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October 27, 2026

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

Symbol: ABSLAMC

Dear Sir/ Ma'am,

Sub: Transcript of the Earnings Conference Call for the quarter and half year ended September 30, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call on Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2026, held on Wednesday, October 21, 2026.

The above information is also available on the website of Company at <https://mutualfund.adityabirlacapital.com/shareholders/financials>.

We request you to kindly take the aforesaid information on record.

Thanking you.

Yours sincerely,

For **Aditya Birla Sun Life AMC Limited**

Prateek

Mahesh Savla

Digitally signed by Prateek
Mahesh Savla
Date: 2026.10.27 16:48:00
+05'30'

Prateek Savla

Company Secretary and Compliance Officer
ACS 29500

Encl: as above

**Aditya Birla Sun Life
AMC Ltd.**



**“Aditya Birla Sun Life AMC Limited
Q2 & H1 FY27 Earnings Conference Call”**

Wednesday, 21st October 2026

MANAGEMENT TEAMS:

- **MR. A BALASUBRAMANIAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – ABSLAMC LIMITED**
- **MR. PRADEEP SHARMA – CHIEF FINANCIAL OFFICER – ABSLAMC LIMITED**
- **MR. PARITOSH CHITTORA – HEAD OF INVESTOR RELATIONS – ABSLAMC LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Aditya Birla Sun Life AMC Q2 & H1 FY27 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*”, then “0” on your touchtone phone. I now hand the conference over to Mr. Prayesh Jain from Motilal Oswal Financial Services Limited. Thank you and over to you, sir.

Prayesh Jain: Thank you, Rutuja. Good evening, everyone. On behalf of Motilal Oswal, I welcome you all to the Aditya Birla Sun Life Asset Management Company Limited Q2 & H1FY27 earnings conference call. We have with us Mr. A. Balasubramanian, Managing Director and CEO; Mr. Pradeep Sharma, Chief Financial Officer; and Mr. Paritosh Chittora, Head Investor Relations. We're thankful to the management for allowing us to host this call. I would now like to hand it over to Mr. A. Balasubramanian for the opening remarks. Over to you, sir.

A. Balasubramanian: Thank you for hosting us and good evening everyone. Thank you for joining us on the Q2 & H1FY27 investors call. I hope you all had the opportunity to read through our earnings presentation which is available on both the stock exchanges and our company's website.

Let me begin by sharing our perspective on the current macroeconomic environment. The global economy, as you know, demonstrated remarkable resilience in Q2 FY27. Growth sustained its momentum despite a challenging external environment. The prolonged geopolitical conflicts and inflationary pressures and El Niño and potential asset price corrections remain areas to watch, but the global growth outlook remains constructive.

And India continues to stand out as one of the fastest-growing major economies powered by robust private consumption, resilient service sectors, and strong fixed-income and fixed investment alongside a positive contribution from net exports, and growth momentum in the first half of the year came in well ahead of expectations. Government infrastructure spending and private capex and robust credit flows are sustaining investments. The IMF has revised its FY27 growth forecast for India from 6.4% to 7%, and the RBI revised its outlook upwards to 7.1%, a reflection of confidence in the economic underlying strength.

Economic activity has held firm even as we keep a close watch on the southwest monsoon and its implications for the upcoming Rabi season. In its October policy, the RBI raised the repo rate by 25 basis points to 5.5% and signaled a more cautious stance on inflation while reaffirming confidence in the growth trajectory.

India's external position has been supported by healthy capital flows including NRI deposits, FCNR(B) balances, and forex reserves over US\$ 730 billion. These strengthen our external sector resilience and provide a cushion in times of global uncertainty and related currency volatility.

Moving to Indian markets, the quarter was marked by volatility amid elevated crude prices, high global bond yields, a weaker rupee, and shifting interest rate expectations. While large-cap indices corrected, the broader market held up relatively well reflecting confidence in

India's long-term growth story. Steady domestic participation through SIPs and continued financialization of household savings helped cushion the volatility and underscored the structural strength of India's capital market.

A busy primary market reflected strong appetite among issuers and investors for capital formation, and looking ahead, near-term volatility may persist but earning growth and domestic investor base continue to provide a strong foundation for the longer-term outlook.

Coming to an update on the Mutual Fund Industry, the quarterly average AUM stood at ₹87.21 lakh crores as on 30th September 2026 compared to ₹77.13 lakh crores as of the same period last year, registering year-on-year growth of about 13%. The SIP contribution for the industry stood at ₹32,490 crores for September 2026, representing year-on-year growth of 11%. The total mutual fund folios stood at 30 crores as on September 2026, growing by 17% year-on-year.

During Q2 FY27, the industry saw total NFO collection of approximately ₹11,504 crores across asset classes with equity collection driven by index, aggressive hybrid, and value funds. Despite market volatility, the industry continued to witness healthy net inflows into equity-oriented schemes reflecting investors' growing preferences for disciplined long-term investing. SIP flows remained resilient and retail participation stayed strong. Investor preferences continued to shift towards mid-cap, small-cap, and flexi-cap funds, a sign of confidence in India's long-term growth prospects and our participation broadening across market segments.

