ABSLAMCL/PS/90/22-23 November 2, 2022

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street Mumbai-400 001
Scrip Code: 543374

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block,
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Scrip Code: ABSLAMC

Dear Sir/Ma'am,

Sub: Transcript of the Analyst/Investor Conference call on Unaudited Financial Results for the quarter and half year ended September 30, 2022

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Analyst/Investor Conference call on Unaudited Financial Result for the quarter ended and half year ended September 30, 2022, held on October 28, 2022. The above information will also be available on the website of Company at https://mutualfund.adityabirlacapital.com.

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

Thanking you.

Yours faithfully,

For Aditya Birla Sun Life AMC Limited
HEMANTI GOBINDRAM WADHWA
Digitally signed by HEMANTI GOBINDRAM WADHWA
Date: 2022.11.02 16:59:39 +05'30'
Hemanti Wadhwa
Company Secretary & Compliance Officer
FCS No. 6477

Encl: As above

Aditya Birla Sun Life AMC Ltd
Q2 & H1 FY23 Earnings Conference Call

October 28, 2022

MANAGEMENT:	**MR. A. BALASUBRAMANIAN – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER** **MR. PARAG JOGLEKAR – CHIEF FINANCIAL OFFICER** **MR. PRAKASH BHOGALE – HEAD, INVESTOR RELATIONS**

Moderator: Good day ladies and gentlemen, and welcome to the Q2 and H1 FY23 earnings conference call of Aditya Birla Sun Life Asset Management hosted by InCred Equities. As a reminder, all participant lines will be in 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. Jignesh Shial from InCred Equities. Thank you and over to you Sir!

Jignesh Shial: Hi everyone. Good evening and on behalf of InCred Equities, I thank you all for the participation. We have along with us Mr. A Balasubramanian, Managing Director, and CEO of Aditya Birla Sunlife Asset Management. Over to you Sir for the opening remarks and you can go ahead! Thank you.

A. Balasubramanian: Thank you Jignesh and thanks for the introduction. I am joined by our CFO, Mr. Parag Joglekar and Prakash Bhogale who is incharge of the Investor Relations. Good evening to everyone for today's investors' call. I hope you all had the opportunity to go through the earnings presentation which is available on the stock exchange and our website. Let me first begin by wishing you all a Happy Diwali and a prosperous New Year. Let me also start the update on the economy and mutual fund industry first and then I will give you a briefing about our Aditya Birla Sunlife AMC performance for the quarter ending September 30, 2022.

Indian economy has been on a steady recovery path with an expected growth between 6.5% to 7% for FY23. This is mainly on account of the timely policy measures taken by the government of India and the Reserve Bank of India. We have been managing to deliver little better performance compared to the global market which is going through a lot of uncertainty. CPI inflation remains at an elevated level above the RBI target of 4 plus 2% in terms of expectations, as a result of that RBI may continue to remain hawkish for the near future in terms of policy rates. Policies given by the policymakers, in my own belief, will continue to remain strong force for India's growth to come back. The current uncertainty on the global market continues, global economic activity is cooling off with a number of growth forecast downgrades. Inflation remains elevated despite improving supply chain and the central bank continued to front-load their tightening cycles by delivering outsized rate hikes. The more synchronized monetary tightening indicates will weigh on growth further. As I speak many policymakers will come with more policy rate hikes. Developed economy rate hikes have made emerging market equities less preferable. FIIs has been net sellers which again is known to all of us but with increased retail and institutional participation Indian stock market has remained buoyant. Higher interest rates have brought back investors' attention to the bond market on account of higher yields that give opportunities being generated for investors for our fixed-income product. The next few weeks will be filled with long Indian festive seasons where domestic spending will be higher this will result in higher earnings expectations with limited downside to earnings during the second half of FY2023. Hence the equity market, in our own belief, it will continue to remain strong and buoyancy will continue on the expectation of earnings recovery.

