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To,
**The Manager,
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Dear Sir/Madam,

Subject: Q2 & H1 FY27 Earnings Conference Call Transcript

We are enclosing herewith copy of the transcript of the Company's Q2 & H1 FY27 earnings conference call dated 12th October, 2026. The transcript is also available on the Company's website at <https://www.anandrathiwealth.in/financial> .

This is for your information and record.

Thanking You,

Yours faithfully,

For **Anand Rathi Wealth Limited**

PRAVIN
RAJENDRAPRA
SAD JOGANI

Digitally signed by PRAVIN
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**Pravin Jogani
Company Secretary and Compliance Officer
M. No. A25413**

Enclosed: as above

ANANDRATHI

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Anand Rathi Wealth Limited

Q2 and H1 FY27 Earnings Conference Call

October 12, 2026

MANAGEMENT:

MR. FEROZE AZEEZ – JOINT CHIEF EXECUTIVE OFFICER

MR. RAJESH BHUTARA – CHIEF FINANCIAL OFFICER

MR. VISHAL SANGHAVI – HEAD OF INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 Earnings Conference Call of Anand Rathi Wealth 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 star then zero on your touchtone phone.

I now hand the conference over to Mr. Feroze Azeez, Joint CEO of Anand Rathi Wealth Limited. Thank you, and over to you, Mr. Feroze.

Feroze Azeez: Thank you so much. Good afternoon and thank you everyone for joining the earnings conference call for the quarter and half year ended 30th September 2026. Today on this call we have with us the CFO - Mr. Rajesh Bhutara; our Head of Investor Relations - Mr. Vishal Sanghavi. Jugal Mantri is in Europe holidaying, so we don't have him on the call today. And this is the first quarter call I'm doing without him, so I miss him on this call.

Yes, so I'm very pleased to share that we have delivered another quarter of consistent and fortunately market agnostic performance, despite the challenging environment. This is our 20th quarter results since we got listed in December 2021, and in every quarter since listing, with God's grace, the PAT growth Y-o-Y has been greater than 20%.

Excluding the impact of non-business-related items, fair value gains, and ESOP expenses, and related tax effects, Profit After tax, for the first half year of FY27, the PAT grew by -- sorry, after-tax PAT grew by about 23% year-on-year to INR 238 crores, while revenue increased 17% year-on-year to INR 693 crores. Similar for the Q2 FY27, we reported a consolidated profit, net profit of INR 122 crores, registering a year-on-year growth of 22%. Total revenue during this period rose by about 16% to INR 357 crores. In the first half year of FY27, the company has delivered 49% of the full-year revenue guidance, which stands at INR 1,415 crores. So, 49% penetration on the guidance of revenue, and 52% penetration on the PAT guidance, 48% more to go of the 460 guided.

Continuing our policy of rewarding shareholders, the Board of Directors have declared an interim dividend of INR 4 per share, and after a bonus, so INR 4 per share of the new 16-odd crores shares which are outstanding. In the first 6 months, we have achieved 52% of the PAT guidance of 460. I think that's already mentioned.

We've achieved three important milestones in this quarter, which have gone by. The highest net flow ever in the history of Anand Rathi Wealth of the last 20 years happened in this quarter, which went by, and we collected new fresh moneys of INR 4,186 crores, which is up 39% from the last year's number, corresponding number, of FY26 quarter ending September. So, INR4,186 crores of net mobilization or new moneys with our clients' gratefulness, and when the clients realize that this portfolio during bad times can hold up, bad times clients have shared more moneys with us.

Second, we recorded our highest ever quarterly equity mutual fund net flow, again, in the last 20 years we have not been able to achieve that, and with your support and client support, we have achieved INR 2,867 crores, up 39%. It's easy to say buy equities low and sell high, and

clients pragmatically have bought more equity, which shows up in IRRs over long periods of time. Courage translates into IRRs, but not in the short term, in few years. So, I'm very happy to note that our clients, unlike the mutual fund industry, has not delivered the best net mobilizations in the first half year. SIPs, of course, have been robust; lump sum, lump sums have been low. In that half year and the last quarter, we have had a 39% increase in equity mutual fund purchase.

Third, we recorded our highest ever monthly client acquisition in the month of September, which will not be apparent in the result because I'm speaking about September. With God's grace, and clients, when they see their portfolios doing relatively better, of course, sadly not the best times, they start referring their friends who are troubled with what has happened in their portfolios with aggressive strategies.

In our flagship business of private wealth, during the last 12 months, we have added 1,500 new client families on the net basis, bringing our total client families to 14,309. Client attrition rate in terms of AUM lost remained low, 0.17% for Q2 FY27, and 0.26% for half year FY27. Of course, these are second decimal numbers, but Yes, we would ideally want every client family who trusts us with their hard-earned life savings to be satisfied.

Regret RM attrition continued to remain low, two RMs whom we considered regret mathematically, of which one I might want to not call. Mathematically I can't call that person a non-regret, I would say one regret attrition we've had in H1 FY27.

Digital wealth business, which is B2B2C business, registered an AUM growth of 14% year-on-year and reached INR 2,531 crores, and the number of clients increased 15% to 7,584.