Individual average AUM for September 2026 stood at ₹ 53.24 lakh crores contributing around 61% of the total AUM. B30 cities with an average AUM of ₹16.37 lakh crores accounted for 18.8% of total AUM, growing by 13% year-on-year. Deepening our reach in B30 is a strategic priority for us as this is where India's next chapter of wealth creation will come from. We are building our distribution network, digital capabilities, and investor engagement in these markets to be well placed to capture the opportunities ahead.

Coming to the ABSLAMC performance highlights. At ABSLAMC, we are pleased to share that our overall average AUM, including alternate assets, which is EPFO mandate, crossed ₹11 lakh crores milestones this quarter, and now stands at ₹11.06 lakh crores, a growth of 140% year-on-year. This includes mandated money from ESIC and EPFO. Our mutual fund quarterly average AUM stood at ₹4.42 lakh crores, up by 4% year-on-year, and within this, our equity mutual fund quarterly average AUM stood at approximately ₹2.09 lakh crores, growing by 9% year-on-year. Our equity mix for the quarter stood at 47.4%.

Our SIP contribution for September 2026 stood at ₹1,094 crores supported by 41.7 lakh folio contributing SIP accounts. Our total investors folio for September 2026 stood at 1.14 crores, up 6% year-on-year with the new SIP registration for the quarter at about 7.05 lakhs approximately.

Our equity fund performance continues to be consistent. This has strengthened our investors' confidence and supported healthy inflows across flagship offerings like Flexi Cap, Balanced Advantage Fund, Multi-asset, and Small Cap Fund. In fact, our equity performance has now

gone to almost three- and five-year basis as well coming in the reckoning of the peer group. This also good news. I think it should eventually help us in building more stronger equity flows.

Strengthening and diversifying our distribution network remains a key priority. Through my Yatra covering nearly 9,000 kilometers across India, I've had stronger and more meaningful conversations with our partners and gathered valuable insights on the ground. This has deepened our engagement with distributors in both existing and emerging markets helping us build a stronger and more diversified distribution franchise.

On the technology front, innovation remains at the heart of our customer-first approach. During the quarter, we advanced our AI-first agenda by expanding our GenAI-enabled capabilities across chatbots, voice, and whatsapp channels creating more personalized, responsive, and scalable customer experiences. We're also leveraging data analytics to strengthen customer acquisition, investor engagement, partner productivity, and service effectiveness across our distribution ecosystems.

Turning to our alternate business, we witnessed strong growth during the year. Our PMS, AIF assets increased from ₹30,300 crores to ₹6,57,109 crores, which of course includes the EPFO mandate that we have got.

We currently have fundraising underway for our special opportunities and structured opportunities, money managers fund and India selector fund, especially in the assets business both including fixed-income as well as equity assets under management, equity categories. These offerings are aligned with investors' demand for differentiated and specialized investment opportunities.

In our real estate business, our AUM stood at approximately ₹860 crores, a 43% year-on-year growth, and fundraising is currently underway for the Aditya Birla Real Estate Credit Opportunities Fund Series II, which focuses on senior secured lending opportunities in post-approval brownfield real estate projects across Tier 1 cities.

At GIFT City, we have launched our retail fund offering enabling Indian and global investors to access inbound and outbound investment opportunities through a dedicated retail platform. Fundraising is underway for the ABSL Flexi Cap Fund which is for inward remittance. In the coming quarter, we plan to launch six funds across both retail and non-retail categories addressing inbound and outbound opportunities. Backed by a growing product suite and GIFT City global investment ecosystem, we are well placed to build a scalable offshore franchise in the coming years under the LRS scheme as well as for the global investors investing in India.

Passives is one of the key anchors for our growth strategy, and we are committed to building a leadership position in this segment. In fact, we have introduced Birla Passives as a new brand, a dedicated brand, identify to strengthen our visibility to investors and distributors and drive higher mind share and grow market share. During the Q2 FY27, our passive quarterly average asset under management stood at approximately ₹39,860 crores, up 10% year-on-year. Our investor base continues to expand with the total folios reaching around 17.9 lakh folios.

We are the first in India to launch BSE Total Market Cap Index Fund and BSE Total Market Cap ETF, the pioneering a new category in the passive investment landscape on the lines of Vanguard, the largest fund in the world. We aim to build these funds into flagship product offering investors broad-based exposure to the Indian equity market through a single and simple solution.

Our ETF franchise delivered particularly strong momentum. ETF quarterly average AUM grew by about 42% year-on-year and significantly ahead of the industry growth of about 27%. In the Apex SIF segment, which is a new segment which SEBI had introduced sometime back, our SIF segment we launched Equity Long-Short Fund and Equity Ex-Top 100 Long-Short Fund backed by our strengthened investment team with the specialist in long-short and derivatives-based strategies. Our SIF platform now comprises of three products with the total of approximately about ₹700 crores as of September 2026.

