ANAND RATHI
Private Wealth. uncomplicated

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Date:15th July, 2026

To,

The Manager,	**The Manager,**
Listing Department,	**Listing Department,**
The National Stock Exchange of India Ltd.,	**BSE Limited,**
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Trading Symbol: ANANDRATHI	**Scrip Code: 543415**

Dear Sir/Madam,

Subject: Q1 & FY27 Earnings Conference Call Transcript

We are enclosing herewith copy of the transcript of the Company's Q1 & FY27 earnings conference call dated 10th July, 2026. The transcript is also available on the Company's website at https://www.anandrathiwealth.in/financial.php .

This is for your information and record.

Thanking You,

Yours faithfully,

For **Anand Rathi Wealth Limited**

PRAVIN RAJENDRAPRASAD JOGANI
Digitally signed by PRAVIN RAJENDRAPRASAD JOGANI
Date: 2026.07.15 11:05:08 +05'30'

Pravin Jogani
Company Secretary and Compliance Officer
M. No. A25413

Enclosed: as above

ANANDRATHI
Private Wealth. uncomplicated

Anand Rathi Wealth Limited

Q1FY27 Earnings Conference Call

July 10, 2026

MANAGEMENT:

- MR. FEROZE AZEEZ – JOINT CHIEF EXECUTIVE OFFICER
- MR. JUGAL MANTRI – GROUP CHIEF FINANCIAL OFFICER
- MR. RAJESH BHUTARA – CHIEF FINANCIAL OFFICER
- MR. VISHAL SANGHAVI – HEAD - INVESTOR RELATIONSHIP

Moderator: Ladies and gentlemen, good day and welcome to the Quarter 1 of Financial Year 2027 Earnings Call hosted by Anand Rathi Wealth Limited. 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. I now hand the conference over to Mr. Feroze Azeez, Joint CEO of Anand Rathi Wealth Limited. Thank you and over to you, Mr. Azeez.

Feroze Azeez: Thank you so much, Michelle ma'am. Good afternoon and thank you everyone for joining the earnings conference call for quarter ended 30th June 2026. We have today with us the Group CFO - Mr. Jugal Mantri, the CFO of ARWL - Mr. Rajesh Sir Bhutara, and our Head Investor Relations - Mr. Vishal Sanghavi.

As we have always shared with you, we remain committed to delivering consistent profit growth. I am pleased to report that we have delivered another quarter of consistent performance, this is our 19th quarterly result. I would like to sincerely thank our clients, employees, and all our stakeholders for their continued trust and support. Despite the volatility which you all are aware of in the Q1FY27, our uncomplicated business model and unwavering focus on client outcomes helped us deliver consistent, market-agnostic growth.

This once again demonstrates the strength and resilience and the scalability of our business. The mean Y-o-Y growth of our last 17 quarters, skipping the first two because there was a COVID base, profit has grown at a mean median of 31.7% Y-o-Y and a mean of, sorry, mean was 31.7% and median was 33.1%.

Seldom do listed companies measure the consistency of the earnings and the standard deviation of these 17 numbers, which are Y-o-Y PAT growths declared for the last 17 quarters, the standard deviation was 4.8% reflecting the consistency of our performance mathematically rather than in English. Total AUM grew by 21% Y-o-Y to INR1,06,300 crores as on June 30th, 2026, supported by the net flows of INR2,743 crores for the quarter despite high volatility.

Equity capital markets reflect our clients' continued confidence in our business model. So, this quarter, we had INR1,900 crores of net sales in equity mutual funds alone. In our flagship business, in the last 12 months, we have added 1,600 plus new client families on a net basis bringing our total number to close to 14,000, to be precise 13,941. Client attrition rate in terms of AUM lost for Q1 FY27 was 0.09%.

We love to see this number second decimal, but yes, we would love to see it zero in fact, underscoring the strength of our client-centric uncomplicated approach. Zero regret RM attrition for the quarter is another highlight. Now I will hand over the conference to our Group CFO, Mr. Jugal Mantri to give you all the updates of the subsidiary companies and the consolidated financial performance of the company. Jugal sir, can I hand this over to you?

Jugal Mantri: Thanks Feroze bhai. Thanks Michelle. Good afternoon everyone. Let me first talk about our other businesses in subsidiaries. Digital wealth business, which is B2B2C business, registered

AUM growth of 23% year-on-year to INR2,526 crores and number of clients increased by 16% to 7,320. OFA business, which is a SaaS platform, has 6,890 subscribers with platform assets of INR1.66 lakh crores for the quarter ended 30th June 2026. We have also started operations in UK and very soon you all will see this business flowing from there and start contributing.

Now let me give you all brief about Q1 FY27 consolidated financial performance. Excluding fair value gains on investments, ESOP expenses, and related tax effects, our consolidated total revenue for the Q1 FY27 stood at INR336 crores compared to INR284 crores for Q1 FY26, registering an 18% Y-o-Y growth. Profit after tax stood at INR116 crores showing a 24% Y-o-Y growth compared to INR94 crores in Q1 FY26. Profit after tax margin is higher at 34.4% for Q1 FY27 compared to 33% in Q1 FY26.

During the first quarter of FY27, we have achieved 24% of full year revenue guidance of INR1,415 crores and 25% of its full year PAT guidance of INR460 crores. Given the strong business we have built and the opportunities ahead, we remain confident of achieving our guidance. Reported numbers including fair value gains on investments, ESOP expenses, and the related combined tax effect, total revenue for Q1 FY27 stood INR430 crores and PAT at INR163 crores. That's all on the financial numbers. Now we can start question and answer session. Over to you, Miss Michelle.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Shubhi Gupta from Trinetra Asset Managers. Please go ahead.

