

November 7, 2025

To,
The Listing Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

To,
The Listing Department
National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

Dear Sir / Madam,

Sub.: Transcript of earnings call – Q2-FY2026 – Financial Results

Ref: NSE Symbol – CRAMC and BSE Scrip Code – 544580

Pursuant to the captioned subject, please find enclosed herewith transcript of Earnings calls for the quarter and half year ended September 30, 2025 conducted on Friday, October 31, 2025.

This information is also being uploaded on the Company's website at <https://www.canararobeco.com/>.

This is for your kind information and records.

Yours faithfully,

For Canara Robeco Asset Management Company Limited

Ashutosh Pramod Vaidya
Company Secretary & Compliance Officer
Membership No.: A14242

**“Canara Robeco Asset Management Company Limited Q2 &
H1 FY’26 Earnings Conference Call”**

October 31, 2025

**MANAGEMENT: MR. RAJNISH NARULA – MANAGING DIRECTOR & CHIEF
EXECUTIVE OFFICER
MR. ASHWIN PUROHIT – CHIEF FINANCIAL OFFICER
MR. ATIT TURAKHIYA – HEAD (CORPORATE DEVELOPMENT)
MR. GAURAV GOYAL – HEAD (SALES)**

Moderator: Ladies and Gentlemen, Good Day and Welcome to Canara Robeco Asset Management Company Limited Q2 & H1 FY26 Earnings Conference Call.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 Ms. Savli Mangle from Adfactors PR. Thank you and over to you Ms. Mangle.

Savli Mangle: Thank you Renchu. Good morning, everyone and a very warm welcome to our Q2 & H1 FY26 Earnings Conference Call.

To guide us through the results today, we have the senior management team of Canara Robeco Asset Management Company Limited headed by Mr. Rajnish Narula, Managing Director and CEO; Mr. Ashwin Purohit, Chief Financial Officer; and Mr. Atit Turakhiya, Head of Corporate Development.

I would like to now hand it over to “Mr. Rajnish Narula for his Opening Remarks.” Thank you and over to you sir.

Rajnish Narula: Well, thank you and good morning to everybody. It is indeed for us a privilege as well as a historic moment; it is our first analyst call post our listing on the 16th of October. So good morning to everybody. I would like to extend a warm welcome to you all to our earnings call and thank you for taking the time to join us this morning.

With me on this call are Ashwin Purohit, Atit Turakhiya, the AdFactors Team, our Investor Relations Team and Gaurav Goyal who Heads our Sales.

Since this is a maiden earnings call, I would like to give you a brief about our history and background before getting into business and financial performance.

About our background, Canara Robeco’s AMC’s journey towards becoming one of India’s most enduring and trusted names in the mutual fund industry has been an eventful one filled with several milestones. We are India’s second oldest asset management company with a legacy of over three

decades. Established in 1993, as Canbank Investment Management Services Limited, we started with managing assets of Canbank Mutual Fund under the ownership of Canara Bank. In 2007, we took a major leap forward as Canara Bank, one of India's most respected financial institutions partnered with Robeco, a global investment leader headquartered in the Netherlands and now part of the ORIX Corporation Group, Japan. With this partnership, we became Canara Robeco Asset Management Company Limited, combining Indian trust with global expertise.

CRAM was listed on 16th October 2025, post which Canara Bank now holds a 38% stake and ORIX Corporation holds 37% stake and the remaining 25% is held by the public.

At the time of the start of the JV, we started with a modest AUM of less than Rs.3,000 crores, a handful of branches and a small but deeply committed team united by one purpose to make investing simple, transparent and accessible for every Indian household.

The mutual fund industry was still relatively new in a nascent stage at that time. SIPs were a new concept, Investor awareness was limited. Yet, with conviction and consistency, we laid the foundation for what has now become one of India's most well-known and trusted asset management institutions.

Over the years, we have grown steadily, not just in size but in depth and diversity. Our product basket, which began with a few offerings, has evolved in line with investor preferences and market opportunities. Today, we manage 26 schemes across equity, debt and hybrid categories, thoughtfully designed to cater to varied investment goals, time horizons and risk appetites. This continuous innovation stems from our deep understanding of changing investor behavior and the growing confidence in our investor investment approach.

Some of the key Operational Highlights as of September 30th, 2025:

1. The first one is that our closing AUM stands at Rs.1.18 lakh crores, up by almost 6% year-on-year, supported by a base of over 51 lakh investor folios across India.
2. Our quarterly average AUM also grew by 12% year-on-year to close at Rs.1.2 lakh crores, a testament to our disciplined investment philosophy and the enduring trust of our investors.
3. Our growth has been well-rounded, driven by a healthy equity-debt index of 90:10 and a balanced investor base with individual investors contributing 86% and institutional investors contributing 14% of our assets.

A key strength of our franchise lies in expanding our SIP book, which now comprises over 21 lakh active SIP accounts with monthly contributions from SIP and STP combined of Rs.768 crores.

