Operator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 earnings conference call of Geojit Financial Services Ltd.

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

As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after management's opening remarks.

Should you need assistance during this conference call, please signal the operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded.

I now hand the conference over to Mr. Satish Menon, Executive Director, Geojit Financial Services Ltd.

Thank you, and over to you, sir.

Satish Menon – Executive Director: Thank you, Operator.

Good day, everyone, and thank you for joining Geojit Financial Services Ltd.'s Q2 and H1 FY27 earnings call.

Joining me on the call today are Mr. C. J. George, Executive Chairman; Mr. Jones George, Managing Director; Ms. Mini Nair, CFO; Mr. Jayakrishnan Sasidharan, CIO; Mr. Roby Chacko, CEO of Private Wealth; and Mr. Liju Johnson, Company Secretary.

I will begin with a brief overview of the operating environment and our business performance, after which I will take you through the financial performance for the quarter and for the first half of FY27.

First is the operating environment and the strategic direction. Of course, the second quarter was marked by volatility and corrections in the Indian capital market, particularly during the month of September. In this environment, our focus remained on maintaining customer engagement, supporting disciplined investing, and continuing to build a diversified, relationship-led wealth platform.

As of the end of September, we had a network of 529 offices, compared to 525 in Q1. Our client base increased to 17.25 lakhs, and we added 61,657 clients in the half year.

Our recurring revenue business continues to build scale. Recurring revenue AUM reached 26,737 crores in H1, which is split across mutual funds, overseas AUM, Smartfolio, PMS, and AIF. This is compared to 23,213 {? in the ?} end of FY26.

Our lending book stood at 780 crores as of the end of Q2, compared to 735 crores a year ago. It consists of margin trading facility and loans against shares and mutual funds. These businesses

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complement our core broking franchise and broaden the range of solutions available to our clients.

Recurring income in H1 is 40% of total income, which has grown consistently over the last few years. Just for comparison, recurring income was 24% of total income in FY23; now it is 40%.

Coming to the Q2 and half-year performance, revenue from operations in Q2 was 165.82 crores, which is up 2.5% year-on-year and up 3.38% sequentially. EBITDA was 36.7, while profit before tax stood at 20.62.

For H1, revenue from operations increased by 6.72% and EBITDA stood at 78.23 crores.

The half-year performance reflects top-line resilience alongside higher operating costs and lower transaction-linked activity in the cash market.

The quarter's performance reflects a combination of factors. Of course, subdued activity in the cash market affected transaction-linked income, while distribution income and growth in fee-earning AUM provided support.

We continue to invest in people, technology, and distribution capabilities to strengthen customer acquisition, SIP mobilization, and service delivery. These investments are intended to build capacity and improve productivity over time.

Employee benefit expense increased by 8.17 crores year-on-year. This increase was mainly attributable to a higher sales personnel headcount, recruitment for our DIFC subsidiary, and expansion of the IT team to support the technology transformation program. It was also attributable to higher incentives in line with the growth of the distribution business.

In terms of customer assets and gross inflows, customer assets stood at 1.12 lakh crore as of the end of September. Sequentially, reported customer assets were broadly stable. Healthy gross inflows continued during the quarter, but the market correction, especially in the month of September, offset some of the underlying inflows.

We believe it is important to distinguish between the flow of new investments into the platform and market-linked changes in the valuation of existing assets. Gross inflows remained healthy across our investment offerings, supported by healthy customer engagement and our distribution network.

While market movements can affect quarter-end AUM, the underlying inflow momentum and continued participation through SIP remain important indicators of customer engagement. We continue to strengthen our field force.

In the mutual fund distribution business, our SIP book reached 156 crores and the number of SIP clients is approximately 1.78 lakhs.

For the wealth management business, annual ARR net flow, which comprises net flows in mutual funds, third-party products, and insurance, stood at 583 crores in Q2. For H1, it stood at 1,189 crores. These measures provide an indication of net additions to recurring-revenue-linked products. They should be considered alongside gross inflows, redemptions, and market-related valuation changes.

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Mutual fund AUM stood at 18,449 crores, excluding the JV.