OFA business, Omni Financial Advisor business, which is a SaaS platform, has close to about 6,898 subscribers with a platform assets of about INR1.66 crores at the end of September 2026. Must be remembered these are just platform assets which we report.

Also, last quarter we started operations in London, UK, and we have received requisite regulatory approvals to commence operations in GIFT City, India. That's where I stop and hand over the mic back to the moderator.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Prayesh Jain from Motilal Oswal Financial Services Limited. Please go ahead.

Prayesh Jain: Yes, hi. Good afternoon, everyone. Sir, just a few questions. Firstly, a broader one. If I have to think about, say, your top 100 customers, roughly in your estimate, what would be the wallet share that Anand Rathi Wealth would have for them?

Feroze Azeez: Firstly, yes, my top 100 clients, I don't have to think of them because I think of them 24/7. So, on a lighter note. Okay, so coming back, because that's where we have the platinum segment. Okay, more than percent and a half of our clients fall in the platinum segment. What kind of wallet share, it's very dispersed. See, basically we have this principle of homegrown the colleagues, homegrown the clients.

So, we don't flock on the doors of people who have just had a business sale of INR 200 crores. So, I would say that our platinum clients, I can say confidently that 50% - 60% of the wallet would be with us, and the same clients, if I see the trend, which is what I think is important, would be an upward trend for 95% of the families. So, top 100, I would say 60% - 70%, and there will be several with 100% with us. That's what.

Prayesh Jain: That's the part of, when you say, the denominator is the mutual fund net -worth or you are saying of the total net worth?

Feroze Azeez: See, wealth has only one definition. Unfortunately, market defines however. I am speaking about wealth. Wealth includes all the assets, physical also, which they don't live in.

Prayesh Jain: Okay.

Feroze Azeez: Not just mutual funds, stocks. I count everything as wealth. Wealth is everything one human being has which he does not consume or aspires to consume.

Prayesh Jain: Got that. The second actually is more of financial question. We've seen a very, including the ESOP cost, we've seen a very sharp increase in employee cost from the time we've given ESOPs, which was in fourth quarter. Now, how should we see this and model this next year? Do we see an increase in expense, ideally the ESOP expenses is the highest in the first year and then it's on a declining trajectory? Should we go in similar manner and assume that the overall -- the ESOP cost would decline in next year and possibly the overall employee cost will see a much lower growth in next year?

Feroze Azeez: Yes, sir. Non-cash expenses, which is where ESOP falls, mark-to-market and non-cash expenses, the dispersion between your profit before tax, which is INR122 crores and these INR90 crores, will reduce. Yes. So, to answer your question, will the ESOP cost reduce? Yes, dramatically, yes.

Prayesh Jain: Got that. And just one final question is on the MLD part where, anything that worries you on this business which kind of say, runs at the top of your mind? That business has been growing well for us, no doubt on that front, but does that, any part of that business worries you in any sense?

Feroze Azeez: Prayesh, whatever worries us, we start working on it, okay, long before it becomes an actual wolf knocking on our door. So, if you ask me, I said the same thing four years back, it doesn't worry me because all the variables which were my risks were identified much before. So, does it worry me? No. Does it require professional management to be able to make sure it is not worrisome? The answer is yes. So, is it scalable? The answer is a big yes.

Of course, people would still take it with a pinch of salt because they don't trust the professionals who generally, people, I don't know why, but yes, I would do a straight talk. So, no, that doesn't worry me, but yes, I know most people wouldn't believe that statement. They didn't four years back, they don't today.

Prayesh Jain: So, even in this falling market, you would have given very healthy IRRs on these products?

Feroze Azeez: Yes, sir, we would have given. Some of them didn't give the maximum IRR in the last quarter. Otherwise, we had 1,190 consecutive products from December 2020 till as much as May-June this year, which is the longest streak of wins any product in the history of India would have given expected returns, all of them. But that streak broke in this year and some products didn't deliver the full 14%-15%, but delivered 6%-7%. None of them in the history of Anand Rathi's issuance from 2012 December have ever lost money at maturity.

Prayesh Jain: Do you think the slowdown in the growth now will be a challenge for this MLD business? The question is from the near-term perspective, do you see that as a risk for your future flows?

Feroze Azeez: I can answer it in two ways. One is, if I don't see a growth of 20-25% these two quarters, for example, if that's near-term, I would have revised my guidance downwards. Okay, one thing you can expect from us as professionals is courage. Mistakes we do, but we generally have been taught by both my bosses, Mr. Rakesh Rawal and Rathi ji, that do a straight talk and tell them. So, near-term, am I worried about the summation of 20%-25% PAT growth? The answer is no. If that was the case with the slightest of the probabilities, I would have revised my PAT guidance down from 460. And you can expect this from us in the future as well.

Now, coming to the structured product, long-term, do such small cycles or larger cycles also impact structured product business? The answer is no. Why? Because unlike another wealth management product, the agility of a structured products is very high. Tomorrow, today now let's assume, I was just speaking to a journalist a few days back, couple of days back, and I said Nifty has stopped representing the Indian broader market, because there's a lot of short build-up of FIIs in the Nifty stocks because we've opened up some degree of short possibilities there by some regulatory changes. So, if tomorrow Nifty is not a great barometer for me to issue a structured product, can I do it on Nifty broad -- Nifty 500 if there were futures listed? So, there is a lot of agility, is the point I'm making. If 30% target for five years is too much to ask for in the contemporary situation, can I make a product with 15? The answer is yes.