With respect to the mutual fund industry during the quarter, quarterly average assets under management for the Indian mutual fund industry touched ₹39.04 lakh Crores as on September 30, 2022, as against ₹37.72 lakh Crores as on June 30, 2022, and grew by 8% from ₹36.19 lakh Crores as on September 30, 2021. In Q2 FY23, the mutual fund industry witnessed some fall in inflows across various equity schemes on a quarter-on-quarter basis. A significant proportion of inflows came from the Flexi cap fund, mid-cap and small-cap fund, and sectoral fund, and same time retail average assets under management increased on account of higher MAAUM from both T30 and B30 cities during this period. As on September 30, 2022, the total number of mutual fund investors stood at ₹14 Crores versus ₹11.32 Crores on September 30, 2021, an increase of 24% on a year-on-year basis. Continuous awareness initiatives are being undertaken by the whole industry on SIPs. We have seen improved monthly SIP contributions. The overall monthly SIP book was the highest ever ₹12,976 Crores on September 30, 2022. The new SIP registrations have increased marginally as compared to last quarter. The total number of SIP now accounts for about ₹ 5.84 Crores account. The industry witnessed net equity sales of ₹14500 Crores excluding index funds in Q2 FY2023. However, there was a reduction in the net inflows as compared to the previous quarter where the net inflows are around ₹59,000 Crores. SEBI's relaxation on the NFOs embargo in Q2FY23 has resulted in NFO sales of around ₹17,800 Crores of which around ₹10,500 Crores was in equity. The retail investor concentration industry continues to remain in excess of 55% at the same time overall reduction in fixed income assets is leading to higher dominance of individual mix to the overall industry AUM.

