



Angel One Limited

Q2 FY '25 Earnings Conference Call

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MANAGEMENT:

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Nishant Jain <i>Chief Business Officer – Assisted Business</i>	Prabhakar Tiwari <i>Chief Growth Officer</i>	Ketan Shah <i>Chief Sales & Revenue Officer</i>	Deepak Chandani <i>Chief Data Officer</i>	Anuprita Daga <i>Group Chief Information Security Officer</i>	Meenal Maheshwari Shah <i>Group General Counsel</i>
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E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 15th October 2024 will prevail.

Moderator: Ladies and gentlemen, good day, and welcome to the Angel One Limited's Q2 FY'25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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.

I now hand the conference over to Mr. Hitul Gutka from Angel One Limited. Thank you, and over to you, sir.

Hitul Gutka: Good morning and welcome, everyone. Thank you for joining us today to discuss Angel One's Q2 FY'25 financial and business performance. The recording of today's earnings call and the transcript will be uploaded on our website under the Investor Relations section. The financial results, investor presentation and press release are also available on the website.

For today's call, Angel One is represented by Dinesh Thakkar, Chairman and Managing Director; Vineet Agrawal, Chief Financial Officer. We also have the senior leadership team of Angel One, along with SGA, our IR consultants.

The leadership team will give us a brief overview of the operational and the financial performance of the quarter gone by, which will be followed by a question-and-answer session. Please note, there may be certain forward-looking statements made during the course of the call, which must be viewed in aggregate with the risks that the company faces.

With this brief introduction, I now invite Mr. Dinesh Thakkar for his opening remarks.

Dinesh Thakkar: Q2 FY'25 has been an eventful quarter, characterized by regulatory changes and strategic initiative at Angel One. First, SEBI introduced the true-to-label regulation with the goal of ensuring the standardization of transition charges for trading and investment fraternity. SEBI also introduced some tightening of regulation around the derivative segment for the industry with admirable intent of strengthening the equity index derivative framework, focusing on the long-term sustainability and protection of investors, particularly small retail participants, while promoting growth and stability in India's capital market. These efforts include the rationalization of weekly index derivative product to one per exchange, increased contract sizes for index derivatives and a 2% increase in the ELM on expiry day.

While these adjustments may potentially result in short-term softness in trading volumes, they are expected to fortify the market in the long run. We at Angel One will continue to monitor client behaviour closely in coming quarters and we remain optimistic about the long-term outlook measured as a lifetime value for our clients. Our belief stems from our past experience of SEBI's earlier interventions such as peak margin regulations enacted in December 2020 and the margin segregation between cash and collateral in May 2022.

Taking into consideration the permanent impact of the true-to-label transition charges, we implemented several proactive tariff adjustments, including introduction of brokerage on cash delivery orders and the imposition of interest on disproportionate non-cash collateral offered as margin exceeding ₹ 50,000. These measures, as communicated in our previous earnings call, were designed to mitigate the revenue impact while maintaining a sustainable business model.

In our ongoing effort to enhance our market share, we have rationalized the interest on the margin trading facility offering to a flat rate of 14.99% annually, based on our successful experimentation in previous quarter. We believe this approach will help us continue to garner a larger market share in growing MTF segment.

Diversification remains a very important aspect of our overall growth strategy. Angel One went live with distribution of credit products on its platform after thoroughly testing and incorporating client feedback. The company launched unsecured personal loans through partnership with three NBFCs and plans to onboard more partners soon. The digital distribution model offers deep penetration, providing access to credit to a diverse client pool.

The platform utilizes a proprietary propensity scorecard for risk management. This scorecard was developed by leveraging our data analytics capabilities. As of the 30th of September 2024, cumulative disbursement through our platform totalled ₹ 3.6 billion. As we progress in this segment, we will take a calibrated approach in scaling up the credit distribution business based on enhanced risk understanding.

We also launched the distribution of fixed deposit on the app through ties with six partners, including banks, small finance bank and NBFC. Our clients can now invest in fixed deposits as an off-the-shelf product without the need to open a bank account, further diversifying our product offerings.

In mutual fund space, we achieved a significant milestones, reporting our best quarter with more than 2.3 million unique SIP registration, including more than 8 lakh in September 2024 alone. Signifying the excellence of our mutual fund journey, we witnessed positive trend in terms of time to first SIP purchase, average ticket size, number of clients doing their second SIP, etcetera. The adoption and maturity achieved by the product on the platform suggests that the engagement and retention efforts are paying off well.

The expanding suite of products from equity broking to distribution of third-party financial products showcases the evolution of our Super App and its advanced capabilities. As we continue to enhance our product offerings, we are steadily becoming more capable of fulfilling all clients' financial needs and empowering them to close their financial life cycle loop within the platform.

On broking front, we remain committed to improving the trading experience through technological advancements. During the last quarter, we launched a refreshed version of Traders Spa with several key enhancements, augmented clients' ability to change order preference and optimized search functionality for better keyword matching, to name a few advancements. In

addition, we integrated ChartIQ into our platform, providing an alternative to the existing charting option available on Super App.

The strategic use of data continues to drive our operational efficiency and improve client engagement. Data democratization and advanced data science solution provides sharper client insights, improve client support through automation and streamlined operations, ultimately enhancing client retention.

During this quarter, we also witnessed notable progress in our assisted business. We redefined the partner acquisition, engagement and retention playbook, refined journey on the NXT platform and integrated a signalling mechanism to empower partners to engage with clients more effectively. Leveraging our strong data analytical capabilities to develop cohort personalization based on behavioural insights, the business vertical continues to experience significant growth as envisaged.

As a part of our ongoing effort to invest in building blocks of wealth management, we have expanded the team and our presence across different cities. We onboarded talent with deep knowledge -- with deep domain and tech expertise as well as decades of experience in client relations and proven track record of delivering success at the point -- at some of the large global consumer-focused tech companies.

In addition, we are augmenting our relationship managers' bandwidth as we focus on penetrating and serving clients in Tier 2 cities. We strongly believe that there is a tremendous growth opportunity, especially in the HNI segment, which is currently the underserved segment. Through our wealth management, we strive to leverage that domain expertise, coupled with our technology capabilities to disrupt the business and offer the service to the wider audience.

Our asset management business awaits final regulatory approval, and we will provide updates in due course.