Coming to the financials, Q2 FY27, the total revenue is about ₹526 crores as compared to ₹506 crores in Q2 FY26. Q2 FY27 profit before tax is about ₹296 crores as compared to ₹316 crores in Q2 FY26. And Q2 FY27 profit after tax was about ₹221 crores as compared to ₹241 crores in Q2 FY26.

Turning to our half-yearly performance, our H1 FY27 total revenue is about ₹1,152 crores as compared to ₹1,072 crores in H1 FY26. Our H1 FY27 profit before tax is ₹702 crores as compared to ₹688 crores in H1 FY26. Our H1 FY27 profit after tax is ₹530 crores as compared to ₹518 crores in H1 FY26.

With this, I would like to open the floor for any questions. I'll be joined by Pradeep Sharma who is our CFO for taking any of the questions that you may have.

Moderator: The next question is from the line of Mohit Mangal from Centrum Broking. Please go ahead.

Mohit Mangal: Yes, good evening and thanks for the opportunity. My first question is that in terms of employee expenses, we have seen a very big increase and even if I say exclude the ESOP expense of say ₹10 crores which was there last quarter, the growth seems to be very high. So what could be the reason for that?

Pradeep Sharma: Yes, Mohit. So, basically, this is on three counts, the Y-o-Y basis you are talking. So basically, one is the ESOP cost. So, for this quarter around ₹12 crores to ₹13 crores is the ESOP cost which amounts to around 13% increase. And second is actually last year, last year number there was an old provision reversal of ₹6 crores in last year numbers. And hence, this is actually resulting into some kind of growth which is visible which amounts to around 6%.

So that was one-time in last year numbers, hence it is being shown as increase. And third one is the normal increase on Y-o-Y basis plus the few headcounts which we have built our passive team, etc. So, these are the three reasons basis which the number is higher than last year. For coming quarters, I think the number should be in the similar range of Q2.

Mohit Mangal: Increment, employee increment?

- Pradeep Sharma:** That is already covered.
- Mohit Mangal:** Understood. Yes, that is helpful. Secondly, sir, on the key schemes, the Flexi Cap, the Balanced Advantage Fund, just wanted to understand what were the gross flows during the quarter and how did the investor preference for these schemes increase during the quarter?
- A. Balasubramanian:** Yes. While we don't give specific gross flows and net flows types, to give you broad indications, we have identified four, five categories of funds are the key products which is the general flows also from industry, which is right from Flexi, Balanced Advantage Fund, multi-asset, multi-cap fund, and Small Cap and Mid Cap Fund.
- In fact, each of them we are seeing increased flows on a quarter-on-quarter basis both on the gross sales as well as on the net sales number. That's something which I see as a trend. Though, we see the category in which generally the level of interest is low, like ELSS scheme where we have seen some bit of outflow along with industry, even the large-cap to some extent, but otherwise the core funds, which I call the focus funds, we are seeing quarter-on-quarter basis improvement. And that's something which I can see.
- Second, with respect to like even SIP contribution, the way I measure is month-on-month basis how the gross number is getting better than the previous month. That also something I see as an improvement.
- Just to give the broader thing the way we see is assuming the industry market share, say in Flexi Cap Fund, say we are at say 3%, 3.5%, whereas the net flows market share is actually higher than 3.5% kind of things, just to give you some bit of pulse.
- Mohit Mangal:** Okay. So you mean to say we are at around 3.5% in the Flexi Cap and Balanced Advantage Fund, right?
- A. Balasubramanian:** It has now reached almost about 4.5% kind of things, roughly about 4.5% to 4.8% kind of a number, where the same number would have been lower in the previous quarter. That's something I see as a trend improvement.
- Mohit Mangal:** Right, right. That's helpful. A few data-keeping...
- A. Balasubramanian:** Even Balanced Advantage Fund as a category, I just also add to that, even Balanced Advantage Fund as a category, while the whole category is not receiving significant flows at this point of time, whereas we have been the recipient of flows because of improved performance and some bit of allocation could happen from weak-performing funds to the better-performing funds. Therefore, we have seen in a positive inflows as far as even Balanced Advantage Fund concern as well.
- Mohit Mangal:** Okay. That's very helpful, sir. Sir, a few data-keeping questions, sir. One is basically the non-mutual fund revenue for the quarter, SIP AUM and segment-wise yields?

Pradeep Sharma: Yes. So Mohit, the SIP AUM is around ₹86,000 crores as of September '26. As far as yields are concerned, equity, it is in the similar range of 63, 64 basis points. Debt is around 24 to 25 basis points. Liquid is in two in the range of 12 to 13 basis points, and ETF around 8 basis points.

As far as other revenues are concerned, other than mutual fund revenues, alternates, this is gross on gross basis, it will be around 7.4%. We are seeing a improvement here from Q1 it was 7.1%, now it is 7.4%. On net basis, it is 4.3%. On Q1, it was 4%. So gradually we are seeing an improvement in the asset mix, mutual fund versus the alternate assets.

Mohit Mangal: Right, right. That's very helpful. Thanks and wish you all the best.

