

October 27, 2026

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

BSE Scrip Code: 540767

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051

NSE Scrip Symbol: NAM-INDIA

Dear Sir(s),

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 for the quarter and half year ended September 30, 2026, conducted after the meeting of Board of Directors held on October 22, 2026, for your information and records.

The above information is also available on the website of the Company:

<https://mf.nipponindiaim.com/InvestorServices/pdfDocuments/Conference-Call-Transcript-for-Q2-FY-2027.pdf>

Thanking you,

Yours faithfully,

For Nippon Life India Asset Management Limited

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Ponthokken

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Varghese Ponthokken
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Valde Varghese

Company Secretary & Compliance Officer

Encl: a/a



Nippon Life India Asset Management Limited

Q2 FY27 Earnings Conference Call

October 22, 2026



MANAGEMENT:

- **MR. SUNDEEP SIKKA – MANAGING DIRECTOR & CEO**
- **MR. SAUGATA CHATTERJEE – PRESIDENT & DEPUTY CEO**
- **MR. PARAG JOGLEKAR – CHIEF FINANCIAL OFFICER**
- **MR. AMOL BILAGI – DEPUTY CHIEF FINANCIAL OFFICER**
- **MR. ARPANARGHYA SAHA – CHIEF DIGITAL OFFICER**
- **MR. AASHWIN DUGAL – CEO OF NIAIF**
- **MR. SHIN MATSUI-SAN - NOMINEE OF NIPPON LIFE INSURANCE, JAPAN**

MODERATOR: MR. PRAYESH JAIN – MOTILAL OSWAL FINANCIAL SERVICES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Nippon Life India Asset Management Limited Q2 and H1 FY '27 Earnings Conference Call. 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prayesh Jain from Motilal Oswal Financial Services Limited. Thank you, and over to you.

Prayesh Jain: Thank you, Steve. Good evening, everyone. On behalf of Motilal Oswal, I welcome you all to the Nippon Life India Asset Management 2Q FY '27 earnings conference call. We have Mr. Sundeep Sikka, Managing Director and CEO, and the senior management team along with us. We are thankful to the management for allowing us this opportunity. Just to inform, Mr. Sundeep would be there on the call until 4:40 p.m., post which the other senior members of the management will take the Q&A. I would now like to hand it over to Mr. Sundeep for his opening remarks. Over to you, sir.

Sundeep Sikka: Thanks, Prayesh. Good afternoon and welcome to our Q2 FY27 earnings conference call.

We have with us, President & Deputy CEO - Saugata Chatterjee, CFO – Parag Joglekar, Deputy CFO - Amol Bilagi, Chief Digital Officer - Arpan Saha, CEO of our AIF subsidiary - Aashwin Dugal and Shin Matsui-san, nominee from Nippon Life Insurance (Japan).

I would first like to share key highlights of our performance and post that I will hand-over to Parag, to speak in greater detail on the recent Industry trends as well as our performance, post which we will move on to QnA.

Coming to the Key Highlights:

- 1) I would like to start by mentioning that NAM India was the fastest growing AMC in the Top-10 AMCs in H1 FY27 on overall and equity AUM.
- 2) We also had the highest increase in overall AUM market share as well as equity AUM market share among the Top-10 AMCs in H1 FY27.

- 3) Our market share stood at 9.02%, relatively flat QoQ.
- 4) Importantly, both Equity Net Sales market share and SIP market share remained well above our Equity AUM market share – both in the high-single digits.
- 5) Moving to our financial performance, NAM India achieved its highest ever Quarterly Operating Profit at INR 5.23 bn (a growth of 25% YoY).
- 6) Also, happy to share that the Board of Directors has declared an Interim Dividend of INR 9.50 per share along with the Q2 FY27 results.

Now I will hand over the call to Parag for further details on Industry trends and our performance.

Parag Joglekar:

Thanks, Sundeep. Let me start off with the markets:

Equity markets in Q2 FY27 witnessed a correction from prior quarter levels. The NIFTY was down 5% QoQ, the NIFTY Mid Cap index was down 4% QoQ, while the NIFTY Small Cap index was relatively flat QoQ. The repo-rate was flat QoQ at 5.25%, while the 10-Year G-Sec yield increased by 44 bps QoQ to 7.19%. Gold prices were up 2.5%, while silver prices were down 1% QoQ.

