



# Angel One Limited

## Q1 FY '26 Earnings Conference Call

### July 17, 2025



#### MANAGEMENT:

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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 17<sup>th</sup> July 2025 will prevail.

**Moderator:**

Ladies and gentlemen, good day, and welcome to Q1 FY '26 Earnings Conference Call, hosted by Angel One Limited. 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Hitul Gutka from Angel One Limited. 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 Q1 FY '26 financial and business performance. The recording of today's earning 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; Shobhit Mathur, Co-Founder Ionic Wealth, Hemen Bhatia, CEO, AMC.

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, followed by a question-and-answer session. Please note that there may be certain forward-looking statements during 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:**

Thank you, Hitul. Good morning, everyone, and thank you all for taking time to join us on the call today. It is always a pleasure to connect with you and share our vision for the road ahead. The rapid advances in India's financial services have been truly inspiring and yet it is even more exciting to realize the huge potential waiting to be unlocked in the financial service sector.

Over the past decade, digital has redefined how Indians manage their money. But let me put this in perspective. Only about 115 million unique PAN holders have a demat account today. Mutual fund AUM is still below 20% of GDP and insurance penetration lags far behind global norms. Fixed income, credit, protection products remain concentrated in top cities, leaving most of the India underserved. Clearly, the runway for growth is vast, and it cut across every corner of financial services.

At Angel One, we have always believed technology is a bridge between aspiration and access. That belief has shaped our journey so far, and it defines our ambition today, which is to build a truly digital platform that can serve every financial need across our clients' life cycle. Whether

they are investing, borrowing, protecting or planning, our vision is to deliver it all seamlessly through one trusted intelligent platform.

During period of heightened uncertainty, whether driven by market cycles or external factors, our foundational and ongoing strategy is to maintain and consolidate market share. We believe this focus will ensure long-term sustainability and relevance, especially where the broader environment may be more volatile.

In broking, where we began, our digital-first strategy has driven our reach deeper into heart of India, especially in interiors, nine out of ten clients we onboard today come from beyond Tier 1, which clearly shows the power of technology to take quality of financial services to the place where they were probably unavailable.

An important reason for the proliferation of our business over the years is that we have never regarded ourselves just a broker. Mutual funds are already becoming a habit for many Indians. And with SIP inflows at an industry high of over ₹270 billion a month, we see enormous opportunity to extend our role here. On our Super App, we are making mutual fund journey even more intuitive and personalized. And I am proud to say we are already second largest contributor in new SIP registration in the country.

Credit is another expanding transformative frontier. The high demand for mid-ticket loans and personal credit in non-metros have advanced our digital partnerships with banks and NBFCs, and we are scaling this business carefully.

This philosophy of reimagining financial services through technology extends into affluent segment as well, where traditional wealth management models are being challenged by the digital revolution. Here too, we are creating a new kind of experience for digitally savvy affluent clients. Similarly, our asset management business has just begun, and we regard it as a long-term opportunity to offer differentiated products and capture greater wallet share.

What ties all of this together and what I am most excited about is the role of data, AI and machine learning. We are sitting on one of the largest and richest data sets in the industry. And as we scale, this data married with advanced technologies will enable us to keep costs low, engagement high and trust intact even in the smallest of towns because let us not forget the real India lives in Tier 3 and beyond, which is where the next wave of investors and savers is coming from.

Technology is the only way to serve them effectively and the only way to meet their aspirations at scale, which is why we remain relentless in building a platform that is intelligent, affordable and deeply human in its design.

We also recognize that some businesses take time to scale, and we are entirely comfortable with that. Our approach is to ground them well, give them the time they need to mature, and integrate them thoughtfully into our broader platform. Whether this process invokes product innovation, partnership alignment or a redefined intuitive digital experience, it will not be rushed. All the initiatives on which we embark will be deeply considered because our North Star is to empower billion lives, leveraging the power of data and technology. We will not hesitate to take the calls when we believe they are in the service of our clients and our long-term purpose.

Looking ahead, I believe the tailwinds are all in place. India's young population and their increasing wealth, combined with digital openness and a more consistent, predictable regulatory regime will accelerate the delivery and use of financial services, and Angel One is perfectly positioned to lead this next chapter of India's fintech story. We are no longer just a broking company. We are building Angel One as a fintech platform, one that is product agnostic, client-centric and technology-led. Crucially, this platform will serve every financial needs and grow with every client's ambition.

The opportunity ahead is immense. And as always, we will pursue it with same discipline, innovation and customer focus that brought us here.

Thank you for your trust and confidence in us. I now hand over the proceedings to Ambarish.

**Ambarish Kenghe:**

Thank you, DT. Good morning, everyone. Thank you for joining us on the call today. With the macro opportunity clearly laid out by DT, let me take a moment to share where we stand today.

We remain deeply committed to scaling our platform as we continue to onboard newer products and features to expand the choices for our evolving client base. Our ambition is very clear, to enrich client experience in a way that builds lifelong partnerships, and I am very confident that this part rooted in intelligence, scale and trust will drive our long-term growth trajectory and enable us to reach our North Star to become India's most trusted fintech brand, empowering a billion lives by leveraging the power of data and technology.

Every single day, we process billions of signals. And through AI/ML, we convert these into meaningful actions like personalized nudges, sharper risk insights, predictive engagement and smarter protection. These are not just buzzwords. These are the building blocks of our platform architecture, real capabilities embedded across the client life cycle.

For example, AI-powered nudges are helping clients make better financial decisions. Predictive models are strengthening our risk and fraud detection frameworks. We have also begun working on Agentic AI to automate workflows, which will lead to improved speed, accuracy and cost efficiency across multiple operating metrics.

These capabilities will expand our platform's intelligence, drive stronger client retention, deepen engagement and enhance lifetime value. We are already seeing this play out in the numbers even as the broking industry navigates a complex yet promising phase. Over the years, we have witnessed the industry go through multiple peaks and troughs, which has only strengthened our conviction in its long-term growth potential. Retail investors remain active, observant and digitally engaged, and we are doubling down on technology to meet them where they are.

The regulatory recalibration over the last few quarters has made the ecosystem all the more robust. While the near-term fluctuations are inevitable, we see this as essential groundwork for sustainable long-term growth. Despite this evolving environment, we have strengthened our market position. Our total demat account market share stands at 16.3%, and we continue to be a leader in incremental acquisitions with a 21.7% share. We added over 1.5 million clients in Q1 FY '26 with 88% coming from Tier 2, 3 and beyond. Our market share in active clients and

overall retail equity turnover held stable at 15.3% and 19.7%, respectively, and our clients executed 343 million orders during the quarter.

We continue to refine our acquisition and engagement engines using data-backed tools that enhance advisory, improve cross-sell and upsell effectiveness and ensure long-term alignment with clients. Our period ending client funding book reached an all-time high of ₹48 billion this quarter, further validating client confidence and platform stickiness.