During the quarter, we further solidified our management bandwidth with onboarding of Arief Mohamad as a Chief Business Officer, Direct business. Arief brings over 16 years of distinguished experience in e-commerce, scaling up business with a strong understanding of customers entailing superior engagement. Prior to joining Angel One, Arief served as a Vice President and Head of Fashion at Flipkart. He led critical charters ranging from creating customers first strategy for shaping client engagement, spearheading loyalty programs, overseeing digital marketing initiatives, growing the mobile and fashion category by leveraging data.

Operationally, Angel One delivered strong results in quarter 2 FY'25, acquiring approximately 3 million new clients with about 90% coming from Tier 2, Tier 3 and beyond cities. These acquisitions mean our total client base exceeds 27 million clients, making us one of the largest player in the industry. Our focus on gaining and sustaining our market share is evident from the 44 basis points of sequential expansion in our share in India's Demat account, reaching 15.7 percentage as of September 2024.

Our clients executed nearly 490 million orders during the quarter, translating into an ADTO of more than ₹ 871 billion, on an equity option premium basis. With a 19.3 percentage share in overall retail equity turnover, we continue to report improvement in our market share across all segments.

Our sustained focus on growth, client satisfaction, technological advancement is further solidifying our position as a leading player in India's evolving financial ecosystem. Here, I would like to emphasize that our focus on unit economics guides us towards healthy business growth. Our digital model enables us to achieve economies of scale with superior lifetime value while optimizing the cost of acquiring clients, thus enabling us to sustain our robust profitable metrics despite the evolving customer demographics.

I will now ask Vineet to take you through our financial performance before we open the floor for questions.

Vineet Agrawal:

Thank you, Dinesh bhai. Good morning, everyone. Amidst a quarter of -- with muted volumes, I am happy to share that Angel One delivered a very strong operational and financial performance with sustained market share gains in Demat accounts, active clients and retail equity turnover. Our aggregate orders grew by 5.8% sequentially to nearly 490 million, aided by 6.7% higher number of trading days. We clocked our highest ever quarterly total gross revenue as we crossed the ₹ 15 billion mark for the first time, registering a 7.5% quarter-on-quarter growth.

Our gross broking revenue grew by 2% sequentially to nearly ₹ 9.4 billion in quarter 2 of FY 2025. The growth in our gross broking revenue trailed the growth of our aggregate orders as we witnessed a healthy growth in the cash delivery orders from our direct business where we did not charge clients during the quarter. Gross broking revenues accounted for 62% of our total gross revenues with F&O contributing about 81% in quarter 2. Share of cash segment rose to nearly 13% of our gross broking revenue, which shall improve further as we start charging for orders executed in the cash delivery segment under the flat fee plan from November 2024 onwards. Share of the commodity segment also increased to 6% in quarter 2 of FY 2025.

Since majority of our clients are part of our direct business unit, their share in the net broking revenue stood at approximately 77%, while the balance 23% was contributed by clients acquired through our assisted business unit.

With rising volumes in our cash delivery segment, we witnessed corresponding growth in our client funding book as well, which averaged at nearly ₹ 39 billion for the quarter, sequentially up by 48.1%. Our period ending client funding book stood even higher at ₹ 43 billion. Growth in the interest earned on this book also factors the differential interest rate charged to our assisted business clients.

The interest earned on client funding book, along with the interest earned on deposits with exchanges, grew by 22.1% sequentially to ₹ 3.6 billion, thus accounting for about 24% of the total gross revenues for the quarter. Effective November 2024, the interest charge on margin trading facility across all clients is being reduced to 14.99% from 18% earlier. We believe that

this alignment of interest with other industry peers and our seamless offering of the product will help grow the client funding book and cash delivery orders, thereby offsetting the impact.

The ancillary income, transaction income linked to the value of the orders executed by our clients on our platform remained stable at ₹ 1.1 billion and accounted for nearly 8% of our quarter 2 FY 2025 total gross revenues. From October 1, 2024, it is this income that has got extinguished as per the recently introduced true-to-label SEBI circular of July 2024. In our effort to insulate the business from this impact, we have implemented several measures as highlighted by Dinesh bhai in his opening remarks.

Income from distribution operations grew 53.4% sequentially to ₹ 257 million, accounting for nearly 2% of our gross revenues for the quarter. This was predominantly driven by higher number of IPOs, coupled with full-fledged distribution of credit products through our platform to our clients.

Finance cost increased by 35.7% quarter-on-quarter to ₹ 754 million on account of 38% quarter-on-quarter higher borrowings to fund the growing client funding book.

Employee benefit expenses, including cost of granting ESOPs, grew 14.6% sequentially to ₹ 2.3 billion on account of headcount increase in the wealth management technology, product and data analytics teams. Increase in employee benefit expenses sans ESOP cost is on account of new joiners and accrual of variable pay for the wealth business, whilst the increase in ESOP cost is on account of fresh grants to new joiners across the businesses.

Other operating expenses for the quarter fell by nearly 25% sequentially to ₹ 3.7 billion. In quarter 1, we booked ₹ 1.1 billion on account of proportionate cost towards IPL associate partnership and related digital and media advert spends. The same does not form part of our quarter 2 financials. Net of this brand spend of quarter 1, our other opex declined by 2.1% sequentially despite nearly 16% higher gross client acquisition during the quarter.

Our quarter 2 reported consolidated EBDAT margin stood at 49.9%, while this was higher by 1,220 basis points quarter-on-quarter as compared to our reported quarter 1 margin, it was still better by 191 basis points quarter-on-quarter when compared to the normalized quarter 1 margin at 48%. This operating margin also subsumes the expenses on incubating new businesses of asset management and wealth management. The robust margin profile validates our granular focus on the unit economics as we reap the benefit of higher lifetime value of our clients, which is core to our growth metrics.

Depreciation and amortization costs increased by 13% sequentially to ₹ 256 million in quarter 2 as this was the first full quarter post capitalization of assets in quarter 1, coupled with increased incremental assets capitalized in quarter 2.

Our reported consolidated profit after tax from continuing operations grew by 44.6% quarter-on-quarter to ₹ 4.2 billion, making this our historic best profit performance. The normalized PAT for the previous quarter was ₹ 3.8 billion after netting out the impact of IPL-related costs, and our reported profit for quarter 2 is higher by 12.2% sequentially.