Further, our B-30 presence has strengthened meaningfully with monthly average AUM from beyond top-30 cities accounting for Rs.288 crores as of 30th September 2025, increasing from Rs.261 crores in September of 2024, reflecting our growing reach and relevance across emerging India.

Progress has been fueled by a robust distribution ecosystem of over 53,955 panel partners and 27 branches. This is supported by increasing adoption of our digital platforms, allowing us to serve investors seamlessly across geographies as well as achieve internal efficiencies. These achievements testify our resilience, adaptability and focus on delivering consistent risk-adjusted performance across market cycles.

Coming to industry – a short brief on the industry:

On the industry front, NIFTY50 displayed resilience amid global volatility after a brief correction in July and August, it recovered with a 0.8% gain in September, supported by steady domestic inflows and improving sentiment.

Despite short-term fluctuations, the broader equity market continues to demonstrate strong underlying fundamentals, reflecting confidence in India's long-term growth story.

The Indian mutual fund industry continues its strong growth trajectory driven by rising retail participation, deepening financial inclusion and increasing investor confidence. As of 30th September 2025, the industry's average quarterly AUM stood at Rs.77.14 lakh crores, up 16% year-on-year, highlighting the continued shift of household savings towards market-link investments.

The Systematic Investment Plan segment continues to be the cornerstone of industry growth. Monthly SIP flows reached a record of Rs.27,269 crores in June 2025 and further rose to Rs.29,361 crores in September 2025, reflecting the increasing discipline and long-term commitment of Indian investors.

The industry, as of September 2025, serves over 25.19 crore folios, while B-30 cities contribute nearly 19% of monthly average AUM, signaling a steady rise in participation from India's emerging financial centers.

These trends reaffirm the growth maturity, depth, resilience of the Indian mutual fund ecosystem, supported by consistent inflows, rising investor awareness and confidence in the long-term potential of Indian markets.

Financial Highlights:

Coming to our financial performance, the first half of FY26 reflects our continued focus on sustainable and profitable growth. In H1 FY26, our total revenue stood at Rs.229.3 crores, compared to Rs.206.4 crores in H1 FY25, representing a growth of 11% year-on-year.

Our operating profit increased to Rs.118 crores from Rs.96 crores last year, driven by higher average AUM and improved operation efficiency.

Our profit after tax, which is PAT, for half-year stood at Rs.109.7 crores, compared to Rs.101.1 crores in the corresponding period last year, marking a robust 9% growth year-on-year.

In Conclusion:

Looking ahead, our focus is clear. We want to build scale with stability and performance with purpose.

I am now going to stop here and be ready for any Q&As that you would like to proceed with.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Mohit Mangal with Centrum.

Mohit Mangal:

Thanks for the opportunity and congratulations on a successful listing. I got two, three, questions. My first question is basically Rajnish sir said that you have an aspiration to 30% grow in the medium-term. But if I look at H1'26 number, the growth seems to be lower at around 10-11%-odd and the equities in single digits. So, what are the strategies in which the growth could come back to the aspirational levels? So, second question is that on the yield front, I assume we have a bandwidth to increase, right? So, we are little on the lower side. So, how do you intend to increase that? That is question number two. Question number three, I was actually looking at your investment book, which is around Rs.650-odd crores. So, what would be the right number to look in terms of other income and consequently what would be the right revenue yield if you could guide to that? Yes, so those are my three questions.

Rajnish Narula:

Okay, thank you very much. So, first of all, thank you for the questions. Let me just get to the yield first. So, I am going to answer your questions not necessarily in the order that you have mentioned, but basically what to my mind and top of the mind for most people and perhaps a little, for me, a conceptual ideology that we have regarding yields in our company. So, for us in an asset management business, the way we look at yield is quite different from the way you would look at yields in a manufacturing firm. So, let me just give you an example. So take for instance a phone, assume you have a Samsung phone. The day Samsung sells that phone to you, the margin on that phone is realized by Samsung. There is no other income that Samsung gets from that phone going forward and hence, that yield or margin becomes important for Samsung, because the only way they can get more revenues is to sell more phones and for that, they need to increase manufacturing capacity. So, they