Shubhi Gupta: Good afternoon, sir. So, my first question is that we are expecting Platinum families to grow from 211 level to about 450 to 500 over two years. So, I wanted to ask what is the Quarter 1 update on that number and how much is the contribution from them? My second question is that clients from less than INR5 crores bracket upgrades themselves to INR50 crores bracket. So, I wanted to understand at what rate does that happen? Every year how much of the first bucket upgrades to the second bucket?

Feroze Azeez: Didn't get your second question, Shubhi, if you can repeat that for me.

Shubhi Gupta: Sir, yes, so basically clients from less than INR5 crores bracket upgrades themselves to INR50 crores bracket, which is our target market. So wanted to understand that at what rate does that happen? Like every year how much of that first bucket gets transferred to the or upgrades themselves to the second bucket?

Feroze Azeez: Correctly, so first question is what's the update on the Platinum clients. I think Platinum clients would be about 230 now approximately from 211. And since this is a segment which we have launched just about two and a half years back, when we actually launched this segment, we had about 40-45 clients only. So, if you ask me whether we will get to that 400-500 number sooner than later, of course.

The second question automatically is the next question of the first question or the subset to the first question; how many people upgrade? INR5 to INR50 crores is a large segment. So, we are now also trying to segment our clients into Gold and Platinum. These will be the only two segments we wish currently to have.

So, I think the upgrade rates would be something like a few a quarter, 10%-15%-20% a quarter, that would be my guess. Because we generally believe in not going to people -- quite a few wealth management outfits figure out who's got into money by a transaction, large real estate transactions or large private equity transactions. If people come into money a few hundred crores, most wealth management outfits reach there and try and get a share out of that.

We believe in growing our clients internally. So, I think there will be a hockey stick kind of a count increase, like in the last two years it went up from 45-50 to 230. So, I wouldn't be surprised that you would see it in four digits in a few years.

Shubhi Gupta: Okay, sir. So just one more question. Sir, AUM per RM has been increasing. I think it was INR230 crores per RM and now it's been increasing. So is there a cap on that or how do we see that progress?

Feroze Azeez: See, there's no cap in terms of the amount of money. Of course, there are -- there are relationship managers who have spent about 15-18 years with our company, most of them could be at INR500, INR800, INR1,000, INR1,500 crores also if somebody has created a business for about a couple of decades. This business is about mass and time, not about speed. That's what we have been saying. So, rolling stone gathers no mass in this business. Anybody who changes companies in this business has -- if you look at data, anybody who changes more than three companies, the guy leaves the wealth management industry before he retires. So, coming back, is there a cap on the AUM? The answer is no. Should that number go up? The answer is yes. When we got listed, if I'm not wrong, that's when we had got to INR100 crores per relationship manager.

Now we have had more relationship managers and we have more AUM per RM. And since this business, the key crux is what's your client attrition, what's your RM attrition. If your client attrition is 0.09%, it is but obvious that this number (AUM per RM) will keep going up. So quite a few companies, AUM per RM can come down, then you would automatically -- it'll -- if and it's a cause and effect. So, you will automatically work backwards to check what is the client attrition, you will see in a few percentage, 4%, 5%, 7%, 10% also in so many wealth management outfits. So, will this number grow? The answer is yes.

If this number -- will it plateau somewhere? I guess no. Because this is a self-fulfilling prophecy because if a client -- like for example, I am a relationship manager, in fact most of our leaders, we have about 86 team leaders and 19 unit heads, all of them are relationship managers, Rajesh sir also manages clients, I manage clients. I think I've -- Yes, a few thousand crores could be a easy number per RM. And we have achieved that in a few cases depending on how long a person has spent in the company.

Shubhi Gupta: Thank you so much, sir. This was very helpful. Thank you.

Moderator: Thank you. We will take the next question from the line of Jignesh, an individual investor. Please go ahead.

Jignesh: Yes. So I had two questions. First is in such a bad market like we had in from April to June, how do we actively manage our asset allocation during such high volatile markets? Second is why -- I think you as a house are giving -- having a call that we will not invest in gold. But sir, wouldn't it be fair that many of the people have invested in multi-asset funds and may be sold out in the last quarter and entered small caps? So, I wanted to understand this, how is it actively managed?

Feroze Azeez: Great. Jignesh sir, we -- see, of course, asset allocation, if your overall risk is high in the portfolio, like we measure it in the form of Beta, of course, most of people on the call would know -- they are from financial services industry because we have lot of analysts. Beta is a risk measure, basically trying to risk evaluate the risk relative to a certain index. If my beta is very high, then I need to do active management.

Let's assume if a treasury is there. He's got some portion of his money with two Beta. Then he needs to go in and come out of the market. We operate highest beta portfolio is 0.6-0.65. That means you're taking lower risk than Nifty mathematically, not in perception. In mathematics, you're taking lower risk than Nifty, so you don't need too much dynamism. So that's point one. Point two, you're not buying the riskiest asset in equity.

I buy mutual funds currently because that's the most tax efficient platform and mathematically if someone were to without being too biased, if he tries to create a diversified portfolio, mutual fund becomes the best platform for a diversified portfolio. So I'm already have a vehicle which is the lowest risk. If I was recommending stocks, for example, those are high beta in the equity portion.

