



To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051.
Symbol: ANGELONE

Department of Corporate Service
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.
Scrip Code: 543235

Dear Sirs/ Ma'am,

Subject: Filing of the transcript of earnings call with analysts and investors under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Further to our intimation on June 27, 2024 intimating of the earnings call with analysts and investors to be hosted by the Company on July 16, 2024, please find enclosed herewith the transcript of the said earnings call for your reference and records.

The transcript of the earnings call will be posted on the Company's website at www.angelone.in.

You are requested to take note of the same.

Thanking you,

For Angel One Limited

Naheed Patel
Company Secretary and Compliance Officer

Date: July 19, 2024

Place: Mumbai

Encl: As Above



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CIN: L67120MH1996PLC101709,
SEBI Registration No Stock Broker: INZ000161534,
CDL: IN-DP-384-2018, PMS: INP000001546,
Research Analyst: INH000000164, Investment Advisor: INA000008172,
AMFI Regn. No. ARN-77404, PFRDA, Regn. No.-19092018.



Angel One Limited

Q1 FY '25 Earnings Conference Call

July 16, 2024



MANAGEMENT:

Dinesh Thakkar <i>Chairman & Managing Director</i>	Vineet Agrawal <i>Chief Financial Officer</i>	Amit Majumdar <i>ED - Strategic Initiatives</i>	Ravish Sinha <i>Chief Product & Technology Officer</i>	Jyotiswarup Raiturkar <i>Chief Technology Officer</i>	Nishant Jain <i>Chief Business Officer – Assisted Business</i>
Prabhakar Tiwari <i>Chief Growth Officer</i>	Ketan Shah <i>Chief Strategy Officer</i>	Deepak Chandani <i>Chief Data Officer</i>	Anuprita Daga <i>Group Chief Information & Security Officer</i>	Subhash Menon <i>Chief Human Resources Officer</i>	Saurabh Agarwal <i>Chief of New Business</i>
Devender Kumar <i>Head of Online Revenues</i>	Bhavin Parekh <i>Head of Operations, Risk & Surveillance</i>	Hemen Bhatia <i>CEO – Asset Management</i>	Shobhit Mathur <i>Co-founder – Angel One Wealth</i>	Dharmendra Jain <i>Co-founder – Angel One Wealth</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 July 2024 will prevail.

Moderator: Ladies and gentlemen, good day and welcome to Angel One Limited's Q1 FY '25 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

Hitul Gutka: Thank you. Good morning, and welcome, everyone. Thank you for joining us today to discuss Angel One's Q1 FY '25 financial and business performance. The recording of today's earnings call and transcript will be uploaded on our website under the Investor Relations section. The financial results, investor presentation and press release are also available on the website.

For today's call, Angel One is represented by Dinesh Thakkar, Chairman and Managing Director; Vineet Agrawal, Chief Financial Officer. We also have the senior leadership team of Angel One, along with SGA, our IR consultants. The leadership team will give us a brief overview of the operational and the financial performance of the quarter gone by, which will be followed by a question-and-answer session.

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

Dinesh Thakkar: Thank you, Hitul. Good morning, everyone. India's fintech industry has witnessed robust growth over the past few years, and platforms that help build wealth for young Indians have seen significantly adopted across the country. Digital enablement of products and services and Internet penetration ensures that an average Indian citizen now has multiple options that were previously unavailable. Seeing the rate of adoption on our platform indicates that future growth should be unprecedented. Angel One continues to remain at the forefront of this evolution, by continuously working on deepening adoption and closely observing customer behavior, shaping favorable outcomes for both the consumer and platform.

Encouraged by this deeper penetration of our digital platform across the country, we felt it prudent to associate ourselves with IPL, a household sporting brand with powerful regional loyalty, innovative marketing, a broad reach and more importantly, high youth engagement. This effort will not only help build a lasting brand, but will also deepen the category as a whole. An independent third-party study recognized Angel One as one of its top 3 most visible and recalled brands during IPL 2024 season. Such investments

yield long-term benefits, enhanced visibility and recall and support our growth strategy as we diversify our product offering to include distribution of lending fixed income products, along with launch of asset and wealth management business.

We remain committed to excellence with client-centric approach, constantly exploring breakthrough strategies to capitalize on future trends and opportunities. We have implemented initiatives like offering a guest user experience for those who have yet to register a valid account, simplifying journeys for SIPs in ETF and single stocks and innovating in areas like stock discoverability. I'm happy to share that Angel One is the only major broker offering a fully digital process for opening joint demat accounts.

It is equally worthwhile to note the nature of new clients on our platform. They are young, new to market, Gen Z with unique needs and aspirations. Recognizing this need, we have invested in social media community initiatives to entertain, engage, empower Indian youth with high-quality financial content. This youth, coming from cities from Tier 2, 3 and beyond, need help in learning about stock market, personal finance, business case studies and much more, in the language they understand and on the platform they engage with.

In quarter 1 FY '25, we witnessed healthy trading volume with the peak orders growing at 31% sequentially. During the quarter, the platform executed over 13 million orders in a single trading session, thus establishing a new benchmark. To maintain our high standards of reliability and uptime, we have continuously evaluated and re-invested in our infrastructure. In quarter 1 FY '25, we moved our processes to new data centers and conducted regular disaster recovery drills to enhance reliability and preparedness. We also instituted innovative monitoring tools to track and improve our system performance in real time.

Our assisted business have seen multiple products aimed at enhancing the NXT platform, offering our channel partners a superior digital experience. Some of the key initiatives include streamlining and automating the on-boarding process for mutual fund distributors, creating journeys to empower our partners to effectively cross-sell and up-sell to their clients. Leveraging our strong data analytical capabilities, we expanded into new areas while protecting our margin profile for the segment. Additionally experiments with differentiated MTF pricing have yielded positive results, with blended yields ranging between 15% to 16%.

At Angel One, we harness the power of data science and analytics to drive informed business decisions and validate strategies for sustainable growth and efficient operations. By leveraging advanced techniques, we are able to devise accurate growth models, target the right cohort with precise campaigns and enhance client retention. Our focus on personalizing the platform experience and improving overall client satisfaction ensures a tailored journey for each user. We have automated customer service task with large language models, allowing us to effectively provide accurate and prompt response to client's email query, thus freeing our team to handle more complex issues. Our commitment to building a secure cutting-edge data platform that offers a

comprehensive 360-degree view of our customer, enables us to provide appropriate nudges, make strategic decision about costs, enhance customer lifetime value and improve resources allocation. This data driven approach not only fosters business growth, but also improves customer satisfaction.

Thus, continuous investment in technology, product and data science are essential to curating a better client experience and deepening the market while also giving us an edge over our peers.

We have achieved new milestones in mutual fund distribution, reflecting the excellence of our mutual fund journeys. We reported our best quarter with over 0.5 million unique SIP registration in June 2024 alone and nearly 1.5 million in a quarter overall. We also commissioned journeys to view and manage their mutual fund investments seamlessly across different platforms. These innovations reinforce our position as the second largest player in incremental registered SIPs.