do not have the operating leverage. In our case, in the mutual fund industry, when you get a block of business from a distributor and suppose my margin is Rs.100 on that block of business, I have the potential if the block of business stays with me on year two, year three, year four to earn more, which means it is an annuity kind of revenue that I earn or it is not a one-time revenue I get. So, therefore, we are not comparing apples-to-apples, and hence, margins in our business are very different. We would like to believe that we are comfortable within the range of 30 to 40 bps in terms of margin. That is the range we are comfortable with because we have an operating leverage. So, my fund manager can manage a Rs.1,000 crores or Rs.10,000 crores. It is the same cost structure that I have. And therefore, any incremental revenue I get from additional business that we take on board, it goes straight into my PAT. So, that is our view on yield. So, I hope that is something that at least from a positioning perspective, you need to understand how we look at margins in the company. In terms of growth, you are absolutely right. Our aspiration is to grow upwards of 20% going forward. That is the aspiration we have. Also, you need to see a lot of factors that need to come together to make sure that we can realize that. But what is in our hand and control is what we would like to do. One is to focus on investment performance, because that drives AUM as well. But also, we have new products in the pipeline that support existing products, and therefore, we see growth coming from there. There are opportunities to look at new lines of business, but that will happen over time. But for the immediate future, it is a couple of new products that we plan to launch going forward. On the investment book, you had a question on the Rs.650 crores. Apart from the skin in the game, which is mandated by regulation to be invested in our proportion of the AUMs of various schemes that we have, the investment book, the rest of it is invested only in money market funds or liquid funds or overnight funds because that is the mandate of the board. So, the yields you can calculate yourself on that. The skin in the game roughly would be about Rs.92-odd crores. The rest of it would be in the liquid and overnight funds. You can calculate the yields yourself on that.

Mohit Mangal:

Okay. So, a couple of follow-back questions. So, yields I understand you are comfortable with that 30 to 40 bps. But if I look at competition and assuming that we are more than 90% of them in equity, we are supposed to make a little more yields. So, do you think that will increase? That is question number one. Question number two, in terms of other incomes, if I look basically at your RHP as well, I think the other income, which is basically M2M on investments was around Rs.39, 40-odd crores. But I think you have kind of restated in the Quarter 2 numbers. So, I just wanted to know what would be the right M2M to look at? That is it.

Rajnish Narula:

Okay. So, I am going to get Ashwin to respond on the question on the investment you have. But coming back on the yield, it is something that I think from an analyst perspective, you need to understand, just for an argument sake, if suppose my yield is at 40 bps and I have a large distributor that is willing to give me a block of business, which I know will bring my yields down by 2 bps, so, from 40, I may come down to 38. The choice I have is either partner with that distributor or let that business go. If I partner with the distributor, I would get a straight addition to my bottom line, because my cost structure, I have an operating leverage like I mentioned and basically, the share price

basically, it depends on PAT, not multiple on yields. So, I think this debate on yield needs to be viewed in that context. I am going to give it to Ashwin to respond to the second part of your question.

Ashwin Purohit: Hi, good morning. Ashwin here. So, your question was how you will project the gain on the investments. It will be very difficult because it is a market driven. My investment size is about Rs.94 crores on the skin in the game. And if you see in the investor presentation, I have a gain in the Q1 of Rs.26, 24 crores in Q2 of '25 Rs.17 crores, in H1, it is Rs.27 crores and H1 of '26 and H1 of '25, it is Rs.39 crores. So, it will be very difficult to predict because this quarter we have made a gain of about Rs.2 crores only. So, it will be a market-driven factor. But I would like to please see our operating income has increased at the rate of 20%, if you see, and our operating margins are in the range of 58% to 59% we have increased. So, to gauge the gain on the investment, it will be very difficult.

Mohit Mangal: Understood. This is helpful. Thanks and wish you all the best.

Moderator: The next question comes in the line of Aadarsh with Negen Capital. Please go ahead.

Aadarsh: Hi, sir. Congratulations on the listing and thank you for the opportunity. I just wanted to know what is the approximate growth guidance we can consider going forward?

Rajnish Narula: Well, a future-looking statement for me is not in my ambit, but we typically build for a 20% growth in our internal discussions. So, that is something that we like to keep a focus on, but that is really what I think anyone would look at. But it is, of course, subject to markets also performing, either staying neutral or growing as well.

Aadarsh: Okay. Thank you, sir.

Moderator: Next question comes on the line of Gaurav Jani with Prabhudas Lilladher. Please go ahead.

Gaurav Jani: Thank you, sir and congrats on the listing. Just to start with three questions from my end, starting with the bookkeeping one. Referring to your slide 17, the net profit from gain or loss from investment, could you quantify that number for Q4 of '25 and Q4 of '24?

Ashwin Purohit: Sorry, sir. Come again, please?

Gaurav Jani: Referring to slide, net gain or loss from investment, could you quantify the number for Q4 of '25 and Q4 of '24?

Ashwin Purohit: Okay. Q4 of '25 and '24, we will come back to you because it is not there right now, but give me five minutes, I will come back to you on the figures.

