Anand Rathi Share

15 April 2026

Operator: Ladies and gentlemen, good day and welcome to the Anand Rathi Share & Stock Brokers Ltd. Q4 FY26 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Divakar Pingle from EY. Thank you and over to you, Mr. Divakar.

Divakar Pingle - EY: Thank you. Good morning everyone and welcome to the Q4 and FY26 earnings call of Anand Rathi Share & Stock Brokers Ltd. The company has published its results and uploaded the investor presentation to the exchanges yesterday, and you can also find it on the company's website.

Before we start, a disclaimer: Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which can cause actual results to be materially different than anticipated. These statements are based on management beliefs and assumptions made by information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements.

On that note, let me introduce you to the management participating in today's conference call. We have with us Mr. Pradeep Gupta, Chairman and Managing Director; Mr. Rupkishore Guthra, Whole Time Director; Mr. Tarrak Shah, the Chief Financial Officer; and other members of the team. Without further ado, I would like to hand over the call to Mr. Gupta for opening remarks. Thank you and over to you, Pradeep.

Management: Thank you, Divakar. Good morning to all and thank you for joining the Anand Rathi Share & Stock Brokers Ltd. earnings call for the last quarter and full year ended March 31, 2026. I am joined on this call by Mr. Rupkishore Guthra, Whole Time Director; Mr. Tarrak Shah, Chief Financial Officer; and a few other members of our team. We will begin with an overview of the company's financial and operating performance, after which we will open the floor for questions.

As we all know, FY26 was a challenging year for global economies and financial markets. The world was dealing with multiple headwinds at the same time, including ongoing geopolitical tensions, shifting global trade dynamics, tariff-related uncertainties, and fast-paced technological shifts that disrupted established business models. As the year progressed, these pressures intensified with fresh bouts of adverse news, including the recent West Asia conflict, further weakening risk appetite. Global investors turned "risk-off" in their outlook, leading to sustained FII outflows and heightened volatility across markets. Unsurprisingly, this combination of factors weighed heavily on investor sentiment, resulting in the Indian capital market entering a phase of consolidation after several years of strong performance.

While short-term disruptions and periods of moderation are inevitable, the long-term structural drivers of the Indian market remain firmly intact. The steady rise in demat accounts from 15.14 crore in March 2024 to 22.2 crore by February 2026 clearly reflects sustained retail participation and deep market penetration. Similarly, Assets Under Management (AUM) in the mutual fund industry rose from 65.74 lakh crore as of March 2025 to approximately 82.02 lakh crore by February 2026, representing a 24.8% year-on-year increase. The growth underscores the continued financialization of household savings and a rising preference for market-linked investment avenues.

In parallel, SEBI has been proactive in introducing a series of regulatory measures aimed at strengthening risk management frameworks, curbing excessive leverage, enhancing investor protection, and improving the ease of doing business in capital market transactions. While some of these reforms may have required short-term adjustments and led to near-term discomfort for a few participants, they are critical in laying the foundation for a more transparent, resilient, and sustainable capital market ecosystem over a long period. Overall, we believe that the industry is moving in a constructive direction, although near-term conditions have clearly remained uneven. Over time, the market is likely to favor firms that combine strong compliance standards, digital delivery, and diversified revenue streams.

Coming to our company, FY26 has undoubtedly been a memorable year marked by several significant achievements. We completed our IPO in September 2025, raising 745 crores from investors. These funds were used to significantly strengthen our business, notably for our working capital requirements. We received the corporate agency license to distribute insurance products in the same financial year. Since then, we have commenced distribution of both life and health insurance products to our clients, green-lighting a huge source of fee-based income for the company. Lastly, we continue to remain focused on enhancing client servicing and satisfaction by adopting new initiatives aimed at delivering superior customer experiences and long-term value creation for all our stakeholders.