Efforts are underway to integrate credit and fixed income products into our platform. We are making the necessary efforts to ensure reliability and effectiveness as we integrate our system with manufacturer's ecosystem.

We are expanding our wealth management team and have instituted an advisory council and think tank with renowned industry experts. In Wealth Management, we aim to focus on product innovation across diversified verticals to cater to a wide spectrum of clients by leveraging technology.

Our AMC business awaits final regulatory approval and we will provide updates in due course.

Operationally, Angel One continued to deliver healthy performance and acquire about 2.6 million clients in the quarter with 90% from cities from Tier 2, Tier 3 and beyond, expanding our client base to over 24 million. Consistent investment in expanding the client base have increased our share in India's demat account to 15.2% as of June 2024. Our clients executed over 460 million orders during the quarter, translating into an ADTO of nearly Rs. 44 trillion with an 18.9% share in overall retail equity turnover. We continued to witness sustained improvement in our cash segment market share, which expanded to 16.6%.

Funds raised via the QIP in April 2024 have been deployed to grow the business, as evidenced by our healthy order volumes and robust growth in our client funding book, which average at over Rs. 26 billion in quarter 1 FY '25, that is 29% higher sequentially.

I would like to allay any concern about the potential impact on company's revenue and margin from recent regulatory guidelines on true-to-label recovery of exchange turnover charges or any other intervention that can potentially affect our streams of revenue. At Angel One, we are extremely sensitive to the overall experience we offer to our clients, while ensuring appropriate safeguard of the interest for all the stakeholders. I assure

you that our business has inbuilt safeguards and provides adequate business levers including price action, thus ensuring continuity of our growth and profitability.

Just like any other business, we are subject to an evolving regulatory environment. Regulatory interventions lend long-term clarity to business operations, making them predictable and resilient. We support regulation that protect investors and their long-term value, enhance transparency and disclosure help manage risk, provide fair access to market and enhance market integrity. We are also actively engaging with regulators on all aspects, that only foster higher confidence, given the long runway that the sector has yet to exploit in terms of penetration and growth.

The Board has decided to defer dividend payout for the next few quarters to conserve resources, optimize our balance sheet and support our growth trajectory.

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

Vineet Agrawal:

Thank you, Dinesh bhai. Good morning to everyone. We continue to deliver a healthy operational and financial performance in quarter 1 of financial year 2025, with our average daily orders sustaining at 7.7 million, taking our aggregate order count to 462 million during the quarter. We clocked our highest ever quarterly reported gross revenue at Rs. 14.1 billion, registering a 4% quarter-on-quarter growth.

Our gross broking revenue remained at par with quarter 4 of FY 2024 at Rs. 9.2 billion. Gross booking revenues accounted for 65% of our total gross revenues with F&O contributing about 84% in quarter 1. Cash segment contributed 11% of our gross broking revenue, which optically appears low since we do not charge on cash delivery orders for clients under the flat fee plan. Share of the commodity segment increased to 5% in quarter 1 of FY 2025.

Since majority of our clients are part of our direct business, their share in our net broking revenue stood at approximately 78%, while the balance 22% was contributed by clients acquired through our assisted business.

While our cash delivery order volumes continued to remain strong in quarter 1, momentum in cash ADTO was in an upward trajectory. Higher activity in this segment, coupled with availability of capital from the recently concluded QIP, led to 29% sequential growth in our average client funding book to Rs. 26.3 billion for the quarter. Our period ending client funding book stood even higher at Rs. 34.1 billion. This led to a corresponding growth in the interest we earned on this book. The interest earned on client funding, along with the interest earned on deposits with exchanges, grew by 18.9% sequentially to Rs. 2.9 billion. Thus accounting for about 21% of the total gross revenues for the quarter.

The ancillary transaction income linked to the value of the orders executed by our clients on our platform remained stable at Rs. 1.1 billion and accounted for nearly 8% of our quarter 1 total gross revenues. It is these charges being referred to in the recent true-

to-label SEBI circular of July 1, 2024. The net income from these charges for the last financial year was Rs. 3.5 billion.

In quarter 1 FY 2025, we fully utilized the proceeds from our recently concluded QIP in funding our margin obligation with the clearing corporation and growing our client funding book. This limited the utilization of borrowed capital for the business despite a 29% growth in our average client funding book and healthy turnover volumes, leading to stable finance cost at Rs. 556 million.

Employee benefit expenses, including cost of granting ESOPs was at Rs. 2 billion for the quarter, sequentially higher by 27%. This was primarily on account of headcount increase in our broking and wealth management businesses, increments and apportionment of variable pay for the current financial year.

Our operating expenses for the quarter grew by 15.5% sequentially to Rs. 4.9 billion. This includes over Rs. 1.1 billion on account of proportionate cost towards IPL associate partnership sponsorship and related digital and media adverts spends. The entire cost of IPL season 2024 has now been accounted for. Net of this brand spend for both quarter 1 FY '25 and quarter 4 FY '24, our other opex declined by 6.4% sequentially. The decline reflects over 10% lower gross client acquisition, partly offset by higher spends on cloud infrastructure, demat charges and CSR-related spends.

Here, I would like to inform you that Angel One will continue to invest in scaling up its brand over the next few years. Our brand spend for the last -- for the rest of the year will be in line with our pre-IPL quarter trend. Such spends help us significantly amplify our brand across the country, giving us better reach to our target audience.

Our reported consolidated EBDAT margin declined to 37.7% for the quarter, primarily on account of higher IPL associate sponsorship-related spends. Normalizing both quarter 1 and quarter 4 for such spend on IPL, our EBDAT margin expanded to 48% in quarter 1 of FY 2025 from 47% in quarter 4 of FY 2024. This normalized margin also subsumes the expenses of incubating our new businesses of asset management and wealth management.

Depreciation and amortization costs increased by 35% sequentially to Rs. 226 million in quarter 1 of FY 2025, as this was the first full quarter post capitalization of our data center and disaster recovery sites in quarter 4 of FY 2024 in addition to incremental assets capitalized in quarter 1.

Our reported consolidated profit after tax from continuing operations declined by 14% quarter-on-quarter to Rs. 2.9 billion against a very strong quarter 4 PAT of Rs. 3.4 billion. Netting out the impact of IPL-related costs from both these quarters, the normalized profit after tax grew by 5.7% sequentially to Rs. 3.8 billion in quarter 1 as against Rs. 3.6 billion in quarter 4 of FY 2024.

Period ending cash and cash equivalent increased to Rs. 110.8 billion on the back of increase in client margins and cash generated from the business.

Period ending client funding book nearly doubled to Rs. 34.1 billion as of June 2024, as compared to Rs. 17.7 billion as of March 2024. Consolidated net worth of the company grew to Rs. 48.3 billion, which includes Rs. 15 billion raised via the QIP in April 2024 and profit for the recently concluded quarter. In quarter 1 of FY 2025, annualized return on average equity stood at 29.8%, which was impacted with a higher net worth on account of the fund raise and softer margin due to the higher IPL-related spends. The leveraging of funds raised via the QIP, coupled with us revisiting the tariff profile, should further strengthen the margin profile for the forthcoming quarters. We also expect the ROE to come back to closer to our historic levels over the next few quarters.

