Ref. No.: ABSLAMCL/PS/57/2026-27

July 24, 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 ended June 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 ended June 30, 2026, held on Tuesday, July 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: 2026.07.24 17:55:58 +05'30'

Prateek Savla
Company Secretary and Compliance Officer
ACS 29500

Encl: as above

“Aditya Birla Sun Life AMC Limited

Q1 FY27 Earnings Conference Call”

Tuesday, 21st July 2026

MANAGEMENT TEAM:

- **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 the Aditya Birla Sun Life Asset Management Company Limited Q1 FY27 Earning Conference Call hosted by RIK Capital.

We have with us today from the Management Mr. A. Balasubramanian – Managing Director and CEO, Mr. Pradeep Sharma – Chief Financial Officer, Mr. Paritosh Chittora – Head Investor Relations.

As a reminder all participant line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation conclude. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

Before we proceed with this call, I would like to take this opportunity to remind everyone about the disclaimer related to this conference call:

Today's discussion may be forward-looking in nature based on management current beliefs and expectations. It must be viewed in conjunction with the risk that the business faces that could cause our future result performance or achievement to differ significantly from what may be expressed or implied by such forward-looking statement.

I now hand the conference over to Mr. A. Balasubramanian Thank you and over to you sir.

A. Balasubramanian: Thank you. Good evening, everyone. Thank you all for joining the call for Q1 FY27 Investors Call. I hope you all had the opportunity to read through the Earnings Presentation. It's available on both the stock exchanges and our company website.

Let me begin by sharing our perspective on the current macroeconomic environment. The global economy as is known has shown real resilience this quarter navigating the uncertainty from the West Asia conflict with the limited impact on activity so far. We continue to have uneasy kind of calm. The IMF projects global growth moderating to about 3% in 2026 and before improving to 3.4% FY27. As war-related disruption gives way to the strengthening of AI and technology investment cycle.

Inflation may rise modestly keeping Central Banks cautious on easing. Risk from geopolitics, commodities and trade fragmentation remains but outlook is more balanced with the resilient demand and technology-led productivity gains. India has handled this crisis better than most energy importing economies held by diversified imports, timely policy actions and strong buffers and regulated fuel pricing.

That said, the higher import costs have pressured the external account with some pass-through into domestic prices. That is why we are seeing the FCNR deposit also being announced by RBI. And growth remains supported by strong private consumption and steady services, improving investment and healthy balance sheet of companies and continuing government CAPEX.

The key risk is the monsoon, with the IMD expecting below-normal rainfall due to El Niño. Though comfortable foodgrain stocks, healthy reservoirs, and better supply management should soften any food prices impact compared to the past years.

Overall, the near-term challenges are real, India remains on track to be among the fastest-growing major economies.

Coming specific to the equity markets, Indian equities were volatile but broadly resilient into this quarter, with sentiment shaped by domestic strength, earnings expectations, FII flows, and global developments. And while large caps stayed range-bound amid bouts of profit booking and broader markets outperformed with the Nifty Midcap 150 and Nifty Smallcap 250 both posting gains. FII outflow at various points sustained domestic institutional flows and improving macro fundamentals helped Indian equities to close the quarter on a stable note.

Coming to update on the mutual fund industry, the quarterly average AUM stood at ₹83.14 lakh crore as on 30th June 2026 compared to ₹72.13 lakh crore as on 30th June 2025, registering year-on-year growth of 15%.

The SIP contribution for industry stood about ₹31,780 crores for June 2026, representing year-on-year growth about 17%. Total mutual fund folios were at ₹29.1 crores as on June 2026, growing by 19% year-on-year, with unique customers close to about ₹5.7 crores.

During Q1 FY 2027, the industry saw total NFO collection of approximately ₹4,759 crores across equity and debt mutual funds, with equity collections driven by index funds, aggressive hybrid funds, and value funds. Despite equity market volatility, industry witnessed continuous flows into various schemes, highlighting sustained investor confidence in the long-term growth potential of Indian equities, though we witnessed marginal slowdown in the overall SIP flows.