Coming to the ABSLAMC performance, ABSLAMC has been of course a market leader and continues to remain so, working towards financial inclusion, deepening of financial market, and development of the mutual fund industry as the industry's thought leader. We are well positioned due to our strong parentage and brand and multi-diverse distribution network and experienced investment, and management team. In order to remain future-ready and ensure the best of our customers and shareholders, our area of focus has been delivering sustained investment performance and portfolio differentiation is something we keep emphasizing given the fact that strong investment performance will lead to incremental sales coming in the future that remains one of our pillars and remains one of the high focus areas. Building retail franchisee as we have done in the past increasing the geographical footprint, strengthening the multi-channel distribution network, and third growing our passive and alternate assets having created a separate team of people, building the size to the next level remains one of the key area focus and fourth is leveraging digital platforms for customer acquisition by having our product on board on the base of the performance as well as engagement that we have to create and create a customer experience in the digital platform and finally driving a strong global risk management practices, especially at the time where regulatory frameworks are becoming more and more tighter and therefore increase the governance framework and risk management practices remains the fifth key area of focus for us in building our AMC to the next level. We at ABSLAMC are focused on growing our overall assets under management across different asset categories and our total quarterly average AUM for the quarter ending September 30, 2022, stood at ₹2.94 lakh Crores, our total mutual fund quarterly average AUM was about ₹2.83 lakh Crores with a market share about 8.2% ex-ETF. Our equity AUM for September 2022 quarter was about ₹1.19 lakh Crores. Our equity mix is at an all-time high of about 42.1% of the overall assets under management that we have today. As stated, customer acquisitions remain an integral part of our strategy. While we have added significant folios in the last number of years to touch 8.1 million folios. In fact, in the last quarter we added about 2 lakh folios in the Q2 FY2023, with that we have an overall folio count of about 8.1 million folio count that we have. Our short-term equity performance which has, of course, gone through its own challenges for a brief period in fact has been now showing an improvement across all categories. As a result of that, we started seeing some inflows in our mid-cap fund and small-cap fund as well as multi-cap fund. We have seen some positive inflows during the quarter driven by the improved performance and the push that has been given as some of the focused products as the industry also has seen some inflows in this category. We are constantly working towards leveraging the bouquet of existing products while launching new products to build size and scale and increase the product per customer. We have been growing our retail franchise over the last few years with a special focus on increasing our footprint in the B30 market therefore we can improve the market share in the B30 market beyond what we currently have. Building SIP book size we always have a great track record of having a higher market share in SIP that continues to remain a big focus area in order to build in the sticky assets and create long-term value for the investors. We are also creating awareness about multi-SIP features that ease the process of investing in multiple schemes as well as promoting **"Har Ghar"** kind of SIPs in order to grow our SIP book. As a result of these efforts, we have seen a significant improvement in the current quarter to our overall SIP book outstanding to about ₹931 Crores as against ₹867 Crores as of September 2021. We also added about 2.6 lakh new SIP registration during the quarter. Currently, we have about 33 lakh SIP live accounts with us which again is the highest-ever SIP account that we have today as an AMC. Last quarter in order to increase our brand building as well as create awareness about the mutual fund industry and way of investing and constructing a portfolio we launched the "Pro Portfolio" investor education initiative, which focused on the need to diversify investments across and within the asset class for wealth creation across market cycles. We believe in **"Mutual fund Sahi Hai, par Ek Kaafi Nahi Hai"** so that is the model in which we are building it in order to encourage more scale to be brought within the equity portfolios in order to have a presence across different market cap from the portfolio longer term wealth creation point of view. Our multi-channel market initiatives deepen our presence and our market share has yielded a positive result. The virtual relationship manager model which was instituted about few years back has activated over 1,600 distributors and through our "Sampark" again another initiative that we have been undertaking for onboarding new distributors we empanelled 4,400 new distributors we added during the quarter. Customer loyalty, deeper engagement, and service differentiation remains the cornerstone of our service-to-sales model which once again we have created a separate 200 dedicated client personnel from the existing customer service team to take care of the service to sales requirement of the customers as a single point guiding and servicing investor’s needs. This in fact has now started giving a little higher mind recall which therefore should actually help in bringing in more participation with these customers as we move forward. With respect to the overall mix between retail and institutional customers, 50% of our asset contribution comes from retail investors as of September 2022. In the same manner, the contribution from B30 cities also has grown to about 16.3%. Our focus on building retail both in the B30 and T30 market remain an integral part of our overall strategy.

On the digital front, we continue to collaborate with early-stage startups to remain ahead of the curve like what we did a few years back in PhonePe where we used to get a reasonably good market share of about 35% and enhanced our process efficiency working with them closely to improve our market share coming from the segment. We onboarded 75% of new customers digitally and currently, 82% of overall transactions are done digitally and 88% of the customers are now serviced via digital platforms. We also empanelled 92% of our new MFDs digitally in the first half of FY2023. Again, coming on the back of the emphasis that we are giving on how digital and technology capability that we are building can help in building the business for our overall AMC. With respect to building the alternate business, our passive product offering has gained momentum in the last two quarters which has grown by about six times compared to the last year about ₹16,922 Crores. Our existing passive bouquet has grown to over 28 products and we have around 10 products in the pipeline. The customer base in this category has also grown to around 4,53,000 folios. On the PMS and AIF front, we have launched a suite of products like India Equity Service Fund and Asset-Linked PMS which is gaining some traction. In fact, the alternate investment fund that we have launched as a service-oriented fund we have been doing roadshows across the country and hopefully, this should help in having the first big success in the AIF product under ABSLAMC in the last few years. Upon completion of the product of course we intend to launch a few more products in the AIF segment as part of our overall strategy to build AIF as well as build our future profitability. On the offshore front, we have not seen significant momentum. We have maintained of course an overall asset under management so we have been having some hopeful expectations that some of my existing clients will add to more contributions. The expectation has been there for quite some time given the fact that investor experience has been good but yet to see some kind of incremental money coming in from some of our existing customers in the offshore business. On the real estate front, I am happy to share that we have completed the second close of the Aditya Birla Real Estate Credit Opportunities Fund. In fact, upon completion of this in the next month or so we will take this product to the overseas market with BentallGreenOak to raise money from overseas investors and invest in the real estate market that is also something we will see some momentum coming in the current few quarters.