So low beta overall portfolio and conservative equity allocation and structured products makes my overall portfolio a low beta portfolio, hence active management on asset allocation becomes lower of the need. Then coming to gold, if we have this principle, very important principle and that's the foundation stone on which our cultural or our professional fabric is at least laid out is, we sell what we buy; rather than sell what sells.

So gold already is 28% of India's household savings. Out of the INR1,600 lakh crores approximately, 28%, which is USD4 trillion or INR400 lakh crores is already there in gold in the form of 30,000 tons. If already we have so much gold, if wealth management outfit also starts selling gold, then an equity mutual funds is 1.8% and I'm supposed to be selling equity mutual funds, if I start selling gold which is already 28% of Indian household savings, especially after the gold has gone up three times.

That's the reason why we don't recommend gold because India has enough of it and it has doubled after 20 -- well almost 15 years later gold has got this rally above 2,000 going to 5,600 and people are still recommending gold in January when the gold had touched 5,500. So that's why we don't recommend gold because India has enough of real estate and gold.

Jignesh: Right. So out of your total portfolio allocations in mutual fund, all are purely into equity as of now?

Feroze Azeez: No, not purely into equity. If I remember right, we have about INR55,000 crores in equity, INR4,500 crores in debt, and some structured products and some raw material which gets aligned to the model portfolio over periods of time. So it's a combination of all, but largely mutual funds and structured products. *(Here, he talked about over all AUM mix)*

Jignesh: Okay. Right. Thank you.

Moderator: Thank you. The next question is from the line of Rohan M from Equirus Securities. Please go ahead.

Rohan M: Yes. Good afternoon, sir. Thanks for the opportunity and congrats on good set of numbers. Sir, on -- wanted to understand on this other income on the INR110 crores that you have booked now, what is sitting in there?

Feroze Azeez: So INR110 crores of other income is basically mark-to-market gains of our holding. Jugal sir, you want to take that one?

Jugal Mantri: Yes, Feroze bhai. Out of INR110 crores, INR96 crores that is mark-to-market gain in the holding of Anand Rathi Global Finance Limited and rest is the normal other income which is interest income on the surplus which we carry.

Rohan M: Sure, sir. And just on this NBFC revaluation that we have done, so like what is the thought process behind that? Like how did we revalue it?

Jugal Mantri: No, no, we don't revalue. We get it revalued from the third party. So investment banker, he does the revaluation and this has to be revalued after -- in every six months. So this is obligatory on us to get the company revalued every six months and we should incorporate that revaluation, either the increase or decrease in valuation whatever comes, we have to incorporate the same in our P&L account.

Rohan M: Sure, sir. Sure. And sir, what would be the primary and secondary issuances of MLDs this quarter?

Jugal Mantri: See, the primary issuances at the gross level in Quarter 1 was about 8% higher compared to last year. So it was INR1,875 crores compared to INR1,704 crores to the group companies and a INR312 crores of the primary issuances of the third parties. So total it was INR2,187 crores compared to INR1,704 crores in Q1FY25. And secondary, the number was INR968 crores in Q1 FY27 compared to INR755 crores in Q1 FY26.

Rohan M: Sure, sir. Thank you.

Moderator: Thank you. The next question is from the line of Vikas Agarwal, an individual investor. Please go ahead.

Vikas Agarwal: Yes. Thank you so much. I have a question for Feroze. I remember Feroze have once told that three of his RM had gone to competitors. So what is the retention of their asset? Like how do you retain their assets who switch to competitors?

Feroze Azeez: Mr. Vikas, right? Mr. Vikas, thank you so much for your question. Yes, you remember right. I think in the last or the last to last earnings call or the December quarter ending, I had said that three of our colleagues went to a specific company.

So yes, so we basically believe that when a person goes to a newer platform or another company change, if the company is, Anand Rathi is, a very process-driven company, client retention becomes a very important objective and that has been achieved in the form of if I'm not wrong, generally 70% to 80% of the assets at least get retained.

This specific company was wanting to hire people at very obscene salaries because they'd raised some capital. So that's why I might have mentioned that three people went there and that data. Yes, I'll give you the precise numbers. I think it'll be in the range of 80% retention. Now when you look at retention, we don't add mark-to-market. We take the precise net flow of those specific clients who were mapped to that person on the date of resignation.

Vikas Agarwal: How do you plan to derisk your structured product business?

Feroze Azeez: Derisk structured product business. So basically, when you look at our recommendation to our clients, it's mutual funds and structured products. There are 20 different product lines that are possible. We believe opportunity is overrated, focus is underrated. This is what Rakesh sir has taught us, who is our CEO. Don't have to give everything to the client.

So structured product itself is a market risk reduction mechanism for us. In that structured product, we sell Anand Rathi Global Finance structured products and third-party products. The proportion of Anand Rathi is greater and third party is lower because we believe that lending money to somebody else, you have to be very, very careful of a credit risk not fructified.

So Anand Rathi Global Finance is a group company, and that's why our comfort remains there. What you might see as a risk of concentration, for me it is a derisking in itself because we have already seen 2 structured product popular issuers in India almost went belly up and one of them actually went belly up.

So having -- of course, when they went belly up, there were a lot of mutual funds, conventional bonds which was there in the mutual funds portfolios of that specific AAA-rated so-called company. So coming back, structured product helps you derisk the market and brings down the beta of one's portfolio. That's one.