So, coming back, long-term, the agility of a structured product which can embed any long-term derivative becomes so flexible that you -- if the interest rates are very high, I will start selling calls instead of buying puts or so basically if your volatility is low, the design changes. If the volatility is high, you will make a low vega product. If your rhos are high, then you will make a low delta product.

So, of course this might seem sound like Greek and Latin, which literally it is, these are Greek alphabets. But yes, that's the agility the structured product has to become contemporary, unlike a long-only mutual fund has to be long-only, right? So, extent of long is also not calibratable in the category two of equity mutual funds, for example. And PMSs can, of course. But structured product, if my bullishness is low, then I'll take lower Nifty. So, that's the long-term indication. Short term, do I worry about the demand? No. I worry about when do I get my trails to 50%, which I had given as guidance.

Prayesh Jain: Yes. Thanks. That's helpful. If I have few questions, I'll come back in the queue. Thanks.

Feroze Azeez: Thank you, sir.

- Moderator:** Thank you. Next question is from the line of Shrenik Mehta from IndoAlps. Please go ahead.
- Shrenik Mehta:** Hi. I just wanted to -- so congratulations for the great set of numbers, very consistent. You have these UHNI clients which are 50 crores and above. These are big chunk of your overall revenue. I just wanted to understand the yields that you get are similar for this segment versus, say, the 5 to 50 crores segment yield that you fetch?
- Feroze Azeez:** Absolutely. I get if not the same, marginally better maybe, I've not checked, but we don't give any discount on fee. Economies of scale only increases value-added services, but does not reduce fee. So, I can proudly say we may be one of the few wealth management outfits which has never taken a cheque indirect from a client irrespective if the person offered us thousands of crores. So, the answer is no. As you go up the pyramid in terms of my clients, that's why we home-grow them. So, most of my largest clients have been with us for 15 years, they would have started with 2 crores.
- Shrenik Mehta:** Wonderful. Thank you so much.
- Feroze Azeez:** Thank you, Mehta sir.
- Moderator:** Thank you. The next question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead.
- Sucrit Patil:** Good afternoon to the team. I have 2 questions. My first question is just wanted to understand the forward guidance. Beyond the regular outlook what are the top 2 to 3 execution priorities you're focusing on in the next few quarters to drive client acquisition, wallet share expansion, and AUM growth?
- And alongside that, what do you see as the key risks from market volatility, changing the constant changing investors' sentiment or increasing competition? And how are you preparing to manage them while strengthening the company's overall market share? That's my first question. I'll ask my second after this. Thank you.
- Feroze Azeez:** This is a question that I can go on and on, because you've asked me everything practically I do. So, but Yes, coming to the -- on the lighter note I was saying that, but on a serious note, when you look at our principle, our 'siddhant' or our 'bunyaad' on which we build our business, is not do new things every quarter or every year. Do the same old thing in a better fashion again and again.
- What do I do for client acquisition? I do events of my clients, colleagues, societies. Very low-cost events, I go to their places and collect 15 people. So, I have done 130 events. So, I have our events department, which don't do those fancy events. They do, of course, but those are not the premise of my acquisition.
- So, if my client loves me, I will say, sir, organize an event in your community. So, then he will speak. I have to spend INR 20,000. They actually refer us clients there if they think I have added enough value in life.

And if I have 14,000 families, my 7,000 families have finished 3-3.5 years. There are 2,500 families who have finished 10 years, maybe, right, 2,000-odd. Don't hold me to that number. So, those are the guys who actually give me events. That's one way. So, acquisition, we acquire on the basis of -- now today website leads have become a reasonable source, where people reach out to us thanks to some degree of awareness of our services. They reach out to us.

So, over the next 3-4 years, I would see cold calling is something which we don't like, we doing, because we don't like as human beings receiving phone calls on a Sunday afternoon, random people. So, we want to avoid that in the future, but we're building -- references have always been 50%-70% of our clientele. We want that plus website leads. People either have to walk up to us or they have to be referred. That's the destination model in 3 years.

Vishal Sanghavi: 165.

Feroze Azeez: 165 events we did in this financial year. So, we have done -- Vishal sir has figured out in the meantime, 165 events we have done. So, small-small events, not those where you're trying to brand yourself as bigger and spend crores. That's not it.

So, that's on the acquisition side. Wallet penetration is deliver Jensen's Alpha. Most people don't deliver Jensen's Alpha. If you deliver somebody a Jensen's Alpha, in India, Jensen's Alpha is mistaken to be alpha. Deliver Jensen's Alpha, that will give you the wallet. In we go with the assumption that my client is smart. Of course, that's why he's HNI. He's 1% or little lesser than 1% of India.

So, do I have to convince him to give me money or I have to deliver to give him money? Actually, if you think logically, I don't have to convince him. I just have to deliver. Deliver not absolute return, because absolute is not in my control. Trump sir is sitting. Right? So, relative is my influence, not even in control. So, that's where, like you do a mutual fund selection out of 927, you try and make sure that you beat the Nifty or the NSE 500 by 2% to 3% after earning my 1%.