- Gaurav Jani:** Sure. Secondly, sir, we had sort of constructed a ESOP nomination committee. So, what are the findings and have we introduced an ESOP scheme and how do we look at ESOP cost going ahead?
- Rajnish Narula:** Okay. So, the board of directors has approved an ESOP scheme for staff. It is 2% that has been set aside for staff. The initial grant subject to various approvals that are still needed will be at the mid-range of the IPO band. That is the price at which the initial grant will be given. Thereafter, the grants will be made at market price. That is what has been approved by the board.
- Gaurav Jani:** So, if you can just elaborate on that in terms of how do you look at ESOP cost in FY26 if there would be some and what would be done in '27?
- Rajnish Narula:** Well, I think the cost would be marginal in FY26. The reason why I am saying it is because if it is that the mid-range of the IPO band price. So, if you look at the IPO band price was 623. So, if you look at the price band, let me just give you the number right, it was from 253 to 266 was the price band, and if you look at the average, it will come to 259.5. So, say roughly 260 just for a calculation perspective. So, the difference between the market price and the date of the granting of the option, which we do not know which date it will be, so, it is forward looking, so, I do not know which date that will be because it is subject to regulatory approvals as well, we need to get stock exchange approval as well as regulatory approvals before we are able to give that. But whatever the stock price would be at that stage, right now you know what the stock price is. Whatever the difference is and it is going to be marginal because the first allocations that will go out will be not the entire 2%, right, that will be a percentage of that. So, I cannot give you an exact number, but you can do some modeling based on some of the inputs I have given you.
- Gaurav Jani:** Sure, sir. The last one at least for now, I am probably going to come back in the queue for follow-ups is, the recently released consultation paper by SEBI, right. So, the 5 bps that is to be discussed to be done away for AMCs, we could see a maximum impact because of our equity share. So, how do we kind of look at that?
- Rajnish Narula:** So, this is very rightly said it is a consultative paper. So, it is not yet a part of regulation. So, it will be perhaps not right on me to comment at this stage. We are working with giving inputs back to the regulator directly as well as through AMFI and let us see how in which direction the proposals that have so far been proposed go. We can only come up with coping strategies once these become guidelines or become a law for us.
- Gaurav Jani:** Sure, sir. Thanks, sir. That is it for now. I will just come back for follow-ups.
- Ashwin Purohit:** The input is I will provide you later on the investments.
- Moderator:** The next question comes on the line of Swarnabh Mukherjee with B&K Securities. Please go ahead.

Swarnabh Mukherjee: Hi, sir. Thank you for the opportunity. Congrats on a good set of numbers. Most of my questions have been answered. I just wanted to understand if I try to calculate your yield, ex of the treasury income just on the management fee side, I can see that compared to say Q2 last year, there has been a slight improvement. So, I just wanted to understand that what is this - is this like any kind of commission renegotiation, etc., we have done that is leading to that or any other lever to this? And also, just wanted to understand that when you kind of renegotiate that trail after say three, four years, is there a scope of kind of reducing that trail at that point or normally you would prefer to continue with a similar kind of a trail, what would be the thought on that? And a couple of bookkeeping questions. So, although we are significantly on the equity side, but if you could give us a breakup of the yields on equity, debt and the liquid books, and if you could break up the SIP plus STP book between SIP and STP for the three quarters where you have reported the number?

Rajnish Narula: Okay. So, if I can respond to your first part of your question, I will get then my colleagues to respond to the other two parts. So, in terms of improvement in the operating margin that you mentioned and whether it has come from basically any renegotiation of trails, just a general statement here. For us, we are an industry where we work with strategic partners. So, this is a business where it is a distribution-led business in a way, because the manufacturer does not have its own distribution, right, the distribution and the clients are in a sense part of the distribution fraternity. So, it is important that they get rewarded for the kind of effort, work and the risk that they take in doing that business for us as well. So, we work with partners and therefore, partners need to be stable over time and therefore, for us that is very important to make sure that whatever we have committed to them is honored. Having said that, there is also economies of scale that can be derived over time, which is what we see from the regulator as well and we will work with those partners to see how we can drive those benefits so that they show up in our P&L as well. There are cost saves as well, which drive the operating margin. So, we are looking at some of those as well and see how best we can manage those costs within our system driving from economies of scale on that side of our business. So, that is more a general answer. For the other two parts on the SIP and STP, I am going to get my colleague Atit to respond to you on SIP and STP.

Atit Turakhiya: Yes. So, hi. So, on the SIP, STP front, the general split is in the region of about 90-10 with SIP being around 90% and STP being around 10%. On the blended yield question for the quarter-ended September, the blended yield for equity was somewhere in the region of around 35 bps, for debt-oriented fixed income products was about 28 bps, for liquid and overnight was about 2 bps. And on an overall basis, it was blended at somewhere in the region of about 33 bps.

Swarnabh Mukherjee: Yes, this is very helpful. Just one quick follow-up to a previous participant's question. So, the skin in the game part which you mentioned in our investment book, so that is going to be entirely our equity or would again be in that Rs.92 crores, it is a 90-10 equity-debt mix?

Rajnish Narula: Yes, it would be 90-10 because it has to be in the proportion of your equity funds. So, it would be roughly in that range.