Second, when you're speaking about concentration risk, concentration risk on ARGFL is because we believe that lending to certain corporates, you have to be very, very careful because there is risk construct. So what you see as risk is my derisk.

So the day when these 3 gentlemen designed incidentally, all these 3 were men. So INR758 crores is what they had. Net flow was INR73 crores, correct? INR2 crores in July. So now we have INR685 crores of the INR758 crores with us currently, INR658.5 crores, this is as of June end.

So one person could take away a little more. The other could take away a little less. So basically, 90% of it is retained approximately without the market movement, of course. Does that answer, Vikas sir, as precisely I could get.

Vikas Agarwal: Yes. This was a pretty good explanation for sure.

Moderator: The next question is from the line of Anita Singhania, an individual investor.

Anita Singhania: I would like to ask 2 questions. My first question...

Moderator: Sorry to interrupt you. There is a follow-up on the line. Can you mute all the other lines which are connected from the same room?

Anita Singhania: Yes. Is it better now?

Moderator: Yes. Please go ahead.

Anita Singhania: Yes. So I have 2 questions. My first question is, as you already applied for mutual fund license, is there any plan to expand in other capital market businesses such as investment banking or others? And my second question is, can you explain your plan and views on the Liberalised Remittance Scheme?

Feroze Azeez: Okay. So yes, we have just got a Board consent approval to apply for an AMC license. We believe that arming ourselves is very critical because we have some aspirations, long-term aspirations for this business. So arming ourselves with all the ability is something which we see as our duty towards our shareholders. So yes, that's our Board consent to go and apply for the AMC license, one.

Second, will we get into investment banking? Of course, Anand Rathi Group already has an investment banking wing. I guess you're asking me this question because quite a few wealth management outfits try to get their assets from investment banking transactions like I just alluded to in the previous answer.

Sometimes people go after, they have received INR500 crores approach them with an option that is affordable, attractive, and durable, and you'll land the client. Those are, we believe that, that is capital management, not wealth management. By design, wealth management is intergenerational in our belief.

So we are trying to get that portion of the assets like INR1,06,300 crores has been filtered to see a large portion of that intergenerational wealth. So investment banking for the world has a very large synergy with wealth management, but we believe that getting intergenerational wealth doesn't come from investment banking transactions.

That's why like, for example, I must tell you, Ms. Singhania, that one of my friend works with a real estate firm, and he says that the promoter has got a few hundred crores or a little over INR1,000 crores for next 5, 6 years, he can invest. I'd say, Anand Rathi Wealth Limited is not interested in 5, 6 year money.

So that's why no investment banking. And of course, quite a few people have had a strategy to build it there. There's nothing wrong with it or right with our strategy. But yes, we want to not focus on capital management, but in business management. Wealth management business is more longer term and intergenerational. Wealth is what interests or appeals to us. So only AMC, no collateral other businesses like investment banking.

LRS, yes. Again LRS, again let me again say what I just said, focus is underrated and opportunity is overrated. Everybody tells me there's so much opportunity of the LRS money. Clients also need it, maybe clients need it. But if 182 product people are trying to understand India, and we are still somewhere -- we are scratching the surface.

If I have to give global recommendation across so many markets, I will at least have to have 200 product people sitting somewhere in Singapore or Dubai. Making tie-ups is very easy. A wealth management like ourselves can go to another private bank and tie up and refer our clients, but we have been told by our bosses, Mr. Rathi and Rakesh, sir, that only speak in places where you understand second decimal.

Otherwise, miss the opportunity, you are better off doing that. You can't be everything to everyone for all portions of their money. So LRS is something which is currently far-fetched. Of course, it's a huge opportunity, but we are okay to miss it.

Moderator: The next question is from the line of Lalit Mohan Deo from Equirus Securities.

Lalit Mohan Deo: Just 2 questions. Firstly on the mutual funds business, we have been hearing that a lot of larger AMCs have said that due to the change in the TER expense ratio, they have been -- whatever impact they have been passing on to the distributors. So are we experiencing any pressure on our yield in the mutual fund business?

And then secondly, with respect to the RBI circular on the bank guarantee capital market entity due to which there is an expectation that volumes from the exchanges might go down. So does it impact -- does it have any kind of an effect on the derivative business, which is done by the NBFC?

Feroze Azeez: Got it. So your voice was muffled. I tried -- attempted to hear you. Correct me if I'm not understood your question correctly. First one is AMC's our belief to transmit all the TER pressures to distributors. Is that your first question, sir?

Lalit Mohan Deo: Yes.

Feroze Azeez: So I think some degree of to and from happens. But since we are now a seriously large distributor, it becomes difficult for them to also transmit all of it. Whatever is rightfully ours, 1, 2 bps, I think I would have told you last time also, those get passed on. But in this -- now that you brought me to the subject, I would like to highlight in FY19-20, was it FY19-20, about 6, 7 years back, we -- out of the total net sale in India, Anand Rathi Wealth Limited was 0.18%. Now for this quarter, is it, Vishal?

Vishal Sanghavi: No, for FY26.

Feroze Azeez: For FY26, you will be happy to note if you're already a shareholder, that the 0.18% market share on net flow has gone up to 2.47% *(actual is 2.3%)* as highlighted in the presentation. So since we are a large distributor, we also have some bargaining is the point I'm making, and we might be the only wealth management, one of the few wealth management outfits, which participate are long positions of our clients only using our mutual fund.