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 is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Congratulations on a good set of numbers. Sir, firstly Dinesh bhai, on the regulations. There's just too much being spoken about. Firstly, it was true-to-label charges. Then second there was a change in the way the pledge -- the stocks qualifying for pledge would kind of change and Angel is one that broker who offers 100% pledge allowance to the customers.

That is second. And third is obviously all the aspects of the media article which came in spoken, speaking about number of expiries declining as well as the lot size increasing. Could you give some granularity on our businesses, particularly from the fact that what pricing actions or what other levers we have to offset the impact of true-to-label element?

And secondly, also on the aspect of what is the average lot size trading of customers. In the past, you've mentioned about 20% customers accounting for 80% of the volumes or revenues. So how should we look about this if all these changes were to be implemented in toto, then how would volume get hit? That will be my first question, actually.

Dinesh Thakkar: Yes. Thank you. Let me take one by one. First, true-to-label. So as you have seen this quarter, we have earned around Rs. 112 crores. And what we believe is that, okay, like we have enough levers to offset this impact, not ruling out a change in pricing and all that, that includes even charging for collateral that we accept for F&O segment and all that. So that way, we feel that our business has enough levers, which we can play to offset this true-to-label.

Okay. Second, on expiry, that SEBI has not come out, what would be their approach and what kind of like was said and done, what I understand there will be few indices, which will expire weekly and rest of this would be having a monthly expiry. So there will be traded options across the month. So customer for -- that customer is important that

whatever option he likes, he would like to trade on that, that is available across the month.

So I do not think that, okay, there will be a big impact because ultimately, what happens, customers have a certain wallet share for trading. So if there is kind of like weekly expiry or there's a monthly expiry, which is available across the month, they would trade in that.

There can be a small impact in volume. But if you look at kind of like number of trades they will do in a year, we believe that is not going to decrease in a substantial way. And whatever small kind of reduction of changes we can see, collectively, we work out what are the kind of like levers we have to offset that kind of like impact on our revenue, margins or growth.

As I said, that there are a few levers that we would like to use, including pricing on certain services and pricing on certain kind of like areas that we are not charging. We have to relook based on what impact we will have, but definitely we will have a relook after all the announcements are in place. And on average trading lot, I think Devender or Bhavin if you can take that question or Amit.

Bhavin Parekh:

Yes, sir. The average trading lot, the lot size increase is still under discussion, and we are waiting the final say from the SEBI. But we presume there won't be any impact because recently, only the lot size has been decreased in NIFTY and we did not see a major difference in terms of how the customer behavior is towards that. So we'll wait for the regulatory to announce on this particular part.

And regarding the pledge question that you had, yes, recently, there was a circular from NSE, where some 1,000 scrips have been removed from the collateral and in a staggered manner, it will be removed till October. We are evaluating internally. And as Dinesh bhai said, we have internal levers and if it means that we have to pass on this particular thing to the customer, we will take an appropriate call on that as well.

Dinesh Thakkar:

So Prayesh, overall, we think that we have enough levers and there's enough elasticity in our pricing. So that will take care of this announcement that we have heard till now because this is more competition sensitive information, we would not like to reveal and allow our competition to have some insight on what we are thinking about.

Prayesh Jain:

Yes. Sir, just on this lot size. In the past, when you have mentioned that 20% of your customers account for 80% of the volumes, would you say that it will be 20% accounting for 80% of the revenues? And would it mean that this still would not get hit if the lot size increases to, say, 3x or 4x? Would that be a fair assumption that at least this 80% of the revenues or volumes will not get impacted under -- if the lot size increase by 3x or 4x?

Dinesh Thakkar:

My belief is that it should not get impacted as I said, that client is with that has some allocation towards trading investment and all that. And if you look across kind of like different-different cycles, this is my experience, a customer will find out way how to

trade. If they want to trade, they will choose their kind of like contract size or all that, unless it becomes like a banning of options. Okay. But this is the leverage product, what they are used to. Increasing – decreasing lot size -- like that decrease a lot size, that did not mean that our volume went up 100%. It has a small impact, and it gets utilized within some time.

So we believe that this change in lot size, if it is substantially higher, then it can have some impact. But what will happen this people or a client who want to do trading, they will find out some other instrument to trade. What we believe is that people who are trading, they have certain allocation towards speculation risk. They have some risk capital. So that is going to stay in this market. Which instruments they are going to use, what expiries they are going to use, that all depends based on changes that the regulator will announce. But overall it is fair to say, I don't see any kind of like volume moving out from this market.

Prayesh Jain: Okay. Got it. Sir, last question on the AMC license. It's been -- the final approval is pending for a very long period now. Now this time gap is possibly the longest for any of the applicants in what we've seen. So is there any -- so what's the challenge out there that we are not getting the final approval?

Dinesh Thakkar: I think Hemen is the right person to take this question. Hemen, please?

Hemen Bhatia: Yes. There's a process for seeking the AMC MF license. So we -- I could say that we are in the final stages. And as a part of the process, there are different things from filling an application, to getting in-principle approval, to getting the inspection done. So most of our things are in place. And as of now, we do not have any further comments from anybody to address. We are awaiting the license. And as a general trend, I've seen, during the time of election, the overall process -- approval process little bit slows down, okay. So given that we are done with the election process, etcetera, I think things should now pick up pace and we should have our final approvals very soon.

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

Ajox Frederick: Sir, you mentioned that the dates of expiry decreasing will not have a major impact. I'm just trying to understand that, sir. Can you please elaborate on that?

Dinesh Thakkar: See, as I said, that if you look at customers who are coming to the market, they have some allocation of capital or trading or investment and all that. I do not think that allocation is going to change. Even if like there's a weekly instrument or a monthly instrument, it is traded on daily basis.

So we believe this customer, instead of trading expiry contract, which was available daily, they will take contracts which may expire after a month. But for them, what is important to take a position on the day basis or two-day basis or three-day basis, that options are available. In that sense, whatever kind of wallet share they have for trading purposes that will remain in this market.