Our Assisted business too is scaling steadily, fuelled by the same AI-first philosophy that drives our platform. We are embedding intelligence into every layer of the ecosystem, enhancing partner efficiency, engagement and effectiveness. AI generated podcasts in 4 regional languages now empower partners to educate and connect with clients more meaningfully, while curated advisory reports like TechnoFunda, Options Strategy, Daily Equity and Commodity updates help deliver timely, actionable insights. The NXT platform has been upgraded and redesigned with a more intuitive interface that improves navigation, enabling partners to serve clients with a greater speed and precision. As a result, the assisted business is emerging as a vital growth engine, enriching client experiences, deepening trust and amplifying value creation across our ecosystem.

In the non-broking vertical, the emerging metrics remain strong. We added over 1.9 million new SIPs in the quarter and distributed ₹2.3 billion in credit. With this, our cumulative distribution of credit now stands at over ₹9.3 billion within a year of launching the offering. Here too, we have leveraged AI/ML models to develop proprietary scorecards to predict propensity and improve precision and scale for the top of funnel.

What excites me most is the direction in which we are moving ahead, a future where Angel One becomes India's go-to financial platform an all-encompassing platform that is simple, intelligent, rich in experience and trusted by millions.

This vision is also what led us to scale horizontally into product manufacturing through our wealth and asset management verticals. Both these businesses are off to a strong start and are scaling in line with our expectations.

Ionic Wealth continues to expand its client base and now serves over 1,000 clients as of June 2025. Here, too, we are bringing our digital and data capabilities to serve the next generation of wealth creators. Like DT rightly said, we are here to challenge the orthodox and redefine the rules of, with bold thinking, fresh ideas and relentless execution. Recently introduced products like specialized investment funds and an accredited investor framework facilitate our intent to enhance market accessibility for investors.

Our asset management business is also progressing well with a healthy cadence of product launches, the business is steadily gaining traction as reflected in our growing AUM.

As we scale, we will do so with discipline, staying true to our vision of technology-driven sustainable growth. The platform we are building is not just a digital interface. It is an ever-evolving, reliable partner in our clients' financial lives.

AI is no more just an enabler. It is the core engine driving every aspect of our platform. With over 32 million clients and billions of data points processed every day, our deep focus on data science, machine learning and platform intelligence is enabling us to build India's most inclusive and intelligent financial services ecosystem.

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

**Saurabh Agarwal:**

Thank you, AK. Good morning, everyone. It's great to have you with us. As AK said, we are not building just another financial services business. We are building an intelligent AI-powered, product-led, multi-offering platform designed to meet the full spectrum of our consumers' financial needs, anchored in trust, engagement and lifetime value. Everything we are doing from nudges to credit engines, from SIP journeys to partner intelligence is focused on making the customer experience smarter, more intuitive and deeply personalized.

Today, I'll take you deeper into how this vision is playing out across our emerging growth vertical, the unique opportunity we see ahead and why we believe Angel One is uniquely positioned to lead. Market is vast, there is tremendous headroom ahead. The ambition is very large and we are building to be systemic, not just a participant in the categories we operate in.

Let me start with credit. Credit continues to be one of our most exciting and strategic verticals. The opportunity is massive and we are building in a disciplined long-term way. India remains structurally underpenetrated with household credit to GDP ratio less than half of global average. The unmet demand, particularly in emerging towns is vast and growing as incomes and aspirations rise. This is not just an economic opportunity it's the platform to deliver inclusion at scale.

As mentioned earlier, in Q1 FY26, we facilitated disbursements of ₹2.3 billion across 6 partners, taking our cumulative disbursements to ₹9.3 billion within a year of launch. But again, these are outcomes. What matters more is the system we are building beneath it with rich behavioural signals from our platform.

Proprietary AI/ML-driven scorecards for credit worthiness, propensity and partner mapping, deep integrations that allow for seamless journeys and stronger approval funnels and intent-based models that make, that match customers with lenders more intelligently. We are clear we are not underwriters. We are a platform play with deep data-driven intelligence. Our job is to orchestrate a match between the right customer and the right lender and make that match as precise, scalable and efficient as possible.

We are already seeing our data-led approach, help partners manage risk better and our margins are healthy, in line or better than market. Importantly, our credit ambition is not just limited to our broking platform. While our customer base is premium and highly engaged, the opportunity is too large to be constrained by one channel. We have started experimenting with models to serve users beyond our core base, and we are actively working on tracking unit economics for this broader play. We have also begun early work on secured credit. These are initial steps, but the direction is clear.

As digital assets become more visible and verifiable, we see meaningful opportunity to build experience-led secured journeys, again with the same data-first approach. This is a long game, and we are building to win it, with a deep pool of high-quality customers, high engagement on the platform and long-term intelligence-first approach, we are sure to create a dent in this business.

Coming to mutual funds. Mutual funds are the cornerstone of our engagement and habit forming strategy. As of June 2025, over 3 million customers have engaged with our mutual fund offering, up from nearly 1.2 million a year ago. Our SIP engine continues to perform well with 1.9 million new SIPs added in Q1 FY26. This is not just about scale. It's about deepening relationships.

Magic lies in the behavioural depth and not just in raw count. Repeat SIPs are growing, wallet share is growing, cross product adoption is increasing. Client stickiness is clearly rising. Clients are starting to think of Angel One as a long-term investment partner. This is trust in action and trust is our biggest moat.

What is working here is a combination of smart journeys, nudges and education. Our AI-driven explainers are helping simplify fund discovery, personalized nudges are creating habit loops and all of this is driving stickiness and cross-product engagement. As customers build confidence, we will see a direct impact on the lifetime value, not just through SIPs, but through their openness to engage with other products as well.

Lastly, on insurance, we are seeing some traction, especially on the phygital side across both life and health. The business is growing steadily through our sub-broker channel, and we are layering in technology to improve both customer and intermediary experience.

From partner dashboards to smoother policy journeys, the focus is on making insurance simpler and more intuitive. This is a category that has historically seen broken experiences, and we are solving for that one layer at a time. Foundations are strong, and we are confident of scaling this meaningfully over time. Overall, across the emerging growth verticals, we are still in the early innings, but with a strong scalable foundation in place, we see a clear path to meaningful and sustainable growth ahead.

With advanced technology, deep data science capabilities and client-centric mindset, we are uniquely positioned to unlock the full potential of India's untapped wealth and credit markets, creating lasting impact at scale. We focus on the user and let his trust on us to create value.

To reiterate, we are not here just to cross-sell. We are here to create enduring relationships across products over years and let those relationships fuel sustainable growth. As trust compounds, so does loyalty. As loyalty compounds, so does value. And value when built with intent, scales naturally and sustainably.

With that, I will hand it over to Shobhit to walk you through the wealth business. Thank you.