Individual average AUM for June 2026 stood at ₹51.08 lakh crore, contributing for 61% of the total AUM. B-30 cities an average AUM of ₹13.6 lakh crores accounted for 18.5% of the total AUM, growing by 13% year-on-year.

Coming to the ABSL AMC performance highlights. At ABSL AMC, we are pleased to announce that overall average AUM, including Alternate assets, surpassed the ₹6 lakh crores milestone this quarter and now stands at ₹6.28 lakh crore, reflecting robust 42% year-on-year growth. This includes the mandate received from both ESIC and EPFO. EPFO got added in the last quarter. Therefore, overall average assets for about one and a half months got added to the overall assets under management. We are pleased to share that we have been entrusted the EPFO mandate approximately about ₹6.08 lakh crore. With this landmark addition, our closing total AUM as on 30th June 2026 has crossed the ₹10 lakh crore milestone. This achievement reflects the trust and confidence our clients and partners have placed in us over the years and stands a testament to the strength of our franchise and investment capability.

Our mutual fund quarterly average AUM stood at ₹4.28 lakh crore, representing 6% year-on-year increase. Within this, our equity mutual fund quarterly average AUM stood at approximately ₹1.99 lakh crores and growing about 10% year-on-year. Our equity mix for the quarter stood at 46.5%.

Our SIP contribution for June 2026 stood at ₹1,085 crores, supported by 40 lakh folios contributing to the SIP account. The total investors folio for June 2026 stood at 1.11 crore, with the new SIP registrations for the quarter is approximately 5.5 lakh new SIP registrations. Our SIP book remains a cornerstone of our long-term wealth creation strategy. Through campaigns like Sabse Important Plan, we continue to reinforce the value of discipline and systematic investing.

To take our SIP book to the next level, we have launched focused initiatives for both employees and partners. We expect these to drive our stronger outcome in the quarters ahead. Though we have seen this quarter a marginal reduction in the SIP book, something we continue to remain a big focus area to drive to the next level of growth momentum. Our investment performance continues to demonstrate strong consistency and meaningful improvement across both our equity and hybrid portfolios. For the past year, we remain focused on strengthening our investment capability, enhancing our investment team, and refining our portfolio construction investment framework. In fact, it is reflecting on the overall performance improvement, not just only in the short term, even in the medium-to-long term, our performance has been showing an improvement.

These efforts have translated into significant, not only performance, it also strengthened the investors' confidence and supported healthy inflows across our flagship offerings such as Flexi Cap, Balanced Advantage Fund, Mid Cap, Multi-Cap, Small Cap, Index Fund, where we have seen the inflows on a month-on-month basis showing an improvement. In fact, most of these funds now also feature on the recommendation list of our banking channel partners, which will further support flows in going forward. In fact, this quarter, our product got added to the two of the large banks as part of the recommendation list, which I hope to improve the overall sales numbers from these channels as we move forward. Strengthening and expanding our distribution network remains our key priority in order to improve the overall sales productivity.

In fact, I have undertaken what's called Yatra across various cities in India in order to meet all our distribution partners and the investment community at large. These interactions have brought several insights from the ground, what customers are thinking and how we are perceived by the market, which has given us a great confidence that we are on the right track towards growth, building on the legacy, goodwill, and market equity that we have garnered over the decades. Technology and innovation remain at the heart of our customer-first approach. Our efforts to enhance the overall investors' experience. As part of a digital transformation journey, we have launched series of technology-led initiatives. Our Gen AI-powered chatbot is designed to engage investors early in their decision journey, understand their needs, and guide them towards relevant investment actions without requiring human intervention.

We also launched our new distributors and investors app, enabling enhanced portfolio tracking, seamless transactions, and improved business management. In addition, our WhatsApp-enabled servicing platform helps investors and partners access services more conveniently and efficiently. Turning to our Alternate business, we witnessed good growth during the year. Our PMS and AIF assets increased about ₹28,650 crore as of Q1 FY26 to nearly ₹2 lakh crore, which includes the EPFO flows. This growth was largely supported by ESIC and EPFO mandate, which I mentioned about it earlier. We also launched the ABSL Select Sector Fund during the current quarter. The fundraising is still underway. Along with that, we also have fund launches, which is a Structured Opportunity Fund II, a Money Manager Fund, an India Select Sector Fund. In addition to the Special Opportunity Fund Series II, in order to build our PMS and AIF portfolio.