- Swarnabh Mukherjee:** Okay. Very helpful, sir. Thank you and all the best.
- Rajnish Narula:** Thank you, sir.
- Atit Turakhiya:** Thank you.
- Moderator:** Next question comes from the line of Prayesh Jain with Motilal Oswal Financial Services Limited. Please go ahead.
- Prayesh Jain:** Yes. Hi. Good morning, everyone. Sorry to harp on this question on the yields again. We saw our quarterly AUM increase from Rs.1.1 trillion to almost Rs.1.2 trillion. But we have still seen a revenue decline on a sequential basis, which indicates that the yield has dropped. So, what could be the reason for that drop in yield -- whether the incremental AUM or incremental flows that have come in is from a particular distributor where the commissions are significantly lower, or what is the kind of impact that is there? And going ahead, as you grow, say, a 20% growth rate in terms of AUM, the telescopic structure that kind of flow kicks in, the impact is further, so, how should we think about your yield basically going ahead?
- Rajnish Narula:** That is a very good question. So, the good part is that the telescopic structure applies to all AMCs in the industry. So, all the listed, there are five now, will be equally impacted by telescopic pricing, we are not going to be any different. Two, in terms of yields, when you are talking about whether it is coming from a certain section of distributors where the payouts are higher, you need to understand that the distributor fraternity is divided into groups. And like any business, the more a distributor sells, the better pricing they get in the marketplace. But the good thing is that their pricing is the same irrespective of which AMC they work for. So, it is not that that distributor will give a preferential pricing to AMC X versus AMC Y. So, we all get similar pricing. I think where you are able to get better pricing is in the MFD segment, because those are retail segments and institutional tickets versus retail tickets. In any kind of business, the institutional tickets generally get better pricing. So, to answer your question, it is always a call that you take. I mentioned earlier as well, I mean, you please let me know what would you do if you were to get a distributor that is wanting to work with you and is able to give you a certain AUM or flows at a certain price. Will you want to take that business or you do not. Those are strategic and tactical decisions you make at that stage. But given the fact that our business is capital light, it has got an operating leverage, more often than not, most AMCs will actually take that business.
- Prayesh Jain:** Right. I get that. But if you look at the financials, the revenue has dropped from Rs.121 crores in Q1 FY26 to Rs.110 crores and in that period, your AUM is actually up almost 10%. So, within this quarter itself, what kind of shows that such a large deviation? We understand about one basis point here and there, some could come from telescopic, some could come from distributors. This is a very large impact that we have seen sequentially in this quarter. Is there anything else that explains it or is it just the reason that you mentioned right now?

Rajnish Narula: I will get Ashwin to respond to it, but it is more to do with accounting. So, please go ahead, Ashwin.

Ashwin Purohit: If you see the figure of the operating income, which has been given in the annexure to that particularly 17 number page, so, my operating income has increased at the rate of 7% from Quarter 1 to Quarter 2 and on Quarter 2-to-Quarter 2 basis, it has increased at the rate of 19%. So, our operating income has increased because of our notional gain on the investment has not been the part of the operating income. That is clearly depicted in the statements. And even in the H2 also, our operating income has increased at the rate of 20.19%.

Prayesh Jain: And the other question is, as an AMC, which other segments you plan to get into -- whether you are looking to get into AIFs and other products categories, which segments you would like to get into?

Rajnish Narula: Yes. So, all these options in terms of new business opportunities, whether AIFs, SIFs, GIFT City, passive, they are all on the table for us as options. But we continue to focus as of now on the main part of the business, which is mutual funds. So, we are unique in that respect. We want to make sure that our attention is not diverted. Because anything new you start, the focus in the organization tends to get diverted. And we believe that the biggest growth is still coming from the mutual fund space. We want to be focused there. But it does not mean that we do not consider these options on a regular basis, and we will not launch them sometime in the future. So, they are very much on the consideration.

Prayesh Jain: This last one, on the website, the QAAUM disclosure is available only on Q1 FY24. It could be great if the website can give us more details or more historical details on the QAAUM part, that will help us to build more historical numbers into our models? Thank you.

Rajnish Narula: Thank you. I will take that feedback on board. Thank you.

Moderator: Next question comes from the line of Komal Sharma with Antique Stock Broking. Please go ahead.

Komal Sharma: Hello, sir. Congratulations on the successful listing. I have a couple of questions here. The first one is with respect to the net inflow. So, we have seen quite a decline in the QoQ and the YoY. I just wanted to understand, can you throw some color on the path wherein, is it due to the redemption that the company is facing or that is primarily because of the slowdown in the net inflow? The second question is again on the consultation paper, which SEBI has released. On that, while I understand that it is just a proposal paper, if you can give me some idea on the impact that it could have if it is implemented as it is? The third question is with respect to the operating expense guidance. So, currently, we see that it is a 10% increase. How do we see that for the entire year? And the fourth question is with respect to the NFO. Do we have any NFO plan for the year? That is the question I have.