Moderator: Thank you. The next question is from the line of Ram Mehta from IIFL. Please go ahead.

Ram Mehta: Good evening and thank you for the opportunity. I had just one question on the mandate which we have won. Can you please help with the gross yields which we are expecting out of the EPFO and ESIC mandates? Thank you.

Pradeep Sharma: Yes, so Mr. Ram, actually this yield are actually expense-neutral. Whatever expense which we need to incur additionally.

A. Balasubramanian: Yes, the way I look at, Ram, winning both the mandate reflect the funds capability in managing money in the long term both on generating return as well as managing risk. They go through various parameters basis which the shortlist happens, both technically and financial qualifications. Happy to share with you that we passed that test which of course reflects our fund house credibility on the investment world.

Second is while it's a cost-neutral, because the existing team only will be managing it. Of course, I would have dedicated team for this, no doubt, but the existing resources would be put into use, put in to manage money, that's the way they gone about collecting it. But the rub-off effect that it can come to us in the other private EPFO managed funds and so on and so forth.

Even when we look for mandate from overseas in the broader, the rub-off effect that something which can add to that is quite high. So that's the way even our strategy also is bidding for this kind of mandate. It's quite a prestigious mandate and to incur any incremental cost should be fine. That's the way we build it up. Of course, I'm sure over a period of time when things changes, it can add to a few basis points profit as and when they permit of course.

Ram Mehta: Thank you so much. That's it from my side.

A. Balasubramanian: Yes.

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

Prayesh Jain: Yes, hi. So, a few questions. Firstly, some broader questions. How do you see the industry kind of moving with respect to flows? SIP has held up strongly, but you know large lumpsum flows

have been a bit of a challenge in the recent past. How do you see that? And on the other hand, we've seen very strong traction in SIF inflows.

Do you see that the AUM or the flows are moving from mutual funds to SIF or some other categories where, especially in the in the medium ticket size where earlier this option was not there. The competing products were probably PMS and AIF which were at a much higher ticket size. However, SIF is at a much lower ticket size.

Do you see that change happening, and would you say that from a medium-term perspective SIF could be a product where things can be very different? That would be a first question. I'll ask the questions other questions later.

A. Balasubramanian:

Thanks, Prayesh. From a broader view, I think general sentiment towards comfort and sentiment towards investing in mutual fund remains. I've been traveling extensively wherein general negativity which otherwise used to witness in the past during this kind of volatile time, uncertain time, generally doesn't prevail at the ground.

And second is there's a common question, of course. People understood SIP investing, therefore that will remain as a permanent way of gateway through that mutual fund will continue to get money. And there is a segment of people who also want to come with the lumpsum with a fast-track SIP/STP kind of thing.

There is an interest which is there. Of course, beyond a point money will have a limited will have limited, what do you call, availability. And with interest rates going up now -- so far it's coming in the bond market side, but not reflecting so far on the FCNR(B) sorry the deposit side, because of the FCNR deposit is coming in with a huge liquidity, banking industry is not actually pursuing hike in interest rate on deposits.

Therefore, I would assume the overall growth momentum for the mutual fund industry would remain. I also feel that wherever the significant flows have gone in the last say 2, 3 years, people also realizing there is a bit of need to reallocate funds from one to other. That's one coming, especially when it comes to the question of Birla funds. There is a widespread acknowledgement that is coming from all our partners and investors.

And Birla's fund performance has been pretty good, therefore how do we reallocate money towards Birla, that also is coming in. Which is what I make it feel, while industry will continue remains will remain, and probably we should also start getting that reallocation of funds from one to other kind of things may come in the absence of any money being incremental money being available.

As far as the as far as the SIF concerns, SIF is being considered as Arbitrage Plus Plus kind of things. It's a two-way people look at it. One is the hybrid fund is considered as an Arbitrage Plus Plus kind of things, and is a -- something is the option that money manager has got to go short in the market and take a view.

And therefore, this category the number of people is qualifying for selling this category, because there is a separate there's an exam that they of course along with AMFI exams, there is a chapter which also they have to clear for the SIF selling. So that's something number of people are undertaking the SIF license is rising.

Second is even the people who have been otherwise funding in the market on their own, now they experienced the last six months, even our own funds have been at the top performing fund in the hybrid long-short category, which is take into account arbitrage plus options plus IPO investing, and also managing the portfolio with some kind of hedging mechanism using futures.

I think people are noticing it and the return has been of course much better than what they would have got into others fund during the current market period. Therefore, we will have realized some bit of allocation could go there. I think the way things are moving, definitely more and more allocations as an addition to the existing funds allocation would come into the SIF. As a fund house, we didn't want to be the first one to launch in the month of March when it is allowed.

We want to actually -- have the skill set dedicated portfolio managers, and therefore we had three people now running this business for us, dedicated team who breathes options, who breathes F&O, at the same time looking at hedging as another mechanism by going short, wherever the views are there.