**Shobhit Mathur:**

Thank you Saurabh, Good morning everyone

Let me begin with a brief overview of the macroeconomic environment shaping investment decisions in 2025. Globally, trade tensions, especially U.S. China tariffs have raised sector input costs by 15% to 20%, causing volatility, but also creating long-term opportunities in supply chains and innovation, notably in semiconductors and AI. Global GDP growth is set to slow to 2.6% in 2025 with persistent inflation keeping central banks cautious. India's GDP growth is tracking above 6%. Inflation has moderated to 2.7% year-on-year and RBI has kept the repo rate steady at 5.5%.

Given this backdrop, 2025 is shaping up as a year of asset allocators and presents opportunities for patient investors. While domestic equities remain attractive, we recommend cautious diversification. Also, select global equity markets are also doing very well, and we are taking a calibrated exposure there.

**Wealth Management:**

India is moving from a product to portfolio solution approach, mirroring the U.S. shift that drove 3 to 4x profit multiples, driven by deeper advisory, discretionary portfolios and private market access. In addition to the triple multiplier effect, growth is also fuelled by rising investor participation from Tier 2 and Tier 3 cities, IPO monetization and the accelerating integration of technology and artificial intelligence. The convergence of investor maturity, regulatory support and digital adoption continues to validate our strategy of building an omni-channel wealth platform for India's HNI and UHNI segments. UHNI continues to be our growth driver.

Our approach continues to be on focused portfolio strategies anchored in high conviction themes and timely tactical allocation to capture market opportunities for our clients. Our domain experts blend deep India conviction with global diversification, offering portfolios that go beyond the conventional. The UHNI growth is powered by strong referrals and word of mouth.

**HNI, we are seeing early green shoots:**

We are continuing to build our digital stack with a dual objective to deliver a seamless, intuitive experience for clients while equipping relationship managers with tools that enable deeper, more informed engagements.

Our app experience is built around what we call the 4 As, key touch points that define every investor's journey with us, understanding their portfolio, designing the right asset mix, unlocking exclusive investment opportunities and benefiting from the guidance of a dedicated relationship manager. We have also been early to adopt emerging industry initiatives, including the accredited investor framework, specialized investment funds and fractionalized access to high-quality strategies like Gift City funds, long India strategy, etc.

**Business update:**

We have crossed ₹5,000 crores in AUM with over 1,000 clients across 9 cities. This includes both active mandates and custody assets, with a team of 184 across domain client relationships and technology. Our latest technology launch is Ionic Agent, a proprietary intelligence platform that empowers relationship managers to construct clients' investment portfolios in real time. It



is integrated with a suite of AI agents trained to handle complex client queries, run portfolio diagnostics and gain financial insights without human biases.

We believe this blend of domain expertise, strong relationships and tech-led advisory is what will define the next decade of private wealth in India. Thank you. And now I invite Hemen to give you an update about the AMC business.

**Hemen Bhatia:**

Thank you, Shobhit. Good morning, everyone. I am excited to share that our asset management business continues to gain meaningful traction and momentum. As you would recall, in Q3 FY25, we had shared the exciting news of receiving regulatory approval to commence mutual fund operations. Since then, the progress has not only been steady, but also encouraging. In a short span of time, we have launched 5 products across equity and fixed income. In Q4 FY25, we debuted with 3 passive products, the Angel One Nifty Total Market Index Fund, Angel One Nifty Total Market ETF and our first debt product, Angel One Nifty 1 Day Rate Liquid ETF.

I am proud to share that in this quarter, we have continued that momentum with the addition of 2 new offerings, Angel One Nifty 50 Index Fund and Angel One Nifty 50 ETF. These additions represents our continued commitment to building a broad-based, low cost and efficient passive product suite that caters to India's growing investor base. With the inclusion of the scheme, we are not just expanding product basket, but are also deepening our alignment with the needs of both new and seasoned investors who are seeking transparent, cost-efficient investment solutions.

I am very pleased to share that our AUM stood at over ₹3.4 billion as of 30th of June 2025. But more than the number, it is the quality and breadth of traction that truly stands out. We continue to see pan-India participation across investor cohorts, reaffirming the core thesis behind our strategy that passive investing is not just an urban trend, but a structural shift that is democratizing wealth creation across Bharat.

Another dimension we are particularly proud of is our distribution architecture. We have stayed true to a multichannel approach as we leverage our captive distribution reach through our vast digital client base and enable direct access to clients who prefer that route. This strategy ensures that our products are available and discoverable regardless of where the investor is in their financial journey.

Importantly, all of this growth has come with zero marketing expenditure to date. Instead of chasing scale with spend, we have stayed focused on building organic traction through meaningful investor education and product awareness campaigns.

We have been active on social media, shared information creatives and bite-sized content, and this content-first, education-led approach is already bearing fruit as we see clients engage more meaningfully with our products and platform.

Looking ahead, we are gearing up for the next wave of expansion. We plan to continue adding to our equity bouquet and are now working towards launching commodity-based products. This aligns with our long-term road map of offering a comprehensive suite of passive solutions across asset classes tailored to different investor goals.

At the heart of all this is our belief in simplicity, transparency and scalability. Passive investing is an idea whose time has come and Angel One AMC is positioned to be at the forefront of this evolution, whether it is through removing human bias, reducing costs or delivering long-term market returns with minimal friction. Passive products deliver outcomes that investors increasingly value. Our vision remains unwavering to become a category leader in the passive investing space in India. We are building for the long term with a relentless focus on client trust and long-term value creation for all stakeholders.

With this, I will take a pause and invite Vineet to take you through the financial performance.

**Vineet Agrawal:**

Thank you Hemen, Good morning everyone

I am pleased to share that quarter one of financial year 2026 was an encouraging quarter for us, marked by operational strength, continued client engagement and gradual growth across our diversified revenue streams despite this being the first full quarter after the implementation of the index derivative regulations of 2024.

During the quarter, we saw modest market dynamics translating into high retail participation. Total orders rose by 4.8% sequentially, crossing 343 million, a clear sign of healthy client engagement. Our financial performance reflected this momentum. Gross revenues increased by 8.1% quarter-on-quarter to ₹11.4 billion. Net revenues grew by 7.3% quarter-on-quarter to ₹8.9 billion.

Our total revenue mix continues to be well diversified. Over 45% came from broking commissions in the F&O segment, around 10% from the cash segment, 6% from the commodity derivatives segment, 31% from interest income across client funding and deposits placed with the clearing corporations and the balance from depository operations, distribution, wealth and asset management businesses. Our total gross broking income increased by 9.1% sequentially to ₹6.9 billion. After accounting for the sharing of the commissions to authorized persons, net broking income rose by 7.3% quarter-on-quarter to ₹5.3 billion.

Notably, the share of the direct business in net broking revenue held steady at about 76%, underscoring the strength and scalability of our digital-led model. Our client funding book reached a new high, averaging ₹42 billion in the quarter, up by 4.3% quarter-on-quarter. This, along with higher placements of deposits drove a 5.5% quarter-on-quarter rise in total interest income to ₹3.6 billion. Interest income from client funding rose by 3.6%, while income from deposits grew by 7.2% quarter-on-quarter.