These offerings broadly in line with the investors' demand and from differentiated portfolio and investment opportunity point of view. In our real estate business, our AUM stood at approximately ₹700 crore, reflecting a 25% year-over-year growth. Fundraising is currently underway for the Aditya Birla Real Estate Credit Opportunities Fund - Series II, which focuses on senior secured lending opportunities and post-approval brownfield real estate projects across Tier-1 cities. With the recent grant of our retail license at GIFT City, we are enabling NRIs and global investors to seamlessly access both inbound investment into India and outbound opportunities across global markets. Building on this momentum, fundraising is currently underway in our ABSL Flexi Cap Fund, which is a feeder fund. We have seen a marginal success in this space to get money from NRI investors to invest in India feeder fund through the Flexi Cap Fund.

We are also on track to launch a retail product via GIFT City in the upcoming quarter, including emerging market equity fund and India growth fund, and also launch series of index funds to invest in global markets. With a growing product suite and GIFT City global investment ecosystem, we are well-placed to build a scalable offshore franchise in the coming years. Let me now turn to our passive business, which remains one of our key strategic focus. We continue to see significant opportunities in this segment and remain committed to building leadership position through a comprehensive product suite, a strong distribution network, and strength of our brand. To further strengthen our business in this space, we recently appointed Hemen Bhatia as Head of our Passives, along with a team of people under him.

He brings more than two decades of experience in building passive and ETF business in India, we assume he will play a critical role in driving product innovation, strengthening investment capability, and accelerating growth in this segment, as well as add new customer base through this business model. During FY27, our passive quarterly average AUM stood at approximately ₹40,000 crore, representing 14% year-over-year growth. Our investor base also continued to expand, with the total folio reaching about 17.4 lakh. Within passive, our ETF franchise delivered particularly strong momentum. ETF quarterly average AUM grew by about 47% year-over-year, significantly ahead of the industry growth, about 29%. Today, our passive product suite comprises of 52 offerings spanning equities, fixed income, and commodities, the solution, enabling us to carry out the broadest spectrum of individual portfolios.

In the Apex SIF segment, we launched our first SIF, the Apex SIF - Hybrid Long Short Fund, backed by our strong investment team. Before building our size in this space, we want to establish performance track record for six months. Now that six months is over, now we start building a size in this space. In order to build further momentum, we are also now preparing to launch two more SIFs, equity long short fund and Equity Ex-Top 100 Long-Short Fund. This additional further scale our SIF platform, tapping into the new product segmentation, which I think we can build size. Also to support this business, we strengthened this team by adding two more specialists to run these products for us.

Moving to financials, Q1 FY27 total revenue is about ₹625 crore as compared to ₹565 crore in Q1 FY26, up by 11% year-over-year. Q1 FY27 profit before tax was ₹406 crore as compared to ₹372 crore in Q1 FY 2026, up by 9% year-on-year. Q1 FY27 profit after tax, ₹309 crore as compared to ₹277 crore in Q1 FY 2026, up by 12% year-on-year. With this, I would like to open the floor for any questions that you may have.

I will be joined by Pradeep to take any of the questions that you may have.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question comes from the line of Swarnabha Mukherjee with 360 ONE Capital. Please go ahead.

Swarnabha Mukherjee: Hi, sir. Thank you for the opportunity. Two, three questions from my side. First of all, sir, if I were to calculate the yield for the, you know, primarily focusing on, you know, the active part of the business and, you know, keeping out the AUM for the ESIC and the EPFO mandate, I mean, I can, by my calculation, I am seeing some increase in yield. Just wanted to understand whether, you know, this is the right approach and, you know, the increase, how should we think about it? Is this an outcome of the TER regulation? And we have actually slightly benefited, if you could highlight on that.

Second is also if you could call out the segment-wise yield, that would be very helpful. Thirdly, sir, wanted to understand on the employee expense part, what is the reason for the increase and is there anything one-off there? And also, if you could call out the ESOP number in that. Yes, this will be my question, sir.

