and hybrid oriented schemes saw a net outflow of INR 42,973 crores. So far as income funds are concerned, there was a net inflow of INR 1.33 lakh crores, taking the Average AUM to INR 9.16 lakh crores. Other categories which include Liquid fund and ETF also saw inflows of INR 38,465 crores. Individual folios grew to 9.43 crores as on December 2020 as against 9.30 crores in the previous quarter. The share of AUM of individual i.e. Retail plus HNI, to the total AUM, stood at 52% as of December 2020.

So far as UTI mutual fund is concerned, UTI's Quarterly Average AUM as of December 2020 was INR 1,65,360 crores as compared to INR 1,55,190 crores in September 2020, an increase of INR 10,170 crores. UTI's closing AUM as of December 2020 was INR 1,73,708 crores as compared to INR 1,51,440 crores in the previous quarter. The Quarterly Average AUM in the Equity and Hybrid schemes has increased to INR 64,940 crores in December 2020 from INR 59,765 crores in September 2020. Our market share in the actively managed equity and hybrid category of funds has increased in December 2020 in comparison to the September 2020. During the quarter we saw a net inflow of INR 2,436 crores in Debt category to take our AUM to INR 22,681 crores as on 31st of December 2020.

We saw maturity redemption of INR 1,076 crores in two of our closed ended equity funds, namely UTI Focused Equity Fund – IV and V. I am happy to inform you that as of 31st of December 2020, 85% of our equity fund is in quartile I and II on a one year basis and 75% is in quartile I and II on a three year basis. Backed by the good fund performance our share of Equity and Hybrid, as a percentage of overall Quarterly Average AUM, has increased to 39.27% as of December 2020 in comparison to September 2020 where it was 38.51%. This increase in these categories will help us to improve our profitability.

During the quarter we launched a very successful NFO, UTI Small Cap fund which received an overwhelming response from investors. During this NFO period, the scheme has attracted more than 88,000 applications garnering more than INR 920 crores. In the Fixed Income category, we have seen gross sales of INR. 5,621 crores during the third quarter as compared to gross sales of INR 4,036 crores in the second quarter.

More and more investors are getting to understand the benefit of regular and disciplined investing through the mutual fund SIP. During the third quarter, we saw SIP flow of about INR 820 crores as compared to INR 760 crores in the September quarter.

Friends, we are focusing on the Top 30 cities and the top relationships and business partnerships therein. Our Special focus is being given on increasing our share of wallet with banks and national distributors. We are seeing traction from these banks and now our flagship products - both for the equity and fixed-income are empaneled with these banks. We are also engaging with PSU Banks like Punjab National Bank and Bank of Baroda with a strategy to reach more investors. Our Equity plus Hybrid Gross Sales Market Share with PNB is now 19.1%, while our Share with BOB is 7.3%. UTI continues its focus on growing its reach the Tier II and Tier III cities and expanding the retail branch network through Business Development Associate and Mutual Fund Distributors.

During this quarter, i.e. the 4th quarter, we will be opening six new branches across the country. We are happy to share that as of December 2020, around 24% of our Monthly Average AUM came from

Beyond 30 cities as against 16% for the industry. Apart from extending the reach, we are also pushing our digital strategy with around 95% of sales coming from the electronic platform during the quarter ended December 2020. Out of this more than 34% contribution came from equity and hybrid schemes.

Friends, the recent pandemic provided us an opportunity to foster and accelerate innovations, deliver improved customer services, upskilling and reskilling of our associates. We have significantly empowered our digital team during the last few months. We are continuously pushing sales through digital mediums and also enabled new modes of investing like Chatbot, WhatsApp, Quick Invest etc. We are also identifying the ways and means to move more and more transactions from physical to online mode. As of December 2020, all our branches are operational and we continue to service our 1.09 crore folios through these branches and online platforms.

As one of the pioneers in asset management business, UTI is fortunate to also manage other lines of business under our PMS scheme and a separate subsidiary company. We have multiple lines of business, offshore business, alternative business and pension fund. UTI has a market share of 29% in retirement solution business. As of December 2020, our other AUM grew by around 24% to INR 9.32 lakh crores as compared to INR 7.5 lakh crores as of December 2019. Being a responsible organization, we have initiated steps on ESG and we are proud to say that as a Group, we are signatory to the United Nations Principles for Responsible Investing framework. During the quarter, we were able to raise $80 million through our Indian Sustainable Equity Fund with Bank J Safra Sarasin of Switzerland.