We don't recommend stocks, we don't recommend PMS, we don't recommend long-only AIF currently. If my clients need it someday, I might. So, my other wealth management distributions will generally be having mutual fund as one of the products. So, it gives me that little extra, but 1, 2, 3 bps of transmission might happen here or there, like I told last time also.

And Trump decides my yield better more because mark-to-market comes because of that, sometimes it -- so 2, 3 bps is very little on a base of 1.09%, if I remember right, post GST, which is what I earn. Does it answer, sir, the first question?

Lalit Mohan Deo: Yes, sir.

Feroze Azeez: And with my bad memory, I've forgotten the second one. If you could just prompt me again.

Lalit Mohan Deo: Yes, so it's on the circular of the bank guarantees which RBI...

Feroze Azeez: So, the RBI circular, I see that as a great circular because in India, because of GST and other things, quite a few times, there is market inefficiency coming in. So, a learner high-frequency trader or a derivative trader can -- in fact, in India, you can see some -- on naked eye, you can see arbitrage.

Arbitrage is supposed to be identified by second decimal computer. Sometimes when I see the terminal, I can see some arbitrage. So, I am very glad that some degree of volume of all these high-frequency traders will definitely get curtailed. And that makes transfer of wealth becomes a little more difficult.

For example, let me give you this example -- sorry, on our earnings call, I'm giving you this example. Nifty can be rolled over in a spread window. The underlying constituents, there is no spread window for rolling it over. This is like a huge arbitrage. I'm sure whoever needed to understand would have understood in terms of what technical I'm speaking about. If somebody wants to roll over their short or long position on Nifty, there is a spread window. But stocks, which are the underlying 50 stocks of Nifty don't have a spread window.

So higher the restriction on high-frequency traders or learner people who actually operate their computers, supercomputers on Black-Scholes pricing model, it has become really easy. So, RBI brings down the frothy volumes, which were the largest cause of wealth transfer between Indian retail and somebody who's second decimal understands order -- second-order Greeks off derivative. So I'm very happy about that.

Second, what will be the impact on us? Negligible or nil. In fact, positive impact because if you see the last Tuesday, so many Tuesdays, you see these 1-minute candles with 100 point movement, that is largely because of high-frequency traders. So market volatility will become a little more soother on Tuesdays and Thursdays is my assumption. So it's better, and I'm very happy for the country and its regulation.

Moderator: The next question is from the line of Akhil from SKVM Company.

CS Sachin: My name is CS Sachin, not Akhil. What typing error, I don't know. I'm your customer, also client since last 10 years, and I'm a practicing chartered accountant and Independent Director in a few of the companies. And first of all, congratulations to you all, sir, on such wonderful results. I would like to know only one small thing. At this pace when you are reaching to a mutual fund industry regarding your stake in AUM which has now moved from 4% to 5%, what is your long-term aspiration?

Feroze Azeez: Sachin sir, thank you for your question and thank you to be our client for 10 years. I'm extremely grateful because entrusting hard earned money is one of the best things you could do for us.

CS Sachin: Also a shareholder in your company, client plus shareholder, both.

Feroze Azeez: Thank you, sir. Of course, there are shareholders too; we are very grateful to you for placing your trust in us. And now coming to your question, sir. Regarding the long-term target we had announced for the mutual fund industry, we were looking at about a 4% market share on the overall Category II when AMFI declares its assets, it does so across various categories growth and equity-oriented scheme is called Category II is around INR30 lakh crores.

Our market share today is only around 1.5% to 1.75%. Our desire is to take it to 4%. To take it to 4%, we projected what the Category II of the mutual fund industry would be after 10 years. It could reach INR1.5 lakh crores if I grow today's assets at 10% and grow net sales at 10% as well. If these two assumptions are right, Category 2 of mutual funds could be at INR1.5 lakh crores. So, according to its 4%, Anand Rathi Wealth will reach INR6 lakh crores, then that desire will be fulfilled. So when we indicated 4%, we had calculated these figures. We still hold to this 4%. To reach this 4%, I will have to grow my assets at 22% to 23%. Some of it will come from returns, some from net sales. You will see that we have brought INR1,900 crores in equity mutual fund Category II even in a quarter like June. So we are firm on the 4% indication we gave, and the effort is full, and if God's grace remains, it will happen in 8-10 years.

CS Sachin: I would like to ask one more question. As you just mentioned that you will also take an AMC license and start your own mutual fund over a period of time?

Feroze Azeez: Yes sir, for now the Board has approved applying for the license. Now we will take the license. See, if we have any dreams, if a shareholder like you is sitting with our shares, if you are holding them for the long term, then it is our duty to prepare by fully confirming the tools that will be needed to traverse the capabilities and the difficulties that will come to our company.

So that's why we are preparing our armory in that direction. That's why the UK subsidiary's business has also started, point one, in the last quarter. We are also taking a GIFT City license. Vishal ji will tell you – Vishal Both stage have we reached?

Vishal Sanghavi: Second stage in process.

Feroze Azeez: The first stage is done, second stage -- these became our two companies. And this AMC license, the board also believed that it is necessary to do this. And it is very important to keep this armory of ours ready. Ups and downs come in this business, many things also change, so to prepare for it fully, by God's grace, whatever difficulties have come so far, whatever wolves were knocking on our doors, we did our best as a professional duty. We want to make sure that we look at all 0.5% risk, 1% risk and mitigate those as professional.

Moderator: Thank you for answering those questions. The pparticipant left the queue. We'll move on to the next question from the line of Priyank S from Trinetra Asset Managers.