I will now move on to the financials for the quarter. Our focus continues to remain on achieving a robust asset mix between high-margin equity and debt asset. We would also like to reiterate that our equity mix is an all-time high of 42.1% for the last quarter. In Q2 FY23, our total revenue (that is revenue from operations and other income) stood at ₹387 Crores up by 42% on a quarter-on-quarter basis. Our profit after tax stood at ₹192 Crores up by 86% on quarter-on-quarter basis compared to last year. For H1 FY2023, our total revenue is at ₹661 Crores as compared to ₹708 Crores in the first half of FY2022. The profit after tax in the H1 FY2023 stood at ₹295 Crores as compared to ₹328 Crores in the H1 FY2022. With this, I will conclude my initial opening remark. I will open the floor for any questions that you may have. I will be joined by Mr. Parag Joglekar our CFO and Mr. Prakash Bhogale for taking any questions that may have to be answered by both of them. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line Swarnabh Mukherjee from B&K Securities. Please go ahead.

Swarnabh Mukherjee: Good afternoon Sir and thank you for the opportunity. Sir, I have three questions first one is on the yields so just wanted to know that slightly higher revenue yield for the quarter sequentially so was this a function of you able to push some increase in yields from the debt side, or is this purely because of a slightly higher mix of equity oriented schemes that is the first question?

Parag Joglekar: Good evening Swarnabh. The yields are a little bit higher compared to the earlier quarters is mainly due to the mix of assets on the equity slightly gone up compared to earlier quarters and debt also the mix in between various categories has slightly improved, it is more of a flattish yield on the debt side, not great increase but it is mainly on the equity which has seen slight improvement on the overall mix.

Swarnabh Mukherjee: Ok Sir. In the near future if yields remain at this level on the fixed income side and the interest rates go high up slightly would we be able to push in any kind of expense ratio increase in that segment?

Parag Joglekar: We have been continuously focusing as we mentioned earlier also on strengthening the overall size of our AUM plus improve the equity mix in the overall AUM plus on the debt side we are trying to build long-duration assets which will fetch us slightly higher yields on the debt side also. So that is the overall broader thought process that we have and I think so it will help us to strengthen the yield over the longer duration.

A. Balasubramanian: Just to add to that Swarnabh, in the fixed income space last two quarters we have been trying to build some momentum on fixed income though we have seen momentum coming in fixed income space to a target maturity fund which is akeen to FMP which does not give you big margin but definitely helps in building market share, at the same time if the likely further hike in interest rates and in all probability once we get a visibility that now we are more or less close to the peak, we have kept two products ready to be pushed among our retail and HNIs to build asset the way we used to have in the past as a dynamic bond fund or medium term plan. These are some of the products which are more mix of HNI and retail oriented products with the reasonably good expenses which can take into account interest of investors first and second of course good margin that will have both for ourselves and for the distribution channels that is something we have already kept in the plan already. The launch of the product of course we are yet to see the momentum given the fact that currently, the interest rate hike cycle continues.

Swarnabh Mukherjee: Ok Sir got it, that is very helpful. My second question is on the employee benefits expense side so I see a slighter sequentially higher trend in the employee expense this quarter and I also noticed that it is similar in the second quarter last year so is there a variable component here or what is the underlying reason for this and also if you could let me know what would be the ESOP cost for this quarter?