Now, moving to Industry AUM and flows:

- 1) Industry QAAUM grew by 13% YoY and 5% QoQ in Q2 FY27 to INR 87.2 trillion.
- 2) The share of Equity in overall AUM increased by 1% QoQ, ending at 58.2% for Q2 FY27.
- 3) The Equity category (ex-of Index Funds & Arbitrage) witnessed a gross inflow of INR 2.69 trillion, higher by 9% QoQ, and a net inflow of INR 1.08 trillion, lower by 5% QoQ.
- 4) Categories with the highest inflows were Small Cap, Mid Cap and Flexi Cap funds.
- 5) The Fixed Income category i.e. (Debt + Liquid), witnessed a net outflow of INR 59 bn in the quarter after an inflow in the previous quarter.
- 6) The ETF category had a net inflow of INR 367 bn, higher on a QoQ basis.
- 7) Quarter-end unique investors in the Mutual Fund Industry increased 11% YoY to 63.1 mn.

Moving on to SIP:

- 1) Industry SIP flows for the quarter stood at INR 967 bn, up 12% YoY and 3% QoQ.
- 2) Monthly SIP flows in Sep-2026 stood at INR 325 bn – another all-time high.
- 3) Contributing SIP folios for Sep-2026 increased 9% YoY and 3% QoQ to 100.6 mn.

Now moving to our business performance:

- 1) We closed the quarter with total assets under management of INR 8.68 trillion. This includes Mutual Funds, Managed Accounts, Offshore Funds and GIFT City.
- 2) Our Mutual Fund QAAUM grew 19.9% YoY and 4.7% QoQ to reach INR 7.87 trillion.
- 3) We were the fastest growing AMC in the Top-10 in H1 FY27 on overall and equity AUM and had the highest increase in overall and equity QAAUM market share among the Top-10 AMCs in H1 FY27.

I would now like to share a few key highlights for the quarter:

- 1) Our Mutual Fund market share increased 51 bps YoY to 9.02%. On a QoQ basis it was relatively flat.
- 2) Our Equity market share increased 27 bps YoY and 2 bps QoQ to 7.40%.
- 3) We achieved a high single-digit Net Sales market share in the Equity segment (ex-of Index Funds & Arbitrage).
- 4) We continue to have the largest investor base in the Mutual Fund industry, with 24.3 mn unique investors. We are humbled to have over 1 in 3 Mutual Fund investors invest with us.
- 5) During the quarter, we also completed the NFO of the Nippon India Income Plus Arbitrage Omni Fund of Fund, raising INR 1.8 bn.

I would also like to touch upon some important aspects of our Systematic Book:

- 1) Our monthly systematic book rose by 2% YoY to INR 37 bn for Sep-2026. This resulted in an annualized systematic book of INR 445 bn. Excluding STP, SIP book growth was 9% YoY.
- 2) SIP market share stood at 9.84% for Sep-2026, similar to Jun-2026.

Moving on briefly to the ETF Segment:

- 1) We continue to be one of the largest ETF players with AUM of INR 2.49 trillion and a market share of 21.12%, which increased by 135 bps YoY.
- 2) Our share of industry's ETF folios and volumes remain strong at around 45%. Our ETFs' average daily volumes, across key funds, remain far higher than the rest of the Industry.
- 3) For Gold & Silver ETFs, combined closing AUM for NIMF was ~INR 882 bn, up 6.6% QoQ.
- 4) In QAAUM terms, our Gold & Silver ETFs represent ~32% of ETF AUM and 12% of MF AUM.

Moving on to our digital franchise:

- 1) Digital purchase transactions & new SIP registrations rose to 9 mn in H1 FY27, up 15% YoY.
- 2) Digital Business contributed 78% of the total new purchase transactions in H1 FY27.
- 3) NIMF Digital Business continues to strengthen its focus on long-term investor behaviour, driving initiatives to scale business and deepen SIP adoption, while reinforcing confidence in disciplined investing amid market volatility.

Now, I would like to briefly update you on our subsidiaries and GIFT City:

- 1) Starting off with AIF - Under, Nippon India AIF, we offer Category II and Category III AIFs and have raised cumulative commitments of INR 99.8 bn across various schemes, up 14% YoY.
- 2) In Q2 FY27, we raised INR 4.0 bn of commitments, across various asset classes.
- 3) Fundraising is currently underway for our Listed Equity Fund, Private Credit Fund, and Direct VC Fund.
- 4) During Q2 FY27, we launched our second SMID Strategy Fund – Undiscovered India Opportunity Fund - 2 (NIEO 12).
- 5) Nippon India Credit Opportunities Fund (NICO 2), with the 3rd capital call in Q2 FY27, is drawn-down to the extent of 55%.
- 6) On the Offshore front, our managed AUM stood at INR 135 bn, while our GIFT City AUM stood at USD 45 mn.