We are continuing to strengthen our field force capabilities and customer outreach to support our SIP acquisition and deeper product engagement.

Seventy-nine percent of our mutual fund income comes from clients who have been with us for 5 years and more.

In terms of our asset management business, it continues to grow. PMS and AIF AUM stood at 2,018 crores—2-0-1-8—as of the end of September, compared to 1,449 crores at the end of March, which is a growth of 39% over March. Asset management net inflows increased to 322 crores in Q2, compared to 71 crores in the same period last year. For the half year, asset management inflows stood at 408 crores.

We view this improvement in net flows alongside the growth in AUM and client numbers as an encouraging indicator of momentum in our asset management business.

Within our alternative investment offering, Geojit Yield Plus Category III AIF with an absolute return strategy had an AUM of 248 crores as of the end of September, compared to 22 crores a year ago.

In the insurance business, we recorded gross premiums of 175 crores in Q2. Insurance remains an important part of our broader wealth proposition and supports cross-selling and deeper client relationships.

In the GCC, we continue to engage with NRI clients amid evolving investment preferences and a wait-and-watch environment. We have observed that attractive FCNR deposit offerings and market conditions were influencing the allocation of investments across products. Rupee movement and global investment opportunities have also shaped client preferences, including interest rates in the US.

We have not noticed any major redemptions in our overseas market. We continue to monitor client activity and market sentiment while maintaining our focus on customer engagement.

Technology remains a key enabler for our transformation. We are investing in our platforms and IT capabilities to improve the client journey, support digital onboarding, and strengthen our analytics and operational experience.

To conclude, Q2 FY27 was a challenging quarter for the capital market. Nevertheless, we continue to see healthy inflows, growth in recurring revenue AUM, and a significant improvement in asset management net flows. Of course, market-linked valuation movements affected reported customer assets, along with subdued cash market activity.

Our priorities remain to deepen customer relationships, expand SIP and product penetration, and continue to invest in technology. We believe that a broader recurring revenue base, supported by our distribution network and client relationships, will help us build a more resilient and scalable business over the long term.

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With that, I would like to thank you for your continued interest in Geojit. Thank you very much. Over to the Operator for the Q&A.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Daksh Prashar from De Sola Do Research. Please go ahead.

Daksh Prashar – De Sola Do Research: Hi, sir. Am I audible?

Operator: Yes, you are audible.

Daksh Prashar – De Sola Do Research: Okay, sir. My first question is this: given that only a small percentage of our active clients hold more than one product, what specific cross-selling strategies are being deployed to increase product penetration across our existing client base? That's my first question, sir.

Satish Menon – Executive Director: We have close to 20% of our clients who have invested through us in more than one product. Primarily, that is brokerage and mutual funds, which is the overlapping combination.

Management: We have currently penetrated less than 5% of our clients for life insurance and less than 3% for health insurance. Our first focus, of course, is to increase penetration in mutual funds. Then, we have a lot of scope in insurance, both life insurance and health insurance.

Daksh Prashar – De Sola Do Research: Okay. All right, sir. That's really helpful. My second question is about the ARR. ARR this quarter was around {? 320 ?} 322 crores against 71 crores a year ago. Were there a few large, large-sum investments, or was it broad-based retail inflow?

Management: It is primarily broad-based. Though we have a few high-ticket investments, I would like to take you toward our AUM. When we look at our PMS, we cater to the lower segment of HNI clients in that respect, in terms of portfolio size per client. For PMS, when we look at 1,750-odd crores, the average size of a client would be 75-odd lakhs.

Daksh Prashar – De Sola Do Research: All right, sir. That's really helpful. Just my last question: how much AUM do we expect from the DIFC and Virgin AMC to add in the second half of this year?

Management: We don't give any forward-looking statements. DIFC is still at a very nascent stage, so it may take time. Nonetheless, we don't give any forward-looking statements, sir.

Daksh Prashar – De Sola Do Research: All right, sir. Thank you so much. That's it from my side, and congratulations on the great set of numbers.

Management: Thank you.