Then the client knows, okay, he's accumulating small, small buffers, like our model portfolio on the equity mutual fund side from 1st of June 2013, audited, okay? Across 13 years, has delivered 198% alpha on Nifty and about 100% alpha on NSE 500. Right? So, even if the market fell by 50%, the guy has still beaten Nifty in 13 years. You understand what I'm saying? So, that is in control. So, how do you want -- penetrate into one's wallet? By doing finance like a treasury, not like a wealth manager.

Sucrit Patil: Great. Thank you. Can I ask my second question?

Feroze Azeez: Yes, sir. Absolutely. At your service.

Sucrit Patil: Yes. My second question is to Mr. Bhutara. From an operations and financial management point of view, what are the key risks you're monitoring around cost structures, technology investments, and regulatory compliance for business scalability? And what measures have been taken to ensure the cash keeps on flowing and margins are maintained at stable rates?

Feroze Azeez: Rajesh Bhutara ji has to only be Rajesh Bhutara and this all will happen, because Rajesh Bhutara has finished 25 years in this company. Rajesh sir, you are there. Tell me a few things, then I will give my comment.

Rajesh Bhutara: Yes, sir. Hello. Good afternoon, everyone.

Feroze Azeez: Yes, sir. Margin will be maintained you are asking.

Rajesh Bhutara: No. We have maintained all the margin. No treasury wise risks in our case or -- so I think...

Feroze Azeez: Thank you, Rajesh ji.

Rajesh Bhutara: Yes.

Feroze Azeez: You are telling something? Yes. Tell, Rajesh sir

Rajesh Bhutara: No. The technology side, we have a strong technology team as well as a strong system. So, technology side is not a have any issue for our business.

Feroze Azeez: Thank you, Rajesh-ji. So, to add to Rajesh sir, one is how we look at cost, we look at it that we don't want operational efficiencies, mean what do you call that, operating leverage. Okay? We want to reinvest in our business. 40% is my target. I have to have my PBT above 40%, I have to have my PAT above 30%. This is what has been told by my boss, so it's carved in stone, we try and do that. How do we look at cost? We don't become flamboyant sometimes when things are good, so on and so forth.

So, point one, is our technology going to become more efficient, our costs are going to go up? I don't think it'll go up. Second, are we building our technology very -- on a different tangent than the industry? The answer is yes. So, for example, we hired four IITians who are designing algos for me to research. Okay? I'm -- one of the kind of stuff which happens in a treasury more so. So, technology, we will spend some money, but anytime our PAT, PBT increases beyond a certain level, we would want to reinvest in strengthening a lot of verticals, okay? Which is what Rakesh sir says.

If you have to, in good times when your PBT is going to go up more than you expected, 43, 44, 45 is okay, it's in the order of magnitude of 40. If it became 48 -- now I don't want to impress the shareholder saying that I have operational efficiencies. I would bring it back down by investing in things which I think which will keep my business up and running and consistently running 20 years from now. Does it answer? If you get a little more narrow, I'll tell you. Sorry.

Sucrit Patil: No. It pretty much answers my question. Thank you and best wishes.

Feroze Azeez: Thank you, sir.

Moderator: Thank you. The next question is from the line of Mohit Jain from Tara Capital Partners. Please go ahead.

Mohit Jain: [Inaudible]

Moderator: I'm sorry to interrupt you, Mr. Jain. We are unable to hear you. Your voice is breaking. Can you please check?

Mohit Jain: Hello. Is it better now?

Moderator: No, sir. We are unable to hear you.

Mohit Jain: Hello. Is it better?

Moderator: Mr. Jain, we are unable to hear you. We would request you to please kindly check your connection and join back in the queue. In the meanwhile, we'll move to the next question, which is from the line of Milind Kulkarni from MLDL. Please go ahead.

Milind Kulkarni: Yes. Good afternoon. How much are the non-cash charges in the quarter?

Feroze Azeez: Sir, non-cash charges and mark-to-market, right?

Milind Kulkarni: Yes.

Feroze Azeez: Non-cash charge how much? I think INR40 crores.

Rajesh Bhutara: Non-cash charges, INR46 crores.

Feroze Azeez: INR 46 crores.

Milind Kulkarni: And what was it in the corresponding quarter of the last year?

Feroze Azeez: Zero, sir.

Rajesh Bhutara: Last year is zero.

Milind Kulkarni: Same quarter last year was zero?

Rajesh Bhutara: Yes.

Feroze Azeez: Yes.

Milind Kulkarni: Okay, thank you.

Feroze Azeez: Thank you for the question, sir, Milind sir.

Moderator: Thank you. The next question is from the line of Nikhil Agarwal from Choice International. Please go ahead.

Nikhil Agarwal: Hi, everyone. So, my question is about the company in July 2026, your wholly-owned subsidiary Anand Rathi Wealth FME, it received in-principle approval from IFSCA. So, could you please throw some light about the revenue opportunities you are targeting through it?

Feroze Azeez: Okay, sir. If I understand it right, GIFT City, we have got an approval, what kind of revenues would you expect or what kind of revenue opportunity would you expect?

