Ref. No.: UTI/AMC/CS/SE/2022-23/0255 **Date:** 28th October, 2022

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 for the quarter and half year ended 30th September, 2022

Dear Sir / Madam,

Pursuant to Regulation 30 read with Schedule III Part A Para A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are forwarding herewith the transcript of the earnings conference call held on Friday, the 21st October, 2022 on financial performance of the Company for the quarter and half year ended 30th September, 2022.

The transcript of the aforesaid earnings conference call is also available 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 website.

Thanking you,

For **UTI Asset Management Company Limited**

Arvind Bhagwan Das Patkar

Digitally signed by Arvind Bhagwan Das Patkar
Date: 2022.10.28 17:29:03 +05'30'

Arvind Patkar
Company Secretary & Compliance Officer

Encl.: As above

UTI Asset Management Company Limited
Q2 FY23 Earnings Conference Call
October 21, 2022

Moderator: Ladies and gentlemen, good day and welcome to UTI Asset Management Company Limited Q2 and H1 FY23 Earnings Conference Call. From the management, we have with us Mr. Imtaiyazur Rahman – Managing Director and CEO, 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 this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. Before we begin, I would like to mention that some of the statements made in today's discussion may be forward looking in nature and may involve risks and uncertainties. Please note the disclaimer mentioning these risks and uncertainties are on the disclaimer slide of the investor presentation that has been shared earlier. I now hand the conference over to Mr. Imtaiyazur Rahman. Thank you and over to you Sir.

Imtaiyazur Rahman: Thank you very much. Good afternoon, everyone. I would like to thank all of you for joining this earning call for the second quarter and first half of the financial year 2022-2023. I am delighted to share with you another quarter of operational progress and financial growth for UTI Asset Management Company Limited. Friends, it has been a proud moment for all of us, when our country surpassed United Kingdom as a fifth largest economy in the world as per IMF**.** The latest change based on the quarterly GDP figures in current dollars for the full year ending December 2021 is an extraordinary achievement and highlights India's resurgence and emergence as a super power. To discuss, UTI AMCs quarterly performance, I have with me my distinguished colleagues, Mr. Surojit Saha, CFO of the company, Mr. Vinay Lakhotia, Head Operation of the company and Mr. Sandeep Samsi, Head Investor Relations of UTI AMC.

Let me share with you about the global and Indian economy. I would like to touch upon the situation and the growth trajectory globally and for the Indian economy. As we all might be aware, the global economy is going through a difficult phase with the Central Banks raising the interest rates to tackle record high inflation. The inflationary environment in all markets, escalating geopolitical tensions, and energy crisis in Europe are affecting global growth with various rating agencies even forecasting a stagflation risk.

Back home the inflation scenario has pushed the Reserve Bank of India to raise interest rates back to pre-COVID levels. The repo rate now stands at 5.9%. However, the situation does not seem to be gloomy as India continues to emerge as an outlier as per the financial markets experts. So far as the Indian equity market is concerned, during the second quarter, the Indian equity market recovered from the correction which was witnessed in the last quarter. The benchmark indices closed, up by around 8.3% each, the Sensex closing at 57,427 point and NSE ending at 17,094.

Indian Mutual Fund Industry: With the second quarter witnessing inflows and market recovering from the low in June the quarterly average AUM of the Mutual Fund Industry as on September 30th, 2022 grew from Rs. 37.7 lakh crore as on 30th June 2022 to Rs. 39.1 lakh crore up by 3.5%.

The number of folios rose from 13.47 crore as on 30th June 2022 to 13.81 crore as on 30th September 2022, up by around 2.5%.

Now, I hand over to Mr. Sandeep Samsi, Head Investor Relations who will update you with UTI MF performance.

Sandeep Samsi: Thank you sir. I will start with UTI Mutual Fund's performance. Following the rally seen in the equity market during the quarter, UTI Mutual Fund saw AUM growth for the second consecutive quarter. For this quarter, UTI Mutual Fund quarterly average AUM as of 30th September 2022, stood at Rs. 2,33,595 crore up by 11.8% year-on-year. As of 30th September 2022, our market share stood at 5.98% as compared to 5.94% for the quarter ended June 2022 and 5.83% for the quarter ended March 2022. On closing AUM basis, our market share has increased by 15 basis points to 6.04% as on 30th September 2022 from 5.89% as on 30th June 2022. Our equity quarterly average AUM market share is 4.99% for the July to September 2022 quarter.