So this seems to be giving good experience. I think people don't want to I mean people do want to try it out, and therefore we are actually pushing it. Whether it will become a large category, I would probably say the way the product functions, is high probability it can fit between the conservative hybrid category to the aggressive hybrid category. It could come somewhere in between in terms of size.

Today, if you look at it, conservative hybrid category comes into equity savings fund, then comes with the Balanced Advantage category, then the third is actually aggressive hybrid category. This could fall between Balanced Advantage Fund hybrid category aggressive hybrid category to which extent people are looking at this as a subclass. Whether with a large flows will come at this point of time, I think in a short while of about nine months to six months the industry has become about ₹31,000 crores.

Of course, largely this money has gone into who took the lead, but as we start seeing the performance track record with some kind of genuinity in terms of using the tool that has been given to the manager and true to the level kind of thing, once you start seeing it, we'll see this category gaining some kind of traction. This will fall between balanced fund category and hybrid asset class category, aggressive hybrid category, I would say.

Prayesh Jain:

Right. Thank you, sir, for that elaborate answer. Just one more point on this before I move to the next one. As a unit economics of SIF, how would it kind of look versus say or alternates or mutual funds equity mutual funds? Would it be in terms of yields similar to what you would earn on equity mutual fund or would it be more linked closer towards PMS, AIFs? What would

be the unit economics that at a sizable scale would it be more profitable than mutual fund business?

A. Balasubramanian: Yes. Yes, sure. Just Pradeep is answering here.

Pradeep Sharma: Yes, Prayesh. So actually, SIF categories are a little higher than debt categories and lower than equity category. So if you see, these are in between equity and debt categories.

A. Balasubramanian: While what Pradeep is saying is the current model, eventually they will evolve is the three four five categories are there in this category which is the long-short hybrid fund, which will be akin to arbitrage plus kind of things which will be more or less falling in what Pradeep is mentioning. If we go to the higher end of that category, which is basically long-short equity and then the other than next 100 long-short equity and then the sectoral fund equity when it comes, that will of course come, the margin could come closer to about equity fund.

Given the fact that we need also take care of the distribution commission that is involved. And then the fixed income there is another category they are permitted, which is the fixed-income credit fund also can be launched under this category. That may come like our dynamic bond fund where we get about 55 basis points to 60 basis points kind of thing, that's the way it could evolve.

So right now it's too early to say in which direction it will be, but as the building start size start coming in, even when we look at building these each of these category, we'll try and actually somewhere look at what the risk is involved and what is the purpose it serves and accordingly it will the pricing will get fixed.

Prayesh Jain: Got that. Sir, the other question is on your flows. So while we don't share flows data as such, but it would be great if you could share some insights into what was the exit rate for us in the sense that whether our exit rate flow market share was better than our AUM market share? Have we reached that stage?

And honestly in terms of SIP, again, while there is some pick up in the data points that we have shared, but it's still not reflective of the strong fund performance that we have. So what are the initiatives that we are taking to kind of increase both the flows -- overall flows as well as SIP?

A. Balasubramanian: I think two, three things. In terms of our focused product, as I mentioned, we are seeing is increased traction. The way we look at is in terms of quarter-on-quarter basis how the numbers can come, which essentially take into account the Flexi Cap Fund, the Multi Cap Fund category, even the Balanced category, Multi Asset going in one category.

That's something we are seeing flows coming in. There are about six or seven products including Small Cap and Mid Cap we are seeing. Of course, as you rightly pointed out, the rate of growth on each of these things should move up. That's why I think the initiative that we are taking is to drive the engagement with the distribution partners and communicate very strongly in terms of how we are doing vis-à-vis the market, vis-à-vis the benchmark, vis-à-vis the peer group.

In fact, 85% of our funds are in the peer group in addition to beating the benchmark as well. So those are the communication needs to be communicated in terms of narrative very strongly. Birla's fund house needs a little more a lot of attention on these improvements that we have done.

Therefore, basically driving it through the communication and engagement at the ground level is gone up quite significantly. Second, in order to drive the sales team for the SIP improvement, we have one set a target for the whole team both by way of setting a target and also incentivizing the team to get a larger success by way of SIP drive.

That's something I think we have rolled it out for each of the location-wise improvement that individuals should build on the basis of this. And the third is of course visibility as a general as a fund house this last two, three months, we've increased our visibility by way of brand expenses.

That also something which we are doing like Small Cap education that we are doing. We have printed the entire country in select pockets of country again to ensure that our brand recall also gets comes and support comes both in digital platform as well as in the physical platform, which is the traditional platform.

So these are the initiatives that we are doing. Last but not the least is the proof of this thing is also comes with our product recommendations. Some of the key large national distributors or bank distributors who predominantly go by the product recommendation to their investors wealth management team or maybe the PBG team.

In fact, I'm happy to share with you in three or four channels the large channels, of course we have about 32 channels in which we have products are being recommended list, but at least the four or five channels which gives a volume as well as have a high reach, in those channels the products being recommended.

Therefore, even the exclusive channel team members across the country, now they're getting an opportunity to increase their connectivity and therefore they can engage more and then also get more what do you call subscriptions. So these are some of the things we are doing. Hopefully these things I think should give us incremental continuous focus.