Parag Joglekar: Swarnabh the cost for employees has increased in this quarter mainly due to the increments which have happened during the current quarter which happens in July month for us so that is the main reason for an increase in the cost of the employee side and there were some couple of one-time expenses on staff welfare which we generally do in the second quarter of the year for the staff meetings. Compared to last year it is more or less similar or slightly lower because last year we launched the ESOP plan whereby in the first year generally you have larger expenses and structurally it keeps on dropping as the year passes so that is the slight reduction in the expenses on that account so that is why slight drop compared to the last September quarter to this September quarter.

Swarnabh Mukherjee: For the next two quarters take this ₹70 Crores as a run rate for employee expense?

Parag Joglekar: This should be flattish but as we may be beefing up the team on various alternate assets or any other strategy we may want to run, there may be slight increase if we beef up the team on those products.

A. Balasubramanian: Just to add that Swarnabh while we have been quite conscious about keeping the employee cost under control. As Parag explained there is a marginal increase again due to the increment that has been given plus any new recruit that comes at a little higher cost while that will be the case of course once the output starts coming in as part of productivity which has been one of our big area focus, therefore, the cost will come under check. While that is our endeavor of course we also know how to build the business to the next level we may want of course beef up the talent pool further, if at all we do that then it may probably see a marginal increase in cost at the same time I am only of the belief that as the individual productivity starts getting better that incremental cost may become a very small component of the overall incremental growth that we can expect.

Swarnabh Mukherjee: The last question from my side regarding the alternate assets the AUM has been hovering around ₹11,000 to ₹12,000 Crores mark for the last three quarters wanted to know from your side how to think about this number over the next couple of years and how can we think about also the yields coming from this segment. Thank you.

A. Balasubramanian: One as a need for building alternate business – one set up a separate vertical with few quarter backs which at the beginning of this year only we did that and now they have put things in place including the product, second is the new leadership team that we have beefed up to head our PMS who has got about 25 years of experience he came on board about the month of July. Since he has come on Board, we have launched our first AIF product which we are hopeful of closing this product first. Once it is done we can have a series of launch in line with what we believe as a team that we can offer to the HNI customers that is something we do have a plan, these are as far as AIF is concerned. As for the real estate concern after almost 10 years of break after launching the first product we never launched any product now we have seen the first success of the real estate product where we intend to take you to the next level and third which we believe that interest rates having gone to where we are today and we also believe that the corporate bond spread will widen therefore it will provide an opportunity to launch credit opportunity fund in the AIF space. There is also something we have now kept in place a product wherein we have taken approval and that will also be launched as part of the product offering exercise and lastly I would refer to the offshore as I mentioned has remained flat close to about ₹10,000 Crores size. We have not done incremental contribution coming, though the business itself fund its own it but has not been highly productive from the business growth point of view which we believe is a function of interest rate differential, the function of FII flows in the country, and function of leverage benefits that overseas investors will get invested in India. Once we see some change in that I think probably we will push through some success as far as offshore business is concerned, therefore bringing in some incremental profitability and lastly some of our existing customers offshore who have been adding to the profitability we have been making appraised given the fact that we have delivered our best performance for the last 15 years for these customers and they are supposed to give incremental money and hopefully we are able to get that without increasing additional cost that can add to the overall AUM growth as well as profitability. These are some of the expectations that we have kept and putting things in place to ensure at least we have a push that we are able to give for this asset class given the fact it can keep the cost under control and at the same time add to our overall profitability.

Swarnabh Mukherjee: Sure Sir very helpful just in terms of yields would this be more profitable than our equity segment or at a single level?

A. Balasubramanian: For alternate assets, the aim is to have higher profitability compared to the mutual fund I think that is what we would aim except the only difference that comes in AIF is you pay an upfront commission which again over a period of time it gets recovered. Thats the only difference that we are able to see between the mutual fund & AIF but that is the way AIF is also being sold otherwise our endeavor would be to have a higher contribution of margins coming from the AIF space.

Swarnabh Mukherjee: Sure, got it. Thank you so much. That is all from my side.

Moderator: Thank you. The next question is from the line of Prayesh Jain from Motilal Oswal Financial Services. Please go ahead.