- Ajox Frederick:** You're saying that instead of the last day we should do to T-minus 1, T-minus 2, etcetera...
- Dinesh Thakkar:** Yes, I have seen that. Yes, exactly. And we have seen -- our experience is that when a customer trades like one day or two day prior to expiry, they in fact lose lesser kind of an amount. So what I believe is that, that extends their life in the market.
- Ajox Frederick:** Understood, sir. And sir, second question, you also mentioned about pricing elasticity. But if you look at the market, we're all around one large player's pricing. And therefore, you think the large player moving will directionally indicate where we will end up with?
- Dinesh Thakkar:** All large players you say -- this market right now is driven and expanded by large four or five players. So unit-wise economy of every player is same. In fact, we are far more efficient. We have take an average efficiency of this industry. If we are impacted by certain percentage and we try to use that lever of price, everybody would be impacted in terms of unit-wise pricing. So that way, I feel when I say elasticity, customer does not mind paying few rupees extra per order or paying for cash segment and all that. What is important for them, they should get best service on this platform.
- When they are trading in any kind of like contract, they take a calculated call for them. In fact, they don't mind paying more. But what is important is that are they getting service? Are they able to associate with the particular brand for trading investment purpose? So that way, Angel One is fortunate in terms of great efficiency and great brand value for people who want to come to capital markets.
- Moderator:** The next question is from the line of Nidhesh from Investec. Please go ahead.
- Nidhesh:** First on the timelines for the launch of credit product as well as fixed income product, what are the timelines when we should start seeing some pickup in that?
- Dinesh Thakkar:** Yes, great question, Nidhesh. I would ask Saurabh to answer this. Because just to brief you that we are seeing a very positive trend on that. We have completed our integration with our platform. I think Saurabh would be the right person to give you more information on this.
- Saurabh Agarwal:** We are currently in a beta on the credit product side, we have integrated with a lender, we should be integrating with three, four more lenders in this quarter. And we should largely be out of our beta by the end of the quarter. And in terms of traction that we are seeing on the platform, even though we have opened it up for a very insignificant base of our overall KYC'ed customers, we are seeing great positive traction on the credit product side. Again, on the fixed income side, we are in beta. We have made it live to a select audience base. By the end of the quarter, we should have rolled out to our entire audience base.
- Nidhesh:** Okay. So by the end of this quarter, Q2, both these products should be live for all customers?

- Saurabh Agarwal:** Yes.
- Nidhesh:** And secondly, what is your strategy in wealth management? Because I see that we are targeting all customers across income levels. But our captive customer base is coming more in the mass category of customers. So why are we targeting the UHNI's customer segment, which is very different and the entire investments required will be quite different and have very low synergies with the existing platform or existing customers that we have?
- Dinesh Thakkar:** In Wealth our strategy is that, we believe that we have to serve all individual needs when it comes to capital market. And there is a segment of investors, which we feel that can benefit by combining technology and people with domain knowledge. And we have got a great team of co-founders whom we believe that they, first of all, have a domain knowledge and they understand importance of technology.
- So I would like Shobhit to answer you on this wealth management which area they are targeting. And just to give you a brief that we have seen a great response in terms of attracting talent. So we are very optimistic in terms of achieving great kind of like business through this vertical. Shobhit, over to you.
- Shobhit Mathur:** So the thought process is that we are seeing a very, very strong tailwind both in terms of the emerging HNIs and HNIs that the country is seeing. And some of us who have joined the team have had large number of years of experience in managing the money for HNIs and Ultra HNI clients. And that's the domain skill that we think we will be able to bring to the table very strongly.
- And as Dinesh bhai rightly answered, I think in order to reach out to a large number of growing emerging HNIs and HNIs across the country, I think the need of having a very strong technology platform in place to be able to reach out to those many customers is going to be essential. And I think that's the synergy that one is really strongly looking at.
- No doubt, the market itself is providing great opportunities. Indian investors' interest in terms of taking risk and deploying money into financial products is also growing. So I think it is a combination of all three pillars, a strong domain skill and a strong technology platform. And of course, ours is meant to be an omni-channel platform where there will be additional relationship managers who will also be reaching out to those set of customers. So I think those are the three strong pillars on which we think that the HNI needs can be fulfilled the best, and that's what we are going to capitalize on.
- Nidhesh:** Just a clarification, are we also targeting UHNI segment individuals with Rs. 25 crores plus of that segment in?
- Saurabh Agarwal:** Yes, we will be.

- Nidhesh:** Because by skill set and the platform requirement will be very, very different across all three categories -- three, four categories within this segment. And what is the investments that we have already made in this business or in terms of team building?
- Dinesh Thakkar:** Like you want to know investments that we have done? Okay. Vineet, if you can take this.
- Nidhesh:** I want to understand the operating cost that is increasing -- employee cost which is increasing, how the trajectory will be? Are we fully invested in wealth management, asset management, or we will see further increase in the operating cost from these businesses?
- Dinesh Thakkar:** At HoldCo level, Vineet, if you can just take this question?
- Vineet Agrawal:** Sure. So as I had communicated in our last earnings call, the impact of the new businesses, the incubation of the new businesses in the overall operating margin of the consolidated entity will be about between 1% and 1.5%. So this is going to be there. This quarter also, these expenses that we've incurred towards the new businesses have contributed to about 0.6% of the overall operating margin of the business.
- Nidhesh:** Okay. So 60 basis point of revenue is being -- is the investment in these businesses, is the cost of these businesses as of now?
- Dinesh Thakkar:** I was unable to get your question, if you can just repeat the last one.
- Nidhesh:** Yes. Just a clarification, so 60 basis points of the revenue is the operating cost of these businesses in this quarter?
- Vineet Agrawal:** No, 0.6% of the operating margin of the broking business is the impact of the new businesses. So the new businesses have burned about 0.6% of the overall operating margin.
- Moderator:** The next question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.
- Ankit Babel:** Most part of my question has been answered, but just a clarification. Sir, you mentioned that your ROE will go back to previous highs in the next few quarters. Now we understand that there would be a big impact from 1st October due to this SEBI regulation on turnover charges. At the same time, you also mentioned that there are enough levers available to compensate that. But just wanted to understand, are those levers enough to fully compensate this loss without impacting your overall growth and client experience?
- Dinesh Thakkar:** Ankit, as I mentioned that there are enough levers to offset this increase or maybe benefit that would be withdrawal. But what we are looking at is that, as I said, that size that we have in this industry, our efficiency is better than average for -- if I take an

average of all four, five digital payers. So whatever impact we see in terms of unit wise cost that can be easily offsetted with using all that levers.

Ankit Babel: Okay. But to compensate this current loss and any future losses which might come due to change in regulations, is increasing the brokerage rate option available? Will you consider that?

Dinesh Thakkar: Yes, definitely. This is what I am saying that we are waiting for announcement on other things. We will evaluate what kind of an impact it can have on volume. If you see certain impact, which needs some correction in pricing also, we would definitely do that.

Ankit Babel: Okay. So lastly, as investors, is it fair to assume that going forward, you will maintain this 47% to 48% kind of operating margins in the coming years without impacting your growth?

Dinesh Thakkar: After the capital raise, Vineet, if you can just like answer this? After capital raise, ROE would be different.

Ankit Babel: Not ROE, EBITDA margins?

Dinesh Thakkar: Yes, EBITDA margin definitely would bounce back. If you see today also at sales, our margins are quite decent enough. So there are lots of levers which we can play in terms of looking at new regulation, what kind of inflows we see in customer coming new to market and all that. So it's too early to say, but as I said, there are lots of levers including looking at increasing our price, which are available. If you look at variable costs, that chart that we do, there are lots of things that we can use to get this OPM back. So we are very confident that we'll be able to, in a few quarters, we will be able to come back to this OPM.

Moderator: Thank you. The next question is from the line of Gautam Trivedi from Nepean Capital LLP. Please go ahead.

Gautam Trivedi: This is for Dinesh Thakkar. The figure that stood out immediate supply...