Now on to our Financial Performance:

- 1) For Q2 FY27, Revenue stood at INR 7.96 bn, up 21% YoY and 4% QoQ.
- 2) Other Income stood at INR 0.23 bn, lower both YoY & QoQ.
- 3) Operating Expenses stood at INR 2.72 bn, up 14% YoY and flat QoQ.
- 4) Operating Profit stood at INR 5.23 bn, up 25% YoY and 6% QoQ.
- 5) Profit After Tax stood at INR 3.24 bn, down both YoY & QoQ, however this is mainly related to an Exceptional Item which I shall speak about shortly.
- 6) For H1 FY27, Operating Profit grew by 28% YoY, Profit After Tax grew by 12% YoY.
- 7) Further, the Board of Directors has declared an Interim Dividend of INR 9.50 per share along with the Q2 FY27 results.

Lastly, I would like to speak about the Exceptional Item recognised in the financials:

- During the quarter, SEBI accorded its in-principal acceptance of the settlement application(s) filed by the Company and its certain officials in respect of an ongoing regulatory matter relating to the past investments made by certain NIMF Schemes in Yes Bank AT-1 bonds.
- This relates to the show cause notice received by the Company from SEBI, dated August 30, 2024 and the subsequent settlement proceedings.
- Considering the time, cost and uncertainty that is potentially associated with the generally prolonged legal proceedings, the Board had decided to pursue the Settlement process in the best interest of the Company since it brings the matter to a quietus, which in-turn allows the management to remain focused on its core business.
- As part of the agreed Settlement terms, an amount of INR 96.76 crore has been paid, comprising of:
 - INR 89.08 crore as a reversal of the management fee earned by the Company over the said investment (including interest); and
 - INR 7.68 Crore as regulatory costs in respect of the Company and certain company officials.
- The settlement amount of INR 96.76 crore has been fully paid and recognised in the financial results for the quarter and half year ended September 30, 2026 as an Exceptional Item, however, further communication from SEBI is awaited.

With this, I would like to conclude my remarks and open the floor for questions.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question comes from the line of Shreyas with Nomura. Please go ahead.

Shreyas: Hi. Thank you so much for the opportunity. First question was on yields. We have seen a slight deterioration in yields as compared to last quarter while other AMCs and peers have seen a QoQ increase in yields. Can you explain why is this so?

Amol Bilagi: Hi Shreyas, Amol here. The compression in yield was mainly on account of the increase in the equity AUM and due to telescopic pricing.

Shreyas: Sure. What I mean, what we have seen in peers is that the equity mix has changed, and hence, the equity yields have improved. In that relation, has our equity yield -- I mean, the mix in equity AUM, has it changed, or has it been similar?

Amol Bilagi: If you look at our equity growth, which has been the highest in the industry, and that's why you see the compression in the yields basically.

Shreyas: Sure. Understood. And can you throw some light on the AT1 bond case and what exactly it was? That was the second question.

Parag Joglekar: So, I have covered in my opening remarks the details of the case and the amount which we have paid. We don't have anything further on that at this point.

Shreyas: So, what was the non-compliance that SEBI alleged regarding certain provisions of securities law, if you can explain that a little bit, please?

Parag Joglekar: Shreyas, there is nothing further to add on that. If there is any further communication, we may come back and disclose on the exchange. But currently, we have covered in the financials and the opening remarks whatever we have to submit.

Shreyas: Sure. My third question was on SIFs. How has been the process that we are taking? When we can see SIFs being launched by the company? Because peers have said, and we have seen in the industry as well, that it has been a very important product and has been garnering a lot of flows. What's the strategy there?

Saugata Chatterjee: Yes. So, hi, Shreyas. Saugata this side. Of course, we, as we have spoken in the past, definitely have started working at the drawing board as to what will be our SIF launch strategy. We are, of course, awaiting for the SIF clearance to come in from SEBI. Once we get that, of course, we'll be in the market to launch our ideas.

And as we have also spoken, we have Andrew Holland and team who have been working on this space for the last, now, one year. This particular category requires experience. We feel that we have enough experience in the system to exhibit the two SIF strategies in the market. At the right time, we will come and, of course, explain and launch our ideas.

Shreyas: Sure. Thank you so much. Those were my questions.