Other income lines also saw healthy sequential growth. Income from depository operations increased by 14.3%, reflecting higher delivery-based volumes. Income from distribution business grew by 11% to ₹349 million, supported by strong performance in distribution of credit and insurance products and IPOs.

During the quarter, we continued to invest in brand building, most notably through our partnership as an IPL associate sponsor. This led to IPL and associated media spends of ₹1.1 billion in quarter one compared to ₹344 million in the previous quarter. Excluding these IPL

costs, our underlying operating expenses actually declined by 9.9% quarter-on-quarter to ₹3.1 billion, reflecting cost discipline amidst softness in client acquisition numbers.

On the talent front, we made fresh grants of stock options under the LTI Plan 2021 for Angel One and the LTI Plan 2024 of the Wealth Management business. This, along with the full quarter impact of the earlier grants resulted in cost of grants increasing by 38.1% quarter-on-quarter to ₹465 million. These investments are deliberate and consistent with our strategy to attract, reward and retain top talent, supporting our long-term growth ambitions. The estimated full year cost of the grants made, to be made in FY 2026, along with the carrying cost of earlier grants is estimated to be ₹2.1 billion for the current fiscal.

Our reported operating margin was 21.8%, lower sequentially due to the IPL costs and a prior quarter variable pay reversal. However, on a normalized basis, adjusting for these items, the operating margin increased by 30.5% quarter-on-quarter to around ₹3.1 billion, translating into a healthier margin of 34.3%.

This normalized margin also absorbs a 2.6% impact from our continued incubation of the newer businesses of Asset Management and Wealth Management. Reported PAT for the quarter was ₹1.1 billion, lower by 34% quarter-on-quarter, but normalized PAT after adjusting for the IPL and variable pay effects actually grew by 26% quarter-on-quarter to approximately ₹1.9 billion.

On the balance sheet side, our period ending client funding book stood at ₹48 billion, supported by incremental borrowings, which increased by ₹1.9 billion sequentially. Consolidated net worth was at ₹55.7 billion as of June 30, 2025.

Cash and cash equivalents remained healthy, driven by higher client balances and internal accruals, partly offset by dividend payouts and deployment into the funding book.

In summary, quarter one FY 2026 was a quarter of healthy operational performance, while we remain focused on the long-term growth, continuing to invest in brand and technology to deepen client engagement, diversifying our product suite to cover the entire financial life cycle from broking to distribution of third-party products, wealth management and asset management and maintaining a disciplined sustainable approach to cost and risk management.

We are confident that these steps will make our platform even more integral to our clients' financial journeys and create enduring value for all stakeholders.

Due to a bereavement in Ambarish's family, we will have to excuse him for the rest of the call today. Other members of the management will respond to your questions.

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

**Moderator:**

The first question comes from the line of Swarnabha Mukherjee with B&K Securities.

**Swarnabha Mukherjee:**

Three questions from my side. So first of all, sir, just wanted to understand in terms of the current trend that we are seeing in the orders run rate, the daily average orders that we have. So June

was lower than May. And if I think the number of contracts that are trading in exchanges would be the indicator, I think it continues to remain slightly tepid.

So just wanted to understand that whether your timelines that you had earlier kind of envisaged that you will be able to recoup the number of orders back to the earlier levels considering the current trends, is there any extension in the timelines? What would be your thoughts regarding that? And similarly, on the client acquisition and activation rate, what would be your thoughts in the current scenario?

Particularly last quarter in the presentation, you had, I think, disclosed that the payback period post acquisition is at around 10 months for FY25. So has it changed? Has it improved or has it gotten extended? I would like to hear your thoughts on that. So that's on the broking part. Also in terms of the new businesses, so I think from the mix point of view, it is now at around 3%. So I just wanted to have some colour from you that where do you see this in a couple of years, where can the contribution go and also, when do we expect to see the cost absorption playing out?

Because I think compared to last quarter, the impact of the new business incubations on the margin has increased slightly. So just your thoughts on that would be very helpful. And lastly, one question on the cash broking realization, I see that the realization per order has increased on a Q-o-Q basis. So anything to read into that? Is it more because of, say, higher MTF being done and the ticket sizes are larger? Any view would be very helpful. That's it from my side.

**Dinesh Thakkar:**

So in terms of current trend on order and revenue, you can see in this quarter, already we have seen growth of around -- in terms of revenue around 7% to 8%. So what we saw that, okay, if you see that FIIs were absent for like last year third quarter and fourth quarter and this first quarter, for first 2 months, they were positive and they had a positive inflow. And we can clearly see an impact of like momentum in the market and FIIs has strong correlation between retail activity and their orders.

So we believe as this macro will improve and FIIs and retail will come back, we will see some kind of like good earning momentum and all that, we are very hopeful that we will be able to exit quarter 4 with a decent visibility on OPM that we were speaking about. So we are confident that our OPM is going to return back to normal by exit of quarter 4, looking at the trend of customer acquisition and looking at activity of customers, which is increasing on our platform.

On client acquisition trend, again, payback period depends on market conditions and engagement of retail in that particular 6, 8 months and all that. But we are confident, we focus more on cost to revenue. If at all, revenue justifies cost and we are able to see that, okay, that will result in OPM 40-45%. We would not like to leave any growth on the table.

And on new businesses, Vineet, if you can take that on new businesses contribution and impact of this thing on our margins and all that.

**Vineet Agrawal:**

Sure. So Swarnabha, as we have been maintaining in the past that the new businesses will take some time to breakeven, we expect the wealth business to break even faster than the AMC business, which is a long gestation period business, given that we are into passives. And we have

always guided that the margin impact of these new businesses in the short term till they become profitable will be around 2%. It could vary between 2-2.5% depending on how the quarter's performance goes. So I mean, there is no major change in what we have already been communicating.

**Dinesh Thakkar:** And on fourth point, cash broking, yes, it would be impact of because margin trading book is really picking up. So people who invest through margin trading, their ticket size is a bit higher. So realization per order would be higher.

**Swarnabha Mukherjee:** Right, sir. Very helpful. Just a follow-up on the last point. We are seeing that this -- on the margin trading side, I think the competitive intensity has also increased over the last few months. So from the profit pool point of view, is there any further risk on the lending and basically the rate that we offer to the customer for borrowing or I mean any competitive pressures you see there?

**Dinesh Thakkar:** Currently, we don't see any competitive pressure because what we -- see, we have been doing margin trading since ages. So this margin trading fund book depends on market momentum and volatility. If at all, we are hopeful about movement would be positive, earning growth FIIs inflows will come again, I don't see any pressure. In fact, that will be tailwinds. Right now, I don't see any competition in terms of margin funding, in terms of retail that we are getting and plus people who are opting for margin trading. Currently, as I am speaking, I don't see any competitive pressure in that segment.

