ICICI Prud.Asset Man

Management: Overall mutual fund industry increased by 20.7% year-on-year and de-grew by 0.4% quarter-on-quarter to 43.80 trillion rupees. The decline can be attributed to challenging market conditions during the quarter, reflected in declines across benchmarks and broad-based indices. For instance, Nifty 50 decreased by 14.5% from the levels of 26,130 at the end of December 2025 to 22,331 at the end of March 2026.

During this quarter, the equity category continued to be at the forefront, alluring net inflows of 1.24 trillion rupees. It is important to note that the industry level net flows in equity have seen a positive increase quarter-on-quarter, despite declining markets. The SIP contribution for the month of March 2026 amounted to 3,20,287 crores as compared to 3,10,002 crores and 2,59,261 crores in the month of December 2025 and March 2025 respectively.

In the debt segment, quarterly average AUM grew by 14.6% year-on-year. However, it de-grew by 5.2% quarter-on-quarter, dropping from 13.38 trillion rupees in December 2025 to 12.69 trillion rupees in March 2026. Passive quarterly average AUM grew by 34.2% year-on-year and 7.4% sequentially to 14.52 trillion rupees. Growth is primarily driven by the gold and silver category.

Industry saw an increase in unique customers which reached 61.4 million and this represents an increase of 13.2% year-on-year and 4.2% as compared to the previous quarter. I now hand over the call to Harshal for covering the performance of our company.

Management: Thank you, Naveen. Good evening everyone. For the quarter ended March 2026, our total mutual fund quarterly average AUM reached 11.05 trillion rupees which is up by 2.6% sequentially and 25.6% year-on-year, thereby maintaining our position as the second largest AMC with a market share of 13.5%. As of March 31, 2026, we continue to have the largest market share of 13.7% in active schemes with a quarterly average of 9.21 trillion rupees. This reflects an increase of 1.3% as compared to the previous quarter and 21.9% year-on-year.

As of March 31, 2026, we continue to have the largest market share in equity and equity-oriented schemes of 14.2% with a quarterly average AUM of 6.2 trillion rupees. This reflects an increase of 27.2% year-on-year and 2% quarter-on-quarter. The quarter-on-quarter growth stands in contrast to the industry which experienced a decline. The quarterly average AUM of our equity-oriented hybrid schemes amounts to 2.18 trillion rupees with the largest market share of 26.7% as of March 31, 2026. This reflects an increase of 4.5% quarter-on-quarter and 31.8% year-on-year.

In the debt segment, our quarterly average AUM stood at 1.99 trillion rupees, reflecting a growth of 15.6% year-on-year and a de-growth of 2.7% as compared to the previous quarter, which is in line with the industry trend. Our passive quarterly average AUM reached 1.84 trillion rupees, representing a growth of 48.3% year-on-year and 10% sequentially.

For FY26, our margins stand at 67 basis points for equity, 32 basis points for debt, 12 basis points for liquid, 10 basis points for passive, and 30 basis points for arbitrage. As of March 31, 2026, we have a unique customer base of 17 million.

In March 2026, our systematic transactions, which include SIP and systematic transfer plans, increased by 1.3% to 51.04 billion rupees. This is up from 50.37 billion rupees in December 2025.

This also marks a 30.6% rise from 39.06 billion rupees in the month of March 2025.

The distribution mix of our mutual fund equity quarterly average AUM is as follows: direct represents 28.9%, MFDs account for 36.7%, ICICI Bank share is at 7.9%, other banks contribute 11%, and national distributors account for 15.5%. Notably, our net flow market share in equity schemes continues to exceed our AUM market share.

We have launched two specialized investment funds, namely, the ICICI Equity Ex-Top 100 Long Short Fund and the ICICI Hybrid Long Short Fund in January 2026. The total ICICI asset under management as on March 31, 2026, is 18.96 billion rupees.