- Nikhil Agarwal:** Yes.
- Feroze Azeez:** Correct. So, we are a very India-centric organization, so we will use that license as of course expected and the license in nature as well, to bring money to India. And when you bring money to India, we will try and deliver the Indian resident proposition to an NRI. Today in an Indian resident proposition, we have mutual funds which we choose mathematically, and then we design structured products.
- So, we will try and deliver the same proposition in a more tax-efficient fashion to an NRI, that's the expectation. So, what kind of revenues are possible, I do not want to count my eggs today, but do I see very exciting times for me if I can get global capital into a already validated proposition? The answer is yes. Will I do anything different? No.
- Will I do what I have done in a different platform for a larger universe and a larger transfers? That is yes. So, if for example if there is a London guy who wants to invest in India, I would use the platform to be able to offer my India proposition, which has a credibility of 13-14 years, to him.
- Nikhil Agarwal:** Okay. So any scheme planned for this year? Sorry to interrupt, any schemes planned for this year in GIFT City?
- Feroze Azeez:** Yes. See, yes, so there are a lot of advantages there. Should I plan as any revenue you should go with, for my first 20%-25% PAT growth or revenue guidance for this year, I have not provisioned anything. We have not provisioned anything. We like to see the proof of concept, what are client objections initially, then we mend that. We do a lot of trial and error before we become very confident to put them into our revenue targets.
- Nikhil Agarwal:** Got it. Thank you.
- Feroze Azeez:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Sunil Shah from SRE PMS. Please go ahead.
- Sunil Shah:** Hello Feroze and everybody in the team. Always wonderful to have a talk here. Sir, my point was about the GIFT City thing and I think, we got some clarity there. So, it's going to be inward remittances or inward investments. Are we looking at doing something out of India, replicate our model to take money out of India through the GIFT City as well or it's just going to be inward at least to start with? That's my first point there.
- Feroze Azeez:** Yes, Sunil sir. Okay, you want me to answer the first one first?
- Sunil Shah:** Yes.
- Feroze Azeez:** Yes, because you paused, that is implied.
- Sunil Shah:** Yes.

Feroze Azeez: So, yes, Sunil sir, in the short term and in the long-term current thought process, is to only look at inward, because I think India itself requires a lot of homework currently, and I can give you example after example of what kind of research is unravelling our understanding of Indian capital markets.

Right now, we were doing a study on 213 derivative stocks, and there's so much understanding still left. And I feel ashamed that I worked in this market for 22 years, as a professional, I'm still not understood some facets of the hypothesis which I tested.

So, coming back to the point and not go beat around the bush, it'll be inward, and even long-term inward, because we want to miss some opportunities to have focus. Focus is underrated, opportunities are overrated, is our belief, right?

Opportunity is there, but that comes at a cost of focus. And we want to master India as much as possible, and I think we're still scratching a surface. And if I told you some hypothesis I've tested, which I'm surely going to put it on media, will surprise us saying that how much more research is there in India. So yes, sir, always inward so far, long term also inward.

Sunil Shah: Great. Good. Very happy to know that. And my second point was on the mutual fund, mutual fund license application. Have we done something on those lines? Some media news were talking, so we have applied for a mutual fund license, and if so, what are the thoughts around that?

Feroze Azeez: Rajesh sir, how much preparation have you done? Rajesh sir is preparing. So, Sunil sir, okay, I'll let...

Rajesh Bhutara: Yes, Feroze bhai. This month end we applied for mutual fund license application.

Sunil Shah: Okay...

Rajesh Bhutara: We're already in preparation, almost data is prepared. So, mostly in the -- up to 20th of October, we can file.

Feroze Azeez: By this month end, sir, is expected to file.

Rajesh Bhutara: Yes.

Feroze Azeez: Sunil sir, that's the confidence of Rajesh ji. If you say this to Rajesh ji then you don't have to follow up. So, I am unaware, but he is as prepared as this month end. Okay. And whenever Rajesh ji speaks, I feel very happy and excited, because he's one person who has been in this company longer than half my product team was born.

Sunil Shah: Okay, great.

Feroze Azeez: Okay. It gives me so much pride, because that's where finance is where maximum attention is needed so that you don't slip anywhere inadvertently as well. And thank you, Rajesh ji. I'm using this platform to acknowledge his contribution to bring us thus far and further.

Sunil Shah: Sir, if I can just...

Feroze Azeez: Yes, sir.

Sunil Shah: Add this more detail. See, essentially, we like the company with the reason that we are re-focused on the things which we do. So, we are taking care of the client wealth and we are investing into mutual funds. Managing money and the part of distributorship, that's significantly different.

What is required for a mutual fund would be more about investment mindset, etc. etc.. So, sir, I just wanted to understand, are we digressing from what we are great at? Just wanted to understand this piece, if it is possible to be shared on the platform right now.

Feroze Azeez: Of course, it is possible, sir. Transparency is the least my shareholder can expect, especially Sunil sir, who has added value to us by every question all the 19-20 quarters. So, yes. So, will we digress? The answer is no.