- Rajnish Narula:** Yes. So, on the net inflows part, firstly, it is not in public domain, we do not share that information, we will not be able to provide more clarity on that; however, saying that, we would be more or less in line with what the industry is going through. So, that is one part of it. On the operating expenses, let Ashwin give a guidance on the operating expenses.
- Ashwin Purohit:** Hi! The operating expenses will be more or less on the 12% to the 15% range.
- Rajnish Narula:** On the consultation paper that the question was on, like I said earlier, it is at consultation stage at the moment. We will give feedback to the regulator directly as well as through AMFI. If you are asking what the impact will be, on a broad level, the impact will be based on how much is it that the AMCs generally take on themselves and how much they will pass on. So, each one's impact will be different. We will come up with our own strategy once we know the full actual guideline that comes and is mandated by the regulator.
- Komal Sharma:** Okay. And with respect to the NFOs?
- Rajnish Narula:** Sorry, we did not get that part of what you said, Komal.
- Moderator:** Sharma, can you just speak a little louder? Sorry for interfering. Can you speak a little louder? We cannot hear you. Yes. Please go ahead.
- Komal Sharma:** Yes. So, just wanted to understand, do we have any NFOs planned in the coming year?
- Rajnish Narula:** NFO? Yes, I think we have already disclosed that there are two NFOs that we are looking at -- one is the Banking and Financial Services Fund and the Innovation Fund that we are looking at. They are all subject to regulatory approvals, and based on those approvals, we will launch it either in Q4 or in Q1 of next year depending on when we get the approvals.
- Komal Sharma:** Thank you, sir.
- Moderator:** Next question comes from the line of Pawan with Edelweiss. Please go ahead.
- Pawan:** Sir, thank you for the opportunity and congrats on the listing and over the years building such a strong franchise, delivering such strong AUM growth. A couple of questions. Question one, you have such a strong brand name, Canara and Robeco, but in one of the IPO risk disclosures, you mentioned that a couple of years later, you will have to give up the brand names. Is that understanding correct? And what is the rationale for that?
- Rajnish Narula:** Actually, a very good question. So, this has got to do with basically the shareholding pattern. So, in 2007, it was Robeco that came in, actually formed the JV with Canara Bank and somewhere in 2012 or thereabouts. Globally, Robeco, which was then at that point in time owned by Rabobank, was acquired by ORIX Corporation, Japan. So, the shareholding moved from Robeco to ORIX. So, ORIX

owns the Robeco brand globally, but the shareholding is with ORIX. Hence, now that we are a listed company, to align the shareholding better, that has been put into the DRHP, that there is a possibility for a brand change. We just wanted a disclosure in case the alignment needs to be done because it is not fair to have a Robeco name in there where the shareholding is that of ORIX. So, that is really the reason for it. But going forward, we will obviously handle this with care. You are absolutely right. This is a very, very strong brand and we will make sure the migration, if any, will be handled in a manner where the brand is not diluted in any manner.

Pawan: What about the Canara brand name? My understanding is both the parts will be removed

Rajnish Narula: No, that is not what the intent is. As long as the shareholding remains, we believe that we would have the right to use Canara brand going forward.

Pawan: Got it. So, any indication from the bank management as to when, if they have like a clear-cut future where they want to reduce the shareholding?

Rajnish Narula: No, there is a regulatory guideline that they need to adhere to. So, as per RBI regulation, any subsidiary of the bank, the bank needs to hold either 51% or above or 30% and below. In our case, since they are at 38%, they will need to go to 30% and the window for doing that is five years from the date of approval from RBI. The approval from RBI was somewhere I think in November of 2024. So, five years would mean, say, October of 2029. So, that is the window for them to reduce their stake to meet the regulatory requirement. And beyond that, there is no indication from the bank to do anything else.

Pawan: So, if it comes down to below 30%, is there any chance that you have to give up the Canara name part of the brand?

Rajnish Narula: But that is a future forward-looking.

Pawan: Not immediate, in the two years?

Rajnish Narula: This is more like a five-year window that is available to the bank, they can choose at their discretion when they wish to align with the regulations. Now, this is again a general statement. We do not see banks, especially public sector banks, diluting their holdings unless it is necessary in the companies that they wish to be in.

Pawan: Understood. Thank you so much for this. It is quite helpful. So, the question that I think Prayesh asked earlier from the revenue went from Rs.121 crores to Rs.108 crores, this is purely, we are talking about the operating revenue alone. I am talking about Q1 FY26 to Q2 FY26. So, if I calculate the yields, purely not the net yield, just the sales divided by the quarterly average AUM. In Q1, I got

43.7 basis, in Q2, I am getting 35.8 basis. What is the reason for this fall, could you please explain again?

Ashwin Purohit:

Just to repeat, the total income came down largely on account of the profit & loss that has to be recorded for the skin in the game investment that has been done. So, if you see our investor presentation on slide number 17, we have given a table over there in which the operating income has been clarified. So, if you work on those numbers, the operating income for Q1 of this year was about Rs.97 crores, that has increased to Rs.104 crores. The drop in the total income is on account of the fair value market balancing, where in Q1 it was about Rs.24 crores, against which we have only about Rs.3.7 crores this quarter. So, that is where the drop is. But I would request you to please look at the slide 17 in the investor presentation, which details it out.