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Operator: Thank you. The next question is from the line of Dhaval Pandya from Ariza India. Please go ahead.

Dhaval Pandya – Ariza India: Hello, am I audible?

Operator: Yes, you are.

Dhaval Pandya – Ariza India: Hello. Good afternoon, sir. First of all, congratulations on a good set of numbers. I had a couple of questions. Revenue grew, but profitability was low. What were the main drivers of this decline in the bottom line for Q2 and H1?

Management: I would request Sharath to answer this.

Sharath: Could you please repeat the question?

Dhaval Pandya – Ariza India: Revenue grew year-on-year very well, but the bottom line did not grow in line with the revenue. What was the main reason behind it?

Sharath: We had reiterated in the past also that from the beginning of this year onward, we have been investing heavily in technology transformation, as well as in security, cybersecurity, and so on. This also resulted in hiring more technology resources, including competent senior technology leadership resources.

We have also been hiring people at the field level for better reach as far as customer engagement is concerned. These were part of a well-thought-out strategy.

What impacted us was basically the market. The hiring in both technology and the field also resulted in increased gross inflows for us. This was part of a well-thought-out strategy, and we had indicated in the past that the hiring taking place with regard to the retail sales force, as well as the technology transformation investment that we are making, is intended to service clients much better going forward.

This is not unexpected, although today, with regard to hiring the sales force and so on, it will be relatively muted going forward, looking at the market situation as well as the emerging geopolitical situation. This is the reason why expenditure went up substantially.

Dhaval Pandya – Ariza India: Assuming that the geopolitical situation continues, and this Middle Eastern war and everything continues, what measures do you have to overcome this kind of situation? We saw last month that such disruptions came into the equity markets. What are your thoughts on it, and how will you ensure that your operations are not affected significantly?

Sharath: We will focus on increasing the productivity of our field force rather than hiring more people in this kind of market. To be frank, recurring-income-based products have been our focus area. We will continue to focus on them and increase cross-selling opportunities within our customer base.

Fortunately for us, we have not reached any significant percentage of the full potential with regard to our customer base. Our customers are largely long-term clients, including second-generation clients. Therefore, customer stickiness is also very high.

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This is what we are going to do if the market turns out to be particularly risky or challenging going forward due to the geopolitical situation.

Dhaval Pandya – Ariza India: Looking at the current revenue contribution from the recurring business, which is 40% in H1 of FY27, how do we see it in the coming years? Over the next 3 to 5 years, do we see it increasing or remaining stagnant in this range?

Sharath: Our plan now is to significantly increase recurring revenue income. This will eventually take care of the cyclicality risk as far as our cash flows are concerned. This is part of a long-term strategy that we have built in. There will be no compromise on that.

I must also tell you that this is not a short-term strategy based on emerging geopolitical trends. We started this some time ago, and we continue to focus in that direction.

Dhaval Pandya – Ariza India: Okay, that's it from my side for now. If I have any further questions, I will join the queue again. Thank you very much, sir, for answering all the questions.

Sharath: Thank you.

Operator: Thank you. Before we take the next question, a reminder to all participants: anyone who wishes to ask a question may press star and one. The next question is from the line of Jyothishan Vijayan from Motilal Oswal. Please go ahead.

Mr. Vijayan, your line is unmuted. You may please go ahead with the question.

Due to no response, we will take the next question. The next question is from the line of Arvind Singh from Mitra Investments. Please go ahead.

Arvind Singh – Mitra Investments: Hello, am I audible?

Operator: You are audible.

Arvind Singh – Mitra Investments: Hi, sir. My first question is that customer assets were broadly stable at 1.12 lakh crore despite healthy gross inflows. How much of the movement reflected MTM changes versus new client inflows? Can you shed some light on this?

Management: 1 lakh crore is a huge base. If you look at September itself, you saw the market going down by 6%, whereas we have already given the net inflow numbers in our presentation.

When you look at inflows, inflows for the first half would be 1,000-odd crores plus 400 crores, or 1,400-odd crores. But 1,400 crores is only 1.4% of 1 lakh crore. Therefore, it is primarily because of market volatility and subdued depreciation in the market that customer assets remain more or less at the same level.