Our equity quarterly average AUM for the quarter ended September 2022, stood at Rs. 71,717 crore rising by 13.5% as compared to the quarter ended September 2021. The quarterly average AUM for Index and ETF funds recorded a year-on-year growth of 36.6% to Rs. 72,465 crore for the second quarter. Net sales for UTI Mutual Fund for the Quarter Two FY23 stood at Rs. 6,612 crore while the overall industry saw inflows of Rs. 47,278 crore. UTI Mutual Fund contributed 14% to the industry's net sales during the June to September quarter. While for the gross sales, UTI was able to capture market share of 8.2% of the industry.

The total assets under management for UTI Group registered a growth of about 14.5% over the corresponding quarter of previous year and stood at Rs. 14.45 lakh crore as on 30th September 2022 as against Rs. 12.63 lakh crore as on 30th September 2021. During the quarter under review the number of live folios were at 1.21 crore as on 30th September 2022 from 1.20 crore as on 30th June 2022. During the quarter, our number of SIP accounts rose by 5% taking the total number of live folios to 23.8 lakh as of September 2022. The new SIPs registered during the quarter were 2.58 lakh. Our SIP AUM witnessed a growth of 18.26% over the corresponding quarter of last year, reaching to Rs. 20,565 crore as of 30th September 2022 from 17,389 crores as of September 2021. The SIP inflow for the quarter stood at Rs. 1,589 crore rising by 2.53% over the first quarter of the current financial year. The SIP gross inflows witnessed a year-on-year growth of 32.9% as against the industry growth of 26.52%. The average ticket size being at Rs.3,289 for September 2022. 22.8% of a monthly average AUM for September 2022 came from B30 cities while the industry stood at 16.9% in terms of the B30 monthly average AUM. 108 out of our 166 UFCs are in the B30 cities. Our Weighted average AMC yield stood at 38 bps for the quarter.

UTI AMC Financials: During the second quarter, the company posted a consolidated net profit of Rs. 201 crore as against Rs. 199 crore during the corresponding period in the last year, reflecting a growth of 1% year-on-year and growth of 114% quarter-on-quarter as against Rs. 94 crore in the last quarter. The consolidated core net profit for this quarter stood at Rs. 85 crore. For the first half of the Financial Year ’23, the consolidated core net profit stood at Rs. 189 crore up by 12% year-on-year as against Rs. 168 crore in the corresponding period during the last year. The operating profit margin as a percentage of AUM for Quarter Two of FY23 was 16 bps. There is a growth in the core profitability of the UTI Group.

For **UTI AMC Limited** standalone, the net profit for UTI AMC Limited for the quarter stood at Rs. 119 crore reflecting a slight decline of 1% year-on-year from Rs. 120 crore in Quarter Two of last year and a growth of 17% quarter-on-quarter from Rs. 102 crore in Quarter One of this financial year. The core net profit for the UTI AMC Limited stood at Rs. 69 crore, whereas the core income is at Rs. 235 crore in Quarter Two FY23, growth of 2% from Quarter Two of last financial year that is Rs. 230 crore and 0.4% quarter-on-quarter for the first quarter FY ‘23, which is Rs. 234 crore.

For **UTI Retirement Solution Limited** the AUM of UTI Retirement Solution has increased by 16.5% on closing basis to Rs. 2,17,515 crore from Rs. 1,86,717 crore in Quarter Two of FY ‘22. PAT for UTI RSL is at Rs. 11.9 crore, an increase of 3.5% compared to the corresponding quarter of the last year.

UTI International: UTI International has an AUM of Rs. 25,105 crore as of 30th September 2022. The management fees of UTI International is at Rs. 33 crore an increase of 13.8% year-on-year from Rs. 29 crore in Quarter Two of last financial year. One of our flagship fund, the India Dynamic Equity Funds domiciled in Ireland has an AUM of USD 1,140 million. J Safra Sarasin Responsible India Fund, an ESG Compliant India Fund has an AUM of USD 89 million. UTI India Innovation Fund, which was launched in the first quarter of this financial year has an AUM of USD 18 million.