A. Balasubramanian: Sure. Just ask Pradeep to answer

Pradeep Sharma: So, Swarnabha, this BER actually, now, this was effective from 1st April, 2026. So, that has been rolled out completely. And we have optimized the commission structure along with the management of cost. And this is win-win for both, as an AMC for us, as well as for our partners. So, that has been rolled out. And the yield, what is there in Q1, reflects the true picture and will be maintained going forward in these levels.

Yes. So, coming to the yield levels for equity, it is around 63 to 64 basis points. Debt should be around 24 to 25 basis points.

And liquid would be in a range of 12 to 13 basis points. And ETF, around 8 basis points. So, these are the yield levels.

Coming to employee cost, employee cost for this quarter has increased mainly due to the ESOP cost. If you remember, we actually rolled out the ESOP for the employees in Q1, from effective January 26. So, this is because of that.

The impact of that is around 10 crores per quarter of the additional employees cost through the ESOP. And roughly, the employee cost, which is there in Q1, should continue in the same range for coming quarters.

Swarnabha Mukherjee: Yes. Okay, sir. Very helpful. Understood that, sir. Just a follow-up on the headline yield number that you have mentioned. So, as you said that this is a true picture.

Now, how should we think about the overall dilution of the yield going forward as our AUM increases? And also, if I could squeeze in another question, more on the broader industry level that we are seeing this trend that a lot of manufacturers are focusing on the passive side and the ETF side and planning to develop that. So, over the next, say, 3-5 years, how would you be foreseeing the industry, say, from the active side as well as from the passive side? How should we expect things to develop?

Pradeep Sharma: Yes Swarnabha, so by and large the regulatory changes have been now rolled out. And now, the only thing which will come in play is the telescoping pricing, which will be based on the AUM size, which will grow, right, as you are aware. So, what we can do as a business, we would like to maintain our yields, plus, minus, few basis points. Basis the mix which we will be working on through the Alternate business. So, we feel that, going forward, the yield should be in the similar range, barring one or two basis points here and there, plus the telescoping pricing.

A. Balasubramanian: Just to add to that, in terms of passive business growth, the way, as Pradeep was mentioning, as the size improves, definitely the telescoping pricing will be coming in. But we also believe that active will continue to be the dominant asset class when it comes to the question of overall momentum growth. But having said that, the passive is something, in order to build choice to the customer, at the same time, ensure that asset allocation remains key.

So, passive is something we have now invested on people who have a passion towards building passive. The way we are looking at passive is it should help us build scale and get more. At the same time, it has to be an extremely low-cost kind of product.

So, I think the way we are looking at, it will add to the overall profitable numbers, in terms of absolute profit. Of course, the margin could be lower, given the fact that we pass on the benefits, both to the customers, as well as in the form of low expenses. But in terms of addition of profit, revenue, as well as the bottom line, that is the road map in which I think we are planning to drive.

Even the Gift city to the product that we will be looking at doing, especially for investing in overseas markets, that also we are doing with a similar intention. Of course, the expenses could be lower than the actively managed funds. But at the same time, given the fact, it could be relatively lower.

But the absolute profit that will add to the scheme will remain high. But in terms of mix, I think the way we see is that today, if we look at the passives, about 11 lakh crores, roughly, is the size. If you knock off mandate-based investment, the pure retail would be roughly about 2.5 to 3 lakh crores. Within that, if you take large components coming from gold and silver, again, it will remain one of asset class for us to focus, which gives reasonably good profitability as well. So, maybe this number will keep rising. At the same time, our intent is actually to build size in the key product, which is where we believe that, given the comparable asset class in the same size if we take, given the significant improvement of performance that we are witnessing, we will focus on building a size in our core product, which is what our current focus is.

While building our base for the passive and ETF fund.

Swarnabha Mukherjee: So, this is very, very helpful, sir. Thank you so much, and all the best.

Moderator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question, press star and one. Our next question comes from the line of Mohit Mangal with Centrum Capital. Please go ahead.

Mohit Mangal: Thanks for the opportunity and good evening, everyone. Sir, you just said that the commission was restructured. So, out of five bps, how much was kind of transferred to the distributors?