Let me share with you, our company’s financials; during the third quarter, UTI AMC’s financials improved on the back of strong net flows and cost control measures that we have taken. The Company posted consolidated net profit of INR 140.24 Crore, a rise of 67% as compared to INR 84.12 Crore in the corresponding quarter of last year. For the nine months ended December 31, 2020, consolidated net profit was INR 360.22 Crore as against INR 296.94 Crore last year. We expect the Operating leverage to play out as business scales up. On the Administrative costs, we have taken a number of cost saving and cost optimization measures, which is helping us in reducing cost. During the last nine months, we have been able to save INR 13 crore in Administrative costs and if the same run rate continues, we expect to save INR 20 Crore for the full financial year as compared to last year.

To summarize, I would like to say that we have increased our focus on enhancing customer experience, product innovation, creating workplace transformation with the objective to add value to our stakeholders. We are continuously focusing on evolving our strategies, emphasizing on higher share from T30 cities, growing our SIP book so that strong net inflows into our fund continues to drive growth at UTI. We will keep working on our digital strategies to provide a platform for our distributors and investors and to reach out to young India. We will leverage on the good fund performance and economic recovery to build on growth trajectory. As always, we strive to create long-term value-addition for our stakeholders through prudent risk management measures and sustained profitability. We are an independent professionally managed company and our Board is fully committed to take UTI forward. I would take this opportunity once again to thank you for your participation in this call, despite the fact that it is a weekend. I and my team will be happy to take any questions that you may have to help you to understand our company better. I request all of you to stay safe, stay healthy, and wish you a very healthy and prosperous life. Thank you so much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Lakshmi Narayan from ICICI Mutual Fund.

Lakshmi Narayan: The first question is related to your institutional part. I want to understand what kind of business traction we have seen in the last nine months? Our debt institutional part had a significant reduction in AUM over FY18 to FY20 and now you have your steadied the ship, I just want to understand what kind of setup, what kind of organizational change has actually happened and what kind of traction you are getting? That's my first question. The second question is regarding UTI international, I see that you have launched a fund but I just want to understand how the growth has panned out? The third question is that you have X number of folios, I just want to understand how many unique investors do you have and how have the unique investors grown organically over the last three years? These are my three questions.

Imtaiyazur Rahman: I will take the first two questions and third question Lakshmi, I will tell my colleague Mr. Vinay to answer. So far as our fixed income team is concerned and how we have dealt with institutional clients, let me just share with you that we reviewed our entire risk management processes. We have a board level risk management committee which is chaired by Mr. Rajeev Kakar. Rajeev is an ex-Citibanker and has worked with Temasek; he is an IIT Delhi and IIM Ahmadabad graduate. We have reviewed our risk management process to the level of each and every operational activity which we do. We realized that we need to add certain more credit analyst and therefore we have hired three more credit analysts and one very senior credit analyst to review the processes. We have reviewed each and every portfolio that we have. We have put in place our plan and risk management processes to ensure that the incidents which happened in the past do not recur. So far as the institutional clients are concerned, we increased our engagement ever since this situation happened in September, 2018. We kept on engaging with our each and every institutional client. I as a CEO of the company took the leadership and we went back and shared with them what are the new ways of investing which we have in our company. They reposed confidence in us and I am happy to share with you, most of the clients who withdrew from us they have started reinvesting in UTI. So far as UTI International is concerned, UTI International as you know is a marketing outfit of UTI AMC. We now have four funds which are very active, other than the Japanese fund with Shinsei Bank of Japan. Our active fund is our UTI Dynamic Equity Fund which has grown rapidly. The AUM as of December 2020 is $650 million and we launched this around five years back. It has got a remarkable track record of performance and it is being managed by Ajay Tyagi. At the very same time we witnessed a serious outflow in our fixed income fund. We had $350 million and that came down to almost $50 million. We faced a serious challenge. The fund didn't underperform but because of one of the investment of ILFS, we faced serious challenges and we witnessed redemptions. However, the launch of ESG fund, balanced fund and the focus on equity fund is helping us to capture the market. I'm unable to give you any forward-looking statement but we are well in place to capture the European and other international markets. As far as the unique investors are concerned, may I request my colleague to answer the question.