As of March 31, 2026, our total assets under custody stood at approximately 944,155 million, representing a growth of about 16% year-on-year. Our Margin Trading Facility (MTF) book stood at about 11,019 million, up by about 61% year-on-year, while our AUM stood at approximately 77,876 million, reflecting a growth of about 21% year-on-year. For the quarter ended March 31, 2026, our consolidated revenue from operations stood at about 2,557 million, EBITDA was about 1,103 million, and PAT was about 416 million. For the full year FY26, our consolidated revenue from operations stood at about 9,322 million, EBITDA at 3,796 million, and PAT at about 1,293 million. Our EBITDA margin for Q4 FY26 stood at 43%, while the PAT margin stood at about 16%.

For the full year FY26, the EBITDA margin was 41% and the PAT margin was about 14%. I am pleased to inform you that we propose a dividend of Rs. 5 per share subject to approval from shareholders. Our diversified revenue model continues to be a key strength of the company. While broking and related services remain primary revenue drivers, the contribution from non-broking businesses such as MTF and distribution income has increased steadily. This reflects our strategic focus on building a more balanced and resilient business model, one that is not solely reliant on market-linked broking revenues but is increasingly supported by stable and linked income streams.

Our strategic direction remains clear and unchanged. As guided earlier, we are fully focused on maintaining a balanced revenue mix with a targeted revenue split of 50:50 between non-broking and broking segments and growing both segments at a steady rate. This approach is central to improving the overall quality, sustainability, and predictability of our earnings over the long term. During FY26, we made steady progress across multiple strategic priorities. First, we continue to scale our distribution business in a structured and steady manner. We have expanded our offering across a wide range of financial products including mutual funds, PMS, AIFs, structured products, bonds, and more recently, insurance.

Our distribution income for FY26 amounted to 1,129 million, reflecting a strong year-on-year growth of about 44.1%. This growth reflects improved cross-selling across our client base as per our focused approach to grow our distribution business. Our objective is to address the broader financial needs of our clients. Our approach has consistently been relationship-led rather than product-led, with a focus on understanding clients' evolving financial goals and serving them in a holistic manner. Second, we continue to strengthen our MTF franchise, supported by an improved capital position following our IPO and a disciplined approach to risk management. We were able to scale the MTF book while maintaining prudent controls. Importantly, we closed the year with zero NPA in the portfolio, reflecting our continuous underwriting standards and strong focus on asset quality. As of March 2026, our MTF book stood at about 11,019 million, representing robust year-on-year growth of approximately 61%. Third, we remain focused on investing in our tech delivery platform, processes, and people. As highlighted earlier, our operating model is digital in nature.

Combining relationship-led service and robust digital capabilities allows us to effectively serve both assisted and self-directed clients. In parallel, we continue to strengthen our technology platforms, process automation, and internal tools to improve customer engagement and enhance overall team productivity. If we take a step back and view the company in a broader context, our underlying philosophy has remained consistent. We are focused on building long-term customer relationships, increasing share of wallet through relevant cross-selling opportunities, and creating a stable, growth-oriented business with a more balanced mix of broking and non-broking revenues. We are also looking at expanding our geographical network by strengthening our branch network and business partner ecosystem. This will help us in strengthening our presence in emerging tier-2 and tier-3 markets where growth is more eminent in India. Our objective remains unchanged: to grow both our broking and non-broking business in a disciplined manner, improve the quality and predictability of revenues, deepen customer engagement across products, and continue building a company capable of delivering consistent and long-term value. With that, I will now hand over the call to Mr. Rupkishore Guthra, our Whole Time Director, who will take you through the financial and business performance in greater detail. Thank you and over to you, Mr. Rupkishore.