Saugata Chatterjee: Thank you.

Moderator: Thank you. The next question comes from the line of Sanil with Dymon Asia. Please go ahead.

Sanil: Okay. Thank you for the opportunity. I just wanted to ask you -- ask again on the yields part. Sir, if we look at the yields for other AMCs as well, while they have also seen a mix improvement, the decline over here looks sharp because this quarter, we also have an additional day. So, adjusted for that, the yield decline looks sharp.

Is it just because of telescopic pricing, or maybe because of the commissions to distributors that may not have been passed on, or because of the regulatory change? So, if you can throw some highlight there, because the drop seems a little high if we compare.

Parag Joglekar: Just to tell you that our growth in the equity AUM is one of the highest in the industry, and it is purely on the telescopic pricing. Any changes due to regulatory change has already happened in the first quarter, so there is nothing on that in this quarter. This is purely due to the growth of our AUM and the flows which we are garnering, which have resulted in lower yields..

Sanil: Okay. Thank you, sir. And secondly, if you see the current market trends, a lot of our flows are coming in the small-cap and the flexi-cap and the mid-cap kind of schemes. But recently, a lot of correction has happened in the small-cap recently. A lot of MTF book which has seen some drawdown over here. So, how are we seeing investor thought process over here?

Because the flows in this category, if they, let's say, see a sharp decline or the redemptions, what kind of investor psyche we are seeing over here? And if this correction continues, then what are the mitigants do we have? Because these are technically one of the biggest schemes. So, how do we look at this category going ahead?

Saugata Chatterjee: Yes, Sanil. If you typically see the Nippon India Mutual Fund flows, we have had flows in our traditional funds like multi-cap, large-cap, mid-cap, small-cap, and our hybrid funds. The industry flows in small-cap and flexi-cap may be higher, but as you know we have stopped taking any lump sum flows in our small-cap fund for the last 3 years. So, what is happening is the money which is coming to us is more dispersed, coming into more multi-cap and large-cap opportunities.

Yes, market volatility does impact the investor sentiment. We are seeing now HNI investors slowly taking exits from large-caps. Till about last month, the large-cap category had seen some negative net sales, though our fund has not seen any negative net sales. But at an industry level, the net sales has been negative.

We have to wait and watch as we progress from here. If the downside is going to be sharper from here on, then maybe some of the fund houses who have got flows in small-cap and the other sector funds, etc., might see some higher redemptions.

From our perspective, we have a very strong SIP book, which actually protects us in these circumstances, as we know that we have almost close to INR 3,200 crores of inflows coming in every month, which is more structural in nature, more fragmented, coming from deeper parts of India. So, we definitely have more protection around net sales across our equity funds.

Sanil

Okay, sir. Thank you. This was very helpful. And lastly, if I may ask, in this current situation, what is the communication do you have to the distributor network you have? Because what's the communication right now to all the distributors, what strategies are you using, or anything, if you can throw some light on that?

Saugata Chatterjee:

As I mentioned, for the last now one year, we have been propagating hybrid funds. We have been speaking about multi-asset allocation products. We have been speaking about, again, large-cap, multi-caps, and more broad-based strategies. We are also bringing in a lot of fixed-income focus into our distributors. As we all know, this industry is very lowly penetrated when it comes to fixed-income funds, typically in the retail and HNI space. We, as a fund house, have taken a lead much earlier.

The asset diversification along with more with lesser riskier, lesser risk-oriented products is what we are trying to communicate. We do a lot of activities and communication with our distributors and investors around why should the SIPs not stop in these markets, because the SIPs become more fragile if the long-term returns start becoming negative. We are doing a lot of proactive stuff digitally as well as face-to-face with our distributors to arrest these investor behavior and volatility in the flows.

Sanil:

Okay. Thank you, sir. This was really helpful. Thank you for answering the questions, and all the best for your future quarters.

Saugata Chatterjee:

Thank you.

Moderator:

Thank you. The next question comes from the line of Madhukar Ladha with JP Morgan. Please go ahead.

Madhukar Ladha: Hi. Good evening. Thank you for taking my questions. First, I'm not sure whether you gave this out or not, can you give me the asset class-wise yield that you got? Second, can you comment on how your net inflow market share is trending? So, maybe you can give a comparison between 1Q and 2Q, and whether you're seeing an improvement, decline, and some sense over there. Third, I noticed that in the equity mix, we've seen a little dip in the direct share. So, what is really driving that? Is there anything that we should read into it? Yes, those would be my three questions? Thanks.