Prayesh Jain: Good evening, everyone. Sir firstly now a much broader level question probably from an industry perspective more than particularly from the Aditya Birla AMC perspective so we have seen the industry going through a period where the core profit except other income has been very muted or declining in the last few quarters, this quarter possibly we have seen some uptick coming in because the yields have improved for most of the AMCs, but from a medium term perspective say two-to-three-year perspective do you think that the industry can actually report a strong profit growth mainly given the fact that yields will be under pressure going ahead or it will improve, or I understand most of them to have a lot of scale benefits but primarily from a yield perspective do you think that the profitability of the AMCs can see some improvement going ahead?

A. Balasubramanian: Thanks Prayesh for this question. The way I see like three to four years one as you rightly put it the scale benefits will continue to be one of the major contributor to the profitability it may not increase in margins it may actually increase in absolute profit that I think will remain. Second is in terms of profit contribution well of course in the equity side there has been quite discipline being maintained in terms of the payout ratio and so on and so forth that is something we are now seeing the discipline coming in. To the extent we can probably see a marginal improvement on the margin, not a significant improvement that could be expected given the facts they are all mostly streamlined in terms of payout ratio and so on and so forth and third which I see in the last three years, especially in the fixed income has been not a so great year given the fact interest rates were low, high margin products in the fixed income were also very low and we as a fund house have had a huge success in terms of increasing the contribution when the rates were high, yields were high, portfolio returns were high in order to get higher participation from investors as well as the margins coming in, in terms of incremental profit, which my own belief is in the next three years you will see some contribution coming in the fixed income product. While one can argue within the fixed income space the target maturity fund which is nothing but an index fund is also growing, therefore, the margin could be under pressure one can probably argue in that space. At the same time, I believe that this segment will be largely suitable for institutional customers and HNI customers but medium to retail customers would largely participate in the open-ended debt funds which will have a little higher margin at the same time not so high expenses so to speak at the same time give a satisfying experience that to the investors can get it. That is the way I see this coming in from the mutual fund contribution to the overall assets under management profitability.

Prayesh Jain: Just on the equity yields do you think that we are kind of close to bottoming out in terms of yields or there is still some headroom wherein we just continue to see equity yields falling by another say two or three bps every year for the next few years?

Parag Joglekar: So Prayesh as you know that as the increase in the size of the TER goes down so there will be some impact of that calculation but as the size goes up the absolute amount will increase on the equity contribution on the fee side. There may be a slight drop on the overall bps basis because the size will grow up and the TER may drop, may have some impact maybe another couple of years on the yields as the bps to an AUM.

A. Balasubramanian: Prayesh that is a good problem to have actually in the fact that size is growing and increase in absolute profitability. Any logical pressure coming in on the margins as generally is being perceived. See more than a margin pressure on the existing schemes the shift of assets from active to the passive if it happens then you will see that margin coming in but my own belief is at least for the next three to four years active will continue to have a dominant presence and ETF will, of course, have faster growth, therefore, the convergence should happen maybe in the next three to four years in terms of margin drop because of ETF has grown not because of the active fund's margins have come down.

Prayesh Jain: Sir another element of this has been the transition of or transfer of legacy assets to the new assets where possibly at what level would the industry be at possibly now closer to 75% to 80% would have been converted from legacy to new assets or we are still at around like 50% to 60% mark?

Parag Joglekar: Prayesh it is difficult to comment on that but as it is almost three years time period has gone up from upfront to trail model, I think so over maybe another couple of years it should be replaced because generally industry see around three to four years of retention aging and that should be the case.

A. Balasubramanian: The expectation is we should build around three to five-year kind of holding period but in fact, in the time we move to the trail model, in general, the holding period only has gone up. Normally the turn happens either for moving from even today one may take credit that NFOs are adding more assets I think we must note that 50% of the money in the NFOs come from either switch or moving from one fund to another fund that is the only assumption we have to make which is basically the number as well. In terms of holding period, I think since the SIP has become a large component of the assets we will probably see the holding period getting tilted more in favor of the longer term because SIP book contribution in overall assets under management now keeps rising.