Sandeep Samsi: As an industry practice Lakshmi, we follow the folios count which is there in the industry and do de-duplication, which is a continuous process that we undertake at UTI. Wherever we get details of the investors, we update that and we de-duplicate the folios. As of December, we have 1, 09,30,173 folios with us across which has seen an increase of 15,000 folios from March, 2020, so that is the increase.

During this last quarter, we saw redemption, maturity redemption in two of our Focussed Equity Funds, viz. Focused Equity IV and V where nearly a lakh of folios went out from UTI.

Imtaiyazur Rahman: Actually, during this NFO of our Small Cap fund, we brought in 88,000 new investors, new folios.

Moderator: The next question is from Kunal Thanvi from Banyan Tree Advisors.

Kunal Thanvi: I have a few set of questions and since I am a new investor to the company I wanted to understand very basic things. The first question was on the distribution strategy, can you run us through how, we as a team, after the revamp in the top management have started looking at distribution and what are the key strategies that we have implemented there? That is point number one. Second was on our market share In the debt segment I understand we got stuck with some papers and had to off-load them, we had to close the schemes and we relaunched them. I understand the story behind that but if you look at the equity market share as well, while in last few quarters it has been stable but that stability is on the back of a stellar performance that our funds have seen. Hence, I wanted to understand if we were to remove the performance part of it, how would our market share look and what is the reason for shedding the market share when we are one of the top quartile in terms of the performance? That is question number two and third is, I wanted to understand the significant increase in the employee cost. I understand some part of it is due to the ESOP, can you throw more light on it and by what time we should expect the stabilization in employee cost? In the last call you had mentioned about retirement of employees, can you also throw some light on what kind of cost saving that will result into?

Imtaiyazur Rahman: I will answer the first two questions and Vinay can help me answer the market share related question. The question pertaining to employee cost and retirement plan, our CFO Mr. Surojit Saha and Vinay will answer it better. Let me first take your first question on distribution strategy. Kunal, as you know, we are distributing across the length and breadth of the country using all lines of distribution. First of all, our retail channel is very strong, extremely strong. We are also distributing our products through our branch offices. We have around 163 to 165 branch offices across the length of the country. In top 15 cities, our alliances with the top performing IFAs is not very strong. So, our strategy is to focus that in each city our team - right from the CEO office to the Head of Sales and the Zonal Manager, Regional Manager, will focus first on the top 5 cities and then the top 15 cities and in each city. We will be focusing on top 25 IFAs, to increase our share of wallet. I am happy to share with you that UTI team is getting a welcoming response from those IFAs and our traction is increasing. As you know in the equity side, the industry has witnessed an outflow. Last quarter the industry saw about INR 43,000 crores of outflow in the equity fund and hybrid fund categories but we have not seen such a drastic outflow. I believe that so far as the market share is concerned, stability has been put in place. Also, since our performance is very good, engagement of the fund managers and the sales team including the CEO is very deep with the top 25 distributors in each city. I am confident that when the industry starts seeing the inflow of equity schemes, our market share will definitely be very significant in those inflows. As you know, we are strong in the Beyond 15 and Beyond 30 cities particularly, we are doing everything possible to defend our turf there. Let me also share the strategy part, we have Business Development Associates and they are dedicated to UTI. We are basically sharpening their skills, reskilling and upskilling them to meet the new generation requirement. Further we have recently tied up with Bank of Baroda, Punjab National Bank and