Our H1 total gross revenues and profit after tax stood at ₹ 29.3 billion and ₹ 7.2 billion, representing a growth of 57.3% and 36.3%, respectively, over the corresponding previous quarter. Our H1 profit after tax is 63.6% of our entire FY 2024 profit, demonstrating our sustained and strong growth trajectory. Period-end cash and cash equivalent, client funding book, investments and security deposits with exchanges stood higher as on 30th September 2024 as compared to 31st of March 2024. Correspondingly, we also witnessed higher client monies and borrowings as of 30th September as compared to March 2024.

The consolidated net worth of the company increased to ₹ 52.8 billion as of 30th September. As we continue to operate the business within our desired margin profile, our H1 annualized return on average equity remains healthy at 34% and improvement over our quarter 1 annualized ROE, which was impacted due to softer margin and higher net worth on account of the fund raise. We strongly believe that our ROE is on the trajectory to trend back to our historical levels in due course.

With this, I conclude the presentation and open the floor for further discussion. Thank you.

Moderator:

The first question from line of Swarnabh Mukherjee from B&K Securities.

Swarnabh Mukherjee:

Congratulations on a great set of numbers. Four questions from my side. First of all, on the circular on the equity derivatives space, just wanted -- I mean, you have already mentioned that there could be a shorter-term impact on the trading volumes in terms of some softness there. Just wanted to understand how we are seeing the impact for us. Maybe if you can give some quantification or the proportion of clients who might get impacted by the different facets of regulation, particularly the lot size increase in specific. And what could be your if you're on the same corrective actions or pricing-related actions that you might want to take on the F&O side? Sir that is the first question.

Next, on the cash delivery segment, I wanted to understand whether the price increase can lead to some amount of sensitivity of customers because one large peer has still not increased the price in this segment. And if you could give some color on what could be the blended realization of this segment as the pricing kicks in, whether it would be closer to the ₹ 20 mark that is there or it should be somewhere in between?

A couple of more things quickly, sir. One is on the interest income side. The UPI block mechanism, how do you see this panning out? Would you expect a shift there? And related to the strong delivery in terms of the expenses this quarter, just wanted to understand what steps you have taken to control the cost this quarter and whether this can be sustainable. Sir these are my questions.

Dinesh Thakkar:

Thank you, Swarnabh. First, on circular on this derivative segment, we say like this is very difficult to quantify exactly how much would be the impact. But our estimation is that impact would be roughly in the region of around 13% to 14% of net income that we get from the customer. But if you look at tailwind that customer acquisition run rate, which is in the region of around 50% to 60%, it seems this impact would be negated in not more than a quarter or 2 quarters. But what is important is that intent of SEBI is to reduce losses of retail audience. So if

losses reduces, if they are able to achieve that, lifetime value of a customer is going to increase. So we are very optimistic that in terms of lifetime value, there is no impact. There can be impact of revenue from a customer in a week or a month or 2. But we work on a business metrics of cost of acquisition to lifetime value. That is not going to change.

And second factor, what we see is that growth rate of customer base, which continues to be in the region of around 50% to 60% for digital players, including us, that will continue. So the small kind of like correction, regulatory changes, which makes market healthy is always good for long-term prospect of organization like us. So we are very kind of like bullish in terms of the revenues that we are going to get from the customer in terms of lifetime is going to be same or is going to increase.

Second, as we are entering into multiple products because customer will be retained on our platform, we would be able to sell more products to the same customer. So overall, we are expecting that we will be able to get more wallet share from the same customer. On second -- on cash segment, I believe...

Swarnabh Mukherjee: Sorry to interrupt, sir, just before we move to the cash segment, I just wanted to clarify that this 13%, 14% number you mentioned, is this only on the F&O broking or overall like broking, distribution, interest income all together?

Dinesh Thakkar: No, no. It is broking and related income from broking like Demat charges and all other related income that we get from customer. Related to his broking activity, that is what I'm mentioning, impact on that total income from a customer. So when we calculate lifetime value from a broking customer, I'm talking about that income.

Swarnabh Mukherjee: Okay, sir. And just one clarification was that you like take any measures to neutralize it or as the lifetime value increases, you will eventually see we need to recoup? I mean, I just was curious that whether we should expect the industry level maybe pricing increasing there and you might also want to take that step that I wanted to understand.

Dinesh Thakkar: Pricing is not exactly connected to this. Pricing can be because we are offering a better product on our platform. And there's a big difference between pricing what we are offering and what a traditional broker with inferior kind of like experience is providing, it can be a factor of that. But if you look at by changes in derivative contract, cost is not increasing. So if cost is not increasing, there is no impact on margin. So there is no reason for us to really think about pricing immediately till that time we see impact we will not be able to recover. But if you look at customer base, the way it is growing to the tune of 50%, 60%, it is a matter of extra capacity that is created.

But having said that, we are open to, if at all needed to work on price and all that. But currently, we would like to wait for a quarter or so to see the impact of volume. But as I said that I do not see any kind of an impact in terms of cost escalation in terms of serving a customer or acquiring a customer. So it is a matter of time that we would bounce back to a similar kind of an OPM. But price, we are -- like there is lots of elasticity.

If we go for price increase and all that, I don't see any impact in terms of customers not coming on our platform. See this platform -- time and again, we have seen, it is not sensitive to price to the tune of ₹ 5, ₹ 10 per order. There are lots of competition who came out with ₹ 10 per order and all that. They were unable to gain market share.

What is important is that experience of a customer on this platform, if they see value on being on this platform and if we feel that, okay, we need to increase price, there is nothing that, okay, we feel that we will lose customer or customer will not come on our platform. So there's a big difference between pricing what technology players are offering and what traditional brokers are offering. Still, there is quite a headroom that we -- if we want, we can utilize that.

Swarnabh Mukherjee: Understood, sir, very clear. Sir, if you could address the...

Dinesh Thakkar: Yes. And second, on cash segment, it appears to be blended kind of realization would be closer to what we get in F&O because we have seen ticket sizes quite decent in cash segment. So it will be somewhere around what we get in F&O segment. Third, you were talking about UPI blocking mechanism. Vineet, if you can take this or Devender can take this.

Vineet Agrawal: So Swarnabh, this ASBA in secondary market or UPI block, as you mentioned, this is mandatory offering for QSBs from January onwards. Let's wait and see how the client behaviour pans out. We don't see that there is going to be any significant impact on this because of the ticket size of our clients. But again, this is something which we'll again discuss maybe during the fourth quarter call once this mechanism becomes active.