UTI of Capital Private Limited: UTI Capital has an AUM of Rs. 1,509 crore as on 30th September 2022. UTI Capital has made a net loss of Rs. 1.2 crore in the Quarter Two of FY ‘23.

UTI Structured Debt Opportunities Fund called as SDOF I has an AUM of Rs. 239 crore and is currently in exit mode. UTI SDOF II with an AUM of Rs. 507 crore is currently raising funds and investing. It has a well-designed ESG strategy. UTI Multi Opportunity Fund I launched in March 22 is currently in investing stage and has an AUM of Rs. 763 crore.

Employee Cost of the Group: Employee Cost of the Group in Quarter Two of the financial year was Rs. 103 crore witnessing an increase of 3% year-on-year as against an amount of Rs. 100 crore in the Quarter Two of last financial year.

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

Imtaiyazur Rahman: Thank you Sandeep for sharing operational and financial highlights. I would like to emphasize, that our continued focus on growing high yield assets and fortify our commitment to our people, process and performance, which has been the backbone of operation since long. As we enter the festive season this weekend, I wish you, your family and fellow citizens a very Happy Diwali and good health. With this I would like to open the forum for Q&A and thank you for joining this call today. Thank you.

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

The first question is from the line of Sahej Mittal from HDFC Securities. Please go ahead.

Sahej Mittal: Sir, couple of questions from my side. Sir, firstly if you talk about the operating expenses, the operating expenses are shot up quite materially 2Q sequentially. So, what has caused such a sharp rise, because this becomes quite volatile and continues to become a drag on the margins, on the EBITDA margins, so if you could throw some color on this. Secondly is on the employee expenses. So where are we in terms of our journey to moderate our expenses. So, can we expect 100 crore quarterly run rate for the second half and how should we look at because FY24 for employees expenses if you could give us some outlook out there. And thirdly was on the international business. So, even the international business the yields have improved quite materially. So, what has resulted in such an improvement.

Surojit Saha: In respect of the other expenses. Other expenses we would like to tell that some of the expenses for which the figure of 15 crore has increased for Q2 FY23 is firstly 3.5 crore is in respect of the fund management fees of UTI International. UTI International has seen substantial growth in respect of revenue from Rs. 55 to 65 crore. So, accordingly as you know in respect of the international business the trail fees is being paid by the company and not by the schemes. And then Rs. 3 crore is in respect of the membership and subscription fees which we have to pay for the Asia Index Funds that is all BSE, Bombay Stock Exchange related funds we have and also the National Stock Exchange, because if you see the passive fund which has increased by almost Rs. 20,000 crore from Rs. 52,000 crore to Rs. 72,000 crore on a year-on-year basis. And lastly, we have done some investments in respect of our various IT initiatives that is website development and mobile application app in respect of which we have certain expenses, which though it's a CAPEX nature, but we have charged off and its benefits will be over a period. These are all customer facing initiatives, we have taken, and on those initiatives also we have to do some agile quality management studies which also have some expenditure. The other routine expenditures in respect of PFRDA fees, traveling and expenses, because of the normalization of the business activities, which has led to higher travel cost and cost related to the different initiatives. So, we feel around four to five crore is a one-time expenses which has happened in this quarter. So, our run rate, which I told in the last quarter will be around Rs. 50 crore, if you remember, I feel it should be around Rs. 54-55 crore.

And in respect of the employee cost, I feel the run rate per quarter will be around, last quarter it was 101, this quarter it is Rs. 103 crore and we feel it will be in this range only.

Sahej Mittal: And for FY24?

Surojit Saha: Employee cost for Q1 FY23 was around Rs. 101 crore and this quarter it is around Rs. 103 crore. So, we expect the run rate to be in this range only.

Sahej Mittal: Even in FY24?