Prayesh Jain:

Was there any comment on whether your exit flow market share was higher than your AUM market share?

A. Balasubramanian:

Yes, definitely. The way we look at is, I think from each quarter-on-quarter, we did some analysis. Again, it's more for internal purpose. The ratio of exit with respect to the redemptions versus how much is being retained. The retained ratio, suppose somebody has redeemed ₹100 crores, out of which how much is getting retained?

The number goes almost about 25% to 30% kind of retain ship that we have, which used to be somewhere around in the past or maybe 4% to 5% in the past. That retention ratio has been increasing. There are two ways that that's something which we try to do. Of course, we cannot

stop redemptions on those schemes which are currently not in favor. At the same time performing in those schemes is very important to the extent the redemption can be reduced.

Second is, wherever redemptions are there, I also encourage them to move into the other funds that the delivery is going to remain investors in the schemes, in the fund. And that's something we are encouraging. Therefore, switch is also to some extent I would say, the ratio has been rising.

In the similar way, even when I travel in the market, people do ask questions about incremental money being given, and there also something I see is an acceptance coming from people where we've been giving more allocations, but the experience is not that great. Even those kind of investors also now expressing interest to restart some of the things that would have probably stopped in between. That also I see as a one of the trend that is coming in.

Prayesh Jain: All right. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Meghna Luthra from InCred Equities. Please go ahead.

Meghna Luthra: Hi, sir. I just had a question. Since the mandate...

Moderator: I'm sorry to interrupt you, Meghna, but your voice is breaking. Can you please check your connectivity?

Meghna Luthra: Yes. Thank you for the opportunity. I just wanted to -- I have a question on the mandate. Since its profitability neutral, can we expect some on the debt side or the ETF side or what other benefits can we see from the mandate?

A. Balasubramanian: Yes. No, the mandate, of course, every mandate that come from the government we need to be competitive both on the technical qualification as well as financial qualification. Therefore, it doesn't give us any added advantage that, okay, we have won this mandate, therefore all other mandates will become natural.

But at the same time, there are many such mandates that could come from other providers of mandates who are actually outsourced in this mandate to outsiders other fund houses. So definitely, it puts us in terms of visibility it definitely helps.

Second is as I mentioned, there's a privately managed EPFO which run on their own. Then naturally it increases the entry barrier which otherwise would be difficult so that improves it, therefore it can help in increasing the flows coming from privately managed assets, which is the attempt that we are making.

And third, of course, when you're also looking at winning mandate globally as and when that comes in, it helps in terms of overall credibility including public sector units, it actually adds to the overall credibility. So that's the way I call it rub-off effect. It's quite large. That's the only we can also build our large size, the scale that we have one of our main scale -- building scale is one of our key growth mantra. In that it helps.

But the only thing is as a fund house, we also ensure that while we have to manage this kind of money, we ensure the cost is also kept under control without compromising on the quality of service I'm supposed to provide to each of these mandates.

Meghna Luthra:

Got it. That's helpful. And secondly, what would be -- I mean, if you can help give some color that the flows on Flexi Cap have been pretty strong and good in the last quarters, so what could be the mix over there? Is it the same mix that we are seeing on the equity front between, say, 50% to 52% MFDs and direct and, you know, between the national distributors or is the mix different for, say, a Flexi Cap Fund which is quite strong performance fund?

A. Balasubramanian:

Yes. The way I see is in terms of flow of funds, definitely, of course, Flexi gets a little higher than higher than other funds, given the fact that it is part of the recommendation list everywhere, and second is general acceptance and distribute is on performance improvement quite visible and deep in their understanding. Therefore, the urge to give allocation towards this is rising. But otherwise, broadly when I look at it, MFDs and each of the channel partners as a fund house roughly about 52% of our funds is come from MFDs which is what our engagement is with them quite gone up quite significantly.

Second, of course, the national distributors are for about 20%, the bank is about 10%, which is what I think I am mentioning that now the product's a part of recommendation list, and incremental share coming from the banking channel is rising, specific to the Flexi Cap Fund. And direct channel something is remained about 18%.

That we continue to drive both in institutional segment as well as on the HNI segment. Just to answer your question, in terms of Flexi Cap, that recognition is good, understanding of people that there's one or two funds of Birla Fund House if you have to take a large exposure, Flexi Cap is an automatic choice that comes in.

And that's something which I'm seeing as an incremental growth number comes in that segment is rising. Same way we are seeing in the Multi Asset Allocation Fund where performance improvement has been quite good and quite visible. Same comes in the case of Balanced Advantage Fund and the Multi Cap Fund. Even Small Cap Fund used to miss some kind of flows. Even the Small Cap Fund our flows have been better than each quarter, I would say.

Meghna Luthra:

Great. And lastly, is there any new addition in any of the bank's recommendation list during this quarter?

A. Balasubramanian:

Yes. I think four, five banks have come. Of course, the latest addition is part of the largest private sector bank where they added more product, and we're already part of the Kotak channel, and otherwise ongoing basis we keep seeing the addition keeps coming in.