Dinesh Thakkar: And on your fourth question on expenses this quarter. See, primarily, we have accounted for all the expenses for all the businesses in this quarter. And what you will see is that, okay, in future quarters, like as you saw that, okay, we are able to now able to sell our kind of like loan products and all that. So slowly, we'll see lots of revenue coming from that vertical where already we have accounted for expenses. But there is one factor of expenses, which is very important for you to keep in mind, acquisition of client. If we get an opportunity to acquire more customer, given that we are entering like in 2 quarters IPL and all that, if you see that opportunity, always, as I say, it is an upfront cost where revenue is going to follow for the next 5, 6 years. So we would not shy away from taking more expenses if we get an opportunity to acquire more customers and get a better market share.

Moderator: The next question is from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: Congrats on great set of numbers. Just on the new businesses, so we've disbursed around ₹ 3.6 billion in terms of loans or distributed rather. So what is the kind of realization that we're getting? And what is the kind of aspirations for this segment to be, say, in the next one year or so? That would be my first question.

Dinesh Thakkar: Sure. See, we are very bullish on all these new businesses because as you said that we migrated from broking app to Super App. Reason was that we want to be leader in all kind of like distribution business, be it loan product, be it insurance, be it anything that a retail customer wants. So we have very kind of high aspiration in terms of being leader in that segment. On numbers and everything, I'll ask Saurabh to answer this.

Saurabh Agarwal: In terms of the take rate, I think we are at par or slightly better than market standards right now in the distribution business. And more and more details of the business we'll get out once we ramp up the business over the next few quarters.

Prayesh Jain: Okay. And where are we in terms of wealth management with regards to products, RM addition and where are we in terms of wealth management?

Dinesh Thakkar: Is Shobhit there on the call

Shobhit Mathur: I'll take that.

Dinesh Thakkar: Yes. Please you can take.

Shobhit Mathur: Yes. So there are a combination of things that we have done. As Dinesh bhai mentioned, this is more a combination of very strong domain expertise and bringing technology together to deliver that and add efficiency. We've already started to do 2 sets of activities. First one being that we have already started to publish content, which is across three different categories of content, which you will see in the Investor Relations presentation as well across macro views on asset classes, across views on overall macro economy and specific news on events which happened. So those things have started. And separately, we have already initiated third-party distribution business where a combination of mutual funds, PMSs, AIFs have already started to get offered to customers.

Prayesh Jain: Okay. Where are we in terms of RM count? And what are the addition plans there?

Shobhit Mathur: So the relationship team is getting hired a combination of people -- some people on board, some people joining us over the next few months serving their notices. The RM team is under the ramp-up stage right now, I think the full-fledged team should be built out over the next month or so. So you will see the full built-out of the RM team in the next quarter.

Prayesh Jain: Sir, on the assisted partners business, what is the kind of AP network that we have today? And how many have we added in the, say, last 6 months? Also, the mutual fund business is mentioned to be scaling up from that element. So will the distribution revenue start growing from that channel as well? And what kind of potential we see there?

Dinesh Thakkar: See, AP business, we are very bullish on AP business, and that's the reason like we have brought in a big team and big changes. In AP business, we believe that not only we would be kind of like looking at distribution or like getting revenue from broking, but also distribution of mutual fund, insurance and all that. For further detail, let me get in Nishant over here, if at all he is online. I think there was some disconnection. Okay. So Nishant is disconnected. Let me take this.

So in terms of number of APs, we are in the region of around 9,000 to 10,000. And this business is also growing as equal to our digital business. So share of AP business is around 22% to 23% of our revenue. But we feel that this also business would be able to keep pace with this growth in digital business.

- Prayesh Jain:** And last question on the burn rate of these new businesses, what should we think? And when do we see real contribution from these businesses, say, from FY'26 or FY'27? How do we see the burn rates in these businesses and going ahead?
- Dinesh Thakkar:** Like new business distribution of loans and all that, already we are seeing traction in terms of getting revenue from that. And in a few quarters, we will see -- we'll start distribution of insurance on our platform. So these new businesses where we have been invested like for 18 months, already, they have started doing revenue. And on wealth side, I feel it is a matter of like a few quarters that will start giving good revenues.
- So as previous earnings call, we guided everyone that this burn rate would be around 2% to 2.5% of our total revenue. So that way, we maintain that because we want to grow all that vertical. So we believe that kind of breakeven for new businesses would be in next 1.5, 2 years and maybe wealth may take around 2.5 to 3 years.
- Moderator:** Our next question comes from the line of Swechha Jain with Whitestone Financial Advisor.
- Swechha Jain:** Sir, I have two questions. One was on the lending distribution that we have started. Just wanted to understand what would be our revenue model there? I mean are we getting some onetime kind of a fee for distributing these loans? Or it will be like -- how do we make -- what would be the income out of that? What is the revenue model basically for us there?
- And second thing on the NBFC lending, what happens if a loan defaults? So, we mean those loans that we are distributing, will it count as an NPA for us or the credit risk belongs to the banks or the NBFCs through which we are tying up for distribution. So this was the first question. So answer this and I'll ask the second one.
- Dinesh Thakkar:** No. I you can ask second. So let us take all the questions and then we'll answer all that.
- Swechha Jain:** Okay. Sir, second one was on the transaction -- standardization of the transaction. I think you did mention some bit of it in the opening remarks, but I kind of joined a little late, so I missed that commentary. So just wanted to understand how do we plan to negate that impact because I think it will be an impact of ₹ 400 crores, ₹ 410 crores on an annual basis? So how do we kind of take care of that impact of the transaction costs?
- Dinesh Thakkar:** Okay. So impact of transaction kind of like you're talking about transaction cost that is true-to-label, right?
- Swechha Jain:** Transaction charges, the transaction charges, which now -- we were charging -- we used to charge slab-wise to our customers.
- Dinesh Thakkar:** Yes. So we have increased our kind of like -- or maybe we have started charging for cash delivery transactions. We have put -- like we are charging interest on collateral that we receive for -- so that way, by putting all these additional kind of charges on cash segment and charging for collateral that we receive as a margin, we would be able to negate this impact of true-to-label. Second comes change in F&O contract size and rationalization of weekly expiries and all that, one contract per exchange. So we feel that impact would be around in the region of 13% to 14%

of the total income from the client. And we are seeing that customer base is growing at a rate of 50%, 60%.

So, we would like to see the kind of like impact on overall behaviour of customers. Then we'll take a call whether some action has to be taken on price side or is there any other levers that we can use to negate that kind of like impact. Too early to talk about that impact. But true-to-label impact, we have negated by putting charge on cash delivery and interest on collateral that we receive. And on NBFC, Saurabh, if you can answer on one time and risk of that credit default?