Pradeep Sharma: So, Mohit, actually, we have optimized the commission structure so that it is win-win for both. So, there is no on terms of basis points. So, we have reviewed the entire whole ecosystem of commission, and we have ensured that it should remain neutral for everyone and win-win for we as an AMC as well as for our distributor partners. And then the outcome is that, by and large, our yields also remain intact, and by and large, distributors also maintain their margins.

A. Balasubramanian: See, the broad approach we have taken on this phase is, when you mean by win-win, is something neither I can make too much profit nor we can take hit at the same time from distributors' point of view also. So, when we re-looked at the whole model and looking at the account, this is already the sharing formula that we have. I think the basis which our own assessment is that there is no significant benefit or the loss. So, that's the way we approach. With the marginal here and there, some benefit would have accrued to us, some benefit would have got accrued to distributing community, but broadly we have kept it more like a neutral kind of impact.

Mohit Mangal: Understood. So, second question is that we have kind of lost market share in SIP as well. So, just wanted to know that even your opening comments, you said that your flagship schemes have been doing well. So, where are we seeing problems within the SIP? Is this non-flagship schemes or how should one look at it?

A. Balasubramanian: No, flagship scheme, our effort has been to build. I think flagship scheme as it is, our 7-8 flagship schemes we have mentioned, we are seeing improved flows even compared to the last year as well as even this quarter too. I think largely our SIP, especially in the ELSS schemes we are seeing, generally outflow in the industry and we did have impact on some of the ELSS schemes. Even industry this time the cancellation rates are higher than the previous quarter. So, to some extent I would say that has added to the, of course sometimes some of the, we have seen some cancellation in that. But having said that, the core schemes, that is one of our intended core 7-8 schemes that we have identified, is the one where we call it the focus product, where we are seeing improvement in terms of SIP registration as well as SIP drive.

So, this quarter was more or less as a result of what I just mentioned. Then secondly as far as the fixed income concerns, I think the volatility that we witnessed in interest rates, especially in the month of May, May was actually a little panic month when it comes to fixed income and fixed income we do have large size in the non-liquid fund, liquid fund plus category which is basically duration based. We did lose some bit of money.

In fact, all the money has come back in June end and July. At least for a month, I think it affected in the month of May, that's why it got impacted in the average asset. Otherwise had it gone in the June end, it would not have had an impact.

They went in the month of May and coming back after a month gap, so it had an impact on the overall average assets.

Mohit Mangal: Okay. Data keeping questions. If you can spell out the PMS or AIF for the non-mutual fund revenue for the quarter and the SIP AUM?

Pradeep Sharma: SIP AUM is approximately 87,000 crores for quarter. And PMS and AIF contribution, if you see contribution on total revenue on gross basis is around 7% for the quarter. And on net revenue basis, post payout of commission to distributors is around 4% on overall revenue.

Mohit Mangal: So, out of 4, 63%, 4% would be PMS and AIF revenue, right?

Pradeep Sharma: Yes.

Mohit Mangal: Yes. Understood. So, thank you and wish you all the best for the entire year. Thank you.

Pradeep Sharma: Thank you.

Moderator: Thank you. Our next question comes from the line of Lalit Mohan Deo with Equirus Securities. Please go ahead.

Lalit Mohan Deo: Thank you for the opportunity. Yes. Thank you for the opportunity. So, I have two questions. So, firstly, in this particular quarter, you just mentioned that we are seeing some healthy flows in our flagship products. So, just wanted to understand if you could give some more color into it, like in terms of the market share, how is it tracking with respect to our overall market share in flows in those particular schemes? And also, if you could also give some color on the – from a channel-wise perspective, like where we are seeing some healthy flows and where we are seeing probably some redemptions over there, probably on the distributor side or banking channels?

A. Balasubramanian: Yes. See, with respect to these core funds, though I am not tracking the exact how much is the improvement in the market. I generally look at the flows.

The core funds, such as FlexiCap, Balanced Advantage Fund, Multicap, Small Cap, MidCap, and Multi-Asset Allocation Fund – these are the generally core funds, including I am even seeing flows coming into our PSU equity fund, given the fact that good performance track record. And we are seeing flows in these core funds. And our idea is actually to ramp up the flows into these funds by keeping this as a high-focus area for the entire sales team across the country.