Only a platform doesn't imply digression. What you do with the platform implies digression. I could have used GIFT City to invest in Korea, then it implies digression. Whatever we will do on the mutual fund platform, if somebody can do better, we are not an egoistic platform to try and do it ourselves. We will do something which is not me-too whatsoever. If anything can be delegated, has to be delegated, is our principle.

So, why do I need to build a long-only ability when I have stars in the country. What we will build will again, of course, unfold for people to see, but it's not going to be me-too, for sure.

Sunil Shah: Okay. Fine. Look forward to that interesting opportunity, which will come with us going forward.

Feroze Azeez: Yes.

Sunil Shah: Thanks to...

Feroze Azeez: And I don't want to...

Sunil Shah: Yes...

Feroze Azeez: I don't want to spill my beans too much, because I don't want any shareholder to extrapolate anything before the eggs are hatched. But Yes, before, don't count the chickens, they say. So, that's why I'm not expressing too much, but I'm so happy and excited for the fact that the group has decided an AMC inside this company.

So, my shareholder gets to participate on the IP built here, which can also be executed on a mutual fund platform. I don't know whether I've been able to articulate that well enough. I was very excited to have that as a fully owned subsidiary of ARWL, which is 50% free float or even more.

Sunil Shah: Sure. Thanks for all this. All the best and look forward to many more quarters of growth from the company. Thanks. All the best to each and everyone.

Feroze Azeez: Thanks. We keep working for the long-standing shareholders like yourself.

Moderator: Thank you. The next question is from the line of Arun Gopal from Retiree. Please go ahead.

Arun Gopal: Yes, good evening, and congratulations to you and your team for consistently performing even in testing times. So, the question is now...

Feroze Azeez: Yes.

Arun Gopal: Yes. I hope I'm clear.

Feroze Azeez: Yes, Arun sir. I can hear you very clearly.

Arun Gopal: Yes. Our assets have crossed around INR100 -- INR1.08 lakh crores milestone, which is good, which is an 18% growth year-on-year. Could you help the break down how much of the growth is driven by the new money, which inflows versus the mark-to-market gains from the performing equity market? And what's the target for the net inflows if the market volatility increases in in the coming quarter -- coming half-yearly?

Feroze Azeez: Arun sir, namaste, sir. We have a target of INR1.2 lakh crores for the year on the AUM bit.

Arun Gopal: Okay.

Feroze Azeez: We have a target of generating net flows of INR6,000 crores - INR7,000 crores - INR8,000 crores, with God's grace, for the residual year. The mark-to-market so far has not contributed too much in the last quarter. Since our mutual funds delivered stupendous excess returns, it has helped us keep the number INR 2,000 crores more from the last quarter end, in spite of one of the worst quarters for Nifty.

Arun Gopal: How much is Nifty, sir?

Feroze Azeez: Nifty fell last quarter by about 8%-7%? One second, Vishal sir is checking. In spite of that, we brought in INR4,000 crores. Ideally, if there was zero mark-to-market, we should have been at INR1,10,000 crores. So, there is INR 2,000 crores mark-to-market loss this quarter. Okay, so Nifty is down 5%, our total overall assets would have fallen about 1% and 1/2%.

Arun Gopal: Okay.

Feroze Azeez: So, will we get to 1,20,000, don't know, but will we get to the net flow of INR3,000 crores, INR4,000 crores for the next two quarters. We will try our best. So, that will mean if we get some 2%-3% mark-to-market, our most volatile guidance, which is AUM, because it depends on Trump sir and so many other external variables, is the most volatile one, unlike revenue and guidance, because AUM is captured on one single day, 30th September, 31st March. So, we have a target. That's the bit. Does it answer, Arun sir?

Arun Gopal: Yes, it does answer. Thank you very much. Thank you.

Feroze Azeez: Thank you, sir, for your question.

Moderator: Thank you. The next question is from the line of Ravi Shankar, an individual investor. Please go ahead.

Ravi Shankar: No, my question on ESOP was asked and answered by Feroze already.

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

Sanil: Yes, good afternoon, sir. Thank you for the opportunity. Sir, two questions. Firstly, among the net flows, what would be a broad breakup between, let's say, your existing clients and new clients, if you could share how do you look at that?

Feroze Azeez: Yes, sir. I can tell you this intuitively. Of course, Vishal ji will give precise number. How we look at it, sir, we don't push clients to start big. Okay, so generally our 70% of the net sales is generally 60% to 70% will be existing clients. Because unlike other private wealth companies who would say start with INR 5 crores, we say start with INR 1 crores as long as you have 10 somewhere. I will prove my merit over a period, of course. In bad times, it becomes difficult to prove to the initial clients, new clients.

So, I'm now conceptually wanting to answer, rather than mathematically. I'll come to the mathematics of it. Conceptually, we've always, as a wealth management outfit, my boss has told me, be secure in your skin. Don't push them to start big. Start the business slowly, keep low expectations and build people's confidence. So, if I got some 200 clients last month or more than that, I would tell people, "Start with INR1 crores, INR2 crores, no problem."

So, if I get INR1,000 crores in that month, hypothetically, then I would get 75% from existing clients and INR250 crores or the new my clients would be about INR 1 crores, INR 1.5 crores each. But we generally try and validate whether each of them have the money to give me. If they have INR 10 crores to give me, I'll start with INR 1 crores, no problem. If I deserve it, you will give me, that's the hypothesis. Now, coming to the exact number for the last quarter, 62% is existing, 38% is new, sir.