Rajnish Narula:

Just to add one more point in the game, because I think it will give you a little more clarity. We have to be perpetually invested in those schemes as per the regulation. So, this is the only mark-to-market movement that you will see every quarter. Therefore, to my mind, because we are perpetually invested, it is not something that we are ever going to take out. It needs to be treated and looked at very differently and just the operating profit is what you need to look at going forward.

Pawan:

One last question if I may squeeze in. In terms of the performance of the scheme themselves, like they are all doing well, but I would not say they are in the top quartile like rated four star or five star, because considering our AUM from the bank is only 10%, having a retail measure in participation, equity measure participation, I think the performance of the schemes become very material. So, what are the process kind of steps that you are doing to ensure that the performance stays the same or improves going forward?

Rajnish Narula:

That is such a great question. I am glad you brought it up, Pawan. Because performance, unfortunately, most people distill it down to the NAV and basically compare it to the benchmark or compare it to peers. What they do not look at is the risk that you take in those funds while delivering the performance. So, for example, stress testing, which is mandated, not many, many people look at it and say, in the funds, which are critical, like small cap or mid cap, or wherever you think that there could be a shallower market than the large cap market, what is the days on which a portfolio can be liquidated, how many days will 50% of the portfolio take to liquidate it. And that will tell you a better story as to what performance is because we do not look at just one number in terms of performance. We also look at, will it meet market conditions? Should it need to? So, for us, it is a very conservative approach when we come to performance. And I am glad you brought it up because this gives us an opportunity to explain how we actually manage funds. But our objective is to make sure that there is consistent returns over time. So, if you look at us over a period of five, ten years, that is when you see consistent performance, and that is what we encourage people to do as well, is to stay invested with us.

Moderator: Thank you. Mr. Pawan, please rejoin the queue for more questions. Next question comes from the line of Lalit Deo with Equirus Securities. Please go ahead.

Lalit Deo: Hi, good morning, sir. Just two questions. So, firstly, if we split the operating revenue between the mutual fund business and the advisory revenue, so it comes around like that, it looks like that the advisory revenues remain flatish on a sequential basis. So, I just wanted to understand, like, how should one see this revenue line item going over the next two to three years? And secondly, on the product pipeline, as you mentioned that we are looking at two NFOs for this year. So, incrementally, what should be our focus -- whether we want to focus on the active equity side and do more NFOs on the sectoral thematic categories, or like are we also looking to build up the passive sector category as well?

Rajnish Narula: So, let me address the product question first. We are an active fund manager, and that is where we believe that alpha generators will get rewarded over time. It is not to say that we may not do passives in the future, but in the near-term, we are not looking at passives if that is a question for us. In terms of products, we continue to look at gaps, if any, that we see, or there is an investor appetite that is building up that we can cater to, and that is something that we always try and fulfill. So, that is why you see the two products that we have proposed to launch over the next three to six months our position. Having said that, the second part of your question, I am going to hand it over to Ashwin. He will respond to that on the advisory.

Ashwin Purohit: So, we have a consistence percentage from the total revenues of the advisory, and the growth will be also the consistence in terms of whatever you have shown.

Rajnish Narula: Just to add to what Ashwin is saying, the advisory fee that we have is not, in a way, material when you compare to the domestic business that we have. So, while it is there, but it does not form a material part of our operating income.

Lalit Deo: And just lastly, on the distribution mix, so, like on an AUM level, we have indicated that around 28% of our AUM is coming from the direct channel. I just wanted to understand on the flow mix as well, like in the equity side, like what would be a broader mix between the distributors and the NDs and the MFD channels, if you could give some color on this?

Rajnish Narula: So, while the flows data we cannot give, but it should be more or less in the same share as the AUM data. I mean, you can extrapolate from there. But the flows data is not in public domain. We will not be able to share more color on that aspect. But on the direct side, I think just another input. While we have all the facilities that digital ecosystem that allows people who want to go direct or come direct to do that, the management fee that is earned by the AMC is the same whether it comes through direct or it comes through a distributor. So, that is something important for the analysts to understand.

Lalit Deo: Thank you.