Now let's move to our alternates business, which comprises equity-focused PMS, offshore advisory, and alternative investment funds. For the March quarter end, our alternates quarterly average AUM stood at 729.95 billion rupees. Within alternates, our PMS quarterly average AUM de-grew by 1.7% sequentially due to mark-to-market and grew 26.7% year-on-year to 268.27 billion rupees. Our AIF quarterly average AUM of 170.33 billion rupees reflects a sequential growth of 7.1% and 47.3% year-on-year.

For the year ended March 2026, the gross yield on our PMS and AIF business was 2% and the net yield, after reducing the fees and commission expenses attributable to the PMS and AIF business, was 0.98%. Yields on assets under advisory were 0.33% for FY26.

Referring to our earlier disclosures with respect to ICICI Venture Funds, we would like to update that post the receipt of all the requisite approvals, the transfer of investment management rights for certain AIFs has been completed and the requisite documents in this regard have been executed by the company and ICICI Venture Funds Management Company Limited. Accordingly, the company will be providing investment management services for such AIFs with effect from April 1, 2026. These funds are anticipated to enhance our presence in the alternate market and complement our existing alternate product offerings such as private credit and real estate funds.

We have established retail FME branch presence in GIFT City. In February 2026, we launched an open-ended category 3 AIF, ICICI Prudential Smart Navigator Fund, which is an inbound fund. This is our first offering in IFSC GIFT City. Regarding DIFC, in the last quarter, we established our office in Dubai with a dedicated team in place. I now hand over the call to Naveen for covering the financial performance of the company.

Management: Thanks. Let's cover the financial performance for the quarter. Our operating revenue stood at 15.17 billion rupees, representing a growth of 19.5% year-on-year and 0.2% sequentially. Our operating net revenue mix from mutual funds was 90.65%, alternates was 7.58%, and advisory was 1.77%.

We have recorded a negative other income of 0.89 billion rupees for the quarter ended March 2026 due to the mark-to-market impact. Operating expenses amounted to 3.89 billion rupees, which decreased by 3.5% year-on-year and 3.9% quarter-on-quarter. Our operating profit before tax, which indicates the core profitability of the business, increased to 11.28 billion rupees. This represents a 30.2% increase year-on-year and 1.6% rise compared to the previous quarter.

Profit after tax stood at 7.63 billion rupees, which is up by 10.4% year-on-year and decreased by 16.8% quarter-on-quarter. Return on equity for the year ended March 2026 is at 85.8%. Additionally, the Board of Directors have declared a final dividend of 12.4 rupees per share, which is subject to shareholders' approval.

For the year ended March 2026, our gross yield stood at 52 basis points and net yield stood at 48.3 basis points. Net yield is arrived at after reducing fees and commission expenses on the PMS and AIF business, which is shown as an expense item in the P&L.

For the year ended March 2026, our operating margin stood at 37.6 basis points as compared to 35.9 basis points for the year ended March 2025. As of March 31, 2026, we had an employee strength of 3,585.

Additionally, the NRC which met earlier today has approved the grant of ESOPs and ESUs. The total non-cash estimated expenses using the Black-Scholes model is 1.2 to 1.3 billion rupees, which will be amortized over the vesting period. The approximate debit to the P&L for FY27 would be 640 to 680 million rupees. For FY28, it will be 360 to 400 million rupees and for FY29, it will be 180 to 220 million rupees. The ESOP and ESU will vest in the next three years from the date of the grant with a predefined vesting ratio. Thank you for your attention. I look forward to discussing our performance in more detail and addressing any questions that you may have.

Operator: Thank you very much. We will now begin with the question and answer session. Anyone who wishes to ask a question may press Star and then 1 on their touchtone phone. If you wish to remove yourself from the question queue, you may press Star and 2. Participants are requested to use headsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question comes from the line of Pragnesh Jain from Motilal Oswal Financial Services. Please go ahead.