Amol Bilagi: Hi Madhukar, Amol here. On the yield part, the equity yield is 52 basis points ex of arbitrage; debt is 25 basis points; liquid is 12 basis points and ETF is 25 basis points.

Saugata Chatterjee: Yes. Hi, Madhukar. With regard to the flows, if you compare Q1 and Q2 we are still in the higher single-digit, basically touching around 10%, that's the net flows when it comes to equity. There hasn't been any major deviation from a flow point of view. The color of the money, which is coming to us, as I mentioned, is coming into more diversified funds as well as hybrids, which is where we would like the investors to participate and not get into NFOs.

And smaller cap products which are there in the market. So, we continue to be in that camp and that's probably helping us to maintain our net sales growth. When it comes to the ratio of direct versus regular, maybe these are temporary quarterly phenomena, nothing to read into those numbers. Because for us it is flows which come into our funds and typically HNIs try to exit when there is market volatility, so it might skew the percentile of direct AUM in certain quarters.

Amol Bilagi: Madhukar, just to add on the yield part the blended yield stood at 37 basis points.

Madhukar Ladha: Right. Can you also -- sorry just on the yields, can you split the equity yield between arbitrage and the balance like equity and hybrid funds, that part?

Amol Bilagi: We don't provide that kind of breakup, Madhukar.

Saugata Chatterjee: And we are not very significant in arbitrage. We don't focus on that category.

Madhukar Ladha: Okay. Understood. Got it. Yes.

Moderator: Thank you. The next question comes from the line of Mahek with Emkay Global. Please go ahead.

Mahek: Yes. Hi, thank you for the opportunity. I have two questions. So, first is on the employee cost. So, employee expenses have been largely flat on a sequential basis. So just wanted to understand how should we look at it from the balance year point of view and going forward for the next maybe over the medium term? And secondly my questions is on the ETF. So, our ETF market share has been largely stable sequentially. However, we have seen some contraction in the volumes market share. So, if you could just help us with some of your comments on the same?

Saugata Chatterjee: So, I will take the ETF part first. So, if you see the entire ETF market space in the last 1 year. If you dissect last 1 year into two halves. First 6 months was run by because of the entire commodity momentum in the commodity ETFs where flows were very strong then the last 6 months the flows have sort of slowed down on the commodity side.

And hence the volumes look to be lesser and of course equity market being volatile the inflows into the equity fund have sort of slowed down, but when it comes to us as an asset management company our flows continue to – the net flows into our ETF products continues to be strong rather our net flows are higher than our market share.

So that is how we are packed in the system. The good part is the reason why our volumes are higher than competition and in industry we stand out is because we believe in volumes. So, we have enough volumes in the exchange because of the strong retail base which we have built in all our equity ETF products.

Our tracking errors are very, very competitive, and we have the least impact cost when it comes to ETFs. So, investors do prefer us as a go-to category, as well as the multiple options which we provide to the investors. So, from ETF standpoint, we continue to remain relevant in the market.

- Amol Bilagi:** So, Mahek, on the employee cost front, probably the employee cost should range in the similar range, except for the new hires that we may do to strengthen our teams, and also if we spend on training and investments on that front. As guided in the quarter 1, on the overall cost front, we continue to maintain our guidance of 18% to 20% growth over the next 6 to 8 quarters.
- Sundeep Sikka:** I would just like to add more on this. While on the mutual fund side, AMC, it will be almost flat, but AIF business, when you look at the consolidated, that is where we plan to expand. And we are in the process of -- some new senior team members have joined, and we are in the process of adding more professionals. So, you may see incremental cost in our AIF subsidiary over the next 3 to 6 quarters.
- Mahek:** Got it, sir. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Prayesh Jain with Motilal Oswal. Please go ahead.
- Prayesh Jain:** Yes, hi. Thanks for the opportunity. Sir, firstly on while this is kind of a small decline, very small decline, but on unique investors count as well as your total folios, we have seen marginal declines in this quarter sequentially. Anything to read into it, any challenges that you're looking, especially towards the exit rate of the quarter where we have also seen some bit of fund performance kind of weakening? So, have we faced any challenges towards the end of the quarter in terms of client addition as well as flows in any sense?
- Saugata Chatterjee:** No, I think, see, good observation. See, what is happening is, if you see the market, because of the volatility in the market, there has been -- the investor flows into the mutual fund industry has also started slowing down. The investor growth has been flattish. That's what is also reflective in the SIP industry, AUM book as well as the SIP inflows are also sort of flattening.
- When it comes to us, we have not launched any NFOs also in the last say, 2 quarters. NFOs do have a tendency to bring in new investors. We stay away from that. Second part is, what we measure? We measure ourselves on the

controllables. Our SIP -- number of SIP folio growth continues to be positive, as well as our total investor accretion is also positive.

