



Angel One Limited
Q2 FY '26 Earnings Conference Call
October 16, 2025



MANAGEMENT:

Dinesh Thakkar <i>Chairman & Managing Director</i>	Ambarish Kenghe <i>Group Chief Executive Officer</i>	Vineet Agrawal <i>Group Chief Financial Officer</i>	Amit Majumdar <i>Group Chief Strategy Officer</i>	Ravish Sinha <i>Group Chief Product & Technology Officer</i>	Ankit Rastogi <i>Chief Product Officer</i>
Arief Mohamad <i>Chief Business Officer – Direct Business</i>	Nishant Jain <i>Chief Business Officer – Assisted Business</i>	Saurabh Agarwal <i>Chief Business Officer - New Business</i>	Rohit Chatter <i>Chief Data Officer</i>	Sridhar Govardhan <i>Group Chief Information Security Officer</i>	Anuprita Daga <i>Group Chief Information Security Officer</i> <i>(Till 31st Oct, 2025)</i>
Meenal Maheshwari Shah <i>Group General Counsel</i>	Manmohan Singh <i>Group Chief Risk Officer</i>	Subhash Menon <i>Group Chief Human Resources Officer</i>	Manoj Agarwal <i>Group Chief Compliance Officer</i>	Bhavin Parekh <i>Chief Product Operations Officer</i>	Srikanth Subramanian <i>Co-founder & CEO – Ionic Wealth</i>
Hemen Bhatia <i>CEO – Angel One Asset Management Company</i>	Hitul Gutka <i>Head of Investor Relations</i>				

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 16th Oct 2025 will prevail.

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY '26 Earnings Conference Call hosted by Angel One. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

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

Hitul Gutka: Good morning, and welcome, everyone. Thank you for joining us today to discuss Angel One's Q2 FY '26 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 the press release are also available on the website.

For today's call, Angel One is represented by Dinesh Thakkar, Chairman and Managing Director; Ambarish Kenghe, Group CEO; Vineet Agrawal, Group CFO; Saurabh Agarwal, CBO - New Business; Srikanth Subramanian, Co-Founder of Ionic Wealth; Hemen Bhatia, CEO AMC. We also have the senior leadership team of Angel One, along with SGA, our IR consultant.

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 Q&A session. Please note that there may be certain forward-looking statements during the course of the call, which must be viewed in aggregate with the risks that the company faces.

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

Dinesh Thakkar: Thank you, Hitul. Good morning, everyone, and thank you for taking the time to join us today. It is great to connect with all of you again and to share how we see the opportunity ahead. After my remarks, the team will take through our performance highlights.

India continues to stand out as one of the world's most resilient and fastest-growing economy. Its strengths: a young digital-first population, steady formalization and a strong policy momentum give it a solid foundation for long-term growth. Recent government reforms, especially in personal income tax and GST rationalization are timely and meaningful. They put more money in people's hands, simplify compliance and encourage consumption. Over time, that means higher savings and more investment in financial assets. We believe we are at the start of multiyear expansion across investing, wealth management, protection, credit and fixed income.

The last 5 years have already shown the early signs of this shift. India's adoption of digital financial solutions, including equities, mutual funds, credit and insurance have grown rapidly. Fintechs are at the center of this transformation. They are opening up access, removing friction,

creating experience that are simpler, smarter and more inclusive. By using AI, data and automation, fintech platforms are changing the way India invests, borrows and builds wealth.

At Angel One, our AI-powered platform continues to bridge the gap between formal and informal financial worlds, expanding our reach and offering personalized journey at scale. Our vision remains clear to touch a billion lives and serve their financial needs through one integrated digital ecosystem.

Today, nearly 90% of our clients come from beyond the metros and Tier 1 cities, which is a strong reflection of how deeply we are reaching into Bharat. Our platform now goes well beyond equity broking. We are steadily added more products and some of these are beginning to generate annuity revenue.

Long-term wealth creation is being enhanced through mutual fund and other emerging wealth products. You can see this shift across the industry as well. India's SIP inflows reached over ₹ 290 billion in September 2025, the highest ever compared to a monthly average of ₹ 85 billion just 5 years ago. With innovations like MF Lite, Chhoti SIP and Specialized Investment Fund - SIF, expanding participation. Our asset management business is well placed to capture a growing wallet share. On credit side, fintech-led models like ours are improving discovery, underwriting and delivery. Using alternate data and behavioral analytics, we are making credit distribution more efficient, responsible and inclusive.

As a part of our broader strategy to strengthen our presence across financial services, we have also entered into a joint venture with LivWell Holding Company PTE Limited. Together, we are launching a digital-led pure protection life insurance offering tailored for India. This partnership combines LivWell insurance expertise with our technology data, deep consumer insights, allowing us to shape the future of protection in India.

Our goal is to reimagine how protection is delivered with smarter underwriting and seamless claim, built entirely a strong digital foundation. While this is a collaborative adventure, it gives us opportunity to influence product design, embed protection within our platform and deliver solutions that are proactive and personalized, not one size fits all.

Angel One will hold a 26% stake in this ₹ 4 billion joint venture, subject to regulatory approvals. It is partnership built on trust and credibility, and it positions us to capture a significant disruption opportunity.

We are methodically building out every aspect of customers' financial needs, wealth, credit and protection. Each with a long-term view. These businesses take time to mature. So we have invested early in AMC and Wealth in 2024 and in credit 2025. This gives each line the time and space to compound meaningfully over time.

At the heart of all this progress is our data-driven intelligence layer. It powers smarter products, sharper segmentation, deeper client engagement. We are constantly using these insights to design better journey and improve efficiency, and we are seeing strong traction. Our platform keeps evolving to stay simple, intuitive and personalized for every user.

Looking ahead, the tailwinds are unmistakably from a young ambitious population, rising affluence and forward-looking regulatory framework. Angel One is uniquely positioned to lead this fintech evolution and shape how Indians participate in financial economy. It's encouraging to see regulators adopting a balanced progressive approach, one that supports innovation while keeping the ecosystem healthy and resilient.

This strengthens market confidence and reinforces the long-term potential we all see. The opportunity before us is immense, and as always, we will approach it with the same discipline, innovation and client-first mindset that has brought us so far.