Arvind Singh – Mitra Investments: We are investing heavily in human resources, so employee costs are increasing. Can you throw some light on how we are planning to manage our human resources or employee base?

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Management: Before I answer this question, I would like to add something to my answer to the last question. I would like to give you some data.

Even looking at mutual funds, at the beginning of September or the end of August, our mutual fund AUM had actually touched 20,000 crores. At the end of September, it had become 18,500 crores. From that itself, although we had positive inflows, you will understand how the market has affected us.

When we talk about mutual fund inflows, that is the actual inflow and the actual AUM that gives us recurring revenue. That is how the impact occurred between the end of August or the beginning of September and the end of September.

In terms of employees, I think the Chairman already mentioned that with the market in its current state, and with capital market and cash market delivery volumes being subdued, we will be very cautious about aggressively increasing employee count.

Our main focus right now is to improve the productivity of existing employees and closely monitor the costs incurred on these employees. When market sentiment improves, and when the cash market and brokerage market improve, we can again look at expanding the number of employees.

For now, we will be cautious and will selectively increase the number of employees. The core idea is to improve the productivity of existing people rather than making every effort to increase the headcount.

Arvind Singh – Mitra Investments: Okay, fair. All the best for your future.

Management: Thank you.

Arvind Singh – Mitra Investments: Thank you, sir.

Operator: Thank you. A reminder to all participants: please press star and one to ask a question. The next question is from the line of Yash Parkar from Patel Investments. Please go ahead.

Yash Parkar – Patel Investments: Hi, sir. Thank you so much for the opportunity. Am I audible?

Management: Yes, you are.

Yash Parkar – Patel Investments: What measurable benefits should investors expect from technology investments, such as improved client conversion or lower sourcing costs, and over what timeframe should we look at those benefits?

Management: I would request Jay, our CIO, to take this question.

Jay – CIO: Thank you. The early areas that we have started with are around customer onboarding. We see an advantage in terms of customers getting converted from the time they start their journey. We have seen a 15% uptick in the speed at which they convert, as well as in final closure. That is something we are seeing as an improvement.

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The other area we are looking at is internal operations, including email efficiencies and similar areas. There, we have driven much more focus around customer support and customer success, where we are able to address high-priority areas much faster with the help of technology and, to a certain extent, by leveraging AI as well.

Customer support is a major focus area from that perspective. The coverage of tickets and responses has increased dramatically. Automation within our operations, improvements in customer onboarding, and automation at all those levels have really increased our ability to support customer onboarding.

We have also enabled dealer-assisted order creation for mutual funds and insurance orders. Those are completely technology-enabled. We have leveraged new channels and are bringing in new channels such as WhatsApp as well. Along with our existing channels, we are also bringing in some of these new channels through which customers can have multiple ways to engage with us and submit their requests for orders.

Yash Parkar – Patel Investments: How are NRI investment preferences, FCNR deposit offerings, currency movements, and global opportunities affecting activity across the GCC business?

Jones George: Hi, this is Jones George. Most Indian banks did a fantastic job raising funds from NRIs through FCNR deposits. The investment returns were very lucrative, such that the equity returns or the level of risk for equity was not comparable.

We faced significant challenges in competing with the FCNR product. However, subsequent to its closure in August, we have started seeing some inflows.

The current geopolitical situation in the GCC has put people in a wait-and-watch mode. Along with that, currency depreciation has also affected their decision-making. Therefore, for whatever investments they are considering today, they are largely looking at a dollar-denominated investment portfolio to hedge that risk.

However, we have not seen significant redemption pressure, which means they are still patiently waiting for the markets to improve.

Yash Parkar – Patel Investments: That is correct. I have one last question. What are the top priorities for the second half of this year that management has set? What indicators should investors monitor to assess progress on growth, profitability, or any other operating metrics?

CJ George: I will take this question. I am C J George here. In the second half, we will focus on increasing productivity.

As I mentioned at the beginning of the conference, and as Mr. Menon told you, the cross-selling opportunity that we are taking advantage of is currently at a minimal level. We intend to expand aggressively and increase our focus on cross-selling so that productivity can increase within the customer base itself if there are challenges.