Some bit of moderation can happen because of market dynamics, but we are not looking at that as a major concern area, because we still feel that there is a lot of opportunity for investor growth, but yes, there is a slowdown in the industry, for sure.

Prayesh Jain: Got that. And secondly, sir, while we attribute it to slowdown in the industry, have you seen any divergent trends between direct customer and an assisted customer? And wherein direct, the channel checks what we've done is kind of indicating that direct customer seems to be churning far more than the advised customer. So, are you seeing those trends changing? And what would be your thought on the new PMS product of mutual funds that has been allowed by SEBI?

Saugata Chatterjee: So, from an investor, see, the direct investor and the HNI investor, of course, like I mentioned earlier also, HNI investors do tend to have short cycles, and when it comes to volatility and 1-year, 2-year performance not reflecting in their portfolios. As you have seen, there has been a sort of a migration of investors to SIF.

There has been some migration of investors into alternate assets, as well as the direct bond and other categories where definitely investors are getting positive returns. So of course, in any market cycle, there will be investor behavior which can change. We are also experiencing that behavior.

Sundeep Sikka: So, regarding this MF-only PMS, it's a very good new initiative by the regulator. It will help in expanding the market on ground. And also, it gets more and more, advisors, who have been advising, gives them a formal route to help their investors to invest.

While it is very early to comment on how things will play out, but since they are supposed to, I mean, this is supposed to invest in mutual fund schemes. At Nippon, we believe, because of the long-term track record of the schemes which we have, we will benefit from that. But even more, because of our very

substantial position in ETF, a lot of this money will also be indirectly can flow into us.

Like I said, these are very early days. We need to evaluate how investors respond to it. But it will be good for the industry, and we also believe it will be good for established mutual funds, and especially mutual funds which have very established in ETFs.

Prayesh Jain: Got that. Thank you so much.

Moderator: Thank you. The next question comes from the line of Mohit Mangal with Centrum Broking. Please go ahead.

Mohit Mangal: Yes, good evening everyone, and thanks for the opportunity. My first question is on employee expenses. I was looking at your press release, and it said that ESOP expenses was about INR 16-odd crores for H1, and you have guided for about INR 60 crores to INR 80 crores for the entire year. Should we assume that your ESOP expenses would be higher for H2?

Amol Bilagi: Mohit, when you refer to INR 60 crores that you mentioned, that was for the new ESOPs granted that would that expense would come over the period of four years. And what we have mentioned in the financial results is basically about the only the new ESOP grants. If you look at the overall ESOP expense for the quarter, it was around INR 14.55 crores, and for the half year, it was around INR 28 crores.

Mohit Mangal: Okay. Actually, I was looking at your press release of slide 12 of 14. It said that your ESOP expenses were about INR 15.93 crores for the half year ended 30th September, the non-cash component of the employee benefit expenses.

Amol Bilagi: Okay. For the year, the expense is expected to be about around INR 58 crores for the entire year.

Mohit Mangal: Okay, and for the first half, it was INR 28-odd crores, right?

Amol Bilagi: INR 28 crores, Yes.

- Mohit Mangal:** Okay, understood. That's helpful. Second is basically on the offshore business. I mean, we understand that due to a lot of macroeconomic issues, the AUM has kind of declined. But are we doing something, wherein we can increase the growth, any particular strategy towards that?
- Aashwin Dugal:** No, I think the reasons for offshore AUM overall has been that because owing to, the rupee depreciation for the last one year or so, there has been decline in flows from FPIs into India. What we are seeing is money come in real assets, but we will have to improve, that is just the global macros have to improve, and once we see, the West Asian crisis possibly nearing some resolution, you could see the rupee coming back strongly.
- So that is one of the main reasons that we are seeing both institutional as well as retail flows from overseas. We continue to engage with important investors and our placement agents overseas. So that continuous engagement is happening.
- Mohit Mangal:** Okay. And any particular newer schemes that you will launch in the next 3 to 6 months?
- Aashwin Dugal:** You are talking about offshore or onshore?
- Mohit Mangal:** Offshore.
- Aashwin Dugal:** We would be looking at a couple of ideas, maybe feeders into one or two or through GIFT into our master funds in India. And there is also possibly a chance of a strategy of outbound funds with one of our strategic partners. But at formative stage right now, we will not be able to really share too many details about it.
- Mohit Mangal:** Understood. Not a problem. Lastly, in terms of the yields, you said that equity yields has been around 52-odd bps excluding arbitrage. And if I look that, you know, in Q1, that number was around 54 bps. So, just wanted to know, that 2 bps was primarily on account of just telescopic pricing, or there's another element to that as well?