Thank you for your continued trust and confidence in Angel One. I will now hand it over to Ambarish.

Ambarish Kenghe:

Thank you, D.T. Good morning, everyone. Thank you for joining us on the call today. At Angel One, we continue to invest deeply in building stronger client affinity with our platform, powered by next-generation technology and relentless focus on experience. As I had mentioned in our previous quarter's earnings call, AI is central to this continuous transformation, helping us improve speed, accuracy and achieve efficiencies.

I am very happy to share the launch of our AI-powered chatbot, Ask Angel, which has been developed in-house using open source LLM models. It has quickly become a key digital touch point, delivering fast and reliable query resolution across mutual funds and equities. Clients can simply type in their queries or use contextual widgets to receive precise and personalized responses.

The chatbot's architecture leverages our proprietary Agentic AI framework and the results have been exceptional with over 80% of the users resolving their queries without escalation and 67% reduction in resolution time for 95% of the cases.

We are also responding to a significant percentage of support e-mails using AI. This is AI at work, creating tangible impact and client delight. Over time, Ask Angel will extend across our full product suite.

We have also removed friction across client journeys. The launch of our cross-widget discovery engine now enables seamless navigation across mutual funds, loans, commodities and ETFs. For our channel partners, we have enhanced the NXT platform, offering them unified revenue views, discovery of smart advisory and client group monitoring for sharper portfolio oversight.

These immersive experiences are driving stronger retention, deeper and more meaningful engagement and expanding lifetime value. Our operating metrics validate the positive momentum these efforts are yielding despite headwinds like fluid global geopolitical situations and softer market conditions at home and a phase of constructive regulatory evolution.

As we've always believed, a strong, well-regulated ecosystem builds resilience and businesses that stay focused on solving the real pain points of retail consumers thrive over the long term.

Our client base crossed 34 million with over 1.7 million new clients this quarter, higher by 12.2% sequentially.

Our Demat market share rose to 16.5% and overall retail equity turnover market share increased by 71 bps to 20.5%, reaffirming the quality of our franchise. Average client funding book touched ₹ 53 billion and clients executed over 360 million orders this quarter.

Our efforts of engaging better with clients for the mutual fund product continues to deliver stellar growth as we registered nearly 2.4 million new SIPs, a growth of nearly 24% sequentially and strengthened our position as the second largest player in incremental SIPs.

Mutual funds are a great engagement product with over 3 million clients having purchased it on our platform. 40% of these clients got activated through the mutual fund product itself and nearly half of this cohort also invests in equities, showcasing the cross-pollination power of our platform.

Credit adoption is also accelerating with nearly ₹ 4.6 billion disbursed this quarter, up 97% sequentially, translating into an annual run rate of ₹ 18 billion, underscoring client confidence and platform stickiness.

We are encouraged by the calibrated regulatory environment, which continues to foster innovation while ensuring market stability. Our proactive approach to compliance, data privacy and AI governance keeps us well prepared for both current and future regulatory requirements.

We are equally excited about our emerging growth engines. Ionic Wealth continues to expand its AUM to over ₹ 61 billion from 1,250 -- more than 1,250 clients, while our asset management business has launched its first commodity fund, scaling folios to nearly 1.4 lakhs with ₹ 4 billion in assets within a short span of time.

We are excited to announce that we will set up a branch in GIFT City, a strategic move that opens up new growth avenues. This will be subject to regulatory and statutory approvals.

We are scaling every product line with discipline and precision. What we are building is not just a digital platform, but it is a long- term relationship founded on trust, intelligence and reliability.

With our expanding product universe, deep AI capabilities and a unified digital ecosystem, Angel One is positioned to lead India's fintech transformation, reimagining how millions of Indians invest, borrow and build wealth. Our journey has only begun, and our focus remains on building for the long term with technology, trust and transparency at the heart of everything we do.

I now invite Saurabh to provide further updates on the emerging growth verticals.

Saurabh Agarwal:

Thank you, A.K. Good morning, everyone. It's great to have you with us. This quarter, we sharpened focus and executed with rigor, empowering clients to plan, manage and grow their finances seamlessly. Most users begin with investing and then naturally expand into credit, protection and savings.

From checking credit scores, tracking challans, comparing insurance prices, viewing consolidated portfolios to investing in mutual funds or FDs, everything now lives in one intuitive interface. Each feature deepens trust, strengthens engagement and makes Angel One the financial home screen for millions of Indians. That's our flywheel, usefulness to drive trust, trust to drive depth and depth to drive growth.

Starting with credit. Credit continues to be one of our most exciting and strategic verticals. Disbursals rose sharply from ₹ 2.3 billion last quarter to ₹ 4.6 billion this quarter, taking the cumulative disbursals to nearly ₹ 14 billion. We also on-boarded another lending partner, taking the total to 7, spanning multiple ROI and ticket size segments, allowing us to serve a wider range of customers.

While disbursals grew 2.4x year-on-year, only a small fraction of our customers have taken credit from us so far. The headroom is massive, both within our base and in the market. To put things in perspective, our users alone took over ₹ 1 trillion of personal loans from the open market last year. And when we include secured categories, the opportunity becomes even larger.

We are hence strengthening our partner enablement right from equipping them to underwrite better using richer intelligence, enabling greater collection efficiency to operational prudence. While we do not assume any credit or collection risk ourselves, our frameworks and insights help lending partners achieve superior efficiency in managing these aspects. When partners manage risk better, lower their opex and improve collection, we create tangible value for them, and that value naturally accrues back to us.

This foundation positions us to operate at one of the most efficient and profitable take rate in the industry. Our platform economics are strong today and with deeper data loops, this advantage will only widen. Our aim is simple: to become the most trusted and performance-driven credit platform in the country and achieve a leadership position in the coming years.

On the mutual fund front, India's mutual fund industry continues to expand rapidly with AUM growing from around ₹ 67 trillion in September 2024 to over ₹ 75 trillion in September 2025. We continue to do well here. Our own AUM has grown from nearly ₹ 8,700 crores to over ₹ 15,000 crores now with continued gains in the direct SIP market share.