Saurabh Agarwal: Sure. Sure Dinesh bhai. On your first question on how we intend to make money on the lending distribution piece, the idea is to -- the idea is to charge a one time payment for a loan that is disbursed via an NBFC. And each time the customer takes a repeat loan also, then again, we make the one time payment for that loan itself. So the idea is to have the customer on our platform and to serve the customer continuously over his lifetime, where if it takes multiple loans, we make money on each loan. So that is in terms of the income.

In terms of the default, right, I mean, since we are purely in the distribution business, right, the default completely lies in the books of the NBFC and/or the bank that we have tied up with. So there is no implication of the default on our business whatsoever.

Moderator: The next question is from the line of Nidhesh from Investec.

Nidhesh: First, can you break the opex that is being incurred for wealth management and asset management business in quarter 2?

Dinesh Thakkar: Vineet, if you can take this.

Vineet Agrawal: Yes. So, Nidhesh, as we have guided in the past, the overall impact of the opex for incubating the asset management and wealth management businesses is about 1.8% of our OPM. So this 49.9% OPM, had we not spent on the wealth and asset management businesses, would have been around 51.5%.

Nidhesh: Okay. Secondly, in the assisted business, the mutual fund distribution that we will be doing, that will be regular plans or direct plans? And if you can share the quantum of AUM that you have gathered through assisted business, mutual fund distribution.

Dinesh Thakkar: Nishant, you can take this.

Nishant Jain: Yes. So as far as the mutual fund side is concerned, we are about -- we are operating through the regular mutual funds, if that was the first part of the question. On the AUM, I would request.

Vineet Agrawal: Nidhesh, right now, we're not sharing the AUM numbers. So we'll disclose it as we feel it appropriate at some later time.

Nidhesh: Sure. And just last question on -- again, on assisted channel. Do we also have plans to distribute loans and other financial service products through the AP channel? And what is the -- is there any update on distribution of such products as of today?

Nishant Jain: Yes. As articulated in some of the previous interactions, assisted business is an omni-channel play. We intend to have clear plays in multiple categories of products and therefore, multiple channels. And therefore, a short answer to your question is yes. More details would follow once we have kind of fructified and initiated some of those plans.

Moderator: The next question is from the line of Sanidhya from Unicorn Asset.

Sanidhya: Firstly, congratulations to team at Angel One for such great set of numbers in such a challenging situation we are facing at the business. My first question, sir, would be on -- okay, multiple questions, just small questions for the basic answers. So firstly, on the market share increment in the Demat, so incremental market share in the Demat. So that is reduced by almost 2 percentage if you see quarter-on-quarter. So do you see any impact on the SEBI circular for not going via the unregistered partners? Is there any impact on that, firstly?

Secondly, on the ₹ 500 crores limit per trading member that would be reviewed, I think intraday from January, I think maybe new circular. Thirdly, on the -- you're saying that lifetime age of the customer would be increased. So I wanted to -- if you can throw some numbers, how do you think the LTV would be increased? Because you are saying 13% to 14% impact on the net income from the customer to the broking side. So what other products do you think would be able to compensate this?

And lastly, if you could share the average ticket size or the per order value for the equity cash segment for last year, not current year, but if you can share for FY'24, that would be great.

Dinesh Thakkar: Okay. On market share on Demat, Devender or Bhavin, you can take this question on this ₹ 500 crores trading limit. On LTV, what I meant is that when a customer comes to this market, he or she allocate some share of wallet to do trading and do some activity in cash or commodity market. That is not going to change. So if a customer loses lesser amount in the market, that person would be encouraged to continue for the longer term in the market. So when we calculate lifetime value, we see that, okay, what's an activity of a customer, which would be there for a block of, say, 5 years. But data suggests that lifetime value of a customer is beyond 5 years because we have almost completed like a kind of life cycle where we can extrapolate data beyond 5 years. So we can see there is a life left beyond 5 years also.

Now that we have introduced more products on our same platform, mutual fund, we have seen good traction of people buying mutual fund. And if you look at mutual funds SIPs and all that, almost we can say that customer would continue to invest in this market if they start their journey at 25, 26 till the time of retirement. So one, in kind of like broking activity, trading activity, we are seeing if they lose less money, they are going to be more active or for a longer period, they will be active in the market. That will increase lifetime value. Plus, they will buy multiple products on our platform. So overall, what is important is that retention of a customer on our platform, if they lose less, they are going to stay more.

On other questions, average order size, we don't disclose. Rest demat and trade limit, if at all Devender and Bhavin can take this question.

- Devender Kumar:** Can you repeat the question on the market share reduction on Demat side? It was not clear on our side.
- Sanidhya:** Yes, yes. Sure. So if you see the presentation, so last Q1 FY'25, the incremental share in Demat account was 22.8% whereas 21.1% share is incremental Demat account in Q2 FY'25. I wanted to understand this almost 1.7% impact in the additional new Demat account. So is this because you see any impact due to the change in the regulation that we cannot now tie up with the unregistered people with SEBI?
- Devender Kumar:** Okay. Yes. So I think at an overall level, we have maintained that we have been working on the overall business metric of profitability of the client. And we -- keeping that as guideline is how -- we have moved ahead in terms of market share acquisition. So at an overall level, we don't see any subdue in terms of market. And at our level, we have maintained our margins, and there might be a small change in terms of growth here and there. But on an overall level, we see that the market share that we have been doing, which is around 23%, will remain constant and we'll progress from that point of view.
- Sanidhya:** Okay. So no impact from the new circular that you cannot tie up with the unregistered people right?
- Amit Majumdar:** No, Sanidhya, if I may add. So the digital channel, digital referral agent was not a large business for us any which way. So that doesn't have an impact on the customer acquisition. And as Devender pointed out, there will be times during the year where we could be lesser than the usual other quarters, but that is more to do with how do we see the market panning out from a profitability standpoint. As Dinesh bhai had also pointed out that our cost of acquisition is a function of what kind of opportunity we see in the market. So in the last quarter, we saw differential opportunity, and therefore, that plays out in the way the number of customers we acquired for that quarter. But in the subsequent quarter, things may again change. So this is a very volatile number. Nothing should be drawn on the basis of this.
- Sanidhya:** Great. And on the ₹ 500 crores limit for trading update?
- Bhavin Parekh:** Yes. So on the ₹ 500 crores limit, as you know, that there is a clearly defined number by SEBI. But we don't see this getting impacted to our retail base as of now. So we have not seen this as a problem at our end. And....
- Sanidhya:** Assuming that there will be no impact on our trading position.
- Bhavin Parekh:** Absolutely.
- Sanidhya:** Okay. And lastly, if I could ask you -- okay, we are not sharing the per order value for the cash segment, if you can share the overall turnover for the last year?
- Dinesh Thakkar:** Vineet, do we share any of the number what he's asking?
- Vineet Agrawal:** So we share the overall cash turnover, not the cash delivery turnover. Cash turnover for the last...
- Sanidhya:** Intraday and delivery, both could share. Yes.