Moderator: Sorry to interrupt sir may I request you to use your handset sir you're not clearly audible.

Gautam Trivedi: Yes, I'm using my ear pods. Can you hear me now? Is it better?

Dinesh Thakkar: Yes I can hear continue. Gautam continue.

Gautam Trivedi: Okay. Thank you. One of the things that stood out for me was that your client funding book is up 200% as you mentioned to Rs. 34 billion year-on-year and then your exposure per client is also up 80% to Rs. 1.8 lakh. So both these numbers obviously are much quite bigger on a year-on-year basis, quite staggering. My question is do you think that the market at this point is overheated?

Dinesh Thakkar: It is very difficult to say when market is overheated. I think best of expert would not be able to say you when market is oversold and all that things. We have been tracking

market including you all since 30 years, never we have predicted peak or the bottom. I think looking at fundamentals definitely everybody is bullish.

We don't feel that it is overheated. Lots of kind of a value there still in the market and we are expecting lots of concerned inflows retail as well as from FIIs and all that. Though I am not an analyst tracking the market, but my gut feeling says that the best phase of market is yet to come.

Gautam Trivedi: Fair enough. And one last question from my side. On Slide 25 on the extreme right you've got the client funding book segmentation and there it says 84% of your client funding book is blue. So the blue color says 0.1 million. So what is that 0.1 million? Is that the average contract size AUM of the customer? What exactly is that? How do I read that?

Dinesh Thakkar: Vineet, if you can take this question.

Gautam Trivedi: Vineet do you want me to repeat the question.

Vineet Agrawal: No I understood your question. What this bar which is deep blue it denotes is that the 84% of our total book comprises of clients having exposure of less than Rs. 100,000.

Gautam Trivedi: So that equates to the low per client exposure of Rs. 1.79 lakh?

Vineet Agrawal: That's the average the average across the entire book is about Rs. 1.8 lakh or Rs. 1,80,000. 84% of this book is about less than Rs. 1 lakh and then 9.6% is between Rs. 100,000 to Rs. 500,000 and about 6.4% of the book is between more than Rs. 500,000.

Gautam Trivedi: Understood. Thank you very much. Just one question for Mr. Thakkar you mentioned that you are postponing on the dividend you don't want to declare for the next few quarters to conserve capital where is that coming from, what's the concern or why are we doing that?

Dinesh Thakkar: If you see that we have skipped dividend, we have raised the amount through QIP because we feel looking at the growth of this industry lots of capital is required to support this growth. So we would like to watch the trend for few quarters and then again I will start coming back to giving dividends.

Gautam Trivedi: Got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Abhijeet S from Kotak Securities. Please go ahead.

Abhijeet S: Yes hi good morning everyone. Sir I have couple of questions again on the MTF book. One is that how should we see this book growing now that with fresh capital we are already seeing the impact on growth, but what's the untapped potential with our current customer base and where can we take it to in the next 6 months to 12 months?

- Dinesh Thakkar:** We are seeing a good traction on MTF in direct business as well as assisted business. So if we -- like we feel that growth in this segment will continue at a decent rate. Devender and Nishant if you can take this question in terms of...
- Devender Kumar:** This is Devender this side. So on the MTF front there are two, three big changes which have come in. Obviously, the funds coming in has allowed us to expand our base of users who we were restricting in terms of usage because the same thing so that I expanded which has allowed large customers or large ticket size also to come in.
- Secondly, there are major innovations changes that we have done on the product front where we have introduced now MTF product base, so people can actually have a complete experience of an MTF product which was not available earlier as well as we have introduced some journeys where clients who are trading or buying investments. We have come up with journeys where if there are short on funds, we are giving them an option of using MTF which we were not doing earlier, which has now obviously allowed lot of people to -- generally people who were investing in the market to come ahead and use these funds for their investment purposes for short-term purposes. So combining all these three activities has resulted in the overall increase in MTF that you're looking at which has got us to a place today.
- So we continue to look at going ahead as well. This will continue as we are bringing more innovations and more simplified products for our customers to use this in a much more higher customer experience oriented way which is what is now driving this growth at this point of time.
- Nishant Jain:** Further to add what Devender mentioned. The market remains to be highly robust. The overall book at the industry level is at about Rs. 73,000 crores and we believe that from here on we would definitely be seeing a 50% upside in the next 6 months to 12 months if that was the question that you have.
- Abhijeet S:** Got that useful. And just qualitatively I guess the customer profile of MTF clients would be somewhat different from the rest of the client base. So if you could give us some color in terms of what are the average positions that they hold with us or age profile vintage?
- Devender Kumar:** We don't look at this data, but generally when we have looked at data we have found that they are very similar to our investor category and trading. We don't see much difference in terms of their profile and general trading clients or investing clients. We don't see that difference in terms of age and rest of the places.
- Abhijeet S:** Okay. And one last data question is that what's the revenue share for the AP clients who are borrowing through MTF? What share of interest income is getting shared with the APs?
- Dinesh Thakkar:** I don't think we share that data. Vineet do we share this data?
- Vineet Agrawal:** No, we don't.

- Dinesh Thakkar:** We don't share this data.
- Abhijeet S:** Okay no problem. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ashish Goyal from Invest Savvy Portfolio Management LLP. Please go ahead.
- Ashish Goyal:** Good afternoon. I'd like to ask that while I understand that there was not much of an impact when the lot size was reduced, but if the lot size has significantly increased which seems to be what SEBI is trying to do, indicative numbers given in one of the articles indicated lot size going to as much as Rs. 20 lakhs to Rs. 30 lakhs.
- Now clearly I understand investors have a certain amount of capital which they want to use for trading, but if the lot size goes to that amount then how do you mitigate that risk and what is the kind of impact you would see in your business?
- Dinesh Thakkar:** Ashish it's very difficult to say that what SEBI is going to introduce. What we understand would be certain measures which I think that we have seen lot size from say like Rs. 6 lakh to even like Rs. 15 - Rs. 16 lakh and we did not see much of an impact on revenue. I'm not saying across 8 years, 10 years. Lot size has been changing time and again.
- So unless and until it is very kind of an like different than what we are thinking we cannot comment on what SEBI would come out as a final figure, but whatever discussion we are having and what we are understanding does not seem to be very substantially high, but even if there's like in your range what you are saying, I don't think it is going to impact in a big way because we have seen that okay when lot size increase then to retail may trade less, but what we have seen is that capital allocation towards trading does not change across life style. I have seen this industry since last 25 years whatever leverage product is available customer has certain allocations of their capital towards this. So if it's lot size is within that range unless and until they come out with very kind of a different number. What we are discussing, what we are talking would not have a significant impact and whatever little impact it will have I think we have enough elasticity in price to offset and take care of that.
- Ashish Goyal:** Okay. I guess we'll have to wait for the numbers to come out.
- Dinesh Thakkar:** Yes, exactly. We have to wait for the announcement then it will be a right time for us to comment on that.
- Ashish Goyal:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanketh Godha from Avendus Spark. Please go ahead.
- Sanketh Godha:** Thank you for the opportunity. Last quarter when we announced the results we said that our EBITDA margin will be somewhere between 53 to 44 percentage for FY '25. Today, it is around 37% means if I adjust for the IPL cost it is closer to 48%. So is it fair

to assume that in subsequent three quarters maybe in fourth quarter you will still have an IPL impact again, but you will operate in that 47%, 48% EBDAT margin and end up with the year at 43.5% or 44 kind of number. How do I look at the EBDAT margin story to play out?