Over 3 million customers have engaged with our MF offering and repeat SIP participation continues to rise, reinforcing the trust users place in us. Mutual funds are central to our engagement flywheel. They build lasting habits and strengthen platform retention. SIP customers show deeper participation across other categories, and our focus remains on making these journeys simpler, faster and more intuitive.

On insurance, we are focused on improving both discovery and buying experience through sharper targeting and omnichannel reach. The business continues to see decent traction and data science-led models are improving funnel efficiency. Overall, our focus remains clear: expand reach, deepen engagement and monetize with discipline.

With that, I'll hand it over to Srikanth to walk you through the wealth business. Thank you.

Srikanth Subramanian: Thank you, Saurabh, and good morning, everyone. If India's asset management industry was formalized over the last decade, then the coming decade will do the same for wealth management. We in India are at the cusp of creating a large and profitable ecosystem, much like what the West witnessed during its own phase of financial deepening.

At Ionic Wealth, we are seeing positive traction of our omnichannel hypothesis. Since our inception in 2024, we have reached an AUM of INR 61 billion with 1,250 plus clients across 9 cities. This shows that deep domain, combined with a tech-led platform is key to capturing the unfolding wealth management opportunity.

Our UHNI business, defined as servicing clients above ₹ 25 crores remains our growth engine with several large mandates from marquee Indian families and entrepreneurs. We are deepening wallet share with high conviction research, product ideas and diversification across global markets and commodities to deliver strong returns for our clients.

Our wealthtech business, defined as ₹ 1 - 25 crores segment, we are seeing strong validation of our omni-channel proposition. Our investment in digital capabilities is translating into productivity gains and in driving scale. Next week, we are launching our Ionic Agent for our clients, an AI-powered feature to review portfolios, plan goals and explore investments.

Today, we have a team of over 200 professionals, including 85 in the client-facing team, 40 tech engineers and 29 domain experts across fund management, product and research. Our alternate AMC vertical has also kicked off well, particularly with our GIFT City-based global innovation fund.

To prepare for fast-changing trends, we do so by future-proofing client portfolios with themes around tech and innovation-led investment opportunities, commodities, global diversification and quant-led strategies. With these pillars in place, we are trying to not just respond to the trends, we are almost anticipating them.

To conclude, I'll share a quick summary of our market views from our monthly newsletter AssetX. We have a positive view on precious metals, select global emerging markets, whereas in India, our focus continues on the ongoing earnings season.

Thank you. And with this, I pass the baton on to Hemen.

Hemen Bhatia: Good morning, everyone. I'm delighted to share that our asset management business continues to build strong momentum. The business in many ways is reflective of the growing understanding of financial assets, digital empowerment and the benefits of long-term and disciplined investing.

Continuing with our strong pace of launches from Q1 FY '26, we introduced 2 new offerings in the commodity segment, Angel One Gold ETF and Angel One Gold ETF Fund of Fund. With these offerings, our product bouquet now includes 7 schemes across equities, debt and commodities, each thoughtfully designed to cater to different investor goals with simplicity and transparency.

What's truly encouraging is a growing investor engagement. Our AUM now stands at ₹ 4 billion, spread across nearly 1.4 lakh folios, reaching investors in over 15,700 pin codes. This isn't just scale, it's inclusion. Passive investing, once niche is now resonating across Bharat. The transformation did not happen by chance. It is a result of our consistent focus on investor education, on making finance simpler and not intimidating.

Through digital content, vernacular video and social media, we are demystifying passive investing, thereby helping investors to stay disciplined and long-term focused. Alongside our digital-first approach, we are also leveraging our captive distribution franchise along with a host of third-party digital and offline partners, enabling us to connect with investors across channels from first-time savers to seasoned wealth builders.

At the core of this journey lies our guiding philosophy, simplicity, transparency and scalability. Passive investing represents a structural shift in the way Indians diversify their investments to include low-cost bias free wealth creation. As we look ahead, the momentum is only set to gather pace.

India's passive investing landscape is entering a golden decade. Fintech-led investing is unlocking access, trust and transparency at scale, thus deepening adoption of such financial assets. At Angel One AMC, our vision is very clear: To be at the forefront of this transformation. We are not just building products, we are creating habit of making investing simple, accessible and rewarding for every Indian.

I will now pause and invite Vineet to take you through the financial performance for this quarter. Thank you.

Vineet Agrawal:

Thank you, Hemen. Good morning, everyone. Quarter 2 of financial year 2026 has been a healthy performance as we delivered on our operating and financial KPIs despite macro headwinds. Our gross revenues increased by 5.3% quarter-on-quarter to ₹ 12 billion, while our net revenues grew by 5.6% quarter-on-quarter to ₹ 9.4 billion. 46% of our gross revenues came from broking commissions in the F&O segment, followed by 8% from the cash segment and 6% from commodity derivatives segment.

Interest income from client funding book and fixed deposits with clearing corporations accounted for nearly 32% of our total gross income. The balance came from depository operations, distribution, wealth and asset management businesses. After commissions paid to our authorized persons, the net broking income grew by 5.4% quarter-on-quarter to ₹ 5.5 billion.

The share of direct business in net broking revenue expanded by 84 basis points to 77%, underscoring the strength and scalability of our digital platform. Our client funding book reached a new high, averaging at ₹ 53 billion in the quarter, up 26.1% quarter-on-quarter, driving a 6.5% rise in total interest income to ₹ 3.8 billion.

Our finance cost increased by 12.4% quarter-on-quarter to ₹ 932 million, pursuant to increase in the borrowings to finance this higher client funding book, partially offset by a reduction in the average borrowing rate. As a result, net interest income grew by 4.6% quarter-on-quarter to nearly ₹ 2.9 billion.

Our income from depository operations decreased by 4.3% due to lower volumes. Our distribution income witnessed a very strong growth of nearly 28% during the quarter, driven by nearly two-fold jump in sale of credit products, robust IPO market and sustained growth in mutual funds through our assisted channel.

Our employee cost, including ESOPs, remained stable at ₹ 2.7 billion during the quarter. Other expenses decreased 19.2% quarter-on-quarter to ₹ 3.4 billion, primarily due to the absence of IPL-related expenses. Net of IPL spends, our other expenses were higher by 9.8% quarter-on-quarter, primarily on account of 12.2% higher client acquisitions.