NJ and we are seeing the traction with all these three big distributors. In our small cap NFO as many of us know NJ, was not distributing earlier, but they distributed our NFO and as I mentioned in my initial remarks, with Punjab National Bank, our market share is around 19% gross sales and with Bank of Baroda it is around 7% of gross sales. That is about the Retail. Let me share with you about Institutional clients. We have another line of distribution known as Institutional clients. They are very strong, very good team in four cities. In the last 3-4 months, we have made a consolidation and we are concentrating only on the top four cities dedicated to the institutional marketing clients, that is Mumbai, Delhi, Bangalore and Chennai. Rest of the cities we have married and merged with the Retail because a strong team is present in the respective zones and our market share is reasonably high there. Next important channel is the banks and national distributors. As you know we are not sponsored by any bank, but I am happy to share with you that our flagship products are empaneled with HDFC bank, Kotak Bank, Axis Bank, Citibank and Standard Chartered Bank. I had a call with the Citibank team and they are very happy with the way our performance has been and also with the way Vetri and his team is leading the conversation. I am quite confident that our strategies, distribution strategies, the way we are working, our fund performance, our pricing and our engagement program will definitely help them, help us and help our team to grow our share of wallet with them. It is a not forward-looking statement, but we have a plan. We are focusing with the clients in the fixed income space, as we lost market share which you have rightly pointed out. We have a deep concern and we are working very strongly with those clients and engaging with them. I have on my roll top 50 clients that I interact with directly. We are organizing a very sincere and great engagement program that may happen probably in the last week of February or first week of March, we are organizing a seminar for the top clients of our country where we are going to invite very renowned speakers. We are all out to engage our customers and we are all out to create wealth for our investors which would indeed help us to create the wealth for the stakeholders in UTI AMC. I will now request my colleague Mr. Surojit Saha to give light on employee cost and Vinay will say what is happening in the next five years about the retirement plan. Surojit over to you first.

Surojit Saha: Hi Kunal. In respect of the employee cost, if you see with respect to the last nine-months the increase is primarily because of two reasons that is because of the ESOP expenses which will be there for another next two years. The total amount was INR 58 crores which has to be apportioned over four years with respect to the period and so in this financial year we will see a maximum hit and in the next two years there will be a proportionate impact on the financials. Apart from that, we have been telling that on March '20 we had our non-managerial settlement taking place and because of that there is a marginal impact on the cost. Also, we as a growing company are looking to increase our market share and hence we are paying variable pay or bonus to our employees which is why you see an additional impact has come in the balance sheet with our strong performance. If you compare the nine-months these are the two-three factors which have increased our employee cost and in respect of retirement, we have already told last time that during the next five years from 2020 to 2025 there will be an impact of INR 85 crores, around 250 employees will be retiring - that will be a natural retirement and apart from that we are taking various steps in respect of reducing our employee cost.

Vinay Lakhotia: Kunal just to add on the employee cost over the next four years as we have highlighted in our road shows over 250 employees will be retiring and we see a cumulative savings of roughly around INR 85 crores over a period of next four years and post four years even after considering the replacement for these 250 employees which will be mostly in the form of a management graduates, we see our employee cost to get reduced by around 15% after a period of four years or so. Hence, we see an annual saving of roughly around INR 65 crores in our employee cost after a period of four years. Just to touch base upon your question which was on equity and hybrid market share, over the last quarter we have seen our equity and hybrid market share increase by four basis points and year-on-year the increase is 14 basis points. We believe that performance is just one of the pillars to improve our market share. We believe that that there are four pillars to improve the market share for any of the mutual fund products, These are the product availability, performance, pricing and reach. As far as equity and hybrid funds are concerned, we have virtually all the product baskets that's available so we are very much on line in there In terms of performance, Mr. Rahman has earlier pointed out that 80% of our funds are in quartile 1 and quartile 2 and 3. Three of our flagship funds, UTI Equity Fund, Value Opportunities Fund and Mastershare are among the top performing funds. In terms of pricing, we do have a slightly comparative advantage as we have told in our earlier con-call as well. Only one of our fund is in the top 15,000 crores category and we have a slightly better advantage as far as pricing is concerned. In terms of geographical reach, we are covering at least 98% of the pin codes and Mr. Rahman rightly pointed out that we have renewed our tie-up with most of the private sector banks and with PSU banks and our products are empanelled in most of these banks and on the backdrop of these four pillars, we believe that we will continue to increase our market share under the equity and hybrid categories of fund.