Meghna Luthra:

Okay. Great. And lastly, sir, what would be your pipeline on the equity side more specifically and even overall in terms of new product launches? Anything on the thematic, sectoral fund that will be seen?

A. Balasubramanian: You know, in terms of in terms of our product -- currently, of course, in terms of pipeline, APEX SIF that will continue to push, we have finished our fund launches. Now, we are promoting aggressively to get our rightful market share. Second is in the passive side, we launched a product which I think will become part of the permanent flows, which is the Total Market Index Fund as well as ETF Fund. And third is the we have launched a Financial Services Sectoral Debt Fund given the fact that yields have gone up, and we launched it as one of the open-ended product.

And in terms of our alternate products, clearly Real Estate Credit Opportunities Fund Series 2, right now we are in the fundraising, intend to close it by December, the same way the same way Credit Opportunities Fund. From the GIFT City, we have two product, one for Emerging Market Fund which is outward remittances LRS. We have a great track record managing money in the emerging market. With the same fund we relaunched it, hope to get some kind of decent flows in that. And India Growth Fund which, of course, will use the best of Birla to invest in as a fund of fund from GIFT City. That again for inward remittance in addition to Flexi Cap Fund inward remittance that we have.

Other than that, of course, we have we have evaluated the product gap between the what SEBI has offered and what competition has got and what we have, and we identified one or two funds in the category that we can of course launch it. We already filed with one product with SEBI. I think two filed with SEBI, I think. I think once it is done, we'll have one or two open-ended equity product on the basis of the gap, including the lifecycle fund we would we would plan to launch soon.

Meghna Luthra: All right. Great. Thank you.

Moderator: Thank you. Ladies and gentlemen, we would request you to kindly limit your question to two per participant. The next question is from the line of Gaurav Jani from PL Capital. Please go ahead.

Gaurav Jani: Thank you, sir. Firstly, if you could just, you know, quantify the ESOP cost that would come through in '27, '28 and '29. Also, given I think we've launched a new ESOP scheme as of today from what I know, so any changes because of that?

A. Balasubramanian: Sure.

Pradeep Sharma: Yes, Gaurav. The scheme which has been launched yesterday, that may have impact of around ₹14 crores to ₹15 crores per annum, so roughly around ₹3 crores, ₹3.5 crores per quarter. So this would be, and earlier schemes which are already going on, roughly the yearly impact would be between ₹55 crores to ₹60 crores in coming 2 years. Means yearly impact, ₹55 crores to ₹60 crores yearly impact.

A. Balasubramanian: Yes. This is also coming on the basis of our broader strategy for both employee reward and then we reward them for their long-term performance. So that's something we rolled out covering largely the investment team and some of the other members of the AMC.

- Gaurav Jani:** Sure. So sir, this would be basically ₹55 crores, ₹60 crores plus ₹14 crores, ₹15 crores for 2 years, right? I mean just to clarify, this year and the next year?
- Pradeep Sharma:** Yes.
- A. Balasubramanian:** Yes.
- Gaurav Jani:** Okay. Understood. Secondly, could you quantify the SIP AUM, please?
- Pradeep Sharma:** SIP AUM is around ₹86,000 crores.
- Gaurav Jani:** Okay. And sir, lastly, I think on the direct side, there is probably something to be desired as compared to our peers. So what kind of steps are we taking to shore up our direct channel, right? Because I think in equity, we're at about 18% which is probably one of the lowest, so just wanted your thoughts on that.
- A. Balasubramanian:** That's true. Now we of course build our direct team, because we were not pretty early in the building our direct team when direct was introduced. At the end of the day, we do work with of course large distribution community as well as to build our own base.
- I think we have now have almost about 80 people dedicated in 14 locations in which they operate reaching out to our existing direct customers who have -- we used to have large HNI base pre-2020 versus now. So all those customers, one, who have been investing with us directly. So we have stepped up our focus in terms of reaching out to them.
- Second is a lot of referral systems either through the existing customers or through our own ecosystem which includes ABG systems as well as ABC systems and ABCD systems. And work together in order to build direct as a customer base. So that's something we are doing.
- And wherever of course gap areas are there, as you rightly pointed out, we ourselves have identified this as an opportunity that we need to step up our focus. So, we divide them into three parts. One, the customers who are greater than ₹1 crores will be handled by these 80 people.
- And our operation team, which of course is called a service to our sales, anywhere between ₹25 lakhs to ₹1 crores will be handled by that team. So we divided the team into two parts. And third is of course virtual relationship managers via chatbot connecting with the customers and often promote our product. That's something we do.
- These are three channels through which I think we are driving it. But of course, it needs a little more aggressive growth momentum. That's something we identified as a focus area for sharpening the execution skill on this.
- Gaurav Jani:** Sure, sir. If I could just squeeze in one, what would be your thoughts about, surely we are seeing performance in the 1-year bucket improve phenomenally and it's also kind of enhancing in the 3-year bucket, not probably as much as the 1-year because of the lag effect. So, what are

your thoughts on profitability versus growth, right? I mean, would you not mind, I mean, paying up extra to distributors and getting some more flows or what's your thought on that?