And wherever even I have been traveling with my sales team across the different parts of the country to push our overall engagement, I do see positive vibes coming from each one of them, acknowledging that some of our fund performance is even we are doing better than the competing funds in the same category, where the volume would have gone in the last three, four years. There is a high realization which is that. And second, with respect to the channels, I am seeing more or less steady growth, but I see MFD volumes gradually picking up.

With the banking channel, earlier, some of our products were not part of the approved list. We already started seeing products now becoming part of the approved list. Recently, HDFC Bank has approved some of our products, and Kotak team on boarded some of our schemes.

And we have seen already product approved part of HDFC, YES Securities, YES Bank sorry, as well as on Standard Chartered Bank, and also some of the other wealth management firms, including LGT Wealth, Ask Wealth, and IndusInd Bank. Some of our products were probably missing as part of their comparison, such as FlexiCap Fund, Balanced Advantage Fund, even our equity savings fund on the fixed income category. These are now getting added to the overall recommendation list, which in my belief is given the fact that our engagement is pretty good, and also, they normally sell the products that are part of the recommendation list. I see improvement coming from sales engagement, leading to a better outcome from these channel partners. We are already seeing this coming in some of the bank channel partners. In fact, HDFC Bank added only a FlexiCap Fund only in the last two weeks, and adding to the overall AUM growth.

Lalit Mohandeo: Sure, sir. Thank you for that detailed answer. And sir, just one data-giving question too. Could you also spell out the total number of employees as of June end?

Pradeep Sharma: So, total number of employees as of June end is 1638. Sure, sir. Thank you.

Moderator: Thank you. Our next question comes from the line of Abhijit Sakhare with Kotak Securities. Please go ahead.

Abhijit Sakhare: Hi. Good evening, everyone. So, my first question is a clarification on the data. When I look at the slide number 11, where you have the closing and the average assets under management, I just wanted to clarify that I would have thought the equity AUM, the closing AUM, would be slightly higher than the average for the quarter, given the returns from the market and we have seen with other players. So, just wanted to clarify that first. And second question is, in terms of the ESIC mandates, if you could give some idea in terms of what would be the annualized revenue from these mandates. And last question, sir, would be just a qualitative one in terms of flows. What would you say would be the top two or three funds where you expect maximum flows in the next 12 months? Thank you.

A. Balasubramanian: So, in terms of funds that we see maximum flows with respect to the competing funds, also the funds that remain relevant from the broader distribution community point of view when it comes to allocation of money. First and foremost, FlexiCap fund. Second is Balance Advantage Fund. And third is the Multi-Asset Allocation Fund. And fourth is the Small Cap Fund. Though we don't position Mid Cap at this point of time, we also wanted to do justice in showing high conviction on that space but however, we are seeing some of the flows coming in.

Among the thematic and Pure Value fund also, we are just positioned. But otherwise, largely these four, five funds. In the hybrid category, both the SIF, the new one that you have launched, as I mentioned, we want to establish performance track record before we start pushing it.

Now that we have in place, again, we are driving that from an overall closed fund view. Equity Savings Fund again comes with equity taxation from a view. The large pool of HNI investors who does not have major exposure in terms of equity return, that also we have positioned. In fact, some of the conservative investors, we have positioned that as a scheme for flows. That way, broadly we have positioned. But key schemes largely remains Flexi Cap, Multi-Asset, Balanced Advantage Fund, and Small Cap. With respect to the ESIC. ESIC mandate, of course, in terms of the revenue, very marginal. We don’t earn any much on this. Of course, we do have a team of people, who actually have a separate team of people for managing both the EPFO and ESIC mandate. That's what the requirement is. Otherwise, in terms of revenue, it doesn’t add much revenue to us. It doesn’t give a big revenue, but definitely it opened the gate for privately managed EPFO, through which we are seeing somewhat of tractions in terms of flows coming to us. Passive funds as well as Active Managed funds though it’s a small beginning, we are giving a complete re-push. Rather, we are emphasizing the need for reaching out to 1,350 EPFO to contribute from their equity contribution to our existing funds purely on the base of the mandate that gives us the edge over others for us to get closer. In terms of closing versus average, Pradeep is just giving a clarification on that.