Surojit Saha: Yes, next year also. Next year we feel there should be a little reduction because of the other retirement and all which is in the pipeline. And in respect of the international business, while year to date FIs outflows from India have been around $22 billion, but our offshore funds have witnessed marginally positive inflows over this period. We have launched the innovation fund a few months back which seeks to invest in the technology led business across different sectors in India. The endeavor will be to create a strong track record so that we can distribute this fund at a much wider scale. Apart from that we have plans to strengthen the retail distribution in the Middle East, increase coverage of South Asian Institutional segments from Indian equity. In Europe, we are trying to build an interest in our G-SEC ETF, given the likely inclusion of India in the global fixed income indices. Also exploring our options in the US for the Indian equity funds. Definitely, while you have seen the yield has increased because if you see against September 21, our AUM was Rs. 34,536 crore and there is a redemption of our low yielded AUM which is UTI Phoenix Fund and UTI Chronos Fund which is around Rs. 10,000 crore, but we have garnered AUM in UTI India Dynamic Equity Fund around Rs. 1,300 crore and other equity funds around Rs. 700 crore and because of which our yield has improved in the international market. Thank you.

Sahej Mittal: Got it. And on this task one just one follow up, so for FY24 on the staff expenses, in absolute terms are we saying that we will see a similar run rate 100 crore or are we seeing a downward trajectory of their in FY24 in absolute terms?

Surojit Saha: Yes, see there will be a downward trend because of the retirements are in the pipeline. But anyways, the normal increment and with respect to the business, the variable pay will play an important role, but the core employee cost will definitely be on the downtrend.

Sahej Mittal: The absolute employee cost will be on a downward trajectory. Okay, got it thanks for this.

Moderator: Thank you. The next question is from line of Lalit Deo from Equirus Securities. Please go ahead.

Lalit Deo: Sir. One question on the SIP side. In this quarter we have lost market share marginally. So, just wanted to understand how's the market share trending across channels in the SIP segments like in the Banking, Fintech etc. Could you share some light on that?

Sandeep Samsi: So, we are seeing improvement in our market share across categories for Fintech as well as for the other channels. I'm happy to inform you that for the Fintech channel, our market shares has improved. Now, our total SIP market share for the new SIPs has increased. For the Fintech has increased to 3% - 3.01%, some time back it was around 2% which is now improved to 3%. Similarly, for the bank it has gone up, now we are at around 1.51% that is the share of wallet of our AUM across the banks. So, we are seeing improvement across channels and as you know that the strength that we have with the other distributors apart from the banks and the Fintech is very strong.

Lalit Deo: Sure. And one more on the retirement side, like we have been highlighting in the last three quarters. We have been receiving inflows of about 33% but, again that thing is not getting reflected in the AUM markets share, there we are seeing a sequential decline. So, what could be the major reason for that?

Imtaiyazur Rahman: What is the question, can you come again with your question?

Lalit Deo: Yes, sir. So, we have been highlighting that our inflows in the RSL business are now at about 33%. But then, in terms of AUM market share that thing is on the declining trend and which has again declined in this quarter also.

Vinay Lakhotia: I'll answer that. One is the public sector, the inflow is around 33%, but in the private sector also so are you taking the combined exposure because of that it could be on a declining trend, but on the public sector we are receiving around 33% inflows.

Imtaiyazur Rahman: And so far as private sector is concerned as we had informed all of you, we hired the services of BCG last year, we have a business plan in place. We are in the process of putting a team. We have the POP license. We have reached out to the other regulators and accordingly we will be marketing very aggressively in the private sector as well. We are investing in building the team and infrastructure, we have hired quite a number of people and in next few quarters we will ensure that we witness growth in our market share in the private sector as well.

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

Viraj: Sir the International Business we are seeing the profitability going down on a sequential basis. What is the reason for this, is my first question. Second question in the NPS business the incremental AUM how much are we getting and what is our market share over there. And third question is the buyback, we spoke about buyback in earlier concall so what is our plan in the same?

Surojit Saha: Firstly in respect of the International Business, we have said that we are opening a new office at Paris. So, there is some restructuring going on in the international business. For that the cost has slightly increased, but it will be spread over long term basis. Definitely there will be a growth in the revenue as new schemes are being launched and the new equity inflows, which we are witnessing currently. So, we expect it to be a material contribution to the consolidated business.

Imtaiyazur Rahman: So, far as buyback is concerned, we are still exploring, but we need to mindful that when we do the buyback there are various other factors which we need to consider. And we are working in this direction, but I can't give any assurance so far as the buyback is concerned.