Sanidhya: Sorry?

Vineet Agrawal: Can I just come back on this number?

Sanidhya: Sure. And one last for Dinesh sir. Sir, I just wanted to say if we can have a separate call with the wealth management team once the business starts because there are a lot of questions to be asked.

Dinesh Thakkar: Yes, sure. We are also equally excited to have a call. So definitely, like we will arrange a separate call with the wealth management team with their plans, aspiration and what they are planning in the next few quarters. Sure.

Vineet Agrawal: The cash turnover was ₹ 100 billion for the quarter.

Sanidhya: No. Sir, last year, if you can share, that would be fine. We can extrapolate. Okay. That helps.

Moderator: The next question is from the line of Sanketh Godha from Avendus Spark.

Sanketh Godha: Sir, can you give me what is our -- in equity derivative market or options market, what is our premium to notional percentage? Means how much premium cost typically we collect compared to the notional ADT or what we do in only in options market like in bps, if you can give me a colour, that will be useful. And second, because the premium turnover data clearly not available in your presentation. And second is that just wanted to understand from your total volumes perspective in options derivative, how much is contributed by Bankex? Just -- that's the second question.

And the third question, what I have is, sir, that given you have indicated that there could be 13%, 14% impact on the net income, if you can give a waterfall on that impact, whether it will be more because of the lot size increase or reduction of the number of expiry days. Sir in your assessment, which will be impacting that 13%, 14% of impact in the net income? And lastly, if there is a 13%, 14% impact, will you still maintain that EBITDA guidance, which you shared at the start of the last year -- or this year, around 43%, 44% for the full year? Yes, those are my questions.

Dinesh Thakkar: Yes. Yes, in terms of premium volume, I'll just ask somebody to answer later. On this impact of 13%, 14% see, there is no arithmetic -- very simple arithmetic what you are seeing that, okay, is there an impact of like Bankex or Nifty and this. So we have seen that when lot size was decreased just in the beginning of this financial year, if you apply that logic, our volume should have really gone up substantially but does not work that way. So based on past patterns and all that, we try to do work -- working on what kind of customer activity would be and instead of what they are doing, what they will do. So our data science team has worked out the kind of bit complex kind of like metrics, which we are able to extrapolate that based on past whatever has happened, it seems impact of -- on these changes what SEBI has announced would be in the region of 13% to 14%. So whatever kind of like prediction we have made in the past also you will see they are very closer to what impact we see in the industry unlike lots of our competition gets worried. But I think it does not work very arithmetically that, okay, person doing one lot will stop doing it. By that sense, even when lot size was decreased, there would have been

substantial rise in volume, which happened in April 2024. We did not see that kind of a rise in volume.

So the way retail works, it is not that in the market for one lot, if all that is not available, they are going to totally withdraw from the market. Youth who wants to come in equity and want to trade, they will explore a few other opportunities or they will bring in more money or whatever. So this is how we calculate it. It's a bit kind of like complex based on our data science models.

Sanketh Godha: Based on your assessment, maybe I understand that it's a difficult number to quantify. But your model says that whether it is more to do with lot size increase or more to do with reduction in the number of expiry days, which will have an impact. I just wanted to understand which impact?

Dinesh Thakkar: Yes. So it is a combination of both, but that weekly expiry which has been reduced, more impact can come from that side. But as I said that, okay, if a customer is active in the market, instead of doing, say, like 10 lots, he may do maybe 6, 7 lots in that month. But if I take extend this kind of like activity for a year, the activity for a year would proportionately would be almost same, I would say. So sometimes weekly options also not necessarily that client is active all the weeks. So if they get kind of a lesser expiry, so they may like in a year, they will trade almost of an equal kind of like quantity. So our model is based on like, okay, maybe based on this rationalization, there can be kind of like larger impact in a month or so. But if I extend this for a year, it seems that impact would not be as high. So on your second question, whether guidance on EBITDA, would we be able to maintain that? Yes, definitely, we would be able to maintain that. We can see improvement in that because now we are able to sell multiple products to the same customer.

Sanketh Godha: Got it. Perfect. And maybe before Vineet can answer premium to notional number, just if you can quantify your revenue from loan distribution in second quarter or 1H?

Dinesh Thakkar: Too early to say just because we have started this quarter. Give us 1 or 2 quarters so that we are able to be a bit precise in terms of guidance and number.

Sanketh Godha: Got it. Perfect, sir. And on initial 2 questions, the premium to notional and Bankex contribution to total number of orders?

Dinesh Thakkar: Bankex is a separate contract, we don't disclose. Vineet, if you can take that first question.

Bhavin Parekh: Yes. So Sanketh, this is Bhavin here. Premium to notional ratio is similar to what exchange ratio is. It's in the range of 16 basis points to around 18, 19 basis points. It hovers between that.

Sanketh Godha: Okay. So basically, average what gets reflected in NSE is broadly reflected at your end too, right, in that sense?

Bhavin Parekh: Yes. Yes. Perfect.

Sanketh Godha: Is it fair to assume that in your volumes still Bankex and Sensex contribution is not meaningful because base notional to -- premium to notional is meaningfully really low.