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

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

Lalit Deo: Good afternoon, Sir. Sir, I have two questions. Firstly, on your distribution side in the distribution mix we are saying that there is a decline in the AUM which is coming from the banking channel so could you share some light over there also could you talk about the market share and the incremental flows which we are getting from the banking channel?

A. Balasubramanian: Banking channel contributions largely were on account of withdrawal of fixed income space where we saw some withdrawals in the STP or corporate bond fund category, but that is something that resulted in a marginal dip, the absolute number has not fallen but there is a drop in the market share as a result of this. Second, we have also seen an improvement in contribution coming from the ND Channel, especially in SIP we have seen an improvement of contribution coming from the ND channel, the lead ND channels that we have in the country and we have seen some improvement contribution coming on the SIP side therefore the contribution in overall assets under management has gone up and third is because of the outflow on the fixed income space even the institutional side, therefore, that contribution also gets a little higher because of some outflow that has happened on the fixed income space. It is a combination of these two things, the absolute number, if you have to take there, has not been any kind of significant drop in the absolute number.

Lalit Deo: Sure, Sir and Sir one data-keeping question could you tell us about the SIP AUM size as of September 2022?

Prakash Bhogale: It is ₹51,000 Crores.

Lalit Deo: Sure Sir. Thank you, Sir. That is all from my side.

Moderator: Thank you. The next question is from the line of Dipanjan Ghosh from Citigroup. Please go ahead.

Dipanjan Ghosh: Sir there are two to three questions from my side. First, you have highlighted your SIP contribution including from the ND channels if you can also break up your incremental SIP flows across channels that will be helpful, second if I look at your SIP registration market share that seems to be on the lower side so just wanted to get some sense of is it some particular channel where your SIP registration market share is on the lower side and lastly one data keeping question if you can mention the number of employees that you had as of September 30, 2022?

A. Balasubramanian: As far as the SIP contribution is concerned one of course the dominant share is coming from IFA, second dominant is coming from ND channels and third we are part of the drive with some of the banking channels SIPs such a large bank like HDFC Bank and few others. Our SIP contribution has been coming from these three channels and fourth of course there is a marginal dip in the digital channel in terms of incremental contribution. I think if you look at the SIP registration. For your second question SIP registration in general for the industry has dropped about to 6.22 million which used to be in the range of close to about 7.55 million last year. In general, we have seen a dip in the SIP registration but however, for us the SIP registration normally we count per month is about 1 lakh SIP registration we normally account for 1 to 1.2 this quarter was about marginally lower in line with the overall drop in the SIP but something while the registration was relatively lower compared to the previous quarter but we have increased the absolute amount to ₹930 Crores. That has again come on basis of a special focus that we have brought in, in order to add more SIPs with high-value ticket items which could come in the form of three to five years kind of registration that they can do to the STP combination as well as pushing through the target for absolute number is also equally important while you are focusing on SIP registration. That is something our sales team has been successful in, in fact, we keep pushing the team for retail across the country in order to increase the monthly contribution from ₹930 Crores to a higher number the peak number that we used to have about ₹980 Crores so one question of course often comes is SIP market share dropping I must mention the current SIP run rate that we have was built on the back of having 14% market share for an almost conservative period of four to five years till 2019 and given the fact that increased participation coming from more and more players and everybody is focusing only on SIP that something has dropped to some bit of market share on registration but otherwise our focus has been on building what we call absolute SIP contribution on a month-on-month basis. With respect to the digital channel I just mentioned, the digital channel is purely on a basis of whatever algorithm they build it can keep moving from one point to the other fund, even a smaller fund will get the algorithm so we have roughly about 7.5% kind of market share in the digital channel which is about 78 channels that we track anywhere between 6% to 7% but as we start we are taking some efforts to make sure some of the products are coming as part of recommendation list I think that something can gain momentum as well, but broadly if we have to see the focus on building SIP is back on track that is what you will see the number coming in reflecting on the ₹930 Crores contribution as against ₹898 Crores of last quarter.