Dinesh Thakkar: Sanketh as you mentioned that we have to wait for SEBI announcement, there can be impact for one or two quarter till the time we adjust to new announcement and all that, but overall if you look at -- now let us come to IPL first. IPL would have a long-term kind of like benefit. So it is not right to say that okay with IPL I believe that main impact or benefit of IPL would be seen in the block of 5 years.

So if I apportion that 5 years, I don't think IPL is going to impact with that block in a big way, but when we are spending in that quarter impact is seen. Now coming to like OPM across FY '25, we believe, as I said that when we evaluate this announcement which are going to come already we know about this true-to-label and all that. For that, we are very confident that lots of levers can be used to maintain our OPM.

We have to wait for SEBI announcement and then it will be the right time for us to tell about FY '25 OPM because these announcements are expected to come say in a month or two. So it will take some time for us to react in a way you have to evaluate in terms of what changes we have to do in our business model, what levers we have to use to offset any impact, if that is there. So a bit early to say, but overall I can say as a business model we would be maintaining this OPM of 47%, 48%. We cannot comment on that quarter.

Sanketh Godha: Yes, I got it. Sir, but then it is safe to safely assume that any lot size change on any regulation with respect to options which will come, you are indirectly admitting to the point that it will have an impact on the growth and therefore predictability of the profit margin will be difficult to tell at the current juncture?

Dinesh Thakkar: No, Sanketh what I am trying to say when announcement comes we have to evaluate it properly that exactly what would be our kind of like strategy for that. So that many times takes 15 days, 20 days or a month, quarter is just three months. So we would not be very impulsive in terms of reacting. We have to evaluate each and every concern. See we are more of like company who believes in data. We look at 5-years data. We check what would be an impact on customer behavior.

If it is temporary, short term or medium term so I'm commenting on that quarter when announcement will come that quarter may not reflect a right OPM picture. But if I look at overall what we can achieve in terms of business model if I take even two quarters here and there we would be able to restore back or come back to OPM of 47%, 48% that is my point. It's a big announcement that we have to wait to evaluate. We cannot be impulsive. We cannot be prepared for what we don't know.

Sanketh Godha: Got it. And on margin trade funding book you said industry size is Rs. 75,000 crores, so we are broadly at 5% market share. If I do the reverse math I think the largest player

is somewhere around 20% plus. So just wanted to understand it means to drive the margin trade funding book means you will keep on focusing on cash market and cash delivery market. So is it fair to assume that when you say tweaking of the charges, you might not touch the cash delivery because it's kind of an indirect support for margin trade funding book, which is more profitable. Can one make that conclusion? Or do you think both are independent and margin trading funding book and cash delivery charges will not move hand in hand?

Dinesh Thakkar: Sanketh I can tell you one thing that okay, whichever segment was subsidized and all that, that will not remain. And customers are okay to pay for a cash market they never said no. We felt that we have enough OPM, we continue to kind of like keep a zero brokerage.

Sanketh Godha: The reason I'm asking sir, this is that last September only, we took that call of reducing meaningfully lower compared to the industry competition. So now we are coming back on our stand.

Dinesh Thakkar: You are getting confused. That was intraday. This is delivery. So intraday charges, we realized while going digital, we missed out that portion of somebody is trading in a low kind of like ticket size. We need to give kind of a like brokerage, which that person would be able to kind of like trade and earn. If we charge too much on that contract, we will lose that customer to traditional brokers. See, by definition discount broking on people like us using technology platform has to be lower than traditional brokers. That segment, that pricing, that ticket size, we were higher. The day we realized we reduced that price to Rs. 20 or 0.03%, whichever is lower.

So that is not connected to the cash segment what I'm discussing right now. And this charging on delivery will have an impact on margin funding, we don't believe even a customer is kind of taking delivery, they are okay to pay charges. But only on our own, we are cutting zero.

Sanketh Godha: Got it. And this MTF book, I just wanted to understand which customer segment is driving. It is direct or assisted sales people, customers are predominantly driving our MTF book.

Dinesh Thakkar: Growth, we are getting growth from both the segments, as Devender and Nishant told you that both those books are growing at an equal rate and there's a good potential. So right now, like already we have seen a good growth. So kind of an adoption and customer like liking, margin trading platform on our -- margin trading service on our platform is really like they appreciate it and they use it also. So what I feel many times, suppose I have seen in my life that if option ticket size goes higher many of those customers move to cash trading platform they leverage by taking margin trading.

Sanketh Godha: Got it. Perfect. And lastly, sir, on this offline business using your authorized person and getting into distribution I think we did not touch upon on that point. Can you just tell us the progress and when we can see revenue materialization happening in that plan?

- Dinesh Thakkar:** When you're saying assisted business?
- Sanketh Godha:** Yes, assisted business.
- Dinesh Thakkar:** Assisted business authorized people distribution in terms of mutual -- other products, you are saying?
- Sanketh Godha:** Yes, right.
- Dinesh Thakkar:** Okay. Nishant, if you can take this question?
- Nishant Jain:** Yes. So as Dinesh bhai had mentioned during his initial opening remarks, we have recently taken live the journey for DIY on-boarding for mutual fund distributors. And the whole idea is to create a disruption of sorts and provide these players a very potent platform, which they can use to one, attract their own clients and also grow their business into different other revenues, which we already offer.
- So I think with this going live, we are very confident that we would be able to attract a very decent size of mutual fund distributors and eventually panning out into a decent growth as far as our AUM and mutual fund clients are concerned. And the approach also is once those kind of customers come by who may have a mutual fund first approach, we would like to use that funnel to also cross-sell multiple other products including broking and our internal data is suggestive of this trend.
- Sanketh Godha:** Got it. And have you finalized what will we be sharing between you and MFD I mean, 70-30, 60-40. Anything concrete is metallized now?
- Dinesh Thakkar:** No, we don't disclose that.
- Moderator:** Thank you. The next question is from the line of Yashodhan Nerurkar from Edelweiss Mutual Funds. Please go ahead.
- Yashodhan Nerurkar:** So firstly, I wanted to understand since you have a plan to incorporate a wealth management division, I wanted to understand how are you looking to scale that up because I mean, I'm asking because I mean most of the client base is somewhere below 30 on an average. And the opportunity to cross-sell the product also is taken out because of the client age. So how exactly are you planning to scale that business?
- Dinesh Thakkar:** Yes. First of all, we have formed the company. It is not we are planning. Already, we have formed. Team is in place. And I would ask wealth management team to reply on this.
- Shobhit Mathur:** Yes. So the plan here is basically to build solutions for emerging HNI, HNIs and ultra HNIs as I mentioned earlier, we already have got the team scaling up. We already, basically 3 broad directions in which the teams are getting built. There is an investments team which is going to be looking at all kinds of investment solutions, which cater to the requirements of the HNI customers in general.