Our reported EBDAT margin at 34.5% is higher by 1,270 basis points over Q1 FY '26. However, on a normalized basis, adjusting for the IPL spends, our EBDAT is higher by 6.1% quarter-on-quarter to ₹ 3.2 billion. Our reported profit after tax grew by 85% quarter-on-quarter to ₹ 2.1 billion. However, our normalized profit after tax grew by 10.1% quarter-on-quarter.

On the balance sheet side, our period ending client funding book stood at ₹ 59.5 billion, supported by incremental borrowings, which increased by ₹ 10.3 billion from March 2025 to aggregate to ₹ 44.2 billion. Our networth increased to ₹ 58.3 billion as of September 30, 2025. Cash and cash equivalents remained healthy, driven by higher client balances, partly offset by deployment into the funding book.

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

Moderator:

Thank you very much. We will now begin the question and answer session. The first question comes from the line of Prayesh Jain with Motilal Oswal. Please go ahead.

Prayesh Jain:

Yes. Hi, good morning. Congrats on a good set of numbers. Sir, first question is on the cash segment, where we saw the realizations dip. And also, I assume that you have taken a pricing action on the cash side. So how do we see this panning out from a -- and so that would be the first question.

Second would be on the breakup of distribution income where if you could split that up into credit, wealth management and others in some form, that will help us understand the color of the revenues. Third question is on the margin trade funding book. Do we have a separate realization for margin trade -- orders placed to margin trade funding book or it is same as the order that you charge on the cash delivery? Yes, those would -- and lastly, on the burn of the new businesses, what is the burn on the new businesses, yes?

Ambarish Kenghe:

Yes, Prayesh, thank you so much for the questions. On the sort of -- on the cash segment realization, again, it changes on what the mix of various things is there. But on the pricing action, I just want to clarify because you asked that question. I think the pricing change really is to bring things -- make things simpler.

What we have done is that across both delivery as well as intraday, we have made it 0.1% with max of 20 and min of 5. What it will do is that it actually makes just the whole pricing very simple for the consumer. So that's on your first question. On the second one on breaking out the distribution income, today, the way -- we don't break out that income.

The way you should look at those businesses is look at AUMs as well as disbursements. That's the best way to follow those businesses. They will build over a period of time and they all have different gestation periods. So today, we don't break them out. On the MTF book realization, Vineet, do you want to take that question?

Vineet Agrawal: Yes. So right now, we are charging the same price broking commission that we charge for cash delivery where there is no MTF that people avail. It's the same.

Ambarish Kenghe: And on the burn, I don't think we are breaking out our burn of different entities.

Vineet Agrawal: Yes. So as I've been telling in the past that the burn remains in that range of about ₹ 100 crores annual for the two new businesses that we are incubating the asset management and the wealth management business.

Prayesh Jain: That rate continues, right?

Vineet Agrawal: Yes.

Moderator: Our next question comes from the line of Swarnabh Mukherjee with B&K Securities. As there's no response, we'll move on to the next question. It's from the line of Nidhesh with Investec.

Nidhesh: So first question is on operating profit margin guidance that we have initially talked about of around 40% plus as we reach for Q4. So do we reiterate that guidance or do we see some changes to that guidance as we end this year? That is the first question.

Second question is on wealth management business. So as of now, it seems like wealth management is completely built separately from the existing Angel One clients. Is there any overlap with existing Angel One clients? And what is the path to offer wealth management products to the clients of -- clients which Angel One has acquired over a period of time?

And third question is on a comparison with your peer. One of your peer has filed for an IPO. Their cost -- their revenue structure and their client base is better -- higher than Angel, but the cost ratios are far, far lower. So if you have compared where do you see -- what are the reasons you see that the cost structure for that particular peer is far lower than Angel? These are the three questions, sir?

Ambarish Kenghe: Thanks so much for your questions. On the OPM guidance, yes, we continue to have the same guidance at exit, we want to be at 40% to 45% OPM, and we are well on our way to that path from everything that we can see. I'll come back to the wealth question. On the peer question that you asked, I think different companies are built very differently, and we take a very long-term approach to it.

We are built in a different way. And so it won't be appropriate to compare different metrics. I think it's best to look at our metrics, our growth and where we are going. We are continuously working on efficiencies and making sure that we get the most out of what we have, but very different kind of businesses. So best to compare -- look at them differently. On wealth management, perhaps Srikanth, you can come in and talk about it.

Srikanth Subramanian: Yes. So, Nidhesh, I think that's a valid observation you made. So while at this point in time, the journeys are created for set of investors who have their own sort of unique identity of being a large value investor, but the current ecosystem of Angel One also we are actually going to offer wealth solutions through both fractionized products and also through platform services that we provide.

So there is a lot of work happening in terms of harmonizing the throughput between the customers flowing in and the solutions flowing back from the wealth agent. So you will, over the course of the next few months, see that harmony sort of playing out between the customer cohort of Angel and the solution cohort of Ionic Wealth.

Moderator: Thank you. The next question comes from the line of Sanketh Godha with Avendus Spark.

Sanketh Godha: Thank you for the opportunity. Vineet, I have a question for you. So basically, our margin trade funding book on a sequential basis has grown by 24 percentage. But if I look at our NIM number, interest income, it has grown just 5% QoQ. Just wanted to understand this divergence. Is it largely because we have cut the interest rates on the MTF book with the rate cut environment or is it due to lower interest income earned on the float or margin money? Just -- and if you can give the breakup, it will be useful to understand this divergence between the MTF book growth and the interest income growth. That's my first question.

Vineet Agrawal: Thank you for this question, Sanketh. So you're right, the -- while the MTF book has grown by almost 26%, there has been a growth of just about 6.5% for the interest income. And that's primarily because almost 45% of the total income that we earn comprises of the interest that we earn from fixed deposits and the balance comes from the MTF. And on that part, on that 45% because the interest rates have declined, so the yields have declined by almost 50 basis points, and therefore, we are seeing a lower income there. And of course, there was some moderation in the -- between the quarter in client margins, which have come back to normal levels now. So there was a little bit of decline in that. So that has been the reason why it has got affected. There hasn't been any change in the interest rate that we charge from the clients on MTF. So it remains same at 14.99%.