**Moderator:** The next question comes from the line of Prayesh Jain with Motilal Oswal Financial Services Limited.

**Prayesh Jain:** Just a couple of questions. Firstly, on the businesses of wealth, AMC and mutual fund, what would be the revenue of each of these businesses today? And are they kind of sitting in the distribution part of the reporting, every part is -- every of these except -- so where are they sitting in the P&L?

And secondly, on the tax rate, again, it was on the higher side in this quarter. How do you see the tax rate going ahead? And lastly, on the cash segment realizations, should this sustain at current levels given -- and do you think the margin trade funding book will continue to grow?

**Dinesh Thakkar:** Okay. Vineet, can you take this question?

**Vineet Agrawal:** Yes. So Prayesh, on the split of the revenue, it is the distribution part of the business, which is about 3% of the total revenue. That is primarily driven by the distribution of insurance and credit products and IPO. For the other businesses, the asset management and the wealth management, they are spread across commissions and interest income because some part of the revenue that we get from the wealth business is the capital that we have put in treasury operations, etc. So it's spread there.

Primarily, it's the distribution part of the business, which is 3% for credit, insurance and IPOs. On the -- yes, on the tax rate, yes, the effective tax rate for this quarter is higher. And this is primarily because a couple of our businesses are loss-making, and therefore, the effective tax

rate has gone up by about 3% because of those businesses. And the CSR contribution that we do quarter-on-quarter, that doesn't qualify for any tax deduction. So that's also about a 1% impact of the CSR contribution. So the effective tax rate for this quarter is about 30%.

**Dinesh Thakkar:** And on this cash segment realization, if Arief and Nishant can comment. But broadly, what we have seen is that it depends on the market condition. And if at all like we are able to maintain and increase this book size, realization would not change much. But still, I would like Arief and Nishant to comment on this.

**Arief Mohamad:** Yes. Good morning, everyone. Arief here, right? So the cash segment has been very strong for us. Our market share has been growing. MTF, we are confident that the book will keep growing at a healthy pace. We are also working on figuring out a more smoother experience in MTF. So that should not be a concern in the short to midterm, we should be good on our Cash segment.

**Nishant Jain:** This is Nishant Jain this side. And I would like to echo what Arief just mentioned. We are seeing a secular growth in the last 3 odd quarters and pretty much expect the momentum to continue. There are a host of initiatives that we are bringing about as far as the in-app experience is concerned, also trying to augment our advisory around MTF stocks in particular. And therefore, with the interventions, which are basically built around client experience and trying to augment the understanding there, we believe that the momentum should continue and should not be contingent on any kind of interest rate fluctuations.

**Prayesh Jain:** Just a follow-up on the first question. What would be the quantum of wealth management revenues, AMC revenues? Wealth management, in particular, we have about ₹5,000 crores kind of an AUM. How much of the -- what would be the revenue size of this segment and even for the AMC?

**Dinesh Thakkar:** On that, Shobhit, if you can this? Vineet, will you take this or should we give it to Shobhit?

**Shobhit Mathur:** Yes. I'll just add more on a qualitative basis. So largely, wealth management AUM is a trail-bearing kind of a business and the revenue is back-ended in nature. So to that extent, you will see the AUM growth happen and then the revenue follows for that. But on specific details, I'll let Vineet take that.

**Vineet Agrawal:** I think as we mentioned that let these businesses grow and then we'll start disclosing more detailed information about these businesses. Today, as we said, these businesses are in the incubation stage, and we will leave it at that.

**Moderator:** Next question comes from the line of Vikram Raghavan with Moon Capital.

**Vikram Raghavan:** My questions have been answered. Thank you.

**Moderator:** Next question comes from the line of Nidhesh Jain with Investec.

**Nidhesh Jain:** First question is on economics of the new customer that we are acquiring in terms of CAC. Last quarter, you mentioned that the customer acquisition cost has increased. How are the trends in this quarter? And any comment on LTV to CAC for these new customers? Second is, if you can

share what is the approximate retention on wealth AUM? And what is the share of fee-earning AUM in mutual fund distribution? And the third question is on ESOP, how much ESOP expense we should budget on a quarterly basis going forward? These are the 3 questions.

**Dinesh Thakkar:** On cost of acquisition, it remains same as what it was last quarter. It does not change significantly or even like marginally also, small fluctuation here and there is there. But overall, we are seeing trend in terms of customer acquisition also, we are able to maintain this trajectory and market share of around 21% on a new acquisition that we do. So that way, that side, it is very much in control. Your second question was can you just elaborate on that AUM...

**Nidhesh Jain:** Any comment on LTV to CAC? Earlier, we have disclosed 8x. And then I think recently, we've been talking about around 6x LTV to CAC.

**Dinesh Thakkar:** Yes. So we would like to refresh that LTV to CAC maybe once we see this cycle completely panning out. But just this quarter, we saw impact of F&O. As I said, it takes time for customer to really bounce back and search, which instruments they would like to participate. So too early to really refresh that chart. I would say let us wait for 1 or 2 quarters, let retail again get active the way they are active in the market. And then it will be a better time to refresh that chart.

**Nidhesh Jain:** Sure. Sir, next question is on retention on wealth AUM. What is the yield or retention that we earn on wealth AUM roughly? And what is the share of fee earning AUM within mutual fund distribution?

**Dinesh Thakkar:** Vineet, do we disclose anything about this?

**Vineet Agrawal:** No. Right now, we are not giving those granular details. So yes, so we are almost in line with the market, but we'll come out with more details as these businesses scale up.

**Dinesh Thakkar:** And on ESOP budget?

**Vineet Agrawal:** Yes. On the ESOP cost, as I mentioned in my opening statement that the estimated total cost of the stock grants for this year and the previous year's put together is about ₹2.1 billion, ₹210 crores, of which we've spent about ₹45 crores in this quarter. So it will be in the range of about ₹55-odd crores for the next 3 quarters.

**Moderator:** Next question comes from the line of Pradyumna Choudhary with JM Financial Family Office.

**Pradyumna Choudhary:** First question is on the F&O market share. So the broader understanding was post March, post the last phase of regulations, we'll again start seeing the gains in line with increase in retail activity month-on-month. So that really hasn't happened, right? Like there were some market share gains in the month of May. And then again, June was a lower month -- subdued month for us. So how do we -- I know it's just 1 month, but like how do we really see this going forward?

**Dinesh Thakkar:** Market share gain takes time to really like right now if you see retail activity in F&O, is less to maintain. Market share is also likely something that we are working on. And if you look at this whole segment, there are lots of prop desks who come as an individual. So their kind of like volume has not decreased. But for us, to maintain retail market share and that, I think, is a big

achievement. And I don't think we have lost any market share anywhere across any equity segment or even commodity. Arief, you would like to comment on this?

**Arief Mohamad:** Yes. Thanks, DT. So as I mentioned, right, our market share in equity and MTF has been going up sequentially and quite strongly. On the F&O, it's a bit of a month story that you're talking about, but we are fairly confident that we will recover back. I don't think we have lost any market share per se. But there's a little bit of up and down of a few bps month-to-month, but that's okay.