Depending on the evolution of the market, we will make some changes, but the entire focus will be on increasing the productivity of the people we have. The focus area will be to increase

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cross-selling and expand cross-selling opportunities.

I am not venturing into giving you any numbers, but this will be our focus. Thank you.

Yash Parkar – Patel Investments: That makes sense, sir. Thank you so much for patiently answering my questions.

Operator: Thank you. Ladies and gentlemen, to ask a question, please press star and one. The next question is from the line of Manaswini from Oracle Investments. Please go ahead.

Manaswini – Oracle Investments: Hello, sir. My first question is that EBITDA margins have declined compared with the corresponding period last year. What would you say are the most important drivers for improving margins, especially as the business scales?

Management: [off-mic discussion] I think I already answered that. When you look at the split, income has marginally increased by 2%, whereas expenses have gone up. We also mentioned that the expenditure is primarily coming from employee costs and the transformation of the Tech Mahindra project for IT.

Going ahead, we had said this some time back, some quarters ago: our focus is to increase our recurring revenue assets so that we are able to predict what kind of income will come in year-on-year. That focus continues.

In terms of expenditure, when you talk about our EBITDA margin, there is a significant component that still comes from the broking segment, which is the transaction-led business. As you know, over the last 3 to 6 months, or more than that, the business in capital market broking has been slightly subdued.

If it remains like this, EBITDA margins for the next 1 or 2 quarters also look likely to remain subdued for us. However, you never know when market sentiment will change. If you look at the history of Geojit or the history of the industry, you might see 1 or 2 years of lag or subdued capital market activity, after which it rises.

In terms of our present focus, we are looking at increasing our recurring revenue assets, and that is how it will develop in terms of EBITDA. We will try to increase the productivity of our people so that EBITDA increases. The rest depends on capital market activity. History will tell us that when capital market activity improves, EBITDA margins also improve.

Manaswini – Oracle Investments: I joined a bit late, so I might have missed that. What is management's outlook for transaction-based income, especially given market volatility, competitive pricing, and changes in retail participation? What would be our transaction-based income outlook?

Management: [pause] To take you back to history, until 2016, we were only a stockbroker, and a large percentage of our revenue used to come from transaction-based income.

Even in those times, we always focused on the long-term delivery business in the capital market. When we look at Geojit's capital market business, 50% or more of our cash market volumes are

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delivery business.

If you look at the split between equities and derivatives in terms of income, derivatives constitute around 20% of total income, while 80% comes from cash. Of that, 90% comes from delivery business.

We have been conscious from the start of the company that we would focus on long-term wealth creation in the capital market. We would not push or force our clients to do day trading or F&O because, even before SEBI came out with its report, we understood that when people engage in leveraged trading, whether day trading or F&O, most of them tend to lose money.

From the start, our objective has been to build long-term wealth for the client and focus mostly on delivery business in that transaction-led segment.

Manaswini – Oracle Investments: Thank you, sir. That sounds quite positive. One last question: the monthly SIP book has reached about 156 crores. What is the plan to grow SIP mobilization and increase penetration within our existing client base?

Management: It has grown to 156 crores, and from what I understand, we are growing quite fast compared to the industry. As I said in my remarks, we have 1.78 lakh clients who have SIPs running with us.

We still have a huge segment to be tapped for SIPs. As the Chairman said, our objective in the coming quarters would be to increase our recurring inflows through mutual funds, ideally through SIPs.

We have been doing SIPs for the last 10-odd years. When I spoke about our mutual fund client base, a healthy percentage—70-78%—of our clients who are with us in mutual funds have been with us for more than 5 years. These clients are primarily coming through SIPs.

Manaswini – Oracle Investments: Thank you, sir. That's all of my questions.

Operator: Thank you. A reminder to all participants: you may press star and one to ask a question. We will take our next question from the line of Vansh Rathore from JJ Advisory. Please go ahead.