Management: Thank you, Mr. Pradeep, and good morning everyone. I will now take you through our financial and business performance for the quarter and full financial year ended March 31, 2026. During Q4 FY26, our consolidated revenue from operations stood at 2,557 million. EBITDA for the quarter was 1,103 million, while PAT stood at 416 million. This represents year-on-year growth of 28.1% in revenue, 51.4% in EBITDA, and 125.7% in PAT. The EBITDA margin for the quarter was a healthy 43.2%, while the PAT margin stood at 16.2%. For the full year FY26, consolidated revenue from operations stood at 9,322 million, reflecting year-on-year growth of 10.2%. EBITDA stood at 3,796 million and PAT at 1,293 million, translating into growth of 21.9% and 24.8% respectively. The EBITDA and PAT margins for the full year were 40.7% and 13.8% respectively.

Turning to the segmental revenue mix, the contribution from the broking segment (comprising broking and related services) and the non-broking segment (comprising interest income from MTF, distribution income, and other income) was 47% and 53% respectively for Q4 FY26. For the full year FY26, the mix stood at 51% for broking and 49% for non-broking. Within the broking segment, revenue from broking and related services stood at 1,201 million in Q4 FY26, reflecting year-on-year growth of 14.5%. For the full year FY26, broking revenue stood at 4,755 million, representing a slight dip of 6.8% compared to the previous year. Within broking, we continue to maintain a healthy balance between equity cash, equity derivatives, and other segments. This reflects our philosophy of encouraging an investment-focused approach among our clients rather than speculative trading. For the full year FY26, the revenue mix across equity cash, F&O, and other segments stood at 51%, 41%, and 8% respectively. For Q4 FY26, the corresponding mix was 49%, 41%, and 10%.

I will now briefly touch upon our non-broking business segments. We continue to actively distribute a wide range of financial products including mutual funds, PMS, AIF, insurance, bonds, structured products, and fixed deposits. As of March 31, 2026, AUM stood at 77,876 million, representing healthy growth of 21% year-on-year. Distribution income for Q4 FY26 stood at 353 million, while for the full year FY26, it amounted to 1,129 million, reflecting strong year-on-year growth of 34.3% for the quarter and 44.1% for the full year. This growth reflects both an expanding product basket and improved cross-selling across our client base.

Our MTF book continued to scale in a disciplined manner and stood at 11,019 million as of March 31, 2026, registering strong year-on-year growth of 61%. As shared in earlier calls, we had guided toward achieving an MTF book size of 15,000 million by FY26. Participants may recall that we had reached an MTF book of 12,317 million as of December 2025. However, we saw a downfall in MTF by 10.53% in the quarter ended March 2026. The main reasons behind this are as follows: Change in RBI policy for capital market intermediaries. That change in policy reduced the avenues available from banks to meet the working capital requirements of the company. As a result, we had to control our growth in the MTF book. If we look at market conditions during the quarter ended March 2026, markets were bearish. The Nifty fell by almost 15% and resultant investor sentiments became adverse. Consequently, investors became cautious, and we also became cautious about creating new positions and continuing existing positions, which impacted our MTF book. Despite all this, our interest income from the MTF book stood at 432 million during Q4 FY26 and 1,515 million during the full year FY26, which translates into a healthy 15.2% year-on-year growth for Q4 and 32.6% year-on-year growth for the full year.

I am pleased to report again that we continue to maintain zero NPA on our MTF book as of March 31, 2026, once again reflecting our judicious underwriting practices. The book also remained granular, with approximately 61% of the outstanding exposure coming from clients with individual balances below 1 crore. Client loyalty and long-term relationship building continue to be a key strength of our operating model. As of March 31, 2026, our employee base stood at 2,214, representing a net addition of 132 employees year-on-year. We view talent as a strategic asset and continue to invest in building high-quality teams to support our long-term growth objectives. Turning to our balance sheet, our debt-to-equity ratio stood at 0.62 as of March 31, 2026, compared to 1.8 as of March 31, 2025. This reflects a meaningful improvement in our capital structure and provides us with enhanced financial flexibility to support growth, particularly in scalable businesses such as the MTF, while maintaining prudent leverage levels. With that update, we can now open the floor for questions. Thanks.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants, you are requested to use hands-free while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from Suresh Patil from ICICI Wealth Private Limited. Please go ahead.