**Dinesh Thakkar:** Just to add, see F&O, retail growth and all that has remained robust so if you look at this options, you will see that trajectory is quite strong.

**Moderator:** Mr. Choudhary, are you done with the questions?

**Pradyumna Choudhary:** Sir, just a follow-up. So how do we see this F&O market share evolving for us over the coming months? Are we expecting to make gains? Are we expecting to just maintain? And in case we are looking at gaining share, then what would be the drivers for this?

**Dinesh Thakkar:** What we are seeing is that because we are acquiring more customers, so market share improvement will be gradual. But what we are seeing is that this whole pie of like volume on F&O side is going to expand. That is going to help in terms of us gaining that normalized OPM by the end of quarter 4.

**Pradyumna Choudhary:** Understood. And anything you've heard from SEBI in recent times, there's been news articles on fortnightly index expiries and all those things. So anything we are hearing from SEBI in addition to whatever is been in the news?

**Dinesh Thakkar:** No, we haven't heard anything like that, news which is going to come. There are articles published in media and all that. But overall, no communication or any changes on F&O segment.

**Moderator:** Next question comes from the line of Abhijeet Sakhare with Kotak Securities.

**Abhijeet Sakhare:** Sir, my first question refers to the exit quarter operating margins that you are guiding towards. It would be useful if you could also sort of give us what this would imply in terms of the order run rate or, let's say, the MTF book or the broad cost ratios as we get into the fourth quarter? Because as of now, if I just look at what we've done in the last fourth quarter as a base of the expense line, it seems like the ask rate on the top line seems to be slightly stiff. So just trying to kind of get better clarity into the input variables into the operating margin assumptions there.

**Dinesh Thakkar:** Okay. So first of all, like expenses in this quarter is all about increment appraisals which happens plus there is an IPL cost. So if you look at top line, that is growing at the rate of 8%. If it continue growing top line at the rate of 8% and keep cost kind of under control, so what you will see is that exit is 40 plus OPM. That is what we are guiding. If you look at this quarter also, if you remove that one-time kind of benefit that we got from quarter 4 and our expenses, you can clearly see that although like growth in top line is around 8% to 9%, but if you look at normalized EBITDA, there's a growth of 30%.



So clearly that if at all we are able to see that, okay, quarter-on-quarter revenue is going to grow at the rate of 7%, 8%, which we are very confident, but as I said that macros and corporate results and all that are expected to be better than what we are seeing right now. And you will see investment and retail participate more actively in coming quarters.

So clearly, it shows if you are able to maintain the trajectory of revenue at the rate of 7%, 8% quarter-on-quarter and keep our cost under control. Definitely, there is no reason for us to believe, to increase the cost right now because already platform has been built and cost of acquiring customers has been incorporated every quarter. So clearly, we are seeing at exit of quarter 4, this trajectory would be visible to all of you.

**Abhijeet Sakhare:** That was useful. And just to follow up, is fourth quarter really the critical quarter where you kind of take the call on pricing as well if by then, let's say, if numbers don't stack up well? Or do you kind of then move on to the next year, assuming that recovery gets delayed by a few quarters and as a result, pricing action may not be required by the end of the fourth quarter itself?

**Dinesh Thakkar:** See, Abhijeet, what is important is that is trajectory in terms of gaining revenue or activity of customers is increasing expanding our margin? If answer is yes, we cannot predict market like precisely it is quarter four, March is when we need to take some kind of a decision. What we are looking at when customer activity is increasing and more customers we are acquiring, are you seeing expansion in margin? If you are seeing it waiting for one, two quarter, it does not matter. What is important in business don't try to create a pricing model, which becomes so kind of lucrative, it attracts more competition.

So we believe what we have to look at is that as our cost of order increased, No. We have built the platform, so already we have taken a cost. And if we get increased kind of an order flow in maybe quarter four or one quarter later, should we change the price just because quarter four exit we did not see that OPM. I would say answer lies that, okay, what is our call on participation of Indian retail in this market for next three, four years? Is it going to increase? What we are seeing, it can we exit of fourth quarter or start of first quarter next financial year does not make a difference. I think that we will not be looking at price increase till that time we are seeing expansion in margin.

**Abhijeet Sakhare:** Got it. And sir, second one is that like in terms of customer inflow or acquisition that has been happening, any broad thoughts even if qualitative, in terms of if we can bring down the dependence on, let's say, having to acquire -- having to pay for acquiring new customers versus organic growth because that tends to have a sort of slightly better impact in terms of flow through to the bottom line.

**Dinesh Thakkar:** Yes. So we are working on lots of parameters where quality of acquisition improves. And that's the reason we have been visible in IPL and all that. That's the long-term content strategy. And we are working on lots of things. Arief, if you can take this question and explain what through kind of activity we are doing to improve the quality of customer.

**Arief Mohamad:** Thanks a lot for that question. So our acquisition strategy is fundamentally centered around three pillars. One is if there's an opportunity, we would want to keep gaining the market share there.

Second is, as you rightly said, organic market share has to keep growing, and that for us has been the fastest-growing channel in the last eight-nine months, twelve months. So that is a key focus area for us. Third part that we focus on is how do we gain premium or high-value clients? These three would be the key pillars of strategy for us in our acquisition strategy.

**Moderator:** Next question comes from the line of Sanketh Godha with Avendus Spark.

**Sanketh Godha:** Sir, if I understood you right, you are saying that if due to any reason, if you fail to achieve 40-45% OPM margin by end of the fourth quarter, that will not trigger a price hike in your decision. That's a fair understanding, sir?

**Dinesh Thakkar:** Yes, right. So what is important when we are acquiring new customers and old customers getting active, are we seeing expansion in margin, that is important.

**Sanketh Godha:** Got it. And second question which I had was that if you want to achieve 40-45% EBITDA margin by end of the quarter, you said revenue growth of 7-8% is per quarter -- sequential growth will help it, which means that you expect ex IPL overall operating cost should grow at just 2 to 3% every quarter to deliver that 40-45% EBDAT margin by end of the fourth quarter?

**Dinesh Thakkar:** Yes. So it is like when we project something, it is based on that market will support. And what we believe is that when we make model, we believe Indian stock markets are going to give a CAGR of 15%. So if one year does not give, it is going to give in the next year. So it is very difficult to predict in which quarter like how market will behave.

And if you look at FIIs inflow, there is an average of FIIs inflow, which happen in emerging markets and certain allocation comes to India. If they defer it for quarter, they are not going to defer it forever. So when we make business model, we are making for 3 years, 5 years. We don't take a call on one quarter, two quarters. But based on the trend what we are seeing, we give the estimation that it appears to be by exit of quarter four, we would be in this position. But what is important -- most important is if we are seeing more activity of customer and revenue growth is higher than increase in cost, which we have seen in this quarter, that gives us confidence that we have built a platform with certain capacity and which will -- cost will not increase proportionately increase in revenue.