- Parag Joglekar:** So, it is mainly on telescopic pricing and the new flows which keep on coming, And, obviously, there is a difference between the various schemes across equity, there may be some shifts. Otherwise, there is nothing other than that.
- Mohit Mangal:** Understood. That's very helpful. Thanks, and wish you all the best.
- Parag Joglekar:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Meghna Luthra with InCred Equities. Please go ahead.
- Meghna Luthra:** Hi. Thank you for the opportunity. I just had a few questions. One around the gold ETF, I wanted to just understand what proportion of our SIP comes from gold FoF?
- Saugata Chatterjee:** Meghna, we don't share scheme-level SIP book, but this will be a small portion of our SIP book because mostly it is equity-oriented.
- Meghna Luthra:** Got it. And in this coming context of the recent restrictions on flow on FoF fund...
- Saugata Chatterjee:** Correct.
- Meghna Luthra:** Do we see any impact? And if yes, what sort of an impact are we expecting on this fund?
- Saugata Chatterjee:** Actually, the -- if you just go back to 3 months back, you know, the entire industry had stopped taking lump sum and large ticket flows into commodity ETFs. It did not impact the flows at all because, you know, in ETFs, there is a buying and selling which happens. So, even if there are investors who are coming in to build a gold or a silver portfolio, there's always a counterparty, you know, to create a market.
- So, the net growth in gold tonnage is very, very insignificant. And when it comes to current, you know, changes which we have undertaken in the fund of fund, it doesn't impact the ETF business because ETF still continues to be open for investors to come in and do their buying and selling. So, actually, ETF is

more prominent when it comes to gold and silver rather than the fund of fund. So, there -- the buying and selling continues irrespective of flows being restricted in funds.

Meghna Luthra: Got it. Thank you. And just -- I just wanted to understand regarding the expense of the one-time exceptional item on AT1 bonds. We did not have any sort of provisions for it, right?

Parag Joglekar: So, we have made provision in the current quarter.

Meghna Luthra: Got it. That's it from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Abhijeet with Kotak Securities. Please go ahead.

Abhijeet: Hi. Thanks. Good evening, everyone. So, my first question is I wanted to clarify the point on opex. If I heard it right, you mentioned 18% to 20% growth for the full year opex. And just a clarification there, given how we are heading into the current quarter as well in terms of the top-line momentum, just wanted to clarify, you're still kind of sticking to that guidance of 18% to 20% growth?

Second question was on the flows, but more broadly for the industry and then specifically for Nippon, like, 2Q flows were weaker than the first quarter. And if you could highlight, like, across all the channels, like, where have you seen flow pressure to be maximum for Nippon specifically?

And third question is on AT1, just wanted to again check, like, what was really the trigger that we had to take this particular action in the current quarter? Was it regulatory-driven? Was it like board discretion? If you can provide any color on that.

Saugata Chatterjee: Yes. So, coming to the first part, when it -- you know, from the flows point of view, you know, as I mentioned, between the 2 quarters, our net flows have been more or less similar. But what's happening in the industry, if you're tracking the entire industry flows on the equity side, the pecking order of the fund houses are changing every quarter. There are few new fund houses who have come in and started garnering assets because of the new strategies they

have launched in the market. Some of the older fund houses have started losing market share there. So, it's a very interesting trend which we are seeing in the marketplace.

Fund houses like ours, who have been trying to be in the traditional space, advocating large-cap, mid-cap, multi-cap, the multi-asset strategies, we continue to get flows which are normal. We are not getting any abnormal flows, and we are happy with that.

But there are AMCs who are getting flows in certain categories because of the -- as I mentioned, either it's a new fund or some existing fund has been repositioned. So, that's how the trend line is shifting. And we are clear that we will continue to do what we think is the right from an investor's standpoint, and we'll continue to talk about our traditional products.