Vansh Rathore – JJ Advisory: Hello. Good evening, everyone. I wanted to ask about this quarter. In Q2, we had insurance gross premiums of around 175 crores, if I am not mistaken. What are the exact steps that the company is planning to take to expand our distribution network and increase our existing clientele to boost revenue growth rates? That is my first question.

Management: As I said a few minutes ago, in terms of life and health insurance, we have not even penetrated 5% and 3%, respectively, in terms of the number of clients.

We continue with our cross-selling objective. In terms of the products available to our employees to sell, fortunately, insurance is a product that does not have a direct bearing on the capital market. Although some portion of the sentiment that affects the capital market does not affect the insurance business, we have penetrated insurance among less than 5% of our total clients. We will continue to approach these clients for cross-selling without giving any future numbers, sir.

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Vansh Rathore – JJ Advisory: I had one last question. How is management balancing capital allocation between technology upgrades, hiring, opening new branches, and, for that matter, returning cash to shareholders?

CJ George: [pause] Thank you. I am C J George here. I will take this question.

Technology investments are essential investments that we are undertaking at this stage. In order to gain a market edge in terms of the technology platform, as well as the features and products that we have, we need to make investments. Some of the legacy investments are being replaced to gain a competitive edge in the market.

This is something we are treating as an imperative requirement. With regard to new branches and additional people, I must tell you that we are not expanding aggressively in this kind of market situation.

At the same time, you need to remember that our branches are predominantly in tier-two and tier-three locations, where the cost is relatively lower and our ability to wait is also relatively high.

We are therefore very conscious of the fact that capital allocation has to be planned very carefully.

To answer your next question regarding returning cash to shareholders, at the appropriate time, and depending on some of the strategic opportunities we are seeing, particularly in this market, we will wait before taking a decision, or rather before making a decision, to return cash to shareholders.

We are seeing some strategic opportunities, and if those do not materialize, we will of course look at the opportunity for a buyback and similar measures.

Vansh Rathore – JJ Advisory: Got it, sir.

CJ George: Thank you.

Vansh Rathore – JJ Advisory: Sir, are you looking at any international ventures?

CJ George: No, not at the moment.

Vansh Rathore – JJ Advisory: Not as of now. Any [crosstalk]?

CJ George: Not at the moment, except that we had planned a small investment in Bahrain, which was announced. This was not a very large investment. Other than that, there is no international investment planned at this stage.

Vansh Rathore – JJ Advisory: We would not mind if an opportunity comes up, right?

CJ George: We are not looking at opportunities internationally; we are seeing opportunities in the country itself. There are a lot of opportunities in the domestic business.

Particularly, difficult times are also good when your balance sheet is strong and when there are good opportunities. The domestic market is currently at the appropriate time.

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Vansh Rathore – JJ Advisory: Got it, sir. Thank you so much, and all the best. Thank you for answering my questions.

CJ George: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Vinee Jain from Jain Investments. Please go ahead.

Vinee Jain – Jain Investments: Hello. Good evening, sir. I have a couple of questions. The first is that your combined PMS and AIF AUM stood at around 2,000 crores, including standalone PMS AUM of 1,770 crores. What drove the growth, and what are the medium-term ambitions for this specific business?

Management: Even if you look at the PMS business, it has grown from 1,450 crores to 1,700-plus crores. AIF [cut off]

Management: ...also is a new product from our side, which has grown from 22 crores last year to 248 crores this year. We continue to focus on the asset management business.

You understand that we service clients with wealth, and a section of our clients are HNI clients who have the appetite to invest in PMS and AIF. It is one of our main products compared with mutual funds.

Our focus for the asset management business is to grow it not only through cross-selling but also by acquiring new clients from outside. When you talk about AIF, it is one of the best-performing Category III AIFs in the country, and our wealth management team also uses it to gain inroads into new HNI clients with this product.

Vinee Jain – Jain Investments: In the context of your asset management business, income was around 9.83 crores in Q2 and 18.4 crores in H1. What drives the conversion of AUM and net inflows into income? When would operating leverage become more visible to us?

Management: I am sorry, you will need to repeat that. I have not clearly understood your question.