So proof of concept is this quarter and this is a strong belief based on projection that we make that further revenue increase that we see, we will not see proportionate cost increase. To answer your question, 2-3% or something like that would be in that region, that is what we believe.

**Sanketh Godha:** Got it. Perfect, sir. And lastly, maybe last 2. See, RBI took a call of rate cut. Just whether you will take a decision on reducing your lending rate on margin trade funding compared to what 15-odd percent is what you charge. And if you don't do, then your incremental borrowing cost coming down because of the rate cut, will it expand your NIM or overall profitability on the margin trade funding book? I just wanted to understand whether you'll pass on the rate cut benefit to the customers or you will take better NIMs?

**Dinesh Thakkar:** The margin funding book, the way it functions in terms of prices, it is not sensitive to RBI repo rate cut and all that. Across the years, you will see, we have seen different, different interest

cycles. Lending rate almost in MTF has remained same. Until the time we take some conscious decision that we have to bring it down, that is what we did 2 quarters back. But overall, I don't feel that this is sensitive to what RBI does. And in terms of margin increment, Vineet, if you can take this question in terms of cost of borrowing, how it impacts.

**Vineet Agrawal:** Yes. So Sanketh, what typically happens is that today, the borrowings are all linked to MCLR. And therefore, the rate cut on the borrowing side happens slightly with a lag. But yes, there would be a margin expansion as we go along as we see the rate cut happening on the borrowing side, and that will help the business.

**Sanketh Godha:** Got it. Perfect. And last one on philosophical side, sir. See, if I look at the overall market share across the products, it has broadly stabilized, whether it is cash or even F&Os and even to that extent, commodities. So is it fair to say that now your incremental growth of 7-8% or in general is a function of more market doing well or recovering from lows what we saw in fourth quarter? Or you think there is further more scope to gain market share?

**Dinesh Thakkar:** Sanketh, what happens our activity of the customer depends on its wallet share and size of the wallet. And what we see, if at all wallet is expected to grow at a rate of 11-12%, we are going to see activity of our customer increasing at least at the rate of 11-12%. But now if you look back and see that what in kind of like wallet share they were giving for trading in market or investing in market, that got shrunk because of the regulatory changes. That has not come back to normal. So what we believe is that existing people who are active in this market, at least they will dedicate that amount what they were getting to the trading investment activity. So you will see that base effect that gets shrunk to a level, which is going to expand to get to normal.

So when it gets to normal, you will see our OPM will go back to normal. Then we have to look at what kind of new clients addition is happening and that we can correlate with something like what expansion we are seeing in terms of trading volume and what increment we are seeing and what market share. In this three -four quarters, what will happen, we are aiming to gain market share.

As I said, retail is not trading in as. So it is mostly, when you look at F&O, our contract is on option side. But we believe customer activity will go back to normal. That will help us to give this growth of 7% to 8% per quarter. But overall market share, I believe it will increment proportion to infusion of new customers in this market.

And that also in new customer base, we have a market share of around 21-22%. But for them to become active and all that, there will be a lag effect. So overall, to answer your question, one, there is a base effect, which will help us to bounce back and give us a revenue growth of 7-8% for few quarters. Second would be because of under penetration and we gaining incremental market share. Incremental market share is 21-22%. But overall active market share is 16% or something. So we will see a small increment every quarter in market share.

**Moderator:** Next question comes from the line of Raj Vyas with TM Investment Technologies Private Limited.

**Raj Vyas:** As mentioned in the opening remarks, we also believe that India's growth story remains intact and the capital market will play a significant role because currently, out of the total population, we only have 12 to 13% of demat accounts. So the penetration level is quite low compared to developed countries. And in this Angel One as it focuses more towards the Tier 2 and Tier 3 customers, it will definitely play a crucial role in a growth trajectory going forward. However, over the years and the quarters, we have seen promoter shareholding coming down as well. So my question to Mr. Thakkar is that why does the reason behind promoter shareholding declining? And any plan for succession planning and what the future looks like?

**Dinesh Thakkar:** Yes. So we are very bullish on India growth story. I believe that this per capita income, what we have seen in the past 20 years is nothing what we are going to see when we reach per capita income of \$10,000 and all that. This story is yet to unfold and there is a big opportunity lying ahead of people going to capital market. So capital market is going to play a big role because if you look at retail for them wealth creation opportunity can come only when they start investing in equity. And today, they are not investing because of awareness, because of perception of risk and all that, that is going to get addressed through proper content, proper kind of an giving access to right information.

So overall, we are very bullish in terms of participation, which is coming from existing customers. At this level, they are just satisfying the basic need and small amount is coming in capital market.

So when you see India at a level of \$10,000 per capita income, most of these flows will come into savings and kind of an like -beyond necessity they are going to put investment in increasing their lifestyle and all that. So overall, as you see Tier 2, Tier 3 has not yet participated in a big way, so we are seeing a big opportunity.

And coming to your point, why promoter holding is decreasing, it is because professionals are taking over charge of this company. And we have to see that they are able to -- when they are creating wealth for all stakeholders, they are able to create wealth for them through ESOPs. So because of ESOP, you will see promoter holding will see declining, but it is not promoter is selling. It is because of that new allocation to ESOP plans and all that it appears to be, plus one or two promoters have declassified them as a promoter. Hence you will see that change. Nobody has sold their shares in the market.

**Raj Vyas:** But for the shareholding coming down, right, because I guess, last 3-4 years, if we see the trajectory, from 45% though it has come down to 35%. So basically, what you have said is that the ESOPs have been increased, and that's the reason the employee shareholding might have increased, right? That is my basic understanding.

**Dinesh Thakkar:** So there are 2 combinations. ESOP plus one group of promoters that declassified as an ordinary shareholders.

**Vineet Agrawal:** And just to add to that, Raj, if you recollect in March 2024, we did a qualified institution placement of about ₹15 billion. By law, the promoters are not required to participate in that, and therefore, there was a dilution there as well because of the additional fund raise that we've done.