Sanketh Godha: Perfect. Got it. And see, this client margin coming down is predominantly of the lower trading activity. Is it fair to say that's largely the reason?

Vineet Agrawal: Well, it could be due to multiple reasons. But as I said, that was a momentary thing and things have come back. So as we speak, we are seeing healthy client margins with us. So it's not a matter of concern.

Sanketh Godha: Okay. Got it. So the second question which I had was that the number of orders per day in 1Q was around 5.6 million orders. And even in 2Q, it is at the same level, exactly the same level. Honestly, we were of a view that it will see an improving trend to the question which you answered previously that our EBITDA -- we might by end of the quarter, we go to 6.8 - 6.9 million orders per day by fourth quarter, and that will lead to the EBITDA margin or operating margins to go back to 40 - 45% levels.

So just wanted to understand this 5.6 million orders per day, how confident you are will go to that kind of a number around 6.8 - 6.9 million to deliver that 40 - 45%. And if it is going to achieve -- just any color you have, what will lead to this number to go up if you are not changing any prices as you mentioned last time in the quarter?

Ambarish Kenghe:

Sanketh, I think the way to look at this is, again, like I have said this, Vineet has also said, there's been a ton of macro headwinds. And in spite of that, so we publish our orders per day number every month. So if you look at February, we were at about, let's say, approximately 49 lakh to 50 lakh orders a day. So 5 million orders a day. Now that has -- if you look at that in September, that has gone to 58 lakhs, 5.8 million orders a day. So that has been a very -- so month-to-month, there will be some variation. There are sometimes some -- you see some market changes and you can see some variations because of that. But that has been a very healthy growth when you see in the last 6 months or so. So we think that is a good base and good base of growth. And we think it will -- we'll continue to get the kind of revenue growth we are thinking in terms of creating that kind of OPM. And we are also being very, very conscious on our costs. As you can see, I think we are being very clear on being efficient there. So combination of both of those things should result in an exit OPM for sure.

Sanketh Godha:

Got it. Got it, sir. And lastly, given SEBI Chairman or SEBI has been pretty vocal about elongating the tenure of the expiry contracts. Suppose it comes, I don't know when it will come, given they are pretty vocal in communicating this point in public forums. So have you done any sensitivity analysis at your end to see a likely impact on the profitability if, say, 8 number of expiries in a month get reduced to either 2 or 1 if they directly move to monthly thing. So any sensitivity you guys have done and likely impact on the numbers, if you could share, that will be useful.

Ambarish Kenghe:

Sanketh, I think there's a lot of speculation in this area. So it's best for us to not add to that and talk about it because we don't know what is going to happen or if there is anything that is going to happen. So best to stay away from that. Let's just look at if there's something coming and then we can talk about it.

Moderator:

The next question comes from the line of Mohit Surana with HDFC AMC.

Mohit Surana:

Just one question from my side. If you can break up the MTF book between customers that have been acquired from the direct channel and the AP channel? That's it from me.

Vineet Agrawal:

Mohit, we don't give out that number. And I mean, honestly, it doesn't matter because for us, both the clients give us similar interest. So it doesn't really matter. And anyways, we don't give out that number.

Mohit Surana:

And sir, the commission that is paid out to the partners in the AP channel between broking and non-broking products, is there a way to think about it, how that is split up between broking and non-broking?

Vineet Agrawal:

No, it's primarily for the broking commission that we share the fees with the partners. We do some sharing for the mutual fund for the regular plan, but it's primarily on the broking commission.

- Mohit Surana:** And if at all, there is an MTF book sitting with the customers that have been acquired through the AP channel, there is no sharing on the MTF part, right? Is that correct?
- Vineet Agrawal:** As I said, we share commission for the broking revenues that we earn from the clients that are tagged with the AP channel.
- Moderator:** The next question comes from the line of Shobhit Sharma with HDFC Securities.
- Shobhit Sharma:** So I have 2 questions. Firstly is on the customer acquisition cost. Can you give us some trends around how the customer acquisition cost has been trending? And how do you expect that to play around in the second half of the year? And we have seen over the last 12 months, we have slowed down considerably in terms of the new client acquisition. So what's going to be our strategy on that side? And lastly, can you help us understand what's your idea behind entering into the life insurance business given that's a little bit complex in nature? So yes, that would be 2 of my questions, yes.
- Ambarish Kenghe:** So on CAC, it's mostly flat to slightly down perhaps, but these things just think of it as really flat. We have actually -- I mean, just to point out, we did do more client acquisition. Last quarter, we had done 1.55 million. And this quarter, we did 1.74 million. So we grew about 12% in terms of client acquisition. So that growth has happened. For life, I can give it to Amit.
- Amit Majumdar:** Thank you, Shobhit, for that question. And the way we look at this particular opportunity is slightly different than how it has been so far on the legacy life insurance piece. We have actually been waiting for a while to see if there is a way to give out a product on the life side, which can be end-to-end digitally enabled.
- And so for a while, we have been -- while being a distributor on the life side, we have not been able to really enable a complete end-to-end digital journey. While that is quite well played out in some parts of general insurance like motor, for instance, but that doesn't get played out in the life in a big way.
- It's only recently that we came across an opportunity to do so with a set of people who have been successful in rolling out critical illness and protection plans purely on the back of digital enablement and also using proprietary technologies like face scan and so on. There are certain other technologies that this particular organization is also holding a patent for.
- So we realized that this was one reason that for a very long time, we could not achieve decent penetration in life. And what we have also observed that whenever a digital platform like ours has been able to solve for access, businesses have grown, retail consumers have begun to consume products, which otherwise was not available to them. We saw that play out in the wealth. We see that played out in the credit too. And we are very confident that similar trajectory will get played out even in protection.
- And therefore, we thought perhaps the timing is right. Customer orientation is better. They have begun to understand the need for protection, especially post-COVID and regulatory enablement, which is in some form, enabling us to give this confidence that with insurance now for everyone

by 2047, with IRDAI's bill pending approval from the parliament, which has some very interesting suggestions, including bundling of life insurance products with wealth with savings.