There is a technology team additionally which is setting up the technology platform because the requirements of HNI customers are different than the requirements of customers that currently are offered on the Angel One platform. So there is a separate technology team, which has already got set up. And thirdly, there is -- as I mentioned earlier, there is an omnichannel approach, we are also going to have relationship managers, who are going to be approaching many of these HNI clients because HNI clients do like to have interactions with individual relationship managers because the discussions can go beyond pure execution of financial investments.

There are discussions around various other aspects related to their wealth management needs. So it is a comprehensive platform, which is getting built. We already have got registration with AMFI for distribution of mutual funds. So to that extent, the building blocks are starting to come in shape. We have a plan where this all business will continue to keep adding up and the teams will continue to keep getting built to address various kinds of requirements and needs of wealth management customers.

Amit Majumdar: Yashodhan, if I may add on your point about our customer base at Angel and if there's a potential to cross-sell. And the point here is that we have seen our customers also evolve. The number that you mentioned in terms of the age is actual the median age but there are a set of customers who are on the higher side of the median age and basis our data analytics they also fulfill some of the parameters that the wealth team is currently exploiting, and therefore, to that extent we will be enabling the journey more as a tech wealth-tech kind of offering to those set of customers because we believe they are far more digitally savvy at the same time at the right age and the right value bucket.

And we see that over the next few years, 5 years to a 10-year bucket a lot of our existing customers will eventually evolve there. And this is the beauty of our model because even in any other product, we believe in setting it up at the right time so that we are not too ahead of the curve. At the same time, we have the platform ready, so that whenever there is any change in the business strategy then we have process -- already to take care of it. So that's the point to answer about your existing customer base of Angel One.

Yashodhan Nerurkar: All right, that's very helpful. And secondly, I just wanted to understand, I mean do you guys keep a data as to the number of people who are trading the derivatives. They're trading on daily options or monthly or the weekly options. So do you bifurcate these sort of traders? And the revenue contribution from each of them, do you categorize them into different buckets as such?

Dinesh Thakkar: See internally, we do lots of kind of bucketing but this being very competition-sensitive data, we don't disclose all this.

Yashodhan Nerurkar: Okay. No worries.

Dinesh Thakkar: We have a big Data Science team just doing all this job.

Yashodhan Nerurkar: Okay. Sir, just one last question. Since earlier participant asked you about your -- the margins. So I understand there are certain expenses which are not in your control and are dependent upon the multiple regulation that will be coming out. But there are certain costs, which are in your hands, I mean in terms of scaling up certain initiatives which you have been planning. So in terms of moderation of those expenses, do we see them moderating in a year or 2 or they'll continue to be on that elevated front because of the investments you are making in different new initiatives.

Dinesh Thakkar: Yashodhan, investment in new initiatives is kind of like long-term call, so definitely, there is no slowdown in that, in fact, we are seeing quite positive kind of like signals we are getting from all new businesses including wealth management and AMC. So that investment will continue.

Now for information already, we have taken that cost, and we're yet to see revenue from all those vertical. But looking at original -- initial kind of responses we are getting in terms of attracting right kind of talent and all that, I think we will continue to be fully invested in that. On scaling up as we always see cost of acquisition to lifetime value. I believe lifetime value with all these changes is not going to change. Hence, our strategy in terms of scaling up also will remain as it is.

Yashodhan Nerurkar: Okay, fair enough. Thank you so much. That's it from my side and good luck to you.

Moderator: Thank you. The next question is from the line of Chinmay Nema from Prescient Capital. Please go ahead.

Chinmay Nema: I just have 2 general industry-level questions. So firstly, active NSE clients is a metric reported by all the companies to represent their market share and for market sizing. Just want to understand what percentage of active NSE clients are usually the ones operating in the F&O segment. So basically, how representative it is of the majority of our business. That's the first question.

And secondly, could you provide some sense around the value and volume growth of the industry? Basically, is it that more people are entering into F&O trading that is what is driving the growth? Or is it that the same people are putting in more money into it some sense around this?

Dinesh Thakkar: First question on active customer base that does not represent our volume on F&O because these are the customer base who have just traded once in a year. Our experience is that any customer when we acquire they may not be active in their first year but they later on become active in F&O and other segment. So that way, there is no straight correlation between active customer base and active customers on F&O segment.

Second, on your question was on value and volume growth. See what I have seen the customer has a certain kind of like appetite for trading in the market. So what is important for us that okay, whatever a customer has a capital in terms of trading or

investment that has remained almost constant. I don't see much of a change in that ticket size.

So exposure for customers, if I take even after this volume has increased on F&O, if I take customers like 2 years back their ticket size or exposure in F&O market was same. This volume that we are seeing growth in premium or F&O it is because of more number of customers coming to the market. So overall ticket size of a customer remains same. I think this whole surge that we saw in volume it is because people across India because of access to capital market, they all have become active if you look at growth in kind of like premium markets and growth in customer base almost goes hand in hand.

Chinmay Nema: Got it sir. And lastly, you've been in this industry for a long time. So typically, what's the behavior of this customer segment during times of market downturns, I mean, clearly, the last 4 years markets have been in major upswing. But in your experience, subjectively, what happens during periods of downturns?

Dinesh Thakkar: We have seen during downturn previously because market was shallow, mostly retail were participated through kind of like urban and tier, metro population, we were unable to even counter like selling from FIs, even small selling in a year like Rs. 50,000 crores, Rs. 60,000 crores, even Rs. 1,00,000 crores used to create a big disaster in market. So what I am seeing is, one scenario is before digitization and after digitization. After digitization, what happen a new set of customers, young who were social media savvy, they understood virtue of equity. So what I'm saying if you look at downtrend, it is not downtrend has not happened. If you look at COVID, there is a big downtrend. There are lots of kind of pockets where market has corrected a lot. That correction, what we saw retail behavior was different than what it used to be. In every downturn, they have really bought shares. I'm not talking about just trading in F&O, they have really acquired -- they have created AUM at every downfall. So right now, appetite of people who want to build AUM is so large, and they are so kind of like savvy in terms of that wealth can be created only through investing in equity. They know everything about SIP, Mutual Fund, F&O. We colour this youth as they are very kind of like aggressive, they just want to trade in F&O. But if you look at buckets of investors who are investing in SIP, invest in cash market, he is the same profile. So I believe in downtrend, they're going to buy because they have an appetite to build their AUM if they see market is available at the right valuation because this generation gets information or kind of like wisdom from social media and they're ready to put their saving what they usually used to put in bank in equity market.

Chinmay Nema: That's very helpful.

Amit Majumdar: I am sorry, Chinmay. I have to also help you -- seek some attention to Slide #37 of our Q1 FY'25, where we have given some representation around what happens to retail participation when the market falls by 5% or more. That's a very useful slide. You will see it over a longer period of time, it doesn't impact. So, that kind of addresses your question 2.