- Moderator:** Next question comes from the line of Raman KV with Sequent Investments.
- Raman KV:** Sir, I just want to understand with respect to Jane Street saga, what was the volume before the Jane Street and what's the volume after the Jane Street saga?
- Dinesh Thakkar:** Jane Street is a very recent phenomenon. It is a matter of days that, it is very difficult to get the impact on that. But I have a view on that.
- Raman KV:** So are the volumes back to where it was before the Jane Street -- the entire Jane Street episode happened?
- Dinesh Thakkar:** We don't give volume day to day. As I said, that Jane Street episode happened just a week or so before. We disclose our volume on a month end, okay? And this is too early to gauge any kind of episode which has happened and straightaway impact on that day or in two-three days. That does not tell you any story of where this capital market is moving towards.
- So my point is that Jane Street people are opportunist people who put money which is hot money just to gain something like arbitrage opportunity. Long term is decided by retail and FIIs who put their money for short and long term. If they are present, people like Jane Street would be replaced by some other player. So we are not saying there will be very big impact on capital market because of Jane Street.
- Raman KV:** Sir, and another follow-up, in the same line of this. Sir, with respect to how much was the company's broking revenue impacted because of the entire Jane Street episode? Was there any significant impact during the one...?
- Dinesh Thakkar:** Again, I am repeating, Jane Street when did it happen? This last week. So we don't give numbers on a weekly or daily basis.
- Vineet Agrawal:** And just to add to that, Raman, I mean, we are not institutional brokers. So directly, there was no impact on us because of that.
- Moderator:** Next question comes from the line of Sanjay Singh with Tenex Capital.
- Sanjay Singh:** Sir, I just wanted to know that what is the incremental variable cost for -- not for client acquisition, but let's say, when your revenue grows by, let's say, 5%, what is the incremental margin on that revenue?
- Dinesh Thakkar:** Vineet, if you can take this and explain that. Based on this quarterly number, also you can explain.
- Vineet Agrawal:** Yes. So it all depends on various factors. So if the revenue grows by 5%, then the margins will expand, and we've seen that in the last quarter. So the expansion is more than 5%, given the cost more or less remains stable. Again, it depends on what kind of acquisitions we do in a month and what revenue that we generate from those acquisitions. So there are multiple factors which play around this increase in the margin basis the increase in revenues.

- Sanjay Singh:** No. What I was trying to say is, let's say, the incremental order gives you ₹20. So on that, there is no variable cost like any fees to SEBI that is over and above, right? So the ₹20 is purely for you to keep or there's anything which you need to pass on to somebody in that sense?
- Vineet Agrawal:** No. So the broking commission that we earn ₹20 is our income. There is no sharing other than the fact that if it comes through the assisted business, then there is a revenue sharing arrangement. Otherwise, the SEBI charges, the transaction charges, GST entity and all above that, yes.
- Sanjay Singh:** And just on this thing that Mr. Thakkar was saying that growth should be 5%, 6%, 7%, 8% every quarter. But in July, at least the index level -- the NSE and BSE index level, NSE and BSE combined together have seen almost a 27% drop in options, which is July first 15 days over the Q1 average, so April, May, June quarter average. July first 15 days over the quarter average is around 27% drop in option volumes -- option premium and almost a 45% drop in future volumes in NSE. So I'm assuming you would see a similar drop in July or is it something very different?
- Dinesh Thakkar:** No. Already, we had disclosed our number. July was a bit flattish and April, May...
- Sanjay Singh:** You disclosed number for July, I mean?
- Vineet Agrawal:** June, June.
- Dinesh Thakkar:** July, we haven't disclosed yet, yes.
- Sanjay Singh:** But industry is around almost 27%, 28%. So is it fair to understand it will be something very similar or is it completely different?
- Dinesh Thakkar:** Currently, what happens is a knee jerk reaction to Jane Street, and it takes time for players to get readjust to something like this scenario. So we have seen like a market if something happens like this, there's an impact for 10-15 days and things go back to normal. So we should not read anything from this number what we are seeing in 7 to 8 days. Only it has been volatile, it's not that every day it was low.
- Sanjay Singh:** Okay. Okay. And I think more probably from an industry perspective, I mean we keep reading that India is 60% of option volume in the world, etc. And we have seen in the past, China, Korea with regulatory actions volumes coming down 80-90%. So what is your take? I mean I understand that you are invested in this business. But looking at global examples and with India having such high volume, do you see any risk of more regulatory action, which can clamp down on this pretty exceptional volume that India has seen?
- Dinesh Thakkar:** See what happens, as I was answering previous this thing question, there is a concern like wallet of a customer, they would put some amount in this because of nature of kind of people like youth. Young people, they would like to leverage and try out something in the market. So you see currently, they prefer trading in option. But if you look at their journey, slowly they moved to investment and all that.

So one of -- on my Twitter post I shared, I think, in FY20, total AUM of retail, direct and indirect, was around ₹16.7 lakh crores. And last year, AUM stood at around ₹70.8 lakh crores. Even if I take a CAGR of around 14-15% of market, so they are seeing an appreciation of ₹11-12 lakh crores per year. This is the new customer who came to the market. They started their journey in option.

But ultimately, they have realized that wealth can be created in equity. So I don't think that their trading in option is concerning till the time they are moving their long-term money into equity. That is what we have seen growth in SIP, growth in AUM, in cash market. That is a very heartening figure, does not come on headlines all the time because we are just looking at negative.

But what has happened, if you see, number of demat accounts has increased, they have come and put money in long-term investments. That's the reason we are seeing AUM going from ₹16.7 lakh crores to ₹70.8 lakh crores, that's a big, big amount. And today, they hold almost 18% of our market cap. So I think when people have earned so much and see such an occasion, they're going to remain in the market.

But the way they will come, they will do some leverage product between margin funding or option. That should not concern us. What is important is we need to see how market expands, how people from Tier 2, Tier 3 are participating in this market. That's what I wanted to say. Retail has created a big wealth and this retail story, equity story is broader and deeper than what we think. It is not cyclical, it is structural.

**Moderator:**

Next question comes from the line of Bhuvnesh Garg with Magma Ventures.

**Bhuvnesh Garg:**

My question is on content strategy. You mentioned the importance of content in customer engagement and acquisition. So we see other large players, so like Zerodha and Groww, they are also going very aggressive on content. So in that scenario, how do you measure your -- the effectiveness of your content compared to peers? And what do you think will give you an edge in this area compared to peers?

**Dinesh Thakkar:**

Every industry, there will be a place of 3-4 players, and they will have their own different strategy. And none of the players will be having a similar strategy because clients that we are targeting will be different, what they are targeting will be different. So the way we have designed our content strategy for all those will continue with that. And because of that, we are seeing a market share in new incremental client base at the rate of around 21-22%. And that clearly shows whatever we are doing till now is really working well and how do we improvise now by using latest technology and all that.

Arief, if you can cover on this?

**Arief Mohamad:**

Thanks, DT. Just to add to that, AI will play a very important role in the way forward of content strategy for Angel One. It will give us that kind of width. It will give us that kind of presence to convert that width at even for vernacular languages and different geographies and all that. So especially for Tier 2, Tier 3 towns, the penetration of our content will increase. So we see that as a meaningful lever going forward in terms of our acquisition strategy.

- Bhuvnesh Garg:** Understood. Would it be possible to share any quantitative colour on this in terms of how is it benefiting in your client acquisition cost or reaching out to clients or engagement levels? Any quantitative colour?
- Arief Mohamad:** I don't think sharing the numbers would be right here. So I would refrain from sharing those numbers.
- Moderator:** The last question will be from the line of Pranav Gupta with Aionios Alpha Investment Managers. Since there is no reply from the line of Mr. Gupta, ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over for closing comments to Mr. Dinesh Thakkar. Please go ahead.
- Dinesh Thakkar:** Thank you for joining us on the call today. I hope we had answered your questions satisfactorily. Should you require any assistance, please feel free to contact Hitul Gutka, our 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.