Imtaiyazur Rahman: Kunal, on the employee cost I would like to reiterate to you and to all listeners that I as a CEO have a microscopic view on this. This is an unprecedented period, the pandemic and therefore we are not in a position to take any drastic action at this particular point of time. As things improve, we will definitely have a strategy to reduce the cost. Further what are we doing on employee cost? We are making UTI as a young UTI, we have hired lot of folks from the business school in last two years and we are in the process of hiring almost 80 graduate trainees. These people will bring in new energy and new vigor in our sales team at a very nominal cost and that will help us now going forward to reduce the cost significantly. Numbers we have indicated to you, these are the natural separations but other separations may also happen but I can't tell you at this particular point of time the timing of this. I can tell you that it is not happening in this quarter, we may review it again in April 2021 in the board meeting. Thank you Kunal for your questions. Hope we answered the questions.

Moderator: The next question is from Ajox Fredericks from B&K Securities.

Ajox Frederick: On the IFA front you mentioned about orienting and focusing on the top 25 IFAs. What are we doing differently so that those IFAs get aligned to us? Are we paying extra incentives? that is one. Two, on the debt side you mentioned that some of the clients who left us have come back to us. Can you help me with quantifying the number like how many clients have come to us during the year out of the ones who had left, that will be helpful?

Imtaiyazur Rahman: Good question. On the IFA side what are the different things that we are doing. One is our communication strategy. We have revamped our communication strategies with the top IFAs in each city. We have organized a multiple rounds of conversation between influential IFAs and our fund managers, Vetri, Ankit, Ajay Tyagi, and Swati etc. They are in continuous touch with them so far as equity schemes are concerned. Aman and his team are continuously in touch with them so far as the fixed income schemes are concerned but above all performance speaks for itself and the performance is really a great catalyst for us to get an appointment from them, to get a welcome from them and that is helping us meaningfully. Second point is our pricing. As Vinay has highlighted, we have a better situation than our competitors because our fund size is not very high. Only one fund has crossed INR 10,000 crores while rest of the flagship schemes are less than INR 10,000 crores and therefore we have some pricing advantage and we are using this pricing advantage with the key distributors, MFDs across the country. So far as the debt side is concerned, particularly the high yielding schemes, Corporate Bond funds, Short Term Income Fund and Floater Fund etc. I will tell my colleague Mr. Vinay Lakhotia to share with you what type of traction have seen in last 6 months. As you know for a long period, we had decided not to accept fresh applications, we didn’t close down the schemes, but we increased the exit load and we made the commission zero. We relaunched the scheme after addressing the issues related to fixed income in the last week of June 2020 and the last two quarters have been great quarters. Vinay over to you.

Vinay Lakhotia: Ajoy, just to give you some numbers perspective, on a year to date basis for the income fund, we have seen a positive net sales of around INR 800 crores as compared to the last year to date December 2019 number where we have seen a net redemption in excess of INR 12,500 crores. Five out of previous six quarters prior to Quarter three there were redemptions in our fixed income products. Only post the second quarter, when we relaunched three of our flagship funds, UTI Short Term Income fund, Treasury Advantage fund and Ultra Short Term fund, some green shoots were visible in Quarter two of this particular financial year where we have mobilized a net sale which close to around INR 500 crores and I am happy to share that, that during this particular quarter, Q3FY21, we have mobilized close to around INR

2500 crores of net sales under our fixed income product and gross sale numbers are in excess of around INR 5600 crores.

Moderator: The next question is from Utsav Gogirwar from Investec.

Utsav Gogirwar: Just couple of data point questions from my side. What is the absolute ESOP cost for this quarter?

Surojit Saha: Absolute cost of ESOP for this quarter is INR 25 crores.

Utsav Gogirwar: Can you please help with me with the breakup of QAAUM into equity, hybrid, income and liquid, all the sub-segments which you have provided last quarter? I want this quarter and the last quarter?

Vinay Lakhotia: You want of the last quarter as well?

Utsav Gogirwar: Last quarter we have I need data for Q3FY21 and Q3FY20?

Vinay Lakhotia: The QAAUM for the December quarter is INR 1,65,359 crores. For equity and hybrid funds it is INR 64,940 crores, ETF is around INR 35,199 crores, income fund is around INR 21,258 crores and liquid fund is roughly around INR 43,962 crores. On a quarter-on-quarter the growth is roughly around 655 basis points and year-on-year growth is roughly around 520 basis points.