Sanil: Okay. Okay, thank you, sir. Very helpful. Secondly, let's say if we look at the business from strategic lens for the next, say, next 3, 4 years, so what are the key areas where you would like to focus on? So, let's say get deeper into existing clients' wallet share or expand more geographically or you looking at new products? How do you look at business?

Feroze Azeez: Sir, okay, let me, again, I might sound a little philosophical. We are only focused primarily. We are obsessed is a bad word. We are, okay, let me use the word obsessed. We are obsessed with client outcomes. Everything else follows. So, now coming to we are looking at how do we deliver 5% to 6% Jensen's Alpha to client.

That's the sole minded focus of 182 research people. Also, my relationship managers, they have to implement advice. That is when concepts translate into money into portfolios. So, our sales fraternity, if you have to call them that, which I don't like to call them, the wealth man the delivery engine, which is account managers and RMs, which is about 900-odd people, are focused on making sure that paper money becomes actual money.

You don't have to walk up to a client and say, "I told you so." That doesn't help the client, right? It just makes me feel good about it. "I said this sir, you didn't do, but I told you so." So, first, in the topic of what are we focusing on, if I went straight to your answer, it'll be unfair to not tell you what we are obsessed about. We're obsessed about client outcomes. In the given environment, of course, my new clients may not be happy.

They're saying, "you thought and I thought we'd make 10%-15%, I'm making 2%, 3%." Yes. Now coming to what are we focusing on, we are focusing on all four engines. The first engine is client's performance. If clients make 12% this year, my revenue next year goes up by 12%.

The second, which is what I touched upon, the second thing which we are focusing on is capacity utilization. Today we have 431 relationship managers, still having a capacity to handle 8,000 more clients. So, I'm submitting to my existing clients to refer me to their friends if they think I will not be unfair to their friends. So, that's unutilized capacity, that's the second thing we are focusing on, and client are generously referring their friends, which is a win-win.

Third, I'm focusing on new plant and machinery or new capacity, which is our relationship managers we are for the future, which are our account managers, which is 500 people, some from IIMs, some from CA background, some from now IIT, some from basic colleges, but intelligent, sharp, genuine human beings.

The next 100 RMs are already identified and being trained to be promoted in the next 1 year, 1.5 years, but we have some capacity constraint in terms of how many do we want to bite before we can chew. So, that's the third leg of growth.

And the fourth and the final leg of growth is the penetration into client's wallet, which is my fourth leg of growth. Existing assets, if there is mark-to-market, my revenue increases; capacity utilization; capacity creation and lastly, penetration.

We may have more than INR1 lakh crores plus with the same set of 14,000 families who are evaluating us at different stages of life. Somebody who has evaluated me for 10 years is a full sole advisory client. Like that. So, these are the four things we're focusing on performance, penetration, capacity building, and capacity utilization.

Sanil: Very helpful, sir. Thank you so much for your time and all the best for the coming.

Feroze Azeez: Thank you for your kind questions, sir.

Moderator: Thank you. The next question is from the line of Jyoti Khatri from Ambit Wealth. Please go ahead.

Jyoti Khatri: Yes, thanks for taking my question. Sir, just two questions from my end. Firstly, if you can just brief us on how the MLDs work and how the IRR on this product has worked over the years in the bad and the good markets?

And secondly, how you tap the Ultra HNI segment? You already did mention that you do conduct the events that help you to onboard the new clients, but apart from that, more into the fact that how do you tap Ultra HNI clients and how it is different versus peers?

Feroze Azeez:

Great. So, firstly, structured products, how do they work? There's a lot of content on the secondary space. If you search Feroze Azeez explaining structured product, there'll be there enough. But let me give you a sense of it. Structured product issuance requires some NBFC who is not very flamboyant with their NIMs. They have to keep the money safe, that's the first condition.

And most NBFCs who issue structured products don't want to keep 50% in investments. Generally, an NBFC who issues structured products, which has some derivative hedging to be needed, has to have 50%-60% of their money in a Demat account. That's the first step to keep the money safe. Markets are markets, you need to have margin enough to hedge it correctly as per the Black-Scholes pricing model.

Then you embed their long-term derivatives depending on your delta, gamma, vega, theta, rhos opinions. That's the second thing. Third, you have to back-test and get your outcomes such that your front test using Monte Carlo simulator should always supersede your back-test results. That's what, like most of the products which we have designed and launched from the last 14 years would have shown a probability of 90% of the victory, but actual transpired is 94%-95%.

That's where the Monte Carlo simulator needs to throw up in the future, probabilities have to be greater than past probabilities. On that whole thing, you will design two things and continue the same two things 2,000 times. Right? So, we do the same product. The product I did in 2012.

Moderator:

Sorry to interrupt. Miss Jyoti, may I request you to please mute yourself while management is answering? There is a disturbance from your line. Thank you very much. Sir, you may please continue.