Priyank S.: While our legacy business has been growing steadfastly in a calibrated manner, I just wanted to understand, is there any sort of AUM figure that you all are aspiring to be in the next 5, 6 years, which will be divided between structured and the mutual fund business, A?

B, I also wanted to ask that this has now become the norm that all large-scale distributors are going towards setting up their own mutual fund business and we understand that this is -- ideally you get more control and the yields also see an uptick. So is that with our line of thinking? And third is the UK business, there's a huge NRI market there. Will yields be higher compared to India? And how do you see that?

Feroze Azeez: That's a lot of questions, Priyank, sir. First is, yes, quite a few distributors might have done something like backward integration, like you see the first slide in my presentation of the company. Those are our learnings, which we have learned the hard way. So we have published it for anybody who gets lured with the wealth management business.

Like I had said, wealth management is optically very, very easy business from outside on Excel sheet, and it is as difficult as it could get internally. That's my judgment having spent a couple of decades in this industry.

So in that, you would see point number three, wealth management is a business of backward integration, not forward integration or simultaneous integration. So that's why -- now that we have 18, 20 years of full-fledged distribution, having a backward integration made sense for us. That's why we are doing it, not because somebody else is doing. There are some wealth management outfits, which raised capital and start all businesses at once. All the best, but we think that it has to be backward integrated. That's where it comes from.

So it's not from the herd mentality or a trend which might be there. We really have some reasons, but we don't want that to be completely disclosed today. We have stronger reasons. We have a clear thought process. We have a lot of testing done in terms of doing that. But like you would have seen, we have never attached any value to our subsidiaries of digital wealth, whereas in 2021, people could have sold anything on the basis of technology.

So similarly, we would want to underplay it currently, but it is not stemming from who else did it. It's stemming from our own individual thought process. And it is consistent with what is written in point number 3 of the first Slide. And then sir, asked me what else the question. Priyank, sorry, when I'm answering one, I forget the next one.

Priyank S: So just wanted to understand any sort of specific AUM figure that you are aspiring to be 4 years from now or 5 years from now, that would give us some sort of visibility?

Feroze Azeez: Yes. So, we have done projections for long periods of time. But how you should look at, if you want to model, once I think 4, 5 quarters back, somebody had asked me, how we look at it internally. So basically, how we look at it is, whatever assets we currently manage, INR1,06,000 crores markets can't be subdued forever. Last 2 years, Nifty went on a negative -- slipped into a 2-year negative return on 9th June of this year. Nifty can't be negative eternally, okay?

If you look at the past of -- just before I come to my specific AUM, I'm just giving you some color, which I've done a study, it that was interesting for anybody who has some money in the Indian capital markets. Any time Nifty delivered 2 years negative return over the last 26 years, there are 50 observations out of 291 with monthly shifts which gave a negative return for 2 years, the subsequent 3 years, all those 50 observations were positive, and the worst return was 4.1%, best return was 56.8%, mean return was 21.6% and median return was 20.2%.

So having said which, if history has any merit, the probability that Nifty will deliver more than its historical median return of 11% is very high for the subsequent 3 years. With our selection methodology, we have a lot of signs for whatever it's worth. We have beaten Nifty by 4% compounded after what we earned. So, coming back, so if you project our AUMs on the basis of 10% to 12% MTM with some degree of conservatism, and if you add INR1,100 crores, INR1,200 crores of net sales, which we intend to do per month for the next 3 years, and then you can grow the net sales also at the rate of 10%, 12%, you will be able to arrive at the exact AUM, which we target.

So basically a 20%, 25% AUM growth, 10%, 12% coming from mark-to-market and 10%, 12% coming from 1% per month of net sale coming from -- if my AUM is INR1,06,000 crores, internally, we discussed that we need to take a single on every ball. INR1,060 crores will be my implied net sale target for that month. That's how we look at it. God will provide 12.0% -- which will be realized thanks to our research team -- and I will take 1% every month. So, I will be at 20%, 25% AUM growth. At 26% growth, AUM becomes 10x in 10 years, just for ease of mathematics I'm just saying. Does it answer, sir?

Priyank S: Perfect. And just a short answer on the UK business. Is that exciting? Are the yields better than the Indian business? How do you look at it?

Feroze Azeez: Generally, yes, it is exciting, but I've realized that, when we look at mathematics of a certain business, we'd like to be excited after some numbers trickle because, yes, we are happy, that we now have a UK subsidiary. Will we try and scale it up very soon, we'll hire a lot of people? That's not our style. We like to build it brick-by-brick. So, if somebody is not a shareholder for 10 years, 5 years, 7 years, we should not even worry about the subsidiary, as honest as I could be.

Priyank S: Sure sir. Thank you.

Moderator: The next question is from the line of Vivek Patil from Elementus. Please go ahead.

Vivek Patil: Sorry sir, this is Vivek Patil here. My phone has issues, so I'm just calling from my wife's phone. So, we are basically in the ARWL family now, and thank you for allowing us to be a part of your family. So once again, Feroze, sir and ARWL team, congratulations on the stupendous success. In fact, it's what -- as you are saying that 31% year-over-year over the last 17 quarters, except that COVID part. And at the same time, maintaining this or increasing this AUM to INR1,06,000 crores. So, with this, actually, what -- this is translating to something like 20%, 25% annual growth or whatever, if you consider all these other -- allow for certain relaxations here and there.