Pradeep Sharma: Abhijeet, average equity AUM for Q1 was ₹198,722 crore and closing also was ₹198,969 crore. Because if you see during the quarter, there were dips in the market, that's why the average also is in the range of closing only. I think you were saying that why this is in line with closing, there should be some movement basis the market movement. If you see, however, during the quarter April to June, there were days wherein market also have dipped. That's why average is also in the similar line.

Abhijeet Sakhare: Got it, sir. Sir, last question Pradeep, sir. Any OPEX growth outlook for the year?

Pradeep Sharma: OPEX, I think, remain within the inflationary guidelines. Employee cost, as we discussed in the first call, should remain largely in the similar range as we have already factored in the ESOP cost, etc., which based on the new ESOP plan, which was rolled out for the employees. Other than employee cost, it should largely remain as per the normal inflation. There are no cost shocks, I think, as of now.

A. Balasubramanian: Yes.

Abhijeet Sakhare: Got it. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Our next question comes from the line of Dipanjan Ghosh with Citibank. Please go ahead.

Dipanjan Ghosh: Hi, good evening, sir. A few questions from my side. If I look at your non-mutual fund portfolio, this is excluding the large mandates from EPFO and ESIC that you have received. If I look at the AUM, ex of that average AUM, from 1Q '24 to 1Q '21, which is almost a three-year horizon or two, three-year horizon, things look largely stable in terms of the average AUMs ex of the large mandates, despite onboarding new teams, strengthening the sales franchise, etc. Just wanted to understand if I were to take a two, three-year view and given that the market space has kind of widened, your franchise has deepened. How should one aspire to either look at AUM or revenue contribution from this ex large mandate non-MS book? That's the first question. The second question comes back to the SIP market share. If I understood correctly, you mentioned that ELSS has seen some amount of rundown and maybe a little bit of pressure in terms of flows. Correct me if I am wrong, my understanding would be that ELSS contribution to SIP at an industry level might not be that relevant. Unless ELSS SIPs for you guys are a meaningful contributor, triangulating the SIP market share decline quarter-on-quarter or at least from March to June looks a little challenging. In case you can give some color on that or maybe the quarterly SIP data that would be useful, ex of maybe ELSS also. Third question would be on the fee and commission expense. Is it fair to assume that the increase that you are seeing in fee and commission expense over the past few quarters is largely attributed to the all non-MF business, basically, and that should kind of remain robust given the product pipeline that you have? Those are my three questions.

A. Balasubramanian: With respect to the first question around the AIF side. If you look at our Alternate business, we divide them into three categories, one is the PMS long only equity, which is in the listed space, where we have roughly about ₹5,000 crore kind of size. While we have grown with the last--, that's an asset class we want to build size. In fact, we are already part of this. Some of these leading wealth management teams approved list. Definitely, we have a target to take it to anywhere between ₹20,000 crore, ₹21,000 crore over a period of next three years. The second category, we have built where we have built internal capability as well as the team is to build AIF Performing Credit as well as the AIF Money Market Fund in the AIF category. Third is the AIF Real Estate Credit Fund.

Real estate credit fund, we have established reasonably good track record return to the investors. The same way AIF Performing Credit. So far, we have been able to deliver close to about 14% return, which again is being seen by people underwriting that we have done reasonably acceptable underwriting that we have done. With that our intention is to build the size to the next level. I think each one of them will gun for about anywhere between ₹5,000 crores to ₹7,000 crore kind of size to start with. That is one of the reasons we also given a commitment from our AMC P&L in order to provide seed capital up to 10% of the fund size. At the same time, we will provide a temporary bridging gap whenever they have a deal so that we can participate in some of the large deals at the same time get money into the fund. That is the model we applied as far as the AIF performing credit funds.