Suresh Patil - ICICI Wealth Private Limited: Good morning to the team. I have two questions. My first question to Mr. Gupta is, how do you plan to guide the company's broking and wealth management over the next few quarters, especially in terms of bringing in new clients, expanding the advisory model, and using digital platforms to improve the investor experience?

Management: Thank you for the question. To be frank with you, in our group, we have a wealth management company separate from this company. This company is by and large focusing on broking and distribution of products. Having said that, as a philosophy, we are addressing all the investment needs of a specific customer by providing various different investment products suitable to that particular investor. We have created a basket of products suitable to specific customer segments as we are catering to almost all categories of customers. We are providing those along with the broking platform for those who are interested in broking directly or on the investment side, particularly investment-based trading rather than futures and options. That is our focus in this company.

Regarding our technology side, we are strengthening that platform every day, trying to provide it in such a way that all the deliveries available from a relationship manager in the marketplace are available on our digital platform. Our broking platform is already there, which we are constantly improvising. Almost 60% of our customers are already using our digital platform. In terms of distribution, mutual funds are also available, and we will keep adding other distribution products to the digital platform. As I said initially, our focus is based on digital where complete delivery on digital platforms is available for execution ease, while our relationship managers maintain high-touch understanding of customer needs.

Suresh Patil - ICICI Wealth Private Limited: Thank you. My second question to Mr. Tarrak Shah is, as you oversee the company's financial health, how is Anand Rathi preparing to manage risks in the broking and advisory business, such as market volatility, compliance changes, and credit risk, while keeping profitability stable and growth on track?

Management: I think Mr. Rupkishore can take that.

Management: Yes. Thank you for asking this question. There are two approaches we have always followed in this company and the overall group. First, we always ensure that we operate in a business where customer interest is protected at the first level. Second, we are conservative in our approach toward risk management. A simple example is our MTF product. On the regulatory side, a basket is defined, and we have an internal committee for stock selection to ensure margin levels and risk controls are managed effectively. We have maintained zero NPA for over 8 years. We strictly follow all rules and regulations. As you might have observed in the numbers, we have improved our debt-to-equity ratio significantly to 0.62 from 1.8. I hope this clarifies your question.

Anand Rathi Share

Operator: Thank you. A reminder to all, you may press star and one to ask a question. We have a question from the line of Analyst. Please go ahead.

Analyst: I have one question more on the mix between the two businesses. My question is regarding the guidance. We talked about a 50:50 split. How do you see that shaping up given the general market conditions? How do you see that progressing over the next couple of years?

Management: Thank you. If you look at our performance this year, 51% comes from broking and 49% from distribution. We have seen a good amount of traction on the distribution side, which has grown by almost 44%. What we are trying to achieve over time is that 50:50 scenario. We will maintain that by looking at segments that should grow at a specific, steady growth rate. We are focused on continuous revenue and also maintaining work at levels around 44% to 45%. While the market level was down about 3%, the positive part is that the total number of clients has increased and the AUM from existing clients is also increasing on a constant basis.

Analyst: Understood, very clear. Thank you so much and all the best.

Operator: Thank you. As there are no further questions from the participants, I now hand the conference back to the management for closing comments. Over to you, sir.

Management: Thank you to our investors for participating in this earnings call. Our endeavor is always to balance investor viewpoints and interests along with our customer interests. We are a customer-centric company and our policy is to look after the customers' and investors' interests first while simultaneously growing the company over time. We will keep doing that. We will be happy to answer any further questions separately if required. Thanks for your participation.

Operator: Thank you to the members of the management. On behalf of Anand Rathi Share & Stock Brokers Ltd., that concludes this conference. Thank you all for joining us and you may now disconnect your lines.