Viraj: The other question is relating to NPS business?

Vinay Lakhotia: NPS. What is the question regarding on the NPS side?

Viraj: So, incrementally how much AUM are we getting versus the other player our NPS?

Imtaiyazur Rahman: We are getting around 31% on regular basis as far PSU is concerned. And I've mentioned to you that we are building a team to aggressively market in the private sector.

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

Yash: One question on the ESOP expense for the stand alone business for the quarter. You can share the numbers?

Surojit Saha: This quarter it is Rs. 3.85 crore and I can give you the number for the subsequent quarters also it will be Rs. 7.25 crore and Rs. 5.70 crore.

Yash: So, that would be for third and fourth right?

Surojit Saha: Yes. So total this year it will be Rs. 21.52 crore.

Yash: Sure, thank you. And so the other was on the lines of the yield in domestic business crashed. So we understand that the ETF mix has increased and liquidity has dried in debt funds, but active equity mix is also increased sequentially so what is the equity crash so much on a sequential basis?

Vinay Lakhotia: As I said earlier the fresh growth is coming at a lower yield. So, that's why there's been a reduction of around two basis point as far as the equity yield is concerned. Also, this particular quarter, our inflows under the ETF and the liquid category has been at a much higher rate as compared to the industry. Because of that it has an impact on the overall yield number. But as the guidance that have been given in the earlier calls as well, as compared to the previous year yield of around 41 basis point, we do see a reduction of around two to three basis point of yield in the current financial year. And that guidance holds good for the remaining part of the financial year as well.

Yash: Okay, thank you. And so distribution mix for SIPs channel wise how has it changed during the quarter?

Sandeep Samsi: Yes, so Yash major part of the mix which is coming for the SIP is from the direct business and we see a large part being played by the Fintech. Apart from that the mix of SIP is very similar to the mix that we have given in our presentation on the overall equity mix. If you see my presentation, that is about 30% which is coming from direct.

Yash: Okay, thank you sir. And just if you can throw some light on the product pipeline if you have?

Sandeep Samsi: So, during this quarter which is the third quarter; we have plans to launch the Gold ETF Fund of Fund, which is live right now and will be closing shortly. Apart from that, we have a plan to launch our Fixed Term Income Fund, the Series 35 that we are planning to launch in the month of November. We have received the approval from the Regulators and that will be launched shortly. Apart from that, we have the approvals from the regulator for UTI Multicap Fund, and we are looking at an appropriate time to launch that and we have approval for another FTIF Series 35 - II and 35 - III, those dates have to be decided, but we have received the approval and it is at our end now to launch it at an appropriate time.

Vinay Lakhotia: So, mostly it will be on the fixed income and on the passive side of the equity business.

Yash: Sure, got it. And sir lastly was there any trail fee reversal for the international business this quarter?

Surojit Saha: No Nothing as such. There is a low yield in certain funds like Phoenix and Chronos which has said in my past answer, they have got redeemed, but it got replaced by a good equity content from IDEF and other equity funds. So, overall the revenue has improved.

Vinay Lakhotia: So, basically low yielding asset has actually redeemed and has been replenished by a high yielding asset because of that that there is a slight spike.

Moderator: Thank you. Next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Just a couple of questions. Firstly, out of our ETFs and index funds what is the share of EPFO money?

Vinay Lakhotia: EPFO should be close to around 75% to 80% of our total ETF business.

Prayesh Jain: Okay, and that's similar for the industry?

Vinay Lakhotia: Yes, because ourselves and SBI actually receive money from EPFO. We two are the biggest players, for the other AMCs I'm not really sure about that, but as far as EPF is concerned SBI and UTI only receive money under the ETF category.

Prayesh Jain: Okay. And secondly just extending that point on the yields front, we have seen your competitors have declared results had the benefit of share of rising share of equities benefiting them and yields has improved. Why is it that for us the things are different and the yields or the equity are declining, what generally for us?