Dipanjan Ghosh: On the number of employees?

Prakash Bhogale: It is 1,351.

Dipanjan Ghosh: You mentioned on the yield trajectory over the next two to three years but can you quantify the difference between your current yields on fresh flows on the equity side versus your extreme blended yields on the equity basis?

Parag Joglekar: Our yields as we mentioned always that generally the sharing with our distributor is in the similar range of around 60% to 65% of our DTER and the company makes in the range of around 30% to 35% odd percent of the overall DTER so that remains for us on the new flows.

Dipanjan Ghosh: Got it. Thanks, and all the best.

Moderator: Thank you. The next question is from the line of Ravin Kurwa from ICICI Securities Limited. Please go ahead.

Ravin Kurwa: Sir I just wanted to get back to the question where you mentioned that there are two products in the fixed income category which are ready to be launched so have they been launched in this Q3 or they are just ready to be launched?

A. Balasubramanian: We already rolled out the presentation of a dynamic bond fund with the renewed strategy that we used to have in the past and medium-term plan which again one of the largest funds for us using a mix of good credit and high-quality papers, there is also something we are now repositioning the product, we were not doing it earlier in the past given the fact that we had a few assets which were yet to be rectified in the portfolio from a recovery point of view which got done in the last quarter. With that now, we are seeing an opportunity for the fund also can be renewed from the point of your promotion to the retail and medium HNI investors. Dynamic bond fund we have already launched it we had multiple round of calls and as I mentioned earlier given the current interest rate volatility we will, of course, give a push once we believe that now it is time to build size in this and we have chosen these two products for two reasons, one the portfolio yields are now getting better so that expectations from investment can be met those who come into these funds as an alternative to bank fixed deposit, second is as far as asset allocations compared to equity versus fixed income and third is we used to have great success significant contribution coming from these two segments of product offering in the past that is something we believe that a similar success story can be created for the future, therefore those two funds we are positioning on that.

Ravin Kurwa: Sir can you guide me on the yields on these two products?

A. Balasubramanian: In terms of current expenses versus expectations?

Ravin Kurwa: Yes.

Parag Joglekar: Ravin I do not have the number handy. It is there on our website on the TER side but it is more than around 1% to 1.25% type

Ravin Kurwa: Okay that is really helpful. Thank you.

Moderator: Thank you. There is a follow-up question from the line of Dipanjan Ghosh from Citigroup. Please go ahead.

Dipanjan Ghosh: Sir one data-keeping question you can quantify your ESOP expense for the quarter and how do you see that trajectory for FY24 and FY25?

Parag Joglekar: Dipanjan it is more similar in the range of around ₹8 odd Crores for the quarter.

Dipanjan Ghosh: Any guidance for FY24?

Parag Joglekar: As I mentioned earlier that it is generally a 40:30: 20:10 sort of a droping in this thing so over the period it should drop so this is currently the second year first half so it may continue in the similar range for the next couple of quarters and then it will drop further.

Dipanjan Ghosh: Thank you.

Moderator: Thank you. As that was the last question for today that the management could answer. I would now like to hand the conference over to Mr. A. Balasubramanian, Managing Director and Chief Executive Officer for closing comments.

A. Balasubramanian: Thank you very much ladies and gentlemen for tuning in and with this, we conclude our Q2 and H1 FY2023 earnings call. Do feel free to reach out to us to Mr. Prakash Bhogale who is our IR in charge for any queries that you may have. Thank you and have a nice weekend.

Moderator: Thank you. On behalf of Incred Equities that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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