And so we believe that we have the right to play in a segment like that when products are getting digital and also an enablement to bundle them. And hence, we have decided to start our journey. These are long-term businesses. This will take more than a decade for us to turn profitable. But we know that these businesses often take time while they will take time. But in a digital ecosystem, we are far more confident of how this will play out. I hope that addresses your question, Shobhit.

Shobhit Sharma: Yes. Thanks, Amit. Ambarish, just a follow-up. So should we expect similar kind of acquisition run rate for the clients going forward for the next 12 to 18 months?

Ambarish Kenghe: Look, I don't want to give a forward-looking statement on that, but you can look through sort of the last few quarters, and that should help you extrapolate. We look at a variety of factors when we go into what we want to acquire because it has to be the right set of customers, people who want to make investments. So I'd just say looking at the past few quarters should give you a sense of it.

Moderator: The next question comes from the line of Neeraj Toshniwal with UBS Securities.

Neeraj Toshniwal: My question is again on the price increase what you have taken. And if you can give more quantitative sense on how much increase in revenue that can have because we don't know how many customers were at the minimum earlier -- on the earlier economics. And also on the cash realization, I think Q1 was a bit of an uptick, in Q2, we saw again a kind of a moderation. So what kind of dynamics seeing because cash volumes are anyways down throughout the year. So -- and how can we think of it playing out in the future? If you can give some color to that?

Ambarish Kenghe: I could understand your first question was about pricing. The second one, can you please repeat, was it about CAC?

Neeraj Toshniwal: It was cash realization, which went down in this quarter compared to an uptick what we saw in Q1.

Ambarish Kenghe: Got it. Okay. I got it. So let me take your price question. I think I just -- for earlier question, talked about what is the sort of exact price change. And just to reiterate, the price change is to make things simpler for the customers. It becomes sort of the same pricing for intraday and delivery.

Since you asked for the quantitative thought on that, we expect that on a yearly basis, at current run rate, it should have about ₹ 50 to ₹ 60 crores upside on a net basis to us. So it actually just falls down to the PBT in that sense. And on cash realization, I think Vineet talked a bit about it. I don't have anything more to add. But Vineet, do you want to talk about that?

Vineet Agrawal: These are things that based on the market factors and other things, keep on varying. So not really anything that we can give any further details on.

- Moderator:** The next question is from the line of Abhijeet with Kotak Securities.
- Abhijeet:** My first question was that typically of all the customers you acquired in a quarter, how many would come from the AP network versus direct?
- Vineet Agrawal:** So the AP -- the clients acquired through the AP channel contribute about 24 - 25% of the total acquisitions that we do in any quarter. And this number could vary between 20 to 25% depending on the quarter. So yes, that's the kind of proportion.
- Abhijeet:** Got it. Second question was that if I look at the distribution revenues that you've called out, now obviously, there is wealth within that. But if I strip that out, of the rest of the business, is it possible to get some sense how much is coming from the AP network versus direct?
- Ambarish Kenghe:** Yes. No, we don't break that out. I think on distribution, the best way to follow it is using the numbers we are giving on AUM and distribution. As those businesses mature, we can perhaps break them out in the future. But they're growing -- I mean, you can look at the numbers and they're growing really well. If you look at credit distribution or AMC or wealth, all of those numbers have been growing really well.
- Abhijeet:** Got it. So the question was that when I look at the broking business as such, just trying to figure out if there are ways to improve margin profile of this business, especially given the earlier comments around automation and some of the other points you mentioned at the start of the call. Are there any levers, low-hanging fruits or any plans to kind of cut down on some of the cost and make it a more profitable business?
- Ambarish Kenghe:** Look, we are continuously looking at efficiencies. And the idea is that where we are going in terms of OPM, right? I mean we want to -- like we said, we're looking to exit at 40 - 45% OPM, and that's where we are going in terms of that. In terms of cost efficiencies and overall efficiencies, don't just think of cost, but overall efficiencies, that is definitely happening. For example, if you look at the chatbot that I talked about, if we didn't have that, we would have had to take on the cost same way with e- mail responses. There's a lot happening inside the company on AI that will improve efficiencies.
- So we are looking at efficiencies all the time and saying, look, you know what, how do we make ourselves better every day. So that is a constant continuous journey that we are on. But there is definitely things that we look at and make sure that we get the most out of what we have.
- Abhijeet:** And I just want to recheck the number you mentioned in terms of impact of price hike, it was ₹ 50 to ₹60 crores, right? ₹ 50 to ₹ 60 crores?
- Ambarish Kenghe:** That's right, ₹ 50 crores to ₹ 60 crores on a net basis.
- Moderator:** The next question comes from the line of Bhuvnesh Garg with Magma Ventures.
- Bhuvnesh Garg:** A couple of questions from my side. Firstly, on the customer acquisition. So I just want to understand that what has led to the increase in this customer acquisition cost because it has been elevated for last 2-3 quarters. And how do you see it going forward? Because it has disrupted

the economics of our business for now. And whether it is a new normal or if it is expected to go down, what will drag it down going forward? That's the first question.

Ambarish Kenghe: Arief, Do you want to take the customer acquisition cost question?

Arief Mohamad: Arief here. Am I audible?

Ambarish Kenghe: Yes, you are.

Arief Mohamad: Yes. So the way we look at it is cost of acquisition is an investment that we do in terms of acquiring the right customer. And if we feel that the customer is right, and we feel that the return on that investment makes sense economically, we think that's the right thing to do. So we are quite confident that the quality of clients that are acquiring for the spend we are doing makes sense economically. So we will be aggressive on this wherever we find the opportunity. So yes.

Bhuvnesh Garg: Right. But if the customer acquisition cost doesn't come down, then how will we achieve our 40% EBITDA margin target that we have for Q4? Because for last 2-3 quarters, it has been hovering around the same level of 34%, 35%.

Arief Mohamad: So there are 2-3 things, right? One, obviously, we want the revenues to go up and we would want the revenue market share to go up and all of that. But cost-wise, also, we are looking at how do we push our organic, how do we push our content-based acquisition, some of those things. But again, as I say that we look at business in semi long term also that today, if we have to invest something into acquiring the right clientele, even if it is slight dilution in the OPM in short term, but if it gives us return in long term, and that's something that we are interested in.