- Amit Majumdar:** Sorry, Sanketh, those are numbers we are not able to disclose today. So we can't give you index-wise what volumes we do.
- Moderator:** The next question is from the line of Pallavi Deshpande from Sameeksha Capital.
- Pallavi Deshpande:** Just wanted to know on the wealth management side, the ₹ 250 crores investment, so what is the stake we hold versus the co-founders that we brought into the business?
- Dinesh Thakkar:** Wealth management company is 100% subsidiary of AOL and there is a separate ESOP pool for that company.
- Pallavi Deshpande:** Right. Just wanted to have a sense of where do we see our holding, let's say, 4, 5 years down the line in this -- in the wealth management arm.
- Dinesh Thakkar:** It depends on performance and all that, too early to say that. There's an ESOP pool which we have created based on performance.
- Moderator:** The next question is from the line of Aman Singh from Profitgate Capital Services.
- Aman Singh:** I have two questions. First, on the MTF side. So we highlighted a few quarters earlier that we'll focus on the MTF and we have doubled the book in a year. And now we have reduced the interest rates on MTF. So is it the competition that is haunting the MTF and the growth will slow down in coming quarters? This is first.
- And second, so we are selling regular mutual funds in the wealth management part of the business and direct mutual funds on the platform the Super App that we have. So what are the plans to monetize the customers that are purchasing direct mutual funds from us? Are we planning to introduce regular plans on the Super App also? These are the 2 questions.
- Dinesh Thakkar:** Okay. On MTF side, it is not that we were influenced by competition and all that. It is based on like leverage what we can get and growth prospects that we see in that vertical, we would like to increase our market share. So if we look at viability in terms of business model and all that, it is viable at this rate. And in fact, if at all, we see higher volumes, we would be okay to adjust price because what is important what's an offtake of this book that is important. So what we are seeing currently, we saw a good opportunity in terms of growing this book size. And keeping that in mind, we thought let us kind of like put the price where it becomes viable for the customer to borrow money and trade in the market and all that. So all said that, equity is going to give a certain return. So we have to see that customers who are using this facility, it becomes viable for them to avail of these facilities. So based on that, we take decision and we look at growth opportunity and what kind of like future growth we can see in that area.
- On second question, on that platform, we offer direct. And there is no kind of like need for us to monetize as these customers are doing some other activity on our platform. As I always say, we don't look at revenue or profit per transaction. We look at the revenue that we can get from relationships. So a person who onboards and buys mutual fund on our platform, they are -- probably they are going to be retained for a longer period of time. That whole lifetime, they are going to do far more other transactions, avail of more services on our platform. So if you look

at lifetime value, always you say lifetime value is important for us. So we believe this person who starts his SIP journey and would be buying more multiple products, lifetime value of this customer who starts onboards as a buying mutual fund directly or a customer who onboards as an equity, it appears lifetime value would be almost similar.

Aman Singh: Sir, a small follow-up on the second part. So as we are now entering the wealth management business also, will it not make -- will it not be better that we target the bottom of the pyramid, the people who are buying direct funds by monetizing and selling them the regular funds because we are entering the mutual fund distribution business to the wealth arm also.

Dinesh Thakkar: See, they are probably different models. Wealth management is more of kind of an advisory, guidance for people who want on the wealth. Direct business on the platform, people who are taking their own decision, and they will look for some kind of digital advisory and all that. So we want to keep it separate. So because people who are coming on the wealth management side, they want to pay for advisory services or they want to pay for guidance that they get for their wealth and for their assets. So we want to keep it distinct. Distribution would be on our platform, which is direct. If at all any customer wants an assistance, there is a charge for that.

Aman Singh: Right, sir. Sir, just a small clarification. As you highlighted earlier on the call that the company will not shy away from any upfront marketing that will give us more customers. So the IPL cost that we incurred last year, the IPL sponsorship cost that would be there for next 5 years, and there are no change in plans because of the disruption in the F&O part of the business. Am I correct?

Dinesh Thakkar: Yes, yes. Because we would like to continue being like, I would say, increase our market share. So wherever you get opportunity in terms of -- on top of the mind recall or people who want to consider to come into equity, our name should be a first choice for them. So we would continue to spend on IPL plus complement by putting in more kind of expenses on branding and all things what we did last year. So we have seen a big benefit because of doing this activity and complementing with some branding activities. So we'll continue with that. Now we have more reason because now more products are available on our platform where commercially we can just sell and earn from that.

Moderator: The next question is from the line of Ajox Frederick from Sundaram Mutual Fund.

Ajox Frederick: Just one question, sir. Sequentially, our admin and other expenses adjusting for IPL has come off despite clients or the customer acquisition going up about 15%, 16%. So what are we doing differently this quarter one? And can this cost optimization sustain in the coming quarters? That's my question.

Dinesh Thakkar: See, we work on cost of acquisition to lifetime value. So say, like every quarter, you see there will be some kind of like difference because cost of lead and all that changes, pricing on social media changes. So there can be small variation. But what we look at average cost of acquisition across the year, and we believe wherever we see opportunity that we have been able to optimize that cost, we would like to scale it up and acquire more customers. Our focus is on getting market

share. And wherever we see unit-wise economy is viable to acquire more customers, we would like to go for that. So current focus is not on optimizing cost, it is more on market share.

Ajox Frederick: So there could be some elevated costs coming up in subsequent...

Dinesh Thakkar: If we get an opportunity, yes.

Moderator: The next question is from the line of Parth from Alpha Wave Global.

Parth: Congratulations on a great set of numbers. Just have one question. How frequently do you hit the open interest limit of 15%, given we have 20%-odd market share of turnover -- of the market turnover? And also the consequent question is, how large do you think you can grow from here on this front?

Dinesh Thakkar: On open interest, we haven't faced like big problem. Bhavin, you'd like to take this?

Bhavin Parekh: Yes, sir. So Parth, we have not seen this particular problem at our end. And as the market open interest -- the 15% of market open interest, whichever is higher, we have a share of that. So we don't see any issue as of now on this.

Parth: Got it. And just one more question. The 13% to 14% odd impact that you are expecting from the incoming regulations, is this on today's stock user base? Or are you sort of also factoring new customers coming in and sort of adjusting for that as well?

Dinesh Thakkar: No, no. This I'm saying per impact of per client who are active, what would be. But if I take a growth automatically like maybe it gets offset in 1 or 2 quarters because we are seeing tailwinds in this industry in terms of acquiring new customers, new customer coming to this market continues at the rate of 50%, 60% for digital payers. So I'm not factoring in that growth rate. So factoring the growth rate, then impact is negligible. In fact, we would be positive again in next year.

Moderator: The next question is from the line of Aravind from Sundaram Alternates.

Aravind: Congratulations on the good set of numbers. Sir, just a...

Moderator: Sorry to interrupt, Mr. Aravind. Could you come a bit close to your handset?

Aravind: Yes, yes. Is this better?

Dinesh Thakkar: Yes, it's better.

Aravind: Yes. Yes. Sorry for the interruption. But when we talk about non-BSDA accounts, is it safe to assume all the active clients would make up the major portion of the non-BSDA accounts or would be much more than that?