Feroze Azeez:

Yes. So, how has been the output? Monte Carlo simulator when we designed it told us 94, it delivered 94% of maximum outcomes. Back-tests are very short period of time, so we don't do path-dependent products, we do only end-dependent products. All our learnings, which I learned in Religare and Macquarie when I started issuance when I from 2006, whatever mistakes I did became an embargo to not do here and do the same product.

Clients tell you to design customized structured products, we say, "Sir, you don't understand embedded derivatives, you don't understand option Greeks first-order, so you will not customize. If you want to buy what I put on the table, buy it, because for you to customize, you'll have to run so many models." So, unlike most wealth management outfits who are ready to design anything for anyone, we don't customize structured products.

If somebody wants customization, then they need to understand option Greeks so deeply, third-order Greeks have to be understood. So, so what do we do in structured products? We embed derivatives which have a larger probability, not certainty of victory. That's why all the 1,900 products approximately matured have not lost money in spite of they having matured, some of them having matured during COVID. So, that's one.

Second, we don't acquire Ultra HNI, we build Ultra HNI. That's the key difference. Today newspapers can tell you who sold the biggest property, who sold the biggest business to a private equity guy, who did an IPO, those information is available. So, most wealth management outfits go to those doors saying that, "I will do it in low cost, come to me." So, we say we don't do in low cost.

If I don't deserve 1%, I don't want to be on that table. I will try and do my best to add value to you and earn my 1%. So, we don't go to Ultra HNI straight unless he's my client's friend. We take a client with INR 5 crores – INR 7 crores - INR10 crores and build them to hundreds of crores, if that answers

Jyoti Khatri: Yes, sir. Thanks. Thank you.

Feroze Azeez: Thank you, Madam Jyoti.

Moderator: Thank you. The next question is from the line of Anish Pawar from Ventura Securities. Please go ahead.

Anish Pawar: Good afternoon, sir. Congratulations for a good set of numbers. I had a question that what are the primary and secondary issuances of MLDs for this quarter?

Feroze Azeez: Vishal sir will give us this.

Vishal Sanghavi: Primary INR 2,073 cores.

Feroze Azeez: INR2,073 cores. Total?

Vishal Sanghavi: And secondary is for the quarter is INR 750-odd crores.

Feroze Azeez: INR750 secondary, INR2,000-odd in primary.

Anish Pawar: Okay. Thank you so much, sir.

Feroze Azeez: Thank you, sir.

Moderator: Thank you. The next question is from the line of Anuj Kashyap from A3 Capital. Please go ahead.

Anuj Kashyap: Hello. Hello, am I audible?

Feroze Azeez: Yes, sir.

Anuj Kashyap: Sir, there was a news article that the SEBI has SEBI is planning to give the portfolio managers also the mutual fund advisory services. So, any take on it, sir.

Feroze Azeez: Yes, sir, I have actually Yes, on this subject, I have spoken some time back that most people who surrendered their advisory license were using a PMS license to run a mutual fund portfolio. So, basically SEBI has regularized it by creating PMS where mutual funds can be bought. So, I

think in a mutual fund, a PMS platform is not so required, because mutual funds you don't transact every day.

In stocks, you transact every day. In PMS, I don't know why, only to charge a fee, a PMS becomes easier. Because if you're a registered investment advisor and you go and take a cheque from a bank account, it is not very easy. So, I think registered investment advisors will find it very useful, because if you put mutual funds in a platform and then charge them on in terms of units with a power of attorney, it becomes lesser emotional drain for an Indian to pay a fee, especially during bad markets.

So, does it have a huge merit for registered investment advisories to move into mutual fund PMS platform? The answer is yes. I don't see a reason why a client, especially in the HNI segment, needs to delegate a discretionary mandate to something which he transacts two times a year.

Anuj Kashyap: No, sir, I was just asking will it be competitive, it will not be competitive for us?

Feroze Azeez: No, sir. No, sir. Not at all.

Anuj Kashyap: Thank you, sir. Best of luck for the future.

Feroze Azeez: Thank you, sir.

Moderator: Thank you. The next question is from the line of Saurabh Jagirdar, an Individual Investor. Please go ahead.

Saurabh Jagirdar: Hello, sir. Good afternoon.

Feroze Azeez: Good afternoon, sir.

Saurabh Jagirdar: Congratulations on your numbers and also on the approval for a GIFT City operating, sir. And my question is, when do you think could that become operational? And initially, how many funds are you planning to launch?

Feroze Azeez: Vishal sir, two and in the next 2- 3 months, latest. By the next quarter, I think we will be able to give them a good news in January results, I mean, December. Yes, sir, so in the couple of months, not too far. And two funds.

Saurabh Jagirdar: Thank you, sir. That was a great help.

Feroze Azeez: Thank you, sir.

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

Feroze Azeez: Thank you, madam. I like to thank everyone for being a part of this call. We hope we have tried to answer your questions. If you need any more information, please feel free to reach out to Mr. Vishal Sanghavi, our beloved Investor Relationships Head, and Rajesh Bhutara, our beloved CFO. Wishing everyone a very Happy Diwali in advance, because we're going to speak after

Diwali, and hope the festive festival season brings joy and prosperity to one and all. Thank you to spend time on a Monday evening. Have a wonderful week.

Moderator: Thank you. Ladies and gentlemen, on behalf of Anand Rathi Wealth Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.