Bhuvnesh Garg: Okay. And second...

Ambarish Kenghe: Add to that, just to clarify this, Bhuvnesh. Look, one of the aspects is the customer acquisition cost, which I said, look stable to slightly down perhaps. But there is also the revenue increase that is happening quarter-over-quarter. You're seeing that for a couple of quarters as well. So that will happen as well, and that should result in a 40 - 45% OPM anyway.

Bhuvnesh Garg: Okay. Understood. Understood. And second thing is on our employee base. So overall, out of around 4,000 employees, I believe nearly 900 are in digital team. Of the remaining, let's say, around 3,000. So if you can share some breakup of how much of it is in, let's say, customer service.

I want to understand from the perspective of that, that in one of the earlier questions, one participant asked compared with the peers that they have around 1,500 employees for the similar scale of operations as we have, and we have 4,000.

So just want to understand where is the difference? Do we have feet on street for our business - assisted business? And how much would that be for the assisted business? So where is the difference in this employee base?

Ambarish Kenghe: Yes. Look, I mean, one is that we don't break these out. We give you sort of the total information. However, we are slightly different businesses, which is what I was saying that -- and long term,

we've shown there is a strength to having that business. So we have both, as you know, AP business as well as a direct business. And so there is no feet on street that we have. But of course, in the AP business, we have APs and we have folks, RMs and stuff like that, where they would be working with the APs.

So slightly different structures and -- but over a period of time, we are definitely creating more and more efficiency. So you'll see more output out of what we have. And what's also happened is that we are also a much more mature organization where we have built out all the functions already. And therefore, you're not going to see more getting added to this, which is why you see sort of our employee benefit expense being the same last quarter and this quarter.

So part of it is that we have sort of built out -- we are more mature, we built out these functions. Part of it is just slightly different business, but we'll continue to work towards making everything that more efficient and get the most out of what we have.

Bhuvnesh Garg: Sure, sure. Understood. And just a data keeping question. So if you can share the numbers on regular AUM under mutual funds and also our market share in SIP flows. We give the data on number of SIPs, but what would be our market share in SIP flows, these data.

Ambarish Kenghe: Yes. We don't share those breakups at this time. So we can't give you that data. We do share, I think, the number of SIPs and we share the total AUM for AMC, but we don't break out these numbers or we don't have the market share there.

Moderator: The next question comes from the line of Raman KV with Sequent Investments.

Raman KV: Can you hear me?

Moderator: Yes, sir.

Raman KV: Sir, I joined the call a little late. So apologies if my questions are repetitive. I just want to understand this life insurance JV, which you planned subjected to the SEBI's approval. I just want to understand, are you planning to become a distribution launch -- is this a distribution type of business? Or will you be launching your own products?

Amit Majumdar: Raman, thanks for the question. So look, this is a 26% joint venture partnership from our end. And so while the actual manufacturing might will come from the 74% partner. And all we are doing is helping to see if there is a way to co-create some of these products with the insurance company, given our better understanding about the customer segment that we service on our platform.

So while the manufacturing largely will be managed by the 74% partner, in this case, LivWell Company Holdings Pte. Limited, Singapore, and they have all the requisite expertise to do so. We will also be offering our platform exclusively for distributing the products that we are going to co-create with the manufacturer. So to that extent, they will be exclusive to us on our platform. But that's all so far as this particular joint venture is concerned.

- Raman KV:** So basically, the other JV partner, will be -- they will be coming up with the insurance products, and you will leverage your Angel One's platform to cross-sell that product, if my understanding is right?
- Amit Majumdar:** Yes, that's right. So the JV company actually will have its own distribution network. Largely, it will be relying on digital networks for distribution. We will be one of those digital partners who will be distributing those products on our platform. However, by virtue of us being a joint venture partner, there is an opportunity to co-create products which are specific to our platform.
- Raman KV:** Okay. And sir, on the -- I just want to understand, you -- initially, you mentioned 46% of the gross revenue came from broking segment in this quarter. Can you give the other split? I wasn't able to note the other gross revenue split. Hello? Sir, can you hear me?
- Vineet Agrawal:** Yes, yes. So the F&O segment contributed 46% to our gross revenues, while cash segment contributed 8% and commodities about 6%. Interest income from client funding and deposits brought in about 32%, and the balance came from depository distribution businesses.
- Moderator:** The next question comes from the line of Prayesh Jain with Motilal Oswal.
- Prayesh Jain:** Your guidance on 40 to 45% exit rate by fourth quarter, right? And if I assume that the cost remains the same and assume that exit rate would be 45% EBITDA margin, you're talking about almost a 20% kind of a jump in revenue rate from the current quarter to the fourth quarter. So how do you think this would come through?
- How much would be from broking? How much would be from your new businesses? And obviously, in that period, how should the cost kind of pan out, right? So just trying to understand when you say 40 to 45%, what are the thoughts behind it broking growth or these businesses capturing a larger share of the growth? How should we think about this?
- Vineet Agrawal:** Prayesh, as you've been seeing, we've been growing our order run rate every month. And we see that in H2, we will see a better order run rate. And therefore, broking will continue to be the mainstay of the growth. Obviously, the distribution businesses are also now contributing to the top line. So hopefully, with all these things coming in, the exit in quarter 4, we should see a 40% plus operating margin.
- Costs are more or less stable at where we are today. And therefore, I don't see a bump up in cost. Margin trading funding is also something which is growing significantly. And therefore, these things will help us improve the margin. Customer additions also are a growth engine for us. So as we keep on adding clients and those clients become active, they will start contributing to the orders and the revenues.
- Prayesh Jain:** ₹ 5,900 crores margin trade funding book that we have at the end of the quarter, how much does the balance sheet kind of provide you the room to go up to considering more borrowings or net worth because simultaneously, if the ADTOs and the cash or the -- is going up, you will also require net worth to support the margins, right? So what is the kind of balance sheet flexibility you have to kind of scale this up to about ₹ 10,000 or ₹ 12,000 crores in the next few quarters?