Third is, of course, the GIFT City. GIFT City is something we have now got the retail license. Clearly, we have a roadmap in building GIFT City both for inward remittance and outward remittance. In fact, the three, four gentlemen who are joining on our passive side they are quite convinced and quite bullish in terms of building GIFT City as one of the route for domestic savings to get diversified into the international equity market. Therefore, we will launch a few products in that segment. That is what I think will build the size. As well as domestic concerns, even the passive side some of these institutional investors as well as HNIs who largely chooses the passive funds as part of the normal asset allocation. That also we have put some kind of in place. In fact, the new team of people is also quite convinced and passionate about building a passive. Therefore, this is something which the fourth category will do. That is the way we are building the overall size. In fact, the way we always drive our Alternate business should not only attribute to the overall AUM growth, but it should also attribute to overall profitability so to speak. That way we build it. The second question, Pradeep is just answering.

Pradeep Sharma: SIP cumulative contribution for the quarter was around ₹3,300 crore which is actually in line with Q4 numbers also. In fact, in Q4 also, the contribution was around ₹3,300 crore. However, there have been month-on-month fluctuations. This is one. Secondly, you asked about the Alternate revenue.

A. Balasubramanian: Alternate revenue.

Pradeep Sharma: Yes, revenue. I think largely we feel that because all our verticals, LOBs are largely we feel in coming quarters, I think the revenue or contribution for Alternate should be in the similar range except 1% or 2% here and there, I think should be there. Because all our LOBs are firing, all our LOBs are growing. We feel that in coming quarters, this should remain in the same range.

A. Balasubramanian: Yes. See, Alternate, while we are seeing somewhat of a pickup, I think increasingly we are seeing acceptance for the product. Ultimately, that should lead to a volume conversion, which is what my belief is we will start. Even PMS, there are certain markets where we have been pushing even at the MFD level, is also seeing somewhat of success there. That's something which you believe that as we move forward, we will see uptick, a gradual momentum in this space.

Dipanjan Ghosh: Sure. On the fee and commission expense increase, is that partly attributed to new launches and marketing expense in all PMS businesses?

A. Balasubramanian: Yes.

Pradeep Sharma: Fee and commission expense is actually directly linked to the business of Alternate business because this is a commission which is paid to the distributor community. I think that is directly linked to the business which we will be garnering on the Alternate side. I think this should have the similar growth rate of our revenue for Alternate side.

Dipanjan Ghosh: Got it. Just maybe one small question if I can squeeze in. You mentioned that you normally tend to look at absolute flows rather than the market share, which looks fair. If you were to index your flows to 100, let's say in 1Q 2026 or 4Q 2026, how would the trajectory be tracking incrementally, let's say, for the quarter on a run rate basis? I mean indexing to 100 a particular base quarter.

A. Balasubramanian: I think generally I see improvement. Of course, when I would look at the number very objectively from last year's similar quarter and this year's similar quarter, the numbers are better. If you look at last year full-year run rate versus the 3 months run rate, is actually better than the last year full year run rate. However, when we began this year, just to give you some sense, April was pretty good for us. April started quite well, and May and June were relatively muted as we have seen generally in the equity market. Otherwise, the trend largely is getting better as far as the key funds flows are concerned, which is why I mentioned as in comparing with the market share right now, how the flow is improving is something. I think once it gets established, it comes on auto mode. Naturally, we will be able to link that one to a improvement in the gap between competing from the same space. That way we start looking at it. I think we will have to give some time for that now that the products are coming as part of the recommendation list, and now that the performance longer term also now is getting better. That's the way normally I see it.

Dipanjan Ghosh: Got it. Thank you, everyone, and all the best.

Pradeep Sharma: Thank you.

Moderator: As there are no further questions from the participants, I would like to hand the conference over to the management for the closing remarks. Thank you, and over to you, team.

A. Balasubramanian: Yes. Thank you, everyone for your questions. With this, we will conclude our Q1 FY27 Earnings Call. If you have any questions, please feel free to contact Pradeep and Paritosh. Thank you.

Moderator: Thank you so much, sir. On behalf of Aditya Birla Sun Life AMC Limited, we would like to formally conclude this Q1 FY27 Earning Conference Call. We sincerely appreciate your participation in this event, and we kindly request that you may now disconnect your lines. Thank you for your time and engagement. Have a great day.

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