Parag Joglekar: So, Abhijeet, on the expense side, we have been mentioning that we will keep on investing for long term, and that thought process remains. Obviously, we are watchful for market cycles and all. But the idea is that it is important to keep on investing on technology, brand, on digital, on people, on various segments of business. That is critical, and we will keep on doing it. But we will be mindful of the overall environment in the market. What was your third question, Abhijeet? I just missed it.

Abhijeet Sakhare: On the AT-1, sir. What triggered the provision this quarter?

Parag Joglekar: Abhijeet, we got communication from SEBI of in-principle acceptance of settlement terms during the quarter, and that is why we paid the amount and made the necessary provision, as we mentioned in our opening remarks.

Abhijeet Sakhare: Understood, sir. Just one follow-up for Chatty sir on the first point. If you can give some color on whether Nippon, compared to rest of the large listed space in terms of the flow market share from the digital, the self-directed channel, if it's higher than the broader peer set or is it lower, which is kind of leading into more stable flow behavior?

Saugata Chatterjee: Yes. That part of your question I could not answer. The flows which are coming to us, the digital, the fintech flows continue to be steady. And we being

more of a retail fund house, we continue to get higher share from our MFDs. Both the digital channel and the MFDs continue to be our -- the contribution is higher from these two channels, and then we have the other channels contributing to our flows. Because these two channels are more retail-oriented, we haven't seen any sort of large impact when it comes to flows, which I think is slightly different from the other AMCs' behavior of inflows.

Abhijeet Sakhare: All right. Thank you so much.

Saugata Chatterjee: Yes.

Moderator: Thank you. The next question comes from the line of Shobhit Sharma with Elara Securities. Please go ahead.

Shobhit Sharma: Yes. Hi, sir. Thank you for the opportunity. Sir, I just to continue on the earlier participant's question on the unique customers. If I look at the incremental unique customer count or the market share on the incremental unique customers, I think it has been significantly lower than what it used to be in the previous 10 quarters to 12 quarters. Any channel where we have seen kind of moderation in our counter share, which is leading to this?

And secondly, is it right to assume that because our flagship schemes, both small-cap and mid-cap, has grown faster than the overall equity AUM growth, is actually leading into the yield dilution?

Saugata Chatterjee: I'll answer the first question, then maybe Parag can take the other question. The investor count behavior, as I mentioned to the previous participant, NFOs, when they come in the market, still as an Indian investor, the INR 10 is an attraction. Whenever any NFOs which have been launched by the new AMCs who are coming in the industry, as well as some of the existing AMCs having launched some new ideas, that definitely attracts volumes both digitally as well as through channels.

We definitely are away from that space because we don't want -- in a market which is very volatile, we would not like investors to come in with an experience in funds which don't have a track record. So, we stay away from that. Hence, maybe you are finding us flattening on the investor count growth.

But let me also say, which has also been communicated in the opening remarks, that we crossed the 40 million folio count in this quarter.

So, 40 million folio count and 2.4 crores unique investors pegs us at ~38% of the total unique investors in the MF industry, which itself is a very large number, and that is incrementally growing for us. So, few lakhs here and there should not probably worry us because we are definitely growing our investor base

Parag Joglekar: Shobhit, the mix, basically the overall yield has been dropped mainly due to the yields on the equity with the growth of AUM and the new flows which we are getting, that has impacted the yield overall. And the mix between the various schemes across the equity, nothing specifically on the distributor or the investor side to read into it. It is generally a growth and the flows which are coming.

Shobhit Sharma: Just a small follow-up, Saugata. If you can give us some color on, if there is an NFO launch which happens, which is the channel which actually helps in garnering most of the flows? Because I believe you are pretty large on the fintech side and the MFD side. If you can give some color around that, that would be helpful.

Saugata Chatterjee: We have stopped launching NFOs, so I can talk about the industry because the behavior is similar. Whenever a new idea is launched in the market, the retail comes in through the MFDs and the fintechs. These two channels are the go-to channels for any asset management company. And then the remaining channels like banks and the direct investors or the wealth managers, come in. So, it is definitely skewed towards the two retail channels.

And today, mutual funds are coming in from 300 locations in India. Getting investors from any part of India becomes convenient because the fintech reach is very large and the MFD distribution network is also very, very strong. So, these two are the go-to channels for any fund to be launched.

Shobhit Sharma: Okay. Understood. Thank you, and all the best.

Saugata Chatterjee: Yes.

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

Parag Joglekar: Thank you all for taking out the time to join us on the call today. If you have any further queries, we will be happy to address the same post the call. You can get in touch with Arash for those. Thank you very much.

Moderator: Thank you 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.