Pragnesh Jain - Motilal Oswal Financial Services: Good evening, everyone. Firstly, structurally, how is the trend at the ground level shaping up with respect to flows on lumpsum and SIPs? While March data came out pretty strong, that also has some spillover effect of February because towards the end of February, there were fewer working days that spilled over to March. What is the ground-level scenario with respect to SIP as well as lumpsum inflows on the equity side? If you can highlight that, it would be great.

Management: Our view is that it is now 18 months since equity returns have been quite subdued. We are also looking every month at the geopolitical uncertainty. In the past, people have seen so many V-shaped recoveries that in the month of March, while I agree there is a spillover, people have been investing on the days the markets have been falling. Inflows have continued on those days. Until now, the trends that were there in March and April are continuing. There is no significant difference we see between March and early April. The behavior seen in February and March is persisting. At the ground level, while we caution people that what happened in the last 10 years may or may not happen in the future, people are still looking at equity for the long-term. Even when we caution people, they often say they are here for the long-term. We guide people toward our dynamic asset allocation funds because of the market uncertainty, but depending on the risk level, people are selecting either dynamic asset allocation or straight equity.

Pragnesh Jain – Motilal Oswal Financial Services: Got that. And any comments on your inflow market share versus your backbook market share? Is it continuing to trend higher than the AUM market share?

Management: Yes, as mentioned, our net flow market share in equity schemes exceeds our AUM market share.

Pragnesh Jain – Motilal Oswal Financial Services: Great. Just a couple of bookkeeping questions. One, the employee cost has declined sequentially quite sharply. What is the driver there?

Management: Hi, this is Naveen. Yes, there has been a drop in employee expenses. As I mentioned, there is an ESOP and ESU grant that happened. There has been no debit in the P&L for the same yet. The debit would come in future years according to the numbers I provided. That is the reason for the drop.

Pragnesh Jain – Motilal Oswal Financial Services: So basically, until Q3, there were some ESOP expenses being accounted for, but that was absent in Q4 and will start again from Q1 onwards. Is that the right way to think about it?

Management: No, a certain component in the employee compensation has now been replaced by ESOPs and ESUs. From FY27 onwards, you will see the numbers I gave on account of the ESOP and ESU debit.

Pragnesh Jain – Motilal Oswal Financial Services: Got it. I will take this offline. Thank you.

Operator: Thank you. Your next question comes from the line of Arun Kejriwal from Kejriwal Research and Investment Services. Please go ahead.

Arun Kejriwal – Kejriwal Research and Investment Services: Hi, good evening. March and early April have been exceptional months globally. Are there any lessons to learn from this turbulent period that would help us going forward?

Management: As far as our business is concerned, we have been cautioning distributors and investors. We are not experts at geopolitics, but when markets corrected significantly, we indicated to our distributors that valuations in the Indian market had corrected. People are making calls based on their risk appetite. We have a range of products; if people are unsure, they choose dynamic asset allocation products. There are times we suggest dynamic asset allocation, but if they are comfortable, they increase their equity allocation. As an AMC, we provide funds that fit each customer.

Arun Kejriwal – Kejriwal Research and Investment Services: Any change in asset allocation that you see from the person on the street during this period?

Management: Our valuation matrix, which we have released for many years, shows that equity allocation has actually increased because of the current fall in the markets. It depends on many factors. Based on their current distribution, individuals decide whether to go for pure equity products or dynamic asset allocation.

Arun Kejriwal – Kejriwal Research and Investment Services: Thank you very much.

Operator: Thank you. Our next question comes from the line of Manas Agarwal from Bernstein. Please go ahead.

Manas Agarwal – Bernstein: Hi, can you hear me?

Management: Yes, we can hear you clearly.

Manas Agarwal – Bernstein: I have a couple of questions. First, looking at March AMFI industry data, there is a large redemption in arbitrage funds. Behaviorally, are you seeing people move money from arbitrage to equity, or is it related to STT changes? Second, regarding the agreement with ICICI Venture, how does that work? Are you paying consideration for the AUM or is it just a transfer of service contracts?