- Vineet Agrawal:** Yes. So as we've been mentioning that we can easily double this book from where we are today without having to raise any additional capital. And as you would have seen, the gearing ratio for us is pretty low debt equity ratio. So we don't have any challenge there. We can easily raise more funds on the debt side to be able to leverage and fund this book.
- Prayesh Jain:** Got it. And last question, in terms of your customer acquisition, how much would be organic and how much would be to the paid? And how has that been kind of trending in the past few quarters?
- Ambarish Kenghe:** So we don't break it out, Prayesh, because it's -- even if we were to try to, it's not super straightforward, it's not very reliable because it depends on how you attribute various things. There are all kinds of attribution mechanisms. So we generally stay away from it. You get to see sort of sum of the costs that we are incurring, and that's probably the best guidance there.
- Moderator:** Mr. Prayesh, does that answer your question?
- Prayesh Jain:** Yes, yes.
- Moderator:** The next question is from the line of Sanjay Ladha with Bastion Research.
- Sanjay Ladha:** I have a few questions. One is, so we are developing various products in-house like mutual fund, credit, fixed income, wealth management. So can you share at what AUM or at what time frame we are looking to break even or start generating profit? I understand this -- all our products are long-term products, but wanted to understand the scale and profitability from 3 to 5 year horizon.
- Vineet Agrawal:** Yes. So I think this is a question which we've been answering for a while now. The wealth business, we anticipate should turn breakeven incrementally, say, in about 2.5 - 3 years' time, whilst the AMC business, which is a low-cost, long gestation period business should be able to turn incrementally breakeven in about 7 to 8 years.
- Sanjay Ladha:** And sir, my another question would be, so what is the cross-sell ratio for us as you are largely top 3 players in the broking business. But incrementally and as we move forward, our cost to acquisition cost is keep on increasing. So I understand you guys are developing client acquisition base and improving the trend so forth. But just wanted to understand what is the cross-sell ratio and how you guys are thinking on that line so that we try to understand as going forward, how things will change from here on in terms of cross-sell ratios and developing on that side?
- Ambarish Kenghe:** Right now, we are able to actually leverage the platform quite well, right? People are coming in for broking. Most of the acquisition is for broking and then people are going to mutual funds, lending, other places. So we are definitely seeing that advantage. And as these businesses grow, you're going to see more and more of this cross-pollination advantage that will come in. But we don't define the ratio except for we gave -- I gave you one data point in my opening remarks, where 50% of the mutual fund customers are also buying equities. So you can see there is sort of that cross-pollination already happening.
- Moderator:** The next question is from the line of Saeed Jaffery with Ajanta Capital.

Saeed Jaffery: Just had one question on the income breakup. Now brokerage as of now contributes about 60% of the gross number as I see in the presentation. And we've been incubating a couple of these new businesses on the -- like AMC and the wealth management piece, now insurance as well and credit products.

On a more longer-term basis, what would be -- I mean, what number -- how do you see these businesses evolving, say, 3 years out, 4 years out? Where do you think this breakup will settle at? Or think about it in another way, where do you -- what do you think will be a good diversified income mix for you? What would be that number?

Vineet Agrawal: Yes. So on a longer-term basis, while our broking business itself is going to grow at almost 25%, 30% long term. So there will be a long growth story for this business. The newer businesses, especially the distribution, the wealth and the asset management businesses, between 3 to 5 years, our estimate, they should contribute double digit to our top line. And while in the absolute numbers, they will be significant. So that's how we see the business evolving in terms of revenue diversity over the next 3 to 5 years.

Saeed Jaffery: Okay. And of the 3 new businesses that you have, which is the credit business, the AMC and the wealth, which will probably have a higher salience of the 3?

Vineet Agrawal: Well, wealth and distribution businesses should have a higher share in the revenue because AMC being a passive business is a low-yielding business. And therefore, the wealth and the distribution businesses will have a higher share in the diversification.

Saeed Jaffery: Okay. And currently, the products that you have on the AMC, what is the yield, sir?

Hemen Bhatia: So our -- the fees -- the TER, which we charge is in line with what is the market practice. So on average, the TER, which we are charging across products in our direct plan is approximately 25 to 30bps.

Saeed Jaffery: Got it. That's blended of the 7 products that you have.

Moderator: The next question comes from the line of Deeya with Sapphire Capital.

Deeya: So your revenues decreased on a YoY basis. So what is the reason behind that? And do you see this trend continuing this year? Or will it get better this year and for FY '27?

Vineet Agrawal: So YoY basis, the revenue decline is primarily on 2 fronts. One, there was a lot of buoyancy in the market this time around last year because of the general elections and the overall activity in the market. And two, there was a stream of income that the industry used to earn, which was an arbitrage on the transaction fees, the turnover charges that the exchanges used to levy on the brokers and the brokers used to levy on the client. That became zero from 1st of October last year. So that was one big decline that the entire industry saw and of course, the market factors.

Ambarish Kenghe: And Deeya, just to add to that, if you're following year-over-year, the other thing to follow is the -- how the market share has been doing for us. Because if you look at, for example, our cash market share, it's gone from 17.5 to 18.7%. The F&O premium market share has gone from 20.7

to 21.7%. Same way commodity has gone from 62.2 to 65.1%. So there's been very large increases in market shares that we have shown year-over-year.

So the company -- as a company, we continue to perform really well in this segment. And long term, we believe in the value of the industry, the macro in India, all of that, that DT talked about at the beginning. So the future in that sense is very good. This is like a 1-year aberration that we are talking about.

Deeya: Okay, sir. And for the revenue targets for next year, what do you think it will be?

Vineet Agrawal: We don't give out any targets on revenue. The only guidance that we give is on operating margins. And we've said this year exit will be 40% plus. Long term, we should be able to achieve 45 - 50% operating margins as we go along and grow the businesses.

Moderator: Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to Mr. Dinesh Thakkar for closing comments.

Dinesh Thakkar: Thank you once again for joining us today. I hope we have been able to answer your questions and share useful insights. If you need any assistance, please reach out to Hitul Gutka, our Head of Investor Relations, or to SGA, our Investor Relations Advisors. Have a wonderful day.

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