Vinee Jain – Jain Investments: My question is about the conversion of AUM and net inflows into operating income. When could operating leverage become more visible to us?

Management: In terms of the asset management business, more than 90-95% of the inflows come from the group itself, so it is a highly profitable business for us.

As of now, we are at 2,000 crores. On 2,000 crores of AUM and 18 crores of top line for the half year, with a direct cost that is not very significant, profitability is already visible as part of the consolidated accounts.

Going ahead, we intend to grow this aggressively. We will be looking at empanelling third-party distributors as well. Although we will get scale, the EBITDA percentage of this particular business might come down slightly.

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As of now, since there are no distribution fees to be paid to a distributor, this is a highly profitable business for us.

Vinee Jain – Jain Investments: My last question is: what progress has the DIFC platform made since its launch in terms of client acquisitions, assets, and revenue contribution?

Jones George: Rahul, do you want to take that?

Rahul Roy Chowdhury: Yes, Jones, I will take that. Hi, this is Rahul Roy Chowdhury.

As Satish also mentioned some time back, we started operations only a couple of quarters ago. DIFC is a very highly regulated entity, and any account opening or any kind of business there takes some time.

We have already made inroads into around 50-odd relationships from India and the GCC. These are all accredited investors with more than $1 million, and a lot of interest has already started developing in the offerings available through DIFC for our customers.

This not only helps us acquire new business in dollar terms, which is very much a requirement for the HNI and ultra-HNI segment, but also helps us acquire many customers in India when we provide that service to our customers.

As of now, the revenue contribution from DIFC is not meaningful enough, but from a long-term point of view, it is going to add significant value in acquiring clients and growing the business both in India and Dubai.

Jones George: Just to add, the DIFC entity has booked an AUM of about $2 million so far.

Vinee Jain – Jain Investments: Got it. That sounds good. Thank you. Those are all my questions.

Operator: Thank you. We will take the last question from the line of Shravan Modi from Syndicate Family Office. Please go ahead.

Shravan Modi – Syndicate Family Office: Good afternoon, everyone. Thank you so much for the opportunity. My question is regarding the ARR net flows across distribution products, which were very strong in H1. Which product categories contributed the most? How sensitive is recurring income to market levels versus net inflows?

Management: In terms of recurring revenue inflows, a large portion has come through mutual funds. If you look at the first half of the financial year, around 400-odd crores has come from the asset management business, while the balance has come primarily through mutual funds.

Unlike the transaction-led brokerage business, a subdued market does not affect recurring income as much.

When I compared mutual fund AUM at the end of August or the beginning of September, it was 20,000 crores, and we ended September with close to 18,500 crores. You would see that income was not significantly affected.

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Unless and until you see a 20–30% drop in the total market, you might not see a major impact on the recurring revenue business because income is calculated as a percentage of AUM.

Since AUM is broad and spread across many mutual funds, which are themselves spread across many stocks, when the market goes down by 6%, even if AUM goes down by 6%, the percentage of income that declines will logically be only 6%.

In the capital market, however, when the market goes down by 6–7%, volumes might go down by 30–40%.

That is how we started the call. We continue to invest to increase our ARR AUM so that going forward, we will be able to forecast the kind of consistent revenue that Geojit can generate.

Shravan Modi – Syndicate Family Office: Right, sir.

Management: Did I answer your question?

Shravan Modi – Syndicate Family Office: Yes, sir, for sure. Thank you so much, sir, for your detailed inputs. That's it from my end, and I wish you all—

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I now hand the conference over to Mr. Jones George for his closing comments. Over to you, sir.

Jones George: Thank you very much, everyone, for joining our Quarter 2, Q2 FY27 earnings call.

As Mr. Menon mentioned earlier, we continue to see healthy inflows, and our focus will be on enhancing the annual recurring revenue-based business.

Until we see stability in the GCC markets or in the global geopolitical situation, there will be some pressure on the NRI business. Nevertheless, we will focus on the AUM-based business across all our client categories.

Thank you very much for joining this earnings call.

Operator: Thank you very much. On behalf of Geojit Financial Services Ltd., that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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