Vinay Lakhotia: I am not very sure about what is happening on these things with competitors, what we can show that we have been receiving substantial inflows under the equity category over the last six to seven quarters and we see that trend continuing. As earlier explained, in the concall earlier also the yield on the fresh inflows is at a lower pace and plus there are other factors that the older AUM is also getting redeemed which has an overall impact on the equity yield. Plus, as I said earlier for this particular quarter, our overall liquid and ETF percentage of sales has actually improved substantially because of that there is a marginal impact as far as the yield numbers are concerned.

Prayesh Jain: Could you give some yields on each of the asset classes what are the current yields on particularly on equity who can explain as to what would be the yields on the new asset and what would be the yields on the back book?

Vinay Lakhotia: So, I can give you the stock AUM yield, the stock AUM for equity and hybrid fund is close to around 82-83 basis point, for ETF around 5, Income Fund will be close to around 30 basis point and liquid fund around 8-9 basis points. On the fresh inflows we don't provide any yield number because again it depends on which channel, which geography this particular business is coming. As stated earlier also the ratio of distribution with the distributor is close to, in the range of around 50% to 80%, 50% being with the lower end of the spectrum which is an IFAs and 75% to 80% with a bank and a national distributor. So, very difficult to give a single number as such but that the distribution mix ratios that we have been sharing in the past as well.

Prayesh Jain: Sir how is the sharing of the TER different between the individual distributor, national distributors and Banca?

Vinay Lakhotia: So, that I said 50% will be shared with individual financial distributors 50% to 60%, and this national distributor and Banca it could be in the range of around 75% to 80% of the total distributable expense ratio.

Prayesh Jain: Okay, got that. And last question on the ETFs do we have any plans on NIFTY side, which can give us better yield?

Vinay Lakhotia: Yes, we already launched sometime last year with the NIFTY Momentum Index Fund, which is actually a smart beta product. And most of the ETF launches in next due course of time, will be in that range, which you will provide some fillip to our yield number maybe Sandeep can share some of those ETF categories.

Sandeep Samsi: Yes, so, we have filed, we have yet to receive the approval. So, as you mentioned we have a long list of funds which we want to launch including some of the active - passive, which are the NIFTY 100 Enhanced ESG Index Fund and other funds which we want to launch. So, these are all filed however, we are yet to receive the approval.

Prayesh Jain: Okay. And on the debt side, do we see the yields going higher going ahead, now that the money should start moving towards longer duration from what you mentioned can it move by the end of this year towards more than 35 bps?

Vinay Lakhotia: It could happen, very well yes, because most of the product the demand should come longer duration products where the yield could be slightly better. So, yes, there could be some few basic point incremental management fee as far as the income fund is concerned.

Moderator: The next question is from the line of Krunal Shah from Enam Investment Services. Please go ahead.

Krunal Shah: I have two questions, first is in the half year we have a net CAPEX of around Rs. 29 crore in property, plant and equipment. So, could you elaborate on what was the nature of this CAPEX. And the second question is regarding the competitive intensity, if you could share some light on the competitive intensity the market in terms of the mutual funds.

Surojit Saha: It's regarding the CAPEX, it is in respect of the building we have done some initiatives as well as the IT initiatives which have been taken, these are the two major reasons why the CAPEX has improved.

Sandeep Samsi: Yes, and Krunal also on the competitive intensity the mutual fund industry remains competitive. We are as a long standing old player of the industry we have built our relations with our partners to the key mutual fund distributors or the banks, or even the new age partners like Fintech. We continue to work on our relationship; we don't take anything for granted. And we realize the fact that, as the competitors, as the market grows the competitive intensity will also grow. So, we have to always work on what we have and build on our strengths. So, that's what we look at, Krunal.

Krunal Shah: Okay. Just a follow up on the CAPEX part. So, how long do you think the 40-crore kind of annual run rate that we'll be doing, how long will that sustain, because inherently you don't require too much capital in this business?

Surojit Saha: No, this is all because of the last three, four years we have not done any CAPEX in respect of our IT initiatives. So, those are the mainly in respect of the Information Technology upgradation for the customer facing initiatives, which UTI is taking forward.

Krunal Shah: Okay. And on the building part what is the CAPEX if you can elaborate a bit?

Surojit Saha: Building we don't have already what is on the cards as of March 22 it is there. We are not taking any other building as a CAPEX.