Utsav Gogirwar: Similar numbers for the last year?

Vinay Lakhotia: For December 2019 quarter the QAAUM was INR 1,57,119 crores so from there the AUM has actually grown up by 520 basis points. I will give you a breakup, equity and hybrid funds for December 2019 quarter was INR 61,043 crores, ETF and index fund were around INR 24,847 crores, income fund INR 23,037 crores and liquid funds INR 48,190 crores. Totaling up to INR 1,57,000 crores which has increased to 1,65,359 crores for the current quarter.

Moderator: The next question is from Prayesh Jain from Yes Securities.

Prayesh Jain: First question was on the PFRDA norms change that has been announced recently about raising the cap. How do you see that benefiting you in terms of higher revenues with regards to the amount of money that you will be able to manage given the reach and second is on the distributors like NJ which is amongst the largest distributor, what is your strategy there with regards to increasing your presence with those distributors?

Imtaiyazur Rahman: I am happy to share with you that our company UTI Retirement Solutions, which manages the fund of PFRDA, has been recently recognized as Best Fund Manager in our country by Asia Asset Management. PFRDA has floated an RFP and if my memory goes right 22nd of January was the last date of filing the RFP. We have submitted our RFP and it may not be appropriate for me to disclose the rate which we have quoted but technically we are very sound, our performance is amongst the top two most of the time and it is going to be a very profitable business for us. This company, as per the new RFP requirement, needs to have a capital adequacy of INR 50 crores. The current net worth of the company is INR 42 crores and therefore UTI AMC board last night has approved the proposal to infuse further capital so that this company meets the capital adequacy requirement. Their shares will be issued or will be subscribed by the parent company UTI AMC. It looks like it is going to be a highly profitable business for us. As you know we are in this business since 2007, we have established a great track record and that will help us in making a reasonable amount of profit going forward. So far as NJ is concerned, we have relationships across the country with NJ. Last week there was a session between Vetri our Head of Equity and Aman with their team. Our team is continuously engaged with them to organize the training program or the engagement program across the length and breadth of the country and our products are on their platform. We believe that our active engagement with them, our performance, our track record, our brand will help them also to sell our product and will help us to get a better market share from NJ. Hope I answered both the questions

Prayesh Jain: Would like to have more detail into the PFRDA scheme, will we need to incur the incremental cost within that new range?

Imtaiyazur Rahman: Not much, we may have to hire couple of more people. We already have the team in place and I am the Chairman of that particular company. We may have to hire one of two people. Otherwise the infrastructure is well in place. We may have to hire one or two fund managers and research analyst to make the company completely independent. Otherwise there will not be much cost.

Moderator: The next question is from Aditya Jain from Citigroup.

Aditya Jain: The AUM breakup that you gave, the QAAUM breakup. If you could also give us the breakup into equity and hybrid separately for this year and the last year?

Vinay Lakhotia: Equity and Hybrid fund for the current quarter is INR 64,940 crores as compared to INR 61,043 crores for the previous quarter ended December 2019.

Imtaiyazur Rahman: How much is equity and how much the hybrid?

Vinay Lakhotiya: We can share that offline with you.

Aditya Jain: On the cost, if I am getting it correctly the consolidated employee expense excluding ESOP have increased from INR 73 crores to INR 91 crores QoQ. That's a substantial increase, even other than ESOP could you help to understand what all is contributing to this?

Surojit Saha: Aditya, if you see the nine month period the consolidated employee cost has increased from INR 230 crores to INR 305 crores, that's an increase of INR 75 crores. The increase is mainly on account of INR 25 crores in respect of amortization of the ESOP costs and INR 12 crores in respect of the non-managerial settlement, which we did in March 2020 and INR 23 crores is on account of higher provisioning with respect to a variable pay, which we think as an investment on the employees in respect of a good performance as well as motivating them for future performance. The INR 10 crores are in respect of increase in the managerial salary and increase in the actuarial cost. If you see there was a fall in the interest rate, for last September it was 6.25% while this time actuarial was done on 6%. So there was an increase in actuarial also. These together become INR 75 crores which the difference amount.