A. Balasubramanian:

We are quite balanced in our approach. At the same time, we also understand that we need to push aggressively on sales momentum. So, we do the right balance between keeping in mind wherever there's a product in which we need to be little aggressive in the beginning in terms of acquisition of money, and then subsequently that profit will come. So, the way we looked at is any incremental growth that comes in, is not going to come at the cost of my profit margins, profitability going down.

Maybe the margin on incremental assets may -- will try to of course maintain it, but still it'll actually add to the whole, that's the approach we take. At the end of the day, the idea is actually to invest on the business and build our scale which we deserve. At the same time, just keep in -- have a -- be mindful of the cost that we incur. That we keep calibrate it on a continuous basis.

Gaurav Jani:

Sure, sir. Perfect. Thanks. Thanks so much for the answers. That's it from my side.

Moderator:

Thank you. The next question is from the line of Shobhit Sharma from Elara Securities. Please go ahead.

Shobhit Sharma:

Yes, hi sir. Thank you for the opportunity. Sir, I have one question which is on the scheme performance. You mentioned the scheme performance has improved, and we have seen some indicator some indication on the SIP flows and the SIP count as well. So, can you give us some color around the flow share?

Have you seen rising flow share from the fintech side or the MFD side? How have the early signs been? And any color on the scheme category where we have been seeing a humongous amount of flows coming in from each of these channels?

A. Balasubramanian:

Sure. Shobhit, I just mentioned about this in my earlier answer to the questions. Broadly, when I look at it, the in terms of count, definitely roughly about 55% to 56% of the count is coming from the digital platform, and rest of it is coming from the traditional platform. When I look at the same in the form of absolute amount in terms of contribution, definitely the digital channel is generally lower in ticket size, therefore that's roughly about 18% to 20%, and rest of it is coming from the traditional channels, which again mentioned earlier, the traditional channels where we are seeing incremental flows coming from both MFDs as well as banks and the national distributors.

Of course, the rate of growth on a quarter-on-quarter basis is getting improved, so which is what I think we're also trying to push. And then your second question was Yes, this is the only question, sorry.

Shobhit Sharma:

So incrementally, have we seen the flow share increasing because of the scheme performance which has improved, or traditionally it has been on the similar lines, sir? Specifically on the digital platform.

A. Balasubramanian: See, basically the way we began the narrative is, first and foremost, the perception of improvement of performance should be changed. And second is performance improvement should be accepted and basis which we should start allocating flows. In fact, the first round of perception improvement that got changed quite significantly.

And as you rightly pointed out, almost about 85% of the funds 70% to 80% of the funds is in the Q1, Q2 as of the peer group, and 85% of the funds are beating the benchmark as well as the peer group. And it from a 1-year it traveled to about 2 years, now is about 3 years. Even 3-year basis 70% of the funds are in the Q1, Q2 which is what is being noticed.

And again, the core funds which are essentially where the major allocation happens, 60% to 70% allocation comes from the core category or maybe focus category we can call it, which I again mentioned the names earlier, and those funds we are seeing on an incremental basis flows is getting better. Definitely a few basis point improvement ultimately, if it keeps improving, will lead to a larger share coming in.

Shobhit Sharma: Okay. Got it, sir. Thank you and all the best.

Moderator: Thank you. Ladies and gentlemen, that will be the last question for today which is from the line of Komal Sharma from Antique Stock Broking. Please go ahead.

Komal Sharma: Hello, sir. Thank you for the opportunity. So the first question is to understand the expectation in terms of cost growth for the year, and the second one would be the breakup of your investment book.

Pradeep Sharma: Yes, investment book, purchase cost.

A. Balasubramanian: What is cost?

Pradeep Sharma: Yes, so Komal, cost would be, I think, the inflationary impact would be there, but other than that we have already factored in the ESOP cost which was little higher this quarter. I think that will continue as we discussed little before. So I think cost would be in line what is there in Q2, and except the inflationary impacts both in employee cost as well as the other business cost. And the second question was on Investment book. Yes. So what's the question on investment book?

Pradeep Sharma: Investment book?

A. Balasubramanian: Treasury investment book.

Pradeep Sharma: Yes, so what was the question?

Komal Sharma: Breakup of the investment book....

Pradeep Sharma: Yes, so we have around ₹2,800 -- ₹2,890 crores as of today, our investment treasury book which we which is deployed across largely into debt mutual funds and corporate bonds, and partly some share into equity schemes which is in line with the consistent investment policy

which we have. Yes, and equity share is it between around 17% to 18%, rest is all debt and corporate bonds, Yes

Komal Sharma: Got it, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, as that was the last question for today, with that, I now hand the conference over to management for closing comments

A. Balasubramanian: Thank you, everyone, for joining us today. If you have any further questions, please contact our IR head, Paritosh Chittora. With this, we conclude the Q2 FY27 Earnings Call. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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