Imtaiyazur Rahman: Renovation is going on and we have two and half floor more to renovate. It was a very old building and that needs a serious revamping of the infrastructure to provide employees a good place to work. And our goal is to be an employer of choice and therefore we need to provide a good work environment. We are in the process of renovating the entire building, we have completed renovations and new cafeteria which is worth seeing, we are renovating the other two and a half floors and there will be some costs for this financial year and as well as first half of the next financial year and there will not be any further capital investment in building. So, far as in IT infrastructure is concern as you know, it is the need of the day and we need to continuously invest in the IT infrastructure to stay competitive and make UTI a completely digital organization and that expenditure is not expenditure as it is the investment for future business. And that will help us to optimize the costs and enhance the profitability and productivity.

Moderator: Thank you. The next question is from the line of Bhagvesh from Premji Invest**.** Please go ahead.

Bhagvesh: So, I have three questions, the first one was on the tax provisions that you had mentioned substantially increase the percentage of PBT. So, can you give some color on how to estimate that going forward. The other thing can you elaborate on how the PMS income the dynamics how can we look at it going forward and what were the major components listing?

Surojit Saha: Yes, in respect of the effective tax rate for this particular one, you have to see the effective tax rate for the full financial year even in the last quarter if you see it was different for the full year it will be around 20 to 23 bps and this particular quarter it is more because as you know in the last quarter there was a 37 crore M2M loss and this financial year there is a gain. Because of the dividend we had to do a repurchase so there is a realized gain also which has come into the books and because of this the tax rate has increased. But for the full financial year it will be around 22 to 23 bps which we will be maintaining from March 21 as well as March 22.

Bhagvesh: Thanks, and on the PMS?

Surojit Saha: PMS fees as you know for the last 12 months year-on-year it's around 13 crores, so PMS fees is less than 1 bps as you all know and we have mentioned in all the earlier call, so it's a volume game once the AUM increases it will be contributing but it will not be very substantial contribution to the revenue.

Moderator: Next question is from the line of Amey from Metaverse Equity Fund. Please go ahead.

Amey: So, I would like to know your thoughts on impact of interest rate hike on fixed income side of the business in coming financial year, as well as this financial year.

Imtaiyazur Rahman: Interest rate hike, Head of fixed income is the right person to speak on this particular subject. And I have no comments to offer as a CEO of the organization. But as you know it is nearly coming to the settled down situation and there will be some small hike in inflation, but I'm not the right person to speak on this particular subject. If you need a note, we can send you the note separately and you can send your request to Sandeep and he will send you the appropriate reply.

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

Kunal Thanvi: So, I had two questions. One was on number of employees that got retired this quarter, and how many of them will get retired this year for the full financial year and of that, how much cost reduction we are expecting this year like we had mentioned some numbers last quarter, are we maintaining those numbers, that is question number one. Second, on the international business you said that we have invested some money this quarter in terms of opening of offices, etcetera which led to reduction in the operating profits. How should one look at for this whole financial year, like in the first quarter we did operating profit of around 15 crores and this quarter we did some 6 crore, like we'll be maintaining the 6 crore run rate or we will go back to the 15 crore run rate from the next quarter. These are two questions.

Imtaiyazur Rahman: On the question number two, we are not expecting any further expenses, so far as the Paris office opening is concerned, the expenses is done. And so far as your first question is concerned about how many people retiring, Surojit.

Surojit Saha: Yes, so for 22-23, around 60 people will be retiring and there will be a saving of around seven to eight crore. And this was the figure we have mentioned earlier also and for 23-24 It will be around 50 people and the saving will be around eight crore.

Kunal Thanvi: Sure, and one more question on hybrid side, back like two, three quarters back you have said that we don't have a product on the hybrid category as such, because we had some ULIP product and we were trying to solve the issue with SEBI, any update on that?

Imtaiyazur Rahman: We have taken up the matter with SEBI and work is in progress. And we are also planning to work to file and seek the approval of the Board and the trustees and plan for BAF. But it is a work in progress and I can't give any forward looking statement about the timeline.

Kunal Thanvi: Sure, got it. Just last one if I can squeeze in it was on one of the comments you had mentioned about hiring new employees for other initiatives, like in terms of what we understand is in last two years we have hired people across the teams, we have strengthened our team where we are in that journey because what has happened is at one side we have been reducing employees and other side we are hiring more people to strengthen the team and hence the cost benefit is not reflected in the financial. Now in terms of strengthening the team where we are in journey across department functions.