Imtaiyazur Rahman: It also includes the international cost, other subsidiary cost.

Vinay Lakhotiya: Aditya, I can give you the break up for December quarter, equity is INR 43,677 crores and hybrid is INR 21,263 crores. This is a QAAUM for December2020.

Aditya Jain: On the ESOP part, you said INR 25 crores is for 9MFY21 is it, not for Q3 alone?

Surojit Saha: Yes, for the whole year it should be around INR 30 crores.

Imtaiyazur Rahman: INR 25 crores for the nine months.

Surojit Saha: Yes it's for the nine months, because it goes according to the date, it's not a proportionate type of figure.

Aditya Jain: That bulk of the QoQ increase in cost is due to the variable pay provision, is that?

Surojit Saha: Yes exactly.

Imtaiyazur Rahman: It is an estimate. I don't know how much will it be. It all depends upon the year end.

Moderator: The next question is from Hiten Jain from Invesco.

Hiten Jain: Just taking that question further. So earlier you said that, the ESOP cost total is INR 58 crores and that is distributed across three years which means that INR 30 crores in FY21 and the remaining will be distributed across two years. Is that the right understanding?

Surojit Saha: Yes, total is INR 58 crores. We launched it on 16th December, 2019, so for the March 2020 financials we already had INR 10.5 crores, this year it will be around INR 30 crores. Hence the balance amount for FY '2021-2022 will be around INR 13 crores while the balance INR 4 crores will come in the next year. It will be spread over four years, i.e. vesting period.

Hiten Jain: Another clarification on this VRS scheme, I think sir said that you will take a call on that in April right, in the board meeting? Is that the right understanding?

Imtaiyazur Rahman: Yes

Hiten Jain: Last question from my side, can you speak about your offshore business? Earlier you had some partnerships with Bank based in Japan where you branded with them, so what is the strategy around the offshore business at this point in time?

Imtaiyazur Rahman: We have a very strong relationship and I hope that the relationship will remain very strong with the Shinsei Bank of Japan. We have offices in Dubai, London as well as in Singapore. We are distributing our product and our product is now available in 34 countries across the length and breadth of the globe. The team is fully motivated, charged and committed to expand our reach across the globe. Our fund performance is terrific, whether it is the Shinsei India Fund or our ESG fund or our equity funds, great performance and on the back of great performance and a very good team which we have in Singapore and London, I am sure that it will help us in mobilizing more and more business. On account of Brexit, we are having a strategy meet and discussions. We may have to open some office in any of the European countries. We are still deliberating on this. I don't have a concrete plan at this particular point of time but we may open an office in any of the European countries to ensure that, Brexit does not affect us. We'll continue to have our office in London this I can assure you, but where we will go, which country, I'm not sure about it at this particular point of time. It's under discussion, but we will take this call within 30 days as to which other country we will have one more office.

Hiten Jain: What is the offshore AUM as on the last quarter?

Surojit Saha: It's INR 21,700 crores.

Moderator: The next question is from the line of Sahej Mittal form HDFC Securities.

Sahej Mittal: I just want to check what is the amount of GST and other income? What's the component? Can you help me with the third quarter or nine month figure?.

Surojit Saha: It is around INR 4 crores is for the December 2020 and in the last financial year, it was around INR 6 crores. For nine months ended December 2020 it is INR 21 crores and for both the nine months ended December 2019, it is around INR 22 crores.

Moderator: Thank you, ladies and gentlemen. Due to time constraints. that was the last question for today. I would now like to hand the conference over to Imtaiyazur Rahman for closing comments.

Imtaiyazur Rahman: Thank you so much for attending this conference call despite Saturday being the weekend and also the budget is coming. I would like to assure you, me and my team is fully committed towards enhancing the investors' value, the stakeholder value and employees value. I, the chief of UTI AMC take the full responsibility to work hard and ensure that my team works hard to create value for our stakeholders. Thank you very much. I need your support to take UTI to its right place. Thank you very much once again, stay safe and stay healthy. Thank you.

Moderator: Thank you. On behalf of UTI Asset Management Company Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.