So, with this increased AUM, how do you see that in the coming years, in the coming 3, 4 years, if you are able to maintain this particular growth, the AUM and the growth as well as this increase? Of course, most of it is coming out of your increase in the performance. But -- and then it will come as increasing the AUM through new acquisitions, etc. etc. etc. But with this, how do you see this growth being maintained and kept intact over the next 3 to 4 years?

Feroze Azeez: Three to four years, I think the growth has to be a reasonable high probability retention, because what happens is, like we said, we're passionate about how we manage as against how much we manage. If you look at the mark-to-market gain, which is easy for one to calculate backwardly, backward calculation, after we have listed, our clients have made INR28,000 crores, INR30,000 crores of profit itself. If you look at, let's say, my AUM minus net sales will be mark-to-market. My clients have made in a bad time.

Of course, any client who has joined us in the last 2 years has not made the expected return because Nifty has delivered 3%, 2%, depending on which particular period did he come in 2024. So, what I'm trying to get to is, this business inherently is an easy business, if you don't have client attrition. If you do justice to one's money, the clients are going nowhere. That's one. So -- and you should be very passionate about -- client expectation should be lower than what you can deliver.

So, coming back, can you grow this business for 3, 4, 5 years at 20%, 25%? In our judgment, yes, that's the order I have from my boss, Mr. Rawal. And I will -- as a professional group, I'm speaking on behalf of all the 400-odd relationship managers and account managers that we'll do our best. Now coming to where does this come from? There are 4 mutually exclusive cylinders to fire. One is implied growth or an embedded growth of returns of clients, okay? When I look at my client portfolios who are long-term clients, 15%, 16% has happened, even on the model portfolio level, even at delivery. That's the embedded growth in our business.

Then new clients of existing relationship managers. Today, the number of relationship clients per RM is 33. That means we already have plant and machinery to acquire to have 17 more clients into 400-odd, which is close to 6,500 new client families can be handled by the same colleague set of us. That's called new client acquisition of existing capacity being utilized, capacity utilization.

Third cylinder is new relationship managers. We have 490 people trained, it's easiest said, but thinking about it 8 years back, hiring a youngster, giving him patients, teaching him and then promoting him is one of the toughest tasks one would accomplish in reality. So that is already people -- the next 100 set of RMs are being prepared are 60% ripe. Like there is a mango, right? You keep it under the bed; those mangoes are ripening for us. So, they will be promoted, right? Then there will be more plant and machinery for acquiring more clients.

Then the last one is existing clients. This INR1,06,000 crores comes from 13,941 families. And we don't tell our clients to start big. If anyone has dealt with us, we don't tell them, "Sir, you have INR10 crores, why don't you start with INR5 crores?" Most private bankers will tell you that -- put a gun on your head and say start with INR4 crores, start with INR5 crores. Till some time back, we were also ready to start with INR50 lakhs for a person who has INR10 crores. Because if I don't do lip service, he will give me the money if I deserve it. That was the secured place which Rakesh sir has suggested us to be.

So, this INR1,06,000 crores of 13,000 families, which we are in the process of measuring it accurately, you will at least have twice more that outside. So that is called penetration. So, capacity utilization, penetration, new RMs and embedded growth. These 4 put together, 20% to 25%, it will take a lot of effort. Last quarter wasn't easy from a sentiment standpoint. Adversities will come, but we will do our best. So, odds, if you ask me to put an odd, I would do 90%, 95%. Some odds have to be given to gods actually.

Vivek Patil: Thank you and good luck.

Feroze Azeez: Thank you sir so much to be part of our family. I don’t know as a client or a shareholder, but thanks you are a family. Thank you.

Moderator: We'll take the next question from the line of Sunil Shah from SRE PMS. Please go ahead.

Sunil Shah: Thanks, everybody. Thanks, Feroze, for this opportunity one more time. Feroze, just want to sound off -- I hope I'm audible.

Feroze Azeez: Yes, Sunil bhai.

Sunil Shah: Feroze, just now that we have a successful track record of like more than decades plus, how about taking this entire structured product thing to the global markets? We have some kind of a formula-based trading that we do in the structured products on our Nifty, etc. etc. Why not try this for various global indices?

Now clearly, there has to be some other party thing. Like here, we have our sister concern, who is giving us the other party side of the transaction as well. What about targeting those global banks on this, the Citibank, the HSBC, the JPMorgan and over time, maybe not in like one quarter, two quarter, but directionally, try to replicate our entire model in the global market so that then the world of growth opens up for us. Just a thought.

And then we can do it through the wealth platform that we have. We can have the AIF thing if you want to take some higher fees. And now we are also getting the Board approval for the mutual fund. So even in the mutual fund industry, as a differentiated product over a period of time where even if in the AMC business we are a late entrant, but the differentiation can really be a huge winner with time. So just wanted to sound this, Feroze and wanted to hear your thoughts on what I'm talking, if at all, you can just discuss this out with me, please.

Feroze Azeez: Sure, Sunil. Your suggestions have always been thought provoking. One person who has consistently given us guidance on this earnings call. If not all the 19, you might have guided us in 10 of those. And I'm very grateful. So as soon as I hear your good name, I become a little more attentive. I'm very grateful for that. Now coming to my reaction on as a company, can we look at structured products on other indices or in other denominations on Nifty as the index, definitely can be explored, especially when you have an NRI platform now in the form of a UK subsidiary.