Imtaiyazur Rahman: Good question. The various departments let me give you the first of all investment, in investment we don't need any further addition of the manpower and we are sufficient number of professionals to take the company forward. In the sales and distribution, at the senior level we don't need any further hiring. But at a junior level at relationship managers as you know their attrition is also very high. But we will continue to expand. We are seriously working to rationalize our branch office costs and that process will continue. We don't have any plan to hire the employees in any other functions. In so far as operation is concerned or HR is concerned. We are whatever the, whoever is retired from the non-managerial staff we are not rehiring folks, we are only hiring for the managerial staff. And the subsidiary side, we are building the competencies in UTI Capital. We have the team and we will have some more folks as associates in UTI Capital. UTI International as Surojit mentioned to you that we have launched our USA strategy; we will be building the team in US. We will be expanding our network and our team in Middle East. So, we may have witness some hires, those investment will yield very significant results in the years to come. And the corporate office there will be a continuous reduction so far as the manpower is concerned. To summarize the Class three, Class four and non-managerial staff whoever is retiring there is no substitution, it is going once for all. So, far as the investment is concerned, generally there is replacement and no further addition. Sales we need to build A class distribution team and wherever is required at junior level we will hire the folks.

Kunal Thanvi: Sure, got it. So, in terms of our absolute cost structure when you look at both employee and non-employees, how should one look at it like, is there any possibility that we'll see absolute cost reduction or it will be stable the way it is because in the past, we had also indicated that the employee cost could reduce on absolute basis. But now commentary, it seems like that it will be there where it is that is 100 crore run rate. Any thoughts on absolute reduction, of cost over next two years would be helpful.

Imtaiyazur Rahman: Very good question. You need to see the cost in a different way, you need to see how much is the ESOP cost. If you take out the ESOP cost then there is a downward trend. Throughout, there's a downward trend and this trend will continue and therefore, Surojit can give you the information. One is the employee cost and the ESOP cost. So, if you see separately, it will give you segmentation of the employee cost you will find the downward trend, but ESOP cost as you know it is not the cash cost it is as the book entry and we need to continue to issue the ESOP to our team to ensure that we are in a position to retain the talented people particularly the investment. Our ESOP policy indicates 100% our investment team will get ESOP so this is important and your question is very relevant, we had given the guidance and we are committed to take the employee cost on the downward trend. Detailed information Surojit can give you separately, breakup. Surojit, you have the information ready or you want to give separately?

Surojit Saha: If you see June 22 our actual employee cost, core employee cost was around 75-76 crore it has come down to 73 crore in quarter ended September 22. And only the variable cost will depend obviously on the business we garner and how our sales team and the investment team perform, but the core employee cost will show a downward trend in future.

Moderator: Thank you. Participants we will take the last question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Sorry to labor on this employee cost again, you mentioned that of the next couple of years this year and next year included you will have around 110 kind of employees retiring and that will lead to a saving of 16 crore right?

Imtaiyazur Rahman: No, the saving will be more than that, but you also need to give increase in salary to the employees every year. So, this is a net effect. Even after giving them salary increase we are saving the money, so you need to see that from that particular angle as an employee all of us are entitled for the salary increase. And in such a competitive market where the skilled staff are in the scarcity. We need to give a salary increase on a year-on-year but still we are seeing a downward trend.

Prayesh Jain: The 15 crores savings will be net of increment given, variable different.

Management: That's correct.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to Mr. Imtaiyazur Rahman for closing comments.

Imtaiyazur Rahman: I would like to extend my deep gratitude and thanks to all the participants for participating at this particular point of time despite your busy schedule. I know a lot of calls are there. Thank you for participating. I would like to thank all our partners, my colleagues, and everyone for actively participating to take UTI to the new high. I now once again extend my deepest greeting on a personal behalf, on behalf of UTI to our partners, to all the participants here. And to the entire country men and women for the Happy Diwali and festive week ahead. Thank you so much and good luck, stay safe, stay healthy.

Surojit Saha: Thank you.

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