Management: Regarding the first part, March is the closing period for most corporates, so much of the arbitrage money parked there is deployed elsewhere. You will find this trend if you track March data annually. On the second part, as disclosed earlier, it is a business transfer. We are taking over the investment management rights of specific funds of ICICI Venture along with the team. We have paid a consideration which is not material. The AUM will move over to us, and future launches under those strategies will be done under the ICICI Prudential AMC umbrella.

Manas Agarwal – Bernstein: When does this AUM become effective?

Management: They already have AUM. We start performing the role of investment manager on that AUM from April 1, 2026.

Manas Agarwal – Bernstein: Understood. Thank you.

Operator: Thank you. Your next question comes from the line of Mohit Mangal from Centrum. Please go ahead.

Mohit Mangal – Centrum: Thanks for the opportunity. Regarding the changes from April 1, do you see the impact being yield-incremental or neutral, and what are you seeing regarding flows?

Management: Generally on flows, we just addressed that. If you are referring to regulatory changes effective April 1 regarding TER, there is an impact of 3 to 4 basis points on a gross basis before any payouts. We have identified certain steps and are in discussions. We will have a crystallized impact within the next two months.

Mohit Mangal – Centrum: The AIF and PMS yields were 0.98% on a net basis, up from 0.91% in previous quarters. Why was there an increase on a net basis?

Management: It is a factor of the product mix and sometimes other benefits like exit charges. Predominantly, it is the mix.

Mohit Mangal – Centrum: Regarding unique investor market share, you have grown higher than the industry. Is your strategy to focus on newer customers in tier 2 and tier 3 cities?

Management: Our share of unique customers has grown. Many new customers are coming through digital modes from across India, including B30 cities. As a large player, we benefit from this. A lot of young Indians are looking at mutual funds as a primary investment vehicle rather than an alternate one. These digital natives are a major focus area. Our long history and investment in digital platforms give us an edge in capturing a large share of digital customers.

Mohit Mangal – Centrum: So fintechs play a large role in your unique customer acquisition?

Management: Yes, across the industry, fintechs and new-age distributors are responsible for growing the pie and bringing in many customers.

Mohit Mangal – Centrum: Any NFOs in the near future?

Management: We are working with regulators on four to five ideas. We may launch one or two next month depending on approvals. These would be across SIF and mutual funds.

Operator: Thank you. Your next question comes from the line of Gaurav Jhanni from Prabudas Lilladher. Please go ahead.

Gaurav Jhanni – Prabudas Lilladher: There is a sequential dip in the revenue yield. Is that entirely explained by the mix change toward ETFs?

Management: On the operating yield from the mutual fund business itself, it has been pretty much the same. Within mutual funds, you see a very marginal drop in equity.

Gaurav Jhanni – Prabudas Lilladher: I was referring to the blended yield, which came off from 47.5 to 46.1. That would be driven by the increase in the ETF mix in the quarterly average AUM, correct?

Management: Correct.

Gaurav Jhanni – Prabudas Lilladher: Regarding staff costs, is this the new run rate for normalized costs, to which we would then add the ESOP costs of 220 to 230 crores?

Management: You need to see both together to get the total sense of the employee cost.

Gaurav Jhanni – Prabudas Lilladher: Lastly, the tax rate has gone up sequentially. Why is that?

Management: At the business level, our tax is the same, but in previous quarters, other income or capital gains might have made the blended rate lower. In this quarter, with no significant other income, the overall rate looks a little higher.

Operator: Thank you. Your next question comes from the line of Madhukar Laddha from JP Morgan. Please go ahead.

Madhukar Laddha – JP Morgan: Can you give the asset class yields for the different segments?

Management: For FY26, on mutual fund equity, our margins are 67 basis points. For debt, it is 32 basis points. For liquid, it is 12 basis points. For passive, it is 10 basis points, and for arbitrage, it is 30 basis points. For alternates, the gross yield for our PMS and AIF business was 2%, while the net yield was 0.98%. On advisory, the yield for FY26 was 33 basis points.