And we have a product which is in UK for tax efficiency for UK participants in India. We have made a fund of fund there, 11 schemes, which are listed there, which is very tax efficient. So those clients need wealth structured products. Globally, structured products are very, very popular. I am told that in Singapore 50% of one HNI portfolio is structured products because you are able to create a risk return profile using a Black-Scholes pricing model precisely to the need of it.

So, coming back, should we explore that? Yes, sir, we will definitely explore that. Has Mr. Kalpesh Koradia, who is the Head of Designing of Structured Products for 14 years, I'll ask him to come and see you, and tell you that how he has taken some pricing on other indices because structured products have debt and derivative.

Higher the volatility, better it is for the structured products pricing. So global volatility today is 6%, S&P 500 volatility for last calendar year is 6% greater than Nifty in spite of having 10x more the number of stocks. People don't probably put the closing prices of Nifty and S&P on the same excel sheet.

If you look at the standard deviation thrown up by Nifty, it's 6% lesser than that of S&P. If I'm not wrong, it was 13% and 19%. So, what I'm trying to say is with that kind of volatility on S&P 500, it's like a lottery for a person who is long gamma to hedge that. And interest rates earlier in the global market were very low. So, the products you design that would be more call buying than put selling because the forward rates have also gone up there. So, you're absolutely right. Volatility has gone up and interest rates are a good raw material for a good structured product pricing.

Has Kalpesh done a full-fledged job? The answer is no. A couple of times; he has shown me some pricing because we had a Dubai office. But yes, I will make sure that Kalpesh does some designing and deliberates internally, and also shows you if you have any interest on that, and then you might be able to give us some specific records also.

Sunil Shah: Yes. Sure, Feroze. So that's the whole idea that we have done this for a long period of time. As a company, we have grown. We have built a team. The third element of sustainable growth is that innovation part. And if we are able to do that, I think we still have a long, long way to go on the growth front. So just wanted to share and good to hear you, and I'll take this with Kalpesh offline as well to understand the things that are going on. Thanks, everybody in the Anand Rathi family for this call and having me on this session. Thank you.

Feroze Azeez: Thank you sir. May your words come true.

Moderator: The next question is from the line of Arun Gopal, an Individual Investor. Please go ahead.

Arun Gopal: Good afternoon, thank you very much and congratulations on the entire team who could make up a growth of 23.5% year-on-year basis on this quarter, where it was -- everybody was struggling to just even meet -- just being neutral level on growth. So, congratulations to your team. That's where Anand Rathi stands apart, making growth uncomplicated. That's absolutely what you all stand for.

I'm an investor and a shareholder of Anand Rathi right from the IPO and an investor for the last 8 years. I really appreciate your hard work and your vision and the mission of your organization, which has really returned a lot of good wealth to all your stakeholders and shareholders. Thank you.

Feroze Azeez: Thank you, Arun sir. If I recognize you from your voice, Arun is a common name. Arun sir from Bangalore, right?

Arun Gopal: Chennai.

Feroze Azeez: Chennai. Okay. Great.

Arun Gopal: I was in Abu Dhabi and I moved on to Chennai for my mother.

Feroze Azeez : Okay, got it. Thank you to be our shareholder and client for so long. One thing I should note that you gave us a positive -- such a positive comment almost at the fag end of the call. I must say that clients have been very, very patient during bad times, and they have also looked at supporting us by giving us fresh monies. We believe that when you get money at lows, which is very difficult, the sales cycles are larger, it takes difficult -- it's very difficult emotionally for Feroze to cut a check when the market is down and out.

So, Rakesh, sir has designed our minds to be long-term thinking is why I'm able to take courage, and I'm able to, as a company, transmit courage, but clients have given us more money, one. And second, thanks to the mutual fund selection process, out of the 924 schemes choosing those 14, mathematically using all the signs possible over the last 12, 13 years of evolution, we have our mutual fund head whom I have worked for 18 years, Shweta Rajani. Sorry, I'm always the person who is the front of it.

So, there are some heroes, unsung heroines who are there at the back. So, I'm not missing the opportunity to recognize Shweta Rajani, who has been doing mutual funds in my Macquarie in Religare, I know her. From 2008-09, she's only looked at mutual funds, one of the biggest names in the mutual fund industry. She has chosen the schemes. And you'll be happy to note from 1st April to 30th -- 1st April to 30th June, our model portfolio has beaten Nifty by about 6%, if I'm not wrong.

All the 14 schemes have beaten Nifty. It seldom happens, so I'm highlighting. Always there will be 2, 3 laggards, which will become better in the next quarter and so on and so forth. But thanks to clients and Shweta, our client outcomes have been very beautiful last quarter. Nifty has done about 7%. End-to-end 7% Nifty gave; mutual fund portfolio of 14 scheme has given 7% after our cost more. So, thanks to Shweta and clients. Thank you, Arun, sir, for such a positive comment, made my weekend.

Arun Gopal: Thank you.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference back to Mr. Feroze Azeez for closing comments. Thank you, and over to you, sir.

Feroze Azeez: So, I am very, very grateful for everyone's time. I know it's a Friday. And you have consistently supported us as a client, as a shareholder, as a person at the capital market. We -- as always, I would want to reassure that we stand by our indications, and we will do our professional best to serve our clients first and then our shareholders. I look forward to the continued support which each of you have given us in the past 4.5 years and before.

Moderator: Thank you, sir. Thank you, members of the management. Thank you so much.

Feroze Azeez: Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Anand Rathi Wealth Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.