- Chinmay Nema:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Arvind Datta from Marigold Wealth. Please go ahead.
- Arvind Datta:** My question is regarding the SIPs that have been registered on your mobile app or the platform. As Mr. Thakkar said that 0.5 million SIPs got registered in June and almost close to 1.5 million for the quarter. So, first question is that what is the average ticket size of this SIP? And second one is, what is your current AUM on the mutual fund side? That's it from my side?
- Dinesh Thakkar:** First of all, we are seeing a good traction on SIP, both from direct business and B2B. I would like Saurabh and Nishant to take this question.
- Saurabh Agarwal:** So far, we don't disclose the AUM on the entire book because the idea is to get more and more customers used to investing in SIP and start getting retained on the platform. In terms of the average SIP value, we have seen a consistent increase in the SIP value over the last 1 years since when we started the journey. And we would be in the range of roughly Rs. 1,500 per SIP, per new SIP that is registered.
- Arvind Datta:** Thanks a lot. That's from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanidhya from Unicorn Assets. Please go ahead.
- Sanidhya:** So, first question is on the side of the MTF. So we are seeing that SEBI and regulators continuously heading on the revenue side of the entire market. So, do we see any changes in terms of our MTF Book as per the new norms because many of the stocks will be out of the list now?
- Dinesh Thakkar:** Bhavin, you would like to take this?
- Bhavin Parekh:** Yes. See, this stock is not related to MTF. MTF there is actually as per regulation any stock which forms part of Group 1 securities, MTF can be backed. What has taken away by NSE is the collateral that can be repledged to -- that is a clearing corporation, that they will not give an exposure towards the margins of the F&O.
- But as far as MTF is concerned, this has nothing to do with that circular. So, MTF would continue to be as is. And as per regulation, as I said, all Group 1 securities are allowed to be funded through MTF route. I hope that answers.
- Sanidhya:** Yes. So do we see any impact on our internal cost due to this? That was actually I wanted to ask?
- Bhavin Parekh:** No, nothing.
- Amit Majumdar:** And to your question on how the regulators are seeing this space, so this MTF that we are referring to is actually a regulated product, and it is done in the books of broking

itself. So, far as this particular segment of the business is concerned, we don't see any challenge there because this is a rightful way to borrow money on the back of securities with a certain percentage of margin and all of that from a risk management perspective is a very well institutionalized product in the segment.

What is also important here to note from our point of view is perhaps we are the only digital player who has this product enablement on our digital platform. So to that extent, it gives us an edge when it comes to any pricing change that we need to introduce and if there is any leverage impact on a customer, and the customer were to actually use the equity cash market as a leverage, then we will be the ones who will be benefiting from it because we have a well institutionalized digital journey already on the platform. And therefore, the only other player that we compete with here is the bank-led brokers, who have a significant amount of capital. I wouldn't say infinite, but significant amount of capital. So it's a function of capital. But from a digital enablement, we are very much there because we have been in this business for very long.

Sanidhya: Secondly, on the lending business. Can I get an overview on what kind of lending business are we looking foray into? And what kind of RBI approvals have we taken or other regulatory approvals we have taken for that?

Dinesh Thakkar: Saurabh, if you can take this.

Saurabh Agarwal: Yes. So in terms of the lending business, we are looking at being a distributor for secured, unsecured products, credit cards over time, right? As of now, we are in beta for unsecured PL lending right now. In terms of RBI Approval since we are acting as a distributor, we don't need too many approvals. Having said that, we act as LSP for the lenders who we distribute for. And we are compliant with respect to SEBI regulation on what we can do and what we can't do with respect to the distribution business. So that is in terms of the regulations. In terms of the business thought process, the idea is to enable more and more lenders to participate on the platform and to give the best price and the best offers to our customers both on the unsecured and the secured side. Over time, we are heavy on the unsecured side for now and gradually also build a secured book.

Sanidhya: So we are we covered in terms of exposure to regulatory risk from RBI in this front? So right now, our business would be small. So as we explained, are we working continuously to ensure that we don't face any regulatory kind of headwinds in terms of this lending business going ahead?

Saurabh Agarwal: Yes, since we are acting as a distributor, honestly speaking there is no real regulatory headwinds at our end. Having said that, we are more than 100% compliant in whatever we do or attempt to do on the distribution side.

Sanidhya: And lastly, on the Slide #12. So there, we mentioned that how which clients acquired - as per the year-end, how many clients have transacted. I think last we mentioned was

FY'22, and I think we are in FY'25. So don't we think that FY'23 number would be good number to portray like how many clients have transacted in the last 2 FY almost?

Dinesh Thakkar: Amit, if you can take this?

Amit Majumdar: Yes. So here, the whole objective was to show that when a certain cohort of customers spend longer time on the platform, how does those customers behave over a longer period of time. So that's really the objective. And therefore, with FY'25 going by, finally when the year goes by, we will essentially be updating both for FY'21 and FY'22 to only demonstrate for those cohorts of customers if another year goes by then how will that customer behave on the platform.

And more importantly, the objective here was to say that whether he is an F&O customer or not, eventually, all customers begin to build equity wealth over time. So that's the objective of this slide. Updating it for FY'25 means that we are going to update only for the existing customers. We are not going to see it as a new customer cohort and what that impact will be in a year or 2. So please look at it with that context in mind, if I've answered your question.

Sanidhya: I totally agree. I just wanted to ask. So FY'21, FY'22, okay, fine. Now what about FY'23? The clients that we acquired in FY'23 is ranging to around 4.7 million, right? So what about that? How many percentage of that clients have transacted till FY'24 Or may be if we can get the real number for Q1 FY'25? That would be really helpful?

Amit Majumdar: We will evaluate this at the end of the financial year and take a call on of what needs to be presented then. Again, the point still remains sacrosanct. The objective is to see the customers maturing on a longer period of time. So even if we look at in FY'23, as of the end of FY'25, it will be less than 1.5 years old, because remember, a customer is acquired throughout the financial year. So not all customers become active in the second year any which way. So that is never the objective. So that's the point I was wanting to make. Any which way, we will revisit this data at the end of the financial year.

Sanidhya: And if I can ask you a last question. So on the LTV, lifetime value of a customer, do we see any changes on that front because now the F&O part could be -- revenues from the F&O part could really change and we might be looking into getting from equity exposure of the client. So equity exposure totally depends on the kind of capital that the client can bring in. So do we see any changes on the LTV of existing client base and the new client base that we have?

Dinesh Thakkar: No, I don't see any change in LTV. In fact, if at all, I go with my past experience, if a client is trading less and investing more, LTV will increase. Because then what happens is that when they lose less capital, they dedicate more capital to capital markets otherwise when they are burning it fast, they are unable to understand market, so allocation of their wallet share towards this capital market takes time to come in.

So my belief is there would not be any change in LTV, but this may get extended because now they are trading less. We look at like cost of acquisition and what kind of

an LTV we can generate from customers with whatever kind of like experience we have and what data suggests, it appears there would not be any impact on LTV.

Sanidhya: Thank you so much, congratulations and all the best. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Dinesh Thakkar for closing comments.

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

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