- Moderator:** Next question comes from the line of Saket Mehrotra from Tusk Investments and please restrict yourself to one question. Thank you.
- Saket Mehrotra:** Thank you. Thank you. I think most of my questions have been answered. Just wanted a quick thought from you, Rajnish on the fact that, let us say in this scenario where this consultation paper gets implemented and given the fact that we are very distributor-heavy, I know you mentioned that you will always prioritize business over yield. Just wanted to pick your brains on that as to how do you see this scenario playing out?
- Rajnish Narula:** Well, I think, this is not the first time that the regulator has looked at passing the benefit of economies of scale to the investor and the mutual fund industry has only grown every time there has been an intervention in that respect. So, even the previous one, which was done where the upfront went away in 2019, the industry actually has grown at a much faster rate post that intervention. So, from a market and industry perspective, I do not believe it is going to impact us much because the industry will grow because there is enough investor interest in investing into markets through the mutual fund route. So, that will continue to grow. And as long as that grows, I think every player will get their fair share, and that fair share will depend on performance as well as the way they service their customers.
- Saket Mehrotra:** Thank you. Thank you so much, Rajnish, and wish you all the best.
- Rajnish Narula:** Thank you, sir.
- Moderator:** Next question comes on the line of Umang Gada with Avener Capital. Please go ahead.
- Umang Gada:** Hi, thank you for the opportunity and congratulations on the listing. My one question was on the cost-to-income part, which I see has constantly come down, which is also in line with the AUM growth that we have seen in the last three years. But now going forward with our aspirations to grow around 20% in the AUM part, this cost-to-income should be a downward trajectory or should it be on the same level as you expect the expenses to increase, so, what are your views? And also one more small question that do you expect that the direct share in the overall AUM to increase in the next few years or it should remain in the same bracket?
- Rajnish Narula:** Okay. Thank you. Actually, you actually have asked a very good question. To me, cost-to-income ratio is very important for our industry. It is one of the metrics that we look at very closely as well. But again, we do not look at it as an absolute number, but a range. So, my understanding, given that we have a global shareholder, and they tell us that a 50% cost-to-income ratio for global asset managers is considered good. I believe for India, given the kind of cost structures we have, 40 and below is good. We would like to be in the range of between 30 and 40. That is the range because that gives us enough room to invest tactically when we want to invest in those years and room to bring it down in the years where we feel that that is important to do that. So, it gives us room to manage our

business in a more robust basis. Coming back to direct channel, I expect direct channel to grow only because you have the youngsters coming, they are more comfortable with investing generally through apps and there have been enough platforms and apps that allow that. So, I think I see a younger generation. I see my children investing through apps. I am still a paper pusher unfortunately, but I still see the younger generation adapting to newer technologies and ways of investing, which is direct more easily. So, I do expect it to grow, but I think the growth will be calibrated.

Umang Gada:

Though the reason to ask, obviously, the direct share if the growth expectation is calibrated, the reason to ask was again on the yield part, because a direct share of AUM allows us to earn more yield on the AUM, and obviously, we are also distributor-heavy. I feel like maybe because of the consultations and you prioritizing business over the yields, I just want to understand the direct share, should that be able to expand our yields or it should be in the same trajectory?

Rajnish Narula:

That is exactly what I mentioned earlier. Whether the money comes in for any mutual fund, this is for across all AMCs, whether it comes direct or through a distributor, the management fee or the yield does not change. The difference goes to the investor. The difference is the investor that gets the benefit. It is not an AMC. So, it does not really matter from a fee perspective.

Moderator:

Thank you. Mr. Gada, please rejoin the queue for more questions. Next question comes from the line of Shobhit Sharma with HDFC Securities Limited. Please go ahead.

Shobhit Sharma:

Hi, sir. Thanks for the opportunity. Sir, I have one question on your accounting policy. So, your accounting policy suggests that the fair value on the investment is accounted in revenue from operations. Based on my understanding, it seems like your policy is slightly different from how your peers account for it. So, any possible reason for that? And secondly, on your employee benefit expenses, can you please classify how much is the ESOP cost for the quarter & H1 and how should we think about it going forward?

Rajnish Narula:

So, let me come to the ESOP question. So, I have gone into detail in terms of what the board has approved. So, if you refer to my earlier conversation, I basically mentioned to you that the midpoint between the price band is where the initial grant will be given. And whatever the price is in the market at that point in time of giving the grant, once you receive regulatory approvals, the difference of that will be adjusted against the P&L. We expect that to be marginal. We do not expect it to be very much in terms of the initial grant. Going forward, any subsequent grants will be at market value. So, there will be no impact on the P&L of the company. Coming to the accounting policy, I think for clarity purposes, we have actually given a breakup. And you see on our website, we have broken it up and shown to you. It has got nothing to do with an accounting policy. It is just the way you show your numbers. Going forward, we will continue to give you that clarity by breaking those two up so you have a better visibility on operating income versus mark-to-market gains or losses.

Shobhit Sharma:

Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of the question-and-answer session. I would now like to hand the conference over to Mr. Rajnish Narula, M.D. and CEO, for closing comments.

Rajnish Narula: Well, first of all, thank you very much for being on the call. It is our first investor call. So, thank you for your patience and for your understanding and for supporting our business. Looking ahead, our focus is clear. We want to build scale with stability and performance with purpose. We also want to build this institution that will survive time. We aim to deliver consistent risk-adjusted returns through disciplined fund management while deepening our retail and B30 presence and to strengthen investor reach. At the same time, we continue to broaden our product mix across asset classes, leveraging technology to enhance speed, efficiency, and investor experience. With a strong emphasis on people and culture, we are fostering a future-ready organization built on trust, innovation, and sustainable growth. Together, these priorities position Canara Robeco to create enduring value for our investors and stakeholders. And I would like to thank you for your support and understanding.

Moderator: On behalf of Canara Robeco Asset Management Company Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.