Dinesh Thakkar: Bhavin, if you can take this?

Bhavin Parekh: So it's safe to assume that most of our active customers are non-BSDA also.

- Aravind:** Okay. Would it make a significant proportion of it like or would be like only 50%, 60% of non-BSDA accounts?
- Bhavin Parekh:** Yes, yes. Most of them is non-BSDA, and it will not have an impact. And that's what we can state as of now.
- Aravind:** Yes. And sure, sir. And you were also talking about the operating profit margin would have been like 1.2% higher like if it not had been for the investment we made in asset management and wealth management. Is it primarily a one-off kind of an expense? Or is it going to be like every year, like such level of expenses need to be incurred for wealth management business, but the revenue will come like a bit later, as you mentioned, like in 2 or 3 years for the business to break even?
- Dinesh Thakkar:** No. See, we have invested in different verticals in different, different kind of time zones. So if you look at loan distribution and all that, they have already become active and they are selling their product. So this 1.8% is like what we have like been spending on other verticals, which we have accounted, but still that revenue has not started from that vertical. So -- but if you look at distribution of loan, already in this quarter, we are seeing some good numbers. Similarly, we will see for distribution of other verticals like insurance and all that also in a few quarters, they will kind of like come in.
- Similarly, next year, you will see revenue will come from wealth management and all that. So difficult to say what's the percentage, what the decrease would be there. But in terms of -- our continuing to invest or put money in this vertical would be there because we want to grow this business. We want to see that we become market leaders in whichever area we get into.
- Aravind:** And just one last thing, if I can squeeze in, sir. Like other market like especially the brokers, like are they confident of being able to increase the charges if there is a significant -- I wouldn't say significant, there is a considerable like a decline in number of trades or volume per client.
- Dinesh Thakkar:** I don't see any concern for digital players because there are limited digital players who have excellent platform, which are kind of working at a scale and all that. If there is a need for anybody to change this kind of pricing, I see that we have lots of elasticity in terms of increasing our price. Whether it is necessary or not, I think once we see what kind of an impact is there and if it is necessary, we'll increase it.
- Like for true to label, we thought it is necessary, we increase it. And we don't feel there's going to be any impact because of charging for cash delivery. Similarly, if we see that impact is beyond what we were anticipating, I'm talking about digital players, I think they have a good kind of platform where customer once they use digital platform, they don't mind paying ₹ 5 or ₹ 10 more. What is important is that they want to see experience and engagement that they are having on the platform, that should be superior, and we should be able to maintain that experience. So I don't think customers are sensitive on ₹ 5, ₹ 10 per order.
- Moderator:** The next question is from the line of Yash Mehta from Aart Ventures
- Yash Mehta:** I just wanted to know that what is the kind of revenue target that you are anticipating for FY'25?

- Dinesh Thakkar:** We don't disclose forward-looking numbers. Sorry for that. But you can extrapolate what kind of customer base, rate we are growing. So I don't see any kind of headwind on that side that will continue and you can put impact what we have told you and extrapolate for 3-4 quarter and you will get the number.
- Moderator:** The next question is from the line of Sukant Garg from Equible Research.
- Sukant Garg:** First of all, congratulations on the numbers that have been published. Secondly, my question is regarding the AMC license. What is the status update on that? Last quarter when we have a call, you told us that it's in progress and we will see it in the next 2, 3 months as well. So by when we can expect that?
- Dinesh Thakkar:** Sure. Hemen, if you can take this?
- Hemen Bhatia:** Yes, sure. So again, in terms of the license, I can say we are in the final stages of getting the AMC license. And it could be any day, any time now that we hear it from the regulator. And that's what we maintain now also.
- Sukant Garg:** And any targeted revenue from that we are planning around.
- Hemen Bhatia:** So I think it will be too early to talk about the revenue metrics given that we have yet to get the license. And then the idea is getting the license and being on ground at the earliest, that is going to be our immediate next step.
- Moderator:** The next question is from the line of Rucheeta Kadge from Iwealth.
- Rucheeta Kadge:** So my question was on the employee cost. So how do we see this panning ahead in the following quarter?
- Dinesh Thakkar:** We have taken most of the cost that way. And if we look at like we are talking about next quarter, there can be some impact on all that. I see there is an enough capacity, there is no need for us to really increase until the time we see some good opportunity somewhere, and we want to bring in that vertical. Otherwise, steady state business as usual, what we are doing, I think we have sufficiently kind of like spend on employee cost.
- There's no need to increase. Only we will see now optimization of kind of this cost because after reaching certain age in any digital business, there's optimization. But once we start spending on other vertical, doing kind of like in a growth industry, there can be an opportunity where we would like to spend. But if you take businesses that we are doing, I think over there, we have enough kind of spend on people needed for this vertical.
- Rucheeta Kadge:** Okay, sir. And sir, just one more question. The 13% to 14% impact that we've said, so it's basically on the per order that a client places, right? Like if he was placing 5 orders per month, so that we are saying that, that can reduce by 14%, right?
- Dinesh Thakkar:** So again, as I said that, okay, this 13% to 14% impact is immediate. But if I take like activity of a customer on this platform for year 2, 3, I don't see there will be any impact on lifetime value. So if you take it this way that if I take an activity of a customer for a quarter or 2 because there

are less opportunities, they may trade lesser by 14% to 15%, if I take revenue from customer for quarter or 2. But if I take a block of 1 year or 2 years, revenue from the same customer and what we got previous this circular would be almost same.

Rucheeta Kadge: Got it, sir. And sir, just one last question on the interest cost. So our interest cost has gotten elevated a little bit. So how do we see this for the whole year and the next year maybe?

Dinesh Thakkar: Vineet, if you can take this?

Vineet Agrawal: Sure. So interest cost is an offset of the MTF, the client funding book that we have. As the client funding book grows, part of that will be funded through borrowings and the interest cost will go up. So it's linked to our borrowings for the client funding book.

Moderator: Due to time constraint, we have reached the end of our question-and-answer session. I would now like to hand the conference over to Mr. Dinesh Thakkar for closing comments.

Dinesh Thakkar: Thank you for joining us on this call today. I hope we have answered your queries satisfactorily. Should you require any assistance, please feel free to contact Hitul Gutka, Head of Investor Relations; or SGA, our Investor Relations Advisor. Have a good day.

Moderator: Thank you. On behalf of Angel One Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.