Madhukar Laddha – JP Morgan: One follow-up. Other expenses have gone up significantly this quarter. Is there a specific reason, and what should be the run rate?

Management: Other expenses include several heads, such as CSR payments and royalties. It is in line with the profit from last year. You should look at this number on a yearly basis rather than quarter-to-quarter.

Operator: Thank you. Your next question comes from the line of Abhijit Saqare from Kotak Securities. Please go ahead.

Abhijit Saqare – Kotak Securities: Regarding the ventures business, can you quantify the AUM that will be fee-generating from next quarter?

Management: We are getting three strategies: typical private equity, early-stage private equity, and affordable real estate. They already have funds raised in all three categories at various stages of deployment. The fee-paying committed funds moving to us as of April 1, 2026, total 46.28 billion rupees.

Abhijit Saqare – Kotak Securities: And what is the revenue yield on that book?

Management: It is pretty much in line with the industry.

Abhijit Saqare – Kotak Securities: Given the movements in OPEX for next year, how should we think about overall OPEX growth?

Management: We do not provide guidance, but typically you would see OPEX growth on a normalized basis in the usual line of business.

Abhijit Saqare – Kotak Securities: Could you quantify the mutual fund revenue for this quarter and the same quarter last year?

Management: For the full year, mutual fund revenue was 48,414 million rupees, compared to 39,635 million rupees the previous year.

Operator: Thank you. Your next question comes from the line of Dipanjan Ghosh from Citi. Please go ahead.

Dipanjan Ghosh – Citi: Could you comment on the behavior of SIP customers in traditional channels versus new-age channels during this downturn? Also, can you break down the SIP book for the top two or three schemes? Thirdly, regarding specialized investment funds (SIF), have existing customers transitioned from PMS or is this fresh money? Finally, with the Ventures integration, what new segments will you expand into on the alternate side?

Management: The customers in SIF are largely fresh. There is no significant migration from PMS because the ticket size for SIF is 10 lakhs compared to 50 lakhs for PMS. Regarding SIP flows, many customers look at sectoral and thematic funds. We emphasize asset allocation, so we see significant flows into multi-asset funds. Regarding customer behavior, young first-jobbers entering through digital platforms are maintaining their SIPs. In fact, many people increase their SIPs when markets are down, treating it as an opportunity.

Regarding ICICI Venture, we already have a healthy practice in listed equity, private credit, and real estate. With the Ventures team, we are adding private equity and early-stage private equity. We will also bolster our real estate offering with an affordable housing fund. This makes our bouquet quite vast, covering the full spectrum from liquid funds to private equity.

Operator: Thank you. Our next question comes from the line of Lalit Mohandio from Equirius Securities. Please go ahead.

Lalit Mohandio – Equirius Securities: How much of the industry's unique customer growth is coming through fintech, and what is our share there? Also, regarding the investment book, I see increased investments in REITs and AIFs; what is the nature of those?

Management: Upwards of 50-60% of new customers across the industry come through fintechs, and we benefit as one of the largest players integrated with them. Regarding our investment book, a large component is seed money for our products. We look for opportunities across asset classes, so the deployment in REITs and AIFs reflects where we find value.

Operator: Thank you. Your next question comes from the line of Shreyas Pimple from Nomura. Please go ahead.

Shreyas Pimple – Nomura: Are the yields on the SIF side similar to mutual fund yields?

Management: Yes, SIF effectively follows the same slab-based pricing model as equity. The yields are the same as any other equity fund.

Shreyas Pimple – Nomura: On the passive side, have gold and commodity ETFs grown as much as equity ETFs this quarter?

Management: For the full year, the share of gold and silver in the passive segment went up. However, comparing this quarter to the last, while there were incremental flows, the rate of increase has declined.

Operator: Thank you. I would now like to hand the conference to Mr. Naveen Agarwal for closing comments.

Management: Thanks a lot. We appreciate the interest from all of you. Thank you very much once again and have a very good evening.

Operator: Thank you. On behalf of ICICI Prudential Asset Management Company Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.